



# Mahindra Gesco

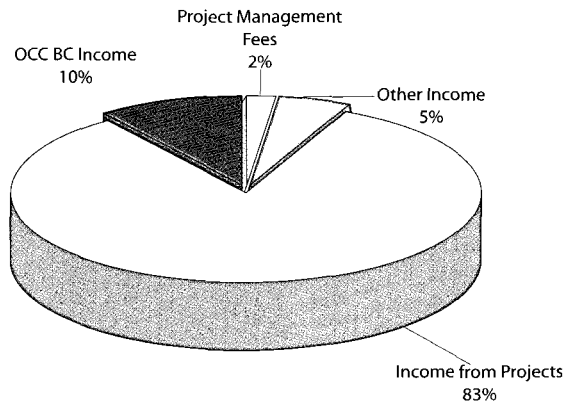
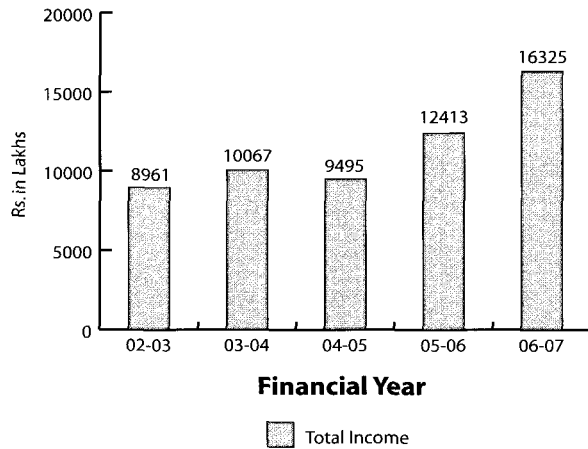


**MAHINDRA GESCO DEVELOPERS LIMITED**

*8th Annual Report 2006-2007*

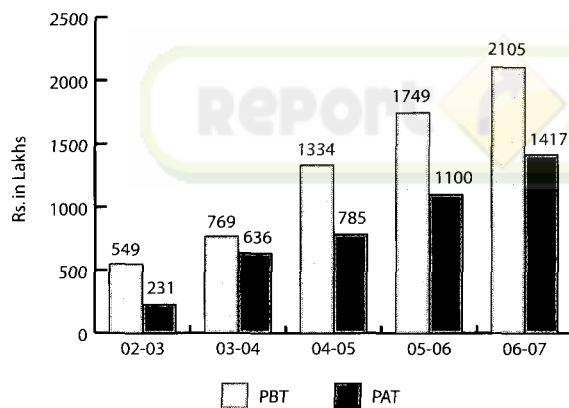
# Highlights

## Total Income

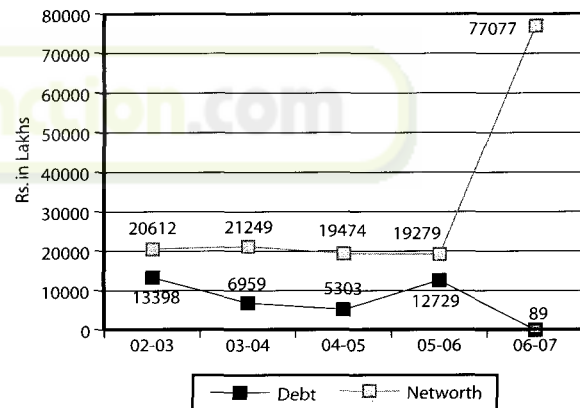


## Break up of Total Income (2006-07)

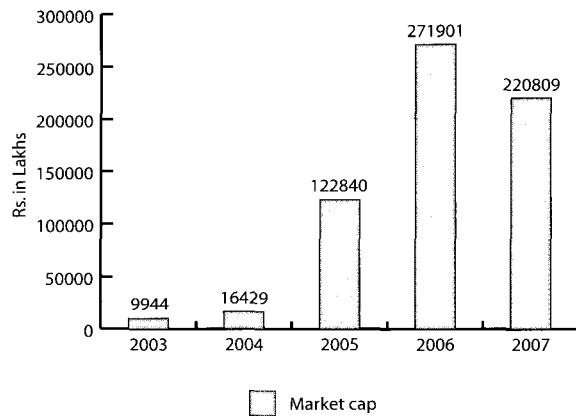
## PBT & PAT



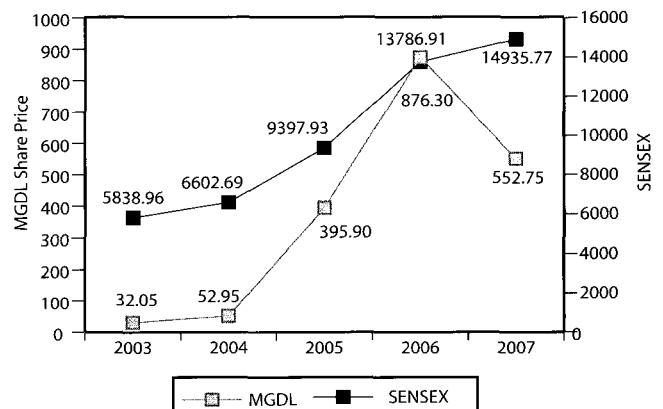
## Debt & Network



## Market cap



## MGDL Share Price V/s Sensex



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# MAHINDRA GESKO DEVELOPERS LIMITED

## Board of Directors

Mr. Anand G. Mahindra	Chairman
Mr. Arun Nanda	Vice-Chairman
Mr. Uday Y. Phadke	
Mr. Hemant Luthra	
Mr. Sanjiv Kapoor	
Mr. Shailesh Haribhakti	
Mr. Anil Harish	
Mr. Pawan Kumar Malhotra	Managing Director & Chief Executive Officer

## Management Group

Mr. Pawan Kumar Malhotra	Managing Director & Chief Executive Officer
Ms. Anita Arjundas	Chief Operating Officer
Mr. P. Vijayan	Vice President - Human Resources
Mr. M. K. Ramakrishnan	Vice President - Projects
Mr. L. P. Sahu	Vice President - Northern Region
Mr. Deepesh Salgia	Vice President - Business Development & Special Projects

## Head-Legal &

## Company Secretary

Mr. Suhas Kulkarni

## Auditors

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

## Bankers

AXIS Bank Limited (Formerly UTI Bank Limited)  
ING Vysya Bank Limited  
Citibank N.A.

## Registered Office

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

## Branch Offices

- Mahindra Towers, 2A, Bhikaiji Cama Place,  
New Delhi 110 066.
- City Point, 2<sup>nd</sup> Floor,  
Office No. 215-A, B & C,  
Boat Club Road, Pune 411 001.  
Maharashtra
- Sylvan County  
Mahindra City, (IT Park)  
Special Economic Zone  
Natham Sub P.O.  
Chengalpett 603 002  
Tamilnadu

## MAHINDRA GESKO DEVELOPERS LIMITED

**NOTICE**

The Eighth Annual General Meeting of **MAHINDRA GESKO DEVELOPERS LIMITED** will be held at Y. B. Chavan Centre, General Jagannathrao Bhosale Marg, Next to Sachivalaya Gymkhana, Mumbai - 400 021, on Monday 17 September, 2007 at 3.00 p.m. to transact the following business :

**ORDINARY Business :**

1. To receive and adopt the Directors' Report and audited Balance Sheet and Profit and Loss Account for the year ended 31 March 2007.
2. To declare dividend on Preference Shares & Equity Shares.
3. To appoint a Director in place of Mr. Arun Nanda, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Hemant Luthra, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Mr. Shailesh Haribhakti, who retires by rotation and being eligible, offers himself for re-appointment.
6. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution :

**"RESOLVED THAT** M/s. Kalyaniwalla & Mistry, Chartered Accountants and M/s. B. K. Khare & Co., Chartered Accountants, be re-appointed as Joint Auditors of the Company to hold office until the conclusion of the next Annual General Meeting, on such remuneration as may be agreed with the Auditors."

**Special Business :****7. Change of name**

To Consider and if thought fit, to pass with or without modification(s), the following resolution as a Special resolution

**"Resolved that** subject to the provisions of Section 21 of the Companies Act, 1956 and the approval of the Registrar of Companies, the name of the Company be changed from "Mahindra GESCO Developers Limited" to "Mahindra Lifespace Developers Limited" or such other name as may be approved by Registrar of Companies, Mumbai, Maharashtra and acceptable to the Board of Directors of the Company and that authority be granted to the Board of Directors of the Company (herein referred to as "the Board", which term shall be deemed to include any

Committee thereof which the Board may constitute to exercise its powers, including the powers conferred by this resolution) to do all such acts, deeds, matters and things and take such further steps as may be necessary to give effect to this resolution.

**RESOLVED FURTHER THAT** immediately upon the said change in the name of the Company becoming complete and effective, the new name be substituted for the existing name wherever it appears including in the Memorandum and Articles of Association of the Company."

**8. Appointment of Director**

To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution :

**"RESOLVED THAT** in accordance with the provisions of Section 257 and all other applicable provisions, if any, of the Companies Act, 1956, Mr. Pawan Kumar Malhotra who was appointed as an Additional Director and who ceases to hold office as per the provisions of Section 260 of the Companies Act, 1956 at this Annual General Meeting and in respect of whom the Company has received a notice from a Member in writing proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

**9. Appointment of Managing Director & Chief Executive Officer**

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

**"RESOLVED THAT** subject to the provisions of Sections 198, 269, 309, 310, 311 and all other applicable provisions of the Companies Act, 1956 (the Act) (including any statutory modification or re-enactment thereof for the time being in force) read with Schedule XIII of the Act and subject to such approvals, permissions and sanctions, as may be required, and subject to such conditions and modifications, as may be prescribed or imposed by any of the Authorities in granting such approvals, permissions and sanctions, approval of the Company be and is hereby accorded to the appointment of Mr. Pawan Kumar Malhotra as the Managing Director, designated as "Managing Director & Chief Executive Officer" for a period of three years with effect from 11 June 2007, on a salary of Rs. 200,000 per month, in the scale of Rs. 100,000 per month to Rs. 400,000 per month.

**RESOLVED FURTHER THAT** the perquisites (including allowances) payable or allowable to the Managing Director & Chief Executive Officer be as follows :

1.	Housing	:	Furnished /unfurnished accommodation or House Rent Allowance in lieu thereof not exceeding 60% of the salary.
2.	Special / Other Allowances	:	Not exceeding 25% of the salary.
3.	Performance Pay	:	Such amount as may be determined by the Remuneration Committee for each year, not exceeding 1.3 times of the salary per annum.
4.	Medical Expenses	:	Medical Expenses incurred for self and family as per the Company's rules.
5.	Personal Accident Insurance	:	Premium as per the Company's rules.
6.	The Managing Director & Chief Executive Officer shall also be entitled to Company's contribution to Provident Fund, Superannuation Fund & Gratuity Fund as per Company's Rules. Company's contribution to Provident Fund and Superannuation Fund to the extent these either singly or together are not taxable under the Income Tax Act, Gratuity payable as per the Rules of the Company and encashment of leave at the end of his tenure shall not be included in computation of limits for the remuneration and perquisites.		
7.	Leave Travel Allowance for self and family not exceeding Rs. 200,000 per annum.		
8.	Such other allowances, benefits, amenities, and facilities as per the Company's Rules.		
9.	Provision of car for use on Company's business, mobile phone and telephone at residence would not be considered as perquisites.		
10.	The value of the perquisites and Company furnished accommodation would be evaluated as per the Income Tax Rules, 1962 wherever applicable and at cost in absence of such Rule.		
11.	Subject to the requisite approvals, if any, the Managing Director & Chief Executive Officer shall be eligible to Stock Options, as and when the event happens.		

Provided that the remuneration payable by way of salary, perquisites, performance pay, other allowances and benefits does not exceed the limits laid down in Sections 198 and 309 of the Companies Act, 1956, including any statutory modifications or re-enactment thereof.

**RESOLVED FURTHER THAT** notwithstanding anything herein, where in any financial year during the tenure of the Managing Director & Chief Executive Officer, the Company has no profits or its profits are inadequate, the Company may pay to the Managing Director & Chief Executive Officer the above remuneration as the minimum remuneration for a period not exceeding three years by way of salary, perquisites, performance pay, other allowances and benefits as specified above subject to receipt of the requisite approvals, if any.

**RESOLVED FURTHER THAT** the nature of employment of the Managing Director & Chief Executive Officer with the Company shall be contractual and can be terminated by giving one month's notice from either party.

**RESOLVED FURTHER THAT** for the purpose of giving effect to this resolution, the Board of Directors of the Company (hereinafter referred to as the 'Board' which term shall be deemed to include Remuneration Committee thereof, for the time being exercising the powers conferred on the Board by this Resolution) be authorized to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary, proper or desirable and to settle any questions, difficulties or doubts that may arise in this regard and further to execute all necessary documents, applications, returns and writings as may be necessary, proper, desirable or expedient."

#### 10. Modification to Employees Stock Option Scheme w.r.t. the Fringe Benefit Tax (FBT)

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 provisions of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, and notwithstanding anything to the contrary stated in this regard in the Employees Stock Option Scheme ("the Scheme") of the Company, consent of the Company be accorded to the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include Remuneration Committee or any committee thereof which the Board may constitute to exercise its powers, including the powers conferred by this resolution) to vary, as authorised by the provisions of Section 115WKA of the Income Tax Act, 1961, certain terms of the Scheme approved by the shareholders at the 7<sup>th</sup> Annual General Meeting of the Company held on 21 July 2006 as Special Resolutions at Item Nos. 13 and 14, of the Notice dated 22 June 2006, to provide for the



## MAHINDRA GESKO DEVELOPERS LIMITED

recovery from the eligible employees, the fringe benefit tax in respect of options which will be granted to, or vested or exercised by, the eligible employees, on or after the 1<sup>st</sup> day of April 2007.

**FURTHER RESOLVED THAT** for the purpose of giving effect to this Resolution the Board be authorised to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary for such purpose and with power on behalf of the Company to settle any question, difficulty or doubt that may arise in this regard without requiring to secure any further consent or approval of the shareholders of the Company."

**NOTES:**

- A. Mr. Arun Nanda, Mr. Hemant Luthra and Mr. Shailesh Haribhakti, Non-Executive Directors and Mr. Pawan Kumar Malhotra, Managing Director & Chief Executive Officer are not holding either on their own or for any other person on a beneficial basis any shares in the Company.
- 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 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 10 September 2007 to Monday 17 September 2007 (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. Shareholders 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. Ltd., Satam Estate, 3<sup>rd</sup> Floor, above Bank of Baroda, Cardinal Gracious Road, Chakala, Andheri (East), Mumbai - 400 099.
- H. 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 M/s. Sharepro Services (I) Pvt. Ltd.
- I. Members are requested to :
  - (a) intimate to the Company's Registrar & Share Transfer Agents, M/s. Sharepro Services (I) Pvt. Ltd., changes, if any, in their registered addresses at an early date.
  - (b) quote their folio numbers / client ID / DP ID in all correspondence.
- J. Members holding shares under multiple folios in the identical order of names are requested to consolidate their holdings into one folio.
- K. The Company has received approval from the Central Government granting exemption from attaching the copy of the Balance Sheet, Profit & Loss account, Report of Board of Directors, Report of the Auditors of its subsidiary companies namely, Mahindra World City Developers Limited (Formerly known as Mahindra Industrial Park Limited), Mahindra World City (Jaipur) Limited, Mahindra World City (Maharashtra) Limited (formerly known as Mahindra Realty Limited), Mahindra Infrastructure Developers Limited, and Mahindra Integrated Township Limited (formerly known as Mahindra Integrated Township Private Limited and before that as Mahindra Intermodal Transportation Private Limited). Hence, accounts of these subsidiary companies are not required to be attached with the Balance Sheet of the Company. These documents will be submitted on request to any member wishing to have a copy, on receipt of such request by the Company at the Registered Office of the Company. These documents will also be available for inspection by any Member of the Company at the Registered Office of the Company and the Registered Offices of the respective subsidiary companies during working hours upto the date of the Annual General Meeting.
- L. Dividend, if approved, shall be paid (subject to tax) after 17 September 2007 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 statement of beneficial ownership furnished by National Securities Depository Limited (NSDL) and Central Depository Securities (India) Limited (CDSL) or to their mandates as of the close of business hours on Friday, 7 September 2007.

By Order of the Board  
For **Mahindra Gesco Developers Limited**

**Suhas Kulkarni**  
Head – Legal & Company Secretary

**Registered Office :**  
5<sup>th</sup> Floor, Mahindra Towers  
Worli, Mumbai 400018.

Date: 24 July 2007



## ANNEXURE TO NOTICE

### EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.

#### Item No. 7

The Company is in the business of real estate development with focus on creating spaces that reflect customer's lifestyle. The development done so far by the Company and those planned in future, connote softer values. It is therefore, proposed to adopt new name that will reflect Company's business and will promote appropriate product positioning. Accordingly, it is proposed to change the name of the Company to "Mahindra Lifespace Developers Limited" or such other name as may be approved by the Registrar of Companies, Mumbai, Maharashtra and acceptable to the Company.

As per the provisions of Section 21 of the Companies Act, 1956, approval of the members by way of a special resolution and the approval from the Registrar of Companies is required for the change of name of the Company.

The necessary application shall be made to the Registrar of Companies.

Your Directors recommend the resolution at Item No. 7 of the Notice as a Special Resolution for approval of the Members.

None of the Directors of the Company is, in any way, concerned or interested in the said resolution.

#### Item Nos. 8 & 9

Mr. Pawan Kumar Malhotra is a Science graduate and has completed MBA from University of Delhi. He is a member of the Board of Director of Indian Schools in Oman, was visiting faculty for Sales & Marketing at IGNOU, S. P. Jain Institute, Times School of Marketing (New Delhi) and Ministry of Commerce and Industry (Oman). He is a senior management professional with more than 3 decades of global exposure to the entire spectrum of management and marketing functions at key positions. He has multi-tasking skills encompassing conceptualization, execution, resource management and team co-ordination in high-growth and high-pressure international work environments. He has worked in senior positions in the early part of his career with leading Indian companies such as Aluminium Corporation of India, Dunlop India Ltd., Unilever India, Pepsico India. Since October 1993, he has been working in Gulf with various companies such as Al Futtaim Watches / Jewellery, Dubai as General Manager, Oman National Dairy Products Co. Ltd. as General Manager and National Rice Mills Co. Ltd., Oman as Chief Executive Officer. He is an Advisor to H.E., the Minister of Sports Affairs in Oman and also an Advisor to the Steering Committee of Oman National Dairy Products.

The Board of Directors in its meeting held on 25 April 2007 appointed Mr. Pawan Kumar Malhotra, as an Additional Director of the Company w.e.f. 11 June 2007. Pursuant to Section 260 of the Companies Act, 1956 and Article 118 of the Articles of Association of the Company, he holds office upto the date of forthcoming Annual General Meeting.

The Board is of the view that Mr. Pawan Kumar Malhotra's knowledge and experience will be of benefit and value to the Company, and therefore, recommend the resolution at Item No. 8 of the Notice as an Ordinary Resolution for approval of the Members.

The Board at the same meeting, subject to requisite approvals, appointed Mr. Pawan Kumar Malhotra as the Managing Director and designated him as "Managing Director & Chief Executive Officer" for a period of three years from 11 June 2007. He will be responsible for day-to-day management of the Company, subject to overall superintendence, control and direction of the Board of Directors.

The Board at the same meeting, subject to requisite approvals and in accordance with the recommendations of the Remuneration Committee, approved the appointment and remuneration payable to Mr. Pawan Kumar Malhotra for a period of three years from 11 June 2007.

The Board is of the opinion that the appointment of Mr. Pawan Kumar Malhotra as Managing Director & Chief Executive Officer is in the interest of the Company and the remuneration as proposed is in accordance with market trends and industry standards.

The terms of remuneration payable to Mr. Pawan Kumar Malhotra are set out in the Special Resolution under Item No. 9.

Pursuant to Sections 198, 269, 309, 310, 311 and all other applicable provisions of the Companies Act, 1956 (the Act), including Schedule XIII to the Act, remuneration of Mr. Pawan Kumar Malhotra, Managing Director & Chief Executive Officer is now being placed before the Members in the Annual General Meeting for their approval by way of a Special Resolution.

Your Directors recommend the resolution at Item No. 9 of the Notice as a Special Resolution for approval of the Members.

Apart from Mr. Pawan Kumar Malhotra, no other Director is interested or concerned in the Item Nos. 8 & 9 of business.

This may also be considered as an abstract of terms of his appointment and remuneration, as required under Section 302 of the Companies Act, 1956.

Although the remuneration proposed to the Managing Director by way of salary, allowances, perquisites and benefits is within the limit prescribed under Section I of Part II of Schedule XIII to the Companies Act, 1956 i.e. within 5% of the net profit of the Company, the following additional information as required by Section II of Part II of Schedule XIII to the Companies Act, 1956 is given below by way of abundant caution :

#### I. General Information :

##### (i) Nature of Industry :

The Company is directly engaged in the business of development of real estate, residential facilities, commercial complexes and through its subsidiary companies is involved in various infrastructure projects including development of Special Economic Zones.

## MAHINDRA GESCO DEVELOPERS LIMITED

**(ii) Date or expected date of Commencement of Commercial production :**

The Company was incorporated on 16 March 1999 as a Private Limited Company. Hence, Commencement Certificate was not required.

**(iii) In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus :**

Not Applicable

**(iv) Financial performance based on given indicators – as per audited financial results for the year ended 31 March 2007 :**

Particulars	Rupees in lakhs
Turnover & Other Income	16,325
Net profit as per Profit & Loss Account (after tax)	1,417
Profit as computed under Section 309 (5) read with Section 198	2,172
Net worth	77,077

**(v) Export performance and Net foreign exchange collaborations :**

Not Applicable

**(vi) Foreign Investment of collaborators, if any :**

Not Applicable

**II. Information about the appointee****(i) Background details :**

The background details of Mr. Pawan Kumar Malhotra are covered in the earlier part of the Explanatory Statement

**(ii) Past remuneration:**

Since Mr. Pawan Kumar Malhotra has been appointed as Managing Director & Chief Executive Officer for the first time, there are no details of past remuneration drawn by Mr. Pawan Kumar Malhotra in the Company.

However, the remuneration drawn by the earlier Managing Director & Chief Executive Officer, Mr. Pranab Datta for the period 18 January 2006 to 31 March 2006 and for the period 1 April 2006 to 31 March 2007 are Rs.12.47 lakh and Rs. 64.15 lakh respectively.

**(iii) Job profile and his suitability :**

The job profile and his suitability are covered in the earlier part of the Explanatory Statement.

**(iv) Remuneration proposed :**

Salary of Rs. 200,000 per month, in the scale of Rs. 100,000 per month to Rs. 400,000 per month and other perquisites and allowances as fully set out in Item No.9 of the Notice.

**(v) Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be with respect to the country of his origin) :**

Taking into consideration the size of the Company, the profile of Mr. Pawan Kumar Malhotra, the responsibilities shouldered by him and the industry benchmarks, the remuneration proposed to be paid is commensurate with the remuneration packages paid to similar senior level counterpart(s) in other companies.

**(vi) Pecuniary relationship directly or indirectly with the company or relationship with the managerial personnel, if any :**

Besides the remuneration proposed to be paid to him, Mr. Pawan Kumar Malhotra does not have any other pecuniary relationship with the Company or relationship with the managerial personnel.

**III. Other Information**

As the remuneration proposed to Mr. Pawan Kumar Malhotra is within the prescribed limit under the Companies Act, 1956, when calculated w.r.t. the last audited balance sheet i.e. as of 31 March 2007, the information w.r.t. :

- Reasons of loss or inadequate profits
- Steps taken or proposed to be taken for improvement
- Expected increase in productivity and profits in measurable terms etc.

is not applicable.

**Item No. 10**

In the Budget for the year 2007-08, the Finance Minister had proposed the levy of Fringe Benefit Tax ("FBT") on Employee Stock Options ("ESOPs"). In Pursuance of this proposal, Section 115WB of the Income Tax Act, 1961 (the "IT Act") has been amended by the Finance Act, 2007 such that a sweat equity share or other specified security which has been allotted or transferred, directly or indirectly, by an employer free of cost or at a concessional rate to his employees (including former employee or employees), will be treated as a fringe benefit and taxed accordingly.

The aforesaid provision comes into effect from 1 April 2007 and is applicable from the Assessment Year 2008-09. The fair market value of the specified security or sweat equity shares referred to above, on the date of vesting of the options, as reduced by the amount actually paid by or recovered from the