AT A GLANCE

LISTED ON BOMBAY STOCK EXCHANGE LIMITED (CODE: 503100) AND NATIONAL STOCK EXCHANGE LIMITED (CODE: PHOENIXLTD)

- Established in **1905**
- Listed on Bombay Stock Exchange since **1959**
- Listed on National Stock Exchange of India since **2007**
- Presence in **15** cities
- Investment of over ₹50 Bn in developing assets so far
- Pioneer in **Retail, Commercial** and **Residential** real estate development

OPERATIONAL

- **11** malls in **9** cities
- Five star hotel with **390** Keys – Shangri-La, Mumbai
- **3** commercial centers in **2** cities
- Approx **10.0** Mn sq.ft in retail, entertainment, commercial and residential assets

PLANNED AND UNDER CONSTRUCTION

- **2** Commercial centers in **2** cities
- **7** residential projects in **3** cities
- **1** hospitality property at Agra
- Approx **1.5** Mn sq.ft in commercial assets
- Approx **5.5** Mn sq.ft in residential assets

* includes PML Group (PML & its subsidiaries and associate companies) and its investee companies (BARE & EWDL)

Disclaimer:

Certain sections in this Annual Report reflect the management's current views, expectations and knowledge of its business. Certain information provided and statements made herein are based on assumptions and/or may be forward looking in nature, involving risks and uncertainties like regulatory changes, local, political or economic developments, whether present or future. Actual results, performance or events may differ materially from the information/statements herein contained due to changes in economic environment, market conditions, norms, regulations, allowances etc.

The financial projections, expected launch dates of projects, estimated areas etc. contained herein are estimates, based on current market conditions, regulations, norms and business plans of the Company. References to developable or chargeable areas are based on existing real estate regulations, approvals existing, approvals expected, allowances and current development plans. Changes in real estate regulations and market conditions in future may result in variances from the financial projections and/or the estimated project areas, which are beyond the control of the Company.

Information provided herein, including projected financial information if any is not to be construed as a solicitation to invest in our company but is provided for information purposes only. The Company will not in any way be responsible for any action taken based on the information and/or forward looking statements contained herein and undertakes no obligation to publicly update forward-looking statements if any to reflect subsequent events or circumstances.

IN FY2013, WE OPERATIONALISED **PHOENIX MARKETCITY IN CHENNAI**, **SHANGRI-LA HOTEL IN MUMBAI** AND LAUNCHED **ONE BANGALORE WEST IN BENGALURU**. THE DELIVERY OF THESE THREE HIGH-END PROJECTS SUCCESSFULLY CULMINATES MIXED-USE ASSET DEVELOPMENT MODEL, WHICH HELPED US ESTABLISH OURSELVES AS A PREMIER RETAIL-LED REALTY COMPANY.

PROJECTS LAUNCHED IN FY2013

1

Phoenix Marketcity, Chennai

An upmarket shopping destination with a powerful line-up of anchor retailers

2

Shangri-La Hotel, Mumbai

A luxury hotel built atop the posh Palladium Mall, elevating the grandeur of Mumbai's skyline

3

One Bangalore West, Bengaluru

A premium residential project offering an unparalleled experience in luxury living

EXPANDING

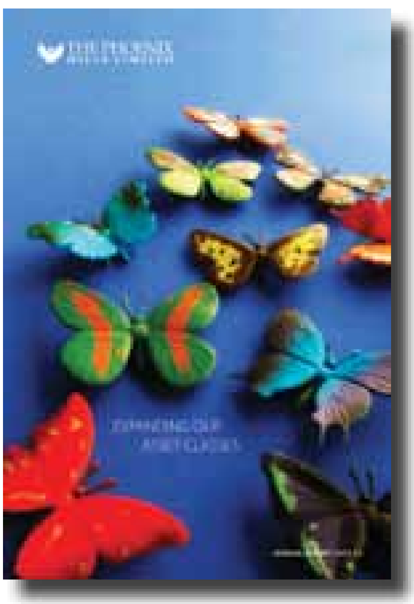
EXPANDING OUR ASSET CLASSES

Our distinctive malls under the 'Phoenix Marketcity' franchise have irrefutably arrived. With nearly 7.0 Mn sq. ft. of retail, entertainment and F&B under management across India, we have become the standard bearers of consumption centres for India's teeming consumers. We've grown into being the first port of call for leading domestic and global brands looking for a pan-India footprint and the first malls of choice for judicious consumers with resilient spending power.

But this is not the end game of our masterplan that was envisaged some years ago. This is merely the starting point. As part of our business model, in order to extract the utmost value out of these city-centric land assets, we created our own brand of 'mixed-use' masterplans that were phased out to yield the optimum returns for our shareholders. With our malls running fluidly and attracting healthy footfalls each month, we are already in the thick of building out the remaing phases of our masterplans, focusing on up-market residential and commercial assets.

We wish to take this opportunity to share with our shareholders the highlights of our journey in delivering the Phase I, progress on the remaining phases and the additional value streams we aim to capture in the long term. With a fervently positive response to the launches of our develop-and-sell commercial and residental assets, we are confident of graduating to the next level which will not only transform us from being the leading retail-led mixed-use real estate firm in India, but also help us establish a strong reputation for delivering value from our business ventures across a variety of asset classes.

Our Vision



TO CREATE SHAREHOLDER VALUE BY GENERATING EXCEPTIONAL YIELDS FROM THE CAPITAL GROWTH AND SALE OF ARCHITECTURALLY SUPERIOR, **DIFFICULT TO REPLICATE ASSETS**, THAT ARE TRULY WORLD CLASS IN QUALITY AND INFRASTRUCTURE.

TO CREATE A SUPERIOR BUSINESS ENVIRONMENT FOR OUR MANY LOCAL AND INTERNATIONAL RETAILERS AND PARTNERS, BY GROWING A LOYAL CUSTOMER FLOW TO OUR ASSETS BY CONSISTENTLY DELIGHTING AND ENGAGING THE INDIAN CONSUMER.

ABOUT US

BOTH DIRECTLY AND THROUGH STRATEGIC INVESTMENTS AND PARTNERSHIPS, WE SPECIALISE IN THE OWNERSHIP, MANAGEMENT AND DEVELOPMENT OF ICONIC LARGE FORMAT **RETAIL-LED MIXED USE** PROPERTIES THAT INCLUDE SHOPPING, ENTERTAINMENT, COMMERCIAL, RESIDENTIAL AND HOSPITALITY ASSETS.

TODAY, ALONG WITH OUR INVESTEES, WE HAVE INTERESTS IN **11 IRREPLACEABLE LARGE SCALE RETAIL ASSETS** – MAKING UP CLOSE TO **7.0 MN SQ. FT.** ACROSS **9 INDIAN CITY-CENTRES**. WITH THE LAUNCH OF OUR PRIME RESIDENTIAL AND COMMERCIAL PROPERTIES IN BENGALURU, CHENNAI AND PUNE, AND WITH THE COMMENCEMENT OF OUR FLAGSHIP HOTEL SHANGRI-LA IN MUMBAI, WE ARE EMERGING AS A LEADING REALTY COMPANY OF INDIA THAT IS BOTH HIGHLY INTEGRATED AND ASSET-CLASS DIVERSIFIED AT THE SAME TIME.

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"Brand 'Phoenix' has truly come a long way to establish itself across multiple geographies and product classes.

Atul Ruia,
Joint Managing Director

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"After nearly four years of challenges and hard work, we launched our first hospitality asset, Shangri-La Hotel, in December 2012.

Shishir Shrivastava,
Group CEO & Jt. Managing Director

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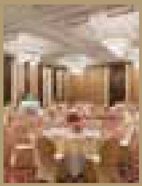

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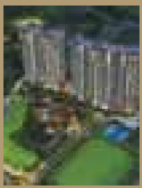
ONE BANGALORE WEST, BENGALURU
In a League of its Own



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CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. Ashokkumar Ruia
Chairman & Managing Director

Mr. Atul Ruia
Jt. Managing Director

Mr. Kiran Gandhi
Whole - Time Director

Mr. Shishir Shrivastava
Group CEO & Jt. Managing Director

Mr. Pradumna Kanodia
Director - Finance

Mr. Amitkumar Dabriwala
Independent Director

Mr. Amit Dalal
Independent Director

Mr. Sivaramakrishnan Iyer
Independent Director

Mr. Suhail Nathani
Independent Director

Mr. Gautam Nayak
Independent Director

REGISTRAR AND SHARE TRANSFER AGENT

Link Intime India Private Limited,
C-13, Pannalal Silk Mills Compound,
L.B.S. Marg, Bhandup (West),
Mumbai - 400 078.
Tel. No.: 022-2596 3838
Fax No.: 022-2594 6969

AUDITORS

M/s A. M. Ghelani & Company
Chartered Accountants

M/s Chaturvedi & Shah
Chartered Accountants

BANKERS

Bank of Baroda
Bank of India
Barclays Bank
Canara Bank
Central Bank of India
Corporation Bank
HDFC Bank
IndusInd Bank
Saraswat Bank
Standard Chartered Bank
State Bank of India
YES Bank

COMPANY SECRETARY

Ms. Sonia Gaur

REGISTERED OFFICE

462, Senapati Bapat Marg,
Lower Parel,
Mumbai - 400 013.
Tel: 022 - 2496 4307
Fax: 022 - 2493 8388
Website : www.thephoenixmills.com
Email: investorrelations@highstreetphoenix.com

CORPORATE OFFICE

Shree Laxmi Woollen Mills Estate,
R. R. Hosiery Bldg.,
Off. Dr. E. Moses Rd.,
Mahalaxmi,
Mumbai - 400 011.

CONSOLIDATED FINANCIAL HIGHLIGHTS

(₹ Mn)	FY2012	FY2013
Sales Income	689	252
Hospitality Income	–	152
License Fees, Service Charges, Etc.	3,256	4,295
Total Income	**3,945**	**4,699**
EBITDA	2,114	2,632
EBITDA Margins	54%	56%
Other Income	446	521
Depreciation	563	474
Interest	944	1,430
Profit Before Tax	**1,053**	**1,248**
Profit After Tax & Minority Interest	**1,056**	**842**
EPS (FV of ₹ 2 per share)	7.29	5.81

AWARDS & RECOGNITION

HIGH STREET PHOENIX & PALLADIUM
- Images Shopping Centre Awards 2013 - Most Admired Shopping Centre of the Year – Metro West
- India's Best Existing Neighbourhood Shopping Mall, 2013-14 by Estate Avenues
- Retail Development for India, 2013-14 by Asia-Pacific Property Awards

PHOENIX MARKETCITY, PUNE
- Images Shopping Centre Awards 2013 – Most Admired Shopping Centre of the Year (Non-Metro West)
- Images Shopping Centre Awards 2013 – Most Admired Shopping Centre Marketing & Promotions of the Year (Non-Metro)
- Best Maintained Facility 2011-12 by Alliance of Infrastructure and Facility Managers

PHOENIX MARKETCITY, BANGALORE
- Most Admired Shopping Center Launch & Developer of the Year 2012 by Images Shopping Center Awards

PHOENIX MARKETCITY, KURLA
- India's Best Existing Neighbourhood Shopping Mall, 2013–14 by Estate Avenues

ONE BANGALORE WEST
- Highly Commended Developer Website India, 2013-14 by Asia Pacific Property Awards

THE PHOENIX MILLS LTD.
- Developer of the Year – West Zone, 2012 by Realty Plus Excellence Awards

Mr. Ashokkumar Ruia
Chairman & Managing Director

Mr. Atul Ruia
Jt. Managing Director

Mr. Kiran Gandhi
Whole - Time Director

Mr. Shishir Shrivastava
Group CEO & Jt. Managing Director

Mr. Pradumna Kanodia
Director - Finance

Mr. Amitkumar Dabriwala
Independent Director

Mr. Amit Dalal
Independent Director

Mr. Sivaramakrishnan Iyer
Independent Director

Mr. Suhail Nathani
Independent Director

BOARD OF DIRECTORS

Mr. Gautam Nayak
Independent Director

Mr. Ashokkumar Ruia
Chairman & Managing Director

Mr. Ashokkumar Ruia is a graduate from Cambridge and has pursued an active career in both business and sports. He has the unique distinction of representing the country in two sports, Bridge and Golf, demonstrating an inimitable desire to excel in whatever he undertakes.

He has been on the Board of the Phoenix Mills Limited (PML) since 1963. He has vast experience in managing the Company's affairs and over the years has contributed significantly to its growth. He is actively involved in mentoring the leadership team and in various aspects of the Company's expansion plans.

He has also played an ardent and active role in the textile industry, serving as a committee member of the Mill Owners' Association, Mumbai for several years.

Mr. Atul Ruia
Jt. Managing Director

Mr. Atul Ruia is a graduate in Chemical Engineering from the University of Pennsylvania and holds a degree in Business Management from the Wharton School of Finance. He joined the Board of PML in 1996 and is the key visionary, pioneer and force behind the development of High Street Phoenix, Mumbai's first retail-led mixed use destination. It was under his aegis that the Company embarked upon a pan-India asset creation strategy with the flagship brand of 'Phoenix Marketcity'.

Mr. Kiran Gandhi
Whole - Time Director

Mr. Kiran Gandhi joined PML in 1970. He holds a B.Com degree and is a qualified Chartered Accountant. He has over 30 years of experience with the Phoenix Group and at present acts as a guide for the finance, accounts and tax teams of the Company. He plays an important role in maintaining banking and investors' relations. He also plays an advisory role in the areas of internal audit and income tax. He is also involved in various philanthropic activities and is an active member of the Lions Club International.

Mr. Shishir Shrivastava
Group CEO & Jt. Managing Director

Mr. Shishir Shrivastava graduated from IHM Bengaluru and has been with the Phoenix Group since 2000 in various capacities. While he was instrumental in shaping High Street Phoenix to its current reputation, he also laid the foundation for the service and advisory verticals. Since 2008, he has endeavoured towards the successful culmination of Shangri-La Hotel and the four Phoenix Marketcity projects being launched in phases. He oversees several critical functions of the Company, including corporate strategy, debt and private equity fund raising, investor relations, legal, business development, operations and the Group's Hospitality Portfolio.

Mr. Pradumna Kanodia
Director - Finance

Mr. Pradumna Kanodia is a qualified Chartered Accountant and Company Secretary. He has over 20 years of experience in corporate management, finance and commercial matters, fiscal and strategic planning, budgeting and cash flow management. He heads the finance and accounts teams and plays a key role in fund raising and liaisoning with banks for debt funding. Mr. Kanodia joined the Phoenix Group as Group-CFO in March 2010 and within a short span of time he was elevated to the position of Director – Finance in April 2011.

Mr. Amitkumar Dabriwala
Independent Director

Mr. Amitkumar Dabriwala graduated from the Calcutta University. As a Promoter Director of United Credit Securities Limited (UCSL), a member of the National Stock Exchange, Mr. Dabriwala has been associated with the capital markets since 1996. He was also responsible for setting up the Mumbai branch of UCSL. In 2004, he promoted JNR Securities Broking Pvt. Ltd. which is a member of the Bombay Stock Exchange. Through the United Credit group companies, he is also involved in real estate development, leasing and hire purchase.

Mr. Amit Dalal
Independent Director

Mr. Amit N. Dalal has been the Managing Director of Amit Nalin Securities Pvt. Ltd. since October 1997 and also serves as its Director of Research. Mr. Dalal has been the Executive Director of Investments at Tata Investment Corporation Ltd since January 1, 2010.

Mr. Dalal earned experience as an Investment Analyst in USA for 2 years. He obtained a Bachelor's Degree in Commerce from the University of Mumbai. He also completed a Post-graduate Diploma in Business Management from the University of Massachusetts and obtained a Master's Degree in Business Administration from the University of Massachusetts, USA.

Mr. Sivaramakrishnan Iyer
Independent Director

Mr. Sivaramakrishnan Iyer is a qualified Chartered Accountant based in Mumbai. He is a partner of Patel Rajeev Siva & Associates which specialises in corporate finance and advises companies on debt and equity fund raising, mergers and amalgamations and capital structuring for new expansion projects. The firm also carries out due diligence work for various other companies.

Mr. Suhail Nathani
Independent Director

Mr. Suhail Nathani graduated from the Mumbai University with a degree in Commerce. He holds a Master's degree in law from Cambridge University and an L.L.M. from Duke University in the United States. Mr. Nathani is also admitted to the New York State Bar and the U.S. Court of International Trade. He is a founding partner of Economic Laws Practice, a law firm in Mumbai. He practices in the areas of Private Equity, Competition, International Trade and General Corporate matters.

Mr. Gautam Nayak
Independent Director

Mr. Gautam Nayak is a practising Chartered Accountant since 1986 and oversees international taxation and financial advisory at one of Mumbai's leading accountancy firm - Contractor, Nayak & Kishnadwala.
Mr. Nayak served as the President of the Bombay Chartered Accountants' Society (BCAS) in 2004-05. Currently, he is the Chairman of the Taxation Committee of the BCAS and a member of the Direct Taxation Committee of the Indian Merchants Chamber. He is also a trustee of various employee trusts of Citigroup.

Mr. Nayak has authored several books and his articles feature in leading financial newspapers and magazines of India. He was the editor of the Bombay Chartered Accountant Journal (BCAJ) from 2007-10 and has been writing a monthly column for the BCAJ since the past 15 years. He regularly delivers talks and presents papers at various educational institutions, seminars and conferences across India. Mr. Nayak joined the PML board as a Non-Executive Independent Director in January 2013.

Managing Director's Letter

FY2013 WILL ALSO BE RECORDED AS A MOMENTOUS YEAR IN THE HISTORY OF OUR COMPANY, WITH THE NEXT THREE BIG-TICKET PROJECTS TAKING OFF SUCCESSFULLY.

Dear Shareholders,

Last year in FY2012, I was privileged to share with you the news of launching three of our Phoenix Marketcity malls, with the fourth in Chennai imminently on the way. I am pleased to tell you that FY2013 shall also be recorded as a momentous year in the history of our Company with the next three big-ticket projects taking off successfully and culminating the promised delivery of Phase I of PML's masterplan.

Firstly, we launched our largest and the only standalone residential project, One Bangalore West, for sale in September 2012. Secondly, Shangri-La, Mumbai became operational in December 2012. And finally, Phoenix Marketcity at Chennai, the last in the series of four Phoenix Marketcities, was launched in January 2013. The delivery of such large scale assets has showcased our focus on achieving our objectives, whether related to planning, delivery or operations. This has also reinforced our market leadership as the owner, developer and operator of extraordinary large-format retail-led assets in the city centres of India. Today, we have emerged as one of the largest mall operators across India with close to 7.0 Mn sq. ft. of prime retail space under management in Tier-I and Tier-II cities of India, through direct ownership and strategic investments in like-minded companies.

STRENGTH IN NUMBERS

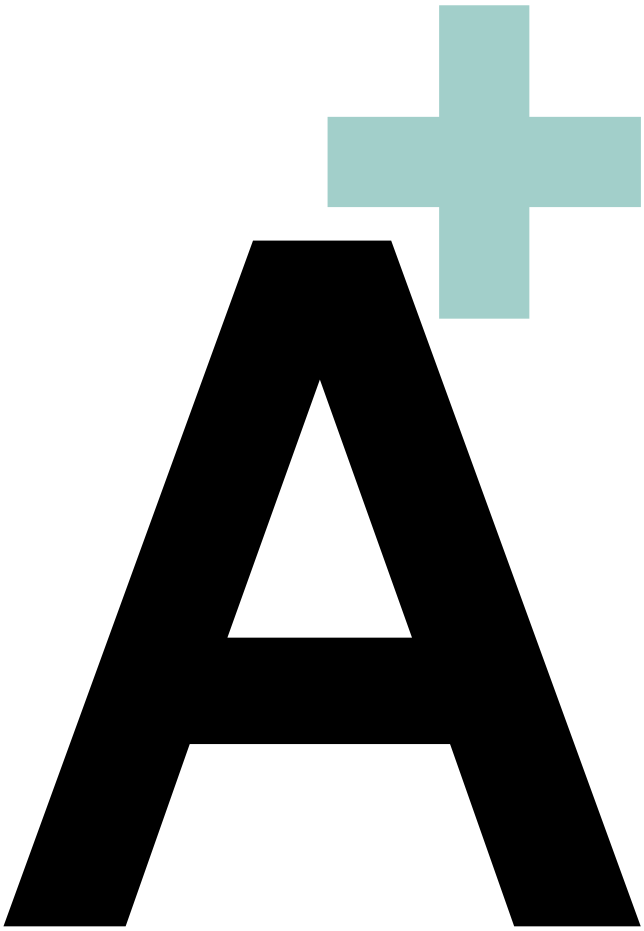
Phoenix Mills Limited's (PML) financial results for FY2013 vindicate the resilience of our business model. Not only are we well positioned to cope with the current slow growth rates at a macro level but also, when the economy turns around with more robust growth rates, we will benefit from better footfalls and higher consumer spend as well as revival in demand and prices for residential and commercial spaces at strategically advantageous locations of their cities. I believe that in the backdrop of challenging market conditions, PML has closed the fiscal year 2013 on a healthy note and we shall continue our endeavour to improve the numbers for years to come.

LARGE SCALE ASSETS HAS SHOWCASED OUR FOCUS ON ACHIEVING OUR OBJECTIVES, WHETHER RELATED TO **PLANNING, DELIVERY** OR **OPERATIONS.** THIS HAS ALSO REINFORCED OUR MARKET LEADERSHIP AS THE OWNER, DEVELOPER AND OPERATOR OF EXTRAORDINARY LARGE-FORMAT RETAIL-LED ASSETS IN THE CITY CENTRES OF INDIA.

Atul Ruia, Joint Managing Director

BRAND 'PHOENIX' HAS TRULY COME A LONG WAY TO ESTABLISH ITSELF ACROSS MULTIPLE GEOGRAPHIES AND PRODUCT CLASSES. BEING KNOWN BY ITS FLAGSHIP RETAIL ASSET, 'HIGH STREET PHOENIX' IN MUMBAI, TODAY IT IS SYNONYMOUS WITH GRAND MARKETCITY MALLS AS WELL AS UPSCALE RESIDENTIAL AND COMMERCIAL ASSETS BEYOND MUMBAI.

DELIVERING STRONG PERFORMANCE



On a standalone basis, which reflects operations of our flagship asset – High Street Phoenix, Mumbai, revenues have increased by 20% yoy to ₹ 2,706 Mn in FY13 whereas EBITDA has increased by 27% yoy to ₹ 1,785 Mn. The standalone Net Profit After Tax too has increased by 27% yoy to ₹ 1,339 Mn in FY2013. The Company's standalone balance sheet continues to remain strong with net debt to equity level of just 0.13x. This provides ample scope for leveraging it to comfortably higher levels for value accretive opportunities in near future.

On a consolidated basis, alongwith other subsidiaries, newer assets like Shangri-La and Phoenix Marketcity Pune have contributed to the revenues but higher expenses, depreciation and interest costs in the early lifecycle of these 'capex-heavy' assets have resulted in losses for the year. Consequently, while FY2013 consolidated Revenue and EBITDA have increased to ₹ 4,699 Mn (+19% yoy) and ₹ 2,632 Mn (+24% yoy), consolidated Profit after Tax was lower at ₹ 842 Mn (-20% yoy) for the year. With operations steadily ramping up at Shangri-La and stabilisation of Phoenix Marketcity at Pune, Bengaluru and Chennai which shall be consolidated from FY2014 onwards, consolidated profitability too will be on a high growth trajectory. Continuing with the tradition of rewarding its investors, PML's Board of Directors has approved a dividend of ₹ 2.20 per share, an increase of 10% yoy.

DEEPENING OUR OWNERSHIP

During FY2013, we've taken concerted steps of increasing our ownership in some of our Special Purpose Vehicles (SPV). Being involved at each stage of the project lifecycle such as construction, pre-sales, leasing and now managing operations on a day-to-day basis, PML fully appreciates that the projects hold tremendous potential for the future and shall accrue value for PML's shareholders. During the year, PML entered into an agreement to acquire 26% stake in Bengaluru's Island Star Mall Developers Pvt. Ltd. (ISMDL) from Horizon Ventures 2 and Horizon Realty Fund for ₹ 680 Mn, raising its stake to 68.05%. Earlier during FY2012, PML entered into an agreement to acquire 19% stake in Classic Mall Development Company Pvt. Ltd. (CMDL) and 16% in Classic Housing Projects Pvt. Ltd (CHL) from Kshitij Venture Capital Fund for a total consideration of ₹ 619 Mn. The transaction was consummated in June 2013 post which, PML's stake increased to 50.01% in CMDL and 50.00% in CHL, making the former its subsidiary. Further, the Board has approved the purchase of 24%

stake in Vamona Developers Pvt. Ltd. from IL&FS for ₹ 716 Mn and a portfolio of stakes in PML's projects held by the Edelweiss Property Fund for ₹ 690 Mn. Both deals are at advanced stages of closure and when combined with earlier stake purchases, PML's majority ownership and control shall make them its subsidiaries. Pertinently, the consideration for stake purchases has been scheduled to be paid in instalments over a period of time to avoid an impact on existing cash flows.

BRAND PHOENIX ACROSS MULTIPLE ASSET CLASSES

Brand 'Phoenix' has truly come a long way to establish itself across multiple geographies and product classes. Being known by its flagship retail asset, 'High Street Phoenix' in Mumbai, today it is synonymous with grand Marketcity malls as well as upscale residential and commercial assets beyond Mumbai. The Phase I of 'One Bangalore West' which was PML's first residential project in Bangalore, was majority sold out on the first day of its launch despite presence of well-entrenched competition in the vicinity. In Chennai, where we have revolutionised retailing through our large format mall, the response to 'The Crest' has been overwhelming. Despite a sluggish market for commercial office space, 'The Centrium' at Kurla and 'East Court' at Pune have been nearly sold out within a short span of time and at above average market prices. The pre-sales of the under-construction 'Orion Park' and 'Phoenix Bazaar' at Kurla have been equally encouraging whereas the launch of residential towers at Pune is eagerly awaited with several enquiries being received on a daily basis. These responses are testimony to the strong acceptance of Brand Phoenix and its mixed-use asset development model. We shall endeavour to capitalise on this brand acceptance and leverage it across segments to benefit our shareholders.

GENERAL OUTLOOK

We live in a highly connected and integrated world economic order. As any other leading economy, we are inextricably linked to the dynamics abroad. In India, while the growth rates may have tapered off from its near-highs, we continue to be optimistic about a steady revival in the economy. Most importantly, with the underlying commodity inflation on its backfoot, a softer interest rate regime could act as a boost for the retail consumption story as well as provide a release for the pent up demand for commercial and residential spaces. One continues to believe strongly in India's growing purchasing power, favourable demographics, key policy and structural changes in the retail sector and the potential of its rapidly expanding affluent middle class which would positively impact the organised retail industry in India.

As we usher in FY2014, I would like to highlight that at the core of PML's success are its people. It is our people who have moulded PML into what it is today by having the courage to push the boundaries of traditional real estate practices. On behalf of the management and the Board of Directors, we wish to thank our staff, shareholders, business partners and associates for their continued commitment and support to the The Phoenix Mills Group.

Atul Ruia
Joint Managing Director

BUILDING VALUE THROUGH MULTIPLE ASSET CLASSES

Shishir Shrivastava, Group CEO & Jt. Managing Director

WE SHALL RETAIN OUR UNWAVERING FOCUS ON THE **OPERATIONAL OPTIMISATION** OF OUR EXISTING RETAIL ASSETS. THIS WILL ENTAIL CARRYING OUT CONTINUOUS ARCHITECTURAL UPGRADES TO ADD FRESHNESS AND OVERALL BEAUTY TO OUR MALLS.

#1 ATTAINING LEADERSHIP POSITION

Dear Shareholders,

FY2013 ended on a high note for Phoenix Mills Limited (PML) as we successfully delivered our far-reaching strategy of replicating the High Street Phoenix (HSP) magic across the country by opening all our retail projects under the aegis of the "Phoenix Marketcity" brand. Team Phoenix has worked cohesively and diligently in a rigorous pursuit for excellence and simultaneous execution of such grand projects.

YEAR PASSED BY

Despite a challenging year in which the economy exhibited sluggishness and consumers became increasingly selective with what they buy and where they buy it from, I am pleased to say that the trading density at our malls has not been affected adversely. In fact, our malls witnessed a steady increase both in footfalls and the 'average spend' per sq. ft. during the year, implying that we are swiftly expanding our market share in the cities that we entered in over the past two years. The simple reason for this is that our malls stand out above the rest in terms of location, size, brand mix, F&B choices and entertainment.

Besides, factors such as uncertainty in the macro environment, difficulty in accessing capital, prohibitive land costs and high commodity inflation have led to near cancellations or deferment of the retail plans of competition. This gives us a headstart to build a healthy market-share.

FY2013 witnessed the arrival of three of our big-ticket projects with the opening of Phoenix Marketcity Chennai, Shangri-La Hotel in Mumbai and the launch of our premium luxury residential project in Bangalore – 'One Bangalore West'.

With the delivery of these three high-end projects, each from a different asset class, we have successfully culminated the delivery of the annuity assets within our mixed-use development model. This has also helped us take a quantum leap in terms of owning and managing premium retail space across geographies. From owning and managing HSP & Palladium with 0.9 Mn sq. ft. of leasable area a couple of years ago, PML today has 11 premium and 'difficult to replicate' retail assets, with nearly 7.0 Mn sq. ft. of leasable area under its management, both directly and through strategic investments. This is, without doubt, an unprecedented achievement in the annals of the real estate history of India. We have clearly been pioneers when it comes to the sheer scale, quality and speed with which we have established this massive retail-led realty platform.

WHAT's NEXT?

With Phase I completed, we are squarely focused on delivering the projects under Phase II, which have already gotten off to a great start. The second phase, which forms part of the ecosystem of our Phoenix Marketcity development, primarily comprises our high-end residential projects at Bengaluru, Pune and Chennai and commercial properties – in Pune and Kurla (Mumbai). This stage is primarily based on the 'build and sell' business model and is expected to be completed over next five years. The early successes of our commercial projects in Pune and Kurla have given further validity to our mixed use model. With much confidence, we are going full steam ahead in completing the remaining commercial projects in our pipeline. 'Orion Park' and 'Phoenix Bazaar', our 1.2 Mn sq. ft. commercial properties at

Phoenix Marketcity Kurla, are under construction and are expected to contribute strongly to the profitability of the Company.

Spread across three geographies, we currently have approximately 5.5 Mn sq. ft. of residential and 1.5 Mn sq. ft. of commercial projects in pipeline for sale over the next 4-5 years. Within this period, we expect periodic surges in earnings from Phase II related transactions, allowing us greater freedom to pare down our debts at the SPV levels and to create substantially large cash-flow generating assets in our Group. With our interest obligations depleting gradually, our reserves should swell further in time, fortifying us to increase our stakes in existing SPVs or undertake new strategic ventures for future growth.

While making ongoing investments in Phase II assets, we shall also retain our focus on operational optimisation of the existing retail assets. This will entail carrying out continuous architectural upgrades to add freshness and overall beauty to our malls. We are continually raising the bar by pushing boundaries of retail design, planning the brand mix of our malls, organising events with fresh concepts and doing everything necessary to make our malls the 'most preferred retail destination' and forge a loyal relationship with consumers.

CHURNING OF BRANDS

At any given point in time, we strive hard to reflect the current and emerging consumption trends through the right blend of brands, their placement within the malls and portraying the same through contemporary store and mall designs. Consequently, as a part of our routine activity of managing the malls at a micro level, a continuous brand churn takes place at each of our malls. Through this exercise, we aim to introduce fresh and appealing brands, improve circulation, enhance customer experience and increase consumer footfalls and spending. By FY2013, more than 1,500 stores were operational at different malls under Phoenix's management with several brands being present at more than one location. For many of these brands, our malls have served as an indispensable platform for expanding their businesses in both Tier I and emerging cities. We strive to maintain a strategic relationship with each of our retailers, ensuring that they regard our malls as the 'preferred choice' to do business in.

THE UNPARALLELED SHANGRI-LA, MUMBAI

After nearly four years of challenges and hard work, we launched our first hospitality asset, Shangri-La Hotel, in December 2012. The end-result is extremely gratifying with exquisitely designed lobbies, total inventory of spacious 390 rooms, 19 king-sized serviced apartments, 11 F&B concepts unlike in any other five–star hotel and huge banqueting space for business and social get-togethers. Strategically located in the upscale central district of Mumbai, the gradual migration of businesses from South Mumbai and into micro-markets such as Lower Parel is giving this property much greater visibility. During the three months of its operations in FY2013, the hotel achieved a healthy occupancy rate of 54%. Going by industry trends, once the complete rooms inventory along with all the F&B options go live, the hotel is expected to witness consistently higher occupancies from larger corporate and leisure group bookings. The unique proposition of a high number of F&B outlets and large banqueting facilities are expected to contribute handsomely to the Hotel's top-line and supplement the room revenues which tend to be seasonal. The Hotel is indeed another jewel in the crown of Mumbai and stands to become a highly sought after address by visitors for years to come.

GOING FORWARD

At the end of FY2013, we had all four Phoenix Marketcities operational, besides the HSP and Palladium Mall. Thus, we continue to have a stable portfolio of retail-led annuity assets which are expected to provide us with stable and predictable income streams and growth. Additionally, sales from our residential and commercial properties will generate sizeable free cash flows over the next 2 years.

The full impact of the addition of our fourth Phoenix Marketcity and Shangri-La Hotel to our operating numbers will be felt during FY2014 and the ensuing years. We expect all our Marketcity projects to achieve their optimum occupancies during FY2014 since most of the brands from the final leg of leasing are under active fit-outs. With the delivery of premium projects during the year which brings Phase I to completion, our main focus shall shift to improve efficiencies in our operational properties. In Phase II, we shall employ our bandwith in construction and delivery of residential projects in Bangalore, Chennai and Pune and commercial projects at Mumbai and Pune, which are all under advanced stages of construction.

With landmark decision of the Government opening up the retail sector and allowing 100% FDI in single brand retail and 50% FDI in multi-brand retail, we expect incremental demand emanating for quality retail space in years to come. We shall endeavour to capitalise on this emerging trend through inclusion of better brands in the malls and optimising the rentals.

Finally, I would like to emphasise that today, PML has a proven business model, dedicated staff, continuing strong underlying growth and significant potential. We have created a brand that is trusted by our customers across multiple asset classes through our focus on design, quality and customer service. These are exciting times for PML, which is at the forefront of enabling new lifestyles in multiple urban centres across India. Thank you for being a part of our on-going success story.

Shishir Shrivastava
Group CEO & Jt. Managing Director

PALLADIUM

HIGH STREET PHOENIX

EVOLUTION OF HSP

WITH A FANTASTIC ARRAY OF GLOBAL BRANDS, FINE DINING AND ENTERTAINMENT OPTIONS, THE FOOTFALLS AND CONSUMPTION NUMBERS AT THE **HIGH STREET PHOENIX COMPLEX** ARE STEADILY GROWING.

1900s

Phoenix Mills was started by the Ruia family to manufacture cotton textiles in Mumbai.

1950s

Phoenix Mills Limited (PML) got listed on the Bombay Stock Exchange.

1980s

Mumbai mills underwent a turbulent phase owing to labour unrest and high operating costs of textile mills.

1990s

The management of Phoenix Mills conceives the idea of an entertainment and lifestyle zone on the lines of high-street shopping centers abroad. It transforms the erstwhile mill district into a retail and commercial hub by building High Street Phoenix (HSP) on the remnants of the old mill. India's first bowling arena and premier leisure centre 'The Bowling Co' opens shop, along with 'Fire and Ice', a popular night club.

2001

'Big Bazaar', the largest hyper market chain in India, opens within the HSP compound.

2007

HSP joins hands with Hong Kong-based, Shangri-La Hotels and Resorts to build a 5-star luxury hotel atop the destination mall, going with PML's strategy to develop retail-led mixed-use assets.

2008

Skyzone launched within the HSP complex with premium national and international brands. Courtyard, an eclectic food court, was launched with various eating joints. The remaining part of the mall was christened Main Street Boulevard, housing formal and casual clothes, premium accessories and jewellery brands.

2009

Palladium, a premium 0.3 Mn sq. ft. mall was launched within the HSP complex, with a host of international labels such as Zara, Burberry, Diesel, Canali, among others, and high-quality gourmet and entertainment options.

2010

Grand Galleria was added to the complex, spread over two floors, hosting brands at the higher end and also added a 7-screen multiplex. Occupancy levels at the Palladium Mall and the rest of HSP complex rise to over 90%.

2011

Grand Galleria Connect is created by carving out a small portion of area from Big Bazaar, enhancing the brand-mix, connectivity and license fees at the centre. Big Bazaar, in turn brings a gourmet store - 'Food Hall @ Palladium' for the first time in India.

2012

Five-star business and leisure hotel, Shangri-La commences operations atop the Palladium Mall transforming the HSP complex into an iconic retail-led mixed use destination with both assets providing its clintele a wholesome experience of leisure, entertainment and shopping.

ASSET SUMMARY

PROJECTS DELIVERED SO FAR

MUMBAI

PUNE

BENGALURU

CHENNAI

Phoenix Mills Limited (PML) consolidated its market leadership as the owner, developer and manager of iconic, large-format, prime, retail-led mixed use assets in the city-centres of India, providing options for shopping, entertainment and fine dining, complemented by large commercial or residential assets within the contiguous land parcels.

PROJECTS UNDER CONSTRUCTION

MUMBAI

PUNE

BENGALURU

CHENNAI

AGRA

PML continues with the design, planning and construction activities of its other projects – residential and commercial properties – which form a part of the mixed-use asset development on the same land parcels where Phoenix Marketcity malls have been built across four cities – Mumbai, Bengaluru, Chennai and Pune.

MALLS

HSP & PALLADIUM MALL
Leasable Area: 0.9 Mn sq. ft.
Consumption: ₹ 11,703 Mn
Avg. License Fees: ₹ 202 psf pm

PHOENIX MARKETCITY, KURLA
Leasable Area: 1.14 Mn sq. ft.
Consumption: ₹ 2,832 Mn
Avg. License Fees: ₹ 80 psf pm

PHOENIX MARKETCITY
Leasable Area: 1.13 Mn sq. ft.
Consumption: ₹ 4,599 Mn
Avg. License Fees: ₹ 62 psf pm

PHOENIX MARKETCITY
Leasable Area: 0.98 Mn sq. ft.
Consumption: ₹ 4,219 Mn
Avg. License Fees: ₹ 64 psf pm

PHOENIX MARKETCITY
Leasable Area: 0.98 Mn sq. ft.
Consumption: ₹ 544 Mn*
Avg. License Fees: ₹ 93 psf pm

COMMERCIAL ASSETS

CENTRIUM (15 LBS)
Saleable Area: 0.28 Mn sq. ft.
Area Sold: 0.26 Mn sq. ft.
Sale Value: ₹ 2,250 Mn
Collection: ₹ 2,010 Mn

EAST COURT
Saleable Area: 0.25 Mn sq. ft.
Area Sold: 0.24 Mn sq. ft.
Sale Value: ₹ 1,495 Mn
Collection: ₹ 1,465 Mn

HOSPITALITY ASSETS

SHANGRI-LA
Keys: 390 and 19 serviced apts.
Avg. Occupancy: 54%

COMMERCIAL ASSETS

ORION PARK
Saleable Area: 0.80 Mn sq. ft.
Launched in: Q1FY2013

PHASE II
Saleable Area: 0.28 Mn sq. ft.
Launch in : FY2015

RETAIL CUM COMMERCIAL ASSETS

PHOENIX BAZAAR
Saleable Area: 0.42 Mn sq. ft.
Launched in: Q1FY2013

RESIDENTIAL ASSETS

PHASE II
Saleable Area: 0.35 Mn sq. ft.
Launch in : FY2014

ONE BANGALORE WEST
Saleable Area: 2.95 Mn sq. ft.
Launched in: Q2FY2013

WHITEFIELD
Saleable Area: 1.0 Mn sq. ft.
Launch in : FY2014

THE CREST
Saleable Area: 0.46 Mn sq. ft.
Launched in: Q1FY2012

PHASE II
Saleable Area: 0.41 Mn sq. ft.
Launch in : FY2015

MALLS

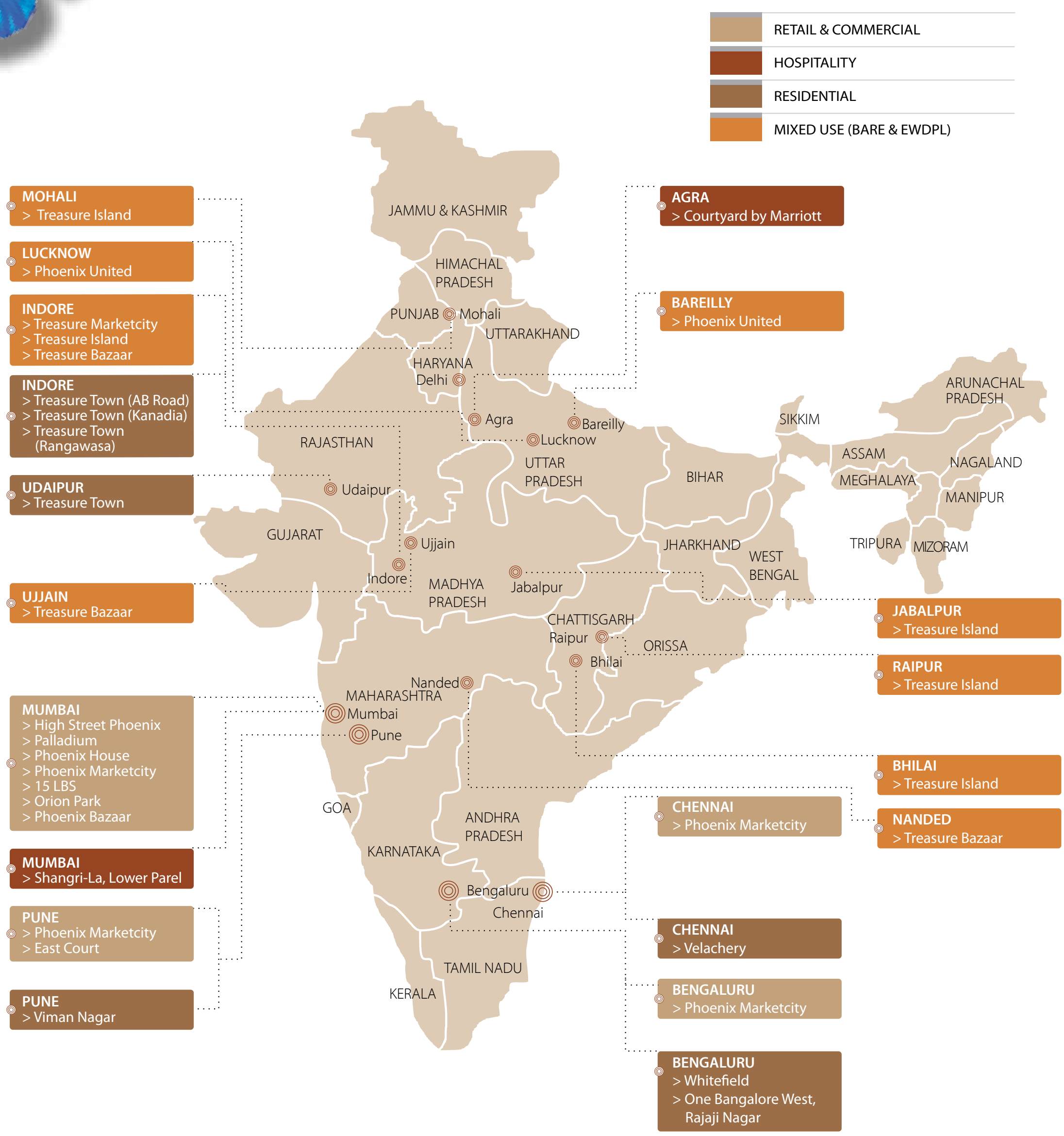
PHASE II
Leasable Area: 0.21 Mn sq. ft.

HOSPITALITY ASSETS

COURTYARD BY MARRIOTT
Keys: 194
Expected Delivery: Q3FY2014

Note: Data for Centrium and East Court is as on date.
* Phoenix Marketcity Chennai opended on January 23, 2013.

PAN INDIA PRESENCE



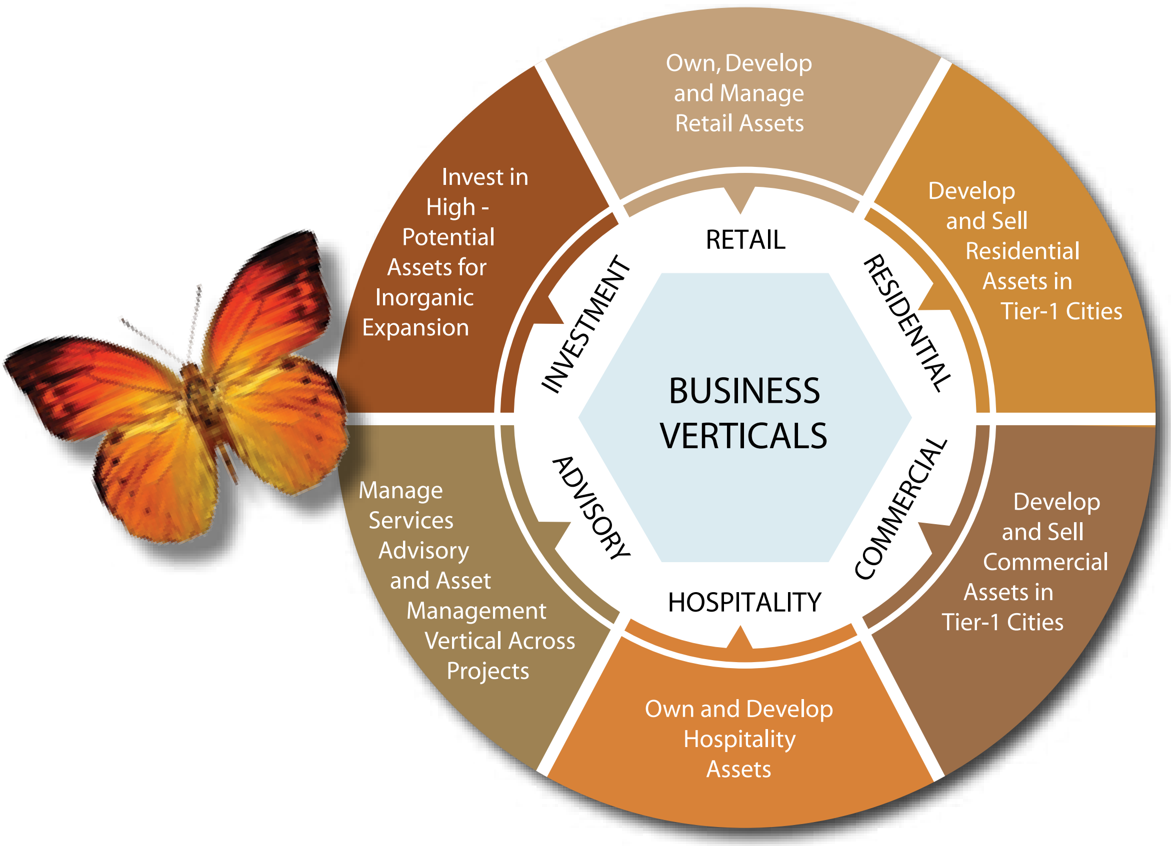
OUR BUSINESS MODEL

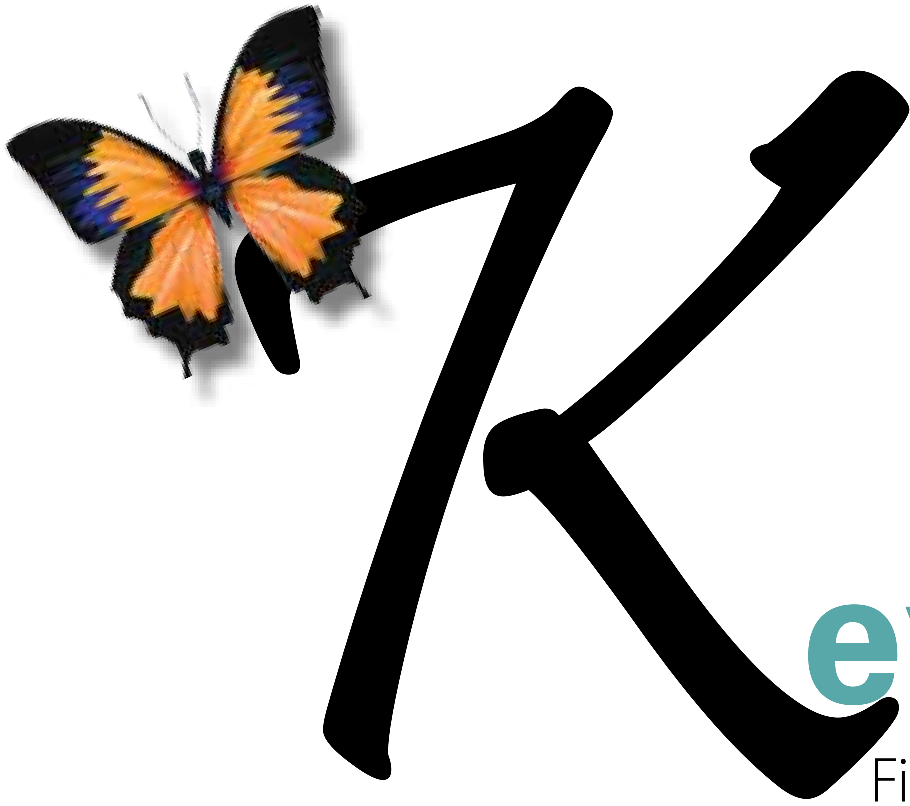
OUR STRATEGY

As part of our strategy, we seek to produce outstanding long-term returns for our shareholders through capital appreciation and income growth by developing and managing retail assets, acquisitions and disposals and partnering with marquee investors.

BUSINESS MODEL FEATURES:

- Developing new properties for long-term investment;
- Maximising risk-adjusted returns through optimal financing and partnership with others;
- Superior creativity in the designs of our assets;
- Sound execution of projects;
- Producing the highest standards of quality;
- Enhancing property returns through active asset management;
- Creating and acquiring exceptional assets with strong cash flows from suitable tenure profiles and good growth potential;
- Profound understanding of India's urban markets and its consumers;
- Capitalising on existing client relationships;
- Taking on challenges arising in the property market and seizing value opportunities; and
- Excellence in work ethics and corporate governance.

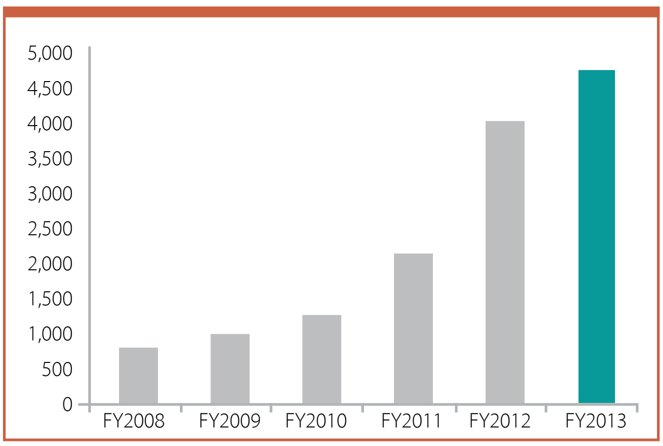




Key Financial Indicators

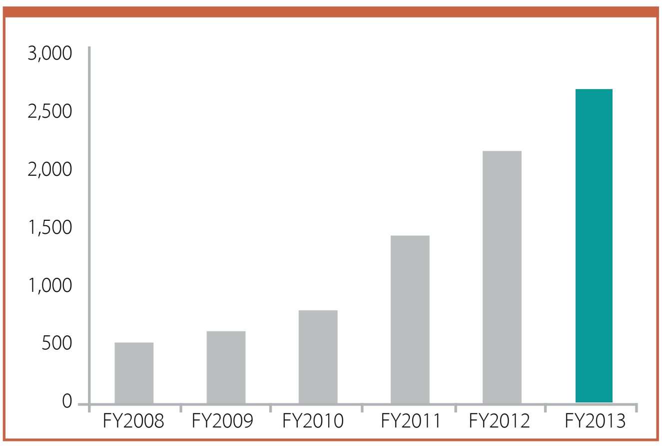
INCOME FROM OPERATIONS
(₹ Mn) Consolidated

42% CAGR (6 years)



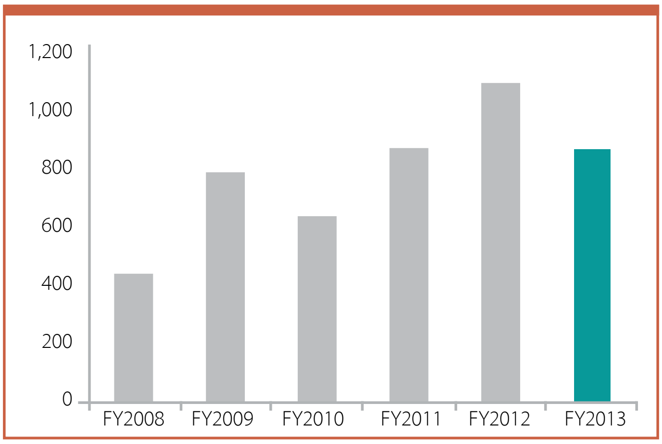
EBITDA
(₹ Mn) Consolidated

39% CAGR (6 years)

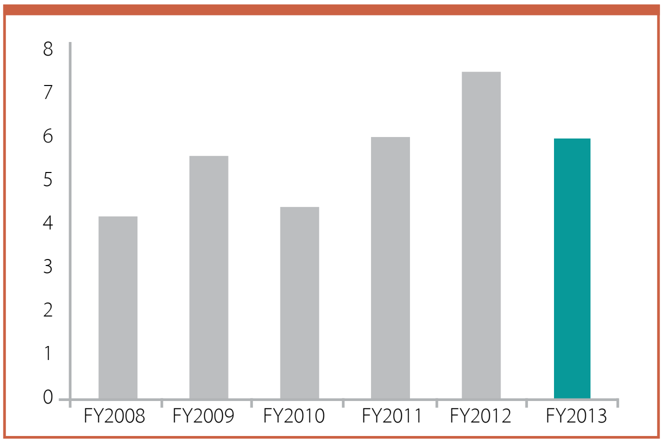


PAT AFTER MINORITY INTEREST
(₹ Mn) Consolidated

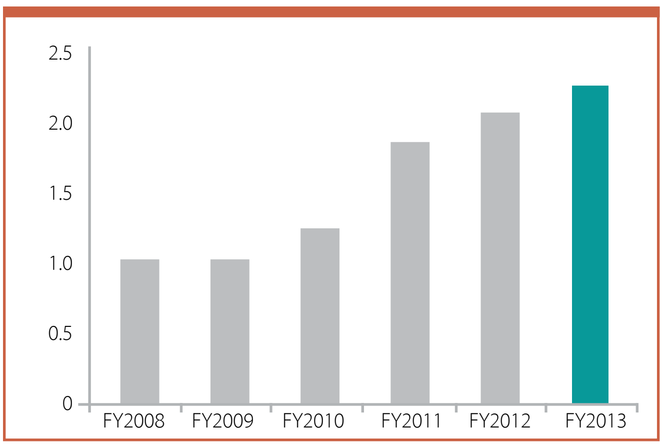
15% CAGR (6 years)



EPS
(₹ Per share) Consolidated



DIVIDEND
(₹ per share)



PHOENIX MILLS HAS DISPLAYED A STRONG AND CONSISTENT PERFORMANCE OVER LAST SIX YEARS, WITH ITS INCOME FROM OPERATIONS, EBITDA AND PAT HAVING GROWN AT CAGR OF 42%, 39% AND 15%, RESPECTIVELY.

OUR OPERATIONAL PERFORMANCE SHOWED RESILIENCE AMIDST THE DIFFICULT MACRO-ECONOMIC CONDITIONS DURING FY2013 DRIVEN BY STRONG CONSUMPTION GROWTH, HIGHER TRADING DENSITIES AND HIGHER RENTALS AT ALL THE MALLS.

THIS RESULTED IN A YOY GROWTH OF 19% IN INCOME FROM OPERATIONS AND YOY GROWTH OF 24% IN EBITDA, ALONG WITH STEADY IMPROVEMENT IN EBITDA MARGINS FROM 53.6% IN FY2012 TO 56.0% IN FY2013.

PHOENIX MARKETCITY, CHENNAI

Wowing the Consumer

THE MALL OFFERS A WELL-BALANCED, INCREDIBLE AND COMPREHENSIVE SHOPPING AND LEISURE EXPERIENCE, PRESENTING AN ENCHANTING DESTINATION TO THE CITY.

Besides a superb aggregation of international retailers and local brands at a city-centric location, Chennaites are enjoying the vibrancy of fresh and modern design, premium finishes and exciting entertainment at Phoenix Marketcity, Chennai.

Chennai was no stranger to shopping centres, but what it missed all along was a luxurious mall experience. With the Phoenix Marketcity rising in Chennai, luxury shopping gets a new address. The destination mall has thrown open an unparalleled shopping experience in a modern and highly-pleasing environment. The impact Phoenix Marketcity has had on the city is truly momentous. The mall offers a well-balanced, incredible and comprehensive shopping and leisure experience, presenting an enchanting destination to the city.

PHOENIX MARKETCITY

PHOENIX MARKETCITY CHENNAI HAS THROWN OPEN **AN UNPARALLELED SHOPPING EXPERIENCE** TO THE LOCALS OF CHENNAI. IT IS A DESTINATION WHERE PEOPLE CONGREGATE NOT ONLY TO SHOP FOR DESIGNER CLOTHES BUT ALSO TO ENTERTAIN THEMSELVES, PICK GROCERIES, PAY UTILITY BILLS, WATCH A MOVIE, HAVE A BITE – ALL UNDER THE SAME ROOF.

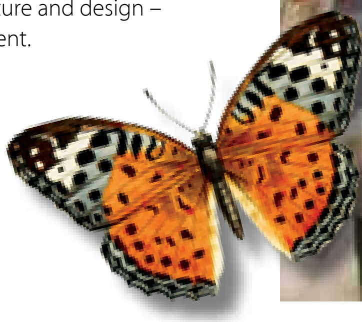
WITHIN SIX MONTHS OF ITS LAUNCH, THE MALL HAS ALREADY BECOME THE '**TOAST OF THE TOWN**' WITH A SPLENDID MIX OF LOCAL AND INTERNATIONAL RETAILERS.

TRULY WORLD CLASS

The sprawling mixed-use development asset, designed by Hong Kong-based architectural firm Benoy, includes a spacious food court, a multi-level car park, a residential complex above the Mall structure, an amphitheatre and a club. Developed under the SPV, Classic Mall Development Company Pvt. Ltd, the mall offers leasable area of around 0.98 Mn sq. ft., of which more than 92% has been leased out and over 61% is occupied and trading as on March 31, 2013.

So much so, Chennai now relates shopping with a large-scale consumption centre offering exceptional shopping variety. A destination where people congregate not only to shop for designer clothes, but also to entertain themselves, pick groceries, pay utility bills, watch a movie, have a bite – all under the same roof. Termed as one of the biggest malls in South India, Phoenix Marketcity offers a fresh and exciting experience with immense visual appeal created by bright, high-ceilinged, modern and well-designed shopfronts.

Launched in January 2013, this fourth in the series of Phoenix Marketcity malls (after Pune, Bengaluru and Mumbai) is an upmarket shopping destination housing 300-plus stores over four storeys, marking the convergence of shopping, dining, entertainment, art, architecture and design – where a day can be well spent.



OUTDOOR LOVERS ABSOLUTELY ADORE **THE WALK AREA @ MARKETCITY**, A LANDMARK SECTION WITH ITS GREAT MIX OF ACTION OUTSIDE THE MALL.

THUMBS-UP FROM RETAILERS

Marketcity brings to Chennai some of the biggest brands from across the country and the globe. Response has been truly overwhelming from customers and retailers alike, giving a resounding vote of confidence to the mall. Within six months of its launch, the mall has already become the 'toast of the town' with a splendid mix of local and international retailers.

Adding a special flair to the mall are luxury brands Tag Heuer, Longines, Mango, Clarins, Kenneth Cole, Parcos, Steve Madden, Promod, Brooks Brothers and Esbeda, among others. Some 'Chennai firsts' to Marketcity's credit are international retailers such as Zara, Chanel, Mango and L'Occitane.

There is a powerful line-up of anchor retailers such as Big Bazaar, Lifestyle and Pantaloons. These are complemented by a full range of fashion, clothing, footwear, sportswear and furnishings from national and international brands. Global Desi, Charles & Keith, Aldo, MAC, Globus and Indian apparel brand outlet Begum's provide a wide-ranging shopping experience.

The array of international retailers is supported by an impressive local retailer mix. Chennai's local jewellery store GRT has set up a shop in a mall for the first time ever. Other high-street retailers such as Naidu's, jewellery and saree outlet RMKV, Nathella, diamond retailer Malabar Gold and Diamonds, Poppat Jamal & Sons, Viveks and Next are cheek-by-jowl with high-end exclusive international brands.

FULL-SPECTRUM ENTERTAINMENT

Sathyam Cinemas, a hit in South India, is also launching its 11-screen multiplex - Chennai's first IMAX dome theatre 'LUXE' with 2,500 seats. The theatre spells opulence with the lobby designed like a glitzy night club in Paris. Inside the mall, children can keep themselves amused at Fun City or the Scary House.

So what's the key differentiator for this iconic destination? Outdoor lovers absolutely adore The Walk Area @ Marketcity, a landmark section with its great mix of action outside the mall. The Walk Area airs cricket matches on large screens, music festivals, video art and state-of-the-art special effects offering a unique platform to leading cultural artists. Sculptures by artists from all over India are installed on the walls. For example, the installation 'Apocalyptron' made of plastic cans by Thukral and Tagra, resembling a Transformer, has been a great centre of attention. A large sculpture of a woman's face made by Ravindra Reddy and Chitti the Robot are some more examples of artworks which received a large amount of attention. Such elements ensure enough action to keep a customer entertained even late in the night after the shops are shut.

BON APPETIT

In addition to an array of shops, the well-spread potpourri at the mall includes an outer deck of fine-dining restaurants. In short, it makes sure to satiate Chennai's appetite for fabulous food in a vibrant social setting. With Phoenix Marketcity, the city's wait for its own Hard Rock Café has also ended. A host of other fine-dining options are Spaghetti Kitchen, Nandoo's and California Pizza Kitchen. The food court also has counters set up by KFC, Domino's, Wow Momos and China Wall, besides national and local F&B joints such as Moti Mahal Express, Nala's Appa Kadai, Arabian Hut, Kailash Parbat, Fruit Punch, Kwality Walls, The Coffee Bean and Tea Leaf, and many more.

AT THE INTERSECTION

Phoenix Marketcity is conveniently located in the heart of the city at Velachery, the extension of new Mount Road, providing an excellent access for shoppers. The exciting retail variety is set to attract shoppers from Velachery Bypass Road and the fast-growing suburbs of south Chennai and Mount Road. Velachery acts as an important hub connecting the rapidly growing business class IT corridor OMR, the well-connected GST Road and central business districts of the city. It has emerged as a prominent area close to the airport, the Idal IT Park and Elnet Software Park. Being bereft of a truly luxurious mall so far, Chennai presents an excellent market to be in. The city is traditional and conservative, yet modern – a true representation of contemporary India.

WHAT's NEXT?

Phoenix Mills Limited (PML) has already reposed its faith in Chennai Marketcity by increasing the stakes in two SPVs viz. Classic Mall Development Co. Pvt. Ltd. and Classic Housing Projects Pvt. Ltd. to 50.01% and 50.00%, respectively. With the mall already operational, going forward, the focus shall shift to delivering the under-construction residential project 'The Crest' above the mall with a saleable area of nearly 0.47 Mn sq. ft. The project comprises Tower A, B and C spread over 5 acres at the podium level with 147 luxury residences varying from 2,300 sq. ft. to 4,800 sq. ft. in size, aiming to attract high-end customers. The Company is also constructing a mall with 0.21 Mn sq. ft. of leasable area to house ultra-luxury brands and a premium residential project of 0.41 Mn sq. ft., next to the existing Marketcity structure. The project is being developed under the SPV, Starboard Hotels Pvt. Ltd.

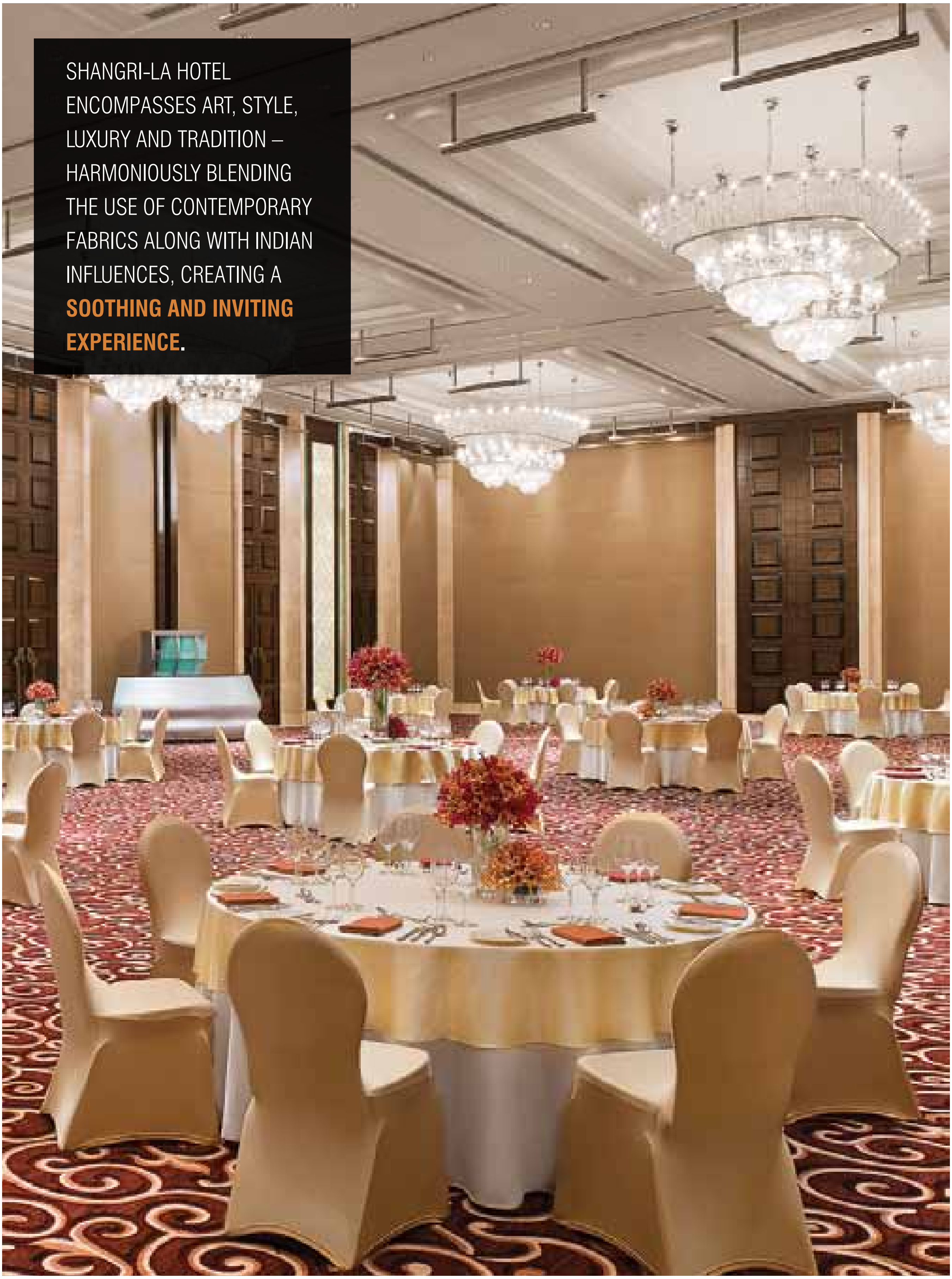
SHANGRI-LA HOTEL, MUMBAI

Oriental Rendezvous

SHANGRI-LA HOTEL ENCOMPASSES ART, STYLE, LUXURY AND TRADITION – HARMONIOUSLY BLENDING THE USE OF CONTEMPORARY FABRICS ALONG WITH INDIAN INFLUENCES, CREATING A SOOTHING AND INVITING AMBIENCE.

Shangri-La is PML's premium hospitality asset offering an inviting ambience, world-class service, unmatched fine-dining options to choose from global cuisines, sprawling banqueting facilities and a brand experience that has a loyal global base. It mixes business with pleasure being nestled within the ecosystem of a mall with vast shopping and entertainment options, making indulgence accessible.

For today's well-heeled and brand savvy guests, who are well-informed and spoilt for choices, there is a constant desire to experience the "new extraordinary". They expect a consistently high standard of service, fluid and customer-centric approach and a memorable experience from star hotels. Shangri-La Hotel at Mumbai is designed to take this experience at a higher plane with exemplary art-décor, lavish lobby, multiple dining options to choose from global cuisines, spacious rooms and an extremely hospitable staff. The tall glass structure which adorns the hotel is built above one of Mumbai's most luxurious malls, 'Palladium', elevating the grandeur of Mumbai's skyline.



SHANGRI-LA HOTEL ENCOMPASSES ART, STYLE, LUXURY AND TRADITION – HARMONIOUSLY BLENDING THE USE OF CONTEMPORARY FABRICS ALONG WITH INDIAN INFLUENCES, CREATING A **SOOTHING AND INVITING EXPERIENCE.**

Shangri-La boasts of spacious 390 rooms with the smallest room starting at 45 sq. mtrs. and 19 well-furnished serviced apartments. The Hotel has a large spread of F&B options to choose from, starting with an All Day Diner – "Seven" inspired by the seven islands that collectively make Mumbai, serving sumptuous buffets and an equally impressive a-la-carte. One can also choose European cuisines at 'Exo', Asian delicacies ranging from Chinese, Thai, Cambodian or Vietnamese at "Mekong" or conduct business over Indian and Lebanese meals with cocktails and wines at "Ekayana". Shangri-La also offers one of the most diverse and tasteful collections of wines and spirits to choose from. 'Li-Bai' bar has a multi-level cellar and a cigar nook, whereas 'Lobby Lounge' offers a wide selection of signature cocktails, premium liquors, wines and specialty teas.

Guests can also access the outdoor swimming pool decked with artistic lamps inspired by the lattice work unique to Rajasthan and a health club with the latest fitness equipments. 'CHI, The Spa' is Shangri-La's signature spa brand offering Chinese and Asian healing therapies for the perfect rejuvenating experience. The property is uniquely positioned with its offering of Shangri-La Ball Room with a capacity to host a wedding reception of 1,000 guests, with options of multiple configurations for smaller functions, sound proof dividers, state-of-the-art technology for meetings and an ornamental terrace garden.

HOSPITALITY FROM THE HEART

The luxury hotel has been established in tie-up with Hong Kong-based Shangri-La Hotels and Resorts, an international hotel chain and Asia Pacific's luxury hotel group with 78 hotels across the world with a 24,000-room inventory. With Shangri-La, Phoneix Mills Limited (PML) marks its foray into the hospitality sector being developed through its Special Purpose Vehicle, Pallazio Hotels and Leisure Ltd.

Shangri-La opened its doors to the world in December 2012 and received tremendous response from its overseas patrons visiting the country during the peak travel season as well as those from India who have enjoyed a stay at Shangri-La abroad and wanted to experience its Indian chapter. Within a short span of its opening, the hotel has hosted several corporate conferences, high profile events and weddings. As at the end of FY2013, nearly 50% of the inventory with 190 rooms, 3 F&B outlets including the all-day diner, SPA, Health club and the banqueting facilities have become operational. The room occupancy has been healthy with an Average Monthly Occupancy of 54%, achieved till March 2013 and Average Room Rates being close to ₹ 9,600 per room per night for the period. The management shall endeavour to bring complete room inventory online and make all the F&B venues operational during FY2014.

A SEAMLESS EXPERIENCE

Shangri-La derives its uniqueness by virtue of being built atop the posh Palladium Mall. The seamless access from Shangri-La facilitates easy movement for the guests between the hotel and Palladium Annexe, offering a sophisticated shopping experience with world-renowned brands under one roof. The two properties complement each other completely with the HSP ecosystem opening up a plethora of options for shopping, movies, lounges, entertainment & events, dining or just a plain

walk around one of the most buzzing venues of Mumbai. On the other hand, Shangri-La invites the patrons of HSP to dine, wine and relax, while relishing the breathtaking view of the city or the Arabian sea.

The location offers tremendous advantage of being situated in the center of the city and a vibrant business and residential district. It is ideally located between the two main business districts of Mumbai – Nariman Point in South Mumbai and Bandra-Kurla Complex in Central Mumbai. Being in close proximity to national and international airports and other commercial complexes, Shangri-La expected to be a preferred pit-stop for both business and leisure travellers.

A CUT ABOVE

Shangri-La Hotel encompasses art, style, luxury and tradition – harmoniously blending the use of contemporary fabrics along with Indian influences, creating a soothing and inviting ambience. Design features of the hotel include a lavish lobby adorned with intricately-designed Rajasthani tikri work and hand-picked furniture nestling in the hotel's curves, while the rooms channel a more contemporary style. The entire hotel is replete with artistic touches – be it the grand staircase, murals on the walls, lavish lobbies, the grand banquet halls, stylish elevators or the majestic rooms. Shangri-La is the 26th tallest building of Mumbai and boasts of the city's first sky lobby on the top floor. On the other hand, with ample parking space, nearly 3,000 cars can be accommodated for the mall and the hotel simultaneously.

The delicate personal touches make the 5-star establishment really special. The hotel leads the expectations of its guests, accommodating them with warm and friendly services. There are well-equipped rooms with contemporary and additional facilities such as a grand ballroom and business centers with conference and meeting room facilities.

ASIAN ROOTS, GLOBAL REACH

Shangri-La Hotels and Resorts is one of the largest and most renowned international hotel chains based out of Hong Kong, and also regarded as one of the world's finest hotel management companies. The Group has a sterling reputation for delivering a premier luxury hospitality experience and operating multiple world-class luxury properties.

The international hotel employs unmatched expertise and global standards to the Lower Parel property for key management aspects – management of the property, branding, technical assistance, reservations and sales & marketing. By virtue of a 20-year contract, PML and Shangri-La have partnered to set new benchmark standards in Mumbai's hospitality sector for competition to follow.

ONE BANGALORE WEST, BENGALURU

In a League of its Own

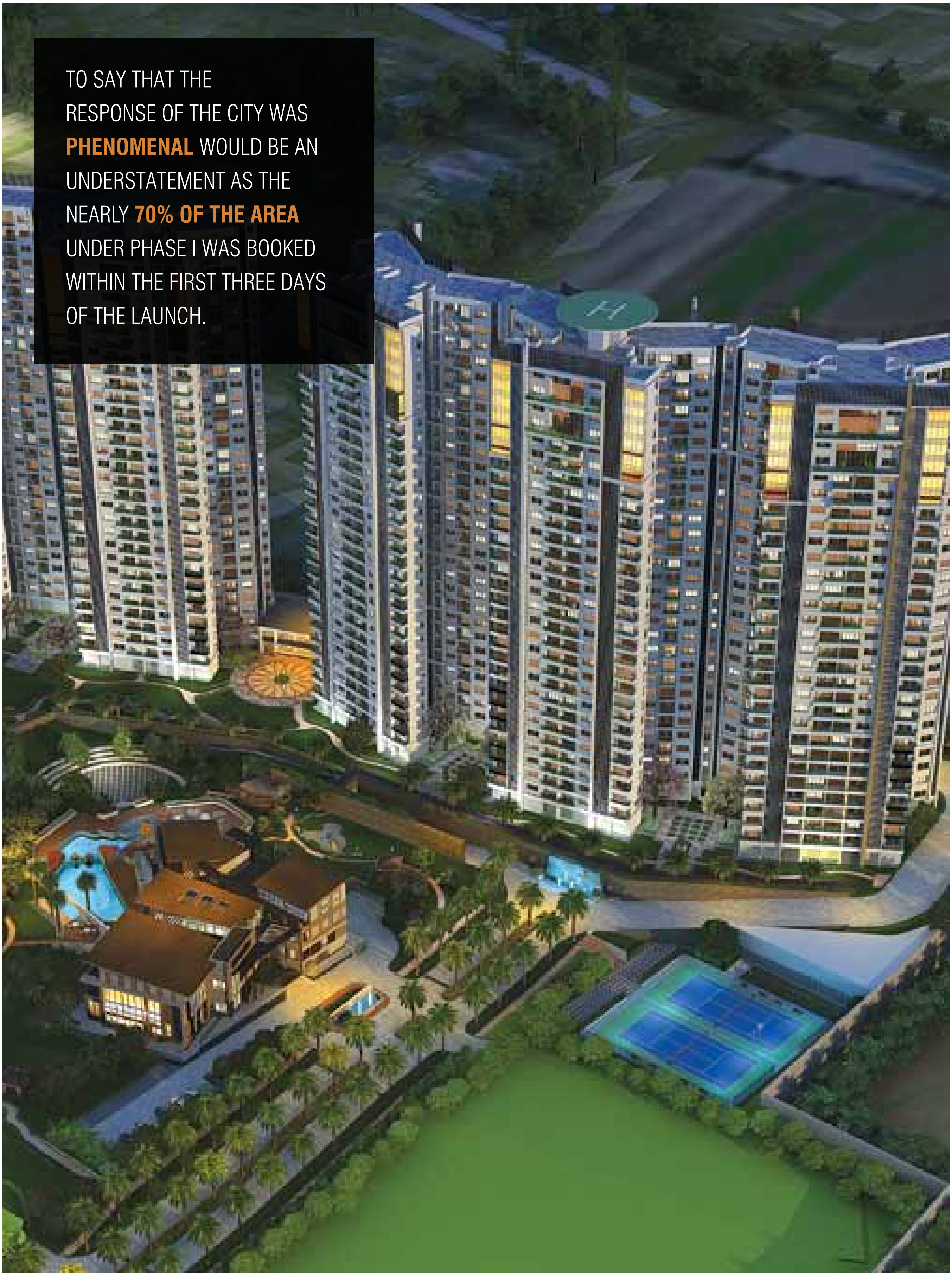
THE ONE BANGALORE WEST HAS ATTRACTED PREMIUM RATES DESPITE STIFF COMPETITION AND A PRICE SENSITIVE ATMOSPHERE. BY THE END OF FY2013, THE PROJECT ACHIEVED SALES OF NEARLY 0.78 MN SQ. FT. WORTH ₹ 6 BN.

One Bangalore West offers an unrivalled experience in luxury living, reserved for those believing in high-quality living and having a penchant for the finer things in life.

With Bengaluru becoming a hub for India's information technology sector, one of the top 10 preferred entrepreneurial locations across the world and a major economic and cultural hub, the well-heeled urban Bangalorean has truly evolved a taste for luxury.

In September 2012, Phoenix Mills Limited (PML) launched the first phase of its premium residential project "One Bangalore West" targeting the top echelons of the city. Located in the heart of the city at 1 Dr. Rajkumar Road, the metro station, a mall, restaurants, educational institutions and hospitals are practically

TO SAY THAT THE RESPONSE OF THE CITY WAS **PHENOMENAL** WOULD BE AN UNDERSTATEMENT AS THE NEARLY **70% OF THE AREA** UNDER PHASE I WAS BOOKED WITHIN THE FIRST THREE DAYS OF THE LAUNCH.



KEY ATTRACTIONS OF THE PLUSH RESIDENTIAL PROJECT ARE THE **DESIGN AESTHETICS** AND MODERN ARCHITECTURE OF THE HIGH-RISE TOWERS, CONCEPTUALISED BY INTERNATIONAL AND MARQUEE ARCHITECTS

just a minute's walk away. With total saleable area of approximately 3.0 Mn sq. ft. from nine premium and one Luxury Tower, the first phase was opened for sale with nearly 1.0 Mn sq. ft. spread across five premium towers.

To say that the response of the city was phenomenal would be an understatement as the nearly 70% of the area under Phase I was booked within the first three days of the launch. The project attracted premium rates despite stiff competition and a price sensitive atmosphere. By the end of FY2013, the project achieved sales of nearly 0.78 Mn sq. ft. worth ₹ 6 Bn. The unprecedented demand for the project drove the prices up within a short span, from ₹ 6,500 psf at the time of launch to ₹ 9,500 psf as on March 31, 2013. Construction of Phase I began during H2 FY2013 and the project is expected to be completely delivered by FY2017. PML owns

In a League of its own

70% stake in Palladium Constructions Pvt. Ltd. (Palladium), which owns the land jointly with Platinum Hospitality Services Pvt. Ltd. (Platinum). Platinum is 70% owned by Phoenix Hospitality Company Pvt. Ltd. (PHCPL), wherein PML owns a 56.9% stake.

LIVING THE GOOD LIFE

The new-age IT, ITES and process driven companies have emancipated the aspirations of young entrepreneurs and top-league executives which is reflected in their lifestyles. Quintessentially, this 'Urban Bangalorean' who is part of the Millionaire Club is well-travelled and status conscious. This set of new generation achievers celebrate their success by enjoying designer apparels, luxury automobiles and accessories. However, the ultimate statement of arrival in life is made by making the best addresses of the city, their homes. They demand a quality living experience with exquisite interiors, great ambience, open spaces, fantastic connectivity, mature social infrastructure and a good mix of cosmopolitan neighbourhood.

One Bangalore West offers all of these and more in terms of an unparalleled experience in luxury living. Some of the swanky facilities offered by this project include a state-of-the-art 50,000 sq. ft. clubhouse with temperature-controlled indoor pool, indoor and outdoor wi-fi connectivity and home automation systems. A slew of recreational facilities include multi-level outdoor pools with jacuzzis, an excellently designed and professionally-managed high-tech gymnasium, a bowling alley, designated outdoor and indoor banqueting facilities.

LUXURY GOES GREEN

Defying traditional concepts, One Bangalore West left ample open spaces for its residents to feel closer to the nature. A large central green zone, an internal palm-lined boulevard of 50,000 sq. ft., bonsai garden, botanical garden, open lawns, bamboo garden, zen garden and waterwall helps one de-stress after a long and hard day. Most importantly, lush playgrounds ensure childhoods are not lost in concrete jungles.

SUPREMELY LOCATED

One Bangalore West counts several prime landmarks of the city as its neighbours. While it is located in the heart of the city at Rajaji Nagar, the auspicious ISCKON temple overlooks the project. The main arterial route of M.G. Road is easily accessible currently, whereas the upcoming metro station at a distance of less than 200 meters will bring the city closer to its doors. Reputed educational institutions such as IISc and Brigade School, the World Trade Center, renowned Columbia Asia Hospital, premium shopping destinations such as Orion Mall, Metro Cash & Carry and a five-star Sheraton Hotel are within a radius of 50 Mtrs – 200 Mtrs.

CONTEMPORARY DESIGNS

Key attractions of the plush residential project are the design aesthetics and modern architecture of the high-rise towers, conceptualised by international and marquee architects – Benoy, Callison and RSP, jointly with PML's project teams. The landscaped green-zone designed by the renowned firm Site Concepts from Singapore qualifies for IGBC Green Homes Gold Certification. The Y-shaped design of each tower ensures a panoramic view of the open green area, ensuring privacy for each home, in addition to an expansive aerial view of the garden city. Energy efficient and innovative glass façade design shall maximise the impact of natural light and drive cross ventilation.

CASE STUDY: BLU-O

Bowled Over

From offering Karaoke, tattoo parlours, live music to X-box and Play station lounges, fashion bowling centre BluO, which offers entertainment and adventure in a fun-filled and sociable setting, has transformed the way Pune's youth spend their leisure time.

Get set, take your position, aim at the pins and roll up the ball for the perfect strike! That's how entertainment is redefined at BluO, a young, enthusiastic, fashionable & stylish entertainment destination which is India's popular bowling franchise, launched under the leisure banner of the cinema chain major PVR Ltd. Now also a part of Phoenix Marketcity Pune, this is the 3rd such venture PVR has set up across India.

BluO is a logical extension of the brand's core business of cinema. Having entertained audiences for decades through its cinema experience, the idea behind establishing a bowling centre such as BluO was to turn its focus towards non-cinema entertainment. These 'fashion bowling' centres have been launched as a part of PVR's initiative to take the fun quotient for cinema goers at a higher level. BluO has been launched as 51:49 joint venture between PVR and Major Cineplex, a Thailand-based entertainment giant, and aims to bring global entertainment concepts to India.

Through BluO, PVR aims to tap the thus far untapped opportunity of the changing psyche of Indian consumers looking for entertainment beyond just watching movies. BluO aims to provide a one-stop entertainment destination to consumers in a fashionable and sophisticated ambience. Through BluO, PVR endeavours to revive bowling as a fitness sport with a flavour of fashion and Bollywood, instead of projecting it as a pure gaming destination.

ENTERTAINMENT UNLIMITED

At BluO, bowling has been positioned as a lifestyle sport and a perfect hangout joint for youngsters. It is projected not as an

indoor activity, but a leisure and entertainment sport to be enjoyed with friends and family alike. BluO has opened a completely different avenue for Puneites exploring thrill, entertainment and sport. BluO is a one-of-its-kind entertainment and fashion bowling concept – a concoction of bowling, music, world cuisine and adventure in a fun-filled and sociable setting to enhance customer experience. The bowling alley at BluO has 17 lanes with separate lounges and Karaoke bars. It has added just another reason for customers to keep visiting the Marketcity.

FASHIONABLE AMBIENCE

Exceptional elements and aesthetic design features provide BluO the extra edge. State-of-the-art infrastructure with cosmic lighting, path-breaking rhythmic interior design with a sensual play of light and form, and the ceiling that originates as a ripple wave, create a different scene altogether. BluO attracts predominantly a young demography who strongly resonate with its energetic and stylish décor.

Setting the mood for a perfect entertainment experience within BluO are the excellent service standards and novel concepts such as X-Box 360 Lounge, Karaoke Lounge, exclusive private lounges, a pulsating music den with an in-house DJ, tattoo studio and multiple F&B options to choose from. India's first international standard bowling Pro Shop selling bowling-related merchandise adds to the concept's USP.

GLAMOUR QUOTIENT

The tinsel town's newcomer Nargis Fakhri is the brand ambassador of BluO. She is young, vivacious and hence personifies the BluO brand. She embodies the style quotient that BluO aims to project. Adding to the glamour quotient is the frequent celebrity visits aiming for the perfect strike.

BluO offers a wide range of delectable delights from across the world to relish with an extensive range of liquor. The DJ plays foot-tapping music to keep the mood alive for the audience. The chic and fitness-conscious youth of Pune are all set to explore the ultimate entertainment experience, with PVR promising to deliver the finest in the entertainment space.

PERFECT HANGOUT

BluO cuts across all age groups, from 8 year olds tapering off to 55-60 year olds. It attracts customers with its special F&B menus, corporate bowling tournaments, pageants, catwalks, music festivals, launch of music bands and more. In terms of customer loyalty enhancement, the bowling centre offers discounts and deals to niche corporate groups to attract corporate customers. Besides striking a strategic partnership with Pepsi, BluO has joined hands with Airtel for offering young consumers the option of getting themselves photographed when bowling. The Airtel Friend's zone houses pictures of the bowler in action which are taken with cameras attached on top of the lane.

EXCITEMENT BREWING

The response to the 'fashion bowling' centre has been overwhelming. BluO has carved a distinct identity for itself, which is evident from its increasing base of loyal customers. Aggressive expansion plans have been lined up for establishing BluO centres across cities such as Bengaluru, Mumbai, Chandigarh, Ludhiana and Noida over the next few years. PVR is also looking to enter newer geographies, particularly the mini metros and Tier II cities.

Helping the expansion is the sudden rise in mall culture in India which has reinvented the retail landscape, enabling international concepts such as these take off. PVR aims to refresh the concept constantly to increase consumer stickiness. With plans to soon add pool tables, dart stations and sport lounges, BluO has laid on the platter for Pune's discerning customers a fun destination where people can bowl, party, eat, drink and enjoy and have a great evening.

CASE STUDY: FREEZING RAINS@SNOW WORLD

Chills & Thrills

WITH TEMPERATURE BEING MAINTAINED AT A BONE-CHILLING MINUS 10 DEGREES, SNOW WORLD HAS BEEN A REAL TEMPTATION FOR FUN-LOVERS. THE SPINE-TINGLING ACTIVITIES INSIDE MAKE THE SNOW-BASED THEME PARK MORE AUTHENTIC AND CAPTIVATING.

In a span of one year, Freezing Rains @ Snow World has taken Mumbai's indoor entertainment by storm, raising the fun quotient to international standards. Unlike in any other entertainment concept, it cuts across the age barrier and gives an opportunity to each member of the family to suit up and have a fun-filled freezing experience.

Mumbai which is known for its tropical climate now has access to snowfall all year round at an entertainment zone called the Freezing Rains @ Snow World (FRSW) at Phoenix Marketcity, Kurla. The concept is the brainchild of Chiliad Procons, an international advisory company whose vision was to provide an enthralling and fun-filled experience for the entire family. Chiliad Procons is amongst the leading firms involved in indoor entertainment and theme parks with domain expertise and diverse capabilities in management and engineering. Rajendra Jain, one of the partners, is an entrepreneur with diversified experience in entertainment and textiles.

VISION
FRSW is Mumbai's first-ever snow-based theme park spread over an area of 18,000 sq. ft. which can accommodate 250-300 people. Chiliad Procons has been fervently involved in all aspects to ensure their dream project turns into reality. The project which took two years to reach its present shape saw the Company's utmost attention to details right from equipment technicalities, fit-outs and designing to ensuring smooth operations. The Company implemented leading-edge technologies and products with an aim to create not only landmark destinations of international standards, but also ensure safety for its patrons.

The Company realised that family entertainment either meant spending a whole day at theme parks or visiting the malls for shopping and movies and using game zones for the children. However, there was certainly an opportunity in merging the two to offer a complete family entertainment concept. While such concepts have been prevalent abroad and experienced by Indians on their international trips, opening of such a concept closer home has helped the company realise its vision of offering an entertainment zone within the mall where entire family could spend fun-filled time together.

A LANDMARK DESTINATION
In a span of less than one year, FRSW has emerged as a 'Great Escape' for Mumbaikars, granting them a much-needed break from the city's tropical climate. Entering into an ambience with a rush of cool dry air feels great to escape from the cloying humidity outside. With temperature being maintained at a bone-chilling minus 10 degrees, FRSW has been a real temptation for fun-lovers. The spine-tingling activities inside make the snow-based theme park more authentic and captivating. You can indulge in the finest quality of snow sports which includes Snow Boarding, Ice Skating, Snow Sledging, Sliding, Snow Dancing and Driving Bumper Cars. One can even get cozy in an igloo with a fire camp, while the empty wooden log house and pine trees give one-of-a-kind snowy experience. FRSW provides customers with a pair of specialised boots, jackets, gloves and protective skate gear to keep you fairly insulated.

THE DESIGN ASPECT
With an objective of keeping the adventure quotient high, without compromising on the safety standards, the centre has been designed by international consultants using branded equipments from across the world. The dark ambience of the Snow Chamber, fog and six inches of fluffy snow on the floor creates an authentic experience. A mix of dry and wet feel was the idea behind designing the fascinating reception lounge. The entrance has been lined with mini ice-boulders leading to a sledge complete with artificial reindeers. A large rectangular area has been left vacant filled with snow for patrons to ski, skate or indulge in fun activities with friends. The Zamboni machine, an ice resurfacing contraption and snow-spraying machine, takes the wholesome experience several notches higher. With the blowers switched on, the snowfall creates an extremely thrilling experience.

BACK-END SUPPORT
The Mall Management Team of Phoenix Mills Limited (PML) has been providing constant support to the theme park, aimed at ensuring smooth and safe operations. Healthy footfalls in the mall, best of brand mix and consistent support has helped FRSW establish itself as a brand across the country. Support from PML's Retail Excellence Team did not end with the store's launch, but continued right through with branding, marketing and public relations.

The Team also supports the store in handling technical glitches, sharing the right inputs on design and providing customer feedback to improve consistently. The Chiliad Procons team truly appreciates the dedication, efforts and far-sightedness of PML's Retail Excellence Team in establishing the Phoenix Marketcity brand successfully.

CASE STUDY: PVR MULTIPLEX

In the Business of Happiness

FROM THE AROMA OF INTERNATIONAL COFFEES TO THE LOUNGE'S SWISH INTERIORS AND SILK UPHOLSTERY, SIGNATURES OF CINEMATIC LEGENDS, EACH ELEMENT AT DIRECTOR'S CUT IS AN ODE TO ELEGANCE AND MEANT TO THRILL THE SENSES.

PVR Multiplex at Phoenix Marketcity, Kurla provides a 'full-length' and unique cinematic experience through Director's Cut, changing the way Indians watch movies.

The genesis of Director's Cut at PVR's 9-screen multiplex at Phoenix Marketcity, Kurla has risen out of a pure desire of its CMD Ajay Bijli to take cinema watching a couple of notches higher for Mumbai patrons through a dazzling and luxury lifestyle concept. This has been an important part of Ajay's journey of starting out as a youngster in his family's trucking business to running a single screen theatre to now leading PVR Ltd, India's largest multiplex operator.

This is how the idea of Director's Cut – the final and definite word on cinema viewing – was conceived. This uber-luxury movie watching concept offers more to movie aficionados than just plush seats. Director's Cut is a part of PVR's Enhanced Cinema Experience (ECX) which endeavours to provide a combination of upscale cinema and dining through a café, a cutting-edge restaurant, best-stocked bar, a lounge and a patisserie within the auditorium. Director's Cut at Kurla Marketcity is only its 2^{nd} such format PVR set up across India. It created the first such luxury-viewing auditorium at New Delhi's Ambience Mall.

LUXURY REDEFINED

Here, luxury is not just about legroom. From the aroma of international coffees to the lounge's swish interiors and silk upholstery, signatures of cinematic legends, each element at Director's Cut is an ode to elegance and meant to thrill the senses, adding to PVR's vision of providing an ultra-luxury movie watching experience. So, an attendant is just a button away with a hot towel, a blanket or your drink. A lounge area and in-cinema dining greets you at the entrance, with the latter offering the choicest gourmet and elaborate F&B options from fine-dining outlets served at your seat.

UNMATCHED SERVICE

Phoenix Marketcity's Director's Cut doesn't stop revealing surprises. Spread across an area of 60,000 sq. ft. and capacity of 1,518 seats, it provides an ultra-luxury cinema watching experience to movie buffs, simulating an airline's business class service. The auditorium at Director's Cut comes with comfortable seating arrangement with pure leather 180-degree fully reclining seats encased with a remote for a call button.

PVR has meticulously created a never-seen before and unrivalled service to attract the ***crème-de-la-crème***. Besides exceptionally attentive and personalised service, customers can request for movies on demand, watch classics and dine from an elaborate buffet at a movie-themed restaurant. They can even watch a movie exclusively with a select group of friends or family. Or, they can visit the book shop devoted to cinema offering signed editions, rare DVD editions to round off the total experience.

BEST TECHNOLOGY

Besides being artistically designed, PVR's Director's Cut offers its patrons upgraded technology in terms of visual and sound system at the specialised auditorium. Film connoisseurs can discover brilliant sounds and images on a colossal wall-to-wall screen equipped with finest surround sound through 7.1 Dolby Digital, 2K digital projection with 3D-complaint screens on JBL speakers systems. The exclusive cinema-watching experience comes with complete navigation programming, best of content and advanced technology.

A 'RARE' EXPERIENCE

Realising its luxury cinema watching format needed to have an edge over other such formats, PVR decided to offer something extraordinary to its patrons. An endearing feature of Director's Cut is the RARE banner. Although the auditorium will screen popular current and mainstream cinema, vintage and classic cinema and documentaries one is normally hard-pressed to find will also be screened here, along with landmark television shows. Film festivals, too, will be hosted as an on-going feature. There's a movie store selling books and upscale cinema-related merchandise, rare DVDs and signed memorabilia.

CREATING A UNIQUE SPACE

This uber-luxury cinema watching format has been an essential part of PVR's strategy to upscale its exhibition business. Through its unmatched features, Director's Cut strives to create a unique space for itself where Mumbai's movie connoisseurs will look forward to spending time. It is envisaged to become a cultural and entertainment landmark, showcasing exhibitions, lectures and performances. With an increasing number of retailers commencing operations at Kurla' Phoenix Marketcity and with footfalls rising each day, response to this upscale auditorium is expected to be on an uptrend.

Today, PVR Ltd has touched a mark of 350 screens with over 85,000 seats across 85 properties and 36 cities in India, entertaining a staggering 53 Mn customers every year. With Director's Cut offering an unparalleled luxury cinema viewing experience, the multiplex operator has emerged as a highly differentiated retail entertainment company successfully setting a benchmark of excellence and offering great value to Mumbai's discerning audience.

Management
Discussion & Analysis

WORLD BANK FORECASTS THE INDIAN ECONOMY TO GROW BY 6.1% IN FY2014 AND FURTHER STRENGTHEN TO 6.7% IN FY2015, LED BY **ROBUST DOMESTIC DEMAND**, STRONG SAVINGS AND INVESTMENT RATE.

INDUSTRY REVIEW

Indian Economy:

India continues to feature as one of global economy's future growth engines along with several other developing economies such as China, Brazil, Russia, Indonesia and South Africa. However, on the whole, 2012 was another challenging year with the global economy yet to completely recover from the post-Lehman crisis of 2008. Significant headwinds in the form of a delay in the recovery of US economy despite multiple fiscal stimuli by the Federal Reserve, European sovereign debt crisis, moderating growth in China and other emerging economies slowed down global growth rates. As per a World Bank report 'Global Economic Prospects' (GEP) released in January 2013, global economic growth was relatively weak in 2012 at 2.3%. Growth is expected to remain subdued at 2.4% in 2013 before it is expected to gradually strengthen to 3.1% and 3.3% in 2014 and 2015, respectively.

As per the India Development Update of the World Bank, India's GDP growth stood at 5% in FY2013. The economy continued to face various macro-economic challenges such as high

Source : Planning Commission, Government of India

MANAGEMENT DISCUSSION & ANALYSIS

fiscal deficit, large current account deficit, significant rupee depreciation, high inflation, high interest rates and consequent slowdown in core sectors such as agriculture, power, infrastructure, mining and manufacturing. However, the Report highlighted that India is regaining economic momentum and growth is seen recovering gradually to its high long-term potential. World Bank forecasts the Indian economy to grow by 6.1% in FY2014 and further strengthen to 6.7% in FY2015, led by robust domestic demand, strong savings and investment rate.

The Road Ahead

Union Budget 2013-2014 set the path for fiscal consolidation targeting to reduce India's fiscal deficit to 4.8% of GDP during FY2014. It announced several measures to strengthen the economy using fiscal and monetary tools to improve the overall business scenario. The Government aims to stimulate the economy through key policy initiatives such as easing of Foreign Direct Investment (FDI) in vital sectors of the economy. The Government allowed 51% FDI in multi-brand retail, 100% FDI in single-brand retail and 49% in the aviation sector. The FDI cap was also raised from 49% to 74% in broadcasting and Asset Reconstruction Companies. Foreign investment has also been allowed in power exchanges, while Foreign Institutional Investors (FII) have been given the go-ahead to invest up to 23% in commodity exchanges without seeking Government approval. These measures are likely to provide substantial boost to the capital intensive sectors by opening up easy access to foreign capital.

Amidst concerns of rising inflation and slowing growth, the Reserve Bank of India (RBI) maintained its cautious stance on the monetary policy during most of FY2013. However, during the year, RBI cut the Repo Rate thrice by 25 basis points (bps) each to bring it down to 7.25% in Apr-13, compared to 8.00% in Mar-12. Over the last one year, Cash Reserve Ratio (CRR) and Statutory Liquidity Ratio (SLR) were also brought down from 4.75% and 24% in Mar-12 to 4.00% and 23.00% currently, providing increased liquidity to banks for lending. This enabled banks to increase their lending during a difficult business environment and meet RBI's target of 16% credit growth during FY2013.

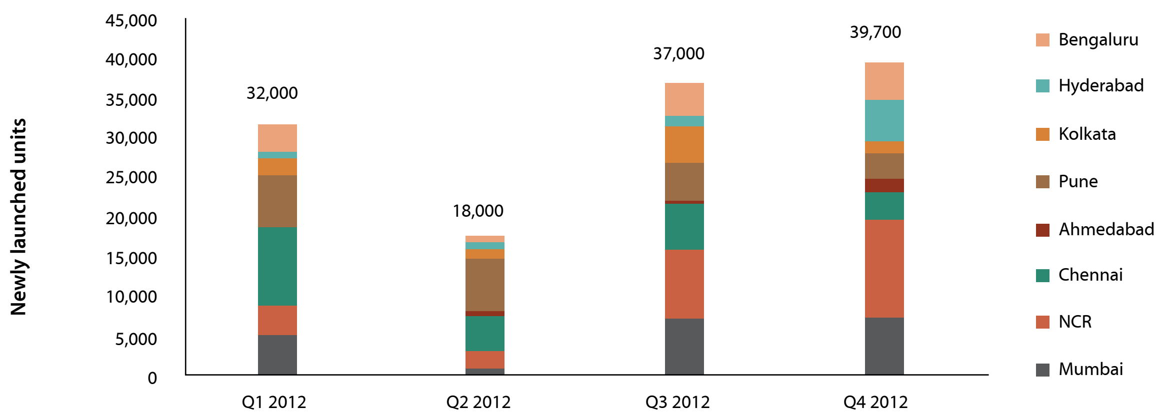
Thus, focused fiscal and monetary measures, increase in Government expenditure towards core sectors and lowering of interest rates by RBI are expected to help revive the consumer discretionary spending, further reinforcing India's consumption growth story.

Residential Realty:

The Real Estate sector plays a significant role in the Indian economy. As per industry reports, the total size of India's real estate sector was US $67 Bn in FY2011, contributing around 5% to India's GDP and providing the second-largest employment after agriculture. The industry is expected to touch US $180 Bn by 2020. India's real estate industry is largely represented by the residential segment which accounts for around 90-95% of the total market, rest being the commercial and retail segments. The residential segment has seen a significant growth over the past few years and has attracted not only domestic developers, but even foreign investors who find strong potential for growth driven by India's large population base, rising income levels, and rapid urbanization. According to the Department of Industrial Policy and Promotion (DIPP), the real estate sector received 2% of total FDI inflows in India during FY2012.

Housing shortage of approximately 20.5 Mn units in 2010 in urban areas is expected to increase to 21.7 Mn units by 2014. The shortage in rural areas is expected to reduce from 26 Mn units to 19.7 Mn units by 2014. The huge quantum of this shortfall offers tremendous scope for the residential sector in India.

NEW RESIDENTIAL LAUNCHES IN 8 MAJOR CITIES IN 2012

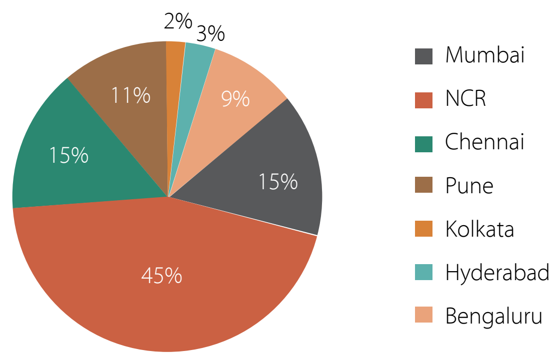


Source : Cushman & Wakefield Research

According to Jones Lang LaSalle, a total of 160,622 residential units were launched pan-India in 2012, compared with 154,701 units during 2011. The larger cities of Mumbai and NCR-Delhi recorded healthy absorption during 2012, with a 60% contribution to the overall absorption. Chennai and Pune were among the other cities that increased their share of absorption during 2012 to 26%, up from 23% during 2011. From the pricing perspective, the average residential capital values in 2012 appreciated in the range of 3-5%, as per Crisil Research.

Recent policy initiatives and measures announced during Union Budget 2013-2014 are seen setting positive triggers for India's real estate sector. The RBI has allowed foreign citizens of Indian origin to invest in the real estate sector. It has also allowed real estate developers to raise upto US $1bn through European Commercial Borrowings (ECB). Furthermore, the government has allowed 100% FDI

SHARE OF ABSORPTION BY CITY - 2012



Source: JLL Real Estate Intelligence Service, 2012

CHENNAI AND PUNE WERE AMONG THE OTHER CITIES THAT INCREASED THEIR **SHARE OF ABSORPTION** DURING 2012 TO 26%, UP FROM 23% DURING 2011.

MANAGEMENT DISCUSSION & ANALYSIS

under the automatic route in townships, built-up infrastructure and construction development projects, subject to certain conditions. All these measures in addition to the improving economic conditions are expected to benefit the real estate segment in the years ahead.

Bengaluru Residential:

The city of Bengaluru, known as the Silicon Valley of India and the Garden City of India, has turned out to be a fast-growing residential market driven by its strong 800,000 IT/ITES workforce, which accounts for more than 50% of the total residential demand. According to the February 2013 ICRA report on Bengaluru Residential Market, the total number of residential households has grown at a CAGR of 6-7% over 2009-2012, with around 100,000 new households being added every year.

The same report also cites that the real estate prices in the city are expected to remain firm and increase by 8%-10% per annum over the short-to-medium term, driven by rising land and construction costs. The city has been gaining preference driven by its comfortable climate, improving lifestyle, excellent education infrastructure, affordability, employment opportunities from IT/ITES, MNCs and Technology firms.

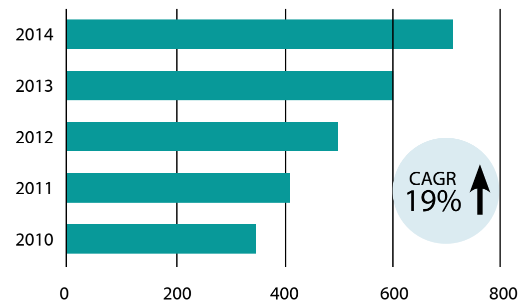
The city's infrastructure is undergoing a major transformation through various on-going and planned infrastructure projects such as Metro Rail, Signal Free Outer Ring Road, Peripheral Ring Road, Bengaluru Mysore Infrastructure Corridor, Satellite Townships & Ring Road Network, Expressway, High Speed Rail and Mono Rail connectivity to Bengaluru International Airport. Though the residential market has been largely end-user driven, the improving city infrastructure and favourable demographics have generated considerable investor interest. There has been a growing demand from individuals looking to buy premium properties in Bengaluru, in the form of villas or luxury apartments with world-class interiors and facilities such as automated 'smart' homes, private pools, extravagant landscaping, golf courses, and several unique amenities. These properties are extremely attractive compared to those in Mumbai, NCR and Delhi given the sharp price increases in the latter markets.

Chennai Residential:

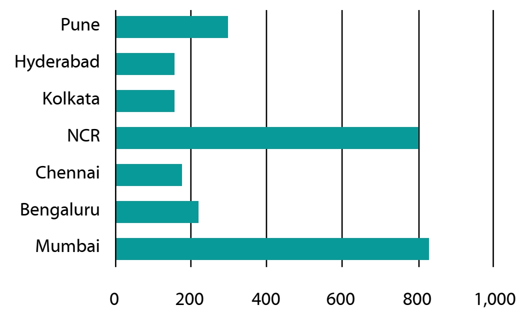
The residential market in Chennai has witnessed a strong growth over the recent years majorly driven by its flourishing IT/ITES industry which has offered employment stability and improved lifestyle, leading to an increased preference for bigger and superior quality homes. The Chennai's residential market has seen a 150% price appreciation during 2009 to 2012. In midst of difficult global and domestic macro-economic conditions, the residential market in Chennai has been more resilient vis-à-vis markets in Delhi, Mumbai, Bengaluru, Hyderabad and Pune. This is primarily since residential demand has largely emanated from end-users, ensuring steady absorption rates over last few years and controlling speculation to a large extent. Lately, there has also been a rising interest from NRIs and High Networth Individuals.

Cushman & Wakefield forecasts the outlook for Chennai's residential market to further improve and show sustained growth in the coming years, backed by planned expansion of the metropolitan area and newer infrastructure facilities such as Metro Rail, the Outer Ring Road, Monorail, Elevated Expressway, expansion of existing airport and a Greenfield airport.

Demand projections across top 7 cities ('000 units)



Demand analysis of top 7 cities ('000 units) 2010-14

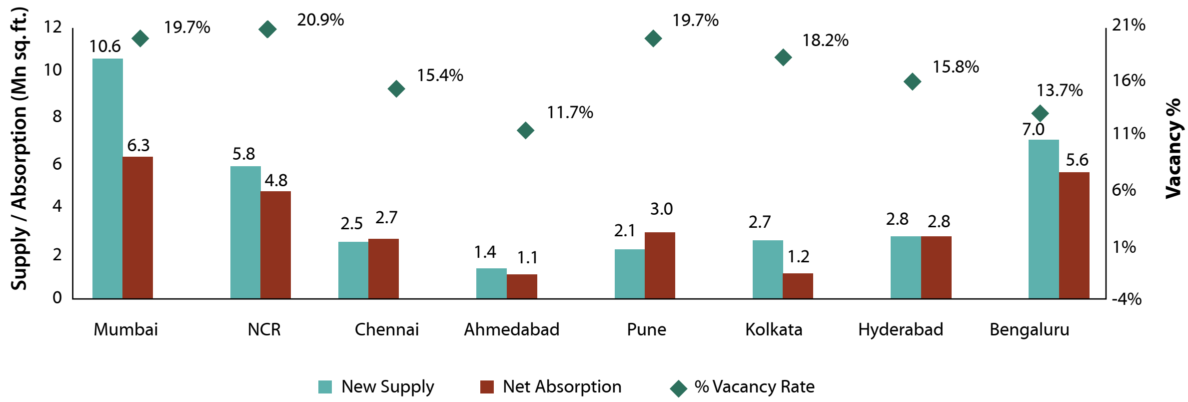


Source : Cushman & Wakefield Research

Commercial Realty:

In the past decade, India's commercial property segment witnessed a steady rise in demand for superior quality office space due to an increasing presence of large MNCs across metropolitan cities such as Mumbai, Pune, Bengaluru, Hyderabad, Chennai and NCR-Delhi. This has resulted in a spurt of new commercial space transforming suburban areas and towns into successful commercial centres. Further, there has been an increasing shift in the number of companies looking to expand their operations and setup offices in secondary business districts or suburban locations primarily due to availability of large office space with modern amenities, car parking and safety at relatively lower rents. Of the total office space absorption of 27.5Mn sq. ft. across top 8 cities in India during 2012, around 60% was accounted for by suburban locations. While the BFSI sector continued to dominate the central business locations of Mumbai and NCR, the IT/ITES sector expanded in the suburban locations of Bengaluru, Pune, Chennai and Hyderabad.

SUPPLY AND DEMAND OF COMMERCIAL SPACE (INDIA)



Source : Cushman & Wakefield Research

Mumbai Commercial:

2012 was a lukewarm year for the commercial market of Mumbai with total office absorption being around 6.3 Mn sq. ft. Manufacturing and industrial sectors led the transaction activity during the year with more than 50% representation, followed by IT/ITES sector. Leasing activity from the BFSI sector was down at around 20% with many banks focusing on efficient use of the existing workspace. However, sectors such as pharmaceuticals and media continued to grow, resulting in a few big-ticket transactions and boosting the overall activity. New office supply across various suburban locations provided more choices to tenants resulting in the narrowing of rent gap between central business districts and suburbs. Compared to office rentals, capital values grew at a much faster pace during FY2013 appreciating by around 5% across various locations. Rentals appreciated by around 3% primarily across central and western suburbs, Thane and Navi Mumbai. Given the shortage of quality office space, Mumbai's commercial real estate market continues to remain attractive. It is expected to again pickup momentum in 2013 with an increasing trend of corporates buying property against leasing.

INDIA'S COMMERCIAL PROPERTY SEGMENT WITNESSED A STEADY RISE IN DEMAND FOR **SUPERIOR QUALITY OFFICE SPACE** DUE TO AN INCREASING PRESENCE OF LARGE MNCS ACROSS METROPOLITAN CITIES SUCH AS MUMBAI, PUNE, BENGALURU, HYDERABAD, CHENNAI AND NCR-DELHI.

MANAGEMENT DISCUSSION & ANALYSIS

Pune Commercial:

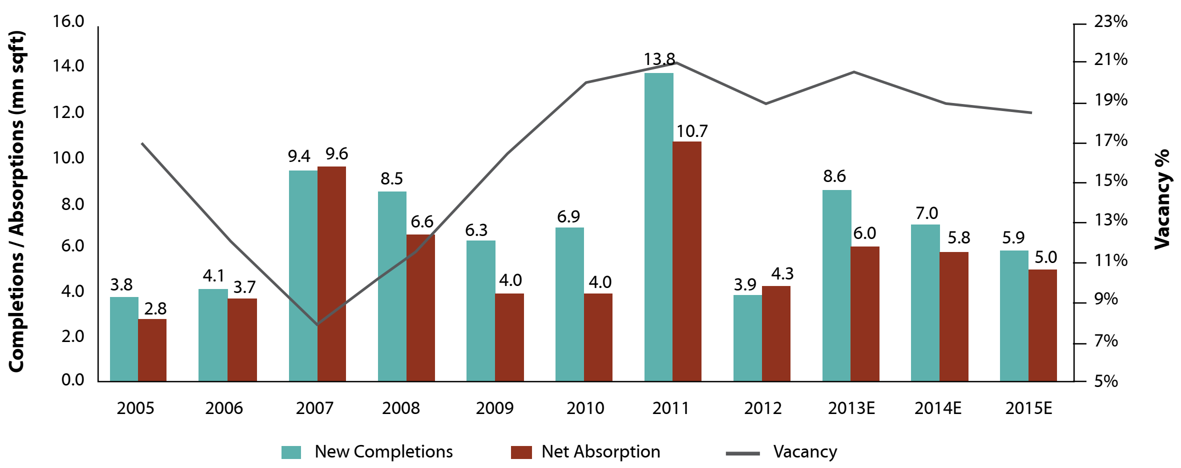
Pune is the 7th largest metropolis in India and 2nd largest in Maharashtra after Mumbai and is known as "Cyber City" due to the large presence of IT/ITES industry. In addition to IT/ITES, Pune has a growing industrial hinterland having set-ups of large automotive companies and some of the most prestigious manufacturing units of the world. Over the years, Pune has developed into a leading commercial centre giving stiff competition to existing business destinations such as Mumbai and Delhi, driven by easy availability of good office spaces at competitive rentals, good connectivity to various parts of the city, upcoming residential and retail developments, close proximity to city airport and railway station and other advantages.

The IT/ITES sector has been the driving force behind the emergence of Pune as a leading business centre. Various tax sops for IT/ITES companies have led to significant development of IT Parks and SEZs in Pune. Over the years, the commercial space development has spread from central business locations towards city suburbs and the outskirts of Pune. The need for larger office space only few hours away from Mumbai resulted in increased demand for commercial spaces from various sectors like telecom, pharmaceuticals, biotech and manufacturing. The demand for office space picked up significant momentum in the year 2010 with much improved market conditions. A total of 3.23 Mn sq. ft. of office space got absorbed across the various asset classes with a clear shift in demand towards the SEZs. According to CRISIL Research estimates, around 14 Mn sq. ft. of new commercial office space is expected to be absorbed during 2012-2014.

Retail Realty:

Retail segment accounts for 22% of India's GDP and contributes about 8% to the total employment in the country. Backed by favourable demographics of approximately 1.2 Bn population, increasing urbanisation, expanding middle class with higher disposable incomes, the retail sector has great potential to become a significant growth engine for India's economy. CRISIL Research projects the organised retail industry to grow at a CAGR of 20% to ₹ 4,000 Bn by FY2017, as compared with ₹ 1,600 Bn in FY2012.

SUPPLY AND DEMAND OF RETAIL SPACE (INDIA)



Source : JLL Real Estate Intelligence Service, 4Q12

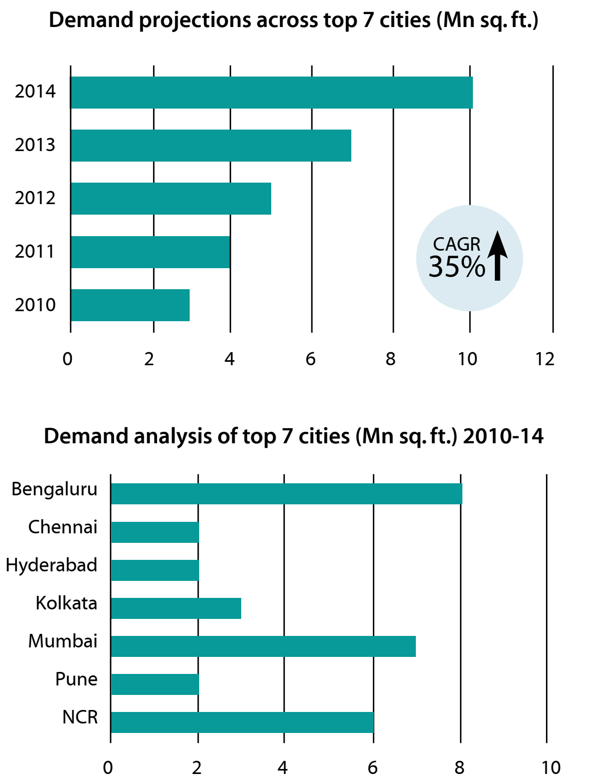
As part of retail transformation, India has seen substantial increase in organised retail mall infrastructure catering to growing consumerism, changing shopping preferences and heightened brand consciousness, fast replacing the traditional 'mom and pop' stores. While preference for shopping at malls is evident in the metros, the Tier II and Tier III towns are also rapidly building up their aspiration levels. Over the past decade, cities such as NCR-Delhi, Mumbai and Bengaluru have shown prominent growth in retail mall space. However, bigger cities such as Chennai, Kolkata, Hyderabad and Pune and many other Tier II towns are now rapidly emerging as the retail growth corridors of the next decade.

In a landmark policy move, the Government passed the bill in September 2012 allowing 51% FDI in multi-brand retail. This is aimed towards benefiting India's retail business through adoption of international standards, practices, and technology, enhancing the efficiency of domestic retailers. The government has also made it mandatory for foreign multi-brand retailers to invest at least 50% in back-end infrastructure, thereby giving a boost to retail logistics and warehousing.

With multi-brand retailers exploring opportunities in India, demand for quality retail space conforming to international standards is likely to rise significantly. With the introduction of FDI in multi-brand retail, the average size of a mall is likely to increase as foreign retailers tend to occupy large spaces. As a consequence, the Gross Leasable Area (GLA) is expected to increase in metros as well as Tier-II and Tier-III cities over the medium-to-long term.

WITH MULTI-BRAND RETAILERS EXPLORING OPPORTUNITIES IN INDIA, DEMAND FOR **QUALITY RETAIL SPACE** CONFORMING TO INTERNATIONAL STANDARDS IS LIKELY TO RISE SIGNIFICANTLY.

STRONG DEMAND SEEN FOR RETAIL SPACE



Source : Cushman & Wakefield, Aranca Research

Hospitality Realty:

Hospitality and tourism are one of the most promising sectors of the Indian economy having grown at a CAGR of around 13% over last five years, accounting for 6.4% of India's GDP and 8.8% of total employment. As per the Hospitality Insights Report authored by the Confederation of Indian Industry (CII), India had an estimated 114,000 hotel rooms spread across various hotel categories in 2012, which is nearly 150,000 rooms short of the potential demand. The Indian government allows 100% FDI in hotel & tourism industry. According to DIPP, the hotel industry attracted FDI inflows worth US $6.8 Bn between April 2000 and February 2013, of which around 50% or US $3.2 Bn was received during the last financial year.

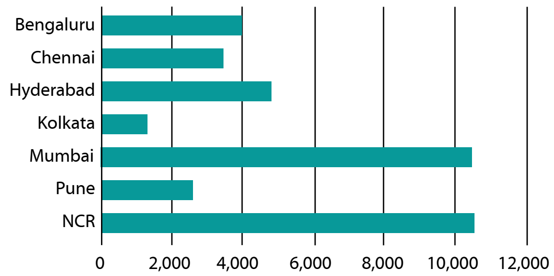
India has emerged as a major tourist destination for international tourists for business and leisure travel. According to the Ministry of Tourism, India ranked 42nd in the world in terms of foreign tourist arrivals (FTAs). India witnessed an increase of CAGR 8.1% in FTAs since 2000 to touch 6.6 Mn by 2012. However, India accounts for only about 0.6% of GTAs, indicating huge untapped opportunities. In 2010, the Government of India introduced the visa-on-arrival (VOA) scheme for tourists from five countries (Singapore, Finland, New Zealand, Luxembourg and Japan) encouraging greater inflows of tourists from these countries. In 2011, the Government extended this scheme to six more countries - Cambodia, Indonesia, Vietnam, Philippines, Laos and Myanmar. Around 16,084 VOAs were issued during 2012, registering a 26% growth over 2011.

MANAGEMENT DISCUSSION & ANALYSIS

India's metropolitan cities have been driving the organised hospitality industry across leisure and business segments. However, in the recent years India has seen significant growth in the number of hotels in Tier-I and Tier-II cities. The top 6 cites witnessed an average occupancy of 60% and an average room rate of ₹ 5,200 in 2012.

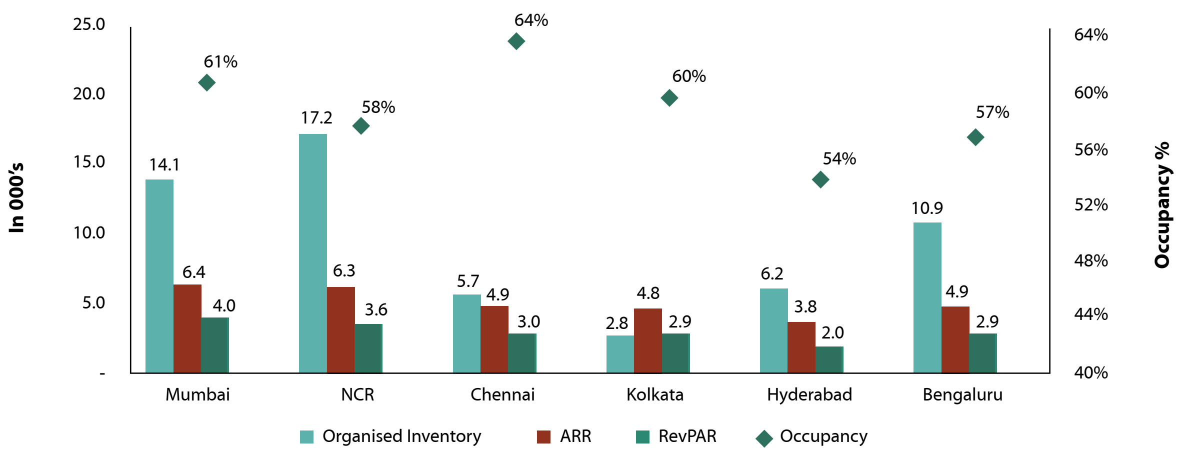
CY2012 can be termed as a period of resilience for India's hotel industry. As per the industry consultant HVS, despite macro-headwinds, occupancy declined marginally by 1.9% yoy in 2012 across the nation, whereas average room rates increased by 2.2% yoy. While hotel supply across major cities witnessed a growth of 15% yoy in 2012, demand exhibited a strong increase of 12% during this period. Thus, occupancy decreased nationwide during 2012, mainly due to supply pressure and not due to an absolute decrease in demand. The sector is expected to see improvement over the coming years on account of a steady increase in occupancy levels and limited supply of new rooms in high volume markets such as NCR, Mumbai and Bengaluru. Moreover, the Rupee depreciation during 2012 further increased the attractiveness of the country as a tourist destination with room rates becoming more affordable to foreign tourists.

Demand Analysis of Top 7 Cities (no of Rooms) 2010-14



Source: Knight Frank India, Aranca Research

HOTEL PERFORMANCE ACROSS TOP SIX MARKETS IN 2012



Source : Cushman & Wakefield Research

OPERATIONAL REVIEW

During FY2013, Phoenix Mills Limited (PML) consolidated its market leadership as the owner, developer and manager of large-format, prime, retail-led assets in the city centres of India with options for shopping, entertainment and fine dining. PML is amongst the largest mall operators across India with almost 7.0 Mn sq. ft. of prime retail space under management. These retail assets are master planned as mixed-use assets that also feature large commercial and residential assets. Considering the immense potential of the organised retail industry in India, PML is on course to establish its presence in major metros as well as Tier II cities of India. The Company plans to repeat the magic of its flagship asset High Street Phoenix (HSP) across the country through its large format Phoenix Marketcity franchise. These are located in the city centres of Tier-I cities, namely Pune, Bengaluru, Kurla (Mumbai) and Chennai. Additionally, through strategic investments in two companies that focus mainly in Tier-II cities such as Lucknow, Bareilly, Indore, Ujjain and Nanded, the Company is also participating in the retail infrastructure business on a pan India basis.

PML is driven by some key business prerogatives, which are explained in detail below:

Maintaining Leadership in Retail-Led Mixed-Use format

PML steers towards developing and operating large retail assets to deliver long-term value to shareholders through income and capital growth. Our mall designs are unique and heterogeneously structured. They represent a refreshingly inventive modulation of space into pleasant places to shop. We have also excelled in the local adaptation and execution of our strategies and our leadership team has been unrelenting towards delivering on our carefully charted plans. Our properties attract retailers of superior brands and cater to consumers that are highly discerning and brand conscious. We aggressively market our malls to encourage people to spend the day at our properties, benefiting our lessees through healthy footfalls and consumer spend. With a clear desire to maintain our pole position in the retail realty industry, we remain committed to the meticulous management of our assets with ongoing investments. To complement our stellar retail areas, we are equally obesessed with producing and maintaining the best commercial, entertainment and residential assets around our malls. The captive traffic between each of the asset classes within the same location adds significant positive value to both the consumers and occupiers. Our malls have clearly demonstrated and validated the advantages of a retail led mixed-use format property.

Imperative focus on Reinforcing Stakes

Confident of our asset quality and the business model upon which we expect them to thrive in the long term, we are continuously looking at opportunities for consolidating our stake in the various Special Purpose Vehicles (SPVs). Increasing our stake in assets, that we have created and are highly familiar with, is part of our ongoing strategy to create long-term value for our shareholders. During FY2013, PML acquired 26% stake in Bengaluru's Island Star Mall Developers Pvt. Ltd. (ISMDL) from Horizon Realty Fund LLC and Horizon Ventures II for ₹ 680 Mn. With this, its total stake in ISMDL post-consummation will increase to 68.05%. Earlier during FY2012, PML and Sharyans Resources Limited acquired 32% stake in Classic Mall Development Company Pvt. Ltd. and Classic Housing Projects Pvt. Ltd. from Kshitij Venture Capital Fund. PML has to pay ₹ 619 Mn of the total consideration of ₹ 1.06 Bn, post-which its total stake in the two SPVs now stand at 50.01% and 50.00%, respectively.

WE BELIEVE THAT OUR SPVs WILL THROW UP **GOOD CASH FLOWS** IN THE NEAR FUTURE WHICH WILL BE USED TO PAY OFF OUR DEBT AND BRING THEM DOWN TO MANAGEABLE LEVELS.

A Balanced Business Model based on Strong Annuity Income and Profits from Development Projects

With the HSP complex and four Marketcity projects currently operational, our focus continues to be on maintaining and enhancing our retail-led annuity assets. Going further, our portfolio of illustrious retail-led assets are expected to provide stable annuity income and strong positive cash flows. In addition, we expect our 'for sale' residential and commercial development projects to significantly contribute to our EBITDA over the next 3-4 years. The profits generated from our commercial and residential developments shall be used to de-leverage our related SPVs which would lessen our interest obligations and further bolster our bottom line. With steadily growing annuity income over the years from assets that will eventually become debt free, we are confident of building the ability to perpetually earn superior returns from our assets.

Aiming for Retail Grandeur

We believe in creating distinctive and symbolic designs for each of our retail stores to enhance visibility and create an enjoyable shopping experience. To this purpose, PML has a dedicated "Retail Excellence Team" that focuses on pushing the boundaries in the interior designs of the retail point-of-sale areas of our licensees. In our pursuit for excellence, our Retail Excellence Team pushes each retailer to select the best material, flooring and lighting in terms of quality. We also hire internationally-renowned architects to create the right concepts and spaces and produce the right environment. As a result, each of our stores have a distinctive style, with attractive

MANAGEMENT DISCUSSION & ANALYSIS

shop-fronts that are highly inviting.
We ensure that creative design solutions are aligned with the retailer's vision and strategy. For us, it is all about attaining the right ambience that can positively affect consumer spend and revenues for our lessees. To further drive aesthetics within the mall, our Retail Excellence Team reviews each mall regularly to ensure the aesthetic harmony between every single store and the overall mall.

Managing our Retailers

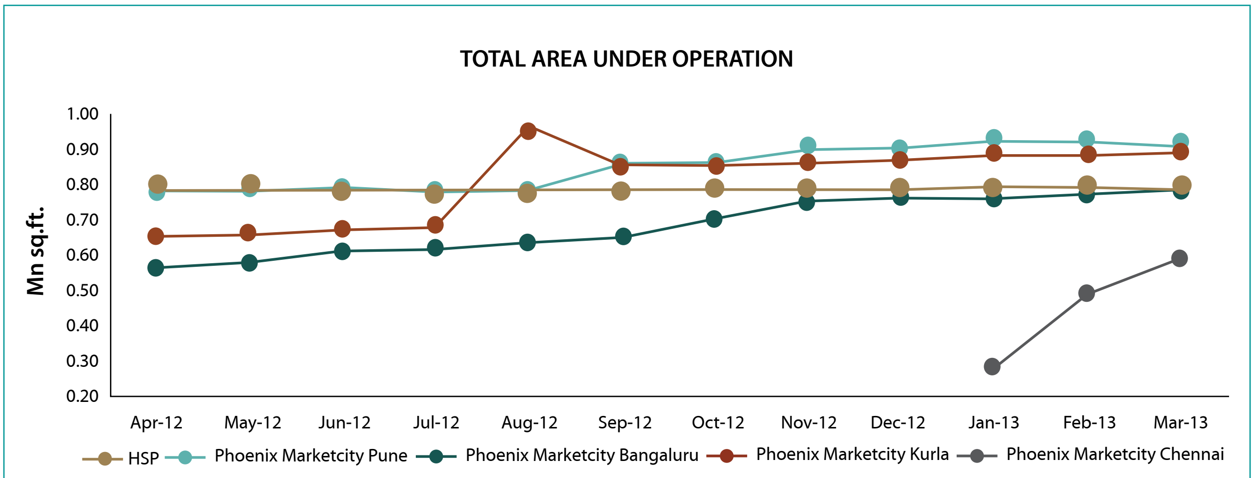
Our malls have become the 'preferred choice' among retailers as we continue to enable them with a ready platform to expand business in fast-growing and emerging cities. Leading retailers from around the world have placed their confidence in our unique business model. Further, they remain committed to quality and strongly trust our domain expertise in mall management and driving footfalls. Moving ahead, we continue to remain flexible in adjusting the size and product mix of our assets to reflect the current and emerging trends that are more viable.

A key hallmark of the PML Group is our ability to attract strong brands and an array of fine-dining and F&B options. We are highly selective of the type of retailer that will be permitted to make inroads into our malls by setting up shop there. We emphasise on carefully targeted zoning of our retail areas with the aim of optimising consumer experience. Today, PML has a long-term symbiotic relationship with corporates and has also developed relationships with several marquee national and international brands. PML boasts of some terrific 'first time' brands that are a cut above the rest. For example, we are responsible for the first Zara store and the first Paul Smith store in India. PML has evolved as a single-window pan-India platform for several brands in the organised retail market.

At the end of FY2013, PML was home to nearly 1125 stores, including the HSP facility and all the four Phoenix Marketcities. During FY2014, PML expects all the Marketcity projects to be committed near capacities and be licensed out completely. The full impact of the fourth Marketcity project at Chennai to our operating numbers will be felt from FY2014 onwards. Continuous brand churn at each retail property is a routine activity within PML, aimed towards micro-management and optimal operation of our malls, resulting in improved circulation, enhanced customer experience and deriving maximum value.

Professional Management

The PML Group has an experienced, qualified and dedicated management team. Our operational and under-construction properties showcase our capabilities to deliver high-quality assets well within budgets and timelines, despite a highly challenging business environment. We are one of the few developers in India with the requisite skill-sets to develop and operate a mall, which includes construction, design and other fundamental details such as interiors, project management, mechanical as well as electrical and plumbing services. With successful and timely completion of our assets, we have managed to carve a niche in property development primarily due to our excellent execution capabilities. We will continue to focus on project execution by leveraging the capabilities of our in-house project management team. We strongly believe in the experience and in-depth understanding of our management team and we are confident to steer forward in capitalising on the current and future market opportunities



OPERATIONAL PROJECTS

During FY2013, the Company completed a substantial leg of its ambitious capex cycle which it had embarked upon since 2007. PML has nearly completed the delivery of its annuity-based assets by opening the five-star hotel – "Shangri-La" in the heart of Mumbai in December 2012 and the large format retail mall, Phoenix Marketcity in Chennai, in January 2013. This comes after the Company delivered three Phoenix Marketcity projects of approximately 1.0 Mn sq. ft. of leasable area each in the Tier I cities of Pune, Kurla (Mumbai) and Bengaluru during FY2012. PML now has 5 mega malls under its direct management and another 6 Malls in Tier II cities of India through strategic tie-ups and investments, with its gross leasable area totalling to 7.0 Mn sq. ft. approximately.

A luxury mall with 0.21 Mn sq. ft. of leasable area in Chennai and a five-star hotel in the tourist city of Agra are under-construction and shall complete the annuity portfolio for the Company in the near future. Moreover, the Company also has a string of 'for-sale' commercial and residential assets with nearly 7.0 Mn sq. ft. of saleable area which are at different stages of construction. The Company has demonstrated that not only can the Group produce spectacular, large-scale, world-class destinations, but it can concurrently construct and deliver multiple projects within the budgeted time and cost.

RETAIL

High Street Phoenix & Palladium

High Street Phoenix (HSP) and Palladium Mall (HSP&P), the Company's flagship premium mall in South Mumbai, has been steadily ramping up into huge consumption centre, exhibiting great substance and large operational scale. The HSP&P offers more than 260 stores of which nearly 230 are already operational and several under fit-outs. It also houses nearly 25 commercial office spaces with most of them occupied. With a fantastic array of global brands, fine dining and entertainment options, the footfalls and consumption numbers are steadily growing, setting high standards for the four recently introduced Phoenix Marketcities.

High Street Phoenix & Palladium Operational Profile	
PML's Stake	100.0%
Leasing Status (Mar-13)	95%
Occupancy Status (Mar-13)	92%
Stores Trading (Mar-13)	229
Rental Income (psf.pm) (Mar-13)	202

The HSP continued to witness strong footfalls in FY2013, averaging nearly 1.5 Mn per month. The four-wheeler arrivals into the mall too have been healthy at nearly 0.2 Mn per month, translating into increased consumer spending at the centre. Total consumption and trading density (calculated on carpet area) at the HSP have both increased 18% yoy to ₹ 11,703 Mn and ₹ 2,013 psf pm respectively. FY2013 continued to witness significant brand churn at various sections of the property, facilitating better crowd circulation, addition of new licencees with superior brand-mix and qualitative improvement in footfalls.

The concentration of highly revered brands gives the HSP location stronger USPs in gaining the attention of its patrons. PML constantly upgraded its retail offerings during the year to meet the evolving needs of today's retailers and customers, to maintain occupancy levels and to capture future growth potential. Given the quality of brands and strong consumption being sustained at the centre, new deals are signed at an average of ₹ 350-400 psf per month. The HSP has been able to bring several new brands for the first time into Mumbai, viz. Tumi, Paul Smith, Royal Selangor, Furla, Avirate, Mai Tai and Ice Cream Works. Brands such as Manchester United Apparels, Serafina and Superdry have also made their maiden foray into India through their presence at HSP.

Few Key Developments at the HSP:

- Palladium Annexe which was launched in January 2012 to house ultra-luxury brands has seen occupancy ramping upto over 70% as on March 2013. Several high-end brands such as Gucci, Bottega Veneta, Jimmy Choo and Ermenegildo Zegna became operational in Palladium Annexe and received extremely strong response. Palladium Annexe is strategically located to connect the mall to Shangri-La Hotel, which opened during the year. This led to increased footfalls from business and leisure travellers residing at the hotel.

- To enhance the aesthetics of the mall, it's entrance has been fully refurbished and made grander by designer Ratan Bataliboi with well-designed and brightly-lit canopies. The mall's new entry layout improved vehicle turn around, reducing the traffic spill-over on the main street. During FY2013, PML introduced concierge services at the HSP to make it a one-stop-shop for patrons. Under this, a customer gains access to a host of services (utility bills for electricity, telephone and mobile, ticket and dining reservation and courier services) under one roof for a nominal service charge.

- During FY2013, PML launched the 'Go Phoenixing Loyalty Programme' which is a mobile-based innovative concept of a rewards programme that enables customers to earn reward points against each purchase within the mall and is redeemable against gifts and vouchers.

HSP organises a wide range of events and innovative concepts to keep the customers engaged and build a loyal bond with them. Some of the events which were highly appreciated by the customers were – Cool Japan Festival, The Great British Invite, Masti ki Paathshala, X-Masti and other fun activities such as Makeover

MANAGEMENT DISCUSSION & ANALYSIS

Monday, Talent Tuesday, Thursday Jam-Ups and World Food Friday. Through HSP, PML actively encourages several social initiatives by collaborating with NGOs and organising events such as celebrating World No Tobacco Day, Joy of Giving Week, Pinkathon 2012, World Cancer Day and World Aids Day.

Phoenix Marketcities

Having successfully delivered four Phoenix Marketcities at Pune (June 2011), Bengaluru (October 2011), Mumbai (November 2011) and Chennai (January 2013), the PML Group has revolutionised the concept of retail-led mixed-use assets, marking a quantum jump in its operational retail space. The launch of Phoenix Marketcity, Chennai has transformed PML into the largest mall operator across India with nearly 7.0 Mn sq. ft. of prime retail space under management and more on the anvil through investees. With significant space already leased to retailers, F&B and multiplex operators during the construction stage itself, all the four Marketcity projects are slated to become significant cash generators from the first day of the launch. The overall concept and design of Marketcity has been vindicated by the retailing community as awinning format.

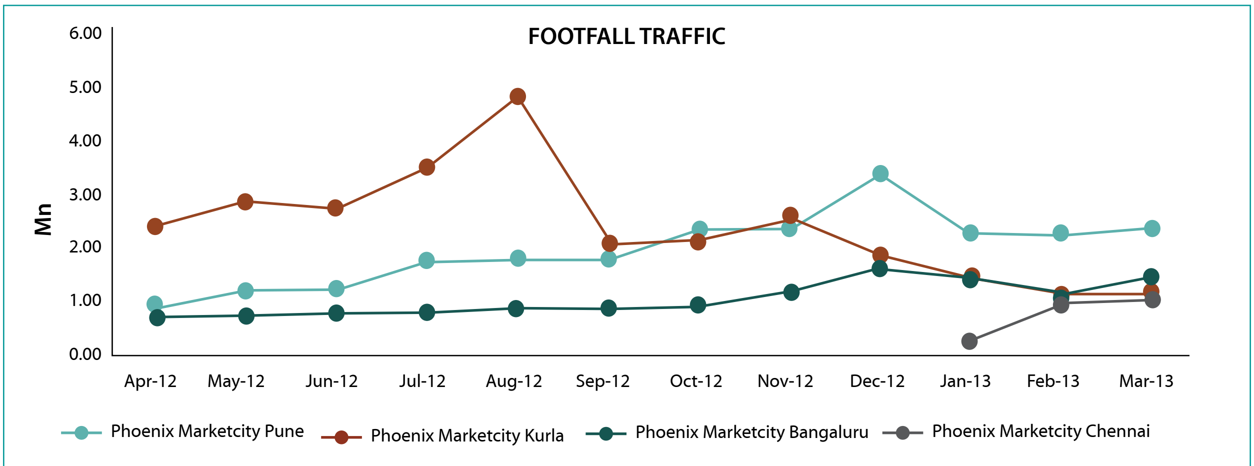
Phoenix Marketcity, Pune

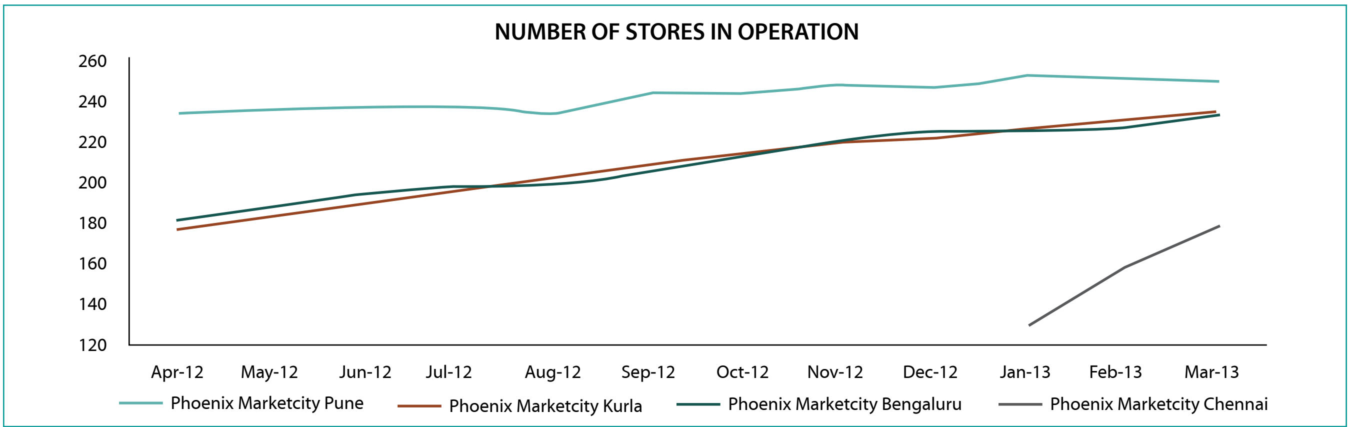
The excellent response from the retailing community to Pune's Phoenix Marketcity, which opened in June 2011, continues unabated. Customers have literally lapped up the upmarket, high-end, integrated and brand-rich mall. By the end of FY2013, the mall was almost 90% leased, with nearly 80% of the stores operational. Another 7-8% of stores are under active fit-outs and expected to become operational shortly. Scale and size, central location, brand mix, store designs, seamless zoning, right brands in right location, fine-dining and fast food options have earned it the 'CNBC Award for the Best Mall in Pune'.

Phoenix Marketcity Pune: Operational Profile	
PML's Stake	58.6%
Operational Since	Jun-11
Leasing Status (Mar-13)	91%
Occupancy Status (Mar-13)	81%
Stores Trading (Mar-13)	246
Rental Income (psf.pm) (Mar-13)	62.0

Averaging close to ₹ 380 Mn per month, the mall consumption touched a peak of ₹ 480 Mn during the seasonally strong months of October-December 2012. Commencement of PVR's 9-screen multiplex and the 17-lane fashion bowling centre and lounge Blu-O turned the mall into an entertainment destination and led to a surge in footfalls – touching a high of 1.7 Mn in December 2012 as against average footfalls of 1.0 Mn per month. Key brands at the mall include Mango, Diesel, Star India Bazaar, PVR, UK-based toys chain store Hamley's and Malabar Gold. PML sensed a dearth of luxury retail spaces in Pune and a 70,000 sq. ft. area called "Premio" was carved out exclusively for high-end luxury brands such as Pedini, Clarks and Avirate. This is expected to bring in the well-heeled clientele to the mall who have a taste for luxury and shop for such brands during their visits abroad. During the year, a concierge desk was set up at the mall and a mobile App was launched bringing the Marketcity experience further closer to the Puneiites.

In June 2013, PML entered into a share purchase agreement with K2C Retail and K2 Property limited (both funds managed by IL&FS) to acquire the their 24% stake in the SPV - Vamona Developers Pvt. Ltd. (VDPL) for ₹ 716 Mn. Earlier, in May 2013, PML's Board had approved the purchase of Edelweiss Property Fund's 4% in VDPL. Upon consummation of the two transactions, PML's stake in VDPL will increase to 86.6%





from 58.6% as on March 2013. Going forward, the focus will be to retain the leadership position by winning the loyalty and faith of the patrons through an array of marketing initiatives, new brands and anchors.

Phoenix Marketcity, Bengaluru

Launched in October 2011, Phoenix Marketcity, Bengaluru is already considered one of the best malls in the city, having become a truly international shopping and lifestyle destination for the Urban Bangalorean. It is a part of PML's mixed-use retail-led asset containing retail, entertainment and residential developments; spread over 14.8 acres of land. Consumption data at the mall has been quite encouraging, clocking an average of nearly ₹ 320 Mn for FY2013. Footfalls have been very healthy with the centre receiving nearly 0.53 Mn people on an average each month. These numbers are only likely to improve with the opening of the 9-Screen and 1,500-seater multiplex in June 2013. The mall is lined with an excellent mix of leading international and domestic retailers and marquee brands such as Zara, Paris Hilton, Claire's, Tissot, Charles & Keith, Hamley's, Giordano, Quiksilver & Roxy and Boggi Milano. A wide array of casual and fine-dining options includes California Pizza Kitchen, Copper Chimney and Noodle Bar. For Bengaluru's new breed of cosmopolitan population, this architecturally well-appointed destination mall offers a truly international shopping destination where patrons enjoy musical concerts in the sprawling courtyard; choose between a Tissot or Tag Heuer; go to the fish spa for a foot therapy; have a scoop of ice-cream at Polar Bear; go bowling at Amoeba; indulge in rock-climbing and ice skating; or simply catch a movie at PVR.

WITH SIGNIFICANT SPACE ALREADY LEASED TO RETAILERS, F&B AND MULTIPLEX OPERATORS DURING THE CONSTRUCTION STAGE ITSELF, ALL THE FOUR MARKETCITY PROJECTS ARE SLATED TO BECOME **SIGNIFICANT CASH GENERATORS** FOR YEARS TO COME.

Phoenix Marketcity Bengaluru: Operational Profile	
PML's Stake	68.05%*
Operational Since	Oct-11
Leasing Status (Mar-13)	93%
Occupancy Status (Mar-13)	79%
Stores Trading (Mar-13)	230
Rental Income (psf.pm) (Mar-13)	64.0

Note: Post consummation of SPA with Horizon Fund

One of the key developments of FY2013 was the entry of PML entered into a Sales Purchase Agreement with Horizon Realty Fund LLC and Horizon Ventures II to acquire their 26% stake in Island Star Mall Developers (ISMDL) for ₹ 680 Mn. On consummation of the transaction, PML's ownership in ISMDL will increase to 68.05% reinforcing its faith in the SPV. PML would further acquire an additional 6.95% in ISMDL on account of purchase of the stake of Edelweiss Property Fund. Upon consummation of both transactions, PML's stake in ISMDL will increase to 75.0% from 64.72% as on March 2013.

Phoenix Marketcity Bengaluru is expected to evolve into a stronger consumption centre since the opening of PVR in June 2013 has taken its occupancy close to 90%. Construction of two residential projects cumulating to 1.0 Mn sq. ft. of saleable area shall provide captive footfalls in the long term.

MANAGEMENT DISCUSSION & ANALYSIS

Phoenix Marketcity, Kurla, Mumbai

Housing some of the best domestic and international brands under a single roof, the Marketcity mall at Kurla, is emerging as a new landmark in luxury and a complete family destination of the Central suburban Mumbai. It is slated to be one of the largest mixed use developments in India. The entire development, upon completion shall span close to 3.0 Mn sq. ft. of iconic destination comprising of an integrated mixed-use model having retail, commercial, entertainment and fine-dining options. By FY2013 end, the mall was close to 90% leased out and 80% operational.

Phoenix Marketcity Kurla: Operational Profile	
PML's Stake	24.3%
Operational Since	Nov-11
Leasing Status (Mar-13)	90%
Occupancy Status (Mar-13)	80%
Stores Trading (Mar-13)	235
Rental Income (psf.pm) (Mar-13)	80.0

During the year, several new ***crème de la crème*** international and Indian brands were added, satiating the growing appetite of a vibrant, international and evolving community in Mumbai through its 300-plus stores, including the biggest Zara, Van Heusen and Debenhams stores in town. Grillopolis, Cafe Royal, Rainforest, Di Bella, Pizza Hut, Maroosh, Mad Over Donuts and Hokey Pokey Ice-creams are some of the eateries at the sprawling food court. This mammoth luxury destination with 6 atria houses the best entertainment factor in the city with an 8-screen multiplex, 16 lanes of bowling, largest indoor and outdoor family entertainment centre and biggest hyper market spread over 78,000 sq. ft. The 44,000 sq. ft. open air courtyard in the heart of the mall plays host to several mesmerising events and the overall architectural space elevates customer experience. The wide array of over 55 F&B options of coffee shops, quick serving fast food outlets, pubs & fine diners and international entertainment concepts of Snow World and Storm 5D, video games and bowling alley have truly made it a one-stop family destination.

The mall's location has proved to be of distinct advantage. A hitherto low-profile eastern suburb of Mumbai, Kurla is expected to fast become the city centre. Given its central location and key infrastructure developments such as the Santacruz-Chembur Link Road; proximity to upcoming metro station; rapidly developing residential townships and being equidistant from western suburbs and Navi Mumbai, has all the making of a stellar retail and commercial hub in the making. Within a year of its launch, the catchment of Marketcity, Kurla is already extending beyond Bandra-Kurla Complex, Bandra, Juhu, Andheri, Powai, Chembur, Mulund, Ghatkopar and Worli.

Going forward, Phoenix Marketcity, Kurla aims to steadily improve its healthy footfalls into consumption and trading densities at par with other Marketcity Malls. It shall endeavour to emulate the high standards of HSP and create new trends in entertainment and lifestyle, catering to every need and comfort of customers. The key focus of PML is to continue to offer a refreshing destination spelling style and good taste, with comprehensive lifestyle solutions for every individual.

As part of purchase of stakes across multiple projects from Edelweiss Property Fund for ₹ 690 Mn, which was approved by the Company's board in May 2013, PML acquired 0.41% stake in Offbeat Developers Pvt. Ltd (ODPL), the SPV which houses Phoenix Marketcity, Kurla. PML's stake in ODPL has increased to 24.7% in June 2013 from 24.3% as on March 31, 2013.

Phoenix Marketcity, Chennai

Phoenix Marketcity, Chennai was launched in January 2013 as an upmarket shopping destination marking the convergence of shopping, dining, entertainment, art, architecture and design at a single location. Spread over 0.98 Mn sq. ft., the mall houses around 300 stores over four levels.

Phoenix Marketcity Chennai: Operational Profile	
PML's Stake	50.01%*
Operational Since	Jan-13
Leasing Status (Mar-13)	92%
Occupancy Status (Mar-13)	61%
Rental Income (psf.pm) (Mar-13)	93.0

Note: Post consummation of SPA with Kshitij Venture Capital Fund

Within a short span of its launch, the mall has become the 'toast of the town' with a diverse mix of local and international retailers. Super-luxury brands such as Tag Heuer, Longines, Mango, Clarins, Kenneth Cole, Parcos, Steve Madden, Promod, Brooks Brothers and Esbeda are proud residents of the mall. There is a powerful line-up of anchor retailers such as Big Bazaar, Lifestyle and Pantaloons, being supported by an impressive list of high-street retailers such as GRT, Naidu's, RMKV, Nathella, Malabar Gold and Diamonds, Popat Jamals, Viveks and Next.

Developed under PML's SPV, Classic Mall Development Company Pvt. Ltd. (CMDL), more than 90% of the mall has been leased out with nearly 60% of the leasable area already occupied and trading. During FY2012, PML along with Sharyans Resources Ltd. jointly entered into a Share Purchase Agreement (SPA) for buying out Kshitij Venture Capital Fund's entire 32% stake. With this, the effective stake of PML increased by 19% in CMDL to 50.01%. The Mall continues to receive strong interest from national and international retailers, ensuring a good retail brand mix and reshaping the neighbourhood infrastructure.

HOSPITALITY

Shangri-La Hotel, Mumbai

During FY2013, the PML Group successfully delivered Shangri-La Hotel, a 5-star deluxe hotel in Mumbai, which was inaugurated and launched in December 2012. This is PML's first hospitality project and has signed an agreement with Hong Kong's Shangri-La Hotels & Resorts to manage the hotel. The 5-star luxury hotel is located in the heart of Mumbai atop the premium Palladium Mall, with an inventory of 390 rooms, 19 serviced apartments, 11 F&B concepts and grand banqueting facilities of 18,000 sq. ft. PML expects Shangri-La Hotel to stabilise and start generating positive cash flows over next 6-7 months.

MANAGEMENT DISCUSSION & ANALYSIS

PROJECTS IN PIPELINE

The Company continues with the design, planning and construction activities of its other projects i.e. residential and commercial properties. These form part of the mixed use development on the same land parcels where Phoenix Marketcity malls have been built across four cities viz. Mumbai, Bengaluru, Chennai and Pune. These assets are pre-dominantly part of the Phase II and Phase III at each project. Unlike retail malls, they are developed on a "for-sale" model to monetise the maximum value possible, that has been created on account of the transformation of the micro-markets with the success of each Phoenix Marketcity. During FY2013, the projects under various stages of construction were as follows:

1. **Commercial**
   a. Orion Park
   b. Phoenix Bazaar
   c. Phase II - Phoenix Marketcity, Pune

2. **Residential**
   a. One Bangalore West, Bengaluru
   b. Phase II - Phoenix Marketcity, Bengaluru
   c. The Crest, Chennai
   d. Phase II - Phoenix Marketcity, Chennai
   d. Phase II - Phoenix Marketcity, Pune

3. **Hospitality**
   a. Courtyard by Marriott, Agra

Commercial

By close of FY2013, PML had completely constructed and nearly sold the two commercial assets viz. East Court at Pune and Centrium (earlier 15 LBS) at Kurla. During FY2012, PML had launched two commercial properties on the same land parcel that houses Phoenix Marketcity at Kurla and which were bigger than Centrium in terms of saleable area. These were branded as Orion Park and Phoenix Bazaar, with a total saleable area of approximately 1.2 Mn sq. ft. These projects stand to benefit from the ideal location and from being a part of PML's business model of retail-led mixed-use asset development.

Kurla, Mumbai

The low-profile eastern suburb of Kurla is fast becoming the next commercial hub of the city with a fresh wave of property development, huge office complexes and new-age retail destinations. It is soon to become an upmarket swanky commercial business district, akin to the Bandra-Kurla Complex. Accessibility to city's different pockets and scope for price appreciation are key drivers for this micro-market which is witnessing integrated development of quality residential, commercial, office, education and entertainment. With several IT Parks having established here, domestic institutions as well as MNCs are gradually accepting Kurla as a business destination.

Orion Park

Orion Park is being developed as part of Phase II of Phoenix Marketcity, Kurla with a saleable area of nearly 0.80 Mn sq. ft., under the SPV – Offbeat Developers Pvt. Ltd. It is expected to

Location	Project	SPV	Type	Area Mn sqft.	PML's Stake	PML's Economic Interest Mn sqft.
Pune	Phase II	Vamona Developers	Commercial	0.28	58.5%	0.09
	Phase II	Alliance Hospitality	Residential	0.35	31.3%	0.03
Mumbai	Orion Park	Offbeat Developers	Commercial	0.80	24.3%	0.05
	Phoenix Bazaar	Graceworks Realty	Commercial	0.42	43.8%	0.08
Chennai	The Crest - A&B	Classic Housing	Residential	0.21	50.00%*	0.06
	The Crest - C	Classic Mall	Residential	0.25	50.01%*	0.07
	Phase II	Starboard Hotels	Residential	0.41	28.5%	0.06
Bengaluru	One Bangalore West	Palladium Constructions Platinum Hospitality	Residential	2.95	70%#	1.45
	Phase I	Island Star Mall	Residential	0.67	68.05%^	0.29
	Phase II	Island Star Mall	Residential	0.35	68.05%^	0.16

Note: *Post consummation of SPA with Kshitij Venture Capital Fund; ^Post consummation of SPA with Horizon Fund; # The Land is jointly owned by Palladium & Platinum SPVs. PML owns 70% stake in Palladium Constructions Pvt. Ltd. and PHCPL owns 70% stake in Platinum Hospitality Services Pvt. Ltd.

OUR RESIDENTIAL AND COMMERCIAL ASSETS ARE DEVELOPED ON A "FOR-SALE" MODEL TO **MONETISE THE MAXIMUM VALUE** CREATED ON ACCOUNT OF THE TRANSFORMATION OF THE MICRO-MARKETS WITH THE SUCCESS OF EACH PHOENIX MARKETCITY.

benefit from its excellent geographical location as an extension to Bandra-Kurla Complex, proximity to airports and eastern and western express highways. Launched in May 2012, Orion Park has garnered excellent market response with nearly 0.37 Mn sq. ft. being sold as on March 2013. Moreover, the property has witnessed substantial capital appreciation with the sale price increasing from ₹ 8,300 per sq. ft. at its launch to ₹ 10,500 per sq. ft. by end of FY2013. The project is expected to be delivered by December 2015. Orion Park constitutes two levels of basement and four floors for offices with large floor plates of approximately 75,000 – 80, 000 sq. ft which can be customised for large corporates as well small office spaces. The Orion Park is proposed to be LEED certified green building with features like Terrace Garden, Low UV glass, ground water recharge, high performance glazing, integrated monitoring and building management systems and 24X7 electronic surveillance.

Phoenix Bazaar

Launched along with Orion Park in May 2012, Phoenix Bazaar constitutes 0.42 Mn sq. ft. of retail plus commercial areas on a 'for sale' model, developed under the SPV - Graceworks Realty & Leisure Pvt. Ltd. The property is situated next to Phoenix Marketcity mall and comprises four floors of retail space and two floors of office space, with a sprawling food court and fine-dining options. Offices will be located on higher floors featuring large floor plates to accommodate corporate blocks and smaller offices. Phoenix Bazaar will have dedicated floors for a Gold Souk, Electronic Bazaar, Saree Zone and ample domestic brands in formats such as apparels, accessories and footwear. Besides casual shoppers, Phoenix Bazaar will attract major footfalls from 'special occasion shoppers' by enabling them with a one-stop-shop in a mall purview.

The market response to Phoenix Bazaar has been truly encouraging with nearly 44,000 sq. ft. of the area already committed for units ranging from as low as 50-60 sq. ft. to the largest unit being 4,500 sq. ft. The project has witnessed huge capital appreciation in less than a year with prices for retail units increasing from ₹ 9,500 per sq. ft. during launch to approximately ₹ 12,000-14,000 per sq. ft. as on March 2013. The Company expects the category by itself to create new opportunities at the location, thereby driving footfalls at the Kurla Marketcity.

MANAGEMENT DISCUSSION & ANALYSIS

RESIDENTIAL

One Bangalore West, Bengaluru

One Bangalore West stands on one of the largest contiguous land parcels , measuring nearly 17 acres at Malleswaram, in the heart of Bengaluru. Originally marked for a Marketcity development, the Company recalibrated its strategy to take advantage of the city's strong demand for high-end residences and to offer innovative neighbourhood living concepts.

With approximately 3.0 Mn sq. ft. of saleable area, this project entails nine premium towers offering 2/3/4 BHKs and penthouses and one luxury tower with duplexes and 4 & 5 BHKs. The uniquely designed residential project has been done in contemporary style by international and marquee architects – Benoy, Callison and RSP. The ultra-high end project is a landmark development which carefully combines luxury, comfort, exalted design and swanky new facilities satiating the most discerning and quality-conscious Bengaluru customer who demands a sleek, modern-in-design home.
From completely automated homes to private pools and extravagant landscaping, the differentiation of One Bangalore West is truly unique.

The first phase of One Bangalore West, offering nearly 1.0 Mn sq. ft. was opened for sale in September 2012 and received an overwhelming response. The project attracted premium rates despite stiff competition and a price sensitive atmosphere. By the end of FY2013, the project achieved sales of nearly 0.78 Mn sq. ft. worth over ₹ 6 Bn from the five towers launched in Phase I. The unprecedented demand for this project has driven up the prices from ₹ 6,550 per sq. ft. at the launch to ₹ 9,500 per sq. ft. as on March 2013. Collections from sales too have been very healthy with nearly ₹ 1.25 Bn received till March 2013 making the project self-sustainable in meeting its construction expenses without the need to resort to leveraging. However, anticipating an increase in the pace of project delivery in future, a lending facility to the tune of ₹ 1.3 Bn has already been tied up with a leading bank. Construction of Phase I began during H2FY2013 and the project is expected to be completely delivered by FY2017.

FROM **COMPLETELY AUTOMATED** HOMES TO PRIVATE POOLS AND EXTRAVAGANT LANDSCAPING, THE DIFFERENTIATION OF ONE BANGALORE WEST IS TRULY UNIQUE.

The Crest, Chennai

This residential property is set atop Phoenix Marketcity Chennai, complementing the ecosystem of shopping malls, multiplexes and restaurants. The project has a saleable area of about 0.46 Mn sq. ft., comprising Tower A, B and C built over five acres at the podium level with 147 luxury residences varying between 2,300 sq. ft. and 4,800 sq. ft. Towers A and B of The Crest are being developed through an SPV called Classic Housing Projects Pvt. Ltd., while Tower C is being developed through Classic Mall Development Company Pvt. Ltd.

The project has been aesthetically designed with sprawling, theme landscaped gardens and lawns designed by Belt Collins, Singapore. It also includes a 40,000 sq. ft. club house with state-of-the-art gymnasium with spa, steam and sauna rooms. The project has a definite locational advantage as Velachery is a prominent residential, commercial and retail destination, close to the airport and several IT parks in the city.

The project has been extremely well received by Chennai, with nearly 0.30 Mn sq. ft. having been booked collectively from the three towers as at FY2013 end, without a formal launch or employing traditional channels of marketing. The project has also witnessed phenomenal capital appreciation since its launch with the price moving from ₹ 4,500 per sq. ft. in May 2011 to ₹ 13,000 per sq. ft. as on March 2013. The project has reached at an advanced stage of construction with civil structure completed and finishing works being carried on at a healthy pace. The project is expected to be delivered by Q4FY2014. As a part of Phase II of the project, PML has plans to construct a residential tower of approximately 0.41 Mn sq. ft. of saleable area on top of a luxury retail mall with 0.21 Mn sq. ft. of leasable area, both to be developed under the SPV called Starboard Hotels Pvt. Ltd.

Pune Residential

The micro-market of Viman Nagar has become one of the highly sought after destinations of Pune in recent years with several high-profile residential, commercial, retail and hospitality assets becoming part of its skyline. Being located on the arterial Nagar Road which connects Pune to the industrial town of Ahmednagar, Viman Nagar has become one of the busiest localities in Pune. While it has been home to several educational institutions traditionally, there has been a significant increase in the presence of major IT companies in recent years, giving a fillip to the destination as a whole. Key hotel brands operating in Viman Nagar include Sheraton, Hyatt, Westin and Jukaso attracting business and leisure travellers visiting Pune to this part of the city.

MANAGEMENT DISCUSSION & ANALYSIS

PML has already established its brand in Pune through its retail asset Phoenix Marketcity at Viman Nagar. As part of the Phase II of this mixed-use asset, PML plans to develop a luxury residential project above the mall with a saleable area of approximately 0.35 Mn sq. ft spread over two towers of 13 storeys each. The project offers spacious and elegantly designed 4BHK flats ranging from 4,200 sq. ft. to 5,900 sq. ft. each. State-of-the-art facilities such as a fully-equipped gym and club house, outdoor swimming pool, virtual golf arena, party area, entry and exits segregated from Mall access points, dedicated parking and 24x7 e-surveillance shall make this project an exclusive property.

Since the project shall be developed above the mall, time required for execution above ground and seeking approvals has been largely reduced. It shall be developed under the SPV, Alliance Hospitality Services Pvt. Ltd. (AHSPL) with launch expected in Q2FY2014 and project completion expected by FY2015.

As part of purchase of stakes across multiple projects from Edelweiss Property Fund for ₹ 690 Mn, which was approved by the Company's board in May 2013, PHCPL (56.9% owned by PML) has acquired Edelweiss Fund's 3% stake in AHSPL thereby increasing the stake to 57.98% from 54.98% as on March 2013.

HOSPITALITY

Courtyard by Marriott, Agra

Courtyard by Marriott is a 5-star hotel being developed at Agra through the SPV, Gangetic Hotels Pvt. Ltd. This premium hospitality project is slated to have 194 keys with large banqueting facility. Strategically located within a three kms radius from the Taj Mahal, the property has been designed by PIA, a Thailand-based internationally renowned architect. While the structural construction was completed during FY2013, steady progress is made in completing the F&B areas, room decor, lobby areas, landscaping and back of the house fittings. The property is expected to become operational in Q3 of FY2014.

INVESTEES

Phoenix Mills Limited (PML) has invested in two companies which are expanding their footprint in retail, hospitality and residential properties across Tier-II cities of India. These are:

- Big Apple Real Estate Private Limited (BARE) (77% stake)
- Entertainment World Developers Pvt. Ltd. (EWDPL) (40% stake)

Big Apple Real Estate Private Limited (BARE)

Big Apple Real Estate Private Limited (BARE), jointly owned by Lucknow's UPAL Group and PML, aims to tap the retail potential in non-metro destinations and Tier-II cities which have been steadily embracing the organised retail culture.
BARE operates malls under the brand name Phoenix United at Lucknow and Bareilly with leasable area of approximately 0.35 Mn sq. ft. each. With the well-heeled and educated splurging on high-end brands like never before in these Tier II cities, BARE envisages good growth in these towns. It is creating the right spaces to house iconic brands and capture new pockets of growth.

Phoenix United, Lucknow & Bareilly

With proliferation of the noveau riche and increase in spending power of the middle class, footfalls in BARE's Lucknow and Bareilly malls are currently exceeding 0.67 Mn and 0.56 Mn per annum, respectively. The consumption too has been healthy with Lucknow and Bareilly Malls achieving sales of over ₹ 1,600 Mn and ₹ 1,200 Mn per annum, respectively. Upmarket brands and big-ticket luxury stores such as Jack & Jones, Tommy Hilfiger, DKNY, FCUK etc. have garnered much interest in BARE's Lucknow and Bareilly malls, with the affluent in smaller towns becoming increasingly brand conscious and desiring the latest collection.

During the year, retailers such as Globus, KFC, Reliance Brands and Dollar Store were added at the Lucknow mall. Currently, BARE is upgrading its malls at Lucknow and Bareilly through re-zoning and rebranding to garner increased traffic at the Centre. BARE focuses on making each destination more attractive by offering an entire package to patrons. It aims to offer them a 'feel good' factor with more entertainment, leisure, shopping and fine-dining options through the creation of unique destinations.

Entertainment World Developers Pvt. Ltd. (EWDPL)

Entertainment World Developers Pvt. Ltd. (EWDPL), an Indore-based Tier-II city centric retail mall and mixed-use developer, is engaged in construction and operation of mixed-use retail centers and townships. EWDPL operates four malls with 1.2 Mn sq. ft. of leasable area, two of them at Indore and one each at Ujjain in Madhya Pradesh and Nanded in Maharashtra.

MANAGEMENT OUTLOOK

Despite not-so-favourable broader economic conditions on a macro level and consumer spend being on a downward trend, PML witnessed a steady rise in its trading density at its HSP facility and all the four Phoenix Marketcities. Average footfalls and spend per person has been on a constant rise, giving indications that the discerning consumer is now more selective about which retail destination he would like to visit to shop and to spend his time. In other words, PML's world-class retail destinations have been gaining market share in all four Tier-I cities they operate in.

The organised retail has been one of the fastest-growing sectors in India and with Government having opened the sector for foreign investment, PML Group expects the demand for quality mall space will be fuelled with the entry of several international retailers into India. Despite the current slowdown, buoyancy is expected in premium residential properties, driven by increasing urbanisation and rising incomes. The upmarket residential market in Bengaluru and Chennai appear attractive, driven by the IT sector. Certain micro markets are expected to outperform the overall market trends on account of location specific advangates. The commercial and hospitality sectors, although facing headwinds from economic slowdown, are expected to bounce back on account of pent up demand for offices and uptick in business and leisure travellers.

Through our 'developed and sell' residential and commercial properties, we shall endeavour to leverage the 'Phoenix Brand' and stay focused on retail assets already delivered by improving their operational efficiencies. We will continue to focus on high-quality and sustainable rental income streams, investing in new retail assets and create incremental value through repositioning of our assets, exploiting our scale and financial strength. We are poised to capitalise on consumer spend with limited incremental supply of quality retail space and hospitality assets in geographies where we have substantial presence.

The management of PML expects the overall performance in FY2014 to be better than FY2013, primarily driven by full year of operations of Phoenix Marketcity, Chennai and Shangri-La, healthy footfalls and consumption at the HSP and the other three Phoenix Marketcities. For its ongoing residential and commercial properties too, PML expects healthy sales bookings given the advanced stages of consturction at each project. With its iconic retail destinations across Tier-I cities of India, large portfolio of 'for sale' residential and commercial assets and a strong balance sheet, the Company is well positioned to derive exceptional yields, capital growth and pursue market opportunities in the future.

MANAGEMENT DISCUSSION & ANALYSIS

FINANCIAL OVERVIEW

Consolidated and standalone profit & loss statement

	Consolidated			Standalone		
(₹ Mn)	**FY2012**	**FY2013**	**Change**	**FY2012**	**FY2013**	**Change**
Sales Income	689	252	-63%	-	-	
Hospitality Income	-	152		-	-	
License Fees, Service Charges, Etc.	3,256	4,295	32%	2,260	2,706	20%
Total Income	**3,945**	**4,699**	19%	**2,260**	**2,706**	20%
EBITDA	2,114	2,632	24%	1,401	1,785	27%
EBITDA Margins	54%	56%		62%	66%	
Other Income	446	521	17%	457	565	24%
Depreciation	563	474	-16%	283	275	-3%
Interest	944	1,430	52%	165	265	60%
Profit Before Tax	1,053	1,248	19%	1,409	1,810	28%
Profit After Tax & Minority Interest	**1,056**	**842**	-20%	**1,053**	**1,339**	27%
EPS (FV of ₹ 2 per share)	7.29	5.81	-20%	7.27	9.24	27%

Income from Operations

On Standalone basis, which includes operations of only 'High Street Phoenix' (HSP), Mumbai, income from operations has increased by 20% yoy to ₹ 2,706 Mn in FY2013 from ₹ 2,260 Mn in FY2012 on the back of healthy footfalls, consumption and higher Licence Fees post lease renewals during FY2013. The consolidated Income from Operations too increased by 19% to ₹ 4,699 Mn in FY2013 from ₹ 3,945 Mn in FY2012. The revenue recognised from sale of commercial property sales in Pune has declined since a substantial portion was already recognised in FY2011 and FY2012. Revenue from room rent and F&B income of 'Shangri-La', which opened in December 2012 starts getting recognised from FY2013. The consolidated rental income and service charges from the mall assets in Pune, Lucknow and Bareilly alongwith HSP have also grown by 32% yoy to ₹ 4,295 Mn in FY2013 from ₹ 3,256 Mn in FY2012 with the former three malls witnessing higher occupancies and consumption during FY2013 vis-a-vis FY2012.

Earnings before Interest, Depreciation and Taxes (EBITDA)

The Standalone EBITDA increased by 27% yoy to ₹ 1,785 Mn in FY2013 from ₹ 1,401 Mn in FY2012 led by healthy recovery of operational expenses which has also improved the EBITDA margins to 66% in FY2013 from 62% in FY2012. The consolidated EBITDA has increased by 24% to ₹ 2,632 Mn in FY2013 from ₹ 2,114 Mn in FY2012 whereas the margins have reduced to 54% in FY2013 from 56% in FY2012.

Interest and Depreciation

While the standalone depreciation remained largely unchanged, the consolidated depreciation declined by 16% yoy to ₹ 474 Mn in FY2013 from ₹ 563 Mn in FY2012. The standalone interest expense increased by 60% to ₹ 265 Mn in FY2013 from ₹ 165 Mn in FY2012 on account of larger drawdown of the ₹ 3,000 Mn secured debt during H2FY2012. The consolidated interest expense too increased by 52% yoy to ₹ 1,430 Mn in FY2013 from ₹ 944 Mn in FY2012.

Profit after Tax and Minority Interest

Standalone Profit after Tax and Minority Interest increased by 28% yoy to ₹ 1,810 Mn in FY2013 from ₹ 1,409 Mn in FY2012. However, the Consolidated Profit Tax and Minority Interest declined by 20% yoy to ₹ 842 Mn in FY2013 from ₹ 1,056 Mn in FY2012 on account of higher tax expense.

Share Capital

During FY2013, there was no change in the Share Capital of the Company which stood at ₹ 289.7 Mn. Standalone Reserves and Surplus increased to ₹ 17.8 Bn in FY2013 from ₹ 16.4 bn in FY2012, whereas the Consolidated Reserves and Surplus increased to ₹ 17.8 Bn in FY2013 from ₹ 16.8 Bn in FY2012.

Non-current & Current Liabilities

The Standalone Non-Current (long-term) borrowings of the Company have decreased to ₹ 2,067 Mn in FY2013 from ₹ 2,612 Mn in FY2012 on account of steady repayment during the year. The Consolidated Non-Current (long-term) borrowings increased to ₹ 18.3 Bn in FY2013 from ₹ 15.2 Bn in FY2012 mainly on account of drawdown of the secured debt in SPVs of Phoenix Bazaar, Shangri-La and Phoenix Marketcity Bengaluru projects. Other long term liabilities also increased on account of consolidation of security deposits received from Phoenix Marketcity Bengaluru and increase in occupancy of malls at Mumbai, Pune, Lucknow and Bareilly, resulting in incremental collection of deposits during the year.

The Consolidated Current Liabilities have increased to ₹ 9,494 Mn in FY2013 from ₹ 5,286 Mn in FY2012 on account of draw-down of secured loan for the One Bangalore West project on a short-term basis which was paid in April 2013. Besides, current maturities of secured loans of Phoenix Marketcity Pune and Bengaluru due in FY2013, accrued interest, advances received from pre-sales have also led to the increase in short-term liabilities.

Fixed Assets

The Consolidated Tangible Assets have increased to ₹ 27.8 Bn in FY2013 from ₹ 11.9 Bn in FY2012 mainly on account of capitalisation of the assets in SPVs of Phoenix Marketcity Pune, Phoenix United Bareilly, Phoenix Marketcity Bengaluru and Shangri-La whereas CWIP has declined to ₹ 1,670 Mn in FY2013 from ₹ 13,591 Mn in FY2012 mainly on account of assets being inventorised at One Bangalore West and Phoenix Bazaar, apart from the assets described above being moved to Gross Block.

Current Assets

The consolidated Current Assets have increased to ₹ 2,073 Mn in FY2013 from ₹ 816 Mn in FY2012, mainly on account of increase in investments of the cash received from sales in the One Bangalore West project. Consolidated Inventories increased to ₹ 7,729 Mn in FY2013 from ₹ 2,457 Mn in FY2012.

RISK MANAGEMENT & INTERNAL CONTROL

PML identifies new risks and re-evaluates old risks during the year, in the process of considering risk mitigating strategies. Some of the risks the Company's core businesses are exposed to include credit risk, market risk, operational risk and legal risk. It is also exposed to specific risks in connection with the management of investments and the environment within which it operates.

PML manages cost escalation risk through processes aimed at optimising costs through suppliers and through rigorous contracts and procurement. To manage project execution risk, PML evaluates track records and performance capabilities to ensure the right contracts are on board. As a part of the monitoring system, a project review is done every week on timelines and budgets to evaluate project cost and costs to completion.

The Company seeks to understand, limit and manage the adverse impacts arising from external and internal events. The risk management team safeguards and protects the Company's assets against unauthorized use or disposition, maintenance of proper accounting records and verification of authenticity of all

MANAGEMENT DISCUSSION & ANALYSIS

transactions. Within the Company, the directors are responsible for maintenance of a sound system of internal controls. This is done by way of continuous process of identifying, evaluating and managing the risks faced by the company. The Group's effectiveness on internal control and their internal control system is also checked by external agencies. This results in an unbiased and independent examination of the adequacy and effectiveness of the internal control system and aims to achieve the objective of optimal functioning of the Company.

INFORMATION TECHNOLOGY

PML well understands that an adequately equipped IT infrastructure, both technologically and quantitatively, is the foundation for stable IT systems and optimal IT support. It has the best-in-class IT systems and the entire IT backbone to manage administration and delivery of its services. A key hallmark of its IT systems is its ability to monitor and assist each retail store, helping them manage their business better and has a comprehensive package for managing its retail properties. This enables the entire operation to be on a centralised platform offering single-system property management and accounting integration.

The advanced IT system facilitates PML in establishing various business intelligence reports for investment management, electronic procurement, paperless transaction processing, budgeting, forecasting and cash flow modelling. The Company has adopted global standards in information automation, performance metrics and management excellence. The efficient enhancement of the application environment at different locations in the business processes and in the sales network is just as vital as having a modern IT infrastructure. The technical staff is responsible not only for programming the systems, but also supporting the users in technical development. Expert teams develop solutions that can be applied across verticals to establish IT standards in business areas that are the basis for leveraging potential synergies.

HUMAN RESOURCES

Over the years, PML has rapidly expanded its intellectual capacity to develop its unique projects aimed at becoming one of the largest mixed-use properties in India. From an HR perspective, the Company emphasises on attracting the right talent to help the organization achieve its vision and deliver globally acclaimed properties to customers and retailers.

PML has strong strategic planning and decision making skills achieved through a highly capable and committed leadership team who are geared to build the finest and most unique properties across India.

To accomplish its goals, it is always on the look out for talented, creative, ambitious individuals driven by challenges with a passion to excel. Today, it hires some of the most talented and experienced individuals in their fields. It believes having the right people will take the organization to great heights. It endeavours to become a market leader in the most competitive environment and faces the challenge of accessing and deploying talent and unleashing the teams' innovative potential.

PML is a strong believer of developing and retaining the talented people by treating employees with dignity, honesty and respect and also helping employees realize their potential. It believes in providing appropriate working conditions to enable employees to work effectively and also recognizing and rewarding each individual and the team achievement. The Company is driven by trust and the principles of empowerment, and believes in inculcating a winning attitude among its employees by encouraging learning, self-development and building effective leadership. It breaks the barriers of scale, size and efficiency. It also offers stimulating assignments, a great working environment and professional management.

CAUTIONARY STATEMENT

Statements in this report pertaining to the Company's objectives, projections, estimates, exceptions and predictions are forward-looking statements subject to the applicable laws and regulations. These statements may be subject to certain risks and uncertainties. The Company's operations are affected by many external and internal factors which are beyond the control of the management. Therefore, the actual position may differ from those expressed or implied. The Company assumes no obligation to amend or update forward looking statements in future on the basis of new information, subsequent developments or otherwise.

Management TEAM

Mr. Amit Kumar
Amit Kumar has over 17 years of experience in Strategic Planning, new set-ups, Operations Management, Business Development & Relationship Management. At Phoenix, he holds the position of Centre Director for Kurla Marketcity. He is responsible for managing the operations of the property and for achieving the bottomline profitability of the Centre.

Mr. Dipesh Gandhi
Dipesh has over 15 years of experience in business development, market research, planning and organisation set-up. At Phoenix, he holds the position Development Director and is responsible for the Liaising function of the Group.

Mr. Haresh Morajkar
Haresh has over 20 years of experience with strong business management skills and profound experience in the field of Human Resource Management and General Management. He currently heads the HR, Admin and IT functions of the Group, playing a key role in strategic HR planning, organisational development, training and performance management.

Mr. Mayank Ruia
Mayank handles the role of Development Director at Phoenix for the Residential and Commercial businesses. Prior to PML, he was associated as Vice President with Everstone Capital Advisors. He was involved in international assignments with UBS Investment Bank, Sagent Advisors and American Capital Strategies, New York.

Mr. Noel Vessaoker
Noel is a retail management professional with extensive experience in sales, business development and leasing. At Phoenix, he holds the position of Centre Director – Chennai and is responsible for managing the operations of the property and for achieving the bottomline profitability of the Centre.

Mr. P. Vidya Sagar
Vidya has over 20 years of experience across various industries in the areas of Corporate Law, M&A, Legal, Compliance and Corporate Governance. He heads the Corporate and Legal functions of the Group and his responsibilities include managing the secretarial, corporate and legal affairs.

Management TEAM

Mr. Prakash K. Mantripragada
Prakash Kumar works with the organisation as VP – Projects. His is based at Bengaluru and is responsible for the overall execution of One Bangalore West. He is a Civil Engineer and has more than 23 years of experience in various organisations such as Mahindra Construction Co. Ltd., Sterling Holidays Resorts and Unicorn Holding (P) Ltd. He was last associated with Royal Orchid Hotels as General Manager – Projects.

Mr. Rajiv Malla
Rajiv has over 30 years of experience with international hotels & resorts. He has extensive experience in Operations, Sales & Business Development and Renovations in the hospitality industry. He is also a member of various travel & tourism associations as an active committee member. He has an excellent track record of managing large assets and streamlining workflow.

Mr. Rajendra Kalkar
Rajendra has over 20 years of experience across various fields with expertise in property management. He is the Senior Centre Director for High Street Phoenix and is responsible for Operations, Leasing, Retailer Mix, Legal, Customer Relationship, Commercial & Marketing functions and bottomline profitability of the Centre. He also oversees the operations of the Pune mall.

Mr. Rajesh Kulkarni
Rajesh has over 20 years of experience in driving the development, planning and implementation of the project from an architectural perspective. He is the Director of the Project Delivery vertical and receives a steadfast support from a team of experienced architects, engineers and other technical personnel in the design, project co-ordination and delivery for all the prestigious projects of the Phoenix Group.

Ms. Rashmi Sen
Rashmi has over 15 years of experience in sales and leasing. At Phoenix, she holds the position of Group Head – Leasing. She is responsible for developing and implementing the right retailer mix and retail leasing plans for all Phoenix Marketcity malls and also other malls of the Phoenix Group.

Ms. Sangeeta Vernekar
Sangeeta has over 20 years of experience and has been a key member of some of India's award-winning and successful shopping centers. At PML, she heads the "Retail Excellence" initiative, supported by a team of retail specialist professionals. Her role is to service clients on mall design, architecture, signage, lighting and retail.

Mr. Shashie Kumar
Shashie has over 18 years of experience in the field of Retail, Real Estate/Infrastructure Management, Market Research and Marketing Services. He is currently handling the role of Centre Director for Phoenix Marketcity, Bengaluru. His key role is to ensure the successful implementation of pre-launch activities such as marketing, public relations and retailer transition. He is also responsible for managing the operations of the property and for achieving the bottomline profitability of the Centre.

Mr. Shrikant Kambli
Shrikant is working with the Phoenix Group as VP – Projects (Kurla & Pune). He is responsible for overall execution of both the projects. He has done his B. E. Civil and Diploma in Business Management and has over 18 years of experience in various organisations such as Sabve Rohini Constructions Pvt. Ltd. and Hotel Horizon Ltd. He was last associated with Pancards Clubs Ltd. as Projects - Head.

FINANCIALS

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DIRECTORS' REPORT

Your Directors are pleased to present the 108th Annual Report of the Company together with the Audited Financial Statements for the year ended March 31, 2013.

FINANCIAL RESULTS

(₹ in million)

Particulars	Year ended 31.03.2013	Year ended 31.03.2012
Sales and other Income	**3,271.28**	2,437.77
Profit before Interest, Depreciation, Extraordinary Items and Tax	**2,350.77**	1,857.62
Less: Interest & Finance Charges	**264.96**	165.45
Less: Depreciation	**275.40**	282.94
Profit Before Tax	**1,810.41**	1,409.24
Less: Provision for Taxation:		
Current Tax	**473.50**	371.50
Deferred Tax	**(1.89)**	15.68
Net Profit After Tax	**1,338.79**	1,053.42
Balance brought forward from Previous Year	**3,955.88**	3,439.14
Profit available for appropriation	**5,294.67**	4,492.56
Appropriations:		
General Reserves	**200.00**	200.00
Proposed Dividend	**318.66**	289.69
Corporate Dividend Tax	**54.16**	46.99
Balance Carried Forward to:		
Profit & Loss Account	**4,721.86**	3,955.88

OPERATIONS

The Phoenix Mills Limited (PML) has today garnered the reputation for being a leading retail led real-estate firm and one of the largest mall operators across India. It is the standard bearer in the retail industry with 11 irreplaceable city-centric malls that have become landmarks in themselves. With 11 large malls in 9 cities across India, PML has achieved an unprecedented scale and size of nearly 7. 0 Mn sq. ft. of prime retail space under its portfolio. With our retail-led mixed-use asset development model, we strive to yield optimum returns for our shareholders and consumers.

We have transformed ourselves into the first malls of choice for our discerning consumers with some terrific 'first time' brands at our HSP Mall, the four Phoenix Marketcities as well as at malls under our investee companies. Through an aggregate of nearly 2,000 stores and a fantastic array of hundreds of national and international retail brands across categories like Apparels, Accessories, Footwear, Electronics, Jewellery, F&B, Entertainment, etc., our malls exhibit great substance and large operational scale.

With three of our new big-ticket projects getting delivered during the year, FY2013 has turned out to be as prolific as FY2012. We are elated with the opening of our first hospitality project, the five-star hotel - Shangri-La in Mumbai, a premium mall-Phoenix Marketcity in Chennai and the launch of Phase I pre-sales at our large-scale standalone residential project - One Bangalore West during the year. All four distinctive malls under the Phoenix Marketcity franchise are now completely operational.

Phoenix Marketcity malls have received tremendous response from customers, evident from healthy footfalls and steadily rising consumption numbers. Across HSP and the three Phoenix Marketcity malls (excluding Phoenix Marketcity Chennai which opened only in January '13), we continue to witness strong footfalls averaging nearly 1.0 Mn per month and healthy four-wheeler arrivals at nearly 65,000 cars per month, translating into high consumer spending. Meanwhile, Shangri-La Hotel which opened in December '12 clocked 54% occupancy for the quarter ending March '13. Healthy traction was witnessed in sales of residential and commercial assets with pending inventories of 'Centrium' (earlier 15 LBS) at Kurla, Mumbai and 'East Court', Pune being nearly sold out during the year. 'One Bangalore West' received an unprecedented response when pre-sales of more than ₹ 6 Bn was achieved within first three days of its launch in September '12.

While we focus on attaining optimum operations at each of our malls, our project teams have centered their attention to the smooth execution of for-sale assets which are currently under construction. The development pipeline includes upmarket residential and commercial assets in Mumbai, Bangalore, Chennai and Pune with nearly 6 Mn sq. ft. of saleable area. Each of the projects is under various stages of development and scheduled to be launched between FY2014 and FY2016. Moreover with 'Courtyard by Marriott' hotel at Agra receiving finishing touches, we look forward to a grand launch of the property in this calendar year.

Management Discussion & Analysis (MDA), which forms a part of this report, deals comprehensively with our current operations and projects in the pipeline. It also deals with the current and future outlook of the Company.

DIVIDEND

Your Directors are pleased to recommend, for approval of the Company's shareholders at the ensuing Annual General Meeting (AGM), a final dividend of 110% for the year ended March 31, 2013, i.e. ₹ 2.20/- for each fully paid up equity share of ₹ 2/-.

The said dividend, if declared in the ensuing AGM, shall not be taxable in the hands of the shareholders.

CHANGES IN CAPITAL STRUCTURE

During the year under review, the Authorized Share Capital of the Company was increased from ₹ 30,00,00,000/- (Rupees Thirty Crores only) divided into 15,00,00,000 (Fifteen Crores) Equity Shares of ₹ 2/- each to ₹ 45,00,00,000/- (Rupees Forty Five Crores only) divided into 22,50,00,000 (Twenty Two Crores Fifty Lacs) Equity Shares of ₹ 2/- each by creation of 7,50,00,000 (Seven Crores Fifty Lacs) new Equity Shares of ₹ 2/- each ranking pari passu with the existing Equity Shares of the Company.

RENEWAL OF SHAREHOLDERS APPROVAL ACCORDED AT EGM HELD ON JUNE 8, 2012 FOR FURTHER ISSUE OF SECURITIES

The shareholders at their Extra Ordinary General Meeting held on June 8, 2012 (EGM), had approved the proposal to raise funds upto ₹ 1000,00,00,000/-(Rupees One Thousand Crores) composed of or a combination of the issue of equity shares and/or any other convertible instruments in one or more tranches through Qualified Institutional Placement, Global Depository Receipts, American Depository Receipts, Foreign Currency Convertible Bonds and/or preferential issue and/or any other kind of public issue and/or private placement and/or any securities convertible into equity shares at the option of the Company as may be permitted under applicable laws from time to time at such terms and conditions as the Board of Directors may deem fit. It was contemplated that the proceeds of the proposed issue would be used among others to augment working capital requirements, fast track completion of the balance phases under development of existing projects, finance acquisitions for new projects, augment funding requirement for investment in subsidiaries/consolidation of holdings in project special purpose vehicles and for corporate purposes. The said EGM resolution was valid until June 7, 2013. It is proposed to renew the same by passing fresh resolution of shareholders at the ensuing AGM of the Company.

BOARD OF DIRECTORS

Mr. Amit Kumar Dabriwala and Mr. Suhail Nathani, Directors on the Company's Board, retire by rotation at the ensuing AGM and being eligible, offer themselves for re-appointment.

Mr. Gautam Nayak has been appointed as an Additional Director of the Company on January 14, 2013. Mr. Nayak is an Independent, Non-Executive Director on the Company's Board. In accordance with the provisions of the Companies Act, 1956, Mr. Gautam Nayak, in his capacity as Additional Director, will cease to hold office at the ensuing Annual General Meeting. The Company has received notice along with requisite fee from a Member under Section 257 of the Companies Act, 1956 proposing the candidature of Mr. Gautam Nayak, as Director of the Company. The Board recommends his appointment.

A brief profile of the said Director as required under Clause 49 of the Listing Agreement is given in the AGM Notice contained in this Annual Report. The Board recommends the same for Shareholders' approval at the ensuing AGM.

PARTICULARS OF EMPLOYEES

As required by the provisions of Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 as amended, the names and other particulars of employees are set out in the annexure to the Directors' Report.

However, as per the provisions of Section 219 (1) (b) (iv) of the said Act, the Annual Report and accounts are being sent to all shareholders of the Company excluding the aforesaid information. Any shareholder interested in obtaining such particulars may write to the Company at its registered office.

EMPLOYEE STOCK OPTION SCHEME (ESOP):

The disclosure required to be made under SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, are given in the Annexure to this Report.

DIRECTORS' RESPONSIBILITY STATEMENT:

In accordance with the provisions of Section 217(2AA) of the Companies Act, 1956, your Directors hereby confirm that:

- in preparation of the annual accounts, the applicable accounting standards have been followed;
- the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give true and fair view of the state of affairs of the Company as at March 31, 2013 and of the profit of the Company for the year ended on that date;
- the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- the annual accounts for the year ended March 31, 2013 have been prepared on a going concern basis.

DIRECTORS' REPORT (Contd.)

CORPORATE GOVERNANCE

The Company is committed to uphold the highest standards of Corporate Governance and adhere to the requirements set out by the Securities and Exchange Board of India.

A detailed report on Corporate Governance along with the Certificate from M/s Rathi & Associates, Company Secretaries in practice, confirming compliance of conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges forms part of the Annual Report.

Your Company has voluntarily obtained a 'Secretarial Audit Report' for the financial year ended March 31, 2013 from M/s Rathi & Associates, Company Secretaries in Practice, which is annexed to this report.

AUDITORS

M/s A.M. Ghelani and Company, Chartered Accountants and M/s Chaturvedi and Shah, Chartered Accountants, Joint Statutory Auditors of the Company retire at the ensuing AGM. They have confirmed their respective eligibility and willingness to act as Auditors of the Company for FY 2013-14, if re-appointed.

AUDITORS' REPORT

The observations made by the Auditors in their Report read with the relevant notes given in the Notes on Accounts for the year ended March 31, 2013, are detailed and self-explanatory and do not require any further explanation.

PUBLIC DEPOSITS

Your Company has not accepted any deposits from the public during the year under review.

LISTING WITH STOCK EXCHANGES

The Equity Shares of the Company are listed on National Stock Exchange of India Limited and BSE Limited. The annual listing fee for the year 2013-14 has been paid to these Exchanges.

SUBSIDIARY COMPANIES

The Ministry of Corporate Affairs, Government of India, vide its Circular No. 2/2011 dated 8th February, 2011, has provided an exemption to companies from complying with Section 212, provided such companies publish the audited consolidated financial statements in the Annual Report. Accordingly, the Annual Report 2012-13 does not contain the financial statements of our subsidiaries. The audited annual accounts and other related information of our subsidiaries will be made available upon request. The same will also be available for inspection during business hours at our registered office.

During the year under review, Island Star Mall Developers Private Limited has become a subsidiary of your Company.

CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION

In view of the nature of activities which are being carried on by the Company, the particulars as prescribed under Section 217(1)(e) of the Companies Act, 1956 read with Companies' (Disclosures of Particulars in the Report of the Board of Directors) Rules, 1988 regarding Conservation of Energy and Technology Absorption are not applicable to the Company.

FOREIGN EXCHANGE OUTGO AND EARNINGS

The particulars regarding foreign exchange expenditure and earnings are contained in Note Nos. 30 to 32 of the Notes forming part of the financial statements for the year ended March 31, 2013.

ACKNOWLEDGEMENT

The Board of Directors place on record their appreciation of the assistance, guidance and support extended by all the regulatory authorities including SEBI, Stock Exchanges, Ministry of Corporate Affairs, Registrar of Companies, Reserve Bank of India, the Depositories, Bankers and Financial Institutions, the Government at the Centre and States, as well as their respective Departments and Development Authorities in India and abroad connected with the business of the Company for their co-operation and continued support. The company expresses its gratitude to the customers for their trust and confidence in the Company.

In addition, your Directors also place on record their sincere appreciation of the commitment and hard work put in by the Registrar & Share Transfer Agent, all the suppliers, sub contractors, consultants, clients and employees of the Company.

On behalf of the Board
For The Phoenix Mills Limited

Date: May 30, 2013
Place: Mumbai

Ashokkumar Ruia
Chairman & Managing Director

ANNEXURE TO THE DIRECTORS' REPORT

Disclosures pursuant to SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999

A. Summary of Status of Options Granted

Total number of options approved	33,90,000 (As per the Scheme approved, an aggregate number of 6,78,000 options convertible into one Equity Share of ₹ 10/- each were available for grant. Consequent to sub-division of the equity capital from ₹ 10/- per share to ₹ 2/- per share, necessary adjustments were made to the total number of options)
Pricing Formula	Closing price on the Stock Exchange where volumes recorded highest on a day previous to the date of grant.
Total Options granted	32,50,000
Options vested (in force)	12,25,000
Options Exercised	Nil
Options Unexercised	12,25,000
Options Lapsed and available for re-grant	15,00,000*
Total number of options in force (including options lapsed and available for re-grant)	33,90,000
Variation in terms of ESOP	Not applicable
Total number of shares arising as a result of exercise of options	Nil
Money realized as a result of exercise of options	Not applicable

*An aggregate of 15,00,000 (recalculated based on the subdivision of share from ₹ 10/- to ₹ 2/-) options granted earlier had lapsed due to resignation tendered by 7 (Seven) employees after the date of grant of the options.

B. Employee -wise details of options granted during financial year 2012-13.
Nil

C. Disclosures with respect to Diluted EPS pursuant to issue of shares on exercise of options calculated in accordance with Accounting Standard (AS) 20 and Weighted average exercise price of options granted during the year is not applicable since no options were exercised during the financial year.

The Company has also received a certificate from M/s A.M.Ghelani & Company, Chartered Accountants, Statutory Auditors of the Company, confirming that the said ESOP Scheme has been implemented in accordance with the SEBI Guidelines.

REPORT ON CORPORATE GOVERNANCE

1. **Company's Philosophy on Corporate Governance:**
   The Company's philosophy on Corporate Governance is directed at the enhancement of shareholder value, keeping in mind the interests of the other stakeholders, viz., clients, employees, investors, regulatory bodies, etc. since we believe that adhering to the standards of best Corporate Governance practice is essential to enhance shareholders' value and achieve long term corporate goals. It is commitment of an organization to values and ethical business conduct. The Company is committed to good Corporate Governance and as a part of its growth strategy, places the highest importance on strengthening and further developing our corporate governance initiatives.

2. **Board of Directors:**
   a) **Composition of the Board**
   The Company has a balanced Board, comprising Executive and Non-Executive Directors which includes independent professionals from diverse fields relevant to the Company's business requirements, who have long standing experience and expertise in their respective fields.

   As on March 31, 2013, the Company's Board comprises of five Executive Directors and five Non-Executive Directors. The Chairman of the Board is an Executive Chairman and accordingly, pursuant to the provisions of Clause 49 of the Listing Agreement, one half of the Board comprises of Independent Directors.

   Mr. Shribhanu Patki resigned as a Director from the Board of your Company w.e.f. June 28, 2012. The Board of Directors appointed Mr. Gautam Nayak as an Additional Director with effect from January 14, 2013.

   The composition of the Board and other relevant details relating to Directors are given below:

Name of the Director	Relationship with other Director(s)	Designation/ Nature of Directorship	DIN	No. of Other Director-ships*	Membership and Chairmanship of the Committees of the Board of other Companies (**)	
					Chairman ships	Memberships #
Mr. Ashokkumar Ruia	Father of Mr. Atul Ruia	Chairman & Managing Director/ Promoter	00086762	1	Nil	Nil
Mr. Atul Ruia	Son of Mr. Ashokkumar Ruia	Joint Managing Director/ Promoter	00087396	1	Nil	Nil
Mr. Shishir Shrivastava	None	Group C.E.O. & Joint Managing Director/ Executive Director	01266095	1	Nil	1
Mr. Kiran Gandhi	None	Whole Time Director/ Executive Director	00339111	2	Nil	2
Mr. Pradumna Kanodia	None	Director- Finance/ Executive Director	01602690	1	Nil	Nil
Mr. Amit Kumar Dabriwala	None	Non-Executive; Independent Director	00164763	1	Nil	Nil
Mr. Amit Dalal	None	Non-Executive; Independent Director	00297603	6	1	3
Mr. Sivaramakrishnan Iyer	None	Non-Executive; Independent Director	00503487	5	3	3
Mr. Shribhanu Patki@	None	Non-Executive; Independent Director	00783860	NIL	Nil	Nil
Mr. Suhail Nathani	None	Non-Executive; Independent Director	01089938	2	Nil	3
Mr. Gautam Nayak@@	None	Non-Executive; Independent Director	00225632	Nil	Nil	Nil

* Excludes directorship in The Phoenix Mills Limited. Also excludes directorships in Private, Foreign and Section 25 Companies, if any.

** For the purpose of considering the limit of the Committee Memberships and Chairmanships of a Director, the Audit Committee and the Shareholders/ Investors' Grievance Committee of Public Limited Companies have been considered.

\# Memberships of only Audit Committee and Shareholders' Grievance Committee have been considered.

@ Mr. Shribhanu Patki has resigned from the Board of Directors of the Company with effect from June 28, 2012.

@@ Mr. Gautam Nayak has been appointed on the Board with effect from January 14, 2013.

b) Appointment/Re-appointment of Directors:

Pursuant to the provisions of Sections 255 and 256 of the Companies Act, 1956, Mr. Amit Kumar Dabriwala and Mr. Suhail Nathani shall be liable to retire by rotation at the ensuing Annual General Meeting.

The Board has recommended the reappointments of Mr. Amit Kumar Dabriwala and Mr. Suhail Nathani, as Directors, to the Shareholders.

The detailed profiles of the aforesaid proposed appointees are provided in the Notice of the Annual General Meeting.

c) Board Meetings and Annual General Meeting:

During the financial year 2012-13, seven meetings of the Board of Directors were held i.e. on May 2, 2012, May 29, 2012, July 11, 2012, July 31, 2012, October 22, 2012, November 28, 2012 and January 28, 2013. The previous Annual General Meeting of the Company was held on August 21, 2012. The necessary quorum was present for all the meetings. When deemed expedient, the Board also approves by Circular Resolution, important and urgent items of business which cannot be deferred till the next Board Meeting.

Details of attendance of Directors in Board Meetings held during the financial year 2012-13 and in the previous Annual General Meeting are as follows:

Name of the Director	Number of Board meetings held during the year	Number of Board Meetings Attended	Attendance at Last Annual General Meeting
Mr. Ashokkumar Ruia	7	7	Yes
Mr. Atul Ruia	7	6	No
Mr. Kiran Gandhi	7	6	Yes
Mr. Shishir Shrivastava	7	5	Yes
Mr. Pradumna Kanodia	7	7	Yes
Mr. Amit Kumar Dabriwala	7	6	Yes
Mr. Amit Dalal	7	7	No
Mr. Sivaramakrishnan Iyer	7	3	Yes
Mr. Shribhanu Patki*	7	1	N.A.
Mr. Suhail Nathani	7	5	Yes
Mr. Gautam Nayak^	7	1	N.A.

*Resigned w.e.f. 28th June, 2012

^Appointed w.e.f.14th January, 2013

(d) Board Procedures:

The Board Meetings are governed by structured Agenda. The Agenda along with comprehensive notes and background material are circulated well in advance before each meeting to all the Directors for facilitating effective discussion and decision making. The Board members may bring up any matter for consideration of the Board, in consultation with the Chairman. The information as specified in Annexure IA to the Clause 49 of the Listing Agreement is regularly made available to the Board. Presentations are made by the Managing Director & CEO and Business Heads on the Company's operations and other matters on a periodic basis. The proceedings of the meetings of the Board and its Committees are recorded in the form of minutes and the draft minutes are circulated to the Board for perusal. The important decisions taken at the Board/Committee meetings are communicated to the concerned departments/ divisions promptly.

(e) Code of Conduct:

Code of Conduct is derived from three interlinked fundamental principles, viz., Good Corporate Governance, Good Corporate Citizenship and Exemplary Personal Conduct. The Board has laid down a code of conduct for all Board Members and Senior Management of the Company. The Company has obtained the confirmation of the compliance with the Code from all Board Members and Senior Management of the Company for the year 2012-13. As required by Clause 49 of the Listing Agreement, the declaration on compliance of the Company's code of conduct signed by Managing Director forms part of this Annual Report.

REPORT ON CORPORATE GOVERNANCE (Contd.)

3. Audit Committee:

Audit Committee:

a) Constitution of Audit Committee:

The Company's Board has an Audit Committee consisting of qualified members. As on 31st March 2013, the Committee comprises of one Executive and four Non-Executive Independent Directors. All the members of the Audit Committee have the financial knowledge and expertise mandated by Clause 49 of the Listing Agreement. Mr. Sivaramakrishnan Iyer, the Chairman of the Committee, is a Member of the Institute of Chartered Accountants of India and has expertise in the accounting and financial management domain.

b) Composition of Audit Committee and Number of Meetings attended during the financial year 2012-13:

During the financial year 2012-13, five Audit Committee Meetings were held i.e. on 27th April 2012, 29th May, 2012, 31st July, 2012, 22nd October, 2012 and 28th January 2013. The composition of the Audit Committee and the number of meetings attended by each member is as follows:

Name of the Committee Member	Designation	No. of Meetings held during the year	No. of Meetings Attended
Mr. Sivaramakrishnan Iyer	Chairman	5	3
Mr. Amit Kumar Dabriwala	Member	5	4
Mr. Amit Dalal	Member	5	5
Mr. Suhail Nathani	Member	5	4
Mr. Atul Ruia	Member	5	5

c) Attendees:

The Audit Committee invites such executives, as it considers appropriate to be present at the meetings of the committee, but on occasion, it also meets without the presence of any executives of the Company. The Director – Finance, the Internal Auditors and the Statutory Auditors also remain present as invitees for the meetings of the Audit Committee.

d) The Terms of Reference of the Audit Committee:

The terms of reference of the Audit Committee are in accordance with all the items listed in Clause 49(II)(D) and (E) of the Listing Agreement and Section 292A of the Companies Act, 1956 as follows:

i) Hold discussions with the auditors periodically about internal control systems, the scope of audit including the observations and review of the quarterly, half-yearly and annual financial statements before submission to the Board and also ensure compliance of internal control systems.

ii) Overview of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements reflect a true and fair position and that the sufficient and credible information is disclosed.

iii) Recommending the appointment, re-appointment and if required, the replacement or removal of the Statutory Auditor and the fixation of audit fees.

iv) Approving payment for any other services rendered by the Statutory Auditors.

v) Reviewing with the management, the annual financial statements before submission to the Board for approval, with particular reference to:

   (a) Matters required to be included in the Directors' Responsibility Statement forming part of the Board's Report in terms of clause (2AA) of section 217 of the Companies Act, 1956.

   (b) Changes, if any, in accounting policies and practices and reasons for the same.

   (c) Major accounting entries based on the exercise of judgment by management.

   (d) Significant adjustments made in the financial statements arising out of audit findings.

   (e) Compliance with listing and other legal requirements relating to financial statements.

(f) Disclosure of any related party transactions.
(g) Qualifications in the draft audit report.

vi) Reviewing with the management, the quarterly financial statements before submission to the Board for approval.
vii) Reviewing with the management, the statement of uses/ application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/ prospectus/ notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.
viii) Reviewing with the management, the performance of statutory and internal auditors, and adequacy of the internal control systems.
ix) Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
x) Discussion with internal auditors on any significant findings and follow up thereon.
xi) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
xii) Discussion with Statutory Auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
xiii) To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
xiv) Approval of appointment of CFO (i.e. the Whole-Time Director-Finance or any other person heading the finance function or discharging the said function) after assessing the qualifications, experience & background, etc. of the candidate.
xv) Review of information as prescribed under Clause 49 (II)(E) of the Listing Agreement.

e) Powers of the Audit Committee:

The Audit Committee has the following powers:

i) To investigate any activity within its terms of reference as above.

ii) To seek information from any employee.

iii) To obtain outside legal or other professional advice, if necessary.

iv) To secure attendance of outsiders with relevant expertise, if it considers necessary.

4. Remuneration Committee:

a) Constitution and composition of Remuneration Committee:

The Remuneration Committee comprises of three Non-Executive Independent Directors, as under:

Mr. Suhail Nathani	–	Chairman
Mr. Amit Kumar Dabriwala	–	Member
Mr. Sivaramakrishnan Iyer	–	Member

During the financial year 2012-13, no meetings of the Remuneration Committee were held.

b) Terms of reference:

The Remuneration Committee has the mandate to review and recommend compensation payable to the Executive Directors and Senior Management of the Company. The Committee may review the performance of the Executive Directors, if any, and for the said purpose, may lay down requisite parameters for each of the Executive Directors at the beginning of the year.

c) Remuneration Policy:

i) Management Staff:

Remuneration of employees largely consists of basic remuneration and perquisites. The components of the total remuneration vary for different grades and are governed by industry standards, qualifications and experience of the employees, responsibilities handled by them, their individual performance, etc.

REPORT ON CORPORATE GOVERNANCE (Contd.)

ii) Non-Executive Directors:

The Company pays sitting fees to all the Non-executive Directors of the Company. The sitting fees paid is within the limits prescribed under the Companies Act, 1956.

Details of the Sitting Fees and Commission paid to Non Executive Directors during the year 2012-13 are as under:

Name of the Director	Sitting Fees paid (₹) Board Meeting	Sitting Fees paid (₹) Audit Committee Meeting
Mr. Amit Kumar Dabriwala	120,000	40,000
Mr. Amit Dalal	140,000	50,000
Mr. Sivaramakrishnan Iyer	60,000	30,000
Mr. Shribhanu Patki	20,000	N.A.
Mr. Suhail Nathani	100,000	40,000
Mr. Gautam Nayak	20,000	N.A.
Total	460,000	160,000

The Board of Directors has constituted a committee to determine the quantum of commission payable to the Independent Directors and to make a suitable recommendation to the Board. The Committee has accordingly, recommended that a sum of ₹ 1,050,000/- be distributed among the five Independent Directors on the Company's Board in the following manner:

Name of the Director	Commission to be paid
Mr. Amit Kumar Dabriwala	250,000
Mr. Amit Dalal	250,000
Mr. Sivaramakrishnan Iyer	250,000
Mr. Suhail Nathani	250,000
Mr. Gautam Nayak	50,000
Total	1,050,000

This commission will be paid to the Independent Directors after adoption of accounts for the year ended March 31, 2013 by the Shareholders in the ensuing Annual General Meeting.

iii) Executive Directors:

The appointment of the Executive Directors is governed by resolutions passed by the Board of Directors and Shareholders of the Company, which cover the terms of such appointment and are implemented in conjunction with the service rules of the Company. Remuneration paid to the Executive Directors, which is recommended by the Remuneration Committee and approved by the Board, is within the limits set by the Shareholders in general meetings.

Details of remuneration paid to Executive Directors during the financial year ended March 31, 2013 are given below:

Name of the Executive Director	Designation	Salary & Allowances (₹)	Contribution to Provident Fund (₹)	Perquisites (₹)	Total (₹)
Mr. Ashokkumar Ruia	Chairman & Managing Director	6,000,000	Nil	Nil	6,000,000
Mr. Atul Ruia	Jt. Managing Director	6,000,000	Nil	Nil	6,000,000
Mr. Kiran Gandhi	Whole-Time Director	4,800,000	Nil	39,600	4,839,600

5. Shareholders'/Investors' Grievance Committee

a) Constitution and Composition of Shareholders' Grievance Committee:

The Shareholders'/Investors' Grievance Committee of the Company has been constituted for redressal and satisfaction of investors' grievances and approval of requests for transfer and transmission of shares, transposition and deletion of name(s) in the register of members, addressing the complaints for non-receipt of declared dividends, revalidation of dividend warrants, approval of requests for change of address, consolidation and split of shares, etc. The Shareholders'/Investors' Grievance Committee meets as often as required.

Mr. Amit Kumar Dabriwala, a Non-Executive Independent Director chairs the Shareholders'/Investors' Grievance Committee. During the financial year 2012-13, thirty one meetings of Shareholders'/Investors' Grievance Committee were held.

The present composition of the Shareholders'/Investors' Grievance Committee and the number of meetings attended by the Committee Members are as under:

Name of the Committee Member	Designation	No. of Meetings held during the year	No. of Meetings Attended
Mr. Amit Kumar Dabriwala	Chairman	31	31
Mr. Ashokkumar Ruia	Member	31	31
Mr. Atul Ruia	Member	31	31

b) During the year 2012-13, the Company has received 62 complaints from Shareholders/Investors. There were no complaints pending as at the end of the year.

c) Share Transfers in Physical Mode

Shares received for physical transfer are generally registered and returned within a period of 15 days from the date of receipt, if the documents are clear in all respects.

6. General Body Meetings

(A) Annual General Meetings

i) Location, time and date of the last three Annual General Meetings (AGMs) are given below:

Financial Year	Date	Time	Location of the Meeting
2009-10	28.09.2010	11.00 A.M.	Sunville Deluxe Pavilion, 9, Dr. Annie Besant Road, Worli, Mumbai – 400018.
2010-11	20.09.2011	04.00 P.M.	Indian Merchants' Chamber, 4th floor, Walchand Hirachand Hall, Churchgate, Mumbai – 400 020
2011-12	21.08.2012	03.30 P.M.	Indian Merchants' Chamber, 4th floor, Walchand Hirachand Hall, Churchgate, Mumbai – 400 020

REPORT ON CORPORATE GOVERNANCE (Contd.)

ii) Special Resolutions passed during previous three Annual General Meetings:

Financial Year	Particulars of Special Resolutions Passed
2009-10	Re-appointment of Mr. Ashokkumar Ruia as the Chairman and Managing Director for a period of five years with effect from 1st April, 2010. Re-appointment of Mr. Atul Ruia as Joint Managing Director for a period of five years with effect from 1st April, 2010. Appointment of Mr. Shishir Shrivastava as Executive Director for a period of five years with effect from 18th March, 2010. Payment of Commission not exceeding 1% of Net Profit of the Company, to Directors other than Managing Directors and Whole -Time Directors for a period five years. Change in utilization of residual proceeds of QIP Issue made by the Company vide placement document dated 31st July 2007.
2010-11	Re-appointment of Mr. Kiran Gandhi as the Whole-Time Director of the Company for a period of three years with effect from 22nd April, 2011. Appointment of Mr. Pradumna Kanodia as Director - Finance of the Company without payment of remuneration to him by the Company for a period of five years with effect from 28th April, 2011. Appointment of Mr. Shishir Shrivastava as Group C.E.O. & Joint Managing Director of the Company without payment of remuneration to him by the Company for a period of five years with effect from 30th July, 2011.
2011-2012	N.A.

(B) Extra Ordinary General Meeting

During the year under review, 1 (one) Extra Ordinary General Meeting was held as per details below:

Date	Time	Location of the Meeting	Special Resolutions Passed
08.06.2012	4.30 P.M.	Indian Merchants' Chamber, 4th Floor, Walchand Hirachand Hall, Churchgate, Mumbai - 400020	*3 Special Resolutions were passed

*Resolutions pertaining to following matters were passed as Special Resolutions:

1. Raising of Funds through Issue of Capital
2. Investment by Foreign Institutional Investors
3. To alter Articles of Association of the Company so as to reflect the increase in the Authorized Share Capital pursuant to increase in the Authorized Share Capital of the Company.

(C) No Special Resolution has been passed by Postal Ballot during the year 2012-13.

7. Means of Communication

(i) The Company regularly publishes its quarterly and annual results in "Business Standard" (English daily) and "Mumbai Lakshadweep" (Marathi daily) and simultaneously posts them on the Company's corporate website (http://www.thephoenixmills.com/). In addition, the quarterly shareholding patterns, Annual Reports, Board Meeting notices, press releases and other shareholder communications are also regularly posted on the corporate website of the Company.

(ii) The quarterly results are submitted to the BSE Limited (BSE) and National Stock Exchange of India Limited (NSE) immediately after the conclusion of the respective board meetings at which the same are taken on record and approved by the Board of Directors of the Company.

(iii) No presentations were made to institutional investors or to analysts during the year under review.

(iv) The Management Discussion and Analysis Report forms part of this Annual Report.

8. CEO/CFO Certification

In terms of the requirement of Clause 49(V) of the Listing Agreement, the Group CEO & Jt. Managing Director and Director-Finance have submitted a certificate to the Board of Directors in the prescribed format for the year under review.

9. General Shareholder Information

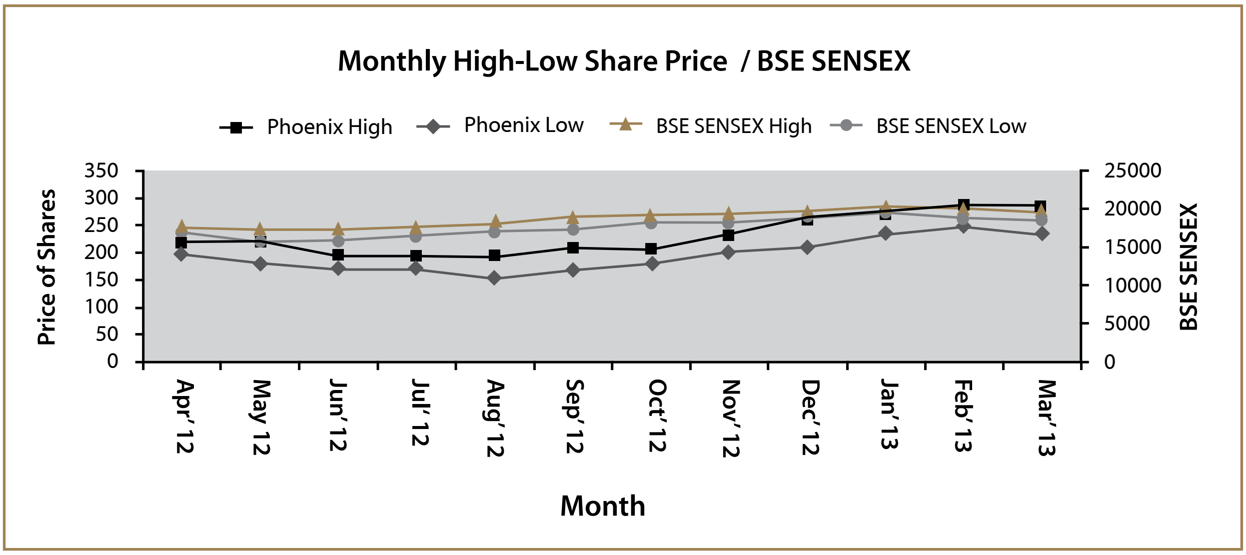
i)	**Annual General Meeting**	
	Day, Date and Time	: Wednesday, August 21, 2013 at 3.30 P.M.
	Venue	: Indian Merchants' Chamber, 4th Floor, Walchand Hirachand Hall, Churchgate, Mumbai - 400 020
ii)	**Financial Year**	: The Company follows April-March as its financial year.
iii)	**Unaudited financial reporting for the quarter ending (tentative);**	
	30th June, 2013	: On or before 14th August, 2013
	30th September, 2013	: On or before 14th November, 2013
	31st December, 2013	: On or before 14th February, 2014
	31st March, 2014	: On or before 30th May, 2014
	AGM for the year ending 31st March, 2014	: On or before 30th September, 2014
iv)	**Book Closure**	: 14th August, 2013 to 21st August, 2013 (both days inclusive)
v)	**Dividend Payment**	: The Dividend, if declared, by the Shareholders at the AGM shall be paid/credited on or before 27th August, 2013.
vi)	**Listing on Stock Exchanges**	: The Company has already paid the annual listing fees for the year 2013-14 to the Stock Exchanges (BSE and NSE) as well as custodial fees to the depositories within the prescribed time.
vii)	**Scrip Code/Symbol**	: BSE: 503100 NSE : PHOENIXLTD
viii)	**Corporate Identification Number (CIN)**	: L17100MH1905PLC000200 Traded on the BSE Limited and National Stock Exchange of India Limited

ix) Performance in comparison with BSE Sensex and NSE Nifty:

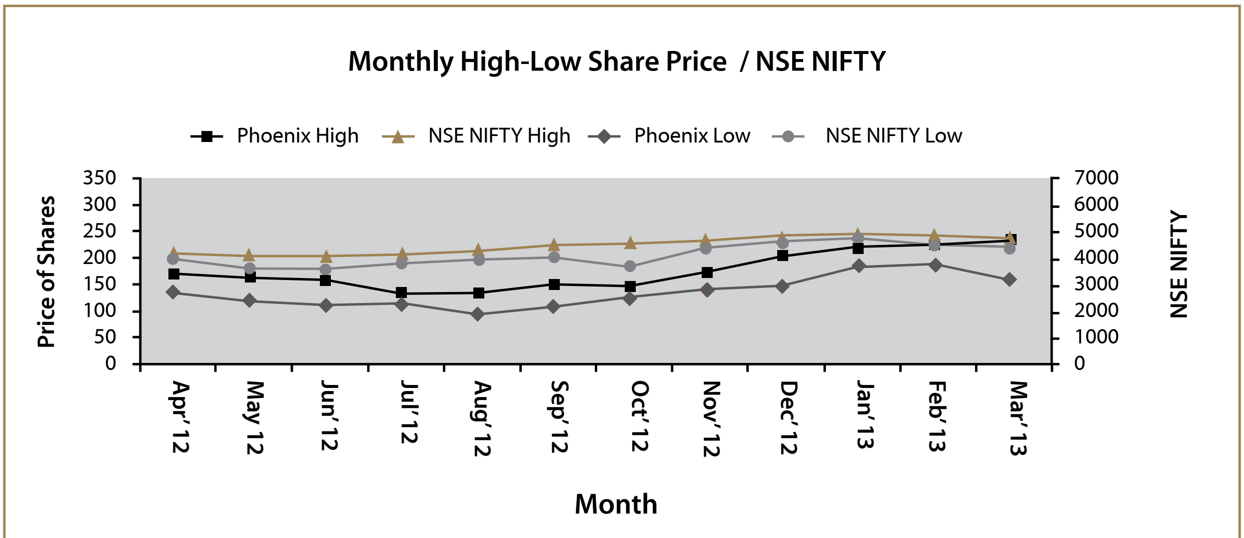
The monthly high and low quotations of shares traded on the BSE Limited and National Stock Exchange of India Limited along with the volumes is as follows:

	BSE		SENSEX		Volume
Month	**High**	**Low**	**High**	**Low**	**(Nos.)**
Apr-12	218.00	198.45	17,664.10	17,010.16	142,987
May-12	220.90	180.75	17,432.33	15,809.71	744,273
Jun-12	195.00	171.50	17,448.48	15,748.98	221,769
Jul-12	193.00	172.90	17,631.19	16,598.48	141,052
Aug-12	193.60	155.00	17,972.54	17,026.97	341,889
Sep-12	209.00	168.45	18,869.94	17,250.80	230,746
Oct-12	207.00	181.30	19,137.29	18,393.42	465,484
Nov-12	232.00	201.60	19,372.70	18,255.69	145,657
Dec-12	261.50	210.00	19,612.18	19,149.03	362,276
Jan-13	276.00	237.00	20,203.66	19,508.93	215,325
Feb-13	286.05	250.10	19,966.69	18,793.97	186,427
Mar-13	285.00	235.00	19,754.66	18,568.43	779,210

REPORT ON CORPORATE GOVERNANCE (Contd.)



	NSE		NIFTY		Volume
Month	High	Low	High	Low	(Nos.)
Apr-12	230.00	195.60	5,378.75	5,154.30	247,717
May-12	221.20	180.00	5,279.60	4,788.95	1,088,431
Jun-12	217.90	171.00	5,286.25	4,770.35	609,391
Jul-12	194.80	172.95	5,348.55	5,032.40	605,810
Aug-12	195.60	155.00	5,448.60	5,164.65	1,721,288
Sep-12	210.00	169.25	5,735.15	5,215.70	1,588,398
Oct-12	207.00	185.05	5,815.35	4,888.20	2,444,828
Nov-12	232.00	200.65	5,885.25	5,548.35	1,868,018
Dec-12	263.55	207.20	5,965.15	5,823.15	4,164,837
Jan-13	279.00	243.15	6,111.80	5,935.20	1,135,931
Feb-13	285.00	247.50	6,052.95	5,671.90	1,094,245
Mar-13	288.80	220.70	5,971.20	5,604.85	1,292,057



x) **Share Transfer System:**

The Registrar and Share Transfer Agent of the Company receives applications for transfer of shares held in physical form. They attend to share transfer formalities every fortnight.

Shares held in the dematerialized form are electronically traded in the Depository and the Registrars and Share Transfer Agent of the Company periodically receive from the Depository, the beneficiary holdings so as to enable them to update their records for sending all corporate communications, dividend warrants, etc.

Physical shares received for dematerialization are processed and completed within a period of 21 days from the date of receipt, provided they are in order in every respect. Bad deliveries are immediately returned to Depository Participants under advice to the shareholders.

xi) **Category wise Shareholding as at March 31, 2013:**

Sr. No.	Category	No. of Shares held	%
1.	Promoter and Promoter Group	95,495,463	65.92
2.	Mutual Funds/UTI	7,622,102	5.20
3.	Banks/ Financial Institutions	80,404	0.05
4.	Foreign Institutional Investors	3,12,01,504	21.54
5.	Foreign Venture Capital Investors	1,500,000	1.04
6.	Non-Residents	2,57,665	0.17
7.	Private Bodies Corporate	22,62,455	1.56
8.	Indian Public	63,45,301	4.37
9.	Others (Clearing Members & Trusts)	80,551	0.05
Total		**144,845,445**	**100.00**

REPORT ON CORPORATE GOVERNANCE (Contd.)

xii) Distribution of Shareholding as at March 31, 2013:

No. of Equity Shares	No. of Shareholders	% of Total	No. of Shares	% of Total
1-500	7100	79.40	1030956	0.71
501 - 1000	619	6.92	511544	0.35
1001 - 2000	490	5.48	726187	0.50
2001 - 3000	228	2.55	574591	0.40
3001 - 4000	108	1.20	396214	0.27
4001 – 5000	67	0.74	317024	0.22
5001 - 10000	133	1.48	952386	0.66
10001 and above	196	2.19	140336543	96.89
TOTAL	8941	100.00	144845445	100.00

xiii) Dematerialization of Shares and Liquidity:

About 98.17% of the shares have been dematerialized as on March 31, 2013. The International Security Identification Number (ISIN) allotted to the Company's equity shares is INE211B01039.

xiv) Outstanding GDRs/ADRs/Warrants or any Convertible Instruments, conversion date and likely impact on equity:

The Company has not issued any GDRs/ADRs. There were no outstanding convertible warrants as on March 31, 2013.

xv) Please note that in terms of SEBI Circulars No.MRD/DoP/Cir-05/2009 dated May 20, 2009 and No. SEBI/MRD/DoP/SE/RTA/Cir-03/2010 dated 7th January, 2010, it is mandatory for the shareholders holding shares in physical form to submit self-attested copy of PAN card in the following cases:

a) Transferees' PAN Cards for transfer of shares,

b) Surviving joint holders' PAN Cards for deletion of name of deceased shareholder,

c) Legal heirs' PAN Cards for transmission of shares,

d) Joint holders' PAN Cards for transposition of shares.

In compliance with the aforesaid circulars, requests without attaching copies of PAN card, for transfer/deletion/transmission and transposition of shares of the Company in physical form will be returned under objection.

xvi) Disclosure under Clause 5A(II) of the Listing Agreement in respect of unclaimed shares:

The Securities and Exchange Board of India vide its circular no.CIR/CFD/DIL/10/2010 dated 16th December 2010 amended Clause 5A of the Equity Listing Agreement regarding unclaimed shares held in physical form. The Clause inter-alia required transfer of such shares and any other corporate benefit related to these shares to a separate Demat Suspense Account.

In compliance with said amendment, the Company is in process of opening a Demat Suspense Account to which unclaimed shares shall be transferred. The details of unclaimed shares as on March 31, 2013 are as follows:

Particulars	No. of shareholders	No. of equity shares
Unclaimed shares as on April 1, 2012	1,733	2,313,300
Details of shareholders who approached the company for unclaimed shares as on March 31, 2013	148	322,800
Details of claimed shares as on March 31,2013	148	322,800
Unclaimed shares as on March 31,2013	1,585	1,990,500

xvii) MCA's Green Initiative in Corporate Governance:

For Shares held in physical form, shareholders can register their email address by sending a duly signed letter mentioning their name(s) and folio number and email address to the Company's Registrar & Transfer Agent, M/s Link Intime India Private Limited, C-13, Kantilal Maganlal Estate, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (West), Mumbai – 400 078 or by sending an email to phoenixmillsgogreen@linkintime.co.in or alternatively, can register their respective email address on the website of the Company at http://www.thephoenixmills.com/green/greenadd.asp

xviii) Shares held in Electronic Form

Shareholders holding shares in electronic form may please note that:

- Instructions regarding bank details which they wish to have incorporated in future dividend warrants must be submitted to the Depository Participants (DP). As per the regulations of NSDL and CDSL, the Company is obliged to print bank details on the dividend warrants, as furnished by these depositories to the Company.
- Instructions already given by them for shares held in physical form will not be automatically applicable to the dividend paid on shares held in electronic form.
- Instructions regarding change of address, nomination and power of attorney should be given directly to the DP.

xix) Registrar and Share Transfer Agent:

Link Intime India Private Limited
C-13, Kantilal Maganlal Estate, Pannalal Silk Mills Compound
L.B.S. Marg, Bhandup (West)
Mumbai - 400 078

xx) Plant Locations:

The Company does not carry on any manufacturing activities and hence does not have any plant locations.

xxi) Address for Correspondence:

For any assistance regarding dematerialization of shares, share transfers, transmissions, change of address, non-receipt of dividend or any other query relating to shares:
Link Intime India Private Limited
C-13, Kantilal Maganlal Estate, Pannalal Silk Mills Compound
L.B.S. Marg, Bhandup (West)
Mumbai - 400 078
Tel. No.: 022-25963838 Fax No.: 022-25946969

xxii) For general correspondence:

Mr. Mangesh Satvilkar
Investor Relations Officer
The Phoenix Mills Limited
462, Senapati Bapat Marg
Lower Parel, Mumbai - 400 013
Tel No. 022-30016600
Fax No. 022- 30016818
Email: investorrelations@highstreetphoenix.com

10. Other Disclosures

a. Disclosure on materially significant related party transactions i.e. transactions of the Company of material nature, with its Promoters, the Directors and the Management, their relatives or subsidiaries, etc. that may have potential conflict with the interests of the Company at large.

REPORT ON CORPORATE GOVERNANCE (Contd.)

None of the transactions with any of the related parties were in conflict with the interests of the Company. Attention of members is drawn to the disclosure of transactions with the related parties set out in the Notes to Accounts in the financial statements for the year ended 31st March, 2013.

b. Shareholding of the Non-Executive Directors as on March 31, 2013 is as under:

Name of the Director	No. of Shares held
Mr. Amit Kumar Dabriwala	Nil
Mr. Amit Dalal	Nil
Mr. Sivaramakrishnan Iyer	Nil
Mr. Gautam Nayak	Nil
Mr. Suhail Nathani	Nil

c. The Company has complied with the requirements of regulatory authorities on Capital Markets and no penalty/stricture was imposed on the Company during the last three years.

d. The Company has complied with the mandatory requirements of Corporate Governance. The Company has adopted non-mandatory requirements relating to Remuneration Committee.

11. Non-mandatory Requirements:

I. The Board:
At present, there is no policy fixing the tenure of Independent Directors.

II. Remuneration Committee:
Particulars of constitution of Remuneration Committee and terms of reference thereof have been detailed earlier.

III. Shareholders' Rights:
Since the quarterly and annual results are published in English and regional language newspapers and displayed on Company's website as well, half yearly financial results including summary of significant events in the past six months are presently not being sent to the Shareholders.

IV. Audit Qualifications:
The financial statements of the Company for the year ended 31st March, 2013 are unqualified.

V. Training of Board Members:
There is no formal policy at present for training of the Board Members of the Company as the members of the Board are eminent and experienced professional persons.

VI. Mechanism for evaluating Non-Executive Board Members:
There is no formal mechanism existing at present for performance evaluation of Non-Executive Directors.

VII. Whistle Blower Policy:
The Company has not implemented the whistle blower policy.

Place: Mumbai
Date: May 30, 2013

Ashokkumar Ruia
Chairman & Managing Director

CERTIFICATE ON CORPORATE GOVERNANCE

To,
The Shareholders
The Phoenix Mills Limited

We have examined the compliance of conditions of Corporate Governance by The Phoenix Mills Limited ("the Company") for the year ended March 31, 2013 as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchange(s).

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examinations were limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For **Rathi & Associates**
Company Secretaries

Place: Mumbai
Dated: May 30, 2013

Himanshu S. Kamdar
Partner
COP No. 3030

CODE OF CONDUCT DECLARATION

This is to certify that the Company has laid down a Code of Conduct (the Code) for all Board Members and Senior Management Personnel of the Company and a copy of the Code is put on the Company's corporate website (http://www.thephoenixmills.com/).
It is further certified that all the Board Members and Senior Management Personnel of the Company have affirmed their compliance with the Code for the year ended March 31, 2013.

Place: Mumbai
Dated: May 30, 2013

Shishir Shrivastava
Group CEO & Joint Managing Director

SECRETARIAL AUDIT REPORT

To
The Board of Directors
The Phoenix Mills Limited
462, Senapati Bapat Marg
Lower Parel
Mumbai – 400 013

We have examined the registers, records and documents of The Phoenix Mills Limited ("the Company") for the financial year ended 31st March 2013, as maintained under the provisions of:

- The Companies Act, 1956 and the Rules made under that Act;
- The Depositories Act, 1996 and the Regulations and Bye-laws framed under that Act;
- Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 more particularly as under:
- Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997;
- Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992; and
- Equity Listing Agreement entered into with BSE Limited and National Stock Exchange of India Limited.

Based on the examination and verification of registers, records and documents produced to us and according to explanations furnished to us by the Company, its officers and agents, in our opinion, we report as under:

1. The Company has complied with the provisions of the Companies Act, 1956 ("the Act") and the Rules made under the Act, and Memorandum and Articles of Association of the Company with regard to:
   a. Maintenance of Statutory Registers and incorporating entries therein.
   b. Constitution of the Board of Directors and appointment, retirement and re-appointment of Directors;
   c. Appointment of managerial personnel and payment of remuneration thereto;
   d. Meetings of Directors and Committees thereof held including passing of resolutions by circulation;
   e. Disclosure of interest in other firms/companies by the Directors to the Board of Directors;
   f. Service of Notice and other documents to the Members;
   g. The 107th Annual General Meeting held on August 21, 2012;
   h. Recording and maintenance of the minutes of the proceedings of General Meetings and Meetings of the Board and committees thereof;
   i. Filing of applicable forms and returns with Registrar of Companies and/or Central Government;
   j. Closure of Register of Members and Share Transfer Books;
   k. Declaration and payment of Dividend to Equity Shareholders;
   l. Appointment and payment of remuneration to Statutory Auditors;
   m. Approval for Transfers of shares and/or issue of duplicate share certificates by duly constituted committee of the Board;
   n. Investment of the Company's funds in other bodies corporate;
   o. Charges created and/or modified to secure the borrowings made by the Company and satisfaction thereof;
   p. Obtaining consent of the Members, the Board of Directors and Committee of Directors wherever required.
   q. Transfer of funds to Investor Education & Protection Fund.

2. The Company has complied with the provisions of Depositories Act, 1996 and Regulations framed thereunder with regard to dematerialization/rematerialization of securities and reconciliation of records of dematerialized securities with all securities issued by the Company.

3. The Company has complied with the provisions of Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 with respect to disclosures and maintenance of records required under the Regulations.

4. The Company has complied with the provisions of Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 with regard to disclosures and maintenance of records required under the Regulations.

5. The Company has complied with the provisions of the Listing Agreement entered into with BSE Limited and National Stock Exchange of India Limited.

   We further report that:
   a. The Company has obtained all necessary approvals of the Central Government and/or other authorities under the Act, wherever required.
   b. There was no prosecution initiated against, or show cause notice received by the Company and no fines or penalties were imposed on the Company under the Companies Act, 1956; SEBI Act, 1992; Depositories Act, 1996 and regulations and Guidelines framed there under.

For **Rathi & Associates**
Company Secretaries

Himanshu S. Kamdar
Partner
COP No. 3030

Place: Mumbai
Dated: May 30, 2013

INDEPENDENT AUDITOR'S REPORT

To the Members of
The Phoenix Mills Limited

Report on the Financial Statements
We have audited the accompanying financial statements of **The Phoenix Mills Limited ("the Company")**, which comprise the Balance Sheet as at 31st March, 2013, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

Auditor's Responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

a) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2013;
b) In the case of the Statement of Profit and Loss, of the Profit of the Company for the year ended on that date; and
c) In the case of the Cash Flow Statement, of the Cash Flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

a) As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

b) As required under provisions of section 227(3) of the Companies Act, 1956, 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, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
   iv) in our opinion, the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement comply with the accounting standards referred to in subsection (3C) of section 211 of the Act;
   v) on the basis of the written representations received from the directors as on 31st March, 2013 and taken on record, none of the directors is disqualified as on 31st March, 2013 from being appointed as a director in terms of section 274(1)(g) of the Act.

For **A. M. Ghelani & Company**
Chartered Accountants
(Firm Registration No.103173W)

Chintan A. Ghelani
Partner
Membership No: 104391

For **Chaturvedi & Shah**
Chartered Accountants,
(Firm Registration No.101720W)

Amit Chaturvedi
Partner
Membership No: 103141

Place: Mumbai
Date: 30th May, 2013

Annexure referred to in paragraph (a) under the heading Report on other legal and regulatory requirements of our Report of even date

Re: The Phoenix Mills Limited ("the Company")

1) In respect of its Fixed Assets: -

    a) The Company has maintained proper records showing the particulars and situation of its fixed assets.
    b) According to the information and explanations given to us, the fixed assets were physically verified by the management in accordance with the phased programme of verification, which in our opinion is reasonable having regard to the size of the Company and nature of its assets. The discrepancies noticed on physical verification were not material and have been properly dealt with in the books of accounts.
    c) During the year, the Company has not disposed off any substantial part of the fixed assets.

2) The Company does not have any inventory during the year under audit. Therefore, the provisions of clause (ii) of paragraph 4 the Order are not applicable to the Company.

3) In respect of loans, secured or unsecured, granted or taken by the Company to/from companies, firms or parties covered in the register maintained under section 301 of the Companies Act, 1956: -
    a) The Company has granted unsecured loans [interest free as well as interest bearing] to 9 parties covered in the Register maintained under section 301 of the Companies Act, 1956. The said Loans have been partly squared up during the year under report. In respect of the said loans, the maximum amount outstanding at any time during the year is ₹ 3,699,361,919 and the year-end balance is ₹ 2,585,816,333.
    b) In our opinion and according to the information and explanations given to us, the terms and conditions of the said loans are not prima facie prejudicial to the interest of the Company.
    c) As per the information and explanations given to us, the principal amounts and interest, wherever applicable, of the said loans are repayable on demand and there is no repayment schedule. Therefore the question of overdue amounts does not arise.
    d) The Company has not taken loans from any parties listed in the register maintained under section 301 of the companies act, 1956, and therefore requirements of Clauses (iii) (e), (iii) (f) and (iii) (g) of the paragraph 4 of the Order are not applicable.

4) 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 for the purchase of fixed assets and for the sale of services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in the internal control systems in respect of the above areas.

5) In respect of contracts or arrangements referred to in section 301 of the Companies Act, 1956, in our opinion and according to the information and explanations given to us, we state that:
    a) the transactions made in pursuance of contracts or arrangements that needed to be entered in the register maintained under section 301 of the companies Act 1956 have been so entered.
    b) these transactions have been made at prices which appear prima facie reasonable having regards to the prevaling market prices at the relevant time, as well as the information available with the Company.

6) According to the information and explanations given to us, the Company has not accepted any deposits from the public during the year. Therefore the provisions of clause (vi) of paragraph 4 of the Order are not applicable to the Company.

7) In our opinion, the Company has an internal audit system commensurate with the size of the Company and the nature of its business.

8) As per the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 in respect of the business activities conducted by the Company during the year.

9) a) As per the information and explanations given to us, the Company has generally been regular in depositing the undisputed statutory dues including Provident Fund, Service Tax and other statutory levies as applicable to the Company with the appropriate authorities and there were no undisputed amounts payable in respect of such dues which have remained outstanding as at 31st March, 2013 for a period of more than six months from the date they became payable. In respect of the service tax liabilities as given in note no. 37, we are unable to comment as the matter is subjuidice.

    b) The disputed statutory dues aggregating to ₹ 148,238,354/- that have not been deposited on account of disputed matters pending before the appropriate authorities are as under:

Name of Statute	Note of Dues	Amount in ₹	Period to which the amount relates	Forum where dispute is pending
Income Tax Act 1961	Income Tax	120,972,257	2003-04 to 2010-11	CIT (Appeals)
Central Excise Act. 1944	Excise Duty	1,646,266	1986-87 to 1992-93	Commissioner (Appeals) – As directed by CEGAT
Service Tax (Finance Act 1994)	Service tax	20,307,932	2006-07	CESTAT

10) The Company does not have accumulated losses at the end of the financial year. The Company has not incurred cash losses in the financial year under report as well as in the immediately preceding financial year.

11) Based on our audit procedures and explanations given to us, the Company has not defaulted in repayment of dues to financial Institutions/banks. The Company has not borrowed any funds by way of issue of debentures.

12) In our opinion and according to the information and explanations given to us, the Company has not granted loans/ advances on the basis of security by way of pledge of shares, debentures and other securities and therefore, the provisions of the clause (xii) of paragraph 4 of the Order are not applicable.

13) In our opinion, the Company is not a chit fund / nidhi / mutual benefit fund / society. Therefore, the provisions of clause (xiii) of paragraph 4 of the Order are not applicable to the Company.

14) The Company has maintained proper records of the transactions and contracts in respect of dealing in shares, securities and other investments and timely entries have been made therein. All shares, securities and other investments have been held by the Company in its own name except securities pledged with the banks/ financial institutions.

15) According to information and explanation given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions. Therefore, the provisions of clause (xv) of the Order are not applicable to the Company.

16) The Company has not raised new term loans during the year. Therefore, the provisions of clause (xvi) of the Order are not applicable to the Company.

17) According to the information and explanations given to us and the records examined by us, the funds raised on short term basis have prima facie, not been used during the year for long term investments.

18) The Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956.

19) The Company has not issued any debentures. Therefore, the provisions of clause (xix) of paragraph 4 of the Order are not applicable to the Company.

20) The Company has not raised any monies by way of public issues during the year.

21) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we have not come across any instance of material fraud on or by the Company, noted or reported during the course of our audit.

For **A. M. Ghelani & Company**
Chartered Accountants
(Firm Registration
No.103173W)

Chintan A. Ghelani
Partner
Membership No: 104391

For **Chaturvedi & Shah**
Chartered Accountants,
(Firm Registration
No.101720W)

Amit Chaturvedi
Partner
Membership No: 103141

Place: Mumbai
Date: 30th May, 2013

BALANCE SHEET
AS AT 31ST MARCH 2013

	Notes	₹	As at 31st March, 2013 ₹	As at 31st March, 2012 ₹
EQUITY AND LIABILITIES				
SHAREHOLDERS' FUNDS				
Share Capital	2	**289,690,890**		289,690,890
Reserves & Surplus	3	**17,396,174,872**		16,431,180,191
			17,685,865,762	16,720,871,081
NON-CURRENT LIABILITIES				
Long Term Borrowings	4	**2,067,000,000**		2,611,500,000
Other Long Term Liabilities	5	**770,853,666**		663,702,901
Long-Term Provisions	6	**3,637,203**		3,882,782
			2,841,490,869	3,279,085,683
CURRENT LIABILITIES				
Short Term Borrowings	7	**120,637,215**		6,568,717
Trade Payables	8	**440,606,176**		410,391,515
Other Current Liabilities	9	**1,124,755,459**		991,410,717
Short Term Provisions	6	**465,548,779**		360,067,482
			2,151,547,629	1,768,438,431
Total			**22,678,904,260**	21,768,395,195
ASSETS				
NON-CURRENT ASSETS				
Fixed Assets				
Tangible Assets	10	**4,424,550,903**		4,394,585,609
Capital Work-in-Progress		**1,089,748,546**		913,169,905
Non-Current Investments	11	**9,386,249,543**		7,997,646,379
Deferred Tax Assets (Net)	26	**30,204,992**		28,319,063
Long-Term Loans and Advances	12	**3,888,110,681**		5,478,147,781
Other Non-Current Assets	13	**5,077,322**		83,941,341
			18,823,941,987	18,895,810,077
CURRENT ASSETS				
Current Investments	14	**-**		100,000,000
Trade Receivables	15	**294,175,992**		313,569,936
Cash And Bank Balances	16	**223,229,648**		137,709,620
Short Term Loans and Advances	12	**3,188,803,451**		2,176,338,851
Other Current Assets	13	**148,753,182**		144,966,712
			3,854,962,273	2,872,585,118
Total			**22,678,904,260**	21,768,395,195
Significant Accounting Policies and Notes on Financial Statements	1 to 42			

As per our report of even date

For A.M.Ghelani & Company
Chartered Accountants
FRN : 103173W

For Chaturvedi & Shah
Chartered Accountants
FRN : 101720W

For and on behalf of the Board of Directors

Chintan A. Ghelani
Partner
M. No.:104391

Amit Chaturvedi
Partner
M. No.:103141

Ashokkumar R. Ruia
(Chairman & Managing Director)

Shishir Shrivastava
(Group CEO & Jt. Managing Director)

Atul Ruia
(Jt. Managing Director)

Pradumna Kanodia
(Director - Finance)

Place : Mumbai
Dated : 30th May, 2013

Sonia Gaur
(Company Secretary)

STATEMENT OF PROFIT AND LOSS
FOR THE YEAR ENDED 31ST MARCH 2013

	Notes	₹	2012-2013 ₹	2011-2012 ₹
INCOME				
Revenue from Operations	17		**2,706,007,688**	2,259,657,217
Other Income	18		**565,277,278**	457,021,294
Total Revenue			**3,271,284,966**	2,716,678,511
EXPENDITURE				
Employee Benefits Expenses	19		**82,825,858**	86,798,730
Finance Costs	20		**264,955,481**	165,448,081
Depreciation and Amortization Expense		**276,384,945**		283,941,539
Less: Transfer from Revaluation Reserve		**(981,310)**	**275,403,635**	(1,005,006)
(Refer to Note No. 36)				
Other Expenses	21		**837,693,687**	772,255,143
Total Expenses			**1,460,878,661**	1,307,438,487
Profit Before Tax			**1,810,406,305**	1,409,240,024
Less : Tax Expense				
Current Tax		**472,500,000**		370,000,000
Wealth Tax		**1,000,000**		1,500,000
Deferred Tax		**(1,885,929)**	**471,614,071**	(15,676,188)
Profit for the year			**1,338,792,234**	1,053,416,212
Basic and Diluted EPS (Face Value ₹ 2)	25		**9.25**	7.27
Significant Accounting Policies and Notes on Financial Statements	1 to 42			

As per our report of even date

For A.M.Ghelani & Company
Chartered Accountants
FRN : 103173W

For Chaturvedi & Shah
Chartered Accountants
FRN : 101720W

For and on behalf of the Board of Directors

Chintan A. Ghelani
Partner
M. No.:104391

Amit Chaturvedi
Partner
M. No.:103141

Ashokkumar R. Ruia
(Chairman & Managing Director)

Shishir Shrivastava
(Group CEO & Jt. Managing Director)

Atul Ruia
(Jt. Managing Director)

Pradumna Kanodia
(Director - Finance)

Place : Mumbai
Dated : 30th May, 2013

Sonia Gaur
(Company Secretary)

CASH FLOW STATEMENT

FOR THE YEAR ENDED ON 31ST MARCH, 2013

				31st March, 2013		31st March, 2012
			₹	₹	₹	₹
A	**Cash Flows from Operating Activities**					
	Net Profit before tax as per the Statement of Profit and Loss			**1,810,406,305**		1,409,240,024
	Adjustments for :					
	Depreciation		**276,384,945**		282,936,533	
	(Profit)/Loss on Assets sold/discarded		**(2,520,939)**		9,264,088	
	Balances in Debtors/Advances written off		**4,554,759**		4,062,199	
	Provision for Doubtful Debts and Advances		**44,422,947**		43,163,494	
	Interest Expenses		**264,955,481**		142,510,581	
	Interest Income		**(511,552,597)**		(387,054,649)	
	Dividend Income		**(919,115)**		(18,540,858)	
	Profit on sale of Investments		**(42,944,341)**		(21,029,049)	
				32,381,140		55,312,339
	Operating Cash flow before working capital changes			**1,842,787,445**		1,464,552,363
	Adjustment for Working Capital changes :					
	Trade and other Receivables		**35,773,957**		1,025,362,586	
	Trade and other Payables		**113,094,469**		4,800,984	
				148,868,426		1,030,163,570
	Cash generated from Operations			**1,991,655,871**		2,494,715,933
	Direct Taxes Paid			**(404,152,768)**		(383,134,276)
	Net Cash from Operating Activities	**A**		**1,587,503,103**		2,111,581,657
B	**Cash Flows from Investing Activities**					
	Purchases of Fixed Assets		**(422,942,528)**		(307,498,851)	
	Advance for Fixed Assets (Given) / Refunded		**(762,433,637)**		(1,743,018,830)	
	Sale of Fixed Assets		**39,652,173**		162,293	
	Inter Corporate Deposits & Loans (placed)/refunded (Net)		**1,343,812,437**		(2,303,696,635)	
	Purchase of Investments		**(1,388,603,165)**		(102,328,011)	
	Sale of Investments		**142,944,341**		283,613,964	
	Debenture / Share Application Money (Given) / Refunded		**9,699,999**		(368,521,401)	
	Interest Received		**507,766,126**		370,045,588	
	Dividend Received		**919,115**		18,540,858	
	Net Cash generated from/(used in) Investing Activities	**B**		**(529,185,138)**		(4,152,701,025)

CASH FLOW STATEMENT
FOR THE YEAR ENDED ON 31ST MARCH, 2013 (Contd.)

			31st March, 2013		31st March, 2012
		₹	₹	₹	₹
C	**Cash Flows from Financing Activities**				
	Proceed from long term borrowings	-		3,000,000,000	
	Repayment of long term borrowings	**(388,500,000)**		-	
	Short term loans availed / (repaid)(Net)	**114,068,498**		(393,403,218)	
	Interest paid	**(363,054,376)**		(203,073,490)	
	Dividend paid (including tax on Dividend)	**(335,312,058)**		(298,206,763)	
	Net Cash generated from/(used in) Financing Activities C		**(972,797,936)**		2,105,316,529
D	**Net Increase/(Decrease) in Cash and Cash Equivalents A+B+C**		**85,520,028**		64,197,162
	Cash and Cash equivalents at the beginning of the year		**137,709,620**		73,512,458
	Cash and Cash equivalents at the end of the year		**223,229,648**		137,709,620

Note :
The Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Accounting Standard 3 "Cash Flow Statements" as notified by the Companies (Accounting Standards) Rules 2006.

As per our report of even date

For A.M.Ghelani & Company
Chartered Accountants
FRN : 103173W

For Chaturvedi & Shah
Chartered Accountants
FRN : 101720W

For and on behalf of the Board of Directors

Chintan A. Ghelani
Partner
M. No.:104391

Amit Chaturvedi
Partner
M. No.:103141

Ashokkumar R. Ruia
(Chairman & Managing Director)

Shishir Shrivastava
(Group CEO & Jt. Managing Director)

Atul Ruia
(Jt. Managing Director)

Pradumna Kanodia
(Director - Finance)

Place : Mumbai
Dated : 30th May, 2013

Sonia Gaur
(Company Secretary)

NOTES ON FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2013

NOTE "1"

SIGNIFICANT ACCOUNTING POLICIES

a) Basis of preparation of financial statements:

The financial statements are prepared under the historical cost convention, except for certain fixed assets which are revalued, in accordance with the generally accepted accounting principles in India and the provisions of the Companies Act, 1956.

b) Use of estimates:

The preparation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses for the reporting period. The difference between the actual results and estimates are recognised in the period in which the results are known/materialised.

c) Fixed Assets:

i) Fixed Assets are stated at cost net of cenvat credit and include amounts added on revaluation, less accumulated depreciation and impairment loss, if any.

ii) Expenditure incurred on construction/erection of assets, which are incomplete as at balance sheet date, are included in Capital work in progress.

d) Depreciation:

i) Leasehold land is amortized over the period of lease.

ii) Depreciation on other fixed assets (excluding land and lease land in perpetuity) is provided on written down value method at the rates and in the manner specified in schedule XIV to the Companies Act, 1956

iii) In respect of certain revalued assets, (land, buildings and plant & machinery) depreciation has been calculated on the revalued figures as per the rates and in the manner specified by the valuers in their Revaluation Report. The difference between the depreciation so computed and that computed as per (i) and (ii) above has been charged to the Revaluation Reserve.

e) Impairment of Assets:

In accordance with AS 28 on "Impairment of Assets" as notified by the Companies (Accounting Standards) Rules, 2006, where there is any indication of impairment of the company's assets related to cash generating units, the carrying amounts of such assets are reviewed at each balance sheet date to determine whether there is any impairment. The recoverable amount of such assets is estimated as the higher of its net selling price and its value in use. An impairment loss is recognised in the Statement of Profit and Loss, whenever the carrying amount of such assets exceeds its recoverable amount.

f) Investments:

Long term investments are valued at cost of acquisition less diminution if any, of a permanent nature. Current Investments are stated at cost or market/fair value, whichever is lower.

g) Borrowing Costs:

Borrowing costs 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 an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. All other borrowing costs are recognised as an expense in the period in which they are incurred.

h) Revenue recognition:

Revenue is recognised when it is earned and no significant uncertainty exists as to its realisation or collection. License fees, rental income and service charges are recognised based on contractual rights. Interest is recognised on time proportion basis. Dividend income is recognised when the right to receive the same is established.

i) Employee Benefits: -

i) Short term employee benefits are recognised as expenses at the undiscounted amounts in the Statement of Profit & Loss for the year in which the related service is rendered.

ii) Post employment and other long term employee benefits are recognised as an expense in the Statement of Profit & Loss for the year in which the employee has rendered services. The expenses are recognised at the present value of the amounts payable determined using actuarial valuation techniques. Actuarial gains and losses in respect of post employment and other long term benefits (net of expected return on plan assets) are charged to the Statement of Profit & Loss.

j) Foreign Currency transactions:

i) Transactions denominated in foreign currencies are recorded at the exchange rate prevailing at the time of the transaction. Monetary items denominated in foreign currencies at the Balance Sheet date are restated at the year-end rates. Non monetary foreign currency items are carried at cost.

ii) Exchange differences arising as a result of the subsequent settlements or on translations are recognised as income or expense in the Statement of Profit and Loss except the Exchange differences arising on long term foreign currency monetary items relating to the acquisition of the fixed assets, which are adjusted to the carrying cost of the assets.

k) Securities issue expenses:

Expenses in connection with the issue of securities are adjusted against the Securities Premium Account.

l) Taxes on Income:

i) Provision for income tax (current tax) is determined on the basis of the taxable income of the current year in accordance with the Income Tax Act, 1961.

ii) Deferred tax is recognised in respect of deferred tax assets (subject to the consideration of prudence) and deferred tax liabilities on timing differences, being the difference between taxable income and accounting income that originate in one year and are capable of reversal in one or more subsequent years.

m) Provisions, Contingent Liabilities and Contingent Assets:

Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognised but are disclosed in the Notes to Financial Statements. Contingent Assets are neither recognised nor disclosed in the financial statements.

NOTES ON FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2013 (Contd.)

		As at 31st March, 2013 ₹	As at 31st March, 2012 ₹
NOTE "2"			
SHARE CAPITAL			
AUTHORISED :			
225,000,000 (P.Y. 150,000,000) Equity Shares of ₹ 2/- each		450,000,000	300,000,000
ISSUED, SUBSCRIBED AND PAID UP:			
144,845,445 (P Y. 144,845,445) Equity Shares of ₹ 2 each fully paid up		289,690,890	289,690,890
TOTAL		**289,690,890**	**289,690,890**
		Nos	**Nos**
a)	Equity Shares of ₹ 2 each were allotted to the share holders of Ashok Ruia Enterprise Pvt. Ltd. as per the scheme of amalgamation without payments being received in cash.	**40,000,000**	40,000,000
b)	Equity Shares of ₹ 2 each were allotted to the share holders of Ruia Real Estate Development Company Pvt. Ltd. as per the scheme of amalgamation without payments being received in cash.	**9,166,665**	9,166,665
c)	Equity Shares have been reserved for allotment under The Phoenix Mills Employees' Stock Option Plan 2007.	**3,390,000**	3,390,000
d)	Options have been granted under 'The Phoenix Mills Employees' Stock Option Plan 2007 of which 1,500,000 (P.Y. 1,375,000) Options have lapsed and are available for regrant.	**3,250,000**	3,250,000
e)	Reconciliation of Shares.		
	Equity Shares outstanding at the beginning the year	**144,845,445**	144,845,445
	Equity Shares outstanding at the end of the year	**144,845,445**	144,845,445

f) The company has only one class equity shares having face value of ₹ 2 per share. Each holder of equity shares is entitled to one vote per share. Equity shareholders are also entitled to dividend as and when proposed by the Board of Directors and approved by Share holders in Annual General Meeting. In the event of liquidation of the Company, the holders of Equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts which shall be in proportion to the number of shares held by the Shareholders.

g) Shares in the Company held by each shareholder holding more than 5 % Shares

Name of Shareholder	No. of Shares	% of Holding	No. of Shares	% of Holding
Ruia International Holding Company Private Limited	**49,163,237**	**33.94**	49,163,237	33.94
Senior Holdings Private Limited.	**15,119,250**	**10.44**	15,119,250	10.44
Radhakrishna Ramnarain Private Limited.	**11,610,530**	**8.02**	11,591,730	8.00
Ashok Apparels Private Limited.	**9,670,665**	**6.68**	9,670,665	6.68
T. Rowe Price New Asia Fund	**7,537,325**	**5.20**	7,537,325	5.20

NOTES ON FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2013 (Contd.)

	₹	As at 31st March, 2013 ₹	As at 31st March, 2012 ₹
NOTE "3"			
RESERVES & SURPLUS			
Capital Reserve		**18,413,824**	18,413,824
As per last Balance Sheet			
General Reserve			
As per last Balance Sheet	**1,691,764,734**		1,491,764,734
Add: Transfer from Surplus	**200,000,000**		200,000,000
		1,891,764,734	1,691,764,734
Securities Premium Account			
As per last Balance Sheet		**10,659,263,354**	10,659,263,354
Revaluation Reserve			
As per last Balance Sheet	**105,857,997**		106,863,003
Less: Additional Depreciation on Revaluation of Assets transferred	**981,310**		1,005,006
to Statement of Profit & Loss (Refer to Note No.36)		**104,876,687**	105,857,997
Surplus in the statement of Profit & Loss			
As per last Balance Sheet	**3,955,880,282**		3,439,142,823
Add : Net Profit for the Current Year	**1,338,792,234**		1,053,416,212
	5,294,672,516		4,492,559,035
Less : Appropriations			
Transferred to General Reserve	**(200,000,000)**		(200,000,000)
Proposed Dividend	**(318,659,979)**		(289,690,890)
(Dividend Per share ₹ 2.20 (P.Y.₹.2/-)			
Tax on Proposed Dividend	**(54,156,263)**		(46,987,863)
		4,721,856,273	3,955,880,282
TOTAL		**17,396,174,872**	16,431,180,191

	As at 31st March, 2013		As at 31st March, 2012	
	Non Current ₹	Current ₹	Non Current ₹	Current ₹
NOTE"4"				
LONG TERM BORROWINGS				
SECURED				
Term Loans from Banks	**2,067,000,000**	**544,500,000**	2,611,500,000	388,500,000
(The term loans are Secured by Equitable Mortgage of deposit of Title deeds in respect of certain immovable properties and by hypothecation of rentals receivable from licencees.)				
Less: Amount disclosed under the head "Other Current Liabilities" (Note 9)	**-**	**(544,500,000)**	-	(388,500,000)
TOTAL	**2,067,000,000**	**-**	2,611,500,000	-
Maturity Profile	**FY 2013-2014**	**FY 2014-2015**	**FY 2015-2016**	**FY 2016-2017**
	544,500,000	**627,000,000**	708,000,000	732,000,000

NOTES ON FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2013 (Contd.)

	As at 31st March, 2013 ₹	As at 31st March, 2012 ₹
NOTE "5"		
OTHER LONG TERM LIABILITIES		
Security Deposits from Occupants/Licencees	**753,586,247**	663,702,901
Income Received in Advance	**17,267,419**	-
	770,853,666	663,702,901

	As at 31st March, 2013		As at 31st March, 2012	
	Non Current ₹	Current ₹	Non Current ₹	Current ₹
NOTE "6"				
PROVISIONS				
Provision for Employee Benefits				
Gratuity	**745,767**	**783,603**	762,301	779,312
Leave Encashment	**2,891,436**	**207,543**	3,120,481	215,258
	3,637,203	**991,146**	3,882,782	994,570
Others				
Taxation (Net of taxes paid)	**-**	**91,741,391**	-	22,394,159
Proposed Dividend	**-**	**318,659,979**	-	289,690,890
Tax on Proposed Dividend	**-**	**54,156,263**	-	46,987,863
	-	**464,557,633**	-	359,072,912
	3,637,203	**465,548,779**	3,882,782	360,067,482

	As at 31st March, 2013 ₹	As at 31st March, 2012 ₹
NOTE "7"		
CURRENT LIABILITIES		
SHORT-TERM BORROWINGS		
Secured		
Working Capital Loans	**120,637,215**	6,568,717
(Overdraft facility with Corporation Bank Limited for ₹ 44,749,107 /-(P.Y. ₹ 6,568,717) is Secured against Fixed Deposits of ₹ 54,466,631/- (P.Y. ₹ 50,000,000/-)		
(Overdraft facility with HDFC Bank Limited for ₹ 75,888,108 /-(P.Y. ₹ Nil) is secured by Equitable Mortgage of deposit of Title deeds in respect of certain immovable properties and by hypothecation of rentals receivable from licencees.)		
	120,637,215	6,568,717

NOTES ON FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2013 (Contd.)

	As at 31st March, 2013 ₹	As at 31st March, 2012 ₹
NOTE "8"		
TRADE PAYABLES		
Micro, Medium & Small Enterprises (Refer Note No. 40)	**-**	-
Others	**440,606,176**	410,391,515
	440,606,176	410,391,515

	As at 31st March, 2013 ₹	As at 31st March, 2012 ₹
NOTE "9"		
OTHER CURRENT LIABILITIES		
Current Maturities of Long Term Debts (Refer Note No.4)	**544,500,000**	388,500,000
Interest Accrued but not due	**18,037,484**	19,732,187
Income Received in Advance	**11,081,890**	29,088,359
Unpaid Dividends #	**13,393,047**	12,026,352
Other Liabilities		
Creditors for Capital Items	**222,451,714**	225,770,048
Security Deposits from Occupants/Licencees	**139,925,945**	99,441,832
Stautory Payments	**28,571,407**	93,789,253
Others *	**146,793,972**	123,062,686
TOTAL	**1,124,755,459**	991,410,717

These figures do not include any amounts, due and outstanding to be credited to Investor Education & Protection Fund.
* Others include advance amount against the sale of investment of ₹ 124,845,114 (P.Y. ₹ 64,186,412).

NOTE "10"
FIXED ASSETS

(Amount in ₹)

	GROSS BLOCK [AT COST]				DEPRECIATION				NET BLOCK	
Description	As at 1.04.2012	Additions during the year	Deductions during the year	As at 31.03.2013	Upto 1.04.2012	For the year	Deductions during the year	Upto 31.03.2013	As at 31.03.2013	As at 31.03.2012
Tangible Assets										
Freehold Land	10,669,783*	-	-	**10,669,783**	-	-	-	**-**	**10,669,783**	10,669,783
Right on Leasehold Land	69,761,432@	-	-	**69,761,432**	4,786,608	42,359	-	**4,828,967**	**64,932,465**	64,974,824
Buildings	4,669,502,654*	297,419,809	-	**4,966,922,463**	848,394,662	198,344,082	-	**1,046,738,744**	**3,920,183,719**	3,821,107,992
Plant and Machinery	287,564,728	25,862,231	25,762,073	**287,664,886**	102,333,646	26,753,115	8,006,420	**121,080,341**	**166,584,545**	185,231,082
Vehicles	35,845,616	2,205,857	476,821	**37,574,652**	22,953,547	3,514,400	412,246	**26,055,701**	**11,518,951**	12,892,069
Office Furniture & Equiptment	477,327,034	13,345,313	23,375,999	**467,296,348**	177,617,176	47,674,495	8,430,788	**216,860,883**	**250,435,465**	299,709,858
Sub Total (A)	**5,550,671,247**	**338,833,210**	**49,614,893**	**5,839,889,564**	**1,156,085,639**	**276,328,451**	**16,849,454**	**1,415,564,636**	**4,424,324,928**	**4,394,585,608**
Intangible Assets										
Computer Softwares	-	282,469	-	**282,469**	-	56,494	-	**56,494**	**225,975**	-
Sub Total (B)	**-**	**282,469**	**-**	**282,469**	**-**	**56,494**	**-**	**56,494**	**225,975**	**-**
Total (A+B)	**5,550,671,247**	**339,115,679**	**49,614,893**	**5,840,172,033**	**1,156,085,639**	**276,384,945**	**16,849,454**	**1,415,621,130**	**4,424,550,903**	**4,394,585,608**
Previous Year	5,253,155,433	316,262,687	18,746,873	**5,550,671,247**	881,431,330	283,941,540	9,287,230	**1,156,085,638**	**4,394,585,609**	4,371,724,105
Capital Work - In - Progress									**1,089,748,546**	913,169,905

Notes : 1) * Amount added on Revaluation (as at 31.03.1985) ₹18,48,43,610 (Net of Depreciation). Refer to Note No."36".
2) @ Represents write off on the basis of the period of the lease.
3) Right on Leasehold Land
a) Includes land taken on lease for period of 999 years as from 1951 renewal at the option for further like period.
b) Includes ₹ 2,66,38,617 (as revalued) leased in perpetuity against which there is no writeoff required.
4) Capital Work in Progress includes project development expenses of ₹ 55,541,932 (P.Y. - ₹ 17,140,403/-). Refer to Note No. 32

NOTES ON FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2013 (Contd.)

	₹	As at 31st March, 2013 ₹	As at 31st March, 2012 ₹
NOTE "11"			
NON CURRENT INVESTMENTS			
A. TRADE			
UNQUOTED			
1. INVESTMENT IN EQUITY INSTRUMENTS			
i. SUBSIDIARY COMPANIES			
(Equity Shares of face value of ₹ 10/- each fully paid-up unless otherwise stated)			
4,000,020 (P.Y.4,000,020) - Bellona Finvest Ltd.	**40,000,200**		40,000,200
19,245,020 (P.Y. 19,245,020) - Big Apple Real Estate Pvt. Ltd.	**1,125,715,797**		1,125,715,797
10,000 (P.Y. 10,000) - Enhance Holdings Pvt. Ltd. (Formerly known as Kalani Holdings Pvt. Ltd.)	**384,600**		384,600
100,000 (P.Y. 100,000) - Market City Management Pvt Ltd.	**1,000,000**		1,000,000
10,000 (P.Y. 10,000) - Market City Resources Pvt. Ltd.	**103,600**		103,600
18,873 (P.Y. 10,778) - Island Star Mall Developers Pvt. Ltd. @@	**1,038,057**		297,922
9,280 (P.Y. 9,280) - Mugwort Land Holdings Pvt. Ltd (Formerly known as Mugwort Developers (P) Ltd	**92,800**		92,800
12,760,000 (P.Y. 12,760,000) - Palladium Constructions Pvt Ltd.	**733,709,500**		733,709,500
1,200,000 (P.Y. 1,200,000) - Pallazzio Hotels & Leisure Ltd. ₹ 100 each	**120,000,000**		120,000,000
1,321,400 (P.Y. 1,321,400) Phoenix Hospitality Services Private Limited	**1,541,634,836**		1,541,634,836
10,000 (P.Y. 10,000) - Pinnacle Real Estate Development Pvt. Ltd.	**39,993,898**		39,993,898
10,000 (P.Y. 10,000) - Plutocrate Asset & Capital Management Co. Pvt. Ltd.	**35,000,000**		35,000,000
1,250 (P.Y. 1250) - Butala Farm Lands Pvt. Ltd. ₹ 100 each	**250,000,000**		250,000,000
12,638,715 (P.Y.12,638,715)- Vamona Developers Pvt. Ltd. @@	**334,030,763**		334,030,763
		4,222,704,051	4,221,963,916
ii. ASSOCIATES			
(Equity Shares of face value of ₹ 10/- each fully paid-up)			
5,000 (P.Y. 5,000) - Bartraya Mall Development Co. Pvt. Ltd	**50,000**		50,000
2,246,588(P.Y. 2,246,588) - Classic Mall Development Pvt. Ltd.	**249,966,918**		249,966,918
3,334 (P.Y. 3,334) - Classic Housing Projects Pvt. Ltd.	**33,340**		33,340
20,593,192 (P.Y. 20,593,192) - EWDPL (India) Pvt. Ltd.	**450,124,554**		450,124,554
25,000 (P.Y. 25,000) - Escort Developers Pvt. Ltd.	**15,950,000**		15,950,000
7,265,080 (P.Y. 7,265,080) - Offbeat Developers Pvt. Ltd. @@	**247,037,912**		247,037,912
Nil (P.Y. 166,670) - Picasso Developers Pvt. Ltd.	**-**		20,000,400
Nil (P.Y. 333,333) - Ramayana Realtors Pvt. Ltd.	**-**		44,186,012
25,000 (P.Y. Nil) Savannah Phoenix Pvt Ltd	**250,000**		-
		963,412,724	1,027,349,136
iii. OTHERS			
(Equity Shares of face value of ₹ 10/- each fully paid-up)			
10 (P.Y. 10) - Treasure World Developers (India) Pvt. Ltd.		**8,500**	8,500
2. INVESTMENT IN PREFERENCE SHARES			
SUBSIDIARY			
(Preference Shares of ₹ 10/- each fully paid-up)			
17,856,716 (P.Y. 1,13,64,811) - Island Star Mall Developers Pvt. Ltd.		**1,017,560,307**	423,997,792

	₹	As at 31st March, 2013 ₹	As at 31st March, 2012 ₹
3. INVESTMENT IN DEBENTURES			
i. SUBSIDIARY			
(Optionally Convertible Debentures of ₹ 245/- each fully paid-up)			
4,740,000 (P.Y.4,740,000) - Palladium Constructions Pvt Ltd.	**1,161,300,000**		1,161,300,000
(Compulsorily Convertible Debentures)			
847,365 (P.Y. Nil) Pallazzio Hotels & Leisure Ltd - Series C	**627,779,110**		-
(Non Convertible Debenture)			
1 (P.Y. Nil) Pallazzio Hotels & Leisure Ltd - Series F	**230,000,000**		-
ii. ASSOCIATE			
(Optionally Convertible Debentures of ₹ 100/- each fully paid-up)			
1,112,000 (P.Y.1,112,000) - Classic Housing Projects Pvt. Ltd.	**111,200,000**		111,200,000
iii. OTHERS			
(Compulsory Fully Convertible Debentures of ₹ 10/- each fully paid-up)			
100,000,000 (P.Y.100,000,000) - Treasure World Developers Pvt. Ltd.	**1,000,000,000**		1,000,000,000
		3,130,279,110	2,272,500,000
4. INVESTMENT IN THE CAPITAL OF PARTNERSHIP FIRM			
Phoenix Construction Company		**21,179,298**	20,721,481
B. OTHERS			
QUOTED			
(Equity Shares of face value of ₹ 10/- each fully paid-up, unless otherwise stated)			
7,265 (P.Y. 7,265) - I.C.I.C.I. Bank Limited **	**260,250**		260,250
20 (P.Y. 20) - Clariant Chemicals (India) Ltd.	**200**		200
200,641 (P.Y. 200,641) - Graphite India Limited - face value of ₹ 2 each	**27,034,630**		27,034,630
60,192 (P.Y. 60,192) - GKW Limited	**3,648,128**		3,648,128
59 (P.Y. 59) - Syngenta AG Ordinary shares fully paid up	**159,596**		159,596
		31,102,804	31,102,804
UNQUOTED			
10 (P.Y. 10) ordinary shares of ₹ 50/-each -fully paid of Sukhsagar Premises Co-op. Society Ltd.	**500**		500
5 (P.Y. 5) ordinary shares of ₹ 50/-each -fully paid of Vivina Co-op. Housing Society Ltd.	**250**		250
80 (P.Y. 80) ordinary shares of ₹ 25/- each -fully paid of Rashtriya Mazdoor Madhyavarti Sahakari Grahak Sangh (Maryadit)	**2,000**		2,000
		2,750	2,750
TOTAL		**9,386,249,543**	7,997,646,379
1. Aggregate value of Quoted Investments:			
Book Value		**31,102,804**	31,102,804
Market Value		**48,411,943**	49,524,577
2. Aggregate book value of other Unquoted Investments:		**9,355,146,739**	7,966,543,575

Notes :

@@ Represents Equity Shares held subject to a non-disposal undertaking to the lender bank stating that it shall not dispose / transfer /pledge /encumber these shares owned/held in the company until the loans taken by these companies are fully repaid to the bank.

** Out of 7,265 shares, 1,995 shares are held by a Bank in their name as security.

NOTES ON FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2013 (Contd.)

	As at 31st March, 2013		As at 31st March, 2012	
	Current ₹	Non Current ₹	Current ₹	Non Current ₹
NOTE "12"				
LOANS AND ADVANCES				
Secured and considered good				
Deposits with Related Parties	-	-	-	300,000,000
Unsecured and considered good				
Deposits				
Deposits with Related Parties	**15,000,000**	**695,313,517**	15,000,000	2,325,863,681
Other Deposits	-	**38,186,877**	-	24,680,577
Capital Advances				
Advance for Capital Items to Related Parties #	-	**1,966,838,850**	-	1,741,596,689
Others	-	**873,160,752**	-	110,727,115
Inter Corporate Loans and Deposits		-		
With Related Parties	**2,574,674,024**	-	1,650,263,542	627,779,110
With Others	**175,604,521**	-	437,261,581	-
Share/Debenture Application Money pending allotment				
Related Parties	-	**226,874,785**	-	204,524,785
Others	-	**76,354,540**	-	89,004,541
Other Loans & Advances	**423,524,906**	**11,381,361**	73,813,728	53,971,283
TOTAL	**3,188,803,451**	**3,888,110,681**	2,176,338,851	5,478,147,781

Refer note no. 24

Loans & Advances include ₹ 573,073,983 (Previous year: ₹ 1,373,305,437/-) to private limited companies in which any director is a director/member.

Other Loans & advances includes ₹ 300,000,000 (P.Y. Nil) paid towards acquisition of investment.

	As at 31st March, 2013		As at 31st March, 2012	
	Current ₹	Non Current ₹	Current ₹	Non Current ₹
NOTE "13"				
OTHER ASSETS				
Interest Accrued on Fixed Deposits	**6,133,026**	**822,903**	2,346,555	4,686,924
Interest Accrued on Investments	**142,620,156**	-	142,620,156	-
Non current portion of Cash & Cash equivalents	-	**4,254,420**	-	79,254,417
TOTAL	**148,753,182**	**5,077,322**	144,966,712	83,941,341

NOTES ON FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2013 (Contd.)

		As at 31st March, 2013	As at 31st March, 2012
	₹	₹	₹
NOTE "14"			
CURRENT INVESTMENTS			
INVESTMENTS IN MUTUAL FUNDS			
(Units of face value of ₹ 10/- each)			
NIL (P.Y. 8,782,098) - BSL - Interval Income - INSTL - Qtly		-	100,000,000
		-	100,000,000

		As at 31st March, 2013		As at 31st March, 2012
	₹	₹	₹	₹
NOTE "15"				
TRADE RECEIVABLES				
UNSECURED (considered good unless otherwise stated)				
Receivables outstanding for a period exceeding six months from the date due				
Considered Good	**180,219,319**		129,468,462	
Considered Doubtful	**107,527,297**		60,248,965	
	287,746,616		189,717,427	
Less: Provision for Doubtful Receivables	**107,527,297**		60,248,965	
		180,219,319		129,468,462
Other Receivables		**113,956,673**		184,101,474
TOTAL		**294,175,992**		313,569,936

-Debtors include ₹ 1,078,265(PreviousYear ₹ 14,200,142) from private companies in which a director is a director / member.

	As at 31st March, 2013		As at 31st March, 2012	
	Current ₹	Non Current ₹	Current ₹	Non Current ₹
NOTE "16"				
CASH AND BANK BALANCES				
Cash on hand	**134,376**	**-**	229,642	-
Balances with Banks:				
In Current Accounts	**80,235,596**	**-**	75,453,628	-
In Fixed Deposit Accounts	**129,466,631**	**4,254,420**	50,000,000	79,254,417
[Deposit receipts of ₹ 54,466,631(Previous year : ₹ 50,000,000) pledged as security]				
In Dividend Accounts	**13,393,045**	**-**	12,026,350	-
Less : Non current portion transferred to Non current assets (Refer note no. 13)	**-**	**(4,254,420)**	-	(79,254,417)
TOTAL	**223,229,648**	**-**	137,709,620	-

NOTES ON FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2013 (Contd.)

	2012-13 ₹	2011-12 ₹
NOTE "17"		
REVENUE FROM OPERATIONS		
Sale of Services		
License Fees and Rental Income	**1,894,530,692**	1,560,885,982
Service Charges	**346,857,624**	386,975,346
Others	**464,619,372**	311,795,889
TOTAL	**2,706,007,688**	2,259,657,217

	2012-13 ₹	2012-13 ₹	2011-12 ₹	2011-12 ₹
NOTE "18"				
OTHER INCOME				
Interest Income				
From Long Term Investments	**111**		56,347,706	
From Others	**511,552,486**	**511,552,597**	330,706,943	387,054,649
Dividend Income				
From Current Investments	**-**		17,451,909	
From Long Term Investments	**919,115**		1,088,949	
		919,115		18,540,858
Profit on sale of Investments		**42,944,341**		21,029,049
Other Non-operating Income				
Profit on Sale of Fixed Assets		**2,520,939**		-
Compensation on Relinquishment of Rights		**-**		26,910,000
Miscellaneous Receipts		**2,785,527**		3,486,738
Sundry Balances written back		**4,554,759**		-
TOTAL		**565,277,278**		457,021,294

	2012-13 ₹	2011-12 ₹
NOTE "19"		
EMPLOYEE BENEFITS		
Salaries, Wages & Bonus	**78,330,756**	82,935,820
Contribution to Provident Fund & Other Funds	**1,523,864**	1,717,809
Gratuity and Leave encashment	**1,143,531**	87,968
Staff Welfare Expenses	**1,827,707**	2,057,133
TOTAL	**82,825,858**	86,798,730

	2012-13 ₹	2011-12 ₹
NOTE "20"		
FINANCE COSTS		
Interest Expense		
Interest to Banks on Fixed Loans	**264,363,543**	129,137,798
Interest on Others	**591,938**	13,372,783
Other Costs	**-**	22,937,500
TOTAL	**264,955,481**	165,448,081

		2012-13		2011-12
	₹	₹	₹	₹
NOTE "21"				
OTHER EXPENSES				
Electricity		**391,823,702**		290,866,044
Repairs and Maintenance:-				
Buildings	**33,275,928**			28,993,169
Plant & Machinery	**23,905,857**			15,138,162
Others	**10,297,743**			17,500,899
		67,479,528		61,632,230
Insurance		**5,366,562**		8,214,924
Rent		**5,933,021**		5,273,796
Rates & Taxes		**38,306,073**		24,105,503
Water Charges		**26,394,807**		17,043,078
Legal and Professional charges		**46,454,108**		81,410,648
Travelling Expenses		**8,327,679**		5,456,978
Auditors' Remuneration (Refer Note No. 29)		**5,529,500**		4,827,000
Directors' sitting fees & Commission		**1,853,000**		1,800,000
Donation		**811,653**		4,742,334
Loss on Assets discarded/sold		**-**		9,264,088
Prior Period Expenses		**4,880,482**		2,098,425
Advertisement & Sales Promotion		**52,627,552**		80,304,034
Bad debts & Sundry balances written off	**-**		4,062,199	
Provision for Doubtful Debts & Advances	**44,422,947**	**44,422,947**	43,163,494	47,225,693
Rebates and settlement		**14,723,627**		4,440,930
Bank charges		**857,748**		953,390
Housekeeping and other services		**62,757,136**		64,548,666
Security Charges		**31,940,618**		34,984,109
Share of Loss from a Partnership Firm :		**665,783**		42,432
Other Miscellaneous Expenses		**26,538,161**		23,020,841
TOTAL		**837,693,687**		772,255,143

22. Disclosure as per Accounting Standard 15 (Revised) "Employee Benefits" as notified by the Companies (Accounting Standards) Rules, 2006.

(a) Defined Contribution Plan, recognised as expenses for the year are as under :
Employer's Contribution to Provident and Pension Fund ₹ 1,216,584 (P.Y. 1,289,201).

The Company makes contributions towards provident fund and pension fund for qualifying employees to the Regional Provident Fund Commissioner.

NOTES ON FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2013 (Contd.)

(b) Defined Benefit Plan:

The company provides gratuity benefit to it's employees which is a defined benefit plan. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation for leave encashment is recognised in the same manner as gratuity.

Particulars	2012-13		2011-12	
	Gratuity (Funded)	Leave Encashment (Unfunded)	Gratuity (Funded)	Leave Encashment (Unfunded)
Change in Present Value of Obligation	₹	₹	₹	₹
Present value of the obligation at the beginning of the year	**9,723,204**	**3,335,739**	8,642,100	4,924,636
Current Service Cost	**1,136,505**	**64,512**	1,215,389	(1,491,349)
Interest Cost	**826,472**	**283,538**	712,973	406,282
Actuarial (Gain) / Loss on Obligation	**(297,733)**	**(337,417)**	(160,386)	(241,991)
Benefits Paid	**(781,766)**	**(247,393)**	(686,872)	(261,839)
Present value of the obligation at the end of the year	**10,606,682**	**3,098,979**	9,723,204	3,335,739

Particulars	2012-13		2011-12	
	Gratuity (Funded)	Leave Encashment (Unfunded)	Gratuity (Funded)	Leave Encashment (Unfunded)
Amount Recognised in the Balance Sheet:	₹	₹	₹	₹
Present value of the obligation at the end of the the year	**10,606,682**	**3,098,979**	9723,204	3,335,739
Fair Value of Plan Assets at the end of the year	**(9,077,312)**	**NIL**	(8,181,591)	NIL
Net Obligation at the end of the year	**1,529,370**	**3,098,979**	1,541,613	3,335,739

Particulars	2012-13		2011-12	
	Gratuity (Funded)	Leave Encashment (Unfunded)	Gratuity (Funded)	Leave Encashment (Unfunded)
Amounts Recognised in the statement of Profit and Loss:	₹	₹	₹	₹
Current Service Cost	**1,136,505**	**64,512**	1,215,389	(1,491,349)
Interest cost on Obligation	**826,472**	**283,538**	712,973	406,282
Expected return on Plan Assets	**(770,378)**	**NIL**	(694,470)	NIL
Net Actuarial (Gain) / Loss recognised in the year	**(297,733)**	**(337,417)**	(160,386)	(241,991)
Net Cost Included in Personnel Expenses	**894,866**	**10,633**	1,073,506	(1,327,058)

Actual return on plan assets for the year:	Gratuity (funded) 2012-13	Gratuity (funded) 2011-12
	₹	₹
Expected return on Plan Assets	**770,378**	694,470
Actuarial (gain)/loss on Plan Asset	**-**	-
Actual return on plan assets	**770,378**	694,470

	Gratuity	Leave	Gratuity	Leave
Actuarial Assumptions				
i) Discount Rate	8.5% P.A.	8.5% P.A.	8.5%.P.A.	8.5%. P.A.
ii) Expected Rate of Return on Plan Assets	-	-	-	-
iii) Salary Escalation Rate	10% P.A.	10% P.A.	10% P.A.	10% P.A.
iv) Mortality	L.I.C 1994-96 ULTIMATE	L.I.C 1994-96 ULTIMATE	L.I.C 1994-96 ULTIMATE	L.I.C 1994-96 ULTIMATE

c)

	Gratuity (funded) 2012-13	Gratuity (funded) 2011-12
Reconciliation of opening and closing balances of Plan Assets:	₹	₹
Plan Assets at the beginning of the year		
Expected Return on plan assets	**8,181,591**	7,274,711
Contribution	**770,378**	694,470
Benefits paid during the year	**907,109**	899,282
Actuarial (gain)/loss on Plan Assets	**(781,766)**	(686,872)
Fair Value of Plan Assets at the end of the year	**9,077,312**	8,181,591

The company has funded its Gratuity obligation under Group Gratuity Policy managed by the Life Insurance Corporation (LIC) Of India.

The estimates of rate of escalation in salary considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is certified by the actuary.

23. The Company is mainly engaged in the development and operation of Malls and other real estate properties. All Activities of the company revolve around this main business. As such, there are no separate reportable segments as per Accounting Standard 17 -'Segment Reporting', as notified by Companies (Accounting Standards) Rules, 2006.

24. In view of the Accounting Standard : AS 18 on Related Parties Disclosures as notified by the Companies (Accounting Standards) Rules 2006 , the disclosure in respect of related party transactions for the year ended on 31st March 2013 is as under:

NOTES ON FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2013 (Contd.)

a) RELATIONSHIPS

Category I : Subsidiaries of the Company

Alliance Hospitality Services Private Limited
Blackwood Developers Private Limited
Bellona Finvest Limited
Big Apple Real Estate Private Limited
Butala Farm Lands Private Ltd.
Gangetic Developers Private Limited
Graceworks Realty & Leisure Private Limited
Market City Management Private Limited
Marketcity Resources Private Limited
Mugwort Land Holdings Private Limited
Palladium Constructions Private Limited
Pallazzio Hotels and Leisure Limited
Pinnacle Real Estate Development Private Limited
Platinum Spaces Private Limited
Plutocrat Assets and Capital Management Private Limited
Phoenix Hospitality Company Private Limited
Sangam Infrabuild corporation Private Limited
Upal Developers Private Limited
Vamona Developers Private Limited
Island Star Mall Developers Private Limited [w.e.f. 28th March, 2013]

Category II : Associates of the Company

Bartraya Mall Development Company Private Limited
Starboard Hotels Private Limited
Classic Mall Development Company Private Limited
Classic Housing Projects Private Limited
Entertainment World Developers Limited
Escort Developers Private Limited
Galaxy Entertainment Corporation Limited
Galaxy Entertainment (India) Private Limited
Juniper Developers Private Limited
Mirabel Entertainment Private Limited
Offbeat Developers Private Limited
Savannah Phoenix Private Limited [w.e.f. 1st November , 2012]
Island Star Mall Developers Private Limited [up to 27th March, 2013]

Category III : Other Related Parties where common control exists

B.R.International

R.R.Hosiery Private Limited
R.R. Hosiery

R.R. Textiles
Phoenix Construction Company

Phoenix Hospitality Company Private Limited
Phoenix Retail Private Limited

Category IV : Key Managerial Personnel

Ashokkumar R. Ruia	)	Chairman & Managing Director
Atul Ruia	)	Jt. Managing Director
Kiran B. Gandhi	)	Whole-time Director
Shishir Shrivastava	)	Group CEO and Jt. Managing Director

Category V : Relatives of Key Managerial Personnel

Gayatri A Ruia

b) **Transactions entered with the related parties in the ordinary course of business during the financial year :**

(Amounts In ₹)

Sr. No.	TRANSACTIONS	Category I	Category II	Category III	Category IV	Category V	Total
1	Rent,Compensation & Other recoveries -	155,719,718	-	736,776	-	1,813,440	158,269,934
		(66,955,546)	-	(6,956,364)	-	(1,973,293)	(75,885,203)
2	Interest Received	197,102,747	297,678,179	-	-	-	494,780,926
		(33,603,295)	(360,874,412)	-	-	-	(394,477,707)
3	Sale of Land development rights	-	-	-	-	-	-
		-	(269,100,003)	-	-	-	(269,100,003)
4	Administrative & other expenses	9,860,000	-	5,273,796	-	-	15,133,796
		(16,698,183)	-	(5,273,796)	-	-	(21,971,979)
5	Interest Paid	-	-	13,907,730	-	-	13,907,730
		-	-	(13,459,091)	-	-	(13,459,091)
6	Remuneration/Salaries	-	-	-	16,800,000	-	16,800,000
		-	-	-	(16,800,000)	-	(16,800,000)
7	Loss from Firm	-	-	665,783	-	-	665,783
		-	-	(42,432)	-	-	(42,432)
8	Balance written off / (written back)	-	-	-	-	-	-
		-	(2,688,262)	-	-	-	(2,688,262)
9	Re Imburshment of Expenses	-	-	-	-	-	-
		(109,900,000)	-	-	-	-	(109,900,000)

NOTES ON FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2013 (Contd.)

(Amounts In ₹)

Sr. No.	TRANSACTIONS	Category I	Category II	Category III	Category IV	Category V	Total
10	Capital withdrawn from firm	-	-	1,123,600	-	-	(1,123,600)
		-	-	(750,000)	-	-	(750,000)
11	Loan returned by parties	-	300,000,000	-	-	-	300,000,000
		-	-	-	-	-	-
12	Loans Given	-	-	-	-	-	-
		-	(300,000,000)	-	-	-	(300,000,000)
13	Inter Corporate Deposits Given	1,284,694,710	-	-	-	-	1,284,694,710
		(479,138,677)	-	-	-	-	(479,138,677)
14	Inter Corporate Deposits returned by the Parties	479,205,011	8,806,531	-	-	-	488,011,542
		(134,065,000)	-	-	-	-	(134,065,000)
15	Capital Advances Given	-	243,556,801	-	-	-	243,556,801
		-	(2,356,452,500)	-	-	-	(2,356,452,500)
16	Capital Advances Returned by the Parties	-	1,295,000,000	-	-	-	1,295,000,000
		-	(200,000,000)	-	-	-	(200,000,000)
17	Deposit Given	-	61,270,644	-	-	-	61,270,644
		(240,000,000)	(452,549,872)	-	-	-	(692,549,872)
18	Deposit Returned by the Parties	-	126,027,194	-	-	-	126,027,194
		(385,536,439)	-	-	-	-	(385,536,439)
19	Advances Received	-	-	-	-	-	-
		(100,000)	-	(50,000)	-	-	(150,000)
20	Investment in Shares / application money pending allotment	-	15,950,000	-	-	-	15,950,000
		(61,200,000)	(1,950,000)	-	-	-	(63,150,000)
21	Application money Refund Received	646,671	-	-	-	-	646,671
		(437)	(64,592,975)	-	-	-	(64,593,412)
22	Redemption of Optionally Convertible Debentures	-	-	-	-	-	-
		-	(80,000,000)	-	-	-	(80,000,000)
23	Investment in Optionally Convertible Debentures	857,779,110	-	-	-	-	857,779,110
		(1,161,300,000)	(111,200,000)	-	-	-	(1,272,500,000)
24	Purchase of Equity / Preference Shares	-	-	-	-	-	-
		(200,000)	(400,000)	-	-	-	(600,000)
25	Purchase of Fixed Assets	7,361,880	227,586,883	-	-	-	234,948,763
				(179,454,545)			(179,454,545)

c) The following balances were due from / to the related parties as on 31-03-2013:

(Amounts In ₹)

Sr. No.	TRANSACTIONS	Category I	Category II	Category III	Category IV	Category V	Total
1	Investment in Equity Shares / Pref shares	5,240,264,358	963,162,724	-	-	-	6,203,677,082
		(4,221,665,993)	(1,451,644,850)	-	-	-	(5,673,310,843)
2	Investment in OCD	2,019,079,110	111,200,000	-	-	-	2,130,279,110
		(1,161,300,000)	(111,200,000)	-	-	-	(1,272,500,000)
3	Investment in Capital of Partnership Firm	-	-	21,179,298	-	-	21,179,298
		-	-	(20,721,481)	-	-	(20,721,481)
4	Loans and Advances (Net)	497,251,646	1,469,587,204	-	-	-	1,966,838,850
		(79,900,000)	(300,000,000)	-	-	-	(379,900,000)
5	Inter Corporate Deposits Given	2,304,729,581	269,944,443	-	-	-	2,574,674,024
		(2,198,142,652)	-	-	-	-	(2,198,142,652)
6	Advances Received	150,000	-	-	-	-	150,000
		(100,000)	-	(50,000)	-	-	(150,000)
7	Trade Receivables	53,275,846	-	1,755,993	-	614,254	55,646,093
		(18,396,347)	(12,539,351)	(7,028,170)	-	-	(37,963,868)
8	Other Receivables	-	-	-	-	-	-
		(604,350)	-	-	-	-	(604,350)
9	Trade Payables	4,073,262	131,957	202,455,573	-	-	206,660,792
		-	(131,957)	(21,924,300)	-	-	(22,056,257)
10	Deposits received	-	-	-	-	-	-
		-	-	-	-	(300,000)	(300,000)
11	Deposits Given	231,038,517	-	479,275,000	-	-	710,313,517
		(267,606,618)	(216,038,517)	(479,275,000)	-	-	(962,920,135)
12	Application money pending allotment	27,524,885	176,999,900	-	-	-	204,524,785
		(27,524,885)	(176,999,900)	-	-	-	(204,524,785)

Disclosure in Respect of Material Related Party Transactions during the year:

i. Rent & other recoveries include received from Market City Resources (P) Limited ₹ 50,646,804 (P.Y. ₹ 50,646,804), Phoenix Retails (P) Limited ₹ Nil (P.Y. ₹ 6,280,986) and Pallazzio Hotels & Leisure Limited ₹ 105,072,914 (P.Y. 16,308,742).

ii. Interest received include received from Island Star Mall Developers (P) Limited ₹ 78,422,453 (P.Y. ₹ 52,387,158), Offbeat Developers (P) Limited ₹ 195,404,170 (P.Y. ₹ 298,702,220), Vamona Developers (P) Limited ₹ 61,616,585 (P.Y. ₹ 9,640,793) and Pallazzio Hotels & Leisure Limited ₹ 105,238,038 (P.Y. ₹ 10,587,780).

iii. Administrative & other expenses include paid to Market City Resources Private Limited ₹ 9,860,000 (₹ 16,690,500), R.R Hosiery (P) Ltd. ₹ 3,320,196 (P.Y. ₹ 3,320,196) and R.R. Hosiery ₹ 1,953,600 (P.Y. 1,953,600).

NOTES ON FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2013 (Contd.)

iv. Interest Paid to B.R. International ₹ 13,907,730 (P.Y. ₹ 13,459,091).

v. Capital investment in Partnership firm includes investment in Phoenix Construction Company ₹ 1,123,600 (P.Y. ₹ 750,000).

vi. Loan returned by parties include repayment from Offbeat Developers (P) Limited ₹ 300,000,000 (P.Y. ₹ Nil).

vii. Loan given includes loan given to Offbeat Developers (P) Limited ₹ Nil (P.Y. ₹ 300,000,000).

viii. Inter Corporate Deposit returned by the parties inclueds Deposits returned by Vamona Developers (P) Limited ₹ 387,000,000 (P.Y. ₹ Nil), Pallazzio Hotels & Leisure Limited ₹ 70,000,000 (P.Y. ₹ Nil) and UPAL Developers (P) Limited ₹ Nil (P.Y. ₹ 118,800,000).

ix. Inter Corporate Deposits given includes Deposits given to Vamona Developers (P) Limited ₹ 627,000,000 (P.Y. ₹ Nil) and Pallazzio Hotels & Leisure Limited ₹ 466,000,000, (P.Y. ₹ 440,000,000).

x. Advances given towards capital Goods to Offbeat Developers (P) Limited ₹ 203,556,801 (P.Y. ₹ 1,516,952,500) and Island Star Mall Developers (P) Limited ₹ 40,000,000 (P.Y. ₹ 607,500,000).

xi. Advance returned by Offbeat Developers (P) Limited ₹ 940,050,000 (P.Y. ₹ 200,000,000) and Island Star Mall Developers (P) Ltd. ₹ 350,000,000 (P.Y. ₹ Nil).

xii. Deposit given to Island Star Mall Developers (P) Limited ₹ Nil (P.Y. ₹ 205,000,000), Vamona Developers (P) Limited ₹ Nil (P.Y. 240,000,000) and Offbeat Developers Private Limited ₹ 46,270,644 (P.Y. ₹ 247,549,872) and Classic Mall Developers (P) Limited ₹ 150,00,000 (P.Y. ₹ Nil).

xiii. Deposit returned by Vamona Developers (P) Limited ₹ Nil (P.Y. 257,596,439), Offbeat Developers (P) Limited ₹ 111,027,194 (₹ Nil) and Classic Mall Developers (P) Limited ₹ 15,000,000 (₹ P.Y. Nil)

xiv. Advance received against sale of Car Parking includes Pinnacle Real Estate Development Private Limited ₹ Nil (P.Y. ₹ 50,000), Market City Management Private Limited ₹ Nil (P.Y. ₹ 50,000) Phoenix Retail (P) Ltd. ₹ Nil (P.Y. ₹ 50,000).

xv. Investment in Shares/Application Money pending allotment Big Apple Real Estate (P) Ltd ₹ Nil (P.Y. ₹ 61,200,000).

xvi. Purchase of the Equity shares includes share purchased from Savannah Phoenix (P) Limited ₹ 250,000 (P.Y. ₹ Nill).

xvii. Share/Debenture application money refund includes refund received from Palladium Constructions (P) Limited ₹ 646,671 (P.Y. ₹ Nil) and Phoenix Retails (P) Limited ₹ 6,000,000 (P.Y. ₹ Nil).

xviii. Investment in CCD/OCD/NCD includes Pallazzio Hotels & Leisure Limited ₹ 857,779,110 (P.Y. ₹ Nil) and Palladium Constructions (P) Limited ₹ Nil (P.Y. ₹ 1,161,300,000).

xix. OCD redeemed of Classic Housing Projects (P) Limited ₹ Nil (P.Y. ₹ 800,000,000).

xx. Sale of land development rights to Offbeat Developers (P) Limited ₹ Nil (P.Y. ₹ 269,100,003).

xxi. Expenses incurred on behalf of Pallazzio Hotels & Leisure Limited ₹ Nil (P.Y. ₹ 109,900,000).

xxii. Purchase of Fixed Assets includes purchase from B. R. International ₹ Nil (P.Y. ₹ 179,454,545) and Offbeat Developers (P) Limited ₹ 227,586,883 (P.Y. ₹ Nil).

xxiii. Remuneration paid to Ashok Ruia ₹ 6,000,000 (P.Y. ₹ 6,000,000), Atul Ruia ₹ 6,000,000 (P.Y. ₹ 6,000,000) and Kiran Gandhi ₹ 4,800,000 (P.Y. ₹ 4,800,000)

xxiv Profit / (Loss) from investment in Phoenix Construction Company ₹ -665,783 (P.Y. ₹ (42,432)).

xxv. Sundry Balances written off Galaxy Entertainment Corporation Limited ₹ Nil (P.Y. ₹ 2,688,262).

25. Earning Per Share (EPS) :

Basic as well as Diluted EPS	**2012-13** ₹	**2011-12** ₹
Net Profit after Tax	**1,339,791,234**	1,053,416,212
Weighted Average No. of Equity Shares	**144,845,445**	144,845,445
Nominal Value of Equity Shares	**2**	2
Basic Earning Per Share	**9.25**	7.27

26. Deferred Tax :

In accordance with the 'Accounting Standard -AS 22 Accounting for Taxes on Income" as notified by the Companies (Accounting Standards) Rules 2006, the company has created deferred tax Assets of ₹ 1,885,929/- for the current year. The break-up of the net deferred tax asset as on 31st March, 2013 is as under:

Particulars	Deferred tax Asset/(Liability) as at 01-04-12 ₹	Current Year (Charge)/Credit ₹	Deferred tax Asset/(Liability) as at 31-03-13 ₹
Deferred Tax Asset			
Disallowance u/s 43B and others	1,582,457	(80,789)	**1,501,668**
Provision for Doubtful debts and advances	19,547,777	15,339,455	**34,887,232**
Difference between Book and Tax depreciation	7,188,829	(13,372,737)	**(6,183,908)**
Deferred Tax Assets (Net)	2,83,19,063	1,885,929	**30,204,992**

27. Contingent Liabilities not Provided for in respect of:-

a. Estimated amount of contracts remaining to be executed on capital account and not provided for in the accounts is ₹ 171,662,6120 (P.Y. ₹ 183,047,500) net of advance paid.

b. The Income tax assessments of the Company have been completed up to Assessment Year 2010-11. The disputed tax demand outstanding upto the said Assessment Year is ₹ 120,972,257. The Company as well as the Income Tax Department are in appeal before the Appellate Authorities against the assessments of earlier financial years. The impact thereof, if any, on the tax position can be ascertained only after the disposal of the above appeals. Accordingly, the accounting entries arising there from will be passed in the year of the disposal of the said appeals.

c. The Service Tax Department has issued a Demand Notice of ₹ 20,307,932 to the company, against which the company has filed an appeal with the Service Tax Tribunal.

d. Demand notices received on account of arrears of Provident Fund dues aggregating to ₹ 2,471,962 (P.Y. ₹ 2,471,962) are disputed by the Company. The Company has paid ₹ 1,000,000 and has also furnished a Bank Guarantee for ₹ 1,471,165 against the said P.F. demands to the P.F. authorities.

e. Disputed excise duty liability amounting ₹ 1,646,266 (P.Y. ₹ 1,646,266)

f. Outstanding guarantees given by Banks ₹ 2,769,969 (P.Y. ₹ 2,769,969).

g. Subsequent to Balance sheet date, in May 2013, the Company received a demand notice from Municipal Corporation for payment of ₹ 64,819,889/- towards the arrears of property tax for the period from April, 2010 to March, 2013, based on the property's capital value. The Company is in the process of verifying the correctness of the said Demand raised by Municipal Department, as well as ascertaining the probability of the said recovery from the licensees. Based on the outcome of the verification and legal opinion, the company may file the appeal to re-assess / recomputed the said demand.

28. The electricity charges recovered from licensees, which were earlier netted off with electricity expenses are now w.e.f. 1st April, 2012 reclassified and disclosed on gross basis as income and expenses. The corresponding figures for the previous year have also been accordingly reclassified.

29. The Auditors' Remuneration includes:

Particulars	2012-13 (₹)	2012-12 (₹)
Audit fees	**4,000,000**	3,500,000
Tax Audit fees	**600,000**	600,000
Certification and other fees	**929,500**	727,000
Total	**5,529,500**	4,827,000

NOTES ON FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2013 (Contd.)

30. Expenditure in foreign currency:

	2012-13 ₹	2011-12 ₹
Foreign Travelling Expenses	**2,833,123**	2,888,580
Consultancy Fees	**4,807,081**	10,448,553

31. Earnings in foreign exchange :

	2012-13 ₹	2011-12 ₹
Dividend	**129,116**	312,525

32. Amount remitted in foreign currency on account of dividend:

The Company has not remitted any amount in foreign currencies on account of dividends during the year and does not have information as to the extent to which remittances, if any, in foreign currencies on account of dividends have been made by/on behalf of the non-resident shareholders. The particulars of dividends declared and paid to non-resident shareholders, are as under:

Dividends for the year	2011-12 ₹	2010-11 ₹
Number of non- resident share holders	**208**	160
Number of Equity Shares held by them	**33,927,146**	33,060,141
Face Value of Equity Share	**₹ 2/-**	₹ 2/-
Gross Amount of Dividend	**67,854,292**	59,508,254

33. Project Development Expenditure:

(In respect of Projects upto 31st March 2013, included under Capital Work-in-Progress)

Preoperative Income / Expenses transferred to capital work-in-progress:

Particulars	2012-13 ₹	2011-12 ₹
Opening Balance	**(17,140,403)**	-
Expenditure		
Interest & Finance Charges	**98,098,895**	94,857,596
Less: Interest Income	**(25,416,250)**	(111,997,999)
Project Development Expenses Capitalised during the year	**-**	-
Closing Balance	**55,541,932**	(17,140,403)

34. Loans and Advances in the nature of Loans given to Subsidiaries and Associates:

Particulars		2012-13 ₹	Maximum Balance during the year ₹
(a)	Pinnacle Real Estate Developers Private Limited	**25,583,337**	25,589,208
(b)	Bellona Finvest Limited	**498,248,433**	504,403,273
(c)	Enhance Holdings Private Limited	**129,322,100**	129,322,100
(d)	Butala Farm Lands Private Limited	**200,000**	200,000
(e)	Marketcity Resources Private Limited	**46,500,000**	46,500,000
(f)	Vamona Developers Private Limited	**595,236,030**	595,236,030
(g)	Phoenix Hospitality Co. Private Limited	**54,448,132**	54,448,132
(h)	Pallazzio Hotels & Lesiure Limited	**918,962,241**	1,786,926,874
(i)	Gracework Realty & Leisure Private Limited	**81,603,381**	81,603,381
(j)	Upal Developers Private Limited	**42,687,440**	42,687,440
(k)	Offbeat Developers Private Limited	**1,467,587,204**	2,639,239,407
(l)	Island Star Mall Developers Private Limited.	**409,190,133**	648,609,925
(m)	Classic Mall Devlopment Co. Private Limited	**269,944,443**	269,944,443

Notes :

(i) Loans and Advances shown above are in the nature of loans which are repayable on demand and do not have any repayment schedule.

(ii) Loans to the subsidiaries (a) to (e) are interest free.

(iii) Butala Farm Lands Private Limited is having investment in equity shares of subsidiary company - Vamona Developers Private Limited.

(iv) Phoenix Hospitality Co. Private Limited is having investment in equity shares of Gracework Realty &Lesiure Pvt. Ltd.

35. The Company has created a charge, by way of mortgage, on 17,853 square meters of its land for the loan taken by its wholly owned subsidiary, Pallazzio Hotels and Leisure Limited (PHLL) from the banks. The Company has developed a mixed use retail structure on the said land. The Company has transferred the rights of development of 2/3rd portion of 17,853 square meters of the said land to PHLL for the construction of a hotel, vide a Land Development Agreement dated 30th March 2007. The conveyance of the said portion of Land, in favour of PHLL, as per the said Agreement, will be made at any time after the completion of the construction of the Hotel but not before three years from the date of the said agreement with PHLL.

36. Based on the valuation reports of the Government approved valuers, the Company had revalued its assets consisting of land including leasehold land and land leased in perpetuity, Buildings and Plants and Machinery as on 31st March 1985. Depreciation on revalued land, building and plant and machinery has been calculated as per the rates specified by the valuers, which includes an additional charge amounting to ₹ 981,310/- (P.Y. ₹ 1,005,006) in comparison to depreciation provided under the Companies Act, 1956, and an equivalent amount has been withdrawn from Revaluation Reserve and credited to Statement of Profit and Loss.

37. The matter of the levy of service tax on renting of immovable property has been subjudice. The case of Home Solution Retailers of India and others v/s. Union of India and others [Delhi], had again challenged the constitutional validity of Section 65(105) (zzzz) of the Finance Act, 1994 as amended by the Finance Act, 2010. Citing the reason of the matter being subjudice, many licensees had not paid the service tax component billed to them and accordingly in such cases, the Company too, has not deposited the service tax with the Government. The Honorable Supreme Court in the case of the appeal filed by Retailers Association of India (RAI), has vide it's order dated 14th October, 2011, as an interim measure, directed the association members to deposit fifty percent of the service tax dues for the period upto 30th September, 2011 with the authorities and provide surety for the balance amount. The surety would be payable on the pronouncement of final verdict. Most of the licensees of the Company are members of the said association. The service tax liability has been adjusted against the relevant receivables, to the extent, the licensees have provided the Company the proof of payment of service tax and surety

NOTES ON FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2013 (Contd.)

to government authorities. As at 31st March, 2013, the disputed service tax for the period upto 30th September, 2011 on renting of immovable property not deposited on account of non payment by licensees amounts to ₹ .4,16,24,625/-. The company does not expect the outcome of the matter to have any adverse effect on its financial position or results of operations.

38. The balances in respect of Trade Receivables & Payables, loans and advances, as appearing in the books of accounts are subject to confirmations by the respective parties and adjustments/reconciliation arising therefrom, if any.

39. The Company is a partner in a partnership firm M/s Phoenix Construction Company. The accounts of the partnership firm have been finalised upto the financial year 2011-12. The details of the Capital Accounts of the Partners as per the latest Financial Statements of the firm are as under:-

Sr. No.	Name of the Partners	Profit Sharing ratio	Total Capital on ₹	₹
			31/03/2012	31/03/2011
1.	The Phoenix Mills Ltd.	50%	**17,154,028**	17,069,811
2.	Gold Seal Holding Pvt. Ltd.	50%	**13,421,826**	14,087,609

The Company has accounted for its share of loss amounting to ₹ 665,783 pertaining to the financial year 2011-12 in the year under report. The share of profit/loss for the current financial year will be accounted in the books of the Company on the finalisation of the accounts of the firm.

40. There are no Micro and Small Enterprises, to whom the Company owes dues, which are outstanding for more than 45 days as at March 31, 2013. The above information, regarding Micro and Small Enterprises has been determined to the extent such parties have been identified on the basis of the information available with the Company. This has been relied upon by the Auditors.

41. The Ministry of Corporate Affairs, Government of India, vide General Circular No. 2 and 3 dated 8th February 2011 and 21st February 2011 respectively has granted a general exemption from compliance with section 212 of the Companies Act, 1956, subject to fulfillment of conditions stipulated in the circular. The Company has satisfied the conditions stipulated in the circular and hence is entitled to the exemption. Necessary information relating to the subsidiaries has been included in the Consolidated Financial Statements.

42. The previous year figures have been regrouped, reworked, rearranged and reclassified, wherever necessary and are to be read in relation to the amounts and other disclosures relating to the current year.

For A.M.Ghelani & Company
Chartered Accountants
FRN : 103173W

Chintan A. Ghelani
Partner
M. No.:104391

For Chaturvedi & Shah
Chartered Accountants
FRN : 101720W

Amit Chaturvedi
Partner
M. No.:103141

For and on behalf of the Board of Directors

Ashokkumar R. Ruia
(Chairman & Managing Director)

Shishir Shrivastava
(Group CEO & Jt. Managing Director)

Atul Ruia
(Jt. Managing Director)

Pradumna Kanodia
(Director - Finance)

Sonia Gaur
(Company Secretary)

Place : Mumbai
Dated : 30th May, 2013

STATEMENT

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956 RELATING TO SUBSIDIARY COMPANIES

Statement pursuant to section 212 of the Companies Act, 1956 relating to Subsidiary Companies

Sr. No.	"Name of the Subsidiary ----> Particulars"	Alliance Hospitality Private Limited**	Blackwood Developers Private Limited *	Bellona Finvest Limited	Big Apple Real Estate Private Limited	Butala Farm Lands Private Limited	Enhance Holdings Private Limited (formerly Kalani Holdings Private Limited)	Gangetic Developers Private Limited *	Graceworks Realty & Leisure Private Limited**	Island Star Mall Developers Private Limited	Market City Management Private Limited	Marketcity Resources Private Limited	Mugwort Land Holdings Private Limited	Palladium Contructins Private Limited	Pallazzio Hotels and Leisure Limited	Phoenix Hospitality Private Limited	Pinnacle Real Estate Development Private Limited	Platinum Spaces Private Limited**	Plutocrate Capital and Asset Management Private Limited	Sangam Infrabuild Corporation Private Limited *	Upal Developers Private Limited *	Vamona Developers Private Limited
(A)	Financial year of the Subsidiary Companies	31st March, 2013	31st March, 2013	31st March, 2013	31st March, 2013	31st March, 2013	31st March, 2013	31st March, 2013	31st March, 2013	31st March, 2013	31st March, 2013	31st March, 2013	31st March, 2013	31st March, 2013	31st March, 2013	31st March, 2013	31st March, 2013	31st March, 2013	31st March, 2013	31st March, 2013	31st March, 2013	31st March, 2013
(B)	Shares of the subsidiary held by the Company on the above dates																					
	Number of Shares	1,098,950	18,731,665	4,000,020	19,245,020	1,250	10,000	5,267,030	52,250	20,375,589	100,000	10,000	9,520	12,760,000	1,200,000	1,321,400	10,000	2,550,000	10,000	3,335,000	12,250,000	14,638,175
	Face value : ₹	10	10	10	10	100	10	10	10	64.72	10	10	10	10	100	10	10	10	10	10	10	10
	Extend of Holding	31.30%	77.20%	100.00%	77.20%	100.00%	100.00%	45.25%	44.02%		100.00%	100.00%	94.86%	62.98%	100.00%	56.92%	100.00%	35.84%	100.00%	76.94%	45.92%	58.55%
(C)	The net aggregate amount of Profit/ Loss of the Subsidiary Companies, so far as it concerns the members of the Phoenix Mills Limited.																					
	(a) Not dealtwith the accounts of the Phoenix Mills Limited for the year ended 31st March, 2013 amounted to :-																					
	(i) for the subsidiaries' financial year ended as in (A) above	₹ 84.40 Lakhs	₹ 352.27 Lakhs	₹ 60.9 Lakhs	₹ 48.97 Lakhs	₹ (.14) Lakhs	₹ (.15) Lakhs	NIL	₹ (9.14) Lakhs	NIL	₹ 0.60 Lakhs	₹ 54.96 Lakhs	₹ (.22) Lakhs	₹ 26.79 Lakhs	₹ (4648.07) Lakhs	₹ 1.27 Lakhs	₹ (0.17) Lakhs	0.02	₹ (0.14) Lakhs	₹ (0.56) Lakhs	₹ (120.94) Lakhs	₹ (193.80) Lakhs
	(ii) for the previous financial year of the Subsidiaries since they became the Holding Company's Subsidiaries	NIL	NIL	₹ 340.58 Lakhs	₹ (74.06) Lakhs	₹ (2.04) Lakhs	₹ (2.10) Lakhs	NIL	₹ (42.37) Lakhs	NIL	₹ 10.57 Lakhs	₹ 692.33 Lakhs	₹ (.79) Lakhs	NIL	₹ (301.52) Lakhs	₹ 1.63 Lakhs	₹ (1.36) Lakhs	NIL	₹ (.41) Lakhs	NIL	₹ (517.45) Lakhs	₹ (950.69) Lakhs
	(b) Dealtwith the accounts of the Phoenix Mills Limited for the year ended 31st March, 2013 amounted to :-																					
	(i) for the subsidiaries' financial year ended as in (A) above	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
	(ii) for the previous financial year of the Subsidiaries since they became the Holding Company's Subsidiaries	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL

STATEMENT

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956 RELATING TO SUBSIDIARY COMPANIES Contd.)

Statement pursuant to exemption received under section 212(8) of the Companies Act, 1956 relating to Subsidiary Companies

₹ in Lakhs

Name of the Subsidiary Company	Reporting Currency	Exchange Rate	Capital	Reserves	Total Assets	Total Liabilities	Investment Other than Investment in Subsidiary	Turnover	Profit before Taxation	Provision for Taxation	Profit after Taxation	Proposed Dividend	Country
Alliance Hospitality Private Limited	INR	1	199.87	9,931.20	10,165.20	34.13	3,862.24	262.13	258.37	(4.92)	263.29	Nil	India
Blackwood Developers Private Limited *	INR	1	1,873.17	1,399.66	16,367.59	13,094.76	-	1,538.64	(456.34)	-	(456.34)	Nil	India
Bellona Finvest Limited	INR	1	400.00	402.20	6,117.63	5,315.43	5,525.10	127.68	60.50	(0.41)	60.91	Nil	India
Big Apple Real Estate Private Limited	INR	1	2,493.00	9,335.36	11,886.96	58.59	-	376.75	77.44	14.00	63.44	Nil	India
Butala Farm Lands Private Limited	INR	1	1.25	497.28	501.52	2.99	-	-	(0.14)	-	(0.14)	Nil	India
Enhance Holdings Private Limited (formerly Kalani Holdings Private Limited)	INR	1	1.00	(2.26)	1,292.47	1,293.73	1,291.46	-	(0.15)	-	(0.15)	Nil	India
Gangetic Developers Private Limited *	INR	1	898.60	3,731.29	4,803.96	174.06	-	-	-	-	-	Nil	India
Graceworks Realty & Leisure Private Limited	INR	1	6.76	91.65	24,219.58	24,121.17	-	18.56	(33.02)	(12.27)	(20.75)	Nil	India
Island Star Mall Developers Private Limited	INR	1	3,037.54	16,614.12	64,864.90	452,133.23	-	10,016.40	(1,037.55)	(193.00)	(844.55)	Nil	India
Market City Management Pvt. Ltd	INR	1	10.00	19.78	30.07	0.29	-	1.21	0.74	0.14	0.60	Nil	India
Marketcity Resources Private Limited	INR	1	1.00	747.29	1,995.18	1,246.89	-	2,200.61	79.46	24.50	54.96	Nil	India
Mugwort Land Holdings Private Limited	INR	1	1.00	8.87	102.44	92.57	-	0.06	(0.24)	-	(0.24)	Nil	India
Palladium Contructins Private Limited	INR	1	2,026.00	17,622.82	51,800.94	32,152.12	16,830.38	589.62	(202.51)	(245.06)	42.55	Nil	India
Pallazzio Hotels and Leisure Limited	INR	1	1,200.00	20,350.63	109,175.01	87,624.38	0.95	1,629.20	(4,648.06)	-	(4,648.06)	Nil	India
Phoenix Hospitality Private Limited	INR	1	232.14	15,391.86	16,171.85	547.85	1,043.75	22.00	2.81	0.59	2.22	Nil	India
Pinnacle Real Estate Development Private Limited	INR	1	1.00	(1.92)	520.93	521.85	0.65	0.20	(0.17)	-	(0.17)	Nil	India
Platinum Spaces Private Limited	INR	1	405.00	7,984.52	12,899.02	4,509.50	36.30	2.42	0.06	-	0.06	Nil	India
Plutocrate Capital and Asset Management Private Limited'	INR	1	1.00	(0.55)	1.41	0.96	-	-	(0.14)	-	(0.14)	Nil	India
Sangam Infrabuild Corporation Private Limited*	INR	1	334.60	(12.83)	585.40	263.61	-	-	(0.73)	-	(0.73)	Nil	India
Upal Developers Private Limited *	INR	1	1,960.00	(448.00)	14,416.81	12,904.81	-	2,520.45	(250.67)	-	(250.67)	Nil	India
Vamona Developers Private Limited	INR	1	2,500.00	12,137.15	24,543.98	63,269.94	-	14,536.93	(1,958.16)	(208.86)	(1,749.30)	Nil	India

* Fellow Subsidiaries of Big Apple Real Estate Private Limited

** Fellow Subsidiaries of Phoenix Hospitality Private Limited

For and on behalf of the Board of Directors

Ashokkumar R. Ruia
(Chairman & Managing Director)

Shishir Shrivastava
(Group CEO & Jt. Managing Director)

Atul Ruia
(Jt. Managing Director)

Pradumna Kanodia
(Director - Finance)

Sonia Gaur
(Company Secretary)

Place : Mumbai
Dated : 30th May, 2013

INDEPENDENT AUDITOR'S REPORT

To
THE BOARD OF DIRECTORS
THE PHOENIX MILLS LIMITED

REPORT ON THE FINANCIAL STATEMENTS

1. We have audited the accompanying Consolidated Balance Sheet of **THE PHOENIX MILLS LIMITED (the "Company")** and its subsidiaries (collectively referred to as "the Group"), which comprise the Consolidated Balance Sheet as at 31st March, 2013, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

3. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Group's preparation and presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

5. In our opinion and to the best of our information and according to the explanations given to us, and based on consideration of the reports of the other auditors on the financial statements/consolidated financial statements of the subsidiaries and associates as noted below, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
   i. In the case of Consolidated the Balance Sheet, of the state of affairs of the Group as at 31st March, 2013;
   ii. In the case of the Consolidated Statement of Profit and Loss, of the Profit of the Group for the year ended on that date; and
   iii. In the case of the Consolidated Cash Flow Statement, of the Cash Flows of the Group for the year ended on that date.

Other Matters

6. Financial statements / consolidated financial statements of fifteen subsidiaries, which reflect total assets (net) of ₹ 26,859,030,036/- as at 31st March, 2013, total revenue (net) of ₹ 2,777,782,987/- and net cash outflows amounting to ₹ 433,354,834/- for the year then ended, have been audited by one of us and financial statements of six associates in which the share of profit of the Group is ₹ 6,18,05,158/- have been audited by one of us.

7. We did not audit the financial statements / consolidated financial statements of six subsidiaries, whose financial statements / consolidated financial statements reflect total assets (net) of ₹ 15,723,572,019/- as at 31st March, 2013, total revenues (net) of ₹ 606,503,697/- and net cash outflows amounting to ₹ 506,041/- for the year then ended. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion is based solely on the report of other auditors.

8. We have relied on the unaudited financial statements of six associates wherein the Group's share of loss is ₹ 50,584,756/-. These unaudited financial statements as approved by the respective Board of Directors of these companies have been furnished to us by the Management and our report in so far as it relates to the amounts included in the respect of the associates is based solely on such approved unaudited financial statements.

Our Opinion is not qualified in respect of other matters.

For **A.M. Ghelani & Company**
Chartered Accountants
Firm Registration
No.: 103173W

Chintan A. Ghelani
Partner
Membership No.: 104391

For **Chaturvedi & Shah**
Chartered Accountants
Firm Registration
No.: 101720W

Amit Chaturvedi
Partner
Membership No.: 103141

Place: Mumbai
Date: 30th May, 2013

CONSOLIDATED BALANCE SHEET
AS AT 31st MARCH 2013

	Notes	As at 31st March, 2013 ₹	As at 31st March, 2012 ₹
I. EQUITY AND LIABILITIES			
Shareholders Funds			
Share Capital	2	**289,690,890**	289,690,890
Reserves & Surplus	3	**17,396,843,858**	16,815,644,671
Minority Interest		**4,252,441,049**	3,566,421,111
NON-CURRENT LIABILITIES			
Long - Term Borrowings	4	**16,741,064,368**	14,138,254,381
Other Long Term Liabilties	5	**1,506,594,097**	1,018,879,035
Long-Term Provisions	6	**54,439,609**	15,046,113
CURRENT LIABILITIES			
Short Term Borrowings	7	**1,589,604,491**	825,265,181
Trade Payables	8	**812,568,687**	688,720,606
Other Current Liabilities	9	**6,863,079,655**	3,373,921,163
Short Term Provisions	6	**601,410,040**	398,075,935
Total		**50,107,736,744**	41,129,919,086
II. ASSETS			
NON-CURRENT ASSETS			
Fixed Assets	10		
Tangible Assets		**27,811,015,524**	11,876,148,355
Intangible Assets		**26,216,075**	4,327,731
Capital Work-in-Progress		**1,669,576,655**	13,591,018,942
Non-Current Investments	11	**3,480,744,924**	4,053,613,968
Deferred Tax Assets (Net)	12	**477,122,761**	247,004,815
Long-Term Loans and Advances	13	**3,666,571,855**	5,099,854,628
Other Non-Current Assets	14	**55,127,590**	218,017,129
CURRENT ASSETS			
Current Investments	15	**2,072,892,641**	815,659,065
Inventories	16	**7,769,595,888**	2,516,320,785
Trade Receivables	17	**846,177,877**	617,597,701
Cash & Cash Equivalents	18	**683,484,778**	999,583,192
Short-Term Loans and Advances	13	**1,394,232,789**	944,908,530
Other Current Assets	19	**154,977,387**	145,864,245
Total		**50,107,736,744**	41,129,919,086
Significant Accounting Policies and Notes on Financial Statements	1 to 41		

As per our report of even date

For A.M.Ghelani & Company
Chartered Accountants
FRN : 103173W

For Chaturvedi & Shah
Chartered Accountants
FRN : 101720W

For and on behalf of the Board of Directors

Chintan A. Ghelani
Partner
M. No.:104391

Amit Chaturvedi
Partner
M. No.:103141

Ashokkumar R. Ruia
(Chairman & Managing Director)

Shishir Shrivastava
(Group CEO & Jt. Managing Director)

Atul Ruia
(Jt. Managing Director)

Pradumna Kanodia
(Director - Finance)

Place : Mumbai
Dated : 30th May, 2013

Sonia Gaur
(Company Secretary)

CONSOLIDATED STATEMENT OF PROFIT AND LOSS
FOR THE YEAR ENDED 31st MARCH 2013

	Notes	₹	2012-2013 ₹	2011-2012 ₹
INCOME				
Revenue from Operations	20		**4,699,080,133**	3,945,050,479
Other Income	21		**520,674,572**	446,207,050
Total			**5,219,754,705**	4,391,257,529
EXPENDITURE				
Cost of Materials/Construction & Variation In Inventory	22		**(38,543,214)**	365,705,432
Employee Costs	23		**383,472,362**	206,211,624
Operating and other Expenses	24		**1,722,386,779**	1,259,067,459
Finance Costs	25		**1,430,042,082**	943,889,376
Depreciation		**475,237,465**		564,259,598
Less: Transfer from Revaluation Reserve		**(981,310)**	**474,256,155**	(1,005,006)
(Refer to Note No. 35)				
Total			**3,971,614,164**	3,338,128,483
PROFIT / (LOSS) BEFORE TAX EXCEPTIONAL ITEMS AND TAX			**1,248,140,541**	1,053,129,046
Add: Exceptional Item (Refer to Note No 26)			**(6,520,520)**	-
PROFIT / (LOSS) BEFORE TAX			**1,241,620,021**	1,053,129,046
Less : Provision for Taxation				
Current Income Tax		**476,485,000**		426,779,000
Wealth Tax		**1,000,000**		-
Deferred Tax		**(49,246,762)**		(238,123,876)
Tax Adjustments of earlier years		**146,987**	**428,385,225**	556,664
PROFIT AFTER TAX			**813,234,796**	863,917,258
Add : Share of Profit/(Loss) in Associates			**11,227,982**	92,716,147
Less : Share of Minority (Loss)/Profit			**(17,067,199)**	(99,620,960)
PROFIT AFTER TAX AND MINORITY INTEREST			**841,529,979**	1,056,254,365
Basic and Diluted EPS (Face Value ₹ 2)	29		**5.81**	7.29
Significant Accounting Policies and Notes on Financial Statements	1 to 41			

As per our report of even date

For A.M.Ghelani & Company
Chartered Accountants
FRN : 103173W

For Chaturvedi & Shah
Chartered Accountants
FRN : 101720W

For and on behalf of the Board of Directors

Chintan A. Ghelani
Partner
M. No.:104391

Amit Chaturvedi
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(Chairman & Managing Director)

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(Group CEO & Jt. Managing Director)

Atul Ruia
(Jt. Managing Director)

Pradumna Kanodia
(Director - Finance)

Place : Mumbai
Dated : 30th May, 2013

Sonia Gaur
(Company Secretary)

CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED ON 31ST MARCH, 2013

			31st March, 2013		31st March, 2012
		₹	₹	₹	₹
A	**CASH FLOWS FROM OPERATING ACTIVITIES**				
	Net Profit before tax as per the Profit and Loss Account		**1,241,620,021**		1,053,129,047
	Adjustments for :				
	Depreciation	**475,237,465**		563,254,592	
	(Profit)/Loss on Assets sold/discarded	**(1,700,173)**		9,738,990	
	Balances in Debtors/Advances written off	**40,882,416**		5,575,478	
	Provision for Doubtful Debts and Advances	**87,058,713**		43,163,494	
	Interest Expenses	**1,430,042,082**		943,889,376	
	Interest Income	**(372,894,638)**		(364,330,029)	
	Dividend Income	**(94,837,236)**		(29,430,809)	
	Profit on sale of Investments	**(42,944,340)**		(21,970,449)	
			1,520,844,289		1,149,890,643
	Operating Cash flow before working capital changes		**2,762,464,310**		2,203,019,690
	Adjustment for Working Capital changes				
	Trade and other Receivables	**943,711,208**		949,724,133	
	Inventories	**(5,253,275,103)**		(1,334,724,294)	
	Trade and other Payables	**2,275,094,277**		2,441,605,463	
			(2,034,469,618)		2,056,605,302
	Cash generated from Operations		**727,994,692**		4,259,624,992
	Direct Taxes Paid		**(491,557,126)**		(437,669,096)
	Net Cash from Operating Activities A		**236,437,566**		3,821,955,896
B	**CASH FLOWS FROM INVESTING ACTIVITIES**				
	Purchases of Fixed Assets	**(4,447,202,360)**		(6,640,324,848)	
	Advance for Fixed Assets (Given) / Refunded	**(629,311,672)**		-	
	Sale of Fixed Assets	**36,713,663**		-	
	Inter Corporate Deposits & Loans (placed)/ refunded (Net)	**377,144,213**		(2,311,871,345)	
	Purchase of Investments	**(1,214,289,234)**		(350,231,551)	
	Sale of Investments	**584,097,027**		382,700,762	
	Debenture / Share Application Money (Given) / Refunded	**15,866,331**		-	
	Interest Received	**372,961,578**		309,098,898	
	Dividend Received	**94,837,236**		29,430,809	
	Net Cash generated from/(used in) Investing Activities B		**(4,809,183,218)**		(8,581,197,275)

CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED ON 31ST MARCH, 2013 (Contd.)

			31st March, 2013		31st March, 2012
		₹	₹	₹	₹
C	**CASH FLOWS FROM FINANCING ACTIVITIES**				
	Proceeds from long term borrowings	**6,339,589,144**		4,890,154,420	
	Repayment of long term borrowings	**(1,831,525,503)**		-	
	Short term loans availed / (repaid)(Net)	**830,521,943**		392,256,013	
	Interest paid	**(1,529,452,153)**		(1,422,070,129)	
	Application Money received/(refunded) NET	**(8,499,000)**		-	
	Proceeds from Issue of Share Capital to Minorities	**524,443,992**		1,287,986,877	
	Dividend paid (including tax on Dividend)	**(335,312,058)**		(303,017,395)	
	Net Cash generated from/(used in) Financing Activities C		**3,989,766,365**		4,845,309,786
D	**Net Increase/(Decrease) in Cash and Cash Equivalents A+B+C**		**(582,979,287)**		86,068,407
	Cash and Cash equivalents at the beginning of the year		**1,206,586,986**		1,020,949,182
	Add: Acquisition of New Subsidiaries		**111,238,721**		99,569,397
	Cash and Cash equivalents at the end of the year		**734,846,420**		1,206,586,986

Note :
The Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Accounting Standard 3 "Cash Flow Statements" as notified by the Companies (Accounting Standards) Rules 2006.

As per our report of even date

For A.M.Ghelani & Company
Chartered Accountants
FRN : 103173W

Chintan A. Ghelani
Partner
M. No.:104391

For Chaturvedi & Shah
Chartered Accountants
FRN : 101720W

Amit Chaturvedi
Partner
M. No.:103141

For and on behalf of the Board of Directors

Ashokkumar R. Ruia
(Chairman & Managing Director)

Shishir Shrivastava
(Group CEO & Jt. Managing Director)

Atul Ruia
(Jt. Managing Director)

Pradumna Kanodia
(Director - Finance)

Sonia Gaur
(Company Secretary)

Place : Mumbai
Dated : 30th May, 2013

CONSOLIDATED NOTES ON FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2013

NOTE "1"

SIGNIFICANT ACCOUNTING POLICIES

1. Principles of consolidation

a) The financial statements of the Company and its subsidiary companies are combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions resulting in unrealised profits or losses in accordance with Accounting Standard (AS) 21 - "Consolidated Financial Statements" as notified by the Companies (Accounting Standards) Rules, 2006.

b) The difference between the cost of investment in the subsidiaries, over the net assets at the time of acquisition of shares in the subsidiaries is recognised in the financial statements as Goodwill or Capital Reserve as the case may be.

c) Minority Interest's share of net profit of consolidated subsidiaries for the year is identified and adjusted against the income of the group in order to arrive at the net income attributable to shareholders of the Company.

d) Minority Interest's share of net assets of consolidated subsidiaries is identified and presented in the consolidated balance sheet separate from liabilities and the equity of the Company's shareholders.

e) In case of associates where the company directly or indirectly through subsidiaries holds more than 20% of equity, Investments in associates are accounted for using equity method in accordance with Accounting Standard (AS) 23 - "Accounting for investments in associates in consolidated financial statements" as notified by the Companies (Accounting Standards) Rules, 2006.

f) The Company accounts for its share in the change in the net assets of the associates, post acquisition, after eliminating unrealised profits and losses resulting from transactions between the Company and its associates to the extent of its share, through its Statement of Profit and Loss to the extent such change is attributable to the associates' Statement of Profit and Loss and through its reserves for the balance, based on the available information.

g) The difference between the cost of investment in the associates and the share of net assets at the time of acquisition of shares in the associates is identified in the financial statements as Goodwill or Capital Reserve as the case may be.

h) As far as possible, the consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the Company's separate financial statements

2. Investments other than in subsidiaries and associates have been accounted as per Accounting Standard (AS) 13 "Accounting for Investments".

3. Other significant accounting policies

a) Use of estimates:

The preparation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses for the reporting period. The difference between the actual results and estimates are recognised in the period in which the results are known/materialised.

b) Fixed Assets:

i) Fixed Assets are stated at cost net of cenvat credit and include amounts added on revaluation, less accumulated depreciation and impairment loss, if any.

ii) Expenditure incurred on construction/erection of assets, which are incomplete as at balance sheet date, are included in Capital work in progress.

c) Depreciation:

i) Leasehold land is amortized over the period of lease.

ii) Depreciation on other fixed assets (excluding land and lease land in perpetuity) is provided on written down value method at the rates and in the manner specified in Schedule XIV of the Companies Act, 1956.

In case of to subsidiaries (i.e. Vamona Developers Private Limited and Island Star Mall Developers Private Limited), are following straight line method of Depreciation

iii) In respect of certain revalued assets of The Phoenix Mills Limited, (land, buildings and plant & machinery) depreciation has been calculated on the revalued figures as per the rates and in the manner specified by the valuers in their Revaluation Report. The difference between the depreciation so computed and that computed as per (i) and (ii) above has been charged to the Revaluation Reserve.

iv) High end operating supplies forming part of hotel opening supplies are depreciated over a period of three years on straight line method.

v) Software is amortized over a period of five years.

d) Impairment of Assets:

In accordance with AS 28 on "Impairment of Assets" as notified by the Companies (Accounting Standards) Rules, 2006, where there is any indication of impairment of the company's assets related to cash generating units, the carrying amounts of such assets are reviewed at each balance sheet date to determine whether there is any impairment. The recoverable amount of such assets is estimated as the higher of its net selling price and its value in use. An impairment loss is recognised whenever the carrying amount of such assets exceeds its recoverable amount. Impairment Loss, if any, is recognised in the Statement of Profit and Loss.

e) Investments:

Long term investments are valued at cost of acquisition less diminution if any, of a permanent nature. Current Investments are stated at cost or market/fair value whichever is lower.

f) Inventories:

i) Inventories are valued at lower of cost or net realisable value. Cost is determined on FIFO basis.

ii) Cost of Realty construction/development is charged to the Statement of Profit & Loss in proportion to the revenue recognized during the period and balance cost is carried over under Inventory as part of Realty Work-in-Progress. Cost of realty construction/ development includes all costs directly related to the project and other expenditure as identified by the management which are incurred for the purpose of executing and securing the completion of the Project (Net of incidental recoveries/receipts).

iii) Stock of food, beverages, stores and operating supplies are valued at lower of cost (computed on weighted average basis) and net realizable value.

g) Borrowing Costs:

Borrowing costs 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 an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. All other borrowing costs are recognised as an expense in the period in which they are incurred.

h) Revenue recognition:

i) Revenue is recognised when it is earned and no significant uncertainty exists as to its realisation or collection. License fees, rental income and service charges are recognised based on contractual rights. Interest is recognised on time proportion basis. Dividend income is recognised when the right to receive the same is established.

ii) Revenue from the sale of properties under construction is recognized on the basis of the Sale Agreements (Provided the significant risk and rewards have been transferred to the buyer and there is reasonable certainty of realization of the monies), proportionate to the percentage of physical completion of construction/development work, as certified by the company's technical personnel.

Accordingly, the cost of construction/development is charged to the Statement of Profit and Loss, in proportion to the revenue recognized during the period and the balance costs are carried as a part of the Realty Stock, under Inventories.

The amounts receivable/payable are reflected as Trade Receivables/Advances from Customers, respectively, to the extent of the income recognized in the aforesaid manner.

The estimates of saleable area and costs are revised periodically by the management and are considered as change in estimates. The effect of such changes is recognized in the period such changes are determined.

iii) Revenue from sale of completed properties (Finished Realty Stock) is recognised upon the transfer of significant risks and rewards to the buyer.

CONSOLIDATED NOTES ON FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2013

iv) Revenues from of Sale of rooms, banquets, foods and beverages, allied services relating to hotel operations are recognised upon rendering of the service.

i) Employee Benefits:

i) Short term employee benefits are recognised as expenses at the undiscounted amounts in the Statement of Profit & Loss of the year in which the related service is rendered.

ii) Post employment and other long term employee benefits are recognised as an expense in the Statement of Profit & Loss for the year in which the employee has rendered services. The expenses are recognised at the present value of the amounts payable determined using actuarial valuation techniques. Actuarial gains and losses in respect of post employment and other long term benefits [net of expected return on plan assets] are charged to the Statement of Profit & Loss.

iii) As per the policy of Shangri-La International Pte Limited, in Pallazzio Hotels & Leisure Limited, certain employees (expatriates) of the Company are eligible for death benefit plan wherein defined amount would be paid to the survivors of the employees on death of the employee whilst in service with the Company. To fulfill this obligation, an insurance policy has been taken by the Shangri- La International Hotel Management Pte Limited, the annual premium attributable to the Company is recovered by Shangri – La International Hotel Management Pte Limited and the said amount is debited to the Statement of Profit and Loss.

j) Foreign Currency transactions:

i) Transactions denominated in foreign currencies are recorded at the exchange rate prevailing at the time of the transaction. Monetary items denominated in foreign currencies at the Balance Sheet date are restated at the year-end rates. Non monetary foreign currency items are carried at cost.

ii) Exchange differences arising as a result of the subsequent settlements or on translations are recognised as income or expense in the Statement of Profit and Loss.

iii) In Pallazzio Hotels & Leisure Limited, it had in accordance with option given by the Ministry of Corporate Affairs vide Notification No F. No 17/133/2008/CL-V dated 29th December 2011, the exchange differences arising on reporting of long term foreign currency monetary items at rates different from those at which they were initially recorded during the period, in so far as they relate to acquisition of a depreciable capital asset, are added to or deducted from the cost of the asset and will be depreciated over the balance life of the asset, and in other cases are accumulated in "Foreign Currency Monetary Item Translation Difference Account" in the Company's financial statements and amortized over the balance period of such long-term asset / liability by recognition as income or expense in each of the periods. In accordance with circular no 25/2012 dated 9th August 2012 issued by Ministry of Corporate Affairs, no portion of exchange difference adjusted to capital assets in accordance with paragraph 46A of Accounting Standard 11 is regarded as an adjustment to interest costs in terms of paragraph 4(e) of Accounting Standard AS 16 Borrowing costs.

k) Securities issue expenses:

Expenses in connection with issue of securities are adjusted against securities premium account.

l) Taxes on Income:

i) Provision for income tax (current tax) is determined on the basis of the taxable income of the current year in accordance with the Income Tax Act, 1961.

ii) Deferred tax is recognised in respect of deferred tax assets (subject to the consideration of prudence) and deferred tax liabilities on timing differences, being the difference between taxable income and accounting income that originate in one year and are capable of reversal in one or more subsequent years.

m) Provisions, Contingent Liabilities and Contingent Assets:

Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognised but are disclosed in the Notes on Accounts. Contingent Assets are neither recognised nor disclosed in the financial statements.

n) Loyalty Program:

The Company contributes to Loyalty programs run by the Shangri-La Group with which it has brand tie ups for its hotel. The contribution so made, calculated as per agreed percentages of qualifying revenues are accounted for as per the monthly invoices raised by the entity running the program.

	As at 31st March, 2013 ₹	As at 31st March, 2012 ₹
NOTE "2"		
SHARE CAPITAL		
AUTHORISED :		
225,000,000 (P.Y. 150,000,000) Equity Shares of ₹ 2/- each	450,000,000	300,000,000
ISSUED, SUBSCRIBED AND PAID UP:		
144,845,445 (P Y. 144,845,445) Equity Shares of ₹ 2/- each fully paid up	289,690,890	289,690,890
TOTAL	**289,690,890**	**289,690,890**
	Nos.	**Nos.**
a) Equity Shares of ₹ 2 each were allotted to the share holders of Ashok Ruia Enterprise Pvt. Ltd. as per the scheme of amalgamation without payments being received in cash.	**40,000,000**	40,000,000
b) Equity Shares of ₹ 2 each were allotted to the share holders of Ruia Real Estate Development Company Pvt. Ltd. as per the scheme of amalgamation without payments being received in cash.	**9,166,665**	9,166,665
c) Equity Shares have been reserved for allotment under The Phoenix Mills Employees' Stock Option Plan 2007.	**3,390,000**	3,390,000
d) Options have been granted under 'The Phoenix Mills Employees' Stock Option Plan 2007 of which 1,500,000 (P.Y. 1,375,000) Options have lapsed and are available for regrant.	**3,250,000**	3,250,000
e) Terms and Rights attached to shares. The company has only one class equity shares having face value of ₹ 2 per share. Each holder of equity shares is entitled to one vote per share. Equity shares holder are also entitled to dividend as and when praposed by the Board of Directors and approved by Share holders in Annual General Meeting. In the event of liquidation of the Company, the holders of Equity shares will be entitled to receive remaining assets of the Compnay, after distribution of all Preferential amounts which shall be in proportionate to the number of shares held by the share holders.		
f) Reconciliation of Shares.		
Equity Shares		
Shares outstanding at the beginning the year	**144,845,445**	144,845,445
Shares outstanding at the end of the year	**144,845,445**	144,845,445

f) Details of shareholders holding more than 5% Shares in the company

Name of Shareholder	No. of Shares	% of Holding	No. of Shares	% of Holding
Ruia International Holding Company Private Limited	**49,163,237**	**33.94**	49,163,237	33.94
Senior Holdings Pvt. Ltd.	**15,119,250**	**10.44**	15,119,250	10.44
Radhakrishna Ramnarain Pvt. Ltd.	**11,610,530**	**8.02**	11,591,730	8.00
Ashok Apparels Pvt. Ltd.	**9,670,665**	**6.68**	9,670,665	6.68
T.Rowe Price New Asia Fund	**7,537,325**	**5.20**	7,537,325	5.20

CONSOLIDATED NOTES ON FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2013 (Contd.)

		As at 31st March, 2013		As at 31st March, 2012
	₹	₹	₹	₹
NOTE "3"				
RESERVES & SURPLUS				
Capital Reserve				
As per last Balance Sheet		**18,413,824**		18,413,824
Securities Premium Account				
As per last Balance Sheet		**10,659,263,354**		10,659,263,354
Revaluation Reserve				
As per last Balance Sheet	**105,857,997**		106,863,003	
Less:Additional Depreciation on Revaluation of Assets transferred to Profit & Loss Account (Refer to Note No.35)	**981,310**		1,005,006	
		104,876,687		105,857,997
General Reserve				
As per Last Balance Sheet	**1,691,836,234**		1,491,836,234	
Add:Transfer from Profit & Loss Account	**200,000,000**		200,000,000	
		1,891,836,234		1,691,836,234
Capital Reserve (on Consolidation)		**3,043,745,235**		2,930,278,474
Surplus/(defecit) in the statement of profit and loss				
As per Last Balance Sheet	**1,409,994,787**		890,419,174	
Net Profit/(Net Loss) For current year	**841,529,979**		1,056,254,367	
Less : Appropriations				
Proposed Dividends (Dividend Per Share ₹ 2.2 (P.Y. ₹ 2))	**318,659,979**		289,690,890	
Tax on Proposed Dividends	**54,156,263**		46,987,863	
Transfer to General Reserves	**200,000,000**		200,000,000	
		1,678,708,524		1,409,994,788
TOTAL		**17,396,843,858**		16,815,644,671

	As at 31st March, 2013		As at 31st March, 2012	
	Non Current ₹	Current ₹	Non Current ₹	Current ₹
NOTE"4"				
LONG TERM BORROWINGS				
Secured				
Loan From Financial Institution	**1,810,484,724**	**37,102,395**	2,275,000,000	125,000,000
Loan From Banks				
Term Loan - Indian Rupees	**14,500,324,999**	**3,586,170,965**	10,410,421,138	1,569,130,306
Term Loan - Foreign Currency	**-**	**-**	1,253,420,000	25,580,000
Vehicle Loans	**526,160**	**736,210**	509,543	865,448
Unsecured				
Debentures				
635,294 Zero Coupon Compulsory Convertible Debentures Series "A" of ₹ 100 each	**63,529,400**	**-**	63,529,400	-
769,440 Zero Coupon Compulsory Convertible Debentures Series "B" of ₹ 100 each	**76,944,000**	**-**	76,944,000	-
407,703 Zero Coupon Compulsory Convertible Debentures Series "D" of ₹ 100 each	**40,770,300**	**-**	40,770,300	-
176,600 (P.Y. 176,600) 0.0001% Series A Optinally Convertible Debentures of ₹ 100 each	**17,660,000**	**-**	17,660,000	-
1 (P.Y. Nil) Zero Coupon Non Convertible Fully Redeemable Non Transferrable Debentures series "F"	**230,000,000**	**-**	-	-
Finance Lease Obligation	**824,785**	**1,819,839**	-	-
TOTAL	**16,741,064,368**	**3,625,829,409**	14,138,254,381	1,720,575,754

a i) Loan of ₹ 2,611,500,000 of Phoenix Mills Limited, are secured by equitable mortgage of deposit of title deeds in respect of certain immovable properties and by hypothecation of rentals receivable from licencees.

ii) Loan of ₹ 4,368,202,333 of Vamona Developers Private Limited, secured by future lease rent receivables and a pari passu mortgage charge over the land and building of Phoenix Marketcity at Viman Nagar, Pune.

iii) Loans of ₹ 6,223,940,174 of Pallazzio Hotels & Leisure Limited, are secured by equitable mortgage of deposit of title deeds in respect of certain immovable properties goods, movable properties, including movable machinery, machinery spares, tools and accessories both present and future.

iv) Loans of ₹ 2,046,119,144 of Upal Developers Private Limited and Blackwood Developers Private Limited are secured by equitable mortgage of shopping mall and multiplex complex known as Phoenix United Mall, Barelly and assignement of future rental and personal gurantees of the directors.

v) Loans of ₹ 1,500,000,000 for Graceworks Realty & Leisure Private Limited, is secured by first and exclusive registered mortgage of immovable property situated at Kurla (Mumbai), and hypothecation of lease rental, lease deposit and sales proceeds.

vi) Loans of ₹ 3,184,321,432 for Island Star Mall Developers Private Limited, are secured on paripassu basis by equitable mortgage of immovable properties situated at Bengaluru and hypothecation of lease rental/ sales receivable from retailers and lien on the DSRA/ escrow account.

b Vehicle Loans are secured by the hypothecation of vehicles.

c

1) Repayment of Loans from Financials Institutions will be as under:

i) Pallazzio Leisure & Hotels Limited will start repayment of loans of ₹ 750,000,000, in 5 unequal monthly installments beginning from 9th month from the date of first disbursement i.e. 20th July 2012 and last payment date is 20th August 2013.

ii) Grace Works Realty & Leisure Private Limited will repay the loans of ₹ 1,500,000,000 as follows FY 2013 -14 ₹ 900, 000,000 , FY 2014-15 ₹ 600,000,000

CONSOLIDATED NOTES ON FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2013 (Contd.)

2) Repayment of Loans from Banks are as under:

i) Pallazzio Leisure & Hotels Limited has started repayment of loans of ₹ 6,223,940,174 from the third Quarter of the FY 2012-13. The repayment is in 38 unequal structured installments beginning from 31st December 2012 and last payment date is 31st March 2022.

ii) Phoenix Mills Limited will repay the loans of ₹ 2,611,500,000 as follows FY 2013 - 14 ₹ 544,500,000, FY 2014 - 15 ₹ 627,000,000, 2015 - 16 ₹ 708,000,000, FY 2016 - 2017 ₹ 732,000,000.

iii) Repayment terms of the loan taken in Vamona are as follows:

Loan 1: Principal ₹ 325 Crores

Repayable in six years starting from Financial Year 2011-12 in the ratio of 2%, 9%, 14%, 17% & 48 % respectively.

Loan 2 : Principal ₹ 150 Crores

Repayable in seven quarterly instalments starting from May 2012, ₹ 20 Crores in first 5 Instalments & ₹ 25 Crores in the last 2 Instalments.

Loan 3: Principal ₹ 50 Crores

Repayable in next five years starting from Financial Year 2012-13 in the ratio of 9%, 10%, 14%, 17%, & 50% respectively.

Loan 4: Principal ₹ 60 Crores

Repayable in next four years starting from Financial Year 2013-14 in the ratio of 1.40%, 3.60%, 4.75%, & 90.25 % respectively.

iv) Upal Developers Private Limited is repaying the loans of ₹ 1,001,718,003 in 107 accelerated monthly equated instalments from Oct 2010 to August, 2019; Rate of interest as on 31-03-2013 is 13.00% p.a. and Loan of ₹ 5 crores is repayable in 84 accelerated monthly installments from July 2013 to June 2020. Rate of interest as on 31st March 2013 is 13% p.a.

v) Blackwood Developers Private Limited will repay loans of ₹ 1,044,401,141 in 120 accelerated equated monthly instalments from April, 2012 to March, 2022, Interest as on 31.03.2013 is 13% p.a.

3) Vehicle Loans are repayable within 3 to 5 years.

4) Terms & Conditions of Debentures are as under :

i) Pallazzio Leisure & Hotels Limited has issued two zero coupon fully redemable non convertible unsecured debentures to body corporate of ₹ 230,000,000 each [including the holding company, Phenoix Mills Limited] with an underlying right to occupy the certain portion of Company's premises. The Company has an option but not an obligation to redeem the series F debentures, only collectively during the option window period of three months from (a) the expiry of 7 years from the date of which Company recieves all the statutory approvals to commence business and the debenture holders are allowed to take possession upon payment of the face value of the debentures along with the premium which will be computed as per the terms mentioned in the debenture certificate [for each 12 month period commencing from the date of issue of debentures till redemption by the Company at an annualised rate equivalent to the average interest rate by the lenders for that year plus 2.5%, quarterly compounded (b) the expiry of 7 years from the date of which Company recieves all the statutory approvals to commence business and the debenture holders are allowed to take possession upon payment of the face value of the debentures along with the premium which will be computed as per the terms mentioned in the debenture certificate [for each 12 month period commencing from the date of issue of debentures till redemption by the Company at an annualised rate equivalent to the average interest rate by the lenders for that year plus 2%, quarterly compounded.

ii) Pallazzio Leisure & Hotels Limited has converted unsecured loan from Holding Company into 847,365 (P.Y. Nil) Non Cumulative Unsecured Compulsory Convertible Debentures "Series C" of face value of ₹ 100 each at a premium of ₹ 640.86 per debenture during the financial year 2012-13. As per debenture certificate, the investors have the option to convert each debenture into one equity share of the Company of ₹ 100 at any time on or after 1st April 2015. The Debenture shall carry zero coupon till 31st March 2015. The Company shall not declare any dividend or other distribution to the holders of the equity shares of the Company. However, in the event of such declaration, the Company will be obliged to pay interest at the same rate as the dividend declared. On 1st April 2017, the debenture will compulsorily convert into equity shares.

iii) Pallazzio Leisure & Hotel Limited has issued 769,440 in various tranches, Non Cumulative Unsecured Compulsory Convertible Debentures "Series B" of face value of ₹ 100 each at a premium of ₹ 1,721.66 per debenture. As per debenture certificate, the investors have the option to convert each debenture into one equity share of the Company of ₹ 100 each at any time on or after

1st April 2015. The debenture shall carry zero Coupon till 31st March 2015 and for the period of non conversion after 31st March 2015 the instrument may be entitled to coupon rate of not more than 2% p.a., as may be decided by the Company. The Company shall not declare any dividend or other distribution to the holders of the equity shares of the Company. However, in the event of such declaration, the Company will be obliged to pay interest at the same rate as the dividend declared. On 1st April 2017 each debenture will compulsorily convert into one equity share of ₹ 100 of the Company.

iv) Pallazzio Leisure & Hotel Limited has issued 407,703 Non Cumulative Unsecured Compulsory Convertible Debentures "Series D" of face value of ₹ 100 each at a premium of ₹ 664.26 per debenture. As per debenture certificate, the investors have the option to convert each debenture into one equity share of the Company of ₹ 100 at any time on or after 1st April 2016. The debenture shall carry zero coupon till 31st March 2016 and for the period of non conversion after 31st March 2016 the instrument may be entitled to coupon rate of not more than 2% p.a., as may be decided by the Company. The Company shall not declare any dividend or other distribution to be paid to the holders of the equity shares of the Company. However, in the event of such declaration, the Company will be obliged to pay interest at the same rate as the dividend declared. At the end of the 7th year from the date of the issue, each debenture will compulsorily convert into one equity share of ₹ 100 each of the Company.

v) Pallazzio Leisure & Hotel Limited has issued 635,294 Non Cumulative Unsecured Compulsory Convertible Debentures "Series A" of face value of ₹ 100 each at a premium of ₹ 664.26 per debenture. As per debenture certificate, the investors have the option to convert each Debenture into one equity share of the Company of ₹ 100 at any time on or after 1st April 2016. The debenture shall carry zero coupon till 31st March 2016 and for the period of non conversion after 31st March 2016, not more than 2% p.a., as may be decided by the Company. The Company shall not declare any dividend or other distribution to be paid to the holders of the equity shares of the Company. However, in the event of such declaration, the Company will be obliged to pay interest at the same rate as the dividend declared. At the end of the 10th year from the date of the issue, each debenture will compulsorily convert into one equity share of ₹ 100 of the Company.

vi) Graceworks Realty & Leisure Private Limited has issued, 0.0001% Series A Optionally Convertible Debentures, Debenture holders have an option to convert the debentures into equity shares on or after February, 2015. Each debenture is convertible into equity shares of ₹ 10 each fully paid at price not less than fair market value as on the date of conversion. The company has an option to redeem the shares in one or more tranches at the redemption premium not exceeding ₹ 10/- per Optionally Convertible Debenture.

5) Others

i) As at 31st March, Graceworks Realty & Leisure Private Limited has unpaid due towards repayment of loan instalment of ₹ 50,000,000 and interest of ₹ 56,357,877 which was due on 31st March, 2013.

ii) Finance Lease is for Island Star Mall Developers Private llmited, the same is repayable within 36 monthly installments .

	As at 31st March, 2013 ₹	As at 31st March, 2012 ₹
NOTE "5"		
OTHER LONG TERM LIABILITIES		
Security Deposit from Licencees	**1,477,313,383**	1,018,879,035
Other Deposit	**2,144,475**	-
Income Received in Advance	**17,267,419**	-
Retention Money	**9,868,820**	-
TOTAL	**1,506,594,097**	1,018,879,035

CONSOLIDATED NOTES ON FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2013 (Contd.)

	As at 31st March, 2013		As at 31st March, 2012	
	Non Current ₹	Current ₹	Non Current ₹	Current ₹
NOTE "6"				
PROVISIONS				
Provision for Employee Benefits				
Gratuity	**12,175,830**	**3,549,098**	5,485,896	1,693,720
Leave Encashment	**11,707,970**	**15,350,529**	9,560,217	587,223
Other Provisions	**-**	**4,120,910**	-	-
Provision for Income Tax (Net of Advance Tax)	**-**	**91,752,211**	-	23,838,724
Proposed Dividend	**-**	**318,659,979**	-	289,690,890
Tax on Proposed Dividend	**-**	**54,156,263**	-	46,987,863
Provision for contingency	**-**	**10,301,599**	-	-
Other Provisions	**30,555,809**	**103,519,451**	-	35,277,515
TOTAL	**54,439,609**	**601,410,040**	15,046,113	398,075,935

	As at 31st March, 2013 ₹	As at 31st March, 2012 ₹
NOTE "7"		
SHORT-TERM BORROWINGS :		
Secured		
Loan from Bank	**1,445,066,029**	328,602,152
Unsecured		
Loan from Bank	**-**	299,910,089
Loans and advances from related parties	**33,037,235**	-
Loan from others	**111,501,227**	196,752,940
TOTAL	**1,589,604,491**	825,265,181

Out of total secured loan, loan of ₹ 44,749,107 is secured against Fixed Deposit of ₹ 54,466,631, Loan of ₹ 75,888,108 is secured by Equitable Mortgage of Deposit of Title deeds in respect of certain immovable properties and hypothecation of rentals receivable from licencees. ₹ 303,104,680 is secured against the Mutual Funds, ₹ 700,916,712 against the land jointly held by Palladium Constrcuctions Private Limited and Platinum Spaces Private Limited, and receivables of the Banglore Property and balance loan of ₹ 320,407,422 is secured by future Lease Rent Receivables and a pari passu mortgage charge over the land and building of the project of Phoenix Marketcity at Viman Nagar, Pune and Phoenix Marketcity at Bangalore.

	As at 31st March, 2013 ₹	As at 31st March, 2012 ₹
NOTE "8"		
TRADE PAYABLES		
Micro, Small & Medium Enterprises (Refer Note No. 40)	**2,361,995**	-
Others	**810,206,692**	688,720,606
TOTAL	**812,568,687**	688,720,606

	As at 31st March, 2013 ₹	As at 31st March, 2012 ₹
NOTE "9"		
OTHER CURRENT LIABILITIES		
Current maturities of long-term borrowings	**3,625,829,409**	1,720,575,754
Expenses payable to Related Party	**66,182,633**	-
Interest accrued but not due on borrowings	**134,545,047**	19,732,187
Interest accrued and due on borrowings	**166,103,657**	43,977,062
Application money received for allotment of securities	**-**	8,499,000
Other payables		
Statutory Dues	**131,677,562**	188,047,136
Deposit/Advance received from Customers	**1,719,618,280**	134,989,607
Deposit with related party	**12,500,000**	-
Other Payable	**373,176,109**	815,639,167
Sundry Creditors	**-**	417,906,899
Creditors for Capital Goods	**602,817,283**	-
Retention Money	**5,229,792**	10,995,300
Income received in advances	**12,006,836**	1,532,699
Unpaid Dividends*	**13,393,047**	12,026,352
TOTAL	**6,863,079,655**	3,373,921,163

* These figures do not include any amounts due and outstanding to be credited to Investor Education & Protection Fund.

NOTE "10"
FIXED ASSETS

(Amount in ₹)

	GROSS BLOCK [AT COST]					DEPRECIATION					NET BLOCK	
Description	As at 1.04.2012	Opening balances Acquired during the year	Additions	Deductions/ Adjustments	As at 31.03.2013	As at 01.04.2012	Acquired during the year	For the year	Deductions Adjustments	As at 31.03.2013	As at 31.03.2013	As at 31.03.2012
Tangible Assets												
Freehold Land	2,436,500,844 *	1,641,921,316	3,214,766,450	75,600,700	**7,217,587,910**	-	-	-	-	**-**	**7,217,587,910**	2,436,500,844
Right on Leasehold Land	69,761,432 *	-	-	-	**69,761,432**	4,786,607	-	3,530,773	-	**8,317,380**	**61,444,052**	64,974,825
Buildings	8,244,759,841*	1,610,658,175	6,427,293,031		**16,282,711,047**	969,834,585	7,688,805	357,381,567	61,844,662	**1,273,060,295**	**15,009,650,752**	7,274,925,256
Plant & Machinery	777,010,253	984,789,072	1,778,172,264	27,512,983	**3,512,458,606**	140,922,406	19,763,564	164,019,317	15,776,899	**308,928,388**	**3,203,530,218**	636,087,846
Leased -Plant & Machinery	-	5,116,419	-	-	**5,116,419**	-	35,857	243,030	-	**278,887**	**4,837,532**	-
Motor Car, Lorries & Vehicles	48,891,581	1,989,438	9,306,425	1,506,259	**58,681,185**	28,517,466	931,841	5,419,776	893,257	**33,975,825**	**24,705,360**	20,374,115
Office Furniture & Equiptment	1,797,857,247	133,916,004	828,958,395	23,412,799	**2,737,318,848**	354,571,778	7,485,334	187,582,540	101,580,503	**448,059,149**	**2,289,259,699**	1,443,285,470
Total (A)	**13,374,781,197**	**4,378,390,424**	**12,258,496,565**	**128,032,741**	**29,883,635,446**	**1,498,632,841**	**35,905,401**	**718,177,003**	**180,095,321**	**2,072,619,924**	**27,811,015,522**	**11,876,148,356**
Intangible Assets												
Software	8,433,928	570,359	23,832,268	-	**32,836,555**	4,106,197	41,607	2,472,676	-	**6,620,480**	**26,216,075**	4,327,731
Total (B)	**8,433,928**	**570,359**	**23,832,268**	**-**	**32,836,555**	**4,106,197**	**41,607**	**2,472,676**	**-**	**6,620,480**	**26,216,075**	**4,327,731**
Total (A+B)	13,383,215,125	4,378,960,783	12,282,328,833	128,032,741	**29,916,472,001**	1,502,739,038	35,947,008	720,649,679	180,095,321	**2,079,240,403**	**27,837,231,598**	11,880,476,087
Previous Year	8,879,789,272	434,883,133	4,448,178,612	379,635,893	**13,383,215,124**	947,613,061	825,736	565,245,603	10,945,361	**1,502,739,039**	**11,880,476,084**	7,932,176,230
Capital Work in Progress											**1,669,576,655**	13,591,018,942

Notes :
1) * Amount added on Revaluation (as at 31.03.1985) ₹.18,48,43,610 (Net of Depreciation). Refer to Note No. 35
2) Depreciation on Right on Lease Hold Land represents write off on the basis of the period of the lease.
3) Lease Hold Land
a) Includes land leased for period of 999 years as from 1951 renewal at the option for further like period.
b) Includes ₹ 2,66,38,617 (as revalued) leased in perpetuity against which there is no writeoff required.

CONSOLIDATED NOTES ON FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2013 (Contd.)

4) Capital Work in Progress includes pre-operative expenses of ₹ 7,86,69,543 (P.Y. ₹ 1,01,97,73,190). Refer to Note No. 32.
5) Depreciation of ₹ 32,574 (P.Y. 45,20,990) capitalised during the year.
6) Depreciation of ₹ 3,682,588 (P.Y. 29,83,632) transferred to Profit & Loss Account from pre-operaive expenses.
7) In respect of Fixed Assets acquired by Island Star Mall Developers Private Limited, on finance lease , the minimum lease rentals outstanding as on 31st March, 2013 are as follows:

	Total Minimum lease Payments outstanding As 31st March		Future interest on outstanding Payemnts As 31st March		Present Value of Minimum Lease Payments As 31st March	
	2013 ₹	2012 ₹	2013 ₹	2012 ₹	2013 ₹	2012 ₹
Not Later than one year	**2,039,260**	2,039,260	**219,421**	424,245	**1,819,839**	1,615,015
Later than one year but not later than five years	**849,692**	2,888,952	**24,908**	244,329	**824,784**	2,644,623
Later than five years	**-**	-	**-**	-	**-**	-
Total	**2,888,952**	**4,928,212**	**244,329**	**668,574**	**2,644,623**	4,259,638

8) In Pallazzio Hotels & Leisure Limited, the company had during the year exchange loss (net) aggregating to ₹ 80,830,175 (P.Y Nil as it was part of capital work in progress) has been added to the cost of fixed assets in accordance with the option given by the ministry of corporate affairs vide notifcation number F.No 17/133/2008/CL-V dated 29th December 2011. The aggregate exchange loss (net) capitaised during the year is ₹ 243,350,070 (Previous year ₹ Nil as was part of capital work in progress). The exchange loss is being depreciated over the balance useful life of the asset and the unamortised amount of the said exchange loss is ₹ 146,326,135 (Previous year ₹ Nil)

	As at 31st March, 2013 ₹	₹	As at 31st March, 2012 ₹	₹
NOTE "11"				
Investment in Associates : Fully Paid up				
Non Current Investments				
A. Trade Investments				
Unquoted				
i) Equity instruments				
Investment in Associates : Equity shares of ₹ 10/- each fully Paid up unless expressly stated				
5,000 (P.Y. 5000) Bartraya Mall Development Co. Pvt. Ltd	**1,845**		1,845	
2,246,588 (P.Y. 2,246,588) Classic Mall Development Pvt. Ltd.	**493,466,639**		465,041,358	
3,334 (P.Y. 3,334) Classic Housing Projects Pvt. Ltd.	**10,466,850**		435,326	
25,356,940 (P.Y. 25,356,940) Entertainment World Developers Ltd	**586,643,597**		586,643,597	
25,000 (P.Y. 25,000) Escort Developers Pvt. Ltd.	**15,934,586**		15,933,417	
Nil (P.Y. 13,891) Island Star Mall Developers Pvt. Ltd.	**-**		131,282,057	
7,265,080 (P.Y. 7,265,080) Offbeat Developers Pvt. Ltd. @@'	**552,223,330**		530,274,088	
Nil (P.Y. 166,670) Picasso Developers Pvt. Ltd.	**-**		20,000,400	
Nil (P.Y. 333,333) Ramayana Realtors Pvt. Ltd.	**-**		44,186,012	
2,500,000 (P.Y.2,500,000) Galaxy Entertainment India Limited.	**24,973,998**		24,983,285	
2,070,800 (P.Y. 2,070,800) Gangetic Hotels Pvt. Ltd.	**104,170,000**		104,170,000	
15,015 (P.Y. 15,015) Star Board Hotels Pvt. Ltd.	**150,150**		150,150	
5,000 (P.Y. 5,000) Mirabel Entertainment Pvt Ltd.	**1,615,545**		797,610	
25,000 (P.Y. Nil) Savannah Phoenix Pvt Ltd	**-**		-	
		1,789,646,540		1,923,899,145
QUOTED				
36,86,484 (P.Y. 36,86,484) Equity shares of ₹ 10/- each fully paid up of Galaxy Entertainment Corporation Limited.		**74,309,293**		37,691,661
OTHERS				
10 (P.Y. 10) Equity shares of ₹ 10/- each fully paid up of Treasure World Developers (India) Pvt. Ltd.		**8,500**		8,500

		₹	As at 31st March, 2013 ₹	₹	As at 31st March, 2012 ₹
(ii)	**Preference shares**				
	Investment in Associates, ₹ 10 each fully paid up				
	Nil (P.Y. 8,690,644) Compulsory Convertible Preference Shares of Island Star Mall Developers Private Limited	-		475,761,888	
	1,000,000 (P.Y. 1,000,000) 7% Cumulative Optionally Convertible Preference Shares fully paid up of Galaxy Entertainment India Limited.	10,000,000		10,000,000	
	250,000 (P.Y. 250,000) 7% Cumulative Optionally Convertible Preference Shares each Re. 0.50 paid up of Galaxy Entertainment India Limited.	125,000		125,000	
			10,125,000		485,886,888
iii)	**Debentures**				
	Compulsorily Fully Convertible Debentures of ₹ 10/- each fully paid-up				
	100,000,000 (P.Y. 100,000,000) Treasure World Developers (India) Pvt. Ltd.	1,000,000,000		1,000,000,000	
	(Optionally Convertible Debentures of ₹ 100/- each fully paid-up)				
	1,112,000 (P.Y. 1,112,000) Classic Housing Projects Pvt. Ltd.	111,200,000		111,200,000	
			1,111,200,000		1,111,200,000
iv)	**Investment in Capital of Partnership Firm**				
	Phoenix Construction Company		21,179,298		20,721,481
B.	**OTHERS**				
i)	**Unquoted**				
	7 years - National Savings Certificates (Deposited with State Government and other authorities as security)	70,000		-	
	10 (P.Y. 10) ordinary shares of ₹ 50/-each -fully paid of Sukhsagar Premises Co-op. Society Ltd.	500		500	
	5 (P.Y. 5) ordinary shares of ₹ 50/-each -fully paid of Vivina Co-op. Housing Society Ltd.	250		250	
	80 (P.Y. 80) ordinary shares of ₹ 25/- each -fully paid of Rashtriya Mazdoor Madhyavarti Sahakari Grahak Sangh (Maryadit)	2,000		2,000	
	2500 (P.Y. 2,500) shares of The Saraswat Co-op Bank Ltd	25,000		25,000	
			97,750		27,750

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FOR THE YEAR ENDED 31ST MARCH, 2013 (Contd.)

		₹	As at 31st March, 2013 ₹	₹	As at 31st March, 2012 ₹
ii)	**Quoted**				
	(Equity Shares of face value of ₹ 10/- each fully paid-up, unless otherwise stated)				
	7,265 (P.Y. 7,265) I.C.I.C.I. Bank Limited *	**260,250**		260,250	
	20 (P.Y. 20) Clariant Chemicals (India) Ltd.	**200**		200	
	1,949,091 (1,949,091) Graphite India Limited face value of ₹ 2 each	**417,427,843**		417,427,843	
	584,727 (P.Y. 584,727) GKW Limited	**56,330,654**		56,330,654	
	59 (P.Y. 59) Syngenta AG Ordinary shares	**159,596**		159,596	
			474,178,543		474,178,543
	TOTAL		**3,480,744,924**		4,053,613,968
	1. Aggregate value of Quoted Investments:				
	Book Value		**548,487,836**		511,870,204
	Market Value		**422,970,892**		486,968,066
	2. Aggregate book value of other Unquoted Investments:		**2,932,257,088**		3,541,743,764

Notes :
@@ Represents Equity Shares held subject to a non-disposal undertaking to the lender bank stating that it shall not dispose / transfer /pledge/ encumber these shares owned/held in the company until the loans taken by these companies are fully repaid to the bank.
* Out of 7,265 shares, 1,995 shares are held by a Bank in their name as security.

	₹	As at 31st March, 2013 ₹	₹	As at 31st March, 2012 ₹
NOTE "12"				
DEFERRED TAX ASSETS (NET)				
Deferred Tax Assets				
Disallowance u/s 43B and Others	**5,484,816**		3,186,172	
Provision for Doubtful debts and advances	**34,887,232**		19,547,777	
Carry Forward of Business Loss & House Property Loss*	**472,070,193**		170,940,768	
Unabsorbed Depreciation	**241,717,909**		63,227,917	
		754,160,150		256,902,634
Deferred Tax Liability				
Difference between Book and Tax Depreciation	**277,037,389**		9,897,819	
		277,037,389		9,897,819
TOTAL		**477,122,761**		247,004,815

* Virtual certainty of the realization of Deferred Tax Assets on carry forward losses is established based on agreements.

	As at 31st March, 2013		As at 31st March, 2012	
	Non Current ₹	Current ₹	Non Current ₹	Current ₹
NOTE "13"				
LOANS AND ADVANCES				
Secured, considered Good	**-**	**-**	300,000,000	-
Loans to related parties#				
Unsecured and considered Good				
Capital Advances				
Capital Advances - Related Party#	**1,469,587,204**	**-**	1,653,685,176	-
Capital Advances - Other	**1,182,377,405**	**-**	368,967,762	-
Deposits				
Deposits to related parties#	**479,290,000**	**59,075,000**	2,254,462,681	-
Security Deposits	**54,864,192**	**1,298,599**	65,837,131	4,512,410
Other Deposits	**38,231,877**	**-**	2,585,942	-
Share/Debenture Application Money Pending Allotment				
With Related Parties#	**261,008,455**	**-**	204,524,785	-
Others	**78,224,540**	**-**	150,574,541	-
Inter Corporate Deposits				
Related Parties#	**-**	**269,944,443**	-	-
Others	**2,000,000**	**181,145,083**	2,000,000	528,233,739
Other				
Advances recoverable in cash or kind	**100,242,325**	**629,284,903**	85,749,655	247,875,822
Prepaid Expenses	**745,857**	**16,612,690**	555,316	3,002,474
Advance income tax (net of provision for taxation)	**-**	**121,077,139**	4,513,832	34,724,681
Balance with statutory/government authorities	**-**	**115,794,932**	6,397,807	126,559,404
TOTAL	**3,666,571,855**	**1,394,232,789**	5,099,854,628	944,908,530

Refer Note No 28 for details.

	As at 31st March, 2013 ₹	As at 31st March, 2012 ₹
NOTE "14"		
OTHER NON CURRENT ASSETS		
Non Current Portion of Cash & Cash Equivalents	**51,361,642**	207,003,793
Others		
Interest Accrued on Fixed Deposits	**3,765,948**	11,013,336
TOTAL	**55,127,590**	218,017,129

CONSOLIDATED NOTES ON FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2013 (Contd.)

		As at 31st March, 2013		As at 31st March, 2012
	₹	₹	₹	₹
NOTE "15"				
CURRENT INVESTMENTS				
(Valued at lower of cost and Market Value/ Fair Value)				
Investments in Mutual Funds units of ₹ 100/- each				
2,374 (P.Y. Nil) Reliance Treasure Plan	**3,630,258**		-	
20,343 (P.Y. Nil) BSL FRF Short Term DDR**	**2,034,627**		-	
20,356 (P.Y. Nil) BSL Cash Manager DDR**	**2,037,258**		-	
3,289 (P.Y. Nil) DSP Money Manager Fund-DD,of ₹ 1,000/- each**	**3,296,513**		-	
76,013 (P.Y. Nil) Tata Floated Fund Plan A - DD**	**76,283,740**		-	
59,032 (P.Y. 55,195) UTI Money Market Fund- Dividend, of ₹ 1,000/- each**	**59,232,251**		55,382,553	
451,767 (P.Y. Nil) SBI Ultra Short Term Fund, units of face value of ₹ 1,000/-	**680,000,000**		-	
1,454,716 (P.Y. Nil) BSL Floating Rate Fund Short Term Plan - Daily Dividend	**145,500,783**		-	
8,561,427 (P.Y. Nil) BSL Floating Rate Fund Long Term Plan - Daily Dividend	**857,537,440**		-	
127,266 (P.Y. 122,146) DSP Money Manager Fund-DD, units of ₹ 1,000**	**127,368,836**		122,244,276	
11,505,281 (P.Y. 108,234,701) Kotak Floater Long Term - Fund**	**115,970,935**		108,234,701	
Nil (P.Y. 13,935,304) BSL Interval Income Fund - INSTL - Qtrly - Sr.1, units of ₹ 10 each	**-**		139,403,212	
Nil (P.Y. 19,490,658) BSL Short Term FMP Series 22, units of ₹ 10 each	**-**		194,906,580	
Nil (P.Y. 38,907) Reliance Mid Term Fund, units of ₹ 10 each	**-**		665,153	
Nil (P.Y. 3,705) Reliance Money Manager Fund , units of ₹ 1,000 each	**-**		3,709,171	
Nil (P.Y. 1,938,956) Fidelity Cash Fund Super IP Option DDR , units of ₹ 10 each	**-**		19,841,347	
Nil (P.Y. 7,101,924) Tata Floater Fund - Dividend, units of ₹ 10 each	**-**		71,272,072	
Nil (P.Y. 8,782,098) BSL Interval Income - INSTL - Qtly, units of ₹ 10 each	**-**		100,000,000	
		2,072,892,641		815,659,065
TOTAL		**2,072,892,641**		815,659,065
** Investment are given as security for loan taken by subsidiary Vamona Developers Private Limited				
Aggregate value of Investment in Mutual Funds:		**2,072,892,641**		815,659,065

CONSOLIDATED NOTES ON FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2013 (Contd.)

	As at 31st March, 2013 ₹	As at 31st March, 2012 ₹
NOTE "16"		
INVENTORIES		
Realty Work- In- Progress	**7,728,584,205**	2,456,731,789
Food & Beverages	**20,387,377**	-
Stores and spares	**20,624,306**	59,588,996
TOTAL	**7,769,595,888**	2,516,320,785

	₹	As at 31st March, 2013 ₹	₹	As at 31st March, 2012 ₹
NOTE "17"				
TRADE RECEIVABLES				
Trade receivables outstanding for a period exceeding six months from the date they are due for payment				
Unsecured, considered good	**341,873,368**		149,014,979	
Unsecured, considered doubtful	**155,239,962**		89,983,877	
Less: Provision for doubtful debts	**(155,239,962)**		(60,248,965)	
		341,873,368		178,749,891
Trade receivables outstanding for a period less than six months from the date they are due for payment				
Unsecured, considered good	**504,304,509**		438,847,810	
		504,304,509		438,847,810
TOTAL		**846,177,877**		617,597,701

	As at 31st March, 2013 ₹	As at 31st March, 2012 ₹
NOTE "18"		
CASH & CASH EQUIVALENTS:		
Balances with banks		
In current accounts	**262,300,676**	372,397,055
Deposits with original maturity of less than three months	**19,325,000**	531,124,559
In unpaid dividend account	**19,889,193**	12,026,350
Cash on hand	**3,213,643**	2,290,007
Cheques on hand	**856,398**	30,000,000
Others - (Stamp Paper)	**465,000**	465,000
Other Bank Balances		
Deposits with original maturity of less than One Year*	**377,434,868**	51,280,221
TOTAL	**683,484,778**	999,583,192

* Includes deposit earmarked toward maintenance of DSRA for Island Star Mall Developers Private Limited, as per loan agreement of ₹ 100,879,477 (P.Y. Nil) and Deposits Receipts of ₹ 54,466,631 (P.Y. ₹ 50,000,000) of the Phoenix Mills is pledged as a security.

CONSOLIDATED NOTES ON FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2013 (Contd.)

	As at 31st March, 2013 ₹	As at 31st March, 2012 ₹
NOTE "19"		
OTHER CURRENT ASSETS		
Interest accrued but not due on Fixed Deposit	**9,029,299**	3,241,722
Other Interest	**144,380,189**	142,622,523
Unbilled revenue	**1,567,899**	-
TOTAL	**154,977,387**	145,864,245

	₹	2012-13 ₹	2011-12 ₹
NOTE "20"			
REVENUE FROM OPERATIONS			
Sales			
From Realty Sales	**245,408,602**		681,977,448
From Cloth Sales	**6,648,758**	**252,057,360**	6,631,003
License Fees and Rental Income		**2,707,337,682**	1,975,289,592
Service Charges		**1,111,891,166**	969,356,547
Room Rent Income		**58,287,502**	-
Food, Beverages and Banquet Income		**93,917,277**	-
Income from Events		**464,619,372**	311,795,889
Other Operating Income		**10,969,774**	-
TOTAL		**4,699,080,133**	3,945,050,479

	₹	2012-13 ₹	2011-12 ₹
NOTE "21"			
OTHER INCOME			
Interest		**372,894,638**	364,330,029
Dividend Income			
Current	**87,798,549**		22,188,921
Long Term	**7,038,687**		7,241,888
		94,837,236	29,430,809
Profit on sale of Investments		**42,944,341**	21,970,449
Profit on sale of Assets		**2,520,939**	-
Others			
Compensation on Relinquishment of rights		**-**	26,910,000
Miscellaneous Receipts		**2,922,659**	3,565,763
Balance Written Back		**4,554,759**	-
TOTAL		**520,674,572**	446,207,050

CONSOLIDATED NOTES ON FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2013 (Contd.)

		2012-13	2011-12
	₹	₹	₹
NOTE "22"			
COST OF MATERIALS/CONSTRUCTION AND VARIATION IN INVENTORY			
Cloth Trading			
Purchase for resale		**6,420,709**	6,365,036
Food and Beverage Consumed			
Purchases	**51,786,026**		-
Variation in Inventory			
Stocks at commencement	**-**		-
Stocks at close	**20,387,377**		-
Net (Increase)/Decrease	**(20,387,377)**		-
		31,398,649	-
Realty Sales			
Opening Work In Progress	**2,100,272,341**		1,178,356,812
Land Cost - transferred from Fixed Assets	**3,954,587,483**		799,632,234
Construction & Other related costs transferred from capital work in progress	**1,240,902,361**		481,623,694
	7,295,762,185		2,459,612,740
Less : Closing work in progress	**7,372,124,757**		2,100,272,341
		(76,362,572)	359,340,396
TOTAL		**(38,543,214)**	365,705,432

	2012-13	2011-12
	₹	₹
NOTE "23"		
EMPLOYEE COSTS		
Salaries, Wages & Bonus	**352,063,288**	192,742,598
Contribution to Provident Fund & Other Funds		
Contribution to Provident Fund & Other Funds	**6,119,754**	2,288,456
Gratuity and Leave encashment	**12,643,290**	2,537,049
Staff Welfare Expenses	**12,646,029**	8,643,521
TOTAL	**383,472,362**	206,211,624

CONSOLIDATED NOTES ON FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2013 (Contd.)

		2012-13	2011-12
	₹	₹	₹
NOTE "24"			
OPERATING AND OTHER EXPENSES			
Electricity		**730,546,296**	509,116,460
Repairs and Maintenance:-			
Buildings	**64,288,256**		43,796,515
Machinery & Vehicles	**58,816,884**		29,916,545
Others	**11,475,030**		24,228,885
		134,580,170	97,941,945
Foreign Exchange (Gain)/Loss		**9,883,866**	3,289,705
Insurance		**12,546,806**	10,381,749
Stores and Operating Supplies		**11,191,283**	-
Rent		**11,502,123**	10,547,714
Rates & Taxes		**64,695,116**	69,437,542
Water Charges		**41,809,900**	23,063,423
Communuication expenses		**12,353,234**	3,193,823
Postage & Courier		**555,196**	526,163
Prinitng & stationary expenses		**5,070,470**	1,752,791
Legal and Professional charges		**29,640,827**	62,951,231
Travelling Expenses		**23,562,167**	10,295,827
Auditors' Remuneration		**8,920,742**	6,912,321
Directors' sitting fees & Commission		**1,853,000**	6,293,520
Donation		**1,137,953**	4,968,334
Loss on Assets Sold/Discarded		**26,860**	9,738,990
Prior Period Expenses		**11,697,235**	1,994,092
Advertisement & Sales Promotion		**201,846,515**	138,144,171
Bank charges		**2,936,726**	1,175,307
Brokerage		**-**	424,866
Rebate & Settlement		**40,882,416**	4,440,930
Bad debts & Sundry balances written off		**-**	5,575,478
Provision for Doubtful Debts & Advances/(written back)		**87,058,713**	43,163,494
Parking Expenses		**16,889,805**	11,167,558
Mall Management Fee		**2,839,575**	16,152,880
Security Charges		**68,218,502**	61,221,762
Housekeeping Expenses		**112,247,571**	59,074,011
Other Miscellaneous Expenses		**76,767,904**	73,296,906
Miscellaneous/Preliminary Expenditure written off		**331,902**	11,472,141
Assets written off		**793,906**	1,352,325
		1,722,386,779	1,259,067,459

	2012-13 ₹	2011-12 ₹
NOTE "25"		
FINANCE COSTS		
Interest Expenses		
Interest on fixed loans	**1,394,722,702**	854,011,715
Interest on other loans	**2,732,546**	13,417,082
Other Costs	**32,586,834**	76,460,579
TOTAL	**1,430,042,082**	943,889,376

26. DETAILS OF THE EXCEPTIONAL ITEMS

Particulars	2012-13 ₹	2011-2012 ₹
Hotel Inauguration Expenses		
Staff Training Expenses	**78,61,468**	-
Advertisement and business promotion	**1,95,04,397**	-
	2,73,65,865	-
Excess Depreciation charged in earlier years	**(2,08,45,345)**	-
Net	**65,20,520**	-

27. The Company is mainly engaged in the development and operation of Malls and other real estate properties. All Activities of the company revolve around this main business. As such, there are no separate reportable segments as per Accounting Standard 17-'Segment Reporting', as notified by Companies (Accounting Standards) Rules, 2006.

28. In view of the Accounting Standard : AS 18 on Related Parties Disclosures as notified by the Companies (Accounting Standards) Rules 2006, the disclosure in respect of related party transactions for the year ended on 31st March 2013 is as under:

a) RELATIONSHIPS

Category I: Associates

Bartraya Mall Development Company Private Limited

Starboard Hotels Private Limited (formerly Classic Software Technology Park Developers Private Limited)

Classic Mall Development Company Private Limited

Entertainment World Developers Limited

Escort Developers Private Limited

Island Star Mall Developers Private Limited (upto 27th March, 2013)

Gangetic Hotels Private Limited

Offbeat Developers Private Limited

Picasso Developers Private Limited (upto 4th October ,2012)

Ramayana Realtors Private Limited (upto 4th October, 2012)

Galaxy Entertainment Corporation Limited

Galaxy Entertainment (India) Private Limited

Classic Housing Projects Private Limited

Mirable Entertainment Private Limited

Savannah Phoenix Private Limited (w.e.f 1st Nov. 2012)

CONSOLIDATED NOTES ON FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH, 2013 (Contd.)

Category II : Other Related Parties where common control exists

B. R. International

R.R.Hosiery Private Limited

R.R. Hosiery

Phoenix Retail Private Limited

R.R. Textiles

Phoenix Construction Company

Category III : Key Managerial Personnel

Ashokkumar R. Ruia

Atul Ruia

Kiran B. Gandhi

Shishir Srivastava

Pradumna Kanodia

Category IV : Relatives of Key Managerial Personnel

Gayatri A Ruia

b) The following transactions were carried out with the Related Parties in the ordinary course of business in the financial year under report:

(Amount in ₹)

Sr. No.	TRANSACTIONS	Category I	Category II	Category III	Category IV	Total
1	Rent, Compensation & Other recoveries	170,533,782	7,521,798	-	1,813,440	179,869,020
		(185,394,570)	(6,956,364)	-	(1,973,293)	(194,324,227)
2	Interest Received	299,877,914	-	-	-	299,877,914
		(360,874,412)	-	-	-	(360,874,412)
3	Sale of Land development rights	-	-	-	-	-
		(269,100,003)	-	-	-	(269,100,003)
4	Remuneration / Salary Paid	-	-	44,064,804	-	44,064,804
		-	-	(33,641,408)	-	(33,641,408)
5	Administrative & Other Charges paid	240,000	5,273,796	-	-	5,513,796
		-	(5,273,796)	-	-	(5,273,796)
6	Interest Paid	-	13,907,730	-	-	13,907,730
		-	(13,459,091)	-	-	(13,459,091)
7	Share of Loss from partnership firm	-	665,783	-	-	-665,783
		-	(42,432)	-	-	-42,432
8	Balance written off	-	-	-	-	-
		(2,688,262)	-	-	-	(2,688,262)
9	Loans given to	-	-	-	-	-
		(300,000,000)	-	-	-	(300,000,000)
10	Loans returned by	300,000,000	-	-	-	300,000,000
		-	-	-	-	-
11	Inter Corporate Deposit Returned by Parties	8,806,531	-	-	-	8,806,531
		-	-	-	-	-
12	Deposits Given	120,345,644	-	-	-	120,345,644
		(452,549,872)	-	-	-	(452,549,872)
13	Deposit Returned by the Parties	127,577,194	-	-	-	127,577,194
		-	-	-	-	-
14	Investment in Shares/application money pending allotment	15,950,000	-	-	-	15,950,000
		(1,950,000)	-	-	-	(1,950,000)

(Amount in ₹)

Sr. No.	TRANSACTIONS	Category I	Category II	Category III	Category IV	Total
15	Purchase of Fixed Assets	227,586,883	-	-	-	227,586,883
		-	(179,454,545)	-	-	(179,454,545)
16	Sale of Fixed Assets	1,996,037	-	-	-	1,996,037
		-	-	-	-	-
17	Application Money Refund Received	-	6,000,000	-	-	6,000,000
		(64,592,975)	-	-	-	(64,592,975)
18	Capital Investment in Firm	-	1,123,600	-	-	1,123,600
		-	(750,000)	-	-	(750,000)
19	Advances Given	243,556,801	-	-	-	243,556,801
		(2,356,452,500)	-	-	-	(2,356,452,500)
20	Advances Refund by the Parties	129,500,000	-	-	-	129,500,000
		(200,000,000)	-	-	-	(200,000,000)
21	Advances Received	-	-	-	-	-
		-	(50,000)	-	-	(50,000)
22	Investment in Optionally Convertible Debentures	-	-	-	-	-
		(111,200,000)	-	-	-	(111,200,000)
23	Redemption of Optionally Convertible Debentures	-	-	-	-	-
		(80,000,000)	-	-	-	(80,000,000)
24	Purchase of Equity / Preference Shares	250,000	-	-	-	250,000
		(400,000)	-	-	-	(400,000)

c) The following balances were due from / to the related parties as on 31-03-2013: (Amount in ₹)

Sr. No.	TRANSACTIONS	Category I	Category II	Category III	Category IV	Total
1	Investment in Equity Shares / pref shares	1,306,366,519	-	-	-	1,306,366,519
		(1,451,644,850)	-	-	-	(1,451,644,850)
2	Investment in Optionally Convertible Debentures	111,200,000	-	-	-	111,200,000
		(111,200,000)	-	-	-	(111,200,000)
3	Investment in Capital of Partnership Firm	-	21,179,298	-	-	21,179,298
		-	(20,721,481)	-	-	(20,721,481)
4	Loans and Advances Given	1,469,587,204	-	-	-	1,469,587,204
		(300,000,000)	-	-	-	(300,000,000)
5	Inter Corporate Deposits Given	269,944,443	-	-	-	269,944,443
		-	-	-	-	-
6	Loans Taken	33,037,235	-	-	-	33,037,235
		-	-	-	-	-
7	Advances Received	-	-	-	-	-
		-	(50,000)	-	-	(50,000)
8	Trade Receivables	78,793,379	1,755,993	-	614,254	81,163,626
		(59,365,556)	(7,028,170)	-	-	(66,393,726)

CONSOLIDATED NOTES ON FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2013 (Contd.)

(Amount in ₹)

Sr. No.	TRANSACTIONS	Category I	Category II	Category III	Category IV	Total
9	Trade Payables	347957	202,455,573	-	-	202,803,530
		(131,957)	(21,924,300)	-	-	(22,056,257)
10	Deposits received	12,500,000	-	-	-	12,500,000
		(35,000,000)	-	-	(300,000)	(35,300,000)
11	Deposits Given	59,075,000	479,275,000	-	-	538,350,000
		(1,846,588,681)	(407,874,000)	-	-	(2,254,462,681)
12	Shares / Depenture application money pending allotment	253,399,900	6,650,000	-	-	260,049,900
		(204,524,785)	-	-	-	(204,524,785)

d) Disclosure in Respect of Material Related Party Transactions during the year:

i. Rent & other recoveries include received from Classic Mall Development Company (P) Limited ₹ 41,036,000 (P.Y. ₹ 27,221,000), Island Stall Mall Developers (P) Limited ₹ 49,432,710 (P.Y. ₹ 67,803,570) and Offbeat Develoers (P) Limited ₹ 80,065,072 (P.Y. ₹ 88,216,000).

ii. Interest received include received from Classic Mall Development Company (P) Limited ₹ 44,382,715 (P.Y. ₹ 9,785,034), Island Star Mall Developers (P) Limited ₹ 57,891,294 (P.Y. ₹ 52,387,158) and Offbeat Developers (P) Limited ₹ 195,404,170 (P.Y. ₹ 298,702,220).

iii. Interest paid includes interest paid B.R. International ₹ 13,907,730 (P.Y. ₹ 13,459,091)

iv. Administrative & other expenses include paid to R.R.Hosiery ₹ 1,953,600 (P.Y. ₹ 1,953,600) and R.R.Hosiery (P) Limited ₹ 3,320,196 (P.Y. ₹ 3,320,196).

v. Capital introduced from Partnership firm includes capital introduce in from Phoenix Construction Company ₹ 1,123,600 (P.Y. ₹- 750,000).

vi. Loan given includes loan given to Offbeat Developers (P) Limited ₹ Nil (P.Y. ₹ 300,000,000).

vii. Loan returned by parties include repayment from Offbeat Developers (P) Limited ₹ 300,000,000 (P.Y. ₹ Nil).

viii. Inter Corporate Deposit returned includes Deposits returned by Classic Mall developers (P) Limited ₹ 8,806,531 (P.Y. ₹ Nil).

ix. Advances given towards purchase of capital Goods to Offbeat Developers (P) Limited ₹ 227,586,883 (P.Y. ₹ Nil) and Purchase of Fixed Assets from B.R. International ₹ Nil (P.Y. ₹ 179,454,545).

x. Fixed Assets sold to Classic Mall Developers (P) Limited ₹ 1,996,037 (P.Y. ₹ Nil).

xi. Deposit given to Offbeat Developers (P) Limited ₹ 46,270,644 (P.Y. ₹ 247,549,872), Island Star Mall Developers (P) Limited ₹Nil (P.Y. ₹ 205,000,000), Classic Mall Developers (P) Limited 15,000,000 and Gangetic Hotels Private Limited ₹ 52,500,000 (P.Y. ₹ Nil).

xii. Deposit Returned by the Classic Mall Developers (P) Limited ₹ 15,000,000 (P.Y. ₹ Nil) and Offbeat Developers (P) Limited ₹ 111,027,194 (P.Y. ₹ Nil).

xiii. Investment in Shares/Application Money pending allotment includes Escort Developers (P) Limited ₹ Nil (P.Y. ₹ 1,950,000) and Savannah Phoenix (P) Limited ₹ 15,950,000 (P.Y. ₹ Nil).

xiv. Application Money Refund received includes refund received from Ramayana Merchant (P) Limited ₹ Nil (P.Y. ₹ 48,333,375), Picasso Developers (P) Limited ₹ Nil (P.Y. ₹ 16,259,600) and Phoenix Retails (P) Limited ₹ 6,000,000 (P.Y. ₹ Nil).

xv. Sale of land development rights to Offbeat Developers (P) Limited ₹ Nil (P.Y. ₹ 269,100,003).

xvi. Remuneration paid to Ashok Ruia ₹ 6,000,000 (P.Y. ₹ 6,000,000), Atul Ruia ₹ 6,000,000 (P.Y. ₹ 6,000,000), Kiran Gandhi ₹ 4,800,000 (P.Y. 4,800,000), Shishir Shrivastava ₹ 20,000,000 (P.Y. ₹ 8,939,604).

xvii. Loss from investment in Phoenix Construction partnership firm ₹ 665,783 (P.Y. ₹ 42,432).

xviii. Sundry Balance Written off includes for Galaxy Entertainment Corporation Limited ₹ Nil (P.Y. ₹ 2,688,262).

xix. Advance Received from Phoenix Retails (P) Limited ₹ Nil (P.Y. ₹ 50,000).

xx. Purchase of the shares includes Shares purchased of Savannah Phoenix (P) Limited ₹ 250,000 (P.Y. ₹ Nil) and Entertainment World Developers (P) Limied ₹ Nil (P.Y. ₹ 400,000).

xxi. Investment in Optionally Convertible Debentures includes Classic Housing Projects (P) Limited ₹ Nil (P.Y. ₹ 111,200,000).

xxii. Optionally Convertible Debentures Reedemed of Classic Housing Projects (P) Limited ₹ Nil (P.Y. ₹ 80,000,000).

xxiii. Advance given includes from Offbeat Developers (P) Limited ₹ 203,556,801 (P.Y. ₹ 1,516,952,500).

xxiv. Advance Returned includes from Offbeat Developers (P) Limited ₹ 945,000,000 (P.Y. ₹ 200,000,000).

29.

Earnings per share (EPS):	2012-13 ₹	2011-2012 ₹
Net Profit after Tax (₹)	**841,529,979**	1,056,254,367
Weighted Average No. of Equity Shares	**144,845,445**	144,845,445
Nominal Value of Equity Shares	**2**	2
Basic Earning Per Share	**5.81**	7.29

30. Contingent liabilities not provided for in respect of:-

i) Estimated amount of contracts remaining to be executed on capital account and not provided for in the accounts is ₹ 1,860,708,202 (P.Y. ₹ 2,328,173,908) net of advance paid.

ii) Disputed excise duty liability amounting ₹ 1,646,266 (P.Y. ₹ 1,646,266)

iii) Disputed entry tax liability amounting to ₹ NIL (P.Y. ₹ 10,244,297)

iv) Disputed Income Tax (Including TDS) liability amounting to ₹ 127,444,319 (P.Y. ₹ 5,785,750)

v) Outstanding guarantees given by Banks ₹ 28,983,513 (P.Y. ₹ 25,793,750).

vi) Demand notices received on account of arrears of Provident Fund dues ₹ 2,471,962 (P.Y. ₹ 2,471,962) are disputed by the Company. The Company has paid ₹ 1,000,000 and has also furnished a Bank Guarantee for ₹ 1,471,165 against P.F. demands to the P.F. authorities.

vii) Guarantees given by the company for EPCG Licence ₹ 2,125,116,558. (P.Y. ₹ 2,035,208,762)

viii) The Service Tax Department has issued a Demand Notice of ₹ 20,307,932 to the company, against which Phoenix Mills Limited has filed an appeal with the Service Tax Tribunal.

ix) Disputed Service Tax Liability for Vamona Developers Private Limited, amounting to ₹ 83,474,601/- (P. Y. ₹ NIL), as the matter is in appeal before the Commissioner of Central Excise, Service Tax (Appeals), Pune

x) Subsequent to Balance sheet date, in May 2013, the Company received a demand notice from Municipal Corporation for payment of ₹ 64,819,889/- towards the arrears of property tax for the period from April, 2010 to March, 2013, based on the property's capital value. The Company is in the process of verifying the correctness of the said Demand raised by Municipal Department, as well as ascertaining the probability of the said recovery from the licensees. Based on the outcome of the verification and legal opinion, the company may file the appeal to re-assess / recomputed the said demand.

31. The electricity charges recovered from licensees, which were earlier netted off with electricity expenses are now w.e.f. 1st April, 2012 reclassified and disclosed on gross basis as income and expenses. The corresponding figures for the previous year have also been accordingly reclassified.

32. Expenditure incurred during construction period :
The Group's various projects relating to construction of commercial, retail, hotel and entertainment complexes are in progress. The expenditure incurred during the construction period is treated as "Project Development Expenditure" pending capitalisation. The same has been included under Capital Work In Progress and will be apportioned to fixed assets on the completion of the project.

CONSOLIDATED NOTES ON FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2013 (Contd.)

The details of Project Development Expenditure as on the date of Balance sheet are as under:

Particulars	2012-13 ₹	2011-12 ₹
Opening Balance	**1,019,773,189**	1,492,881,897
Opening Balance of Subsidiaries acquired during the year.	**-**	130,105,317
Total (A)	**1,019,773,190**	1,622,987,215
Expenditure		
Salary & Allowances	**10,815,220**	81,652,657
Rent, Rates & Taxes	**3,248,007**	1,169,033
Legal, Professional & Consultancy Fees	**10,262,589**	13,483,796
Travelling Expenses	**1,062,682**	8,180,854
Miscellaneous Expenses	**32,448,681**	102,593,812
Bank Charges	**173,098**	4,816,404
Depreciation	**32,574**	4,520,990
Interest	**99,410,071**	478,180,753
Total (B)	**157,591,500**	693,948,299
Income		
Dividend income on Current Investments	**-**	75,580,145
Interest income	**66,940**	2,496,641
Other Income	**33,349,484**	6,513,446
Total (C)	**33,416,424**	84,590,232
Grand Total (A+B-C)	**1,143,948,265**	2,232,345,282
Less : Project Development Expenses Capitalised during the year	**409,911,360**	-
Less: Project Development Expenses [including depreciation ₹ 3,682,588 (P.Y. ₹ 29,83,632)] Transferred to Profit and Loss Account/Realty Work-In-Progress.	**655,367,362**	1,212,572,092
Closing Balance	**78,669,543**	1,019,773,190

33. The Subsidiary companies considered in the consolidated financial statements are:

Name of Subsidiaries	Country of Incorporation	Proportion of ownership interest 2012-13	Proportion of ownership interest 2011-12
Pallazzio Hotels and Leisure Limited	India	100%	100%
Bellona Finvest Limited	India	100%	100%
Marketcity Resources Private Limited	India	100%	100%
Pinnacle Real Estate Development Private Limited	India	100%	100%
Palladium Constructions Private Limited	India	62.98%	62.98%
Enhance Holdings Private Limited	India	100%	100%
Plutocrat Assets & Capital Management Private Limited	India	100%	100%
Big Apple Real Estate Private Limited (BAREPL)	India	77.20%	77.20%
Butala Farm Lands Private Limited	India	100%	100%
Vamona Developers Private Limited	India	58.55%	58.55%
Upal Developers Private Limited (Subsidiary of BAREPL)	India	48.25%	48.25%
Blackwood Developers Private Limited (Subsidiary of BAREPL)	India	77.20%	77.20%
Gangetic Developers Private Limited (Subsidiary of BAREPL)	India	45.25%	45.25%
Market City Management Private Limited	India	100%	100%
Phoenix Hospitality Company Private Limited	India	56.92%	56.92%
Platinum Spaces Private Limited (formerly Platinum Hospitality Private Limited) (Subsidiary of PHCPL)	India	35.84%	35.84%
Grace Works Reality and Leisure Private Limited (Subsidiary of PHCPL)	India	44.02%	44.02%
Alliance Hospitality Private Limited (Subsidiary of PHCPL)	India	31.33%	31.33%
Mugwort Land Holdings Private Limited	India	94.86%	94.86%
Sangam Infrabuild Corporation Private Limited (Subsidiary of BAREPL)	India	76.94%	76.94%
Island Star Mall Developers Private Limited (w.e.f. 28.03.2013)	India	64.72%	-

34. The associate companies considered in the consolidated financial statements are:

Name of Associate companies	Country of Incorporation	Proportion of ownership interest 2012-13	Proportion of ownership interest 2011-12
Bartraya Mall Development Co. Pvt. Ltd.	India	50.00%	50.00%
Classic Housing Projects Pvt. Limited	India	32.00%	32.00%
Classic Mall Development Company Pvt. Ltd.	India	29.18%	29.18%
Entertainment World Developers Ltd.	India	40.28%	40.28%
Escort Developers Pvt. Ltd.	India	50.00%	50.00%
Galaxy Entertainment Corporation Ltd.	India	23.56%	23.56%
Galaxy Entertainment (India) Pvt. Ltd.	India	49.02%	49.02%
Offbeat Developers Pvt. Ltd.	India	28.81%	28.81%
Picasso Developers Pvt. Ltd. (upto 04.10.2012)	India	-	33.33%
Ramayana Realtors Pvt. Ltd. (upto 04.10.2012)	India	-	33.33%
Starboard Hotels Private Limited (Formerly Classic Software Technology Park Developers Private Limited)	India	27.32%	27.32%
Mirable Entertainment Private Limited	India	33.34%	33.34%
Gangetic Hotels Private Limited	India	23.61%	23.61%
Savannah Phoenix Private Limited (from 01.11.2012)	India	50.00%	-
Island Star Mall Developers Private Limited (upto 27.03.2013)	India	-	44.62%

CONSOLIDATED NOTES ON FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH, 2013 (Contd.)

Investments in Associates include:

Name of Associates	Cost of Acquisition 2012-13 ₹	Goodwill/ (Capital Reserve) included in cost of acquisition 2012-13 ₹	Cost of Acquisition 2011-12 ₹	Goodwill/(Capital Reserve) included in cost of acquisition 2011-12
Bartraya Mall Development Co. Pvt. Ltd.	50,000	-	50,000	Nil
Classic Housing Projects Pvt. Limited	33,340	88,591	33,340	88,591
Classic Mall Development Company Pvt. Ltd.	249,966,918	29,077,445	249,966,918	29,077,445
Entertainment World Developers Ltd.	579,270,269	245,909,486	579,270,269	245,909,486
Escort Developers Pvt. Ltd.	15,950,000	2,143	15,950,000	2,143
Galaxy Entertainment Corporation Ltd.	74,309,402	47,479,617	74,309,402	47,479,617
Galaxy Entertainment (India) Pvt. Ltd.	25,000,000	(205,058)	25,000,000	(205,058)
Offbeat Developers Pvt. Ltd.	247,037,912	(409,419,370)	247,037,912	(409,419,370)
Savannah Phoenix Private Limited	250,000	Nil	Nil	Nil
Starboard Hotels Private Limited (Formerly Classic Software Technology Park Developers Private Limited)	85,465	93,642	85,465	93,642
Mirable Entertainment Private Limited	35,687	(359,399)	35,687	(359,399)
Gangetic Hotels Private Limited	59,293,564	(48,790,536)	59,293,564	(48,790,536)
Picasso Developers Pvt. Ltd.	NIL	NIL	20,000,400	2,488,156
Ramayana Realtors Pvt. Ltd.	NIL	NIL	44,186,012	7,733,852

35. Based on the valuation reports of the Government approved valuers, the Group had revalued the assets of holding company consisting of land including leasehold land and land leased in perpetuity, Buildings and Plants and Machinery as on 31st March 1985. Depreciation on revalued land, building and plant and machinery has been calculated as per the rates specified by the valuers, which includes an additional charge amounting to ₹ 981,310 (P.Y. ₹ 1,005,006) in comparison to depreciation provided under the Companies Act, 1956, and an equivalent amount has been withdrawn from Revaluation Reserve and credited to Statement of Profit and Loss.

36. i) Effective April 1, 2012, Vamona Developers Private Limited (subsidiary) has, with retrospective effect, changed its method of providing depreciation on Tangible Fixed Assets from the 'Written Down Value' method to 'Straight Line' method, at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956. The Management believes that this change results in more appropriate presentation and gives a systematic basis of depreciation charge, representative of the time pattern in which the economic benefits flow to the company, from the use of these assets.
Accordingly, the Company has written back the accumulated Depreciation of ₹ 141,831,424/- pertaining to the period upto 31st March, 2012.

Had the company continued to use the earlier method of Depreciation, the Profit after Tax for the year under report would have been lower by ₹ 230,982,138/-, excluding the impact of the Depreciation written back for the period upto 31st March, 2012.

ii) During the current year, Pallazzio Hotesl & Leisure Limited has changed its accounting policy with respect to classification of high end operating supplies acquired pre commencement of operations like crockery & cutlery etc from inventory to fixed assets.

37. Service Tax :
The matter of the levy of service tax on renting of immovable property has been subjudice. The case of Home Solution Retailers of India and others v/s. Union of India and others [Delhi], had again challenged the constitutional validity of Section 65(105) (zzzz) of the Finance

Act, 1994 as amended by the Finance Act, 2010. Citing the reason of the matter being subjudice, many licensees had not paid the service tax component billed to them and accordingly in such cases, the Company too, has not deposited the service tax with the Government. The Honorable Supreme Court in the case of the appeal filed by Retailers Association of India (RAI), has vide it's order dated 14th October, 2011, as an interim measure, directed the association members to deposit fifty percent of the service tax dues for the period upto 30th September, 2011 with the authorities and provide surety for the balance amount. The surety would be payable on the pronouncement of final verdict. Most of the licensees of the Company are members of the said association. The service tax liability has been adjusted against the relevant receivables, to the extent, the licensees have provided the Company the proof of payment of service tax and surety to government authorities. As at 31st March, 2013, the disputed service tax for the period upto 30th September, 2011 on renting of immovable property not deposited on account of non payment by licensees amounts to ₹ 4,16,24,625/-. The company does not expect the outcome of the matter to have any adverse effect on its financial position or results of operations.

38. The balances in respect of Trade Receivables & Payables and loans and advances, as appearing in the books of accounts are subject to confirmations from the respective parties and are pending reconciliations/adjustments arising therefrom, if any

39. The Company is a partner in a partnership firm M/s. Phoenix Construction Company. The accounts of the partnership firm have been finalised upto the financial year 2011-2012. The details of the Capital Accounts of the Partners as per the latest Financial Statements of the firm are as under:

			Total Capital on	
Sr.No.	**Name of the Partners**	**Profit Sharing ratio**	**31/03/2012 ₹**	**31/03/2011 ₹**
1.	The Phoenix Mills Ltd.	50%	17,154,028	17,069,811
2.	Gold Seal Holding Pvt. Ltd.	50%	13,421,826	14,087,609

The Company has accounted for its share of loss amounting to ₹ 665,783/- pertaining to the financial year 2011-2012 in the current year. The share of profit/loss for the current financial year will be accounted in the books of the Company on the finalisation of the accounts of the firm.

40. Disclosure under the Micro, Small and Medium Enterprise Development Act, 2006 is tabled below.

Particulars	**31st March, 2013 ₹**	**31st March, 2012 ₹**
Principal amount payable to micro and small enterprises at year end	**2,361,995**	-
Interest accrued and unpaid to suppliers at year end	**-**	-
Interest paid to suppliers during the year	**-**	-

41. The previous year figures have been regrouped, reworked, rearranged and reclassified, wherever necessary and are to be read in relation to the amounts and other disclosures relating to the current year.

For A.M.Ghelani & Company
Chartered Accountants
FRN : 103173W

Chintan A. Ghelani
Partner
M. No.:104391

For Chaturvedi & Shah
Chartered Accountants
FRN : 101720W

Amit Chaturvedi
Partner
M. No.:103141

For and on behalf of the Board of Directors

Ashokkumar R. Ruia
(Chairman & Managing Director)

Shishir Shrivastava
(Group CEO & Jt. Managing Director)

Atul Ruia
(Jt. Managing Director)

Pradumna Kanodia
(Director - Finance)

Sonia Gaur
(Company Secretary)

Place : Mumbai
Dated : 30th May, 2013

NOTICE

NOTICE is hereby given that the 108th ANNUAL GENERAL MEETING of the Shareholders of THE PHOENIX MILLS LIMITED will be held on Wednesday, the 21st day of August 2013 at 3.30 P.M. at Indian Merchants' Chamber, 4th Floor, Walchand Hirachand Hall, Churchgate, Mumbai - 400020 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at March 31, 2013 and Profit and Loss Account for the year ended on that date together with the Reports of the Board of Directors and Auditors thereon.
2. To declare Dividend on Equity Shares for the year ended March 31, 2013.
3. To appoint a Director in place of Mr. Amit Kumar Dabriwala, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Suhail Nathani, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint M/s A. M. Ghelani & Company, Chartered Accountants (Firm Regn. No. 103173W) and M/s Chaturvedi & Shah, Chartered Accountants (Firm Regn. No. 101720W) as the Statutory Auditors of the Company, to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to authorize the Board of Directors to fix their remuneration.

SPECIAL BUSINESS:

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

   "RESOLVED THAT Mr. Gautam Nayak who was appointed as an Additional Director of the Company on January 14, 2013 pursuant to the provisions of Section 260 of the Companies Act, 1956 read with Article 129 of the Company's Articles of Association and in respect of whom the Company has received a notice under Section 257 of the Companies Act, 1956 along with necessary deposit from a shareholder proposing his candidature, be and is hereby appointed as a Director of the Company, liable to retire by rotation.

   RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorized to do all such acts, deeds, things as are necessary to give effect to this Resolution."

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

   "RESOLVED THAT pursuant to the provisions of Section 81(1A) and other applicable provisions, if any, of the Companies Act, 1956, the provisions of Securities and Exchange Board Of India (Issue Of Capital And Disclosure Requirements) Regulations, 2009 (the "SEBI ICDR Regulations"), the provisions of the Foreign Exchange Management Act, 1999, and rules and regulations made hereunder, including the Foreign Exchange Management (Transfer or Issue of Security by a person Resident outside India) Regulations, 2000, if applicable, the provisions of Issue of Foreign Currency Convertible Bonds and Ordinary Shares (Through Depository Receipt Mechanism) Scheme, 1993 and subject to any other applicable law or laws, rules and regulations (including any amendment thereto or reenactment thereto or reenactment thereof for the time being in force) and subject to enabling provisions in the Memorandum and Articles of Association of the Company and Listing Agreements, entered into by the Company with the Stock Exchanges where the shares of the Company are listed and subject to any approval, consent, permission and/or sanction of the members of the Company by way of Special Resolution, Government of India, Reserve Bank of India, Stock Exchanges, Registrar of Companies, Securities and Exchange Board of India and/or any other competent authorities, institutions or bodies, within or outside India, and subject to such conditions and modifications as may be prescribed by any of them while granting such approvals, permissions, consents and sanctions and which may be agreed by the Board of Directors (hereinafter referred to as "Board" which term shall include any committee thereof, whether constituted or to be constituted), approval of the Company is hereby accorded to the Board to create, offer, issue and allot in one or more tranche(s), in the course of domestic and/or international offerings and/or Qualified Institutional Placements ("QIP"), with or without an over allotment/green shoe issue option, in one or more foreign markets or domestic markets, to domestic institutions, foreign institutions, non-resident Indians, Indian public, companies, corporate bodies, mutual funds, banks, insurance companies, pension funds, individuals, qualified institutional buyers or other persons or entities, whether shareholders of the Company or not, through a public issue and/or on a private placement basis and/or qualified institutional placement within the meaning of Chapter VIII of the SEBI ICDR Regulations and/or preferential issue and/or other kind of public issue and/or private placement or through a combination of the foregoing as may be permitted under applicable law from time to time, with or without an over allotment/ green shoe option, equity shares, secured or unsecured debentures, bonds or any other securities whether convertible into equity shares or not, including, but not limited to, Foreign Currency Convertible Bonds ("FCCBs"), Optionally Convertible Debentures ("OCDs"), Bonds with share warrants attached, Global Depository Receipts ("GDRs"), American Depository Receipts ("ADRs") or any other equity related instrument of the Company or a combination of the foregoing including but not limited to a combination of equity shares with bonds and/or any other securities, whether convertible into equity shares or not (hereinafter referred to as "securities") for a value of upto ₹ 1000,00,00,000/- (Rupees One Thousand Crores), whether to be listed on any stock exchange inside India or any international stock exchange outside India, through an offer document and/or prospectus and/or offer letter, and/or offering circular, and/or on public and/or private or preferential basis, whether rupee denominated in foreign currency at such time or times, at such price or prices in such manner and on such terms and conditions including security, rate of interest etc., as may be decided by and deemed appropriate by the Board as per applicable law, including the discretion to determine the categories of Investors to whom the offer, issue and allotment shall be made, considering the prevailing market conditions and other relevant factors wherever necessary in consultation with its advisors, as the Board in its absolute discretion may deem fit and appropriate.

RESOLVED FURTHER THAT in addition to all applicable Indian laws, the securities issued in pursuance of this resolution shall also be governed by all applicable laws and regulations of any jurisdiction outside India where they are listed or that may in any other manner apply to such securities or provided in the terms of their issue.

RESOLVED FURTHER THAT any securities that are not subscribed in issues mentioned above, may be disposed off by the Board in its absolute discretion in such manner, as the Board may deem fit and as permissible by law.

RESOLVED FURTHER THAT in case of a Qualified Institutional Placement pursuant to Chapter VIII of the SEBI ICDR Regulations, the allotment of specified securities shall only be to Qualified Institutional Buyers within the meaning of Chapter VIII and the relevant date for the determination of the price of the equity shares to be issued or issued pursuant to conversion, shall be the date on which the Board decides to open the issue of securities or such other time as may be allowed by SEBI ICDR Regulations from time to time and allotment of specified securities shall be completed within twelve months from the date of this resolution.

RESOLVED FURTHER THAT in case of an issuance of FCCBs/ADRs/GDRs, the relevant date for the determination of the issue price of the securities offered, shall be determined in accordance with the Issue of Foreign Currency Convertible Bonds and Ordinary shares (through Depository Receipt Mechanism) Scheme, 1993 as may be amended from time to time.

RESOLVED FURTHER THAT the issue of Securities shall be subject to the following terms and conditions:

(a) The Securities shall be subject to the provisions of Memorandum and Articles of Association of the Company and in accordance with the terms of the issue; and

(b) The number and/or price of the Securities shall be appropriately adjusted for corporate actions such as bonus issue, rights issue, stock split, merger, demerger, transfer of undertaking, sale of division or any such capital or corporate restructuring.

RESOLVED FURTHER THAT for the purpose of giving effect to the above resolutions, the Board be and is hereby authorized to do all such acts, deeds, matters and things including but not limited to determining the form and manner of the issue, including the class of investors to whom the Securities are to be issued and allotted, number of Securities to be allotted, execution of various transaction documents, creation of mortgage/ charge in accordance with Section 293(1)(a) of the Act, in respect of any Securities as may be required either on pari-passu basis or otherwise, as it may in its absolute discretion deem fit and to settle all questions, difficulties or doubts that may arise in regard to the offer, issue or allotment of Securities and utilization of the issue proceeds as it may in its absolute discretion deem fit without being required to seek any further consent or approval of the members or otherwise to the end and intent that the members shall be deemed to have given their approval thereto expressly by the authority of this resolution.

RESOLVED FURTHER THAT the Board be and is hereby authorized to finalize and approve the preliminary as well as the final offer documents, if required, for the proposed issue of the Securities and to authorize any Director or Directors of the Company or any other Officer or Officers of the Company to sign the above documents for and on behalf of the Company together with the authority to amend, vary or modify the same as such authorized persons may consider necessary, desirable or expedient and for the purpose aforesaid, to give such declarations, affidavits, certificates, consents and/or authorities as may, in the opinion of such authorized person, be required from time to time, and to arrange for the submission of the Preliminary and Final Placement Document, and any amendments and supplements thereto, with any applicable government and regulatory authorities, institutions or bodies, as may be required.

RESOLVED FURTHER THAT the Board be and is hereby authorized to do such acts, deeds and things as the Board in its absolute discretion deems necessary or desirable in connection with the issue of the Securities and to give effect to these resolutions, including, without limitation, the following:

(i) Seeking, if required, the consent of the Company's lenders, parties with whom the Company has entered into various commercial and other agreements, all concerned government and regulatory authorities in or outside India, and any other consents that may be required in connection with the issue and allotment of the Securities;

(ii) Giving or authorizing the giving of such declarations, affidavits, certificates, consents and authorities as may be required from time to time by concerned persons; and

NOTICE (Contd.)

(iii) Settling any questions, difficulties or doubts that may arise in regard to any such issue or allotment of Securities as it may in its absolute discretion deem fit.

RESOLVED FURTHER THAT the Board be and is hereby authorized to form a committee or delegate all or any of its powers to any Director(s) or Committee of Directors / Company Secretary / other persons authorized by the Board to give effect to the aforesaid resolutions.

RESOLVED FURTHER THAT subject to the applicable laws the Board and/or the Committee authorized by the Board be and is hereby authorized to do such acts, deeds and things as the Board in its absolute discretion deems necessary or desirable in connection with the issue of the securities, including, without limitation of the following:

(a) Decide the date for the opening of the issue of securities.

(b) Decide the price band for the issue.

(c) Finalize the Issue Price.

(d) Finalize the allotment of the securities on the basis of the subscriptions received.

(e) Finalize signing of and arrangement for the submission of the preliminary and final offering circulars/prospectus(es)/offer document(s), and any amendments and supplements thereto, along with supporting papers needed to be filed for seeking listing approval with any applicable government and regulatory authorities, institutions or bodies as may be required;

(f) Decide the pricing and terms of the securities, and all other related matters, including taking any action on two-way fungibility for conversion of underlying equity shares into FCCBs/ GDRs/ ADRs, as per applicable laws, regulations or guidelines;

(g) Appoint, in its absolute discretion, managers (including lead manager), investment bankers, merchant bankers, underwriters, guarantors, financial and /or legal advisors, depositories, custodians, principal paying/transfer/conversion agents, listing agents, registrars, trustees and all other agencies, whether in India or abroad, entering into or execution of all such agreements/ arrangements/ MoUs/ documents with any such agencies, in connection with the proposed offering of the securities;

(h) Approve of the Deposit Agreement(s), the Purchase/Underwriting Agreement(s), the Trust Deed(s), the Indenture(s), the Master/Global GDRs/ADRs/FCCBs/other securities, letters of allotment, listing application, engagement letter(s), memoranda of understanding and any other agreements or documents, as may be necessary in connection with the issue/offering (including amending, varying or modifying the same, as may be considered desirable or expedient), in accordance with all applicable laws, rules, regulations and guidelines;

(i) Settle all questions, difficulties or doubts that may arise in regards to the offer, issue or allotment of securities and utilization of the proceeds of the issue in such manner and to do all such acts, deeds, matters and things as it may in its absolute discretion deem fit.

RESOLVED FURTHER THAT the Board and/or the Committee authorized by the Board be and is hereby authorized to accept any modifications in the proposals as may be required by the authorities involved in such issues but subject to such conditions as the SEBI/ GoI/RBI or such other appropriate authorities may impose at the time of their approval and as agreed to by the Board;

RESOLVED FURTHER THAT without prejudice to the generality of the foregoing, issue of the securities may be done upon all or any terms or combination of terms in accordance with international practices relating to the payment of interest, additional interest, premium on redemption, prepayment or any other debt service payments and all such terms as are provided customarily in an issue of securities of this nature.

RESOLVED FURTHER THAT the Company may enter into any arrangement with any agency or body authorized by the Company for the issue of depository receipts representing the underlying equity shares issued by the Company in registered or bearer form with such features and attributes as are prevalent in international capital markets for instruments of this nature and to provide for the tradability or free transferability thereof as per international practices and regulations (including listing on one or more stock exchange(s) inside or outside India) and under the forms and practices prevalent in the international markets."

On behalf of the Board of Directors

Place: Mumbai
Date: May 30, 2013

Ashokkumar Ruia
Chairman & Managing Director

NOTES:

1. A SHAREHOLDER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND ON A POLL, TO VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.

2. Proxies, in order to be effective, must be received at the Company's Registered Office not later than 48 (forty-eight) hours before the time fixed for holding the meeting.

3. As per clause 49 of the listing agreement, information regarding appointment / re appointment of Directors (Item nos. 3, 4 & 6) is annexed hereto.

4. Members desirous of obtaining any information concerning the accounts and operations of the Company are requested to address their queries to the Registered Office of the Company at least seven days before the date of the meeting, to enable the Company to make available the required information at the meeting, to the extent possible.

5. The Register of Members and Share Transfer Books will remain closed from Wednesday, 14th August, 2013 to Wednesday, 21st August, 2013 (both days inclusive).

6. Dividend for the year ended March 31, 2013, if declared at the Annual General Meeting, shall be paid on or before August 27, 2013 to those shareholders, whose names appear:-
   a) As beneficial owners at the end of business day on Tuesday, 13th August, 2013 as per lists furnished by NSDL and CDSL in respect of shares held in electronic form.
   b) On the register of members of the Company as on Wednesday, 21st August, 2013 in respect of shares held in physical form.

7. In order to enable the Company to remit dividend through National Electronic Clearing Services (NECS), shareholders are requested to provide details of their bank accounts indicating the name of the bank, branch, account number and the nine-digit MICR code (as appearing on the cheque). It is advisable to attach a photocopy of the cheque leaf/cancelled cheque leaf. The said information should be submitted on or before Tuesday, 13th August, 2013, to the Company, if the shares are held in physical form and to the concerned Depository Participant (DP), if the same are held in electronic form. Payment through NECS shall be subject to availability of NECS Centers and timely furnishing of complete and correct information by members.

8. Shareholders are requested to:
   a) Intimate the Company of changes, if any, in their registered address at an early date for shares held in physical form. For shares held in electronic form, changes, if any may kindly be communicated to respective DPs.
   b) Quote ledger folio numbers/DP ID and Client ID numbers in all their correspondence.
   c) Approach the Company for consolidation of various ledger folios into one.
   d) Get the shares transferred in joint names, if they are held in a single name and / or appoint a nominee.
   e) Bring with them to the meeting, their copy of the Annual Report and Attendance Slip.

9. MCA's Green Initiative in Corporate Governance

   The Ministry of Corporate Affairs (MCA) has vide its Circular No. 17/2011 dated 21st April, 2011 and Circular No. 18/2011 dated 29th April, 2011 undertaken the Green Initiative in Corporate Governance and has permitted the delivery of documents viz., notices of meetings, annual reports etc., to the Shareholders through electronic mode.

   It is proposed that documents like Notices of Meetings/Postal Ballot, Annual Reports, Directors Report and Auditors' Report and other shareholder communications will be sent electronically to the email address provided by the shareholders and/or made available to the Company by the Depositories viz., NSDL / CDSL. Shareholders holding the shares in dematerialized form are requested to keep their Depository Participant (DP) informed and updated of any change in their email address.

   For Shares held in physical form, shareholders can register their email address by sending a duly signed letter mentioning their name(s), folio no.(s) and email address to the Company's Registrar & Transfer Agent, M/s Link Intime India Private Limited, C-13, Kantilal Maganlal Estate, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (W), Mumbai -400078 or by sending an email to phoenixmillsgogreen@

NOTICE (Contd.)

linkintime.co.in or alternatively can register their email address on the website of the Company at http://www.thephoenixmills.com/green/greenadd.asp

10. Pursuant to Section 205A and 205C of the Companies Act, 1956, any money transferred to the unpaid dividend account which remains unpaid or unclaimed for a period of 7 years from the date of such transfer, is required to be transferred to the Investor Education and Protection Fund set up by the Central Government. Accordingly, the unpaid/unclaimed dividend for the years 2005-2006 onwards will become transferrable at the end of respective seven years to the said Fund. Once the amount is so transferred, no claim shall lie against the Fund or the Company in respect of dividend amount thereafter. Shareholders are requested to send their claims, if any, for the financial year 2005-2006 onwards before the amount becomes due for transfer to the above Fund. Shareholders are requested to encash the dividend warrants immediately on their receipt by them.

11. Please note that in terms of SEBI Circulars No.MRD/DoP/Cir-05/2009 dated 20th May, 2009 and No. SEBI/MRD/DoP/SE/RTA/Cir-03/2010 dated 7th January, 2010, it is mandatory for the shareholders holding shares in physical form to submit self-attested copy of PAN card in the following cases:

    a) Transferees' PAN Cards for transfer of shares,
    b) Surviving joint holders' PAN Cards for deletion of name of deceased shareholder,
    c) Legal heirs' PAN Cards for transmission of shares,
    d) Joint holders' PAN Cards for transposition of shares.

    In compliance with the aforesaid circulars, requests without attaching copies of PAN card, for transfer/deletion/transmission and transposition of shares of the Company in physical form will be returned under objection.

On behalf of the Board of Directors

Place: Mumbai
Date: May 30, 2013

Ashokkumar Ruia
Chairman & Managing Director

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

ITEM NO. 6

Mr. Gautam Nayak was appointed as an Additional Director of the Company on January 14, 2013 pursuant to the provisions of Section 260 of the Companies Act, 1956 and Article 129 of the Articles of Association of the Company. Pursuant to the provisions of Section 260 of the Companies Act, 1956, the term of office of Additional Director expires at the ensuing Annual General Meeting. A notice along with requisite deposit as required by Section 257 of the Companies Act, 1956 has been received from a member proposing the appointment of Mr. Gautam Nayak as a Director.

Considering his experience and expertise in the industry, it will be in the best interest of the Company to appoint him as a Director, liable to retire by rotation. The appointment of Mr. Gautam Nayak as a Director of the Company requires the consent of the shareholders of the Company. A brief profile of Mr. Gautam Nayak is given in the Annexure to the Notice of the Annual General Meeting.

Mr. Gautam Nayak is concerned or interested in the Resolution at Item No. 6 for his appointment as Director. None of the other directors of the Company is interested in the said Resolution.

The Board of Directors recommends the resolution for your approval.

ITEM NO. 7

The Members of the Company, at their Extra Ordinary General Meeting held on June 8, 2012 approved raising of funds to the tune of **₹ 1000 Crores** (Rupees One Thousand Crores) in one or more tranches through a public issue and/or on a private placement basis and/or QIP within the meaning of Chapter VIII of the SEBI ICDR Regulations and/or preferential issue and/or any other kind of public issue and/or private placement as may be permitted under applicable law from time to time. According to Chapter VIII of SEBI ICDR Regulations, allotment pursuant to the special resolution shall be completed within a period of twelve months from the date of passing of the resolution. Therefore, in order to raise funds as aforesaid, it is required to pass the Resolution afresh since the validity period of twelve months for the resolution passed at the Extra Ordinary General Meeting held on June 8, 2012 has elapsed.

The resolution contained in the business of the Notice is regarding proposal to create, offer, issue and allot equity shares and/or such other Securities as stated in the Special Resolution (the "Securities") which seeks to empower the Board of Directors (hereinafter referred to as "Board" which include any Committee thereof, whether constituted or to be constituted) to undertake such issue or offer of securities.

1. **Object of the issue**

   It is contemplated that the proceeds of the proposed issue would be used among others, to augment working capital requirements, fast track completion of the balance phases under development of existing projects, finance acquisitions for new projects, augment funding requirements for investments in subsidiaries/ consolidation of holdings in project special purpose vehicles and for other corporate purposes.

2. **Pricing**

   In case of an **issue of the Securities to Qualified Institutional Buyers pursuant to Chapter VIII of the SEBI ICDR Regulations**, the issue price of Securities shall be at a price, being not less than the price calculated in accordance with Chapter VIII of SEBI ICDR Regulations as may be amended from time to time and the Relevant Date in this regard shall be the date on which the Board decides to open the issue of securities or such other time as may be allowed by SEBI ICDR Regulations from time to time.

   In case of a Qualified Institutional Placement pursuant to Chapter VIII of the SEBI ICDR Regulations, the allotment of securities shall be completed within twelve months from the date of passing of this resolution.

   In case of **issue of ADRs/GDRs** the issue price shall be at a price, being not less than the price calculated in accordance with applicable law including the Issue of Foreign Currency Convertible Bonds and Ordinary Shares (Through Depository Receipts Mechanism) Scheme, 1993, as may be amended from time to time.

3. **Terms and Conditions**

   The detailed terms and conditions for the offer will be determined by the Board in consultation with Advisors, Lead Manager/Book Runners, Underwriters and such other authority or authorities as may be required to be consulted by the Company considering the prevailing market conditions and other relevant factors.

NOTICE (Contd.)

The issue/ allotment/ conversion would be subject to the availability of regulatory approvals, if any. **The conversion of securities, held by foreign investors, into shares would be subject to the applicable foreign investment limits.**

The Special Resolution seeks to empower the Board and/or Committee authorized by the Board, to issue Securities in one or more tranche or tranches, at such time / times, and to such person(s) as the Board may in its absolute discretion deem fit.

Section 81(1A) of the Companies Act, 1956 and the relevant clause of the Listing Agreement with the Stock Exchanges where the Equity Shares of the Company are listed provides, inter alia, that when it is proposed to increase the issued capital of a company by allotment of further shares, such further shares shall be offered to the existing shareholders of such company in the manner laid down in Section 81 unless the shareholders in a General meeting decide otherwise. Since the Special Resolution proposed in the business of the Notice results in the issue of shares of the Company otherwise than to the members of the Company, consent of the shareholders is being sought pursuant to the provisions of Section 81(1A) and other applicable provisions of the Companies Act, 1956 and the Listing Agreement.

The Special Resolution, if passed, will have the effect of allowing the Board and/or the Committee authorized by the Board to issue and allot Securities to the investors who may or may not be the existing shareholders of the Company and the Board and/or the Committee authorized by the Board will have the power to decide the date of opening of the Issue.

The Directors of the Company may be deemed to be concerned or interested in the above resolution only to the extent of shares held by them in the Company.

The Board of Directors recommends the special resolution for your approval.

Name	**Amit Kumar Dabriwala**	**Suhail Nathani**	**Gautam Nayak**
Age	40 years	48 years	54 years
Qualification	B.Com	M.A. in law from Cambridge University, England & LLM. from Duke University, USA	Chartered Accountant
Profile and Experience	Mr. Amit Kumar Dabriwala has graduated from the Calcutta University. As a Promoter Director of United Credit Securities Limited (UCSL), a member of the National Stock Exchange, Mr. Dabriwala has been associated with the capital markets since 1996. He was also responsible for setting up the Mumbai branch of United Credit Securities Limited. In 2004, he promoted JNR Securities Broking Private Limited which is a member of the Bombay Stock Exchange. Through United Credit group companies he is also involved in real estate development, leasing and hire purchase.	Mr. Nathani is a graduate from Mumbai University with a degree in Commerce and holds a masters degree in law from Cambridge University and an LLM from Duke University in the United States. Mr. Nathani is admitted to practice in India and New York. He is member of the New York State Bar and the U.S. Court of International Trade. He is a founding partner of Economic Laws Practice, a law firm in Mumbai. He practices in the areas of Private Equity, Competition, International Trade and general corporate matters.	Mr. Gautam Nayak is a Chartered Accountant and is in practice as a Chartered Accountant since 1986. He had been the Editor and Joint Editor of the monthly BCA Journal, from 2005 to 2010. He is currently the Chairman of the Taxation Committee of the Bombay Chartered Accountants Society, and a member of the Direct Taxation Committee of the Indian Merchants' Chamber. He has delivered speeches and presented papers at seminars and conferences organised by various professional bodies all over India, including ICAI, ICSI, the Bombay Chartered Accountants' Society etc. on subjects of taxation and audit. He has appeared on CNBC as a panelist on various panel discussions on taxation and audit.
Details of Directorships held in other companies*	1. United Credit Securities Limited	1. Development Credit Bank Limited 2. Piramal Glass Limited	NIL
Details of Chairmanship/ Membership held in Committees of other companies.	NIL	1. Development Credit Bank Limited– Member -Audit Committee & Shareholders Grievance Committee.	NIL
Shareholding in the Company as on the date of Notice	NIL	NIL	NIL

*The List of Companies in which the Directors hold other directorships excludes private limited companies and section 25 Companies.

THE PHOENIX MILLS LIMITED

Registered Office:

462, Senapati Bapat Marg, Lower Parel, Mumbai - 400 013.

PROXY FORM

I / We ____

of____

being a Shareholder/Shareholders of THE PHOENIX MILLS LIMITED hereby appoint ______________________

______________________ of ______________________ or failing him/her

______________________ of ______________________ as my/our Proxy to attend and

vote for me/us and on my/our behalf at the 108th Annual General Meeting of the Company to be held on Wednesday, the 21st day of August, 2013 at 3.30 P.M. at Indian Merchants' Chamber, 4th Floor, Walchand Hirachand Hall, Churchgate, Mumbai - 400 020 and at any adjournment thereof.

Regd. Folio. No. __________________ No. of Shares held ______________________

Client ID No. ____________________ DP ID No. ______________________________

Signed this____________________day of__________________2013.

Affix
Re. 1
Revenue
Stamp

(Signature)

Note:

1. The Proxy Form should be signed across the stamp as per specimen signature recorded with the Company.
2. The Proxy form duly completed and signed must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the Meeting.

THE PHOENIX MILLS LIMITED

Registered Office:

462, Senapati Bapat Marg, Lower Parel, Mumbai - 400 013.

ATTENDANCE SLIP

I/We hereby record my/our presence at the 108th Annual General Meeting of the Company held on Wednesday, the 21st day of August, 2013 at 3.30 P.M. at Indian Merchants' Chamber, 4th Floor, Walchand Hirachand Hall, Churchgate, Mumbai - 400020.

Name ____

Regd. Folio. No. ______________________ No. of Shares held ______________________

Client ID No. ______________________ DP ID No. ______________________

Name of Proxy/Representative, if any ____

Signature of the Shareholder(s)/Proxy/Representative ______________________________

Note: Member/ Proxy attending the Meeting must fill in this Attendance Slip and hand it over at the entrance of the venue of this Meeting.

NOTES

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ANNUAL REPORT 2012-13

THE PHOENIX MILLS LIMITED

Shree Laxmi Woollen Mills Estate,
2nd Floor, R.R Hosiery Bldg.,
Off Dr. E. Moses Road,
Mahalaxmi, Mumbai - 400 011

www.thephoenixmills.com

dickenson www.dickensonworld.com


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THE PHOENIX MILLS LIMITED

Corp. Office : Shree Laxmi Woolen Mills Estate, 2nd Flr.,
R.R Hosiery, Off. Dr. E. Moses Rd. Mahalaxmi, Mumbai - 400 011
Tel: (022) 3001 6600 Fax : (022) 3001 6601 www.thephoenixmills.com

FORM A

1.	Name of the Company	The Phoenix Mills Limited Regd. Off.: 462, Senapati Bapat, Marg, Lower Parel, Mumbai -400013
2.	Annual financial statements for the year ended	March 31, 2013
3.	Type of Audit observation	Un-qualified ~~/ Matter of Emphasis~~
4.	Frequency of observation	N.A
5.	Signed by- **Chairman & Managing Director**	**Mr. Ashokkumar Ruia**
	CFO	**Mr. Pradumna Kanodia**
	Statutory Auditor of the Company	For A.M.Ghelani & Co., Chartered Accountants Firm Registration No. 103173W **Mr. Chintan A Ghelani** Partner Membership No. 104391 A. M. GHELANI & COMPANY * MUMBAI *
	Statutory Auditor of the Company	For Chaturvedi & Shah, Chartered Accountants Firm Registration No. 101720W CHATURVEDI & SHAH * MUMBAI * CHARTERED ACCOUNTANTS **Mr. Amit Chaturvedi** Partner Membership No. 103141
	Audit Committee Chairman	