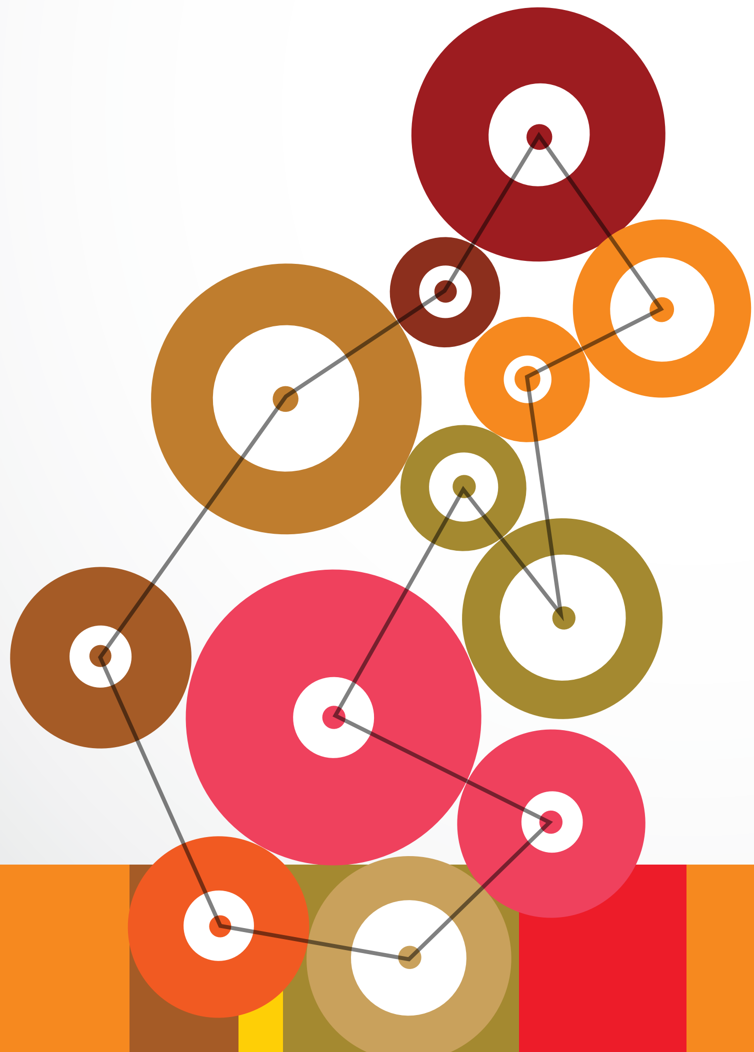
THE PHOENIX MILLS LIMITED

India's Premier Retail-Led Assets Company

> Retail
> Commercial
> Hospitality
> Entertainment
> Residential



IMAGINE.
CONCEIVE.
REALIZE.

ANNUAL REPORT 2010-11

At a Glance

Listed on Bombay Stock Exchange Limited (Code: 503100) and National Stock Exchange of India Limited (Code: PHOENIXLTD)

- **700+** Employees
- Present in **18** Cities*
- **9** Shopping Malls in development*
- **2** Commercial Centres in development
- **5** Hospitality Properties in development
- Over **100** Acres in Total Land Assets
- Over ₹ **50 billion** in building assets

Operational

8 Malls in 6 cities*

Over **5.0** million sq. ft. in Retail, Entertainment, Commercial, Parking & Residential Assets

Planned (next 3 years)

3.0 million sq. ft. in Retail Assets

1.6 million sq. ft. in Commercial Assets

3.0 million sq. ft. in Residential Assets

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

Both directly and through strategic investments and partnerships, we **specialise in the ownership, management and development of iconic large format retail-led mixed use properties** that include shopping, entertainment, commercial, residential and hospitality assets.

Today, we along with our investees, have interests in **20 rare and marquee assets** under development - making up more than **15 million sq. ft.**, across **18 Indian city-centres**.

IMAGINE.

To start something great, you must be able to imagine the future. Our "Marketcity" concept is what we imagined when we set out to offer India's urban consumers a place where they can find the best brands, entertainment, convenience and an overall exciting experience at a single destination. These unique landmarks are designed to offer an aspirational and increasingly wealthier India the most enjoyable shopping experience with the best products the world has to offer.

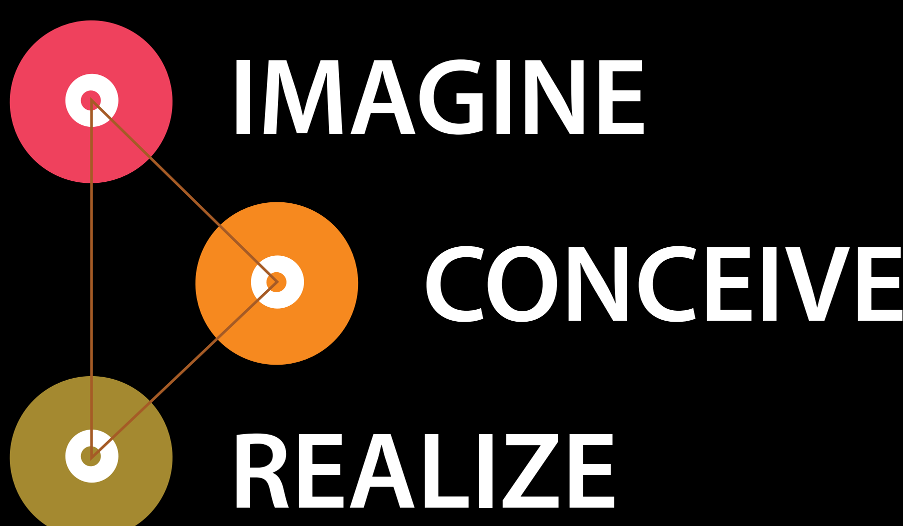
CONCEIVE.

Master planned as a 'city within a city', Phoenix Marketcities are architecturally path-breaking and iconic destination assets in the heart of Tier-I cities, bound to become an important port of call on any tourist sightseeing maps. Typically the largest mall in town with a built up area of over 2 million sq. ft. and above, and positioned in a prime location within the city, each of our Marketcities are designed and built on an unprecedented scale and quality.

REALIZE.

To see the end result of a vision, actions have to speak louder than words. By launching our first Marketcity concept in Pune, we have proven our ability to deliver on a large scale business plan. But our ability to do it four times over, within a narrow span of time, demonstrates a clear capability to realize our far-reaching aspirations.

As a result, The Phoenix Mills Limited (PML) is now at the cutting edge of developing world-class retail centres across India, to become a leader in this space.



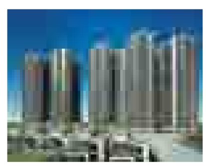
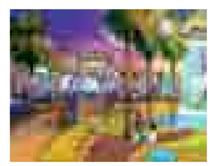
Our Vision

To create shareholder value by generating exceptional yields from the capital growth and sale of architecturally superior, difficult to replicate assets, that are truly world class in quality and infrastructure.

To create a superior business environment for our many local and international retailers and partners, by growing a loyal customer flow to our assets by consistently delighting and engaging the Indian consumer.

We are proud to IMAGINE, CONCEIVE and REALIZE the next generation retail hubs of India –
"The Phoenix Marketcities".

Our Expanding Pipeline

June - 2011	Sept - 2011	Q3-FY2012	Q3-FY2012	Q3-FY2012	Q4-FY2012
PUNE	BANGALORE	KURLA, MUMBAI	BANGALORE (W)*	SHANGRI-LA	CHENNAI
					
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Phoenix Marketcity Bangalore

Phoenix Marketcity Kurla (Mumbai)

*LAUNCH

Contents

"Our investors should take comfort in the fact that we now have a new track record under our belt - that of building super-scale projects and executing complex business plans."

Atul Ruia
Jt. Managing Director

Phoenix Marketcity Chennai

This year's performance is a sample of what's to come – a steady and healthy cash generating business model driven by ownership and management of strong and iconic assets.

Managing Director's Message

Atul Ruia

Dear Shareholders:

This year, I am happy to report on another year of substantial activity, strong progress and a year in which we have achieved most of our immediate strategic goals. With Phoenix Marketcity - Pune launched, the Group's portfolio is steadily growing on a pan India basis; our gearing is at a healthy level for this point of our development cycle; ownership enhancing investments have been made and the development programme of our Marketcities continues to fold out as planned. For FY2011 the Group recorded a net profit after tax and minority interest of ₹ 842 million, up 36% from last year. With consolidated earnings at ₹ 5.81 per share for FY2011, your directors are recommending a final dividend of ₹ 1.80 per share, up 50% from last year.

With a topline increase of 71% to reach ₹ 2.10 billion in income from operations, we expect consistent growth in every urban market in which we operate in India. Following Pune, we are on course to complete three other Marketcity projects at Bangalore, Kurla (Mumbai) and Chennai – positioning the Group to experience growth in multiples. Concurrently, we are getting ready to launch our large-scale residential and commercial projects in Bangalore, Chennai and Mumbai respectively, due for completion over the next 3-4 years.

Economic Conditions and General Outlook

In last year's annual report I expressed faith in the huge potential for growth of organised retail in this country and that we aim to be the single largest developer and manager of large format malls in India. This year we find ourselves in the midst of an endemic turmoil within the global economy, which is the result of a huge hangover from excessive public borrowing by the USA, Spain, Italy, Greece amongst other countries. We are also in a phase where it is speculated that high interest rates will continue to prevail in India for at least the next year or so, until inflation is tamed at the cost of slower growth.

Despite these dampeners, I continue to maintain my optimism on the strength of India's short and long-term consumption story. The Indian economy remains reasonably robust and is to a certain extent insulated from the current global contagion. Consumption in India is at an all time high and with the possibility of a more liberalized FDI regime allowing new retail brands to enter India, we expect the business of retailing infrastructure to remain strong and healthy. As a barometer, there has been no let up in the footfalls and spending at High Street Phoenix and Palladium – our marquee assets in Mumbai. The highly positive response we are getting from the citizens of Pune and participating retailers, post the recent launch of our first Marketcity concept there, is testimony to our conviction that India is craving for world class malls with a shopping and entertainment experience that is nothing short of the best available anywhere else in the world. Our decision to place big investments into our retail business is turning out to be a good one, putting us in the right space at the right time to achieve the market leader status.

IMAGINE
CONCEIVE
REALIZE

Imagine. Conceive. Realize.
The cornerstone of our success so far revolves around three core capabilities. They are - the future that we are able to **Imagine**, our ability to adapt to market conditions when we **Conceive** a project, and finally our project and business management capabilities that allow us to **Realize** our ideas.

When we set out to build the grand Marketcity concept, we needed to take a call on large-scale assets that had to have a 30 years lifespan - not just for 5 or 10 years. For such big assets, we have made the short-term count as much as the long term. With over 80% occupancy and stabilized cash flows anticipated within 12 months of initial operations, we've shown that we can execute our business plans well. This has positioned us uniquely as leaders in the niche large format retail marketplace with very limited competition. The main reason behind this is that we don't see our projects as a real estate play alone. Instead, we are actually investing in the retailer's business also by linking a reasonable portion of our license fees to the revenues generated by the retail outlets in our malls. That means that we've had to understand how retail works; what kind of products are in demand and establish working relationships with all the best retailers not just by licensing space to them, but by actually understanding their business.

As we launch one project after another, the learning curve of the management team has been quite sharp. Today we have built solid bandwidth and processes to develop large projects, giving us the confidence to dream even bigger. Going beyond just mall operations, our investors should take comfort in the fact that we now have a new track record under our belt - that of building super-scale projects and executing complex business plans. With four Marketcities on stream for sequential delivery within a short span of time, I expect the marketplace to attach low risk discounters when gauging our capabilities for future projects. But we do not intend to rest on our laurels. Conceiving our dreams has a lot to do with great ideas and project management – but most importantly, it's also about risk management. Even though we've proven ourselves already, we now plan to institutionalize risk management. In this endeavour, we have recently mandated a reputed international firm the task of assisting us to formalize this within the organisation.

Going Forward
We have a lot of faith in our business model and, as a long-term strategy, we intend to continue to increase our stake in the large assets we are developing. During the year, we have increased our stake in two projects: Phoenix Marketcity Pune and Bangalore. While we increased our stake in Pune by 8% through the purchase of shares from another shareholder, our stake in Bangalore increased by 18% through a combination of subscribing to a rights issue and purchase of shares from other shareholders. These acquisitions are part of a long-term strategy of consolidating our stakes in our various projects at an attractive price, thereby creating long-term value for PML shareholders.

This year's performance is a sample of what's to come – steady and healthy cash generating business model driven by ownership and management of strong and iconic assets. This formula of unlocking maximum value of land parcels is now working for us very well. The time for realizing the fruits of our labour has begun. We believe that our idea of holding an asset with its appreciation in our books, supported with strong recurring income, is the best way to unlock the maximum value from land. We are now on a journey to become one of the largest retail led asset companies in India. We are now planning new growth tracks beyond the Marketcity phases. We've already begun to imagine it.

Board Matters
I would like to take this opportunity to extend a warm welcome to Pradumna Kanodia to PML's Board of Directors. Already serving as the Group CFO, we now look forward to his contribution both at the board and operational levels. I also extend my heartiest congratulations to Shishir Shrivastava for his appointment as the Group CEO & Joint Managing Director of the Company. I am sure the entire Group will benefit from his acumen, steadfastness and solid experience. I look forward to working alongside both these capable and experienced individuals. While I remain an active and involved Joint Managing Director, staying close to the business and contributing to strategy and all major decision-making for the Group, I will share this responsibility with Shishir. Graduating from a single mall to fast becoming one of India's largest retail led property companies in just a span of 5 years, this change will allow me to focus more on the bigger picture for charting the Group's next phase of growth going forward.

I also wish to thank the remaining board members and all Phoenixians for their full support and commitment towards fulfilling our dreams - and all our customers, lenders and investors for placing their trust and faith in our capabilities.

Atul Ruia
Jt. Managing Director

As we move closer to finishing the Phase I of our various Marketcities, our project team is burning midnight oil on starting and completing the Phase II components that aggregate to over 5.5 million sq. ft.

10 Minutes with the Group CEO and Jt. Managing Director

Shishir Shrivastava

Why does it take so long for completing a large-scale Marketcity project?

This is a very good question. A key fundamental point about our Marketcity properties is that being 2 million sq. ft. plus in size, they are each of an unprecedented size. Our challenge is not only to get the mall up in terms of construction and interiors, but it is also to ensure that enough areas of the mall are licensed out and that the retailers occupying their respective spaces do their own fit-outs in time. Many interior activities within the mall are closely linked with completion of related activities within the stores, thus, timing and orchestrating the effort is critical. While we can complete the infrastructural part of our work, our retailer partners can be a little delayed in their fit-out activities. As a result of this, our opening launch date can get delayed because we can't do the final finishing until a significant number of retailers have completed their fit outs. Nevertheless, as witnessed by the recent launch of the Pune Marketcity, we have been able to coordinate our efforts with the retailers very well - so much so, that today we have over 110 stores operating and every week 5-7 stores are coming on stream. By the end of the Q3 FY2012, out of 290 stores in total, we should have around 190 to 200 stores operational. The cinemas are still under fit outs and should commence operations in the 3rd quarter of the current year. The long gestation period for this part of the project is normal. Apart from the retailer's activities, there can be a genuine delay contributed by contractors in terms of finishes and the commissioning of all MEP systems. We take proactive steps to improve performance or replace contractors wherever necessary.

What most people don't realise is that our retail projects are not just about design and construction – it's also about delivering on all aspect of a business plan. This means that once built, we have to brand the property, create awareness, rope in the right mix of retailers, negotiate contracts and reach a critical mass of occupancy on the day of opening. Even though these malls are of unprecedented scale, we typically license out around 70% of our properties well before the launch. We've also been able to muster license fees that are at the top end of the prevailing market rates in each city. As a result, we are confident of establishing predictable cash flows within 9-12 months of operations which we believe is a great achievement for such ambitious ventures!

Once your mega malls come into operations, how does PML ensure that these large-scale malls attract the consumers?

We are already mall pioneers in India and carry significant experience in mall operations and setting robust operating processes for mall management. The ever-increasing footfalls exceeding 16 million p.a. at a mature and well established property that is High Street Phoenix, demonstrates that we are continuously on our toes to make an asset work to its fullest. We intend to do this and more for each of our Marketcity properties, where we have instituted a strong operating team and imparted bespoke training to enable them to deliver the one-of-a-kind Phoenix experience. Our malls are already unique in scale, size and quality - and are appreciated by consumers right off the bat. Once the novelty factor has worn off, it will be their loyalty to our brand and the experience they become familiar with, that will keep them coming back. A visitor to any Marketcity mall across India will know what to expect from such a brand – no matter which city's Marketcity he visits. By this we mean to make the Phoenix Marketcity experience distinctive and unique, not just through design and architecture, but also through the mix of brands available in the mall and guest services that will be benchmarked to the best hotels in the country. By treating them as our 'guests' and not just shoppers, we aim to bring smiles to people's faces through live music, an ambience that is uplifting and special events within the mall that will make the experience interesting and enjoyable.

We've also looked at ways in which our licensees can get the best out of retail excellence. To make them successful, we have established teams to constantly monitor each retailer's performance. When we notice room for improvement, we assist them proactively. Looking beyond

IMAGINE
CONCEIVE
REALIZE

license fees alone, we have been highly selective in getting the right brand mix into our malls. In doing so we have ensured that our retail partners have products that fit in with the positioning of the mall and those that will be successful in the Indian environment. This is also crucial to ensure that our malls are first and foremost in our consumers' minds.

What do the Phase II parts of the Marketcity projects bring to the table?

To answer this question, we need to deal with it in respect to our business verticals – commercial and residential. Looking at commercial first, in FY2010, we launched "15LBS", a 250,000 sq. ft. property in Kurla (Mumbai), of which we have witnessed bookings for over 60%. The construction of this is in full swing and will be completed for delivery during FY2012. We are now getting ready to launch another 800,000 sq. ft. property called "Orion Park" within the Kurla Marketcity. Over next 2 quarters, we plan to sell limited inventory at an attractive price initially and the rest during the life of the project at premium rates. We also have another wholly owned SPV at the Kurla site on which we plan to build a mixed use property comprising of a 500,000 sq. ft. development. In Pune, we've launched and booked out over 60% of the 'East Court' offices and retail premises at Phoenix Marketcity, Pune. The construction is at an advanced stage of completion and we have started handing over possession to the buyers.

With respect to the residential products of our Phase II plans, we have three projects in the pipeline – two in Bangalore and one in Chennai. While the Bangalore products are still on the drawing board and yet to be introduced to the market, the Chennai products have been launched recently. Here, we've received excellent response, to both our up-market designs and premium pricing, booking around 15% already.

What strengths does PML's traditional retail business model bring to the residential and commercial side of your business?

All our commercial and residential products are on a build and sell model – as opposed to our retail and hospitality assets, which we intend to own and operate. They will have the potential of generating cash flows of over ₹ 25 billion over the next 3-5 years, some part of which will be used to reduce the debt on the annuity assets in those particular SPVs in which they belong. This strategy will keep our balance sheets extremely healthy and be a wealth creator for our stakeholders. We recognize that the residential and commercial property development business is very different from the retail infrastructure business and so we have built significant bandwidth within a strong and experienced team. We intend to start with strong brand building activities to begin with and use the goodwill of our Marketcity brand as a stepping-stone to establish our brand in this business. This will eventually also put us on the map as a serious residential and commercial property developer for the future.

What is the progress with the Shangri-La Hotel and the hospitality side of your business?

I am really looking forward to the completion of the Shangri-La – which without doubt will give Mumbai a much-needed new ultra luxury hotel. Apart from its locational advantages, it will feature superlative interior designs, multiple F&B options and breathtaking ambience. This project has been delayed to some extent for various reasons, mostly in part because we wanted to optimize the cost of debt by refinancing it and because we upgraded several design aspects of the hotel's public areas - making it far superior than the original designs, without impacting investment levels.

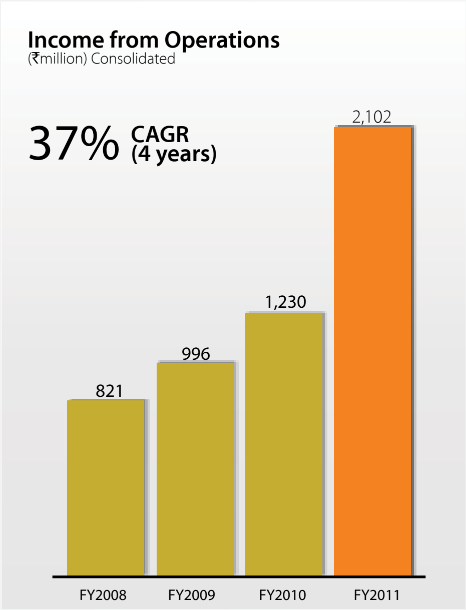
There have also been some delays on the part of some specific contractors, which have been replaced to steadily progress the project. Apart from the Shangri-La, we are also progressing satisfactorily on our hotel in Agra, which will operate and be managed under the brand "Courtyard by Marriott". Our hospitality plans with our Marketcity projects are still on the drawing board.

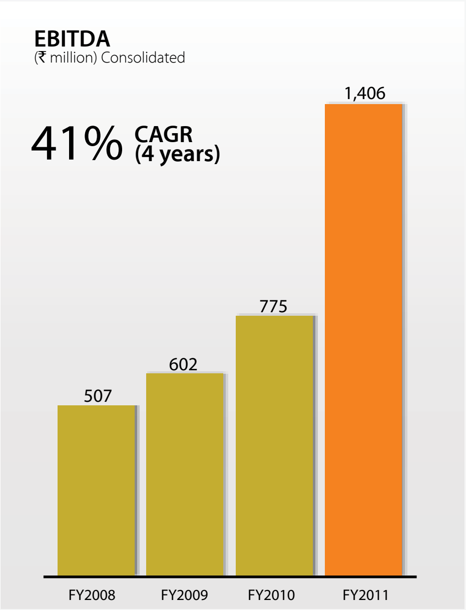
What is your outlook for growing the business?

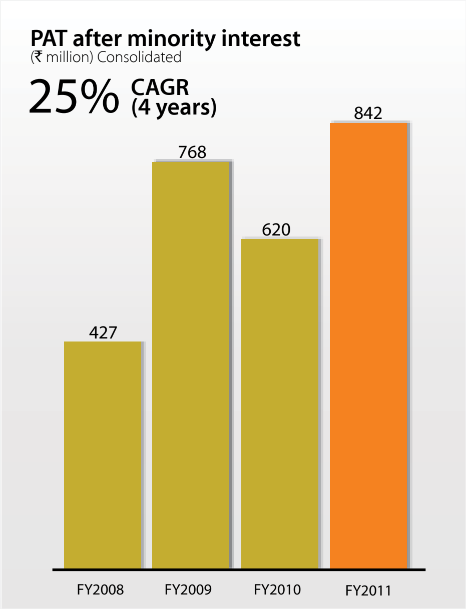
Today, we are a focused retail led property company, and the young management team, under the capable leadership of our visionary promoter Atul Ruia, is brimming with enthusiasm and ideas to drive the business forward. In my new role as Group CEO and Jt. Managing Director, I intend to extend my fullest to make PML the most respected player in the business. Our project team continues to evolve to take on bigger challenges everyday. As we come close to finishing our first Phase of our various Marketcities, our project team is burning midnight oil on starting and completing Phase II components that aggregate over some 5.5 million sq. ft. There's still much to do and our existing pipeline will keep us very busy for another 2-3 years. Going forward, there will be new land parcels to develop and I will expect our project team to deliver on them too. I am confident that our pipeline of developments, coupled with the continued active management of the portfolio, will create further value and provide attractive returns for shareholders.

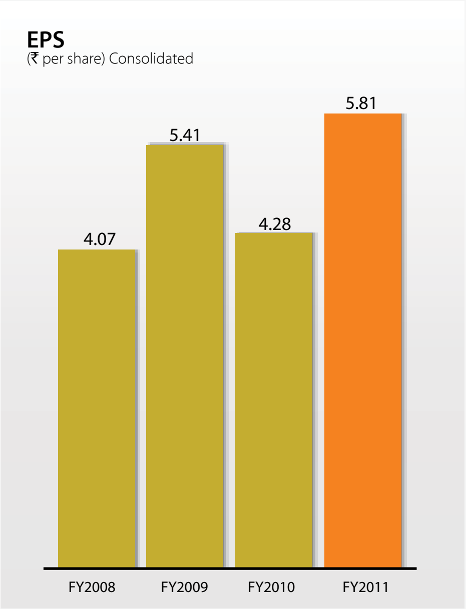
The Consolidated EBITDA was higher by 81% from ₹ 775 million in FY2010 to ₹ 1,406 million in FY2011. EBITDA margins also improved from 63% in FY2010 to 67% in FY2011, highlighting improved operational efficiencies at High Street Phoenix.

Key Financial Indicators









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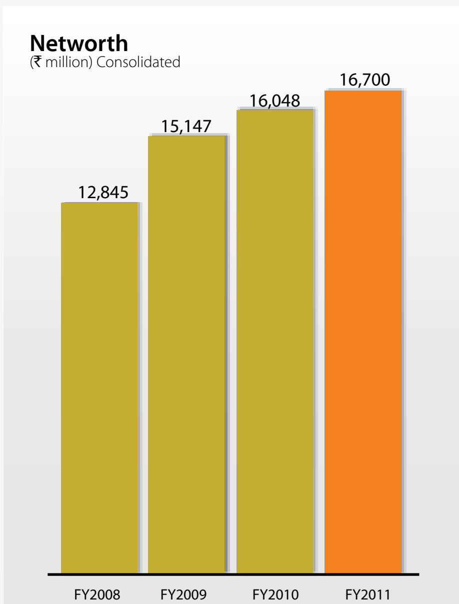
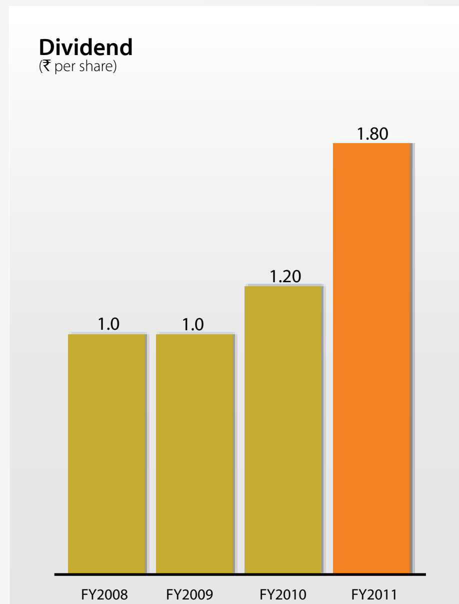
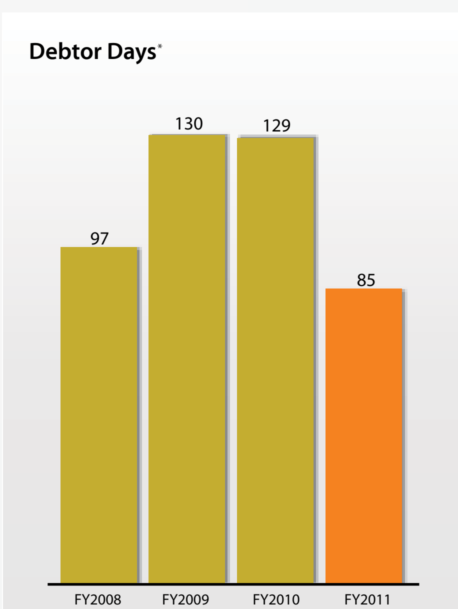
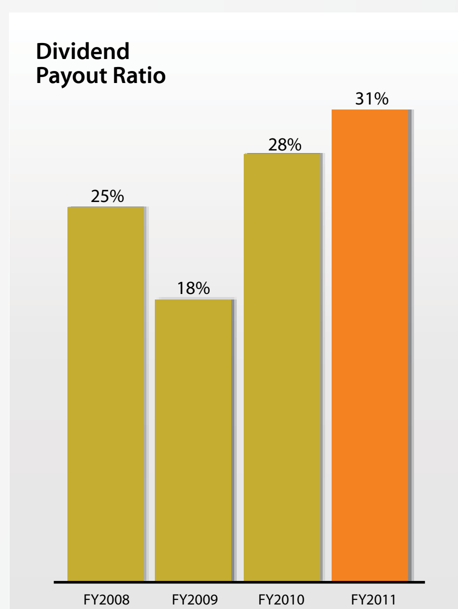








* Note: Debtor days calculated as year-end debtors / income from operations excluding sales for the year x 365. For FY2011, the debtors have been adjusted for an arbitrage sale transaction, since the outstanding amount has subsequently been paid. Ref. Pg 63.

Our Business Verticals and Assets

Destination Malls & Commercial Centres

PML positions its malls in scarce, urban centres enjoying a 5-10 kms catchment boundary. They are designed as destination assets in important micro-markets within a catchment expanse nothing less than the entire city itself. The Company differentiates its malls further by great designs, scale, ample parking spaces and carefully chosen brands to meet the needs of consumers.

Mixed Use (Tier - I, Pan India)

Method: Directly Develop, Own, Manage & Operate Mixed Use Real Estate Assets

Markets: Mature, Micro Markets & Transitional Markets

Hospitality Assets

PML's strategic geographical positioning and mixed use strategy ensures that the hospitality assets benefit from the adjoining retail and commercial specific assets, thereby attracting world renowned hospitality management brands and generate premium room rates.

Method: Directly Develop and Own Hospitality Assets

Markets: Mature and Micro Markets

Residential Assets

PML's recent foray into the premium, community based, superbly designed residential complexes, which suit multiple income groups, positions the Company suitably within the residential real estate growth story of India.

Method: Directly Develop and Sell, Residential Real Estate Assets

Markets: Mature & Transitional Markets

Investments

In addition to participating directly in the mature Tier I cities, PML is actively pursuing a pan-India footprint strategy through strategic investments into like-minded real estate ventures focusing on emerging and nascent urban centres throughout India, maximising risk-adjusted returns through optimal financing and partnership with others.

Mixed Use (Tier - II & III, Pan India)

Method: Strategic Investments in Like-minded Property Companies (Pan-India Strategy)

Markets: High Growth, Emerging & Nascent Markets:Mixed-Use Retail, Hospitality & Residential Assets

Services

Manned by talented professionals, the "Market City Resources Pvt. Ltd." business vertical is the intellectual engine that drives excellence in project management, mall and property management, sales and marketing, liaison, client advisory and legal advisory. Leveraging its vast experience, know-how and implementation bandwidth.

Method: Services , Advisory and Asset Management

Markets: Pan-India

Entertainment

PML's foray into entertainment within HSP has led it to have a presence in key entertainment businesses such as bowling, family entertainment centre and discotheque, etc. PML is well positioned to grow these into larger, scaleable verticals thereby capturing a significant portion of the consumption story in India.

Method: Entertainment

Markets: Mature, Transitional Markets, High Growth, Emerging & Nascent Markets

Retailing

Taking advantage of the Company's profound understanding of Indian consumers and its vertically integrated business model comprising prime retail space on a pan India basis, PML is aptly positioned to establish and grow a retailing vertical for recognized and 'new-to-India' global brands and thus create additional value streams by earning retailing profits.

Method: Retailing

Markets: Pan-India

Assets | High Street Phoenix (Mumbai) | Palladium (Mumbai) | Phoenix Marketcities (Mixed Use Retail Led) | Phoenix Marketcity Pune | Phoenix Marketcity Bangalore | Phoenix Marketcity Kurla (Mumbai) | Phoenix Marketcity Chennai

Assets | Mumbai Hotel The Shangri-La | Phoenix Hospitality Company Private Limited (PHCPL) | Agra Hotel Courtyard by Marriott

Assets | **Phoenix Residences** Krishnarajapuram, Bangalore | **Phoenix Residences** Malleswaram, Bangalore* | **Phoenix Residences** Velachery, Chennai* | **Treasure Town & Vihar** (by EWDL) Udaipur, Indore (AB Road), Indore (Kanadia), Indore (Rangawasa)

Assets | BARE@ | EWDL+ | **Treasure Marketcity** Indore | **Treasure Island** Jabalpur, Raipur, Bhilai, Mohali, Indore | **Treasure Bazaar** Ujjain, Nanded, Indore Central | **Phoenix United** Lucknow, Bareilly

Assets | Market City Resources Private Limited | **Services** Project Management, Property Management, Marketing Management, Client Management, Financial Management, Legal and Liaison Services

Assets | Galaxy Entertainment Corporation Limited

Assets | Brands and Alliances (to be announced)

Investees:

Entertainment World Developers Ltd. (EWDL)

ENTERTAINMENT WORLD DEVELOPERS
redefining real estate

Big Apple Real Estate Pvt. Ltd. (BARE)

Big APPLE

\+ EWDL - Entertainment World Developers Limited
@ BARE - Big Apple Real Estate Private Limited
* As part of Phoenix Market City

Our Portfolio

High Street Phoenix, Palladium, Marketcities (Retail-led Mixed-Use Developments)

1.
High Street Phoenix, Mumbai

Ownership - 100%

Size (mn. sq. ft.) - 0.6

Occupancy - 90%

No. of Licencees - 125

Operational

Key Licensees

Big Bazaar
McDonald's
Pantaloons
Marks & Spencer
Lifestyle
Wills Lifestyle
Mothercare
Adidas
Croma
Bombay Store
Fabindia

2.
Palladium, Mumbai

Ownership - 100%

Size (mn. sq. ft.) - 0.3

Occupancy - 95%

No. of Licencees - 90

Operational

Key Licensees

Asia 7
The Collective
Landmark
Zara
Diesel
Manchester United Cafe
Punjab Grill
Rendez-Vous
Swarovski
The Comedy Store
The Nature's Co.
Vero Moda

3.
Phoenix Marketcity Pune

Ownership - 59%

Size (mn. sq. ft.) - 1.2

Leasing Status - 85%

No. of Licencees - 290

Launched
June 2011

Key Licensees

Star Bazaar
DLF Home
Max
McDonald's
Marks & Spencer
Zara
Diesel
Mango
Pantaloon
Westside
PVR

4.
Phoenix Marketcity Bangalore

Ownership - 46%

Equity Invested - ₹ 1.9 bn

Project Cost - ₹ 5.5 bn

Land Area - 14.8 acres

Targeted Launch September 2011

Proposed Total Built Up Area (mn. sq. ft.) (excl. Hotels) - 1.9

Retail (mn. sq. ft.) - 0.85 (phase I)

Parking (mn. sq. ft.) - 0.5

5.
Phoenix Marketcity Mumbai

Ownership - 24%

Equity Invested - ₹ 3.1 bn

Project Cost - ₹ 11.3 bn

Land Area - 21.1 acres

Targeted Launch Q3 FY2012

Proposed Total Built Up Area (mn. sq. ft.) (excl. Hotels) - 3.2

Retail (mn. sq. ft.) - 1.3 (phase I)

Commercial (mn. sq. ft.) - 1.2 (phase I, II)

Parking (mn. sq. ft.) - 0.6

6.
Phoenix Marketcity Chennai

Ownership - 31%

Equity Invested - ₹ 1.5 bn

Project Cost - ₹ 4.8 bn

Land Area - 16.5 acres

Targeted Launch Q4 FY2012

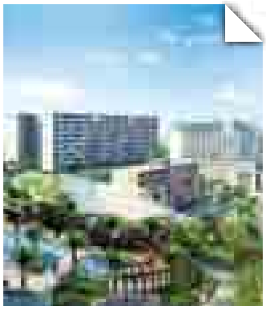
Proposed Total Built Up Area (sq. ft.) (excl. Hotels) - 2.1

Retail (mn. sq. ft.) - 1.0 (phase I)

Parking (mn. sq. ft.) - 0.6

Our Portfolio

Residential Developments



7.
Chennai
Velachery

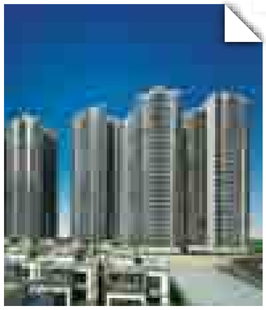
Ownership
34% / 31%

Area (mn. sq. ft.)
0.5

Project Cost
₹ 0.8 bn

Targeted Launch FY2012

5 Towers of 2 & 3 BHK Residences



8.
Bangalore
Malleswaram

Ownership
70%#

Area (mn. sq. ft.)
2.0

Project Cost
₹ 8 bn

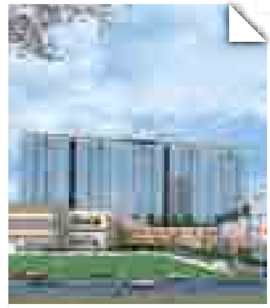
Equity Invested
₹ 4.3 bn

Targeted Launch FY2012

5 High Rise Towers

2 Premium Towers

36 Villas



9.
Bangalore
Krishnarajapuram

Ownership
46%

Area (mn. sq. ft.)
0.6

Project Cost
₹ 1.0 bn

Targeted Launch FY2012

3 Towers of Upscale and Premium Residences

10.
Shangri-La, Mumbai

Ownership
53%*

Equity Invested
₹ 3.0 bn

Project Cost
₹ 8.3 bn

Targeted Launch Q3 FY2012

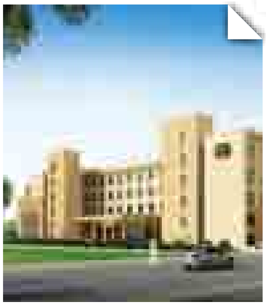
Keys
410

Service Apartments
23

Operator
Shangri-La

*Proposed economic interest
#Proposed share holding

Hospitality Properties (5 & 4 Star Marquee Luxury & Business Hotels)



11.
Courtyard by Marriott, Agra

Ownership (by PHCPL)
41%#

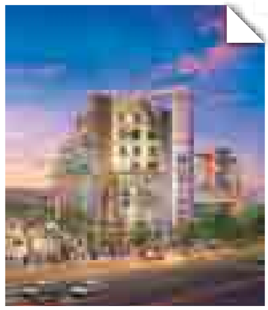
Equity Invested
₹ 0.4 bn

Project Cost
₹ 1.1 bn

Targeted Launch FY2013 - 14

Keys
149

Operator
Marriott



12.
Marriott, Mumbai

Ownership (By PHCPL)
77%#

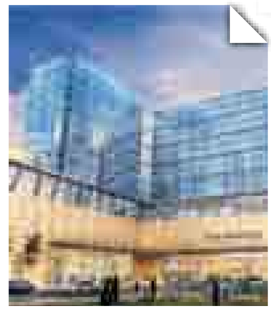
Equity Invested
₹ 1.5 bn

Project Cost
₹ 3.5 bn

Targeted Launch FY2013 - 14

Keys
300+

Operator
Marriott



13.
Pune Hotel

Ownership (by PHCPL)
55%

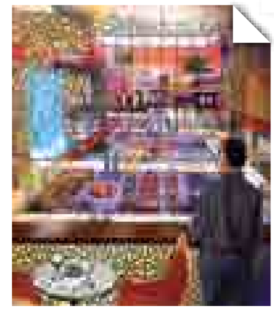
Equity Invested
₹ 1.0 bn

Project Cost
₹ 2.7 bn

Targeted Launch FY2013 - 14

Keys
250+ & 150+

Operator
To be announced



14.
Chennai Hotel

Ownership (by PHCPL)
50%

Equity Invested
₹ 0.9 bn

Project Cost
₹ 2.2 bn

Targeted Launch FY2013 - 14

Keys
235+

Operator
To be announced

#Proposed share holding

Our Portfolio

Mixed Use (Pan India)

15.
The Treasure Island, Indore

Size (mn. sq. ft.)
0.45

Ownership (By EWDL)
100%

Occupancy
98%

No. of Licencees
120

Operational

Key Licensees
Big Bazaar
Pantaloon
Nike
Max
E-zone
PVR
McDonalds
Pizza Hut
Barista
Rajdhani

16.
The Treasure Central, Indore (Treasure Bazaar)

Size (mn. sq. ft.)
0.33

Ownership (By EWDL)
50%

Occupancy
100%

No. of Licencees
16

Operational

Key Licensees
Pantaloon
Future Group
Inox
Nirulas

17.
The Treasure Bazaar, Nanded

Size (mn. sq. ft.)
0.24

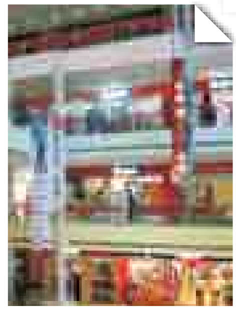
Ownership (By EWDL)
75%

Occupancy
78%

No. of Licencees
40

Operational

Key Licensees
Big Bazaar
Maya
PVR
Max
Fashion Yatra
Provogue
Reebok
Levis
Adidas
UCB
Peter England
Funscapes



18.
The Phoenix United, Lucknow

Size (mn. sq. ft.)
0.36

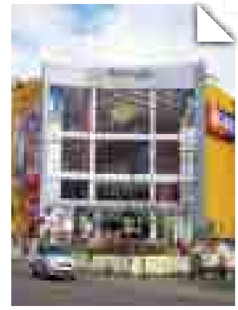
Ownership (By BARE)
75%

Occupancy
75%

No. of Licencees
70

Operational

Key Licensees
Big Bazaar
PVR
Max
Reliance Trends
Pantaloon
Dominos
Jack n Jones
McDonalds
KFC
Pizza Hut



19.
The Treasure Bazaar, Ujjain

Size (mn. sq. ft.)
0.30

Ownership (By EWDL)
100%

Leasing Status
96%

No. of Licencees
58

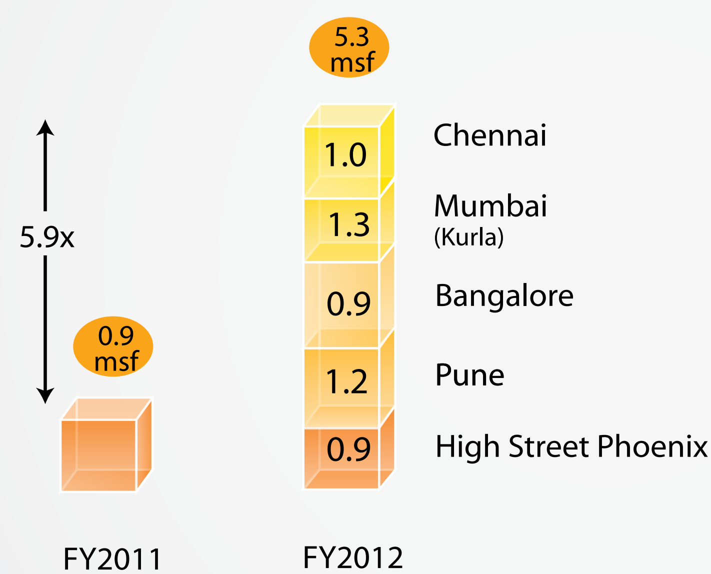
Launched April 2011

Key Licensees
Big Bazaar
Reliance Trends
Reliance Footprints
Reliance CDIT
Fashion Yatra
Funscapes
Lilliput World

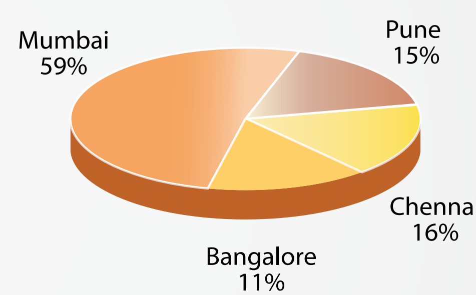
Artistic impression of Phoenix Marketcity, Kurla (Mumbai)

In the four major Tier I cities, we are set on a journey of asset expansion of over 5.3 million sq. ft - with steady and assured revenues. In addition, through our investees EWDL and BARE, we are developing 8 million sq. ft. in Tier II cities.

Portfolio - 5.3 million sq. ft.

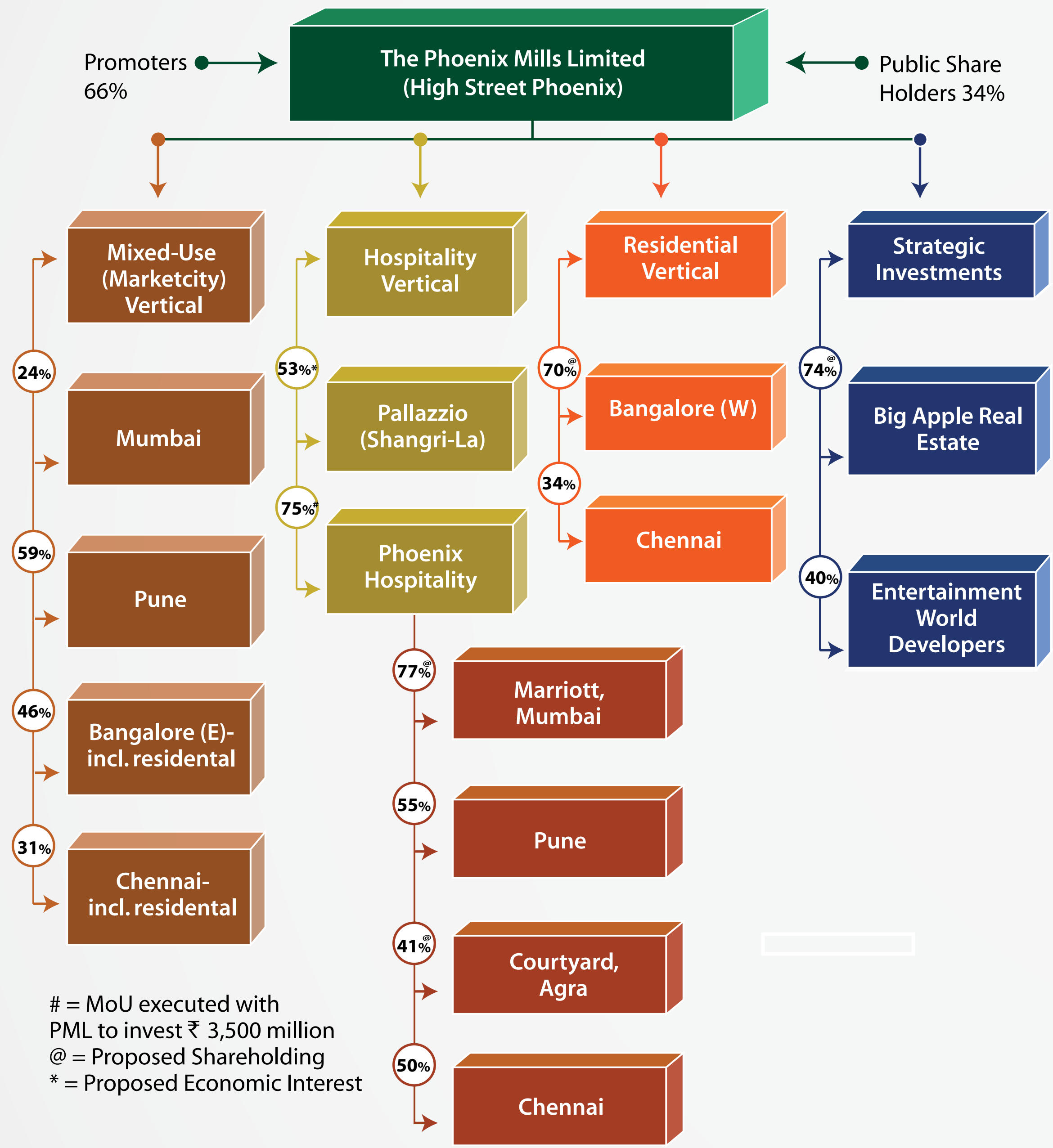


By Expected License Fees



PML's multi-tiered structure allows a high degree of flexibility to attract the right profile of investors and partners in each of the entities, enhancing its fund raising ability.

Our Corporate Organisation



= MoU executed with PML to invest ₹ 3,500 million
@ = Proposed Shareholding
* = Proposed Economic Interest

Our Business Model

As a part of our strategy, we seek to produce outstanding long-term returns for shareholders through capital and income growth by means of judicious capital allocation towards selective asset creation, acquisitions & disposals and partnering with third party capital where appropriate.

Directly through "Phoenix Marketcity" and through our investees EWDL and BARE for "Treasure" and "Phoenix United", we have developed multiple formats that are differentiated on the basis of size, type of retailers and other facilities, including hotels, multiplex cinemas, entertainment venues and commercial spaces.

Our Brand Formats

Tier I

HIGH STREET PHOENIX — Flagship development at Lower Parel, Mumbai.

PALLADIUM — Luxury Mall in Mumbai

PHOENIX MARKETCITY — 3 - 5 million sq. ft. mixed use developments in Tier I cities

Tier II

TREASURE Market City — Over 1 million sq. ft. mixed use developments

TREASURE Island — 400,000 - 1 million sq. ft. malls

Tier III

TREASURE Bazaar — Up to 400,000 sq. ft. malls

Phoenix united — Up to 400,000 sq. ft. malls in Uttar Pradesh, North India

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Our Pan India Presence

- RETAIL & COMMERCIAL MARKETCITIES
- HOSPITALITY MARKETCITIES
- RESIDENTIAL
- MIXED USE (EWDL & BARE)

Mohali
> Treasure Island

Lucknow
> Phoenix United

Indore
> Treasure Marketcity
> Treasure Island
> Treasure Bazaar

Indore
> Treasure Town (AB Road)
> Treasure Town (Kanadia)
> Treasure Town (Rangawasa)

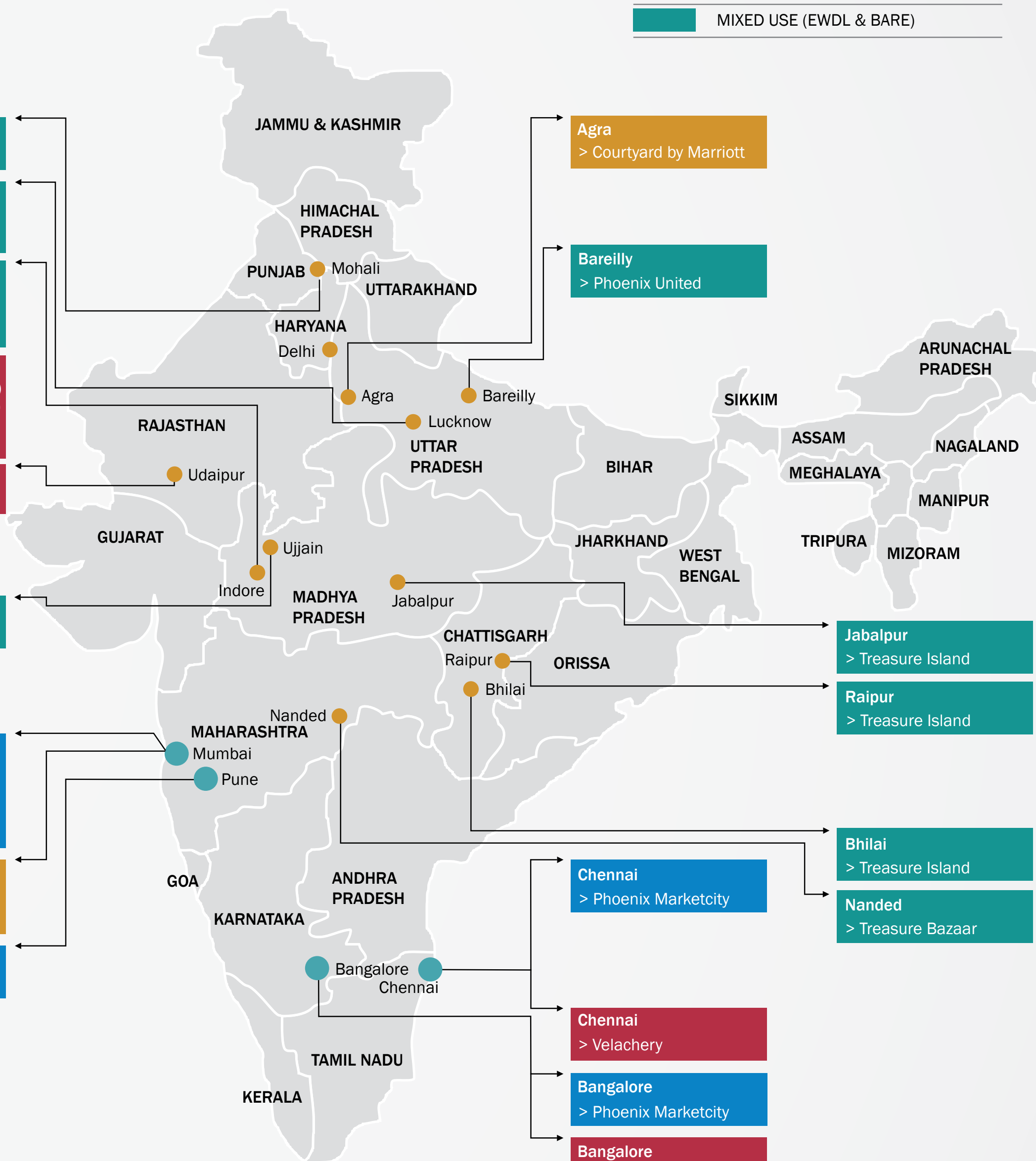
Udaipur
> Treasure Town

Ujjain
> Treasure Bazaar

Mumbai
> High Street Phoenix
> Palladium
> Phoenix House
> Phoenix Marketcity

Mumbai
> Shangri-La, Lower Parel
> Marriott, Kurla

Pune
> Phoenix Marketcity



Agra
> Courtyard by Marriott

Bareilly
> Phoenix United

Jabalpur
> Treasure Island

Raipur
> Treasure Island

Bhilai
> Treasure Island

Nanded
> Treasure Bazaar

Chennai
> Phoenix Marketcity

Chennai
> Velachery

Bangalore
> Phoenix Marketcity

Bangalore
> Krishnarajapuram
> Malleswaram

Built on the remnants of an old textile mill, HSP has a quaint charm and homely feeling about it.

High Street Phoenix (HSP)

A celebrity event at HSP

Openning Ceremony of the Landmark Store

HSP has given Mumbai a destination it can't do without.

Under multiple wings and disparate zones, the mall has more than 250 stores across 0.6 million sq. ft. - so there is always something for everyone.

Fondly referred to as "Phoenix" or "HSP", there is also a variety of dining and entertainment options – making it an exciting place for a family to spend the day. Not surprisingly, today, the HSP welcomes more than 16 million visitors a year!

Staged event at the Courtyard

Fine dining at the Copper Chimney

Nestled within the HSP Complex, Palladium is a "must-shop-here" for all luxury lovers.

Palladium

Designed in the stylish art-deco style, the mall has won many rave reviews, recognition and awards.

Introduced to Mumbai in 2010 as a large-scale mall dedicated to upscale & luxury brands, "Palladium" is a class apart from the rest of the malls in Mumbai. Home to more than 90 premium brands, from the world's leading fashion houses, hot designers and chic boutiques, "Palladium" is an unavoidable destination for luxury buyers and has given the HSP Complex a stronger pull factor in gaining the attention of shoppers.

Emporio Armani at Palladium

Gourmet Food Store at Palladium

Phase I of the ₹ 7.8 billion flagship project with 290 fashion and food retailers in the heart of Pune city opened in June 2011.

Phoenix Marketcity, Pune

The commercial space at the Pune Marketcity will enjoy a great ecosystem of fine dining, entertainment and shopping at the mall.

This property has truly brought a paradigm shift in Pune in terms of consumer experience, accessibility to global brands that were never present in Pune, an effervescent. atmosphere, massive parking capacity, sheer scale and variety of stores, F&B outlets and entertainment options.

Covering 16.7 acres of land with a total projected built up area of approximately 2.45 million sq. ft., it is a mixed-use hub containing retail, entertainment, hospitality and commercial spaces. It is conveniently located in the northeast part of Pune city, on Pune Nagar road, three kilometers from the airport. It is also conveniently located in proximity to high and upper middle-income group residential areas.

Artist's rendering of the front facia

Artist's rendering of the bird's eye view

Artist's rendering of a promenade

With construction at an advanced stage and retail fit-outs in full swing, the property is expected to be ready and launched in September 2011.

Phoenix Marketcity, Bangalore

Much of the retail areas are already committed to an ideal mix of top international and domestic retailers and brands.

Covering 14.8 acres of land with a total projected built up area of approximately 1.9 million sq. ft., The Phoenix Marketcity, Bangalore, is a mixed-use hub containing retail, entertainment and residential spaces. Designed as a "city within a city", the Bangalore Marketcity is architecturally path breaking and an iconic destination near the commercial centre of Whitefield.

Artist's rendering of the bird's eye view

Artist's rendering of the front facia

Artist's rendering of the main entrance

With retail fit-outs in full swing, the property is expected to be ready for launch in Q3 FY2012.

Phoenix Marketcity, Kurla

Right at the centre of the city, the property will be an iconic retail and commercial hub of Mumbai.

Covering 21.1 acres of land with a total projected built up area of approximately 3.2 million sq. ft., Phoenix Marketcity, Kurla, is a mixed-use hub containing retail, entertainment, hospitality and commercial spaces. Designed as a "city within a city", it is in close proximity to the airports, downtown south Mumbai, the commercial hub of BKC and the eastern, western and northern suburbs.

Artist's rendering of the inside walkways

Fitouts and MEP in progress

Over 60% of the chargeable area at Phoenix Marketcity Chennai is already committed to top Indian and global brands.

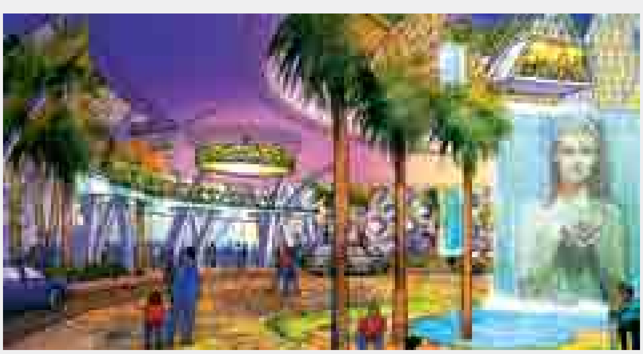
Phoenix Marketcity, Chennai

Retail Lobby Area

Landscaping Concept

This Chennai landmark is progressing as scheduled and is expected to be ready in Q4 FY2012.

Located at Velachery, Phoenix Marketcity Chennai is a mixed-use asset covering 14.8 acres of land with a total projected built up area of approximately 2.05 million sq. ft. During the year, the Company launched the marketing of the property spaces and received excellent response from the retailing community.



Outside Promenade

Commercial Lobby Area

Mumbai will now have a truly new, much needed super-luxury hotel.

The Shangri-La

Artist's rendering of the main lobby

With construction moving ahead as charted, Shangri-La will open its doors in Q3 FY2012.

The Shangri-La is PML's first hospitality project and will be located in Mumbai - the financial capital of the country and an international gateway. With an estimated project cost of around ₹ 8.3 billion, this 5-Star Luxury Hotel will have 410 rooms and 23 serviced apartments.

Mock bed room

Mock bath room

In Q1 FY2012 the Company soft launched its residential project in Chennai with excellent response from the marketplace.

Upcoming Residential Properties

The residential project in Velachery, Chennai, is a three tower residential complex, with a total projected built up area of over 0.5 million sq. ft.

Within the Marketcity complex in Bangalore, the Company is gearing up to commence construction of the residential component by Q4 FY2012. These apartments will be aimed at the upmarket buyers of the city. PML also owns one of the largest single land parcels within the Bangalore city, with some 16 acres in Rajaji Nagar (Malleswaram). With over ₹ 8 billion in investment, this project will be one of Bangalore's largest single residential properties.

PML launched the Commercial Property within Phoenix Marketcity, Pune in September 2010.

Upcoming Commercial Properties

Concept of Orion

Retail Boulevard

With around 0.26 million sq. ft. of saleable area in Phase I of Pune, around 60% of the area is already sold.

In July 2010, the Company also launched Phase I of the 0.25 million sq. ft. commercial area in Kurla, Mumbai, with an excellent response. With the potential to build 0.8 million sq. ft. of commercial space in Phase II, PML is poised to create a new commercial hub in the heart of Mumbai.

Concept of Orion

Concept of Orion

Board of Directors

Mr. Ashokkumar Ruia
Chairman and
Managing Director

Mr. Ashokkumar Ruia, aged 65, is a graduate from Cambridge and has pursued an active career in both business and sports. He has the unique distinction of representing the country in two sports, Bridge and Golf, demonstrating an inimitable desire to excel in whatever he undertakes.

He joined the Board of the PML in 1963. He has vast experience in managing the Company's affairs over the years and has contributed significantly to its growth. He has also played an ardent and active role in the textile industry serving as a member of the Committee of the Mill Owners' Association, Bombay for several years. He is now actively involved in mentoring the leadership team and in various aspects of the Company's expansion plans through its various projects.

Mr. Atul Ruia
Jt. Managing Director

Mr. Atul Ruia is a graduate in Chemical Engineering from the University of Pennsylvania and holds a degree in Business Management from The Wharton School of Finance. He joined the Board of the PML in 1996 and is the key visionary, pioneer and force behind the development of High Street Phoenix, Mumbai's first retail-led mixed use destination. He is responsible for strategising and overseeing the expansion plans of the Company which has embarked upon a pan India asset creation strategy under the flagship brand 'Phoenix Marketcities'.

Mr. Kiran Gandhi
Whole Time Director

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

Mr. Shishir Shrivastava
Group CEO and Jt. Managing Director

Mr. Shishir Shrivastava graduated from IHM Bangalore and has served the Phoenix Group entities for past 12 years in various capacities. While he was instrumental in shaping HSP to its current reputation, he also laid the foundations of the service and advisory vertical. Since 2008, he has endeavored towards the successful culmination of the Shangri-La Hotel and the four Phoenix Marketcity projects which are now being launched in phases. He has been elevated to the position of Group CEO & Jt. Managing Director and continues to oversee several critical functions of the Company including corporate strategy, debt and private equity fund raising, investor relations, legal, business development, operations and the Group's Hospitality Portfolio.

Mr. Pradumna Kanodia
Director - Finance

Mr. Pradumna Kanodia is a qualified Chartered Accountant and company secretary. He has over 20 years of experience in coporate management, finance and commercial matters, fiscal and strategic planning, budgeting and cashflow management. He heads the finance and accounts teams and plays a key role in fund raising, liaisoning with banks for debt funding, etc.

Mr. Kanodia joined the Phoenix Group as Group - CFO in March 2010. He has been elevated to the position of Director - Finance on April 28, 2011.

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Mr. Sivaramakrishnan Iyer
Non-Executive & Independent Director

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

Mr. Suhail Nathani
Non-Executive & Independent Director

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

Mr. Amit Dalal
Non-Executive & Independent Director

Mr. Amit N. Dalal has been Managing Director of Amit Nalin Securities Pvt Ltd., since October 1997 and also serves as its Director of Research. Mr. Dalal has been Executive Director of Investments at Tata Investment Corporation Ltd since January 1, 2010. Mr. Dalal has experience as Investment Analyst in USA for 2 years. He completed Post-graduate Diploma in Business Management from the University of Massachusetts. He obtained a Bachelor Degree in Commerce from the University of Mumbai and a Masters Degree in Business Administration from the University of Massachusetts, USA.

Mr. Shribhanu Patki
Non-Executive & Independent Director

Mr. Shribhanu Patki has vast experience in the architectural field. He is one of Mumbai's renowned architects with a number of prestigious projects to his design credit. He is currently the Managing Director of M/s P G Patki Architects Private Limited, a reputed architectural firm for over four decades. He has graduated from J. J. School of Arts with honours. He is an associate of the Royal Institute of British Architects and a fellow of Indian Institute of Architects and has lectured at design colleges in Europe and US.

Mr. Amitkumar Dabriwala
Non-Executive & Independent Director

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

Management Team

Mr. Dipesh Gandhi

Dipesh has over 14 years of experience in business development, market research, planning and organization set-up. At Phoenix, he holds the position of Group Head for the Residential & Commercial business. He is involved in driving the business plan, positioning, design briefs with architects, budgeting, execution, launch, marketing and sales/leasing of the respective projects. Over the past four years he has been handling the role of business development and liaisoning for the Phoenix Group projects across India.

Mr. Haresh Morajkar

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

Mr. Harjeet Singh Deep

Harjeet has over 15 years of experience working in diverse fields and focusing on construction management. He is the VP Projects and oversees the Hotel projects of the group and his current responsibilities include budgeting, design co-ordination, planning, contracts and procurement for the hotel projects.

Mr. Mayank Ruia

Mayank is handling the role of Development Director at Phoenix, for the Residential & Commercial business. Prior to PML, he was associated as Vice President with Everstone Capital Advisors. He was involved into international assignments with UBS Investment Bank, Sagent Advisors and American Capital Strategies, New York.

Mr. P. Vidya Sagar

Vidya has over 21 years of experience across various industries in the areas of Corporate Laws, M&A, Legal, Compliance and Corporate Governance. He heads the Corporate and Legal functions of the Group and his responsibilities include managing the Group's secretarial, corporate and legal affairs.

Mr. Rajendra Kalkar

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

Mr. Rajesh Kulkarni

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

Ms. Sangeeta Vernekar

Sangeeta has over 22 years of experience and has been a key member of some of India's award winning and successful shopping centers. At PML, she heads the "Retail Excellence" initiative, supported by a team of retail specialist professionals. Her role is to service clients on mall design, architecture, signage, lighting and retail.

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Mr. Shashie Kumar

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

Mr. Shreesh Misra

Shreesh has over 20 years of experience in diversified fields of Hospitality, Retail, Real Estate and Mall Management. He is currently the Centre Director for Phoenix Marketcity, Kurla. His key role is to ensure the successful implementation of pre launch activities, such as marketing, public relations and retailer transition. He will also be responsible for managing the operations of the property and for achieving the bottom line profitability of the centre.

Mr. Sundar Rajan

Sundar has over 23 years of experience in executing various infra, retail, hospitality and commercial projects in India and abroad. He is the Dy. Head Projects (West) of the group and his current responsibilities include project management, cost planning, design co-ordination and execution of projects within time, cost and quality parameters.

Mr. Surender Pal

Surender joined the Phoenix Group in 2005 as General Manager – Operations (HSP) and has over 20 years of experience in operations and leasing After running the centre successfully for more than four years he was promoted to head the corporate leasing as Director-Leasing. Recently, in July 2011, he was promoted again as Chief Operating Officer - Malls, whereby he is responsible for developing and implementing the right retailer mix and retail leasing plans for all Phoenix Marketcity projects.He works closely with the Marketcity Centre Directors to ensure smooth operations of the malls.

Corporate Information

BOARD OF DIRECTORS

1. Mr. Ashokkumar Ruia
   Chairman & Managing Director
2. Mr. Atul Ruia
   Jt. Managing Director
3. Mr. Kiran Gandhi
   Whole - Time Director
4. Mr. Shishir Shrivastava
   Group CEO &
   Jt. Managing Director
5. Mr. Pradumna Kanodia
   Director - Finance
6. Mr. Amitkumar Dabriwala
   Director
7. Mr. Amit Dalal
   Director
8. Mr. Sivaramakrishnan Iyer
   Director
9. Mr. Shribhanu Patki
   Director
10. Mr. Suhail Nathani
    Director

REGISTRAR AND SHARE TRANSFER AGENT
Link Intime India Private Limited,
C-13, Pannalal Silk Mills Compound,
L.B.S. Marg, Bhandup (West),
Mumbai - 400 078.
Tel. No.: 022-25963838
Fax No.: 022-25946969

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

M/s Chaturvedi & Shah
Chartered Accountants

BANKERS
Corporation Bank

COMPANY SECRETARY
Ms. Minal Bhate-Dandekar

REGISTERED OFFICE
462, Senapati Bapat Marg,
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Tel : 022 - 24964307
Fax: 022 - 24938388
Website : www.thephoenixmills.com
Email: investorrelations@highstreetphoenix.com

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Fax: 022 - 30016818

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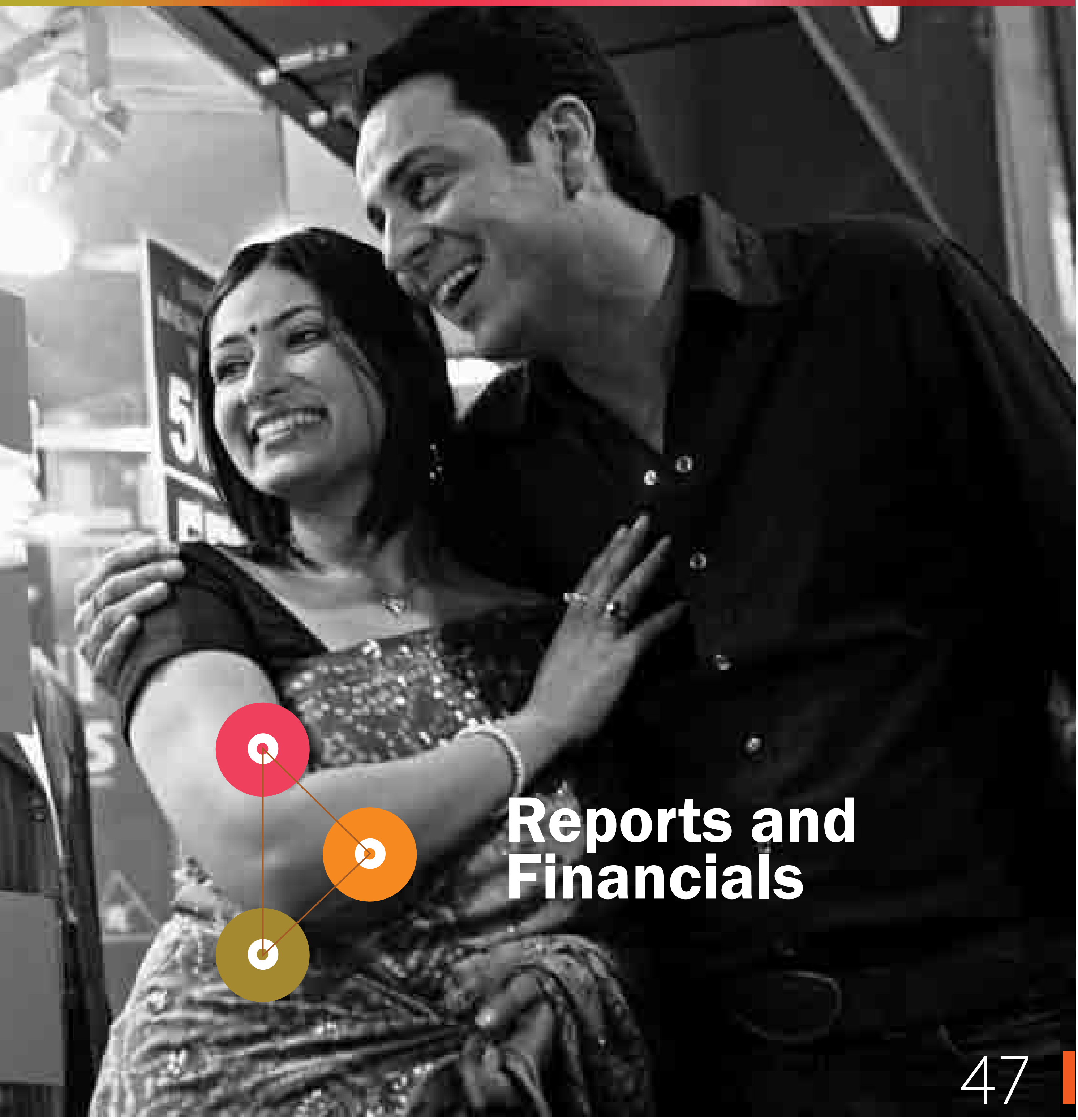


Reports and Financials

The Indian Economy

According to the Ministry of Statistics and Programme Implementation (MOSPI) estimates, the Indian economy registered a growth of 8.5% in FY2011 driven by the agriculture, manufacturing sector, government and consumer spending. Financial, insurance, real estate and business services retained their growth momentum at around 10% in FY2011. Strong industrial output and growing consumer confidence have been increasingly attracting foreign investors into the country. According to the United Nations Conference on Trade and Development (UNCTAD), India ranked second among global Foreign Direct Investment (FDI) destinations in 2010 and will continue to remain among the top five most attractive destinations for international investors during 2011-12.

With respect to India's real estate sector, the industry market size is expected to reach US$ 180 billion by 2020. This is also one of the highest FDI attracting sectors in India, having recorded inflows in excess of US$ 9.5 billion during April 2000 - January 2011. However, the FDI coming into the real estate sector fell by more than 60% in the first 10 months of 2010- 11 to US$ 1 billion as compared to US$ 2.6 billion in corresponding period of previous year. Despite this temporary slowdown, the FDI flow into India's real estate sector is expected to witness an addition of US$ 21 billion over the next 10 years.The current contribution of the real estate sector to India's GDP is approximately 5%, which is also expected to grow in line with a minimum GDP growth rate of 8%+ in the coming years.

The Indian Economy is currently gripped by a combination of rising inflation, high interest rate, liquidity crunch and slowdown in industrial output. In an effort to curb the rising inflation, the Reserve Bank of India (RBI) hiked both the repo rate and the reverse repo rate by 50 basis points (half of one percent) to 8.0% and 7.0% respectively in July 2011. The RBI has raised key policy rates for the eleventh time since March 2010, leading all financial institutions to hike their lending rates. While this might be an appropriate measure to bring inflation under control, it is likely to impact the profitability of many sectors, real estate being one among them.

Since most banks have already reduced their exposure to the real estate sector with developers owing more than ₹ 250 billion debt, this series of increase in lending rates comes as a serious challenge to the sector. Developers have to turn to the private sector for financing construction, which inevitably comes at a higher price. This, in turn, would increase the cost of construction in the near term. The demand for commercial spaces and malls have been witnessing an upturn recently due to a shortage of quality retail space in metro cities such as Mumbai, Chennai and Bangalore. The leasing activity in these areas has increased, as retailers are confident that the pent-up demand for consumer spending is not about to slow down anytime soon. Besides retail, the market is witnessing a strong rebound in demand for office spaces by Banking, Financial Service and Insurance (BFSI) sector, aviation, consulting and IT/ITES services.

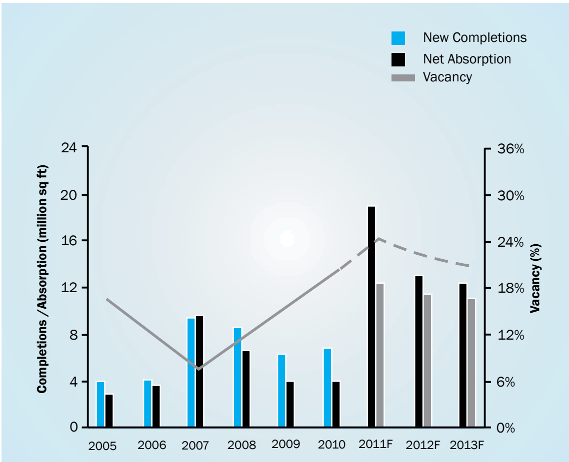
Despite economic and liquidity challenges in the short term, the Indian real estate industry is set on a path of steady long term growth with intermittent corrections. The primary reason for this is the strength of India's age demographics in which a high proportion of English-comprehending young working professionals is growing in number, and a massive increase in the number of households with discretionary spending power, leading to retail and domestic demand becoming a key impetus to the economy. With approximately 55% of India's workforce earning their livelihood and producing around 19% of India's GDP, it continues to be a key part in the Indian economy.

With quantum rise in India's overall infrastructure investment and bolstered by an increasing affluent populace with rising consumption and dwelling development, PML is well positioned to benefit from the robust domestic consumption story.

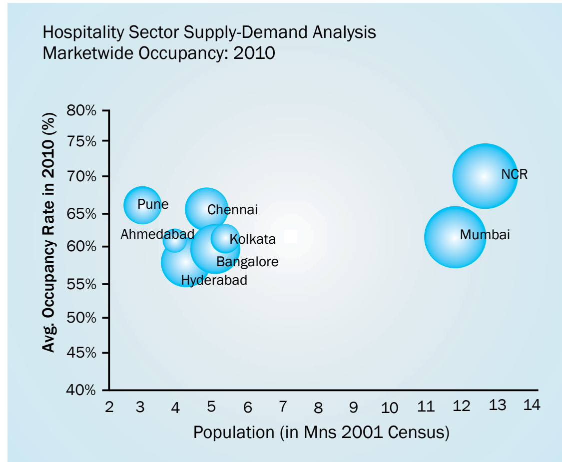
The Retail Sector

Cushman & Wakefield Research computes India's retail market size at approximately US$ 600 billion in 2010; while the organised retail market accounts for US$ 50 billion. The retail market in India is expected to witness a surge in demand on account of the country's economic environment showing steady growth, coupled with improvement in employment and consumption expenditure levels.

The demand for retail space in malls across India is expected to reach approximately 55.26 million sq. ft. by 2014. Presently, there are over 200 malls across India with total retail space of approximately 56 million sq.ft. Of these, NCR itself accounts for approximately 30% of the mall supply in the country. Besides malls, main streets accounts for a significant share of retail space in the country. The top seven cities are expected to witness about 53% of the total demand for retail space in malls across India. NCR, Mumbai and Bangalore are expected to account for about 37% of the total demand. Bangalore is likely to witness the highest cumulative demand for mall space at approximately 7.7 million



Source: Real Estate Intelligence Service, JLL, Q1 FY2011



Source: Cushman & Wakefield Hospitality

sq.ft by 2014, closely followed by Mumbai with demand anticipated at 6.5 million sq.ft.

The retail market is picking up its pace by evolving as a more organised sector. Developers' bid to take advantage of the rapid growth in the retail sector prior to the economic slowdown, without proper studies, led to an oversupply situation in many micro markets and today a number of mall developments are under different stages of construction all across the country. To a great extent, the supply has overshot the growth in demand, primarily across the top seven cities of India. However, by 2013, the situation is likely to stabilise with a more assessed supply likely to enter the market while the demand also steadily increases over a period of time. As an example, in Kolkata, Mumbai and Bangalore, the demand-supply dynamics has played itself out better and may probably balance out in the long-term.

The Hospitality Sector

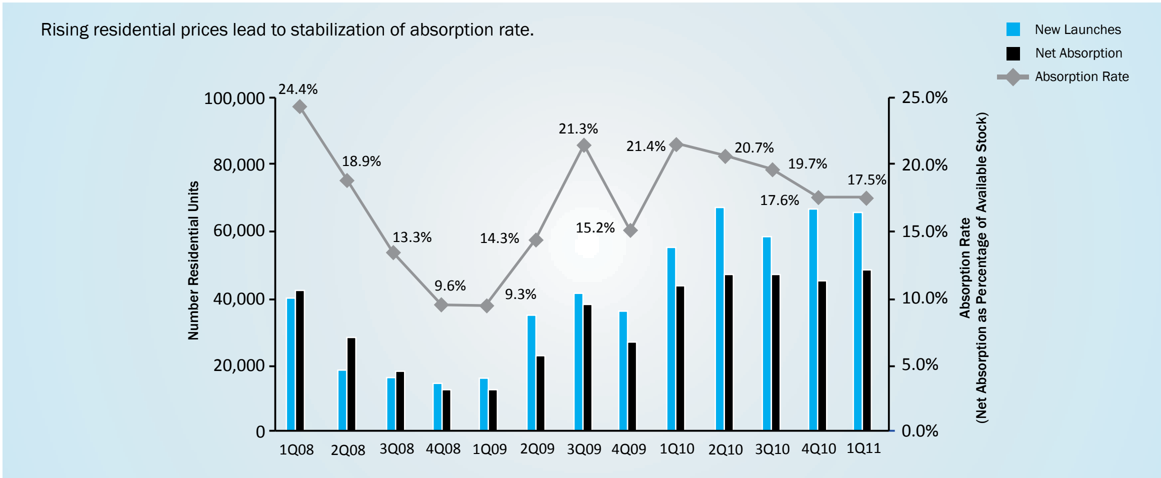
One of the key reasons for the growth of the Indian Hospitality sector has been the steady growth in the overall economy and substantial growth in sectors including information technology, telecom, banking and finance, insurance, construction, retail and real estate. According to Cushman and Wakefield, India is fast becoming one of the most preferred destinations among international tourists. Moreover, given the growing number of foreign tourists, the hospitality sector in India is expected to rise to US$ 275 billion in the next 10 years. The sector is also expected to see investments of over US$ 11 billion in the next two to three years. By CY2011, about 40 international brands are expected to be present in India.

However, the sector has witnessed a dip in tariffs and occupancy lately, primarily on account of the economic slowdown, coupled with terrorism incidents and also new supply entering the market. While the average occupancy rates in NCR, Mumbai, Bangalore and Chennai are expected to drop to a low of 56%, 58%, 52% and 53%, respectively, it is likely that the drivers of demand remain strong and are likely to facilitate the market revival relatively quickly. The chart above illustrates the positioning of each market in perspective of the marketwide occupancy in 2010, with the population size as per the 2001 census and the quantum of supply in each market in 2010 (as illustrated by the size of each sphere).

All eight markets are expected to witness above 10% growth in demand year-on-year over the next five years, with NCR leading at 18%, followed by Hyderabad, Bangalore, Chennai, Ahmedabad, Pune and Mumbai. This compares to Chennai and Ahmedabad leading the eight cities with the highest average growth of 19%, respectively, in rooms supply over the next five years, followed by NCR (18%), Kolkata (17%), Bangalore (15%), Hyderabad (15%), Pune (14%) and Mumbai (11%).

Residential Development

The demand-supply scenario in India's residential real estate sector is dependent on factors viz. urbanization, disposable income levels, access to finance and the trend towards nuclear families.Non Resident Indians (NRIs) and High Net worth Individuals (HNIs), too are key potential buyers in the high end and premium residential categories in India. Growing at a Compounded Annual Growth Rate (CAGR) of 15% by 2014, the pan-India cumulative residential demand is estimated to stand at approximately 4.25



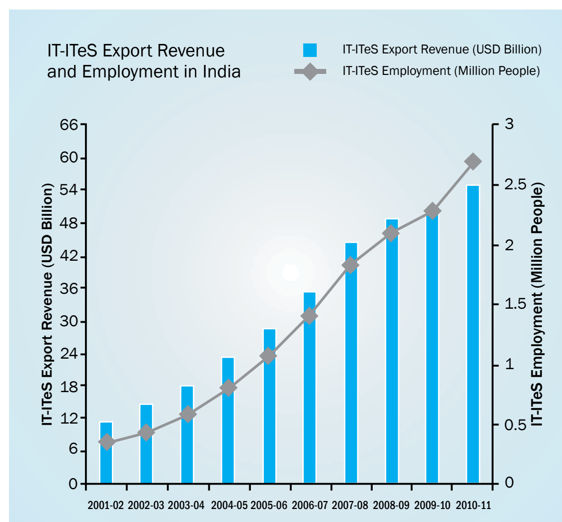
Source: Real Estate Intelligence service, JLL, Q1 FY2011

million units. About 60% of total estimated demand by 2014 is spread across India's top seven cities, with Tier I metropolitan cities such as the NCR and Mumbai expected to account for approximately 40% of total demand. Mumbai is likely to witness the highest cumulative demand growth of 23%, followed by NCR, which is likely to witness a growth of about 20%.

While the housing sector has recorded healthy demand over the last few quarters, supply largely remains constrained owing to the slow pace of construction activity during 2009-10. As a result of which, demand across the top seven cities is estimated by Cushman & Wakefield to be three times higher than supply during 2010–14. However, this ratio differs within the segments where this gap is higher for affordable and mid segment when compared to high end and luxury segment. Across the major seven cities, while mid range housing segment is expected to witness about three times higher demand than upcoming supply, high end segment is expected to witness a demand supply gap of approximately 1.5 times.

Commercial Development and Leasing

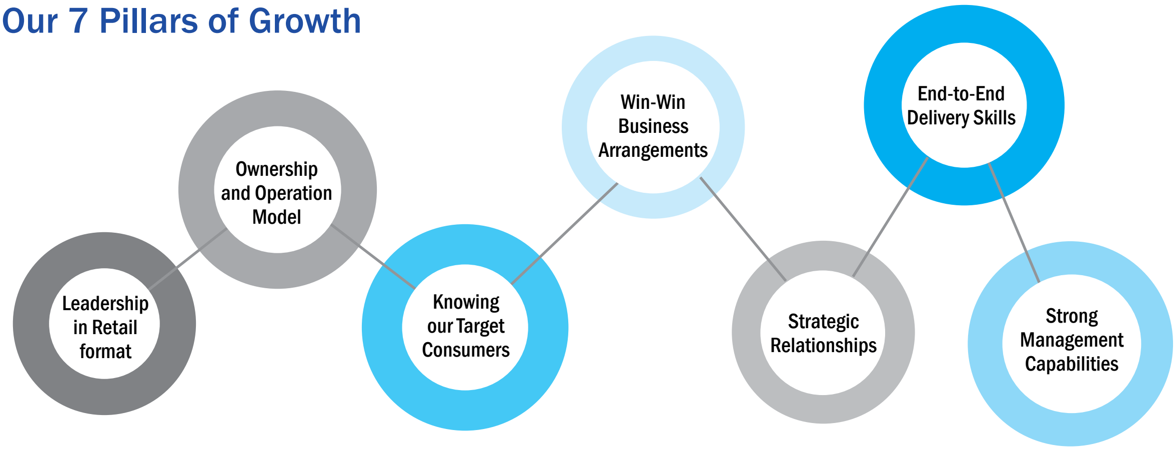
The Pan-India office space demand over the next five years (2010–14) is estimated to be approximately 240.7 million sq.ft., of which the top three cities comprise of 46% of the total demand. Cities such as Kolkata and Chennai are, however, likely to generate demand at a faster pace at a CAGR of approximately 22% and 17%, respectively. Bangalore, is expected to witness the highest cumulative demand of 42.1 million sq.ft. during the period, followed by Mumbai, owing to the increasing interest from corporate firms and renewed growth from the IT/ITeS sector. The demand, which was initially led by telecom and pharmaceutical industries in 2009, has now been strengthened further by improving conditions in BFSI and IT/ITES sectors.



Source: Department of Information Technology, Govt. of India (JLL)

On the supply side, Mumbai is likely to witness the highest addition to stock during the period, with 39.7 million sq.ft. of office space likely to get operational by 2012. The growth in demand during the same period is expected to be in line with the supply over the years, which will most likely sustain the values at current levels. Bangalore will be the only major Indian city where demand exceeds new supply each year. Although, demand appears to exceed new supply consecutively during 2011-13, it may not imply a considerable strengthening of license fees from current levels, as they have been firm in the recent years vis-à-vis other cities where license fees have declined.

Our 7 Pillars of Growth



Leadership in the Retail Format

Stemming out of our pioneering success story of High Street Phoenix, we are at the cutting edge of developing retail led mixed-use destination assets. The introduction of "Palladium" and a line of path-breaking and iconic "Marketcity" centres across India's leading Tier I cities has clearly demonstrated our ability to "Imagine. Conceive. Realize". With the best minds from the world ideating our designs and concepts, we have mastered the challenge of local adaptation and execution. Based on our ability to optimize the development potential of our land parcels, our properties enjoy better viability with lower risks. We also attract superior quality tenants, maximise the spend of captive footfalls within a destination, attract globally renowned operators for our hospitality SPVs, which allows us to participate confidently in remunerative revenue share models.

Ownership and Operation Model

In contrast to traditional real estate development companies that develop and sell properties, we own most and operate all of our shopping malls. As a Group, we currently own and operate a total licensable area of approximately 3.5 million sq. ft. across seven shopping malls, directly, through project-specific SPVs and through our investee companies. This assures us of stable revenues for the terms of the various leases that are generally for 36 to 60 months. The Group has concrete plans to add more than 3 million sq. ft. of retail space over the next 3 years which will continue to provide the Company with steady recurring revenues. With a pan India strategy, we are also able to enjoy certain cost advantages derived from its economies of scale and are able to better manage and leverage our relationships with the foremost retailers shaping India's consumption story.

These 7 pillars are the basis on which we are suitably positioned to capitalize on India's compelling consumption story.

Knowing our Target Consumers

We believe that the business of developing and operating successful malls is attributable to identifying the consumption behavior of target consumers within a catchment area and matching the retail and brand mix within a mall to suit consumer demand. We also believe that the income earning potential of a mall is not directly linked to the factor affecting prevailing license fees in the vicinity, but is more linked to a mall's tenant mix and quality of management. We intend to maximize the potential of a particular catchment area by having the right tenant mix, which we believe leads to higher consumption rates from higher quality footfalls.

Win-Win Business Arrangements

For our mall developments, we have adopted a licensing model, whereby we own and operate the malls we develop. We have licensed and plan to license out space across various properties where we receive healthy fees and a percentage of revenue generated by the tenant. While this assures us of minimum licensing fees across our retail properties, it also enables us to receive a share of the revenues generated by our tenants' in-store sales, which aligns our interests with those of our licensees. Given our business model and structuring of agreements, our total income from a retailer increases as consumption increases.

This differentiates us from other typical real estate development companies and links our business model to the potential upside of growing consumption patterns of target micro-markets.

Strategic Relationships

We believe that our malls are the preferred choice among retailers in the cities in which we operate and provide a platform for renowned international and local brands to expand their businesses in such cities with a common partner. To successfully license out a mall, we believe that the retailer's confidence in the developer is a very important factor, especially in fast growing and emerging cities where there are few organised national developers. We believe that retailers have confidence in us due to our track record in achieving financial closure, commissioning of our projects, our commitment to international design parameters & quality and our operational expertise.

End-to-End Delivery Skills

Through our services vertical Marketcity Resources Private Limited, we have carved a reputation as a successful property developer, having strong execution capabilities to successfully complete quality projects. We believe that we are one of the few developers in India who have the range of end-to-end skills required to develop and operate a mall, including land identification and acquisition, design, project management, Mechanical, Engineering and Plumbing ("MEP") services and interiors and fit-outs.

Experienced and dedicated management

We have an experienced, qualified and dedicated management team, many of whom individually have over 15 years of experience in their respective fields. We believe our operational properties illustrate our management's capability to deliver high quality projects in a highly competitive business, secure financing and execute complex projects on time. All of these properties have required attracting a number of anchor tenants and obtaining significant financing from a number of institutional lenders. In addition, our brand name and reputation have assisted us in recruiting and retaining some of the best talent in the business. We also provide our staff with competitive compensation packages and a corporate environment that encourages responsibility, autonomy and innovation. We believe that the experience of our management team and its in-depth understanding of the real estate market in India will enable us to take advantage of both current and future market opportunities.

Operations Review

A key pillar supporting the Company's growth momentum is its ability to also establish customised and innovative commercial arrangements with its licensees. Depending on various business factors, they include a judicious combination of basic Minimum Guarantees (MG) and Revenue Share that offer retailers attractive terms and PML the opportunity to act as a stakeholder in the retailer's business. As each retail centre matures into high traffic malls with strong sales, PML expects to keep improving the ratio of its shared revenue income, giving the Company an upside on its revenue earning potential.

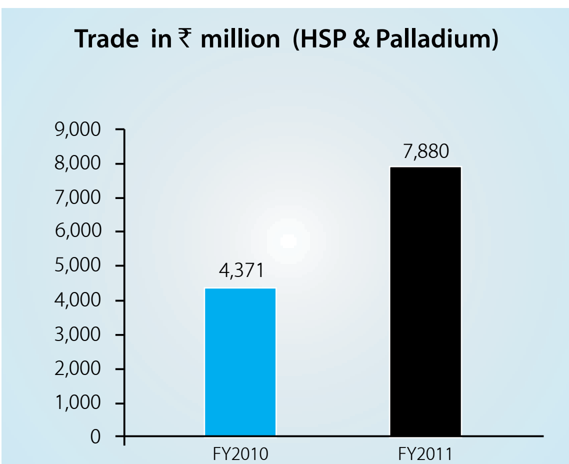
> Phoenix Marketcity mega-malls are fast becoming an indispensible beachhead for many global luxury brands looking to enter India.

PML Group boasts of "The Largest Retail Led Mixed Use Developments" of around 15+ million sq. ft. within the country, comprising of Malls, Hospitality, Commercial and Residential developments, with many of its projects expected to be completed between FY2011 and FY2013. PML has one of the largest leasing teams in the country with over 50 professionals. The leasing team has been able to close main anchor commitments for all the PML projects – Pune, Bangalore, Kurla and Chennai. It has created long-term symbiotic relationships with leading domestic and international brand houses. For several brands, PML has become a single window platform to launch them on a pan India basis through the organised retail market. Going forward, the Company is receiving avid interest from leading international brands that are looking to step into the Indian market through the most appropriate environments that complement their brands and that give them access to the right kind of aspirational consumers. Phoenix Marketcities are fast becoming an indispensible beachhead for many of these global luxury brands looking to enter India.

High Street Phoenix (HSP) and Palladium

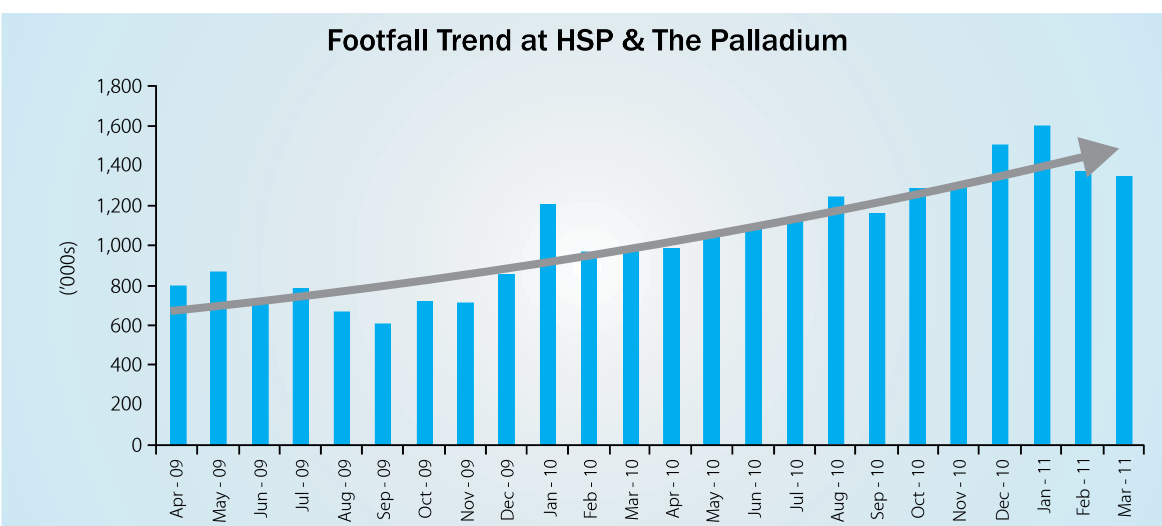
Both HSP and Palladium performed excellently during FY2011. The year witnessed the first full fiscal year performance of Palladium, along with several license renewals, rate revisions and new brand entries in the various wings of HSP. Palladium, celebrated its first anniversary on September 26, 2010. Decorated with fairy lights and chandeliers, the event offered shoppers a breathtaking view of the mall and an opportunity to meet Ms. Shobhaa De, the special guest for the event. To mark the occasion, the Company donated a percentage of the proceedings of the anniversary day's sale to Habitat for Humanity India.

The combined HSP and Palladium portfolio houses over 223 licensees. The overall trade volumes within this destination centre increased 80% to reach ₹ 7.8 billion, producing a per square feet average of ₹ 1,389, up by 12% from the previous year.



These impressive results came in on the back of strong global brands, greater trade volumes and an improved array of fine dining and entertainment options. More importantly, the properties enjoyed near 100% occupancy levels for the Palladium and more than 95% occupancy for HSP; a significant upsurge in footfalls and strong demand from licensees.

Opened to rave reviews in FY2010, the 0.3 million sq. ft. premium mall of Mumbai, "Palladium" at High Street Phoenix, continued to be the star attraction through FY2011. The concentration of a number of famous and highly revered brands at the Lower Parel



facility has given the HSP and Palladium location stronger USPs in gaining the attention of the discerning customer. Taking the average of the latter half-year of the FY2011, the facility is witnessing an average annual footfall exceeding 16.8 million people. It also recorded more than 450,000 four-wheelers and 1.24 million two-wheelers visiting and using the parking facilities during the year. With the car park experiencing solid usage, the HSP facility has further enhanced its footfall and established an additional income generation source. The new car parking facility has immensely increased the convenience factor of visiting HSP, negating the adverse parking supply position in the Lower Parel area generally. The Company also introduced a valet service that greatly enhances the convenience and visiting experience at property.

New brand introductions during the year include Canvas (a restaurant bar subset of the Comedy Store), California Pizza Kitchen, Timberland, The Canon Store, VLCC, Quicksilver, Roxy, Mango, Aldo, Loccitaine, Da Milano, Wrangler, Hidesign (relocation into Palladium), Food Hall - a gourmet store, Tanishq & World of Titan and Dolce Vita (in contracts).

HSP and Palladium feature several brands that have entered the Indian market for the first time. They include The Comedy Store, Manchester United, Bo-Concept, Vero-Moda, Diesel, Etro, Hamleys, Neutrogena, Bliss and Rendez-Vous . Some first time in Mumbai brands include Punjab Grill, Asia 7, Zara and The Nature's Co.

Within the HSP facility, the Company was also able to enter into a revenue sharing agreement and an upward review of its chargeable license fees to a large Licensee occupying a significant area just under 50,000 square feet. This is a testimony to our strategy towards infrastructure enhancements, strong retailer loyalty, space expansion, higher quality and new contemporary global brands.

During FY2011, the Company invested in installing a full-fledged security and surveillance network. This included a COMMAND CENTRE with links to the Police Station, Police Control Room, the Fire Brigade, the Ambulance services, Hospitals, Doctors on call, 24 hours Chemist and the Blood bank. It also added a Fire Equipment Status Board to monitor the fire equipment gas bank, an ERT team, stretcher team, first aid box, wheel chairs and breathing apparatus. A public announcement system was also installed in Palladium, Grand Galleria and Sky zone. An 80 line Trunking Radio with Base Station was also installed to connect the security team with the ERT, operations and housekeeping, parking and engineering staffs.

To engage with the customers and retailers within the facility more intimately, the management introduced 3 Mall Signature Events: Monday Makeover; Techie Tuesday and Thursday Jam-ins, leading to a significant improvement in Internal Retailer's Feedback Score. The Company also introduced a reward & recognition system for Agencies and Vendors and a "Go-Green" Campaign was initiated. To promote a better awareness, an Outdoor Campaign promoting Palladium was launched. During the year, the property also hosted several events and promotions in which many celebrities were present. Personalities like Sir Jeffrey Archer (Opening - Landmark book store), Ms. Deepika Padukone (Aviva Life Insurance campaign - 'Great Wall of Education), Mr. Sachin Tendulkar (Brand Awareness - Toshiba), Ms. Asin & Mr. Irfan Pathan (Big Bazaar Fashion Show) and the New Zealand & Sri Lanka cricket teams visted the mall and added to the vibrancy by mingling with the crowd.

Phoenix Marketcity, Pune

Redefining lifestyle in Indian cities, the Company formally announced the opening of Pune's largest lifestyle and shopping destination Phoenix Marketcity, Pune on the June 28, 2011. The project involved an equity investment of ₹ 1.6 billion. With a total investment of over ₹ 7.5 billion, Phoenix Marketcity, Pune, is a mixed-use asset covering 16.7 acres of land in Viman Nagar, with a total projected built up area of 3 million sq. ft.

The Company expects the Pune Marketcity to generate substantial income for the group from FY2012 onwards. At the time of publishing this annual report, over 110 stores had commenced operations with several more under fitouts.

The opening ceremony was attended by over 1,000 guests,with 33 brands inaugurating their stores in Phoenix Marketcity, Pune on the launch day. More than 85% of the retail area is already licensed out to a highly selective group of brands,numbering 220 in total. The mall comprises of a large courtyard, hypermarket and departmental stores, bookstores, electronics and

> With the doors of Phoenix Marketcity now open, this will be the first time that the residents of Pune will experience something of this scale and grandeur...

toy stores. It also has community spaces, kids gaming zone, retail, F&B, Entertainment and one of the biggest multiplexes in the city. The presence of various high-end international brands, many of which are being introduced to Pune for the first time (such as clothing line ZARA) is also a part of this complex. The ground floor has a zoning comprising of the 'Hypermarket'and Youth zones having major anchors and brands like Star Bazaar, Blu O, Jammin, Levis, Spykar, Lee, Wrangler and Wills Lifestyle. The upper ground has a zone comprising of the international fashion brands such as Zara, Guess, Nautica, Esprit, S Oliver, Jack & Jones, Veromoda and Lacoste. The first floor has a zone comprising of women's, men's and kid's zones with brands such as Pantaloon, Westside, Reliance Trends, Peter England, Daniel Hecter, and Lilliput World. Finally, the second floor has a zone comprising of the multiplex, leisure and the food court with brands such as PVR, Landmark Books, KFC, McDonalds and Subway.

Phoenix Marketcity, Pune, is designed as a premium lifestyle iconic destination, recreating the ambience and experiences of the most glamorous destinations. This will be the first time that the residents of this city will experience something of this scale and grandeur. Certain key architectural attributes of the mall are designed to be both retailer and consumer friendly and most importantly to draw consumers to visit the property repeatedly. These include features such as a race-track circulation design on all floors; all the brands are on either side of walkways; designed to get shoppers to stay for longer durations; the height of each floor, the storefronts and the show windows are designed to complement brand visibility; the stores are made to order for the categories it caters to; the lower basement parking and the multi-level car parking allow consumers to park on the nearest level to your store; there are escalators in every atrium with banks of elevators in the middle of the mall to provide quick vertical transportation; and there are two grand entrances, for pedestrians off the main Nagar Road and through the Boulevard entrance. In the early stages of operations, the management is placing particular focus on establishing the highest standards of customer and consumer service, with an ideal ambience incorporating the best in sight, sound and smell to replicate the feel of being within the best malls globally.

The Company also launched the Commercial Property within Phoenix Marketcity in September 2010. The event received unprecedented response, with attendance from the leading real estate brokers and more than 200 national and international channel partners. With around 0.26 million sq. ft. of saleable area in Phase I, around 60% of the area is already sold with the balance expected to be sold shortly. The premises are currently being delivered and would continue doing so until December 2011. As part of Phase II for this project, there are plans to build additional commercial space at Phoenix Marketcity, Pune and construction for the same should commence by the end of FY2012.

Management Discussion and Analysis

IMAGINE
CONCEIVE
REALIZE

Retail Excellence through design

Creating the 'WOW' factor

PML operates on some simple yet powerful fundamental approaches. The most powerful one is the need to ensure that the design of a property is in itself a key driver for success. The idea behind this approach is to capture the consumption story of India by giving it world-class properties. The Company has engaged one of the world's most successful and respected property designers Benoy (UK/Hong Kong) and PG Patki (India) amongst other leading architects. The outstanding designs of the Company's evolving portfolio are the result of the Company's Jt. Managing Director, Mr. Atul Ruia's energy and passion for winning at the design stage itself. The Company's seriousness on this aspect is in no short measure reflected by the participation of Mr. Shekhar Patki (of PG Patki) himself on the Company's Board of Directors.

However, the Company believes that apart from ideating, conceiving and creating well-designed mall superstructures, it's the stores, restaurants and entertainment venues that will drive consumers to visit and spend both money and time at our malls. Therefore, it becomes vital for the stores to be designed with out-of-the box ideas to create a wow factor for consumers. Highlighting the importance of this fact, PML has established a dedicated 'Retail Excellence Team' comprising of retail specialist architects that are singularly focused on ensuring aesthetically designed stores at all the centres. FY2011 was a particularly busy year for the team. Not only were there many new brand introductions at HSP and Palladium, but also there was rampant activity at the Marketcity Pune property which was nearing its completion of construction and store fit outs during the year. Even the Marketcities at Kurla, Bangalore and Chennai, which are fast approaching completion in the running FY2012, the team has been prolifically active in creating great results. In this regard many licensees have gone beyond their normal configurations to create a superlative ambience within their respective environments. The "Jury's Special - Emerging Retailer of the Year (Mall)" Award given to Palladium by Asia Retail Congress in 2011, is a testimony to PML's design success and strong belief in driving retail excellence.

The Retail Excellence Team spurs its licensees to achieve the best possible results by sharing their know-how and passion for retail design and by working hand-in-hand with retailers to strive for excellence. This team supports the retailers with guidelines, innovative ideas and a myriad of other solutions to optimize retail business at each centre. With such inputs the retailers are better equipped to build retail spaces that look fabulous in a time-bound manner. In addition to design inputs, the team also acts as a customer interface and conduit for other interdepartmental teams of the Company. This way the retailer is greatly relieved to have a single window for addressing issues during its fit out. The Retail Excellence Team also drives a comprehensive communication program for retailers fit outs. By recording the progress of drawings, design reviews and fit outs in standardized formats, the company is able to closely track the movement of the project build out. Each fitting out retail unit is taken as an independent project and gets careful attention and emphasis by the team.

Due to the uniqueness of the concept and its excellent content contributed by several thought leaders in this space, **"BEGINNINGS 2010"** won the "Gold WOW Award 2011 for Events and Experiential Marketing Industry".

Caption will come

Striking a Chord Through "BEGINNINGS 2010"

To realize our vision of having the finest retail destinations in this region, PML realizes that stunning stores make a great destination. In recognition of this imperative, the Company hosted an event called 'Beginnings' in June 2010, with the objective of exposing our retailing partners to the best minds in the point-of-sale design fraternity. The event was successful in inspiring both designers and retailers to conceive compelling store designs and achieve a new level of excellence within the Indian retail industry. Attended by key directors, owners and chief designers of some 125 organizations, such an event was held for the first time ever in Mumbai at the Comedy Store venue within the Palladium. Due to the uniqueness of the concept and its excellent content contributed by several thought leaders in this space, it won the "Gold WOW Award 2011 for Events and Experiential Marketing Industry". For the industry, this was one of the most prestigious awards and the jury was very appreciative of the unique concept and innovative format. As this event focused on imparting knowledge on improved business standards for all stakeholders of the Company, the event was also nominated for the 'Education program/tour of the year' category. Phoenix's Marketcity concept was the only winner of this award under the 'Education' category. More important than the awards, the real benefit of this event was its success in driving home the message of retail excellence, which was embraced enthusiastically even months later, when retailers had kept key lessons in mind while planning and executing their store designs at the HSP, Palladium and the Marketcity in Pune. Specifically, the new stores of Armani, Landmark and Swarovski at Palladium were prime example of superlative design, new format and creativity. One can experience several examples of innovative design at Phoenix Marketcity Pune. Similarly, the team expects to repeat this feat across all its projects currently in advanced stages of fit outs.

Case Study in Retail Excellence: Swarovski at Palladium

It's our privilege to be associated with the Phoenix Group and through them, showcase our products to the various customers who are regular visitors of these locations.

Sukanya Duttaroy
Director- Consumer Goods Business, Swarovski

"The Swarovski brand is represented in over 120 countries worldwide and is highly visible through 1,700 Swarovski boutiques. For a brand like Swarovski that is constantly gaining ground, diversifying and re-affirming its position as the most loved and exclusive fashion brand, it is of utmost importance that we choose the right properties for our boutiques. It's our privilege to be associated with the Phoenix Group and through them, showcase our products to the various customers who are regular visitors of these locations.

Phoenix as a group has definitely come up as the best mall developer and, going by the number of footfalls, we are assured that we are reaching out to the right customers and that there is continuing success for us as retailers. The malls of the Group have a strong pedigree and tenant mix which is evident in the number of footfalls.

'Crystal Forest' illustrates the deep affinity and intimate relationship between crystals and nature. Globally we were revamping our retail design concept to "Crystal Forest", thereby owing to our strong and successful relationship with The Phoenix Group, they became our natural choice for the store properties in India. Our relationship continues to grow as we have two stores: one in the Palladium Mall, Mumbai and the other in Phoenix Marketcity, Pune. We will soon be opening another store in Phoenix Marketcity, Kurla, Mumbai.

We believe that the group will set new benchmarks in the development of malls and we wish the group success in all their future endeavours.

We hope the relationship becomes stronger for a fruitful journey together.

Case Study In Retail Excellence: Parcos at Palladium

> The Retail Excellence Team at Phoenix has liberally shared with us valuable inputs from the conceptual design to the aesthetic look and feel of our store.
>
> **Shashi Kapur**
> Head Retail
> Intercraft Trading Pvt. Ltd.

"We are happy to be associated on a long term basis with the HSP/Marketcity teams as our preferred business partners. We believe that their malls have the correct blend of varying elements to provide the choicest shopping atmosphere for the retailers and their customers - hence we are present in Pune, Bangalore and the Kurla Marketcities and at the HSP at Lower Parel in the form of Multi Brand Outlets and Mono Branded Boutiques.

The group complements our retail expansion plans by providing an ideal retailers mix in each location so that we can customise our retail format as per the target audience in the area.

The Retail Excellence Team at Phoenix has liberally shared with us valuable inputs from the conceptual design to the aesthetic look and feel of our store. They have been cooperative and helpful. Phoenix is truly a lifestyle platform, giving an enjoyable and a worthy experience to all the stakeholders."

Projects

During FY2011, the Company had the following projects that were under various stages of construction and fit-outs:

1. Phoenix Marketcity Pune (Phase I retail component launched in June 2011)
2. Phoenix Marketcity Bangalore (E)
3. Phoenix Marketcity Kurla (Mumbai)
4. Phoenix Marketcity Chennai
5. Bangalore (W) Residential
6. Shangri-La Hotel at High Street Phoenix
7. Commercial areas in Pune and Kurla

Phoenix Marketcity, Bangalore (E)

Retail

On the heels of the Phoenix Marketcity Pune launch in June 2011, Phoenix Marketcity Bangalore is closely following, with a soft launch by September 2011. The project is a mixed-use asset covering 14.8 acres of land with a total projected built up area of 2.4 million sq. ft. The equity investment in the project has been to the tune of ₹ 1.95 billion while its estimated project cost for Phase I is approximately ₹ 5.5 billion. The Company received excellent response from the retailing community. With over 150 contracts in place and over 70% of the retail leasable area already committed to strong and top retailers of the country, work on Marketcity Bangalore is progressing well. At the early stages of the internal fit outs, the Company has consciously focused on ensuring the timely entry of the large format anchor stores that take the longest to complete. In addition, the internal common areas have mostly been completed while the external common areas are in progress. With intense project management to counter challenges posed by labour shortages, the retail portion of the property is expected to be completed and be ready for launch in September 2011 with at least 50 retailers having completed their fit-outs. As of August 2011, the project team has commenced handing over the property to the operations team.

Residential and Commercial

While the teams are fully focused on getting the mall completed, they have also been busy with fine-tuning the designs for the residential portion of the project in order to get necessary regulatory approvals and kick-off construction. While awaiting approvals of the master plans, fire department applications, the team has been gearing up to commence construction by Q4 FY2012. Besides the residential development, the project also has the potential to build a Hotel/Commercial development of around 0.35 million sq. ft.

Phoenix Marketcity, Kurla (Mumbai)

Retail

Phoenix Marketcity Kurla in Mumbai, a mixed-use asset covering 21.1 acres of land with a total projected built up area of 3.2 million sq. ft. is, heading towards completion and commissioning by Q3 FY2012. The total equity investment in the project has been ₹ 3.1 billion while the total project cost for Phase I is estimated to be around ₹ 11.3 billion. Similar to all the other Marketcity projects, the Company has been able to capture quality clients at premium license fees. With retail spaces in advanced stages of completion, some 150 brands are under active fitouts. The balance numbers of retailers, out of a total number of around 350, are also in various stages of establishing their presence and moving in. The Company plans a soft launch in Q3 FY2012. The civil construction of an 8-screen cinema complex is competed and is ready for fit outs, and the Company expects the multiplex to become operational within 6 months time from the soft-launch.

Commercial

Simultaneous to the completion of the retail area, the team is completing the commercial space in Phase I called 15LBS. In July 2010, the Company launched the sale of commercial offices in Phase I admeasuring approximately 0.25 million sq. ft. The response to the product has been excellent and more than 60% of the area was sold by the end of FY2011. In addition, there is a potential to build approximately 0.8 million sq. ft. of commercial space in Phase II. The Company has commenced excavation and is expecting to start construction by FY2013. These commercial areas benefit from its ideal geographical location at the centre of the Mumbai peninsula and the vast lifestyle ecosystem within the adjacent Phoenix Marketcity complex. At Kurla, there is an additional potential for building a Hotel or a Commercial structure of around 0.5 million sq. ft.

Phoenix Marketcity, Chennai

Retail

Phoenix Marketcity Chennai is a mixed-use asset covering 16.5 acres of land with a total projected built up area of 2.1 million sq. ft. The total equity investment in the project is approximately ₹ 1.5 billion while the total project cost for Phase I is estimated to be around ₹ 4.8 billion. By the end of FY2011, the Company had committed over 60% of the retail areas to retailers.

Despite labour shortages faced by contractors – a problem that adversely affected the construction industry as a whole - the construction of the project progressed satisfactorily through FY2011. As of July 2011, the Company made steady progress by being pro-active with contractors in addressing the problems faced by them. The property is expected to be ready and launched in Q4 FY2012.

Residential

PML's residential project in Velachery, Chennai, is a 3 tower residential complex, with a total projected built up area of over 0.5 million sq. ft. The total project cost would be around ₹ 0.8 billion. In Q1 FY2012 the Company did a soft launch of the property and received excellent response from customers.

Bangalore (West)

Residential

PML owns one of the largest single land parcels within the Bangalore city, with some 16 acres in Rajaji Nagar (Malleswaram). The total equity in the project is around ₹ 4.3 billion and the total project cost to build over 2 million sq. ft. is expected to be over ₹ 8 billion. This project will be one of Bangalore's largest single residential properties.

The Company has engaged the renowned architectural firm Benoy to masterplan the land and design the residential development to be developed in multiple phases. Wanting to win at the design stage itself, the Company plans to offer innovative up-market neighbourhood living concepts, atypical to conventional residential complexes offered in the marketplace. By the end of FY2011, the Company finalised the architectural plans and defined the configuration of apartments. The product mix will include luxury format apartments and villas segregated through lush landscape. The project entails Five High Rise towers, offering 2 & 3 BHK Apartments, one Premium Tower of lavish 3 & 4 BHK Apartments and 36 Villas with amenities such as a Club House, Swimming pool, Banquets and Cafes. PML is currently awaiting various approvals from the authorities and plans to start construction in Q3 FY2012.

The Shangri-La,

5 Star Deluxe Hotel, Mumbai

The Shangri-La is PML's first hospitality project. The Company and its partners have invested ₹ 3 billion as equity. With an estimated project cost of ₹ 8.3 billion, this 5 Star Luxury Hotel in central Mumbai will have 410 rooms and 23 serviced apartments. By July 2011, the hotel had reached advanced stages of completion: civil works were 99% completed and façade works including glass works and aluminium cladding were 85% completed. Most importantly, the Company has hired the senior members of the management team on-board and is in a manpower ramp-up mode for filling housekeeping, engineering, F&B, sales and marketing teams by the end of August 2011. With construction of this project moving ahead as charted, the Company expects to launch Shangri-La by Q3 FY2012.

INVESTEES:

Big Apple Real Estate (BARE):

Big Apple Real Estate Private Limited, a mixed-use developer is a joint venture between Lucknow's UPAL Group (U P Asbestos Ltd.) and The Phoenix Mills Ltd. BARE, having shopping malls under the brand name 'Phoenix United' plans to develop retail malls and hotels along with residential developments. It focuses primarily in north India, particularly in the state of UP covering Lucknow, Agra, Bareilly, with plans to expand into Varanasi.

Phoenix United, Lucknow

Built on a total project cost of ₹ 1.3 billion, Phoenix United, Lucknow, is a retail asset on a land area of 3.5 acres with a total built up area of 0.6 million sq. ft. It comprises of key anchors such as Big Bazaar, Pantaloons, Max, and Reliance Trends and about 80 vanilla stores such as Jack n Jones, Provogue, Zodiac, Levi's, UCB, along with the largest six-screens Multiplex in the city being operated by PVR.

The food brands comprise of Moti Mahal, Dominos and McDonald's. The mall is operating successfully with growing and healthy consumer spend. Shortly it will have one of the largest lounge bar., bowling alleys and gaming zones in the city.

Phoenix United, Bareilly

Phoenix United, Bareilly, is a mixed-use asset on a land area of 7.3 acres with a total projected built up area of 0.5 million sq. ft. It is estimated that the total project cost would be around ₹ 1.4 billion. Approximately 50% of the total retail area is already committed to strong and top retailers of the country such as Big Bazaar, Pantaloons, PVR and Reliance Trends. The property is expected to be ready and launched in Q4 FY2012.

Courtyard by Marriott, Agra

The Courtyard by Marriott is a premium hospitality project with 149 keys and a large banqueting area. The estimated project cost is ₹ 1.0 billion. The hotel is approximately 3 kms. from The Taj Mahal, one of the wonders of the world. A well-known international architect's firm has designed the project and its construction is well underway towards its estimated completion in Q3 FY2013.

Entertainment World Developers Limited (EWDL):

EWDL has commissioned the Treasure Bazaar at Ujjain in April 2011. It is expected to provide the city with a complete experience of shopping, gaming, food and entertainment. The total area of the mall is 0.3 million sq. ft. and it is about 80% leased. Around 20 retailers have started operations. Key anchors include Big Bazaar, Reliance Trends, Reliance Footprints, Fashion Yatra and Funscapes. In addition to Ujjain, the company witnessed robust operational performance at its three other malls viz. Treasure Island and Treasure Central, Indore and Treasure Bazaar, Nanded. Works on other properties in Raipur, Bhilai, Jabalpur, Mohali and Indore are progressing well with projects expected to be operational in next 12-18 months. Besides, the retail projects, the company's residential developments in Indore and Udaipur have seen excellent response from customers.

Outlook

Despite the current soft economic conditions on the global and domestic front, the outlook for PML's business remains bright. Consumption in Tier I urban markets continue to be strong and retailers present at High Street Phoenix and Palladium malls continue to experience record footfalls and revenues. As of June 2011, Phoenix Marketcity, Pune, has commenced operations and is experiencing excellent response from the marketplace. Going forward, the Company also plans to launch three other Marketcity projects (Bangalore, Mumbai & Chennai) in close succession during FY2012, adding further strength to the Group's growth momentum. Over the medium term, the Company will have several residential and commercial projects constructed and available for sale across the four key Tier I cities, adding further cash flows to its revenue streams. Going forward, the continued active management of all its operational assets should hold the Company in good stead.

Going forward, the Company also plans to launch three other Marketcity projects (Bangalore, Mumbai & Chennai) in close succession during FY2012,

Financial Overview

Consolidated Financial Highlights

Income from Operations: (₹ Million)

	Consolidated		
	FY2010	FY2011	% Change
Income from Operations			
Sales	14	188	
License Fees, Service Charges, Etc.	1,217	1,914	57%
Total Income from Operations	**1,230**	**2,102**	**71%**
EBITDA	**775**	**1,406**	**81%**
EBITDA Margins	63%	67%	
Other Income	243	287	18%
Depreciation	172	314	82%
Interest	86	228	165%
Profit before Tax	759	1,151	52%
Profit after Tax & Minority Interest	**620**	**842**	**36%**
EPS – FV of ₹ 2 each (₹)	4.28	5.81	

Consolidated Profit & Loss Statement

Income from Operations:

Consolidated Income from Operations increased by 71%, from ₹ 1,230 million in FY2010 to ₹ 2,102 million in FY2011. The growth was on account of sales of commercial property in Pune as well as strong performance at High Street Phoenix (HSP) / Palladium and commissioning of Lucknow mall. The income has thus started to diversify from a single asset to multiple assets in different cities.

Earnings before Interest, Depreciation and Taxes (EBITDA):

The Consolidated EBITDA was higher by 81%from ₹ 775 million in FY2010 to ₹ 1,406 million in FY2011. EBITDA margins also improved from 63% in FY2010 to 67% in FY2011 highlighting improved operational efficiencies at HSP / Palladium.

Interest and Depreciation:

Consolidated interest expenses were higher by 165% in FY2011 mainly on account of interest expenses which were earlier capitalized, now being expensed post Lucknow mall and Pune project being operational.

Depreciation expense on a consolidated basis increased from ₹ 172 million in FY2010 to ₹ 314million in FY2011, an increase of 82%. It was mainly attributable to the full commissioning of Palladium and the parking facility at HSP, as well as commissioning of Lucknow mall.

Profit after Tax and Minority Interest:

The Consolidated Profit after Tax and Minority Interest increased by 36%, from ₹ 620 million in FY2010 to ₹ 842 million in FY2011, mainly due to revenue recognition from Lucknow and Pune projects.

Consolidated Balance Sheet:

Share Capital:

There was no change in the Share Capital of the Company, which stood at ₹ 289.7 million, same as of the previous year. Reserves and Surplus increased from ₹ 15.8 billion to ₹ 16.4 billion during FY2011, an increase of ₹ 0.65 billion. The total shareholders' funds for the Company were ₹ 16.7 billion.

Consolidated Secured and Unsecured Loans:

The Consolidated Secured and Unsecured Loans of the Company stood at ₹ 9.6 billion, a debt to equity of 0.58x.

Fixed Assets:

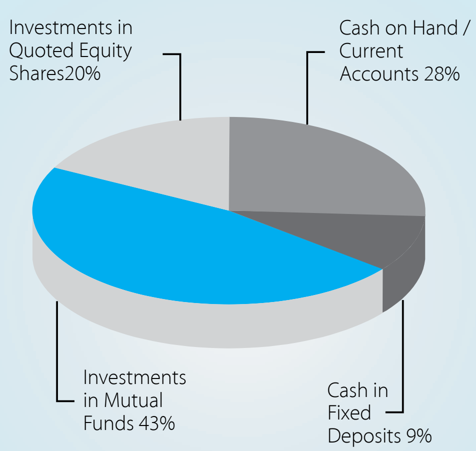
The gross block of the Company increased from ₹ 8.0 billion in FY2010 to ₹ 8.9 billion in FY2011, while capital work in progress increased from ₹ 9.1 billion to ₹ 11.2 billion during the same period.

Debtors:

Consolidated debtors for the Company increased from ₹ 431 million in FY2010 to ₹ 961 million in FY2011. A significant portion of this is attributable to an arbitrage sale transaction done by the Company. Subsequent to March 31, 2011, the outstanding on account of this transaction has been paid off fully, and hence the debtors for FY2011, adjusted for this transaction, would be ₹ 446 million reflecting a marginal increase from debtors outstanding as of FY2010.

On a consolidated basis, the debtor days, adjusted for the above-mentioned transaction, has reduced significantly from 129 days in FY2010 to 85 days in FY2011 (calculated excluding the sales income).

Liquidity Position



Consolidated Cash & Cash Equivalents (Incl. Investments)

₹ 2.72 billion

Cash:

The Company's Consolidated Cash & Cash equivalents (including investments) stood at ₹ 2.7 billion.

Risks and Concerns

PML is exposed to different types of risks such as credit risk, market risk (including liquidity risk and interest rate risk), operational risk and legal risk. The Company monitors credit, market as well as operational risks under the guidance of senior management personnel in each of its business segments. Legal risk is reviewed by the Company's legal department and external advisers.

PML is also exposed to project level risks such as cost escalation and execution risk as elaborated below:

Cost Escalation Risk

In the current inflationary environment, increase in prices for core building raw materials, such as cement, steel and capital equipment can be a risk to the project profitability. However, PML's purchasing process attempts to mitigate such risks to a large extent by consolidating volumes across multiple projects, In addition, SPVs directly hire external consultants to get an independent and fair check on pricing trends. As a part of the monitoring system, alternate weekly financial review meetings with the CFO of the company continuously evaluate the project costs and costs to completion.

Project Execution Risk

Project execution can be hampered by the inadequate performance by contractors, lack of manpower resources and other unforeseen exigencies. PML uses strict selection criteria to evaluate track records and performance capabilities to ensure that the right contractors are on board. Multiple contractors are awarded the project in piecemeal manner to reduce risk of failure by any single contractor and provides a backup in case of default.

Management Discussion and Analysis

Enhancing Risk Management Practices

In order to further strengthen the Company's Internal Audit systems, PML has engaged one of the Big - 4 consultants in FY2012, to provide assistance in further enhancing its risk management practices, which include

- building organisation wide awareness of risks across businesses and corporate functions;
- developing formal reporting and monitoring processes;
- building risk management maintenance plans that would keep the information updated and refreshed;
- deploying an ERM framework in key business areas and corporate functions;
- aligning risk management with the business planning exercise and
- aligning the role of assurance functions.

Internal Control Systems and their Adequacy

Historically, the company has relied on the services of reputed external agencies for reviewing its internal control system. This has enabled an unbiased and independent examination of the adequacy and effectiveness of the internal control systems to achieve the objective of optimal functioning of the company. The scope of activities includes safeguarding and protecting the Company's assets against unauthorized use or disposition, maintenance of proper accounting records and verification of authenticity of all transactions.
The Company has a well-defined reporting structure, which evaluates and forewarns the management on issues related to compliances. To ensure that it is in consonance with the overall corporate policy and in line with pre-set objectives, the Audit Committee and/or the Board of Directors regularly review the performance of the Company.

Information Technology

PML deploys reputed and well-proven IT systems to power every service solution the company offers and every operation it performs. The Company is keen to develop long-term strategic partnerships with its retailers to provide them with a competitive advantage. Much of PML's technology helps itself and its retailers to manage their businesses better.

This includes solutions that:

- Enable businesses to manage multiple locations,
- Provide full visibility of the performance of its assets,
- Support complete connectivity between PML and their customers and vendors,
- Streamline billing, support customer inquiry and improves cost allocation processes

During the year, the Company took a step forward in adopting global standards in information automation, performance metrics and, ultimately, management excellence. It signed up for the deployment of a world-renowned software solution from the USA that is a comprehensive package for managing retail properties. It is capable of managing the Company's entire operation on one centralized platform, offering full, single-system property management and accounting integration with investment management, electronic procurement, paperless transaction processing, budgeting, forecasting, cash flow modeling, and other such business intelligence reports.

Being a fully integrated package it enables effective management of important events through user-friendly dashboards, workflows and critical date notifications that simplify processes and tasks. The solution facilitates real-time reports for leasing, space management and recovery reconciliation.

Technology is also the foundation for process improvements in PML that enhance productivity, improve efficiency and reduce costs. Thus, investment in such cutting-edge technology allows PML to raise the standard for facility management, customer service and precision. In addition, innovative technology solutions differentiate PML in the marketplace in terms of both service offerings and operational efficiency.

Human Resources

From being a pioneer in developing one of India's first consumption centres with just a handful of employees, PML has grown to a strong team of 700 members in a short span of 4 years and plans to add another 300 employees in next 3-4 months. PML now possesses a robust intellectual talent pool for redefining lifestyle in Tier I Indian cities across India through its 'Marketcity' concept.

At present, PML already has one of the largest leasing teams within the industry to market, sell and service its existing and upcoming license based retail assets. With a hectic pace of project construction underway, the Company successfully spent FY2008 and FY2009 focusing on building a highly capable project construction management team in India. So far, the project team has been focused on completing Phase I of each Marketcity and is now gradually shifting its focus on the Phase II components of the projects. With each of the four Marketcity projects coming on stream in close proximity to each other, the HR department gradually shifted its focus on building the centre management teams. By the end of the financial year, the Company had completed hiring approximately 40% of the team, with the balance to be hired within

> During FY2011 PML commissioned a comprehensive Performance Management System to automate the entire cycle of setting goals,measuring performance and mapping it with the stated goals.

FY2012. Since a significant portion of Phase II includes residential and commercial spaces on an outright sale model, the Company also initiated efforts to strengthen the residential and commercial sales teams comprising business heads, sales managers and customer service executives. The Company has made satisfactory progress towards this endeavour and expects to complete this team building exercise in FY2012.

During FY2011 PML commissioned a comprehensive Performance Management System to automate the entire cycle of setting goals,measuring performance and mapping it with the stated goals. As a result, each employee is now in sync with individual and organisational long-term objectives. The Company is currently replicating this effort across all the newly launched and upcoming centres.

During FY2011, the Company also implemented an industry leading HR Management Solution (HRMS) in which the entire HR processes of the organisation were mapped into the system. Apart for from centralizing and automating all employee-to-organization transactions and information flows, the HRMS also facilitates better communication, knowledge and experience sharing between employees servicing different projects across geographies. To maximise the value from the platform, each employee was trained during the year on using all the important features of the system.

As several centres become operational going forward, training will play a vital role in sustaining PML's high service standards. Therefore it is actively hiring trainers who can deliver modules focusing on induction, grooming, communication and other skill sets. Beyond its own centre teams, the Company also intends to train the employees of outsourced agencies, such as housekeeping, security and maintenance, to understand and deliver the "Phoenix" experience to the customer.

PML continues its efforts in every small way to give something back to the society through CSR events like encouraging safety awareness, blood donation drives, anti-tobacco campaigns, art exhibitions, environment awareness and children entertainment.

Disclaimer

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

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

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

Directors' Report

IMAGINE
CONCEIVE
REALIZE

Your Directors are pleased to present the 106th Annual Report of the Company together with the Audited Financial Statements for the year ended 31st March, 2011.

FINANCIAL RESULTS:

(₹ in million)

Particulars	Year ended 31.03.2011	Year ended 31.03.2010
Sales and other Income	**2,088.45**	1,397.96
Profit before Interest, Depreciation, Extraordinary Items and Tax	**1,576.66**	986.46
Less: Interest & Finance Charges	**85.52**	85.53
Less: Depreciation	**277.26**	160.47
Profit Before Tax	**1,213.88**	740.46
Less: Provision for Taxation:		
Current Tax	**287.50**	151.50
Deferred Tax	**9.86**	(9.96)
Net Profit After Tax	**916.52**	598.92
Balance brought forward from Previous Year	**3,025.65**	2,830.08
Profit available for appropriation	**3,942.17**	3,429.00
Appropriations:		
General Reserves	**200.00**	200.00
Proposed Dividend	**260.72**	173.81
Corporate Dividend Tax	**42.30**	29.54
Balance Carried Forward to:		
Profit & Loss Account	**3,439.15**	3,025.65

OPERATIONS:

The highlight of the year in terms of operations has been exceptional performance of High Street Phoenix and Palladium, both in terms of footfalls and trade conducted at the property. Parrallelly, the Company progressed towards finishing the retail and commercial space under Phase I at Phoenix Marketcity Pune, to the extent that the mall was able to start operations in June 2011. The Company also made satisfactory progress with the marketing and construction of all its other Marketcity projects, of which Bangalore and Kurla, Mumbai are expected to be launched in September'11 and by Q3 FY2012 respectively, while Chennai is expected to become operational by Q4 FY2012. The Company also progressed with its other projects at various stages of their developments. The report on Management Discussion and Analysis (MDA), which forms part of this report, inter-alia, deals comprehensively with the operations and also current and future outlook of the Company.

DIVIDEND:

Your Directors are pleased to recommend, for approval of the Company's shareholders in the ensuing Annual General Meeting (AGM), a final dividend of 90 % for the year ended 31st March, 2011, i.e., ₹ 1.80/- for each fully paid up equity share of ₹ 2/-.

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

BOARD OF DIRECTORS:

The Company's shareholders had in the AGM held on 28th September, 2010 approved the appointment of Mr. Shishir Shrivastava as the Company's Executive Director for a period of five years w.e.f. 18th March, 2010.

In view of the outstanding performance and contribution made by Mr. Shishir Shrivastava to the Company's progress in the year under review, the Company's Board has, in its meeting held on 30th July, 2011 approved the elevation of Mr. Shrivastava to the position of Group Chief Executive Officer & Joint Managing Director of the Company for a period of five years w. e. f. 30th July, 2011.

Mr. Shishir Shrivastava has been appointed as Joint Managing Director on the Company's Board w. e. f. 30th July, 2011, for a period of 5 years without payment of remuneration to him by the Company, subject to approval of the shareholders in the ensuing Annual General Meeting. The Board recommends the same for shareholders' approval in the ensuing AGM.

Mr. Pradumna Kanodia has been appointed as an Additional Director on the Company's Board w. e. f. 28th April, 2011 and holds office till the ensuing Annual General Meeting of the Company. A Notice has been received from a member proposing his candidature as Director of the Company and the Board recommends the same for shareholders' approval in the ensuing AGM.

Mr. Kanodia has also been appointed as Director-Finance on the Company's Board w.e.f. 28th April, 2011 for a period of 5 years without payment of remuneration to him by the Company, subject to approval of the shareholders in the ensuing Annual General Meeting. The Board recommends the same for shareholders' approval in the ensuing AGM.

In the AGM held on 23rd September, 2008, Mr. Kiran Gandhi had been appointed as the Whole-Time Director on the Company's Board for a period of three years from 22nd April, 2008. Accordingly, his term ended on 21st April, 2011. The Company's Board in its meeting held on 28th April, 2011 has re-appointed Mr. Kiran Gandhi as Whole-Time Director w. e. f. 22nd April, 2011 for a further period of three years, subject to shareholders' approval in the ensuing AGM. The Board recommends the said re-appointment for shareholders' approval in the ensuing AGM.

Mr. Shribhanu Patki and Mr. Sivaramakrishnan Iyer, Independent Directors on the Company's Board, retire by rotation at the ensuing AGM and being eligible, offer themselves for re-appointment. A brief profile of the said directors as required by Clause 49 (IV) (G) of the Listing Agreement is given in the AGM Notice contained in this Annual Report. The Board recommends the same for shareholders' approval in the ensuing AGM.

PARTICULARS OF EMPLOYEES:

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

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

EMPLOYEE STOCK OPTION SCHEME (ESOP):

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

DIRECTORS' RESPONSIBILITY STATEMENT:

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

- in preparation of the annual accounts, the applicable accounting standards have been followed;
- the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give true and fair view of the state of affairs of the Company as at 31st March, 2011 and of the profit of the company for the year ended on that date;
- the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- the annual accounts for the year ended 31st March, 2011 have been prepared on going concern basis.

CORPORATE GOVERNANCE:

Your Company is committed to maintain the highest standards of Corporate Governance and comply with all applicable regulatory norms. Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges, a separate section titled "Corporate Governance" is attached to this Annual Report along with a certificate from M/s Rathi & Associates, Company Secretaries in practice, regarding the Company's compliance with the requirements of the Listing Agreement.

Your Company has voluntarily obtained a 'Secretarial Audit Report' for the financial year ended 31st March, 2011 from

M/s. Rathi & Associates, Company Secretaries in practice, which is annexed to this report.

AUDITORS

M/s. A.M. Ghelani and Company, Chartered Accountants and M/s. Chaturvedi and Shah, Chartered Accountants, Joint Statutory Auditors of the Company retire at the ensuing AGM. They have confirmed their respective eligibility and willingness to act as Auditors of the Company for the FY 2011-12, if re-appointed.

AUDITORS' REPORT

The observations made by the Auditors in their Report read with the relevant notes given in the Notes on Accounts for the year ended 31st March, 2011, are detailed and self-explanatory and do not require further clarification under section 217 (3) of the Companies Act, 1956.

PUBLIC DEPOSITS

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

SUBSIDIARY COMPANIES

The Ministry of Corporate Affairs, Government of India, vide its Circular No. 2/2011 dated 8th February, 2011, has provided an exemption to companies from complying with Section 212, provided such companies publish the audited consolidated financial statements in the Annual Report. Accordingly, the Annual Report 2010-11 does not contain the financial statements of our subsidiaries. The audited annual accounts and other related information of our subsidiaries will be made available upon request. The same will also be available for inspection during business hours at our registered office.

During the year under review, the Company has acquired Butala Farm Lands Private Limited and Pinnacle Real Estate Development Pvt. Ltd. as its wholly-owned subsidiaries.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION:

During the year under review, your Company has neither undertaken any manufacturing activity nor any research and development activities in the field of construction, etc., nor imported any technology in relation thereto. Hence, there are no particulars regarding conservation of energy & technology for being furnished in this Annual Report.

FOREIGN EXCHANGE OUTGO AND EARNINGS:

The particulars regarding foreign exchange expenditure and earnings are contained in item nos. 13 and 14 of schedule "R" annexed to and forming part of the financial statements.

ACKNOWLEDGEMENT

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

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

On behalf of the Board
For The Phoenix Mills Limited

Place: Pune
Date: 30th July, 2011.

Ashokkumar Ruia
Chairman & Managing Director

Annexure to the Directors' Report

Statement pursuant to Clause 12 of SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, as on 31st March, 2011

A. Summary of Status of Options Granted

Total number of options approved	33,90,000 (As per the Scheme approved, an aggregate number of 6,78,000 options convertible into One Equity Share of ₹ 10/- each were available for grant. Consequent to sub-division of the equity capital from ₹ 10 per share to ₹ 2/- per share, necessary adjustments were made to the total number of options)
Pricing Formula	Closing price on the Stock Exchange where volumes recorded highest on a day previous to the date of grant.
Total Options granted	6,50,000
Options vested (in force)	93,750
Options Exercised	Nil
Options Unexercised	33,90,000
Options Lapsed and available for re-grant	2,75,000*
Total number of options in force (including options lapsed and available for re-grant) as on 31st March, 2011	33,90,000
Variation in terms of ESOP	Not applicable
Total number of shares arising as a result of exercise of options	Nil
Money realized as a result of exercise of options	N. A.

*An aggregate of 2,75,000 Options granted earlier have lapsed due to resignations of six grantees subsequent to the grant of the options.

B. Employee -wise details of options granted during financial year 2010-11.
Nil

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

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

Report on Corporate Governance

1. Company's Philosophy on Corporate Governance

The Company strictly adheres to ethical values, principles of transparency, accountability and equity in its business conduct and believes that good governance is the essence of a committed enterprise. The Company, in all its business pursuits, endeavors to put in place systems for fulfilling its corporate objectives, enriching employees' experience, optimizing consumer satisfaction, maximizing shareholders' net worth and enhancing stakeholder value at large viz., Environment, Society, Suppliers, Lenders etc.

2. Board of Directors

a) Composition of the Board

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

As on 31st March 2011, the Company's Board comprises of four Executive Directors and five Non-Executive Directors. The Chairman of the Board is an Executive Chairman and more than one half of the Board comprises of Independent Directors.

The composition of the Board and other relevant details relating to Directors as on 31st March,2011 are given below:

Name of the Director	Relationship with other Directors	Designation	Category of Directorship	No. of Other Director-ships*	Committee Chairman-Ships	Committee Member-Ships #
Mr. Ashokkumar Ruia	Father of Mr. Atul Ruia	Chairman & Managing Director	Promoter, Executive; Non Independent	3	Nil	Nil
Mr. Atul Ruia	Son of Mr. Ashokkumar Ruia	Joint Managing Director	Promoter, Executive; Non Independent	3	Nil	2
Mr. Shishir Shrivastava@	None	Executive Director	Executive; Non Independent	1	Nil	1
Mr. Kiran Gandhi	None	Whole Time Director	Executive; Non Independent	2	Nil	1
Mr. Amitkumar Dabriwala	None	Director	Non-Executive; Independent	1	Nil	Nil
Mr. Amit Dalal	None	Director	Non-Executive; Independent	5	Nil	2
Mr. Sivarama krishnan Iyer	None	Director	Non-Executive; Independent	4	3	5
Mr. Shribhanu Patki	None	Director	Non-Executive; Independent	Nil	Nil	Nil
Mr. Suhail Nathani	None	Director	Non-Executive; Independent	1	Nil	2

* Directorships in Private and Foreign Companies, if any, are excluded.

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

@ Mr. Shishir Shrivastava has been appointed as Group C.E.O. & Joint Managing Director of the Company on 30th July, 2011.

b) **Appointment/Re-appointment of Directors:**

i) Pursuant to the provisions of Sections 255 & 256 of the Companies Act, 1956, Mr. Sivaramakrishnan Iyer and Mr. Shribhanu Patki shall retire by rotation in the ensuing Annual General Meeting.

The Board has recommended the re-appointments of Mr. Sivaramakrishnan Iyer and Mr. Shribhanu Patki as Directors to the shareholders.

ii) As per the recommendation of the Remuneration Committee, the Board of Directors of the Company at their meeting held on 28th April, 2011 have re-appointed Mr. Kiran Gandhi as the Whole-Time Director of the Company w. e. f. 22nd April, 2011, for further period of 3 (three) years on such terms & conditions as may be agreed to between the Board of Directors and Mr. Kiran Gandhi, subject to the approval of the shareholders in the ensuing Annual General Meeting.

The aforesaid re-appointment of Mr. Kiran Gandhi as the Whole-Time Director of the Company requires the consent of the shareholders of the Company pursuant to Section 269, 309, 311 and other applicable provisions of the Companies Act, 1956 read with Schedule XIII of the said Act.

The Board recommends the said re-appointment to the shareholders for their approval in the ensuing Annual General Meeting.

iii) As per the recommendation of the Remuneration Committee, the Board of Directors of the Company at their meeting held on 28th April, 2011 has appointed Mr. Pradumna Kanodia as Director-Finance of the Company, without payment of remuneration to him by the Company, w. e. f. 28th April, 2011 for a period of 5 (five) years, subject to approval of the shareholders in the ensuing Annual General Meeting.

The Board recommends the said appointment to the shareholders for their approval in the ensuing Annual General Meeting.

iv) As per the recommendation of the Remuneration Committee, the Board of Directors of the Company at their meeting held on 30th July, 2011 has appointed Mr. Shishir Shrivastava as Group C.E.O. & Joint Managing Director of the Company w.e.f. 30th July, 2011, for period of 5 (five) years, without payment of remuneration, subject to the approval of the shareholders in the ensuing Annual General Meeting.

The abstract of the terms of appointment of Mr. Shishir Shrivastava as the Group C.E.O. & Joint Managing Director of the Company along with Memorandum of interest pursuant to Section 302 (7) of the Companies Act, 1956 is given in resolution proposed at Item No. 9 of the Notice of the Annual General Meeting read with the Explanatory Statement thereto.

The aforesaid appointment of Mr. Shishir Shrivastava requires the consent of the shareholders of the Company pursuant to Section 269, and other applicable provisions of the Companies Act, 1956 read with Schedule XIII of the said Act.

The Board recommends the said appointment to the shareholders for their approval in the ensuing Annual General Meeting.

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

c) **Board Meetings and Annual General Meeting:**

During the financial year 2010-11, four Board Meetings were held on 29th April, 2010, 28th July, 2010, 28th October, 2010 and 27th January, 2011. The previous Annual General Meeting of the Company was held on 28th September, 2010. The necessary quorum was present for all the meetings. When deemed expedient, the Board also approves by Circular Resolution, important and urgent items of business which cannot be deferred till the next Board Meeting, as permitted under the Companies Act, 1956.

Details of attendance of Directors at the Board Meetings held during the financial year 2010-11 and at the previous Annual General Meeting are as follows:

Name of the Director	Number of Board Meetings Attended	Attendance at Last Annual General Meeting
Mr. Ashokkumar Ruia	4	Yes
Mr. Atul Ruia	3	No
Mr. Kiran Gandhi	4	Yes
Mr. Shishir Shrivastava	3	Yes
Mr. Amitkumar Dabriwala	4	Yes
Mr. Amit Dalal	3	No
Mr. Sivaramakrishnan Iyer	4	Yes
Mr. Shribhanu Patki	2	Yes
Mr. Suhail Nathani	3	Yes
Mr. Bharat Bajoria *	Nil	N.A.

*(resigned w.e.f. 6th August, 2010)

d) **Code of Conduct**

The Board has laid down a code of conduct for all Board members and senior management of the Company. The Company has obtained the confirmation of the compliance with the Code from all members of the Board and senior management of the company for the year 2010-11. As required by Clause 49 of the Listing Agreement, the declaration on compliance of the Company's code of conduct signed by Managing Director forms part of this Annual Report.

3. Audit Committee:

a) **Constitution of Audit Committee:**

As on 31st March, 2011, the Committee comprises of one Executive and four Non-Executive Independent Directors. All the members of the Audit Committee are well versed with finance, accounts and corporate law and have vast knowledge of best practices across the corporate spectrum. Mr. Sivaramakrishnan Iyer, the Chairman of the Committee is a Chartered Accountant by profession and has expertise in the accounting and financial management domain.

b) **Composition of Audit Committee and Number of Meetings Attended during the financial year 2010-11:**

During the Financial year 2010-11, four Audit Committee Meetings were held on 29th April, 2010, 28th July, 2010, 28th October, 2010 and 27th January, 2011. The composition of the Audit Committee and the number of meetings attended by each member is as follows:

Name of the Director	Designation	No. of Meetings Attended
Mr. Sivaramakrishnan Iyer	Chairman	4
Mr. Amitkumar Dabriwala	Member	4
Mr. Amit Dalal	Member	3
Mr. Suhail Nathani*	Member	N.A.
Mr. Atul Ruia	Member	3

* Mr. Suhail Nathani was appointed as the member of Audit Committee at the Board meeting held on 27th January, 2011.

c) **Attendees:**

The Audit Committee invites such senior executives as it considers appropriate to be present at its meetings. The Director-Finance, the Statutory Auditors and Internal Auditors are invited to attend the meetings whenever required.

d) **The Terms of Reference of the Audit Committee:**

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

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

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

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

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

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

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

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

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

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

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

f) Disclosure of any related party transactions.

g) Qualifications in the draft audit report.

vi) Reviewing with the management, the quarterly financial statements before submission to the Board for approval.

vii) Reviewing with management, the statement of uses/ application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/ notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.

viii) Reviewing with the management, the performance of statutory and internal auditors, adequacy of the internal control systems.

ix) Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.

x) Discussion with Internal Auditors on any significant findings and follow up there on.

xi) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.

xii) Discussion with Statutory Auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.

xiii) To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.

xiv) Approval of appointment of CFO (i.e., the Whole-Time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience & background, etc., of the candidate.

xv) Review of information as prescribed under Clause 49 (II)(E) of the Listing Agreement.

e) **Powers of the Audit Committee:**

The Audit Committee has the following powers:

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

ii) To seek information from any employee.

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

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

4. Remuneration Committee:

a) **Constitution and composition of Remuneration Committee:**

Presently, the committee comprises of three members. All the members are Non-Executive & Independent Directors, as under:

Committee Members	Designation
Mr. Suhail Nathani	Chairman
Mr. Shribhanu Patki	Member
Mr. Sivaramakrishnan Iyer	Member

b) **Terms of reference:**

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

c) **Remuneration Policy:**

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

ii) Non-Executive Directors:
The Company pays sitting fees to all the Non-executive Directors of the Company. The sitting fees paid is within the limits prescribed under the Companies Act, 1956. The Board of Directors at their meeting held on 28th July, 2010 increased the sitting fees for attending Audit Committee meeting from ₹ 5,000/- to ₹ 10,000/- per meeting and for attending Board of Directors meeting from ₹ 7,500/- to ₹ 20,000/- per meeting.

Details of the Sitting fees paid during the year 2010-11 are as under:

	Sitting Fees paid (₹)	
Name of the Non-Executive Directors	**Board Meeting**	**Audit Committee**
Mr. Amitkumar Dabriwala	67,500	35,000
Mr. Amit Dalal	47,500	25,000
Mr. Sivaramakrishnan Iyer	67,500	35,000
Mr. Shribhanu Patki	40,000	N.A.
Mr. Suhail Nathani*	47,500	N.A.
Total	**2,70,000**	**95,000**

* Mr. Suhail Nathani has been appointed as a member of Audit Committee at the Board meeting held on 27th January, 2011.

At the Annual General Meeting of the Company held on 28th September, 2010, the shareholders of the Company approved the payment of commission to Independent Directors of the Company, of a sum not exceeding in aggregate, 1% of the net profit of the Company computed in accordance with Section 309(5) of the Companies Act, 1956, for each of the five financial years commencing from 1st April, 2010. The shareholders have authorized the Board of Directors to determine and distribute commission amongst the Independent Directors within the aforesaid limit.

The Board's Remuneration Committee which is mandated to recommend all payments to directors consists only of Independent Directors, the Board of Directors at their meeting held on 28th April, 2011 constituted a separate Committee consisting of Mr. Ashokkumar Ruia, Mr. Atul Ruia, Mr. Kiran Gandhi, and Mr. Shishir Shrivastava to determine the quantum of commission payable to the Independent Directors and to make a suitable recommendation to the Board. The amount of commission recommended by the Committee is to be distributed equally among the five independent directors on the Company's Board. The Committee has accordingly, recommended that a sum of ₹ 12,50,000/- be distributed equally among the five independent directors on the Company's Board. The same has been approved by the Board and is disclosed at Note no. 9 of the Notes to Accounts. This commission will be paid to the Independent Directors after adoption of accounts for the year ended 31st March, 2011 by the shareholders in the ensuing Annual General Meeting.

Executive Directors:

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

Details of remuneration paid to Executive Directors during the financial year ended 31st March, 2011 are given below:

Name of the Executive Director	Designation	Salary & Allowances (₹)	Contribution to PF (₹)	Perquisites (₹)	Total (₹)
Mr. Ashokkumar Ruia	Chairman & Managing Director	60,00,000	Nil	1,29,006	61,29,006
Mr. Atul Ruia	Joint Managing Director	60,00,000	Nil	25,37,400	85,37,400
Mr. Kiran Gandhi	Whole-Time Director	48,00,000	Nil	Nil	48,00,000

During the financial year 2010-11, no meeting of the Remuneration Committee was held

5. Shareholders'/ Investors' Grievance Committee:

a) **Constitution and Composition of Shareholders' Grievance Committee:**

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

Mr. Amitkumar Dabriwala, a Non-Executive Independent Director chairs the Shareholders'/ Investors' Grievance Committee. Twenty two Meetings of the Shareholders / Investors Grievance Committee were held during the financial year 2010-11.

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

Name of the Director	Designation	No. of Meetings Attended
Mr. Amitkumar Dabriwala	Chairman	22
Mr. Ashokkumar Ruia	Member	22
Mr. Atul Ruia	Member	22

b) During the year 2010-11, the Company has received 52 complaints from the shareholders / investors. There were no complaints pending at the end of the year.

c) **Share Transfers in Physical Mode:**

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

6. General Body Meetings:

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

Financial Year	Date	Time	Location of the Meeting
2007-08	23.09.2008	11.00 A.M.	Sunville Deluxe Pavilion, 9, Dr. Annie Besant Road, Worli, Mumbai – 400018.
2008-09	22.09.2009	11.00 A.M.	Sunville Deluxe Pavilion, 9, Dr. Annie Besant Road, Worli, Mumbai – 400018.
2009-10	28.09.2010	11.00 A.M.	Sunville Deluxe Pavilion, 9, Dr. Annie Besant Road, Worli, Mumbai – 400018.

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

Financial Year	Particulars of Special Resolutions Passed
2007-08	Appointment of Mr. Kiran Gandhi as Whole-Time Director of the Company for a period of 3 years w.e.f. from 22nd April 2008.
2008-09	Nil
2009-10	Re-appointment of Mr. Ashokkumar Ruia as the Chairman and Managing Director for a period of five years w.e.f. 1st April, 2010.
	Re-appointment of Mr. Atul Ruia as the Joint Managing Director for a period of five years w.e.f. 1st April, 2010.
	Appointment of Mr. Shishir Shrivastava as the Executive Director for a period of five years w.e.f. 18th March, 2010.
	Payment of commission collectively, to Independent Directors of the Company, of a sum not exceeding 1% of the net profit of the Company computed in accordance with Section 309(5) of the Companies Act, 1956 for each of the five financial years commencing from April 1, 2010.
	Consent for revised utilization of residual QIP proceeds.

iii) Resolution passed by Postal Ballot during the year 2010-11:

Nil

However Ordinary Resolution to secure borrowings of the Company by way of creation of mortgage / charge / hypothecation on all or any part of movable and/or immovable properties of the Company upto ₹ 1,000 Crores under section 293(1)(a) of the Companies Act, 1956 was passed by Postal Ballot in accordance with

Section 192A of the Companies Act, 1956, read with the Companies (Passing of Resolution by Postal Ballot) Rules 2001, result of which was announced on 30th June, 2011

iv) No Special resolution is proposed to be passed through Postal Ballot.

7. Means of Communication

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

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

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

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

8. CEO / CFO Certification

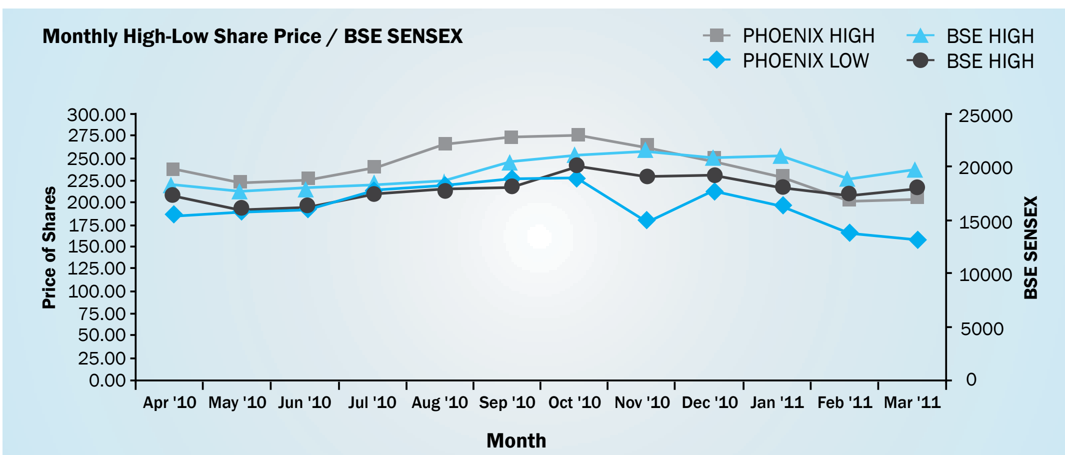
In terms of the requirement of Clause 49(V) of the Listing Agreement, the Group CEO & Joint Managing Director and Director-Finance have submitted a certificate to the Board of Directors in the prescribed format for the year under review.

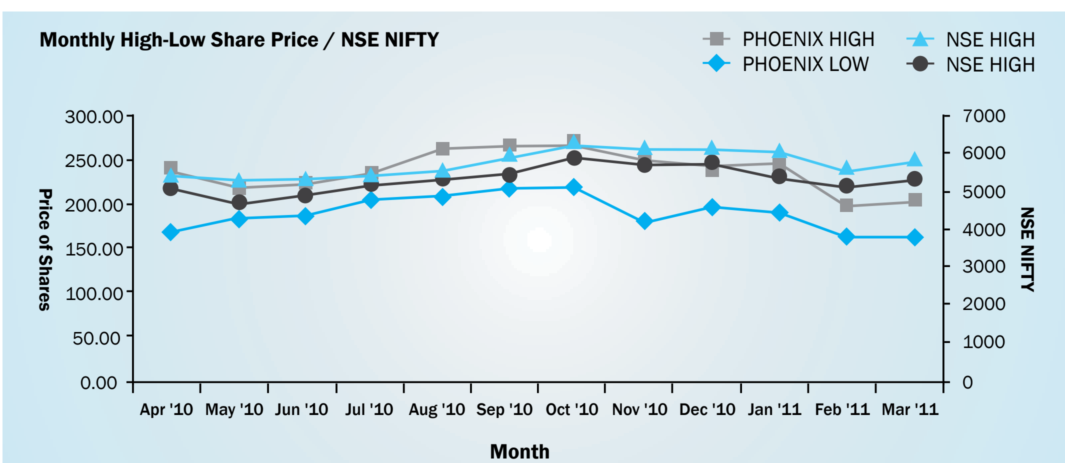
9. General Shareholder Information

i)	**Annual General Meeting**	
	Day, Date and Time	: Tuesday, 20th September, 2011 at 4.00 P.M.
	Venue	: Indian Merchant Chambers, 4th Floor, Walchand Hirachand Hall, Churchgate, Mumbai - 400 020
ii)	**Financial Year**	: The Company follows April-March as its financial year.
iii)	**Unaudited financial reporting for the quarter ending (tentative):**	
	30th June, 2011	: On 30th July, 2011
	30th September, 2011	: On or before 15th November, 2011
	31st December, 2011	: On or before 15th February, 2012
	31st March, 2012	: On or before 15th May, 2012
	AGM for the year ending 31st March, 2012	: On or before 30th September, 2012
iv)	**Book Closure**	: Tuesday, 13th September, 2011 to Tuesday, 20th September, 2011 (both days inclusive).
v)	**Dividend Payment**	: The dividend, if declared, by the shareholders at the AGM shall be paid / credited on 26th September, 2011.
vi)	**Listing on Stock Exchanges**	: The Company has already paid the annual listing fees for the year 2011-12 to the Stock Exchanges (BSE and NSE) as well as custodial fees to the depositories within the prescribed time.
vii)	**Scrip Code/Symbol**	: BSE: 503100 NSE : PHOENIXLTD
viii)	**Corporate Identification Number (CIN)**	: L17100MH1905PLC000200
ix)	The monthly high and low quotations of shares traded on the Bombay Stock Exchange Limited and National Stock Exchange of India Limited along with the volumes is as follows:	

Month	BSE			NSE		
	High (₹)	Low (₹)	Traded Volume (Nos.)	High (₹)	Low (₹)	Traded Volume (Nos)
April, 2010	235.70	184.45	2,158,103	235.80	170.50	3,520,339
May, 2010	219.85	189.00	533,829	218.50	188.60	1,595,595
June, 2010	224.10	191.10	1,647,238	223.90	190.10	4,680,540
July, 2010	237.70	213.00	1,182,594	237.70	209.60	1,967,408
August, 2010	261.00	215.10	1,210,830	268.00	213.00	1,970,530
September, 2010	269.25	224.00	496,493	269.90	223.00	2,070,739
October, 2010	268.00	225.00	576,900	267.70	221.10	1,385,970
November, 2010	255.00	178.55	441,311	255.20	180.25	2,110,838
December, 2010	242.00	212.00	141,906	243.00	201.80	1,087,785
January, 2011	225.80	196.00	87,912	250.00	193.65	398,511
February, 2011	202.80	168.05	895,693	205.00	165.00	1,592,362
March, 2011	205.50	160.00	1,502,216	207.55	167.00	2,850,569

x) **Performance in comparison with BSE Sensex and NSE Nifty**





xi) **Share Transfer System:**

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

Shares held in the dematerialized form are electronically traded in the Depository. The Registrars and Share Transfer Agent (RTA) of the Company periodically receive the beneficiary holdings from the Depository which enables the RTA to update their records for sending all corporate communications, dividend warrants, etc.

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

xii) **Category wise Shareholding as at 31st March, 2011:**

Sr.No.	Category	No. of Shares held	%
1.	Promoter and Promoter Group	95,476,663	65.92
2.	Mutual Funds/UTI	75,09,725	5.18
3.	Banks/ Financial Institutions	70,500	0.05
4.	Foreign Institutional Investors	3,06,64,145	21.17
5.	Foreign Venture Capital Investors	1,500,000	1.04
6.	Non-Residents	1,51,544	0.1
7.	Private Bodies Corporate	15,62,490	1.08
8.	Indian Public	77,30,277	5.33
9.	Others (Clearing Members & Trusts)	1,80,101	0.12
Total		**144,845,445**	**100.00**

xiii) **Distribution of Shareholding as at 31st March, 2011:**

No. of Equity Shares	No. of Shareholders	%of Total	No. of Shares	% of Total
1-500	9,471	80.91	1,383,639	0.96
501 - 1,000	766	6.54	625,678	0.43
1,001 - 2,000	607	5.19	906,536	0.63
2,001 - 3,000	279	2.38	706,381	0.49
3,001 - 4,000	126	1.08	459,978	0.32
4,001 - 5,000	74	0.63	348,994	0.24
5,001 - 10,000	173	1.48	1,240,231	0.86
10,001 and above	209	1.79	139,174,008	96.08
TOTAL	**11,705**	**100**	**144,845,445**	**100**

xiv) **Dematerialization of Shares and Liquidity:**

About 97.84% of the shares have been dematerialized as on 31st March, 2011. The International Security Identification Number (ISIN) allotted to the Company's equity shares is INE211B01039.

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

The Company has not issued any GDRs/ADRs. There were no outstanding convertible warrants as on 31st March, 2011.

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

a) Transferees' PAN Cards for transfer of shares,

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

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

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

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

xvii) **Disclosure under Clause 5A(II) of the Listing Agreement in respect of Unclaimed Shares:**

The Securities and Exchange Board of India vide its Circular no. CIR/CFD/DIL/10/2010 dated 16th December 2010, amended Clause 5A of the Equity Listing Agreement regarding unclaimed shares held in physical form.

In compliance with said amendment, and in order to avoid transfer of unclaimed shares to the "Unclaimed Suspense Account", the Company from 3rd March, 2011 onwards, has sent 'Reminder Letters' to such shareholders whose share certificates have remained undelivered and hence unclaimed, requesting them to update their correct details viz., postal addresses, PAN details etc., registered with the Company.

In response to the Reminder Letters, many shareholders have registered their correct details with the Company and many undelivered/ unclaimed shares have since been claimed by the shareholders.

Below is the Status of the Unclaimed Shares as on June 30, 2011

Unclaimed Shares as on 28-02-2011		Details of Shareholders who approached the Company for unclaimed shares as on 30th July, 2011		Details of claimed Shares as on 30th July, 2011		Unclaimed Shares as on 30th July, 2011	
No. of share holders	No. of Shares	No. of share holders	No. of Shares	No. of share holders	No. of Shares	No. of share holders	No. of Shares
2,252	3,001,355	417	518,305	417	518,305	1,835	2,483,050

xviii) MCA's Green Initiative in Corporate Governance:

The Ministry of Corporate Affairs (MCA) has vide its Circular No. 17/2011 dated 21st April, 2011 and Circular No. 18/2011 dated 29th April, 2011 has undertaken the Green Initiative in Corporate Governance and has permitted the delivery of documents viz., Notices of Meetings, Annual Reports etc., to the Shareholders through electronic mode.

It is proposed that documents like Notices of Meetings/Postal Ballot, Annual Reports, Directors Report, and Auditors' Report from the year ended 31st March, 2011 onwards and other shareholder communications will be sent electronically to the email address provided by the Shareholders and/or made available to the Company by the Depositories viz., NSDL / CDSL. Shareholders holding the shares in demat form are requested to keep their Depository Participant (DP) informed & updated of any change in their e-mail address.

For Shares held in physical form, shareholders can register their email address by sending a duly signed letter mentioning their name(s), folio no. and email address to the Company's Registrar & Transfer Agent, M/s Link Intime India Private Limited, C-13, Kantilal Manganlal Estate, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (W), Mumbai - 400078 or by sending an email to phoenixmillsgogreen@linkintime.co.in. oralternatively can register their email address on the website of the Company at http://www.thephoenixmills.com/green/greenadd.asp

xix) Shares held in Electronic Form

Shareholders holding shares in electronic form may please note that:

a) Instructions regarding bank details which they wish to have incorporated in future dividend warrants must be submitted to the Depository Participants (DP). As per the regulations of NSDL and CDSL, the Company is obliged to print bank details on the dividend warrants, as furnished by these depositories to the Company.

b) Instructions already given by them for shares held in physical form will not be automatically applicable to the dividend paid on shares held in electronic form.

c) Instructions regarding change of address, nomination and power of attorney should be given directly to the DP.

xx) Registrar and Share Transfer Agent:

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

xxi) Plant Locations:

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

xxii) Address for Correspondence:

For any assistance regarding dematerialization of shares, share transfers, transmissions, change of address, non-receipt of dividend or any other query relating to shares:

Link Intime India Private Limited
C-13, Pannalal Silk Mills Compound
L.B.S. Marg, Bhandup (West), Mumbai - 400 078
Tel. No.: 022-25963838 Fax No.: 022-25946969

xxiii) For general correspondence:

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

10. Other Disclosures

a) The Company did not have any related party transactions, i.e. transactions of the Company of material nature, with its promoters, Directors or the Management, their subsidiaries or relatives, etc., which may have potential conflict with the interests of the Company at large. Related Party transactions have been disclosed in the Notes to Accounts in the financial statements for the year ended 31st March, 2011.

b) Shareholdings of the Non-Executive Directors as on 31st March 2011 is as under:

Name of the Director	No. of Shares held
Mr. Amitkumar Dabriwala	Nil
Mr. Amit Dalal	Nil
Mr. Sivaramakrishnan Iyer	Nil
Mr. Shribhanu Patki	Nil
Mr. Suhail Nathani	Nil

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

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

11. Non-mandatory Requirements:

I) **The Board:**

a) An office for the use of the Chairman is made available.

b) At present, there is no policy fixing the tenure of Independent Directors.

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

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

IV) **Audit Qualifications:**
The financial statements of the Company for the year ended 31st March, 2011 are unqualified.

V) **Training of Board Members:**
As the members of the Board are eminent and experienced professional persons, presently, there is no formal Policy for training of the Board members of the Company.

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

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

CERTIFICATE ON CORPORATE GOVERNANCE

To,

The Shareholders

The Phoenix Mills Limited

We have examined the compliance of conditions of Corporate Governance by The Phoenix Mills Limited ("the Company") for the year ended 31st March, 2011 as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchange(s).

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

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

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

For Rathi & Associates
Company Secretaries

Place: Mumbai
Date: 30th July, 2011

Narayan Rathi
Partner
CP No. 1104

CODE OF CONDUCT DECLARATION

Pursuant to Clause 49 I (D) of the Listing Agreement entered into with the Stock Exchanges, we hereby declare that the Company has obtained affirmative compliance with the code of conduct from all the Board members and senior management personnel of the Company.

Place: Pune
Date: 30th July, 2011

Shishir Shrivastava
Group CEO & Joint Managing Director

Secretarial Audit Report

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

We have examined the registers, records and documents of The Phoenix Mills Limited ("the Company") for the financial year ended 31st March 2011, as maintained under the provisions of:

The Companies Act, 1956 and the Rules made under that Act;

The Depositories Act, 1996 and the Regulations and Bye-laws framed under that Act;

Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 more particularly as under:

Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997; and Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992; and Equity Listing Agreement entered into with Bombay Stock Exchange Limited and National Stock Exchange of India Limited.

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

1. The Company has complied with the provisions of the Companies Act, 1956 ("the Act") and the Rules made under the Act, and Memorandum and Articles of Association of the Company with regard to:
   a) Maintenance of Statutory Registers and incorporating entries therein.
   b) Constitution of the Board of Directors and appointment, retirement and re-appointment of Directors;
   c) Appointment of managerial personnel and payment of remuneration thereto;
   d) Meetings of Directors and Committees thereof held including passing of resolutions by circulation;
   e) Disclosure of interest in other firms/companies by the Directors to the Board of Directors;
   f) Service of Notice and other documents to the Members;
   g) The 105th Annual General Meeting held on 28th September, 2010;
   h) Recording and maintenance of the minutes of the proceedings of General Meetings and Meetings of the Board and committees thereof;
   i) Filing of applicable forms and returns with Registrar of Companies and/or Central Government;
   j) Closure of Register of Members and Share Transfer Books;
   k) Declaration and payment of Dividend to Equity Shareholders;
   l) Appointment and payment of remuneration to Statutory Auditors;
   m) Approval for Transfers of Shares and/or issue of duplicate share certificates by duly constituted committee of the Board;
   n) Investment of the Company's funds in other bodies corporate;
   o) Charges created and/or modified to secure the borrowings made by the Company and satisfaction thereof; and
   p) Obtaining consent of the Members, the Board of Directors and Committee of Directors wherever required.
2. The Company has complied with the provisions of Depositories Act, 1996 and Regulations framed thereunder with regard to dematerialization / rematerialization of securities and reconciliation of records of dematerialized securities with all securities issued by the Company.
3. The Company has complied with the provisions of Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 with respect to disclosures and maintenance of records required under the Regulations.
4. The Company has complied with the provisions of Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 with regard to disclosures and maintenance of records required under the Regulations.
5. The Company has complied with the provisions of the Listing Agreement entered into with Bombay Stock Exchange Limited and National Stock Exchange of India Limited.

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

For Rathi & Associates
Company Secretaries

Place: Mumbai
Dated: 30th July, 2011

Narayan Rathi
Partner
FCS No. 1433
COP No. 1104

Auditors' Report

To
The Members of
THE PHOENIX MILLS LIMITED

1. We have audited the attached Balance Sheet of **THE PHOENIX MILLS LIMITED** as at 31st March, 2011, the Profit and Loss Account 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.

2. We conducted our audit in accordance with the 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.

3. As required by the Companies (Auditors' Report) Order, 2003 issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order, to the extent applicable to the Company.

4. Further to our comments in the Annexure referred to in paragraph 3 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 purposes of our audit.
   b) In our opinion, the company has kept proper books of account as required by law so far as appears from our examination of those books.
   c) The Balance Sheet, the Profit and Loss Account 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 Profit and Loss Account and the Cash Flow Statement dealt by this report are in compliance with the mandatory Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956.
   e) On the basis of the written representations received from the directors as on 31st March 2011 and taken on record by the Board of Directors, we report that none of the directors are disqualified as on 31st March 2011 from being appointed as directors in terms of clause (g) of sub-section (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 the significant accounting policies and other notes 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, 2011 ;

      ii) In the case of the Profit and Loss Account, of the Profit of the Company for the year ended on that date; and

      iii) In the case of the Cash Flow Statement, of the Cash Flows for the year ended on that date.

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

Chintan A. Ghelani
Partner
Membership No: 104391

For **Chaturvedi & Shah**
Chartered Accountants
FRN : 101720W

Amit Chaturvedi
Partner
Membership No: 103141

Place: Pune
Date: 30th July, 2011

Annexure to Auditors' Report

(Referred to in Paragraph 3 of our report of even date)

1. In respect of its Fixed Assets: -
   a) The Company has maintained proper records showing the particulars and situation of its fixed assets.
   b) According to the information and explanations given to us, the fixed assets were physically verified by the management in accordance with the phased programme of verification, which in our opinion, is reasonable having regard to the size of the Company and nature of its assets. The discrepancies noticed on physical verification were not material and have been properly dealt with in the books of accounts.
   c) During the year, the Company has not disposed off any substantial part of the fixed assets.
2. In respect of its inventories:
   a) According to the information and explanations given to us, the stocks of finished goods have been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable. The company did not have any stocks at the end of the year.
   b) According to the information and explanations given to us, in our opinion, the procedures for the physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
   c) The company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and book records were not material, having regard to the size of the operations of the Company.
3. In respect of loans, secured or unsecured, granted or taken by the company to/from companies, firms or parties covered in the register maintained under section 301 of the Companies Act, 1956: -
   a) The Company has granted interest-free unsecured loans to three wholly owned subsidiaries and interest-bearing unsecured loans to one subsidiary and three other companies covered in the Register maintained under section 301 of the Companies Act, 1956. In respect of the said loans, the maximum amount outstanding at any time during the year is ₹ 2,366,286,959 and the year-end balance is ₹ 1,847,840,057.
   b) In our opinion and according to the information and explanations given to us, the terms and conditions of such loans given, including interest thereon, wherever applicable, to the subsidiaries and the other companies, covered in the Register maintained under section 301 of the Companies Act, 1956 are not prima facie prejudicial to the interest of the Company.
   c) As per the information and explanation given to us, the principal amounts and interest, wherever applicable, of the said loans are repayable on demand and there is no repayment schedule. Therefore, the question of overdue amounts does not arise.
   d) The Company has not taken loans from any parties listed in the Register maintained under Section 301 of the Companies Act, 1956.
4. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the company and the nature of its business for the purchase of inventory and fixed assets and also for the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in the internal control systems in respect of the above areas.
5. In respect of transactions covered under section 301 of the Companies Act, 1956, in our opinion and according to the information and explanations given to us;
   a) The transactions made in pursuance of contracts or arrangements, that needed to be entered in the register maintained under section 301 of the Companies Act, 1956 have been so entered.
   b) These transactions have been made at prices which are comparable to similar transactions entered into with other parties.
6. According to the information and explanations given to us, the company has not accepted any deposits from the public during the year. Therefore the provisions of clause (vi) of paragraph 4 of the order are not applicable to the company.
7. In our opinion, the company has an internal audit system commensurate with the size of the Company and the nature of its business.
8. As per the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 in respect of the business activities conducted by the company during the year.
9. a) As per the information and explanations given to us, the company has generally been regular in depositing the undisputed statutory dues including Provident Fund, Employee's State

Annexure to Auditors' Report (Contd.)

Insurance, Income Tax and Sales Tax with the appropriate authorities and there were no undisputed amounts payable in respect of such dues which have remained outstanding as at 31st March, 2011 for a period of more than six months from the date they became payable. In respect of the service tax liabilities, as given in Note No – B (4) of Schedule "R", we are unable to comment, as the matter is subjudice.

b) The disputed statutory dues aggregating to ₹ 9,873,314 that have not been deposited on account of the matters pending before the appropriate authorities are as under:-

Name of the Statute	Income Tax Act 1961	Central Excise Act 1944
Nature of Dues	Income Tax	Excise Duty
Amount ₹	8,227,088	1,646,226
Period to which the amount relates	2001-02 to 2007-08	1986-87 to 1992-93
Forum where dispute is pending	CIT (Appeals)	Commissioner (Appeals) – As directed by CEGAT

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

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

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

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

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

15. As at the end of the year, the company has not given any guarantee for loans taken by others. The guarantees given by the company in the previous financial years for the loan taken by its subsidiary has been released during the year. According to the information and explanations given to us, we are of the opinion that the terms and conditions of the said guarantee were prima facie not prejudicial to the interest of the company.

16. The Company has not raised new terms loans during the year. The term loans outstanding at the beginning of the year have prima facie, been applied for the purposes for which they were obtained.

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

18. The company has not made any preferential allotment of shares, during the year, to parties and companies covered in the Register maintained under section 301 of the Companies Act, 1956.

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

20. In an earlier financial year, the company had raised money by way of placement of equity shares to qualified institutions. The balance unutilized money as at the beginning of the year has been fully utilized during the year. The company has not raised any money by public issues, during the year.

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

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

Chintan A. Ghelani
Partner
Membership No: 104391

For **Chaturvedi & Shah**
Chartered Accountants
FRN : 101720W

Amit Chaturvedi
Partner
Membership No: 103141

Place: Pune
Date: 30th July, 2011

Balance Sheet

As at 31st March 2011

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	Schedule	(₹)	As at 31st March 2011 (₹)	As at 31st March 2010 (₹)
SOURCES OF FUNDS				
SHAREHOLDERS' FUNDS				
Share Capital	A	289,690,890		289,690,890
Reserves & Surplus	B	15,715,447,738		15,102,912,746
			16,005,138,628	15,392,603,636
LOAN FUNDS				
Secured Loans	C		399,971,935	1,421,622,637
Total			16,405,110,563	16,814,226,273
APPLICATION OF FUNDS				
FIXED ASSETS	D			
Gross Block		5,253,155,433		5,059,033,486
Less: Depreciation		881,431,328		604,884,141
Net Block		4,371,724,105		4,454,149,345
Capital Work-in-Progress		817,464,597		882,041,898
			5,189,188,702	5,336,191,243
INVESTMENTS	E		5,176,668,446	5,874,532,084
DEFERRED TAX ASSETS (Net)			12,642,875	22,517,824
CURRENT ASSETS, LOANS AND ADVANCES				
Inventories	F	-		3,053,138
Sundry Debtors	G	875,036,351		410,781,091
Cash & Bank Balances	H	77,766,875		203,949,150
Loans & Advances	I	6,927,253,042		6,295,911,212
		7,880,056,268		6,913,694,591
Less: CURRENT LIABILITIES & PROVISIONS				
Current Liabilities	J	1,510,107,873		1,097,443,622
Provisions	K	343,337,855		235,265,847
		1,853,445,728		1,332,709,469
NET CURRENT ASSETS			6,026,610,540	5,580,985,122
Total			16,405,110,563	16,814,226,273
Significant Accounting Policies and Notes on Accounts	R			

Schedules referred to herein form an integral part of the Balance Sheet
As per our report of even date

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

Chintan A. Ghelani
Partner
M. No. 104391

For Chaturvedi & Shah
Chartered Accountants
FRN : 101720W

Amit Chaturvedi
Partner
M. No. 103141

For and on behalf of the Board of Directors

Ashokkumar R. Ruia
(Chairman & Managing Director)

Shishir Shrivastava
(Group CEO & Jt. Managing Director)

Atul Ruia
(Jt. Managing Director)

Pradumna Kanodia
(Director Finance)

Pune
Dated : 30th July, 2011

Minal Bhate - Dandekar
(Company Secretary)

Profit and Loss Account

For the year ended 31st March 2011

	Schedule	(₹)	2010-11 (₹)	2009-10 (₹)
INCOME				
Sales and Services	L		**1,765,191,701**	1,157,717,257
Other Income	M		**323,262,726**	240,240,318
Total			**2,088,454,427**	1,397,957,575
EXPENDITURE				
Purchase for resale and variation in inventory	N		**9,353,912**	5,906,189
Employee Costs	O		**56,162,884**	39,459,512
Operating and other Expenses	P		**446,275,774**	366,127,671
Interest and Finance Charges	Q		**85,516,181**	85,529,100
Depreciation		**278,218,340**		161,426,737
Less: Transfer from Revaluation Reserve		**(962,748)**	**277,255,592**	(952,660)
(Refer to Note No. B-3 of Schedule "R")				
Total			**874,564,343**	657,496,549
PROFIT BEFORE TAX			**1,213,890,084**	740,461,026
Less : Provision for Taxation				
Current Income Tax		**287,500,000**		151,500,000
Deferred Tax		**9,874,949**	**297,374,949**	(9,957,833)
PROFIT AFTER TAX			**916,515,135**	598,918,859
Balance brought forward from previous year			**3,025,645,083**	2,830,080,539
PROFIT AVAILABLE FOR APPROPRIATION			**3,942,160,218**	3,428,999,398
APPROPRIATIONS				
Transferred to General Reserve			**200,000,000**	200,000,000
Proposed Dividend			**260,721,801**	173,814,534
Tax on Proposed Dividend			**42,295,594**	29,539,781
BALANCE CARRIED TO BALANCE SHEET			**3,439,142,823**	3,025,645,083
Basic and Diluted EPS (Face Value ₹ 2)			**6.33**	4.13
Significant Accounting Policies and Notes on Accounts	R			

Schedules referred to herein form an integral part of the Profit and Loss Account
As per our report of even date

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

Chintan A. Ghelani
Partner
M. No. 104391

For Chaturvedi & Shah
Chartered Accountants
FRN : 101720W

Amit Chaturvedi
Partner
M. No. 103141

For and on behalf of the Board of Directors

Ashokkumar R. Ruia
(Chairman & Managing Director)

Shishir Shrivastava
(Group CEO & Jt. Managing Director)

Atul Ruia
(Jt. Managing Director)

Pradumna Kanodia
(Director Finance)

Minal Bhate - Dandekar
(Company Secretary)

Pune
Dated : 30th July, 2011

Cash Flow Statement
For the year ended on 31st March 2011

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	(₹)	31st March 2011 (₹)	31st March 2010 (₹)
A CASH FLOWS FROM OPERATING ACTIVITIES			
Net Profit before tax as per the Profit and Loss Account		1,213,890,084	740,461,026
Adjustments for :			
Depreciation	277,255,592		160,474,077
(Profit)/Loss on Assets sold/discarded	418,716		396,679
Interest Expenses	85,516,181		85,529,100
Balances in Debtors/Advances written off	68,352,232		-
Provision for Doubtful Debts and Advances	(27,539,062)		37,291,650
Interest Income	(150,567,793)		(122,042,293)
Dividend Income	(56,366,003)		(72,206,546)
Profit on sale of Investments	(1,795,847)		(24,289,890)
		195,274,016	65,152,777
Operating Cash flow before working capital changes		1,409,164,100	805,613,803
Adjustment for Working Capital changes :			
Inventories	3,053,138		245,262
Trade and other Receivables	(554,792,396)		(220,542,339)
Trade and other Payables	406,417,118		183,659,791
		(145,322,140)	(36,637,286)
Cash generated from Operations		1,263,841,960	768,976,517
Direct Taxes Paid		(272,661,624)	(171,972,322)
Net Cash from Operating Activities A		991,180,336	597,004,195
B CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of Fixed Assets	(131,914,515)		(684,942,896)
Sale of Fixed Assets	280,000		1,586,666
Inter Corporate Deposits & Loans (placed)/refunded (Net)	(334,393,208)		(172,511,471)
Share Application Money (Net)	(201,182,640)		(171,409,906)
Purchase of Investments	(557,015,929)		(942,530,819)
Sale of Investments	1,256,675,414		422,282,183
Interest Received	104,525,777		124,208,525
Dividend Income	56,366,003		72,206,546
Net Cash generated from/(used in) Investing Activities B		193,340,902	(1,351,111,172)

Cash Flow Statement

For the year ended on 31st March 2011 (Contd.)

	(₹)	31st March 2011 (₹)	31st March 2010 (₹)
C CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long term borrowings	**(1,144,375,937)**		(148,043,290)
Short term loans availed / (repaid)(Net)	**122,725,235**		(81,917,810)
Interest paid	**(85,516,181)**		(188,497,042)
Dividend paid (including tax on Dividend)	**(203,536,630)**		(167,474,182)
Net Cash generated from/(used in) Financing Activities C		**(1,310,703,513)**	(585,932,324)
D Net Increase/(Decrease) in Cash and Cash Equivalents A+B+C		**(126,182,275)**	(1,340,039,301)
Cash and Cash equivalents at the beginning of the year		**203,949,150**	1,543,988,451
Cash and Cash equivalents at the end of the year		**77,766,875**	203,949,150

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

As per our report of even date

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

Chintan A. Ghelani
Partner
M. No. 104391

For Chaturvedi & Shah
Chartered Accountants
FRN : 101720W

Amit Chaturvedi
Partner
M. No. 103141

For and on behalf of the Board of Directors

Ashokkumar R. Ruia
(Chairman & Managing Director)

Shishir Shrivastava
(Group CEO & Jt. Managing Director)

Atul Ruia
(Jt. Managing Director)

Pradumna Kanodia
(Director Finance)

Minal Bhate - Dandekar
(Company Secretary)

Pune
Dated : 30th July, 2011

Schedules

Annexed to and Forming Part of the Balance Sheet

	(₹)	As at 31st March 2011 (₹)	As at 31st March 2010 (₹)
SCHEDULE "A" **SHARE CAPITAL**			
AUTHORISED :			
"150,000,000 (P. Y. 150,000,000) Equity Shares of ₹ 2/- each"		**300,000,000**	300,000,000
ISSUED, SUBSCRIBED AND PAID UP:			
"144,845,445 (P Y. 144,845,445) Equity Shares of ₹ 2 each fully paid up"		**289,690,890**	289,690,890
TOTAL		**289,690,890**	289,690,890

Note:

Of the above:

54,600,000 (P. Y. 54,600,000) Equity shares of ₹ 2 each have been alloted as fully paid up Bonus Shares by capitalisation of Reserves.

40,000,000 (P. Y. 40,000,000) Equity Shares of ₹ 2 each were allotted to the share holders of Ashok Ruia Enterprise Pvt. Ltd. as per the scheme of amalgamation without payments being received in cash.

9,166,665 (P. Y. 9,166,665) Equity Shares of ₹ 2 each were allotted to the share holders of Ruia Real Estate Development Company Pvt. Ltd. as per the scheme of amalgamation without payments being received in cash.

3,390,000 (P. Y. 3,390,000) Equity Shares have been reserved for allotment under The Phoenix Mills Employees' Stock Option Plan 2007.

650,000 (P. Y. 650,000) Options have been granted under 'The Phoenix Mills Employees' Stock Option Plan 2007 of which 250,000 (P.Y. 250,000) Options have lapsed and are available for regrant.

SCHEDULE "B"
RESERVES & SURPLUS

Capital Reserve			
As per last Balance Sheet		**18,413,824**	18,413,824
General Reserve			
As per last Balance Sheet	**1,291,764,734**		1,091,764,734
Add: Transfer from Profit & Loss Account	**200,000,000**		200,000,000
		1,491,764,734	1,291,764,734
Securities Premium Account			
As per last Balance Sheet		**10,659,263,354**	10,659,263,354
Revaluation Reserve			
As per last Balance Sheet	**107,825,751**		108,778,411
Less:Additional Depreciation on Revaluation of Assets transferred	**962,748**		952,660
to Profit & Loss Account (Refer to Note No.B-3 of Schedule "R")		**106,863,003**	107,825,751
Profit & Loss Account		**3,439,142,823**	3,025,645,083
(Balance as per account annexed)			
TOTAL		**15,715,447,738**	15,102,912,746

Schedules

Annexed to and Forming Part of the Balance Sheet (Contd.)

	(₹)	As at 31st March 2011 (₹)	As at 31st March 2010 (₹)
SCHEDULE "C" **SECURED LOANS**			
LOANS FROM BANKS			
Term Loans	-		1,144,375,937
Working Capital Loans	**399,971,935**		277,246,700
(Secured by Equitable Mortgage of deposit of Title deeds in respect of certain immovable properties and by hypothecation of rentals receivable from licencees.)		**399,971,935**	1,421,622,637
TOTAL		**399,971,935**	1,421,622,637

SCHEDULE "D"
FIXED ASSETS

(Amount in ₹)

Description	GROSS BLOCK [AT COST]				DEPRECIATION				NET BLOCK	
	As at 1.04.2010	Additions during the year	Deductions during the year	As at 31.03.2011	Upto 1.04.2010	For the year	Deductions during the year	Upto 31.03.2011	As at 31.03.2011	As at 31.03.2010
Freehold Land	10,669,783*	-	-	**10,669,783**	-	-	-	-	**10,669,783**	10,669,783
Right on Leasehold Land	69,761,432*	-	-	**69,761,432**	4,701,889	42,359 @	-	**4,744,248**	**65,017,184**	65,059,543
Buildings	4,325,129,214*	117,463,132	-	**4,442,592,346**	461,326,221	195,355,564	-	**656,681,785**	**3,785,910,561**	3,863,802,993
Plant and Machinery	244,908,273*	27,799,786	-	**272,708,059**	45,040,755	28,980,634	-	**74,021,389**	**198,686,670**	199,867,518
Vehicles	28,327,834	-	2,369,869	**25,957,965**	18,218,455	2,642,324	1,671,153	**19,189,626**	**6,768,339**	10,109,379
Office Furniture & Equiptment	380,236,950	51,228,898	-	**431,465,848**	75,596,821	51,197,459	-	**126,794,280**	**304,671,568**	304,640,129
Total	**5,059,033,486**	**196,491,816**	**2,369,869**	**5,253,155,433**	**604,884,141**	**278,218,340**	**1,671,153**	**881,431,328**	**4,371,724,105**	**4,454,149,345**
Previous Year	1,997,435,275	3,066,855,352	5,257,141	5,059,033,486	446,731,200	161,426,737	3,273,796	604,884,141	4,454,149,345	
Capital Work in Progress									**817,464,597**	882,041,898

Notes :

1. * Amount added on Revaluation (as at 31.03.1985) ₹ 184,843,610 (Net of Depreciation). Refer to Note No. B-3 of Schedule "R".
2. @ Represents write off on the basis of the period of the lease.
3. Lease Hold Land
   a) Includes land taken on leased for period of 999 years as from 1951 renewal at the option for further like period.
   b) Includes ₹ 26,638,617 (as revalued) leased in perpetuity against which there is no writeoff required.
4. Capital Work in Progress includes pre-operative expenses of ₹ Nil (P. Y. ₹ 20,600,899/-). Refer to Note No. 18 of Schedule "R".

	(₹)	As at 31st March 2011 (₹)	As at 31st March 2010 (₹)
SCHEDULE "E" **INVESTMENTS**			
A. LONG TERM - TRADE			
1. INVESTMENT IN GOVERNMENT SECURITIES : (Unquoted)			
3% Conversion Loan deposited with the Collector of Central Excise (Face Value ₹ 21,500)	**13,734**		13,734
12 years National Savings Certificates	**12,050**		12,050

	(₹)	As at 31st March 2011 (₹)	As at 31st March 2010 (₹)
SCHEDULE "E" **INVESTMENTS (Contd.)**			
(Deposited with State Government and Excise Authorities as security)			
6 years- National Savings Certificates VIII Issue	**5,000**		5,000
(Deposited for Ration Shop License)			
7 years - National Savings Certificates	**5,160**		5,160
(Deposited with State Government and other authorities as security)		**35,944**	35,944
2. INVESTMENT IN COMPANIES : (Unquoted)			
i) ASSOCIATES			
(Equity Shares of face value of ₹ 10/- each fully paid-up)			
5,000 (P.Y. 5,000) - Bartraya Mall Dev. Co. Pvt.Ltd	**50,000**		50,000
2,246,588 (P.Y. 2,246,588) - Classic Mall Development Pvt. Ltd.	**249,966,918**		249,966,918
Nil (P.Y. 10,010) - Starboard Hotels Pvt. Ltd.	**-**		128,892
3,334 (P.Y. Nil) - Classic Housing Projects Pvt. Ltd.	**33,340**		-
20,593,192 (P. Y. 5,148,298) - Entertainment World Developers Ltd.	**450,124,554**		450,124,554
25,000 (P.Y. 25,000) - Escort Developers Pvt. Ltd.	**15,950,000**		15,950,000
7,445 (P.Y. 6,667) - Island Star Mall Developers Pvt. Ltd.	**122,105**		69,069
4,500 (P.Y. 4,500) - Juniper Developers Pvt. Ltd.	**46,620**		46,620
7,265,080 (P.Y. 7,265,080) - Offbeat Developers Pvt. Ltd.	**247,037,912**		247,037,912
166,670 (P. Y. 166,670) - Picasso Developers Pvt. Ltd.	**20,000,400**		20,000,400
333,333 (P.Y. 333,333) - Ramayana Realtors Pvt. Ltd.	**44,186,012**		44,186,012
	1,027,517,861		1,027,560,377
(Preference Shares of ₹ 10/- each fully paid-up)			
8,690,644 (P.Y. 5,345,833) - Island Star Mall Developers Pvt. Ltd.	**282,935,627**		55,382,361
(Optionally Convertible Debentures of ₹ 100/- each fully paid-up)			
800,000 (P.Y. Nil) - Classic Housing Projects Pvt. Ltd.	**80,000,000**		-
	362,935,627		55,382,361
ii) OTHERS			
(Equity Shares of face value of ₹ 10/- each fully paid-up)			
10 (P.Y. 10) - Treasure World Developers (India Pvt. Ltd.)	**8,500**		8,500
(Compulsory Fully Convertible Debentures of ₹ 10/- each fully paid-up)			
100,000,000 (P.Y. 100,000,000) - Treasure World Developers Pvt. Ltd.	**1,000,000,000**		1,000,000,000
	1,000,008,500		1,000,008,500
		2,390,461,988	2,082,951,238

Schedules

Annexed to and Forming Part of the Balance Sheet (Contd.)

	(₹)	As at 31st March 2011 (₹)	As at 31st March 2010 (₹)
SCHEDULE "E" **INVESTMENTS (Contd.)**			
3. INVESTMENT IN THE CAPITAL OF PARTNERSHIP FIRM			
Phoenix Construction Company		**20,013,913**	20,342,984
4. OTHER INVESTMENTS: (Unquoted)			
10 (P. Y. 10) ordinary shares of ₹ 50/-each -fully paid of Sukhsagar Premises Co-op. Society Ltd.	**500**		500
5 (P. Y. 5) ordinary shares of ₹ 50/-each -fully paid of Vivina Co-op. Housing Society Ltd.	**250**		250
80 (P. Y. 80) ordinary shares of ₹ 25/- each -fully paid of Rashtriya Mazdoor Madhyavarti Sahakari Grahak Sangh (Maryadit)	**2,000**		2,000
		2,750	2,750
B. LONG TERM - OTHERS			
1. INVESTMENT IN SUBSIDIARY COMPANIES : (Unquoted)			
(Equity Shares of face value of ₹ 10/- each fully paid-up unless otherwise stated)			
4,000,020 (P.Y.4,000,020) - Bellona Finvest Ltd.	**40,000,200**		40,000,200
15,741,181 (P. Y. 15,741,181) - Big Apple Real Estate Pvt. Ltd.	**858,615,797**		858,615,797
10,000 (P. Y. 10,000) - Enhance Holdings Pvt. Ltd. (Formerly known as Kalani Holdings Pvt. Ltd.)	**384,600**		384,600
40,000 (P. Y. 40,000) - Market City Management Pvt Ltd.	**400,000**		400,000
10,000 (P. Y. 10,000) - Market City Resources Pvt. Ltd.	**103,600**		103,600
12,760,000 (P.Y. 12,760,000) - Palladium Construction Pvt Ltd.	**733,709,500**		733,709,500
1,200,000 (P.Y. 1,200,000) - Pallazzio Hotels & Leisure Ltd. (₹ 100 each)*	**120,000,000**		120,000,000
6,667 (P.Y. 6,667) - Pinnacle Real Estate Development Pvt. Ltd.	**66,670**		66,670
10,000 (P.Y. 10,000) - Plutocrate Asset & Capital Management Co. Pvt. Ltd.	**35,000,000**		35,000,000
1,250 (P. Y. Nil) - Butala Farm Lands Pvt. Ltd. (₹ 100 each)	**250,000,000**		-
12,638,715 (P.Y. 12,750,000) - Vamona Developers Pvt. Ltd.	**334,030,763**		334,196,513
		2,372,311,130	2,122,476,880

Schedules

Annexed to and Forming Part of the Balance Sheet (Contd.)

IMAGINE CONCEIVE REALIZE

	(₹)	As at 31st March 2011 (₹)	As at 31st March 2010 (₹)
SCHEDULE "E" **INVESTMENTS (Contd.)**			
2. INVESTMENT IN OTHER COMPANIES :			
i) **QUOTED:** (Equity Shares of face value of ₹ 10/- each fully paid-up)			
7,265 (P. Y. 7,265) - I.C.I.C.I. Bank Limited **	**260,250**		260,250
20 (P. Y. 20) - Clariant Chemicals (India) Ltd.	**200**		200
2,00,642 (P. Y. 2,00,642) - Graphite India Limited - face value of ₹ 2 each	**27,034,521**		27,034,521
60,192 (P. Y. 60,192) - GKW Limited	**3,648,237**		3,648,237
2,386 (P. Y. 2,386) - Zeneca Group Plc (U.K.) Ordinary shares of 25 Pence each fully paid up	**159,596**		159,596
		31,102,804	31,102,804
ii) **UNQUOTED:**			
2,974 (P. Y. 2,974) - Imperial Chemical Industries Plc. Ordinary shares of 1 Pound each fully paid up	**155,002**		155,002
		155,002	155,002
C. CURRENT INVESTMENTS - OTHERS			
INVESTMENTS IN MUTUAL FUNDS			
(Units of face value of (₹) 10/- each)			
Nil (P. Y. 2,365,622) - Fortis Money Plus Inst.Fund	-		23,663,549
Nil (P. Y. 40,266,917) - Reliance Medium Term Fund	-		688,383,071
Nil (P. Y. 47,593,121) - Kotak Floater Long Term Fund	-		479,729,146
Nil (P. Y. 9,220,250) - Birla Sunlife Floating Rate Fund Long Term Plan	-		92,415,626
Nil (P. Y. 4,011,104) - ICICI Prudential MF Banking & PSU Debt Fund	-		40,166,526
Nil (P. Y. 2,008,216) - Kotal Quaterly Interval Plan	-		20,082,200
Nil (P. Y. 5,293,621) - IDFC Money Manager Fund - Plan B	-		53,015,610
Nil (P. Y. 2,000,000) - UTI Fixed Income Interval Fund	-		20,000,000
Nil (P. Y. 19,994,779) - Fortis Short Term Income Fund	-		200,008,754
7,848,190 (P.Y. Nil) - Birla Sunlife Short Term FMP Series 5	**78,481,907**		-
3,000,000 (P.Y. Nil) - Birla Sunlife Short Term FMP Series 8	**30,000,000**		-
2,276,978 (P.Y. Nil) - ICICI Prudential MF Qtrly Interval Plan III	**22,769,775**		-
5,000,000 (P.Y. Nil) - Tata Fixed Maturity Plan Short Term	**50,000,000**		-
18,019,978 (P.Y. Nil) - Kotak Credit Opp. Fund Growth	**181,333,233**		-
		362,584,915	1,617,464,482
		5,176,668,446	5,874,532,084

Schedules

Annexed to and Forming Part of the Balance Sheet (Contd.)

	As at 31st March 2011 (₹)	As at 31st March 2010 (₹)
1. Aggregate value of Quoted Investments:		
Book Value	**31,102,804**	31,102,804
Market Value	**57,073,035**	51,197,460
2. Aggregate value of Investment in Mutual Funds:		
Book Value	**362,584,915**	1,617,464,482
3. Aggregate book value of other Unquoted Investments:	**4,782,980,727**	4,226,124,394

Notes :

* Out of 1,200,000 shares, 612,000 Shares are pledged with the Financial Institutions for the Loans borrowed by the subsidiary company.

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

Investments Purchased and Sold during the year	Face Value	No of Units	Cost (₹)
Mutual Fund Units			
Birla Sunlife Floating Rate Fund - Long Term Plan	10	166,703	1,636,954
Birla Sunlife Ultra Short Term Fund	10	13,717,856	137,254,008
HDFC Cash Management Fund Savings Plan	10	1,050,000	10,655,505
ICICI Prudential Mutual Fund Banking & PSU Debt Fund	10	105,981	1,292,523
Fortis Short Term Income Fund - IPP	10	148,409	1,492,805
DSP BR Money Manager Fund - Institutional Plan	1,000	50,864	50,905,105
DWS Ultra Short Term Fund	10	3,219,210	32,249,726
Tata Treasury Manager Fund	1,010	79,283	80,101,140
UTI Treasury Advantage Fund - Institutional Plan	1,000	21,145	21,149,032
Kotak Quarterly Interval Plan - Series 10	10	6,518,729	66,190,526
Kotak Quaterly Interval Plan - Series -7	10	38,307	384,049
Fortis Short Term Income Fund - Daily Dividend	10	142,048	1,427,883
ABN Amro Money Plus Institutional Fund	10	112,313	1,128,930
Birla Floatin Rate Long Term Fund	10	3,846,229	38,483,053
Birla SL Cash Plus - Institutional Premium	10	10,866,540	108,877,299
Birla Sunlife Cash Manager Fund	10	95,881,317	959,100,810
Birla Sunlife Interval Income Fund	10	11,179,674	111,796,740
Birla Sunlife Savings Fund	10	13,492,888	135,020,627
DSP Blackrock Fund - FMP	10	30,000,000	304,007,760
DSP Black Rock Money Manager Fund	1,000	6,161	6,175,155
Hdfc Fmp Mutual Fund	10	20,000,000	202,377,000
IDFC Money Manager Fund - Plan B	10	31,660	317,075
IDFC Savings Advantage Fund - Plan A	1,000	74,001	74,016,607
Kotak Floater Short Term Fund	10	14,953,229	151,268,291
Reliance Liquid Fund	10	3,213,613	32,152,515
Reliance Medium Term Fund	17	20,691,515	353,756,181
Reliance Money Manager Fund	1,001	483,776	484,439,984
Reliance Quaterly Interval Fund	10	46,373,741	464,350,442
Kotak Floater Long Term Fund	10	5,681,932	57,262,881
Reliance Liquid Fund - Cash Plan	10	3,391,538	37,786,826
Tata Fixed Income Portfolio Fund	10	1,773,765	17,737,654
UTI - Fixed Income Interval Fund	10	113,265	1,132,653

Schedules

Annexed to and Forming Part of the Balance Sheet (Contd.)

IMAGINE
CONCEIVE
REALIZE

	(₹)	As at 31st March 2011 (₹)	As at 31st March 2010 (₹)
SCHEDULE "F" **INVENTORIES**			
As taken, valued & certified by the management			
Stock in Trade		-	3,053,138
TOTAL		-	3,053,138

SCHEDULE "G"
SUNDRY DEBTORS

UNSECURED (considered good unless otherwise stated)			
Debts outstanding for a period exceeding six months			
Considered Good	**120,104,652**		198,480,146
Considered Doubtful	**17,085,471**		44,624,533
	137,190,123		243,104,679
Less: Provision for Doubtful Debts	**17,085,471**		44,624,533
		120,104,652	198,480,146
Other Debts		**754,931,699**	212,300,945
TOTAL		**875,036,351**	410,781,091

Debtors include ₹ 20,527,108 (Previous year: ₹ 13,874,445) from private limited companies in which a director is a director/member.

SCHEDULE "H"
CASH AND BANK BALANCES

Cash on hand		**245,866**	1,681,021
Balances with Scheduled Banks:			
In Current Accounts		**66,034,874**	8,949,679
In Fixed Deposit Accounts		**4,270,417**	185,920,417
[Deposit receipts of ₹ 4,254,417 (Previous year : 4,254,417) pledged as security]			
In Dividend Accounts		**7,215,718**	7,398,033
TOTAL		**77,766,875**	203,949,150

Schedules

Annexed to and Forming Part of the Balance Sheet (Contd.)

	(₹)	As at 31st March 2011 (₹)	As at 31st March 2010 (₹)
SCHEDULE "I" **LOANS AND ADVANCES**			
Unsecured (considered good unless otherwise stated)			
Loans to Subsidiaries		**1,861,136,111**	1,799,206,733
Advances recoverable in cash or in kind or for value to be received		**1,148,324,084**	523,539,694
Inter Corporate Deposits		**397,060,168**	692,883,351
Share Application Money pending allotment		**3,006,242,761**	2,805,060,121
Other Deposits		**514,489,918**	475,221,313
TOTAL		**6,927,253,042**	6,295,911,212

Advances include ₹ 2,161,204,797/- (Previous year: ₹ 572,632,254/-) from private limited companies in which a director is a director/member.

SCHEDULE "J"
CURRENT LIABILITIES

Sundry Creditors			
Micro and Small Enterprises		**-**	-
Others		**639,291,657**	260,742,486
Security Deposits from Occupants/Licencees		**658,639,058**	639,428,830
Unpaid Dividends		**7,215,720**	7,398,035
Other Liabilities		**204,961,438**	189,874,271
TOTAL		**1,510,107,873**	1,097,443,622

SCHEDULE "K"
PROVISIONS

Gratuity		**1,367,389**	6,173,464
Leave encashment		**4,924,636**	6,548,009
Taxation (Net of taxes paid)		**34,028,435**	19,190,059
Proposed Dividend		**260,721,801**	173,814,534
Tax on Proposed Dividend		**42,295,594**	29,539,781
TOTAL		**343,337,855**	235,265,847

Schedules

Annexed to and Forming Part of the Profit And Loss Account

	(₹)	2010-11 (₹)	2009-10 (₹)
SCHEDULE "L" SALES & SERVICES			
Sales		**11,046,215**	7,830,484
License Fees and Rental Income		**1,327,594,254**	826,909,342
Service Charges		**374,580,152**	309,876,787
Income from Events		**51,971,080**	13,100,644
TOTAL		**1,765,191,701**	1,157,717,257

SCHEDULE "M"
OTHER INCOME

Dividend Income			
Current (other than trade)	**55,144,506**		71,470,345
Long Term (other than trade)	**1,221,497**		736,201
		56,366,003	72,206,546
Profit on sale of Investments		**1,795,847**	24,289,890
Share of Profit / (Loss) from Partnership Firm in which Company is a partner		**(329,071)**	133,811
(Refer to Note B-6 of Schedule"R")			
Interest		**150,567,793**	122,042,293
(TDS ₹ 15,056,779; Previous year ₹ 14,918,249)			
Compensation on Relinquishment of Rights		**100,051,250**	-
Miscellaneous Receipts		**14,810,904**	21,567,778
TOTAL		**323,262,726**	240,240,318

SCHEDULE "N"
PURCHASE FOR RESALE AND VARIATION IN INVENTORY

Purchase for resale		**6,300,774**	5,660,927
Variation in Inventory			
Stocks at commencement	**3,053,138**		3,298,400
Stocks at close	**-**		3,053,138
Net (Increase)/Decrease		**3,053,138**	245,262
TOTAL		**9,353,912**	5,906,189

SCHEDULE "O"
EMPLOYEE COSTS

Salaries, Wages & Bonus		**51,567,461**	36,680,880
Gratuity and Leave encashment		**1,465,359**	(344,118)
Contribution to Provident Fund & Other Funds		**1,330,487**	1,341,096
Staff Welfare Expenses		**1,799,577**	1,781,654
TOTAL		**56,162,884**	39,459,512

Schedules

Annexed to and Forming Part of the Profit And Loss Account (Contd.)

	(₹)	2010-11 (₹)	2009-10 (₹)
SCHEDULE "P" **OPERATION AND OTHER EXPENSES**			
Electricity (Net)		**26,978,543**	24,468,090
Repairs and Maintenance:-			
Buildings	**27,023,711**		1,535,044
Machinery & Vehicles	**21,061,624**		16,997,116
Others	**11,113,305**		22,583,820
		59,198,640	41,115,980
Insurance		**7,639,487**	5,325,761
Rent		**18,489,796**	5,564,996
Rates & Taxes		**39,735,801**	32,237,728
Water Charges		**13,134,172**	14,495,678
Legal and Professional charges		**49,447,392**	61,748,026
Travelling Expenses		**5,028,722**	6,785,975
Auditors' Remuneration		**3,850,000**	5,011,000
Directors' Remuneration and sitting fees		**21,081,406**	10,125,898
Donation		**1,521,345**	3,653,326
Loss on Assets discarded/sold		**418,716**	396,679
Prior Period Expenses		**560,533**	814,368
Advertisement & Sales Promotion		**56,773,601**	42,857,741
Bad debts & Sundry balances written off	**68,352,232**		-
Provision for Doubtful Debts & Advances/(written back)	**(27,539,062)**	**40,813,170**	37,291,650
Bank charges		**2,161,562**	339,697
Security Charges		**31,955,228**	30,889,680
Other Miscellaneous Expenses		**67,487,660**	43,005,398
TOTAL		**446,275,774**	366,127,671

SCHEDULE "Q"
INTEREST AND FINANCE CHARGES

Interest on fixed loans		**82,786,757**	45,639,876
Interest on other loans		**2,729,424**	39,889,224
TOTAL		**85,516,181**	85,529,100

SCHEDULE “R”

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS FORMING PART OF THE BALANCE SHEET AS AT 31st MARCH, 2011 AND THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON THAT DATE

A. SIGNIFICANT ACCOUNTING POLICIES

a) Basis of preparation of financial statements:

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

b) Use of estimates:

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

c) Fixed Assets:

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

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

d) Depreciation:

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

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

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

e) Impairment of Assets:

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

f) Investments:

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

g) Inventories:

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

h) Borrowing Costs:

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. All other borrowing costs are recognised as an expense in the period in which they are incurred.

Schedules

Annexed to and Forming Part of the Balance Sheet and Profit & Loss Account (Contd.)

i) **Revenue recognition:**

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

j) **Employee Benefits: -**

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

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

k) **Foreign Currency transactions:**

i) Transactions denominated in foreign currencies are recorded at the exchange rate prevailing at the time of the transaction.

ii) Exchange differences arising as a result of the subsequent settlements of transactions are recognised as income or expense in the profit and loss account.

l) **Share issue expenses:**

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

m) **Taxes on Income:**

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

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

n) **Provisions, Contingent Liabilities and Contingent Assets:**

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

B. NOTES ON ACCOUNTS: -

1. CONTINGENT LIABILITIES NOT PROVIDED FOR IN RESPECT OF:-

i) Disputed excise duty liability amounting ₹ 1,646,266 (P. Y. ₹ 11,376,598)

ii) Corporate guarantee issued by the Company amounting to ₹ NIL (P. Y. ₹ 500,000,000) to secure financial assistance being availed by a subsidiary company.

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

iv) Estimated amount of contracts remaining to be executed on capital account and not provided for in the accounts is ₹ 24,081,092 (P. Y. ₹ 129,604,655) net of advance paid.

v) Demand notices received for damages / interest on account of arrears / late payments of E.S.I.C. (₹ 354,903) and Provident Fund dues (₹ 2,471,962) aggregating to ₹ 2,826,865 (P. Y. ₹ 3,148,254) are disputed by the Company. The Company has paid ₹ 1,000,000 and has also furnished a Bank Guarantee for ₹ 1,471,165 against P.F. demands to the P.F. authorities.

vi) The Income tax assessments of the Company have been completed up to Assessment Year 2008-09. The disputed tax demand outstanding upto the said Assessment Year is ₹ 8,227,088. The company as well as the Income Tax Department are in appeal before the Appellate Authorities against the assessments of earlier financial years. The impact thereof, if any, on the tax position can be ascertained only after the disposal of the above appeals. Accordingly, the accounting entries arising there from will be passed in the year of the disposal of the said appeals.

2. ADDITIONAL INFORMATION:

i) The Company has executed a non disposal undertaking to a lender bank stating that it shall not dispose / transfer / pledge / encumber any shares owned / held by it in its subsidiary company, Vamona Developers Private Limited, until the loan of ₹ 4,750,000,000, taken by Vamona Developers Private Limited is fully repaid to the Bank.

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

3. Based on the valuation reports of the Government approved valuers, the Company had revalued its assets consisting of land including leasehold land and land leased in perpetuity, Buildings and Plants and Machinery as on 31st March 1985. Depreciation on revalued land, building and plant and machinery has been calculated as per the rates specified by the valuers, which includes an additional charge amounting to ₹ 962,748 (P.Y. ₹ 952,660) in comparison to depreciation provided under the Companies Act, 1956, and an equivalent amount has been withdrawn from Revaluation Reserve and credited to Profit and Loss account.

4. The matter of the levy of service tax on renting of immovable property is subjudice. The case of Home Solution Retailers of India and others v/s. Union of India and others [Delhi], has again challenged the constitutional validity of Section 65(105) (zzzz) of the Finance Act, 1994 as amended by the Finance Act, 2010. Pending the outcome of the final decision, the Company has continued to levy the service tax on license fees, conducting fees, common area maintenance charges etc. billed to licensees, during the Financial Year 2010-11. However, citing the reason of the matter being subjudice, many licensees have not paid the service tax component billed to them and accordingly in such cases, the Company too, has not deposited the service tax with the Government, aggregating to ₹ 157,965,195 as at 31st March, 2011. The company does not expect the outcome of the matter to have any adverse effect on its financial position or results of operations.

The Balances of the sundry debtors are subject to confirmations from the respective parties and are pending reconciliations/adjustments arising on account of the service tax billed.

5. The balances in respect of sundry creditors, loans and advances, deposits pledged with excise authorities, either debit or credit as appearing in the books of accounts are subject to confirmations by the respective parties and adjustments/reconciliation arising therefrom, if any.

6. The Company is a partner in a partnership firm M/s. Phoenix Construction Company. The accounts of the partnership firm have been finalised upto the financial year 2009-2010. The details of the Capital Accounts of the Partners as per the latest Financial Statements of the firm are as under:-

Sr. No.	Name of the Partners	Profit Sharing ratio	Total Capital on 31/03/2010 (₹)	Total Capital on 31/03/2009 (₹)
1.	The Phoenix Mills Ltd.	50%	**17,112,243**	17,191,314
2.	Gold Seal Holding Pvt. Ltd.	50%	**14,130,041**	18,435,804

Schedules

Annexed to and Forming Part of the Balance Sheet and Profit & Loss Account (Contd.)

The Company has accounted for its share of loss amounting to ₹ 329,071, pertaining to the financial year 2009-2010 in the current year. The share of profit/loss for the current financial year will be accounted in the books of the Company on the finalisation of the accounts of the firm.

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

a) Defined Contribution Plan, recognised as expenses for the year are as under :

Employer's Contribution to Provident and Pension Fund ₹ 1,137,059 (P. Y. 1,341,096).

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

b) Defined Benefit Plan:

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

	2010-11		2009-10	
	Gratuity (Funded) (₹)	Leave Encashment (Unfunded) (₹)	Gratuity (Unfunded) (₹)	Leave Encashment (Unfunded) (₹)
a) Change in Present Value of Obligation				
Present value of the obligation at the beginning of the year	**6,173,464**	**6,548,009**	5,978,871	8,670,821
Current Service Cost	**988,139**	**583,128**	674,694	177,682
Interest Cost	**509,311**	**540,211**	478,310	693,666
Actuarial (Gain) / Loss on Obligation	**971,186**	**(2,526,590)**	186,849	(2,703,008)
Benefits Paid	**-**	**(220,122)**	(1,145,260)	(291,152)
Present value of the obligation at the end of the year	**8,642,100**	**4,924,636**	6,173,464	6,548,009
b) Amounts Recognised in the Balance Sheet:				
Present value of Obligation at the end of the year	**8,642,100**	**4,924,636**	6,173,464	6,548,009
Fair value of Plan Assets at the end of the year	**(7,274,711)**	**-**	-	-
Net Obligation at the end of the year	**1,367,389**	**4,924,636**	6,173,464	6,548,009

				2010-11
C) Reconciliation of opening and closing balances of Plan Assets:				**Gratuity (funded)**
Plan Assets at the beginning of the year				-
Expected Return on plan assets				202,121
Contribution				7,072,590
Benefits paid during the year				-
Actuarial (gain)/loss on Plan Assets				-
Fair Value of Plan Assets at the end of the year				7,274,711

Schedules

Annexed to and Forming Part of the Balance Sheet and Profit & Loss Account (Contd.)

	2010-11		2009-10	
	Gratuity (Funded) (₹)	Leave Encashment (Unfunded) (₹)	Gratuity (Unfunded) (₹)	Leave Encashment (Unfunded) (₹)
d) Amounts Recognised in the statement of Profit and Loss:				
Current Service Cost	**988,139**	**583,128**	674,694	177,682
Interest cost on Obligation	**509,311**	**540,211**	478,310	693,666
Expected return on Plan Assets	**(202,121)**	**NIL**	NIL	NIL
Net Actuarial (Gain) / Loss recognised in the year	**971,186**	**(2,526,590)**	186,849	(2,703,008)
Net Cost Included in Personnel Expenses	**2,266,515**	**(1,403,251)**	1,339,853	(1,831,660)
				2010-11
e) Actual return on plan assets for the year:				**Gratuity (funded)**
Expected return on Plan Assets				**202,121**
Actuarial (gain)/loss on Plan Assets				**-**
Actual return on plan assets				**202,121**
f) Actuarial Assumptions				
i) Discount Rate	**8.25% P.A**	**8.25% P.A.**	8.25% P.A.	8.25% P.A.
ii) Expected Rate of Return on Plan Assets	**-**	**-**	-	-
iii) Salary Escalation Rate	**10% P.A.**	**10% P.A.**	6% P.A.	6% P.A.
iv) Mortality	**L.I.C 1994-96 ULTIMATE**	**L.I.C 1994-96 ULTIMATE**	L.I.C 1994-96 ULTIMATE	L.I.C 1994-96 ULTIMATE

The company has funded its Gratuity obligation under Group Gratuity Policy managed by the Life Insurance Corporation (LIC) Of India. The disclosures stated above have been obtained from an independent actuary.

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

8. The Auditors' Remuneration includes:

Particulars	**2010-11 (₹)**	**2009-10 (₹)**
Audit fees	**3,100,000**	2,500,000
Tax Audit fees	**600,000**	500,000
Certification and other fees	**150,000**	2,011,000
Total	**3,850,000**	5,011,000

Schedules

Annexed to and Forming Part of the Balance Sheet and Profit & Loss Account (Contd.)

9. a) The following amounts have been paid / are payable as remuneration to the Directors (including managing Directors) for services rendered by them: -

i) Remuneration to Managing Directors/Executive Directors

Particulars	2010-11 (₹)	2009-10 (₹)
Salary	**16,800,000**	9,600,000
House Rent Allowance	**-**	-
Other Perquistes/Reimbursements	**2,666,406**	370,898
Total	**19,466,406**	9,970,898

ii) Commission to Non Executive Directors ₹ 1,250,000 (P.Y. ₹ Nil)

b.) Computation of Net Profit in accordance with Section 198 of the Companies Act, 1956 for the calculation of the Remuneration payable to the Directors:

Particulars	(₹)	2010-11 (₹)	2009-10 (₹)
Profit before tax as per Profit & Loss Account		**1,213,890,084**	740,461,026
Add : Managerial Remuneration	**19,466,406**		9,970,898
Commission to Non Executive Directors	**1,250,000**		-
Directors' fees	**365,000**		155,000
Prior period expenses	**560,533**		814,368
Loss on assets sold/discarded	**418,716**		396,679
Depreciation	**277,255,592**		160,474,077
		299,316,247	171, 811,022
		1,513,206,331	912,272,048
Less : Profit on sale of investments	**1,795,847**		24,289,890
Depreciation as per section 350	**278,218,340**		161,426,737
		280,014,187	185,716,627
Net profit in accordance with Section 198 of the Companies Act, 1956		**1,233,192,144**	726,555,421
11% of the Net profit as computed above:		**135,651,135**	79,921,096

10. There are no Micro and Small Enterprises, to whom the Company owes dues, which are outstanding for more than 45 days as at March 31, 2011. The above information, regarding Micro, Small and Medium enterprises has been determined to the extent such parties have been identified on the basis of the information available with the Company. This has been relied upon by the Auditors.

11. The disclosure in respect of Segment information as per Accounting Standard : AS 17 on "Segment Reporting" notified by the Companies (Accounting Standards) Rules, 2006 is as under:

(Amount in ₹)

Sr.No.	Particulars	Property & Related Services	Textile / Cloth Trading	Unallocated	Total
A	**REVENUE**				
1.	Income from Operations & Sales	1,754,145,486 (1,149,886,773)	11,046,215 (7,830,484)		1,765,191,701 (1,157,717,257)
2.	Other Income			323,262,726 (240,240,318)	323,262,726 (240,240,318)
	TOTAL				2,088,454,427 (1,397,957,575)
B	**RESULTS**				
1.	Profit Before Tax & Interest	974,628,211 (584,002,488)	1,515,328 (1,747,320)	323,262,726 (240,240,318)	1,299,406,265 (825,990,126)
2.	Less: Interest			85,516,181 (85,529,100)	85,516,181 (85,529,100)
3.	Profit Before Tax				1,213,890,084 (740,461,026)
4.	Less : Provision for Taxation				297,374,949 (141,542,167)
5.	NET PROFIT AFTER TAX				**916,515,135** **(598,918,859)**
C	**OTHER INFORMATION**				
1.	Segment Assets	6,782,302,970 (6,346,929,194)	3,198,222 (3,992,007)	11,460,412,224 (11,773,496,717)	18,245,913,416 (18,124,417,918)
2.	Deferred Tax Assets / Liabilities (Net)			12,642,875 (22,517,824)	12,642,875 (22,517,824)
3.	Total Assets				18,258,556,291 (18,146,935,742)
4.	Segment Liabilities	1,509,184,178 (1,101,470,630)	- (1,296,430)	744,233,485 (1,651,565,046)	2,253,417,663 (2,754,332,106)
5.	Capital Expenditure	130,253,051 (785,927,492)	- -		130,253,051 (785,927,492)
6.	Depreciation	277,255,592 (160,474,077)	- -		277,255,592 (160,474,077)
7.	Non Case Expenses other than Depreciation				
	Bad Debts & balances written off				68,352,232 (-)

Notes:

i) The Company has disclosed Business Segment as the primary Segment. In the opinion of the Management, the Company is organised into two main business segments namely, Property & Related Services and Textile / Cloth Trading. These segments have been identified in line with AS-17 on segment reporting.

ii) The activities of the Company being carried on totally within India, the information about Secondary Segment (Geographic Segments) is not required to be given.

iii) Segment Revenue, results and other information includes the respective amounts identifiable to each of the segments as also amounts allocated on a reasonable basis. The items/information which relate to the Company as a whole and cannot be directly identified with any particular business segment have been shown separately.

Schedules

Annexed to and Forming Part of the Balance Sheet and Profit & Loss Account (Contd.)

12. In view of the Accounting Standard : AS 18 on Related Parties Disclosures as notified by the Companies (Accounting Standards) Rules 2006 , the disclosure in respect of related party transactions for the year ended on 31st March 2011 is as under:

a) **RELATIONSHIPS**

Category I : Subsidiaries of the Company
Blackwood Developers Private Limited
Bellona Finvest Limited
Big Apple Real Estate Private Limited
Butala Farm Lands Pvt.Ltd. (w.e.f. 29.10.2010)
Gangetic Developers Private Limited
Enhance Holdings Private Limited
(formerly Kalani Holdings Private Limited)
Market City Management Private Limited
Marketcity Resources Private Limited
Palladium Constructions Private Limited
Pallazzio Hotels and Leisure Limited
Pinnacle Real Estate Development Private Limited
Plutocrat Assets and Capital Management Private Limited
Upal Developers Private Limited
Vamona Developers Private Limited

Category II : Associates of the Company
Bartraya Mall Development Company Private Limited
Starboard Hotels Private Limited
(formerly Classic Software Technology Park Developers Private Limited)
Classic Mall Development Company Private Limited
Classic Housing Projects Private Limited
Entertainment World Developers Limited
Escort Developers Private Limited
Galaxy Entertainment Corporation Limited
Galaxy Entertainment (India) Private Limited
Island Star Mall Developers Private Limited
Juniper Developers Private Limited
Offbeat Developers Private Limited
Picasso Developers Private Limited
Ramayana Realtors Private Limited

Category III : Other Related Parties where common control exists
B.R.International
R.R.Hosiery Private Limited
R.R. Hosiery
R.R. Textiles
Phoenix Construction Company
Phoenix Hospitality Company Private Limited
Phoenix Retail Private Limited

Category IV : Key Management Personnel

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

Category V : Relatives of Key Management Personnel
Gayatri A Ruia

b) The following transactions were carried out with the related parties in the ordinary course of business in the financial year under report :

(Amount in ₹)

Sr.No.	TRANSACTIONS	Category I	Category II	Category III	Category IV	Category V	Total
1.	Rent,Compensation & Other recoveries (Ser. Chrgs)	52,762,603 (55,593,163)	4,619,977 (101,308)	30,874,622 (44,446,888)	- -	646,443 (3,215,721)	88,903,645 (103,357,080)
2.	Interest Received	43,759,578 (3,001,351)	8,509,300 (2,166,685)	- -	- -	- -	52,268,878 (5,168,036)
3.	Administrative & other expenses	36,972,000 (42,044,635)	- -	13,313,239 (219,557)	- -	- -	50,285,239 (42,264,192)
4.	Remunaration / Salary	- -	- -	- -	19,466,406 (9,970,898)	- -	19,466,406 (9,970,898)
5.	Cloth / Garments Sold	- -	- -	- (148,677)	- -	- -	- (148,677)
6.	Profit / (Loss) from Partnership - Firm	- -	- -	(329,071) (133,811)	- -	- -	(329,071) (133,811)
7.	Capital withdrawn from firm	- -	- -	- (250,000)	- -	- -	- (250,000)
8.	Loan returned by parties	316,219,850 (461,838,307)	833,037,228 (380,529,741)	- -	- (2,000,000)	- -	1,149,257,078 (844,368,048)
9.	Loans Given	325,048,938 (155,361,782)	305,000,000 (450,000,000)	- -	- -	- -	630,048,938 (607,361,782)
10.	Advances Given	- (88,062,513)	568,287,013 -	- -	- -	- -	568,287,013 (88,062,513)
11.	Deposit Given	- -	5,000,000 -	292,75,000 -	- -	- -	34,275,000 -
12.	Deposit Received/ (returned)	- -	- -	- -	- -	- (300,000)	- (300,000)
13.	Investment in Shares / application money pending allotment	123,400,000 (485,312,905)	392,639,642 (159,975,000)	104,768,100 (122,747,000)	- -	- -	620,807,742 (768,034,905)
14.	Application money Refund Received	- -	- (509,395,853)	- -	- -	- -	- (509,395,853)
15.	Balance written off / (written back)	- (5,238)	4,551,270 -	3,453 -	- -	- -	4,554,723 (5,238)
16.	Purchase of Fixed assets	- -	- (1,424,208)	- -	- -	- -	- (1,424,208)
17.	Allocation of Common CWIP Cost	13,716,670 (12,683,372)	- -	- -	- -	- -	13,716,670 (12,683,372)
18.	Relinquishment of TDR Rights	- -	792,714,650 -	- -	- -	- -	792,714,650 -

c) The following balances were due from / to the related parties as on 31-03-2011

Schedules

Annexed to and Forming Part of the Balance Sheet and Profit & Loss Account (Contd.)

(Amount in ₹)

Sr.No.	TRANSACTIONS	Category I	Category II	Category III	Category IV	Category V	Total
1.	Investment in Equity Shares / pref shares	2,372,311,130 (2,122,476,880)	1,390,453,487 (1,082,942,737)	- -	- -	- -	3,762,764,617 (3,205,419,617)
2.	Investment in Capital of Partnership Firm	- -	- -	6,360,967 (20,342,984)	- -	- -	6,360,967 (20,342,984)
3.	Loans and Advances (Net)	1,935,480,954 (1,887,268,246)	598,287,013 (280,000,000)	- -	- -	- -	2,533,767,967 (2,167,268,246)
4.	Sundry Debtors	16,081,681 -	530,727,946 (500,679)	6,065,679 (64,261,271)	- -	- (429,117)	552,875,307 (65,191,068)
5.	Sundry Creditors	7,638 (7,638)	131,957 -	21,924,300 (22,056,257)	- -	- -	22,063,895 (22,063,895)
6.	Deposits received	- -	- -	- (25,445,515)	- -	300,000 (300,000)	300,000 (25,745,515)
7.	Deposits Given	15,000,000 (15,000,000)	5,000,000 -	479,275,000 (450,000,000)	- -	- -	499,275,000 (465,000,000)
8.	Application money pending allotment	1,395,329,672 (1,321,929,672)	151,242,975 (229,642,875)	1,194,918,100 (1,090,150,000)	- -	- -	27,414,90,747 (2,641,722,547)
9.	Corporate Guarantee given	- (500,000,000)	- -	- -	- -	- -	- (500,000,000)

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

i) Rent & other recoveries include received from Market City Resources Private Ltd. ₹ 50,646,792 (₹ 55,593,163), Phoenix Retails Private Ltd. ₹ 25,485,828 (P. Y. ₹ 6,827,502), and Galaxy Entertainment Corporation Ltd. ₹ 4,051,091 (P. Y. ₹ 32,411,674).

ii) Interest received include received from Upal Developers (P) Ltd. ₹ 40,874,646 (P. Y. ₹ 3,001,351), Entertainment World Developers Ltd. ₹ 587,100 (P. Y. ₹ 1,048,877), Classic Mall Development Company Private Ltd. ₹ Nil (P. Y. ₹ 1,117,808) and Island Star Mall Developers Private Ltd. ₹ 5,650,254 (P. Y. ₹ Nil).

iii) Administrative & other expenses include paid to Market City Resources Private Ltd. ₹ 36,972,000 (₹ 42,044,635) and B. R.International ₹ 13,234,561 (P. Y. ₹ 56,277).

iv) Cloth and Garments sold to R. R Hosiery (P) Ltd. ₹ Nil (P.Y. ₹ 148,677).

v) Capital Investment in Partnership firm includes investments in Phoenix Construction Company ₹ Nil (P. Y. ₹ 250,000).

vi) Loan returned by parties include repayment from Pallazzio Hotels & Leisure Ltd. ₹ 215,000,000 (₹ 402,338,307), Entertainment World Developers Ltd. ₹ 250,587,100 (P. Y. ₹ 200,000,000), Offbeat Developers Private Ltd. ₹ 482,450,128 (P.Y. ₹ Nil) and Classic Mall Development Company Private Ltd. ₹ Nil (P. Y. ₹ 180,529,741).

vii) Loan given includes loan given to Vamona Developers Private Ltd. ₹ 225,000,000 (P.Y. ₹ Nil), Offbeat Developers Private Ltd. ₹ 205,000,000 (P. Y. ₹ Nil), Island Star Mall Developers Private Ltd. ₹ 100,000,000 (P. Y. ₹ Nil), Entertainment World Developers Ltd. ₹ Nil (P.Y. ₹ 450,000,000) and Upal Developers Privated Ltd. ₹ 48,412,500 (P. Y. ₹ 150,000,000).

viii) Advances given towards capital Goods to Vamona Developers (P) Ltd ₹ Nil (P. Y. ₹ 88,061,513) and Offbeat Developers Private Ltd. ₹ 568,287,013 (P.Y. ₹ Nil).

ix) Deposit given to Island Star Mall Developers Private Ltd. ₹ 5,000,000 (P. Y. ₹ Nil), R. R.Hosiery ₹ 20,000,000 (P. Y. ₹ Nil) and R. R. Hosiery Private Ltd. ₹ 9,275,000 (P. Y. ₹ Nil)

x) Investment in Shares/Application Money pending allotment includes Island Star Mall Developers Private Ltd. ₹ 185,053,088 (P. Y. ₹ Nil), Phoenix Hospitality Co (P) Ltd. ₹ 104,768,100 (P. Y. ₹ 110,097,000), Classic Housing Projects Private Ltd. ₹ 160,033,340 (P. Y. ₹ Nil), Palladium Construction Private Ltd. ₹ Nil (P. Y. ₹ 352,812,905), Big Apple Real Estate Private Ltd. ₹ 73,400,000 (P. Y. ₹ 132,500,000) and Starboard Hotels Private Ltd. Nil (P. Y. ₹ 107,700,000).

xi) Application Money Refund received includes refund received from Entertainment World Developers Ltd. ₹ Nil (P. Y. ₹ 97,500,000) and Classic Mall Development Company (P) Ltd. ₹ Nil (P. Y. ₹ 361,270,853).

xii) Allocation of common capital work-in-progress cost includes Pallazzio Hotels & Leisure Ltd. ₹ 13,716,670 (P. Y. ₹ 12,683,372).

xiii) Sale of land development rights to Offbeat Developers Private Ltd. ₹ 792,714,650 (P.Y. ₹ Nil).

xiv) Purchase of Fixed Assets includes purchase from Island Star Mall Developers (P) Ltd. ₹ Nil (P. Y. ₹ 1,424,208).

xv) Remuneration paid to Ashok Ruia ₹ 6,129,006 (P. Y. ₹ 2,452,066), Atul Ruia ₹ 8,537,400 (P. Y. ₹ 2,718,832) and Kiran Gandhi ₹ 4,800,000 (P.Y. ₹ 4,800,000)

xvi) Profit / (Loss) from investment in Phoenix Construction Company ₹ (329,071) (P. Y. ₹ 133,811)

xvii) Deposit received from Gayatri A.Ruia ₹ Nil (P. Y. ₹ 300,000)

xviii) Sundry Balances written off Galaxy Entertainment Corporation Ltd. ₹ 4,210,422 (P.Y. ₹ Nil).

13. Expenditure in foreign currency

	2010-11 ₹	2009-10 ₹
Foreign Travelling	**1,206,879**	2,253,559
Consultancy Fees	**2,226,432,**	-
Payment towards Capital Goods (C.I.F. value)	**6,150,307**	4,900,401

14. Earnings in foreign exchange :

Dividend	**455,513**	75,617

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

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

Dividends for the year	2009-2010 ₹	2008-2009 ₹
Number of non- resident share holders	**182**	149
Number of Equity Shares held by them	**31,368,727**	31,651,810
Face Value of Equity Share	**₹ 2/-**	₹ 2/-
Gross Amount of Dividend	**37,642,472**	31,651,810

16. DEFERRED TAX

In accordance with the 'Accounting Standard -AS 22 Accounting for Taxes on Income" as notified by the Companies (Accounting Standards) Rules 2006, the company has created deferred tax liability of (₹)98,74,949 for the current year. The break-up of the net deferred tax asset as on 31st March, 2011 is as under:

Particulars	**Deferred tax Asset / (Liability) as at 01-04-10** ₹	**Current Year (Charge)/ Credit** ₹	**Deferred tax Asset / (Liability) as at 31-03-11** ₹
Deferred Tax Asset			
Disallowance u/s 43B and others	4,225,754	(2,184,307)	**2,041,447**
Provision for Doubtful debts and advances	14,823,155	(9,279,773)	**5,543,382**
Difference between Book and Tax depreciation	3,468,915	1,589,131	**5,058,046**
Deferred Tax Assets (Net)	**22,517,824**	**(9,874,949)**	**12,642,875**

17. EARNING PER SHARE (EPS)

Basic as well as Diluted EPS	2010-11 (₹)	2009-10 (₹)
Net Profit after Tax	**916,515,135**	598,918,859
Weighted Average No. of Equity Shares	**144,845,445**	144,845,445
Nominal Value of Equity Shares	**2**	2
Basic Earning Per Share	**6.33**	4.13

Schedules

Annexed to and Forming Part of the Balance Sheet and Profit & Loss Account (Contd.)

18. PROJECT DEVELOPMENT EXPENDITURE

(In respect of Projects upto 31st March 2011, included under Capital Work-in-Progress) Preoperative Income / Expenses transferred to capital work-in-progress

Particulars	2010-11 (₹)	2009-10 (₹)
Opening Balance	**20,600,899**	487,670,689
Expenditure		
Interest	-	102,967,942
Salary and Allowances	**852,677**	17,686,802
	21,453,576	608,325,433
Less : Project Development Expenses Capitalised during the year	**21,453,576**	587,724,534
Closing Balance	-	20,600,899

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

Particulars	2010-11 (₹)	Maximum Balance during the year (₹)
(a) Pallazzio Hotels & Lesiure Limited	**836,497,872**	1,001,708,180
(b) Bellona Finvest Limited	**509,973,383**	516,507,145
(c) Enhance Holdings Pvt Limited	**129,322,100**	129,323,100
(d) Butala Farm Lands Pvt Limited	**200,000**	200,000
(e) Vamona Developers Pvt Limited	**227,596,439**	227,596,439
(f) Upal Developers Pvt Ltd	**143,829,647**	215,952,095
(g) Offbeat Developers Pvt Ltd.	**452,450,128**	452,450,128

Notes :

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

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

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

20. Quantitative particulars of finished goods in respect of trading activity:

Class of goods	Unit	Purchases		Turnover	
		Quantity	Value ₹	Quantity	Value ₹
Cloth & Garments	Pcs.	67,735		99,334	
		(66,538)		(69,849)	
	Doz.	479	6,300,774	549	11,046,215
		(442)	(5,660,927)	(514)	(7,830,484)
	Mt	261		346	
		(249)		(265)	

Class of goods	Unit	Opening Stock		Closing Stock	
		Quantity	Value ₹	Quantity	Value ₹
Cloth & Garments	Pcs.	31,681		-	
		(35,084)		(31,681)	
	Doz.	72	3,053,138	-	-
		(144)	(3,298,400)	(72)	(3,053,138)
	Mt	85		-	
		(101)		(85)	

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

22. The previous year's figures have been regrouped and / or recast wherever necessary so as to conform to the current year's classification.

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

Chintan A. Ghelani
Partner
M. No. 104391

For Chaturvedi & Shah
Chartered Accountants
FRN : 101720W

Amit Chaturvedi
Partner
M. No. 103141

For and on behalf of the Board of Directors

Ashokkumar R. Ruia
(Chairman & Managing Director)

Shishir Shrivastava
(Group CEO & Jt. Managing Director)

Atul Ruia
(Jt. Managing Director)

Pradumna Kanodia
(Director Finance)

Minal Bhate - Dandekar
(Company Secretary)

Pune
Dated : 30th July, 2011

Statement

Pursuant to Section 212 of the Companies Act, 1956 relating to Subsidiary Companies

Sr. No.	"Name of the Subsidiary —> Particulars"	Blackwood Developers Private Limited *	Bellona Finvest Limited	Big Apple Real Estate Private Limited	Butala Farm Lands Private Limited	Gangetic Developers Private Limited *	Enhance Holdings Private Limited (formerly Kalani Holdings Private Limited)	Market City Management Private Limited	Marketcity Resources Private Limited	Palladium Contructins Private Limited	Pallazzio Hotels and Leisure Limited	Pinnacle Real Estate Development Private Limited	Plutocrate Capital and Asset Management Private Limited	Upal Developers Private Limited *	Vamona Developers Private Limited
(A)	Financial year of the Subsidiary Companies	31st March, 2011	31st March, 2011	31st March, 2011	31st March, 2011	31st March, 2011	31st March, 2011	31st March, 2011	31st March, 2011	31st March, 2011	31st March, 2011	31st March, 2011	31st March, 2011	31st March, 2011	31st March, 2011
(B)	Shares of the subsidiary held by the Company on the above dates														
	Number of Shares	17,231,655	4,000,020	15,741,181	1,250	5,267,030	10,000	60,000	10,000	12,760,000	1,200,000	6,667	10,000	12,250,000	14,638,175
	Face value : (₹)	10	10	10	100	10	10	10	10	10	100	10	10	10	10
	Extend of Holding	73.46%	100.00%	73.47%	100.00%	43.06%	100.00%	54.69%	100.00%	62.98%	100.00%	66.67%	100.00%	45.92%	58.55%
(C)	The net aggregate amount of Profit/ Loss of the Subsidiary Companies, so far as it concerns the members of the Phoenix Mills Limited.														
	(a) Not dealtwith the accounts of the Phoenix Mills Limited for the year ended 31st March, 2011 amounted to :-														
	(i) for the subsidiaries' financial year ended as in (A) above	NIL	(₹) 66.35 Lakhs	(₹) (41.42) Lakhs	(₹) (1.75) Lakhs	NIL	(₹) (0.30) Lakhs	(₹) 0.29 Lakhs	(₹) 0.96 Lakhs	NIL	(₹) (131.52) Lakhs	(₹) (0.50) Lakhs	(₹) (0.18) Lakhs	(₹) (192.43) Lakhs	(₹) (66.95) Lakhs
	(ii) for the previous financial year of the Subsidiaries since they became the Holding Company's Subsidiaries	NIL	(₹) 217.56 Lakhs	(₹) (84.35) Lakhs	NIL	NIL	(₹) (0.59) Lakhs	(₹) 10.10 Lakhs	(₹) 194.47 Lakhs	NIL	(₹) (8.36) Lakhs	(₹) (0.55) Lakhs	NIL	NIL	NIL
	(b) Dealtwith the accounts of the Phoenix Mills Limited for the year ended 31st March, 2010 amounted to:-														
	(i) for the subsidiaries' financial year ended as in (A) above	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
	(ii) for the previous financial year of the Subsidiaries since they became the Holding Company's Subsidiaries	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL

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

(₹) in Lakhs

Name of the Subsidiary Company	Reporting Currency	Exchange Rate	Capital	Reserves	Total Assets	Total Liabilities	Investment Other than Investment in Subsidiary	Turnover	Profit before Taxation	Provision for Taxation	Profit after Taxation	Proposed Dividend	Country
Blackwood Developers Private Limited *	INR	1	1,723.17	1,706.00	11,849.78	8,420.61	-	-	-	-	-	Nil	India
Bellona Finvest Limited	INR	1	400.00	284.62	6,185.46	5,500.84	5,525.10	127.36	64.17	0.94	63.23	Nil	India
Big Apple Real Estate Private Limited	INR	1	2,142.62	6,829.18	11,172.34	2,200.54	500.89	229.09	(19.88)	39.74	(59.62)	Nil	India
Butala Farm Lands Private Limited	INR	1	1.25	497.72	501.53	2.56	-	-	(1.75)	-	(1.75)	Nil	India
Gangetic Developers Private Limited *	INR	1	898.60	3,731.29	4,790.14	160.24	-	-	-	-	-	Nil	India
Enhance Holdings Private Limited (formerly Kalani Holdings Private Limited)	INR	1	1.00	(1.90)	1,292.54	1,293.44	1,291.46	-	(1.07)	(0.25)	(0.82)	Nil	India
Market City Management Pvt. Ltd	INR	1	10.00	18.83	29.13	0.30	-	0.95	0.41	0.08	0.33	Nil	India
Marketcity Resources Private Limited	INR	1	1.00	290.09	1,276.26	985.17	-	2,272.81	142.86	47.24	95.62	Nil	India
Palladium Contructins Private Limited	INR	1	2,026.00	17,611.33	31,269.51	11,632.18	7,637.15	-	-	-	-	Nil	India
Pallazzio Hotels and Leisure Limited	INR	1	1,200.00	20,035.53	66,026.25	44,790.72	-	-	-	-	-	Nil	India
Pinnacle Real Estate Development Private Limited	INR	1	1.00	(1.58)	519.49	520.06	518.29	-	(0.75)	-	(0.75)	Nil	India
Plutocrate Capital and Asset Management Private Limited'	INR	1	1.00	(0.18)	1.44	0.62	-	-	(0.18)	-	(0.18)	Nil	India
Upal Developers Private Limited *	INR	1	1,960.00	468.09	14,197.14	11,769.05	-	945.78	(427.71)	-	(427.71)	Nil	India
Vamona Developers Private Limited	INR	1	2,500.00	13,977.38	69,090.47	52,613.09	-	1,705.72	35.66	150.00	(114.34)	Nil	India

* Fellow Subsidiaries of Big Apple Real Estate Private Limited

For and on behalf of the Board of Directors

Ashokkumar R. Ruia
(Chairman & Managing Director)

Shishir Shrivastava
(Group CEO & Jt. Managing Director)

Atul Ruia
(Jt. Managing Director)

Pradumna Kanodia
(Director Finance)

Minal Bhate - Dandekar
(Company Secretary)

Pune
Dated : 30th July, 2011

Balance Sheet Abstract

and Company's General Business Profile

IMAGINE
CONCEIVE
REALIZE

Additional information as required under Part IV of the Schedule VI of the Companies Act, 1956.

1. Registration Details :

Registration No. L17100MH1905PLC000200 State 11

Balance Sheet Date 31MARCH2011

2. Capital raised during the year (Amount ₹ in thousand)

Public Issue	Rights Issue	Bonus Issue
NIL	NIL	NIL
Private Placements	Issued to Promoters	
NIL	NIL	

3. Position of mobilisation and deployment of funds (Amount (₹) in thousand)

Total Liabilities	Total Assets
18258556	18258556

Sources of Funds

Paid up Capital	Reserves & Surplus
289691	15715448
Secured Loans	Unsecured Loans
399972	NIL

Application of Funds

Net Fixed Assets	Investments
5189189	5176668
Net Current Assets / (Liabilities)	Deferred tax Assets
6026611	12643

4. Performance of Company (Amount (₹) in thousand)

Turnover (Gross Revenue)	Total Expenditure
2088454	874564
Profit Before Tax	Profit After Tax
1213890	916515
Earnings per Shares ₹	Dividend Rate
6.33	90%

5. Generic Names of three Principal Products / Service of the Company

Item Code NO.(ITC Code)	Product Description
Property Development	
Item Code NO.(ITC Code)	
520722	
Product Description	Cloth/Garments
Item Code NO.(ITC Code)	-
Product Description	-

For and on behalf of the Board of Directors

Ashokkumar R. Ruia
(Chairman & Managing Director)

Shishir Shrivastava
(Group CEO & Jt. Managing Director)

Atul Ruia
(Jt. Managing Director)

Pradumna Kanodia
(Director Finance)

Minal Bhate - Dandekar
(Company Secretary)

Pune
Dated : 30th July, 2011

Auditors' Report

To
THE BOARD OF DIRECTORS
THE PHOENIX MILLS LIMITED

1. We have audited the attached Consolidated Balance Sheet of THE PHOENIX MILLS LIMITED (the "Company") and its subsidiaries (collectively referred to as "the Group") as at 31st March, 2011, the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management and have been prepared by the Management on basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with the 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.

3. Financial Statements of nine subsidiaries, which reflect total assets of ₹ 11,017,345,780/- as at 31st March, 2011, total revenue of ₹ 410,686,865/- and net cash outflow amounting to ₹ 180,217,138/- for the year then ended, have been audited by one of us and financial statements of six associates in which the share of loss of the Group is ₹ 268,931/- have been audited by one of us.

4. We did not audit the financial statements of five subsidiaries, whose financial statements reflect total assets of ₹ 10,805,829,236/- as at 31st March, 2011, total revenues of ₹ 117,486,902/- and net cash flows amounting to ₹ 655,435,459/- for the year then ended and financial statements of one associate in which the share of loss of the Group is ₹ 17,668,591/-. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion is based solely on the report of the other auditor

5. We have relied on the unaudited financial statements of five associates, wherein the Group's share of loss is ₹ 20,167/-. These unaudited financial statements, as approved by the respective Board of Directors of these companies, have been furnished to us by the Management and our report in so far as it relates to the amounts included in the respect of the subsidiaries and associates is based solely on such approved unaudited financial statements.

6. The Financial Statements of three subsidiary companies, which have been audited by other Auditors, have been qualified on the matters stated in Note No. B-7 of Schedule "S".

7. We report that the consolidated financial statements have been prepared by the Company's management in accordance with the requirements of Accounting Standard (AS) 21, Consolidated Financial Statements and (AS) 23, Accounting for Investments in Associates in Consolidated Financial Statements, as notified by the Companies (Accounting Standards) Rules, 2006.

8. Based on our audit as aforesaid, and on consideration of the reports of the other auditors on separate financial statements and on the other financial information of the components and to the best of our information and according to the explanations given to us, we are of the opinion that the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India: -

   i) In the case of the Consolidated Balance Sheet, of the consolidated state of affairs of the Group as at 31st March, 2011;

   ii) In the case of the Consolidated Profit and Loss account, of the Consolidated Profit of the Group for the year ended on that date; and

   iii) In the case of the Consolidated Cash Flow Statement, of the Consolidated Cash Flows of the Group for the year ended on that date.

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

Chintan A. Ghelani
Partner
Membership No.: 104391

For **Chaturvedi & Shah**
Chartered Accountants
FRN : 101720W

Amit Chaturvedi
Partner
Membership No.: 103141

Date: 30th July, 2011
Place: Pune

Consolidated Balance Sheet
As at 31st March 2011

	Schedule	(₹)	As at 31st March 2011 (₹)	As at 31st March 2011 (₹)
SOURCES OF FUNDS				
SHAREHOLDERS' FUNDS				
Share Capital	A	289,690,890		289,690,890
Reserves & Surplus	B	16,410,349,308		15,758,752,027
			16,700,040,198	16,048,442,917
MINORITY INTEREST			1,965,215,088	2,190,400,431
LOAN FUNDS				
Secured Loans	C	9,103,147,942		6,397,885,081
Unsecured Loans	D	522,868,536		209,960,435
			9,626,016,478	6,607,845,516
Total			28,291,271,764	24,846,688,864
APPLICATION OF FUNDS				
FIXED ASSETS	E			
Gross Block		8,879,789,273		7,954,572,117
Less: Depreciation		947,613,061		633,374,198
Net Block		7,932,176,212		7,321,197,919
Capital Work-in-Progress		11,245,440,433		9,136,983,300
			19,177,616,645	16,458,181,219
INVESTMENTS	F		4,786,590,646	5,600,757,909
DEFERRED TAX ASSETS			8,886,801	24,062,270
CURRENT ASSETS, LOANS AND ADVANCES				
Inventories	G	1,181,596,491		3,053,138
Sundry Debtors	H	961,382,270		431,154,633
Cash & Bank Balances	I	1,020,949,182		670,602,854
Loans & Advances	J	4,238,333,387		3,627,688,276
		7,402,261,330		4,732,498,901
Less : CURRENT LIABILITIES & PROVISIONS				
Current Liabilities	K	2,724,783,239		1,724,370,765
Provisions	L	359,300,419		244,440,670
		3,084,083,658		1,968,811,435
NET CURRENT ASSETS			4,318,177,672	2,763,687,466
Total			28,291,271,764	24,846,688,864
Significant Accounting Policies and Notes on Accounts	S			

Schedules referred to herein form an integral part of the Balance Sheet
As per our report of even date

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

For Chaturvedi & Shah
Chartered Accountants
FRN : 101720W

For and on behalf of the Board of Directors

Chintan A. Ghelani
Partner
M. No. 104391

Amit Chaturvedi
Partner
M. No. 103141

Ashokkumar R. Ruia
(Chairman & Managing Director)

Shishir Shrivastava
(Group CEO & Jt. Managing Director)

Atul Ruia
(Jt. Managing Director)

Pradumna Kanodia
(Director Finance)

Pune
Dated : 30th July, 2011

Minal Bhate - Dandekar
(Company Secretary)

Consolidated Profit and Loss Account

For the year ended 31st March 2011

	Schedule	(₹)	2010-11 (₹)	2009-10 (₹)
INCOME				
Sales and Services	M		**2,101,666,154**	1,230,248,500
Other Income	N		**286,893,280**	242,826,340
Total			**2,388,559,434**	1,473,074,840
EXPENDITURE				
Cost of Materials/Construction & Variation In Inventory	O		**50,670,818**	11,542,159
Employee Costs	P		**140,859,700**	66,925,932
Operating and other Expenses	Q		**504,550,668**	376,790,734
Interest and Finance Charges	R		**227,623,478**	86,040,939
Depreciation		**315,069,714**		173,270,549
Less: Transfer from Revaluation Reserve		**(962,748)**	**314,106,966**	(952,660)
(Refer to Note No.4 of Schedule "S")				
Total			**1,237,811,630**	713,617,653
PROFIT BEFORE TAX			**1,150,747,804**	759,457,187
Less : Provision for Taxation				
Current Income Tax		**305,662,298**		160,127,162
Deferred Tax		**15,175,469**	**320,837,767**	(13,047,497)
PROFIT AFTER TAX			**829,910,037**	612,377,522
Add : Share of Profit/(Loss) in Associates			**(16,904,804)**	5,930,528
Less : Share of Minority (Loss)/Profit			**(28,907,750)**	(1,443,207)
PROFIT AFTER TAX AND MINORITY INTEREST			**841,912,983**	619,751,257
Balance brought forward from previous year			**551,523,585**	335,126,643
PROFIT AVAILABLE FOR APPROPRIATION			**1,393,436,568**	954,877,900
APPROPRIATIONS				
Transferred to General Reserve			**200,000,000**	200,000,000
Proposed Dividend			**260,721,801**	173,814,534
Tax on Proposed Dividend			**42,295,594**	29,539,781
BALANCE CARRIED TO BALANCE SHEET			**890,419,173**	551,523,585
Basic and Diluted EPS (Face Value ₹2)			**5.81**	4.28
Significant Accounting Policies and Notes on Accounts	S			

Schedules referred to herein form an integral part of the Profit and Loss Account
As per our report of even date

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

Chintan A. Ghelani
Partner
M. No. 104391

For Chaturvedi & Shah
Chartered Accountants
FRN : 101720W

Amit Chaturvedi
Partner
M. No. 103141

For and on behalf of the Board of Directors

Ashokkumar R. Ruia
(Chairman & Managing Director)

Shishir Shrivastava
(Group CEO & Jt. Managing Director)

Atul Ruia
(Jt. Managing Director)

Pradumna Kanodia
(Director Finance)

Pune
Dated : 30th July, 2011

Minal Bhate - Dandekar
(Company Secretary)

Consolidated Cash Flow Statement

For the year ended on 31st March 2011

IMAGINE
CONCEIVE
REALIZE

	(₹)	31st March 2011 (₹)	31st March 2010 (₹)
A CASH FLOWS FROM OPERATING ACTIVITIES			
Net Profit before tax as per the Profit and Loss Account		**1,150,747,804**	759,457,187
Adjustments for :			
Depreciation	**314,106,966**		172,317,889
(Profit)/Loss on Assets sold/discarded	**477,929**		486,919
Interest Expenses	**227,623,478**		86,040,939
Miscellaneous Expenditure written off	-		342,024
Balances in Debtors/Advances written off	**68,352,232**		-
Provision for Doubtful Debts and Advances/ (written back)	**(27,539,062)**		37,291,650
Interest Income	**(107,056,854)**		(119,070,716)
Dividend Income	**(62,974,160)**		(77,516,294)
Profit on sale of Investments	**(1,795,847)**		(24,289,890)
		411,194,681	75,602,521
Operating Cash flow before working capital changes		**1,561,942,485**	835,059,708
Adjustment for Working Capital changes :			
Inventories	**(697,900,047)**		245,262
Trade and other receivables	**(660,903,570)**		149,488,214
Trade and other Payables	**1,033,578,216**		393,906,056
		(325,225,401)	543,639,532
Cash generated from Operations		**1,236,717,084**	1,378,699,240
Direct Taxes (Paid)/ Refund		**(300,190,490)**	(200,174,032)
Net Cash from Operating Activities A		**936,526,594**	1,178,525,208
B CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of Fixed Assets & Expenses incurred on CWIP	**(2,907,203,194)**		(2,695,545,921)
Sale of Fixed Assets	**280,000**		1,586,666
Inter Corporate Deposits & Loans (placed)/ refunded (Net)	**(320,492,996)**		(120,274,613)
Purchase of Investments	**(1,967,482,763)**		(1,337,894,248)
Sale of Investments	**2,690,349,296**		479,984,636
Share Application Money	**(127,782,640)**		321,361,794
Interest Received	**96,429,598**		121,236,948
Dividend Received	**114,247,642**		77,516,294
Net Cash used in Investing Activities B		**(2,421,655,056)**	(3,152,028,444)

Cash Flow Statement
For the year ended on 31st March 2011 (Contd.)

	(₹)	31st March 2011 (₹)	31st March 2010 (₹)
C CASH FLOWS FROM FINANCING ACTIVITIES			
Long term loans availed	**4,914,086,568**		1,436,281,297
Short term loans availed / (repaid)(Net)	**425,321,774**		(175,050,000)
Repayment of long term borrowings	**(2,445,033,547)**		(148,043,290)
Interest paid	**(934,174,870)**		(598,685,319)
Proceeds from issue of Share Capital to Minorities (net of issue expenses)	-		33,423,784
Proceeds from issue of Debentures	**78,704,821**		353,813,530
Dividend paid (including tax on dividend)	**(203,536,630)**		(167,474,182)
Net Cash generated from Financing Activities C		**1,835,368,115**	734,265,820
D Net Increase/(Decrease) in Cash and Cash Equivalents		**350,239,654**	(1,239,237,416)
Cash and Cash equivalents at the beginning of the year		**670,602,854**	1,909,840,270
Add: on Amalgamation/Acquisition of New Subsidiaries		**106,675**	-
Cash and Cash equivalents at the end of the year		**1,020,949,182**	670,602,854

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

As per our report of even date

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

For Chaturvedi & Shah
Chartered Accountants
FRN : 101720W

For and on behalf of the Board of Directors

Chintan A. Ghelani
Partner
M. No. 104391

Amit Chaturvedi
Partner
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Ashokkumar R. Ruia
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(Group CEO & Jt. Managing Director)

Atul Ruia
(Jt. Managing Director)

Pradumna Kanodia
(Director Finance)

Pune
Dated : 30th July, 2011

Minal Bhate - Dandekar
(Company Secretary)

Schedules
Annexed to and Forming Part of the Consolidated Accounts

	(₹)	As at 31st March 2011 (₹)	As at 31st March 2010 (₹)
SCHEDULE "A"			
SHARE CAPITAL			
AUTHORISED :			
"150,000,000 (P. Y. 150,000,000) Equity Shares of ₹ 2 each"		**300,000,000**	300,000,000
ISSUED, SUBSCRIBED AND PAID UP:			
"144,845,445 (P Y. 144,845,445) Equity Shares of ₹ 2 each fully paid up"		**289,690,890**	289,690,890
TOTAL		**289,690,890**	289,690,890

Of the above:

54,600,000 (P. Y. 54,600,000) Equity shares of ₹2 each have been allotted as fully paid up Bonus Shares by capitalisation of Reserves.

40,000,000 (P. Y. 40,000,000) Equity Shares of ₹2 each were allotted to the share holders of Ashok Ruia Enterprise Pvt. Ltd. as per the scheme of amalgamation without payments being received in cash.

9,166,665 (P. Y. 9,166,665) Equity Shares of ₹2 each were allotted to the share holders of Ruia Real Estate Development Company Pvt. Ltd. as per the scheme of amalgamation without payments being received in cash.

3,390,000 (P. Y. 3,390,000) Equity Shares have been reserved for allotment under The Phoenix Mills Employees' Stock Option Plan 2007.

650,000 (P. Y. 650,000) Options have been granted under 'The Phoenix Mills Employees' Stock Option Plan 2007 of which 250,000 (P.Y. 250,000) Options have lapsed and are available for regrant.

SCHEDULE "B"
RESERVES & SURPLUS

	(₹)	As at 31st March 2011 (₹)	As at 31st March 2010 (₹)
Capital Reserve			
As per last Balance Sheet		**18,413,824**	18,413,824
General Reserve			
As per last Balance Sheet	**1,291,764,734**		1,091,764,734
Add: Transfer from Profit & Loss Account	**200,000,000**		200,000,000
		1,491,764,734	1,291,764,734
Securities Premium Account			
As per last Balance Sheet	**10,659,263,354**		10,659,263,354
Debenture Premium Account			
As per last Balance Sheet	**1,943,150,936**		1,632,425,506
Received during the year	**74,384,321**		310,725,430
		2,017,535,257	1,943,150,936
Revaluation Reserve			
As per last Balance Sheet	**107,825,751**		108,778,411
Less: Additional Depreciation on Revaluation of Assets	**962,748**		952,660
transferred to Profit & Loss Account			
(Refer to Note No.4 of Schedule "S")		**106,863,003**	107,825,751
Capital Reserve (on Consolidation)		**1,226,089,963**	1,186,809,843
Profit & Loss Account		**890,419,173**	551,523,585
(Balance as per account annexed)			
TOTAL		**16,410,349,308**	15,758,752,027

Schedules

Annexed to and Forming Part of the Consolidated Accounts (Contd.)

	(₹)	As at 31st March 2011 (₹)	As at 31st March 2010 (₹)
SCHEDULE "C" **SECURED LOANS**			
Loan From Financial Institutions		**899,671,785**	1,250,000,000
Loan From Banks			
Term Loans	**7,801,273,900**		4,867,701,096
Working Capital Loans	**399,971,935**		277,246,700
(Note : Loans from financial institutions and from banks are secured by Equitable Mortgage of deposit of Title deeds in respect of certain immovable properties and by hypothecation of rentals receivable from licencees, book debts, receivables, goods, movable properties, including movable machinery, machinery spares, tools and accessories both present and future of the respective entities.)		**8,201,245,835**	5,144,947,796
VEHICLE LOANS		**2,230,322**	2,937,285
(Secured by hypothecation of the respective vehicles)			
TOTAL		**9,103,147,942**	6,397,885,081

SCHEDULE "D" **UNSECURED LOANS**			
From Banks		**300,000,101**	-
Inter Corporate Loans		**41,624,735**	33,037,235
Debentures			
635,294 (P.Y. 635,294) Zero Coupon Compulsory Convertible Debentures Series "A" of ₹ 100 each		**63,529,400**	63,529,400
769,440 (P.Y. 726,235) Zero Coupon Compulsory Convertible Debentures Series "B" of ₹ 100 each		**76,944,000**	72,623,500
407,703 (P.Y. Nil) Zero Coupon Compulsory Convertible Debentures Series "D" of ₹ 100 each		**40,770,300**	40,770,300
TOTAL		**522,868,536**	209,960,435

SCHEDULE "E"
FIXED ASSETS

(Amount in ₹)

	GROSS BLOCK [AT COST]				DEPRECIATION				NET BLOCK	
Description	As at 1.04.2010	Additions during the year	Deductions/ during the year	As at 31.03.2011	Upto 1.04.2010	For the year	Deductions during the year	As at 31.03.2011	As at 31.03.2011	As at 31.03.2010
Freehold Land	2,755,988,272 *	-	480,548,342	**2,275,439,930**	-	-	-	**-**	**2,275,439,930**	2,755,988,272
Right on Leasehold Land	69,761,432 *	-	-	**69,761,432**	4,701,889	42,359	-	**4,744,248**	**65,017,184**	65,059,543
Buildings	4,408,649,986*	928,211,727	-	**5,336,861,713**	468,138,174	212,673,813	-	**680,811,987**	**4,656,049,726**	3,940,511,811
Plant & Machinery	248,072,985 *	409,245,523	-	**657,318,508**	45,781,347	38,579,578	-	**84,360,925**	**572,957,583**	202,291,638
Vehicles	39,670,627	2,609,823	2,749,026	**39,531,424**	20,559,061	4,605,377	1,794,445	**23,369,993**	**16,161,431**	19,111,566
Office Furniture & Equipment	432,428,815	68,447,451	-	**500,876,266**	94,193,727	60,132,181	-	**154,325,908**	**346,550,358**	338,235,087
Total	**7,954,572,117**	**1,408,514,524**	**483,297,368**	**8,879,789,273**	**633,374,198**	**316,033,308**	**1,794,445**	**947,613,061**	**7,932,176,212**	**7,321,197,917**
Previous Year	4,881,114,654	3,079,496,691	6,039,229	**7,954,572,117**	462,488,789	174,812,972	3,927,544	**633,374,198**	**7,321,197,919**	
Capital Work in Progress									**11,245,440,433**	9,136,983,300

Notes :

1. * Amount added on Revaluation (as at 31.03.1985) ₹18,48,43,610 (Net of Depreciation). Refer to Note No. B-4 of Schedule "S".
2. Depreciation on Right on Lease Hold Land represents write off on the basis of the period of the lease.
3. Lease Hold Land
   a) Includes land leased for period of 999 years as from 1951 renewal at the option for further like period.
   b) Includes ₹2,66,38,617 (as revalued) leased in perpetuity against which there is no writeoff required.
4. Capital Work in Progress includes pre-operative expenses of ₹ 149,28,81,897/- (P. Y. ₹ 1,22,91,16,906/-). Refer to Note No. 12 of Schedule "S".
5. Depreciation of ₹ 16,59,730 (P.Y. 1,542,423) capitalised during the year.
6. Depreciation of ₹ 6,96,136 (P.Y. Nil) transferred to Profit & Loss Account from pre-operative expenses.
7. Deduction in Freehold Land represents cost of land transferred to Work-In-Progress, on account of certain properties under construction development, for sale.

Schedules

Annexed to and Forming
Part of the Consolidated Accounts (Contd.)

	(₹)	As at 31st March 2011 (₹)	As at 31st March 2010 (₹)
SCHEDULE "F" **INVESTMENTS**			
A. LONG TERM - TRADE			
1. INVESTMENT IN GOVERNMENT SECURITIES : (Unquoted)			
3% Conversion Loan deposited with the Collector of Central Excise (Face Value ₹ 21,500)	**13,734**		13,734
12 years National Savings Certificates (Deposited with State Government and Excise Authorities as security)	**12,050**		12,050
6 years- National Savings Certificates VIII Issue (Deposited for Ration Shop License)	**5,000**		5,000
7 years - National Savings Certificates (Deposited with State Government and other authorities as security)	**5,160**		5,160
		35,944	35,944
2. INVESTMENT IN COMPANIES : (Unquoted) (unless otherwise stated)			
i) ASSOCIATES			
(Equity Shares of face value of ₹ 10/- each fully paid-up unless otherwise stated)			
5,000 (P.Y. 5,000) - Bartraya Mall Development Co. Pvt. Ltd.	**6,652**		50,000
2,246,588 (P.Y. 2,246,588) - Classic Mall Development Pvt. Ltd.	**447,062,313**		441,804,329
Nil (P.Y. 10,010) - Starboard Hotels Pvt. Ltd.	**-**		128,892
3,334 (P.Y. Nil) - Classic Housing Projects Pvt. Ltd.	**33,340**		-
25,356,940 (P. Y. 6,339,235) - Entertainment World Developers Ltd.	**586,054,097**		585,214,888
25,000 (P.Y. 25,000) - Escort Developers Pvt. Ltd.	**15,946,547**		15,949,432
10,558 (P.Y. 9,780) - Island Star Mall Developers Pvt. Ltd.	**29,191,710**		133,606
4,500 (P.Y. 4,500) - Juniper Developers Pvt. Ltd.	**20,623**		33,097
7,265,080 (P.Y. 7,265,080) - Offbeat Developers Pvt. Ltd.	**466,856,213**		393,334,468
166,670 (P. Y. 166,670) - Picasso Developers Pvt. Ltd.	**20,000,400**		20,000,400
333,333 (P.Y. 333,333) - Ramayana Realtors Pvt. Ltd.	**44,186,012**		44,186,012
2,500,000 (P. Y. 2,500,000) - Galaxy Entertainment (India) Pvt. Limited.	**24,983,285**		25,000,000
3,686,484 (P. Y. 3,686,484) - Galaxy Entertainment Corporation Limited. (Quoted Shares)	**56,640,811**		74,309,402
	1,690,982,003		1,600,144,526
11,187,531 (P.Y. 7,842,720) Compulsory Convertible Preference Shares of Island Star Mall Developers Pvt. Ltd.	**334,699,723**		107,146,457

Schedules

Annexed to and Forming
Part of the Consolidated Accounts (Contd.)

	(₹)	As at 31st March 2011 (₹)	As at 31st March 2010 (₹)
1,000,000 (P. Y. 1,000,000) - 7% Optionally Convertible Preference Shares of ₹ 10 each fully paid up of Galaxy Entertainment India Pvt. Ltd.	**10,000,000**		10,000,000
800,000 (P.Y. Nil) Optionally Convertible Debentures of ₹ 100 each fully paid-up of Classic Housing Projects Pvt. Ltd.	**80,000,000**		-
250,000 (P. Y. 250,000) - 7% Optionally Convertible Preference Shares of ₹ 10 each ₹ 0.50 paid up of Galaxy Entertainment India Pvt. Ltd.	**125,000**		125,000
	424,824,723		117,271,457
ii) OTHERS			
(Compulsorily Fully Convertible Debentures of ₹ 10 each fully paid-up)			
100,000,000 (P.Y. 100,000,000) - Treasure World Developers (India) Pvt. Ltd.	**1,000,000,000**		1,000,000,000
10 (P.Y. 10) - Treasure World Developers (India) Pvt. Ltd.	**8,500**		8,500
	1,000,008,500		1,000,008,500
		3,115,815,226	2,717,424,483
3. INVESTMENT IN THE CAPITAL OF PARTNERSHIP FIRM			
Phoenix Construction Company		**20,013,913**	20,342,984
4. OTHER INVESTMENTS			
10 (P. Y. 10) ordinary shares of ₹ 50 each -fully paid of Sukhsagar Premises Co-op. Society Ltd.	**500**		500
5 (P. Y. 5) ordinary shares of ₹ 50 each -fully paid of Vivina Co-op. Housing Society Ltd.	**250**		250
80 (P. Y. 80) ordinary shares of ₹ 25 each -fully paid of Rashtriya Mazdoor Madhyavarti Sahakari Grahak Sangh (Maryadit)	**2,000**		2,000
		2,750	2,750
B. LONG TERM - OTHERS			
INVESTMENT IN OTHER COMPANIES :			
i) QUOTED: (Equity Shares of face value of ₹ 10/- each fully paid-up unless otherwise stated)			
7,265 (P. Y. 7,265) - I.C.I.C.I. Bank Limited **	**260,250**		260,250
20 (P. Y. 20) - Clariant Chemicals (India) Ltd.	**200**		200
1,949,091 (P. Y. 1,949,091) - Graphite India Limited face value of ₹ 2 each	**417,427,734**		417,427,734
584,727 (P. Y. 584,727) - GKW Limited	**56,330,654**		56,330,654
2,386 (P. Y. 2,386) - Zeneca Group Plc (U.K.) Ordinary shares of 25 Pence each fully paid up	**159,596**		159,596
		474,178,434	474,178,434
ii) UNQUOTED:			
2,974 (P. Y. 2,974) - Imperial Chemical Industries Plc. Ordinary shares of 1 Pound each fully paid up	**155,002**		155,002
		155,002	155,002

	(₹)	As at 31st March 2011 (₹)	As at 31st March 2010 (₹)
C. CURRENT INVESTMENTS - OTHERS			
INVESTMENTS IN MUTUAL FUNDS			
(Units of face value of ₹ 10 each)			
272,306 (P.Y. Nil) - Birla Sunlife Cash Manager Fund	**2,723,875**		-
201,861 (P.Y. Nil) - Birla Sunlife Cash Plus Fund	**2,022,547**		-
9,285,200 (P.Y. Nil) - Birla Sunlife FMP Series - 7	**92,852,000**		-
101,336 (P.Y. Nil) - Birla Sunlife Ultra Short Term Fund	**1,013,917**		-
4,900,000 (P.Y. Nil) - BNP Paribas Fixed Term Fund Ser 19E	**49,000,000**		-
2,229,967 (P.Y. Nil) - BSL Floating Rate Fund - Long Term -IWD	**22,310,251**		-
4,000,000 (P.Y. Nil) - BSL Short Term FMP Series 11-Div	**40,000,000**		-
16,568,362 (P.Y. Nil) - BSL Short Term FMP - Series 6 Div	**165,683,620**		-
18,004,680 (P.Y. Nil) - DSP Black Rock 3M - Series 23	**180,046,800**		-
6,037,049 (P.Y. Nil) - Fidelity FMP Series 5 - Plan D - Dividend	**60,370,497**		-
14,769,152 (P.Y. Nil) - Kotak Quarterly Interval Plan - Series 10	**147,691,528**		-
2,000,000 (P.Y. Nil) - SBI Debt Fund Series 90 Days - 39 Dividend	**20,000,000**		-
1,000,000 (P.Y. Nil) - SBI Debt Fund Series 90 Days - 40 Dividend	**10,000,000**		-
2,007,738 (P.Y. Nil) - SBI SHF Ultra Short Term Fund Instituitional Plan	**20,089,427**		-
7,848,190 (P.Y. Nil) - Birla Sunlife Short Term FMP Series - 5	**78,481,907**		-
3,000,000 (P.Y. Nil) - Birla Sunlife Short Term FMP Series - 8	**30,000,000**		-
2,276,978 (P.Y. Nil) - ICICI Prudential MF Qtrly Interval Plan III	**22,769,775**		-
5,000,000 (P.Y. Nil) - Tata Fixed Maturity Plan - Short Term	**50,000,000**		-
18,019,978 (P.Y. Nil) - Kotak Credit Opp.Fund - Growth	**181,333,233**		-
Nil (P.Y. 2,365,622) - Fortis Money Plus Inst.Fund	**-**		23,663,549
Nil (P. Y. 58,695,286) - Reliance Medium Term Fund	**-**		1,003,425,263
Nil (P. Y. 6,117,780) - Birla Sunlife - Short Term	**-**		61,203,254
Nil (P. Y. 50,431,667) - Kotak Floater Long Term Fund	**-**		508,341,129
Nil (P. Y. 9,220,250) - Birla Sunlife Floating Rate Fund - Long Term Plan	**-**		92,415,626
Nil (P. Y. 2,018,816) - Religare Ultra Short Term Fund	**-**		20,219,859
Nil (P. Y. 5,091,777) - Birla Sunlife Monthly Dividend Plan	**-**		57,936,849
Nil (P. Y. 32,738,127) - Fortis Short Term Income Fund	**-**		327,482,342
Nil (P. Y. 20,055,522) - ICICI Prudential Banking & PSU Debt Fund	**-**		200,832,631
Nil (P. Y. 5,293,621) - IDFC Money Manager Fund - Plan B	**-**		53,015,610
Nil (P.Y. 2,000,000) - UTI - Fixed Income Interval Fund	**-**		20,000,000
Nil (P.Y. 2,008,216) - Kotak Quaterly Interval Plan	**-**		20,082,200
		1,176,389,377	2,388,618,312
TOTAL		**4,786,590,646**	5,600,757,909

Schedules

Annexed to and Forming Part of the Consolidated Accounts (Contd.)

	(₹)	As at 31st March 2011 (₹)	As at 31st March 2010 (₹)
Notes :			
1. Aggregate value of Quoted Investments:			
Book Value		**530,819,245**	548,328,240
Market Value		**520,801,505**	451,424,210
2. Aggregate value of Investment in Mutual Funds:		**1,176,389,377**	2,388,618,312
3. Aggregate book value of other Unquoted Investments:		**3,079,382,024**	2,663,811,357

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

SCHEDULE "G"
INVENTORIES

As taken, valued & certified b-y the management			
Stock in Trade		**-**	3,053,138
Realty Work in Progress		**1,178,356,812**	-
Stores, Spares & Consumables		**3,239,679**	-
TOTAL		**1,181,596,491**	3,053,138

SCHEDULE "H"
SUNDRY DEBTORS

UNSECURED (considered good unless otherwise stated)			
Debts outstanding for a period exceeding six months			
Considered Good	**135,529,392**		206,080,236
Considered Doubtful	**17,085,471**		44,624,533
	152,614,863		250,704,769
Less: Provision for Doubtful Debts	**17,085,471**		44,624,533
		135,529,392	206,080,236
Other Debts		**825,852,878**	225,074,397
TOTAL		**961,382,270**	431,154,633

Schedules

Annexed to and Forming Part of the Consolidated Accounts (Contd.)

	As at 31st March 2011 (₹)	As at 31st March 2010 (₹)
SCHEDULE "I" CASH AND BANK BALANCES		
Cash on Hand	1,905,875	2,481,355
Balances with Scheduled Banks:		
In Current Accounts	761,556,627	398,698,680
In Fixed Deposit Accounts	250,270,963	262,024,786
[Deposit receipts of ₹ 112,982,651 (Previous year : 14,261,045) pledged as security]		
In Dividend Accounts	7,215,718	7,398,033
TOTAL	1,020,949,182	670,602,854

SCHEDULE "J"
LOANS AND ADVANCES

Unsecured (considered Good unless otherwise stated)		
Advances recoverable in cash or in kind or for value to be received	1,304,800,882	558,443,372
Inter Corporate Deposits	495,811,678	799,125,430
Share Application Money pending allotment	1,884,485,416	1,775,544,221
Other Deposits	523,020,297	473,711,507
Income Tax (net of provisions)	30,215,114	20,863,746
TOTAL	4,238,333,387	3,627,688,276

SCHEDULE "K"
CURRENT LIABILITIES

Sundry Creditors		
Micro and Small Enterprises	-	-
Others	951,042,195	461,305,906
Security Deposits from Occupants	826,097,883	669,289,385
Unpaid Dividends	7,215,720	7,398,035
Other Liabilities	903,616,549	551,570,887
Interest accrued but not due	40,135	7,308,630
Share Application Money received by Subsidiaries	28,456,477	27,497,922
Book Overdraft	8,314,280	-
TOTAL	2,724,783,239	1,724,370,765

Schedules
Annexed to and Forming Part of the Consolidated Accounts (Contd.)

	(₹)	As at 31st March 2011 (₹)	As at 31st March 2010 (₹)
SCHEDULE "L" **PROVISIONS**			
Gratuity		**6,209,983**	10,299,428
Leave encashment		**15,899,560**	11,574,533
Taxation [Net of Taxes paid]		**34,173,481**	19,212,394
Proposed Dividend		**260,721,801**	173,814,534
Tax on Proposed Dividend		**42,295,594**	29,539,781
TOTAL		**359,300,419**	244,440,670

SCHEDULE "M" **SALES & SERVICES**	(₹)	2010-11 (₹)	2009-10 (₹)
Sales		**188,129,519**	13,731,305
License Fees and Rental Income		**1,330,138,775**	782,100,406
Service Charges		**531,426,780**	421,316,145
Income from Events		**51,971,080**	13,100,644
TOTAL		**2,101,666,154**	1,230,248,500

SCHEDULE "N"
OTHER INCOME

Dividend Income			
Current (other than trade)	**55,633,091**		71,670,361
Long Term (other than trade)	**7,341,069**		5,845,933
		62,974,160	77,516,294
Profit on sale of Investments		**1,795,847**	24,289,890
Share of Profit from Partnership Firm in which Company is a partner		**(329,071)**	133,811
Interest		**107,056,854**	119,070,716
Compensation on Relinquishment of rights		**100,051,250**	-
Miscellaneous Receipts		**15,344,240**	21,815,629
TOTAL		**286,893,280**	242,826,340

Schedules
Annexed to and Forming
Part of the Consolidated Accounts (Contd.)

IMAGINE
CONCEIVE
REALIZE

	(₹)	2010-11 (₹)	2009-10 (₹)
SCHEDULE "O" **COST OF MATERIALS/CONSTRUCTION AND VARIATION IN INVENTORY**			
Cloth Trading			
Purchase for resale	**12,520,072**		11,296,897
Variation in Inventory			
Stocks at commencement	**3,053,138**		3,298,400
Stocks at close	**-**		3,053,138
Net (Increase)/Decrease	**3,053,138**		245,262
		15,573,210	11,542,159
Realty Sales			
Land Cost - (transferred from Fixed Assets)	**480,548,342**		-
Construction & Other related costs	**732,906,078**		-
(transferred from capital work in progress)			
	1,213,454,420		-
Less : Closing work in progress	**1,178,356,812**		-
		35,097,608	-
TOTAL		**50,670,818**	11,542,159

SCHEDULE "P"
EMPLOYEE COSTS

Salaries, Wages & Bonus		**132,199,756**	62,492,636
Gratuity and Leave encashment		**2,934,919**	1,080,057
Contribution to Provident Fund & Other Funds		**1,615,679**	996,978
Staff Welfare Expenses		**4,109,346**	2,356,261
TOTAL		**140,859,700**	66,925,932

Schedules

Annexed to and Forming
Part of the Consolidated Accounts (Contd.)

	(₹)	2010-11 (₹)	2009-10 (₹)
SCHEDULE "Q" **OPERATING AND OTHER EXPENSES**			
Electricity (Net)		46,100,296	25,911,861
Repairs and Maintenance:-			
Buildings	31,641,494		1,535,044
Machinery & Vehicles	22,566,810		16,997,116
Others	15,853,811		23,232,083
		70,062,115	41,764,243
Insurance		9,827,345	5,472,341
Rent		22,607,346	7,200,551
Rates & Taxes		42,444,508	32,297,114
Water Charges		13,134,172	14,495,678
Legal and Professional charges		34,236,627	63,061,521
Travelling Expenses		7,684,393	7,976,724
Auditors' Remuneration		4,188,767	5,215,220
Directors' Remuneration and sitting fees		21,081,406	10,125,898
Donation		1,521,345	3,663,326
Loss on Assets Sold/Discarded		418,716	486,919
Prior Period Expenses		560,533	1,305,592
Advertisement & Sales Promotion		60,890,250	43,132,448
Bank charges		2,193,297	3,204
Bad debts & Sundry balances written off	68,352,232		-
Provision for Doubtful Debts & Advances/(written back)	(27,539,062)	40,813,170	37,291,650
Security Charges		35,722,561	30,943,898
Other Miscellaneous Expenses		91,063,821	46,100,522
Miscellaneous Expenditure written off		-	342,024
TOTAL		504,550,668	376,790,734

SCHEDULE "R" **INTEREST AND FINANCE CHARGES**			
Interest on fixed loans		217,470,638	46,151,715
Interest on other loans		10,152,840	39,889,224
TOTAL		227,623,478	86,040,939

SCHEDULE "S":
SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON CONSOLIDATED ACCOUNTS FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2011 AND THE CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON THAT DATE

A. SIGNIFICANT ACCOUNTING POLICIES

1. Principles of consolidation

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

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

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

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

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

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

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

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

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

3. Other significant accounting policies

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

b) Fixed Assets:

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

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

The Indirect Expenditure (Net of Indirect Income) incurred during the year is treated as "Project Development Expenditure" pending the completion of the Project. These have been allocated/transferred to the Stock -Work- in- Progress [Profit and Loss Account] to the extent attributable based on the percentage completion of the Project. The Balance has been included under Capital Work- in -Progress, which will be capitalized in the year of completion.

c) Depreciation:

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

ii) Depreciation on other fixed assets (excluding land and lease land in perpetuity) is provided on written down value method other than depreciation on fixed assets of ₹ 1,218,006,223 of four subsidiari companies which is provided on straight line method at the rates and in the manner specified in Schedule XIV of the Companies Act, 1956.

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

Schedules

Forming part of the Consolidated Accounts (Contd.)

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

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

f) **Inventories:**
i) Inventories are valued at lower of cost or net realisable value. Cost is determined on FIFO basis.
ii) Cost of Realty construction/development is charged to the Profit & Loss Account in proportion to the revenue recognized during the period and balance cost is carried over under Inventory as part of Realty Work-in-Progress. Cost of realty construction / development includes all costs directly related to the project and other expenditure as identified by the management which are incurred for the purpose of executing and securing the completion of the Project (Net of incidental recoveries/receipts).

g) **Borrowing Costs:**
Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. All other borrowing costs are recognised as an expense in the period in which they are incurred.

h) **Revenue recognition:**
i) Revenue is recognised when it is earned and no significant uncertainty exists as to its realisation or collection. License fees, rental income and service charges are recognised based on contractual rights. Interest is recognised on time proportion basis. Dividend income is recognised when the right to receive the same is established.
ii) Revenue from sale of properties under construction is recognised on the basis of Registered Sale Agreements (provided the significant risk and rewards have been transferred to the buyer and there is reasonable certainty of realisation of the monies) proportionate to the percentage of physical completion of construction/ development work as certified by the Architect.
iii) Revenue from sale of completed properties (Finished Realty Stock) is recognised upon the transfer of significant risks and rewards to the buyer.

i) **Employee Benefits:**
i) Short term employee benefits are recognised as expenses at the undiscounted amounts in the profit & loss account of the year in which the related service is rendered.
ii) Post employment and other long term employee benefits are recognised as an expense in the profit & loss account for the year in which the employee has rendered services. The expenses are recognised at the present value of the amounts payable determined using actuarial valuation techniques. Actuarial gains and losses in respect of post employment and other long term benefits [net of expected return on plan assets] are charged to the profit & loss account.

j) **Foreign Currency transactions:**
i) Transactions denominated in foreign currencies are recorded at the exchange rate prevailing at the time of the transaction.
ii) Exchange differences arising as a result of the subsequent settlements of transactions are recognised as income or expense in the profit and loss account.

k) **Share issue expenses:**
Expenses in connection with issue of shares are adjusted against securities premium account.

l) **Taxes on Income:**
i) Provision for income tax (current tax) is determined on the basis of the taxable income of the current year in accordance with the Income Tax Act, 1961.
ii) Deferred tax is recognised in respect of deferred tax assets (subject to the consideration of prudence) and deferred tax liabilities on timing differences, being the difference between taxable income and accounting income that originate in one year and are capable of reversal in one or more subsequent years.

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

B NOTES TO ACCOUNTS

1. The Subsidiary companies considered in the consolidated financial statements are:

Name of Subsidiaries	Country of Incorporation	Proportion of ownership interest 2010-11	Proportion of ownership interest 2009-10
Pallazzio Hotels and Leisure Ltd.	India	**100%**	100%
Bellona Finvest Ltd.	India	**100%**	100%
Marketcity Resources Private Ltd.	India	**100%**	100%
Pinnacle Real Estate Development Private Ltd.	India	**66.67%**	66.67%
Palladium Constructions Private Ltd.	India	**62.98%**	62.98%
Enhance Holdings Private Ltd. (formerly Kalani Holdings Private Ltd.)	India	**100%**	100%
Plutocrat Assets & Capital Management Private Ltd.	India	**100%**	100%
Big Apple Real Estate Private Ltd. (BAREPL)	India	**73.47%**	73.47%
Butala Farm Lands Private Ltd. (w.e.f 29.10.2010)	India	**100%**	100%
Vamona Developers Private Ltd.	India	**58.55%**	50.58%
Upal Developers Private Ltd. (Subsidiary of BAREPL)	India	**45.92%**	45.92%
Blackwood Developers Private Ltd.	India	**73.47%**	73.47%
(Subsidiary of BAREPL)	India		
Gangetic Developers Private Ltd. (Subsidiary of BAREPL)	India	**43.06%**	41.28%
Market City Management Private Ltd.	India	**54.69%**	54.69%

2. The associate companies considered in the consolidated financial statements are:

Name of Associate companies	Country of Incorporation	Proportion of ownership interest 2010-11	Proportion of ownership interest 2009-10
Bartraya Mall Development Co. Pvt. Ltd.	India	**50.00%**	50.00%
Classic Housing Projects Pvt. Ltd.	India	**32.00%**	Nil
Classic Mall Development Company Pvt. Ltd.	India	**29.18%**	29.28%
Entertainment World Developers Ltd.	India	**40.28%**	40.28%
Escort Developers Pvt. Ltd.	India	**50.00%**	50.00%
Galaxy Entertainment Corporation Ltd.	India	**23.56%**	23.56%
Galaxy Entertainment (India) Pvt. Ltd.	India	**49.02%**	49.02%
Island Star Mall Developers Pvt. Ltd.	India	**30.58%**	28.08%
Juniper Developers Pvt. Ltd.	India	**45.00%**	45.00%
Offbeat Developers Pvt. Ltd.	India	**28.81%**	28.81%
Picasso Developers Pvt. Ltd.	India	**33.33%**	33.33%
Ramayana Realtors Pvt. Ltd.	India	**33.33%**	33.33%
Starboard Hotels Private Limited (Formerly Classic Software Technology Park Developers Private Limited)	India	-	32.00%

Schedules

Forming part of the Consolidated Accounts (Contd.)

Investments in Associates include:

Name of Associates	Cost of Acquisition 2010-11 (₹)	Goodwill/ (Capital Reserve) included in cost of acquisition 2010-11 (₹)	Cost of Acquisition 2009-10 (₹)	Goodwill/ (Capital Reserve) included in cost of acquisition 2009-10 (₹)
Bartraya Mall Development Co. Pvt. Ltd.	**50,000**	**-**	50,000	-
Classic Housing Projects Pvt. Limited	**33,340**	**88,591**	-	-
Classic Mall Development Company Pvt. Ltd.	**249,966,918**	**10,404,836**	249,966,918	10,404,836
Entertainment World Developers Ltd.	**579,270,269**	**245,745,102**	579,270,269	245,745,102
Escort Developers Pvt. Ltd.	**15,950,000**	**2,143**	15,950,000	2,143
Galaxy Entertainment Corporation Ltd.	**74,309,402**	**47,479,617**	74,309,402	47,479,617
Galaxy Entertainment (India) Pvt. Ltd.	**25,000,000**	**(205,058)**	25,000,000	(205,058)
Island Star Mall Developers Pvt. Ltd.	**165,132**	**(478,059,611)**	112,096	(405,830,708)
Juniper Developers Pvt. Ltd.	**46,620**	**5,067**	46,620	5,067
Offbeat Developers Pvt. Ltd.	**247,037,912**	**(409,419,370)**	247,037,912	(409,419,370)
Picasso Developers Pvt. Ltd.	**20,000,400**	**2,488,156**	20,000,400	2,488,156
Ramayana Realtors Pvt. Ltd.	**44,186,012**	**7,733,852**	44,186,012	7,733,852
Starboard Hotels Private Limited (Formerly Classic Software Technology Park Developers Private Limited)	**-**	**-**	128,892	(337,653)

3. **Contingent liabilities not provided for in respect of:-**

    i) Disputed excise duty liability amounting ₹ 1,646,266 (P.Y. ₹ 11,376,598)

    ii) Corporate guarantee issued by the Company amounting to ₹ Nil (P.Y. ₹ 500,000,000) to secure financial assistance being availed by a company under the same management.

    iii) Disputed entry tax liability amounting to ₹ 12,084,297 (P.Y. ₹ 10,244,297)

    iv) Outstanding guarantees given by Banks ₹ 243,454,883 (P.Y. ₹ 22,222,469).

    v) Estimated amount of contracts remaining to be executed on capital account and not provided for in the accounts is ₹ 2,599,432,323/- (P.Y. ₹ 2,075,202,861) net of advance paid.

    vi) Demand notices received for damages / interest on account of arrears / late payments of E.S.I.C. ₹ 354,903 and Provident Fund dues ₹ 2,471,962 aggregating to ₹ 2,826,865 (P.Y. ₹ 3,148,254) are disputed by the Company. The Company has paid ₹ 1,000,000 and has also furnished a Bank Guarantee for ₹ 1,471,165 against P.F. demands to the P.F. authorities.

    vii) The Income tax assessments of the Company have been completed up to Assessment Year 2008-09. The disputed tax demand outstanding upto the said Assessment Year is ₹ 8,227,088. The company as well as the Income Tax Department are in appeal before the Appellate Authorities against the assessments of earlier financial years. The impact thereof, if any, on the tax position can be ascertained only after the disposal of the above appeals. Accordingly, the accounting entries arising there from will be passed in the year of the disposal of the said appeals.

4. Based on the valuation reports of the Government approved valuers, the Group had revalued the assets of holding company consisting of land including leasehold land and land leased in perpetuity, Buildings and Plants and Machinery as on 31st March 1985. Depreciation on revalued land, building and plant and machinery has been calculated as per the rates specified by the valuers, which includes an additional charge amounting to ₹ 962,748 (P.Y. ₹ 952,660) in comparison to depreciation provided under the Companies Act, 1956, and an equivalent amount has been withdrawn from Revaluation Reserve and credited to Profit and Loss account.

5. Service Tax :

a. The matter of the levy of service tax on renting of immovable property is subjudice. The case of Home Solution Retailers of India and others v/s. Union of India and others [Delhi], has again challenged the constitutional validity of Section 65(105) (zzzz) of the Finance Act, 1994 as amended by the Finance Act, 2010. Pending the outcome of the final decision, the Company has continued to levy the service tax on license fees, conducting fees, common area maintenance charges etc. billed to licensees, during the Financial Year 2010-11. However, citing the reason of the matter being subjudice, many licensees have not paid the service tax component billed to them and accordingly in such cases, the Company too, has not deposited the service tax with the Government, aggregating to ₹ 157,965,195 as at 31st March, 2011. The company does not expect the outcome of the matter to have any adverse effect on its financial position or results of operations.

b. The Finance Act, 2010 has inserted an explanation to Section 65(105)(zzq) [i.e taxable service category of commercial or industrial construction service] and Section 65(105)(zzzh) [i.e the taxable service category of construction of complex service], seeking to amend the Finance Act, 1994.

The explanation sought to levy the Service Tax on any commercial or industrial construction/ construction of residential complex done prior to obtaining the Project completion certificate. The said levy of Service Tax has been challenged, on the grounds of its constitutional validity, in the Bombay High Court by the Maharashtra Chamber of Housing Industry (MCHI). The Bombay High court has granted an interim stay on the said levy of Service Tax.

In view of the matter being subjudice, a subsidiary company has neither collected nor paid the service tax on the advances received during the year against the sale of the commercial area under construction. The company has, however, been advised that no liability would arise on this account.

6. The balances in respect of sundry debtors, sundry creditors, loans and advances, deposits and fixed deposits pledged with excise authorities, either debit or credit as appearing in the books of accounts are subject to confirmations from the respective parties and are pending reconciliations/adjustments arising therefrom, if any.

7. In case of certain subsidiary companies :-

a) Loans and Advances include ₹ 316.92 Lakhs being the Cenvat credit of Service Tax on the construction services, ascertained by the Management of three subsidiary companies, as available for set-off against their future Service Tax Liability on output services to be rendered after the commencement of operations. These companies are in the process of filing a revised Service Tax Return to claim the amount of the said Cenvat Credit, shown in their Books of accounts.

b) The Stock recording systems, in case of two subsidiary companies, were under development/ reconciliation with the accounts during the period of construction and the initial period of operations.

8. The Company is a partner in a partnership firm M/s. Phoenix Construction Company. The accounts of the partnership firm have been finalised upto the financial year 2009-2010. The details of the Capital Accounts of the Partners as per the latest Financial Statements of the firm are as under:-

Sr.No.	Name of the Partners	Profit Sharing ratio	Total Capital on	
			31/03/2010 ₹	31/03/2009 ₹
1.	The Phoenix Mills Ltd.	50%	17,112,243	17,191,314
2.	Gold Seal Holding Pvt. Ltd.	50%	14,130,041	18,435,804

The Company has accounted for its share of loss amounting to ₹ 3,29,071 pertaining to the financial year 2009-2010 in the current year. The share of profit/loss for the current financial year will be accounted in the books of the Company on the finalisation of the accounts of the firm.

Schedules

Forming part of the Consolidated Accounts (Contd.)

9. The Auditors' Remuneration includes:

Particulars	2010-11 (₹)	2009-10 (₹)
Audit fees	3,100,000	2,500,000
Tax Audit fees	600,000	500,000
Certification and other fees	150,000	2,011,000
Total	3,850,000	5,011,000

10. The following amounts have been paid / are payable as remuneration to the Directors (including Managing Directors) for services rendered by them: -

i) Remuneration to Managing Directors/Executive Directors

Particulars	2010-11 (₹)	2009-10 (₹)
Salary	24,089,004	9,600,000
House Rent Allowance	1,596,000	-
Other Perquistes/Reimbursements	2,721,006	370,898
Total	28,406,010	9,970,898

ii) Commission to Non Executive Directors ₹ 12,50,000 (P.Y. Nil)

11. Zero Coupon Compulsory Convertible Debentures (CCD):

"Series A"

Pallazzio Hotels & Leisure Limited has issued 635,294 Non Cumulative Unsecured Compulsory Convertible Debentures "Series A" of face value of ₹ 100 each at a premium of ₹ 664.26 per Debenture during the financial year 2007- 08. As per debenture certificate, the investors have the option to convert each Debenture into one equity share of Pallazzio for ₹ 100 at any time on or after 1.4.2016. The Debenture shall carry Zero Coupon till 31st March 2016 and for the period of non conversion after 31.3.2016, not more than 2% p.a., as may be decided by Pallazzio. At the end of the 10th year from the date of the issue, each Debenture will compulsorily convert into one equity share of ₹ 100 of Pallazzio.

"Series B"

Pallazzio Hotels & Leisure Limited has issued 43,205 in current year & in total 769,440 in various tranches, Non Cumulative Unsecured Compulsory Convertible Debentures "Series B" of face value of ₹ 100 each at a premium of ₹ 1721.66 per Debenture. As per debenture certificate, the investors have the option to convert each Debenture into one equity share of Pallazzio for ₹ 100 at any time on or after 1.4.2015. The Debenture shall carry Zero Coupon till 31st March 2015 and for the period of non conversion after 31.3.2015 the instrument may be entitled to coupon rate of not more than 2% p.a., as may be decided by Pallazzio. On 1st April 2017 each Debenture will compulsorily convert into one equity share of ₹ 100 of Pallazzio.

"Series D"

Pallazzio Hotels & Leisure Limited has issued 4,07,703 Non Cumulative Unsecured Compulsory Convertible Debentures "Series D" of face value of ₹ 100 each at a premium of ₹ 664.26 per Debenture during the financial year 2009-10. As per debenture certificate, the investors have the option to convert each Debenture into one equity share of Pallazzio for ₹ 100 at any time on or after 1.4.2016. The Debenture shall carry Zero Coupon till 31st March 2016 and for the period of non conversion after 31.03.2016 the instrument may be entitled to coupon rate of not more than 2% p.a., as may be decided by Pallazzio. At the end of the 07th year from the date of the issue, each Debenture will compulsorily convert into one equity share of ₹ 100 of Pallazzio.

12. Expenditure incurred during construction period :

The Group's various projects relating to construction of commercial, retail, hotel and entertainment complexes are in progress. The expenditure incurred during the construction period is treated as "Project Development Expenditure" pending capitalisation. The same has been included under Capital Work In Progress and will be apportioned to fixed assets on the completion of the project.

The details of Project Development Expenditure as on the date of Balance sheet are as under:

Particulars	2010-11 (₹)	2009-10 (₹)
Opening Balance	**1,229,116,906**	1,150,285,419
Expenditure		
Salary & Allowances	**90,781,286**	80,065,433
Rent, Rates & Taxes	**7,041,980**	20,332,283
Legal, Professional & Consultancy Fees	**36,432,937**	37,918,107
Travelling Expenses	**4,238,028**	10,871,402
Miscellaneous Expenses	**87,295,719**	44,267,038
Bank Charges	**1,535,484**	789,615
Depreciation	**1,659,730**	1,542,423
Interest	**716,284,870**	514,974,172
Total	**945,270,034**	710,760,473
Income		
Dividend income on Current Investments	**43,011,736**	41,558,727
Interest income	**1,773,563**	2,645,725
Other Income	**34,785,693**	-
Total	**79,570,992**	44,204,452
Less : Project Development Expenses Capitalised during the year	**459,608,402**	587,724,534
Less: Project Development Expenses (including depreciation ₹ 696,136) Transferred to Profit and Loss Account/ Stock Work-In-Progress.	**142,325,649**	-
Closing Balance	**1,492,881,897**	1,229,116,906

Schedules

Forming part of the Consolidated Accounts (Contd.)

13. The disclosure in respect of Segment information as per Accounting Standard (AS) 17 on "Segment Reporting" as notified by the Companies (Accounting Standards) Rules, 2006, is as under:

(Amount in ₹)

Sr. No.	Particulars	Property & Related Services	Textile / Cloth Trading	Unallocated	Total
A.	**REVENUE**				
1.	Income from Operations & Sales	20,84,108,470 (1,216,517,195)	17,557,684 (13,731,305)		2,101,666,154 (1,230,248,500)
2.	Other Income			286,893,280 (242,826,340)	286,893,280 (242,826,340)
	TOTAL				**2,388,559,434 (1,473,074,840)**
B.	**RESULTS**				
1.	Profit Before Tax & Interest	1,089,962,674 (600,659,615)	1,515,328 (2,012,171)	286,893,280 (242,826,340)	1,378,371,282 (845,498,126)
2.	Less: Interest				227,623,478 (86,040,939)
3.	Profit Before Tax				1,150,747,804 (759,457,187)
4.	Less : Provision for Taxation				320,837,767 (147,079,665)
5.	**NET PROFIT AFTER TAX**				**829,910,037 (612,377,522)**
C.	**OTHER INFORMATION**				
1.	Segment Assets	22,234,412,081 (17,875,268,547)	10,060,950 (7,055,701)	8,588,670,124 (8,909,113,781)	30,833,143,155 (26,791,438,029)
2.	Deferred Tax Assets / Liabilities (Net)				8,886,801 (24,062,270)
3.	Total Assets				30,835,167,228 (26,815,500,299)
4.	Segment Liabilities	2,201,247,203 (1,707,200,019)	6,299,555 (4,148,750)	11,964,094,639 (9,055,708,613)	14,171,641,397 (10,767,057,382)
5.	Other Liabilities (including Share Capital & Reserve)				16,005,138,628 (15,392,603,636)
6.	Total Liabilities				30,170,480,471 (26,159,661,018)
7.	Capital Expenditure	3,034,923,856 (3,208,933,427)			3,034,923,856 (3,208,933,427)
8.	Depreciation	314,106,966 (172,317,889)			314,106,966 (172,317,889)
9.	Non Cash Expenses other than Depreciation				
	Bad Debts & balances written off				68,352,232 (-)

Notes:

i) The Group has disclosed Business Segment as the primary Segment. In the opinion of the Management, the Group is organised into two business segments namely, Property & Related Services and Textile / Cloth Trading. These segments have been identified in line with AS-17 on segment reporting.

ii) The activities of the Group being carried on totally within India, the information about Secondary Segment (Geographic Segments) is not required to be given.

iii) Segment Revenue, results and other information includes the respective amounts identifiable to each of the segments as also amounts allocated on a reasonable basis. The items/information which relates to the Group as a whole and cannot be directly identified with any particular business segment have been shown separately.

14. In view of the Accounting Standard : AS 18 on Related Parties Disclosures as notified by the Companies (Accounting Standards) Rules 2006, the disclosure in respect of related party transactions for the year ended on 31st March 2011 is as under:

a) **RELATIONSHIPS**

Category I: Associates

Bartraya Mall Development Company Private Ltd.

Starboard Hotels Private Ltd.

(formerly Classic Software Technology Park Developers Private Ltd.)

Classic Housing Projects Private Ltd.

Classic Mall Development Company Private Ltd.

Entertainment World Developers Ltd.

Escort Developers Private Ltd.

Galaxy Entertainment Corporation Ltd.

Galaxy Entertainment (India) Private Ltd.

Island Star Mall Developers Private Ltd.

Juniper Developers Private Ltd.

Offbeat Developers Private Ltd.

Picasso Developers Private Ltd.

Ramayana Realtors Private Ltd.

Category II : Other Related Parties where common control exists

B. R. International.

Phoenix Retail Private Ltd.

R.R.Hosiery Private Ltd.

Phoenix Construction Company

R.R. Hosiery

Phoenix Hospitality Company Private Ltd.

R.R. Textiles

Category III : Key Managerial Personnel

Ashokkumar R. Ruia

Atul Ruia

Kiran B. Gandhi

Shishir Shrivastava

Category IV : Relatives of Key Managerial Personnel

Gayatri A Ruia

Schedules

Forming part of the Consolidated Accounts (Contd.)

b) The following transactions were carried out with the Related Parties in the ordinary course of business in the financial year under report:

(Amount in ₹)

Sr.No.	TRANSACTIONS	Category I	Category II	Category III	Category IV	Total
1	Rent, Compensation & Other recoveries	98,647,977 (90,876,293)	30,874,622 (44,446,888)	- -	646,443 (3,215,721)	130,169,042 (47,763,917)
2	Interest Received	8,509,300 (2,166,685)	- -	- -	- -	8,509,300 (2,166,685)
3	Remuneration / Salary Paid	- -	- -	28,406,010 (9,970,898)	166,129 -	28,572,139 (9,970,898)
4	Administrative & Other Charges paid	- -	18,981,644 (219,557)	- -	- -	18,981,644 (219,557)
5	Cloth Sold to	- -	- (148,677)	- -	- -	- (148,677)
6	Repayment of loans to	- -	- -	- (50,000)	- -	- (50,000)
7	Loans given to	305,000,000 (450,000,000)	- -	- -	- -	305,000,000 (450,000,000)
8	Loans returned by	833,037,228 (380,529,741)	- -	- (2,000,000)	- -	833,037,228 (382,529,741)
9	Deposits received / -returned	- -	- -	- -	- (300,000)	- (300,000)
10	Investment in Shares/ application money pending allotment	392,639,642 (159,975,000)	104,768,100 (122,747,000)	- -	- -	497,407,742 (282,722,000)
11	Purchase of Fixed Assets	- (1,424,208)	- -	- -	- -	- (1,424,208)
12	Balance written off	4,551,270 -	3,453 -	- -	- -	4,554,723 -
13	Application Money Refund Received	- (509,395,853)	- -	- -	- -	- (509,395,853)
14	Sale of Land development rights	792,714,650 -	- -	- -	- -	792,714,650 -
15	Share of Profit / (Loss) from partnership firm	- -	(-329,071) (133,811)	- -	- -	(-329,071) (133,811)
16	Capital introduced In Firm	- -	- (250,000)	- -	- -	- (250,000)
17	Advances Given	568,287,013 -	- -	- -	- -	568,287,013 -
18	Deposits Given	5,000,000 -	29,275,000 -	- -	- -	34,275,000 -

c) The following balances were due from / to the related parties as on 31-03-2011

(Amount in ₹)

Sr.No.	TRANSACTIONS	Category I	Category II	Category III	Category IV	Total
1.	Investment in Equity Shares / pref shares	1,390,453,487 (1,082,942,737)	- -	- -	- -	1,390,453,487 (1,082,942,737)
2.	Investment in Capital of Partnership Firm	- -	6,360,967 (20,342,984)	- -	- -	6,360,967 (20,342,984)
3.	Loans and Advances (Net)	598,287,013 (280,000,000)	- -	- -	- -	598,287,013 (280,000,000)
4.	Sundry Debtors	534,572,284 (500,679)	6,065,679 (64,261,271)	- -	- (429,117)	540,637,963 (65,191,067)
5.	Sundry Creditors	131,957 -	21,924,300 (22,056,257)	- -	- -	22,056,257 (22,056,257)
6.	Deposits received	35,000,000 -	- (25,445,515)	- -	300,000 (300,000)	35,300,000 (25,745,515)
7.	Deposits Given	5,000,000 -	479,275,000 (450,000,000)	- -	- -	484,275,000 (450,000,000)
8.	Application money pending allotment	151,242,975 (229,642,875)	1,194,918,100 (1,090,150,000)	- -	- -	1,346,161,075 (1,319,792,875)
9.	Unsecured Loans	33,037,235 -	- -	- -	- -	3,3037,235 -

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

i) Rent & other recoveries include received from Phoenix Retails Private Ltd. ₹ 25,485,828 (P.Y. ₹ 6,827,502), Galaxy Entertainment Corporation Ltd. ₹ 4,051,091 (P.Y. ₹ 32,411,674), Classic Mall Development Company Private Ltd. ₹ 16,416,000 (P.Y. ₹ 16,415,000), Island Stall Mall Developers Private Ltd. ₹ 34,688,000 (P.Y. 31,189,000) and Offbeat Develoers Private Ltd. ₹ 42,204,000 (P.Y. ₹ 42,200,000).

ii) Interest received include received from Island Star Mall Developers Pvt. Ltd. ₹ 5,650,254 (P.Y. ₹ Nil), Offbeat Developers Pvt Ltd. ₹ 1,697,946 (P.Y. ₹ Nil), Entertainment World Developers Ltd. ₹ 587,100 (P.Y. ₹1,048,877) and Classic Mall Developement Company Private Ltd. ₹ Nil (P.Y. ₹ 1,117,808)

iii) Administrative & other expenses include paid to B.R.International 13,234,561 (P.Y. ₹ 56,277), R.R.Hosiery ₹ 1,980,254 (P.Y. ₹ Nil) and R.R.Hosiery Private Ltd. ₹ 3,685,151 (P.Y. ₹ Nil).

iv) Cloth and Garments sold to R.R Hosiery (P) Ltd. ₹ Nil (P.Y. ₹ 148,677).

v) Repayment of loans by Atul Ruia Nil (P.Y. ₹ 50,000).

vi) Capital Investment in Partnership firm includes investments in Phoenix Construction Company ₹ Nil (P.Y. ₹ 250,000).

vii) Loan returned by parties include repayment from Entertainment World Developers Ltd. ₹ 250,587,100 (P.Y. ₹ 200,000,000) and from Offbeat Developers Private Ltd. ₹ 482,450,128 (P.Y. ₹ Nil), Island Star Mall Developers Private Ltd. ₹ 100,000,000 (P.Y. ₹ Nil) Classic Mall Developers Private Ltd. Nil (P.Y. ₹ 180,529,741).

viii) Loan given includes loan given to Offbeat Developers Private Ltd. ₹ 205,000,000 (P.Y. ₹ Nil), Island Star Mall Developers Private Ltd. ₹ 100,000,000 (P.Y. ₹ Nil) and EWPL India Private Ltd. ₹ Nil (P.Y. ₹ 450,000,000).

ix) Advances given towards capital Goods to Offbeat Developers Private Ltd. ₹ 568,287,013 (P.Y. Nil).

x) Deposit given to Island Star Mall Developers Private Ltd. ₹ 5,000,000 (P.Y. ₹ Nil), R.R.Hosiery ₹ 20,000,000 (P.Y. ₹ Nil) and R.R. Hosiery Private Ltd. ₹ 9,275,000 (P.Y. ₹ Nil)

xi) Investment in Shares/Application Money pending allotment includes Island Star Mall Developers Private Ltd. 185,053,088 (P.Y. ₹ Nil), Phoenix Hospitality Co (P) Ltd. ₹104,768,100 (P.Y. ₹ 110,097,000), Classic Housing Projects Private Ltd. ₹ 160,033,340 (P.Y. ₹ Nil), Starboard Hotels Private Ltd. ₹ Nil (P.Y. ₹ 107,700,000) and Escort Developers Private Ltd. ₹ 5,000,000 (P.Y. ₹ 52,275,000).

Schedules

Forming part of the Consolidated Accounts (Contd.)

xii) Application Money Refund received includes refund received from Entertainment World Developers Ltd. ₹ Nil (P.Y. ₹ 97,500,000) and Classic Mall Developers (P) Ltd. ₹ Nil (P.Y. ₹ 361,270,853).

xiii) Sale of land development rights to Offbeat Developers Private Ltd. ₹ 792,714,650 (P.Y. ₹ Nil).

xiv) Purchase of Fixed Assets includes purchase from Island Star Mall Developers (P) Ltd. ₹ Nil (P.Y. ₹ 1,424,208).

xv) Remuneration paid to Ashok Ruia ₹ 6,129,006 (P.Y. ₹ 2,452,066), Atul Ruia ₹ 8,537,400 (P.Y. ₹27,18,832), Kiran Gandhi ₹ 4,800,000 (P.Y. 4,800,000), Shishir Shrivastava ₹ 8,939,604 (P.Y. ₹ Nil).

xvi) Profit / (Loss) from investment in Phoenix Construction partnership firm ₹ - 329,071 (P.Y. ₹ 133,811)

xvii) Deposit received / returned to Gayatri A.Ruia ₹ Nil (P.Y. ₹ 300,000).

xviii) Sundry Balances written off Galaxy Entertainment Corporation Ltd. ₹ 4,210,422 (P.Y. ₹ Nil).

15. Earnings per share (EPS):

	2010 -11	2009 -10
Net Profit after Tax (₹)	**841,912,983**	619,751,257
Weighted Average No. of Equity Shares Nominal Value of Equity Shares	**144,845,445**	144,845,445
Nominal Value of Equity Shares	**2**	2
Basic Earning Per Share	**5.81**	4.28

16. Deferred Tax:

In accordance with the 'Accounting Standard (AS) 22 Accounting for Taxes on Income" as notified by the Companies (Accounting Standards) Rules 2006, the Company has created deferred tax liability of ₹ 15,175,469 for the current year. The break up of the net deferred tax asset as on 31st March, 2011 is as under:

Particulars	Deferred tax Asset / (Liability) as at 1-04-10 (₹)	Current Year (Charge)/ Credit (₹)	Deferred tax Asset / (Liability) as at 31-03-11 (₹)
Deferred Tax Asset			
Disallowance u/s 43B and Others	9,948,318	(7,169,034)	2,779,284
Provision for Doubtful debts and advances	14,823,154	(9,279,773)	5,543,381
Difference between Book and Tax	(709,202)	1,273,338	564,136
Depreciation			
Deferred Tax Assets (Net)	**24,062,270**	**(15,175,469)**	**8,886,801**

17. The previous year's figures have been regrouped and / or recast wherever necessary so as to conform to the current year's classification.

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

Chintan A. Ghelani
Partner
M. No. 104391

For Chaturvedi & Shah
Chartered Accountants
FRN : 101720W

Amit Chaturvedi
Partner
M. No. 103141

For and on behalf of the Board of Directors

Ashokkumar R. Ruia
(Chairman & Managing Director)

Shishir Shrivastava
(Group CEO & Jt. Managing Director)

Atul Ruia
(Jt. Managing Director)

Pradumna Kanodia
(Director Finance)

Pune
Dated : 30th July, 2011

Minal Bhate - Dandekar
(Company Secretary)

Notice

IMAGINE
CONCEIVE
REALIZE

NOTICE is hereby given that the 106th ANNUAL GENERAL MEETING of the Shareholders of **THE PHOENIX MILLS LIMITED** will be held on Tuesday, the 20th day of September 2011 at 4.00 P.M. at Indian Merchants Chamber, 4th Floor, Walchand Hirachand Hall, Churchgate, Mumbai - 400020 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 31st March, 2011 and Profit and Loss Account for the year ended on that date together with the Reports of the Board of Directors and Auditors thereon.
2. To declare Dividend on Equity Shares for the year ended 31st March, 2011.
3. To appoint a Director in place of Mr. Shribhanu Patki, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Sivaramakrishnan Iyer, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint M/s A. M. Ghelani & Company, Chartered Accountants (Firm Regn. No. 103173W) and M/s Chaturvedi & Shah, Chartered Accountants (Firm Regn. No. 101720W) as the Statutory Auditors of the Company, to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to authorize the Board of Directors to fix their remuneration.

SPECIAL BUSINESS:

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

   "**RESOLVED THAT** Mr. Pradumna Kanodia who was appointed as an Additional Director of the Company on 28th April, 2011 pursuant to the provisions of Section 260 of the Companies Act, 1956 read with Article 129 of the Company's Articles of Association and in respect of whom the Company has received a notice under Section 257 of the Companies Act, 1956 along with necessary deposit from a shareholder proposing his candidature, be and is hereby appointed as a Director of the Company, liable to retire by rotation.

   RESOLVED FURTHER THAT the Board of Directors of the company be and are hereby authorized to do all such acts, deeds, things as are necessary to give effect to this Resolution."

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

   "**RESOLVED THAT** as per the recommendation of the Remuneration Committee and pursuant to the provisions of Sections 198, 269, 309 and 311 read with Schedule XIII and all other applicable provisions of the Companies Act, 1956, consent of the members of the Company be and is hereby accorded to the re-appointment of Mr. Kiran Gandhi as the Whole-Time Director of the Company for a period of three years with effect from 22nd April, 2011 on such terms and conditions as may be agreed to between the Board of Directors and Mr. Kiran Gandhi.

   RESOLVED FURTHER THAT in the event of absence or inadequacy of net profits in any financial year, the remuneration payable to the Whole-Time Director shall be governed by Section II of Part II of Schedule XIII to the Companies Act, 1956 or any statutory modification thereof and the same shall be treated as the minimum remuneration payable to the said Whole-Time Director.

   RESOLVED FURTHER THAT during such time as Mr. Kiran Gandhi holds and continues to hold office of the Whole-Time Director he shall be liable to retire by rotation as a Director.

   RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds, things as are necessary to give effect to this Resolution."

Notice (Contd.)

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

   "**RESOLVED THAT** as per the recommendation of the Remuneration Committee and pursuant to the provisions of Sections 269, read with Schedule XIII and other applicable provisions of the Companies Act, 1956 and subject to such other approvals as may be necessary, consent of the members of the Company be and is hereby accorded for the appointment of Mr. Pradumna Kanodia as Director- Finance of the Company, liable to retire by rotation, without payment of remuneration to him by the Company, for a period of five years with effect from 28th April, 2011.

   RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds, things as are necessary to give effect to this Resolution."

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

   "**RESOVLED THAT** as per the recommendation of the Remuneration Committee and pursuant to the provisions of Sections, 269, read with Schedule XIII and all other applicable provisions of the Companies Act, 1956, consent of the members of the Company be and is hereby accorded, to the appointment of Mr. Shishir Shrivastava as a Group C.E.O. & Joint Managing Director of the Company without payment of remuneration to him by the Company for a period of five years with effect from 30th July, 2011 on such terms and conditions as may be agreed to between the Board of Directors and Mr. Shishir Shrivastava.

   RESOLVED FURTHER THAT during such time as Mr. Shishir Shrivastava holds and continues to hold office as a Group C.E.O. & Joint Managing Director, he shall not be liable to retire by rotation as a Director.

   RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds, things as are necessary to give effect to this Resolution."

On behalf of the Board of Directors

Place: Pune
Date: 30th July, 2011

Ashokkumar Ruia
Chairman & Managing Director

NOTES:

1. **A SHAREHOLDER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND ON A POLL, TO VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.**

2. Proxies, in order to be effective, must be received at the Company's Registered Office not later than 48 (forty-eight) hours before the time fixed for holding the meeting.

3. As per clause 49 of the listing agreement, information regarding appointment / re appointment of Directors (Item nos. 3, 4 & 6) and an explanatory statement pursuant to Section 173 (2) of the Companies Act, 1956 in respect of Special Business (Item nos. 6,7, 8,& 9) are annexed hereto.

4. Members desirous of obtaining any information concerning the accounts and operations of the Company are requested to address their queries to the Registered Office of the Company at least seven days before the date of the meeting, to enable the Company to make available the required information at the meeting, to the extent possible.

5. The Register of Members and Share Transfer Books will remain closed from Tuesday, 13th September, 2011 to Tuesday, 20th September, 2011 (both days inclusive).

6. Dividend for the year ended 31st March, 2011, if declared at the Annual General Meeting, shall be paid on 26th September, 2011, to those shareholders, whose names appear:-
   a) As beneficial owners at the end of business day on Monday, 12th September, 2011 as per lists furnished by NSDL and CDSL in respect of shares held in electronic form.
   b) On the register of members of the Company as on Tuesday, 20th September, 2011 in respect of shares held in physical form.

7. In order to enable the Company to remit dividend through National Electronic Clearing Services (NECS), shareholders are requested to provide details of their bank accounts indicating the name of the bank, branch, account number and the nine-digit MICR code (as appearing on the cheque). It is advisable to attach a photocopy of the cheque leaf/cancelled cheque leaf. The said information should be submitted on or before Monday, 12th September, 2011 to the Company, if the shares are held in physical form and to the concerned Depository Participant (DP), if the same are held in electronic form. Payment through NECS shall be subject to availability of NECS Centers and timely furnishing of complete and correct information by members.

8. Shareholders are requested to:
   a) Intimate the Company of changes, if any, in their registered address at an early date for shares held in physical form. For shares held in electronic form, changes, if any may kindly be communicated to respective DPs.
   b) Quote ledger folio numbers/DP ID and Client ID numbers in all their correspondence.
   c) Approach the Company for consolidation of various ledger folios into one.
   d) Get the shares transferred in joint names, if they are held in a single name and / or appoint a nominee.
   e) Bring with them to the meeting, their copy of the Annual Report and Attendance Slip.

9. MCA's Green Initiative in Corporate Governance
   The Ministry of Corporate Affairs (MCA) has vide its Circular No. 17/2011 dated 21st April, 2011 and Circular No. 18/2011 dated 29th April, 2011 undertaken the Green Initiative in Corporate Governance and has permitted the delivery of documents viz., notices of meetings, annual reports etc., to the Shareholders through electronic mode.

   It is proposed that documents like Notices of Meetings/Postal Ballot, Annual Reports, Directors Report and Auditors' Report from the year ended 31st March, 2011 onwards and other shareholder communications will be sent electronically to the email address provided by the shareholders and/or made available to the Company by the Depositories viz., NSDL / CDSL. Shareholders holding the shares in dematerialized form are requested to keep their Depository Participant (DP) informed and updated of any change in their email address.

Notice (Contd.)

For Shares held in physical form, shareholders can register their email address by sending a duly signed letter mentioning their name(s), folio no(s). and email address to the Company's Registrar & Transfer Agent, M/s Link Intime India Private Limited, C-13, Kantilal Manganlal Estate, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (W), Mumbai -400078 or by sending an email to **phoenixmillsgogreen@linkintime.co.in** or alternatively can register their email address on the website of the Company at **http://www.thephoenixmills.com/green/greenadd.asp**

10. Pursuant to Section 205A and 205C of the Companies Act, 1956, any money transferred to the unpaid dividend account which remains unpaid or unclaimed for a period of 7 years from the date of such transfer, is required to be transferred to the Investor Education and Protection Fund set up by the Central Government. Accordingly, the unpaid/unclaimed dividend for the years 2004-2005 onwards will become transferrable at the end of respective seven years to the said Fund. Once the amount is so transferred, no claim shall lie against the Fund or the Company in respect of dividend amount thereafter. Shareholders are requested to send their claims, if any, for the financial year 2004-2005 onwards before the amount becomes due for transfer to the above Fund. Shareholders are requested to encash the dividend demand drafts immediately on their receipt by them.

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

    a) Transferees' PAN Cards for transfer of shares,
    b) Surviving joint holders' PAN Cards for deletion of name of deceased shareholder,
    c) Legal heirs' PAN Cards for transmission of shares,
    d) Joint holders' PAN Cards for transposition of shares.

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

On behalf of the Board of Directors

Place: Pune
Date: 30th July, 2011

Ashokkumar Ruia
Chairman & Managing Director

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

ITEM NO. 6

Mr. Pradumna Kanodia was appointed as an Additional Director of the Company on 28th April, 2011 pursuant to the provisions of Section 260 of the Companies Act, 1956 and Article 129 of the Articles of Association of the Company. Pursuant to the provisions of Section 260 of the Companies Act, 1956, the term of office of Additional Director expires at the ensuing Annual General Meeting. A notice along with requisite deposit as required by Section 257 of the Companies Act, 1956 has been received from a member proposing the appointment of Mr. Pradumna Kanodia as a Director.

Considering his experience and expertise in the industry, it will be in the best interest of the Company to appoint him as a Director, liable to retire by rotation. The appointment of Mr. Pradumna Kanodia as a Director of the Company requires the consent of the shareholders of the Company. The Resolution is therefore recommended for your approval.

Mr. Pradumna Kanodia is concerned or interested in the Resolution at Item No. 6 for his appointment as Director. None of the other directors of the Company is interested in the said Resolution.

A brief profile of Mr. Pradumna Kanodia is given in the Annexure to the Notice of the Annual General Meeting.

ITEM NO. 7

The term of office of Mr. Kiran Gandhi as the Company's Whole-Time Director expired on 21st April, 2011. As per the recommendation of the Remuneration Committee, the Board of Directors of the Company at their meeting held on 28th April, 2011, re-appointed Mr. Kiran Gandhi as the Whole-Time Director of the Company liable to retire by rotation w.e.f. 22nd April, 2011 for a further period of 3 (three) years on such terms and conditions as may be agreed to between the Board of Directors and Mr. Kiran Gandhi but subject to the provisions of the Companies Act, 1956, read with Schedule XIII thereof as amended from time to time.

The aforesaid re-appointment of Mr. Kiran Gandhi as the Whole-Time Director would require the consent of the shareholders of the Company pursuant to Section 269, 309,311 and other applicable provisions of the Companies Act, 1956 read with Schedule XIII of the said Act. The said Resolution is therefore, recommended for your approval.

Mr. Kiran Gandhi is concerned or interested in the Resolution at Item No. 7 for his re-appointment as Whole-Time Director. None of the other Directors of the Company is interested in the said Resolution.

A brief profile of Mr. Kiran B. Gandhi is given in the Annexure to the Notice of the Annual General Meeting.

ITEM NO. 8

Mr. Pradumna Kanodia has contributed extensively in the areas of project financing and banking, thus boosting the growth of the Phoenix Group. Based on the recommendation of the Remuneration Committee, the Board of Directors has appointed Mr. Pradumna Kanodia as Director–Finance of the Company, liable to retire by rotation, for a period of five years with effect from 28th April, 2011.

The said appointment of Mr. Pradumna Kanodia as Director–Finance of the Company without payment of remuneration would require the consent of the shareholders of the Company pursuant to Section 269 read with Schedule XIII of the Companies Act, 1956. The Resolution is therefore recommended for your approval.

Mr. Pradumna Kanodia is concerned or interested in the Resolution at Item No. 8 for his appointment as Director-Finance. None of the other directors of the Company is interested in the said Resolution.

Notice (Contd.)

ITEM NO. 9

Mr. Shishir Shrivastava has been spearheading the Company's activities and putting in relentless efforts in the areas of Projects, Finance, Legal, HR and Strategy of the Company. His sharp financial & legal aptitude and excellent transactional skills have immensely contributed to the growth of the Company and it would be of great benefit to the Company and to the Board to avail his expertise as a leader. On the recommendation of the Remuneration Committee, the Board of Directors has appointed Mr. Shishir Shrivastava as Group C.E.O. & Joint Managing Director of the Company without payment of remuneration to him by the Company for a period of 5 years with effect from 30th July, 2011.

The said appointment of Mr. Shishir Shrivastava as Group C.E.O. & Joint Managing Director of the Company without payment of remuneration would require the consent of the shareholders of the Company pursuant to Section 269 read with Schedule XIII of the Companies Act, 1956. The Resolution is therefore recommended for your approval.

Mr. Shishir Shrivastava is concerned or interested in the Resolution at Item No. 9 for his appointment as Group C.E.O. & Joint Managing Director. None of the other directors of the Company is interested in the said Resolution.

A brief profile of Mr. Shishir Shrivastava is given in the Annexure to the Notice of the Annual General Meeting.

This explanatory statement and the resolution at Item No. 9 of the Notice are and may be treated as an abstract of the terms of appointment of Mr. Shishir Shrivastava as Group C.E.O. & Joint Managing Director of the Company as required under section 302 of the Companies Act, 1956.

On behalf of the Board of Directors

Place: Pune
Date: 30th July, 2011

Ashokkumar Ruia
Chairman & Managing Director

Name	Shishir Shrivastava	Kiran Gandhi	Pradumna Kanodia	Sivaramakrishnan Iyer	Shribhanu Patki
Age	35 yrs.	66 yrs.	47 yrs.	44 yrs.	48 yrs.
Qualification	Graduate from IHM Bangalore	B.Com., CA	B.Com, CA, CS, PGDM in Sales & Marketing Mgmt.	B.Com., FCA	B.Arch. (Hons)
Profile and Experience	Mr. Shishir Shrivastava graduated from IHM Bangalore and has served the Phoenix Group entities for past 12 years in various capacities. While he was instrumental in shaping HSP to its current reputation, he also laid the foundations of the service and advisory vertical. Since 2008, he has endeavored towards the successful culmination of the Shangri-La Hotel and the four Phoenix Marketcity projects which are now being launched in phases. He has been elevated to the position of Jt. Managing Director and continues to oversee several critical functions of the Company including corporate strategy, debt and private equity fund raising, investor relations, legal, business development, operations and the Group's Hospitality Portfolio.	Mr. Kiran Gandhi joined the Company in January 1970 and at present acts as a guide for the finance, accounts and tax teams of the Company. He plays an important role in maintaining banking and investor relation ships. He also plays an advisory role in the areas of internal audit and income tax. He is also involved in various philanthropic activities and is an active member of Lions Club International.	Mr. Pradumna Kanodia joined the Company as "Group Chief Financial Officer" in March, 2010. He has more than 20 years of experience in various organizations like Kanoria Dyechem Ltd., Abir Chemicals Ltd., Focus Infosys India (P) Ltd, Sobha Developers Ltd. Prior to joining the Phoenix Group, Mr. Kanodia was associated with Panchshil Realty as Group Chief Financial Officer. He currently heads the Finance and Accounts teams and plays a key role in fund raising, liaisoning with banks for raising debt, etc.	Mr. Sivaramakrishnan Iyer is a qualified Chartered Accountant. He is a practicing partner with Patel Rajeev Siva & Associates in Mumbai with special emphasis on management audit and consultancy. The Firm also specializes in corporate finance and advises companies on debt / equity fund raising, mergers / amalgamations, capital structuring for new / expansion projects etc. He is the Chairman of the Audit Committee of the Company and in this capacity, advises the Board on matters that have strategic and financial implications.	Mr. Patki has vast experience in the architectural segment. He is an associate of the Royal Institute of British Architects and a fellow of Indian Institute of Architects and has lectured at design colleges in Europe and US. He is one of Mumbai's renowned architects with a number of prestigious projects to his design credit. He is currently the Managing Director of M/s P G Patki Architects Private Limited—a reputed architectural firm over four decades. He is currently the core architect in-charge of designing and conceptualizing the various Phoenix Market City projects. He has graduated from J J school of Arts with honours.
Details of Directorships held in other companies*	1. Pallazzio Hotels & Leisure Ltd.	1. Pallazzio Hotels & Leisure Ltd.	1. Pallazzio Hotels & Leisure Ltd.,	1. Edelweiss Trustee Services Limited 2. IRB Infrastructure Developers Limited 3. Man Infraconstruction Limited 4. Praj Industries Limited	Nil
Details of Chairmanship/ Membership held in Committees of other companies	1. Pallazzio Hotels & Leisure Ltd. – Member of Audit Committee	1. Pallazzio Hotels & Leisure Ltd. – Member of Audit Committee	Nil	1. Man Infraconstruction Limited- Chairman of Audit Committee & Investor Grievance Committee 2. Praj Industries Limited- Chairman of Investor Grievance Committee.	Nil
Shareholding in the Company	1500 shares	Nil	Nil	Nil	Nil

* The list of companies in which the Directors hold directorships exclude private limited companies and foreign companies, if any.

THE PHOENIX MILLS LIMITED

Registered Office:

462, Senapati Bapat Marg, Lower Parel, Mumbai 400 013.

PROXY FORM

I / We ____

of____

being a Shareholder/Shareholders of THE PHOENIX MILLS LIMITED hereby appoint ____________________

______________________ of ______________________ or failing him/her

______________________ of ______________________ as my/our Proxy to attend and

vote for me/us and on my/our behalf at the 106th Annual General Meeting of the Company to be held on Tuesday, the 20th day of September, 2011 at 4 P.M. at Indian Merchants Chamber, 4th Floor, Walchand Hirachand Hall, Churchgate, Mumbai - 400 020 and at any adjournment thereof.

Regd. Folio. No. ________________ No. of Shares held ________________

Client I.D. No. ________________ DP.ID.No ________________

Signed this________________day of________________2011

Affix Re. 1.00 Revenue Stamp

(**Signature**)

Note:

1. The Proxy Form should be signed across the stamp as per specimen signature recorded with the Company.
2. The Proxy form duly completed and signed must be deposited at the Registered Office of the Company not less then 48 hours before the time for holding the Meeting.

THE PHOENIX MILLS LIMITED

Registered Office:

462, Senapati Bapat Marg, Lower Parel, Mumbai 400 013.

ATTENDANCE SLIP

I/We hereby record my/our presence at the 106th Annual General Meeting of the Company held on Tuesday, the 20th day of September, 2011 at 4.00 P.M. at Indian Merchants Chamber, 4th Floor, Walchand Hirachand Hall, Churchgate, Mumbai - 400 020

Name ____

Regd. Folio. No. ______________________ No. of Shares held ______________________

Client ID. No. ______________________ DP. ID. No. ______________________

Name of Proxy/Representative, if any ______________________________

Signature of the Shareholder(s)/Proxy/Representative ______________________________

Note: Member/ Proxy attending the Meeting must fill-in this Attendance Slip and hand it over at the entrance of the venue of this Meeting.


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ANNUAL REPORT 2010-11

THE PHOENIX
MILLS LIMITED

Shree Laxmi Woollen Mills Estate,
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www.thephoenixmills.com