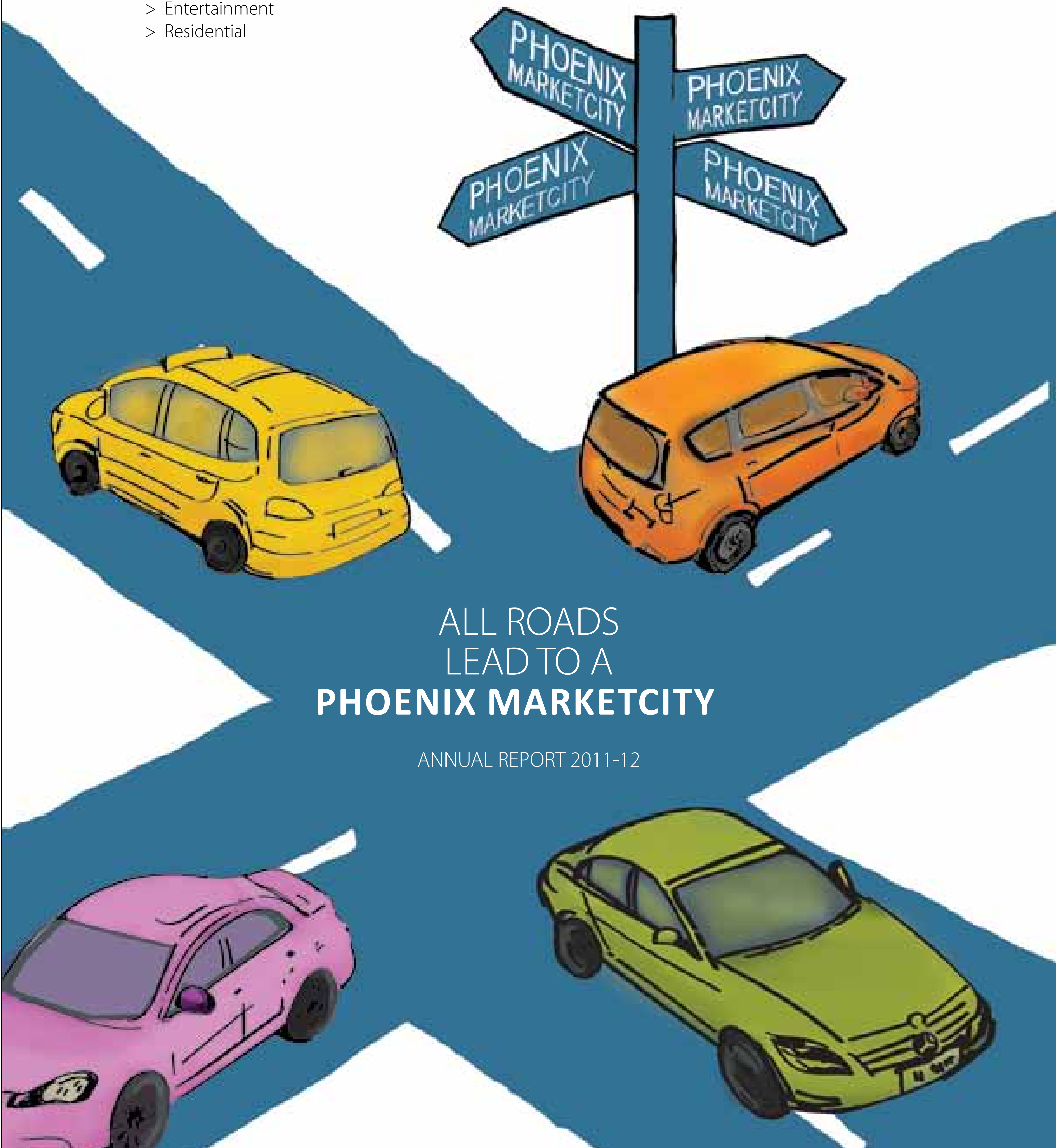
THE PHOENIX MILLS LIMITED

India's Premier Retail-Led Assets Company

> Retail
> Commercial
> Hospitality
> Entertainment
> Residential



ALL ROADS LEAD TO A PHOENIX MARKETCITY

ANNUAL REPORT 2011-12

AT A GLANCE

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

- **500+** Employees
- Presence in **15** Cities*
- Over **100** Acres in Total Land Assets
- Over ₹ **50 billion** in building assets

OPERATIONAL

- **10** Malls in 8 cities*
- **2** Commercial Centres in 2 Cities
- Over **5.0** million sq. ft. in Retail, Entertainment,
- Commercial, Parking & Residential Assets

PLANNED (next 3 years)

- **6** Shopping Malls in development*
- **2** Commercial Centres in development
- **4** Residential Projects under development
- **2** Hospitality Properties in development
- **5.8** million sq. ft. in Retail Assets*
- **1.5** million sq. ft. in Commercial Assets
- **12.6** million sq. ft. in Residential Assets*

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

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

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

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

"Phoenix Marketcity" is born out of a bold vision to offer India's urban consumers a place where they can find the best brands, entertainment, convenience and an overall exciting experience. Designed as 'a city within a city', Phoenix Marketcities are architecturally path-breaking and iconic destination assets in the heart of Tier-I cities, fast becoming 'must visit' spots on all tourist sightseeing maps. Typically the largest mall in town with a footprint well above 2½ million sq. ft. of area and positioned in a prime location within the city, each of Phoenix Marketcities are designed and built on an unprecedented scale and quality. By including a large and extensive mall with hypermarkets, high-end office spaces, hospitality and entertainment avenues, Phoenix Marketcities are integrated mixed-use developments that are truly 'one-stop-shops' for consumers, travellers and businesses alike.

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.

ALL ROADS LEAD TO A **PHOENIX MARKETCITY**

Welcome to FY2012 – a year in which we are proud to have introduced the next generation retail hubs of India – **"The Phoenix Marketcities",** in the cities of Pune, Bengaluru and Mumbai. The fourth Phoenix Marketcity at Chennai is also expected to become imminently operational in Q2FY2013.

In the span of one year, PML has concurrently introduced more than 3.25 million sq. ft. and 600 new operational stores of additional shopping joy across these three cities. This achievement is indeed unprecedented and is testimony to our insight and determination for becoming the largest retail-led mixed used property developer in India. These centres have already become retail landmarks of their respective cities, offering an increasingly wealthier urban India the most enjoyable shopping experience and access to a great variety of the best brands that the world has to offer. Going forward, we look forward to rampant footfalls and consumption numbers at Phoenix Marketcities, leading to strong income streams, profitability and growth for the Company.

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. 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

Standard Chartered Bank
Bank of Baroda
Bank of India
Canara Bank
HDFC Bank
Barclays Bank
IndusInd Bank

COMPANY SECRETARY

Ms. Shinanji Mamtani

REGISTERED OFFICE

462, Senapati Bapat Marg,
Lower Parel, Mumbai - 400013.
Tel : 022 - 24964307
Fax: 022 - 24938388
Website : www.thephoenixmills.com
Email: investorrelations@highstreetphoenix.com

CORPORATE OFFICE

Shree Laxmi Woollen Mills Estate,
R. R. Hosiery Bldg,.
Off. Dr. E. Moses Rd., Mahalaxmi,
Mumbai - 400011.
Tel : 022 - 30016730
Fax: 022 - 30016818

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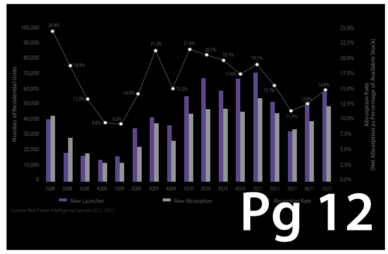

Key Financial Indicators

Shishir Shrivastava
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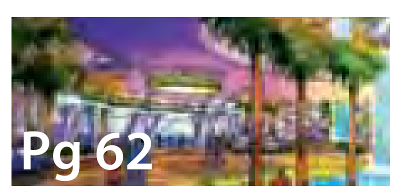


Phoenix Marketcity Chennai


PHOENIX MARKETCITY

SUCCESS IS DRIVEN BY BOLD VISIONS AND DETERMINATION

ATUL RUIA
JOINT MANAGING DIRECTOR

JOINT MANAGING DIRECTOR'S **LETTER**

Dear Shareholders:

In the compendium of our company history, FY2012 will surely go down as a major milestone year. It will not only underscore our ability to deliver on large-scale project implementation, but our ability to manage multiple deliveries of iconic assets, across several cities. This is unprecedented and has placed us uniquely as leaders in the niche large format retail marketplace.

Following Pune, Bengaluru and Kurla (Mumbai), we are on course to complete our final piece of four Marketcity projects, at Chennai – taking the Group to experience a quantum jump in topline growth. In parallel, we are on track with the Phase II of these mixed used assets, comprising of residential and commercial products which shall be on a 'build-and-sell' business model. Naturally, with new assets in early play, our financial numbers will also be transformed.
For FY2012 the Group recorded a net profit after tax and minority interest of ₹ 1,056 mn, up 25% from last year. With a consolidated topline increase of 339% to reach ₹ 3.67 bn in income from operations, the numbers are beginning to reflect the early effects of a surge in leasable & saleable assets under PML's controlling stake.

Testimony to our confidence in our own business model, we have increased our stakes in Phoenix Marketcity Pune and Phoenix Marketcity Bengaluru over last two years. During FY2012, we have entered into a Share Purchase Agreement (SPA) to purchase 32% stake held by Kshitij Venture Capital Fund in Phoenix Marketcity Chennai. Upon consummation of the deal, PML's stake shall increase to 63%. These acquisitions are part of a long-term strategy of consolidating our stakes in our various projects, thereby creating long-term value for PML shareholders.

With consolidated earnings at ₹ 7.29 per share for FY2012, up 25% from last year, your directors are recommending 100% dividend of ₹ 2.00 per share, up 11% from last year.

ECONOMIC CONDITIONS AND GENERAL OUTLOOK

Let's face it – everywhere we look globally, we can't escape the repetitive media bytes on the myriad of economic dilemmas faced by the USA, Europe and Japan. On the face of it, by the end of FY2012, even our domestic economy seemed to be getting tepid and ready to breach the sub 8% 'Indian growth rate'. Today, there are concerns about slowdown in investment, stubborn inflation rates, soaring oil prices, weakening Rupee and about corporate performance. But if one looks beyond the newspaper headlines and with a longer time horizon – both past and future – I see a picture in which over the last decade, our economy has been able to step up to higher orbits of growth despite global turmoil. A picture in which the Indian economy bounced back from the worst global financial crisis in recent history to record over 8% growth for two consecutive years. I also see a picture in which our per capita GDP has more than tripled in less than ten years, boosting consumer consumption within all sections of our society. We are also a country where government debt is almost entirely financed by domestic savings and is not burdened by the prospect of a rapidly ageing population. We also enjoy sufficient growth momentum in our economy to meet twin goals of increasing government revenues and reducing deficit over time.

This year, we presented not just one Marketcity project, but three – in Pune, Bengaluru and Mumbai! And a fourth one in Chennai is just around the corner.

But most importantly, I see us as a young country with a demographic dividend that will be reaped for many years to come. If one looks across the country, in big cities, small towns and rural areas, one can't help but notice each neighbourhood brimming with economic activity. I also detect prosperity growing everywhere, creating unprecedented demand for goods and services of various kinds. With entrepreneurship and innovation abundant everywhere, I have great hope for the future for our economy and our country. No doubt, there are and always will be challenges, from outside and within. Our Central and State Governments will need to pursue course correcting policies and strategies as and when required. Fortunately, we have strong underlying fundamentals to work with and the momentum that has been created in the economy, despite short-term hiccups from time to time, will ensure robust and sustained growth over the medium to long term. If we want to look at proxies and past experience, one need only look at China. Research has shown that on a whole range of indicators, two decades after we in India started our reforms process, we are where China was two decades after it commenced reforms. Indeed I believe that India's growth model led by domestic consumption and investment, and its demographic dividend, will ensure a self-propelling cycle of growth for an even longer period of time.

ALL ROADS LEAD TO A PHOENIX MARKETCITY

ALL ROADS LEAD TO A PHOENIX MARKETCITY

Our vision for creating definitive consumption and lifestyle centres – what we call 'a city within a city' - has now translated into reality. This year, we presented not just one Marketcity project, but three – in Pune, Bengaluru and Mumbai! And a fourth one in Chennai is just around the corner. Giving multiple births of marquee malls is indeed a highly commendable feat. Through the last few years, we were faced with multiple challenges. But the sheer scale or the geographic spread of these projects, which are undeniably unprecedented, never daunted us. Through the delivery of such large-scale and simultaneous undertakings, we have shown the marketplace the tenacity, capacity and capabilities of our company, which augurs well for its future ambitions. What's more gratifying is the overwhelming excitement with which both retailers and consumers have embraced each of these Marketcities. Looking at the initial feedback we've been getting, our Marketcities have indeed placed an indelible mark on their respective urban panoramas, forever changing the consumption landscape of each city. I am fully convinced that within a reasonable timeframe, we will gradually be ramping up to healthy footfalls and consumption numbers. So when we say "all roads to lead to Phoenix Marketcity" – we mean just that. Under no circumstances can today's market-aware and brand savvy consumers give Phoenix Marketcity a miss. With a fantastic array of global brands, fine dining and entertainment options that make a Phoenix Marketcity mall, the idea of how one goes shopping in each of these cities will never be the same. I believe that gradually consumers of these four cities will start developing a love affair with our malls – a place where they can pick up groceries, fill their prescriptions, see a movie, have a bite and buy designer socks without leaving the mall. In time, the Phoenix Marketcities will take on a new meaning in their hearts – being part fun, part mall, part cultural hub and part business centre. Indeed I believe that in many ways our malls will reshape the existing neighborhood infrastructure.

OUTLOOK

Our assets are not built for the next few years, but for the next 50 years. Our actions today are therefore mindful about the short-term vagaries, but strategic for long-term positioning. We are now on a journey to become one of the largest retail led asset companies in India. As per The World Bank Report, by 2020, the average age of an Indian will be 29 years, compared to 37 for China and 48 for Japan. With demographics on India's side, I continue to maintain my optimism on the strength of India's short and long-term consumption story. I am extremely encouraged by the steadily growing footfall and consumption numbers we have experienced in FY2012 at High Street Phoenix and Palladium. The early numbers from the three Phoenix Marketcities launched this year have also looked very promising, keeping in mind the facts that some stores are yet to complete their fitouts and the multiplexes are yet to start throwing light onto their screens. There's no doubt that India is longing for world-class malls and your company is playing a definitive role in providing such consumption centres to its citizens. PML is strongly positioned in each of its businesses and focused on sustainable growth and profitability.

Through the delivery of such large-scale and simultaneous undertakings, we have shown the marketplace the tenacity, capacity and capabilities of our company, which augurs well for its future ambitions.

Once again, I would like to thank everyone at Phoenix Group for their support and commitment and to our many business partners who have contributed to our good performance over the past year. We are in a firm position to counter challenges that lie ahead of us and I look forward to the years ahead with excitement and optimism.

Atul Ruia
Managing Director

AN INTERVIEW WITH **GROUP CEO & JOINT MANAGING DIRECTOR**

How well is PML faring against competition within the retail space market?

I believe that today we are setting new standards in the retail space market, not just in terms of its design and aura, but also in its management and retailer engagement. We are dedicated to making shopping at each Phoenix Marketcity and High Street Phoenix & Palladium an unforgettable experience for our swelling number of patrons with whom we want to connect at an emotional level and have them keep returning to our properties. At High Street Phoenix & Palladium, for example, we are continuously investing in upgrading our retail offerings to meet the evolving needs of today's retailers and customers alike to maintain our high levels of occupancy and capture the license fees/rentals growth potential. I also believe that the scarcity of iconic malls and an increasing demand for established, profitable locations will enable PML to generate strong consumption trends at each of its centres. We also derive a huge benefit from the scale of our operations spread across multiple locations and pass this benefit on to our retail partners in terms of knowledge, experience and opportunity. In fact, PML's retail outlets have enabled several global brands to use our platform to enter India in a meaningful way. So while, there could be competition in terms of number of malls coming on stream, we believe brand Phoenix, our affiliation with national and international retailers, experience in understanding Indian consumer, presence in key Tier I & II cities etc. shall keep us in good stead.

With Residential & Commercial Spaces on your radar for Phase II, are we seeing PML diversify away from the retail infrastructure business?

We provide investors with an access to a diverse range of property assets, which we manage, finance and develop, delivering security of income as well as capital growth. But let there be no doubt that the RETAIL asset class is core to PML's property portfolio. We specialize in creating and managing prime retail destinations that attract high-quality occupiers committed to long term leases. As our new malls mature, backed by the strength of High Street Phoenix & Palladium, our retail assets will be major contributors to the sustainable cash flows, which will underpin our dividend and finance our growth. Our mall portfolio, through PML and its investees, is anchored by the regionally dominant 5.8 mn sq. ft. prime in-town locations. Our 10 assets as on date, held directly and through our investee partners offer more than 1,500 retail units and will potentially attract more than 50 mn footfall visits a year. These numbers are the making of a player that is squarely focused on the retail lead strategy. In fact it's the magnitude of these numbers that is the inspiration behind this year's theme "All roads lead to a Phoenix Marketcity".

The successful launch of our new Marketcities and the significant brand churn in our established ones are early signs of robust license fees growth for PML locations.

When it comes to other asset classes, most of our offices, residential portfolio and also the hospitality asset Shangri–La are primarily nested within the perimeters of our four Phoenix Marketcity projects and High Street Phoenix & Palladium. Our properties provide modern, high-quality and well-located accommodation/ office premises that meets the needs of individuals as well as corporates. Naturally, these spaces are being developed to capture the premium

We have positioned Phoenix to succeed in good times and bad - by utilizing our superior market knowledge, our dominant Tier I city presence, the industry's finest professional staff, our financial strength and our never-blinking focus.

given to realty spaces operating within large retail-lead mixed-use properties. But more importantly, they are part of our monetisation focus, which will make each of our SPVs under which the Phoenix Marketcity is developed, and subsequently the Group on a consolidated basis, less debt weighed. With a growing reserves position this shall fuel further expansions in the future. The odd one out in our portfolio is the pure play large-scale residential development in Rajaji Nagar, Bangalore, which too was originally earmarked for a Phoenix Marketcity project. We undertook the residential strategy in this case simply because it made better business sense to tap probably one of the few large land parcels in the heart of the city which already has several retail and hospitality assets in vicinity. We expect a superior return on investment from this project and an opportunity to hone the Phoenix Brand within the residential space. Consequently, we foresee ourselves leveraging this asset class even better for our future mixed-use developments. My view is that in today's dynamic market, property out-performance will require a much more asset specific approach, and the Rajaji Nagar project is an ideal example of our flexibility in pursuing the best returns for our stakeholders.

SHISHIR SHRIVASTAVA
GROUP CEO & JOINT MANAGING DIRECTOR

What will be your basic approach to ensuring good shareholder returns?

We are singularly focused on delivering superior returns for our shareholders. We intend to do this through five simple approaches:

1. **Improving License Fee/Rental yields:** Our core business consists of high-quality retail and hospitality assets capable of generating recurring, secure and growing income streams. Our long-term investment strategy is focused on areas where we expect demand from occupiers will be the strongest over the medium to longer term and well located prime retail assets in the metro cities of India. Assets in these sectors will provide opportunities for strong rental yields with a huge upside and cash flows therefrom, enabling us to deliver a high and growing dividend stream which in turn would help us fund future business growth through competitively priced equity and debt finance.
2. **Protecting and growing the capital value of our assets over the medium to long term:** As well as investing in strong license income streams, we need to ensure we both, protect and grow the value of the underlying assets. Our endeavour shall be to continually renew and upgrade our portfolio to retain its quality, increase the security of our income and sustain occupier and customer attraction towards assets. Our portfolio is focused on well-located retail units where consumers and retailers increasingly want to be.
3. **Creating incremental value through developing, repositioning assets and exploiting market opportunities:** Where we see the right opportunity, we will invest a proportion of our capital in assets with the objective of creating incremental value. A good example is the office and/or residential spaces we are developing through our Phase II of each Phoenix Marketcity.
4. **Managing our costs to maximise profit generation:** Controlling our operating and finance costs so that we maximise the amount of profit we generate will continue to be a key focus of our business. We have endeavoured very hard and have been successful in maintaining operating margins relative to our gross license fee/rental income – at ~90% at High Street Phoenix & Palladium over a long period of time, which is a testimony to our efficient operations. We are confident of our ability to replicate a similar operating efficiency at each Phoenix Marketcity over time and reduce debt through asset monetisation of our commercial and residential portfolio.
5. **And finally, by exploiting our scale and financial strength:** Our scale, knowledge and expertise in the Indian property market make us a natural partner of choice for major investors. We have an established track record of working with major institutions with complementary expertise and interests to our own, including funds managed by Edelweiss, IL&FS, Everstone Capital and MPC Synergy (Germany), many of whom have partnered us since the inception stage of Marketcity projects. The scale and security of our license income streams enables us to finance our business on competitive terms and maintain substantial credit facilities to support current and future investment needs. Through FY2012, we were successfully able to restructure several of our high cost loans with new lenders at better rates and longer tenures, improving the cash flows of our SPVs considerably.

What is your general outlook?

While, as a nation, we are witnessing tepid growth rates, consumers are still shopping and good brands and businesses are still looking to grow. PML has been well served by the quality, location and sustainability of our portfolio. Concentrated licensing activity across our newly launched Phoenix Marketcity portfolio, a decisive and significant commitment to our commercial office and residential developments, all contributed to a strong performance over an active year. At Phoenix Mills, we are facing the future with confidence. Our retail property portfolio comprises of large-scale, modern, flexible buildings that meet evolving occupier needs and we own some of the best retail assets in India, where consumers want to shop and retailers want to trade efficiently and profitably. As a result, we have positioned Phoenix to succeed in good times and bad - by utilizing our superior market knowledge, our dominant Tier I city presence, the industry's finest professionals, our financial strength and our never-blinking focus. The company is in good shape and has emerged stronger through FY2012 with launch of its mega projects. So, while it's true that markets do fluctuate, it's also true that strength endures.

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 **22 rare and marquee assets** under development - making up close to **20 mn sq. ft.**, across **15 Indian city-centres**.

OPERATIONAL RETAIL ASSETS
>6.04 mn sq. ft.*

ONGOING COMMERCIAL ASSETS
1.79 mn sq. ft.

ONGOING RESIDENTIAL ASSETS
3.27 mn sq. ft.

PLANNED RETAIL ASSETS
5.62 mn sq. ft.*

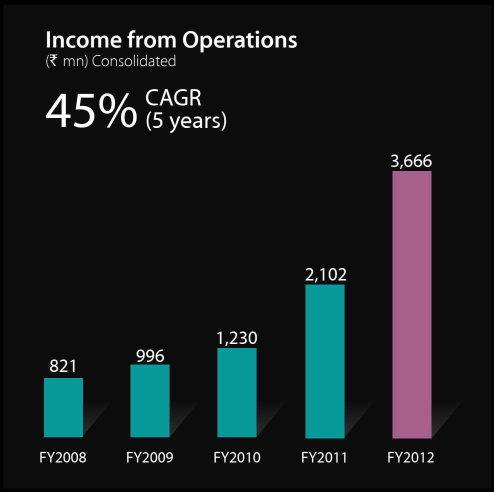
PLANNED RESIDENTIAL ASSETS
9.84 mn sq. ft.*

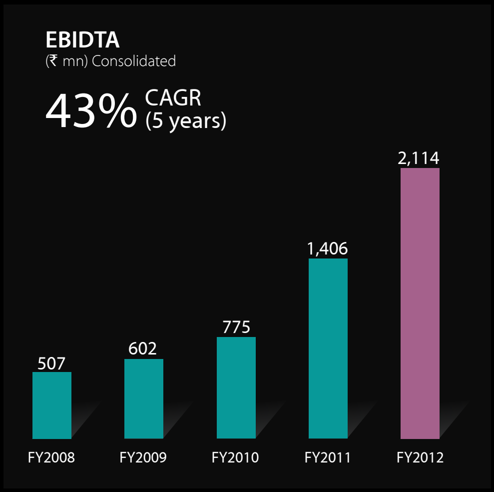
PLANNED COMMERCIAL ASSETS
0.30 mn sq. ft.

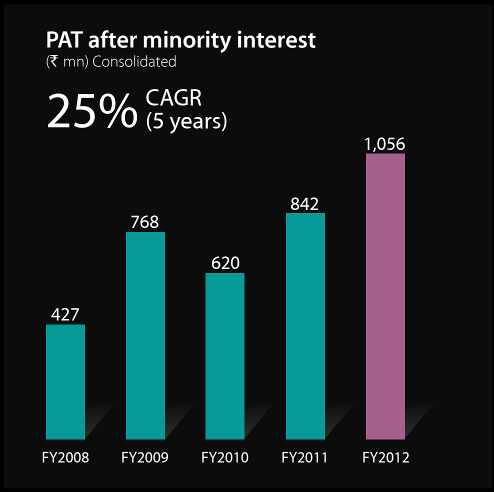
ONGOING HOSPITALITY ASSETS
OVER 575 KEYS

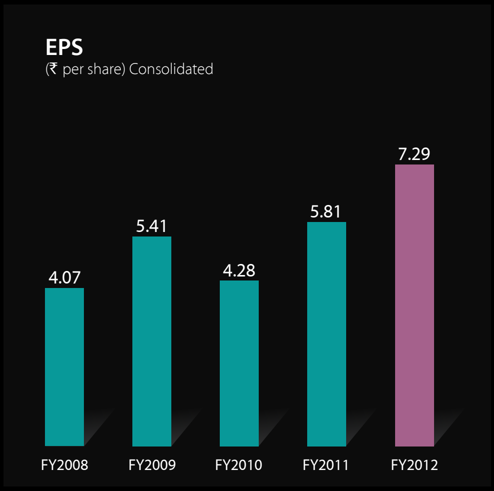
* includes PML Group (PML & its subsidiaries and associate companies) and its investee companies (BARE & EWDL)

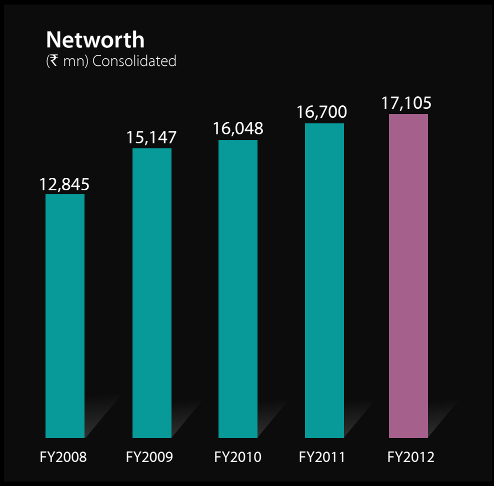
KEY
FINANCIAL INDICATORS

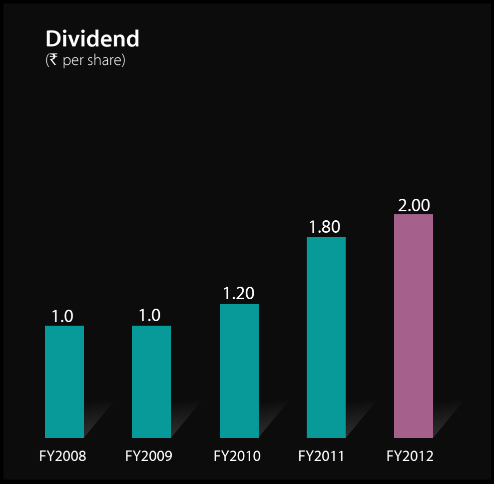












CONSOLIDATED FINANCIAL HIGHLIGHTS

	CONSOLIDATED	
(₹ Mn)	**FY2011**	**FY2012**
Sales	188	689
License Fees, Service Charges, Etc.	1,914	2,977
Total Income from Operations	**2,102**	**3,666**
EBITDA	1,406	2,114
EBITDA Margins	67%	58%
Other Income	287	446
Depreciation	314	563
Interest	228	944
Profit before Tax	1,151	1,053
Profit after Tax & Minority Interest	**842**	**1,056**
EPS – FV of ₹ 2 each (₹)	5.81	7.29

THE STRENGTH OF THE PML GROUP'S PERFORMANCE IN THE YEAR REFLECTS OUR FOCUS ON HIGH-QUALITY AND SUSTAINABLE RENTAL INCOME STREAMS, INVESTING IN NEW RETAIL ASSETS WHICH PROTECT AND GROW CAPITAL VALUE, CREATING INCREMENTAL VALUE THROUGH DEVELOPMENT, REPOSITIONING ASSETS AND EXPLOITING MARKET ANOMALIES, CONTROLLING OUR COSTS, AND EXPLOITING OUR SCALE AND FINANCIAL STRENGTH.

SHISHIR SHRIVASTAVA (JT. MD)

OUR BUSINESS VERTICALS AND ASSETS

Destination Malls

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.

Method: Directly Develop, Own, Manage & Operate Retail Assets

Markets: Mature & Transitional Markets in Tier I Cities

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

Commercial Assets

PML typically locates its commercial assets within its mixed-use properties that are conveniently located in urban centres and near important business and transportation hubs. They enjoy the advantage of being nestled within a destination asset comprising of retail, dining and entertainment options, making for a very interesting place to work from.

Method: Directly Develop and Sell, Commercial Real Estate Assets

Markets: Mature and Micro 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

Investees:

ENTERTAINMENT WORLD DEVELOPERS redefining real estate

Big APPLE

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

ALL ROADS LEAD TO A PHOENIX MARKETCITY

Assets
High Street Phoenix (Mumbai)
Palladium (Mumbai)
Phoenix Marketcities
Phoenix Marketcity Pune
Phoenix Marketcity Bengaluru
Phoenix Marketcity Kurla (Mumbai)
Phoenix Marketcity Chennai

Assets
Mumbai Hotel Shangri-La
Agra Hotel Courtyard by Marriott

Assets
Phoenix Residences Whitefield, Bengaluru*
Phoenix Residences Rajaji Nagar, Bengaluru
Phoenix Residences Velachery, Chennai*
Phoenix Residences Viman Nagar, Pune

Assets
15LBS Kurla, Mumbai*
Orion Park Kurla, Mumbai*
Phoenix Bazaar Kurla, Mumbai
East Court Pune*
Phoenix Commercial Pune*

Assets
BARE®
EWDL+
Treasure Marketcity Indore
Treasure Island Jabalpur Raipur Bhilai Mohali Indore
Treasure Bazaar Ujjain Nanded Indore Central
Treasure Town & Vihar (by EWDL) Udaipur, Indore (AB Road), Indore (Kanadia), Indore (Rangawasa)
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

ALL ROADS LEAD TO A PHOENIX MARKETCITY

OUR PORTFOLIO | MUMBAI

RETAIL

1.

THE PHOENIX MILLS LTD.

PROJECT NAME
HIGH STREET PHOENIX

PML STAKE **100%**

LEASABLE AREA .... **0.6 msf**

LEASING STATUS (JUNE 2012) **90-95%**

OCCUPANCY STATUS (JUNE 2012) **88%**

AVG. LICENSE FEES psf pm .... **₹ 160**

2.

THE PHOENIX MILLS LTD.

PROJECT NAME
PALLADIUM

PML STAKE **100%**

LEASABLE AREA .... **0.3 msf**

LAUNCH DATE .... **SEPT. 2010**

LEASING STATUS (JUNE 2012) **95%**

OCCUPANCY STATUS (JUNE 2012) **95-98%**

AVG. LICENSE FEES psf pm .... **₹ 210**

3.

NAME OF THE SPV
OFFBEAT DEVELOPERS PVT. LTD.

PROJECT NAME
PHOENIX MARKETCITY KURLA

PML STAKE **24.30%**

LEASABLE AREA .... **1.13 msf**

LAUNCH DATE .... **NOV. 2011**

LEASING STATUS (JUNE 2012) **75%-80%**

OCCUPANCY STATUS (JUNE 2012) **60%**

AVG. LICENSE FEES psf pm .... **₹ 85-90**

COMMERCIAL

1.

NAME OF THE SPV
OFFBEAT DEVELOPERS PVT. LTD.

PROJECT NAME
I5LBS

PML STAKE **24.30%**

SALEABLE AREA .... **0.28 msf**

DEVELOPMENT STATUS (JUNE 2012) .... **LAUNCHED**

PRE-SALES STATUS (JUNE 2012) **64%**

2.

NAME OF THE SPV
OFFBEAT DEVELOPERS PVT. LTD.

PROJECT NAME
ORION PARK

SALEABLE AREA .... **0.84 msf**

PML STAKE **24.30%**

DEVELOPMENT STATUS (JUNE 2012) .... **LAUNCHED**

PRE-SALES STATUS (JUNE 2012) **37%**

3.

NAME OF THE SPV
GRACEWORKS REALTY & LEISURE PVT. LTD

PROJECT NAME
PHOENIX BAZAAR

PML STAKE **44%***

SALEABLE AREA .... **0.42 msf**

DEVELOPMENT STATUS (JUNE 2012) .... **LAUNCHED**

PRE-SALES STATUS (JUNE 2012) **12%**

HOSPITALITY

1.

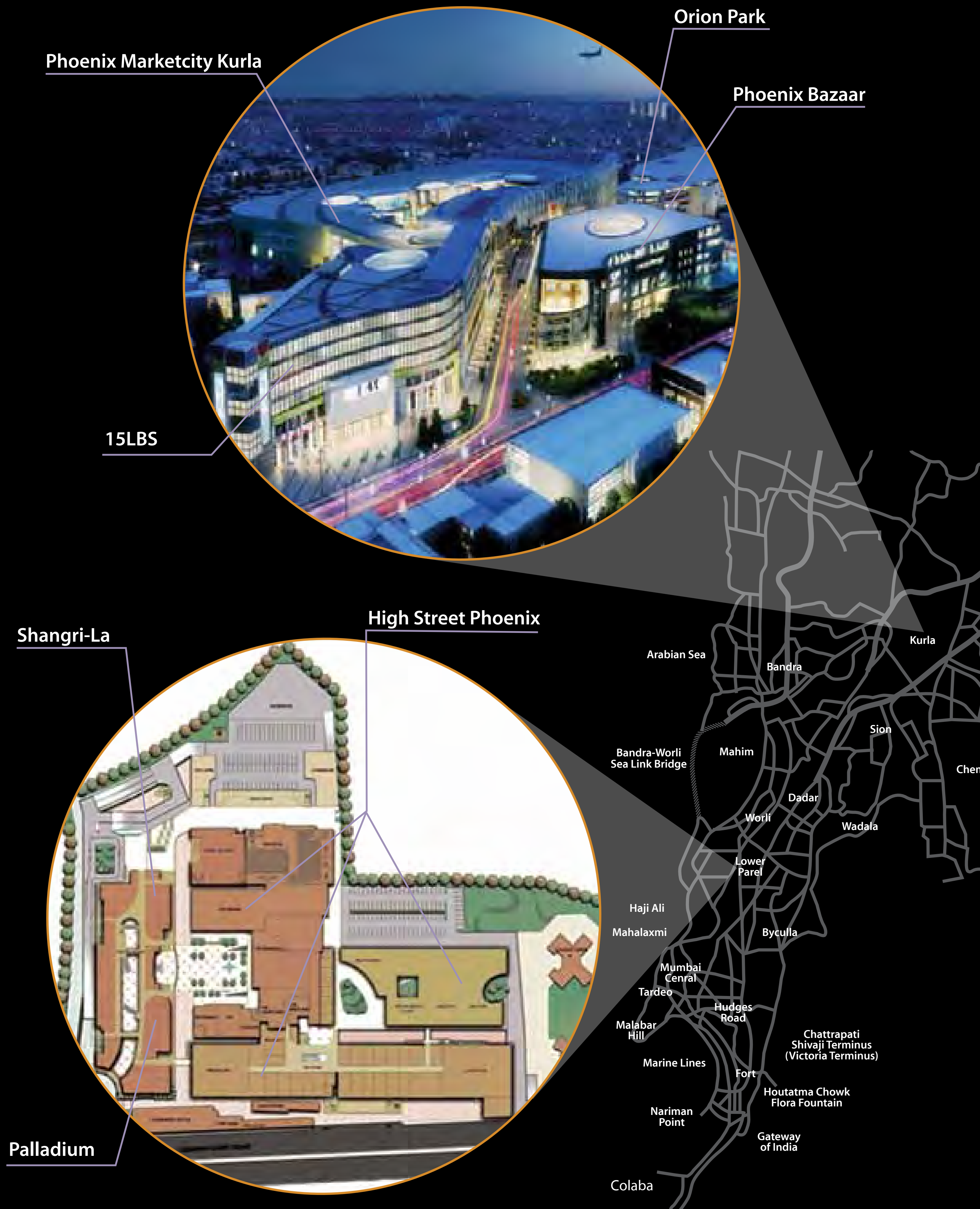
NAME OF THE SPV
PALLAZZIO HOTELS & LEISURE LTD.

KEYS **396**

PML STAKE .... **53.0%$**

LAUNCH DATE **Q2FY2013**

* Stakes owned through PHCPL in which PML owns 56.9%
$ Effective economic interest


Phoenix Marketcity Kurla
Orion Park
Phoenix Bazaar
15LBS
Shangri-La
High Street Phoenix
Palladium
Arabian Sea
Kurla
Bandra
Sion
Bandra-Worli
Sea Link Bridge
Mahim
Chen
Dadar
Worli
Wadala
Lower
Parel
Haji Ali
Mahalaxmi
Byculla
Mumbai
Cenral
Tardeo
Hudges
Road
Malabar
Hill
Chattrapati
Shivaji Terminus
(Victoria Terminus)
Marine Lines
Fort
Houtatma Chowk
Flora Fountain
Nariman
Point
Gateway
of India
Colaba

OUR PORTFOLIO | PUNE

ALL ROADS LEAD TO A PHOENIX MARKETCITY

RETAIL

1.

NAME OF THE SPV
VAMONA DEVELOPERS PVT. LTD.

PROJECT NAME
PHOENIX MARKETCITY PUNE

PML STAKE **58.50%**

LEASBALE AREA .... **1.14 msf**

LAUNCH DATE **JUN-11**

LEASING STATUS (JUNE 2012) **80%-85%**

OCCUPANCY STATUS (JUNE 2012) **70%**

AVG. RENT psf pm .... **₹ 60-65**

COMMERCIAL

1.

NAME OF THE SPV
VAMONA DEVELOPERS PVT. LTD.

PROJECT NAME
EAST COURT

PML STAKE **58.50%**

SALEABLE AREA .... **0.25 msf**

DEVELOPMENT STATUS (MARCH 2012) .... **LAUNCHED**

PRE-SALES STATUS (JUNE 2012) **84%**

2.

NAME OF THE SPV
VAMONA DEVELOPERS PVT. LTD.

PROJECT NAME
TO BE LAUNCHED

PML STAKE **58.50%**

SALEABLE AREA .... **0.28 msf**

DEVELOPMENT STATUS (MARCH 2012) **PLANNING STAGE**

RESIDENTIAL

1.

NAME OF THE SPV
ALLIANCE HOSPITALITY SERVICES PVT. LTD.

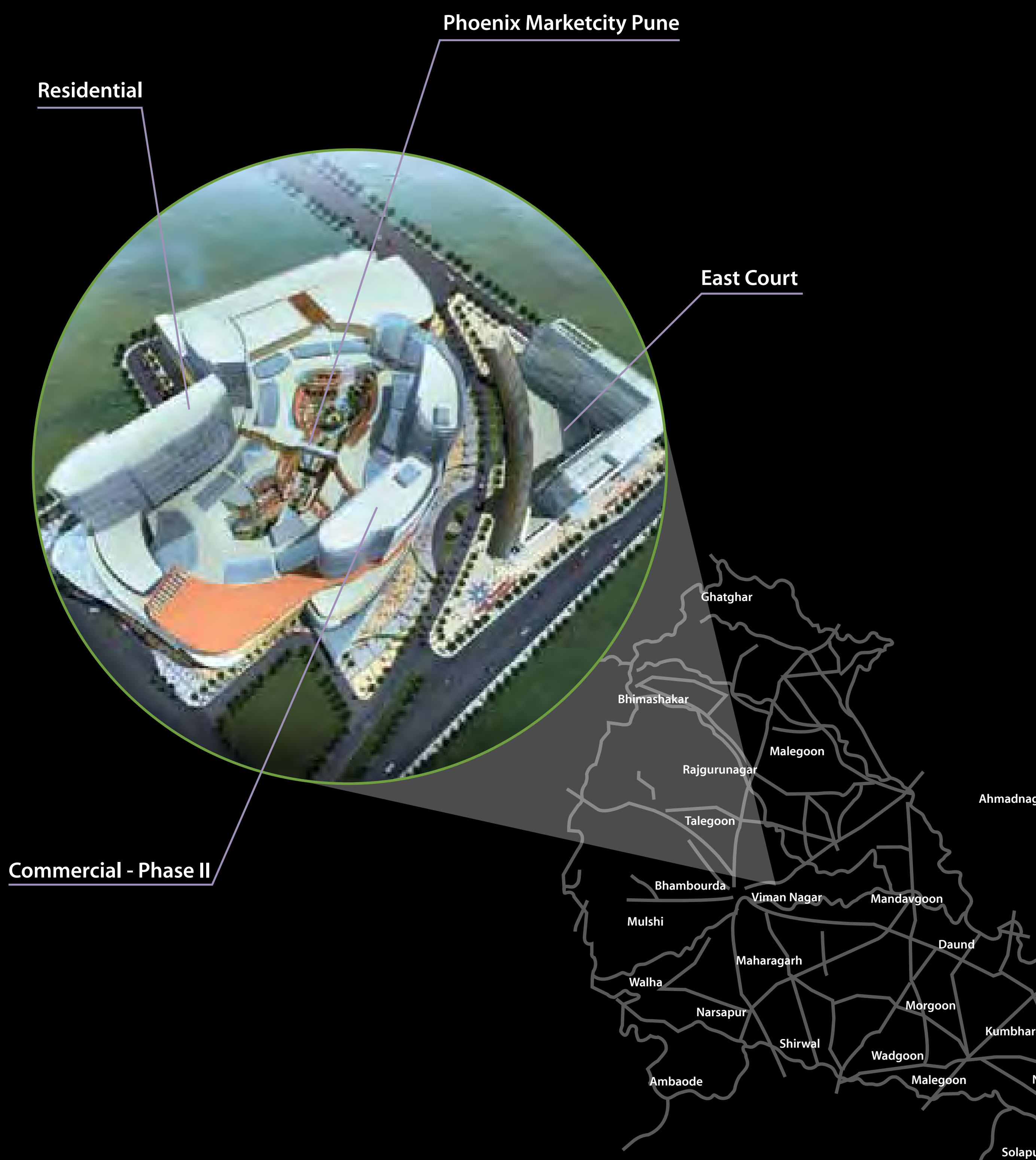
PROJECT NAME
TO BE LAUNCHED

PML STAKE **31.30%***

SALEABLE AREA .... **0.27 msf**

DEVELOPMENT STATUS (MARCH 2012) **PLANNING STAGE**

* Stakes owned through PHCPL in which PML owns 56.9%


Phoenix Marketcity Pune
Residential
East Court
Commercial - Phase II
Ghatghar
Bhimashakar
Malegoon
Rajgurunagar
Ahmadnaga
Talegoon
Bhambourda
Viman Nagar
Mandavgoon
Mulshi
Daund
Maharagarh
Walha
Morgoon
Narsapur
Kumbharg
Shirwal
Wadgoon
Ambaode
Malegoon
Solapur

OUR PORTFOLIO | BENGALURU

ALL ROADS LEAD TO A PHOENIX MARKETCITY

RETAIL

1.

NAME OF THE SPV
ISLAND STAR MALL DEVELOPERS

PROJECT NAME
PHOENIX MARKETCITY BENGALURU

PML STAKE **46.50%**

LEASABLE AREA .... **0.98 msf**

LAUNCH DATE .... **OCT-II**

LEASING STATUS (JUNE 2012) **85%-90%**

OCCUPANCY STATUS (JUNE 2012) **60%**

AVG. RENT psf pm .... **₹ 65-70**

RESIDENTIAL

1.

NAME OF THE SPV
ISLAND STAR MALL DEVELOPERS

PROJECT NAME
TO BE LAUNCHED

SALEABLE AREA .... **0.63 msf**

PML STAKE **46.50%**

DEVELOPMENT STATUS (MARCH 2012) .... **DESIGN STAGE**

2.

NAME OF THE SPV
PALLADIUM CONSTRUCTIONS PVT. LTD. AND PLATINUM HOSPITALITY SERVICES PVT. LTD.

PROJECT NAME
ONE BANGALORE WEST

PML/PHCPL STAKE **70%***

SALEABLE AREA .... **2.8 msf**

DEVELOPMENT STATUS (JUNE 2012) **LAUNCH STAGE**

HOSPITALITY

1.

NAME OF THE SPV
ISLAND STAR MALL DEVELOPERS

KEYS
TO BE LAUNCHED

PML STAKE **46.50%**

DEVELOPMENT STATUS (MARCH 2012) .... **DESIGN STAGE**

* PML owns 70% stake in Palladium Constructions Pvt. Ltd. and PHCPL (56.9% stake owned by PML) owns 70% stake in Platinum Hospitality Services Pvt.. Ltd.


Residential
Hospitality
Phoenix Marketcity Bengaluru
One Bangalore West
Chikkajala
Rajanukunte
Bagalur
Gopalapura
Chikkabanavara
Yelahanka
Makali
Whitefield
Avalahalli
Rajaji Nagar
Kannalli
Siddapura
Sulikere
Kengeri
Kaggalipura
Hebbagodi
Jigani
Marasuru
Balluru
Mahanthalingapura
Anekal
Indiawadi

ALL ROADS LEAD TO A PHOENIX MARKETCITY

OUR PORTFOLIO | CHENNAI

RETAIL

1.

NAME OF THE SPV
CLASSIC MALL DEVELOPMENT COMPANY PVT. LTD

PROJECT NAME
PHOENIX MARKETCITY CHENNAI

PML STAKE.......... **63%^**

LEASABLE AREA.......... **0.98 msf**

LAUNCH DATE.......... **Q2FY2013**

LEASING STATUS (JUNE 2012).......... **68%**

AVG. LICENSE FEES psf pm.......... **₹ 95**

2.

NAME OF THE SPV
STARBOARD HOTELS PVT. LTD.

PROJECT NAME
TO BE LAUNCHED

PML STAKE.......... **28.5%***

LEASABLE AREA.......... **0.21 msf**

RESIDENTIAL

1.

NAME OF THE SPV
CLASSIC MALL DEVELOPMENT PVT. LTD.

PROJECT NAME
PHOENIX MARKETCITY CHENNAI

PML STAKE.......... **63.0%^**

SALEABLE AREA.......... **0.26 msf**

DEVELOPMENT STATUS (JUNE 2012).......... **LAUNCHED**

PRE-SALES STATUS (JUNE 2012).......... **67%**

2.

NAME OF THE SPV
CLASSIC HOUSING PROJECTS PVT. LTD. – CLASSIC LEISURE

PROJECT NAME
THE CREST

PML STAKE.......... **66.0%^**

SALEABLE AREA.......... **0.21 msf**

DEVELOPMENT STATUS (JUNE 2012).......... **LAUNCHED**

PRE-SALES STATUS (JUNE 2012).......... **24%**

3.

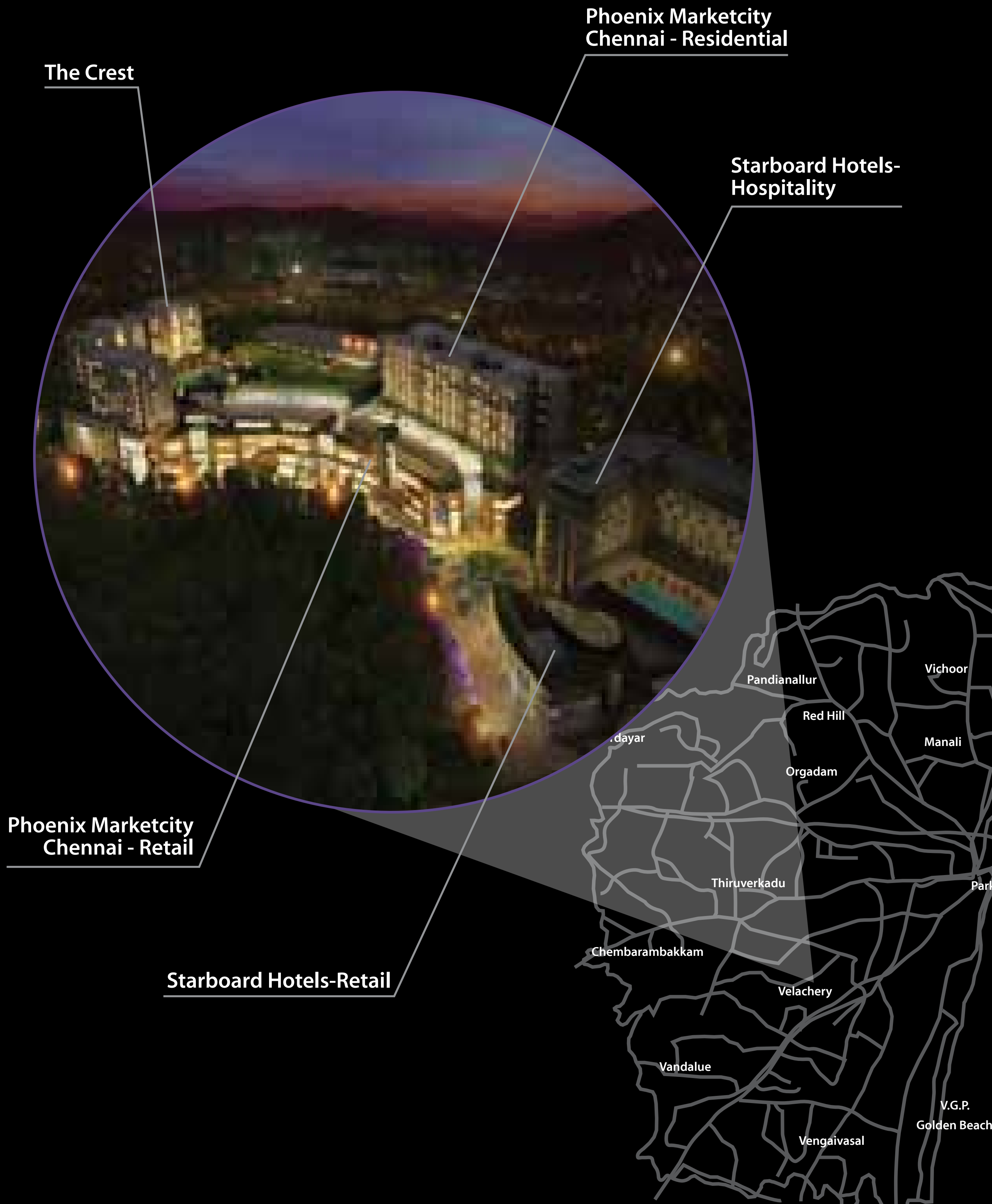
NAME OF THE SPV
STARBOARD HOTELS PVT. LTD.

PROJECT NAME
TO BE LAUNCHED

PML STAKE.......... **28.5%***

SALEABLE AREA.......... **0.41 msf**

* Stakes owned through PHCPL in which PML owns 56.9%
^ PML has signed a binding share purchase agreement to acquire Kshitij Venture Capital's 32% stake in Classic Mall Development Pvt. Ltd. & Classic Housing Projects Pvt. Ltd.


The Crest
Phoenix Marketcity Chennai - Residential
Starboard Hotels-Hospitality
Phoenix Marketcity Chennai - Retail
Starboard Hotels-Retail
Pandianallur
Vichoor
Red Hill
Manali
Orgadam
Thiruverkadu
Chembarambakkam
Velachery
Vandalue
V.G.P. Golden Beach
Vengaivasal

OWNERSHIP **AT A GLANCE**

ALL ROADS LEAD TO A PHOENIX MARKETCITY

- The Phoenix Mills Limited
  - Retail — Build & Lease
    - High Street Phoenix, Palladium, Mumbai 0.90 msf — 100%
    - Phoenix Marketcity 4.23 msf
      - Pune 1.14 msf — 58.5%
      - Bengaluru 0.98 msf — 46.5%
      - Mumbai 1.13 msf — 24.3%
      - Chennai 0.98 msf — 63.0%*
    - Chennai Phase II 0.21 msf — 28.5%^
  - Residential — Build & Sell
    - Pune 0.27 msf — 31%^
    - Bengaluru 3.43 msf
      - Resi Phase II 0.63 msf — 46.5%
      - One Bangalore West 2.80 msf — 70.0%#
    - Chennai 0.47 msf
      - The Crest (Tower A&B) 0.21 msf — 66.0%*
      - Tower C 0.26 msf — 63.0%*
      - Phase II 0.41 msf — 28.5%^
  - Commercial — Build & Sell
    - Pune 0.55 msf
      - East Court 0.25 msf — 58.5%
      - Phase II 0.30 msf — 58.5%
    - Mumbai 1.54 msf
      - 15LBS 0.28 msf — 24.3%
      - Orion Park 0.84 msf — 24.3%
      - Phoenix Bazaar 0.42 msf — 43.8%^
  - Hospitality — Build & Operate
    - Shangri-La, Mumbai 396 Keys — 53.0%$
    - Courtyard by Marriott, Agra 193 Keys — 23.3%*
  - Investments — Unlocking Value
    - BARE 0.70 msf — 77.2%
      - Lucknow 0.35 msf
      - Bareilly 0.35 msf
    - EWDPL 1.20 msf — 40.3%
      - Indore 0.43 msf
      - Indore 0.28 msf
      - Nanded 0.22 msf
      - Ujjain 0.27 msf

^ Stakes owned through PHCPL in which PML owns 56.9%

* PML has signed a binding share purchase agreement to acquire Kshitij Venture Capital's 32% stake in Classic Mall & Classic Housing SPVs

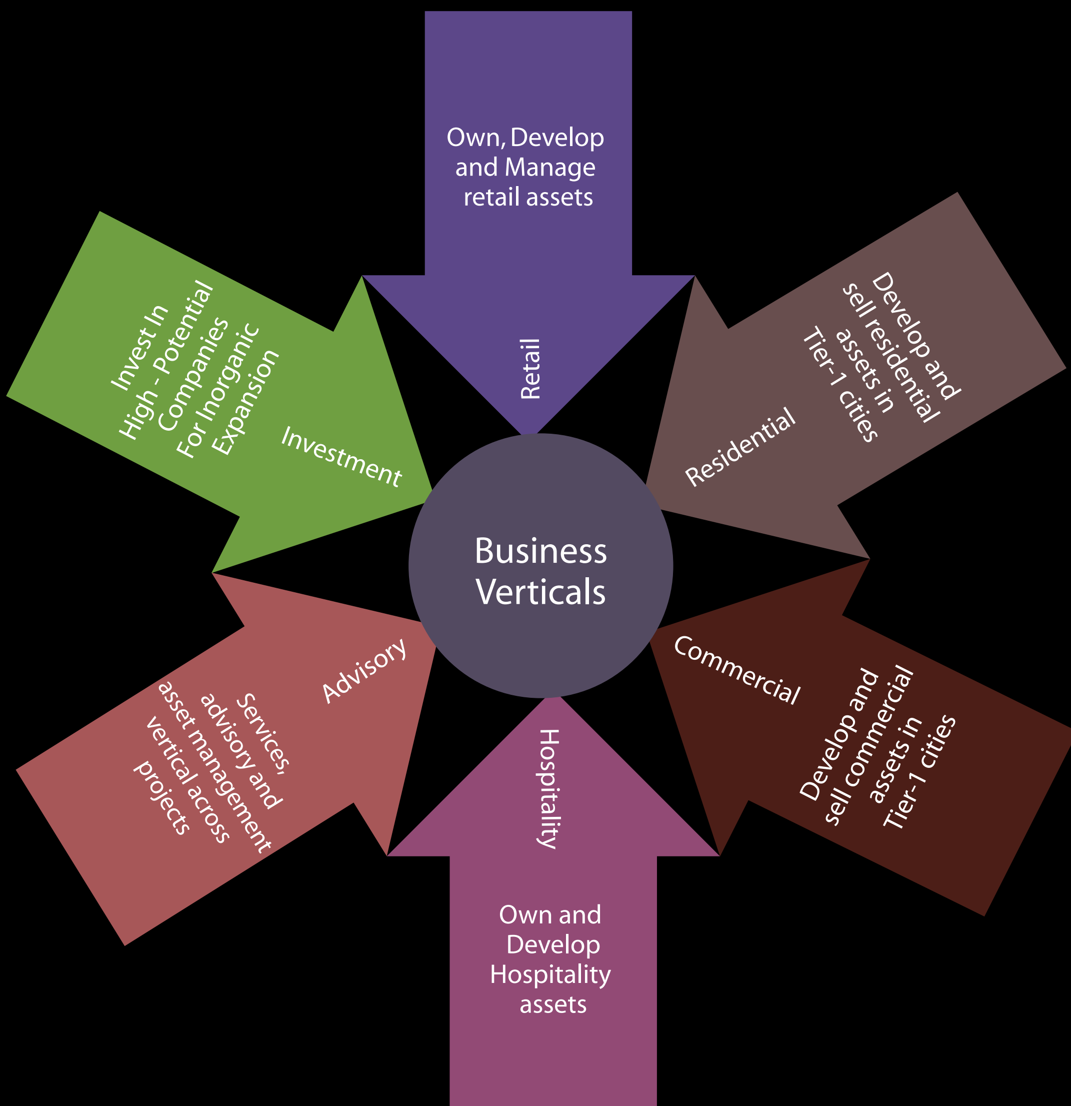
PML owns 70% stake in Palladium Constructions Pvt. Ltd. and PHCPL (56.9% stake owned by PML) owns 70% stake in Platinum Hospitality Services Pvt.. Ltd.

$ Effective economic Interest

OUR BUSINESS **MODEL**

"WHILE OUR RETAIL ASSET BUILD UP REMAINS OUR CORE STRATEGY, WE ALSO BELIEVE IN CREATING INCREMENTAL VALUE THROUGH DEVELOPING, REPOSITIONING ASSETS AND EXPLOITING MARKET OPPORTUNITIES, BY INVESTING A PROPORTION OF OUR CAPITAL IN ASSETS WITH THE OBJECTIVE OF CREATING INCREMENTAL VALUE."

ATUL RUIA (JT. MD)



OUR BRAND **FORMATS**

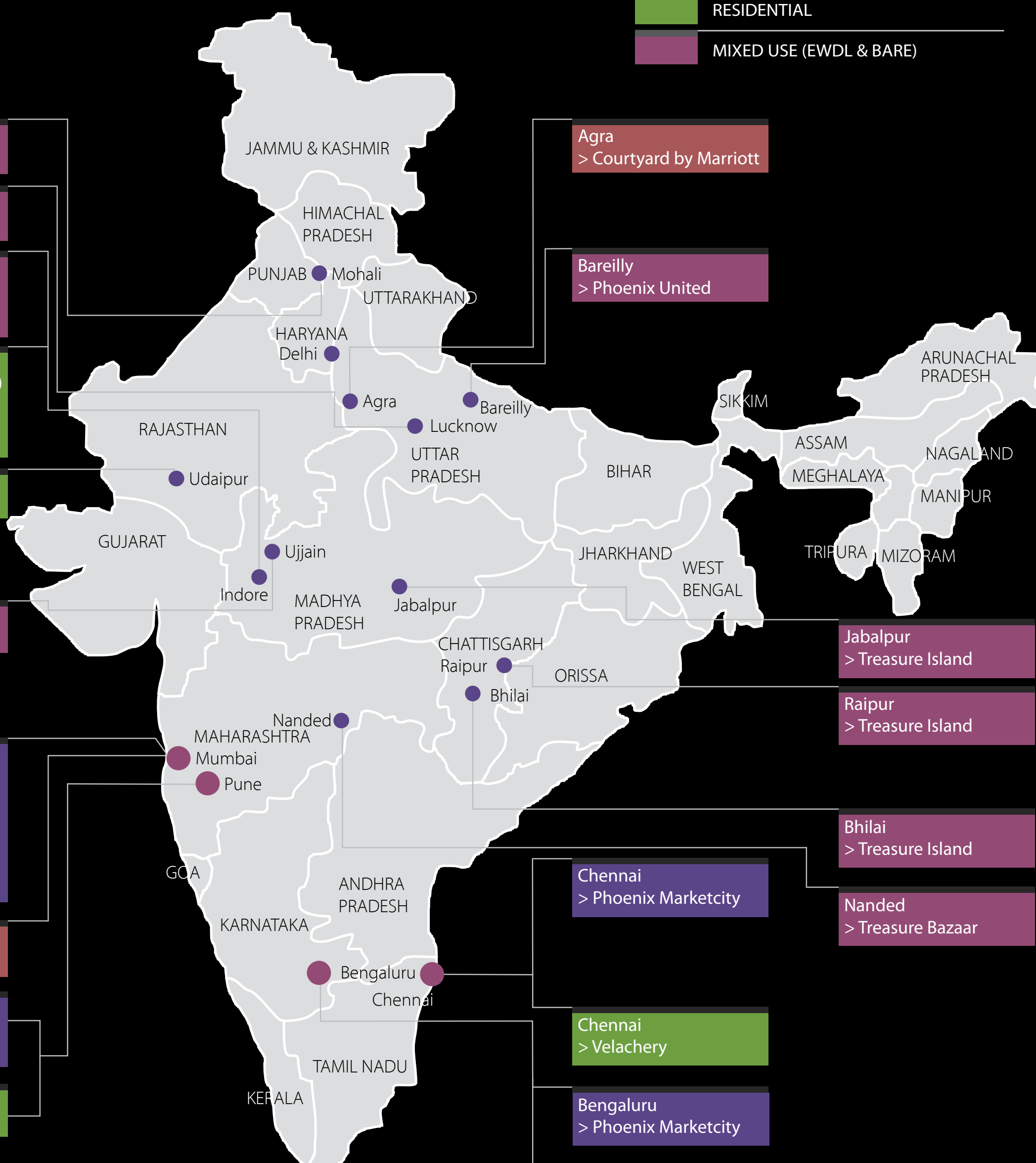
ALL ROADS LEAD TO A PHOENIX MARKETCITY

OUR BRANDS FOLLOW A CERTAIN MARKET SEGMENTATION LOGIC, WHICH ALLOWS THE COMPANY TO INCREASE ITS INFLUENCE ON CONSUMERS WHO MAKE PURCHASING DECISIONS BASED ON FACTORS THAT VARY DRASTICALLY FROM ONE CONSUMER TO ANOTHER. THEREFORE, BY DIVERSIFYING OUR BRANDS, WE AIM TO FILL MULTIPLE MARKET POSITIONS TO MAXIMIZE RELEVANCE TO EACH TYPE OF MARKET AND ITS CONSUMERS.

Tier I		Tier II / Tier III	
HIGH STREET PHOENIX	Flagship development at Lower Parel, Mumbai.	TREASURE Market City	Over 1 million sq. ft. mixed use developments
PALLADIUM	Luxury Mall in Mumbai	TREASURE Island	400,000 - 1 million sq. ft. malls
PHOENIX MARKETCITY	3 - 5 million sq. ft. mixed use developments in Tier I cities	TREASURE Bazaar	Up to 400,000 sq. ft. malls
		Phoenix united	Up to 400,000 sq. ft. malls in Uttar Pradesh, North India

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
> 15 LBS
> Orion Park
> Phoenix Bazaar

Mumbai
> Shangri-La, Lower Parel

Pune
> Phoenix Marketcity
> East Court

Pune
> Viman Nagar

Agra
> Courtyard by Marriott

Bareilly
> Phoenix United

Jabalpur
> Treasure Island

Raipur
> Treasure Island

Bhilai
> Treasure Island

Nanded
> Treasure Bazaar

Chennai
> Phoenix Marketcity

Chennai
> Velachery

Bengaluru
> Phoenix Marketcity

Bengaluru
> Whitefield
> One Bangalore West, Rajaji Nagar

BOARD OF DIRECTORS

Mr. Ashokkumar Ruia
Chairman and Managing Director

Mr. Ashokkumar Ruia, aged 66, 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 important 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 philanthropic 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 Bengaluru 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 corporate 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, liaising 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.

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 practices 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. 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 Pvt. Ltd. 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 Development Director and is responsible for the Liaising function of the group.

Mr. Haresh Morajkar

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

Mr. 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. Prakash Kumar Mantripragada

Mr. Prakash Kumar Mantripragada is working with the organization as VP – Projects based at Bengaluru with effect from 9th January 2010 and is responsible for the overall execution of the project. He has done his Bachelor in Civil Engineering and has more than 23 years of experience in various organizations such as Mahindra Construction Co. Ltd and Sterling Holidays Resorts, Unicorn Holding (P) Ltd. He was last associated with Royal Orchid Hotels as General Manager – Projects.

Mr. Rajeev Malla

Rajiv Malla is a hotel specialist with over 30 years of international hotels & resorts experience. He has extensive experience in Operations, Sales & Business Development and Renovations in the hospitality industry. He is also a member of various Travel & Tourism associations as an active committee member. He possesses excellent written communication, inter personal liaison and problem solving skills with the ability to work in multi-cultural environment. Mr. Malla is a consistent performer with a proven track record of increasing revenues and streamlining workflow.

Mr. Rajendra Kalkar

Rajendra has over 20 years of experience across various fields with expertise in property management. He is the Senior Centre Director for High Street Phoenix and is responsible for Operations, Leasing, Retailer Mix, Legal, Customer relationship, Commercial & Marketing functions and 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 20 years of experience and has been a key member of some of India's award winning and successful shopping centers. At PML, she heads the "Retail Excellence" initiative, supported by a team of retail specialist professionals. Her role is to service clients on mall design, architecture, signage, lighting and retail.

Mr. Shashie Kumar

Shashie has over 18 years of experience in the field of Retail, Real Estate/Infrastructure Management, Market Research and Marketing Services. He is currently handling the role of Centre Director for Phoenix Marketcity, Bangalore. His key role is to ensure the successful implementation of pre-launch activities, such as marketing, public relations and retailer transition. He is 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 prelaunch 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. Sridhar Thirumalai

Sridhar is working with the organization as VP – Projects based at Chennai with effect from 30th September 2009, and is responsible for the overall execution of the project. He has completed his Diploma in Civil Engineering and has more than 22 years of experience in various organisations such as Lanco Group, Bombay Dyeing and Damac Properties. He was last associated with Meinhardt (Singapore) PTE Ltd. as an Associate Director.

Mr. Shrikant Kambli

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

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. 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.

MANAGEMENT DISCUSSION **AND ANALYSIS**

MD&A

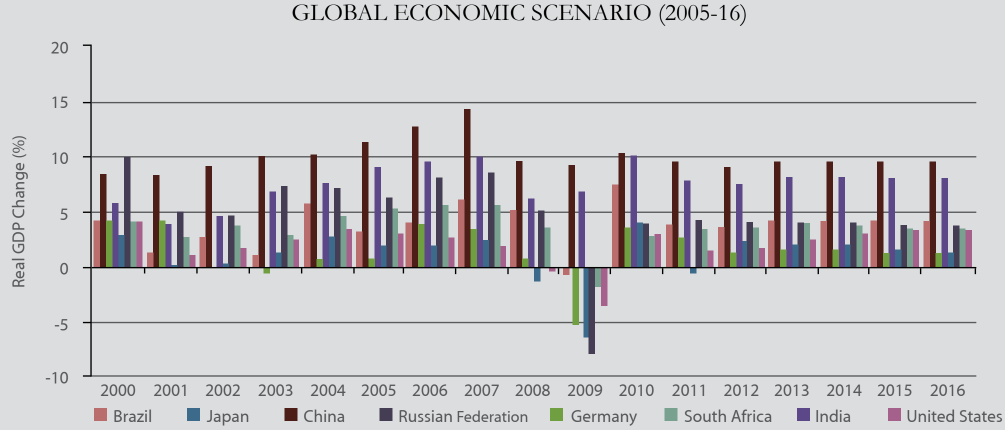
THE INDIAN ECONOMY

According to Knight Frank Research, improved macro-economic condition during 2010 and 2011 helped in the revival of the real estate market across major cities of the world. Prices in locations such as Paris and New York witnessed significant recovery in 2010 and 2011, after a steep fall in 2009. During this period, the sharpest rise in price was observed in locations such as Shanghai, Mumbai and Singapore where residential prices increased by 21%, 20% and 18% respectively. Such a strong performance by real estate market in these locations was backed by robust growth in GDP of these countries. However, the uptrend in real estate prices for two consecutive years in India has generally led to a scenario where some residential projects have become less affordable. Additionally, the rise in interest rates has put further pressure on the buying decision of home and office buyers alike. All the above-mentioned factors have resulted in a slowdown in demand for premium projects in cities such as Mumbai, Bengaluru, National Capital Region (NCR) and Pune, with prices in these markets facing downward pressure.

Occupiers remain optimistically cautious regarding the business outlook and expansion plans against a backdrop of global uncertainties.

In parallel, real estate developers are facing new challenges in maintaining their profitability with raw material costs rising to new highs. Prices of cement and steel have increased by ~16% and ~9% respectively in the last six months. Since these two commodities typically constitute more than 35% of the total construction cost of a project, developers are expected to face pressure on margins. Going forward, developers are expected to devise innovative strategies to address the issue of reducing demand and rising costs. Furthermore, over 2011 and H1FY2012, the value of the Indian Rupee has eroded significantly against the US dollar. Whilst the depreciating rupee spells good news for exporters and the IT industry in the form of enhanced profit margins, it is a cause of considerable concern to the common man due to the prospect of rising oil prices and to companies with substantial foreign debt on their balance sheets. Going forward, interest rates in India appear to have peaked in the wake of a drop in inflationary pressure during the first half of 2012. However, occupiers remain optimistically cautious regarding the business outlook and expansion plans against a backdrop of global uncertainties. Speedy implementation of Government policies and economic performance until 2014 when next general elections are scheduled, are likely to be critical in deciding the direction of the economy and hence the overall real estate sector in the country.

GLOBAL ECONOMIC SCENARIO (2005-16)



Source: World Economic Outlook Database (IMF), September 2011

THE REALTY *INDUSTRY*

MD&A: The Realty Industry

THE RETAIL SECTOR

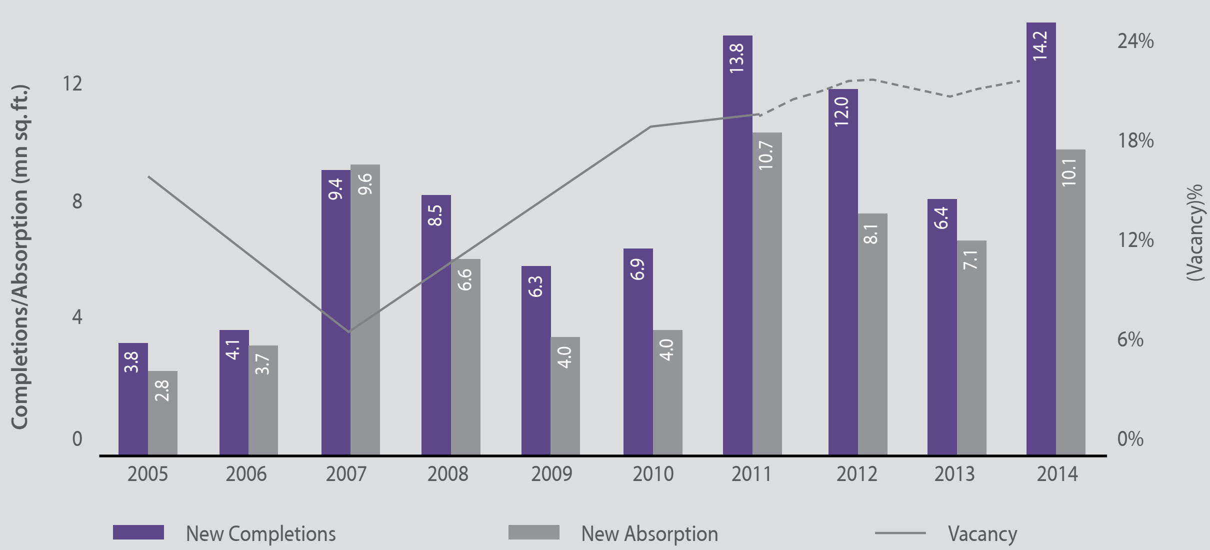
Although the retail segment has the smallest pie in the real estate industry, it is growing rapidly and the demand for good quality mall space is fuelled by the growth in organised retail and the entry of many international brands that are new to India.

According to CRISIL, the key demand driver for the Retail sector is the young demography of India: over the next decade, 60% of the population will be in the working age group (15-59 years) and per capita income is expected to grow at 11% CAGR in the next five years. Over the past few years, retail has become one of the fastest growing industries in the country. Increasing disposable incomes, rising consumption and shopping convenience have been driving the growth of organised retail. According to Jones Lang LaSalle (JLL), the Indian retail industry is expected to exceed US$630 bn by 2015, with organised retail accounting for a 14% to 18% share.

Over the past few years, retail has become one of the fastest growing industries in the country.

Moreover the organized retail sector is expected to receive a tremendous boost as and when reformist policies shall be implemented. In January 2012, the government eased the FDI restrictions in single-brand retail by allowing 100% FDI from 51% earlier. While the Government had also proposed to allow 51% in multi-brand retail for the first time ever, it had to put this decision on hold due to opposition from its allies and some states. The Government has spoken about its intention to move ahead with the decision once it evolves consensus on the issue. These changes should further fuel the demand within the retail infrastructure space.

SUPPLY AND DEMAND OF RETAIL SPACE (INDIA)



Source: Real Estate Intelligence Services (JLL), 1Q12

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THE HOSPITALITY SECTOR

The Indian hospitality sector is closely linked to the country's travel and tourism industry, which contributed ₹ 3,680 bn or 4.5% of the country's GDP in 2011 and accounted for 7.5% of the total employment in the country in 2011 (HVS White Paper Titled: Hotel Room Supply, Capital Investment & Manpower Requirement by 2021). The hospitality segment has also been witnessing a robust demand, primarily due to a strong growth in tourism, including business and leisure travel. According to research conducted by the World Travel & Tourism Council, travel and tourism in India is expected to grow at 12.7% p.a. till 2019. India is emerging as a major tourist destination for international tourists. The foreign tourist arrivals (FTAs) in India have increased at a CAGR of 7.7% between 2000 and 2010 to reach 5.5 mn. During the same period, foreign exchange earnings from tourism increased by a CAGR of more than 15% to ₹ 649 bn. In 2010, the Government of India introduced the visa-on-arrival (VoA) scheme for tourists from five countries, namely Singapore, Finland, New Zealand, Luxembourg and Japan, encouraging greater flows of tourists from these countries.

The Indian Hospitality Industry comprises of international and domestic branded hotels and independent unbranded hotels and guest-houses. The total number of hotel rooms in India is estimated to be roundly between 120,000 to 140,000 rooms. According to the data researched by HVS and shown below, there is a veritable shortage of hotel rooms in Indian cities as compared to other cities across the globe. The table indicates that cities such as Mumbai and New Delhi have ample capacity for absorbing additional hotel rooms in comparison to the inventory of rooms in other leading cities of the world.

India

Cities	Hotel Room Inventory
New Delhi	12,708
Mumbai	11,303
Bengaluru	5,947
Chennai	4,066
Hyderabad	4,036
Average	**7,612**

Asia Pacific

Cities	Hotel Room Inventory
Beijing	129,452
Tokyo	93,769
Shanghai	61,192
Hong Kong	50,329
Singapore	28,351
Tianjin	18,080
Average	**63,529**

Global

Cities	Hotel Room Inventory
Las Vegas, NV	141,989
Paris	76,048
New York	70,420
Moscow	55,000
Atlanta, GA	39,000
Madrid	33,900
Johannesburg	31,535
Amsterdam	21,097
Average	**58,624**

Source: HVS Research

Furthermore, Mumbai and the NCR region constitute the nation's financial, industrial and capital hubs. Apart from tourism, these cities enjoy an additional flow of domestic and international travel traffic that is driven by the BFSI, IT/ITeS, manufacturing and services industries. CRISIL Research expects room demand to grow at a five-year CAGR of 8% in Mumbai in the next five years driven by growth in business travellers.

CRISIL Research expects room demand to grow at a five-year CAGR of 8% in Mumbai in the next five years Occupancy levels are expected to remain stable at 72% over the next two years.

This, coupled with the expected room supply at 4% CAGR during the same period, will lead to an increase in ARR by 2%. Occupancy levels are expected to remain stable at 72% over the next two years. Given the continued strong demand for additional rooms in these cities, the foreseeable outlook for luxury hotels in these markets remain healthy and strong.

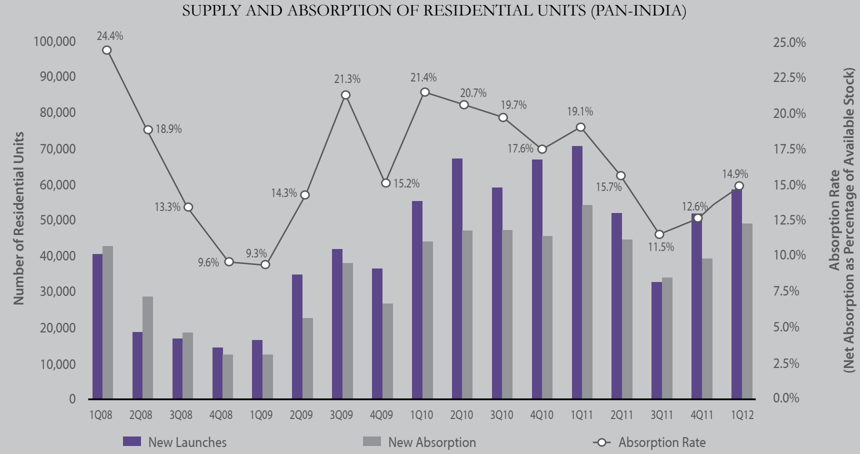
MD&A: The Realty Industry

THE RESIDENTIAL SECTOR

The residential segment makes up most of the real estate industry in the country. Growth in this segment is primarily driven by increasing urbanisation, the rise in the number of white-collar professionals and increasing disposable incomes. The residential segment has witnessed growth in demand for luxury and super-premium homes from the globe-trotting executives, new and successful businessmen and Non-Resident Indians (NRIs). However, recently this sub-segment has been experiencing low volumes due to high prices and interest rates. This is expected to be a short-term lull and with minor corrections, this segment is expected to reset itself on its earlier growth track. According to Crisil Research, an 18-20% growth in the IT industry expected in FY13 will continue to drive residential demand in the near term.

The residential segment has witnessed growth in demand for luxury and super-premium homes from the globe-trotting executives, new and successful businessmen and non-resident Indians (NRIs).

SUPPLY AND ABSORPTION OF RESIDENTIAL UNITS (PAN-INDIA)



Source: Real Estate Intelligence Service (JLL), 1Q12

CHENNAI RESIDENTIAL:

Chennai has witnessed steady growth in its residential market in the past few years. The city has typically been a base for the automobile/auto ancillary industry and is one of the premier port cities of the country. Recently, the city's realty market has also been driven by the IT/ITeS sector, bringing considerable changes in the city's landscape. Chennai's economy has been relatively less impacted by global and domestic slowdown and the residential real-estate market, too, has exhibited strong growth, primarily on the back of end-user driven demand. As a result, a number of new projects have been launched in the market. According to Knight Frank, demand is more evident in the mid-end category, primarily towards the peripheral locations of the city, where majority of the affordable projects are located. Despite the recent subdued economic conditions, developers have generally chosen to proceed ahead with their plans and several large-scale projects were announced during 2011. This may be due to the fact that the Chennai market is primarily self-sustained and is relatively insulated from the upheavals in the global markets.

BENGALURU RESIDENTIAL:

Due to its favourable socio-economic conditions and comfortable climate, homebuyers have traditionally favoured the Bengaluru residential market. In the recent years, the city has attracted a large influx of population engaged with the thriving IT sector. Consequently, the city has been expanding to meet the residential demand of the increasing populace. With the city undergoing expansion and transformation to a fast growing metropolitan, considerable investor interest has also been observed in the past few years. There has been a growing demand from individuals looking to buy premium properties in Bengaluru. These may be in the form of villas or luxury apartments with world-class interiors and facilities. Most of the demand for high-end residences has emanated from MNC executives, businessmen and NRIs who want to invest in India due to global economic uncertainties and a dearth of feasible investment opportunities elsewhere. Besides, high-end residential properties in Bengaluru are relatively lower-priced as compared to the more expensive NCR or Mumbai markets.

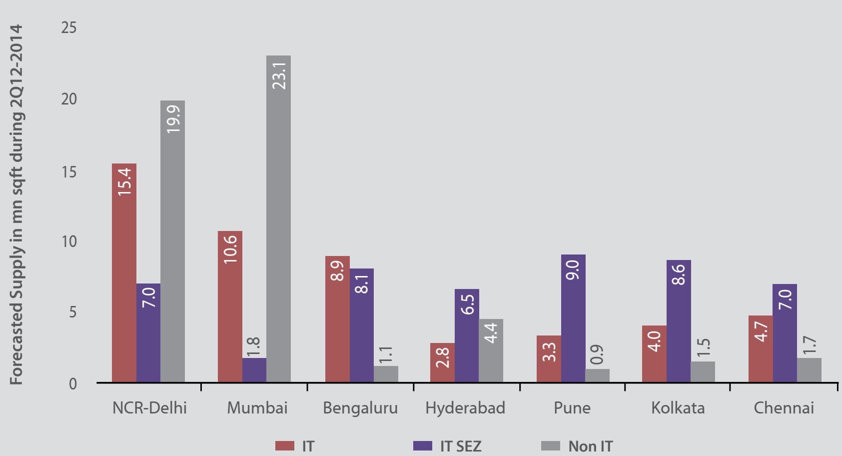
MD&A: The Realty Industry

THE COMMERCIAL SECTOR

The commercial real estate segment (primarily office space) is growing in tandem with the country's booming economy. The demand for office space is driven by the influx of multinational companies and growth in services sector. Overall, on pan-India basis, the demand for office space is expected to total 180 mn sq. ft. by 2014, with seven major cities (Bengaluru, Chennai, Hyderabad, Kolkata, Mumbai, the NCR and Pune) catering to 75% of the total demand.

The Mumbai office market has stayed relatively stable despite the backdrop of several global anxieties and concerns over a domestic growth slowdown.

COMMERCIAL TRENDS: IT-NON IT SUPPLY



Source: Real Estate Intelligence Service (JLL), 1Q12

MUMBAI COMMERCIAL

The cumulative take up of commercial property across India's several largest cities increased by 8% y-o-y in 2011. Mumbai, Bengaluru, Delhi and Chennai recorded higher than the average quarterly take-up during Q4FY2011. As per Knight Frank Research, over 3.8 mn sq. ft of commercial space in Mumbai was absorbed during Q1FY2012, which although slightly less than Q1FY2011, was still over twice the space absorbed in the subsequent quarter. It was encouraging to see FY2012 get off to a flying start and this robustness bears testament to the underlying strength of India's financial capital's office space market. Traditionally, this market has been driven by the BFSI and IT/ITeS sectors. Recently, however, it has been observed that both sectors have lost market share to other service sectors that have claimed the largest chunk of the offices space inventory. Media, telecom and logistics companies were among the most active sectors, making Mumbai's commercial office market less susceptible to the cycles of any one sector. Beyond Nariman Point, Ballard Estate, Cuffe Parade and Fort, new alternative micro markets continue to make their mark, particularly Lower Parel, Bandra-Kurla Complex and Andheri. The Mumbai office market has stayed relatively stable despite the backdrop of several global anxieties and concerns over a domestic growth slowdown as seemingly irrepressible inflation and interest rates continue to stay at high levels.

PUNE COMMERCIAL

Pune is the second largest city in Maharashtra. According to the census of 2011, the population of Pune City is 3.1 mn & Pimpri-Chinchwad is 1.7 mn. In the last few years, Pune has also emerged as a major IT hub with prominent players such as Infosys, Wipro and Tata Consultancy Services. Pune also houses the Indian operations of international IT majors like IBM, Accenture and Cognizant. According to Crisil, some 23.4 mn sq. ft. of office space is expected to come up by 2014. The IT/ITeS sector accounts for 75-80% of the total commercial real estate demand in the city. This is because of superior cost economics, good infrastructure and availability of skilled manpower in the city. Also propelling demand is the automobile industry, several heavy industries and favourable government policies regarding SEZs and foreign direct investment (FDI) in real estate. The presence of automobile and heavy engineering companies in the vicinity has also augmented demand for commercial office space in the form of corporate offices, showrooms and sales offices. According to CRISIL Research estimates, approximately 14 mn sq. ft. of commercial office space is expected to be absorbed during 2012-2014.

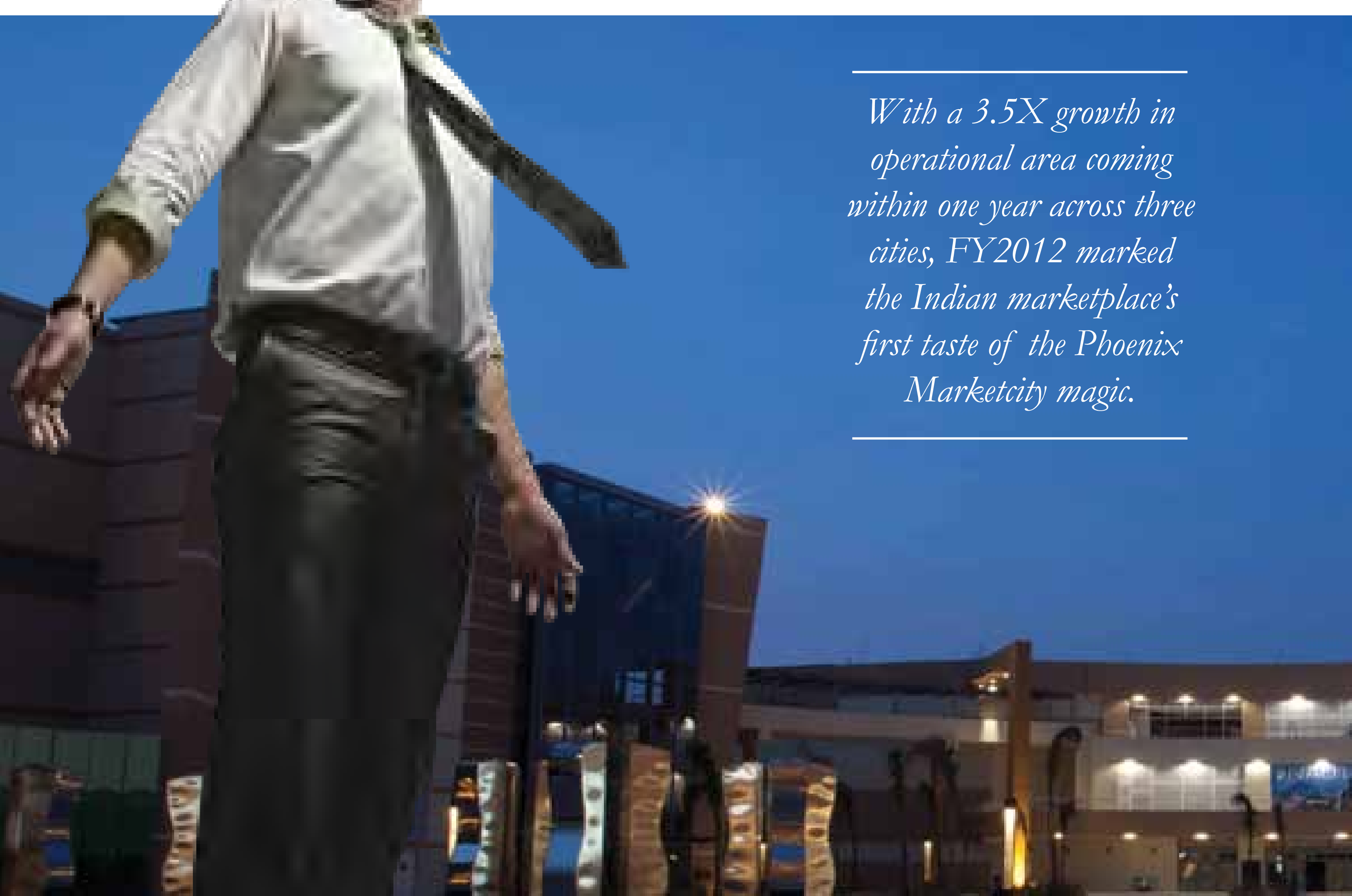
OPERATIONS *REVIEW*

MD&A: Operations Review

PHOENIX MARKETCITY HAS ARRIVED!

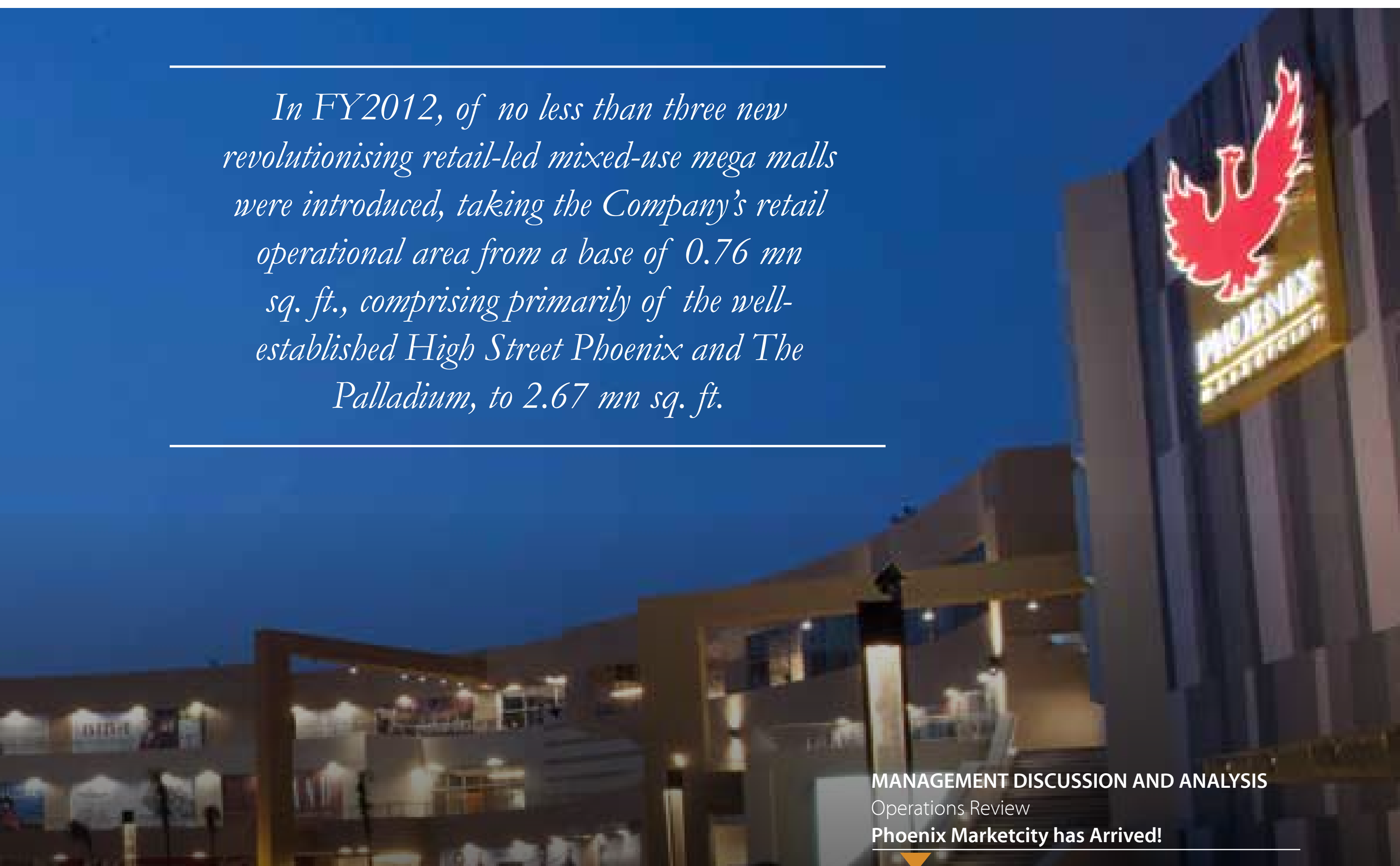
FY2012 can truly be termed as a transformational inflection point for The Phoenix Mills Limited. It marked the arrival of no less than three new revolutionising retail-led mixed-use assets, taking the Company's retail operational area from a base of 0.76 mn sq. ft., comprising primarily of the well-established High Street Phoenix and The Palladium, to 2.67 mn sq. ft.. This marks a quantum jump in operational retail space coming from the inauguration of three Marketcity centres in Pune, Bengaluru and Mumbai in June 2011, October 2011 and November 2011 respectively.

With a 3.5X growth in operational area coming within one year across three cities, FY2012 marked the Indian marketplace's first taste of the Marketcity magic. The arrival of the three



With a 3.5X growth in operational area coming within one year across three cities, FY2012 marked the Indian marketplace's first taste of the Phoenix Marketcity magic.

Marketcities have demonstrated that not only can PML produce such spectacular large-scale, world-class destinations, but it can do so concurrently within the same time span, across different cities. The story of multiple Marketcity arrivals continues well into FY2013, with the completion of Phoenix Marketcity Chennai just on the anvil in Q2FY2013. Once completed, PML will be amongst the largest mall operators across India with more than 5.1 mn sq. ft. of prime retail space under management, and more on the anvil both directly and through investees.



In FY2012, of no less than three new revolutionising retail-led mixed-use mega malls were introduced, taking the Company's retail operational area from a base of 0.76 mn sq. ft., comprising primarily of the well-established High Street Phoenix and The Palladium, to 2.67 mn sq. ft.

ALL ROADS LEAD TO A PHOENIX MARKETCITY

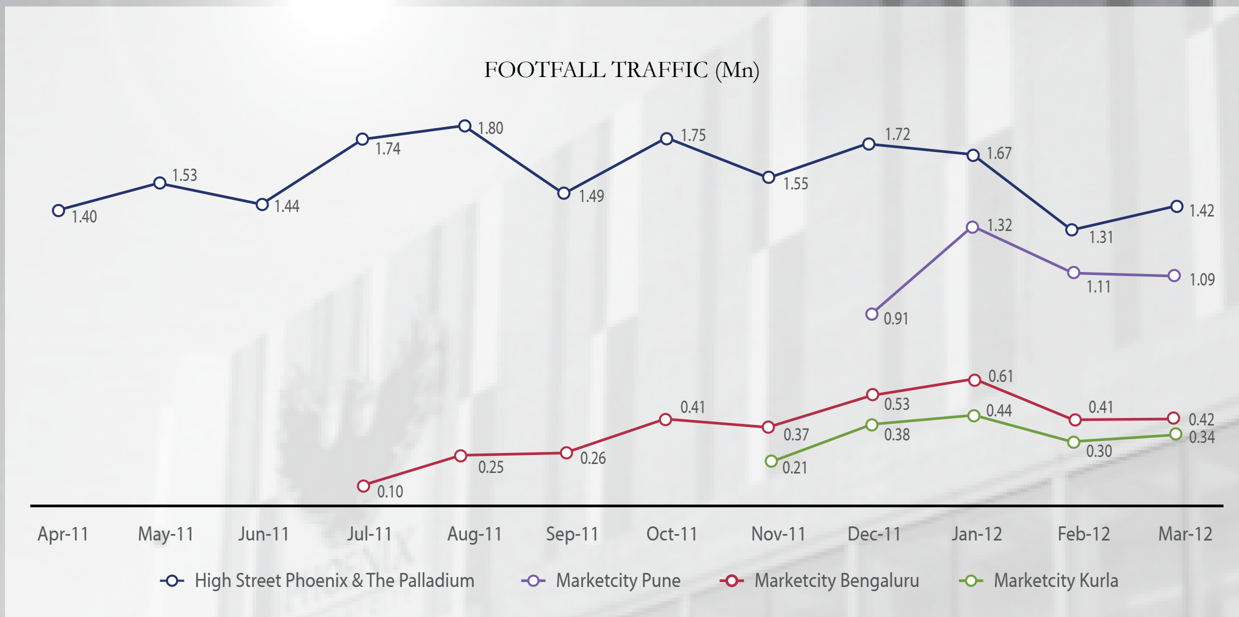
MD&A: Operations Review

CONSUMER'S THUMBS UP!

It has taken the Company more than 15 years of hard learning, bold experimentation and operational excellence for High Street Phoenix and The Palladium (HSP&P) to muster solid average footfalls exceeding 1.5 mn per month. In this respect, HSP&P indeed has a head start compared to the new Marketcity malls and should not be compared without acknowledging that stabilising and establishing a successful mega mall of the size and stature that the Marketcity franchise represents, is not an overnight affair. Nevertheless, the Company is excited to report encouraging early stage numbers on consumer footfalls and consumption, despite the fact that each Marketcity had certain components and brands that could only get operational in FY2013 or CY2012.

The footfall and consumption numbers reflect a steady start for each of the Marketcities, vindicating the carefully thought out configurations of brands, F&B outlets and entertainment formats.

The footfall and consumption numbers reflect a steady start for each Marketcity, vindicating the carefully thought out configurations of brands, F&B outlets and entertainment formats – each of which have resonated thoroughly with today's discerning and well informed consumers. During the FY2012 period, the Marketcities were yet to operationalise the multiplex theatres and certain F&B outlets. In particular, the Phoenix Marketcity Kurla was launched in the low consumer season, just missing the peak Diwali season. These early footfall and consumption numbers are not surprising and the Company expects the full impact of better numbers to percolate into FY2013. Given its experience of HSP&P, the Company expects these numbers to improve over FY2013 as each Marketcity achieves higher occupancies and matures with respect to brand familiarity, catchment marketing, heightened awareness and evolving consumer affinity towards these destinations.


FOOTFALL TRAFFIC (Mn)
1.40
1.53
1.44
1.74
1.80
1.49
1.75
1.55
1.72
1.67
1.31
1.42
0.91
1.32
1.11
1.09
0.10
0.25
0.26
0.41
0.37
0.53
0.61
0.41
0.42
0.21
0.38
0.44
0.30
0.34
Apr-11
May-11
Jun-11
Jul-11
Aug-11
Sep-11
Oct-11
Nov-11
Dec-11
Jan-12
Feb-12
Mar-12
High Street Phoenix & The Palladium
Marketcity Pune
Marketcity Bengaluru
Marketcity Kurla

ALL ROADS LEAD TO A PHOENIX MARKETCITY

MD&A: Operations Review

GREAT BRANDS AND STORES

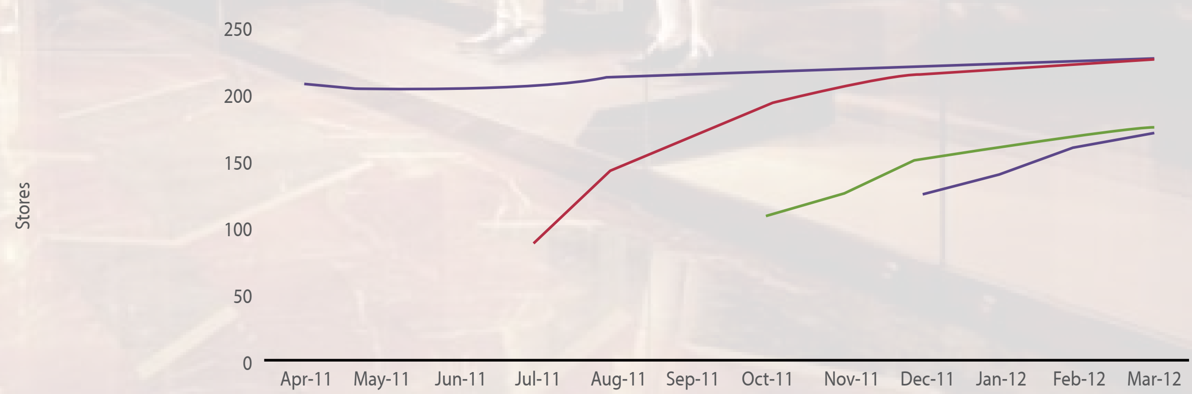
The initial favourable response received by both retailers and consumers alike have instilled even greater confidence into PML's current and ensuing business plans and executional prowess. The early footfall numbers and consumer reactions have indicated a secular across-the-board embracement of the Phoenix formula. A key hallmark is its ability to attract strong global brands and an array of fine dining and entertainment options.

> *By the end of the year and after three new Marketcities becoming operational, the total number of stores under the PML roof rose to more than 800.*

At the beginning of the year, PML was home to a total of ~210 stores. By the end of the year and after three new Marketcities becoming operational, the total number of stores under the PML roof rose to more than 800. While HSP&P remained virtually 95% occupied throughout the year (excluding Landmark which was under renovation), the new Marketcities still had several more stores undergoing fit-outs and commissioning at the year-end of FY2012 and were approximately 50%-70% occupied and operational. The Company expects all Marketcities to be to their near capacities committed and licensed out during FY2013, with most of the stores becoming operational for a full financial year for the first time. The full impact of the new addition of the three Marketcities to the operating numbers of the Company will be felt during FY2013 and ensuing years.

BENGALURU	PUNE	KURLA	CHENNAI	COMMON ACROSS CITIES	
Amoeba	Blu O	Amoeba	Big Bazaar	Amoeba	Pantaloon
Big Bazaar	Ethnicity	Debenhams	Croma	Big Bazaar	Planet Sports
Blu O	Marks & Spencer	Freezing Rains @ Snow World	Food Hall	Blu O	PVR
California Pizza Kitchen	Max	Lifestyle	Globus	California Pizza Kitchen	Reliance Digital
Croma	Orama	Mai Tai	Lifestyle	Croma	Reliance Footprint
Hamleys	Pantaloon	MAX	MAX	Debenhams	Reliance Mart
Max	PVR	Pantaloon	Pantaloon	Ethnicity	Reliance Trends
Pantaloon	Reliance Digital	Planet Sports	Satyam Cinema	Food Hall	Satyam Cinema
Planet Sports	Reliance Trends	PVR	Tanishq	Freezing Rains @ Snow World	Star India Bazaar
PVR	Star India Bazaar	Reliance Digital	Zara	Globus	Tanishq
Reliance Digital	Van Heusen World	Reliance Footprint		Hamleys	Trader Vic's
Reliance Trends	Westside	Reliance Mart		Lifestyle	Van Heusen World
Tanishq	Zara	Reliance Trends		Mai Tai	Westside
Trader Vic's		Zara		Max	Zara
Zara				Orama	

NUMBER OF STORES IN OPERATION



	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12
High Street Phoenix and The Palladium	208	203	203	206	212	212	216	219	220	223	225	226
Phoenix Marketcity Pune				89	143	169	192	206	215	218	223	226
Phoenix Marketcity Bengaluru							108	124	151	161	169	174
Phoenix Marketcity Kurla									125	140	161	170

ALL ROADS LEAD TO A PHOENIX MARKETCITY

MD&A: Operations Review Case Study: Gossip

GOSSIP

Heena and Karim Jaffer, a husband wife entrepreneurial team, have had an interesting journey in establishing their upmarket Indian shoes store franchise "Gossip". From a background of purely focusing on exporting ladies footwear to leading brands around the world, they bit the bullet in 1991 and ventured up the value stream by introducing their own brand "Gossip". At first, they chose the then "New" and "Old" Oberoi Hotel in Mumbai (now known as the Trident) to open up his first store. Given the limited choices in those days, this was the perfect starting point. Each took on a specialist role in running the business: while Heena focused more on the creative and design aspects of the business; Karim spearheaded the retail and strategic planning of the business through constant innovation and focused development.

From the very beginning, they were determined to make the best quality and styles in his designs as the key guiding principles of his shoes business. "We wanted women in Mumbai to get a fresh view of high quality ethnic and modern footwear and we were amongst the first Indian brands to sell women's formal and informal shoes at the same price range as global brands. To this extent, with very few such brands present in India at that time, it was a challenge for the market to accept this quality and price. But with greater exposure to international quality and pricing over the years, consumers have embraced Gossip's positioning very well," Heena recapitulates the legacy years.

Mrs. Heena Jaffer
Mr. Kareem Jaffer
Directors, Gossip Shoes

We are indeed very happy with the Phoenix Marketcity Mall Management Teams–our confidence in their malls and business model has allowed us to expand faster than we would have.'

Today, "Gossip" has become one of the very few recognised local brands, purely focusing on ladies footwear. The fame of this brand is far from being just gossip (pun intended). In fact this brand is on the lips of millions of shoppers in leading cities and is steadily becoming one the most renowned and respected brands in India. A key reason for this has been the brand's strong affiliation to the Phoenix platforms.

At first, Gossip made an entry into The Palladium with its first store out of the Trident. With an excellent store design and careful selection of designs based on careful market research, the product mix presented at The Palladium was an instant hit. "With the advent of multinational brands entering the Indian market with high price points, the market has a better awareness and acceptance of upmarket products today. Our presence at The Palladium with its luxury setting has also helped the market to better understand our quality, design and product positioning!" – adds Mr. Jaffer.

Being a brand that was primarily Mumbai focused until now, it was a no brainer to expand this franchise into new markets through the Phoenix Marketcity Platforms. "We have always been careful about geographical expansion as there has been ample scope to further maximise our pursuit for excellence and further leverage our presence in Mumbai. Today, because of our strong affiliation with the Phoenix Mills' platform, we are now also present in Pune and Kurla. We are indeed very happy with the Phoenix Marketcity Mall Management Teams– our confidence in their malls and business model has allowed us to expand faster than we would have," Kareem confirms.

The new presence of the "Gossip" brand needed to be that something extra special. When planning out his stores across India, the Jaffers wanted to display their shoes in a new, modern, chic way - someway that the market had never seen before. It was important that the brand's USP was accentuated through its store ambience along with its very wide range of products. With the help of the talented architect Mr. Rehant Gebrez and the Retail Excellence Team of PML, a group of retail specialist architects headed by Ar. Sangeeta Vernekar, a new urbane, chic and contemporary look was evolved, in which a consumer could feel the warmth and comfort when she entered the store. These new and unusual shoe stores at the Kurla and Pune Marketcities skillfully exhibit one of the latest trends in retail store design and in architecture: creating a distinctive contrast of a white background colour with bright colours of the product itself. Through these designs, the "Gossip" brand has elevated itself further. So successful has the design of these new format stores been that the Jaffers are now planning the renovation of their Palladium store to bring it into sync with Gossip's next-gen stores.

ALL ROADS LEAD TO A PHOENIX MARKETCITY

MD&A: Operations Review Case Study: Foodhall @ The Palladium

FOODHALL @ THE PALLADIUM

The "Foodhall @ the Palladium" is the outcome from one of the finest examples of collaborative work between a leading retailer and a leading mall developer. It's a classic case of how a retailer and a mall operator can work hand in hand together to create one of the best retail concepts in the foods reselling business.

Since over a decade, both these companies had already established a pioneering collaborative spirit when "Big Bazaar" became one of the first big attractions at the High Street Phoenix Mall. Years later, this partnership of retail experimentation continued and went ahead to set new records of success at each of the Phoenix malls, having several formats of the Future Group. These two companies have always shared a great working relationship and team rapport.

In early 2010, the mall developer identified a gap in The Palladium at The High Street Phoenix. This upmarket mall was missing a luxury, gourmet food store for the discerning and aspirational customers of the shopping centre. The Phoenix promoters wished to have a new food retailing space that could live up to the expectations

Mr. Damodar Mall
Director, Food Strategy at Future Group

> *'At the very outset, we did not want to create another gourmet food store which only offered imported products and brands, but an experiential one that appealed to the modern urban urge to experiment with both Indian and international cuisine.'*

of the new-age and cosmopolitan Mumbaikars, eager to explore and try out exciting Indian and international cuisine. For the Phoenix Mills Group, it was natural to once again partner with the Future Group to co-design from scratch a new food outlet that matched up to the target market that The Palladium was catering to. In a true spirit of shared goals, the Future Group eagerly responded to the team's requests and took up the challenge. Out of this shared dream, a new format was created.

"At the very outset, we did not want to create another gourmet food store which only offered imported products and brands, but an experiential one that appealed to the modern urban urge to experiment with both Indian and international cuisine', reflects Damodar Mall, the Director, Food Strategy at Future Group. Thus began the process when the teams from both groups started to imagine everything together. They jointly created a customer advisory board and even the senior most members from each group got involved in this process of discovery. After much survey, experiments and introspection, their answer was the new format which they appropriately called "Foodhall @ the Palladium".

"The format had to be so different and path breaking that we decided that a new brand which was not associated with Food Bazaar would be more apt. This was not an easy decision to make and we needed a lot of courage to break from the Food Bazaar umbilical cord. Thanks to the support and risk sharing approach of the Phoenix Mills Group, we took this bold step. Today, the result is so successful that most consumers still don't realise that the brands "Foodhall" and "Food Bazaar" come from the same Future Group stable", adds Mr. Mall.

MD&A: Operations Review Case Study: Foodhall @ The Palladium (Cont.)

Since the last one year, Ms. Avni Biyani, the younger of Mr. Kishore Biyani's two daughters, has been actively involved with Foodhall. As part of the Group's food strategy council that discusses consumer goods and private brands across Foodhall and Food bazaar formats, Avni takes great pride in "knowing what our target consumers need and aspire to cook in their homes." This advantage has been instrumental in making Foodhall a highly successful concept, with the prospects of this Palladium store breaking even in the first year itself.

"Foodhall is for the love of food. It's a place where our customers come in with recipes and also get educated about different cuisine styles. Whether you want to make a Bengali or an Italian dish, we cater to that uniquely fused palate of the exposed urban consumers of Mumbai", explains Ms. Biyani. "I am extremely proud of our live food stations and the fruits and vegetable section. This is the only place where you can get such a vast variety of produce - from eight kinds of mushrooms to jasmine rice and even live roasting of nuts," she adds. "Our first Foodhall project at the Palladium has been extremely gratifying – we both complement and complete each other."

Ms. Avni Biyani
Concept Head, Foodhall

'Our first "Foodhall" project at the Palladium has been extremely gratifying – we both complement and complete each other.'

Going forward, as Concept Head, Foodhall, Ms. Biyani has been given the task for driving the group's expansion of its luxury food retailing business. She affirms the Future Group's aspiration for taking Foodhall national. At almost twice the size of The Palladium Store, the two months old Bengaluru outlet is already showing great early promise. Apart from gourmet food, the Bengaluru store has dedicated 5,000 sq. ft. to products needed to put the food on the table with.

"This means products such as silicon parchment paper, aluminium foil moulds, mandolin slicers, toaster bags and cupcake liners. Not all cities are ready for the Foodhall concept and we will be very choosy about where we will expand our footprint. NCR is clearly a market ready for Foodhall and we are actively exploring our options here", confirms Ms. Biyani.

Nowadays, she also gets multiple requests from Mumbaikars for setting up local neighbourhood Foodhall stores, which she is seriously exploring. "In fact small neighbourhood stores, that are supported by our larger format stores, could be a more scalable model going forward, as large footprint real estate is both scarce and expensive", she adds.

ALL ROADS LEAD TO A PHOENIX MARKETCITY

MD&A: Operations Review Case Study: JFM Corporation

JFM CORPORATION

Mr. Jay Singh
Co-Founder & Executive Director

While Jay Singh journeyed through his illustrious investment-banking career, his entrepreneurial streak steadily kept getting stronger. In 2006, he decided to change tracks to start a new venture focusing on casual dining restaurants. He noticed that there was a huge gap in branded dining options in India and felt confident that this was a lucrative space worth pioneering and occupying. He got together with an old friend Sanjay Mahtani, a veteran DJ and an avid music and food aficionado, and entered into partnership with him to form JFM Corporation. Singh first started with a chain of Hard Rock Cafés, a restaurant brand that is today synonymous with music memorabilia. He then invested in premium lounge bars such as Shiro and Mai Tai, and recently, introduced Indian foodies to America's popular California Pizza Kitchen (CPK). Today, his firm JFM Corporation has become India's most visible new-age F&B enterprise, with more than 16 restaurants dotting the metros of India.

> *'I really appreciate the vision behind the Phoenix platforms, which is of large scale with a fantastic market reach. Atul is really putting together a great mix of F&B brands in his malls and so they are a perfect fit for us'*

A key prerequisite for a successful restaurant is undeniably its location. Singh has demonstrated an uncanny


california
PIZZA KITCHEN
APPETIZERS
PIZZA
PASTA
SALADS

genius for finding the right city spots for his ventures. When it came to CPK, selecting the High Street Phoenix (HSP) for its one of two Mumbai outlets was not a difficult choice to make. With footfall traffic exceeding 1.5 mn per month and with Phoenix Mill's advanced understanding of blending fine casual dining within its malls, it was inevitable that HSP and JFM's paths would cross. JFM restaurants are known for their unique designs and uncompromising standards. Not surprisingly, Singh was determined to ensure that his CPK at this venue was designed to the true values of the franchise – which is to create an unforgettable atmosphere that diners hate to leave. Architect Ashish Kambli spearheaded the design, assisted by the Retail Excellence Design team of Phoenix headed by Ar. Sangeeta Vernekar. With much introspection and creativity, the final end result was spectacular. The storefront of the restaurant is distinctive in nature and colour, with charming canopy and lamps by the side of the entrance. When you enter the restaurant, one cannot avoid noticing the bustling and cheerful atmosphere, where seats are purposefully kept close together, so conversations at neighboring tables quickly become conversations at your own table. It also features high ceilings, an open kitchen and stone masonry that add to the cacophony. The decor gives a modern, inviting atmosphere that's composed of cozy rich colours and natural materials. These include deep wood tones, rugged stone and polished granite, all strategically lit with warm, comfortable lighting. At the heart of CPK's concept is its trademark pizza oven, clad in vibrant tiles and dramatically illuminated. The design team also ensured that the CPK installed a commercial kitchen that

MD&A: Operations Review Case Study: JFM Corporation (Cont.)

world-class chefs would envy: it not only provides a more productive environment, but also contributes to the back-of-house profitability of the restaurant. "It is important for CPK's designs to be a key strategy in cultivating thriving success," clarifies Singh.

With four CPKs in the country and five more planned next year, Singh is already looking forward to introducing another restaurant brand to Indian foodies: Trader Vic's, a Polynesian restaurant chain, and Mai Tai, a line of premium lounge bars. When it came to selecting the sight for Trader Vic's, Singh once again chose the HSP, where fitouts are currently in progress. The design for this new restaurant will be based on the tropical world of this international brand, where customers can discover a magnificent array of delights and live entertainment. It will include carved tikis and cane chairs that will add to the sense of lush South Seas escapism, while the island-style cuisine will draw on the French, Oriental and American influences of its Polynesian heritage.

Going forward, Singh is also keen on locating many of his F&B brands selectively across all the Phoenix Marketcities in Pune, Bengaluru and Chennai. "I really appreciate the vision behind the Phoenix platforms, which is of a large scale with fantastic market reach. Atul is really putting together a great mix of F&B brands in his malls and so they are a perfect fit for us. Also, as we grow in the Indian market, it will be easier for us to work with fewer and fewer landlords," explains Singh.

MD&A: Operations Review

MARKETING, PROMOTION AND EVENTS

The main purpose of these campaigns have been to instill a sense of excitement about the malls in the minds of the citizens, through events that are not just about fashion, but also about music concerts, performances and the arts.

The marketing teams of HSP&P and each of the Marketcities have been highly energetic during FY2012, activating several campaigns, promotions and events. With the desire to spread general awareness of the three new Marketcities, the respective teams of each centre have left no stone unturned. They have leveraged all possible channels to spread awareness of the malls in their respective cities and neighbouring areas. The main purpose of these campaigns have been to instill a sense of excitement about the malls in the minds of the citizens, through events that are not just about fashion, but also about music concerts, performances and the arts. The teams also made extensive use of social media, particularly Facebook and tied up with the Indian Premier League (IPL) to facilitate live broadcast of cricket matches in the food courts, giving the patrons several reasons to cheer. They also extensively promoted the end-of-year January sales, which led to surge in footfalls during January 2012. In Mumbai, the Kurla Marketcity team ran several outdoor and print media campaigns, aimed at creating awareness of the mall across all surrounding neighbourhoods of Mumbai.

FEMINA MISS INDIA@PHOENIX MARKETCITY KURLA (23rd MARCH, 2012)

Phoenix Marketcity, Kurla, presented a glamorous Fashion Show where 20 finalists from Pantaloons Femina Miss India 2012 walked the ramp in designer wear by Satya Paul. The event was choreographed by Marc Robinson and attended by dignitaries such as actress and model Mandira Bedi, Malini Aggarwal and designer Deepika Gehani.

PHOENIX MARKETCITY PUNE KID'S FASHION FESTIVAL FINALE (11th MAY, 2012)

Marketcity Pune hosted a children's fashion festival, which provided a common platform to 150 children, 10 brands and many casting agencies. The children performed dances to popular Bollywood tunes and were cheered by the audience with excitement. Through this event, the children showcased stylish, chic, ethnic and casual wear clothes.

CHRISTMAS CELEBRATIONS@ PHOENIX MARKETCITY KURLA (DECEMBER 19th TO 25th)

Phoenix Marketcity Kurla held Christmas celebrations by donning itself in Christmas décor and organizing several activities taking place at different locations of the Mall floor, including carol singing and Santa distributing gifts to children.

MD&A: Operations Review

HIGH STREET PHOENIX AND PALLADIUM (HSP&P)

Home to more than 220 stores, both HSP and Palladium continued to demonstrate strong performance during FY2012, setting high standards for all Phoenix Marketcities to emulate and aspire to achieve. The overall trade volumes HSP&P increased by 24% to reach ₹ 9.7 bn from ₹ 7.8 bn the previous year. In particular, Palladium at HSP has received rave reviews with extremely encouraging interest from retailers. It has acted as the launch-pad for leading international premium and luxury brands such as Burberry, Diesel, Canali, Zara and Guess. Some of the other key brands and eateries include Indigo Deli, Punjab Grill, Manchester United Café, Asia 7, TGIF, Rajdhani, and California Pizza Kitchen. FY2012 saw HSP&P mature into a well-oiled consumption centre on the back of an exemplary brand portfolio, large operational scale exhibiting both substance and size and substantial brand churn activity throughout the various sections of the mall. The Company made an important upgrade by converting part of an area taken back from a leading hyper-store and converted it into a new corridor facilitating better crowd circulation and the addition of 12 new licensees with exciting brands.
Food Court which was shut for a brief period during the year has re-opened with an international look & feel and now houses brands like Haagen Dazs, Ice Cream Works, Mai Tai, etc. Further, as an extension to premium brands at Palladium, a new zone of luxury brands has been created over 15,000 sq. ft. space and christened as "Palladium Annexe".

The Company converted areas from a leading hyper-store into a new corridor facilitating the addition of 12 new exciting brands.

This shall be home to uber - luxury brands viz. Jimmy Choo, Paul Smith, Ermeneglido Zegna, Bally, Gucci and several others for the globe trotting clientele of HSP & Palladium.

The new brands added to HSP&P during the year include Van Heusen, Anita Dongre Bridal, Timeless and Ice Cream Works. The mall witnessed a near 90% occupancy levels for HSP&P throughout the year, with footfalls averaging more than 1.5 mn per month for the year.

Going forward, HSP&P can look forward to some key near term triggers that will give the centre a further upside in its revenues. PML underwent rental re-negotiations in FY2012 covering approximately 0.15 mn sq. ft. under key anchors, resulting in an increase of more than 60% from previous rentals. Similarly, it plans to re-negotiate rentals for ~380,000 sq. ft. of area coming up for renewals over the next 3 years.

Going forward, the Company is continuously re-positioning the brand-mix by introducing unique retail formats. At HSP&P, the Company has an additional potential of developing a proposed retail and mixed-use development in the future.

MD&A: Operations Review

PHOENIX MARKETCITY – PUNE

Phoenix Marketcity is a mixed-use asset spread across 16.7 acres with a total saleable/leasable area of ~1.7 msf. Since its opening in June, 2011, Phoenix Marketcity Pune has indeed taken the city by storm.

Phoenix Marketcity Pune Quick Profile	
PML's Stake	58.5%
Operational since	June 2011
Leasing Status (June '12)	80-85%
Occupancy Status (June '12)	70%
Number of Stores	295
Stores Trading (June '12)	~240

Ideally located in Viman Nagar, this mall has truly lived up to its expectation in offering Pune an upmarket, high-end and brand-rich mall that is typically seen in Tier 1 cities only. It is home to 12 anchors, eight mini-anchors, one hyper-market, a 9-screen multiplex and large FEC and F&B zones. Some of the key brands and eateries include Star India Bazaar, Pantaloons, Zara, Reliance Trends, Max, Westside, Bebe, Pizza Hut, Rajdhani, Mad Over Donut's, ZK's and McDonald's. A unique additional feature of the Phoenix Marketcity Pune will be the enticing 17-lane bowling alley and lounge called the 'Blu-O', which is currently under fitouts and will become operational in Q2FY2013.

The residents of this city experienced a new mall of this scale and grandeur for the first time and the upward footfall and consumption trends of the nine months of operation during FY2012 have been very encouraging. It is not surprising that today, this absolutely seamless and integrated mall is considered to be amongst the leading malls in Pune by any measure. This is attributable to its scale and size, convenient location, its brand-mix, zoning and a strong and professional management. By the end of the financial year, Phoenix Marketcity Pune had 226 stores in operation, equaling the store count of the well-established and highly successful HSP&P in Lower Parel, Mumbai. With more than 80% leased out, an upside in licence fees from around 30% of the stores yet to become operational and with the imminent commencement of the 9 screen Multiplex which would boost the footfalls, PML expects the Phoenix Marketcity Pune to generate healthy growth into FY2013 and beyond.

Phoenix Marketcity Pune had 226 stores in operation, equaling the store count of the well-established and highly successful HSP&P in Lower Parel, Mumbai.

MD&A: Operations Review

PHOENIX MARKETCITY – BENGALURU

Phoenix Marketcity Bengaluru is a mixed-use asset across 14.8 acres, with a total saleable/leasable area of ~2.0 mn sq. ft. Launched in October 2011 amidst much fanfare, the Bengaluru Marketcity has quickly become and an indispensable and endearing feature of the city.

Phoenix Marketcity Bengaluru Quick Profile	
PML's Stake	46.4%
Operational since	October 2011
Leasing Status (June '12)	75-80%
Occupancy Status (June '12)	60%
Number of Stores	280
Stores Trading (June '12)	~190

Showered by compliments from retailers and consumers alike, the retail centre has elevated the desirability of working and living in the garden city even further. With ~190 stores operating by June 2012 of FY2013 and with an additional 40 stores expected to complete fitouts and open during the current fiscal year, this centre is at par with the other Marketcity projects in terms of an excellent brand-mix with leading international and domestic retailers. It will also be home to a 9 screen multiplex and a fine array of casual and fine dining F&B options, all of which should become fully operational by Q3FY2013. Some of these key brands and eateries include Big Bazaar, PVR, Blu O, Zara, Hamleys, Reliance Timeout, Reliance Digital, Pantaloons, Marks & Spencer, Max, Tanishq, Copper Chimney, KFC, Noodle Bar and California Pizza Kitchen. Even with a low initial occupancy of just 108 stores to start with, the mall witnessed around 0.4 mn footfalls for December 2011. The initial indicators of footfalls and consumption data are quite encouraging, given the fact that the mall is in its very early stages of operations, with substantial additional fitouts and features to be completed during FY2013.

Launched in October 2011 amidst much fanfare, the Bengaluru Marketcity has quickly become and an indispensable and endearing feature of the city.

ALL ROADS LEAD TO A PHOENIX MARKETCITY

MD&A: Operations Review

PHOENIX MARKETCITY – KURLA, MUMBAI

Phoenix Marketcity Kurla, Mumbai, is one of PML's most ambitious new retail centres. It is part of a mixed-use asset covering 21.1 acres of land with a total saleable/leasable area of ~2.3 mn sq. ft.

Phoenix Marketcity Kurla Quick Profile	
PML's Stake	24.3%
Operational since	Nov. 2011
Leasing Status (June' 12)	75 – 80%
Occupancy Status (June '12)	60%
Number of Stores	320
Stores Trading (June '12)	~180

The Company was able to complete the project by October 2011 and was soft launch it in November 2012 with approximately 125 operational stores. By June 2012, the mall's operating store count increased to ~180. With several stores continuing its fitouts during FY2013, Kurla Marketcity will eventually be home to some 320 generic and luxury brands in total. The civil construction of an 8-screen cinema complex was competed in FY2011 and is currently undergoing fitouts. The Company expects the multiplex and all its F&B and fine dining outlets to become fully operational by Q3FY2013. The initial indicators of footfalls are encouraging given the fact that the mall is still in its very early stages of operations, with substantial additional fitouts and features remaining pending for completion during FY2013.

With several stores continuing its fitouts during FY2013, Kurla Marketcity will eventually be home to some 320 generic and luxury brands in total.

ALL ROADS LEAD TO A PHOENIX MARKETCITY

PROJECTS PIPELINE

MD&A: Projects Pipeline

INTRODUCTION

During FY2012, the Company's projects arm achieved a major milestone by completing and handing over the following projects in various cities.

These were:

1. Phoenix Marketcity Pune
2. Phoenix Marketcity Bengaluru
3. Phoenix Marketcity Kurla, Mumbai

The size and scale of these three projects were unprecedented and PML's own in-house projects team achieved a momentous breakthrough for the Company in completing these enormous projects and handing them over to the respective operations teams to launch and manage the day-to-day running of the malls. While the team focused on the delivery of these three Marketcities, the Company continued with its fervent pace of design, planning and construction activities for several of its other projects, in the pipeline. For each of these projects, the Company has acquired the land and the portions of each of these projects are discussed ahead in this chapter. The ensuing charts summarise the Company's project pipeline made up of both residential and commercial properties, across four key cities – Chennai, Bengaluru, Pune and Mumbai.

During FY2012, the projects that were under various stages of construction and fit-outs are as follows:

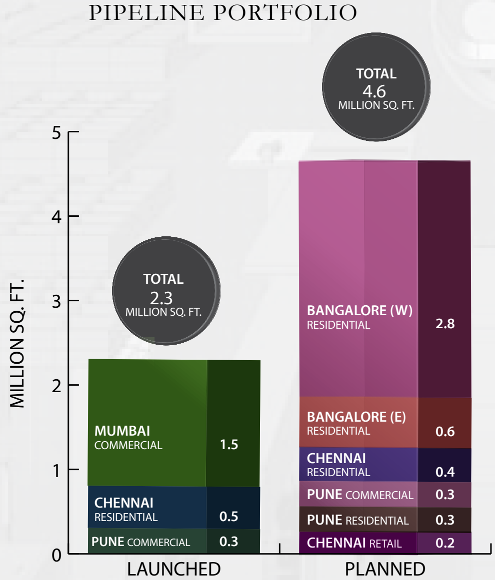
1. **Retail**
   a. *Phoenix Marketcity Chennai*
2. **Residential**
   a. *Chennai*
   b. *One Bangalore West*
3. **Hospitality**
   a. *Shangri-La Mumbai*
   b. *Courtyard by Marriott - Agra*
4. **Commercial**
   a. *Pune*
   b. *Mumbai (Kurla)*

PML'S PHASE II PROJECTS:

Location	SPV	Type	Area Mn sq. ft.	PML Stake	PML's Economic Interest (mn sq. ft.)
Pune	Vamona Developers Pvt. Ltd.	Commercial	0.25	58.5%	0.14
	Vamona Developers Pvt. Ltd.	Commercial	0.28	58.5%	0.16
	Alliance Hospitality Services Pvt. Ltd.#	Residential	0.27	31.3%	0.08
Mumbai	Offbeat Developers Pvt. Ltd.	Commercial	0.28	24.3%	0.06
	Offbeat Developers Pvt. Ltd.	Commercial	0.84	24.3%	0.20
	Graceworks Realty and Leisure Pvt. Ltd.#	Commercial	0.42	43.8%	0.19
Chennai	Classic Mall Development Company Pvt. Ltd.@	Residential	0.26	63.0%	0.16
	Classic Housing Projects Pvt. Ltd.@	Residential	0.21	66.0%	0.14
	Starboard Hotels Pvt. Ltd.#	Residential	0.41	28.5%	0.21
	Starboard Hotels Pvt. Ltd.#	Retail	0.21	28.5%	0.11
Bengaluru (E)^	Island Star Mall Developers Pvt. Ltd.	Residential	0.63	46.5%	0.29
Bengaluru (W)	Platinum Hospitality Services Pvt. Ltd.# and Palladium Constructions Pvt. Ltd.	Residential	2.80	39.8% & 70.0%	1.72
TOTAL			**6.86**		**3.46**

#Stakes owned through PHCPL in which PML owns 56.9%
^Additional 0.35 msf of development potential (proposed Hotel)
@PML has signed a binding share purchase agreement to acquire Kshitij Venture Capital's 32% stake in Classic Mall & Classic Housing SPVs

PIPELINE PORTFOLIO



While the Company focused on the delivery of these three Marketcities in FY2012, it continued with its fervent pace of design, planning and construction activities for several of its projects within its pipeline.

PML's effective economic interest in the total portfolio of 6.9 mn sq. ft. is 4.2 mn sq. ft.

MD&A: Projects: Retail

PHOENIX MARKETCITY CHENNAI

The Phoenix Marketcity Chennai is part of a mixed-use asset spread across 16.5 acres with a total saleable/leasable area of ~1.5 mn sq. ft. Developed under the Classic Mall Development Pvt. Ltd. SPV, the Phase I project cost of developing the mall has been to the tune of approximately ₹ 5.3 bn.

Phoenix Marketcity , Chennai	
PML's Stake	63.0%^
Expected Delivery	Q2FY2013
Current Leasing Status	68%
Number of Stores	250

^ PML has signed a binding share purchase agreement to acquire Kshitij Venture Capital's 32% stake in Classic Mall, pursuant to which its total stake will increase to 63%.

The progress towards building this mall took solid shape during the year. By the end of FY2012, the civil, mechanical, electrical and plumbing works were mostly completed, with finishes and interior works progressing smoothly. The various mall escalators and elevators entered their respective testing stages. Key anchor stores viz. Pantaloons, Big Bazaar, Lifestyle commenced with internal fitouts, while several in-line stores also started fitouts. The 11 screen multiplex licensed to Satyam Cinemas, including a dome IMAX theatre, were also under fitouts and progressing satisfactorily towards completion. The operational staff for managing the mall has mostly been hired and put in place, undergoing training and entering the facility testing stage.

During the year, the marketing team, looking after licensing of the mall's stores, received an extremely enthusiastic response by the leading domestic and international brands. The team was able to license out 68% of its store space capacity, with approximately 120 Letters of Intents signed at an average rate of over ₹ 95/sq. ft./pm. With a total inventory of approximately 250 stores at the Chennai Marketcity, the Company expects to complete its licensing activities through FY2013. The key reason for receiving such an enthusiastic response from retailers has been the excellent location of the project and its internationally acclaimed design.

The Company entered into a binding Share Purchase Agreement (SPA) with one of the Classic Mall and Classic Housing SPV's shareholders - Kshitij Venture Capital Fund to acquire its entire 32% stake in both the SPVs.

In March 2012, the Company entered into a binding Share Purchase Agreement (SPA) with one of the Classic Mall and Classic Housing SPV's shareholders - Kshitij Venture Capital Fund to acquire its entire 32% stake in both the SPVs. The total consideration for the same is ₹ 1.06 bn, which is staggered over a period of 18 months from the date of SPA. Consequently, PML's effective stake shall increase from 31% and 34% to 63% and 66% in Classic Mall and Classic Housing SPVs respectively. Also, during the year the Company was successful in converting the construction loans of the SPV into Lease Rental Discounting (LRD) loans as a result of which the cost of debt has reduced by ~200 bps and the tenure of the loan has become longer with the re-payment being considerably back-ended.

MD&A: Projects: Residential

CHENNAI

PML's residential project in Chennai is located in the picturesque neighbourhood of Velachery, a part of the city endowed with stunning views of the Raj Bhavan, the Governor's Mansion and the Velachery Lake. This landmark residential project is made up of a complex of three towers, of which towers A & B contain the large, luxuriously appointed apartments (4 & 5 BHK), each having saleable areas of more than 4,700 sq. ft.; while Tower C contains the deluxe apartments, each having saleable areas of more than 2,200 sq. ft. This residential project has a total projected built up area of over 0.47 mn sq. ft. Despite the fact that the "Phoenix" brand is relatively a new entrant in Chennai's residential market and without any official marketing exercise, the Company has received excellent response from customers purely on the basis of word-of-mouth referrals. The Company has been able to book 24% of Towers A & B and 67% of Tower C.

Despite the fact that the "Phoenix" brand is relatively a new entrant in Chennai's residential market and without any official marketing exercise, the Company has received excellent response from customers purely on the basis of word-of-mouth referrals.

Most of these customers are actual users rather than investors. The key reasons behind the booking success of these residential properties have been the market's trust and ready acceptance of the Phoenix brand, the attraction of these residences being part of mixed used complex with proximity to the mall, a sought-after neighbourhood and its views and the rich amenities offered along with the apartments, including a 40,000 sq. ft. well appointed club house. The construction of the towers is progressing well. By the end of FY2012, the towers had reached 5 slabs above the mall and are scheduled to be completed for occupation by Q1FY2014.

Chennai Residential: Classic Housing Projects Pvt. Ltd. – Towers A & B	
PML's Stake	66%*
Expected Delivery	Q1FY2014
Booking Status (June '12)	24%
Number of Apts.	43
No. of Apts. Sold (June '12)	12
Saleable Area	208,000
Area Sold (June '12)	49,000

Chennai Residential: Classic Mall Development Pvt. Ltd. – Tower C	
PML's Stake	63%*
Expected Delivery	Q1FY2014
Booking Status (June '12)	67%
Number of Apts.	105
No. of Apts. Sold (June '12)	65
Saleable Area	260,000
Area Sold (June '12)	175,000

*PML has signed a binding share purchase agreement to acquire Kshitij Venture Capital's 32% stake in Classic Mall Development Pvt. Ltd. & Classic Housing Projects Pvt. Ltd. SPVs

MD&A: Projects: Residential:

ONE BANGALORE WEST BENGALURU

With approximately three mn sq. ft. of saleable area, this project entails nine premium towers of 2.5 BHKs and 3 BHKs and one luxury tower of only 4&5 BHKs.

Adjacent to the ISKCON temple, the Company's 16 acres land in Rajaji Nagar is possibly the last surviving large-sized parcel available in western Bengaluru. With approximately three mn sq. ft. of saleable area, this project entails nine premium towers of 2.5 BHKs and 3 BHKs and one luxury tower of only 4 & 5 BHKs. The total equity infused in the project is around ₹ 4.3 bn. PML owns 70% stake in Palladium Constructions Pvt. Ltd. (Palladium), whereas Platinum Hospitality Services Pvt. Ltd. (Platinum), is 70% owned by Phoenix Hospitality Company Pvt. Ltd. (PHCPL) in which PML has a 56.9% stake. Palladium & Platinum shall jointly own and develop this project with ~2.8 msf saleable area. This project is estimated to be one of Bengaluru's largest single residential properties.

The Company has engaged the renowned architectural firm Benoy to master plan the project and design the multiple tower development that will be built in several phases. With most of the mandatory approvals already in place, PML plans to start construction in Q2FY2013 and deliver the same over a period of four and a half years.

The Company has engaged the renowned architectural firm Benoy to master plan the project and design the multiple tower development that will be built in several phases.

MD&A: Projects: Hospitality:

SHANGRI-LA MUMBAI

Shangri-La will be a welcome addition to South and Central Mumbai's thin inventory of fine, five-star deluxe hotels. Nestled above the Palladium and next to High Street Phoenix at Lower Parel, Shangri-La will be the first hospitality project of PML. Aspiring to attain the highest quality standards for the Hotel's service levels, the Company has entered into a management contract with the Hong Kong-based renowned operator Shangri-La Hotels and Resorts, to manage the asset. Once operational, Shangri–La's inventory is expected to rank among the Top–5 luxury hotels of Mumbai. The Hotel is slated to house multiple fine dining and lounge options, a sprawling banqueting and conferencing facility and a spa that matches international standards.

Shangri-La	
PML's Effective Economic Interest	53%
Scheduled Delivery	Q2FY2013
Rooms	368
Serviced Apartments	28

The construction and the fitouts of the Hotel has reached an advanced stage of completion, with a distinct possibility that the Hotel can start its operations in Q2FY2013.

The construction and the fitouts of the Hotel has reached an advanced stage of completion, on course to start its operations in Q2FY2013. At the end of FY2012, the civil work was 100% completed and the mechanical, electrical and plumbing components were 95% accomplished. Shangri-La will have a total of 396 keys, of which 368 are rooms and 28 will be serviced apartments. Of the 368 rooms, 337 will be standard rooms and 31 will be suites. Out of 396 keys, the interiors of 250 were completed by the end of FY2012, with the remaining rooms scheduled to be completed by Q2FY2013. The Hotel will house eight F&B outlets, of which two are completed in all respects, with the balance expected to be completed by Q2FY2013. The Hotel's external areas such as the riveways and entrance lobby have also been readied with aesthetically appealing art-works, fountains and grand stairs.

Most importantly, the Company has already hired the senior members of the management team on-board in FY2011 and is ramping up its manpower across the housekeeping, engineering, F&B, sales and marketing teams. By the end of FY2012, the operations team had commenced carrying out the testing and checking of all the facility utilities and infrastructure and are fine-tuning its standard operating practices.

MD&A: Projects: Hospitality:

COURTYARD BY MARRIOTT – AGRA

The Courtyard by Marriott – Agra will be the first internationally branded hotel in the premium segment in Agra. It will be a five star property and is strategically located less than 3 kms away from the Taj Mahal. The hotel is configured to offer 193 keys with large banqueting facilities and fine-dining restaurants. Designed by a renowned international architect PIA from Thailand, the construction is well underway towards its estimated completion in Q4FY2013.

This premium hospitality project with 193 keys is expected to become operational in Q4FY2013, adding a much needed international brand to Agra.

As of FY2012, the structural construction was largely completed and the interior fitouts of the rooms, F&B areas and the lobby had commenced.

Marriott Courtyard Hotel	
Scheduled Delivery	Q4FY2013
Rooms	193

MD&A: Projects: Commercial:

EAST COURT, PUNE

PML launched the commercial property "East Court" within the Phoenix Marketcity Pune ecosystem in September 2010. The property houses a blend of retail and commercial spaces with target clientele being local brands which are household names in Pune and medium to large enterprises who wish to have an office address in Pune's new commercial landmark.
It received an excellent response with approximately 84% of around 0.25 mn sq. ft. of saleable area in Phase I already committed and contracted for sale. The Company completed its construction during H1FY2012 and individual units are currently being delivered to their respective owners. By end of FY2012, a number of retail units had already commenced operations while a substantial number of offices and retail units were under fit-outs. As part of Phase II of the project, there are plans to build additional commercial space of approximately 0.28 mn sq. ft. saleable area at Phoenix Marketcity, Pune and construction for the same should commence in H2FY2013.

By end of FY2012, a number of retail units had already commenced operations while a substantial number of offices and retail units were under fit-outs.

Pune Commercial: Vamona Developers Pvt. Ltd.	
PML's Stake	58.5%
Expected Delivery	Phase I - FY2013 Phase II - FY2014
Booking Status (June '12)	Phase I - 84%
Saleable Area of all Office Units	Phase I - 250,000 Phase II - 280,000
Area Sold (June '12)	Phase I - 210,000 Phase II - Nil

MD&A: Projects: Commercial:

KURLA, MUMBAI

In May 2012, PML launched two commercial projects on the same land parcel that houses the Phoenix Marketcity at Kurla and have been branded as Orion Park and Phoenix Bazaar. The total saleable area under both the projects is approximately 1.3 mn sq.ft. with Orion Park and Phoenix Bazaar offering 0.84 mn sq.ft. and 0.42 mn sq.ft. respectively. These commercial projects stand to benefit immensely from the ideal geographic location and proximity to the Bandra-Kurla Complex – the new central business district at the heart of the Mumbai peninsula, International and Domestic Airports and the arterial Eastern & Western Express Highways.

MD&A: Projects: Commercial, Kurla, Mumbai

15LBS

'15LBS' occupies the top four floors of Phoenix Marketcity at Kurla and is a part of the largest mixed used development in the heart of Mumbai. It is a state-of-the-art commercial hub and designed with a large floor plates of 40,000 sq. ft. The complex has a dedicated access points and parking spaces giving exclusivity to the occupants. It has an advantage of being located in the heart of emerging central business district in Mumbai which has proximity to important city centres, airports and railway stations. With its proximity to Bandra-Kurla Complex, which houses India's premier institutions from BFSI sector, 15LBS has seen demand from several business brands from India and abroad as well. With the convenience of India's largest retail destination next door, 15LBS is just a minute away from an ecosystem featuring shopping, fine dining options and a 9-screen multiplex. 15LBS had drawn substantial interest from end-users and investors alike even during construction phase with asset witnessing strong pre-sales before its construction was completed in Q3FY2012. As on June 2012, the property has been sold to the extent of 64% and Occupation Certificate received from local authorities with several occupants undergoing fit-outs to commence operations.

Kurla, Mumbai Commercial: 15LBS **SPV:** Offbeat Developers Pvt. Ltd.	
PML's Stake	24.3%
Delivery	FY2013
Booking Status (June '12)	64%
Saleable Area	280,000
Area Sold (June '12)	179,000

MD&A: Projects: Commercial, Kurla, Mumbai

ORION PARK

During FY2012, the Company began with the excavation work and laid the foundation for the huge project. PML has applied for a LEED Certification for Orion Park which shall help the project to attract significant interest from MNC clienteles.

Kurla, Mumbai - Retail + Commercial: Orion Park **SPV:** Offbeat Developers Pvt. Ltd.	
PML's Stake	24.3%
Expected Delivery	Q2FY2015
Booking Status (June '12)	37%
Saleable Area	0.84 mn sq. ft.
Area Sold (June '12)	0.31 mn sq. ft.

With construction and bookings in full swing, the Orion is expected to be completed in Q2FY2015

With a total constructed area of approximately 1.0 mn sq. ft., The Orion Park will constitute of two levels of basement, two floors dedicated to retail and four floors for offices. The retail area, located on the lower ground and ground floors, shall be akin to The Palladium at High Street Phoenix, which is home to exclusive luxury brands. The retail levels shall be seamlessly connected with the main Marketcity mall, and this is expected to replicate the success achieved by The Palladium at High Street Phoenix. The offices have been launched for sale and the Company has garnered a strong response within a very short span of the launch. With construction and bookings in full swing, the Orion is expected to be completed in Q2FY2015.

MD&A: Projects: Commercial, Kurla, Mumbai

PHOENIX BAZAAR

Embedded within the Phoenix Marketcity Kurla ecosystem, the Phoenix Bazaar will constitute approximately 0.42 mn sq. ft. on a 'for sale' model. Comprising of three floors offering retail space and two floors offering office-working space, Phoenix Bazaar will be instrumental in offering the Company a great avenue for monetising some of its investments into this large project.

Kurla, Mumbai Retail + Commercial: Phoenix Bazaar **SPV:** Graceworks Realty & Leisure Pvt. Ltd.	
PML's Stake	44%
Expected Delivery	Q2FY2014
Booking Status (June '12)	12%
Saleable Area	0.42 mn sq. ft.
Area Sold (June '12)	0.05 mn sq. ft.

The Phoenix Bazaar will have dedicated floors for a first of its kind Gold Souk and Electronic Bazaar in Mumbai and also have ample domestic brands in formats such as apparels, accessories, and footwear.

Phoenix Bazaar is a strategic fit for retailers whose customers aspire to shop at world-class malls but at the same time are conscious about the price tag. This retail format will draw much of its customers from the huge footfalls in Marketcity. The Phoenix Bazaar will have dedicated floors for a first of its kind Gold Souk and Electronic Bazaar in Mumbai and also have ample domestic brands in formats such as apparels, accessories, and footwear. It shall also have a sprawling food court and multiple fine dining options to choose from. The offices will be located on the higher floors which feature large floor plates to accommodate both corporate blocks as well as smaller offices. The Company has already started construction of this project and is expected to be delivered by Q2FY2014. The project was launched along with Orion Park in May 2012 and has seen excellent response, with nearly 12% of the area committed within a month of the launch itself.

MD&A:

INVESTEES

Big Apple Real Estate Pvt. Ltd. (BARE)

Entertainment World Developers Ltd. (EWDL)

Over the years, PML has made strategic investments into two like-minded entities that are expanding their retail, hospitality and residential footprints across the Tier II cities of India. They are:

- Big Apple Real Estate (BARE) – (77% Stake FY2012)
- Entertainment World Developers (EWDL) – (40% Stake FY2012)

Through like-minded Investees, PML is crafting a Pan-India Strategy for establishing consumption centres in emerging urban markets.

Through these investees, the Company currently has around 2.1 mn sq. ft. of retail properties licensed out and operational. An additional 4.4 mn sq. ft. are in the pipeline for construction and delivery between Q2FY2013 and Q1FY2014, of which PML has an economic interest in 0.9 mn sq. ft. The table below summarizes the operational portfolio of these two investees:

Retail Projects through Investees	Delivery Schedule	Area (mn sq. ft.)
Treasure Island Indore – EWDL	2005	0.5
Indore Central– EWDL	May 2009	0.3
Nanded – EWDL	Jan 2010	0.2
Lucknow – BARE	May 2010	0.4
Ujjain – EWDL	April 2011	0.3
Bareilly – BARE	March 2012	0.4
Total		**2.1**

MD&A: Investees:

BIG APPLE REAL ESTATE PRIVATE LIMITED (BARE)

PML owns a 77% stake for an investment of approximately ₹ 1.12 bn with an objective of tapping into huge retail potential in Tier-II cities of Northern India. BARE is jointly owned by Lucknow's UPAL Group and The Phoenix Mills Ltd. It focuses primarily in north India, particularly in the most populous state of India – Uttar Pradesh, covering Lucknow, Agra, Bareilly and with plans to expand into Varanasi. Operating shopping malls under the brand name 'Phoenix United', it plans to develop retail malls, hotels and residential properties under the mixed-use development model.

MD&A: Investees, BARE

PHOENIX UNITED, LUCKNOW

Phoenix United, Lucknow is built over 3.5 acres of land located in proximity to the Amausi International Airport, The Piccadilly 5-star Hotel, the Charbagh Railway Station and the Inter-State Bus Station. It enjoys a primary catchment of 1.5mn people in South Lucknow with practically no other malls operational within a radius of 8 kms. With a licensable area of approx 0.35 mn sq. ft., approximately 85% of the area is already leased out of which 75% of the area is occupied. The mall is home to key anchors such as Big Bazaar, Pantaloons, Max and Reliance Trends and about 80 vanilla stores such as Jack & Jones, Provogue, Zodiac, Levi's, UCB, along with the largest six-screens Multiplex in the city being operated by PVR and a 4D theatre. With more than 15 options in the food courts, restaurants and a lounge bar, prominent food brands include Moti Mahal, Domino's and McDonald's.

The mall is operating successfully with growing and healthy consumer-spend. Over FY2012, the mall witnessed an average footfalls of approx 0.65 mn per month.

The mall is operating successfully with growing and healthy consumer-spend. In FY2012, the mall added new brands, a lounge bar, bowling alleys and gaming zones. Over FY2012, the mall witnessed an average footfalls of approx 0.65 mn per month.

Phoenix United Mall, Lucknow	
Operational since	May 2010
Occupancy Status (June '12)	75%
Leasing Status (June '12)	85%
Avg. License Fees (psf/pm)	₹ 45
Number of Retailers	125

MD&A: Investees BARE

PHOENIX UNITED, BAREILLY

The Pheonix United at Bareilly was completed in Q4 FY2012 and became fully operational in March 2012. With a land area of 7.3 acres, it is a mixed-use asset with 0.35 mn sq. ft. of licensable retail area, of which approximately 75% is leased out and 45% is currently occupied. As of FY2012, the Multiplex component of the mall was under negotiations and is expected to become functional in the first half of FY2013. The mall is located on the main Pilibhit Bypass and is favorably positioned within a catchment area of over 1 mn people. The mall is home to some top retailers of the country such as Big Bazaar, Pantaloons, McDonald's, KFC, Domino's and Reliance Trends. The initial consumer and retailer response to the mall has been excellent and the footfalls and consumer spend are expected to steadily grow through FY2013 and beyond.

The initial consumer and retailer response to the mall has been excellent and the footfalls and consumer spend are expected to steadily grow through FY2013 and beyond.

Phoenix United Mall, Bareilly	
Operational since	March 2012
Occupancy Status (June '12)	44%
Leasing Status (June '12)	75%
Avg. License Fees (psf/pm)	₹ 43
Number of Retailers	126

MD&A: Investees:

ENTERTAINMENT WORLD DEVELOPERS LIMITED (EWDL)

PML owns a 40% stake in EWDL for an investment of approximately ` 1,580 mn. EWDL focuses in developing retail and residential projects across emerging cities in central India. It operates under the brand name 'TREASURE' and has four malls operational with 1.2 mn. sq. ft. of licensable area. Within the next 2 years, EWDL plans to develop an additional 4.4 mn sq. ft. of licensable area.

EWDL commissioned the Treasure Bazaar at Ujjain in April 2011, bringing about a sea change in how the city is experiencing shopping, gaming, food and entertainment. Key anchors include Big Bazaar, Reliance Trends, Reliance Footprints, Fashion Yatra and Funscapes. In addition to Ujjain, the Investee continued to witness vigorous operational performance at its three other malls viz. Treasure Island and Treasure Central, Indore and Treasure Bazaar, Nanded. In addition, EWDL is developing three integrated townships in Indore, Raipur and Udaipur. Besides, the retail projects, the company's residential developments in Indore and Udaipur have seen excellent response from customers.

Within the next 2 years, EWDL plans to develop an additional 4.4 mn sq.ft. of licensable area. In addition, EWDL is developing three integrated townships in Indore, Raipur and Udaipur.

MD&A:

OUTLOOK

For FY2013, India's growth is expected to witness a slowdown, ranging between 6%-7%. This is mainly attributable to the persistent WPI inflation rate, which has hovered at ~8% since Q4FY2012 resulting in a deadlock in the country's monetary and fiscal policy. Although the economic outlook for India is "less sanguine" than earlier years, it is expected that it will still fare as well, if not better, than its counterpart BRIC nations. Furthermore, with the expectation of new pro-growth policies expected from the Government in its latter term years, the current slowdown is expected to last temporarily and is expected to revert to the 8% plus range within 2013-14.

Over the past few years, retail has become one of the fastest growing industries in the country. Increasing disposable incomes, rising consumption and shopping convenience have been driving the growth of organised retail. The demand for good quality mall space is fuelled by the growth in organised retail and the entry of international retailers into India. With iconic in-city malls across the most prosperous urban centres of India, the Phoenix Mills Group is well positioned to enjoy long-term profitable growth. Despite the current slowdown, one expects continued buoyancy in the premium residential property markets - primarily driven by increasing urbanisation, rise in the number of white-collar professionals and rising incomes. In particular, the up-market residential segment in

The management anticipates that the overall performance in FY2013 will better than FY2012, primarily because of the continuing strong performance of High Street Phoenix and the Palladium in Mumbai and due to the Company's newly launched Phoenix Marketcities coming into their own with better footfalls and consumer spend numbers.

Chennai and Bengaluru continue to look attractive deriving its growth from a stable IT sector. The commercial real estate segment is also expected to grow in tandem with the country's steadily growing economy. Certain highly sought-after micro-markets within Mumbai and Pune are expected to outperform the overall market trends.

The hospitality segment has also been witnessing healthy demand, primarily due to a steady growth in tourism, including business and leisure travel. According to research conducted by the World Travel & Tourism Council, travel and tourism in India is expected to grow at 12.7% p.a. till 2019. With upcoming five star luxury hotels in Mumbai and Agra, the hearts of India's business and tourist attraction, the Company is well positioned to reap the benefits.

Against this backdrop and today's market conditions, the management anticipates that the overall performance in FY2013 will be better than FY2012, primarily because of the continuing strong performance of High Street Phoenix and the Palladium in Mumbai and due to the Company's newly launched Phoenix Marketcities coming into their own with better footfalls and consumer spend numbers. Furthermore, the Company is looking forward to launching the Shangri-La Hotel in Mumbai and its fourth Phoenix Marketcity project in Chennai during the ensuing fiscal period. The Company also expects healthy sales bookings for its commercial and residential projects, which are located in prime micro-markets, well into the current and following fiscal periods. The Company also remains well positioned with a strong balance sheet to continue its strategy of growing the business by pursuing selected investment opportunities as they arise.

ALL LEAD PHOENIX ROADS TO A MARKETCITY

MD&A:

FINANCIAL *OVERVIEW*

CONSOLIDATED PROFIT & LOSS STATEMENT

(₹ Mn)

	Consolidated		
	FY2011	**FY2012**	**% Change**
Income from Operations			
Sales	188	689	
License Fees, Service Charges, Etc.	1,914	2,977	56%
Total Income from Operations	**2,102**	**3,666**	**74%**
EBITDA	1,406	2,114	50%
EBITDA Margins	67%	58%	
Other Income	287	446	55%
Depreciation	314	563	79%
Interest	228	944	314%
Profit before Tax	1,151	1,053	-9%
Profit after Tax & Minority Interest	842	1,056	25%
EPS – FV of ₹ 2 each (₹)	5.81	7.29	

INCOME FROM OPERATIONS:

Consolidated Income from Operations increased by 74%, from ₹ 2,102 mn in FY2011 to ₹ 3,666 mn in FY2012. The growth was on account of recognition of a substantial portion of commercial property sales in Pune, strong performance at High Street Phoenix (HSP) and healthy operations at Lucknow mall. Despite of the fact that the core focus of the company continues to be retail business, the share of income from sales of property in the total income has increased to ~20% in FY2012 from ~9% in FY2011 and the trend is expected to continue until the saleable assets are monetized.

EARNINGS BEFORE INTEREST, DEPRECIATION AND TAXES (EBITDA):

Consolidated EBITDA was higher by 50% from ₹ 1,406 mn in FY2011 to ₹ 2,114 mn in FY2012. However, EBITDA margins have reduced from 67% in FY2011 to 58% in FY2012 on account of under-recovery of operational expenses incurred at the early stages of Phoenix Marketcity Pune being consolidated.

INTEREST AND DEPRECIATION:

Consolidated interest expense was higher by 314% in FY2012 on account of a lease rental discounting (LRD) loan to the tune of ₹ 3,000 mn taken against future income from operations of HSP. Moreover, interest expenses which were earlier capitalized during construction of Lucknow and Phoenix Marketcity Pune malls are now being expensed post the projects becoming operational. Depreciation expense on a consolidated basis increased from ₹ 314 mn in FY2011 to ₹ 563 mn in FY2012, an increase of 79%. This was mainly due to consolidation of Phoenix Marketcity Pune and a full year impact of Lucknow mall.

PROFIT AFTER TAX AND MINORITY INTEREST:

Consolidated Profit after Tax and Minority Interest increased by 25%, from ₹ 842 mn in FY2011 to ₹ 1,056 mn in FY2012, on account of lower effective tax rate and profits from associates.

CONSOLIDATED BALANCE SHEET:

SHARE CAPITAL:

There was no change in the Share Capital of the Company, which stood at ₹ 289.7 mn, same as of the previous year. Reserves and Surplus increased from ₹ 16.4 bn in FY2011 to ₹ 16.8 bn in FY2012, an increase of ₹ 0.41 bn. The total shareholders' funds for the Company were ₹ 17.1 bn.

NON – CURRENT & CURRENT LIABILITIES

Pursuant to revised Schedule VI under The Companies Act 1956, the liabilities have been classified as "Current" and "Non-Current" based on their "long-term" and "short-term" maturities. The Consolidated Non-Current (long-term) borrowings of the Company have increased from ₹ 9,131 mn to ₹ 14,138 mn mainly on account of increased drawdown of the secured debt of PML as well as Phoenix Marketcity Pune, Shangri-La and Lucknow projects.

Also due to the revised format of classification, the Current Liabilities have increased from ₹ 1,172 mn in FY2011 to ₹ 3,3374 mn.

DEBT RESCHEDULING

During the year, PML undertook a re-financing time before each Phoenix Marketcity mall became operational, through which the erstwhile expensive construction loans availed during the project development were converted into Lease Rental Discounting (LRD) loans. Based on the healthy pre-leasing activities at each Marketcity, the consistent future cash-flows from licence fees gave comfort to financiers to refinance the SPV debt. This has not only resulted in a lower interest cost by around 200 – 250 bps, but also helped the SPVs to defer the repayment of loan as LRDs typically have a back-ended repayment structure. This has put each mall at a considerable ease by allowing them to meet expenses from operating cashflows itself and plan for future repayments.

FIXED ASSETS:

Under the revised reporting format, the Tangible Assets have increased from ₹ 7,928 mn in FY2011 to ₹ 11,876 mn in FY2012. Similarly the capital work in progress increased from ₹ 11.0 bn to ₹ 13.6 bn during the same period.

INVENTORIES:

Consolidated inventories under Current Assets increased from ₹ 1,181 mn in FY2011 to ₹ 2,516 mn in FY2012 on account of the under-construction and unsold components of Phoenix Bazaar at Kurla, Mumbai and East Court, Pune have been recognized during the year.

ALL LEAD **PHOENIX** ROADS TO A **MARKETCITY**

MD&A:

RISK MANAGEMENT *& INTERNAL CONTROL*

While PML always looks to identify new risks and re-evaluate old risks, most do not change from year-to-year. A significant number of Senior Executives, together with the Executive and Non-executive Directors, continuously give their thoughts and input into both identifying and managing the risks faced during the year. Their views are considered and further refined at meetings of the Audit Committee and the Board. The adequacy of risk mitigating strategies and controls are considered at each review. This helps in defining the risk profile of the business and ensures that the implications are understood. The Company's approach seeks to understand, limit and manage adverse impacts arising from external and internal events whatever their cause.

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. It is an integral part of all Company activities, ranging from controls exercised by our various committees – through our internal control, risk management and internal audit procedures – to the encouragement of its staff to review their own and each other's activities and outputs. At PML, the Directors are responsible for the maintenance of a sound system of internal control. The Board has continued to apply internal controls within the Company through a continuous process for identifying, evaluating and managing the significant risks the Group faces. It continually reviews the effectiveness of the Group's system of internal control.

> *At PML, the Directors are responsible for the maintenance of a sound system of internal control. The Board has continued to apply internal controls within the Company through a continuous process for identifying, evaluating and managing the significant risks the Group faces.*

The Group applies the following fundamental control principles:

- A defined schedule of matters reserved for decision by the Board;
- A detailed authorisation process which ensures that no material commitments are entered into without competent and proper authorisation by more than one approved executive;
- Formal documentation of all significant transactions;
- A system of business and financial planning including cash flow and profitability forecasting and scenario exercises performed on major corporate, property and financing proposals;
- A property investment appraisal process;
- Monitoring against budget and forecast;
- Continual benchmarking of property performance;
- A comprehensive property and corporate insurance programme;
- A formal whistle-blowing policy.

The Company engages the services of reputed external agencies for reviewing its internal control system from time to time. This enables 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 scrutiny 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.

MD&A:

INFORMATION *TECHNOLOGY*

PML believes in making full use of the best-in-class IT systems to manage the administration and delivery of its products and services. A key hallmark of the Company's information technology is its ability to monitor and assist the performance of each retail store, helping them to manage their business better. During the previous 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. This system was successfully tested and made operational during FY2012, giving the Company the capability of managing its 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. This has allowed PML to raise its standard for facility management, customer service and precision, differentiating PML in the marketplace in terms of both service offerings and operational efficiency.

During FY2012, PML invested and implemented the entire IT backbone for its upcoming five-star luxury hotel Shangri-La.

During FY2012, PML also invested and implemented the entire IT backbone for its upcoming five-star luxury hotel Shangri-La. This included its IT Networking (Active and Passive), Data Centre setup, WIFI setup for all public area, In Building Solution (IBS) for mobile coverage, data and voice connectivity for all guest rooms and BOH areas for guest and admin users, Server and Storage implementation, Firewall and Switches implementation, EPABX for Voice Communication, MATV for Channel broadcasting and Software implementation required for functioning.

MD&A:

HUMAN *RESOURCES*

To deliver the corporate strategy PML leverages the efforts, skill and judgement of a relatively lean Head Office team across its extensive portfolio. As on June 2012, the PML Group has grown to a strong team of more than 500 members at the holding company and SPV levels combined. The Company follows a fair employment policy and employs the right candidates based on merit for every position, regardless of gender and religious group or background. As per corporate policy, the training, career development and promotion of each person is based on an objective assessment of his or her performance through the Performance Management System that was established in FY2011. The Company encourages employees' involvement and keep them informed through regular briefings and internal communications via intranet. The Company endeavours to maintain harmonious and collaborative industrial relations with its employees.

During FY2012, extensive employee training was conducted during the year in preparation of launching four Phoenix Marketcity projects.

During FY2012, extensive employee training was conducted ahead of the launch of three Phoenix Marketcity projects during FY2012 and a fourth one which is to commence operations in FY2013. As these centres become operationally mature, training will continuously play a vital role in sustaining PML's high service standards. Therefore PML actively hires trainers who can deliver modules focusing on induction, grooming, communication and other skill sets. Beyond its own centre teams, the Company also trains 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.

FINANCIALS

DIRECTORS' REPORT

ALL ROADS LEAD TO A PHOENIX MARKETCITY

Your Directors are pleased to present the 107th Annual Report of the Company together with the Audited Financial Statements for the year ended 31st March, 2012.

FINANCIAL RESULTS:

(₹ in million)

Particulars	Year ended 31st March, 2012	Year ended 31st March, 2011
Sales and other Income	**2,437.77**	2,088.78
Profit before Interest, Depreciation, Extraordinary Items and Tax	**1,857.62**	1,576.66
Less: Interest & Finance Charges	**165.45**	85.52
Less: Depreciation	**282.94**	277.26
Profit Before Tax	**1,409.24**	1,213.88
Less: Provision for Taxation:		
Current Tax	**371.50**	287.50
Deferred Tax	**15.68**	9.86
Net Profit After Tax	**1,053.42**	916.52
Balance brought forward from Previous Year	**3,439.14**	3,025.65
Profit available for Appropriation	**4,492.56**	3,942.17
Appropriations:		
General Reserves	**200.00**	200.00
Proposed Dividend	**289.69**	260.72
Corporate Dividend Tax	**46.99**	42.30
Balance Carried Forward to:		
Profit & Loss Account	**3,955.88**	3,439.15

OPERATIONS:

The Phoenix Mills Limited is today widely considered to be a peer in the large retail mall format across India. Side by side, it is gradually making its mark in a variety of realty asset classes, namely commercial, residential and hospitality. These successes stem from the Company's firm belief in its mixed-use development model in which the proximity of one asset class to another creates additional value. In great part, FY2012 was a key milestone year on multiple fronts and was delivered with strong results by an astute and diligent management team that took project execution and mall operations to a loftier level. During FY2012, the Company progressed fruitfully on all three fronts: new launches, mall operations and on-going project execution.

With respect to new launches, the Company is proud to have completed and launched three mega malls in Pune, Bangalore and Kurla, Mumbai. With much anticipation and fanfare, these malls, unique in their own ways, received great reviews and appreciation from both retailers and consumers alike. Along with its legacy mall in Lower Parel and the fourth Phoenix Marketcity about to open in Chennai in FY2013, the Company has reached an unprecedented size and scale with 5 flagship in-city retail assets within its portfolio.

In terms of operations, the Company saw the footfalls and consumer spends reach record numbers at High Street Phoenix and Palladium, exceeding 1.5 million visitors per month on average. The three Phoenix Marketcity malls in Pune, Bangalore and Kurla, Mumbai all witnessed positive early response from consumers, which is expected to further improve over the next few years as each mall matures and becomes a magnet to a large number of loyal visitors.

In terms of projects, the Company is in advanced stages of construction and completion for its fourth Phoenix Marketcity in Chennai, which is expected to go into operations by Q2FY2013. It is also in advanced stages of construction and readiness for its premium luxury hotel The Shangri-La in Mumbai, which is expected to commence services in Q2FY2013. The Company has also progressed satisfactorily with its numerous commercial and residential projects in Pune, Bangalore and Chennai (Phase II of its Marketcity projects), which are at various stages of their development as planned.

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.

DIRECTORS' REPORT (Contd.)

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 100% for the year ended 31st March, 2012, i.e., ₹ 2/- 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.

FURTHER ISSUE OF SECURITIES:

The Shareholders at their Extra Ordinary General Meeting held on 08th June, 2012, approved the proposal to raise funds upto 1000,00,00,000/-(Rupees One Thousand Crores only) composed of or a combination of the issue of equity shares and/or any other convertible instruments in one or more tranches through a Qualified Institutional Placement, Global Depository Receipts, American Depository Receipts, Foreign Currency Convertible Bonds and/or preferential issue and/or any other kind of public issue and/or private placement and/any securities convertible into equity shares at the option of the Company as may be permitted under applicable laws from time to time at such terms and conditions as the Board of Directors may deem fit. It is contemplated that the proceeds of the proposed issue would be used among others to augment working capital requirements, fast track completion of the balance phases under development of existing projects, finance acquisitions for new projects, augment funding requirement for investment in subsidiaries/consolidation of holdings in project special purpose vehicles and for corporate purposes.

BOARD OF DIRECTORS:

Mr. Kiran Gandhi, Whole-Time Director and Mr. Amit Dalal, Independent Director 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.

Mr. Shribhanu Patki has resigned from the Board of Directors of the Company with effect from 28th June, 2012, due to his other commitments. The Board places on record its appreciation, for the contribution made by Mr. Patki during his tenure on the Board of the Company.

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, 2012 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, 2012 have been prepared on going concern basis.

CORPORATE GOVERNANCE:

Your Company's commitment to effective Corporate Governance continues and the Company has always been at the forefront of benchmarking its internal systems and policies with accepted standards so as to facilitate the creation of long term value for its Shareholders.

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.

DIRECTORS' REPORT (Contd.)

Your Company has voluntarily obtained a 'Secretarial Audit Report' for the financial year ended 31st March, 2012 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 2012-13, 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, 2012, 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 08th February, 2011, has provided an exemption to companies from complying with Section 212 of the Companies Act, 1956, provided,such companies publish the audited consolidated financial statements in the Annual Report. Accordingly, the Annual Report 2011-12 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 following companies have become subsidiaries of your Company:

- Mugwort Land Holdings Private Limited.
- Phoenix Hospitality Company Private Limited.
- Alliance Hospitality Services Private limited.
- Platinum Spaces Private Limited (formerly known as 'Platinum Hospitality Services Private Limited').
- Sangam Infrabuild Corporation Private Limited.
- Graceworks Realty & Leisure Private Limited.

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 Note 34, Note 35 and Note 36 of the notes forming part of the financial statements for the year ended 31st March, 2012.

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

Date: 11th July, 2012
Place: Mumbai

Ashokkumar Ruia
Chairman & Managing Director

ANNEXURE TO THE DIRECTORS' REPORT

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

A. Summary of Status of Options Granted:

Total number of options approved	33,90,000 (As per the Scheme approved, an aggregate number of 6,78,000 options convertible into One Equity Share of ₹10/- each were available for grant. Consequent to sub-division of the equity capital from ₹ 10/- per share to ₹ 2/- per share, necessary adjustments were made to the total number of options)
Pricing Formula	Closing price on the stock exchange where volumes recorded highest on a day previous to the date of grant.
Total Options granted	32,50,000
Options vested (in force)	7,87,500
Options Exercised	Nil
Options Unexercised	33,90,000
Options Lapsed and available for re-grant	15,00,000*
Total number of options in force (including options lapsed and available for re-grant)	33,90,000
Variation in terms of ESOP	Not applicable
Total number of shares arising as a result of exercise of options	Nil
Money realized as a result of exercise of options	Not applicable

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

B. Employee -wise details of options granted during financial year 2011-12:
Nil

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

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

REPORT
ON CORPORATE GOVERNANCE

ALL ROADS LEAD TO A PHOENIX MARKETCITY

1. Company's Philosophy on Corporate Governance

Corporate Governance is the commitment of an organization to follow ethics and fair practices in all its dealings with its various stakeholders such as customers, employees, investors, government and society at large. Sound Corporate Governance is the result of a healthy board culture which directs the policies and philosophy of the organization. Our Company is committed to good Corporate Governance in all its activities and processes.

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, 2012, the Company's Board comprises of five Executive Directors and five Non-Executive Directors. The Chairman of the Board is an Executive Chairman and accordingly pursuant to the provisions of Clause 49 of the Listing Agreement, one half of the Board comprises of Independent Directors.

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

Name of the Director	Relationship with other Director(s)	Designation	Category of Directorship	No. of Other Directorships*	Committee Chairman-Ships	Committee Member-Ships #
Mr. Ashokkumar Ruia	Father of Mr. Atul Ruia	Chairman & Managing Director	Promoter, Executive	3	Nil	Nil
Mr. Atul Ruia	Son of Mr. Ashokkumar Ruia	Joint Managing Director	Promoter, Executive	2	Nil	2
Mr. Shishir Shrivastava	None	Group C.E.O. & Joint Managing Director	Executive	1	Nil	2
Mr. Kiran Gandhi	None	Whole Time Director	Executive	2	Nil	2
Mr. Pradumna Kanodia	None	Director-Finance	Executive	1	Nil	Nil
Mr. Amit Kumar Dabriwala	None	Director	Non-Executive; Independent	1	Nil	Nil
Mr. Amit Dalal	None	Director	Non-Executive; Independent	5	1	2
Mr. Sivaramakrishnan Iyer	None	Director	Non-Executive; Independent	5	3	5
@Mr. Shribhanu Patki	None	Director	Non-Executive; Independent	1	Nil	Nil
Mr. Suhail Nathani	None	Director	Non-Executive; Independent	2	Nil	3

* Directorships in Private, Foreign and Section 25 Companies, if any, are excluded.

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

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

b) Appointment/Re-appointment of Directors:

Pursuant to the provisions of Sections 255 of the Companies Act, 1956, Mr. Kiran Gandhi and Mr. Amit Dalal shall be liable to retire by rotation at the ensuing Annual General Meeting.

The Board has recommended the re-appointments of Mr. Kiran Gandhi and Mr. Amit Dalal.

REPORT
ON CORPORATE GOVERNANCE (Contd.)

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

During the financial year 2011-12, six meetings of the Board of Directors were held i.e. on 28th April, 2011, 30th July, 2011, 31st August, 2011, 14th November, 2011, 23rd January, 2012 and 2nd March, 2012. The previous Annual General Meeting of the Company was held on 20th September, 2011. The necessary quorum was present for all the meetings. When deemed expedient, the Board also approves by Circular Resolution, important and urgent items of business which cannot be deferred till the next Board Meeting.

Details of attendance of Directors in Board Meetings held during the financial year 2011-12 and in the previous Annual General Meeting are as follows:

Name of the Director	Number of Board meetings held during the year	Number of Board Meetings Attended	Attendance at Last Annual General Meeting
Mr. Ashokkumar Ruia	6	6	Yes
Mr. Atul Ruia	6	5	Yes
Mr. Kiran Gandhi	6	5	Yes
Mr. Shishir Shrivastava	6	6	Yes
Mr. Pradumna Kanodia	6	5	No
Mr.Amit Kumar Dabriwala	6	5	Yes
Mr. Amit Dalal	6	6	No
Mr. Sivaramakrishnan Iyer	6	5	Yes
Mr. Shribhanu Patki	6	4	No
Mr. Suhail Nathani	6	2	No

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 2011-12. 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:**

The Company's Board has an Audit Committee consisting of qualified members. As on 31st March, 2012, the Committee comprises of one executive and four non-executive independent directors. All the members of the Audit Committee have financial knowledge and expertise mandated by Clause 49 of the Listing Agreement. Mr. Sivaramakrishnan Iyer, the Chairman of the Committee, is a Member of the Institute of Chartered Accountants of India and has expertise in the accounting and financial management domain.

b) **Composition of Audit Committee and number of meetings attended during the financial year 2011-12:**

During the financial year 2011-12, four Audit Committee Meetings were held i.e. on 28th April, 2011, 30th July, 2011, 14th November, 2011 and 23rd January, 2012. The composition of the Audit Committee and the number of meetings attended by each member is as follows:

Name of the Committee Member	Designation	No. of Meetings held during the year	No. of Meetings Attended
Mr. Sivaramakrishnan Iyer	Chairman	4	3
Mr. Amit Kumar Dabriwala	Member	4	3
Mr. Amit Dalal	Member	4	4
Mr. Suhail Nathani	Member	4	1
Mr. Atul Ruia	Member	4	3

REPORT
ON CORPORATE GOVERNANCE (Contd.)

c) Attendees:

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

d) The Terms of Reference of the Audit Committee:

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

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

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

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

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

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

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

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

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

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

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

(f) Disclosure of any related party transactions.

(g) Qualifications in the draft audit report.

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

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

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

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

x) Discussion with internal auditors on any significant findings and follow up thereon.

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

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

REPORT
ON CORPORATE GOVERNANCE (Contd.)

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

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

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

e) Powers of the Audit Committee:

The Audit Committee has the following powers:

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

ii) To seek information from any employee.

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

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

4. Remuneration Committee

a) Constitution and composition of Remuneration Committee:

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

Name of the Committee Member	Designation
Mr. Suhail Nathani	Chairman
^Mr. Amit Kumar Dabriwala	Member
Mr. Sivaramakrishnan Iyer	Member

^ Mr. Amit Kumar Dabriwala has been appointed w.e.f. 11th July, 2012 in place of Mr. Shribhanu Patki who resigned w.e.f. 28th June, 2012.

During the financial year 2011-12, two meetings of the Remuneration Committee were held, on 28th April, 2011 and 30th July 2011.

The details of the Remuneration Committee and the number of meetings attended by the members are as follows:

Name of the Committee Member	Designation	No. of Meetings held during the tenure	No. of Meetings Attended
Mr. Suhail Nathani	Chairman	2	2
Mr. Shribhanu Patki	Member	2	2
Mr. Sivaramakrishnan Iyer	Member	2	1
Mr. Amit Kumar Dabriwala	Member	2	N.A.
Mr. Atul Ruia	Member	4	3

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.

REPORT
ON CORPORATE GOVERNANCE (Contd.)

ALL LEAD PHOENIX ROADS TO A MARKETCITY

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.

Details of the Sitting Fees and Commission paid to Non- Executive Directors during the year 2011-12 are as under:

Name of the Non-Executive Director	Sitting Fees paid (₹)	
	Board Meeting	Audit Committee Meeting
Mr. Amit Kumar Dabriwala	100,000	30,000
Mr. Amit Dalal	120,000	40,000
Mr. Sivaramakrishnan Iyer	100,000	30,000
Mr. Shribhanu Patki	80,000	N.A.
Mr. Suhail Nathani	40,000	10,000
Total	**440,000**	**110,000**

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 2nd May, 2012 constituted a separate Committee consisting of Mr. Ashokkumar Ruia, Mr. Atul Ruia, Mr. Kiran Gandhi, Mr. Pradumna Kanodia 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. This commission will be paid to the Independent Directors after adoption of accounts for the year ended 31st March, 2012 by the Shareholders in the ensuing Annual General Meeting.

iii) **Executive Directors:**

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

REPORT
ON CORPORATE GOVERNANCE (Contd.)

Details of remuneration paid to Executive Directors during the financial year ended 31st March, 2012 are given below:

Name of the Executive Director	Designation	Salary & Allowances (₹)	Contribution to Provident Fund (₹)	Perquisites (₹)	Total (₹)
Mr. Ashokkumar Ruia	Chairman & Managing Director	60,00,000	Nil	Nil	60,00,000
Mr. Atul Ruia	Joint Managing Director	60,51,690	Nil	Nil	60,51,690
Mr. Kiran Gandhi	Whole-Time Director	48,00,000	Nil	39,600	48,39,600

5. Shareholders'/ Investors' Grievance Committee

a) Constitution and Composition of Shareholders' / Investors' Grievance Committee:

The Shareholders'/Investors' Grievance Committee of the Company has been constituted for redressal and satisfaction of investors' grievances and approval of requests for transfer and transmission of shares, transposition and deletion of name 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. Amit Kumar Dabriwala, a Non-Executive Independent Director chairs the Shareholders'/Investors' Grievance Committee. During the financial year 2011-12, twenty four meetings of Shareholders'/Investors' Grievance Committee were held.

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

Name of the Committee Member	Designation	No. of Meetings held during the year	No. of Meetings Attended
Mr. Amit Kumar Dabriwala	Chairman	24	24
Mr. Ashokkumar Ruia	Member	24	24
Mr. Atul Ruia	Member	24	24

b) During the year 2011-12, the Company has received 128 complaints from Shareholders/investors. There were no complaints pending as at the end of the year.

c) Share Transfers in Physical Mode:

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

6. General Body Meetings

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

Financial Year	Date	Time	Location of the Meeting
2008-09	22.09.2009	11.00 A.M.	Sunville Deluxe Pavilion, 9, Dr. Annie Besant Road, Worli, Mumbai – 400 018.
2009-10	28.09.2010	11.00 A.M.	Sunville Deluxe Pavilion, 9, Dr. Annie Besant Road, Worli, Mumbai – 400018.
2010-11	20.09.2011	04.00 P.M.	Indian Merchants' Chamber, 4th Floor, Walchand Hirachand Hall, Churchgate, Mumbai – 400 020.

REPORT
ON CORPORATE GOVERNANCE (Contd.)

ALL LEAD PHOENIX ROADS TO A MARKETCITY

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

Financial Year	Particulars of Special Resolutions Passed
2008-09	Nil
2009-10	Re-appointment of Mr. Ashokkumar Ruia as the Chairman and Managing Director for a period of five years with effect from 1st April, 2010.
	Re-appointment of Mr. Atul Ruia as Joint Managing Director for a period of five years with effect from 1st April, 2010.
	Appointment of Mr. Shishir Shrivastava as Executive Director for a period of five years with effect from 18th March, 2010.
	Payment of Commission not exceeding 1% of Net Profit of the Company, to directors other than Manaigng Directors and Whole -Time Directors for a period five years.
	Change in utilization of residual proceeds of QIP Issue made by the Company vide placement document dated 31st July 2007.
2010-11	Re-appointment of Mr. Kiran Gandhi as the Whole-Time Director of the Company for a period of three years with effect from 22nd April, 2011.
	Appointment of Mr. Pradumna Kanodia as Director- Finance of the Company without payment of remuneration to him by the Company for a period of five years with effect from 28th April, 2011.
	Appointment of Mr. Shishir Shrivastava as Group C.E.O. & Joint Managing Director of the Company without payment of remuneration to him by the Company for a period of five years with effect from 30th July, 2011.

iii) Resolution passed by Postal Ballot during the year 2011-12:

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 ₹ 1000 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, results of which was announced on 30th June, 2011.

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) 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 C.E.O. & Joint Managing Director and Director-Finance have submitted a certificate to the Board of Directors in the prescribed format for the year under review.

REPORT
ON CORPORATE GOVERNANCE (Contd.)

9. General Shareholder Information

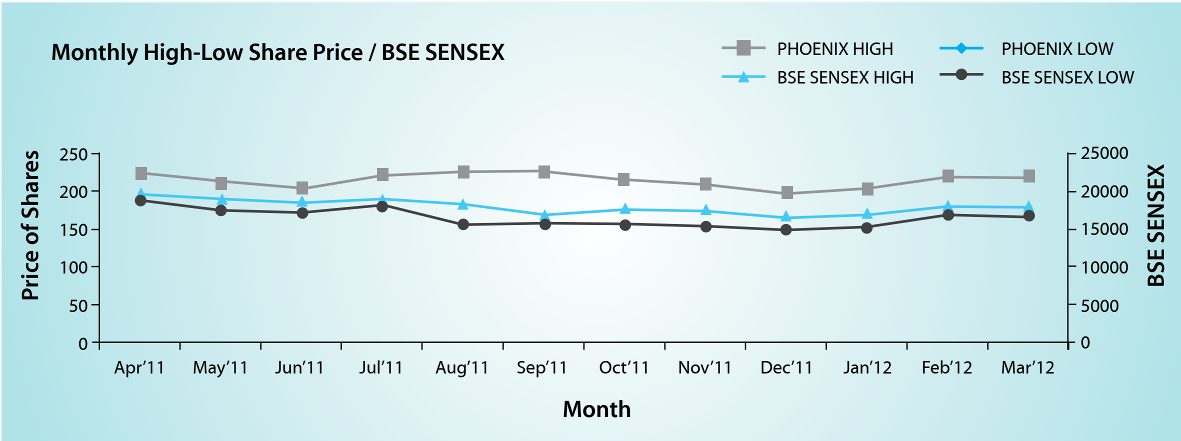
i)	**Annual General Meeting**	
	Day, Date and Time	: Tuesday, 21st August, 2012 at 3.30 P.M.
	Venue	: Indian Merchants' Chamber, 4th Floor, Walchand Hirachand Hall, Churchgate, Mumbai - 400 020.
ii)	**Financial Year**	: The Company follows April-March as its financial year.
iii)	**Unaudited financial reporting for the quarter ending (tentative);**	
	30th June, 2012	: On or before 14th August, 2012.
	30th September, 2012	: On or before 14th November, 2012.
	31st December, 2012	: On or before 14th February, 2013.
	31st March, 2013	: On or before 30th May, 2013.
	AGM for the year ending 31st March, 2013	: On or before 30th September, 2013
iv)	**Book Closure**	: 14th August, 2012 to 21st August, 2012 (both days inclusive)
v)	**Dividend Payment**	: The dividend, if declared, by the Shareholders at the AGM, shall be paid/credited on 27th August, 2012.
vi)	**Listing on Stock Exchanges**	: The Company has already paid the annual listing fees for the year 2012-13 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) Performance in comparison with BSE Sensex and NSE Nifty:

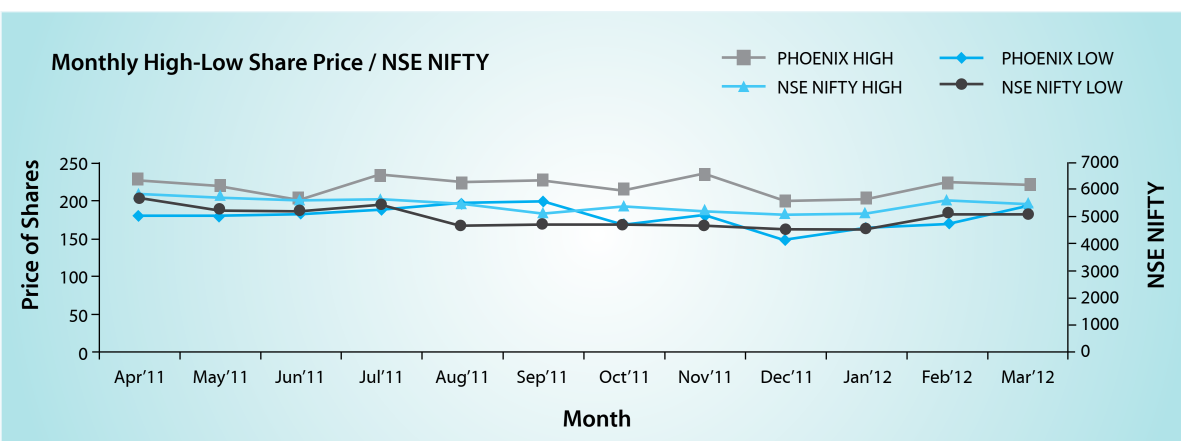
The monthly high and low quotations of shares traded on the Bombay Stock Exchange Limited and National Stock Exchange of India Limited alongwith the volumes is as follows:

Month	BSE		SENSEX		Volume
	High (₹)	Low (₹)	High (₹)	Low (₹)	(Nos.)
Apr-11	225.90	182.05	19,811.14	18,976.19	508,971.00
May-11	213.95	182.00	19,253.87	17,786.13	258,866.00
Jun-11	205.00	183.20	18,873.39	17,314.38	146,259.00
Jul-11	224.85	192.00	19,131.70	18,131.86	291,930.00
Aug-11	229.00	199.00	18,440.07	15,765.53	127,797.00
Sep-11	228.00	205.00	17,211.80	15,801.01	103,957.00
Oct-11	218.00	184.50	17,908.13	15,745.43	116,729.00
Nov-11	210.75	182.25	17,702.26	15,478.69	134,086.00
Dec-11	199.50	149.15	17,003.71	15,135.86	50,542.00
Jan-12	204.90	165.05	17,258.97	15,358.02	82,718.00
Feb-12	222.40	169.00	18,523.78	17,061.55	965,965.00
Mar-12	221.25	193.20	18,040.69	16,920.61	334,889.00

REPORT
ON CORPORATE GOVERNANCE (Contd.)



Month	NSE		NIFTY		Volume
	High (₹)	Low (₹)	High (₹)	Low (₹)	(Nos.)
Apr-11	226.30	181.25	5,944.45	5,693.25	1,323,035.00
May-11	220.00	182.00	5,775.25	5,328.70	1,394,935.00
Jun-11	204.00	184.05	5,657.90	5,195.90	842,756.00
Jul-11	235.00	190.10	5,740.40	5,453.95	1,483,097.00
Aug-11	229.70	199.00	5,551.90	4,720.00	775,792.00
Sep-11	229.00	199.00	5,169.25	4,758.85	613,832.00
Oct-11	217.50	172.70	5,399.70	4,728.30	385,589.00
Nov-11	235.00	182.00	5,326.45	4,639.10	833,197.00
Dec-11	198.95	150.00	5,099.25	4,531.15	377,409.00
Jan-12	203.90	166.15	5,217.00	4,588.05	448,855.00
Feb-12	223.40	171.75	5,629.95	5,159.00	1,923,353.00
Mar-12	223.20	191.65	5,499.40	5,135.95	1,268,945.00



REPORT
ON CORPORATE GOVERNANCE (Contd.)

x) **Share Transfer System:**

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

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

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

xi) **Category wise Shareholding as at 31st March, 2012:**

Sr.No.	Category	No. of Shares held	%
1.	Promoter and Promoter Group	95,476,663	65.92
2.	Mutual Funds/UTI	7,100,476	4.9
3.	Banks/ Financial Institutions	70,500	0.05
4.	Foreign Institutional Investors	31,956,913	22.06
5.	Foreign Venture Capital Investors	1,500,000	1.04
6.	Non-Residents	177,152	0.12
7.	Private Bodies Corporate	1,458,053	1.01
8.	Indian Public	7,083,524	4.88
9.	Others (Clearing Members & Trusts)	22,164	0.02
Total		**144,845,445**	**100.00**

REPORT
ON CORPORATE GOVERNANCE (Contd.)

ALL LEAD PHOENIX ROADS TO A MARKETCITY

xii) Distribution of Shareholding as on 31st March, 2012:

No. of Equity Shares	No. of Shareholders	%of Total	No. of Shares	% of Total
1-500	7,847	79.50	1,133,359	0.78
501 - 1000	668	6.77	547,579	0.38
1001 - 2000	555	5.62	822,663	0.57
2001 - 3000	246	2.49	623,702	0.43
3001 - 4000	118	1.20	430,620	0.29
4001 – 5000	70	0.71	330,839	0.23
5001 - 10000	153	1.55	1,111,370	0.77
10001 and above	213	2.16	139,845,313	96.55
TOTAL	**9,870**	**100**	**144,845,445**	**100**

xiii) Dematerialization of Shares and Liquidity:

About 98.06% of the shares have been dematerialized as on 31st March, 2012. The International Security Identification Number (ISIN) allotted to the Company's equity shares is INE211B01039.

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

The Company has not issued any GDR/ADR. There were no outstanding convertible warrants as on 31st March, 2012.

xv) 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.

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

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

In compliance with said amendment, and in order to avoid transfer of unclaimed shares to the "unclaimed suspense account", the Company has sent reminder letters to such Shareholders whose share certificates have remained undelivered and hence unclaimed, requesting them to update their correct details PAN details etc., registered with the Company. In response to reminder letters, many Shareholders have registered their correct details with the Company and many undelivered /unclaimed shares have since been claimed by the Shareholders.

Particulars	No. of Shareholders	No. of equity shares
Unclaimed shares as on 30th July, 2011	1,835	2,483,050
Details of Shareholders who approached the company for unclaimed shares as on 31st March, 2012	117	1,80,000
Details of claimed shares as on 31st March, 2012	117	1,80,000
Unclaimed shares as on 30th June, 2012	1,718	2,303,050

xvii) MCA's Green Initiative in Corporate Governance:

The Ministry of Corporate Affairs (MCA) 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.

REPORT
ON CORPORATE GOVERNANCE (Contd.)

As a responsible corporate citizen, the Company welcomes and supports the 'Green Initiative' taken by the Ministry of Corporate Affairs, Government of India (MCA), enabling electronic delivery of documents including the Annual Report, Quarterly, Half Yearly results etc. to Shareholders at their email address previously registered with the Depository Participants (DPs) / Company / Registrar & Share Transfer Agents.

It is proposed that documents like Notices of Meetings/Postal Ballot, Annual Reports, Directors' Report, and Auditors' Report and other Shareholder communications will be sent electronically to the email address provided by you and/or made available to the Company by the Depositories viz., NSDL/CDSL. Shareholders holding shares in demat form are requested to keep their respective Depository Participant (DP) informed and updated of any change in their email address.

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

xviii) Shares held in Electronic Form:

Shareholders holding shares in electronic form may please note that:

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

xix) Registrar and Share Transfer Agent:

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

xx) Plant Locations:

The Company does not carry any manufacturing activity and hence does not have any plant location.

xxi) Address for Correspondence:

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

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

xxii) For General Correspondence:

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

REPORT
ON CORPORATE GOVERNANCE (Contd.)

ALL LEAD PHOENIX ROADS TO A MARKETCITY

10. Other Disclosures

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

None of the transactions with any of the related parties were in conflict with the interests of the Company. Attention of members is drawn to the disclosure of transactions with the related parties set out in the Notes to Accounts in the financial statements for the year ended 31st March, 2012.

b) **Shareholding of the Non-Executive Directors as on 31st March, 2012 is as under:**

Name of the Director	No. of Shares held
Mr. Amit Kumar Dabriwala	Nil
Mr. Amit Dalal	Nil
Mr. Sivaramakrishnan Iyer	Nil
Mr. 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:**

At present, there is no policy fixing the tenure of independent directors.

II) **Remuneration Committee:**

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

III) **Shareholders' Rights:**

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

IV) **Audit Qualifications:**

The financial statements of the Company for the year ended 31st March, 2012 are unqualified.

V) **Training of Board Members:**

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

VI) **Mechanism for evaluating Non-Executive Board Members:**

There is no formal mechanism existing at present for performance evaluation of non-executive directors.

VII) **Whistle Blower Policy:**

The Company has not implemented the whistle blower policy.

REPORT
ON CORPORATE GOVERNANCE (Contd.)

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, 2012 as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchange(s).

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

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

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

For Rathi & Associates
Company Secretaries

Himanshu S. Kamdar
Partner
CP No. 3030

Place: Mumbai
Date: 11th July, 2012

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: Mumbai
Date: 11th July, 2012

Shishir Shrivastava
Group C.E.O. & Joint Managing Director

SECRETARIAL AUDIT REPORT

ALL ROADS LEAD TO A PHOENIX MARKETCITY

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, 2012, as maintained under the provisions of:

- The Companies Act, 1956 and the Rules made under that Act;
- The Depositories Act, 1996 and the Regulations and Bye-laws framed under that Act;
- Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 more particularly as under:
- Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997;
- Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
- 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 106th Annual General Meeting held on 20th September, 2011;
   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.
   q. Transfer of funds to Investor Education & Protection Fund.
2. The Company has complied with the provisions of Depositories Act, 1996 and Regulations framed there under 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 there under.

For RATHI & ASSOCIATES
COMPANY SECRETARIES

Jayesh M. Shah
PARTNER
FCS No. 5637

Place: Mumbai
Dated: 29th May, 2012

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, 2012, the Statement of Profit and Loss and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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 Statement of Profit and Loss and the Cash flow Statement dealt with by this report are in agreement with the books of accounts.

   (d) In our opinion, the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement 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 2012 and taken on record by the Board of Directors, we report that none of the directors are disqualified as on 31st March 2012 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 Balance Sheet, of the state of affairs of the Company as at 31st March, 2012 ;

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

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

For **A. M. Ghelani & Company**	For **Chaturvedi & Shah**
Chartered Accountants	Chartered Accountants,
(Firm Registration No.:103173W)	(Firm Registration No.:101720W)
Chintan A. Ghelani	**Amit Chaturvedi**
Partner	Partner
Membership No.: 104391	Membership No.: 103141

Place: Mumbai
Date : 29th May, 2012

ANNEXURE TO AUDITORS' REPORT

ALL ROADS LEAD TO A PHOENIX MARKETCITY

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

3) In respect of loans, secured or unsecured, granted or taken by the Company to/from companies, firms or parties covered in the register maintained under section 301 of the Companies Act, 1956: -

   a) The Company has granted interest free unsecured loans to four wholly owned subsidiaries and interest bearing unsecured loans to four subsidiaries and one 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 ₹ 3,468,045,479 and the year-end balance is ₹ 2,278,042,652.

   b) In our opinion and according to the information and explanations given to us, the terms and conditions of such interest free loans given to the subsidiaries and the loans given to 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) In respect of interest the same is payable on demand and therefore the question of overdue amounts does not arise.

   e) The Company has not taken loans from any parties listed in the Register maintained under Section 301 of the Companies Act, 1956, and therefore requirements of Clauses (iii) (f) and (iii) (g) of paragraph 4 of the Order are not applicable

4) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the company and the nature of its business for the purchase of inventory and fixed assets and also for the sale of services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in the internal control systems in respect of the above areas.

5) In respect of contracts or arrangements referred to in section 301 of the Companies Act, 1956, there were no transactions which needed to be entered in the register maintained under section 301 of the Companies Act 1956. Therefore clause (v) (a) & (b) of paragraph 4 of the Order are not applicable.

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

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

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

9) a) As per the information and explanations given to us, the Company has generally been regular in depositing the undisputed statutory dues including Provident Fund, Service Tax and other statutory levies as applicable to the Company with the appropriate authorities and there were no undisputed amounts payable in respect of such dues which have remained outstanding as at 31st March, 2012 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 21 , we are unable to comment as matter is subjuidice.

ANNEXURE TO AUDITORS' REPORT (Contd.)

b) The disputed statutory dues aggregating to ₹ 53,642,608 that have not been deposited on account of disputed matters pending before the appropriate authorities are as under.

Name of Statute	Note of Dues	Amount in ₹	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	51,996,382	2003-04 to 2010-11	CIT (Appeals)
Central Excise Act, 1944	Excise Duty	1,646,226	1986-87 to 1992-93	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) According to information and explanation given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions. Therefore, the provisions of clause (xv) of paragraph 4 of the Order are not applicable to the Company.

16) Based on information and explanations given to us by the management, the term loans have been applied for the purpose for which they were raised.

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

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

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

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

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

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

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

Chintan A. Ghelani
Partner
Membership No.: 104391

Amit Chaturvedi
Partner
Membership No.: 103141

Place: Mumbai
Date : 29th May, 2012

ALL ROADS LEAD TO A PHOENIX MARKETCITY

BALANCE SHEET
AS AT 31st MARCH 2012

	Notes	(₹)	As at 31st March 2012 (₹)	As at 31st March 2011 (₹)
EQUITY AND LIABILITIES				
SHAREHOLDERS' FUNDS				
Share Capital	2	289,690,890		289,690,890
Reserves & Surplus	3	16,431,180,191		15,715,447,738
			16,720,871,081	16,005,138,628
NON-CURRENT LIABILITIES				
Long Term Borrowings	4	2,611,500,000		-
Other Long Term Liabilities	5	663,702,901		641,561,787
Long-Term Provisions	6	3,882,782		6,159,753
			3,279,085,683	647,721,540
CURRENT LIABILITIES				
Short Term Borrowings	7	6,568,717		399,971,935
Trade Payables	8	410,391,515		549,660,394
Other Current Liabilities	9	991,410,717		318,885,693
Short Term Provisions	6	360,067,482		337,178,102
			1,768,438,431	1,605,696,124
Total			21,768,395,195	18,258,556,292
ASSETS				
NON-CURRENT ASSETS				
Fixed Assets				
Tangible Assets	10	4,394,585,609		4,371,724,105
Capital Work-in-Progress		913,169,905		817,464,597
Non-Current Investments	11	7,997,646,378		4,814,083,531
Deferred Tax Assets (Net)	37	28,319,063		12,642,875
Long-Term Loans and Advances	12	5,478,147,781		5,238,234,361
Other Non-Current Assets	13	83,941,341		4,796,508
			18,895,810,077	15,258,945,977
CURRENT ASSETS				
Current Investments	14	100,000,000		362,584,915
Trade Receivables	15	313,569,936		875,036,351
Cash & Cash equivalents	16	137,709,620		73,512,458
Short Term Loans and Advances	12	2,176,338,851		1,593,372,106
Other Current Assets	13	144,966,711		95,104,485
			2,872,585,118	2,999,610,315
TOTAL			21,768,395,195	18,258,556,292
Significant Accounting Policies	1			

The accompanying Notes 1 to 42 are an integral part of the Financial Statements
As per our report of even date

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

For Chaturvedi & Shah
Chartered Accountants
FRN : 101720W

For and on behalf of the Board of Directors

Chintan A. Ghelani
Partner
M. No.: 104391

Amit Chaturvedi
Partner
M. No.:103141

Ashokkumar R. Ruia
(Chairman & Managing Director)

Shishir Shrivastava
(Group CEO & Jt. Managing Director)

Atul Ruia
(Jt. Managing Director)

Pradumna Kanodia
(Director Finance)

Place : Mumbai
Dated : 29th May, 2012

Shinanji Mamtani
(Company Secretary)

STATEMENT OF PROFIT AND LOSS
FOR THE YEAR ENDED 31st MARCH 2012

	Notes	(₹)	2011-12 (₹)	2010-11 (₹)
INCOME				
Revenue from Operations	17		**1,980,746,092**	1,765,191,701
Other Income	18		**457,021,294**	323,591,797
TOTAL REVENUE			**2,437,767,386**	2,088,783,498
EXPENDITURE				
Purchase for resale and variation in inventory	19		**-**	9,353,912
Employee Benefits Expenses	20		**86,798,730**	75,629,290
Interest and Finance Charges	21		**165,448,081**	85,516,181
Depreciation and Amortization Expense		**283,941,539**		278,218,340
Less: Transfer from Revaluation Reserve		**(1,005,006)**	**282,936,533**	(962,748)
(Refer to Note No. "25")				
Operating and Other Expenses	22		**493,344,018**	427,138,439
TOTAL EXPENSES			**1,028,527,362**	874,893,414
PROFIT BEFORE TAX			**1,409,240,024**	1,213,890,084
Less : TAX EXPENSE				
Current Tax		**371,500,000**		287,500,000
Deferred Tax		**(15,676,188)**	**355,823,812**	9,874,949
PROFIT FOR THE YEAR			**1,053,416,212**	916,515,135
Basic and Diluted EPS (Face Value ₹ 2)			**7.27**	6.33
Significant Accounting Policies	1			

The accompanying Notes 1 to 42 are an integral part of the Financial Statements
As per our report of even date

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

For Chaturvedi & Shah
Chartered Accountants
FRN : 101720W

For and on behalf of the Board of Directors

Chintan A. Ghelani
Partner
M. No.:104391

Amit Chaturvedi
Partner
M. No.:103141

Ashokkumar R. Ruia
(Chairman & Managing Director)

Shishir Shrivastava
(Group CEO & Jt. Managing Director)

Atul Ruia
(Jt. Managing Director)

Pradumna Kanodia
(Director Finance)

Place : Mumbai
Dated : 29th May, 2012

Shinanji Mamtani
(Company Secretary)

ALL LEAD PHOENIX ROADS TO A MARKETCITY

CASH FLOW STATEMENT
FOR THE YEAR ENDED ON 31st MARCH 2012

	(₹)	31st March 2012 (₹)	(₹)	31st March 2011 (₹)
A CASH FLOWS FROM OPERATING ACTIVITIES				
Net Profit before tax as per the Profit and Loss Account		1,409,240,024		1,213,890,084
Adjustments for :				
Depreciation	282,936,533		277,255,592	
(Profit)/Loss on Assets sold/discarded	9,264,088		418,716	
Balances in Debtors/Advances written off	4,062,199		68,352,232	
Provision for Doubtful Debts and Advances	43,163,494		(27,539,062)	
Interest Expenses	142,510,581		85,516,181	
Interest Income	(387,054,649)		(150,567,793)	
Dividend Income	(18,540,858)		(56,366,003)	
Profit on sale of Investments	(21,029,049)		(1,795,847)	
		55,312,339		195,274,016
Operating Cash flow before working capital changes		1,464,552,363		1,409,164,100
Adjustment for Working Capital changes :				
Inventories	-		3,053,138	
Trade and other Receivables	1,025,362,586		(559,046,813)	
Trade and other Payables	4,800,984		406,417,118	
		1,030,163,570		(149,576,557)
Cash generated from Operations		2,494,715,933		1,259,587,543
Direct Taxes Paid		(383,134,276)		(272,661,624)
Net Cash from Operating Activities A		2,111,581,657		986,925,919
B CASH FLOWS FROM INVESTING ACTIVITIES				
Purchases of Fixed Assets	(2,050,517,681)		(131,914,515)	
Sale of Fixed Assets	162,293		280,000	
Inter Corporate Deposits & Loans (placed)/refunded (Net)	(2,303,696,635)		(334,393,208)	
Purchase of Investments	(102,328,011)		(557,015,929)	
Sale of Investments	283,613,964		1,256,675,414	
Share Application Money	(368,521,401)		(201,182,640)	
Interest Received	370,045,588		104,525,777	
Dividend Received	18,540,858		56,366,003	
Net Cash generated from/(used in) Investing Activities B		(4,152,701,025)		193,340,902

CASH FLOW STATEMENT
FOR THE YEAR ENDED ON 31st MARCH 2012 (Contd.)

	(₹)	31st March 2012 (₹)	(₹)	31st March 2011 (₹)
C CASH FLOWS FROM FINANCING ACTIVITIES				
Proceed from long term borrowings	**3,000,000,000**		-	
Repayment of long term borrowings	**-**		(1,144,375,937)	
Short term loans availed / (repaid)(Net)	**(393,403,218)**		122,725,235	
Interest paid	**(203,073,490)**		(85,516,181)	
Dividend paid (including tax on Dividend)	**(298,206,763)**		(203,536,630)	
Net Cash generated from/(used in) Financing Activities C		**2,105,316,529**		(1,310,703,513)
D Net Increase/(Decrease) in Cash and Cash Equivalents A+B+C		**64,197,162**		(130,436,692)
Cash and Cash equivalents at the beginning of the year		**73,512,458**		203,949,150
Cash and Cash equivalents at the end of the year		**137,709,620**		73,512,458

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.

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

Chintan A. Ghelani
Partner
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For Chaturvedi & Shah
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Amit Chaturvedi
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For and on behalf of the Board of Directors

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

Atul Ruia
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Pradumna Kanodia
(Director Finance)

Shinanji Mamtani
(Company Secretary)

Place : Mumbai
Dated : 29th May, 2012

ALL ROADS LEAD TO A PHOENIX MARKETCITY

NOTES
ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2012

NOTE "1"

SIGNIFICANT ACCOUNTING POLICIES

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

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

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 recognized in the Statement of Profit and Loss.

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

g) **Borrowing Costs:**
Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized 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 recognized as an expense in the period in which they are incurred.

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

NOTES
ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2012 (Contd.)

i) Employee Benefits: -

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

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

j) Foreign Currency Transactions:

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

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

k) Securities Issue Expenses:

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

l) Taxes on Income:

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

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

m) Provisions, Contingent Liabilities and Contingent Assets:

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

	As at 31st March 2012 (₹)	As at 31st March 2011 (₹)
NOTE "2" **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

ALL ROADS LEAD TO A PHOENIX MARKETCITY

NOTES
ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2012 (Contd.)

	As at 31st March 2012 Nos.	As at 31st March 2011 Nos.
a) Equity Shares of ₹ 2 each were allotted to the share holders of Ashok Ruia Enterprise Pvt. Ltd. as per the scheme of amalgamation without payments being received in cash.	**40,000,000**	40,000,000
b) Equity Shares of ₹ 2 each were allotted to the share holders of Ruia Real Estate Development Company Pvt. Ltd. as per the scheme of amalgamation without payments being received in cash.	**9,166,665**	9,166,665
c) Equity Shares have been reserved for allotment under The Phoenix Mills Employees' Stock Option Plan 2007.	**3,390,000**	3,390,000
d) Options have been granted under 'The Phoenix Mills Employees' Stock Option Plan 2007 of which 300,000 (P.Y. 250,000) Options have lapsed and are available for regrant.	**650,000**	650,000
e) Reconciliation of Shares.		
Equity Shares outstanding at the beginning the year	**144,845,445**	144,845,445
Equity Shares outstanding at the end of the year	**144,845,445**	144,845,445

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

Name of Shareholder	No. of Shares	% of Holding	No. of Shares	% of Holding
Ruia International Holding Company Private Limited	**49,163,237**	**33.94**	49,163,237	33.94
Senior Holdings Pvt. Ltd.	**15,119,250**	**10.44**	15,119,250	10.44
Radhakrishna Ramnarain Pvt. Ltd.	**11,591,730**	**8.00**	11,591,730	8.00
Ashok Apparels Pvt. Ltd.	**9,670,665**	**6.68**	9,670,665	6.68
T. Rowe Price New Asia Fund	**7,537,325**	**5.20**	7,646,052	5.28

	(₹)	As at 31st March 2012 (₹)	As at 31st March 2011 (₹)
NOTE "3" RESERVES & SURPLUS			
Capital Reserve			
As per last Balance Sheet		**18,413,824**	18,413,824
General Reserve			
As per last Balance Sheet	**1,491,764,734**		1,291,764,734
Add: Transfer from Surplus	**200,000,000**		200,000,000
		1,691,764,734	1,491,764,734
Securities Premium Account			
As per last Balance Sheet		**10,659,263,354**	10,659,263,354

NOTES
ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2012 (Contd.)

	(₹)	As at 31st March 2012 (₹)	As at 31st March 2011 (₹)
Revaluation Reserve			
As per last Balance Sheet	**106,863,003**		107,825,751
Less:Additional Depreciation on Revaluation of Assets transferred	**1,005,006**		962,748
to Statement of Profit & Loss (Refer to Note "25")		**105,857,997**	106,863,003
Surplus in the Statement of Profit & Loss			
As per last Balance Sheet	**3,439,142,823**		3,025,645,083
Add : Net Profit for the Current Year	**1,053,416,212**		916,515,135
	4,492,559,035		3,942,160,218
Less : Appropriations			
Transferred to General Reserve	**(200,000,000)**		(200,000,000)
Proposed Dividend	**(289,690,890)**		(260,721,801)
[Dividend Per share ₹ 2/- (previous year ₹ 1.80/-)]			
Tax on Proposed Dividend	**(46,987,863)**		(42,295,594)
		3,955,880,282	3,439,142,823
TOTAL		**16,431,180,191**	15,715,447,738

	As at 31st March 2012		As at 31st March 2011	
	Non Current Portion (₹)	Current Maturities (₹)	Non Current Portion (₹)	Current Maturities (₹)
NOTE"4" **NON CURRENT LIABILITIES**				
LONG TERM BORROWINGS				
SECURED				
Term Loans from Banks	**2,611,500,000**	**388,500,000**	-	-
(The term loans are Secured by Equitable Mortgage of deposit of Title deeds in respect of certain immovable properties and by hypothecation of rentals receivable from licencees.)				
(The term loans are repayable as follows FY 2012 - 13 ₹ 38.85 crores , FY 2013 - 14 ₹ 54.45 crores , FY 2014 - 15 ₹ 62.70 crores ,FY 2015 - 16 ₹ 70.80 crores , FY 2016 - 2017 ₹ 73.20 crores)				
Amount disclosed under the head "Other Current Liabilities" (Note 9)		**(388,500,000)**	-	-
TOTAL	**2,611,500,000**	**-**	-	-

ALL LEAD PHOENIX ROADS TO A MARKETCITY

NOTES
ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2012 (Contd.)

	As at 31st March 2012 (₹)	As at 31st March 2011 (₹)
NOTE "5" **OTHER LONG TERM LIABILITIES**		
Security Deposits from Occupants/Licencees	**663,702,901**	641,561,787
TOTAL	**663,702,901**	641,561,787

	As at 31st March 2012		As at 31st March 2011	
	Non Current (₹)	Current (₹)	Non Current (₹)	Current (₹)
NOTE "6" **PROVISIONS**				
Provision for Employee Benefits				
Gratuity	**762,301**	**779,312**	1,260,634	106,755
Leave Encashment	**3,120,481**	**215,258**	4,899,119	25,517
	3,882,782	**994,570**	6,159,753	132,272
Others				
Taxation (Net of taxes paid)	**-**	**22,394,159**	-	34,028,435
Proposed Dividend	**-**	**289,690,890**	-	260,721,801
Tax on Proposed Dividend	**-**	**46,987,863**	-	42,295,594
	-	**359,072,912**	-	337,045,830
TOTAL	**3,882,782**	**360,067,482**	6,159,753	337,178,102

	As at 31st March 2012 (₹)	As at 31st March 2011 (₹)
NOTE "7" **CURRENT LIABILITIES**		
SHORT-TERM BORROWINGS		
Secured		
Working Capital Loans	**6,568,717**	399,971,935
(Secured against Fixed Deposits of ₹ 50,000,000/-)		
(For PY it was Secured by Equitable Mortgage of Deposit of title deeds in respect of certain immovable properties and by hypothecation of rentals receivables from licencees)		
TOTAL	**6,568,717**	399,971,935

NOTES
ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2012 (Contd.)

	As at 31st March 2012 (₹)	As at 31st March 2011 (₹)
NOTE "8" **TRADE PAYABLES**		
Micro & Small Enterprises (Refer Note No 31)	-	-
Others	410,391,515	549,660,394
TOTAL	410,391,515	549,660,394

	As at 31st March 2012 (₹)	As at 31st March 2011 (₹)
NOTE "9" **OTHER CURRENT LIABILITIES**		
Current Maturities of Long Term Debts	388,500,000	-
Unpaid Dividends #	12,026,352	7,215,720
Interest Accrued but not due	19,732,187	-
Creditors for Capital Items	225,770,047	89,631,264
Other Liabilities		
Security Deposits from Occupants/Licencees	99,441,832	17,077,271
Stautory Payments	93,789,253	174,183,211
Others	152,151,046	30,778,227
TOTAL	991,410,717	318,885,693

These figures do not include any amounts, due and outstanding to be credited to Investor Education & Protection Fund.

NOTE "10"
FIXED ASSETS

(Amount in ₹)

	GROSS BLOCK [AT COST]				DEPRECIATION				NET BLOCK	
Description	As at 1.04.2011	Additions during the year	Deductions during the year	As at 31.03.2012	Upto 1.04.2011	For the year	Deductions during the year	Upto 31.03.2012	As at 31.03.2012	As at 31.03.2011
Freehold Land	10,669,783*	-	-	10,669,783	-	-	-	-	10,669,783	10,669,783
Right on Leasehold Land	69,761,432 *	-	-	69,761,432	4,744,249	42,359@	-	4,786,608	64,974,824	65,017,183
Buildings	4,442,592,346 *	240,237,600	13,327,292	4,669,502,654	656,681,785	198,237,130	6,524,252	848,394,661	3,821,107,993	3,785,910,563
Plant and Machinery	272,708,059 *	15,766,571	909,902	287,564,728	74,021,389	28,526,445	214,188	102,333,646	185,231,082	198,686,670
Vehicles	25,957,965	10,888,403	1,000,752	35,845,616	19,189,627	4,602,379	838,459	22,953,547	2,892,069	6,768,338
Office Furniture & Equiptment	431,465,848	49,370,113	3,508,927	477,327,034	126,794,280	52,533,227	1,710,331-	177,617,176	299,709,858	304,671,568
TOTAL	5,253,155,433	316,262,687	18,746,873	5,550,671,247	881,431,330	283,941,540	9,287,230	1,156,085,638	4,394,585,609	4,371,724,105
Previous Year	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	
Capital Work in Progress									913,169,905	817,464,597

Notes :
1) * Amount added on Revaluation (as at 31.03.1985) ₹18,48,43,610 (Net of Depreciation). Refer to Note No. 25
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 ₹ 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 Rs.-17,140,403/- (P.Y. Rs. Nil) Refer to Note No. 39

ALL ROADS LEAD TO A PHOENIX MARKETCITY

NOTES
ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2012 (Contd.)

	(₹)	As at 31st March 2012 (₹)	As at 31st March 2011 (₹)
NOTE "11" **NON CURRENT 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
12 years National Savings Certificates (Deposited with State Government and Excise Authorities as security)	-		12,050
6 years- National Savings Certificates VIII Issue (Deposited for Ration Shop License)	-		5,000
7 years - National Savings Certificates (Deposited with State Government and other authorities as security)	-		5,160
		-	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 Development Co. Pvt. Ltd	**50,000**		50,000
2,246,588 (P.Y. 2,246,588) - Classic Mall Development Pvt. Ltd.	**249,966,918**		249,966,918
3,334 (P.Y. 3,334) - Classic Housing Projects Pvt. Ltd.	**33,340**		33,340
20,593,192 (P.Y. 20,593,192) - EWDPL (India) Pvt. Ltd.	**450,124,554**		450,124,554
25,000 (P.Y. 25,000) - Escort Developers Pvt. Ltd.	**15,950,000**		15,950,000
10,778 (P.Y. 7,445) - Island Star Mall Developers Pvt. Ltd. @@	**297,922**		122,105
NIL (P.Y. 4,500) - Juniper Developers Pvt. Ltd.	-		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
	1,027,647,058		1,027,517,861
(Preference Shares of ₹ 10/- each fully paid-up)			
11,364,811 (P.Y. 8,690,644) - Island Star Mall Developers Pvt. Ltd. @@	**423,997,792**		282,935,627
(Optionally Convertible Debentures of ₹ 100/- each fully paid-up)			
1,112,000 (P.Y. 800,000 - Classic Housing Projects Pvt. Ltd.	**111,200,000**		80,000,000
		1,562,844,850	1,390,453,488

NOTES
ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2012 (Contd.)

	(₹)	As at 31st March 2012 (₹)	As at 31st March 2011 (₹)
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
3. INVESTMENT IN THE CAPITAL OF PARTNERSHIP FIRM			
Phoenix Construction Company		20,721,481	20,013,913
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
19,245,020 (P.Y. 15,741,181) - Big Apple Real Estate Pvt. Ltd.	1,125,715,797		858,615,797
10,000 (P.Y. 10,000) - Enhance Holdings Pvt. Ltd. (Formerly known as Kalani Holdings Pvt. Ltd.)	384,600		384,600
100,000 (P.Y. 40,000) - Market City Management Pvt Ltd.	1,000,000		400,000
10,000 (P.Y. 10,000) - Market City Resources Pvt. Ltd.	103,600		103,600
9,280 (P.Y. Nil) - Mugwort Land Holdings Pvt. Ltd (Formerly known as Mugwort Developers (P) Ltd	92,800		-
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
1,321,400 (P.Y. Nil) Phoenix Hospitality Services Private Limited	1,541,634,836		-
10,000 (P.Y. 6,667) - Pinnacle Real Estate Development Pvt. Ltd.	39,993,898		66,670

ALL ROADS LEAD TO A PHOENIX MARKETCITY

NOTES
ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2012 (Contd.)

	(₹)	As at 31st March 2012 (₹)	As at 31st March 2011 (₹)
10,000 (P.Y. 10,000) - Plutocrate Asset & Capital Management Co. Pvt. Ltd.	**35,000,000**		35,000,000
1,250 (P.Y. 1250) - Butala Farm Lands Pvt. Ltd. ₹ 100 each	**250,000,000**		250,000,000
12,638,715 (P.Y.12,638,715)- Vamona Developers Pvt. Ltd. @@	**334,030,763**		334,030,763
		4,221,665,994	2,372,311,130
(Optionally Convertible Debentures of ₹ 245/- each fully paid-up)			
4,740,000 (P.Y. Nil) - Palladium Construction Pvt Ltd.		**1,161,300,000**	-
2. 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
200,642 (P.Y. 200,642) - Graphite India Limited - face value of ₹ 2 each	**27,034,630**		27,034,630
60,192 (P.Y. 60,192) - GKW Limited	**3,648,128**		3,648,128
59 (P.Y. 59) - Syngenta AG Ordinary shares fully paid up	**159,596**		159,596
		31,102,804	31,102,804
ii. UNQUOTED:			
Nil (P.Y. 2,974) - Imperial Chemical Industries Plc. Ordinary shares of 1 Pound each fully paid up		**-**	155,002
		7,997,646,378	4,814,083,531
1. Aggregate value of Quoted Investments:			
Book Value		**31,102,804**	31,102,804
Market Value		**49,524,577**	57,073,035
2. Aggregate book value of other Unquoted Investments:		**7,966,543,574**	4,782,980,727

Note :

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

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

NOTES

ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2012 (Contd.)

	As at 31st March 2012		As at 31st March 2011	
	Current (₹)	Non Current (₹)	Current (₹)	Non Current (₹)
NOTE "12"				
LOANS AND ADVANCES				
Secured (considered good)				
Deposits with Related Parties #	-	300,000,000	-	-
Unsecured (considered good unless otherwise stated)				
Advance for Capital Items	-	110,727,115	-	109,304,975
Advance for Capital Items to Related Parties #	-	1,741,596,689	-	-
Loans & advances to Related Parties #	1,650,263,542	627,779,110	1,104,034,901	757,101,210
Deposits with Related Parties #	15,000,000	2,325,863,681	15,000,000	479,275,000
Other Deposits	-	24,680,577	-	20,214,918
Share/Debenture Application Money pending allotment	-	89,004,541	-	126,352,114
Share/Debenture Application Money pending allotment to Related Parties#	-	204,524,785	-	2,879,890,647
Inter Corporate Deposits	437,261,581	-	397,060,168	-
Other Loans & Advances	73,813,728	53,971,283	77,277,037	866,095,497
TOTAL	2,176,338,851	5,478,147,781	1,593,372,106	5,238,234,361

Loans & Advances include ₹1,373,305,437/- (Previous year: ₹ 2,161,204,797/-) to private limited companies in which any director is a director/member.
Refer Note No 33 for details

	As at 31st March 2012		As at 31st March 2011	
	Current (₹)	Non Current (₹)	Current (₹)	Non Current (₹)
NOTE "13"				
OTHER CURRENT ASSETS				
Interest Accrued on Fixed Deposits	2,346,555	4,686,924	-	542,091
Interest Accrued on Investments	142,620,156	-	95,104,485	-
Non current portion of Cash & Cash equivalent	-	79,254,417	-	4,254,417
TOTAL	144,966,711	83,941,341	95,104,485	4,796,508

	(₹)	As at 31st March 2012 (₹)	As at 31st March 2011 (₹)
NOTE "14"			
CURRENT INVESTMENTS			
INVESTMENTS IN MUTUAL FUNDS			
(Units of face value of ₹ 10/- each)			
8,782,098 (P.Y. Nil) - BSL - Interval Income - INSTL - Qtly	100,000,000		-
Nil (P.Y. 7,848,190) - Birla Sunlife Short Term FMP Series 5	-		78,481,907
Nil (P.Y. 3,000,000) - Birla Sunlife Short Term FMP Series 8	-		30,000,000
Nil (P.Y. 2,276,978) - ICICI Prudential Mf Qtrly Interval Plan III	-		22,769,775
Nil (P.Y. 5,000,000) - Tata Fixed Maturity Plan Short Term	-		50,000,000
Nil (P.Y. 18,019,978) - Kotak Credit Opp. Fund Growth	-		181,333,233
		100,000,000	362,584,915
TOTAL		100,000,000	362,584,915
Aggregate value of Investments in Mutual Funds		100,000,000	362,584,915

ALL LEAD PHOENIX ROADS TO A MARKETCITY

NOTES
ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2012 (Contd.)

	As at 31st March 2012 (₹)	As at 31st March 2011 (₹)
NOTE "15" **TRADE RECEIVABLES**		
UNSECURED (considered good unless otherwise stated)		
Receivables outstanding for a period exceeding six months		
Considered Good	**129,468,462**	120,104,652
Considered Doubtful	**60,248,965**	17,085,471
	189,717,427	137,190,123
Less: Provision for Doubtful Receivables	**60,248,965**	17,085,471
	129,468,462	120,104,652
Other Receivables	**184,101,474**	754,931,699
TOTAL	**313,569,936**	875,036,351

Debtors include ₹ 14,200,142/- (Previous year : ₹ 20,527,108/-) from private limited companies in which a director is a director / member.

	As at 31st March 2012		As at 31st March 2011	
	Current (₹)	Non Current (₹)	Current (₹)	Non Current (₹)
NOTE "16" **CASH AND CASH EQUIVALENTS**				
Cash on hand	**229,642**	**-**	245,866	-
Balances with Banks:				
In Current Accounts	**75,453,628**	**-**	66,034,874	-
In Fixed Deposit Accounts	**50,000,000**	**79,254,417**	16,000	4,254,417
[Deposit receipts of ₹ 4,254,417 (Previous year : ₹ 4,254,417) pledged as security]				
In Dividend Accounts	**12,026,350**	**-**	7,215,718	-
Less : Non current portion disclosed under other current assets	**-**	**(79,254,417)**	-	(4,254,417)
(Refer note no 13)				
TOTAL	**137,709,620**	**-**	73,512,458	-

	2011-12 (₹)	2010-11 (₹)
NOTE "17" **REVENUE FROM OPERATIONS**		
Sale of Cloth	**-**	11,046,215
Sale of Services		
License Fees and Rental Income	**1,560,885,982**	1,327,594,254
Service Charges	**386,975,346**	374,580,152
Income from Events	**32,884,764**	51,971,080
TOTAL	**1,980,746,092**	1,765,191,701

NOTES
ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2012 (Contd.)

	(₹)	2011-12 (₹)	2010-11 (₹)
NOTE "18" OTHER INCOME			
Dividend Income			
Current	17,451,909		55,144,506
Long Term	1,088,949		1,221,497
		18,540,858	56,366,003
Profit on sale of Investments		21,029,049	1,795,847
Interest Income		387,054,649	150,567,793
Compensation on Relinquishment of Rights		26,910,000	100,051,250
Miscellaneous Receipts		3,486,738	14,810,904
TOTAL		457,021,294	323,591,797

	(₹)	2011-12 (₹)	2010-11 (₹)
NOTE "19" PURCHASE FOR RESALE AND VARIATION IN INVENTORY			
PURCHASES OF TRADED GOODS		-	6,300,774
VARIATION IN INVENTORIES			
STOCK-IN-TRADE			
At the beginning of the Accounting Period	-		3,053,138
At the end of the Accounting Period	-		-
Net (Increase)/Decrease		-	3,053,138
TOTAL		-	9,353,912

	2011-12 (₹)	2010-11 (₹)
NOTE "20" EMPLOYEE BENEFITS		
Salaries, Wages & Bonus	82,935,820	71,033,867
Gratuity and Leave encashment	87,968	1,465,359
Contribution to Provident Fund & Other Funds	1,717,809	1,330,487
Staff Welfare Expenses	2,057,133	1,799,577
TOTAL	86,798,730	75,629,290

NOTES
ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2012 (Contd.)

ALL ROADS LEAD TO A PHOENIX MARKETCITY

	2011-12 (₹)	2010-11 (₹)
NOTE "21" **INTEREST AND FINANCE CHARGES**		
Interest to Banks on Fixed Loans	**129,137,798**	82,786,757
Finance Charges	**22,937,500**	-
Interest on Others	**13,372,783**	2,729,424
TOTAL	**165,448,081**	85,516,181

	(₹)	2011-12 (₹)	2010-11 (₹)
NOTE "22" **OPERATION AND OTHER EXPENSES**			
Electricity (Net)		**11,954,919**	26,978,543
Repairs and Maintenance:-			
Buildings	**28,993,169**		27,023,711
Plant & Machinery	**15,138,162**		21,061,624
Others	**17,500,899**		11,113,305
		61,632,230	59,198,640
Insurance		**8,214,924**	7,639,487
Rent		**5,273,796**	18,489,796
Rates & Taxes		**24,105,503**	39,735,801
Water Charges		**17,043,078**	13,134,172
Legal and Professional charges		**81,410,648**	49,447,392
Travelling Expenses		**5,456,978**	5,028,722
Auditors' Remuneration		**4,827,000**	3,850,000
Directors' sitting fees & Commission		**1,800,000**	1,615,000
Donation		**4,742,334**	1,521,345
Loss on Assets discarded/sold		**9,264,088**	418,716
Prior Period Expenses		**2,098,425**	560,533
Advertisement & Sales Promotion		**80,304,034**	56,773,601
Bad debts & Sundry balances written off	**4,062,199**		68,352,232
Provision for Doubtful Debts & Advances/(written back)	**43,163,494**	**47,225,693**	(27,539,062)
Bank charges		**953,390**	2,161,562
Housekeeping Charges		**35,328,386**	24,823,825
Security Charges		**34,984,109**	31,955,228
Share of Loss From a Partnership Firm :		**42,432**	329,071
(Refer to Note No 28)			
Other Miscellaneous Expenses		**56,682,051**	42,663,835
TOTAL		**493,344,018**	427,138,439

NOTES

ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2012 (Contd.)

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

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

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

c. Estimated amount of contracts remaining to be executed on capital account and not provided for in the accounts is ₹ 183,047,500(P.Y. ₹ 24,081,092) net of advance paid.

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

e. The Income tax assessments of the Company have been completed up to Assessment Year 2009-10. The disputed tax demand outstanding upto the said Assessment Year is ₹ 51,996,382. 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.

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

25. 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 ₹ 1,005,006 (P.Y. ₹ 962,748) in comparison to depreciation provided under the Companies Act, 1956, and an equivalent amount has been withdrawn from Revaluation Reserve and credited to Statement of Profit and Loss.

26. The matter of the levy of service tax on renting of immovable property has been subjudice. The case of Home Solution Retailers of India and others v/s Union of India and others [Delhi], had again challenged the constitutional validity of Section 65(105) (zzzz) of the Finance Act, 1994 as amended by the Finance Act, 2010. Citing the reason of the matter being subjudice, many licensees had not paid the service tax component billed to them and accordingly in such cases, the Company too, has not deposited the service tax with the Government. Honorable Supreme Court in the case of appeal filed by Retailers Association of India (RAI) vide it's order dated 14th October, 2011, as on interim measure, directed association members to deposit fifty percent of the service tax dues for the period upto 30th September, 2011 with the authorities and provide surety for balance amount. The surety would be payable on the pronouncement of final verdict. Most of the licensees of the Company are members of association. To the extent, licensees have provided the Company the proof of payment of service tax and surety to government authorities, the service tax liability have been adjusted against the relevant receivables. As at 31st March, 2012, the disputed service tax for the period upto 30th September, 2011 on renting of immovable property not deposited on account on nonpayment by licensees amounts to ₹72,870,076/-. The company does not expect the outcome of the matter to have any adverse effect on its financial position or results of operations.

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

28. 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 2010-11. The details of the Capital Accounts of the Partners as per the latest Financial Statements of the firm are as under:-

NOTES
ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2012 (Contd.)

Sr.No.	Name of the Partners	Profit Sharing ratio	Total Capital on 31/03/2011	31/03/2010
			(₹)	(₹)
1.	The Phoenix Mills Ltd.	50%	17,069,811	17,112,243
2.	Gold Seal Holding Pvt. Ltd.	50%	14,087,609	14,130,041

The Company has accounted for its share of loss amounting to ₹ 42,432, pertaining to the financial year 2010-2011 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.

29. 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 ₹ 1,289,201(P.Y. ₹ 1,137,059).

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.

Particulars	2011-12		2010-11	
	Gratuity (Funded)	Leave Encashment (Unfunded)	Gratuity (Funded)	Leave Encashment (Unfunded)
Change in Present Value of Obligation	(₹)	(₹)	(₹)	(₹)
Present value of the obligation at the beginning of the year	8,642,100	4,924,636	6,173,464	6,548,009
Current Service Cost	1,215,389	(1,491,349)	988,139	583,128
Interest Cost	712,973	406,282	509,311	540,211
Actuarial (Gain) / Loss on Obligation	(160,386)	(241,991)	971,186	(2,526,590)
Benefits Paid	(686,872)	(261,839)	NIL	(220,122)
Present value of the obligation at the end of the year	9,723,204	3,335,739	8,642,100	4,924,636

Particulars	2011-12		2010-11	
Amounts Recognised in the Balance Sheet:	Gratuity (Funded)	Leave Encashment (Unfunded)	Gratuity (Funded)	Leave Encashment (Unfunded)
Present value of Obligation at the end of the year	9,723,204	3,335,739	8,642,100	4,924,636
Fair value of Plan Assets at the end of the year	(8,181,591)	NIL	(7,274,711)	NIL
Net Obligation at the end of the year	1,541,613	3,335,739	1,367,389	4,924,636

NOTES
ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2012 (Contd.)

Particulars	Gratuity (funded) 2011-12	Gratuity (funded) 2010-11
Reconciliation of opening and closing balances of Plan Assets:		
Plan Assets at the beginning of the year	7,274,711	-
Expected Return on plan assets	694,470	202,121
Contribution	899,282	7,072,590
Benefits paid during the year	(686,872)	-
Actuarial (gain)/loss on Plan Assets	-	-
Fair Value of Plan Assets at the end of the year	8,181,591	7,274,711

Particulars	2011-12		2010-11	
	Gratuity	Leave	Gratuity	Leave
Amounts Recognised in the statement of Profit and Loss:	(₹)	(₹)	(₹)	(₹)
Current Service Cost	1,215,389	(1,491,349)	988,139	583,128
Interest cost on Obligation	712,973	406,282	509,311	540,211
Expected return on Plan Assets	(694,470)	NIL	(202,121)	-
Net Actuarial (Gain) / Loss recognised in the year	(160,386)	(241,991)	971,186	(2,526,590)
Net Cost Included in Personnel Expenses	1,073,506	(1,327,058)	2,266,515	(1,403,251)

Actual return on plan assets for the year:	Gratuity (funded) 2011-12	Gratuity (funded) 2010-11
Expected return on Plan Assets	694,470	202,121
Actuarial (gain)/loss on Plan Asset	-	-
Actual return on plan assets	694,470	202,121

Actuarial Assumptions				
i) Discount Rate	8.5% P.A.	8.5% 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.	10% 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

NOTES
ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2012 (Contd.)

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.

30. The Auditors' Remuneration includes:

Particulars	2011-12 (₹)	2010-11 (₹)
Audit fees	**3,500,000**	3,100,000
Tax Audit fees	**600,000**	600,000
Certification and other fees	**727,000**	150,000
TOTAL	**4,827,000**	3,850,000

31. 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, 2012. 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

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

33. 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 2012 is as under:

a) RELATIONSHIPS

Category I : Subsidiaries of the Company

Alliance Hospitality Services Private Limited [w.e.f. 23rd January, 2012]

Blackwood Developers Private Limited

Bellona Finvest Limited

Big Apple Real Estate Private Limited

Butala Farm Lands Private Ltd.

Gangetic Developers Private Limited

Graceworks Realty & Leisure Private Limited [w.e.f. 23rd January, 2012]

Enhance Holdings Private Limited

(formerly Kalani Holdings Private Limited)

Market City Management Private Limited

Marketcity Resources Private Limited

Mugwort Land Holdings Private Limited [w.e.f. 31st August, 2011]

Palladium Constructions Private Limited

Pallazzio Hotels and Leisure Limited

NOTES
ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2012 (Contd.)

Pinnacle Real Estate Development Private Limited

Platinum Spaces Private Limited [w.e.f. 23rd January, 2012]

Plutocrat Assets and Capital Management Private Limited

Phoenix Hospitality Company Private Limited [w.e.f. 23rd January, 2012]

Sangam Infrabuild corporation Private Limited [w.e.f. 16th March, 2012]

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 Development 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

Mirabel Entertainment Private Limited [w.e.f. 23rd January, 2012]

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 [upto 22nd January, 2012]

Phoenix Retail Private Limited

Category IV : Key Managerial Personnel

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

Category V : Relatives of Key Managerial Personnel

Gayatri A Ruia

NOTES
ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2012 (Contd.)

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

(Amounts in ₹)

Sr. No.	TRANSACTIONS	Category I	Category II	Category III	Category IV	Category V	Total
1	Rent,Compensation & Other recoveries	66,955,546	-	6,956,364	-	1,973,293	75,885,203
		(52,762,603)	(4,619,977)	(30,874,622)	-	(646,443)	(88,903,645)
2	Interest Received	33,603,295	360,874,412	-	-	-	394,477,707
		(43,759,578)	(8,509,300)	-	-	-	(52,268,878)
3	Administrative & other expenses.	16,698,183	-	5,273,796	-	-	21,971,979
		(36,972,000)	-	(13,313,239)	-	-	(50,285,239)
4	Interest Paid	-	-	13,459,091	-	-	13,459,091
		-	-	-	-	-	-
5	Remuneration\Salaries	-	-	-	1,68,00,000	-	16,800,000
		-	-	-	(19,466,406)	-	(19,466,406)
6	Loss from Firm	-	-	42,432	-	-	42,432
		-	-	(329,071)	-	-	(329,071)
7	Capital withdrawn from firm	-	-	750,000	-	-	750,000
		-	-	-	-	-	-
8	Loan returned by parties	6,125,000	-	-	-	-	6,125,000
		(316,219,850)	(833,037,228)	-	-	-	(1,149,257,078)
9	Loans Given	466,138,677	300,000,000	-	-	-	766,138,677
		(325,048,938)	(305,000,000)	-	-	-	(630,048,938)
10	Advances Given	-	2,356,452,500	-	-	-	2,356,452,500
		-	(568,287,013)	-	-	-	(568,287,013)
11	Advances Returned by the Parties	-	200,000,000	-	-	-	200,000,000
		-	-	-	-	-	-
12	Deposit Given	253,000,000	452,549,872	-	-	-	705,549,872
		-	(5,000,000)	(29,275,000)	-	-	(34,275,000)
13	Deposit Received	385,536,439	-	-	-	-	385,536,439
		-	-	-	-	-	-
14	Advances Received	100,000	-	50,000	-	-	150,000
		-	-	-	-	-	-
15	Investment in Shares / application money pending allotment	61,200,000	1,950,000	-	-	-	63,150,000
		(123,400,000)	(312,639,642)	(104,768,100)	-	-	(540,807,742)
16	Application money Refund Received	437	64,592,975	-	-	-	64,593,412
		-		-	-	-	-
17	Redemption of OCD	-	80,000,000				80,000,000
		-	(80,000,000)	-	-	-	(80,000,000)
18	Investment in OCD	1,161,300,000	111,200,000	-	-	-	1,272,500,000
		-	-	-	-	-	-
19	Bad debts written off	-	2,688,262	-	-	-	2,688,262
		-	(4,551,270)	(3,453)	-	-	(4,554,723)
20	Purchase of Fixed assets	200,000	400,000	179,454,545	-	-	180,054,545
		-	-	-	-	-	-
21	Allocation of Common CWIP Cost	-	-	-	-	-	-
		(13,716,670)	-	-	-	-	(13,716,670)
22	Re Imburshment of Expenses	109,900,000	-	-	-	-	109,900,000
		-	-	-	-	-	-
23	Sale of Land development rights	-	269,100,003	-	-	-	269,100,003
		-	(792,714,650)	-	-	-	(792,714,650)

NOTES
ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2012 (Contd.)

c) **The following balances were due from / to the related parties as on 31-03-2012**

(Amounts in ₹)

Sr. No.	TRANSACTIONS	Category I	Category II	Category III	Category IV	Category V	Total
1	Investment in Equity Shares / pref shares	4,221,665,993	1,451,644,850	-	-	-	5,673,310,843
		(2,372,311,130)	(1,390,453,487)	-	-	-	(3,762,764,617)
2	Investment in OCD	1,161,300,000	111,200,000	-	-	-	1,272,500,000
		-	-	-	-	-	-
3	Investment in Capital of Partnership Firm	-	-	2,0721,481	-	-	20,721,481
		-	-	(6,360,967)	-	-	6,360,967
4	Loans (Net)	2,278,042,652	300,000,000	-	-	-	2,578,042,652
		(1,861,136,111)	-	-	-	-	(1,861,136,111)
5	Advances for Capital Items	88,061,513	1,653,535,176	-	-	-	1,741,596,689
		-	-	-	-	-	-
6	Deposits Given	15,000,000	1,846,588,681	479,275,000	-	-	2,340,863,681
		(15,000,000)	-	(479,275,000)	-	-	(494,275,000)
7	Advances Received	100,000	-	50,000	-	-	150,000
		-	-	-	-	-	-
8	Trade Receivables	1,83,96,347	1,25,39,351	70,28,170	-	-	3,79,63,868
		(16,081,681)	(530,727,946)	(6,065,679)	-	-	(552,875,307)
9	Other Receivables	604,350	-	-	-	-	604,350
		-	-	-	-	-	-
10	Trade Payables	-	131,957	21,924,300	-	-	22,056,257
		(7,638)	(131,957)	(21,924,300)	-	-	(22,063,895)
11	Deposits received	-	-	-	-	300,000	300,000
		-	-	-	-	(300,000)	(300,000)
12	Application money pending allotment	28,129,235	176,999,900	-	-	-	205,129,135
		(1,395,329,672)	(151,242,975)	(1,194,918,100)	-	-	(2,741,490,747)

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

i. Rent & other recoveries include received from Market City Resources Pvt Ltd ₹ 50,646,804 (P.Y. ₹ 50,646,792), Phoenix Retails (P) Limited ₹ 6,280,986 (P.Y. ₹ 25,485,828), Pallazzio Hotels & Leisure Limited ₹ 16,308,742 (P.Y. 2,115,811) and Galaxy Entertainment Corporation Limited ₹ Nil (P.Y. ₹ 4,051,091).

ii. Interest received include received from Upal Developers (P) Ltd ₹ 13,330,423 (P.Y. ₹ 40,874,646), Entertainment World Developers Ltd. ₹ Nil (P.Y. 587,100), Classic Mall Development Company (P) Limited ₹ 9,785,034 (P.Y. ₹ Nil), Island Star Mall Developers (P) Limited ₹ 52,387,158 (P.Y. ₹ 5,650,254) and Offbeat Developers (P) Limited ₹ 298,702,220 (P.Y. ₹ 1,697,946).

iii. Administrative & other expenses include paid to Market City Resources Private Limited ₹16,690,500 (₹ 36,972,000), B.R. International ₹ Nil (P.Y. ₹ 13,234,561) and R.R Hosiery (P) Ltd. ₹ 3,320,196 (P.Y. ₹ 3,398,874)

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

v. Capital Investment in Partnership firm includes investments in Phoenix Construction Company ₹ 750,000 (P.Y. ₹ Nil).

vi. Loan returned by parties include repayment from Bellona Finvest Limited ₹ 6,125,000 (P.Y. ₹ 7,147,600), Pallazzio Hotels & Leisure Limited ₹ Nil (₹ 215,000,000), Entertainment World Developers Ltd. ₹ Nil (P.Y. ₹ 2,50,587,100) and Offbeat Developers (P) Limited ₹ Nil (P.Y. ₹ 482,450,128).

vii. Loan given includes loan given to Pallazzio Hotels & Leisure Limited ₹ 440,000,000 (P.Y ₹ 50,000,000) Vamona Developers (P) Limited ₹ Nil (P.Y. ₹ 225,000,000), Offbeat Developers (P) Limited ₹ 300,000,000 (P.Y. ₹ 205,000,000), Island Star Mall Developers (P) Limited ₹ Nil (P.Y. ₹ 100,000,000) and Upal Developers (P) Limited ₹ Nil (P.Y. ₹ 48,412,500).

viii. Advances given towards capital Goods to Offbeat Developers (P) Limited ₹ 1,764,502,372 (P.Y. ₹ 568,287,013) and Island Star Mall Developers (P) Limited ₹ 607,500,000 (P.Y. ₹ Nil).

ix. Advance returned by Offbeat Developers (P) Limited ₹ 200,000,000 (P.Y. ₹ Nil).

x. Deposit given to Island Star Mall Developers (P) Limited ₹ 205,000,000 (P.Y. ₹ 5,000,000), R.R.Hosiery ₹ Nil (P.Y. ₹ 20,000,000), R.R. Hosiery (P) Ltd ₹ Nil (P.Y. ₹ 9,275,000), Vamona Developers (P) Limited ₹ 240,000,000 (P.Y. ₹ Nil).

ALL ROADS LEAD TO A PHOENIX MARKETCITY

NOTES
ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2012 (Contd.)

xi. Deposit returned by Vamona Developers (P) Limited ₹ 257,596,439 (P.Y. Nil) and Upal Developers (P) Limited ₹ 240,000,000 (P.Y. ₹ Nil).

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

xiii. Investment in Shares/Application Money pending allotment/Optional Convertible Debentures (OCD) includes Island Star Mall Developers (P) Limited ₹ Nil (P.Y. ₹ 185,053,088), Phoenix Hospitality Co (P) Ltd ₹ Nil (P.Y. ₹ 104,768,100), Classic Housing Projects (P) Limited ₹ Nil (P.Y. ₹ 160,033,340) and Big Apple Real Estate (P) Ltd ₹ 61,200,000 (P.Y. ₹ 73,400,000).

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

xv. Investment in OCD includes Palladium Construction (P) Limited ₹ 1,161,300,000 (P.Y. ₹ Nil).

xvi. Allocation of common capital work-in-progress cost includes Pallazzio Hotels & Leisure Limited ₹ Nil (P.Y. ₹ 13,716,670).

xvii. Sale of land development rights to Offbeat Developers (P) Limited ₹ 269,100,003 (P.Y. ₹ 792,714,650).

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

xix. Purchase of Fixed Assets includes purchase from B. R. International ₹ 179,454,545 (P.Y. ₹ Nil).

xx. Remuneration paid to Ashok Ruia ₹ 6,000,000 (P.Y. ₹ 6,129,006), Atul Ruia ₹ 6,000,000 (P.Y. ₹ 8,537,400) and Kiran Gandhi ₹ 4,800,000 (P.Y. ₹ 4,800,000)

xxi. Profit / (Loss) from investment in Phoenix Construction Company ₹ (42,432) (P.Y. ₹ (329,071)).

xxii. Sundry Balances written off Galaxy Entertainment Corporation Limited ₹ 2,688,262 (P.Y. ₹ 4,210,422).

xxiii. Share Application money refund includes money refunded from Ramayana Merchant (P) Limited ₹ 4,83,33,375 (P.Y. ₹ Nil) and Picasso Developers (P) Limited ₹ 1,62,59,600 (P.Y. ₹ Nil)

34. Expenditure in foreign currency

	2011-12 (₹)	2010-11 (₹)
Foreign Travelling Expenses	**2,888,580**	1,206,879
Consultancy Fees	**10,448,553**	2,226,432
Payment towards Capital Goods (C.I.F. value)	**-**	6,150,307

35. Earnings in foreign exchange :

	2011-12 (₹)	2010-11 (₹)
Dividend	**312,525**	455,513

36. 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	2010-11 (₹)	2009-10 (₹)
Number of non- resident share holders	**160**	182
Number of Equity Shares held by them	**33,060,141**	31,368,727
Face Value of Equity Share	**₹ 2/-**	₹ 2/-
Gross Amount of Dividend	**59,508,254**	37,642,472

NOTES
ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2012 (Contd.)

37. DEFERRED TAX

In accordance with the 'Accounting Standard -AS 22 Accounting for Taxes on Income" as notified by the Companies (Accounting Standards) Rules 2006, the company has created deferred tax Assets of ₹ 1,56,76,188 for the current year. The break-up of the net deferred tax asset as on 31st March, 2012 is as under:

Particulars	Deferred tax Asset / (Liability) as at 01-04-11 (₹)	Current Year (Charge)/Credit (₹)	Deferred tax Asset/ (Liability) as at 31-03-12 (₹)
Deferred Tax Asset			
Disallowance u/s 43B and others	2,041,447	(458,990)	**1,582,457**
Provision for Doubtful debts and advances	5,543,382	140,043,96	**195,477,77**
Difference between Book and Tax depreciation	5,058,046	2,130,782	**7,188,829**
Deferred Tax Assets (Net)	12,642,875	1,56,76,188	**2,83,19,063**

38. EARNING PER SHARE (EPS)

Basic as well as Diluted EPS	2011-12 (₹)	2010-11 (₹)
Net Profit after Tax	**1,053,416,212**	916,515,135
Weighted Average No. of Equity Shares	**144,845,445**	144,845,445
Nominal Value of Equity Shares	**2**	2
Basic Earning Per Share	**7.27**	6.33

39. PROJECT DEVELOPMENT EXPENDITURE

(In respect of Projects upto 31st March 2012, included under Capital Work-in-Progress)
Preoperative Income / Expenses transferred to capital work-in-progress

Particulars	2011-12 (₹)	2010-11 (₹)
Opening Balance	**-**	20,600,899
Expenditure		
Interest & Finance Charges	**9,48,57,596**	-
Salary and Allowances	**-**	852,677
		21,453,576
Less: Interest Income	**(111,997,999)**	-
Project Development Expenses Capitalised during the year	**-**	21,453,576
Closing Balance	**(17,140,403)**	-

ALL LEAD PHOENIX ROADS TO A MARKETCITY

NOTES
ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2012 (Contd.)

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

Particulars	2011-12 (₹)	Maximum Balance during the year (₹)
(a) Pinnacle Real Estate Developers Pvt. Ltd	**25,583,337**	25,583,337
(b) Bellona Finvest Limited	**504,403,723**	510,473,383
(c) Enhance Holdings Pvt Limited	**129,322,100**	129,322,100
(d) Butala Farm Lands Pvt Limited	**200,000**	200,000
(e) Vamona Developers Pvt Limited	**211,719,590**	257,596,439
(f) Phoenix Hospitality Co. Pvt. Ltd.	**3,860,000**	13,000,000
(g) Pallazzio Hotels & Lesiure Limited	**1,365,926,874**	2,286,026,874
(h) Gracework Realty & Leisure Pvt.Ltd.	**-**	102,013,699
(i) Upal Developers Pvt Ltd	**37,027,028**	143,829,647
(j) Offbeat Developers Pvt Ltd.	**1,951,535,176**	1,951,535,176
(k) Island Star Mall Devlopers Pvt. Ltd.	**648,609,925**	648,609,925

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 subsidiary company - Vamona Developers Private Limited.

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

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

42. The revised schedule VI notified under the Companies Act 1956 has become applicable to the Company during the current year. The previous year figures have been regrouped, reworked, rearranged and reclassified, wherever necessary, to conform to revised schedule VI classification and are to be read in relation to the amounts and other disclosures relating to the current year

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

Chintan A. Ghelani
Partner
M. No.: 104391

For Chaturvedi & Shah
Chartered Accountants
FRN : 101720W

Amit Chaturvedi
Partner
M. No.: 103141

For and on behalf of the Board of Directors

Ashokkumar R. Ruia
(Chairman & Managing Director)

Shishir Shrivastava
(Group CEO & Jt. Managing Director)

Atul Ruia
(Jt. Managing Director)

Pradumna Kanodia
(Director Finance)

Shinanji Mamtani
(Company Secretary)

Place : Mumbai
Dated : 29th May, 2012

STATEMENT

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

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

Sr. No.	Name of the Subsidiary —> Particulars	Alliance Hospitality Private Limited**	Blackwood Developers Private Limited *	Bellona Finvest Limited	Big Apple Real Estate Private Limited	Butala Farm Lands Private Limited	Enhance Holdings Private Limited (formerly Kalani Holdings Private Limited)	Gangetic Developers Private Limited *	Graceworks Realty & Leisure Private Limited**	Market City Management Private Limited	Marketcity Resources Private Limited
(A)	Financial year of the Subsidiary Companies	31st March, 2012	31st March, 2012	31st March, 2012	31st March, 2012	31st March, 2012	31st March, 2012	31st March, 2012	31st March, 2012	31st March, 2012	31st March, 2012
(B)	Shares of the subsidiary held by the Company on the above dates										
	Number of Shares	1,100,000	18,731,665	4,000,020	19,245,020	1,250	10,000	5,267,030	52,250	100,000	10,000
	Face value : ₹	10	10	10	10	100	10	10	10	10	10
	Extend of Holding	31.33%	77.20%	100.00%	77.20%	100.00%	100.00%	45.25%	44.02%	100.00%	100.00%
(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, 2012 amounted to :-										
	(i) for the subsidiaries' financial year ended as in (A) above	NIL	NIL	₹ 56.62 Lakhs	₹ 89.28 Lakhs	₹ (.29) Lakhs	₹ (.72) Lakhs	NIL	₹ (96.27) Lakhs	₹ 0.18 Lakhs	₹ 402.24 Lakhs
	(ii) for the previous financial year of the Subsidiaries since they became the Holding Company's Subsidiaries	NIL	NIL	₹ 283.91 Lakhs	₹ (125.33) Lakhs	₹ (1.75) Lakhs	₹ (.86) Lakhs	NIL	NIL	₹ 10.42 Lakhs	₹ 290.09 Lakhs
	(b) Dealtwith the accounts of the Phoenix Mills Limited for the year ended 31st March, 2012 amounted to :-										
	(i) for the subsidiaries' financial year ended as in (A) above	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

Sr. No.	Name of the Subsidiary —> Particulars	Mugwort Land Holdings Private Limited	Palladium Contructins Private Limited	Pallazzio Hotels and Leisure Limited	Phoenix Hospitality Private Limited	Pinnacle Real Estate Development Private Limited	Platinum Spaces Private Limited**	Plutocrate Capital and Asset Management PrivateLimited	Sangam Infrabuild Corporation Private Limited *	Upal Developers Private Limited *	Vamona Developers Private Limited
(A)	Financial year of the Subsidiary Companies	31st March, 2012	31st March, 2012	31st March, 2012	31st March, 2012	31st March, 2012	31st March, 2012	31st March, 2012	31st March, 2012	31st March, 2012	31st March, 2012
(B)	Shares of the subsidiary held by the Company on the above dates										
	Number of Shares	9,520	12,760,000	1,200,000	1,321,400	10,000	2,550,000	10,000	3,335,000	12,250,000	14,638,175
	Face value : ₹	10	10	100	10	10	10	10	10	10	10
	Extend of Holding	94.86%	62.98%	100.00%	56.92%	100.00%	35.84%	100.00%	76.94%	45.92%	58.55%
(C)	The net aggregate amount of Profit/ Loss of the Subsidiary Companies, so far as it concerns the members of the Phoenix Mills Limited.										
	(a) Not dealtwith the accounts of the Phoenix Mills Limited for the year ended 31st March, 2012 amounted to :-										
	(i) for the subsidiaries' financial year ended as in (A) above	₹ (.83) Lakhs	NIL	₹ (161.7) Lakhs	₹ 2.87 Lakhs	₹ (0.17) Lakhs	NIL	₹ (0.23) Lakhs	NIL	₹ (321.05) Lakhs	₹ (883.74) Lakhs
	(ii) for the previous financial year of the Subsidiaries since they became the Holding Company's Subsidiaries	NIL	NIL	₹ (139.82) Lakhs	NIL	₹ (1.05) Lakhs	NIL	₹ (.18) Lakhs	NIL	₹ (192.43) Lakhs	₹ (66.95) Lakhs
	(b) Dealtwith the accounts of the Phoenix Mills Limited for the year ended 31st March, 2012 amounted to :-										
	(i) for the subsidiaries' financial year ended as in (A) above	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

STATEMENT

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

ALL ROADS LEAD TO A PHOENIX MARKETCITY

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

Name of the Subsidiary Company	Reporting Currency	Exchange Rate	Capital	Reserves	Total Assets	Total Liabilities	Investment Other than Investment in Subsidiary	Turnover	Profit before Taxation	Provision for Taxation	Profit after Taxation	Proposed Dividend	Country
Alliance Hospitality Private Limited**	INR	1	199.87	9,667.92	9,905.02	37.23	3,769.75	-	-	-	-	Nil	India
Blackwood Developers Private Limited *	INR	1	1,873.17	1,856.00	15,757.25	12,028.08	-	-	-	-	-	Nil	India
Bellona Finvest Limited	INR	1	400.00	341.30	6,118.02	5,376.72	5,525.10	127.51	62.77	(6.10)	56.67	Nil	India
Big Apple Real Estate Private Limited	INR	1	2,493.00	9,271.93	11,818.17	53.24	-	410.87	134.85	19.20	115.65	Nil	India
Butala Farm Lands Private Limited	INR	1	1.25	497.41	501.53	2.84	-	-	(0.31)	-	0.31	Nil	India
Enhance Holdings Private Limited (formerly Kalani Holdings Private Limited)	INR	1	1.00	(2.11)	1,292.47	1,293.58	1,291.46	-	(0.72)	-	0.72	Nil	India
Gangetic Developers Private Limited *	INR	1	898.60	3,731.29	4,795.36	165.47	-	-	-	-	-	Nil	India
Graceworks Realty & Leisure Private Limited**	INR	1	6.76	112.41	18,703.26	18,584.09	-	21.96	(100.80)	-	(100.80)	Nil	India
Market City Management Pvt. Ltd	INR	1	10.00	19.18	29.47	0.29	-	0.89	0.21	0.03	0.18	Nil	India
Marketcity Resources Private Limited	INR	1	1.00	692.33	2,213.55	1,520.22	-	2,634.61	602.87	200.63	402.24	Nil	India
Mugwort Land Holdings Private Limited	INR	1	1.00	9.11	102.65	92.54	-	-	(0.83)	-	(0.83)	Nil	India
Palladium Contructins Private Limited	INR	1	2,026.00	17,605.33	31,378.17	11,746.84	3,343.10	-	-	-	-	Nil	India
Pallazzio Hotels and Leisure Limited	INR	1	1,200.00	19,873.83	93,043.39	71,969.56	0.25	0.02	(161.70)	-	(161.70)	Nil	India
Phoenix Hospitality Private Limited	INR	1	232.14	15,389.63	15,662.80	41.03	1,043.75	7.42	3.00	0.13	2.87	Nil	India
Pinnacle Real Estate Development Private Limited	INR	1	1.00	(1.75)	521.03	521.78	518.29	0.20	(0.17)	-	(0.17)	Nil	India
Platinum Spaces Private Limited**	INR	1	405.00	7,990.11	12,881.31	4,486.20	43.74	-	-	-	-	Nil	India
Plutocrate Capital and Asset Management Private Limited'	INR	1	1.00	(0.41)	1.44	0.85	-	-	(0.23)	-	(0.23)	Nil	India
Sangam Infrabuild Corporation Private Limited*	INR	1	334.60	12.10	656.11	333.61	-	-	-	-	-	Nil	India
Upal Developers Private Limited *	INR	1	1,960.00	(197.33)	14,150.27	12,387.60	-	2,304.70	(665.43)	-	(665.43)	Nil	India
Vamona Developers Private Limited	INR	1	2,500.00	12,468.13	79,135.31	64,167.18	-	13,053.99	(3,396.93)	(1,887.68)	(1,509.25)	Nil	India

* Fellow Subsidiaries of Big Apple Real Estate Private Limited

** Fellow Subsidiaries of Phoenix Hospitality Private Limited

For and on behalf of the Board of Directors

Ashokkumar R. Ruia
(Chairman & Managing Director)

Shishir Shrivastava
(Group CEO & Jt. Managing Director)

Atul Ruia
(Jt. Managing Director)

Pradumna Kanodia
(Director Finance)

Shinanji Mamtani
(Company Secretary)

Place : Mumbai
Dated : 29th May, 2012

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, 2012, the Consolidated Statement of Profit and Loss 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 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 fourteen subsidiaries, which reflect total assets of ₹17,84,46,01,335/- as at 31st March, 2012, total revenue of ₹1,58,46,72,167/- and net cash inflows amounting to ₹ 59,59,03,461/- for the year ended, have been audited by one of us and financial statements of seven associates in which the share of profit of the Group is ₹ 10,67,73,689/- 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 ₹12,44,63,30,177/- as at 31st March, 2012, total revenues of ₹ 27,15,59,142/- and net cash outflows amounting to ₹ 32,21,44,968/- for the year ended and financial statements of two associate in which the share of loss of the Group is ₹ 4,779/-. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion is based solely on the report of other auditors.

5. We have relied on the unaudited financial statements of one subsidiary whose financial statement reflect total asset of ₹1,57,57,25,283/- as at 31st March, 2012, total revenue of ₹ Nil, net cash outflow amounting to ₹ 21,15,58,153/- for the year ended on and unaudited financial statement of five associates wherein the Group's share of loss is ₹1,75,36,098/-. These unaudited financial statements are 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. 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 Companies (Accounting Standards) Rules, 2006.

7. Based on our audit as aforesaid, and on consideration of reports of 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, 2012;

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

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

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

Chintan A. Ghelani
Partner
Membership No.: 104391

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

Amit Chaturvedi
Partner
Membership No.: 103141

Place: Mumbai
Date : 29th May, 2012

ALL ROADS LEAD TO A PHOENIX MARKETCITY

CONSOLIDATED BALANCE SHEET
AS AT 31st MARCH 2012

	Notes	As at 31st March 2012 (₹)	As at 31st March 2011 (₹)
I. EQUITY AND LIABILITIES			
Shareholders' Fund			
Share Capital	2	**289,690,890**	289,690,890
Reserves & Surplus	3	**16,815,644,671**	16,410,349,309
Minority Interest		**3,566,421,111**	1,965,215,088
Non - Current Liabilities			
Long - Term Borrowings	4	**14,138,254,381**	9,131,101,417
Trade Payables	5	**-**	114,896,617
Other Long term Liabilties	6	**1,018,879,035**	808,334,121
Long - term provisions	7	**15,046,113**	19,870,926
Current Liabilities			
Short - Term Borrowings	8	**825,265,181**	433,009,170
Trade Payables	5	**688,720,606**	691,302,062
Other current liabilities	9	**3,373,921,163**	1,172,480,087
Short term provisions	7	**398,075,935**	339,825,519
		41,129,919,086	31,376,075,206
II. ASSETS			
Non - Current Assets			
Fixed Assets	10		
Tangible Assets		**11,876,148,355**	7,928,375,513
Intangible Assets		**4,327,731**	3,800,698
Capital Work in Progress		**13,591,018,942**	10,997,308,446
Non- Current Investments	11	**4,053,613,968**	3,610,201,269
Deferred Tax Assets (Net)	12	**247,004,815**	8,886,801
Long term Loans & Advances	13	**5,099,854,628**	3,557,212,131
Other Non- Current Assets	14	**218,017,129**	209,525,534
Current Assets			
Current Investments	15	**815,659,065**	1,176,389,377
Inventories	16	**2,516,320,785**	1,181,596,491
Trade Receivables	17	**617,597,701**	961,382,270
Cash & Cash Equivalents	18	**999,583,192**	815,922,526
Short-Term Loans and Advances	13	**944,908,530**	830,358,218
Other Current Assets	19	**145,864,245**	95,115,932
		41,129,919,086	31,376,075,206
Significant Accounting Policies	1		

The accompanying Notes 1 to 37 are an integral part of the Financial Statements
As per our report of even date

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

For Chaturvedi & Shah
Chartered Accountants
FRN : 101720W

For and on behalf of the Board of Directors

Chintan A. Ghelani
Partner
M. No.: 104391

Amit Chaturvedi
Partner
M. No. :103141

Ashokkumar R. Ruia
(Chairman & Managing Director)

Shishir Shrivastava
(Group CEO & Jt. Managing Director)

Atul Ruia
(Jt. Managing Director)

Pradumna Kanodia
(Director Finance)

Place : Mumbai
Dated : 29th May, 2012

Shinanji Mamtani
(Company Secretary)

CONSOLIDATED STATEMENT OF PROFIT AND LOSS
FOR THE YEAR ENDED 31st MARCH 2012

	Notes	(₹)	2011-12 (₹)	2010-11 (₹)
INCOME				
Sales and Services	20		**3,666,139,354**	2,101,666,154
Other Income	21		**446,207,050**	286,893,280
TOTAL			**4,112,346,404**	2,388,559,434
EXPENDITURE				
Cost of Materials/Construction & Variation In Inventory	22		**365,705,430**	50,670,818
Employee Costs	23		**206,211,624**	140,859,700
Operating and other Expenses	24		**980,156,334**	504,550,669
Interest and Finance Charges	25		**943,889,376**	227,623,478
Depreciation		**564,259,598**		315,069,714
Less: Transfer from Revaluation Reserve		**(1,005,006)**	**563,254,592**	(962,748)
(Refer to Note No.29)				
TOTAL			**3,059,217,356**	1,237,811,631
PROFIT BEFORE TAX			**1,053,129,048**	1,150,747,803
Less : Tax Expenses				
Current Income Tax		**426,779,000**		305,662,298
Deferred Tax		**(238,123,876)**		15,175,469
Tax Adjustments of Earlier Years		**556,664**	**189,211,788**	-
PROFIT AFTER TAX			**863,917,260**	829,910,036
Add : Share of Profit/(Loss) in Associates			**92,716,147**	(16,904,804)
Less : Share of Minority (Loss)/Profit			**(99,620,960)**	(28,907,750)
PROFIT AFTER TAX AND MINORITY INTEREST			**1,056,254,367**	841,912,982
Basic and Diluted EPS (Face Value ₹ 2)			**7.29**	5.81
Significant Accounting Policies and Notes on Accounts	1			

The accompanying Notes 1 to 37 are an integral part of the Financial Statements
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

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(Jt. Managing Director)

Pradumna Kanodia
(Director Finance)

Place : Mumbai
Dated : 29th May, 2012

Shinanji Mamtani
(Company Secretary)

CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED ON 31st MARCH 2012

ALL ROADS LEAD TO A PHOENIX MARKETCITY

	(₹)	31st March 2012 (₹)	(₹)	31st March 2011 (₹)
A CASH FLOWS FROM OPERATING ACTIVITIES				
Net Profit before tax as per the Profit and Loss Account		1,053,129,047		1,150,747,804
Adjustments for :				
Depreciation	563,254,592		314,106,966	
(Profit)/Loss on Assets sold/discarded	9,738,990		477,929	
Balances in Debtors/Advances written off	5,575,478		68,352,232	
Provision for Doubtful Debts and Advances	43,163,494		(27,539,062)	
Interest Expenses	943,889,376		227,623,478	
Interest Income	(364,330,029)		(107,056,854)	
Dividend Income	(29,430,809)		(62,974,160)	
Profit on sale of Investments	(21,970,449)		(1,795,847)	
		1,149,890,643		411,194,682
Operating Cash flow before working capital changes		2,203,019,690		1,561,942,486
Adjustment for Working Capital changes :				
Inventories	(1,334,724,294)		(697,900,047)	
Trade and other Receivables	949,724,133		(660,903,570)	
Trade and other Payables	2,441,605,463		1,033,578,216	
		2,056,605,302		(325,225,401)
Cash generated from Operations		4,259,624,992		1,236,717,085
Direct Taxes Paid		(437,669,096)		(300,190,490)
Net Cash Generated from / (Used in) Operating Activities A		3,821,955,896		936,526,595
B CASH FLOWS FROM INVESTING ACTIVITIES				
Purchases of Fixed Assets	(6,640,324,848)		(2,907,203,194)	
Sale of Fixed Assets	-		280,000	
Inter Corporate Deposits & Loans (placed)/refunded (Net)	(2,311,871,345)		(320,492,996)	
Purchase of Investments	(350,231,551)		(1,967,482,763)	
Sale of Investments	382,700,762		2,690,349,296	
Share Application Money	-		(127,782,640)	
Interest Received	309,098,898		96,429,598	
Dividend Received	29,430,809		114,247,642	
Net Cash generated from/(used in) Investing Activities B		(8,581,197,275)		(2,421,655,057)

CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED ON 31st MARCH 2012

	(₹)	31st March 2012 (₹)	(₹)	31st March 2011 (₹)
C CASH FLOWS FROM FINANCING ACTIVITIES				
Proceed from long term borrowings	**4,890,154,420**		4,914,086,568	
Proceed from issue of Debentures	**-**		78,704,821	
Repayment of long term borrowings	**-**		(2,445,033,547)	
Short term loans availed / (repaid)(Net)	**392,256,013**		425,321,774	
Interest paid	**(1,422,070,129)**		(934,174,870)	
Proceeds from issue of Share Capital to Minorities	**1,287,986,877**		-	
Dividend paid (including tax on Dividend)	**(303,017,395)**		(203,536,630)	
Net Cash generated from/(used in) Financing Activities C		**4,845,309,786**		1,835,368,116
D Net Increase/(Decrease) in Cash and Cash Equivalents A+B+C		**86,068,407**		350,239,654
Cash and Cash equivalents at the beginning of the year		**1,020,949,182**		670,602,854
Add : on Amalgamation / Acquisition of New Susidiaries		**99,569,397**		106,675
Cash and Cash equivalents at the end of the year		**1,206,586,986**		1,020,949,182

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.

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)

Place : Mumbai
Dated : 29th May, 2012

Shinanji Mamtani
(Company Secretary)

ALL ROADS LEAD TO A PHOENIX MARKETCITY

NOTES
ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2012

NOTE "1":

SIGNIFICANT ACCOUNTING POLICIES

1. Principles of Consolidation

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

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

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

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

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

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

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

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

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

3. Other Significant Accounting Policies

a) Use of Estimates:

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

b) Fixed Assets:

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

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

NOTES
ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2012 (Cond.)

The Indirect Expenditure (Net of Indirect Income) incurred during the year is treated as "Project Development Expenditure". The same has been included under Capital Work-in-Progress, pending the completion of the Project, and 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 certain subsidiaries 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.

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

d) **Impairment of Assets:**

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

e) **Investments:**

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

f) **Inventories:**

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

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

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), on the basis of the percentage completion method, determined based on the physical proportion of the work completed, as certified by the company's technical personnel after the construction work has progressed significantly.

ALL LEAD PHOENIX ROADS TO A MARKETCITY

NOTES
ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2012 (Cond.)

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

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

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

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

i) Employee Benefits:

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

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

j) Foreign Currency Transactions:

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

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

k) Securities Issue Expenses:

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

l) Taxes on Income:

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

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

m) Provisions, Contingent Liabilities and Contingent Assets:

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

NOTES
ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2012 (Cond.)

	As at 31st March 2012 (₹)	As at 31st March 2011 (₹)
NOTE "2" **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	**289,690,890**	289,690,890
TOTAL	**289,690,890**	289,690,890
	Nos.	Nos.
a) Equity Shares of ₹ 2 each were allotted to the share holders of Ashok Ruia Enterprise Pvt. Ltd. as per the scheme of amalgamation without payments being received in cash.	**40,000,000**	40,000,000
b) Equity Shares of ₹ 2 each were allotted to the share holders of Ruia Real Estate Development Company Pvt. Ltd. as per the scheme of amalgamation without payments being received in cash.	**9,166,665**	9,166,665
c) Equity Shares have been reserved for allotment under The Phoenix Mills Employees' Stock Option Plan 2007.	**3,390,000**	3,390,000
d) Options have been granted under 'The Phoenix Mills Employees' Stock Option Plan 2007 of which 300,000 (P.Y. 250,000) Options have lapsed and are available for regrant.	**650,000**	650,000
e) Terms and Rights attached to shares. The company has only one class equity shares having face value of ₹10 per share. Each holder of equity shares is entitled to one vote per share. Equity shares holder are also entitled to dividend as and when praposed by the Board of Directors and approved by Share holders in Annual General Meeting. In the event of liquidation of the Company, the holders of Equity shares will be entitled to receive remaining assets of the Compnay, after distribution of all Preferential amounts which shall be in proportionate to the number of shares held by the Shareholders.		
f) Reconciliation of Shares.		
Equity Shares		
Shares outstanding at the beginning the year	**144,845,445**	144,845,445
Shares outstanding at the end of the year	**144,845,445**	144,845,445

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

	March 31, 2012		March 31, 2011	
Name of Shareholder	**No. of Shares Nos.**	**% of Holding Nos.**	**No. of Shares Nos.**	**% of Holding Nos.**
Ruia International Holding Company Private Limited	49,163,237	33.94	49,163,237	33.94
Senior Holdings Pvt. Ltd.	15,119,250	10.44	15,119,250	10.44
Radhakrishna Ramnarain Pvt. Ltd.	11,591,730	8.00	11,591,730	8.00
Ashok Apparels Pvt. Ltd.	9,670,665	6.68	9,670,665	6.68
T.Rowe Price New Asia Fund	7,537,325	5.20	7,646,052	5.28

ALL ROADS LEAD TO A PHOENIX MARKETCITY

NOTES
ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2012 (Cond.)

	(₹)	As at 31st March 2012 (₹)	(₹)	As at 31st March 2011 (₹)
NOTE "3" **RESERVES & SURPLUS**				
Capital Reserves				
As per Last Balance Sheet		**18,413,824**		18,413,824
Securities Premium Account				
As per Last Balance Sheet		**10,659,263,354**		10,659,263,354
Revaluation Reserve				
As per Last Balance Sheet	**106,863,003**		107,825,751	
Less:Additional Depreciation on Revaluation of Assets transferred to Profit & Loss Account (Refer to Note No.29)	**1,005,006**		962,748	
		105,857,997		106,863,003
General Reserve				
As per Last Balance Sheet	**1,491,764,734**		1,291,764,734	
Add: Transfer from Profit & Loss Account	**200,000,000**		200,000,000	
		1,691,764,734		1,491,764,734
Capital Reserve (on Consolidation)		**2,930,349,974**		3,243,625,220
Surplus/(deficit) in the statement of profit and loss				
As per Last Balance Sheet	**890,419,174**		551,523,584	
Net Profit/(Net Loss) For current year	**1,056,254,367**		841,912,985	
Less : Appropriations				
Proposed Dividends (Dividend Per Share ₹ 2/- (P.Y. ₹ 1.80)	**289,690,890**		260,721,801	
Tax on Proposed Dividends	**46,987,863**		42,295,594	
Transfer to Reserves	**200,000,000**		200,000,000	
		1,409,994,788		890,419,174
TOTAL		**16,815,644,671**		16,410,349,309

	As at 31st March 2012		As at 31st March 2011	
	Non Current (₹)	Current (₹)	Non Current (₹)	Current (₹)
NOTE"4" **LONG TERM BORROWINGS**				
Secured				
Loan From Financial Institute	**2,275,000,000**	**125,000,000**	899,388,416	8,587,500
Loan From Banks				
Term Loan - Indian Rupees	**10,410,421,138**	**1,569,185,732**	7,769,956,688	44,229,631
Term Loan - Foreign Currency	**1,253,420,000**	**25,580,000**	279,062,500	-
Vehicle Loans	**509,543**	**810,022**	1,450,113	1,121,686
Unsecured				
Debentures				
635,294 Zero Coupon Compulsory Convertible Debentures Series "A" of ₹ 100 each	**63,529,400**	**-**	63,529,400	-

NOTES
ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2012 (Cond.)

	As at 31st March 2012		As at 31st March 2011	
	Non Current (₹)	Current (₹)	Non Current (₹)	Current (₹)
769,440 Zero Coupon Compulsory Convertible Debentures Series "B" of ₹ 100 each	**76,944,000**	-	76,944,000	-
407,703 Zero Coupon Compulsory Convertible Debentures Series "D" of ₹ 100 each	**40,770,300**	-	40,770,300	-
176,600 0.0001% Series A Optinally Convertible Debentures of ₹ 100 each	**17,660,000**	-	-	-
TOTAL	**14,138,254,381**	**1,720,575,754**	9,131,101,417	53,938,817

a i) The loans of ₹ 9,248,035,542 from Financial Institutes and from banks secured by Equitable Mortgage of deposit of Title deeds in respect of certain immovable properties and by hypothecation of rentals receivable from s.

ii) The loans of ₹ 6,410,515,902 from Financial Institutes and from banks secured by Equitable Mortgage of deposit of Title deeds in respect of certain immovable properties goods, movable properties, including movable machinery, machinery spares, tools and accessories both present and future of the respective entities.

b Vehicle Loans are secured by the hypothecation of vehicles.

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

i) Pallazzio Leisure & Hotels Limited will start repayment of loans of ₹ 1,250,000,000 from the third Quarter of the FY 2012 - 13. The repayment will be @ 2% annually of the Loan Drawdown amount.

ii) Grace Works Realty & Leisure Private Limited will repay the loans of ₹ 1,150,000,000 as follows FY 2012 -13 ₹ 100,000,000, FY 2013 - 14 ₹ 1,050,000,000

2) Repayment of Loans from Banks will be as under:

i) Pallazzio Leisure & Hotels Limited will start repayment of loans of ₹ 4,010,515,902 from the third Quarter of the FY 2012 - 13. The repayment will be @ 2% annually of the Loan Drawdown amount.

ii) Phoenix Mills Limited will repay the loans of ₹ 3,000,000,000 as follows FY 2012 -13 ₹ 388,500,000, FY 2013 - 14 ₹ 544,500,000, FY 2014 - 15 ₹ 627,000,000, 2015 - 16 ₹ 708,000,000, FY 2016 - 2017 ₹ 732,000,000.

iii) Vamona Developers Private Limited will repay the loans of ₹ 4,373,180,787 in next six years starting from FY 2012-13 in the ratio of 2%, 9%, 10%, 14%, 17% & 48% respectively.

iv) Upal Developers Private Limited will repay the loans of ₹ 985,845,798 in 100 accelerated monthly equated instalments from May, 2011 to August, 2019; Rate of interest as on 31-03-2012 is 13.50% p.a.

v) Blackwood Developers Private Limited will repay loans of ₹ 889,008,957 in 120 accelerated equated monthly instalments from April, 2012 to March, 2022, Interest as on 31.03.2012 is 13% p.a.

3) Vehicle Loans are repayable within 3 to 5 years.

4) Repayment Terms of Debentures are as under:

i) Pallazzio Hotels & Leisure Limited has issued 6,35,294 Non Cumulative Unsecured Compulsory Convertible Debentures "Series A" of face value of ₹ 100 each at a premium of ₹ 664.26 per Debenture during the FY 2007- 08. As per debenture certificate, the investors have the option to convert each Debenture into one equity share of the Company of ₹ 100 at any time on or after 1.4.2016. The Debenture shall carry Zero Coupon till 31.03.2016 and for the period of non conversion after 31.3.2016, not more than 2% p.a., as may be decided by the Company. At the end of the 10th year from the date of the issue, each Debenture will compulsorily convert into one equity share of ₹ 100 of the Company.

ii) 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 the Company of ₹ 100 at any time on or after 1.4.2015. The Debenture shall carry Zero Coupon till 31.03.2015 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 the Company. On 01.04.2017 each Debenture will compulsorily convert into one equity share of ₹100 of the Company.

iii) 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 FY 2009-10. As per debenture certificate, the investors have the option to convert each Debenture into one equity share of the Company of ₹ 100 at any time on or after 1.4.2016. The Debenture shall carry Zero Coupon till 31.03.2016 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 the Company. 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 the company.

iv) Grace Works Realty & Leisure Private Limited has issued 0.0001% Series A Optionally Convertible Debentures have an option to convert the debentures into equity shares on or after February, 2015. Each denbenture is convertible into equity shares of ₹10 each fully paid at price not less than fair market value as on the date of conversion. The company has an option to redeemed the shares in one or more trenches at the redemption premium not exceeding ₹ 10/- per OCD.

ALL ROADS LEAD TO A PHOENIX MARKETCITY

NOTES
ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2012 (Cond.)

	As at 31st March 2012		As at 31st March 2011	
	Non Current (₹)	Current (₹)	Non Current (₹)	Current (₹)
NOTE "5"				
TRADE PAYABLES				
Micro, Small & Medium Enterprises	-	-	-	-
Others	-	688,720,606	114,896,617	691,302,062
TOTAL	-	688,720,606	114,896,617	691,302,062

	As at 31st March 2012 (₹)	As at 31st March 2011 (₹)
NOTE "6"		
OTHER LONG - TERM LIABILITIES		
Security Deposit from Licensees	1,018,879,035	808,334,121
TOTAL	1,018,879,035	808,334,121

	As at 31st March 2012		As at 31st March 2011	
	Non Current (₹)	Current (₹)	Non Current (₹)	Current (₹)
NOTE "7"				
PROVISIONS:				
PROVISION FOR EMPLOYEE BENEFITS				
Gratuity	5,485,896	1,693,720	5,896,941	313,042
Leave Encashment	9,560,217	587,223	13,973,985	1,925,577
Other Provisions				
Provision for Income Tax (Net of TDS)	-	23,838,724	-	34,173,481
Proposed Dividend	-	289,690,890	-	260,721,801
Tax on Proposed Dividend	-	46,987,863	-	42,295,594
Other Provisions	-	35,277,515	-	396,024
TOTAL	15,046,113	398,075,935	19,870,926	339,825,519

	As at 31st March 2012 (₹)	As at 31st March 2011 (₹)
NOTE "8"		
SHORT TERM BORROWINGS:		
Secured		
Loan from Bank	328,602,152	399,971,935
Unsecured		
Loan from Bank	299,910,089	-
Loan from others	196,752,940	33,037,235
TOTAL	825,265,181	433,009,170
Out of total secured loan, loan of ₹ 6,568,717 is secured against Fixed Deposit of ₹ 50,000,000, and balance loan of ₹ 322,033,435 is secured by future Lease Rent Receivables and a pari passu mortgage charge over the land and building of the project of Phoenix Marketcity at Viman Nagar, Pune		

NOTES
ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2012 (Cond.)

	As at 31st March 2012 (₹)	As at 31st March 2011 (₹)
NOTE "9"		
OTHER CURRENT LIABILITIES		
Current maturities of long-term borrowings	1,720,575,754	53,938,817
Interest accrued but not due on borrowings	19,732,187	1,621,339
Interest accrued and due on borrowings	43,977,062	7,967,073
Application money received for allotment of securities	8,499,000	28,456,477
Other payables		
Statutory Dues	188,047,136	219,056,137
Deposit received from Customers	134,989,607	64,120,879
Other Payable	815,566,027	64,777,250
Sundry Creditors	417,906,899	232,991,859
Retention Money	10,995,300	10,364,940
Income received in advance	1,532,699	481,969,596
Unpaid Dividends*	12,026,352	7,215,720
Share Application Money Refundable	73,140	-
TOTAL	**3,373,921,163**	1,172,480,087

* These figures do not include any amounts, due and outstanding to be credited to Investor Education & Protection Fund.

NOTE "10"
FIXED ASSETS

(Amount in ₹)

Description	GROSS BLOCK [AT COST]					DEPRECIATION					NET BLOCK	
	As at 01.04.2011	Opening balances Acquired during the year	Additions of company	Deductions/ Adjustments	As at 31.03.2012	As at 01.04.2011	Opening balances Acquired during the year	For the year	Deductions/ Adjustments	As at 31.03.2012	As at 31.03.2012	As at 31.03.2011
Tangible Assets												
Freehold Land	2,275,439,930*	432,060,148	85,460,214	356,459,448	2,436,500,844	-	-	-	-	-	2,436,500,844	2,275,439,930
Right on Leasehold Land	69,761,432 *	-	-	-	69,761,432	4,744,248	-	42,359	-	4,786,607	64,974,825	65,017,184
Buildings	5,336,861,713 *	-	2,922,888,782	14,990,654	8,244,759,841	680,811,987	-	295,857,888	6,835,290	969,834,585	7,274,925,256	4,656,049,726
Plant & Machinery	657,059,011 *	-	129,414,710	909,902	785,563,820	84,304,923	-	58,772,041	214,188	142,862,776	642,701,044	572,754,087
Motor Car, Lorries & Vehicles	39,531,424	-	10,888,403	1,528,246	48,891,581	23,369,993	-	6,267,098	1,119,625	28,517,467	20,374,115	16,161,431
Office Furniture &Equiptment	494,728,915	2,822,985	1,297,499,423	5,747,643	1,789,303,680	151,775,760	825,736	202,806,171	2,776,258	352,631,408	1,436,672,272	342,953,155
TOTAL (A)	**8,873,382,424**	**434,883,133**	**4,446,151,532**	**379,635,893**	**13,374,781,198**	**945,006,911**	**825,736**	**563,745,556**	**10,945,361**	**1,498,632,843**	**11,876,148,355**	**7,928,375,513**
Intangible Assets												
Software	6,406,848	-	2,027,080	-	8,433,928	2,606,150	-	1,500,047	-	4,106,197	4,327,731	3,800,698
TOTAL (B)	**6,406,848**	-	**2,027,080**	-	8,433,928	**2,606,150**	-	**1,500,047**	-	4,106,197	4,327,731	**3,800,698**
TOTAL (A+B)	**8,879,789,272**	**434,883,133**	**4,448,178,612**	**379,635,893**	**13,383,215,126**	**947,613,061**	**825,736**	**565,245,603**	**10,945,361**	**1,502,739,040**	**11,880,476,086**	**7,932,176,211**
Previous Year	7,954,572,116		1,408,514,524	483,297,368	8,879,789,273	633,374,217	-	316,033,290	1,794,445	947,613,061	7,932,176,212	7,321,197,919
Capital Work in Progress											13,591,018,942	10,997,308,446

Notes :
1) * Amount added on Revaluation (as at 31.03.1985) ₹18,48,43,610 (Net of Depreciation). Refer to Note No. 29
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 ₹127,10,30,596 (P.Y. ₹ 149,28,81,897). Refer to Note No. 33.
5) Depreciation of ₹45,20,990 (P.Y. 1,659,730) capitalised during the year.
6) Depreciation of ₹ 29,83,632 (P.Y. 696,136) transferred to Profit & Loss Account from pre-operaive expenses.
7) Deduction in freehold land Represent Cost of Land transferred to Work-In-Progress, on account of certain properties under construction/ development, for sale.

ALL ROADS LEAD TO A PHOENIX MARKETCITY

NOTES
ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2012 (Cond.)

	(₹)	As at 31st March 2012 (₹)	(₹)	As at 31st March 2011 (₹)
NOTE "11" **NON CURRENT INVESTMENTS**				
Trade Investments				
(i) Investment in Government Securities : (Unquoted)				
3% Conversion Loan deposited with the Collector of Central Excise (Face Value ₹ 21,500)	-		13,734	
12 years National Savings Certificates	-		12,050	
(Deposited with State Government and Excise Authorities as security)				
6 years- National Savings Certificates VIII Issue	-		5,000	
(Deposited for Ration Shop License)				
7 years - National Savings Certificates	-		5,160	
(Deposited with State Government and other authorities as security)		-		35,944
(ii) Equity instruments (Unquoted)				
Investment in Associates : ₹ 10/- each Fully Paid up				
5,000 (P.Y. 5000) Bartraya Mall Development Co. Pvt. Ltd	**1,845**		6,652	
2,246,588 (P.Y. 2,246,588) Classic Mall Development Pvt. Ltd.	**465,041,358**		447,062,313	
3,334 (P.Y. 3,334) Classic Housing Projects Pvt. Ltd.	**435,326**		33,340	
25,356,940 (P.Y. 25,356,940) Entertainment World Developers Ltd	**586,643,597**		586,054,097	
25,000 (P.Y. 25,000) Escort Developers Pvt. Ltd.	**15,933,417**		15,946,547	
13,891 (P.Y. 10,558) Island Star Mall Developers Pvt. Ltd.	**131,282,057**		29,191,710	
Nil (P.Y. 4,500) Juniper Developers Pvt. Ltd.	-		20,623	
7,265,080 (P.Y. 7,265,080) Offbeat Developers Pvt. Ltd.	**530,274,088**		466,856,213	
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 Limited.	**24,983,285**		24,983,285	
2,070,800 (P.Y. Nil) Gangetic Hotels Pvt. Ltd.	**104,170,000**		-	
15,015 (P.Y. Nil) Star Board Hotels Pvt. Ltd.	**150,150**		-	
5,000 (P.Y. Nil) Mirabel Entertainment Pvt Ltd.	**797,610**		-	
		1,923,899,145		1,634,341,192
(iii) Preference shares				
Investment in Associates : ₹ 10/- each Fully Paid up				
11,364,811 (P.Y. 8,690,644) Compulsory Convertible Preference Shares of Island Star Mall Developers Pvt. Ltd.	**475,761,888**		334,699,723	

NOTES
ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2012 (Cond.)

	(₹)	As at 31st March 2012 (₹)	(₹)	As at 31st March 2011 (₹)
1,000,000 (P.Y. 1,000,000) 7% Cumulative Optionally Convertible Preference Shares fully paid up of Galaxy Entertainment India Limited.	**10,000,000**		10,000,000	
250,000 (P.Y. 250,000) 7% Cumulative Optionally Convertible Preference Shares each Re. 0.50 paid up of Galaxy Entertainment India Limited.	**125,000**		125,000	
		485,886,888		344,824,723
(iv) (Compulsorily Fully Convertible Debentures of ₹ 10/- each fully paid-up)				
100,000,000 (P.Y. 100,000,000) Treasure World Developers (India) Pvt. Ltd.	**1,000,000,000**		1,000,000,000	
(Optionally Convertible Debentures of ₹ 100/- each fully paid-up)				
1,112,000 (P.Y. 800,000) Classic Housing Projects Pvt. Ltd.	**111,200,000**		80,000,000	
		1,111,200,000		1,080,000,000
(v) Investment in Capital of Partnership Firm				
Phoenix Construction Company		**20,721,481**		20,013,913
(vi) 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	
2500 (P.Y. Nil) shares of The Saraswat Co-op Bank Ltd	**25,000**	**27,750**	-	2,750
Other Investments (Investments in other company)				
(i) Equity instruments of face value of ₹ 10 each - (Quoted)				
7,265 (P.Y. 7,265) I.C.I.C.I. Bank Limited *	**260,250**		260,250	
20 (P.Y. 20) Clariant Chemicals (India) Ltd.	**200**		200	
1,949,091 (1,949,091) Graphite India Limited face value of ₹ 2 each	**417,427,843**		417,427,734	
584,727 (P.Y. 584,727) GKW Limited	**56,330,654**		56,330,654	
59 (P.Y. 59) Syngenta AG Ordinary shares fully paid up	**159,596**		159,596	
3,686,484 (P.Y. 3,686,484) Galaxy Entertainment Corporation Limited.	**37,691,661**		56,640,811	
		511,870,204		530,819,245

NOTES
ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2012 (Cond.)

	(₹)	As at 31st March 2012 (₹)	(₹)	As at 31st March 2011 (₹)
Equity instruments - (Unquoted)				
10 (P.Y. 10) Treasure World Developers (India) Pvt. Ltd.	8,500		8,500	
Nil (P.Y. 2,974) Imperial Chemical Industries Plc. Ordinary shares of 1 Pound each fully paid up	-		155,002	
		8,500		163,502
TOTAL		4,053,613,968		3,610,201,269

	As at 31st March 2012 (₹)	As at 31st March 2011 (₹)
1. Aggregate value of Quoted Investments:		
Book Value	511,870,204	530,819,245
Market Value	486,968,066	520,801,505
2. Aggregate book value of other Unquoted Investments:	3,541,743,764	3,079,382,024

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

	(₹)	As at 31st March 2012 (₹)	(₹)	As at 31st March 2011 (₹)
NOTE "12" DEFERRED TAX ASSETS (NET)				
Deferred Tax Assets				
Disallowance u/s 43B and Others	3,186,172		2,779,284	
Provision for Doubtful debts and advances	19,547,777		5,543,381	
Carry Forward of Business Loss & House Property Loss*	170,940,768		-	
Unabsorbed Depreciation	63,227,917		-	
Difference between Book and Tax Depreciation	-		564,136	
		256,902,634		8,886,801
Deferred Tax Liability		-		
Difference between Book and Tax Depreciation	9,897,819		-	
		9,897,819		-
TOTAL		247,004,815		8,886,801

*Virtual certainity of the realization of Deferred Tax Assets on Carry Forward Losses is established based on agreements.

NOTES
ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2012 (Cond.)

	As at 31st March 2012		As at 31st March 2011	
	Non Current (₹)	Current (₹)	Non Current (₹)	Current (₹)
NOTE "13" **LOANS AND ADVANCES**				
Secured, considered Good				
Loans to Related Parties#	**300,000,000**	**-**	-	-
Unsecured and considered Good				
Loans to Related Parties#	**-**	**-**	-	70,013,397
Deposits to Related Parties#	**2,254,462,681**	**-**	-	-
Security Deposits	**65,837,131**	**4,512,410**	55,270,437	-
Other Deposits	**2,585,942**	**-**	-	-
Inter Corporated Deposits				
Inter Corporate Deposits - Related Parties#	**-**	**-**	479,275,000	15,000,000
Inter Corporate Deposits - Others	**2,000,000**	**528,233,739**	2,000,000	400,811,678
Advances recoverable in cash or kind	**85,749,655**	**243,116,087**	737,775,723	264,039,854
Prepaid Expenses	**555,316**	**3,002,474**	96,491	961,064
Share/Debenture Application Money Pending Allotment				
With Related Parties#	**204,524,785**	**-**	434,180,628	-
To Others	**150,574,541**	**-**	1,450,304,788	-
Capital Advances - Related Parties#	**1,653,685,176**	**-**	-	-
Capital Advances - Other	**368,967,762**	**-**	398,309,064	-
Advance income tax (net of provision for taxation)	**4,513,832**	**34,724,681**	-	30,777,867
Loan to employee	**-**	**4,759,735**	-	1,526,451
Balance with statutory/government authorities	**6,397,807**	**126,559,404**	-	47,227,907
TOTAL	**5,099,854,628**	**944,908,530**	3,557,212,131	830,358,218

Refer Note No. 34 for details

	As at 31st March 2012 (₹)	As at 31st March 2011 (₹)
NOTE "14" **OTHER NON CURRENT ASSETS**		
Non - Current Portion of Cash & Cash Equivalents	**207,003,793**	205,491,657
Others		
Interest Accrued on Fixed Deposits	**11,013,336**	4,033,877
TOTAL	**218,017,129**	209,525,534

NOTES
ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2012 (Cond.)

	(₹)	As at 31st March 2012 (₹)	(₹)	As at 31st March 2011 (₹)
NOTE "15" **CURRENT INVESTMENTS**				
(Valued at lower of cost and Market Value/ Fair Value)				
Investments in Mutual Funds units of ₹10/- each				
38,907 (P.Y. Nil) - Reliance Mid Term Fund,	665,153		-	
3,705 (P.Y. Nil) - Reliance Money Manager Fund , units of ₹ 1,000 each	3,709,171		-	
13,935,304 (P.Y. Nil) BSL Interval Income Fund - INSTL - Qtrly - Sr1	139,403,212		-	
19,490,658 (P.Y. Nil) BSL Short Term FMP Series 22	194,906,580		-	
1,938,956 (P.Y. Nil) Fidelity Cash Fund Super IP Option DDR	19,841,347		-	
122,146 (P.Y. Nil) DSP Money Manager Fund-DD units of ₹1,000/- each	122,244,276		-	
1,082,34,701 (P.Y. Nil) Kotak Floater Long Term - Fund units of ₹100/- each	108,234,701		-	
7,101,924 (P.Y. Nil) Tata Floater Fund - Dividend	71,272,072		-	
55,195 (P.Y. Nil) UTI Money Market Fund- Dividend units of ₹1,000/- each	55,382,553		-	
8,782,098 (P.Y. Nil) - BSL - Interval Income - INSTL - Qtly	100,000,000		-	
Nil (P.Y. 272,306) Birla Sunlife Cash Manager Fund	-		2,723,875	
Nil (P.Y. 201,861) Birla Sunlife Cash Plus Fund	-		2,022,547	
Nil (P.Y. 9,285,200) Birla Sunlife Fmp Series - 7	-		92,852,000	
Nil (P.Y. 101,336) Birla Sunlife Ultra Short Term Fund	-		1,013,917	
Nil (P.Y. 4,900,000) BNP Paribas Fixed Term Fund Ser 19E	-		49,000,000	
Nil (P.Y. 2,229,967) BSL Floating Rate Fund - Long Term -IWD	-		22,310,251	
Nil (P.Y. 4,000,000) BSL Short Term FMP Series 11-Div	-		40,000,000	
Nil (P.Y. 16,568,362) BSL Short Term FMP - Series 6 Div	-		165,683,620	
Nil (P.Y. 18,004,680) DSP Black Rock 3M - Series 23	-		180,046,800	
Nil (P.Y. 6,037,049) Fidelity FMP Series 5 - Plan D - Dividend	-		60,370,497	
Nil (P.Y. 14,769,152) Kotak Quarterly Interval Plan - Series 10	-		147,691,528	
Nil (P.Y. 2,000,000) SBI Debt Fund Series-90 days-39 Dividend	-		20,000,000	
Nil (P.Y. 1,000,000) SBI Debt Fund Series-90 days-40 Dividend	-		10,000,000	
Nil (P.Y. 2,007,738) SBI SHF Ultra Short Term Fund - Institutional Plan	-		20,089,427	
Nil (P.Y. 7,848,190) Birla Sunlife Short Term Fmp Series - 5	-		78,481,907	
Nil (P.Y. 3,000,000) Birla Sunlife Short Term Fmp Series - 8	-		30,000,000	
Nil (P.Y. 2,276,978) ICICI Prudential Mf Qtrly Interval Plan III	-		22,769,775	
Nil (P.Y. 5,000,000) Tata Fixed Maturity Plan - Short Term	-		50,000,000	
Nil (P.Y. 18,019,978) Kotak Credit Opp.Fund - Growth	-		181,333,233	
		815,659,065		1,176,389,377
TOTAL		815,659,065		1,176,389,377
Aggregate value of Investments in Mutual Funds		815,659,065		1,176,389,377

NOTES

ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2012 (Cond.)

	As at 31st March 2012 (₹)	As at 31st March 2011 (₹)
NOTE "16" **INVENTORIES**		
Realty Work- In- Progress	2,456,731,789	1,178,356,812
Stores and spares	59,588,996	3,239,679
TOTAL	2,516,320,785	1,181,596,491

	(₹)	As at 31st March 2012 (₹)	(₹)	As at 31st March 2011 (₹)
NOTE "17" **TRADE RECEIVABLES**				
Trade receivables outstanding for a period exceeding six months from the date they are due for payment				
Unsecured, considered good	149,014,979		135,529,392	
Unsecured, considered doubtful	89,983,877		17,085,471	
Less: Provision for doubtful debts	(60,248,965)		(17,085,471)	
		178,749,891		135,529,392
Trade receivables outstanding for a period less than six months from the date they are due for payment				
Unsecured, considered good	438,847,810		825,852,878	
		438,847,810		825,852,878
TOTAL		617,597,701		961,382,270

	As at 31st March 2012 (₹)	As at 31st March 2011 (₹)
NOTE "18" **CASH & CASH EQUIVALENTS:**		
Balances with banks		
In current accounts	372,397,055	771,556,728
Deposits with original maturity of less than three months	531,124,559	-
in unpaid devidend account	12,026,350	7,215,718
Cash on hand	2,290,007	1,905,875
Cheques on hand	30,000,000	
Others	51,745,221	35,244,205
TOTAL	999,583,192	815,922,526

NOTE "19" **OTHER CURRENT ASSETS**		
Interest accrued but not due on Fixed Deposit	3,241,722	11,447
Other Interest	142,622,523	95,104,485
TOTAL	145,864,245	95,115,932

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NOTES
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	2011-12 (₹)	2010-11 (₹)
NOTE "20" **SALES & SERVICES**		
Sales		
From Realty Sales	**681,977,448**	170,571,835
From Cloth Sales	**6,631,003**	17,557,684
License Fees and Rental Income	**1,975,289,592**	1,330,138,775
Service Charges	**969,356,547**	531,426,780
Income from Events	**32,884,764**	51,971,080
TOTAL	**3,666,139,354**	2,101,666,154

	(₹)	2011-12 (₹)	2010-11 (₹)
NOTE "21" **OTHER INCOME**			
Dividend Income			
Current (other than trade)	**22,188,921**		55,633,091
Long Term (other than trade)	**7,241,888**		7,341,069
		29,430,809	62,974,160
Profit on sale of Investments		**21,970,449**	1,795,847
Interest		**364,330,029**	107,056,854
Compensation on Relinquishment of rights		**26,910,000**	100,051,250
Miscellaneous Receipts		**3,565,763**	15,344,240
TOTAL		**446,207,050**	287,222,351

NOTE "22" **COST OF MATERIALS/CONSTRUCTION AND VARIATION IN INVENTORY**			
Cloth Trading			
Purchase for resale	**6,365,036**		12,520,072
Variation in Inventory			
Stocks at commencement	**-**		3,053,138
Stocks at close	**-**		-
Net (Increase)/Decrease	**-**		3,053,138
		6,365,036	15,573,210
Realty Sales			
Opening Work In Progress	**1,178,356,812**		-
Land Cost - transferred from Fixed Assets	**799,632,230**		480,548,342
Construction & Other related costs transferred from capital work in progress	**481,623,695**		732,906,078
	2,459,612,737		1,213,454,420
Less : Closing work in progress	**2,100,272,341**		1,178,356,812
		359,340,396	35,097,608
TOTAL		**365,705,430**	50,670,818

NOTES
ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2012 (Cond.)

	2011-12 (₹)	2010-11 (₹)
NOTE "23" **EMPLOYEE COSTS**		
Salaries, Wages & Bonus	**192,742,598**	132,199,756
Gratuity and Leave encashment	**2,537,049**	2,934,919
Contribution to Provident Fund & Other Funds	**2,288,456**	1,615,679
Staff Welfare Expenses	**8,643,521**	4,109,345
TOTAL	**206,211,624**	140,859,700

	(₹)	2011-12 (₹)	2010-11 (₹)
NOTE "24" **OPERATING AND OTHER EXPENSES**			
Electricity (Net)		**230,205,335**	46,100,296
Repairs and Maintenance:-			
Buildings	**43,796,515**		31,641,494
Machinery & Vehicles	**29,916,545**		22,566,810
Others	**24,228,885**		15,853,811
		97,941,945	70,062,115
Foreign Exchange (Gain)/Loss		**3,289,705**	1,251,573
Insurance		**10,381,749**	9,827,345
Rent		**10,547,714**	22,607,346
Rates & Taxes		**69,437,542**	42,444,508
Water Charges		**23,063,423**	13,134,172
Communuication expenses		**3,193,823**	4,922,888
Postage & Courier		**526,163**	440,094
Prinitng & stationary expenses		**1,752,791**	2,325,534
Legal and Professional charges		**62,951,231**	34,236,627
Travelling Expenses		**10,295,827**	7,684,393
Auditors' Remuneration		**6,912,321**	4,188,767
Directors' Remuneration and sitting fees		**6,293,520**	21,081,406
Donation		**4,968,334**	1,521,345
Loss on Assets Sold/Discarded		**9,738,990**	418,716
Prior Period Expenses		**1,994,092**	560,533
Advertisement & Sales Promotion		**138,144,171**	60,890,250
Bank charges		**1,175,307**	2,193,297
Brokerage		**424,866**	-
Bad debts & Sundry balances written off	**5,575,478**		-
Provision for Doubtful Debts & Advances/(written back)	**43,163,494**	**48,738,972**	40,813,170
Parking Expenses		**11,167,558**	-
Mall Management Fee		**16,152,880**	-

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NOTES
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	(₹)	2011-12 (₹)	2010-11 (₹)
Security Charges		**61,221,762**	35,722,561
Housekeeping Expenses		**59,074,011**	24,823,825
Other Miscellaneous Expenses		**77,737,836**	57,299,908
Miscellaneous Expenditure written off		**11,472,141**	-
Assets written off		**1,352,325**	-
TOTAL		**980,156,334**	504,550,669

	2011-12 (₹)	2010-11 (₹)
NOTE "25" **INTEREST AND FINANCE CHARGES**		
Interest on fixed loans	**854,011,715**	217,470,638
Interest on other loans	**13,417,082**	10,152,840
Finance Charges	**76,460,579**	-
TOTAL	**943,889,376**	227,623,478

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

Name of Subsidiaries	Country of Incorporation	Proportion of ownership interest 2011-12	Proportion of ownership interest 2010-11
Alliance Hospitality Private Limited (w.e.f. 23.01.2012) (Subsidiary of PHCPL)	India	**31.33%**	Nil
Bellona Finvest Limited	India	**100%**	100%
Big Apple Real Estate Private Limited (BAREPL)	India	**77.20%**	73.47%
Blackwood Developers Private Limited (Subsidiary of BAREPL)	India	**77.20%**	73.47%
Butala Farm Lands Private Limited	India	**100%**	100%
Enhance Holdings Private Limited (formerly Kalani Holdings Private Limited)	India	**100%**	100%
Grace Works Realty and Leisure Private Limited (w.e.f. 23.01.2012) (Subsidiary of PHCPL)	India	**44.02%**	Nil
Gangetic Developers Private Limited (Subsidiary of BAREPL)	India	**45.25%**	43.06%
Marketcity Resources Private Limited	India	**100%**	100%
Market City Management Private Limited	India	**100%**	54.69%
Mugwort Land Holdings Private Limited (formerly Mugwort Developers Private Limited) (w.e.f. 31.08.2011)	India	**94.86%**	Nil
Pallazzio Hotels and Leisure Limited	India	**100%**	100%

NOTES

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Name of Subsidiaries	Country of Incorporation	Proportion of ownership interest 2011-12	Proportion of ownership interest 2010-11
Palladium Constructions Private Limited	India	**62.98%**	62.98%
Pinnacle Real Estate Development Private Limited	India	**100%**	66.67%
Platinum Spaces Private Limited (formerly Platinum Hospitality Private Limited) (w.e.f. 23.01.2012) (Subsidiary of PHCPL)	India	**35.84%**	Nil
Plutocrat Assets & Capital Management Private Limited	India	**100%**	100%
Phoenix Hospitality Company Private Limited (formerly Atlas Hospitality Company Private Limited) (PHCPL) (w.e.f. 23.01.2012)	India	**56.92%**	Nil
Sangam Infrabuild Corporation Private Limited (w.e.f. 16.03.2012) (Subsidiary of BAREPL)	India	**76.94%**	Nil
Upal Developers Private Limited (Subsidiary of BAREPL)	India	**48.25%**	45.92%
Vamona Developers Private Limited	India	**58.55%**	58.55%

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

Name of Associate companies	Country of Incorporation	Proportion of ownership interest 2011-12	Proportion of ownership interest 2010-11
Bartraya Mall Development Co. Pvt. Ltd.	India	**50.00%**	50.00%
Classic Housing Projects Pvt. Limited	India	**32.00%**	32.00%
Classic Mall Development Company Pvt. Ltd.	India	**29.18%**	29.18%
Entertainment World Developers Ltd.	India	**40.28%**	40.28%
Escort Developers Pvt. Ltd.	India	**50.00%**	50.00%
Galaxy Entertainment Corporation Ltd.	India	**23.56%**	23.56%
Galaxy Entertainment (India) Pvt. Ltd.	India	**49.02%**	49.02%
Gangetic Hotels Private Limited (w.e.f. 23.01.2012)	India	**27.66%**	Nil
Island Star Mall Developers Pvt. Ltd.	India	**44.62%**	30.58%
Juniper Developers Pvt. Ltd.	India	**Nil**	45.00%
Mirabel Entertainment Private Limited (w.e.f. 23.01.2012)	India	**33.34%**	Nil
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) (w.e.f. 23.01.2012)	India	**27.32%**	Nil

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NOTES
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Investments in Associates include:

Name of Associates	Cost of Acquisition 2011-12 (₹)	Goodwill/ (Capital Reserve) included in cost of acquisition 2011-12 (₹)	Cost of Acquisition 2010-11 (₹)	Goodwill/ (Capital Reserve) included in cost of acquisition 2010-11 (₹)
Bartraya Mall Development Co. Pvt. Ltd.	**50,000**	**Nil**	50,000	Nil
Classic Housing Projects Pvt. Limited	**33,340**	**88,591**	33,340	88,591
Classic Mall Development Company Pvt. Ltd.	**249,966,918**	**29,077,445**	249,966,918	29,077,445
Entertainment World Developers Ltd.	**579,270,269**	**245,909,486**	579,270,269	245,745,102
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)
Gangetic Hotels Private Limited	**69,450,139**	**(48,790,536)**	Nil	Nil
Island Star Mall Developers Pvt. Ltd.	**362,459**	**(655,437,845)**	165,132	(478,059,611)
Juniper Developers Pvt. Ltd.	**Nil**	**Nil**	46,620	5,067
Mirabel Entertainment Private Limited	**35,687**	**(359,399)**	Nil	Nil
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)	**85,465**	**93,642**	Nil	Nil

28. Contingent liabilities not provided for in respect of:-

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

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

iii) Disputed TDS liability amounting to ₹ 5,785,750 (P.Y. ₹ Nil)

iv) Outstanding guarantees given by Banks ₹ 25,793,750 (P.Y. ₹ 243,454,883).

v) Estimated amount of contracts remaining to be executed on capital account and not provided for in the accounts is ₹ 2,328,173,908 (P.Y. ₹ 2,599,432,323) net of advance paid.

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

vii) The Income tax assessments of the Company have been completed up to Assessment Year 2009-10. The disputed tax demand outstanding upto the said Assessment Year is ₹ 51,996,382. 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.

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29. 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 ₹ 1,005,006 (P.Y. ₹ 962,748) 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.

30. Service Tax :

The matter of the levy of service tax on renting of immovable property has been subjudice. The case of Home Solution Retailers of India and others v/s. Union of India and others [Delhi], had again challenged the constitutional validity of Section 65(105) (zzzz) of the Finance Act, 1994 as amended by the Finance Act, 2010. Citing the reason of the matter being subjudice, many licensees had not paid the service tax component billed to them and accordingly in such cases, the Company too, has not deposited the service tax with the Government. Honorable Supreme Court in the case of appeal filed by Retailers Association of India (RAI) vide it's order dated 14th October, 2011, as on interim measure, directed association members to deposit fifty percent of the service tax dues for the period upto 30th September, 2011 with the authorities and provide surety for balance amount. The surety would be payable on the pronouncement of final verdict. Most of the licensees of the Company are members of association. To the extent, licensees have provided the Company the proof of payment of service tax and surety to government authorities, the service tax liability have been adjusted against the relevant receivables. As at 31st March, 2012, the disputed service tax for the period upto 30th September, 2011 on renting of immovable property not deposited on account on non payment by licensees amounts to ₹ 72,870,076/-. The company does not expect the outcome of the matter to have any adverse effect on its financial position or results of operations.

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

32. 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 2010-2011. 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	
			31/03/2011 (₹)	31/03/2010 (₹)
1.	The Phoenix Mills Ltd.	50%	17,069,811	17,112,243
2.	Gold Seal Holding Pvt. Ltd.	50%	14,087,609	14,130,041

The Company has accounted for its share of loss amounting to ₹ 42,432/- pertaining to the financial year 2010-2011 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.

NOTES
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33. 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	2011-12 (₹)	2010-11 (₹)
Opening Balance	**1,492,881,897**	1,229,116,906
Opening Balance of Subsidiaries acquired during the year.	**130,105,317**	Nil
TOTAL (A)	**1,622,987,215**	1,229,116,906
Expenditure		
Salary & Allowances	**81,652,657**	90,781,286
Rent, Rates & Taxes	**1,169,033**	7,041,980
Legal, Professional & Consultancy Fees	**13,483,796**	36,432,937
Travelling Expenses	**8,180,854**	4,238,028
Miscellaneous Expenses	**101,943,812**	87,295,719
Bank Charges	**4,816,404**	1,535,484
Depreciation	**4,520,990**	1,659,730
Interest	**478,180,753**	716,284,870
TOTAL (B)	**6,693,948,299**	945,270,034
Income		
Dividend income on Current Investments	**22,402,771**	43,011,736
Interest income	**2,496,641**	1,773,563
Other Income	**6,513,446**	34,785,693
TOTAL (C)	**31,412,858**	79,570,992
Grand Total (A+B-C)	**2,285,522,656**	2,094,815,948
Less : Project Development Expenses Capitalised during the year	**Nil**	459,608,402
Less: Project Development Expenses [including depreciation ₹ 29,83,632 (P.Y. ₹ 696,136)] Transferred to Profit and Loss Account/Stock Work-In-Progress.	**1,212,572,092**	142,325,649
Closing Balance	**1,072,950,564**	1,492,881,897

NOTES
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34. 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 2012 is as under:

a) RELATIONSHIPS

Category I: Associates

Bartraya Mall Development Company Private Limited

Starboard Hotels Private Limited [w.e.f. 23rd January, 2012]

(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

Island Star Mall Developers Private Limited

Gangetic Hotels Private Limited [w.e.f. 23rd January, 2012]

Mirabel Entertainment Private Limited [w.e.f. 23rd January, 2012]

Offbeat Developers Private Limited

Picasso Developers Private Limited

Ramayana Realtors Private Limited

Galaxy Entertainment Corporation Limited

Galaxy Entertainment (India) Private Limited

Category II : Other Related Parties where common control exists

B. R. International.

Phoenix Retail Private Limited

Phoenix Construction Company

Phoenix Hospitality Company Private Limited [upto 22nd January, 2012]

R.R.Hosiery Private Limited

R.R. Hosiery

R.R. Textiles

Category III : Key Managerial Personnel

Ashokkumar R. Ruia

Atul Ruia

Kiran B. Gandhi

Shishir Srivastava

Category IV : Relatives of Key Managerial Personnel

Gayatri A Ruia

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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	185,394,570	6,956,364	-	1,973,293	194,324,227
		(98,647,977)	(30,874,622)	-	(646,443)	(130,169,042)
2	Interest Received	360,874,412	-	-	-	360,874,412
		(8,509,300)	-	-	-	(8,509,300)
3	Remuneration / Salary Paid	-	-	25,739,604	-	25,739,604
		-	-	(28,406,010)	(166,129)	(28,572,139)
4	Administrative & Other Charges paid	-	5,273,796	-	-	5,273,796
		-	(18,981,644)	-	-	(18,981,644)
5	Interest Paid	-	13,459,091	-	-	13,459,091
		-	-	-	-	-
6	Loans given to	300,000,000	-	-	-	300,000,000
		(305,000,000)	-	-	-	(305,000,000)
7	Loans returned by	-	-	-	-	-
		(833,037,228)	-	-	-	(833,037,228)
8	Deposits Given	452,549,872	-	-	-	452,549,872
		(5,000,000)	(29,275,000)	-	-	(34,275,000)
9	Investment in Shares/application money pending allotment	1,950,000	-	-	-	1,950,000
		(312,639,642)	(104,768,100)	-	-	(417,407,742)
10	Purchase of Fixed Assets	400,000	179,454,545	-	-	179,854,545
		-	-	-	-	-
11	Balance written off	2,688,262	-	-	-	2,688,262
		(4,551,270)	(3,453)	-	-	(4,554,723)
12	Application Money Refund Received	64,592,975	-	-	-	64,592,975
		-	-	-	-	-
13	Sale of Land development rights	269,100,003	-	-	-	269,100,003
		(792,714,650)	-	-	-	(792,714,650)
14	Share of Profit / (Loss) from partnership firm	-	-42,432	-	-	-42,432
		-	(-329,071)	-	-	(-329,071)
15	Capita Introduced in Firm	-	750,000	-	-	750,000
		-	-	-	-	-
16	Advances Given	2,356,452,500	-	-	-	2,356,452,500
		(568,287,013)	-	-	-	(568,287,013)
17	Advances Refund by the Parties	200,000,000	-	-	-	200,000,000
		-	-	-	-	-
18	Advances Received	-	50,000	-	-	50,000
		-	-	-	-	-
19	Investment in OCD	111,200,000	-	-	-	111,200,000
		(80,000,000)	-	-	-	(80,000,000)
20	Redemption of OCD	80,000,000	-	-	-	80,000,000
		-	-	-	-	-

NOTES
ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2012 (Cond.)

c) The following balances were due from / to the related parties as on 31-03-2012 (Amount in ₹)

Sr. No.	TRANSACTIONS	Category I	Category II	Category III	Category IV	Total
1	Investment in Equity Shares / Pref shares	1,451,644,850	-	-	-	1,451,644,850
		(1,390,453,487)	-	-	-	(1,390,453,487)
2	Investment in OCD	111,200,000	-	-	-	111,200,000
		-	-	-	-	-
3	Investment in Capital of Partnership Firm	-	20,721,481	-	-	20,721,481
		-	(6,360,967)	-	-	(6,360,967)
4	Loans and Advances Given	300,000,000	-	-	-	300,000,000
		(598,287,013)	-	-	-	(598,287,013)
5	Advances Received	-	50,000	-	-	50,000
		-	-	-	-	-
6	Trade Receivables	59,365,556	7,028,170	-	-	66,393,726
		(534,572,284)	(6,065,679)	-	-	(540,637,963)
7	Trade Payables	131,957	21,924,300	-	-	22,056,257
		(131,957)	(21,924,300)	-	-	(22,056,257)
8	Deposits Received	35,000,000	-	-	300,000	35,300,000
		(35,000,000)	-	-	(300,000)	(35,300,000)
9	Deposits Given	1,846,588,681	407,874,000	-	-	2,254,462,681
		(5,000,000)	(479,275,000)	-	-	(484,275,000)
10	Application money pending allotment	204,524,785	-	-	-	204,524,785
		(151,242,975)	(1,194,918,100)	-	-	(1,346,161,075)
11	Unsecured Loans	-	-	-	-	-
		(33,037,235)	-	-	-	(33,037,235)

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

i. Rent & other recoveries include received from Phoenix Retails (P) Limited ₹ 6,280,986 (P.Y. ₹ 25,485,828), Galaxy Entertainment Corporation Limited ₹ Nil (P.Y. ₹ 4,051,091), Classic Mall Development Company (P) Limited ₹ 27,221,000 (P.Y. ₹ 16,416,000), Island Stall Mall Developers (P) Limited ₹ 67,803,570 (P.Y. ₹ 34,688,000) and Offbeat Develoers (P) Limited ₹ 88,216,000 (P.Y. ₹ 42,204,000).

ii. Interest received include received from Entertainment World Developers Limited ₹ Nil (P.Y. 587,100), Classic Mall Development Company (P) Limited ₹ 9,785,034 (P.Y. ₹ Nil), Island Star Mall Developers (P) Limited ₹ 52,387,158 (P.Y. ₹ 5,650,254) and Offbeat Developers (P) Limited ₹ 298,702,220 (P.Y. ₹ 1,697,946).

iii. Remuneration paid to Ashok Ruia ₹ 6,000,000 (P.Y. ₹ 6,129,006), Atul Ruia ₹ 6,000,000 (P.Y. ₹ 8,537,400), Kiran Gandhi ₹ 4,800,000 (P.Y. 4,800,000), Shishir Shrivastava ₹ 8,939,604 (P.Y. ₹ 8,939,604).

iv. Administrative & other expenses include paid to B.R.International ₹ Nil (P.Y. ₹13,234,561), R.R.Hosiery ₹1,953,600 (P.Y. ₹ 1,980,254) and R.R.Hosiery (P) Limited ₹ 3,320,196 (P.Y. ₹ 3,685,151).

NOTES
ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2012 (Cond.)

v. Interest paid includes interest paid B.R. International ₹ 13,459,091 (P.Y. ₹ Nil)

vi. Loan given includes loan given to Offbeat Developers (P) Limited ₹ 300,000,000 (P.Y. ₹ 205,000,000), Island Star Mall Developers (P) Limited ₹ Nil (P.Y. ₹ 100,000,000).

vii. Loan returned by parties include repayment from Entertainment World Developers Limited ₹ Nil (P.Y. ₹ 250,587,100), Offbeat Developers (P) Limited ₹ Nil (P.Y. ₹ 482,450,128), Island Star Mall Developers (P) Limited ₹ Nil (P.Y. ₹100,000,000).

viii. Deposit given to Island Star Mall Developers (P) Limited ₹ 205,000,000 (P.Y. ₹ 5,000,000), R.R.Hosiery ₹ Nil (P.Y. ₹ 20,000,000), R.R. Hosiery (P) Limited ₹ Nil (P.Y. ₹ 9,275,000) and Offbeat Developers (P) Limited ₹ 247,549,872 (P.Y. ₹ Nil).

ix. Investment in Shares/Application Money pending allotment includes Island Star Mall Developers (P) Limited ₹ Nil (P.Y. ₹ 185,053,088), Phoenix Hospitality Co (P) Limited ₹ Nil (P.Y. ₹ 104,768,100), Classic Housing Projects (P) Limited ₹ Nil (P.Y. 80,033,340), and Escort Developers (P) Limited ₹ 1,950,000 (P.Y. ₹ 5,000,000).

x. Purchase of Fixed Assets includes purchase from B.R. International ₹ 179,454,545 (P.Y. ₹ Nil).

xi. Sundry Balance Written off includes for Galaxy Entertainment Corporation Limited ₹ 2,688,262 (P.Y. ₹ 4,210,422).

xii. Application Money Refund received includes refund received from Ramayana Merchant (P) Limited ₹ 48,333,375 (P.Y. ₹ Nil) and Picasso Developers (P) Limited ₹ 16,259,600 (P.Y. ₹ Nil).

xiii. Sale of land development rights to Offbeat Developers (P) Limited ₹ 269,100,003 (P.Y. ₹ 792,714,650).

xvi. Profit / (Loss) from investment in Phoenix Construction partnership firm ₹ -42,432 (P.Y. ₹ -329,071).

xv. Capital introduced in Partnership firm includes introduced in Phoenix Construction Company ₹ 750,000 (P.Y. ₹ Nil).

xiv. Advances given towards capital Goods to Offbeat Developers (P) Limited ₹ 1,516,952,500 (P.Y. ₹ 568,287,013) and for others to Island Star Mall Developers Private Limited ₹ 607,500,000 (P.Y. ₹ Nil).

xvii. Advance Returned includes from Offbeat Developers (P) Limited ₹ 200,000,000 (P.Y. ₹ Nil).

xviii. Advance Received from Phoenix Retails (P) Limited ₹ 50,000 (P.Y. ₹ Nil).

xix. Investment in OCD includes Classic Housing Projects (P) Limited ₹ 111,200,000 (P.Y. ₹ 80,000,000).

xx. OCD reedemed of Classic Housing Projects (P) Limited ₹ 80,000,000 (P.Y. ₹ Nil)

35. Earnings per share (EPS):

	2011 -12	**2010 -11**
Net Profit after Tax (₹)	**1,056,254,367**	841,912,982
Weighted Average No. of Equity Shares	**144,845,445**	144,845,445
Nominal Value of Equity Shares	**2**	2
Basic Earning Per Share	**7.29**	5.81

NOTES
ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH 2012 (Cond.)

36. During the year, Pallazzio Hotels & Leisure Limited (wholly owned Subsidiary company) has capitalized all foreign exchange differences arising on account of long term foreign currency monetary items to CWIP.

All other exchange differences are recognized as income or as expenses in the period in which they arise.

Foreign Exchange loss on account of external commercial borrowings as per Accounting Standard 11 is Rs 15,81,75,000/- & on account of adjustments to interest cost is Rs 2,18,924/-

37. The revised schedule VI notified under the Companies Act 1956 has become applicable to the Company during the current year. The previous year figures have been regrouped, reworked, rearranged and reclassified, wherever necessary, to conform to revised schedule VI classification and are to be read in relation to the amounts and other disclosures relating to the current year.

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

Chintan A. Ghelani
Partner
M. No.: 104391

For Chaturvedi & Shah
Chartered Accountants
FRN : 101720W

Amit Chaturvedi
Partner
M. No. :103141

For and on behalf of the Board of Directors

Ashokkumar R. Ruia
(Chairman & Managing Director)

Shishir Shrivastava
(Group CEO & Jt. Managing Director)

Atul Ruia
(Jt. Managing Director)

Pradumna Kanodia
(Director Finance)

Place : Mumbai
Dated : 29th May, 2012

Shinanji Mamtani
(Company Secretary)

NOTICE

ALL ROADS LEAD TO A PHOENIX MARKETCITY

NOTICE is hereby given that the 107th ANNUAL GENERAL MEETING of the Shareholders of THE PHOENIX MILLS LIMITED will be held on Tuesday, the 21st day of August 2012 at 3.30 P.M. at Indian Merchants' Chamber, 4th Floor, Walchand Hirachand Hall, Churchgate, Mumbai - 400020 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 31st March, 2012 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, 2012.
3. To appoint a Director in place of Mr. Kiran Gandhi, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Amit Dalal, 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.

On behalf of the Board of Directors

Place: Mumbai
Date: 11th July, 2012

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 valid, 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) is annexed hereto.

4. Members desirous of obtaining any information concerning the accounts and operations of the Company are requested to address their queries to the Registered Office of the Company at least seven days before the date of the meeting, to enable the Company to make available the required information at the meeting, to the extent possible.

5. The Register of Members and Share Transfer Books will remain closed from Tuesday, 14th August, 2012 to Tuesday, 21st August, 2012 (both days inclusive).

6. Dividend for the year ended 31st March, 2012, if declared at the Annual General Meeting, shall be paid on 27th August, 2012 to those Shareholders whose names appear:
   a) As beneficial owners at the end of business day on Monday, 13th August, 2012 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, 21st August, 2012 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, 13th August, 2012 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.

NOTICE (Cont.)

8. Shareholders are requested to:
   a) Intimate the Company of changes, if any, in their registered address at an early date for shares held in physical form. For shares held in electronic form, changes, if any, may kindly be communicated to respective DPs.
   b) Quote ledger folio numbers/DP ID and Client ID numbers in all their correspondence.
   c) Approach the Company for consolidation of various ledger folios into one.
   d) Get the shares transferred in joint names, if they are held in a single name and / or appoint a nominee.
   e) Bring with them to the meeting, their copy of the Annual Report and Attendance Slip.

9. MCA's Green Initiative in Corporate Governance:

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

   It is proposed that documents like Notices of Meetings/Postal Ballot, Annual Reports, Directors' Report and Auditors' Report and other Shareholder communications will be sent electronically to the email address provided by the Shareholders and/or made available to the Company by the Depositories viz., NSDL / CDSL. Shareholders holding the shares in dematerialized form are requested to keep their Depository Participant (DP) informed and updated of any change in their email address.

   For Shares held in physical form, Shareholders can register their email address by sending a duly signed letter mentioning their name(s), folio no(s) and email address to the Company's Registrar & Transfer Agent, M/s Link Intime India Private Limited, C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (W), Mumbai - 400078 or by sending an email to phoenixmillsgogreen@linkintime.co.in or alternatively 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: Mumbai
Date: 11th July, 2012

Ashokkumar Ruia
Chairman & Managing Director

NOTICE (Cont.)

Name	Kiran Gandhi	Amit Dalal
Age	67 yrs.	49 yrs.
Qualification	B.Com, CA	B.Com, PGDBM
Profile and Experience	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 relationships. 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. Amit Dalal has worked as an investment analyst in the United States of America. He is the Whole-Time Director of Tata Investment Corporation Limited. Mr. Dalal holds a post graduate diploma in Business Management from University of Massachusetts.
Details of Directorships held in other companies.*	1. Pallazzio Hotels & Leisure Limited. 2. Shree Laxmi Woollen Mills Estate Limited.	1. Tata Investment Corporation Limited. 2. Manugraph India Limited. 3. Sutlej Textiles And Industries Limited. 4. Milestone Capital Advisors Limited. 5. H.L. Investment Company Limited.
Details of Chairmanship/ Membership held in Committees of other companies.	1. Vamona Developers Private Limited – Member - Audit Committee	1. Sutlej Textiles And Industries Limited: Member-Audit Committee & Chairman – Shareholders' Grievance Committee. 2. Tata Investment Corporation Limited: Member – Share Transfer & Investor Grievance Committee.
Shareholding in the Company as on the date of Notice.	1000 Equity Shares	NIL

*The List of Companies in which the Directors hold other directorships exclude private limited companies.

THE PHOENIX MILLS LIMITED

Registered Office:
462, Senapati Bapat Marg, Lower Parel, Mumbai - 400 013.

PROXY FORM

I / We ____

of____

being a Shareholder/Shareholders of THE PHOENIX MILLS LIMITED hereby appoint ____________________

______________________ of ______________________ or failing him/her

______________________ of ______________________ as my/our Proxy to attend and

vote for me/us and on my/our behalf at the 107th Annual General Meeting of the Company to be held on Tuesday, the 21st day of August, 2012 at 3.30 P.M. at Indian Merchants' Chamber, 4th Floor, Walchand Hirachand Hall, Churchgate, Mumbai - 400 020 and at any adjournment thereof.

Regd. Folio. No. ________________ No.of Shares held________________

Client ID No. ________________ DP ID No. ________________

Signed this________________day of________________2012.

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 107th Annual General Meeting of the Company held on Tuesday, the 21st day of August, 2012 at 3.30 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.

ALL ROADS
LEAD TO A
PHOENIX MARKETCITY

ANNUAL REPORT 2011-12

THE PHOENIX
MILLS LIMITED

Shree Laxmi Woollen Mills Estate,
2nd Floor, R.R Hosiery Bldg.,
Off Dr. E. Moses Road,
Mahalaxmi, Mumbai - 400 011

www.thephoenixmills.com

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