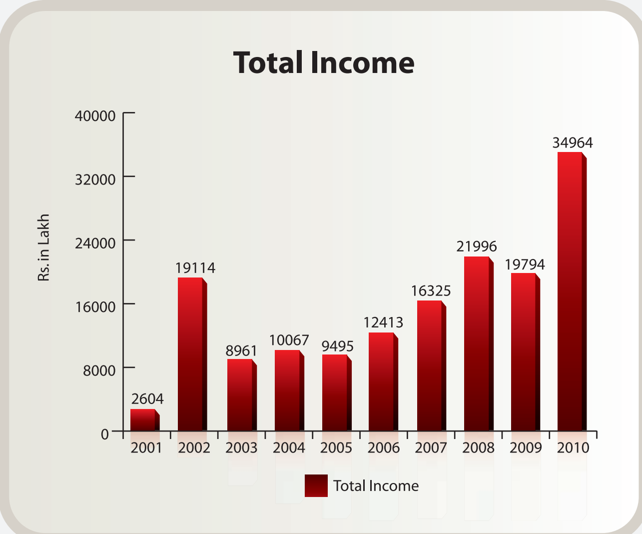
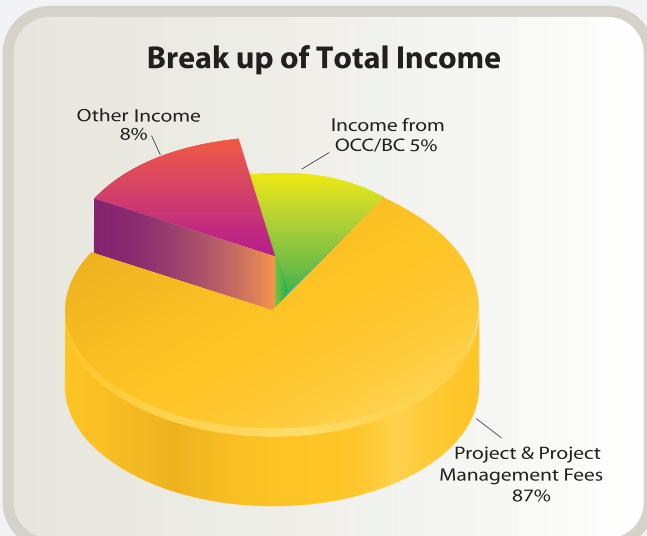
Annual Report 2009-10

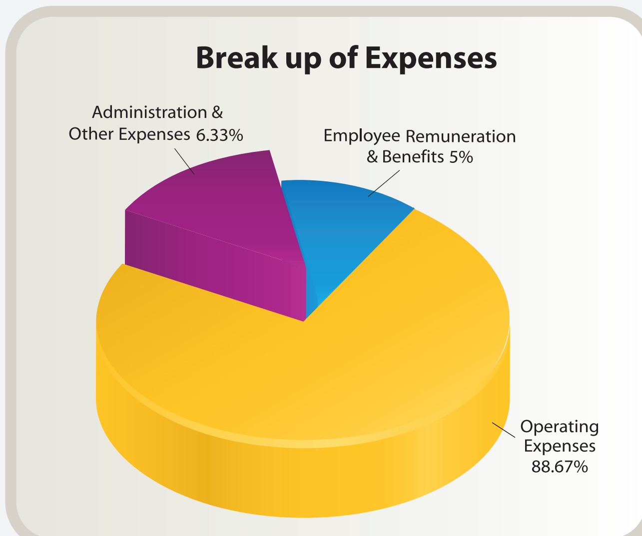
Mahindra Lifespaces

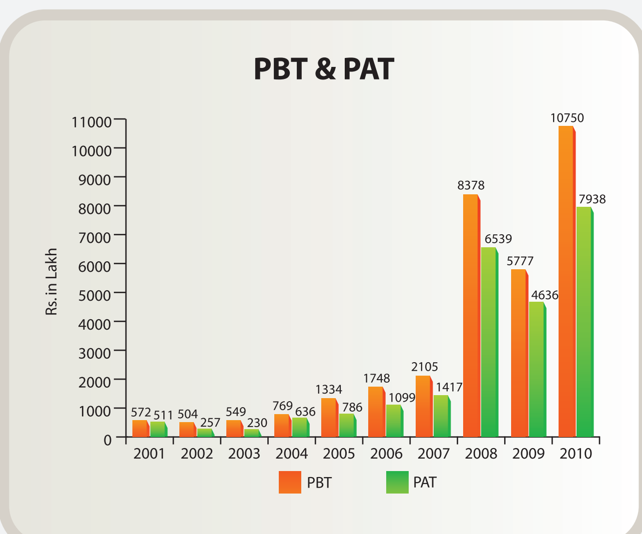
CREATING **SUSTAINABLE** HOMES, OFFICES, CITIES AND **HAPPINESS.**

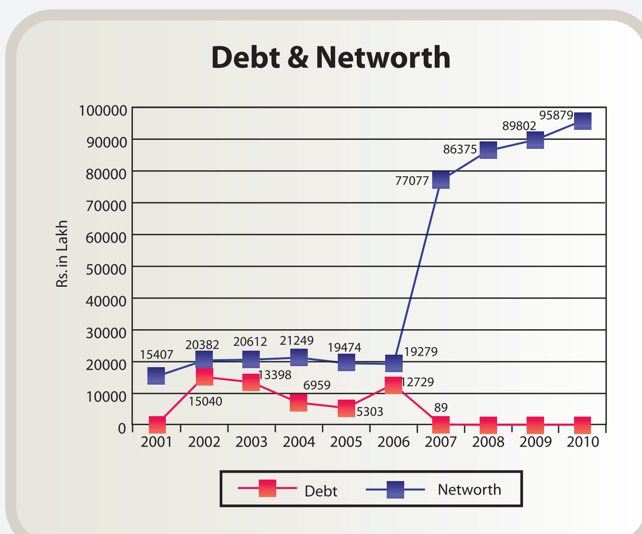

Total Income
Rs. in Lakh
40000
32000
24000
16000
8000
0
2604
19114
8961
10067
9495
12413
16325
21996
19794
34964
2001 2002 2003 2004 2005 2006 2007 2008 2009 2010
Total Income


Market Capitalisation
Rs. in Lakhs
250000
200000
150000
100000
50000
0
4558
5367
3273
6531
37994
143413
227021
168620
53929
156389
2001 2002 2003 2004 2005 2006 2007 2008 2009 2010
Market cap


Break up of Total Income
Other Income 8%
Income from OCC/BC 5%
Project & Project Management Fees 87%


Break up of Expenses
Administration & Other Expenses 6.33%
Employee Remuneration & Benefits 5%
Operating Expenses 88.67%


PBT & PAT
Rs. in Lakh
11000
10000
9000
8000
7000
6000
5000
4000
3000
2000
1000
0
572 511
504 257
549 230
769 636
1334 786
1748 1099
2105 1417
8378 6539
5777 4636
10750 7938
2001 2002 2003 2004 2005 2006 2007 2008 2009 2010
PBT
PAT


Debt & Networth
Rs. in Lakh
100000
90000
80000
70000
60000
50000
40000
30000
20000
10000
0
15407
20382
20612
21249
19474
19279
77077
86375
89802
95879
15040
13398
6959
5303
2729
89
2001 2002 2003 2004 2005 2006 2007 2008 2009 2010
Debt
Networth

FINANCIAL HIGHLIGHTS

Rs. In Lakh

	F - 2010	F - 2009	F - 2008	F - 2007	F - 2006	F - 2005	F - 2004	F - 2003	F - 2002	F - 2001
Net Worth	**95,879**	89,802	86,375	77,077	19,279	19,474	21,249	20,612	20,382	15,407
Borrowings	**-**	-	-	89	12,729	5,303	6,959	13,398	15,041	-
Net Fixed Assets	**3,237**	3,482	2,688	3,282	3,427	3,758	4,259	9,394	9,937	10,624
Investments	**40,955**	36,153	50,291	32,578	9,577	9,364	8,399	1,010	1,010	504
Net Current Assets	**51,870**	50,194	33,565	41,328	19,004	11,026	14,478	22,101	22,533	2,685
Book Value Per Equity Share (Rs.)	**232**	218	209	190	41	42	45	43	42	26
Operating Income	**32,065**	16,540	17,212	15,552	12,113	9,146	7,139	5,928	16,997	2,191
Other Income	**2,899**	3,254	4,784	773	300	349	2,928	3,033	2,117	413
Operating Expenses	**21,267**	12,433	11,181	11,981	8,660	6,212	6,199	2,833	12,585	587
Other expenses	**2,947**	1,585	2,437	2,239	2,005	1,949	3,099	5,748	6,025	1,445
Profit Before Tax	**10,750**	5,777	8,378	2,105	1,748	1,334	769	549	504	572
Profit After Tax	**7,938**	4,636	6,539	1,417	1,099	786	636	230	257	511
Basic Earning per Share (Rs.)	**19.15**	11.06	16.00	3.82	0.51	2.53	1.78	0.47	(2.09)	1.78
Diluted Earning per Share (Rs.)	**19.15**	11.06	16.00	3.81	0.51	-	-	-	-	-
Equity Dividend per share (Rs.)	**3.50**	2.50	2.50	1.50	1.00	-	-	-	1.00	1.20

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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
Ms. Sangeeta Prasad	COO, Mahindra World City, Chennai
Mr. B. K. Subbaiah	COO, Mahindra World City, Jaipur
Mr. Rajan Narayan	Advisor – Projects
Mr. Suhas Kulkarni	Vice President – Legal & Company Secretary
Mr. Basant Jain	Vice President – Business Development
Mr. Rajendra Joshi	Vice President - Marketing
Mr. Ajay Reche	General Manager – Human Resources
Mr. Amit Pal	General Manager – QA & Innovation
Mr. Vishnu Banka	General Manager – Finance

Company Secretary

Mr. Suhas Kulkarni

Auditors

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

Bankers

Citibank N.A.

Legal Advisors

Khaitan & Co.
Little & Co.
AZB & Partners

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 (East), Mumbai-400072

Registered Office / Branch / Regional Offices

- **Registered Office**
  5th Floor, Mahindra Towers,
  Worli, Mumbai 400 018.

- **Branch Office - Pune**
  City Point, 2nd Floor,
  Office No. 215-A, B & C,
  Boat Club Road, Pune 411 001.
  Maharashtra

- **Regional Office - North**
  Mahindra Towers, 2A,
  Bhikaiji Cama Place,
  New Delhi 110 066

- **Regional Office - South**
  The Canopy, II Floor, Unit No. II
  Mahindra World City,
  Special Economic Zone,
  Natham Sub P.O.,
  Near Paranur Railway Station,
  Chengelpet 603 002, Tamilnadu

NOTICE

The Eleventh 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, 21st day of July, 2010 at 3.00 p.m. to transact the following business :

ORDINARY BUSINESS :

1. To receive and adopt the audited Balance Sheet as at 31st March, 2010 and the Profit & Loss Account for the year ended on that date and the Reports of the Directors and the Auditors thereon.
2. To declare dividend on Preference Shares and Equity Shares.
3. To appoint a Director in place of Mr. Anil Harish, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Uday Y. Phadke, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Mr. Sanjiv Kapoor, 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** pursuant to section 224 of the Companies Act, 1956, M/s. B. K. Khare & Co., Chartered Accountants (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."

NOTES:

A. As of 31st March, 2010 :

Mr. Anil Harish, Non-Executive Independent Director' son and daughter holds 3,500 equity shares each of the Company jointly with Mr. Anil Harish, aggregating 7000 equity shares. Mr. Uday Y. Phadke, Non - Executive Director and Mr. Sanjiv Kapoor, Non-Executive Independent Director are not holding either on their own or for any other person on a beneficial basis, any shares in the Company.

B. **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.**

C. 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.

D. The Register of Members and Share Transfer Books of the Company will remain closed from Saturday, 17th July, 2010 to Wednesday, 21st July, 2010 (both days inclusive).

E. 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.

F. Pursuant to Section 205C (2) of the Companies Act, 1956, unpaid/unclaimed dividends for the financial years ended on 31st March, 2000, 2001 and 2002 have been transferred to the Investor Education & Protection Fund (IE & PF) on 19th September, 2007, 24th October, 2008 and 20th November, 2009 respectively. Given below is the table of dates by which shareholders can claim the respective unclaimed dividend from the Company / Registrars and the date by which such unclaimed amount will be transferred to Investor Education & Protection Fund.

Equity Dividend for FY	Date by which unclaimed dividend can be claimed	Proposed transfer of unclaimed Equity Dividend to IE & PF between
2005-2006	24th August, 2013	25th August, 2013 to 23rd September, 2013
2006-2007	17th October, 2014	18th October, 2014 to 15th November, 2014
2007-2008	27th August, 2015	28th August, 2015 to 26th September, 2015
2008-2009	26th August, 2016	27th August, 2016 to 25th September, 2016

Shareholders who have not encashed the dividend warrants so far are requested to make their claim to the Company's Registrar & Share Transfer Agents, 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.

G. 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

H. 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.

I. Members holding shares under multiple folios in the identical order of names are requested to consolidate their holdings into one folio.

J. Dividend, if declared, shall be paid on or after 22nd July, 2010 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, 16th July, 2010.

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

Suhas Kulkarni
Company Secretary

Registered Office
5th floor, Mahindra Towers
Worli, Mumbai 400 018

Date: 23rd April, 2010

Directors' Report to the Members

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

Financial Highlights

(Rs. in lakh)

	2010	2009
Operating Income	32,065	16,540
Other Income	2,899	3,254
Total Income	34,964	19,794
Profit Before Depreciation, Interest and Taxation	10,981	5,097
Less : Depreciation	231	(686)
Profit Before Interest and Taxation	10,750	5,783
Less : Interest	-	6
Profit Before Taxation	10,750	5,777
Less : Provision for Taxation		
Current Tax	2,991	948
Deferred Tax (including MAT Credit)	(179)	193
Profit for the year After Tax	7938	4,636
Less : Provision for tax for earlier year		-
Profit After Tax	7938	4,636
Add : Balance of Profit for earlier years	9516	6,659
Amount available for appropriation	17,454	11,295
Less : Proposed Dividend (including tax on distributed profits)	1,794	1,316
Less : Transfer to General Reserve	794	463
Less : Transfer to Capital Redemption Reserve	-	-
Balance carried forward	14,866	9,516

Dividend

Your Directors have recommended a dividend of Rs.3.50 per equity share of the face value Rs.10 of the Company for the year 2009-10. The Directors have also recommended a dividend on 1,000,000 – 10.50 per cent Non-Cumulative Redeemable Preference shares of Rs.100 each. The total dividend payment (including tax on distributed profits) amounts to Rs.1,794 lakh, (previous year Rs.1,316 lakh) and shall be paid out of profits for the current year.

Operations

The global economic situation improved as the year progressed, however, recovery in advanced countries continued to be very sluggish. In contrast, the Indian economy performed better. According to the advance estimates released by the Central Statistical Organisation(CSO), India's GDP is expected to grow at 7.4 per cent in 2009-10, up from 6.7 per cent during the previous year. While services continued to be the engine of growth, the most significant development has been the rebound in industry growth which was at 3.9 per cent in 2008-09 whereas it recorded 9.3 per cent growth in 2009-10. Industry, which includes manufacturing, construction, mining, electricity and other utilities, was the most affected sector during recession.

During the year, as the economic recovery got underway, consumer sentiment and therefore the demand for residential units picked up at a significant pace. In comparison, the demand from businesses for building capacities and expanding operations was sluggish and started gathering momentum in the second half of 2009-10. Mahindra Lifespaces recognises the importance of this structure of the real estate industry and has consciously adopted a strategy which focuses on two key segments of operations — residential development and large format integrated infrastructure development such as business cities, industrial parks and SEZs. Your Company benefited from this strategy during 2009-10.

During the year under review, the residential segment led the Company's performance. Your Company completed the handover of residential units to customers in three of its projects — the second phase of 'Sylvan County' at Mahindra World City, Chennai, the first two phases of 'Mahindra Royale' near Pimpri, Pune and the first phase of 'Mahindra Eminente' at Goregaon, Mumbai. Your Company also successfully launched new phases of 'Mahindra Royale' and 'Mahindra Eminente' projects during 2009-10. In addition, the Company also launched two new projects during the year — 'Mahindra Aura' at Gurgaon in the National Capital Region, and 'Aqualily' at Mahindra World City, Chennai. Aqualily is being implemented by the Company through its subsidiary 'Mahindra Residential Developers Limited' (MRDL), which is a Joint Venture with Arch Capital, an affiliate of Ayala Land, the largest and most trusted real estate brand in Philippines.

In the integrated infrastructure development space, recovery was delayed and the markets started to pick-up in the second half of the year. Both operational projects of your Company witnessed significant increase in activity during this period. In Mahindra World City, Jaipur, the infrastructure development for the first phase of the IT SEZ was completed during the year, whereas the infrastructure development activities in Handicraft and Light Engineering SEZs are expected to be completed during 2010-11. The Company entered into MoUs with prospective clients and concluded many lease agreements during this period.

At Mahindra World City, Chennai employment by companies operating within, touched the 20,000 mark. Buoyed by interest from prospective customers, the Company proposes to expand the project by another 100 acres and undertook land acquisition during the year, which is expected to be completed during 2010-11.

Your Company is one of the few companies in the Indian real estate industry with the experience of successful serving consumers as well as businesses through its two segments of operations. The successful execution of this strategic intent of the Company is the key reason behind its success and consistent performance during these difficult times. In the current economic environment, your Company reported exceptional results for 2009-10.

Total income of your Company as a standalone entity was Rs.34,964 lakh in 2009-10 as compared to Rs.19,794 lakh in 2008-09. Profit before tax (PBT) was Rs.10,750 lakh in 2009-10 as compared to Rs.5,777 lakh in 2008-09, whereas profit after tax (PAT) was Rs.7,938 lakh as compared to Rs.4,636 lakh in 2008-09.

The consolidated total income of your Company increased from Rs.37,118 lakh in 2008-09 to Rs.43,995 lakh in 2009-10. The consolidated PBT grew by 16 per cent from Rs.10,209 lakh in 2008-09 to Rs.11,888 lakh in 2009-10, whereas consolidated PAT after minority interest increased to Rs.7,849 lakh from Rs.6,564 lakh during 2008-09. During the year, the Company also received a dividend income of Rs.588 lakh from its subsidiary Mahindra World City Developers Limited.

Demand from Maharashtra State Electricity Distribution Co. Ltd. (MSEDCL)

During the year 2008-09, MSEDCL had raised an assessment bill for Rs.2164 lakh on the Company pertaining to a commercial complex at Pune. The Company has filed an appeal before Adjudicating Officer at Mumbai for quashing the said demand.

Demand from Income Tax Department

In respect of certain business incomes re-classified by the Income Tax Department as income from house property and other disallowances, the Company has succeeded at the Appellate Tribunal for some assessment years and is pursuing the matter further with the Appellate authorities for other years. The liability net of Deferred Tax Asset/Liability would be Rs.891.19 lakh (previous year Rs. 1,012.69 lakh).

Awards and Recognition

Your Company received the following awards and recognitions in 2009-10:

- Aqualily with a "Pre certified Gold rating" by IGBC (Indian Green Building Council)
- Mahindra Splendour awarded winner in the category of "Best Developer – Green Future Development" by Cityscape Real Estate Awards, India
- Sylvan County awarded winner in the category of "Integrated Township of the Year" by Accommodation Times, Mumbai
- Mahindra World City, Jaipur signed a Memorandum of Understanding (MoU) on 14th May, 2009 with Clinton Climate Initiative, a foundation promoted by Former US President Bill Clinton for sustainable development and reduction of green house gas emission
- Mahindra Lifespaces received the OHSAS 18001:2006 certification
- Mahindra World City, Jaipur received the ISO 9001:2001 Certification in February 2010.
- 'Refresh', the Mahindra Lifespaces newsletter won two prestigious awards from the 'Association of Business Communicators of India (ABCI)' in the 'Newsletter Design' and 'Photo Feature' categories. This award has been conferred to the Company for the 4th time in a row. Refresh also won the Silver award at the 'Communication Awards' of PRCI (Public Relations Council of India).
- The Mahindra World City, newsletter 'Skyline' won an award in the 'Headline' category from the 'Association of Business Communicators of India (ABCI).

Capital

The paid up equity capital of the Company comprises of 40,809,150 equity shares of Rs.10 each aggregating Rs.408,091,500 and paid up preference capital comprises of 1,000,000 – 10.50 per cent Non-Cumulative Redeemable Preference shares of Rs.100 each aggregating Rs. 100,000,000.

The allotment of 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 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).

Employee Stock Options Scheme

In accordance with the Employee Stock Option Scheme, the Remuneration Committee, on 25th April, 2008, approved grant of 678,359 Stock Options at an exercise price of Rs.428 per share. 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) holds 20,846,126 equity shares which represents 51.08 per cent of the paid-up equity capital of the Company. M&M also holds 1,000,000 – 10.50 per cent non-cumulative redeemable preference shares of Rs.100 each, which represent the entire paid-up preference capital of the Company. Your Company continues to be a subsidiary company of Mahindra & Mahindra Limited.

Subsidiary Companies

Mahindra World City Developers Limited (MWCDL) successfully implemented India's first integrated business city & corporate India's first SEZ near Chennai. The three sector-specific SEZs cater to the industry sectors of IT (services and manufacturing), Apparel & Fashion Accessories, and Auto Ancillaries and the Domestic Tariff Area caters to a vide range of manufacturing segments. The total development stands at 1550 acres.

Mahindra Integrated Township Limited (MITL) is engaged as a co-developer in developing an integrated township at Mahindra World City, Chennai.

A joint venture agreement for residential development was executed between Mahindra Residential Developers Limited (MRDL), a subsidiary of Mahindra Integrated Township Limited (MITL), and a private equity real estate fund, ARCH Capital Asian Partners, L.P., managed by ARCH Capital Management Company Limited, an affiliate of Ayala Land, the largest and most trusted real estate brand in Philippines. The joint venture has undertaken the development of a gated residential community together with support facilities in approximately 55 acres within Mahindra World City, New Chennai under the name, Aqualily.

Mahindra World City (Jaipur) Limited (MWCJL) is developing an integrated business city near Jaipur spread over approximately 3000 acres of land of which approximately 2500 acres will be a multi product SEZ and 500 acres will be a Domestic Tariff Area. During the year, the Company signed MoUs with leading companies for setting up their operations in the IT/ITES, handicrafts, and light engineering and SEZs at Mahindra World City, Jaipur. In the first stage of the project, the company has already completed development of phase I of the IT-SEZ and has started development of the Light Engineering and Handicrafts SEZs.

Mahindra World City (Maharashtra) Limited (MWCML) will be developing a multi-product SEZ at Karla, near Pune in collaboration with Maharashtra Industrial Development Corporation (MIDC).

Knowledge Township Limited (KTL) (formerly Mahindra Knowledge City Limited and prior to that Mahindra Technology Park Limited) will be developing an Integrated Township in Maharashtra. The initial process for land acquisition has started.

Industrial Township (Maharashtra) Limited (ITML) (formerly Mahindra Industrial Township Limited) will be undertaking large format development of land in Maharashtra.

Mahindra Bebanco Developers Limited (MBDL) is a 70-30 joint venture between the Company and B. E. Billimoria & Co. Limited, one of the leading construction companies in India. This company will develop a residential complex across 10.2 hectares at Multi-model Internal Hub Airport at Nagpur (MIHAN). MBDL has carried out soil investigation, land survey and finalised the co-ordinates of the plot. In addition, a detailed market survey has been conducted and design development initiated.

Raigad Industrial & Business Park Limited was incorporated on 18th June, 2009. This company is planning to undertake large format developments including residential developments.

Mahindra Infrastructure Developers Limited (MIDL), is an equity participant in the project company namely, New Tirupur Area Development Corporation Limited (NTADCL) implementing the Tirupur Water Supply and Sewerage project.

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 and Mahindra Infrastructure Developers Limited is attached. 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.

Your Company has received approval from the Ministry of Corporate Affairs 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 with the Balance Sheet of the Company. The Company Secretary will make these documents available upon receipt of a request from any member of the Company interested in obtaining the same. The Company shall also put the details of accounts of the individual subsidiary Companies on its website.

The summary of financial performance of the subsidiaries has been separately furnished forming part of the Annual Report. 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 auditors of the Company regarding the compliance of conditions of corporate governance as stipulated under Clause 49 of the Listing Agreement is annexed to this report.

Sustainable Development and Corporate Social Responsibility (CSR)

As a part of the Mahindra Group, your Company is committed to the principles of sustainable development and consistently carries out initiatives in the area of corporate social responsibility 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.

Directors

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

Mr. Pawan Malhotra resigned from the Board of Directors of your Company with effect from 23rd June, 2009. The Board has placed on record its sincere appreciation of the contribution made by him during his tenure as a Director of the Company.

Ms. Anita Arjundas was appointed as an Additional Director on 23rd June, 2009 and was appointed as Managing Director & Chief Executive Officer at the 9th Annual General Meeting held on 24th July, 2009.

Mr. Anand G. Mahindra resigned as the Chairman and as a Director of the Company with effect from 15th March, 2010. The Board members while noting the resignation, sincerely appreciated Mr. Mahindra's valuable contribution in building the high credibility that the Company enjoys in the market that it operates. The Board expressed deep gratitude for the valuable services rendered by Mr. Mahindra during his tenure, and made special mention of Mr. Mahindra's exemplary leadership and support that enabled the Company to sail through troubled waters when the industry was severely affected by the unprecedented recession since mid-2008. The Board thanked Mr. Mahindra for devoting his time for the Company during his tenure.

Mr. Arun Nanda was appointed as the Non-Executive Chairman with effect from 15th March, 2010. Mr Nanda has been the Vice-Chairman of the Company since 4th April 2001 and has had a distinguished career with the Mahindra Group for 36 years.

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 31st March, 2010 and of the profit of the Company for the year ended on that date;

iii) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

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

Auditors

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

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 12 employees who were in receipt of remuneration of not less than Rs. 2,400,000 during the year ended 31st March, 2010 or not less than Rs.200,000 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 do 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, 23rd April, 2010