DIRECTORS' REPORT TO THE MEMBERS

Your Directors present their Seventh Report together with the audited Accounts of the Company for the year ended March 31, 2012.

FINANCIAL HIGHLIGHTS

(Amount in ₹)

Particulars	**For the year ended March 31, 2012**	For the year ended March 31, 2011
Total Income	**911,987,097**	426,335,234
Profit before Tax	**129,881,280**	12,685,795
Less: Provision for Taxation		
— Net Current Tax	**7,200,000**	—
— Deferred Tax	**35,579,340**	3,254,804
Profit after Tax	**87,101,940**	9,430,991
Add: Profit brought forward from previous year	**81,825,950**	72,394,959
Appropriations :		
Proposed Preference Dividend	**55,951,925**	—
Profit carried to balance sheet	**112,975,965**	81,825,950

Performance & Operations

During FY 2011-12, five customers became operational in Mahindra World City, Jaipur taking the total number of operational customers to eight. Infosys Limited, Nucleus Software Exports Limited and Systweak Software in the IT/ITeS SEZ and Knitpro International and Gravita Technomech in the Engineering SEZ became operational during the year. The companies operating out of Mahindra World City have generated direct employment of around 3000 persons. Exports by customers grew by 123% to reach ₹ 299 Crores in 2011-12 as against ₹ 134 Crores of exports in the previous year. Mahindra World City, Jaipur has seen a total investment of over ₹1,000 Crores to date by its customers and your Company.

Presently, the project has five zones viz. IT/ITeS SEZ, Handicrafts SEZ, Engineering & Related Industries SEZ, Gems & Jewellery SEZ and a Domestic Tariff Area. The area under notification, of the current SEZ areas is at 1,480.61 acres.

The scope of the Light Engineering SEZ was enhanced during the year to make it an 'Engineering & Related Industries SEZ', enabling flexibility to attract potential clients in the entire engineering segment.

Your Company has also received the Environment Clearance for 723.18 Hectares of land area (1,786.25 Acres) during 2011-12.

During the year, your Company signed lease deeds for 72 acres of land and 31,000 sq. ft of rentable space. During the year, eleven customers also started development activities in relation to construction of their campuses / facilities at Mahindra World City, Jaipur.

Dividend

Your Company recommends payment of dividend of ₹ 55,951,925/- (including dividend distribution tax) on 8% Redeemable Cumulative Preference Shares of ₹ 10/- each as below:-

a) Dividend of ₹ 46,489,000/- (including dividend distribution tax) on 8% Redeemable Cumulative Preference Share of ₹ 10/- each issued of December 23, 2008 for FY 2010-11 and FY 2011-12

b) Dividend of ₹ 9,462,925/- (including dividend distribution tax) on 8% Redeemable Cumulative Preference Share of ₹ 10/- each issued on November 4, 2011 on pro rata basis for FY 2011-12

Share Capital

Authorized Share Capital of the Company comprises of 150,000,000 equity shares of ₹ 10/- each aggregating to ₹ 1,500,000,000/- and 50,000,000, 8% Redeemable Cumulative Preference shares of ₹10/- each aggregating to ₹ 500,000,000/-.

Total Paid-up share capital of the company comprises of:-

a) ₹ 1,500,000,000/- equity share capital (including ₹ 50,000,000/- equity share capital issued during the year on right basis to the existing shareholders of the Company) held by Mahindra Lifespace Developers Limited (MLDL) and Rajasthan State Industrial Development & Investment Corporation Limited (RIICO) in the ratio of 74:26.

b) ₹ 500,000,000/- 8% Redeemable Cumulative Preference share capital (including ₹ 250,000,000/- 8% Redeemable Cumulative Preference share capital issued during the year on right basis to the existing shareholders of the Company) held by Mahindra Lifespace Developers Limited (MLDL) and Rajasthan State Industrial Development & Investment Corporation Limited (RIICO) in the ratio of 74:26.

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

Corporate Social Responsibility (CSR)

CSR forms an integral part of Mahindra Group, and your Company too believes that its initiatives with ethical standards will definitely encourage a positive impact on everyone involved directly or indirectly with project. With a view to achieve inclusive social development, the Company has taken initiatives of organizing training programmes for school dropouts / unemployed youth who are part of local community around Mahindra World City, Jaipur through well recognized NGOs like CAP Foundation and Technology Business Incubator - KIET.

Since the inception of this initiative, around 550 candidates have completed various types of employability training and approximately 400 have been placed in various jobs. Also, 39 Women Self Help Groups (SHG's) have been created in the neighboring villages and these SHG's have enabled the encouragement of savings as well as employability training. Your Company has also been conducting various medical camps & Plantation drives in the villages around Mahindra World City, Jaipur**.**

Directors and Manager

Pursuant to the provisions of Articles of Association, all the following Directors shall retire at the ensuing Annual General Meeting and being eligible offer themselves for reappointment:-

1. Shri Sunil Arora
2. Shri Gurdial Singh Sandhu
3. Shri Rajendra Bhanawat
4. Shri Kuldeep Ranka
5. Shri Arun Nanda
6. Shri Raghunath Murti
7. Shri Uday Phadke
8. Ms. Anita Arjundas

During the year, Rajasthan State Industrial Development & Investment Corporation Limited (RIICO) nominated new directors to fill the casual vacancies caused by the posting of officers by Government orders, from time to time.

Dr. Dinesh Kumar Goyal was appointed as director of the Company in the casual vacancy due to change in nomination by RIICO of Shri Sunil Arora effective June 28, 2011.

At the Annual General Meeting of the Company held on July 19, 2011, as Dr. Dinesh Kumar Goyal did not seek re-election, Mr. Sunil Arora was appointed as Director and Chairman.

Shri Kuldeep Ranka was appointed as director of the Company in the casual vacancy due to change in nomination by RIICO of Shri Sudhansh Pant effective July 19, 2011 and was also appointed as Director at the Annual General Meeting of the Company held on July 19, 2011.

Shareholders in its 10th Extra Ordinary General Meeting held on February 06, 2012 had approved re-appointment and payment of remuneration to Shri B. K. Subbaiah as Manager and COO of the Company till 31st March, 2013.

Audit Committee

The Audit Committee of your Company presently comprises of three Directors, namely Shri Gurdial Singh Sandhu, Shri Arun Nanda and Shri Uday Y. Phadke.

Shri Gurdial Singh Sandhu is the Chairman of the Audit Committee. During the year under review, two meetings of the Audit Committee were held on April 20, 2011 and October 13, 2011.

Remuneration Committee

The Remuneration Committee of your Company presently comprises of three Directors, namely Shri Rajendra Bhanawat, Shri Arun Nanda and Shri Uday Y. Phadke. During the year under review, one meeting of Remuneration Committee was held on July 19, 2011.

Directors' Responsibility Statement

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

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

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

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

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

Code of Conduct

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

The Company has for the year under review, received declarations under the Code from the Board Members as well as Senior Management and Employees of the Company affirming compliance with the Code.

Auditors

Messers 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 by the provisions of Section 224 (1B) of the Companies Act, 1956, the Company has received written certificate from Messers Deloitte Haskins & Sells, Statutory Auditors (ICAI Firm Registration Number 008072S), to the effect that their appointment, if made, would be in conformity with the limits specified in that Section.

Since more than 25% of the subscribed capital of the Company is held by Rajasthan State Industrial Development & Investment Corporation Limited (RIICO), the appointment or re-appointment of Auditors is required to be made by a Special Resolution.

Public Deposits and Loans / Advances

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

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

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

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

Sustainable Development

Your Company's aspirations of sustaining and enhancing its long term growth plans are well balanced by its conscious commitments to society and in its principles of conducting business in a fully compliant manner. Your Company partakes in letter and spirit its intention of being a responsible corporate citizen and is committed to contribute positively in all activities pertaining to environmental protection, health, safety, energy conservation and societal commitments while at the same time continuing to protect and enhance all stakeholders' interests.

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

The Company had 2 (two) employees who were in receipt of remuneration of not less than ₹ 6,000,000 p.a. during the year ended March 31, 2012 or not less than ₹ 500,000 per month during any part of the said year. The particulars are shown in the Annexure II to this report.

Acknowledgement

The Board of Directors thank and wish to place on record its appreciation to the Ministry of Commerce & Industry, Board of Approvals (SEZ), Development Commissioner-Noida Special Economic Zone, Development Commissioner – IT/ITeS SEZ, Government of Rajasthan, and all the agencies and Departments of the State Government, Promoters & Shareholders of the Company, Bankers – State Bank of India, State Bank of Bikaner & Jaipur and State Bank of Patiala, our valuable customers and the employees of the Company at all levels, for their continued co-operation and unstinted support.

The Directors also express their sincere thanks to the shareholders for the continued support and trust they have shown in the Management.

For and on behalf of the Board,

Rajendra Bhanawat — *Director*

Anita Arjundas — *Director*

Jaipur, April 21, 2012

ANNEXURE I TO THE DIRECTORS' REPORT

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

A. CONSERVATION OF ENERGY

a	Energy conservation measures taken	:	The company is regularly pursuing the initiatives taken for energy conservation which include introduction of LED lighting, use of re-cycled water, plantation etc
b	Additional investments and proposals, if any, being implemented for reduction of consumption of energy	:	No
c	Impact of the measures taken/to be taken at (a) & (b) above for reduction of energy consumption and consequent impact on the cost of production of goods	:	Energy saving of 30% due to use of LED street lights
d	Total energy consumption and energy consumption per unit of production as per Form-A of the Annexure to the Rules in respect of Industries specified in the Schedule	:	Not applicable

B. TECHNOLOGY ABSORPTION

Research & Development (R&D)

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

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

Your Company has incurred expenditure in foreign exchange to the extent of ₹ 1,674,864/- during the year under review. Foreign exchange earning during the year was Nil.

ANNEXURE II TO THE DIRECTORS' REPORT

Particulars of Employees as required under Section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors' Report for the year ended March 31, 2012 is given below.

Name of the Employee	Designation / Nature of Duties	Remuneration (Subject to tax) (₹)	Qualification	Age (yrs)	Experience (years & month)	Date of Commencement of employment	Last employment held (Designation / Organisation)
Mr. B.K. Subbaiah	Manager & Chief Operating Officer	6,213,200	MBA	60 Yrs.	36 Years 8 months	06-Sep-2006	Vice President (Mktg. & Sales) - Escorts Limited
Mr. Sanjay Sinha	Head-Infrastructure & Development	6,024,315	M.E. (Civil Engg.) BE. Civil Engg.	49 Yrs.	25	25-Aug-2006	VP-Projects-Brigade Enterprises Private Limited

Notes:

1. Nature of employment is contractual, and either of the party can terminate the same by giving three month's notice.
2. None of the above employee is related to any Director of the Company.
3. None of the above employee holds by himself or alongwith his spouse and dependent children 2% or more of the equity shares of the Company.
4. Employment terms and conditions are as per Company rules.
5. Remuneration received as shown in the statement above includes basic salary, house rent allowance, reimbursement of medical expenses, employer's contribution to provident fund, and gratuity fund, all other allowances /perquisites as applicable.

For and on behalf of the Board,

Rajendra Bhanawat — *Director*

Anita Arjundas — *Director*

Jaipur, April 21, 2012

AUDITORS' REPORT

TO THE MEMBERS OF MAHINDRA WORLD CITY (JAIPUR) LIMITED

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

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

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

4. Further to our comments in the Annexure referred to above, we report that:

   (i) 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;

   (ii) 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 and proper returns adequate for the purposes of our audit;

   (iii) 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;

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

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

      (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.

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

For **Deloitte Haskins & Sells**
Chartered Accountants
Registration No: 008072S

B. Ramaratnam
Partner
(Membership No.21209)

Place: Chennai
Date: April 21, 2012

ANNEXURE TO THE AUDITORS' REPORT
(Referred to in paragraph 3 of our report of even date)

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

(ii) In respect of its fixed assets:

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

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

(c) The fixed assets disposed off during the year, in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.

(iii) In respect of its inventory:

(a) As explained to us, the saleable inventories 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 purchases of inventory and fixed assets and for the sale of inventory. During the course of our audit, we have not observed any major weakness in such internal control system.

(v) In our opinion, the Company has an internal audit system which is commensurate with the size and the 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 regular in depositing undisputed dues, including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues applicable to it with the appropriate authorities.

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

(c) As on March 31, 2012, there are no dues of Income-tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty and Cess which have not been deposited on account of disputes except the following:

Name of the Statute	Nature of the dues	Financial Year	Amount (Rs.)	Forum where the dispute is pending
Income Tax	Income Tax	2008-09	678,860	Commissioner of Income Tax Appeals

(viii) 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.

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

(x) 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.

(xi) 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
(Membership No. 21209)

Place: Chennai,
Date: April 21, 2012

BALANCE SHEET AS AT MARCH 31, 2012

	Note Ref	As at March 31, 2012	As at March 31,2011
		₹	₹
EQUITY AND LIABILITIES			
Shareholder's funds			
(i) Share capital	3	**2,000,000,000**	1,700,000,000
(ii) Reserves & Surplus	4	**112,975,965**	81,825,950
		2,112,975,965	1,781,825,950
Non- Current liabilities			
(i) Long term Borrowings	5	**2,277,900,000**	2,639,800,000
(ii) Deferred tax liabilities (Net)	6	**82,682,696**	47,103,356
(iii) Other long term liabilities	7	**9,624,655**	3,478,950
(iv) Long term provisions	8	**1,656,522**	1,101,334
		2,371,863,873	2,691,483,640
Current liabilities			
(i) Short term Borrowings	9	**606,605,453**	328,901,837
(ii) Trade payables	10	**44,625,969**	38,220,434
(iii) Other current liabilities	11	**1,038,141,902**	492,329,649
(iv) Short term provisions	12	**59,996,359**	2,640,850
		1,749,369,683	862,092,770
Total		**6,234,209,521**	5,335,402,360
ASSETS			
Non-current assets			
(a) Fixed Assets			
(i) Tangible assets	13	**1,272,360,489**	1,082,373,114
(ii) Intangible assets	14	**1**	1,746,336
(iii) Capital work in progress		**67,907,709**	163,477,238
		1,340,268,199	1,247,596,688
(b) Long term loans and advances	15	**35,197,890**	30,521,245
		1,375,466,089	1,278,117,933
Current assets			
(a) Current Investments	16	**276,749,817**	45,511,874
(b) Inventories	17	**3,767,880,265**	3,872,604,257
(c) Trade receivables	18	**633,897,397**	20,621,987
(d) Cash and cash equivalents	19	**143,456,587**	81,318,082
(e) Short term loans and advances	20	**28,133,176**	19,340,169
(f) Other current assets	21	**8,626,190**	17,888,058
		4,858,743,432	4,057,284,427
Total		**6,234,209,521**	5,335,402,360

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 21, 2012

B. K. Subbaiah
Manager & COO

Sanjay Jain
Company Secretary Cum GM (Accounts)

Place : Jaipur
Date : April 20, 2012

For and on behalf of the Board of Directors

Rajendra Bhanawat
Anita Arjundas
Directors

Place : Jaipur
Date : April 20, 2012

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

	Note Ref	2011-12		2010-11	
		₹		₹	
INCOME					
Revenue from operations	22		**898,164,156**		409,875,792
Other income	23		**13,822,941**		16,459,442
			911,987,097		426,335,234
EXPENDITURE					
Cost of land and Project development		**126,465,938**		194,281,577	
Changes in Inventories of work in progress	24	**104,723,992**		(218,411,751)	
Employee benefits expenses	25	**52,406,456**		48,282,203	
Finance costs	26	**400,273,562**		306,820,139	
Depreciation and amortization expenses		**46,126,153**		36,077,992	
Other expenses	27	**79,371,191**		66,440,294	
		809,367,292		433,490,454	
Less : Capitalized		**(27,261,475)**		(19,841,015)	
			782,105,817		413,649,439
Profit before tax			**129,881,280**		12,685,795
Less : Tax expense					
Current tax			**26,200,000**		—
Less: MAT Credit Entitlement			**(19,000,000)**		
Net Current Tax			**7,200,000**		
Deferred tax			**35,579,340**		3,254,804
Profit for the year			**87,101,940**		9,430,991
Basic and diluted earnings per share			**0.37**		(0.10)

See accompanying notes forming part of the Financial Statements

In terms of our report attached

For and on behalf of the Board of Directors

For **Deloitte Haskins & Sells**
Chartered Accountants

B. K. Subbaiah
Manager & COO

Rajendra Bhanawat
Anita Arjundas } *Directors*

B. Ramaratnam
Partner

Sanjay Jain
Company Secretary Cum GM (Accounts)

Place : Chennai
Date : April 21, 2012

Place : Jaipur
Date : April 20, 2012

Place : Jaipur
Date : April 20, 2012

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2012

		2011-12	2010-11
		₹	₹
A.	**Cash flow from operating activities**		
	Net Profit before tax	**129,881,280**	12,685,795
	Adjustments for:		
	Depreciation and Amortization	**46,126,153**	36,077,992
	Finance costs	**400,273,562**	306,820,139
	(Profit)/loss on sale of fixed assets (net)	**120,042**	341,230
	Gain on sale / redemption of Mutual Fund	**(5,489,673)**	(4,872,368)
	Interest income	**(8,152,313)**	(10,588,671)
	Operating profit before working capital changes	**562,759,051**	340,464,117
	Changes in working capital:		
	Adjustments for (Increase)/ decrease in operating assets		
	Inventories	**104,723,992**	(218,411,751)
	Trade receivables	**(613,275,410)**	22,713,105
	Short Term Loans and advances	**(8,793,007)**	(352,079)
	Long term Loans and advances	**(2,005,681)**	(119,200)
	Other Current Assets	**(1,311,428)**	(3,007,867)
	Adjustments for Increase / (Decrease) in operating liabilities		
	Trade Payables	**6,405,535**	(3,361,914)
	Other Current Liabilities	**(60,123,991)**	22,587,977
	Other Long term Liabilities	**6,145,705**	3,478,950
	Short Term Provisions	**1,403,584**	(401,705)
	Long Term Provision	**555,188**	1,101,334
	Cash generated from Operations	**(3,516,462)**	164,690,967
	Net Income Tax (paid)/ refunds	**(11,952,763)**	2,308,219
	Net cash flow from / (used in) operation activities (A)	**(15,469,225)**	166,999,186
B.	**Cash flow from investing activities**		
	Capital expenditure on fixed assets, including capital advances	**(153,618,526)**	(244,213,197)
	Proceeds from sale of fixed assets	**26,593**	248,817
	Bank balances not considered as Cash and cash equivalents	**(11,795,458)**	(48,204,542)
	Interest received	**18,725,609**	4,502,317
	Gain on sale / redemption of Mutual Fund	**5,489,673**	4,872,368
	Net cash flow from / (used in) investing activities (B)	**(141,172,109)**	(282,794,237)
C.	**Cash flow from financing activities**		
	Proceeds from issue of equity shares	**50,000,000**	—
	Proceeds from issue of preference shares	**250,000,000**	—
	Proceeds from long-term borrowings	**630,000,000**	—
	Repayment of long-term borrowings	**(376,700,000)**	—
	Preference Dividend paid	**—**	(25,424,658)
	Net increase / (decrease) in working capital borrowings	**277,703,616**	217,524,829
	Finance costs	**(392,781,293)**	(306,820,139)
	Net cash flow from / (used in) financing activities (C)	**438,222,323**	(114,719,968)
	Net increase / (decrease) in Cash and cash equivalents (A+B+C)	**281,580,990**	(230,515,019)
	Cash and cash equivalents at the beginning of the year	**78,625,414**	309,140,433
	Cash and cash equivalents at the end of the year	**360,206,404**	78,625,414

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2012 (CONTD...)

	2011-12	2010-11
	₹	₹
Reconciliation of Cash and cash equivalents with the Balance Sheet:		
Cash and cash equivalents as per Balance Sheet	**143,456,587**	81,318,082
Less: Bank balances not considered as Cash and cash equivalents	**60,000,000**	48,204,542
Net Cash and cash equivalents	**83,456,587**	33,113,540
Add: Current investments considered as part of Cash and cash equivalents Investment in units of Mutual Funds	**276,749,817**	45,511,874
	360,206,404	78,625,414
Cash and cash equivalents at the end of the year *		
* Comprises:		
(a) Cash on hand	**33,788**	27,434
(b) Balances with banks		
(i) In current accounts	**422,799**	1,297,183
(ii) In deposit accounts with original maturity of less than 3 months	**83,000,000**	31,788,923
(c) Current investments considered as part of Cash and cash equivalents	**276,749,817**	45,511,874
	360,206,404	78,625,414

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 21, 2012

B. K. Subbaiah
Manager & COO

Sanjay Jain
Company Secretary Cum GM (Accounts)

Place : Jaipur
Date : April 20, 2012

For and on behalf of the Board of Directors

Rajendra Bhanawat
Anita Arjundas } *Directors*

Place : Jaipur
Date : April 20, 2012

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

1 Corporate information

The company is in the business of land development for industrial, commercial and residential use. The company acquires land and incurs expenditure on its development and related infrastructure facilities for lease. The company also maintains the Industrial Park for which it collects operation and maintenance charges from the lessees

2 Significant accounting policies

2.1 Basis of accounting and preparation of financial statements

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

2.2 Use of estimates

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

2.3 Inventories

Inventories are valued at lower of cost and net realizable value. Cost represents cost of land and all expenditure incurred in connection with, or attributable to the project, and, being a long-term project, includes interest.

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

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

2.5 Cash flow statement

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

2.6 Depreciation and amortization

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

Leasehold land is amortized over the period of lease i.e. 99 years

Cost of Interiors of building given on lease is amortized over the period of lease.

Intangible assets are amortized over their estimated useful life as follows: Software expenditure incurred is amortized over three years.

The estimated useful life of the intangible assets and the amortization period are reviewed at the end of each financial year and the amortization method is revised to reflect the changed pattern.

2.7 Revenue recognition

a) Land lease premium is recognized as income upon creation of leasehold rights in favor of the lessee or upon an agreement to create leasehold rights with handing over of possession.

b) Property lease rentals, income from operation & maintenance charges and water charges are recognized on an accrual basis as per terms of the agreement with the lessees.

2.8 Other income

Interest income is accounted on accrual basis. Dividend income is accounted for, when the right to receive it is established.

2.9 Tangible fixed assets

Fixed assets, are carried at cost less accumulated depreciation and impairment losses, if any. The cost of fixed assets includes interest on borrowings attributable to acquisition of qualifying fixed assets up to the date the asset is ready for its intended use and other incidental expenses incurred up to that date. Subsequent expenditure relating to fixed assets is capitalized only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance.

Capital work-in-progress:

Projects under which assets are not ready for their intended use and other capital work-in-progress are carried at cost, comprising direct cost, related incidental expenses and attributable interest.

2.10 Intangible assets

Intangible assets are carried at cost less accumulated amortization and impairment losses, if any. The cost of an intangible asset comprises its purchase price, including any import duties and other taxes (other than those subsequently recoverable from the taxing authorities), and any directly attributable expenditure on making the asset ready for its intended use and net of any trade discounts and rebates.

2.11 Foreign currency transactions and translations

Foreign currency transactions are recorded at exchange rates prevailing on the date of transaction. Monetary assets/liabilities are translated at exchange rates prevailing on the date of settlement or at the year end as applicable, and gain/loss arising out of such translation is adjusted to the profit and loss account.

2.12 Investments

Long-term investments, are carried individually at cost less provision for diminution, other than temporary, in the value of such investments. Current investments are carried individually, at the lower of cost and fair value. Cost of investments include acquisition charges such as brokerage, fees and duties.

2.13 Employee benefits

Employee benefits include provident fund, gratuity and compensated absences

Defined contribution plans

The Company's contribution to provident fund are considered as defined contribution plans and are charged as an expense as they fall due based on the amount of contribution required to be made.

Defined benefit plans

For defined benefit plans in the form of gratuity fund, the cost of providing benefits is determined using the Projected Unit Credit method, with actuarial valuations being carried out at each Balance Sheet date. Actuarial gains and losses are recognized in the Statement of Profit and Loss in the period in which they occur. Past service cost is recognized immediately to the extent that the benefits are already vested and otherwise is amortized on a straight-line basis over the average period until the benefits become vested. The retirement benefit obligation recognized in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognized past service cost, as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the schemes.

Short-term employee benefits

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognized during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service. The cost of such compensated absences is accounted as under :

(a) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and

(b) in case of non-accumulating compensated absences, when the absences occur.

Long-term employee benefits

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related service are recognized as a liability at the present value of the defined benefit obligation as at the Balance Sheet date less the fair value of the plan assets out of which the obligations are expected to be settled.

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

2.14 Borrowing costs

Borrowing costs include interest and amortization of ancillary costs incurred. Costs in connection with the borrowing of funds to the extent not directly related to the acquisition of qualifying assets are charged to the Statement of Profit and Loss over the tenure of the loan. Borrowing costs, allocated to and utilized for qualifying assets, pertaining to the period from commencement of activities relating to construction / development of the qualifying asset up to the date of capitalization of such asset is added to the cost of the assets. Capitalization of borrowing costs is suspended and charged to the Statement of Profit and Loss during extended periods when active development activity on the qualifying assets is interrupted.

2.15 Segment reporting

The company has a single reportable segment namely, lease of land and properties constructed thereon.

2.16 Earnings per share

Basic / Diluted earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) and after reducing the dividend obligation (including Dividend Distribution Tax) on Preference Shares by the weighted average number of equity shares outstanding during the year.

2.17 Taxes on income

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

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

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

2.18 Impairment of assets

The carrying values of assets / cash generating units at each Balance Sheet date are reviewed for impairment. If any indication of impairment exists, the recoverable amount of such assets is estimated and impairment is recognized, if the carrying amount of these assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor. When there is indication that an impairment loss recognized for an asset in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognized in the Statement of Profit and Loss, except in case of revalued assets.

2.19 Provisions and contingencies

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

	₹ As at March 31, 2012	As at March 31, 2011
3 Share Capital		
Authorized		
150,000,000 equity shares of ₹ 10 each	**1,500,000,000**	1,500,000,000
50,000,000 Preference shares of ₹ 10 each	**500,000,000**	500,000,000
	2,000,000,000	2,000,000,000
Issued, subscribed and fully paid up		
150,000,000 Equity shares of ₹ 10/- each fully paid up	**1,500,000,000**	1,450,000,000
50,000,000 Preference Share of ₹ 10/- each fully paid up	**500,000,000**	250,000,000
	2,000,000,000	1,700,000,000

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

	As at March 31, 2012		As at March 31, 2011	
	No. of Shares ₹	**Value of Shares**	No. of Shares ₹	Value of Shares
Equity Shares				
At the beginning of the period	**145,000,000**	**1,450,000,000**	145,000,000	1,450,000,000
Issued during the period	**5,000,000**	**50,000,000**	—	—
Outstanding at the end of the period	**150,000,000**	**1,500,000,000**	145,000,000	1,450,000,000
Preference Shares				
At the beginning of the period	**25,000,000**	**250,000,000**	25,000,000	250,000,000
Issued during the period	**25,000,000**	**250,000,000**	—	—
Outstanding at the end of the period	**50,000,000**	**500,000,000**	25,000,000	250,000,000

b Terms/ Rights attached to Equity Shares

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

The Company has only one class of equity shares having a par value of ₹10 per share. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders at the Annual General Meeting.

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

The Company has declared dividend on preference shares for the period 2010-11 and 2011-12 amounting of ₹ 48,142,077/-

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

i) The company issued 25 Million 8% Redeemable Cumulative Preference Shares of ₹10 each on December 23, 2008.

ii) The company issued 25 Million 8% Redeemable Cumulative Preference Shares of ₹ 10 each on November 4, 2011.

c The company shall be entitled to redeem these shares at the end of the 5th year from the date of issue subject to availability of profits. Otherwise redemption can be extended up to 8 years.

Each holder of RCPS is entitled to one vote per share only on resolutions placed before the Company which directly affect the rights attached to RCPS.

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

	As at March 31, 2012		As at March 31, 2011	
No. of Shares	**Value of Shares ₹**	No. of Shares	Value of Shares ₹	
Holding Company Mahindra Lifespace Developers Limited (74%)				
Equity	**111,000,000**	**1,110,000,000**	107,300,000	1,073,000,000
Preference Shares	**37,000,000**	**370,000,000**	18,500,000	185,000,000
Rajasthan State Industrial Development and Investment Corporation Limited (26%)				
Equity	**39,000,000**	**390,000,000**	37,700,000	377,000,000
Preference Shares	**13,000,000**	**130,000,000**	6,500,000	65,000,000

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

₹

		As at March 31, 2012	As at March 31, 2011
4	**Reserves & Surplus**		
	Surplus in Statement of Profit and loss		
	Opening Balance	**81,825,950**	72,394,959
	Add: Profit for the year	**87,101,940**	9,430,991
	Less: Appropriations		
	Dividends to preference shareholders for the period 1.4.2010 to 31.3.2012	**48,142,077**	—
	Tax on Dividend	**7,809,848**	—
		112,975,965	81,825,950
5	**Long Term Borrowings**		
	Term loans from banks (Secured)	**2,277,900,000**	2,639,800,000
		2,277,900,000	2,639,800,000

The above term loans include

a ₹ 171.90 Cr carries interest @11.50% to 13.25%. The loan is repayable from June 2013 in 12 equal quarterly installments.

b ₹ 47.89 Cr carries interest @12.50% . The loan is repayable in 100 monthly installments.

c ₹ 8 Cr with interest @12.15% to 12.65% . The loan is repayable in 69 monthly installments.

d The above loans are secured by pari passu first charge by way of equitable mortgage on the immovable properties and specified movable and current assets of the company, both present and future.

e The company has not defaulted in repayment of interest and principal.

₹

		As at March 31, 2012	As at March 31, 2011
6	**Deferred Tax Liabilities (Net)**		
	Deferred Tax Liability:		
	Fixed Assets	**83,130,976**	63,773,082
	Others	**1,401,395**	975,902
		84,532,371	64,748,984
	Deferred Tax Asset:		
	Accrued expenses allowable on payment	**1,849,675**	1,214,151
	Unabsorbed depreciation carried forward	**—**	16,431,477
		1,849,675	17,645,628
	Net Deferred tax liability	**82,682,696**	47,103,356
7	**Other Long Term Liabilities**		
	Deposits from lessees	**9,624,655**	3,478,950
		9,624,655	3,478,950

₹

		As at March 31, 2012	As at March 31, 2011
8	**Long Term Provisions**		
	Provision for Employee Benefits		
	Gratuity	**1,656,522**	1,101,334
		1,656,522	1,101,334
9	**Short Term Borrowings**		
	Overdraft from banks (secured)	**26,605,453**	28,901,837
	Inter Corporate Deposit from Holding Company repayable on demand- unsecured	**580,000,000**	300,000,000
		606,605,453	328,901,837

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

₹

		As at March 31, 2012	As at March 31, 2011
10	**Trade Payables**		
	Trade payables	**44,625,969**	38,220,434
		44,625,969	38,220,434
11	**Other Current Liabilities**		
	Current maturities of Term Loan from Banks	**615,200,000**	—
	Interest accrued on term loan	**6,455,069**	—
	Statutory Remittances		
	Service Tax payable	**—**	116,723
	Withholding taxes	**3,898,409**	1,754,350
	Others	**282,370**	—
	Other Payables		
	Accrued Expenses	**166,216,930**	270,468,496
	Earnest money deposit received	**347,000**	347,000
	Advances from customers	**161,066,615**	125,059,063
	Rental deposit from customers	**58,529,534**	52,679,534
	Payable on purchase of Fixed Assets	**26,044,812**	41,763,637
	Others	**101,163**	140,846
		1,038,141,902	492,329,649
12	**Short Term Provisions**		
	Compensated absences	**3,173,201**	1,933,128
	Gratuity	**871,233**	707,722
	Proposed Preference Dividend	**48,142,077**	—
	Tax on Proposed Dividend	**7,809,848**	—
		59,996,359	2,640,850

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

13 Fixed Assets ₹

Particulars	Gross block				Depreciation				Net block	
	As at 01.04.2011	Additions	Deletions	**As at 31.03.2012**	As at 01.04.2011	For the year	Deletions	**As at 31.03.2012**	**As at 31.03.2012**	As at 31.03.2011
Tangible Assets										
Leasehold land	42,253,019			**42,253,019**	1,914,353	420,560		**2,334,913**	**39,918,106**	40,338,666
Buildings										
Own use	194,206,852	13,994,870		**208,201,722**	5,923,646	3,899,812		**9,823,457**	**198,378,264**	188,283,206
Given under operating lease	640,194,278	168,633,216		**808,827,494**	21,250,173	14,180,602		**35,430,775**	**773,396,720**	618,944,105
Plant and machinery										
Own use	37,284,134	26,875,328	66,000	**64,093,461**	1,119,370	2,695,778	8,623	**3,806,525**	**60,286,936**	36,164,764
Given under operating lease	84,935,654	23,146,554		**108,082,209**	5,789,145	6,999,294		**12,788,439**	**95,293,769**	79,146,509
Office equipment	2,045,196	138,207	140,268	**2,043,135**	323,846	153,854	64,522	**413,178**	**1,629,957**	1,721,350
Furniture and fixtures										
Own use	4,083,070	1,211,211		**5,294,281**	1,103,139	282,842		**1,385,981**	**3,908,300**	2,979,931
Given under operating lease	139,059,988			**139,059,988**	29,360,335	14,652,675		**44,013,010**	**95,046,978**	109,699,653
Computers	3,877,280	514,443	45,000	**4,346,723**	2,070,595	638,743	31,488	**2,677,850**	**1,668,873**	1,806,685
Vehicles	4,796,372			**4,796,372**	1,508,127	455,659	—	**1,963,786**	**2,832,586**	3,288,245
Total Tangible Assets	1,152,735,843	234,513,829	251,268	**1,386,998,404**	70,362,729	44,379,818	104,633	**114,637,914**	**1,272,360,489**	1,082,373,114
Previous year	*947,060,123*	*206,585,362*	*909,642*	*1,152,735,843*	*36,350,668*	*34,331,656*	*319,595*	*70,362,729*		*1,082,373,114*

14. Intangible Assets ₹

Software	5,203,368			**5,203,368**	3,457,032	1,746,335	—	**5,203,367**	**1**	1,746,336
Total Intangible Assets	5,203,368	—	—	**5,203,368**	3,457,032	1,746,335	—	5,203,367	**1**	1,746,336
Previous year	*5,203,368*	—	—	*5,203,368*	*1,710,696*	*1,746,336*	**—**	*3,457,032*	—	*1,746,336*
Total	1,157,939,211	234,513,829	251,268	**1,392,201,772**	73,819,761	46,126,153	104,633	119,841,281	**1,272,360,490**	
Previous Year	*952,263,491*	*206,585,362*	*909,642*	*1,157,939,211*	*38,061,364*	*36,077,992*	*319,595*	*73,819,761*	—	*1,084,119,450*

	As at March 31, 2012 ₹	As at March 31, 2011
15 Long Term Loans and Advances		
(Unsecured Considered Good)		
Capital Advance	**605,138**	1,649,738
Security Deposits	**3,292,852**	1,167,171
Deposits in respect of premises taken on lease	**126,000**	246,000
Advance income tax (net of provisions)	**9,278,471**	24,562,907
MAT credit entitlement	**21,895,429**	2,895,429
	35,197,890	30,521,245

16 Current Investments

	Units **As at March 31, 2012**	Units As at March 31, 2011	₹ **As at March 31, 2012**	₹ As at March 31, 2011
Investment in Mutual funds (unquoted & non trade)				
DSP BlackRock Liquidity Fund - Institutional Plan - Growth	**14,743.928**	—	**22,514,180**	—
HDFC Cash Management Fund Treasury Advantage/Plan	**2,137,350.706**	—	**49,999,900**	—
Religare Liquid Fund	13,640.845	—	**20,000,000**	—
SBI - Premier Liquid Plan - Inst. Growth	**17,707.026**	—	**29,999,900**	—
Kotak Flexi Debt Scheme - Growth	**911,509.301**	—	**11,968,872**	
Kotak Floater Long Term - Growth	**—**	1,090,898.576	**—**	17,000,000
SBI - Magnum Insta Cash Fund - Cash Option	**—**	345,876.035	**—**	7,511,874
JM High Liquidity Fund - Institutional Plan - Growth	**8,231,614.532**	—	**138,117,409**	—
JM Money Manager Fund Super Plus Plan - Growth	**278,883.954**	1,522,164.441	**4,149,556**	21,000,000
			276,749,817	45,511,874

	As at March 31, 2012	As at March 31, 2011
17 Inventories		
(at lower of cost and net realisable value)		
Work In Progress *(representing cost of land and related expenditure)*	**3,767,880,265**	3,872,604,257
	3,767,880,265	3,872,604,257

	As at March 31, 2012 ₹	As at March 31, 2011
18 Trade Receivable		
(Unsecured considered good)		
Trade receivables outstanding for a period exceeding six months from the date they were due for payment	**11,067,301**	—
Other Trade receivables	**622,830,096**	20,621,987
	633,897,397	20,621,987
19 Cash and cash equivalents		
Cash on hand	**33,788**	27,434
Balances with Banks		
in Current account	**422,799**	1,297,183
in Deposits maturing in 3 months	**83,000,000**	31,788,923
in earmarked accounts (with restriction on usage)	**60,000,000**	48,204,542
	143,456,587	81,318,082
20 Short term Loans and advances		
Prepaid expenses	**2,147,939**	1,632,292
Mobilization advance given to vendors	**11,464,686**	7,614,047
Balances with Government authorities		
Service Tax Refund Receivables	**5,496,660**	5,198,494
Export Duty Refund Receivables	**8,290,887**	—
Other recoverable from vendors	**733,004**	4,895,336
	28,133,176	19,340,169
21 Other current assets		
Deferred lease rent	**4,319,295**	3,007,867
Interest accrued on Fixed Deposits	**4,306,895**	14,880,191
	8,626,190	17,888,058

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

	2011-12 ₹	2010-11 ₹
22 Revenue from operations		
Land lease premium	**728,017,648**	283,144,117
Property rentals	**114,175,896**	82,744,963
Income from Operation and Maintenance	**55,970,612**	43,986,712
	898,164,156	409,875,792
23 Other Income		
Interest on deposits from Banks	**7,264,005**	8,967,313
Interest on Income tax refund	**888,308**	1,621,358
Gain on sale / redemption of Mutual funds	**5,489,673**	4,872,368
Miscellaneous Income	**40,522**	972,976
Unclaimed balances written back	**140,433**	18,851
Profit on sale of fixed assets	**—**	6,576
	13,822,941	16,459,442
24 Changes in Inventory of work in progress		
Opening work in progress	**3,872,604,257**	3,654,192,506
Closing work in progress	**3,767,880,265**	3,872,604,257
	104,723,992	(218,411,751)
25 Employee Benefit Expenses		
Salaries, wages and bonus	**48,733,668**	45,165,357
Contribution to Provident and other funds	**1,701,383**	1,658,416
Gratuity	**787,814**	335,835
Staff welfare	**1,183,591**	1,122,595
	52,406,456	48,282,203
26 Finance Costs		
Interest on term loans	**359,477,402**	285,941,052
Interest on Inter- corporate deposits	**32,748,541**	17,034,314
Interest - Others	**8,047,619**	3,844,773
	400,273,562	306,820,139
27 Other expenses		
Legal and professional charges	**12,445,072**	4,770,266
Electricity	**6,248,463**	4,845,547
Rent	**609,547**	605,284
Rates and taxes	**58,125**	10,000
Insurance	**2,182,100**	1,554,263
Repairs and maintenance - others	**3,335,964**	2,001,908
Marketing & advertisement expenses	**25,519,922**	24,088,694
Travelling	**9,788,517**	8,812,023
Communication	**1,224,190**	1,601,337
Remuneration to auditors		
Audit fees	**450,000**	450,000
Other services	**230,000**	25,000
Reimbursement of expenses / levies	**18,985**	3,220
Security charges	**10,932,445**	10,111,731
Loss on sale of fixed assets	**120,042**	347,806
Miscellaneous	**6,207,819**	7,213,215
	79,371,191	66,440,294

	As at March 31, 2012 ₹	As at March 31, 2011 ₹
28 Contingent liabilities and commitments (to the extent not provided for)		
(i) Disputed Taxes		
Income Tax matters	**7,633,579**	—
(ii) Commitments		
Estimated amount of contracts remaining to be executed on capital account	**94,415,899**	83,991,388
(iii) Amount of Preference Dividend and Dividend Tax thereon not provided from 01.04.2010 to 31.03.2011	**—**	233,244,500

	As at March 31, 2012 ₹	As at March 31, 2011 ₹
29 Value of imports calculated on CIF basis @:		
Capital goods	**581,253**	18,602,617
30 Expenditure in foreign currency		
Travel	**208,615**	158,603
Other Expenses	**884,996**	9,127,095
	1,093,611	9,285,698

31 The particulars regarding dues to micro enterprises and small enterprises have been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the auditors. There are no such parties as per the confirmation available.

Additional information to the financial statements - Employee benefits

	Gratuity (Unfunded) ₹ 2011 – 12	2010 – 11
32 Employee Benefits		
a. Net Asset/ (Liability) recognized in the balance sheet as at March 31, 2012		
Liability recognised in the balance sheet	**2,527,755**	1,809,056
Non current	**1,656,522**	1,101,334
Current	**871,233**	707,722
b. Expense recognized in the Profit & Loss account		
Past service cost	**7,762**	481,973
Current Service cost	**741,441**	753,455
Interest cost	**142,581**	117,858
Actuarial (gains) / Losses	**(103,970)**	(1,017,451)
Total expenses	**787,814**	335,835
c. Change in present value of Defined Benefit obligation		
Present Value of the obligation at the beginning of the year	**1,809,056**	1,473,221
Past service cost	**7,762**	481,973
Current Service cost	**741,441**	753,455
Interest Cost	**142,581**	117,858
Actuarial (Gains) /Losses	**(103,970)**	(1,017,451)
Benefits Paid	**(69,115)**	—
Present value of the obligation as at the end of the year	**2,527,755**	1,809,056
d Principal actuarial assumptions		
Discount Rate	**8.50%**	8.00%
Mortality Rate Ultimate mortality tables	LIC (1994-96)	

e Estimates of future salary increases considered in actuarial valuation take account of inflation, seniority, promotions, increments and other relevant factors such as supply and demand in the employment market.

	As at March 31, 2012 ₹	As at March 31, 2011 ₹
33 Details of borrowing costs capitalised		
Borrowing costs capitalised during the year as		
– Inventory	**222,716,207**	186,987,014
– Fixed Assets	**23,158,897**	6,998,759
– Capital Work in Progress	**20,340,834**	6,099,848

34 Related party transactions

Details of related parties:

Description of relationship	Names of related parties
Ultimate Holding Company	Mahindra & Mahindra Limited
Holding Company	Mahindra Lifespace Developers Limited
Fellow Subsidiaries	Mahindra & Mahindra Limited Mahindra Lifespace Developers Limited Mahindra BPO Services Private Limited Mahindra EPC Services Private Limited Mahindra Holidays & Resorts India Limited Tech Mahindra Limited
Key Management Personnel (KMP)	Mr. B.K. Subbaiah - Chief Operating Officer

Note: Related parties have been identified by the Management.

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

Transactions with related parties during the year and balances outstanding as at March 31, 2012: ₹

Nature of Transactions	Mahindra & Mahindra Limited	Mahindra Lifespaces Developers Limited	Mahindra BPO Services Private Limited	Mahindra EPC Services Private Limited	Mahindra Holidays & Resorts India Limited	Tech Mahindra Limited	Mr. B. K. Subbaiah
Rendering of services				12,000 (4,533)	— (34,752)		
Receiving of services	111,070 (108,000)		99,000 (0)				
Finance (including loans and equity contributions in cash or in kind) Equity Share Capital Issued		37,000,000 (0)					
Preference Share Capital Issued		185,000,000 (0)					
ICD Taken		930,000,000 (400,000,000)					
ICD Repaid		650,000,000 (200,000,000)					
Interest on ICD		32,748,541 (17,034,314)					
Preference Shares Dividend Paid		— (18,814,247)					
Remuneration							6,213,200 (6,060,201)
<u>Balances outstanding at the end of the year</u> Trade receivables		85,802 (0)					
Loans and advances						57,000,000 (57,000,000)	
Trade payables	640,700 (912,604)		8,934 (0)				
Borrowings		580,000,000 (300,000,000)					

Note: Figures in bracket relates to the previous year

35 Leases

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

	As at March 31, 2012	As at March 31, 2011
Gross carrying amount of premises	**1,055,969,691**	864,189,921
Accumulated depreciation	**92,232,224**	56,399,654
Depreciation for the year	**35,832,571**	24,185,669

Future minimum lease payments under non- cancellable operating leases (lock in period of 2 to 3 years for the building and 9 years 5 months for interiors)

Particulars	As at March 31, 2012	As at March 31, 2011
Not later than 1 year	**44,694,804**	47,811,792
Later than 1 year and not later than 5 years	**127,721,201**	102,053,834
Later than 5 years	**100,548,213**	988,872,991

Significant Leasing Arrangements

Lease is non cancellable during the lock in period.

Primary lease period is for 5 years and is renewable for further 2 terms of 5 years each.

36 ₹

Earnings per share from continuing operations	For the year ended March 31, 2012	For the year ended March 31, 2011
<u>Basic & Diluted</u>		
Net profit / (loss) for the year from continuing operations	**87,101,940**	9,430,991
Less: Preference dividend and tax thereon	**32,707,425**	23,244,500
Net profit / (loss) for the year from continuing operations attributable to the equity shareholders	**54,394,515**	(13,813,509)
Weighted average no. of equity shares	**147,035,519**	145,000,000
Par value per share	**10**	10
Earnings per share from continuing operations - Basic & Diluted	**0.37**	(0.10)

37 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.

38 ₹

Deferred tax (liability) / asset	As at March 31, 2012	As at March 31, 2012
<u>Tax effect of items constituting deferred tax liability</u>		
On difference between book balance and tax balance of fixed assets	**256,221,225**	196,557,504
Others	**4,319,295**	3,007,867
Tax effect of items constituting deferred tax liability	**(84,532,372)**	(64,748,984)
<u>Tax effect of items constituting deferred tax assets</u>		
Provision for compensated absences, gratuity and other employee benefits	**3,173,201**	1,933,128
Unabsorbed depreciation carried forward	**—**	50,644,095
Others	**2,527,755**	1,809,056
Tax effect of items constituting deferred tax assets	**1,849,675**	17,645,628
Net deferred tax (liability) / asset	**(82,682,697)**	(47,103,356)

The Company has recognised deferred tax asset on unabsorbed depreciation to the extent of the corresponding deferred tax liability on the difference between the book balance and the written down value of fixed assets under Income Tax (or) The Company has recognised deferred tax asset on unabsorbed depreciation and brought forward business losses based on the Management's estimates of future profits.

B. K. Subbaiah
Manager & COO

Sanjay Jain
Company Secretary
Cum GM (Accounts)

Place : Jaipur
Date : April 20, 2012

For and on behalf of the Board of Directors

Rajendra Bhanawat
Anita Arjundas } *Directors*

Place : Jaipur
Date : April 20, 2012