

PROZONE CSC

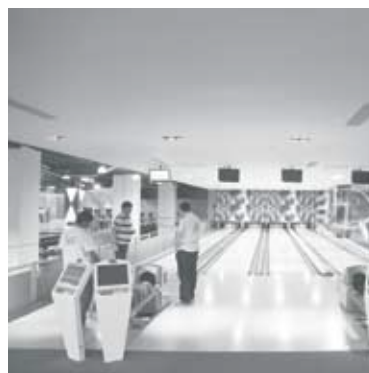
ANNUAL REPORT 2012







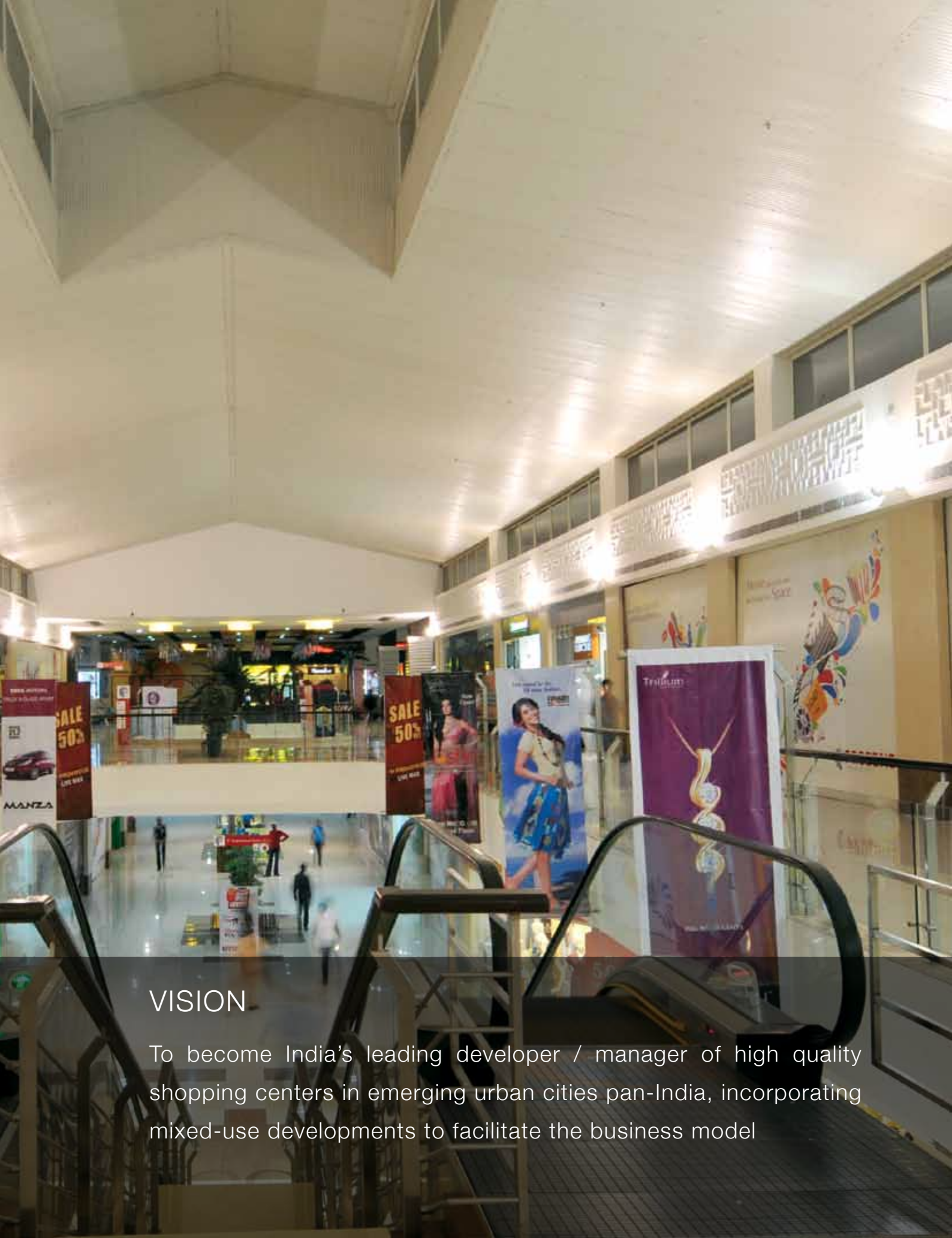
“World class developments,
delivered on time



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VISION

To become India's leading developer / manager of high quality shopping centers in emerging urban cities pan-India, incorporating mixed-use developments to facilitate the business model

INTRODUCING PROZONE CSC LIMITED

Prozone CSC is a specialist real estate developer harnessing Capital Shopping Centres Group Plc's (CSC) experience as UK's largest retail real estate developer combined with Provogue (India) Limited's in-depth knowledge of the Indian retail marketplace. The company has a strong balance sheet, a large land bank fully paid, a planned pipeline of projects and a strong domestic execution team.

Prozone CSC is a 'Retail Led Mixed Use Property Development Business'. The business model is to acquire large land parcels at sensible entry values at selected locations in high growth corridors within city limits. To design, develop, execute and manage high quality Regional Shopping and Entertainment Centres at the right price and the right time. On the conjugant land bank to develop and sell mixed-use Residential Townships and Commercial Office Blocks to create new "City Centres".

The net result is to build properties with high scarcity value, optimize the intrinsic value of the land, and monetize the land banks to facilitate creation of debt-free retail assets generating annuity income over the long term. As India's retail market matures, quality retail real estate assets are expected to develop high yield compression ratios.

Prozone CSC has attracted investments from major institutional investors, notably the Triangle Fund (anchored by Old Mutual Group, South Africa) and the Lewis Trust Group, UK into step-down subsidiaries for three projects in Aurangabad, Coimbatore and Nagpur.

The first mall in Aurangabad is trading well and is widely acclaimed by retailers and the shopping public as a true Regional destination. Its comprehensive mix of retail and entertainment offers, its forward-looking design and high quality facilities has proven the concept. Following a thorough incubation period, the Company is poised for growth and is ready to launch the next batch of Schemes, which is anticipated to unlock significant value to shareholders.

The Company already owns six land banks in strategic city locations across the country. By 2017, Prozone CSC is forecasting to have developed 2.2 million square feet of retail assets, plus 9.7 million square feet of mixed-use assets, with a balance of 6 million square feet of FSI on its existing land banks, available for further development. The company has already achieved financial closure on construction finance required for projects in the pipeline to be implemented 2012 onwards.





On 10th February 2012 the Bombay High Court approved the demerger of 'Retail Centric Real Estate Development Business' (RCREDB) from Provogue (India) Limited into Prozone Capital Shopping Centres Limited. The 'Retail Centric Real Estate Development Business' of Provogue (India) Limited consisted inter-alia the investment of Provogue (India) Limited in erstwhile Prozone Enterprises Private Limited. Consequently, shares of the Company were issued to the shareholders of Provogue (India) Limited in a ratio of 1:1. Subsequently by virtue of the said order of Bombay High Court, Prozone Enterprises Private Limited was amalgamated with the Company and accordingly Nailsfield Limited, subsidiary of Capital Shopping Centres Group Plc was allotted shares of the Company in an exchange ratio of 313:75.

LETTER TO SHAREHOLDERS

Dear Fellow Shareholders

It gives me great pleasure to address you as shareholders of Prozone Capital Shopping Centres Limited for the first time as an independent Company. Prozone CSC brings together the shareholders Provogue (India) Ltd and the Capital Shopping Centres Group Plc (CSC), a FTSE-100 company and the largest specialty real estate group in the UK.

The new Company harnesses the experience of Provogue's 15 years in India's contemporary retail industry, which operates in approximately 80 markets across the country, and CSC's 35 years of international mixed-use real estate development expertise. CSC currently own 14 of UK's top 25 retail centres with a portfolio value of over GBP 7 billion. This combination brings to India a unique new business team positioned to become one of the country's leading specialist real estate developers focused around India's new consumption driven economy.

The Company has a pipeline of mixed-use developments in advanced stages of execution including Shopping and Entertainment Centres, Residential Colonies and Commercial Offices to create regional destinations as the hubs of new India. At present we have six projects under various stages of development in Aurangabad, Coimbatore, Nagpur, Indore, Jaipur and Mysore, with a combined land bank development potential of 17.9 million square feet.

Our first Regional Shopping Center is already operational in Aurangabad, and we have begun construction of a Shopping Centre in Coimbatore and will start in Nagpur next year. The first three residential projects in Indore, Coimbatore and Nagpur are underway this year while our first Commercial Office Tower, which was presold, is under construction in Aurangabad.

The company has a sound, almost debt free balance sheet and has achieved financial closure on the construction finance required for projects in the pipeline to be implemented from 2012 onwards.

Business Strategy

Our overarching vision is to develop new urban hubs, consisting of shopping malls, residential colonies and modern office blocks that evolve as India's new city centres.

Our core business is regional shopping and entertainment centres, built on a horizontal design supported by ample parking on large tracts of land

such that residential and offices are at least 75% of the portfolio. As real estate asset classes have different cycles, our model provides a stable mix of long term annuity revenues and short term cash flows to optimize our balance sheet.

Typically, our land parcels are in excess of 30 acres in high growth corridors within city limits as many of our potential shoppers still travel by 2 or 3-wheeler vehicles or public transport and location convenience is the key to the retail's success.

Internationally, whilst regional shopping centres contribute about 16% of retail footprint, they represent over 40% of non-food retail. This type of mixed-use development model has proved to be highly stable and resilient and an excellent way of locking into the real growth of the economy.

Development Philosophy

India is a unique opportunity having 17% of the world's population, 25% of the world's youth under 25 but only 3% of the world's landmass. The consuming middle class is expected to grow from 300 to 500 million in the next 5 years, representing the fastest urbanization in history, but most of the large metro cities are choked so the next phase of higher development is happening in Tier II & III cities. Today approximately 250 million of India's middle class live outside the top 6 metros and this is likely to trend upwards as urbanization progresses. We are also a savings driven economy, with no real social security system, hence the propensity to buy homes as protection for the future.

Features of the Indian environment sometimes require differing approaches to traditional norms. We take a long term view of value addition that overrides short term economic or competition cycles in the markets we've entered. For example in the Indore and Jaipur markets, we've chosen to cancel the Shopping Centres and launch Residential Colonies as the retail market became cluttered with oversupply. In the Nagpur and Coimbatore markets the retail and residential developments are being launched simultaneously.

Always our primary concern is to protect the investment portfolio through prudent analysis of markets and careful deployment of finances. Fundamentally we are in the business of value addition and so we engage best in class consultants, contractors and designers to deliver optimum value to our customers. Although our residential developments will release large amounts of cash



Prozone CSC's vision is to become India's leading developer/manager of high quality regional shopping centers in emerging urban cities, incorporating mixed-use developments to facilitate the business model

into our balance sheet, our clear strategy is to focus on becoming India's leading retail real estate business with a view to maximizing long term yields to our shareholders. Even with economic indicators marked down to 5.0 to 5.5% GDP growth in the coming year, India remains one of the world's most robust economies, fuelling demand in the retail sector. However, over the next 5 years we expect there to be a shortage of quality supply of shopping malls, as increasing interest rates and uncompetitive land prices have forced cancellations of many retail developments. Furthermore, some existing shopping malls are struggling due to high debt burdens providing companies with strong balance sheets opportunities for consolidation.

Financial Performance

The Company achieved an operational income of ₹50.31 crores, other income of ₹8.41 crores and an EBITDA of ₹22.12 crores. The major portion of these revenues came from the Aurangabad project. Going forward, the next phase of projects to be launched this year will include the first Residential and Commercial Office elements, which will increase revenues for FY13.

In Appreciation

We benefit enormously from the knowledge and experience of our Board and our strategic investors, the Triangle Fund and the Lewis Trust Group, whose support has been without parallel. And we're grateful for the exceptional commitment to excellence from all our employees throughout the Company.

Retail infrastructure, if patiently and carefully executed, can become one of the most valuable, 'sticky' assets in a real estate portfolio over the long term. I'm confident that our model will optimize value for our stakeholders.

My sincere thanks go out to you all for your loyalty and confidence. We promise to make the most of the opportunity for Prozone CSC and I'm sure you'll be delighted with the Company's performance going forward.

With best wishes,

Nikhil Chaturvedi
Managing Director



LETTER TO SHAREHOLDERS

Dear Fellow Shareholders

It's my sincere pleasure to address you on this landmark occasion following the demerger of Prozone CSC. With a land bank of 17.9 million square feet of constructible area fully paid, we launch our Company on a sound platform. After our existing planned project portfolio is complete, we will still have a residual balance FSI of 6 million square feet primed for further development.

The overarching focus of Prozone CSC is to bring quality construction to emerging cities in India. Our current project portfolio is widely spread across cities such as Aurangabad, Coimbatore, Nagpur, Indore, Jaipur and Mysore, and targets diverse categories of real estate development – retail, residential and offices. The year marks the launch of residential projects Indore & Nagpur, and next year we will start at Coimbatore. These development phases will lead to a crescendo of value addition and a new peak in 2015. We believe that our mixed-use strategy and the range of locations and product offers that comprise our portfolio will help provide stable cash flows in the short to medium term.

Together with Capital Shopping Centres Group Plc, Triangle Real Estate India Fund and LTG International we have strong operational and financial expertise to conduct our business. Triangle Real Estate India Fund, co-promoted by ICS Realty Group and Old Mutual Investment Group Property Investments, is an investor in our project-specific SPVs for the Aurangabad, Coimbatore and Nagpur locations. Similarly, LTG International, promoted by Lewis Trust Group, an investment company that operates retail stores, real estate, wealth management business and

hotels globally, is also an investor in the same portfolio.

Residential and Commercial Philosophy

We are committed to delivery of our Residential Colonies and Commercial Offices perfectly on time and to exceed our customers expectations on the quality of finishings, services and amenities. To ensure we keep this promise, we only launch our projects after all permissions and finances are in place. In line with our credo, 'Commitments Delivered', we have engaged only best-in-class contractors and consultants and incorporate international best practice in design and use of materials. This philosophy to deliver the very best is supported by a strong campaign to attract the cream of the local society to our schemes.

Aspirational Developments

We look to create aspirational developments in the Residential and Office sectors that we believe have distinctive designs and functionalities with quality construction and finishings that will enhance our brand and reputation, and will enable us to sell our units quickly and at a premium to other competing developments.

Despite average excess inventory in the Office sector, there exist pockets of supply demand imbalance, which is where a specialist player such as Prozone CSC can benefit. For example talent pools for many industries prefer to work within mixed-use developments and many Corporates prefer such spaces as it attracts and retains the best staff. In launching the first phase - 190,000 square feet - of our Office Centre in Aurangabad this year, the entire inventory was sold in the first week.

“Driven by a focus on execution and led by great teams, our residential and office platforms will unleash cash flows and unlock value to deliver sustained long term growth

In Conclusion

We have a dynamic hands-on management team led by a group of experienced and well-qualified professionals spanning disciplines such as architecture, engineering, construction, project supervision, finance and accounting, marketing and sales. And we have the experience in-house to manage the quality, scheduling and cost of materials in our projects. We believe that the strength of our management team and their understanding of real estate sectors will enable us to continue to take advantage of current and future market opportunities.

We are poised to reap significant gains as India's real estate market evolves. We have invested heavily in research and we are well financed with a strong balance sheet. All this rolls-up into a highly promising future and I look forward to building with you a Company that we can look back on as our life's work.

Sincerely,

Salil Chaturvedi
Deputy Managing Director



CORPORATE INFORMATION

Board of Directors

Mr Punit Goenka	Independent Director & Chairman
Mr Rajiv Singh	Independent Director
Mr Nikhil Chaturvedi	Managing Director
Mr Salil Chaturvedi	Deputy Managing Director
Mr David Fischel	Non Executive Director
Mr John Abel	Non Executive Director

Company Secretary

Ms Snehal Bansode

Statutory Auditors

Singrodia Goyal & Co.
Chartered Accountants
4A, Kaledonia-HDIL, 2nd Floor,
Sahar Road, Near Andheri Station,
Andheri (East), Mumbai, 400069, India

Bankers

Corporation Bank
HDFC Bank Limited

Registered Office and Corporate Office

Prozone Capital Shopping Centres Limited
105/106, Provogue House
Off New Link Road, Andheri (W)
Mumbai 400 053, India
Website: www.prozonecsc.com

Registrar & Transfer Agent

Link Intime India Pvt. Ltd.
C/13, Pannalal Silk Mills Compound
L.B.S. Road, Bhandup (W)
Mumbai 400 078, India

E-mail ID for Investors' Grievance

investorservice@preozonecsc.com



BOARD OF DIRECTORS

Nikhil Chaturvedi

Managing Director, Nikhil is a visionary and hands-on leader, who inspires the organisation with a passion for excellence and single-mindedness to build shareholder value, which is his driving force

Salil Chaturvedi

Deputy Managing Director, Salil's vision has charted the strategic direction of the Company. He leads all business development, land acquisition and new asset class initiatives in the residential and commercial sectors

David Fischel (Non Executive Director)

David Fischel is the Chief Executive of CSC Plc. He has led the development of the Company for over 20 years, including conversion to a REIT, and is today one of the most respected retail property professionals of his generation

John Abel (Non Executive Director)

John Abel joined the Liberty International Group in 1972 and was appointed an Executive Director in 2000. He was appointed a Director of CSC in 1994 and Managing Director in 2005 and he continues as non-executive Director of CSC with special focus on India

Punit Goenka (Independent Director & Chairman)

Mr. Goenka, Director of Essel Group, CEO of Zee Entertainment Limited, leads one of India's most successful TV and Media businesses. He has an extensive, diversified background in the areas of media, entertainment, and telecommunications in global markets

Rajiv Singh (Independent Director)

Mr Rajiv Singh is Director Finance of the Karamtara Group of companies. Rajiv holds a Bachelor of Commerce degree from Mithibai College, Mumbai and a MBA Finance degree from the European University in Switzerland

CONSUMPTION-LED REAL ESTATE

India has one of the highest growth retail sectors in the world. Powered by a robust and booming consumption story, retail is a prime driver of the new Indian economy and represents approximately two-thirds of overall consumption. Organised retail is currently 5% of total at US\$ 26 bn, but is growing at over 25% per annum. With FDI for multi-brand retail slated to be passed into law, anticipated growth in organised retail is leading to strong demand for quality trading infrastructure.

India is home to 17% of the world's population but has only 3% of the world's land mass. The consumption story is fuelling a massive urbanisation that is anticipated to result in over 50% of India's population being urbanized by 2020. This puts pressure on the already burgeoning real estate prices in major Metro's such as Mumbai and Delhi and is expected to give rise to the emergence of new urban centres in Tier II cities with strong economic growth drivers and infrastructure leading to demand for quality housing.

BUSINESS PHILOSOPHY

Understanding your customers and delivering what they need, at the right place, at the right price at the right time is the core philosophy behind Prozone CSC. Design, quality, execution and management are centred around the rapidly evolving needs and aspirations of Indian families. In our Shopping Centres we design spaces that are convenience, comfortable and offer real value for money to provide shoppers with all their needs, in one place for the whole family. We design family residences in large open-space private colonies to the highest quality standards, with world-class features, delivered on time to create 'the best homes in India.'

BUSINESS MODEL

Land banks

To acquire large land parcels at sensible entry values at select locations in high growth corridors within city limits.

Shopping Centres

Passionate about providing people with the perfect shopping experience, we help retailers flourish. And it's this that powers our business, driving our long-term success. CSC's experience of over 30 years in this sector ensures design, quality, management and safety measures to the highest international standards.

Residential Colonies and Commercial Offices

On the conjugant land bank to the shopping malls, to develop and sell Residential Colonies and Commercial Office Blocks to create new "City Centres" that become the hub of India's evolving lifestyles.







BUSINESS UPDATE 2012

Our overarching vision is to develop new urban hubs, consisting of shopping malls, residential colonies and modern office blocks that evolve as India's new city centres. Driven by a focus on execution and led by great teams, our mixed use model is geared to unleash cash flows and unlock value to deliver sustained long term growth.

Our first Regional Shopping Center is already operational in Aurangabad, and we have begun construction of a Shopping Centre in Coimbatore and will start in Nagpur next year. The first three residential projects in Indore, Coimbatore and Nagpur are underway this year while our first Commercial Office Complex is under construction in Aurangabad.

Retail is at the centre of our business model. Overall we aim to provide people with the perfect shopping experience allowing us to develop enduring relationships with retailers, which delivers long-term growth for Prozone CSC's retail platform.

By developing and actively managing our centres to provide the right mix of retail, leisure and catering we deliver compelling destinations for shoppers and become the landlord that retailers want to do business with. Our mall management philosophy is to develop a powerful footfall, and to ensure our centres provide the right trading environment. This demonstrates operating excellence and results in attracting a broad cross section of retailers in order to create long-term and sustainable growth in net rental income.



REGIONAL SHOPPING CENTRES

Prozone CSC's long term strategy is to build a portfolio of retail-centric property assets in prime urban locations pan India to create a leading position as an owner, manager and developer of prime Indian shopping malls through a mix of retail, catering and leisure facilities.

The Prozone Aurangabad mall was successfully launched in October 2010. Anchored by India's leading retailers, the mall has operating with of 79% of its retails spaces filled. In a city of 1 million people, the mall is averaging 800,000 customer visits per month and is acclaimed as the major shopping and entertainment hub for the Marathwada region of Maharashtra.

With an experienced mall management team in place, supported by the knowledge and experience of our joint venture partner, Capital Shopping Centres Group Plc, from the UK, we are ensuring an enriching, valued and safe environment for our shoppers.

The Aurangabad mall is frequented by crowds of families, youngsters and visitors from wide parts of the region. Adding fuel to the attraction, the mall has also become popular for its frequent special events, which have caught the imagination and have become part the local recreation calendar.

Four commercial office towers above the mall totaling 774,000 square feet have been designed and necessary approvals obtained. The first phase of 190,000 square feet was sold within its first week of launch.

The Aurangabad development has proven the business concept and learnings will enhance further the efficacy of the next phase of developments. Two further Shopping mall developments in Nagpur and Coimbatore are well advanced in terms of design and architecture and will go into development in FY13.







RESIDENTIAL COLONIES

India is home to 17% of the world's population but has only 3% of the world's land mass. India's consumption story is fuelling a massive urbanization that is anticipated to result in over 50% of India's population being urbanized by 2020. This puts pressure on the already burgeoning real estate prices in major Metro's such as Mumbai and Delhi and is expected to give rise to the emergence of new urban centres in Tier II cities with strong economic growth drivers and infrastructure. Demand for housing in these cities is relentless and Prozone CSC intends to serve this demand by developing Residential Colonies to high international standards.

Omni Infrastructure Private Limited, an SPV of Prozone CSC, is launching a residential township in Indore on approximately 40 acres in 2012. The vision is to create homes with all modern amenities on the lines of successful international residential developments consistent with the image of the Prozone CSC brand.

Prozone Sojatia Palms is a majestic residential space providing true style of International living, comprising of 896 high-rise apartments in the first phase of the project. The aim is to create a modern residential township never seen in Indore before; Prozone is not just a way of living, it is a lifestyle.

A team of leading architects and consultants has designed Prozone Sojatia Palms in every minute detail to ensure optimum value, convenience and on-time delivery to their customers. The township is unique in design matching premium

residential standards in ambience, which redefines luxury and aspirational living.

A grandiose entrance encompassing high levels of security welcomes a stylish avenue road lined with majestic palm trees that sets in a feeling of satisfaction and a realm of tranquility. The scenic splendor of the beautiful landscape has been designed by Site Concepts International, our Singapore based Landscape Architectural consultants.

All of the landscape areas are interconnected with a lengthy and wide walking/jogging path around the perimeter of the space and separate play areas for kids, free from vehicular movement, ensures safety for the children.

A members-only residential club of around 10,000 square feet, with banqueting, swimming pool, Jacuzzi, spa/sauna, outdoor games like lawn tennis, cricket practice net, basketball and indoor games like squash and badminton will make this an ideal family centric community.

COMMERCIAL OFFICES

Experience from other markets, reinforced by own experience in the first development in Aurangabad has proven that people want to work nearby great retail and entertainment destinations. Companies are also keen to move their Offices into these locations as it attracts and retains the best workforce. Commercial developments therefore form the third tier of Prozone CSC's development model – designed to create India's City Centres of the future.





CAPITAL SHOPPING CENTRES GROUP PLC

Capital Shopping Centres Group PLC (CSC) is the leading specialist developer, owner and manager of pre-eminent regional shopping centres including 10 of the top 25 centres in the UK. At 31 December 2011 CSC owned 14 regional shopping centres spanning over 16 million square feet, attracting over 320 million shopper visits per annum, valued at over £6.9 billion.

CSC's assets now comprise five major out-of-town centres including four of the UK's top six – The Trafford Centre, Manchester; Lakeside, Thurrock; Metrocentre, Gateshead; Braehead, Glasgow and The Mall at Cribbs Causeway, Bristol – and nine in-town centres including centres in prime destinations such as Cardiff, Manchester, Newcastle, Norwich and Nottingham.

CSC Plc have appointed two of their most senior Directors to the Board of Prozone CSC Ltd, namely Mr David Fischel, Chief Executive and Mr John Abel, Director.



[David Fischel, Chief Executive, Capital Shopping Centres Group Plc](#)

David Fischel is the Chief Executive of Liberty International Plc. He has been at the helm of Liberty International through its major growth phase and he is today one of the most respected retail property professionals of his generation. He has recently converted the business into a Real Estate Investment Trust (REIT) to make Liberty one of the top 20 REITs in the world operating business on three continents. David has also pioneered Liberty's position on corporate social responsibility in providing environments that can uplift local economies in general and provide a better lifestyle for an entire community.



[John Abel, Director, Capital Shopping Centres Group Plc](#)

John Abel joined the Liberty International Group in 1972 and was appointed an Executive Director in 2000. He was appointed a Director of Capital Shopping Centres in 1994 and Managing Director of Capital Shopping Centres in September 2005 and continued as non-executive Director of Liberty International Plc. He has been integrally involved with the group's shopping centre activities from its very first major development, The Victoria Centre, Nottingham, which opened in the early 1970s.

CORPORATE SOCIAL RESPONSIBILITY

FOCUS ON THE LOCAL COMMUNITY

The Prozone Aurangabad Mall invests in a continual series of Corporate Social Responsibility programs to reach out to special needs in its community. Some of this year's activities were:

Happy Earth Drive – to educate and involve the community in eco-conscious and sustainability solutions to protect our living environments

World Earth Day – tree planting to create awareness of the need to protect and nurture the natural spaces in our communities

God's Special Children at Orama Xing – in association with our entertainment zone partner, Orama Xing, we welcomed local special children care services to the mall to experience a day of fun and games in Aurangabad

Blood Donation Camp - on site to encourage awareness of the importance of sharing our health for the benefit of others

Free Eye Care Camp - in association with the Wolkhardt Foundation

To help support these causes – please visit www.prozonecsc.com

PROZONE AURANGABAD WINS 2ND NATIONAL AWARD

Prozone CSC is delighted to announce its Images Shopping Centre Forum Award for Most Admired Mall in India for Corporate Social Responsibility 2012. This is the 2nd year in succession that Prozone Aurangabad has won a National Award since it opened in October 2010. Prozone Aurangabad Mall was recognised as the Best National Mall Launch 2011.



Best National Mall
Launch 2011

Most Admired Mall in India for
Corporate Social Responsibility 2012





WORLD EARTH DAY



BLOOD DONATION CAMP



GOD'S SPECIAL CHILDREN



GOD'S SPECIAL CHILDREN



KHEL KHEL MEIN FOUNDATION



GOD'S SPECIAL CHILDREN



HAPPY EARTH DRIVE



WORLD EARTH DAY



HAPPY EARTH DRIVE



WORLD EARTH DAY



GOD'S SPECIAL CHILDREN



FINANCIAL SECTION

NOTICE

Notice is hereby given that the 5th Annual General Meeting of the members of **Prozone Capital Shopping Centres Limited** (Erstwhile "Castle Mall Private Limited") will be held on **Friday, 28th day of September 2012 at 11.00 a.m. at Eden Hall, The Classique Club, Behind Infinity Mall, New Link Road, Andheri (West), Mumbai 400053** to transact the following business:

As ordinary business:

1. To receive, consider and adopt the audited Balance Sheet as at 31st March 2012, the Profit & Loss Account and Cash Flow Statement for the year ended on that date along with the Reports of the Directors' and Auditors' thereon.
2. To re-appoint M/s Singrodia Goyal & Co., Chartered Accountants as Statutory Auditors [Firm Registration No. 112081W] of the Company who shall hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and fix their remuneration.

As special business:

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

"Resolved That Mr. Nikhil Chaturvedi who was appointed as an Additional Director of the Company with effect from 27th February 2012 and who holds office under the provisions of section 260 of the Companies Act, 1956 up to the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing proposing his candidature for the office of Director under section 257 of the Companies Act, 1956 be and is hereby appointed as non-rotational Director of the Company."

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

"Resolved That Mr. Salil Chaturvedi who was appointed as an Additional Director of the Company with effect from 27th February 2012 and who holds office under the provisions of section 260 of the Companies Act, 1956 up to the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing proposing his candidature for the office of Director under section 257 of the Companies Act, 1956 be and is hereby appointed as non-rotational Director of the Company."

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

"Resolved That Mr. Punit Goenka who was appointed as an Additional Director of the Company with effect from 20th April 2012 and who holds office under the provisions of section 260 of the Companies Act, 1956 up to the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing proposing his candidature for the office of Director under section 257 of the Companies Act, 1956 be and is hereby appointed as Director of the Company liable to retire by rotation."

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

"Resolved That Mr. Rajiv Singh who was appointed as an Additional Director of the Company with effect from 20th April 2012 and who holds office under the provisions of section 260 of the Companies Act, 1956 up to the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing proposing his candidature for the office of Director under section 257 of the Companies Act, 1956 be and is hereby appointed as Director of the Company liable to retire by rotation."

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

"Resolved That Mr. John Abel who was appointed as an Additional Director of the Company with effect from 20th April 2012 and who holds office under the provisions of section 260 of the Companies Act, 1956 up to the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing proposing his candidature for the office of Director under section 257 of the Companies Act, 1956 be and is hereby appointed as Director of the Company liable to retire by rotation."

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

"Resolved That Mr. David Fischel who was appointed as an Additional Director of the Company with effect from 20th April 2012 and who holds office under the provisions of section 260 of the Companies Act, 1956 up to the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing proposing his candidature for the office of Director under section 257 of the Companies Act, 1956 be and is hereby appointed as Director of the Company liable to retire by rotation."

9. To consider and if thought fit to pass the following resolution, with or without modification, as SPECIAL RESOLUTION:

“Resolved That pursuant to provisions of section 163 of the Companies Act, 1956 and other applicable provisions, if any, the Company hereby approves that the registers, indexes, returns, copies of certificates and documents or any or more of them may instead of being kept at the registered office of the Company at 105/106, Provogue House, Off New Link Road, Andheri (W), Mumbai 400053 be maintained at the office of Registrar and Share Transfer Agent of the Company; Link Intime India Private Limited, C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (West), Mumbai 400078.

Further Resolved That the registers, indexes, returns, copies of certificates and documents etc. shall remain open after the approval by the members of the Company in this Annual General Meeting for inspection during business hours of the Company from 2.00 p.m. to 4.00 p.m. except Saturdays and any other public holidays at the office of Registrar and Share Transfer Agent’.

By Order of the Board of Directors
Prozone Capital Shopping Centres Limited

Date: 15th May 2012

Nikhil Chaturvedi

Place: Mumbai

Managing Director

NOTES:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE ON A POLL ONLY INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.**
2. The Proxies in order to be valid must be deposited with the Company at its Registered Office not less than 48 hours before the commencement of the meeting. No photocopy/scanned copy of the completed proxy form will be accepted.
3. Members/Proxies should bring the Attendance Slip duly filled in for attending the meeting along with their copy of Annual Report to the meeting.
4. Corporate Members intending to send their authorized representatives are requested to send a duly certified copy of the Board Resolution authorizing their representatives to attend and vote at the Annual General Meeting.
5. Members seeking any information or clarification on the Annual Report are requested to send in written queries to the Company at least one week before the meeting to enable the Company to compile the information and provide replies at the meeting

6. All documents referred to in the accompanying Notice are open for inspection at the Registered Office of the Company during the office hours on all working days between 11.00 a.m. and 1.00 p.m. upto the date of Annual General Meeting.
7. The Annual report of the Company circulated to the members of the Company is also available at the Company’s Website i.e. www.prozonecsc.com.
8. In view of the ‘Green Initiative in Corporate Governance’ introduced by the Ministry of Corporate Affairs vide its Circular No.17/2011 dated 21.04.2011, all members who have not registered their email IDs with the company or its Registrar and Share Transfer Agent so far, are requested to register their e-mail IDs, so as to enable the Company to send all notices/reports/documents/intimations and other correspondences etc. through e-mails., in the electronic mode instead of receiving physical copies of the same. For registering your e-mail IDs, a form is provided for updation towards the end of this notice. Members holding shares in demat mode, who have not registered their e-mail IDs with DPs, are requested to register/update their e-mail IDs with their DPs.
9. The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of the Special Business stated above is given below.

Explanatory Statement pursuant to section 173(2) of the Companies Act, 1956

Item No. 3 & 4

Pursuant to section 260 of the Companies Act, 1956 Mr. Nikhil Chaturvedi and Mr. Salil Chaturvedi were appointed as Additional Directors with effect from 27th February 2012 and were also appointed as Managing Director and Deputy Managing Director respectively from the same date for a period of 5 (five) years. The appointments of Mr. Nikhil Chaturvedi and Mr. Salil Chaturvedi as Managing Director and Deputy Managing Director respectively have already been approved by the members of the Company in their extra-ordinary general meeting held on 5th March 2012.

The Company also received notices along with deposit of ₹ 500/- each as required under section 257 of the Companies Act, 1956 from a member of the company proposing Mr. Nikhil Chaturvedi and Mr. Salil Chaturvedi, as directors of the Company.

In view of Article no. 172 of the Articles of Association of the Company, your directors recommend the appointment of Mr. Nikhil Chaturvedi and Mr. Salil Chaturvedi, as directors of the Company not liable to retire by rotation, being Managing Director and Deputy Managing Director of the Company.

None of the Directors except Mr. Nikhil Chaturvedi and Mr. Salil Chaturvedi are deemed concerned or interested in the above resolutions.

Item No. 5 to 8

Pursuant to section 260 of the Companies Act, 1956 Mr. Punit Goenka, Mr. Rajiv Singh, Mr. David Fischel and Mr. John Abel were appointed as Additional Directors of the Company with effect from 20th April 2012 and accordingly they hold office up to the date of this Annual General Meeting.

The Company has received notices along with deposit of ₹ 500/- each as required under section 257 of the Companies Act, 1956 from members of the company proposing Mr. Punit Goenka, Mr. Rajiv Singh, Mr. David Fischel and Mr. John Abel, as directors of the Company. Your Directors recommend their appointments as Directors liable to retire by rotation for the approval of members of the company in this Annual General Meeting.

None of the Directors other than appointee himself are concerned or interested in particular resolution.

Considering operational convenience and better administrative control, it is proposed to keep and maintain the registers, indexes, returns, copies of certificates and documents or any or more of them at a place other than registered office of the Company and the same be kept and maintained at the office of Registrar and Share Transfer Agent of the Company; Link Intime India Private Limited, C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (W), Mumbai 400078.

The registers, indexes, returns, copies of certificates and documents etc. shall remain open after the approval of the members of the Company in this Annual General Meeting for inspection during business hours of the Company from 2.00 p.m. to 4.00 p.m. except Saturdays and any other public holidays at the office of 'Registrar and Share Transfer Agent' as stated above.

Pursuant to the provisions of section 163 of the Companies Act, 1956 the above resolution is proposed for the approval of members of the Company by passing a SPECIAL RESOLUTION. None of the Directors of the Company is interested or concerned in the resolution.

Item no. 9

The registered office of the company is at 105/106, Provogue House, Off New Link Road, Andheri (West) Mumbai 400053. The Company vide its agreement dated 27th March 2012 appointed M/s Link Intime India Private Limited as 'Registrar and Share Transfer Agent' having its office at C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (W), Mumbai 400078.

By Order of the Board of Directors
Prozone Capital Shopping Centres Limited

Date: 15th May 2012
Place: Mumbai

Nikhil Chaturvedi
Managing Director

PROZONE CAPITAL SHOPPING CENTRES LIMITED

Registered Office: 105/106, Provogue House, Off New Link Road, Andheri (W), Mumbai 400053

E-MAIL ID REGISTRATION FORM

I, (name of first/individual shareholder) holding (no. of shares) equity shares in physical mode vide folio no./DP & client ID No. in the Company, would like to register below mentioned e-mail ID for receiving all the communications/documents/notices/ correspondences etc. from the Company in electronic mode instead of getting physical copies of the same. Kindly register the same.

E-mail ID:

Yours truly,

Signature

Name:

Address:

.....
.....

DIRECTORS' REPORT

To the Members,

Prozone Capital Shopping Centres Limited

(Erstwhile 'Castle Mall Private Limited')

Your Directors have pleasure in presenting their report on the business and operations of your Company for the year ended 31st March 2012.

FINANCIAL RESULTS

(₹ in Lakhs)		
Particulars	Current Year 31.03.2012	Previous Year 31.03.2011
Income from Operations	789.73	-
Other Income	651.42	0.95
Total Income	1441.15	0.95
Total Expenditure	1141.68	0.90
Profit before taxation & exceptional items	299.47	0.05
Less: Exceptional items	358.23	-
Profit/(loss) before Tax	(58.76)	0.05
Less: Tax expenses	144.32	0.06
Profit/(loss) after Tax for the year	(203.08)	(0.01)

COMPOSITE SCHEME OF ARRANGEMENT AND AMALGAMATION

During the year under review, by virtue of the 'Composite Scheme of Arrangement and Amalgamation' ("The Scheme") approved by the Hon'ble High Court of Bombay vide its order dated 10th February 2012, the Retail Centric Real Estate Development Business (RCREDB) of Provogue (India) Limited ("Demerged Company" or "PIL") got demerged/transferred to Prozone Capital Shopping Centres Limited (Transferee Company or PCSCL or "The Company") and Prozone Enterprises Private Limited (Transferor Company or PEPL) got amalgamated with the Company. The Scheme became effective from 27th February 2012 and became operational from 1st April 2011, being the appointed date as per the approved Scheme.

CHANGE IN SHARE CAPITAL OF THE COMPANY

The Company, in pursuance of the Scheme approved by the Hon'ble High Court of Bombay, on 12th March 2012 allotted 11,43,57,095 equity shares of ₹ 2/- each to the shareholders of Provogue (India) Limited (PIL) in the exchange ratio of 1:1 (i.e. 1 equity share of ₹ 2/- each of the company against every 1 equity share of ₹ 2/- each in PIL) and 3,79,95,788 equity shares to the shareholder of Prozone Enterprises Private Limited in exchange ratio of 313:75 (i.e. 313 equity shares of

₹ 2/- each of the Company against every 75 equity shares of ₹ 10/- each in PEPL).

Accordingly the paid up share capital of the Company increased to ₹ 30,52,05,766/- divided into 15,26,02,883 equity shares of ₹ 2/- each from ₹ 5,00,000/- divided into 2,50,000 equity shares of ₹ 2/- each.

LISTING

In terms of para nos. 7.9 and 11.12 of the approved Scheme, Company shall shortly be making application to the National Stock Exchange of India Limited (NSE) and Bombay Stock Exchange Limited (BSE) for listing of 15,26,02,883 equity shares of ₹ 2/- each (including 2,50,000 equity shares of ₹ 2/- each before the allotment made in pursuance of the Scheme).

CHANGE OF NAME OF THE COMPANY

During the year, the Company was converted into a Public Limited Company and name was changed to 'Castle Mall Limited' with effect from 28th September 2011. Subsequently, the name of the Company was changed to 'Prozone Capital Shopping Centres Limited' with effect from 5th October 2011.

DIVIDEND

Your directors are hopeful to present better financial results in years to come and to provide appropriate returns in forthcoming years to the shareholders by way of dividend.

DIRECTORS

During the year under review, the Company appointed Mr. Nikhil Chaturvedi and Mr. Salil Chaturvedi as Additional Directors w.e.f. 27th February 2012 and appointed Mr. Punit Goenka, Mr. Rajiv Singh, Mr. John Abel and Mr. David Fischel as Additional Directors w.e.f. 20th April 2012. Pursuant to provisions of section 260 of the Companies Act, 1956 they hold their offices upto the date of ensuing Annual General Meeting. Your Directors recommend to appoint Mr. Nikhil Chaturvedi and Mr. Salil Chaturvedi as non-rotational Directors and to appoint Mr. Punit Goenka, Mr. Rajiv Singh, Mr. John Abel and Mr. David Fischel as directors liable to retire by rotation.

The Board of Directors in their meeting held on 29th February 2012 and members in their extra-ordinary general meeting held on 5th March 2012 appointed Mr. Nikhil Chaturvedi and Mr. Salil Chaturvedi as Managing Director and Dy. Managing Director respectively for a period of 5 years with effect from 27th February 2012. The Company in view of inadequacy of profit during the financial year ended 31st March 2012 has applied to the Central Government for seeking approval for payment of remuneration to Mr. Nikhil Chaturvedi and Mr. Salil

Chaturvedi during their tenure as Managing Director and Deputy Managing Director respectively of the Company.

Mr. Rakesh Rawat resigned from the board with effect from 13th October 2011 and Mr. Deep Gupta, Mr. Akhil Chaturvedi and Mr. J K Jain resigned from the Board of Directors of the Company with effect from 20th April 2012. The Board extends its deep sense of appreciation for the services rendered by them during their tenure.

CONSOLIDATED FINANCIAL STATEMENTS

In accordance with the Accounting Standard AS-21 on Consolidated Financial Statements read with Accounting Standard AS-23 on Accounting for Investments in Associates issued by ICAI, the Audited Consolidated Financial Statements are provided in the Annual Report.

SUBSIDIARY COMPANIES

The Company has 11 subsidiary companies as on 31st March 2012 including downstream subsidiaries. The names of direct subsidiary companies are as follows:

1. Prozone Liberty International Ltd., Singapore
2. Alliance Mall Developers Company Private Limited
3. Royal Mall Private Limited
4. Jaipur Festival City Private Limited.
5. Kruti Multitrade Private Limited

The step-down subsidiary companies are:

6. Empire Mall Private Limited
7. Hagwood Commercial Developers Private Limited
8. Omni Infrastructure Private Limited
9. Prozone International Limited, Singapore
10. Prozone Overseas Pte. Limited, Singapore
11. Prozone International Coimbatore Limited, Singapore

In view of circular no. 2/2011 dated 21st February 2011 issued by the Ministry of Corporate Affairs, New Delhi, the Board of Directors of the Company have decided to present the audited consolidated statement of accounts of the company and its subsidiaries in the annual report for the year under review. Your Company believes that the consolidated accounts present a true and fair view of the state of affairs of the Company and its subsidiaries. Accordingly the annual report of your company does not contain the financial statement of its subsidiaries, but contains the audited consolidated financial statements of the company and its subsidiaries.

The annual accounts of the subsidiary companies along with the related detailed information are available for inspection by the shareholders of the Company and its subsidiary companies during business hours at the respective registered offices of Company and subsidiary

companies. Copies of the audited accounts of the company's subsidiaries can be sought by any member by making a written request addressed to the Company Secretary of the company at registered office of the Company.

DIRECTORS' RESPONSIBILITY STATEMENT

As required under Section 217 (2AA) of the Companies Act, 1956 your Directors' confirm that:

- i. In the preparation of the annual accounts, the applicable accounting standards have been followed.
- ii. 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 a true and fair view of the state of affairs of the Company at the end of the financial year on 31st March 2012 and of the loss of the Company for that year.
- iii. 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.
- iv. The Directors have prepared the annual accounts on a going concern basis.

AUDITORS

The Auditors M/s Singrodia Goyal & Co., Chartered Accountants, Mumbai hold the office upto the conclusion of the ensuing Annual General Meeting. The Company has received a written consent alongwith a certificate from them to the effect that their appointment, if made, would be within the limits as prescribed in section 224 (1-B) of the Companies Act, 1956. The Board recommends their reappointment. The reports of the Auditors on audited accounts for the financial year 2011-12 is self explanatory and does not require any further explanation.

FIXED DEPOSITS

The Company has neither accepted nor renewed any public deposits within the meaning of Section 58-A of the Companies Act, 1956 and rules made thereunder during the year under review.

PARTICULARS OF EMPLOYEES UNDER SECTION 217(2A)

In terms of 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 the employees are set out in the annexure to the Directors' Report. However, having regard to the provisions of Section 219(1)(b) (iv) of the said Act, the Annual Report excluding the aforesaid information is being sent to all the members of the Company and others entitled thereto. Any member interested in obtaining such particulars may write to the Company Secretary at the registered office of the Company.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

As the company is not engaged in manufacturing and other activities as specified under Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 read with Section 217 (1)(e) of the Companies Act, 1956, the particulars regarding conservation of energy, technology, absorption are not applicable to the Company. There were no foreign exchange earnings and outgo during the year under consideration

GREEN INITIATIVE IN THE CORPORATE GOVERNANCE

In view of the 'Green Initiative in Corporate Governance' introduced by the Ministry of Corporate Affairs vide its circular no. 17/2011 dated 21.04.2011, all members who have not registered their e-mail IDs with the Company or its 'Registrar and Share Transfer Agent' (RTA), are requested to register their e-mail IDs with the Company or RTA, so as to enable the company to send all notices/reports/documents/intimations and other correspondences etc. through e-mails, in the electronic mode instead of physical copies of the same. A specimen of request form for registering e-mail IDs to be filled and submitted by the members to the Registrar & Transfer Agent or the Company is given below the notice of the AGM.

AUDIT COMMITTEE

The Board of Directors in their meeting held on 20th April 2012 constituted an Audit Committee which consists of two Independent non-executive directors namely; Mr. Punit Goenka as Chairman and Mr. Rajiv Singh, and one executive director namely Mr. Salil Chaturvedi. The Audit Committee functions in terms of the role and powers delegated by the Board of Directors keeping in view the provisions of Clause 49 of the Listing Agreement and Section 292A of the Companies Act, 1956.

ELECTRONIC FILING

Upon listing of shares of the Company with the Stock Exchanges, Company shall be periodically uploading the Annual Reports, Financial Results, Shareholding Pattern, Corporate Governance Reports etc. and other information on its website viz. www.prozonecsc.com.

ACKNOWLEDGEMENT

Your Directors take this opportunity to express their gratitude and sincere appreciation for the dedicated efforts of all the employees of the Company. Your Directors are also thankful to the esteemed share holders for their support and confidence reposed in the Company and to the High Court of Bombay, The Stock Exchanges, Government Authorities, Financial Institutions and Banks, Advisors, Consultants and other business partners.

For and on behalf of Board of Director

Date: 15th May 2012 **Nikhil Chaturvedi** **Salil Chaturvedi**
Place: Mumbai Managing Director Dy. Managing Director

MANAGEMENT DISCUSSION AND ANALYSIS

ECONOMIC OVERVIEW

The economy of India is the eleventh largest in the world by nominal GDP and the third largest by purchasing power parity (PPP). The country is one of the G-20 major economies and a member of BRICS.

Various domestic and global factors contributed towards a moderation of Indian economic growth to 6.9% in April-December 2011 from an average of 8.4% from 2009 to 2011. Further slowdown in economic growth in 2012-13 has forecast GDP rates dipping to circa 5.0 to 5.5% reflecting an era of global economic uncertainty. Worst affected is inward investment, which underwent a mild 0.2% contraction in April-December 2011 in year-on-year terms, relative to a growth of 8.9% in the same months of 2010, reflecting a dampening of business sentiments and the pace of execution of various projects. Uncertainty about demand conditions given the global outlook and its likely contagion effect, regulatory issues including environmental clearances and land acquisition as well as sector specific factors like availability of coal and iron ore have impacted investments. Other contributory factors included an increase in interest rates to dampen high inflation and a slowdown in decision-making in various crucial areas like allocation of natural resource blocks. At the same time, while fiscal policy remains expansionary, higher outgo toward items of non-plan revenue expenditure, such as subsidies, limited the fiscal space available for boosting infrastructure spending by the public sector. Investment growth is likely to remain sluggish in 2012-13 as well, unless policy issues are addressed and there is a substantial pick up in the pace of implementation of big ticket economic reforms.

India's interest rate cycle has peaked with moderation in headline inflation, even though concerns pertaining to commodity prices remain. The balance of growth-inflation indicators and the guidance provided by the Reserve Bank of India (RBI) in the Third Quarter Review of Monetary Policy suggest reconfirmation that the interest rate cycle has peaked. However, inflation is unlikely to moderate substantially in H1, 2012-13 on account of the anticipated revision of domestic prices of various fuel items, electricity and coal. At the same time, the price of crude oil has risen sharply in the recent months, and the possibility of further spikes cannot be ruled out in case the ongoing geo-political tensions escalate. This would fuel inflationary pressures considerably, widen India's current account deficit and may prompt further depreciation of the Indian rupee. At present, the Indian rupee is around 12% cheaper relative to the US dollar as compared to the levels a year ago, providing exporters with a competitive advantage.

All this can be viewed against the backdrop of a bleak outlook for the Advanced Economies, several of which are likely to display low growth in 2012-13 following fiscal tightening to be undertaken to reduce the mounting sovereign debt levels. Furthermore, developments in the Advanced Economies would determine global liquidity conditions, risk aversion and business confidence, all of which may critically impact the level of financial flows into India as well as the level of the Indian rupee relative to other major currencies, both of which have undergone considerable volatility over the course of 2012-13.

Attracting larger foreign direct investment (FDI) into various sectors in India has also assumed great importance, not only for the beneficial impact in terms of productivity gains, but also to finance the widening current account deficit (CAD). As witnessed to an extent in the recent quarters, India remains vulnerable to sudden outflows of foreign institutional investors' (FII) funds as well as drying up of inflows of external commercial borrowings, the magnitude of which are heavily influenced by global trends for risk aversion and liquidity conditions.

INDUSTRY OVERVIEW

The Retail industry is one of the pillars of the modern Indian economy and accounts for 14-15% of its GDP. The Indian retail market is estimated to be US\$ 450 Billion and one of the top five retail markets in the world by economic value. India is one of the fastest growing retail markets in the world, with a population of 1.2 Billion people.

India's traditional retailing industry essentially consists of the local mom and pop store, owner manned general stores, convenience stores, hand cart and pavement vendors, etc. Contemporary Organised retail accounts for about 5% of the market as of 2011-12. According to industry experts, the next phase of growth is expected to come from Tier 2 and 3 cities and the rural markets. The organised retail segment in India is forecast to grow by over three times during the next five years (from 2011), to reach a figure of US\$ 80 Billion (as per consultancy firm, Technopak). Also, India's consumption level will double within five years to an annual figure of US\$ 1.5 trillion from the present level of about US\$ 750 Billion.

FDI Policy Initiatives

100 per cent FDI is permitted under the automatic route for trading companies in the cash & carry trading wholesale trading sector. FDI up to 51 per cent under the Government route is allowed in the retail trade of Single Brand products, according to the Consolidated FDI Policy document. Permitting FDI in Multi Brand retail is

being contemplated by the government and is expected to pass into law in the near future. This is potentially a major fillip to investment and growth of modern retailing in India

India's Real Estate Industry

For all its problems, the real estate market - both consumers and companies - lived through interesting times in 2011. Relentless rise in property and interest rates, controversies over land acquisition, the landmark Noida Extension court judgment and, to top it all, the various reform proposals, made for a heady cocktail. The next year is expected to be no different.

Turbulent Global Market economic uncertainties have affected India's economy, including the real estate market. Macroeconomic indicators are not healthy. Fiscal deficit and interest rates are high while the rupee is depreciating. All this does not bode well for any industry, especially real estate, says real estate investment advisory, DTZ India, a property consultancy firm.

High prices and interest rates have been dampeners. Demand has been stagnating in a few cities even as supply remains high. Investors as well as end-users have been showing signs of weariness. Repeated increases in interest rates have led to a decline in sale of residential properties. This is likely to have an impact on residential sales in 2012 as well, says CBRE South Asia, a real estate brokerage.

Flow of funds is a concern for developers. Real estate developers are reeling under high debt and foreign direct investment inflows have slowed, says the research and real estate intelligence service of Jones Lang LaSalle (JLL) India.

BUSINESS OVERVIEW

Business Policy

Prozone CSC maintains generally accepted standards of corporate conduct towards its employees, consumers and society at large. We believe that the policies must balance individual interest with corporate goals and operate within the accepted norms of propriety, equity and sense of justice. The Company believes that it is rewarding to be better managed and governed and to align and intensify its activities with the national interest. The Company makes all round efforts in its pursuit to enhance market share and enhance shareholders value in the industry.

Prozone CSC Operations

To capitalize the opportunities in the retail business, the Company is in the process of developing properties for commercial purposes including development of regional shopping malls. Prozone CSC has collaborated with, UK based, Capital Shopping Centres Group Plc to develop shopping malls. Being associated with one of the leaders of retail real estate development, the Company is aiming to open international scale shopping centres across India designed and built to international standards. Aurangabad was the first to open in October 2010 housing approximately 0.8 Million square feet of India's best retailers, entertainment centers and restaurants.

In addition to the retail shopping centres, Prozone CSC is developing mixed-use properties in the residential colonies and commercial office blocks segment on land adjacent to the retail developments.

Internal Control System and Adequacies

The Company has adequate internal control procedures commensurate with the size and nature of its businesses. The internal control system is supplemented by extensive internal audits, regular reviews by the management and well-documented policies and guidelines to ensure reliability of all records to prepare financial statements and other data. Moreover, the Company continuously upgrades these systems in line with the best accounting practices. The Company has independent audit systems to monitor the entire operations and the Audit Committee of the Board regularly review the findings and recommendations of internal audits.

OPPORTUNITIES AND THREATS

Opportunities

The retail sector in India today is one of the fastest growing business segments in the country, comprising 13 Million outlets and employing over 18 Million people. Rise in disposable income, changing lifestyles and favourable demographics are the key factors driving this growth.

With organised retail expected to grow at a steady rate of over 20% per annum, India's new consumption story continues to provide the Company immense opportunities. Our strong partnership with Capital Shopping Centres Group Plc further help us to leverage this position.

Large investments in new retail concepts are changing the rapidly evolving organized retail landscape in India.

This is not just restricted to the metros but has also spread to Tier-2 and Tier-3 cities. Prozone CSC is expected to benefit significantly from a combination of the growth in retail and as the rise of the consuming class in Tier-2 and Tier-3 cities continues.

Threats

Apart from an ever shifting real estate scenario and the emergence of new retail estate players, demand for talent in India and abroad may result in increasing attrition of employees. China may too emerge as a rival in the longer run to the Indian retail infrastructure industry as it has rapidly been increasing its retail base and the demand for skilled manpower outstrips the supply. The Company has adopted policies that will attract and retain the best talent.

RISK MANAGEMENT

Economic Risk

A slowdown in economic growth in India could cause the business to suffer as the Company's performance is highly dependent on the growth of the economy, which in turn leads to a rise in disposable incomes and resultant consumption.

Favourable population growth, a large pool of highly skilled workers, greater integration with the world economy and increasing domestic and foreign investment suggest that the Indian economy will continue its growth momentum for several years to come. This will also provide impetus to the retail industry, which is estimated to grow to circa \$1,500 Billion in 5 years from about \$450 Billion in 2011.

Business Risk

The Company operates in high growth urban centres, where retail consumption is being fuelled by a strong migration of the working population from smaller towns and rural areas. If this rate of urbanisation were to slow it would in turn slow absorption rates of the real estate infrastructure in the development pipeline. However through a carefully planned phased development strategy, the management of the Company has reduced the risk to a minimal level.

The Company has a low debt equity ratio and is well placed to take care of its borrowings. The foreign exchange transactions of the Company are suitably covered and there are no materially significant exchange rate risks associated with international trade.

Shopping Mall Risk

Large scale retail infrastructure's success is subject to well designed architecture and services that will meet the needs of retailers and consumers over the long term and a strong and growing catchment area that will provide an increasing supply of consumers. The company believes that in the case of Aurangabad, which is open, and in other cities which are preparing for development, both these risks have been mitigated. The population numbers in the catchment areas of each site in these Tier II cities are growing and therefore should present no major long term risk to the business. In addition the Company's joint venture partnership with Capital Shopping Centres Group plc, that has more than 30 year's of experience in developing large scale retail infrastructure has ensured that architecture and services have been designed with a long term perspective to meet the needs of retailers and consumers alike and therefore do not represent significant risk to the business.

Brand Risk

Any event that tarnishes the image of the Prozone CSC brand can lower the value of the brand and adversely affect the Company's business.

The Company ensures that none of the characteristics and attributes of the brand are compromised within the Company's communication to its customers or its trade partners. The Company also gives wide focus on customer preferences and conducts extensive in-house research to maintain top-of-the-mind recall with the customer base with respect to the brand. The Company believes that it has an appropriate mitigation plan in place to handle brand risk.

HUMAN RESOURCES

The Company regards its human resources as amongst its most valuable assets and proactively reviews policies and processes by creating a work environment that encourages initiative, provides challenges and opportunities and recognizes the performance and potentials of its employees.

Focused and organized investment in training and development, continuance of productivity improvement efforts and an employee satisfaction survey are some of the highlights of our ongoing HR activities.

Industrial relations across different locations of the Company were cordial during the year and the Company continues to maintain its focus on human resources development. The total number of employees of the Company as on 31st March 2012 stood at 31.

OUTLOOK

A strong latent demand for retail, residential and commercial real estate within the markets Prozone CSC has selected, positions the Company as an integrated real estate player in the growing domestic consumption story. Within the Indian economy on a firm foundation and the organized retail industry surging, the Company is confident that it is well placed to take advantage of growth opportunities in the coming years.

FINANCIAL PERFORMANCE

Operational Income

The Company achieved a total consolidated operational income of ₹ 5,030.50 Lakhs. This income flows from Aurangabad's retail operations only, where the mall has 77% absorption of its total shopping space inventory.

Other Income

The Company earned other consolidated income of ₹ 841.38 Lakhs. The idle funds were temporarily invested into liquid mutual funds and interest bearing securities and loans, which has resulted in higher Other Income earnings to the Company.

Cautionary Statement

This report contains forward-looking statements based on certain assumptions and expectations of future events. Actual performance, results or achievements may differ from those expressed or implied in any such forward-looking statements. The Company assumes no responsibility to publicly amend, modify or revise any forward looking statements, on the basis of any subsequent developments, information or events.

AUDITORS' REPORT

To the Members of

Prozone Capital Shopping Centres Limited (formerly known as "Castle Mall Private Limited")

We have audited the attached Balance Sheet of Prozone Capital Shopping Centres Limited (formerly known as "Castle Mall Private Limited") as at 31st March 2012, the Statement of Profit and Loss and the Cash Flow Statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

1. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
2. As required by the Companies (Auditors Report) Order, 2003 and amendments thereto issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956, we annex hereto a statement on the matters specified in the paragraphs 4 and 5 of the said Order.
3. Further to our comments in the Annexure referred to in paragraph 2 above, we report that:
 - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - b) In our opinion, proper books of accounts as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c) The Balance Sheet, the Statement Profit & Loss and the Cash Flow Statement dealt with

by this report are in agreement with the books of accounts.

- d) In our opinion the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement comply in all material aspects with the applicable Accounting Standards referred to in Section 211 (3C) of the Companies Act, 1956.
- e) On the basis of written representations received from the directors as on 31st March 2012 and taken on record by the Board, we report that none of the director is disqualified as on 31st March 2012 from being appointed as a director in terms of clause (g) of Subsection (1) of Section 274 of the Companies Act, 1956.
- f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts, read together with notes appearing thereon, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - i) In the case of the Balance Sheet, of the State of Affairs of the Company as at 31st March 2012,
 - ii) In the case of the Statement of Profit and Loss, of the loss of the Company for the year ended on that date, and
 - iii) In the case of Cash Flow Statement, of the Cash Flows of the Company for the year ended on that date.

For Singrodia Goyal & Co.

Chartered Accountants

Firm Reg No. 112081W

Shyamratan Singrodia

Partner

Mem. No. 49006

Place : Mumbai

Date : 15th May 2012

ANNEXURE TO AUDITORS' REPORT

Annexure referred to in Paragraph 2 of the Auditors Report for the year ended 31st March 2012.

As required by the Companies (Auditors Report) Order, 2003 and amendments thereto and according to the information and explanations given to us during the course of the audit and on the basis of such checks of the books and records as were considered appropriate we report that:

- (i) a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- b) The scope of annual physical verification of fixed assets conducted by the management has been limited to fixed assets other than Furniture and Fixtures only. In our opinion the interval of physical verification is reasonable. No discrepancies have been noticed on the assets physically verified.
- c) The Company has not disposed off any fixed assets during the year.
- (ii) Since the Company does not have any inventory, the clauses 4 (ii) (a) (b) and (c) of the said Order are not applicable to the Company.
- (iii) a) The Company has granted unsecured loans to seven subsidiary companies covered in the register maintained under Section 301 of the Companies Act, 1956 on call basis. The maximum amount outstanding during the year was ₹ 11,514.27 Lakhs and the year-end balance was ₹ 4,980.53 Lakhs
- b) The said loans are interest free except in two cases where interest has been charged. The rate on interest wherever charged and other terms and conditions on which the loans have been granted are prima facie, not prejudicial to the interest of the Company;
- c) In view of our comments in para (iii) (a) and (b) above, clauses 4 (iii) (c) and (d) of the said Order are not applicable.
- d) The Company has taken unsecured loans from two parties covered in the register maintained under Section 301 of the Companies Act, 1956 on call basis. The maximum amount outstanding during the year was ₹ 2,416.83 Lakhs and the year-end balance was ₹ 1764.08 Lakhs.
- e) The said loans are interest free. Other terms and conditions on which these loans have been taken are prima facie, not prejudicial to the interest of the Company;
- f) In view of our comments in para (iii) (d) and (e) above, clause 4 (iii) (g) of the said Order is not applicable.
- (iv) There are adequate internal control systems commensurate with the size of the Company and the nature of its business with regard to purchase of fixed assets and for the sale of services. The Company has not carried out any activity of purchases of inventories and sale of goods during the year. During the course of our audit, no major weakness has been noticed in the internal control systems.
- (v) a) The particulars of contracts or arrangements referred to in Section 301 of the Companies Act, 1956 that needs to be entered into the register maintained under section 301 have been so entered.
- b) The transactions made in pursuance of such contracts or arrangements have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) The Company has not accepted any deposits from the public.
- (vii) The Company has an adequate internal audit system commensurate with its size and nature of its business.
- (viii) The Central Government has not prescribed for maintenance of cost records under Section 209(1) (d) of the Companies Act, 1956 for the Company.
- (ix) a) Accordingly to the records of the Company, the undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty and Cess wherever applicable have been regularly deposited with the appropriate authorities. There are no undisputed amount payable in respect of such statutory dues which have remained outstanding as at 31st March 2012 for a period more than six months from the date they became payable.
- b) There are no amount in respect of any disputed sales tax, income tax, wealth tax, service tax, custom duty, excise duty and cess.
- (x) The Company is not in existence for more than five years and hence the provisions of the clause 4 (x) of the Order is not applicable for the year under report.
- (xi) The Company has not defaulted in repayment of its dues to banks and financial institutions.

- (xii) The Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures or other securities.
- (xiii) The provisions of any Special Statute applicable to Chit Fund, Nidhi or Mutual Benefit Fund/Societies are not applicable to the Company.
- (xiv) The Company is not a dealer or trader in shares, securities, debentures and other investments.
- (xv) The Company has given guarantees for loan availed by a stepdown subsidiary from various Banks/Institutions and in our opinion the terms and conditions thereof are not prejudicial to the interest of the Company.
- (xvi) The Company has not obtained any term loans during the year under report.
- (xvii) On an overall examination of the balance sheet of the Company, we report that the no funds raised on short-term basis have been used for long term investments.
- (xviii) The Company has made preferential allotment of shares to one party covered in the register maintained under Section 301 of the Companies Act, 1956 at the price which is not prejudicial to the interest of the Company.
- (xix) The Company has not issued any debentures during the year.
- (xx) The Company has not raised any money through the public issue during the year.
- (xxi) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of any material fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the management.

For Singrodia Goyal & Co.

Chartered Accountants

Firm Reg No. 112081W

Shyamratan Singrodia

Partner

Place : Mumbai

Date : 15th May 2012

Mem. No. 49006

BALANCE SHEET

as at 31st March 2012

(₹ in Lakhs)

Particulars	Notes	As at 31.03.2012	As at 31.03.2011
EQUITY AND LIABILITIES			
Shareholder's Funds			
Share capital	3	3,052.06	1.00
Reserves and surplus	4	36,896.97	(0.59)
		39,949.03	0.41
Non - current Liabilities			
Long - term borrowings	5	1,741.32	-
		1,741.32	-
Current Liabilities			
Short - term borrowings	6	34.59	24.68
Trade payables	7	67.34	0.22
Other current liabilities	8	151.75	0.08
		253.68	24.98
		41,944.03	25.39
ASSETS			
Non-current Assets			
Fixed assets			
Tangible assets	9	590.30	-
Intangible assets	10	8.23	-
Deferred tax assets (net)	11	34.28	-
Non - current investments	12	28,470.73	-
Long - term loans and advances	13	5,975.18	24.89
		35,078.72	24.89
Current Assets			
Current investments	14	1,222.79	-
Trade receivables	15	945.88	-
Cash and cash equivalents	16	3,603.77	0.50
Short - term loans and advances	17	1,092.68	-
Other current assets	18	0.19	-
		6,865.31	0.50
		41,944.03	25.39
The Composite Scheme of Arrangement and Amalgamation	1		
Significant Accounting Policies	2		
Accompanying Notes to Accounts	26		

As per our report of even date attached

For Singrodia Goyal & Co.
Chartered Accountants

Shyamratan Singrodia
Partner
Mem. No. 49006

Place : Mumbai
Date : 15th May 2012
ANNUAL REPORT 2012

For and on behalf of the Board

Nikhil Chaturvedi **Salil Chaturvedi**
Managing Director Dy. Managing Director

Snehal Bansode
Company Secretary

STATEMENT OF PROFIT & LOSS

for the year ended 31st March 2012

(₹ in Lakhs)

Particulars	Notes	Year ended 31.03.2012	Year ended 31.03.2011
INCOME			
Revenue from operations	19	789.73	-
Other income	20	651.42	0.95
TOTAL REVENUE		1,441.15	0.95
EXPENSES			
Employee benefits expense	21	489.04	-
Finance costs	22	4.58	0.76
Depreciation and amortisation expense		131.06	-
Other expenses	23	517.00	0.14
TOTAL EXPENSES		1,141.68	0.90
Profit before tax & exceptional items		299.47	0.05
Exceptional items	24	358.23	-
Profit/(Loss) before tax		(58.76)	0.05
Less: Tax Expense			
Current tax		-	0.06
Deferred tax liabilities/(assets)		116.08	-
Tax of earlier years		28.24	-
Profit/(Loss) for the year		(203.08)	(0.01)
Earnings per equity share	25		
(Nominal value of share ₹ 2 (PY ₹ 10) : Basic		(0.13)	(0.02)
: Diluted		(0.13)	(0.02)
The Composite Scheme of Arrangement and Amalgamation	1		
Significant Accounting Policies	2		
Accompanying Notes to Accounts	26		

As per our report of even date attached

For Singrodia Goyal & Co.
Chartered Accountants

Shyamratan Singrodia
Partner
Mem. No. 49006

Place : Mumbai
Date : 15th May 2012

For and on behalf of the Board

Nikhil Chaturvedi **Salil Chaturvedi**
Managing Director Dy. Managing Director

Snehal Bansode
Company Secretary

CASH FLOW STATEMENT

for the year ended 31st March 2012

(₹ in Lakhs)

Particulars	Year ended 31.03.2012	Year ended 31.03.2011
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit/(Loss) before tax	299.47	0.05
Adjustments for :	-	-
Depreciation	131.07	-
Finance costs	4.58	0.76
Interest income	(429.14)	(0.95)
Dividend income	(192.23)	-
Amalgamation expenses	(80.68)	-
Net gain on sale of investments	(24.76)	-
Operating profit before working capital changes	(291.69)	(0.14)
Adjustments for :		
Increase/(Decrease) in Trade payables	15.41	-
Increase/(Decrease) in Other current liabilities	106.97	0.16
Increase/(Decrease) in Long-term provisions	0.74	-
Decrease/(Increase) in Long-term loans and advances	5,847.26	(24.89)
Decrease/(Increase) in Trade receivables	(765.32)	-
Decrease/(Increase) in Short-term loans and advances	(171.62)	-
Decrease/(Increase) in Other current assets	(0.19)	-
Cash generated from/(used in) operations	4,741.56	(24.87)
Direct taxes paid	14.47	(0.06)
Net cash flow from/(used in) operating activities	4,756.03	(24.93)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(14.47)	-
Purchase of Non - current investments	(1.00)	-
Sale of Non - current investments	1.00	-
Purchase of Current investments	(10,495.17)	-
Sale of Current investments	9,297.13	-
Interest income	429.14	0.95
Dividend income	192.23	-
Net cash flow from/(used in) investment activities	(591.14)	0.95

CASH FLOW STATEMENT

for the year ended 31st March 2012

(₹ in Lakhs)

Particulars	Year ended 31.03.2012	Year ended 31.03.2011
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of equity shares	4.00	
Proceeds from Long term borrowings	-	24.68
Repayment of Long term borrowings	(580.87)	-
Finance costs	(4.58)	(0.76)
Net cash flow from/(used in) financing activities	(581.45)	23.92
Net increase/(decrease) in cash and cash equivalents	3,583.44	(0.06)
<u>Cash and cash equivalents at the beginning of the year</u>		
- Opening	0.50	0.56
- Pursuant to the Scheme	19.83	-
Cash and cash equivalents at the end of the year	3,603.77	0.50
Notes :		
1. Cash and Cash Equivalents at the end of the year consists of cash in hand and balances with banks are as follows :		

(₹ in Lakhs)

Particulars	As at 31.03.2012	As at 31.03.2011
Cash on hand	4.88	-
Balances with bank on current account	3,598.89	0.50
	3,603.77	0.50
2. The previous year's figures have been regrouped/rearranged wherever necessary in order to conform to current year's presentation.		

As per our report of even date attached

For Singrodia Goyal & Co.

Chartered Accountants

Shyamratan Singrodia

Partner

Mem. No. 49006

Place : Mumbai

Date : 15th May 2012

For and on behalf of the Board

Nikhil Chaturvedi

Managing Director

Salil Chaturvedi

Dy. Managing Director

Snehal Bansode

Company Secretary

NOTES TO FINANCIAL STATEMENTS

for the year ended 31st March 2012

NOTE 1. THE COMPOSITE SCHEME OF ARRANGEMENT AND AMALGAMATION

- a) As per the Order dated 10th February 2012, the Hon'ble High Court of Judicature at Bombay approved the Composite Scheme of Arrangement and Amalgamation (The Scheme) whereby the Retail Centric Real Estate Development Business (RCREDB) division was demerged and transferred from Provogue (India) Limited (the Demerged Company) and vested in Prozone Capital Shopping Centres Limited (the Resulting Company) as a going concern with retrospective effect from 1st April 2011 being the appointed date
- b) The Scheme became effective from 27th February 2012 (the Effective Date) upon which the business of RCREDB division including all its assets whether moveable or immoveable, tangible or intangible and liabilities whether present or contingent (as detailed in the Scheme) stands transferred and vested in the Resulting Company
- c) The management of Provogue (India) Limited (Demerged Company), Prozone Enterprises Private Limited (the Amalgamating Company) and Prozone Capital Shopping Centres Limited (the Company), in terms of provision contained in para no. 19.1.4 of the Scheme, mutually decided to disregard the investment made by the Demerged Company in 'Provogue Infrastructure Private Limited' from the RCREDB division. Accordingly, 'Provogue Infrastructure Private Limited' is deemed to be continued as subsidiary of the Demerged Company
- d) From the Appointed Date upto the Effective date, the business of RCREDB Division is deemed to have been carried out by the Demerged Company in trust for the Company. And hence, any income or profit accruing or arising and any costs, charges, expenses and losses incurred by the Demerged Company in relation to RCREDB Division in accordance with the Scheme shall be treated as of the Company. The under mentioned assets and liabilities have been accounted for, in the method and manner, as prescribed in the Scheme:

(₹ in Lakhs)

Particulars		
Assets		
Fixed Assets - Tangible	240.90	
Non - Current Investments	20,512.20	20,753.10
Liabilities		
Long Term Borrowings	63.93	
Long Term Provisions	1.09	
Other Current Liabilities	1.16	66.18
Excess of Assets over Liabilities		20,686.92
Less: Investment Disregarded		1.00
		20,685.92
1143.57 Lakhs Equity Shares of ₹ 2 each fully paid up allotted to the Shareholders of Demerged Company		2,287.14
Amount Credited/(Debited) to Amalgamation Reserve	(A)	18,398.78

- e) Similarly, pursuant to the aforesaid Order and the Scheme, Prozone Enterprises Private Limited (the Amalgamating Company) got amalgamated with the Company. From the Appointed Date upto the Effective date, the Amalgamating Company carried out its business in trust for the Company. In view of the same, any income or profit accruing or arising and any costs, charges, expenses and losses incurred by the Amalgamating Company in accordance with the Scheme shall be treated as of the Company. The Accounting impact on amalgamation of the Amalgamating Company with the Company, is mentioned hereunder:

NOTES TO FINANCIAL STATEMENTS

for the year ended 31st March 2012

- i) All the assets and liabilities of the Amalgamating Company as at 1st April 2011 transferred on amalgamation have been accounted in the books of the Company at their respective book values.
- ii) All the reserves of the Amalgamating Company as at 1st April 2011 have been transferred to the "Amalgamation Reserve Account," in the books of the Company.
- iii) Costs incurred for the purposes of executing the Scheme have been debited to the "Amalgamation Reserve Account."

The under mentioned assets, liabilities and reserves have been accounted for, in the method and manner, as prescribed in the Scheme:

(₹ in Lakhs)		
Particulars		
Assets		
Fixed Assets - Tangible	463.07	
Fixed Assets - Intangible	11.16	
Non - Current Investments	28,470.73	
Deferred Tax Assets (Net)	150.35	
Long-Term Loans And Advances	12,155.79	
Trade Receivables	180.56	
Cash And Cash Equivalents	19.83	
Short-Term Loans And Advances	1,015.44	42,466.93
Liabilities		
Long Term Borrowings	2,293.70	
Trade Payables	51.12	
Other Current Liabilities	68.45	2,413.27
Excess Of Assets Over Liabilities		40,053.66
Less:		
Reserves And Surplus		
Securities Premium	36,434.05	
Surplus	(22.16)	
Cross Holding Investment	20,511.20	56,923.09
		(16,869.43)
Less :		
379.96 Lakhs Equity Shares of ₹ 2/- each fully paid up allotted to the Shareholders of Transferor Company		759.92
Costs incurred for the purpose of executing the Scheme by the Amalgamating Company		80.68
Amount Credited/(Debited) to Amalgamation Reserve	(B)	(17,710.03)
Net Amount Credited to Amalgamation Reserve	(A)+(B)	688.75

NOTES TO FINANCIAL STATEMENTS

for the year ended 31st March 2012

CORPORATE INFORMATION:

Prozone Capital Shopping Centres Limited (the Company) is a public company domiciled in India and incorporated under the provisions of the Companies Act, 1956. The Company is engaged in the business of developing, owning and operating of Shopping Malls, Commercial and Residential Premises. The Company is also providing related management consultancy services.

BASIS OF PREPARATION:

The financial statements of the company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The company has prepared these financial statements to comply in all material respects with the accounting standards notified under the Companies (Accounting Standards) Rules, 2006, (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on an accrual basis and under the historical cost convention.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Accounting:

- i. The Financial Statements have been prepared in compliance with all material aspects as notified in Accounting Standards by Companies (Accounting Standard) Rules 2006 and the relevant provisions of the Companies Act, 1956.
- ii. Financial Statements are based on historical cost convention and are prepared on accrual basis.

b) Use of Estimates:

The preparation of financial statements in conformity with Generally Accepted Accounting Principles requires estimates and assumptions to be made that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities on the financial statements and the reported amounts of revenues and expenses during the reporting period.

Difference between actual results and estimates are recognized in the periods in which the results are known/materialize.

c) Revenue Recognition :

- i. Revenue is recognised when it is earned and no significant uncertainty exists as to its realisation or collection.
- ii. Revenue from management consultancy is recognised on accrual basis as per the terms and condition of contract.
- iii. Interest is recognised on a time proportion basis taking in to account the amount outstanding and the rate applicable.
- iv. Dividend income is recognised when the right to receive payment is established.

d) Fixed Assets:

Fixed Assets are stated at actual cost less accumulated depreciation. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

e) Depreciation and Amortization:

Depreciation on Fixed Assets is provided on 'Written down method' at the rates and in the manner prescribed in the Schedule XIV of the Companies Act, 1956.

f) Impairment of Fixed Assets:

As at the end of each year, the Company determines whether a provision should be made for impairment loss on fixed assets by considering the indication that an impairment loss may have occurred in accordance with Accounting Standard 28 on "Impairment of Assets". Where the recoverable amount of any fixed asset is lower than its carrying amount, a provision for impairment loss on fixed asset is made for the difference.

NOTES TO FINANCIAL STATEMENTS

for the year ended 31st March 2012

g) Miscellaneous Expenditure:

Preliminary expenses are being amortised in the year they are incurred.

h) Employee Benefits:

- i) Company's Contribution to Provident Fund and other Funds for the year is accounted on accrual basis and charged to Profit & Loss Account for the year.
- ii) Liability for Leave Encashment Benefits has been provided on accrual basis.
- iii) Retirement benefits in the form of Gratuity are considered as defined benefits obligations and are provided on the basis of the actuarial valuation, using the projected unit method, as at the date of the Balance Sheet.

i) Investments:

Investments that are intended to be held for more than a year, from the date of acquisition, are classified as long term investments and are carried at cost less any provision for permanent diminution in value. Investments other than long term investments being current investments are valued at cost or fair market value whichever is lower.

j) Foreign Currency Transactions :

- i) The transactions in foreign currencies are stated at the rate of exchange prevailing on the date of transactions.
- ii) The difference on account of fluctuation in the rate of exchange prevailing on the date of transaction and the date of realization is charged to the Profit and Loss Account.
- iii) Differences on translations of Current Assets and Current Liabilities remaining unsettled at the year-end are recognized in the Profit and Loss Account.
- iv) The premium or discount in respect of forward exchange contract is amortized over the life of contract. The net gain or losses on account of any exchange difference, cancellation or renewal of such forward exchange contracts are recognised in the Profit & Loss Account.

k) Contingent Liabilities:

The Company recognizes a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation that the likelihood of outflow of resources is remote, no provision or disclosure is made.

l) Accounting for Taxation of Income :

Current taxes

Provision for current income-tax is recognized in accordance with the provisions of Indian Income-tax Act, 1961 and is made annually based on the tax liability after taking credit for tax allowances and exemptions

Deferred taxes

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to timing differences that result between the profits offered for income taxes and the profits as per the financial statements. Deferred tax assets and liabilities are measured using the tax rates and the tax laws that have been enacted or substantially enacted at the Balance Sheet date. Deferred tax assets are recognized only to the extent there is reasonable certainty that the assets can be realized in the future. Deferred tax assets are reviewed as at each Balance Sheet date.

NOTES TO FINANCIAL STATEMENTS

for the year ended 31st March 2012

NOTE 3. SHARE CAPITAL

(₹ in Lakhs)

Particulars	As at 31.03.2012	As at 31.03.2011
Authorised		
2,002.50 Lakhs (PY 0.10 Lakhs) Equity Shares of ₹ 2 (PY ₹ 10) each	4,005.00	1.00
Issued, Subscribed and Paid Up	3,052.06	1.00
1,526.03 Lakhs (PY 0.10 Lakhs) Equity Shares of ₹ 2 (PY ₹ 10) each fully paid up	3,052.06	1.00

- a) The members of the Company in their extra-ordinary general meeting held on 25th day of August 2011, sub divided the authorised/issued/paid up share capital of ₹ 1.00 Lakhs divided into 0.10 Lakhs equity shares of ₹ 10 each to 0.50 Lakhs equity shares of ₹ 2 each. Further, the Company has also increased its authorised share capital from ₹ 1.00 Lakhs divided into 0.50 Lakhs equity shares of ₹ 2 each to ₹ 5.00 Lakhs divided into 2.50 Lakhs equity shares of ₹ 2 each and allotted 2.00 Lakhs equity shares of ₹ 2 each to Provogue (India) Limited.

Authorised Share Capital of Amalgamating Company amounting to ₹ 4,000.00 Lakhs divided in to 400.00 Lakhs equity shares of ₹ 10 each has been deemed to be sub divided in to 2,000.00 Lakhs equity shares of ₹ 2 each as per the Composite Scheme of Arrangement and Amalgamation.

- b) The Company has allotted 1,523.53 Lakhs equity shares of ₹ 2 each fully paid up to the Shareholders of Demerged Company and Transferor Company pursuant to the Scheme.
- c) **Reconciliation of the equity shares outstanding at the beginning and at the end of the reporting period**

Particulars	As at 31.03.2012		As at 31.03.2011	
	No. in Lakhs	₹ in Lakhs	No. in Lakhs	₹ in Lakhs
(Face value of ₹ 10 each)				
At the beginning of the period	0.10	1.00	0.10	1.00
(Face value of ₹ 2 each)				
No. of Shares Sub-Divided in the ratio 1:5	0.50	1.00	-	-
Issued during the year	-	-	-	-
- for cash	2.00	4.00	-	-
- pursuant to the Scheme of Demerger and Amalgamation	1,523.53	3,047.06	-	-
Outstanding at the end of the year	1,526.03	3,052.06	0.10	1.00

- d) **Details of shares issued for a consideration other than cash**

Particulars	As at 31.03.2012		As at 31.03.2011	
	No. in Lakhs	₹ in Lakhs	No. in Lakhs	₹ in Lakhs
Equity Shares issued pursuant to the Scheme of Demerger and Amalgamation	1,523.53	3,047.06	-	-

NOTES TO FINANCIAL STATEMENTS

for the year ended 31st March 2012

e) Terms/rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 2 per share. Each holder of equity share is entitled to one vote per share.

In the event of liquidation of the Company, the holder of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

f) Details of Shareholders holding more than 5% shares in the company:

Names of Shareholders	As at 31.03.2012		As at 31.03.2011	
	No. in Lakhs	% holding	No. in Lakhs	% holding
Provogue (I) Limited & Its Nominees	2.50	0.16	0.10	100.00
Nailsfield Limited, Mauritius	494.11	32.38	-	-
Nikhil Chaturvedi	106.12	6.95	-	-
Salil Chaturvedi	102.95	6.75	-	-

NOTE 4. RESERVES AND SURPLUS

Particulars	(₹ in Lakhs)	
	As at 31.03.2012	As at 31.03.2011
Amalgamation Reserve (Pursuant to the Scheme)	688.75	-
Securities Premium		
Opening Balance	-	-
Add: Pursuant to the Scheme	36,434.05	-
Closing Balance	36,434.05	-
Surplus in the Statement of Profit & Loss		
Opening Balance	(0.59)	(0.58)
Add: Pursuant to the Scheme	(22.16)	-
Add: Profit/(Loss) during the year	(203.08)	(0.01)
	(225.83)	(0.59)
Less: Utilised during the year	-	-
Closing Balance	(225.83)	(0.59)
	36,896.97	(0.59)

NOTE 5. LONG - TERM BORROWINGS

Particulars	(₹ in Lakhs)	
	As at 31.03.2012	As at 31.03.2011
Hire purchase loans	37.36	-
(Secured)	-	-
Less: Current maturities of long term debt (disclosed under other current liabilities)	(25.53)	-
	11.83	-
Loan & advances from related parties	1,729.49	-
(Unsecured)	-	-
	1,741.32	-

NOTES TO FINANCIAL STATEMENTS

for the year ended 31st March 2012

a) Hire Purchase Loans includes :

- ₹ 34.07 Lakhs in respect of two vehicles are secured by hypothecation of vehicles financed. The loan carries interest @ 8.66% p.a. The loan is repayable in 48 equal instalments starting from 1st November 2009
- ₹ 3.29 Lakhs in respect of one vehicle is secured by hypothecation of vehicles financed. The loan carries interest @ 8.36% p.a. The loan is repayable in 36 equal instalments starting from 1st November 2009.

- b) Loan and advances from related parties represents loan received from Emerald Buildhome Private Limited, a step down Joint Venture Company(JVC) vide Joint Venture Agreement (JVA) dated 14th December 2007 entered into with the Co-venturer, Shree Salasar Overseas Private Limited for developing a Mall at Jaipur. The said loan was repayable to the JVC at the time of acquisition of additional land. Since the JVC presently does not have any land proposal in hand, the said loan will remain with the Company and no interest is payable as agreed between the JV Partners, till the time any new land acquired by the JVC.

NOTE 6. SHORT - TERM BORROWINGS

(₹ in Lakhs)		
Particulars	As at 31.03.2012	As at 31.03.2011
Interest free loan from related party repayable on demand (Unsecured)	34.59	24.68
	34.59	24.68

NOTE 7. TRADE PAYABLES

(₹ in Lakhs)		
Particulars	As at 31.03.2012	As at 31.03.2011
Trade payables		
- Due to Micro, Small & Medium Enterprises (Refer note below)	-	-
- Others	67.34	0.22
	67.34	0.22

There are no amounts due to the suppliers covered under Micro, Small and Medium Enterprises Development Act, 2006. This information takes into account only those suppliers who have responded to the enquiries made by the Company for this purpose.

NOTE 8. OTHER CURRENT LIABILITIES

(₹ in Lakhs)		
Particulars	As at 31.03.2012	As at 31.03.2011
Current maturities of long term debt	25.53	-
Duties & taxes payable	71.33	0.08
Provision for employee benefits expense	40.67	-
Provision for expenses	14.22	-
	151.75	0.08

NOTES TO FINANCIAL STATEMENTS

for the year ended 31st March 2012

NOTE 9. TANGIBLE ASSETS

Particulars	Gross Block					Depreciation				Net Block		
	As at 01.04.2011	Additions Pursuant to the Scheme	Additions during the year	Deductions during the year	As at 31.03.2012	Upto 31.03.2011	Pursuant to the Scheme	Provided for the year	Adjustments during the year	Upto 31.03.2012	As at 31.03.2012	As at 31.03.2011
Buildings	-	141.73	-	-	141.73	-	17.66	6.20	-	23.86	117.87	-
Furniture's & Fittings	-	559.90	4.93	-	564.83	-	184.64	68.82	-	253.46	311.37	-
Motor Vehicles	-	265.17	-	-	265.17	-	131.69	34.60	-	166.29	98.88	-
Office Equipments	-	69.85	0.91	-	70.76	-	18.70	7.22	-	25.92	44.84	-
Computers	-	78.52	5.98	-	84.50	-	58.52	8.64	-	67.16	17.34	-
TOTAL	-	1,115.17	11.82	-	1,126.99	-	411.21	125.48	-	536.69	590.30	-
Previous Year	-	-	-	-	-	-	-	-	-	-	-	-

NOTE 10. INTANGIBLE ASSETS

Particulars	Gross Block					Depreciation					Net Block	
	As at 01.04.2011	Additions Pursuant to the Scheme	Additions during the year	Deductions during the year	As at 31.03.2012	Upto 31.03.2011	Pursuant to the Scheme	Provided for the year	Adjustments during the year	Upto 31.03.2012	As at 31.03.2012	As at 31.03.2011
Computer Software	-	23.61	2.65	-	26.26	-	12.45	5.58	-	18.03	8.23	-
TOTAL	-	23.61	2.65	-	26.26		12.45	5.58	-	18.03	8.23	-
Previous Year	-	-	-	-	-	-	-	-	-	-	-	-

NOTES TO FINANCIAL STATEMENTS

for the year ended 31st March 2012

NOTE 11. DEFERRED TAX ASSETS (NET)

(₹ in Lakhs)

Particulars	As at 31.03.2012	As at 31.03.2011
Fixed Assets : Impact of difference between tax depreciation and depreciation/amortisation charged for the financial reporting	30.90	-
Impact of Expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes on payment basis	3.38	-
Provision for doubtful debts and advances	-	-
DEFERRED TAX ASSETS	34.28	-

NOTE 12. NON - CURRENT INVESTMENTS

(₹ in Lakhs)

Particulars	As at 31.03.2012	As at 31.03.2011
Trade		
Unquoted Equity Instruments		
<u>Investment in Subsidiaries:</u>		
Prozone Liberty International Limited (Singapore)	26,140.48	-
(614.74 Lakhs (PY Nil) Ordinary Shares of USD 1/- each fully paid up)		
Alliance Mall Developers Co Private Limited	557.00	-
(20.1 Lakhs (PY Nil) Equity Shares of ₹ 10/- each fully paid up)		
Jaipur Festival City Private Limited	1.00	-
(0.1 Lakhs (PY Nil) Equity Shares of ₹ 10/- each fully paid up)		
Royal Mall Private Limited	1.00	-
(0.1 Lakhs (PY Nil) Equity Shares of ₹ 10/- each fully paid up)		
Kruti Multitrade Private Limited	1.00	-
(0.1 Lakhs (PY Nil) Equity Shares of ₹ 10/- each fully paid up)		
<u>Investment in Joint Ventures:</u>		
Moontown Trading Company Private Limited	0.25	-
(0.025 Lakhs Equity Shares of ₹ 10/- each fully paid up)		
Others - Unquoted		
Investments in Debentures		
Omni Infrastructure Private Limited (Step down subsidiary company)		
1.77 Lakhs 0% Optional Convertible Debentures of ₹ 1,000/- each	1,770.00	-
	28,470.73	-
Aggregate Book Value of Unquoted Investments	28,470.73	Nil

NOTES TO FINANCIAL STATEMENTS

for the year ended 31st March 2012

NOTE 13. LONG - TERM LOANS AND ADVANCES

(₹ in Lakhs)		
Particulars	As at 31.03.2012	As at 31.03.2011
Security deposits		
(Unsecured, Considered Good)	7.16	-
(A)	7.16	-
Loans and advances		
(Unsecured, Considered Good)		
- To Related Parties	5,266.85	24.85
- To Others	150.00	-
(B)	5,416.85	24.85
Other loans & advances		
(Unsecured, Considered Good)		
Advance Tax & TDS (Net of Provision for Tax)	480.74	0.04
CENVAT Credit Receivable	70.43	-
(C)	551.17	0.04
Total (A+B+C)	5,975.18	24.89
Loans and advances to related parties includes :		
Unsecured, Considered Good		
- Loans given to step down subsidiary companies		
Empire Mall Private Limited	4,320.17	-
Omni Infrastructure Private Limited	438.22	-
- Loan given to Joint Venture Company		
Moon Town Trading Company Private Limited (Refer note (b) below)	271.95	-
- Share application money given to :		
Moon Town Trading Company Private Limited - Joint Venture Company	200.00	-
Kruti Multitrade Private Limited - Subsidiary Company	36.51	-
	5,266.85	-

- a) Loan to Others amounting to ₹ 150 Lakhs represents amount due from De Lara Tourism Corporation Limited (DTCL). The Company, in the earlier years, has debited a sum of ₹ 328.17 Lakhs on account of proportionate share of preoperative expenses to DTCL vide sub-concession agreement and supplemental sub concession agreements executed in the previous year to acquire the rights to build and develop a Commercial Mall at Hyderabad. On account of non compliance of certain clauses of the Agreement by DTCL, the Company has terminated the agreements. The Company has invoked arbitration clause under the agreement and has filed a petition u/s 9 and 11 of the Arbitration and Conciliation Act 1996, before the Hyderabad High Court for appointment of an arbitrator. The High Court has passed an order appointing DTCL's nominee as a sole arbitrator. The Company has filed a petition against the said Order in the Supreme Court (SC) of India. As per the instruction of SC the Arbitral Tribunal is duly constituted consisting of a panel of Arbitrators who has awarded DTCL to refund a sum of ₹ 150.00 Lakhs to the Company against the Company's total claims amounting of ₹ 328.17 Lakhs. Against the Award given by the Arbitral Tribunal the management has considered ₹ 150 Lakhs as good and fully recoverable and the balance amount of ₹ 178.17 Lakhs is being written off during the earlier years. DTCL has now challenged this award before the District Court by filing an appeal. The said appeal is pending.

NOTES TO FINANCIAL STATEMENTS

for the year ended 31st March 2012

- b) The Company is a co-venturer in the Joint Venture Company (JVC) - Moontown Trading Company Private Limited (MTCPL) along with Shalom Voyagers Private Limited (SVPL) to develop a Mall at Mysore. In terms of Shareholding Agreement (SHA) entered in April 2006 between the co venturers and the JVC, the Company had paid ₹ 200 Lakhs to MTCPL as Share Application Money. In addition the Company had also advanced a loan of ₹ 271.95 Lakhs to the JVC. In view of the management of the Company, the advances are considered good and fully recoverable.

NOTE 14. CURRENT INVESTMENTS

(₹ in Lakhs)		
Particulars	As at 31.03.2012	As at 31.03.2011
Unquoted Investments		
(Valued at lower of cost and fair value, unless stated otherwise)		
Investments in Bonds		
70 (PY Nil) 10.05% Air India Bonds (27/09/2031) of ₹ 10 Lakhs each fully paid up	760.06	-
Investments in Mutual Funds		
2.45 Lakhs (PY Nil) units of Prudential ICICI Flexi Income Plan	259.28	-
2.03 Lakhs (PY Nil) units Prudential ICICI Liquid Plan	203.45	-
	1,222.79	-
Aggregate Book Value of Unquoted Investments	1,222.79	Nil

NOTE 15. TRADE RECEIVABLES

(₹ in Lakhs)		
Particulars	As at 31.03.2012	As at 31.03.2011
(Unsecured, Considered Good)		
Outstanding for a period exceeding six months from the date they are due for payment	161.91	-
Other Debts	783.97	-
	945.88	-
Trade receivables represents debt due from related parties :		
a) Outstanding for a period exceeding six months from the date they are due for payment		
Omni Infrastructure Private Limited	156.90	-
Empire Mall Private Limited	4.45	-
Royal Mall Private Limited	0.57	-
b) Other Debts		
Alliance Mall Development Co. Private Limited	296.49	-
Empire Mall Private Limited	272.40	-
Hagwood Commercial Developers Private Limited	169.16	-
Omni Infrastructure Private Limited	45.91	-

NOTES TO FINANCIAL STATEMENTS

for the year ended 31st March 2012

NOTE 16. CASH AND CASH EQUIVALENTS

(₹ in Lakhs)		
Particulars	As at 31.03.2012	As at 31.03.2011
Balance with banks		
On current accounts	3,598.89	0.50
Cash on hand	4.88	-
	3,603.77	0.50

NOTE 17. SHORT - TERM LOANS AND ADVANCES

(₹ in Lakhs)		
Particulars	As at 31.03.2012	As at 31.03.2011
Loans and advances		
(Unsecured, Considered Good)		
To Related Parties	222.14	-
To Others	744.56	-
Advance recoverable in cash or kind	111.52	-
(Unsecured, Considered Good)		
Other loans & advances		
(Unsecured, Considered Good)		
Prepaid expenses	4.71	-
Advances to employees	9.75	-
	1,092.68	-
Loans and advances to related parties includes :		
Unsecured, Considered Good		
- Loans given to subsidiary companies		
Prozone Liberty International Limited (Singapore)	38.42	-
Alliance Mall Developers Company Private Limited	112.29	-
- Loans given to step down subsidiary companies		
Hagwood Commercial Developers Private Limited	23.38	-
Prozone International Limited (Singapore)	48.05	-
	222.14	-

Loan and advances to Others amounting to ₹ 744.56 Lakhs represents being loan (including interest) to a private limited company out of the surplus funds of the Company. The Company has recovered an amount of ₹ 38.20 Lakhs during the year. Interest has been duly provided during the year. The management is of the view that the balance amount is fully realisable and considered good.

NOTE 18. OTHER CURRENT ASSETS

(₹ in Lakhs)		
Particulars	As at 31.03.2012	As at 31.03.2011
Accrued Interest on Bonds	0.19	-
	0.19	-

NOTES TO FINANCIAL STATEMENTS

for the year ended 31st March 2012

NOTE 19. REVENUE FROM OPERATIONS

(₹ in Lakhs)		
Particulars	Year ended 31.03.2012	Year ended 31.03.2011
Sale of services		
Management consultancy charges	789.73	-
	789.73	-

NOTE 20. OTHER INCOME

(₹ in Lakhs)		
Particulars	Year ended 31.03.2012	Year ended 31.03.2011
Interest income on		
- Loans & advances	428.95	0.95
- Current investments	0.19	-
- Income tax refund	5.29	-
Dividend income on current investments	192.23	-
Net gain on sale of current investments	24.76	-
	651.42	0.95

NOTE 21. EMPLOYEE BENEFITS EXPENSE

(₹ in Lakhs)		
Particulars	Year ended 31.03.2012	Year ended 31.03.2011
Salaries and bonus	307.19	-
Directors' remuneration	168.58	-
Contribution to Provident and other fund	2.83	-
Gratuity expense	4.64	-
Staff welfare expenses	5.80	-
	489.04	-

NOTE 22. FINANCE COSTS

(₹ in Lakhs)		
Particulars	Year ended 31.03.2012	Year ended 31.03.2011
Interest expenses	4.58	0.76
	4.58	0.76

NOTES TO FINANCIAL STATEMENTS

for the year ended 31st March 2012

NOTE 23. OTHER EXPENSES

(₹ in Lakhs)		
Particulars	Year ended 31.03.2012	Year ended 31.03.2011
Rent	120.00	-
Rates and taxes	4.11	-
Insurance	3.47	-
Repairs & maintenance - others	47.28	-
Advertisement & business promotion expenses	8.87	-
Travelling & conveyance	107.84	-
Communication costs	15.54	-
Printing & stationery	10.07	-
Professional fees	91.00	-
Auditors' remuneration	27.01	0.11
Electricity charges	24.69	-
Vehicle expenses	32.04	-
Office expenses	14.82	-
Miscellaneous expenses	10.26	0.03
	517.00	0.14

a) Payment to Auditors

(₹ in Lakhs)		
Particulars	Year ended 31.03.2012	Year ended 31.03.2011
- For Audit fees	10.11	0.11
- For Taxation matters	16.50	-
- For Management services	0.25	-
- For Other services	0.15	-
	27.01	0.11

NOTE 24. EXCEPTIONAL ITEMS

(₹ in Lakhs)		
Particulars	Year ended 31.03.2012	Year ended 31.03.2011
Reversal of expenses allocated to Joint Venture Company	41.76	-
Advances written off	316.47	-
	358.23	-

- a) The Company has a Joint Venture Project at Mysore through its SPV Moon Town Trading Company Private Limited (MTCPL) in which the Company has 25% stake and the Co-Venturer Shalom Voyagers Private Limited (SVPL) holds balance 75% stake. Based on the understanding arrived at during the year by the Company with its Co-Venturer that the project is not likely to take off in the near future, MTCPL has reversed an amount of ₹ 41.76 Lakhs being various expenses incurred in the previous years, allocated to MTCPL by the Company towards the project work.

NOTES TO FINANCIAL STATEMENTS

for the year ended 31st March 2012

b) Advances Written Off includes :

- i) ₹ 127.5 Lakhs out of loan granted amounting to ₹ 255 Lakhs to Shalom Voyagers Private Limited (a Co-Venturer in Moontown Trading Company Private Limited). In the previous year the Company had made provision of ₹ 127.50 Lakhs and balance amount was shown as recoverable. During the year, looking at the circumstances, it seems the Company will not be able to recover the entire amount and therefore ₹ 255 Lakhs have been written off.
- ii) ₹ 101.33 Lakhs out of loan amounting to ₹ 681.93 Lakhs given to Royal Mall Private Limited (RMPL), a wholly owned subsidiary. The Company had ventured into a project at Lucknow through RMPL. The Company had made an advance to RMPL amounting to ₹ 681.93 Lakhs towards acquisition of the land. RMPL had further given advance of ₹ 669.75 Lakhs to M/s ANS Constructions Private Limited (ACPL) towards land acquisition and ₹ 11.23 Lakhs to a person as brokerage and an amount of ₹ 0.34 Lakhs was utilised towards other operational expenses. Since ACPL failed to procure the land in terms of the agreement it was decided to cancel the said agreement and RMPL could recover only ₹ 580.00 Lakhs from ACPL. However, RMPL had refunded ₹ 580.60 Lakhs of the advance paid to the Company and balance amount of ₹ 101.33 Lakhs is written off as there is no possibility of any further recovery.
- iii) ₹ 87.64 Lakhs out of Share Application Money amounting to ₹ 391.52 Lakhs given to the SPV Company Kruti Multitrade Private Limited (KMPL). The Company has entered into a Shareholding cum Share Subscription Agreement (SSA) with Sai Prasad Organisers (SPO) in September 2006 to develop a Commercial Mall at Surat through KMPL. KMPL had in turn paid ₹ 361 Lakhs to SPO to acquire the Land and the balance amount has been utilised for preoperative and other expenses. In the previous year the Company has provided for an amount of ₹ 195.76 Lakhs as doubtful. During the year an amount of ₹ 37.60 Lakhs (PY ₹ 34.01 Lakhs) was recovered from KMPL against Share application money and ₹ 87.64 Lakhs has been written off as possibility of any further recovery from SPO is very remote.

NOTE 25. EARNINGS PER EQUITY SHARE

In accordance with Accounting Standard 20 - Earning Per Share prescribed by The Institute of Chartered Accountants of India.

		(₹ in Lakhs)	
Sr. No.	Particulars	Year ended 31.03.2012	Year ended 31.03.2011
i)	Weighted average number of Equity Shares of ₹ 2 (PY ₹ 10) each (No. in Lakhs)		
a)	Number of shares at the beginning of the year	0.10	0.10
b)	Number of shares sub-divided in the ratio 1:5 during the year	0.50	-
c)	Number of shares at the end of the year	1,526.03	0.10
d)	Weighted average number of shares outstanding during the year	1,525.21	0.10
e)	Weighted average number of Potential Equity shares outstanding during the year	1,525.21	0.10
f)	Total number of Potential Equity Share for calculating Diluted Earning Per share	1,525.21	0.10
ii)	Net Profit(Loss) after tax available for equity shareholders (₹ in Lakhs)	(203.06)	(0.01)
iii)	Basic Earning per share (in ₹)	(0.13)	(0.02)
iv)	Diluted Earning per share (in ₹)	(0.13)	(0.02)

NOTE 26. ACCOMPANYING NOTES TO ACCOUNTS

a) Contingent liabilities not provided for:

Guarantee given to Bank on behalf of subsidiary company ₹ 1,80,00 Lakhs (P.Y. Nil)

NOTES TO FINANCIAL STATEMENTS

for the year ended 31st March 2012

- b) Some of the sundry creditors are subject to confirmations and reconciliations. Consequential adjustment thereof, if any, will be given effect into the books of account in the year of such adjustments.
- c) In the opinion of the Board, the current assets, loans and advances are approximately of the value stated and are realisable in the ordinary course of business. Further the provisions for all known liabilities are adequately made & not in excess of amount reasonably required
- d) During the year, the company was converted into a public limited company vide special resolution passed in the extra ordinary general meeting of the members of the company held on 14th September 2011. Further vide resolution passed in the meeting of board of directors held on 29th September 2011, name of the Company has been changed from Castle Mall Limited to Prozone Capital Shopping Centres Limited. The fresh Certificate of Incorporation dated 5th October 2011 has been received by the company from the Registrar of Companies, Maharashtra.
- e) Loans and advances in the nature of loans given to subsidiaries and associates as required to be disclosed in the annual accounts of the Company pursuant to Clause 32 of Listing Agreement is under:

i) Details of Loans to Subsidiaries/Step down Subsidiaries

Name of Subsidiary Company	31st March 2012		31st March 2011	
	No. in Lakhs	Maximum Amount	No. in Lakhs	Maximum Amount
Alliance Mall Developers Co. Private Limited	112.29	112.29	Nil	Nil
Royal Mall Private Limited	-	681.93	Nil	Nil
Prozone Liberty International Ltd, Singapore	38.42	38.42	Nil	Nil
Prozone International Ltd, Singapore	48.05	48.05	Nil	Nil
Omni Infrastructure Private Limited	438.22	438.22	Nil	Nil
Empire Mall Private Limited	4,320.17	10,054.73	Nil	Nil
Hagwood Commercial Developers Private Limited.	23.38	140.63	Nil	Nil
	4,980.53	11,514.27	Nil	Nil

ii) Details of Investments in Subsidiaries

Name of Subsidiary Company	(No. of shares)	
	31st March 2012	31st March 2011
Alliance Mall Developers Co Private Limited	2,010,000	Nil
Jaipur Festival City Private Limited	10,000	Nil
Royal Mall Private Limited	10,000	Nil
Kruti Multitrade Private Limited	10,000	Nil
Prozone Liberty International Limited (Singapore)	61,474,094	Nil
Investments through Prozone Liberty International Limited (Singapore)		Nil
Prozone International Limited (Singapore)	38,046,055	Nil
Prozone International Coimbatore Limited (Singapore)	1	Nil
Prozone Overseas Pte Limited (Singapore)	1	Nil

NOTES TO FINANCIAL STATEMENTS

for the year ended 31st March 2012

Name of Subsidiary Company	(No. of shares)	
	31st March 2012	31st March 2011
Investments through Prozone International Limited (Singapore)		Nil
Empire Mall Private Limited	47,209,412	Nil
Hagwood Commercial Developers Private Limited	9,480,235	Nil
Omni Infrastructure Private Limited	24,000	Nil

f) Disclosure as per AS 15 "Employee Benefits" :

The principal assumptions used in the actuarial valuation of Gratuity are as follows.

Particulars	Current Year	Previous Year
Discount rate	8.00%	Nil
Expected rate of return on assets	8.50%	Nil
Expected rate of future salary increase	5% F5Y	Nil
	8.5% TA	

Changes in present value of obligations

Particulars	Current Year	Previous Year
Present value of obligation as at 31.03.2011 (Pursuant to amalgamation)	5.38	Nil
Interest Cost	0.43	Nil
Current Service Cost	2.30	Nil
Benefits paid	-	Nil
Actuarial loss on obligations	2.36	Nil
Present Value of obligation as at 31.03.2012	10.47	Nil

(Assets)/Liability recognized in the Balance Sheet

Particulars	Current Year	Previous Year
Present value of obligation as at 31.03.2011	10.47	Nil
Fair Value of plan assets as at the end of the year	15.26	Nil
Unfunded status	(4.79)	Nil
Unrecognized Actuarial (Gain)/loss		Nil
Net (Assets)/Liability recognized in the Balance Sheet	(4.79)	Nil

Expenses recognized in the Profit and Loss Account

Particulars	Current Year	Previous Year
Current Service Cost	2.30	Nil
Past Service Cost	-	Nil
Interest Cost	0.43	Nil
Expected return on plan assets	(0.45)	Nil
Net Actuarial (Gain)/loss recognized during the year	2.36	Nil
Total Expenses recognized in the Profit and Loss account	4.64	Nil

NOTES TO FINANCIAL STATEMENTS

for the year ended 31st March 2012

g) Related Party Disclosure:

As required under Accounting Standard 18 "Related Party Disclosure" (AS-18), following are details of transactions during the year with the related parties of the Company as defined in AS 18:

For the year ended 31st March 2012

i) Key Management Personnel

Mr. Nikhil Chaturvedi	Director
Mr. Akhil Chaturvedi	Director
Mr. Salil Chaturvedi	Director
Mr. Deep Gupta	Director
Mr. Nigam Patel	Director
Mr. Rakesh Rawat	Director
Mr. J.K. Jain	Director

ii) Shareholder having significant interest in the Company

Nailsfield Limited, Mauritius

iii) Enterprises owned or significantly influenced by key management personnel or their relatives

Starlight City Commercial Developers Private Limited

Bright Land Developers Private Limited

Provogue (India) Limited

iv) Subsidiaries/Step down Subsidiaries :

Alliance Mall Developers Co Private Limited

Standard Mall Private Limited

Royal Mall Private Limited

Jaipur Festival City Private Limited

Prozone Liberty International Ltd, Singapore

Prozone International Ltd, Singapore

Omni Infrastructure Private Limited

Empire Mall Private Limited

Hagwood Commercial Developers Private Limited

Kruti Multitrade Private Limited

v) Joint Ventures and Coventurers :

Emerald Buildhome Private Limited

Moontown Trading Company Private Limited

Shalom Voyagers Private Limited

NOTES TO FINANCIAL STATEMENTS

for the year ended 31st March 2012

Related Party Transactions

a) Sale/Purchase of goods and services

Particulars	Sale of services	Reimbursement of expense	No. in Lakhs	Maximum Amount
Enterprises owned or significantly influenced by key management personnel or their relatives				
Provogue (India) Limited	-	63.95	120.00	-
Subsidiaries/Step down Subsidiaries				
Alliance Mall Developers Co. Private Limited	315.67	-	-	296.49
Royal Mall Private Limited	-	-	-	0.57
Omni Infrastructure Private Limited	46.25	-	-	202.82
Empire Mall Private Limited	274.41	-	-	276.84
Hagwood Commercial Developers Private Limited.	176.58	-	-	169.16

b) Loans given and repayment thereof

Particulars	Pursuant to the Scheme	Loans Given	Received Back	Written Off	Interest Accrued	Amount due from Related Parties
Subsidiaries/Step down Subsidiaries						
Alliance Mall Developers Co. Private Limited	2.56	167.83	58.10	-	-	112.29
Royal Mall Private Limited	681.93	-	681.93	-	-	-
Prozone Liberty International Ltd, Singapore	18.82	19.60	-	-	-	38.42
Prozone International Ltd, Singapore	44.92	3.13	-	-	-	48.05
Omni Infrastructure Private Limited	103.95	329.38	24.99	-	29.88	438.22
Empire Mall Private Limited	9,839.83	1,245.08	7,125.73	-	360.99	4,320.17
Hagwood Commercial Developers Private Limited	140.63	115.13	232.38	-	-	23.38
Joint Ventures and Coventurers						
Moontown Trading Company Private Limited (JV)	313.71	-	-	41.76	-	271.95
Shalom Voyagers Private Limited (CoV)	255.00	-	-	255.00	-	-

NOTES TO FINANCIAL STATEMENTS

for the year ended 31st March 2012

c) Loans taken and repayment thereof

Particulars	Pursuant to the Scheme	Loans Taken	Loan Repaid	Interest Paid	Amount due to Related Parties
Enterprises owned or significantly influenced by key management personnel or their relatives					
Provogue (India) Limited	560.61	162.24	717.51	0.06	30.08
Joint Ventures and Coventurers					
Emerald Buildhome Private Limited (JV)	1,729.49	-	-	-	1,729.49

d) Share Application Money Given

Particulars	Pursuant to the Scheme	Received Back	Written Back	Amount due from Related Parties
Subsidiaries/Step down Subsidiaries				
Kruti Multitrade Private Limited	357.51	37.60	283.40	36.51
Joint Ventures and Coventurers				
Moontown Trading Company Private Limited (JV)	200.00	-	-	200.00

e) Remuneration to Key Management Personnel

Particulars	Remuneration	Amount due to Related Parties
i) Key Management Personnel		
Mr. Nikhil Chaturvedi	84.00	-
Mr. Salil Chaturvedi	24.58	3.51
Mr. Nigam Patel	60.00	1.00

For the year ended 31st March 2011:

i) Key Management Personnel	
Mr. Rakesh Rawat	Director
Mr. J.K. Jain	Director

ii) Holding Company : Provogue (India) Limited

Related Party Transactions

Loans taken and repayment

Particulars	Loans Taken	Loan Repaid	Interest Paid	Amount due to Related Parties
Holding Company				
Provogue (India) Limited	24.00	0.08	0.76	24.68

Note: Related Parties are as disclosed by the Management and relied upon by the auditors.

NOTES TO FINANCIAL STATEMENTS

for the year ended 31st March 2012

- h) The Company is mainly engaged in the business of designing, developing, owning and operating of Shopping Malls, Commercial and Residential Premises through its various SPVs. The Company is also providing related management consultancy services to its SPVs. There is no other reportable business segment as per Accounting Standard (AS-17) issued by The Institute of Chartered Accountants of India.
- i) In January, 2012, the Income Tax Authorities had carried out search and seizure proceedings at the premises of the Company, its promoters and its senior officials under the provisions of section 132 of Income Tax Act, 1961. The Company has since produced all relevant materials and responded to the various queries raised by the Income Tax Authorities from time to time. The Company presently believes that there will not be any revision in income booked in the current as well as earlier accounting years. The proceedings shall be attended to as per provisions of the Income tax laws.
- j) Figures less than ₹ 500/- have been shown at actual wherever statutory required to be disclosed since figures have been rounded off to the nearest thousands
- k) Till the year ended 31st March 2011, the Company was using Old Schedule VI to the Companies Act 1956, for preparation and presentation of its financial statements. During the year ended 31st March 2012, the Revised Schedule VI notified under the Companies Act, 1956 has become applicable to the Company. The Company has re-grouped, reclassified and/or re-arranged previous year's figures, wherever necessary to conform to current year's classification. The adoption of revised schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it has significant impact on presentation and disclosures made in the financial statements applicable in the current year.

As per our report of even date attached

For Singrodia Goyal & Co.

Chartered Accountants

Shyamratan Singrodia

Partner

Mem. No. 49006

Place : Mumbai

Date : 15th May 2012

For and on behalf of the Board

Nikhil Chaturvedi

Managing Director

Salil Chaturvedi

Dy. Managing Director

Snehal Bansode

Company Secretary

AUDITORS' REPORT

on (Consolidated) Financial Statements

Auditor's Report to the Board of Directors of Prozone Capital Shopping Centres Limited (Formerly known as "Castle Mall Private Limited") on the Consolidated Financial Statements of Prozone Capital Shopping Centres Limited, its Subsidiaries and its interest in Joint Ventures.

We have audited the attached Consolidated Balance Sheet of Prozone Capital Shopping Centres Limited (Formerly known as "Castle Mall Private Limited") (hereinafter referred as "the Company"), its subsidiaries and its interest in joint ventures (hereinafter collectively referred to as "the Group") as at 31st March 2012, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year ended on that date prepared in accordance with the accounting principles generally accepted in India. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

1. We conducted our audit in accordance with generally accepted auditing standards in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and are free of material misstatements. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements. We believe that our audit provides a reasonable basis for our opinion.
2. We report that the Consolidated Financial Statements have been prepared by the Company in accordance with the requirements of Accounting Standard 21, "Consolidated Financial Statements" and Accounting Standard 27 "Financial Reporting of Interest in Joint Ventures" notified pursuant to the Companies (Accounting Standards) Rules, 2006 and on basis of the separate audited financial statement of the Company, its subsidiaries and joint ventures of its subsidiaries included in the Consolidated Financial Statements.
3. We did not audit the financial statements of four subsidiaries viz., Prozone Liberty International Limited, Prozone International Limited, Prozone Overseas Pte Ltd., and Prozone International Coimbatore Limited (all incorporated in Singapore)

whose financial statements reflect the Group share of total net assets of ₹ 58,748.00 Lakhs as at 31st March 2012 and Group share of total revenue of ₹ 1.91 Lakhs and net cash outflow amounting to ₹ 13.36 Lakhs for the year ended at that date, as considered in the Consolidated Financial Statements.

The Financial Statements and other Financial Information's of these four subsidiaries have been audited by other auditors, whose reports have been furnished to us and our opinion, in so far as it relates to the amounts included in respect of the subsidiaries, is based solely on the report of the other auditors.

4. The Financial Statements of the joint venture of its subsidiary viz., Emerald Buildhome Private Limited are unaudited for the year and which reflects total net assets of ₹ 1,376.92 Lakhs as at 31st March 2012, total revenue of ₹ Nil and net cash outflow amounting to ₹ 0.65 Lakhs for the year ended at that date.
5. On the basis of the information and explanations given to us and on the consideration of the separate audit reports on individual audited financial statements of the Company, its subsidiaries and joint ventures of its subsidiaries, we are of the opinion that the consolidated financial statements give a true and fair view:
 - (a) In case of the Consolidated Balance Sheet, of the consolidated state of affairs of the Group as at 31st March 2012;
 - (b) In case of the Consolidated Statement of Profit and Loss, of the consolidated results of operations of the Group for the year then ended; and
 - (c) In case of the Consolidated Cash Flow Statement, of the consolidated cash flows of the Group for the year ended on that date.

For Singrodia Goyal & Co.

Chartered Accountants

Firm Reg No. 112081W

Shyamratan Singrodia

Partner

Place : Mumbai

Date : 15th May 2012

Mem. No. 49006

CONSOLIDATED BALANCE SHEET

as at 31st March 2012

(₹ in Lakhs)

Particulars	Notes	As at 31.03.2012
EQUITY AND LIABILITIES		
Shareholders' Funds		
Share capital	3	3,052.06
Reserves & surplus	4	58,370.48
		61,422.54
Minority Interest		21,097.43
Non-current Liabilities		
Long-term borrowings	5	12,699.74
Deferred tax liabilities (net)	6	15.68
Other long-term liabilities	7	908.72
Long-term provisions	8	2.62
		13,626.76
Current Liabilities		
Short-term borrowings	9	34.73
Trade payables	10	453.73
Other current liabilities	11	3,029.75
Short term provisions	12	179.14
		3,697.35
		99,844.08
ASSETS		
Non-Current Assets		
Fixed assets	13	
Tangible assets		53,194.43
Intangible assets		8.24
Capital work in progress		1,821.48
Goodwill on consolidation		19,993.13
Non-current investments	14	2,466.04
Long-term loans and advances	15	2,679.58
Other non-current assets	16	53.52
		80,216.42
Current Assets		
Current investments	17	4,491.89
Inventories	18	6,592.92
Trade receivables	19	2,299.43
Cash and cash equivalents	20	3,994.08
Short-term loans and advances	21	2,242.65
Other current assets	22	6.69
		19,627.66
		99,844.08
The Composite Scheme of Arrangement and Amalgamation	1	
Significant Accounting Policies	2	
Accompanying Notes to Accounts	31	

As per our report of even date attached

For Singrodia Goyal & Co.
Chartered Accountants

Shyamratan Singrodia
Partner
Mem. No. 49006

Place : Mumbai
Date : 15th May 2012
ANNUAL REPORT 2012

For and on behalf of the Board

Nikhil Chaturvedi **Salil Chaturvedi**
Managing Director Dy. Managing Director

Snehal Bansode
Company Secretary

STATEMENT OF CONSOLIDATED PROFIT & LOSS

for the year ended 31st March 2012

(₹ in Lakhs)

Particulars	Notes	Year ended 31.03.2012
INCOME		
Revenue from Operations	23	5,030.50
Other Income	24	841.38
TOTAL REVENUE		5,871.88
EXPENSES		
Cost of Construction Project	25	1,712.72
Employee Benefits Expenses	26	663.97
Finance Costs	27	1,663.91
Depreciation	13	2,704.72
Other Expenses	28	1,285.05
TOTAL EXPENSES		8,030.37
Profit/(Loss) before tax and exceptional items		(2,158.49)
Less: Exceptional items	29	536.37
Profit/(Loss) before tax		(2,694.86)
Less: Tax expense		
Current tax		3.72
Deferred tax liability/(assets)		870.77
Tax of earlier years		28.21
		902.70
Profit/(Loss) after tax for the year		(3,597.56)
Minority Interest		(1,309.51)
Profit/(Loss) for the year		(2,288.05)
Earnings per equity share	30	
(Nominal value of share ₹ 2) : Basic		(1.50)
: Diluted		(1.50)
The Composite Scheme of Arrangement and Amalgamation	1	
Significant Accounting Policies	2	
Accompanying Notes to Accounts	31	

As per our report of even date attached

For Singrodia Goyal & Co.
Chartered Accountants

Shyamratan Singrodia
Partner
Mem. No. 49006

Place : Mumbai
Date : 15th May 2012

For and on behalf of the Board

Nikhil Chaturvedi **Salil Chaturvedi**
Managing Director Dy. Managing Director

Snehal Bansode
Company Secretary

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31st March 2012

(₹ in Lakhs)

Particulars	Year ended 31.03.2012
A. CASH FLOW FROM OPERATING ACTIVITIES:	
Net Profit/(Loss) before tax and before extraordinary items	(2,158.49)
Adjustments for :	
Depreciation	2,704.72
Interest income	(278.21)
Dividend income	(302.30)
Amalgamation expenses	(80.68)
Net gain/(loss) on sale of current investments	(331.91)
Finance costs	1,663.91
Bad debts written off	90.95
Sundry balance written back	(2.88)
Operating profit before working capital changes	1,305.11
Adjustments for :	
Increase/(Decrease) in Trade payables	194.94
Increase/(Decrease) in Other current liabilities	(1,365.15)
Increase/(Decrease) in Long-term provisions	(3.21)
Increase/(Decrease) in Short term provisions	10.96
Increase/(Decrease) in Other long- term liabilities	4,152.01
Decrease/(Increase) in Long-term loans and advances	1,607.89
Decrease/(Increase) in Trade receivables	(1,839.42)
Decrease/(Increase) in Short-term loans and advances	384.38
Decrease/(Increase) in Other Non - current assets	33.14
Decrease/(Increase) in Inventories	475.12
Decrease/(Increase) in Other current assets	(7.32)
Cash generated from/(used in) operations	4,948.45
Direct taxes paid	(137.46)
Exceptional items	(105.12)
Net cash flow from/(used in) operating activities	4,705.87
B. CASH FLOW FROM INVESTING ACTIVITIES:	
Purchase of fixed assets	(3,074.21)
Capital work in progress	2,036.30
Security deposits	(0.25)
Purchase of non-current investments	(1.00)
Sale of non-current investments	1.00
Purchase of current investments	(42,624.74)
Sales of current Investments	44,817.86
Interest income	278.21
Dividend income	302.30
Redemption/maturity of bank deposits (having original maturity of more than 3 months)	76.79
Net cash flow from/(used in) investment activities	1,812.26

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31st March 2012

(₹ in Lakhs)

Particulars	Year ended 31.03.2012
C. CASH FLOW FROM FINANCING ACTIVITIES:	
Proceeds from Issue of Shares	4.00
Share Issue Expenses	(15.59)
Loans and Advances given	(13.19)
Proceeds from Short - term borrowings	2,317.74
Repayment of Short - term borrowings	(8,087.86)
Proceeds from long - term borrowings	6,985.98
Repayment of long - term borrowings	(2,635.57)
Finance costs	(1,663.91)
Net cash flow from/(used in) financing activities	(3,108.40)
Net increase in Cash and Cash Equivalents	3,409.73
Foreign Currency Translation Reserve	(2.70)
Cash and Cash Equivalents	
- at the beginning of the year	0.50
- Pursuant to the Scheme	19.83
- on consolidation of subsidiaries and joint ventures	274.66
Cash and Cash Equivalents at the end of the year	3,702.02
Notes :	
a. Cash and Cash Equivalents at the end of the year consists of cash in hand and balances with banks are as follows:	

(₹ in Lakhs)

Particulars	As at 31.03.2012
Balances with Banks:	
On Current Accounts	3,684.67
Cash on Hand	11.32
Add: Share in joint venture	6.03
	3,702.02
b. Cash Flow Statement has been prepared after giving effect to the Scheme of Demerger and Amalgamation to the Opening Balance Sheet from appointed date i.e. 1st April 2011	

As per our report of even date attached

For Singrodia Goyal & Co.
Chartered Accountants

Shyamratan Singrodia
Partner
Mem. No. 49006

Place : Mumbai
Date : 15th May 2012

For and on behalf of the Board

Nikhil Chaturvedi **Salil Chaturvedi**
Managing Director Dy. Managing Director

Snehal Bansode
Company Secretary

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31st March 2012

NOTE 1. THE COMPOSITE SCHEME OF ARRANGEMENT AND AMALGAMATION

- a) As per the Order dated 10th February 2012, the Hon'ble High Court of Judicature at Bombay approved the Composite Scheme of Arrangement and Amalgamation (The Scheme) whereby the Retail Centric Real Estate Development Business (RCREDB) division was demerged and transferred from Provogue (India) Limited (the Demerged Company) and vested in Prozone Capital Shopping Centres Limited (the Resulting Company) as a going concern with retrospective effect from 1st April 2011 being the appointed date
- b) The Scheme became effective from 27th February 2012 (the Effective Date) upon which the business of RCREDB division including all its assets whether moveable or immoveable, tangible or intangible and liabilities whether present or contingent (as detailed in the Scheme) stands transferred and vested in the Resulting Company
- c) The management of Provogue (India) Limited (Demerged Company), Prozone Enterprises Private Limited (the Amalgamating Company) and Prozone Capital Shopping Centres Limited (the Company), in terms of provision contained in para no. 19.1.4 of the Scheme, mutually decided to disregard the investment made by the Demerged Company in 'Provogue Infrastructure Private Limited' from the RCREDB division. Accordingly, 'Provogue Infrastructure Private Limited' is deemed to be continued as subsidiary of the Demerged Company.
- d) From the Appointed Date upto the Effective date, the business of RCREDB Division is deemed to have been carried out by the Demerged Company in trust for the Company. And hence, any income or profit accruing or arising and any costs, charges, expenses and losses incurred by the Demerged Company in relation to RCREDB Division in accordance with the Scheme shall be treated as of the Company. The under mentioned assets and liabilities have been accounted for, in the method and manner, as prescribed in the Scheme:

(₹ in Lakhs)

Particulars

Assets

Fixed Assets - Tangible	240.90	
Non - Current Investments	20,512.20	20,753.10

Liabilities

Long Term Borrowings	63.93	
Long Term Provisions	1.09	
Other Current Liabilities	1.16	66.18

Excess of Assets over Liabilities	20,686.92	
Less: Investment Disregarded	1.00	
	20,685.92	

1,143.57 Lakhs Equity Shares of ₹ 2 each fully paid up allotted to the Shareholders of Demerged Company	2,287.14	
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Amount Credited/(Debited) to Amalgamation Reserve	(A)	18,398.78
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- e) Similarly, pursuant to the aforesaid Order and the Scheme, Prozone Enterprises Private Limited (the Amalgamating Company) got amalgamated with the Company. From the Appointed Date upto the Effective date, the Amalgamating Company carried out its business in trust for the Company. In view of the same, any income or profit accruing or arising and any costs, charges, expenses and losses incurred by the Amalgamating Company in accordance with the Scheme shall be treated as of the Company. The Accounting impact on amalgamation of the Amalgamating Company with the Company, is mentioned hereunder:

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31st March 2012

- i) All the assets and liabilities of the Amalgamating Company as at 1st April 2011 transferred on amalgamation have been accounted in the books of the Company at their respective book values.
- ii) All the reserves of the Amalgamating Company as at 1st April 2011 have been transferred to the "Amalgamation Reserve Account," in the books of the Company.
- iii) Costs incurred for the purposes of executing the Scheme have been debited to the "Amalgamation Reserve Account."

The under mentioned assets, liabilities and reserves have been accounted for, in the method and manner, as prescribed in the Scheme:

(₹ in Lakhs)		
Particulars		
Assets		
Fixed Assets - Tangible	463.07	
Fixed Assets - Intangible	11.16	
Non - Current Investments	28,470.73	
Deferred Tax Assets (Net)	150.35	
Long-Term Loans And Advances	12,155.79	
Trade Receivables	180.56	
Cash And Cash Equivalents	19.83	
Short-Term Loans And Advances	1,015.44	42,466.93
Liabilities		
Long Term Borrowings	2,293.70	
Trade Payables	51.12	
Other Current Liabilities	68.45	2,413.27
Excess Of Assets Over Liabilities		40,053.66
Less:		
Reserves And Surplus		
Securities Premium	36,434.05	
Surplus	(22.16)	
Cross Holding Investment	20,511.20	56,923.09
		(16,869.43)
Less :		
379.96 Lakhs Equity Shares of ₹ 2/- each fully paid up allotted to the Shareholders of Transferor Company		759.92
Costs incurred for the purpose of executing the Scheme by the Amalgamating Company		80.68
Amount Credited/(Debited) to Amalgamation Reserve	(B)	(17,710.03)
Net Amount Credited to Amalgamation Reserve	(A)+(B)	688.75

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31st March 2012

CORPORATE INFORMATION:

Prozone Capital Shopping Centres Limited (the Company) is a public company domiciled in India and incorporated under the provisions of the Companies Act, 1956. The Company is engaged in the business of developing, owning and operating of Shopping Malls, Commercial and Residential Premises. The Company is also providing related management consultancy services.

BASIS OF PREPARATION:

The financial statements of the company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The company has prepared these financial statements to comply in all material respects with the accounting standards notified under the Companies (Accounting Standards) Rules, 2006, (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on an accrual basis and under the historical cost convention.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

A) Basis of Accounting:

- a. The Financial Statements have been prepared in compliance with the Accounting Standards notified by Companies (Accounting Standard) Rules 2006 and the relevant provisions of the Companies Act, 1956 in all material aspects.
- b. Financial Statements are based on historical cost convention and are prepared on accrual basis

B) Significant Accounting Policies:

a. Principles of Consolidation:

The Consolidated Financial Results comprise of the financial statements of Prozone Capital Shopping Centres Limited and its subsidiaries, which are consolidated in accordance with Accounting Standard 21 on Consolidated Financial Statements notified pursuant to the Companies (Accounting Standards) Rules, 2006. The proportionate share in the results of both Joint Venture Companies viz. Emerald Buildhome Private Limited (unaudited) and Moon Town Trading Company Private Limited (audited) are consolidated in accordance with Accounting Standard 27 on Financial Reporting of Interests in Joint Ventures.

The Consolidated Financial Statements relate to Prozone Capital Shopping Centres Limited ('The Company') and its Subsidiaries and Joint Ventures have been prepared on the following basis:

- i) The financial statements of the Company and its subsidiaries have been combined on a line-by-line basis by adding together the balances of like items of assets, liabilities, income and expenditure after fully eliminating the intra-group balances and intra-group transactions resulting in unrealized profit or loss.
- ii) The financial statements of the Company and its Joint Ventures have been consolidated using the proportionate consolidation method.
- iii) The Consolidated Financial Statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as the Company's separate financial statements.
- iv) While preparing Consolidated Financial Statements, the foreign exchange adjustments have been carried out as per Accounting Standard 11 - "Accounting for effects of changes in Foreign Exchange Rates" on following basis:
 - a) The summarized revenue and expenses transactions at the year-end reflected in Profit and Loss Account of the foreign subsidiaries, which are stated in the currency of their domicile, are translated into Indian Rupees at an average exchange rate.
 - b) All monetary and non-monetary items reflected in the Balance Sheet of the foreign subsidiaries which are stated in the currency of their domicile, are translated into Indian Rupees at the year-end closing exchange rate.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31st March 2012

- c) The resultant translation exchange gain/loss in case of non-integral foreign operations is disclosed as Foreign Exchange Translation Reserve in Reserves & Surplus Schedule in the Accounts.
- v) The excess of cost to the Company of its investments in the subsidiaries over its portion of equity of subsidiaries at the dates they become subsidiaries is recognized in the financial statements as goodwill.
- vi) The excess of Company's portion of equity of the subsidiaries over the cost to the Company of its investments at the dates they become subsidiaries is recognized in the financial statements as capital reserve.

b. Other Significant Accounting Policies:

i) Revenue Recognition:

- a) Revenue is recognized when it is earned and no significant uncertainty exists as to its realization or collection.
- b) Income earned by way of leasing or renting out of commercial premises is recognised as income in accordance with Accounting Standard 19 on "Leases" (AS 19). Initial direct costs are recognised as expense on accrual basis in Profit and Loss Account.
- c) The Company follows the Percentage of Project completion method for the projects. Under this method the Company recognizes revenue in proportion to the actual cost incurred as against the total estimated cost of the project under execution subject to completion of construction work to a certain level depending on the type of the project.
 - Land & TDR cost is not included in computing the Percentage of Project Completion for recognizing revenue.
 - Revenue is recognized either on execution of an agreement or a letter of allotment.
 - The estimates relating to percentage of completion, cost to completion, saleable area, etc being of technical nature are revised periodically by the management and are considered as change in estimates and accordingly, the effect of such changes in estimates is recognized in the period in which such changes are determined.
- d) Interest is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.
- e) Dividend income is recognised when the right to receive payment is established.

ii) Fixed Assets:

- a) Fixed Assets are stated at cost less accumulated depreciation and impairments loss, if any. Cost comprises the purchase price and any attributable cost of bringing the assets to its working condition for intended use. Indirect preoperative expenses and borrowing costs attributable to construction or acquisition of Fixed Assets for the period up to the completion of construction or acquisition of Fixed Assets are capitalised.
- b) Intangible Fixed Assets are recognised only if they are separately identifiable and the Company controls the future economic benefits arising out of them. Intangible assets are stated at cost less accumulated amortisation and impairment.

iii) Expenditure during construction

- a) Expenditure of capital nature incurred during construction period in respect of a project being executed by the Company is grouped under Capital work in progress. Such expenditure would be capitalized upon the commencement of commercial operation of the project.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31st March 2012

- b) Incidental expenditure during construction pending allocation included in capital work in progress represents expenditure incurred in connection with the project which is intended to be capitalized to the project.

iv) Impairment of Fixed Assets:

An asset is treated as impaired when the carrying cost of asset exceeds its recoverable value. An impairment loss is charged to the Profit and Loss Account in the year in which an asset is identified as impaired. The impairment loss recognised in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

v) Depreciation:

a) Tangible Assets

- i. Leasehold Land is amortised over the remaining period of the Lease.
- ii. Depreciation on Other Fixed Assets is provided on 'Written down value method' at the rates and in the manner specified in the Schedule XIV of the Companies Act, 1956.

b) Intangible Assets

Computer softwares are amortised on Straight Line Method over a period of five years.

vi) Inventories:

Construction work in progress includes cost of land, premium for development rights, construction cost, borrowing cost and other allocated overheads incidental to the projects undertaken by the Company.

vii) Investments:

Investments that is intended to be held for more than a year from the date of acquisition are classified as long term investments and are carried at cost less any provision for permanent diminution in value. Investments other than long term investments being current investments are valued at cost or fair market value whichever is lower.

viii) Borrowing Costs:

Borrowing costs are recognised as an expense in the period in which they are incurred except the borrowing cost attributable to be acquisitions\ constructions of a qualifying assets which are capitalised as a part of the cost of the fixed assets, upto the date, the assets are ready for its intended use.

ix) Miscellaneous Expenditure:

- a) Preliminary expenses are amortized in the year in which they are incurred.
- b) Expenses on preferential issue of shares/warrants are written off against the securities premium received.

x) Employee Benefits:

- a) Company's contribution to Provident Fund and other Funds for the year is accounted on accrual basis and charged to the Profit & Loss Account for the year.
- b) Liability for leave encashment benefits has been provided on accrual basis.
- c) Retirement benefits in the form of Gratuity are considered as defined benefit obligations and are provided on the basis of the actuarial valuation, using the projected unit credit method as at the date of the Balance Sheet.

xi) Provisions and Contingent Liabilities:

The Company recognizes a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31st March 2012

be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, requires an outflow of resources. Where there is a possible obligation or a present obligation that the likelihood of outflow of resources is remote, no provision or disclosure is made.

xii) Use of Estimates:

The preparation of financial statements in conformity with Generally Accepted Accounting Principles requires estimates and assumptions to be made that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities on the financial statements and the reported amounts of revenues and expenses during the reporting period.

Difference between actual results and estimates are recognized in the periods in which the results are known/materialize.

xiii) Foreign Currency Transactions:

- The transactions in foreign currencies on revenue accounts are stated at the rate of exchange prevailing on the date of transactions.
- The difference on account of fluctuation in the rate of exchange, prevailing on the date of transaction and the date of realization is charged to the Profit & Loss Account.
- Non monetary foreign currency items are carried at cost.
- Differences on translation of Current Assets and Current Liabilities remaining unsettled at the year-end are recognized in the Profit and Loss Account.
- The premium in respect of forward exchange contract is amortized over the life of the contract. The net gain or loss on account of any exchange difference, cancellation or renewal of such forward exchange contracts is recognized in the Profit & Loss Account.

xiv) Accounting for Taxation of Income :

Current Taxes:

Provision for current income-tax is recognized in accordance with the provisions of Indian Income- tax Act, 1961 and is made annually based on the tax liability after taking credit for tax allowances and exemptions.

Deferred Taxes:

Deferred tax assets resulting from "timing difference" between taxable and accounting income is accounted for using the tax rates and laws that are enacted or substantively enacted as on the balance sheet date. Deferred tax asset is recognised and carried forward only to the extent that there is a virtual certainty that the asset will be realised in future.

NOTE 3. SHARE CAPITAL

(₹ in Lakhs)	
Particulars	As at 31.03.2012
Authorised	
2,002.50 Lakhs Equity Shares of ₹ 2 each	4,005.00
	4,005.00
Issued, Subscribed and Paid Up	3,052.06
1,526.03 Lakhs Equity Shares of ₹ 2 each fully paid up	3,052.06

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31st March 2012

- a) The members of the Company in their extra-ordinary general meeting held on 25th day of August 2011, sub divided authorised/issued/paid up share capital of ₹ 1.00 Lakh divided into 0.10 Lakh equity shares of ₹ 10 each to 0.5 Lakhs equity shares of ₹ 2 each. Further, the company also increased its authorised share capital from ₹ 1 Lakhs divided into 0.50 Lakhs equity shares of ₹ 2 each to ₹ 5.00 Lakhs divided into 2.50 Lakhs equity shares of ₹ 2 each and, allotted 2.00 Lakhs equity shares of ₹ 2 each to Provogue (India) Limited.

Authorised Share Capital of Amalgamating Company amounting to ₹ 4,000.00 Lakhs divided in to 400.00 Lakhs equity shares of ₹ 10 each has been deemed to be sub divided in to 2,000.00 Lakhs equity shares of ₹ 2 each as per the Composite Scheme of Arrangement and Amalgamation.

- b) The Company has allotted 1,523.53 Lakhs equity shares of ₹ 2 each fully paid up to the Shareholders of Demerged Company and Transferor Company pursuant to the Scheme.

c) Reconciliation of the equity shares outstanding at the beginning and at the end of the reporting period

Particulars	As at 31st March 2012	
	No. in Lakhs	₹ in Lakhs
(Face Value of ₹ 10 each)		
At the beginning of the period	0.10	1.00
(Face Value of ₹ 2 each)		
No. of Shares Sub-Divided in the ratio 1:5	0.50	1.00
Issued during the period		
- for cash	2.00	4.00
- pursuant to the Scheme of Arrangement and Amalgamation	1,523.53	3,047.06
Outstanding at the end of the period	1,526.03	3,052.06

d) Details of shares issued for a consideration other than cash

Particulars	As at 31st March 2012	
	No. in Lakhs	₹ in Lakhs
Equity Shares issued pursuant to the Scheme of Demerger and Amalgamation	1,523.53	3,047.06

e) Terms/rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 2 per share. Each holder of equity share is entitled to one vote per share.

In the event of liquidation of the Company, the holder of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

f) Details of Shareholders' holding more than 5% shares in the company:

Names of Shareholders	As at 31st March 2012	
	No. in Lakhs	% holding
Nailsfield Limited, Mauritius	494.11	32.38
Nikhil Chaturvedi	106.12	6.95
Salil Chaturvedi	102.95	6.75

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31st March 2012

NOTE 4. RESERVES AND SURPLUS

(₹ in Lakhs)	
Particulars	As at 31st March 2012
Amalgamation Reserve (Pursuant to the Scheme)	688.75
Foreign Currency Translation Reserve	924.87
Securities Premium	
Opening Balance	-
Add: Pursuant to the Scheme	57,156.63
Less: Share issue expenses *	15.59
	57,141.04
Surplus/(deficit) in the Statement of Profit and Loss	
Opening Balance	1,926.03
Add: Pursuant to the Scheme	(22.16)
Add: Profit/(Loss) during the year	(2,288.05)
	(384.18)
Less: Utilised during the year	-
Closing Balance	(384.18)
	58,370.48

* Share issue expenses amounting to ₹ 15.59 Lakhs represents expenses incurred in relation to issue of shares during the financial year 2010-11

NOTE 5. LONG - TERM BORROWINGS

(₹ in Lakhs)	
Particulars	As at 31st March 2012
Secured	
Term Loans	13,575.31
Less: Interest accrued but not due on borrowings	(162.34)
Less: Current maturities of long term debt (disclosed under other current liabilities)	(1,598.66)
	11,814.31
Hire Purchase Loans	64.15
Less: Current maturities of long term debt (disclosed under other current liabilities)	(43.47)
	20.68
	11,834.99
Unsecured	
Interest free loans and advances from related parties	864.75
	864.75
TOTAL	12,699.74

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31st March 2012

NOTE 6. DEFERRED TAX LIABILITIES (NET)

(₹ in Lakhs)	
Particulars	As at 31.03.2012
Deferred Tax Liabilities (Gross)	
Fixed Assets : Impact of difference between tax depreciation and depreciation/ amortisation charged for the financial reporting	3.06
"Impact of income charged to the statement of profit and loss in the current year but allowed for tax purposes on receipt basis	
- Lease Rental Adjustments - Unbilled Revenue"	17.78
	20.84
Less:	
Deferred Tax Assets (Gross)	
Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes on payment basis	5.16
	5.16
Deferred Tax Liabilities (Net)	15.68

NOTE 7. OTHER LONG-TERM LIABILITIES

(₹ in Lakhs)	
Particulars	As at 31.03.2012
Lease deposits from tenants	907.93
Add: Share in Joint Ventures	0.79
	908.72

NOTE 8. LONG-TERM PROVISIONS

(₹ in Lakhs)	
Particulars	As at 31.03.2012
Provision for employees' benefits	
Provision for gratuity	2.62
	2.62

NOTE 9. SHORT-TERM BORROWINGS

(₹ in Lakhs)	
Particulars	As at 31.03.2012
Interest free loans from related parties repayable on demand (Unsecured)	34.73
	34.73

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31st March 2012

NOTE 10. TRADE PAYABLES

(₹ in Lakhs)	
Particulars	As at 31.03.2012
Trade payables	
- Due to Micro, Small & Medium Enterprises (Refer note below)	-
- Others	453.70
Add: Share in Joint Ventures	0.03
	453.73

There are no amounts due to the suppliers covered under Micro, Small and Medium Enterprises Development Act, 2006. This information takes into account only those Suppliers who have responded to the enquiries made by the company for this purpose.

NOTE 11. OTHER CURRENT LIABILITIES

(₹ in Lakhs)	
Particulars	As at 31.03.2012
Current maturities of long term debt	1,642.13
Interest accrued but not due on borrowings	162.34
Payables in respect of Capital Assets	927.14
Payables for capital work in progress	23.13
Advance from debtors	155.01
Duties & taxes payable	120.00
	3,029.75

NOTE 12. SHORT TERM PROVISIONS

(₹ in Lakhs)	
Particulars	As at 31.03.2012
Provision for employee benefits expense	93.31
Provision for expenses	85.83
	179.14

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31st March 2012

NOTE 13. FIXED ASSETS

a) Tangible Assets

Particulars	Gross Block					As at 31.03.2012	Depreciation					Net Block	
	As at 01.04.2011	Additions Pursuant to the Scheme	Additions during the year	Deduction during the year	Consolidation Adjustments		Upto 31.03.2011	Additions Pursuant to the Scheme	Provided for the year	Adjustments for the year	Consolidation Adjustments		Upto 31.03.2012
Leasehold Land (Refer Note below)	-	2,896.04	899.71	-	-	3,795.75	-	219.03	63.79	(68.05)	-	350.87	3,444.88
Free hold Land	-	22,540.01	6,366.10	1,318.94	-	27,587.16	-	-	-	-	-	-	27,587.16
Building (Given on Operating Lease)	-	19,443.97	-	-	943.29	18,500.68	-	887.62	1,856.24	-	88.86	2,655.00	15,845.68
Building	-	141.73	-	-	-	141.73	-	17.66	6.20	-	-	23.86	117.87
Residential Premises	-	31.74	-	-	-	31.74	-	4.84	1.35	-	-	6.19	25.54
Plant & Equipments	-	5,916.85	3.32	-	278.87	5,641.31	-	390.94	768.29	-	25.95	1,133.28	4,508.03
Furniture's & Fittings	-	593.87	5.45	-	-	599.33	-	190.58	74.12	-	-	264.70	334.63
Motor Vehicles	-	365.29	-	-	-	365.29	-	169.70	50.72	-	-	220.43	144.87
Painting	-	8.82	-	-	-	8.82	-	1.45	1.40	-	-	2.85	5.97
Computers	-	96.80	0.96	-	-	97.76	-	66.09	10.71	-	-	76.80	20.95
TOTAL	-	52,035.12	7,275.54	1,318.94	1,222.16	56,769.57	-	1,947.91	2,832.82	(68.05)	114.81	4,733.98	52,035.58
Add: Share in joint ventures	-	1,158.85	-	-	-	1,158.85	-	-	-	-	-	-	1,158.85
GRAND TOTAL	-	53,193.97	7,275.54	1,318.94	1,222.16	57,928.42	-	1,947.91	2,832.82	(68.05)	114.81	4,733.98	53,194.43

Note : During the year, a portion of land which was converted into inventory from capital assets to develop a Commercial Project has been reconverted in to capital assets by the Company. The balance value of the said land is now amortised over the remaining leasehold period. Accordingly any shortfall of depreciation/amortisation pertaining to previous year has been adjusted in the current year.

b) Intangible Assets

Particulars	Gross Block					Depreciation					Net Block	
	As at 01.04.2011	Additions Pursuant to during the the Scheme	Additions during the year	Deduction during the year	Consolidation Adjustments	As at 31.03.2012	Upto 31.03.2011	Additions Pursuant to the Scheme	Provided for the year	Consolidation Adjustments for the year	Upto 31.03.2012	As at 31.03.2012
Computer Software	-	26.27	-	-	-	26.27	-	12.45	5.58	-	18.03	8.24
TOTAL	-	26.27	-	-	-	26.27	-	12.45	5.58	-	18.03	8.24

c) Capital Work in Progress - Project Expenses Pending Capitalisation

d) Depreciation/Amortisation for the year ended 31st March 2012

Depreciation provided for the year on tangible assets
Amortisation provided for the year on intangible assets
Consolidation adjustments for the year on tangible assets

Less: Capitalised to the cost of Capital Work in Progress during the year

	1,821.48
	2,832.82
	5.58
	(114.81)
	2,723.59
	18.87
	2,704.72

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31st March 2012

NOTE 14. NON-CURRENT INVESTMENTS

(₹ in Lakhs)	
Particulars	As at 31.03.2012
Investment in property	5.16
Non-Trade Investments	
Unquoted Equity Instruments	
Choice Realty Private Limited (1.00 Lakhs Equity Shares of Face value of ₹ 10 each fully paid up)	650.00
Rigveda Properties Limited (0.50 Lakh Equity Shares of Face value of ₹ 10 each fully paid up)	1,000.00
Anant Trexim Private Limited (0.40 Lakh Equity Shares of Face value of ₹ 10 each fully paid up)	40.00
Sai Golden Ingots Private Limited (0.20 Lakh Equity Shares of Face value of ₹ 100 each fully paid up)	100.00
Jorko Commodities Private Limited (0.50 Lakh Equity Shares of Face value of ₹ 10 each fully paid up)	25.00
Madhujas Promotions Private Limited (0.125 Lakh Equity Shares of Face value of ₹ 10 each fully paid up)	10.00
Sojatia Auto Private Limited (0.165 Lakh Equity Shares of Face value of ₹ 100 each fully paid up)	160.88
Trade Winds Impex Private Limited (0.20 Lakh Equity Shares of Face value of ₹ 10 each fully paid up)	25.00
Preference Shares (Unquoted)	
Miracle Agro Private Limited (4.50 Lakhs 6% Non Cumulative Preference Shares of Face value of ₹ 100 each fully paid up)	450.00
	2,466.04
Aggregate book value of unquoted Investments	2,466.04

NOTE 15. LONG-TERM LOANS AND ADVANCES

(₹ in Lakhs)	
Particulars	As at 31.03.2012
Security deposits (Unsecured, Considered Good)	125.49
Capital advance (Unsecured, Considered Good)	257.27
Loans and advances (Unsecured, Considered Good)	
- To related parties	203.96
- To others	150.00

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31st March 2012

(₹ in Lakhs)	
Particulars	As at 31.03.2012
Advance recoverable in cash or kind (Unsecured, Considered Good)	194.50
Other loans and advances	
Advance tax & TDS (net of provisions)	683.87
CENVAT credit receivable	673.11
Input VAT receivable	4.32
Prepaid expenses	199.81
	2,492.33
Add: Share in Joint Ventures	187.25
	2,679.58

NOTE 16. OTHER NON-CURRENT ASSETS

(₹ in Lakhs)	
Particulars	As at 31.03.2012
Lease Rental Adjustments - Unbilled Revenue	53.52
	53.52

NOTE 17. CURRENT INVESTMENTS

(₹ in Lakhs)	
Particulars	As at 31.03.2012
Investment in Mutual Funds (Unquoted)	
2.45 Lakhs Units of ICICI Prudential Flexible Income Plan	259.28
8.05 Lakhs Units of ICICI Prudential Liquid Plan	805.27
0.0095 Lakhs Units of Fidelity Short Term Income Fund	0.10
0.0009 Lakhs Units of ICICI Prudential Ultra Short Term Plan	0.10
Investments in Bonds (Unquoted)	
176 Units of 10.05% Air India Bonds (27/09/2031) of ₹ 10 Lakhs each fully paid up	1,907.69
2 Units of 9.70% IFCI Bonds (18/5/2030) of ₹ 10 Lakhs each fully paid up	21.97
15 Units of 10.75% DPSC Bonds (03/11/2018) of ₹ 2 Lakhs each fully paid up	30.75
4 Units of 12.60% SREI Equipment NCD (30/7/2017) of ₹ 10 Lakhs each fully paid up	40.76
50 Units of 10.00% Punj Lloyd Limited (10/03/2014) of ₹ 1 Lakhs each fully paid up	56.22
133 Units of 12.50% Magma Fincorp Limited Perpetual Bonds of ₹ 10 Lakhs each fully paid up	1,369.75
	4,491.89
Aggregate book value of unquoted Investments	4,491.89

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31st March 2012

NOTE 18. INVENTORIES

(₹ in Lakhs)	
Particulars	As at 31.03.2012
Work In Progress - Construction Project	6,592.92
	6,592.92

NOTE 19. TRADE RECEIVABLES

(₹ in Lakhs)	
Particulars	As at 31.03.2012
Unsecured, Considered Good	
Outstanding for a period exceeding six months from the date they are due for payment	100.05
Other Debts	2,199.38
	2,299.43

NOTE 20. CASH AND CASH EQUIVALENTS

(₹ in Lakhs)	
Particulars	As at 31.03.2012
Cash and Cash Equivalents	
Balances with Banks:	
On Current Accounts	3,684.67
Cash on Hand	11.32
Add: Share in Joint Ventures	6.03
Other Bank Balances	
Deposits with original maturity for more than 3 months but less than 12 months	12.89
Balance with banks to the extent held as security deposit	141.52
Balance with banks to the extent held as margin money	137.65
	3,994.08

NOTE 21. SHORT-TERM LOANS AND ADVANCES

(₹ in Lakhs)	
Particulars	As at 31.03.2012
Mobilisation advances	127.96
(Unsecured, Considered Good)	
Loans & advances	753.56
(Unsecured, Considered Good)	
Advance recoverable in cash or kind	1,228.37
(Unsecured, Considered Good)	
Other loans and advances	
Loan to employees	9.75
Prepaid expenses	123.01
	2,242.65

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31st March 2012

NOTE 22. OTHER CURRENT ASSETS

(₹ in Lakhs)	
Particulars	As at 31.03.2012
Interest accrued on current investments	6.69
	6.69

NOTE 23. REVENUE FROM OPERATIONS

(₹ in Lakhs)	
Particulars	Year Ended 31.03.2012
Sale	
Sale of commercial units	2,563.99
Sale of services	
License fees	1,525.60
CAM charges	678.78
Amenities charges	153.67
Other operational income	108.46
	5,030.50

During the year, Empire Mall Private Limited (a step down subsidiary company) has reversed a revenue from operations amounting to ₹ 119.84 Lakhs on account of reasonable uncertainty of its ultimate realisation which were accounted for as per contractual agreements with lessees.

NOTE 24. OTHER INCOME

(₹ in Lakhs)	
Particulars	Year Ended 31.03.2012
Interest on long term loans & advances	86.43
Interest on balance with banks	23.35
Interest on current investments	168.43
Interest on income tax refund	5.29
Dividend income on current investments	223.09
Net gain on sale of current investments	331.91
Unclaimed balances written back	2.88
	841.38

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31st March 2012

NOTE 25. COST OF CONSTRUCTION PROJECT

(₹ in Lakhs)	
Particulars	Year Ended 31.03.2012
Opening Balance	4,646.09
Add:	
Conversion of capital work in progress in to stock in trade	1,949.79
Conversion of land in to stock in trade	1,318.94
Administrative expenses	9.87
Additional FSI Premium	385.00
Construction & development costs	484.92
Borrowing costs	357.82
Less:	
Leasehold land reconverted in capital assets	(846.79)
Transferred to inventories (work in progress - construction project)	(6,592.92)
	1,712.72

NOTE 26. EMPLOYEE BENEFITS EXPENSES

(₹ in Lakhs)	
Particulars	Year Ended 31.03.2012
Salaries and wages	480.94
Directors' remuneration	168.58
Contribution to provident fund and other funds	6.38
Staff welfare expenses	8.07
	663.97

NOTE 27. FINANCE COSTS

(₹ in Lakhs)	
Particulars	Year Ended 31.03.2012
Interest on bank loans	1,827.57
Interest on other loans	43.38
Other borrowing costs	150.78
Less: Capitalised to inventories (work in progress - construction project)	(357.82)
	1,663.91

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31st March 2012

NOTE 28. OTHER EXPENSES

(₹ in Lakhs)	
Particulars	Year Ended 31.03.2012
Rent	125.67
Rates and taxes	172.59
Insurance	60.72
Repairs & maintenance - building	10.20
Repairs & maintenance - plant & machinery	59.43
Repairs & maintenance - others	47.28
Advertisement & business promotion expenses	393.51
Brokerage & commission	23.64
Travelling & conveyance	172.39
Communication costs	20.62
Printing & stationery	11.78
Legal & professional fees	258.06
Auditors' remuneration	61.69
Electricity charges	54.72
Housekeeping charges	125.11
Security charges	77.86
Office expenses	15.00
Miscellaneous expenses	24.71
Bad debts/advances written off	91.34
Net loss on foreign exchange fluctuations	1.29
Add: Share in Joint Ventures	0.41
Less: Elimination of the cost of services rendered to subsidiaries and joint ventures	(522.97)
	1,285.05

NOTE 29. LESS: EXCEPTIONAL ITEMS

(₹ in Lakhs)	
Particulars	Year Ended 31.03.2012
Prior period items	120.24
Advances written off	416.13
	536.37

a. Prior period items includes:

(₹ in Lakhs)	
Particulars	Year Ended 31.03.2012
Prior period expenses	
Property tax of earlier year	105.12
Amortisation of leasehold land for earlier year	15.12
	120.24

b. Advances written off includes :

- i) ₹ 127.50 Lakhs out of loan granted amounting to ₹ 255 Lakhs to Shalom Voyagers Private Limited (a Co-Venturer in Moon Town Trading Company Private Limited). In the previous year the Company had made provision of ₹ 127.50 Lakhs and balance

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31st March 2012

amount was shown as recoverable. During the year, looking at the circumstances, it seems the Company will not be able to recover the entire amount and therefore ₹ 255 Lakhs have been written off.

- ii) ₹ 100.99 Lakhs out of advance of ₹ 669.75 Lakhs given to M/s ANS Constructions Private Limited (ACPL) towards land acquisition and ₹ 11.23 Lakhs to a person as brokerage by Royal Mall Private Limited (RMPL), a wholly owned subsidiary. Since ACPL failed to procure the land in terms of the agreement it was decided to cancel the said agreement and RMPL could recover only ₹ 580.00 Lakhs from ACPL and the balance of ₹ 100.99 has been written off.
- iii) ₹ 87.64 Lakhs out of advances of ₹ 361.00 Lakhs given to Sai Prasad Organisers (SPO) by Kruti Multitrade Private Limited (KMPL), a wholly owned subsidiary to acquire the Land for developing a Commercial Mall at Surat. In the previous year the Company has provided for an amount of ₹ 180.50 Lakhs as doubtful. During the year an amount of ₹ 37.60 Lakhs (PY ₹ 34.01 Lakhs) was recovered. In view of the management, only 21.25 Lakhs are recoverable and hence balance of ₹ 87.64 Lakhs has been written off.
- iv) ₹ 100.00 Lakhs of advances given to one private limited company as mobilisation advance in the earlier years. During the year, looking at the circumstances, it seems the Company will not be able to recover the entire amount and therefore ₹ 100.00 Lakhs have been written off.

NOTE 30. EARNING PER SHARE

In accordance with Accounting Standard 20- Earning Per Share prescribed by The Institute of Chartered Accountants of India, the computation of earning per share is set out below:

		(₹ in Lakhs)
Sr. No.	Particulars	Year ended 31.03.2012
i)	Weighted average number of Equity Shares of ₹ 2 each (No. in Lakhs)	
a)	Number of shares at the beginning of the year	0.10
b)	Number of shares sub-divided in the ratio 1:5 during the year	0.50
c)	Number of shares at the end of the year	1,526.03
d)	Weighted average number of shares outstanding during the year	1,525.21
e)	Weighted average number of Potential Equity shares outstanding during the year	1,525.21
f)	Total number of Potential Equity Share for calculating Diluted Earning Per share	1,525.21
ii)	Net Profit(Loss) after tax available for equity shareholders (₹ in Lakhs)	(2,288.03)
iii)	Basic Earning per share (in ₹)	(1.50)
iv)	Diluted Earning per share (in ₹)	(1.50)

NOTE 31. ACCOMPANYING NOTES TO ACCOUNTS

A. Companies considered in the consolidated financial statement are:

a. Subsidiaries:

Name of Company	Held Through	Date of Becoming Subsidiary	Country of Incorporation	% Voting Power held As on 31.03.2012
Alliance Mall Developers Co Private Limited (AMDPL)	1	31-Aug-07	India	61.50
Omni Infrastructure Private Limited (OIPL)	3	4-May-07	India	60.00
Hagwood Commercial Developers Private Limited (HCDPL)	3	7-May-07	India	61.50
Empire Mall Private Limited (EMPL)	3	11-Mar-08	India	61.50

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31st March 2012

Name of Company	Held Through	Date of Becoming Subsidiary	Country of Incorporation	% Voting Power held As on 31.03.2012
Royal Mall Private Limited (RMPL)	1	14-Sep-07	India	100.00
Jaipur Festival City Private Limited (JFCPL)	1	14-Sep-07	India	100.00
Kruti Multitrade Private Limited (KMPL)	1	15-Nov-11	India	100.00
Prozone Liberty International Ltd (PLIL)	1	17-Oct-07	Singapore	100.00
Prozone International Ltd (PIL)	2	18-Oct-07	Singapore	100.00
Prozone Overseas Pte Ltd (POPL)	2	23-Jan-08	Singapore	100.00
Prozone International Coimbatore Limited (PICL)	2	1-Oct-09	Singapore	100.00

b. Joint Ventures:

Name of Company	Held Through	Country of Incorporation	% Voting Power held As on 31.03.2012
Emerald Buildhome Private Limited (EBPL)	3	India	50.00
Moontown Trading Company Private Limited (MTCPL)	1	India	25.00

Held Through

- 1) Prozone Capital Shopping Centres Limited
- 2) Prozone Liberty International Limited, Singapore
- 3) Prozone International Limited, Singapore

B. Employees Defined Benefits:

The disclosure as required under Accounting Standard 15 regarding the employee's retirement benefits plan for gratuity is as follows:

Defined Benefit Plans - As per Actuarial Valuation on 31st March 2012.

Particulars	%
Discount rate	8.00%
Expected rate of return on assets	8.50%
Expected rate of future salary increase	5%F5Y 8.5%TA

Changes in present value of obligations

Particulars	(₹ in Lakhs)
Present value of obligation as at 31.03.2011 (Pursuant to amalgamation)	11.96
Interest cost	0.96
Current service cost	5.63
Benefits paid	-
Actuarial loss on obligations	(2.43)
Present value of obligation as at 31.03.2012	16.12

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31st March 2012

(Assets)/Liability recognized in the Balance Sheet

Particulars	(₹ in Lakhs)
Present value of obligation as at 31.03.2011	16.12
Fair value of plan assets as at the end of the year	21.30
Unfunded status	(5.18)
Unrecognized actuarial (gain)/loss	-
Net Assets recognized in the Balance Sheet	7.81
Net Liability recognized in the Balance Sheet	2.62

Expenses recognized in the Profit and Loss Account

Particulars	(₹ in Lakhs)
Current service cost	5.63
Past service cost	-
Interest cost	0.96
Expected return on plan assets	(0.45)
Net Actuarial (Gain)/loss recognized during the year	(2.43)
Total expenses recognized *	3.71
* Apportionment of Gratuity expenses :	
Expense recognised in Statement of Profit and Loss	2.39
Expenses apportioned to Capital work in progress	1.32
	3.71

C. Related Party Disclosure:

As required under Accounting Standard 18 "Related Party Disclosure" (AS-18), following are details of transactions during the year with the related parties of the Company as defined in AS 18:

For the year ended 31st March 2012

i) Key Management Personnel

Mr. Nikhil Chaturvedi	Director
Mr. Akhil Chaturvedi	Director
Mr. Salil Chaturvedi	Director
Mr. Deep Gupta	Director
Mr. Nigam Patel	Director
Mr. Rakesh Rawat	Director
Mr. J. K. Jain	Director

ii) Shareholder having significant interest in the Company

Nailsfield Limited, Mauritius

iii) Enterprises owned or significantly influenced by key management personnel or their relatives

Starlight City Commercial Developers Private Limited
Provogue (India) Limited
Faridabad Festival City Private Limited
Acme Advertisement Private Limited

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31st March 2012

iv) Joint Ventures and Coventurers:

Emerald Buildhome Private Limited (JV)
 Moontown Trading Company Private Limited (JV)
 Shalom Voyagers Private Limited (CoV)

Related Party Transactions

a) Sale/Purchase of goods and services

Particulars	Lease Rental Deposit	License Fees	Sale of Services	Purchase of Services	Reimbursement of expense	Rent Paid	Amount due to Related Parties	Amount due from Related Parties
Enterprises owned or significantly influenced by key management personnel or their relatives								
Provogue (India) Limited	7.27	17.49	9.96	-	73.64	120.00	-	16.32
Faridabad Festival City Private Limited		40.39	59.85	-	53.50	-	-	109.67
Acme Advertisement Private Limited		-	-	80.81	-	-	48.47	-

b) Loans given and repayment thereof

Particulars	Pursuant to Amalgamation	Written Off	Amount due from Related Parties
Joint Ventures and Coventurers			
Moontown Trading Company Private Limited (JV)	235.28	31.32	203.96
Shalom Voyagers Private Limited (CoV)	267.50	255.00	12.50

c) Loans taken and repayment thereof

Particulars	Pursuant to Amalgamation	Loans Taken	Loan Repaid	Interest Paid	Amount due to Related Parties
i) Key Management Personnel					
Mr. Deep Gupta	-	-	-	-	0.04
Mr. Nigam Patel	-	-	-	-	0.10
Enterprises owned or significantly influenced by key management personnel or their relatives					
Provogue (India) Limited	560.61	162.24	717.51	0.06	30.08
	-	-	-	-	-
Joint Ventures and Coventurers					
Emerald Buildhome Private Limited (JV)	864.75	-	-	-	864.75

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31st March 2012

d) Remuneration to Key Management Personnel

Particulars	Remuneration	Amount due to Related Parties
i) Key Management Personnel		
Mr. Nikhil Chaturvedi	84.00	-
Mr. Salil Chaturvedi	24.58	3.51
Mr. Nigam Patel	60.00	1.00

D. Segment information:

The Segment Reporting of the Company had been prepared in accordance with Accounting Standard - 17 on "Segment Reporting" issued by the ICAI/Companies (Accounting Standards) Rules, 2006

The Company is engaged in the business of developing, owning and operating of Shopping Malls, Commercial and Residential Premises. Based on the business activities during the financial year, the Company has identified the following business segments as its primary segment:

- a) Leasing
- b) Outright Sales

The primary segment reporting format is determined to be business segment as the company's risks and rates of returns are affected predominantly by the nature of activities

(₹ in Lakhs)			
Particulars	Leasing	Outright Sales	Total
For the year ended 31st March 2012			
Revenue	2,465.40	2,565.10	5,030.50
Results			
Segment Results	(1,217.54)	849.61	(367.93)
Unallocated Expenses			968.06
Operation Profit			(1,335.99)
Finance Costs			1,663.90
Other Income			(841.38)
Exceptional Items			536.36
Profit/(Loss) Before Tax			(2,694.87)
Tax Expense			902.69
Net Profit/(Loss) for the year			(3,597.56)
As at 31st March 2012			
Segment Assets	22,475.92	8,996.96	31,472.88
Unallocated Assets			68,371.20
TOTAL ASSETS			99,844.08
Segment Liabilities	13,867.27	2,144.10	16,011.37
Unallocated Liabilities			22,410.17
TOTAL LIABILITIES			38,421.54
Other segment information :			
Depreciation & Amortisation expense	2,505.52	-	2,505.52

The Company's business consists of one reportable geographic segment i.e., "Domestic", hence no separate disclosures pertaining to attributable Revenues and Assets are given

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31st March 2012

- E.** The Company has given its premises on operating lease and entered in to non-cancellable leave and License agreements with various parties. The disclosure required to be made in accordance with Accounting Standard 19 on "Leases".

- a Future minimum lease payments receivable under non-cancellable operating leases in aggregate for the following periods:

		(₹ in Lakhs)
		As at 31.03.2012
Particulars		
Not later than one year		1,598.06
Later than one year and not later than five years		2,473.72
Later than five years		-

- b Initial direct costs incurred on these leasing transactions have been recognised in the Profit and Loss Account.
- F.** In January 2012, the Income Tax Authorities had carried out search and seizure proceedings at the premises of the Company, its promoters and its senior officials under the provisions of section 132 of Income Tax Act, 1961. The Company has since produced all relevant materials and responded to the various queries raised by the Income Tax Authorities from time to time. The Company presently believes that there will not be any revision in income booked in the current as well as earlier accounting years. The proceedings shall be attended to as per provisions of the Income tax laws.
- G.** The audited financial statements of foreign subsidiaries have been prepared in accordance with the Generally Accepted Accounting Principle of its Country of Incorporation or International Financial Reporting Standards. The differences in accounting policies of the Company and its subsidiaries are not material and hence no adjustment have been made in the Consolidated Financial Statements.
- H.** Figures less than ₹ 500/- have been shown at actual wherever statutory required to be disclosed since figures have been rounded off to the nearest thousands
- I.** Previous Year's figures have not been given as there was no subsidiary in that year.

As per our report of even date attached

For Singrodia Goyal & Co.

Chartered Accountants

Shyamratan Singrodia

Partner

Mem. No. 49006

Place : Mumbai

Date : 15th May 2012

For and on behalf of the Board

Nikhil Chaturvedi

Managing Director

Salil Chaturvedi

Dy. Managing Director

Snehal Bansode

Company Secretary

9 STATEMENT PURSUANT TO GENERAL EXEMPTION RECEIVED UNDER SECTION 212(8) OF THE COMPANIES ACT, 1956 RELATING TO SUBSIDIARY COMPANIES

S.No.	Subsidiary Company	Note	Reporting Currency	Exchange Rate	Capital	Reserves	Total Assets	Total Liabilities	Investments (Except investm ent in sub sidiaries)	Turnover (Including other income)	Profit/ (Loss) before taxation	Tax Expense	Profit/ (Loss) after taxation	Proposed dividend
₹ in Lakhs)														
1	Alliance Mall Developers Co Private Limited		INR	1.00	395.73	16,026.41	16,922.21	568.97	4,868.08	400.57	54.43	7.28	47.15	-
2	Royal Mall Private Limited		INR	1.00	1.00	(1.69)	0.11	0.80	-	-	(0.40)	-	(0.40)	-
3	Japur Festival City Private Limited		INR	1.00	1.00	(0.92)	0.23	0.15	-	-	(0.15)	-	(0.15)	-
4	Kruti Multitrade Private Limited		INR	1.00	1.00	(31.36)	6.38	36.73	5.16	-	(0.52)	-	(0.52)	-
5	Prozone Liberty International Limited		USD	50.88	26,140.48	5,211.63	31,405.04	52.92	-	-	(13.17)	-	(13.17)	-
6	Prozone International Limited	1	USD	50.88	27,015.65	410.47	27,502.64	76.52	-	1.91	(13.95)	0.36	(14.31)	-
7	Prozone Overseas Pte Limited	1,3	USD	50.88	-	(18.60)	3.56	22.17	-	-	(4.58)	-	(4.58)	-
8	Prozone International Coimbatore Limited	1,4	USD	50.88	-	(11.63)	1.79	13.42	-	-	(4.68)	-	(4.68)	-
9	Omni Infrastructure Private Limited	2	INR	1.00	4.00	5,934.67	8,433.91	2,495.24	360.88	1.89	(99.99)	(0.39)	(99.60)	-
10	Hagwood Commercial Developers Private Limited	2	INR	1.00	1,541.50	20,987.83	22,749.54	220.21	6,100.94	137.17	24.81	6.30	18.51	-
11	Empire Mall Private Limited	2	INR	1.00	7,676.33	2,069.59	32,265.09	22,519.18	0.10	5,074.80	(2,618.68)	744.83	(3,363.51)	-

Notes:

- 1 Held through Prozone Liberty International Limited (Singapore)
- 2 Held through Prozone International Limited (Singapore)
- 3 Capital ₹ 40
- 4 Capital ₹ 48
- 5 Indian rupee equivalents of the figures given in foreign currencies in the accounts of the subsidiary companies, are based on the exchange rates as in 31.03.2012
- 6 Tax expense includes deferred tax

For and on behalf of the Board

Place : Mumbai

Date : 15th May 2012

Nikhil Chaturvedi

Managing Director

Saili Chaturvedi

Dy. Managing Director

Snehal Bansode

Company Secretary

Prozone Capital Shopping Centres Limited

Registered Office

105/106, Provogue House,
Off New Link Road, Andheri (W),
Mumbai - 400 053, INDIA
Tel: +91 (22) 3065 3111
+91 (22) 3065 3222
Fax: +91 (22) 3068 0570

Email

investorservice@preozonecsc.com

Website

www.prozonecsc.com

Concept & Design

www.spakcomm.com

Printed

www.sapprints.com



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