

GROW WITH US

# FINANCIAL HIGHLIGHTS

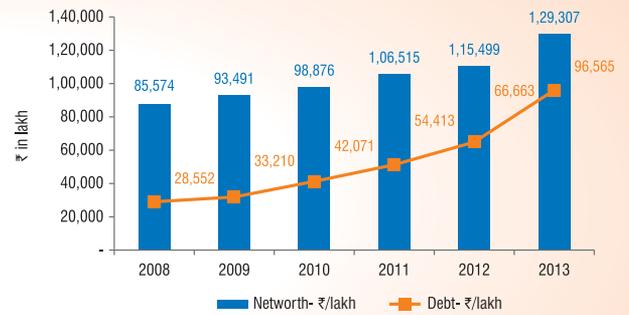
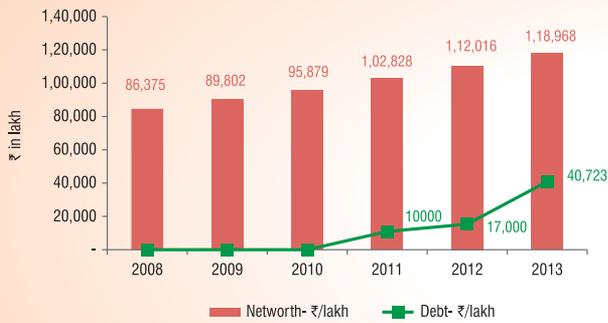
## STANDALONE

## CONSOLIDATED

### Total Income & PAT



### Debt & Networth



### EPS



## FINANCIAL HIGHLIGHTS-STANDALONE

₹ In lakh

|                                 | F - 2013 | F - 2012 | F - 2011 | F - 2010 | F - 2009 | F - 2008 | F - 2007 | F - 2006 | F - 2005 | F - 2004 |
|---------------------------------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| Net Worth                       | 118,968  | 112,016  | 102,828  | 95,879   | 89,802   | 86,375   | 77,077   | 19,279   | 19,474   | 21,249   |
| Borrowings                      | 40,723   | 17,000   | 10,000   | -        | -        | -        | 89       | 12,729   | 5,303    | 6,959    |
| Net Fixed Assets                | 2,557    | 2,907    | 3,192    | 3,237    | 3,482    | 2,688    | 3,282    | 3,427    | 3,758    | 4,259    |
| Investments                     | 43,114   | 44,860   | 36,214   | 40,955   | 36,153   | 50,291   | 32,578   | 9,577    | 9,364    | 8,399    |
| Book Value Per Equity Share (₹) | 291      | 274      | 252      | 232      | 218      | 209      | 190      | 41       | 42       | 45       |
| Operating Income                | 35,152   | 46,895   | 47,656   | 32,065   | 16,540   | 17,212   | 15,552   | 12,113   | 9,146    | 7,139    |
| Other Income                    | 7,073    | 5,217    | 3,029    | 2,899    | 3,254    | 4,784    | 773      | 300      | 349      | 2,928    |
| Operating Expenses              | 22,577   | 30,199   | 31,367   | 21,267   | 12,433   | 11,181   | 11,981   | 8,660    | 6,212    | 6,199    |
| Other expenses                  | 6,060    | 5,159    | 4,381    | 2,947    | 1,585    | 2,437    | 2,239    | 2,005    | 1,949    | 3,099    |
| Profit Before Tax               | 13,588   | 16,755   | 14,937   | 10,750   | 5,777    | 8,378    | 2,105    | 1,748    | 1,334    | 769      |
| Profit After Tax                | 9,749    | 12,016   | 10,305   | 7,938    | 4,636    | 6,539    | 1,417    | 1,099    | 786      | 636      |
| Basic Earning per Share (₹)     | 23.87    | 29.43    | 24.94    | 19.15    | 11.06    | 16.00    | 3.82     | 0.51     | 2.53     | 1.78     |
| Diluted Earning per Share (₹)   | 23.87    | 29.43    | 24.94    | 19.15    | 11.06    | 16.00    | 3.81     | 0.51     | -        | -        |
| Equity Dividend per share (₹)   | 6.00     | 6.00     | 5.00     | 3.50     | 2.50     | 2.50     | 1.50     | 1.00     | -        | -        |



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### Board of Directors

|                         |   |
|-------------------------|---|
| Mr. Arun Nanda          | Chairman                                    |
| Mr. Uday Y. Phadke      |   |
| Mr. Sanjiv Kapoor       |   |
| Mr. Shailesh Haribhakti |   |
| Mr. Anil Harish         |   |
| Dr. Prakash Hebalkar    |   |
| Ms. Anita Arjundas      | Managing Director & Chief Executive Officer |

### Leadership Team

|                         |  |
|-------------------------|--|
| Ms. Anita Arjundas      | Managing Director & Chief Executive Officer, MLDL and CEO - Real Estate Sector   |
| Ms. Sangeeta Prasad     | CEO - Integrated cities and Industrial clusters Business & Business Head - South |
| Mr. B. K. Subbaiah      | COO, Mahindra World City, Jaipur   |
| Mr. S. Chandru          | COO, Mahindra World City, Chennai  |
| Mr. Arun Nayar          | Business Head – Mahindra Bebanco Developers Ltd. (MBDL)                          |
| Mr. Lokesh Kumar Gupta  | Vice President – Operations, North   |
| Mr. Rajendra Joshi      | Business Head - West   |
| Mr. Sriram S. Mahadevan | Business Head – Special Projects   |
| Mr. Amit Pal            | Senior General Manager – Quality, Safety, Innovation & Sustainability            |
| Mr. Jayant Manmadkar    | Vice President – Finance & Accounts  |
| Mr. Lancelot Cutinha    | Head – Human Resources   |
| Mr. Rajan Narayan       | Advisor – Strategic Sourcing & Contracting                                       |
| Mr. Ramesh Ranganathan  | Head – Business Development  |
| Mr. Siddharth Bafna     | General Manager – Strategy   |
| Ms. Smeeta Neogi        | Vice President - Marketing   |
| Mr. Suhas Kulkarni      | Vice President – Legal & Company Secretary                                       |

### Company Secretary

Mr. Suhas Kulkarni

### Auditors

M/s. B. K. Khare & Co. Chartered Accountants

### Bankers

Central Bank of India  
Citibank N.A.

### Legal Advisors

Khaitan & Co.  
Little & Co.

### Registrar and Share Transfer Agents

Sharepro Services (India) Private Limited  
13 AB Samhita Warehousing Complex,  
Sakinaka Telephone Exchange Lane,  
Off Andheri - Kurla Road, Sakinaka,  
Andheri (E), Mumbai-400 072  
Tel : 022-67720300, 67720400  
Fax : 022-28591568, 28508927  
E-mail: sharepro@shareproservices.com  
Website : www.shareproservices.com

### Registered Office

5<sup>th</sup> Floor, Mahindra Towers  
Worli, Mumbai 400 018

### Branch Offices

- Delhi Office**  
Mahindra Towers, 2A,  
Bhikaiji Cama Place,  
New Delhi 110 066
- Chennai Office**  
The Canopy, II Floor, Unit No. II,  
Mahindra World City, Special Economic Zone,  
Natham Sub P.O., Near Paranur Railway Station,  
Chengelpet 603 002, Tamil Nadu
- Hyderabad Office**  
Survey No. 78/2, & 78/3,  
Next to Indu Fortune Fields,  
Kukatpally, Hyderabad – 500 072
- Mumbai Office**  
Chemtex House, Ground Floor,  
Main Street Road, Hiranandani Gardens,  
Powai, Mumbai 400 076
- Pune Office**  
CTS 6017, Pimpri - Nehru Nagar Road,  
Next to Dr. Beck Company, Pimpri,  
Pune 411 018. Maharashtra



## Awards & Accolades

- **Dual Construction Week India Awards for Mahindra Lifespaces**
  - Mahindra Lifespaces won dual honors at the Construction Week India Awards 2012:
    - ♦ The Mahindra Chloris project in Faridabad won a Jury Special Commendation Award for 'Green Project of the Year'
    - ♦ Anita Arjundas, Managing Director and CEO, Mahindra Lifespace Developers Limited, was awarded the 'Woman Achiever of the Year'. These awards recognize and honour people, projects and companies that have achieved heights of excellence in nation building
- **Anita Arjundas Voted One of India's Top 10 (Young) Builders**
  - Anita Arjundas has been voted as one of the India's Top 10 (Young) Builders by CONSTRUCTION WORLD and CW INTERIORS. The award was presented at the 7<sup>th</sup> CW Architect & Builder Awards 2012, on October 12, 2012
- **D&B-Axis Bank Infra Award for Mahindra World City, Jaipur**
  - Mahindra World City (MWC) Jaipur won an award for its IT/ITeS Phase-I, in the Industrial Park /SEZ Category of the second edition of the 'D&B-Axis Bank Infra Awards 2012.'
- **Refresh Bags Bronze Award**
  - Mahindra Lifespaces' magazine Refresh won the Bronze Award in the External Magazine category at the 52<sup>nd</sup> annual awards of the Association of Business Communicators of India. Refresh has won an ABCI awards for six years in succession
- **Mint Strategy Award for Mahindra Lifespaces**
  - Mahindra Lifespaces was presented with the Institute for Competitiveness (IFC) Mint Strategy Award in the Construction, Real Estate & Steel Industry, at the inaugural launch of the Porter Prize Awards in India recently. These awards recognize the positive impact of top Indian companies on the performance of the overall industry
- **Mahindra Lifespace Developers Ltd. won at the CNBC Real Estate Awards 2012 in December**
  - 'Best Project Execution' (National Level) - Mahindra World City, Chennai
  - City- wise Best Residential project (Mid Segment, 100% complete and handed over) - Royale
- **Refresh has won the Gold at Public Relations Council of India (PRCI) Awards 2013**
- **CII-ITC Sustainability Award for Mahindra Lifespaces**
  - Mahindra Lifespaces' strong commitment to sustainable urban living was recognized with a Certificate of Commendation at the CII-ITC Sustainability Award 2013, recently presented in New Delhi
- **Mahindra Lifespaces becoming the first real estate developer in the country to publish a GRI Compliant Sustainability Report**
  - The report has received an A+ rating, as per GRI - G3 guidelines, indicating the highest levels of transparency and voluntary disclosure



## NOTICE

The Fourteenth Annual General Meeting of **MAHINDRA LIFESPACE DEVELOPERS LIMITED** will be held at Y. B. Chavan Centre, General Jagannathrao Bhonsle Marg, Next to Sachivalaya Gymkhana, Mumbai - 400 021, on Wednesday, 24<sup>th</sup> day of July, 2013 at 3.00 p.m. to transact the following business :

### ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Balance Sheet as at 31<sup>st</sup> March, 2013 and Statement of Profit & Loss for the year ended on that date and the Reports of the Directors' and the Auditors' thereon.
2. To declare dividend on Equity Shares.
3. To appoint a Director in place of Mr. Uday Y. Phadke, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Sanjiv Kapoor, who retires by rotation and being eligible, offers himself for re-appointment.
5. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

**“RESOLVED THAT** pursuant to Section 224 of the Companies Act, 1956, M/s. B. K. Khare & Co., Chartered Accountants, Mumbai (ICAI Registration Number-105102W), the retiring Auditors of the Company, be re-appointed as Auditors of the Company to hold office from the conclusion of this Annual General Meeting, until the conclusion of the next Annual General Meeting of the Company at a remuneration to be determined by the Board in addition to out of pocket expenses as may be incurred by them during the course of the Audit.”

### SPECIAL BUSINESS:

6. To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

**“RESOLVED THAT** pursuant to the applicable provisions of Foreign Exchange Management Act, 1999, the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000 and all other applicable rules, regulations, guidelines and laws (including any statutory modifications or re-enactment thereof, from time to time) and subject to all applicable consents, approvals, permissions and sanctions and subject to such conditions as may be prescribed by any of the concerned authorities while granting such consents, approvals, permissions and sanctions, which may be agreed to by the Board of Directors of the Company (the “Board”, which term shall be deemed to include any committee which the Board may have constituted or hereinafter constitute to exercise its powers including the powers conferred by this Resolution), consent of the Company be and is hereby accorded to the Board to permit Foreign Institutional Investors (“FIIs”) registered with the Securities and Exchange Board

of India (“SEBI”) to acquire and hold, on their own account and/or on behalf of their sub-accounts registered with SEBI, equity shares of the Company, provided that the equity shareholding of all such FIIs and sub-accounts put together shall not exceed 49% (Forty Nine percent) of the total paid-up Equity Share Capital of the Company provided, however, that the equity shareholding of each FII shall not exceed such limits as are or as may be prescribed, from time to time, under applicable laws, rules and regulations.

**RESOLVED FURTHER THAT** that any Director or the Company Secretary of the Company be and are hereby severally authorized to do all such acts, deeds and things and execute all such documents or writings as may be necessary, proper or expedient for the purpose of giving effect to this Resolution and for matters connected therewith or incidental thereto including intimating the concerned authorities or other regulatory bodies.”

### NOTES:

- A. As of 31<sup>st</sup> March, 2013:  
Mr. Uday Y. Phadke, Director holds 2,500 equity shares and Mr. Sanjiv Kapoor holds Nil equity shares of the Company. Brief resumes of Directors seeking re-appointment are given in Corporate Governance Report. None of the Directors of the Company are inter-se related to each other.
- B. Explanatory Statement as required under Section 173(2) of the Companies Act, 1956 is annexed hereto.
- C. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF / HERSELF AND A PROXY NEED NOT BE A MEMBER.**
- D. The instrument appointing proxy must be deposited with the Company at its Registered Office not less than 48 hours before the time for holding the Meeting.
- E. The Register of Members and Share Transfer Books of the Company will remain closed from Monday, 15<sup>th</sup> July, 2013 to Wednesday, 24<sup>th</sup> July, 2013 (both days inclusive).
- F. A member desirous of getting any information on the accounts or operations of the Company is requested to forward his / her query to the Company at least seven working days prior to the meeting, so that the required information can be made available at the meeting.
- G. Pursuant to Section 205C (2) of the Companies Act, 1956, unpaid / unclaimed dividends for the financial year ended on 31<sup>st</sup> March, 2000, 2001 and 2002 have been transferred to the Investor Education & Protection Fund (IE & PF) on 19<sup>th</sup> September, 2007, 24<sup>th</sup> October, 2008 and 20<sup>th</sup> November, 2009 respectively. Given below is the table of dates by which Members can claim the respective unclaimed dividend from the Company / Registrars and the date by which such unclaimed amount will be transferred to the Investor Education & Protection Fund.

| Equity Dividend for FY | Date of declaration of dividend  | Date by which unclaimed dividend can be claimed | Proposed transfer of unclaimed Equity Dividend to IE & PF between |
|------------------------|----------------------------------|---|---|
| 2005 -2006             | 21 <sup>st</sup> July, 2006      | 24 <sup>th</sup> August, 2013                   | 25 <sup>th</sup> August, 2013 to 23 <sup>rd</sup> September, 2013 |
| 2006 -2007             | 17 <sup>th</sup> September, 2007 | 17 <sup>th</sup> October, 2014                  | 18 <sup>th</sup> October, 2014 to 15 <sup>th</sup> November, 2014 |
| 2007 -2008             | 28 <sup>th</sup> July, 2008      | 27 <sup>th</sup> August, 2015                   | 28 <sup>th</sup> August, 2015 to 26 <sup>th</sup> September, 2015 |
| 2008 -2009             | 24 <sup>th</sup> July, 2009      | 26 <sup>th</sup> August, 2016                   | 27 <sup>th</sup> August, 2016 to 25 <sup>th</sup> September, 2016 |
| 2009 -2010             | 21 <sup>st</sup> July, 2010      | 22 <sup>nd</sup> August, 2017                   | 23 <sup>rd</sup> August, 2017 to 21 <sup>st</sup> September, 2017 |
| 2010 -2011             | 21 <sup>st</sup> July, 2011      | 22 <sup>nd</sup> August, 2018                   | 23 <sup>rd</sup> August, 2018 to 20 <sup>th</sup> September, 2018 |
| 2011-2012              | 24 <sup>th</sup> July, 2012      | 23 <sup>rd</sup> August, 2019                   | 26 <sup>th</sup> August, 2019 to 25 <sup>th</sup> September, 2019 |

Members who have not encashed the dividend warrants so far are requested to make their claim to the Company's Registrar & Share Transfer Agents, M/s. Sharepro Services (I) Pvt. Limited, 13AB Samhita Warehousing Complex, Second Floor, Sakinaka Telephone Exchange Lane, Off Andheri- Kurla Road, Sakinaka, Andheri (East), Mumbai – 400 072.

- H. As per the provisions of clause 5A-II of the Listing Agreement (SEBI circular no. CIR/CFD/DIL/10/2010 dated December 16, 2010) the unclaimed/undelivered shares lying in the possession of the Company are required to be dematerialized and transferred into a "Unclaimed Suspense Account" held by the Company. In compliance with the said amendment, the Company has sent two reminder letters to such shareholders whose share certificates are returned undelivered and hence remained unclaimed, by requesting them to update correct details viz. postal addresses, PAN details etc. registered with the Company in order to avoid transfer of such unclaimed shares to the "Unclaimed Suspense Account." The Company will be sending third & final reminder letter in due course. Shareholders who have not yet claimed their shares are requested to immediately approach the Company by forwarding a request letter duly signed by all the shareholders furnishing aforesaid details to enable the Company to dispatch the said share certificate(s) to the rightful owner.
- I. Members can avail of the facility of nomination in respect of shares held by them in physical form in accordance with the provisions of Section 109A of the Companies Act, 1956. Members desiring to avail of this facility may send their nomination in the prescribed Form No. 2B duly filled in to Sharepro Services (I) Pvt. Limited.
- J. Members are requested to: a) intimate to the Company's Registrar & Share Transfer Agents, Sharepro Services (I) Pvt. Limited, changes, if any, in their registered addresses at an early date. b) quote their folio numbers / client ID / DP ID in all correspondence.
- K. Members holding shares under multiple folios in the identical order of names are requested to consolidate their holdings into one folio.
- L. Dividend, if declared, will be credited / dispatched between 25<sup>th</sup> July, 2013 to 31<sup>st</sup> July, 2013 to those members whose names will appear on the Register of Members of the Company and, in respect of those members who hold shares in the electronic form, as per the list of beneficial ownership furnished by National Securities Depository Limited (NSDL) and Central Depository Securities (India) Limited (CDSL) or to their mandate as of the close of business hours on Friday, 12<sup>th</sup> July, 2013.
- M. As per the circular dated 21<sup>st</sup> March, 2013 issued by Securities and Exchange Board of India (SEBI), Companies whose securities are listed on the stock exchanges shall use approved electronic mode of payment for making cash payments (such as dividend) to the investors. We would therefore request you to do the following:
- In case of holding of shares in demat form, update your bank account details with your Depository Participant (DP) immediately.
  - In case of physical shareholding, submit bank details alongwith photocopy of the cancelled cheque of your account to the Company's Registrar & Share Transfer Agents, M/s. Sharepro Services (I) Pvt. Limited, 13AB Samhita Warehousing Complex, Second Floor, Sakinaka Telephone Exchange Lane, Off Andheri - Kurla Road, Sakinaka, Andheri (East), Mumbai – 400 072.
- N. Ministry of Corporate Affairs (MCA), Government of India, has taken a Green initiative in the Corporate Governance by allowing paperless compliances by the companies after considering provisions of the Information Technology Act, 2000 for legal validity of compliances under Companies Act, 1956 through Electronic Mode. Vide Circular No.17/2011 dated 21<sup>st</sup> April, 2011, MCA has provided that the company would have complied with Section 53 of the Companies Act, 1956, if the service of documents has been made through electronic mode provided the company has obtained email addresses of its members for sending the notice / documents through e-mail by giving an advance opportunity to every Member to register his/her email address and changes therein from time to time with the company. In cases where any member has not registered his/her e-mail address with the company, the service of documents etc. will be effected by other modes of service as provided in Section 53 of the Companies Act, 1956. Those members, who desire to receive notice / documents through e-mail, are requested to communicate their e-mail ID and changes thereto from time to time to his/her Depository Participant / the Company's Registrar & Share Transfer Agents, M/s. Sharepro Services (I) Pvt. Limited, as the case may be. In case you desire to receive the notice / documents in physical form, you are requested to visit the website, [www.shareproservices.com](http://www.shareproservices.com) and register for physical copies.

For and on behalf of the Board,  
For **Mahindra Lifespace Developers Limited**

**Suhas Kulkarni**

*Vice President - Legal & Company Secretary*

**Registered Office**

5<sup>th</sup> Floor, Mahindra Towers,  
Worli, Mumbai 400 018  
Date: 6<sup>th</sup> June, 2013

**ANNEXURE TO NOTICE****EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956****Item No. 6**

The Foreign Institutional Investors (FIIs) have assumed a crucial role in the Indian Capital Market. As on date, the FIIs hold around 28% of the paid-up equity share capital of the Company. At the Annual General Meeting of the Company held on 10<sup>th</sup> August, 2005, the members had approved increase in the FII investment limit in the Company up to 30% of the paid up equity share capital of the Company. This limit can be increased by the Company by passing a special resolution of its members. With increased participation by FIIs it is proposed, subject to requisite approvals, to increase the limit for investment by FIIs from 30% to 49% of the Company's paid up equity share capital to improve the free float of the Company's script for purchase / trading by FIIs. The resolution set out in the Notice would enable the FIIs to acquire shares of the Company through authorised dealers / Stock Exchanges within the revised ceiling under the Portfolio Investment Scheme of the Reserve Bank of India.

The proposal outlined above is in the interest of the Company and its members and the Board recommends the resolution for approval of members.

None of the Directors of the Company is, in any way, concerned or interested in this item of business.

For and on behalf of the Board,  
For **Mahindra Lifespace Developers Limited**

**Suhas Kulkarni**  
*Vice President - Legal & Company Secretary*

**Registered Office**

5<sup>th</sup> Floor, Mahindra Towers,  
Worli, Mumbai 400 018  
Date: 6<sup>th</sup> June, 2013

## Directors' Report to the Members

Your Directors present their Fourteenth report together with the audited accounts of your Company for the year ended 31<sup>st</sup> March, 2013.

### Financial Highlights

|   | (₹ lakh) |        |
|---|----------|--------|
|   | 2013     | 2012   |
| Operating Income  | 35,152   | 46,895 |
| Other Income  | 7,073    | 5,217  |
| Total Income  | 42,225   | 52,112 |
| Profit Before Depreciation, Interest and Taxation                         | 14,383   | 17,320 |
| Less : Depreciation   | 177      | 268    |
| Profit Before Interest and Taxation                                       | 14,206   | 17,052 |
| Less : Interest & Finance charges   | 618      | 297    |
| Profit Before Taxation  | 13,588   | 16,755 |
| Less : Provision for Taxation   |          |        |
| Current Tax   | 3,965    | 4,859  |
| Deferred Tax (including MAT Credit)                                       | (126)    | (120)  |
| Profit After Tax  | 9,749    | 12,016 |
| Add : Balance of Profit for earlier years                                 | 29,620   | 21,654 |
| Amount available for appropriation  | 39,369   | 33,670 |
| Proposed Dividend on Equity Shares (including tax on distributed profits) | 2,867    | 2,848  |
| Less : Transfer to General Reserve  | 975      | 1,202  |
| Balance carried forward   | 35,527   | 29,620 |

**An increasing number of projects were operationalised during the year, in various subsidiaries, resulting in a growth in consolidated income from ₹ 72,841 lakh in 2011-12 to ₹ 77,249 lakh in 2012-13. The growth in after minority interest increased to ₹ 14,137 lakh from ₹ 11,908 lakh during 2011-12.**

### Dividend

Your Directors have recommended a dividend of ₹ 6 per equity share of the Company, i.e. 60 per cent of the face value of ₹ 10 for each share, for the year 2012-13.

The equity dividend (including tax on distributed profits) amounts to ₹ 2,867 lakh (previous year ₹ 2,848 lakh), and shall be paid out of profits for the current year.

### Operations

The economic environment in India remained subdued during the year, with sharp deceleration in the GDP growth and persistent high inflation. According to the advanced estimates released by the Central Statistical Organisation (CSO), India's GDP growth is pegged at 5 per cent in 2012-13, down from 6.2 per cent during the previous year. This deceleration in growth was seen across all key sectors.

Although the Industry sector on the whole registered a decline, the construction sector, which is the second largest segment of Industry after manufacturing, was a contrast in performance — growing at a marginally higher 5.9 per cent during 2012-13

as compared to 5.6 per cent during 2011-12. However, this performance continues to be significantly lower than the high growth seen in the years preceding the slowdown.

Even as the real estate industry operated in a difficult economic environment, your Company's focus on execution in the residential segment, coupled with strong sales momentum and new customer additions in Mahindra World City Chennai and Jaipur, have contributed to the robust performance this year.

In the residential segment, the Company launched two new projects in Hyderabad and Pune in addition to new phases of three of its existing projects. All new projects / phases of the Company launched during the year received an impressive response. During the year, the Company along with its subsidiary companies sold over 800 residential units across its ongoing and newly launched projects / phases. Your Company is currently developing 4.41 million square feet of residential projects. Besides, 5.41 million square feet are available in the form of new phases of ongoing projects or new projects that are at different stages of planning. These are expected to be launched in the near future.

In the large format developments, the demand situation improved in the Domestic Tariff Area (DTA), even as the demand for space in the Special Economic Zone (SEZ) continued to be relatively muted, given the overall Indian export performance status across relevant segments.

The consolidated total income of your Company increased from ₹ 72,841 lakh in 2011-12 to ₹ 77,249 lakh in 2012-13. The consolidated PBT grew by 26 per cent from ₹ 18,806 lakh in 2011-12 to ₹ 23,607 lakh in 2012-13, whereas the consolidated PAT after minority interest increased to ₹ 14,137 lakh from ₹ 11,908 lakh during 2011-12.

Total income of your Company as a standalone entity was ₹ 42,225 lakh as compared to ₹ 52,112 lakh in 2011-12. Profit before tax (PBT) was ₹ 13,588 lakh as compared to ₹ 16,755 lakh in 2011-12, whereas profit after tax (PAT) was ₹ 9,749 lakh as compared to ₹ 12,016 lakh in 2011-12. Total income includes a dividend income of ₹ 473 lakh received from its subsidiary Mahindra World City Developers Limited and ₹ 356 lakh received from its subsidiary Mahindra World City (Jaipur) Limited, during the year.

### Awards and Recognition

Your Company and its subsidiaries received several awards and recognitions during 2012-13. Some of the prestigious awards are:

- Mahindra Lifespaces was presented with the Institute for Competitiveness (IFC) Mint Strategy Award in the Construction, Real Estate & Steel Industry, at the inaugural launch of the **Porter Prize Awards** in India recently. These awards recognize the positive impact of top Indian companies on the performance of the overall industry.
- Mahindra Lifespaces' strong commitment to sustainable urban living was recognized with a Certificate of Commendation at the **CII-ITC Sustainability Award 2013**, recently presented in New Delhi by the Honourable President of India.
- At the CNBC Real Estate Awards 2012 in December, Mahindra World City Chennai received the award for 'Best Project Execution' (National Level) and Mahindra Royale in Pune received the City-wise Best Residential project (Mid Segment).
- At the Construction Week India Awards, Mahindra Chloris project in Faridabad won a Jury Special Commendation Award for 'Green Project of the Year'.
- Mahindra Lifespaces was awarded the Silver EDGE for the implementation of a 'Statutory Compliance Dashboard'. Two more EDGE Awards were won by the Company for the implementation of Sparkle, the Company's intranet portal, and for SAP CRM.

### Capital

During the year, the Company allotted 4,500 equity shares of ₹ 10 each out of 46,151 equity shares of ₹ 10 each which were held in abeyance, pursuant to the Order of the Special Court (Trial of Offences relating to transactions in Securities) Act, 1992. Accordingly, the subscribed and paid up equity share

capital of the Company has increased from 40,835,150 equity shares to 40,839,650 equity shares of ₹ 10 each aggregating to ₹ 408,396,500.

The allotment of 40,851 equity shares of the Company has been kept in abeyance in accordance with Section 206A of the Companies Act, 1956, till such time the title of the bonafide owner of the shares is certified by the concerned Stock Exchange or The Special Court (Trial of offenses relating to transactions in Securities).

### Issue & allotment of Non-convertible Debentures

On 4<sup>th</sup> April, 2013, the Company issued and allotted 5,000 – Secured Listed Rated Redeemable 10.78% YTM, Non-Convertible Debentures (NCDs) with a face value of ₹ 1,000,000 (Rupees Ten Lakh Only) each for cash at par, aggregating ₹ 500 crore vide Series I, Series II, and Series III on Private Placement basis.

The funds will be utilised to part finance any of the following or any combination thereof : (a) General Corporate purposes (b) Working Capital requirements (c) Real Estate Development (d) Land Acquisitions (e) Cost of Construction, (f) to invest into any existing / to be incorporated subsidiary company being Special Purpose Vehicle (SPV) company, to enable it to part finance the cost of land acquisition and preliminary development expenditure for the residential projects proposed to be undertaken in the SPV and (g) pending full utilization of issue proceeds to invest the temporary surplus of the issue proceeds in money market instruments, mutual funds and deposits with banks.

### Employee Stock Options Scheme

In accordance with the Employee Stock Option Scheme - 2006 (ESOS – 2006), the Remuneration Committee has on 25<sup>th</sup> April, 2008, approved grant of 678,359 Stock Options to the employees at an exercise price of ₹ 428 per share. In accordance with ESOS – 2006, the Remuneration Committee, on 4<sup>th</sup> August, 2012, approved further grant of 10,000 Stock Options to Dr. Prakash Hebalkar, a Non-executive Independent Director of the Company at an exercise price of ₹ 325 per share.

As of 31<sup>st</sup> March, 2012, 26,000 Stock Options were exercised under ESOS - 2006.

In accordance with the Employee Stock Option Scheme (ESOS – 2012), the Remuneration Committee has on 4<sup>th</sup> August, 2012, approved grant of 101,000 Stock Options at an exercise price of ₹ 10/- each which is equal to the face value of the equity share of the Company.

Details required to be provided under the Securities and Exchange Board of India (Employee Stock Options Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 are provided as Annexure 1 to this Report.

### Holding Company

The promoters of the Company i.e. Mahindra & Mahindra Limited (M&M) hold 20,846,126 equity shares which represents 51.04 per cent of the paid-up equity capital of the Company. Your Company continues to be a subsidiary company of M&M.

## Subsidiary Companies

The developments during the year in key subsidiary companies are provided below:

Mahindra World City Developers Limited (MWCDL) has developed India's first integrated business city & corporate India's first SEZ near Chennai. The three sector-specific SEZs cater to the industry sectors viz. IT (services and manufacturing), Apparel & Fashion Accessories, and Auto Ancillaries and the Domestic Tariff Area caters to a wide range of manufacturing segments. The total development currently stands at 1,550 acres. MWCDL has also procured around 516 acres of land for its second project in Tamil Nadu, and is in the process of procuring the balance land.

Mahindra Integrated Township Limited (MITL) is engaged as a co-developer in developing the residential township area at Mahindra World City with 'Iris Court', spread over 18 acres, as its first project. MITL has a balance of 147 acres to be developed in phases for offering products in different formats and segments.

Mahindra Residential Developers Limited (MRDL), which is a subsidiary of Mahindra Integrated Township Limited (MITL), is developing a gated residential community in approximately 55 acres within Mahindra World City, New Chennai under the name, "Aqualily". During the year, MITL acquired the stake of Velands Investment Limited. Subsequent to this transaction, MRDL is now a 100 per cent subsidiary of MITL.

Mahindra Bebanco Developers Limited (MBDL) is a 70:30 joint venture between your Company and B.E. Billimoria & Co. Limited, one of the leading construction companies in India. This company is developing a residential complex across 25 acres at Multi-modal International Hub Airport at Nagpur (MIHAN). This project called 'Bloomdale' will have a total saleable area of 1.53 million square feet.

Mahindra World City (Jaipur) Limited (MWCJL) is developing an integrated business city near Jaipur spread over approximately 3,000 acres of land. As on 31<sup>st</sup> March, 2013 MWCJL was in possession of 2,888 acres of land and the procurement of the balance area is in process. Currently, the project has five zones, IT/ITES SEZ, Handicrafts SEZ, Engineering & Related Industries SEZ, Gems & Jewellery SEZ and a Domestic Tariff Area.

The statement pursuant to Section 212 of the Companies Act, 1956, containing details of the Company's subsidiaries, viz. Mahindra World City Developers Limited, Mahindra Integrated Township Limited, Mahindra Residential Developers Limited, Mahindra World City (Jaipur) Limited, Mahindra World City (Maharashtra) Limited, Knowledge Township Limited, Industrial Township (Maharashtra) Limited, Mahindra Bebanco Developers Limited, Raigad Industrial & Business Park Limited, Mahindra Infrastructure Developers Limited, Anthurium Developers Limited and Watsonia Developers Limited is attached. Mahindra Housing Private Limited (MHPL), a subsidiary was incorporated on 29<sup>th</sup> March, 2013 and shall have its first financial year from 29<sup>th</sup> March, 2013 to 31<sup>st</sup> March, 2014, as such; the requirement of statement pursuant to Section 212 is not applicable for the said company. The consolidated financial statements of the Company prepared in accordance with Accounting Standard 21 prescribed by The Institute of Chartered Accountants of India, form part

of the Annual Report and Accounts. The summary of financial performance of the subsidiaries has been separately furnished forming part of the Annual Report.

Ministry of Corporate Affairs (MCA), Government of India (GOI), vide its General Circular No. 2/2011 dated 8<sup>th</sup> February, 2011 has granted a general exemption from the requirement of attaching the Balance Sheet and Statement of Profit & Loss and Notes forming part of the Accounts, Report of the Board of Directors, Report of the Auditors etc., of subsidiary companies with the Annual Accounts of the Company under Section 212(8) of the Companies Act, 1956 subject to compliance of conditions mentioned therein.

In terms of the aforesaid general exemption granted by MCA, the Board of Directors of the Company has given its consent for not attaching the Balance Sheet and Statement of Profit & Loss and Notes forming part of the Accounts, Report of the Board of Directors, Report of the Auditors etc., of its aforesaid twelve subsidiaries with the Annual Accounts of the Company, in relation to the financial year ending on 31<sup>st</sup> March, 2013.

The Company Secretary will make these documents available upon receipt of a request from any member of the Company interested in obtaining the same. These documents will also be available for inspection at the Registered Office of your Company and the Registered Offices of the respective subsidiary companies during working hours up to the date of the Annual General Meeting.

## Management Discussion and Analysis Report

The Management Discussion and Analysis Report, which gives a detailed account of operations of your Company forms a part of this Annual Report.

## Corporate Governance

A report on Corporate Governance along with a certificate from the Statutory Auditors of the Company regarding the compliance of conditions of corporate governance as stipulated under Clause 49 of the Listing Agreement forms a part of this Annual Report.

## Sustainable Development and Corporate Social Responsibility (CSR)

Your Company is committed to the principles of sustainable development and consistently carries out initiatives to benefit the communities that it interacts with during the course of its business. A detailed account of these initiatives has been presented in the Management Discussion and Analysis chapter of the Annual Report.

Mahindra Lifespaces has followed the Global Reporting Initiative (GRI) Sustainability Reporting G3.1 Guidelines which is the most widely adopted non-financial reporting framework in the world and used to help communicate sustainability performance while encouraging transparency and accountability. Third party assurance has been given by M/s. KPMG after having audited the disclosures.

The Mahindra Lifespaces 'Sustainability Report' has achieved an A+ rating for meeting the requirements of GRI G3.1

guidelines. The published report can be viewed worldwide in GRI's 'Sustainability Disclosure Database'. The summary of the report can also be viewed on Company's website [www.mahindralifespaces.com](http://www.mahindralifespaces.com). Besides this, the Company continues to report its triple bottom-line performance as a part of the Mahindra Group's sustainability report.

### Directors

Mr. Uday Y. Phadke and Mr. Sanjiv Kapoor retire by rotation and being eligible offer themselves for re-appointment.

### Directors' Responsibility Statement

Pursuant to Section 217(2AA) of the Companies Act, 1956, the 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 31<sup>st</sup> March, 2013 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.

### Auditors

M/s. B. K. Khare & Co., Chartered Accountants, Mumbai, retire as Auditors at the forthcoming Annual General Meeting. The members will be required to 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 a written certificate from M/s. B. K. Khare & Co., Chartered Accountants, Mumbai, proposing to be re-appointed as Statutory Auditors,

to the effect that their re-appointment, if made, would be in conformity with the limits specified in the said Section.

### Deposits, Loans and Advances

Your Company has not accepted any deposits from the public or its employees during the year under review. The details of loans and advances, which are required to be disclosed in the annual accounts of the Company pursuant to Clause 32 of the Listing Agreement with the Company, are furnished separately.

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

The particulars relating to the energy conservation, technology absorption and 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 2 to this report.

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

The Company had 4 (four) employees who were in receipt of remuneration of not less than ₹ 6,000,000 during the year ended 31<sup>st</sup> March, 2013 or not less than ₹ 500,000 per month during any part of the said year. However, as per the provisions of Section 219 (1) (b) (iv) of the Companies Act, 1956, the Directors' Report and Accounts which are being sent to the shareholders need not include this Annexure. Any shareholder interested in obtaining a copy of the Annexure may write to the Company Secretary at the Registered Office of the Company.

### Acknowledgment

The Directors would like to thank all shareholders, customers, bankers, contractors, suppliers, and associates of your Company for the support received from them during the year. The Directors would also like to place on record their appreciation of the dedicated efforts put in by the employees of the Company.

For and on behalf of the Board,

**Arun Nanda**  
Chairman

Mumbai, 22<sup>nd</sup> April, 2013

**ANNEXURE 1 TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2013**

Information to be disclosed under the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999:

| Description  | ESOS 2006  |                                | ESOS 2012   |                                 |
|--|--|--------------------------------|---|---------------------------------|
| (a) Total Number of Options granted                                | 678,359 + 10,000*  |                                | 1,01,000  |                                 |
| (b) The Pricing formula  | Average price preceding the specified date — 24 <sup>th</sup> April, 2008  |                                | Face Value – Rs 10  |                                 |
|  | *Average Price preceding the specified date – 8 <sup>th</sup> Aug, 2012  |                                |   |                                 |
|  | Average price — Average of the daily high and low of the prices for the Company's Equity Shares quoted on Bombay Stock Exchange Limited during 15 days preceding the specified date  |                                | -----   |                                 |
|  | Specified date — Date on which the Remuneration Committee decided to recommend granting of Stock Options to the employees and Directors of the Company and its holding / subsidiary companies under an Employees' Stock Option Scheme  |                                | -----   |                                 |
| (c) Number of Options vested                                       | 587,436  |                                | NIL   |                                 |
| (d) Number of Options exercised                                    | 26,000   |                                | NIL   |                                 |
| (e) Total No. of Shares arising as a result of exercise of Options | 26,000   |                                | NIL   |                                 |
| (f) Number of Options lapsed                                       | 64,923   |                                | NIL   |                                 |
| (g) Variation of terms of Options                                  | The terms of the ESOP Scheme were amended during the financial year 2010 - 2011 (i) to provide for exercise of vested Stock Option by eligible employee at any time during a period of five years from the respective date of vesting instead of earlier option of exercising only on the anniversary of their vesting and (ii) to provide for greater flexibility by allowing retired/resigned employees to exercise the vested Stock Option at any time during the period of five years from respective date of vesting as against exercise of Options within 3 months from the date of retirement/ resignation. |                                | NIL   |                                 |
| (h) Money realized by exercise of Options during the year          | NIL  |                                | NIL   |                                 |
| (i) Total Number of Options in force                               | 597,436  |                                | 101,000   |                                 |
| (j) Employee-wise details of Options granted to:                   | Name of the Senior managerial personnel to whom Stock Options have been granted  | Options granted in April, 2008 | Name of the Senior managerial personnel to whom Stock Options have been granted | Options granted in August, 2012 |
| (i) Senior managerial personnel                                    | Mr. Arun Nanda   | 200,000                        | Ms. Anita Arjundas  | 10,000                          |
|  | Mr. Hemant Luthra (Resigned as Director w.e.f. 30 <sup>th</sup> Jan 2009)  | 10,000                         | Ms. Sangeeta Prasad   | 6,000                           |
|  | Mr. Uday Y. Phadke   | 10,000                         |   |                                 |
|  | Mr. Anil Harish  | 10,000                         |   |                                 |
|  | Mr. Sanjiv Kapoor  | 10,000                         |   |                                 |
|  | Mr. Shailesh Haribhakti  | 10,000                         |   |                                 |
|  | Dr. Prakash Hebalkar (Grant Date 4 <sup>th</sup> August, 2012)   | 10,000                         |   |                                 |
|  | Mr. Pawan Malhotra (Resigned as MD and Director w.e.f. 23 <sup>rd</sup> June 2009)   | 50,000                         |   |                                 |
| Ms. Anita Arjundas   | 50,000   |                                |   |                                 |

|   |  |                |            |  |                |            |
|---|--|----------------|------------|--|----------------|------------|
| (ii) Any other employee who receives a grant in any one year of Option amounting to 5% or more of Option granted during that year   | Nil  |                |            | Ms. Anita Arjundas<br>Ms. Sangeeta Prasad  |                |            |
| (iii) Identified employees who were granted Option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions, if any) of the Company at the time of grant  | Nil  |                |            | NIL  |                |            |
| (k) Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of Option calculated in accordance with Accounting Standard (AS) 20 'Earnings per Share'   | NA   |                |            | NA   |                |            |
| (l) Where the company has calculated the employee compensation cost using the intrinsic value of the Stock Options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognised if it had used the fair value of the Options, shall be disclosed.<br><br>The impact of this difference on profits and on EPS of the company shall also be disclosed. | The Company has calculated the employee compensation cost using the intrinsic value of Stock Options. Had the fair value method been used the employee compensation cost would have been higher by ₹ 364.18 lakh.<br><br>Had the fair value method been used the profit after tax would have been lower by ₹ 333.46 lakh.<br><br>Had the fair value method been used the basic and diluted earnings per share would have been lower by ₹ 0.81. |                |            | NA   |                |            |
| (m) Weighted-average exercise prices and weighted-average fair values of Options shall be disclosed separately for Options whose exercise price either equals or exceeds or is less than the market price of the stock.   | Option Grant Date  | Exercise price | Fair value | Option Grant Date  | Exercise price | Fair value |
|   | 25 <sup>th</sup> April, 2008   | ₹ 428.00       | ₹ 291.04   | 4 <sup>th</sup> August, 2012   | ₹ 10.00        | ₹ 294.06   |
|   | 4 <sup>th</sup> August, 2012   | ₹ 325.00       | ₹ 294.06   |  |                |            |
| (n) A description of the method and significant assumptions used during the year to estimate the fair values of Options, including the following weighted-average information:<br><br>(i) risk-free interest rate,<br>(ii) expected life,<br>(iii) expected volatility,<br>(iv) expected dividends, and<br>(v) the price of the underlying share in market at the time of Option grant.                                       | *8.06%-8.20%<br>*3.5-6.5 years<br>*44.15%-59.61%<br>*1.38%<br>*Closing price on 25 <sup>th</sup> April 2008- ₹ 455.25<br>*Closing price on 4 <sup>th</sup> August 2012- ₹ 322.85   |                |            | 8.06%-8.20%<br>3.5-6.5 years<br>44.15%-59.61%<br>1.38%<br>Closing price on 4 <sup>th</sup> August 2012- ₹ 322.85 |                |            |

\* Refers to Stock Options granted to Dr. Prakash Hebalkar on 4<sup>th</sup> August 2012.

The Company has adopted intrinsic value method on ESOS 2006 for computing the compensation cost for the Options granted. The exercise price of the shares is based on the average of the daily high and low of the prices for the Company's Equity Shares quoted on the Bombay Stock Exchange Limited, during the 15 days preceding the grant of the Options. The Intrinsic value i.e. the difference between the market price of the share and the exercise price is being amortised as employee compensation cost over the vesting period.

The Company has granted ESOS 2012 at an exercise price of ₹ 10 each, which is equal to the face value of the equity share of the Company.

## ANNEXURE 2 TO THE DIRECTORS' REPORT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2013

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 31<sup>ST</sup> MARCH, 2013.

### A. CONSERVATION OF ENERGY

- a. Energy Conservation measures taken : As a part of sustainable development adequate measures have been initiated to reduce energy consumption. With respect to providing an Energy Efficient final product to its customers, the Company is developing Green Buildings.  
Green building increases the **resource efficiency (energy, water, and materials)**, while reducing impact on human health and the environment, through better selection of sites, design, construction, operation, maintenance i.e. the complete building life cycle.
- b. Additional investments and proposals, if any, are being implemented for reduction of consumption of energy : Nil  
**Energy consumption is being minimized through the following in green buildings:**
- Energy efficient building envelopes for walls and roofs including Low E glass in selective areas
  - Energy efficient electronic ballast & all lighting system
  - Heat Reflective paint
  - Artificial lighting control via daylight sensor
  - Adoption of high efficiency light fittings
  - Adoption of high efficiency pumps, motors
  - Group control mechanism for lifts
  - LED lamps for common areas & pathways
  - Solar thermal water heaters for hot water generation in selective areas
  - Solar street lighting
- 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 Research & Development is carried out : The Company has not carried out any laboratory based R&D activities during the year. The Company has carried out field research and testing for innovative building materials and methods. Various construction technologies have also been evaluated during the year. The Company has also tied up with technical institutes like IIT-Bombay to carry out testing of energy efficient materials.
- 2 Benefits derived as a result of the above efforts : Evaluated more than 28 construction technologies and found 5 construction technologies suitable for construction. Implemented Spray gypsum technique in one of our projects during the year.
- 3 Future plan of action : More experiments and testing on alternative sustainable building materials to improve quality and reduce time of construction. There is a plan to perform Life Cycle Assessment for the projects in near future.
- 4 Expenditure on R&D : Nil
- 5 Technology absorption, adaptation and innovation : During this year, the Company has adopted Aluminium formwork system for construction in two projects.

- 6 Imported technology : In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year), following information may be furnished:
- Technology imported – Aluminium formwork system
  - Year of import – FY13
  - Has technology been fully absorbed? - Yes
  - If not fully absorbed, areas where this has not taken place, reasons there for and future plans of action. - N. A.

### C. FOREIGN EXCHANGE EARNINGS AND OUTGO

Details of foreign exchange earnings and outgo during the year under review are furnished in the Notes to Accounts.

For and on behalf of the Board,

**Arun Nanda**  
Chairman

Mumbai, 22<sup>nd</sup> April, 2013

Particulars of loans and advances, and investments in its own shares by listed companies, their subsidiaries, associates etc. required to be disclosed in the annual accounts of the Company pursuant to Clause 32 of the Listing Agreement with the Company and its holding company Mahindra & Mahindra Limited.

#### Loans and advances in the nature of loans to subsidiaries:

(₹ in lakh)

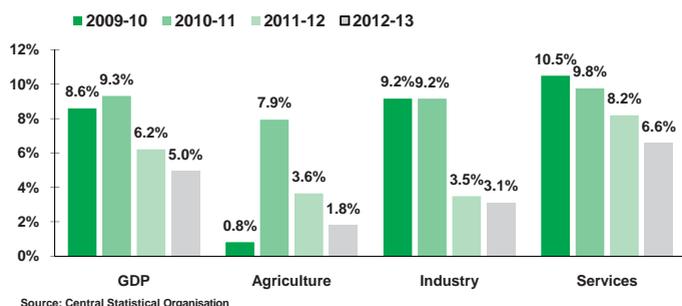
| Name of the Company                       | Balance as on 31 <sup>st</sup> March, 2013 | Maximum outstanding during the year |
|---|--|-------------------------------------|
| Mahindra World City (Jaipur) Limited      | -  | 10,000.00                           |
| Mahindra Integrated Township Limited      | 9,649.24                                   | 9,649.24                            |
| Mahindra Bebanco Developers Limited       | 1,851.69                                   | 4,509.80                            |
| Knowledge Township Limited                | 2,378.25                                   | 2,378.25                            |
| Mahindra World City Developers Limited    | 6,500.00                                   | 6,500.00                            |
| Industrial Township (Maharashtra) Limited | 1,074.27                                   | 1,074.27                            |
| Watsonia Developers Limited               | 10,933.60                                  | 10,933.60                           |
| Mahindra Water Utilities Private Limited  | -  | 60.00                               |

## Management Discussion and Analysis

Mahindra Lifespace Developers Limited ('Mahindra Lifespaces' or 'the Company') is one of the leading real estate development companies in India. Over the years, the Company has created a respected name for itself by delivering an array of highly successful projects and establishing industry benchmarks in environment friendly and sustainable developments.

Mahindra Lifespaces, along with its subsidiary companies, is engaged in the development of residential projects and large format, integrated developments such as business cities, industrial parks and SEZs. This chapter presents an overview of the operational and financial performance of the Company during 2012-13 and its strategy for future growth.

Chart A: Economic Growth In India



### Introduction

The economic environment in India remained subdued during the year, with sharp deceleration in the GDP growth and persistent high inflation. According to the advanced estimates released by the Central Statistical Organisation (CSO), India's GDP growth is pegged at 5 per cent in 2012-13, down from 6.2 per cent during the previous year. This deceleration in growth was seen across key sectors (See Chart A): Agriculture, Industry and Services.

Although the Industry sector on the whole registered a decline, the construction sector, which is the second largest segment of Industry after manufacturing, was a contrast in performance — growing at a marginally higher 5.9 per cent during 2012-13 as compared to 5.6 per cent during 2011-12. However, any tangible improvement at the macroeconomic level would require action and progress on several fronts towards: easier monetary conditions; faster approval cycles and removing uncertainty resulting from impending legislations; thereby revitalising growth as well as restoring business and consumer confidence.

The real estate sector saw absorption of 3.67 Lakh of residential units during 2012-13 vis-a-vis 3.98 Lakh units in 2011-12. Unsold inventory went upto 20 months as against 18 months in the previous year. In the commercial office space segment, 30.2 million square feet was absorbed in 2012-13 as against 47.3 million square feet in the previous year. (Source: PropEquity)

### Performance Highlights and Strategy

Mahindra Lifespaces is one of the few companies in the real estate development industry in India with the experience of successfully serving consumers as well as businesses through its two segments of operations — residential projects and large-

format integrated developments. The Company has a reputation for building and executing high quality and value added projects, which contribute to the principles of sustainable development. In addition, the Company benefits from the 'Mahindra' brand — a name associated with honesty, transparency and fairness, which enhances its reputation as a professionally managed real estate player, in a market which is largely unorganised.

These have augured well for the Company in the challenging economic environment. **Mahindra Lifespaces was presented with the Institute for Competitiveness (IFC) Mint Strategy Award in the Construction, Real Estate & Steel Industry, at the inaugural launch of the Porter Prize Awards in India recently. These awards recognize the positive impact of top Indian companies on the performance of the overall industry.** Both the business segments of the Company saw considerable activity during the year.

In the residential segment, the Company launched two new projects — Ashvita and Antheia — with a total saleable area of 2.6 million square feet. In addition, new phases of three of its existing projects were also launched during the year. All new projects of the Company launched during the year received an impressive response, with the inventory being sold within days of the launch in some cases. **During 2012-13, the Company sold over 800 residential units across its ongoing and newly launched projects, including projects of its subsidiary companies in the residential space.**

In the large format developments, even as the situation continues to be relatively subdued owing to the poor business sentiment, there was improvement in demand from businesses addressing the domestic market. Mahindra World City, Jaipur, saw a considerable increase in activity during the year with closure of several lease agreements and growth in pipeline of MoUs. The Company's mature project in the segment, Mahindra World City, Chennai, where most of the development is currently in residential and social infrastructure, also saw closure of leases in the Domestic Tariff area.

This enabled the Company to register a creditable performance in a challenging macroeconomic environment. The highlights of Mahindra Lifespaces' financial performance during the year as a consolidated entity are given below:

### Key Indicators of Performance

- Consolidated Income of the Company grew by 6 per cent from ₹ 728 crore in 2011-12 to ₹ 772 crore in 2012-13
- Profit before depreciation, interest and taxes (PBDIT) increased by 26 per cent from ₹ 218 crore in 2011-12 to ₹ 276 crore in 2012-13. Profit before taxes (PBT) grew by 26 per cent to ₹ 236 crore in 2012-13
- Profit after taxes (PAT) grew by 21 per cent from ₹ 129 crore in 2011-12 to ₹ 156 crore in 2012-13. After accounting for minority interest, the consolidated net profit (PAT) of the Company increased by 19 per cent from ₹ 119 crore to ₹ 141 crore during 2012-13.

- Diluted earnings per share (EPS) of the Company increased by 19 per cent to ₹ 34.61 in 2012-13 as compared to ₹ 29.16 in the previous year.

Mahindra Lifespaces has set ambitious growth plans for the future. This is based on a combination of innovative offerings that will expand its product bouquet in both the segments that it operates in — residential and integrated large format developments — as well as by increasing its geographic footprint. These have been discussed in greater detail in the section on 'Markets and Opportunities'.

During the year, the Company made considerable progress to achieve its growth objectives:

- **Land:** For its residential projects, the Company added five land parcels to its existing inventory during the year with an estimated saleable area of over 2.00 million square feet, taking the total estimated saleable area to over 18.52 million square feet. Several other deals are in advanced stages of negotiation and are likely to be closed in the next 6-12 months. Further details have been provided in the section on 'New Projects'.
- **Project Execution:** Substantial progress has been made to institutionalise execution capabilities, which would be necessary as the Company moves to a higher growth trajectory. These include investments in creating managerial bandwidth, building scalable systems and processes and leveraging technology. These have been discussed in greater detail in the subsequent sections of the report.

In the remainder of the report, we will discuss these initiatives as well as the operational and financial performance of the Company. We close the report with a discussion on risks and concerns and the outlook for the future.

## Markets and Opportunities

### Residential

In spite of the poor macroeconomic environment, the demand for residential properties remained stable in the key geographic markets and product segments in which the Company operates. At a fundamental level, the demand for residential units in India is expected to remain strong driven by growth in disposable incomes and concomitant increase in affordability, favourable demographic and urbanisation trends, and positive socio-cultural changes such as preference for nuclear families.

In terms of its strategy for growth, the Company is actively looking at expanding both the segments in which it operates as well as its geographic presence.

The Company is in advanced stages of structuring an "affordable housing" product which will involve providing good quality homes and community living for the low income segment. During the year, **the Company purchased its first land parcel of 13.22 acres in Chennai for a project in the affordable housing segment. The project will have an estimated saleable area of 0.72 million square feet and will be launched once all necessary approvals are received.** The Company also entered

into a MoU for its second project in this segment, at Boisar in Maharashtra. Subsequently, the Company has completed the procurement of 14.66 acres pertaining to the above MoU in April, 2013, with an estimated saleable area of around 0.50 million square feet.

In line with this strategy of expanding its product offerings, the Company will also be offering projects in other differentiated segments such as weekend / holiday homes and the luxury residential segments. These projects are under different stages of planning and approvals.

### Integrated Large Format Developments

The market situation for integrated large format developments segment continued to be subdued during the year in comparison with the residential segment. This was especially the case for the Special Economic Zone (SEZ) segment, even as the demand for space in the Domestic Tariff Area (DTA) witnessed a revival. Both the integrated business cities of the Company — Mahindra World City, Chennai and Mahindra World City, Jaipur — benefited from the demand in domestic zones. As a result, MWC, Jaipur, was able to capitalise on the approval it had received for 500 acres of development in the DTA during the previous year.

In terms of its strategy for growth in this segment, the Company is actively considering moving to upcoming industrial destinations and diversifying its portfolio to smaller industrial parks with value added support facilities that will be typically built close to a host city or on growth corridor for availing the social infrastructure that it offers. The Company has started the process of actively considering site proposals in the key industrial states in the country. However, a final decision for a project in this segment will be taken after a careful consideration of the execution risks given the current macroeconomic environment.

## Operations

### Residential

Mahindra Lifespaces' residential project operations span all aspects of real estate development from identification and acquisition of land to conceptualisation, project management and marketing of the projects. In line with its growth objectives, the Company is putting in place systems and processes which will be scalable and instrumental in achieving unmatched quality, safety, transparency, cost management and timely completion of its projects. During the year, the Company expanded the coverage of its strategic sourcing initiative both in terms of products and services, as well as its project locations.

**As of 31<sup>st</sup> March 2013, the Company along with its subsidiaries has completed projects covering 7.71 million square feet, of which 6.68 million square feet is in the residential segment. It is currently developing 4.41 million square feet (Ongoing). Besides, another 5.41 million square feet are available in the form of new phases of ongoing projects or fresh projects that are at different stages of planning and will be launched in the near future (Forthcoming).** A snapshot of the Company and its subsidiaries project portfolio is presented below.

**Table 2: Projects Snapshot (million square feet estimated saleable area)**

| Location     | Completed   | Ongoing     | Forthcoming |
|--------------|-------------|-------------|-------------|
| Chennai*     | 0.71        | 1.99        | 1.59        |
| Mumbai       | 3.44        | 0.36        | 0.59        |
| Pune         | 1.56        | 0.22        | 1.46        |
| NCR          | 1.95        | 0.98        | -           |
| Nagpur       | -           | 0.41        | 1.12        |
| Hyderabad    | -           | 0.45        | 0.65        |
| Bangalore    | 0.05        | -           | -           |
| <b>TOTAL</b> | <b>7.71</b> | <b>4.41</b> | <b>5.41</b> |

\* Within MWC Chennai

### Completed and Ongoing Projects

During the year, the Company completed the last two phases of 'Eminente' in Goregaon, Mumbai; phase I of 'Splendour' in Bhandup, Mumbai; Phase I of Aura, Gurgaon, National Capital Region and Phase IA of 'Aqualily' in Mahindra World City, Chennai. Besides these, several new projects and new phases of existing projects were launched during the year, which are at different stages of construction. The project-wise details are provided below.

'Eminente', a premium high-rise residential complex in Goregaon, Mumbai, is spread over 5.58 acres covering 0.56 million square feet of saleable area. The construction of the second and third phase was completed during the year as per schedule committed to customers. Handover of units in phase II is in progress and will be started for phase III in 2013-14.

'Splendour' in Bhandup, Mumbai, is spread over 8.46 acres and has a total saleable area of 0.78 million square feet. The first phase covering 0.42 million square feet was handed over to the customers during the year. The construction of second phase covering 0.36 million square feet is nearing completion and is expected to be handed over to the customers in the next year.

'Aqualily' is a premium project within Mahindra World City, Chennai. Spread across 55 acres of land, the project offers villas and apartments covering 1.57 million square feet. This project is being implemented by Mahindra Residential Developers Limited. The first phase of villas (IA) covering 0.12 million square feet was handed over to the customers during 2012-13. Construction of the next three phases of the villas (1B, 1C, 1D) and the first two phases of apartments (2A, 2B) is underway. During the year, the Company also launched the next phase of its apartments (2C) covering 0.46 million square feet.

'Iris Court', located in Mahindra World City, Chennai, is spread over 18 acres with a total saleable area of 0.86 million square feet. This project is being implemented by Mahindra Integrated Township Limited. The first phase of the project covering 0.27 million square feet is in advanced stages of construction and is expected to be handed over during 2013-14. Construction in the

second phase and part of the third phase is underway. Part of the third phase (3A), covering 0.16 million square feet was launched in December 2012.

'Aura' in Gurgaon, National Capital Region, is spread over 17 acres and has a total saleable area of 1.24 million square feet. The first phase of the project was completed during the year and the handover of the units will start once the occupancy certificate is received. Construction is underway in the remaining four phases and the entire project is expected to be completed in 2015-16 as per the project schedule.

'Bloomdale', is the Company's first venture in Nagpur, Maharashtra. This project is conceived as a gated community spanning over 25.2 acres and offering a choice of low-rise apartments, row houses and duplex homes. It is being implemented through Mahindra Bebanco Developers Limited (MBDL). During the year, the first phase was expanded from 210 units to 330 units with a total saleable area of 0.41 million square feet. Construction work also started during 2012-13 and is progressing as per the schedule. **During the year, the project received the Vishwakarma Achievement Award for Construction Health, Safety & Environment by Construction Industry Development Council (CIDC), an agency jointly setup by the Planning Commission, Government of India, and the Indian construction industry.**

'Antheia' is the Company's new project in Pimpri, Pune. The project is spread over 25 acres with a saleable area of 1.60 million square feet. Phase I of the project with a total saleable area of 0.22 million square feet was launched during the year. The construction activity for the first phase was also initiated during the year.

'Ashvita' is another new project which marks Mahindra Lifespaces' entry in Hyderabad. The project is located at Kukatpally near Hi-tech city and will be spread across 9.70 acres with a saleable area of 1.0 million square feet. This project is being carried out under a joint development agreement with the land owners. The first two phases of the project comprising 0.46 million square feet were launched sequentially during the year. The construction of both these phases was also initiated towards the end of the year.

### New Projects

The Company is in various stages of planning new residential developments. As mentioned in the section on 'Markets and Opportunities' some of these will be in new market segments.

Projects for which design, development or approvals are underway:

- **Sopan Baug, Pune:** This is a luxury project in the heart of the city which will offer spacious three and four bedroom flats with ultra-modern amenities and common spaces amidst green surroundings. The project will have an estimated saleable area of around 0.09 million square feet.
- **Avadi, Chennai:** This will be the first project in the "affordable housing" segment for the Company, with an estimated saleable area of 0.72 million square feet. The design and development phase of the project is complete and is currently awaiting approvals.

- **Mahindra World City, Chennai:** This will be a budget housing project aimed at the “value” segment. The project will have an estimated saleable area of 0.54 million square feet. The planning of the project is complete and is currently in the approvals stage.
- **Alibaug, Mumbai:** This project is conceived as a weekend / holiday home project. The project will have villas with an estimated saleable area of 0.23 million square feet. The design and development work for the project is underway.
- **Andheri, Mumbai:** This will be a premium residential project in Andheri (East) with an estimated saleable area of 0.37 million square feet. The design and development work for this project is currently in progress.
- **Bannerghata, Bangalore:** This is the first land parcel that the Company has acquired in Bangalore for residential development as part of its strategy to be present in the top six metropolitan cities in India. The project will have an estimated saleable area of 0.65 million square feet.

The Company is also looking to acquire new land parcels and consider fresh development opportunities in Mumbai, Chennai, Bangalore, Hyderabad and Delhi. In addition, the Company is likely to launch new phases of its existing projects.

The Company continue to lay strong emphasis on customer centricity and has taken several initiatives during the year to ensure a better customer experience through every stage of the engagement cycle. This has been resulted in the significant improvement in its customer satisfaction scores for the year 2012-13.

### Integrated Developments

Mahindra Lifespaces is the first company in the private sector to have successfully developed an integrated business city in India — ‘Mahindra World City’, Chennai. This is also the first Special Economic Zone (SEZ) in the private sector. Besides this project, the Company added another project in this segment in Rajasthan — ‘Mahindra World City’, Jaipur, during 2008-09. Built on the concept of “Life, Livelihood, Learning”, the Mahindra World City brand has become a highly successful name in the integrated large format development segment.

### Mahindra World City, Chennai

Mahindra World City, Chennai, is implemented by Mahindra World City Developers Limited (MWCDL), jointly promoted by Mahindra Lifespaces and the Tamil Nadu Industrial Development Corporation Limited (TIDCO). It has three sector specific Special Economic Zones (SEZs) — IT (services and manufacturing), Apparel and Fashion Accessories, and Auto Ancillaries, a Domestic Tariff Area (DTA) for businesses catering to the Indian market, and a Residential and Social Infrastructure zone.

Mahindra World City, Chennai, completed 10 years of its operations in September 2012. **During the year, Mahindra World City, Chennai won the prestigious CNBC Awaaz CRISIL Real Estate Award for Best Project Execution at the National Level.**

During 2012-13, Mahindra World City, Chennai added three leading multinational customers in the Domestic Tariff Area

— Lear Corporation (USA), BASF Catalysts (Germany), NCR Corporation (USA). BMW India also expanded their existing operations by leasing additional land within Mahindra World City. At the end of the year, the business zone in the project had 62 clients of which 28 were in the SEZs and 34 in the DTA. Currently, 47 companies operate out of Mahindra World City, Chennai and 8 are expected to start functioning soon. During the year, direct employment in the business city increased from 27,000 to around 31,000. Exports also increased significantly from ₹ 4,600 crore in 2011-12 to over ₹ 6,100 crore during 2012-13.

Even as the business zone continues to grow, most of the focus going forward will be on residential and social infrastructure. In its planning, Mahindra World City, Chennai, has allocated 285 acres for the development of residential and social infrastructure that will cater to the requirements of over 7,000 families.

Sylvan County, the first residential project at Mahindra World City, currently has close to 200 families living in it. The Company expects to add around 1,600 homes over the next few years in its existing projects — Aqualily and Iris Court. Details of these projects have already been provided in the previous section on Residential segment.

On the retail and social infrastructure front, considerable progress was made during the year. MWCDL started the construction of a club with sports facilities. In another development, the Mahindra World School added Class XII and now has over 500 students and 40 teachers. Construction of a hospital and a hotel by the respective service providers is in progress.

Mahindra World City’s quarterly customer engagement initiative, “Coalesce” and “Rejoice @ Mahindra World City”, the community building initiative launched in 2011-12, continue to focus on addressing customer needs and building a community.

### Mahindra World City, Jaipur

Mahindra World City, Jaipur, is being implemented by Mahindra World City (Jaipur) Limited (MWCJL), a 74:26 joint venture between Mahindra Lifespaces and Rajasthan State Industrial Development & Investment Corporation Limited (RIICO), a Government of Rajasthan enterprise.

**Mahindra World City, Jaipur is proposed to be developed as a Multi Product Special Economic Zone and a Domestic Tariff Area across 3,000 acres, of which 2,888 acres has already been acquired.** MWCJL is in the process of acquiring the remaining land. This integrated development will be equipped with state-of-the-art infrastructure such as uninterrupted power supply, telecommunications and connectivity, wide road network, water supply, serene landscaping, proposed logistics and warehousing zones and professional operations and maintenance.

MWCJL received approval for the master plan for 500 acres of development in the Domestic Tariff Area (DTA). During 2012-13, the DTA was launched and received a favourable response from the market — with signing of several leases and building of a strong MoU pipeline.

During the year, the Handicrafts SEZ also became operational and started exports. MWCJL also expanded its customer base in the IT SEZ. During the year, MWCJL signed lease deeds for over

1 lakh square feet for its under-construction building in 'Evolve' — the 1.4 million square feet, multi-tenanted IT park which will be spread over approximately 25 acres. Going forward, MWCJL has plans to expand the coverage of the project to include other segments such as Apparel and Logistics.

Five new companies became operational in Mahindra World City Jaipur, which took the total number of operational companies to 13. These companies created an employment for around 5,000 people, which is a growth of 21 per cent over the last year. Exports by MWCJL clients grew by over 119 per cent to reach at ₹ 656 crore in 2012-13. **MWCJL and its customers have together invested more than ₹ 1300 crore in their development work in Mahindra World City, Jaipur. Many companies have started their development activities aggregating to over 3.30 lakh square feet during 2012-13, and this pace is expected to increase in the future.**

### Other Projects

**The Company is planning to launch another large format development towards the North of Chennai**, which is home to large industries in the engineering and automobile sector. The project is being designed to provide world class infrastructure to mid-sized ancillary industries of this segment including auto components, electronics, precision engineering and logistics. Procurement of land for the project is in progress.

### Integrated Management System (IMS)

During 2012-13, Mahindra Lifespaces' embraced Integrated Management System as per the requirement of three International Standards — ISO 9001:2008 (Quality Management System), ISO 14001:2004 (Environmental Management System) and OHSAS 18001:2007 (Occupational Health and Safety Management System). The purpose of this integrated approach was two-fold. First, to have a system that minimises overlaps and promotes efficiency and innovation. Second, enabling better management of resources and simplifying compliance and reporting.

After implementation of IMS, an external certification audit was conducted in February 2013 and the Company has been recommended for IMS certification.

### Quality

Mahindra Lifespaces has always stressed on the importance of its strong quality management system, which is set up as per the requirement of International Standard ISO since 1999. During 2012-13, improvement projects were systematically identified and implemented as Group Kaizens under an annual Quality Improvement Plan. Participation was also extended to sub-contractors during the year.

Apart from this, the Company explored several innovative initiatives to improve the quality of product and processes, bring down the construction cycle time, and make operations more competitive. Many of these have been successfully implemented in the Company's projects during the year. Mahindra Lifespaces regularly interacts with technical institutions such as IIT, Mumbai and VJTI, Mumbai for their expertise in testing of building materials and innovations in the area of construction technology.

With these initiatives, the Company has sustained its maturity in applying the principles of 'The Mahindra Way', which provides a

standardised approach in the pursuit of excellence through the application of Total Quality Management.

### Safety

Since 2009, the Company has an established 'Safety Policy' which underscores its commitment to take complete measures to prevent accidental injuries and occupational ill health of all employees and associates working at the offices and project sites. During the year, the Company put in place an Annual Safety Programme which organised all safety related activities into different categories for systematic implementation.

These safety initiatives have helped the Company to substantially reduce the lost time injuries and strengthened the overall safety performance of the Company.

### Sustainable Development

Mahindra Lifespaces has been at the forefront of the real estate industry in India to achieve the mission of 'Transforming urban landscapes by creating sustainable communities'. The Company has done this by making its residential and integrated developments environment friendly and promoting sustainable construction practices while ensuring financial prudence. **In recognition of these efforts, the Company received the CII-ITC Sustainability Awards 2012 for being one of India's most sustainable companies from the Honourable President of India Mr. Pranab Mukerjee.**

During the year, Mahindra Lifespaces continued with its focus on building environment friendly and energy efficient 'Green Buildings' in line with the standards established by the Indian Green Building Council's (IGBC) Green Home Rating System. **During the year, the Company received certification for one of its completed projects and pre-certification for three of its new projects.** With these, the Company now has a total of 2 certified projects and 9 pre-certified projects.

In another major development, the Company released its triple bottom-line focused sustainability report for the year 2011-12, based on the Global Reporting Initiative (GRI) guidelines. After completion of the review process, the report has been assessed at A+ as per the GRI G3.1 guidelines, indicating the highest level of transparency and voluntary disclosure. **Mahindra Lifespaces is the first company in the real estate sector in India to publish a GRI compliant sustainability report.** Besides this, the Company continues to report its triple bottom-line performance as a part of the Mahindra Group's sustainability report.

### Corporate Social Responsibility (CSR)

As a part of its commitment to CSR initiatives, your Company, during the year, made available medical and education assistance to economically disadvantaged and socially weaker sections of the society through the Mahindra Foundation's Central CSR fund. In addition, Mahindra Lifespaces along with its subsidiary companies independently carries out a variety of social initiatives in the areas of education, healthcare and environment where it actively involves its employees.

In the area of education and training, the Company set up a

school 'Gyandee' at two of its sites — Delhi and Nagpur — to provide basic education and a safe environment for the children of construction workers. The school is well equipped with all the basic educational amenities including an LCD to provide audio visual learning. At Mahindra World City, Jaipur, around 600 youth have completed employability training and over 400 have been placed in various jobs. Through another initiative in partnership with Technology Business Incubator (TBI) - KIET, 50 women self help groups have been formed in the neighbouring villages, which encourage savings and employability training of its members.

In a major environmental project called "Mahindra Hariyali" started in 2008-09 with support from the Department of Forest, Government of Maharashtra and in collaboration with a local NGO – A K Rural Development Trust, the Company has taken 205 hectares of forest land under a 7 year lease for tree plantation, and soil and water conservation. During the year, apart from maintenance of trees planted previously, 25,000 new trees were planted as a part of this project to take the total plantation to 165,000. Apart from these, over 7,000 trees were planted at other locations such as Jaipur, Chennai, Nagpur and Delhi.

As part of our focus on healthcare, vaccination camps, blood donation drives, general health and eye-check camps as well as HIV awareness programmes are regularly conducted for our construction workers and their families, and disadvantaged communities around our operational sites. Apart from these awareness programmes on health, safety and hygiene are also carried out from time-to-time for our labourers.

### Human Resources

Mahindra Lifespaces recognises that its people are the key to the success of the organisation and in meeting its aspirations. During the year, the Company continued its efforts to further align its HR policies, processes and initiatives to create the human capital

necessary to meet the needs of a growing business.

During 2012-13, the Company successfully reorganised and strengthened the managerial bandwidth necessary to achieve a stronger growth performance in line with its future strategy.

In another key development, the Company integrated the performance management system with career planning to improve the efficiency of the process and introduced reverse feedback. Also, the entire performance appraisal process now happens online, which has significantly increased the transparency of the system.

During the year, the Company continued with its focus on training and development of its employees. Training needs were identified using performance appraisals and competency profiles. A number of new customised training programmes were carried out in the functional areas of sales, marketing and design. On an average, each employee received 42 hours of training during the year and employee participation was 96 per cent.

A number of new initiatives were launched during the year to improve employee connect and satisfaction. These include institutionalizing 'Learner's Club' where external speakers are invited on wide range of topics; introducing suggestion boxes to encourage alternate thinking; launching 'Employee Wellness' initiatives such as Stepathalon and Health Week; and organizing theme-based monthly celebrations.

As of 31<sup>st</sup> March, 2013, the Company had 248 employees and its subsidiary companies had 75 employees. Employee relations during the year remained cordial.

### Financials

Table 2 presents the abridged profit and loss statement of Mahindra Lifespace Developers Limited as standalone and as a consolidated entity.

**Table 2: Abridged Standalone and Consolidated Profit and Loss Statement**

|                                      | Standalone   |              | Increase /<br>(Decrease)<br>% | Consolidated |              | Increase /<br>(Decrease)<br>% |
|--------------------------------------|--------------|--------------|-------------------------------|--------------|--------------|-------------------------------|
|                                      | 2012-13      | 2011-12      |                               | 2012-13      | 2011-12      |                               |
| Operating Income                     | 351.5        | 469.0        | (25%)                         | 738.3        | 701.3        | 5%                            |
| Other Income                         | 70.8         | 52.2         | 36%                           | 34.1         | 27.1         | 26%                           |
| <b>Total Income</b>                  | <b>422.3</b> | <b>521.2</b> | <b>(19%)</b>                  | <b>772.4</b> | <b>728.4</b> | <b>6%</b>                     |
| Operating Expenses                   | 225.8        | 302.0        | (25%)                         | 397.7        | 427.2        | (7%)                          |
| Other Expenses                       | 52.6         | 45.9         | 15%                           | 98.7         | 82.7         | 19%                           |
| Financial Expenses                   | 6.2          | 3.0          | 107%                          | 31.2         | 21.1         | 48%                           |
| Depreciation                         | 1.8          | 2.7          | (33%)                         | 8.7          | 9.3          | (6%)                          |
| <b>Total Expenditure</b>             | <b>286.4</b> | <b>353.6</b> | <b>(19%)</b>                  | <b>536.3</b> | <b>540.3</b> | <b>(1%)</b>                   |
| PBDIT                                | 143.9        | 173.3        | (17%)                         | 276.0        | 218.5        | 26%                           |
| PBDT                                 | 137.7        | 170.3        | (19%)                         | 244.8        | 197.4        | 24%                           |
| PBIT                                 | 142.1        | 170.6        | (17%)                         | 267.3        | 209.2        | 28%                           |
| PBT                                  | 135.9        | 167.6        | (19%)                         | 236.1        | 188.1        | 26%                           |
| Tax                                  | 38.4         | 47.4         | (19%)                         | 79.9         | 59.3         | 35%                           |
| <b>PAT</b>                           | <b>97.5</b>  | <b>120.2</b> | <b>(19%)</b>                  | <b>156.2</b> | <b>128.8</b> | <b>21%</b>                    |
| Minority Interest                    | NA           | NA           |                               | 14.8         | 9.7          | 53%                           |
| <b>PAT (After Minority Interest)</b> | <b>NA</b>    | <b>NA</b>    |                               | <b>141.4</b> | <b>119.1</b> | <b>19%</b>                    |
| <b>Diluted EPS (₹)</b>               | <b>23.9</b>  | <b>29.4</b>  |                               | <b>34.6</b>  | <b>29.2</b>  |                               |

(₹ crore)

The key results are provided below:

The Standalone Income from operations is lower by 25 per cent from ₹ 469.0 crore in 2011-12 to ₹ 351.5 crore in 2012-13. The Standalone Total Income of the Company is lower by 19 per cent from ₹ 521.2 crore in 2011-12 to ₹ 422.3 crore in 2012-13.

The Standalone Operating Profits (PBDIT) is lower by 17 per cent from ₹ 173.3 crore in 2011-12 to ₹ 143.9 crore in 2012-13. The Standalone Cash Profits (PBDT) is lower by 19 per cent from ₹ 170.3 crore in 2011-12 to ₹ 137.7 crore in 2012-13. The Standalone Profit before taxes (PBT) is lower by 19 per cent from ₹ 135.9 crore during 2012-13 compare to ₹ 167.6 crore in 2011-12.

The Standalone Net Profits (PAT) is lower by 19 per cent from ₹ 120.2 crore in 2011-12 to ₹ 97.5 crore in 2012-13. As a result, the diluted EPS decreased from ₹ 29.4 in 2011-12 to ₹ 23.9 in 2012-13.

The Consolidated Income from operations grew by 5 per cent from ₹ 701.3 crore in 2011-12 to ₹ 738.3 crore in 2012-13. The consolidated total income of the Company increased by 6 per cent from ₹ 728.4 crore in 2011-12 to ₹ 772.4 crore in 2012-13.

The Consolidated Operating profits (PBDIT) grew by 26 per cent from ₹ 218.5 crore in 2011-12 to ₹ 276.0 crore in 2012-13. The Consolidated Cash profits (PBDT) increased by 24 per cent from ₹ 197.4 crore in 2011-12 to ₹ 244.8 crore in 2012-13. The Consolidated Profit before taxes (PBT) increased by 26 per cent to ₹ 236.1 crore during 2012-13 compare to ₹ 188.1 crore in 2011-12.

The Consolidated net profits (PAT) before minority interest grew by 21 per cent from ₹ 128.8 crore in 2011-12 to ₹ 156.2 crore in 2012-13. After accounting for minority interest, the consolidated PAT increased by 19 per cent from ₹ 119.1 crore in 2011-12 to ₹ 141.4 crore in 2012-13. As a result, the consolidated diluted EPS also increased from ₹ 29.2 in 2011-12 to ₹ 34.6 in 2012-13.

Mahindra Lifespaces has standalone debt equity ratio of 0.34:1 and consolidated debt equity ratio of 0.75:1. The liquidity situation of the Company during the year remained comfortable and surplus funds generated during the year have been invested in credit worthy instruments, including money market mutual funds and deposits with banks.

### Threats, Risks and Concerns

Mahindra Lifespaces has appropriate risk management systems in place for identification and assessment of risks, measures to mitigate them, and mechanisms for their proper and timely monitoring and reporting.

### Economic Risks

The Indian economy is going through a significant economic downturn. Although the RBI has offered some relief by bringing down rates, the scope for further easing of monetary policy still appears to be limited as inflationary pressures continue to persist. Therefore, interest rates are not expected to come down

sharply and this can have a direct impact on the performance of the real estate sector and the Company. Secondly, poor global economic outlook, especially for the advanced economies in Europe, will continue to have an adverse impact on businesses, especially those in export oriented industries.

Mahindra Lifespaces is conscious of these risks and is taking measures to mitigate them. For instance, the Company's focus on both residential and integrated developments has been a significant source of comfort during periods of poor economic performance. The Company's prudent financial management has also kept it relatively insulated from the economic downturn and the Company is well placed to raise capital at competitive interest rates. Through continuous improvements in its project operations, adoption of value engineering, the Company has been able to keep the impact of increase in input prices under control.

### Operational Risks

Key operational risks faced by the Company include longer gestation period for procurement of land, inability to sell the project as per plan, inability to complete and deliver projects according to the schedule leading to additional cost of construction and maintenance, erosion of brand value, appointment and retention of quality contractors, inability to attract and retain talent, poor customer satisfaction, fraud and unethical practices, failure to comply with laws and regulations leading to fines, penalties and lengthy litigations.

The Company addresses these issues within a well structured framework which identifies the desired controls and assigns ownership to monitor and mitigate the risks. The Company has also invested significant resources in an Enterprise Resource Planning (ERP) solution and transparent customer friendly processes, which are expected to go a long way to address some of these risks.

### Policy and Regulatory Risks

The real estate industry is easily affected by changes in government policies and regulations. There are considerable procedural delays with respect to approvals related to acquisition and use of land. This problem is accentuated as this is an industry which has traditionally been quite unorganised. Unfavourable changes in the government policies and the regulatory environment may adversely impact the performance of the Company.

The Company, with its approach towards acquisition of land based on fairness and trust, and transparent processes in developing the projects, has effectively mitigated risks with respect to land acquisition. Besides, the Company's plans for innovative offerings in the affordable housing and smaller integrated developments will also go a long way in mitigating some of the risks associated with execution, profitability and cost of land acquisition.

### Internal Controls

The Company has an adequate internal control system,

commensurate with the size and nature of its business. The system is supported by documented policies, guidelines and procedures to monitor business and operational performance including an ERP solution, all of which are aimed at ensuring business integrity and promoting operational efficiency.

An independent internal audit firm appointed by the Company conducts periodical audits to ensure adequacy of internal control systems, adherence to management policies and compliance with the laws and regulations of the country. Their scope of work includes internal controls on accounting, efficiency and economy of operations. The internal auditors also report on the implementation of their recommendations.

Reports of the internal auditors are regularly reviewed at the Audit Committee meetings. The Audit Committee of the Board reviews the adequacy and effectiveness of the internal control systems and suggests improvements for strengthening them.

### Outlook

The global economic environment is unlikely to witness a turnaround in 2013-14, even as USA is showing some signs of revival. This will add further pressure on the domestic situation, which deteriorated considerably during the year 2013-14, therefore, is likely to be another tough year for the Indian economy.

However, the real estate market in India — especially in the

space that the Company operates in — has been stable even in these difficult times. Mahindra Lifespaces in particular, has been able to side-step the challenges posed by the current economic environment by focussing on the right market segments and geographies. The Company believes that the medium to longer term outlook for domestic growth remains positive, and India is likely to witness another round of high growth. In line with this, the Company is gearing-up, building land bank, managerial talent and capabilities, scalable systems and processes to benefit from the opportunities as they arise.

In the current situation, the Company is relying on its ability to innovate and execute to tide over the impact of adverse economic and regulatory environment. However, given that there are still credible risks, the outlook for 2013-14 remains cautious.

### Cautionary Statement

*Certain statements in the Management Discussion and Analysis describing the Company's objectives, projections, estimates, expectations or predictions may be forward-looking statements within the meaning of applicable securities laws and regulations. Actual results could differ from those expressed or implied. Important factors that could make a difference to the Company's operations include labour and material availability, and prices, cyclical demand and pricing in the Company's principal markets, changes in government regulations, tax regimes, economic development within India and other incidental factors.*

## Corporate Governance Report

### 1. Corporate Governance Philosophy

Mahindra Lifespaces is committed to good corporate governance and endeavours to implement the Code of Corporate Governance in its true spirit. The philosophy of the Company in relation to corporate governance is to ensure transparency in all its operations, make disclosures, and enhance shareholder value without compromising in any way on compliance with the laws and regulations. The Company believes that good governance brings about sustained corporate growth and long-term benefits for stakeholders.

In India, corporate governance standards for listed companies are regulated by the Securities and Exchange Board of India (SEBI) through Clause 49 of the Listing Agreement of the Stock Exchanges. The stipulations mandated by Clause 49 became applicable to the Company in March, 2001 and have been fully complied with since then. As a Company which believes in implementing corporate governance practices that go beyond meeting the letter of law, the Company has adopted practices mandated in the revised Clause 49 and has established procedures and systems to remain fully compliant with it as on 31<sup>st</sup> March, 2013. This chapter, along with the chapter on Additional Shareholders' Information reports the Company's compliance with the existing Clause 49.

### 2. Board of Directors

The composition of the Board is in conformity with Clause 49 of the Listing Agreement. The Company has a Non-Executive Chairman and over one half of the total number of Directors comprises Independent Directors. The Management of the Company is entrusted in the hands of the Key Management Personnel of the Company and is headed by the Managing Director & Chief Executive Officer who operates under the supervision and control of the Board. The Board reviews and approves strategy and oversees the actions and results of management to ensure that the long-term objective of enhancing stakeholder's value is met.

The Managing Director & Chief Executive Officer is an executive of the Company and draws remuneration from the Company. The Non-Executive Chairman and Independent Directors receive sitting fees for attending the meeting of the Board and the Committees thereof. The Non-Executive Chairman and Independent Directors would be entitled to the remuneration under the Companies Act, 1956. Mr. Uday Y. Phadke, Non-Executive Non-Independent Director is the Principal Advisor (Finance) at M&M and receives remuneration from M&M. Apart from the above and apart from the reimbursement of expenses incurred in discharge of their duties and the remuneration that the Independent Directors would be entitled to under the Companies Act, 1956, none of the Directors have any other material pecuniary relationships or transactions with the Company, its Promoters, its Directors, its Senior Management, its Subsidiaries and Associates which in their judgement would affect their independence. The Directors of the Company are not inter-se related to each other.

The Senior Management has made disclosures to the Board confirming that there are no material, financial and/or commercial transactions between them and the Company, which could have potential conflict of interest with the Company at large.

#### a) Number of Board Meetings

Seven Board meetings were held during the year under review, 1<sup>st</sup> April, 2012 to 31<sup>st</sup> March, 2013, on the following dates: 27<sup>th</sup> April, 2012; 7<sup>th</sup> June, 2012; 24<sup>th</sup> July, 2012; 18<sup>th</sup> October, 2012; 19<sup>th</sup> January, 2013; 28<sup>th</sup> January, 2013 and 22<sup>nd</sup> March, 2013. The maximum gap between any two meetings did not exceed four months.

#### b) Composition, Status, Attendance at the Board Meetings and at the last AGM

As on 31<sup>st</sup> March, 2013, the Company's Board comprised seven members. The Chairman of the Board is a Non- Executive, Non-Independent Director. The Managing Director & Chief Executive Officer is an Executive of the Company. Four members of the Board are Independent Directors. One member of the Board is a Non-Executive, Non-Independent Director. The names and categories of Directors, their attendance at the Board Meetings held during the year and at the last Annual General Meeting are given below :

| Name of the Director     | Status  | No. of Board Meetings |          | Attendance at the last AGM |
|--------------------------|---|-----------------------|----------|----------------------------|
|                          |   | Held                  | Attended |                            |
| Mr. Arun Nanda, Chairman | Non-Executive Non-Independent                           | 7                     | 7        | Yes                        |
| Mr. Uday Y. Phadke       | Non-Executive Non-Independent                           | 7                     | 5        | No                         |
| Mr. Sanjiv Kapoor        | Non-Executive Independent                               | 7                     | 6        | Yes                        |
| Mr. Shailesh Haribhakti  | Non-Executive Independent                               | 7                     | 6        | Yes                        |
| Mr. Anil Harish          | Non-Executive Independent                               | 7                     | 6        | No                         |
| Dr. Prakash Hebalkar     | Non-Executive Independent                               | 7                     | 7        | Yes                        |
| Ms. Anita Arjundas       | Executive (Managing Director & Chief Executive Officer) | 7                     | 7        | Yes                        |

#### c) Details of Directorships / Committee Memberships\* as of 31<sup>st</sup> March, 2013

As mandated by Clause 49, none of the Directors is a member of more than ten Board level Committees nor is any of them a Chairman of more than five Committees in which they are members. The number of Directorships and Committee positions held by them in Public companies are given below:

| Name of the Director and status                                     | Director of Public Companies* | Membership in Committee** | Chairmanship in Committee** |
|---|-------------------------------|---------------------------|-----------------------------|
| Mr. Arun Nanda<br>(Non-Executive Non Independent Chairman)          | 12                            | 6                         | 4                           |
| Mr. Uday Y. Phadke<br>(Non-Executive Non Independent Director)      | 7                             | 8                         | —                           |
| Mr. Sanjiv Kapoor<br>(Independent Director)                         | 7                             | 6                         | 5                           |
| Mr. Shailesh Haribhakti<br>(Independent Director)                   | 13                            | 10                        | 5                           |
| Mr. Anil Harish<br>(Independent Director)                           | 14                            | 10                        | 4                           |
| Dr. Prakash Hebalkar<br>(Independent Director)                      | 2                             | 3                         | —                           |
| Ms. Anita Arjundas<br>(Managing Director & Chief Executive Officer) | 14                            | 4                         | 2                           |

\* Including Directorship/Committee Memberships in Mahindra Lifespace Developers Limited as of 31<sup>st</sup> March, 2013.

\*\* Committees considered are Audit Committee and Shareholders' & Investor's Grievance Committee including that of Mahindra Lifespace Developers Limited.

#### d) Board Procedure

A detailed agenda folder is sent to each Director in advance of Board and Committee Meetings. To enable the Board to discharge its responsibility effectively, the Managing Director & Chief Executive Officer of the Company briefs the Board at every meeting on the overall performance of the Company. A detailed operations report is also presented at every Board Meeting. Amongst other things, the Board also reviews strategy and business plans, annual operating and capital expenditure budgets, remuneration of Non- Executive Directors, compliance with statutory/regulatory requirements and review of major legal issues, adoption of quarterly/half-yearly/annual results, risk management policies, investors' grievances, minutes and significant transactions of subsidiary companies, investment and exposure limits, use of capital issue proceeds, major accounting provisions and write-offs, corporate restructuring, minutes of meetings of the Audit Committee and other Committees of Directors of the Board, etc. The Board reviews a compliance certificate issued by the Managing Director & Chief Executive Officer regarding compliance with the requirements of various Statutes, Regulations and Rules as may be applicable to the business of the Company.

### 3. Directors seeking Appointment / Re-Appointment

Mr. Uday Y. Phadke and Mr. Sanjiv Kapoor retire by rotation and being eligible offer themselves for re-appointment. Brief resumes of Directors seeking appointment / re-appointment are given below.

#### Mr. Uday Y. Phadke

Mr. Uday Y. Phadke is a Non-Executive and Non-Independent Director on the Board of the Company. Mr. Phadke is currently the Principal Advisor (Finance) at Mahindra & Mahindra Limited ("M&M"). Mr. Phadke has been with M&M since 1973. He holds Bachelor's Degree in Commerce and Law from Mumbai University. He is a member of the Institute of Chartered Accountants of India and the Institute of Company Secretaries of India. He was President – Finance, Legal & Financial Services Sector and Member of the Group Executive Board of M&M.

Mr. Phadke is a member of the SEBI Committee on Disclosures and Accounting Standards. He is also an invitee to the National Advisory Committee of Accounting Standards constituted under the Companies Act. He has been Chairman of the Direct Taxes Committee of the Bombay Chamber of Commerce and Industry and was on the Accounting Standards Board of the ICAI.

Mr. Phadke is also a Director on the Board of Mahindra & Mahindra Financial Services Limited, Mahindra Holidays & Resorts India Limited, Mahindra World City Developers Limited, Mahindra World City (Jaipur) Limited, Mahindra Rural Housing Finance Limited, Mahindra Insurance Brokers Limited.

Mr. Phadke is on the committees of the Board mentioned hereunder:

| Name of Company                             | Name of Committee  | Position Held |
|---|--|---------------|
| Mahindra Lifespace Developers Limited       | Audit  | Member        |
|   | Loans & Investment Committee of Directors for Investments in subsidiary Co. : Knowledge Township Limited | Member        |
|   | Share Allotment Committee  | Member        |
| Mahindra & Mahindra Financial Services Ltd. | Audit  | Member        |
|   | Shareholders' Grievance  | Member        |
|   | Remuneration ALCO Committee  | Member        |
| Mahindra Holidays & Resorts (India) Limited | Audit  | Member        |
|   | Shareholders' Grievance IPO Committee  | Member        |
| Mahindra World City Developers Limited      | Shareholders' Grievance  | Member        |

| Name of Company                        | Name of Committee  | Position Held                        |
|--|--|--------------------------------------|
| Mahindra World City (Jaipur) Limited   | Audit<br>Remuneration<br>Capital Issue<br>Loans & Investment | Member<br>Member<br>Member<br>Member |
| Mahindra Rural Housing Finance Limited | Audit<br>Remuneration<br>ALCO Committee                      | Member<br>Member<br>Member           |
| Mahindra Insurance Brokers Limited     | Remuneration   | Member                               |

Mr. Phadke holds 2,500 equity shares of the Company.

### Mr. Sanjiv Kapoor

A Commerce Graduate and F.C.A Mr. Sanjiv Kapoor is the senior partner of M/s. S.K.Kapoor & Co, Chartered Accountants, one of the leading Chartered Accountancy firms. As partner of the firm has conducted audits of number of large Organisations such as Reserve Bank of India, Life Insurance Corporation of India, N.T.P.C Limited, Indian Oil Limited, U.T.I., Bharat Sanchar Nigam Limited, Bank of India, Bank of Baroda etc.

Mr. Kapoor has been a Director of Mahindra & Mahindra Limited, Ballarpur Industries Limited, Indian Bank, Corporation Bank, UPSE Securities Limited, Sahara Asset management Co. Pvt. Limited, Sahara India Life Insurance Co. Limited, Aamby Valley Limited. He was the President of Kanpur Chartered Accountants Society in the year 1988-89. He has been a member of Northern Railway Users Consultative Committee, Kanpur Telephonic Advisory Committee. He was also the Vice President of Upper India Chamber of Commerce in the year 1996-97.

At present Mr. Kapoor is a Director on the Board of Mahindra Lifespace Developers Limited, Mahindra World City Developers Limited, Mahindra Ugine Steel Co. Limited. Sahara India Medical Institute Limited, HLL Life care Limited, U.P. Stock Exchange Limited, General Insurance Corporation of India and HLL Biotech Limited.

Mr. Kapoor is on the Committees of the Boards mentioned hereunder:

| Name of Company                        | Name of Committee     | Position Held        |
|--|-----------------------|----------------------|
| Mahindra Lifespace Developers Limited  | Audit<br>Remuneration | Chairman<br>Chairman |
| Mahindra World City Developers Limited | Audit                 | Chairman             |
| Mahindra Ugine Steel Co. Limited       | Audit<br>Remuneration | Chairman<br>Chairman |
| Sahara India Medical Institute Limited | Audit<br>Remuneration | Chairman<br>Member   |

| Name of Company                        | Name of Committee   | Position Held                  |
|--|---|--------------------------------|
| HLL Life Care Limited                  | Audit<br>Remuneration<br>Project<br>Implementation<br>& monitoring<br>Committee | Chairman<br>Chairman<br>Member |
| General Insurance Corporation of India | Audit<br>Apex Committee   | Member<br>Member               |

Mr. Kapoor does not hold any equity shares of the company.

## 4. Codes of Conduct

The Board of Directors of the Company has laid down two separate Codes of Conduct — one for Directors and another for Senior Management and Employees. These codes are posted on the Company's website [www.mahindralifespaces.com](http://www.mahindralifespaces.com)

All Board Members and Senior Management personnel have affirmed compliance with the respective Code of Conduct for the year under review. A Declaration signed by Managing Director & Chief Executive Officer to this effect is annexed to this report.

## 5. CEO /CFO Certification

As required under Section V of the Clause 49 of the Listing Agreement with the Stock Exchanges, the Managing Director & Chief Executive Officer and the Vice President — Finance & Accounts of the Company have certified to the Board regarding their review on the Financial Statements, Cash Flow Statements and other matters related to internal controls in the prescribed format for the year ended 31<sup>st</sup> March, 2013.

## 6. Remuneration Paid to Directors

### Remuneration Policy

While deciding on the remuneration for Directors, the Board and Remuneration Committee (Committee) considers the performance of the Company, the current trends in the industry, the qualifications of the appointee(s), their experience, past performance and other relevant factors. The Board/Committee regularly keeps track of the market trends in terms of compensation levels and practices in relevant industries through participation in structured surveys. This information is used to review the Company's remuneration policies. The Non-Executive Chairman and Independent Directors are paid sitting fees and reimbursement of expenses incurred in attending the Board and Committee meetings.

The Board determines the remuneration, if any, of Non-Executive Directors, subject to requisite approvals, if any.

At the 12<sup>th</sup> Annual General Meeting of the Company held on 21<sup>st</sup> July, 2011, the shareholders had approved revision in the terms of payment of commission in a manner that

commission may be distributed without any sub-limits amongst and paid to such Directors in such proportions as the Board may decide from time to time for period of five years commencing 1<sup>st</sup> April, 2010. Accordingly, the Board at its meeting held on 22<sup>nd</sup> April, 2013 has approved payment of commission in line with revised resolution.

Detailed information of Directors' remuneration for the year 2012-13 is set forth below:

(₹ lakh)

| Name of the Director  | Category                      | Sitting Fees | Commission | Salary, Performance Pay and Perquisites | Super-annuation and Provident Fund | Total  |
|---|-------------------------------|--------------|------------|---|------------------------------------|--------|
|   |                               | (Note a)     | (Note e)   |   |                                    |        |
| Mr. Arun Nanda, Chairman  | Non-Executive Non Independent | 1.80         | 100.00     | Nil                                     | Nil                                | 101.80 |
| Mr. Uday Y. Phadke  | Non-Executive Non Independent | Nil          | Nil        | Nil                                     | Nil                                | Nil    |
| Mr. Sanjiv Kapoor   | Independent                   | 2.30         | 7.50       | Nil                                     | Nil                                | 9.80   |
| Mr. Shailesh Haribhakti   | Independent                   | 2.30         | 7.50       | Nil                                     | Nil                                | 9.80   |
| Mr. Anil Harish   | Independent                   | 2.45         | 7.50       | Nil                                     | Nil                                | 9.95   |
| Dr. Prakash Hebalkar  | Independent                   | 1.50         | 7.50       | Nil                                     | Nil                                | 9.00   |
| Ms. Anita Arjundas Managing Director & Chief Executive Officer (Note b) | Executive                     | N.A.         | Nil        | 160.77                                  | 20.04                              | 180.81 |

#### Notes:

- a. Non-Executive Non-Independent Chairman and Non-Executive Independent Directors are paid sitting fees of ₹ 20,000 per meeting for attending meetings of the Board and Audit Committee and ₹ 5,000 per meeting for other committee meetings of the Board of Directors of the Company. The Managing Director & Chief Executive Officer and Non Executive Non-Independent Director does not receive sitting fees for attending meetings of the Board/ Committees of the Board of Directors of the Company.
- b.(i) Aggregate of the Company's contributions to Superannuation Fund and Provident Fund.
- (ii) The Company has granted 10,000 Stock Options under ESOS-2012 to Ms. Anita Arjundas, MD & CEO during the year 2012-13.
- (iii) Salary to Ms. Anita Arjundas, MD & CEO includes:
- Salary and Allowances of ₹131.28 lakh
  - Perquisites of ₹ 4.14 lakh
  - Performance pay of ₹ 45.39 lakh.

The nature of employment of the Managing Director & Chief Executive Officer with the Company is contractual and can be terminated by giving three months notice from either party. The contract does not provide for any severance fees.

- c. The Company has not advanced any loan to any Director.
- d. The Company has granted Stock Options under ESOS-2006 to the following Directors during the year 2008-09 and 2012-13:

| Name of the Director   | No. of Stock Options Granted on 25 <sup>th</sup> April, 2008 | No. of Stock Options exercised as on 31 <sup>st</sup> March, 2013* |
|--|--|--|
| Mr. Arun Nanda   | 200,000  | -  |
| Mr. Uday Y. Phadke   | 10,000   | 2,500  |
| Mr. Anil Harish  | 10,000   | -  |
| Mr. Sanjiv Kapoor  | 10,000   | -  |
| Mr. Shailesh Haribhakti  | 10,000   | 5,000  |
| Dr. Prakash Hebalkar (granted on 4 <sup>th</sup> August, 2012) | 10,000   | -  |
| Ms. Anita Arjundas   | 50,000   | 1,000  |
| <b>Total</b>   | <b>290,000</b>   | <b>8,500</b>   |

\*As of 31<sup>st</sup> March, 2013, total 26,000 Stock Options have been exercised by the grantees, out of which 8,500 Stock Options have been exercised by the above Directors and 17,500 Stock Options have been exercised by other grantees.

- e. Employee Stock Option and Commission are the only components of Director's remuneration that are performance-linked. All other components are fixed.

#### Shares and Convertible Instruments held by Directors

The details of the Stock Options granted to the Directors is given under Note (b )(ii) and (d) of the previous section on Remuneration Policy.

#### As on 31<sup>st</sup> March, 2013:

- Mr. Arun Nanda holds 60,114 equity shares and his spouse jointly with Mr. Arun Nanda holds 600 equity shares in the Company.
- Mr. Anil Harish's son and daughter hold 3,500 equity shares each of the Company jointly with Mr. Anil Harish, aggregating 7,000 equity shares.
- Mr. Uday Y. Phadke holds 2,500 equity shares in the Company.
- Ms. Anita Arjundas holds 1,000 equity shares in the Company.

- Mr. Sanjiv Kapoor, Mr. Shailesh Haribhakti and Dr. Prakash Hebalkar do not hold any shares in the Company either on their own or for any other person on a beneficial basis.

## 7. Committees of the Board

### Audit Committee

The Audit Committee of the Company comprises three independent Directors, namely Mr. Sanjiv Kapoor, Mr. Shailesh Haribhakti, Mr. Anil Harish and one Non-Executive Non-Independent Director, Mr. Uday Y. Phadke. Mr. Sanjiv Kapoor is the Chairman of the Committee.

The terms of reference of the Committee are in accordance with the requirements of Clause 49 of the Listing Agreement and Section 292A of the Companies Act, 1956. The Audit Committee has been granted powers as prescribed under Clause 49 II (C) of the Listing Agreement. Generally, all items listed in Clause 49 II (D) are covered in the terms of reference and inter-alia include:

- Overview of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of their fees.
- Approval of payment of fees to statutory auditors for any other services rendered by the statutory auditors.
- Review of the internal control systems with the management, internal auditors and statutory auditors.
- Review with the management, the annual financial statements before submission to the Board for approval, with special emphasis on accounting policies and practices, compliance and other legal requirements concerning financial statements.
- Review the adequacy of internal audit function, significant internal audit findings and follow-ups thereon.
- Review Management Discussion and Analysis.
- Review Material Individual Transactions with related parties not in normal course of business or which are not on an arm's length basis.
- Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience & background, etc. of the candidate.
- Review financial statements and investment of unlisted subsidiary companies.

During the year under review, 1<sup>st</sup> April, 2012 to 31<sup>st</sup> March, 2013, six meetings of the Committee were held on following dates: 27<sup>th</sup> April, 2012; 24<sup>th</sup> July, 2012; 28<sup>th</sup> August, 2012; 18<sup>th</sup> October, 2012; 19<sup>th</sup> January, 2013 and 22<sup>nd</sup> March, 2013. The maximum gap between any two meetings did not exceed four months. Mr. Sanjiv Kapoor, Mr. Shailesh Haribhakti, Mr. Anil Harish and Mr. Uday Y. Phadke attended five meetings. Mr. Sanjiv Kapoor, Chairman of the Audit Committee, was present at the Annual General Meeting of the Company held on 24<sup>th</sup> July, 2012. The Chairman, the Managing Director & Chief Executive Officer, Chief Operating Officer(s), Vice President – Finance & Accounts, the Internal and Statutory Auditors are regularly invited to attend the Audit Committee Meetings. The Company Secretary is the Secretary to the Committee.

All members of the Audit Committee possess strong knowledge of accounting and financial management.

### Shareholder's & Investor's Grievance Committee

The Shareholder's & Investor's Grievance Committee of the Company comprises one Non-Executive Non-Independent Director, Mr. Arun Nanda and one Non-Executive Independent Director, Dr. Prakash Hebalkar. Mr. Arun Nanda is the Chairman of the Committee.

The Committee's objective is to attend to investors' complaints pertaining to transfers / transmission of shares, non-receipt of dividend / interest, and any other related matter.

During the year under review the Committee met once on 19<sup>th</sup> January, 2013. Mr. Arun Nanda and Dr. Prakash Hebalkar attended the meeting.

### Remuneration Committee

The Remuneration Committee of the Company comprises three Independent Directors, Mr. Sanjiv Kapoor, Mr. Shailesh Haribhakti and Mr. Anil Harish, and one Non-Executive Non-Independent Director, Mr. Arun Nanda. Mr. Sanjiv Kapoor is the Chairman of the Committee. The terms of reference of the Remuneration Committee, inter-alia comprise of determining the remuneration payable to the Executive Directors, recommendation for appointment/re-appointment of the Executive Directors, revision in the remuneration of the existing Executive Director(s) of the Company from time to time, recommendations on grant of Employee Stock Options / Restricted Stock Units etc.

During the year under review the Committee met twice on 27<sup>th</sup> April, 2012 and 4<sup>th</sup> August, 2012. All members of the committee attended both the meetings.

### Loans & Investment Committee

The Loans & Investment Committee of the Board of the Company comprises three Non-Executive Directors, Mr. Arun Nanda, Mr. Uday Y. Phadke and Mr. Anil Harish who is also an Independent Director. The Committee's objective is to finalise within the parameters set by the Board, the terms on which the borrowings/ investments would be made by the Company from time to time.

Mr. Arun Nanda is the Chairman of the Committee.

During the year under review the Committee met four times on 21<sup>st</sup> September, 2012, 24<sup>th</sup> December, 2012, 18<sup>th</sup> February, 2013 and 8<sup>th</sup> March, 2013. All members of the committee attended all the meetings except Mr. Anil Harish who attended 3 meetings.

#### Committee of Directors for Investment in a subsidiary company: Knowledge Township Limited

The Committee of Directors comprises Mr. Arun Nanda, Mr. Uday Y. Phadke, Dr. Prakash Hebalkar and Ms. Anita Arjundas. The objective of the Committee is to evaluate the business plan of Knowledge Township Limited (KTL) (a subsidiary of the Company) and to consider and approve investment in KTL from time to time.

#### Share Allotment Committee

The Committee of Directors comprises Mr. Arun Nanda, Mr. Uday Y. Phadke and Ms. Anita Arjundas. The objective of the Committee is to issue and/or allot Equity Shares arising out of exercise of Stock Options pursuant to the Employee Stock Option Scheme 2006 (ESOS-2006).

#### Committee for Residential Projects in Joint Venture

The Committee for Residential Projects in Joint Venture comprises of Mr. Arun Nanda, Mr. Shailesh Haribhakti and Ms. Anita Arjundas. The objective of the Committee is to evaluate business plans and investments in Residential projects to be undertaken in Joint Venture.

#### Committee for Large Format Developments

The Committee for Large Format Developments comprises of Mr. Arun Nanda, Dr. Prakash Hebalkar and Ms. Anita Arjundas. The objective of the Committee is to evaluate business plans and investments in large format development projects. One meeting was held on 7<sup>th</sup> November, 2012. All members attended the meeting.

### 8. General Shareholder Information

#### Fourteenth Annual General Meeting

Day / Date : Wednesday, 24<sup>th</sup> July, 2013  
 Time : 3.00 p.m.  
 Venue : Y.B. Chavan Centre,  
 Gen. Jagannathrao Bhonsle Marg,  
 Next to Sachivalaya Gymkhana,  
 Mumbai 400 021

#### Details of Annual / Extraordinary General Meetings held during past three years

| Year | Date  | Time      | Venue                        |
|------|---|-----------|------------------------------|
| 2010 | 21 <sup>st</sup> July, 2010<br>11 <sup>th</sup> AGM | 3.00 p.m. | Y B Chavan Centre,<br>Mumbai |
| 2011 | 21 <sup>st</sup> July, 2011<br>12 <sup>th</sup> AGM | 3.00 p.m. | Y B Chavan Centre,<br>Mumbai |
| 2012 | 24 <sup>th</sup> July, 2012<br>13 <sup>th</sup> AGM | 3.00 p.m. | Y B Chavan Centre,<br>Mumbai |

#### Details of special resolutions passed in Annual / Extraordinary General Meetings held during past three years

|   |   |
|---|---|
| <b>11<sup>th</sup> AGM</b><br>21 <sup>st</sup> July, 2010 | <ul style="list-style-type: none"> <li>No Special Resolution was passed at 11<sup>th</sup> AGM</li> </ul>   |
| <b>12<sup>th</sup> AGM</b><br>21 <sup>st</sup> July, 2011 | <ul style="list-style-type: none"> <li>Increase in borrowing limits</li> <li>Commission to Non-executive Directors</li> </ul>   |
| <b>13<sup>th</sup> AGM</b><br>24 <sup>th</sup> July, 2012 | <ul style="list-style-type: none"> <li>Revision in Remuneration payable to Managing Director &amp; Chief Executive Officer</li> <li>New Employee Stock Option Scheme - 2012 for the benefit of the Employees / Directors of the Company.</li> <li>Extending the benefit of the New Employee Stock Options Scheme-2012 to the employees of subsidiary companies.</li> <li>Alteration of Articles of Association to provide for video conference facility for the Board / General meeting.</li> </ul> |

No Extraordinary General Meeting (EGM) was held during last three years. In last year, no special resolution was passed through postal ballot. No special resolution is proposed to be conducted through postal ballot.

#### Dates of Book Closure

Monday, 15<sup>th</sup> July, 2013 to Wednesday, 24<sup>th</sup> July, 2013 (both days inclusive)

#### Dividend Payment Date

Dividend, if declared, will be credited / dispatched between 25<sup>th</sup> July, 2013 and 31<sup>st</sup> July, 2013.

#### Financial Year

The financial year covers the period from 1<sup>st</sup> April to 31<sup>st</sup> March.

#### Financial reporting for 2013-14 (Tentative)

|   |                         |
|---|-------------------------|
| For Quarter ending– 30 <sup>th</sup> June, 2013         | By end of July, 2013    |
| For Half Year ending – 30 <sup>th</sup> September, 2013 | By end of October, 2013 |
| For Quarter ending – 31 <sup>st</sup> December, 2013    | By end of January, 2014 |
| For year ending – 31 <sup>st</sup> March, 2014          | By end of April, 2014   |

#### Listing on Stock Exchanges

The equity shares of the Company are listed on Bombay Stock Exchange Limited and National Stock Exchange

of India Limited. Listing fees have been paid to the Stock Exchanges for the period up to 31<sup>st</sup> March, 2014.

**Mahindra Lifestace Developers Limited's (MLDL) Stock Exchange Codes**

BSE 532313

NSE MAHLIFE

Demat International Security Identification Number (ISIN) in NSDL and CDSL for Equity Shares – INE813A01018

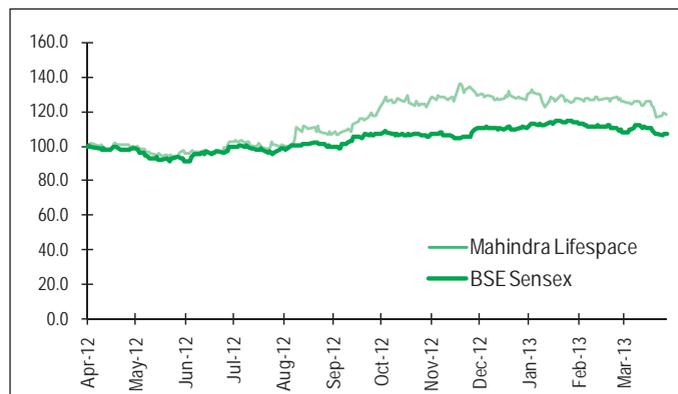
**BSE and NSE – Monthly High / Low and Volumes**

| Year | Month     | BSE      |         |                | NSE      |         |                |
|------|-----------|----------|---------|----------------|----------|---------|----------------|
|      |           | High (₹) | Low (₹) | Monthly Volume | High (₹) | Low (₹) | Monthly Volume |
| 2012 | April     | 339.90   | 306.80  | 44,995         | 334.00   | 315.10  | 71,868         |
| 2012 | May       | 330.65   | 283.95  | 21,877         | 326.00   | 300.20  | 87,811         |
| 2012 | June      | 334.90   | 304.10  | 66,121         | 332.95   | 305.00  | 63,244         |
| 2012 | July      | 344.00   | 313.20  | 21,105         | 338.10   | 317.00  | 251,256        |
| 2012 | August    | 376.00   | 315.00  | 134,685        | 376.00   | 321.95  | 749,550        |
| 2012 | September | 390.00   | 341.05  | 42,877         | 390.00   | 340.45  | 275,354        |
| 2012 | October   | 425.70   | 375.00  | 203,473        | 425.00   | 376.35  | 421,979        |
| 2012 | November  | 452.00   | 399.20  | 262,124        | 453.80   | 400.65  | 665,678        |
| 2012 | December  | 435.00   | 403.00  | 105,847        | 436.20   | 404.70  | 2,873,925      |
| 2013 | January   | 431.00   | 390.65  | 52,667         | 432.50   | 349.70  | 356,218        |
| 2013 | February  | 419.95   | 398.00  | 25,557         | 419.90   | 398.95  | 124,641        |
| 2013 | March     | 411.00   | 366.65  | 30,396         | 412.05   | 324.60  | 106,819        |

**Performance in comparison to BSE – Senscx, NSE Nifty, BSE 500 Index and BSE Realty Index**

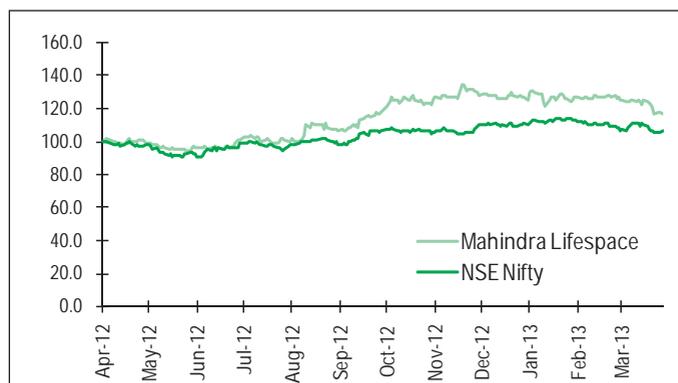
| Year | Month     | MLDL's Share's Closing Prices on BSE on the last trading day of the month (₹) | BSE Senscx at the Close of last trading day of the month | NSE Nifty at the Close of last trading day of the month | BSE 500 Index at the Close of last trading day of the month | BSE Realty Index at the Close of last trading day of the month |
|------|-----------|---|--|---|---|--|
| 2012 | April     | 321.45  | 17,318.81  | 5,248.15  | 6,698.51  | 1,692.57   |
| 2012 | May       | 313.95  | 16,218.53  | 4,924.25  | 6,280.04  | 1,578.90   |
| 2012 | June      | 329.45  | 17,429.98  | 5,278.90  | 6,682.47  | 1,667.87   |
| 2012 | July      | 322.00  | 17,236.18  | 5,229.00  | 6,605.70  | 1,637.64   |
| 2012 | August    | 345.00  | 17,429.56  | 5,258.50  | 6,632.34  | 1,510.91   |
| 2012 | September | 377.75  | 18,762.74  | 5,703.30  | 7,206.51  | 1,847.00   |
| 2012 | October   | 405.10  | 18,505.38  | 5,619.70  | 7,118.77  | 1,771.62   |
| 2012 | November  | 414.70  | 19,339.90  | 5,879.85  | 7,472.45  | 1,998.36   |
| 2012 | December  | 407.35  | 19,426.71  | 5,905.10  | 7,581.57  | 2,110.80   |
| 2013 | January   | 410.40  | 19,894.98  | 6,034.75  | 7,665.74  | 2,238.57   |
| 2013 | February  | 403.25  | 18,861.54  | 5,693.05  | 7,163.69  | 2,010.35   |
| 2013 | March     | 381.00  | 18,835.77  | 5,682.55  | 7,084.96  | 1,780.09   |

**Chart A: Mahindra Lifespaces' Share Performance versus BSE Senscx**



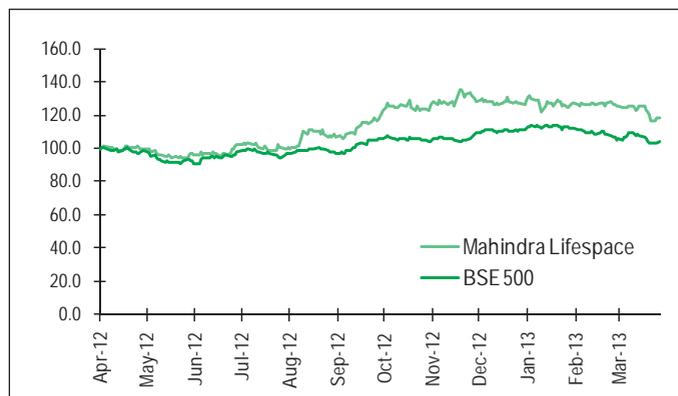
Note: Share price of Mahindra Lifespaces and BSE Senscx have been indexed to 100 on 2<sup>nd</sup> April, 2012

**Chart B: Mahindra Lifespaces' Share Performance versus NSE NIFTY**

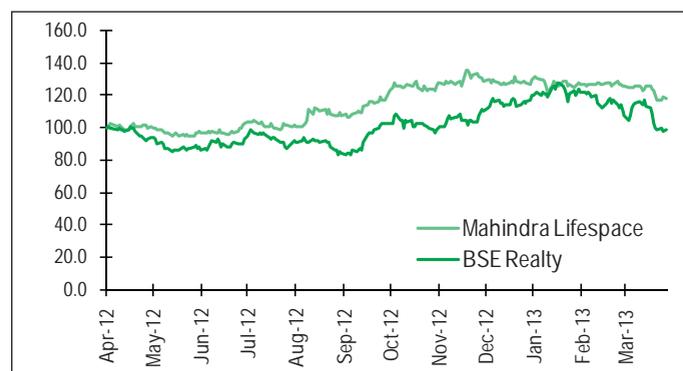


Note: Share price of Mahindra Lifespaces and NSE NIFTY have been indexed to 100 on 2<sup>nd</sup> April, 2012

**Chart C: Mahindra Lifespaces' Share Performance versus BSE 500**



Note: Share price of Mahindra Lifespaces and BSE 500 have been indexed to 100 on 2<sup>nd</sup> April, 2012

**Chart D: Mahindra Lifespaces' Share Performance versus BSE Realty**

Note: Share price of Mahindra Lifespaces and BSE Realty have been indexed to 100 on 2<sup>nd</sup> April, 2012

### Registrar and Share Transfer Agents

Sharepro Services (India) Private Limited

#### Registered Office

13 AB Samhita Warehousing Complex,  
Sakinaka Telephone Exchange Lane,  
Off. Andheri -Kurla Road, Sakinaka,  
Andheri (E), Mumbai-400 072

Tel: 022-67720300, 67720400

Fax: 022-28591568, 28508927

E-mail: sharepro@shareproservices.com

Website: www.shareproservices.com

#### Investor Relation Centre

Sharepro Services (India) Pvt. Limited

912, Raheja Centre,

Free Press Journal Road,

Nariman Point, Mumbai - 400 021

Tel: 022-66134700

### Share Transfer System

Shares sent for transfer in physical form are registered and returned within a period of thirty days from the date of receipt of documents, provided that, documents are valid and complete in all respects. With a view to expedite the process of share transfers, Ms. Anita Arjundas, Managing Director & Chief Executive Officer, Mr. Suhas Kulkarni, Company Secretary and Ms. Arti Shinde, Sr. Manager- Secretarial have been severally authorised by the Board to approve the transfer of shares in physical form, not exceeding 5,000 equity shares per transfer, provided that, the transferee does not hold 100,000 or more equity shares. As of date, there are no pending share transfers pertaining to the year under review.

### Distribution of Shareholding as on 31<sup>st</sup> March, 2013

| No. of Equity shares | No. of shareholders | % of Shareholders | No. of shares held | % of shareholding |
|----------------------|---------------------|-------------------|--------------------|-------------------|
| 1 – 100              | 66,046              | 91.11             | 1,445,961          | 3.54              |
| 101 – 200            | 3,176               | 4.38              | 472,083            | 1.16              |
| 201 – 300            | 1,129               | 1.56              | 286,489            | 0.70              |
| 301 – 400            | 519                 | 0.72              | 184,748            | 0.45              |
| 401 – 500            | 469                 | 0.65              | 221,975            | 0.54              |
| 501 - 1,000          | 623                 | 0.86              | 459,701            | 1.13              |
| 1,001 - 2,000        | 256                 | 0.35              | 364,968            | 0.89              |
| 2,001 - 3,000        | 81                  | 0.11              | 203,657            | 0.50              |
| 3,001 - 4,000        | 41                  | 0.06              | 147,843            | 0.36              |
| 4,001 - 5,000        | 22                  | 0.03              | 102,586            | 0.25              |
| 5,001- 10,000        | 44                  | 0.06              | 301,626            | 0.74              |
| 10,001 & above       | 86                  | 0.12              | 36,648,011         | 89.74             |
| <b>Total</b>         | <b>72,492</b>       | <b>100</b>        | <b>4,08,39,650</b> | <b>100</b>        |

### Shareholding Pattern

| Category                                  | As on 31 <sup>st</sup> March, 2013 |                   | As on 31 <sup>st</sup> March, 2012 |                   |
|---|------------------------------------|-------------------|------------------------------------|-------------------|
|   | No. of Equity shares held          | % of shareholding | No. of Equity shares held          | % of shareholding |
| Promoter's and Promoter Group             | 20,846,126                         | 51.04             | 20,846,126                         | 51.05             |
| Insurance Companies & Banks               | 401,544                            | 0.98              | 448,830                            | 1.10              |
| UTI and Mutual Funds                      | 1,011,395                          | 2.48              | 1,973,709                          | 4.83              |
| FII's                                     | 11,514,513                         | 28.20             | 10,435,157                         | 25.55             |
| NRI's/OBC                                 | 290,448                            | 0.71              | 195,033                            | 0.48              |
| Bank of New York Mellon (for GDR Holders) | 86,070                             | 0.21              | 86,070                             | 0.21              |
| Domestic Companies                        | 2,016,096                          | 4.94              | 2,036,699                          | 4.98              |
| Resident Individuals                      | 4,673,458                          | 11.44             | 4,813,526                          | 11.80             |
| <b>Total</b>                              | <b>40,839,650</b>                  | <b>100</b>        | <b>40,835,150</b>                  | <b>100.00</b>     |

## Dematerialisation of Shares

As of 31<sup>st</sup> March, 2013, 40,128,221 shares (98.26%) of total paid-up equity capital were held in electronic form with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). The Company's equity shares are traded in the electronic form. Requests for dematerialisation of shares are generally processed and confirmed within 7 days.

## Outstanding GDRs/ ADRs /Warrants or any convertible instruments, conversion date and likely impact on equity

As of 31<sup>st</sup> March, 2013 outstanding GDR's represent 86,070 equity shares. Since the underlying equity shares represented by GDRs have been allotted in full, the outstanding GDRs have no impact on the equity share capital of the Company.

## Offices of the Company

### Registered Office & Corporate Office

5<sup>th</sup> Floor, Mahindra Towers,  
Worli, Mumbai - 400 018  
Tel: 022- 67478600 / 67478601

### Mumbai Office

Chemtex House, Ground Floor, Main Street Road,  
Hiranandani Gardens, Powai, Mumbai 400 076  
Tel: 022- 66793191 / 66793190

### Delhi Office

Mahindra Towers, 2A, Bhikaiji Cama Place,  
New Delhi -110 066  
Tel: 011-26173787 / 26194977

### Chennai Office

The Canopy, II Floor, Unit.No-II  
Mahindra World City, Special Economic Zone,  
Natham Sub P.O., Near Paranur Rly Station,  
Chengelpet-603 002, Tamil Nadu  
Tel: 044-67454060 / 47410000

### Pune Office

CTS 6017, Pimpri-Nehru Nagar Road,  
Next to Dr. Beck Company,  
Pimpri, Pune 411 018. Maharashtra  
Tel: 020-65103374

### Hyderabad Office

Survey No. 78 / 2 & 78 /3  
Next to Indu Fortune Fields,  
Kukatpally, Hyderabad - 500 072  
Tel: 040 - 64600944

Shareholders may correspond with the Company at its Registered Office and/or with the Registrars and Share Transfer Agents, Sharepro Services (I) Pvt. Limited.

### Compliance Officer

Mr. Suhas Kulkarni  
Company Secretary  
Mahindra Lifespace Developers Limited  
5<sup>th</sup> Floor, Mahindra Towers,  
Worli, Mumbai - 400 018  
Tel: 022-67478600 / 67478601  
Fax: 022-24975084  
E-mail: kulkarni.suhas@mahindralifespaces.com

## Company's investor email ID

investor@mahindralifespaces.com

## Company's website

www.mahindralifespaces.com

## Status of Investors Complaints received during the period 1<sup>st</sup> April, 2012 to 31<sup>st</sup> March, 2013

|    |   |     |
|----|---|-----|
| 1. | Number of complaints received from the investors comprising non-receipt of dividend, non-receipt of shares lodged for transfer, non-receipt of Annual Report, etc | 4   |
| 2. | Number of complaints resolved   | 4   |
| 3. | Complaints pending as at 31 <sup>st</sup> March, 2013   | Nil |
| 4. | Number of share transfers pending for approval as at 31 <sup>st</sup> March, 2013   | Nil |

## 9. Disclosure of Accounting Treatment

The financial statements are prepared under the historical cost convention in accordance with Generally Accepted Accounting Principles in India, the Accounting Standards issued by The Institute of Chartered Accountants of India and the provisions of the Companies Act, 1956 and the Rules framed thereunder.

## 10. Materially Significant Related Party Transactions

During the financial year 2012-13, there were no materially significant Related Party transactions entered into between the Company and its Promoters, Directors or the Management, subsidiaries or relatives, etc. that may have potential conflict with the interests of the Company at large. Details of Related Party transactions are presented in Note No.36 to Annual Accounts of the Annual Report.

## 11. Compliance with Clause 49

### Mandatory Requirements

As of 31<sup>st</sup> March, 2013, the Company was fully compliant with all applicable mandatory requirements of the revised Clause 49.

### Non-Mandatory Requirements

- The Company has set up the Remuneration Committee of the Board of Directors, the details of which have been provided under the section "Committees of the Board".
- The financial statements of the Company are unqualified.
- The Company has not adopted other non-mandatory requirements as specified in Annexure 1 D of the Clause 49.

## 12. Management Discussion and Analysis Report

Management Discussion and Analysis Report (MDA) has been attached to the Directors' Report and forms part of this Annual Report.

### 13. Corporate Governance Voluntary Guidelines 2009

In December, 2009 the Government of India, Ministry of Corporate Affairs ("MCA") had issued Corporate Governance Voluntary Guidelines 2009. MCA has clarified that the Guidelines were prepared and disseminated for consideration and adoption by Corporates and may be voluntarily adopted by public companies with the objective to enhance not only the economic value of the enterprise but also the value for every stakeholder who has contributed in the success of the enterprise and set a global benchmark for good Corporate Governance. MCA after taking into account the experience of adoption of these guidelines by Corporates and after consideration of the feedback received from them would review these guidelines for further improvements. The Company has been a strong believer in good corporate governance and has been adopting the best practices that have evolved over the last decade.

As of 31<sup>st</sup> March, 2013, the Company is compliant with some of the Voluntary Guidelines to the extent that they are consistent with provision of Clause 49 of Listing Agreement.

### 14. Other Disclosures

#### Details of Non-compliance Relating to Capital Markets

The Company has complied with all requirements of regulatory authorities. No penalties/strictures were imposed on the Company by Stock Exchanges or SEBI or any statutory authority on any matter related to capital market since the listing of the Company's equity shares.

### Code for Prevention of Insider Trading Practices

In compliance with the SEBI Regulations on prevention of insider trading, the Company has instituted a comprehensive Code of Conduct for Prevention of Insider Trading for its designated employees. The Code lays down guidelines, which advise them on procedures to be followed and disclosures to be made while dealing with shares of the Company and caution them of the consequences of violations.

**Risk Assessment and Minimisation** procedures are in existence and are reviewed periodically.

#### Material Non-listed Indian Subsidiary Company

As of 31<sup>st</sup> March, 2013, none of the subsidiary companies was a 'Material Non-listed Indian Subsidiary Company' under Clause 49 of the Listing Agreements with the Stock Exchanges. The Audit Committee of the Company periodically reviews the financial statements of subsidiary companies.

#### Means of Communication

The quarterly, half-yearly and yearly results are published in daily English and daily Marathi newspapers within prescribed timelines. The Company also informs stock exchanges in a prompt manner, about all price sensitive information or such other matters which in its opinion, are material and relevant to the shareholders and subsequently issues a press release on the said matters. Further, the Company has also been complying with the listing requirement for filing of its financial results with BSE and NSE. The Company's results, official presentations, news and releases are displayed on the Company's website [www.mahindralifespaces.com](http://www.mahindralifespaces.com)

## Declaration on Codes of Conduct

As required by Clause 49 of the Listing Agreement the Declaration for Codes of Conduct is given below:

To

The Members of

Mahindra Lifespace Developers Limited

I, Anita Arjundas, Managing Director & Chief Executive Officer of the Company declare that all Board Members and Senior Management Employees of the Company have affirmed compliance with the Codes of Conduct.

For and on behalf of the Board,  
For **Mahindra Lifespace Developers Limited**

**Anita Arjundas**  
*Managing Director & Chief Executive Officer*

Mumbai, 22<sup>nd</sup> April, 2013

## Auditors' Certificate on Corporate Governance

To

The Members of

Mahindra Lifespace Developers Limited, Mumbai

- We have examined the compliance of the conditions of Corporate Governance by Mahindra Lifespace Developers Limited ('the Company') for the year ended on 31<sup>st</sup> March, 2013 as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchanges.
- The compliance of the conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
- The financial statements and other matters prescribed in para V of Clause 49 of the Listing Agreement, which are required to be certified by the Chief Executive Officer & CFO, have been certified by the Managing Director & Chief Executive Officer and the Vice President – Finance & Accounts of the Company respectively, on account of vacancy of CFO position as on the date of signing of the financial statements.
- In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.
- We state that in respect of investor grievance during the year ended 31<sup>st</sup> March, 2013, no grievances are pending for period exceeding one month against the Company as per the records maintained by the Shareholder's & Investor's Grievances Committee.
- We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For and on behalf of

**B. K. Khare & Co.**  
*Chartered Accountants*  
Firm Registration No. 105102W

**Padmini Khare Kaicker**  
Partner  
M. No. 44784

Mumbai  
Dated: 22<sup>nd</sup> April, 2013

## AUDITORS' REPORT TO THE MEMBERS OF MAHINDRA LIFESPACE DEVELOPERS LIMITED

### Report on the financial statements

1. We have audited the accompanying financial statements of **Mahindra Lifespace Developers Limited** ("the Company"), which comprise the Balance Sheet as at 31<sup>st</sup> March 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's responsibility on the financial statements

2. Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditor's responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

6. In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
  - (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March, 2013;
  - (b) in the case of Statement of Profit and Loss, of the profit for the year ended on that date; and
  - (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

### Emphasis of Matter

Without qualifying our opinion we draw attention to

- i. As stated in Note No. 11 of the financial statements and for reasons detailed therein the management of the company does not perceive any permanent diminution in the value of long term investment of

₹1800 lakh in the wholly owned subsidiary company in view of the revival of the operations being taken by the stakeholders of New Tirpur Area Development Corporation Limited ("NTADCL").

- ii. As stated in note No. 16(#), 19(\*) and 20(#) of the accounts for the reasons detailed therein the balance of ₹ 7,146.11 lakh included in construction work in progress, project advances and interest accrued thereon included in other current assets on account of projects on hold, presently referred to arbitration has been considered realizable by the management. We have relied on management representation in this regard due to resolution of the matter being dependent on events to occur in future.
- iii. Note No. 30 of the accounts regarding reliance on management owing to the technical nature of estimates of the percentage of completion, costs to completion and the projections of revenues expected from projects and realisability of Construction work in progress.

### Report on other legal and regulatory requirements

7. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
8. As required by section 227(3) of the Act, we report that:
  - a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b. 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;
  - c. The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - d. In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
  - e. On the basis of written representations received from the directors as on 31<sup>st</sup> March 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
  - f. Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

For and on behalf of

**B. K. Khare and Co.**  
**Chartered Accountants**

**Padmini Khare Kaicker**  
**Partner**

Membership No. 44784

Firm Registration No. 105102W

Mumbai

Dated: 22<sup>nd</sup> April, 2013

## ANNEXURE TO THE AUDITORS' REPORT

### Referred to in Paragraph (7) of our report of even date on the accounts of Mahindra Lifespace Developers Limited ended 31<sup>st</sup> March, 2013.

- 1) (i) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.
- (ii) The Company has a program for physical verification of fixed assets at periodic intervals. In our opinion, the period of verification is reasonable having regard to the size of the Company and the nature of its assets. Discrepancies reported on such verification have been properly dealt in the accounts.
- (iii) In our opinion, the disposal of fixed assets during the year does not affect the going concern assumption.
- 2) The Management has conducted physical verification of inventory at reasonable intervals. The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business. The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.
- 3) The Company has not granted or taken any loans, secured or unsecured, to or from companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956. Therefore, the provisions of sub-clause (b), (c), (d), (e), (f) and (g) of sub-para (iii) of para 4 of the Order is not applicable.
- 4) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business, for the purchases of inventory, fixed assets and for the sale of goods and services. In our opinion and according to the information and explanations given to us, there is no continuing failure to correct major weaknesses in internal control.
- 5) (i) In our opinion and according to the information and explanations given to us, there were no transactions with any party that needed to be entered in the Register maintained in pursuance of section 301 of the Companies Act, 1956.
- (ii) As there are no transactions exceeding value of Rs. Five lakh in case of any party that need to be entered in the Register maintained pursuant to section 301 of the Companies Act, 1956, sub-clause (b) of sub-para (v) of Para 4 of the Order regarding reasonability of price of which such transactions have been entered is not applicable.
- 6) On our verification and according to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of section 58A and 58AA of the Companies Act, 1956, and the rules framed thereunder.
- 7) The Company has an internal audit system, which in our opinion is commensurate with the size of the Company and nature of its business.
- 8) As informed to us, the maintenance of cost records has been prescribed by the Central Government under section 209(1) (d) of the Companies Act, 1956, in respect of the activities carried on by the Company. On our verification and as per information and explanation given to us such accounts and records have been made and maintained.
- 9) (i) According to the records of the Company, the Company is generally regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, cess and other statutory dues applicable to it with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of Income tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty and Excise Duty were outstanding, at the year end for a period of more than six months from the date they became payable.
- (ii) According to the information and explanations given to us, there are no dues of Sales Tax, Service Tax, Customs Duty, Wealth Tax, Excise Duty or Cess outstanding on account of any dispute, other than disputed Income Tax demand as under:

| Sr. No. | Assessment Year | Nature of Dues | Amount ₹ in lakh | Forum where case is pending          |
|---------|-----------------|----------------|------------------|--------------------------------------|
| 1       | 2003-04         | Income Tax     | 162.96           | Commissioner of Income Tax (Appeals) |
| 2       | 2007-08         | Income Tax     | 360.59           | Income Tax Appellate Tribunal        |
| 3       | 2006-07         | Income Tax     | 13.67            | Income Tax Appellate Tribunal        |

- 10) The Company does not have accumulated losses at the end of the financial year and it has not incurred any cash losses in the current year and in the immediately preceding financial year.
- 11) According to the information and explanations given to us and based on the documents and records produced before us, the Company has not defaulted in repayment of dues to banks.
- 12) According to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares and other securities.
- 13) In our opinion and according to the information and explanations given to us, the nature of activities of the

- Company does not attract any special statute applicable to chit fund and nidhi/ mutual benefit fund/ societies.
- 14) In our opinion, the Company has maintained proper records of the transactions and contracts of the investments dealt in by the Company and timely entries have been made therein. The investments made by the Company are held in its own name except to the extent of the exemption under section 49 of the Act.
  - 15) 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, the terms and conditions whereof are prejudicial to the interest of the Company.
  - 16) The company has applied term loans for the purpose for which the loans were obtained.
  - 17) According to the information and explanations given to us on an overall examination of the Balance Sheet and Cash Flows of the Company, we report that the Company has not utilized funds raised on short-term basis for long term purposes.
  - 18) There is no preferential allotment of shares during the year.
  - 19) The Company did not issue any debentures during the year.
  - 20) The Company has not made any public issue of its shares during the year.
  - 21) Based on the audit procedures performed and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the year.

For and on behalf of

**B. K. Khare and Co.**  
**Chartered Accountants**

**Padmini Khare Kaicker**  
**Partner**

Membership No. 44784  
Firm Registration No. 105102W  
Mumbai

*Dated: 22<sup>nd</sup> April, 2013*

## Balance Sheet as at 31<sup>st</sup> March, 2013

|  | Notes   | Current Year<br>₹ in lakh | Previous Year<br>₹ in lakh |
|--|---------|---------------------------|----------------------------|
| <b>EQUITY &amp; LIABILITIES</b>            |         |                           |                            |
| <b>Shareholders' Funds</b>                 |         |                           |                            |
| Share Capital .....                        | 2       | 4,083.97                  | 4,083.52                   |
| Reserves & Surplus .....                   | 3       | 114,884.49                | 107,931.98                 |
|  |         | <u>118,968.46</u>         | <u>112,015.50</u>          |
| <b>Non Current Liabilities</b>             |         |                           |                            |
| Long Term Borrowings .....                 | 4       | 11,000.00                 | 10,983.00                  |
| Long Term Provisions .....                 | 5       | 104.13                    | 72.40                      |
|  |         | <u>11,104.13</u>          | <u>11,055.40</u>           |
| <b>Current Liabilities</b>                 |         |                           |                            |
| Short Term Borrowings .....                | 6       | 19,722.59                 | -                          |
| Trade Payables .....                       | 7       | 11,973.86                 | 12,237.76                  |
| Other Current Liabilities .....            | 8       | 17,862.39                 | 10,641.81                  |
| Short Term Provisions .....                | 9       | 4,409.75                  | 4,076.23                   |
|  |         | <u>53,968.59</u>          | <u>26,955.80</u>           |
| <b>TOTAL .....</b>                         |         | <u><b>184,041.18</b></u>  | <u><b>150,026.70</b></u>   |
| <b>ASSETS</b>                              |         |                           |                            |
| <b>Non Current Assets</b>                  |         |                           |                            |
| Fixed Assets                               | 10      |                           |                            |
| Tangible Assets .....                      |         | 2,474.69                  | 2,907.05                   |
| Intangible Assets .....                    |         | 0.00                      | 0.00                       |
| Capital work-in-progress .....             |         | 81.87                     | -                          |
|  |         | <u>2,556.56</u>           | <u>2,907.05</u>            |
| Non Current Investments .....              | 11      | 32,013.29                 | 32,013.29                  |
| Deferred Tax Assets( Net) .....            | 12      | 158.12                    | 32.31                      |
| Long Term Loans & Advances .....           | 13      | 1,764.56                  | -                          |
| Other Non Current Assets .....             | 14      | 66.26                     | 275.20                     |
|  |         | <u>36,558.79</u>          | <u>35,227.85</u>           |
| <b>Current Assets</b>                      |         |                           |                            |
| Current Investments .....                  | 15      | 11,101.10                 | 12,846.79                  |
| Inventories .....                          | 16      | 58,110.83                 | 23,356.84                  |
| Trade Receivables .....                    | 17      | 2,410.34                  | 8,828.02                   |
| Cash & Cash Equivalents .....              | 18      | 9,068.10                  | 12,725.87                  |
| Short-term loans and advances.....         | 19      | 59,902.16                 | 47,552.77                  |
| Other Current Assets .....                 | 20      | 6,889.86                  | 9,488.56                   |
|  |         | <u>147,482.39</u>         | <u>114,798.85</u>          |
| <b>TOTAL .....</b>                         |         | <u><b>184,041.18</b></u>  | <u><b>150,026.70</b></u>   |
| <b>Notes on Financial Statements .....</b> | 1 to 39 |                           |                            |

As per our Report attached hereto

For and on behalf of  
**B. K. Khare & Co.**  
Chartered Accountants

**Padmini Khare Kaicker**  
Partner

Mumbai : 22<sup>nd</sup> April, 2013

**Suhas Kulkarni**  
Company Secretary

For and on behalf of the Board

**Arun Nanda**  
**Uday Y. Phadke**  
**Sanjiv Kapoor**  
**Shailesh Haribhakti**  
**Anil Harish**  
**Prakash Hebalkar**  
**Anita Arjundas**

*Chairman*  
*Director*  
*Director*  
*Director*  
*Director*  
*Director*  
*Managing Director & CEO*

## Statement of Profit and Loss for the year ended 31<sup>st</sup> March, 2013

|  | Notes   | Current Year<br>₹ lakh | Previous Year<br>₹ in lakh |
|--|---------|------------------------|----------------------------|
| <b>INCOME</b>                                |         |                        |                            |
| Income from Operations .....                 | 21      | 35,152.05              | 46,895.23                  |
| Other Income .....                           | 22      | 7,073.47               | 5,217.43                   |
|  |         | <u>42,225.52</u>       | <u>52,112.66</u>           |
| <b>EXPENDITURE</b>                           |         |                        |                            |
| Operating Expenses .....                     | 23      | 22,577.45              | 30,198.57                  |
| Employee Remuneration & Benefits .....       | 24      | 2,597.01               | 2,093.62                   |
| Administration & Other Expenses .....        | 25      | 2,668.13               | 2,499.75                   |
| Interest & Finance charges .....             | 26      | 617.71                 | 297.47                     |
| Depreciation & Amortization Expenses .....   |         | 177.04                 | 268.02                     |
|  |         | <u>28,637.34</u>       | <u>35,357.43</u>           |
| <b>Profit before taxation .....</b>          |         | <b>13,588.18</b>       | 16,755.23                  |
| Less : Provision for Current Taxation .....  |         | 3,965.03               | 4,859.31                   |
| Less : Provision for Deferred Taxation ..... |         | (125.81)               | (120.16)                   |
| <b>Profit after Tax .....</b>                |         | <b>9,748.96</b>        | <u>12,016.08</u>           |
| <b>Basic Earnings Per Share .....</b>        |         | <b>23.87</b>           | 29.43                      |
| <b>Diluted Earnings Per Share .....</b>      |         | <b>23.87</b>           | 29.43                      |
| <b>Notes on Financial Statements .....</b>   | 1 to 39 |                        |                            |

As per our Report attached hereto

For and on behalf of  
**B. K. Khare & Co.**  
Chartered Accountants

**Padmini Khare Kaicker**  
Partner

Mumbai : 22<sup>nd</sup> April, 2013

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**Anita Arjundas**

*Chairman*  
*Director*  
*Director*  
*Director*  
*Director*  
*Director*  
*Managing Director & CEO*

## Cash Flow Statement for the year ended 31<sup>st</sup> March, 2013

|  | Current Year<br>₹ in lakh | Previous Year<br>₹ in lakh |
|--|---------------------------|----------------------------|
| <b>A. Cash flow from operating activities</b>                |                           |                            |
| <b>Net Profit Before Tax</b> .....                           | <b>13,588.19</b>          | 16,756.25                  |
| Adjustments for:   |                           |                            |
| Depreciation and Amortisation Expenses .....                 | 177.04                    | 268.02                     |
| Provision for Doubtful debts .....                           | 95.00                     | -                          |
| Profit on sale of current investments.....                   | 0.41                      | -                          |
| Amortisation of expenses.....                                | 70.37                     | 19.40                      |
| Considered separately:                                       |                           |                            |
| Interest Income .....  | (3,100.03)                | (2,516.50)                 |
| Finance Cost .....   | 2,785.34                  | 1,656.14                   |
| Dividend Income .....  | (2,218.56)                | (1,649.18)                 |
| (Profit)/Loss on sale of Fixed assets (net).....             | (1,194.87)                | (472.01)                   |
| <b>Operating Profit Before Working Capital Changes</b> ..... | <b>10,202.89</b>          | 14,062.12                  |
| Adjustments for :  |                           |                            |
| Trade and Other Receivables .....                            | 9,554.19                  | (2,325.75)                 |
| Inventories.....   | (34,753.99)               | (6,487.46)                 |
| Trade Payables and Other Liabilities .....                   | 4,372.82                  | 330.79                     |
| <b>Cash Generated from Operations</b> .....                  | <b>(10,624.09)</b>        | 5,579.70                   |
| Income taxes (paid) / received .....                         | (4,727.83)                | (4,745.10)                 |
| <b>Net Cash (used in) / from operating activities</b> .....  | <b>(15,351.92)</b>        | 834.60                     |
| <b>B. Cash flow from investing activities</b>                |                           |                            |
| Purchase of Fixed Assets.....                                | (279.00)                  | (121.36)                   |
| Proceeds from sale of Fixed Assets.....                      | 1,644.76                  | 610.55                     |
| Proceeds /(Investments) in others (Net).....                 | 1,745.69                  | (6,420.60)                 |
| Investment in subsidiaries .....                             | -                         | (2,225.04)                 |
| Interest received.....                                       | 3,306.18                  | 2,102.73                   |
| Dividend received.....                                       | 2,218.56                  | 1,649.18                   |
| Deposits / Advances with Companies .....                     | (14,355.44)               | (7,839.82)                 |
| <b>Net Cash (used in) / from investing activities</b> .....  | <b>(5,719.25)</b>         | (12,244.36)                |

## Cash Flow Statement for the year ended 31<sup>st</sup> March, 2013 (Contd.)

|   | Current Year<br>₹ in lakh | Previous Year<br>₹ in lakh |
|---|---------------------------|----------------------------|
| <b>C. Cash flow from financing activities</b>                     |                           |                            |
| Increase in borrowings .....                                      | 33,722.59                 | 7,000.00                   |
| Repayment of Loan .....   | (10,000.00)               | -                          |
| Finance Cost .....  | (2,636.35)                | (1,475.20)                 |
| Dividend Paid .....   | (2,847.58)                | (2,372.98)                 |
| Issue of share capital .....                                      | 0.45                      | -                          |
| <b>Net Cash (used in) /from financing activities .....</b>        | <b>18,239.11</b>          | <b>3,151.82</b>            |
| <b>Net Increase/(Decrease) in Cash and Cash Equivalents .....</b> | <b>(2,832.06)</b>         | <b>(8,257.94)</b>          |
| <b>Cash and Cash Equivalents (Opening) .....</b>                  | <b>11,628.84</b>          | <b>19,886.78</b>           |
| <b>Cash and Cash Equivalents (Closing).....</b>                   | <b>8,796.78</b>           | <b>11,628.84</b>           |

As per our Report attached hereto

For and on behalf of  
**B. K. Khare & Co.**  
Chartered Accountants

**Padmini Khare Kaicker**  
Partner

Mumbai : 22<sup>nd</sup> April, 2013

**Suhas Kulkarni**  
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*Chairman*  
*Director*  
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*Director*  
*Managing Director & CEO*

## Notes annexed to and forming part of Balance Sheet as at 31<sup>st</sup> March, 2013 and Statement of Profit and Loss for the year ended 31<sup>st</sup> March, 2013.

### 1) SIGNIFICANT ACCOUNTING POLICIES:

#### a) Presentation and Disclosure of Financial Statements

Assets & liabilities have been classified as Current & Non – Current as per the Company's normal operating cycle and other criteria set out in the Schedule VI of the Companies Act, 1956. Based on the nature of activity carried out by the company and the period between the procurement and realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 5 years for the purpose of Current – Non Current classification of assets & liabilities.

#### b) Accounting Convention:

The financial statements are prepared under the historical cost convention in accordance with Generally Accepted Accounting Principles in India, the Accounting Standards notified under The Companies (Accounting Standard) Rules, 2006 and the relevant provisions of the Companies Act, 1956.

#### c) 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.

#### d) Fixed Assets:

Fixed assets are stated at cost of acquisition or construction less accumulated depreciation. Cost includes all incidental expenses related to acquisition and installation, other pre operation expenses and interest in case of construction.

The carrying amount of cash generating units / assets is reviewed at the balance sheet date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount is estimated as the net selling price or value in use, whichever is higher. Impairment loss, if any, is recognized whenever carrying amount exceeds the recoverable amount.

Depreciation on fixed assets is provided, on prorata basis, on the straight line method at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956, except for:

1. Furniture & Fixtures, Plant & Machinery and Computers, individually costing more than ₹ 5,000, which are depreciated over their estimated useful lives of 5 years, and
2. Vehicles at 15 % per annum of cost.
3. Leasehold improvements are amortised over the period of lease.

#### e) Intangible Assets:

All Intangible Assets are initially measured at cost and amortised so as to reflect the pattern in which the assets' economic benefits are consumed.

Software expenses are treated as an intangible asset and amortised over the useful life of the asset. The maximum period for such amortization is 36 months

#### f) Investments:

Investments are classified into Non-Current and Current Investments.

Non-Current investments are carried at cost. Provision for diminution, if any, in the value of each long-term investment is made to recognize a decline, other than of a temporary nature.

Current investments are carried individually at lower of cost and fair value and the resultant decline, if any, is charged to revenue.

#### g) Inventories:

Inventories are stated at lower of cost and net realisable value. The cost of construction material is determined on the basis of weighted average method. Construction Work-in-Progress includes cost of land, premium for development rights, construction costs and allocated interest and expenses incidental to the projects undertaken by the Company.

#### h) Revenue Recognition:

##### Income from Projects

Income from real estate sales is recognised on the transfer of all significant risks and rewards of ownership to the buyers and it is not unreasonable to expect ultimate collection and no significant uncertainty exists regarding the amount of consideration. However if, at the time of transfer substantial acts are yet to be performed under the contract, revenue is recognised on

proportionate basis as the acts are performed, i.e. on the percentage of completion basis. Revenues from real estate projects are recognised only when the actual project costs incurred is at least 25 % of the total estimated project costs including land and when at least 10% of the sales consideration is realised.

In accordance with the Guidance Note on Accounting for Real Estate Transactions (Revised 2012), in case of projects commencing on or after 1<sup>st</sup> April 2012 or in case of projects which have already commenced but where revenue is being recognised for the first time on or after 1<sup>st</sup> April 2012, revenues will be recognized from these real estate projects only when

- i. the actual construction and development cost incurred is at least 25% of the total construction and development cost (without considering land cost) and
- ii. when at least 10% of the sales consideration is realised and
- iii. where 25% of the total saleable area of the project is secured by contracts of agreement with buyers.

Income from long term contracting assignments is also recognised on the percentage of completion basis. As the long term contracts necessarily extend beyond one year, revision in costs and revenues estimated during the course of the contract are reflected in the accounting period in which the facts requiring the revision become known. Any expected loss on a project is recognised in the year in which costs incurred together with the balance costs to completion are likely to be in excess of the estimated revenues from project. Unbilled costs are carried as construction work-in-progress.

Determination of revenues under the percentage of completion method necessarily involves making estimates by the Company, some of which are of a technical nature, concerning, where relevant, the percentages of completion, costs to completion, the expected revenues from the project/activity and the foreseeable losses to completion.

#### Income from sale of land and other rights

Revenue from sale of land and other rights are considered upon transfer of all significant risks and rewards of ownership of such real estate/property as per the terms of the contract entered into with the buyers, which generally with the firmity of the sale contracts/agreements.

#### Income from Project Management

Project Management Fees receivable on fixed period contracts is accounted over the tenure of the contract/agreement. Where the management fee is linked to the input costs, revenue is recognised as a proportion of the work completed based on progress claims submitted. Where the management fee is linked to the revenue generation from the project, revenue is recognised on the percentage of completion basis.

#### Income from operation of commercial complexes

Income from operation of commercial complexes is recognised over the tenure of the lease/service agreement.

#### Interest and dividend income

Interest income is accounted on an accrual basis at contracted rates except where there is uncertainty of ultimate collection. Dividend income is recognised when the right to receive the same is established.

### **i) Employee benefits:**

#### (i) Defined contribution Plans

Company's contributions paid / payable during the year to Provident Fund and Superannuation Fund are recognised in the Profit and Loss Account.

#### (ii) Defined Benefit Plan

Company's liabilities towards gratuity and leave encashment are determined on actuarial basis using the projected unit credit method, which consider each period of service as giving rise to an additional unit of benefit and measures each unit separately to build up the final obligation. Past services are recognised on straight-line basis over the average period until the amended benefits become vested. Actuarial gain and losses are recognised immediately in the Statement of Profit and Loss Account as income or expense. Obligation is measured at the present value of estimated future cash flow using a discount rate that is determined by reference to market yields at the Balance Sheet date on government bonds where the currency and terms of the government bonds are consistent with the currency and estimated terms of the defined benefit obligation.

(iii) In view of the past trends of leave availed, the amount of employee benefit in the form of compensated absences, being in the nature of short term benefit, is accounted for on accrual basis at an undiscounted value.

### **j) Borrowing Costs:**

Borrowing costs that are directly attributable to long-term project management and development activities are capitalised as part of project cost. Other borrowing costs are recognised as expense in the period in which they are incurred.

Borrowing costs are capitalised as part of project cost when the activities that are necessary to prepare the asset for its intended use or sale are in progress. Borrowing costs are suspended from capitalisation on the project when development work on the project is interrupted for extended periods.

**k) Provision for taxation:**

Tax expense comprises both current and deferred tax.

Current tax is measured at the amount expected to be paid to the tax authorities, using the applicable tax rates and tax laws.

Deferred tax assets and liabilities are recognised for future tax consequences attributable to the timing differences between taxable income and accounting income that 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. Deferred Tax assets are not recognised unless, in the management judgment, there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. The carrying amount of deferred tax is reviewed at each balance sheet date.

**l) Segment Information:**

The Company operates in two main segments; namely, Projects, Project Management and Development activities & Operating of commercial complexes. The segments have been identified and reported taking into account the differing risks and returns and the internal business reporting systems. Revenues and expenses have been identified to the segments based on their relationship to the business activity of the segment. Income/expenses relating to the enterprise as a whole and not allocable on a reasonable basis to business segments are reflected as unallocated corporate income/expenses.

**m) Provisions and Contingent Liabilities**

Provisions are recognised in the accounts in respect of present probable obligations, the amount of which can be reliably estimated.

Contingent liabilities are disclosed in respect of possible obligations that arise from past events but their existence is confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company.

**n) Employee stock compensation costs**

Measurement and disclosure of the employee share-based payment plans is done in accordance with SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the Guidance Note on Accounting for Employee Share-based Payments, issued by ICAI. The company measures compensation cost relating to employee stock options using the intrinsic value method. Compensation expense is amortized over the vesting period of the option on a straight line basis.

**2) Share Capital and Warrants:**

|  | Current Year<br>₹ in lakh | Previous Year<br>₹ in lakh |
|--|---------------------------|----------------------------|
| <b>Authorised</b>  |                           |                            |
| 50,000,000 (Previous year 50,000,000) Equity Shares of ₹ 10 each               | 5,000.00                  | 5,000.00                   |
| 6,500,000 (Previous year 6,500,000) Preference Shares of ₹ 100 each            | 6,500.00                  | 6,500.00                   |
| 6,000,000 (Previous year 6,000,000) Unclassified Shares of ₹ 10 each           | 600.00                    | 600.00                     |
|  | <b>12,100.00</b>          | <b>12,100.00</b>           |
| <b>Issued</b>  |                           |                            |
| 40,885,001 (Previous year 40,880,501) Equity Shares of ₹ 10 each               | 4,088.05                  | 4,088.05                   |
|  | <b>4,088.05</b>           | <b>4,088.05</b>            |
| <b>Subscribed and Paid-up</b>  |                           |                            |
| 40,839,650 (Previous year 40,835,150) Equity Shares of ₹ 10 each fully paid up | 4,083.97                  | 4,083.52                   |
|  | <b>4,083.97</b>           | <b>4,083.52</b>            |

**a) Reconciliation of number of shares**

|  | Current Year      |                 | Previous Year     |                 |
|--|-------------------|-----------------|-------------------|-----------------|
|  | No. of Shares     | ₹ in lakh       | No. of Shares     | ₹ in lakh       |
| <b>Equity Shares</b>                               |                   |                 |                   |                 |
| Balance as at the beginning of the year .....      | 40,835,150        | 4,083.52        | 40,835,150        | 4,083.52        |
| Add: Shares Issued (earlier kept in abeyance) .... | 4,500             | 0.45            | -                 | -               |
| Balance as at the end of the year.....             | <b>40,839,650</b> | <b>4,083.97</b> | <b>40,835,150</b> | <b>4,083.52</b> |

**b) Shares held by holding company**

| Equity Shares   | Current Year      |               | Previous Year |           |
|---|-------------------|---------------|---------------|-----------|
|   | No. of Shares     | % holding     | No. of Shares | % holding |
| 20,846,126 shares (Previous Year- 20,846,126 shares) held by Mahindra & Mahindra Limited..... | <b>20,846,126</b> | <b>51.04%</b> | 20,846,126    | 51.05%    |

**c) Details of shares held by shareholders including Holding Company, holding more than 5% of the aggregate shares in the Company**

| Equity Shares                                      | Current Year      |               | Previous Year |           |
|--|-------------------|---------------|---------------|-----------|
|  | No. of Shares     | % holding     | No. of Shares | % holding |
| Mahindra & Mahindra Limited (Holding Company)..... | <b>20,846,126</b> | <b>51.04%</b> | 20,846,126    | 51.05%    |
| Amansa Investments Limited .....                   | <b>2,434,599</b>  | <b>5.96%</b>  | 2,434,599     | 5.96%     |
| Small Cap World Fund, INC .....                    | <b>2,157,380</b>  | <b>5.28%</b>  | 2,157,380     | 5.28%     |

**d) Shares reserved for issue under options**

Refer note 24(#) for details of shares to be issued under the Employee Stock Option Plan

- e) The allotment of 40,851 (*Previous Year 45,351*) Equity shares of the Company has been kept in abeyance in accordance with Section 206A of the Companies Act, 1956, till such time as the title of the bonafide owner of the shares is certified by the concerned Stock Exchange or the Special Court (Trial of Offences relating to Transactions in Securities).

**3) Reserves & Surplus**

|   | Current Year<br>₹ in lakh | Previous Year<br>₹ in lakh |
|---|---------------------------|----------------------------|
| <b>Capital Redemption Reserve</b>                                   |                           |                            |
| Balance as at the beginning of the year .....                       | <b>7,353.58</b>           | 7,353.58                   |
| Balance as at the end of the year.....                              | <b>7,353.58</b>           | 7,353.58                   |
| <b>Share Premium Account</b>  |                           |                            |
| Balance as at the beginning of the year .....                       | <b>67,664.79</b>          | 67,664.79                  |
| Balance as at the end of the year.....                              | <b>67,664.79</b>          | 67,664.79                  |
| <b>General Reserve</b>  |                           |                            |
| Balance as at the beginning of the year .....                       | <b>3,214.33</b>           | 2,012.62                   |
| Add:- Transfer from Profit & Loss Account .....                     | <b>974.90</b>             | 1,201.71                   |
| Balance as at the end of the year.....                              | <b>4,189.23</b>           | 3,214.33                   |
| <b>Employee Stock Option Outstanding</b>                            |                           |                            |
| A) Employee Stock Option Outstanding:                               |                           |                            |
| Opening Balance.....  | <b>107.11</b>             | 107.11                     |
| Add: Fresh grants of options .....                                  | <b>317.19</b>             | -                          |
| Less: Amount transferred to Securities premium/Options Lapsed ..... | <b>-</b>                  | -                          |
| Closing balance.....  | <b>424.30</b>             | 107.11                     |
| Less:   |                           |                            |
| B) Deferred Employee Compensation Expenses :                        |                           |                            |
| Opening Balance.....  | <b>27.22</b>              | 46.62                      |
| Add: Fresh grants of options .....                                  | <b>317.19</b>             | -                          |
| Less: Transfer to Employee Compensation / Options Lapsed .....      | <b>(70.37)</b>            | <b>(19.40)</b>             |
| Closing balance.....  | <b>274.04</b>             | <b>27.22</b>               |
| Balance as at the end of the year.....                              | <b>150.26</b>             | <b>79.89</b>               |

|  | Current Year<br>₹ in lakh | Previous Year<br>₹ in lakh |
|--|---------------------------|----------------------------|
| <b>Surplus in the Statement of Profit &amp; Loss</b> |                           |                            |
| Balance as at the beginning of the year .....        | 29,619.39                 | 21,652.58                  |
| Profit for the year .....                            | 9,748.96                  | 12,016.08                  |
| Less: Appropriations                                 |                           |                            |
| Proposed Dividend                                    |                           |                            |
| On Equity Shares .....                               | 2,450.38                  | 2,450.11                   |
| Tax on distributed profit .....                      | 416.44                    | 397.45                     |
| Transfer to General Reserve .....                    | 974.90                    | 1,201.71                   |
| Balance as at the end of the year .....              | 35,526.63                 | 29,619.39                  |
|  | <u>114,884.49</u>         | <u>107,931.98</u>          |

#### 4) Long Term Borrowings

|               | Current Year<br>₹ in lakh | Previous Year<br>₹ in lakh |
|---------------|---------------------------|----------------------------|
| Secured Loans |                           |                            |
| Term Loan     |                           |                            |
| From Banks*#  | 11,000.00                 | 10,983.00                  |
|               | <u>11,000.00</u>          | <u>10,983.00</u>           |

##### \* Nature of Security

Borrowings are secured by a *pari-passu* charge on specified immovable properties of the company and are also secured by *pari-passu* charge on specified movable and current assets of the company, both present and future.

##### # Terms of Repayment

The said loan amount is repayable quarterly on prorated basis after one year starting from 30<sup>th</sup> June, 2014. Interest is payable on monthly basis.

#### 5) Long Term Provisions

|  | Current Year<br>₹ in lakh | Previous Year<br>₹ in lakh |
|--|---------------------------|----------------------------|
| Provision for Employee benefits            |                           |                            |
| - Provision for Gratuity .....             | -                         | 11.44                      |
| - Provision for compensated absences ..... | 104.13                    | 60.96                      |
|  | <u>104.13</u>             | <u>72.40</u>               |

#### 6) Short Term Borrowings

|                 | Current Year<br>₹ in lakh | Previous Year<br>₹ in lakh |
|-----------------|---------------------------|----------------------------|
| Secured Loans   |                           |                            |
| From Bank*#     | 4,722.59                  | -                          |
| Unsecured Loans |                           |                            |
| From Others*    | 15,000.00                 | -                          |
|                 | <u>19,722.59</u>          | <u>-</u>                   |

##### Secured Loans

##### \* Nature of Security

Secured borrowings are secured by a *pari-passu* charge on specified immovable properties of the company and are also secured by *pari-passu* charge on specified movable and current assets of the company, both present and future.

##### # Terms of Repayment

The said loan amount is repayable quarterly. Interest is payable on monthly basis.

**Unsecured Loans****\* Terms of Repayment**

The said loan amount is repayable on 8<sup>th</sup> April 2013. Interest is payable on monthly basis.

**7) Trade Payables**

|  | <b>Current Year<br/>₹ in lakh</b> | Previous Year<br>₹ in lakh |
|--|-----------------------------------|----------------------------|
| -Trade Payables - Micro & Small Enterprises* ..... | -                                 | -                          |
| -Trade Payables - Others .....                     | <b>11,973.86</b>                  | 12,237.76                  |
|  | <b>11,973.86</b>                  | 12,237.76                  |

\* 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.

**8) Other Current Liabilities**

|   | <b>Current Year<br/>₹ in lakh</b> | Previous Year<br>₹ in lakh |
|---|-----------------------------------|----------------------------|
| Current Maturity of Long Term Borrowings# ..... | <b>10,000.00</b>                  | 6,017.00                   |
| Advances and Deposits .....                     | <b>6,168.48</b>                   | 2,795.73                   |
| Unclaimed Dividends* .....                      | <b>62.52</b>                      | 46.43                      |
| Interest accrued but not due .....              | <b>333.07</b>                     | 184.09                     |
| Other Liabilities .....                         | <b>1,298.32</b>                   | 1,598.56                   |
|   | <b>17,862.39</b>                  | 10,641.81                  |

# The current maturity of long term borrowings is repayable during the next financial year.

\* There are no amounts due and outstanding to be credited to Investor Education and Protection Fund.

**9) Short Term Provisions**

|   | <b>Current Year<br/>₹ in lakh</b> | Previous Year<br>₹ in lakh |
|---|-----------------------------------|----------------------------|
| Employee benefits                                 |                                   |                            |
| -Provision for Gratuity .....                     | <b>10.48</b>                      | 38.85                      |
| -Provision for compensated absences .....         | <b>60.55</b>                      | 48.03                      |
| Others  |                                   |                            |
| Defect Liabilities / Warranties .....             | <b>448.90</b>                     | 118.79                     |
| Proposed Dividend .....                           | <b>2,450.38</b>                   | 2,450.11                   |
| Provision for tax on Proposed Dividend .....      | <b>416.44</b>                     | 397.45                     |
| Provision for Losses to project Completion* ..... | <b>1,023.00</b>                   | 1,023.00                   |
|   | <b>4,338.72</b>                   | 3,989.35                   |
|   | <b>4,409.75</b>                   | 4,076.23                   |

\* The Company has, in case of certain projects, provided for ₹ 1,023.00 lakh (previous year ₹ 1,023.00 lakh) as provision for losses to project completion. The amount has been determined using best estimates with regard to percentage of completion, foreseeable costs to completion and revenues from the project activity. However, considering future business scenario, inflation in construction costs and market movement causing changes in realisations, which cannot be presently quantified, the final outcome may differ from that presently estimated. The probability and the timing of the outflow with regard to this matter depends on the completion of the project and conclusion of the arbitration proceedings.

10) Fixed Assets

₹ in lakh

| Particulars                     | COST                               |           |            | DEPRECIATION                       |                                    |            | NET BLOCK    |                                    |                                    |                                    |
|---------------------------------|------------------------------------|-----------|------------|------------------------------------|------------------------------------|------------|--------------|------------------------------------|------------------------------------|------------------------------------|
|                                 | As at 31 <sup>st</sup> March, 2012 | Additions | Deductions | As at 31 <sup>st</sup> March, 2013 | Up to 31 <sup>st</sup> March, 2012 | Deductions | For the Year | Up to 31 <sup>st</sup> March, 2013 | As at 31 <sup>st</sup> March, 2013 | As at 31 <sup>st</sup> March, 2012 |
| <b>Tangible Assets:</b>         |                                    |           |            |                                    |                                    |            |              |                                    |                                    |                                    |
| Land                            | 129.04                             | -         | 84.77      | 44.27                              | -                                  | -          | -            | -                                  | 44.27                              | 129.04                             |
| Building                        | 3,498.59                           | -         | 443.91     | 3,054.68                           | 1,018.48                           | 91.81      | 53.09        | 979.76                             | 2,074.92                           | 2,480.11                           |
| Furniture & Fixtures            | 69.72                              | 38.80     | 10.83      | 97.69                              | 61.83                              | 10.83      | 3.38         | 54.38                              | 43.31                              | 7.89                               |
| Plant & Machinery               | 165.74                             | 6.04      | 8.93       | 162.85                             | 134.89                             | 8.93       | 13.43        | 139.39                             | 23.46                              | 30.85                              |
| Computers                       | 315.74                             | 87.36     | 0.68       | 402.40                             | 239.92                             | 0.68       | 36.36        | 275.60                             | 126.82                             | 75.82                              |
| Vehicles                        | 194.35                             | 64.93     | 31.23      | 228.05                             | 58.40                              | 15.65      | 36.27        | 79.02                              | 149.03                             | 135.95                             |
| Leasehold improvements          | 103.54                             | -         | -          | 103.54                             | 56.15                              | -          | 34.51        | 90.66                              | 12.88                              | 47.39                              |
| <b>SUB TOTAL</b>                | 4,476.72                           | 197.13    | 580.35     | 4,093.50                           | 1,569.67                           | 127.91     | 177.04       | 1,618.79                           | 2,474.69                           | 2,907.05                           |
| <i>Previous Year</i>            | 4,541.99                           | 121.36    | 186.63     | 4,476.72                           | 1,446.96                           | 48.14      | 170.85       | 1,569.67                           | 2,907.05                           | 3,095.03                           |
| <b>Intangible assets:</b>       |                                    |           |            |                                    |                                    |            |              |                                    |                                    |                                    |
| Software Expenditure            | 289.52                             | -         | -          | 289.52                             | 289.52                             | -          | -            | 289.52                             | 0.00                               | 0.00                               |
| <b>SUB TOTAL</b>                | 289.52                             | -         | -          | 289.52                             | 289.52                             | -          | -            | 289.52                             | 0.00                               | 0.00                               |
| <i>Previous Year</i>            | 289.52                             | -         | -          | 289.52                             | 192.35                             | -          | 97.17        | 289.52                             | 0.00                               | 97.17                              |
| <b>Total</b>                    | 4,766.24                           | 197.13    | 580.35     | 4,383.02                           | 1,859.19                           | 127.91     | 177.04       | 1,908.32                           | 2,474.69                           | 2,907.05                           |
| <i>Previous year total</i>      | 4,831.51                           | 121.36    | 186.63     | 4,766.24                           | 1,639.31                           | 48.14      | 268.02       | 1,859.19                           | 2,907.05                           | 3,192.20                           |
| <b>Capital work in progress</b> |                                    |           |            |                                    |                                    |            |              |                                    | 81.87                              | -                                  |
|                                 |                                    |           |            |                                    |                                    |            |              |                                    | <u>2,556.56</u>                    | <u>2,907.05</u>                    |

**11) Non Current Investments**

|   | Face Value<br>₹ | Number of<br>shares | Current Year<br>₹ in lakh | Previous Year<br>₹ in lakh |
|---|-----------------|---------------------|---------------------------|----------------------------|
| <b>Non Current Investments (At Cost) Unquoted, Trade Equity Shares</b>  |                 |                     |                           |                            |
| <b>In Subsidiary Companies</b>  |                 |                     |                           |                            |
| Mahindra Infrastructure Developers Limited.....   | 10              | 18,000,000          | 1,800.00                  | 1,800.00                   |
| Mahindra World City Developers Limited .....  | 10              | 16,524,993          | 2,254.51                  | 2,254.51                   |
| Mahindra World City (Jaipur) Limited .....  | 10              | 111,000,000         | 11,100.00                 | 11,100.00                  |
| Mahindra World City (Maharashtra) Limited.....  | 10              | 1,170,400           | 117.04                    | 117.04                     |
| Mahindra Integrated Township Limited .....  | 10              | 37,000,000          | 3,700.00                  | 3,700.00                   |
| Knowledge Township Limited.....   | 10              | 21,000,000          | 2,100.00                  | 2,100.00                   |
| Mahindra Bebanco Developers Limited.....  | 10              | 35,000              | 3.50                      | 3.50                       |
| Industrial Township (Maharashtra) Limited .....   | 10              | 5,000,000           | 500.00                    | 500.00                     |
| Raigad Business and Industrial Park Limited.....  | 10              | 50,000              | 5.00                      | 5.00                       |
| Watsonia Developers Limited.....  | 10              | 50,000              | 5.00                      | 5.00                       |
| Anthurium Developers Limited .....  | 10              | 50,000              | 5.00                      | 5.00                       |
|   |                 |                     | <b>21,590.05</b>          | <b>21,590.05</b>           |
| <b>In Others</b>  |                 |                     |                           |                            |
| Deepmangal Developers Private Limited .....   | 100             | 177                 | 284.61                    | 284.61                     |
| New Tirupur Area Development Corporation Limited.....   | 10              | 500,000             | 50.63                     | 50.63                      |
| Mahindra Knowledge Park (Mohali) Limited.....   | 10              | 6                   | 0.00                      | 0.00                       |
|   |                 |                     | <b>335.24</b>             | <b>335.24</b>              |
| <b>Preference Shares</b>  |                 |                     |                           |                            |
| <b>In Subsidiary Companies</b>  |                 |                     |                           |                            |
| Mahindra World City Developers Ltd.....<br>(6% Cumulative Redeemable Preference Shares)   | 100             | 6,500,000           | 6,500.00                  | 6,500.00                   |
| Mahindra World City Jaipur Limited.....<br>(8% Redeemable Cumulative Preference Shares)   | 10              | 37,000,000          | 3,700.00                  | 3,700.00                   |
|   |                 |                     | <b>10,200.00</b>          | <b>10,200.00</b>           |
| <b>In Others</b>  |                 |                     |                           |                            |
| Mahindra Knowledge Park (Mohali) Limited.....<br>(7% Non Cumulative Redeemable<br>Participating Optionally Convertible Preference Shares) | 10              | 50,000              | 5.00                      | 5.00                       |
|   |                 |                     | <b>5.00</b>               | <b>5.00</b>                |
|   |                 |                     | <b>32,130.29</b>          | <b>32,130.29</b>           |
| Less : Provision for diminution in value of investments   |                 |                     | <b>(117.00)</b>           | <b>(117.00)</b>            |
|   |                 |                     | <b>32,013.29</b>          | <b>32,013.29</b>           |

In the opinion of the Management, no loss is expected to arise in respect of other long term investments for which an additional provision is required to be made in the accounts.

The Company has made investment in equity shares of ₹1,800.00 lakh in the wholly owned subsidiary Mahindra Infrastructure Developers Limited("MIDL"). MIDL has further invested ₹ 1,500.00 lakh in the equity shares of New Tirpur Area Development Corporation Limited (NTADCL). Due to adverse business conditions, NTADCL has been making losses and there has been an erosion in the net worth of NTADCL. In view of the management various steps contemplated by the stakeholders such as infusion of equity capital, debt restructuring, increase in tariff rates of water etc and various other concessions from Tamil Nadu Government are expected to lead to a turnaround in the operations of NTADCL and improve its financial position. Hence the management does not perceive any permanent diminution in the value of the investments in NTADCL and in the value of the investments in MIDL. Considering the long term and strategic nature of the said investment for reasons stated above no erosion has been considered necessary on this account.

**12) Deferred Tax Asset / (Liability) (Net)**

|  | Current Year<br>₹ in lakh | Previous Year<br>₹ in lakh |
|--|---------------------------|----------------------------|
| Deferred Tax Asset                           |                           |                            |
| Relating to :                                |                           |                            |
| Provision for impairment in asset value      | 526.90                    | 502.95                     |
| Expenses allowable on actual payment         | 298.54                    | 298.31                     |
| Total A                                      | 825.44                    | 801.26                     |
| Deferred Tax Liability                       |                           |                            |
| Relating to :                                |                           |                            |
| Difference between book and tax depreciation | 667.32                    | 768.95                     |
| Total B                                      | 667.32                    | 768.95                     |
| Deferred Tax Asset/(Liability) (Net) (A-B)   | 158.12                    | 32.31                      |

**13) Long Term Loans & Advances**

(Unsecured, Considered Good, Unless otherwise stated)

Loans and advances to related parties  
- Considered good

|  | Current Year<br>₹ in lakh | Previous Year<br>₹ in lakh |
|--|---------------------------|----------------------------|
| Loans and advances to related parties<br>- Considered good | 1,764.56                  | 0.00                       |
|  | 1,764.56                  | -                          |

**14) Other Non Current Assets****Bank Balances**

Long Term Deposits with Banks having maturity more than 12 months  
(Fixed deposit of ₹ 18.47 lakh (Previous year- ₹ 43.68 lakh) is against Margin  
Monies with banks for Bank Guarantee)

|  | Current Year<br>₹ in lakh | Previous Year<br>₹ in lakh |
|--|---------------------------|----------------------------|
| Long Term Deposits with Banks having maturity more than 12 months<br>(Fixed deposit of ₹ 18.47 lakh (Previous year- ₹ 43.68 lakh) is against Margin<br>Monies with banks for Bank Guarantee) | 66.26                     | 275.20                     |
|  | 66.26                     | 275.20                     |

**15) Current Investments**

**Current Investments, Unquoted, Non Trade  
(At lower of cost and fair value)  
In Units of Mutual Fund  
Redeemed during the year**

|  | Number of<br>units | Current Year<br>₹ in lakh | Previous Year<br>₹ in lakh |
|--|--------------------|---------------------------|----------------------------|
| JP Morgan India Treasury Fund - Super Institutional Plan Daily<br>Dividend ..... | 43,313,047         | -                         | 4,335.16                   |
| L&T Ultra Short Term Fund- Daily Dividend .....                                  | 34,865,596         | -                         | 3,540.67                   |
| JM Money Manager Super Plus - Institutional - Daily Dividend ..                  | 35,642,955         | -                         | 3,566.18                   |
| Religare Liquid Fund Super Institutional - Daily Dividend .....                  | 140,368            | -                         | 1,404.78                   |

|  | Number of units | Current Year<br>₹ in lakh | Previous Year<br>₹ in lakh |
|--|-----------------|---------------------------|----------------------------|
| <b>Acquired during the year</b>  |                 |                           |                            |
| JP Morgan India Treasury Fund - Super Institutional Daily Dividend ..... | 35,775,265      | 3,580.71                  |                            |
| Sundaram Ultra Short Term - Super Institutional Daily Dividend           | 49,960,625      | 5,014.55                  |                            |
| BSL Ultra Short Term Fund-Super Institutional .....                      | 500,448         | 500.72                    |                            |
| Kotak Floater Long Term Fund- Daily Dividend .....                       | 19,892,491      | 2,005.12                  |                            |
|  |                 | <b>11,101.10</b>          | <b>12,846.79</b>           |

a) **Mutual Fund Units purchased and sold during the year are as under:**

|  | Current Year          |                  | Previous Year         |                  |
|--|-----------------------|------------------|-----------------------|------------------|
|  | No. of Units          | ₹ in lakh        | No. of Units          | ₹ in lakh        |
| DWS Ultra Short Term Fund - Institutional - Dividend Reinvestment .....            | 41,668,381.75         | 4,174.30         | 21,016,870.31         | 2,105.45         |
| Birla Sun Life Savings Fund - Institutional - Dividend Reinvestment .....          | 1,812,547.44          | 1,813.72         | 41,915,207.00         | 4,194.37         |
| UTI - Treasury Advantage Fund - Institutional - Dividend Reinvestment .....        | -                     | -                | 902,430.75            | 9,026.24         |
| Kotak Floater Long Term Fund - - Dividend Reinvestment .....                       | 35,695,877.99         | 3,598.07         | -                     | -                |
| JM High Liquidity Fund - Super Institutional - Dividend Reinvestment .....         | -                     | -                | 39,029,883.82         | 3,909.43         |
| JM Money Manager Fund - Super Plus - Dividend Reinvestment .....                   | 124,488,602.14        | 12,455.94        | 14,533,197.31         | 1,454.09         |
| DSP Blackrock Liquidity Fund - Dividend Reinvestment .....                         | 620,360.60            | 6,205.57         | 106,751.24            | 1,067.85         |
| Sundaram Ultra Short Term Fund - Super Institutional - Dividend Reinvestment ..... | 87,576,606.60         | 8,790.06         | 128,525,194.54        | 12,900.07        |
| Kotak Flexi Debt Fund - Dividend Reinvestment                                      | -                     | -                | 2,003,969.75          | 201.35           |
| ICICI Pru Flexible Income Plan Premium - Dividend Reinvestment .....               | -                     | -                | 1,457,270.62          | 1,540.85         |
| JP Morgan India Treasury Fund - Super Institutional - Dividend Reinvestment .....  | 49,955,539.57         | 5,000.00         | 29,973,323.74         | 3,000.00         |
| L&T Ultra Short Term Fund - Dividend Reinvestment .....                            | 49,620,646.13         | 5,039.60         | 41,079,158.80         | 4,171.67         |
| Religare Liquid Fund - Super IP - Dividend Reinvestment .....                      | 963,110.01            | 9,638.66         | -                     | -                |
| ICICI Pru Floating Rate Fund - Plan D - Dividend Reinvestment .....                | 2,543,431.54          | 2,545.94         | -                     | -                |
| JP Morgan Liquid Fund - Super Institutional - Dividend Reinvestment .....          | 51,550,757.10         | 5,159.15         | -                     | -                |
| BNP Overnight Fund - Dividend Reinvestment   | 172,772,470.98        | 17,282.43        | -                     | -                |
| Templeton India Ultra Short Bond Fund - Dividend Reinvestment .....                | 40,235,656.23         | 4,030.49         | -                     | -                |
| L&T Liquid Super Institutional - Dividend Reinvestment .....                       | 108,753.89            | 1,100.19         | -                     | -                |
| Canara Robeco Liquid - Super Institutional Dividend Reinvestment .....             | 250,581.56            | 2,519.60         | -                     | -                |
| Kotak Flexi Debt Fund -Plan A - Dividend Reinvestment .....                        | 7,028,111.73          | 706.15           | -                     | -                |
|  | <b>666,891,435.27</b> | <b>90,059.87</b> | <b>320,543,257.88</b> | <b>43,571.37</b> |

**16) Inventories**

(At lower of cost and net realisable value)

|                                       | <b>Current Year</b><br>₹ in lakh | Previous Year<br>₹ in lakh |
|---------------------------------------|----------------------------------|----------------------------|
| Raw material.....                     | <b>1,018.88</b>                  | 444.00                     |
| Stock-in-trade .....                  | -                                | 76.98                      |
| Construction Work in Progress*# ..... | <b>57,091.95</b>                 | 22,835.86                  |
|                                       | <b>58,110.83</b>                 | 23,356.84                  |

\* Construction Work in Progress represents materials at site and unbilled costs on the projects. Based on projections and estimates by the Company of the expected revenues and costs to completion, provision for losses to completion and/ or write off of costs carried to inventory are made on projects where the expected revenues are lower than the estimated costs to completion. In the opinion of the management, the net realisable value of the construction work in progress will not be lower than the costs so included therein.

# Construction Work-in-Progress above include ₹ 765.87 lakh (Previous year ₹ 765.87 lakh) on account of a project, where commencement of construction has been delayed on account of a dispute between the land-owner and the Company, presently referred to arbitration. The Company together with the Owner is also exploring the option of selling the property to third parties. Management is hopeful of a favourable outcome and does not expect any loss in this account.

**17) Trade Receivables**

|  | <b>Current Year</b><br>₹ in lakh | Previous Year<br>₹ in lakh |
|--|----------------------------------|----------------------------|
| Outstanding over six months              |                                  |                            |
| Considered Good .....                    | <b>414.44</b>                    | 1,131.45                   |
| Considered Doubtful.....                 | <b>206.16</b>                    | 111.16                     |
|  | <b>620.60</b>                    | 1,242.61                   |
| Other debts                              |                                  |                            |
| Considered Good .....                    | <b>1,995.90</b>                  | 7,696.57                   |
| Considered Doubtful.....                 | -                                | -                          |
|  | <b>1,995.90</b>                  | 7,696.57                   |
| Less: Provision for Doubtful Debts ..... | <b>(206.16)</b>                  | (111.16)                   |
|  | <b>2,410.34</b>                  | 8,828.02                   |

**18) Cash & Cash equivalents**

|  | <b>Current Year</b><br>₹ in lakh | Previous Year<br>₹ in lakh |
|--|----------------------------------|----------------------------|
| Cash on hand .....   | <b>2.09</b>                      | 0.09                       |
| Bank Balance   |                                  |                            |
| - In Current Accounts* .....   | <b>6,697.78</b>                  | 6,285.07                   |
| - In Deposit Accounts (less than 3 months maturity).....   | <b>2,096.91</b>                  | 5,343.68                   |
| (Fixed deposit of ₹ 310.61 lakh (Previous year- ₹ 286.92 lakh) is against Margin Monies with banks for Bank Guarantee)   |                                  |                            |
|  | <b>8,796.78</b>                  | 11,628.84                  |
| Other Bank Balances  |                                  |                            |
| Long Term Deposits with maturity more than 3 months but less than 12 months<br>(Fixed deposit of ₹ 55.34 lakh (Previous year- ₹ 201.74 lakh) is against Margin Monies with banks for Bank Guarantee) | <b>271.32</b>                    | 1,097.03                   |
|  | <b>9,068.10</b>                  | 12,725.87                  |

\* Balance with Banks includes Unclaimed Dividend of ₹62.52 lakh(Previous year 46.43 lakh)

**19) Short Term Loans & Advances**

(Unsecured, Considered Good, Unless otherwise stated)

|   | Current Year<br>₹ in lakh | Previous Year<br>₹ in lakh |
|---|---------------------------|----------------------------|
| Loans and advances to related parties   |                           |                            |
| - Considered good .....   | 31,629.00                 | 21,630.02                  |
| - Considered doubtful .....   | -                         | -                          |
| Less: Allowance for doubtful loans and advances.....  | -                         | -                          |
|   | <u>31,629.00</u>          | <u>21,630.02</u>           |
| Other Loans & Advances  |                           |                            |
| - Considered good** .....   | 23,176.59                 | 21,760.87                  |
| - Considered doubtful .....   | 121.25                    | 121.25                     |
|   | <u>23,297.84</u>          | <u>21,882.12</u>           |
| Less : Provision for doubtful loans & advances.....   | <u>(121.25)</u>           | <u>(121.25)</u>            |
|   | 23,176.59                 | 21,760.87                  |
| Intercompany Deposits .....   | 174.04                    | 174.04                     |
| Advance payment of Income tax (net of Provision for tax ₹ 20,434.72 lakh,<br>Previous year ₹ 16,469.69 lakh)..... | 2,164.25                  | 1,401.46                   |
| Staff Loans and Advances.....   | 6.81                      | 10.53                      |
| Deposits.....   | 2,751.47                  | 2,575.86                   |
|   | <u>59,902.16</u>          | <u>47,552.77</u>           |

\* Other Loans & Advances include ₹ 4,205.26 lakh (previous year ₹ 4,205.26 lakh) on account of a project, where commencement of construction has been delayed on account of a dispute between the land-owner and the Company, presently referred to arbitration. The Company together with the Owner is also exploring the option of selling the property to third parties. Management is hopeful of a favourable outcome and does not expect any loss in this account.

# Other Loans & Advances includes ₹10,000 lakh which the company had paid in the financial year 2011-12 as a project advance for development of a property. However, the project commencement has been delayed. Management expects to commence the project in the near future and does not expect any loss on this account.

**20) Other Current Assets**

(Unsecured, Considered Good, Unless otherwise stated)

|  | Current Year<br>₹ in lakh | Previous Year<br>₹ in lakh |
|--|---------------------------|----------------------------|
| Interest accrued on Project advances**.....                                      | 4,070.32                  | 4,070.32                   |
| Less: Provision for impairment in asset value .....                              | <u>(1,550.15)</u>         | <u>(1,550.15)</u>          |
|  | 2,520.17                  | 2,520.17                   |
| Interest accrued - Others.....   | 1,165.01                  | 1,371.16                   |
| (including ₹ 993.49 lakh, (Previous year ₹ 1,206.82 lakh) due from subsidiaries) |                           |                            |
| Unbilled Revenue .....   | 3,204.68                  | 5,597.23                   |
|  | <u>6,889.86</u>           | <u>9,488.56</u>            |

\* Interest accrued thereon represent the amounts recoverable from the proceeds of projects undertaken/financed by the Company as per the contracted terms. The advances as well as the interest thereon are considered good and fully recoverable based on inter-alia the estimates and projections by the Company of the project costs and revenues.

# Interest accrued on Project advances include ₹ 2,174.98 lakh (previous year ₹ 2,174.98 lakh) on account of a project, where commencement of construction has been delayed on account of a dispute between the land-owner and the Company, presently referred to arbitration. The Company together with the Owner is also exploring the option of selling the property to third parties. Management is hopeful of a favourable outcome and does not expect any loss in this account.

**21) Operating Income**

|   | Current Year<br>₹ in lakh | Previous Year<br>₹ in lakh |
|---|---------------------------|----------------------------|
| Income from Projects .....                          | 32,911.95                 | 45,191.75                  |
| Project Management Fees .....                       | 346.65                    | 257.80                     |
| Income from Operation of Commercial Complexes ..... | 1,568.56                  | 1,256.08                   |
| Profit on Sale of Properties .....                  | 324.89                    | 189.60                     |
|   | <u>35,152.05</u>          | <u>46,895.23</u>           |

**22) Other Income**

|  | Current Year<br>₹ in lakh | Previous Year<br>₹ in lakh |
|--|---------------------------|----------------------------|
| Interest Income  |                           |                            |
| - On Inter Corporate Deposits .....                        | 2,462.71                  | 1,673.64                   |
| - On Bank Deposits .....                                   | 608.08                    | 433.33                     |
| - Others .....   | 29.24                     | 409.53                     |
| Dividend on Long Term Investments-Trade (Subsidiary) ..... | 828.88                    | 555.25                     |
| Dividend on Current Investments-Non Trade .....            | 1,389.68                  | 1,093.93                   |
| Profit on sale of Current investments-Non Trade .....      | 0.41                      | -                          |
| Profit on sale of Fixed assets .....                       | 869.98                    | 283.32                     |
| Miscellaneous Income .....                                 | 884.49                    | 768.43                     |
|  | <u>7,073.47</u>           | <u>5,217.43</u>            |

**23) Operating expenses**

|  | Current Year<br>₹ in lakh | Previous Year<br>₹ in lakh |
|--|---------------------------|----------------------------|
| Cost of Project                          |                           |                            |
| Opening Stock                            |                           |                            |
| - Stock in trade .....                   | 76.98                     | 409.28                     |
| - Work-in-progress .....                 | 22,835.86                 | 16,045.46                  |
| - Raw Material .....                     | 444.00                    | 415.65                     |
|  | <u>23,356.84</u>          | <u>16,870.39</u>           |
| Add: Expenses incurred during the year : |                           |                            |
| Land/Premium for Development Rights..... | 29,958.12                 | 12,535.14                  |
| Architect Fees.....                      | 805.49                    | 972.92                     |
| Preliminaries & Site Expenses .....      | 1,769.99                  | 466.85                     |
| Civil, Electrical, Contracting etc. .... | 17,143.98                 | 17,957.73                  |
| Overheads allocated.....                 | 1,114.28                  | 832.64                     |
| Interest allocated .....                 | 2,167.63                  | 1,358.67                   |
| Payment to Local Agencies .....          | 2,488.06                  | 1,328.58                   |
| Insurance.....                           | 32.84                     | 13.26                      |
| Legal & Professional Fee .....           | 366.84                    | 240.24                     |
|  | <u>55,847.23</u>          | <u>35,706.03</u>           |
|  | <u>79,204.07</u>          | <u>52,576.42</u>           |
| Less :- Closing Stock.....               |                           |                            |
| Stock in trade.....                      | -                         | 76.98                      |
| Work-in-progress .....                   | 57,091.95                 | 22,835.86                  |
| Raw Material.....                        | 1,018.88                  | 444.00                     |
|  | <u>58,110.83</u>          | <u>23,356.84</u>           |

|  | Current Year<br>₹ in lakh | Previous Year<br>₹ in lakh |
|--|---------------------------|----------------------------|
| Rent, Rates & Taxes .....                            | 41.18                     | 38.76                      |
| Repairs & Maintenance - Commercial Properties .....  | 95.55                     | 104.69                     |
| Professional Fees.....                               | 116.64                    | 124.05                     |
| Brokerage.....                                       | 170.51                    | 325.69                     |
| Advertisement, Marketing & Business Development..... | 243.26                    | 198.89                     |
| Electricity .....                                    | 10.98                     | 1.71                       |
| Other Operating Expenses .....                       | 806.09                    | 185.21                     |
|  | <b>22,577.45</b>          | <b>30,198.57</b>           |

## 24) Employee Remuneration & Benefits

|   | Current Year<br>₹ in lakh | Previous Year<br>₹ in lakh |
|---|---------------------------|----------------------------|
| Salaries, Allowances & Bonus # .....            | 3,310.59                  | 2,537.57                   |
| Contribution to Provident & Other Funds * ..... | 138.56                    | 103.85                     |
| Staff Welfare Expenses .....                    | 262.14                    | 284.84                     |
|   | <b>3,711.29</b>           | <b>2,926.26</b>            |
| Less :- Allocated to projects .....             | <b>(1,114.28)</b>         | <b>(832.64)</b>            |
|   | <b>2,597.01</b>           | <b>2,093.62</b>            |

### \* Gratuity

#### (1) Description of the Plan:

The Company has covered its gratuity liability by a Group Gratuity Policy named 'Employee Group Gratuity Assurance Scheme' issued by LIC of India. Under the plan, employee at retirement is eligible for benefit, which will be equal to 15 days salary for each completed year of service. Thus, it is a defined benefit plan and the aforesaid insurance policy is the plan asset.

#### (2) Principal actuarial assumptions:

|                                     | Current Year | Previous Year |
|-------------------------------------|--------------|---------------|
| Discount rate .....                 | 8.06%        | 8.65%         |
| Rate of Return on Plan Assets ..... | 9.50%        | 9.50%         |

#### (3) Reconciliation of Benefit Obligation:

|  | Current Year<br>₹ in lakh | Previous Year<br>₹ in lakh |
|--|---------------------------|----------------------------|
| Liability at the beginning of the year .....                             | 119.20                    | 109.59                     |
| Interest Cost .....  | 10.31                     | 9.11                       |
| Current Service Cost .....   | 29.79                     | 28.33                      |
| Benefit Paid .....   | -                         | -                          |
| Unrecognised Past Service Cost.....                                      | -                         | -                          |
| Actuarial (Gain) / Loss on Obligations .....                             | <b>(37.64)</b>            | <b>(27.82)</b>             |
| Liability at the end of the year.....                                    | <b>121.66</b>             | <b>119.20</b>              |
| Fair Value of Plan Assets at the end of the year .....                   | <b>111.18</b>             | <b>68.92</b>               |
| Amount recognised and disclosed under the head "Provisions for Gratuity" | <b>10.48</b>              | <b>50.29</b>               |
| Current Liability.....   | <b>10.48</b>              | <b>38.85</b>               |
| Non – Current Liability .....  | -                         | <b>11.44</b>               |

## (4) Reconciliation of Fair value of Plan Assets:

|   | Current Year<br>₹ in lakh | Previous Year<br>₹ in lakh |
|---|---------------------------|----------------------------|
| Fair Value of Plan Assets at the beginning of the year..... | 68.92                     | 68.92                      |
| Adjustment to the opening balance .....                     | 6.37                      | -                          |
| Expected Return on Plan Assets.....                         | 8.86                      | 6.56                       |
| Contributions .....   | 35.89                     | -                          |
| Benefit Paid .....  | -                         | -                          |
| Actuarial Gain /(Loss) on Obligations.....                  | (8.86)                    | (6.56)                     |
| Fair Value of Plan Assets at the end of the year .....      | 111.18                    | 68.92                      |

## (5) Expenses recognised in the Profit and Loss Account under the head "Employee Remuneration &amp; Benefits":

|  | Current Year<br>₹ in lakh | Previous Year<br>₹ in lakh |
|--|---------------------------|----------------------------|
| Current Service Cost .....                           | 29.79                     | 28.33                      |
| Interest Cost .....                                  | 10.31                     | 9.11                       |
| Unrecognised Past Service Cost.....                  | -                         | 0.40                       |
| Expected Return on Plan Assets.....                  | (8.86)                    | (6.56)                     |
| Net Actuarial (Gain) / Loss recognised.....          | (28.79)                   | (21.26)                    |
| Settlement cost.....                                 | -                         | 6.37                       |
| Expenses recognised in Profit and Loss Account ..... | 2.45                      | 16.39                      |

## (6) Experience Adjustments

|  | 2013    | 2012    | 2011    | 2010    | 2009    |
|--|---------|---------|---------|---------|---------|
| Defined benefit obligation.....                              | 121.66  | 119.20  | 109.60  | 72.73   | 74.12   |
| Fair value of plan assets.....                               | 111.18  | 68.92   | 68.92   | 58.55   | 45.98   |
| Surplus / (Deficit).....                                     | (10.48) | (50.28) | (40.68) | (14.18) | (28.14) |
| Experience adjustment on plan liability [(Gain) / Loss]..... | -       | 9.08    | (7.88)  | 25.06   | 11.94   |
| Experience adjustment on plan assets [Gain / (Loss)].....    | -       | (3.27)  | 0.04    | (5.17)  | (4.27)  |

## # Employee Stock Option Scheme

During the year Company had granted 10,000 Equity shares on 4<sup>th</sup> August, 2012 to the eligible employee under the Employee Stock Option Scheme 2006 (ESOS 2006) of the company.

The details of the Employee Stock Option Scheme are:

| Particulars               | Grant dated 4 <sup>th</sup> August, 2012  |
|---------------------------|---|
| Type of Arrangement       | Employee Share-Based Payment by issue of shares.  |
| Number of Options Granted | 10,000  |
| Contractual life          | Options will lapse if not exercised within 5 years from the date of individual vesting. |
| Exercise Price            | ₹ 325 /- per share  |
| Method of Settlement      | By Issue of Shares at Exercise Price  |
| Vesting Conditions        | 25 % On expiry of 12 months from the date of grant ;                                    |
|                           | 25 % On expiry of 24 months from the date of grant ;                                    |
|                           | 25 % On expiry of 36 months from the date of grant ;                                    |
|                           | 25 % On expiry of 48 months from the date of grant ;                                    |

The company has adopted intrinsic value method for computing the compensation cost for the Options granted. The exercise price of the shares is based on the average of the daily high and low of the prices for the Company's Equity Shares quoted on the Bombay Stock Exchange Limited, during the 15 days preceding the grant of the Options. The Intrinsic value i.e. the difference between the market price of the share and the exercise price is being amortised as employee compensation cost over the vesting period. The details of the same are given here under:

| Particulars  | Grant dated 4 <sup>th</sup> August,2012 |
|--|---|
| Intrinsic Value of shares based on latest available closing market price | ₹(0.86)                                 |
| Total Amount to be amortized over the vesting period                     | ₹(0.86) lakh                            |
| Charge to Statement of Profit & Loss for the year                        | ₹(0.12) lakh                            |
| Compensation in respect of lapsed cases                                  | -                                       |
| Unamortized Amount Carried Forward                                       | ₹(0.69) lakh                            |

The Fair Value has been calculated using the Black Scholes Options Pricing Model and the significant assumptions made in this regard are as follows:

| Particulars             | Grant dated 4 <sup>th</sup> August, 2012 |
|-------------------------|--|
| Risk free interest rate | 8.06% - 8.20%                            |
| Expected life           | 3.5 - 6.5 Years                          |
| Expected volatility     | 44.15%- 59.61%                           |
| Expected dividend yield | 1.38%                                    |
| Exercise price          | ₹ 325                                    |
| Stock price             | ₹ 324.14                                 |

During the year, the Company had granted 101,000 Equity shares on 4<sup>th</sup> August, 2012 to the eligible employees under the Employee Stock Option Scheme (ESOS 2012) of the company.

The details of the Employee Stock Option Scheme are:

| Particulars               | Grant dated 4 <sup>th</sup> August, 2012  |
|---------------------------|---|
| Type of Arrangement       | Employee Share-Based Payment by issue of shares.  |
| Number of Options Granted | 101,000   |
| Contractual life          | Options will lapse if not exercised within 5 years from the date of individual vesting. |
| Exercise Price            | ₹ 10/- per share  |
| Method of Settlement      | By Issue of Shares at Exercise Price  |
| Vesting Conditions        | 20 % On expiry of 12 months from the date of grant ;                                    |
|                           | 20 % On expiry of 24 months from the date of grant ;                                    |
|                           | 30 % On expiry of 36 months from the date of grant ;                                    |
|                           | 30 % On expiry of 48 months from the date of grant ;                                    |

The company has adopted intrinsic value method for computing the compensation cost for the Options granted. The exercise price of the shares is ₹10/- per stock option. The Intrinsic value i.e. the difference between the market price of the share and the exercise price is being amortised as employee compensation cost over the vesting period. The details of the same are given here under:

| Particulars  | Grant dated 4 <sup>th</sup> August,2012 |
|--|---|
| Intrinsic Value of shares based on latest available closing market price | ₹314.14                                 |
| Total Amount to be amortized over the vesting period                     | ₹317.28 lakh                            |
| Charge to Statement of Profit & Loss for the year                        | ₹42.30 lakh                             |
| Compensation in respect of lapsed cases                                  | -                                       |
| Unamortized Amount Carried Forward                                       | ₹274.98 lakh                            |

The Fair Value has been calculated using the Black Scholes Options Pricing Model and the significant assumptions made in this regard are as follows:

| Particulars             | Grant dated 4 <sup>th</sup> August,2012 |
|-------------------------|---|
| Risk free interest rate | 8.06% -8.20%                            |
| Expected life           | 3.5 -6.5 Years                          |
| Expected volatility     | 44.15%- 59.61%                          |
| Expected dividend yield | 1.38%                                   |
| Exercise price          | ₹ 10.00                                 |
| Stock price             | ₹ 324.14                                |

Earnings Per Share as required by Accounting Standard 20 read with the Guidance Note on "Accounting for Employee share-based Payments" is as follows.

|   | Particulars   | Intrinsic Value Method |               | Fair Value Method |               |
|---|---|------------------------|---------------|-------------------|---------------|
|   |   | Current Year           | Previous Year | Current Year      | Previous Year |
| A | Net Profit After Tax (₹ in lakh)                                  | 9,748.96               | 12,016.08     | 9,415.50          | 11,770.30     |
|   | Less Preference dividend (₹ in lakh)                              | -                      | -             | -                 | -             |
| B | Weighted Average number of Equity Shares of ₹ 10/- each (Basic)   | 40,836,260             | 40,835,150    | 40,836,260        | 40,835,150    |
| C | Weighted Average number of Equity Shares of ₹ 10/- each (Diluted) | 40,836,260             | 40,835,150    | 40,836,260        | 40,835,150    |
| D | Basic Earning per Share (₹)                                       | 23.87                  | 29.43         | 23.06             | 28.82         |
| E | Diluted Earning per Share (₹)                                     | 23.87                  | 29.43         | 23.06             | 28.82         |

The compensation costs of stock options granted to employees are accounted by the Company using the intrinsic value method.

| Summary of Stock Options                                   | Current Year | Previous Year |
|--|--------------|---------------|
| Options outstanding on 1 <sup>st</sup> April               | 588,779      | 592,551       |
| Options granted during the year                            | 111,000      | -             |
| Options lapsed during the year                             | -            | -             |
| Options cancelled during the year                          | 1,343        | 3,772         |
| Options exercised during the year                          | -            | -             |
| Options outstanding on 31 <sup>st</sup> March              | 698,436      | 588,779       |
| Options vested but not exercised on 31 <sup>st</sup> March | 588,779      | 439,816       |

Information in respect of options outstanding as at 31st March, 2013:

| Exercise price | No. of Options | Weighted average remaining life |
|----------------|----------------|---------------------------------|
| ₹ 428          | 587,436        | 42 months                       |
| ₹ 325          | 10,000         | 60 months                       |
| ₹ 10           | 101,000        | 60 months                       |

## 25) Administration & Other Expenses

|  | Current Year<br>₹ in lakh | Previous Year<br>₹ in lakh |
|--|---------------------------|----------------------------|
| Rent, Rates and Taxes.....                           | 556.73                    | 526.27                     |
| Insurance.....                                       | 7.35                      | 3.86                       |
| Repairs and Maintenance                              |                           |                            |
| - Buildings.....                                     | 2.94                      | 15.38                      |
| - Others.....  | 148.48                    | 124.24                     |
| Electricity Charges.....                             | 38.67                     | 33.90                      |
| Travelling & Conveyance.....                         | 383.05                    | 263.18                     |
| Legal & Professional Fees.....                       | 554.72                    | 619.45                     |
| Printing & Stationery.....                           | 64.59                     | 74.37                      |
| Communication.....                                   | 97.05                     | 119.22                     |
| Advertisement, Marketing & Business Development..... | 263.54                    | 201.33                     |
| Auditors Remuneration.....                           | 41.36                     | 33.24                      |
| Loss on Sale of Fixed Assets (Net).....              | -                         | 0.91                       |
| Doubtful Debts Provided.....                         | 95.00                     | -                          |
| Miscellaneous Expenses.....                          | 414.65                    | 484.40                     |
|  | <b>2,668.13</b>           | <b>2,499.75</b>            |

**Auditors' Remuneration (including service tax):**

|  | Current Year<br>₹ in lakh | Previous Year<br>₹ in lakh |
|--|---------------------------|----------------------------|
| Audit Fees .....                       | 22.42                     | 22.06                      |
| Tax Audit Fees .....                   | 1.52                      | 1.52                       |
| Tax matters .....                      | 14.38                     | 5.79                       |
| Certification and Other Services ..... | 3.04                      | 3.87                       |
| <b>Total</b> .....                     | <b>41.36</b>              | <b>33.24</b>               |

**26) Finance Cost**

|                                   | Current Year<br>₹ in lakh | Previous Year<br>₹ in lakh |
|-----------------------------------|---------------------------|----------------------------|
| On Term Loan .....                | 2,785.34                  | 1,656.14                   |
| Less : Allocated to projects..... | (2,167.63)                | (1,358.67)                 |
|                                   | <b>617.71</b>             | <b>297.47</b>              |

**27) Earnings in Foreign Currency:**

|   | Current Year<br>₹ in lakh | Previous Year<br>₹ in lakh |
|---|---------------------------|----------------------------|
| Consideration received on sale of residential units ..... | 211.94                    | 38.57                      |
| <b>Total</b> .....  | <b>211.94</b>             | <b>38.57</b>               |

**28) Expenditure in Foreign Currency:**

|   | Current Year<br>₹ in lakh | Previous Year<br>₹ in lakh |
|---|---------------------------|----------------------------|
| a) Other expenditure                            |                           |                            |
| Travelling.....                                 | 7.76                      | 7.31                       |
| Marketing expenses .....                        | 2.51                      | 4.84                       |
| Others.....                                     | 68.06                     | 28.90                      |
| <b>Total</b> .....                              | <b>78.33</b>              | <b>41.05</b>               |
| b) Value of Imported and Indigenous Consumption |                           |                            |
| a. Imported.....                                | -                         | -                          |
| b. Indigenously obtained .....                  | 2,444.13                  | 6,068.53                   |
| <b>Total</b> .....                              | <b>2,444.13</b>           | <b>6,068.53</b>            |
| % Imported.....                                 | -                         | -                          |
| % Indigenously obtained .....                   | 100%                      | 100%                       |
|   | <b>100%</b>               | <b>100%</b>                |

**29) Commitments**

|  | Current Year<br>₹ in lakh | Previous Year<br>₹ in lakh |
|--|---------------------------|----------------------------|
| <b>Capital Commitment:</b> Estimated value of contracts remaining to be executed on capital account and not provided for (net of advances) | 198.13                    | 31.37                      |

The disclosure of commitment is given only to the extent of capital commitment and other disclosure relating to commitment has not been given in order to avoid providing excessive details that may not assist users of Financial Statements.

30) In respect of real estate projects under long term contracts, determination of profits/ losses and realisability of the construction work in progress & project advances necessarily involves making estimates by the Company, some of which are of a technical nature, concerning, where relevant, the percentage of completion, costs to completion and the projections of revenues expected from projects / activity and the foreseeable losses to completion. Profit from these contracts and valuation of construction work in progress is based on such estimates.

### 31) Leases:

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

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

|  | Current Year<br>₹ in lakh | Previous Year<br>₹ in lakh |
|--|---------------------------|----------------------------|
| Gross Carrying Amount of premises .....                              | 2604.37                   | 2604.37                    |
| Accumulated Depreciation.....  | 807.04                    | 764.58                     |
| Depreciation for the year .....                                      | 42.46                     | 42.46                      |
| Future minimum lease payments under non-cancellable operating leases |                           |                            |
| ➢ Not later than 1 year.....   | 679.59                    | 641.45                     |
| ➢ Later than 1 year and not later than 5 years .....                 | -                         | 1.98                       |
| ➢ Later than 5 years .....   | -                         | -                          |

b) Lease expenditure for operating leases is recognised on a straight-line basis over the period of lease. The particulars of the premises taken on operating leases are as under:

|  | Current Year<br>₹ in lakh | Previous Year<br>₹ in lakh |
|--|---------------------------|----------------------------|
| Future minimum lease payments under non-cancellable operating leases |                           |                            |
| ➢ Not later than 1 year.....   | 185.39                    | 163.75                     |
| ➢ Later than 1 year and not later than 5 years .....                 | 100.74                    | 18.63                      |
| ➢ Later than 5 years .....   | -                         | -                          |

### 32) Contingent Liabilities

| Matter   | Current Year<br>₹ in lakh | Previous Year<br>₹ in lakh |
|--|---------------------------|----------------------------|
| a) Claims against the Company not acknowledged as debts represent :  |                           |                            |
| i) A suit filed by a party in the Delhi High Court, and disputed by the Company, for recovery of brokerage in respect of a transaction relating to operating of commercial complexes. In the opinion of the management the above claim is not sustainable.....   | -                         | 42.67                      |
| ii) Claims awarded by the Arbitrator to a civil contractor in respect of a project at Mumbai and the Company's appeal against the award has been admitted by the Mumbai High Court.....  | 182.33                    | 88.44                      |
| iii) Demand from local authorities for transfer fees on transfer of property, disputed by the Company .....  | 123.99                    | 123.99                     |
| iv) Demand from a local authority for energy dues disputed by the company.   | 2,164.04                  | 2,164.04                   |
| b) Income tax matters under appeal   |                           |                            |
| In respect of certain business incomes re-classified by the Income tax Department as income from house property and other disallowances, the Company has partially succeeded in appeal and is pursuing the matter further with the higher appellate authorities. | 935.60                    | 1,321.80                   |
| The liability net of Deferred Tax Asset/Deferred Tax Liability would be ₹ 524.17 lakh (previous year ₹ 846.49 lakh)  |                           |                            |

**33) Managerial Remuneration**

|  | Current Year<br>₹ in lakh | Previous Year<br>₹ in lakh |
|--|---------------------------|----------------------------|
| Salaries and Allowances .....                                      | 156.63                    | 133.85                     |
| Contribution to Provident, Gratuity and Superannuation Funds ..... | 20.04                     | 15.27                      |
| Perquisites (estimated monetary value) .....                       | 4.14                      | 3.17                       |
| <b>Total</b> .....   | <b>180.81</b>             | <b>152.29</b>              |

**34) Computation of Net Profit in accordance with Section 349 of the Companies Act, 1956:**

|  | Current Year<br>₹ in lakh | Previous Year<br>₹ in lakh |
|--|---------------------------|----------------------------|
| <b>Profit before Tax</b> .....   | 13,588.19                 | 16,755.23                  |
| <b>Add :</b>   |                           |                            |
| Depreciation as per accounts .....   | 177.04                    | 268.02                     |
| Managerial remuneration .....  | 180.81                    | 152.29                     |
| Director's fees .....  | 10.15                     | 10.20                      |
| Commission to Directors (non executive Director) .....                           | 130.00                    | 130.00                     |
|  | -                         | -                          |
|  | <b>498.00</b>             |                            |
|  | <b>14,086.19</b>          | 17,315.74                  |
| <b>Less :</b>  |                           |                            |
| Depreciation under Section 350 .....   | 116.34                    | 211.22                     |
| Profit on sale of fixed assets not allowable as per proviso to Section 349 ..... | 869.98                    | 283.32                     |
|  | <b>986.32</b>             |                            |
|  | <b>13,099.87</b>          | <b>16,821.20</b>           |
| <b>Net Profit as per Section 349 of the Companies Act, 1956</b> .....            | <b>654.99</b>             | <b>841.06</b>              |
| <b>5% of Net Profit as computed above</b> .....                                  |                           |                            |

**35) Segmental Reporting**

₹ in lakh

|                                      | Operating of<br>Commercial<br>Complexes | Projects, Project<br>Management &<br>Development | Business<br>Centre | Consolidated |
|--------------------------------------|---|--|--------------------|--------------|
| <b>REVENUE</b>                       |   |  |                    |              |
| External Revenue                     | 1,893.45                                | 33,258.60  | -                  | 35,152.05    |
| Previous Year                        | 1,445.69                                | 45,449.55  | -                  | 46,895.24    |
| Inter-segment Revenues               | -                                       | -  | -                  | -            |
| Previous Year                        | -                                       | -  | -                  | -            |
| <b>TOTAL REVENUE</b>                 | 1,893.45                                | 33,258.60  | -                  | 35,152.05    |
| Previous Year                        | 1,445.69                                | 45,449.55  | -                  | 46,895.24    |
| <b>SEGMENT RESULT</b>                | 1,705.99                                | 11,047.05  | -                  | 12,753.05    |
| Previous Year                        | 1,259.54                                | 15,662.12  | -                  | 16,921.66    |
| Unallocated Corporate Expenses (net) | -                                       | -  | -                  | (1,463.25)   |
| Previous Year                        | -                                       | -  | -                  | (2,125.38)   |
| <b>Operating profit</b>              | -                                       | -  | -                  | 11,291.78    |
| Previous Year                        | -                                       | -  | -                  | 14,798.27    |
| Interest expense                     | -                                       | -  | -                  | (617.71)     |
| Previous Year                        | -                                       | -  | -                  | (297.47)     |
| Interest income                      | -                                       | -  | -                  | 2,914.12     |
| Previous Year                        | -                                       | -  | -                  | 2,255.43     |

|                                   | Operating of Commercial Complexes | Projects, Project Management & Development | Business Centre | Consolidated |
|-----------------------------------|-----------------------------------|--|-----------------|--------------|
| Income taxes                      | -                                 | -  | -               | (3,839.22)   |
| <i>Previous Year</i>              | -                                 | -  | -               | (4,739.15)   |
| <b>Net Profit</b>                 | -                                 | -  | -               | 9,748.96     |
| <i>Previous Year</i>              | -                                 | -  | -               | 12,016.08    |
| <b>OTHER INFORMATION</b>          |                                   |  |                 |              |
| Segment Assets                    | 2,222.64                          | 118,567.85                                 | 0.56            | 120,791.04   |
| <i>Previous Year</i>              | 2,331.43                          | 94,587.28                                  | 24.35           | 96,943.06    |
| Unallocated Corporate Assets      | -                                 | -  | -               | 63,250.14    |
| <i>Previous Year</i>              | -                                 | -  | -               | 53,083.64    |
| <b>TOTAL ASSETS</b>               | -                                 | -  | -               | 184,041.18   |
| <i>Previous Year</i>              | -                                 | -  | -               | 150,026.70   |
| Segment Liabilities               | 589.88                            | 56,556.63                                  | 24.18           | 57,170.69    |
| <i>Previous Year</i>              | 589.91                            | 31,066.05                                  | 49.19           | 31,705.15    |
| Unallocated Corporate Liabilities | -                                 | -  | -               | 7,902.03     |
| <i>Previous Year</i>              | -                                 | -  | -               | 5,106.49     |
| <b>TOTAL LIABILITIES</b>          | -                                 | -  | -               | 65,072.72    |
| <i>Previous Year</i>              | -                                 | -  | -               | 36,811.64    |
| Capital Expenditure               | 39.45                             | -  | -               | 197.13       |
| <i>Previous Year</i>              | -                                 | 0.08                                       | -               | 121.36       |
| Depreciation                      | 51.12                             | 2.57                                       | -               | 177.04       |
| <i>Previous Year</i>              | 51.11                             | 4.24                                       | -               | 268.02       |

**Notes:**

- The segment result for Projects, Project Management and Development activity is arrived at after considering an interest of ₹ 1,879.23 lakh(Previous year ₹ 1,578.73 lakh), as it formed part of the cost of projects according to the method of accounting followed by the Company.

**36) Related Party Transactions****List of related parties****Enterprises Controlling the Company**

Mahindra &amp; Mahindra Limited:

Holding Company

**Enterprises under the control of the Company**

Mahindra Infrastructure Developers Limited

Mahindra Integrated Township Limited.

Mahindra World City Developers Limited

Mahindra Residential Developers Limited

Mahindra World City (Jaipur) Limited

Industrial Township (Maharashtra) Limited

Knowledge Township Limited

Mahindra Bebanco Developers Limited

Mahindra World City (Maharashtra) Limited

Raigad Industrial &amp; Business Park Limited

Watsonia Developers Limited

Anthurium Developers Limited

Mahindra Housing Private Limited

(w.e.f. 29<sup>th</sup> March, 2013)**Fellow Subsidiaries**

Bristlecone India Limited

Mahindra Holidays &amp; Resorts India Limited

Mahindra Consulting Engineers Limited

### Joint Ventures

Mahindra Inframan Water Utilities Private Limited

#### Key Management Personnel

Managing Director & Chief Executive Officer of the Company- Ms. Anita Arjundas

Non-Executive Independent Director of the Company - Mr. Sanjiv Kapoor

Enterprises over which key management personnel are able to exercise significant influence: Nil

### Transactions with related parties during the year and balance as on 31<sup>st</sup> March 2013:

(₹ in lakh)

| Nature of Transactions               | Enterprise controlling the Company | Enterprises under the control of the Company | Companies under common control including Fellow Subsidiaries | Joint Ventures / Associates | Individual | Key Management Personnel |
|--------------------------------------|------------------------------------|--|--|-----------------------------|------------|--------------------------|
| <b>Rendering of Services</b>         | 1,441.37                           | 1,031.44                                     | -  | -                           | -          | -                        |
| <i>Previous Year</i>                 | 1,109.44                           | 815.42                                       | 25.00  | -                           | -          | -                        |
| <b>Receiving of services</b>         | 623.10                             | 61.45  | 46.14  | -                           | -          | -                        |
| <i>Previous Year</i>                 | 534.90                             | 93.86  | 39.40  | -                           | -          | -                        |
| <b>Sales</b>                         | -                                  | -  | -  | -                           | 100.61     | -                        |
| <i>Previous Year</i>                 | 11.55                              | -  | -  | -                           | 1,150.00   | -                        |
| <b>Remuneration</b>                  | -                                  | -  | -  | -                           | -          | 180.81                   |
| <i>Previous Year</i>                 | -                                  | -  | -  | -                           | -          | 152.29                   |
| <b>Expense Reimbursement</b>         | 20.30                              | -  | -  | -                           | -          | -                        |
| <i>Previous Year</i>                 | 24.26                              | 1.13   | -  | -                           | -          | -                        |
| <b>Finance given during the year</b> | -                                  | 48,383.00                                    | -  | 60.00                       | -          | -                        |
| <i>Previous Year</i>                 | -                                  | 25,769.50                                    | 1,000.00   | -                           | -          | -                        |
| <b>Purchase of Equity Shares</b>     | -                                  | -  | -  | -                           | -          | -                        |
| <i>Previous Year</i>                 | -                                  | 375.04                                       | -  | -                           | -          | -                        |
| <b>Purchase of Preference Shares</b> | -                                  | -  | -  | -                           | -          | -                        |
| <i>Previous Year</i>                 | -                                  | 1,850.00                                     | -  | -                           | -          | -                        |
| <b>Purchase of Land</b>              | -                                  | -  | -  | -                           | -          | -                        |
| <i>Previous Year</i>                 | 1,467.11                           | -  | 9,720.03   | -                           | -          | -                        |
| <b>ICD refunded</b>                  | -                                  | 37,114.50                                    | -  | 60.00                       | -          | -                        |
| <i>Previous Year</i>                 | -                                  | 18,000.00                                    | 1,000.00   | -                           | -          | -                        |
| <b>Interest received</b>             | -                                  | 2,458.90                                     | -  | 3.81                        | -          | -                        |
| <i>Previous Year</i>                 | -                                  | 1,662.93                                     | 10.71  | -                           | -          | -                        |
| <b>Dividend Paid</b>                 | 1,250.77                           | -  | -  | -                           | -          | -                        |
| <i>Previous Year</i>                 | 1,042.31                           | -  | -  | -                           | -          | -                        |
| <b>Dividend Income</b>               | -                                  | 828.88                                       | -  | -                           | -          | -                        |
| <i>Previous Year</i>                 | -                                  | 555.25                                       | -  | -                           | -          | -                        |
| <b>Advance Received</b>              | -                                  | -  | -  | -                           | -          | 8.12                     |
| <i>Previous Year</i>                 | -                                  | -  | -  | -                           | -          | -                        |
| <b>Receivables</b>                   | 2,271.50                           | 33,011.77                                    | 2.46   | -                           | -          | -                        |
| <i>Previous Year</i>                 | 2,000.00                           | 20,835.87                                    | 0.97   | -                           | -          | -                        |
| <b>Payables</b>                      | 685.10                             | -  | 12.82  | -                           | -          | -                        |
| <i>Previous Year</i>                 | 593.23                             | 0.86   | 9.78   | -                           | -          | -                        |

The significant related party transactions are as under:

| Nature of Transactions        | Enterprises Controlling the Company | Amount (₹ in lakh) | Enterprises under the Control of the Company | Amount (₹ in lakh) | Enterprises under the Common control of the Company / Fellow Subsidiaries | Amount (₹ in lakh) | Individual             | Amount (₹ in lakh) | Joint Ventures / Associates              | Amount (₹ in lakh) | Key Management Personnel | Amount (₹ in lakh) |
|-------------------------------|-------------------------------------|--------------------|--|--------------------|---|--------------------|------------------------|--------------------|--|--------------------|--------------------------|--------------------|
| Rendering of services         | Mahindra & Mahindra Limited         | 1,441.37           | Mahindra Residential Development Limited     | 399.98             |   |                    |                        |                    |  |                    |                          |                    |
|                               |                                     |                    | Mahindra Bebanco Developers Limited          | 346.65             |   |                    |                        |                    |  |                    |                          |                    |
|                               |                                     |                    | Mahindra Integrated Township Limited         | 277.84             |   |                    |                        |                    |  |                    |                          |                    |
| Receiving of services         | Mahindra & Mahindra Limited         | 623.10             | Mahindra World City Developers Limited       | 61.45              | Bristle Cone India Limited  | 18.07              |                        |                    |  |                    |                          |                    |
|                               |                                     |                    |  |                    | Mahindra Holidays & Resorts India Limited                                 | 26.13              |                        |                    |  |                    |                          |                    |
| Sales                         |                                     |                    |  |                    |   |                    | Relative of Individual | 100.61             |  |                    |                          |                    |
| Remuneration                  |                                     |                    |  |                    |   |                    |                        |                    |  |                    | Anita Arjundas           | 180.81             |
| Expense Reimbursement         | Mahindra & Mahindra Limited         | 20.30              |  |                    |   |                    |                        |                    |  |                    |                          |                    |
| Finance given during the year |                                     |                    | Mahindra World City Developers Limited       | 15,800.00          |   |                    |                        |                    | Mahindra Water Utilities Private Limited | 60.00              |                          |                    |
|                               |                                     |                    | Mahindra World City (Jaipur) Limited         | 14,700.00          |   |                    |                        |                    |  |                    |                          |                    |
|                               |                                     |                    | Mahindra Integrated Township Limited         | 6,600.00           |   |                    |                        |                    |  |                    |                          |                    |
|                               |                                     |                    | Watsonia Developers Limited                  | 10,900.00          |   |                    |                        |                    |  |                    |                          |                    |
| ICD refunded                  |                                     |                    | Mahindra World City (Jaipur) Limited         | 20,500.00          |   |                    |                        |                    | Mahindra Water Utilities Private Limited | 60.00              |                          |                    |
|                               |                                     |                    | Mahindra World City Developers Limited       | 14,300.00          |   |                    |                        |                    |  |                    |                          |                    |

| Nature of Transactions            | Enterprises Controlling the Company | Amount (₹ in lakh) | Enterprises under the Control of the Company | Amount (₹ in lakh) | Enterprises under the Common control of the Company / Fellow Subsidiaries | Amount (₹ in lakh) | Individual | Amount (₹ in lakh) | Joint Ventures / Associates              | Amount (₹ in lakh) | Key Management Personnel | Amount (₹ in lakh) |
|-----------------------------------|-------------------------------------|--------------------|--|--------------------|---|--------------------|------------|--------------------|--|--------------------|--------------------------|--------------------|
| Interest received                 |                                     |                    | Mahindra World City (Jaipur) Limited         | 560.74             |   |                    |            |                    | Mahindra Water Utilities Private Limited | 3.81               |                          |                    |
|                                   |                                     |                    | Mahindra Bebanco Developers Limited          | 368.06             |   |                    |            |                    |  |                    |                          |                    |
|                                   |                                     |                    | Mahindra Integrated Township Limited         | 493.42             |   |                    |            |                    |  |                    |                          |                    |
|                                   |                                     |                    | Mahindra World City Developers Limited       | 654.96             |   |                    |            |                    |  |                    |                          |                    |
| Dividend paid during the year     | Mahindra & Mahindra Limited         | 1,250.77           |  |                    |   |                    |            |                    |  |                    |                          |                    |
| Dividend received during the year |                                     |                    | Mahindra World City Developers Limited       | 472.62             |   |                    |            |                    |  |                    |                          |                    |
|                                   |                                     |                    | Mahindra World City (Jaipur) Limited         | 356.25             |   |                    |            |                    |  |                    |                          |                    |
| Advance Received                  |                                     |                    |  |                    |   |                    |            |                    |  |                    | Anita Arjundas           | 8.12               |
| Receivables                       | Mahindra & Mahindra Limited         | 2,271.50           | Mahindra World City Developers Limited       | 6,534.14           | Mahindra Consulting Engineers Limited                                     | 2.46               |            |                    |  |                    |                          |                    |
|                                   |                                     |                    | Watsonia Developers Limited                  | 10,933.60          |   |                    |            |                    |  |                    |                          |                    |
|                                   |                                     |                    | Mahindra Integrated Township Limited         | 9,724.54           |   |                    |            |                    |  |                    |                          |                    |
| Payables                          | Mahindra & Mahindra Limited         | 685.10             |  |                    | Mahindra Holidays & Resorts India Limited                                 | 7.52               |            |                    |  |                    |                          |                    |
|                                   |                                     |                    |  |                    | Mahindra Consulting Engineers Limited                                     | 1.49               |            |                    |  |                    |                          |                    |
|                                   |                                     |                    |  |                    | Bristle Cone India Limited  | 3.61               |            |                    |  |                    |                          |                    |

**37) Information in respect of Jointly Controlled Operations**

- i) Development of the following residential projects:  
G.E. Gardens, Mumbai  
Kukattpally, Hyderabad
- ii) Project for providing potable drinking water and sewerage facilities at Tirupur, Tamil Nadu.

**38) Earnings per share**

Calculation of Net Profit available for Equity Shareholders:

|  | Current Year<br>₹ in lakh | Previous Year<br>₹ in lakh |
|--|---------------------------|----------------------------|
| A. Net Profit After Tax.....   | 9,748.96                  | 12,016.08                  |
| B. Less : Dividend on Non Cumulative Redeemable Preference Shares<br>(including Tax on distributed Profits)..... | -                         | -                          |
| C. Profit available for Equity Shareholders .....  | <b>9,748.96</b>           | 12,016.08                  |
| D. Weighted Average number of Equity Shares of ₹ 10/- each .....   | <b>408.35</b>             | 408.35                     |
| E. Basic Earnings per Share (₹) .....  | <b>23.87</b>              | 29.43                      |
| F. Diluted Earnings per Share (₹) .....  | <b>23.87</b>              | 29.43                      |

**39)** The figures for previous year have been regrouped wherever necessary to conform to current year's classification

As per our Report attached hereto

For and on behalf of

**B. K. Khare & Co.**

Chartered Accountants

**Padmini Khare Kaicker**

Partner

Mumbai : 22<sup>nd</sup> April, 2013

**Suhas Kulkarni**  
Company Secretary

For and on behalf of the Board

**Arun Nanda**

**Uday Y. Phadke**

**Sanjiv Kapoor**

**Shailesh Haribhakti**

**Anil Harish**

**Prakash Hebalkar**

**Anita Arjundas**

*Chairman*

*Director*

*Director*

*Director*

*Director*

*Director*

*Managing Director & CEO*

**Statement pursuant to Section 212 of the Companies Act, 1956 relating to subsidiary companies :**

₹ in lakh

| Particulars  | Name of the Subsidiary Company             |  |                                      |   |                                      |                             |   |                                     |   |   |                              |                             |                                    |
|--|--|--|--------------------------------------|---|--------------------------------------|-----------------------------|---|-------------------------------------|---|---|------------------------------|-----------------------------|------------------------------------|
|  | Mahindra Infrastructure Developers Limited | Mahindra World City Developers Limited | Mahindra World City (Jaipur) Limited | Mahindra World City (Maharashtra) Limited | Mahindra Integrated Township Limited | Knowledge Township Limited  | Mahindra Residential Developers Limited | Mahindra Bebenco Developers Limited | Industrial Township (Maharashtra) Limited | Raigad Industrial & Business Park Limited | Anthurium Developers Limited | Watsonia Developers Limited | Mahindra Housing Private Limited * |
| The Financial Year of the Subsidiary Company ended on ....   | 31 <sup>st</sup> March 2013                | 31 <sup>st</sup> March 2013            | 31 <sup>st</sup> March 2013          | 31 <sup>st</sup> March 2013               | 31 <sup>st</sup> March 2013          | 31 <sup>st</sup> March 2013 | 31 <sup>st</sup> March 2013             | 31 <sup>st</sup> March 2013         | 31 <sup>st</sup> March 2013               | 31 <sup>st</sup> March 2013               | 31 <sup>st</sup> March 2013  | 31 <sup>st</sup> March 2013 | 31 <sup>st</sup> March 2013        |
| Number of Equity Shares in the Subsidiary Company held by Mahindra Lifespace Developers Limited at the above date :  |  |  |                                      |   |                                      |                             |   |                                     |   |   |                              |                             |                                    |
| Equity   | 18,000,000                                 | 16,524,993                             | 11,000,000                           | 1,170,400                                 | 50,000,000                           | 21,000,000                  | 250,000                                 | 35,000                              | 5,000,000                                 | 50,000                                    | 50,000                       | 50,000                      | -                                  |
| Extent of holding (%)  | 100%                                       | 82.62%                                 | 74.00%                               | 100%                                      | 94.66%                               | 100%                        | 94.66%                                  | 70.00%                              | 100.00%                                   | 100.00%                                   | 100.00%                      | 100.00%                     | 100.00%                            |
| <b>The net aggregate of profits/(losses) of the Subsidiary Company for its financial year so far as they concern the members of Mahindra Lifespace Developers Limited:</b>           |  |  |                                      |   |                                      |                             |   |                                     |   |   |                              |                             |                                    |
| 1. Dealt with in the Accounts of Mahindra Lifespace Developers Ltd. for the year ended 31 <sup>st</sup> March, 2013.   | Nil  | Nil                                    | Nil                                  | Nil                                       | Nil                                  | Nil                         | Nil                                     | Nil                                 | Nil                                       | Nil                                       | Nil                          | Nil                         | NA                                 |
| 2. Not dealt with in the Accounts of Mahindra Lifespace Developers Limited for the year ended 31 <sup>st</sup> March, 2013.  | (21.44)                                    | 4,502.26                               | 1,227.20                             | (0.13)                                    | 1,080.37                             | (1.52)                      | 830.44                                  | (316.34)                            | (1.34)                                    | (0.50)                                    | (0.47)                       | (0.34)                      | NA                                 |
| <b>The net aggregate of profits/(losses) of the Subsidiary Company for its previous financial years so far as they concern the members of Mahindra Lifespace Developers Limited:</b> |  |  |                                      |   |                                      |                             |   |                                     |   |   |                              |                             |                                    |
| 1. Dealt with in the Accounts of Mahindra Lifespace Developers Ltd. for the year ended 31 <sup>st</sup> March, 2012.   | Nil  | 4,074.45                               | 660.76                               | Nil                                       | 3,718.20                             | 188.14                      | Nil                                     | Nil                                 | Nil                                       | Nil                                       | Nil                          | Nil                         | NA                                 |
| 2. Not dealt with in the Accounts of Mahindra Lifespace Developers Limited for the year ended 31 <sup>st</sup> March, 2012.  | 21.12                                      | 6,475.52                               | 1,223.68                             | (112.69)                                  | (1,264.49)                           | (40.52)                     | 404.02                                  | (155.88)                            | (12.01)                                   | (8.32)                                    | (1.49)                       | (1.49)                      | NA                                 |

\* First financial year would be from 29<sup>th</sup> March, 2013 to 31<sup>st</sup> March, 2014.

**Arun Nanda** Chairman  
**Uday Y. Phadke** Director  
**Sanjiv Kapoor** Director  
**Shailesh Haribhakti** Director  
**Anil Harish** Director  
**Prakash Hebalkar** Director  
**Anita Arjundas** Managing Director & CEO

**Suhas Kulkarni**  
 Company Secretary

Mumbai : 22<sup>nd</sup> April, 2013

**Summary of financial performance of the subsidiary companies for the year April 2012- March 2013**

| SUBSIDIARY COMPANY   | Mahindra Infrastructure Developers Limited | Mahindra World City Developers Limited | Mahindra World City (Jaipur) Limited | Mahindra World City (Maharashtra) Limited | Mahindra Integrated Township Limited | Knowledge Township Limited | Mahindra Residential Developers Limited | Mahindra Bebenco Developers Limited | Industrial Township (Maharashtra) Limited | Raigad Industrial & Business Park Limited | Anthurium Developers Limited | Watsonia Developers Limited | Mahindra Housing Private Limited |
|--|--|--|--------------------------------------|---|--------------------------------------|----------------------------|---|-------------------------------------|---|---|------------------------------|-----------------------------|----------------------------------|
|  | MIDL                                       | MWCDL                                  | MWCJL                                | MWCML                                     | MITL                                 | KTL                        | MRDL                                    | MBDL                                | ITML                                      | RIBPL                                     | ADL                          | WDL                         | MHPL                             |
| Particulars  | ₹ lakh                                     | ₹ lakh                                 | ₹ lakh                               | ₹ lakh                                    | ₹ lakh                               | ₹ lakh                     | ₹ lakh                                  | ₹ lakh                              | ₹ lakh                                    | ₹ lakh                                    | ₹ lakh                       | ₹ lakh                      | ₹ lakh                           |
| Capital  | 1,800.00                                   | 8,500.00                               | 20,000.00                            | 117.04                                    | 5,043.50                             | 2,100.00                   | 26.00                                   | 5.00                                | 500.00                                    | 5.00                                      | 5.00                         | 5.00                        | NA                               |
| Reserves/(Debit ... balance as per Profit & Loss A/c) .....      | 20.10                                      | 8,824.85                               | 1,969.17                             | (113.20)                                  | (194.85)                             | (43.52)                    | 5,986.23                                | (674.83)                            | (13.35)                                   | (9.10)                                    | (1.96)                       | (1.47)                      | NA                               |
| Total Assets .....   | 2,031.59                                   | 47,407.05                              | 63,502.88                            | 4.14                                      | 21,193.88                            | 4,441.14                   | 9,993.85                                | 11,853.55                           | 1,562.04                                  | 0.78                                      | 3.49                         | 3.86                        | NA                               |
| Total Liabilities .....  | 2,031.59                                   | 47,407.05                              | 63,502.88                            | 4.14                                      | 21,193.88                            | 4,441.14                   | 9,993.85                                | 11,853.55                           | 1,562.04                                  | 0.78                                      | 3.49                         | 3.86                        | NA                               |
| Investments (except in case of investment in subsidiaries) ..... | 1,507.50                                   | -                                      | 107.22                               | -   | -                                    | -                          | -                                       | 275.67                              | -   | -   | -                            | -                           | NA                               |
| Turnover .....   | 8.10                                       | 12,381.42                              | 10,661.24                            | 0.27                                      | 6,863.56                             | -                          | 7,880.11                                | 2,482.51                            | -   | -   | -                            | -                           | NA                               |
| Profit before Taxation .....                                     | (21.65)                                    | 8,268.38                               | 2,526.32                             | (0.13)                                    | 1,141.33                             | (1.52)                     | 1,096.76                                | (344.85)                            | (1.34)                                    | (0.50)                                    | (0.47)                       | (0.34)                      | NA                               |
| Provision for Taxation .....                                     | (0.21)                                     | 2,819.02                               | 867.94                               | -   | -                                    | -                          | 219.46                                  | 107.06                              | -   | -   | -                            | -                           | NA                               |
| Profit after Taxation  | (21.44)                                    | 5,449.36                               | 1,658.38                             | (0.13)                                    | 1,141.33                             | (1.52)                     | 877.30                                  | (451.91)                            | (1.34)                                    | (0.50)                                    | (0.47)                       | (0.34)                      | NA                               |
| Proposed Dividend  |  | 730.07                                 | 700.00                               |   |                                      |                            |   |                                     |   |   |                              |                             |                                  |

## FINANCIAL HIGHLIGHTS- CONSOLIDATED

₹ in lakh

|   | F - 2013 | F - 2012 | F - 2011 | F - 2010 | F - 2009 | F - 2008 | F - 2007 | F - 2006 | F - 2005 | F - 2004 |
|---|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| Net Worth                                   | 129,307  | 115,499  | 106,515  | 98,876   | 93,491   | 85,574   | 76,566   | 18,043   | 17,687   | 19,812   |
| Borrowings                                  | 96,565   | 66,663   | 54,413   | 42,071   | 33,210   | 28,552   | 4,813    | 18,079   | 16,628   | 9,691    |
| Net Fixed Assets                            | 31,117   | 23,203   | 22,517   | 20,481   | 22,484   | 13,681   | 8,980    | 6,542    | 6,592    | 4,492    |
| Investments                                 | 13,322   | 17,479   | 8,743    | 14,812   | 10,831   | 33,043   | 17,582   | 1,848    | 1,848    | 6,352    |
| Book Value Per Equity Share (₹)             | 317      | 283      | 261      | 240      | 227      | 207      | 188      | 37       | 36       | 40       |
| Operating Income                            | 73,834   | 70,127   | 61,193   | 41,787   | 34,178   | 23,108   | 21,635   | 21,626   | 12,335   | 7,169    |
| Other Income                                | 3,415    | 2,714    | 1,508    | 2,209    | 2,940    | 3,352    | 764      | 448      | 365      | 2,802    |
| Operating Expenses                          | 39,777   | 42,717   | 36,577   | 25,315   | 22,897   | 13,121   | 16,150   | 15,966   | 8,926    | 6,463    |
| Other expenses                              | 13,865   | 11,318   | 8,919    | 6,793    | 4,012    | 4,074    | 3,527    | 3,614    | 3,153    | 3,390    |
| Profit Before Tax                           | 23,607   | 18,806   | 17,205   | 11,888   | 10,209   | 9,265    | 2,723    | 2,494    | 621      | 118      |
| Profit after Tax ( after minority interest) | 14,137   | 11,908   | 10,817   | 7,849    | 6,564    | 6,641    | 1,790    | 1,650    | 35       | (15)     |
| Basic Earning per Share (₹)                 | 34.61    | 29.16    | 26.20    | 18.93    | 15.79    | 16.26    | 4.92     | 2.29     | 0.11     | (0.27)   |
| Diluted Earning per Share (₹)               | 34.61    | 29.16    | 26.20    | 18.93    | 15.79    | 16.26    | 4.91     | 2.29     | 0.11     | (0.27)   |
| Equity Dividend per share (₹)               | 6.00     | 6.00     | 5.00     | 3.50     | 2.50     | 2.50     | 1.50     | 1.00     | -        | -        |

## INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF DIRECTORS OF MAHINDRA LIFESPACE DEVELOPERS LIMITED

1. We have audited the accompanying consolidated financial statements of Mahindra Lifespace Developers Limited ("the Company") and its subsidiaries, its jointly controlled entities and associate companies, hereinafter referred to as the "Group", refer note no 1B to the attached consolidated financial statements, which comprise the consolidated Balance Sheet as at 31<sup>st</sup> March, 2013, and the consolidated Statement of Profit and Loss and consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.
7. In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on the financial statements of the subsidiaries as noted below, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
  - (a) in the case of the consolidated Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March, 2013;
  - (b) in the case of the consolidated Profit and Loss Account, of the profit for the year ended on that date; and
  - (c) in the case of the consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

### Management's Responsibility for the Consolidated Financial Statements

2. The Company's Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company in accordance with accounting principles generally accepted in India; this includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

3. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

6. In our opinion the consolidated financial statements have been prepared by the Company's Management in accordance with the requirements of the Accounting Standards (AS) 21- Consolidated Financial Statements, Accounting Standards (AS) 23- Accounting for Investments in Associates in Consolidated Financial Statements, and Accounting Standards (AS) 27 – Financial Reporting of Interests in Joint Ventures notified under Section 211(3C) of the Companies Act 1956.

### Emphasis of Matter

Without qualifying our opinion we draw attention to

- i. As stated in Note No. 14 of the financial statements and for reasons detailed therein the management of the company does not perceive any permanent diminution in the value of long term investment of ₹1,500 lakh in New Tirpur Area Development Corporation Limited ("NTADCL") in view of the revival of the operations being taken by the stakeholders of NTADCL.
- ii. As stated in note No. 18(#), 21(\*), 22(#) of the accounts for the reasons detailed therein the balance of ₹7,146.11 lakh included in construction work in progress, project advances and interest accrued thereon included in other current assets on account of projects on hold, presently referred to arbitration has been considered realizable by the management. We have relied on management representation in this regard due to resolution of the matter being dependent on events to occur in future.
- iii. Note No.30 of the accounts regarding reliance on management owing to the technical nature of estimates of the percentage of completion, costs to completion and the projections of revenues expected from projects and realisability of Construction work in progress.

### Other Matter

8. We did not audit the financial statements of certain subsidiaries, and jointly controlled entities included in the consolidated financial statements, whose financial statements reflect total assets (net) of ₹ 72,994.78 lakh as at 31<sup>st</sup> March, 2013, total revenues of ₹ 32,540.38 lakh and net cash outflows amounting to ₹ 2,930.20 lakh for the year then ended. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management, and our opinion is based solely on the reports of the other auditors. Our opinion is not qualified in respect of this matter.

For and on behalf of

**B. K. Khare and Co.**  
**Chartered Accountants**

**Padmini Khare Kaicker**  
**Partner**

M. No. 44784  
Firm Registration No. 105102W

Mumbai  
Dated: 22<sup>nd</sup> April, 2013

## Consolidated Balance Sheet as at 31<sup>st</sup> March, 2013

|                                      | Notes   | Current Year<br>₹ in lakh | Previous Year<br>₹ in lakh |
|--------------------------------------|---------|---------------------------|----------------------------|
| <b>EQUITY AND LIABILITIES</b>        |         |                           |                            |
| <b>Shareholders' Funds :</b>         |         |                           |                            |
| Share Capital.....                   | 2       | 4,083.97                  | 4,083.52                   |
| Reserves & Surplus.....              | 3       | 125,223.50                | 111,415.84                 |
|                                      |         | <u>129,307.47</u>         | <u>115,499.36</u>          |
| <b>Share Application Monies.....</b> |         | -                         | 7.00                       |
| <b>Non Current Liabilities</b>       |         |                           |                            |
| Long Term Borrowings.....            | 4       | 57,491.86                 | 49,162.00                  |
| Deferred Tax Liability (Net).....    | 5       | 3,720.67                  | 2,149.81                   |
| Other Long Term Liabilities.....     | 6       | 1,200.25                  | 305.41                     |
| Long Term Provisions.....            | 7       | 136.28                    | 102.62                     |
| Minority Interest.....               | 8       | 8,563.43                  | 10,021.46                  |
|                                      |         | <u>71,112.49</u>          | <u>61,741.30</u>           |
| <b>Current Liabilities</b>           |         |                           |                            |
| Short Term Borrowings.....           | 9       | 20,325.99                 | 1,357.41                   |
| Trade Payables.....                  | 10      | 20,470.93                 | 14,893.49                  |
| Other Current Liabilities.....       | 11      | 39,999.70                 | 29,304.44                  |
| Short Term Provisions.....           | 12      | 4,581.91                  | 4,308.24                   |
|                                      |         | <u>85,378.53</u>          | <u>49,863.58</u>           |
| <b>TOTAL .....</b>                   |         | <u><b>285,798.49</b></u>  | <u><b>227,111.24</b></u>   |
| <b>ASSETS</b>                        |         |                           |                            |
| <b>Non Current Assets</b>            |         |                           |                            |
| Fixed Assets :                       |         |                           |                            |
| Tangible Assets.....                 | 13      | 20,896.55                 | 19,493.75                  |
| Intangible Assets.....               |         | 9,505.42                  | 2,900.95                   |
| Capital Work in Progress.....        |         | 715.12                    | 808.41                     |
|                                      |         | <u>31,117.09</u>          | <u>23,203.11</u>           |
| Non Current Investments.....         | 14      | 1,837.21                  | 1,835.24                   |
| Long Term Loans & Advances.....      | 15      | 458.93                    | 306.19                     |
| Other Non Current Assets.....        | 16      | 66.29                     | 275.20                     |
|                                      |         | <u>33,479.52</u>          | <u>25,619.74</u>           |
| <b>Current Assets</b>                |         |                           |                            |
| Current Investments.....             | 17      | 11,485.18                 | 15,643.49                  |
| Inventories.....                     | 18      | 163,073.72                | 104,911.91                 |
| Trade Receivables.....               | 19      | 9,017.96                  | 19,750.51                  |
| Cash & Cash Equivalents.....         | 20      | 14,426.69                 | 15,020.03                  |
| Short Term Loans & Advances.....     | 21      | 42,839.07                 | 37,581.51                  |
| Other Current Assets.....            | 22      | 11,476.35                 | 8,584.05                   |
|                                      |         | <u>252,318.97</u>         | <u>201,491.50</u>          |
| <b>TOTAL .....</b>                   |         | <u><b>285,798.49</b></u>  | <u><b>227,111.24</b></u>   |
| Notes on Financial Statements.....   | 1 to 40 |                           |                            |

As per our Report attached hereto

For and on behalf of the Board

For and on behalf of  
**B. K. Khare & Co.**  
Chartered Accountants

**Padmini Khare Kaicker**  
Partner

Mumbai : 22<sup>nd</sup> April, 2013

**Suhas Kulkarni**  
Company Secretary

**Arun Nanda** *Chairman*  
**Uday Y. Phadke** *Director*  
**Sanjiv Kapoor** *Director*  
**Shailesh Haribhakti** *Director*  
**Anil Harish** *Director*  
**Prakash Hebalkar** *Director*  
**Anita Arjundas** *Managing Director & CEO*

## Consolidated Statement of Profit and Loss for the year ended 31<sup>st</sup> March, 2013

|  | Note    | Current Year<br>₹ in lakh | Previous Year<br>₹ in lakh |
|--|---------|---------------------------|----------------------------|
| <b>INCOME</b>                              |         |                           |                            |
| Operating Income .....                     | 23      | 73,833.83                 | 70,126.56                  |
| Other Income .....                         | 24      | 3,414.84                  | 2,714.49                   |
|  |         | <u>77,248.67</u>          | <u>72,841.05</u>           |
| <b>EXPENDITURE</b>                         |         |                           |                            |
| Operating Expenses .....                   | 25      | 39,776.55                 | 42,716.80                  |
| Employee Benefits .....                    | 26      | 3,532.08                  | 2,938.48                   |
| Administration & Other Expenses .....      | 27      | 6,338.59                  | 5,337.02                   |
| Finance Cost .....                         | 28      | 3,124.03                  | 2,108.64                   |
| Depreciation & Amortization Expenses ..... |         | 870.44                    | 933.87                     |
|  |         | <u>53,641.69</u>          | <u>54,034.81</u>           |
| <b>Profit before Tax .....</b>             |         | <b>23,606.98</b>          | <b>18,806.24</b>           |
| Less : Provision for Current Tax .....     |         | (6,430.99)                | (5,308.06)                 |
| Less : Provision for Deferred Tax .....    |         | (1,560.34)                | (621.02)                   |
| <b>Profit after tax .....</b>              |         | <b>15,615.65</b>          | <b>12,877.16</b>           |
| Less: Minority Interest .....              |         | (1,479.14)                | (969.14)                   |
| <b>Consolidated Net Profit .....</b>       |         | <b>14,136.51</b>          | <b>11,908.02</b>           |
| <b>Basic Earnings per Share .....</b>      |         | <b>34.61</b>              | 29.16                      |
| <b>Diluted Earnings per Share .....</b>    |         | <b>34.61</b>              | 29.16                      |
| Notes on Financial Statements .....        | 1 to 40 |                           |                            |

As per our Report attached hereto

For and on behalf of the Board

For and on behalf of  
**B. K. Khare & Co.**  
Chartered Accountants

**Padmini Khare Kaicker**  
Partner

Mumbai : 22<sup>nd</sup> April, 2013

**Suhas Kulkarni**  
Company Secretary

**Arun Nanda**  
**Uday Y. Phadke**  
**Sanjiv Kapoor**  
**Shailesh Haribhakti**  
**Anil Harish**  
**Prakash Hebalkar**  
**Anita Arjundas**

*Chairman*  
*Director*  
*Director*  
*Director*  
*Director*  
*Director*

*Managing Director & CEO*

## Consolidated Cash Flow Statement for the year ended 31<sup>st</sup> March, 2013

|  | Current Year<br>₹ in lakh | Previous Year<br>₹ in lakh |
|--|---------------------------|----------------------------|
| <b>A. Cash flow from operating activities</b>              |                           |                            |
| <b>Net Profit Before Tax.....</b>                          | <b>23,606.98</b>          | 18,806.24                  |
| Adjustments for :  |                           |                            |
| Depreciation & Amortisation Expenses .....                 | 870.44                    | 933.87                     |
| Amortisation of Esop Expenses .....                        | 70.37                     | 19.40                      |
| Considered separately                                      |                           |                            |
| Interest Income.....                                       | (839.78)                  | (1,138.43)                 |
| Finance Cost .....   | 3,124.38                  | 2,108.64                   |
| Profit on Sale of Investments .....                        | (46.00)                   | (54.90)                    |
| Provision for Doubtful debts .....                         | 95.00                     | -                          |
| Dividend Income.....                                       | (1,389.68)                | (1,093.96)                 |
| Loss/(Profit) on sale of Fixed assets (Net) .....          | (1,194.87)                | (283.32)                   |
| Operating Profit Before Working Capital Changes.....       | 24,296.84                 | 19,297.54                  |
| Adjustments for :  |                           |                            |
| Trade and Other Receivables .....                          | 5,284.56                  | (12,837.97)                |
| Inventories.....   | (50,133.71)               | (4,825.31)                 |
| Trade Payables and Other Liabilities .....                 | 14,089.96                 | (1,249.18)                 |
| Cash Generated from Operations .....                       | (6,462.35)                | 385.08                     |
| Income taxes received / (paid) .....                       | (9,374.34)                | (5,552.98)                 |
| <b>Net Cash from / (used in) operating activities.....</b> | <b>(15,836.69)</b>        | (5,167.90)                 |
| <b>B. Cash flow from investing activities</b>              |                           |                            |
| Purchase of Fixed Assets.....                              | (2,649.64)                | (676.98)                   |
| Proceeds from Sale of Fixed Assets .....                   | 1,664.16                  | 610.81                     |
| Proceeds / (Investments) in Others (Net).....              | 4,156.38                  | (8,680.84)                 |
| Goodwill on acquisition .....                              | (6,604.47)                | -                          |
| Minority interest.....                                     | (1,458.03)                | 783.25                     |
| Interest received.....                                     | 783.45                    | 1,125.58                   |
| Dividend received.....                                     | 1,389.68                  | 1,093.96                   |
| <b>Net Cash from / (used in) investing activities.....</b> | <b>(2,718.47)</b>         | (5,744.22)                 |

## Consolidated Cash Flow Statement for the year ended 31<sup>st</sup> March, 2013 (Contd.)

|   | Current Year<br>₹ in lakh | Previous Year<br>₹ in lakh |
|---|---------------------------|----------------------------|
| <b>C. Cash flow from financing activities</b>                     |                           |                            |
| Increase in borrowings .....                                      | 29,901.44                 | 11,950.53                  |
| Share Application money .....                                     | -                         | 3.75                       |
| Finance Cost .....  | (9,495.81)                | (8,223.33)                 |
| Dividend Paid .....   | (2,847.58)                | (2,372.98)                 |
| Issue of Equity Share Capital .....                               | 0.45                      | -                          |
| <b>Net Cash from / (used in) financing activities .....</b>       | <b>17,558.50</b>          | <b>1,357.97</b>            |
| <b>Net increase/(decrease) in cash and cash equivalents .....</b> | <b>(996.66)</b>           | <b>(9,554.15)</b>          |
| <b>Cash and Cash Equivalents (Opening) .....</b>                  | <b>13,211.68</b>          | <b>22,765.83</b>           |
| <b>Cash and Cash Equivalents (Closing).....</b>                   | <b>12,215.02</b>          | <b>13,211.68</b>           |

As per our Report attached hereto

For and on behalf of  
**B. K. Khare & Co.**  
Chartered Accountants

**Padmini Khare Kaicker**  
Partner

Mumbai : 22<sup>nd</sup> April, 2013

**Suhas Kulkarni**  
Company Secretary

For and on behalf of the Board

**Arun Nanda**  
**Uday Y. Phadke**  
**Sanjiv Kapoor**  
**Shailesh Haribhakti**  
**Anil Harish**  
**Prakash Hebalkar**  
**Anita Arjundas**

*Chairman*  
*Director*  
*Director*  
*Director*  
*Director*  
*Director*  
*Managing Director & CEO*

## Notes annexed to and forming part of Consolidated Balance Sheet as at 31<sup>st</sup> March, 2013 and Statement of Profit and Loss for the year ended 31<sup>st</sup> March, 2013.

### 1) SIGNIFICANT ACCOUNTING POLICIES:

#### a) Presentation and Disclosure of Financial Statements

Assets & liabilities have been classified as Current & Non-Current as per the Company's normal operating cycle and other criteria set out in the Schedule VI of the Companies Act, 1956. In case of Projects-Residential units, based on the nature of activity carried out by the company and the period between the procurement and realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 5 years for the purpose of Current & Non-Current classification of assets & liabilities. In case of Projects-Commercial units, the operating cycle is 3 years. Similarly, In case of Projects-for Large format developments/Integrated Business cities, the said period is 20 years.

#### b) Accounting Convention :

- i. The financial statements are prepared under the historical cost convention in accordance with Generally Accepted Accounting Principles in India, the Accounting Standards notified under The Companies (Accounting Standard) Rules, 2006 and the relevant provisions of the Companies Act, 1956.
- ii. The accounts of associate company have been prepared on the basis that the company is not regarded as a going concern.

#### c) 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.

#### d) Basis of consolidation :

The Consolidated Financial Statements relate to Mahindra Lifespace Developers Limited (the Company), its subsidiary companies and the interest of the Company in joint ventures and associates.

##### A. Basis of accounting :

- (i) The Financial Statements of the subsidiary companies and the joint venture companies (JVCs) used in the preparation of the Consolidated Financial Statements are drawn upto the same reporting date as that of the Company i.e. 31<sup>st</sup> March, 2013. The accounts of the all the subsidiaries, the Joint Ventures and Associates are audited.
- (ii) The Consolidated Financial Statements have been prepared in accordance with the Accounting Standards issued by the Institute of Chartered Accountants of India, and generally accepted accounting principles.

##### B. Principles of Consolidation :

The Consolidated Financial Statements have been prepared on the following basis :-

- (i) The Financial Statements of the Company and its subsidiary companies (which are not in the nature of joint ventures) have been consolidated on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses. The intra group balances and intra group transactions and unrealised profits or losses resulting from intra group transactions are fully eliminated.
- (ii) The Consolidated Financial Statements include the interest of the Company in JVCs, which has been accounted for using the proportionate consolidation method of accounting and reporting whereby the Company's share of each of the assets, liabilities, income and expenses of a jointly controlled entity is considered as separate line items in the Consolidated Financial Statements.
- (iii) The share of equity in the subsidiary companies as on the date of investment, being in excess of the cost of investment of the Company, the difference is recognised as "Capital Reserve on Acquisition of Subsidiaries" and shown under the head "Reserves and Surplus" in the Consolidated Financial Statements.
- (iv) Minority interest in the Net Asset of consolidated subsidiaries consists of the amount of equity attributable to the minority shareholders as on the dates on which investments are made by the Company in the subsidiary companies and further movements in their share in the equity subsequent to the dates of investments as stated above.

The consolidation of accounts is done for Mahindra Lifespace Developers Limited, the parent company, with its

subsidiaries incorporated in India in accordance with the requirements of Accounting Standard (AS)21- 'Consolidated Financial Statements 'notified by the Central Government.

**Name of Subsidiary**

|   | Proportion of Ownership Interest |               |
|---|----------------------------------|---------------|
|   | Current Year                     | Previous Year |
| Mahindra Infrastructure Developers Limited..... | 100.00%                          | 100.00%       |
| Mahindra World City Developers Limited .....    | 82.62%                           | 82.62%        |
| Mahindra World City (Jaipur) Limited .....      | 74.00%                           | 74.00%        |
| Mahindra World City (Maharashtra) Limited.....  | 100.00%                          | 100.00%       |
| Mahindra Integrated Township Limited. ....      | 94.66%                           | 95.48%        |
| Knowledge Township Limited.....                 | 100.00%                          | 100.00%       |
| Mahindra Residential Developers Limited.....    | 94.66%                           | 48.70%        |
| Mahindra Bebanco Developers Limited.....        | 70.00%                           | 70.00%        |
| Industrial Township Maharashtra Limited.....    | 100.00%                          | 100.00%       |
| Raigad Industrial Business Park Ltd.....        | 100.00%                          | 100.00%       |
| Anthurium Developers Limited .....              | 100.00%                          | 100.00%       |
| Watsonia Developers Limited.....                | 100.00%                          | 100.00%       |

C) Investments in Joint Ventures are dealt with in accordance with the Accounting Standard (AS) 27 - “Financial Reporting of Interests in Joint Ventures” notified by the Central Government.

**Name of Joint Ventures**

|   | Proportion of Ownership Interest |               |
|---|----------------------------------|---------------|
|   | Current Year                     | Previous Year |
| Mahindra Water Utilities Limited.....                   | 50.00%                           | 50.00%        |
| Mahindra Inframan Water Utilities Private Limited ..... | 50.00%                           | 50.00%        |

Investments in the following Associates have been dealt with in accordance with the Accounting Standard (AS) 23 - “Accounting for Investments in Associates in Consolidated Financial Statements” notified by the Central Government. Effect has been given to the carrying amount of investments in the associates using the “Equity Method”. The Company’s share of the post acquisition profits/ (losses) is included in the carrying cost of investments (Refer Note 39).

**Name of Associates**

**Proportion of Ownership Interest**

Rathna Bhoomi Enterprises Private Limited 50.00%

e) **Fixed Assets :**

Fixed assets are stated at cost of acquisition or construction less accumulated depreciation. Cost includes all incidental expenses related to acquisition and installation, other pre operation expenses and interest in case of construction.

The carrying amount of cash generating units / assets is reviewed at the balance sheet date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount is estimated as the net selling price or value in use, whichever is higher. Impairment loss, if any, is recognised whenever carrying amount exceeds the recoverable amount.

Depreciation in the Company and the subsidiaries is provided, on prorata basis, on the straight line method at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956, except in the Holding Company where in respect of certain assets, the following rates have been provided for:

- 1) Furniture & Fixtures, Plant & Machinery and Computers, individually costing more than ₹ 5,000, which are depreciated over their estimated useful lives of 5 years,
- 2) Vehicles at 15 % per annum of cost, and
- 3) Leasehold improvements are amortised over the period of lease.

f) **Intangible Assets:**

All Intangible Assets are initially measured at cost and amortised so as to reflect the pattern in which the assets’ economic benefits are consumed.

Software expenses are treated as an intangible asset and amortised over the useful life of the asset. The maximum period for such amortization is 36 months

**g) Fixed Assets held for disposal:**

Fixed Assets held for disposal are valued at estimated net realizable value.

**h) Investments :**

Investments are classified into Non Current and Current Investments.

Non Current Investments are carried at cost. Provision for diminution, if any, in the value of each long-term investment is made to recognize a decline, other than of a temporary nature.

Current investments are carried individually at lower of cost and fair value and the resultant decline, if any, is charged to revenue.

**i) Inventories :**

Inventories are stated at lower of cost and net realisable value. The cost of construction material is determined on the basis of weighted average method. Construction Work-in-Progress includes cost of land, premium for development rights, construction costs and allocated interest and expenses incidental to the projects undertaken by the Company.

**j) Revenue Recognition:**Income from Projects

Income from real estate sales is recognised on the transfer of all significant risks and rewards of ownership to the buyers and it is not unreasonable to expect ultimate collection and no significant uncertainty exists regarding the amount of consideration. However if, at the time of transfer substantial acts are yet to be performed under the contract, revenue is recognised on proportionate basis as the acts are performed, i.e. on the percentage of completion basis. Revenues from real estate projects are recognised only when the actual project costs incurred is at least 25 % of the total estimated project costs including land and when at least 10% of the sales consideration is realised.

In accordance with the Guidance Note on Accounting for Real Estate Transactions (Revised 2012), in case of projects commencing on or after 1<sup>st</sup> April, 2012 or in case of projects which have already commenced but where revenue is being recognised for the first time on or after 1<sup>st</sup> April, 2012, revenues will be recognized from these real estate projects only when

- (i) the actual construction and development cost incurred is at least 25% of the total construction and development cost (without considering land cost) and
- (ii) when at least 10% of the sales consideration is realised and
- (iii) where 25% of the total saleable area of the project is secured by contracts of agreement with buyers.

Income from long term contracting assignments is also recognised on the percentage of completion basis. As the long term contracts necessarily extend beyond one year, revision in costs and revenues estimated during the course of the contract are reflected in the accounting period in which the facts requiring the revision become known. Any expected loss on a project is recognised in the year in which costs incurred together with the balance costs to completion are likely to be in excess of the estimated revenues from project. Unbilled costs are carried as construction work-in-progress.

Determination of revenues under the percentage of completion method necessarily involves making estimates by the Company, some of which are of a technical nature, concerning, where relevant, the percentages of completion, costs to completion, the expected revenues from the project/activity and the foreseeable losses to completion.

Income from sale of land and other rights

Revenue from sale of land and other rights are considered upon transfer of all significant risks and rewards of ownership of such real estate/property as per the terms of the contract entered into with the buyers, which generally with the firmity of the sale contracts/agreements.

Income from Project Management

Project Management Fees receivable on fixed period contracts is accounted over the tenure of the contract/agreement. Where the management fee is linked to the input costs, revenue is recognised as a proportion of the work completed based on progress claims submitted. Where the management fee is linked to the revenue generation from the project, revenue is recognised on the percentage of completion basis.

Income from operation of commercial complexes

Income from operation of commercial complexes is recognised over the tenure of the lease/service agreement.

Land Lease Premium

Land lease premium is recognized 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 terms of the agreement with the lessees.

Interest and dividend income

Interest income is accounted on an accrual basis at contracted rates except where there is uncertainty of ultimate collection.

Dividend income is recognised when the right to receive the same is established.

**k) Employee benefits:****(i) Defined Contribution Plans**

Company's contributions paid / payable during the year to Provident Fund, Superannuation Fund are recognised in the Statement of Profit and Loss.

**(ii) Defined Benefit Plan**

Company's liabilities towards gratuity and leave encashment are determined on actuarial basis using the projected unit credit method, which consider each period of service as giving rise to an additional unit of benefit and measures each unit separately to build up the final obligation. Past services are recognised on straight-line basis over the average period until the amended benefits become vested. Actuarial gain and losses are recognised immediately in the Statement of Profit and Loss as income or expense. Obligation is measured at the present value of estimated future cash flow using a discount rate that is determined by reference to market yields at the Balance Sheet date on government bonds where the currency and terms of the government bonds are consistent with the currency and estimated terms of the defined benefit obligation.

**(iii)** In view of the past trends of leave availed, the amount of employee benefit in the form of compensated absences, being in the nature of short term benefit, is accounted for on accrual basis at an undiscounted value.

**l) Borrowing Costs:**

Borrowing costs that are directly attributable to long-term project management and development activities are capitalised as part of project cost. Other borrowing costs are recognised as expense in the period in which they are incurred.

Borrowing costs are capitalised as part of the project cost when the activities that are necessary to prepare the asset for its intended use or sale are in progress. Borrowing costs are suspended from capitalisation on the project when development work on the project is interrupted for extended periods.

**m) Foreign Currency Transactions:**

Foreign Currency assets and liabilities are translated at the relevant rates of exchange prevailing at the year end and the translation differences are recognised in the Statement of Profit and Loss. The exchange gain or loss on settlement is also recognised in the Statement of Profit and Loss.

**n) Provision for taxation:**

Tax expense comprises both current and deferred tax.

Current tax is measured at the amount expected to be paid to the tax authorities, using the applicable tax rates and tax laws.

Deferred tax assets and liabilities are recognised for future tax consequences attributable to the timing differences between taxable income and accounting income that 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. Deferred Tax assets are not recognized unless, in the management judgement, there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. The carrying amount of deferred tax is reviewed at each Balance Sheet date.

**o) Segment Information:**

The Company operates in two main segments; namely, Projects, Project Management and Development activities and Operating of commercial complexes. The segments have been identified and reported taking into account the differing risks and returns and the internal business reporting systems. Revenues and expenses have been identified to the segments based on their relationship to the business activity of the segment. Income/expenses relating to the enterprise as a whole and not allocable on a reasonable basis to business segments are reflected as unallocated corporate income/expenses.

**p) Provisions and Contingent Liabilities**

Provisions are recognised in the accounts in respect of present probable obligations, the amount of which can be reliably estimated.

Contingent liabilities are disclosed in respect of possible obligations that arise from past events but their existence is confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company.

**q) Employee stock compensation costs**

Measurement and disclosure of the employee share-based payment plans is done in accordance with SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the Guidance Note on Accounting for Employee Share-based Payments, issued by ICAI. The company measures compensation cost relating to employee stock options using the intrinsic value method. Compensation expense is amortized over the vesting period of the option on a straight line basis.

## 2) Share Capital:

|  | Current Year<br>₹ in lakh | Previous Year<br>₹ in lakh |
|--|---------------------------|----------------------------|
| <b>Authorised</b>  |                           |                            |
| 50,000,000 (Previous year 50,000,000) Equity Shares of ₹10 each                | 5,000.00                  | 5,000.00                   |
| 6,500,000 (Previous year 6,500,000) Preference Shares of ₹ 100 each            | 6,500.00                  | 6,500.00                   |
| 6,000,000 (Previous year 6,000,000) Unclassified Shares of ₹ 10 each           | 600.00                    | 600.00                     |
|  | <b>12,100.00</b>          | <b>12,100.00</b>           |
| <b>Issued</b>  |                           |                            |
| 40,885,001 (Previous year 40,880,501) Equity Shares of ₹ 10 each               | 4,088.05                  | 4,088.05                   |
|  | <b>4,088.05</b>           | <b>4,088.05</b>            |
| <b>Subscribed and Paid-up</b>  |                           |                            |
| 40,839,650 (Previous year 40,835,150) Equity Shares of ₹ 10 each fully paid up | 4,083.97                  | 4,083.52                   |
|  | <b>4,083.97</b>           | <b>4,083.52</b>            |

## a) Reconciliation of number of shares

|   | Current Year      |                 | Previous Year     |                 |
|---|-------------------|-----------------|-------------------|-----------------|
|   | No. of Shares     | ₹ in lakh       | No. of Shares     | ₹ in lakh       |
| <b>Equity Shares</b>                          |                   |                 |                   |                 |
| Balance as at the beginning of the year       | 40,835,150        | 4,083.52        | 40,835,150        | 4,083.52        |
| Add: Shares Issued (earlier kept in abeyance) | 4,500             | 0.45            | -                 | -               |
| Balance as at the end of the year             | <b>40,839,650</b> | <b>4,083.97</b> | <b>40,835,150</b> | <b>4,083.52</b> |

## b) Shares held by holding company

|   | Current Year |           | Previous Year |           |
|---|--------------|-----------|---------------|-----------|
|   | No of Shares | % holding | No of Shares  | % holding |
| 20,846,126 shares(Previous Year- 20,846,126 shares) held by Mahindra & Mahindra Limited | 20,846,126   | 51.04%    | 20,846,126    | 51.05%    |

## c) Details of shares held by shareholders including Holding Company, holding more than 5% of the aggregate shares in the Company

|   | Current Year |           | Previous Year |           |
|---|--------------|-----------|---------------|-----------|
|   | No of Shares | % holding | No of Shares  | % holding |
| Mahindra & Mahindra Limited (Holding Company) | 20,846,126   | 51.04%    | 20,846,126    | 51.05%    |
| Amansa Investments Limited                    | 2,434,599    | 5.96%     | 2,434,599     | 5.96%     |
| Small Cap World Fund, INC                     | 2,157,380    | 5.28%     | 2,157,380     | 5.28%     |

## d) Shares reserved for issue under options

Refer note 26(#) for details of shares to be issued under the Employee Stock Option Plan

## e) The allotment of 40,851 (Previous Year 45,351) Equity shares of the Company has been kept in abeyance in accordance with Section 206A of the Companies Act, 1956, till such time as the title of the bonafide owner of the shares is certified by the concerned Stock Exchange or the Special Court (Trial of Offences relating to Transactions in Securities).

## 3) Reserves &amp; Surplus

**Capital Redemption Reserve**

|   | Current Year<br>₹ in lakh | Previous Year<br>₹ in lakh |
|---|---------------------------|----------------------------|
| Balance as at the beginning of the year ..... | 7,353.58                  | 7,353.58                   |
| Transfer from General Reserve .....           | -                         | -                          |
| Balance as at the end of the year .....       | <u>7,353.58</u>           | <u>7,353.58</u>            |

**Share Premium Account**

|   |                  |                  |
|---|------------------|------------------|
| Balance as at the beginning of the year .....       | 70,311.54        | 70,311.54        |
| Add: Premium on shares issued during the year ..... | 2,788.58         | -                |
| Balance as at the end of the year .....             | <u>73,100.12</u> | <u>70,311.54</u> |

**General Reserve**

|  |                 |                 |
|--|-----------------|-----------------|
| Balance as at the beginning of the year .....  | 3,215.48        | 2,013.77        |
| Add: Transfer from Profit & Loss Account ..... | 1,247.90        | 1,201.71        |
| Balance as at the end of the year .....        | <u>4,463.38</u> | <u>3,215.48</u> |

**Debenture Redemption Reserve**

|   |                 |          |
|---|-----------------|----------|
| Balance as at the beginning of the year .....   | -               | -        |
| Add:- Transfer from Profit & Loss Account ..... | 1,593.75        | -        |
| Balance as at the end of the year .....         | <u>1,593.75</u> | <u>-</u> |

**Employee Stock Option Outstanding**

|   |               |               |
|---|---------------|---------------|
| Opening Balance .....   | 107.11        | 107.11        |
| Add: Fresh grant of options .....                                   | 317.19        | -             |
| Less: Amount transferred to Securities premium/Options Lapsed ..... | -             | -             |
| Closing Balance .....   | <u>424.30</u> | <u>107.11</u> |

Less:

|  |               |              |
|--|---------------|--------------|
| B) Deferred Employee Compensation Expenses :                   |               |              |
| Opening Balance .....  | 27.22         | 46.62        |
| Add: Fresh grant of options .....                              | 317.19        | -            |
| Less: Transfer to Employee Compensation / Options Lapsed ..... | (70.37)       | (19.40)      |
| Closing Balance .....  | <u>274.04</u> | <u>27.22</u> |
| Balance as at the end of the year .....                        | <u>150.26</u> | <u>79.89</u> |

**Surplus in the Statement of Profit & Loss**

|   |           |           |
|---|-----------|-----------|
| Balance as at the beginning of the year ..... | 30,455.35 | 22,692.31 |
| Consolidated Net Profit for the year .....    | 14,136.51 | 11,908.02 |

**Less : APPROPRIATIONS**

Proposed Dividend:

|  |          |          |
|--|----------|----------|
| On Equity Shares .....                         | 2,450.38 | 2,450.11 |
| Income Tax on Proposed Dividend .....          | 416.44   | 397.45   |
| Interim Preference Dividend .....              | -        | -        |
| Income Tax on Interim Dividend .....           | 113.56   | -        |
| Income Tax on Dividend .....                   | 207.42   | 95.71    |
| Transfer to General Reserve .....              | 1,247.90 | 1,201.71 |
| Transfer to Debenture Redemption Reserve ..... | 1,593.75 | -        |

**Balance as at the end of the year**

|                   |                   |
|-------------------|-------------------|
| <u>38,562.41</u>  | <u>30,455.35</u>  |
| <u>125,223.50</u> | <u>111,415.84</u> |

#### 4) Long Term Borrowings

|                                   | Current Year<br>₹ in lakh | Previous Year<br>₹ in lakh |
|-----------------------------------|---------------------------|----------------------------|
| <b>Secured Loan</b>               |                           |                            |
| -Term loans from Bank .....       | 27,735.00                 | 49,162.00                  |
| -Non Convertible Debentures ..... | 29,000.00                 | -                          |
|                                   | <u>56,735.00</u>          | <u>49,162.00</u>           |
| <b>UnSecured Loan</b>             |                           |                            |
| From Others .....                 | 756.86                    | -                          |
|                                   | <u>756.86</u>             | -                          |
|                                   | <u>57,491.86</u>          | <u>49,162.00</u>           |

#### Mahindra Lifespace Developers Limited

##### a) Nature of Security

Secured borrowings are secured by a pari-passu charge on specified immovable properties of the company and are also secured by pari-passu charge on specified movable and current assets of the company, both present and future.

##### b) Terms of Repayment

The said loan amount is repayable quarterly on prorated basis after one year starting from June 30, 2014. Interest is payable on monthly basis.

#### Subsidiaries

#### Mahindra World City Developers Limited

##### a) Nature of Security

Term loans are secured by equitable Mortgage of specified lands.

##### b) Terms of Repayment

Tranche I carries interest @ 13.75% - Principal of ₹ 14,725 lakhs to be repaid in 14 equal quarterly installments of ₹ 1075 lakhs, each commencing from May 2013.

Tranche II carries interest @ 13.25% - Principal to be repaid in 2 installments of ₹ 1,300 lakh each in August 2013 and February 2014.

#### Mahindra Integrated Township Limited

##### a) Nature of Security

This loan is secured by a simple mortgage over the leasehold rights on the land and the proposed residential complex thereon.

##### b) Terms of Repayment

₹ 575 lakh is repayable in three instalments from September 2013.

#### Mahindra World City Jaipur Limited

##### a) Nature of Security

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.

##### b) Terms of Repayment

i) ₹ 4,310 lakh is repayable in 100 monthly installments.

ii) ₹ 1,700 lakh is repayable in 69 monthly installments.

#### Non Convertible Debentures

##### a) Nature of Security

Non Convertible Debentures are secured by way of first and exclusive charge by way of equitable mortgage on project of the company (excluding specified assets) covering not less than 1.25 times at all times during the tenure of the debenture.

##### b) Terms of Repayment

Company has issued 2,500 Redeemable Secured Non Convertible Debentures of ₹ 10 lakh each aggregating to ₹ 25,000 lakh repayable in 3, 4 and 5 years in the ratio of 30:30:40 respectively along with redemption premium

| Series                               | A           | B           | C             |
|--------------------------------------|-------------|-------------|---------------|
| Face Value (₹)                       | 1,000,000   | 1,000,000   | 1,000,000     |
| No. Of Debentures                    | 750         | 750         | 1,000         |
| Total Value (₹)                      | 750,000,000 | 750,000,000 | 1,000,000,000 |
| Redemption Premium per debenture (₹) | 77,835      | 110,794     | 1147,421      |
| Maturity Date                        | 13-Jul-15   | 13-Jul-15   | 13-Jul-15     |

### Mahindra Bebanco Developers Limited

#### Non Convertible Debentures

##### a) Nature of Security

Non Convertible Debentures are secured by First pari passu charge by way of mortgage on the Property / Project and second charge over escrow of receivables from projects.

##### b) Terms of Repayment

The debentures are repayable in 24 months in three equal installments starting from the last day of the 15<sup>th</sup> month, last day of the 18<sup>th</sup> month and on the date of redemption.

#### 5) Deferred Tax Liability/Asset (Net)

|   | Current Year<br>₹ in lakh | Previous Year<br>₹ in lakh |
|---|---------------------------|----------------------------|
| Deferred Tax Liability  |                           |                            |
| Relating to :   |                           |                            |
| Difference between book and tax depreciation .....                    | 2,283.64                  | 2,043.56                   |
| Interest inventorised but claimed as allowable for tax purposes ..... | 2,304.26                  | 1,312.04                   |
| Income accrued based on lease equalisation .....                      | 7.49                      | 14.01                      |
|   | <u>4,595.39</u>           | <u>3,369.61</u>            |
| Add: Share in Jointly controlled entities .....                       | 0.75                      | 1.30                       |
|   | <u>4,596.14</u>           | <u>3,370.91</u>            |
| Deferred Tax Asset  |                           |                            |
| Relating to :   |                           |                            |
| Provision for impairment in asset value .....                         | 526.90                    | 502.95                     |
| Business loss carried forward .....                                   | -                         | 377.74                     |
| Expenses allowable on actual payment .....                            | 336.59                    | 329.73                     |
|   | <u>863.49</u>             | <u>1,210.42</u>            |
| Add: Share in Jointly controlled entities .....                       | 11.98                     | 10.68                      |
|   | <u>875.47</u>             | <u>1,221.10</u>            |
|   | <u>3,720.67</u>           | <u>2,149.81</u>            |

#### 6) Other Long Term Liabilities

|   | Current Year<br>₹ in lakh | Previous Year<br>₹ in lakh |
|---|---------------------------|----------------------------|
| Trade payable.....                                      | -                         | 13.94                      |
| Provision for Premium on Redemption of Debentures ..... | 500.22                    | -                          |
| Deposits.....   | 700.03                    | 291.47                     |
|   | <u>1,200.25</u>           | <u>305.41</u>              |

**7) Long Term Provisions**

|  | Current Year<br>₹ in lakh | Previous Year<br>₹ in lakh |
|--|---------------------------|----------------------------|
| Provision for Employee Benefits                |                           |                            |
| - Compensated absences.....                    | 104.13                    | 61.12                      |
| - Gratuity.....                                | 15.41                     | 28.00                      |
|  | <u>119.54</u>             | <u>89.12</u>               |
| Add: Share in Jointly controlled entities..... | 16.74                     | 13.50                      |
|  | <u>136.28</u>             | <u>102.62</u>              |

**8) Minority Interest**

|  | Current Year<br>₹ in lakh | Previous Year<br>₹ in lakh |
|--|---------------------------|----------------------------|
| Shares held by Minorities in Subsidiaries..... | 8,563.43                  | 10,021.46                  |
|  | <u>8,563.43</u>           | <u>10,021.46</u>           |

**9) Short Term Borrowings**

|   | Current Year<br>₹ in lakh | Previous Year<br>₹ in lakh |
|---|---------------------------|----------------------------|
| <b>Secured Loans</b>                            |                           |                            |
| Overdrafts from Banks* .....                    | 218.51                    | 266.05                     |
| From Banks@ .....                               | 5,082.48                  | -                          |
| <b>Unsecured Loans</b>                          |                           |                            |
| Intercompany Deposits # .....                   | 15,000.00                 | 1,091.36                   |
|   | <u>20,300.99</u>          | <u>1,091.36</u>            |
| Add: Share in Jointly controlled entities ..... | 25.00                     | -                          |
|   | <u>20,325.99</u>          | <u>1,357.41</u>            |

**Secured Loans**

\* Overdraft from banks is secured against Fixed deposits. The overdraft is repayable on demand.

@ Loan from Bank

**Mahindra Lifespaces Developers Limited****Nature of Security**

Secured borrowings are secured by a pari-passu charge on specified immovable properties of the company and are also secured by pari-passu charge on specified movable and current assets of the company, both present and future.

**Terms of Repayment**

The said loan amount is repayable quarterly. Interest is payable on monthly basis.

**Mahindra Bebanco Developers Limited****Nature of Security**

Secured borrowings are secured by First pari passu charge by way of mortgage on the Property / Project and second charge over escrow of receivables from Project

**Terms of Repayment**

Loans is repayable on demand from bank

**# Unsecured Loan****Terms of Repayment**

The said loan amount is repayable on 8<sup>th</sup> April 2013. Interest is payable on monthly basis.

**10) Trade Payables**

|  | <b>Current Year<br/>₹ in lakh</b> | Previous Year<br>₹ in lakh |
|--|-----------------------------------|----------------------------|
| -Total outstanding dues of micro enterprises & small enterprises * | -                                 | -                          |
| -Others.....   | <b>20,359.08</b>                  | 14,679.19                  |
|  | <b>20,359.08</b>                  | 14,679.19                  |
| Add: Share in Jointly controlled entities.....                     | <b>111.85</b>                     | 214.30                     |
|  | <b>20,470.93</b>                  | 14,893.49                  |

\*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.

**11) Other Current Liabilities**

|  | <b>Current Year<br/>₹ in lakh</b> | Previous Year<br>₹ in lakh |
|--|-----------------------------------|----------------------------|
| Advances and Deposits.....                             | <b>11,729.51</b>                  | 4,933.20                   |
| Unclaimed Dividends* .....                             | <b>62.52</b>                      | 47.44                      |
| Current maturities of long-term loan from Banks #..... | <b>18,747.00</b>                  | 16,144.00                  |
| Other Liabilities.....                                 | <b>7,060.98</b>                   | 7,343.08                   |
| Interest accrued but not due on loans .....            | <b>2,263.47</b>                   | 618.32                     |
|  | <b>39,863.48</b>                  | 29,086.04                  |
| Add: Share in Jointly controlled entities.....         | <b>136.22</b>                     | 218.40                     |
|  | <b>39,999.70</b>                  | 29,304.44                  |

\* There are no amounts due and outstanding to be credited to Investor Education and Protection Fund.

# The current maturity of long term borrowings is repayable during the next financial year.

**12) Short Term Provisions**

|   | <b>Current Year<br/>₹ in lakh</b> | Previous Year<br>₹ in lakh |
|---|-----------------------------------|----------------------------|
| Proposed Dividend .....                             | <b>2,450.38</b>                   | 2,450.11                   |
| Provision for tax on Proposed Dividend .....        | <b>416.44</b>                     | 397.45                     |
| Provision for losses to project completion * .....  | <b>1,023.00</b>                   | 1,023.00                   |
| Provision for Leave Encashment Benefits.....        | <b>98.29</b>                      | 120.19                     |
| Provision for Defect Liabilities / Warranties ..... | <b>467.95</b>                     | 148.79                     |
| Provision for Gratuity.....                         | <b>49.44</b>                      | 40.57                      |
| Others.....   | <b>75.08</b>                      | 59.37                      |
|   | <b>4,580.58</b>                   | 4,239.48                   |
| Add: Share in Jointly controlled entities.....      | <b>1.33</b>                       | 68.76                      |
|   | <b>4,581.91</b>                   | 4,308.24                   |

\* The Company has, in case of certain projects, provided for ₹ 1,023.00 lakh (previous year ₹ 1,023.00 lakh) as provision for losses to project completion. The amount has been determined using best estimates with regard to percentage of completion, foreseeable costs to completion and revenues from the project activity. However, considering future business scenario, inflation in construction costs and market movement causing changes in realisations, which cannot be presently quantified, the final outcome may differ from that presently estimated. The probability and the timing of the outflow with regard to this matter depends on the completion of the project and conclusion of the arbitration proceedings.

13) Fixed Assets

₹ in lakh

| Particulars                                 | COST                               |                  |               | DEPRECIATION                       |                                    |               | NET BLOCK     |                                    |                                    |                                    |
|---|------------------------------------|------------------|---------------|------------------------------------|------------------------------------|---------------|---------------|------------------------------------|------------------------------------|------------------------------------|
|   | As at 31 <sup>st</sup> March, 2012 | Additions        | Deductions    | As at 31 <sup>st</sup> March, 2013 | Up to 31 <sup>st</sup> March, 2012 | Deductions    | For the year  | Up to 31 <sup>st</sup> March, 2013 | As at 31 <sup>st</sup> March, 2013 | As at 31 <sup>st</sup> March, 2012 |
| <b>Tangible Assets</b>                      |                                    |                  |               |                                    |                                    |               |               |                                    |                                    |                                    |
| Land  | 659.37                             | -                | 84.77         | 574.60                             | 23.35                              | -             | 4.21          | 27.56                              | 547.04                             | 636.02                             |
| Building                                    | 15,955.98                          | 2,073.34         | 443.91        | 17,585.41                          | 1,833.20                           | 91.79         | 343.78        | 2,085.19                           | 15,500.22                          | 14,122.78                          |
| Furniture & Fixtures                        | 1,550.78                           | 42.71            | 10.91         | 1,582.58                           | 542.76                             | 10.86         | 155.25        | 687.15                             | 895.43                             | 1,008.02                           |
| Plant & Machinery                           | 3,982.08                           | 455.96           | 10.20         | 4,427.84                           | 672.97                             | 9.49          | 226.74        | 890.22                             | 3,537.62                           | 3,309.11                           |
| Computers                                   | 425.20                             | 99.82            | 0.68          | 524.34                             | 313.82                             | 0.68          | 48.72         | 361.86                             | 162.48                             | 111.38                             |
| Vehicles                                    | 327.38                             | 71.10            | 64.75         | 333.73                             | 105.39                             | 32.41         | 48.73         | 121.71                             | 212.02                             | 221.99                             |
| Leasehold Improvement                       | 108.97                             | -                | -             | 108.97                             | 57.50                              | -             | 37.23         | 94.73                              | 14.24                              | 51.47                              |
| <b>Sub Total</b>                            | <b>23,009.76</b>                   | <b>2,742.93</b>  | <b>615.22</b> | <b>25,137.47</b>                   | <b>3,548.99</b>                    | <b>145.23</b> | <b>864.66</b> | <b>4,268.42</b>                    | <b>20,869.05</b>                   | <b>19,460.77</b>                   |
| <i>Previous Year</i>                        | 20,576.69                          | 2,622.21         | 189.14        | 23,009.76                          | 2,804.30                           | 49.14         | 793.83        | 3,548.99                           | 19,460.77                          | 18,072.38                          |
| <b>Intangible Assets</b>                    |                                    |                  |               |                                    |                                    |               |               |                                    |                                    |                                    |
| Software Expenditure                        | 397.14                             | -                | -             | 397.14                             | 397.14                             | -             | -             | 397.14                             | -                                  | 0.00                               |
| Goodwill                                    | 2,900.95                           | 6,604.47         | -             | 9,505.42                           | -                                  | -             | -             | -                                  | 9,505.42                           | 2,900.95                           |
| <b>Sub Total</b>                            | <b>3,298.09</b>                    | <b>6,604.47</b>  | <b>-</b>      | <b>9,902.56</b>                    | <b>397.14</b>                      | <b>-</b>      | <b>-</b>      | <b>397.14</b>                      | <b>9,505.42</b>                    | <b>2,900.95</b>                    |
| <i>Previous Year</i>                        | 3,298.09                           | -                | -             | 3,298.09                           | 263.85                             | -             | 133.29        | 397.14                             | 2,900.95                           | 3,034.24                           |
| <b>Total</b>                                | <b>26,307.85</b>                   | <b>9,347.43s</b> | <b>615.22</b> | <b>35,040.00</b>                   | <b>3,946.13</b>                    | <b>145.23</b> | <b>864.66</b> | <b>4,665.56</b>                    | <b>30,374.47</b>                   | <b>22,361.72</b>                   |
| <b>Share in Jointly Controlled Entities</b> | 87.71                              | 0.30             | -             | 88.01                              | 54.73                              | -             | 5.78          | 60.51                              | 27.50                              | 32.98                              |
| <b>Grand Total</b>                          | <b>26,395.56</b>                   | <b>9,347.70</b>  | <b>615.22</b> | <b>35,128.01</b>                   | <b>4,000.86</b>                    | <b>145.23</b> | <b>870.44</b> | <b>4,726.07</b>                    | <b>30,401.97</b>                   | <b>22,394.70</b>                   |
| <i>Previous year total</i>                  | 23,962.08                          | 2,622.87         | 189.39        | 26,395.56                          | 3,116.20                           | 49.21         | 933.87        | 4,000.86                           | 22,394.70                          | 20,845.89                          |
| <b>Capital Work In Progress</b>             |                                    |                  |               |                                    |                                    |               |               |                                    |                                    |                                    |
|   |                                    |                  |               |                                    |                                    |               |               |                                    | 715.12                             | 808.41                             |
|   |                                    |                  |               |                                    |                                    |               |               |                                    | <u>31,117.09</u>                   | <u>23,203.11</u>                   |

**14) Non-Current Investments****Long Term Investments (At Cost, Unquoted, Trade)**

## Equity Shares

## In Others

|   | Face Value ₹ | Number of shares/units | Current Year ₹ in lakh | Previous Year ₹ in lakh |
|---|--------------|------------------------|------------------------|-------------------------|
| Deepmangal Developers Private Limited .....   | 100          | 177                    | 284.62                 | 284.61                  |
| Mahindra Knowledge Park (Mohali) Limited .....  | 10           | 6                      | 0.00                   | 0.00                    |
| New Tirupur Area Development Corporation Limited .....                                    | 10           | 15,500,000             | 1,550.63               | 1,550.63                |
| <b>Preference Shares</b>  |              |                        |                        |                         |
| Rathna Bhoomi Enterprises Private Limited .....   | 10           | 238,500                | 23.85                  | 23.85                   |
| (10% Non Cumulative Redeemable Participating<br>Optionally Convertible Preference Shares) |              |                        |                        |                         |
| Mahindra Knowledge Park (Mohali) Limited .....  | 10           | 50,000                 | 5.00                   | 5.00                    |
| (7% Non Cumulative Redeemable Participating<br>Optionally Convertible Preference Shares)  |              |                        |                        |                         |
| Topical Builders Private Limited .....  | 10           | 9,700                  | 0.97                   | -                       |
| (7 % Non Cumulative Preference Share)   |              |                        |                        |                         |
| Kismat Developers Private Limited .....   | 10           | 9,965                  | 1.00                   | -                       |
| (7 % Non Cumulative Preference Share)   |              |                        |                        |                         |
|   |              |                        | <b>1,866.06</b>        | <b>1,864.09</b>         |
| Less : Provision for Diminution in Value of Investments ...                               |              |                        | <b>(28.85)</b>         | <b>(28.85)</b>          |
|   |              |                        | <b>1,837.21</b>        | <b>1,835.24</b>         |

In the opinion of the Management, no loss is expected to arise in respect of other long term investments for which an additional provision is required to be made in the accounts.

The Company has made investment in equity shares of ₹1,800.00 lakh in the wholly owned subsidiary Mahindra Infrastructure Developers Limited ("MIDL"). MIDL has further invested ₹ 1,500.00 lakh in the equity shares of New Tirupur Area Development Corporation Limited (NTADCL). Due to adverse business conditions, NTADCL has been making losses and there has been an erosion in the net worth of NTADCL. In view of the management various steps contemplated by the stakeholders such as infusion of equity capital, debt restructuring, increase in tariff rates of water etc and various other concessions from Tamil Nadu Government are expected to lead to a turnaround in the operations of NTADCL and improve its financial position. Hence the management does not perceive any permanent diminution in the value of the investments in NTADCL and in the value of the investments in MIDL. Considering the long term and strategic nature of the said investment for reasons stated above no erosion has been considered necessary on this account.

**15) Long Term Loans & Advances****(Unsecured, considered Good, unless otherwise stated)**

## Other Loans &amp; Advances

|   | Current Year ₹ in lakh | Previous Year ₹ in lakh |
|---|------------------------|-------------------------|
| Considered good .....                           | 135.84                 | 14.14                   |
| Deposits .....                                  | 322.99                 | 291.29                  |
|   | <b>458.83</b>          | <b>305.43</b>           |
| Add: Share in Jointly controlled entities ..... | 0.10                   | 0.76                    |
|   | <b>458.93</b>          | <b>306.19</b>           |

**16) Other Non Current Assets****Bank Balances**

|   | Current Year<br>₹ in lakh | Previous Year<br>₹ in lakh |
|---|---------------------------|----------------------------|
| Long Term Deposits with maturity more than 12 months.....<br>(Fixed deposit of ₹ 18.47 lakh (Previous year - ₹ 43.68 lakh) is against Margin<br>Monies with banks for Bank Guarantee) | 66.26                     | 275.20                     |
|   | <u>66.26</u>              | <u>275.20</u>              |
| Add: Share in Jointly controlled entities .....   | 0.03                      | -                          |
|   | <u>66.29</u>              | <u>275.20</u>              |

**17) Current Investments****Unquoted, Non Trade****(At lower of cost and fair value)****In Units of Mutual Fund****Redeemed during the year**

|  | Number of<br>shares/units | Current Year<br>₹ in lakh | Previous Year<br>₹ in lakh |
|--|---------------------------|---------------------------|----------------------------|
| JP Morgan India Treasury Fund - Super Institutional Plan Daily<br>Dividend ..... | 43,313,047                |                           | 4,335.16                   |
| L&T Ultra Short Term Fund- Daily Dividend .....                                  | 34,865,596                |                           | 3,540.67                   |
| JM Money Manager Super Plus - Institutional - Daily Dividend ...                 | 35,865,595                |                           | 3,566.18                   |
| Religare Liquid Fund Super Institutional - Daily Dividend .....                  | 140,368                   |                           | 1,404.78                   |
| DSP BlackRock Liquidity Fund - Institutional Plan - Growth .....                 | 14,744                    |                           | 225.14                     |
| HDFC Cash Management Fund Treasury Advantage Plan .....                          | 2,137,351                 |                           | 500.00                     |
| Religare Liquid Fund .....   | 13,641                    |                           | 200.00                     |
| SBI - Premier Liquid Plan - Institutional Growth .....                           | 17,707                    |                           | 300.00                     |
| Kotak Flexi Debt Scheme - Growth .....   | 911,509                   |                           | 119.69                     |
| JM High Liquidity Fund - Institutional Plan - Growth .....                       | 8,231,615                 |                           | 1,381.17                   |
| JM Money Manager Fund Super Plus Plan - Growth .....                             | 278,884                   |                           | 41.50                      |
| JP Morgan India Treasury Fund .....  | 280,509                   |                           | 28.08                      |

**Acquired during the year**

|   |            |                  |                  |
|---|------------|------------------|------------------|
| JP Morgan India Treasury Fund - Super Institutional Daily<br>Dividend ..... | 35,775,265 | 3,580.71         |                  |
| Sundaram Ultra Short Term - Super Institutional Daily Dividend              | 49,960,625 | 5,014.55         |                  |
| BSL Ultra Short Term Fund-Super Institutional .....                         | 500,448    | 500.72           |                  |
| Kotak Floater Long Term Fund- Daily Dividend .....                          | 19,892,491 | 2,005.12         |                  |
| SBI - Magnum Insta Cash Fund Cash Option - Growth .....                     | 5,907      | 107.22           |                  |
| JP Morgan India Treasury Fund .....   | 2,754,230  | 275.67           |                  |
|   |            | <u>11,483.99</u> | <u>15,642.37</u> |
| Add: Share of jointly controlled entites .....                              |            | 1.19             | 1.12             |
|   |            | <u>11,485.18</u> | <u>15,643.49</u> |

a) **Mutual Fund Units purchased and sold during the year are as under:**

|   | Current Year   |              | Previous Year  |              |
|---|----------------|--------------|----------------|--------------|
|   | No of Units    | ( ₹ in lakh) | No of Units    | ( ₹ in lakh) |
| Birla Sun Life Cash Plus – Institutional Dividend                   | 1,812,547.44   | 1,813.72     | 41,915,207.00  | 4,194.37     |
| Birla Sun life Floating rate fund- Short term-IP- Growth            | 340,462.39     | 500.00       | -              | -            |
| DSP Blackrock Liquidity Fund- Dividend                              | 620,360.60     | 6,205.57     | 106,751.24     | 1,067.85     |
| DSP Blackrock Liquidity Fund- Institutional Plan Growth             | 29,706.65      | 495.00       | 38,377.68      | 574.86       |
| DWS Treasury Fund Cash- Regular Plan Growth                         | -              | -            | 19,795.43      | 2.31         |
| DWS Ultra Short Term Fund - Institutional Dividend Reinvestment     | 41,668,381.75  | 4,174.30     | 21,016,870.31  | 2,105.45     |
| ICICI Prudential Flexible Income Plan Premium- Dividend             | -              | -            | 1,457,270.62   | 1,540.85     |
| IDFC Cash Fund- Super Institutional Plan                            | -              | -            | 5,806,405.67   | 700.00       |
| IDFC Money Manager Fund- Treasury Plan                              | -              | -            | 5,041,862.23   | 595.10       |
| JM- Floater Fund- Long Term- Premium Growth-Option                  | -              | -            | 613,576.18     | 95.00        |
| JM High Liquidity Fund- Institutional Growth Option                 | -              | -            | 1,392,557.72   | 231.34       |
| JM Money Manager Fund- Super Plus Plan Growth Option                | -              | -            | 5,536,546.00   | 798.66       |
| JM High Liquidity Fund- Institutional Growth                        | -              | -            | 589,594.83     | 100.00       |
| JM High Liquidity Fund - Growth Option                              | 8,225,390.07   | 2,101.00     | -              | -            |
| JM High Liquidity Fund- Super Institutional Plan Growth             | -              | -            | 62,679,191.37  | 10,398.82    |
| JM High Liquidity Fund- Super Institutional Plan Dividend           | -              | -            | 39,029,883.82  | 3,909.43     |
| JM Money Manager Fund- Super Plus Dividend                          | 124,488,602.14 | 12,455.94    | 14,533,197.31  | 1,454.09     |
| JM Money Manager Fund- Super Plus Plan Growth                       | 32,736,108.94  | 5,110.00     | 10,197,258.68  | 1,447.00     |
| JP Morgan India Trasury Fund- Super Institutional- Dividend         | 49,955,539.57  | 5,000.00     | 32,773,098.73  | 3,280.23     |
| Kotak Flexi Debt Fund - Dividend                                    | -              | -            | 2,003,969.75   | 201.35       |
| Kotak Flexi Debt Scheme- Institutional Growth                       | -              | -            | 6,213,391.59   | 779.00       |
| JM FMF Series X Quarterly Plan 3 - Instl Div Plan                   | -              | -            | 3,892,294.03   | 489.31       |
| Kotak Floater Long Term Growth                                      | 28,693,924.37  | 5,190.02     | 1,973,902.40   | 310.00       |
| Kotak Floater Long Term Fund - - Dividend Reinvestment              | 35,695,877.99  | 3,598.07     | -              | -            |
| Kotak Floater Short Term- Direct Plan-Growth                        | 9,443.31       | 430.00       | -              | -            |
| Kotak Liquid (Institutional Premium)- Growth                        | 3,250,073.67   | 750.00       | 15,577,455.81  | 3,345.13     |
| Kotak Liquid scheme plan-A - Growth (direct)                        | 1,478,100.05   | 359.07       | -              | -            |
| L&T Ultra Short Term Fund- Dividend                                 | 49,620,646.13  | 5,039.60     | 41,079,158.80  | 4,171.67     |
| SBI Magnum Insta Cash Fund- Cash Option                             | 1,640.91       | 29.78        | 345,876.04     | 75.12        |
| SBI-Ultra Short Term Fund - Institutional Plan Growth               | -              | -            | 708,014.73     | 95.00        |
| SBI - Premier Liquid Plan - Super Inst. Growth                      | 720,884.57     | 12,500.00    | -              | -            |
| Sundaram Ultra Short Term Fund-Super Institutional- Dividend        | 87,576,606.60  | 8,790.06     | 128,525,194.54 | 12,900.07    |
| TATA Floater Fund - Growth  | -              | -            | 4,536,941.72   | 690.00       |
| TATA Liquid Super High Investmetn Fund- Growth                      | -              | -            | 24,853.10      | 460.00       |
| UTI - Treasury Advantage Fund - Instl Plan DD                       | -              | -            | 902,430.75     | 9,026.24     |
| Religare Liquid Fund - Super IP - Dividend Reinvestment             | 963,110.01     | 9,638.66     | -              | -            |
| ICICI Pru Floating Rate Fund - Plan D - Dividend Reinvestment       | 2,543,431.54   | 2,545.94     | -              | -            |
| JP Morgan Liquid Fund - Super Institutional - Dividend Reinvestment | 51,550,757.10  | 5,159.15     | -              | -            |

|  | Current Year          |                   | Previous Year         |                  |
|--|-----------------------|-------------------|-----------------------|------------------|
|  | No of Units           | ( ₹ in lakh)      | No of Units           | ( ₹ in lakh)     |
| BNP Overnight Fund - Dividend Reinvestment                       | 172,772,470.98        | 17,282.43         | -                     | -                |
| Templeton India Ultra Short Bond Fund - Dividend Reinvestment    | 40,235,656.23         | 4,030.49          | -                     | -                |
| L&T Liquid Super Institutional - Dividend Reinvestment           | 108,753.89            | 1,100.19          | -                     | -                |
| Canara Robeco Liquid - Super Institutional Dividend Reinvestment | 250,581.56            | 2,519.60          | -                     | -                |
| Kotak Flexi Debt Fund -Plan A - Dividend Reinvestment            | 7,028,111.73          | 706.15            | -                     | -                |
|  | <b>742,377,170.19</b> | <b>117,524.74</b> | <b>448,530,928.08</b> | <b>65,038.25</b> |

## 18) Inventories

(At lower of cost and net realisable values)

|   | Current Year<br>₹ in lakh | Previous Year<br>₹ in lakh |
|---|---------------------------|----------------------------|
| Raw Material .....                      | 1,798.77                  | 995.13                     |
| Stock-in-trade .....                    | 14.61                     | 163.69                     |
| Construction Work in Progress * # ..... | 161,260.34                | 103,753.09                 |
|   | <b>163,073.72</b>         | <b>104,911.91</b>          |

\* Construction Work in Progress represents materials at site & unbilled costs on the projects. Based on projections and estimates by the Company of the expected revenues and costs to completion, provision for losses to completion and/ or write off of costs carried to inventory have been made on projects where the expected revenues are lower than the estimated costs to completion. In the opinion of the management, the net realisable value of the construction work in progress will not be lower than the costs so included therein.

# Construction Work-in-Progress above include ₹ 765.87 lakh (Previous year ₹ 765.87 lakh) on account of a project, where commencement of construction has been delayed on account of a dispute between the land-owner and the Company, presently referred to arbitration. The Company together with the Owner is also exploring the option of selling the property to third parties. Management is hopeful of a favourable outcome and does not expect any loss in this account.

## 19) Trade Receivables

(Unsecured, Considered Good, unless otherwise stated)

|   | Current Year<br>₹ in lakh | Previous Year<br>₹ in lakh |
|---|---------------------------|----------------------------|
| Outstanding over six months                     |                           |                            |
| Considered Good .....                           | 2,183.06                  | 2,985.94                   |
| Considered doubtful .....                       | 206.16                    | 111.16                     |
|   | <b>2,389.22</b>           | <b>3,097.10</b>            |
| Other debts,                                    |                           |                            |
| Considered Good .....                           | 4,635.19                  | 14,684.94                  |
| Considered doubtful .....                       | -                         | -                          |
|   | <b>4,635.19</b>           | <b>14,684.94</b>           |
| Less: Provision for doubtful debts .....        | <b>(206.16)</b>           | <b>(111.16)</b>            |
|   | <b>6,818.25</b>           | <b>17,670.88</b>           |
| Add: Share of jointly controlled entities ..... | <b>2,199.71</b>           | <b>2,079.63</b>            |
|   | <b>9,017.96</b>           | <b>19,750.51</b>           |

**20) Cash & Cash Equivalents**

|  | <b>Current Year</b><br>₹ in lakh | Previous Year<br>₹ in lakh |
|--|----------------------------------|----------------------------|
| Cash on hand .....   | <b>3.83</b>                      | 1.15                       |
| Balances with Scheduled Banks  |                                  | -                          |
| - On Current Accounts .....  | <b>8,471.36</b>                  | 6,684.03                   |
| - In Deposit Accounts (less than 3 months maturity) .....  | <b>3,739.83</b>                  | 6,526.50                   |
| (Fixed deposit of ₹ 382.11 lakh (Previous year- ₹ 286.92 lakh) is against Margin Monies with banks for Bank Guarantee)   |                                  |                            |
| In Deposit Accounts (more than 3 months maturity but less than 12 months) .....  | <b>2,145.31</b>                  | 1,791.38                   |
| (Fixed deposit of ₹ 437.36 lakh (Previous year- ₹ 801.74 lakh) is against Margin Monies with banks for Bank Guarantee, Over Draft facilities, interest coverage on term loans and other non-fund based facilities) |                                  |                            |
|  | <b>14,360.33</b>                 | 15,003.06                  |
| Share in Jointly controlled entities .....   | <b>66.36</b>                     | 16.97                      |
|  | <b>14,426.69</b>                 | 15,020.03                  |

\* Balance with Banks includes Unclaimed Dividend of ₹ 62.52 lakh (Previous Year ₹ 47.44 lakh)

**21) Short Term Loans & Advances**

|   | <b>Current Year</b><br>₹ in lakh | Previous Year<br>₹ in lakh |
|---|----------------------------------|----------------------------|
| (Unsecured, considered Good, unless otherwise stated)   |                                  |                            |
| Loans and advances to related parties   |                                  |                            |
| - Considered good .....   | <b>2,965.15</b>                  | 2,062.13                   |
| - Considered doubtful .....   | -                                | -                          |
| Less: Allowance for doubtful loans and advances .....   | -                                | -                          |
|   | <b>2,965.15</b>                  | 2,062.13                   |
| Other Loans and Advances * # @ .....  |                                  | -                          |
| - Considered good .....   | <b>30,325.29</b>                 | 29,050.32                  |
| - Considered doubtful .....   | <b>121.66</b>                    | 121.25                     |
| Less: Allowance for doubtful loans and advances .....   | <b>(121.54)</b>                  | (121.25)                   |
|   | <b>30,325.41</b>                 | 29,050.32                  |
| Intercompany Deposits .....   | <b>174.04</b>                    | 174.04                     |
| Advance payment of Income tax (net of Provision for tax ₹ 26,749.65 lakh, Previous year ₹ 20,318.66 lakh) ..... | <b>5,368.95</b>                  | 2,425.60                   |
| Staff Loans and Advances .....  | <b>6.91</b>                      | 10.91                      |
| Deposits .....  | <b>3,965.29</b>                  | 3,842.43                   |
|   | <b>42,805.75</b>                 | 37,565.43                  |
| Add: Share of jointly controlled entities .....   | <b>33.32</b>                     | 16.08                      |
|   | <b>42,839.07</b>                 | 37,581.51                  |

\* Other Loans & Advances include ₹ 4,205.26 lakh (previous year ₹ 4,205.26 lakh) on account of a project, where commencement of construction has been delayed on account of a dispute between the land-owner and the Company, presently referred to arbitration. The Company together with the Owner is also exploring the option of selling the property to third parties. Management is hopeful of a favourable outcome and does not expect any loss in this account.

# Other Loans & Advances thereon represent the amounts recoverable from the proceeds of projects undertaken/financed by the Company as per the contracted terms. The advances as well as the interest thereon are considered good and fully recoverable based on inter-alia the estimates and projections by the Company of the project costs and revenues.

@ Other Loans & Advances includes ₹ 10,000 lakh which the company had paid in the financial year 2011-12 as a project advance for development of a property. However, the project commencement has been delayed. Management expects to commence the project in the near future and does not expect any loss on this account.

**22) Other Current Assets**

|   | Current Year<br>₹ in lakh | Previous Year<br>₹ in lakh |
|---|---------------------------|----------------------------|
| (Unsecured, considered Good, unless otherwise stated) |                           |                            |
| Interest accrued on Project advances * # .....        | 4,070.32                  | 4,070.32                   |
| Less :- Provision for impairment in asset value ..... | <u>(1,550.15)</u>         | <u>(1,550.15)</u>          |
|   | 2,520.17                  | 2,520.17                   |
| Interest accrued on deposits .....                    | <u>479.39</u>             | <u>423.06</u>              |
|   | 2,999.56                  | 2,943.23                   |
| Others .....  | 108.22                    | -                          |
| Unbilled Revenue .....                                | <u>8,366.85</u>           | <u>5,640.42</u>            |
|   | 11,474.63                 | 8,583.65                   |
| Add: Share of jointly controlled entities .....       | <u>1.72</u>               | <u>0.40</u>                |
|   | <u><b>11,476.35</b></u>   | <u><b>8,584.05</b></u>     |

\* Interest accrued on Project advances thereon represent the amounts recoverable from the proceeds of projects undertaken/financed by the Company as per the contracted terms. The advances as well as the interest thereon are considered good and fully recoverable based on inter-alia the estimates and projections by the Company of the project costs and revenues.

# Interest accrued on Project advances include ₹ 2,174.98 lakh (previous year ₹ 2,174.98 lakh) on account of a project, where commencement of construction has been delayed on account of a dispute between the land-owner and the Company, presently referred to arbitration. The Company together with the Owner is also exploring the option of selling the property to third parties. Management is hopeful of a favorable outcome and does not expect any loss in this account.

**23) Operating Income**

|   | Current Year<br>₹ in lakh | Previous Year<br>₹ in lakh |
|---|---------------------------|----------------------------|
| Income from Projects .....                          | 71,169.50                 | 67,786.89                  |
| Project Management Fees .....                       | -                         | 95.80                      |
| Income from Operation of Commercial Complexes ..... | 1,568.56                  | 1,445.69                   |
| Profit on sale of properties.....                   | <u>324.89</u>             | <u>189.60</u>              |
|   | 73,062.95                 | 69,517.98                  |
| Add: Share in Jointly controlled entities .....     | <u>770.88</u>             | <u>608.58</u>              |
|   | <u><b>73,833.83</b></u>   | <u><b>70,126.56</b></u>    |

**24) Other Income**

|   | Current Year<br>₹ in lakh | Previous Year<br>₹ in lakh |
|---|---------------------------|----------------------------|
| Interest Earned                                       |                           |                            |
| - On InterCorporate Deposits .....                    | 7.01                      | 10.71                      |
| - On Bank Deposits .....                              | 717.31                    | 599.63                     |
| - Others .....  | 115.45                    | 528.08                     |
| Dividend - On Current Investments-Non Trade .....     | 1,389.68                  | 1,093.96                   |
| Profit on Sale of Current Investments-Non Trade ..... | 46.00                     | 54.90                      |
| Profit on Sale of other Fixed Assets .....            | 869.98                    | 283.32                     |
| Miscellaneous Income .....                            | <u>266.35</u>             | <u>135.80</u>              |
|   | 3,411.78                  | 2,706.40                   |
| Add: Share in Jointly controlled entities .....       | <u>3.06</u>               | <u>8.09</u>                |
|   | <u><b>3,414.84</b></u>    | <u><b>2,714.49</b></u>     |

**25) Operating Expenses**

|   | <b>Current Year</b><br>₹ in lakh | Previous Year<br>₹ in lakh |
|---|----------------------------------|----------------------------|
| Opening Stock in trade .....                          | 163.69                           | 427.41                     |
| Opening Work-in-progress .....                        | 103,753.09                       | 92,430.53                  |
| Opening Raw Material .....                            | 995.13                           | 785.67                     |
|   | <u>104,911.91</u>                | <u>93,643.61</u>           |
| <u>Add: Expenses incurred during the year :</u>       |                                  |                            |
| Land Cost / Premium for Development Rights .....      | 50,038.71                        | 18,474.42                  |
| Architect Fees .....                                  | 1,087.06                         | 1,224.46                   |
| Preliminaries & Site Expenses .....                   | 2,342.92                         | 466.85                     |
| Civil, Electrical, Contracting etc. ....              | 29,972.98                        | 23,874.99                  |
| Interest (net) .....                                  | 7,085.31                         | 5,858.69                   |
| Overheads allocated .....                             | 1,463.21                         | 1,424.89                   |
| Payment to Local Agencies .....                       | 3,294.97                         | 1,328.58                   |
| Insurance .....                                       | 32.84                            | 13.26                      |
| Legal & Professional Fees .....                       | 484.95                           | 481.39                     |
| Other Expenses .....                                  | 823.54                           | 203.54                     |
|   | <u>96,626.49</u>                 | <u>53,351.07</u>           |
|   | <u>201,538.40</u>                | <u>146,994.68</u>          |
| Less :-Closing Work-in-progress .....                 | (161,260.34)                     | (103,753.09)               |
| Closing Raw Material .....                            | (1,798.77)                       | (995.13)                   |
| Closing Stock in trade .....                          | (14.61)                          | (163.69)                   |
| Capital Work in Progress .....                        | (110.29)                         | (272.61)                   |
|   | <u>(163,184.01)</u>              | <u>(105,184.52)</u>        |
|   | <u>38,354.39</u>                 | <u>41,810.16</u>           |
| Rent, Rates & Taxes .....                             | 41.18                            | 38.76                      |
| Repairs & Maintenance - Commercial Properties .....   | 95.55                            | 104.69                     |
| Professional Fees .....                               | 116.64                           | 124.05                     |
| Brokerage .....                                       | 170.51                           | 325.69                     |
| Advertisement, Marketing & Business Development ..... | 243.26                           | 198.89                     |
| Electricity .....                                     | 10.98                            | 1.71                       |
| Other Operating Expenses .....                        | 744.04                           | 112.85                     |
|   | <u>39,776.55</u>                 | <u>42,716.80</u>           |

**26) Employee Remuneration and Benefits**

|   | <b>Current Year</b><br>₹ in lakh | Previous Year<br>₹ in lakh |
|---|----------------------------------|----------------------------|
| Salaries, Allowances & Bonus # .....            | 4,359.11                         | 3,477.59                   |
| Contribution to Provident & Other Funds* .....  | 175.81                           | 159.29                     |
| Staff Welfare Expenses .....                    | 301.72                           | 341.61                     |
|   | <u>4,836.64</u>                  | <u>3,978.49</u>            |
| Less :- Allocated to projects .....             | (1,513.76)                       | (1,226.22)                 |
|   | <u>3,322.88</u>                  | <u>2,752.27</u>            |
| Add: Share in Jointly controlled entities ..... | 209.20                           | 186.21                     |
|   | <u>3,532.08</u>                  | <u>2,938.48</u>            |

**\* Gratuity**

## (1) Principal actuarial assumptions:

|                                     | Current Year | Previous Year |
|-------------------------------------|--------------|---------------|
| Discount rate .....                 | 8.50%-8.65%  | 8.50%-8.65%   |
| Rate of Return on Plan Assets ..... | 8.00%- 9.50% | 8.00%- 9.50%  |

## (2) Reconciliation of Benefit Obligation:

|  | Funded                 |                         | Unfunded               |                         |
|--|------------------------|-------------------------|------------------------|-------------------------|
|  | Current Year<br>₹ lakh | Previous Year<br>₹ lakh | Current Year<br>₹ lakh | Previous Year<br>₹ lakh |
| Liability at the beginning of the year                                   | 159.45                 | 135.96                  | 25.28                  | 18.09                   |
| Interest Cost  | 13.65                  | 10.76                   | 1.76                   | 1.43                    |
| Current Service Cost   | 37.08                  | 36.05                   | 5.49                   | 7.41                    |
| Past Service Cost  | -                      | -                       | -                      | 0.08                    |
| Benefit Paid   | (1.80)                 | (8.44)                  | (9.03)                 | (0.69)                  |
| Actuarial (Gain) / Loss on Obligations                                   | (48.73)                | (14.87)                 | (0.80)                 | (1.04)                  |
| Liability at the end of the year   | 159.65                 | 159.45                  | 22.70                  | 25.28                   |
| Fair Value of Plan Assets at the end of the year                         | 139.65                 | 97.36                   | -                      | -                       |
| Amount recognised and disclosed under the head "Provisions for Gratuity" | 20.00                  | 62.09                   | 22.70                  | 25.28                   |
| Current  | 20.00                  | 50.66                   | 7.28                   | 8.71                    |
| Non - Current  | (-)                    | 11.43                   | 15.42                  | 16.57                   |

## (3) Reconciliation of Fair value of Plan Assets:

|  | Funded                 |                         | Unfunded               |                         |
|--|------------------------|-------------------------|------------------------|-------------------------|
|  | Current Year<br>₹ lakh | Previous Year<br>₹ lakh | Current Year<br>₹ lakh | Previous Year<br>₹ lakh |
| Fair Value of Plan Assets at the beginning of the year | 97.36                  | 89.14                   | -                      | -                       |
| Adjustment to the opening balance                      | 6.37                   | -                       | -                      | -                       |
| Expected Return on Plan Assets                         | 10.68                  | 7.84                    | -                      | -                       |
| Contributions  | 35.89                  | (8.45)                  | -                      | -                       |
| Benefit Paid   | (1.80)                 | 16.67                   | -                      | -                       |
| Actuarial Gain /(Loss) on Obligations                  | (8.86)                 | (7.84)                  | -                      | -                       |
| Fair Value of Plan Assets at the end of the year       | 139.65                 | 97.36                   | -                      | -                       |

## (4) Expenses recognised in the Statement of Profit and Loss under the head "Employee Benefits":

|   | Funded                    |                            | Unfunded                  |                            |
|---|---------------------------|----------------------------|---------------------------|----------------------------|
|   | Current Year<br>₹ in lakh | Previous Year<br>₹ in lakh | Current Year<br>₹ in lakh | Previous Year<br>₹ in lakh |
| Current Service Cost                                | 37.08                     | 36.05                      | 5.49                      | 7.41                       |
| Interest Cost                                       | 13.65                     | 10.77                      | 1.76                      | 1.43                       |
| Unrecognised Past Service Cost                      | -                         | 0.40                       | -                         | 0.08                       |
| Expected Return on Plan Assets                      | (10.68)                   | (7.84)                     | -                         | -                          |
| Net Actuarial (Gain) / Loss recognised              | (39.87)                   | (7.04)                     | (0.80)                    | (1.04)                     |
| Expenses recognised in Statement of Profit and Loss | 0.18                      | 32.33                      | 6.45                      | 7.88                       |

## (5) Experience Adjustments

(₹ in lakh)

|  |         |         |         |         |         |         |
|--|---------|---------|---------|---------|---------|---------|
| Gratuity (Funded)  | 2013    | 2012    | 2011    | 2010    | 2009    | 2008    |
| Defined benefit obligation                               | 159.65  | 159.45  | 135.96  | 72.73   | 74.12   | 59.68   |
| Fair value of plan assets                                | 139.65  | 97.36   | 89.14   | 58.55   | 45.98   | 42.35   |
| Surplus / (Deficit)                                      | (20.00) | (62.09) | (46.82) | (14.18) | (28.14) | (17.33) |
| Experience adjustment on plan liability [( Gain) / Loss] | (48.73) | 22.03   | (13.24) | 25.06   | 11.94   | 8.89    |
| Experience adjustment on plan assets [Gain / (Loss)]     | (10.67) | (4.55)  | (0.77)  | (5.17)  | (4.27)  | (3.60)  |

(₹ in lakh)

|  |         |         |         |         |         |         |
|--|---------|---------|---------|---------|---------|---------|
| Gratuity (Unfunded)                                      | 2013    | 2012    | 2011    | 2010    | 2009    | 2008    |
| Defined benefit obligation                               | 25.28   | 25.28   | 18.17   | 28.91   | 21.99   | 19.17   |
| Fair value of plan assets                                | -       | -       | -       | -       | -       | -       |
| Surplus / (Deficit)                                      | (25.28) | (25.28) | (18.17) | (28.91) | (21.99) | (19.17) |
| Experience adjustment on plan liability [( Gain) / Loss] | (0.80)  | (1.04)  | (10.17) | (3.93)  | 2.43    | 0.02    |
| Experience adjustment on plan assets [Gain / (Loss)]     | -       | -       | -       | -       | -       | -       |

## # Employee Stock Option Scheme

During the year Company had granted 10,000 Equity shares on 4<sup>th</sup> August, 2012 to the eligible employee under the Employee Stock Option Scheme 2006 (ESOS 2006) of the company.

The details of the Employee Stock Option Scheme are:

|                           |  |
|---------------------------|--|
| Particulars               | Grant dated 4 <sup>th</sup> August, 2012   |
| Type of Arrangement       | Employee Share-Based Payment by issue of shares.   |
| Number of Options Granted | 10,000   |
| Contractual life          | Options will lapse if not exercised within 5 years from the date of individual vesting.  |
| Exercise Price            | ₹ 325 /- per share   |
| Method of Settlement      | By Issue of Shares at Exercise Price   |
| Vesting Conditions        | 25 % On expiry of 12 months from the date of grant ;<br>25 % On expiry of 24 months from the date of grant ;<br>25 % On expiry of 36 months from the date of grant ;<br>25 % On expiry of 48 months from the date of grant ; |

The company has adopted intrinsic value method for computing the compensation cost for the Options granted. The exercise price of the shares is based on the average of the daily high and low of the prices for the Company's Equity Shares quoted on the Bombay Stock Exchange Limited, during the 15 days preceding the grant of the Options. The Intrinsic value i.e. the difference between the market price of the share and the exercise price is being amortised as employee compensation cost over the vesting period. The details of the same are given here under:

|  |  |
|--|--|
| Particulars  | Grant dated 4 <sup>th</sup> August, 2012 |
| Intrinsic Value of shares based on latest available closing market price | ₹(0.86)                                  |
| Total Amount to be amortized over the vesting period                     | ₹(0.86) lakh                             |
| Charge to Profit & Loss Account for the year                             | ₹(0.12) lakh                             |
| Compensation in respect of lapsed cases                                  | -  |
| Unamortized Amount Carried Forward                                       | ₹(0.69) lakh                             |

The Fair Value has been calculated using the Black Scholes Options Pricing Model and the significant assumptions made in this regard are as follows:

| Particulars             | Grant dated 4 <sup>th</sup> August, 2012 |
|-------------------------|--|
| Risk free interest rate | 8.06% - 8.20%                            |
| Expected life           | 3.5 -6.5 Years                           |
| Expected volatility     | 44.15% - 59.61%                          |
| Expected dividend yield | 1.38%                                    |
| Exercise price          | ₹325                                     |
| Stock price             | ₹324.14                                  |

During the year, the Company had granted 101,000 Equity shares on 4<sup>th</sup> August, 2012 to the eligible employees under the Employee Stock Option Scheme (ESOS 2012) of the company.

The details of the Employee Stock Option Scheme are:

| Particulars               | Grant dated 4 <sup>th</sup> August, 2012   |
|---------------------------|--|
| Type of Arrangement       | Employee Share-Based Payment by issue of shares.   |
| Number of Options Granted | 101,000  |
| Contractual life          | Options will lapse if not exercised within 5 years from the date of individual vesting.  |
| Exercise Price            | ₹ 10 /- per share  |
| Method of Settlement      | By Issue of Shares at Exercise Price   |
| Vesting Conditions        | 20 % On expiry of 12 months from the date of grant ;<br>20 % On expiry of 24 months from the date of grant ;<br>30 % On expiry of 36 months from the date of grant ;<br>30 % On expiry of 48 months from the date of grant ; |

The company has adopted intrinsic value method for computing the compensation cost for the Options granted. The exercise price of the shares is ₹ 10/- per stock option. The Intrinsic value i.e. the difference between the market price of the share and the exercise price is being amortised as employee compensation cost over the vesting period. The details of the same are given here under:

| Particulars  | Grant dated 4 <sup>th</sup> August, 2012 |
|--|--|
| Intrinsic Value of shares based on latest available closing market price | ₹ 314.14                                 |
| Total Amount to be amortized over the vesting period                     | ₹ 317.28 lakh                            |
| Charge to Profit & Loss Account for the year                             | ₹ 42.30 lakh                             |
| Compensation in respect of lapsed cases                                  | -  |
| Unamortized Amount Carried Forward                                       | ₹ 274.98 lakh                            |

The Fair Value has been calculated using the Black Scholes Options Pricing Model and the significant assumptions made in this regard are as follows:

| Particulars             | Grant dated 4 <sup>th</sup> August, 2012 |
|-------------------------|--|
| Risk free interest rate | 8.06% -8.20%                             |
| Expected life           | 3.5 -6.5 Years                           |
| Expected volatility     | 44.15%- 59.61%                           |
| Expected dividend yield | 1.38%                                    |
| Exercise price          | ₹ 10.00                                  |
| Stock price             | ₹ 324.14                                 |

Earnings Per Share as required by Accounting Standard 20 read with the Guidance Note on "Accounting for Employee share-based Payments" is as follows.

|   | Particulars   | Intrinsic Value Method |               | Fair Value Method |               |
|---|---|------------------------|---------------|-------------------|---------------|
|   |   | Current Year           | Previous Year | Current Year      | Previous Year |
| A | Net Profit After Tax (₹ in lakh)                                  | <b>9,748.96</b>        | 12,016.08     | <b>9,415.50</b>   | 11,770.30     |
|   | Less Preference dividend  | -                      | -             | -                 | -             |
| B | Weighted Average number of Equity Shares of ₹ 10/- each (Basic)   | <b>40,836,260</b>      | 40,835,150    | <b>40,836,260</b> | 40,835,150    |
| C | Weighted Average number of Equity Shares of ₹ 10/- each (Diluted) | <b>40,836,260</b>      | 40,835,150    | <b>40,836,260</b> | 40,835,150    |
| D | Basic Earning per Share (₹)                                       | <b>23.87</b>           | 29.43         | <b>23.06</b>      | 28.82         |
| E | Diluted Earning per Share (₹)                                     | <b>23.87</b>           | 29.43         | <b>23.06</b>      | 28.82         |

The compensation costs of stock options granted to employees are accounted by the Company using the intrinsic value method.

| Summary of Stock Options                                   | Current Year   | Previous Year |
|--|----------------|---------------|
| Options outstanding on 1 <sup>st</sup> April               | <b>588,779</b> | 592,551       |
| Options granted during the year                            | <b>111,000</b> | -             |
| Options lapsed during the year                             | -              | -             |
| Options cancelled during the year                          | <b>1,343</b>   | 3,772         |
| Options exercised during the year                          | -              | -             |
| Options outstanding on 31 <sup>st</sup> March              | <b>698,436</b> | 588,779       |
| Options vested but not exercised on 31 <sup>st</sup> March | <b>588,779</b> | 439,816       |

Information in respect of options outstanding as at 31<sup>st</sup> March, 2013:

| Exercise price | No. of Options | Weighted average remaining life |
|----------------|----------------|---------------------------------|
| ₹ 428          | 587,436        | 42 months                       |
| ₹ 325          | 10,000         | 60 months                       |
| ₹ 10           | 101,000        | 60 months                       |

## 27) Administration & Other Expenses

|   | Current Year<br>₹ in lakh | Previous Year<br>₹ in lakh |
|---|---------------------------|----------------------------|
| Rent, Rates and Taxes .....                           | <b>632.46</b>             | 566.73                     |
| Insurance .....                                       | <b>48.20</b>              | 43.28                      |
| Repairs and Maintenance                               |                           |                            |
| - Buildings .....                                     | <b>2.94</b>               | 18.78                      |
| - Others .....  | <b>200.25</b>             | 198.40                     |
| Electricity Charges .....                             | <b>368.78</b>             | 291.44                     |
| Travelling & Conveyance .....                         | <b>576.51</b>             | 429.61                     |
| Legal & Professional Fees .....                       | <b>901.11</b>             | 900.44                     |
| Printing & Stationery .....                           | <b>76.48</b>              | 86.67                      |
| Communication .....                                   | <b>123.43</b>             | 159.97                     |
| Advertisement, Marketing & Business Development ..... | <b>1,358.27</b>           | 1,047.44                   |
| Auditors Remuneration .....                           | <b>77.17</b>              | 62.69                      |
| Loss on sale of Fixed assets .....                    | <b>17.07</b>              | 1.54                       |
| Doubtful Debts Provided .....                         | <b>95.00</b>              | -                          |
| Miscellaneous Expenses .....                          | <b>1,733.96</b>           | 1,409.36                   |
|   | <b>6,211.63</b>           | 5,216.35                   |
| Add: Share in Jointly controlled entities .....       | <b>126.96</b>             | 120.67                     |
|   | <b>6,338.59</b>           | 5,337.02                   |

**28) Finance Cost**

|   | <b>Current Year<br/>₹ in lakh</b> | Previous Year<br>₹ in lakh |
|---|-----------------------------------|----------------------------|
| Interest on Loans .....                         | <b>11,140.61</b>                  | 8,552.27                   |
| Less : Allocated to projects.....               | <b>(8,028.10)</b>                 | (6,443.63)                 |
|   | <b>3,112.51</b>                   | 2,108.64                   |
| Add: Share in Jointly controlled entities ..... | <b>11.52</b>                      | -                          |
|   | <b>3,124.03</b>                   | 2,108.64                   |

**29)** The estimated amount of the contracts entered into and remaining to be executed on Capital account and not provided for (net of advances) as at 31<sup>st</sup> March, 2013 is ₹ 1,787.00 lakh (*Previous year: ₹ 1,218.41 lakh*).

**30)** In respect of real estate projects under long term contracts, determination of profits / losses and realisability of the construction work in progress & Project advances necessarily involves making estimates by the Company, some of which are of a technical nature, concerning, where relevant, the percentage of completion, costs to completion and the projections of revenues expected from projects / activity and the foreseeable losses to completion. Profit from these contracts and valuation of construction work in progress is based on such estimates.

**31)** The Company has subsidiaries which are engaged in the business of land development for industrial, commercial and residential use. Few companies are in the initial phase of development and have conducted preliminary studies and surveys for the project.

**32) Leases:**

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

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

|  | <b>Current Year<br/>₹ in lakh</b> | Previous Year<br>₹ in lakh |
|--|-----------------------------------|----------------------------|
| Gross Carrying Amount of premises .....                              | 15,967.55                         | 14,333.85                  |
| Accumulated Depreciation.....  | 2,336.46                          | 1,856.75                   |
| Depreciation for the year .....                                      | 489.11                            | 439.86                     |
| Future minimum lease payments under non-cancellable operating leases |                                   |                            |
| ➤ Not later than 1 year.....   | 1,039.46                          | 1,088.40                   |
| ➤ Later than 1 year and not later than 5 years .....                 | 1,306.09                          | 1,279.19                   |
| ➤ Later than 5 years .....   | 651.06                            | 1,005.48                   |

b) Lease expenditure for operating leases is recognised on a straight-line basis over the period of lease. The particulars of the premises taken on operating leases are as under:

|  | <b>Current Year<br/>₹ in lakh</b> | Previous Year<br>₹ in lakh |
|--|-----------------------------------|----------------------------|
| Future minimum lease payments under non-cancellable operating leases |                                   |                            |
| ➤ Not later than 1 year.....   | <b>185.56</b>                     | 163.58                     |
| ➤ Later than 1 year and not later than 5 years .....                 | <b>100.74</b>                     | 18.63                      |
| ➤ Later than 5 years .....   | -                                 | -                          |

**33) Contingent Liabilities**

| Matter  | Current Year<br>₹ in lakh | Previous Year<br>₹ in lakh |
|---|---------------------------|----------------------------|
| a) Claims against the Company not acknowledged as debts represent :   |                           |                            |
| i) A Revision First appeal filed by a party in the Delhi High Court, and disputed by the Company, for recovery of brokerage in respect of a transaction relating to operating of commercial complexes. In the opinion of the management the above claim is not sustainable. | -                         | 42.67                      |
| ii) Claims raised by a civil contractor in respect of a project at Mumbai. ....   | 182.33                    | 88.44                      |
| iii) Demand from local authorities for transfer fees on transfer of property, disputed by the Company. ....   | 123.99                    | 123.99                     |
| iv) Demand from a local authority for energy dues disputed by the company.  | 2,164.04                  | 2,164.04                   |
| b) Tax matters under appeal   |                           |                            |
| > Income Tax  |                           |                            |
| The Income tax Department has sought to re-classify certain business income as income from house property, in respect of which the Company has partially succeeded in appeal and is pursuing the matter further with the higher appellate authorities .....                 | 935.60                    | 1,321.80                   |
| The liability net of Deferred Tax Asset/Deferred Tax Liability would be ₹ 524.17 lakh (previous year ₹ 846.49 lakh) .....   |                           |                            |
| Other demand, for which the Subsidiary Companies are contesting with the Appellate Authorities.. ....   | 169.26                    | 76.34                      |
| c) Guarantee/ Counter guarantee given by Mahindra Infrastructure Developers Limited for its joint ventures.....   | 900.00                    | 900.00                     |

**34) Segmental Reporting**

(₹ in lakh)

|                         | Operating of<br>Commercial<br>Complexes | Projects, Project<br>Management &<br>Development | Business<br>Centre | Consolidated |
|-------------------------|---|--|--------------------|--------------|
| <b>REVENUE</b>          |   |  |                    |              |
| External Revenue        | 1,893.45                                | 71,940.38  | -                  | 73,833.83    |
| Previous Year           | 1,445.69                                | 68,680.88  | -                  | 70,126.57    |
| Inter-segment Revenues  | -                                       | -  | -                  | -            |
| Previous Year           | -                                       | -  | -                  | -            |
| <b>TOTAL REVENUE</b>    | 1,893.45                                | 71,940.38  | -                  | 73,833.83    |
| Previous Year           | 1,445.69                                | 68,680.88  | -                  | 70,126.57    |
| <b>SEGMENT RESULT</b>   | 1,705.99                                | 27,273.63  | -                  | 28,979.62    |
| Previous Year           | 1,259.54                                | 22,028.25  | -                  | 23,287.78    |
| Unallocated Corporate   |   |  |                    |              |
| Expenses (net)          | -                                       | -  | -                  | (2,902.47)   |
| Previous Year           | -                                       | -  | -                  | (3,250.24)   |
| <b>Operating profit</b> | -                                       | -  | -                  | 26,077.15    |
| Previous Year           | -                                       | -  | -                  | 20,037.54    |
| Interest expense        | -                                       | -  | -                  | (3,124.03)   |
| Previous Year           | -                                       | -  | -                  | (2,108.64)   |
| Interest income         | -                                       | -  | -                  | 653.87       |
| Previous Year           | -                                       | -  | -                  | 877.36       |
| Income taxes            | -                                       | -  | -                  | (7,991.33)   |
| Previous Year           | -                                       | -  | -                  | (5,929.08)   |

|                                   | Operating of Commercial Complexes | Projects, Project Management & Development | Business Centre | Consolidated |
|-----------------------------------|-----------------------------------|--|-----------------|--------------|
| <b>Net Profit</b>                 | -                                 | -  | -               | 15,615.65    |
| <i>Previous Year</i>              | -                                 | -  | -               | 12,877.16    |
| <b>OTHER INFORMATION</b>          |                                   |  |                 |              |
| Segment Assets                    | 2,222.64                          | 220,482.05                                 | 0.56            | 222,705.24   |
| <i>Previous Year</i>              | 2,331.43                          | 192,534.62                                 | 24.35           | 194,890.40   |
| Unallocated Corporate Assets      |                                   |  |                 | 63,093.24    |
| <i>Previous Year</i>              |                                   |  |                 | 32,220.83    |
| <b>TOTAL ASSETS</b>               |                                   |  |                 | 285,798.49   |
| <i>Previous Year</i>              |                                   |  |                 | 227,111.24   |
| Segment Liabilities               | 589.88                            | 148,131.26                                 | 24.18           | 148,745.32   |
| <i>Previous Year</i>              | 589.91                            | 104,689.99                                 | 49.19           | 105,329.10   |
| Unallocated Corporate Liabilities |                                   |  |                 | 7,745.71     |
| <i>Previous Year</i>              | -                                 | -  | -               | 5,075.78     |
| <b>TOTAL LIABILITIES</b>          |                                   |  |                 | 156,491.02   |
| <i>Previous Year</i>              | -                                 | -  | -               | 110,404.88   |
| Capital Expenditure               | 39.45                             | 9,150.57                                   | -               | 9,347.70     |
| <i>Previous Year</i>              | -                                 | 2,500.94                                   | -               | 2,622.21     |
| Depreciation                      | 51.12                             | 695.96                                     | -               | 870.44       |
| <i>Previous Year</i>              | 51.11                             | 670.10                                     | -               | 933.87       |

Notes:

- The segment result for Projects, Project Management and Development activity is arrived at after considering an interest of ₹ 1,879.23 lakh (Previous year ₹ 1,578.73 lakh), as it formed part of the cost of projects according to the method of accounting followed by the Company.

### 35) Related Parties

|   |  |
|---|--|
| <b>List of related parties:</b>                               |  |
| <b>Enterprises Controlling the Company</b>                    |  |
| Mahindra & Mahindra Limited                                   | Holding Company                                |
| <b>Fellow Subsidiaries</b>                                    |  |
| Bristlecone India Limited.                                    | Mahindra Hinodaya Industries Limited           |
| Mahindra Holidays & Resorts India Limited.                    | Mahindra & Mahindra Financial Services Limited |
| Mahindra Consulting Engineers Limited                         | Tech Mahindra Limited                          |
| Mahindra Construction Company Limited                         | Mahindra BPO Services Limited                  |
| Mahindra EPC Services Private Limited                         |  |
| <b>Joint Ventures &amp; Associates of the Company</b>         |  |
| Mahindra Water Utilities Limited (Joint Venture)              |  |
| Mahindra Inframan Water Utilities Pvt Limited (Joint Venture) |  |
| Rathna Bhoomi Enterprises Pvt. Limited (Associate)            |  |

### Key Management Personnel

Managing Director and Chief Executive Officer of - Ms. Anita Arjundas

Mr. B K Subbaiah.

Ms. Sangeeta Prasad.

Non-Executive Independent Director of Company - Mr. Sanjiv Kapoor

**Enterprises over which key management personnel are able to exercise significant influence: Nil**

Transactions with related parties during the year and balance as on 31<sup>st</sup> March, 2013

(₹ in lakh)

| Nature of Transactions               | Enterprise controlling the Company | Companies under common control | Individual    | Key Management Personnel |
|--------------------------------------|------------------------------------|--------------------------------|---------------|--------------------------|
| <b>Rendering of Services</b>         | <b>2,851.35</b>                    | <b>0.12</b>                    | -             | -                        |
| Previous Year                        | 1,254.71                           | 25.12                          | -             | -                        |
| <b>Receiving of Services</b>         | <b>625.54</b>                      | <b>145.06</b>                  | -             | -                        |
| Previous Year                        | 541.58                             | 119.28                         | -             | -                        |
| <b>Sales</b>                         |                                    | -                              | <b>100.61</b> | <b>62.81</b>             |
| Previous Year                        | -                                  | 130.82                         | 1,150.00      |                          |
| <b>Remuneration</b>                  | -                                  | -                              |               | <b>349.38</b>            |
| Previous Year                        | -                                  | -                              |               | 288.93                   |
| <b>Expenses Reimbursement</b>        | <b>20.30</b>                       | -                              | -             | -                        |
| Previous Year                        | 24.26                              | 9.18                           | -             | -                        |
| <b>Finance Given during the year</b> | -                                  | -                              | -             | -                        |
| Previous Year                        | -                                  | 1,000.00                       | -             | -                        |
| <b>Interest Received</b>             | -                                  | -                              | -             | -                        |
| Previous Year                        | -                                  | 10.71                          | -             | -                        |
| <b>Purchase of Land</b>              | -                                  | -                              | -             | -                        |
| Previous Year                        | 1,467.11                           | 9,720.03                       | -             | -                        |
| <b>Purchase of Goods</b>             | -                                  | <b>15.59</b>                   | -             | -                        |
| Previous Year                        | -                                  | 2.52                           | -             | -                        |
| <b>Dividend Paid</b>                 | <b>1,250.77</b>                    | -                              | -             | -                        |
| Previous Year                        | 1,042.31                           | -                              | -             | -                        |
| <b>ICD Repaid</b>                    | -                                  | -                              | -             | -                        |
| Previous Year                        | -                                  | 1,000.00                       | -             | -                        |
| <b>Advances received</b>             | -                                  | -                              | <b>8.12</b>   | <b>8.12</b>              |
| Previous Year                        | -                                  | -                              | -             | -                        |
| <b>Receivables</b>                   | <b>2,274.99</b>                    | <b>2.46</b>                    | -             | -                        |
| Previous Year                        | 2,008.02                           | 0.97                           | -             | -                        |
| <b>Payables</b>                      | <b>5,683.33</b>                    | <b>582.91</b>                  | -             | -                        |
| Previous Year                        | 1,170.63                           | 602.64                         | -             | -                        |

The significant related party transactions are as under:

| Nature of Services     | Enterprises Controlling the Company | Amount (₹ in lakh) | Enterprises under the Common Control of the Company / Fellow subsidiaries | Amount (₹ in lakh) | Individual             | Amount (₹ in lakh) | Key Management of Personnel | Amount (₹ in lakh) |
|------------------------|-------------------------------------|--------------------|---|--------------------|------------------------|--------------------|-----------------------------|--------------------|
| Rendering of Services  | Mahindra & Mahindra Limited         | 2,851.35           |   |                    |                        |                    |                             |                    |
| Receiving of Services  | Mahindra & Mahindra Limited         | 625.54             | Mahindra Consulting Engineers Limited                                     | 96.80              |                        |                    |                             |                    |
|                        |                                     |                    | Bristle Cone India Limited  | 18.07              |                        |                    |                             |                    |
|                        |                                     |                    | Mahindra Holidays and Resorts Limited                                     | 26.13              |                        |                    |                             |                    |
| Sales                  |                                     |                    |   |                    | Relative of Individual | 100.61             | Ms. Sangeeta Prasad         | 62.81              |
| Remuneration           |                                     |                    |   |                    |                        |                    | Ms. Anita Arjundas          | 180.81             |
|                        |                                     |                    |   |                    |                        |                    | Mr. B.K. Subbaiah           | 74.67              |
|                        |                                     |                    |   |                    |                        |                    | Ms. Sangeeta Prasad         | 93.90              |
| Expenses Reimbursement | Mahindra & Mahindra Limited         | 20.30              |   |                    |                        |                    |                             |                    |
| Purchase of goods      |                                     |                    | Mahindra Consulting Engineers Limited                                     | 2.52               |                        |                    |                             |                    |
|                        |                                     |                    | Mahindra Hinodaya Industries Limited                                      | 13.07              |                        |                    |                             |                    |
| Dividend Paid          | Mahindra & Mahindra Limited         | 1,250.77           |   |                    |                        |                    |                             |                    |

| Nature of Services | Enterprises Controlling the Company | Amount (₹ in lakh) | Enterprises under the Common Control of the Company / Fellow subsidiaries | Amount (₹ in lakh) | Individual             | Amount (₹ in lakh) | Key Management of Personnel | Amount (₹ in lakh) |
|--------------------|-------------------------------------|--------------------|---|--------------------|------------------------|--------------------|-----------------------------|--------------------|
| Advances received  |                                     |                    |   |                    | Relative of Individual | 8.12               | Ms. Anita Arjundas          | 8.12               |
| Receivables        | Mahindra & Mahindra Limited         | 2,274.99           | Mahindra Consulting Engineers Limited                                     | 2.46               |                        |                    |                             |                    |
| Payables           | Mahindra & Mahindra Limited         | 5,683.33           | Tec Mahindra Limited  | 570.00             |                        |                    |                             |                    |

- 36) The Subsidiary Company, Mahindra Infrastructure Developers Ltd, has entered into Solid Waste Treatment Agreement on 17 January, 2003 ("the Agreement") executed with Tirupati Temple Devasthanam (TTD) for operating a solid waste treatment plant ("the project") at Tirupati, the Company has terminated the Agreement with effect from 19<sup>th</sup> June, 2009. Discussions are on with TTD for resolving all the pending issues post termination in accordance with the terms of the agreement. The project has not been operating since the termination. Accordingly no depreciation on the facilities has been provided since 20<sup>th</sup> June, 2009. The particulars of the facilities as on 20<sup>th</sup> June, 2009 to be transferred to TTD on acceptance of the termination by them are given below:

(₹ in lakh)

| Description of Assets                  | Written Down Value of the Assets |
|--|----------------------------------|
| Building                               | 28.45                            |
| Plant & Machinery and Office Equipment | 168.81                           |
| Computer                               | 0.05                             |
| Furniture & Fixtures                   | 0.10                             |
| Vehicle                                | 0.48                             |
| Total                                  | 197.89                           |

The carrying amount of current assets pertaining to the above discontinuing operation is ₹ 17.98 Lacs (2012: ₹ 19.75 Lacs) and its current liabilities is ₹19.75 Lacs (2012: ₹ 28.33 Lacs).

The following statement shows the revenue and expenses of the continuing and the above discontinuing operation of the Company:

₹ in lakh

| Particulars                              | Continuing Operation |               | Discontinuing Operation |               | Total        |               |
|--|----------------------|---------------|-------------------------|---------------|--------------|---------------|
|  | Current Year         | Previous Year | Current Year            | Previous Year | Current Year | Previous Year |
| Income                                   | 5.58                 | 8.95          | 2.52                    | 2.52          | 8.10         | 11.47         |
| Raw Materials & Finished Products        | —                    | —             | (1.76)                  | (1.76)        | (1.76)       | (1.76)        |
| Personnel Expenses                       | (8.05)               | (6.40)        | (2.45)                  | (2.42)        | (10.50)      | (8.83)        |
| Other Expenses                           | (5.84)               | (6.87)        | (2.56)                  | (8.80)        | (8.40)       | (15.67)       |
| Depreciation                             | (0.12)               | (0.12)        | -                       | -             | (0.12)       | (0.12)        |
| Diminution in the value of business unit | -                    | -             | -                       | (40.57)       | -            | (40.57)       |
| Loss for the year before taxation        | (8.43)               | (4.45)        | (4.26)                  | (51.03)       | (12.69)      | (55.48)       |

### 37) Information in respect of Joint Ventures and Jointly Controlled Operations

#### a) Jointly Controlled operations

- i) Development of the following residential projects:
  - > G.E. Gardens, Mumbai
  - > Kukatapally, Hyderabad
- ii) Project for providing potable drinking water and sewerage facilities at Tirupur, Tamil Nadu.

**b) Jointly controlled entities**

| Name   | Country of Incorporation | Business Activity                                 | Proportion of Ownership Interest |
|--|--------------------------|---|----------------------------------|
| Mahindra Water Utilities Limited               | India                    | O&M of water & sewerage facilities at Tirupur     | 50.00%                           |
| Mahindra Inframan Water Utilities Pvt. Limited | India                    | O&M of water & sewerage facilities at Navi Mumbai | 50.00%                           |

**c) Interest in the Assets, Liabilities, Income and Expenses with respect to jointly controlled entities**

|                               | Current Year<br>₹ in lakh | Previous Year<br>₹ in lakh |
|-------------------------------|---------------------------|----------------------------|
| Current assets .....          | 2287.86                   | 2156.32                    |
| Non-current assets .....      | 69.98                     | 42.45                      |
| <b>Total</b> .....            | <b>2357.85</b>            | 2198.76                    |
| Current liabilities .....     | 309.91                    | 543.58                     |
| Non-current liabilities ..... | 5.51                      | 13.50                      |
| <b>Total</b> .....            | <b>315.42</b>             | 557.09                     |
| Income .....                  | 774.74                    | 616.66                     |
| Expenses .....                | 354.34                    | 313.65                     |

**38) Details of Associates**

| Name of Associate                         | Country of Incorporation | % Holding |
|---|--------------------------|-----------|
| Rathna Bhoomi Enterprises Private Limited | India                    | 50.00%    |

**39) Goodwill / Capital Reserve arising out of Investment in Associates**

The share of losses in Rathna Bhoomi Enterprises Pvt. Limited exceeds the carrying cost of the investments. As per the requirements of the Accounting Standard (AS) – 23, the Company has not recognised its shares in further losses and accordingly, the investments are carried at Nil value.

**40) Earnings per share**

Calculation of Net Profit (including extraordinary item) available for Equity Shareholders:

|  | Current Year<br>₹ in lakh | Previous Year<br>₹ in lakh |
|--|---------------------------|----------------------------|
| A Net Profit After Tax .....   | 14,136.51                 | 11,908.02                  |
| Less : Dividend on Non Cumulative Redeemable Preference Shares<br>(including Tax on distributed Profits) ..... | -                         | -                          |
| Profit available for Equity Shareholders .....   | 14,136.51                 | 11,908.02                  |
| B Weighted Average number of Equity Shares of ₹ 10/- each .....  | 408.35                    | 408.35                     |
| C Basic and Diluted Earnings per Share (₹) .....   | 34.61                     | 29.16                      |

As per our Report attached hereto

For and on behalf of the Board

For and on behalf of  
**B. K. Khare & Co.**  
Chartered Accountants

**Padmini Khare Kaicker**  
Partner

Mumbai : 22<sup>nd</sup> April, 2013

**Suhas Kulkarni**  
Company Secretary

**Arun Nanda** Chairman  
**Uday Y. Phadke** Director  
**Sanjiv Kapoor** Director  
**Shailesh Haribhakti** Director  
**Anil Harish** Director  
**Prakash Hebalkar** Director  
**Anita Arjundas** Managing Director & CEO



# Mahindra LIFESPACES

ATTENDANCE SLIP

## MAHINDRA LIFESPACE DEVELOPERS LIMITED

Registered Office: 5<sup>th</sup> Floor, Mahindra Towers, Worli, Mumbai – 400 018.

PLEASE FILL ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL.

Joint shareholders may obtain additional slip on request.

No. of Shares

DP Id\*

Registered Folio No.

Client Id\*

Email Id

NAME AND ADDRESS OF THE SHAREHOLDER

I hereby record my presence at the **Fourteenth Annual General Meeting** of the Company held on Wednesday, 24<sup>th</sup> day of July, 2013 at 3.00 p.m. at Y. B. Chavan Centre, General Jagannathrao Bhonsle Marg, Next to Sachivalaya Gymkhana, Mumbai - 400 021.

Signature of the shareholder or proxy \_\_\_\_\_

\* Applicable for investors holding shares in electronic form.

TEAR HERE

# Mahindra LIFESPACES

PROXY FORM

## MAHINDRA LIFESPACE DEVELOPERS LIMITED

Registered Office: 5<sup>th</sup> Floor, Mahindra Towers, Worli, Mumbai – 400 018.

No. of Shares

DP Id\*

Registered Folio No.

Client Id\*

Email Id

I/We \_\_\_\_\_

of \_\_\_\_\_ being a member / members of MAHINDRA LIFESPACE DEVELOPERS LIMITED hereby appoint \_\_\_\_\_

\_\_\_\_\_ of \_\_\_\_\_ or failing him/her \_\_\_\_\_

of \_\_\_\_\_ as my/our proxy to vote for me/us and on my/our behalf at the **Fourteenth Annual General Meeting** to be held on Wednesday, 24<sup>th</sup> July, 2013 at 3.00 p.m. or at any adjournments thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2013

Place : \_\_\_\_\_

Signature

Affix a  
30 paise  
Revenue  
Stamp

\* Applicable for investors holding shares in electronic form.

**Note:** The proxy in order to be effective, should be duly completed, stamped, signed and must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the aforesaid meeting. The Proxy need not be a member of the Company.



Eminente - Goregaon, Mumbai



The Great Eastern Gardens - Kanjurmarg, Mumbai



Splendour - Bhandup, Mumbai



Royale - Pune



Chloris - Faridabad



Aqualily 1A - Chennai



Infosys - MWC, Chennai



Evolve - MWC, Jaipur



Our Presence: Mumbai | Delhi NCR | Chennai | Jaipur | Pune | Nagpur | Hyderabad

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**Registered Office:** Mahindra Lifespace Developers Limited, Mahindra Towers, 5<sup>th</sup> Floor, Worli, Mumbai - 400 018. India.  
Tel.: 022 - 6747 8600 / 6747 8601 Fax: 022 – 2497 5084. Toll free No.: 1800 102 3455 Email: homes@mahindralifespaces.com  
Website: www.mahindralifespaces.com