

## 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

Particulars	(Amount in ₹)	
	For the year ended March 31, 2012	For the year ended March 31, 2011
Total Income.....	23,026	5,099
Profit /(Loss) Before Depreciation, Interest and Taxation.....	(105,096)	(10,292,773)
Less : Depreciation.....	7,357	12,614
Profit / (Loss) Before Interest and Taxation.....	(112,453)	(10,305,387)
Less :Interest.....	—	—
Profit / (Loss) Before Taxation.....	(112,453)	(10,305,387)
Less : Provision for Taxation .....	—	—
Profit / (Loss) for the year after Taxation.....	(112,453)	(10,305,387)
Add : Balance of Profit /(Loss) for earlier years.....	(11,194,672)	(889,285)
Balance carried forward.....	(11,307,125)	(11,194,672)

### Operations

Your Company is examining the possibility of a joint venture project with MIDC in Maharashtra

### Dividend

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

### Capital

The Authorised Equity capital of your Company is ₹1.50 crore. During the year, the paid-up equity capital of your Company was increased from ₹ 1.12 Crore to ₹ 1.1704 Crore. The increase in Equity Share Capital is due to allotment of 50,400 equity shares of ₹ 10 each in rights issue.

Your Company continues to be a 100% subsidiary of Mahindra Lifespace Developers Limited and consequently a subsidiary of the ultimate holding company Mahindra & Mahindra Limited.

### Directors

Ms. Anita Arjundas retires by rotation and being eligible offer herself for re-appointment.

Mr. Vijay Paradkar, Mr. Rajan Narayan and Mr. Suhas Kulkarni were appointed as Additional Directors at the meeting of the Board of Directors of the Company held on October 17, 2011. Mr. Vijay Paradkar, Mr. Rajan Narayan and Mr. Suhas Kulkarni hold office only upto the date of the forthcoming Annual General Meeting of the Company.

The Company has received notices from a member signifying his intention to propose Mr. Vijay Paradkar, Mr. Rajan Narayan and Mr. Suhas Kulkarni as candidates for the office of Director.

During the year Mr. Arun Nanda, Mr. Uday Y. Phadke and Mr. Raghunath Murti resigned as Directors of the Company with effect from October 17, 2011. Your Board placed on record its appreciation of the valuable services rendered by Mr. Arun Nanda, Mr. Uday Y. Phadke and Mr. Raghunath Murti during their tenure as Directors of the Company.

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

### 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 seek to reiterate the fundamental precept that good governance must and would always be an integral part of the Company's ethos.

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

### Auditors

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

of next Annual General Meeting and fix their remuneration.

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

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

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

**Public Deposits and Loans / Advances**

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

The Company has not made any loans/advances of the nature, which otherwise 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 to this Report.

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

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

**Acknowledgment**

The Directors are thankful to all consultants and associates of your Company for the support received from them during the year.

For and on behalf of the Board,

**Rajan Narayan**  
Chairman

Mumbai, April 19, 2012

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**ANNEXURE TO THE DIRECTORS' REPORT**

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

**A. CONSERVATION OF ENERGY**

- |  |   |   |
|--|---|---|
| (a) Energy conservation measures taken   | : | The Company is looking out for suitable opportunity in large format development including residential development and adequate energy conservation measures will be taken at an appropriate time. |
| (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             | : | Not Applicable  |
| (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**

There was no inflow or outflow of foreign exchange involved during the year under review.

For and on behalf of the Board,

**Rajan Narayan**  
Chairman

Mumbai, April 19, 2012

## SECRETARIAL COMPLIANCE CERTIFICATE

The Members of  
**MAHINDRA WORLD CITY (MAHARASHTRA) LIMITED**  
 5<sup>th</sup> Floor, Mahindra Towers,  
 Worli, Mumbai-400 018

I have examined the registers, records, books and papers of **MAHINDRA WORLD CITY (MAHARASHTRA) LIMITED** (*the Company*) as required to be maintained under the Companies Act, 1956, (*the Act*) and the rules made there under and also the provisions contained in the Memorandum of Association and Articles of Association of the Company for the financial year ended on March 31, 2012.

In my opinion and to the best of my information and according to the examinations carried out by me and explanations furnished to me by the company, its officers and agents, I certify that in respect of the aforesaid financial year:

1. The Company has kept and maintained all registers as stated in **Annexure 'A'** to this certificate, as per the provisions of the Act and the rules made there under and all entries therein have been duly recorded.
2. The Company has duly filed the forms and returns as stated in **Annexure 'B'** to this certificate, with the Registrar of Companies, Regional Director, Central Government, Company Law Board or other authorities within the time prescribed under the Act and the rules made there under .
3. The Company being a Public Limited Company has the minimum prescribed paid up capital.
4. The Board of Directors duly met on April 19, 2011, August 18, 2011, October 17, 2011 and January 19, 2012 in respect of which meetings proper notices were given and the proceedings were properly recorded and signed.
5. The Company has not closed the Register of Members under Section 154 of the Act during the financial year since the same was not mandatory.
6. The Annual General Meeting for the financial year ended on March 31, 2011 was held on June 14, 2011 after giving due notice to the members of the Company. The resolutions passed there at were duly recorded in Minutes Book maintained for the purpose.
7. No Extra Ordinary General Meeting was held during the year under scrutiny.
8. The Company has not advanced any loan to its directors, or persons, or firms and Companies referred to under section 295 of the Act.
9. The Company has not entered into any contract falling within the purview of Section 297 of the Act.
10. In our opinion and according to the information and explanation given to us, there were no transactions with any party that needed to be entered in the register maintained in pursuance of the section 301 of the Companies Act, 1956.
11. As there were no instances falling within the purview of Section 314 of the Act the Company was not required to obtain any approval from the Board of Directors, members and Central Government.
12. The Board of Directors has not issued duplicate share certificates during the financial year under review.
13. The Company has:
  - i) made allotment of 50,400 Equity Shares through rights issue and there were transfer of Equity Shares during the financial year under review.
  - ii) not declared any dividend during the year and hence the Company was not required to deposit any amount as unpaid in a separate bank account.
  - iii) not paid /posted warrants for dividends to any members, since no dividend was declared during the year under review.
  - iv) not transferred any amounts to the Investors Education and Production Fund since there were no unpaid dividends, application money due for refund, matured deposits, matured debentures and the interest accrued thereon, outstanding for a period of seven years.
  - v) has duly complied with the requirements of Section 217 of the Act.
14. The Board of Directors of the Company is duly constituted and the appointments/ re-appointment of directors have been duly made.
15. The Company has not appointed a Managing Director/ Whole time Director/ Manager during the financial year under review.
16. The Company has not appointed any sole-selling agents during the financial year under review.
17. As explained to me, the Company was not required to obtain any approvals from the Central Government, Company Law Board, Regional Director and/or such other authorities as may be prescribed under the various provisions of the Act.
18. The directors have disclosed their interest in other firms/ companies to the Board of Directors pursuant to the provisions of the Act and the rules made there under.
19. The Company has not issued any shares, debentures and/ or other securities except 50,400 Equity Shares through rights issue during the financial year under review.
20. The Company has not bought back any shares during the financial year under review.
21. Since the Company has no preference shares/debentures, the Company was not required to redeem any preference share/debentures during the year under review.
22. There were no transactions necessitating the Company to keep in abeyance the rights to dividend, rights shares and bonus shares pending registration of transfer of shares.

23. The Company has not invited/accepted any deposits including any unsecured loans falling within the purview of the provisions of Section 58A and 58AA read with Companies (Acceptance of Deposit) Rules, 1975 during the year under review.
24. The Company has not borrowed any amount from Directors, members, public, financial institutions, banks and others, during the financial year under review.
25. The company has not made any loans or investments, or given guarantees or provided securities to other bodies corporate and consequently no entries has been made in the register kept for the purpose.
26. The Company has not altered the provisions of the Memorandum of Association with respect to situation of the Company's registered office from one state to another during the year under scrutiny.
27. The Company has not altered the provisions of the Memorandum of Association with respect to the objects of the company during the year under scrutiny.
28. The Company has not altered the provisions of the Memorandum of Association with respect to name of the company during the year under scrutiny.
29. The Company has not altered the provisions of the Memorandum of Association with respect to share capital of the company during the year under scrutiny.
30. The Company has not altered its Articles of Association during the year under scrutiny.
31. There were no prosecution initiated against or show cause notices received by the Company for alleged offences under the Act and also no fines and penalties or any other

punishment imposed on the company during the financial year under review.

32. The Company has not received any money as security from its employees during the year under review.
33. According to the explanation given to us the Provident Fund Scheme is not applicable to the Company. Hence the Company has not deducted both employee's and employer's contribution to Provident Fund, with prescribed authorities, pursuant to Section 418 of the Act.

For **Martinho Ferrao & Associates**  
Company secretaries

**Martinho Ferrao**  
Proprietor  
C P. No. 5676

Place: Mumbai  
Date: April 19, 2012

**ANNEXURE 'A'**  
(Refer Para 1 of report dated April 19, 2012)

No.	Registers as maintained by the Company	Under Section
1	Register of Members	150
2	Minutes Books of proceedings of a) General Meeting b) Board of Directors	193 193
3	Register of Contracts, Companies & Firms in which directors are interested	301
4	Register of Directors	303
5	Register of Director Shareholding	307
6	Register of charges	143
7	Register of Transfer of shares	108

**ANNEXURE 'B'**

(Refer Para 2 of report)

**Returns filed by the Company with the Registrar of Companies, Maharashtra, Mumbai, during the Financial Year ended March 31, 2012**

No	Form No.	Under Section	Purpose	Filing date with ROC
1	Form 23AC & 23ACA - XBRL - Balance Sheet and Profit & Loss A/c (as on March 31, 2011)	220	As prescribed in the section	November 25, 2011
2	Form 20B - Annual Return (as on June 14, 2011)	159	As prescribed in the section	July 28, 2011
3	Form 66 (Compliance Certificate)	383 [A]	As required under the Issuance of Compliance Certificate Rules, 2001	July 01, 2011
4	Form 32 (Appointment and Resignation of Directors)	266	As prescribed in the section	October 17, 2011
5	Form 2 (Allotment of Shares)	75(1)	As prescribed in the section	September 08, 2011

## AUDITORS' REPORT

### TO THE MEMBERS OF MAHINDRA WORLD CITY (MAHARASHTRA) LIMITED

1. We have audited the attached Balance Sheet of Mahindra World City (Maharashtra) 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. Without qualifying our opinion, we draw attention to Note 1 of the Financial Statements regarding these accounts being prepared on a going concern basis.
4. As required by the Companies (Auditor's Report) Order, 2003 (CARO) issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
5. Further to our comments in the Annexure referred to 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 loss of the Company for the year ended on that date and
  - (c) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.
6. 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 A.F. Ferguson & Co.  
Chartered Accountants  
Registration No: 112066W*

**B. Ramaratnam**  
*Partner  
Membership No.21209*

*Place: Chennai  
Date: April 19, 2012*



**Annexure referred to in paragraph 4 of the Auditor's Report to the members of Mahindra World City (Maharashtra) Limited on the account for the year ended March 31, 2012**

- i. Having regard to the nature of Company's business / activities / result, clauses (ii) to (viii), (xi) to (xx) of CARO are not applicable to the Company in the current year.
- ii. (a) The Company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets.  
(b) The assets were physically verified during the year by the management and no material discrepancies were noticed on such verification.  
(c) The Company has not disposed off any fixed assets during the year.
- iii. According to the information and explanations given to us in respect of the statutory dues:
  - a) The Company has been regular in depositing undisputed dues, including Income Tax and other material statutory dues applicable to it with the appropriate authorities.

- b) There were no undisputed amounts payable in respect of Income Tax 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 which has not been deposited on account of disputes.
- iv. The accumulated losses of the Company at the end of the financial year have eroded more than 50% of its net worth and the Company has incurred cash losses in the current financial year as well as in the immediately preceding financial year.
- v. To the best of our knowledge and according to the information and explanations given to us by the management, we report that no fraud on or by the Company has been noticed or reported during the year.

**For A. F. Ferguson & Co.**  
*Chartered Accountants*  
*Registration No: 112066W*

**B. Ramaratnam**  
*Partner*  
*Membership Number: 21209*

*Place: Chennai*  
*Date: April 19, 2012*

**BALANCE SHEET AS AT MARCH 31, 2012**

	Note Ref	As at March 31, 2012 ₹	As at March 31, 2011 ₹
<b>EQUITY AND LIABILITIES</b>			
Shareholders' funds			
Share capital.....	3	11,704,000	11,200,000
Reserves and surplus.....	4	<u>(11,307,125)</u>	<u>(11,194,672)</u>
		396,875	5,328
Current liabilities			
Other current liabilities.....	5	<u>110,300</u>	<u>82,725</u>
Total .....		<u><u>507,175</u></u>	<u><u>88,053</u></u>
<b>ASSETS</b>			
Non-Current assets			
Fixed Assets			
Tangible assets .....	6	<u>1</u>	<u>7,358</u>
		1	7,358
Current assets			
Cash and cash equivalents .....	7	491,369	68,401
Other current assets .....	8	<u>15,805</u>	<u>12,294</u>
Total .....		<u><u>507,174</u></u>	<u><u>80,695</u></u>
		<u><u>507,175</u></u>	<u><u>88,053</u></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 19, 2012*

For and on behalf of the Board of Directors  
**Rajan Narayan** *Chairman*

**Anita Arjundas**  
**Suhas Kulkarni**  
**Vijay Paradkar** } *Directors*

*Place : Mumbai*  
*Date : April 18, 2012*

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

	Note Ref	Year ended March 31, 2012 ₹	Year ended March 31, 2011 ₹
<b>INCOME</b> .....	<b>9</b>	<u>23,026</u>	<u>5,099</u>
		<u>23,026</u>	<u>5,099</u>
<b>EXPENDITURE</b>			
Changes in Inventories .....	10	—	10,133,591
Depreciation and amortisation expense .....		7,357	12,614
Other expenses .....	11	<u>128,122</u>	<u>164,281</u>
		<b>135,479</b>	10,310,486
<b>Loss before tax</b>		<b>(112,453)</b>	<b>(10,305,387)</b>
Less : Tax expense .....		—	—
<b>Loss for the period</b> .....		<u><b>(112,453)</b></u>	<u><b>(10,305,387)</b></u>
Earnings per equity share:			
Basic & Diluted .....		<b>(0.10)</b>	<b>(9.20)</b>

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 19, 2012*

For and on behalf of the Board of Directors  
**Rajan Narayan** *Chairman*

**Anita Arjundas**  
**Suhas Kulkarni**  
**Vijay Paradkar** } *Directors*

*Place : Mumbai*  
*Date : April 18, 2012*



**CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2012**

	Year ended March 31, 2012 ₹	Year ended March 31, 2011 ₹
<b>A. Cash flow from operating activities</b>		
Net Loss before tax .....	(112,453)	(10,305,387)
Adjustments for:		
Depreciation and amortisation.....	7,357	12,614
Finance costs .....	<u>(22,946)</u>	<u>(5,099)</u>
Operating (loss) before working capital changes .....	(128,042)	(10,297,872)
Changes in working capital		
Adjustments for increase/ (decrease) in operating assets.....		
Other current assets .....	(3,511)	142
Inventories .....	—	10,133,591
Increase/(decrease) in current liabilities .....	<u>27,575</u>	<u>—</u>
	(24,064)	10,133,733
Cash used in Operations .....	<u>(103,978)</u>	<u>(164,139)</u>
Net cash (used in) operating activities.....	<u>(103,978)</u>	<u>(164,139)</u>
<b>B. Cash flow from investing activities:</b>		
Interest received .....	<u>22,946</u>	<u>5,099</u>
Net cash from investing activities .....	<u>22,946</u>	<u>5,099</u>
<b>C. Cash flow from financing activities:</b>		
Proceeds from issue of shares .....	<u>504,000</u>	<u>—</u>
Net cash from financing activities .....	<u>504,000</u>	<u>—</u>
<b>Net increase/(decrease) in cash and cash equivalents (A+B+C)</b>	<u><u>422,968</u></u>	<u><u>(159,040)</u></u>
<b>Cash &amp; cash equivalents</b>		
Opening balance .....	68,401	227,441
Closing balance .....	<u>491,369</u>	<u>68,401</u>
<b>Net increase/(decrease) in cash and cash equivalents .....</b>	<u><u>422,968</u></u>	<u><u>(159,040)</u></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 19, 2012*

For and on behalf of the Board of Directors  
**Rajan Narayan** *Chairman*

**Anita Arjundas**  
**Suhas Kulkarni**  
**Vijay Paradkar** } *Directors*

*Place : Mumbai*  
*Date : April 18, 2012*

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

**1 Corporate information**

The Company was incorporated in 2005 for development of Multi Product SEZ at Karla, Maharashtra as a Joint Venture with Maharashtra Industrial Development Corporation (MIDC). Owing to the issues faced in land acquisition in that region, MIDC has stated in their letter of January 7, 2011 that the project would not be pursued at Karla but it would work with the Company to examine the possibility of a Joint Venture project elsewhere. Accordingly, the project inventory representing cost on preliminary studies, surveys and interest have been charged off resulting in the accumulated losses eroding its network in the previous year. The company is exploring alternate locations for the project. Since the Holding Company is committed to extending financial support to the Company for its future projects the accounts have been prepared on a "Going Concern" basis.

**2 Significant Accounting Policies**

**a Basis of Accounting**

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

**b Fixed Assets**

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

**c Depreciation**

Fixed assets are depreciated on the Straight Line method in accordance with the provisions of Section 205(2) (b) of the Companies Act, 1956 based on the useful life estimated by the Management. Accordingly, computers are depreciated at 20% which is higher than the rate specified in Schedule XIV to the Companies Act, 1956

**d Inventories**

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

**e Taxes on Income**

Current tax is determined as the amount of tax payable in respect of taxable income for the year. Deferred tax is recognized, subject to consideration of prudence, on timing differences, being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods

Deferred tax assets in respect of unabsorbed depreciation and carried forward losses are recognized if there is virtual certainty that there will be sufficient future taxable income available to realize such losses. Other deferred tax assets are recognized if there is reasonable certainty that there will be sufficient future taxable income available to realize such assets.

**f 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 are not discounted to present value and are determined based on 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 not recognized but are disclosed in the notes. Contingent Assets are neither recognized nor disclosed in the financial statements.

As at  
**March 31, 2012**      As at  
March 31, 2011  
₹                              ₹

**3 Share Capital**

Authorised :		
1,500,000 Equity shares of ₹10 each	<b>15,000,000</b>	15,000,000
Issued, subscribed and paid up.		
1,170,400 equity shares of ₹10 each		
fully paid up .....	<u><b>11,704,000</b></u>	<u>11,200,000</u>
	<u><b>11,704,000</b></u>	<u>11,200,000</u>

a The above shares are held by Mahindra Lifespace Developers Limited, the holding company and its nominees

**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.

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

Reconciliation of the shares outstanding at the beginning and at the end of the 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	<b>1,120,000</b>	<b>11,200,000</b>	1,120,000	11,200,000
Issued during the period	<b>50,400</b>	<b>504,000</b>	—	—
Outstanding at the end of the period	<b>1,170,400</b>	<b>11,704,000</b>	1,120,000	11,200,000

As at  
**March 31, 2012**      As at  
March 31, 2011  
₹                              ₹

**4 Reserves & Surplus**

(Deficit) in the statement of Profit and Loss

Opening Balance.....	<b>(11,194,672)</b>	(889,285)
Add: Loss for the Year .....	<u><b>(112,453)</b></u>	<u>(10,305,387)</u>
Closing Balance .....	<u><b>(11,307,125)</b></u>	<u>(11,194,672)</u>

**5 Other Current Liabilities**

Other payables .....	<u><b>110,300</b></u>	<u>82,725</u>
	<u><b>110,300</b></u>	<u>82,725</u>

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

**6 Fixed Assets**

	Gross Block		Depreciation		Net Block	
	As at April 1, 2011	As at March 31, 2012	As at April 1, 2011	For the year March 31, 2012	As at March 31, 2012	As at March 31, 2011
Computers	61,882	<b>61,882</b>	54,524	7,357	<b>61,881</b>	1
<b>TOTAL</b>	61,882	<b>61,882</b>	54,524	7,357	<b>61,881</b>	<b>1</b>
Previous year	61,882	<b>61,882</b>	41,910	12,614	<b>54,524</b>	7,358

	As at March 31, 2012 ₹	As at March 31, 2011 ₹
<b>7 Cash &amp; Cash Equivalents</b>		
Cash on hand.....	49	63
Balances with Bank		
in current account.....	2,632	2,254
in deposit account .....	<b>488,688</b>	66,084
	<b>491,369</b>	<b>68,401</b>
<b>8 Other Current Assets</b>		
Advance Tax .....	15,805	12,294
	<b>15,805</b>	<b>12,294</b>
	<b>Year ended</b>	<b>Year ended</b>
	<b>March 31, 2012</b>	<b>March 31, 2011</b>
	₹	₹
<b>9 Income</b>		
Interest income		
Interest on deposits.....	22,946	5,099
Interest on Income Tax refund .....	80	—
	<b>23,026</b>	<b>5,099</b>
<b>10 Changes in Inventories</b>		
Opening work in progress .....	—	10,133,591
Closing work in progress.....	—	—
	—	<b>10,133,591</b>
<b>11 Other Expenses</b>		
Rates and taxes .....	4,034	2,040
Legal and Professional Charges .....	13,788	79,426
Auditors' remuneration		
Audit Fees .....	100,000	75,000
Other services .....	10,300	7,725
Miscellaneous expenses .....	—	90
	<b>128,122</b>	<b>164,281</b>

12 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.

**13 Related Parties**

a. Details of related parties:

Ultimate Holding Company	Mahindra & Mahindra Limited
Holding Company	Mahindra Lifespace Developers Limited

Related parties are as identified by the management

b. Details of Related party Transactions

Particulars	Holding Company	
	2011-12	2010-11
Shares issued (₹)	504000	—

**14 Earnings per Share**

Particulars	2011-12	2010-11
Basic & Diluted		
Net profit / (loss) for the year (₹)	<b>(112,453)</b>	(10,305,387)
Weighted average number of equity shares (Nos)	<b>1,148,780</b>	1,120,000
Par value per share (₹)	<b>10</b>	10
Earnings per share - Basic & Diluted (₹)	<b>(0.10)</b>	(9.20)

15 In line with AS 22, Accounting for Taxes on Income, on principles of prudence, the company has not recognized the net deferred tax asset arising due to unabsorbed losses.

16 The Revised Schedule VI has become effective from 1 April, 2011 for the preparation of financial statements. This has 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

**Rajan Narayan** Chairman

**Anita Arjundas**  
**Suhas Kulkarni**  
**Vijay Paradkar** } Directors

Place : Mumbai  
Date : April 18, 2012