

DIRECTORS' REPORT TO THE MEMBERS

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

FINANCIALS HIGHLIGHTS:

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

Operations

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

Dividend

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

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

Capital

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

The paid up equity share capital of ₹ 25 lakh of your Company is held by Mahindra Integrated Township Limited (MITL) and

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

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

Directors

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

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

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

Director's Responsibility Statement:

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

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

Code of Conduct

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

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

Auditors

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

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

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

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

Public Deposits and Loans / Advances

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

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

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

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

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

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

Acknowledgement

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

For and on behalf of the Board,

*Place : Chennai
Date : April 11, 2012*

Anita Arjundas
Chairperson

ANNEXURE TO THE DIRECTORS' REPORT

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

A. CONSERVATION OF ENERGY

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

B. TECHNOLOGY ABSORPTION

Research & Development (R&D)

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

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

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

For and on behalf of the Board,

Place : Chennai
Date : April 11, 2012

Anita Arjundas
Chairperson

SECRETARIAL COMPLIANCE CERTIFICATE

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

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

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

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

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

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

(M. Kavitha Surana)

Proprietor

FCS 5926, C.P. No. 5269

Place : Chennai
Date : April 11, 2012

“Annexure “A”

(Forming part of Compliance Certificate dated April 11, 2012)

Statutory Registers as maintained by M/s. Mahindra Residential Developers Limited

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

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

(M. Kavitha Surana)

Proprietor

FCS 5926, C.P. No. 5269

Place : Chennai
Date : April 11, 2012

“Annexure “B”

(Forming part of Compliance Certificate dated April 11, 2012)

Forms and Returns as filed by **M/s. Mahindra Residential Developers Limited** with the Registrar of Companies, Tamil Nadu, during the financial year ending March 31, 2012

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

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

(M. Kavitha Surana)

Proprietor

FCS 5926, C.P. No. 5269

Place : Chennai
Date : April 11, 2012

AUDITORS' REPORT

TO THE MEMBERS OF MAHINDRA RESIDENTIAL DEVELOPERS LIMITED

1. Report on the Financial Statements

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

2. Management's Responsibility for the Financial Statements

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

3. Auditors' Responsibility

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

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

5. Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act

in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

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

6. Report on Other Legal and Regulatory Requirements

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

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

- (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- (d) In our opinion, the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards referred to in Section 211(3C) of the Act.
- (e) On the basis of the written representations received from the directors as on March 31, 2012 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2012 from being appointed as a director in terms of Section 274(1)(g) of the Act.

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

B. Ramaratnam
Partner

Place: Chennai
Date: April 11, 2012

(Membership No. 21209)

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

- (i) Having regard to the nature of the Company's business / activities / result, clauses (i), (iii), (v), (vi), (x), (xii) to (xv), (xviii), (xix), and (xx) of CARO are not applicable.
- (ii) In respect of its inventory:
 - (a) As explained to us, the inventories representing land and construction materials were physically verified during the year by the Management at reasonable intervals.
 - (b) In our opinion and according to the information and explanation given to us, the procedures of physical verification of inventories followed by the Management were reasonable and adequate in relation to the size of the Company and the nature of its business.
 - (c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.
- (iii) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchases of inventory and the sale of inventory. During the course of our audit, we have not observed any major weakness in such internal control system.
- (iv) In our opinion, the Company has an internal audit system which is commensurate with its size and nature of business.
- (v) We have broadly reviewed the cost records maintained by the company pursuant to the companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956 and are of the opinion that Prima facie the prescribed cost records have been maintained. We have, however, not made a detailed examination of the cost records with a view to

determine whether they are accurate or complete.

- (vi) According to the information and explanations given to us in respect of statutory dues:
 - (a) The Company has been regular in depositing undisputed dues, including Income tax, Service tax and other material statutory dues applicable to it with the appropriate authorities.
 - (b) There were no undisputed amounts payable in respect of Income tax, Service tax and other material statutory dues in arrears as at March 31, 2012 for a period of more than six months from the date they became payable.
 - (c) As on March 31, 2012, there were no disputed dues on account of Income tax, Service tax and other material statutory dues which have not been deposited.
- (vii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues in respect of term loans.
- (viii) The Company has applied term loans for the purpose for which the loans were obtained.
- (ix) According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, in our opinion, there are no funds raised on short term basis which have been used for long term investments.
- (x) To the best of our knowledge and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

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

B. Ramaratnam
Partner

Place : Chennai
Date : April 11, 2012

Membership Number: 21209

BALANCE SHEET AS AT MARCH 31, 2012

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

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

For **Deloitte Haskins & Sells**
Chartered Accountants

B. Ramaratnam
Partner

Place: Chennai
Date: April 11, 2012

For and on behalf of the Board of Directors

Sangeeta Prasad
Anuj Malik } Directors

Place: Chennai
Date: April 11, 2012

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

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

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

For **Deloitte Haskins & Sells**
Chartered Accountants

B. Ramaratnam
Partner

Place: Chennai
Date: April 11, 2012

For and on behalf of the Board of Directors

Sangeeta Prasad
Anuj Malik } Directors

Place: Chennai
Date: April 11, 2012

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2012

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

In terms of our report attached

For **Deloitte Haskins & Sells**
Chartered Accountants

B. Ramaratnam
Partner

Place: Chennai
Date: April 11, 2012

For and on behalf of the Board of Directors

Sangeeta Prasad
Anuj Malik } Directors

Place: Chennai
Date: April 11, 2012

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

1. Corporate Information

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

2. Significant Accounting Policies

a) Basis of accounting:

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

b) Use of Estimates

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

c) Inventories:

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

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

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

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

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

e) Cash flow statement

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

f) Revenue Recognition

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

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

g) Other income

Interest income is accounted on accrual basis

h) Foreign currency transactions and translations

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

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

i) Earnings per share

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

j) Taxes on income

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

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

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

k) Provisions and contingencies

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

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

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

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

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

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

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

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

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

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

	₹ in lacs	
	As at March 31, 2012	As at March 31, 2011
5. Long Term Borrowings		
Term Loan from Financial Institution (HDFC Limited) (secured).....	—	300.00
	<u>—</u>	<u>300.00</u>

	₹ in lacs	
	As at March 31, 2012	As at March 31, 2011
6. Trade Payables		
Trade Payables	962.85	312.05
Retention Money.....	194.17	77.59
	<u>1,157.02</u>	<u>389.64</u>

	₹ in lacs	
	As at March 31, 2012	As at March 31, 2011
7. Other Current Liabilities		
Current maturities of Term Loan from HDFC Limited (secured)	300.00	—
Accrued Expenses.....	298.12	14.29
Payable to Related Party.....	84.44	86.99
With-holding taxes payable.....	54.79	22.38
Interest accrued but not due on borrowings	—	0.12
Advances from customers	122.81	1,475.26
	<u>860.16</u>	<u>1,599.04</u>

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

	₹ in lacs	
	As at March 31, 2012	As at March 31, 2011
8. Short Term Provision		
Provisions		
Defect Liabilities.....	30.00	—
Income tax (net).....	18.88	—
Proposed preference dividend	300.00	—
Tax on Proposed dividends	48.66	—
	<u>397.54</u>	<u>—</u>

	₹ in lacs	
	As at March 31, 2012	As at March 31, 2011
9. Long Term Loans & Advances		
(Unsecured, considered good)		
Deposits with Related Party	19.79	17.79
Security Deposit.....	20.55	22.30
Advance Payment of tax (net)	—	32.19
	<u>40.34</u>	<u>72.29</u>

	₹ in lacs	
	As at March 31, 2012	As at March 31, 2011
10. Inventories		
Construction work in progress (including leasehold land)	4,326.16	4,263.34
Construction materials	402.38	304.49
Stock in trade.....	76.07	—
	<u>4,804.61</u>	<u>4,567.83</u>

	₹ in lacs	
	As at March 31, 2012	As at March 31, 2011
11. Trade Receivables		
(Unsecured, considered good)		
Trade receivables outstanding for more than six months from the date they were due for payment	22.63	—
Other trade receivables	602.37	482.83
	<u>625.00</u>	<u>482.83</u>

	₹ in lacs	
	As at March 31, 2012	As at March 31, 2011
12. Cash & Cash Equivalens		
Cash on hand	0.15	0.17
Balances with banks		
— On current accounts	245.86	414.07
— On deposit accounts (maturing within 3 months).....	352.82	1,506.12
	<u>598.83</u>	<u>1,920.36</u>

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

	As at March 31, 2012	₹ in lacs As at March 31, 2011		Year ended March 31, 2012	₹ in lacs Year ended March 31, 2011
13. Short Term Loans and Advances (Unsecured, Considered good)			20. Other Expenses		
Mobilisation advances - Secured by Bank guarantee.....	1,121.09	362.48	Legal & professional fees	106.62	60.60
Supplier advances	44.46	87.45	Deputation Charges.....	157.68	137.77
Inter Corporate Deposits to Related Party	<u>1,100.00</u>	<u>—</u>	Auditors remuneration	4.00	3.00
	<u>2,265.55</u>	<u>449.93</u>	Audit fees.....	—	0.25
			Other services.....	0.49	0.33
14. Other Current Assets			Reimbursement of expenses/levies...	300.48	354.92
Interest accrued on Intercorporate deposits to Related Party.....	26.79	—	Advertisement, marketing and business development.....	12.81	17.07
Interest accrued on deposits with banks.....	<u>2.09</u>	<u>3.75</u>	Travelling & conveyance.....	69.06	70.79
	<u>28.88</u>	<u>3.75</u>	Office establishment	50.67	22.54
			Miscellaneous expenses.....	<u>701.81</u>	<u>667.27</u>
15. Revenue from Operations				2011-2012	₹ in lacs 2010-2011
Income from Projects.....	<u>5,351.46</u>	<u>2,309.05</u>	21. Expenditure in Foreign Currency		
	<u>5,351.46</u>	<u>2,309.05</u>	Travel.....	4.10	3.38
			Professional fees	—	7.00
16. Other Income			Others	<u>28.15</u>	<u>14.31</u>
Interest on deposits with Banks	86.37	33.45		32.25	24.69
Interest on Intercorporate Deposits with related party	55.87	—	22. Earnings in foreign exchange		
Interest on Income Tax refund.....	2.57	—	Consideration received on sale of residential units	50.49	25.71
Cancellation Income	<u>4.77</u>	<u>9.83</u>	23. Value of imports calculated on CIF basis		
	<u>149.58</u>	<u>43.28</u>	Construction materials (₹ in lacs).....	4.69	—
			24. Commitments		
17. Project Costs			Work orders to contractors (₹ in lacs)	8,488.00	2,423.36
Construction costs	2,975.85	1,850.04	Sales commitments (₹ in lacs)	12,910.70	10,631.79
Architect fees	80.74	49.36	25. Earnings per share		
Project management fees.....	220.20	139.63	Profit after tax for the year (₹ in lacs)	1,088.85	193.69
Other expenses	<u>350.73</u>	<u>165.29</u>	Less: Preference dividend and tax thereon		348.66
	<u>3,627.52</u>	<u>2,204.32</u>	Net profit / (loss) for the year attributable to the equity shareholders (₹ in lacs)	740.19	193.69
			Weighted average number of equity shares (Nos.)	250.00	250.00
18. Changes in Inventories			Earnings per share (Basic/diluted) (₹ in lacs)	296.07	77.48
Inventories at the end of the year:			Nominal value of equity share (₹ in lacs)		
Construction Material	402.38	304.49	26. Related party transactions:		
Work-in-progress	4,326.16	4,263.34	a) Names of related parties and nature of relationship where control exists:		
Stock-in-trade	<u>76.07</u>	<u>—</u>			
	4,804.61	4,567.83			
Inventories at the beginning of the year:					
Construction Material	304.49	50.38			
Work-in-progress	4,263.34	3,794.45			
Stock-in-trade	<u>—</u>	<u>—</u>			
Total	<u>4,567.83</u>	<u>3,844.83</u>			
Net (increase) / decrease	<u>(236.78)</u>	<u>(723.00)</u>			
19. Finance Costs					
Interest on term loan	45.75	10.05			
Interest others.....	<u>1.51</u>	<u>—</u>			
	<u>47.26</u>	<u>10.05</u>			

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

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

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

b) The related party transactions are as under:

₹ in lacs

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

Figures in brackets are in respect of the previous year.

27. Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.
28. The Company has obtained Co-developer status under Special Economic Zone Act 2005 which entitles the company to 100% deduction of its income under the Income Tax Act, 1961 up to Assessment year 2019-20. However provision of Minimum Alternate Tax is applicable from the current year and accordingly current tax expense has been computed under these provisions.
29. The Company operates in a single segment, namely Property Development.
30. The Revised Schedule VI has become effective from April 1, 2011 for the preparation of financial statements. This has significantly impacted the disclosure and presentation made in the financial statements. Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

For and on behalf of the Board of Directors

Place: Chennai
Date: April 11, 2012

Sangeeta Prasad
Anuj Malik } Directors