

# **Knowledge Township Limited**

**Annual Report**

**2010-11**

## DIRECTORS' REPORT TO THE MEMBERS

Your Directors present their Fourth Report together with the audited accounts of the Company for the year ended 31st March, 2011.

### FINANCIAL HIGHLIGHTS

	(Amount in Rs.)	
	<b>For the year ended 31st March, 2011</b>	For the year ended 31st March, 2010
Total Income .....	<b>4,482</b>	97,110
Profit /(Loss) Before Depreciation, Interest and Taxation.....	<b>(1,38,525)</b>	(1,09,324)
Less : Depreciation .....	<b>10,527</b>	10,337
Profit / (Loss) Before Interest and Taxation.....	<b>(1,49,052)</b>	(1,19,661)
Less :Interest .....	—	—
Profit / (Loss) Before Taxation.....	<b>(1,49,052)</b>	(1,19,661)
Less : Provision for Taxation .....	—	—
Profit / (Loss) for the year after Taxation.....	<b>(1,49,052)</b>	(1,19,661)
Add : Balance of Profit /(Loss) for earlier years.....	<b>(38,87,175)</b>	(37,67,514)
Balance carried forward to the Balance Sheet .....	<b>(40,36,227)</b>	(38,87,175)

### Operations

Your Company has started acquisition of land to set up an Integrated Township in District Pune, Maharashtra. During the year, your Company acquired 272 acres of land and it is in process of acquiring additional land parcels in the targeted area.

### Dividend

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

### Capital

The Authorised Equity Share Capital of your Company is Rs. 50 crore and the paid-up equity capital of your Company is Rs.21 crore.

Your Company is a wholly owned subsidiary of Mahindra Lifespace Developers Limited and consequently a subsidiary of the ultimate holding company Mahindra & Mahindra Limited.

### Directors

Mr. Arun Nanda and Mr. Brij Mohan Kataria retire by rotation and being eligible offers themselves for re-appointment.

### Audit Committee

The Audit Committee of the Company comprises of Ms. Anita Arjundas, Mr. Brij Mohan Kataria and Mrs. Beroz Gazdar. Ms. Anita Arjundas is the Chairperson of the Audit Committee.

Audit Committee met four times during the year under review.

### 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 31st March, 2011 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 seeks to reiterate the fundamental precept that good governance must and would always be an integral part of the Company's ethos.

The Company has for the year under review, received declarations under the Code from the Board Members 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 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.

**Public Deposits and Loans / Advances**

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

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

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

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

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

The Company had no employee, who was employed throughout the Financial Year and was in receipt of remuneration, of not less than Rs. 60,00,000 p.a. during the year ended 31st March, 2011, or was employed for a part of Financial Year and was in receipt of remuneration of not less than Rs. 5,00,000 p.m. during any part of the year.

**Acknowledgment**

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

For and on behalf of the Board

**Arun Nanda**  
Chairman

Mumbai, 21st April, 2011

**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 31ST MARCH, 2011.**

**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             | : | 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 period |
| 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

**Arun Nanda**  
Chairman

Mumbai, 21st April, 2011

**AUDITORS' REPORT****TO THE MEMBERS OF  
KNOWLEDGE TOWNSHIP LIMITED**

1. We have audited the attached Balance Sheet of Knowledge Township Limited as at March 31, 2011, the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date, both annexed thereto, These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (CARO) issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
  - (i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (ii) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books and proper returns adequate for the purposes of our audit;
  - (iii) the Balance Sheet, the Profit and Loss Account 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 Profit and Loss Account 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, 2011;
  - (b) in the case of the Profit and Loss Account, 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.
5. On the basis of the written representations received from the Directors as on March 31, 2011 taken on record by the Board of Directors, we report that none of the Directors is disqualified as on March 31, 2011 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 21, 2011

## ANNEXURE TO THE AUDITORS' REPORT

### Referred to in paragraph 3 of our report of even date on the accounts of Knowledge Township Limited for the year ended March 31, 2011

- (i) Having regard to the nature of the Company's business / activities / result, clauses (iii), (v) to (viii), (x) to (xx) of CARO are not applicable.
- (ii) In respect of its fixed assets:
  - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the 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) No fixed assets have been disposed off during the year.
- (iii) In respect of its inventory:
  - (a) As explained to us, the inventories representing land were physically verified during the year by the Management at reasonable intervals.
  - (b) In our opinion and according to the information and explanation given to us, the procedures of physical verification of inventories followed by the Management were reasonable and adequate in relation to the size of the Company and the nature of its business.
  - (c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchases of fixed assets. During the course of audit, we have not observed any major weakness in such internal control system.
- (v) According to the information and explanations given to us in respect of statutory dues:
  - (a) The Company has been regular in depositing undisputed dues, including Provident Fund, Income-tax, Service Tax, and other material statutory dues applicable to it with the appropriate authorities.
  - (b) There were no undisputed amounts payable in respect of Income-tax, and other material statutory dues in arrears as at March 31, 2011 for a period of more than six months from the date they became payable.
  - (c) As on March 31, 2011 there are no dues of Income-tax which have not been deposited on account of disputes.
- (vi) To the best of our knowledge and according to the information and explanations given to us, no fraud by or on the Company has been noticed or reported during the year.

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

**B. Ramaratnam**  
*Partner*

Place : *Chennai*  
Date : April 21, 2011

(Membership No.21209)

**BALANCE SHEET AS AT MARCH 31, 2011**

	Schedule	As at March 31, 2011 Rupees	As at March 31, 2010 Rupees
<b>SOURCES OF FUNDS</b>			
<b>Shareholders' funds</b>			
Share capital.....	1	210,000,000	210,000,000
<b>Loan funds</b>			
Unsecured loans.....	2	132,100,000	71,000,000
<b>Total</b> .....		<b>342,100,000</b>	<b>281,000,000</b>
<b>APPLICATION OF FUNDS</b>			
<b>Fixed assets</b>			
Gross block .....	3	51,683	51,683
Less: Depreciation.....		25,367	14,840
Net block .....		26,316	36,843
<b>Investments</b>	4	—	258,539
<b>Current assets, Loans and advances</b>			
Inventories.....	5	151,083,842	16,933,502
Cash and bank balances.....	6	627,207	284,446
Loans and advances .....	7	199,487,179	262,282,173
		351,198,228	279,500,121
<b>Less: Current liabilities and provisions</b>			
Current liabilities.....	8	13,095,460	2,649,291
Provisions.....		65,311	33,387
		13,160,771	2,682,678
<b>Net current assets</b> .....		<b>338,037,457</b>	<b>276,817,443</b>
<b>Profit and loss account</b> .....		<b>4,036,227</b>	<b>3,887,175</b>
<b>Total</b> .....		<b>342,100,000</b>	<b>281,000,000</b>
Notes to the accounts	13		

The Schedules referred above form an integral part of the Balance Sheet

In terms of our report attached

For **A.F.Ferguson & Co.**

*Chartered Accountants*

**B. Ramaratnam**

*Partner*

**Sejal Shah**  
*Company Secretary*

For and on behalf of the Board of Directors

**A.K. Nanda**

Chairman

**Anita Arjundas**

**Brij Mohan Kataria**

**Beroz Gazdar**

Directors

*Place: Chennai*

Date: April 21, 2011

*Place: Mumbai*

Date: April 19, 2011

**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2011**

	Schedule	Year ended March 31, 2011 Rupees	Year ended March 31, 2010 Rupees
<b>INCOME</b>			
Other income .....	9	<u>4,482</u>	<u>97,110</u>
<b>Total</b> .....		<u><b>4,482</b></u>	<u><b>97,110</b></u>
<b>EXPENDITURE</b>			
Project expenses .....	10	<b>134,150,340</b>	12,544,863
Decrease / (Increase) in work in progress .....	11	<b>(134,150,340)</b>	(12,544,863)
Depreciation .....		<b>10,527</b>	10,337
Other expenses .....	12	<u><b>143,007</b></u>	<u>206,434</u>
<b>Total</b> .....		<u><b>153,534</b></u>	<u><b>216,771</b></u>
(Loss) before tax .....		<b>(149,052)</b>	(119,661)
Provision for taxation .....		<u>—</u>	<u>—</u>
(Loss) after tax .....		<b>(149,052)</b>	(119,661)
(Loss) brought forward .....		<u><b>(3,887,175)</b></u>	<u>(3,767,514)</u>
(Loss) carried to balance sheet		<u><b>(4,036,227)</b></u>	<u>(3,887,175)</u>
Basic and diluted earnings per share .....		<b>(0.01)</b>	(0.01)
Notes to the accounts	13		

The Schedules referred above form an integral part of the Profit and Loss Account

In terms of our report attached

For **A.F.Ferguson & Co.**

*Chartered Accountants*

**B. Ramaratnam**

*Partner*

*Place: Chennai*

Date: April 21, 2011

**Sejal Shah**  
*Company Secretary*

For and on behalf of the Board of Directors

**A.K. Nanda**

Chairman

**Anita Arjundas**

**Brij Mohan Kataria**

**Beroz Gazdar**

Directors

*Place: Mumbai*

Date: April 19, 2011

**CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2011**

	Year ended March 31, 2011 Rupees	Year ended March 31, 2010 Rupees
<b>A. Cash flow from operating activities</b>		
Profit / (Loss) before tax .....	(149,052)	(119,661)
Adjustments for:		
Depreciation .....	10,527	10,337
Dividend income .....	(1,742)	(97,110)
Interest Expense .....	10,783,436	3,152,029
Operating Profit / (Loss) before working capital changes	<u>10,643,169</u>	<u>2,945,595</u>
Changes in:		
(Increase) / decrease in Loans and advances.....	62,778,034	(149,994,802)
(Increase) / decrease in Inventories .....	(134,150,340)	(12,544,863)
Increase / (decrease) in Current liabilities and Provisions.....	(305,343)	(672,154)
Cash (used in) / generated from operations	<u>(61,034,480)</u>	<u>(160,266,224)</u>
Income Taxes (Paid) / Refund received .....	16,960	(11,224)
Net cash (used in) / from operating activities	<u>(61,017,520)</u>	<u>(160,277,448)</u>
<b>B. Cash flow from investing activities:</b>		
Purchase of Investment (net) .....	—	(258,539)
Proceeds from sale of Investments .....	258,539	—
Dividend received.....	1,742	97,110
Net cash (used in) / from investing activities	<u>260,281</u>	<u>(161,429)</u>
<b>C. Cash flow from financing activities:</b>		
Proceeds from issue of share capital .....	—	84,000,000
Proceeds from borrowings.....	61,100,000	71,000,000
Net cash (used in) / from financing activities	<u>61,100,000</u>	<u>155,000,000</u>
<b>Net cash flows during the year (A+B+C)</b>	<u>342,761</u>	<u>(5,438,877)</u>
<b>Cash &amp; cash equivalents</b>		
Opening balance .....	284,446	5,723,323
Closing balance .....	<u>627,207</u>	<u>284,446</u>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<u>342,761</u>	<u>(5,438,877)</u>

In terms of our report attached

For **A.F.Ferguson & Co.***Chartered Accountants***B. Ramaratnam***Partner***Sejal Shah**  
*Company Secretary**Place: Chennai*

Date: April 21, 2011

For and on behalf of the Board of Directors

**A.K. Nanda**

Chairman

**Anita Arjundas****Brij Mohan Kataria****Beroz Gazdar**

Directors

*Place: Mumbai*

Date: April 19, 2011



**SCHEDULE ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2011**

	As at March 31, 2011 Rupees	As at March 31, 2010 Rupees
<b>SCHEDULE 1: SHARE CAPITAL</b>		
<b>Authorised</b>		
50,000,000 equity shares of Rs 10 each	<u>500,000,000</u>	<u>500,000,000</u>
<b>Issued, subscribed and paid up.</b>		
21,000,000 equity shares of Rs.10 each fully paid up .....	<u>210,000,000</u>	<u>210,000,000</u>
The above shares are held by Mahindra Lifespace Developers Limited, the holding company and its nominees.		
	<u>210,000,000</u>	<u>210,000,000</u>

	As at March 31, 2011 Rupees	As at March 31, 2010 Rupees
<b>SCHEDULE 2: UNSECURED LOANS</b>		
Inter Corporate Deposit	<u>132,100,000</u>	<u>71,000,000</u>
	<u>132,100,000</u>	<u>71,000,000</u>

**SCHEDULE 3 :  
FIXED ASSETS**

Description of Assets	Gross Block			Depreciation			Net Block	
	As at April 1, 2010	Additions	As at March 31, 2011	As at April 1, 2010	For the year	As at March 31, 2011	As at March 31, 2011	As at March 31, 2010
	Rupees							
Computers	51,683	—	51,683	14,840	10,527	25,367	26,316	36,843
<b>TOTAL</b>	<b>51,683</b>	<b>—</b>	<b>51,683</b>	<b>14,840</b>	<b>10,527</b>	<b>25,367</b>	<b>26,316</b>	
Previous Year	51,683		51,683	4,503	10,337	14,840		36,843

	As at March 31, 2011 Rupees	As at March 31, 2010 Rupees	As at March 31, 2011 Rupees	As at March 31, 2010 Rupees
<b>SCHEDULE 4 : INVESTMENTS</b>				
	<u>No of Units</u>			
Investment in Mutual Fund (Non-trade, Unquoted, Short term)				
JM Money Manager Fund - Super Plus Plan - Daily dividend	—	25,840.20	—	<u>258,539</u>
			—	<u>258,539</u>

	As at March 31, 2011 Rupees	As at March 31, 2010 Rupees
<b>SCHEDULE 7 : LOANS AND ADVANCES</b>		
(Unsecured, considered good)		
Advances recoverable in cash or in kind or for value to be received .....	<u>1,260,000</u>	2,254,796
Advance for purchase of land .....	<u>198,216,762</u>	260,000,000
Taxation (net) .....	<u>10,417</u>	27,377
	<u>199,487,179</u>	<u>262,282,173</u>

**SCHEDULE 5 :  
INVENTORIES**

Work in progress	<u>151,083,842</u>	<u>16,933,502</u>
	<u>151,083,842</u>	<u>16,933,502</u>

**SCHEDULE 6 :  
CASH AND BANK BALANCES**

Cash on hand	<u>7,748</u>	10,990
Balances with scheduled banks - on current account	<u>619,459</u>	<u>273,456</u>
	<u>627,207</u>	<u>284,446</u>

**SCHEDULE 8 :  
CURRENT LIABILITIES AND PROVISIONS**

Current liabilities		
Sundry creditors		
- dues to micro enterprises and small enterprises .....	—	—
- others .....	<u>109,270</u>	104,270
Other Liabilities	<u>747,506</u>	11,430
Interest accrued but not due on loans .....	<u>12,238,684</u>	2,533,591
	<u>13,095,460</u>	<u>2,649,291</u>
Provisions		
Compensated absences .....	<u>65,311</u>	33,387
	<u>65,311</u>	<u>33,387</u>

## SCHEDULE ANNEXED TO AND FORMING PART OF THE PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2011

	Year ended March 31, 2011 Rupees	Year ended March 31, 2010 Rupees
<b>SCHEDULE 9 : OTHER INCOME</b>		
Dividend from investments	1,742	97,110
Other Income	2,740	—
	<u>4,482</u>	<u>97,110</u>

### SCHEDULE 10 : PROJECT EXPENSES

Cost of Land	117,024,739	—
Legal and Professional fees	4,248,355	8,135,362
Salaries	1,713,371	946,146
Staff welfare expenses	218,785	97,880
Interest Expenses	10,783,436	3,152,029
Less Interest Income (Tax deducted at source - Nil, Previous year - Rs.10,224/-)	—	(51,620)
Other expenses	161,654	265,066
	<u>134,150,340</u>	<u>12,544,863</u>

### SCHEDULE 11 : INCREASE / DECREASE IN INVENTORY

	Year ended March 31, 2011 Rupees	Year ended March 31, 2010 Rupees
Opening work in progress	16,933,502	4,388,639
Closing work in progress	151,083,842	16,933,502
	<u>(134,150,340)</u>	<u>(12,544,863)</u>

### SCHEDULE 12 : OTHER EXPENSES

Remuneration to auditors		
- Audit fees	100,000	100,000
- Out of pocket expenses	690	—
- Reimbursement of expenses/ levies	10,300	10,300
Legal & professional fees	7,721	2,192
Rates & taxes	16,020	93,130
Printing and stationery	—	812
Miscellaneous Expenses	8,276	—
	<u>143,007</u>	<u>206,434</u>

## SCHEDULE 13

### NOTES TO THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2011

#### 1. Significant Accounting Policies

##### a) Basis of Accounting

The financial statements have been prepared under the historical cost convention in accordance with the accounting principles generally accepted in India and comply with the mandatory Accounting Standards notified by the Central Government of India under the Companies (Accounting Standards) Rules, 2006 and with the relevant provisions of the Companies Act, 1956.

##### 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 rates specified in schedule XIV to the Companies Act, 1956.

##### d) Inventories

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

##### e) Investments

Short term investments are valued at lower of cost and net realizable value.

##### f) Employee Benefits

(i) Short term employee benefit plans

Short term employee benefit plans such as salaries, special awards,

medical benefits etc, which fall due within 12 months of the period in which the employee renders the related services which entitles him to avail such benefits are recognized on an undiscounted basis and charged to the profit and loss account.

(ii) Defined Benefit Plan

Liability towards compensated absences is provided on the basis of an actuarial valuation, as on the Balance Sheet date, using the Projected Unit Credit method and debited to the profit and loss account on an accrual basis. Actuarial gains and losses arising during the year are recognized in the profit and loss account. This liability is not funded.

##### g) Taxes on Income

Current tax is determined as the amount of tax payable in respect of taxable income for the year. Deferred tax is recognised, 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 recognised if there is virtual certainty that there will be sufficient future taxable income available to realize such losses. Other deferred tax assets are recognised if there is reasonable certainty that there will be sufficient future taxable income available to realise such assets.

##### h) 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 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 recognised but are disclosed in the notes. Contingent Assets are neither recognised nor disclosed in the financial statements.

2. 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.

3. **Related Party Disclosures:**

(i) **List of related parties with whom there were transactions during the year:**

Mahindra Lifespace Developers Limited	Holding Company
---------------------------------------	-----------------

(ii) **Transactions with the related parties**

Particulars	2010-11 Rs.	2009-10 Rs.
Mahindra Lifespace Developers Ltd		
Issue of Share Capital	—	84,000,000
Inter Corporate Deposit received	61,100,000	121,000,000
Inter Corporate Deposit repaid	—	(50,000,000)
Interest on Inter Corporate Deposit	1,07,83,436	3,152,029
Payable	73,338,684	73,826,549

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

5. **Expenditure in Foreign Currency:**

Particulars	2010-11 Rs.	2009-10 Rs.
Legal & Professional Charges	—	750,591
Travelling Expenses	—	120,884

6. **Employee benefits**

Compensated absences (not funded)

Particulars	2010-11 Rs.	2009-10 Rs.
Change in the present value of obligation during the year ended March 31, 2011	31,924	26,959
Present value of defined benefit obligation at the beginning of the year	33,387	6,428
Current Service Cost	39,283	27,384
Interest cost	1,624	450
Benefits Paid	—	—

Particulars	2010-11 Rs.	2009-10 Rs.
Actuarial (Gain) / Loss	(8,983)	(875)
Present value of defined benefit obligation at the end of the year	65,311	33,387
Expense recognised in the Profit & Loss account for the year ended March 31, 2011		
Current Service Cost	39,283	27,384
Interest cost	1,624	450
Actuarial (gain) / loss recognized	(8,983)	(875)
Total Expenses	31,924	26,959
Principal actuarial assumptions as at March 31, 2011		
Discount rate	8%	8%
Mortality - LIC (1994-96) Ultimate Mortality Table		

7. Investments purchased and sold during the year:

	2010-11		2009-10	
	No of Units	Cost (Rs)	No of Units	Cost (Rs)
JM Money Manager Fund Super Plus Plan -Daily Dividend	26,014	260,281	479,746	4,800,000
ICICI Prudential Flexible Income Plan Premium - Daily Dividend	—	—	381,952	4,038,571
	26,014	260,281	861,698	8,838,571

8. Earnings per share:

	2010 -11	2009-10
Net (loss) after tax (Rs.)	(149,052)	(119,661)
Weighted average number of equity shares (Nos.)	21,000,000	19,343,014
Basic and Diluted Earnings per share (Rs.)	(0.01)	(0.01)
Nominal value of share (Rs.)	10	10

9. Acquisition of land for the Knowledge City at Pune is in progress.

10. Previous year's figures have been regrouped / recast, wherever necessary, to conform to this year's classification.

11. INFORMATION PURSUANT TO PART IV SCHEDULE VI OF THE COMPANIES ACT, 1956

**Balance Sheet Abstract And Company's General Business Profile**

**I Registration details :**

Registration no. 

1	1	—	1	7	3	1	3	7
---	---	---	---	---	---	---	---	---

State code 

1	1
---	---

Balance sheet date 

3	1
---	---

0	3
---	---

2	0	1	1
---	---	---	---

  
Date Month Year

**II Capital raised during the year (Amount in Rs.thousands)**

Public issue  

										N	I	L
--	--	--	--	--	--	--	--	--	--	---	---	---

Rights issue  

										N	I	L
--	--	--	--	--	--	--	--	--	--	---	---	---

Bonus issue  

										N	I	L
--	--	--	--	--	--	--	--	--	--	---	---	---

Private placement  

										N	I	L
--	--	--	--	--	--	--	--	--	--	---	---	---

**III Position of mobilisation and deployment of funds (Amount in Rs.thousands)**

Total liabilities  

			3	5	5	2	6	1
--	--	--	---	---	---	---	---	---

Total assets  

			3	5	5	2	6	1
--	--	--	---	---	---	---	---	---

**Sources of funds :**

Paid-up capital  

			2	1	0	0	0	0
--	--	--	---	---	---	---	---	---

Reserves and surplus  

										N	I	L
--	--	--	--	--	--	--	--	--	--	---	---	---

Secured loans  

										N	I	L
--	--	--	--	--	--	--	--	--	--	---	---	---

Deferred tax liability  

										N	I	L
--	--	--	--	--	--	--	--	--	--	---	---	---

Unsecured loans  

			1	3	2	1	0	0
--	--	--	---	---	---	---	---	---

**Application of funds**

Net fixed assets  

										2	6
--	--	--	--	--	--	--	--	--	--	---	---

Investments  

										N	I	L
--	--	--	--	--	--	--	--	--	--	---	---	---

Net current assets  

			3	3	8	0	3	8
--	--	--	---	---	---	---	---	---

Accumulated Losses  

						4	0	3	6
--	--	--	--	--	--	---	---	---	---

**IV Performance of company (Amount in Rs.thousands)**

Turnover (including other income)  

												4
--	--	--	--	--	--	--	--	--	--	--	--	---

Total expenditure  

										1	5	3
--	--	--	--	--	--	--	--	--	--	---	---	---

Profit / (Loss) before tax  

						(	1	4	9	)
--	--	--	--	--	--	---	---	---	---	---

Profit / (Loss) after tax  

						(	1	4	9	)
--	--	--	--	--	--	---	---	---	---	---

Earning per share in Rs.  

						(	0	.	0	1	)
--	--	--	--	--	--	---	---	---	---	---	---

Dividend rate %  

										N	I	L
--	--	--	--	--	--	--	--	--	--	---	---	---

**V Generic name of principal product /service of company.(as per monetary items)**

Product description : DEVELOPMENT OF INDUSTRIAL PARKS

ITC Code : N I L

Signature to Schedules 1 to 13

For and on behalf of the Board of Directors

**A.K. Nanda** Chairman

**Anita Arjundas**  
**Brij Mohan Kataria**  
**Beroz Gazdar** } Directors

Place: Mumbai

**Sejal Shah**

Date: April 19, 2011

Company Secretary