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 31st March 2013	For the year ended 31st 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 teh 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

	Note	As at 31st March, 2013	As at 31st March, 2012
			₹ in lacs
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 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

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

₹ in lacs

		Note	For the year ended 31st March, 2013	For the year ended 31st March, 2012
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 31st March, 2013	₹ in lacs For the year ended 31st March, 2012
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 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

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, Chengalpet, Tamil Nadu.

2. Significant Accounting Policies

a) Basis of accounting

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year 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 31st March, 2013 Number of shares	As at 31st March, 2013 Value of Shares ₹ in lacs	As at 31st March, 2012 Number of shares	As at 31st March, 2012 Value of Shares ₹ in lacs
Authorised				
Equity shares of ₹10 each........	**60,000,000**	**6,000.00**	60,000,000	6,000.00
Issued, Subscribed and Paid up				
Equity Shares of ₹10 each	**50,435,000**	**5,043.50**	50,365,000	5,036.50
Total	**50,435,000**	**5,043.50**	50,365,000	5,036.50

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

Particulars	As at 31st March, 2013 No of Shares	As at 31st March, 2013 Value of Shares ₹ in lacs	As at 31st March, 2012 No of Shares	As at 31st March, 2012 Value of Shares ₹ in lacs
Balance as at the beginning of the year	**50,365,000**	**5,036.50**	50,332,500	5,033.25
Add: Shares allotted during the year under ESOS scheme	**70,000**	**7.00**	32,500	3.25
Balance as at the end of the year.........................	**50,435,000**	**5,043.50**	50,365,000	5,036.50

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 shareholers holding more than 5% of the aggregate shares in the company

Particulars	As at 31st March, 2013 No of Shares held	As at 31st March, 2013 Percentage of Holding	As at 31st March, 2012 No of Shares held	As at 31st March, 2012 Percentage of Holding
Equity Shares				
Mahindra Lifespace Developers Limited, Holding Company.........	**37,000,000**	**73.36%**	37,000,000	73.51%
Mahindra World city Developers Limited, Fellow subsidiary	**13,000,000**	**25.78%**	13,000,000	25.83%

₹ Lacs

		As at 31st March, 2013	As at 31st 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.

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

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

₹ lacs

Particulars	Gross block			Depreciation			Net block	
	As at 1st April, 2012	Additions	**As at 31st March, 2013**	As at 1st April, 2012	For the year	**As at 31st March, 2013**	As at 31st March, 2013	As at 31st 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

	As at 31st March, 2013	As at 31st March, 2012
10. Non Current Investments		
Long term, Trade (at cost)		
Mahindra Residential Developers Limited, Subsidiary Company		
250,000 (127,500) equity shares of ₹ 10 each fully paid up	**6,629.48**	12.75
(Purchase of 122,500 equity shares of ₹ 10 each during the current year)		
10,000 Preference shares of ₹ 10 each fully paid up	**1.00**	1.00
One share warrant of ₹ 1 each	**–**	–
	6,630.48	13.75
11. Long Term Loans & Advances		
Deposits made to Related Party		
– Mahindra World City Developers Limited	**66.51**	56.66
Advance Income tax (net of provisions)	**99.57**	41.67
MAT credit entitlement	**28.28**	–
Security Deposit	**0.75**	–
	195.11	98.33
12. Inventories		
Construction work in progress (including leasehold land)	**8,344.29**	8,007.85
Construction materials	**182.50**	148.75
	8,526.79	8,156.60
13. Trade Receivables (Unsecured, considered good)		
Trade receivables- outstanding for more than six months from the date they were due for payment	**13.82**	–
Other Trade Receivables	**669.66**	119.52
	683.48	119.52
14. Cash and Cash Equivalents		
Balances with banks		
– On current accounts	**282.62**	9.93
	282.62	9.93
15. Short Term Loans & Advances (Unsecured, considered good unless stated otherwise)		
Mobilisation advances - Secured by Bank guarantees	**205.72**	122.69
Supplier advances	**31.00**	28.02
Other advances	**–**	0.25
Other Advances recoverable from customers	**18.86**	–
	255.58	150.96
16. Other Current Assets		
Unbilled revenue	**4,614.66**	2,566.91
	4,614.66	2,566.91

₹ Lacs

	Year ended 31st March, 2013	Year ended 31st March, 2012
17. Revenue from Operations		
Income from Projects	**5,842.71**	2,906.13
	5,842.71	2,906.13
18. Other Income		
Interest on deposit with bank	**10.61**	1.43
Interest on Income Tax Refund	**–**	0.13
Dividend Income - Subsidiary	**1,000.00**	–
Cancellation Income	**10.24**	3.25
	1,020.85	4.81
19. Project Costs		
Land and construction costs	**3,622.39**	1,480.58
Architect Fees	**108.49**	(7.74)
Site Expenses	**49.12**	15.13
Project management fees	**155.15**	172.52
Interest	**455.44**	253.52
Approval and consultancy charges	**806.92**	74.72
	5,197.51	1,988.73
20. Changes in Inventories		
Inventories at the end of the year:		
Construction materials	**182.50**	148.75
Work-in-progress	**8,344.29**	8,007.85
Inventories at the beginning of the year:		
Construction materials	**148.75**	64.76
Work-in-progress	**8,007.85**	8,668.05
Net (increase)/decrease	**(370.19)**	576.21
21. Finance Costs		
Interest on term loan	**141.20**	1.32
Interest paid to Related Parties on Inter corporate deposits	**731.58**	556.61
Less : Allocated to projects	**(455.44)**	(253.52)
	417.34	304.41
22. Other Expenses		
Operation and maintenance expenses	**157.78**	122.68
Legal & professional fees	**22.88**	44.56
Advertisement, marketing and business development	**110.19**	19.01
Brokerage	**35.09**	19.08
Deputation Charges	**85.46**	74.86
Auditors remuneration		
Audit fees	**3.00**	3.00
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	26th November 2007
Vesting date	31st 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, 26th 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. 26th 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 31st 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

		₹ in lacs
	2012-13	2011-12
Import of lifts	**33.90**	–
Other expenses	**2.81**	–
	36.71	–

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)	
Intercorporate 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 31st March, 2013	Not Dealt within the accounts of Mahindra Integrated Township Limited for the year ended 31st March, 2013	Dealt within the accounts of Mahindra Integrated Township Limited for the year ended 31st March, 2012	Not Dealt within the accounts of Mahindra Integrated Township Limited for the year ended 31st 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*