DIRECTORS' REPORT TO THE MEMBERS

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

FINANCIAL HIGHLIGHTS

(₹ in lakh)

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

Operations

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

Dividend

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

Capital

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

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

Employee Stock Option Scheme (ESOS)

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

Subsidiary of the Company

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

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

Compensation Committee

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

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

Directors

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

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

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

Director's responsibility statement:

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

- in the preparation of the annual accounts, the applicable accounting standards have been followed;
- they have, in the selection of the accounting policies, consulted the Statutory Auditors and these have been applied consistently and reasonable and prudent judgments and estimates have been made so as to give a true and fair view of the state of affairs of the Company as at March 31, 2012 and of the loss of the Company for the year ended on that date.
- proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- the annual accounts have been prepared on a going concern basis.

Audit Committee

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

Audit Committee met two times during the year under review.

Auditors

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

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

Code of Conduct

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

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

Public Deposits and Loans/Advances

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

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

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

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

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

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

Acknowledgement

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

For and on behalf of the Board,

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

ANNEXURE TO THE DIRECTORS' REPORT

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

A. CONSERVATION OF ENERGY

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

B. TECHNOLOGY ABSORPTION

Research & Development (R&D)

1.	Areas in which R & D is carried out	:	The Company has not carried out any R&D activities during the year
2.	Benefits derived as a result of the above efforts	:	Not Applicable
3.	Future Plan of action	:	Further quality improvement
4.	Expenditure on R & D	:	Nil
5.	Technology absorption, adaptation and innovation	:	Nil
6.	Imported Technology for the last 5 years	:	Nil

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

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

For and on behalf of the Board,

Place : Chennai
Date : April 16, 2012

Anita Arjundas
Chairperson

AUDITORS' REPORT

TO THE MEMBERS OF MAHINDRA INTEGRATED TOWNSHIP LIMITED

1. **Report on the Financial Statements**

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

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

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

3. **Auditors' Responsibility**

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

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

5. **Opinion**

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

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

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

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

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

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

7. **As required by Section 227(3) of the Act, we report that:**

   a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

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

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

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

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

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

B. Ramaratnam
Partner
(Membership No. 21209)

Chennai, April 16, 2012

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

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

(ii) In respect of its fixed assets:

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

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

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

(iii) In respect of its inventory:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

B. Ramaratnam
Partner
(Membership No. 21209)

Chennai, April 16, 2012

BALANCE SHEET AS AT MARCH 31, 2012

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

See accompanying notes forming part of the financial statements

In terms of our report attached

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

B. Ramaratnam
Partner

Place : Chennai
Date : April 16, 2012

Arti Shinde
Company Secretary

Place : Chennai
Date : April 16, 2012

For and on behalf of the Board of Directors

Anita Arjundas *Chairperson*

Sangeeta Prasad
S. Chandru } *Directors*

Place : Chennai
Date : April 16, 2012

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

₹ in lacs

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

See accompanying notes forming part of the financial statements

In terms of our report attached

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

B. Ramaratnam
Partner

Place : Chennai
Date : April 16, 2012

Arti Shinde
Company Secretary

Place : Chennai
Date : April 16, 2012

For and on behalf of the Board of Directors

Anita Arjundas *Chairperson*

Sangeeta Prasad
S. Chandru } *Directors*

Place : Chennai
Date : April 16, 2012

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH, 2012

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

See accompanying notes forming part of the financial statements

In terms of our report attached

For and on behalf of the Board of Directors

Anita Arjundas *Chairperson*

Sangeeta Prasad
S. Chandru } *Directors*

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

B. Ramaratnam
Partner

Place : Chennai
Date : April 16, 2012

Arti Shinde
Company Secretary

Place : Chennai
Date : April 16, 2012

Place : Chennai
Date : April 16, 2012

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

1. Corporate Information

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

2. Significant Accounting Policies

a) Basis of accounting

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

b) Use of Estimates

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

c) Inventories

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

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

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

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

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

e) Cash flow statement

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

f) Revenue Recognition

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

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

g) Other income

Interest income is accounted on accrual basis

h) Fixed assets

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

Depreciation

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

i) Investments

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

j) Foreign currency transactions and translations

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

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

k) Borrowing costs

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

l) Earnings per share

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

m) Taxes on income

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

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

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

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

₹ in lacs

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

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

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

b. Terms/ Rights attached to Equity Shares

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

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

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

₹ in lacs

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

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

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

9. Tangible Assets

₹ in lacs

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

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

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

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

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

22. Employees' Stock Option Scheme

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

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

b. Summary of Stock options.

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

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

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

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

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

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

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

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

23. Other Commitments

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

24. Expenditure incurred in foreign currency

	₹ in lacs
2011-12	2010-11
—	7.91

25. Details of borrowing costs inventorised during the year

	₹ in lacs
2011-12	2010-11
157.24	41.90

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

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

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

27. Related party transactions:

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

Ultimate Holding Company – Mahindra & Mahindra Limited

Holding Company – Mahindra Lifespace Developers Limited

Fellow Subsidiary with whom transactions have been entered during the year

Mahindra World City Developers Limited

Subsidiary with whom transactions have been entered during the year

Mahindra Residential Developers Limited

Note: Related Parties have been identified by the Management.

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

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

Figures in brackets are in respect of the previous year.

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

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

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

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

For and on behalf of the Board of Directors

Anita Arjundas *Chairperson*

Sangeeta Prasad
S. Chandru } *Directors*

Arti Shinde *Company Secretary*

Place : Chennai
Date : April 16, 2012

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

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

Notes:

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

For and on behalf of the Board of Directors

Anita Arjundas *Chairperson*

Sangeeta Prasad
S. Chandru } *Directors*

Arti Shinde
Company Secretary

Place : Chennai
Date : April 16, 2012

Place : Chennai
Date : April 16, 2012