

DIRECTORS' REPORT TO THE MEMBERS

Your Directors present their Third Report together with the audited accounts of the Company for the year ended 31st March, 2013.

FINANCIAL HIGHLIGHTS

Particulars	(Amount in ₹)	
	For the year ended 31 st March, 2013	For the year ended 31 st March, 2012
Total Income	–	–
Profit/(Loss) Before Depreciation, Interest and Taxation	(47,031)	(33,758)
Less: Depreciation	–	–
Profit/(Loss) Before Interest and Taxation	(47,031)	(33,758)
Less: Interest	–	–
Profit/(Loss) Before Taxation	(47,031)	(33,758)
Less: Provision for Taxation	–	–
Profit/(Loss) for the year after Taxation	(47,031)	(33,758)
Add: Balance of Profit/(Loss) for earlier years	(148,624)	(114,866)
Balance carried forward to the Balance Sheet	(195,655)	(148,624)

Operations

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

Dividend

In view of losses, your Directors do not recommend 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 company of Mahindra Lifespace Developers Limited and consequently a subsidiary company of the ultimate holding company, Mahindra & Mahindra Limited.

Directors

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

Mr. Ramesh Ranganathan was appointed as an Additional Director at the meeting of the Board of Directors of the Company held on 8th April, 2013.

Mr. Ramesh Ranganathan holds office only upto the date of the forthcoming Annual General Meeting of the Company.

The Company has received notice from a member signifying his intention to propose Mr. Ramesh Ranganathan as candidate for the office of Director.

Directors' Responsibility Statement

Pursuant to Section 217(2AA) of the Companies Act, 1956, your Directors, 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, 2013 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.

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 Agreements 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 31st March, 2013, 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 under review.

For and on behalf of the Board,

Anita Arjundas
Chairperson

Mumbai, 16th April, 2013

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 ON 31ST MARCH, 2013.

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 | : This will be considered when Company undertakes residential developments. |
| 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, 16th April, 2013

AUDITOR'S REPORT

TO THE MEMBERS OF ANTHURIUM DEVELOPERS LIMITED

Report on the financial statements

We have audited the accompanying financial statements of Anthurium Developers Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility on the financial statements

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 sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's 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 ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and 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 internal control 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 accounting policies used and the reasonableness of the accounting estimates made by 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.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the 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:

- (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2013.
- (ii) in the case of Statement of Profit and Loss, of the loss for the year ended on that date; and
- (iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on other legal and regulatory requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. 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 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 appears from our examination of those books;
 - (c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - (d) In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
 - (e) On the basis of written representations received from the directors as on 31st March, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
 - (f) Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

For **B. K. Khare and Co.**

Chartered Accountants

Firm's Registration Number 105102W

Padmini Khare Kaicker

Partner

Membership Number 44784

Place: Mumbai

Dated: 16th April, 2013

ANNEXURE TO THE AUDITOR'S REPORT

Referred to in Paragraph (7) of our report of even date on the accounts of Anthurium Developers Limited for the year ended 31st March, 2013.

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.
 - (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 31st March, 2013, for a period more than six months from the date they became payable.
 - (ii) There are no disputed dues outstanding as on 31st March 2013 on account of sales tax, customs duty, income tax, excise duty, service 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 2013.
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 **B. K. Khare and Co.**
Chartered Accountants
Firm's Registration No. 105102W

Padmini Khare Kaicker
Partner
Membership No. 44784

Place: Mumbai
Dated: 16th April, 2013

BALANCE SHEET AS AT 31ST MARCH, 2013

	Note	As at 31st March, 2013	As at 31st March, 2012
		₹	₹
EQUITY & LIABILITIES			
Shareholders' funds			
Share capital	2	500,000	500,000
Reserves and surplus	3	(195,655)	(148,624)
		304,345	351,376
Current liabilities			
Other current liabilities	4	44,635	33,090
Total		348,980	384,466
ASSETS			
Non-current assets			
Non-current Investments	5	196,150	—
Current assets			
Cash and Bank balances	6	152,830	384,466
Total		348,980	384,466

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 : 16th April, 2013

For and on behalf of the Board of Directors

Anita Arjundas Chairperson

Rajan Narayan Director

Place : Mumbai
Date : 16th April, 2013

STATEMENT OF PROFIT AND LOSS FOR THE YEAR 31ST MARCH, 2013

	Note	Year ended 31 st March, 2013 ₹	Year ended 31 st March, 2012 ₹
EXPENDITURE			
Other expenses	7	47,031	33,758
		47,031	33,758
(Loss) before tax.....		(47,031)	(33,758)
Less: Tax expense		—	—
(Loss) for the period.....		(47,031)	(33,758)
Earnings per equity share:			
Basic & Diluted.....		(0.94)	(0.68)

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 : 16th April, 2013

For and on behalf of the Board of Directors

Anita Arjundas Chairperson

Rajan Narayan Director

Place : Mumbai
Date : 16th April, 2013

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013

	Year ended 31 st March, 2013 ₹	Year ended 31 st March, 2012 ₹
A. Cash flow from operating activities		
(Loss) before tax	(47,031)	(33,758)
Operating (loss) before working capital changes.....	(47,031)	(33,758)
<i>Changes in:</i>		
Increase/(decrease) in current liabilities.....	11,545	16,545
	11,545	16,545
Cash (used in) operations	(35,486)	(17,213)
Net cash (used in) operating activities.....	(35,486)	(17,213)
B. Cash flow from investing activities:		
Purchase of investments	(196,150)	—
Net cash from investing activities	(196,150)	—
Net increase/(decrease) in cash and cash equivalents (A+B)	(231,636)	(17,213)
Cash & cash equivalents		
Opening balance	384,466	401,679
Closing balance	152,830	384,466
Net increase/(decrease) in cash and cash equivalents	(231,636)	(17,213)

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 : 16th April, 2013

For and on behalf of the Board of Directors

Anita Arjundas Chairperson

Rajan Narayan Director

Place : Mumbai
Date : 16th April, 2013

NOTES FORMING PART OF THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013

Background

The Company was incorporated on 2nd June, 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

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. 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.

(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 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.

2. Share Capital

	As at March 31, 2013	As at March 31, 2012
100,000 Equity shares of Rs. 10 each.....	1,000,000	1,000,000
Issued, subscribed and paid up.		
50,000 equity shares of Rs.10 each fully paid up.....	500,000	500,000
	<u>500,000</u>	<u>500,000</u>

(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 Rs 10/- per share. Each holder of Equity Shares is entitled to one vote per share.

(c) Reconciliation of number of shares

	As at 31st Mar 2013		As at 31st Mar 2012	
	No of Shares	Amount ₹	No of Shares	Amount ₹
Equity Shares				
Balance as at the beginning of the year	50,000	500,000	50,000	500,000
Addition due to new issue	–	–	–	–
Balance as at the end of the year	50,000	500,000	50,000	500,000

(d) Shares held by holding company

	As at 31st Mar 2013		As at 31st Mar 2012	
Equity Shares	No of Shares	% holding	No of Shares	% holding
MAHINDRA LIFESPACE DEVELOPER LIMITED	50,000	100	50,000	100

3. Reserves & Surplus

	As at March 31, 2013	As at March 31, 2012
Opening balance of Profit & Loss Account ..	(148,624)	(114,866)
Add: Profit/(Loss) for the Current Year	(47,031)	(33,758)
Closing Balance of Profit and Loss Account	<u>(195,655)</u>	<u>(148,624)</u>

4. Other Current Liabilities

	As at March 31, 2013	As at March 31, 2012
Other payables	44,635	33,090
	<u>44,635</u>	<u>33,090</u>

(a) 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. Investment

	As at 31 st March, 2013 Non Current	As at 31 st March, 2012 Non Current
Current & Non-Current Investments: Unquoted, Preference Shares.....	196,150	–
(7% Non-Cumulative Preference Share)	<u>196,150</u>	<u>–</u>

6. Cash & Bank Balance

	As at March 31, 2013	As at March 31, 2012
Bank Balances		
On current account.....	152,830	384,466
	<u>152,830</u>	<u>384,466</u>
	<u>Year ended March 31, 2013</u>	<u>Year ended March 31, 2012</u>

7. Administration & Other Expenses

	As at March 31, 2013	As at March 31, 2012
Miscellaneous expenses	402	1,218
Legal and Professional Charges.....	18,539	15,995
Auditors' remuneration	28,090	16,545
	<u>47,031</u>	<u>33,758</u>

NOTES FORMING PART OF THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013**8. List of related parties**

Mahindra & Mahindra Limited	Ultimate Holding Company
Mahindra Lifespace Developers Limited	Holding Company

Related parties are as identified by the management

Mahindra Lifespace Developers Limited:	As at March 31, 2013	As at March 31, 2012
Payable as at the year end	NIL	NIL

9. 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.

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

Padmini Khare Kaicker
Partner
Membership No. : 44784

Place : Mumbai
Date : 16th April, 2013

2012-13 **2011-12**

10. Earnings per share

Net (loss) after tax (₹)	(35,486)	(33,758)
Weighted average number of Equity shares (Nos.)	50000	50000
Basic and Diluted Earnings per share (₹)	(0.71)	(0.68)
Nominal value of shares.(₹)	10	10

11. Previous period figures have been regrouped / recast, wherever necessary, to conform to current year's classification.

For and on behalf of the Board of Directors

Anita Arjundas Chairperson

Rajan Narayan Director

Place : Mumbai
Date : 16th April, 2013

DIRECTORS' REPORT TO THE MEMBERS

Your Directors present their Fifth Report together with the audited accounts of the Company for the year ended 31st March, 2013.

FINANCIAL HIGHLIGHTS

	(Amount in ₹)	
	For the year ended 31 st March, 2013	For the year ended 31 st March, 2012
Total Income.....	–	3,710
Profit/(Loss) Before Depreciation, Interest and Taxation.....	(133,769)	(131,245)
Less: Depreciation	–	–
Profit/(Loss) Before Interest and Taxation	(133,769)	(131,245)
Less: Interest.....	–	–
Profit/(Loss) Before Taxation	(133,769)	(131,245)
Less: Provision for Taxation	–	–
Profit/(Loss) for the year after Taxation.....	(133,769)	(131,245)
Add: Balance of Profit/(Loss) for earlier years	(1,201,724)	(1,070,479)
Balance carried forward to the Balance Sheet	(1,335,493)	(1,201,724)

Operations

Your Company has acquired around 91 acres of land in Maharashtra and is currently evaluating the way forward on the same including sale to third parties, as progress on further acquisition and contiguity is very slow.

Dividend

In view of losses, your Directors do not recommend 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 company of Mahindra Lifespace Developers Limited and consequently a subsidiary company of the ultimate holding company, Mahindra & Mahindra Limited.

Directors

Mr. Suhas Kulkarni 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. 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, 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, 2013 and of the loss of the Company for the year ended on that date;
- proper and sufficient care has been taken for 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 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

At the Extra Ordinary General Meeting held on 9th August, 2012, M/s B. K. Khare & Co., were appointed as Statutory Auditors of the Company to fill up the casual vacancy caused by the resignation of M/s. A. F. Ferguson & Co., Chartered

Accountants.

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 Agreements 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 31st March, 2013 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 under review.

For and on behalf of the Board,

Anita Arjundas
Chairperson

Mumbai, 16th April, 2013

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 ON 31ST MARCH, 2013.

A. CONSERVATION OF ENERGY

- | | | |
|--|---|--|
| (a) Energy conservation measures taken | : | The operations of your Company are not energy-intensive. |
| (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 | : | This will be considered when Company undertakes residential developments. |
| 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, 16th April, 2013

AUDITOR'S REPORT

TO THE MEMBERS OF INDUSTRIAL TOWNSHIP (MAHARASHTRA) LIMITED

Report on the financial statements

We have audited the accompanying financial statements of **Industrial Township (Maharashtra) Limited** ("the Company"), which comprise the Balance Sheet as at 31st March 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility on the financial statements

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 sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's 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 ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and 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 internal control 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 accounting policies used and the reasonableness of the accounting estimates made by 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.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the 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 31st March 2013.
- (b) in the case of Statement of Profit and Loss, of the loss for the year ended on that date; and.
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on other legal and regulatory requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. 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 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 appears from our examination of those books.
 - c. The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - d. In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956.
 - e. On the basis of written representations received from the directors as on 31st March 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
 - f. Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

For **B. K. Khare and Co.**

Chartered Accountants

Firm's Registration Number 105102W

Padmini Khare Kaicker

Partner

Place: Mumbai

Dated: 16th April 2013

Membership Number 44784

Annexure to the auditors' report referred to in paragraph (7) of our report of even date on the accounts of Industrial Township (Maharashtra) Limited for the year ended 31st March 2013.

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 31st March 2013, for a period more than six months from the date they became payable.
- (ii) There are no disputed dues outstanding as on 31st March 2013 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 2013.
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
For **B. K. Khare and Co.**
Chartered Accountants

Firm's Registration Number 105102W

Padmini Khare Kaicker
Partner

Membership Number 44784

Place: Mumbai
Dated: 16th April 2013

BALANCE SHEET AS AT 31ST MARCH 2013

	Note Ref	Current Year ₹	Previous Year ₹
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	50,000,000	50,000,000
Reserves and Surplus	4	(1,335,493)	(1,201,724)
		48,664,507	48,798,276
CURRENT LIABILITIES			
Short term Borrowings	5	88,200,000	86,500,000
Other Current liabilities	6	19,339,144	9,327,738
		107,539,144	95,827,738
TOTAL		156,203,651	144,626,014
ASSETS			
Current assets			
Inventories	7	90,597,219	78,182,939
Cash and cash equivalents	8	379,452	716,095
Short term loans and advances	9	65,226,980	65,726,980
		156,203,651	144,626,014
TOTAL		156,203,651	144,626,014

See accompanying notes forming part of Financial Statements

In terms of our report attached

For **B.K.Khare & Co**
Chartered Accountants

Padmini Khare Kaicker
Partner

Place: Mumbai
Date: 16th April 2013

For and on behalf of the Board of Directors
Anita Arjundas Chairperson

Rajan Narayan Director

Place: Mumbai
Date: 16th April 2013

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2013

	Note Ref	Current Year ₹	Previous Year ₹
REVENUE			
Other Income	10	—	3,709
		—	3,709
EXPENDITURE			
Operating Expenses	11	—	—
Finance Cost	12	—	—
Other expenses.....	13	133,769	134,955
		133,769	134,955
Loss before tax		(133,769)	(131,246)
Less: Tax expense		—	—
Loss after tax		(133,769)	(131,246)
Earning per equity share:			
Basic and Diluted		(0.03)	(0.03)

See accompanying notes forming part of Financial Statements

In terms of our report attached

For **B.K.Khare & Co**
Chartered Accountants

Padmini Khare Kaicker
Partner

Place: Mumbai
Date: 16th April 2013

For and on behalf of the Board of Directors
Anita Arjundas Chairperson

Rajan Narayan Director

Place: Mumbai
Date: 16th April 2013

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2013

	Current Year ₹	Previous Year ₹
Cash Flow from Operating Activities		
Loss before tax	(133,769)	(131,245)
<i>Adjustments for:</i>		
Dividend and Gain on Redemption	–	(3,710)
Finance Charges	–	8,903,456
Operating loss before working capital changes	(133,769)	8,768,501
Changes in Working capital:		
<i>Adjustments for (increase)/decrease in operating assets</i>		
(Increase)/decrease in short term loans and advances	500,000	9,273,020
(Increase)/decrease in inventories	(12,414,280)	(75,388,566)
<i>Adjustments for (increase)/decrease in operating liabilities</i>		
Increase/(decrease) other in current liabilities	10,011,406	(971,715)
	(1,902,874)	(67,087,261)
Cash used in operations	(2,036,643)	(58,318,760)
Taxes paid	–	–
Net cash used in operating activities	(2,036,643)	(58,318,760)
Cash flow from investing activities:		
Proceeds from sale of investments	–	2,338,125
Dividend Received	–	3,710
Net cash flow from investing activities	–	2,341,835
Cash flow from financing activities:		
Proceeds from short term borrowings	1,700,000	56,500,000
Interest on Inter corporate Deposit payable	–	–
Net cash from financing activities	1,700,000	56,500,000
Net increase/(decrease) in cash and cash equivalents	(336,643)	523,075
Cash & cash equivalents		
Opening balance	716,095	193,020
Closing balance	379,452	716,095
Net increase/(decrease) in cash and cash equivalents	(336,643)	523,075

See accompanying notes forming part of Financial Statements

In terms of our report attached

For **B.K.Khare & Co**
Chartered Accountants**Padmini Khare Kaicker**
PartnerPlace: Mumbai
Date: 16th April 2013For and on behalf of the Board of Directors
Anita Arjundas Chairperson
Rajan Narayan DirectorPlace: Mumbai
Date: 16th April 2013

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2013**1 Corporate information**

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

2 Significant Accounting Policies

2.1 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 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.

2.7 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.

2.8 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.

2.9 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

	Current Year ₹	Previous Year ₹
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
	<u>50,000,000</u>	<u>50,000,000</u>

3a The above shares are held by Mahindra Lifespace Developers Limited, the holding company and its nominees

3b 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.

3c Details of shares held by each shareholder including Holding Company, holding more than 5% of the aggregate shares in the Company:

	Current Year		Previous Year	
	No of Shares	Value of Shares (₹)	No of Shares	Value of Shares (₹)
Holding Company (100%) Mahindra Lifespace Developers Limited Equity	5,000,000	50,000,000	5,000,000	50,000,000

4 Reserves & Surplus

	Current Year ₹	Previous Year ₹
Deficit from the statement of Profit and loss		
Opening balance	(1,201,724)	(1,070,479)
Add: Loss for the Current Year	(133,769)	(131,245)
Closing Balance of Profit and Loss Account	<u>(1,335,493)</u>	<u>(1,201,724)</u>

5 Short Term Borrowings

	Current Year ₹	Previous Year ₹
Intercompany deposits from Holding Company repayable on demand	88,200,000	86,500,000
	<u>88,200,000</u>	<u>86,500,000</u>

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2013

	Current Year ₹	Previous Year ₹
6 Other Current Liabilities		
Interest Accrued But not Due on Intercompany deposits	19,226,731	9,217,385
Statutory remittances		
Withholding tax	–	11,030
Others	112,413	99,323
	<u>19,339,144</u>	<u>9,327,738</u>

7 Inventories (at lower of Cost and Net Realisable Value)		
Work In Progress	90,597,219	78,182,939
(represents Land and related expenses)	<u>90,597,219</u>	<u>78,182,939</u>

8 Cash and Cash Equivalents		
Cash on hand	20,000	–
Balances with Bank		
In current accounts	359,452	716,095
	<u>379,4512</u>	<u>716,095</u>

9 Short Term Loans and Advances (Unsecured, considered good)		
Advance towards purchase of land	65,226,980	65,726,980
	<u>65,226,980</u>	<u>65,726,980</u>

	Current Year ₹	Previous Year ₹
10 Other Income		
Dividend from Mutual Funds	–	3,301
Profit on redemption of Mutual Funds	–	409
	<u>–</u>	<u>3,709</u>

11 Operating Expenses		
Opening Work In Progress 1 st April 2012	78,182,939	2,794,373
Add: CONSUMPTION DURING 2012-13		
Land	–	59,773,020
Int.On Interco.Loan	11,121,510	8,903,456
Rates & Taxes - Others	–	69,360
Travelling Expenses Domestic - Fare	850	4,326
Travelling Expenses Domestic - Lodging/Boarding	2,767	8,495
Printing & Stationery	2,265	16,298
Professional Fees	1,280,748	246,900
Stamp Duty	–	4,974,770
Liasoning/Statutory Fees	–	127,983
Bank Charges - Dd/Tt Charges	6,140	208
Gen & Misc Exp - Registration Charges	–	1,263,750
TOTAL CONSUMPTION IN FY 2012-13	<u>12,414,280</u>	<u>75,388,566</u>
LESS: CLOSING WIP 31 st March 2013	<u>90,597,219</u>	<u>78,182,939</u>
	<u>–</u>	<u>–</u>

	Current Year ₹	Previous Year ₹
12 Finance Costs		
Interest on Inter Corporate Deposit	11,121,510	8,903,456
Less: Allocated to Projects	<u>11,121,510</u>	<u>8,903,456</u>
	<u>–</u>	<u>–</u>

13 Other Expenses		
Rates and taxes	–	1,000
Legal and Professional Charges	19,349	19,303
Auditors' remuneration		
Audit fees	114,420	100,000
Reimbursement of expenses/levies		10,952
Other Expenses	–	3,700
Total	<u>133,769</u>	<u>134,955</u>

14 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.

15 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	Current Year ₹	Previous Year ₹
Mahindra Lifespace Developers Ltd.		
Inter-Corporate Deposit taken	1,700,000	56,500,000
Interest on Inter Corporate Deposit taken	11,121,510	8,903,456
Outstanding balance	107,426,731	95,717,385

16 Earnings Per Share

Particulars	Current Year ₹	Previous Year ₹
Net Profit/(Loss) after tax	(133,769)	(131,246)
Weighted average number of equity shares	5,000,000	5,000,000
Par value per share	10	10
Earnings per share - Basic and diluted	(0.03)	(0.03)

17 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.

18 Previous year's figures have been regrouped/reclassified wherever necessary to correspond with the current year's classification/disclosure.

For and on behalf of	For and on behalf of
B. K. Khare & Co	the Board of Directors
<i>Chartered Accountants</i>	
Padmini Khare Kaicker	Anita Arjundas <i>Chairperson</i>
<i>Partner</i>	Rajan Narayan <i>Director</i>
<i>Place: Mumbai</i>	<i>Place: Mumbai</i>
<i>Date: 16th April 2013</i>	<i>Date: 16th April 2013</i>

DIRECTORS' REPORT TO THE MEMBERS

Your Directors present their Sixth Report together with the audited accounts of the Company for the year ended 31st March, 2013.

FINANCIAL HIGHLIGHTS

Particulars	For the year ended 31 st March, 2013	(Amount in ₹) For the year ended 31 st March, 2012
Total Income.....	-	501
Profit /(Loss) Before Depreciation, Interest and Taxation	(134,269)	(153,681)
Less: Depreciation	17,330	10,524
Profit/(Loss) Before Interest and Taxation	(151,599)	(164,205)
Less: Interest.....	-	-
Profit/(Loss) Before Taxation	(151,599)	(164,205)
Less: Provision for Taxation	-	-
Profit/(Loss) for the year after Taxation.....	(151,599)	(164,205)
Add: Balance of Profit /(Loss) for earlier years.....	(4,200,432)	(4,036,227)
Balance carried forward to the Balance Sheet	(4,352,032)	(4,200,432)

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 losses, your Directors do not recommend 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 company of Mahindra Lifespace Developers Limited and consequently a subsidiary company of the ultimate holding company, Mahindra & Mahindra Limited.

Directors

Mrs. Beroz Gazdar retire by rotation and being eligible offers herself 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:

- 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, 2013 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.

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

At the Extra Ordinary General Meeting held on 9th August, 2012, M/s B. K. Khare & Co., were appointed as Statutory Auditors of the Company to fill up the casual vacancy caused by the resignation of M/s. A. F. Ferguson & Co., Chartered Accountants.

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 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 31st March, 2013 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, 16th April, 2013

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 ON 31ST MARCH, 2013.

A. CONSERVATION OF ENERGY

- | | | |
|--|---|--|
| (a) Energy conservation measures taken | : | The operations of your Company are not energy-intensive. 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 | : | This will be considered when operations on the acquired land will be undertaken. |
| 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, 16th April, 2013

AUDITOR'S REPORT

TO THE MEMBERS OF KNOWLEDGE TOWNSHIP LIMITED

Report on the financial statements

We have audited the accompanying financial statements of **Knowledge Township Limited** ("the Company"), which comprise the Balance Sheet as at 31st March, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility on the financial statements

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 sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's 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 ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and 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 internal control 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 accounting policies used and the reasonableness of the accounting estimates made by 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.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the 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 31st March, 2013;
- (b) in the case of Statement of Profit and Loss, of the loss for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on other legal and regulatory requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. 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 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 appears from our examination of those books;
 - (c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - (d) In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
 - (e) On the basis of written representations received from the directors as on 31st March, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
 - (f) Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

For **B. K. Khare and Co.**

Chartered Accountants

Firm's Registration Number 105102W

Padmini Khare Kaicker

Partner

Membership Number 44784

Place: Mumbai

Dated: 16th April, 2013

ANNEXURE TO THE AUDITORS' REPORT

Referred to in Paragraph (7) of our report of even date on the accounts of Knowledge Township Limited for the year ended 31st March, 2013.

1. (i) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.
- (ii) The Company has a program for physical verification of fixed assets at periodic intervals. In our opinion, the period of verification is reasonable having regard to the size of the Company and the nature of its assets. Discrepancies reported on such verification have been properly dealt in the accounts.
- (iii) The company has not disposed off any of its fixed asset during the year under consideration.
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. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business, for the purchases of inventory, fixed assets and for the sale of goods and services. In our opinion and according to the information and explanations given to us, there is no continuing failure to correct major weaknesses in internal control.
5. 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 31st March, 2013, for a period more than six months from the date they became payable.

- (ii) There are no disputed dues outstanding as on 31st March 2013 on account of sales tax, customs duty, income tax, excise duty, service tax, income tax, wealth tax and cess.
10. The accumulated losses of the Company did not exceed fifty percent of its net worth as at 31st March, 2013. The Company has incurred cash losses in the financial year ended on that date 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 2013.
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

Place: Mumbai
 Dated: 16th April, 2013

BALANCE SHEET AS AT 31ST MARCH, 2013

	Note Ref	Current Year ₹	Previous Year ₹
EQUITY AND LIABILITIES			
Shareholders Funds			
Share capital	3	210,000,000	210,000,000
Reserves & Surplus	4	(4,352,032)	(4,200,432)
		205,647,968	205,799,568
Current Liabilities			
Short term Borrowings	5	186,000,000	180,600,000
Other current liabilities.....	6	51,942,818	30,955,132
Short term provisions	7	523,582	386,870
		238,466,400	211,942,002
TOTAL		444,114,368	417,741,570
ASSETS			
Non Current Assets			
Fixed Assets			
Tangible assets	8	61,165	15,792
		61,165	15,792
Long Term Loans and advances	9	1,298	1,298
Current Assets			
Inventories.....	10	219,810,376	193,529,694
Cash and cash equivalents.....	11	145,831	121,560
Short term loans and advances.....	12	224,095,698	224,073,226
		444,051,905	417,724,480
TOTAL		444,114,368	417,741,570

See accompanying notes forming part of the Financial Statements

In terms of our report attached

For **B.K.Khare & Co**
Chartered Accountants

Padmini Khare Kaicker
Partner

Place : Mumbai
Date : 16th April, 2013

Sejal Shah
Company Secretary

Place : Mumbai
Date : 16th April, 2013

For and on behalf of the Board of Directors

Arun Nanda Chairman

Anita Arjundas
Beroz Gazdar } Directors

Place : Mumbai
Date : 16th April, 2013

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2013

	Note Ref	Current Year ₹	Previous Year ₹
REVENUE			
Other Income.....	13	–	501
		–	501
EXPENDITURE			
Operating Expenses	14	–	–
Employee benefit expense.....	15	–	–
Finance Cost.....	16	–	–
Depreciation and amortization expense		17,330	10,524
Other expenses.....	17	134,269	154,182
		151,599	164,706
Profit before exceptional and extraordinary items and tax.....		(151,599)	(164,205)
Exceptional Items		–	–
Profit before extraordinary items and tax		(151,599)	(164,205)
Extraordinary Items.....		–	–
Loss before tax		(151,599)	(164,205)
Less: Tax expense		–	–
Loss after tax		(151,599)	(164,205)
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 **B.K.Khare & Co**
Chartered Accountants

Padmini Khare Kaicker
Partner

Sejal Shah
Company Secretary

Place : Mumbai
Date : 16th April, 2013

For and on behalf of the Board of Directors

Arun Nanda Chairman

Anita Arjundas
Beroz Gazdar } Directors

Place : Mumbai
Date : 16th April, 2013

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013

	Current Year ₹	Previous Year ₹
A. Cash flow from operating activities		
Loss before tax.....	(151,599)	(164,205)
Adjustments for:		
Depreciation.....	17,330	10,524
Dividend Income	-	-
Finance Costs.....	-	-
Operating loss before working capital changes	(134,269)	(153,681)
Changes in working capital:		
Adjustment for (increase)/decrease in operating assets		
(Increase)/decrease in short term loans and advances	(22,472)	(24,596,464)
(Increase)/decrease in inventories.....	(26,280,682)	(63,113,616)
Adjustment for increase/(decrease) in operating liabilities		
Increase/(decrease) in other current liabilities	21,124,397	18,181,230
	(5,178,757)	(69,528,850)
Cash (used in) operations	(5,313,026)	(49,014,766)
Taxes paid.....		9,119
Net cash (used in) operating activities.....	(5,313,026)	(49,005,647)
B. Cash flow from investing activities:		
Purchase of Fixed Assets	(62,703)	-
Purchase of investments.....	-	-
Dividend received.....	-	-
Net cash from investing activities.....	(62,703)	-
C. Cash flow from financing activities:		
Proceeds from borrowings	5,400,000	48,500,000
Net cash from financing activities.....	5,400,000	48,500,000
Net increase/(decrease) in cash and cash equivalents	24,271	(505,647)
Cash & cash equivalents		
Opening balance	121,560	627,207
Closing balance.....	145,831	121,560
Net increase/(decrease) in cash and cash equivalents	24,271	(505,647)

See accompanying notes forming part of the Financial Statements

In terms of our report attached

For **B.K.Khare & Co**
Chartered Accountants**Padmini Khare Kaicker**
Partner**Sejal Shah**
Company SecretaryPlace : Mumbai
Date : 16th April, 2013Place : Mumbai
Date : 16th April, 2013

For and on behalf of the Board of Directors

Arun Nanda Chairman**Anita Arjundas**
Beroz Gazdar } DirectorsPlace : Mumbai
Date : 16th April, 2013

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

1 Corporate information

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

Cost of inventory represents expenses attributable to lands acquired, related expenses for a long term project including 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 gratuity and compensated absences

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.

3 Share Capital

Authorised

50,000,000 equity shares of ₹ 10 each..... **500,000,000** 500,000,000

Issued, subscribed and fully paid up.

	Current Year ₹	Previous Year ₹
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 Shares having a par value of ₹ 10/- per share. Each holder of Equity Shares is entitled to one vote per share.

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

c. Details of shares held by each shareholder including Holding Company, holding more than 5% of the aggregate shares in the Company :

	Current Year		Previous Year	
	No of Shares	Value of Shares (₹)	No of Shares	Value of Shares (₹)
Holding Company (100%)				
Mahindra Lifespace Developers Limited				
Equity	21,000,000	210,000,000	21,000,000	210,000,000

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

	Current Year ₹	Previous Year ₹		Current Year ₹	Previous Year ₹
4 Reserves & Surplus			6 Other Current Liabilities		
Deficit in the Statement of Profit and Loss.....			Interest Accrued but not due on Intercompany Deposits (from Holding Company repayable on demand)	51,825,298	30,839,672
Opening balance.....	(4,200,432)	(4,036,227)	Other liabilities	117,520	115,460
Add: Loss for the Current Year	(151,599)	(164,205)		51,942,818	30,955,132
Closing Balance	(4,352,031)	(4,200,432)			
5 Short Term Borrowings			7 Short Term Provisions		
Intercompany deposits from Holding company repayable on demand	186,000,000	180,600,000	Compensated absences.....	203,214	103,214
	186,000,000	180,600,000	Provision for bonus.....	320,368	283,656
				523,582	386,870

8 Fixed Assets

Amount in ₹

	Gross Block				Accumulated Depreciation			Net Block	
Description of Assets	As at 1 st April, 2012	Addition	Deduction during the year	As at 31 st March, 2013	As at 1 st April, 2012	For the year	As at 31 st March, 2013	As at 31 st March, 2013	As at 31 st March, 2012
Tangible Assets									
Computers	51,683	–	–	51,683	35,891	10,527	46,418	5,265	15,792
Furniture & Fixture	–	62,703	–	62,703	–	6,803	6,803	55,900	–
TOTAL	51,683	62,703		114,386	35,891	17,330	53,221	61,165	
Previous Year	51,683	–		51,683	25,367	10,524	35,891		15,792

	Current Year ₹	Previous Year ₹		Current Year ₹	Previous Year ₹
9 Long Term Loans And Advances			14 Operating Expenses		
Income Tax Payment.....	1,298	1,298	Opening Work In Progress 1 st April, 2012.....	193,529,694	151,083,842
	<u>1,298</u>	<u>1,298</u>	Add : CONSUMPTION DURING 2012-13		
			Land	–	17,022,468
10 Inventories			Employee Remuneration.....	2,729,228	2,394,916
(at lower of cost and Net realisable value)			Staff Welfare	14,148	14,208
Work in progress.....	219,810,376	193,529,694	Interest On Intercompany Loan.....	23,317,362	20,667,765
(represents land and other related expenses)			Repairs & Maintenance Others.....	14,000	–
	<u>219,810,376</u>	<u>193,529,694</u>	Insurance Expenses - Others.....	–	661
			Telephone Expenses - Mobile.....	26,093	21,679
11 Cash and Cash Equivalents			Telephone Expenses-Leased Lines/Internet/ VSAT.....	4,382	10,915
Cash on hand	12,432.00	–	Travelling Expenses Domestic - Fare.....	55,840	84,316
Balances with Banks			Travelling Expenses Domestic - Lodging/ Boarding.....	29,288	44,329
in current accounts.....	133,399	121,560	Conveyance.....	31,079	46,157
	<u>145,831</u>	<u>121,560</u>	Printing & Stationery	43,547	39,712
			Legal Fees	–	19,680
12 Short Term Loans And Advances (Unsecured, considered good)			Professional Fees.....	–	1,975,055
Advance for purchase of land.....	222,813,226	222,813,226	Professional Fees - Retainers Fees	–	80,500
Advance given to employees.....	10,000	10,000	Liaoning /Statutory Fees	1,750	–
Claims recoverable	1,272,472	1,250,000	Advertisement Expenses - Print Media/ Leaflets	–	14,720
	<u>224,095,698</u>	<u>224,073,226</u>	Bank Charges - Others.....	2,808	380
			News papers, Books & Periodicals	6,916	2,235
13 Other Income			Gen & Misc Exp - Sundries/Others	4,241	6,155
Interest on Income Tax refund.....	–	501	TOTAL CONSUMPTION IN FY 2012-13.....	26,280,682	42,445,851
Dividend from Mutual Funds.....	–	–	LESS : CLOSING WIP 31 st March, 2013.....	219,810,376	193,529,694
	<u>–</u>	<u>501</u>			

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

	Current Year ₹	Previous Year ₹
15 Employee Benefit Expense		
Salaries, wages and bonus	2,729,228	2,394,916
Staff welfare	14,148	221,604
	2,743,376	2,616,520
Less: Allocated to Projects	(2,743,376)	(2,616,520)
	-	-
16 Finance Costs		
Interest on Inter Corporate deposits	23,317,362	20,667,765
Less: Allocated to Projects	(23,317,362)	(20,667,765)
	-	-
17 Other Expenses		
Rates and taxes	-	1,010
Legal and Professional Charges	19,849	8,273
Auditors' remuneration		
Audit Fee	114,420	100,000
For Other services	-	10,300
Reimbursement of expenses/levies ...	-	2,031
Other Expenses	-	32,568
	134,269	154,182

18 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.

19 Related Party Transactions

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 31st March, 2013 and balances outstanding as at 31st March, 2013:

	Current Year ₹	Previous Year ₹
Mahindra Lifespace Developers Ltd		
Inter Corporate Deposit taken	5,400,000	48,500,000
Interest on Inter Corporate Deposit	23,317,362	20,667,765
Outstanding Payables as at the year end	237,825,298	211,439,672

20 Earnings per share

Particulars	Current Year	Previous Year
Basic and Diluted:		
Net loss for the year (₹)	(151,599)	(164,205)
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)

21 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.

22 Previous year's figures have been regrouped/reclassified wherever necessary to correspond with the current year's classification/disclosure.

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

For and on behalf of the
Board of Directors
Arun Nanda Chairman

Padmini Khare Kaicker
Partner

Sejal Shah
Company Secretary

Anita Arjundas Beroz Gazdar } Directors

Place : Mumbai
Date : 16th April, 2013

Place : Mumbai
Date : 16th April, 2013

Place : Mumbai
Date : 16th April, 2013

DIRECTORS' REPORT TO THE MEMBERS

Your Directors present their Sixth Report together with the audited accounts of the Company for the year ended 31st March, 2013.

FINANCIAL HIGHLIGHTS

Particulars	For the year ended 31 st March, 2013	(Amount in ₹) For the year ended 31 st March, 2012
Total Income.....	-	501
Profit /(Loss) Before Depreciation, Interest and Taxation	(134,269)	(153,681)
Less: Depreciation	17,330	10,524
Profit/(Loss) Before Interest and Taxation	(151,599)	(164,205)
Less: Interest.....	-	-
Profit/(Loss) Before Taxation	(151,599)	(164,205)
Less: Provision for Taxation	-	-
Profit/(Loss) for the year after Taxation.....	(151,599)	(164,205)
Add: Balance of Profit /(Loss) for earlier years.....	(4,200,432)	(4,036,227)
Balance carried forward to the Balance Sheet	(4,352,032)	(4,200,432)

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 losses, your Directors do not recommend 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 company of Mahindra Lifespace Developers Limited and consequently a subsidiary company of the ultimate holding company, Mahindra & Mahindra Limited.

Directors

Mrs. Beroz Gazdar retire by rotation and being eligible offers herself 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:

- 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, 2013 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.

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

At the Extra Ordinary General Meeting held on 9th August, 2012, M/s B. K. Khare & Co., were appointed as Statutory Auditors of the Company to fill up the casual vacancy caused by the resignation of M/s. A. F. Ferguson & Co., Chartered Accountants.

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 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 31st March, 2013 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, 16th April, 2013

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 ON 31ST MARCH, 2013.

A. CONSERVATION OF ENERGY

- | | | |
|--|---|--|
| (a) Energy conservation measures taken | : | The operations of your Company are not energy-intensive. 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 | : | This will be considered when operations on the acquired land will be undertaken. |
| 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, 16th April, 2013

AUDITOR'S REPORT

TO THE MEMBERS OF KNOWLEDGE TOWNSHIP LIMITED

Report on the financial statements

We have audited the accompanying financial statements of **Knowledge Township Limited** ("the Company"), which comprise the Balance Sheet as at 31st March, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility on the financial statements

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 sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's 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 ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and 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 internal control 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 accounting policies used and the reasonableness of the accounting estimates made by 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.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the 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 31st March, 2013;
- (b) in the case of Statement of Profit and Loss, of the loss for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on other legal and regulatory requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. 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 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 appears from our examination of those books;
 - (c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - (d) In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
 - (e) On the basis of written representations received from the directors as on 31st March, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
 - (f) Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

For **B. K. Khare and Co.**

Chartered Accountants

Firm's Registration Number 105102W

Padmini Khare Kaicker

Partner

Membership Number 44784

Place: Mumbai

Dated: 16th April, 2013

ANNEXURE TO THE AUDITORS' REPORT

Referred to in Paragraph (7) of our report of even date on the accounts of Knowledge Township Limited for the year ended 31st March, 2013.

1. (i) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.
- (ii) The Company has a program for physical verification of fixed assets at periodic intervals. In our opinion, the period of verification is reasonable having regard to the size of the Company and the nature of its assets. Discrepancies reported on such verification have been properly dealt in the accounts.
- (iii) The company has not disposed off any of its fixed asset during the year under consideration.
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. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business, for the purchases of inventory, fixed assets and for the sale of goods and services. In our opinion and according to the information and explanations given to us, there is no continuing failure to correct major weaknesses in internal control.
5. 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 31st March, 2013, for a period more than six months from the date they became payable.

- (ii) There are no disputed dues outstanding as on 31st March 2013 on account of sales tax, customs duty, income tax, excise duty, service tax, income tax, wealth tax and cess.
10. The accumulated losses of the Company did not exceed fifty percent of its net worth as at 31st March, 2013. The Company has incurred cash losses in the financial year ended on that date 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 2013.
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

Place: Mumbai
 Dated: 16th April, 2013

BALANCE SHEET AS AT 31ST MARCH, 2013

	Note Ref	Current Year ₹	Previous Year ₹
EQUITY AND LIABILITIES			
Shareholders Funds			
Share capital	3	210,000,000	210,000,000
Reserves & Surplus	4	(4,352,032)	(4,200,432)
		205,647,968	205,799,568
Current Liabilities			
Short term Borrowings	5	186,000,000	180,600,000
Other current liabilities.....	6	51,942,818	30,955,132
Short term provisions	7	523,582	386,870
		238,466,400	211,942,002
TOTAL		444,114,368	417,741,570
ASSETS			
Non Current Assets			
Fixed Assets			
Tangible assets	8	61,165	15,792
		61,165	15,792
Long Term Loans and advances	9	1,298	1,298
Current Assets			
Inventories.....	10	219,810,376	193,529,694
Cash and cash equivalents.....	11	145,831	121,560
Short term loans and advances.....	12	224,095,698	224,073,226
		444,051,905	417,724,480
TOTAL		444,114,368	417,741,570

See accompanying notes forming part of the Financial Statements

In terms of our report attached

For **B.K.Khare & Co**
Chartered Accountants

Padmini Khare Kaicker
Partner

Sejal Shah
Company Secretary

Place : Mumbai
Date : 16th April, 2013

For and on behalf of the Board of Directors

Arun Nanda Chairman

Anita Arjundas
Beroz Gazdar } Directors

Place : Mumbai
Date : 16th April, 2013

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2013

	Note Ref	Current Year ₹	Previous Year ₹
REVENUE			
Other Income.....	13	–	501
		–	501
EXPENDITURE			
Operating Expenses	14	–	–
Employee benefit expense.....	15	–	–
Finance Cost.....	16	–	–
Depreciation and amortization expense		17,330	10,524
Other expenses.....	17	134,269	154,182
		151,599	164,706
Profit before exceptional and extraordinary items and tax.....		(151,599)	(164,205)
Exceptional Items		–	–
Profit before extraordinary items and tax		(151,599)	(164,205)
Extraordinary Items.....		–	–
Loss before tax		(151,599)	(164,205)
Less: Tax expense		–	–
Loss after tax		(151,599)	(164,205)
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 **B.K.Khare & Co**
Chartered Accountants

Padmini Khare Kaicker
Partner

Sejal Shah
Company Secretary

Place : Mumbai
Date : 16th April, 2013

For and on behalf of the Board of Directors

Arun Nanda Chairman

Anita Arjundas
Beroz Gazdar } Directors

Place : Mumbai
Date : 16th April, 2013

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013

	Current Year ₹	Previous Year ₹
A. Cash flow from operating activities		
Loss before tax.....	(151,599)	(164,205)
Adjustments for:		
Depreciation.....	17,330	10,524
Dividend Income	-	-
Finance Costs.....	-	-
Operating loss before working capital changes	(134,269)	(153,681)
Changes in working capital:		
Adjustment for (increase)/decrease in operating assets		
(Increase)/decrease in short term loans and advances	(22,472)	(24,596,464)
(Increase)/decrease in inventories.....	(26,280,682)	(63,113,616)
Adjustment for increase/(decrease) in operating liabilities		
Increase/(decrease) in other current liabilities	21,124,397	18,181,230
	(5,178,757)	(69,528,850)
Cash (used in) operations	(5,313,026)	(49,014,766)
Taxes paid.....		9,119
Net cash (used in) operating activities.....	(5,313,026)	(49,005,647)
B. Cash flow from investing activities:		
Purchase of Fixed Assets	(62,703)	-
Purchase of investments.....	-	-
Dividend received.....	-	-
Net cash from investing activities.....	(62,703)	-
C. Cash flow from financing activities:		
Proceeds from borrowings	5,400,000	48,500,000
Net cash from financing activities.....	5,400,000	48,500,000
Net increase/(decrease) in cash and cash equivalents	24,271	(505,647)
Cash & cash equivalents		
Opening balance	121,560	627,207
Closing balance.....	145,831	121,560
Net increase/(decrease) in cash and cash equivalents	24,271	(505,647)

See accompanying notes forming part of the Financial Statements

In terms of our report attached

For **B.K.Khare & Co**
Chartered Accountants**Padmini Khare Kaicker**
Partner**Sejal Shah**
Company SecretaryPlace : Mumbai
Date : 16th April, 2013Place : Mumbai
Date : 16th April, 2013

For and on behalf of the Board of Directors

Arun Nanda Chairman**Anita Arjundas**
Beroz Gazdar } DirectorsPlace : Mumbai
Date : 16th April, 2013

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

1 Corporate information

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

Cost of inventory represents expenses attributable to lands acquired, related expenses for a long term project including 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 gratuity and compensated absences

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.

3 Share Capital

Authorised

50,000,000 equity shares of ₹ 10 each..... **500,000,000** 500,000,000

Issued, subscribed and fully paid up.

	Current Year ₹	Previous Year ₹
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 Shares having a par value of ₹ 10/- per share. Each holder of Equity Shares is entitled to one vote per share.

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

c. Details of shares held by each shareholder including Holding Company, holding more than 5% of the aggregate shares in the Company :

	Current Year		Previous Year	
	No of Shares	Value of Shares (₹)	No of Shares	Value of Shares (₹)
Holding Company (100%)				
Mahindra Lifespace Developers Limited				
Equity	21,000,000	210,000,000	21,000,000	210,000,000

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

	Current Year ₹	Previous Year ₹		Current Year ₹	Previous Year ₹
4 Reserves & Surplus			6 Other Current Liabilities		
Deficit in the Statement of Profit and Loss.....			Interest Accrued but not due on Intercompany Deposits (from Holding Company repayable on demand)	51,825,298	30,839,672
Opening balance.....	(4,200,432)	(4,036,227)	Other liabilities	117,520	115,460
Add: Loss for the Current Year	(151,599)	(164,205)		51,942,818	30,955,132
Closing Balance	(4,352,031)	(4,200,432)			
5 Short Term Borrowings			7 Short Term Provisions		
Intercompany deposits from Holding company repayable on demand	186,000,000	180,600,000	Compensated absences.....	203,214	103,214
	186,000,000	180,600,000	Provision for bonus.....	320,368	283,656
				523,582	386,870

8 Fixed Assets

Amount in ₹

	Gross Block				Accumulated Depreciation			Net Block	
Description of Assets	As at 1 st April, 2012	Addition	Deduction during the year	As at 31 st March, 2013	As at 1 st April, 2012	For the year	As at 31 st March, 2013	As at 31 st March, 2013	As at 31 st March, 2012
Tangible Assets									
Computers	51,683	–	–	51,683	35,891	10,527	46,418	5,265	15,792
Furniture & Fixture	–	62,703	–	62,703	–	6,803	6,803	55,900	–
TOTAL	51,683	62,703		114,386	35,891	17,330	53,221	61,165	
Previous Year	51,683	–		51,683	25,367	10,524	35,891		15,792

	Current Year ₹	Previous Year ₹		Current Year ₹	Previous Year ₹
9 Long Term Loans And Advances			14 Operating Expenses		
Income Tax Payment.....	1,298	1,298	Opening Work In Progress 1 st April, 2012.....	193,529,694	151,083,842
	<u>1,298</u>	<u>1,298</u>	Add : CONSUMPTION DURING 2012-13		
			Land	–	17,022,468
10 Inventories			Employee Remuneration.....	2,729,228	2,394,916
(at lower of cost and Net realisable value)			Staff Welfare	14,148	14,208
Work in progress.....	219,810,376	193,529,694	Interest On Intercompany Loan.....	23,317,362	20,667,765
(represents land and other related expenses)			Repairs & Maintenance Others.....	14,000	–
	<u>219,810,376</u>	<u>193,529,694</u>	Insurance Expenses - Others.....	–	661
			Telephone Expenses - Mobile.....	26,093	21,679
11 Cash and Cash Equivalents			Telephone Expenses-Leased Lines/Internet/ VSAT.....	4,382	10,915
Cash on hand	12,432.00	–	Travelling Expenses Domestic - Fare.....	55,840	84,316
Balances with Banks			Travelling Expenses Domestic - Lodging/ Boarding.....	29,288	44,329
in current accounts.....	133,399	121,560	Conveyance.....	31,079	46,157
	<u>145,831</u>	<u>121,560</u>	Printing & Stationery	43,547	39,712
			Legal Fees	–	19,680
12 Short Term Loans And Advances (Unsecured, considered good)			Professional Fees.....	–	1,975,055
Advance for purchase of land.....	222,813,226	222,813,226	Professional Fees - Retainers Fees	–	80,500
Advance given to employees.....	10,000	10,000	Liaoning /Statutory Fees	1,750	–
Claims recoverable	1,272,472	1,250,000	Advertisement Expenses - Print Media/ Leaflets	–	14,720
	<u>224,095,698</u>	<u>224,073,226</u>	Bank Charges - Others.....	2,808	380
			News papers, Books & Periodicals	6,916	2,235
13 Other Income			Gen & Misc Exp - Sundries/Others	4,241	6,155
Interest on Income Tax refund.....	–	501	TOTAL CONSUMPTION IN FY 2012-13.....	26,280,682	42,445,851
Dividend from Mutual Funds.....	–	–	LESS : CLOSING WIP 31 st March, 2013.....	219,810,376	193,529,694
	<u>–</u>	<u>501</u>			

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

	Current Year ₹	Previous Year ₹
15 Employee Benefit Expense		
Salaries, wages and bonus	2,729,228	2,394,916
Staff welfare	14,148	221,604
	<u>2,743,376</u>	<u>2,616,520</u>
Less: Allocated to Projects	(2,743,376)	(2,616,520)
	<u>-</u>	<u>-</u>
16 Finance Costs		
Interest on Inter Corporate deposits	23,317,362	20,667,765
Less: Allocated to Projects	(23,317,362)	(20,667,765)
	<u>-</u>	<u>-</u>
17 Other Expenses		
Rates and taxes	-	1,010
Legal and Professional Charges	19,849	8,273
Auditors' remuneration		
Audit Fee	114,420	100,000
For Other services	-	10,300
Reimbursement of expenses/levies ...	-	2,031
Other Expenses	-	32,568
	<u>134,269</u>	<u>154,182</u>

18 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.

19 Related Party Transactions**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 31st March, 2013 and balances outstanding as at 31st March, 2013:

	Current Year ₹	Previous Year ₹
Mahindra Lifespace Developers Ltd		
Inter Corporate Deposit taken	5,400,000	48,500,000
Interest on Inter Corporate Deposit	23,317,362	20,667,765
Outstanding Payables as at the year end	237,825,298	211,439,672

20 Earnings per share

Particulars	Current Year	Previous Year
Basic and Diluted:		
Net loss for the year (₹)	(151,599)	(164,205)
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)

21 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.

22 Previous year's figures have been regrouped/reclassified wherever necessary to correspond with the current year's classification/disclosure.

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

For and on behalf of the
Board of Directors
Arun Nanda Chairman

Padmini Khare Kaicker
Partner

Sejal Shah
Company Secretary

Anita Arjundas Beroz Gazdar } Directors

Place : Mumbai

Date : 16th April, 2013

Place : Mumbai

Date : 16th April, 2013

Place : Mumbai

Date : 16th April, 2013

DIRECTORS' REPORT TO THE MEMBERS

Your Directors present their Twelfth Report together with the audited accounts of your Company for the year ended 31st March, 2013.

FINANCIAL RESULTS

(Amount in Rupees)

	2013	2012
Income	809,685	1,146,712
(Loss) before Depreciation and Taxation	(2,153,650)	(5,536,187)
Less: Depreciation	11,698	12,260
(Loss) before Taxation	(2,165,348)	(5,548,447)
Less: Provision for Taxation		
Current Tax	–	–
(Excess) provision for tax relating to prior years	(119,356)	–
Deferred Tax	98,461	112,721
(Loss) after Taxation	(2,144,453)	(5,661,168)
Profit brought forward from previous year	4,153,616	9,814,784
Balance carried to Balance Sheet	2,009,163	4,153,616

OPERATIONS

During the year under review, your Company's income has decreased to Rs. 8.10 lakhs as compared to Rs. 11.47 lakhs in the previous year.

The Company had earlier issued notice of termination of Municipal Solid Waste agreement to Tirumala Tirupati Devasthanam (TTD) due to non-fulfilment of obligations on the part of TTD.

During the year, the Company and TTD had several rounds of discussion regarding recommencement of plant operations under modified terms of agreement after due consideration of the issues involved in ensuring sustained operations of the plant.

DIVIDEND

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

DIRECTORS

Mr. B. Suresh and Ms. Anita Arjundas, retire by rotation at the forthcoming Annual General Meeting, and being eligible, offers themselves 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, 2013 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.

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 executed by 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.

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.

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 Rs.6,000,000 p.a. during the year ended March 31, 2013 or who was employed for the part of the financial year and was in receipt of remuneration of not less than Rs. 500,000 p.m.

For and on behalf of the Board

A.K. Nanda
Chairman

Mumbai, 16th April, 2013

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 31st MARCH, 2013.

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

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

2012 - 13

Total Foreign Exchange earned

Nil

Total Foreign Exchange used

Nil

For and on behalf of the Board

A.K. Nanda
Chairman

Mumbai, 16th April, 2013

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF

MAHINDRA INFRASTRUCTURE DEVELOPERS LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of **MAHINDRA INFRASTRUCTURE DEVELOPERS LIMITED** ("the Company") which comprise the Balance Sheet as at 31st March, 2013, 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.

Management's Responsibility for the Financial Statements

The 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 control relevant to the preparation and fair presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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 misstatement.

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 internal control 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, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. 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.

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 31st March, 2013;
- (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.

Emphasis of Matter

We draw attention to Note 25 of "Notes forming part of the financial statements" wherein no provision has been made for investment of ₹ 150,000,000 in New Tirupur Area Development Corporation Limited (NTADCL) in view of the revival of the operations being taken by the stakeholders of NTADCL.

Our opinion is not qualified in respect of this matter.

Report on Other Legal and Regulatory Requirements

1. 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.
2. 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 31st March, 2013 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2013 from being appointed as a director in terms of Section 274(1)(g) of the Act.

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

(**A. C. Khanna**)
(Partner)

Place: Mumbai
Date: 16th April, 2013

(Membership No. 17814)

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

- (i) Having regard to the nature of the Company's business/ activities/results during the year, clauses (vi), (xi), (xii), (xiii), (xiv), (xv), (xvi), (xviii), (xix) and (xx) are not applicable to the Company.
- (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) No physical verification of fixed assets was carried out by the Management during the year. The Company has a system of verifying the fixed assets once in every three years. The last physical verification was done in March, 2012. In our opinion, the frequency of verification of fixed assets is at reasonable intervals.
 - (c) During the year, the Company has not disposed any part of its fixed assets.
- (iii) In respect of its inventories:
 - (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 explanations 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 covered 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 31st March, 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. 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 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 31st March, 2013 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 31st March, 2013 on account of any disputes.
- (x) The Company does not have any accumulated losses at the end of the financial year. The Company has incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.
- (xi) In our opinion and according to the information and explanations given to us, and on an overall examination of the Balance Sheet of the Company, we report that funds raised on short-term basis have, *prima facie*, not been used during the year for long-term investment.
- (xii) 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)

Place: Mumbai
Date: 16th April, 2013

(Membership No. 17814)

BALANCE SHEET AS AT 31ST MARCH 2013

Particulars	Note No.	As at		As at	
		31 st March 2013		31 st March 2012	
		₹	₹	₹	₹
A EQUITY AND LIABILITIES					
1 Shareholders' Funds:					
(a) Share capital	3	180,000,000		180,000,000	
(b) Reserves and surplus	4	2,009,163		4,153,616	
			182,009,163		184,153,616
2 Non-current liabilities:					
(a) Deferred tax liabilities (Net)	22		5,340,160		5,241,699
3 Current liabilities:					
(a) Trade payables.....	5	9,996,486		10,094,493	
(b) Other current liabilities	6	861,888		907,875	
(c) Short-term provisions.....	7	4,950,148		4,172,555	
			15,808,522		15,174,923
TOTAL			203,157,845		204,570,238
B ASSETS					
1 Non-current assets:					
(a) Fixed assets					
Tangible assets.....	8	19,795,445		19,807,143	
(b) Non-current investments.....	9	150,749,990		150,749,990	
(c) Long-term loans and advances.....	10	2,323,104		2,258,199	
			172,868,539		172,815,332
2 Current assets:					
(a) Inventories	11	1,538,717		1,715,114	
(b) Trade receivables	12	22,113,421		22,113,421	
(c) Cash and cash equivalents	13	2,325,590		6,656,590	
(d) Short-term loans and advances	10	4,198,032		930,265	
(e) Other current assets	14	113,546		339,516	
			30,289,306		31,754,906
TOTAL			203,157,845		204,570,238

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 : 16th April 2013

For and on behalf of the Board of Directors

A. K. Nanda Chairman

S. Venkatraman Directors

Place: Mumbai
Date: 16th April 2013

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2013

Particulars	Note No.	For the year ended 31 st March 2013 ₹	For the year ended 31 st March 2012 ₹
A CONTINUING OPERATIONS:			
1 Revenue from operations (gross).....		—	—
Less: Excise duty		—	—
Revenue from operations (net).....		—	—
2 Other income.....	15	557,685	894,712
3 Total revenue (1+2)		557,685	894,712
4 EXPENSES			
Employee benefits expense	16	804,726	640,379
Depreciation expense	8	11,698	12,260
Other expenses	17	592,898	687,237
Total expenses		1,409,322	1,339,876
5 Loss before taxation (3-4).....		(851,637)	(445,164)
6 Tax expense:			
Current tax.....		—	—
(Excess) provision for tax relating to prior years.....		(119,356)	—
Deferred tax.....	22	(3,509)	(3,523)
		(122,865)	(3,523)
7 Loss from continuing operations (5-6).....		(728,772)	(441,641)
B Discontinuing operations:			
8 (i) Loss from discontinuing operations (before tax).....	23	(1,313,711)	(5,103,283)
(ii) Tax expense of discontinuing operations - deferred tax		101,970	116,244
9 Loss from discontinuing operations [8(i)-8(ii)]		(1,415,681)	(5,219,527)
C Total operations:			
10 Loss for the year (7+9)		(2,144,453)	(5,661,168)
11 Earnings per share (of ₹ 10 each)	21		
(a) Basic:			
Continuing operations.....		(0.04)	(0.02)
Total operations.....		(0.12)	(0.31)
(b) Diluted:			
Continuing operations.....		(0.04)	(0.02)
Total operations.....		(0.12)	(0.31)

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 : 16th April 2013

For and on behalf of the Board of Directors

A. K. Nanda Chairman

S. Venkatraman Directors

Place : Mumbai
Date : 16th April 2013

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013

Particulars	For the year ended 31 st March 2013 ₹	For the year ended 31 st March 2012 ₹
A Cash flow from operating activities:		
Net loss before taxation	(851,637)	(445,164)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation expense.....	11,698	12,260
Interest income.....	(557,475)	(549,762)
Income taxes (paid)/refund.....	(55,750)	1,615,260
Changes in		
Trade and other receivables	–	(140,936)
Trade and other payables.....	633,656	880,200
Net cash (used in)/from continuing operations	(819,508)	1,371,859
Net cash (used in) discontinued operations.....	(1,007,375)	(344,136)
Net cash (used in)/from operating activities	(1,826,883)	1,027,723
B Cash flows from investing activities:		
Purchase of fixed assets.....	–	(84,463)
Inter corporate deposits.....	(3,000,000)	–
Interest received	495,883	389,331
Bank balance not considered as Cash and cash equivalents (Net)	–	(24,249)
Net cash (used in)/from continuing operations	(2,504,117)	280,619
Net cash (used in)/from discontinued operations	–	–
Net cash from investing activities.....	(2,504,117)	280,619
C Cash flows from financing activities:		
Net cash from continuing operations	–	–
Net cash from discontinued operations	–	–
Net cash from financing activities.....	–	–
Net (decrease)/increase in cash and cash equivalents (A+B+C)	(4,331,000)	1,308,342
Cash and cash equivalents at the beginning of the year	6,345,533	5,037,192
Cash and cash equivalents at the end of the year	2,014,533	6,345,533
Reconciliation of Cash and cash equivalents with Balance Sheet:		
Cash and cash equivalents as per Balance Sheet (Note 13)	2,325,590	6,656,590
Less: Bank balance not considered as Cash and cash equivalents in earmarked account		
balance held as margin money.....	311,057	311,057
Cash and cash equivalents at the end of the year.....	2,014,533	6,345,533

In terms of our report attached

For **Deloitte Haskins & Sells**
Chartered Accountants**A. C. Khanna**
PartnerPlace : Mumbai
Date : 16th April 2013

For and on behalf of the Board of Directors

A. K. Nanda Chairman**S. Venkatraman** DirectorsPlace : Mumbai
Date : 16th April 2013

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

1. Corporate Information

Mahindra Infrastructure Developers Limited ("the Company") is a public company incorporated in India on 10 May, 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 23)

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 and 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 31 st March 2013		As at 31 st March 2012	
	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
Notes (i) to (iv) below				
Reconciliation of the number of shares and amount 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

(ii) 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.

(iii) Details of shares held by the holding company:

Particulars	As at 31 st March 2013	As at 31 st March 2012
Mahindra Lifespace Developers Limited, the holding company, including 6 shares jointly held with its nominee	18,000,000	18,000,000

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

Particulars	As at 31 st March 2013		As at 31 st March 2012	
	Number of shares	% holding	Number of shares	% holding
Mahindra Lifespace Developers Limited	17,999,994	99.99997%	17,999,994	99.99997%

Particulars	As at 31 st March 2013	As at 31 st March 2012
	₹	₹

4. Reserves and surplus

Surplus in the Statement of Profit and Loss		
Opening balance	4,153,616	9,814,784
Add: Loss for the year	(2,144,453)	(5,661,168)
Closing balance	2,009,163	4,153,616

5. Trade payables

(a) Total outstanding dues of Micro and small enterprises (Note 19)	—	—
(b) Total outstanding dues of Other than micro and small enterprises	9,996,486	10,094,493
	9,996,486	10,094,493

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Particulars	As at 31 st March 2013 ₹	As at 31 st March 2012 ₹	Particulars	As at 31 st March 2013 ₹	As at 31 st March 2012 ₹
6. Other current liabilities			7. Short term provisions		
Other payables			Provision-Others		
Employees' state insurance payable	1,106	1,106	Provision for income tax including fringe benefit tax (net of advance tax).....	5,787	115,988
Provident fund payable	3,331	3,330	Provision for Diminution in the value of business unit.....	4,944,361	4,056,567
Service tax payable.....	726,768	726,768		4,950,148	4,172,555
Tax deducted at source payable.....	130,683	176,671			
	861,888	907,875			

8. Fixed assets

Tangible assets	Gross Block				Accumulated Depreciation				Net Block	
	Balance as at 1 st April 2012	Addition	Disposal	Balance as at 31 st March 2013	Balance as at 1 st April 2012	For the year	Other adjustments	Balance as at 31 st March 2013	Balance as at 31 st March 2013	Balance as at 31 st March 2012
	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹
Building	3,158,995	—	—	3,158,995	314,363	—	—	314,363	2,844,632	2,844,632
Plant and equipment	19,482,323	—	—	19,482,323	2,593,778	1,260	—	2,595,038	16,887,285	16,888,545
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	119,196	10,438	—	129,634	5,643	16,081
Total	22,910,284	—	—	22,910,284	3,103,141	11,698	—	3,114,839	19,795,445	19,807,143
Previous year	22,825,821	84,463	—	22,910,284	3,090,881	12,260	—	3,103,141	19,807,143	

Particulars	As at 31 st March 2013		As at 31 st March 2012	
	Number of shares	₹	Number of shares	₹
9. Non-current investments				
Long-term Investments (At cost, unless otherwise specified):				
Non-trade and fully paid-up unless otherwise specified				
(a) Investment in equity instruments - unquoted of joint ventures				
₹ 10 per share in Mahindra Inframan Water Utilities Private Limited	24,999	249,990	24,999	249,990
₹ 10 per share in Mahindra Water Utilities Limited	50,000	500,000	50,000	500,000
of associates				
₹ 10 per share in Rathna Bhoomi Enterprises Private Limited	500	5,000	500	5,000
of other entity				
₹ 10 per share in New Tirupur Area Development Corporation Limited (Note 25)	15,000,000	150,000,000	15,000,000	150,000,000
		150,754,990		150,754,990
Less: Provision for diminution in value of investment		5,000		5,000
Sub total		150,749,990		150,749,990
(b) Investment in preference shares - unquoted of associates				
₹ 10 per share in Rathna Bhoomi Enterprises Private Limited	238,500	2,385,000	238,500	2,385,000
Less: Provision for diminution in value of investment		2,385,000		2,385,000
Sub total		—		—
Total		150,749,990		150,749,990
Aggregate amount of unquoted investments (net of provisions)		150,749,990		150,749,990

Particulars	Non-current		Current	
	As at 31 st March 2013 ₹	As at 31 st March 2012 ₹	As at 31 st March 2013 ₹	As at 31 st March 2012 ₹
10. Loans and advances				
Unsecured, considered good				
(a) Security deposits	126,200	126,200	—	—
(b) Loans and advances to related party				
Inter-corporate deposits (including interest receivable)			3,287,562	—
(c) Advance income tax including fringe benefit tax (net of provision)	2,196,904	2,131,999		
(d) Prepaid expenses	—	—	11,235	11,030
(e) Balance with government authorities (service tax credit receivable)	—	—	899,235	899,235
(f) Advance to staff	—	—	—	20,000
Unsecured, considered doubtful				
(g) Inter-corporate deposits (representing interest)	—	—	29,392	29,392
Less: Provision for doubtful loans and advances	—	—	29,392	29,392
	2,323,104	2,258,199	4,198,032	930,265

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Particulars	As at 31 st March 2013 ₹	As at 31 st March 2012 ₹
11. Inventories		
At lower of cost and net reliable value		
Finished goods	1,460,822	1,637,219
Packing materials.....	77,895	77,895
	<u>1,538,717</u>	<u>1,715,114</u>
12. Trade receivables		
Unsecured, considered good		
Trade receivables outstanding for a period exceeding six months from the date they are due for payment	22,113,421	22,113,421
	<u>22,113,421</u>	<u>22,113,421</u>
13. Cash and cash equivalents		
Balances with banks		
in current accounts.....	86,617	177,245
in term deposit accounts	1,927,916	6,168,288
in earmarked account		
balance held as margin money	311,057	311,057
	<u>2,325,590</u>	<u>6,656,590</u>
Of the above, the balances that meet the definition of Cash and cash equivalents as per AS 3 Cash Flow Statements is	2,014,533	63,45,533
14. Other current assets		
Interest accrued but not due on term deposit accounts	113,546	339,516
	<u>113,546</u>	<u>339,516</u>
15. Other income		
Interest income on		
Bank deposits.....	237,959	549,762
Interest on inter-corporate deposits.....	319,516	–
Income tax refund.....	–	314,950
Other non-operating income.....		
Excess provision written back.....	–	30,000
Miscellaneous income	210	–
	<u>557,685</u>	<u>894,712</u>
16. Employee benefits expenses		
Secondment Charges (including service tax for current year)	783,374	618,000
Staff welfare	21,352	22,379
	<u>804,726</u>	<u>640,379</u>
17. Other expenses		
Professional charges.....	269,906	376,500
Stamp and filing fees.....	1,248	1,240
Sundry balances written off	–	21,743
Payment to auditors (Note below).....	309,664	272,300
General and miscellaneous expenses.....	12,080	15,454
	<u>592,898</u>	<u>687,237</u>

Note

Payment to auditors (including service tax for current year):	For the year ended 31 st March 2013 ₹	For the year ended 31 st March 2012 ₹
For audit	308,990	242,000
For other service	–	30,000
Reimbursement of expenses	674	300
	<u>309,664</u>	<u>272,300</u>

18. Contingent liabilities (to the extent not provided for)
Guarantee/Counter Guarantee given by the Company:

Amount in ₹

	Amount of Guarantee		Amount outstanding		Maximum liability of the Company	
	2013	2012	2013	2012	2013	2012
For Joint Venture Company	180,000,000	180,000,000	180,000,000	180,000,000	90,000,000	90,000,000

19. Disclosures required under section 22 of Micro, Small and Medium Enterprises Development Act, 2006

No Companies have been identified under the Micro, Small and Medium Enterprises Development Act, 2006 as on 31 March, 2013 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.

20. Related party transactions

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

1	Mahindra Consulting Engineers Limited
---	---------------------------------------

Joint Ventures

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

Details of transactions with related parties during the year and balance as on 31st March 2013

Amount in ₹

Transactions with related parties during the year

Nature of transactions	Enterprises controlling the Company		Fellow Subsidiary	Joint Venture (Mahindra Water Utilities Limited)
	Controlling Company	Holding Company		
Interest income	–	–	–	319,516
	(–)	(–)	(–)	(–)
Sale of goods	–	–	252,000	–
	(–)	(–)	(252,000)	(–)
Expenses	–	783,374	–	–
	(–)	(618,000)	(918,492)	(–)
Inter-corporate deposit given	–	–	–	3,000,000
	(–)	(–)	(–)	(–)

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Balance as on 31st March 2013

Nature of transactions	Enterprises controlling the Company		Fellow Subsidiary	Joint Venture (Mahindra Water Utilities Limited)
	Controlling Company	Holding Company		
Maximum liability to the Company in respect of guarantee outstanding	–	–	–	90,000,000
	(–)	(–)	(–)	(90,000,000)
Receivables	–	–	–	21,913,260
	(–)	(–)	(–)	(21,913,260)
Payables	946,989	6,617,849	–	–
	(946,989)	(5,912,812)	(883,122)	(–)
Inter-corporate deposits (including interest receivable)	–	–	–	3,287,562
	(–)	(–)	(–)	(–)

- Previous year's figures are in brackets and italics.
- During the year there were no amounts required to be written off and written back from such parties.
- Related parties have been identified by the Management.

21. Computation of "Earnings Per Share"

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

Particulars	For the year ended 31 st March 2013	For the year ended 31 st March 2012
Net loss after tax available for equity shareholders (₹)	(2,144,453)	(5,661,168)
Nominal value per share (₹)	10	10
Weighted average number of equity shares (No.)	18,000,000	18,000,000
Basic earnings per share (Re.)		
Continuing operations	(0.04)	(0.02)
Total operations	(0.12)	(0.31)
Total weighted average number of equity shares (No.)	18,000,000	18,000,000
Diluted earnings per share (Re.)		
Continuing operations	(0.04)	(0.02)
Total operations	(0.12)	(0.31)

22. Deferred tax liabilities (Net)

Particulars	As at 31 st March 2013 ₹	As at 31 st March 2012 ₹
Deferred tax liability		
Difference between book depreciation and tax depreciation	5,349,242	5,250,781
	5,349,242	5,250,781
Deferred tax assets		
Provision for doubtful loans and advances	9,082	9,082
	9,082	9,082
Deferred tax liabilities (Net)	5,340,160	5,241,699

23. Discontinuing Operations:

For the Solid Waste Treatment Agreement on 17 January, 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 19 June, 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 20 June, 2009. The particulars of the facilities as on 20 June, 2009 to be transferred to TTD on acceptance of the termination by them are given below:

Amount in ₹

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 and fixtures	10,256
Vehicles	47,629
Total	19,788,773

The carrying amount of current assets pertaining to the above discontinuing operation is ₹ 1,876,313 (2012: ₹ 2,072,505) and its current liabilities is ₹ 7,035,290 (2012: ₹ 6,925,146).

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

Amount in ₹

	Continuing operations		Discontinuing operations		Total	
Particulars	2013	2012	2013	2012	2013	2012
Income	557,685	894,712	252,000	252,000	809,685	1,146,712
Raw materials & finished products	–	–	(176,397)	(176,403)	(176,397)	(176,403)
Personnel expenses	(804,726)	(640,379)	(245,155)	(242,399)	(1,049,881)	(882,778)
Other expenses	(592,898)	(687,237)	(256,365)	(879,914)	(849,263)	(1,567,151)
Depreciation expense	(11,698)	(12,260)	–	–	(11,698)	(12,260)
Diminution in the value of business unit	–	–	(887,794)	(4,056,567)	(887,794)	(4,056,567)
Loss for the year before taxation	(851,637)	(445,164)	(1,313,711)	(5,103,283)	(2,165,348)	(5,548,447)

24. 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 31st March 2013 are as follows:

Amount in ₹

	2013	2012	2013	2012
Name of Joint Venture	Mahindra Water Utilities Limited	Mahindra Water Utilities Limited	Mahindra Inframan Water Utilities Private Limited	Mahindra Inframan Water Utilities Private Limited
	Unaudited	Unaudited	Unaudited	Unaudited
% of interest	50%	50%	50%	50%
Country of incorporation	India	India	India	India
Non-current liabilities	1,674,237	1,350,242	–	–
Current liabilities	43,577,051	54,346,776	11,056	11,581
Non-current assets	162,590,242	143,167,653	41,282	69,502
Current assets	74,674,615	76,331,515	354,144	373,722
Revenue	77,522,971	61,669,047	31,107	26,864
Employee benefits expense	20,920,331	18,621,251	–	–
Finance costs	1,312,040	1,534,812	–	–
Depreciation of plant and machinery	577,698	675,916	–	–
Other expenses	12,617,644	10,554,760	78,380	7,310
Profit/(Loss) before tax	42,095,258	30,282,308	(47,273)	19,554
Income tax expense	13,883,841	10,320,269	–	6,042
Profit/(Loss) after tax	28,211,417	19,962,039	(47,273)	13,512

- The Company has an investment of ₹ 150,000,000 in the equity shares of New Tirupur Area Development Corporation Limited (NTADCL) whose net worth has substantially been eroded as per the latest available audited financial statements as at 31 March, 2010. In view of the difficult financial situation of NTADCL and to revive its operations, the Tamil Nadu Government and the Lenders have initiated several measures to provide more cash and revenue to NTADCL in order to make its operations profitable.

The Tamil Nadu Government vide its Order dated 16 March, 2012, had outlined several initiatives which have since been implemented. Since 31 March, 2010, the Government and the lenders of NTADCL have infused equity capital of ₹ 2,773,000,000 into the NTADCL at par value thus improving their net worth. The Government has also started lifting additional quantities of water adding to the revenues and cash flows of NTADCL. The quantity of water being procured by Tamil Nadu Government from NTADCL has also been higher than the numbers contained in the above referred order. The Government is also implementing its order banning extraction of ground water by garment manufacturers in that region very strictly.

The lenders have extended various 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. It is expected that with the implementation of all these measures by the Tamil Nadu Government and the other stakeholders of NTADCL, the decline in its profitability would get reversed and its financial position be improved considerably. Hence in the view of the management there is no permanent diminution in the value of the investments in NTADCL that requires a provision in the accounts of the Company.

- 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: Mumbai
Date: 16th April 2013

A. K. Nanda
S. Venkatraman

Chairman
Director

DIRECTORS' REPORT TO THE SHARE HOLDERS

Your Directors present the Seventeenth Annual Report together with the audited accounts of the Company for the financial year ended 31st March, 2013.

FINANCIAL HIGHLIGHTS:

		(Rs. in lakhs)
	For the year ended 31 st March 2013	For the year ended 31 st March, 2012
Income	5,842.71	2,910.94
Profit/(Loss) before Depreciation, Interest and Taxation.....	1559.01	4.54
Less: Depreciation.....	0.34	0.26
Profit before Interest and Taxation.....	1558.67	4.28
Less: Interest.....	417.34	304.41
Profit/(Loss) Before Taxation	1141.33	(300.13)
Provision for Tax:		
Current Tax	28.28	—
Deferred Tax	(28.28)	—
Profit/(Loss) after tax for the year	1141.33	(300.13)
Add: Balance of Profit/(Loss) for earlier years	(1336.18)	(1,036.05)
Amount available for appropriation.....	(194.85)	(1,336.18)
Balance carried forward	(194.85)	(1,336.18)

Operations

"Iris Court" is the Company's project located in Mahindra World City, Chennai which is spread over 18 acres offering 702 apartments in the 2 and 3 bedroom category, in a well landscaped layout. The Project has been planned in 4 phases with a total area of 0.86 million sq.ft. During the year the third phase of the project covering 0.16 million square feet was launched in Dec-12 and has met with a very good response. The total area sold is 0.63 million sq.ft. The first phase of the project covering 0.27 million sq ft is fully sold and nearing completion. Construction of the other launched phases is progressing well

Your company has incurred a profit of Rs. 1141.33 lacs during the year.

Dividend

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

Capital

The Authorised equity share capital of the company is Rs. 60 crores. The paid up equity share capital of Rs.50.44 crores of your Company is held by equity Mahindra Lifespace Developers Limited (MLDL) and Mahindra World City Developers Limited in the ratio of 73.36:25.78 respectively and therefore your company continues to be subsidiary company of MLDL and consequently a subsidiary company of the ultimate Holding company, viz. Mahindra & Mahindra Limited.

Employee Stock Option Scheme (ESOS)

Out of 4,55,000 options granted and vested, 20,000 options were lapsed and balance 4,35,000 options were exercised earlier. During the year no options were exercised.

Subsidiary of the Company

During the year, your Company acquired 49% of paid up equity capital held by Velands Investments Limited (VIL), an Ayala group company in Mahindra Residential Developers Limited (MRDL). Now, your Company holds 100% of the paid up Equity Share Capital of MRDL. MRDL continues to be a subsidiary company of your Company and consequently a subsidiary company of the Ultimate Holding companies, Mahindra Lifespace Developers Limited and Mahindra & Mahindra Limited.

The audited accounts of your subsidiary Company for the year ended 31st March, 2013 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 no meeting of the Compensation Committee 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. Anita Arjundas, Director retire by rotation and being eligible, offer herself for re-election at the forthcoming Annual General Meeting.

Audit Committee

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

Audit Committee met four times during the year under review.

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, 2013 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.

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, 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 Rs. 6,000,000 p.a. during the year ended 31st March, 2013, or was employed for a part of Financial Year and was in receipt of remuneration of not less than Rs. 500,000 p.m. during any part of the year.

Acknowledgement

The Directors thank State Bank of India and all consultants and associates of the Company for the support received from them during the year under review.

For and On Behalf of the Board,

Anita Arjundas
Chairperson

Place: Chennai

Date: 12th April, 2013

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 31ST MARCH, 2013.

A. CONSERVATION OF ENERGY

- | | | |
|---|---|---|
| a. Energy conservation measures taken | : | The operations of your Company are not energy intensive. However, adequate measures have been taken 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 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,

Anita Arjundas
Chairperson

Place: Chennai

Date : 12th April, 2013

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF MAHINDRA INTEGRATED TOWNSHIP LIMITED

Report on the Financial Statements

1. We have audited the accompanying financial statements of **MAHINDRA INTEGRATED TOWNSHIP LIMITED** ("the Company"), which comprise the Balance Sheet as at 31st March, 2013, 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.

Management's Responsibility for the Financial Statements

2. 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") and in accordance with the accounting principles generally accepted in India. 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.

Auditors' Responsibility

3. 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 internal control 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, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. 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.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

6. 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 31st March, 2013;
 - (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.

Report on Other Legal and Regulatory Requirements

7. 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.
8. 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 31st March, 2013 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2013 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, 12th April, 2013

ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 7 under 'Report on Other Legal and Regulatory Requirements' section of our report to the members of **Mahindra Integrated Township Limited** on the accounts for the year ended 31st March 2013)

- (i) Having regard to the nature of the Company's business/activities/result, clauses (vi), (xii) to (xv), (xviii), (xix), and (xx) of paragraph 4 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 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 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, the Company has neither granted nor taken any loans, secured or unsecured, to/from companies, firms or other parties covered 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 inventory and fixed assets. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in such internal control system.
- (vi) In our opinion and according to the information and explanations given to us, the Company has not entered into any contracts or arrangements that are required to be entered in the Register maintained under Section 301 of the Companies Act, 1956.
- (vii) In our opinion, the internal audit functions carried out during the year by firm of Chartered Accountants appointed by the Management have been commensurate with the size of the company and the nature of its business.
- (viii) 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.
- (ix) 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 except in respect of slight delays in remittances of Service tax and Tax Deducted at Source, which have not been serious.
 - (b) There were no undisputed amounts payable in respect of Income tax, Service tax and other material statutory dues in arrears as at 31st March, 2013 for a period of more than six months from the date they became payable.
 - (c) As on 31st March, 2013, there were no disputed dues on account of Income tax and Service tax which have not been deposited.
- (x) The accumulated losses of the Company at the end of the financial year are not more than fifty per cent of its net worth and the Company has not incurred cash losses during the financial year covered by our audit. The Company has incurred cash losses in the immediately preceding financial year.
- (xi) 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 from banks.
- (xii) In our opinion and according to the information and explanations given to us, the Company has applied the term loans during the year for the purpose for which they were obtained.
- (xiii) In our opinion and according to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that, funds raised on short term basis have, *prima facie*, not been used during the year for long term investments.
- (xiv) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on 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, 12th April, 2013

BALANCE SHEET AS AT 31ST MARCH, 2013

		₹ in lacs	
		As at	As at
	Note	31 st March, 2013	31 st March, 2012
A. EQUITY AND LIABILITIES			
1. Shareholders' Funds:			
a. Share capital	3	5,043.50	5,036.50
b. Reserves and surplus	4	(194.85)	(1,336.18)
2. Money received towards ESOS pending allotment.....		–	7.00
3. Non Current Liabilities:			
a. Long term Borrowings.....	5	–	575.00
4. Current Liabilities:			
a. Trade Payables	6	1,022.00	262.54
b. Other Current Liabilities.....	7	3,603.23	1,452.21
c. Short term borrowings.....	8	11,720.00	5,120.00
Total		21,193.88	11,117.07
B. ASSETS			
1. Non Current Assets			
a. Tangible Fixed Assets.....	9	5.16	1.07
b. Non current Investments	10	6,630.48	13.75
c. Long term loans and advances	11	195.11	98.33
2. Current Assets			
a. Inventories.....	12	8,526.79	8,156.60
b. Trade receivables.....	13	683.48	119.52
c. Cash and cash equivalents.....	14	282.62	9.93
d. Short- term loans and advances.....	15	255.58	150.96
e. Other current assets	16	4,614.66	2,566.91
Total		21,193.88	11,117.07

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**Arti Shinde**
Company SecretaryPlace : Chennai
Date : 12th April, 2013

For and on behalf of the Board of Directors

Anita Arjundas Chairperson**S. Chandru** DirectorPlace : Chennai
Date : 12th April, 2013

STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31ST MARCH, 2013

			₹ in lacs
		For the year ended 31st March, 2013	For the year ended 31st March, 2012
	Note		
A. INCOME			
1. Revenue from operations	17	5,842.71	2,906.13
2. Other Income	18	1,020.85	4.81
		6,863.56	2,910.94
B. EXPENDITURE			
1. Project Costs	19	5,197.51	1,988.73
2. Changes in Inventories	20	(370.19)	576.21
3. Finance Costs	21	417.34	304.41
4. Depreciation	9	0.34	0.26
5. Other expenses	22	477.23	341.46
		5,722.23	3,211.07
C. Profit/(Loss) before tax		1,141.33	(300.13)
Current tax		28.28	—
Less : MAT Credit entitlement		(28.28)	—
Profit/(Loss) for the year		1,141.33	(300.13)
Earnings per share : (₹)			
Basic/(Diluted)	26	2.26	(0.60)

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

Arti Shinde
Company Secretary

Place : Chennai
Date : 12th April, 2013

For and on behalf of the Board of Directors

Anita Arjundas *Chairperson*

S. Chandru *Director*

Place : Chennai
Date : 12th April, 2013

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013

	For the year ended 31 st March, 2013	For the year ended 31 st March, 2012
		₹ in lacs
A. Cash flow from operating activities		
Profit (Loss) before tax.....	1,141.33	(300.13)
Adjustments for:		
Dividend income.....	(1,000.00)	—
Depreciation.....	0.34	0.26
Finance Costs.....	417.34	304.41
Interest income.....	(10.61)	(1.43)
Operating profit/(loss) before working capital changes	548.40	3.11
Changes in working capital:		
Adjustments for (increase)/decrease in operating assets:		
Inventories	85.26	829.72
Trade Receivables.....	(563.96)	(119.52)
Long term loans and advances	(96.78)	(40.01)
Short-term loans and advances	(46.71)	132.34
Other Current assets.....	(2,047.75)	(2,566.91)
Adjustments for increase/(decrease) in operating liabilities:		
Trade payables.....	759.46	90.55
Other current liabilities	865.84	(851.73)
	(1,044.64)	(2,525.56)
Cash used in operations.....	(496.24)	(1,665.65)
Income taxes paid (net of refunds)	(57.93)	(40.00)
Net cash used in operating activities	(554.17)	(1,705.65)
B. Cash flow from investing activities:		
Purchase of fixed assets	(4.43)	(0.02)
Interest received	10.61	1.43
Dividend received.....	1,000.00	—
Net cash from investing activities	1,006.18	1.41
C. Cash flow from financing activities:		
Money received towards ESOS pending allotment.....	—	7.00
Inter Corporate Deposits Received/(Paid)	6,600.00	1,400.00
Proceeds from long term borrowings	693.00	575.00
Finance costs	(855.59)	(436.92)
Purchase of Investments.....	(6,616.73)	—
Net cash used in/from financing activities	(179.32)	1,545.08
Net increase/(decrease) in cash and cash equivalents (A+B+C)	272.69	(159.16)
Opening balance.....	9.93	169.09
Closing balance.....	282.62	9.93

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**Arti Shinde**
Company SecretaryPlace : Chennai
Date : 12th April, 2013

For and on behalf of the Board of Directors

Anita Arjundas Chairperson**S. Chandru** DirectorPlace : Chennai
Date : 12th April, 2013

NOTES FORMING PART OF THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013

1. Corporate Information

The Company is a special purpose vehicle formed for developing residential complexes at Mahindra World City, Chengalpeta, 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 except in case of revenue recognition. Refer 2.f

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 are made and certified by the management and the auditors have relied upon by them, as these are of a technical nature.

During the year, the Company has adopted "Guidance note for Accounting of Real Estate Transactions (Revised 2012)" applicable to all projects in real estate which are commenced on or after 1st April 2012 and relating to projects where revenue is being recognized for the first time on or after 1st April 2012.

Accordingly revenues are now recognized only when all the following conditions are met:

- All critical approvals necessary for commencement of the project have been obtained

- Expenditure incurred on construction & development cost is not less than 25 % of the estimated construction and development costs excluding land cost
- Atleast 25% of the saleable project area is secured by contracts or agreements with buyers.
- Atleast 10 % of the total revenue as per the agreements of sale are realised at the reporting date in respect of each of the contracts and it is reasonable to expect that the parties to such contracts will comply with the payment terms as defined in the contracts.

In respect of projects that were commenced prior to 1st April 2012 and projects where revenue has been recognized prior to 1st April 2012, the following policy continues to be adopted.

Revenues are recognized only when all the following conditions are met.

- The project costs incurred exceed 25% of the total estimated project costs including land
- At least 10% of the sales consideration is realized.
- 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) 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

NOTES FORMING PART OF THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013

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 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 reliability.

3. Share Capital

Particulars	As at 31 st March, 2013	As at 31 st March, 2012
	Number of shares	Value of Shares ₹ in lacs
Authorised		
Equity shares of ₹10 each.....	60,000,000	6,000.00
Issued, Subscribed and Paid up		
Equity Shares of ₹10 each	50,435,000	5,043.50
Total	50,435,000	5,043.50

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

Particulars	As at 31 st March, 2013	As at 31 st March, 2012
	No of Shares	Value of Shares ₹ in lacs
Balance as at the beginning of the year	50,365,000	5,036.50
Add: Shares allotted during the year under ESOS scheme	70,000	7.00
Balance as at the end of the year.....	50,435,000	5,043.50

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 are 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.

c. Details of Share held by shareholders holding more than 5% of the aggregate shares in the company

Particulars	As at 31 st March, 2013	As at 31 st March, 2012
	No of Shares held	Percentage of Holding
Equity Shares		
Mahindra Lifespace Developers Limited, Holding Company.....	37,000,000	73.36%
Mahindra World city Developers Limited, Fellow subsidiary	13,000,000	25.78%

	As at 31 st March, 2013	As at 31 st March, 2012

4. Reserves & Surplus

Surplus in statement of Profit & Loss		
Balance at the beginning of the year..	(1,336.18)	(1,036.05)
Add: Profit/(Loss) for the year	1,141.33	(300.13)
Balance at the end of the year.....	(194.85)	(1,336.18)

5. Long Term Borrowings

Term loan from bank (Secured)	-	575.00
Total.....	-	575.00

Note

The loan availed in March 2012, is secured by simple mortgage over the leasehold rights on land measuring 18 acres and the residential complex thereon. There has been no default in payment of interest.

6. Trade Payables

Trade Payables	885.19	188.84
Retention Money	136.81	73.70
Total.....	1,022.00	262.54

7. Other Current Liabilities

Current maturities of Term Loan (secured) *	1,268.00	-
Interest accrued but not due on borrowings		
Related Parties.....	162.24	143.74
Term loan	-	1.32
Statutory remittances - withholding taxes	57.11	0.11
Other liabilities	14.00	4.28
Advance received from Related parties..	614.00	599.66
Advance received from customers	1,487.88	703.10
Total.....	3,603.23	1,452.21

* The term loan from SBI was availed in tranches since March 2012 and carries interest @ 12.70%.

The loan is repayable in 3 monthly instalments from September 2013.

For details of security and other disclosures refer Note No. 5.

There has been no default in payment of interest

8. Short Term Borrowings (Unsecured)

Inter Corporate Deposits received from Related parties		
Mahindra World City Developers Ltd ..	733.00	733.00
Mahindra Lifespace Developers Limited	9,487.00	3,287.00
Mahindra Residential Developers Limited	1,500.00	1,100.00
Total	11,720.00	5,120.00

NOTES FORMING PART OF THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013**9. Tangible Assets**

Particulars	Gross block			Depreciation			Net block	
	As at	Additions	As at	As at	For the	As at	As at	As at
	1 st April, 2012		31 st March, 2013	1 st April, 2012	year	31 st March, 2013	31 st March, 2013	31 st March, 2012
Computer	1.49	0.68	2.17	0.49	0.30	0.79	1.38	1.00
(Previous year)	(1.47)	(0.02)	(1.49)	(0.24)	(0.25)	(0.49)	(1.00)	(1.23)
Office Equipment	0.08	3.75	3.83	0.01	0.04	0.05	3.78	0.07
(Previous Year)	(0.08)	–	(0.08)	–	(0.01)	(0.01)	(0.07)	(0.08)
Total	1.57	4.43	6.00	0.50	0.34	0.84	5.16	–
Previous Year	1.55	0.02	1.57	0.24	0.26	0.50	–	1.07

	₹ Lacs			₹ Lacs	
	As at 31 st March, 2013	As at 31 st March, 2012		Year ended 31 st March, 2013	Year ended 31 st March, 2012
10. Non Current Investments			17. Revenue from Operations		
Long term, Trade (at cost)			Income from Projects	5,842.71	2,906.13
Mahindra Residential Developers Limited, Subsidiary Company				5,842.71	2,906.13
250,000 (127,500) equity shares of ₹ 10 each fully paid up	6,629.48	12.75	18. Other Income		
(Purchase of 122,500 equity shares of ₹ 10 each during the current year)			Interest on deposit with bank	10.61	1.43
10,000 Preference shares of ₹ 10 each fully paid up	1.00	1.00	Interest on Income Tax Refund	–	0.13
One share warrant of ₹ 1 each	–	–	Dividend Income - Subsidiary	1,000.00	–
	6,630.48	13.75	Cancellation Income	10.24	3.25
				1,020.85	4.81
11. Long Term Loans & Advances			19. Project Costs		
Deposits made to Related Party			Land and construction costs	3,622.39	1,480.58
– Mahindra World City Developers Limited	66.51	56.66	Architect Fees	108.49	(7.74)
Advance Income tax (net of provisions)	99.57	41.67	Site Expenses	49.12	15.13
MAT credit entitlement	28.28	–	Project management fees	155.15	172.52
Security Deposit	0.75	–	Interest	455.44	253.52
	195.11	98.33	Approval and consultancy charges	806.92	74.72
				5,197.51	1,988.73
12. Inventories			20. Changes in Inventories		
Construction work in progress			Inventories at the end of the year:		
(including leasehold land)	8,344.29	8,007.85	Construction materials	182.50	148.75
Construction materials	182.50	148.75	Work-in-progress	8,344.29	8,007.85
	8,526.79	8,156.60	Inventories at the beginning of the year:		
13. Trade Receivables (Unsecured, considered good)			Construction materials	148.75	64.76
Trade receivables- outstanding for more than six months from the date they were due for payment	13.82	–	Work-in-progress	8,007.85	8,668.05
Other Trade Receivables	669.66	119.52	Net (increase)/decrease	(370.19)	576.21
	683.48	119.52	21. Finance Costs		
14. Cash and Cash Equivalents			Interest on term loan	141.20	1.32
Balances with banks			Interest paid to Related Parties on Inter corporate deposits	731.58	556.61
– On current accounts	282.62	9.93	Less : Allocated to projects	(455.44)	(253.52)
	282.62	9.93		417.34	304.41
15. Short Term Loans & Advances (Unsecured, considered good unless stated otherwise)			22. Other Expenses		
Mobilisation advances - Secured by Bank guarantees	205.72	122.69	Operation and maintenance expenses	157.78	122.68
Supplier advances	31.00	28.02	Legal & professional fees	22.88	44.56
Other advances	–	0.25	Advertisement, marketing and business development	110.19	19.01
Other Advances recoverable from customers	18.86	–	Brokerage	35.09	19.08
	255.58	150.96	Deputation Charges	85.46	74.86
16. Other Current Assets			Auditors remuneration		
Unbilled revenue	4,614.66	2,566.91	Audit fees	3.00	3.00
	4,614.66	2,566.91	Other services	1.20	–
			Reimbursement of expenses/ levies	0.52	0.37
			Office Establishment	56.58	39.89
			Miscellaneous expenses	4.53	18.01
				477.23	341.46

NOTES FORMING PART OF THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013**23. Employees' Stock Option Scheme**

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

Grant date	26 th November 2007
Vesting date	31 st March 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	20,000
Number of options exercised	Nil
Number of options outstanding at the end of the year	Nil
Number of options lapsed	20,000

- 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, 26
- th
- November 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. 26
- th
- November 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 31
- st
- March, 2013 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

24. Expenditure incurred in foreign currency

	2012-13	2011-12
Import of lifts	33.90	—
Other expenses	2.81	—
	<u>36.71</u>	<u>—</u>

25. Details of borrowing costs inventoried during the year

455.44	157.24
--------	--------

26. Earnings per share

Profit/(Loss) after tax for the year (₹)	1,141.33	(300.13)
Weighted average number of equity shares (Nos. lacs) – Basic and diluted	504.32	503.63
Basic and diluted Earnings Per Share (₹)	2.26	(0.60)

NOTES FORMING PART OF THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013**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 are as 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		6,200.00 (300.00)		400.00 (1,100.00)
Deposits given			9.85 (-)	
Investments made			6,616.73 (-)	
Interest Expense		493.41 (407.89)	93.61 (92.85)	144.55 (55.87)
Deputation charges		221.27 (181.31)		
Admin exp reimbursement		56.57 (39.42)		
Maintenance Charges			177.20 (137.82)	
Water Charges			16.43 (11.32)	
Purchase of asset	2.80 (-)			
Project expenses	27.00 (-)			
Balances at year end				
Deposits			66.51 (56.66)	
Intercompany deposits		9,487.00 (3,287.00)	733.00 (733.00)	1,500.00 (1,100.00)
Payables	538.70 (538.70)	237.54 (156.77)	- (21.32)	- (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. Previous year's figures have been regrouped/reclassified wherever necessary to conform to the current year's classification/disclosure.

For and on behalf of the Board of Directors

Anita Arjundas*Chairperson***S. Chandru***Director*

Place : Chennai

Date : 12th April, 2013**Arti Shinde***Company Secretary*

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 within the accounts of Mahindra Integrated Township Limited for the year ended 31 st March, 2013	Not Dealt within the accounts of Mahindra Integrated Township Limited for the year ended 31 st March, 2013	Dealt within the accounts of Mahindra Integrated Township Limited for the year ended 31 st March, 2012	Not Dealt within the accounts of Mahindra Integrated Township Limited for the year ended 31 st March, 2012
	Nos.	%	₹ in Lacs	₹ in Lacs	₹ in Lacs	₹ in Lacs
Mahindra Residential Developers Limited	2,50,000	100%	Nil	877.30	Nil	248.45

Notes:

The financial year of the Subsidiary Company ended on March 31, 2013

For and on behalf of the Board of Directors

Anita Arjundas *Chairperson*

S. Chandru *Director*

Place : Chennai
Date : 12th April, 2013

Arti Shinde *Company Secretary*

DIRECTORS' REPORT TO THE SHARE HOLDERS

Your Directors present the Sixth Report together with the audited accounts for the financial year ended March 31st, 2013.

FINANCIALS HIGHLIGHTS:

	(Rs.in lakhs)	
	2013	2012
Income	7880.11	5501.04
Profit/(Loss) before Depreciation, Interest and Taxation.....	1129.27	1408.49
Less : Depreciation.....	—	—
Profit before Interest and Taxation	1129.27	1408.49
Less : Interest	32.51	47.26
Profit/(Loss) Before Taxation	1096.76	1361.23
Provision for tax		
Current tax	219.46	272.38
Profit/(Loss) after tax for the year	877.30	1088.85
Add : Balance of Profit/(Loss) for earlier years.....	487.16	(253.03)
Amount available for appropriation.....	1364.46	835.82
Dividend on preference shares (including tax on distributed profits)	813.56	348.66
Less : Transfer to General Reserve	—	—
Balance carried forward	550.90	487.16

Operations

“Aqualily” is a premium project within Mahindra World City, Chennai, which offers world class living spaces by a lake, set amidst lush landscapes and gardens. Spread across 55 acres of land, the project comprises of 151 villas/Twin homes and 740 apartments covering 1.57 million sq.ft. During the year, the Company launched the next phase of Apartments 2C, covering 0.46 million sq.ft and received a good response from market. The total area sold during the year is 0.82 million sq.ft.. 41 units of the first phase of the villas (1A) has been handed over to customers and remaining units are under construction. Construction of the other launched phases of apartments is progressing well.

Dividend

Interim dividends of Rs. 4,000 and Rs. 3,000 per preference share on 10,000 shares of the face value Rs. 10 each of the company was declared on 9th October, 2012 and 8th March, 2013 respectively. The preference dividend (including tax on distributed profits) amounts to Rs. 813.56 lakhs.

Your Directors recommend that the Interim dividend paid on preference shares be treated as the final dividends.

Capital

The Authorised share capital of the company is Rs. 50 lakhs consisting of equity share capital of Rs. 45 lakh and preference share capital of Rs. 5 lakh. The paid up equity capital is Rs. 25 lakh and paid up preference share capital is Rs. 1 lakh.

The entire paid up equity share capital of the Company is held by Mahindra Integrated Township Limited (49% of equity share earlier held by Velands Investments Limited were purchased by Mahindra Integrated Township Limited during the year). The

paid up preference share capital of Rs. 1 lakh of your Company is held by Mahindra Integrated Township Limited (MITL).

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

Directors

Mr. Richard Wah Chuk Yue & Mr. Charles Henry Cosgrove, Directors resigned with effect from 22nd Feb 2013. Your Board placed on record its appreciation for the services rendered by Mr. Richard Wah Chuk Yue & Mr. Charles Henry Cosgrove during their tenure as Directors of the Company.

Mr.S. Chandru, Director, retires by rotation and being eligible, offers himself for re-appointment at the forthcoming Annual General Meeting.

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, 2013 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.

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 this meeting until the conclusion of 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 a written certificate from M/s. Deloitte Haskins & Sells., proposed to be re-appointed as statutory auditors 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.

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

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 II 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 with 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 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 has no employee who was employed throughout the financial year and was in receipt of remuneration of not less than Rs. 6,000,000 during the year ended 31st March 2013 and was in receipt of remuneration of not less than Rs. 500,000 per month 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
Date: 12th April, 2013

Anita Arjundas
Chairperson

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 31ST MARCH, 2013.

A. CONSERVATION OF ENERGY

- | | | |
|---|---|---|
| a. Energy conservation measures taken | : | The operations of your Company are not energy intensive. However, adequate measures have been taken 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 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: 12th April, 2013

Anita Arjundas
Chairperson

ANNEXURE II TO THE DIRECTORS' REPORT

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,
Chegalpattu – 603 002.

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, Chegalpattu – 603 002 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 31st March 2013. 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 **Seven** times on 11.04.2012, 10.07.2012, 09.10.2012, 16.01.2013, 01.02.2013, 22.02.2013 and 08.03.2013 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 closed its Register of Members during the financial year under review from June 1, 2012 to June 12, 2012. The Company does not have any Debenture holders.
6. The Annual General Meeting for the financial year ended on 31st March 2012 was held on 12th June 2012 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) The Company has delivered all the Share Certificates on transfer of securities thereof in accordance with the provisions of the Act during the period under review. There was no allotment of securities and transmission of securities during the period under review.
- (ii) The Company had declared final dividend on preference shares of the company during the AGM held for the year 2012. The company had declared Interim dividend on preference shares of the company vide Board Meeting dated 9th October 2012 and 8th March 2013. However, they have not deposited the dividend amount in a separate Bank Account. The dividend amounts have been disbursed immediately after declaration by way of Fund Transfer from their regular business current account.
- (iii) The Company has not posted any dividend warrants to any member of the Company. The Company was also not required to transfer unpaid / unclaimed dividend to "Unpaid Dividend Account" as no dividend was declared during the financial year under review.
- (iv) The Company has no 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 and therefore, the question of transferring such amounts to Investor Education and Protection Fund does not arise.
- (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. There was no appointment of additional directors, alternate directors and director to fill casual vacancy 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. According to the information and explanations furnished by the Management, 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 2013 are within the borrowing limits of the Company.
25. The Company has made loans and investments or advances or given guarantees or provided securities to other bodies corporate to any other bodies corporate in compliance with provisions of the Act and has made necessary entries in the register kept for the purpose. The Company has given Inter-Corporate Deposits (ICD) to its holding company during the period under review.

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 the offences under the Act.
32. According to the information and explanations furnished by the management, the Company has reportedly not received any money as security from its employees during the financial year under review and hence, the question of depositing the same as per provisions of Section 417(1) of the Act does not arise.
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.

for **M. K. SURANA & Co.,**
Company Secretaries,
(M. Kavitha Surana)
Proprietor
FCS 5926, C.P. No. 5269

Place: Chennai
Date: 12th April, 2013

"Annexure "A"

(Forming part of Compliance Certificate dated 12th April 2013)

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	–	Register of Share Transfers

for **M. K. SURANA & Co.,**
Company Secretaries,
(M. Kavitha Surana)
Proprietor
FCS 5926, C.P. No. 5269

Place: Chennai
Date: 12th April, 2013

"Annexure "B"

(Forming part of Compliance Certificate dated 12th April 2013)

Forms and Returns as filed by **M/s. Mahindra Residential Developers Limited** with the Registrar of Companies, Tamil Nadu, during the financial year ending 31st March 2013

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 23B	224	Information by auditor to Registrar about their appointment.	S08901258 29.06.2012	29.06.2012	–	–
2.	Form 66	383A	Secretarial Compliance Certificate for the financial year ended 31 st March 2012.	P87986287 11.07.2012	11.07.2012	Yes	–
3.	Form 20B	159	Annual Return filed for the Annual General Meeting held on 12 th June 2012.	P88227046 01.08.2012	01.08.2012	Yes	–
4.	Form 23AC – XBRL and Form 23ACA – XBRL	220	Certified True Copy of Balance Sheet, P & L a/c etc. for the financial year ended 31 st March 2012.	Q03619020 29.11.2012	29.11.2012	Yes	–
5.	Form 32	303	Resignation of Mr. Charles Henry Cosgrove, Mr. Richard Wah Chuk Yue, Mr. Anuj Malik and Mr. Jonathan Espinili Umali from Directorship of the Company with effect from 22.02.2013.	B70286281 14.03.2013	14.03.2013	Yes	–

for **M. K. SURANA & Co.,**
Company Secretaries,
(M. Kavitha Surana)
Proprietor
FCS 5926, C.P. No. 5269

Place: Chennai
Date: 12th April, 2013

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF MAHINDRA RESIDENTIAL DEVELOPERS LIMITED

Report on the Financial Statements

1. We have audited the accompanying financial statements of **Mahindra Residential Developers Limited** ("the Company"), which comprise the Balance Sheet as at 31st March, 2013, 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.

Management's Responsibility for the Financial Statements

2. 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") and in accordance with the accounting principles generally accepted in India. 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.

Auditors' Responsibility

3. 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 internal control 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, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. 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.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

6. 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 31st March, 2013;
 - (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.

Report on Other Legal and Regulatory Requirements

7. 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.
8. 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 31st March, 2013 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2013 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

Place: Chennai
Date: 12th April, 2013

(Membership No. 21209)

ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 7 under 'Report on Other Legal and Regulatory Requirements' section of our report to the members of Mahindra Residential Developers Limited on the accounts for the year ended 31st March, 2013).

- (i) Having regard to the nature of the Company's business/ activities/results, clauses (i), (vi), (x), (xii), to (xv), (xviii), (xix), and (xx) of paragraph 4 of the CARO are not applicable for the current year.
- (ii) 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.
- (iii) In our opinion and according to the information and explanations given to us, the Company has neither granted nor taken any loans, secured or unsecured, to/ from companies, firms or other parties covered 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 for the purchases of inventory and the sale of inventory and during the course of our audit, we have not observed any continuing failure to correct major weakness in such internal control system.
- (v) In our opinion and according to the information and explanations given to us, the Company has not entered into any contracts or arrangements that are required to be entered in the Register maintained under Section 301 of the Companies Act, 1956.
- (vi) In our opinion, the internal audit functions carried out during the year by firm of Chartered Accountants appointed by the Management have been commensurate with the size of the company and the nature of its business.
- (vii) 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.

- (viii) 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 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 31st March, 2013 for a period of more than six months from the date they became payable.
 - (c) As on 31st March, 2013, there were no disputed dues on account of Income tax, Service tax and other material statutory dues which have not been deposited.
- (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) In our opinion and according to the information and explanations given to us, the term loans have been applied by the Company during the year for the purposes for which they were obtained.
- (xi) In our opinion and according to the information and explanations given to us, and on an overall examination of the Balance Sheet of the Company, we report that, funds raised on short term basis have, *prima facie*, not been used during the year for long term investment.
- (xii) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the company has been noticed or reported during the year.

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

B. Ramaratnam
Partner

Place: Chennai
Date: 12th April, 2013

(Membership No. 21209)

BALANCE SHEET AS AT 31ST MARCH, 2013

		As at 31 st March, 2013	₹ in Lacs As at 31 st March, 2012
Equity and Liabilities	Note		
Shareholders' Funds			
Share Capital	3	26.00	26.00
Money received against Share Warrants (₹ 1, Previous Year ₹ 1)	3a		
Reserves and Surplus	4	5,986.23	5,922.49
Non-Current Liabilities			
Long-Term Borrowings	5	300.00	—
Current Liabilities			
Trade Payables	6	1,527.21	1,157.02
Other Current Liabilities	7	2,135.36	2,006.23
Short-Term Provisions	8	19.05	397.54
Total		9,993.85	9,509.28
ASSETS			
Non-Current Assets			
Long Term Loans and Advances	9	149.53	40.34
Current Assets			
Inventories	10	4,473.46	4,804.61
Trade Receivables	11	1,469.08	625.00
Cash and Cash Equivalents	12	633.90	598.83
Short-Term Loans and Advances	13	2,741.21	2,265.55
Other Current Assets	14	526.67	1,174.95
Total		9,993.85	9,509.28

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: 12th April, 2013

For and on behalf of the Board of Directors

Anita Arjundas Chairperson

S. Chandru Director

Place: Chennai
Date: 12th April, 2013

STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31ST MARCH, 2013

			₹ in Lacs
	Note	For the Year Ended 31 st March, 2013	For the Year Ended 31 st March, 2012
INCOME			
Revenue from Operations	15	7,642.13	5,351.46
Other Income	16	237.98	149.58
		7,880.11	5,501.04
EXPENDITURE			
Projects Costs	17	5,610.82	3,627.52
Changes in Inventories	18	331.14	(236.78)
Finance Cost	19	32.51	47.26
Other Expenses	20	808.88	701.81
		6,783.35	4,139.81
Profit Before Tax		1,096.76	1,361.23
Tax Expense			
Current tax		219.46	272.38
Profit for the year		877.30	1,088.85
Earnings per Share (Basic/Diluted)	24	—	—

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: 12th April, 2013

For and on behalf of the Board of Directors

Anita Arjundas Chairperson

S. Chandru Director

Place: Chennai
Date: 12th April, 2013

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013

	Year Ended 31 st March, 2013	₹ in Lacs Year Ended 31 st March, 2012
A. Cash Flow from Operating Activities		
Profit Before Tax	1,096.76	1,361.23
Adjustments for:		
Finance Costs	32.07	45.75
Interest Income.....	(190.94)	(142.24)
Operating Profit before Working Capital Changes	937.89	1,294.74
Changes in Working Capital:		
Adjustments for (Increase)/Decrease in Operating Assets:		
Inventories	331.15	(236.78)
Trade Receivables	(844.09)	(142.17)
Long-Term Loans and Advances	(3.53)	(0.25)
Short-Term Loans and Advances and Other Current Assets	545.56	(715.62)
Adjustments for Increase/(Decrease) in Operating Liabilities:		
Trade Payables.....	370.19	767.38
Other Current Liabilities.....	402.13	(1,038.76)
Short Term Provisions	(10.95)	30.00
	790.46	(1,336.20)
Cash Generated From/(Used in) Operations	1,728.35	(71.46)
Net Income Tax Paid.....	(343.98)	(221.31)
Net Cash (Used in) Operating Activities.....	1,384.37	(292.77)
B. Cash Flow from Investing Activities:		
Intercompany Deposit Given	(400.00)	(1,100.00)
Interest Received	217.99	117.11
Net Cash from/(Used in) Investing Activities	(182.01)	(982.89)
C. Cash Flow from Financing Activities:		
Proceeds from Long Term Borrowings	300.00	–
Repayment of Borrowings	(300.00)	–
Finance Costs	(32.07)	(45.87)
Dividend and Dividend tax Paid	(1,162.22)	–
Net Cash (Used in) Financing Activities.....	(1,194.29)	(45.87)
Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C).....	8.07	(1,321.53)
Cash and Cash Equivalents at the Beginning of the Year	598.83	1,920.36
Cash and Cash Equivalents at the End of the Year.....	606.90	598.83
Reconciliation of Cash and Cash Equivalents with the Balance Sheet		
Cash and Cash Equivalents as per Balance Sheet.....	633.90	598.83
Less: Bank balances not considered as Cash and Cash Equivalents	27.00	–
	606.90	598.83

In terms of our report attached

For **Deloitte Haskins & Sells**
Chartered Accountants**B. Ramaratnam**
PartnerPlace: Chennai
Date: 12th April, 2013

For and on behalf of the Board of Directors

Anita Arjundas Chairperson**S. Chandru** DirectorPlace: Chennai
Date: 12th April, 2013

NOTES FORMING PART OF THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013

1. Corporate Information

The Company was incorporated on 1st February, 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 except in case of revenue recognition. Refer Note 2.f

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.

During the year, the Company has adopted "Guidance note for Accounting of Real Estate Transactions (Revised 2012)" applicable to all projects in real estate which are commenced on or after 1st April, 2012 and relating to projects where revenue is being recognized for the first time on or after 1st April, 2012.

Accordingly revenues are now recognized only when all the following conditions are met:

- All critical approvals necessary for commencement of the project have been obtained

- Expenditure incurred on construction & development cost is not less than 25 % of the estimated construction and development costs excluding land cost
- Atleast 25% of the saleable project area is secured by contracts or agreements with buyers.
- Atleast 10 % of the total revenue as per the agreements of sale are realised at the reporting date in respect of each of the contracts and it is reasonable to expect that the parties to such contracts will comply with the payment terms as defined in the contracts.

In respect of projects that were commenced prior to April 1 2012 and also on projects where revenue has been recognized prior to April 1 2012, the following policy continues to be adopted

Revenues are recognized only when all the following conditions are met:

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

Such estimates are made and certified by the management and the auditors have relied upon by them, as these are of a technical nature.

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.

NOTES FORMING PART OF THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013

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 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.

	₹ in Lacs	
	As at 31 st March, 2013	As at 31 st March, 2012
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
	<u>50.00</u>	<u>50.00</u>
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
	<u>26.00</u>	<u>26.00</u>

3a. 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 are subject to the approval of the shareholders at the Annual General Meeting. Repayment of capital will be in proportion to the numbers of equity shares held. As per terms of the Shareholders' Agreement, equity shareholders are entitled to share of profits only after payment of dividends to preference shareholders amounting to ₹ 2,324.50 lacs. ₹ 1,000 lacs have so far been paid as dividends to preference share holders.

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, interim dividends were distributed to the preference shareholder at ₹ 7,000 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. During the year, all the equity shares held by Velands Investments Limited were acquired by MITL.

3b. Details of shares held by Shareholders holding more than 5% of the aggregate shares in the Company

Particulars	As at 31 st March, 2013		As at 31 st March, 2012	
	No of Shares/ Warrant	% Holding	No of Shares/ Warrant	% Holding
Equity Shares				
Mahindra Integrated Township Limited, Holding Company *	250,000	100	127,500	51
Velands Investments Limited	—	—	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

* All the shares held by Velands Investments Limited were acquired by MITL on February 22, 2013

	₹ in Lacs	
	As at 31 st March, 2013	As at 31 st March, 2012
4. Reserves and Surplus		
Securities Premium Account.....	— 5,435.33	— 5,435.33
Surplus in Statement of Profit & Loss		
Balance at the Beginning of the Year	487.16	(253.03)
Add: Profit for the Year	877.30	1,088.85
Less: Appropriations:		
Interim Dividend on Preference Shares.....	700.00	—
Proposed Dividend on Preference Shares.....	—	300.00
Tax on Dividend	113.56	48.66
Balance at the End of the Year	<u>550.90</u>	<u>487.16</u>
	<u>5,986.23</u>	<u>5,922.49</u>

	₹ in Lacs	
	As at 31 st March, 2013	As at 31 st March, 2012
5. Long Term Borrowings		
Term Loan from HDFC Limited (Secured)	300.00	—
	<u>300.00</u>	<u>—</u>

The loan availed in October 2012 is secured by deposit of title deeds of leasehold rights of land. The loan carries an interest of 13.75% p.a and is repayable in April 2014. There has been no default in payment of interest.

	₹ in Lacs	
	As at 31 st March, 2013	As at 31 st March, 2012
6. Trade Payables		
Trade Payables	1,082.48	962.85
Retention Money.....	444.73	194.17
	<u>1,527.21</u>	<u>1,157.02</u>

NOTES FORMING PART OF THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013

		₹ in Lacs				₹ in Lacs	
		As at	As at			As at	As at
		31 st March, 2013	31 st March, 2012			31 st March, 2013	31 st March, 2012
7. Other Current Liabilities				13. Short Term Loans and Advances (Unsecured, considered good unless stated otherwise)			
Current maturities of Term Loan from HDFC Limited (secured) *		–	300	Mobilisation Advances - Secured By Bank Guarantee		1,058.94	1,121.09
Payable to Related Party		93.97	84.44	Supplier Advances		182.27	44.46
With-holding taxes payable		49.60	54.79	Inter Corporate Deposits To Related Party		1,500.00	1,100.00
Income Received in Advance		1,752.53	1,268.88			2,741.21	2,265.55
Other Liabilities		239.26	298.12				
		2,135.36	2,006.23				
* The term loan from HDFC Limited was availed during March 2010 and carries an interest of 14.5% p.a. The loan has been repaid in September 2012.				14. Other Current Assets			
				Interest Accrued on Interporate Deposits to Related Party		–	26.79
				Interest Accrued on Deposits with Banks		1.83	2.09
				Unbilled Revenue		524.84	1,146.07
						526.67	1,174.95
8. Short Term Provisions							
Provisions							
Defect Liabilities		19.05	30.00				
Income Tax (Net)		–	18.88				
Proposed Preference Dividend		–	300.00				
Tax on Proposed Dividends		–	48.66				
		19.05	397.54				
9. Long Term Loans and Advances (Unsecured, considered good)				15. Revenue from Operations			
Deposits with Related Party		23.07	19.79	Income from Projects		7,642.13	5,351.46
Security Deposits		20.80	20.55			7,642.13	5,351.46
Advance Payment of Tax (Net)		105.66	–				
		149.53	40.34				
10. Inventories				16. Other Income			
Construction Work in Progress (Including Leasehold Land)		3,876.84	4,326.16	Interest on:			
Construction Materials		596.62	402.38	– Deposits with Banks		46.38	86.37
Stock in Trade		–	76.07	– Interporate Deposits with Related Party		144.56	55.87
		4,473.46	4,804.61	– Income Tax Refund		0.22	2.57
				Interest from Customers		2.44	–
				Cancellation Income		44.38	4.77
						237.98	149.58
11. Trade Receivables (Unsecured, considered good)				17. Project Costs			
Trade Receivables outstanding for more than six months from the date they were due for payment		25.34	22.63	Construction Costs		4,535.70	2,975.85
Other Trade Receivables		1,443.74	602.37	Architect Fees		102.82	80.74
		1,469.08	625.00	Project Management Fees		279.69	220.20
				Other Expenses		692.61	350.73
						5,610.82	3,627.52
12. Cash and Cash Equivalents				18. Changes in Inventories			
Cash on Hand		0.02	0.15	Inventories at the End of the Year:			
Balances with Banks				Construction Material		596.62	402.38
– on Current Accounts		406.88	245.86	Work-in-Progress		3,876.85	4,326.16
– on Deposit Accounts (Maturing Within 3 Months)		200.00	352.82	Stock-in-Trade		–	76.07
– on Earmarked Deposit Accounts (Maturing Within 12 Months) *		27.00	–			4,473.47	4,804.61
		633.90	598.83	Inventories at the Beginning 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
				Net (increase)/decrease		331.14	(236.78)

* Collected from customers and to be transferred to Home owners' Association upon formation.

NOTES FORMING PART OF THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013

	Year ended 31 st March, 2013	Year ended 31 st March, 2012
19. Finance Cost		
Interest on Term Loan	32.07	45.75
Interest on Delayed Payments of Service Tax	0.44	1.51
	32.51	47.26

20. Other Expenses		
Legal & Professional Fees	1.10	106.62
Deputation Charges	168.96	157.68
Auditors Remuneration		
– Audit Fees	4.00	4.00
– Other Services	1.60	–
– Reimbursement of Expenses/ Levies	0.69	0.49
Advertisement, Marketing and Business Development	415.47	271.36
Brokerage	39.43	29.12
Travelling & Conveyance	25.34	12.81
Office Establishment	110.26	69.06
Miscellaneous Expenses	42.03	50.67
	808.88	701.81

	2012-2013	2011-2012
21. Expenditure in Foreign Currency:		
Travel	7.58	4.10
Others	28.45	28.15
	36.03	32.25

22. Earnings in foreign exchange		
Consideration received on sale of residential units	40.45	50.49

23. Value of imports calculated on CIF basis		
Construction materials	–	4.69

24. Earnings per share:		
Earnings per Share is considered as Nil since as per terms of the Shareholders' Agreement, Equity Shareholders are entitled to share of profits only after payment of dividends to Preference Shareholders amounting to ₹ 2,324.50 lacs. ₹ 1,000 Lacs have so far been paid as dividends to Preference Shareholders		

25. 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 (upto 22 Feb 2013)

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

b) The related party transactions are as under:

	₹ in Lacs		
Nature of transaction	Parent of the Holding Company	Holding Company	Fellow Subsidiary
Interest Income	– (–)	144.56 (55.87)	– (–)
Deposits given	– (–)	– (–)	3.28 (–)
Service/Consultancy	289.72 (357.45)	– (–)	– (–)
Office establishment	110.27 (69.06)	– (–)	– (–)
Maintenance Charges	– (–)	– (–)	83.09 (70.46)
Inter corporate Deposit given	– (–)	400.00 (1,100.00)	– (–)
Balances at year end			
Deposits	– (–)	– (–)	23.07 (19.79)
Intercompany deposit	– (–)	1,500.00 (1,100.00)	– (–)
Payables	93.97 (84.44)	– (–)	– (–)
Receivables	– (–)	– (26.79)	– (–)

Figures in brackets are in respect of the previous year.

- 26.** 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.
- 27.** 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 relating to Minimum Alternate Tax 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.
- 28.** The Company operates in a single segment, namely Property Development.
- 29.** Previous year's figures have been regrouped/reclassified wherever necessary to conform with the current year's classification/disclosure.

For and on behalf of the Board of Directors

Anita Arjundas Chairperson**S. Chandru** DirectorPlace: Chennai
Date: 12th April, 2013

DIRECTORS' REPORT TO THE MEMBERS

Your Directors present the Sixteenth Report together with the audited accounts of the Company for the financial year ended 31st March, 2013.

FINANCIALS HIGHLIGHTS:

		(₹ in Lakhs)
	For the year ended 31 st March 2013	For the year ended 31 st March 2012
Income	12,381.42	6,042.42
Profit before Depreciation, Interest and Taxation	11,773.84	4,565.15
Depreciation.....	(179.26)	(194.25)
Interest	(3,326.20)	(2,831.93)
Provision for Tax – Current Tax	(1,495.00)	–
– Deferred Tax	(1,324.02)	(502.95)
Profit after tax for the year.....	5,449.36	1,036.02
Add : Balance of Profit for earlier years	4,157.64	3,691.11
Amount available for appropriation.....	9,607.00	4,727.13
Less : Proposed Dividend (including tax on distributed profits)	854.15	569.49
Less : Transfer to General Reserve	273.00	–
Balance carried forward	8,475.85	4,157.64

Operations

Three new multinational customers were added to the portfolio of Mahindra World City, Chennai (in the Domestic Tariff Area) — Lear Corporation (USA), BASF Catalysts (Germany), NCR Corporation (USA); while BMW India expanded their footprint in F13.

Mahindra World City, Chennai won the prestigious CNBC Awaaz CRISIL Real Estate Award for best project Execution at the National level in 2012.

Mahindra World City released a Coffee Table Book – “Celebrating 10 years of Excellence” to commemorate the occasion of completing a decade. This publication chronicles the evolution of City Building across time as well as urban development in India and also the evolution of Mahindra World City.

The business zone in the project has 62 clients of which 28 are in the SEZs and 34 are in the DTA. Currently, 47 companies operate out of Mahindra World City, Chennai and 8 are expected to start functioning soon. During the year, direct employment in the business city increased from 27,000 to ~ 31,000 people. Exports of units in MWC crossed ₹ 6,000 crores for the period April 2012 to March 2013, an increase of ~ 1,500 crores over the previous year. During the year 7 customers started operations in the Domestic Tariff Area.

There has been considerable progress in strengthening the social infrastructure in MWC in FY 13. The Holiday Inn Express construction is underway, JSP Hospitals have commenced construction in Mar 13 and the Company has started

construction of the Club which offers recreational, sports and leisure facilities. A homeopathic Clinic was also added to the spectrum of offerings at ‘The Canopy’.

The residential Infrastructure has progressed well during the year. The 1st phase of villas of the 2nd residential project, “Aquality” has been handed over to customers and there has been considerable progress in construction in the other phases, comprising both villas and apartments. The third project “Iris Court” is also under implementation. The two projects will add ~ 1600 homes in the next 3 years to the already existing 200 occupied homes in the 1st project, “Sylvan County”.

During the year, the Mahindra World School added Class XII and now has over 500 students and 40 teachers. The students performed very well in its maiden Class X Board exams.

With increasing levels of occupancy and activity, MWCDL's quarterly customer engagement initiative, “Coalesce” has been received very well by the occupants. “Rejoice @ Mahindra World City”, the community building initiative carried out Customer engagement initiatives including the inaugural edition of MWC Champions Trophy – The Inter Company Sports tournament and the second edition of ‘Mindquest’ — the Mahindra World City Quiz had participation beyond Mahindra World City.

Dividend

Your Directors have recommended a dividend of ₹ 6.00 per Preference share on 6,500,000 – 6% Cumulative Redeemable Preference Shares of ₹ 100/- each pro-rata for the period from 1st April 2012 to 31st December, 2012 and a dividend of

₹ 8.50 per Preference Share on 6,500,000-8.5% Cumulative Redeemable Preference Shares of ₹ 100/- each pro-rata for the period from 1st January 2013 to 31st March 2013.

Your Directors have recommended a dividend of ₹ 1.50 per share on 20,000,000 equity shares of face value of ₹ 10 per share of the Company for the year 2012 – 2013.

The total dividend payment (including tax on distributed profits) for the year amounts to ₹ 854.15 lakhs and shall be paid out of profits for the current year.

Capital

The Company's Authorised Capital is ₹ 95 crores consisting of equity share capital of ₹ 25 crores, preference share capital of ₹ 65 crores and unclassified shares of ₹ 5 crores.

The Paid up Capital of ₹ 85 crores consists of Equity share capital of ₹ 20 crores and Preference Share capital of ₹ 65 crores. 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% of equity share capital of your Company. The entire preference share capital of ₹ 65 crore is held by MLDL.

With mutual consent of the Company and MLDL, the terms of redemption of the Cumulative Redeemable Preference Shares of ₹ 65 crores have been modified as under

- Redemption period extended upto 10 years from the date of issue i.e. the Shares shall be redeemable on 30th September, 2013;
- Increase in the coupon rate from 6% to 8.5% for the period from 1st January 2013 till the redemption;

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

Directors

Mr. Uday Y Phadke and Mr. V. Balaraman, Directors retire by rotation and being eligible, offer themselves for re-appointment at the forthcoming Annual General Meeting.

During the year, Dr.Sundaradevan, IAS resigned from the Board. Mr. Dhanavel, IAS was appointed as a Director on 13th July 2012 in the casual vacancy caused by the resignation of Dr. Sundaradevan, IAS.

Mr. Hans Raj Verma IAS was appointed as a Director on 10th January, 2013 in the casual vacancy caused by the resignation of Mr. Dhanavel, IAS.

The Board puts on record its appreciation for the contribution made by Dr. Sundaradevan, IAS and Mr. Dhanavel, IAS during their tenure as Directors of the Company.

Ms. Sangeeta Prasad was appointed as an Additional Director of the Company with effect from 16th April, 2013 at the Meeting of the Board of Directors of the Company held on 12th April, 2013 and holds office only upto the date of the forthcoming

Annual General Meeting. The Company has received a Notice from a member signifying his intention to propose Ms. Sangeeta Prasad as a candidate for the office of Director at the forthcoming Annual General Meeting.

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, 2013 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), Mr. Hans Raj Verma, IAS, Mr. Uday.Y.Phadke and Mr. V. Balaraman. The committee met four times during the year.

Remuneration Committee

The Remuneration Committee of the Company comprises Mr. N. Vaghul (Chairman), Mr. A.K. Nanda, Mr. Hans Raj Verma, IAS and Ms. Anita Arjundas. 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.

Corporate Social Responsibility

While the programmes on Employability, education module for school drop outs and para medical training, all aimed at providing opportunities for the neighbouring community continued, the year saw the commencement of construction

of the Mahindra World City – CAP Community College. This College will train the Underprivileged youth from the neighboring community in vocations to make them employable.

Mahindra World City reached out to the surrounding communities, village schools and daily wage earners as part of its CSR initiatives during the year. Some of the initiatives included an eye check-up camp for the daily wage earners, tree planting camps in the neighbouring village schools and a blood donation drive for the employees amongst other activities.

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 employed throughout the financial year and was in receipt of remuneration of not less than ₹ 60,00,000 per year during the year ended 31st March, 2013 or was in receipt of remuneration of not less than ₹ 5,00,000 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
Date : 12th April, 2013

N. Vaghul
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 31ST MARCH, 2013.

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 | : The 75 Kw roof top off grid solar plant, replacement of 164 MHSV lights with LED lights in a phased manner have been taken up as part of efforts to reduce consumption of energy |
| 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 saving of electricity. |
| 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 : 12th April, 2013

N. Vaghul
Chairman

Annexure II to the Directors' Report

Particulars of Employee 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 31st March, 2013

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.	93,90,044	45	20	29 th August, 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 : 12th April, 2013

N. Vaghul
Chairman

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF MAHINDRA WORLD CITY DEVELOPERS LIMITED

Report on the Financial Statements

1. We have audited the accompanying financial statements of **MAHINDRA WORLD CITY DEVELOPERS LIMITED** ("the Company"), which comprise the Balance Sheet as at 31st March, 2013, 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.

Management's Responsibility for the Financial Statements

2. 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") and in accordance with the accounting principles generally accepted in India. 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.

Auditors' Responsibility

3. 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 internal control 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, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. 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.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

6. 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 31st March, 2013;
 - (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.

Report on Other Legal and Regulatory Requirements

7. 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.
8. **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 31st March, 2013 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2013 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, 12th April, 2013

ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 7 under 'Report on Other Legal and Regulatory Requirements' section of our report to the members of Mahindra World City Developers Limited on the accounts for the year ended 31st March 2013)

- (i) Having regard to the nature of Company's business/activities/ results, clauses (vi), (x), (xii), (xiii), (xiv), (xv), (xviii), (xix) and (xx) of paragraph 4 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 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, the Company has neither granted nor taken any loans, secured or unsecured, to/from companies, firms or other parties covered 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 inventory and fixed assets and for the sale of inventory. During the course of our audit, we have not observed any continuing failure to correct major weakness in such internal control system.
- (vi) In our opinion and according to the information and explanations given to us, the company has not entered into contracts or arrangements with parties covered in the Register maintained under Section 301 of the Companies Act, 1956.

- (vii) In our opinion, the Company has an internal audit system which is commensurate with its size and nature of business.
- (viii) 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.
- (ix) 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 Provident Fund, Income-tax, Value Added 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 31st March, 2013 for a period of more than six months from the date they became payable.
- (c) As on 31st March, 2013, there were no disputed dues on account of Income tax, Service tax and other material statutory dues which have not been deposited, except as given below:

Statute	Nature of dues	Forum where dispute is pending	Period to which the amount relates	Amount involved (Rs. in lakhs)
Income Tax Act, 1961	Income Tax including interest	Commissioner (Appeals)	2009-10	174.91

- (x) 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 from HDFC Limited.
- (xi) In our opinion and according to the information and explanations given to us, the Company has applied the term loans during the year for the purpose for which they were obtained.
- (xii) In our opinion and according to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that, funds raised on short term basis have, prima facie, not been used during the year for long term investments.
- (xiii) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.

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

B. Ramaratnam
Partner

CHENNAI, 12th April, 2013

(Membership No. 21209)

BALANCE SHEET AS AT 31ST MARCH, 2013

Particulars	Note No.	As at 31 st March, 2013 ₹	As at 31 st March, 2012 ₹
EQUITY AND LIABILITIES			
Shareholders' funds			
(a) Share capital.....	3	850,000,000	850,000,000
(b) Reserves and surplus.....	4	882,484,730	422,962,977
		1,732,484,730	1,272,962,977
Non-current liabilities			
(a) Long-term borrowings.....	5	1,042,500,000	1,482,500,000
(b) Deferred tax liabilities (net)	26.7	275,385,235	142,983,233
(c) Other long-term liabilities	6	79,240,217	31,794,322
		1,397,125,452	1,657,277,555
Current liabilities			
(a) Short-term borrowings	7	650,000,000	500,000,000
(b) Trade payables	8	6,832,457	8,585,751
(c) Other current liabilities	9	862,163,030	598,419,372
(d) Short-term provisions	10	92,098,885	61,909,026
		1,611,094,372	1,168,914,149
TOTAL		4,740,704,554	4,099,154,681
ASSETS			
Non-current assets			
(a) Fixed assets.....	11		
(i) Tangible assets.....		383,723,389	361,844,721
(ii) Intangible assets		1	1
(iii) Capital work-in-progress		–	12,933,200
(b) Non-current investments	12	130,000,000	130,000,000
(c) Long-term loans and advances.....	13	198,047,172	70,828,960
		711,770,562	575,606,882
Current assets			
(a) Inventories	14	3,499,127,857	3,051,759,205
(b) Trade receivables	15	34,116,091	19,050,037
(c) Cash and cash equivalents	16	30,934,307	8,279,706
(d) Short-term loans and advances.....	17	439,622,951	423,880,367
(e) Other current assets.....	18	25,132,786	20,578,484
		4,028,933,992	3,523,547,799
TOTAL		4,740,704,554	4,099,154,681

See accompanying notes forming part of the financial statements

In terms of our report attached.

For **A. F. Ferguson & Co**
Chartered Accountants**B. Ramaratnam**
PartnerPlace : Chennai
Date : 12th April, 2013

For and on behalf of the Board of Directors

N. Vaghul

Chairman

Anita Arjundas
V. Balaraman

} Directors

Sangeeta Prasad

Chief Executive Officer & Manager

S. Chandru

Chief Financial Officer & Company Secretary

Place : Chennai
Date : 12th April, 2013

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2013

Particulars	Note No.	Year ended 31st March, 2013	Year ended 31st March, 2012
		₹	₹
Revenue from operations	19	1,220,852,885	583,496,246
Other income	20	17,288,693	20,745,498
Total revenue		1,238,141,578	604,241,744
Expenses			
Cost of land and project development.....		294,316,050	453,032,311
Changes in inventories	21	(447,368,652)	(494,695,978)
Employee benefits expense.....	22	48,887,431	45,839,651
Finance costs	23	332,620,029	283,192,939
Depreciation and amortisation expense.....	11	17,925,625	19,425,444
Other expenses	24	164,922,977	143,550,829
Total expenses		411,303,460	450,345,196
Profit before tax		826,838,118	153,896,548
Tax expense:			
(a) Current tax expense		165,500,000	32,000,000
(b) (Less): MAT credit		(16,000,000)	(32,000,000)
Net current tax expenses		149,500,000	—
(c) Deferred tax.....		132,402,002	50,295,056
Net tax expenses		281,902,002	50,295,056
Profit for the year		544,936,116	103,601,492
Basic and diluted earnings per share		24.73	2.91

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 : 12th April, 2013

For and on behalf of the Board of Directors

N. Vaghul

Chairman

Anita Arjundas
V. Balaraman

} Directors

Sangeeta Prasad
S. Chandru

Chief Executive Officer & Manager

Chief Financial Officer & Company Secretary

Place : Chennai
Date : 12th April, 2013

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013

Particulars	Year ended 31 st March, 2013 ₹	Year ended 31 st March, 2012 ₹
A. Cash flow from operating activities		
Net Profit before tax	826,838,118	153,896,548
<u>Adjustments for:</u>		
Depreciation and amortisation	17,925,625	19,425,444
Loss on sale/write off of assets	1,223,873	–
Finance costs	332,620,029	283,192,939
Interest income	(17,062,963)	(17,710,786)
Operating profit before working capital changes	1,161,544,682	438,804,145
<u>Changes in working capital:</u>		
Adjustments for (increase)/decrease in operating assets:		
Inventories	(447,368,652)	(494,695,978)
Trade receivables	(15,066,054)	(13,829,831)
Short-term loans and advances	(15,742,584)	(36,974,074)
Long-term loans and advances	(108,528)	(993,812)
	(478,285,818)	(546,493,695)
Adjustments for increase/(decrease) in operating liabilities:		
Trade payables	(1,753,294)	(5,075,903)
Other current liabilities	(58,756,342)	4,598,279
Other long-term liabilities	47,445,895	937,117
Short-term provisions	1,724,521	1,984,801
	(11,339,220)	2,444,294
Cash generated from operations	671,919,644	(105,245,256)
Net income tax (paid)/refunded	(272,125,121)	(42,741,862)
Net cash flow from/(used in) operating activities (A)	399,794,523	(147,987,118)
B. Cash flow from investing activities		
Capital expenditure on fixed assets, including capital advances	(32,579,529)	(25,899,886)
Inter-corporate deposits (net)	150,000,000	300,000,000
Interest received		
- Joint ventures	11,493,123	13,095,081
- Others	1,015,538	–
Net cash flow from investing activities (B)	129,929,132	287,195,195
C. Cash flow from financing activities		
Proceeds from long-term borrowings	250,000,000	450,000,000
Repayment of short-term borrowings	(367,500,000)	(260,000,000)
Finance cost	(332,620,029)	(290,811,295)
Dividends paid	(49,000,000)	(59,000,000)
Tax on dividend	(7,949,025)	(9,571,275)
Net cash flow (used in) financing activities (C)	(507,069,054)	(169,382,570)
Net increase/(decrease) in Cash and cash equivalents (A+B+C)	22,654,601	(30,174,493)
Cash and cash equivalents at the beginning of the year	8,279,706	38,454,199
Cash and cash equivalents at the end of the year	30,934,307	8,279,706

See accompanying notes forming part of the financial statements

In terms of our report attached.

For **A. F. Ferguson & Co**
Chartered Accountants**B. Ramaratnam**
PartnerPlace : Chennai
Date : 12th April, 2013

For and on behalf of the Board of Directors

N. Vaghul	Chairman
Anita Arjundas V. Balaraman	} Directors
Sangeeta Prasad	
S. Chandru	Chief Executive Officer & Manager
	Chief Financial Officer & Company Secretary

Place : Chennai
Date : 12th April, 2013

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2013

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

- 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.
- 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 time-proportion 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.

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 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.

Defined contribution plans

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.

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 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

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2013

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 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 the employee renders the related service. The cost of such compensated absences is accounted as under :

- in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and
- 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 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.

2.20 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.

2.21 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 31 st March, 2013		As at 31 st March, 2012	
	Number of shares	₹	Number of shares	₹
(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
		950,000,000		950,000,000
(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
8.5% (previous year 6%) Cumulative Redeemable preference shares of ₹ 100 each	6,500,000	650,000,000	6,500,000	650,000,000
Total		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 ₹ 300 lakhs (₹ 1.50 per share) (previous year – ₹ 100 lakhs (₹ 0.50 per share))

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2013**(ii) Terms/rights attached to Preference Shares**

The Cumulative Redeemable Preference shares are redeemable at par on 30 September, 2013 (extended by nine months from 01.01.2013).

The rate of dividend has been increased from 6% to 8.5% with effect from January 1, 2013, consequent to extension of date of redemption to 30 September, 2013.

The amount of dividend proposed to be distributed to preference shareholders is ₹ 430.07 lakhs (₹ 6.625 per share) (previous year – ₹ 390 lakhs (₹ 6.00 per share)).

(iii) Details of Preference shares held by the holding company, the ultimate holding company, their subsidiaries and associates:

Particulars	As at 31 st March, 2013		As at 31 st March, 2012	
	Equity shares with voting rights	8.5% Cumulative Redeemable preference shares	Equity shares with voting rights	6% Cumulative Redeemable preference shares
	Number of shares		Number of shares	
Mahindra Lifespace Developers Limited, the holding company	16,524,993	6,500,000	16,524,993	6,500,000

(iv) Details of equity shares held by each shareholder holding more than 5% shares:

Class of shares/Name of shareholder	As at 31 st March, 2013		As at 31 st March, 2012	
	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%
–Prudential Management & Services Private Limited	1,275,000	6.40%	1,275,000	6.40%
–Tamilnadu Industrial Development Corporation Limited	2,200,000	11.00%	2,200,000	11.00%

4. Reserves and surplus

	As at 31 st March, 2013	As at 31 st March, 2012
	₹	₹
(a) General reserve		
Opening balance.....	7,200,000	7,200,000
Addition during the year		
Transfer from surplus in Statement of Profit and Loss account.....	27,300,000	–
Closing balance.....	34,500,000	7,200,000
(b) Surplus in Statement of Profit and Loss		
Opening balance.....	415,762,977	369,110,510
Add: Profit/(Loss) for the year.....	544,936,116	103,601,492
Less: Dividends proposed to be distributed to equity shareholders (₹ 1.50 per share (previous year – ₹ 0.50 per share).....	30,000,000	10,000,000
Dividends proposed to be distributed to preference shareholders (₹ 6.00 per share upto 31.12.2012 and ₹ 8.50 per share from 01.01.2013 to 31.03.2013 (previous year – ₹ 6.00 per share).....	43,006,849	39,000,000
Tax on dividend.....	12,407,514	7,949,025
Transferred to General reserve.....	27,300,000	–
Closing balance.....	847,984,730	415,762,977
	882,484,730	422,962,977

5 Long-term borrowings

	As at 31 st March, 2013	As at 31 st March, 2012
Term loans (Secured)		
From HDFC Limited.....	1,042,500,000	1,482,500,000
	1,042,500,000	1,482,500,000

(i) Tranche I carries interest @ 13.75% – Principal of ₹ 147.25 Crores to be repaid in 14 equal quarterly installments of ₹ 10.75 Crores, each commencing from May 2013.

Tranche II carries interest @ 13.25% – Principal to be repaid in 2 installments of ₹ 13 Crores each in August 2013 and February 2014

(ii) Term loans are secured by equitable Mortgage of specified lands.

(iii) For current maturities of long term borrowings, refer items (a) in Note No. 9 Other current liabilities.

6 Other long-term liabilities

	As at 31 st March, 2013	As at 31 st March, 2012
	₹	₹
Security deposit received.....	39,240,217	30,400,162
Payable on purchase of fixed assets.....	–	1,394,160
Advance received from Ultimate Holding Company.....	40,000,000	–
	79,240,217	31,794,322

7 Short-term borrowings

From related parties		
Intercompany Deposit from Holding Company (unsecured).....	650,000,000	500,000,000
	650,000,000	500,000,000

8 Trade payables

Trade payables.....	6,832,457	8,585,751
	6,832,457	8,585,751

9 Other current liabilities

Current maturities of long-term loan from HDFC Limited *	690,000,000	367,500,000
Statutory remittances.....	365,115	5,515
Other payables.....	72,375,295	81,702,983
Earnest money deposit received.....	410,000	250,000
Advances from customers.....	89,544,750	129,106,258
Rental/other deposit from customers.....	9,467,870	16,998,616
Rental advance from customer.....	–	2,856,000
	862,163,030	598,419,372

* Refer Note 5 – Long term borrowings for details of security and terms of repayment

10 Short-term provisions

(a) Provision for employee benefits:		
(i) Compensated absences.....	5,731,103	3,779,318
(ii) Gratuity.....	953,419	1,180,683
	6,684,522	4,960,001
(i) Proposed equity dividend.....	30,000,000	10,000,000
(ii) Proposed preference dividend.....	43,006,849	39,000,000
(iii) Tax on proposed dividends.....	12,407,514	7,949,025
	85,414,363	56,949,025
	92,098,885	61,909,026

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2013

11 Fixed Asset

₹												
Particulars	Gross block					Depreciation					Net block	
	As at 01.04.2012	Additions	Deletions	Adjustments	As at 31.03.2013	As at 01.04.2012	For the year	Deletions	Adjustments	As at 31.03.2013	As at 31.12.2013	As at 31.03.2012
A. Tangible assets												
Land	10,779,777				10,779,777	—				—	10,779,777	10,779,777
(Previous year)	(10,779,777)				(10,779,777)	—				—		
Buildings.....												
- Own use	108,570,607	3,527,187			112,097,794	18,923,196	3,585,108			22,508,304	89,589,490	89,647,411
(Previous year)	(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	16,982,868	3,907,060			20,889,928	96,087,898	99,994,958
(Previous year)	(116,977,826)				(116,977,826)	(13,075,808)	(3,907,060)			(16,982,868)	(99,994,958)	(103,902,018)
Plant and machinery	168,442,643	35,901,276		17,014,039	221,357,958	29,973,895	8,916,407		3,194,609	42,084,911	179,273,047	138,468,748
(Previous year)	(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.....	19,245,040	376,870		(16,970,509)	2,651,401	4,165,762	103,125		(3,184,872)	1,084,015	1,567,386	15,079,278
(Previous year)	(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			(54,450)	3,465,561	2,614,859	141,606		(13,937)	2,742,528	723,033	905,152
(Previous year)	(3,520,011)				(3,520,011)	(2,363,530)	(251,329)			(2,614,859)	(905,152)	(1,156,481)
Computers	5,605,949	606,584		10,920	6,223,453	4,323,114	447,488		4,200	4,774,802	1,448,651	1,282,835
(Previous year)	(5,142,325)	(463,624)			(5,605,949)	(3,901,279)	(421,835)			(4,323,114)	(1,282,835)	(1,241,046)
Vehicles	8,411,091	616,249	2,244,695		6,782,645	2,724,529	824,831	1,020,822		2,528,538	4,254,107	5,686,562
(Previous year)	(7,847,300)	(563,791)			(8,411,091)	(1,945,828)	(778,701)			(2,724,529)	(5,686,562)	(5,901,472)
Total	441,552,944	41,028,166	2,244,695	—	480,336,415	79,708,223	17,925,625	1,020,822	—	96,613,026	383,723,389	361,844,721
Total (Previous year)	(427,453,185)	(14,099,759)	—	—	(441,552,944)	(62,148,377)	(17,559,846)	—	—	(79,708,223)	(351,064,944)	(354,525,031)
B. Intangible assets												
Software	5,558,724				5,558,724	5,558,723				5,558,723	1	1
(Previous year)	(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	5,558,723	—	—	—	5,558,723	1	1
Total (Previous year)	(5,558,724)	—	—	—	(5,558,724)	(3,693,125)	(1,865,598)	—	—	(5,558,723)	(1)	(1,865,599)
Total (A + B).....	447,111,668	41,028,166	2,244,695		485,895,139	85,266,946	17,925,625		—	102,171,749	383,723,390	—
Total (A + B) Previous year	(433,011,909)	(14,099,759)	—	—	(447,111,668)	(65,841,502)	(19,425,444)	—	—	(85,266,946)	—	(361,844,722)

	As at 31 st March, 2013		As at 31 st March, 2012	
	Nos:	₹	Nos:	₹
12 Non-current investments				
Investments (At cost):				
Unquoted, Non-trade				
Investment in equity instruments				
in Joint venture company				
- Mahindra Integrated				
Township Limited	13,000,000	130,000,000	13,000,000	130,000,000
	<u>13,000,000</u>	<u>130,000,000</u>	<u>13,000,000</u>	<u>130,000,000</u>

	As at 31 st March, 2013		As at 31 st March, 2012	
	Nos:	₹	Nos:	₹
14 Inventories				
(at lower of cost and net realisable value)				
Work-in-progress				
(representing cost of land and related				
expenditure)	3,499,127,857	3,051,759,205		
	<u>3,499,127,857</u>	<u>3,051,759,205</u>		

	As at 31 st March, 2013		As at 31 st March, 2012	
	Nos:	₹	Nos:	₹
13 Long-term loans and advances				
(Unsecured. Considered good)				
Capital advances	5,292,315	807,752		
Security deposits	3,407,860	3,299,332		
Advance income tax (net of provisions)	121,246,997	14,621,876		
MAT credit entitlement	68,100,000	52,100,000		
	<u>198,047,172</u>	<u>70,828,960</u>		

	As at 31 st March, 2013		As at 31 st March, 2012	
	Nos:	₹	Nos:	₹
15 Trade receivables				
(Unsecured, Considered good)				
Trade receivables outstanding for a period				
exceeding six months from the date they				
were due for payment	3,690,317	3,351,444		
Other Trade receivables	30,425,774	15,698,593		
	<u>34,116,091</u>	<u>19,050,037</u>		

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2013

	As at 31 st March, 2013	As at 31 st March, 2012		Year ended 31 st March, 2013	Year ended 31 st March, 2012
	₹	₹		₹	₹
16 Cash and cash equivalents			21 Changes in inventories		
(a) Cash on hand.....	59,402	51,773	Inventories at the end of the year:		
(b) Balances with banks			Work-in-progress	3,499,127,857	3,051,759,205
In current accounts	30,874,905	8,227,933		3,499,127,857	3,051,759,205
	<u>30,934,307</u>	<u>8,279,706</u>	Inventories at the beginning of the year:		
	As at	As at	Work-in-progress	3,051,759,205	2,557,063,227
	31 st March, 2013	31 st March, 2012		3,051,759,205	2,557,063,227
	₹	₹	Net (increase)/decrease	<u>(447,368,652)</u>	<u>(494,695,978)</u>
17 Short-term loans and advances					
(Unsecured unless specifically stated, Considered good)				Year ended	Year ended
(a) Security deposits	675,000	675,000		31 st March, 2013	31 st March, 2012
(b) Loans and advances to employees	—	28,580		₹	₹
(c) Prepaid expenses	1,525,208	2,642,396	22 Employee benefits expense		
(d) Balances with government authorities			Salaries and wages	43,001,790	37,490,482
Service Tax input credit	2,785,077	2,924,784	Contributions to provident and other funds ..	1,609,550	3,023,366
(e) Inter-corporate deposit to related party	73,300,000	73,300,000	Commission to non-whole time directors.....	2,000,000	1,000,000
(f) Advances for purchase of land Secured.....	352,170,692	332,083,991	Staff welfare expenses.....	2,276,091	4,325,803
Unsecured, considered good	7,665,474	8,365,474		<u>48,887,431</u>	<u>45,839,651</u>
(g) Other advances	1,501,500	3,860,142		Year ended	Year ended
	<u>439,622,951</u>	<u>423,880,367</u>		31 st March, 2013	31 st March, 2012
	₹	₹		₹	₹
Inter-corporate deposits represents receivable from Mahindra Integrated Township Limited, Joint venture company			23 Finance costs		
	As at	As at	(a) Interest expense on:		
	31 st March, 2013	31 st March, 2012	(i) Term loan from HDFC Limited	263,865,890	247,615,890
	₹	₹	(ii) Inter-corporate Deposit	65,495,917	35,577,049
18 Other current assets			(iii) Service tax.....	3,258,222	—
Interest accrued on deposits.....	25,132,786	20,578,484		<u>332,620,029</u>	<u>283,192,939</u>
	<u>25,132,786</u>	<u>20,578,484</u>		Year ended	Year ended
	₹	₹		31 st March, 2013	31 st March, 2012
Includes Interest receivable from Mahindra Integrated Township Limited -				₹	₹
₹ Nil previous year ₹ 2,120,078			24 Other expenses		
	Year ended	Year ended	Power and fuel.....	25,666,995	19,568,556
	31 st March, 2013	31 st March, 2012	Rent including lease rentals	448,620	546,524
	₹	₹	Repairs and maintenance		
19 Revenue from operations			- Machinery	65,348	340,455
(a) Land Lease Premium.....	1,017,096,000	428,731,913	- Other.....	2,533,577	3,563,244
(b) Rental income.....	29,652,940	14,970,118	Insurance.....	1,803,595	1,713,868
(c) Operation and maintenance income	174,103,945	139,794,215	Rates and taxes	2,950,043	2,424,758
	<u>1,220,852,885</u>	<u>583,496,246</u>	Communication	1,579,183	2,846,609
	Year ended	Year ended	Travelling and conveyance	7,769,624	7,553,582
	31 st March, 2013	31 st March, 2012	Printing and stationery	1,110,529	1,181,284
	₹	₹	Sales commission	8,860,800	5,570,000
20 Other income			Business promotion	9,356,804	13,031,285
Interest on			Legal and professional	20,302,550	13,216,777
- Advance for purchase of land.....	7,496,739	8,426,119	Payments to auditors	1,020,000	741,659
- Inter-corporate Deposit	9,360,814	9,284,667	Loss on Sale of Fixed Assets.....	1,223,873	—
- Income tax refund	32,484	1,643,278	Operation and Maintenance Expenses.....	77,859,065	68,240,027
- Others	172,926	—	Miscellaneous expenses	2,372,371	3,012,201
Miscellaneous income	225,730	1,391,434		<u>164,922,977</u>	<u>143,550,829</u>
	<u>17,288,693</u>	<u>20,745,498</u>			
	₹	₹			

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2013

	Year ended 31 st March, 2013	Year ended 31 st March, 2012
	₹	₹
(i) Payments to the auditors comprises (net of service tax input credit)		
Statutory audit.....	700,000	700,000
Other services.....	320,000	40,000
Reimbursement of expenses.....	—	1,659
	1,020,000	741,659

25 Additional information to the financial statements

	2012- 2013	2011-2012
	₹	₹

25.1 Contingent liabilities and commitments

(i) Contingent liabilities

Income Tax matters under appeal	747,720	—
---------------------------------------	---------	---

Note : The above amount is based on demand raised, which the Company is contesting with the concerned authorities. Outflows, if any, arising out of this claim would depend on the outcome of the decision of the appellate authorities and Company's rights for future appeals. No reimbursements are expected.

(ii) Commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for Tangible assets"	82,393,285	24,288,392
---	------------	------------

25.2 There are no dues to Micro and Small Enterprises and these 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.

	2012- 2013	2011-2012
	₹	₹
Expenditure in foreign currency		
Travel.....	77,227	214,599
Other Expenses.....	76,705	1,440,015
Total.....	153,932	1,654,614

26 Disclosures under Accounting Standards

	2012- 2013	2011-2012
	₹	₹
26.1 Details of government grants		
Government grants towards fixed assets.....	—	3,997,500
	2012- 2013	2011-2012
	₹	₹

26.2 Details of borrowing costs inventorised

Borrowing costs inventorised during the year	273,533,905	233,450,882
--	-------------	-------------

26.3 Additional information to the financial statements - Employee benefits

	Gratuity (Funded)	
	2012 – 13	2011 – 12
	₹	₹
a. Net Asset/(Liability) recognized in the balance sheet		
Present Value of Defined Benefit Obligation	3,800,161	4,024,903
Fair Value of Plan assets.....	2,846,742	2,844,220
Liability recognised in the balance sheet	953,419	1,180,683
b. Expense recognized in the Profit & Loss account		
Past service cost.....	—	—
Current Service cost.....	728,675	771,769
Interest cost	334,486	166,100
Expected return on plan assets.....	(182,060)	(127,992)
Actuarial (gains)/Losses	(1,108,365)	1,422,594
Total expenses	(227,264)	2,232,471
c. Change in present value of Defined Benefit obligation		
Present Value of the obligation at the beginning of the year.....	4,024,903	2,636,907
Past service cost.....	—	—
Current Service cost	728,675	771,769
Interest Cost	334,486	166,100
Actuarial (Gains)/Losses	(1,108,365)	1,294,602
Benefits Paid.....	(179,538)	(844,475)
Present value of the obligation as at the end of the year.....	3,800,161	4,024,903
d. Change in fair value of plan assets		
Present value of plan assets as the beginning of the year.....	2,844,220	2,022,143
Expected return on plan assets.....	182,060	127,992
Contributions made.....	—	(844,875)
Benefits paid.....	(179,538)	1,666,952
Actuarial Gains/(Losses).....	—	(127,992)
Present value of plan assets at the end of the year...	2,846,742	2,844,220
e. Principal actuarial assumptions.....		
Discount Rate	8.00%	8.50%
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 determine expected rate of return - The Gratuity Fund is managed by the Life Insurance Corporation of India and they have not made available the information on major categories of plan assets and the expected rate of return on each class of plan assets.

26.4 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 Hinoday Industries Limited
	Mahindra Consulting Engineers Limited
	Mahindra Integrated Business Solutions Private 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.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2013**b. Details of related party transactions during the year ended 31st March, 2013 and balances outstanding as at 31st March, 2013:**

	Ultimate Holding Company	Holding Company	Fellow Subsidiaries	Joint Venture	KMP
Transactions during the year					
Operation and maintenance Income	13,887,180 (10,801,405)	3,308,441 (3,913,962)		17,720,100 (13,782,300)	
- Mahindra Residential Developers Limited			5,895,556 (4,586,988)		
Water charges	4,743,480 (3,726,040)	686,040 (3,321,780)		1,642,850 (1,132,000)	
- Mahindra Residential Developers Limited			2,413,550 (2,459,200)		
Rent received		2,150,700 (2,150,700)			
Interest received				9,360,814 (9,284,667)	
Professional Charges	15,000 (60,560)				
- Mahindra Consulting Engineers Limited			8,375,448 (7,789,940)		
- Mahindra Integrated Business Solutions Pvt Ltd			103,000 (99,000)		
Fixed assets purchased including installation charges					
- Mahindra EPC Service Pvt Ltd					
Rent Paid	161,280 (161,280)				
Interest Paid		65,495,917 (35,577,049)			
Purchase of spares					
- Mahindra Hinoday Industries Limited			1,307,000 (-)		
Inter Corporate Deposit received		150,000,000 (300,000,000)			
Advances received	400,000,000 (-)				
Balance Outstanding as at the year end					
Receivables	348,440 (802,400)			73,300,000 (75,432,309)	
Payables	45,135,206 (3,543,381)	653,414,098 (503,282,098)		6,650,775 (5,666,325)	
- Mahindra Residential Developers Limited			2,306,889 (1,979,247)		
- Mahindra EPC Service Pvt. Ltd			- (1,394,160)		
Managerial Remuneration					9,390,044 (7,565,798)
Dividend Paid		47,262,497 (55,524,993)			

Note: Figures in bracket relates to the previous year

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:

	As at 31 st March, 2013	As at 31 st March, 2012
	₹	₹
Gross carrying amount of premises	116,977,826	116,977,826
Accumulated depreciation.....	20,889,928	16,982,868
Depreciation for the year.....	3,907,060	3,907,060

26.6 Earnings per share

	Year ended 31 st March, 2013	Year ended 31 st March, 2012
	₹	₹
Basic and diluted		
Net profit for the year	544,936,116	103,601,492
Less: Preference dividend and tax thereon.....	50,315,863	45,326,775
Net profit for the year attributable to the equity shareholders.....	494,620,252	58,274,717
Weighted average number of equity shares.....	20,000,000	20,000,000
Par value per share	10	10
Earnings per share – Basic and diluted	24.73	2.91

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2013**26.7 Deferred tax (liability)/asset**

Particulars	As at 31 st March, 2013	As at 31 st March, 2012
	₹	₹
<u>Tax effect of items constituting deferred tax liability</u>		
On difference between book balance and tax balance of fixed assets	(47,231,446)	(40,111,508)
Interest inventorised but claimed as allowable for tax purposes	(230,425,858)	(131,203,879)
Tax effect of items constituting deferred tax liability	(277,657,304)	(171,315,387)
<u>Tax effect of items constituting deferred tax assets</u>		
Provision for compensated absences, gratuity and other employee benefits	2,272,069	1,226,200
Unabsorbed depreciation	–	11,174,833
Brought forward business losses	–	15,931,121
Tax effect of items constituting deferred tax assets	2,272,069	28,332,154
<u>Net deferred tax (liability)/asset</u>	<u>(275,385,235)</u>	<u>(142,983,233)</u>

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	25.78%

ii. Interest in assets, liabilities, income, expenses and capital commitment with respect to the Joint Ventures

Particulars	2012–13	2011–12
Tangible fixed assets	133,003	27,618
Non-current Investments	170,905,601	354,909
Long term loans and advances	5,029,177	2,538,023
Inventories.....	219,784,322	210,534,754
Cash and cash equivalents.....	7,284,640	256,312
Trade receivables.....	17,617,313	3,085,028
Short term loans and advances.....	6,587,823	3,896,536
Other Current Assets.....	118,946,273	66,255,878
Trade payables	26,342,876	6,776,509
Other Current Liabilities.....	92,875,959	37,483,722
Short term borrowings.....	302,091,801	132,155,267
Long term Borrowings.....	–	14,841,656
Income	176,913,309	75,135,970
Expenses.....	147,494,715	82,882,810

27 Previous year's figures

Previous year's figures have been regrouped/reclassified wherever necessary to conform with the current year's classification/disclosure.

For A. F. Ferguson & Co
Chartered Accountants

B. Ramaratnam
Partner

Place : Chennai
Date : 12th April, 2013

For and on behalf of the Board of Directors

N. Vaghul	Chairman
Anita Arjundas	} Directors
V. Balaraman	
Sangeeta Prasad	
S. Chandru	Chief Executive Officer & Manager
	Chief Financial Officer & Company Secretary

Place : Chennai
Date : 12th April, 2013

DIRECTORS' REPORT TO THE MEMBERS

Your Directors present their Eight Report together with the audited Accounts of the Company for the year ended 31st March, 2013.

Financial Highlights

	(Amount in ₹)	
	2013	2012
Total Income.....	1,066,124,035	911,987,097
Profit before Tax.....	252,631,677	129,881,280
Provision for Taxation		
– Net Current Tax.....	61,200,000	7,200,000
– Deferred Tax.....	25,593,760	35,579,340
Profit after Tax	165,837,917	87,101,940
Add: Profit brought forward from previous year	112,975,965	81,825,950
Appropriations:		
Transferred to Debenture Redemption Reserve.....	159,375,000	–
Proposed Dividend (including tax on distributed profits)	81,896,500	55,951,925
Transfer to General Reserve.....	–	–
Profit Carried to Balance Sheet	37,542,382	112,975,965

Performance & operations

During the year, your Company added 8 customers, taking the total number of customers in Mahindra World City, Jaipur (MWCJ) to 45. The customers signed during the year, took up 74.13 acres of land and include companies across diverse industry segments. Some of the companies are Metlife, Mahindra & Mahindra Ltd, JCB and Premier Steel.

Five customers (Genpact, Ratan Textiles, Laxmi Ideal, Jaipur crafts and ICICI Bank) became operational during the year, taking the total number of operational customers to thirteen. The cumulative direct employment created by the companies at Mahindra World City, Jaipur was at 3561 and the total direct / indirect employment generated was upwards of 5000 persons. Exports by MWCJ clients grew by 119% to reach ₹ 656 Cr. in 2012-13 compared to ₹ 299 Cr. during the previous year. Your Company and the customers at MWCJ, have invested ₹ 770 crores and ₹ 552 crores respectively, aggregating ₹ 1322 crores in the project. During the year, 11 customers started their development activities for their respective campuses / factories at MWCJ.

Your Company currently has 4 sector Specific Special Economic Zones (SEZs), viz. 2 in IT/ITeS, and 1 each in Handicrafts, Engineering & Related Industries, and Gems & Jewellery. The project also comprises a Domestic Tariff Area. The area currently notified, under the SEZs, is 1481 acres and the DTA comprises 500 acres.

During the year, your Company conducted its first International Property Consultants meet, Confluence, to showcase your Company and promote investments into the location. The Company also initiated, for the first time, formal customer meets under the banner of Coalesce, a quarterly customer meet to discuss operational matters and collaborate on new initiatives and infrastructure needs.

During the year, your Company also received the Dun and Bradstreet Axis Bank Infra Awards under the industrial parks / SEZ category.

During the year, your Company has issued Secured Redeemable Non Convertible Debentures (NCDs) of ₹ 250 crores, by way of private placement. The Company has received the CRISIL 'A' rating for its project for issue of NCDs.

During the year, your Company completed construction of 1 lac sq. ft. in eVolve, the ready-built IT park within the IT/ ITeS zone of MWCJ. The total development at eVolve is currently at 4.30 lacs square feet rentable area comprising of four buildings. Of the total area constructed, an area of 2.45 lacs square feet has been leased and 0.88 lac square feet committed to lease under MoUs. The customers at eVolve include DBOI, Genpact, EXL and Systweak. The 3rd building at eVolve (B1) received the IGBC LEED Platinum rating for sustainable development in the commercial building category.

Dividend

Your Directors have recommended a dividend of ₹ 0.80 per Share on 50,000,000 Cumulative Redeemable Preference shares of ₹ 10 each for the year 2012-13. Your Directors have also recommended a dividend of ₹ 0.20 per share on 150,000,000 – equity shares of face value of ₹ 10 per share of the Company for the year 2012-13. The total dividend payment for the year (including tax on distributed profits) amounts to ₹ 81,896,500/-.

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 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 held by MLDL and RIICO in the ratio of 74:26.

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

Secured Redeemable Non convertible Debentures (NCDs)

During the year, the Company issued 2,500, 10% Secured Redeemable Non-Convertible Debentures of ₹ 1,000,000/- each aggregating ₹ 2,500,000,000/- on private placement basis.

Corporate Social Responsibility

CSR forms an integral part of your Company and the Company believes that its initiatives and high ethical standards will definitely encourage a positive impact on everyone involved in the project directly or indirectly. 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 the local community around project area through a well recognized NGO – Technology Business Incubator.

Since the inception of this initiative, around 600 candidates have completed various types of employability training and over 410 have been placed in various jobs. Through Technology Business Incubator, 50 Women Self Help Groups (SHG's) have been formed in the neighbouring villages. The SHG's have been trained to start small businesses within the community and this has helped develop women empowerment.

Your Company also conducts Medical Camps & Plantation Drives in the villages around the project.

Directors & 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 Naveen Mahajan

During the year, Rajasthan State Industrial Development & Investment Corporation Limited (RIICO) nominated new director Shri Naveen Mahajan w.e.f. 15th October, 2012 to fill the casual vacancy caused by the posting of Shri Rajendra Bhanawat by a Government order.

During the year, Ms Sangeeta Prasad was appointed as an additional Director of the Company based on the nomination proposed by Mahindra Lifespace Developers Limited (MLDL).

The Company has received a notice from a member under section 257 of the Companies Act, 1956, signifying his intention

to propose Mr. Naveen Mahajan and Ms. Sangeeta Prasad as a candidate for the office of Director at the forthcoming Annual General Meeting.

During the year, Shri B. K. Subbaiah was re-appointed as the Manager & COO of the Company till 30th June, 2013.

Audit Committee

The Audit Committee of your Company comprised of three Directors, namely Shri Gurdial Singh Sandhu, Shri Arun Nanda and Shri Uday Y. Phadke. During the year 2012-13, your board has inducted Shri Kuldeep Ranka as the fourth member of the Audit Committee.

Shri Gurdial Singh Sandhu is the Chairman of the Audit Committee. During the year under review, 4 meetings of the Audit Committee were held on 20th April, 2012, 19th July, 2012, 15th October, 2012 and 17th January, 2013.

Remuneration Committee

The Remuneration Committee of your Company presently comprises of three Directors, namely Shri Naveen Mahajan, Shri Arun Nanda and Shri Uday Y. Phadke. Shri Naveen Mahajan is the Chairman of the Remuneration Committee. During the year under review, one meeting of Remuneration Committee was held on 19th July, 2012.

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 31st March, 2013 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.

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 Codes from the Board Members and

Senior management employees affirming compliance with the respective Codes.

Auditors and Auditors' Report

Messers Deloitte Haskins & Sells, Chartered Accountants, Chennai were appointed as Statutory Auditors of the Company in the 7th Annual General Meeting held on 19th July, 2012 in terms of Section 224A of the Companies Act, 1956. The Auditors shall hold office till the conclusion of the ensuing Annual General Meeting.

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.

The report of the auditors along with Notes on Accounts are self explanatory and do not require any explanation.

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

During the year under review, the Company had two employees who were in receipt of remuneration in excess of the limit specified in section 217(2A) of the Companies Act, 1956. The particulars as required under section 217(2A) of the Companies Act, 1956 are given in the Annexure II to this report.

Acknowledgements

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 SEZs, Government of Rajasthan, and all the agencies and Departments of the State Government, Bankers – State Bank of India, State Bank of Bikaner & Jaipur and State Bank of Patiala, Kotak Mahindra Bank, 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

Anita Arjundas
Director

Sangeeta Prasad
Director

Jaipur, 18th April, 2013

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 31ST MARCH, 2013.

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 : The Company has been working with Mahindra EPC for use of solar power.
- 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)

1. Areas in which R & D is carried out : The Company has not carried out any specific 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

Your Company has incurred expenditure in foreign exchange to the extent of ₹ 1,122,697/- during the year under review. Foreign exchange earnings during the year was Nil.

For and on behalf of the Board

Anita Arjundas **Sangeeta Prasad**
Director Director

Jaipur, 18th April, 2013

ANNEXURE - II

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 31st March, 2013 is given below.

Name	Designation	Gross Remuneration (₹)	Qualification	Age	Experience Years months	Date of Commencement	Last Employment Held Designation/Org.	Date of Birth
Mr. B K Subbaiah	Manager & Chief Operating Officer	7,467,337	MBA	61 yrs	37 8	06-Sep-06	Vice President (Mktg. & Sales) - Escorts Limited	12-Mar-52
Mr. Sanjay Sinha*	Head - Infrastructure & Development	6,887,220	M.E. (Civil Engg.), BE. Civil Engg.	50 yrs	26 -	25-Aug-06	VP -Projects - Brigade Enterprises Pvt. Ltd.	8-Apr-63

* Employed for part of the year.

Notes :

- Nature of employment is contractual, and either of the party can terminate the same by giving three month's notice.
- None of the above employee is related to any Director of the Company.
- 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.
- Employment terms and conditions are as per Company rules.
- 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

Anita Arjundas **Sangeeta Prasad**
Director Director

Jaipur, 18th April, 2013

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF

MAHINDRA WORLD CITY (JAIPUR) LIMITED

Report on the Financial Statements

1. We have audited the accompanying financial statements of **MAHINDRA WORLD CITY (JAIPUR) LIMITED** ("the Company"), which comprise the Balance Sheet as at 31st March, 2013, 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.

Management's Responsibility for the Financial Statements

2. 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") and in accordance with the accounting principles generally accepted in India. 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.

Auditors' Responsibility

3. 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, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. 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.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

6. 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 31st March, 2013;
 - (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.

Report on Other Legal and Regulatory Requirements

7. 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.
8. 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 31st March, 2013 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2013 from being appointed as a director in terms of Section 274(1)(g) of the Act.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Firm Registration No. 008072S)

B. Ramaratnam

Partner

(Membership No. 21209)

Place: Chennai

Date: 18th April, 2013

ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 7 under 'Report on Other Legal and Regulatory Requirements' section of our report to the members of Mahindra World City (Jaipur) Limited on the accounts for the year ended 31st March 2013)

- (i) Having regard to the nature of Company's business/activities/ result, clauses (vi), (x), (xii), (xiii), (xiv), (xv), (xviii) and (xx) of paragraph 4 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 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, the Company has neither granted nor taken any loans, secured or unsecured, to/from companies, firms or other parties covered 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 for the purchase of inventory and fixed assets and for the sale of goods and services and during the course of our audit we have not observed any continuing failure to correct major weakness in such internal control system.
- (vi) In our opinion and according to the information and explanations given to us, the company has not entered into any contracts or arrangements that are required to be entered in the Register maintained under Section 301 of the Companies Act, 1956.
- (vii) In our opinion, the internal audit functions carried out during the year by firm of Chartered Accountants appointed by the Management have been commensurate with the size of the company and the nature of its business.

(viii) 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.

(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, Income-tax, Value Added 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 31st March, 2013 for a period of more than six months from the date they became payable.
- (c) Details of dues of Income Tax which have not been deposited as on 31st March, 2013, on account of disputes are given below:

Statute	Nature of dues	Forum where dispute is pending	Financial Year	Amount involved (₹ in lakhs)
Income Tax Act, 1961	Income Tax including interest	Commissioner (Appeals)	2009-10	121.50

- (x) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to banks and debenture holders.
- (xi) In our opinion and according to the information and explanations given to us, the term loans have been applied by the Company during the year for the purposes for which they were obtained.
- (xii) In our opinion and according to the information and explanations given to us, and on an overall examination of the Balance Sheet of the Company, we report that, funds raised on short term basis have, *prima facie*, not been used during the year for long term investment.
- (xiii) According to the information and explanations given to us, during the period covered by our audit report, the Company had issued 2,500 debentures of ₹ 10 lakhs each. The Company has created security in respect of the debentures issued.
- (xiv) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Firm Registration No. 008072S)

B. Ramaratnam
Partner

Place: Chennai
Date: 18th April, 2013

(Membership No. 21209)

BALANCE SHEET AS AT 31ST MARCH, 2013

Particulars	Note No.	As at 31 st March, 2013 ₹	As at 31 st March, 2012 ₹
A EQUITY AND LIABILITIES			
1 Shareholder's funds			
(a) Share capital	3	2,000,000,000	2,000,000,000
(b) Reserves & Surplus.....	4	196,917,382	112,975,965
		<u>2,196,917,382</u>	<u>2,112,975,965</u>
2 Non-Current liabilities			
(a) Long term Borrowings	5	3,101,000,000	2,277,900,000
(b) Deferred tax liabilities (Net).....	6	108,276,456	82,682,696
(c) Other long term liabilities	7	53,160,859	9,624,655
(d) Long term provisions	8	1,541,919	1,656,522
		<u>3,263,979,234</u>	<u>2,371,863,873</u>
3 Current liabilities			
(a) Short term Borrowings	9	21,850,598	606,605,453
(b) Trade payables	10	47,158,025	44,625,969
(c) Other current liabilities	11	735,543,920	1,038,141,902
(d) Short term provisions	12	84,838,555	59,996,359
		<u>889,391,098</u>	<u>1,749,369,683</u>
TOTAL.....		<u>6,350,287,714</u>	<u>6,234,209,521</u>
B ASSETS			
1 Non-current assets			
(a) Fixed Assets			
(i) Tangible assets.....	13	1,434,269,150	1,272,360,489
(ii) Intangible assets	14	1	1
(iii) Capital work in progress.....		63,324,878	67,907,709
		<u>1,497,594,029</u>	<u>1,340,268,199</u>
(b) Long term loans and advances	15	117,086,285	35,197,890
		<u>1,614,680,314</u>	<u>1,375,466,089</u>
2 Current assets			
(a) Current Investments	16	10,721,526	276,749,817
(b) Inventories	17	4,195,593,331	3,767,880,265
(c) Trade receivables	18	95,529,074	633,897,397
(d) Cash and cash equivalents	19	382,434,467	143,456,587
(e) Short term loans and advances	20	32,944,143	28,133,176
(f) Other current assets.....	21	18,384,859	8,626,190
		<u>4,735,607,400</u>	<u>4,858,743,432</u>
TOTAL.....		<u>6,350,287,714</u>	<u>6,234,209,521</u>

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

B. K. Subbaiah
Manager & COO

Naveen Mahajan
Anita Arjundas

} Directors

B. Ramaratnam
Partner

Sanjay Jain
Company Secretary cum GM
(Accounts)

Place : Chennai
Date : 18th April, 2013

Place : Jaipur
Date : 18th April, 2013

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2013

	Note No.	For the year ended 31 st March, 2013	For the year ended 31 st March, 2012
		₹	₹
INCOME			
1 Revenue from operations	22	1,041,865,568	898,164,156
2 Other income	23	24,258,467	13,822,941
3 Total Revenue		1,066,124,035	911,987,097
4 EXPENDITURE			
Cost of land and Project development.....		552,449,372	100,205,108
Changes in Inventories of Work in Progress	24	(427,713,066)	104,723,992
Employee benefits expense	25	53,609,060	52,406,456
Finance costs.....	26	494,874,693	401,426,244
Depreciation and amortization expense		50,223,392	46,126,153
Other expenses.....	27	101,078,008	104,479,339
		824,521,459	809,367,292
Less : Capitalized		(11,029,101)	(27,261,475)
		813,492,358	782,105,817
5 Profit before tax		252,631,677	129,881,280
6 Tax expense:			
(a) Current tax.....		61,200,000	26,200,000
(b) (Less): MAT Credit		—	(19,000,000)
(c) Net Current Tax expense		61,200,000	7,200,000
(d) Deferred tax.....		25,593,760	35,579,340
7 Profit for the year		165,837,917	87,101,940
Basic and diluted earnings per share		0.79	0.37

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

B. K. Subbaiah
Manager & COO

Naveen Mahajan
Anita Arjundas

} **Directors**

B. Ramaratnam
Partner

Sanjay Jain
Company Secretary cum GM
(Accounts)

Place : Chennai
Date : 18th April, 2013

Place : Jaipur
Date : 18th April, 2013

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013

Particulars	For the year ended 31 st March, 2013	For the year ended 31 st March, 2012
	₹	₹
A. Cash flow from operating activities		
Net Profit before tax.....	252,631,677	129,881,280
Adjustments for:.....		
Depreciation and Amortization.....	50,223,392	46,126,153
Finance costs.....	494,874,693	401,426,244
Loss on sale of fixed assets (net).....	483,481	120,042
Gain on redemption of Mutual Fund Investments	(10,903,853)	(5,489,673)
Interest income	(12,756,165)	(8,152,313)
Operating profit before working capital changes.....	774,553,225	563,911,733
Changes in working capital:		
Adjustments for (Increase)/decrease in operating assets		
Inventories.....	(427,713,066)	104,723,992
Trade receivables.....	538,368,323	(613,275,410)
Short Term Loans and advances	(4,810,967)	(8,793,007)
Long term Loans and advances	(8,315,683)	(2,005,681)
Other Current Assets	(8,708,955)	(1,311,428)
Adjustments for Increase/(Decrease) in operating liabilities		
Trade Payables	2,532,056	6,405,535
Other Current Liabilities.....	46,980,691	(60,123,991)
Other Long term Liabilities	(6,485,360)	6,145,705
Short Term Provisions.....	(1,102,379)	1,403,584
Long Term Provision.....	(114,603)	555,188
Cash generated from/(used in) Operations.....	905,183,282	(2,363,780)
Income Tax paid (net of refunds).....	(135,377,850)	(11,952,763)
Net cash flow from/(used in) operation activities (A).....	769,805,432	(14,316,543)
B. Cash flow from investing activities		
Capital expenditure on fixed assets, including capital advances.....	(179,930,750)	(153,618,526)
Proceeds from sale of fixed assets.....	39,281	26,593
Bank balances not considered as Cash and cash equivalents	(126,250,000)	(11,795,458)
Interest received	11,706,451	18,725,609
Gain on redemption of Mutual Fund Investments	10,903,853	5,489,673
Net cash flow used in investing activities (B).....	(283,531,165)	(141,172,109)
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	2,600,000,000	630,000,000
Repayment of long-term borrowings.....	(2,334,200,000)	(376,700,000)
Proceeds/(Repayment) of working capital borrowings	(584,754,855)	277,703,616
Dividend including dividend distribution tax paid.....	(55,951,925)	–
Finance costs	(264,667,898)	(393,933,974)
Net cash flow from/(used in) financing activities (C).....	(639,574,678)	437,069,642
Net increase/(decrease) in Cash and cash equivalents (A+B+C)	(153,300,411)	281,580,990
Cash and cash equivalents at the beginning of the year	360,206,404	78,625,414
Cash and cash equivalents at the end of the year.....	206,905,993	360,206,404

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013 (CONTD...)

Particulars	For the year ended 31 st March, 2013 ₹	For the year ended 31 st March, 2012 ₹
Reconciliation of Cash and cash equivalents with the Balance Sheet:		
Cash and cash equivalents as per Balance Sheet (Refer Note 19)	382,434,467	143,456,587
Less: Bank balances not considered as Cash and cash equivalents		
(i) in deposit accounts maturing after 3 months.....	143,600,000	—
(ii) in earmarked accounts (Refer Note 19)	42,650,000	60,000,000
Net Cash and cash equivalents.....	196,184,467	83,456,587
Add: Current investments considered as part of Cash and cash equivalents		
Investment in units of Mutual Funds (Refer Note 16)	10,721,526	276,749,817
	206,905,993	360,206,404
Cash and cash equivalents at the end of the year*		
* Comprises:		
(a) Cash on hand.....	59,780	33,788
(b) Balances with banks		
(i) In current accounts.....	55,622,728	422,799
(ii) In deposit accounts with original maturity of less than 3 months.....	140,501,959	83,000,000
(c) Current investments considered as part of Cash and cash equivalents (Refer Note 16).....	10,721,526	276,749,817
	206,905,993	360,206,404

See accompanying notes forming part of the Financial Statements
In terms of our report attached

For **Deloitte Haskins & Sells**
Chartered Accountants

B. K. Subbaiah
Manager & COO

For and on behalf of the Board of Directors

Naveen Mahajan
Anita Arjundas

} Directors

B. Ramaratnam
Partner

Sanjay Jain
Company Secretary cum GM
(Accounts)

Place : Chennai
Date : 18th April, 2013

Place : Jaipur
Date : 18th April, 2013

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

Note 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.

Note 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) Income from properties and other assets given under operating lease is recognised based on the terms of lease agreement on a straight line basis over the non cancellable lease period.

- c) 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, which is other than temporary in nature, 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.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013**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.

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.

Note 3. Share Capital

	As at 31 st March, 2013	As at 31 st March, 2012
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	1,500,000,000
50,000,000 Preference Share of ₹ 10/- each fully paid up	500,000,000	500,000,000
Total	2,000,000,000	2,000,000,000

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

	As at 31 st March, 2013		As at 31 st March, 2012	
	No of Shares	Value of Shares	No of Shares	Value of Shares
Equity Shares				
At the beginning of the year	150,000,000	1,500,000,000	145,000,000	1,450,000,000
Issued during the year	—	—	5,000,000	50,000,000
Outstanding at the end of the year	150,000,000	1,500,000,000	150,000,000	1,500,000,000
Preference Shares				
At the beginning of the year	50,000,000	500,000,000	25,000,000	250,000,000
Issued during the year	—	—	25,000,000	250,000,000
Outstanding at the end of the year	50,000,000	500,000,000	50,000,000	500,000,000

3.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 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 will be in proportion to the number of equity shares held.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

The amount of dividend proposed to be distributed to equity share holders is ₹ 30,000,000/- (Re. 0.20 per share) (previous year NIL)

3.c Terms of Conversion/redemption of 8% Redeemable Cumulative Preference Shares (RCPS)

- The company issued 25 Million 8% Redeemable Cumulative Preference Shares of ₹ 10/- each on 23rd December 2008.
- The company issued 25 Million 8% Redeemable Cumulative Preference Shares of ₹ 10/- each on 4th November, 2011.

- 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 and repayment of loans. Otherwise redemption can be extended up to 8 years with prior permission of RCPS holders

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.

The amount of dividend proposed to be distributed to preference share holders is ₹ 40,000,000/- (previous year ₹ 48,142,077/-)

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

	As at 31 st March, 2013		As at 31 st March, 2012	
	No of Shares	Value of Shares	No of Shares	Value of Shares
Holding Company (74%)				
Mahindra Lifespace Developers Limited				
Equity	111,000,000	1,110,000,000	111,000,000	1,110,000,000
Preference Shares	37,000,000	370,000,000	37,000,000	370,000,000
Rajasthan State Industrial Development and Investment Corporation Limited (26%)				
Equity	39,000,000	390,000,000	39,000,000	390,000,000
Preference Shares	13,000,000	130,000,000	13,000,000	130,000,000

Note 4. Reserves & Surplus

	As at 31 st March, 2013	As at 31 st March, 2012
(a) Debenture Redemption Reserve		
Opening Balance.....	—	—
Add: Additions during the year Transferred from surplus in Statement of Profit & Loss	159,375,000	—
Closing balance	159,375,000	—
(b) Surplus in Statement of Profit and loss		
Opening Balance	112,975,965	81,825,950
Add: Profit for the year	165,837,917	87,101,940
Less: Appropriations		
Transferred to Debenture Redemption Reserve.....	159,375,000	—
Dividends proposed to be distributed to equity shareholders	30,000,000	—
Dividends proposed to be distributed to preference shareholders	40,000,000	48,142,077
Tax on dividend	11,896,500	7,809,848
	37,542,382	112,975,965
Closing balance Total	196,917,382	112,975,965

Note 5. Long Term Borrowings (Secured)

	As at 31 st March, 2013	As at 31 st March, 2012
Term loans from bank	601,000,000	2,277,900,000
10% Secured Redeemable Non Convertible Debentures.....	2,500,000,000	—
Total	3,101,000,000	2,277,900,000

The above Long term borrowings include:

Term Loans from Bank

- ₹ 43.10 Crs. carries interest rate linked with SBI Base Rate. The loan is repayable in 100 monthly installments.
- ₹ 17.00 Crs. carries interest rate linked with SBI Base Rate. The loan is repayable in 69 monthly installments.
- The above Term loans from bank are secured by way of first charge on the specified fixed assets and hypothecation of specified movable and current assets of the company, both present and future.
- The company has not defaulted in repayment of interest and principal

Non Convertible Debentures

- Company has issued 2,500 Redeemable Secured Non Convertible Debentures of ₹ 10 Lakhs each aggregating to ₹ 250 Crores repayable in 3, 4 and 5 years in the ratio of 30:30:40 respectively along with redemption premium as below:-

Series	A	B	C
Face Value (₹)	1,000,000	1,000,000	1,000,000
No. of Debentures	750	750	1,000
Total Value (₹)	750,000,000	750,000,000	1,000,000,000
Redemption Premium per debenture (₹)	77,835	110,794	147,421
Maturity Date	13-Jul-15	13-Jul-16	13-Jul-17

- The above Non Convertible Debentures are secured by way of first and exclusive charge by way of equitable mortgage on project of the company (excluding specified assets) covering not less than 1.25 times at all times during the tenure of the debenture.

- Interest on Non Convertible Debentures is payable annually.

Note 6. Deferred Tax Liabilities

	As at 31 st March, 2013	As at 31 st March, 2012
Deferred Tax Liability:		
Fixed Assets.....	109,051,674	83,130,976
Others.....	748,885	1,401,395
	109,800,559	84,532,371
Deferred Tax Assets:		
Accrued expenses allowable on payment	1,524,103	1,849,675
Net Deferred tax liability Total.....	108,276,456	82,682,696

Note 7. Other Long Term Liabilities

	As at 31 st March, 2013	As at 31 st March, 2012
Provision for premium on redemption of debentures (Refer Note 5)	50,021,564	—
Deposits from lessees	3,139,295	9,624,655
Total	53,160,859	9,624,655

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013**Note 8. Long term Provisions**

	As at 31 st March, 2013	As at 31 st March, 2012
Gratuity	1,541,919	1,656,522
Total	1,541,919	1,656,522

Note 9. Short Term borrowings

Overdraft from banks (secured)	21,850,598	26,605,453
Inter Corporate Deposit from Holding Company repayable on demand (unsecured)	–	580,000,000
Total	21,850,598	606,605,453

Overdraft from banks is secured against Fixed deposits. The overdraft is repayable on demand.

Note 10. Trade payables (Refer Note 29)

Trade payables	47,158,025	44,625,969
Total	47,158,025	44,625,969

Note 13. Fixed Assets

Particulars	Gross Block					Depreciation					Net Block	
	As at 01.04.2012	Additions	Adjustments	Deductions	As at 31.03.2013	As at 01.04.2012	For the period	Adjustments	Deductions	As at 31.03.2013	As at 31.03.2013	As at 31.03.2012
Tangible Assets												
Leasehold land	42,253,019				42,253,019	2,334,913	420,559			2,755,472	39,497,547	39,918,106
Buildings												
Own use	208,201,721	43,368,408	(156,997)		251,413,132	9,823,457	4,263,167	(10,187)		14,076,437	237,336,695	198,378,264
Given under operating lease	808,827,494	160,488,147	156,997		969,472,638	35,430,775	17,313,866	10,187		52,754,828	916,717,810	773,396,719
Plant and machinery												
Own use	64,093,462		5,767,596		69,861,058	3,806,525	3,359,951	1,025,521		8,191,997	61,669,061	60,286,937
Given under operating lease	108,082,208	8,287,451	(5,561,129)		110,808,530	12,788,439	8,791,667	(947,212)		20,632,894	90,175,636	95,293,769
Office equipment	2,043,135	283,303	(206,467)	127,383	1,992,588	413,178	107,908	(78,309)	60,880	381,897	1,610,691	1,629,957
Furniture and fixtures												
Own use	5,294,281				5,294,281	1,385,981	316,719			1,702,700	3,591,581	3,908,300
Given under operating lease	139,059,988				139,059,988	44,013,010	14,652,674			58,665,684	80,394,304	95,046,978
Computers	4,346,723	227,506			4,574,229	2,677,850	576,320			3,254,170	1,320,059	1,668,873
Vehicles	4,796,372			1,107,844	3,688,528	1,963,786	420,561		651,585	1,732,762	1,955,766	2,832,586
Total Tangible Assets	1,386,998,403	212,654,815	—	1,235,227	1,598,417,991	114,637,914	50,223,392	—	712,465	164,148,841	1,434,269,150	1,272,360,489

Note 14. Intangible Assets

Software	5,203,368	–	–	5,203,368	5,203,367	–	–	5,203,367	1	1	
Total Intangible Assets	5,203,368	–	–	5,203,368	5,203,367	–	–	5,203,367	1	1	
Total	1,392,201,771	212,654,815	–	1,235,227	1,603,621,359	119,841,281	50,223,392	–	712,465	1,434,269,151	1,272,360,490

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013**Note 13. Fixed Assets (Previous Year)**

Particulars	Gross Block				Depreciation				Net Block	
	As at 01.04.2011	Additions	Adjustments	Deductions As at 31.03.2012	As at 01.04.2011	For the period	Adjustments	Deductions 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	194,206,851	13,994,870		208,201,721	5,923,646	3,899,811		9,823,457	198,378,264	188,283,205
Given under operating lease	640,194,278	168,633,216		808,827,494	21,250,173	14,180,602		35,430,775	773,396,719	618,944,105
Plant and machinery										
Own use	37,284,134	26,875,328		64,093,462	1,119,370	2,695,778		3,806,525	60,286,937	36,164,764
Given under operating lease	84,935,654	23,146,554		108,082,208	5,789,145	6,999,294		12,788,439	95,293,769	79,146,509
Office equipment	2,045,196	138,207		2,043,135	323,846	153,854		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		4,346,723	2,070,595	638,743		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	1,152,735,842	234,513,829	–	251,268 1,386,998,403	70,362,729	44,379,818	–	104,633 114,637,914	1,272,360,489	1,082,373,113

Note 14. Intangible Assets (Previous Year)

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
Total	1,157,939,210	234,513,829	–	251,268 1,392,210,771	73,819,761	46,126,153	–	104,633 119,841,281	1,272,360,490	1,084,119,449

Note 15. Long term Loans and advances (Unsecured considered good.)

Particulars	As at 31 st March, 2013	As at 31 st March, 2012
Capital Advance.....	–	605,138
Security Deposits.....	3,317,648	3,292,852
Deposits in respect of premises taken on lease	126,000	126,000
Export Duty Refund Receivable	8,290,887	–
Advance income tax (net of provisions).....	94,056,321	9,278,471
MAT credit entitlement.....	11,295,429	21,895,429
Total	117,086,285	35,197,890

Note 16. Current Investments (At lower of cost and fair value)

Particulars	Units		₹	
	As at 31 st March, 2013	As at 31 st March, 2012	As at 31 st March, 2013	As at 31 st March, 2012
Investment in Mutual funds (unquoted & non trade)				
DSP BlackRock Liquidity Fund – Institutional Plan – Growth.	–	14,744	–	22,514,180
HDFC Cash Management Fund Treasury Advantage Plan.....	–	2,137,351	–	49,999,900
Religare Liquid Fund	–	13,641	–	20,000,000
SBI – Premier Liquid Plan – Inst. Growth	–	17,707	–	29,999,900
SBI – Magnum Insta Cash Fund Cash Option – Growth..	5,907		10,721,526	
Kotak Flexi Debt Scheme – Growth.....	–	911,509	–	11,968,872
JM High Liquidity Fund – Institutional Plan – Growth ...	–	8,231,615	–	138,117,409
JM Money Manager Fund Super Plus Plan – Growth	–	278,884	–	4,149,556
Total.....			10,721,526	276,749,817

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

Particulars	₹	
	As at 31 st March, 2013	As at 31 st March, 2012
Note 17. Inventories (at lower of cost and net realisable value)		
Work In Progress	4,195,593,331	3,767,880,265
(representing cost of land and related expenditure)		
Total	4,195,593,331	3,767,880,265

Note 18. Trade Receivable. (Unsecured considered good)		
Trade receivables outstanding for a period exceeding six months from the date they were due	21,385,128	11,067,301
Other Trade receivables	74,143,946	622,830,096
Total	95,529,074	633,897,397

Note 19. Cash and cash equivalents		
Cash on hand	59,780	33,788
Balances with Banks		
in Current account.....	55,622,728	422,799
in Deposits maturing in 3 months	140,501,959	83,000,000
In Deposits maturing after 3 months....	143,600,000	–
in earmarked deposits (with restriction on usage)*	42,650,000	60,000,000
Total	382,434,467	143,456,587

* The earmarked deposits are given as security against term loan, Bank over draft and other non-fund based facilities.

Note 20. Short term Loans and advances (Unsecured, considered good unless otherwise stated)		
Prepaid expenses	5,019,792	2,147,939
Mobilization and other advances given to vendors (secured against bank guarantee)	19,517,024	11,464,686
Balances with Government authorities		
Service Tax Refund Receivable.....	7,142,753	5,496,660
Export Duty Refund Receivable	–	8,290,887
Other advances given to vendors.....	1,264,574	733,004
Total	32,944,143	28,133,176

Note 21. Other current assets		
Deferred lease rent	2,203,251	4,319,295
Interest accrued on Fixed Deposits.....	5,356,609	4,306,895
Contractually recoverable expenses.....	10,824,999	–
Total	18,384,859	8,626,190

Particulars	₹	
	For the year ended 31 st March, 2013	For the year ended 31 st March, 2012
Note 22. Revenue from operations		
Land Lease Premium	849,762,611	728,017,648
Property Rentals	128,479,944	114,175,896
Income from Operation and Maintenance.....	63,623,013	55,970,612
Total	1,041,865,568	898,164,156

22.a During the year, the company has leased 74.13 (previous year 71.55) acres of land on long term basis. Of this NIL (previous year 1.55) acres in Special Economic Zone (SEZ) and 74.13 (previous year 70.00) acres is in the Non Special economic Zone (Non SEZ).

Particulars	₹	
	For the year ended 31 st March, 2013	For the year ended 31 st March, 2012
Note 23. Other Income		
Interest on		
Deposits from Banks	11,859,049	7,269,328
Income Tax Refund & Others	897,116	882,985
Gain on Sale/Redemption of Mutual funds	10,903,853	5,489,673
Miscellaneous Income.....	506,608	40,522
Liabilities no longer required written back.....	91,841	140,433
Total	24,258,467	13,822,941

Note 24. Changes in Inventory of Work in Progress		
Opening work in progress	3,767,880,265	3,872,604,257
Closing work in progress	4,195,593,331	3,767,880,265
Total	(427,713,066)	104,723,992

Note 25. Employee Benefit Expenses		
Salaries, Wages and Bonus....	49,874,565	48,733,668
Contribution to Provident and other funds.....	1,438,840	1,701,383
Gratuity.....	645,475	787,814
Staff welfare	1,650,180	1,183,591
Total	53,609,060	52,406,456

Note 26. Finance Costs		
Interest on Term Loans.....	176,786,841	359,477,402
Interest on Inter Corporate Deposits	56,074,159	32,748,541
Interest on Debentures.....	179,452,056	–
Premium on Redemption of Debentures.....	50,021,564	–
Interest - Others.....	2,471,276	1,094,301
Other Borrowing Costs.....	30,068,797	8,106,000
Total	494,874,693	401,426,244

Note 27. Other Expenses		
Legal and Professional	8,374,750	12,445,072
Electricity.....	7,343,782	6,248,463
Rent.....	767,132	609,547
Rates and Taxes	219,125	58,125
Insurance	2,541,294	2,182,100
Repairs and Maintenance	2,096,717	3,335,964
Marketing & Advertisement.....	23,176,336	25,546,614
Operation & Maintenance Expenses.....	42,517,168	39,510,383
Travelling and Conveyance.....	8,973,443	9,788,517
Communication.....	1,002,343	1,224,190
Payments to auditors (Refer Note (i) below)	796,790	698,985
Loss on sale of fixed assets....	483,481	120,042
Miscellaneous Expenses	2,785,647	2,711,337
Total	101,078,008	104,479,339

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

Particulars	For the year ended 31 st March, 2013	For the year ended 31 st March, 2012
(i) Payments to the auditors comprises (net of service tax refund)		
Statutory Audit	550,000	450,000
Other services	220,000	230,000
Reimbursement of expenses	26,790	18,985
Total	796,790	698,985

Additional information to the financial statements

	As at 31 st March, 2013	As at 31 st March, 2012
Note 28. Contingent liabilities and commitments (to the extent not provided for)		
(i) Contingent liabilities		
Income Tax matters under appeal	16,177,776	7,633,579
Note:-		
The above amount is based on demands raised, which the company is contesting with the concerned authorities. Outflows, if any, arising out of these claims would depend on the outcome of the decision of the appellate authorities and the company's rights for future appeals.		
(ii) Commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for Tangible Assets	76,493,748	94,415,899

Note 29. There are no amounts due to micro enterprises and small enterprises. This is based on the information received from such parties as identified by the company. This has been relied upon by the auditors.

	For the year ended 31 st March, 2013	For the year ended 31 st March, 2012
Note 30. Value of imports calculated on CIF basis		
Capital Goods	610,847	581,253

	For the year ended 31 st March, 2013	For the year ended 31 st March, 2012
Note 31. Expenditure in foreign currency		
Travel	–	208,615
Subscription	511,850	465,900
Advertisement	–	108,695
Consultation	–	310,401
	511,850	1,093,611

Disclosures under Accounting Standards

Additional information to the financial statements - Employee benefits

	Gratuity (Unfunded)	
	2012–13	2011–12
Note 32. Employee Benefits		
a. Net Asset/ (Liability) recognized in the balance sheet as at 31st March, 2013		
Liability recognised in the balance sheet	2,270,331	2,527,755
Non current	1,541,919	1,656,522
Current	728,412	871,233
b. Expense recognized in the Profit & Loss account		
Past service cost	–	7,762
Current Service cost	548,519	741,441
Interest cost	176,486	142,581
Actuarial (gains)/Losses	(79,530)	(103,970)
Total expenses	645,475	787,814
c. Change in present value of Defined Benefit obligation		
Present Value of the obligation at the beginning of the year	2,527,755	1,809,056
Past service cost	–	7,762
Current Service cost	548,519	741,441
Interest Cost	176,486	142,581
Actuarial (Gains) /Losses	(79,530)	(103,970)
Benefits Paid	(902,899)	(69,115)
Present value of the obligation as at the end of the year	2,270,331	2,527,755
d. Principal actuarial assumptions		
Discount Rate	8.00%	8.50%
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.		

Note 33. Details of borrowing costs capitalised

	For the year ended 31 st March, 2013	For the year ended 31 st March, 2012
Borrowing costs capitalised during the year as		
– Inventory	257,867,712	222,716,207
– Fixed Assets	9,101,306	23,158,897
– Capital Work in Progress	–	20,340,834

Note 34. Related party transactions

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 Integrated Services Private Limited (Formerly known as Mahindra BPO Services Private Limited) Mahindra EPC Services Private Limited Mahindra Consulting Engineers 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 THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013**Details of related party transactions during the year ended 31st March, 2013 and balances outstanding as at 31st March, 2013:**

Particulars	Mahindra & Mahindra Limited	Mahindra Lifespaces Developers Limited	Mahindra Integrated Services Private Limited	Mahindra EPC Services Private Limited	Mahindra Consulting Engineers Limited	Mr. B.K. Subbaiah
Rendering of services				12,000 (12,000)		
Land Lease Premium Received	122,367,600 (-)					
Receiving of services	460,464 (111,070)		108,400 (99,000)		1,305,000 (-)	
Finance (including loans and equity contributions in cash or in kind)						
Equity Share Capital Issued		- (37,000,000)				
Preference Share Capital Issued		(-) (185,000,000)				
ICD Taken		1,420,000,000 (930,000,000)				
ICD Repaid		2,000,000,000 (650,000,000)				
Interest on ICD		56,074,159 (32,748,541)				
Preference Shares Dividend Paid		35,625,137 (-)				
Remuneration						7,467,337 (6,213,200)
Balances outstanding at the end of the year						
Trade receivables		- (85,802)				
Trade payables	436,947 (640,700)		9,101 (8,934)			
Deposits Received	380,378 (-)					
Borrowings		- (580,000,000)				

Note: Figures in bracket relate to the previous year

Note 35. Leases

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

Particulars	As at 31 st March, 2013	As at 31 st March, 2012
Gross carrying amount of premises	1,219,341,156	1,055,969,690
Accumulated depreciation	132,053,406	92,232,224
Depreciation for the year	40,758,207	35,832,571

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 31 st March, 2013	As at 31 st March, 2012
Not later than 1 year	35,986,998	44,694,804
Later than 1 year and not later than 5 years	130,609,375	127,721,201
Later than 5 years	65,105,600	100,548,213

Significant Leasing Arrangements

Lease is non cancellable during the lock in period.

In respect of building primary lease period is for 5 years, renewable for further 2 terms of 5 years each.

Note 36. Earnings per share

Particulars	As at 31 st March, 2013	As at 31 st March, 2012
Basic & Diluted		
Net profit for the year from continuing operations	165,837,917	87,101,940
Less: Preference dividend and tax thereon	46,798,000	32,707,425
Net profit for the year from continuing operations attributable to the equity shareholders	119,039,917	54,394,515
Weighted average number of equity shares	150,000,000	147,035,519
Par value per share	10	10
Earnings per share from continuing operations - Basic & Diluted	0.79	0.37

Note 37. 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

B. K. Subbaiah
Manager & COO

Naveen Mahajan
Anita Arjundas } Directors

Sanjay Jain
Company Secretary cum GM
(Accounts)

Place : Jaipur
Date : 18th April, 2013

DIRECTORS' REPORT TO THE MEMBERS

Your Directors present their Eighth Report together with the audited accounts of the Company for the year ended 31st March, 2013.

FINANCIAL HIGHLIGHTS

Particulars	(Amount in ₹)	
	For the year ended 31 st March, 2013	For the year ended 31 st March, 2012
Total Income.....	27,329	23,026
Profit/(Loss) Before Depreciation, Interest and Taxation.....	(12,726)	(105,096)
Less: Depreciation	–	7,357
Profit/(Loss) Before Interest and Taxation	(12,726)	(112,453)
Less: Interest.....	–	–
Profit/(Loss) Before Taxation	(12,726)	(112,453)
Less: Provision for Taxation	–	–
Profit/(Loss) for the year after Taxation.....	(12,726)	(112,453)
Add: Balance of Profit/(Loss) for earlier years	(11,307,125)	(11,194,672)
Balance carried forward	(11,319,851)	(11,307,125)

Operations

Your Company is looking out for suitable business opportunities to undertake large format development, including residential development.

Dividend

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

Capital

The Authorised Equity capital of your Company is ₹ 1.50 crore and the paid-up equity capital of your Company is ₹ 1.17 Crore.

Your Company continues to be a wholly owned subsidiary company of Mahindra Lifespace Developers Limited and consequently a subsidiary company 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, 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, 2013 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.

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

At the Extra Ordinary General Meeting held on 9th August, 2012, M/s. B. K. Khare & Co., were appointed as Statutory Auditors of the Company to fill up the casual vacancy caused by the resignation of M/s. A. F. Ferguson & Co., Chartered Accountants.

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.

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 Agreements 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 31st March, 2013, 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, 16th April, 2013

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 ON 31ST MARCH, 2013.

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 | : | This will be considered when Company undertakes residential developments. |
| 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, 16th April, 2013

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 31st March, 2013.

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 18th April, 2012, 9th August, 2012, 22nd October, 2012 and 21st January, 2013 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 31st March, 2012 was held on 13th June, 2012 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. An Extra Ordinary General Meeting was held on 9th August, 2012 for appointment of Auditor in casual vacancy, during the period 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) not issued/allotted any shares and has not received any request for transmission. However, there was transfer of Equity shares during the period 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 during the financial year under scrutiny.
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
Proprietor
C P. No. 5676

Place: Mumbai
Date: 16th April, 2013

ANNEXURE 'A'

(Refer Para 1 of report dated 16th April, 2013)

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
8	Register of Fixed Asset	

ANNEXURE 'B'

(Refer Para 2 of report)

Returns filed by the Company with the Registrar of Companies, Maharashtra, Mumbai, during the Financial Year ended on 31st March, 2013

No	Form No.	Under Section	Purpose	Filing date with ROC
1	Form 23AC & 23ACA - XBRL - Balance Sheet and Profit & Loss A/c (as on 31 st March, 2012)	220	As prescribed in the section	28 th November, 2012
2	Form 20B - Annual Return (as on 13 th June, 2012)	159	As prescribed in the section	4 th August, 2012
3	Form 66 (Compliance Certificate)	383 [A]	As required under the Issuance of Compliance Certificate Rules, 2001	3 rd July, 2012
4	Form 32 (Change in designation of Directors)	260	As prescribed in the section	4 th July, 2012

AUDITORS' REPORT

TO THE MEMBERS OF MAHINDRA WORLD CITY (MAHARASHTRA) LIMITED

Report on the financial statements

We have audited the accompanying financial statements of **Mahindra World City (Maharashtra) Limited** ("the Company"), which comprise the Balance Sheet as at 31st March, 2013 and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility on the financial statements

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 sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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 ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and 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 internal control 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 accounting policies used and the reasonableness of the accounting estimates made by 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.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the 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 31st March, 2013.

- (b) in the case of Statement of Profit and Loss, of the loss for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Emphasis of Matter

We draw attention to Note 1 to the financial statements which describes the basis on which the accounts have been prepared on a going concern basis. Our opinion is not qualified in respect of this matter.

Report on other legal and regulatory requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. 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 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 appears from our examination of those books;
 - c. The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - d. In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
 - e. On the basis of written representations received from the directors as on 31st March, 2013 and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2013 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
 - f. Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

For B. K. Khare & Co.
Chartered Accountants

Firm's Registration Number 105102W

Padmini Khare Kaicker

Partner

Membership No. 44784

Place: Mumbai

Date: 16th April, 2013

ANNEXURE TO THE AUDITORS' REPORT

Referred to in Paragraph (7) of our report of even date on the accounts of Mahindra World City (Maharashtra) Limited for the year ended 31st March, 2013.

1. (i) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.
- (ii) The Company has a program for physical verification of fixed assets at periodic intervals. In our opinion, the period of verification is reasonable having regard to the size of the Company and the nature of its assets. Discrepancies reported on such verification have been properly dealt in the accounts.
- (iii) The company has not disposed off any of its fixed asset during the year under consideration.
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. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business, for the purchases of inventory, fixed assets and for the sale of goods and services. In our opinion and according to the information and explanations given to us, there is no continuing failure to correct major weaknesses in internal control.
5. 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 31st March, 2013, for a period more than six months from the date they became payable.
- (ii) There are no disputed dues outstanding as on 31st March, 2013 on account of sales tax, customs duty, income tax, excise duty, service 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, 2013.
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 B. K. Khare & Co.
Chartered Accountants
Firm's Registration Number 105102W

Padmini Khare Kaicker
Partner
Membership No. 44784

Place: Mumbai
Date: 16th April, 2013

BALANCE SHEET AS AT 31ST MARCH, 2013

	Note Ref	As at 31 st March, 2013 ₹	As at 31 st March, 2012 ₹
EQUITY & LIABILITIES			
Shareholders' funds			
Share capital.....	3	11,704,000	11,704,000
Reserves and surplus.....	4	(11,319,851)	(11,307,125)
		<u>384,149</u>	<u>396,875</u>
Current liabilities			
Other current liabilities.....	5	29,590	110,300
Total		<u>413,739</u>	<u>507,175</u>
ASSETS			
Non-current assets			
Fixed Assets			
Tangible assets	6	1	1
		<u>1</u>	<u>1</u>
Current assets			
Cash and cash equivalents.....	7	397,857	491,369
Other current assets	8	15,881	15,805
		<u>413,738</u>	<u>507,174</u>
Total		<u>413,739</u>	<u>507,175</u>

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 : 16th April, 2013

For and on behalf of the Board of Directors

Rajan Narayan *Chairman*
Anita Arjundas
Vijay Paradkar } *Directors*

Place : Mumbai
Date : 16th April, 2013

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2013

Particulars	Note Ref	Year ended 31 st March, 2013 ₹	Year ended 31 st March, 2012 ₹
INCOME			
Other Income.....	9	27,329	23,026
		<u>27,329</u>	<u>23,026</u>
EXPENDITURE			
Depreciation and amortisation expense.....		–	7,357
Other expenses.....	10	40,055	128,122
		<u>40,055</u>	<u>135,479</u>
Loss before tax		(12,726)	(112,453)
Less : Tax expense		–	–
Loss for the period		(12,726)	(112,453)
Earnings per equity share:			
Basic & diluted.....		(0.01)	(0.10)

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 : 16th April, 2013

For and on behalf of the Board of Directors

Rajan Narayan *Chairman*
Anita Arjundas
Vijay Paradkar } *Directors*

Place : Mumbai
Date : 16th April, 2013

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013

	Year ended 31 st March, 2013	Year ended 31 st March, 2012
	₹	₹
A. Cash flow from operating activities:		
Net Loss before tax.....	(12,726)	(112,453)
Adjustments for:		
Depreciation and amortisation.....	–	7,357
Finance costs	(27,119)	(22,946)
Operating (loss) before working capital changes.....	(39,845)	(128,042)
Changes in working capital		
Adjustments for increase/(decrease) in operating assets		
Other current assets.....	(76)	(3,511)
Increase/(decrease) in current liabilities.....	(80,710)	27,575
	(80,786)	24,064
Cash used in Operations	(120,631)	(103,978)
Net cash (used in) operating activities.....	(120,631)	(103,978)
B. Cash flow from investing activities:		
Interest received	27,119	22,946
Net cash from investing activities.....	27,119	22,946
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)	(93,512)	422,968
Cash & cash equivalents		
Opening balance.....	491,369	68,401
Closing balance.....	397,857	491,369
Net increase/(decrease) in cash and cash equivalents.....	(93,512)	422,968

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 : 16th April, 2013

For and on behalf of the Board of Directors

Rajan Narayan Chairman

Anita Arjundas
Vijay Paradkar } Directors

Place : Mumbai
Date : 16th April, 2013

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

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. 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 cost which represents expenses attributable to lands to be acquired.

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
31st March, 2013

As at
31st March, 2012

3. Share Capital

Authorised

1,500,000 Equity shares of Rs. 10 each **15,000,000** 15,000,000

Issued, subscribed and paid up.

1,170,400 equity shares of Rs. 10 each fully paid up **11,704,000** 11,704,000

11,704,000 11,704,000

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 31 st March, 2013		As at 31 st March, 2012	
	No. of Shares	Value of Shares (₹)	No. of Shares	Value of Shares (₹)
Equity Shares				
At the beginning of the period	1,170,400	11,704,000	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	1,170,400	11,704,000

₹

As at
31st March, 2013

As at
31st March, 2012

4. Reserves & Surplus

(Deficit) in the statement of Profit and Loss

Opening Balance **(11,307,125)** (11,194,672)

Add: Loss for the Year **(12,726)** (112,453)

Closing Balance **(11,319,851)** (11,307,125)

5. Other Current Liabilities

Other payables **29,590** 110,300

29,590 110,300

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013**6. FIXED ASSET****TANGIBLE ASSETS**

₹

	Gross block		Depreciation		Net block	
	As at 1 st April, 2012	As at 31 st March, 2013	As at 1 st April, 2012	For the period April - March 2013	As at 31 st March, 2013	As at 31 st March, 2013
Computers	61,882	61,882	61,881	–	61,881	1
TOTAL	61,882	61,882	61,881	–	61,881	1
Previous year	61,882	61,882	54,524	7,357	61,881	1

	As at 31 st March, 2013	As at 31 st March, 2012
--	---------------------------------------	---------------------------------------

7. Cash & Cash Equivalents

Cash on hand	1,549	49
Balances with Bank		
in current account	396,308	2,632
in deposit account	–	488,688
	397,857	491,369

8. Other Current Assets

Advance Tax	15,881	15,805
	15,881	15,805

9. Other Income

Interest income		
Interest on deposits	27,119	22,946
Other Income	210	80
	27,329	23,026

10. Other Expenses

Rates and taxes	–	4,034
Legal and Professional Charges	7,865	13,788
Auditors' remuneration		
Audit Fees	30,150	100,000
Other services	–	10,300
Miscellaneous expenses	2,040	–
	40,055	128,122

11. 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.

12. Related Parties**a) Details of related parties:**

Ultimate Holding Company	Mahindra & Mahindra Limited
Holding Company	Mahindra Lifespace Developers Limited

b) Details of Related party Transactions

Particulars	Holding Company	
	As at 31 st March, 2013	As at 31 st March, 2012
Shares issued	–	504,000

13. Earnings per Share

Particulars	Year ended 31 st March, 2013	Year ended 31 st March, 2012
Basic & Diluted		
Net profit/(loss) for the year (₹)	(12,726)	(112,453)
Weighted average number of equity shares (Nos.)	1,170,400	1,170,400
Par value per share (₹)	10	10
Earnings per share - Basic & Diluted (₹)	(0.01)	(0.10)

14. 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.

15. Previous year's figures have been regrouped/reclassified wherever necessary to correspond with the current year's classification/disclosure.

For B. K. Khare & Co.*Chartered Accountants*

Firm Registration No. 105102W

Padmini Khare Kaicker*Partner*

Membership No. : 44784

Place : Mumbai

Date : 16th April, 2013

For and on behalf of the Board of Directors

Rajan Narayan*Chairman***Anita Arjundas****Vijay Paradkar**} *Directors*

Place : Mumbai

Date : 16th April, 2013

DIRECTORS' REPORT TO THE MEMBERS

Your Directors present their Fourth Report together with the audited accounts of the Company for the year ended 31st March, 2013.

FINANCIAL HIGHLIGHTS

Particulars	(Amount in ₹)	
	For the year ended 31 st March, 2013	For the year ended 31 st March, 2012
Total Income.....	-	-
Profit/(Loss) Before Depreciation, Interest and Taxation.....	(49,969)	(131,716)
Less : Depreciation.....	-	-
Profit/(Loss) Before Interest and Taxation	(49,969)	(131,716)
Less : Interest	-	-
Profit/(Loss) Before Taxation	(49,969)	(131,716)
Less : Provision for Taxation.....	-	-
Profit/(Loss) for the year after Taxation.....	(49,969)	(131,716)
Add : Balance of Profit/(Loss) for earlier years.....	(859,618)	(727,902)
Balance carried forward to the Balance Sheet	(909,587)	(859,618)

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 losses, your Directors do not recommend dividend for the year under review.

Capital

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

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

Directors

Mr. Suhas Kulkarni retires by rotation and being eligible offers himself, for re-appointment.

Directors' Responsibility Statement

Pursuant to Section 217(2AA) of the Companies Act, 1956, your Directors, 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, 2013 and of the loss of the Company for the year ended on that date;

- proper and sufficient care has been taken for 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 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

At the Extra Ordinary General Meeting held on 9th August, 2012, M/s. B. K. Khare & Co., were appointed as Statutory Auditors of the Company to fill up the casual vacancy caused by the resignation of M/s. A. F. Ferguson & Co., Chartered Accountants.

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 Agreements 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 31st March, 2013, 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 the 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, 16th April, 2013

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 ON 31ST MARCH, 2013.

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 | : This will be considered when Company undertakes residential developments. |
| 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, 16th April, 2013

AUDITOR'S REPORT

TO THE MEMBERS OF RAIGAD INDUSTRIAL & BUSINESS PARK LIMITED

Report on the financial statements

We have audited the accompanying financial statements of **Raigad Industrial and Business Park Limited** ("the Company"), which comprise the Balance Sheet as at 31st March, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility on the financial statements

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 sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's 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 ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and 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 internal control 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 accounting policies used and the reasonableness of the accounting estimates made by 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.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the 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 31st March, 2013.

- (b) in the case of Statement of Profit and Loss, of the loss for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Emphasis of Matter

We draw attention to Note 1 to the financial statements which describes the basis on which the accounts have been prepared on a going concern basis. Our opinion is not qualified in respect of this matter.

Report on other legal and regulatory requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. 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 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 appears from our examination of those books;
 - c. The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - d. In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
 - e. On the basis of written representations received from the directors as on 31st March, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
 - f. Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

For B. K. Khare & Co.

Chartered Accountants

Firm's Registration Number 105102W

Padmini Khare Kaicker

Partner

Membership No. 44784

Place: Mumbai

Date: 16th April, 2013

ANNEXURE TO THE AUDITORS' REPORT

Referred to in Paragraph (7) of our report of even date on the accounts of **Raigad Industrial and Business Park Limited** for the year ended 31st March, 2013.

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 31st March, 2013, for a period more than six months from the date they became payable.
 - (ii) There are no disputed dues outstanding as on 31st March, 2013 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, 2013.

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 B. K. Khare & Co.

Chartered Accountants

Firm's Registration Number 105102W

Padmini Khare Kaicker

Partner

Membership No. 44784

Place: Mumbai

Date: 16th April, 2013

BALANCE SHEET AS AT 31ST MARCH, 2013

	Note Ref	As at 31 st March, 2013 ₹	As at 31 st March, 2012 ₹
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital.....	3	500,000	500,000
Reserves and surplus.....	4	(909,587)	(859,618)
		(409,587)	(359,618)
Current liabilities			
Other current liabilities.....	5	487,233	569,443
Total.....		77,646	209,825
ASSETS			
Current assets			
Cash and Cash equivalents.....	6	77,646	209,825
Total.....		77,646	209,825

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 : 16th April, 2013

For and on behalf of the Board of Directors

Anita Arjundas

Chairperson

Rajan Narayan

Director

Place : Mumbai

Date : 16th April, 2013

STATEMENT OF PROFIT & LOSS FOR THE PERIOD ENDED 31ST MARCH, 2013

	Note Ref	Year ended 31 st March, 2013 ₹	Year ended 31 st March, 2012 ₹
EXPENDITURE			
Other expenses.....	7	<u>49,969</u>	<u>131,716</u>
		49,969	131,716
Loss before tax		(49,969)	(131,716)
Less : Tax expense		<u>-</u>	<u>-</u>
Loss for the year.....		(49,969)	(131,716)
Earnings per equity share:			
Basic & diluted.....		(1.00)	(2.63)

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 : 16th April, 2013

For and on behalf of the Board of Directors

Anita Arjundas

Chairperson

Rajan Narayan

Director

Place : Mumbai

Date : 16th April, 2013

CASH FLOW STATEMENT FOR THE PERIOD ENDED 31ST MARCH, 2013

	Year ended 31 st March, 2013 ₹	Year ended 31 st March, 2012 ₹
A. Cash flow from operating activities		
(Loss) before tax	(49,969)	(131,716)
Adjustments for:		
Operating (loss) before working capital changes.....	(49,969)	(131,716)
Increase/(decrease) in current liabilities.....	(82,210)	27,575
Cash (used in) operations	(132,179)	(104,141)
Net increase/(decrease) in cash and cash equivalents	(132,179)	(104,141)
Cash & cash equivalents		
Opening balance.....	209,825	313,966
Closing balance.....	77,646	209,825
Net increase/(decrease) in cash and cash equivalents	(132,179)	(104,141)

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 : 16th April, 2013

For and on behalf of the Board of Directors

Anita Arjundas

Chairperson

Rajan Narayan

Director

Place : Mumbai

Date : 16th April, 2013

NOTES FORMING PART OF ACCOUNTS FOR THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31ST MARCH, 2013**1. Corporate Information:**

The Company was incorporated on 18th June, 2009 and is engaged in the business of development of Industrial Parks in Maharashtra and is in the process of identifying the lands for acquisition. 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. 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.

c. 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 not recognised but are disclosed in notes contingent Assets are neither recognised nor disclosed in the financial statements.

	As at 31 st March, 2013	As at 31 st March, 2012
3. Share Capital:		
Authorised	₹	₹
5,000,000 Equity shares of ₹ 10 each....	50,00,000	15,00,000
Issued, subscribed and paid up.		
50,000 equity shares of ₹ 10 each fully paid up	500,000	500,000
	<u>500,000</u>	<u>500,000</u>

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

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

	As at 31 st March, 2013		As at 31 st March, 2012	
	No. of Shares	Value of Shares (₹)	No. of Shares	Value of Shares (₹)
Equity Shares				
At the beginning of the period	50,000	500,000	50,000	500,000
Issued during the period	—	—	—	—
Outstanding at the end of the period	50,000	500,000	50,000	500,000

b. Terms/Rights attached to Equity Shares

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

	As at 31 st March, 2013	As at 31 st March, 2012
4. Reserves & Surplus:		
Surplus in Statement of Profit and Loss		
Opening balance of Profit & Loss Account...	(859,618)	(727,902)
Add: (Loss) for the Current Year	(49,969)	(131,716)
Closing Balance of Profit and Loss Account.	<u>(909,587)</u>	<u>(859,618)</u>
5. Other Current Liabilities:		
Expenses reimbursable to Holding Company	459,143	459,143
Other payables	28,090	110,300
	<u>487,233</u>	<u>569,443</u>

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.

6. Cash & cash equivalents:

Bank Balances		
On current account.....	77,646	209,825
	<u>77,646</u>	<u>209,825</u>

	Year ended 31 st March, 2013	Year ended 31 st March, 2012
7. Other Expenses:		
Rates and taxes	8,119	1,010
Legal and Professional Charges.....	11,236	20,406
Miscellaneous expenses	464	—
Audit Fee.....	28,090	110,300
Reimbursement of expenses/levies	2,060	—
	<u>49,969</u>	<u>131,716</u>

8. List of related parties:

Mahindra & Mahindra Limited	Ultimate Holding Company
Mahindra Lifespace Developers Limited	Holding Company

Related parties are as identified by the management

	As at 31 st March, 2013	As at 31 st March, 2012
Mahindra Lifespace Developers Limited		
Payable as at the year end (₹)	459,143	459,143

9. Earnings per Share:

	2012-13	2011-12
Net (loss) after tax (₹)	(49,969)	(131,716)
Weighted average number of equity shares (Nos.)	50,000	50,000
Basic and Diluted Earnings per share (₹) ...	(1.00)	(2.63)
Nominal value of shares (₹)	10	10

10. 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.**11. Previous year's figures have been regrouped/reclassified wherever necessary to correspond with the current year's classification/disclosure.**

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

Padmini Khare Kaicker
Partner
Membership No. : 44784

Place : Mumbai
Date : 16th April, 2013

For and on behalf of the Board of Directors

Anita Arjundas Chairperson
Rajan Narayan Director

Place : Mumbai
Date : 16th April, 2013

DIRECTORS' REPORT TO THE MEMBERS

Your Directors present their Third Report together with the audited accounts of the Company for the year ended 31st March, 2013.

FINANCIAL HIGHLIGHTS

Particulars	(Amount in ₹)	
	For the year ended 31 st March, 2013	For the year ended 31 st March, 2012
Total Income.....	—	—
Profit/(Loss) Before Depreciation, Interest and Taxation.....	(47,031)	(33,758)
Less : Depreciation.....	—	—
Profit/(Loss) Before Interest and Taxation	(47,031)	(33,758)
Less : Interest	—	—
Profit/(Loss) Before Taxation	(47,031)	(33,758)
Less : Provision for Taxation	—	—
Profit/(Loss) for the year after Taxation.....	(47,031)	(33,758)
Add : Balance of Profit/(Loss) for earlier years.....	(147,495)	(113,737)
Balance carried forward to the Balance Sheet	(194,526)	(147,495)

Operations

During the year, your Company has acquired a land parcel at Bangalore having a development potential of ~678,000 sq. feet for undertaking residential development.

The Company continues its endeavour to explore further opportunities for residential development and shall set up appropriate capital structure in place.

Dividend

In view of losses, your Directors do not recommend 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 company of Mahindra Lifespace Developers Limited and consequently a subsidiary company of the ultimate holding company, Mahindra & Mahindra Limited.

Directors

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

Mr. Ramesh Ranganathan was appointed as an Additional Director at the meeting of the Board of Directors of the Company held on 11th March, 2013.

Mr. Ramesh Ranganathan holds office only upto the date of the forthcoming Annual General Meeting of the Company.

The Company has received notice from a member signifying his intention to propose Mr. Ramesh Ranganathan as candidate for the office of Director.

During the year, Mrs. Beroz Gazdar resigned as Director of the Company w.e.f. 11th March, 2013. Your Board placed on record its appreciation of the services rendered by Mrs. Beroz Gazdar during her tenure as Director of the Company.

Directors' Responsibility Statement

Pursuant to Section 217(2AA) of the Companies Act, 1956, your Directors, 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, 2013 and of the loss of the Company for the year ended on that date;
- proper and sufficient care has been taken for 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 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, retire as Auditors of the Company at the forthcoming Annual General Meeting and have communicated their unavailability to continue as Auditors of the Company thereafter.

The Company has received a Special Notice from a shareholder of the Company, in terms of the provisions of the Companies Act, 1956, signifying the intention to propose the appointment of M/s. S. V. Ghatalia & Associates LLP, Chartered Accountants as the Statutory Auditors of the Company from the conclusion of the ensuing Annual General Meeting till the conclusion of the next Annual General Meeting. M/s. S. V. Ghatalia & Associates LLP, Chartered Accountants have also expressed their willingness to act as Auditors of the Company, if appointed, and have further confirmed that the said appointment would be in conformity with the provisions of Section 224(1B) of the Companies Act, 1956.

Pursuant to Section 225 of the Companies Act, 1956, your Company proposes to appoint M/s. S. V. Ghatalia & Associates LLP, Chartered Accountants as Auditors of the Company in place of the retiring Auditors M/s. B. K. Khare & Co., Chartered Accountants. The shareholders will be required to appoint Auditors for the current year and fix their remuneration.

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 Agreements 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 31st March, 2013, 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, 16th April, 2013

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 ON 31ST MARCH, 2013.

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 | : This will be considered when Company undertakes residential developments. |
| 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, 16th April, 2013

AUDITOR'S REPORT

To the Members of Watsonia Developers Limited

Report on the financial statements

We have audited the accompanying financial statements of **Watsonia Developers Limited** ("the Company"), which comprise the Balance Sheet as at 31st March, 2013 and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility on the financial statements

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 sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's 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 ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and 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 internal control 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 accounting policies used and the reasonableness of the accounting estimates made by 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.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the 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 31st March, 2013.
- (b) in the case of Statement of Profit and Loss, of the loss for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on other legal and regulatory requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. 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 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 appears from our examination of those books;
 - c. The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - d. In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
 - e. On the basis of written representations received from the directors as on 31st March, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
 - f. Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

For B. K. Khare and Co.

Chartered Accountants

Firm Registration Number 105102W

Padmini Khare Kaicker

Partner

Place: Mumbai

Dated: 16th April, 2013

Membership Number 44784

ANNEXURE TO THE AUDITORS' REPORT

Referred to in Paragraph (7) of our report of even date on the accounts of **Watsonia Developers Limited** for the year ended 31st March, 2013.

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 31st March, 2013, for a period more than six months from the date they became payable.
- (ii) There are no disputed dues outstanding as on 31st March, 2013 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, 2013.
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 B. K. Khare and Co.

Chartered Accountants

Firm Registration Number 105102W

Padmini Khare Kaicker

Partner

Place: Mumbai

Dated: 16th April, 2013

Membership Number 44784

BALANCE SHEET AS AT 31ST MARCH, 2013

	Note	As at 31st March, 2013 ₹	As at 31st March, 2012 ₹
EQUITY & LIABILITIES			
Shareholders' funds			
Share capital.....	2	500,000	500,000
Reserves and surplus.....	3	(194,526)	(147,495)
		305,474	352,505
Loan funds			
Unsecured Loans.....	4	1,090,000,000	—
Current liabilities			
Other current liabilities.....	5	15,166,784	33,090
Total		1,105,472,258	385,595
ASSETS			
Current assets			
Inventories.....	6	1,095,663,849	—
Cash and Bank balances.....	7	9,808,409	385,595
		1,105,472,258	385,595
Total		1,105,472,258	385,595

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 : 16th April, 2013

For and on behalf of the Board of Directors

Anita Arjundas *Chairperson*

Rajan Narayan *Director*

Place : Mumbai
Date : 16th April, 2013

STATEMENT OF PROFIT AND LOSS FOR THE YEAR 31ST MARCH, 2013

	Note	Year ended 31st March, 2013 ₹	Year ended 31st March, 2012 ₹
EXPENDITURE			
Other expenses.....	8	47,031	33,758
		47,031	33,758
(Loss) before tax.....		(47,031)	(33,758)
Less: Tax expense		-	-
(Loss) for the period.....		(47,031)	(33,758)
Earnings per equity share:			
Basic & Diluted		(0.94)	(0.68)

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 : 16th April, 2013

For and on behalf of the Board of Directors

Anita Arjundas *Chairperson*

Rajan Narayan *Director*

Place : Mumbai
Date : 16th April, 2013

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013

	Year ended 31 st March, 2013 ₹	Year ended 31 st March, 2012 ₹
A. Cash flow from operating activities		
(Loss) before tax	(47,031)	(33,758)
Operating (loss) before working capital changes.....	(47,031)	(33,758)
Changes in:		
(Increase)/decrease in inventories.....	(1,095,663,849)	—
Increase/(decrease) in current liabilities.....	15,133,694	16,545
	(1,080,530,155)	16,545
Cash (used in) operations	(1,080,577,186)	(17,213)
Net cash (used in) operating activities.....	(1,080,577,186)	(17,213)
B. Cash flow from financing activities:		
Proceeds from borrowings	1,090,000,000	—
Net cash from financing activities.....	1,090,000,000	—
Net increase/(decrease) in cash and cash equivalents (A+B)	9,422,814	(17,213)
Cash & cash equivalents		
Opening balance	385,595	402,808
Closing balance.....	9,808,409	385,595
Net increase/(decrease) in cash and cash equivalents	9,422,814	(17,213)

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 : 16th April, 2013

For and on behalf of the Board of Directors

Anita Arjundas Chairperson

Rajan Narayan Director

Place : Mumbai
Date : 16th April, 2013

NOTES FORMING PART OF THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013

Background

The Company was incorporated on 2nd June, 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

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. 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.

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 31 st March, 2013	As at 31 st March, 2012
2. Share Capital		
Authorised		
1,00,000 Equity shares of ₹ 10 each.....	1,000,000	1,000,000
Issued, subscribed and paid up.		
50,000 equity shares of ₹ 10 each fully paid up	500,000	500,000
	<u>500,000</u>	<u>500,000</u>

- 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.

c) Reconciliation of number of shares

	As at 31 st March, 2013		As at 31 st March, 2012	
Equity Shares	No. of Shares	Amount ₹	No. of Shares	Amount ₹
Balance as at the beginning of the year	50,000	500,000	50,000	500,000
Addition due to new issue	—	—	—	—
Balance as at the end of the year.....	50,000	500,000	50,000	500,000

d) Shares held by holding company

	As at 31 st March, 2013		As at 31 st March, 2012	
Equity Shares	No of Shares	% holding	No of Shares	% holding
MAHINDRA LIFESPACE DEVELOPER LIMITED	50,000	100	50,000	100

	As at 31 st March, 2013	As at 31 st March, 2012
3. Reserves & Surplus		
Opening balance of Profit & Loss Account	(147,495)	(113,737)
Add: Profit/(Loss) for the Current Year ..	(47,031)	(33,758)
Closing Balance of Profit and Loss Account	<u>(194,526)</u>	<u>(147,495)</u>

4. Loan Fund

Short-term borrowings:

Loans and advances/ICDs from related parties.....	1,090,000,000	—
	<u>1,090,000,000</u>	<u>—</u>

5. Other Current Liabilities

Sundry creditors

— others	10,250,345	—
Interest accrued but not due	3,359,589	—
Other liabilities	1,556,850	33,090
	<u>15,166,784</u>	<u>33,090</u>

- a) 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 31 st March, 2013	As at 31 st March, 2012
6. Inventories		
Work in progress	1,095,663,849	—
	<u>1,095,663,849</u>	<u>56,920,022</u>
7. Cash & Bank Balance		
Balances with scheduled banks		
— on current account.....	9,808,409	385,595
	<u>9,808,409</u>	<u>385,595</u>

NOTES FORMING PART OF THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013

	Year ended 31 st March, 2013	Year ended 31 st March, 2012
8. Administration & Other Expenses		
Miscellaneous expenses	402	1,218
Legal and Professional Charges.....	18,539	15,995
Auditors' remuneration	28,090	16,545
	47,031	33,758

9. Related Party Disclosures

i) List of related parties:

Mahindra & Mahindra Limited	Ultimate Holding Company
Mahindra Lifespace Developers Limited	Holding Company

ii) Related parties transaction

	2012-13	2011-12
Mahindra Lifespace Developers Limited		
Payable as at the year end.....	1,093,359,589	NIL

10. 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.

11. Earning per Share:	2012-13	2011-12
Net (loss) after tax (₹).....	(470,31)	(33,758)
Weighted average number of Equity shares (Nos.)	50,000	50,000
Basic and Diluted Earnings per share (₹)	(0.94)	(0.68)
Nominal value of shares.(₹)	10	10

12. Previous year's figures have been regrouped/recast, wherever necessary, to conform to current year's classification.

For **B K Khare & Co.**

Chartered Accountants

Firm Registration No. 105102W

Padmini Khare Kaicker

Partner

Membership No.: 44784

Place : Mumbai

Date : 16th April, 2013

For and on behalf of the Board of Directors

Anita Arjundas

Chairperson

Rajan Narayan

Director

Place : Mumbai

Date : 16th April, 2013