DIRECTORS' REPORT TO THE MEMBERS

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

FINANCIAL RESULTS

(Amount In ₹)

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

OPERATIONS

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

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

DIVIDEND

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

DIRECTORS

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

AUDIT COMMITTEE

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

The Audit Committee met twice during the year under review

DIRECTORS' RESPONSIBILITY STATEMENT

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

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

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

(iii) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(iv) the annual accounts have been prepared on a going concern basis.

CODES OF CONDUCT

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

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

AUDITORS

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

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

SAFETY, HEALTH AND ENVIRONMENTAL PERFORMANCE

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

PUBLIC DEPOSITS AND LOANS/ADVANCES

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

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

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

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

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

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

For and on behalf of the Board

A. K. Nanda
Chairman

Mumbai, April 24, 2012

ANNEXURE TO THE DIRECTORS' REPORT

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

A. CONSERVATION OF ENERGY

(a) Energy conservation measures taken :

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

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

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

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

The above measures have resulted in reduction of Energy consumption.

(d) Total energy consumption and energy consumption per unit of production as per Form-A of the Annexure to the Rules in respect of Industries specified in the Schedule: Not applicable

B. TECHNOLOGY ABSORPTION

Research & Development (R&D)

1.	Areas in which R & D is carried out	:	None
2.	Benefits derived as a result of the above efforts	:	Not applicable
3.	Future plan of action	:	Further quality improvement
4.	Expenditure on R & D	:	Nil
5.	Technology absorption, adaptation and innovation	:	None
6.	Imported Technology for the last 5 years	:	None

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

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

For and on behalf of the Board

A. K. Nanda
Chairman

Mumbai, April 24, 2012

AUDITORS' REPORT

TO THE MEMBERS OF
MAHINDRA INFRASTRUCTURE DEVELOPERS LIMITED

1. We have audited the attached Balance Sheet of **MAHINDRA INFRASTRUCTURE DEVELOPERS LIMITED** ("the Company") as at March 31, 2012, the Statement of Profit and Loss and the Cash Flow Statement of the Company for the year ended on that date, both annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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

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

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

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

   (b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

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

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

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

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

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

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

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

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

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

Place: Mumbai,
Date: April 24, 2012

ANNEXURE TO THE AUDITORS' REPORT

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

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

(ii) In respect of its fixed assets:

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

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

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

(iii) In respect of its inventory:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Mumbai, April 24, 2012

BALANCE SHEET AS AT MARCH 31, 2012

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

See accompanying notes forming part of the financial statements

In terms of our report attached

For **Deloitte Haskins & Sells**
Chartered Accountants

A. C. Khanna
Partner

Place: Mumbai
Date: April 24, 2012

For and on behalf of the Board of Directors

A. K. Nanda *Chairman*

S. Venkatraman *Director*

Place: Mumbai
Date: April 24, 2012

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

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

See accompanying notes forming part of the financial statements

In terms of our report attached

For **Deloitte Haskins & Sells**
Chartered Accountants

A. C. Khanna
Partner

Place: Mumbai
Date: April 24, 2012

For and on behalf of the Board of Directors

A. K. Nanda *Chairman*

S. Venkatraman *Director*

Place: Mumbai
Date: April 24, 2012

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2012

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

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

See accompanying notes forming part of the financial statements

In terms of our report attached

For **Deloitte Haskins & Sells**
Chartered Accountants

A. C. Khanna
Partner

Place: Mumbai
Date: April 24, 2012

For and on behalf of the Board of Directors

A. K. Nanda *Chairman*

S. Venkatraman *Director*

Place: Mumbai
Date: April 24, 2012

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

1. Corporate Information

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

2. Significant accounting policies

a) Basis of preparation

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

b) Fixed Assets

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

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

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

c) Investments

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

d) Inventories

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

e) Revenue Recognition

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

Sales of products are recognised when the products are dispatched.

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

Interest Income is accounted for on time proportion basis.

f) Income Taxes

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

g) Segment reporting

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

3 Share capital

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

Terms/rights attached to equity shares

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

(ii) Details of shares held by the holding company

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

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

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

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

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

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

8 Fixed assets ₹

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

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

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

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

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

Note

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

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

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

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

Note :

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

19. Contingent Liabilities not provided for

Guarantee/Counter Guarantee given by the Company:

₹

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

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

21. Related Party Transactions

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

List of related parties with whom the Company has transactions:

Enterprises Controlling the Company

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

Fellow Subsidiaries

1	Mahindra Consulting Engineers Limited

Joint Ventures

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

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

₹

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

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

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

The Significant related party transactions are as under:

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

Previous year's figures are in brackets and italic

22. Computation of "Earnings Per Share"

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

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

23. Deferred tax Liability/Asset

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

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

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

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

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

₹

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

25. Information pertaining to Joint Ventures

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

₹

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

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

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

For and on behalf of the Board of Directors

A. K. Nanda *Chairman*

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