

DIRECTORS' REPORT TO THE SHAREHOLDERS

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

Financial Results	(Rs. in lacs)	
Particulars	2010	2009
Gross Income	90,333.50	62,068.16
Expenses:		
Operating Expenses	85,505.90	57,496.59
Personnel	2,705.37	2,278.36
Others	1,733.13	1,047.26
Interest	335.70	138.11
Depreciation and Amortisation	498.60	417.88
Total Expenses	90,778.70	61,378.20
Profit / (Loss) before Tax	(445.20)	689.96
Provision for Taxation		
— Current tax	—	313.71
— Fringe Benefit tax	—	30.79
— Deferred tax Income	(161.60)	(100.80)
Profit / (Loss) After Tax	(283.60)	446.26
Balance brought forward from last year	289.12	(0.51)
Amount available for appropriation	5.52	445.75
Appropriations:		
Proposed Dividend	—	133.88
Tax on proposed Dividend	—	22.75
Balance of Profit carried forward	5.52	289.12

Key Financials

The Company recorded gross revenues of Rs. 903.33 crores for the year under review as against gross revenues of Rs. 620.68 crores in the previous year. The margins were under pressure during the year for both the divisions viz. Supply Chain as well as People Logistics business. The Company has incurred a loss of Rs. 2.84 crores (after accounting for Deferred tax Income of Rs. 1.62 crores) for the year as compared to profit of Rs. 4.46 crores in previous year which is mainly on account of lower margins as well as the need to recognize certain bad and doubtful debts and advances.

Dividend

In view of loss for the year, your Directors regret their inability to recommend any dividend for the year.

Directors

Mr. Ruzbeh Irani and Mr. Parag Shah retire by rotation, and being eligible, offer themselves for re-appointment at the forthcoming Annual General Meeting.

Mr. Sanjay Sinha resigned as Managing Director and also as a Director of the Company with effect from 15th February, 2010.

Directors' Responsibility Statement

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

- (i) in the preparation of the annual accounts, the applicable accounting standards have been followed;
- (ii) they have, in the selection of the accounting policies, consulted the Statutory Auditors and these have been applied consistently and reasonable and prudent judgments and estimates have been made so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2010 and of the Loss of the Company for the year ended on that date;
- (iii) proper and sufficient care has been taken for the maintenance of adequate accounting records in

accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

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

Audit Committee

The Audit Committee of the Company comprises Mr. Anjanikumar Choudhari, Mr. K. Chandrasekar and Mr. Parag Shah. The Audit Committee met twice during the year under review.

Remuneration Committee

The Remuneration Committee of the Company comprises Mr. Anjanikumar Choudhari, Mr. Zhooben Bhiwandiwalla and Mr. Ruzbeh Irani.

Auditors

M/s. B. K. Khare & Co., Chartered Accountants, retires as Auditors of the Company at the forthcoming Annual General Meeting and have given their consent for re-appointment. The shareholders will be required to 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 obtained a written certificate from the above Auditors to the effect that their reappointment, if made, would be in conformity with the limits specified in the said section.

Employee Engagement & Development

Employee development is a key priority with emphasis on specialized domain and skill based programs - classroom and on the job. During the year, your Company continued to focus on developing the Key Account Management approach amongst all the business processes. Your Company continued to conduct training programmes for its employees.

Public Deposits and Loans/Advances

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

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

Codes of Conduct

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

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

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 Annexure I to this Report.

Particulars of employees as required under section 217(2A) of the Companies Act, 1956 and Rules framed thereunder

The details of employees who were in receipt of remuneration of not less than Rs. 24,00,000 during the year ended 31st March, 2010 or not less than Rs. 2,00,000 per month during any part thereof are given in Annexure II to this report.

For and on behalf of the Board

Anjanikumar Choudhari
Chairman

Mumbai, 30th April, 2010

ANNEXURE I TO THE DIRECTORS' REPORT

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

A. CONSERVATION OF ENERGY

(a) Energy Conservation measures taken:

The operations of your Company are not energy-intensive. However, adequate measures have been initiated to reduce energy consumption.

(b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy: Nil

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

(d) Total energy consumption and energy consumption per unit of production as per Form-A of the Annexure to the Rules in respect of Industries specified in the Schedule: Not Applicable

B. TECHNOLOGY ABSORPTION

Research & Development (R & D)

1. Areas in which Research & Development is carried out: None
2. Benefits derived as a result of the above efforts: Not applicable
3. Future plan of action: None
4. Expenditure on R & D: Nil
5. Technology absorption, adaptation and innovation: None
6. Imported Technology for the last 5 years: None

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

The information on foreign exchange earnings and outgo during the year under review is furnished in the Notes on Accounts.

For and on behalf of the Board

Anjanikumar Choudhari
Chairman

Mumbai, 30th April, 2010

ANNEXURE II TO THE DIRECTORS' REPORT**INFORMATION AS PER SECTION 217 (2A) OF THE COMPANIES ACT, 1956, READ WITH THE COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975, AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2010:**

Sr. No.	Name of Employee	Designation	Qualification	Age (years)	Date of Joining	Experience (years)	Gross Remuneration (Rs.)	Previous Employment (Designation / Organisation)
1	Mr. Hafiz Wakil *	Vertical Head-International Business	B.E Production	53	1st October, 2008	30	2,352,379	Vertical Head-International Business, Logistics Division, Mahindra & Mahindra Ltd.
2	Mr. Surajit Raha	Vice President-Supply Chain Business	B. Com. (Hons)	43	1st October, 2008	21	4,561,678	Vertical Head - Supply Chain Management, Logistics Division, Mahindra & Mahindra Ltd.
3	Mr. Anupam Bhatnagar	Vice President-M&M Business and Multi Modal Transportation & Networking	B. A. History, M.A Economics, LLB (Hons)	59	1st October, 2008	37	4,393,702	Vertical Head - Mahindra Business, Logistics Division, Mahindra & Mahindra Ltd.
4	Mr. Sanjay Rai	Vice President-People Logistics	B. Com. MBA	47	1st October, 2008	23	4,711,388	Vertical Head - Corporate People Movement, Logistics Division, Mahindra & Mahindra Ltd.
5	Mr. Sanjay Sinha	Managing Director	B.Com. MBA	54	1st October, 2008	33	7,800,204	Chief Executive, Logistics Division, Mahindra & Mahindra Ltd.
6	Mr. Ravi Begur	Head IT	B. E. Mechanical engineering, P G Diploma Comp. Appln., M.B.A. (Full time) System	43	4th October, 2008	17	2,507,750	Operations Senior Manager, Dell International Services India.
7	Ms. Rekha Verma	Head Strategy	B. A. Economics, M.B.A. (Full time) Marketing	44	1st October, 2008	19	2,542,492	Dy. General Manager, IBM Daksh Business Process Services Pvt Ltd.
8	Mr. S Raman Hariharan	Head-Retail Business	B. Sc. Physics, P G Diploma Business Management, M.B.A. (Part time) Marketing	46	10th October, 2008	26	3,869,933	National Business Head, Manpower Inc, India.
9	Mr. Nikhil * Nayak	Chief Financial Officer	B. Com, ACA	49	21st October, 2009	26	1,155,836	Chief Financial Officer-International Business, Pidilite Industries Ltd.
10	Mr. Pirojshaw Sarkari *	Chief Executive Officer	B.Com, ACA	44	2nd March, 2010	17	362,443	Managing Director, United Parcel Services, India.

* Employed for part of the year.

NOTES:

1. Nature of employment is permanent.
2. The above employees are not related to any other Directors.
3. No employee holds by himself/herself or along with his/her spouse and dependent children 2% or more of the equity shares of the Company.
4. Terms and conditions of employment are as per Company's Rules / Contract.
5. Gross remuneration received as shown in the statement includes salary, Commission, Bonus, House Rent Allowance or value of perquisites for accommodation, car perquisites value/allowances as applicable, employer's contribution to Provident Fund and Superannuation Scheme including group insurance premium, leave encashment, leave travel facility, reimbursement of medical expenses and all allowances/perquisites and terminal benefits, as applicable.

For and on behalf of the Board

Anjanikumar Choudhari
Chairman

Mumbai, 30th April, 2010

AUDITORS' REPORT

To
THE MEMBERS
MAHINDRA LOGISTICS LIMITED

We have audited the attached Balance Sheet of M/s. MAHINDRA LOGISTICS LIMITED, as at 31st March, 2010 and also the Profit and Loss Account for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, as amended from time to time, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order. Further to our comments in the Annexure referred to above, we report that:

- i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
- ii) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

- iii) The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account;
- iv) In our opinion, the Balance Sheet and Profit and Loss Account dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956;
- v) On the basis of written representations received from the directors, as on 31st March, 2010, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
- vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2010, and
 - (b) in the case of the Profit and Loss Account, of the loss for the year ended on that date.
 - (c) in the case of Cash Flow Statement, of the cash flows for the year ended as on that date.

For **B. K. KHARE & CO.**
Chartered Accountants

Place: Mumbai
Date: 30th April, 2010

Santosh Parab
Partner
Membership No. 47942
 Firm Registration No. 105102W

ANNEXURE TO THE AUDITOR'S REPORT

(Referred to in paragraph 3 of the Auditors' Report of even date to the members of Mahindra Logistics Limited)

- i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed asset.
- (b) As informed to us, the fixed assets have been physically verified by management during the year and no material discrepancies were noticed on such verification. In our opinion, the frequency of physical verification of fixed assets is reasonable having regard to the size of the Company and the nature of the assets.
- (c) During the year, in our opinion, a substantial part of fixed assets has not been disposed off by the Company.
- ii) The activities of the Company and the nature of its business do not involve use of inventory. Accordingly clause 4(ii) of the Order is not applicable to the Company.
- iii) According to the information and explanations given to us, the Company has neither granted nor taken any loans, secured or unsecured to or from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956, and accordingly clause 4 (iii) (b), (c), (d), (f) and (g) of the Order are not applicable to the Company.
- iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchase of fixed assets and for rendering of services. The activities of the Company do not involve purchase of inventory and sale of goods. Further, on the basis of our examination and according to the information and explanations given to us, we have neither come across nor have we been informed of any major weakness in internal control system.
- v) According to the information and explanations given to us, there are no transactions with parties that need to be entered in the register maintained under Section 301 of the Companies Act, 1956, and therefore the provisions of clause 4(vi)(b) of the Order is not applicable to the Company.
- vi) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public to which provisions of Sections 58A, 58AA or any other relevant provisions of the Companies Act, 1956, and the rules framed there under and therefore provision of clause 4(vi) of the Order is not applicable to the Company.
- vii) In our opinion and according to the information and explanations provided to us the Company has an internal audit system, which is commensurate with its size and nature of its business.

viii) According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Companies Act, 1956. Therefore the provisions of clause 4(viii) of the Order are not applicable to the Company.

ix) (a) According to the information and explanations given to us and according to the books and records produced and examined by us, in our opinion the Company has generally been regular in depositing undisputed statutory dues in respect of Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, cess and other applicable statutory dues with the appropriate authorities.

(b) As at 31st March, 2010, according to information and explanations given to us the following are the particulars of dues on account of Sales Tax and Service Tax that have not been deposited on account of any dispute:

Name of the Statute	Nature of the Dues	Amount (Rs. in Lakhs)	Financial Year to which amount relates	Forum where Pending
Service Tax Laws	Service Tax	26.39 14.30	2001-02 2002-03	CESAT - do -
Sales Tax Laws	Sales Tax under AP VAT Act	3.19	2001-02	Appellate Tribunal, AP-Hyderabad
- do -	- do -	8.91	2002-03	- do -
- do -	- do -	16.87	2003-04	- do -
- do -	- do -	29.54	2004-05	- do -
- do -	- do -	114.45	2005-06	- do -
- do -	- do -	244.22	2006-07	AC(CT)
- do -	- do -	454.88	2007-08	- do -
- do -	- do -	389.45	2008-09	- do -

x) The Company was incorporated on 24th August, 2007 and at the year end has not yet completed the five years from the date of incorporation therefore the provision of clause 4(x) of the Order is not applicable to the Company

xi) According to the information and explanations given to us the Company has not taken any loans or advances from financial institutions or has not issued any debentures. However, based on the documents and records produced before us, the Company has not defaulted in repayment of dues to the bank.

xii) 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.

- xiii) 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.
- xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments therefore provision of the clause 4(xiv) of the Order is not applicable to the Company.
- xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- xvi) In our opinion and according to the information and explanations given to us, during the year, term loans were applied for the purpose for which the loans were obtained.
- xvii) According to the information and explanations given to us on an overall examination of the Balance Sheet and Cash Flow of the Company, in our opinion, there are no funds raised on short-term basis which have been used for long-term investments.
- xviii) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under Section 301 of the Companies Act, 1956.
- xix) The Company has not issued any debentures during the year and therefore the provision of clause 4(xix) of the Order is not applicable to the Company.
- xx) During the year the Company has not raised any money by way of public issue therefore the provision of clause 4(xx) of the Order is not applicable to the Company.
- xxi) Based on the audit procedures performed and 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 **B. K. KHARE & CO.**
Chartered Accountants

Santosh Parab
Partner

Place: Mumbai
Date: 30th April, 2010

Membership No. 47942
Firm Registration No. 105102W

BALANCE SHEET AS AT 31ST MARCH, 2010

	Schedule	2010 (Rs. in Lakhs)	2009 (Rs. in Lakhs)
I. SOURCES OF FUNDS:			
SHAREHOLDERS' FUNDS:			
Capital	I	4,905.00	4,905.00
Reserves and Surplus	II	5.52	289.12
		<u>4,910.52</u>	<u>5,194.12</u>
LOAN FUNDS			
Secured Loans	III A	2,197.74	1,023.66
Unsecured Loans	III B	2,375.78	—
		<u>9,484.04</u>	<u>6,217.78</u>
II. APPLICATION OF FUNDS:			
FIXED ASSETS			
(A) Tangibles			
Gross Block		2,112.41	2,133.59
Less: Depreciation		396.44	351.14
Net Block		<u>1,715.97</u>	<u>1,782.44</u>
(B) Intangibles			
Gross Block		1,344.93	1,080.55
Less: Amortisation		641.44	288.62
Net Block		<u>703.49</u>	<u>791.93</u>
Capital Work in Progress (Including Capital Advances)		855.41	892.23
		<u>3,274.87</u>	<u>3,466.60</u>
INVESTMENTS	V	0.22	0.19
Deferred Tax Asset (Net) (Note 16)		262.40	100.80
CURRENT ASSETS, LOANS AND ADVANCES			
Sundry Debtors	VI	11,315.43	9,892.83
Cash and Bank Balances		182.50	136.74
Loans and Advances		5,993.66	3,503.31
		<u>17,491.59</u>	<u>13,532.88</u>
Less: CURRENT LIABILITIES AND PROVISIONS			
Liabilities	VII	10,842.65	10,058.11
Provisions		702.39	824.58
		<u>11,545.05</u>	<u>10,882.69</u>
NET CURRENT ASSETS		5,946.54	2,650.19
		<u>9,484.04</u>	<u>6,217.78</u>
NOTES TO ACCOUNTS	XV		

"As per our Report of even date"

For **B. K. Khare & Co.**
Chartered Accountants

Santosh Parab
Partner
M. No. 47942

Place: Mumbai
Date: 30th April, 2010

For and on behalf of Board of Directors
Mahindra Logistics Limited

Anjanikumar Choudhari Chairman
Zhooben Bhiwandiwala Vice Chairman
Parag Shah Director
Chandrasekar K. Director
Ruzbeh Irani Director

Place: Mumbai
Date: 30th April, 2010

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

	Schedule	2010 (Rs. in Lakhs)	2009 (Rs. in Lakhs)
INCOME			
Income from Services/Operations	VIII	90,287.22	62,044.32
Other Income	IX	46.28	23.84
		<u>90,333.50</u>	<u>62,068.16</u>
EXPENDITURE			
Expenses for Services/Operations	X	85,505.90	57,496.59
Personnel	XI	2,705.37	2,278.36
Other Expenses	XII	1,733.13	1,047.26
Interest and Finance Charges	XIII	335.70	138.11
Depreciation & Amortisation	XIV	498.60	417.88
		<u>90,778.70</u>	<u>61,378.20</u>
Net Profit/(Loss) before taxes		(445.20)	689.96
Less: Provision for Tax — Current tax		—	313.71
— Fringe Benefit tax		—	30.79
— Deferred tax income		(161.60)	(100.80)
Net Profit/(Loss) after taxes		<u>(283.60)</u>	<u>446.26</u>
Less: Proposed Dividends		—	133.88
Income Tax on Proposed Dividend		—	22.75
Balance of profit/(loss) for earlier years		289.12	(0.51)
Balance carried to Balance Sheet		<u>5.52</u>	<u>289.12</u>
Earnings per share (Basic/Diluted) (Note 14)		(0.58)	2.99
Face value of Share (for value of Rs. 10)			
NOTES TO ACCOUNTS	XV		

"As per our Report of even date"

For **B. K. Khare & Co.**
Chartered Accountants

Santosh Parab
Partner
M. No. 47942

Place: Mumbai
Date: 30th April, 2010

For and on behalf of Board of Directors
Mahindra Logistics Limited

Anjanikumar Choudhari *Chairman*
Zhooben Bhiwandiwala *Vice Chairman*
Parag Shah *Director*
Chandrasekar K. *Director*
Ruzbeh Irani *Director*

Place: Mumbai
Date: 30th April, 2010

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

	2010		2009	
	Rs. in Lakhs	Rs. in Lakhs	Rs. in Lakhs	Rs. in Lakhs
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit/(Loss) before tax		(445.20)		691.08
ADJUSTMENTS FOR:				
Depreciation	145.77		149.10	
Amortisation	352.83		268.78	
Provision for doubtful debts/Advances	231.14		100.00	
Loss on fixed assets (Net)	5.27		3.94	
Exchange differences on translation of foreign currency cash and cash equivalents	39.40		7.48	
Finance charges	335.70		135.07	
Interest income	(37.57)		(23.34)	
		<u>1,072.54</u>		<u>641.03</u>
Operating Profit/(Loss) before Working Capital changes		627.34		1,332.11
ADJUSTMENTS FOR WORKING CAPITAL CHANGES:				
(Increase)/decrease in Trade and other receivables	(2,242.68)		(560.38)	
Increase/(decrease) in Trade payables and other liabilities	492.45		2,398.93	
		<u>(1,750.23)</u>		<u>1,838.55</u>
Cash flow used in operations		(1,122.89)		3,170.66
Less: Taxes paid and refund (Income Tax, Fringe Benefit Tax and Wealth Tax)		(1,770.92)		(1,361.11)
Net cash flow from/(used in) operating activities		<u>(2,893.80)</u>		<u>1,809.55</u>
B. CASH FLOW FROM INVESTING ACTIVITIES				
Business acquisition (bank loan over bank balance) /Purchase of fixed assets (including Capital WIP and Capital Advances)		(340.99)		(1,662.54)
Sale of fixed assets		28.86		(13.58)
Investment in Government Securities		(0.03)		(0.09)
Interest income		37.57		23.34
Net cash used in investing activities		<u>(274.60)</u>		<u>(1,652.87)</u>
C. CASH FLOW FROM FINANCING ACTIVITIES				
Issue of Share capital		—		1,700.00
Proceeds from borrowings (net of repayment)		3,549.86		(1,589.99)
Interest paid		(335.70)		(135.07)
Net cash from financing activities		<u>3,214.16</u>		<u>(25.06)</u>
Net increase/(decrease) in cash and cash equivalents (A+B+C)		<u>45.76</u>		<u>131.62</u>
Cash and cash equivalents — Opening balance		136.59		4.97
Cash and cash equivalents — Closing balance		<u>182.35</u>		<u>136.59</u>
Net increase/(decrease) as disclosed above		<u>45.76</u>		<u>131.62</u>
Components of cash and cash equivalents				
Cash/Cheques on hand		182.30		136.54
With Banks — on Current account		0.04		0.05
		<u>182.35</u>		<u>136.59</u>

Notes: 1. The above Cash Flow Statement has been prepared under the Indirect method setout in Accounting Standard 3.

2. Figures in brackets indicate cash outgo.

Accounting policies and notes forming part of the accounts are given in Schedule 'XV'

"As per our Report of even date"

For **B. K. Khare & Co.**
Chartered Accountants

Santosh Parab
Partner
M. No. 47942

Place: Mumbai
Date: 30th April, 2010

For and on behalf of Board of Directors
Mahindra Logistics Limited

Anjanikumar Choudhari
Zhooben Bhiwandiwala
Parag Shah
Chandrasekar K.
Ruzbeh Irani

Chairman
Vice Chairman
Director
Director
Director

Place: Mumbai
Date: 30th April, 2010

Schedules forming part of the Accounts for the year ended 31st March, 2010

	2010 (Rs. in Lakhs)	2009 (Rs. in Lakhs)		2010 (Rs. in Lakhs)	2009 (Rs. in Lakhs)
SCHEDULE I			SCHEDULE V		
Share Capital:			Investments		
Authorised:			(At Cost, unless otherwise specified):		
7,50,00,000 (2009: 7,50,00,000) Equity Shares of Rs. 10/- each	7,500.00	7,500.00	Other Investments:		
Issued, Subscribed and Paid-up:			Government Securities:		
4,90,50,000 (2009:4,90,50,000) Equity Shares of Rs.10/- each fully paid up [Of the above 3,20,00,000 Equity Shares have been allotted as fully paid up pursuant to a contract for consideration other than cash]			6 years National Savings Certificates (series VIII issue)	0.22	0.19
[As on 31st March, 2010, 4,90,49,900 (2009:4,90,49,900) Equity Shares are held by Mahindra and Mahindra Limited, the Holding Company including 6 Shares held jointly with nominees]			(Lien to statutory authorities)	0.22	0.19
[As on 31st March, 2010, 100 (2009: 100) Equity Shares are held by Mahindra Engineering & Chemical Products Limited, subsidiary of the Holding Company]	4,905.00	4,905.00	Cost of Unquoted Investments	0.22	0.19
Total	<u>4,905.00</u>	<u>4,905.00</u>			
SCHEDULE II			SCHEDULE VI		
Reserves and Surplus:			Current Assets, Loans and Advances:		
Balance in Profit and Loss Account	5.52	289.12	(A) Current Assets:		
Total	<u>5.52</u>	<u>289.12</u>	Sundry Debtors:		
			(Unsecured, considered good unless otherwise stated):		
			Outstanding over six months		
			Considered good	378.25	1,977.02
			Considered doubtful	332.50	234.72
				710.75	2,211.75
			Other Debts:		
			Considered good	10,937.19	7,915.81
			Considered doubtful	—	—
				10,937.19	7,915.81
				<u>11,647.93</u>	<u>10,127.55</u>
			Less: Provision for Doubtful Debts	332.50	234.72
				<u>11,315.43</u>	9,892.83
			Cash and Bank Balances:		
			Cheques on hand	182.30	136.54
			Balances with Scheduled Banks:		
			(i) On Current Account	0.04	0.05
			(ii) On Fixed Deposit Account		
			(lien to Sales Tax)	0.15	0.15
				0.19	—
				<u>182.50</u>	<u>136.74</u>

SCHEDULE IV**FIXED ASSETS:**

(Rs. in Lakhs)

Description of Assets	COST				DEPRECIATION				NET BLOCK	
	As at 31st March, 2009	Additions during the year	Deductions and adjustments during the year	As at 31st March, 2010	As at 31st March, 2009	For the year	Adjustments/ Deductions	Upto 31st March, 2010	Net Balance as at 31st March, 2010	Net Balance as at 31st March, 2009
(A) Tangible Assets										
Land (Note 3a)	981.64	0.16	—	981.80	—	—	—	—	981.80	981.64
Buildings	—	—	—	—	—	—	—	—	—	—
Plant and Machinery	378.33	43.19	8.44	413.07	99.40	34.15	2.15	131.40	281.68	278.93
Furniture and Fittings	122.99	43.17	6.43	159.73	16.33	13.22	1.30	28.25	131.47	106.66
Vehicles, Cycles, etc. (Note 3b)	650.63	26.91	119.74	557.81	235.42	98.40	97.02	236.79	321.02	415.21
TOTAL (A)	2,133.59	113.43	134.61	2,112.41	351.15	145.77	100.48	396.44	1,715.97	1,782.44
Previous Year	—	2,155.87	22.29	2,133.59	—	355.92	4.77	351.15	1,782.44	
(B) Intangible Assets										
Goodwill	114.78	—	—	114.78	28.70	28.70	—	57.39	57.39	86.08
Computer Software	53.77	264.38	—	318.15	31.92	96.13	—	128.05	190.10	21.85
Congeries of Rights	912.00	—	—	912.00	228.00	228.00	—	456.00	456.00	684.00
TOTAL (B)	1,080.55	264.38	—	1,344.93	288.62	352.83	—	641.44	703.49	791.93
Previous Year	—	1,080.55	—	1,080.55	—	288.62	—	288.62	791.93	
TOTAL (A+B)	3,214.14	377.81	134.61	3,457.34	639.77	498.60	100.48	1,037.89	2,419.45	2,574.37
Previous Year	—	3,236.42	22.29	3,214.14	—	644.54	4.77	639.77	2,574.37	

MAHINDRA LOGISTICS LIMITED

	2010 (Rs. in Lakhs)	2009 (Rs. in Lakhs)
(B) Loans and Advances:		
Advances recoverable in cash or in kind or for value to be received:		
Considered good	1,658.84	799.40
Considered doubtful	208.64	75.28
	<u>1,867.48</u>	<u>874.68</u>
Less: Provision for Doubtful Advances	208.64	75.28
	<u>1,658.84</u>	<u>799.40</u>
Deposits	849.13	884.77
Loans and advances to Employee/Others (Note 5)	266.04	400.94
Payments towards Income tax, Fringe benefit tax	3,132.03	1,361.11
Service tax credit	49.40	33.58
VAT recoverable (net)	38.22	23.51
	<u>5,993.66</u>	<u>3,503.31</u>
Total (A + B)	<u>17,491.59</u>	<u>13,532.88</u>

SCHEDULE VII

Current Liabilities and Provisions:

(A) Current Liabilities:

Sundry Creditors:		
i) Total outstanding Dues of Micro and Small Enterprises (Note 6)	—	—
ii) Total outstanding Dues of creditors other than Micro and Small Enterprises	9,531.53	9,747.83
	<u>9,531.53</u>	<u>—</u>
Interest accrued but not due on loans	2.50	—
Other current liabilities	1,308.63	310.28
	<u>10,842.65</u>	<u>10,058.11</u>

(B) Provisions:

Provision for Income Tax	313.71	313.71
Provision for Fringe Benefit Tax	30.79	30.79
Provision for Wealth Tax	0.96	1.12
Provision for Employee Benefits	356.93	322.33
Proposed Dividend	—	133.88
Provision for Tax on Proposed Dividend	—	22.75
	<u>702.39</u>	<u>824.58</u>
Total (A + B)	<u>11,545.05</u>	<u>10,882.69</u>

SCHEDULE VIII

Income from Services:

— Supply Chain Logistics	66,744.42	38,226.75
— People Logistics	23,542.80	23,817.57
	<u>90,287.22</u>	<u>62,044.32</u>

SCHEDULE IX

Other Income:

Interest Income	37.57	23.34
Miscellaneous Income	8.71	0.50
Total	<u>46.28</u>	<u>23.84</u>

SCHEDULE X

Expenses for Services:

— Supply Chain Logistics	63,960.39	35,751.95
— People Logistics	21,545.51	21,744.65
	<u>85,505.90</u>	<u>57,496.60</u>

SCHEDULE XI

Personnel:

Salaries, Wages, Bonus, etc. (Note 9)	2,304.67	2,027.56
Contribution to Provident and other funds (Note 9)	152.56	131.17
Gratuity (Note 11)	25.29	(36.55)
Staff Welfare (Note 9)	222.85	156.19
Total	<u>2,705.37</u>	<u>2,278.36</u>

SCHEDULE XII

Other Expenses:

Electricity expenses	19.27	17.85
Rent including lease rentals	263.93	113.61
Rates and Taxes	9.46	3.07
Insurance	4.09	1.79

Repairs & Maintenance:

Buildings	1.66	1.92
Machinery	1.46	2.44
Others	33.62	24.85

	<u>36.74</u>	<u>29.21</u>
Advertisement	0.19	4.70
Legal & Professional Fees (Note 8)	200.79	117.87
Sales Promotion Expenses	7.29	8.22
Travelling Expenses	194.86	174.69
Miscellaneous Expenses (Note 10)	395.10	467.26
Donations and contributions	—	5.05
Loss on Fixed Assets sold (Net)	12.48	3.94
Provision for doubtful debts/advances (Net)	231.14	100.00
Bad Debts/Advances w/off	357.78	—
Total	<u>1,733.13</u>	<u>1,047.26</u>

SCHEDULE XIII

Interest and Finance Charges:

Demand Loans from Banks	78.14	9.24
Inter-Corporate Deposits	152.12	—
Foreign Currency Loans	40.91	—
Bill Discounting Interest	8.31	125.83
Others	56.23	3.04
Total	<u>335.70</u>	<u>138.11</u>

SCHEDULE XIV

Depreciation and Amortisation:

Depreciation	145.77	149.10
Amortisation of Intangible Assets	352.83	268.78
Total	<u>498.60</u>	<u>417.88</u>

SCHEDULE XV

Notes to Accounts for the year ended 31st March, 2010

1. Significant Accounting Policies:

(A) Basis for Preparation of Financial Statements:

The financial statements have been prepared under the historic cost convention and to comply in all the material aspects with (a) applicable accounting principles in India. (b) the Accounting Standards issued by the Institute of Chartered Accountants of India and (c) relevant provisions of the Companies Act, 1956.

(B) Use of Estimates:

The preparation of Financial statement requires the management to make estimates and assumptions considered in the reported amount of assets and liabilities (Including Contingent liabilities) as on the date of financial statements and the reported income and expenses during the reporting period. Management believes that the estimates used in the preparation of the financial statement are prudent and reasonable. Any revision to accounting estimates is recognized prospectively in current and future periods.

(C) Fixed Assets:

All Fixed Assets are carried at their cost of acquisition less accumulated depreciation and impairment losses. Cost comprises of all costs incurred to bring the assets to their location and working condition.

(D) Depreciation:

Depreciation on tangible assets is calculated on Straight Line Method at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956, except for:

- i) Certain items of Plant & Machinery individually costing more than Rs. 5,000 — over their useful lives as determined by the Company.
- ii) Cars and Vehicles for Commercial Use — at 16.21% of cost and others-at 15% of Cost.

(E) Intangible Assets:

All Intangible Assets are initially measured at cost/fair value and amortised so as to reflect the pattern in which the asset's economic benefits are consumed.

(a) Software Expenditure:

The expenditure incurred is amortised over three financial years equally commencing from the year in which the expenditure is incurred.

(b) Congeries of Rights:

The expenditure incurred is amortised over the estimated period of benefit, not exceeding four financial years equally commencing from the year in which the expenditure is incurred.

(c) Goodwill:

The expenditure incurred is amortised over the estimated period of benefit, not exceeding four financial years equally commencing from the year in which, the expenditure is incurred.

(F) Revenue Recognition:

Income from logistics services rendered are recognised on the completion of the services as per the terms of contract.

(G) Investments:

All long-term investments are valued at cost. However, provision for diminution in value is made to recognise a decline other than temporary in the value of investments. Current investments are valued at the lower of cost and fair value, determined by category of investment.

(H) Foreign Exchange Transactions:

Transactions in foreign currencies are recorded at the exchange rates prevailing on the date of transaction. Monetary items are translated at the year-end rates. The exchange difference between the rate prevailing on the date of transaction and on the date of settlement as also on the translation of monetary items at the end of the year is recognised as income or expense, as the case may be.

(I) Employee Benefits:**(a) Defined Contribution Plan:**

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

(b) Defined Benefits:

Company's liability towards gratuity, long term compensated absences and post retirement medical benefit schemes are determined by independent actuaries, using the projected unit credit method. Past services are recognised on a straight line basis over the average period until the benefits become vested. Actuarial gains 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 flows using a discounted rate that is determined by reference to the 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.

(J) Borrowing cost:

Borrowing cost that are attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes as a substantial period of time to get ready for its intended use or sale. All other borrowing costs are charged to revenue in the year of incurrence.

(K) Segment Reporting:

The accounting policies adopted for segment reporting are in line with the accounting policies of the Company. Revenue and expenses have been identified to segments on the basis of their relationship to the operating activities of the segment. Revenues and expenses, which relate to the enterprise as a whole and are not allocable to segments on a reasonable basis, have been included under "Unallocated Corporate Expenses".

(L) Operating Leases:

The Company's significant leasing arrangements are in respect of operating leases for premises (warehouse). The leasing arrangements, which are not non-cancellable, range between eleven months and ten years generally, and are usually renewable by mutual consent on agreed terms. The aggregate lease rentals payable are charged as "Rent including Lease Rentals".

(M) Earnings Per Share:

The Company reports basic and diluted Earnings Per Share (EPS) in accordance with Accounting Standard 20 on "Earnings Per Share".

Basic EPS is computed by dividing the net profit or loss for the year by the weighted average number of Equity Shares outstanding during the year.

(N) Income Tax:

Income taxes are accounted for in accordance with the Accounting Standard 22 on "Accounting for Taxes on Income". Taxes comprises of Current tax and Deferred tax.

Current tax is determined as the amount of tax payable in respect of taxable income for the year using the applicable tax rates and tax laws.

Deferred tax assets and liabilities are recognised, subject to consideration of prudence, on timing differences, being the difference between taxable income and accounting income, that originate in one period and are capable of reversal in one or more subsequent periods and are measured using tax rates enacted or substantively enacted as at the Balance Sheet date. Deferred tax assets arising from timing difference are recognised only to the extent that there is virtual certainty supported by convincing evidence that sufficient future tax income will be available against which such deferred tax assets can be realised and are reviewed for the appropriateness of their respective carrying values at each Balance Sheet date.

(O) Impairment of assets:

The Management of the Company assesses at each Balance Sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the management estimates the recoverable amount of the asset. If such recoverable amount of the asset is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and recognised in the Profit and Loss Account. If at the Balance Sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost.

(P) Accounting for provisions and contingent liabilities and contingent assets

The Company creates a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made. Contingent assets are neither recognised nor disclosed in the financial statements.

2. Loans:

- (a) Loans from Bank is secured by a first charge on the Company's entire present and future book debts, outstanding monies, receivables, claims, and bills in terms of the Letter of hypothecation executed by the Company.
- (b) The following amounts are repayable by 31.03.2011
Secured Bank Loan: **Rs.2197.94 Lakhs** (2009: Rs. 1023.66 Lakhs)
Unsecured Loan: **Rs.2375.78 Lakhs** (2009: Rs. NIL)

3. Fixed Assets:

- (a) Land includes a cost of **Rs. 792.38 Lakhs** (2009: Rs. 792.38 Lakhs) for which the Conveyance is pending in favour of the Company.
- (b) Vehicles include a cost of **Rs.217.05 Lakhs** (2009: Rs. 619.86 Lakhs) for which Registration formalities are pending.

4. Sundry Debtors outstanding at the year end include:

- (a) **Rs.1499.04 Lakhs** (2009: Rs. 551.57 Lakhs) from Mahindra & Mahindra Limited, the Holding Company.
- (b) **Rs. 679.86Lakhs** (2009: Rs. 615.65 Lakhs) from Fellow Subsidiaries.

5. Loans and Advances:

Loans and advances includes **Rs. 243.28 Lakhs** (2009: Rs. 398.46 Lakhs) due from the Holding Company. The maximum balance amount due during the year is Rs. 398.46 Lakhs.

6. Based on the information available with the Company, no creditors have been identified as 'supplier' within the meaning of 'Micro Small & Medium Enterprises Development Act, 2006' as on 31st March, 2010.

7. Sundry Debtors, Loans and Advances and Sundry Creditors are subject to confirmation and Reconciliations.

8. Professional & Legal Fees includes Auditors Remuneration:

Particulars	(Rs. in lakhs)	
	*2010	*2009
Statutory Audit Fees	4.96	5.05
Tax Audit Fees	0.83	0.83
Fees for Other services	1.10	0.56
Out of Pocket expenses	0.37	0.37
Total	<u>7.26</u>	<u>6.81</u>

* Including Service Tax

9. Managerial remuneration to Managing Director included in the Profit and Loss Account is **Rs.68.69 Lakhs** (2009: Rs. 19.96 Lakhs), Contributions to Provident and other funds is **Rs.3.82 Lakhs** (2009: Rs. 2.80 Lakhs), Other Perquisites and allowances of **Rs. 7.58 Lakhs** (2009: Rs.2.26 Lakhs) excluding charge for gratuity and provision for leave en-cashable on separation as separate actuarial valuation figures are not available.

10. Miscellaneous Expenses includes the Foreign exchange difference (net) of **Rs.1.64 Lakhs** (2009: Rs.5.69 lakhs) credited to the Profit and Loss Account.

11. Employee Defined Benefits:-

Defined benefit plans – as per Actuarial valuation on 31st March, 2010

Gratuity (Funded)

I. Expense recognised in the Statement of Profit and Loss Account for the year ended 31st March, 2010.	(Rs. in Lakhs)	
	2010	2009
1. Current Service Cost	22.17	14.24
2. Interest	6.17	4.34
3. Expected Return on Plan Assets	(10.78)	(4.07)
4. Actuarial (Gain)/Loss	7.73	4.31
5. Total expense	25.29	18.81

II. Net Asset/(Liability) recognised in the Balance Sheet as at 31st March, 2010.

1. Present value of Defined Benefit Obligation as at 31st March	103.78	77.09
2. Fair value of plan assets as at 31st March	122.12	119.91
3. Funded status [Surplus/(Deficit)] (1-2)	18.34	42.82
4. Net Asset/(Liability) as at 31st March	18.34	42.82

III. Change in the obligation during the year ended 31st March, 2010.

1. Present value of Defined Benefit Obligation at the beginning of the year	77.09	54.20
2. Current Service Cost	22.17	14.24
3. Interest Cost	6.17	4.34
4. Actuarial (Gain)/Loss	7.73	—
5. Benefits Paid	(9.38)	4.31
6. Present Value of Defined Benefit Obligation at the end of the year	103.78	77.09

IV. Change in Fair Value of Assets during the year ended 31st March, 2010

1. Fair Value of Plan assets at the beginning of the year	119.91	—
2. Expected return on Plan asset	10.78	4.07
3. Contributions by employer	0.81	115.82
4. Actual benefits paid	(9.38)	—
5. Fair value of Plan assets at the end of the year	122.12	119.91
6. Actual return on Plan assets	10.78	4.07

V. The major categories of Plan assets as a percentage of total plan

Funded with Life Insurance Corporation of India	100%	100%
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VI. Actuarial assumptions

1. Discount Rate	8.00%	8.00%
2. Expected rate of return on plan assets	9.25%	9.50%
3. In service Mortality	LIC (1994-96) Ultimate	LIC (1994-96) Ultimate
4. Turnover Rate	1-3% depending on Age	1-3% depending on Age
5. Salary escalation	8%	7%

12. (a) Related Party Transactions:

List of Related parties:

(A) Holding Company

Mahindra & Mahindra Limited

(B) Fellow Subsidiaries

Mahindra Renault Private Limited
Mahindra World City (Jaipur) Limited
CanvasM Technologies Limited
Mahindra Gujarat Tractors Limited
Tech Mahindra Limited
Mahindra Engineering Design & Development Company Limited
Mahindra Gears and Transmissions Private Limited
Mahindra UGINE Steel Company Limited
Mahindra Intertrade Limited
Mahindra Steel Service Centre Limited
Mahindra Forgings Limited
Mahindra Navistar Engines Private Limited
Mahindra Retail Pvt. Limited
Mahindra Vehicle Manufacturers Limited (Earlier known as Mahindra Automotive Limited)
Mahindra Navistar Automotives Limited (Earlier known as Mahindra International Limited)
Mahindra Two Wheelers Limited
Swaraj Automotives Limited
Mahindra First Choice Services Limited (w.e.f. 24/03/08)

(C) Key management Personnel

Mr. Sanjay Sinha, Managing Director (resigned w.e.f. 15/02/10)
Mr. Pirojshaw Sarkari, CEO (w.e.f. 02/03/10)

(b) The related party transactions are as under:

(Rs. in Lakhs)

Sl.	Nature of Transactions	Holding Company	Fellow Subsidiary	Key Management Personnel
1.	Issue of Equity Share Capital during the year	— (1700.00)	(Nil) (—)	— (—)
2.	Purchases:			
	Tangible Assets/Intangible Assets	19.85 (109.30)	2.00 (23.39)	— (—)
	Services	— (—)	33.16 (13.57)	— (—)
3.	Sales:			
	Tangible Assets	— (14.80)	— (—)	— (—)
	Services	51,002.15 (24,168.59)	4,489.93 (4,658.46)	— (—)
4.	Deputation of Personnel: To Related Parties	12.04 (14.16)	— (—)	— (—)
5.	Other Transactions:			
	Reimbursements made to Parties	145.03 (247.14)	— (—)	— (—)
	Advance Taken (from April 2008 to August 2008 when the acquired division was part of the holding company)	— (4,159.12)	— (—)	— (—)
	Advance refunded	— (1,705.86)	— (—)	— (—)
6.	Outstanding:			
	Payable	102.61 (—)	1.50 (7.70)	— (—)
	Receivable	1650.70 (950.06)	632.32 (623.34)	— (—)
7.	Managerial Remuneration (refer Note 1 below)	— (—)	— (—)	83.71 (25.02)

Notes:

- Does not include the charge for gratuity and provision for leave encashable on separation as separate actuarial valuation figures are not available.
- Previous year's figures are given in brackets.

13. As per the Accounting Standard 17, "Segment Reporting" the Company has disclosed Segment Reporting as follows:

(Rs. in Lakhs)

	Supply Management	People Logistics	Total
REVENUE	66,744.42	23,542.80	90,287.22
Income from Operations	(38,226.75)	(23,817.57)	(62,044.32)
Direct Expenses of Operations	63,960.39 (35,751.95)	21,545.51 (21,744.65)	85,505.90 (57,496.40)
SEGMENT RESULT	2,784.03 (2,474.80)	1,997.29 (2,072.92)	4,781.32 (4,547.72)
Unallocated Corporate Expenses (Net of Income)			5,226.52 (3,857.75)
Operating Profit			-445.20 (689.97)
Provision for Taxation —			
Current Tax			0.00 (313.71)
Deferred Tax Income			-161.60 (-100.80)

Fringe Benefit Tax 0.00
(30.79)

Profit after Tax -283.60
(446.27)

OTHER INFORMATION

Segment Assets	9,047.64 (4,460.00)	7,623.25 (5,432.82)	16,670.89 (9,892.82)
Unallocable Corporate Assets			4,358.18 (5,745.75)
Total Assets			21,029.07 (15,638.57)
Segment Liabilities	6,405.41 (4,135.83)	3,761.50 (1,024.81)	10,166.91 (5,160.64)
Unallocable Corporate Liabilities			5,951.64 (6,400.10)
Total Liabilities			16,118.55 (11,560.74)

14. Earnings Per Share:

		Until 31st March, 2010	Until 31st March, 2009
Net Profit/(Loss) after Tax (A)	Rs. in Lakhs	(283.60)	446.27
Weighted Average No. of Shares (B)	No. in Lakhs	490.5	149.42
Earnings Per Share (Basic/Diluted) (A/B)	Rs.	(0.58)	2.99
Nominal value of equity share	Rs.	10.00	10.00

15. The Company's significant leasing arrangements are in respect of operating leases for commercial and residential premises

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

(Rs. in Lakhs)

Particulars	31st March, 2010	31st March 2009
i) Gross Carrying Amount of Premises	Nil	Nil
ii) Accumulated Depreciation	Nil	Nil
iii) Depreciation for the year	Nil	Nil
iv) Future minimum Lease payments under non-cancellable operating leases		
— not less than one year	195.19	176.79
— later than one year and not later than 5 years	157.29	139.71
— later than 5 years	Nil	Nil

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

(Rs. in Lakhs)

	31st March, 2010 Amount	31st March 2009 Amount
Future minimum Lease payments under non-cancellable operating leases		
— not less than one year	43.64	198.48
— later than one year and not later than 5 years	623.30	751.27
— later than 5 years	471.33	23.16

16. The components of Net Deferred Tax Assets as at the year end are as under
(Rs. in Lakhs)

	31st March, 2010 Amount	31st March, 2009 Amount
Deferred Tax Assets:		
On Provision for Doubtful Debts	113.02	79.78
On Provision for Doubtful Advances	70.92	—
On Provision for Employee Benefits	120.04	109.56
Total (A)	303.98	189.34
Deferred Tax Liabilities:		
On Depreciation	41.58	88.54
Total (B)	41.58	88.54
Net Deferred Tax Assets (A-B)	262.40	100.80

17. (a) The Company enters into foreign exchange forward contracts (being a derivative instrument), which are not intended for trading or speculative purposes, but for hedge purposes, to establish the amount of reporting currency required or available at the settlement date of certain payables. The following are the outstanding Forward Exchange Contracts entered into by the Company.

Year	Currency	Amount	Buy/Sell	Cross Currency
31st March, 2010	USD	10, 34, 77,888	Buy	Rupees
31st March, 2009	NIL	NIL	NIL	NIL

- (b) The year end foreign currency exposures that have not been hedged by a Derivative Instrument or otherwise are given below:

Particulars	Currency	31st March, 2010		31st March, 2009	
		Value in foreign currency	Value in Rupees (Lakhs)	Value in Foreign Currency	Value in Rupees (Lakhs)
Debtors	USD	6,431	2.87	179,646	88.95
Creditors	USD	80,944	36.53	22,894	11.14

18. Contingent Liabilities not provided for:

Sl. No.	Particulars	2010	2009
(a)	Guarantees given by the Bankers of the Company	29.75	14.94
(b)	Claim against the Company not acknowledged by the Company		
	Sales tax	1296.94	452.59
	Service tax	43.93	40.69
	Other matters (excluding claims where amount is not ascertainable)	107.89	197.61

19. The estimated amount of contracts remaining to be executed on capital account and not provided for as at 31st March, 2010 is Rs. 24.57 Lakhs (2009: Rs. 517.12 lakhs).

20. Quantitative details:

The Company is engaged in the business of Logistics services. Such services are not capable of being expressed in any generic unit and hence, it is not possible to give the quantitative details required under paragraphs 3 and 4C of Part II of the Schedule VI to the Companies Act, 1956.

21. Additional information pursuant to the provisions of paragraphs 3(i)(a) and (ii), 4C and 4D of Part II of Schedule VI to the Companies Act, 1956 are as follows

(a) Expenditure in Foreign Currencies:

- i) For Travel Rs. 11.57 Lakhs (2009: Rs. 9.30 Lakhs)
- ii) For Services Rs. 100.08 Lakhs (2009: Rs. 95.82 Lakhs)
- iii) For Interest Rs. 24.18 Lakhs (2009: Rs. NIL Lakhs)

(b) Earnings in Foreign Exchange:

Services Rendered Rs. 42.51 Lakhs (2009: Rs. 96.28 Lakhs)

22. Previous Year's figures have been regrouped wherever necessary to conform to this year's classification.

Signatures to Schedules I to XV

"As per our Report of even date"

For **B. K. Khare & Co.**
Chartered Accountants

Santosh Parab
Partner
M. No. 47942

Place: Mumbai
Date: 30th April, 2010

For and on behalf of Board of Directors

Mahindra Logistics Limited

Anjanikumar Choudhari

Chairman

Zhooben Bhiwandiwal

Vice Chairman

Parag Shah

Director

Chandrasekar K.

Director

Ruzbeh Irani

Director

Place: Mumbai
Date: 30th April, 2010

**ADDITIONAL INFORMATION PURSUANT TO THE PROVISIONS OF PART IV OF SCHEDULE VI TO THE COMPANIES ACT, 1956.
BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**

I. Registration Details

Registration No.

U	6	3	0	0	0	M	H	2	0	0	7	P	L	1	7	3	4	6	6
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 Balance Sheet Date

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

 State Code

1	1
---	---

Date Month Year

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

Public Issue	Rights Issue																
<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td></tr></table>						N	I	L	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td></tr></table>						N	I	L
					N	I	L										
					N	I	L										
Bonus Issue	Private Placement																
<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td></tr></table>						N	I	L	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td></tr></table>						N	I	L
					N	I	L										
					N	I	L										

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

Total Liabilities	Total Assets																
<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td>9</td><td>4</td><td>8</td><td>4</td><td>0</td><td>4</td></tr></table>			9	4	8	4	0	4	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td>9</td><td>4</td><td>8</td><td>4</td><td>0</td><td>4</td></tr></table>			9	4	8	4	0	4
		9	4	8	4	0	4										
		9	4	8	4	0	4										
Sources of Funds	Reserves & Surplus																
Paid-up Capital	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td>5</td><td>5</td><td>2</td></tr></table>						5	5	2								
					5	5	2										
<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td>4</td><td>9</td><td>0</td><td>5</td><td>0</td><td>0</td></tr></table>			4	9	0	5	0	0	Unsecured Loans								
		4	9	0	5	0	0										
Secured Loans	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td>2</td><td>3</td><td>7</td><td>5</td><td>7</td><td>8</td></tr></table>			2	3	7	5	7	8								
		2	3	7	5	7	8										
<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td>2</td><td>1</td><td>9</td><td>7</td><td>7</td><td>4</td></tr></table>			2	1	9	7	7	4	Net Fixed Assets								
		2	1	9	7	7	4										
Application of Funds	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td>2</td><td>5</td><td>7</td><td>1</td><td>3</td><td>8</td></tr></table>			2	5	7	1	3	8								
		2	5	7	1	3	8										
Intangible Assets	Net Current Assets																
<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td>7</td><td>0</td><td>3</td><td>4</td><td>9</td></tr></table>			7	0	3	4	9	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td>5</td><td>9</td><td>4</td><td>6</td><td>5</td><td>4</td></tr></table>			5	9	4	6	5	4	
		7	0	3	4	9											
		5	9	4	6	5	4										
Investments	Accumulated Losses																
<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td>2</td><td>2</td></tr></table>							2	2	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td></tr></table>						N	I	L
						2	2										
					N	I	L										
Miscellaneous Expenditure	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td>2</td><td>6</td><td>2</td><td>4</td><td>0</td></tr></table>							2	6	2	4	0					
						2	6	2	4	0							
<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td></tr></table>						N	I	L									
					N	I	L										
Deferred Tax Asset (Net)																	
<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td>2</td><td>6</td><td>2</td><td>4</td><td>0</td></tr></table>							2	6	2	4	0						
						2	6	2	4	0							

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

Turnover	Total Expenditure																		
<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td>9</td><td>0</td><td>2</td><td>8</td><td>7</td><td>2</td><td>2</td></tr></table>			9	0	2	8	7	2	2	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td>9</td><td>0</td><td>7</td><td>7</td><td>8</td><td>7</td><td>0</td></tr></table>			9	0	7	7	8	7	0
		9	0	2	8	7	2	2											
		9	0	7	7	8	7	0											
+ - Profit/Loss Before Tax	+ - Profit/Loss After Tax																		
<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td>✓</td><td> </td><td>4</td><td>4</td><td>5</td><td>2</td><td>0</td></tr></table>			✓		4	4	5	2	0	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td>✓</td><td> </td><td>2</td><td>8</td><td>3</td><td>6</td><td>0</td></tr></table>			✓		2	8	3	6	0
		✓		4	4	5	2	0											
		✓		2	8	3	6	0											
Earning per Share in Rs.	Dividend Rate %																		
Basic	<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td></tr></table>						N	I	L										
					N	I	L												
<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td>-</td><td>0</td><td>.</td><td>5</td><td>8</td></tr></table>			-	0	.	5	8												
		-	0	.	5	8													
Diluted																			
<table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td>-</td><td>0</td><td>.</td><td>5</td><td>8</td></tr></table>			-	0	.	5	8												
		-	0	.	5	8													

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

Item Code No. (ITC Code)

N	I	L
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 Product Description

L	O	G	I	S	T	I	C	S	S	E	R	V	I	C	E	S
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For and on behalf of Board of Directors

Mahindra Logistics Limited

Anjanikumar Choudhari *Chairman*

Zhooben Bhiwandiwala *Vice Chairman*

Parag Shah *Director*

Chandrasekar K. *Director*

Ruzbeh Irani *Director*

Place: Mumbai

Date: 30th April, 2010