

DIRECTORS' REPORT TO THE MEMBERS

Your Directors present the Fifteenth 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.....	6,042.42	7,049.25
Profit before Depreciation, Interest and Taxation.....	4,565.15	5,542.53
Depreciation	(194.25)	(191.76)
Interest.....	(2,831.93)	(1,980.61)
Provision for Tax - Current Tax	—	(470.00)
- Deferred Tax	(502.95)	(624.86)
Profit after tax for the year	1,036.02	2,275.30
Add : Balance of Profit / (Loss) for earlier years	3,691.11	2,101.52
Amount available for appropriation	4,727.13	4,376.82
Less : Proposed Dividend (including tax on distributed profits)	569.49	685.71
Balance carried forward.....	4,157.64	3,691.11

Operations

Mahindra World City, Chennai marked a milestone in its evolution, as it ushered in the 10th year, in September 2011. This year, Your Company also added four multinational customers in the Domestic Tariff Area - Sanwa Synergy (Singapore), Ingersoll Rand (USA), Guangdong Greatoo (China) and American Axle Manufacturing (USA).

During the year, Mahindra World City also signed up JSP Hospitals (A unit of Deepam Group of Hospitals) to set up a 30 bed Multi-specialty hospital within Mahindra World City. It is expected to be operational by March 2013.

Johnson & Johnson's DePuy Institute commenced operations of their state-of-the-art training facility during the year. Husky Injection Molding Systems, SMC Pneumatics and Galipoglu Hidromas also began their operations taking the total number of operational customer to 39. Duet Hotels commenced construction of its facility for "Holiday Inn Express" which is expected to be operational in FY13.

Mahindra World City currently has a total of 60 customers of which 28 are in the SEZs and 32 are in the DTA. During the year, direct employment in the business city increased from 23,000 to 27,000 people. Exports touched ₹ 4500 crores, an increase of ₹ 1,000 crores over the previous year.

On the sustainability front, a 75 kw off-grid Solar Power plant was commissioned at The Canopy - the Commercial centre. Mahindra World City has been a pioneer in commissioning the Off-grid solar power plant in the State of Tamil Nadu. The solar system is expected to generate approximately 1,16,000 units (kWh) of clean electrical energy annually.

Mahindra World City also added a Super market (Everyday Retail) and Laundry Services provider to the existing portfolio of service providers within The Canopy - the Commercial complex.

The 10th year milestone has started with a series of cultural events being showcased under the Rejoice@MahindraWorldCity banner as part of a focus on community building.

Your Company continued with its endeavour towards inclusive development by engaging the local community in employability training, health and environmental awareness, and by providing infrastructure support to the Chengelpet municipality through the provision of a water tanker.

Corporate Social Responsibility

As a part of the CSR initiatives, over 2,000 youth from the neighboring villages have been trained so far at Company's Employability Training Centre (ETC) and over 1,000 students have completed the Teen Channel program.

Dividend

Your Directors have recommended a dividend of ₹ 0.50 per share on 20,000,000 equity shares of face value of ₹10 per share of the Company for the year 2011 – 2012. Your Directors have also recommended a dividend of ₹ 6.00 per Preference share on 6,500,000 – 6 percent Cumulative Redeemable Preference Shares of ₹ 100 each for the year 2011-12. The total dividend payment for the year (including tax on distributed profits) amounts to ₹ 569.49 lakh.

Capital

The Companies Authorised Capital is ₹ 95 crore and Paid up Capital is ₹ 85 crore. The paid up Capital of Company consists of Equity share capital of ₹ 20 crore and Preference Share capital of ₹ 65 crore. Mahindra Lifespace Developers Limited (MLDL) holds 82.62 percent of equity share capital of your Company and Tamil Nadu Industrial Development Corporation Limited (TIDCO) holds 11 percent of equity share capital of your Company. The entire preference Share Capital of ₹ 65 crore is held by MLDL.

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

Directors

Ms. Anita Arjundas and Mr. N. Vaghul, retire by rotation and being eligible, offer themselves for re-appointment at the forthcoming Annual General Meeting.

During the year, Mr. Debendranath Sarangi, IAS, resigned as Director on July 20, 2011. The Board put on record its sincere appreciation for the valuable services rendered by him during his tenure as a Director.

Ms. Susan Mathew, IAS, was appointed as an Additional Director on July 20, 2011 and she was appointed as a Director at the Annual General Meeting of the Company held on September 26, 2011. Ms. Susan Mathew, IAS, resigned as Director on October 15, 2011. The Board put on record its sincere appreciation for the valuable services rendered by her during her tenure as a Director.

Mr. Sundaradevan, IAS, was appointed as a Director on October 15, 2011 in the casual vacancy caused by the resignation of Ms. Susan Mathew, IAS.

Director's responsibility statement

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

- in the preparation of the annual accounts, the applicable accounting standards have been followed;
- they have, in the selection of the accounting policies, consulted the Statutory Auditors and these have been applied consistently and reasonable and prudent judgments and estimates have been made so as to give a true and fair view of the state of affairs of the Company as at March 31, 2012 and of the 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.

Audit Committee

The Audit Committee of the Company comprises Mr. Sanjeev Kapoor (Chairman), Dr. N. Sundaradevan, IAS and Mr. V. Balaraman. The Committee met once during the year.

Remuneration Committee

The Remuneration Committee of the Company comprises Mr. N. Vaghul (Chairman), Mr. A.K. Nanda and Dr. N. Sundaradevan, IAS. The Committee met once during the year.

Codes 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 Code from the Board Members and the Senior Management Personnel and Employees of the Company affirming compliance with the respective Codes.

Auditors

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

As required by the provisions of Section 224 of the Companies Act, 1956, the Company has received a written certificate from M/s. A.F. Ferguson & Co., Chartered Accountants, to the effect that their re-appointment, if made, would be in conformity with the limits specified in the said Section.

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 of the nature, which are required to be disclosed in the annual accounts pursuant to Clause 32 of the Listing Agreement of the parent companies Mahindra Lifespace Developers Limited and Mahindra & Mahindra Limited with the Stock Exchanges.

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

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

Acknowledgement

Your Directors wish to place on record their sincere thanks to the Tamil Nadu Government, Housing Development Finance Corporation Limited, all consultants, associates and the Employees for their support and co-operation extended during the year under review.

For and on behalf of the Board,

Place : Chennai
Date : April 16, 2012

N. Vaghul
Chairman

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

B. TECHNOLOGY ABSORPTION

Research & Development (R&D)

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

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

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

For and on behalf of the Board,

Place : Chennai
Date : April 16, 2012

N. Vaghul
Chairman

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

Name of the Employee	Designation / Nature of Duties	Qualification	Remuneration (Subject to tax) (₹)	Age (yrs)	Experience (yrs)	Date of Commencement of employment	Last employment held (Designation / Organisation)
Ms. Sangeeta Prasad	Chief Executive Officer & Manager	M.B.A.	7,565,798	44	19	August 29, 2008	Chief Sales Manager - South TATA Steels Limited

Notes:

- Nature of employment is contractual, subject to termination at three months' notice from either side.
- The above employee is/are not related to any other Director of the Company.
- The employee does not hold by herself or along with her spouse and dependent children 2% or more of the equity shares of the Company.
- Terms and Conditions of employment are as per Company's rules / contract.
- Gross remuneration received as shown in the statement includes Salary, Bonus, House Rent Allowance or value of perquisites for accommodation, employer's contribution to Provident fund and Superannuation scheme including group insurance premium, leave travel facility, Reimbursement of medical expenses and all allowances / perquisites and terminal benefits as applicable.

For and on behalf of the Board,

Place : Chennai
Date : April 16, 2012

N. Vaghul
Chairman

AUDITORS' REPORT

TO THE MEMBERS OF MAHINDRA WORLD CITY DEVELOPERS LIMITED

1. Report on the Financial Statements

We have audited the accompanying financial statements of Mahindra World City 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 **A. F. Ferguson & Co**
Chartered Accountants
(Firm Registration No. 112066W)

B. Ramaratnam
Partner

Place: Chennai
Date: April 16, 2012

(Membership No. 21209)

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

- (i) Having regard to the nature of 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 Company has not disposed off any fixed assets during the year.
- (iii) In respect of its inventory:
- (a) As explained to us, the saleable inventories were physically verified during the year by the Management at reasonable intervals.
- (b) In our opinion and according to the information and explanation given to us, the procedures of physical verification of inventories followed by the Management were reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of inventory and fixed assets 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 its size and nature of business.
- (vi) We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956 and are of the opinion that *prima facie* the prescribed cost records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (vii) According to the information and explanations given to us in respect of statutory dues:
- The Company has been regular in depositing undisputed dues, including Provident Fund, Income-tax, Value Added Tax, Service Tax and other material statutory dues applicable to it with the appropriate authorities.
- (a) There were no undisputed amounts payable in respect of Income-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.
- (b) 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.
- (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 the 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 **A. F. Ferguson & Co**
Chartered Accountants
(Firm Registration No. 112066W)

B. Ramaratnam
Partner
(Membership No. 21209)

Place: Chennai
Date: April 16, 2012

BALANCE SHEET AS AT MARCH 31, 2012

	Note No.	As at March 31, 2012	₹ As at March 31, 2011
EQUITY AND LIABILITIES			
Shareholders' funds			
(a) Share capital.....	3	850,000,000	850,000,000
(b) Reserves and surplus.....	4	<u>422,962,977</u>	<u>376,310,510</u>
		1,272,962,977	1,226,310,510
Non-current liabilities			
(a) Long-term borrowings.....	5	1,482,500,000	1,400,000,000
(b) Deferred tax liabilities (net).....	26.7	142,983,233	92,688,177
(c) Other long-term liabilities.....	6	<u>31,794,322</u>	<u>30,857,205</u>
		1,657,277,555	1,523,545,382
Current liabilities			
(a) Short-term borrowings.....	7	500,000,000	200,000,000
(b) Trade payables.....	8	8,585,751	13,661,654
(c) Other current liabilities.....	9	598,419,372	493,939,449
(d) Short-term provisions	10	<u>61,909,026</u>	<u>71,546,475</u>
		1,168,914,149	779,147,578
Total		<u>4,099,154,681</u>	<u>3,529,003,470</u>
ASSETS			
Non-current assets			
(a) Fixed assets.....	11		
(i) Tangible assets		361,844,721	365,304,808
(ii) Intangible assets.....		1	1,865,599
(iii) Capital work-in-progress.....		12,933,200	1,940,825
(b) Non-current investments.....	12	130,000,000	130,000,000
(c) Long-term loans and advances	13	<u>70,828,960</u>	<u>26,285,534</u>
		575,606,882	525,396,766
Current assets			
(b) Inventories	14	3,051,759,205	2,557,063,227
(c) Trade receivables.....	15	19,050,037	5,220,206
(d) Cash and cash equivalents.....	16	8,279,706	38,454,199
(e) Short-term loans and advances	17	423,880,367	386,906,293
(f) Other current assets	18	<u>20,578,484</u>	<u>15,962,779</u>
		3,523,547,799	3,003,606,704
Total		<u>4,099,154,681</u>	<u>3,529,003,470</u>

See accompanying notes forming part of the financial statements

In terms of our report attached.
For **A. F. Ferguson & Co**
Chartered Accountants

B. Ramaratnam
Partner

Place : Chennai
Date : April 16, 2012

For and on behalf of the Board of Directors

N. Vaghul Chairman
A.K. Nanda Vice - Chairman
Sanjiv Kapoor
Anita Arjundas } Directors
Sangeeta Prasad Chief Executive Officer & Manager
S. Chandru Chief Financial Officer and Company Secretary

Place : Chennai
Date : April 16, 2012

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

Particulars	Note No.	Year ended March 31, 2012	₹ Year ended March 31, 2011
Revenue from operations	19	583,496,246	678,273,384
Other income	20	<u>20,745,498</u>	<u>26,652,455</u>
Total Revenue		<u>604,241,744</u>	<u>704,925,839</u>
EXPENSES			
Cost of land and project development		453,032,311	774,473,803
Changes in inventories	21	(494,695,978)	(789,281,960)
Employee benefits expense	22	45,839,651	34,364,081
Finance costs	23	283,192,939	198,060,893
Depreciation and amortisation expense	11	19,425,444	19,176,114
Other expenses	24	<u>143,550,829</u>	<u>131,117,675</u>
Total expenses		<u>450,345,196</u>	<u>367,910,607</u>
Profit before tax		153,896,548	337,015,232
Tax expense:			
(a) Current tax expense for current year		32,000,000	67,100,000
(b) (Less): MAT credit		<u>(32,000,000)</u>	<u>(20,100,000)</u>
Net current tax		—	47,000,000
(d) Deferred tax		<u>50,295,056</u>	<u>62,485,719</u>
		<u>50,295,056</u>	<u>109,485,719</u>
Profit for the year		103,601,492	227,529,513
Basic and diluted earnings per share		2.91	9.11

See accompanying notes forming part of the financial statements

In terms of our report attached.
For **A. F. Ferguson & Co**
Chartered Accountants

B. Ramaratnam
Partner

Place : Chennai
Date : April 16, 2012

For and on behalf of the Board of Directors

N. Vaghul *Chairman*
A.K. Nanda *Vice - Chairman*
Sanjiv Kapoor } *Directors*
Anita Arjundas }
Sangeeta Prasad *Chief Executive Officer & Manager*
S. Chandru *Chief Financial Officer and Company Secretary*

Place : Chennai
Date : April 16, 2012

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH, 2012

Particulars	Year ended March 31, 2012	Year ended March 31, 2011
A. Cash flow from operating activities		
Net Profit before extraordinary items and tax	153,896,548	337,015,232
Adjustments for:		
Depreciation and amortisation.....	19,425,444	19,176,114
(Profit) / loss on sale / write off of assets.....		228,138
Finance costs	283,192,939	198,060,893
Interest income	(17,710,786)	(21,576,555)
Net (gain) / loss on sale of investments.....	—	(4,790,000)
Operating profit / (loss) before working capital changes	438,804,145	528,113,822
Changes in working capital:		
Adjustments for (increase) / decrease in operating assets:		
Inventories.....	(494,695,978)	(789,281,960)
Trade receivables.....	(13,829,831)	1,877,136
Short-term loans and advances	(36,974,074)	66,600,278
Long-term loans and advances	(993,812)	—
	(546,493,695)	(720,804,546)
Adjustments for increase / (decrease) in operating liabilities:		
Trade payables	(5,075,903)	(13,736,277)
Other current liabilities.....	4,598,279	151,392,913
Other long-term liabilities.....	937,117	5,452,152
Short-term provisions	1,984,801	(151,476)
	2,444,294	142,957,312
Cash generated from operations.....	(105,245,256)	(49,733,412)
Net income tax (paid) / refunded.....	(42,741,862)	(40,154,011)
Net cash flow from / (used in) operating activities (A)	(147,987,118)	(89,887,423)
B. Cash flow from investing activities		
Capital expenditure on fixed assets, including capital advances.....	(25,899,886)	(19,933,228)
Proceeds from sale of fixed assets.....	—	264,135
Inter-corporate deposits (net)	300,000,000	200000000
Proceeds from sale of long-term investments		
- Others	—	4,890,000
Interest received		
- Joint ventures	13,095,081	16,122,653
- Others	—	1,647,156
Net cash flow from / (used in) investing activities (B)	287,195,195	202,990,716
C. Cash flow from financing activities		
Proceeds from long-term borrowings	450,000,000	440,000,000
Repayment of short-term borrowings	(260,000,000)	(260,000,000)
Finance cost	(290,811,295)	(200,191,852)
Dividends paid.....	(59,000,000)	(51,000,000)
Tax on dividend.....	(9,571,275)	(8,470,463)
Net cash flow from / (used in) financing activities (C)	(169,382,570)	(79,662,315)
Net increase / (decrease) in Cash and cash equivalents (A+B+C)	(30,174,493)	33,440,978
Cash and cash equivalents at the beginning of the year.....	38,454,199	5,013,221
Cash and cash equivalents at the end of the year	8,279,706	38,454,199

See accompanying notes forming part of the financial statements

In terms of our report attached.

For **A. F. Ferguson & Co**
Chartered Accountants**B. Ramaratnam**
PartnerPlace : Chennai
Date : April 16, 2012

For and on behalf of the Board of Directors

N. Vaghul	Chairman
A.K. Nanda	Vice - Chairman
Sanjiv Kapoor	} Directors
Anita Arjundas	
Sangeeta Prasad	Chief Executive Officer & Manager
S. Chandru	Chief Financial Officer and Company Secretary

Place : Chennai
Date : April 16, 2012

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

1 Corporate information

The company is 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/sale. 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 recognised in the periods in which the results are known / materialise.

2.3 Inventories

Inventories are valued at lower of cost and net realisable 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 amortisation

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.

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

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

2.7 Revenue recognition

- Land lease premium is recognised as income upon creation of leasehold rights in favour of the lessee or upon an agreement to create leasehold rights with handing over of possession.
- Property lease rentals, income from operation & maintenance charges and water charges are recognised 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.

Fixed assets acquired and put to use for project purpose are capitalised and depreciation thereon is included in the project cost till commissioning of the project.

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 amortisation 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. Subsequent expenditure on an intangible asset after its purchase / completion is recognised as an expense when incurred unless it is probable that such expenditure will enable the asset to generate future economic benefits in excess of its originally assessed standards of performance and such expenditure can be measured and attributed to the asset reliably, in which case such expenditure is added to the cost of the asset.

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 Government grants, subsidies and export incentives

Government grants and subsidies are recognised when there is reasonable assurance that the Company will comply with the conditions attached to them and the grants / subsidy will be received. Government grants whose primary condition is that the Company should purchase, construct or otherwise acquire capital assets are adjusted to the carrying value of the assets.

2.13 Investments

Long-term investments (excluding investment properties), 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.

2.14 Employee benefits

Employee benefits include provident fund, superannuation fund, gratuity fund and compensated absences

Defined contribution plans

The Company's contribution to provident fund and superannuation 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 recognised in the Statement of Profit and Loss in the period in which they occur. Past service cost is recognised immediately to the extent that the benefits are already vested and otherwise is amortised on a straight-line basis over the average period until the benefits become vested. The retirement benefit obligation recognised in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognised 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 recognised 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

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

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 recognised 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. Long Service Awards are recognised as a liability at the present value of the defined benefit obligation as at the Balance Sheet date.

2.15 Borrowing costs

Borrowing costs include interest and amortisation 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 utilised for qualifying assets, pertaining to the period from commencement of activities relating to construction / development of the qualifying asset upto the date of capitalisation of such asset is added to the cost of the assets. Capitalisation of borrowing costs is suspended and charged to the Statement of Profit and Loss during extended periods when active development activity on the qualifying assets is interrupted.

2.16 Segment reporting

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

2.17 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) by the weighted average number of equity shares outstanding during the year.

2.18 Taxes on income

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

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

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

2.19 Joint venture operations

The accounts of the Company reflect its share of the Assets, Liabilities, Income and Expenditure of the Joint Venture Operations which are accounted on the basis of the audited accounts of the Joint Ventures on line-by-line basis with similar items in the Company's accounts to the extent of the participating interest of the Company as per the Joint Venture Agreements.

2.20 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 recognised, 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 recognised for an asset in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss, except in case of revalued assets.

2.21 Provisions and contingencies

A provision is recognised 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.

2.22 Service tax input credit

Service tax input credit is accounted for in the books in the period in which the underlying service received is accounted and when there is no uncertainty in availing / utilising the credits.

3 Share capital

Particulars	As at March 31, 2012		As at March 31, 2011	
	Number of shares	Amount ₹	Number of shares	Amount ₹
a Authorised Equity shares of ₹ 10 each with voting rights	25,000,000	250,000,000	25,000,000	250,000,000
Unclassified shares of ₹ 10 each	5,000,000	50,000,000	5,000,000	50,000,000
Cumulative Redeemable preference shares of ₹ 100 each	6,500,000	650,000,000	6,500,000	650,000,000
b Issued, Subscribed and fully paid up Equity shares of ₹ 10 each with voting rights	20,000,000	200,000,000	20,000,000	200,000,000
6% Cumulative Redeemable preference shares of ₹ 100 each	6,500,000	650,000,000	6,500,000	650,000,000
		850,000,000		850,000,000

Notes:

(i) 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 dividends proposed by the Board of Directors is subject to the approval of the shareholders at the Annual General Meeting.

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

The amount of dividend proposed to be distributed to equity shareholders is ₹100 lakhs (₹ 0.50 per share) Previous year ₹ 200 lakh (₹ 1.00 per share)

(ii) Terms/rights attached to Preference Shares

The Cumulative Redeemable Preference shares are redeemable at par after the principal amount outstanding of Tranche - II alongwith interest has been fully paid on the "Term loan from HDFC Limited".

The amount of dividend proposed to be distributed to preference shareholders is ₹ 390 lakhs (₹ 6.00 per share)

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2012
3 Share capital (Contd..)

(iii) Details of shares held by the holding company, the ultimate holding company, their subsidiaries and associates:

Particulars	As at March 31, 2012		As at March 31, 2011	
	Equity shares with voting rights	6% Cumulative Redeemable preference shares	Equity shares with voting rights	6% Cumulative Redeemable preference shares
Mahindra Lifespace Developers Limited, the holding company	16,524,993	6,500,000	16,524,993	6,500,000

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

Class of shares / Name of shareholder	As at March 31, 2012		As at March 31, 2011	
	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares
Equity Shares with voting rights				
Mahindra Lifespace Developers Limited	16,524,993	82.60%	16,524,993	82.60%
M/s. Prudential Management & Services Private Limited	1,275,000	6.40%	—	—
Tamilnadu Industrial Development Corporation Limited	2,200,000	11.00%	2,200,000	11.00%
M/s. Azrael Investments Pvt Ltd	—	—	1,075,000	5.38%
6% Cumulative Redeemable preference shares				
Mahindra Lifespace Developers Limited	6,500,000	100.00%	6,500,000	100.00%

4 Reserves and Surplus

	As at March 31, 2012	As at March 31, 2011
	₹	₹
(a) General reserve		
Opening balance	7,200,000	7,200,000
Add: Transferred from Statement of Profit and Loss.....	—	—
Closing balance	<u>7,200,000</u>	<u>7,200,000</u>
(b) Surplus in Statement of Profit and Loss		
Opening balance	369,110,510	210,152,272
Add: Profit / (Loss) for the year	103,601,492	227,529,513
Less: Dividends proposed to be distributed to equity shareholders (₹ 0.50 per share)...	10,000,000	20,000,000
Dividends proposed to be distributed to preference shareholders (₹ 6.00 per share) .	39,000,000	39,000,000
Tax on dividend.....	<u>7,949,025</u>	<u>9,571,275</u>
Closing balance	<u>415,762,977</u>	<u>369,110,510</u>
	<u>422,962,977</u>	<u>376,310,510</u>

5 Long-Term Borrowings

Term loans (Secured)		
From HDFC Limited.....	<u>1,482,500,000</u>	<u>1,400,000,000</u>
	<u>1,482,500,000</u>	<u>1,400,000,000</u>

(i) Tranche I - Principal of ₹122.25 Crores to be repaid in 15 equal quarterly installments of ₹10.75 Crores, each commencing from April 2013.

Tranche - II - Principal to be repaid in 2 instalments of ₹13 Crores each, commencing from August 2013.

(ii) Term loans are secured by equitable Mortgage of specified lands.

	As at March 31, 2012	As at March 31, 2011
	₹	₹
6 Other Long-Term Liabilities		
Security deposit received	<u>30,400,162</u>	30,857,205
Payable on purchase of fixed assets	<u>1,394,160</u>	—
	<u>31,794,322</u>	<u>30,857,205</u>

7 Short-Term Borrowings

From related parties		
Intercorporate Deposit from Holding Company (unsecured).....	<u>500,000,000</u>	<u>200,000,000</u>
	<u>500,000,000</u>	<u>200,000,000</u>

8 Trade Payables

Trade payables	<u>8,585,751</u>	<u>13,661,654</u>
	<u>8,585,751</u>	<u>13,661,654</u>

9 Other Current Liabilities

(a) Current maturities of long-term loan from HDFC Limited.....	<u>367,500,000</u>	260,000,000
(b) Interest accrued but not due on borrowings.....	—	7,618,356
(c) Other payables		
(i) Withholding taxes	5,515	—
(ii) Accrued Expenses.....	<u>81,702,983</u>	52,705,119
(iii) Earnest money deposit received .	250,000	500,000
(iv) Advances from customers	<u>129,106,258</u>	163,361,913
(v) Rental deposit from customers....	<u>16,998,616</u>	9,754,061
(vi) Rental advance from customer....	<u>2,856,000</u>	—
	<u>598,419,372</u>	<u>493,939,449</u>

10 Short-Term Provisions

(a) Provision for employee benefits:		
(i) Compensated absences.....	<u>3,779,318</u>	2,360,436
(i) Other employee benefits - Gratuity	<u>1,180,683</u>	614,764
	<u>4,960,001</u>	2,975,200
(b) (i) Proposed equity dividend	<u>10,000,000</u>	20,000,000
(ii) Proposed preference dividend.....	<u>39,000,000</u>	39,000,000
(iii) Tax on proposed dividends.....	<u>7,949,025</u>	9,571,275
	<u>56,949,025</u>	68,571,275
	<u>61,909,026</u>	<u>71,546,475</u>

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

11 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
A. Tangible assets										
Land	10,779,777	—	—	10,779,777	—	—	—	—	10,779,777	10,779,777
Buildings										
- Own use	105,206,103	3,364,504	—	108,570,607	15,417,572	3,505,624	—	18,923,196	89,647,411	89,788,531
- Given under operating lease	116,977,826	—	—	116,977,826	13,075,808	3,907,060	—	16,982,868	99,994,958	103,902,018
Plant and machinery	158,747,603	9,695,040	—	168,442,643	22,170,709	7,803,186	—	29,973,895	138,468,748	136,576,894
Office equipment	19,232,240	12,800	—	19,245,040	3,273,651	892,111	—	4,165,762	15,079,278	15,958,589
Furniture and fixtures	3,520,011	—	—	3,520,011	2,363,530	251,329	—	2,614,859	905,152	1,156,481
Computers	5,142,325	463,624	—	5,605,949	3,901,279	421,835	—	4,323,114	1,282,835	1,241,046
Vehicles	7,847,300	563,791	—	8,411,091	1,945,828	778,701	—	2,724,529	5,686,562	5,901,472
Total	427,453,185	14,099,759	—	441,552,944	62,148,377	17,559,846	—	79,708,223	361,844,721	365,304,808
B. Intangible assets										
Software	5,558,724	—	—	5,558,724	3,693,125	1,865,598	—	5,558,723	1	1,865,599
Total	5,558,724	—	—	5,558,724	3,693,125	1,865,598	—	5,558,723	1	1,865,599
Total (A+B)	433,011,909	14,099,759	—	447,111,668	65,841,502	19,425,444	—	85,266,946	361,844,722	—
Previous year	415,895,098	17,992,403	875,592	433,011,909	47,048,707	19,176,114	383,319	65,841,502	—	367,170,407

12 Non-current investments	As at March 31, 2012		As at March 31, 2011	
	Nos.	₹	Nos.	₹
Investments (At cost):				
Unquoted, Non-trade				
Investment in equity				
instruments in Joint				
venture company	13,000,000	130,000,000	13,000,000	130,000,000
	<u>13,000,000</u>	<u>130,000,000</u>	<u>13,000,000</u>	<u>130,000,000</u>

13 Long-term loans and advances	As at March 31, 2012		As at March 31, 2011	
	₹	₹	₹	₹
(Unsecured. Considered Good)				
Capital advances	807,752	—	—	—
Security deposits	3,299,332	2,305,520	2,305,520	—
Advance income tax (net of provisions)	14,621,876	3,880,014	3,880,014	—
MAT credit entitlement	52,100,000	20,100,000	20,100,000	—
	<u>70,828,960</u>	<u>26,285,534</u>	<u>26,285,534</u>	<u>—</u>

14 Inventories	As at March 31, 2012		As at March 31, 2011	
	₹	₹	₹	₹
(at lower of cost and net realisable value)				
Work-in-progress (representing cost of land and related expenditure)	3,051,759,205	2,557,063,227	2,557,063,227	—
	<u>3,051,759,205</u>	<u>2,557,063,227</u>	<u>2,557,063,227</u>	<u>—</u>

15 Trade receivables	As at March 31, 2012		As at March 31, 2011	
	₹	₹	₹	₹
(Unsecured, Considered good)				
Trade receivables outstanding for a period exceeding six months from the date they were due for payment	3,351,444	1,326,356	1,326,356	—
Other Trade receivables	15,698,593	3,893,850	3,893,850	—
	<u>19,050,037</u>	<u>5,220,206</u>	<u>5,220,206</u>	<u>—</u>

16 Cash and cash equivalents	As at March 31, 2012		As at March 31, 2011	
	₹	₹	₹	₹
(a) Cash on hand	51,773	92,827	92,827	—
(b) Balances with banks				
In current accounts	8,227,933	38,361,372	38,361,372	—
	<u>8,279,706</u>	<u>38,454,199</u>	<u>38,454,199</u>	<u>—</u>

17 Short-term loans and advances	As at March 31, 2012		As at March 31, 2011	
	₹	₹	₹	₹
(Unsecured unless specifically stated, Considered good)				
(a) Security deposits	675,000	675,000	675,000	—
(b) Loans and advances to employees	28,580	—	—	—
(c) Prepaid expenses	2,642,396	2,316,513	2,316,513	—
(d) Balances with government authorities				
Service Tax input credit	2,924,784	2,265,011	2,265,011	—
(e) Inter-corporate deposit to related party				
73,300,000		73,300,000	73,300,000	—
(f) Advances for purchase of land				
Secured	332,083,991	299,303,040	299,303,040	—
Unsecured, considered good	8,365,474	7,130,000	7,130,000	—
(g) Other advances	3,860,142	1,916,729	1,916,729	—
	<u>423,880,367</u>	<u>386,906,293</u>	<u>386,906,293</u>	<u>—</u>

Intercorporate deposits represents receivable from Mahindra Integrated Township Limited, Joint venture company

18 Other current assets	As at March 31, 2012		As at March 31, 2011	
	₹	₹	₹	₹
Interest accrued on deposits	20,578,484	15,962,779	15,962,779	—
	<u>20,578,484</u>	<u>15,962,779</u>	<u>15,962,779</u>	<u>—</u>

Includes Interest receivable from Mahindra Integrated Township Limited -

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

₹ 2,132,309	<table border="0"> <thead> <tr> <th></th> <th style="text-align: right;">Year ended March 31, 2012</th> <th style="text-align: right;">Year ended March 31, 2011</th> </tr> <tr> <th></th> <th style="text-align: right;">₹</th> <th style="text-align: right;">₹</th> </tr> </thead> <tbody> <tr> <td>19 Revenue from operations</td> <td></td> <td></td> </tr> <tr> <td>(a) Land Lease Premium</td> <td style="text-align: right;">428,731,913</td> <td style="text-align: right;">549,303,587</td> </tr> <tr> <td>(b) Rental income.....</td> <td style="text-align: right;">14,970,118</td> <td style="text-align: right;">9,578,565</td> </tr> <tr> <td>(c) Operation and maintenance income.....</td> <td style="text-align: right;"><u>139,794,215</u></td> <td style="text-align: right;"><u>119,391,232</u></td> </tr> <tr> <td></td> <td style="text-align: right;"><u>583,496,246</u></td> <td style="text-align: right;"><u>678,273,384</u></td> </tr> <tr> <td>20 Other Income</td> <td></td> <td></td> </tr> <tr> <td>Interest on</td> <td></td> <td></td> </tr> <tr> <td>– Advance for purchase of land.....</td> <td style="text-align: right;">8,426,119</td> <td style="text-align: right;">11,133,395</td> </tr> <tr> <td>– Intercorporate Deposit.....</td> <td style="text-align: right;">9,284,667</td> <td style="text-align: right;">8,796,004</td> </tr> <tr> <td>– Income tax refund.....</td> <td style="text-align: right;">1,643,278</td> <td style="text-align: right;">1,647,156</td> </tr> <tr> <td>Profit on sale of fixed assets.....</td> <td style="text-align: right;">—</td> <td style="text-align: right;">4,790,000</td> </tr> <tr> <td>Miscellaneous income</td> <td style="text-align: right;"><u>1,391,434</u></td> <td style="text-align: right;"><u>285,900</u></td> </tr> <tr> <td></td> <td style="text-align: right;"><u>20,745,498</u></td> <td style="text-align: right;"><u>26,652,455</u></td> </tr> <tr> <td>21 Changes in Inventories</td> <td></td> <td></td> </tr> <tr> <td>Inventories at the end of the 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Operation and maintenance income.....	<u>139,794,215</u>	<u>119,391,232</u>		<u>583,496,246</u>	<u>678,273,384</u>	20 Other Income			Interest on			– Advance for purchase of land.....	8,426,119	11,133,395	– Intercorporate Deposit.....	9,284,667	8,796,004	– Income tax refund.....	1,643,278	1,647,156	Profit on sale of fixed assets.....	—	4,790,000	Miscellaneous income	<u>1,391,434</u>	<u>285,900</u>		<u>20,745,498</u>	<u>26,652,455</u>	21 Changes in Inventories			Inventories at the end of the year:			Work-in-progress.....	<u>3,051,759,205</u>	<u>2,557,063,227</u>		<u>3,051,759,205</u>	<u>2,557,063,227</u>	Inventories at the beginning of the year:			Work-in-progress.....	<u>2,557,063,227</u>	<u>1,767,781,267</u>		<u>2,557,063,227</u>	<u>1,767,781,267</u>	Net (increase) / decrease	<u>(494,695,978)</u>	<u>(789,281,960)</u>	Work-in-progress include ₹1,519,389,360 (previous year ₹1,186,346,460) being cost of land for which sale deeds have been executed but are yet to be registered.				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22 Employee Benefits Expense																																																																																																																																																																																																																																																																																																																							
Salaries and wages	37,490,482	28,284,618																																																																																																																																																																																																																																																																																																																					
Contributions to provident and other funds.....	3,023,366	2,462,206																																																																																																																																																																																																																																																																																																																					
Commission to non-whole time directors.....	1,000,000	1,500,000																																																																																																																																																																																																																																																																																																																					
Staff welfare expenses	<u>4,325,803</u>	<u>2,117,257</u>																																																																																																																																																																																																																																																																																																																					
	<u>45,839,651</u>	<u>34,364,081</u>																																																																																																																																																																																																																																																																																																																					
23 Finance Costs																																																																																																																																																																																																																																																																																																																							
(a) Interest expense on:																																																																																																																																																																																																																																																																																																																							
(i) Term loan from HDFC Limited.....	247,615,890	195,956,783																																																																																																																																																																																																																																																																																																																					
(ii) Intercorporate Deposit.....	<u>35,577,049</u>	<u>2,104,110</u>																																																																																																																																																																																																																																																																																																																					
	<u>283,192,939</u>	<u>198,060,893</u>																																																																																																																																																																																																																																																																																																																					
24 Other Expenses																																																																																																																																																																																																																																																																																																																							
Power and fuel.....	19,568,556	18,369,043																																																																																																																																																																																																																																																																																																																					
Rent including lease rentals	546,524	556,666																																																																																																																																																																																																																																																																																																																					
Repairs and maintenance - Machinery.....	340,455	—																																																																																																																																																																																																																																																																																																																					
– Others	3,563,244	1,006,500																																																																																																																																																																																																																																																																																																																					
Insurance	1,713,868	1,723,904																																																																																																																																																																																																																																																																																																																					
Rates and taxes.....	2,424,758	778,607																																																																																																																																																																																																																																																																																																																					
Communication.....	2,846,609	1,839,196																																																																																																																																																																																																																																																																																																																					
Travelling and conveyance.....	7,553,582	7,399,860																																																																																																																																																																																																																																																																																																																					
Printing and stationery.....	1,181,284	874,091																																																																																																																																																																																																																																																																																																																					
Sales commission	5,570,000	5,068,999																																																																																																																																																																																																																																																																																																																					
Business promotion	13,031,285	6,753,148																																																																																																																																																																																																																																																																																																																					
Legal and professional	13,216,777	11,580,203																																																																																																																																																																																																																																																																																																																					
Payments to auditors (Refer Note (i) below).....	741,659	772,508																																																																																																																																																																																																																																																																																																																					
Operation and Maintenance Expenses	68,240,027	64,823,018																																																																																																																																																																																																																																																																																																																					
Miscellaneous expenses	<u>3,012,201</u>	<u>9,571,932</u>																																																																																																																																																																																																																																																																																																																					
	Year ended March 31, 2012	Year ended March 31, 2011																																																																																																																																																																																																																																																																																																																					
	₹	₹																																																																																																																																																																																																																																																																																																																					
(i) Payments to the auditors comprises (net of service tax input credit)																																																																																																																																																																																																																																																																																																																							
Statutory audit	700,000	600,000																																																																																																																																																																																																																																																																																																																					
Other services	40,000	150,000																																																																																																																																																																																																																																																																																																																					
Reimbursement of expenses	<u>1,659</u>	<u>22,508</u>																																																																																																																																																																																																																																																																																																																					
	<u>741,659</u>	<u>772,508</u>																																																																																																																																																																																																																																																																																																																					
25 Additional information to the financial statements	2011-12	2010-11																																																																																																																																																																																																																																																																																																																					
	₹	₹																																																																																																																																																																																																																																																																																																																					
25.1 Contingent liabilities and commitments																																																																																																																																																																																																																																																																																																																							
(i) Contingent liabilities																																																																																																																																																																																																																																																																																																																							
Income Tax matters	—	11,460,843																																																																																																																																																																																																																																																																																																																					
(ii) Commitments																																																																																																																																																																																																																																																																																																																							
(a) Estimated amount of contracts remaining to be executed on capital account and not provided for																																																																																																																																																																																																																																																																																																																							
Tangible assets.....	24,288,392	1,276,724																																																																																																																																																																																																																																																																																																																					
(b) Work orders to contractors.....	45,166,346	16,687,811																																																																																																																																																																																																																																																																																																																					
(c) Sales commitments.....	611,344,250	704,151,500																																																																																																																																																																																																																																																																																																																					
25.2 There are no dues to Micro and Small Enterprises have been determined to the extent such parties which have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.																																																																																																																																																																																																																																																																																																																							
	2011-12	2010-11																																																																																																																																																																																																																																																																																																																					
25.3 Expenditure in foreign currency	₹	₹																																																																																																																																																																																																																																																																																																																					
Travel	214,599	108,115																																																																																																																																																																																																																																																																																																																					
Other Expenses	1,440,015	226,220																																																																																																																																																																																																																																																																																																																					
	<u>1,654,614</u>	<u>334,335</u>																																																																																																																																																																																																																																																																																																																					
26 Disclosures under Accounting Standards	2011-12	2010-11																																																																																																																																																																																																																																																																																																																					
26.1 Details of government grants	₹	₹																																																																																																																																																																																																																																																																																																																					
Government grants towards fixed assets..	3,997,500	—																																																																																																																																																																																																																																																																																																																					
26.2 Details of borrowing costs inventorised																																																																																																																																																																																																																																																																																																																							
Borrowing costs inventorised during the year	233,450,882	179,445,793																																																																																																																																																																																																																																																																																																																					
		Gratuity (Funded)																																																																																																																																																																																																																																																																																																																					
26.3 Additional information to the financial statements - Employee benefits	2011 – 12	2010 – 11																																																																																																																																																																																																																																																																																																																					
	₹	₹																																																																																																																																																																																																																																																																																																																					
a. Net Asset/ (Liability) recognized in the balance sheet																																																																																																																																																																																																																																																																																																																							
Present Value of Defined Benefit Obligation ..	4,024,903	2,636,907																																																																																																																																																																																																																																																																																																																					
Fair Value of Plan assets	2,844,220	2,022,143																																																																																																																																																																																																																																																																																																																					
Liability recognised in the balance sheet	<u>1,180,683</u>	<u>614,764</u>																																																																																																																																																																																																																																																																																																																					
b. Expense recognized in the Profit & Loss account																																																																																																																																																																																																																																																																																																																							
Past service cost	—	1,143,871																																																																																																																																																																																																																																																																																																																					
Current Service cost.....	771,769	505,623																																																																																																																																																																																																																																																																																																																					
Interest cost.....	166,100	106,318																																																																																																																																																																																																																																																																																																																					
Expected return on plan assets.....	(127,992)	(80,886)																																																																																																																																																																																																																																																																																																																					
Actuarial (gains) / Losses	1,422,594	(455,597)																																																																																																																																																																																																																																																																																																																					
Total expenses	<u>2,232,471</u>	<u>12,19,329</u>																																																																																																																																																																																																																																																																																																																					
c. Change in present value of Defined Benefit obligation																																																																																																																																																																																																																																																																																																																							
Present Value of the obligation at the beginning of the year	2,636,907	1,417,578																																																																																																																																																																																																																																																																																																																					
Past service cost	—	1,143,871																																																																																																																																																																																																																																																																																																																					
Current Service cost.....	771,769	505,623																																																																																																																																																																																																																																																																																																																					
Interest Cost.....	166,100	106,318																																																																																																																																																																																																																																																																																																																					
Actuarial (Gains) /Losses	1,294,602	(536,483)																																																																																																																																																																																																																																																																																																																					
Benefits Paid	<u>(844,475)</u>	<u>—</u>																																																																																																																																																																																																																																																																																																																					
Present value of the obligation as at the																																																																																																																																																																																																																																																																																																																							

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

	Gratuity (Funded)	
	2011 – 12	2010 – 11
end of the year.....	<u>4,024,903</u>	<u>2,636,907</u>
d. Change in fair value of plan assets		
Present value of plan assets as the beginning of the year	2,022,143	—
Expected return on plan assets	127,992	80,886
Contributions made	(844,875)	2,022,413
Benefits paid	1,666,952	—
Actuarial Gains / (Losses)	<u>(127,992)</u>	<u>(80,886)</u>
Present value of plan assets at the end of the year	<u>2,844,220</u>	<u>2,022,143</u>
e. Principal actuarial assumptions		
Discount Rate	8.50%	7.50%
Expected return on plan assets	<u>8.00%</u>	<u>8.00%</u>
Mortality	LIC (1994-96) Ultimate	mortality tables
f. 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.		
g. Basis used to determined expected rate of return. The information on major categories of plan assets and expected return on each class of plan assets are not readily available. However LIC has confirmed this to be the average rate of return on plan assets.		

26.4 Disclosures under Accounting Standards

Related party transactions

a. Details of related parties:

Description of relationship	Names of related parties
Ultimate Holding Company	Mahindra & Mahindra Limited
Holding Company	Mahindra Lifespaces Developers Limited
Fellow Subsidiaries	Mahindra Infrastructure Developers Limited Mahindra World City (Jaipur) Limited Mahindra Residential Developers Limited Mahindra Holidays & Resorts India Limited Mahindra Consulting Engineers Limited Mahindra BPO Service Pvt. Ltd. Mahindra EPC Service Pvt. Ltd
Joint Venture	Mahindra Integrated Township Limited
Key Management Personnel (KMP)	Ms. Sangeeta Prasad, Manager and Chief Executive Officer

Note: Related parties have been identified by the Management and relied upon by the auditors.

b. Details of related party transactions during the year ended March 31, 2012 and balances outstanding as at March 31, 2012:

	Ultimate Holding Company	Holding Company	Fellow Subsidiaries	Joint Venture	KMP
Transactions during the year					
Land Lease Premium					
- Mahindra Holidays & Resorts India Limited			(-25,500,000)		
Operation and maintenance Income	10,801,140 (10,801,035)	3,913,962 (3,694,002)		13,782,300 (13,782,300)	
- Mahindra Holidays & Resorts India Limited			(189,000)		
- Mahindra Residential Developers Limited			4,586,988 (4,586,988)		
Water charges	3,726,040 (1,513,290)	3,321,780 (3,551,160)		1,132,000 (156,560)	
- Mahindra Residential Developers Limited			2,459,200 (985,000)		
Rent received		2,150,700 (2,033,815)			
Interest received				9,284,667 (8,796,004)	
Professional Charges	60,560 (-)				
- Mahindra Consulting Engineers Limited			7,789,940 (7,117,161)		
- Mahindra BPO Service Pvt. Ltd			99,000 (-)		
Fixed assets purchased including installation charges					
- Mahindra EPC Service Pvt Ltd			13,082,400 (-)		
Rent Paid	161,280 (151,200)				
Electricity Charges Paid	335,146 (329,918)				
Interest Paid		35,577,049 (2,104,110)			
Inter Corporate Deposit received		300,000,000 (200,000,000)			
Balance Outstanding as at the year end					
Receivables	802,400 (-)			75,432,309 (79,242,724)	
Payables	3,543,381 (3,279,284)	503,282,098 (203,282,098)		5,666,325 (5,666,325)	
- Mahindra Residential Developers Limited			1,979,247 (1,748,583)		
- Mahindra EPC Service Pvt. Ltd			1,394,160 (-)		
Managerial Remuneration					7,565,798 (6,149,652)
Dividend Paid		55,524,993 (48,914,996)			

Note: Figures in bracket relates to the previous year

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

26.5 Leases

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

Lease income from operating leases is recognized on a straight-line basis over the period of lease. The particulars of the premises given under operating leases are under:

	2011-12	2010-11
	₹	₹
Gross carrying amount of premises	116,977,826	116,977,826
Accumulated depreciation	16,982,868	13,075,808
Depreciation for the year	3,907,060	3,907,060

26.6 Earnings per share

	2011-12	2010-11
	₹	₹
<u>Basic and diluted</u>		
Net profit for the year from continuing operations	103,601,492	227,529,513
Less: Preference dividend and tax thereon	45,326,775	45,326,775
Net profit for the year from continuing operations attributable to the equity shareholders (Nos).....	58,274,717	182,202,738
Weighted average number of equity shares	20,000,000	20,000,000
Par value per share	10	10
Earnings per share - Basic and diluted	2.91	9.11

26.7 Deferred tax (liability) / asset

	2011-12	2010-11
	₹	₹
<u>Tax effect of items constituting deferred tax liability</u>		
On difference between book balance and tax balance of fixed assets	(40,111,508)	(35,232,833)
Interest inventorised but claimed as allowable for tax purposes	(131,203,879)	(58,221,187)
Tax effect of items constituting deferred tax liability	(171,315,387)	(93,454,020)
<u>Tax effect of items constituting deferred tax assets</u>		
Provision for compensated absences, gratuity and other employee benefits	1,226,200	765,843
Unabsorbed depreciation carried forward	11,174,833	—
Brought forward business losses	15,931,121	—
Tax effect of items constituting deferred tax assets	28,332,154	765,843
Net deferred tax (liability) / asset	(142,983,233)	(92,688,177)

26.8 Joint Venture Disclosures

i. Interest in Joint Ventures	Name of the Company	Country of Incorporation	Proportion of ownership interest
ii. interest in assets, liabilities, income, expenses and capital commitment with respect to the Joint Ventures			
		2011-12	2010-11
		₹	₹
	Tangible fixed assets	27,851	34,123
	Long term loans and advances	2,556,551	1,516,337
	Inventories	212,071,658	227,053,145
	Cash and cash equivalents	258,183	4,396,299
	Trade receivables.....	40,978,758	—
	Short term loans and advances.....	3,924,591	6,325,807
	Trade payables.....	6,826,107	4,471,791
	Other Current Liabilities.....	8,888,903	34,479,477
	Short term borrowings	133,120,000	96,720,000
	Long term Borrowings	14,950,000	—
	Income.....	75,684,463	196,426
	Expenses.....	83,487,967	14,992,302
	Contract commitments.....	31,422,243	56,434,820
	Sale Commitments	248,527,798	218,297,300

27 Previous year's figures

The Revised Schedule VI has become effective from April 1, 2012 for the preparation of the 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

N. Vaghul	<i>Chairman</i>
A.K. Nanda	<i>Vice - Chairman</i>
Mr. Sanjiv Kapoor	} <i>Directors</i>
Anita Arjundas	
Sangeeta Prasad	
S. Chandru	<i>Chief Financial Officer and Company Secretary</i>

Place : Chennai
Date : April 16, 2012