

WORLD CITY DEVELOPER- 2010

DIRECTORS' REPORT TO THE SHARE HOLDERS

Your Directors present the Thirteenth Report together with the audited accounts for the financial year ended March 31st, 2010.

FINANCIAL HIGHLIGHTS

	(Rs.in lakhs)	
	2010	2009
Income	3,150.49	10,083.35
Profit before Depreciation, Interest and Taxation	2,989.49	5,033.31
Depreciation	(172.87)	(125.28)
Interest	(1,207.84)	(544.54)
Provision for Tax — Income Tax	(450.00)	(1,380.00)
— Deferred Tax	(64.91)	(112.42)
— Fringe Benefit Tax	—	(9.00)
Profit after tax for the year	1,093.87	2,862.07
Add : Balance of Profit / (Loss) for earlier years	1,602.35	(450.65)
Amount available for appropriation	2,696.22	2,411.42
Less : Proposed Dividend (including tax on distributed profits)	594.70	737.07
Less : Transfer to General Reserve	—	72.00
Balance carried forward	2,101.52	1,602.35

Dividend

Your Directors have recommended a dividend of Rs.0.60 per share on 2,00,00,000 equity shares of face value of Rs.10 per share of the Company for the year 2009 – 2010 (previous year Rs. 1.20 per share). Your Directors have also recommended a dividend of Rs.6.00 per Preference share on 65,00,000 – 6 percent Cumulative Redeemable Preference Shares of Rs.100 each. The total dividend payment (including tax on distributed profits) amounts to Rs. 594.70 lakhs.

Operations

The recession that affected global markets in 2008 and extended into the first three quarters of calendar year 2009, also impacted the investment programs of potential global customers who were looking to establish their facilities in India and at Mahindra World City. Many of these companies either deferred or indefinitely postponed their investment plans given the freeze in new capital investments mandated by their managements.

Signs of recovery were evident in December 2009 / January 2010 with an increase in the number of enquiries. Your Company added three customers in Phase IV of Mahindra World City, New Chennai – Fujitech (Japan) for manufacturing elevators, Hidromas (Turkey) for manufacturing hydraulic cylinders and Johnson & Johnson (USA) for establishing a training institute for doctors and nurses.

Out of the total 50 companies in the park, 31 are operational and 9 are under construction.

As part of Your Company's efforts to continuously augment resources and infrastructure at Mahindra World City, your Company completed the installation and testing of a Water Intake system that would draw water from approved water sources to service the future water needs of the occupants.

The Mahindra World School established by the Mahindra World School Trust and affiliated to the CBSE is equipped with state of

the art facilities including Amphitheatre, Mathematics lab, science labs, indoor and outdoor play facilities, audio visual media in classrooms and language labs. Currently classes up to IX are operational and one class will be added each year. The School has 278 students and 28 teachers.

As a part of its ongoing program to enhance the social infrastructure in Mahindra World City, your Company has initiated dialogue with reputed Service providers for bringing in a Business Hotel and a Working professionals Hostel accommodation.

An Enterprise wide Resource Planning exercise to align various companies in the Mahindra Group was undertaken during the year and your Company is happy to inform you that the same has been implemented and is expected to greatly help in improving the systems and processes.

Employment Opportunities and Exports

Direct employment by all the companies located at Mahindra World City, New Chennai stood at approximately 20000 persons as of 31st March 2010. Exports from the 3 SEZs at Mahindra World City, New Chennai stood at approximately Rs.2,300 crores, an increase of 30% over the previous year. The cumulative investment (both of your Company and of the various companies/service providers operating at Mahindra World City, New Chennai) stands at approximately Rs.2,500 crores.

Finance

During the year under review, your Company has been sanctioned a Term Loan of Rs 172 crores by Housing Development Finance Corporation Limited.

Directors

Mr. N.Vaghul, Mr. Sunil Paliwal IAS and Mr. Uday Phadke, Directors retire by rotation and being eligible, offer themselves for re-election at the forthcoming Annual General Meeting.

Audit Committee

The Audit Committee of the Company comprises Mr.Sanjeev Kapoor (Chairman), Mr.Sunil Paliwal, 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 Mr.Sunil Paliwal, IAS. The committee met once during the year.

Director's Responsibility Statement

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

- in the preparation of the annual accounts, the applicable accounting standards have been followed;
- they have, in the selection of the accounting policies, consulted the Statutory Auditors and these have been applied consistently and reasonable and prudent judgments and estimates have been made so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2010 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.

Auditors

M/s. Deloitte Haskins & Sells., Chartered Accountants, retire as Auditors of the Company at the forthcoming Annual General Meeting and have communicated their unavailability to continue as Auditors of the Company thereafter.

The Company has received a Special Notice from a Shareholder of the Company, in terms of the provisions of the Companies Act, 1956, signifying the intention to propose the appointment of M/s. A.F. Ferguson & Co., Chartered Accountants as the Statutory Auditors of Company from the conclusion of the ensuing Annual General Meeting till the conclusion of the next Annual General Meeting. M/s. A.F. Ferguson & Co., Chartered Accountants have also expressed their willingness to act as Auditors of the Company, if appointed, and have further confirmed that the said appointment would be in conformity with the provisions of Section 224(1B) of the Companies Act, 1956.

Pursuant to Section 225 of the Companies Act, 1956, your Company proposes to appoint M/s. A.F. Ferguson & Co., Chartered Accountants as Auditors of the Company in place of the retiring Auditors M/s. Deloitte Haskins & Sells, Chartered Accountants. The shareholders will be required to elect Auditors for the current year and fix their remuneration.

Corporate Social Responsibility

The Skill up-gradation programme among village youths as a part of your Company's Corporate Social Responsibility has been gaining momentum. Cumulatively, 900 youths have been trained under the Employability Skill Training program and placement

has been provided to 700 youths. An additional 500 youths have been trained under the Teen Channel program to enable school dropouts to prepare for and complete the Matriculation Board examinations. To provide for proper infrastructure to conduct these courses and to meet the growing student strength, your Company has allotted land to Cap Foundation (NGO running the Employability Skill Training program and the Teen Channel program) to establish a Community College which would be recognised by IGNOU.

Code of Conduct

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

The Company has for the year under review, received declarations under the Codes from the Board Members and the Senior Management Personnel and Employees of the Company affirming compliance with the respective Codes.

Public Deposits and Loans / Advances

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

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

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

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

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

As required under section 217 (2A) of the Companies Act, 1956 and rules framed thereunder, a statement containing particulars of the Company's employees who were in receipt of remuneration of not less than Rs.24,00,000/- during the year ended 31st March, 2010 or not less than Rs.2,00,000/- per month during any part of the said year. The particulars of remuneration are annexed.

Acknowledgement

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

For and on Behalf of the Board

Place: Chennai
Date: April 16, 2010

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 31ST MARCH, 2010.****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: Not applicable
- 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, 2010

N. Vaghul
Chairman

ANNEXURE II TO THE DIRECTORS' REPORT**Additional information 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 31st March, 2010.**

Name of the Employee	Designation / Nature of Duties	Qualification	Remuneration (Subject to tax) (Rs.)	Age (yrs)	Experience (yrs)	Date of Commencement of employment	Last employment held (Designation / Organisation)
Ms. Sangeeta Prasad	Chief Operating Officer & Manager	M.B.A.	4,487,334	42	17	29 th August, 2008	Chief Sales Manager - South TATA Steels Limited
Mr. S. Chandru	Chief Financial Officer and Company Secretary	C.A., ICWA, ACS	3,352,368	53	29	1 st October, 2007	Chief Financial Officer – Mahindra Holidays and Resorts (India) Limited

Notes:

- Nature of employment is contractual, subject to termination at three months' notice from either side.
- The above employees are not related to any other Director of the Company.
- The employees does not hold by himself /herself or along with his/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

Chennai, April 16, 2010

N. Vaghul
Chairman

AUDITORS' REPORT

TO THE MEMBERS OF MAHINDRA WORLD CITY DEVELOPERS LIMITED

1. We have audited the attached Balance Sheet of Mahindra World City Developers Limited ("the Company") as at 31st March, 2010, 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 enclose 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 in paragraph 3 above, we report as follows:
 - (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 Profit and Loss Account 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 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;
- (e) 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:
 - (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2010;
 - (ii) in the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date and
 - (iii) 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 31st March, 2010 taken on record by the Board of Directors, none of the Directors is disqualified as on 31st March, 2010 from being appointed as a director in terms of Section 274(1) (g) of the Companies Act, 1956.

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

B. Ramaratnam
Partner

Place: Chennai
Date: April 16, 2010

Membership Number 21209

Annexure referred to in paragraph 3 of the auditors' report to the members of Mahindra World City Developers Limited on the accounts for the year ended 31st March 2010

- (i) In respect of its fixed assets:
 - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.
 - (b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
 - (c) The fixed assets disposed off during the year, in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.
- (ii) 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.
- (iii) The Company has neither granted nor taken any loans, secured or unsecured, to/from companies, firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956.
- (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 and according to the information and explanations given to us, there are no transactions that need to be entered in the register maintained under section 301 of the Companies Act, 1956.

- (vi) According to the information and explanations given to us, the Company has not accepted any deposits from the public.
- (vii) In our opinion, the Company has an internal audit system which is commensurate with its size and nature of business.
- (viii) We are informed that maintenance of cost records has not been prescribed by the Central Government under Section 209 (1) (d) of the Companies Act, 1956, in respect of the products of the Company.
- (ix) According to the information and explanations given to us in respect of statutory dues:
 - (a) The Company has been generally 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.
 - (b) There were no undisputed amounts payable in respect of Income-tax and other material statutory dues in arrears as at 31st March, 2010 for a period of more than six months from the date they became payable.
 - (c) As on March 31, 2010, there were no disputed dues which have not been deposited except in respect income-tax as given below:

Statute	Nature of dues	Forum where dispute is pending	Period to which the amount relates	Amount involved (Rs. in lakhs)
Income Tax Act	Income tax	Commissioner (Appeals)	2005-06 & 2006-07	35.86

- (x) The Company does not have any accumulated losses and has not incurred cash losses in the current financial year and in the immediately preceding financial year.
- (xi) 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.
- (xii) In our opinion, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) The provisions of any special statute applicable to Chit fund and Nidhi / mutual benefit fund / society is not applicable to the Company.
- (xiv) The Company is not dealing or trading in shares, securities, debentures and other investments.
- (xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- (xvi) The Company has applied term loans for the purpose for which the loans were obtained.
- (xvii) According to the information and explanations given to us and on an overall examination of the Balance Sheet of

MAHINDRA WORLD CITY DEVELOPERS LIMITED

the Company, in our opinion, there are no funds raised on short term basis which have been used for long term investments.

- (xviii) The Company has not made any preferential allotment of shares during the year.
- (xix) The Company has not issued any debentures during the year.
- (xx) The Company has not raised any money by way of public issues during the year.
- (xxi) To the best of our knowledge and according to the information and explanations given to us, no fraud by the

Company and no material fraud on the Company has been noticed or reported during the year.

For **Deloitte Haskins & Sells**

*Chartered Accountants
Registration No. 008072S*

B. Ramaratnam

Partner

Place: Chennai

Date: April 16, 2010

Membership Number 21209

BALANCE SHEET AS AT MARCH 31, 2010

	Schedule	As at March 31, 2010 Rupees	As at March 31, 2009 Rupees
SOURCES OF FUNDS			
Shareholders' funds			
Share capital	1	850,000,000	850,000,000
Reserves and Surplus	2	217,352,272	167,435,448
Loan funds			
Secured loans	3	1,480,000,000	560,000,000
Deferred tax liability		30,202,458	23,711,614
Total		2,577,554,730	1,601,147,062
APPLICATION OF FUNDS			
Fixed assets			
Gross block	4	415,895,098	343,504,939
Less: Depreciation		47,048,707	29,948,927
Net block		368,846,391	313,556,012
Capital Work in Progress / advances		—	57,959,082
		368,846,391	371,515,094
Investments	5	130,100,000	132,600,000
Current assets, loans and advances			
Inventories	6	1,767,781,267	851,419,048
Sundry debtors	7	7,097,342	11,213,396
Cash and bank balances	8	5,013,221	61,994,278
Loans and advances	9	498,794,127	437,102,411
		2,278,685,957	1,361,729,133
Less: Current liabilities and provisions			
Current liabilities	10	137,480,479	188,811,014
Provisions		62,597,139	75,886,151
		200,077,618	264,697,165
Net current assets		2,078,608,339	1,097,031,968
Total		2,577,554,730	1,601,147,062
NOTES TO THE ACCOUNTS	14		

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants**B. Ramaratnam**
PartnerPlace : Chennai
Date : April 16, 2010

For and on behalf of the Board of Directors

N. Vaghul Chairman
Sunil Paliwal, IAS Director
Anita Arjundas Director
V. Balaraman Director
Sangeeta Prasad Chief Operating Officer & Manager
S. Chandru Chief Financial Officer and Company Secretary

Place : Chennai
Date : April 16, 2010

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010

	Schedule	2009-10 Rupees	2008-09 Rupees
INCOME			
Land lease premium		134,090,100	876,380,160
Property lease rentals		9,590,833	10,315,704
Operation and maintenance income		103,674,170	93,511,061
Other income	11	67,693,502	28,128,353
		<u>315,048,605</u>	<u>1,008,335,278</u>
EXPENDITURE			
Cost of land and project development		781,668,901	608,224,952
Interest and finance charges		120,783,868	54,454,181
Legal and professional charges		14,550,862	10,465,517
Depreciation		17,286,617	12,527,875
Other expenses	12	136,242,445	106,374,957
Decrease / (Increase) in work in progress	13	(916,362,219)	(220,061,262)
		<u>154,170,474</u>	<u>571,986,220</u>
Profit before tax		160,878,131	436,349,058
Provision for taxes			
Current tax		45,000,000	138,000,000
Deferred tax		6,490,844	11,242,099
Fringe benefit tax		—	900,000
Profit after tax		<u>109,387,287</u>	<u>286,206,959</u>
Add : Profit / (Loss) brought forward		160,235,448	(45,064,661)
		<u>269,622,735</u>	<u>241,142,298</u>
Appropriations:			
Transfer to General Reserve		—	7,200,000
Proposed dividend			
— On equity shares		12,000,000	24,000,000
— On preference shares		39,000,000	39,000,000
Dividend distribution tax		8,470,463	10,706,850
		<u>59,470,463</u>	<u>80,906,850</u>
Balance carried to balance sheet		<u>210,152,272</u>	<u>160,235,448</u>
Basic and diluted earnings per share		3.20	12.03
NOTES TO THE ACCOUNTS	14		

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants**B. Ramaratnam**
PartnerPlace : Chennai
Date : April 16, 2010

For and on behalf of the Board of Directors

N. Vaghul Chairman
Sunil Paliwal, IAS Director
Anita Arjundas Director
V. Balaraman Director
Sangeeta Prasad Chief Operating Officer & Manager
S. Chandru Chief Financial Officer and Company Secretary

Place : Chennai
Date : April 16, 2010

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2010

	2009-10 Rupees	2008-09 Rupees
A. Cash flow from operating activities		
Profit before tax	160,878,131	436,349,058
Adjustments for:		
Depreciation	17,286,617	12,527,875
Interest and finance charges	120,783,868	54,454,181
Loss on sale of fixed assets	248,357	—
Profit on sale of investment	(40,000,000)	—
Interest income	(23,320,472)	(14,826,304)
Operating profit before working capital changes	<u>235,876,501</u>	<u>488,504,810</u>
Changes in:		
(Increase) / decrease in sundry debtors	4,116,054	(34,465)
(Increase) / decrease in loans and advances	(44,394,714)	(98,441,973)
(Increase) / decrease in inventories	(916,362,219)	(220,061,262)
Increase / (decrease) in current liabilities	<u>(55,433,023)</u>	<u>(85,115,910)</u>
Cash generated from / (used in) operations	<u>(1,012,073,902)</u>	<u>(403,653,610)</u>
Taxes paid	(776,197,401)	84,851,200
Net cash from / (used in) operating activities	<u>(54,021,272)</u>	<u>(146,487,235)</u>
	<u>(830,218,673)</u>	<u>(61,636,035)</u>
B. Cash flow from investing activities:		
Purchase of fixed assets including capital work-in-progress / advances	(15,212,197)	(55,220,957)
Proceeds from sale of fixed assets	345,926	—
Proceeds from sale of investment	42,500,000	—
Inter corporate deposit (given) / refunded	(3,900,000)	45,900,000
Interest received	18,944,742	7,046,001
Net cash from / (used in) investing activities	<u>42,678,471</u>	<u>(2,274,956)</u>
C. Cash flow from financing activities:		
Proceeds from borrowings	1,030,000,000	400,000,000
Repayment of borrowings	(110,000,000)	(170,000,000)
Dividend paid	(73,706,850)	(59,000,000)
Interest and finance charges paid	(115,734,005)	(53,194,455)
Net cash from / (used in) finance activities	<u>730,559,145</u>	<u>117,805,545</u>
Net increase / (decrease) in cash and cash equivalents (A+B+C)	(56,981,057)	53,894,554
Opening balance	61,994,278	8,099,724
Closing balance	5,013,221	61,994,278

In terms of our report attached

For Deloitte Haskins & Sells
Chartered Accountants**B. Ramaratnam**
PartnerPlace : Chennai
Date : April 16, 2010

For and on behalf of the Board of Directors

N. Vaghul *Chairman*
Sunil Paliwal, IAS *Director*
Anita Arjundas *Director*
V. Balaraman *Director*
Sangeeta Prasad *Chief Operating Officer & Manager*
S. Chandru *Chief Financial Officer and Company Secretary*

Place : Chennai
Date : April 16, 2010

SCHEDULES FORMING PART OF THE ACCOUNTS AS AT MARCH 31, 2010

	As at March 31, 2010 Rupees	As at March 31, 2009 Rupees		As at March 31, 2010 Rupees	As at March 31, 2009 Rupees
SCHEDULE 1					
SHARE CAPITAL					
Authorised					
25,000,000 equity shares of Rs. 10 each	250,000,000	250,000,000			
6,500,000 Cumulative Redeemable Preference shares of Rs. 100 each	650,000,000	650,000,000		850,000,000	850,000,000
5,000,000 Unclassified shares of Rs.10 each .	50,000,000	50,000,000			
	<u>950,000,000</u>	<u>950,000,000</u>			
Issued, subscribed and paid up.					
20,000,000 equity shares of Rs.10/- each fully paid up	200,000,000	200,000,000			
(of the above 16,524,993 equity shares of Rs.10/-each fully paid up are held by Mahindra Lifespace Developers Limited, the holding company)					
6,500,000, 6% Cumulative Redeemable Preference shares of Rs.100/- each fully paid up	650,000,000	650,000,000		210,152,272	160,235,448
				<u>217,352,272</u>	<u>167,435,448</u>
<p>The Cumulative Redeemable Preference shares are redeemable at par after the principal amount and interest has been fully paid on the "Term loan from HDFC Limited".</p>					
SCHEDULE 2					
RESERVES AND SURPLUS					
General Reserve					
Transfer from profit and loss account				7,200,000	7,200,000
Profit and loss account				<u>210,152,272</u>	<u>160,235,448</u>
				<u>217,352,272</u>	<u>167,435,448</u>
SCHEDULE 3					
SECURED LOANS					
Term loan from HDFC Limited				1,480,000,000	560,000,000
(Secured / to be secured by equitable mortgage of lands disclosed as inventories, near Chennai)				<u>1,480,000,000</u>	<u>560,000,000</u>

SCHEDULE 4
FIXED ASSETS

Particulars	Rupees									
	Gross block				Depreciation				Net block	
	As at 31.03.2009	Additions	Deletions	As at 31.03.2010	As at 31.03.2009	For the year	Deletions	As at 31.03.2010	As at 31.03.2010	As at 31.03.2009
Tangible assets										
Land	10,779,777	—	—	10,779,777	—	—	—	—	10,779,777	10,779,777
Buildings	206,768,952	3,660,305	—	210,429,257	14,693,995	6,869,317	—	21,563,312	188,865,945	192,074,957
Plant and machinery	98,688,341	59,476,639	—	158,164,980	7,875,453	6,754,308	—	14,629,761	143,535,219	90,812,888
Office equipment	14,253,226	1,264,311	—	15,517,537	1,724,406	737,207	—	2,461,613	13,055,924	12,528,820
Furniture and fixtures	2,678,061	—	—	2,678,061	1,453,568	119,695	—	1,573,263	1,104,798	1,224,493
Computers	4,731,415	111,300	—	4,842,715	2,998,136	462,703	—	3,460,839	1,381,876	1,733,279
Vehicles	5,605,167	3,100,000	781,120	7,924,047	1,203,369	515,861	186,837	1,532,393	6,391,654	4,401,798
Intangible assets										
Software	—	5,558,724	—	5,558,724	—	1,827,526	—	1,827,526	3,731,198	—
TOTAL	343,504,939	73,171,279	781,120	415,895,098	29,948,927	17,286,617	186,837	47,048,707	368,846,391	313,556,012
Previous year	315,752,488	27,752,451	—	343,504,939	17,421,052	12,527,875	—	29,948,927		

	As at March 31, 2010 Rupees	As at March 31, 2009 Rupees		As at March 31, 2010 Rupees	As at March 31, 2009 Rupees
SCHEDULE 5					
INVESTMENTS					
Long term, Unquoted (at cost)					
Others - Non-trade					
Mahindra Integrated Township Limited (13,000,000 equity shares of Rs.10 each fully paid up)	130,000,000	130,000,000			
Ascendas Mahindra IT Park Private Limited (260,000 equity shares of Rs.10 each)	—	2,600,000			
(250,000 equity shares sold during the year)					
Short term, Unquoted (at cost)					
Others - Non-trade					
Ascendas Mahindra IT Park Private Limited (10,000 equity shares of Rs.10 each fully paid up)	100,000	—			
	<u>130,100,000</u>	<u>132,600,000</u>			
SCHEDULE 6					
INVENTORIES (refer note 1(g) , 7 & 16)					
Work in progress				1,767,781,267	851,419,048
(representing cost of land and related development expenditure)				<u>1,767,781,267</u>	<u>851,419,048</u>
SCHEDULE 7					
SUNDRY DEBTORS					
(Unsecured, considered good)					
Outstanding for more than six months				2,872,755	1,118,155
Other debts				<u>4,224,587</u>	<u>10,095,241</u>
				<u>7,097,342</u>	<u>11,213,396</u>

	As at March 31, 2010 Rupees	As at March 31, 2009 Rupees
SCHEDULE 8		
CASH AND BANK BALANCES		
Cash on hand	25,787	38,090
Balances with scheduled banks		
- on current account	4,987,434	61,956,188
	<u>5,013,221</u>	<u>61,994,278</u>
SCHEDULE 9		
LOANS AND ADVANCES		
(Considered good)		
(Secured)		
Advance for purchase of land (refer note no. 15) (Unsecured)	295,959,211	200,000,000
Advances recoverable in cash or in kind or for value to be received	3,635,247	3,222,182
Advance for purchase of land	79,957,750	132,284,832
Inter corporate deposit	73,300,000	69,400,000
Interest accrued on deposits	12,156,033	7,780,303
Deposits	2,959,883	2,610,363
Taxation (net)	30,826,003	21,409,500
Fringe benefit tax (net)	—	395,231
	<u>498,794,127</u>	<u>437,102,411</u>
SCHEDULE 10		
CURRENT LIABILITIES AND PROVISIONS		
Current liabilities		
Sundry creditors		
- due to micro & small enterprises	—	—
- others	80,603,050	142,885,909
Advance from customers	11,969,000	6,491,000
Deposits from customers	35,159,114	34,734,653
Interest accrued but not due on loans	9,749,315	4,699,452
	<u>137,480,479</u>	<u>188,811,014</u>
Provisions		
Leave salary	1,709,098	1,179,876
Gratuity	1,417,578	999,425
Proposed dividend	51,000,000	63,000,000
Tax on proposed dividend	8,470,463	10,706,850
	<u>62,597,139</u>	<u>75,886,151</u>
	<u>200,077,618</u>	<u>264,697,165</u>

	2009-10 Rupees	2008-09 Rupees
SCHEDULE 11		
OTHER INCOME		
Interest on deposits (tax deducted at source Rs. 1,423,420; previous year Rs.2,491,540)	8,743,842	11,064,639
Interest on others (tax deducted at source Rs.3,303,063; previous year Rs.817,933)	14,576,630	3,761,665
Commission received	—	12,016,849
Profit on sale of investment	40,000,000	—
Consultancy charges	4,373,030	1,285,200
	<u>67,693,502</u>	<u>28,128,353</u>

	2009-10 Rupees	2008-09 Rupees
SCHEDULE 12		
OTHER EXPENSES		
Salaries, wages and bonus	22,514,061	18,234,856
Contribution to provident and other funds ...	963,616	749,620
Directors' commission	750,000	1,200,000
Staff welfare	2,633,073	1,727,359
Electricity	15,309,279	12,241,451
Rent	289,193	303,643
Rates and taxes	628,078	711,785
Insurance	1,378,452	1,142,792
Repairs and maintenance - others	1,140,439	3,811,301
Advertisement and business promotion	3,695,375	2,861,663
Brokerage	54,120	6,008,425
Traveling	6,727,270	4,622,451
Communication	1,095,066	1,218,222
Directors sitting fees	95,000	85,000
Security charges	11,048,790	7,743,819
Miscellaneous	2,849,258	2,092,589
Loss on sale of fixed assets	248,357	—
Site maintenance & services	64,823,018	41,619,981
	<u>136,242,445</u>	<u>106,374,957</u>

	2009-10 Rupees	2008-09 Rupees
SCHEDULE 13		
(INCREASE) / DECREASE IN WORK IN PROGRESS		
Opening work in progress	851,419,048	631,357,786
Closing work in progress	1,767,781,267	851,419,048
	<u>(916,362,219)</u>	<u>(220,061,262)</u>

SCHEDULE 14

Notes to the accounts for the year ended March 31, 2010

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) Revenue recognition

- a. 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.
- b. 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.

(c) Government grants

Government grants received towards capital expenditure is adjusted to the carrying cost of assets.

(d) Fixed assets

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

(e) Depreciation

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. Software expenditure incurred is amortised over three years.

(f) Investments

Long term investments are carried at cost. Diminution in the value of investments, other than temporary, is provided for. Current investments are valued at lower of cost and fair value.

(g) 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.

(h) Employee benefits

(i) Short term employee benefit plans

All short term employee benefit plans such as salaries, wages, bonus, special awards and, medical benefits 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 Contribution Plan

Contributions to the provident and pension funds are made monthly at a predetermined rate to the Regional Provident Fund Commissioner and debited to the profit and loss account on an accrual basis

(iii) Defined Benefit Plan

Liability towards gratuity is provided on the basis of an actuarial valuation 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. Leave salary is similarly valued on an actuarial basis. Both gratuity and leave salary are unfunded.

(i) 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 realise 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

(j) Foreign currency transactions

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.

(k) 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.

(l) Use of estimates

The preparation of the Financial Statements, in conformity with the generally accepted accounting principles, requires estimates to be made that have an effect on the reported amounts of assets and liabilities on the date of the financial statements and the reported amount of expenses during the year. Differences between the actual expenditures and the estimates are recognized in the year in which the expenditures materialize.

(m) Segment reporting:

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

	2009-10 Rupees	2008-09 Rupees
2. Estimated value of contracts remaining to be executed on capital account and not provided for (net of advances)	—	2,455,433
3. Managerial remuneration: (from 01/04/2009 to 31/03/2010; previous year 29/08/2008 to 31/03/2009) Manager		
Salaries, allowances and perquisites	4,285,734	1,798,408
Contribution to provident fund	201,600	102,194
(The above excludes provision for gratuity and leave encashment as separate actuarial valuation is not available)		
	<u>4,487,334</u>	<u>1,900,602</u>
Directors commission	750,000	1,200,000
	<u>5,237,334</u>	<u>3,100,602</u>
Directors sitting fees	95,000	85,000
	<u>5,332,334</u>	<u>3,185,602</u>
4. Computation of net profit under Section 198 of the Companies Act, 1956		
Profit before taxation as per profit and loss account	160,878,131	436,349,058
Add : Depreciation as per accounts	17,286,617	12,527,875
Managerial remuneration	5,332,334	3,185,602
(Profit) / loss on sale of assets (net) as per accounts	<u>248,357</u>	—
	<u>183,745,439</u>	<u>452,062,535</u>
Less : Depreciation under section 350 of the Companies Act, 1956	16,360,161	12,527,875
Profit) / loss on sale of assets (net) as per section 349 of the Companies Act, 1956	<u>248,357</u>	—
Net profit	<u>167,136,921</u>	<u>439,534,660</u>
Commission payable to non-wholetime directors restricted to	750,000	1,200,000
5. Auditor's remuneration:		
Audit fees	600,000	500,000
Other services	—	25,000
Reimbursement of expenses / levies	—	54,590
6. Expenditure in foreign currency:		
Travel	135,486	—
Other expenses	290,576	1,505,000

7. The cost of land and related development expenditure is disclosed as work-in-progress as the company expects to incur further costs on land and infrastructure development.
8. 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. During the year, the company has leased 16.082 (previous year 91.140) acres of land on long term basis.

	Rs.			
	2009 -10	2008-09	2009-10	2008-09
9. Employee benefits			Gratuity (Unfunded)	Leave salary (Unfunded)
a. Liability recognized in the balance sheet as at March 31, 2010				
Present Value of Defined Benefit Obligation	1,417,578	999,425	1,709,098	1,179,876
b. Expense recognized in the profit & loss account for the year ended March 31, 2010				
Current Service cost	417,679	376,440	87,891	145,582
Interest cost	74,957	68,250	192,734	118,200
Actuarial (gains) / Losses	(74,483)	(355,265)	264,595	(659,906)
Benefits Paid	—	—	15,998	—
Total expense	418,153	89,425	561,218	(396,124)
c. Change in present value of obligation during the year ended March 31, 2010				
Present Value of Defined Benefit Obligation as at the beginning of the year	999,425	910,000	1,179,876	1,576,000
Current Service cost	417,679	376,440	87,891	145,582
Interest Cost	74,957	68,250	192,734	118,200
Actuarial (Gains) /Losses	(74,483)	(355,265)	264,595	(659,906)
Benefits Paid	—	—	(15,998)	—
Present value of Defined Benefit Obligation as at the end of the year	1,417,578	999,425	1,709,098	1,179,876

- b. The related party transactions are as under :

Nature of transactions	Controlling Company (Mahindra & Mahindra Limited)	Holding Company (Mahindra Lifespace Developers Limited)	Fellow Subsidiaries	Joint Venture	Rs.
					Key management Personnel
1 Income					
Land lease premium	5,600,000	-75,826,000			
- Mahindra Integrated Township Limited	(-511,84,000)	(75,826,000)		36,88,000	
				(22,880,000)	
Operation and maintenance income	9,569,820	3,290,313			
- Mahindra Integrated Township Limited	(10,394,246)	(3,428,880)		12,521,875	
- Mahindra Holidays & Resorts India Limited			226,800	(13,402,333)	
- Mahindra Residential Developers Limited			(226,800)		
- Ascendas Mahindra IT Park Limited			4,285,550		
			(2,916,179)	1,374,788	
				(1,374,788)	
Service Charges					
- Mahindra Residential Developers Limited			4,300,000		
			(1,250,000)		
Water Charges	512,940	3,710,630			
- Ascendas Mahindra IT Park Limited	—	(26,59,340)		2,202,450	
				(987,120)	
Rent Received		1,870,176			
		(1,870,176)			
Interest received – Mahindra Integrated Township Limited				8,551,102	
				(10,169,062)	
2 Other transactions:					
Professional charges paid	693,974				
-Mahindra Consulting Engineers Limited	(—)		5,913,849		
-Mahindra Infrastructure Developers Limited			(6,198,639)		
			1,600,000		
- Rent Paid	141,120		(664,516)		
	(141,120)				
- Electricity Charges Paid	454,417				
	(218,122)				

- d. Principal actuarial assumptions
- | | | |
|---------------|---------------------------|---------------------------|
| Discount Rate | 7.50% | 7.50% |
| Mortality | LIC (1994-96) | LIC (1994-96) |
| | Ultimate mortality tables | Ultimate mortality tables |
- e. Estimates of future salary increases considered in actuarial valuation take account of inflation, seniority, promotions, increments and other relevant factors such as supply and demand in the employment market.

10. Earnings per share:

	2009-10	2008-09
Profit after tax (Rs.)	109,387,287	286,206,959
Preference dividend including dividend distribution tax (Rs.)	45,477,413	45,628,050
Profit available for equity shareholders (Rs.)	63,909,874	240,578,909
Number of equity shares	20,000,000	20,000,000
Earnings per share (Basic/diluted) (Rs.)	3.20	12.03
Nominal value of equity share (Rs.)	10	10

11. Related party transactions :
- a. Names of related parties and nature of relationship:
- A **Ultimate Holding Company** Mahindra & Mahindra Limited
- B **Holding Company** Mahindra Lifespace Developers Limited
- C **Fellow Subsidiaries with whom transactions have been entered during the year**
- Mahindra Infrastructure Developers Limited
 - Mahindra World City (Jaipur) Limited
 - Mahindra Residential Developers Limited
 - Mahindra Holidays & Resorts India Limited
 - Mahindra Consulting Engineers Limited.
 - Mahindra Logisoft Business Solutions Limited
- D **Joint Venture**
- Mahindra Integrated Township Limited
 - Ascendas Mahindra IT Park Private Limited (upto 25th March, 2010)
- E **Key Management Personnel**
- Ms. Sangeeta Prasad, Manager and Chief Operating Officer

MAHINDRA WORLD CITY DEVELOPERS LIMITED

b. The related party transactions are as under : (Contd.)

Nature of transactions	Controlling Company (Mahindra & Mahindra Limited)	Holding Company (Mahindra Lifespace Developers Limited)	Fellow Subsidiaries	Joint Venture	Key management Personnel	Rs.
Software expenses - Mahindra Logisoft Business Solutions Ltd			— (506,428)			
3 Inter corporate deposit paid - Mahindra Integrated Township Limited				3,900,000 (21,700,000)		
4 Inter corporate deposit refunded - Mahindra Integrated Township Limited				— (67,600,000)		
5 Outstandings : Receivables		— (3,791,300)				
- Mahindra Integrated Township Limited				85,456,033 (74,388,647)		
- Mahindra Logisoft Business Solutions Ltd			— (57,750)			
Payables	3,279,284 (3,178,070)	2,581,587 (2,581,587)				
- Mahindra Holidays & Resorts (India) Limited			279,000 (279,000)			
- Mahindra Integrated Township Limited				6,057,469 (7,779,469)		
- Ascendas Mahindra IT Park Limited				— (428,580)		
- Mahindra Residential Developers Limited			1,748,583 (1,748,583)			
6 Managerial remuneration						5,237,334 (3,100,602)
7 Dividend paid		40,982,999 (55,524,993)				

Figures in bracket are in respect of the previous year.

12. Joint venture disclosures

i. Interest in joint ventures

Name of the company	Country of incorporation	Proportion of ownership interest
Mahindra Integrated Township Limited	India	26%
Ascendas Mahindra IT Park Private Limited	India	26% (25% divested on 26 th March, 2010)

ii. Interest in the assets, liabilities, income, expenses and capital commitment with respect to the Joint Ventures

Particulars	Ascendas Mahindra IT Park Private Limited		Mahindra Integrated Township Limited	
	2009-10 Rupees	2008-09 Rupees	2009-10 Rupees	2008-09 Rupees
a. Net fixed assets (including capital work in progress)	—	231,804,606	11,263	13,580
b. Pre – operative expenditure	—	1,554,581	—	—
c. Work in progress	—	—	203,548,489	2,01,697,666
d. Cash and bank balances	—	21,352,787	13,804,362	183,819
e. Sundry debtors	—	3,084,646	—	—
f. Loans and advances	—	15,373,334	1,731,760	2,275,187
g. Current Liabilities and provisions	—	86,955,021	2,817,0651	5,701,225
h. Secured loans	—	47,182,720	—	—
i. Income	—	41,283,226	2,616,580	82,818,580
j. Expenses	—	20,662,496	14,167,226	81,544,272
k. Capital Commitment	—	43,758,000	—	—

* Figures for 2009 – 10 not disclosed as it is no longer a jointly controlled entity.

13. Deferred tax asset / (liability)

	As at 31.03.2009 Rupees	Tax effect for the year Rupees	As at 31.03.2010 Rupees
<u>Deferred tax liability</u>			
Fixed Assets	(24,452,358)	(6,788,704)	(31,241,062)
<u>Deferred tax asset</u>			
Accrued expenses deductible on payment	740,744	297,860	1,038,604
Net deferred tax asset / (liability)	(23,711,614)	(6,490,844)	(30,202,458)
14. Based on the information available with the Company there are no dues outstanding in respect of Micro, Small and Medium Enterprises as of Balance sheet date.			
15. Advance for purchase of land has been given to a company engaged in the procurement of lands and is secured by way of registered equitable mortgage of lands admeasuring 36.25 acres, owned by a director of that company and his associates.			
16. Inventories include Rs.783,144,603 being cost of land for which sale deeds have been executed but are yet to be registered.			
17. Contingent liability: Income tax matters in respect of which the Company is in appeal, exclusive of the effect of similar matters in respect of assessments remaining to be completed Rs.6,277,687 (previous year Rs. 2,279,198)			
18. 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:			
			Rs.
		Current year	Previous Year
Gross carrying amount of premises		116,977,826	113,514,572
Accumulated depreciation		9,168,748	5,365,952
Depreciation for the period		3,802,796	3,791,387
19. Previous year's figures have been regrouped/recast, wherever necessary, to conform to this year's classification			

20. 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.

U	9	2	4	9	0	T	N	1	9	9	7	P	L	C	0	3	7	5	5	1
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 State Code

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Balance Sheet Date

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Date Month Year

II. Capital Raised during the year (Amount in Rs. Thousands):

Public Issue	Rights Issue																		
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						N	I	L											
						N	I	L											
Bonus Issue	Private Placement																		
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						N	I	L											
						N	I	L											

III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)

Total Liabilities	Total Assets																		
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		2	7	7	7	6	3	2											
		2	7	7	7	6	3	2											
Sources of Funds:																			
Paid-up Capital	Reserves and Surplus																		
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		8	5	0	0	0	0												
		2	1	7	3	5	2												
Secured Loans	Deferred Tax Liability																		
<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td>1</td><td>4</td><td>8</td><td>0</td><td>0</td><td>0</td><td>0</td></tr></table>			1	4	8	0	0	0	0	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td>3</td><td>0</td><td>2</td><td>0</td><td>2</td></tr></table>					3	0	2	0	2
		1	4	8	0	0	0	0											
				3	0	2	0	2											
Application of Funds:																			
Net Fixed Assets	Investments																		
<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td>3</td><td>6</td><td>8</td><td>8</td><td>4</td><td>6</td></tr></table>			3	6	8	8	4	6	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td>1</td><td>3</td><td>0</td><td>1</td><td>0</td><td>0</td></tr></table>			1	3	0	1	0	0		
		3	6	8	8	4	6												
		1	3	0	1	0	0												
Net Current Assets	Accumulated Losses																		
<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td>2</td><td>0</td><td>7</td><td>8</td><td>6</td><td>0</td><td>8</td></tr></table>			2	0	7	8	6	0	8	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td></tr></table>							N	I	L
		2	0	7	8	6	0	8											
						N	I	L											

IV. Performance of the Company (Amount in Rs. Thousands):

Turnover (including other Income)	Total Expenditure																					
<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td>3</td><td>1</td><td>5</td><td>0</td><td>4</td><td>9</td></tr></table>			3	1	5	0	4	9	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td>1</td><td>5</td><td>4</td><td>1</td><td>7</td><td>1</td></tr></table>			1	5	4	1	7	1					
		3	1	5	0	4	9															
		1	5	4	1	7	1															
Profit before Tax	Profit after Tax																					
<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td>1</td><td>6</td><td>0</td><td>8</td><td>7</td><td>8</td></tr></table>			1	6	0	8	7	8	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td>1</td><td>0</td><td>9</td><td>3</td><td>8</td><td>7</td></tr></table>			1	0	9	3	8	7					
		1	6	0	8	7	8															
		1	0	9	3	8	7															
Earnings Per Share in Rupees	Dividend Rate %																					
<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td>3</td><td>.</td><td>2</td><td>0</td></tr></table>							3	.	2	0	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td>6</td></tr></table>											6
						3	.	2	0													
										6												

V. Generic Name of Principal Product/Services of the Company (as per Monetary Terms):

Product Description

D	E	V	E	L	O	P	M	E	N	T	O	F	I	N	D	U	S	T	R	I	A	L	P	A	R	K	S
---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---

ITC Code

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

For and on behalf of the Board of Directors

N. Vaghul	<i>Chairman</i>
Sunil Paliwal, IAS	<i>Director</i>
Anita Arjundas	<i>Director</i>
V. Balaraman	<i>Director</i>
Sangeeta Prasad	<i>Chief Operating Officer & Manager</i>
S. Chandru	<i>Chief Financial Officer and Company Secretary</i>

Place : Chennai
Date : April 16, 2010

INTEGRATED TOWNSHIP LIMITED

under the Employee Stock Option Scheme to employees and Directors of the Company and those of holding / subsidiary companies from time to time.

Directors

Ms. Anita Arjundas and Ms. Sangeeta Prasad, Directors retire by rotation and being eligible, offer themselves for re-election at the forthcoming Annual General Meeting.

Audit Committee

The Audit Committee of the Company comprises Ms. Anita Arjundas (Chairperson), Mr. Ramesh Ramanathan and Ms. Sangeeta Prasad. During the year one meeting was held.

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, 2010 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.

Auditors

M/s. Deloitte Haskins & Sells., Chartered Accountants, retire as Auditors of the Company at the forthcoming Annual General Meeting and have communicated their unavailability to continue as Auditors of the Company thereafter.

The Company has received a Special Notice from a Shareholder of the Company, in terms of the provisions of the Companies Act, 1956, signifying the intention to propose the appointment of M/s. A.F. Ferguson & Co., Chartered Accountants as the Statutory Auditors of Company from the conclusion of the ensuing Annual General Meeting till the conclusion of the next Annual General Meeting. M/s. A.F. Ferguson & Co., Chartered Accountants have also expressed their willingness to act as Auditors of the Company, if appointed, and have further confirmed that the said appointment would be in conformity with the provisions of Section 224(1B) of the Companies Act, 1956.

Pursuant to Section 225 of the Companies Act, 1956, your Company proposes to appoint M/s. A.F. Ferguson & Co., Chartered Accountants as Auditors of the Company in place

of the retiring Auditors M/s. Deloitte Haskins & Sells, Chartered Accountants. The shareholders will be required to elect Auditors for the current year and fix their remuneration.

Code of Conduct

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

The Company has for the year under review, received declarations under the Codes from the Board Members and the Senior Management Personnel and Employees of the Company affirming compliance with the respective Codes.

Public Deposits, Loans / Advances

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

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

The Company had no employee who was in receipt of remuneration of not less than Rs.24,00,000 during the year ended 31st March, 2010 or not less than Rs.2,00,000 per month during any part of the said year.

Acknowledgments

The Directors are thankful to all consultants and associates of your Company for the support received from them during the year. The Directors also place on record their appreciation for the dedicated efforts put in by the employees of the Company.

For and On Behalf of the Board

Place: Chennai
Date: 16th April 2010

Anita Arjundas
Chairperson

ANNEXURE TO THE DIRECTORS' REPORT

PARTICULARS AS PER THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2010.

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: Not applicable
- 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

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

For and on behalf of the Board

Place: Chennai
Date: 16th April 2010

Anita Arjundas
Chairperson

AUDITORS' REPORT

TO THE MEMBERS OF MAHINDRA INTEGRATED TOWNSHIP LIMITED

1. We have audited the attached Balance Sheet of MAHINDRA INTEGRATED TOWNSHIP LIMITED ("the Company") as at 31st March, 2010, 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 enclose 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 in paragraph 3 above, we report as follows:
 - (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 Profit and Loss Account 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 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;
- (e) 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:
 - (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2010;
 - (ii) in the case of the Profit and Loss Account, of the loss of the Company for the year ended on that date and
 - (iii) 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 31st March, 2010 taken on record by the Board of Directors, none of the Directors is disqualified as on 31st March, 2010 from being appointed as a director in terms of Section 274(1)(g) of the Companies Act, 1956.

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

B. Ramaratnam
Partner

(Membership No. 21209)

Place: Chennai
Date : April 16, 2010

ANNEXURE REFERRED TO IN PARAGRAPH 3 OF THE AUDITORS' REPORT TO THE MEMBERS OF MAHINDRA INTEGRATED TOWNSHIP LIMITED ON THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2010

- (i) Having regard to the nature of the Company's business/ activities/results, clauses (vii), (viii), (xi), (xii), (xiii), (xiv), (xv), (xvi), (xviii), (xix) and (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 same.
- (b) The fixed asset was physically verified during the year by the Management and no discrepancy was 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 (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) The Company has neither granted nor taken any loans, secured or unsecured, to/from companies, firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956.
- (v) 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.
- (vi) In our opinion and according to the information and explanations given to us, there are no transactions that need to be entered in the register maintained under section 301 of the Companies Act, 1956.
- (vii) According to the information and explanations given to us, the Company has not accepted any deposits from the public.
- (viii) According to the information and explanations given to us in respect of statutory dues:
- (a) The Company has been regular in depositing undisputed dues, including Income tax, 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 31st March, 2010 for a period of more than six months from the date they became payable.
- (c) As on 31, 2010, there were no disputed dues on account of Income tax, which have not been deposited.
- (ix) The accumulated losses of the Company at the end of the financial year was less than fifty percent of its net worth and the Company has incurred cash losses in the current financial year. No cash loss has been incurred in the immediately preceding financial year.
- (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 by the Company and no material fraud on the Company has been noticed or reported during the year.

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

B. Ramaratnam
Partner

Place : Chennai
Date : April 16, 2010

Membership Number: 21209

BALANCE SHEET AS AT MARCH 31, 2010

	Schedule	As at March 31, 2010 Rupees	As at March 31, 2009 Rupees
SOURCES OF FUNDS			
Shareholders' funds			
Share capital	1	500,401,000	500,000,000
Loan Funds			
Unsecured loans	2	282,000,000	267,000,000
Total		<u>782,401,000</u>	<u>767,000,000</u>
APPLICATION OF FUNDS			
(Increase) / decrease in current liabilities			
Fixed assets			
Gross block	3	54,964	54,964
Less: Depreciation		<u>11,644</u>	<u>2,734</u>
Net block		43,320	52,230
Investments	4	1,375,001	1,374,931
Current assets, loans and advances			
Inventories	5	782,878,804	775,760,253
Cash and bank balances	6	53,093,699	706,998
Loans and advances	7	6,660,615	8,750,719
		<u>842,633,118</u>	<u>785,217,970</u>
Less: Current liabilities and provisions	8		
Current liabilities		<u>108,348,659</u>	<u>21,927,788</u>
Net current assets		734,284,459	763,290,182
Profit and loss account		<u>46,698,220</u>	<u>2,282,657</u>
Total		<u>782,401,000</u>	<u>767,000,000</u>
Notes to the accounts	13		

In terms of our report attached

For **Deloitte Haskins & Sells**
Chartered Accountants

B. Ramaratnam
Partner

Place : Chennai
Date : April 16, 2010

For and on behalf of the Board of Directors

Anita Arjundas Chairperson
Sangeeta Prasad Director

Place : Chennai
Date : April 16, 2010

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010

	Schedule	2009-10 Rupees	2008-09 Rupees
INCOME			
Land lease premium		9,776,300	312,405,000
Other income	9	287,468	6,128,000
		<u>10,063,768</u>	<u>318,533,000</u>
EXPENDITURE			
Cost of land and project development	10	14,755,272	93,431,600
Decrease / (Increase) in work in progress	11	(7,118,551)	155,803,917
Interest and finance charges		32,909,036	39,258,780
Operation and maintenance expenses		12,946,091	13,402,333
Depreciation		8,910	2,734
Other expenses	12	988,573	11,732,451
		<u>54,489,331</u>	<u>313,631,815</u>
Profit / (loss) before tax		(44,425,563)	4,901,185
Provision for taxation			
Current tax		—	555,300
Fringe benefit tax		(10,000)	50,000
Profit / (loss) after tax		(44,415,563)	4,295,885
Profit / (loss) brought forward		(2,282,657)	(6,578,542)
Profit / (loss) carried to balance sheet		(46,698,220)	(2,282,657)
Basic and diluted earnings per share		(0.89)	0.09
Notes to the accounts	13		

In terms of our report attached

For **Deloitte Haskins & Sells**
Chartered Accountants

B. Ramaratnam
Partner

Place : Chennai
Date : April 16, 2010

For and on behalf of the Board of Directors

Anita Arjundas Chairperson
Sangeeta Prasad Director

Place : Chennai
Date : April 16, 2010

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2010

	2009-10 Rupees	2008-09 Rupees
A. Cash flow from operating activities		
Profit / (Loss) before tax	(44,425,563)	4,901,185
Adjustments for:		
Depreciation	8,910	2,734
Interest and finance charges	32,909,036	39,258,780
Operating profit before working capital changes	(11,507,617)	44,162,699
Changes in:		
(Increase) / decrease in loans and advances	2,170,968	5,015,052
(Increase) / decrease in inventories	(7,118,551)	155,803,917
Increase / (decrease) in current liabilities	58,886,428	2,592,540
	<u>53,938,845</u>	<u>163,411,509</u>
Cash generated from operations	42,431,228	207,574,208
Taxes paid	(120,864)	(624,510)
Net cash from / (used in) operating activities	42,310,364	206,949,698
B. Cash flow from investing activities		
Purchase of fixed assets	—	(54,964)
Investment in subsidiary	(70)	(874,931)
Net cash from / (used in) investing activities	(70)	(929,895)
C. Cash flow from financing activities		
Proceeds from issue of shares	401,000	—
Proceeds from borrowings	15,000,000	(181,460,940)
Interest and finance charges paid	(5,324,593)	(24,166,224)
Net cash from / (used in) financing activities	10,076,407	(205,627,164)
Net increase / (decrease) in cash and cash equivalents (A+B+C)	52,386,701	392,639
Opening balance	706,998	314,359
Closing balance	53,093,699	706,998

In terms of our report attached

For **Deloitte Haskins & Sells**
Chartered Accountants

B. Ramaratnam
Partner

Place : Chennai
Date : April 16, 2010

For and on behalf of the Board of Directors

Anita Arjundas Chairperson
Sangeeta Prasad Director

Place : Chennai
Date : April 16, 2010

Schedules Annexed to and forming part of the Balance Sheet as at March 31, 2010

	As at March 31, 2010 Rupees	As at March 31, 2009 Rupees		As at March 31, 2010 Rupees	As at March 31, 2009 Rupees			
SCHEDULE 1								
SHARE CAPITAL								
Authorised								
60,000,000 equity shares of Rs. 10 each	600,000,000	600,000,000						
Issued, subscribed and paid up.								
50,401,000 equity shares (previous year 50,000,000) of Rs.10 each paid up (Out of the above, 37,000,000 shares are held by Mahindra Lifespace Developers Limited, the holding company and its nominees)	500,401,000	500,000,000						
(40,100 shares were allotted during the year under the ESOS to eligible employees)								
	<u>500,401,000</u>	<u>500,000,000</u>						
SCHEDULE 2								
UNSECURED LOANS								
Short term loans and advances								
— Mahindra World City Developers Limited			73,300,000	69,400,000				
— Mahindra Lifespace Developers Limited			<u>208,700,000</u>	<u>197,600,000</u>				
			<u>282,000,000</u>	<u>267,000,000</u>				
SCHEDULE 3								
FIXED ASSETS								
	Rupees							
Particulars	Gross block		Depreciation			Net block		
	As at 01.04.2009	Additions	As at 31.03.2010	As at 01.04.2009	For the year	As at 31.03.2010	As at 31.03.2010	As at 31.03.2009
Computers	54,964	—	54,964	2,734	8,910	11,644	43,320	—
Previous year	54,964	—	54,964	—	2,734	2,734	—	52,230
	As at March 31, 2010 Rupees	As at March 31, 2009 Rupees				As at March 31, 2010 Rupees	As at March 31, 2009 Rupees	
SCHEDULE 4								
INVESTMENTS								
Long term, Unquoted, Trade (at cost)								
In subsidiary Company								
Mahindra Residential Developers Limited 1,27,500 equity shares of Rs.10 each fully paid up	1,275,000	1,274,930						
Mahindra Residential Developers Limited 10,000 preference shares of Rs.10 each fully paid up	100,000	100,000						
Mahindra Residential Developers Limited Share Warrant of Re.1 each	1	1						
	<u>1,375,001</u>	<u>1,374,931</u>						
SCHEDULE 5								
INVENTORIES (refer note 1(f))								
Work in progress	<u>782,878,804</u>	<u>775,760,253</u>						
SCHEDULE 6								
CASH AND BANK BALANCES								
Balances with scheduled banks								
— on current account	2,895,209	706,998						
— on deposit account	<u>50,198,490</u>	<u>—</u>						
	<u>53,093,699</u>	<u>706,998</u>						
SCHEDULE 7								
LOANS AND ADVANCES								
(Unsecured considered good)								
Advances recoverable in cash or in kind or for value to be received	434,832	883,800						
Advance for purchase of land	784,000	2,506,000						
Deposits	5,273,469	5,273,469						
Taxation (net)	168,314	87,450						
	<u>6,660,615</u>	<u>8,750,719</u>						
SCHEDULE 8								
CURRENT LIABILITIES AND PROVISIONS								
Current liabilities								
Sundry creditors								
— dues to micro enterprises and small enterprises						—	—	
— others						4,674,108	2,255,927	
Advance received from customer						53,870,462	—	
Other current liabilities						3,024,000	426,215	
Fringe Benefit tax (net)						—	50,000	
Interest accrued but not due						46,780,089	19,195,646	
						<u>108,348,659</u>	<u>21,927,788</u>	
SCHEDULE 9								
OTHER INCOME								
Interest on deposit (tax deducted at source Rs.22,060, previous year Rs. Nil)						223,468	—	
Service charges						64,000	6,128,000	
						<u>287,468</u>	<u>6,128,000</u>	
SCHEDULE 10								
COST OF LAND AND PROJECT DEVELOPMENT								
Cost of Land						3,688,000	22,880,000	
Architect fees						8,691,155	—	
Other project expenses						2,376,117	—	
Registration Charges						—	70,551,600	
						<u>14,755,272</u>	<u>93,431,600</u>	

SCHEDULE 11

INCREASE/DECREASE IN INVENTORY

Opening work in progress	775,760,253	931,564,170
Closing work in progress	782,878,804	775,760,253
	<u>(7,118,551)</u>	<u>155,803,917</u>

SCHEDULE 12

OTHER EXPENSES

Salaries, wages and bonus	—	4,538,979
Staff welfare	—	547,555
Recruitment charges	—	525,007
Remuneration to auditors		
- Audit fees	100,000	100,000
Legal & professional fees	588,561	5,445,193
Traveling expenses	172,957	436,859
Rates and taxes	4,500	6,150
Miscellaneous	122,555	132,708
	<u>988,573</u>	<u>11,732,451</u>

SCHEDULE 13

Notes to the accounts for the year ended 31st march, 2010

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) 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.

c) Fixed assets

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

d) Depreciation

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.

e) Investments

Long term investments are carried at cost. Diminution in the value of investments, other than temporary, is provided for. Current investments are valued at lower of cost and fair value.

f) Inventories

Inventories are valued at lower of cost and net realizable value. Cost represents cost of land and other expenses attributable to the projects, and, being a long term project, includes interest.

g) Income Taxes

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 realise 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. EMPLOYEES' STOCK OPTION SCHEME

i. Details of Employees' Stock Option Scheme (ESOS) are given below.

Grand date	26 th November 2007
Vesting date	31 st March 2008
Number of Options Granted/Vested	4,55,000
Contractual life	Options will lapse if not exercised within 5 years from the date of vesting
Exercise Price	Rs. 10
Method of Settlement	By issue of shares at Exercise Price

ii. Summary of Stock options.

Number of options outstanding at the beginning of the year	414,900
Number of options exercised (40,100 allotted during the year)	292,400
Number of options outstanding at the end of the year	122,500
Number of options lapsed	Nil

iii. The company has adopted the intrinsic value method in accounting for employee costs on account of ESOS. The intrinsic value of shares based on a valuation obtained from an independent valuer is Rs. 10 per equity share as on the grant date, 26th November 2007, based on the discounted cash flow method. As the difference between the intrinsic value and the exercise price per share is Rs. Nil, no employee compensation cost has been recognised.

iv. The fair value of options, based on the valuation of the independent valuer as of the date of grant i.e. 26th November 2007 is Rs. 1.87.

v. Had the company adopted the fair value method in respect of options granted, the impact on the financial statements for the year ended March 31, 2010 would be

Increase in employee compensation cost	Rs. 170,170
Decrease in profit after tax	Rs. 170,170
Decrease in basic & diluted earning per share	Rs. Nil
The total amount that would have been amortized over the vesting period is Rs. 850,850.	

vi. The fair value has been calculated using the Black Scholes Options Pricing Model and the significant assumptions made in this regard are as follows:

Risk free interest rate	7.54%
Expected life	2.85
Expected volatility	Nil
Expected dividend yield	Nil

3. Related Party Transactions

Enterprises Controlling Company

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

Fellow Subsidiaries with whom transactions have been entered during the year

1 Mahindra World City Developers Limited
2 Mahindra Residential Developers Limited

The related party transactions are as under:

Name of the Related Party	Nature of Transaction	Amount (Rs.)
Mahindra Lifespace Developers Limited	Inter Corporate Deposit received	11,100,000 (56,839,060)
	Inter Corporate Deposit paid	— (192,400,000)
	Interest	24,357,934 (29,089,718)
	Payable as at the year end	247,998,164 (211,806,999)
Mahindra Word City Developers Limited	Inter Corporate Deposit received	3,900,000 (21,700,000)
	Inter Corporate Deposit paid	— (67,600,000)
	Maintenance Charges	12,946,091 (13,402,333)
	Purchase of Land	3,688,000 (22,880,000)
	Interest	8,551,102 (10,169,062)
	Receivable as at the year end	6,057,469 (7,779,469)
	Payable as at the year end	85,456,033 (74,388,647)
Mahindra Residential Developers Limited	Land Lease premium	9,776,300 (312,405,000)
	Service / Consultancy Charges received	680,000 (5,512,000)
	Investment made	70 (874,931)

Name of the Related Party	Nature of Transaction	Amount (Rs.)
	Receivable as at the year end	134,832 (—)
Mahindra & Mahindra Limited	Service received	(—) (2,800)
	Advance received	53,870,462 (—)
	Payable as at the year end	53,870,462 (43,000)

Previous year figures are in brackets.

- The company is in the business of property development for residential and commercial use.
 - In line with AS 22, Accounting for Taxes on Income, on principles of prudence, the company has not recognised the net deferred tax asset as at 31st March, 2010 relating to unabsorbed losses.
 - Based on the information available with the Company there are no dues outstanding in respect of Micro, Small and Medium Enterprises as of Balance sheet date.
- | 7. Earnings Per Share | 2009-10 | 2008-09 |
|------------------------------------------------|------------------------------------|--------------|
| | Net Profit / (Loss) after tax (Rs) | (44,415,563) |
| Weighted Average number of Equity Shares (nos) | 50,037,683 | 50,000,000 |
| Basic and Diluted Earnings Per Share (Rs) | (0.89) | 0.09 |
- Previous year's figures have been regrouped/recast, wherever necessary, to conform to this year's classification

Statement pursuant to Section 212 of the Companies Act, 1956, relating to subsidiary company

Name of the Subsidiary Company	Number of Shares in the Subsidiary Company held by Mahindra Integrated Township Limited at the financial year ending date		The net aggregate of profits/(losses) of the Subsidiary Company so far as they concern the members of Mahindra Integrated Township Limited			
			For Current Financial Year		For Previous Financial Years	
	Equity	Extent of holding	Dealt with in the accounts of Mahindra Integrated Township Limited for the year ended 31st March 2010	Not Dealt with in the accounts of Mahindra Integrated Township Limited for the year ended 31st March 2010	Dealt with in the accounts of Mahindra Integrated Township Limited for the year ended 31st March 2010	Not Dealt with in the accounts of Mahindra Integrated Township Limited for the year ended 31st March 2010
	Nos.	%	Rs. in lacs	Rs. in lacs	Rs. in lacs	Rs. in lacs
Mahindra Residential Developers Limited	127,500	51%	Nil	194.90	N.A	32.93

Notes :

The financial year of the subsidiary company ended on 31st March 2010

For and on behalf of the Board

Anita Ajundas
Chairperson

Chennai: 16th April 2010

RESIDENTIAL DEVELOPERS LIMITED

DIRECTORS' REPORT TO THE SHARE HOLDERS

Your Directors present the Third Report together with the audited accounts of the Company for the year ended 31st March, 2010.

FINANCIAL RESULTS:

	(Rs. in Lakhs)	
	2010	2009
Income	1105.75	93.11
Total Expenditures	1487.91	155.96
Loss before Tax	(382.16)	(62.85)
Less Provision for Taxation	Nil	Nil
Loss after tax for the period	(382.16)	(62.85)
Balance carried forward	(446.72)	(64.56)

Operations

The Project named "Aqualily" is spread over 55 acres planned for development of 151 Villas / Twin homes and 610 apartments with a saleable area of approximately 1.53 million square feet. The first phase of the Project consisting of approximately 30% of Villas / Twin homes was launched in November 2009. The product has been well received. The second phase of approximately 25% of Villas / Twin homes and the first Phase of apartments is proposed to be launched in the financial year 2010-11. The Show Villa has been completed. Contracts have been finalized for the entire Villas / Twin homes and the construction work has been progressing well.

Dividend

In view of the carried forward losses, your Directors do not recommend any dividend for the year.

Directors

Mr. Pawan Malhotra resigned from the Board with effect from 12th November, 2009.

Ms. Sangeeta Prasad was appointed as a Director of the Company in the casual vacancy caused by the resignation of Mr.Pawan Malhotra with effect from 12th November, 2009.

Ms. Anita Arjundas, Director was appointed as the Chairperson of the Board with effect from 12th November, 2009.

Mr. Jonathan Espinili Umali was appointed as an alternate Director to Mr. Charles Henry Cosgrove in the place of Mr. Jiann Ching Ho with effect from 11th March, 2010.

Mr. Richard Wah Chuk YUE and Mr.Charles Henry Cosgrove, Directors retire by rotation and being eligible, offer themselves for re-election at the forthcoming Annual General Meeting.

The Board has placed on record its sincere appreciation of services rendered by Mr. Pawan Malhotra, Mr. Jiann Ching during their tenure as Directors.

Director's Responsibility Statement

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

- in the preparation of the annual accounts, the applicable accounting standards have been followed;
- they have, in the selection of the accounting policies, consulted the Statutory Auditors and these have been applied consistently and reasonable and prudent judgments and estimates have been made so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2010 and of the loss 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.

Auditors

Messrs. Deloitte Haskins and Sells, Chartered Accountants, retire as Auditors of the Company at the forthcoming Annual General Meeting and have given their consent for re-appointment. The shareholders will be required to elect Auditors for the current year and fix their remuneration.

As required under the provisions of section 224 of the Companies Act, 1956, the Company has obtained a written certificate from M/s. Deloitte Haskins and Sells., Chartered Accountants, to the effect that their re-appointment, if made, would be in conformity with the limits specified in the said section.

Holding Company

Your Company continued to be a subsidiary of Mahindra Integrated Township Limited (MITL).

Finance

During the year under review, your Company has been sanctioned a loan facility of Rs 25 crores by Housing Development Finance Corporation Limited.

Public Deposits and Loans / Advances

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

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

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

The particulars relating to energy conservation, technology absorption, foreign exchange earnings and outgo, as required

under section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are given in the Annexure to this Report.

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

The Company had no employee who was in receipt of remuneration of not less than Rs.24,00,000 during the year ended 31st March, 2010 or not less than Rs.2,00,000 per month during any part of the said period.

Acknowledgements

The Directors are thankful to all consultants and associates of your Company for the support received from them during the year. The Directors also place on record their appreciation for the dedicated efforts put in by the Consultants of the Company.

For and on Behalf of the Board

Place: Chennai
Date: 13th April, 2010

Anita Arjundas
Chairperson

ANNEXURE TO THE DIRECTORS' REPORT

PARTICULARS AS PER THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2010.

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: Not applicable
- 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

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

For and on Behalf of the Board

Place: Chennai
Date: 13th April, 2010

Anita Arjundas
Chairperson

Auditors' Report to the members of Mahindra Residential Developers Limited

1. We have audited the attached Balance Sheet of Mahindra Residential Developers Limited ("the Company") as at 31st March, 2010, 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 enclose 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 in paragraph 3 above, we report as follows:
 - (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 Profit and Loss Account 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 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;
- (e) 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:
 - (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2010;
 - (ii) in the case of the Profit and Loss Account, of the loss of the Company for the year ended on that date and
 - (iii) 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 31st March, 2010 taken on record by the Board of Directors, none of the Directors is disqualified as on 31st March, 2010 from being appointed as a director in terms of Section 274(1)(g) of the Companies Act, 1956.

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

Place: Chennai
Date: April 13th, 2010

B. Ramaratnam
Partner
(Membership No. 21209)

Annexure referred to in paragraph 3 of the auditors' report to the members of Mahindra Residential Developers Limited on the accounts for the year ended 31st March 2010

- (i) Having regard to the nature of the Company's business / activities / result, clauses (i), (vii), (viii), (xi) to (xvi), (xviii), (xix), (xx) of CARO are not applicable.
- (ii) In respect of its inventory:
- (a) As explained to us, the 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.
- (iii) The Company has neither granted nor taken any loans, secured or unsecured, to/from companies, firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchases of inventory and 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 and according to the information and explanations given to us, there are no transactions that need to be entered in the register maintained under section 301 of the Companies Act, 1956.
- (vi) According to the information and explanations given to us, the Company has not accepted any deposits from the public.
- (vii) According to the information and explanations given to us in respect of statutory dues:
- (a) The Company has been regular in depositing undisputed dues, including 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 31st March, 2010 for a period of more than six months from the date they became payable.
- (c) As on March 31, 2010, there were no disputed dues on account of Income-tax, which have not been deposited.
- (viii) The Company has been registered for a period of less than five years and hence reporting on accumulated losses / cash losses does not arise.
- (ix) According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, in our opinion, there are no funds raised on short term basis which have been used for long term investments.
- (x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.

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

B. Ramaratnam
Partner

Place : Chennai
Date : April 13, 2010

Membership Number: 21209

BALANCE SHEET AS AT 31ST MARCH, 2010

	Schedule	As at March 31, 2010 Rupees	As at March 31, 2009 Rupees
SOURCES OF FUNDS			
Shareholders' Funds:			
Share Capital	1	2,600,000	2,600,000
Share warrant		1	1
Reserves and Surplus	2	543,532,500	543,532,500
Total		<u>546,132,501</u>	<u>546,132,501</u>
APPLICATION OF FUNDS			
Current Assets, Loans and Advances:			
Inventories	3	384,482,945	367,744,116
Sundry Debtors	4	66,850,746	—
Cash and Bank Balances	5	35,482,489	170,576,857
Loans and advances	6	23,290,925	5,102,325
Total		<u>510,107,105</u>	<u>543,423,298</u>
Less: Current Liabilities and Provisions			
Current Liabilities	7	8,646,707	3,747,551
		<u>8,646,707</u>	<u>3,747,551</u>
Net Current Assets		501,460,398	539,675,747
Profit and Loss Account		44,672,103	6,456,754
Total		<u>546,132,501</u>	<u>546,132,501</u>
Notes to the accounts	11		

The Schedules referred above form an integral part of the Balance Sheet
In terms of our report attached

For **Deloitte Haskins & Sells**
Chartered Accountants

B. Ramaratnam
Partner

Place : Chennai
Date: April 13, 2010

For and on behalf of the Board of Directors

Sangeeta Prasad
Jonathan Espinili Umali } Directors

Place : Mumbai
Date : April 13, 2010

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010

	Schedule	2009 - 10 Rupees	2008 - 09 Rupees
INCOME			
Income from projects		106,328,984	—
Other Income	8	4,246,189	9,310,731
Total		<u>110,575,173</u>	<u>9,310,731</u>
EXPENDITURE			
Operating expenses	9	109,697,304	—
Administration and other expenses	10	39,093,218	15,596,154
		<u>148,790,522</u>	<u>15,596,154</u>
(Loss) before tax		(38,215,349)	(6,285,423)
Less: Provision for taxes		—	—
(Loss) after tax		(38,215,349)	(6,285,423)
(Loss) brought forward		(6,456,754)	(171,331)
(Loss) carried to balance sheet		(44,672,103)	(6,456,754)
Earnings per share (basic / diluted)		(152.86)	(32.20)
Notes to the Accounts	11		

The Schedules referred above form an integral part of the Profit and Loss account
In terms of our report attached

For **Deloitte Haskins & Sells**
Chartered Accountants

B. Ramaratnam
Partner

Place : Chennai
Date: April 13, 2010

For and on behalf of the Board of Directors

Sangeeta Prasad
Jonathan Espinili Umali } Directors

Place : Mumbai
Date : April 13, 2010

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2010

	2009 - 10 Rupees	2008 - 09 Rupees
A. Cash flow from operating activities		
(Loss) before tax	(38,215,349)	(6,285,423)
Interest income	(4,246,189)	(9,310,731)
Operating profit/(loss) before working capital changes	(42,461,538)	(15,596,154)
Changes in:		
(Increase) / decrease in loans and advances	(18,186,637)	(2,222,032)
(Increase) / decrease in inventories	(16,738,829)	(367,744,116)
(Increase) / decrease in sundry debtors	(66,850,746)	—
Increase / (decrease) in current liabilities	4,899,156	3,713,843
	(96,877,056)	(366,252,305)
Cash (used) in operations	(139,338,594)	(381,848,459)
Taxes paid	(929,491)	(1,884,070)
Net cash (used) in operating activities	(140,268,085)	(383,732,529)
B. Cash flow from investing activities:		
Interest received	5,173,717	8,314,508
Net cash from investing activities	5,173,717	8,314,508
C. Cash flow from financing activities:		
Proceeds from issue of shares/warrant (including premium)	—	545,632,431
Net cash from financing activities	—	545,632,431
Net increase/(decrease) in cash and cash equivalents (A+B+C) .	(135,094,368)	170,214,410
Opening balance	170,576,857	362,447
Closing balance	35,482,489	170,576,857

In terms of our report attached

For **Deloitte Haskins & Sells**
Chartered Accountants

B. Ramaratnam
Partner

Place : Chennai
Date: April 13, 2010

For and on behalf of the Board of Directors

Sangeeta Prasad
Jonathan Espinili Umali } Directors

Place : Mumbai
Date : April 13, 2010

SCHEDULES FORMING PART OF THE ACCOUNTS AS AT 31ST MARCH 2010

	As at March 31, 2010	Rs. As at March 31, 2009
SCHEDULE 1		
SHARE CAPITAL		
Authorized		
4,50,000 Equity shares of Rs. 10 each	4,50,000	4,50,000
50,000 Preference Shares of Rs. 10 each	500,000	500,000
Total	5,00,000	5,00,000
Issued, Subscribed and Paid up		
2,50,000 Equity Shares of Rs.10 each	2,50,000	2,50,000
(Of the above 1,27,500 equity shares of Rs.10 each are held by Mahindra Integrated Township and its nominees, the holding company)		
10,000 Tranche I Preference shares of Rs.10 each (refer Note No.2)	100,000	100,000
Total	2,60,000	2,60,000
SCHEDULE 2		
RESERVES AND SURPLUS		
Securities Premium Account	543,532,500	543,532,500
Total	543,532,500	543,532,500
SCHEDULE 3		
INVENTORIES		
Construction work in progress	379,444,785	367,744,116
Construction materials	5,038,160	—
Total	384,482,945	367,744,116
SCHEDULE 4		
SUNDRY DEBTORS (unsecured, considered good)		
Outstanding for more than six months	—	—
Other debts	66,850,746	—
Total	66,850,746	—
SCHEDULE 5		
CASH AND BANK BALANCES		
Cash on hand	27,526	25,050
Balances with scheduled banks		
— On current accounts	14,943,735	20,551,807
— On deposit accounts	20,511,228	150,000,000
Total	35,482,489	170,576,857

	As at March 31, 2010	Rs. As at March 31, 2009
SCHEDULE 6		
LOANS AND ADVANCES		
Advances recoverable in cash or in kind or for value to be received	18,629,486	473,449
Advance payment of Income tax	2,813,561	1,884,070
Deposits	1,779,183	1,748,583
Interest accrued on deposits	68,695	996,223
Total	23,290,925	5,102,325
SCHEDULE 7		
CURRENT LIABILITIES		
Sundry Creditors		
— due to micro & small enterprises	—	—
— others	5,374,027	1,448,257
Advances from customers	2,616,101	—
Other Liabilities	656,579	2,299,294
Total	8,646,707	3,747,551
SCHEDULE 8		
OTHER INCOME		
Interest on deposits (tax deducted at source Rs.929,421/-, (previous year Rs. 1,884,070))	4,236,189	9,310,731
Miscellaneous income	10,000	—
Total	4,246,189	9,310,731
SCHEDULE 9		
OPERATING EXPENSES		
Opening stock		
Construction materials	—	—
Work in progress	367,744,116	—
Add: Expenses incurred during the year:		
Land and construction costs	59,080,576	313,497,000
Architect fees	8,932,203	41,897,121
Project management fees	14,711,840	5,280,000
Professional fees	10,300,000	—
Advertisement, marketing and business development	28,917,133	—
Other Expenses	4,494,381	7,069,995
Less: Closing stock		
Construction materials	5,038,160	—
Work in progress	379,444,785	367,744,116
Total	109,697,304	—

MAHINDRA RESIDENTIAL DEVELOPERS LIMITED

	As at March 31, 2010	Rs. As at March 31, 2009
SCHEDULE 10		
ADMINISTRATION & OTHER EXPENSES		
Legal & professional fees	901,775	6,224,124
Deputation Charges	15,245,500	6,679,554
Auditors remuneration		
— Audit fees	300,000	75,000
— Other services	—	25,000
— Reimbursement of expenses/levies	—	7,725
Advertisement, marketing and business development	13,634,192	1,753,154
Travelling & conveyance	1,080,621	—
Administrative expenses	6,069,930	—
Miscellaneous expenses	1,861,200	831,597
Total	39,093,218	15,596,154

SCHEDULES FORMING PART OF THE ACCOUNTS AS AT 31ST MARCH 2010

SCHEDULE 11

Notes to the accounts for the year ended March 31, 2010

Significant Accounting Policies

1. 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.

a) Use of Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported balances of assets and liabilities as of the date of the financial statements and reported amounts of income and expenses during the period. Management believes that the estimates used in the preparation of financial statements are prudent and reasonable. Actual results could differ from estimates.

b) Inventories:

Inventories are valued at lower of cost and net realizable value. The cost for construction materials is determined on the basis of the weighted average method.

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

c) Revenue Recognition:

Income from property development activity is accounted on the percentage of completion method which necessarily involves technical estimates of the percentage of completion of each contract, and costs to completion of the contract, on the basis of which profits/losses are accounted. Such estimates, made by the management and certified to the auditors, have been relied upon by them, as these are of a technical nature. Revenues are recognized only when the actual project costs incurred exceed 25% of the total estimated project costs including land and when at least 10% of the sales consideration is realized.

d) Provision and contingent Liabilities:

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. Current Liabilities are not recognized but are disclosed in the notes. Contingent Assets are neither recognized nor disclosed in the financial statements.

e) Foreign currency transactions

Foreign exchange transactions are recorded at exchange rates prevailing on the date of the transactions. The exchange gain/loss arising on settlement of such transactions is adjusted to the profit and loss account. Monetary assets and liabilities denominated in foreign currency are translated at exchange rates prevailing at the Balance sheet date and gain or loss arising out of such translation is adjusted to the profit and loss account.

f) Taxes on income

Income taxes are accounted for in accordance with Accounting Standard 22 on Accounting for Taxes on Income (AS 22) issued by the Institute of Chartered Accountants of India. Tax expense comprises both current and deferred tax. Current tax is determined as the amount of tax payable in respect of taxable income for the period using the applicable tax rates and tax laws. Deferred tax assets and liabilities are 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 and are measured using tax rates enacted or substantively enacted as at the Balance Sheet date. The carrying amount of deferred tax assets and liabilities are reviewed at each Balance Sheet date.

2. Share Capital and Warrants:

- The Preference Shares are redeemable upon payment of dividend of Rs.23, 24, 50,000/- (net of domestic taxes) to the preference share holder.
- The warrant is convertible into 10,000 preference shares of Rs. 10 each upon payment of dividends to equity share holders in proportion of their equity shareholding until the aggregate distributions received by Velands Investments Limited has yielded an Internal Rate of Return of twenty-five percent to Velands investments Limited.

3. Expenditure in foreign currency:

	2009-2010 Rupees	2008-2009 Rupees
Travel	179,587	—
Professional fees	6,402,585	29,051,775
Others	816,081	—
Total	7,389,253	29,051,575

4. Earnings per share:

Particulars	2009 – 2010	2008-2009
(Loss) after tax for the year (Rs.)	(38,215,349)	(6,285,423)
Weighted average number of equity shares (Nos.)	250,000	195,207
Earnings per share (Basic/diluted) (Rs.)	(152.86)	(32.20)
Nominal value of equity share (Rs.)	10	10

5. Related party transactions:

- a) Names of related parties and nature of relationship where control exists:
- | | | |
|---|------------------------------------------------------------------------------|----------------------------------------|
| A | Ultimate Parent Company | Mahindra & Mahindra Limited |
| B | Ultimate Holding Company | Mahindra Lifespaces Developers Limited |
| C | Holding Company | Mahindra Integrated Township Limited |
| D | Velands Investments Limited | Joint Venture Partner |
| E | Fellow Subsidiaries with whom transactions have been entered during the year | |
| | 1 Mahindra World City Developers Limited | |

- b) The related party transactions are as under:

Name of the Related Party	Nature of Transactions	Amount (Rs.)
Mahindra Lifespace Developers Limited	Service/Consultancy	30,596,500
		(8,228,805)
	Administrative Expenses	6,069,930
	Balance at year end	(—)
		(1,403,473)
Mahindra World City Developers Limited	Service/Consultancy	4,300,000
	Maintenance Charges	(1,250,000)
	Deposits	4,285,550
		(2,916,179)
		1,748,583
		(1,748,583)

Name of the Related Party	Nature of Transactions	Amount (Rs.)
Mahindra Integrated Township Limited	Service/Consultancy Charges	608,000
		(—)
	Service/Consultancy	—
		(5,512,000)
	Land Lease Premium	9,776,300
		(312,405,000)
	Issue of Shares	—
		(874,930)
	Issue of warrant	—
		(1)
	Balance at year end	1,34,832
		(—)

Figures in brackets are in respect of the previous year.

6. Based on the information available with the Company there are no dues outstanding in respect of Micro, Small and Medium Enterprises as of Balance sheet date.
7. The Company has obtained Co-developer status under Special Economic Zone Act 2005 which entitles the company to a 100% deduction of its income under the Income Tax Act, 1961 for any ten consecutive assessment years out of fifteen years beginning from the year in which the Special Economic Zone has been notified by the central government.
8. The Company operates in a single segment, namely Property Development
9. Previous year's figures have been regrouped/recast, wherever necessary, to conform to this year's classification.

SCHEDULE 12

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. State Code

Balance Sheet Date

Date Month Year

II. Capital raised during the year (Amount in Rs. Thousands) :

Public Issue <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>	Rights Issue <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>
Bonus Issue <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>	Private Placement <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>

III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands) :

Total Liabilities <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="5"/> <input type="text" value="5"/> <input type="text" value="4"/> <input type="text" value="7"/> <input type="text" value="8"/> <input type="text" value="0"/>	Total Assets <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="5"/> <input type="text" value="5"/> <input type="text" value="4"/> <input type="text" value="7"/> <input type="text" value="8"/> <input type="text" value="0"/>
----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

Sources of Funds :

Paid-up Capital <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="2"/> <input type="text" value="6"/> <input type="text" value="0"/> <input type="text" value="0"/>	Reserves & Surplus <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="5"/> <input type="text" value="4"/> <input type="text" value="3"/> <input type="text" value="5"/> <input type="text" value="3"/> <input type="text" value="3"/>
Secured Loans <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>	Deferred tax liability <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>
Unsecured Loans <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>	

Application of Funds

Net Fixed Assets <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>	Investments <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>
Net Current Assets <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="5"/> <input type="text" value="0"/> <input type="text" value="1"/> <input type="text" value="4"/> <input type="text" value="6"/> <input type="text" value="0"/>	Accumulated Losses <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="4"/> <input type="text" value="4"/> <input type="text" value="6"/> <input type="text" value="7"/> <input type="text" value="3"/>

IV. Performance of Company (Amount in Rs. Thousands) :

Turnover (Total Income) <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="1"/> <input type="text" value="0"/> <input type="text" value="5"/> <input type="text" value="7"/> <input type="text" value="5"/>	Total Expenditure <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="1"/> <input type="text" value="4"/> <input type="text" value="8"/> <input type="text" value="7"/> <input type="text" value="9"/> <input type="text" value="0"/>
Profit Before Tax <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="(3"/> <input type="text" value="8"/> <input type="text" value="2"/> <input type="text" value="1"/> <input type="text" value="5)"/>	Profit After Tax <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="(3"/> <input type="text" value="8"/> <input type="text" value="2"/> <input type="text" value="1"/> <input type="text" value="5)"/>
Earning per Share in Rs. <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="(1"/> <input type="text" value="5"/> <input type="text" value="2"/> <input type="text" value="."/> <input type="text" value="8"/> <input type="text" value="6)"/>	Dividend <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value=""/> <input type="text" value="N"/> <input type="text" value="I"/> <input type="text" value="L"/>

V. Generic Names of Three Principal Product/Service of Company (as per monetary terms) :

Product Description

Item Code (ITC Code)

Signatures to Schedules I to XI

For and on behalf of the Board of Directors

Sangeeta Prasad
Jonathan Espinili Umali } *Directors*

Place : Mumbai
Date : April 13, 2010

WORLD CITY (JAIPUR) LIMITED

DIRECTORS' REPORT TO THE MEMBERS

Your Directors present their 5th Annual Report together with the audited Accounts of the Company for the year ended 31st March, 2010.

FINANCIAL RESULTS

	2010	Rupees 2009
Total Income	535,965,017	838,899,881
Profit before Tax	118,095,998	67,846,073
Provision for Taxation		
— Income Tax	11,150,000	—
— Deferred Tax	28,198,183	15,650,369
— Fringe benefit Tax	—	917,738
Profit after Tax	78,747,815	51,277,966
Profit / (Loss) brought forward	19,071,802	(32,206,164)
Appropriations :- Proposed Preference Dividend	25,424,658	—
Profit / (Loss) carried to balance sheet	72,394,959	19,071,802

Operations

Your Company has, two operational customers in the IT/ITeS SEZ at Mahindra World City, Infosys BPO and DBOI Global Services, which together have created direct employment for around 1000 persons and exports of around Rs. 90 crores during the financial year ended on 31st March, 2010.

Your Company has also, during the year, allotted land to Girnar Software and built-up space in the technology park, "Evolve". Built up space of 61228 sq. ft. was leased to DBOI Global and 38655 sq. ft. to EXL Services, one of the 10 largest BPO companies in the world. EXL Services has already started fit out work and is expected to commence operations in 2010-11.

Your Company also progressed development and customer leases at its Light Engineering and Handicrafts SEZs at Mahindra World City, Jaipur. The Company allotted land parcels (under lease agreement and / or MoUs) to various companies such as Ratan Textiles, Rajdhani Crafts, GAD Industries, Samurai Exports, Rama Handicrafts, Kirat Crafts, Rediprint and Sheesham in the Handicrafts SEZ and Arjay Creations, Tijaria International, Dynamic Powertech and QH Talbros in the Light Engineering SEZ.

Apart from the SEZs, the Company has made significant progress by attracting State Bank of India to set up their North India operations hub in the Domestic Tariff Area of Mahindra World City. The company has already signed the lease agreement and handed over possession of land to State Bank of India.

With the presence of DBOI, State Bank of India, ICICI Bank, and EXL, Mahindra World City, Jaipur will emerge as a significant BFSI KPO and BPO hub.

Mahindra World City, Jaipur also has operational, business support facilities like an ATM, a Food Court, a Fire Tender Service, a Police Station and a Post Office - 'Mahindra World City -Sub Post Office'.

As a part of its efforts to streamline operations, Your Company undertook an ISO implementation program during the year and was successfully awarded the ISO 9001:2008 certification.

Your Company, as a part of its commitment to sustainability and its partnership with the Clinton Climate Initiative, applied for LEED pre-certification for its 2nd phase of development in 'Evolve' and has since then obtained a GOLD rating pre-certification for the above development.

With a view to achieve inclusive development, Your Company has taken the initiative of organising training programmes for school dropouts/unemployed youth who are part of the local community around Mahindra World City, Jaipur through a well recognised NGO -"CAP Foundation" and a "Society - Technology Business Incubator - KIET". The first batch of "Employability Training Programme" of CAP Foundation consisting 128 candidates completed their 3 months full time training and out of the trained candidates, 92 candidates were placed in various jobs.

Dividend

Your directors recommend a payment of dividend of 8% per annum on Redeemable Cumulative Preference Shares for the year 2008-09 (pro-rata period from the date of allotment i.e. 23.12.2008) and for the year 2009-10. The total outgo of dividend for the pro-rata period of 2008-09 is Rs. 54,24,658/- and for the year 2009-10 is Rs.2,00,00,000/-.

Share Capital

During the year, your Company has not issued any share capital. The total paid up capital of the Company as on March 31, 2010 was Rs.170 Crores.

Directors

During the year, Rajasthan State Industrial Development & Investment Corporation Limited (RIICO) nominated new directors

to fill the casual vacancies caused by the transfer of officers by Government orders, from time to time.

S. No.	Details of change in directorship by RIICO	Date of change in directorship
1	Shri Sudhansh Pant in place of Shri Umesh Kumar	15th July, 2009
2	Shri Rajendra Bhanawat in place of Shri Alok	14th December, 2009
3	Shri Gurdial Singh Sandhu in place of Shri C. S. Rajan	14th December, 2009

During the year, Shri Umesh Kumar, Shri Alok, Shri C. S. Rajan and Shri Pawan Malhotra ceased to be Directors of the Company. Your Board has placed on record its appreciation of the services rendered by them during their tenure as Directors of the Company.

During the year, Shri Sudhansh Pant was appointed as Director in place of Shri Umesh Kumar, in the 4th Annual General Meeting of the shareholders of the company held on 15th July, 2009. Shri Rajendra Bhanawat and Shri Gurdial Singh Sandhu were appointed as Directors of the Company in casual vacancies in the place of Shri Alok and Shri C. S. Rajan, respectively. They would hold office till the date of the ensuing Annual General Meeting. The Company has received notices from the member signifying the intention to propose Shri Rajendra Bhanawat and Shri Gurdial Singh Sandhu as candidates for the office of Director.

Further, pursuant to the provisions of Articles of Association, Shri Sunil s Arora, Shri Sudhansh Pant, Shri Arun Nanda, Shri Uday Y. Phadke, Shri Raghunath Murti and Ms. Anita Arjundas, Directors of the Company, shall retire at the ensuing Annual General Meeting and being eligible offer themselves for reappointment.

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:

- in the preparation of the annual accounts, the applicable accounting standards have been followed;
- the Company, in the selection of the accounting policies, consulted the Statutory Auditors and these have been applied consistently, reasonable and prudent judgments and estimates have been made so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2010 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; and

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

Audit Committee

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

Shri Gurdial Singh Sandhu is the Chairman of the Audit Committee.

The constitution of the Committee was changed consequent upon change in nomination of directors by RIICO.

Remuneration Committee

The Remuneration Committee of your Company presently comprises of three Directors, namely Shri Rajendra Bhanawat, Shri Arun Nanda and Shri Uday Y. Phadke.

Code of Conduct

The Board at its meeting held on 28th February, 2007, has approved and adopted the Code of Conduct for directors as well as Senior Management and Employees, with the purpose to focus on areas of ethical risk, provide guidance to report unethical conduct, and foster a culture of honesty and accountability.

The Board members as well as Senior Management have affirmed compliance with the code.

Auditors

M/s. Deloitte Haskins & Sells, Chartered Accountants, were appointed as the Statutory Auditors of the Company in the 4th Annual General Meeting held on 15th July, 2009 in terms of Section 224A of the Companies Act, 1956. The Auditors shall hold office till the conclusion of the ensuing Annual General Meeting.

As required by the provisions of section 224 (1B) of the Companies Act, 1956, the Company has received written certificate from M/s Deloitte Haskins & Sells, Statutory Auditors to the effect that their appointment, if made, would be in conformity with the limits specified in that section.

Since more than 25% of the subscribed capital of the Company is held by RIICO, the appointment or reappointment of Auditors is required to be made by a Special Resolution.

Public Deposits and Loans / Advances

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

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

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

The particulars relating to energy conservation, technology absorption, foreign exchange earnings and outgo, as required

under section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are given in the Annexure to this Report.

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

The Company had 3 employees who were in receipt of remuneration of not less than Rs. 24,00,000 during the year ended 31st March, 2010 or not less than Rs.2,00,000 per month during any part of the said year. The particulars are shown in the attached statement.

Acknowledgements

The Board of Directors thank and wish to place on record its appreciation to the Ministry of Commerce & Industry, Board of Approvals (SEZ), Development Commissioner, Noida Special Economic Zone, Development Commissioner – IT/ITeS SEZ,

Government of Rajasthan, and all the agencies and Departments of the State Government, Promoters & Shareholders of the Company, Bankers – State Bank of India, State Bank of Bikaner & Jaipur and State Bank of Patiala, our valuable customers and the employees of the Company at all levels, for their continued co-operation and unstinted support.

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

For and on behalf of the Board

Sunil Arora
Chairman

Jaipur, 23rd April, 2010

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 31ST MARCH, 2010.

A. CONSERVATION OF ENERGY

a) Energy conservation measures taken :

The company has partnered with Clinton Climate Initiatives for reducing Green House Gas emissions for which various steps will be taken in future.

b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy: No.

c) Impact of the measures taken/to be taken at (a) & (b) above for reduction of energy consumption and consequent impact on the cost of production of goods:

No significant impact on reducing energy consumption known, as on date.

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 specific 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

Your Company has incurred expenditure in foreign exchange to the extent of Rs.16,52,897/- during the year under review. Foreign exchange earning during the year was Nil.

For and on behalf of the Board

Sunil Arora
Chairman

Jaipur, 23rd April, 2010

ANNEXURE II TO THE DIRECTORS' REPORT

Additional information 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 financial year ended 31st March, 2010 is given below.

Name	Designation	Gross Remuneration (Rs.)	Qualification	Age	Experience		Date of Commencement	Last Employment Held Designation / Org
					Years	Months		
Mr. B K Subbaiah	Manager & Chief Operating Officer	5,574,611	MBA	58 yrs	34	8	06-Sep-06	Vice President (Mktg. & Sales) - Escorts Limited
Mr. Sanjay Sinha	Head - Infrastructure & Development	4,792,736	M.E. (Civil Engg.), BE. Civil Engg.	47 yrs	23	-	25-Aug-06	VP -Projects - Brigade Enterprises Pvt. Ltd.
Mr. Ashish Mathur	Head - Business Development & Marketing	4,004,243	B.E. (Mechanical) & MMS	45 yrs	22	10	1-Dec-06	VP & Head of Operations-FMS - Sodexo India Private Limited

Notes :

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

For and on behalf of the Board

Sunil Arora
Chairman

Jaipur,

AUDITORS' REPORT

TO THE MEMBERS OF MAHINDRA WORLD CITY (JAIPUR) LIMITED

1. We have audited the attached Balance Sheet of Mahindra World City (Jaipur) Limited as at March 31, 2010, the Profit and Loss Account and 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 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 enclose 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 in paragraph 3 above, we report as follows:
 - (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 Profit and Loss Account 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 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;
 - (e) 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:
 - (i) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2010;
 - (ii) in the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date; and
 - (iii) 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, 2010 taken on record by the Board of Directors, none of the Directors is disqualified as on March 31, 2010 from being appointed as a director in terms of Section 274(1)(g) of the Companies Act, 1956;

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

B. Ramaratnam
Partner

Membership Number: 21209

Place: Chennai
Date: April 23, 2010

ANNEXURE REFERRED TO IN PARAGRAPH 3 OF THE AUDITORS' REPORT TO THE MEMBERS OF MAHINDRA WORLD CITY (JAIPUR) LIMITED ON THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2010.

- (i) In respect of its fixed assets:
- (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.
- (b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
- (c) The fixed assets disposed off during the year, in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.
- (ii) 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 information and explanations given to us, the procedures of physical verification of inventories followed by the Management were reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.
- (iii) The Company has neither granted nor taken any loans, secured or unsecured to/from companies, firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956.
- (iv) In our opinion and according to information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchases of inventory and fixed assets and the sale of goods and services. During the course of our audit, we have not observed any major weakness in such internal control system.
- (v) According to information and explanations given to us, the Company has not entered into transactions with companies covered under Section 301 of the Companies Act, 1956.
- (vi) According to information and explanations given to us, the Company has not accepted any deposit from the public during the year.
- (vii) In our opinion, the Company has an adequate internal audit systems commensurate with the size and the nature of its business.
- (viii) We are informed that maintenance of cost records has not been prescribed by the Central Government under Section 209 (1) (d) of the Companies Act, 1956, in respect of the products of the Company.
- (ix) According to the information and explanations given to us in respect of statutory dues:
- (a) The Company has generally been regular in depositing undisputed dues, including Provident Fund, Investor Education and Protection Fund , Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues applicable to it with the appropriate authorities.
- (b) There were no undisputed amounts payable in respect of Income-tax, Wealth Tax, Custom Duty, Excise Duty, Cess and other material statutory dues in arrears as at 31st March, 2010 for a period of more than six months from the date they became payable.
- (c) As on 31st March, 2010, there are no dues of Income-tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess which have not been deposited on account of disputes.
- (x) The Company does not have any accumulated losses and has not incurred cash losses in the financial year and in the immediately preceding financial year.
- (xi) In our opinion and according to the information and explanations given to us, the company has not defaulted in the repayment of dues to bank.
- (xii) In our opinion, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) The provisions of any special statute applicable to chit fund and Nidhi /mutual benefit fund / society is not applicable to the company.
- (xiv) The company is not dealing or trading in shares, securities, debentures and other investments.
- (xv) In our opinion and according to the information and explanations given to us, the Company has not given guarantees for loans taken by others from banks or financial institutions.
- (xvi) In our opinion and according to the information and explanations given to us, the term loans have been applied for the purposes for which they were obtained.
- (xvii) In our opinion and according to the information and explanations given to us and on an overall examination of the Balance Sheet, we report that funds raised on short term basis have not been used during the year for long term investment.
- (xviii) According to the information and explanations given to us, the Company has not made preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956.
- (xix) The Company has not issued any debentures during the year.
- (xx) The Company has not raised any money by way of public issues during the year.
- (xxi) To the best of our knowledge and according to the information and explanations given to us no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.

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

B. Ramaratnam
Partner

Membership No: 21209

Place: Chennai
Date: April 23, 2010

BALANCE SHEET AS AT MARCH 31, 2010

	Schedule	As at March 31, 2010	Rs. As at March 31,2009
SOURCES OF FUNDS			
Shareholder's funds			
Share capital	1	1,700,000,000	1,700,000,000
Reserves & Surplus			
Profit and loss account		72,394,959	19,071,802
Loan funds			
Secured loans	2	2,651,177,008	2,662,993,596
Unsecured Loans	3	100,000,000	—
Deferred Tax Liability		43,848,552	15,650,369
		<u>4,567,420,519</u>	<u>4,397,715,767</u>
APPLICATION OF FUNDS			
Fixed assets			
Gross block	4	952,263,491	616,378,768
Less: Depreciation		38,061,364	13,646,561
Net block		<u>914,202,127</u>	<u>602,732,207</u>
Capital Work-in-Progress / advances		127,499,141	352,305,896
		<u>1,041,701,268</u>	<u>955,038,103</u>
Investments	5	151,153,503	119,475,050
Current assets, loans and advances			
Inventories	6	3,654,192,506	3,324,938,294
Sundry debtors	7	43,335,092	241,175,163
Cash and bank balances	8	157,986,930	187,099,308
Loans and advances	9	58,842,454	47,899,097
		<u>3,914,356,982</u>	<u>3,801,111,862</u>
Less: Current liabilities and provisions	10		
Current liabilities		511,324,021	475,512,472
Provisions		28,467,213	2,396,776
		<u>539,791,234</u>	<u>477,909,248</u>
Net current assets		<u>3,374,565,748</u>	<u>3,323,202,614</u>
		<u>4,567,420,519</u>	<u>4,397,715,767</u>
Notes to the Accounts	15		

The schedules referred above form an integral part of the Balance Sheet
In terms of our report attached

For **Deloitte Haskins & Sells**
Chartered Accountants

Sd/-
B. Ramaratnam
Partner

Place : Chennai
Date : April 23, 2010

Sd/-
Gurdial Singh Sandhu
Director

Sd/-
Anita Arjundas
Director

Sd/-
B. K. Subbaiah
Manager & COO

For and on behalf of the Board of Directors

Sd/-
Rajendra Bhanawat
Director

Sd/-
Sanjay Jain
Company Secretary
Cum GM (Accounts)

Place : Jaipur
Date : April 19, 2010

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010

	Schedule	2009-10 Rupees	2008-09 Rupees
INCOME			
Land lease premium		460,586,937	780,404,825
Property rentals		50,733,498	20,801,681
Operation and Maintenance Income		10,778,227	2,480,881
Other income.....	11	13,866,355	35,212,494
		<u>535,965,017</u>	<u>838,899,881</u>
EXPENDITURE			
Cost of land and Project development		363,515,118	716,101,260
Interest and finance charges	12	280,545,911	297,789,289
Depreciation		24,492,536	9,775,199
Other expenses	13	93,332,955	102,630,043
Decrease / (Increase) in work in progress ..	14	(329,254,212)	(326,388,258)
		<u>432,632,308</u>	<u>799,907,533</u>
Less : Capitalised		(14,763,289)	(28,853,725)
		<u>417,869,019</u>	<u>771,053,808</u>
Profit/(loss) before tax		118,095,998	67,846,073
Provision for taxation			
Current tax		20,040,000	7,100,000
Less : MAT credit entitlement.....		(8,890,000)	7,100,000
		<u>11,150,000</u>	<u>—</u>
Deferred tax		28,198,183	15,650,369
Fringe benefit tax		—	917,738
Profit after tax		<u>78,747,815</u>	<u>51,277,966</u>
Profit/(loss) brought forward		<u>19,071,802</u>	<u>(32,206,164)</u>
		<u>97,819,617</u>	<u>19,071,802</u>
Appropriations:			
Proposed dividend on Preference shares		25,424,658	—
Tax on proposed dividend		—	—
(Refer note 19 of Schedule - 15)		<u>25,424,658</u>	<u>—</u>
Balance carried to balance sheet		<u>72,394,959</u>	<u>19,071,802</u>
Basic and diluted earnings per share		0.41	0.31

Notes to the Accounts 15

The schedules referred above form an integral part of the Profit & Loss Account

For and on behalf of the Board of Directors

In terms of our report attached

For **Deloitte Haskins & Sells**
Chartered Accountants

Sd/-
Gurdial Singh Sandhu
Director

Sd/-
Rajendra Bhanawat
Director

Sd/-
B. Ramaratnam
Partner

Sd/-
Anita Arjundas
Director

Sd/-
Sanjay Jain
Company Secretary
Cum GM (Accounts)

Place : Chennai
Date : April 23, 2010

Sd/-
B. K. Subbaiah
Manager & COO

Place : Jaipur
Date : April 19, 2010

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2010

	Rs.	
	2009-10	2008-09
A. Cash flow from operating activities		
Profit/(loss) before tax	118,095,998	67,846,073
Adjustments for:		
Depreciation	24,492,536	9,775,199
Interest and finance charges	280,545,911	297,789,289
(Profit)/loss on sale of fixed assets (net)	52,911	(3,319)
Dividend income	(181,392)	(1,651,186)
Gain on redemption of investments	(3,634,775)	(22,408,960)
Interest income	(9,946,507)	(11,133,453)
Operating profit before working capital changes	<u>409,424,682</u>	<u>340,213,643</u>
Changes in:		
(Increase) / decrease in sundry debtors	197,840,071	(216,924,559)
(Increase) / decrease in loans and advances	3,762,506	11,898,487
(Increase) / decrease in inventories	(329,254,212)	(326,388,258)
Increase / (decrease) in current liabilities	36,457,328	229,943,007
Cash generated from / (used in) operations	<u>318,230,375</u>	<u>38,742,320</u>
Taxes Refund/ (Taxes Paid)	<u>(20,134,826)</u>	<u>(19,967,953)</u>
Net cash generated from / (used in) operating activities	<u><u>298,095,549</u></u>	<u><u>18,774,367</u></u>
B. Cash flow from investing activities:		
Purchase of fixed assets including capital work in progress /advances	(111,218,172)	(634,185,040)
Proceeds from sale of fixed assets	9,560	23,069
Purchase of investments (Net)	(28,043,678)	—
Dividends received	181,392	1,651,186
Interest received	4,225,470	11,488,148
Proceeds from redemption of mutual funds	—	504,975,714
Net cash (used) in investing activities	<u>(134,845,428)</u>	<u>(116,046,923)</u>
C. Cash flow from financing activities:		
Proceeds from borrowings	100,000,000	197,093,596
Issue of share capital	—	250,000,000
Repayment of borrowings	(11,816,588)	—
Interest and finance charges paid	(280,545,911)	(297,789,289)
Net cash from financing activities	<u>(192,362,499)</u>	<u>149,304,307</u>
Net cash flows during the year (A+B+C)	<u>(29,112,378)</u>	<u>52,031,751</u>
Cash & Cash equivalents		
Opening balance	187,099,308	135,067,557
Closing balance	<u>157,986,930</u>	<u>187,099,308</u>
Net increase/(decrease) in cash and cash equivalents	<u>(29,112,378)</u>	<u>52,031,751</u>

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

In terms of our report attached

For **Deloitte Haskins & Sells**
Chartered Accountants

Sd/-
B. Ramaratnam
Partner

Place : Chennai
Date : April 23, 2010

Sd/-
Gurdial Singh Sandhu
Director

Sd/-
Anita Arjundas
Director

Sd/-
B. K. Subbaiah
Manager & COO

For and on behalf of the Board of Directors

Sd/-
Rajendra Bhanawat
Director

Sd/-
Sanjay Jain
Company Secretary
Cum GM (Accounts)

Place : Jaipur
Date : April 19, 2010

SCHEDULES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2010

	March 31, 2010 Rupees	March 31, 2009 Rupees		As at March 31, 2010 Rupees	As at March 31, 2009 Rupees
SCHEDULE 1 : SHARE CAPITAL					
Authorised					
200,000,000 shares of Rs 10 each		—			
150,000,000 equity shares of Rs 10 each	1,500,000,000	1,500,000,000			
50,000,000 Preference shares of Rs 10 each	500,000,000	500,000,000			
	<u>2,000,000,000</u>	<u>2,000,000,000</u>			
Issued, subscribed and paid up					
145,000,000 equity shares of Rs. 10/- each fully paid up (of the above 107,300,000 equity shares of Rs. 10/-each fully paid up are held by Mahindra Lifespace Developers Limited, the holding company and 37,700,000 equity shares of Rs. 10/- fully paid up are held by Rajasthan State Industrial Development and Investment Corporation Limited.)	1,450,000,000	1,450,000,000			
25,000,000 8% Redeemable Cumulative Preference shares of Rs.10/- each fully paid up (Refer note 2 of Schedule -15)	250,000,000	250,000,000			
	<u>1,700,000,000</u>	<u>1,700,000,000</u>			
SCHEDULE 2 : SECURED LOANS					
Term loans from bank (The above loans are secured by pari passu first charge by way of equitable mortgage on the immovable properties and specified movable and current assets of the company, both present and future)				2,639,800,000	2,639,800,000
Short term loan from a bank (Secured against fixed deposits)				11,377,008	23,193,596
				<u>2,651,177,008</u>	<u>2,662,993,596</u>
SCHEDULE 3 : UNSECURED LOANS					
Inter Corporate Deposit (Repayable within one year Rs 100,000,000)				100,000,000	—
				<u>100,000,000</u>	<u>—</u>

SCHEDULE 4 : FIXED ASSETS

Particulars	Rupees									
	Gross block			Depreciation / amortisation				Net block		
	As at 01.04.2009	Additions	Deletions	As at 31.03.2010	As at 01.04.2009	For the year	Deletions	As at 31.03.2010	As at 31.03.2010	As at 31.03.2009
Tangible Assets										
Leasehold land	42,253,019	—	—	42,253,019	1,066,995	426,798	—	1,493,793	40,759,226	41,186,024
Buildings	440,938,581	277,494,423	—	718,433,004	2,934,375	9,917,734	—	12,852,109	705,580,895	438,004,206
Plant and machinery	35,037,406	8,220,515	—	43,257,921	914,471	1,835,998	—	2,750,469	40,507,452	34,122,935
Office equipment	1,303,487	172,456	140,204	1,335,739	223,070	112,087	77,733	257,424	1,078,315	1,080,417
Furniture and fixtures	89,781,600	42,969,357	—	132,750,957	6,658,211	9,540,772	—	16,198,983	116,551,974	83,123,389
Computers	3,233,073	189,920	—	3,422,993	963,438	526,242	—	1,489,680	1,933,313	2,269,635
Vehicles	3,831,602	1,774,888	—	5,606,490	886,001	422,209	—	1,308,210	4,298,280	2,945,601
Intangible Assets										
Software	—	5,203,368	—	5,203,368	—	1,710,696	—	1,710,696	3,492,672	—
TOTAL	616,378,768	336,024,927	140,204	952,263,491	13,646,561	24,492,536	77,733	38,061,364	914,202,127	
Previous year	60,098,526	556,322,191	41,949	616,378,768	3,893,561	9,775,199	22,199	13,646,561		602,732,207

SCHEDULE 5 : INVESTMENTS

Investment in mutual funds (unquoted, short term, non trade)	No. of Units		No. of Units		As at March 31, 2010	As at March 31, 2009
	Purchased during the year	Sold during the year	As at 31-Mar 2010	As at 31-Mar 2009		
Birla Sunlife Savings Fund - Instl. - Growth	8,157,578	7,905,394	806,059	553,874	14,050,165	9,131,137
Birla Sunlife Savings Fund - Instl. - Daily Dividend - Reinvestment	865,345	4,028,588	—	3,163,243	—	31,653,942
ICICI Prudential Flexible Income Plan Growth	—	2,237,065	—	2,237,065	—	36,152,401
ICICI Prudential Institutional Liquid Plan Super Institutional Growth	—	155,533	—	155,533	—	2,000,000
Kotak Flexi Debt Scheme - Growth	1,109,255	2,222,808	—	1,113,553	—	15,178,570
TATA Floater Fund - Growth	6,508,832	6,003,782	1,533,633	1,028,583	21,002,427	13,242,905
Kotak Flexi Debt Scheme - Institutional - Growth	5,070,299	3,165,621	1,904,678	—	21,515,623	—
Kotak Liquid (Institutional) Premium- Growth	2,691,880	2,691,698	182	—	3,384	—
BSL Cash Plus - Instl. - Growth	4,884,939	4,884,728	211	—	5,236	—
ICICI Prudential Flexible Income Plan - Growth AC	281,753	88,534	193,219	—	33,011,265	—
ICICI Prudential Liquid Plan Inst. Plus Growth	176,291	176,273	18	—	4,186	—
UTI Treasury Advantage Fund - Growth Plan	14,875	19,380	—	4,505	—	10,003,900
SBI - Ultra Short Term Fund - Institutional Plan - Growth	2,468,551	589,548	1,879,003	—	22,502,003	—
JM High Liquidity Fund - Institutional Plan - Growth	4,702,331	4,354,456	347,875	—	5,005,220	—
JM Money Manager Fund Super Plus Plan - Growth	6,803,068	4,174,206	2,628,862	—	34,053,994	—
SBI - SHF- Ultra Short Term Fund - Instl. Daily Dividend	2,405	213,519	—	211,114	—	2,112,195
Total					151,153,503	119,475,050

	As at March 31, 2010 Rs.	As at March 31, 2009 Rs.
SCHEDULE 6 : INVENTORIES		
Work in Progress (representing cost of land and related development expenditure)	<u>3,654,192,506</u>	<u>3,324,938,294</u>
SCHEDULE 7 : SUNDRY DEBTORS (Unsecured, considered good)		
Outstanding for more than six months	43,825	—
Other debts	<u>43,335,092</u>	<u>241,175,163</u>
	<u>43,335,092</u>	<u>241,175,163</u>
SCHEDULE 8 : CASH AND BANK BALANCES		
Cash on hand	30,627	31,418
Balances with scheduled banks		
— on current account	47,416,425	59,251,506
— on deposit account (Rs 255 lacs under lien (Previous year Rs. Nil))	<u>110,539,878</u>	<u>127,816,384</u>
	<u>157,986,930</u>	<u>187,099,308</u>
SCHEDULE 9 : LOANS AND ADVANCES (Unsecured, considered good)		
Advances recoverable in cash or in kind or for value to be received	18,988,090	22,753,796
Deposits	1,293,971	1,290,771
Interest accrued on deposits	8,793,837	3,072,800
Taxation (net)	13,776,556	13,681,730
MAT Credit Entitlement	<u>15,990,000</u>	<u>7,100,000</u>
	<u>58,842,454</u>	<u>47,899,097</u>
SCHEDULE 10 : CURRENT LIABILITIES AND PROVISIONS		
Current liabilities		
Sundry creditors		
— due to micro enterprises and small enterprises	—	—
— others	98,770,303	102,542,527
Other Liabilities	244,920,722	216,898,011
Advances received from customers	125,105,764	118,184,701
Rental Deposits	<u>42,527,232</u>	<u>37,887,233</u>
	<u>511,324,021</u>	<u>475,512,472</u>
Provisions		
Compensated absences	1,569,334	1,196,069
Gratuity	1,473,221	1,200,707
Proposed dividend	<u>25,424,658</u>	—
	<u>28,467,213</u>	<u>2,396,776</u>
	<u>539,791,234</u>	<u>477,909,248</u>

	As at March 31, 2010 Rs.	As at March 31, 2009 Rs.
SCHEDULE 11 : OTHER INCOME		
Interest on deposits (Tax deducted at source Rs. 689,751 : Previous Year Rs. 2,391,899)	9,946,507	11,133,453
Interest- others	65,799	—
Gain on redemption of investments	3,634,775	22,408,960
Dividend income	181,392	1,651,186
Miscellaneous Income	24,000	—
Unclaimed balances written back	9,282	15,576
Profit on sale of fixed assets	<u>4,600</u>	<u>3,319</u>
	<u>13,866,355</u>	<u>35,212,494</u>
SCHEDULE 12 : INTEREST AND FINANCIAL CHARGES		
Interest on term loans	276,851,857	294,588,848
Interest - Others	<u>3,694,054</u>	<u>3,200,441</u>
	<u>280,545,911</u>	<u>297,789,289</u>
SCHEDULE 13 : OTHER EXPENSES		
Salaries, wages and bonus	42,403,001	36,451,666
Contribution to Provident and other funds	1,645,483	1,520,198
Gratuity	272,514	193,498
Staff welfare	1,068,379	634,971
Legal and professional charges	4,404,198	19,088,032
Electricity	3,666,262	2,103,446
Rent	578,572	536,682
Rates and taxes	4,270	68,620
Insurance	1,047,674	497,722
Repairs and maintenance - others	2,403,638	1,734,488
Marketing & advertisement expenses	14,568,766	14,563,276
Travelling	7,699,933	7,110,706
Communication	1,509,622	1,432,526
Remuneration to auditors	414,746	360,000
Security charges	5,511,449	2,939,230
Loss on sale of fixed assets	57,511	—
Miscellaneous	<u>6,076,937</u>	<u>13,394,982</u>
	<u>93,332,955</u>	<u>102,630,043</u>
SCHEDULE 14 : (INCREASE) / DECREASE IN INVENTORIES		
Opening work in progress	3,324,938,294	2,998,550,036
Closing work in progress	<u>3,654,192,506</u>	<u>3,324,938,294</u>
	<u>(329,254,212)</u>	<u>(326,388,258)</u>

SCHEDULE 15

Notes to the accounts for the year ended March 31, 2010

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) Use of estimates

The preparation of the Financial Statements, in conformity with the generally accepted accounting principles, requires estimates to be made that have an effect on the reported amounts of assets and liabilities on the date of the financial statements and the reported amount of expenses during the year. Differences between the actual expenditures and the estimates are recognized in the year in which the expenditures materialize.

(c) 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 recognized on an accrual basis as per the terms of the agreement with the lessees.

(d) Fixed assets

Fixed Assets are stated at cost less accumulated depreciation. Cost of acquisition is inclusive of purchase price, levies, incidental expenditure and any directly attributable cost of bringing the assets to its working condition and for the intended use. Cost includes financing cost relating to borrowed funds attributable to the construction or acquisition of qualifying fixed assets up to the date the asset is ready for use.

(e) Depreciation / Amortization

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

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

Cost of interiors of buildings given on lease is amortized over the period of lease.

Cost of software is amortised over a period of 3 years.

(f) Investments

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

(g) Inventories

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

(h) Employee benefits

(i) Short term employee benefit plans

All short term employee benefit plans such as salaries, wages, bonus, special awards and, medical benefits 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 Contribution Plan

Contributions to the provident fund are made monthly at a predetermined rate to the Regional Provident Fund Commissioner and debited to the profit and loss account on an accrual basis

(iii) Defined Benefit Plan

Liability towards gratuity is provided on the basis of an actuarial valuation as at 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. Compensated absences are similarly valued on an actuarial basis. Both benefit plans are unfunded.

(i) 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 realise 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.

(j) Segment reporting:

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

(k) Foreign currency transactions:

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

(l) 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.

2. The company issued 25 Million 8% Redeemable Cumulative Preference Shares of Rs. 10/- each on 23rd December 2008. The company shall be entitled to redeem these shares at the end of the 5th year subject to availability of profits and repayment of loans. Otherwise redemption can be extended upto 8 years.

	2009-10	2008-09
		Rs.
3. Estimated value of contracts remaining to be executed on capital account and not provided for (net of advances)	27,742,200	76,583,252
4. Managerial remuneration:		
Manager		
Salaries, allowances and perquisites	5,195,171	4,859,769
Contribution to provident fund and Gratuity	379,440	302,580
	<u>5,574,611</u>	<u>5,162,349</u>
5. Auditor's remuneration:		
Audit fees	350,000	350,000
Other Professional certification fees	50,000	Nil
Reimbursement of expenses / levies	14,746	36,050
6. CIF value of imports		
Capital goods	1,571,906	32,470,785
7. Expenditure in foreign currency:		
Travel	80,991	Nil
Other expenses	0	15,298,646
8. The cost of land and related development expenditure is disclosed as work-in-progress as the company expects to incur further costs on land and infrastructure development.		
9. 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. During the year, the company has leased 62 acres (previous year 227 acres) of land on long term basis.		
A commercial property has also been constructed and given on lease.		
10. Contingent Liabilities.		
Income Tax matters under appeal – Rs 1,039,273 (Previous year Rs. Nil).		
The amounts mentioned are based on demands raised, which the company is contesting with the concerned authorities. Outflows, if any, arising out of these claims would depend on the outcome of the decision of the appellate authorities and the company's right for the future appeals. No reimbursements are expected.		

11. Employee benefits

	Rs.	
	Gratuity (Unfunded)	
	2009-10	2008-09
a. Net Asset/ (Liability) recognized in the balance Sheet as at March 31, 2010		
Present value of defined benefit obligation	1,473,221	1,200,707
b. Expense recognized in the Profit & Loss account for the year ended March 31, 2010		
Current Service cost	507,344	715,848
Interest cost	84,049	75,541
Past Service Cost	—	—
Actuarial (gains) / Losses	(318,879)	(597,891)
Total expense	272,514	193,498
c. Change in present value of Obligation during the year ended March 31, 2010		
Present Value of Defined Benefit Obligation as at the beginning of the year	1,200,707	1,007,209
Current Service cost	507,344	715,848
Interest Cost	84,049	75,541
Benefits Paid	—	—
Actuarial (Gains) /Losses	(318,879)	(597,891)
Present value of Defined Benefit Obligation as at the end of the year	1,473,221	1,200,707
d. Principal actuarial assumptions as at 31st March 2010		
Discount Rate	8.00%	7.00%
Mortality	LIC (1994-96) Ultimate Mortality Tables.	
e. Estimates of future salary increases considered in actuarial valuation take account of inflation, seniority, promotions, increments and other relevant factors such as supply and demand in the employment market.		

12. Operating lease disclosures:

The particulars of commercial property given under operating lease:

	Rs.	
Particulars	2009-10	2008-09
Details of property:		
Gross carrying amount of property	520,748,563	279,395,656
Accumulated Depreciation	25,413,294	86,25,611
Depreciation for the year	16,491,608	86,25,611
Future minimum lease payments under non-cancellable operating leases (lock in period of 3 years for the building and 9 years 5 months for interiors):		
Not later than 1 year	67,363,898	31,394,308
Later than 1 year and not later than 5 years	129,696,176	137,769,692
Later than 5 years	79,847,502	41,052,291
Significant leasing arrangements:		
Lease is non cancellable during the lock in period		
Primary lease period is for 5 years and is renewable for further two terms of 5 years each.		

13. Earnings per share:

	Rs.	
	2009-10	2008-09
Net Profit after tax (Rs.)	78,747,815	51,277,966
Less: Preference dividend & tax thereon (Rs.)	20,00,000	6,346,578
Profit available for Equity shareholders (Rs.)	58,747,815	44,931,388
Weighted average number of Equity Shares (Nos.)	145,000,000	144,369,863
Earnings per share (Basic/diluted) (Rs.)	0.41	0.31
Nominal value of equity share (Rs.)	10	10

14. The Company has asked for confirmations from suppliers, who have registered under, "The Micro, Small and Medium Enterprises Development Act 2006." As of date, the company has not received confirmations from any registered suppliers and hence no disclosures have been made under the said Act.

15. Related party transactions :

a. Names of related parties and nature of relationship:	
Ultimate Holding Company	Mahindra & Mahindra Limited
Holding Company	Mahindra Life space Developers Limited

Fellow Subsidiaries with whom transactions are entered during the year

Mahindra Logistics Limited

Key management personnel Mr. B.K. Subbaiah,
Chief Operating Officer

b. List of related party transactions :

Nature of Transactions	Ultimate Holding Company	Holding Company	Fellow Subsidiaries	Key Management Personnel
Expenses Professional services received	96,000 (98714)			
Interest on Inter corporate deposit paid		1,750,926 (1,760,079)		
Hire charges (Mahindra Logistics Limited)			764,494 (387,031)	
Managerial remuneration				5,574,611 (5,162,349)
Other Expenses Reimbursed	1,627,243 (560,625)	122,546 (489,138)		
Loan taken & repaid		100,000,000 (200,000,000)		
Inter corporate deposit taken				
Inter corporate deposit repaid		Nil (200,000,000)		
Issue of share capital Equity Shares		Nil (74,000,000)		
Preference shares		Nil (185,000,000)		
Outstanding as at 31/03/2010:				
Payables				
Tech Mahindra Ltd.			57,000,000 (57,000,000)	
Mahindra & Mahindra Limited	1,284,089 (Nil)			
Mahindra Lifespace Developers Limited		100,000,000 (Nil)		
Receivables	Nil (15,300)			

Figures in brackets are in respect of the previous year.

16. The components of Deferred Tax Liability and Asset as at March 31, 2010 are as under:

	Rs.	
Particulars	2009-10	2008-09
Deferred Tax Liability:		
Fixed Assets	44,859,213	18,693,750
Deferred Tax Assets:		
Accrued expenses allowable on payment	1,010,661	814,664
Unabsorbed depreciation carried forward	Nil	1,186,381
Carry forward losses	Nil	1,042,336
Net Deferred tax liability	43,848,552	15,650,369

MAHINDRA WORLD CITY (JAIPUR) LIMITED

17. The following investments have been purchased and sold during the year.

Fund Name	Units	Cost (In Rs.)
Birla Sun Life Cash Plus – Retail – Growth	1,095,542	26,230,583
Birla Sun Life Cash Plus – Instl. – Growth	4,884,728	119,994,764
Birla Sun Life Savings Fund – Retail – Growth	221,703	3,700,590
Birla Sun Life Savings Fund – Instl. – Growth	7,351,520	126,362,144
Birla Sun Life Savings Fund – Instl.– Daily Dividend Reinvestment	865,345	8,659,338
HDFC Cash Management Fund – Savings Plan – Growth	2,764,019	52,500,000
HDFC Cash Management Fund – Treasury Advantage – Growth	1,741,136	34,500,000
ICICI Prudential Flexible Income Plan – Growth	121,543	20,550,195
ICICI Prudential Liquid Plan – Instl. – Growth	176,273	39,995,814
ICICI Prudential Liquid Plan – Growth	15,822	3,500,000
ING Liquid Fund – Instl. – Growth	710,565	10,000,000
ING Treasury Advantage Fund – Instl. – Growth	831,298	10,002,842
JM High Liquidity Fund – Regular – Growth	252,751	6,300,000
JM High Liquidity Fund – Instl. – Growth	4,354,456	63,094,780
JM Money Manager Fund – Regular – Growth	193,220	2,500,000
JM Money Manager Fund – Super Plus – Growth	4,174,206	53,846,006
Kotak Flexi Debt Scheme – Growth	1,109,255	15,508,170
Kotak Flexi Debt Scheme – Inst. – Growth	13,168,284	118,415,574
Kotak Floater Long Term Growth	520,327	7,500,000
Kotak- Liquid Regular - Growth	1,224,922	21,391,657
Kotak Liquid – Instl. – Growth	5,953,607	108,037,713
Kotak Liquid – Instl. Premium – Growth	2,691,698	49,804,511
SBI Magnum Insta Cash Fund – Cash Option – Growth	4,106,309	63,300,000
SBI Magnum Insta Cash Fund –		

Liquid Floater – Growth	196,644	3,032,522
SBI Premier Liquid Fund – Instl. – Growth	1,541,001	22,500,000
SBI Ultra Short Term Fund – Instl. – Growth	1,424,168	17,000,000
SBI Ultra Short Term Fund – Instl. – Daily Dividend Reinvestment	2,405	24,063
TATA Floater Fund – Growth	4,975,199	66,304,641
Tata Liquid Fund Appreciation	9,814	20,000,000
TATA Liquid High Investment Fund – Growth	19,738	31,441,451
TATA Liquid Super High Investment Fund – Growth	13,783	22,839,623
UTI Floating Rate Fund – Short Term – Growth	15,183	21,922,729
UTI Treasury Advantage Fund – Growth	20,076	29,728,473
UTI Liquid Cash Plan – Instl. – Growth	34,196	51,772,861

18. During the year, the company has leased 62.42 (previous year 226.88) acres of land on long term basis. Of this 32.64 (previous year 215.84) acres in Special Economic Zone (SEZ) and 29.78 (previous year 11.04) acres is in the Non Special economic Zone (Non SEZ).

The breakup of profit before tax of the company for the year is as given below:

	Rs.(lacs)
SEZ	763.28
Non SEZ	417.68
Total	<u>1180.96</u>

The above profits have been computed based on direct identification of income and expenditure or based on allocation in the ratio of turnover.

19. The proposed dividends on preference shares will be paid out of profits attributable to the business of development of Special Economic Zone. Tax on dividends paid out of such profits is exempt under section 115(O) (6) of the Income Tax Act, 1961. Consequently, no provision for dividend distribution tax has been made in the current year.

20. Previous year's figures have been regrouped / recast, wherever necessary, to confirm to current year's classification.

Information pursuant to Part IV of Schedule VI of the Companies Act, 1956

Balance Sheet Abstract and Company's General Business Profile:

मि. महिन्द्रा वर्ल्ड सिटी लिमिटेड

Registration No. 17-021207

State Code 17

Balance Sheet Date 31/03/2010
Date Month Year

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

Public Issue
NIL

Rights Issue
NIL

Bonus Issue
NIL

Private Placement
NIL

III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)

Total Liabilities
5107212

Total Assets
5107212

पेयुप कॅपिटल
Paid-up Capital
1700000

Reserves & Surplus
72395

Loan funds
2751177

Deferred tax
43849

नेट फिक्स्ड एसेट्स
Net Fixed Assets
1041701

Investments
151154

नेट करन्ट एसेट्स
Net Current Assets
3374566

Accumulated losses
-

IV. Performance of Company (Amount in Rs. Thousands)

Turnover (including other Income)
535965

Total expenditure
417869

Profit before tax
118096

Profit after tax
78748

Earning per Share in Rs.
0.41

Dividend Rate%
-

ग. अर्थव्यवस्था वित्त वित्तव्यवस्था/वित्तव्यवस्था वित्त वित्तव्यवस्था (as per monetary terms) :

Product Description : DEVELOPMENT OF INDUSTRIAL PARK

ITC COde : NIL

For and on behalf of the Board of Directors

Sd/-
Gurdial Singh Sandhu
Director

Sd/-
Rajendra Bhanawat
Director

Sd/-
Anita Arjundas
Director

Sd/-
Sanjay Jain
Company Secretary
Cum GM (Accounts)

Sd/-
B. K. Subbaiah
Manager & COO

Place : Jaipur
Date : April 19, 2010

WORLD CITY (MAHARASHTRA) - 2010

Directors' Report to the Members

Your Directors present their Fifth Report together with the audited accounts of the Company for the year ended 31st March, 2010.

FINANCIAL HIGHLIGHTS

	(Amount in Rs.)	
	For the year ended 31st March, 2010	For the year ended 31st March, 2009
Income	16,737	5,965
Expenses	99,042	133,640
Profit / (Loss) Before Taxation	(82,305)	(133,640)
Less: Provision for Taxation		
Current Tax	—	—
Deferred Tax	—	—
Profit / (Loss) for the year after Taxation	(82,305)	(133,640)
Add: Balance of Profit / (Loss) for earlier years	(806,980)	(673,340)
Balance carried forward to the Balance Sheet	(889,285)	(806,980)

Operations

Your Company was accorded an in-principle approval by the Board of Approvals (BoA), Ministry of Commerce and Industry, Government of India, for setting up a Special Economic Zone (SEZ) at Karla, Pune District, Maharashtra, in March, 2006 on PPP basis with Maharashtra Industrial Development Corporation (MIDC). The validity of the approval was extended till April, 2009. MIDC has further extended the validity of the MOU upto 31st March, 2010.

The Company had applied to the Board of Approvals (BoA), Department of Commerce, for extension of the in-principle approval and the BoA, keeping in view the constraints involved in acquisition of large tracts of land, granted a *de-novo* in-principle approval for the project, subject to the State Government's recommendation for the same. Accordingly, the Company has submitted the *de-novo* application to the Ministry of Commerce and also sought the recommendation of the Industries Department, Government of Maharashtra.

In the meantime, the representatives of MIDC and the Company have carried out joint inspection of the proposed site.

Dividend

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

Capital

The Authorised capital of your Company is Rs. 1.50 Crore and the paid-up capital of your company is Rs. 1.12 Crore.

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

Mr. Uday Y. Phadke and Ms. Anita Arjundas retire by rotation and being eligible offer themselves for re-appointment.

Mr. Pawan Malhotra, Director of the Company, resigned as Director with effect from 28th October, 2009. Your Board has

placed on record its appreciation of the contribution made by Mr. Pawan Malhotra during his tenure as Director 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 31st March, 2010 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 and Senior Management Personnel of the Company affirming compliance with the respective Codes.

Auditors

M/s. Deloitte Haskins & Sells., Chartered Accountants, retire as Auditors of the Company at the forthcoming Annual General Meeting and have communicated their unavailability to continue as Auditors of the Company thereafter.

The Company has received a Special Notice from a Shareholder of the Company, in terms of the provisions of the Companies Act, 1956, signifying the intention to propose the appointment of M/s. A.F. Ferguson & Co., Chartered Accountants as the Statutory Auditors of Company from the conclusion of the ensuing Annual General Meeting till the conclusion of the next Annual General Meeting. M/s. A.F. Ferguson & Co., Chartered Accountants have also expressed their willingness to act as Auditors of the Company, if appointed, and have further confirmed that the said appointment would be in conformity with the provisions of Section 224(1B) of the Companies Act, 1956.

Pursuant to Section 225 of the Companies Act, 1956, your Company proposes to appoint M/s. A.F. Ferguson & Co., Chartered Accountants as Auditors of the Company in place of the retiring Auditors M/s. Deloitte Haskins & Sells, Chartered Accountants. The shareholders will be required to elect Auditors for the current year and fix their remuneration.

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 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 Rules made there under

The Company had no employee who was in receipt of remuneration of not less than Rs.24,00,000/- during the year ended 31st March, 2010 or not less than Rs.2,00,000/- per month during any part of the said year

Acknowledgments

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

A. K. Nanda
Chairman

Mumbai, 23rd April, 2010

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, 2010.

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 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

A. K. Nanda
Chairman

Mumbai, 23rd April, 2010

SECRETARIAL COMPLIANCE CERTIFICATE

The Members of
MAHINDRA WORLD CITY (MAHARASHTRA) LIMITED
 Mahindra Towers, 5th Floor,
 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, 2010.

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 20, 2009, August 06, 2009, October 28, 2009 and February 15, 2010 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, 2009 was held on June 18, 2009 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) delivered all the certificates on allotment of securities and on lodgment thereof for transfer/transmission or any other purpose in accordance with the provisions of the Act.
 - 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 during the financial year.
20. The Company has not bought back any shares during the financial year ending March 31, 2010.
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 March 31, 2010.
25. The Company has not given, made loans and investments, or given guarantees or provided securities
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: 23rd April, 2010

ANNEXURE 'A'

(Refer Para 1 of report dated April 23, 2010)

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
8	Register of Fixed Asset	

Place : Mumbai

ANNEXURE 'B'

(Refer Para 2 of report dated April 23, 2010)

Returns filed by the Company with the Registrar of Companies, Maharashtra, Mumbai, during the Financial Year on March 31, 2010

No	Form No.	Under Section	Purpose	Filing date with ROC
1	Form 5	95, 97	Increase in Authorised Capital from Rs. 10,000,000/- to Rs. 15,000,000	April 15, 2009
2	Form 2	75	Allotment of 7,70,000 equity shares of Rs. 10/- each	April 28, 2009
3	Form 66 (Compliance Certificate)	383 [A]	As required under the Issuance of Compliance Certificate Rules, 2001	July 14, 2009
4	Form 23AC & 23ACA - Balance Sheet and Profit & Loss A/c (as on March 31, 2009)	220	As prescribed in the section	July 16, 2009
5	Form 20B - Annual Return (as on June 18, 2009)	159	As prescribed in the section	August 04, 2009
6	Form 32	303	Resignation of Mr. Pawan Malhotra	November 10, 2009

Place : Mumbai

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, 2010, 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 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 significant estimates made by 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 of India 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 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 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 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, 2010;
 - (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, 2010 taken on record by the Board of Directors, we report that none of the Directors is disqualified as on March 31, 2010 from being appointed as a director in terms of Section 274(1) (g) of the Companies Act, 1956.

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

B. Ramaratnam
Partner

Place: Chennai
Date: April 23, 2010

Membership Number 21209

Annexure referred to in paragraph 3 of the auditors' report to the members of Mahindra World City (Maharashtra) Limited on the accounts for the year ended 31st March, 2010.

- (i) Having regard to the nature of the Company's business / activities / result, clauses (ii), (vii), (viii), (x), (xi), (xiii), (xiv) 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 and no discrepancies were noticed on such verification.
- (c) The Company has not disposed off any fixed assets during the year.
- (iii) The Company has neither granted nor taken any loans, secured or unsecured, to/from companies, firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956.
- (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 fixed assets. During the course of our audit, we have not observed any major weakness in such internal control system.
- (v) According to the information and explanations given to us, the Company has not entered into transactions with companies covered under Section 301 of the Companies Act, 1956.
- (vi) According to the information and explanations given to us, the Company has not accepted any deposits from the public during the year.
- (vii) According to the information and explanations given to us in respect of statutory dues:
- (a) The Company has generally been regular in depositing undisputed dues, including Provident Fund, Income-tax, Service Tax, Cess and other material statutory dues applicable to it with the appropriate authorities.
- (b) There were no undisputed amounts payable in respect of Income-tax and other material statutory dues in arrears as at 31st March, 2010 for a period of more than six months from the date they became payable.
- (c) As on 31st March, 2010, there are no dues of Income-tax which has not been deposited on account of disputes.
- (viii) In our opinion, the Company has not granted loans or advances on the basis of security by way of pledge of shares, debentures and other securities.
- (ix) In our opinion and according to the information and explanations given to us, the Company has not given guarantees for loans taken by others from banks and financial institutions.
- (x) In our opinion and according to the information and explanations given to us, the Company has not availed any term loans during the year.
- (xi) In our opinion and according to the information and explanations given to us and on an overall examination of the Balance Sheet, we report that funds raised on short term basis have not been used during the year for long term investment.
- (xii) According to the information and explanations given to us, the Company has not made preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956.
- (xiii) The Company has not issued any debentures during the year.
- (xiv) The Company has not raised any money by way of public issue during the year.
- (xv) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no fraud on the Company has been noticed or reported during the year.

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

B. Ramaratnam
Partner

Place: Chennai
Date: April 23, 2010

Membership Number 21209

BALANCE SHEET AS AT MARCH 31, 2010

	Schedule	As at March 31, 2010 Rupees	As at March 31, 2009 Rupees
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	1	11,200,000	11,200,000
Total		<u>11,200,000</u>	<u>11,200,000</u>
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	2	61,882	61,882
Less: Depreciation		<u>41,910</u>	<u>29,534</u>
Net Block		19,972	32,348
Current assets, loans and advances			
Inventories	3	10,133,591	10,004,800
Cash and Bank Balances	4	227,441	426,272
Loans and Advances	5	<u>12,436</u>	<u>13,157</u>
		10,373,468	10,444,229
Less: Current Liabilities and Provisions			
Current Liabilities	6	<u>82,725</u>	<u>83,557</u>
Net Current Assets		10,290,743	10,360,672
Profit and Loss Account		889,285	806,980
Total		<u>11,200,000</u>	<u>11,200,000</u>
Notes to the Accounts	11		

The Schedules referred above form an integral part of the Balance Sheet
In terms of our report attached

For **Deloitte Haskins & Sells**
Chartered Accountants

B. Ramaratnam
Partner

Place : Chennai
Date : April 23, 2010

For and on behalf of the Board of Directors
A. K. Nanda Chairman

Uday Y. Phadke
Raghunath Murti
Anita Arjundas } Directors

Place : Mumbai
Date : April 21, 2010

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010

	Schedule	Year ended March 31, 2010 Rupees	Year ended March 31, 2009 Rupees
INCOME	7	16,737	5,985
		<u>16,737</u>	<u>5,985</u>
EXPENDITURE			
Legal and Professional Charges		116,415	1,225,462
Other Expenses	8	99,042	133,640
Depreciation		12,376	(956)
Interest and Finance Charges	9	—	772,534
Decrease / (Increase) in work in progress	10	(128,791)	(1,991,055)
Total		<u>99,042</u>	<u>139,625</u>
(Loss) Before Tax		(82,305)	(133,640)
Provision for Taxes		—	—
(Loss) After Tax		(82,305)	(133,640)
(Loss) Brought Forward		(806,980)	(673,340)
(Loss) Carried to the Balance Sheet		<u>(889,285)</u>	<u>(806,980)</u>
Basic and Diluted Earnings Per Share		(0.07)	(0.37)
Notes to the accounts	11		

The Schedules referred above form an integral part of the Profit & Loss Account
In terms of our report attached

For **Deloitte Haskins & Sells**
Chartered Accountants

B. Ramaratnam
Partner

Place : Chennai
Date : April 23, 2010

For and on behalf of the Board of Directors
A. K. Nanda Chairman

Uday Y. Phadke
Raghunath Murti
Anita Arjundas } Directors

Place : Mumbai
Date : April 21, 2010

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2010

	Year ended March 31, 2010 Rupees	Year ended March 31, 2009 Rupees
A. Cash flow from operating activities		
(Loss) before tax	(82,305)	(133,640)
Adjustments for :		
Depreciation	12,376	(956)
Interest income	(16,737)	(5,985)
Interest expense	—	772,534
Operating (loss) before working capital changes	(86,666)	631,953
Changes in :		
(Increase) / decrease in loans and advances	878	675,142
(Increase) / decrease in inventories	(128,791)	(1,991,055)
Increase / (decrease) in current liabilities	(832)	(20,041)
	(128,745)	(1,335,954)
Cash (used in) operations	(215,411)	(704,001)
Taxes paid	(157)	—
Net cash (used in) operating activities	(215,568)	(704,001)
B. Cash flow from investing activities:		
Interest received	16,737	5,042
Net cash from investing activities	16,737	5,042
C. Cash flow from financing activities:		
Proceeds from borrowings	—	800,000
Repayment of borrowings	—	(6,550,000)
Interest paid	—	(877,100)
Proceeds from issue of shares	—	7,700,000
Net cash from financing activities	—	1,072,900
Net increase / (decrease) in cash and cash equivalents (A+B+C)	(198,831)	373,941
Cash & cash equivalents		
Opening balance	426,272	52,331
Closing balance	227,441	426,272
Net increase / (decrease) in cash and cash equivalents	(198,831)	373,941

In terms of our report attached

For **Deloitte Haskins & Sells**
Chartered Accountants

B. Ramaratnam
Partner

Place : Chennai
Date : April 23, 2010

For and on behalf of the Board of Directors
A. K. Nanda
Chairman

Uday Y. Phadke
Raghunath Murti
Anita Arjundas } Directors

Place : Mumbai
Date : April 21, 2010

SCHEDULES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2010

SCHEDULE 1 SHARE CAPITAL :	As at	As at
	March 31, 2010 Rupees	March 31, 2009 Rupees
Authorised :		
1,500,000 Equity shares of Rs.10 each	15,000,000	15,000,000
Issued, subscribed and paid up.		
1,120,000 equity shares of Rs.10 each fully paid up.	11,200,000	11,200,000
(The above shares are held by Mahindra Lifespace Developers Limited, the holding company and its nominees)		
	<u>11,200,000</u>	<u>11,200,000</u>

SCHEDULE 2: FIXED ASSETS

(Amt in Rupees)

Particulars	Gross Block			Depreciation			Net Block	
	As at April 1, 2009	Additions	As at Mar 31, 2010	As at April 1, 2009	For the year	As at Mar 31, 2010	As at Mar 31, 2010	As at March 31, 2009
Computers	61,882	—	61,882	29,534	12,376	41,910	19,972	32,348
TOTAL	61,882	—	61,882	29,534	12,376	41,910	19,972	
Previous year	61,882	—	61,882	30,490	(956)	29,534		32,348

SCHEDULE 3 INVENTORIES

	As at March 31, 2010 Rupees	As at March 31, 2009 Rupees
Work in progress	10,133,591	10,004,800
	<u>10,133,591</u>	<u>10,004,800</u>

SCHEDULE 7 OTHER INCOME

	Year ended March 31, 2010 Rupees	Year ended March 31, 2009 Rupees
Interest on bank deposits (tax deducted at source-Current year: Rs. 1,670/-, previous Year: Rs. 1,390/-)	16,737	5,985
	<u>16,737</u>	<u>5,985</u>

SCHEDULE 4 CASH AND BANK BALANCES

	As at March 31, 2010 Rupees	As at March 31, 2009 Rupees
Cash on hand	153	—
Balances with scheduled banks – on current accounts (Multi deposit linked)	227,288	426,272
	<u>227,441</u>	<u>426,272</u>

SCHEDULE 8 OTHER EXPENSES

	Year ended March 31, 2010 Rupees	Year ended March 31, 2009 Rupees
Rates and taxes	4,457	42,700
Professional fees	9,658	5,617
Remuneration to auditors		
– Audit Fees	75,000	75,000
– Reimbursement of expenses / levies	7,725	7,725
Other expenses	2,202	2,598
	<u>99,042</u>	<u>133,640</u>

SCHEDULE 5 LOANS AND ADVANCES

(Unsecured, considered good)	As at March 31, 2010 Rupees	As at March 31, 2009 Rupees
Advances recoverable in cash or in kind or for value to be received	142	1,020
Advance Tax	12,294	12,137
	<u>12,436</u>	<u>13,157</u>

SCHEDULE 9 INTEREST AND FINANCE CHARGES

	Year ended March 31, 2010 Rupees	Year ended March 31, 2009 Rupees
Interest on unsecured loan	—	772,534
	<u>—</u>	<u>772,534</u>

SCHEDULE 6 CURRENT LIABILITIES

Current liabilities	As at March 31, 2010 Rupees	As at March 31, 2009 Rupees
Sundry creditors		
– dues to micro enterprises and small enterprises	—	—
– others	82,725	83,557
	<u>82,725</u>	<u>83,557</u>

SCHEDULE 10 DECREASE / (INCREASE) IN WORK IN PROGRESS

	Year ended March 31, 2010 Rupees	Year ended March 31, 2009 Rupees
Opening work in progress	10,004,800	8,013,745
Closing work in progress	10,133,591	10,004,800
	<u>(128,791)</u>	<u>(1,991,055)</u>

SCHEDULE 11

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2010

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 rate specified in Schedule XIV to the Companies Act, 1956.

d) Inventories

Inventories are valued at cost which represents expenses attributable to lands to be acquired.

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.

2. The company has conducted preliminary studies and surveys for the project, which is a multi product SEZ, and is in the process of identifying land for acquisition.

3. 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.

4. Related Party transactions.

(i) List of related parties:

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

(ii) Related party transactions:

	2009-10 Amount Rs.	2008-09 Amount Rs.
Mahindra Lifespace Developers Limited:		
Investment in Equity shares	—	7,700,000
Inter corporate deposit received	—	800,000
Inter corporate deposit repaid	—	6,550,000
Interest on inter corporate deposit	—	772,534

5. 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.

6. Earnings per Share

	2009-10	2008-09
Net (loss) after tax (Rs.)	(82,305)	(1,33,640)
Weighted average number of equity shares (Nos.)	11,20,000	3,62,658
Basic and Diluted Earnings per share (Rs.)	(0.07)	(0.37)
Nominal value of shares (Rs.)	10	10

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

SCHEDULE 12

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	5	6	2	2	5
---	---	---	---	---	---	---	---	---

State Code

1	1
---	---

Balance Sheet Date

3	1
---	---

0	3
---	---

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

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

						1	1	2	8	3
--	--	--	--	--	--	---	---	---	---	---

Total Assets

						1	1	2	8	3
--	--	--	--	--	--	---	---	---	---	---

Sources of Funds :

Paid-up Capital

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

Reserves and Surplus

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

Secured Loans

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

Deferred tax liability

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

Application of Funds

Net Fixed Assets

										2	0
--	--	--	--	--	--	--	--	--	--	---	---

Investments

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

Net Current Assets

						1	0	2	9	1
--	--	--	--	--	--	---	---	---	---	---

Accumulated Losses

										8	8	9
--	--	--	--	--	--	--	--	--	--	---	---	---

IV. Performance of company (amount in Rs.thousands)

Turnover (including other income)

										1	7
--	--	--	--	--	--	--	--	--	--	---	---

Total Expenditure

										9	9
--	--	--	--	--	--	--	--	--	--	---	---

Profit/(Loss) Before Tax

						(8	2)
--	--	--	--	--	--	---	---	---	---

Profit/(Loss) After Tax

						(8	2)
--	--	--	--	--	--	---	---	---	---

Earning per Share in Rs.

(0	.	0	7)
---	---	---	---	---	---

Dividend

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

V. Generic name of principal product /service of company. (as per monetary terms) :

Product Description : Development of SEZ

ITC Code : NIL

Signatures to Schedules 1 to 12

For and on behalf of the Board of Directors

A. K. Nanda *Chairman*

Uday Y. Phadke
Raghunath Murti
Anita Arjundas } *Directors*

Place : Mumbai
Date : April 21, 2010

KNOWLEDGETOWNSHIP

Directors' Report to the Members

Your Directors present their Third Report together with the audited accounts of the Company for the year ended 31st March, 2010.

FINANCIAL HIGHLIGHTS

	For the year ended 31st March, 2010	(Amount in Rs.) For the year ended 31st March, 2009
Operating Income	—	—
Other Income	97,110	215,863
Total Income	97,110	215,863
Profit /(Loss) Before Depreciation, Interest and Taxation	(109,324)	(1,789,702)
Less : Depreciation	10,337	4,503
Profit / (Loss) Before Interest and Taxation	(119,661)	(1,794,205)
Less :Interest	—	—
Profit / (Loss) Before Taxation	(119,661)	(1,794,205)
Less : Provision for Taxation		
Current Tax	—	—
Deferred Tax	—	—
Fringe Benefit Tax	—	3,797
Profit / (Loss) for the year after Taxation	(119,661)	(1,798,002)
Add : Balance of Profit /(Loss) for earlier years	(3,767,514)	(1,969,512)
Balance carried forward to the Balance Sheet	(3,887,175)	(3,767,514)

Operations

Your Company has initiated the process of acquisition of land of approx. 1200 hectares to develop a Knowledge City together with supporting social infrastructure.

Your Company has selected renowned master planner M/s. ARUP from United Kingdom to develop the over all concept and master plan for the entire project. Presently, your Company is in the process of carrying out necessary topographical survey and obtaining relevant approvals from the Authorities. Your Company has also appointed Monitor Group to help develop a framework for the product value proposition and product components.

Dividend

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

Capital

The Authorised Share Capital of your Company is Rs. 50 Crore. During the year the paid-up capital of your Company was increased from Rs. 12.6 Crore to Rs. 21 Crore.

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

Change of Name

Name of your Company was changed from "Mahindra Knowledge City Limited" to "Knowledge Township Limited" with effect from 19th May, 2009.

Directors

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

Mrs. Beroz Gazdar was appointed as an Additional Director at the meeting of the Board of Directors of the Company held on 16th November, 2009 and holds office only upto the date of the forthcoming Annual General Meeting of the Company.

The Company has received Notice from a Member signifying his intention to propose Mrs. Beroz Gazdar as a candidate for the office of Director at the forthcoming Annual General Meeting.

Mr. Pawan Malhotra, Director of the Company, resigned as Director with effect from 16th November, 2009. Your Board has placed on record its appreciation of the contribution made by Mr. Pawan Malhotra during his tenure as Director of the Company.

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.

The Audit Committee met thrice 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, 2010 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. 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 Codes from the Board Members and the Senior Management Personnel of the Company affirming compliance with the respective Codes.

Auditors

M/s. Deloitte Haskins & Sells., Chartered Accountants, retire as Auditors of the Company at the forthcoming Annual General Meeting and have communicated their unavailability to continue as Auditors of the Company thereafter.

The Company has received a Special Notice from a Shareholder of the Company, in terms of the provisions of the Companies Act, 1956, signifying the intention to propose the appointment of M/s. A.F. Ferguson & Co., Chartered Accountants as the Statutory Auditors of Company from the conclusion of the ensuing Annual General Meeting till the conclusion of the next Annual General Meeting. M/s. A.F. Ferguson & Co., Chartered Accountants have also expressed their willingness to act as Auditors of the Company, if appointed, and have further confirmed that the said appointment would be in conformity with the provisions of Section 224(1B) of the Companies Act, 1956.

Pursuant to Section 225 of the Companies Act, 1956, your Company proposes to appoint M/s. A.F. Ferguson & Co., Chartered Accountants as Auditors of the Company in place of the retiring Auditors M/s. Deloitte Haskins & Sells, Chartered

Accountants. The shareholders will be required to elect Auditors for the current year and fix their remuneration.

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 Rules made there under

The Company had no employee who was in receipt of remuneration of not less than Rs.24,00,000/- during the year ended 31st March, 2010 or not less than Rs. 2,00,000/- per month during any part of the said year.

Acknowledgments

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

A. K. Nanda
Chairman

Mumbai, 23rd April, 2010

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, 2010.

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 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

A. K. Nanda
Chairman

Mumbai, 23rd April, 2010

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, 2010, 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, 2010;
 - (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, 2010 taken on record by the Board of Directors, we report that none of the Directors is disqualified as on March 31, 2010 from being appointed as a director in terms of Section 274(1) (g) of the Companies Act, 1956.

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

B. Ramaratnam
Partner
(Membership No.21209)

Place: Chennai,
Date: April 23, 2010

Annexure referred to in paragraph 3 of the Auditors' report to the members of Knowledge Township Limited on the accounts for the year ended March 31, 2010.

- (i) Having regard to the nature of the Company's business / activities / result, clauses (ii), (vii), (viii), (xiii), (xiv) 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 and no discrepancy was noticed on such verification.
- (c) The Company has not disposed off any fixed assets during the year.
- (iii) The Company has neither granted nor taken any loans, secured or unsecured, to/from companies, firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956.
- (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 fixed assets. During the course of our audit, we have not observed any major weakness in such internal control system.
- (v) According to the information and explanations given to us, the Company has not entered into transactions with companies covered under Section 301 of the Companies Act, 1956.
- (vi) According to the information and explanations given to us, the Company has not accepted any deposits from the public during the year.
- (vii) According to the information and explanations given to us in respect of statutory dues:
- (a) The Company has generally been regular in depositing undisputed dues, including Provident Fund, Income-tax, Service Tax, Cess and other material statutory dues applicable to it with the appropriate authorities.
- (b) There were no undisputed amounts payable in respect of Income-tax and other material statutory dues in arrears as at 31st March, 2010 for a period of more than six months from the date they became payable.
- (c) As on 31st March, 2010, there are no dues of Income-tax which has not been deposited on account of disputes.
- (viii) The Company has been registered for a period less than five years and hence reporting on the accumulated losses and cash losses does not arise.
- (ix) In our opinion and according to the information and explanations given to us, the Company has not obtained any loans from Banks / financial institutions.
- (x) In our opinion, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xi) In our opinion and according to the information and explanations given to us, the Company has not given guarantees for loans taken by others from banks and financial institutions.
- (xii) In our opinion and according to the information and explanations given to us, the Company has not availed any term loans during the year.
- (xiii) In our opinion and according to the information and explanations given to us and on an overall examination of the Balance Sheet, we report that funds raised on short term basis have not been used during the year for long term investment.
- (xiv) According to the information and explanations given to us, the Company has not made preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956.
- (xv) The Company has not issued any debentures during the year.
- (xvi) The Company has not raised any money by way of public issues during the year.
- (xvii) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no fraud on the Company has been noticed or reported during the year.

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

B. Ramaratnam
Partner
(Membership No.21209)

Place: Chennai,
April 23, 2010

BALANCE SHEET AS AT MARCH 31, 2010

	Schedule	As at March 31, 2010 Rupees	As at March 31, 2009 Rupees
SOURCES OF FUNDS			
Shareholders' funds			
Share capital	1	210,000,000	126,000,000
Loan funds			
Unsecured loans	2	71,000,000	—
Total		<u>281,000,000</u>	<u>126,000,000</u>
APPLICATION OF FUNDS			
Fixed assets			
Gross block	3	51,683	51,683
Less: Depreciation		14,840	4,503
Net block		<u>36,843</u>	<u>47,180</u>
Investments	4	258,539	—
Current assets, Loans and advances			
Inventories	5	16,933,502	4,388,639
Cash and bank balances	6	284,446	5,723,323
Loans and advances	7	262,282,173	112,276,147
		<u>279,500,121</u>	<u>122,388,109</u>
Less: Current liabilities and provisions			
Current liabilities	8	2,649,291	196,375
Provisions		33,387	6,428
		<u>2,682,678</u>	<u>202,803</u>
Net current assets		276,817,443	122,185,306
Profit and loss account		3,887,175	3,767,514
Total		<u>281,000,000</u>	<u>126,000,000</u>
Notes to the accounts	13		

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

In terms of our report attached

For **Deloitte Haskins & Sells**
Chartered Accountants

B. Ramaratnam
Partner

Place : Chennai
Date : April 23, 2010

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 21, 2010

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010

	Schedule	Year ended March 31, 2010 Rupees	Year ended March 31, 2009 Rupees
INCOME			
Other income	9	97,110	215,863
Total		<u>97,110</u>	<u>215,863</u>
EXPENDITURE			
Project expenses	10	12,544,863	3,821,974
Decrease / (Increase) in work in progress	11	(12,544,863)	(3,821,974)
Depreciation		10,337	4,503
Other expenses	12	206,434	2,005,565
Total		<u>216,771</u>	<u>2,010,068</u>
Profit /(Loss) before tax		(119,661)	(1,794,205)
Provision for taxation			
Fringe benefit tax		—	3,797
Profit /(Loss) after tax		(119,661)	(1,798,002)
Profit / (Loss) brought forward		(3,767,514)	(1,969,512)
Profit / (Loss) carried to balance sheet		<u>(3,887,175)</u>	<u>(3,767,514)</u>
Basic and diluted earnings per share		(0.01)	(0.17)
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 **Deloitte Haskins & Sells**
Chartered Accountants

B. Ramaratnam
Partner

Place : Chennai
Date : April 23, 2010

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 21, 2010

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2010

	Year ended March 31, 2010 Rupees	Year ended March 31, 2009 Rupees
A. Cash flow from operating activities		
Profit / (Loss) before tax	(119,661)	(1,794,205)
Adjustments for:		
Depreciation	10,337	4,503
Dividend income	(97,110)	(137,583)
Interest income	—	(78,280)
Operating loss before working capital changes	(206,434)	(2,005,565)
Changes in:		
(Increase) / decrease in Loans and advances	(149,994,802)	(21,636,520)
Inventories	(12,544,863)	(3,821,974)
Current liabilities and Provisions	2,479,875	113,533
Cash generated from operations	(160,266,224)	(27,350,526)
Taxes Paid	(11,224)	(19,950)
Net cash (used in) / from operating activities	<u>(160,277,448)</u>	<u>(27,370,476)</u>
B. Cash flow from investing activities:		
Purchase of fixed assets	—	(51,683)
Purchase of Investment (net)	(258,539)	—
Proceeds from sale of Investment (net)	—	3,834,441
Dividend received	97,110	137,583
Interest received	—	54,806
Net cash (used in) / from investing activities	<u>(161,429)</u>	<u>3,975,147</u>
C. Cash flow from financing activities:		
Proceeds from issue of share capital	84,000,000	26,000,000
Proceeds from borrowings	71,000,000	—
Net cash (used in) / from financing activities	<u>155,000,000</u>	<u>26,000,000</u>
Net cash flows during the year (A+B+C)	<u>(5,438,877)</u>	<u>2,604,671</u>
Cash & cash equivalents		
Opening balance	5,723,323	3,118,652
Closing balance	284,446	5,723,323
Net increase / (decrease) in cash and cash equivalents	<u>(5,438,877)</u>	<u>2,604,671</u>

In terms of our report attached

For **Deloitte Haskins & Sells**
Chartered Accountants

B. Ramaratnam
Partner

Place : Chennai
Date : April 23, 2010

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 21, 2010

SCHEDULE ANNEXED TO AND FORMING PART OF THE BALANCE SHEET AS AT MARCH 31, 2010

	As at March 31, 2010 Rupees	As at March 31, 2009 Rupees		As at March 31, 2010 Rupees	As at March 31, 2009 Rupees
SCHEDULE 1: SHARE CAPITAL			SCHEDULE 2: UNSECURED LOANS		
Authorised			Inter Corporate Deposit	71,000,000	—
50,000,000 equity shares of Rs 10 each	500,000,000	500,000,000		<u>71,000,000</u>	<u>—</u>
Issued, subscribed and paid up.					
21,000,000 (previous year 12,600,000) equity shares of Rs.10 each fully paid up	210,000,000	126,000,000			
1. The above shares are held by Mahindra Lifespace Developers Limited, the holding company and its nominees.					
2. During the year 840,000 shares were allotted under a rights issue in the ratio of 1 equity share for every 1.5 equity shares held.					
	<u>210,000,000</u>	<u>126,000,000</u>			

**SCHEDULE 3 :
FIXED ASSETS**

Description of Assets	Gross Block		Depreciation			Net Block		
	As at April 1, 2009	Addition	As at March 31, 2010	As at April 1, 2009	For the year	As at March 31, 2010	As at March 31, 2010	As at March 31, 2009
Computers	51,683	—	51,683	4,503	10,337	14,840	36,843	47,180
TOTAL	51,683	—	51,683	4,503	10,337	14,840	36,843	
Previous Year	—	51,683	51,683	—	4,503	4,503		47,180

**SCHEDULE 4 :
INVESTMENTS**
(Non-trade, Unquoted,
Short term) JM Money
Manager Fund -
Super Plus Plan -
Daily dividend

	As at March 31, 2010	As at March 31, 2009	As at March 31, 2010 Rupees	As at March 31, 2009 Rupees
No of Units				
	25,840	—	258,539	—
			<u>258,539</u>	<u>—</u>

**SCHEDULE 7 :
LOANS AND ADVANCES**
(Unsecured, considered good)
Advances recoverable in cash or in kind
or for value to be received
Advance for purchase of land
Interest accrued on fixed deposits
Taxation (net)

	As at March 31, 2010 Rupees	As at March 31, 2009 Rupees
	2,254,796	2,236,520
	260,000,000	110,000,000
	—	23,474
	27,377	16,153
	<u>262,282,173</u>	<u>112,276,147</u>

**SCHEDULE 5 :
INVENTORIES**

Work in progress	16,933,502	4,388,639
	<u>16,933,502</u>	<u>4,388,639</u>

**SCHEDULE 6 :
CASH AND BANK BALANCES**
Cash on hand
Balances with scheduled banks
- On current account
- On Deposit account

	10,990	1,189
	273,456	518,134
	—	5,204,000
	<u>284,446</u>	<u>5,723,323</u>

**SCHEDULE 8 :
CURRENT LIABILITIES AND PROVISIONS**

Current liabilities			
Sundry creditors			
- dues to micro enterprises and small enterprises		—	—
- others		104,270	196,375
Other Liabilities		11,430	—
Interest accrued but not due on loans		2,533,591	—
		<u>2,649,291</u>	<u>196,375</u>
Provisions			
Compensated absences		33,387	6,428
		<u>33,387</u>	<u>6,428</u>

SCHEDULE ANNEXED TO AND FORMING PART OF THE PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010

	Year ended March 31, 2010 Rupees	Year ended March 31, 2009 Rupees	Year ended March 31, 2010 Rupees	Year ended March 31, 2009 Rupees
SCHEDULE 9 :				
OTHER INCOME				
Dividend from investments	97,110	137,583		
Interest on fixed deposits (tax deducted at source - previous year- Rs. 14,950/-)	—	78,280		
	<u>97,110</u>	<u>215,863</u>		
SCHEDULE 10 :				
Project Expenses				
Legal and Professional fees	8,135,362	2,998,611		
Salaries	946,146	597,048		
Staff welfare expenses	97,880	47,518		
Interest Expenses	3,152,029	—		
Less Interest Income (Tax deducted at source - Rs. 10,224/-)	(51,619)	—		
Other expenses	265,066	178,797		
	<u>12,544,863</u>	<u>3,821,974</u>		
SCHEDULE 11 :				
INCREASE / DECREASE IN INVENTORY				
Opening work in progress			4,388,639	566,665
Closing work in progress			<u>16,933,502</u>	<u>4,388,639</u>
			<u>(12,544,863)</u>	<u>(3,821,974)</u>
SCHEDULE 12 :				
OTHER EXPENSES				
Remuneration to auditors				
- Audit fees			100,000	100,000
- Fees for certification			—	11,236
- Reimbursement of expenses/ levies			10,300	10,300
Legal & professional fees			2,192	70,750
Rates & taxes			93,130	1,791,085
Printing and stationery			812	22,194
			<u>206,434</u>	<u>2,005,565</u>

SCHEDULE 13

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2010

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

Cost of inventory represents expenses attributable to lands to be acquired, 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 realize such assets.

KNOWLEDGE TOWNSHIP LIMITED
(Formerly Mahindra Knowledge City Limited)

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

Particulars	2009-10 Rs.	2008-09 Rs.
Mahindra Lifespace Developers Ltd		
Issue of Share Capital	84,000,000	26,000,000
Inter Corporate Deposit received	121,000,000	—
Inter Corporate Deposit repaid	(50,000,000)	—
Interest on Inter Corporate Deposit	3,152,029	—
Payable	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	2009-10 Rs.	2008-09 Rs.
Legal & Professional Charges	750,591	9,54,621
Travelling Expenses	120,884	—

6. Employee benefits

Compensated absences (not funded)

Particulars	2009-10	2008-09
Change in the present value of obligation during the year ended March 31, 2010	26,959	—
Present value of defined benefit obligation at the beginning of the year	6,428	—
Current Service Cost	27,384	14,915
Interest cost	450	—
Benefits Paid	—	—
Actuarial (Gain) / Loss	(875)	(8,487)
Present value of defined benefit obligation at the end of the year	33,387	6,428
Expense recognised in the Profit & Loss account for the year ended March 31, 2010		
Current Service Cost	27,384	14,915
Interest cost	450	—
Actuarial (gain) / loss recognized	(875)	(8,487)
Total Expenses	26,959	6,428
Principal actuarial assumptions as at March 31, 2010		
Discount rate	8%	7%
Mortality - LIC (1994-96) Ultimate Mortality Table		

7. Investments purchased and sold during the year:

Particulars	Current Year		Previous Year	
	No of Units	Cost (Rs)	No of Units	Cost (Rs)
JM Money Manager Fund Super Plus Plan -Daily Dividend	4,79,746	48,00,000	4,99,815	50,00,800
ICICI Prudential Flexible Income Plan Premium - Daily Dividend	3,81,952	40,38,571	4,72,957	50,00,900
	8,61,698	88,38,571	9,72,772	1,00,01,700

8. Earnings per share:

	2009-10	2008-09
Net (loss) after tax (Rs.)	(119,661)	(1,798,002)
Weighted average number of equity shares (Nos.)	19,343,014	10,497,808
Basic and Diluted Earnings per share (Rs.)	(0.01)	(0.17)
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.

SCHEDULE 14 :

INFORMATION PURSUANT TO PART IV SCHEDULE VI TO 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 0
Date Month Year

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

Public Issue
N I L

Rights Issue
8 4 0 0 0

Bonus Issue
N I L

Private Placement
N I L

III. Position of mobilisation and deployment of funds (amount in Rs. thousands) :

Total Liabilities
2 8 3 6 8 3

Total Assets
2 8 3 6 8 3

Sources of Funds :

Paid-up Capital
2 1 0 0 0 0

Reserves & Surplus
-

Secured loans
-

Deferred Tax Liability
-

Unsecured loans
7 1 0 0 0

Application of funds

Net fixed assets
3 7

Investments
2 5 9

Net current assets
2 7 6 8 1 7

Accumulated Losses
3 8 8 7

IV. Performance of company (amount in Rs. thousands) :

Turnover (including other Income)
9 7

Total Expenditure
2 1 7

Profit/(Loss) before tax
(1 2 0)

Profit/(Loss) after tax
(1 2 0)

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 : DEVEL OPMENT OF INDUSTRIAL PARKS

ITC Code : NIL

Signatures to Schedule 1 to 14

Place : Mumbai
Date : April 21, 2010

Sejal Shah
Company Secretary

For and on behalf of the Board of Directors

A. K. Nanda Chairman

Anita Arjundas } Directors

Brij Mohan Kataria } Directors

Beroz Gazdar } Directors

INDUSTRIAL_TOWNSHIP_09-10

DIRECTORS' REPORT TO THE MEMBERS

Your Directors present their Second Report together with the audited accounts of the Company for the year ended 31st March, 2010.

FINANCIAL HIGHLIGHTS

Particulars	(Amount in Rs.)	
	For the year ended 31st March, 2010	For the period 2nd July, 2008 to 31st March, 2009
Total Income	66,101	—
Profit /(Loss) Before Depreciation, Interest and Taxation	(444,602)	(655,454)
Less : Depreciation	—	—
Profit / (Loss) Before Interest and Taxation	(444,602)	(655,454)
Less :Interest	—	—
Profit / (Loss) Before Taxation	(444,602)	(655,454)
Less : Provision for Taxation		
Current Tax	—	—
Deferred Tax	—	—
Profit / (Loss) for the year after Taxation	(444,602)	(655,454)
Add : Balance of Profit /(Loss) for earlier years	(655,454)	—
Balance carried forward to the Balance Sheet	(1,100,056)	(655,454)

Operations

During the year under review, your Company has initiated preliminary steps for acquisition of land, in Maharashtra for the purpose of development of an Industrial Township with supporting infrastructure. The Company has approached Government of Maharashtra for permission under Section 63 of Mumbai Tenancy & Agricultural Land Act, 1948 for purchase of Agricultural land for Industrial purpose and approval is awaited. The Company has received a No Objection Certificate from the Irrigation Department, Government of Maharashtra for the proposed development.

Dividend

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

Capital

During the year the Authorised Share Capital of your Company was increased from Rs. 5 Crore to Rs. 10 Crore and the paid-up capital of your Company was increased from Rs. 2.05 Crore to Rs. 5 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. Rajan Narayan retires by rotation and being eligible offers himself for re-appointment.

Mr. Suhas Kulkarni was appointed as an Additional Director at the meeting of the Board of Directors of the Company held on 16th November, 2009. Mr. Suhas Kulkarni holds office only upto the date of the forthcoming Annual General Meeting of the Company.

The Company has received Notice from a Member signifying the intention to propose Mr. Suhas Kulkarni as a candidate for the office of Director at the forthcoming Annual General Meeting. Mr. Pawan Malhotra, Director of the Company, resigned as Director with effect from 16th November, 2009. Your Board has placed on record its appreciation of the contribution made by Mr. Pawan Malhotra during his tenure as Director of the Company.

Audit Committee

The Audit Committee of the Company was constituted on 15th February, 2010, comprising of Ms. Anita Arjundas, Mr. Rajan Narayan and Mr. Suhas Kulkarni. Ms. Anita Arjundas is the Chairperson of the Audit Committee.

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, 2010 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. 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 Codes from the Board Members and Senior Management Personnel of the Company affirming compliance with the respective Codes.

Auditors

M/s. Deloitte Haskins & Sells., Chartered Accountants, retire as Auditors of the Company at the forthcoming Annual General Meeting and have communicated their unavailability to continue as Auditors of the Company thereafter.

The Company has received a Special Notice from a Shareholder of the Company, in terms of the provisions of the Companies Act, 1956, signifying the intention to propose the appointment of M/s. A.F. Ferguson & Co., Chartered Accountants as the Statutory Auditors of Company from the conclusion of the ensuing Annual General Meeting till the conclusion of the next Annual General Meeting. M/s. A.F. Ferguson & Co., Chartered Accountants have also expressed their willingness to act as Auditors of the Company, if appointed, and have further confirmed that the said appointment would be in conformity with the provisions of Section 224(1B) of the Companies Act, 1956.

Pursuant to Section 225 of the Companies Act, 1956, your Company proposes to appoint M/s. A.F. Ferguson & Co., Chartered Accountants as Auditors of the Company in place of the retiring Auditors M/s. Deloitte Haskins & Sells, Chartered Accountants. The shareholders will be required to elect Auditors for the current year and fix their remuneration.

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 Rules made there under

The Company had no employee who was in receipt of remuneration of not less than Rs.24,00,000/- during the year ended 31st March, 2010 or not less than Rs. 2,00,000/- per month during any part of the said year.

Acknowledgments

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

For and on behalf of the Board

Anita Arjundas
Chairperson

Mumbai, 23rd April, 2010

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, 2010.

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 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

Anita Arjundas
Chairperson

Mumbai, 23rd April, 2010

AUDITORS' REPORT

TO THE MEMBERS OF INDUSTRIAL TOWNSHIP (MAHARASHTRA) LIMITED

1. We have audited the attached Balance Sheet of Industrial Township (Maharashtra) Limited as at March 31, 2010, 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, 2010;
 - (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, 2010 taken on record by the Board of Directors, we report that none of the Directors is disqualified as on March 31, 2010 from being appointed as a director in terms of Section 274(1) (g) of the Companies Act, 1956.

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

B. Ramaratnam
Partner
(Membership No.21209)

Place: Chennai,
Date: April 23, 2010

Annexure referred to in paragraph 3 of the Auditors' report to the members of Industrial Township (Maharashtra) Limited on the accounts for the year ended March 31, 2010.

- (i) Having regard to the nature of the Company's business / activities / result, clauses (i), (ii), (iv) to (viii), (x) to (xvi), (xviii) to (xx) of CARO are not applicable to the Company in the current year.
- (ii) The Company has neither granted nor taken any loans, secured or unsecured, to / from companies, firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956.
- (iii) According to the information and explanations given to us in respect of statutory dues:
 - (a) The Company has generally been regular in depositing undisputed dues in respect of 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, 2010 for a period of more than six months from the date they became payable.
- (iv) In our opinion and according to the information and explanations given to us and on an overall examination of the Balance Sheet, we report that funds raised on short term basis have not been used during the year for long term investment.
- (v) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no fraud on the Company has been noticed or reported during the year.

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

Place: Chennai,
Date: April 23, 2010

B. Ramaratnam
Partner
(Membership No.21209)

BALANCE SHEET AS AT MARCH 31, 2010

	Schedule	As at March 31, 2010 Rupees	As at March 31, 2009 Rupees
SOURCES OF FUNDS			
Shareholders' funds			
Share capital	1	<u>50,000,000</u>	<u>20,500,000</u>
Total		<u><u>50,000,000</u></u>	<u><u>20,500,000</u></u>
 APPLICATION OF FUNDS			
Investments	2	3,566,101	—
Current assets, loans and advances			
Cash and bank balances	3	444,196	389,615
Loans and advances	4	<u>45,000,000</u>	<u>20,000,000</u>
		45,444,196	20,389,615
<i>Less: Current liabilities and provisions</i>			
Current liabilities	5	<u>110,353</u>	<u>545,069</u>
Net current assets		45,333,843	19,844,546
Profit and loss account		<u>1,100,056</u>	<u>655,454</u>
Total		<u><u>50,000,000</u></u>	<u><u>20,500,000</u></u>
Notes to the accounts	8		

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

In terms of our report attached

For **Deloitte Haskins & Sells**
Chartered Accountants

B. Ramaratnam
Partner

Place : Chennai
Date : April 23, 2010

For and on behalf of the Board of Directors

Anita Arjundas *Chairman*

Rajan Narayan
Suhas Kulkarni } *Directors*

Place : Mumbai
Date : April 21, 2010

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010

	Schedule	Year ended March 31, 2010 Rupees	From July 2, 2008 to March 31, 2009 Rupees
INCOME			
Other income	6	66,101	—
		<u>66,101</u>	<u>—</u>
EXPENDITURE			
Other expenses	7	510,703	655,454
		<u>510,703</u>	<u>655,454</u>
(Loss) before tax		<u>(444,602)</u>	<u>(655,454)</u>
Provision for taxes		—	—
(Loss) after tax		(444,602)	(655,454)
(Loss) brought forward		(655,454)	—
		<u>(1,100,056)</u>	<u>(655,454)</u>
(Loss) carried to the balance sheet			
Basic and diluted earnings per share		(0.10)	(0.65)
Notes to Accounts	8		

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

In terms of our report attached

For **Deloitte Haskins & Sells**
Chartered Accountants

B. Ramaratnam
Partner

Place : Chennai
Date : April 23, 2010

For and on behalf of the Board of Directors

Anita Arjundas *Chairman*
Rajan Narayan }
Suhas Kulkarni } *Directors*

Place : Mumbai
Date : April 21, 2010

SCHEDULE FORMING PART OF ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2010

SCHEDULE 1 : SHARE CAPITAL

	As at March 31, 2010 Rupees	As at March 31, 2009 Rupees
Authorised		
10,000,000 Equity shares (previous year: 5,000,000 equity shares) of Rs. 10 each	100,000,000	50,000,000
Issued, subscribed and paid up.		
5,000,000 equity shares (previous year 2,050,000 equity shares) of Rs.10 each fully paid up. (The above shares are held by Mahindra Lifespace Developers Limited, the holding company and its nominees)	50,000,000	20,500,000
	<u>50,000,000</u>	<u>20,500,000</u>

SCHEDULE 2 : INVESTMENTS

	No of Units		
	As at 31/03/2010	As at 31/03/2009	
Investment in Mutual Funds (Non-Trade, Unquoted, Short Term)			
Religare Ultra Short Term Fund - Regular	356,069	—	3,566,101
Total			<u>3,566,101</u>

SCHEDULE 3 : CASH AND BANK BALANCES

Cash on hand	3,196	3,780
Balances with scheduled bank — on current account	441,000	385,835
	<u>444,196</u>	<u>389,615</u>

SCHEDULE 4 : LOANS AND ADVANCES

(Unsecured, considered good) Advances recoverable in cash or in kind or for value to be received — Advance towards purchase of Land	45,000,000	20,000,000
	<u>45,000,000</u>	<u>20,000,000</u>

SCHEDULE 5 : CURRENT LIABILITIES

Current liabilities		
Sundry creditors		
— dues to micro enterprises and small enterprises	—	—
— others	110,353	545,069
	<u>110,353</u>	<u>545,069</u>

SCHEDULE 6 : OTHER INCOME

	Year ended March 31, 2010 Rupees	From July 2, 2008 to March 31, 2009 Rupees
Dividend Income	66,101	—
	<u>66,101</u>	<u>—</u>

SCHEDULE 7 : OTHER EXPENSES

Rates and taxes	385,650	21,020
Printing & Stationery	3,336	—
Remuneration to auditors		
— Audit Fees	100,000	75,000
— Fees for Certification	—	25,000
— Reimbursement of expenses / levies	10,300	10,300
Professional fees	11,031	2,217
Preliminary Expenses	—	521,917
Miscellaneous Expenses	386	—
	<u>510,703</u>	<u>655,454</u>

SCHEDULE 8: NOTES TO THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2010

- Significant Accounting Policies
 - 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.
 - Investments**
Short term investments are valued at lower of cost and net realizable value.
 - 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 realise 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.
 - 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.
- The company was incorporated on July 2, 2008 and is engaged in the business of development of industrial parks. In the current year, the company is in the process of identification of lands and obtaining necessary approvals from Government authorities.
- 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.
- Related Party transactions.**
 - List of related parties:
Mahindra & Mahindra Limited Ultimate Holding Company
Mahindra Lifespace Developers Limited Holding Company
 - Related party transactions:
PARTICULARS Current year Previous period
Mahindra Lifespace Developers Limited
Investment in Equity Shares 29,500,000 20,500,000
Expenses reimbursed — 4,59,220
Payable at the year end — 4,59,220
- 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.
- On June 17, 2009, the company made a Rights issue of 295,000 equity shares of Rs. 10/- each at par, in the ratio of 1.44 equity shares for every 1 equity share held.
- Earnings per Share

	2009-10	2008-09
Net (loss) after tax (Rs.)	(444,602)	(655,454)
Weighted average number of equity shares (Nos.)	4,377,671	1,002,564
Basic and Diluted Earnings per share (Rs.)	(0.10)	(0.65)
Nominal value of shares (Rs.)	10	10
- Previous period figures are for the period July 2, 2008 to March 31, 2009 and are not comparable with those of the Current year. Previous period figures have been regrouped / recast, wherever necessary, to conform to this year's classification.

SCHEDULE 9
INFORMATION PURSUANT TO PART IV SCHEDULE VI TO THE COMPANIES ACT, 1956

Balance Sheet Abstract and Company's General Business Profile:

I. Registration Details :

Registration No. 1 1 - 1 8 4 1 9 0

State Code 1 1

Balance Sheet Date 3 1 0 3 2 0 1 0
Date Month Year

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

Public Issue
N I L

Rights Issue
2 9 5 0 0

Bonus Issue
N I L

Private Placement
N I L

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

Total Liabilities
5 0 1 1 0

Total Assets
5 0 1 1 0

Sources of Funds :

Paid-up Capital
5 0 0 0 0

Reserves & Surplus
N I L

Secured Loans
N I L

Deferred Tax Liability
N I L

Application of funds

Net Fixed Assets
N I L

Investments
3 5 6 6

Net Current Assets
4 5 3 3 4

Accumulated losses
1 1 0 0

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

Turnover (including other Income)

6 6

Total Expenditure

5 1 1

Profit/(Loss) before tax

(4 4 5)

Profit/(Loss) after tax

(4 4 5)

Earning per share in Rs.

(0 . 1 0)

Dividend Rate %

N I L

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

Product Description D E V E L O P M E N T O F I N D U S T R I A L P A R K

ITC Code N I L

Signatures to Schedule 1 to 9

For and on behalf of the Board of Directors

Anita Arjundas *Chairman*

Rajan Narayan
Suhas Kulkarni } *Directors*

Place : Mumbai

Date : April 21, 2010

MAHINDRA BEBANCO DEVELOPERS LIMITED

Directors' Report to the members

Your Directors present their Second Report together with the Audited Accounts of the Company for the year ended 31st March, 2010.

FINANCIAL HIGHLIGHTS

Particulars	(Amount in Rs.)	
	For the year ended 31st March, 2010	For the period 3rd June, 2008 to 31st March, 2009
Operating Income	—	—
Other Income	—	24,990
Total Income	—	24,990
Profit /(Loss) Before Depreciation, Interest and Taxation	(91,465)	(3,162,512)
Less : Depreciation	22,818	11,403
Profit / (Loss) Before Interest and Taxation	(114,283)	(3,173,915)
Less :Interest	—	—
Profit / (Loss) Before Taxation	(114,283)	(3,173,915)
Less : Provision for Taxation		
Current Tax	—	—
Deferred Tax	—	—
Fringe Benefit Tax	—	23,219
Profit / (Loss) for the year after Taxation	(114,283)	(3,197,133)
Add : Balance of Profit /(Loss) for earlier years	(3,197,134)	—
Balance carried forward	(3,311,417)	(3,197,133)

Operations

Your Company will be undertaking the development (design, finance, construction, maintenance and marketing) of a residential complex on approximately 10.2 hectares (~25.2 acres) of land at Multi-model International Hub Airport at Nagpur (MIHAN).

Your Company has carried out soil investigation, land survey and finalised the co-ordinates of the plot. In addition, a detailed Market survey has also been conducted. The Master Plan for the project and the individual building plans are being developed by the Architects to the project, M/s. Hafeez Contractor and the time frame available to the Company for completion of the project is 5 years, as approved by Maharashtra Airport Development Company Ltd. (MADC), as against the earlier 3 years.

Dividend

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

Capital

The Authorised Share Capital of the Company is Rs.5 Lac. The paid-up equity capital of Rs. 5 Lac is presently held by Mahindra Lifespace Developers Limited (MLDL) and B.E. Billimoria & Co. Ltd. in the ratio of 70:30 respectively. Your Company is a

subsidiary of MLDL and consequently a subsidiary of its ultimate holding company, Mahindra & Mahindra Limited.

Directors

Mr. Kaiyoze Billimoria retires by rotation and being eligible offers himself for re-appointment.

Ms. Anita Arjundas was appointed as an Additional Director at the meeting of the Board of Directors of the Company held on 16th November, 2009. Ms. Anita Arjundas holds office only upto the date of the forthcoming Annual General Meeting of the Company.

The Company has received Notice from a Member signifying the intention to propose Ms. Anita Arjundas as a candidate for the office of Director at the forthcoming Annual General Meeting.

Mr. Pawan Malhotra, Director of the Company, resigned as Director with effect from 16th November, 2009. Your Board has placed on record its appreciation of the contribution made by Mr. Pawan Malhotra during his tenure as Director 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 31st March, 2010 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 . 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 Codes from the Board Members and Senior Management Personnel of the Company affirming compliance with the respective Codes.

Auditors

M/s. Deloitte Haskins & Sells., Chartered Accountants, retire as Auditors of the Company at the forthcoming Annual General Meeting and have communicated their unavailability to continue as Auditors of the Company thereafter.

The Company has received a Special Notice from a Shareholder of the Company, in terms of the provisions of the Companies Act, 1956, signifying the intention to propose the appointment of M/s. A.F. Ferguson & Co., Chartered Accountants as the Statutory Auditors of Company from the conclusion of the ensuing Annual General Meeting till the conclusion of the next Annual General Meeting. M/s. A.F. Ferguson & Co., Chartered Accountants have also expressed their willingness to act as Auditors of the

Company, if appointed, and have further confirmed that the said appointment would be in conformity with the provisions of Section 224(1B) of the Companies Act, 1956.

Pursuant to Section 225 of the Companies Act, 1956, your Company proposes to appoint M/s. A.F. Ferguson & Co., Chartered Accountants as Auditors of the Company in place of the retiring Auditors M/s. Deloitte Haskins & Sells, Chartered Accountants. The shareholders will be required to elect Auditors for the current year and fix their remuneration.

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 Rules made there under

The Company had no employee who was in receipt of remuneration of not less than Rs.24,00,000/- during the year ended 31st March, 2010 or not less than Rs. 2,00,000/- per month during any part of the said year.

Acknowledgments

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

For and on behalf of the Board

Anita Arjundas
Chairperson

Mumbai, 23rd April, 2010

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, 2010.

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 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

Mumbai, 23rd April, 2010

Anita Arjundas
Chairperson

AUDITORS' REPORT

TO THE MEMBERS OF

MAHINDRA BEBANCO DEVELOPERS LIMITED

1. We have audited the attached Balance Sheet as at 31st March 2010, 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 31st March, 2010;
 - (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
 - (vi) On the basis of the written representations received from the Directors as on March 31st, 2010 taken on record by the Board of Directors, we report that none of the Directors is disqualified as on March 31st, 2010 from being appointed as a director in terms of Section 274(1)(g) of the Companies Act, 1956.

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

B. Ramaratnam
Partner

Place: Chennai
Date: April 23, 2010

(Membership No. 21209)

Annexure referred to in paragraph 3 of the Auditors' Report to the Members of Mahindra Bebanco Developers Limited on the accounts for the year ended March 31, 2010.

- (i) Having regard to the nature of the Company's business / activities / result, clauses (ii), (vi), (vii), (viii), (x), (xi), (xiii), (xiv), (xv) 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 and no discrepancy was noticed on such verification.
- (c) The Company has not disposed off any fixed assets during the year.
- (iii) The Company has neither granted nor taken any loans, secured or unsecured, to/from companies, firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956.
- (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 fixed assets. During the course of our audit, we have not observed any major weakness in such internal control system.
- (v) According to the information and explanations given to us, the Company has not entered into transactions with Companies Covered Under Section 301 of the Companies Act, 1956.
- (vi) According to the information and explanations given to us, the Company has not accepted any deposits from the public during the year.
- (vii) According to the information and explanations given to us in respect of statutory dues:
- (a) The Company has generally been regular in depositing undisputed dues, Income-tax including Service tax, Cess and other material statutory dues applicable to it with the appropriate authorities.
- (b) There were no undisputed amounts payable in respect of Income-tax and other material statutory dues in arrears as at 31st March, 2010 for a period of more than six months from the date they became payable.
- (c) As on 31st March, 2010, there are no dues of Income-tax which has not been deposited on account of disputes.
- (viii) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no fraud on the Company has been noticed or reported during the year.

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

B. Ramaratnam

Partner

(Membership No. 21209)

Place: Chennai
Date: April 23, 2010

BALANCE SHEET AS AT MARCH 31, 2010

	Schedule	As at March 31, 2010 Rupees	As at March 31, 2009 Rupees
I. SOURCES OF FUNDS:			
Shareholders' funds			
Share capital	1	500,000	500,000
Loan funds			
Unsecured Loans	2	252,924,000	246,732,500
Total		<u>253,424,000</u>	<u>247,232,500</u>
II. APPLICATION OF FUNDS			
Fixed Assets			
Gross block	3	140,879	90,480
Less: Depreciation		34,221	11,403
Net block		<u>106,658</u>	<u>79,077</u>
Current assets, loans and advances			
Inventories	4	56,920,022	26,574,222
Cash and bank balances	5	3,139,420	3,258,360
Loans and advances	6	231,771,774	231,508,049
		<u>291,831,216</u>	<u>261,340,631</u>
<i>Less: Current liabilities and provisions</i>	7		
Current liabilities		41,825,291	17,384,342
Net current assets		<u>250,005,925</u>	<u>243,956,289</u>
Profit and Loss account		3,311,417	3,197,134
Total		<u>253,424,000</u>	<u>247,232,500</u>
Notes to the accounts	12		

The Schedules referred above form an integral part of the Balance Sheet
In terms of our report attached

For **Deloitte Haskins & Sells**
Chartered Accountants

B. Ramaratnam
Partner

Place : Chennai
Date : April 23, 2010

For and on behalf of the Board of Directors

Anita Arjundas } Chairperson
Kaiyoze Billimoria }
Rajan Narayan } Directors

Place : Mumbai
Date : April 21, 2010

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010

	Schedule	Year ended March 31, 2010 Rupees	June 3 2008 to March 31, 2009 Rupees
INCOME			
Other income	8	—	24,990
Total		—	24,990
EXPENDITURE			
Project expenses	9	30,322,982	26,562,819
Decrease/(increase) in work in progress	10	(30,345,800)	(26,574,222)
Other expenses	11	114,283	3,198,905
Depreciation		22,818	11,403
Total		114,283	3,198,905
Profit / (Loss) before tax		(114,283)	(3,173,915)
Provision for taxation			
Fringe benefit tax		—	23,219
Profit / (Loss) after tax		(114,283)	(3,197,134)
Profit / (Loss) brought forward		(3,197,134)	—
Profit / (Loss) carried to Balance Sheet		(3,311,417)	(3,197,134)
Basic and diluted earnings per share		(2.29)	(66.13)
Notes to the accounts	12		

The Schedules referred above form an integral part of the Profit and Loss Account
In terms of our report attached

For **Deloitte Haskins & Sells**
Chartered Accountants

B. Ramaratnam
Partner

Place : Chennai
Date : April 23, 2010

For and on behalf of the Board of Directors

Anita Arjundas } Chairperson
Kaiyoze Billimoria }
Rajan Narayan } Directors

Place : Mumbai
Date : April 21, 2010

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2010

	Year ended March 31, 2010 Rupees	June 3 2008 to March 31, 2009 Rupees
A. Cash flow from operating activities		
Profit / (Loss) before tax	(114,283)	(3,173,915)
Adjustments for:		
Depreciation	22,818	11,403
Dividend income	—	(24,990)
Operating profit / (loss) before working capital changes	<u>(91,465)</u>	<u>(3,187,502)</u>
Adjustments for :		
(Increase) / decrease in Loans and advances	(215,233)	(231,481,808)
(Increase) / decrease in Inventories	(30,345,800)	(26,574,222)
Increase / (decrease) in Current liabilities	24,440,949	17,384,342
Net cash (used in) / from Operations	<u>(6,120,084)</u>	<u>(240,671,688)</u>
Taxes paid	(48,492)	(49,460)
Net cash (used in) / from operating activities	<u><u>(6,260,041)</u></u>	<u><u>(243,908,650)</u></u>
B. Cash flow from investing activities:		
Purchase of fixed assets	(50,399)	(90,480)
Dividends received	—	24,990
Net cash (used in) / from investing activities	<u><u>(50,399)</u></u>	<u><u>(65,490)</u></u>
C. Cash flow from financing activities:		
Proceeds from issue of share capital	—	500,000
Proceeds from borrowings	6,191,500	246,732,500
Net cash (used in) / from financing activities	<u>6,191,500</u>	<u>247,232,500</u>
Net cash flows during the period (A+B+C)	<u><u>(118,940)</u></u>	<u><u>3,258,360</u></u>
Cash and cash equivalents		
Opening balance	3,258,360	—
Closing balance	<u>3,139,420</u>	<u>3,258,360</u>
Net increase/(decrease) in cash and cash equivalents	<u><u>(118,940)</u></u>	<u><u>3,258,360</u></u>

In terms of our report attached

For **Deloitte Haskins & Sells**
Chartered Accountants

B. Ramaratnam
Partner

Place : Chennai
Date : April 23, 2010

For and on behalf of the Board of Directors

Anita Arjundas } Chairperson
Kaiyoze Billimoria }
Rajan Narayan } Directors

Place : Mumbai
Date : April 21, 2010

SCHEDULES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2010

SCHEDULE 1: SHARE CAPITAL	As at March 31, 2010 Rupees	As at March 31, 2009 Rupees	SCHEDULE 2: UNSECURED LOANS	As at March 31, 2010 Rupees	As at March 31, 2009 Rupees
Authorised	500,000	500,000	Intercorporate Deposits	252,924,000	246,732,500
Issued, subscribed and paid up 50,000 equity shares of Rs.10 each fully paid up (35,000 equity shares are held by Mahindra Life Space Developers Limited, the holding company and its nominees)	500,000	500,000		<u>252,924,000</u>	<u>246,732,500</u>
	<u>500,000</u>	<u>500,000</u>			

**SCHEDULE 3:
FIXED ASSETS**

Rupees

Description of Assets	Gross Block			Depreciation			Net Block	
	As at April 1, 2009	Additions	As at March 31, 2010	As at April 1, 2009	For the year	As at March 31, 2010	As at March 31, 2010	As at March 31, 2009
Computers	90,480.00	—	90,480	11,403	18,096	29,499	60,981	79,077
Plant & Machinery	—	50,399	50,399	—	4,722	4,722	45,677	—
Total	90,480.00	50,399	140,879	11,403	22,818	34,221	106,658	
Previous year	—	90,480	90,480	—	11,403	11,403	79,077	

**SCHEDULE 4:
INVENTORIES**

	As at March 31, 2010 Rupees	As at March 31, 2009 Rupees
Work in progress	56,920,022	26,574,222
	<u>56,920,022</u>	<u>26,574,222</u>

**SCHEDULE 8:
OTHER INCOME**

	Year ended March 31, 2010 Rupees	June 3, 2008 to March 31, 2009 Rupees
Dividend from investments	—	24,990
	<u>—</u>	<u>24,990</u>

**SCHEDULE 5:
CASH AND BANK BALANCES**

	As at March 31, 2010	As at March 31, 2009
Cash on hand	17,089	1,973
Balances with scheduled banks		
– on current account	167,331	301,387
– on margin money account	2,955,000	2,955,000
	<u>3,139,420</u>	<u>3,258,360</u>

**SCHEDULE 9:
PROJECT EXPENSES**

	Year ended March 31, 2010	June 3, 2008 to March 31, 2009
Development & Professional expenses	25,000	1,864,694
Salaries and welfare expenses	2,177,351	1,778,095
Interest expense	28,115,492	22,045,886
Less : Interest income (Tax deducted at source Rs.42,991, Previous year Rs. 27,885)	(280,725)	(123,058)
Other Expenses	285,864	997,202
	<u>30,322,982</u>	<u>26,562,819</u>

**SCHEDULE 6:
LOANS AND ADVANCES**

	As at March 31, 2010	As at March 31, 2009
(Unsecured, considered good)		
Interest accrued on deposits	335,441	97,708
Advance towards land and development rights	211,661,600	211,661,600
Deposits	19,700,000	19,722,500
Taxation (net)	74,733	26,241
	<u>231,771,774</u>	<u>231,508,049</u>

**SCHEDULE 10:
DECREASE/(INCREASE) IN INVENTORY**

	Year ended March 31, 2010	June 3, 2008 to March 31, 2009
Opening work in progress	26,574,222	—
Closing work in progress	56,920,022	26,574,222
	<u>(30,345,800)</u>	<u>(26,574,222)</u>

**SCHEDULE 7:
CURRENT LIABILITIES AND PROVISIONS**

	As at March 31, 2010	As at March 31, 2009
Current liabilities		
Sundry creditors		
– dues to micro enterprises and small enterprises	—	—
– others	99,270	97,803
Interest accrued but not due on terms	40,464,794	17,050,289
Other liabilities	1,261,227	236,250
	<u>41,825,291</u>	<u>17,384,342</u>

**SCHEDULE 11:
OTHER EXPENSES**

	Year ended March 31, 2010	June 3, 2008 to March 31, 2009
Marketing & advertisement	—	2,982,278
Preliminary Expenses	—	61,742
Remuneration to auditors		
– Audit Fees	100,000	100,000
– Fees for certification	—	25,000
– Reimbursement of expenses / levies	10,300	13,390
Legal And Professional Fees	3,983	16,495
	<u>114,283</u>	<u>3,198,905</u>

SCHEDULE 12:

NOTES TO ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2010

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/ Office equipments are depreciated at 20% which is higher than the rates specified in schedule XIV to the Companies Act, 1956.

d) **Inventories**

Cost represents expenses 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 recognised if there is virtual certainty that there will be sufficient future taxable income available to realise 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.

f) **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 Company was incorporated on June 3, 2008 and is engaged in the business of development of residential complexes in Nagpur. In the current

year the Company is in the process of obtaining necessary Government design approvals.

3. The identification of vendors as a "Supplier" under the Micro, Small and Medium Enterprises Development Act 2006, has been done on the basis of the information to the extent provided by the vendors to the Company.

4. **Related Party Disclosures:**

(i) **List of related parties**

Mahindra & Mahindra Limited	Ultimate Holding Company
Mahindra Lifespace Developers Limited	Holding Company
B.E. Billimoria & Co. Limited	Associate

(ii) **Related party transactions:**

Nature of transactions:	Holding company		Associate	
	Current year	Previous period	Current year	Previous period
Finance:				
Inter corporate deposit taken	4,291,000	175,092,500	1,900,500	74,020,000
Interest on inter corporate deposit	19,678,391	15,457,177	8,437,101	6588708
Inter corporate deposit repaid	Nil	2,380,000	Nil	Nil
Issue of Equity shares	Nil	350,000	Nil	150,000
Other transactions:				
Reimbursement of expenses	Nil	1,594,284	Nil	Nil
Outstandings:				
Payable	205,346,035	184,667,081	88,042,759	7,91,15,708

5. 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.

6. **Investments purchased and sold during the year:**

Fund	Current year		Previous period	
	Units	Cost (Rs.)	Units	Cost (Rs.)
DWS Liquid Plus Funds – Regular Daily dividend Plan	Nil	Nil	449,339	4,500,000

7. **Earnings per share:**

	Current year	Previous period
Net Profit/(loss) after tax (Rs.)	(114,283)	(3,197,135)
Weighted average number of Equity shares (Nos.)	50,000	48,344
Basic and Diluted Earnings/(loss) per share (Rs.)	(2.29)	(66.13)
Nominal value of shares (Rs.)	10	10

8. Previous Period figures are from June 3, 2008 to March 31, 2009 and hence are not comparable with the current year figures. They have been regrouped / recast where necessary, to conform to this year classification.

**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	8	3	1	0	7
---	---	---	---	---	---	---	---	---

State Code

1	1
---	---

Balance Sheet Date

3	1	-	0	3	-	2	0	1	0	
			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

										5	0	0
--	--	--	--	--	--	--	--	--	--	---	---	---

III. Position of Mobilisation and Deployment of Funds (amount in Rs. thousands) :

Total Liabilities

			2	9	5	2	4	9
--	--	--	---	---	---	---	---	---

Total Assets

			2	9	5	2	4	9
--	--	--	---	---	---	---	---	---

Sources of Funds

Paid-up Capital

										5	0	0
--	--	--	--	--	--	--	--	--	--	---	---	---

Reserves & Surplus

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

Secured Loans

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

Deferred tax liability

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

Unsecured Loans

			2	5	2	9	2	4
--	--	--	---	---	---	---	---	---

Application of Funds

Net Fixed Assets

										1	0	7
--	--	--	--	--	--	--	--	--	--	---	---	---

Investments

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

Net Current Assets

			2	5	0	0	0	6
--	--	--	---	---	---	---	---	---

Accumulated Losses

										(3	3	1	1)
--	--	--	--	--	--	--	--	--	--	----	---	---	----

IV. Performance of Company (amount in Rs. thousands) :

Turnover (Including Other Income)

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

Total Expenditure

										1	1	4
--	--	--	--	--	--	--	--	--	--	---	---	---

Profit/(Loss) Before Tax

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

Profit/(Loss) After Tax

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

Earning per Share in Rs.

										(2.	2	9)
--	--	--	--	--	--	--	--	--	--	---	----	---	---	---

Dividend

										N	I	L	0
--	--	--	--	--	--	--	--	--	--	---	---	---	---

V. Generic Names of Three Principal Product/Service of Company (as per monetary terms) :

Item Code (ITC Code)

Development of Residential Complex												
------------------------------------	--	--	--	--	--	--	--	--	--	--	--	--

Product Description

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

For and on behalf of the Board of Directors

Anita Arjundas *Chairperson*

Kaiyoze Billimoria
Rajan Narayan *Directors*

Place : Mumbai

Date : April 21, 2010

**RAIGAD INDUSTRIAL & BUSINESS
PARK LTD**

DIRECTORS' REPORT TO THE MEMBERS

Your Directors present their First Report together with the audited accounts of the Company for the period ended 31st March, 2010.

Incorporation

Your Company was incorporated on 18th June, 2009 and has obtained its Certificate of Commencement of Business on 9th July, 2009.

FINANCIAL HIGHLIGHTS

Particulars	(Amount in Rs.) For the period 18th June, 2009 to 31st March, 2010
Total Income	—
Profit /(Loss) Before Depreciation, Interest and Taxation	(634,863)
Less : Depreciation	—
Profit / (Loss) Before Interest and Taxation	(634,863)
Less :Interest	—
Profit / (Loss) Before Taxation	(634,863)
Less : Provision for Taxation	
Current Tax	—
Deferred Tax	—
Profit / (Loss) for the year after Taxation	(634,863)
Add : Balance of Profit /(Loss) for earlier years	—
Balance carried forward to the Balance Sheet	(634,863)

Operations

During the period under review, your Company is planning to undertake large format developments including residential developments.

Capital

The Authorised Share Capital of your Company is Rs.5 Crore and the paid-up capital of your Company is Rs. 5 Lacs.

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

Ms. Anita Arjundas and Mr. Rajan Narayan being the first Directors of the Company hold office upto the date of the forthcoming Annual General Meeting of the Company.

Mr. Suhas Kulkarni was appointed as an Additional Director at the meeting of the Board of Directors of the Company held on 30th November, 2009. Mr. Suhas Kulkarni holds office upto the date of the forthcoming Annual General Meeting of the Company.

The Company has received notices from a member signifying the intention to propose Ms. Anita Arjundas, Mr. Rajan Narayan and Mr. Suhas Kulkarni as candidates for the office of Director, and consequently their appointments at the forthcoming Annual General Meeting are recommended for your approval.

Mr. Pawan Malhotra, first Director of the Company, resigned from the office as Director w.e.f. 30th November, 2009. Your Board placed on record its appreciation of the contribution made by Mr. Pawan Malhotra during his tenure as Director 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 31st March, 2010 and of the loss of the Company for the period 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. 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 period under review, received declarations under the Codes from the Board Members and Senior Management Personnel of the Company affirming compliance with the respective Codes.

Auditors

M/s. Deloitte Haskins & Sells., Chartered Accountants, retire as Auditors of the Company at the forthcoming Annual General Meeting and have communicated their unavailability to continue as Auditors of the Company thereafter.

The Company has received a Special Notice from a Shareholder of the Company, in terms of the provisions of the Companies Act, 1956, signifying the intention to propose the appointment of M/s. A.F. Ferguson & Co., Chartered Accountants as the Statutory Auditors of Company from the conclusion of the ensuing Annual General Meeting till the conclusion of the next Annual General Meeting. M/s. A.F. Ferguson & Co., Chartered Accountants have also expressed their willingness to act as Auditors of the Company, if appointed, and have further confirmed that the said appointment would be in conformity with the provisions of Section 224(1B) of the Companies Act, 1956.

Pursuant to Section 225 of the Companies Act, 1956, your Company proposes to appoint M/s. A.F. Ferguson & Co., Chartered Accountants as Auditors of the Company in place of the retiring Auditors M/s. Deloitte Haskins & Sells, Chartered Accountants. The shareholders will be required to elect Auditors for the current year and fix their remuneration.

Public Deposits and Loans / Advances

The Company has not accepted deposits from the public or employees during the period 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 Rules made there under

The Company had no employee who was in receipt of remuneration of not less than Rs.24,00,000/- during the period ended 31st March, 2010 or not less than Rs. 2,00,000/- per month during any part of the said period.

Acknowledgments

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

For and on behalf of the Board

Anita Arjundas
Chairperson

Mumbai, 23rd April, 2010

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, 2010.

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 period under review.

For and on behalf of the Board

Anita Arjundas
Chairperson

Mumbai, 23rd April, 2010

AUDITORS' REPORT

TO THE MEMBERS OF RAIGAD INDUSTRIAL & BUSINESS PARK LIMITED

1. We have audited the attached Balance Sheet of Raigad Industrial & Business Park Limited as at March 31, 2010, the Profit and Loss Account and the Cash Flow Statement of the Company for the period from June 18, 2009 to March 31, 2010, 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, 2010;
 - (b) in the case of the Profit and Loss Account, of the loss of the Company for the period ended on that date; and
 - (c) in the case of the Cash Flow Statement, of the cash flows of the Company for the period ended on that date
5. On the basis of the written representations received from the Directors as on March 31, 2010 taken on record by the Board of Directors, we report that none of the Directors is disqualified as on March 31, 2010 from being appointed as a director in terms of Section 274(1) (g) of the Companies Act, 1956.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
Registration No: 008072S

B. Ramaratnam
Partner

Chennai, April 23, 2010

(Membership No.21209)

ANNEXURE REFERRED TO IN PARAGRAPH 3 OF THE AUDITORS' REPORT TO THE MEMBERS OF RAIGAD INDUSTRIAL & BUSINESS PARK LIMITED ON THE ACCOUNTS FOR THE PERIOD FROM JUNE 18, 2009 TO MARCH 31, 2010.

- (i) Having regard to the nature of the Company's business / activities / result, clauses (i), (ii), (iv) to (viii), (x) to (xx) of CARO are not applicable to the Company in the current period.
- (ii) The Company has neither granted nor taken any loans, secured or unsecured, to / from companies, firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956.
- (iii) According to the information and explanations given to us in respect of statutory dues:
 - (a) The Company has generally been regular in depositing undisputed dues in respect of 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, 2010 for a period of more than six months from the date they became payable.
- (iv) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no fraud on the Company has been noticed or reported during the period.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
Registration No: 008072S

B. Ramaratnam
Partner

Chennai, April 23, 2010

(Membership No.21209)

BALANCE SHEET AS AT MARCH 31, 2010

	Schedule	As at March 31, 2010 Rupees
SOURCES OF FUNDS		
Shareholders' funds		
Share capital	1	500,000
		<u>500,000</u>
APPLICATION OF FUNDS		
Current assets, loans and advances		
Cash and bank balances	2	407,005
Less: Current liabilities and provisions		
Current liabilities	3	541,868
Net Current Assets		(134,863)
Profit and loss account		634,863
Total		<u>500,000</u>
Notes to the accounts	5	

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

In terms of our report attached

For **Deloitte Haskins & Sells**
Chartered Accountants

B. Ramaratnam
Partner

Place : Chennai
Date : April 23, 2010

For and on behalf of the Board of Directors

Anita Arjundas *Chairperson*

Rajan Narayan }
Suhas Kulkarni } *Directors*

Place : Mumbai
Date : April 21, 2010

PROFIT AND LOSS ACCOUNT FOR THE PERIOD FROM JUNE 18, 2009 TO MARCH 31, 2010

	<u>Schedule</u>	<u>June 18, 2009 to March 31, 2010 Rupees</u>
EXPENDITURE		
Other expenses	4	634,863
		<u>634,863</u>
(Loss) before tax		(634,863)
Provision for taxes		—
(Loss) after tax		<u>(634,863)</u>
(Loss) carried to the balance sheet		<u>(634,863)</u>
Basic and diluted earnings per share		(16.27)
Notes to the accounts	5	

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

In terms of our report attached

For **Deloitte Haskins & Sells**
Chartered Accountants

B. Ramaratnam
Partner

Place : Chennai
Date : April 23, 2010

For and on behalf of the Board of Directors

Anita Arjundas *Chairperson*

Rajan Narayan }
Suhas Kulkarni } *Directors*

Place : Mumbai
Date : April 21, 2010

CASH FLOW STATEMENT FOR THE PERIOD FROM JUNE 18, 2009 TO MARCH 31, 2010

June 18, 2009
to March 31, 2010
Rupees

A. Cash flow from operating activities

(Loss) before tax	(634,863)
Adjustments for:	
Operating (loss) before working capital changes	(634,863)
Changes in:	
Increase / (decrease) in current liabilities	541,868
	541,868
Cash (used in) / from operations	(92,995)
Taxes paid	—
Net cash (used in) / from operating activities	(92,995)

B. Cash flow from investing activities:

Net cash (used in) / from investing activities	—
------------------------------------------------------	---

C. Cash flow from financing activities:

Proceeds from issue of equity shares	500,000
Net cash (used in) / from financing activities	500,000
Net increase / (decrease) in cash and cash equivalents (A+B+C)	407,005
Cash and Cash equivalents	
Opening balance	—
Closing balance	407,005
Net Increase / (decrease) in cash and cash equivalents	407,005

In terms of our report attached

For **Deloitte Haskins & Sells**
Chartered Accountants

B. Ramaratnam
Partner

Place : Chennai
Date : April 23, 2010

For and on behalf of the Board of Directors

Anita Arjundas *Chairperson*

Rajan Narayan }
Suhas Kulkarni } *Directors*

Place : Mumbai
Date : April 21, 2010

SCHEDULES FORMING PART OF ACCOUNTS FOR THE PERIOD FROM JUNE 18, 2009 TO MARCH 31, 2010

SCHEDULE 1	As at March 31, 2010
SHARE CAPITAL	Rupees
Authorised	
5,000,000 Equity shares of Rs. 10 each	50,000,000
Issued, subscribed and paid up	
50,000 equity shares of Rs.10 each fully paid	500,000
(The above shares are held by Mahindra Lifespace Developers Limited, the holding company and its nominees)	
	<u>500,000</u>

SCHEDULE 2 : CASH AND BANK BALANCES

Balances with scheduled bank	
– on current account	407,005
	<u>407,005</u>

SCHEDULE 3: CURRENT LIABILITIES

Current liabilities	
Sundry creditors	
– dues to micro enterprises and small enterprises	—
– others	541,868
	<u>541,868</u>

SCHEDULE 4 : OTHER EXPENSES

	June 18, 2009
	to March 31, 2010
	Rupees
Particulars	
Preliminary Expenses	520,367
Rates and taxes	2,320
Auditors remuneration	
– Audit Fees	75,000
– Fees for Certification	25,000
– Reimbursement of expenses / levies	10,300
Professional fees	552
Miscellaneous Expenses	1,324
	<u>634,863</u>

SCHEDULE 5:

NOTES TO THE ACCOUNTS FOR THE PERIOD JUNE 18, 2009 TO MARCH 31, 2010

Background

The Company was incorporated on 18th June, 2009 and is engaged in the business of development of Industrial Parks and is in the process of identifying lands for acquisition.

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) 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 realise 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.

c) 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

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

(ii) Related party transactions for the period:

Mahindra Lifespace Developers Limited:	Amount (Rs.)
Investment in Equity shares	5,00,000
Expenses reimbursed	4,59,143
Payable as at the year end	4,59,143

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. Earnings per share:

Net (loss) after tax (Rs.)	(634,863)
Weighted average number of Equity shares (Nos.)	39,024
Basic and Diluted Earnings per share (Rs.)	(16.27)
Nominal value of shares. (Rs.)	10

6. The company was incorporated on June 18, 2009 and the first accounts of the company are drawn for the period June 18, 2009 to March 31, 2010. Accordingly there are no previous year's figures.

**SCHEDULE 6
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 9 3 3 9 9

State Code 1 1

Balance Sheet Date 3 1 0 3 2 0 1 0
Date Month Year

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

Public Issue
NIL

Rights Issue
NIL

Bonus Issue
NIL

Private Placement
5 0 0

III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)

Total Liabilities
5 0 0

Total Assets
5 0 0

Sources of Funds

Paid-up Capital
5 0 0

Reserves & Surplus
0

Secured Loans
0

Deferred tax liability
0

Application of Funds

Net Fixed Assets
0

Investments
0

Net Current Assets
(1 3 5)

Accumulated Losses
6 3 5

IV. Performance of Company (Amount in Rs. Thousands)

Turnover (Including other Income)
0

Total Expenditure
6 3 5

Profit/(Loss) Before Tax
(6 3 5)

Profit/(Loss) After Tax
(6 3 5)

Earning per Share in Rs.
Basic (1 6 . 2 7)

Dividend Rate %
NIL

V. Generic Name of Principal Product/Service of Company (as per monetary items)

Product Description DEVELOPMENT OF SEZ

ITC Code NIL

Signature to Schedules 1 to 6

For and on behalf of the Board of Directors

Anita Arjundas Chairperson

Rajan Narayan
Suhas Kulkarni } Directors

Place : Mumbai

Date : April 21, 2010

**MAHINDRA INFRASTRUCTURE
DEVELOPERS LTD**

DIRECTORS' REPORT TO THE MEMBERS

Directors present their Ninth Report together with the audited accounts of your Company for the year ended 31 March, 2010.

FINANCIAL RESULTS

	(Rupees)	
	2010	2009
Income	11,726,098	11,983,695
Profit before Depreciation and Taxation	6,418,673	640,359
Less: Depreciation	289,423	1,233,757
Profit/(Loss) before Taxation	6,129,250	(593,398)
Less: Provision for Taxation		
Current Tax	1,000,000	Nil
Fringe Benefit Tax	Nil	41,486
Deferred Tax	2,374,820	(2,998,957)
Profit after Taxation	2,754,430	2,364,073
Profit brought forward from previous year	5,371,918	3,007,845
Balance carried forward	8,126,348	5,371,918

OPERATIONS

During the year under review, your Company's income has decreased to Rs. 117.26 lakhs as compared to Rs. 119.84 lakhs in the previous year.

The Company has terminated Solid Waste Treatment Agreement in respect of the operations at the Tirumala solid waste treatment plant. The termination has not yet been accepted by Tirumala Tirupati Devasthanam (TTD). The Company is in discussions with TTD to complete the formalities and recover the investments made in the plant, as per the terms of agreement entered.

DIVIDEND

With a view to conserve resources, your Directors do not recommend any dividend for the year.

DIRECTORS

Mr. B. Suresh, retires by rotation, at the forthcoming Annual General Meeting, and being eligible, offers himself for re-appointment.

Mr. Pawan Kumar Malhotra resigned from the Board of Directors of the Company effective 24th December, 2009. Your Board has placed on record its sincere appreciation of the services rendered by Mr. Malhotra during his tenure as a Director of the Company.

Ms. Anita Arjundas was appointed as an Additional Director at the meeting of the Board of Directors of the Company held on 24th December, 2009. Ms. Anita Arjundas holds office only upto the date of the forthcoming Annual General Meeting of the Company.

The Company has received Notice from a member signifying his intention to propose Ms. Anita Arjundas as a candidate for the office of Director at the forthcoming Annual General Meeting.

AUDIT COMMITTEE

The Audit Committee presently comprises Mr. S. Venkatraman (Chairman of the Committee), Mr. A. K. Nanda and Ms. Anita Arjundas.

Mr. Pawan Kumar Malhotra had ceased to be a member of this Committee, consequent upon his resignation from the Board effective 24th December, 2009. As a result the Committee has been reconstituted with effect from 24th December, 2009 by appointing Ms. Anita Arjundas in his place.

The Audit Committee met twice during the year under review.

DIRECTORS' 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:

- (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, 2010 and of the profit of the Company for the year ended on that date;
- (iii) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) the annual accounts have been prepared on a going concern basis.

CODES OF CONDUCT

The Company had adopted Codes of Conduct ('Codes') 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 and the Senior Management and Employees of the Company affirming compliance with the respective Codes.

AUDITORS

Messrs. Deloitte Haskins & Sells, Chartered Accountants, retire as Auditors at the forthcoming Annual General Meeting. The members will be required to re-appoint auditors for the current year and fix their remuneration.

As required under the provisions of Section 224(1B) of the Companies Act, 1956, the Company has received written certificate from the above Auditors 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 any deposits from the public or employees during the year under review.

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

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

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

SAFETY, HEALTH AND ENVIRONMENTAL PERFORMANCE

Your Company's commitment towards safety, health and environment is being continuously enhanced by its various initiatives on safety awareness, health surveys of employees etc. The health survey of site personnel is conducted once in a year. The persons working at site are given adequate training on safety and health. The requirements relating to various environmental legislations and environment protection have been duly complied by your Company.

PARTICULARS OF EMPLOYEES AS REQUIRED UNDER SECTION 217(2A) OF THE COMPANIES ACT, 1956 AND RULES FRAMED THEREUNDER

The Company had no employee , who was in receipt of remuneration, of not less than Rs. 24,00,000 during the year ended 31st March , 2010 or not less than Rs.2,00,000 per month during any part of the year.

For and on behalf of the Board

A. K. Nanda
Chairman

Mumbai, 22nd April , 2010

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 , 2010.

A. CONSERVATION OF ENERGY

(a) Energy conservation measures taken :

During the year, the Company has taken the following initiative :

Used High pressure Sodium vapour lamps and metal halide lamps for getting high efficiency. These lamps have power saving features.

(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 | : | None |
| 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 | : | None |
| 6. Imported Technology for the last 5 years | : | None |

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

	2009 - 10
Total Foreign Exchange earned	Nil
Total Foreign Exchange used	Nil

For and on behalf of the Board

A. K. Nanda
Chairman

Mumbai, 22nd April, 2010.

Auditors' Report to the members of Mahindra Infrastructure Developers Limited

1. We have audited the attached Balance Sheet of Mahindra Infrastructure Developers Limited ("the Company") as at 31st March, 2010, 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 (Auditors' Report) Order, 2003 (CARO) issued by the Central Government in terms of Section 227 (4A) of the Companies Act, 1956, we enclose 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 in paragraph 3 above, we report as follows:
 - (a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - (b) in our opinion, proper books of accounts 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 Profit and Loss Account 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 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;
 - (e) 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:
 - (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2010;
 - (ii) in the case of the Profit and Loss Account, of the profit of the Company for the year ended on that date and
 - (iii) 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 31st March, 2010 taken on record by the Board of Directors, none of the Directors is disqualified as on 31st March, 2010 from being appointed as a director in terms of Section 274(1) (g) of the Companies Act, 1956.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Registration No: 117365W)

Place: Mumbai,
Date: 22nd April, 2010

A. C. Khanna
Partner
(Membership No. 17814)

Annexure to the Auditors' Report

(Referred to in paragraph 3 of our report of even date)

- (i) Having regard to the nature of the Company's business / activities/results, clauses (x), (xi), (xii), (xiii), (xiv), (xv), (xvi), (xviii), (xix) and (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) No physical verification of fixed assets was carried out by the management during the year. The Company has a system of verifying the fixed assets once in every three years. The last physical verification was done in March, 2009. In our opinion, the frequency of verification of fixed assets is at reasonable intervals.
- (c) The fixed assets disposed off during the year, in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.
- (iii) In respect of its inventory:
- (a) As explained to us, the 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) The Company has neither granted nor taken any loans, secured or unsecured, to/from companies, firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956. However, in respect of interest of Rs.0.29 Lakh accrued and due on unsecured loan granted in prior years, it has been provided for as a doubtful advance in the Accounts for the year ended 31st March, 2008.
- (v) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchases of inventory and fixed assets and the sale of goods and services. During the course of our audit, we have not observed any major weakness in such internal control system.
- (vi) In our opinion and according to the information and explanations given to us, there are no contracts or arrangements referred to in section 301 of the Companies Act, 1956, particulars of which need to be entered in the register required to be maintained under that section. As there are no such contracts or arrangements, paragraph 4 (v) (b) of the Order is not applicable.
- (vii) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposit from public to which the provisions of Sections 58A, 58AA or any other relevant provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 are applicable.
- (viii) In our opinion, the Company has an adequate internal audit system commensurate with the size and the nature of its business.
- (ix) According to the information and explanation given to us, rules made in respect of manufacture of fertilizers, by the Central Government for the maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956 are not applicable to the Company during the year.
- (x) According to the information and explanations given to us in respect of statutory dues:
- (a) The Company has generally been regular in depositing undisputed dues, including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues applicable to it with the appropriate authorities.
- (b) There were no undisputed amounts payable in respect of Income-tax, Wealth Tax, Custom Duty, Excise Duty, Cess and other material statutory dues in arrears as at 31st March, 2010 for a period of more than six months from the date they became payable.
- (c) According to the records of the Company, there are no dues of Income-tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty and Cess which have not been deposited as on 31st March, 2010 on account of disputes.
- (xi) In our opinion and according to the information and explanations given to us and on an overall examination of the Balance Sheet, we report that funds raised on short-term basis have not been used during the year for long-term investment.
- (xii) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no fraud on the Company has been noticed or reported during the year.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Registration No: 117365W)

A. C. Khanna
Partner

Mumbai, 22nd April, 2010

(Membership No. 17814)

BALANCE SHEET AS AT 31ST MARCH, 2010

	Schedules	Rupees	2010 Rupees	2009 Rupees
I SOURCES OF FUNDS:				
Shareholders' Funds:				
Capital	I		180,000,000	180,000,000
Reserve & Surplus				
Profit & Loss Account Balance			8,126,348	5,371,918
Deferred Tax Liability [Net] (Note 5)			5,284,538	2,909,718
			<u>193,410,886</u>	<u>188,281,636</u>
II APPLICATION OF FUNDS:				
Fixed Assets:	II			
Gross Block		22,825,821		22,837,008
Less: Depreciation		<u>3,077,937</u>		<u>2,789,951</u>
Net Block			19,747,884	20,047,057
Investments	III		150,749,990	150,749,990
Current Assets, Loans and Advances:	IV			
Inventories		1,984,110		2,259,970
Sundry Debtors		18,490,701		11,693,457
Cash and Bank balance		6,548,538		7,893,260
Loans and Advances		<u>4,684,525</u>		<u>4,690,988</u>
			<u>31,707,874</u>	<u>26,537,675</u>
Less:				
Current Liabilities and Provisions:	V			
Current Liabilities		8,678,874		8,880,769
Provisions		<u>115,988</u>		<u>172,317</u>
			8,794,862	9,053,086
Net Current Assets			<u>22,913,012</u>	<u>17,484,589</u>
			<u>193,410,886</u>	<u>188,281,636</u>
NOTES ON ACCOUNTS	X			

In terms of our report attached

For **Deloitte Haskins & Sells**
Chartered Accountants

(A.C. Khanna)
Partner

Mumbai, 22nd April, 2010

For and on behalf of the Board of Directors

A. K. Nanda *Chairman*

S. Venkatraman
B. Suresh
Anita Arjundas } *Directors*

Mumbai, 22nd April, 2010

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2010

	Schedules	2010 Rupees	2009 Rupees
INCOME	VI	11,726,098	11,983,695
		<u>11,726,098</u>	<u>11,983,695</u>
EXPENDITURE:			
Raw Materials & Finished Products	VII	580,638	511,649
Personnel expenses	VIII	3,569,432	4,830,047
Other expenses.	IX	1,157,355	6,001,640
Depreciation		289,423	1,233,757
		<u>5,596,848</u>	<u>12,577,093</u>
Profit/(Loss) for the year before taxation		<u>6,129,250</u>	<u>(593,398)</u>
Profit/(Loss) from continuing operation - before taxation (Note 8)		8,657,147	(593,398)
Less: Provision for taxation-			
Current tax	1,000,000	—	—
Fringe benefit tax	—	—	41,486
Deferred tax (Note 5)	2,374,820	—	(2,998,957)
		<u>3,374,820</u>	<u>(2,957,471)</u>
Profit/(Loss) from continuing operation after taxation		5,282,327	2,364,073
Profit/(Loss) from discontinuing operation - before taxation (Note 8)		(2,527,897)	—
Less: Provision for taxation			
Current tax	—	—	—
Deferred tax (Note 5)	—	—	—
Profit/(Loss) from discontinuing operation after taxation		<u>—</u>	<u>—</u>
		(2,527,897)	—
Profit after taxation		2,754,430	2,364,073
Profit brought forward from previous year		5,371,918	3,007,845
Balance carried to Balance Sheet		<u>8,126,348</u>	<u>5,371,918</u>
Earnings per share (Note 4)			
Basic		0.15	0.13
Diluted		0.15	0.13
NOTES ON ACCOUNTS	X		

In terms of our report attached

For **Deloitte Haskins & Sells**
Chartered Accountants

(A.C. Khanna)
Partner

Mumbai, 22nd April, 2010

For and on behalf of the Board of Directors

A. K. Nanda *Chairman*

S. Venkatraman
B. Suresh
Anita Arjundas } *Directors*

Mumbai, 22nd April, 2010

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2010

	2010 Rupees	2009 Rupees
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Profit/(Loss) before taxation	6,129,250	(593,398)
Adjustments for:		
Depreciation	289,423	1,233,757
Provision for diminution in the value of investments	—	2,390,000
Interest on bank deposits	(442,884)	(822,643)
	<u>(153,461)</u>	<u>2,801,114</u>
Operating Profit before Working capital changes	5,975,789	2,207,716
Changes in:		
Trade and other receivables	(6,847,416)	(6,047,388)
Inventories	275,860	(898,931)
Trade and other payables	(258,224)	3,016,935
	<u>(6,829,780)</u>	<u>(3,929,384)</u>
Cash generated from operations	(853,991)	(1,721,668)
Income taxes paid (including Fringe benefit tax)	(1,073,595)	(1,543,010)
NET CASH USED IN OPERATING ACTIVITIES	<u>(1,927,586)</u>	<u>(3,264,678)</u>
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of fixed assets	—	(143,629)
Sale of fixed assets	9,750	—
Interest received	573,114	915,405
NET CASH FROM/(USED IN) INVESTING ACTIVITIES	<u>582,864</u>	<u>771,776</u>
C. CASH FLOW FROM FINANCING ACTIVITIES:	—	—
NET CASH FROM FINANCING ACTIVITIES	<u>—</u>	<u>—</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	<u>(1,344,722)</u>	<u>(2,492,902)</u>
CASH AND CASH EQUIVALENTS (see Note below)		
Opening balance	7,893,260	10,386,162
Closing balance	6,548,538	7,893,260
Note:		
Cash and cash equivalents includes:		
Cash on hand	—	3,099
Balances with Scheduled Banks:		
(I) on Current Accounts	854,223	274,688
(II) on Fixed Deposit Account	5,694,315	7,615,473
	<u>6,548,538</u>	<u>7,893,260</u>

In terms of our report attached

For **Deloitte Haskins & Sells**
Chartered Accountants

(A.C. Khanna)
Partner

Mumbai, 22nd April, 2010

For and on behalf of the Board of Directors

A. K. Nanda *Chairman*

S. Venkatraman
B. Suresh
Anita Arjundas } *Directors*

Mumbai, 22nd April, 2010

SCHEDULES FORMING PART OF THE ACCOUNTS AS AT 31ST MARCH 2010

	2010 Rupees	2009 Rupees
SCHEDULE I		
SHARE CAPITAL:		
Authorised:		
20,000,000 Equity Shares of Rs. 10 each	200,000,000	200,000,000
Issued:		
18,000,000 Equity Shares of Rs. 10 each	180,000,000	180,000,000
Subscribed and Paid-up:		
18,000,000 Equity Shares of Rs. 10 each fully paid-up	180,000,000	180,000,000
[Of the above, 14,400,000 shares are held by Mahindra Lifespace Developers Limited the holding company, including 6 shares jointly held with its nominees]	180,000,000	180,000,000

SCHEDULE II
FIXED ASSETS (Note 8):

Description of Assets	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 31st Mar, 2009	Addition for the year	Deduction for the year	As at 31st Mar, 2010	As at 31st Mar, 2009	For the year	Deduction for the year	Upto 31st Mar, 2010	As at 31st Mar, 2010	As at 31st Mar, 2009
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Building	3,158,995	—	—	3,158,995	281,475	32,888	—	314,363	2,844,632	2,877,520
Plant & Machinery and Office Equipment	19,418,547	—	11,187	19,407,360	2,367,288	234,907	1,437	2,600,758	16,806,602	17,051,259
Computer	135,277	—	—	135,277	77,052	19,460	—	96,512	38,765	58,225
Furniture & Fixtures	28,189	—	—	28,189	17,764	169	—	17,933	10,256	10,425
Vehicle	96,000	—	—	96,000	46,372	1,999	—	48,371	47,629	49,628
Total	22,837,008	—	11,187	22,825,821	2,789,951	289,423	1,437	3,077,937	19,747,884	20,047,057
Previous year	22,693,379	143,629	—	22,837,008	1,556,194	1,233,757	—	2,789,951	20,047,057	

	2010 Rupees	2009 Rupees
SCHEDULE III		
INVESTMENTS (Unquoted):		

Number	Face value per unit Rupees				
		Long term, Trade, At cost-Less provision for diminution, if any: Equity Shares:			
500	10	Rathna Bhoomi Enterprises Pvt. Ltd	5,000	5,000	
		Less: Provision for diminution in the value of investment	(5,000)	(5,000)	
50,000	10	Mahindra Water Utilities Ltd ..	500,000	500,000	
15,000,000	10	New Tirupur Area Development Corporation Ltd	150,000,000	150,000,000	
24,999	10	Mahindra Inframan Water Utilities Pvt. Ltd	249,990	249,990	
			150,749,990	150,749,990	
		Preference Shares:			
238,500	10	Rathna Bhoomi Enterprises Pvt. Ltd	2,385,000	2,385,000	
		10% Non-cumulative redeemable participating optionally convertible preference shares			
		Less: Provision for diminution in the value of investment	(2,385,000)	(2,385,000)	
			150,749,990	150,749,990	

SCHEDULE IV
CURRENT ASSETS, LOANS AND ADVANCES:

Inventories (at lower of cost and NRV)		
Raw Materials	—	44,175
Semi-Finished Product	—	423,100
Finished Product	1,906,215	1,712,920
Packing Materials	77,895	79,775
	1,984,110	2,259,970
Sundry Debtors - Unsecured, considered good:		
Debts outstanding for a period exceeding six months	11,744,270	5,862,994
Other debts	6,746,431	5,830,463
	18,490,701	11,693,457
Cash and Bank Balance:		
Cash on hand	—	3,099
Balance with Scheduled Banks:		
on Current Accounts	854,223	274,688
on Fixed Deposit Account	5,694,315	7,615,473
	6,548,538	7,893,260
Loans and Advances - Unsecured		
Advances recoverable in cash or in kind or for value		
to be received - good	1,035,327	1,115,385
- doubtful	29,392	29,392
	1,064,719	1,144,777
Less: Provision for doubtful advance	(29,392)	(29,392)
	1,035,327	1,115,385
Income-tax paid less provision thereagainst	3,644,543	3,570,948
Fringe benefit tax paid less provision thereagainst	4,655	4,655
	4,684,525	4,690,988
	31,707,874	26,537,675

SCHEDULES FORMING PART OF THE ACCOUNTS AS AT 31ST MARCH 2010

	2010 Rupees	2009 Rupees
SCHEDULE V		
CURRENT LIABILITIES AND PROVISIONS:		
Current Liabilities:		
Sundry Creditors (Note 9):		
(i) total outstanding dues of micro enterprises and small enterprises	—	—
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	7,716,767	7,827,197
	<u>7,716,767</u>	<u>7,827,197</u>
Other Liabilities	962,107	1,053,572
	<u>8,678,874</u>	<u>8,880,769</u>
Provisions:		
Provision for tax less payment thereagainst	110,201	110,201
Provision for Fringe benefit tax less payment thereagainst	5,787	5,787
Provision for Gratuity	—	19,204
Provision for compensated absences	—	37,125
	<u>115,988</u>	<u>172,317</u>
	<u>8,794,862</u>	<u>9,053,086</u>

SCHEDULES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2010.

	2010 Rupees	2009 Rupees
SCHEDULE VI		
INCOME:		
Management fees	11,080,000	10,144,516
Sale of Bio-Compost	159,488	807,905
Interest on Bank deposits:		
[Tax deducted at source: Rs. 55,234 (2009: Rs. 167,201)]	442,884	822,643
Sundry balances written back (net) ...	8,601	208,317
Provision for compensated absences no longer required	12,994	—
Sale of scrap	15,131	314
Miscellaneous income	7,000	—
	<u>11,726,098</u>	<u>11,983,695</u>

	2010 Rupees	2009 Rupees
SCHEDULE VII		
RAW MATERIALS AND FINISHED PRODUCTS:		
(A) (Increase) / Decrease in Stock of Finished Goods:		
Opening Stock:		
Finished Product	1,712,920	486,925
Semi-Finished Product	423,100	717,340
	<u>2,136,020</u>	<u>1,204,265</u>
Less: Closing Stock		
Finished Product	1,906,215	1,712,920
Semi-Finished Product	—	423,100
	<u>1,906,215</u>	<u>2,136,020</u>
(Increase) / Decrease in Stock	229,805	(931,755)
(B) Consumption of Raw Materials:		
Opening Stock	44,175	—
Add: Purchase:		
[Including Transportation charges of Rs. 303,810 (2009: Rs. 1,315,380)]	304,778	1,408,380
Less: Closing Stock	—	44,175
	<u>348,953</u>	<u>1,364,205</u>
(C) Consumption of Packing Materials:		
Opening Stock	79,775	156,774
Add: Purchase	—	2,200
Less: Closing Stock	77,895	79,775
	<u>1,880</u>	<u>79,199</u>
	<u>580,638</u>	<u>511,649</u>

	2010 Rupees	2009 Rupees
SCHEDULE VIII		
PERSONNEL EXPENSES:		
Salaries and Allowances (including cost of contract labour)	1,209,095	2,509,843
Contribution to Provident and other funds (contract labour)	62,704	59,822
Secondment Charges	2,255,980	2,197,206
Welfare	41,653	63,176
	<u>3,569,432</u>	<u>4,830,047</u>

	2010 Rupees	2009 Rupees
SCHEDULE IX		
OTHER EXPENSES:		
Auditors' Remuneration for Statutory audit	181,500	150,000
for Out of pocket expenses	521	—
	<u>182,021</u>	<u>150,000</u>
Electricity Charges	28,663	133,387
Equipment Hiring Charges	207,430	1,388,434
Printing and Stationery	2,253	9,358
Professional charges	119,600	66,350
Provision for diminution in the value of investments	—	2,390,000
Rent, Rates and taxes	60,730	124,484
Repairs and Maintenance:		
Machinery	27,460	134,261
Others	53,574	521,218
Security Charges	222,935	252,255
Bad Debts Written off	3,500	—
Stamp and Filing fees	4,140	1,724
Telephone expenses	45,617	52,617
Transportation Charges	990	22,030
Travelling expenses	92,570	143,105
Vehicle expenses	23,589	334,774
General and miscellaneous expenses	82,283	277,643
	<u>1,157,355</u>	<u>6,001,640</u>

SCHEDULE X
NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2010

1. Significant Accounting Policies:
 - a) Basis for preparation of accounts:
The accounts have been prepared to comply, in all material aspects, with the applicable accounting principles in India, the Accounting Standards referred to in sub-section (3C) of section 211 and relevant provisions of the Companies Act, 1956.
 - b) Fixed Assets:
 - (i) All Fixed Assets are carried at cost less depreciation. Cost includes financing cost relating to borrowed funds attributable to the construction or acquisition of fixed assets upto the date the asset is ready for use.
When an asset is scrapped or otherwise disposed off, the cost and related depreciation are removed from the books of account and resultant profit (including capital profit) or loss, if any, is reflected in the Profit and Loss Account.
 - (ii) Depreciation on assets is calculated on Straight Line Method (SLM) at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956 except depreciation on building which is provided at 4.75% p. a. on the SLM.
 - c) Investments:
Long-term investments are valued at cost. However, provision for diminution in value is made to recognise a decline other than temporary in the value of investments.
 - d) Inventories:
Inventories are stated at cost or net realisable value, whichever is lower. Cost is arrived at on first-in first-out basis and includes overheads on absorption basis, where appropriate.

e) **Revenue Recognition:**

Management fees arising from projects developed by the Company, is accounted in the year in which such income is established as receivable and is disclosed net of service tax charged to the Client which in turn is paid/payable to the Government.

Sales of products are recognised when the products are dispatched.

Dividend income is recognised in the Profit and Loss Account when the right to receive payment is established.

Interest Income is accounted for on time proportion basis.

f) **Income Taxes:**

Current tax is determined as the amount of tax payable in respect of taxable income or minimum alternative tax (MAT) computed on book profits for the year. Tax credit on MAT is recognised in a subsequent year when the tax obligation is recognised on taxable income. 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 are recognised only to the extent that there is virtual certainty, supported by convincing evidence that sufficient future tax income will be available against which such deferred tax assets can be realised.

g) **Segment reporting:**

The Company has a single reportable segment namely development of infrastructure projects and infrastructure related services for the purpose of Accounting Standard 17 on Segment Reporting.

2. **Contingent liability not provided for:**

Guarantee/Counter Guarantee given by the company:

Rs. in lakhs

	Amount of Guarantee		Amount outstanding		Maximum liability of the Company	
	2010	2009	2010	2009	2010	2009
For Joint Venture Companies	1,800	1,800	1,800	1,800	900	900

3. **Information pertaining to Joint Ventures:**

Rupees

Name of Joint Venture	2010		2009	
	Unaudited	Audited	Audited	
Equity Interest	50%	50%	50%	50%
Incorporated	India	India	India	India
Share in Assets & Liabilities	123,466,089	104,186,562	408,881	399,044
Share in Income	65,764,376	80,905,169	23,809	31,091
Share in Expenditure	36,375,649	41,484,405	9,422	11,722

4. **Earnings Per Share:**

The computation of the "Earnings per share" in line with Accounting Standard 20 is as under:

	2010	2009
A. Net Profit after tax available for equity shareholders (Rs.)	2,754,430	2,364,073
B. Nominal value per Share (Rs.)	10	10
C. Weighted Average number of Equity Shares (No.)	18,000,000	18,000,000
D. Basic Earnings per share (Re.)	0.15	0.13
E. Total Weighted Average number of Equity Shares (No.)	18,000,000	18,000,000
F. Diluted Earnings per share (Re.)	0.15	0.13

5. The components of Deferred Tax Liabilities (DTL)/Deferred Tax Assets (DTA) as at 31st March, 2010 are as follows:

	2010 Rupees	2009 Rupees
Deferred tax liability:		
(i) On difference between book depreciation and tax depreciation	5,514,990	5,450,972
	5,514,990	5,450,972
Deferred tax assets:		
(i) Carried forward depreciation	220,462	2,512,118
(ii) Expenses allowable on payments	—	19,146
(iii) Provision for doubtful advance	9,990	9,990
	230,452	2,541,254
Deferred tax liability (Net)	5,284,538	2,909,718

6. The following disclosures are made as required in pursuance of the Accounting Standard 18 "Related Party Disclosures"

List of related parties with whom the Company has transactions:

Enterprises Controlling the Company

1	Mahindra & Mahindra Limited	Controlling Company
1	Mahindra Lifespace Developers Limited	Holding Company

Fellow Subsidiaries

1	Mahindra World City Developers Limited	2	Mahindra Consulting Engineers Limited
---	----------------------------------------	---	---------------------------------------

Joint Ventures

1	Mahindra Water Utilities Limited	2	Mahindra Inframan Water Utilities Limited
---	----------------------------------	---	-------------------------------------------

Transactions with related parties during the year and balance as on 31st March 2010: Amount in Rupees

Nature of transactions	Enterprise controlling the Company	Fellow Subsidiaries	Joint Ventures/ Associates
Rendering of services	— (—)	1,600,000 (664,516)	9,480,000 (9,480,000)
Expenses	2,143,177 (2,093,992)	112,803 (103,214)	— (—)
Reimbursement received	— (—)	— (592,500)	— (—)
Maximum liability to the Company in respect of guarantees outstanding	— (—)	— (—)	90,000,000 (90,000,000)
Receivables	— (—)	— (—)	18,339,540 (11,609,034)
Payables	5,307,097 (4,357,194)	128,262 (26,979)	— (—)

1. Previous year's figures are in brackets and italic
2. During the year there were no amounts written off and written back from such parties.
3. Provision for diminution in the value of investments in associates made as at 31st March 2010 is Rs. Nil (2009: Rs. 2,390,000)

MAHINDRA INFRASTRUCTURE DEVELOPERS LIMITED

The Significant related party transactions are as under:

Nature of transactions	Enterprise controlling the Company	Amount Rupees	Joint Ventures/ Associates/ Fellow subsidiaries	Amount Rupees
Rendering of services	—	— (—)	Mahindra Water Utilities Limited(Joint Venture)	9,480,000 (9,480,000)
			Mahindra World City Developers Limited (Fellow subsidiary)	1,600,000 (664,516)
Expenses	Mahindra & Mahindra Limited (Controlling Company)	383,590 (349,881)	—	— (—)
	Mahindra Lifespace Developers Limited (Holding Company)	1,759,587 (1,744,111)	Mahindra Consulting Engineers Limited. (Fellow subsidiary)	112,803 (103,214)
Reimbursement received	—	— (—)	Mahindra Consulting Engineers Limited. (Fellow subsidiary)	— (592,500)
Maximum liability to the Company in respect of guarantees outstanding	—	— (—)	Mahindra Water Utilities Limited (Joint Venture)	90,000,000 (90,000,000)

Previous year's figures are in brackets and italic

7. Additional information pursuant to the provision of paragraphs 3(i)(a), 3(ii)(a) and 4C of Part II of Schedule VI to the Companies Act, 1956.

A) Particulars in respect of goods manufactured:

Class of goods	Units of Measurement	Year	Installed Capacity per annum [^]	Actual Quantity Produced	Opening Stock		Closing Stock		Sales	
					Qty	Value Rs.	Qty	Value Rs.	Qty	Value Rs.
Farm Rich	MT	2010		141.40	685.17	1,712,920	768.37	1,906,215	58.20	159,488
	MT	2009	18,000	676.95	194.77	486,925	685.17	1,712,920	186.55	798,905
Garden Mixture *	MT	2010		923.80	423.100	862.80	—	—	—	—
	MT	2009		890.00	717,340	923.80	423,100	3.00	9,000	
Total		2010				2,136,020		1,906,215		159,488
		2009				1,204,265		2,136,020		807,905

[^] The installed capacity has been certified by a Director, which the auditors have relied on without verification as this is a technical matter.

* Garden Mixture quantities are processed further and converted into Farm Rich. Hence, there is no actual quantity produced.

B) Particulars of Raw Materials Consumed:

Class of Goods	Units of Measurement	2010		2009	
		Quantity	Value Rs. #	Quantity	Value Rs. #
Rapidcom Digester	Kgs	1,425	45,143	1,575	48,825
Total			45,143		48,825

Value of material consumed comprises of Indigenous Consumption only.

8. The Company had entered into a Solid Waste Treatment Agreement on 17th January, 2003 ("the Agreement") with Tirupati Temple Devasthanam (TTD) for operating a solid waste treatment plant ("the project") at Tirupati. As per the terms of the Agreement, the Company had incurred expenditure on setting up plant and machinery and other facilities ("the facilities") on the Leasehold land brought in by TTD. Also as per the terms of the Agreement both parties had to fulfil their part of the obligations for running the project smoothly and efficiently and on the occurrence of any event constituting breach as defined there under by either party, the other party shall be entitled to issue a notice of termination specifying the event that constituted the breach and providing

for a cure period of 90 days. TTD defaulted in fulfilling its obligations as laid down in the Agreement thereby adversely affecting the operations of the project. On 4th March, 2009, the Company issued a notice of termination of the Solid Waste Treatment Project for failure of TTD in performing its obligations and asked TTD to cure the breach during the cure period of 90 days. As TTD did not cure the breach even during the cure period of 90 days, the Company terminated the Agreement with effect from 19th June, 2009. As provided in the Agreement, on such termination the Company shall be entitled to be reimbursed by TTD the Written Down Value as appearing in the Company's books of accounts in respect of the facilities and a compensation as per the terms of the Agreement. TTD has not accepted the notice of termination and pending formal acceptance of the termination and takeover of the facilities by TTD, no effect has been given to the termination in the books of accounts of the company. Depreciation on the facilities has been provided for the period 1st April, 2009 to 19th June, 2009. The particulars of the facilities as on 20th June, 2009 to be transferred to TTD on acceptance of the termination by them are given below:

(Amount in Rupees)

Description of Assets	Written Down Value of the Assets
Building	2,844,632
Plant & Machinery and Office Equipment	16,797,011
Computer	4,782
Furniture & Fixtures	10,256
Vehicle	47,629
Total	19,704,310

As on 20th June, 2009, the carrying amount of current assets pertaining to the above discontinuing operation was Rs. 2,273,190 and its current liabilities were Rs. 1,999,283.

The following statement shows the revenue and expenses of the continuing and the above discontinuing operation of the company for the period April 1, 2009 to March 31, 2010:

Particulars	Continuing Operation	Discontinuing Operation	Total
Income	11,538,015	188,083	11,726,098
Raw Materials & Finished Products	—	(580,638)	(580,638)
Personnel Expenses	(2,510,760)	(1,058,672)	(3,569,432)
Other Expenses	(348,591)	(808,764)	(1,157,355)
Depreciation	(21,517)	(267,906)	(289,423)
Profit/(Loss) for the year before taxation	8,657,147	(2,527,897)	6,129,250

9. No Companies have been identified under the Micro Small and Medium Enterprises Development Act, 2006 as on 31st March, 2010 and hence the disclosures as required by Notification No. G.S.R. 719 (E), dated 16th November, 2007 issued by the Ministry of Corporate Affairs is not applicable.
10. Previous year's figures have been regrouped wherever necessary to conform to this year's classification.

Signatures to Schedules I to X

A. K. Nanda Chairman
S. Venkatraman
B. Suresh
Anita Arjundas Directors

Mumbai, 22nd April, 2010

ADDITIONAL INFORMATION PURSUANT TO THE PROVISIONS OF PART IV OF SCHEDULE VI TO THE COMPANIES ACT, 1956
Balance Sheet Abstract and Company's General Business Profile:

I. Registration Details :

Registration No.

1	1	1	3	1	9	4	2
---	---	---	---	---	---	---	---

State Code

1	1
---	---

Balance Sheet Date

3	1	-	0	3	-	2	0	1	0		
			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

			2	0	2	2	0	6
--	--	--	---	---	---	---	---	---

Total Assets

			2	0	2	2	0	6
--	--	--	---	---	---	---	---	---

Sources of Funds :

Paid-up Capital

			1	8	0	0	0	0
--	--	--	---	---	---	---	---	---

Reserves & Surplus

						8	1	2	6
--	--	--	--	--	--	---	---	---	---

Secured Loans

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

Unsecured Loans

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

Deferred Tax Liability

						5	2	8	5
--	--	--	--	--	--	---	---	---	---

Application of Funds

Net Fixed Assets

						1	9	7	4	8
--	--	--	--	--	--	---	---	---	---	---

Investments

						1	5	0	7	5	0
--	--	--	--	--	--	---	---	---	---	---	---

Net Current Assets

						2	2	9	1	3
--	--	--	--	--	--	---	---	---	---	---

Miscellaneous Expenditure

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

Accumulated Losses

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

Deferred Tax Assets

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

IV. Performance of Company (Amount in Rs. Thousands) :

Turnover (Total Income)

						1	1	7	2	6
--	--	--	--	--	--	---	---	---	---	---

Total Expenditure

						5	5	9	7
--	--	--	--	--	--	---	---	---	---

+ - Profit/(Loss) Before Tax

✓						6	1	2	9
---	--	--	--	--	--	---	---	---	---

+ - Profit/(Loss) After Tax

✓						2	7	5	4
---	--	--	--	--	--	---	---	---	---

Earning per Share in Rupees
 Basic

	0	.	1	5
--	---	---	---	---

 Diluted

	0	.	1	5
--	---	---	---	---

Dividend Rate %

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

V. Generic Names of Three Principal Products/Services of Company (as per monetary terms) :

Item Code (ITC Code)

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

Product Description

Animal/Veg fertilizer, mixed/nt/chemically treated															
----------------------------------------------------	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

For and on behalf of the Board of Directors

A. K. Nanda *Chairman*

S. Venkatraman
B. Suresh
Anita Arjundas *Directors*

Mumbai, 22nd April, 2010