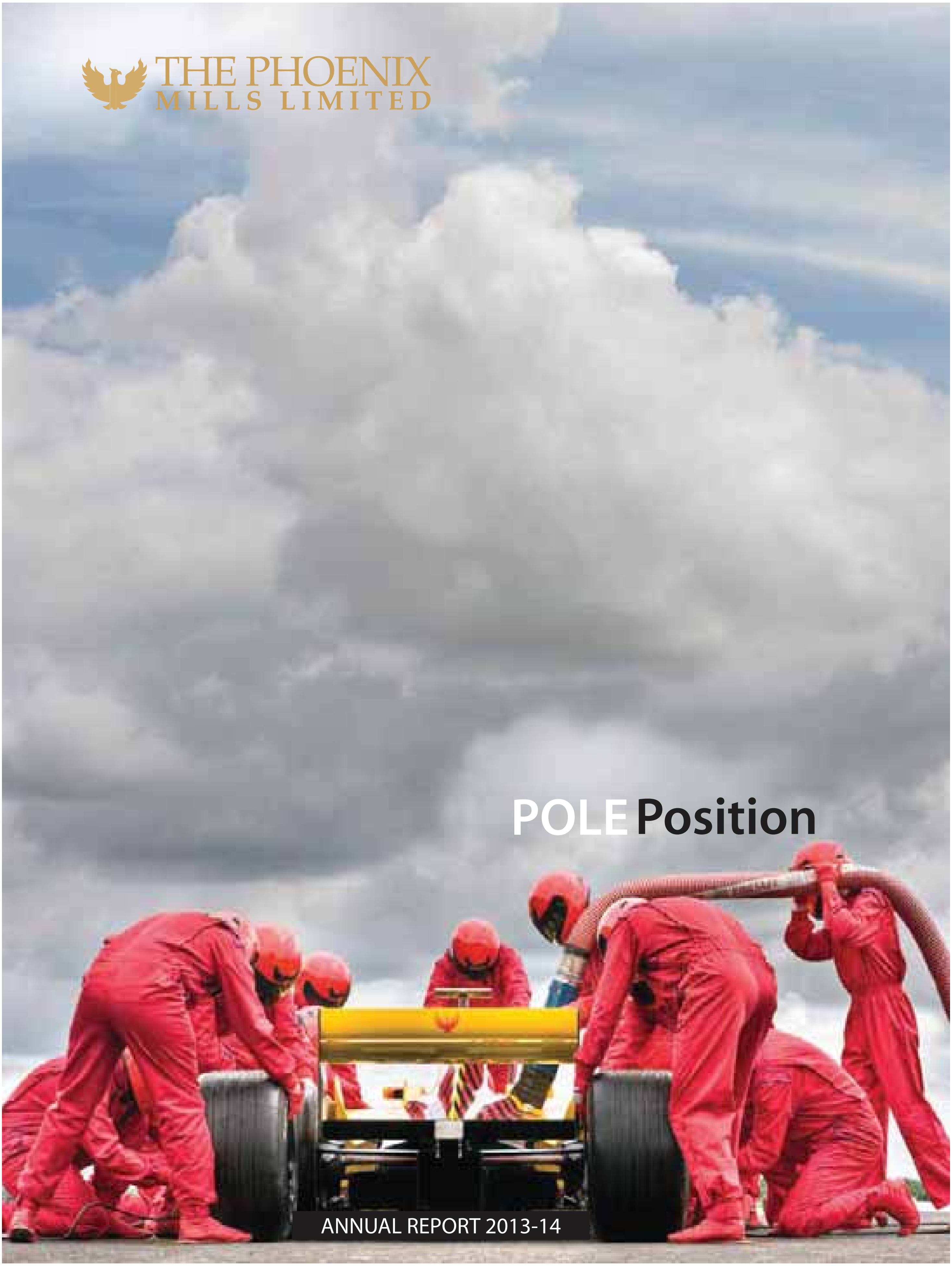
THE PHOENIX MILLS LIMITED

POLE Position

ANNUAL REPORT 2013-14




THE PHOENIX
MILLS LIMITED

RECENT PROJECTS LAUNCHED

01 Art Guild House

02 Phoenix Paragon Plaza

03 Kessaku, Bengaluru West

04 Fountainhead, Pune

POLE Position

“We have attained the Pole Position as a player within the consumption based industries of India. With strong consumption growth and impressive demand from retailers, our retail malls have become highly ‘sought after’ destinations by top-end national and international brands. These are amongst the most productive shopping centres in their respective locations, with their aggregate consumption sales surpassing some of India’s leading FMCG players. Most importantly, our creativity in developing the alternative asset classes on a build-and-sale model is also nothing short of the kind of energy we have placed behind our retail assets – and the results are showing themselves.

Our pole position gives us the privileges enjoyed in a seller’s market. Our world-class assets give us the ability to attract high-quality retailers and also earn strong rental yields, with handsome upsides and cash flows. Our pole position also allows us to engage with the best of breed stakeholders – investors, lenders and talent. This also gives us confidence to imagine and undertake larger and more ambitious projects.”

Atul Ruia
Jt. Managing Director, The Phoenix Mills Limited

“Pole position means that you are advantageously placed amongst your peers for a competitive event about to take place. But one must earn the pole position by proving the best performance in earlier event runs. PML has also earned its Pole Position by accomplishing several feats to date.”
Read more on page 32.

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.

At a Glance

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

Today, along with our investees, we have interests in 10 irreplaceable large scale retail assets – making up close to 7.0 mn sq. ft. across 8 Indian city-centres. With the launch of our prime residential and commercial properties in Bengaluru, Chennai and Pune and with the commencement of our flagship hotel, Palladium Hotel, in Mumbai, we are emerging as a leading realty company of India that is both highly integrated and asset-class diversified at the same time.

QUICK FACTS

- Listed on BSE Limited (Code: 503100)
- National Stock Exchange Limited (Symbol: PHOENIXLTD)
- 500 + Employees
- Presence in 8 cities*
- Over 100 Acres in Total Land Assets

OPERATIONAL

- 10 Malls in 8 cities
- 2 commercial centres in 2 cities
- Over 10.0 Mn sq.ft in Retail, Hospitality, Commercial And Residential Assets

PLANNED (Next 4 Years)

- 2 Shopping Malls in Development
- 2 Office centres in 2 cities
- 4 residential projects under development
- 1 hospitality property in development

* Includes PML Group (PML & its subsidiaries and associate companies) and its investee company EWDL

Consolidated Financial Highlights

(₹ Mn)	FY2013	FY2014
Sales Income	252	5,534
Hospitality Income	152	816
License Fees, Service Charges, Etc.	4,295	8,135
Total Income	4,699	14,485
EBITDA	2,632	6,784
EBITDA Margins	56%	47%
Other Income	521	391
Depreciation	474	1,055
Interest	1,430	3,451
Profit Before Tax	1,248	2,669
Profit After Tax & Minority Interest	842	1,285
EPS (FV of ₹ 2 per share)	5.81	8.87

Contents

1 About us

The Growing Consumption Cult........................6 - 9

Evolution of HSP .... 10 - 11

Our Business Model................. 12 - 13

Asset Summary......................... 14 - 15

Pan India Presence .... 16 - 17

Corporate Information.................... 18

Awards and Recognition 19

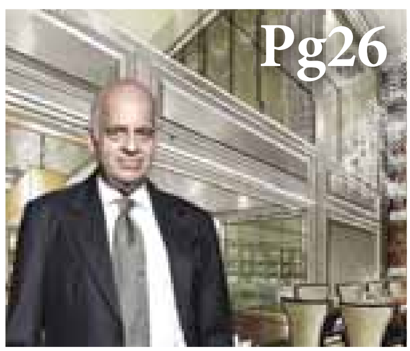
Board of Directors.................... 20 - 21

Management Team................... 22 - 23

Key Financial Indicators.......... 24 - 25

2 Messages

Chairman's Message .... 26 - 31



Ashokkumar Ruia
Chairman & Managing Director

A Fireside Chat with the Jt. Managing Director........ 32 - 37

Atul Ruia
Jt. Managing Director

3 MD&A

Features Stories:

Art Guild House ....38 - 41

Fountainhead, Pune ....42 - 47

Palladium, Chennai - Stylish In The South ....48 - 51

Kessaku, Fine Art Of Living, Perfected ....52 - 55

Luxe, A New Dimension to Entertainment ....56 - 59

Michael Kors ....60 - 61

Management's Discussion & Analysis

Economic Review.......................................63 - 64

Industry Review...65 - 77

Company Overview 78

Operational Review

Advantage Phoenix Mills Limited...................78

Focus On Management Of Assets 79

Increasing Visual And Aesthetic Appeal........79

Sharpening Up Marketing Activities 80

Providing A 'Wow' Experience........................81

Everything For Everyone.................................81

Operational Projects

RETAIL:

HSP Complex (High Street Phoenix & Palladium Mall) 83

Phoenix Marketcities 85

Phoenix Marketcity, Pune 86

Phoenix Marketcity, Bengaluru.......................87

Phoenix Marketcity, Kurla - Mumbai 88

Phoenix Marketcity, Chennai 90

4 MD&A contd.

HOSPITALITY:
Palladium Hote l, Mumbai 91

COMMERCIAL:
Centrium 92

Projects Under Construction
COMMERCIAL:
Art Guild House 94
Phoenix Paragon Plaza 95

RESIDENTIAL:
One Bangalore West, Bengaluru 96
Kessaku, Bengaluru 97
The Crest, Chennai 98
Fountainhead, Pune 99
Phase I, Bengaluru East - Ober Haus 100

HOSPITALITY:
Courtyard By Marriott, Agra 101

RETAIL:
Palladium Chennai 102

Investees 103
Management Outlook 104
Financial Overview 105
Risk Management And Internal Controls 107
Information Technology 108
Human Resources 108
Cautionary Statement 109

DR & CGR

Directors' Report 110
Corporate Governance Report 115

5 Financials

Standalone Accounts 131
Consolidated Accounts 163
Notice 205

The Growing
Consumption Cult
at Phoenix Malls

Pages 6 - 9

The Growing Consumption Cult
at Phoenix Malls

₹40.4 bn
Consumption in FY 2014

60% YoY
Growth

Consumption growth across Phoenix Malls has been very strong. It has grown by 60% YoY to Rs 40.4 billion in FY2014, up from Rs 25.3 billion in FY2013. The absolute value of total consumption in our Malls is higher than most pan-India retailers and comparable to mid-sized FMCG companies. The exciting part is that our Malls are still in a rapid growth stage and this frenzied growth is expected to continue for the next 3-4 years before we stabilize in the low double-digits. In FY2015, we expect the momentum to continue and project our consumption growth to be in the region of 30% across our Mall business.

Consumption across all categories has witnessed strong growth which is a testament to the leadership position of the Phoenix Malls. The largest categories, such as Apparels & Fashion and Hypermarkets & Department stores, have grown by over 45% on a YoY basis. The highest growth category has been witnessed across Jewellery which has increased by 172% YoY, driven by new-store openings and strong same-store-sales growth across the category.

Trading density (consumption per square feet of carpet area) increased by 17% on an average across all the Malls. This growth has been during a challenging environment that witnessed most retailers facing a flat or negative same-store-sales growth. It revalidates the skills of the Mall team at each of our retail assets.

A strong consumption growth positions The Phoenix Mills Limited (PML) perfectly to clock double-digit growth in rental income. While all stores pay a guaranteed rent, beyond a threshold consumption per square feet, they start paying rentals on a percentage of sales/turnover of the store. The Phoenix Malls are thereafter transformed from being a play on the real estate to that on the organized retail consumption story.

The demographic-led consumption story makes a strong case for India with almost 58% of GDP consumed internally. Consumption is one of the key themes driving a vibrant economy. Strong internal demand has kept India going as this is resilient to economic cycles. The geographic pattern of India's income and consumption growth is fast shifting. The luxury goods market is taking aspirational spending to its natural conclusion, even as discretionary spending is rising by leaps and bounds.

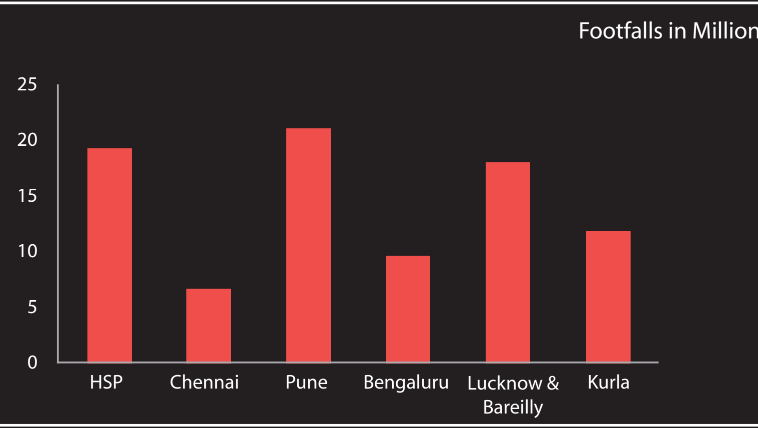
Break up of Consumption - FY2014

The Growing Consumption Cult

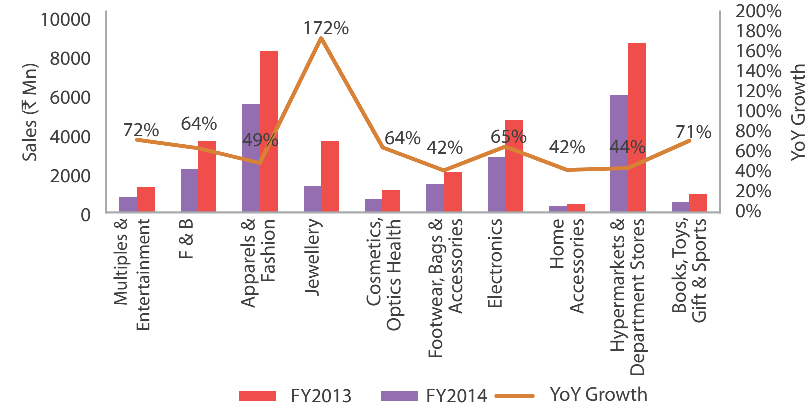
88 million

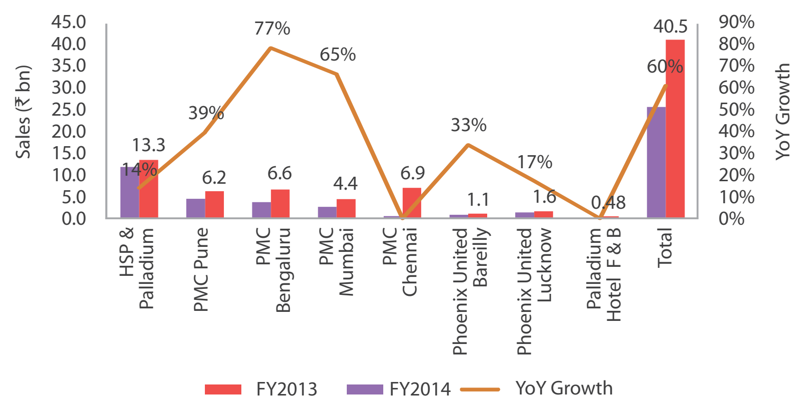
Footfalls in FY 2014

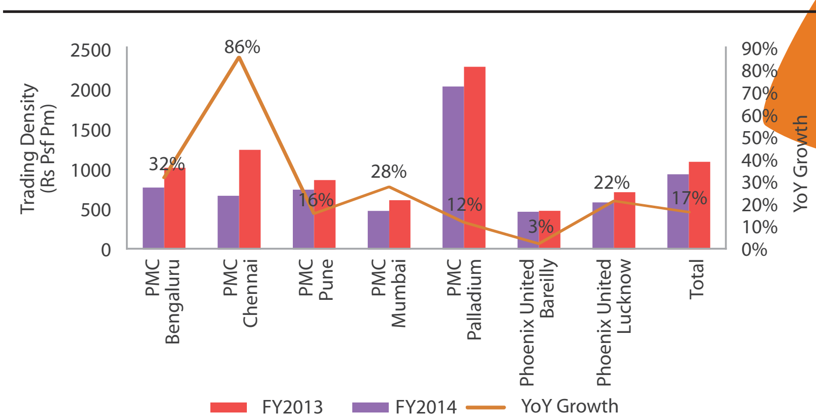
Aggregate Footfalls Exceed 88 million in FY2014



Consumption Performance at all Phoenix Malls

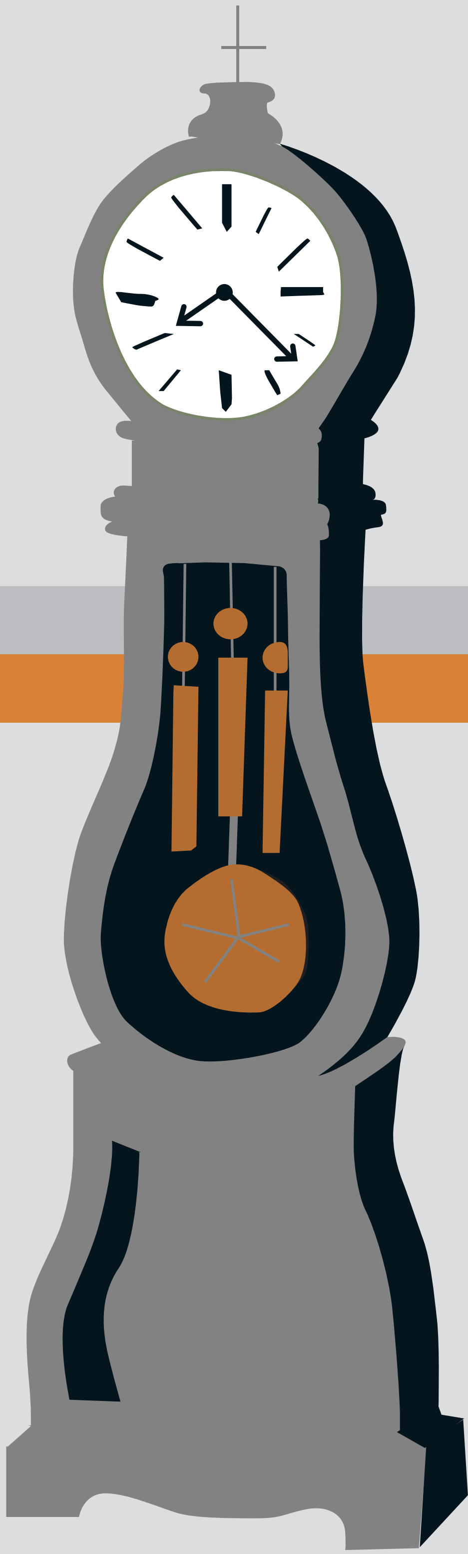






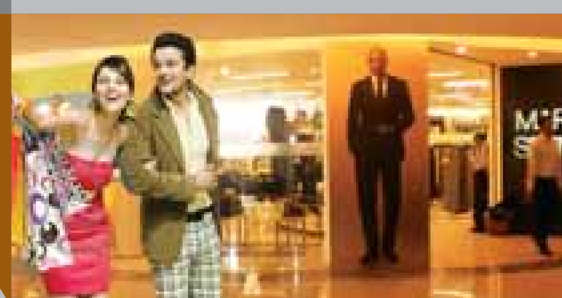
The absolute value of total consumption in our Malls is higher than most pan-India retailers. Our Malls are still in a rapid growth stage and this frenzied growth is expected to continue for the next 3-4 years.

Evolution
of HSP



1900s -1990s

- **1900s** The Phoenix Mills Limited was started by the Ruia family to manufacture cotton textiles in Mumbai.
- **1950s** The Phoenix Mills Limited got listed on the Bombay Stock Exchange.
- **1980s** Mumbai mills underwent a turbulent phase owing to labour unrest and high operating costs of textile mills.



- **1990s** The management of The Phoenix Mills Limited conceives the idea of an entertainment and lifestyle zone on the lines of high-street shopping centers abroad. It transforms the erstwhile mill district into a retail and commercial hub by building High Street Phoenix (HSP) on the remnants of the old mill. India's first bowling arena and premier leisure centre 'The Bowling Co' opens shop, along with 'Fire and Ice', a popular night club.

PALLADIUM

2001 -2010

- 2001 'Big Bazaar', the largest hyper market chain in India, opens within the HSP compound.
- 2007 HSP joins hands with Hong Kong-based, Shangri-La Hotels and Resorts to build a 5-star luxury hotel atop the destination mall, going with PML's strategy to develop retail-led mixed-use assets.
- 2008 Skyzone launched within the HSP Complex with premium national and international brands. Courtyard, an eclectic food court, was launched with various eating joints. The remaining part of the mall was christened Main Street Boulevard, housing formal and casual clothes, premium accessories and jewellery brands.

- 2009 Palladium, a premium 0.3 Mn sq. ft. mall was launched within the HSP Complex, with a host of international labels such as Zara, Burberry, Diesel, Canali, among others, and high-quality gourmet and entertainment options.
- 2010 Grand Galleria was added to the Complex, spread over two floors, hosting brands at the higher end and also added a 7-screen multiplex. Occupancy levels at the Palladium Mall and the rest of HSP complex rise to over 90%.

PHOENIX MARKETCITY

2011 -2014

- 2011 Grand Galleria Connect is created by carving out a small portion of area from Big Bazaar, enhancing the brand-mix, connectivity and license fees at the centre. Big Bazaar, in turn brings a gourmet store - 'Food Hall @ Palladium' for the first time in India.
- 2012 Five-star business and leisure hotel, Palladium Hotel commences operations atop the Palladium Mall transforming the HSP Complex into an iconic retail-led mixed use destination with both assets providing its clientele a wholesome experience of leisure, entertainment and shopping.
- 2013 To increase the aesthetics, the entrance was fully refurbished and made grander with well-designed and brightly-lit canopies. The Go Phoenixing Loyalty Programme was launched enabling customers to earn reward points on purchases and redeem them against vouchers.

- 2014 HSP Complex clocked an average ticket size per customer of Rs. 700, as total footfalls jumped to 19.5 million. The monthly average footfall jumped to over 1.6 million vis-à-vis 1.4 million in the previous year. Key categories that were added were exotic chocolates (Royce) and home decor & appliances (Maspar, Villeroy & Boch and Harman Kardon).

Our Business Model

Our Strategy

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

Features

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


RETAIL
Own, Develop and Manage Retail Assets
RESIDENTIAL
Develop and sell Residential Assets in Tier-1 Cities
COMMERCIAL
Develop and Sell Commercial Assets in Tier-1 Cities
HOSPITALITY
Own and Develop Hospitality Assets
INVESTMENT
Invest in High-Potential Assets for Inorganic Expansion
ADVISORY
Manage Development, Advisory and Asset Management Vertical Across Projects

Asset Summary

Projects Delivered So Far

MUMBAI

PUNE

BENGALURU

CHENNAI

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

Projects Under Construction

MUMBAI

PUNE

BENGALURU

CHENNAI

AGRA

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

POLE Position

MALLS

HSP & PALLADIUM MALL
Leasable Area: 0.9 Mn sq. ft.
Consumption: ₹ 13,276 Mn
Avg. License Fees: ₹ 220 psf pm

PHOENIX MARKETCITY, KURLA
Leasable Area: 1.14 Mn sq. ft.
Consumption: ₹ 4,375 Mn
Avg. License Fees: ₹ 84 psf pm

PHOENIX MARKETCITY
Leasable Area: 1.13 Mn sq. ft.
Consumption: ₹ 6,188 Mn
Avg. License Fees: ₹ 71 psf pm

PHOENIX MARKETCITY
Leasable Area: 0.98 Mn sq. ft.
Consumption: ₹ 6,552 Mn
Avg. License Fees: ₹ 73 psf pm

PHOENIX MARKETCITY
Leasable Area: 0.98 Mn sq. ft.
Consumption: ₹ 6,922 Mn
Avg. License Fees: ₹ 98 psf pm

HOSPITALITY ASSETS

PALLADIUM HOTEL
Keys: 335 Rooms & Suites and 46 Serviced Apartments
Avg. Occupancy: 46%

COMMERCIAL ASSETS

CENTRIUM (15 LBS)
Saleable Area: 0.28 Mn sq. ft.
Area Sold: 0.28 Mn sq. ft.
Sale Value: ₹ 2,450 Mn
Collection: ₹ 2,256 Mn

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

COMMERCIAL ASSETS

ART GUILD HOUSE
Saleable Area: 0.76 Mn sq. ft.
Launched in: Q1-FY2013

RETAIL CUM COMMERCIAL ASSETS

PHOENIX PARAGON PLAZA
Saleable Area: 0.42 Mn sq. ft.
Launched in: Q1-FY2013

RESIDENTIAL ASSETS

PHASE III
Saleable Area: 0.28 Mn sq. ft.
Launch in: FY2016

FOUNTAINHEAD
Saleable Area: 0.35 Mn sq. ft.
Launch in: Q4-FY2014

ONE BANGALORE WEST, KESSAKU
Saleable Area: 3.1 Mn sq. ft.
Launched in: Q2-FY2013

OBER HAUS & PHASE II
Saleable Area: 1.0 Mn sq. ft.
Launch in: FY2015

THE CREST
Saleable Area: 0.46 Mn sq. ft.
Launched in: Q1-FY2012

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

MALLS

PALLADIUM CHENNAI
Leasable Area: 0.21 Mn sq. ft.

HOSPITALITY ASSETS

COURTYARD BY MARRIOTT
Keys: 194
Expected Delivery: Q4-FY2015

Pan India Presence

PML is aptly positioned to grow its key retailing vertical for established and 'new to India' global brands. A strong surrounding of hotels, F&B, entertainment and shopping mall allow our commercial assets to get premium valuations over other pure play commercial assets.

Through our investees, we focus our investments on prime high-quality properties in Tier 2 cities, which have scarcity value and deliver long term profits through active and creative management.

PML's strategic positioning ensures that its hospitality assets benefit from the adjoining retail and commercial assets, drawing premium room rates.

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

1. About us
2. Messages
3. MD&A
4. DR & CGR
5. Financials

RETAIL & COMMERCIAL
HOSPITALITY
RESIDENTIAL
MIXED USE (BARE & EWDPL)

LUCKNOW
> Phoenix United

INDORE
> Treasure Island
> Central

INDORE
> Treasure Town (Rangawasa)

MUMBAI
> High Street Phoenix
> Palladium
> Phoenix House
> Phoenix Marketcity
> Centrium
> Art Guild House
> Phoenix Paragon Plaza

MUMBAI
> Palladium Hotel

PUNE
> Phoenix Marketcity
> East Court

PUNE
> Fountainhead

AGRA
> Courtyard by Marriott

BAREILLY
> Phoenix United

NANDED
> Treasure Bazaar

CHENNAI
> Phoenix Marketcity

CHENNAI
> The Crest

BENGALURU
> Phoenix Marketcity

BENGALURU
> One Bangalore West
> Kessaku
> Ober Haus
> Phase II Whitefield

Corporate Information

Board of Directors

Mr. Ashokkumar Ruia
Chairman & Managing Director

Mr. Atul Ruia
Jt. Managing Director

Mr. Kiran Gandhi
Whole - Time Director

Mr. Shishir Shrivastava
Group CEO & Jt. Managing Director

Mr. Pradumna Kanodia
Director - Finance

Mr. Amit Kumar Dabriwala
Independent Director

Mr. Amit Dalal
Independent Director

Mr. Sivaramakrishnan Iyer
Independent Director

Mr. Suhail Nathani
Independent Director

Mr. Gautam Nayak*
Independent Director

Registrar And Share Transfer Agent

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

* as on 31st March, 2014

Auditors

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

M/s Chaturvedi & Shah
Chartered Accountants

Bankers

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

Company Secretary

Ms. Sonia Gaur

Registered Office

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

Corporate Office

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

Awards & Recognition

PHOENIX MARKETCITY, CHENNAI

- Best Retail Project of the Chennai city – CNBC Awaaz Real Estate Award 2013
- Most Admired Shopping Centre of the Year – CMO Asia Shopping Centre and Mall Awards 2013

HIGH STREET PHOENIX & PALLADIUM

- India's Best Existing Neighbourhood Shopping Mall, 2013-14 by Estate Avenues
- Mr. Rajendra Kalkar, Sr. Centre Director (West), has been acclaimed as one of the 'Top 50 Most Talented Retail Professionals of India'
- 'Most Admired Shopping Centre of the Year, Socially Responsible' By Asia's Shopping Centre & Mall Awards – 2013
- Images Shopping Centre Awards 2013 – Most Admired Shopping Centre of the Year – Metro West
- Retail Development for India, 2013-14 by Asia-Pacific Property Awards
- Realty Plus Excellence Awards, 2012 (West) , Developer of the year awarded to High Street Phoenix
- Property Awards Dec 13, 2011 – Mall Developer of the Year awarded to The Phoenix Mills Ltd.
- Images Shopping Centre Awards 2010 - Most Admired Shopping Centre Launch of the Year (West) – Palladium

PHOENIX MARKETCITY, PUNE

- Images Shopping Centre Award (ISCA) for the most admired Shopping Centre 2014
- Shopping Centre of the year at the CMO Asia Retail Excellence Award 2014
- Images Most Admired Shopping Centre of the Year" at Images Shopping Centre Awards 2013
- "IMAGES Most Admired Shopping Centre Marketing & Promotions Of The Year" at Images Shopping Centre Awards 2013
- Best retail project in Pune at the CNBC AWAAZ Real Estate Awards 2012

PHOENIX MARKETCITY, KURLA

- PMCK was ranked amongst "India's best existing neighbourhood shopping mall 2013-14"held by SS Media House organized by Estate Avenues @ New Delhi
- PMCK Received Award for "Best Thematic decoration "held by Asia Shopping Centre & Mall Awards organized by CMO Asia Council at Taj Lands End Mumbai

PHOENIX MARKETCITY, BENGALURU

- Best Retail Project of the Bengaluru City By CNBC Awaaz Real Estate Award 2013
- Most Admired Shopping Centre Marketing Campaign of the Year By CMO Asia Shopping Centre and Mall Awards 2013
- Most Admired Shopping Centre Launch of the Year(South) – ISCA Images 2011-2012

ONE BANGALORE WEST

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

THE PHOENIX MILLS LTD.

- Developer of the Year – West Zone, 2012 by Realty Plus Excellence Awards
- Realty Plus Excellence Awards, 2011 (West), Developer of the year –Retail awarded to The Phoenix Mills Ltd.
- 7th Reid & Taylor Awards for Retail Excellence, 2011 – Jury's Special Emerging Retailer of the Year (Mall), presented to The Phoenix Mills Ltd. (Palladium)

Board of Directors

Mr. Ashokkumar Ruia
Chairman & Managing Director

Mr. Ashokkumar Ruia is a graduate from Cambridge and has pursued an active career in both business and sports. He has the unique distinction of representing the country in two sports, Bridge and Golf, demonstrating an inimitable desire to excel in whatever he undertakes.
He has been on the Board of The Phoenix Mills Limited (PML) since 1963. He has vast experience in managing the Company's affairs and over the years has contributed significantly to its growth. He is actively involved in mentoring the leadership team and in various aspects of the Company's expansion plans.
He has also played an ardent and active role in the textile industry, serving as a committee member of the Mill Owners' Association, Mumbai for several years.

Mr. Atul Ruia
Jt. Managing Director

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

Mr. Kiran Gandhi
Whole - Time Director

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

Mr. Shishir Shrivastava
Group CEO & Jt. Managing Director

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

Mr. Pradumna Kanodia
Director - Finance

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

Mr. Amit Kumar Dabriwala
Independent Director

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

Mr. Amit Dalal
Independent Director

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

Mr. Sivaramakrishnan Iyer
Independent Director

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

Mr. Suhail Nathani
Independent Director

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

Mr. Gautam Nayak*
Independent Director

Mr. Gautam Nayak is a practising Chartered Accountant since 1986 and oversees international taxation and financial advisory at one of Mumbai's leading accountancy firm - CNK & Associates LLP (formerly known as Contractor, Nayak & Kishnadwala). Mr. Nayak served as the President of the Bombay Chartered Accountants' Society (BCAS) in 2004-05. Currently, he is the Chairman of the Taxation Committee of the BCAS and a member of the Direct Taxation Committee of the Indian Merchants' Chamber. He is also a trustee of various employee trusts of Citigroup. He regularly delivers talks and presents papers at various educational institutions, seminars and conferences across India. Mr. Nayak joined the PML board as a Non-Executive Independent Director in January 2013.

* Resigned w.e.f. 28th May 2014

Management Team

Mr. Amit Kumar

Amit kumar has over 17 years of experience in strategic Planning, new set-ups, operations Management, Business development & relationship Management. At Phoenix, he holds the position of Centre director for Kurla Marketcity. He is responsible for managing the operations of the property and for achieving the bottomline profitability of the Centre.

Mr. Dipesh Gandhi

Dipesh has over 15 years of experience in business development, market research, planning and organisation set-up. At Phoenix, he holds the position development director and is responsible for the liaising function of the group.

Mr. Haresh Morajkar

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

Mr. Prakash K. Mantripragada

Prakash kumar works with the organisation as VP – Projects. His is based at Bengaluru and is responsible for the overall execution of one Bangalore West. He is a Civil Engineer and has more than 23 years of experience in various organisations such as Mahindra Construction Co. ltd., sterling holidays resorts and unicorn holding (P) ltd. he was last associated with royal orchid hotels as general Manager – Projects.

Mr. Rajiv Malla

Rajiv has over 30 years of experience with international hotels & resorts. He has extensive experience in operations, sales & Business development and renovations in the hospitality industry. He is also a member of various travel & tourism associations as an active committee member. he has an excellent track record of managing large assets and streamlining workflow.

Mr. Rajendra Kalkar

Rajendra has over 20 years of experience across various fields with expertise in property management. He is the senior Centre director for high street Phoenix and is responsible for operations, leasing, retailer Mix, legal, Customer relationship, Commercial & Marketing functions and bottomline profitability of the Centre. He also oversees the operations of the Pune mall.

Mr. Rajesh Kulkarni

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

Mr. Mayank Ruia

Mayank heads the Residential business at Phoenix. Prior to PML, he was associated as Vice President with Everstone Capital Advisors. He was involved in international assignments with UBS Investment Bank, Sagent Advisors and American Capital Strategies, New York.

Mr. Noel Vessaoker

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

Mr. P. Vidya Sagar

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

Ms. Rashmi Sen

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

Ms. Sangeeta Vernekar

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

Mr. Shashie Kumar

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

Mr. Shrikant Kambli

Shrikant is working with the Phoenix group as VP – Projects (Kurla & Pune). He is responsible for overall execution of both the projects. He has done his B. E. Civil and diploma in Business Management and has over 18 years of experience in various organisations such as Sabve Rohini Constructions Pvt. ltd. and hotel horizon ltd. He was last associated with Pancards Clubs ltd. as Projects - head.

Mr. Romil Ratra

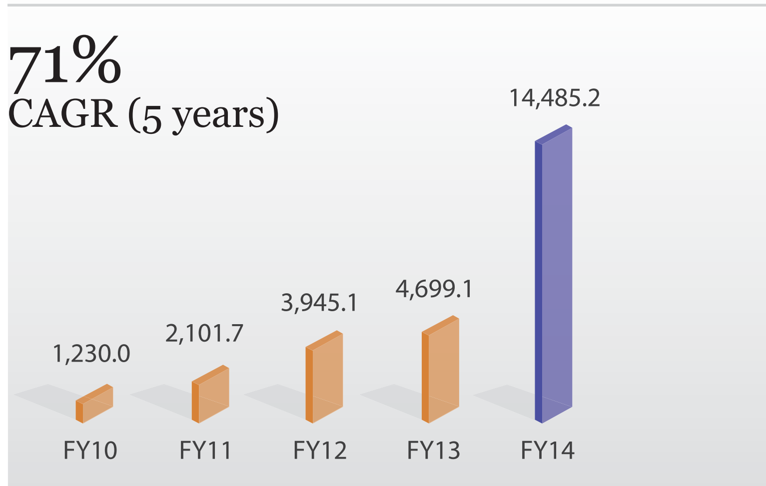
As Group Director of Hospitality Romil's role encompasses all of PML's Hospitality interests. He has close to 2 decades of experience in hospitality operations, strategy and building and running a business as an entrepreneur. Prior to Phoenix Romil was Chief Executive for the Graviss Group, a diverse corporation with holdings in Food and Hospitality in India and the Middle East an has successfully launched over 18 hospitality concepts.

Key
Financial Indicators

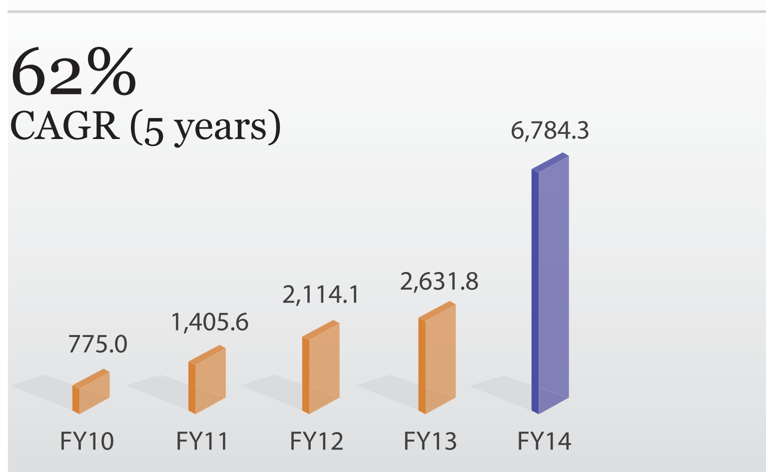
The Phoenix Mills Limited continued to display a consistent operating performance over the last five years, with its Income from Operations, EBITDA and PAT having grown at a CAGR of 71%, 62% and 11%, respectively.

The Company's financial and operational performance showed a remarkable growth during FY2014. This was primarily driven by strong growth in the recurring rental income from its operational malls, sales recognition in various residential and commercial projects and the acquisition of majority stakes in all the ongoing key projects. This resulted in a YoY growth of 208% in Income from Operations, 158% in EBITDA and 53% in its PAT.

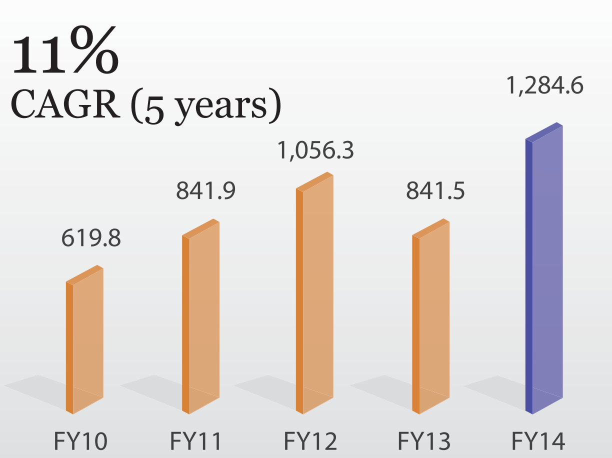
Income from Operations
(₹ mn) Consolidated



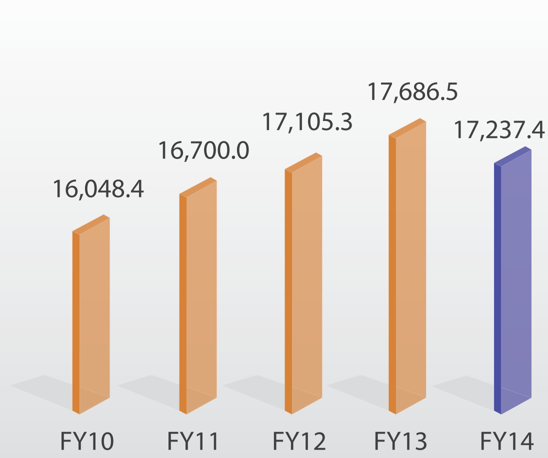
EBITDA
(₹ mn) Consolidated



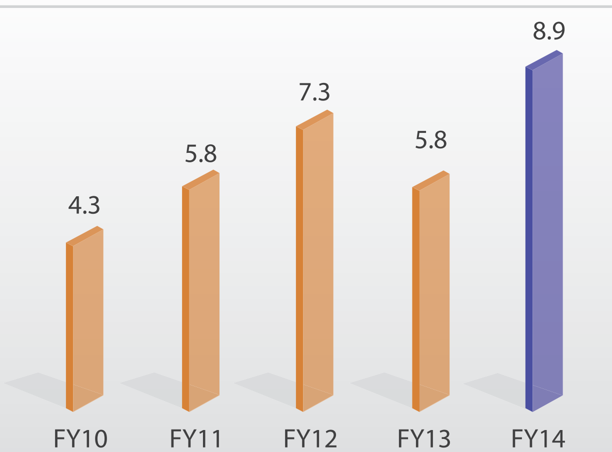
PAT (Post Minority Interest)
(₹ mn) Consolidated



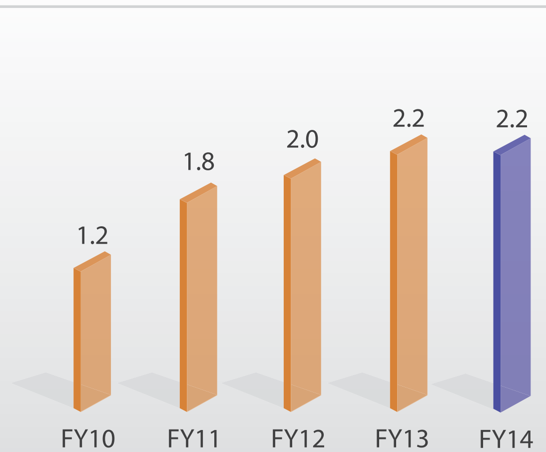
Networth
(₹ mn) Consolidated



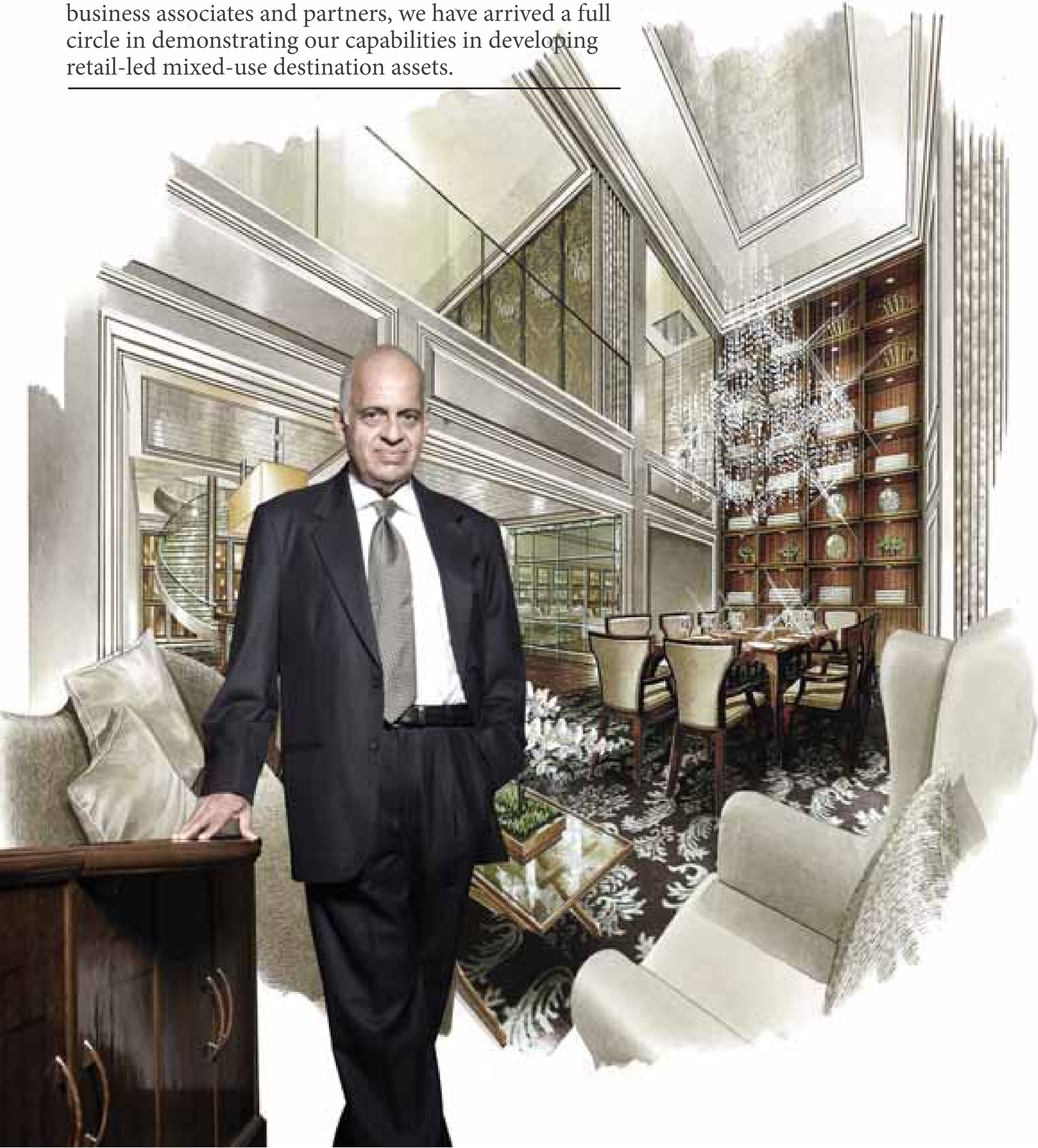
EPS
(₹ Per Share) Consolidated



Dividend
(₹ Per Share)



Today, the juncture at which we stand has been the result of years of meticulous planning and concerted efforts. With invaluable contributions from our business associates and partners, we have arrived a full circle in demonstrating our capabilities in developing retail-led mixed-use destination assets.



Chairman's Message

Dear Shareholders,

FY2014 will be recorded as a highly eventful year in the history of The Phoenix Mills Limited. This has been the first year when our High Street Phoenix Complex and all our Marketcity malls across four cities produced the full year of operational results and gave us the opportunity to taste the surge in revenues and growth. The year was also noteworthy since construction and pre-sales of our various commercial and residential big-ticket projects continued to progress with good success.

With both these achievements, we have today reached a vantage and advanced point of testimony. We have achieved the vision of our rewarding business model of the mixed-use property development. In our resilient mixed-use development, the uses of each asset class successfully cross-fertilise across different asset types to create more transactions than what would have normally been possible within a single-use asset. Today, the juncture at which we stand has been the result of years of meticulous planning and concerted efforts. With invaluable contributions from our business associates, employees and partners, we have arrived a full circle in demonstrating our capabilities in developing retail-led mixed-use destination assets.

Year in Brief

We have so far delivered projects of nearly 9 million sq. ft. mainly in the Tier-1 cities of Mumbai, Bengaluru, Chennai and Pune. Today, we have 7 mega malls under direct management and 3 malls in Tier-II cities through strategic tie-ups and investments, with a gross leasable area of approximately 7 million sq. ft. Our 'for sale' commercial and residential assets with 7.35 million sq. ft. of saleable area are under different stages of construction. In our hospitality and leasable portfolio, our five-star hotel with 194 keys in the tourist city of Agra and our luxury mall with 0.21 million sq. ft. of leasable area in Chennai are currently under construction.

Consumption at our retail assets shot up approximately 60% during the year, reflecting the strong consumer affinity our assets enjoy.

In terms of financial performance, we continued to display a consistent operating performance. Over the last five years our Income from Operations, EBITDA and PAT grew at a five-year CAGR of 71%, 62% and 11%, respectively. Amidst the backdrop of challenging market conditions, our consolidated revenues in FY2014 increased by 208% YoY, to reach Rs. 14.5bn, while our EBITDA increased by 162% YoY to Rs. 6.8bn for the same period. Our Net Profit after Tax and Minority Interest increased by 53% on a YoY basis to Rs. 1.3bn for the financial year under review. A quantum leap in our top line and bottom line numbers has been primarily driven by a strong organic growth in our recurring rental income from the operational malls; onset of sales recognition in various residential and commercial projects and the revenue recognition at the consolidated level resulting from acquisition of additional stakes giving us majority position in our ongoing key projects. As always, we continued to reward our investors with a healthy dividend of Rs 2.20 per share.

The Growing Consumption Cult

Even as the global outlook continues to be weak, India's economy has become the 10th biggest in the world in terms of Gross Domestic Product. Although India has seen a slowdown in economic growth in the recent years, our GDP has begun to show an improvement having expanded by 4.7% in FY2014, up from 4.5% in FY2013. With India having become the 12th largest dollar economy, it is also on its way to become the 5th largest consumer market by 2025, according to the McKinsey Global Institute (MGI). The huge Indian middle class is emerging as the big force. Aggregate consumption in real terms is expected to grow from Rs 17 trillion today to Rs 70 trillion by 2025. Our consumption level is seen equalling that of Italy by 2015 and Germany by 2025. Apart from metro and mega cities, Tier II and III cities are also beginning to look attractive.

Consumerism is slowly getting embedded into the Indian culture and is undoubtedly one of the dominant economic themes of the 21st century. In India, consumption patterns are already changing. As disposable incomes grow, there is an allure of having the coolest fashions. An area that is growing strongly in this category is that of the luxury goods market, which promises to take aspirational spending to its natural conclusion. As personal incomes grow, we foresee a massive growth in the number of consumers and their purchasing power.

Creating World-class Assets

Today, we are setting the trend in our space. Our malls are testimony to our vision in creating outstanding retail assets and we are becoming quite good at attracting consumers to our various malls. All our city centric malls continue to post steady growth in most parameters, be it footfalls, vehicular entry, consumption, trading density or sales velocity. Although India's economic growth slowed down in the past years, consumption at our malls has risen rather well. In our hospitality vertical too, our Palladium Hotel launched in FY2013 has witnessed a steady ramp-up in occupancy, successfully establishing itself as one of Mumbai's few luxury hotels.

At this juncture, we are happy to have grown our base of happy customers. I am particularly delighted to know of the millions of satisfied customer experiences we have been able to deliver. During FY2014, consumption at our malls have shot up approximately 60% on a YoY basis, reflecting the strong affinity our assets receive from consumers. Our unique retail destinations have reiterated their leadership as a multi-development concept, marking the convergence of shopping, dining, global mix of leading retail brands, unique entertainment concepts, art and architecture. As a matter of fact, we take immense pride in asserting that our customers choose our Malls as the "first port of call" for shopping, entertainment and F&B. We are consistently ranked as the "most preferred place" where customers would like to spend their time. We are standing apart from the rest, enabling us to attain a "pole position" in the marketplace.

Our New Launches

During the year, we relaunched Orion Park as Art Guild House within the premises of Phoenix Marketcity, Kurla. Since the time we started selling the units at Art Guild House, the property has witnessed a price appreciation of 20%. Moving to the residential part of our portfolio, we attained a leadership position in One Bangalore West in terms of sales velocity, increase in selling prices, product quality, momentum in project construction and stellar project execution. We are proud to share with

We are proud to share with you that the over-whelming response to our Bangalore residential project led to the launch of Kessaku, the luxury residential towers at our Bangalore West site.

you that the over-whelming response to our Bangalore residential project led to the launch of Kessaku, the luxury residential towers at our Bangalore West site. Through these towers, we are excited about offering customers the concept of 'bunglow living' and the convenience of gated-community living.

Continuing on our residential portfolio, our Fountainhead project in Pune was launched in February this year and I am glad to say that 10% of the inventory has already been sold. Ober Haus, which is the first phase of the residential project in Bangalore East, is currently in advanced stages of planning and will be launched this calendar year. In the retail segment, construction at Phoenix Paragon Plaza at Kurla is almost complete. With a mix of retail and high-street brands, the project complements Phoenix Marketcity at Kurla perfectly and is on its way to become a local high-street market. Palladium Chennai, the unique luxury and lifestyle retail mall adjoining Phoenix Marketcity, Chennai, is aimed at capturing the city's *crème-de-la-crème* dedicated to uber-luxury brands. The luxury mall, which will be the first of the kind for the city of Chennai will be completed in the next 12 months.

Courtyard by Marriott at Agra, our second asset in the hospitality vertical, is fast gearing up for launch in last quarter of this calendar year. It is fast emerging as one of Courtyard's best properties in India.

Moving ahead

Going forward, our key strategy is to maintain our market leadership as an active owner, developer and manager of prime retail-led assets in the city centres of India. Through our retail assets and pure-play residential and commercial properties, we will continue to strengthen and leverage the 'Phoenix Brand'. Our strategic focus will be to increase revenues from our rental and development assets, reduce our overall leverage to enhance our reserves and create a stronger and healthier balance sheet.

I take this opportunity to express my special thanks and deep appreciation to all our employees for their whole-hearted contribution and dedication in meeting the Company's goals and their impressive achievement in the overall performance.

I would also like to express my appreciation to our shareholders for their unflinching support. With your constant backing, we are poised to witness further growth in customer delight and shareholder value in the years to come.

Best Regards,

Ashokkumar Ruia
Chairman & Managing Director

Our “Marketcity” franchise has been both path-breaking and iconic in the Indian context. They have evolved out of our obsession with quality. We’ve attracted superior quality retailers; we maximised the spend on captive footfalls within a destination; we’ve produced a more wholesome social fabric to become highly enjoyable destinations.

A Fireside Chat
with Atul Ruia - Jt. Managing Director

You've been credited for being the visionary of this company. Where have you reached in 2014 with your vision?

That's a great question and to answer it I must throw light on our journey and place our position today in perspective. We have always believed that to achieve something extraordinary, one has to be an innovator, a pioneer, a lateral thinker. From a legacy of once being a blue-chip textile mill in the suburbs of 'old Bombay', we successfully reinvented ourselves into a highly visited retail-led destination by truly understanding the needs of 'modern Mumbai'. We became early believers in the consumption story of India and it was from this out-of-the-box thinking that 'High Street Phoenix' (HSP) was born - out of a need to diversify away from a mills business in its twilight years. In doing so, we became one of India's first mixed use consumption centres, covering 3.0 million sq. ft. of retail, hospitality, commercial, parking and residential complexes. I am told by many that it is regarded as Mumbai's premier lifestyle destination today.

With this experience behind us, we were even more convinced that India's consumption story was being redefined by changing lifestyle and spending behaviour of urban India. In 2009, we introduced what was probably India's first premium brands mall - The Palladium, setting new standards in exclusive and luxury retail experience. Today, both HSP and Palladium together muster footfalls of 20 million a year!

What followed was indeed unprecedented. Even before delivering Palladium, we had embarked on a journey of concurrently establishing 4 Marketcities - our home-grown mixed-use format. With parallel delivery of large-scale projects, which is a big feat in itself, we showcased our capabilities to the marketplace. With all the 4 Marketcities delivered by FY2013 and showing a full year's operating results in FY2014, we believe that we are at the forefront in owning and operating retail-led mixed-use destination assets. We also think that our "Marketcity" franchise has been both path-breaking and iconic in the Indian context. They have evolved out of our obsession with quality. We've attracted superior quality retailers; we maximised the spend on captive footfalls within a destination; we've produced a more wholesome social fabric to become highly enjoyable destinations.

If I were to extrapolate our HSP experience across all our Marketcity properties, I anticipate that our rental revenues may double every three to four years.

We've indeed come a long way since we started out. In fact, I would go so far in saying that today, with FY2014 behind us, I believe that we have attained the Pole Position as a player within the consumption based industry of India.

Can you explain what you mean by Pole Position?

Sure. In the literal sense, having a pole position means that you are advantageously placed amongst your peers for a competitive event about to take place. But one must earn the pole position by proving the best performer in earlier event runs. Similarly, I believe that we too have earned our Pole Position by accomplishing several feats to date.

Firstly, we have been witnessing consistent footfall growth and impressive demand from our retailers. We are currently home to 1,900 stores of all shapes and sizes, comprising of leading international and domestic brands. We have several leading retail brands that are on the waiting list for space, giving us the opportunity for a healthy brand churn.

Secondly, we have positively contributed to the consumption landscape in each city we have a presence in. We are now market leaders in important Tier 1 cities, in terms of aggregate footfalls and gross sales at each of our malls. Even in terms of the total F&B spend across all our locations, our numbers may possibly rival even some well-respected F&B focussed companies in India.

Thirdly, our malls are considered to be amongst the most productive shopping centres in their respective locations, with our sales surpassing all other malls in the cities we are located in. What sets our assets apart is the authentic environment. They are an ideal blend of shopping, eating and entertainment – "shoppertainment". Developed in contemporary style, our malls present a high-quality shopping environment with a bouquet of value propositions – value for time, value for quality and value for experience. That is probably why consumers choose our malls as preferred destinations to spend their time. As a result of this sheer success of our footfalls and trade density numbers, we are able to earn better than normal premiums on our rentals. If I were to extrapolate our HSP experience across all our Marketcity properties, I anticipate that our rental revenues may double every three to four years.

Fourthly, in FY2014 alone, we witnessed a surge of approximately 60% in consumer spend across all malls on a year on year basis. I suspect that such aggressive growth numbers may continue over the next few years and in time, we may see our total consumption at our malls even rival the top-lines of some FMCG companies in India. Anticipating this outcome, we were fortunate to have been able to participate in revenue share models with our retailers from the very early stages, aligning our interests with those of our licensees. Going forward, as overall consumption rises towards the peak potentials of our malls, the revenue share component on top of our license fees could be a valuable part of our total top and bottom-line mix. This may eventually differentiate us from other typical real estate development companies and link our business model to the potential upside of growing consumption patterns of target micro-markets.

Fifthly, when it comes to our various commercial and residential projects currently under construction and recently launched, each of our projects are making their indelible mark in their respective micro-markets in terms of quality, speed of construction, sales absorption and price escalations. Our creativity and conviction in developing these alternative asset classes on a "build and sell" model is nothing short of the kind of energy we placed behind our Marketcities - and I am thankful that the results are now beginning to show. Being in pole position here also allows us to execute our plans clinically and as per plans with little deviations in our expectations and realisations. The profits generated by our various projects should allow us to pare down the debts of our SPVs and help create an even healthier balance sheet at a consolidated level. As our revenues from our rental assets keep increasing, our overall leverage and associated finance costs will keep reducing to shore up our reserves even faster.

Today, we can say in the true sense that we've arrived and we are comfortably seated in a pole position for our journey ahead.

Going forward, how do you plan to leverage your Pole Position - as you put it?

Consumption is one of the central economic themes of 21st century India. With a large Indian middle class emerging as the big force and consumerism getting embedded into our culture, we are clearly more of a consumption play than a pure real estate company.

Our pole position has given us certain privileges that are typically enjoyed in a seller's market. With our malls offering exclusivity and allure to the top-end of the market, we tend to earn the benefit of being 'pole sitters.' Our retail malls have become highly 'sought after' destinations by the top-end national and international brands. Having created prime retail destinations, we have the ability to attract high-

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I believe that the Kurla Marketcity is a swan in the making. It is on its way to become the number one mixed-use development in India in the next 4-5 years and will eventually surpass all other Marketcities across India.

quality occupiers/retailers. A strong pipeline of brands is willing to take up the limited space availability and the incremental leasing renewals are being entered at a higher license fee vis-à-vis other centres. These world-class assets grant us the opportunity to earn better than normal rental yields with handsome upsides and cash flows.

Ultimately, this pole position allows us to engage with the best of breed stakeholders, whether they are investors, lenders or talent. These existing and new stakeholders are able to engage with us with a higher degree of confidence and lower risk perception. The pride with which our relationships have fostered only strengthen our pole position further - giving us more freedom to imagine and undertake larger and more ambitious projects. Our partner investors and retailers are key stakeholders of our company and their support has been significant in us achieving pole position today.

Kurla Marketcity has been the slowest of all Marketcities in terms of consumer spend growth. What are your expectations of this asset?

I believe that the Kurla Marketcity is a swan in the making. It is on its way to become the number one mixed-use development in India in the next 4-5 years and will eventually surpass all other Marketcities across India. In fact we see it becoming the most valuable asset in PML's stable. With large-scale infrastructural changes, the suburban location is witnessing an integrated development of the suburb of Kurla, that will soon become the epicentre of the city. With the connectivity issue getting resolved with the opening of Santacruz-Chembur Link Road (SCLR); the Eastern Freeway (which connects South Mumbai to Ghatkopar); the T2 Airport; the Metro Rail and soon-to-be-operational Phase II of Mono Rail, it will be amongst the best connected shopping destinations in Mumbai. Being close to three Metro Stations, we expect Kurla Marketcity to rake in increased traffic in time. We anticipate the actual impact of this infrastructural development to percolate down and be effectively witnessed by FY2016.

Moreover, we carry significant experience in mall operations and setting robust operating processes for mall management. The ever-increasing consumption across all our malls demonstrates that our workforce is continuously on their toes to make our assets work to its fullest. We intend to do this and more for each of our Marketcity properties, where we have instituted a strong operating team to deliver the one-of-a-kind Phoenix experience. With respect to our Kurla property, we are leaving no stones unturned and are we are becoming more visible in our promotions within the greater Mumbai area.

How well placed are you in terms of Management bandwidth and the quality of your employees?

Great question. In fact I believe that our people are going to be the final frontier in leveraging our pole position going ahead. We've already got substantial experience within a short span of time under our belt. This gives us a talent pool that's seen multiple challenges and solutions. Through our in-house services vertical - Marketcity Resources Private Limited, we have carved a reputation as a successful property developer, largely due to our execution and management capabilities, which we have demonstrated with the successful and timely completion and the quality of operation and management of our various existing and new properties. We believe that we are one of the few developers in India that has the range of end-to-end skills required to develop alluring properties.

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

I believe that our people are going to be the final frontier in leveraging our pole position going ahead. We've already got massive amounts of experience within a short span of time under our belt.

Art Guild House

Marrying Contemporary Style with Architecture

Envisioned as one of the most contemporary buildings in Mumbai, Art Guild House defines the finest environs of business in Mumbai – a refined superiority craved by all, but achieved by the best. This six-storey edifice is a blend of modern design and world-class facilities and has emerged as a benchmark for corporate standards, providing a unique business edge on the international and domestic corporate stage.

Art Guild House is a state-of-the-art commercial complex with approximately 0.76 million square feet saleable area. It is being developed as a part of the Phase III of Phoenix Marketcity, Kurla, one of India's single largest mixed-use development project. Providing a unique blend of work and leisure, the premise features a fully-equipped gymnasium, a business centre and open air cafes. Attention to details such as lighting, external development and interior design brings out the best in this commercial development.

Opulence Personified

The highly-specked building has been enveloped by a façade – a reflection of the contemporary style of architecture. It offers world-class amenities, grand atriums and lobbies, two levels of basement parking and six levels of sprawling office spaces scalable from 900 square feet onwards, meeting the diverse needs of growing companies. The project offers sprawling floor plates of more than 150,000 square feet, with a landscaped terrace café. The project offers world-class office facilities backed by state-of-the-art security systems.

Art Guild House

Art Guild House has attracted significant interest from several multinational corporations and reputed Indian business houses keen to make Phoenix Marketcity, Kurla their new abode.

Grand Ambience

Offices at the lower level of Art Guild House have 'light wells' integrated in the design enabling optimum light usage. The feature enables day-light inside, a unique feature amidst the newly-constructed commercial spaces. The lobbies will house iconic forms of dynamic and permanent art that will visually enhance the space, and liven up every corner of the Art Guild House. Predefined areas will have renowned art galleries hosting art exhibitions. They will showcase outstanding work, acting as a platform for meaningful exchanges between emerging artists and the business world.

Rising demand from Corporates

Art Guild House has attracted significant interest from several multinational corporations and reputed Indian business houses keen to make Phoenix Marketcity, Kurla as their new abode. The premises hosts some of the most elite and premium head-offices of India's largest corporate houses. Offering a unique opportunity to work alongside the sharpest minds in business and finance, the building has emerged as a benchmark for modern corporate standards.

Current Progress

Almost 64% of the building construction work at Art Guild House is complete. RCC work is currently in process and slab construction has reached the 3rd floor, which will finish by the second quarter of FY2015. With construction on in full swing, the building will get completed by mid of 2015.

Go Green

The Phoenix Mills Limited (PML) assumes the responsibility of environmental protection and sustainability. The commercial premises comprises energy-efficient equipment to reduce environmental impact. It is a LEED Gold-certified green building matching the current standards of design and scalability. Every aspect of the building was planned and executed on a scale exemplifying modernity combined with ecological consciousness. The building encapsulates the philosophy of urban needs getting balanced by natural features.

Art Guild House is a LEED Gold-certified green building matching the current standards of design and scalability.

The Green Building also features an Integrated Building Management Systems (IBMS), rain water harvesting system, a sewage treatment plant and green roofing systems to enhance air-conditioning efficiency at the terrace level. The Elevator Management Systems provide the highest standards of safety and reduced levels of redundancy.

Fountainhead, Pune

Elevating Gracious Living

A blend of thoughtful layouts, contemporary designs, architectural pedigree, impeccable location and an uncompromising commitment to comfort elevates gracious living at Fountainhead, Pune to a new level.

Pune has radically transformed as a metropolitan city and fast gaining status as the 2nd Silicon Valley of India, after Bengaluru. The city's growth has been ascending constantly in the past two decades. Being a magnet for a migrant educated workforce, with a growing cosmopolitan population and the largest settled base of expats, the demand for luxury homes in lifestyle housing locations has increased. The upwardly mobile and lifestyle driven class is the key demand driver for high quality housing.

In February 2014, Phoenix group launched Fountainhead, a luxury residential project sitting atop Phoenix Marketcity, Pune. Being a part of the integrated mixed-use development asset with shopping, dining and entertainment options, Fountainhead delivers a holistic lifestyle and leisure experience to its customers through thoughtfully and spectacularly designed homes. It is set to introduce a new paradigm of living to the city with contemporary amenities and world-class luxuries.

Fountainhead, Pune

Fountainhead delivers a holistic lifestyle and leisure experience to its customers through thoughtfully and spectacularly designed homes.

The project has garnered a phenomenal response within a short span of launch. About 10% of the inventory has already been booked. The project attracted premium rates despite a price sensitive atmosphere. While Tower A is scheduled to be delivered in March 2016, Tower B will finish construction by March 2017.

In the Lap of Luxury

Designed by Kapadia Associates Pvt. Ltd., Fountainhead will offer well-designed space through 13 storeys of luxury-serviced apartments. There are 2 towers being constructed of 13 floors each with 81 exquisitely designed houses, covering 0.35-million sq. ft. saleable area. The luxury residential complex offers luxurious essentials and aesthetically designed environs, managing to be both urbane and yet removed from the clamour of city life. The concept apartment has been smartly designed with spacious rooms and state-of-the-art amenities, ranging from a clubhouse to digital living.

Contemporary Designs

The efficiently-designed spaces and intelligently-engineered residential towers are aiming at redesigning the concept of iconic residential apartments. Our sophisticated design comes with a mix of technology, exclusivity and evolved amenities such as top-quality interiors and bathroom fittings. Each apartment is well-equipped with modern attendant facilities such as a concierge service, personalized butler service, featuring exclusivity, luxury and much more. The expansive living spaces set atop the mall makes the residents enjoy privileged access.

A wealth of recreational facilities and luxurious services make Fountainhead one of the most desired addresses in Pune. Outdoor swimming pools, mini-auditorium, open-air ampi-theater, state-of-the-art gaming room, virtual golf, library/reading lounge, multi-purpose hall for yoga and aerobics, billiards and pool tables, squash court and a party room with indoor/outdoor barbeque area help transform them into exotic residences.

This luxury residential complex offers luxurious essentials and aesthetically designed environs, managing to be both urbane and yet removed from the clamour of city life.

Intelligent Houses

We are creating modern and intelligent living spaces through the use of latest gadgets and technology. Our homes are intelligent enough to sense human presence and accordingly adjust light and temperature. The use of digital locks, electronic surveillance systems, temperature control, wireless communication for Internet and in-house entertainment are some features that will add value to the residences. We are providing systems with sensors to enable residents to control ambience, light and temperature through pre-programme machines.

Perfectly Located

Fountainhead is located at the picturesque and unpolluted area of Viman Nagar, a vibrant shopping and entertainment area with a dynamic cityscape. The area connects Pune to the industrial town of Ahmednagar. Viman Nagar is one of the busiest localities in the city and home to several educational institutions. It is centrally located within an environment-friendly campus, surrounded by malls, hospitals, school and the airport. The project is in close vicinity of several prime landmarks in the city.

Greening the Environment

We believe in eco-friendly housing providing environment-friendly living options and lush playgrounds. It embraces nature by providing ample open spaces for the residents. The project will have a central green zone with open lawns and botanical gardens that will help residents de-stress. The project also utilises green technologies for effective energy, water and waste management.

Key Highlights:

- Spacious and elegantly designed 4BHK and 3BHK flats and duplex houses
- State-of-the-art facilities such as fully-equipped gymnasium and clubhouse
- Home automation and safety systems for added security
- Modular kitchens and twin grand master bedrooms
- Multimedia-enabled bathrooms with Jacuzzi
- Outdoor temperature-controlled swimming pool, virtual golf arena, party lawn
- Entry and exits segregated from Mall access points
- Dedicated parking with 24/7 e-surveillance

The project will have a central green zone with open lawns and botanical gardens that will help residents de-stress. It utilises green technologies for effective energy, water and waste management.

Palladium Chennai

Stylish in the South

When you pay for luxury, you pay for timelessness. With Chennai upping its style quotient, Palladium Chennai adjoining Phoenix Marketcity at Velachery, Chennai, has upped the fashion ante. This unique luxury, lifestyle retail mall aimed at Chennai's crème-de-la-crème is dedicated to uber-luxury brands.

Luxury retail is all about creating the right kind of purchasing experience. The luxury retail fever has gripped Chennai. Finally, the Chennaite is ready to be spoilt for mall brand choices. Following the launch of Phoenix Marketcity at Velachery earlier, Chennaites are slowly waking up to more uber-luxury retail with Palladium Chennai nestled within the Phoenix Marketcity complex, a retail-led mixed-use development of The Phoenix Mills Limited.

Undoubtedly, retailing in the city has changed and there is a noticeable presence of luxury retail brands. The fashion-conscious Chennaite is getting spoilt for choice by a myriad of brands on display. As more and more uber-luxury marketers recognize the importance of having a tangible presence in the city, Chennai is fast emerging as a destination for uber-luxury brands of international and native origins.

A first of its kind retail concept, Palladium Premio houses a host of international apparel and accessory brands making their first foray into India.

A Growing Market

Chennai continues to fast grab eyeballs of some of the biggest international luxury brands venturing into India. In the last five years, Chennai has seen a significant shift in demographics. Luxury retail is now a growing market

Palladium Chennai

As more and more uber-luxury marketers recognize the importance of having a tangible presence in the city, Chennai is fast emerging as a destination for uber-luxury brands of international and native origins.

in Chennai and represents a huge opportunity. Over a dozen labels are now available in multi-brand fashion outlets and this is just the beginning.

The Forbes list places Chennai as one of top ten fastest growing cities in the world. Home to an over 4.68 million population, Chennai is welcoming the change with open arms. The city is finally ready for a big-brand blitz as status-driven spenders, besides Generation Next changing the dynamics of retail and indulging in their favourite brands. The rapid growth of the city is triggered mainly by factors such as people migrating from other parts of India, which has exposed the traditionally conservative metro to an upmarket and swanky luxury lifestyle.

Marketcity sets the Ball Rolling

Spread across 2.5 million sq. ft. of built-up area, Phoenix MarketCity introduced Chennai to an ultimate shopping paradise. It offers a lavish spread of shopping, entertainment, hospitality and commercial space. In short, Phoenix Market City is set to emerge as the centre of ultimate indulgence. With Phoenix Marketcity at Velachery, the city was thrown open to an unparalleled shopping experience in a modern and highly-pleasing environment. Termed as one of the biggest malls in South India, Phoenix Marketcity which opened in January 2013, offers a fresh and exciting experience with bright, high-ceilinged, modern and well-designed shopfronts.

A Step Ahead

Now, Palladium Chennai goes a step further and offers a high-fashion atmosphere to locals through a well-balanced, incredible and comprehensive shopping and leisure experience. Spread over a luxurious 0.21 million sq. ft. of leasable area, it houses the world's choicest brands and marquee luxury labels for men and women. Designed by Benoy, a Hong Kong-based architectural firm, this sprawling mixed-use development asset nestled adjoining Phoenix Marketcity offers a large-scale consumption centre for high-end luxury brands. It is an upmarket shopping destination converging art, architecture and design.

Right purchasing experience

With the city upping its style quotient, Palladium Chennai, the second phase of the mixed-use development model of Phoenix Marketcity at Velachery, is the city's first mall dedicated to luxury brands. It presents an environment for an array of bonafide luxury brands. A relaxed atmosphere, good adjacency of brands operating in the same segment, easy accessibility, proximity to posh residential catchments and ample car parking coupled with good security facilities are some of the features offered by Palladium.

Zoning is the key

Intelligent and unique zoning at Palladium Premio allows clients a private and indulgent shopping experience. It ensures leading brands jump off the shelves and grab the attention of an avid Chennai shopper. With a plethora of brands on display, right zoning and right tenant mix, the shopper gets a brand to complement every desire. Based on their category and size requirement, space is identified for every retailer making it a complete shopping destination. An entire section within the mall will be dedicated to pure luxury.

Locational Advantage

Velachery is fast emerging as a commercial and retail destination owing to the proximity to the airport and established IT parks, like Tidal IT Park, Elnet Software Park. Some of the catchment areas are: Old Mahabalipuram Road, Guindy, Race Course, Adambakkam, Mount Road, Adyar, Nungambakkam.

Termed as one of the biggest malls in South India, Phoenix Marketcity offers a fresh and exciting experience with bright, high-ceilinged, modern and well-designed shopfronts.

Kessaku

Fine Art of Living - Perfected

Kessaku elevates the ordinary to the exemplary, simple to sublime, the dull to divine, and the everyday to a work of art. It is the coming together of diverse perspectives in a beautiful balance. Every little detail at Kessaku is perfected to exceed the home-owner's expectation and set new industry benchmarks in iconic and artful statement in exclusive living.

Kessaku means a 'masterpiece' in Japanese. It is an exemplification of the idea of simplicity in complexity, allowing subtle and complex details, textures to exist in a balance of beauty and purpose. It is a compilation of residences that redefine grace. It offers home-owners the fine-art of living with the concept of 'bunglow living' and the convenience of a gated-community.

Built over a saleable area of 1.0 million sq. ft, Kessaku comes in the wake of the unparalleled success of One Bangalore West, the fast upcoming residential development within the complex to be delivered in mid-2016. An unsatiated demand for a luxury residential product with large spaces and single-level homes led to Kessaku's evolution.

The Kessaku precinct consists of 5 exclusive towers – Sora, Niwa, Mizu, Faia and Zefa – inspired by five natural elements. Each of these towers have an independent art-inspired lobby and offer expansive living spaces ranging between 6,200 sq. ft. and 7,400 sq. ft. with 'by invitation only' duplex/penthouse apartments. Located at 1, Dr. Rajkumar Road, Kessaku will be launched in the third quarter of 2014 and delivered in the last quarter of 2018.

Kessaku

Kessaku looks at clichéd 'luxury interiors' through a fresh lens that combines artful Indian taste with cutting-edge contemporary design.

Redefining Grace

Kessaku is a compilation of residences that redefine grace and reflect the modern architectural vision of Callison, USA – the design consultants. The U-shaped building exudes a sense of sleek modernism, ensuring breath-taking, uninterrupted views from every internal space. This is beautifully juxtaposed against the lush greenery and expansive decks reflecting a more elegant and balanced way of life.The project creates a contemporary paradigm of seamless inside-outside living.

For a great experience to come together, the little details matter the most. The infinity edge indoor pool, 360-degree rooftop jogging track, bespoke home automation, international concierge service and immaculately-designed and produced kitchen systems add to the project's attractiveness. Kessaku looks at clichéd 'luxury interiors' through a fresh lens that combines artful Indian taste with cutting-edge contemporary design. The project is designed for IGBC gold certification to facilitate sustainable and responsible living.

Benchmarking Luxury Living

Spaces at Kessaku have been artfully detailed to embody a masterpiece in the truest sense and remain culturally pertinent. Luxurious large spaces flow seamlessly into each other celebrating the idea of multiple-use. Exclusive

access-controlled elevators whisks the home-owner straight to his villa. In addition to this, personal lobbies, four-zoned kitchen suites, two master suites with 'his' and 'her' vanity areas and large bathing suites truly make Kessaku a new benchmark in luxury living.

An internal boulevard and individual drop-off areas to each tower are some other key features of the luxury product that offers a quality-living experience and elevates the ordinary to the exemplary. The detailed landscaping by Design Cell subtly complements the overall spatiality in a very contextual and unobtrusive manner. The interior narrative with a modern eclectic discourse creates a luxury attuned to the taste of the global family. The experience is further enhanced by a personalized home intelligence system that's virtually invisible and intuitive to ensure comfort and the highest degree of security.

Elegance Personified

Kessaku comes with the bespoke privilege of two clubhouses. Midori is the ground-level Garden Club. Exemplifying the 'verandah' concept, Midori creates a lovely space that speaks of restrained, laid-back elegance that extends into a tranquil landscape. One can leisurely enjoy a game of squash or a tee-off at the simulated golf zone. Kaze is the rooftop club in the sky with an unparalleled all-round view of the city. It is named after the whispering wind — restless and free. It boasts of temperature-controlled indoor infinity pool, 360-degree jogging track, gym, yoga room, sauna, jacuzzi, spa and the best sunset over the city's skyline.

Strategic Location

The project is strategically located in close vicinity of a metro station, World Trade Centre, five-star Hotel Sheraton, premium shopping destinations, reputed educational institutions and hospitals, offering fantastic connectivity and a good mix of cosmopolitan infrastructure. It is in the close vicinity of three infrastructure projects - IISC Underpass, Metroline and the Airport Expressway. It is in close proximity to the central business district and the International Airport with distinguished educational institutions being a hop away and innumerable cultural and recreational options next door.

The grandness of this masterpiece, which redefines residential living, is revealed in its architecture, choice of exquisite materials, state-of-the-art technology and top-of-the-line service and experience.

Case Study

Luxe

A New Dimension to Entertainment

Luxe by SPI Cinemas is a cinema destination that breaks all conventions to deliver a bold, contemporary and chic cinema experience. Stylish, individualistic, creative and unapologetically fashionable, Luxe is where you want to be!

Carefully designed to give you a visually stimulating experience that is nothing short of spectacular, Luxe is the perfect harmony of creativity, style and comfort – combined with the ultimate in cinema technology, guaranteed to escalate your movie-viewing experience to a place you never thought existed. This is the unique beauty of Luxe.

For a while now, the movie lovers in Chennai have been missing the IMAX experience, something that movie goers in Bengaluru, Hyderabad and Mumbai have been able to enjoy. The wait has finally ended with Luxe throwing open its doors at Chennai's shopping, dining and entertainment hub, Phoenix Market City at Velachery.

Owned and operated by the popular multiplex and entertainment group, SPI Cinemas, Luxe is an 11-screen multiplex with state-of-the-art screens, with one of them being Chennai's first IMAX.

Each screen at Luxe Cinemas is equipped with a 4K digital sound, with Dolby Atmos included. Each screen is nearly 75-feet high keeping eyes at ease.

Luxe

Unforgettable Cinematic Experience

The Luxe IMAX screen will have a capacity of about 400 seats, while the overall seating capacity is 2,688 seats for all the 11 screens. IMAX raises the standard of cinematic experience within the city as movie-goers can enjoy an enigmatic and fulfilling experience. IMAX completely transforms the way audiences experience movies.

The screens are a perfect balance of style and comfort. No two screens offer the same movie watching experience, thanks to the unique design, lighting and theme with a mix of different imported fabrics. The combination of designer vinyl seats, and the mélange of colour make for a sensational ambience.

Superior Technology

The screens are equipped with RDX-4K and RDX- 3D, 2.4 gain Silver Screens and digital audio that delivers a stunning cinematic experience.

All the screens are equipped with 4-way QSC speakers with the world's leading processors which gives maximum voice clarity. Even the most subtle sound is heard clearly, leaving you with an unparalleled audio experience.

Dolby Atmos, the latest in cinema sound, is currently installed in two screens.

Style and Ambience

As you enter Luxe, you will be transported to a glamorous world of ritz and glitz. The Italian marbled floors, the plush coloured velvet padded walls, the crystal chandeliers hanging from the ceiling and the intricate etched glass decor make for a visually stunning experience.

The use of rich drapery that frames different elements adds to the exquisite look of the space. The central lobby is home to a larger than life video pillar, consisting of 72 LCDs lodged together on four sides of a column, bringing any content to life. This is the

first of its kind in India and the largest in Asia. On an elevated stage is a Grand Piano! It is hooked-up to an automated iPod and plays music composed by the all-time greats. The effect is so wonderful that you may be tempted to hang around the Luxe lobby just to listen to the music. The unmatched features create a unique space which movie connoisseurs in Chennai will look forward to as an entertainment hub.

Café De Luxe

Located at the mezzanine level overlooking the Luxe lobby is Café De Luxe, where patrons can hang out over a mocktail or two! In tune with Luxe's concept, the Café has inviting couches, table-top chandeliers and their signature omni-present glow. An added bonus is the seating near the glass projector cabins of Screens 10 and Screen 11, where one can sneak a glimpse of the screening. The thirsty mall-goer can choose from various options here — smoothies, lemonades, mocktails and a few hot and cold coffees. The Café also offers a range of finger food to choose from.

Going Forward

Luxe offers an unparalleled luxury cinema viewing experience, setting a benchmark for excellence and offering value to Chennai's discerning audience. With an increased number of retailers commencing operations at Phoenix Marketcity and with footfalls rising each day, the upscale auditorium is sure to be thronging with movie goers.

An added bonus at the Cafe is the seating near the semi-transparent projector cabins of Screens 10 and Screen 11, where one can sneak a glimpse of the screening.

Case Study

Michael Kors

Michael Kors was pleased to announce the opening of its first Lifestyle store in Mumbai, India, this April. The 1,502-square-foot store, located at Palladium Mall, will carry a mix of accessories from the Michael Kors Collection and MICHAEL Michael Kors labels, as well as watches, jewelry, footwear and eyewear.

Michael Kors' in-house team designed the store to echo the label's chic aesthetic, using zebra-print furniture, sleek metal fixtures and mirrored surfaces. Glossy, large-scale vintage photographs cover the walls, evoking jet set glamour and timeless sophistication.

3. MD&A
4. DR & CGR
5. Financials

"The style in Mumbai is very inspiring," says Michael Kors. "Naturally I'm thrilled to open up there this spring. I know customers will love the rich prints and luxurious accessories they find in our store."

Michael Kors is a world-renowned, award-winning designer of luxury accessories and ready-to-wear. His namesake company, established in 1981, currently produces a range of products through his Michael Kors and MICHAEL Michael Kors labels, including accessories, footwear, watches, jewelry, men's and women's ready-to-wear, and a full line of fragrance products. Michael Kors stores are operated, either directly or through licensing partners, in some of the most prestigious cities in the world, including New York, Beverly Hills, Chicago, London, Milan, Paris, Munich, Istanbul, Dubai, Seoul, Tokyo and Hong Kong.

Management's
Discussion & Analysis

The International Monetary Fund (IMF) has raised the global economic growth outlook for 2014 to 3.6% and this is expected to accelerate to 3.9% in 2015. Growth in advanced economies is seen increasing to about 2.3% during 2014, a 1% improvement over 2013. Key drivers for this improvement are a reduction in fiscal tightening and highly accommodative monetary conditions.

Economic Review

Global Economy

The global economy experienced subdued growth for another year in 2013. The economy grew at its slowest rate since 2009 of approximately 2.9%. Under-performance was observed across almost all regions. Most developed economies continued to underperform in an uphill battle against the effects of the financial crisis. However, prospects for 2014 look brighter with a forecast of improved growth for developed economies such as Germany, Japan, the United Kingdom and the United States. The International Monetary Fund (IMF) has raised the global economic growth outlook for 2014 to 3.6% and this is expected to accelerate to 3.9% in 2015. Growth in advanced economies is seen increasing to about 2.3% during 2014 , a 1% improvement over 2013. Key drivers for this improvement are a reduction in fiscal tightening and highly accommodative monetary conditions.

Management's Discussion & Analysis

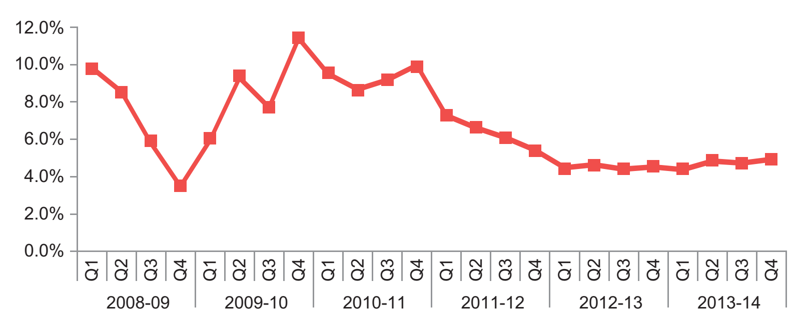
The resurgence of exports, prospects of a revival in the global economy and moderation in inflation point towards a better outlook for the domestic economy during FY2014-15.

Among the advanced economies, growth is expected to be the strongest in the United States at about 2.8%. In the Euro area, growth is projected to be positive but varied. In the emerging markets and developing economies growth is projected to gradually pick up from 4.7% in 2013 to about 5% in 2014 and further to 5.3% in 2015. This will be aided by stronger external demand from advanced economies. Economic growth in China is projected to remain steady at 7.5% in 2014 as authorities seek to rein in credit and advance reforms, while ensuring a gradual transition to a sustainable growth path.

Indian Economy

The Indian economy weathered the global financial crisis rather well. It quickly recovered from the decline in FY2008-09 to a healthy growth rate of around 9% annually during FY2009-10 and FY2010-11. However, the recovery was short-lived as economic growth decelerated to 6.2% in FY2011-12 and further to 5.0% in FY2012-13 due to domestic and external factors. Despite some recovery in agriculture and the industrial sector, the overall GDP growth recorded during FY2013-14 was lower at 4.7%. In the fourth quarter of FY2014, GDP grew 4.6% (in terms of GDP at factor cost at constant prices).

Growth Rate in GDP at factor cost



Source: RBI Database

The International Monetary Fund (IMF) has estimated a better year ahead for the Indian economy, as per the World Economic Outlook released in January 2014. A series of reform measures have been taken including the clearance of several large-scale projects by the Cabinet Committee on Investment. These are collectively projected to help revive the Indian economy and investor sentiments. In addition, the resurgence of exports, prospects of a revival in the global economy and moderation in inflation point towards a better outlook for the domestic economy during FY2014-15.

Industry Review

Real Estate Sector

The real estate sector in India plays a pivotal role in driving the nation's economy. It is the second largest employment provider after agriculture and contributes about 6.3% of GDP. The performance of the sector is driven by factors such as rapid urbanisation, positive demographics, migration from rural to urban, improving infrastructure, rising income levels and housing demand. The sector witnessed a challenging period during FY2013-14 marked by subdued sales and higher inventory levels which affected the cash flows and debt levels of the real estate companies.

Political uncertainty, slower economic growth, sustained weakness of the Indian rupee, rising inflation and hardening interest rates led the buyers to postpone their buying decisions. Further, adverse regulatory developments and increased borrowing rates pushed up project costs and delayed execution time lines. The year, however, had one positive development on the reforms front, that of the passing of draft guidelines on Real Estate Investment Trusts (REITs).

Going forward, as the economy is set for a revival in 2014, the real estate market is expected to see some traction on the demand and sales front. The focus of developers will be on timely completion of the on-going projects and rationalisation of the existing inventory in accordance with the improvement in demand-supply scenario.

As the economy is set for a revival in 2014, the real estate market is expected to see some traction on the demand and sales front. The focus of developers will be on timely completion of the on-going projects and rationalisation of existing inventory.

Management's Discussion & Analysis

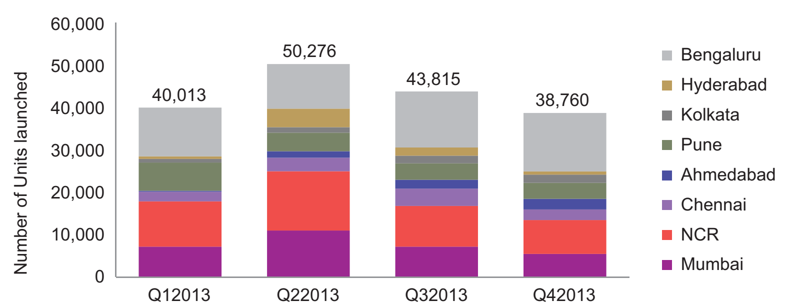
Increasing disposable incomes, favourable demographics and rising urbanization will continue to drive the housing demand in India.

Residential Sector

The residential sector faced several operational headwinds driven by weak demand, slow execution, reduced absorption and increased inventory levels. High prices also resulted in slowdown in sales. However, developers could not reduce prices as their operations were impacted by high financing costs, increasing raw material costs and slow regulatory approvals.

Despite the current backdrop, the housing demand in India continues to exceed the supply. Increasing disposable incomes, favourable demographics and rising urbanization will continue to drive the housing demand in India. According to a Cushman & Wakefield report, the current housing shortage in India stands at 62.5 mn units, and the demand is expected to increase by another 26.3 mn units by 2017. The demand-supply mismatch can be solved by introducing supportive regulations which will bring in transparency and streamline the approvals' process, leading to faster execution and timely delivery of projects to the buyers.

New Residential Launches in 8 Major Cities in 2013



Source: Citibank Property Insights

The Union Budget FY2014-15 has made some key proposals for the real estate sector, which are expected to benefit as mentioned below:

1. Increase in interest subvention to Rs 0.20 mn from Rs 0.15 mn, overall limit of Section 80C exemption to Rs 0.15 mn from Rs 0.10 mn and overall income tax slab to Rs 0.25 mn from Rs 0.20 mn. This will improve the affordability, majorly benefitting buyers of residential units priced up to Rs 0.30 million which currently accounts for 12%-15% of the total upcoming supply in the top 10 cities.
2. Allocation of Rs. 120 billion to the National Housing Board (NHB) for providing cheaper credit to poor and Rs 71 billion for development of 100

smart cities. Over the longer term, development of smart cities will also provide opportunities to real estate developers.

3. Easing of FDI regulations for of residential projects in form of reduction of investment threshold limit to $5 mn from $10 mn, reduction in minimum project size to 20,000 sq metres from 50,000 sq metres. Liberalising FDI norms could potentially improve the flow of funds for developers who are currently facing liquidity crunch as it opens up new avenues for fund raising.
4. 'Pass through' status for Real estate investment trusts (REITs). Tax efficient REIT structure is likely to encourage the development of the REIT market. This will improve fund flow of developers who have considerable lease income.

With the revival in economic conditions, the commercial real estate is expected to witness robust demand as more number of companies expand their operations and office set-ups in suburban locations.

Bengaluru Residential:

The residential market in Bengaluru witnessed new launches of nearly 49,000 units during 2013 (Source: Citibank Property Insights). The new launches were majorly in the mid-segment accounting for over 52% of the total newly launched units. The absorption levels continued to remain healthy resulting in higher capital values across several markets. The residential market continued to benefit from its close proximity to IT hubs and the ongoing infrastructure development activities. Rental values remained stable in most locations. Going forward, capital values across select mid-end residential submarkets (such as East, South-East, North and North-West) are seen increasing. Proximity to workplaces and good support infrastructure will contribute to the uptrend in East and South-East. The submarkets of North and North-West are likely to appreciate backed by the ongoing and proposed infrastructure developments.

Chennai Residential:

The residential market in Chennai saw new launches of nearly 12,100 units during 2013 (Source: Citibank Property Insights). The new launches were majorly in the mid-segment accounting for over 90% of the total newly launched units. As per the current estimates, around 1,100 new residential units are currently in the soft launch stage, including around 300 units in the high-end segment. Slowdown in launches due to delayed approvals, higher input costs, healthy absorption levels and rising demand are expected to keep the capital and rental values trending upwards in the coming year.

Management's Discussion & Analysis

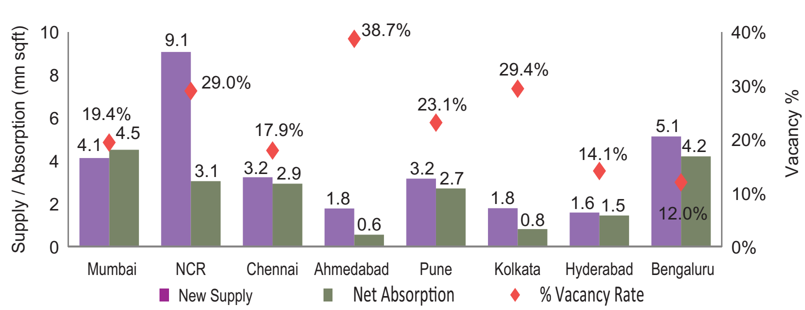
The city of Mumbai witnessed an overall new commercial office supply of 4.1 mn sq. ft. during the year. Going forward, fresh supply of 3.3 mn sq. ft. is expected to become operational in the first quarter of 2014.

Commercial Sector

The commercial real estate sector remained largely subdued during 2013 due to various sector specific issues such as lower new office developments, stagnant capital values, low leasing and rentals across various cities. Difficult macro-economic environment and tough business climate resulted in businesses deferring expansion plans, which led to reduced space absorption. The significant percentage of the office space absorption was mainly due to companies undergoing relocation and consolidation.

Going forward, a recovery in corporate demand for office space will be subject to the economic and funding environment. With the revival in economic conditions, the commercial real estate is expected to witness robust demand as more number of companies expand their operations and office set-ups in suburban locations. The suburban locations are able to provide large office spaces with modern amenities, car parking and safety at relatively low rents. Going forward, rental values across most micro-markets in India will remain steady even in a weak demand scenario, with restricted new supply being added to the office inventory. The market is expected to further pick up momentum with more corporate houses looking at buying property instead of leasing.

Supply and Demand of Commercial Space 2013 (India)



Source: Cushman & Wakefield Research, Grade A properties

Mumbai Commercial:

The commercial office sector in Mumbai witnessed an overall net absorption of 4.5 mn sq. ft. during 2013, down 24% YoY. Majority of the net absorption was concentrated in Grade-A developments, with IT/ITes sector being the largest driver followed by other sectors like Chemicals, BFSI, Pharmaceuticals, Education, FMCG and Logistics. The city witnessed an overall new supply of 4.1 mn sq ft during the year. Going forward, fresh commercial office supply of 3.3 mn sq. ft. is expected to become operational

in the first quarter of 2014. Net absorption will remain stable with healthy take-off expected in suburban and peripheral locations and the eastern suburbs.

Pune Commercial:

Commercial office space sector recorded a net absorption of nearly 2.7 mn sq. ft. during 2013, registering an improvement of 15% for all grades and 21% for grade-A spaces. The year saw total infusion of 3.2 mn sq ft of commercial space in the city. Better absorption levels helped in lowering the overall vacancy levels in the city. IT/ITeS sector contributed majority of the transaction activity followed by the BFSI sector. Going forward, approximately 5.7 mn sq. ft. of office space supply is projected to be completed in 2014 which will increase vacancies across submarkets considering the transaction activity is likely to remain at par with 2013. The IT/ITeS sector is expected to continue driving market activity in the near future.

Retail Sector

The Indian retail sector witnessed an unprecedented growth over the last decade, driven by robust economic growth, rapid urbanisation, changing lifestyles and aspirations of the Indian consumer. The retail sector is a significant contributor to the Indian economy accounting for around 22% of the GDP, as per the estimates of the Associated Chamber of Commerce and Industry (ASSOCHAM). While the sector at present is mostly unorganised in its structure, there is a rapid shift towards organised retail. As per ASSOCHAM estimates, the organised retail sector is growing at 24% CAGR and is expected to account for 10.2% of total retail industry to reach a size of Rs. 3,500 bn by 2016-17.

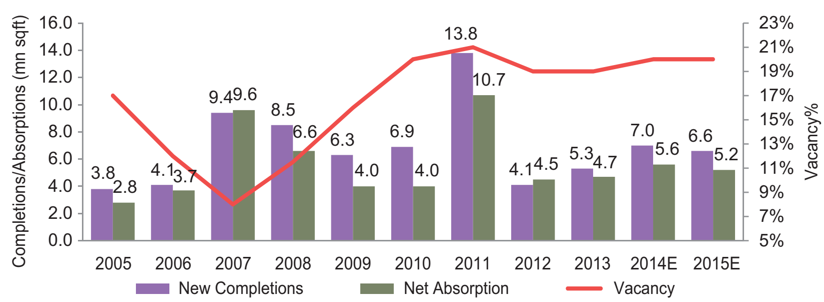
The retail sector is a significant contributor to the Indian economy accounting for around 22% of its GDP. Organised retail is growing at 24% CAGR and is expected to account for 10.2% of the industry by 2016-17.

Management's Discussion & Analysis

With multi-brand retailers exploring opportunities in India and single-brand retailers already announcing entry into India, demand for quality retail space conforming to international standards is rising significantly.

India's strong growth fundamentals along with increased urbanisation and consumerism have opened immense scope for retail expansion for foreign players. The foreign direct investment (FDI) inflows in single-brand retail trading during the period April 2000–January 2014 stood at US$ 98.66 million, as per data released by Department of Industrial Policy and Promotion (DIPP). The Government of India has approved 51% foreign direct investment (FDI) in multi-brand retail and increased FDI limit to 100% in single brand retail and cash-and-carry operations.

Supply and Demand of Retail Space (India)



Source: JLL Real Estate Intelligence Service, 4Q13

From less than 1 million sq ft of mall space in 2001, the Indian organised retail sector has increased manifold. The total organised retail supply for the year 2013 stood at approximately 4.7 mn sq. ft., having grown by 78% compared to 2.5 mn sq. ft. in 2012. The leading Indian cities of Mumbai and Delhi witnessed an influx of big-box, fast-fashion and high-end retailers. While preference for shopping at malls is evident in the metros, the Tier II and Tier III towns are also rapidly building up their aspiration levels. Over the past decade, Indian cities such as Bangalore, Pune and Chennai have seen reasonably good absorption of retail spaces on the back high consumerism supported by strengthening IT-ITeS sector and the strong auto, manufacturing and biotech sectors. Improvement in infrastructure, city expansion and the right supply of retail malls have been the primary reasons for growth in the recent past. With multi-brand retailers exploring opportunities in India and exciting single brand retailers like H&M and Uniqlo already announcing entry into India, demand for quality retail space conforming to international standards is likely to rise significantly.

Hospitality Sector

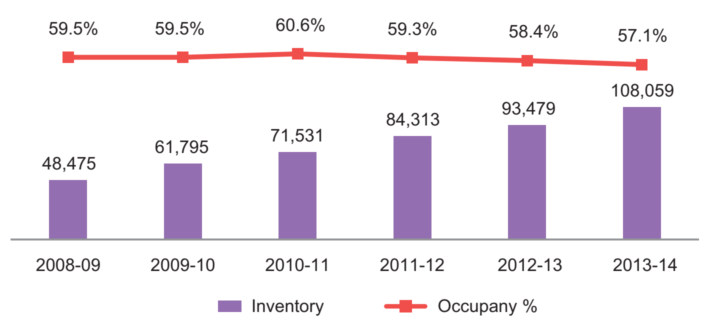
The Indian hospitality and tourism sector is one of the key drivers of the Indian economy contributing around 6.3% to the Indian GDP and 8.7%

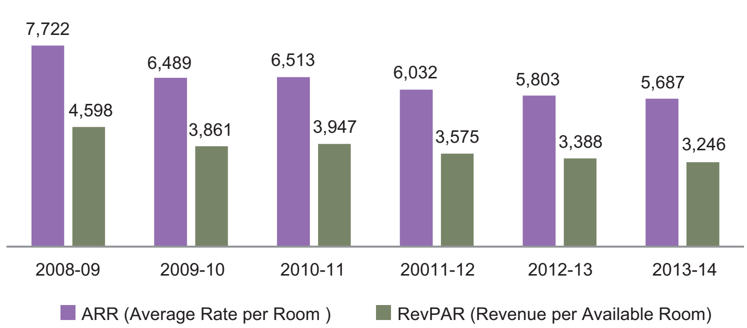
to the total employment. Despite global economic challenges, the sector managed to display an impressive CAGR of 10.8% over 2008-2013. The industry continues to benefit from India's emergence as a favoured tourist destination over the years, driving international tourists for business and leisure travel. According to the Ministry of Tourism, foreign tourist arrivals grew 4.1% to 6.8 mn in 2013 leading to strong foreign exchange earnings from tourism which grew 12.0% to Rs. 1,058.4 bn in 2013 . The Indian Government further increased the attractiveness of the industry by allowing 100% FDI in the sector. According to DIPP, the sector attracted FDI inflows worth USD 7.1 bn between April 2000 and February 2014, accounting for around 3.3% of the total FDI flows.

The Indian hotel industry continued to witness a steady increase in new supply which grew at CAGR of 17.3% over 2008-09 to 2013-14. Despite a difficult macro-economic environment, hotel demand grew at a CAGR of 16.4% over 2008-09 to 2013-14, resulting in only a marginal decline in occupancy level from 59.5% in 2008-09 to 57.1% in 2013-14. The decline in ARR and RevPAR was only partially driven by higher supply levels and was mainly driven by shift in a supply composition towards midscale and economy hotels.

The Indian hotel industry witnessed a steady increase in new supply. Despite a difficult macro-economic environment, hotel demand grew at a CAGR of 16.4% between 2008-09 and 2013-14.

Performance of Indian Hotel Industry





Source: HVS Estimates

Mumbai witnessed an improved occupancy of 64.2% in 2013. This was partially due to market conditions and the changed supply composition, with around 52% of new supply in the last three years being in mid-economy segment.

Based on HVS estimates, the supply is expected to grow at CAGR of 9% over the next six years, while the demand is expected to grow at CAGR of 13.8% resulting in steady absorption of new supply and increasing occupancy levels. This would result in a steady double digit growth in the ARR and RevPAR over 2014-2020.

Mumbai Hospitality:

The city of Mumbai is the economic centre of India and contributes over 20% to India's GDP. The city houses the head-quarters of major corporate houses such as Reliance Industries, Tata Group, Aditya Birla Group, among others, and major financial institutions such as the Reserve Bank of India, National Stock Exchange and Bombay Stock Exchange and various international financial institutions like Citibank, Deutsche Bank, Morgan Stanley, and Bank of America, among others. The city's diversified economy covers a wide range of industries from entertainment and media to software, hospitality, textiles and manufacturing. The city infrastructure is expected to improve with the operationalization of the Metro Rail, better road connectivity with an expanding flyover network, and an improved access to air travel, with the existing airport getting a new terminal and a new airport to be constructed in Navi Mumbai. The city witnessed an improved occupancy of 64.2% in 2013, while seeing a nominal decline in ARR and RevPAR, which was partially due to market conditions and majorly due to the changed supply composition with around 52% of new supply in the last three years being in mid-economy segment. (Source: Cushman & Wakefield and Horwath HTL Reports)

Agra Hospitality:

Agra is one of the leading tourist destinations in India renowned for the Taj Mahal, one amongst the Seven Wonders of the World, in addition to many other historical monuments such as Mughal-era buildings, Agra Fort and Fatehpur Sikri. Until recently, the city mainly attracted demand from group leisure and individual leisure segments, while the demand from the MICE (meetings, incentives, conferences, exhibitions) segment remained weak due to lack of infrastructure development and limited connectivity to Delhi NCR. However, the recent opening of the six-lane 165 km long Yamuna Expressway has halved the travel time from Delhi NCR to Agra, and should result in significant growth in demand especially in the MICE and individual leisure segments. Further, the train journey between Delhi and Agra will be cut short to 90 minutes by introducing high speed trains by the end of 2014. Considering the statistics for luxury and upscale segments, Agra has bucked the sector trend, with the occupancy levels increasing from 47.6% in 2009 to 63.6% in 2013 and RevPAR increasing at CAGR of 8% to reach Rs. 4,639 in 2013. The occupancy levels have increased due to better MICE and leisure travel. According to HVS estimates, Agra is expected to witness a 37% increase in future supply from 2013 to 2017, with around 20% of the supply in luxury segment and rest in mid-market segment. (Source: Horwath HTL Report)

The recent opening of the six-lane 165 km long Yamuna Expressway has halved the travel time from Delhi NCR to Agra, and is expected to result in significant growth in demand, especially in the MICE and individual leisure segments.

Real Estate Sector Reforms

The real estate sector in India is in need of key reforms to revive the sector growth and realise the long term growth potential of the sector. The Indian Government did initiate certain regulations during 2013, however, effective implementation of these regulations is essential to encourage transparency, corporate governance and investment, bettering the industry's long-term prospects.

Real Estate (Regulation and Development) Bill, 2013

The Real Estate Bill was introduced in the Rajya Sabha on August 14, 2013, post approval from the Union Cabinet in June 2013. The Bill aims to bring in a high level of transparency in real estate transactions in India and implementation of projects. State Governments, along with the Ministry of Consumer Affairs, the Competition Commission of India, the Tariff Commission among others, have backed the Bill. Quality developers, with

Management's Discussion & Analysis

The R&R Act combines land acquisition and rehabilitation & resettlement for loss of land and livelihoods of those even marginally affected by land acquisition.

superior execution track records and better disclosure standards, are seen benefiting most. The passage of the Bill is expected to be finalised by the new Government.

Key Features of the Bill:

- Need to establish a 'Real Estate Regulatory Authority' in each state/union territory as an enforcement agency empowered to impose penalties on defaulting developers.
- Need to formulate the 'Real Estate Appellate Tribunal' in each state for speedy settlement of disputes.
- Need to have 'carpet area' concept for deals to eliminate obscurity resulting from ambiguous sales terminology.
- Need for all real estate agents to get registered.
- Need for real estate promoters to deposit 70% (or government mandated percent) of cash received in separate bank accounts.
- In case of non-adherence to the Bill, the 'Real Estate Appellate Tribunal' can impose penalties which may go up to 10% of the estimated project price. Continuous violation of this can invite imprisonment up to three years.

The Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement (R&R) Act, 2013

India threw open the gates to Foreign Direct Investment in the real estate sector in 2005. Currently, up to 100% FDI is allowed in real estate through the automatic route.

This is a comprehensive Act which came into effect from January 1, 2014, replacing the earlier Land Acquisition Act, 1894. The Act combines both land acquisition and rehabilitation and resettlement for loss of land and livelihoods of those even marginally affected by land acquisition. It focuses on increasing transparency and involves prior consultation with local landowners and the local Panchayati Raj institutions.

Key Features:

- Private projects will require approval of 80% of land owners; private-public partnership projects will require approval from 70% of land owners.
- Compensation to land owners is proposed to be four times the market value in case of rural areas, and twice the value in case of urban areas.

- The Act has a retrospective clause which aims at correcting historical inequalities by allowing provisions for certain classes of individuals to benefit from enhanced compensation.
- The Act proposes to enhance the roles of Panchayati Raj institutions such as Gram Sabhas, to speed up acquisition process and reduce lawsuits.

Proposed Single-window Clearance for Realty Sector Projects

The Ministry of Housing and Urban Poverty Alleviation plans to introduce a new system of single-window clearance of all real estate projects. The system proposes to reduce time lines required for project approvals to 45-60 days from the current average of 196 days. Further, the move will have an impact on reducing project costs translating into downward correction of property prices ranging between 5% to 15%.

Foreign Direct Investment (FDI) in Real Estate

India threw open the gates to foreign direct investment (FDI) in the real estate sector in 2005. Currently, up to 100% FDI is allowed in the real estate sector through the automatic route, subject to fulfilment of certain criteria. The construction sector in India attracted FDI worth Rs. 64 bn during April 2013 – February 2014. With an increased need of meeting the growing housing demand in India, the Ministry of Housing and Urban Poverty Alleviation made proposals in August 2013 to ease FDI norms in real estate projects. Some key proposals are as mentioned below:

> Globally, REITs have proven to be an attractive investment option ensuring participation from retail investors, pension funds and insurance companies.

Real Estate Investment Trusts (REITs)

The Real Estate Investment Trusts (REIT) structure consists of a single company or group, owning and managing assets on behalf of their investors. REITs primarily invest in completed real estate assets that generate revenue and majority of their earnings are distributed among investors. REITs are thus a low-risk investment avenue providing regular income. To attract foreign investment in the real estate sector, Sebi released draft guidelines on REITs in 2013. This move is expected to create a transparent environment, thereby attracting retail investment and enabling liquidity infusion for cash-crunched developers. Globally, REITs have proven to be an attractive investment option ensuring participation from retail investors, pension funds and insurance companies. The operation of REITs will deepen the market, attracting long-term and low-cost capital, and usher in greater transparency and better disclosures.

Management's Discussion & Analysis

Key Features of SEBI's draft guidelines on REITs:

- To be set up as a trust and registered with SEBI and to have parties such as trustee (registered with SEBI), sponsor, manager and principal valuer.
- Minimum size of assets under REIT to be not less than Rs. 10 bn.
- Minimum 25% public participation in REIT and initial offer size to be not less than Rs. 2,500 mn.
- 90% of REIT's net distributable income after tax to be distributed among unit-holders.
- REITs to invest in real estate properties, other than vacant/agricultural land/ mortgages or through special purpose vehicles (SPV), wherein the SPV shall own not less than 90% of assets.
- REITs to hold controlling interest in the SPV, subject to not less than 51% equity.
- 75% of the revenues of REIT shall be from rent, lease, other than gains arising from selling of property.
- Reverse mortgage policy reformed by making annuity income from loan tax-free and making annuity payment life-long.

Reverse mortgage policy reformed by making annuity income from loan tax-free and making annuity payment life-long is a key feature of REITs.

Along with our investees, PML has interests in 10 irreplaceable large scale retail assets, making up close to 7.0 million sq. ft. across 8 Indian cities.

Company Overview

The Phoenix Mills Limited (PML) specialises in the ownership, management and development of iconic large format retail-led mixed use properties that includes shopping, entertainment, commercial, residential and hospitality assets. Today, along with our investees, we have interests in 10 irreplaceable large scale retail assets, making up close to 7.0 million sq. ft. across 8 Indian city centres. With the launch of our prime residential and commercial properties in Bengaluru, Chennai and Pune, and with commencement of our flagship hotel Palladium Hotel in Mumbai, we are emerging as a leading realty company of India that is both highly integrated and asset-class diversified at the same time.

Operational Review

Advantage Phoenix Mills Limited

FY2014 has been a year of learning and growth and that of upping the ante. We are at a point where we are solid as an organisation and constantly focus on understanding retailers' requirements. Our key objective is to scale higher and make each property better in every sense, following the initial frenzy period of the opening of each mall. We believe Phoenix Mills Limited (PML) is suitably positioned to capitalise on India's consumption story. Our underlying pillars of strength and key strategies in play are explained in detail below:

PML's key objective is to scale higher and make each property better in every sense, following the initial frenzy period of the opening of each mall. We are suitably positioned to capitalise on India's consumption story.

Focus on Management of Assets

We are in the process of understanding the retailer's requirements with the aim of increasing further footfalls in our malls. Our current focus is clearly on handling retailers' issues. Once a store is operational, our Store Operations Team and the Mall Management Team collectively ensure smooth operations without any hiccups. Leasing is another key activity which is at the forefront to ensure constant churn of good retailers. Building a rapport with retailers and focusing on relationship building is another key focus area. To make the staff of the Mall and individual retailers feel more involved, activities such as tournaments and cricket matches are arranged.

Increasing Visual and Aesthetic Appeal

Our prime focus is to make each mall appear fresh, beautiful and spic-and-span at any given point of time. We strictly adhere to our Merchandising and Visual Control Policy and our stringent visual checks ensure no part of the mall appears outdated and cluttered. Our aesthetic control ensures the common area of each mall and the retailers' area appears fresh. Our "Before & After" policy follows strict design process, making each retailer share their storefront designs prior to the opening. Our balancing act tries to ensure each retailer willingly accepts our suggestions on store designs, with each store appearing visually appealing and classy. To illustrate, for doing the storefront of "What The Fun" at Kurla Marketcity, we urged the retailer to appoint a designer and also shared our designs and sketches and put in place an "entertainment format".

A great deal of planning and strategy building is taking place within each mall to spruce up our marketing activities actively in order to sustain and increase footfalls.

Sharpening up Marketing Activities

A great deal of planning and strategy building is taking place within each mall to spruce up our marketing activities actively in order to sustain and increase footfalls. This is being done through a variety of events, promotions and other such activities. As a matter of fact, our exclusive festivals and activities arranged within each mall are gradually becoming individual properties . Our patrons keenly look forward to these festivals and events. With these activities, our malls are slowly adopting the role of becoming a socially responsible entity, a community player, a fashion guru, among other key roles.

For instance, we organise Women's Day at some of our properties, wherein each woman entering the mall the entire week (Week of Women's Day) can walk up to the Help Desk to get a complimentary gift, discount vouchers on several brands and gaming zones, complimentary gift vouchers for meals and beverages and such other perks and benefits. Among other such examples, the Palladium Mall organised a photography exhibition along with the National Geographic Channel. The Pune Marketcity's Junior Club Activity arranged every Sunday, which enables kids to learn pottery and art & craft, is also keenly looked forward to and regularly attended by children. The Marketcity at Pune recently arranged a presentation on culture, wherein various materials by artists were displayed and was appreciated by several people.

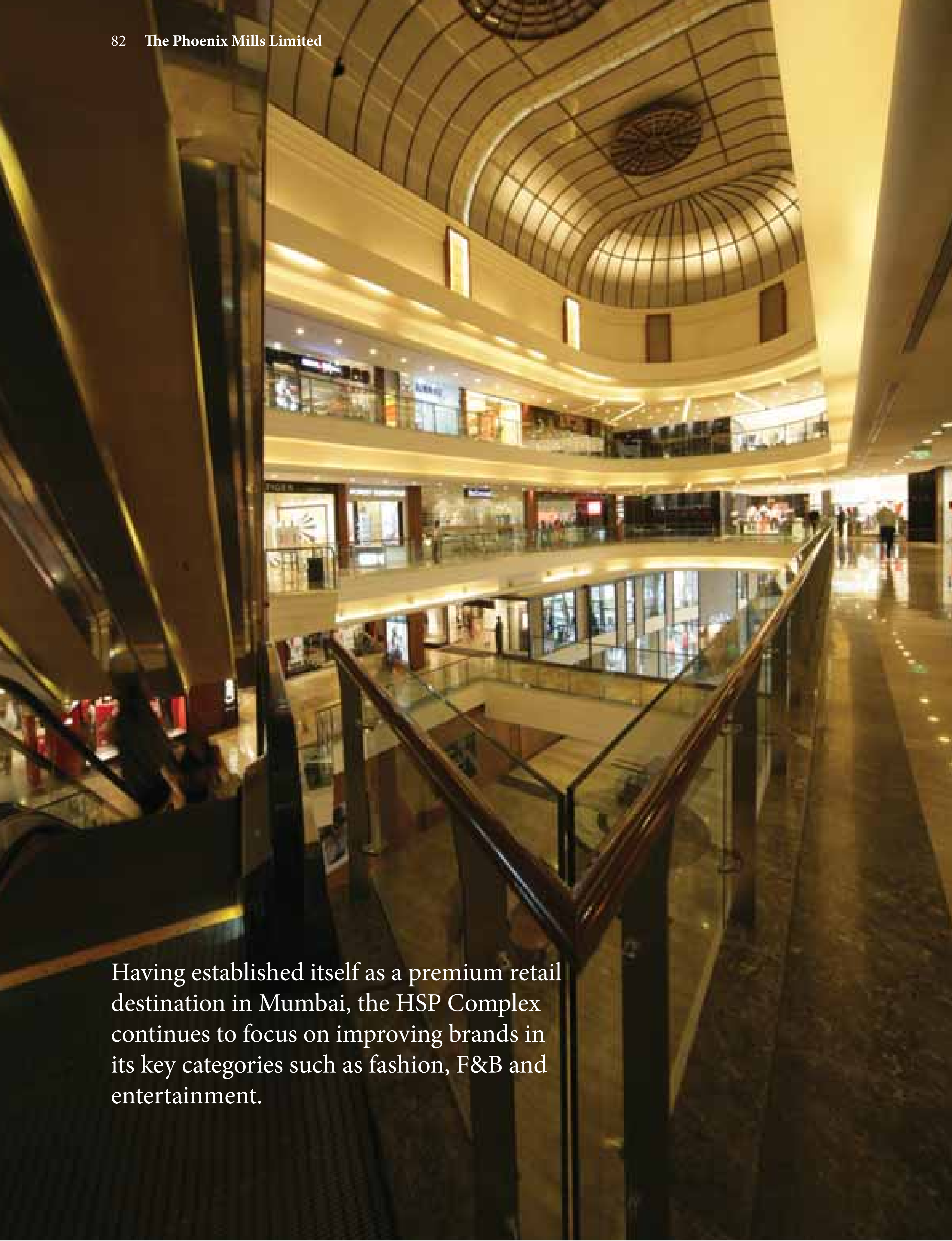
Our malls have set themselves a goal of becoming the leading malls in the premium retail segment across the cities they are present in, providing sheer intimidation by opulence.

Providing a 'Wow' Experience

Our malls have set themselves a goal of becoming the leading malls in the premium retail segment across the cities they are present in, providing sheer intimidation by opulence. Continuous refinement and keeping them shining and sparkling at all times is our key to ensure this. Our aim is to get premium national and international brands as our patrons, define innovation and provide a 'wow' experience to our customers. Our malls are horizontally spread than vertically with ample light and air, connecting directly to the parking lots. The construction architecture in each of these malls is simple and elegant. The focus is more on retail stores rather than confusing designs and walkaways. Once inside, the shopper gets to see the wide expanse through well-thought out areas and gives ample visibility to other floors, these are fast becoming places where people would like to congregate and have a day well spent. In a bid to provide five-star luxury, most of our retail centres provide concierge services, bag parks, home delivery services, online 'Plan your Visit' facilities and personal fashion consultants.

Everything for Everyone

Our retail centres and Phoenix Marketcity projects mark the convergence of shopping, dining, entertainment, art, architecture and design. Our concept of regular churning at our multi-development retail centre ensures each mall is zoned by products, age, gender and budgets. This way, they present a destination to these cities. So if a customer comes looking for a pair of shoes, Nine West, Charles & Keith and Aldo are next to each other on one floor, while Catwalk and Reliance Footprint is on the other. Our malls are home to marquee brands such as Zara, Debenhams, Gant, Tommy Hilfiger, FCUK, among others. We ensure a good mix of shops for every age group in these inclusive malls, with a host of fine-dining options to suit different taste palettes. This way, these malls are becoming the nerve-centres of these cities, bringing some of the biggest brands from India and across the globe, providing the experience of five-star luxury shopping.



Having established itself as a premium retail destination in Mumbai, the HSP Complex continues to focus on improving brands in its key categories such as fashion, F&B and entertainment.

Operational Projects

Our key strategy is to maintain our market leadership as an active owner, developer and manager of prime retail-led assets in the city centres of India. By way of active management of our retail destinations, commercial centres and hospitality assets aimed at income and capital growth, we focus on delivering added value to our shareholders. During the year, we completed delivery of our annuity based assets. All our large-format retail malls are now operational and our five-star hotel was also launched.

With this, we have delivered projects of nearly 9 million sq. ft. mainly in the Tier-1 cities of Mumbai, Bengaluru, Chennai and Pune. Today, we have 5 mega malls under direct management in Tier-I Cites and 5 malls in Tier-II cities including two malls through strategic tie-ups and investments, with a gross leasable area of approximately 7 million sq. ft. In our annuity portfolio, our five-star hotel in the tourist city of Agra and a luxury mall with 0.21 million sq. ft. of leasable area in Chennai is currently under construction. Our 'for sale' commercial and residential assets with nearly 7.5 million sq. ft. of saleable area are under different stages of construction. Through all of these assets, we have showcased how we create large-scale world-class retail destinations and deliver multiple projects within time and budget.

Through our assets, we showcased how we create large-scale world-class retail destinations and deliver multiple projects within time and budget.

Retail

HSP Complex (High Street Phoenix & Palladium Mall)

The High Street Phoenix Complex, which includes High Street Phoenix and Palladium Mall, maintained an average of 230 stores trading per month. The Complex clocked an average ticket size per customer of Rs. 700, as total footfalls jumped to 19.5 million, compared with 17.9 million in FY2013. The monthly average footfall was 1.6 million vis-à-vis 1.5 million earlier. Business consumption was 14% higher at 1.1 billion per month, while the average trading density was Rs. 2,256 per sq. ft., as compared with Rs. 2,013 per sq. ft. in FY2013. Key drivers for an excellent response to the Complex are size and scale, brand mix, store designs and a perfect location.

Having established itself as a premium retail destination in Mumbai, the HSP Complex continues to focus on improving its key categories such as fashion, F&B and entertainment. Some key categories added during the year were exotic chocolates (Royce) and home decor & appliances (Maspar, Villeroy & Boch and Harman Kardon). The Complex added fashion and apparel brands such as BYSI, Gant, Kenneth Cole and US Polo Kids, among other premium brands.

Key drivers for an excellent response to the HSP Complex are size and scale, brand mix, store designs and a perfect location. The Complex clocked an average ticket size per customer of Rs. 700, as total footfalls jumped to 19.5 million.

Other international and luxury brands which commenced operations during the year were: Ethos Summit and Thomas Pink, besides Indian Designer Wear brands such as Manyavar and AM PM. Some new brands added in Palladium Mall are: Ethos Summit, Heel & Buckle, Kenneth Cole, Michael Kors, Patchi, Royce, Stuart Weitzman, Thomas Pink and Villeroy & Boch. In the entertainment category, PVR has particularly generated very good response. The HSP Complex launched specific marketing initiatives to garner additional response and retain its leadership position. Some of these are enumerated below:

a. **Cool Japan Festival:** Showcasing of Japanese Culture, Lifestyle, Brands, Product and Food

b. **Srilanka Tourism:** Showcasing Srilankan Culture, Lifestyle, Brands, Product, Food, etc

c. **Apple I Phone 5S and 5C:** Launch of these Apple products with opportunity for first luck 200 customers to buy phone on the spot

d. **Apple Mini and Air:** Launch of Apple Mini and Air I Pad with opportunity for first luck 200 customers to buy I-Pad on the spot

e. **Cruise India Bike Tour:** Mumbai's 1st Bike Tour was organized at High Street Phoenix

f. **BMW X Drive:** Provided customers the experience of driving X3, X5 and X6 models of BMW at High Street Phoenix Courtyard

g. **Hyundai – ICC T20:** Live Screening of T20 World Cup at Courtyard

Management's Discussion & Analysis

Phoenix Marketcities

Over the last 3 years, PML has introduced the concept of Phoenix Marketcities across the prime cities of India. These Marketcities are a multi-development concept, marking the convergence of shopping, dining, entertainment, art and architecture. During this period, PML successfully delivered four Phoenix Marketcities across India – at Pune (June 2011), Bengaluru (October 2011), Mumbai (November 2011) and Chennai (January 2013). These assets, which added nearly 4.2 million sq. ft. of prime retail space, are now becoming significant cash generators for the Company. Each of these are spread over a million sq. ft. housing 300-plus stores with various levels of shopping area, a food court, fine-dining options, multi-level car parking, open-air courtyard, atria, bowling lanes, 8-10 screen multiplex, among other attractions. Our Marketcity malls aim at promoting art through display of sculptures and attractive installations sourced by artists from all over India. During FY2014, these relatively new assets matured further in terms of becoming a key attraction in their respective cities, garnering growing footfalls, new brand additions and burgeoning consumer spending.

> Phoenix Marketcities have matured in terms of becoming a key attraction in their respective cities, garnering growing footfalls, new brand additions and burgeoning consumer spending.

Phoenix Marketcity, Pune

With 277 stores currently operational at Phoenix Marketcity, Pune, total consumption at Rs. 6.2 billion indicates a 39% growth from Rs. 4.4 billion in the previous year.

The Marketcity at Pune has witnessed footfalls at 21.3 million during the year, with an operational area of 0.96 million sq. ft. With 277 stores are currently operational, total consumption at Rs. 6.2 billion indicates a 39% growth from Rs. 4.4 billion in the previous year. The average trading density at 857 per sq. ft. is nearly 16% higher than the previous year. The mall added several new categories during the year, some of which are: books, cafes, electronics, sportswear, watches, jewellery, men and women's fashion and home accessories, among others.

Among departmental stores, the mall witnessed the addition of Food Hall, Mega Mart and Splash. International brands such as Hamley's were added during the year. There was a significant addition of premium brands in foot fashion, bag and luggage accessories categories, some of which are Clark's, Woods, Lavie, Esbeda, Gloss Italty, Ruosh and Delsey. In the F&B category, the addition of Yo China, Star Bucks Coffee, Rainforest, Keppys and Wetzel's Pretzel's was a specific driver in pulling the cosmopolitan crowd of Pune. WoW, Avirate, Only and Heirlooms by Jashn were a few of the brands that saw an entry into women's fashion, even as some strong regional brands were added in the jewellery segment.

Besides good brands and anchor stores, the key driver for rising footfalls has been the various promotional and marketing initiatives of the mall. Engagement activities such as International Jazz evenings, large-scale musical

Management's Discussion & Analysis

shows, signature properties, art installations, culinary courtyard, corporate and socialite engagements, experiential events and festive decor helped in attracting, engaging and encouraging consumption and in retaining and building loyalty amongst the premium and elite consumers of Pune. Going forward, the mall has planned activities which will directly engage retailers present at the mall and help increase sales. Besides the above, being aggressive on digital platforms also helped the mall directly communicate with its target audience.

Phoenix Marketcity, Bengaluru

Having clocked a consumption growth of 77% on total sales at Rs. 6.6 billion during FY2014, the Marketcity at Bangalore has become one of the most premium destination for the urban Bangalorean. During the year, the mall added jewellery as a key category. Apart from Tanishq, it now has a range of premium and strong regional jewellery brands such as Malabar Gold and Diamonds, Bhima Jewellers and Nathella Jewellers. These stores are the key for driving good consumption to the mall. In apparels, the addition of Being Human, Columbia Sportswear, among other premium fashion brands, enabled in getting the mall rated as one of the top shopping destinations across the city. Regional brands such as RmKV Silks further added footfalls and acted as the key consumption driver.

Phoenix Marketcity, Bengaluru, added jewellery as a key category during the yeatr. Apart from Tanishq, it now has a range of premium and strong regional jewellery brands such as Malabar Gold and Diamonds, Bhima Jewellers and Nathella Jewellers.

Management's Discussion & Analysis

Phoenix Marketcity, Mumbai, has successfully transformed into a key destination for buyers of premium brands, witnessing business and consumption growth of nearly 65% year-on-year.

In the F&B segment, it opened high-end restaurant Hanoi with Vietnamese cuisine and Manchester United Sports Bar & Restaurant. The Alive India Concert at Marketcity, where nearly 15 artists of high value (likes of K. K. Menon and Manali Thakore) play live, has now become a key attraction. This joint event organised collectively by PML and a local music band witnessed its second season. Besides other monthly and bi-monthly music performances, this festival too is keenly awaited by the city's music lovers..

PML is looking at developing new properties in the culture segment to further add footfalls. Besides one being aimed at kids, the other two are: Woman Power and Midnight Shopping Festival every 3rd Friday of the month. With restaurants in Bangalore receiving the green signal to have extended hours, PML hopes to encash on this opportunity by attracting clientele between the 10 pm-12 midnight slot. With these new initiatives projected to take shape during FY2015, the mall expects to widen the gap in leadership by clocking a further 30% growth in sales consumption. Going forward, the Marketcity aims to add a departmental store or an anchor store of a strong regional/international brand.

Phoenix Marketcity, Kurla - Mumbai

Phoenix Marketcity, which became operational in November 2011, has emerged as one of the biggest malls operating in India with a gross leasable area of 1.14 million sq. ft. It has successfully transformed into a key destination for buyers of premium brands, witnessing business and consumption growth of nearly 65% year-on-year. With 255 stores operational, the mall is currently 90% occupied and trading. Key stores of Marks & Spencer, Croma, Diesel, Superdry, among others, were added at the mall. There is now a fair and well-balanced mix of at least 55-60 international and local F&B brands. Dunkin Donuts, Mai Thai and Golden Chariot are a few of these. While the last two years' focus was on brands and F&B, FY2014's key focus was to become strong on entertainment too by adding more categories. Some of our new entertainment outlets are: Flight for Fantasy, giving the simulator of a Boeing experience; Bungee Soccers, which is all about playing football with bungee; and Laser Tag, offering a paint-ball experience.

Strategic marketing, effective communication through direct/digital marketing and efficient promotion of brands and categories were the key drivers. Some of the mall's promotional activities such as Power of Women Fiesta (for Women's Day), WinoFest (Wine Festival) and World Tourism Day (in tie-up with Incredible India, displaying stalls of different states) received phenomenal response. As part of regular maintenance and upgradation, permanent canopies are being developed along the boulevard area in view of the upcoming rainy season.

Besides a fair mix of national and international brands, a key growth driver for the mall has been the locational advantage. While Kurla is at the epicentre of the city, the important issue of connectivity stands resolved with opening of Santacruz-Chembur Link Road (SCLR), Eastern Freeway (which connects South Mumbai to Ghatkopar), T2 Airport and the Metro Rail and Mono Rail. All this ensures traffic from areas such as Andheri East, Santacruz, Chembur, Powai and Colaba to gain quick access to the mall. The mall is equi-distant from four Metro Stations – Ghatkopar, Saki Naka, Asalpha and Jagruti Nagar. Phase II of Eastern Freeway, which is set to soon become operational, will further rake in increased traffic. The actual impact of the new infrastructural development will percolate down and be effectively witnessed in FY2015. This, along with events and promotions, and a fair mix of domestic and international brands, is likely to translate into a 40-50% growth in consumption, going forward.

While Kurla is at the epicentre of the city, the important issue of connectivity stands resolved with opening of Santacruz-Chembur Link Road (SCLR), Eastern Freeway, T2 Airport and the Metro Rail and Mono Rail.

Phoenix Marketcity, Chennai, is perceived as an upbeat and premium market destination with a mix of aspirational brands, which ensure the reach is well connected with the target audience.

Phoenix Marketcity, Chennai

With total footfalls of 6.7 million over the year, Phoenix Marketcity at Chennai registered Rs. 6.9 billion of consumer consumption. Having reached an average trading density of Rs. 1,232 per sq. ft. in the first year, the destination showcases huge potential and is a perfect destination for a combination of shopping, entertainment and dining. Given the rising temperatures in Chennai, the mall presents a comfortable place for a Chennaite. It is perceived as an upbeat and premium market destination with a mix of aspirational brands, which ensure the reach is well connected with the target audience. Opening up of the spa, Hard Rock Café and fine-dining options played a key role in creating the mall's distinct identity and being the specific driver for the target audience. Some of these fine-dining restaurants are Mainland China, Spaghetti Kitchen, California Pizza Kitchen, Noodle Bar, Kobe Sizzlers, Nando's, among others. As far as key fashion brands are concerned, Zara's first outlet in Chennai opened at the mall, attracting the fashion-conscious patrons. Besides, sought-after brands such as Brooks Brothers, Vero Moda, Only, and Aldo, among others, have also been the main crowd pullers.

An array of music festivals organised within the mall such as The Blues Festival, Jazz Festival, Parikrama, and other bands performing at the mall, also helped in attracting and retaining customers. Going forward, the mall hopes to add a cluster and elaborate bouquet of fashion brands. The mall is projected to clock a 40-45% growth in FY2015. In the same complex as

Marketcity, about 0.21 million sq. ft. of luxury space will be launched as the Palladium Mall in Chennai, which will house premium national and international brands on the lines of Palladium Mall at High Street Phoenix, Mumbai. With construction still ongoing at this project, it will become operational in a year's time and is expected to give a good boost on rentals.

Hospitality

Palladium Hotel, Mumbai

In FY2014, Palladium Hotel established itself as one of the leading luxury hotels in Mumbai with 316 over-sized rooms and suites, 7 upscale restaurants, bars and night clubs currently operational. The Hotel also commissioned 11 new meeting spaces on Level 8, taking the hotels total events floor space to over 45,000 sq. ft. The remaining inventory of 67 rooms, suites and long-stay suites and 4 fine-dining restaurants will be commissioned in phases over the next 9 months.

The Hotel established itself well in the media world by associating with several high-prestige events such as the Swades Foundation fund-raiser, HELLO Hall of Fame Awards 2013, Make a Wish Foundation and the Magic Bus auction. The banquet spaces garnered attention from the crème de la crème of Mumbai and convincingly became the city's most-coveted destination for events. Our dining establishments won accolades at the prestigious Times Food & Nightlife Awards: Seven Kitchens, Winner of Best All Day Restaurant; Mekong, Winner of Best Oriental Fine Dine; and Li Bai, Winner of Best Bar. The Hotel's team also recently won Trip Advisor's Certificate of Excellence.

FY2014-15 holds great promise for the Hotel's consolidation as a new internationally branded luxury hotel. The new brand shall bring along management expertise, globally established service standards, Global Distribution System and also a strong guest loyalty program. The new brand shall be opening the Hotel's serviced suites, office suites and the remainder of the fine-dining restaurants.

Centrium has been completely constructed and nearly sold out at Kurla. Of the total saleable area of 0.28 million sq. ft., only 4,500 sq. ft. is now available for sale.

Commercial

Centrium

The commercial property Centrium has been completely constructed and nearly sold out at Kurla. Of the total saleable area of 0.28 million sq. ft., only 4,500 sq. ft. is now available for sale. PML expects to sell the remaining property at a price point of Rs. 12,000 per sq. ft., while monthly lease rentals are expected at Rs. 100-110 per sq. ft. Lobbies within Centrium are currently in the process of construction. The two other properties at Kurla – Art Guild House (earlier Orion Park) and Phoenix Paragon Plaza (earlier Phoenix Bazaar), with 1.2 million sq. ft. saleable area, are a part of PML's business model of retail-led mixed-use asset development.

Projects Under Construction

Design, planning and construction activities of PML's other projects i.e., residential and commercial properties continue. Most of this are a part of the mixed-use development on the same land parcels where Phoenix Marketcity malls have been created across four cities in India. These are developed on a 'for sale' model to monetise the maximum value possible. During FY2014, the projects under various stages of construction were:

Management's Discussion & Analysis

1. **Commercial**
   a. Art Guild House
   b. Phoenix Paragon Plaza
2. **Residential**
   a. One Bangalore West, Bengaluru
   b. Kessaku, Bengaluru
   c. The Crest, Chennai
   d. Fountainhead, Pune
   e. Phase 1, Bangalore East - Ober Haus
3. **Hospitality**
   a. Courtyard by Marriott, Agra
4. **Retail**
   a. Palladium Chennai

Commercial

Art Guild House

Orion Park, within the premises of Phoenix Marketcity, Kurla, was rebranded and launched as Art Guild House in May 2014. Almost 64% of the construction work at Art Guild House is now complete. RCC work is currently in progress and slab construction has reached the 3rd floor, which will finish completion by the second quarter of FY2015. The balance construction will be completed by the second quarter of CY2015. Since the time we started selling these units two years ago, the property has seen a price appreciation of 50%. From a price point of Rs. 8,000 psf at which it commenced sale two years ago, realty prices of the property have now touched Rs. 11,500-12,000 psf, despite a lull in the commercial realty segment. Of the total saleable area of 0.76 million sq. ft., around. 38 million sq. ft. has been sold till date. During FY2015, an offtake of nearly 0.1 - 0.15 million sq. ft. is projected for Art Guild House at price points upwards of Rs. 12,000 psf.

Management's Discussion & Analysis

Phoenix Paragon Plaza

Construction at Phoenix Paragon Plaza, set next to Phoenix Marketcity, is almost complete, with leasing and sale activity currently in full swing. With a mix of retail and high-street brands, it complements Kurla Marketcity perfectly. With a good response to the sale model, Phoenix Paragon Plaza is on its way to become a local high-street market. Of the total saleable area, the retail portion consists of 0.34 million sq. ft. with shop sizes ranging between 80 sq. ft. and 2,000 sq. ft. Of the 400 shops, around 128 units are sold and additionally 70 units are leased out till date. The office portion of 0.12 million sq. ft. on the 3rd and 4th floors of the property houses 110 units; 37 units were sold and 3 were leased out. The project is fast nearing completion and is ready for fit-outs. Real estate prices at this property witnessed an appreciation of around 30% year-on-year.

With a mix of retail and high-street brands, Phoenix Paragon Plaza complements Kurla Marketcity perfectly.

Management's Discussion & Analysis

The overwhelming response to One Bangalore West not only bucked sales and created a positive trend in an otherwise soft market, but also led to the creation of a new micro-market.

Residential

One Bangalore West, Bengaluru

Launched in February 2014, a majority of the construction on Phase 1 of the residential project is almost 90% complete and is on course to be delivered by 2015-end. Phase I comprising Tower 1, 2 and 3 is completely sold out and is ready to be delivered by 2015. Phase 2, which comprises Tower 4 and 5, is under the construction stage and will be ready in 4-5 months after the first three towers are delivered. Launched at a price of Rs. 6,550 psf, the project elicited the desired response from buyers to its current level of Rs. 10,900 psf. The overwhelming response to the project not only bucked sales and created a positive trend in an otherwise soft Bangalore market, but also led to the creation of a new micro-market in the city. We are now launching Phase II spread over 1.0 million sq. ft. called Kessaku, a luxury product, construction of which will commence in FY2015.

Kessaku, Bengaluru

An unsatiated demand for a luxury residential product with larger spaces and single-level homes in Bengaluru city led to the evolution of Kessaku. At 1, Dr. Rajkumar Road, Kessaku offers its customers the fine-art of living with the concept of 'bunglow living' and the convenience of a gated-community. The project to be launched in third quarter 2014 is scheduled to be delivered in last quarter 2018. The Kessaku precinct consists of 5 exclusive towers each with its independent art inspired lobby and offers expansive living spaces ranging between 6,200 sq. ft. and 7,400 sq. ft. and limited duplex apartments. Built over a saleable area of 1.0 million sq. ft, Kessaku is a compilation of residences that redefine grace and reflect the modern architectural vision of Callison, USA – the design consultants. The privilege of two clubs Midori, the ground level garden club, and Kaze, the roof top club, with an infinity edge indoor pool and a 360-degree rooftop jogging track offers unparallel views of the city. For a great experience to come together, the little details matter the most. To ensure this, we have collaborated with the best to ensure state-of-the-art, bespoke home automation, international concierge service and immaculately-designed and produced kitchen systems.

Spaces at Kessaku are artfully detailed to embody a masterpiece in the truest sense and remain culturally pertinent. Luxurious large spaces flow seamlessly into each other celebrating the idea of multiple use. The detailed landscaping by Design Cell, consisting of internal boulevard and individual drop-off areas

Kessaku is a compilation of residences that redefine grace and reflect the modern architectural vision of Callison, USA – the design consultants.

About 109 units have been sold across the three residential towers at The Crest in Chennai and handed over to the occupants for fit-outs.

to each tower, form some of the key features of the luxury product that offer a quality-living experience and elevate the ordinary to the exemplary. The project is strategically located in close vicinity of a metro station, World Trade Centre, five-star Hotel Sheraton, premium shopping destinations, reputed educational institutions and hospitals, offering fantastic connectivity and a good mix of cosmopolitan infrastructure.

The Crest, Chennai

The real estate market continued to soften during FY2014 and there was a good amount of price correction witnessed from previous year's highs to the current more realistic levels. Of the three blocks being constructed, Tower A and B consist of large apartments, while Tower C consists of 105

Management's Discussion & Analysis

apartments of 2,500 sq ft each. Till date, 109 units have been sold across the three residential towers. These have been handed over to the occupants for fit-outs; the balance will be delivered to residents by August 2014. Phase II of the project, comprising 0.4 million sq. ft. with 138 apartments, is still in the approval stages after it finished the design process. The project, which is a single tower of 128 apartments, will be launched in 2015 and delivered by 2017.

Fountainhead, Pune

Launched in February 2014, the project consists of 2 towers with 0.35 million sq. ft. of saleable area. The concept apartment has been well received by the market with good volume conversion is expected. Of the total of 13 floors, the building has been constructed up to the 4th floor. Of the 2 towers planned, Tower A is planned be delivered in December 2015, while Tower B is slated be delivered in December 2016. Phase II of the project, which is a 70-metre high residential tower, is still in the planning stage.

The concept apartment at Fountainhead in Pune has been well received by the market with good volume conversion is expected.

Management's Discussion & Analysis

Phase I, Bengaluru East - Ober Haus

Ober Haus limited edition residences at Phoenix Marketcity, Bengaluru, are strategically located between one of the city's most premium localities Indiranagar and Whitefield, the major IT hub. The upcoming metro right in front of the property makes the location furthermore attractive.

Ober Haus has been conceptualised keeping in mind the increasing demand for quality luxury apartments in the micro market. The development will have a total saleable area of approximately 340,000 sq. ft. comprising 96 carefully planned 3 & 4 BHK apartments varying between 3,200 sq. ft. and 4,000 sq. ft., respectively. Being perfectly sized, the units efficiently utilize space. Each apartment is cross ventilated taking the maximum advantage of the city's clement weather.

Ober Haus has been designed by Kapadia Associates who have created many urban landmarks in the country. The landscape spans a large area of over 40,000 sq. ft. including manicured green spaces, an infinity pool, a jogging track, Kabanas and the meditation pavilion. The landscape has been envisioned by 'Design Cell' who are credited with having created many masterpieces.

The clubhouse at the complex which is approximately 25,000 sq. ft. has been designed by Anshul Chodha of 'Sanctuary architects and designers'. The space has all the facilities of a high-end facility, including a state-of-the-art gym, spa, virtual golf and a banquet to name a few.

The clubhouse has been harmoniously integrated with the outdoor landscape, creating an expansive recreational space for residents. Ober Haus is an exciting proposition for the city's growing residential market. The project is scheduled to be launched by Q3 of FY2014.

Hospitality

Courtyard by Marriott, Agra

Gearing up for its launch around Diwali this year, Courtyard Marriott at Agra is fast emerging as one of the best Courtyard properties in India, surpassing the standards of other Courtyard Hotels. This 194-key five-star hotel has a gymnasium and spa, an all-day coffee shop-cum-restaurant, an outdoor specialty restaurant, exclusive swimming pool for elders and kids, meeting rooms and a business centre. Besides the 40,000 sq. ft. banqueting lawns, the Hotel has two more banquet halls: one of 5,000 sq. ft. and another Junior Banquet Hall of 1,500 sq. ft.

The Hotel has a perfect location advantage of being in Agra, which has been ranked among the three most important tourist destinations across India, besides Jaipur and Goa. Besides attracting leisure travellers, PML hopes to capitalise on opening of new Yamuna Expressway, attracting large- scale weekend travellers from Delhi and surrounding cities. The new Expressway has more than halved the travel time from Delhi-Agra to less than two-and-half hours. Besides tapping corporate travellers looking at Agra as a conference destination, the Hotel is hopeful of another key segment – the wedding market, attracting people looking for a 'Destination Wedding', a fast-growing segment within India.

Courtyard by Marriott has a perfect location advantage of being in Agra, which has been ranked among the three most important tourist destinations across India.

Management's Discussion & Analysis

A good adjacency of brands, easy accessibility, proximity to posh residential catchments and ample car parking are some key features that will be offered by Palladium Chennai.

Retail

Palladium Chennai

Palladium Chennai is the second phase of the mixed-use development model of Phoenix Marketcity at Velachery which is currently in the construction stage. This will be spread across 0.21 million sq. ft. of leasable area adjoining Marketcity and will be seen as a commercial hub for Chennai's growing population of young, affluent citizens enamoured with luxury. Designed by Benoy, a Hong Kong-based architectural firm, Palladium Chennai will showcase a range of high-end brands and will be an upmarket shopping destination converging art, architecture and design. A relaxed atmosphere, good adjacency of brands operating in the same segment, easy accessibility, proximity to posh residential catchments and ample car parking coupled with good security facilities are some key features that will be offered by Palladium.

Big Apple Real Estate Private Limited

Big Apple Real Estate Private Limited (BARE), a subsidiary of PML, aims to tap the retail potential in Tier-II cities of India. It aims to capitalise on the well-heeled and increasingly "brand conscious" customers in these cities experimenting with high-end brands. BARE operates under the brand name Phoenix United in the cities of Lucknow and Bareilly, with a leasable area of approximately 0.35 million sq. ft. each. BARE focusses on leveraging on the high aspirational value of the emerging effluent consumers, their changing purchase behaviour and rapid urbanisation in these cities.

Phoenix United, Lucknow & Bareilly

Footfalls at Phoenix United in Lucknow and Bareilly are gradually increasing and rental values too are on the upside. The Lucknow mall is undergoing large-scale upgradation, addition of new formats and entry of fashion brands such as Tommy Hilfiger and FCUK. This is aimed at enhancing the overall look of the mall and to add to the revenues. The Bareilly mall, which is almost 90% leased out, also hopes to change the colour scheme and add new features and fresh brands to increase the attractiveness. Regular promotional activities are helping in creating better awareness about the shopping destination and adding to footfalls each month. The impact of mall upgradation will be witnessed post Diwali during FY2015.

Footfalls at Phoenix United in Lucknow and Bareilly are gradually increasing and rental values too are on the upside.

Management's Discussion & Analysis

We are well positioned to derive exceptional yields, capital growth and pursue future market opportunities. By improving our operational efficiency, we endeavour to leverage the "Phoenix" brand and stay focussed on assets already delivered and to be made operational.

Entertainment World Developers Limited

PML has invested in Entertainment World Developers Limited, an Indore-based Tier-II retail mall and mixed use developer. It is engaged in the construction and operation of mixed-use retail centres and townships. It currently operates four malls with 1.2 million sq. ft. of leasable area.

Management Outlook

We expect our overall performance to improve going forward. A stable Government at the Centre and a strong leadership will improve sentiments and lead to economic reforms, which will augur well for the retailing industry. Foreign retailers, who earlier adopted a wait-and-watch approach and were sitting on the fence, may now enter India. We envisage a plethora of brands to make a beeline to set up shop in premium retail destinations in India, giving retailing a boost and leading to an upside to our rentals.

Within PML, our growth drivers have been our iconic retail destinations across Tier-1 cities of India; a full year of operations of its four Marketcity projects; a large portfolio of 'for sale' residential and commercial assets and a strong balance sheet. Average footfalls and spend per person at each world-class retail destination is on a constant rise, gaining market share in each city it operates in. Our properties are expected to continue to post high growth in consumption and trading density across the board. We expect our HSP asset to continue to see strong rental growth, driven by revenue share and rental re-negotiations. We see our Marketcity projects witnessing strong traction in occupancies and consumption. Most importantly, given that all our retail destinations and our Palladium Hotel are now operational, our big-ticket capex expenditure is largely behind us. Overall, we expect a further pick-up in consumption and footfall trends, contributing to the growth of both our rental and revenue sharing income going forward.

For our commercial and residential properties, which are at advanced stages of construction, we expect healthy sales bookings, given that demand for residential and commercial segment is slowly picking up and lease rentals are improving. We are well positioned to derive exceptional yields, capital growth and pursue future market opportunities. By improving our operational efficiency, we endeavour to leverage the "Phoenix" brand and stay focussed on assets already delivered and to be made operational. We are suitably poised to capitalise on consumer spend given the limited supply of quality space in geographies where we operate.

Financial Overview

Income from operations

On Standalone basis, which includes operations of only High Street Phoenix & Palladium (HSP), Mumbai, income from operations has increased by 9% YoY to Rs. 2,948 Mn in FY2014 from Rs. 2,706 Mn in FY2013 on the back of healthy footfalls, consumption growth and higher rental income post lease renewals during FY2014. On a Consolidated basis, Income from Operations increased by 208% to Rs. 14,485.2 Mn in FY2014 from Rs. 4,699.1 Mn in FY2013. The rise in consolidated income from operations was due to a combination of higher rental income, onset of revenue recognition in the residential and commercial projects and consolidation of Classic Mall Development Company Pvt Ltd and Offbeat Developers Pvt Ltd post acquisition of majority stake in these companies during FY2014. The higher rental income in the malls was driven primarily by increased consumption (the total consumption in Phoenix malls increased by 60% to Rs. 40 billion in FY2014 from Rs. 25 billion in FY2013).

On a Consolidated basis, Income from Operations increased by 208% to Rs. 14,485.2 Mn in FY2014 from Rs. 4,699.1 Mn in FY2013.

Management's Discussion & Analysis

Consolidated EBITDA has increased by 162% to Rs. 6,784.3 Mn in FY2014 from Rs. 2,593.2 Mn in FY2013.

Earnings before Interest, Depreciation and Taxes (EBITDA)

The Standalone EBITDA increased by 8% YoY to Rs. 1,930.8 Mn in FY2014 from Rs. 1,785.5 Mn in FY2013. The EBITDA margins were 65% in FY2014 as compared to 66% in FY2013. Consolidated EBITDA has increased by 162% to Rs. 6,784.3 Mn in FY2014 from Rs. 2,593.2 Mn in FY2013. The consolidated margins have reduced to 47% in FY2014 from 55% in FY2013 as a result of a higher mix of development EBITDA as compared to rental EBITDA.

Interest and Depreciation

While the Standalone depreciation reduced marginally, the consolidated depreciation increased by 122% YoY to Rs.1,054.8 Mn in FY2014 from Rs. 474.3 Mn in FY2013. Due to an increase in standalone debt, standalone interest expense increased by 68% to Rs. 444.1 Mn in FY2014 from Rs.265 Mn in FY2013. The consolidated interest expense has increased by 141% yoy to Rs. 3,450.9 Mn in FY2014 from Rs.1,430 Mn in FY2013.

Profit after Tax and Minority Interest

Standalone Profit after Tax increased by 14% YoY to Rs. 1,525.6 Mn in FY2014 from Rs. 1,338.8 Mn in FY2013 largely driven by higher rental income in HSP. The Consolidated Profit After Tax and Minority Interest increased by 53% YoY to Rs. 1,284.6 Mn in FY2014 from Rs. 841.5 Mn in FY2013. The large growth was drive by a combination of higher rental income, onset of revenue recognition in the residential and commercial projects and consolidation of Classic Mall Developers Pvt Ltd and Offbeat Developers Pvt Ltd post acquisition of majority stake in these companies.

Share Capital

During FY2014, there was no change in the Share Capital of the Company which stood at Rs. 289.7 Mn. Standalone Reserves and Surplus increased to Rs. 18.5 Bn in FY2014 from Rs.17.4 bn in FY2013, whereas Consolidated Reserves and Surplus were at Rs. 16.9 Bn in FY2014 as compared to Rs. 17.8 Bn in FY2013.

Non-Current & Current Liabilities

The Standalone Non-Current (long-term) borrowings of the Company have increased to Rs. 3,807 Mn in FY2014 from Rs.2,067 Mn in FY2013 on account of additional loans for equity stake acquisitions. The Consolidated Non-Current (long -term) borrowings increased to Rs. 28.3 Bn in FY2014 from Rs. 16.7 Bn in FY2013 mainly on account of consolidation of Classic Mall Development Company Pvt Ltd and Offbeat Developers Pvt Ltd this fiscal year. The Consolidated Current Liabilities have increased to Rs. 11,928 Mn in FY2014 from Rs. 9,494 Mn in FY2013.

The Consolidated Profit After Tax and Minority Interest increased by 53% YoY to Rs. 1,284.6 Mn in FY2014 from Rs. 841.5 Mn in FY2013.

Fixed Assets

Further, due to the consolidation of Classic Malls Development Company Pvt Ltd and Offbeat Developers Pvt Ltd, the Consolidated Tangible Assets have increased to Rs. 41.7 Bn in FY2014 from Rs. 27.8 Bn in FY2013 and CWIP has increased to Rs. 2,350 Mn in FY2014 from Rs. 1,670 Mn in FY2013.

Current Assets

The Consolidated Current Assets have increased to Rs. 17,161 Mn in FY2014 from Rs.12,921 Mn in FY2013, mainly on account of rapid construction progress across the commercial and residential developments. Consolidated Inventories increased to Rs. 11,417 Mn in FY2014 from Rs. 7,770 Mn in FY2013.

Risk Management And Internal Controls

As a part of evaluating its risk mitigation strategies, PML identifies new risks each year and re-evaluates old risks. Some of the key risks PML's core business is exposed to are: credit risk, market risk, operational risk and legal risk. It is also exposed to specific risks in connection with the management of investments and the environment within which it operates.

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

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

PML manages cost escalation risk through processes aimed at optimising costs through suppliers and through rigorous contracts and procurement.

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

Information Technology

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

The advanced IT system facilitates PML in establishing various business intelligence reports for investment management, electronic procurement, paperless transaction processing, budgeting, forecasting and cash flow modelling. The Company has adopted global standards in information automation, performance metrics and management excellence. The efficient enhancement of the application environment at different locations in the business processes and in the sales network is just as vital as having a modern IT infrastructure. The technical staff of PML is responsible for programming the systems and supporting users in technical development. Expert teams develop solutions that can be applied across verticals to establish IT standards in business areas that are the basis for leveraging potential synergies.

Human Resources

Over the years, PML has rapidly expanded its intellectual capacity to develop its unique projects aimed at becoming one of the largest mixed-use property companies in India. From an HR perspective, the Company emphasises on attracting the right talent to help the organisation achieve its vision and deliver globally acclaimed properties to customers and retailers. PML has strong strategic planning and decision making skills achieved through a highly capable and committed leadership team that is geared to build the finest and most unique properties across India.

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

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

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

Cautionary Statement

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

Directors' Report

Your Directors are pleased to present the 109th Annual Report of the Company together with the Audited Financial Statements for the year ended 31st March, 2014.

FINANCIAL RESULTS

(₹ in million)

Particulars	Year ended 31.03.2014	Year ended 31.03.2013
Sales and other Income	**3,747.99**	3,271.28
Profit before Interest, Depreciation, Extraordinary Items and Tax	**2,730.73**	2,350.77
Less: Interest & Finance Charges	**444.08**	264.96
Less: Depreciation	**254.38**	275.40
Profit Before Tax	**2,032.25**	1,810.41
Less: Provision for Taxation:		
Current Tax	**480.00**	473.50
Deferred Tax	**26.70**	(1.89)
Net Profit After Tax	**1,525.55**	1,338.79
Balance brought forward from Previous Year	**4,721.85**	3,955.88
Profit available for appropriation	**6,247.40**	5,294.67
Appropriations:		
General Reserves	**200.00**	200.00
Proposed Dividend	**318.66**	318.66
Corporate Dividend Tax	**54.16**	54.16
Balance Carried Forward to:		
Profit & Loss Account	**5,674.59**	4,721.86

OPERATIONS

The Phoenix Mills Limited (PML) has emerged as the leading retail led real-estate firm and the largest mall developer/operator across India. We have 22 rare and irreplaceable city-centric realty assets (retail, residential, commercial and hospitality) and over 6 million sq. ft. of prime retail space under management. We have emerged as a leading commercial and residential property developer through our mixed-use asset development strategy.

Till date, we have delivered a multitude of projects aggregating nearly approx. 9 million sq. ft. mainly in Tier-1 cities of Mumbai, Bengaluru, Chennai and Pune. We have 7 mega malls under direct management and 4 malls in Tier-II cities through strategic tie-ups and investments, with a gross leasable area of approximately 7 million sq. ft. All our large-format retail malls are now operational. With an aggregate of 1900 stores and a fantastic array of approx. 400 leading domestic and global retail brands, our malls exhibit great substance and large operational scale. We have established our presence in major metros and Tier II cities of India.

Today, PML is suitably positioned to capitalise on India's ever-growing consumption story. The response to our HSP Complex and four distinctive Phoenix Marketcity malls has been tremendous, evident through steadily rising consumption numbers (total consumption of approx. Rs. 37 bn. in Tier I cities) and average trading density of Rs. 1,152 psf pm. We are continuing to witness strong footfalls aggregating nearly 7.5 million per month across our malls indicating strong consumer interest towards our malls as a retail destination.

As each of our malls mature in terms of awareness and brand pull, we expect footfalls and consumption numbers to steadily keep growing. Our focus continues to be on maintaining and enhancing our retail-led assets. Palladium Premio, our luxury mall adjoining Phoenix Marketcity, Chennai, with 0.21 million sq. ft. of leasable area, is currently under construction.

Directors' Report (Contd.)

During FY2014, our key focus has been consolidation of our market leadership as the owner, developer and manager of large-format, prime, retail-led assets in the city-centres of India, with multiple options for shopping, entertainment and fine-dining. With our retail-led mixed-use asset development model, we strive to yield the best returns for our shareholders and consumers.

In our hospitality portfolio, Palladium Hotel atop Palladium Mall at HSP Complex is now maturing. With the current inventory of 309 rooms (this will ramp up to 384 rooms/suites/serviced apartments), the Hotel has clocked 46% occupancy as on 31st March, 2014. The Courtyard by Marriott, our five-star hotel in the tourist city of Agra, is fast nearing completion and is scheduled to be launched during FY15.

Meanwhile, we continue to focus on smooth execution of our 'for sale' commercial and residential projects currently under construction and our hotel in Agra, aggregating to nearly 6.7 million sq. ft. of saleable/built-up area. These include upmarket residential, commercial and hospitality assets in Mumbai, Bengaluru, Chennai, Pune and Agra. These projects are under various stages of development and are scheduled to be made operational over the next four years. Through these assets, we are showcasing how we create large-scale world-class retail destinations and deliver multiple projects within time and budget.

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

DIVIDEND

Your Directors are pleased to recommend, for approval of the Company's shareholders in the ensuing Annual General Meeting (AGM), a final dividend of 110 % for the year ended 31st March, 2014, i.e. ₹ 2.20/- for each fully paid up equity share of ₹ 2/-.

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

BOARD OF DIRECTORS:

Mr. Gautam Nayak, Director of the Company, resigned from the Board of Directors of the Company with effect from 28th May, 2014. The Board places on record its appreciation for the valuable services provided by him during his tenure as the Director of the Company.

Mr. Amit Kumar Dabriwala, Mr. Suhail Nathani, Mr. Amit Dalal and Mr. Sivaramakrishnan Iyer, Directors of the Company, qualify to be Independent Directors within the meaning of Section 149 of the Companies Act, 2013 and the Company has received declaration of Independence from the abovestated Independent Directors.

Consequent to the notification of Section 149(4) and other applicable provisions of the Companies Act, 2013, your Directors seek the appointments of Mr. Amit Kumar Dabriwala, Mr. Suhail Nathani, Mr. Amit Dalal and Mr. Sivaramakrishnan Iyer as Independent Directors for a term upto 31st March, 2019. Details of the proposal for the appointment of Mr. Dabriwala, Mr. Nathani, Mr. Dalal and Mr. Iyer are mentioned in the Explanatory Statement under Section 102 of the Companies Act, 2013 of the Notice of the 109th Annual General Meeting.

Mr. Pradumna Kanodia and Mr. Shishir Shrivastava, Directors, shall retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

A brief profile of the Directors proposed to be appointed and re-appointed as required by Clause 49 of the Listing Agreement is given in the AGM Notice contained in this Annual Report. The Board recommends the same for Shareholders' approval in the ensuing AGM.

PARTICULARS OF EMPLOYEES:

As required by the provisions of Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 as amended, forms part of this report. However, as per the provisions of Section 219(1)(b)(iv) of the

Directors' Report (Contd.)

said Act, the Report and accounts are being sent to all shareholders of the Company excluding the Statement containing the particulars of employees to be provided under the Act. Any shareholder interested in obtaining such particulars may write to the Company at its registered office.

EMPLOYEE STOCK OPTION PLAN (ESOP):

The disclosures required to be made under SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 form part of the 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 and no material departures have been made from the same;
- they 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 , 2014 and of the profit of the company for the year ended on that date;
- they 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, 2014 have been prepared on going concern basis.

CORPORATE GOVERNANCE:

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

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

Your Company has voluntarily obtained a 'Secretarial Audit Report' for the financial year ended 31st March, 2014 from M/s. Rathi & Associates, Company Secretaries in practice, which is annexed to this report.

STATUTORY AUDITORS:

M/s. A.M. Ghelani and Company, Chartered Accountants (Firm Regn. No. 103173W) and M/s. Chaturvedi and Shah, Chartered Accountants (Firm Regn. No. 101720W), Joint Statutory Auditors of the Company retire at the ensuing Annual General Meeting in accordance with the provisions of the Companies Act, 1956 and they are eligible for re-appointment.

The said Statutory Auditors have confirmed their respective eligibility as per the provisions of the Companies Act, 2013 and their willingness to act as Auditors of the Company for Financial Year 2014-15, if re-appointed. The Audit Committee and the Board of Directors recommend their appointment from the conclusion of the ensuing Annual General Meeting till the conclusion of the Company's 110th Annual General Meeting.

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, 2014, are detailed and self-explanatory and do not require any further explanation.

PUBLIC DEPOSITS:

During the year under review, your Company has not accepted any deposits in terms of Section 58A of the Companies Act, 1956 read with the Companies (Acceptance of Deposit) Rules, 1975 and also no amount was outstanding on account of principal or interest thereon, as of the date of the Balance Sheet.

Directors' Report (Contd.)

CAUTIONARY STATEMENT:

Statements in this Report, particularly those which relate to Management Discussion & Analysis as explained in the Corporate Governance Report, describing the Company's objectives, estimates and expectations may constitute "forward looking statements" within the meaning of the applicable laws and regulations. Actual results might differ materially from those expressed or implied in the statements depending on the circumstances.

LISTING WITH STOCK EXCHANGES:

The Equity Shares of the Company are listed on National Stock Exchange of India Limited and the BSE Limited. The annual listing fees for the year 2014-15 has been paid to these Exchanges.

SUBSIDIARY COMPANIES:

During the year under review, Offbeat Developers Private Limited and Classic Mall Development Company Private Limited have become subsidiaries of the Company.

The Ministry of Corporate Affairs, Government of India, vide its General Circular has provided an exemption to companies from attaching the Financial Statements of subsidiary companies. Accordingly, the Annual Report 2013-14 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 the Registered Office of the Company.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION:

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

FOREIGN EXCHANGE OUTGO AND EARNINGS:

The particulars regarding foreign exchange expenditure and earnings are contained in Note Nos. 29 to 31 of the Notes forming part of the financial statements for the year ended 31st March, 2014.

ACKNOWLEDGEMENT:

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

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

On behalf of the Board
For The Phoenix Mills Limited

Date: 28th May, 2014
Place: Mumbai

Ashokkumar Ruia
Chairman & Managing Director
DIN: 00086762

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	6,50,000
Options vested (in force)	2,43,750
Options Exercised	Nil
Options Unexercised	2,43,750
Options Lapsed and available for re-grant	4,06,250
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

B. Employee -wise details of options granted during financial year 2013-14 : Nil.

C. Disclosures with respect to Diluted EPS pursuant to issue of shares during the year on exercise of options calculated in accordance with Accounting Standard (AS) 20 and Weighted average exercise price of options granted 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, 1999.

Report on Corporate Governance

1. Company's Philosophy on Corporate Governance

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

2. Board of Directors:

a) Composition of the Board

The Company has a balanced Board, comprising of 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, 2014, the Company's Board comprised 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 comprised 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)	Nature of Directorship/ Designation	DIN	No. of Other Directorships*	Membership and Chairmanship of the Committees of the Board of other Companies (**)	
					Chairman ships	Memberships #
Mr. Ashokkumar Ruia	Father of Mr. Atul Ruia	Chairman & Managing Director/ Promoter	00086762	1	Nil	Nil
Mr. Atul Ruia	Son of Mr. Ashokkumar Ruia	Joint Managing Director/ Promoter	00087396	1	Nil	Nil
Mr. Shishir Shrivastava	None	Group C.E.O. & Joint Managing Director/ Executive Director	01266095	1	Nil	1
Mr. Kiran Gandhi	None	Whole Time Director/ Executive Director	00339111	2	Nil	2
Mr. Pradumna Kanodia	None	Director- Finance/ Executive Director	01602690	1	Nil	Nil
Mr. Amit Kumar Dabriwala	None	Non-Executive; Independent Director	00164763	1	Nil	Nil
Mr. Amit Dalal	None	Non-Executive; Independent Director	00297603	6	1	3
Mr. Sivaramakrishnan Iyer	None	Non-Executive; Independent Director	00503487	5	3	6
Mr. Suhail Nathani	None	Non-Executive; Independent Director	01089938	2	Nil	2
Mr. Gautam Nayak ##	None	Non-Executive; Independent Director	00225632	Nil	Nil	Nil

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

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

Memberships of only Audit Committee and Shareholders/ Investors Grievance Committee (Stakeholders Relationship Committee) have been considered.

Mr. Gautam Nayak has resigned as the Director from the Company's Board w.e.f. 28th May, 2014.

Report on Corporate Governance (Contd.)

b) Appointment/Re-appointment of Directors

In terms of Section 149(13) of the Companies Act, 2013, the provisions of Section 152(6) and (7) of the said Act in respect of retirement of directors by rotation shall not be applicable to appointment of Independent Directors.

Therefore, pursuant to Section 152 of the Companies Act, 2013, Mr. Pradumna Kanodia and Mr. Shishir Shrivastava shall be liable to retire by rotation at the ensuing Annual General Meeting. Resolutions for their re-appointments are incorporated in the Notice of the ensuing Annual General Meeting.

As per the provisions of Section 149 of the Companies Act, 2013 and the rules made thereunder, an Independent Director shall hold office for a term of upto five consecutive years. In the opinion of the Board, Mr. Amit Dalal, Mr. Sivaramakrishnan Iyer, Mr. Suhail Nathani and Mr. Amit Kumar Dabriwala qualify to be Independent Directors in accordance with the conditions specified under Section 149(6) of the Companies Act, 2013 for such appointment. Therefore, it is proposed to appoint them at the ensuing Annual General Meeting as Independent Directors of the Company within the meaning of Section 149(6) of the Companies Act, 2013, for a term upto 31st March, 2019 and resolution to this effect is incorporated in the Notice of the ensuing Annual General Meeting.

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

c) Board Meetings and Annual General Meeting

During the financial year 2013-2014, six meetings of the Board of Directors were held i.e. on 24th May, 2013, 30th May, 2013, 30th July, 2013, 26th September, 2013, 29th October, 2013, and 30th January, 2014. The previous Annual General Meeting of the Company was held on 21st August, 2013. The necessary quorum was present for all the meetings. When deemed expedient, the Board also approved resolutions by circulation, important and urgent items of business which could not be deferred till the next Board Meeting.

Details of attendance of Directors in Board Meetings held during the financial year 2013-2014 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	6	Yes
Mr. Kiran Gandhi	6	4	Yes
Mr. Shishir Shrivastava	6	2	Yes
Mr. Pradumna Kanodia	6	6	Yes
Mr. Amit Kumar Dabriwala	6	5	Yes
Mr. Amit Dalal	6	6	No
Mr. Sivaramakrishnan Iyer	6	2	Yes
Mr. Suhail Nathani	6	4	Yes
Mr. Gautam Nayak	6	6	Yes

(d) Board Procedures

The Board Meetings are governed by structured Agenda. The Agenda along with comprehensive notes and background material are circulated well in advance before each meeting to all the Directors for facilitating effective discussion and decision making. The Board members may bring up any matter for consideration of the Board, in consultation with the Chairman. The information as specified in Annexure IA to the Clause 49 of the Listing Agreement is regularly

Report on Corporate Governance (Contd.)

made available to the Board. Presentations are made by the Managing Director & CEO and Business Heads on the Company's operations and other matters on a periodic basis. The proceedings of the meetings of the Board and its Committees are recorded in the form of minutes and the draft minutes are circulated to the Board for perusal. The important decisions taken at the Board/Committee meetings are communicated to the concerned departments/ divisions promptly.

(e) **Code of Conduct**

Code of Conduct is derived from three interlinked fundamental principles, viz., good Corporate Governance, good Corporate Citizenship and exemplary personal conduct. The Board has laid down a code of conduct for all Board members and senior management of the Company. The Company has obtained the confirmation of the compliance with the Code from all members of the Board and senior management of the Company for the year 2013-14. 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, 2014, the Committee comprises of one executive and four Non-Executive Independent Directors. All the members of the Audit Committee have the financial knowledge and expertise as 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 2013-14**

During the Financial Year 2013-2014, four Audit Committee Meetings were held i.e. on 30th May, 2013, 30th July, 2013, 29th October, 2013 and 30th January, 2014. 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	1
Mr. Amit Kumar Dabriwala	Member	4	3
Mr. Amit Dalal	Member	4	4
Mr. Suhail Nathani	Member	4	2
Mr. Atul Ruia	Member	4	4

c) **Attendees**

The Audit Committee invites such executives, as it considers appropriate to be present at the meetings of committee, but on certain occasions 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:

Report on Corporate Governance (Contd.)

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.

Report on Corporate Governance (Contd.)

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

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

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

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

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

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

The Audit Committee has the following powers:

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

ii) To seek information from any employee.

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

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

4. Remuneration Committee (Nomination and Remuneration Committee)

a) **Constitution and composition of Remuneration Committee (Nomination and Remuneration Committee)**

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

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

During the financial year 2013-2014, one meeting of the Remuneration Committee was held on 30th January, 2014.

b) **Terms of reference**

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

c) **Remuneration Policy**

i) **Management Staff:**

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

Report on Corporate Governance (Contd.)

ii) Non-Executive Directors:

The Company pays sitting fees to all the Non-executive Directors of the Company.

The sitting fees paid is within the limits prescribed under the Companies Act, 1956.

Details of the Sitting Fees and Commission paid to Non Executive Directors during the year 2013-14 are as under:

	Sitting Fees paid (₹)	
Name of the Director	Board Meeting	Audit Committee Meeting
Mr. Amit Kumar Dabriwala	1,00,000	30,000
Mr. Amit Dalal	1,20,000	40,000
Mr. Sivaramakrishnan Iyer	40,000	10,000
Mr. Suhail Nathani	80,000	20,000
Mr. Gautam Nayak	1,20,000	N.A.
Total	**4,60,000**	**1,00,000**

The Board of Directors has constituted an Independent Directors Remuneration Committee to determine the quantum of commission payable to the Independent Directors and to make a suitable recommendation to the Board. The Committee has accordingly, recommended that a sum of ₹ 12,50,000/- be distributed among the five Independent Directors on the Company's Board in the following manner:

Name of the Director	Commission to be paid
Mr. Amit Kumar Dabriwala	2,50,000
Mr. Amit Dalal	2,50,000
Mr. Sivaramakrishnan Iyer	2,50,000
Mr. Suhail Nathani	2,50,000
Mr. Gautam Nayak	2,50,000
Total	**12,50,000**

This commission will be paid to the Independent Directors after adoption of accounts for the year ended 31st March, 2014 by the shareholders in the ensuing Annual General Meeting.

iii) Executive Directors:

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

Details of remuneration paid to Executive Directors during the financial year ended 31st March, 2014 are given below:

Name of the Executive Director	Designation	Salary & Allowances (₹)	Contribution to PF (₹)	Perquisites (₹)	Total (₹)
Mr. Ashokkumar Ruia	Chairman & Managing Director	60,00,000	0	0	60,00,000
Mr. Atul Ruia	Jt. Managing Director	60,00,000	0	0	60,00,000
Mr. Kiran Gandhi	Whole-Time Director	37,30,015	0	39,600	37,69,615

Report on Corporate Governance (Contd.)

5. Shareholders'/Investors' Grievance Committee (Stakeholders Relationship Committee)

a) Constitution and Composition of Shareholders' Grievance Committee (Stakeholders Relationship Committee)

The Shareholders'/Investors' Grievance Committee ((Stakeholders Relationship 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 2013-14, thirty two 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	32	32
Mr. Ashokkumar Ruia	Member	32	32
Mr. Atul Ruia	Member	32	32

b) During the year 2013-14, the Company has received 16 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. Independent Directors' Remuneration Committee

a) Constitution and composition of Independent Directors' Remuneration Committee

The Independent Directors' Remuneration Committee of the Company has been constituted to determine the quantum of commission payable to the Independent Directors and to make a suitable recommendation to the Board. The Independent Directors' Remuneration Committee meets as often as required.

The Independent Directors' Remuneration Committee comprises of the following Executive Directors as under:

Mr. Ashokkumar Ruia – Member
Mr. Atul Ruia – Member
Mr. Kiran Gandhi – Member
Mr. Shishir Shrivastava – Member
Mr. Pradumna Kanodia – Member

During the financial year 2013-2014, one meeting of the Independent Directors' Remuneration Committee was held on 30th January, 2014.

Report on Corporate Governance (Contd.)

7. Finance and Investment Committee

a) Constitution and composition of Finance and Investment Committee

The Finance and Investment Committee of the Company has been constituted to approve all proposals relating to:

i) investments in subsidiary companies;
ii) inter-corporate deposits;
iii) advancing of loans to subsidiary(ies) or other bodies corporate;
iv) borrowings from banks, financial institutions etc. from time to time.

The Finance and Investment Committee meets as often as required.

The Finance and Investment Committee comprises of the following Executive Directors as under:

Mr. Atul Ruia – Member
Mr. Shishir Shrivastava – Member
Mr. Pradumna Kanodia – Member

During the financial year 2013-2014, eight meetings of the Finance and Investment Committee were held on 1st August, 2013, 4th October, 2013, 9th December, 2013, 20th December, 2013, 22nd January, 2014, 1st February, 2014, 28th February, 2014, and 3rd March, 2014.

8. General Body Meetings

(A) Annual General Meetings

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

Financial Year	Date	Time	Location of the Meeting
2010-11	20.09.2011	04.00 P.M.	Indian Merchants' Chamber, 4th floor, Walchand Hirachand Hall, Churchgate, Mumbai – 400 020
2011-12	21.08.2012	03.30 P.M.	Indian Merchants' Chamber, 4th floor, Walchand Hirachand Hall, Churchgate, Mumbai – 400 020
2012-13	21.08.2013	03.30 P.M.	Indian Merchants' Chamber, 4th floor, Walchand Hirachand Hall, Churchgate, Mumbai – 400 020

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

Financial Year	Particulars of Special Resolutions Passed
2010-11	Re-appointment of Mr. Kiran Gandhi as the Whole-Time Director of the Company.
	Appointment of Mr. Pradumna Kanodia as Director- Finance of the Company.
	Appointment of Mr. Shishir Shrivastava as Group C.E.O. & Joint Managing Director.
2011-12	N.A.
2012-13	To raise funds to a maximum extent of ₹1000 Crores

(B) Extra-ordinary General Meeting

During the year under review, no Extra-ordinary General Meeting was held.

(C) No Special Resolutions have been passed by Postal Ballot during the year 2013-14.

Report on Corporate Governance (Contd.)

9. Means of Communication

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

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

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

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

10. CEO/CFO Certification

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

11. General Shareholder Information

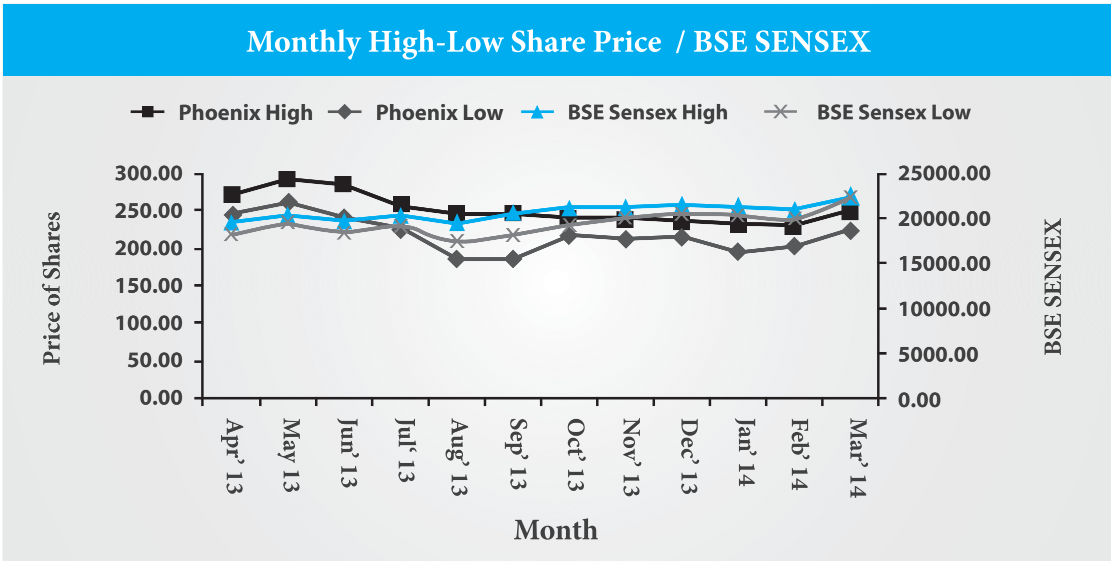
i)	**Annual General Meeting**	
	Day, Date and Time	Tuesday, 26th August, 2014 at 3.30 P.M.
	Venue	Indian Merchants' Chamber, 4th Floor, Walchand Hirachand Hall, Churchgate, Mumbai - 400 020
ii.	**Financial Year**	The Company follows April-March as its financial year.
iii.	**Unaudited financial reporting for the quarter ending (tentative):**	
	30th June, 2014	On or before 14th August, 2014
	30th September, 2014	On or before 14th November, 2014
	31st December, 2014	On or before 14th February, 2015
	31st March, 2015	On or before 30th May, 2015
	AGM for the year ending 31st March, 2015	On or before 30th September, 2015
iv.	**Book Closure**	19th August, 2014 to 26th August, 2014 (both days inclusive)
v.	**Dividend Payment**	The Dividend, if declared, by the shareholders at the AGM shall be paid/credited on or 1st September, 2014.
vi.	**Listing on Stock Exchanges**	The Company has already paid the annual listing fees for the year 2014-15 to the Stock Exchanges (BSE and NSE) as well as custodial fees to the depositories within the prescribed time.
vii.	**Scrip Code/Symbol**	BSE: 503100 NSE : PHOENIXLTD
viii	**Corporate Identification Number (CIN)**	L17100MH1905PLC000200 Traded on the BSE Limited and National Stock Exchange of India Limited.

Report on Corporate Governance (Contd.)

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

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

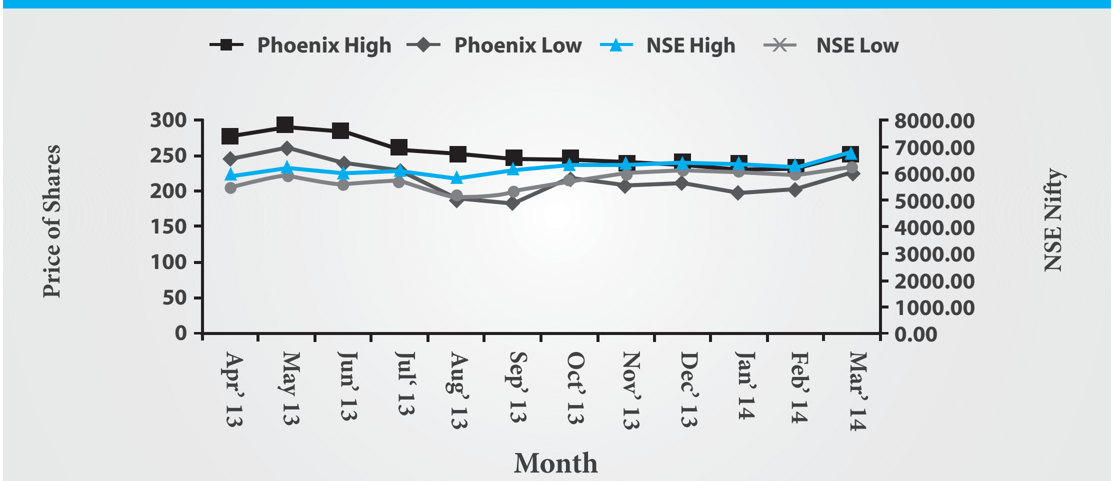
	BSE		SENSEX		Volume
Month	High	Low	High	Low	(Nos.)
Apr-13	273.00	245.00	19622.68	18144.22	19,504.18
May-13	293.00	261.15	20443.62	19451.26	19,760.30
Jun-13	285.00	240.00	19860.19	18467.16	19,395.81
Jul-13	257.00	228.00	20351.06	19126.82	19,345.70
Aug-13	248.00	186.05	19569.20	17448.71	18,619.72
Sep-13	245.00	185.00	20739.69	18166.17	19,379.77
Oct-13	243.00	217.00	21205.44	19264.72	21,164.52
Nov-13	237.95	213.00	21321.53	20137.67	20,791.93
Dec-13	237.00	215.00	21483.74	20568.70	21,170.68
Jan-14	231.85	196.00	21409.66	20343.78	20,513.85
Feb-14	230.00	203.00	21140.51	19963.12	21,120.12
Mar-14	247.80	225.50	22467.21	22386.27	22,386.27



Report on Corporate Governance (Contd.)

	NSE		NIFTY		Volume
Month	High	Low	High	Low	(Nos.)
Apr-13	277.70	246.00	5962.30	5477.20	1,029,887
May-13	292.80	260.60	6229.45	5910.95	2,286,331
Jun-13	285.00	240.55	6011.00	5566.25	781,624
Jul-13	260.00	228.00	6093.35	5675.75	414,603
Aug-13	251.00	187.60	5808.50	5118.85	1,081,411
Sep-13	246.95	182.55	6142.50	5318.90	2,135,775
Oct-13	244.00	217.00	6309.05	5700.95	1,175,088
Nov-13	240.00	207.40	6342.95	5972.45	608,255
Dec-13	238.00	211.55	6415.25	6129.95	2,385,504
Jan-14	231.80	197.50	6358.30	6027.25	683,819
Feb-14	231.85	202.05	6282.70	5933.30	5,500,644
Mar-14	249.90	226.15	6730.05	6212.25	2,116,322

Monthly High-Low Share Price / NSE NIFTY



x) **Share Transfer System:**

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

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

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

Report on Corporate Governance (Contd.)

XII. Category wise Shareholding as at 31st March, 2014:

Sr. No.	Category	No. of Shares held	%
1.	Promoter and Promoter Group	95,526,163	65.95
2.	Mutual Funds/UTI	3,477,415	2.40
3.	Banks/ Financial Institutions	77,225	0.05
4.	Foreign Institutional Investors	34,071,223	23.52
5.	Foreign Venture Capital Investors	1,500,000	1.04
6.	Non-Residents	419,480	0.29
7.	Private Bodies Corporate	3,989,991	2.75
8.	Indian Public	57,46,206	3.97
9.	Others (Clearing Members & Trusts)	34,742	0.05
Total		**144,845,445**	**100.00**

XIII. Distribution of Shareholding as at 31st March, 2014:

No. of Equity Shares	No. of Shareholders	% of Total	No. of Shares	% of Total
1-500	6711	80.2655	961575	0.66
501 - 1000	556	6.64	458811	0.32
1001 - 2000	449	5.3702	660884	0.46
2001 - 3000	200	2.3921	506715	0.35
3001 - 4000	92	1.1003	37927	0.23
4001 – 5000	60	0.7176	279954	0.19
5001 - 10000	122	1.4592	872971	0.60
10001 and above	171	2.0452	140766608	97.18
TOTAL	**8361**	**100**	**144845445**	**100**

XIV. Dematerialization of Shares and Liquidity:

About 98.25% of the shares have been dematerialized as on 31st March, 2014. The International Security Identification Number (ISIN) allotted to the Company's equity shares is INE211B01039.

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

The Company has not issued any GDRs/ADRs. There were no outstanding convertible warrants as on 31st March, 2014.

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

a) Transferees' PAN Cards for transfer of shares,

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

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

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

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

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

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

Report on Corporate Governance (Contd.)

In compliance with said amendment, the Company has a Demat Suspense Account to which unclaimed shares shall be transferred. The details of unclaimed shares as on 31st March, 2014 are as follows:

Particulars	No. of shareholders	No. of equity shares
Unclaimed shares as on 1st April, 2013	1585	1,990,500
Details of shareholders who approached the company for unclaimed shares as on 31st March, 2013	45	1,73,000
Details of claimed shares as on 31st March,2014	45	1,73,000
Unclaimed shares as on 31st March, 2014	1,540	1,817,500

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 activities and hence does not have any plant locations.

XXI. Address for Correspondence:

For any assistance regarding dematerialization of shares, share transfers, transmissions, change of address, non-receipt of dividend or any other query relating to shares:
Link Intime India Private Limited
C-13, 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.)

12. 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, 2014.

b. Shareholding of the Non-Executive Directors as on 31st March, 2014 is as under:

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

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

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

13. 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 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, 2014 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.

Ashokkumar Ruia
Chairman & Managing Director
DIN: 00086762

Place: Mumbai
Date: 28th May, 2014

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, 2014, as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchanges.

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 abovementioned Listing Agreement.

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

For **Rathi & Associates**
Company Secretaries

Himanshu S. Kamdar
Partner
C.O.P. NO.: 3030
F.C.S. NO.: 5171

Place: Mumbai
Dated: 28th May, 2014

CODE OF CONDUCT DECLARATION

This is to certify that the Company has laid down a Code of Conduct (the Code) for all Board Members and Senior Management Personnel of the Company and a copy of the Code is put on the Company's corporate website (http://www.thephoenixmills.com/).

It is further certified that all the Board Members and Senior Management Personnel of the Company have affirmed their compliance with the Code for the year ended 31st March, 2014.

Place: Mumbai
Dated: 28th May, 2014

Shishir Shrivastava
Group CEO & Joint Managing Director

Secretarial Audit Report

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

We have examined the registers, records and documents of The Phoenix Mills Limited ("the Company") for the financial year ended March 31, 2014, as maintained under the provisions of:

- The Companies Act, 1956 and the Rules made under that Act and the Companies Act, 2013 (in so far as 98 Sections of Companies Act, 2013 notified vide Ministry of Corporate Affairs Gazette Notification No. S.O. 2754(E) dated September 12, 2013);
- The Depositories Act, 1996 and the Regulations and Bye-laws framed under that Act;
- Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 more particularly as under;
- Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997;
- Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992; and
- Equity Listing Agreement entered into with 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 and the Rules made under that Act and the Companies Act, 2013 (in so far as notified), 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 108th Annual General Meeting held on August 21, 2013;
   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; the Companies Act, 2013; SEBI Act, 1992; Depositories Act, 1996 and regulations and Guidelines framed there under.

For **Rathi & Associates**
Company Secretaries

Himanshu S. Kamdar
Partner
COP No. 3030

Place: Mumbai
Dated: May 28, 2014

Independent Auditor's Report

To the Members of
The Phoenix Mills Limited

Report on the Financial Statements
We have audited the accompanying financial statements of **The Phoenix Mills Limited ("the Company")**, which comprise the Balance Sheet as at March 31, 2014, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards notified under the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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

(i) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;

(ii) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and

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

Matter of Emphasis:
We draw attention to Note no. 35 of the financial statements relating to the company's investment in equity shares of Entertainment World Developers Limited (EWDL) and the pending realization from EWDL against the put option exercised on Fully Convertible Debentures (FCDs) of Treasure World Developers Private Limited (TWDPL). The networth of EWDL has been eroded as per the unaudited accounts as at 31st March, 2014. The Company is of the opinion, for the reasons stated in the aforesaid note, that no provision is considered necessary toward the diminution in the value of the equity investments in EWDL as well as the dues towards the put option on the TWDPL FCDs from EWDL.

Our opinion is not qualified in this matter.

Report on other legal and regulatory requirements

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

2. As required by sub-section (3) of section 227 of the Act, 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, proper books of account as required by law have been kept by the Company 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 account.

    d. in our opinion, the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement comply with the Accounting Standards notified under the Companies Act, 1956 read with the General Circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013;

    e. on the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act.

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

Chintan A. Ghelani
Partner
Membership No: 104391

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

Amit Chaturvedi
Partner
Membership No: 103141

Place: Mumbai
Date: 28th May, 2014

Annexure referred to in paragraph (1) under the heading Report on other legal and regulatory requirements of our Report of even date

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

1) In respect of its Fixed Assets: -

   a) The Company has maintained proper records showing the particulars and situation of its fixed assets.

   b) According to the information and explanations given to us, the fixed assets were physically verified by the management in accordance with the phased programme of verification, which in our opinion is reasonable having regard to the size of the Company and nature of its assets. The discrepancies noticed on physical verification were not material and have been properly dealt with in the books of accounts.

   c) During the year, the Company has not disposed off any substantial part of the fixed assets.

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

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

   a) The Company has granted unsecured loans [interest free as well as interest bearing] to 11 parties covered in the Register maintained under section 301 of the Companies Act, 1956. The said Loans have been partly squared up during the year under report. In respect of the said loans, the maximum amount outstanding at any time during the year is ₹ 4,520,605,162/- and the year-end balance is ₹ 3,595,521,142/-.

   b) In our opinion and according to the information and explanations given to us, the terms and conditions of the said loans are not prima facie prejudicial to the interest of the Company.

   c) As per the information and explanations given to us, the principal amounts and interest, wherever applicable, of the said loans are repayable on demand and there is no repayment schedule. Therefore the question of overdue amounts does not arise.

   d) The Company has not taken loans from any parties listed in the register maintained under section 301 of the companies act, 1956, and therefore requirements of Clauses (iii) (e), (iii) (f) and (iii) (g) of the paragraph 4 of the Order are not applicable.

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

5) In respect of contracts or arrangements referred to in section 301 of the Companies Act, 1956, in our opinion and according to the information and explanations given to us, we state that:

   a) the transactions made in pursuance of contracts or arrangements that needed to be entered in the register maintained under section 301 of the companies Act 1956 have been so entered.

   b) these transactions have been made at prices which appear prima facie reasonable having regards to the prevailing market prices at the relevant time, as well as the information available with the Company.

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

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, 2014 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. 38, we are unable to comment as the matter is subjuidice.

b) The disputed statutory dues aggregating to ₹ 218,363,930/- 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	196,176,277	A.Y 2004-05 to 2011-12	CIT (Appeals)
Income Tax Act 1961	Income Tax	233,455	A.Y 2004-05	ITAT
Service Tax (Finance Act 1994)	Service tax	20,307,932	2006-07	CESTAT

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

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

12) In our opinion, the company has maintained adequate documents and records where it has granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

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) The Company has given guarantees for loans taken by others from banks and financial institutions. According to the information and explanations given to us, we are of the opinion that the terms and conditions thereof are not prima facie prejudicial to the interest of 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.

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

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

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

Chintan A. Ghelani
Partner
Membership No: 104391

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

Amit Chaturvedi
Partner
Membership No: 103141

Place: Mumbai
Date: 28th May, 2014

Balance Sheet
as at 31st March 2014

	Notes	₹	As at 31st March, 2014 ₹	As at 31st March, 2013 ₹
EQUITY AND LIABILITIES				
SHAREHOLDERS' FUNDS				
Share Capital	2	**289,690,890**		289,690,890
Reserves and Surplus	3	**18,547,921,775**		17,396,174,872
			18,837,612,665	17,685,865,762
NON-CURRENT LIABILITIES				
Long Term Borrowings	4	**3,806,875,000**		2,067,000,000
Other Long Term Liabilities	5	**701,369,254**		770,853,666
Long-Term Provisions	6	**2,007,230**		3,637,203
			4,510,251,484	2,841,490,869
CURRENT LIABILITIES				
Short Term Borrowings	7	**391,757,863**		120,637,215
Trade Payables	8	**491,247,691**		440,606,176
Other Current Liabilities	9	**1,583,801,355**		1,128,387,240
Short Term Provisions	6	**379,998,268**		465,548,779
			2,846,805,177	2,155,179,410
Total			**26,194,669,326**	22,682,536,041
ASSETS				
NON-CURRENT ASSETS				
Fixed Assets				
Tangible Assets	10	**4,092,975,640**		4,424,550,901
Capital Work-in-Progress		**1,227,510,677**		1,089,748,546
Non-Current Investments	11	**11,110,044,328**		9,386,249,543
Deferred Tax Assets (Net)	26	**3,499,007**		30,204,992
Long-Term Loans and Advances	12	**6,498,597,345**		3,888,110,681
Other Non-Current Assets	13	**2,769,969**		5,077,322
			22,935,396,966	18,823,941,986
CURRENT ASSETS				
Trade Receivables	14	**253,045,912**		293,201,426
Cash And Bank Balances	15	**247,314,061**		223,229,648
Short Term Loans and Advances	12	**2,484,108,842**		3,192,435,232
Other Current Assets	13	**274,803,545**		149,727,748
			3,259,272,360	3,858,594,055
Total			**26,194,669,326**	22,682,536,041
Significant Accounting Policies and Notes on Financial Statements	1 to 43			

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 Ruia
(Chairman & Managing Director)

Shishir Shrivastava
(Group CEO & Jt. Managing Director)

Atul Ruia
(Jt. Managing Director)

Pradumna Kanodia
(Director - Finance)

Place : Mumbai
Date: 28th May, 2014

Sonia Gaur
(Company Secretary)

Statement of Profit and Loss
for the year ended 31st March, 2014

	Notes	₹	2013-2014 ₹	2012-2013 ₹
INCOME				
Revenue from Operations	16		**2,948,023,075**	2,706,007,688
Other Income	17		**799,968,389**	565,277,278
Total Revenue			**3,747,991,464**	3,271,284,966
EXPENDITURE				
Employee Benefits Expenses	18		**77,729,491**	82,825,858
Finance Costs	19		**444,087,175**	264,955,481
Depreciation and Amortization Expense	20		**254,383,674**	275,403,635
Other Expenses	21		**939,532,149**	838,693,687
Total Expenses			**1,715,732,489**	1,461,878,661
Profit Before Tax			**2,032,258,975**	1,809,406,305
Less : Tax Expense				
Current Tax		**480,000,000**		472,500,000
Deferred Tax		**26,705,985**	**506,705,985**	(1,885,929)
Profit for the year			**1,525,552,990**	1,338,792,234
Basic and Diluted EPS (Face Value ₹2)	25		**10.53**	9.25
Significant Accounting Policies and Notes on Financial Statements	1 to 43			

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
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Pradumna Kanodia
(Director - Finance)

Place : Mumbai
Date: 28th May, 2014

Sonia Gaur
(Company Secretary)

Cash Flow Statement
for the year ended on 31st March, 2014

			31st March, 2014		31st March, 2013
		₹	₹	₹	₹
A	**Cash Flows from Operating Activities**				
	Net Profit before tax as per the Statement of Profit and Loss		**2,032,258,975**		1,810,406,305
	Adjustments for :				
	Depreciation	**254,383,674**		276,384,945	
	(Profit)/Loss on Assets sold/ discarded	**(16,611,930)**		(2,520,939)	
	Balances in Debtors/Advances written off	**71,058,788**		4,554,759	
	Provision for Doubtful Debts and Advances	**(62,507,613)**		44,422,947	
	Interest Expenses	**444,087,175**		264,955,481	
	Interest Income	**(686,281,806)**		(511,552,597)	
	Dividend Income	**(944,745)**		(919,115)	
	Profit on sale of Investments	**(86,453,817)**		(42,944,341)	
			(83,270,273)		32,381,140
	Operating Cash flow before working capital changes		**1,948,988,702**		1,842,787,445
	Adjustment for Working Capital changes :				
	Trade and other Receivables	**(92,964,247)**		35,773,957	
	Trade and other Payables	**164,269,193**		113,094,469	
			71,304,946		148,868,426
	Cash generated from Operations		**2,020,293,648**		1,991,655,871
	Direct Taxes Paid		**(566,283,471)**		(404,152,768)
	Net Cash from Operating Activities A		**1,454,010,177**		1,587,503,103
B	**Cash Flows from Investing Activities**				
	Purchases of Fixed Assets	**(61,856,183)**		(422,942,528)	
	Advance for Fixed Assets (Given) / Refunded	**(262,979,982)**		(762,433,637)	
	Sale of Fixed Assets	**16,907,723**		39,652,173	
	Inter Corporate Deposits & Loans (placed)/refunded (Net)	**(2,309,093,605)**		1,343,812,437	
	Purchase of Investments	**(2,266,661,072)**		(1,388,603,165)	
	Profit Sale of Short Term Investments	**13,344,479**		142,944,341	
	Sale / Buyback of long term investments	**615,975,625**		-	
	Debenture / Share Application Money (Given) / Refunded	**753,724,809**		9,699,999	
	Interest Received	**687,405,048**		507,766,126	
	Dividend Received	**944,745**		919,115	
	Net Cash generated from/(used in) Investing Activities B		**(2,812,288,413)**		(529,185,138)

Cash Flow Statement

for the year ended on 31st March, 2014 (Contd.)

			31st March, 2013		31st March, 2012
		₹	₹	₹	₹
C	**Cash Flows from Financing Activities**				
	Proceeds from long term borrowings	**3,095,000,000**		-	
	Repayment of long term borrowings	**(1,085,125,000)**		(388,500,000)	
	Short term loans availed / (repaid)(Net)	**271,120,648**		114,068,498	
	Interest paid	**(527,221,770)**		(363,054,376)	
	Dividend paid (including tax on Dividend)	**(371,411,231)**		(335,312,058)	
	Net Cash generated from/(used in) Financing Activities		**1,382,362,647**		(972,797,936)
D	**Net Increase/(Decrease) in Cash and Cash Equivalents A+B+C**		**24,084,411**		85,520,029
	Cash and Cash equivalents at the beginning of the year		**223,229,648**		137,709,620
	Cash and Cash equivalents at the end of the year		**247,314,061**		223,229,648

Note :

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

As per our report of even date

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

Chintan A. Ghelani
Partner
M. No.:104391

For Chaturvedi & Shah
Chartered Accountants
FRN : 101720W

Amit Chaturvedi
Partner
M. No.:103141

For and on behalf of the Board of Directors

Ashokkumar Ruia
(Chairman & Managing Director)

Shishir Shrivastava
(Group CEO & Jt. Managing Director)

Atul Ruia
(Jt. Managing Director)

Pradumna Kanodia
(Director - Finance)

Sonia Gaur
(Company Secretary)

Place : Mumbai
Date: 28th May, 2014

Notes on Financial Statements
for the year ended 31st March, 2014

NOTE "1"

SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

d) **Depreciation:**
i) Leasehold land is amortized over the period of lease.

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

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

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

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

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

Notes on Financial Statements
for the year ended 31st March, 2014 (Contd.)

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

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

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

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

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

k) **Securities issue expenses:**
Expenses in connection with the issue of securities are adjusted against the Securities Premium Account.

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

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

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

Notes on Financial Statements
for the year ended 31st March, 2014 (Contd.)

	As at 31st March, 2014 ₹	As at 31st March, 2013 ₹
NOTE "2"		
SHARE CAPITAL		
AUTHORISED :		
225,000,000 (P. Y. 225,000,000) Equity Shares of ₹ 2/- each	**450,000,000**	450,000,000
ISSUED, SUBSCRIBED AND PAID UP:		
144,845,445 (P Y. 144,845,445) Equity Shares of ₹ 2 each fully paid up	**289,690,890**	289,690,890
TOTAL	**289,690,890**	289,690,890
	Nos.	Nos.
a) Equity Shares have been reserved for allotment under The Phoenix Mills Employees' Stock Option Plan 2007.	**3,390,000**	3,390,000
b) Options have been granted under 'The Phoenix Mills Employees' Stock Option Plan 2007 of which 406,250 (P.Y. 335,000) Options have lapsed and are available for regrant.	**650,000**	650,000
	2013-14	2012-13
c) Reconciliation of Number of shares outstanding is set out below:-		
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

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

e) The details of sharesholders 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 Holding Private Limited	**15,142,550**	**10.45**	15,119,250	10.44
Radhakrishna Ramnarain Private Limited	**11,617,930**	**8.02**	11,610,530	8.02
Ashok Apparels Private Limited	**9,670,665**	**6.68**	9,670,665	6.68
Government of Singapore	**7,521,801**	**5.19**	-	-
T. Rowe Price New Asia Fund	-	-	7,537,325	5.20

Notes on Financial Statements
for the year ended 31st March, 2014 (Contd.)

	₹	As at 31st March, 2014 ₹	As at 31st March, 2013 ₹
NOTE "3"			
RESERVES & SURPLUS			
Capital Reserve		**18,413,824**	18,413,824
As per last Balance Sheet			
General Reserve			
As per last Balance Sheet	**1,891,764,734**		1,691,764,734
Add: Transfer from Profit and Loss Account	**200,000,000**		200,000,000
		2,091,764,734	1,891,764,734
Securities Premium Account			
As per last Balance Sheet		**10,659,263,354**	10,659,263,354
Revaluation Reserve			
As per last Balance Sheet	**104,876,687**		105,857,997
Less:Additional Depreciation on Revaluation of Assets transferred to Statement of Profit and Loss (Refer to Note No.37)	**989,845**		981,310
		103,886,842	104,876,687
Profit and Loss Account			
As per last Balance Sheet	**4,721,856,273**		3,955,880,282
Add : Profit for the Year	**1,525,552,990**		1,338,792,234
	6,247,409,263		5,294,672,516
Less : Appropriations			
Transferred to General Reserve	**(200,000,000)**		(200,000,000)
Proposed dividend	**(318,659,979)**		(318,659,979)
(Dividend per share ₹ 2.20/- (P.Y. ₹2.20/-)			
Tax on proposed dividend	**(54,156,263)**		(54,156,263)
		5,674,593,021	4,721,856,273
TOTAL		**18,547,921,775**	17,396,174,872

	As at 31st March, 2014		As at 31st March, 2013	
	Non Current ₹	Current ₹	Non Current ₹	Current ₹
NOTE"4"				
LONG TERM BORROWINGS				
SECURED				
Term Loans from Banks	**2,486,875,000**	**814,500,000**	2,067,000,000	544,500,000
(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.)				
Term Loans from Others	**1,320,000,000**	-	-	-
(The above loan is secured by pledging 8,000,000 Equity Shares of Offbeat Developers Private Limited)				
Less: Amount disclosed under the head "Other Current Liabilities" (Note 9)		**(814,500,000)**	-	(544,500,000)
TOTAL	**3,806,875,000**	-	2,067,000,000	-
	FY 2014-2015	**814,500,000**	**FY 2017-2018**	296,875,000
Maturity Profile	**FY 2015-2016**	**2,262,375,000**	**FY 2018-2019**	265,625,000
	FY 2016-2017	**982,000,000**		

Notes on Financial Statements
for the year ended 31st March, 2014 (Contd.)

	As at 31st March, 2014 ₹	As at 31st March, 2013 ₹
NOTE "5"		
OTHER LONG TERM LIABILITIES		
Security Deposits from Occupants/Licencees	**689,749,532**	753,586,247
Income Received in Advance	**11,619,721**	17,267,419
	701,369,254	770,853,666

	As at 31st March, 2014		As at 31st March, 2013	
	Non Current ₹	Current ₹	Non Current ₹	Current ₹
NOTE "6"				
PROVISIONS				
Provision for Employee Benefits				
Gratuity (Net)	-	**1,160,570**	745,767	783,603
Leave Encashment	**2,007,230**	**563,536**	2,891,436	207,543
	2,007,230	**1,724,106**	3,637,203	991,146
Others				
Taxation (Net of taxes paid)	-	**5,457,920**	-	91,741,391
Proposed Dividend	-	**318,659,979**	-	318,659,979
Tax on Proposed Dividend	-	**54,156,263**	-	54,156,263
	-	**378,274,162**	-	464,557,633
	2,007,230	**379,998,268**	3,637,203	465,548,779

	As at 31st March, 2014 ₹	As at 31st March, 2013 ₹
NOTE "7"		
CURRENT LIABILITIES		
SHORT-TERM BORROWINGS		
Secured		
Term Loans from Others	**50,000,000**	-
(Secured by pledging 200,641 Equity Shares of Graphite India Limited held by the company as well as 1,748,449 Equity Shares of Graphite India Limited held by a wholly owned subsidiary)		
Working Capital Loans	**241,757,863**	120,637,215
(Overdraft facility of ₹ 241,757,863 /-(P.Y. ₹ 75,888,108) is secured by Equitable Mortgage of deposit of title deeds in respect of certain immovable properties and by hypothecation of rentals receivable from licencees.)		
(Overdraft facility of ₹ Nil (P.Y. ₹ 44,749,107/-) is secured against fixed deposits of ₹ Nil (P.Y. ₹54,466,631/-)		
Unsecured		
Term Loans from Banks	**100,000,000**	-
	391,757,863	120,637,215

Notes on Financial Statements
for the year ended 31st March, 2014 (Contd.)

	As at 31st March, 2014 ₹	As at 31st March, 2013 ₹
NOTE "8"		
TRADE PAYABLES		
Micro, Small and Medium Enterprises (Refer Note No. 41)	-	-
Others	**491,247,691**	440,606,176
	491,247,691	440,606,176

	As at 31st March, 2014 ₹	As at 31st March, 2013 ₹
NOTE "9"		
OTHER CURRENT LIABILITIES		
Current Maturities of Long Term Debts (Refer Note No.4)	**814,500,000**	544,500,000
Interest Accrued but not due	**88,142,686**	18,037,484
Advance from Prospective Buyers	**64,112,347**	-
Income Received in Advance	**14,772,833**	11,081,890
Unpaid Dividends #	**14,798,058**	13,393,047
Other Liabilities		
Creditors for Capital Items	**60,410,044**	222,451,714
Security Deposits from Occupants/Licencees	**290,039,173**	139,925,945
Statutory Payments	**35,050,327**	32,203,188
Others*	**201,975,887**	146,793,972
TOTAL	**1,583,801,355**	1,128,387,240

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

* Others include Advance received against the sale/redemption of Investments of ₹ 191,880,000/- (P.Y. ₹ 124,845,114/-) (Refer Note No 35)

NOTE "10"

FIXED ASSETS

(Amount in ₹)

	GROSS BLOCK [AT COST]				DEPRECIATION				NET BLOCK	
Description	As at 1st April 2013	Additions during the year	Deductions during the year	As at 31st March 2014	Upto 1st April 2013	For the year	Deductions during the year	Upto 31st March 2014	As at 31st March 2014	As at 31st March 2013
TANGIBLE ASSETS										
Freehold Land	10,669,783*	-	-	10,669,783	-	-	-	-	10,669,783	10,669,783
Right on Leasehold Land	69,761,432*	-	-	69,761,432	4,828,967	31,769 @	-	4,860,736	64,900,696	64,932,465
Buildings	4,966,922,601*	15,968,998	115,013,243	4,867,878,356	1,046,738,745	194,122,526	10,276,767	1,230,584,504	3,637,293,852	3,920,183,717
Plant and Machinery	287,664,889	4,855,737	-	292,520,626	121,080,343	23,891,145	-	144,971,488	147,549,138	166,584,545
Vehicles	37,574,652	1,649,116	7,022,708	32,201,060	26,055,701	3,084,374	6,784,694	22,355,381	9,845,679	11,518,951
Office Furniture & Equiptment	467,296,347	13,649,897	2,024,885	478,921,359	216,860,882	39,665,088	151,622	256,374,348	222,547,011	250,435,465
Total (A)	**5,839,889,705**	**36,123,747**	**124,060,836**	**5,751,952,616**	**1,415,564,638**	**260,794,902**	**17,213,083**	**1,659,146,457**	**4,092,806,159**	**4,424,324,926**
INTANGIBLE ASSETS										
Computer Softwares	282,469	-	-	282,469	56,494	56,494	-	112,988	169,481	225,975
Total (B)	282,469	-	-	282,469	56,494	56,494	-	112,988	169,481	225,975
Total	**5,840,172,174**	**36,123,747**	**124,060,836**	**5,752,235,085**	**1,415,621,132**	**260,851,396**	**17,213,083**	**1,659,259,445**	**4,092,975,640**	**4,424,550,901**
Previous Year	5,550,671,247	339,115,679	49,614,893	5,840,172,033	1,156,085,639	276,384,945	16,849,454	1,415,621,130	4,424,550,903	4,394,585,608
Capital Work in Progress									1,227,510,677	1,089,748,546

Notes :
1) *Amount added on Revaluation (as at 31.03.1985) ₹18,48,43,610 (Net of Depreciation). Refer to Note No. 37
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 ₹ 159,743,132/- (P. Y. ₹ 55,541,932/-). Refer to Note No. 32

Notes on Financial Statements
for the year ended 31st March, 2014 (Contd.)

	₹	As at 31st March, 2014 ₹	As at 31st March, 2013 ₹
NOTE "11"			
NON CURRENT INVESTMENTS			
A. TRADE			
UNQUOTED			
1. INVESTMENT IN EQUITY INSTRUMENTS			
i. SUBSIDIARY COMPANIES			
(Equity Shares of face value of ₹ 10/- each fully paid-up unless otherwise stated)			
4,000,020 (P.Y.4,000,020) - Bellona Finvest Ltd.	**40,000,200**		40,000,200
19,245,020 (P. Y. 19,245,020) - Big Apple Real Estate Pvt. Ltd.	**1,125,715,797**		1,125,715,797
10,000 (P. Y. 10,000) - Enhance Holdings Pvt. Ltd.	**384,600**		384,600
100,000 (P. Y. 100,000) - Market City Management Pvt Ltd.	**1,000,000**		1,000,000
10,000 (P. Y. 10,000) - Market City Resources Pvt. Ltd.	**103,600**		103,600
17,014,913 (P.Y. 18,873) - Island Star Mall Developers Pvt. Ltd. @	**1,105,435,378**		1,038,057
9,280 (P. Y. 9,280) - Mugwort Land Holdings Pvt. Ltd	**92,800**		92,800
13,125,795 (P.Y. 12,760,000) - Palladium Constructions Pvt Ltd.	**1,421,343,213**		733,709,500
1,200,000 (P.Y. 1,200,000) - Pallazzio Hotels & Leisure Ltd. ₹100 each	**120,000,000**		120,000,000
1,321,400 (P.Y. 1,321,400) Phoenix Hospitality Company Private Limited	**1,541,634,836**		1,541,634,836
10,000 (P.Y. 10,000) - Pinnacle Real Estate Development Pvt. Ltd.	**39,993,898**		39,993,898
10,000 (P.Y. 10,000) - Plutocrat Asset & Capital Management 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
16,808,730 (P.Y. 7,265,080) - Offbeat Developers Private Limited (subsidiary w.e.f. 14th October 2013) @ *	**1,862,778,748**		247,037,912
3,709,416 (P.Y. 2,246,588) - Classic Mall Development Company Pvt. Limited (subsidiary w.e.f. 10th July 2013)	**815,435,694**		249,966,918
12,638,319 (P.Y.12,638,319)- Vamona Developers Pvt. Ltd. @	**334,030,763**		334,030,763
		8,692,949,526	4,719,708,880
ii. ASSOCIATES			
(Equity Shares of face value of ₹ 10/- each fully paid-up)			
5,000 (P.Y. 5,000) - Bartraya Mall Development Co. Pvt. Ltd	**50,000**		50,000
5,000 (P.Y. 3,334) - Classic Housing Projects Pvt. Ltd.	**50,000**		33,340
20,593,192 (P. Y. 20,593,192) - Entertainment World Developers Ltd. (Refer Note 35)	**450,124,554**		450,124,554
25,000 (P.Y. 25,000) - Escort Developers Pvt. Ltd.	**15,950,000**		15,950,000
25,000 (P.Y. 25,000) Savannah Phoenix Pvt Ltd	**250,000**		250,000
		466,424,554	466,407,894

Notes on Financial Statements
for the year ended 31st March, 2014 (Contd.)

	₹	As at 31st March, 2014 ₹	As at 31st March, 2013 ₹
iii. OTHERS			
(Equity Shares of face value of ₹ 10/- each fully paid-up)			
10 (P.Y. 10) - Treasure World Developers Pvt. Ltd.		**8,500**	8,500
2. INVESTMENT IN PREFERENCE SHARES			
SUBSIDIARY			
(Preference Shares of ₹ 10/- each fully paid-up)			
Nil (P.Y. 17,856,716) - Island Star Mall Developers Pvt. Limited @@		-	1,017,560,307
3. INVESTMENT IN DEBENTURES			
i. SUBSIDIARY			
(Compulsory Convertible Debentures of ₹ 245/- each fully paid-up)			
Nil (P.Y.4,740,000) - Palladium Constructions Pvt Ltd. @@@	-		1,161,300,000
(Compulsorily Convertible Debentures)			
847,365 (P.Y. 847,365) Pallazzio Hotels & Leisure Ltd - Series C	**627,779,110**		627,779,110
(Non Convertible Debenture)			
1 (P.Y. 1) Pallazzio Hotels & Leisure Ltd - Series F	**230,000,000**		230,000,000
ii. ASSOCIATE			
(Optionally Convertible Debentures of ₹ 100/- each fully paid-up)			
420,000 (P.Y.1,112,000) - Classic Housing Projects Pvt. Ltd.	**42,000,000**		111,200,000
iii. OTHER			
(Compulsory Fully Convertible Debentures of ₹ 10/- each fully paid-up)			
100,000,000 (P.Y.100,000,000) - Treasure World Developers Pvt. Ltd. (Refer Note No 35)	**1,000,000,000**		1,000,000,000
		1,899,779,110	3,130,279,110
4. INVESTMENT IN THE CAPITAL OF PARTNERSHIP FIRM			
Phoenix Construction Company		**19,936,930**	21,179,298
B. OTHERS			
QUOTED			
(Equity Shares of face value of ₹ 10/- each fully paid-up, unless otherwise stated)			
7,265 (P. Y. 7,265) - ICICI BANK LIMITED **	**260,250**		260,250
20 (P. Y. 20) - Clariant Chemicals (India) Ltd.	**200**		200
200,641 (P. Y. 200,641) -Graphite India Limited - face value of ₹ 2 each ***	**27,034,630**		27,034,630
60,192 (P. Y. 60,192) - GKW Limited	**3,648,128**		3,648,128
Nil (P. Y. 59) - Syngenta AG Ordinary shares fully paid up	-		159,596
		30,943,208	31,102,804
UNQUOTED			
10 (P. Y. 10) ordinary shares of ₹ 50/-each -fully paid of Sukhsagar Premises Co-op. Society Ltd.	**500**		500

Notes on Financial Statements

for the year ended 31st March, 2014 (Contd.)

	₹	As at 31st March, 2014 ₹	As at 31st March, 2013 ₹
Nil (P. Y. 5) ordinary shares of ₹ 50/-each -fully paid of Vivina Co-op. Housing Society Ltd.	-		250
80 (P. Y. 80) ordinary shares of ₹ 25/- each -fully paid of Rashtriya Mazdoor Madhyavarti Sahakari Grahak Sangh (Maryadit)	**2,000**		2,000
		2,500	2,750
Total		**11,110,044,328**	9,386,249,543
1. Aggregate value of Quoted Investments:			
Book Value		**30,943,208**	31,102,804
Market Value		**51,045,003**	48,411,943
2. Aggregate book value of other Unquoted Investments:		**11,079,101,120**	9,355,146,739

Notes :

@ Shares of Offbeat Developers Private Limited, Island Star Mall Developers Private Limited and Vamona Developers Private Limited are 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.

@@ During the year 18,812,594 Preference Shares have been converted into 16,996,040 Equity Shares of ₹ 10 each

@@@ During the year, 4,740,000 CCDs have been converted into 4,740,000 Equity Shares of ₹ 10 each

* Out of 9,543,650 Shares acquired during the year, 8,000,000 Shares have been pledged against loan taken from Financial Institutions

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

*** Shares have been pledged against loan taken from Financial Institutions

	As at 31st March, 2014		As at 31st March, 2013	
	Current ₹	Non Current ₹	Current ₹	Non Current ₹
NOTE "12"				
LOANS AND ADVANCES				
Unsecured and considered good				
Deposits				
Deposits with Related Parties #	**15,000,000**	**689,275,000**	15,000,000	695,313,517
Other Deposits	-	**38,863,777**	-	38,186,877
Capital Advances				
Advance for Capital Items to Related Parties #	-	**2,318,656,033**	-	1,966,838,850
Others	-	**867,458,146**	-	873,160,752
Inter Corporate Loans and Deposits		-		
With Related Parties #	**2,181,963,569**	**1,477,678,471**	2,574,674,024	-
With Others	**215,880,959**	-	175,604,521	-
Share/Debenture Application Money pending allotment				
Related Parties #	-	**1,053,099,594**	-	226,874,785
Others	-	**3,854,540**	-	76,354,540
Other Loans & Advances	**71,264,314**	**49,711,784**	427,156,687	11,381,361
TOTAL	**2,484,108,842**	**6,498,597,345**	3,192,435,232	3,888,110,681

Refer note no. 24

Loans and Advances include ₹ 305,925,000/-(Previous year: ₹571,219,443/-) to private limited companies in which any director is a director/member.

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

Notes on Financial Statements

for the year ended 31st March, 2014 (Contd.)

	As at 31st March, 2014		As at 31st March, 2013	
	Current	Non Current	Current	Non Current
	₹	₹	₹	₹
NOTE "13"				
OTHER ASSETS				
Interest Accrued on Fixed Deposits	**5,201,536**	-	6,133,026	822,903
Interest Accrued on Investments	**143,251,307**	-	142,620,156	-
Interest Accrued on Application Money	**38,845,602**	-	-	-
Unbilled Revenue	**87,505,100**	-	974,566	-
Non current portion of Cash and Cash equivalents	-	**2,769,969**	-	4,254,420
TOTAL	**274,803,545**	**2,769,969**	149,727,748	5,077,322

		As at 31st March, 2014		As at 31st March, 2013
	₹	₹		₹
NOTE "14"				
TRADE RECEIVABLES				
(Unsecured and considered good unless otherwise stated)				
Receivables outstanding for a period exceeding six months from the date due				
Considered Good	**102,890,299**		179,244,753	
Considered Doubtful	**45,019,684**		107,527,297	
	147,909,983		286,772,050	
Less: Provision for Doubtful Receivables	**45,019,684**		107,527,297	
		102,890,299		179,244,753
Other Receivables		**150,155,613**		113,956,673
TOTAL		**253,045,912**		293,201,426

Debtors include ₹Nil (PreviousYear ₹ 1,078,265) from private companies in which a director is a director / member

		As at 31st March, 2014		As at 31st March, 2013
	₹	₹	₹	₹
NOTE "15"				
CASH AND BANK BALANCES				
Cash on hand	**116,984**	-	134,376	-
Balances with Banks:				
In Current Accounts	**118,414,573**	-	80,235,596	-
In Fixed Deposit Accounts:				
Deposit with Original maturity of more than 3 months but less than 12 months *	**113,984,448**	-	129,466,631	-
Others **	-	**2,769,969**	-	4,254,420
In Dividend Accounts	**14,798,056**		13,393,045	
Less : Non current portion transferred to Non current assets (Refer note no. 13)	-	**(2,769,969)**	-	(4,254,420)
TOTAL	**247,314,061**	-	223,229,648	-

* Fixed Deposits of ₹ 112,500,000 (P.Y. ₹ 75,000,000) earmarked towards maintanence of DSRA as per loan agreement and Fixed Deposits of ₹ 1,484,448 (P.Y. ₹ 1,484,448) are given as Bank Guarantee and Fixed Deposit of ₹ Nil (P.Y. ₹ 54,466,631) is given against Bank Over draft facility.

** Fixed Deposits of ₹ 2,769,969 (P.Y. ₹ 2,769,969) is pledged as security against Bank guarantee.

Notes on Financial Statements
for the year ended 31st March, 2014 (Contd.)

	2013-14 ₹	2012-13 ₹
NOTE "16"		
REVENUE FROM OPERATIONS		
Sale of Services		
License Fees and Rental Income	**2,073,372,955**	1,894,530,692
Service Charges	**318,387,825**	314,850,202
Others	**556,262,295**	496,626,794
TOTAL	**2,948,023,075**	2,706,007,688

	2013-14 ₹	2013-14 ₹	2012-13 ₹	2012-13 ₹
NOTE "17"				
OTHER INCOME				
Interest Income				
From Long Term Investments	**128**		111	
From Others	**686,281,678**	**686,281,806**	511,552,486	511,552,597
Dividend Income				
From Long Term Investments	**944,745**		919,115	
		944,745		919,115
Profit on sale of Investments		**86,453,817**		42,944,341
Other Non-operating Income				
Profit on Sale of Fixed Assets		**16,611,930**		2,520,939
Miscellaneous Receipts		**508,822**		2,785,527
Profit on assignment of rights / transfer of property under development		**2,573,854**		-
Sundry Balances written back		**6,593,415**		4,554,759
TOTAL		**799,968,389**		565,277,278

	2013-14 ₹	2012-13 ₹
NOTE "18"		
EMPLOYEE BENEFITS EXPENSE		
Salaries, Wages and Bonus	**73,937,639**	78,330,756
Contribution to Provident Fund and Other Funds	**1,355,980**	1,523,864
Gratuity and Leave encashment	**471,282**	1,143,531
Staff Welfare Expenses	**1,964,590**	1,827,707
TOTAL	**77,729,491**	82,825,858

	2013-14 ₹	2012-13 ₹
NOTE "19"		
FINANCE COSTS		
Interest Expense		
Interest to Banks on Fixed Loans	**437,642,003**	264,363,543
Interest on Others	**6,445,172**	591,938
TOTAL	**444,087,175**	264,955,481

Notes on Financial Statements
for the year ended 31st March, 2014 (Contd.)

	2013-14 ₹	2012-13 ₹
NOTE "20"		
DEPRECIATION AND AMORTISATION EXPENSE		
Depreciation and Amortisation	**260,851,396**	275,403,635
Less : Transferred from revaluation reserve (Refer Note No 3)	**989,845**	981,310
Less : Prior Period Adjustments	**5,477,877**	-
TOTAL	**254,383,674**	274,422,325

	2013-14 ₹	2013-14 ₹	2012-13 ₹	2012-13 ₹
NOTE "21"				
OTHER EXPENSES				
Electricity		**333,452,532**		391,823,702
Repairs and Maintenance:-				
Buildings	**28,683,975**			33,275,928
Plant and Machinery	**27,325,091**			23,905,857
Others	**7,838,567**			10,297,743
		63,847,633		67,479,528
Insurance		**5,776,425**		5,366,562
Rent		**5,481,752**		5,933,021
Rates and Taxes		**144,549,136**		39,306,073
Water Charges		**28,625,652**		26,394,807
Legal and Professional charges		**57,491,076**		46,454,108
Travelling Expenses		**13,749,432**		8,327,679
Auditors' Remuneration (Refer Note No. 28)		**4,830,000**		5,529,500
Directors' sitting fees and Commission		**1,610,339**		1,853,000
Compensation		**71,020,645**		6,554,025
Donation		**3,014,371**		811,653
Prior Period Expenses		**2,704,157**		4,880,482
Advertisement and Sales Promotion		**63,849,178**		52,627,552
Bad debts and Sundry balances written off	**71,058,788**		-	
Provision for Doubtful Debts written back	**(62,507,613)**	**8,551,176**	44,422,947	44,422,947
Rebates and settlement		**10,532,898**		14,723,627
Bank charges		**85,796**		857,748
Housekeeping and other services		**64,648,982**		62,757,136
Security Charges		**33,808,669**		31,940,618
Share of Loss from a Partnership Firm		**1,242,368**		665,783
Other Miscellaneous Expenses		**20,659,932**		19,984,136
TOTAL		**939,532,149**		838,693,687

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

(a) (Defined Contribution Plan, recognised as expenses for the year are as under :
Employer's Contribution to Provident and Pension Fund ₹1,131,596 (P.Y.1,216,584).
Employer's Contribution to ESIC ₹121,052 (P.Y.196,011)

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

Notes on Financial Statements
for the year ended 31st March, 2014 (Contd.)

(b) Defined Benefit Plan:

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

(i) Reconciliation of opening and closing balances of Defined Benefit Obligation

Particulars	2013-14 Gratuity (Funded)	2013-14 Leave Encashment (Unfunded)	2012-13 Gratuity (Funded)	2012-13 Leave Encashment (Unfunded)
	₹	₹	₹	₹
Present value of the obligation at the beginning of the year	**10,606,682**	**30,98,979**	9,723,204	3,335,739
Current Service Cost	**1,079,073**	**(54,569)**	1,136,505	64,512
Interest Cost	**848,535**	**(247,918)**	826,472	283,538
Actuarial (Gain) / Loss on Obligation	**(618,304)**	**(276,647)**	(297, 733)	(337,417)
Benefits Paid	**(2,086,916)**	**(444,915)**	(781, 766)	(247,393)
Present value of the obligation at the end of the year	**9,829,070**	**2,570,766**	10,606,682	3,098,979

(ii) Reconciliation of Fair Value of Assets and Obligations

Particulars	2013-14 Gratuity (Funded)	2013-14 Leave Encashment (Unfunded)	2012-13 Gratuity (Funded)	2012-13 Leave Encashment (Unfunded)
	₹	₹	₹	₹
Present value of the obligation at the end of the the year	**9,829,070**	**2,570,766**	10,606,682	3,098,979
Fair Value of Plan Assets at the end of the year	**(8,668,500)**	**NIL**	(9,077,312)	NIL
Net Obligation at the end of the year	**1,160,570**	**2,570,766**	1,529,370	3,098,979

(iii) Expense recognised during the year

Particulars	2013-14 Gratuity (Funded)	2013-14 Leave Encashment (Unfunded)	2012-13 Gratuity (Funded)	2012-13 Leave Encashment (Unfunded)
	₹	₹	₹	₹
Current Service Cost	**1,079,073**	**(54,569)**	1,136,505	64,512
Interest cost on Obligation	**848,535**	**247,918**	826,472	283,538
Expected return on Plan Assets	**(754,724)**	**NIL**	(770,378)	NIL
Net Actuarial (Gain) / Loss recognised in the year	**(618,304)**	**(276,647)**	(297, 733)	(337, 417)
Net Cost Included in Personnel Expenses	**554,580**	**(83,298)**	894, 866	10,633

Notes on Financial Statements
for the year ended 31st March, 2014 (Contd.)

(iv) Actual Return on Plan Assets for the year

	Gratuity (funded) 2013-14	Gratuity (funded) 2012-13
	₹	₹
Expected return on Plan Assets	**754,724**	770,378
Actuarial (gain)/loss on Plan Asset		
Actual return on plan assets	-	-
	754,724	770,378

(v) Actuarial Assumptions

	2013-14		2012-13	
	Gratuity	**Leave**	**Gratuity**	**Leave**
i) Discount Rate	**9.0% P.A.**	**9.0% P.A.**	**8.5%.P.A.**	**8.5%. P.A.**
ii) Expected Rate of Return on Plan Assets	-	-	-	-
iii) Salary Escalation Rate	10% P.A.	10% P.A.	10% P.A.	10% P.A.
iv) Mortality	Indian Assures Lives(2006-08) Ult. Mortality Rates	Indian Assures Lives(2006-08) Ult. Mortality Rates	L.I.C 1994-96 ULTIMATE	L.I.C 1994-96 ULTIMATE

vi) Reconciliation of Opening and Closing Balances of Fair Value of Plan Assets

Particulars	Gratuity (funded) 2013-14	Gratuity (funded) 2012-13
Plan Assets at the beginning of the year	**9,077,312**	8,181,591
Expected Return on plan assets	**754,724**	770,378
Contribution	**923,380**	907,109
Benefits paid during the year	**(2,086,916)**	(781,766)
Actuarial (gain)/loss on Plan Assets	-	-
Fair Value of Plan Assets at the end of the year	**8,668,500**	9,077,312

(vii) Amount Recognised in current year and previous four years:

Particulars	As at 31st March				
Gratuity	**2014**	**2013**	**2012**	**2011**	**2010**
Defined Benefit Obligation	**9,829,070**	**10,606,682**	**9,723,204**	**8,642,100**	**6,173,464**
Fair Value of plan asset	8,668,500	9,077,312	8,181,591	7,274,711	-
(surplus)/Deficit in the Plan	(1,160,570)	(1,529,370)	(1,541,613)	(1,367,389)	(6,173,464)
Actuarial (gain)/loss on plan obligation	(618,304)	(297,733)	(160,386)	971,186	186,849
Actuarial(gain)/loss on plan assets	-	-	-	-	-

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

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

Notes on Financial Statements
for the year ended 31st March, 2014 (Contd.)

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

24. In view of the Accounting Standard : AS 18 on Related Parties Disclosures as notified by the Companies (Accounting Standards) Rules 2006, the disclosure in respect of related party transactions for the year ended on 31st March 2014 is as under:

a) RELATIONSHIPS

Category I : Subsidiaries of the Company

Alliance Spaces Private Limited
Blackwood Developers Private Limited
Bellona Finvest Limited
Big Apple Real Estate Private Limited
Butala Farm Lands Private Ltd.
Gangetic Developers Private Limited
Graceworks Realty & Leisure Private Limited
Island Star Mall Developers Private Limited
Enhance Holding Private Limited
Market City Management Private Limited
Market City Resources Private Limited
Mugwort Land Holdings Private Limited
Palladium Constructions Private Limited
Pallazzio Hotels & Leisure Limited
Pinnacle Real Estate Development Private Limited
Platinum Spaces Private Limited
Plutocrat Assets and Capital Management Private Limited
Phoenix Hospitality Company Private Limited
Sangam Infrabuild Corporation Private Limited
Upal Developers Private Limited
Vamona Developers Private Limited
Classic Mall Development Company Private Limited [w.e.f. 10th July, 2013]
Offbeat Developers Private Limited [w.e.f. 14th October, 2013]

Category II : Associates of the Company

Bartraya Mall Development Company Private Limited
Starboard Hotels Private Limite
Classic Mall Development Company Private Limited [upto 9th July, 2013]
Classic Housing Projects Private Limited

Notes on Financial Statements
for the year ended 31st March, 2014 (Contd.)

Entertainment World Developers Limited
Escort Developers Private Limited
Galaxy Entertainment Corporation Limited
Galaxy Entertainment (India) Private Limited
Gangetic Hotels Private Limited
Mirabel Entertainment Private Limited
Offbeat Developers Private Limited [upto 13th October, 2013]
Phoenix Construction Company
Savannah Phoenix Private Limited

Category III : Key Managerial Personnel

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

Category IV : Enterprises over which Key Managerial Personnel are able to exercise significant control

R.R.Hosiery Private Limited
R.R. Hosiery
Phoenix Retail Private Limited
Winston Hotels Private Limited

Category V : Relatives of Key Managerial Personnel

Gayatri A Ruia
B.R.International

Notes on Financial Statements
for the year ended 31st March, 2014 (Contd.)

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

(Amounts In ₹)

Sr. No.	TRANSACTIONS	Category I	Category II	Category III	Category IV	Category V	Total
1	Rent,Compensation & Other recoveries	25,906,489	-	-	-	1,813,440	27,719,929
		(155,719,718)	-	-	(736,776)	(1,813,440)	(158,269,934)
2	Interest Received	550,965,617	98,824,574	-	-	-	649,790,191
		(197,102,747)	(297,678,179)	-	-	-	(494,780,926)
3	Administrative & other exp.	30,101,893	-	-	5,564,378	-	35,666,271
		(9,860,000)	-	-	(5,273,796)	-	(15,133,796)
4	Interest Paid	-	-	-	-	8,972,730	8,972,730
		-	-	-	-	(13,907,730)	(13,907,730)
5	Remuneration/Salaries	-	-	15,769,615	-	-	15,769,615
		-	-	(16,800,000)	-	-	(16,800,000)
6	Loss from Firm	-	-	-	(1,242,368)	-	(1,242,368)
		-	-	-	(665,783)	-	(665,783)
7	Capital withdrawn from firm	-	-	-	-	-	-
		-	-	-	(1,123,600)	-	(1,123,600)
8	Loan returned by parties	-	-	-	-	-	-
		-	(300,000,000)	-	-	-	(300,000,000)
9	Loans Given	27,524,885	-	-	-	-	27,524,885
		-	-	-	-	-	-
10	ICD returned by parties	1,040,525,000	12,500,000	-	-	-	1,053,025,000
		(479,205,011)	(8,806,531)	-	-	-	(488,011,542)
11	ICD Given	1,792,663,441	12,500,000	-	-	-	1,805,163,441
		(1,284,694,710)	-	-	-	-	(1,284,694,710)
12	Capital Advances Given	521,568,976	70,000,000	-	-	-	591,568,976
		-	(243,556,801)	-	-	-	(243,556,801)
13	Advances Returned by the Parties	409,190,133	-	-	-	-	409,190,133
		-	1,295,000,000)	-	-	-	(1,295,000,000)
14	Deposit Given	-	-	-	-	-	-
		-	(61,270,644)	-	-	-	(61,270,644)
15	Deposit Returned by the Parties	6,038,517	-	-	-	-	6,038,517
		-	(126,027,194)	-	-	-	(126,027,194)
16	Investment in Shares / application money pending allotment	840,318,000	600,000	-	18,031,694	-	858,949,694
		-	(15,950,000)	-	-	-	(15,950,000)
17	Application money Refund Received/Converted into Loan	32,724,885	-	-	-	-	32,724,885
		(646,671)	-	-	-	-	(646,671)
18	Redemption of OCD/CCD	-	124,800,000	-	-	-	124,800,000
		-	-	-	-	-	-
19	Investment in OCD/CCD	-	-	-	-	-	-
		(857,779,110)	-	-	-	-	(857,779,110)
20	Purchase of Fixed Assets	-	-	-	-	-	-
		(7,361,880)	(227,586,883)	-	-	-	(234,948,763)
21	Buy back of Equity Shares	546,775,625	-	-	-	-	546,775,625
22	Conversion of Debentures to Equity Shares	1,161,300,000	-	-	-	-	1,161,300,000

Notes on Financial Statements
for the year ended 31st March, 2014 (Contd.)

c) **The following balances were due from / to the related parties as on 31-03-2014:**

(Amounts In ₹)

Sr. No.	TRANSACTIONS	Category I	Category II	Category III	Category IV	Category V	Total
1	Investment in Equity Shares / Pref shares	8,692,949,526	466,424,554	-	-	-	9,159,374,080
		(5,240,264,358)	(963,162,724)	-	-	-	(6,203,427,082)
2	Investment in OCD	857,779,110	42,000,000	-	-	-	899,779,110
		(2,019,079,110)	(111,200,000)	-	-	-	(2,130,279,110)
3	Investment in Capital of Partnership Firm	-	-	-	19,936,930	-	19,936,930
		-	-	-	(21,179,298)	-	(21,179,298)
4	Capital Advances	2,318,656,032	-	-	-	-	2,318,656,032
		(497,251,646)	(1,469,587,204)	-	-	-	(1,966,838,850)
5	Inter Corporate Deposits	3,659,021,142	620,898	-	-	-	3,659,642,040
		(2,304,729,581)	(269,944,443)	-	-	-	(2,574,674,024)
6	Advances Received	150,000	-	-	-	-	150,000
		(150,000)	-	-	-	-	(150,000)
7	Trade Receivables	17,715,766	-	-	1,173,914	467,610	19,357,290
		(53,275,846)	-	-	(1,755,993)	(614,254)	(55,646,093)
8	Trade Payables	243,564	131,957	-	21,924,300	-	22,299,821
		(4,073,262)	(131,957)	-	(202,455,573)	-	(206,660,792)
9	Deposits Given	225,000,000	-	-	479,275,000	-	704,275,000
		(231,038,517)	-	-	(479,275,000)	-	(710,313,517)
10	Application money pending allotment	843,718,000	184,699,900	-	24,681,694	-	1,053,099,594
		(27,524,885)	(199,349,990)	-	-	-	(226,874,875)
11	Interest Receivables on application money	38,845,602	-	-	-	-	38,845,602

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

i. Rent & other recoveries include received from Market City Resources (P) Ltd. ₹ 16,078,608(P.Y. ₹ 50,646,804) and Pallazzio Hotels & Leisure Limited ₹9,827,881 (P.Y. ₹105,072,914).

ii. Interest received include received from Island Star Mall Developers (P) limited ₹17,108,881(P.Y. ₹78,422,453),Offbeat Developers (P) Limited ₹188,264,822(P.Y. ₹195,404,170), Vamona Developers (P) Limited ₹122,400,191(P.Y. ₹ 61,616,585) and Pallazzio Hotels & Leisure Limited ₹190,581,697 (P.Y. ₹ 105,238,038), Graceworks Realty & Leisure (P) Ltd. ₹79,339,422(PY. ₹1,781,534)

iii. Administrative & other expenses include paid to Market City Resources (P) Limited ₹ 20,456,998 (₹ 9,860,000), R.R Hosiery (P) Ltd. ₹ 3,610,778(P.Y. ₹ 3,320,196), R.R Hosiery ₹ 1,953,600(P.Y. ₹ 1,953,600) and Pallazzio Hotels & Leisure Limited ₹4,374,274 (P.Y. ₹Nil) Offbeat Developers Pvt Ltd ₹5,270,621 (PY. ₹Nil)

iv. Interest Paid to B.R. International ₹ 8,972,730(P.Y. ₹ 13,907,730).

v. Remuneration paid to Ashok Ruia ₹ 6,000,000 (P.Y. ₹ 6,000,000), Atul Ruia ₹6,000,000 (P.Y. ₹ 6,000,000) and Kiran Gandhi ₹3,769,615 (P.Y. ₹ 4,800,000)

vi. Loss from firm in Phoenix Construction Company ₹ 1,242,368 (P.Y. ₹665,783).

vii. Capital withdrawn from firm in Phoenix Construction Company ₹Nil(P.Y. ₹1,123,600).

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

ix. Loan given includes loan given to Pinnacle Developers (P) Limited ₹27,524,885 (P.Y. ₹ Nil).

x. Inter Corporate Deposit returned by the parties includes Deposits returned by Vamona Developers (P) Limited ₹438,000,000 (P.Y. ₹ 387,000,000), Graceworks Realty & Leisure Pvt Ltd ₹232,500,000(PY. ₹ .12,000,000) Pallazzio Hotels & Leisure Limited ₹Nil (P.Y ₹70,000,000), Classic Mall Development Co. (P) Ltd. ₹230,000,000 (PY. ₹8,806,531)

Notes on Financial Statements
for the year ended 31st March, 2014 (Contd.)

xi. Inter Corporate Deposits Given includes Deposits given to Vamona Developers (P) Limited ₹389,857,980 (P.Y. ₹627,000,000), Pallazzio Hotels & Leisure Limited ₹426,038,306(P.Y 466,000,000), Graceworks Realty & Leisure Pvt Ltd ₹607,000,000(PY. ₹ 92,000,000)and Big Apple Real Estate (P) Ltd ₹ 270,700,000(P.Y. ₹Nil)

xii. Capital Advances given towards capital goods to Island Star Mall Developers (P) Ltd. ₹ Nil(P.Y. ₹ . 40,000,000) and Offbeat Developers (P) Limited ₹ 591,568,976 (P.Y. ₹203,556,801)

xiii. Capital advances returned by Island Star Mall Developers (P) Ltd. ₹409,190,133 (P.Y. ₹350,000,000) and Offbeat Developers (P) Limited ₹ Nil(P.Y. ₹940,050,000)

xiv. Deposit given to Offbeat Developers Private Limited ₹Nil(P.Y. ₹46,270,644) and Classic Mall Development Co. (P) Ltd. ₹ Nil(P.Y. ₹ 150,000,000)

xv. Deposits returned by Offbeat Developers Private Limited ₹Nil(P.Y.₹111,027,194) and Classic Mall Development Co. (P) Ltd. ₹ 6,038,517(P.Y. ₹ 15,000,000)

xvi. Investment in Shares/Application Money pending allotment Pallazzio Hotels & Leisure Limited ₹810,000,000 (P.Y. ₹ Nil) , Savannah Phoenix (P) Ltd ₹ Nil (P.Y. ₹ 250,000)

xvii. Share /Debenture application money refund includes Refund received from Palladium Constructions (P) Limited ₹Nil (P.Y. ₹646,671) Phoenix Retail (P) Limited ₹Nil (P.Y. ₹ 6,000,000), Pinnacle Development Pvt Ltd ₹27,524,885 (PY. ₹Nil), and Escort Developers Private limited ₹5,200,000(PY ₹ Nil)

xviii. Investment in CCD/OCD/NCD includes Pallazzio Hotels & Leisure Limited ₹Nil (P.Y. ₹ 857,779,110)

xix. OCD redeemed of Classic Housing Projects (P) Limited ₹ 124,800,000(P.Y. ₹ Nil).

xx. Purchase of Fixed Assets includes purchase from Offbeat Developers (P) Limited ₹ Nil(P.Y. ₹ 227,586,883).

xxi. Buy Back of the Equity shares includes share purchased from Palladium Constructions (P) Limited ₹546,775,625 (P.Y. ₹ Nil)

xxii. Conversion of debentures to Equity includes Palladium Constructions Pvt Ltd ₹1,161,300,000(PY ₹Nil).

25. EARNING PER SHARE (EPS)

Basic as well as Diluted EPS	2013-14 ₹	2012-13 ₹
Net Profit after Tax	**1,525,552,990**	1,339,791,234
Weighted Average No. of Equity Shares	**144,845,445**	144,845,445
Nominal Value of Equity Shares	**2**	2
Basic Earning Per Share	**10.53**	9.25

26. DEFERRED TAX

In accordance with the 'Accounting Standard -AS 22 Accounting for Taxes on Income" as notified by the Companies (Accounting Standards) Rules 2006. The break-up of the net deferred tax asset as on 31st March, 2014 is as under:

	As at 31st March 2014 ₹	As at 31st March 2013 ₹
Deferred tax Liability		
Related to fixed assets	**12,318,261**	6,183,908
Deferred tax Assets		
Disallowance under Income Tax Act	**15,817,268**	36,388,900
Total	**3,499,007**	30,204,992

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

a. Estimated amount of contracts remaining to be executed on capital account and not provided for in the accounts is ₹ 1,083,128,320(P.Y. ₹ 1,716,626,120) net of advance paid.

Notes on Financial Statements
for the year ended 31st March, 2014 (Contd.)

b. The Income tax assessments of the Company have been completed up to Assessment Year 2011-12. The disputed tax demand outstanding upto the said Assessment Year is ₹196,489,732. The Company as well as the Income Tax Department are in appeal before the Appellate Authorities against the assessments of earlier financial years. The impact thereof, if any, on the tax position can be ascertained only after the disposal of the above appeals. Accordingly, the accounting entries arising there from will be passed in the year of the disposal of the said appeals.

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

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

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

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

28. THE AUDITORS' REMUNERATION INCLUDES:

Particulars	2013-14 (₹)	2012-13 (₹)
Audit fees	**4,200,000**	4,000,000
Tax Audit fees	**630,000**	600,000
Total	**4,830,000**	4,600,000

29. EXPENDITURE IN FOREIGN CURRENCY

	2013-14 (₹)	2012-13 (₹)
Foreign Travelling Expenses	**4,391,546**	2,833,123
Consultancy Fees	**3,044,152**	4,807,081

30. EARNINGS IN FOREIGN EXCHANGE :

	2013-14 ₹	2012-13 ₹
Dividend	**136,551**	129,116
Sales Consideration of Equity shares (Investments)	**1,449,146**	-

31. AMOUNT REMITTED IN FOREIGN CURRENCY ON ACCOUNT OF DIVIDEND:

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

Dividends for the year	2012-13 ₹	2011-12 ₹
Number of non- resident share holders	**156**	208
Number of Equity Shares held by them	**34,403,381**	33,927,146
Face Value of Equity Share	**₹ 2/-**	₹ 2/-
Gross Amount of Dividend	**75,687,438**	67,854,292

Notes on Financial Statements
for the year ended 31st March, 2014 (Contd.)

32. PROJECT DEVELOPMENT EXPENDITURE

(In respect of Projects upto 31st March 2014, included under Capital Work-in-Progress)

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

Particulars	2013-14 ₹	2012-13 ₹
Opening Balance	**55,541,932**	(17,140,403)
Expenditure		
Interest & Finance Charges	**83,134,595**	98,098,895
Property Tax	**21,066,605**	-
Less: Interest Income	-	(25,416,250)
Project Development Expenses Capitalised during the year	-	-
Closing Balance	**159,743,132**	55,541,932

33. LOANS AND ADVANCES IN THE NATURE OF LOANS GIVEN TO SUBSIDIARIES AND ASSOCIATES:

Sr. No.	Particulars	Relationship	2013-14	Maximum balance during the year	2012-13	Maximum balance during the Previous year
1	Pinnacle Real Estate Developers Private Limited	Subsidiary	53,108,222	53,108,222	25,583,337	25,589,208
2	Bellona Finvest Limited	Subsidiary	493,690,588	498,302,115	498,248,433	504,403,273
3	Enhance Holdings Private Limited	Subsidiary	129,322,100	129,322,100	129,322,100	129,322,100
4	Butala Farm Lands Private Limited	Subsidiary	200,000	200,000	200,000	200,000
5	Market City Resources Private Limited	Subsidiary	63,500,000	143,500,000	46,500,000	46,500,000
6	Vamona Developers Private Limited	Subsidiary	569,192,669	869,032,497	595,236,030	595,236,030
7	Phoenix Hospitality Co. Private Limited	Subsidiary	8,709,001	54,448,132	54,448,132	54,448,132
8	Pallazzio Hotels & Leisure Limited	Subsidiary	1,477,678,471	1,477,678,471	918,962,241	1,786,926,874
9	Graceworks Realty & Leisure Limited	Subsidiary	527,508,861	676,103,381	81,603,381	81,603,381
10	Upal Developers Private Limited	Subsidiary	49,213,174	49,213,174	42,687,440	42,687,440
11	Offbeat Developers Private Limited	Subsidiary	2,228,594,519	2,228,594,519	1,467,587,204	2,639,239,407
12	Island Star Mall Developers Private Limited	Subsidiary	-	426,299,014	409,190,133	648,609,925
13	Classic Mall Development Co. Private Limited	Subsidiary	-	269,944,443	269,944,443	269,944,443
14	Big Apple Real Estate Pvt Ltd	Subsidiary	286,898,056	286,898,056	-	-
15	Starboard Hotels Pvt Ltd	Associate	620,898	6,000,000	-	-

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 1-5 are interest free.

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

(iv) Phoenix Hospitality Co. Private Limited is having investment in equity shares of Subsidiary - Graceworks Realty & Leisure Pvt. Ltd.

(v) Escort Developers Pvt. Ltd. is having investments in Equity shares of Subsidiary - Classic Mall Development Co. (P) Ltd.

Notes on Financial Statements
for the year ended 31st March, 2014 (Contd.)

34. 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, is pending.

35. The Company has investments of ₹ 579,270,269 (including through wholly owned subsidiary) in the equity shares of Entertainment World Developers Limited (EWDL) and ₹ 100,00,00,000 in FCDs of Treasure World Developers Pvt. Ltd. (TWDPL), subsidiary of EWDL, which are considered as strategic and long term in nature. Interest income was accrued on the said debentures upto 31st March 2012 aggregating to ₹ 143,251,068 (net of TDS) remains outstanding as on 31st March, 2014. The unaudited Financials of EWDL as at March 31, 2014 reflect an erosion in its networth. EWDL & its SPVs hold properties which are stated at cost and not at their market values, in their respective financial statements. The company has exercised the put option available as per the Share & Debenture Subscription Deed for the said FCDs & EWDL has paid a part amount of ₹ 19,18,80,000 in November 2013 towards the put option. Pending receipt of the balance consideration and the settlement of the matter, amount received has not been adjusted against the investments/accrued Interest and has been shown under other current liability in Note 9. The management is considering various alternatives for the expeditious recovery of the dues against the said put option and hence no provision is recommended by the company's management at this stage towards any possible diminution in the value of said investments.

36. Capital work in progress includes ₹ 985,903,467 comprising mainly the cost incurred on acquiring long term tenancies on the plot of land admeasuring 7617.51 sq mtrs at High Street Phoenix. The Company is exploring various alternatives for the development of the said plot of land

37. Based on the valuation reports of the Government approved valuers, the Company has 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 ₹9,89,845 /- (P.Y. ₹ 981,310) 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.

38. The matter of the levy of service tax on renting of immovable property has been sub judice. The case of Home Solution Retailers of India and others v/s. Union of India and others [Delhi], had again challenged the constitutional validity of Section 65(105) (zzzz) of the Finance Act, 1994 as amended by the Finance Act, 2010. Citing the reason of the matter being subjudice, many licensees had not paid the service tax component billed to them and accordingly in such cases, the Company too, has not deposited the service tax with the Government. The Honorable Supreme Court in the case of the appeal filed by Retailers Association of India (RAI), has vide it's order dated 14th October, 2011, as an interim measure, directed the association members to deposit fifty percent of the service tax dues for the period upto 30th September, 2011 with the authorities and provide surety for the balance amount. The surety would be payable on the pronouncement of final verdict. Most of the licensees of the Company are members of the said association. The service tax liability has been adjusted against the relevant receivables, to the extent, the licensees have provided the Company the proof of payment of service tax and surety to government authorities. As at 31st March, 2014, the disputed service tax for the period upto 30th September, 2011 on renting of immovable property not deposited on account of non payment by licensees amounts to ₹ 34,525,256/-. The company does not expect the outcome of the matter to have any adverse effect on its financial position or results of operations.-

39. 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.

Notes on Financial Statements
for the year ended 31st March, 2014 (Contd.)

40. 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 2012-13. 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 31/03/2013	Total Capital on 31/03/2012
1.	The Phoenix Mills Ltd.	50%	**17,040,878**	17,154,028
2.	Gold Seal Holding Pvt. Ltd.	50%	**12,185,076**	13,421,826

The Company has accounted for its share of loss amounting to ₹(1,242,368) pertaining to the financial year 2012-13 in the 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.

41. 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, 2014. The above information, regarding Micro and Small Enterprises has been determined to the extent such parties have been identified on the basis of the information available with the Company. This has been relied upon by the Auditors.

42. 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.

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

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

Chintan A. Ghelani
Partner
M. No.:104391

For Chaturvedi & Shah
Chartered Accountants
FRN : 101720W

Amit Chaturvedi
Partner
M. No.:103141

For and on behalf of the Board of Directors

Ashokkumar Ruia
(Chairman & Managing Director)

Shishir Shrivastava
(Group CEO & Jt. Managing Director)

Atul Ruia
(Jt. Managing Director)

Pradumna Kanodia
(Director - Finance)

Sonia Gaur
(Company Secretary)

Place : Mumbai
Dated : 28th May, 2014

Statement

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

Sr. No.	"Name of the Subsidiary ----> Particulars"	Alliance Spaces Private Limited **	Blackwood Developers Private Limited *	Bellona Finvest Limited	Big Apple Real Estate Private Limited	Butala Farm Lands Private Limited	Classic Mall Development Co. Private Limited	Enhance Holdings Private Limited	Gangetic Developers Private Limited *	Graceworks Realty & Leisure Private Limited **	Island Star Mall Developers Private Limited	Market City Management Private Limited
(A)	Financial year of the Subsidiary Companies	31st March, 2014	31st March, 2014	31st March, 2014	31st March, 2014	31st March, 2014	31st March, 2014	31st March, 2014	31st March, 2014	31st March, 2014	31st March, 2014	31st March, 2014
(B)	Shares of the subsidiary held by the Company on the above dates											
	Number of Shares	1,158,950	18,731,665	4,000,020	19,245,020	1,250	3,990,240	10,000	5,267,030	52,250	19,514,913	100,000
	Face value : ₹	10	10	10	10	100		10	10	10	10	10
	Extend of Holding	33.00%	77.20%	100.00%	77.20%	100.00%	50.01%	100.00%	45.25%	44.02%	68.05%	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, 2014 amounted to :-											
	(i) for the subsidiaries' financial year ended as in (A) above	₹ 28.45 Lakhs	₹ - 331.72 Lakhs	₹ 61.48 Lakhs	₹ 9.36 Lakhs	₹ (.15) Lakhs	₹ 1186.38 Lakhs	₹ (.16) Lakhs	NIL	₹ (45.37) Lakhs	₹ 1317.06 Lakhs	₹ 3.33 Lakhs
	(ii) for the previous financial year of the Subsidiaries since they became the Holding Company's Subsidiaries	₹ 82.4 Lakhs	₹ -352.27 Lakhs	₹ 401.48 Lakhs	₹ 12.92 Lakhs	₹ (2.19) Lakhs	NIL	₹ (1.74) Lakhs	NIL	₹ (51.51) Lakhs	NIL	₹ 11.28 Lakhs
	(b) Dealtwith the accounts of the Phoenix Mills Limited for the year ended 31st March, 2014 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"	Market City Resources Private Limited	Mugwort Land Holdings Private Limited	Offbeat Developers Private Limited	Palladium Contructions Private Limited	Pallazzio Hotels & Leisure Limited	Phoenix Hospitality Co. Private Limited	Pinnacle Real Estate Development Private Limited	Plutocrat Capital and Asset Management Private Limited	Sangam Infrabuild Corporation Private Limited *	Upal Developers Private Limited *	Vamona Developers Private Limited
(A)	Financial year of the Subsidiary Companies	31st March, 2014	31st March, 2014	31st March, 2014	31st March, 2014	31st March, 2014	31st March, 2014	31st March, 2014	31st March, 2014	31st March, 2014	31st March, 2014	31st March, 2014
(B)	Shares of the subsidiary held by the Company on the above dates											
	Number of Shares	10,000	9,520	16,808,730	25,025,795	1,200,000	1,321,400	10,000	10,000	3,335,000	18,130,000	14,638,319
	Face value : ₹	10	10	10	10	100	10	10	10	10	10	10
	Extend of Holding	100.00%	94.86%	53.23%	70.00%	100.00%	56.92%	100.00%	100.00%	76.94%	71.41%	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, 2014 amounted to :-											
	(i) for the subsidiaries' financial year ended as in (A) above	₹ 54.16 Lakhs	₹ (.25) Lakhs	₹ 755.21 Lakhs	₹ 4539.05 Lakhs	₹ (9281.07) Lakhs	₹ 5.67 Lakhs	₹ (0.22) Lakhs	₹ (0.20) Lakhs	₹ (0.68) Lakhs	₹ (239.03) Lakhs	₹ (182.33) Lakhs
	(ii) for the previous financial year of the Subsidiaries since they became the Holding Company's Subsidiaries	₹ 747.28 Lakhs	₹ (1.01) Lakhs	NIL	₹ 26.79 Lakhs	₹ (4949.58) Lakhs	₹ 2.9 Lakhs	₹ (1.39) Lakhs	₹ (.54) Lakhs	₹ (.56) Lakhs	₹ (634.42) Lakhs	₹ (1144.48) Lakhs
	(b) Dealtwith the accounts of the Phoenix Mills Limited for the year ended 31st March, 2014 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

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 Spaces Private Limited **	INR	1	199.87	9,991.00	13,565.40	3,374.50	-	141.80	25.88	(33.97)	59.85	Nil	India
Blackwood Developers Private Limited *	INR	1	1,873.17	969.94	15,969.33	13,126.21	-	2,450.85	(429.71)	-	(429.71)	Nil	India
Bellona Finvest Limited	INR	1	400.00	463.68	6,143.58	5,279.88	5,525.10	126.35	61.67	0.18	61.49	Nil	India
Big Apple Real Estate Private Limited	INR	1	2,493.00	9,347.49	15,684.89	3,844.39	-	530.44	2.50	1.30	1.20	Nil	India
Butala Farm Lands Private Limited	INR	1	1.25	497.12	501.50	3.13	-	-	(0.15)	-	(0.15)	Nil	India
Classic Mall Development Company Private Limited	INR	1	769.81	3,212.94	62,715.87	43,590.25	0.05	15,706.97	4,021.96	1,649.66	2,372.30	Nil	India
Enhance Holdings Private Limited	INR	1	1.00	(2.42)	1,291.94	1,293.36	1,291.46	-	(0.16)	-	(0.16)	Nil	India
Gangetic Developers Private Limited *	INR	1	898.60	3,731.29	5,286.32	656.43	-	-	-	-	-	Nil	India
Graceworks Realty & Leisure Private Limited **	INR	1	6.76	(11.42)	33,611.09	33,615.76	-	9.71	(152.65)	(49.58)	(103.07)	Nil	India
Island Star Mall Developers Private Limited	INR	1	2,867.64	18,706.46	64,131.93	42,557.82	-	12,811.82	2,165.64	239.93	1,925.71	Nil	India
Market City Management Pvt. Ltd	INR	1	10.00	23.11	33.82	70.70	-	3.15	2.73	(0.60)	3.33	Nil	India
Market City Resources Private Limited	INR	1	1.00	801.45	2,078.39	1,275.94	-	1,687.66	86.79	32.63	54.16	Nil	India
Mugwort Land Holdings Private Limited	INR	1	1.00	8.61	102.19	92.58	-	0.04	0.26	-	0.26	Nil	India
Offbeat Developers Private Limited	INR	1	3,157.98	991.80	131,748.15	97,697.35	-	21,765.56	1,801.31	809.51	991.80	Nil	India
Palladium Constructions Private Limited	INR	1	1,875.11	40,189.28	56,667.29	12,902.90	12,265.70	35,735.10	10,588.70	2,445.56	8,143.14	Nil	India
Pallazzio Hotels & Leisure Limited	INR	1	1,200.00	10,352.94	115,217.62	94,964.68	0.95	9,016.88	(9,281.07)	-	(9,281.07)	Nil	India
Phoenix Hospitality Company Private Limited	INR	1	232.14	15,401.82	16,035.37	401.40	1,292.17	101.19	12.94	2.97	9.97	Nil	India
Pinnacle Real Estate Development Private Limited	INR	1	1.00	(2.14)	520.70	521.85	-	0.20	(0.22)	-	(0.22)	Nil	India
Plutocrat Capital and Asset Management Private Limited	INR	1	1.00	(0.75)	0.57	0.32	-	-	(0.20)	-	(0.20)	Nil	India
Sangam Infrabuild Corporation Private Limited*	INR	1	334.60	(13.71)	514.44	193.55	-	-	(0.88)	-	(0.88)	Nil	India
Upal Developers Private Limited *	INR	1	1,960.00	(772.99)	13,850.98	12,663.98	-	2,775.23	(324.99)	-	(324.99)	Nil	India
Vamona Developers Private Limited	INR	1	2,500.00	11,825.73	76,172.58	61,846.84		15,055.85	(1,390.18)	(1,078.79)	(311.39)	Nil	India

* Fellow Subsidiaries of Big Apple Real Estate Private Limited

** Fellow Subsidiaries of Phoenix Hospitality Company Private Limited

Independent Auditor's Report

To
THE BOARD OF DIRECTORS
THE PHOENIX MILLS LIMITED

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying Consolidated Balance Sheet of THE PHOENIX MILLS LIMITED (the "Company") and its subsidiaries (collectively referred to as "the Group"), which comprise the Consolidated Balance Sheet as at 31st March, 2014, the consolidated statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

Management is responsible for the preparation of these financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India including Accounting Standards notified under the Companies Act, 1956 ("the Act"), read with the General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Group's preparation and presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

OPINION

In our opinion and to the best of our information and according to the explanations given to us, and based on consideration of the reports of the other auditors on the financial statements / consolidated financial statements of the Subsidiaries and associates as noted below, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

i. In the case of Consolidated the Balance Sheet, of the state of affairs of the Group as at 31st March, 2014;

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.

Matter of Emphasis:

We draw attention to;

a) Note no. 39 of the consolidated financial statements relating to the company's investment in equity shares of Entertainment World Developers Limited (EWDL) and the pending realization from EWDL against the put option exercised on Fully Convertible Debentures (FCDs) of Treasure World Developers Private Limited (TWDPL). The networth of EWDL has been eroded as per the unaudited accounts as at 31st March, 2014. The Company is of the opinion, for the reasons stated in the aforesaid note, that no provision is considered necessary toward the diminution in the value of the equity investments in EWDL as well as the dues towards the put option on the TWDPL FCDs from EWDL.

b) Note no. 47 of the consolidated financial statements relating to termination of Hotel Management Agreement (HMA) between the Pallazzio Hotels & Leisure Limited and Shangri-La International Hotel Management Pte Ltd for the operation of the Company's hotel in Lower Parel, Mumbai. The Parties have referred their mutual disputes to arbitration. The Company is of the opinion that, the arbitration award would be in its favor and hence does not expect any material outflow on the conclusion of the arbitration proceedings.

Our opinion is not qualified in these matters.

OTHER MATTERS

1. Financial statements / consolidated financial statements of fifteen subsidiaries, which reflect total assets of ₹ 40,865,318,452/- as at 31st March, 2014, total revenue of ₹ 7,980,160,426/- and net cash outflows amounting to ₹ 4,947,831/- for the year then ended, and financial statements of four associates in which the share of profit of the Group is ₹ 32,608,512/- have been audited by one of us.

2. We did not audit the financial statements / consolidated financial statements of six subsidiaries, whose financial statements / consolidated financial statements reflect total assets of ₹ 16,652,361,075/- as at 31st March, 2014, total revenues of ₹ 1,477,342,216/- and net cash outflows amounting to ₹ 86,037,352/- for the year then ended and financial statements of one associate wherein the Group's share of loss is ₹ 8,982,228/-. 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.

3. We have relied on the unaudited financial statement of one subsidiary, whose financial statements reflect total assets of ₹ 5,106,917,765/- as at 31st March, 2014, total revenues of ₹ 3,573,510,804/- and net cash outflows amounting to ₹ 31,819,517/- for the year then ended and five associates wherein the Group's share of loss is ₹ 52,469,944/-. These unaudited financial statements as approved by the respective Board of Directors of these companies have been furnished to us by the management and our report in so far as it relates to the amounts included in respect of the associates is based solely on such approved unaudited financial statements.

Our Opinion is not qualified in respect of other matters.

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

Chintan A. Ghelani
Partner
Membership No.: 104391

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

Amit Chaturvedi
Partner
Membership No.: 103141

Place: Mumbai
Date: 28th May, 2014

Consolidated Balance Sheet

as at 31st March 2014

	Notes	As at 31st March, 2014 ₹	As at 31st March, 2013 ₹
I. EQUITY AND LIABILITIES			
Shareholders' Fund			
Share Capital	2	**289,690,890**	289,690,890
Reserves & Surplus	3	**16,947,695,940**	17,396,843,858
Minority Interest		**7,199,983,806**	4,252,441,049
NON- CURRENT LIABILITIES			
Long - Term Borrowings	4	**28,328,487,658**	16,741,064,368
Other Long Term Liabilties	5	**2,760,669,112**	1,506,594,097
Long - Term provisions	6	**131,189,847**	54,439,609
CURRENT LIABILITIES			
Short- Term Borrowings	7	**2,511,133,434**	1,589,604,491
Trade Payables	8	**1,535,887,700**	812,568,687
Other Current Liabilities	9	**7,488,537,076**	6,863,079,655
Short Term Provisions	6	**392,146,107**	601,410,040
TOTAL		**67,585,421,570**	50,107,736,744
II. ASSETS			
NON - CURRENT ASSETS			
Fixed Assets	10		
Tangible Assets		**41,671,065,708**	27,811,241,497
Intangible Assets		**25,568,451**	25,990,101
Capital Work in Progress		**2,350,494,622**	1,669,576,655
Non- Current Investments	11	**2,259,629,497**	3,480,744,923
Deffered Tax Assets (Net)	12	**858,060,748**	477,122,761
Long Term Loans & Advances	13	**3,194,638,526**	3,666,571,855
Other Non- Current Assets	14	**64,854,769**	55,127,590
CURRENT ASSETS			
Current Investments	15	**1,268,591,468**	2,072,892,641
Inventories	16	**11,416,522,563**	7,769,595,889
Trade Receivables	17	**1,968,184,144**	846,177,877
Cash & Cash Equivalents	18	**851,061,391**	683,484,778
Short-Term Loans and Advances	13	**1,395,004,734**	1,394,232,789
Other Current Assets	19	**261,744,949**	154,977,387
TOTAL		**67,585,421,570**	50,107,736,744
Significant Accounting Policies and Notes on Financials Statements	1 to 49		

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 Ruia
(Chairman & Managing Director)

Shishir Shrivastava
(Group CEO & Jt. Managing Director)

Atul Ruia
(Jt. Managing Director)

Pradumna Kanodia
(Director - Finance)

Place : Mumbai
Dated : 28th May, 2014

Sonia Gaur
(Company Secretary)

Consolidated Statement of Profit and Loss
for the year ended on 31st March, 2014

	Notes		2013-2014	2012-2013
		₹	₹	₹
INCOME				
Revenue from Operations	20		**14,485,151,373**	4,699,080,133
Other Income	21		**390,610,178**	520,674,572
TOTAL			**14,875,761,551**	5,219,754,705
EXPENDITURE				
Cost of Materials/Construction	22		**4,787,620,353**	5,253,696,579
Change in Inventory	23		**(1,287,795,502)**	(5,292,239,793)
Employee Costs	24		**730,526,505**	383,472,362
Depreciation	25		**1,054,773,266**	474,256,155
Finance Costs	26		**3,450,941,858**	1,430,042,082
Operating and other Expenses	27		**3,470,546,466**	1,723,386,779
TOTAL			**12,206,612,946**	3,972,614,164
PROFIT / (LOSS) BEFORE TAX EXCEPTIONAL ITEMS AND TAX			**2,669,148,605**	1,247,140,541
Add: Exceptional Item (Refer to Note No 28)			**84,405,163**	(6,520,520)
PROFIT / (LOSS) BEFORE TAX			**2,753,553,768**	1,240,620,021
Less : Provision for Taxation				
Current Income Tax		**871,108,924**		476,485,000
Deferred Tax		**37,335,418**		(49,246,762)
Tax Adjustments of earlier years		**722,760**	**909,167,102**	146,987
PROFIT AFTER TAX			**1,844,386,666**	813,234,796
Add : Share of Profit/(Loss) in Associates			**(28,843,659)**	11,227,982
Less : Share of Minority (Loss)/Profit			**530,925,780**	(17,067,199)
PROFIT AFTER TAX AND MINORITY INTEREST			**1,284,617,227**	841,529,979
Basic and Diluted EPS (Face Value ₹2)	31		**8.87**	5.81
Significant Accounting Policies and Notes on Financials Statements	1 to 49			

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 Ruia
(Chairman & Managing Director)

Shishir Shrivastava
(Group CEO & Jt. Managing Director)

Atul Ruia
(Jt. Managing Director)

Pradumna Kanodia
(Director - Finance)

Place : Mumbai
Dated : 28th May, 2014

Sonia Gaur
(Company Secretary)

Consolidated Cash Flow Statement

for the year ended on 31st March, 2014

			31st March, 2014		31st March, 2013
		₹	₹	₹	₹
A	**CASH FLOWS FROM OPERATING ACTIVITIES**				
	Net Profit before tax as per the Profit and Loss Account		**2,753,553,768**		1,241,620,021
	Adjustments for :				
	Depreciation	**1,054,773,266**		475,237,465	
	(Profit)/Loss on Assets sold/ discarded	**(15,606,448)**		(1,700,173)	
	Balances in Debtors/Advances written off	**72,523,037**		40,882,416	
	Provision for Doubtful Debts and Advances	**90,454,975**		87,058,713	
	Interest Expenses	**3,450,941,856**		1,430,042,082	
	Interest Income	**(209,749,239)**		(372,894,638)	
	Dividend Income	**(41,407,113)**		(94,837,236)	
	Profit on sale of Investments	**(89,218,407)**		(42,944,340)	
			4,312,711,928		1,520,844,289
	Operating Cash flow before working capital changes		**7,066,265,695**		2,762,464,310
	Adjustment for Working Capital changes :				
	Trade and other Receivables	**(1,300,067,341)**		943,711,208	
	Inventories	**(3,646,926,675)**		(5,253,275,103)	
	Trade and other Payables	**2,768,157,604**		2,275,094,277	
			(2,178,836,412)		(2,034,469,618)
	Cash generated from Operations		**4,887,429,283**		727,994,692
	Direct Taxes Paid		**(1,111,295,702)**		(491,557,126)
	Net Cash from Operating Activities A		**3,776,133,581**		236,437,566
B	**CASH FLOWS FROM INVESTING ACTIVITIES**				
	Additions/Purchases Fixed Assets	**(15,514,712,563)**		(4,447,202,360)	
	Advance for Fixed Assets (Given) / Refunded	**676,537,238**		(629,311,672)	
	Sale of Fixed Assets	**17,875,284**		36,713,663	
	Inter Corporate Deposits & Loans (placed)/refunded (Net)	**(154,767,850)**		377,144,213	
	Purchase of Investments	**(57,300,282)**		(1,214,289,234)	
	Sale of Investments	**2,143,091,631**		584,097,027	
	Debenture / Share Application Money (Given) / Refunded	**10,270,451**		15,866,331	
	Interest Received	**208,620,357**		372,961,578	
	Dividend Received	**41,407,113**		94,837,236	
	Net Cash generated from/(used in) Investing Activities B		**(12,628,978,622)**		(4,809,183,218)

Consolidated Cash Flow Statement
for the year ended on 31st March, 2014 (Contd.)

			31st March, 2014		31st March, 2013
		₹	₹	₹	₹
C	**CASH FLOWS FROM FINANCING ACTIVITIES**				
	Proceeds from long term borrowings	**15,045,072,158**		6,339,589,144	
	Repayment of long term borrowings	**(3,861,777,123)**		(1,831,525,503)	
	Short term loans availed / (repaid)(Net)	**921,528,943**		830,521,943	
	Interest paid	**(3,493,238,852)**		(1,529,452,153)	
	Application Money received/(refunded) Net	**149,800,000**		(8,499,000)	
	Proceeds from Issue of Share Capital to Minorities	**465,326,573**		524,443,992	
	Dividend paid (including tax on Dividend)	**(371,411,231)**		(335,312,058)	
	Net Cash generated from/(used in) Financing Activities C		**8,855,300,468**		3,989,766,365
D	**Net Increase/(Decrease) in Cash and Cash Equivalents A+B+C**		**2,455,426**		(582,979,287)
	Cash and Cash equivalents at the beginning of the year		**734,846,420**		1,206,586,986
	Add : on Amalgamation / Acquisition of New Subsidiaries		**173,057,939**		111,238,721
	Cash and Cash equivalents at the end of the year		**910,359,788**		734,846,420

Note :

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

As per our report of even date

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

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

For and on behalf of the Board of Directors

Chintan A. Ghelani
Partner
M. No.:104391

Amit Chaturvedi
Partner
M. No.:103141

Ashokkumar Ruia
(Chairman & Managing Director)

Shishir Shrivastava
(Group CEO & Jt. Managing Director)

Atul Ruia
(Jt. Managing Director)

Pradumna Kanodia
(Director - Finance)

Place : Mumbai
Dated : 28th May, 2014

Sonia Gaur
(Company Secretary)

Consolidated Notes on Financial Statements
for the year ended on 31st March, 2014

NOTE "1"

SIGNIFICANT ACCOUNTING POLICIES

1. **Principles of consolidation**
   a) The financial statements of the Company and its subsidiary companies are combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions resulting in unrealised profits or losses in accordance with Accounting Standard (AS) 21 - "Consolidated Financial Statements" as notified by the Companies (Accounting Standards) Rules, 2006.
   b) The difference between the cost of investment in the subsidiaries, over the net assets at the time of acquisition of shares in the subsidiaries is recognised in the financial statements as Goodwill or Capital Reserve as the case may be.
   c) Minority Interest's share of net profit of consolidated subsidiaries for the year is identified and adjusted against the income of the group in order to arrive at the net income attributable to shareholders of the Company.
   d) Minority Interest's share of net assets of consolidated subsidiaries is identified and presented in the consolidated balance sheet separate from liabilities and the equity of the Company's shareholders.
   e) In case of associates where the company directly or indirectly through subsidiaries holds more than 20% of equity, Investments in associates are accounted for using equity method in accordance with Accounting Standard (AS) 23 - "Accounting for investments in associates in consolidated financial statements" as notified by the Companies (Accounting Standards) Rules, 2006.
   f) The Company accounts for its share in the change in the net assets of the associates, post acquisition, after eliminating unrealised profits and losses resulting from transactions between the Company and its associates to the extent of its share, through its Statement of Profit and Loss to the extent such change is attributable to the associates' Statement of Profit and Loss and through its reserves for the balance, based on the available information.
   g) The difference between the cost of investment in the associates and the share of net assets at the time of acquisition of shares in the associates is identified in the financial statements as Goodwill or Capital Reserve as the case may be.
   h) As far as possible, the consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the Company's separate financial statements.

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

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

   b) Preliminary expenses:
   Preliminary Expenses includes share issue and related expenditure amortized over a period of five years.

   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.

Consolidated Notes on Financial Statements
for the year ended on 31st March, 2014 (Contd.)

iii) Assets Taken on Finance Leases: Present value of future Lease Rentals is capitalised as fixed assets with corresponding amount shown as lease liability. The principal component in the lease rental is adjusted against the lease liability and the interest component is charged to Profit and Loss account

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 of the Companies Act, 1956. In some of the Subsidiaries, the Depreciation is provided on the straight line method at the rate and in the manner stated 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) High end operating supplies forming part of hotel opening supplies are depreciated over a period of three years on straight line method.

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

e) Impairment of Assets:

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

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

h) Borrowing Costs:

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

Consolidated Notes on Financial Statements
for the year ended on 31st March, 2014 (Contd.)

i) 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 recognized on the basis of percentage of completion method subject to transfer of significant risk and rewards to the buyer and outcome of the real estate project can be estimated reliably. Percentage of completion is determined with reference to the entire project cost incurred versus total estimated project cost determined based upon the judgment of management. Accordingly, cost of construction / development is charged to Statement of Profit and Loss in proportion to the revenue recognized during the year and balance costs are carried as part of 'Realty Work in Progress' under inventories. Amounts receivable/received are reflected as Debtors/Advances from Customers, respectively, after considering income recognized in the aforesaid manner. The estimates of saleable area and costs are revised periodically by the management and are considered as change in estimate accordingly, the effect of such changes to estimates is recognized in the year when 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.

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

j) Employee Benefits:

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

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

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

k) 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.

Consolidated Notes on Financial Statements
for the year ended on 31st March, 2014 (Contd.)

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

l) **Securities issue expenses:**
Expenses in connection with issue of securities are adjusted against securities premium account.

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

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

iii) In view of the fact that Deferred Tax Asset is arising, the management has not considered it prudent to recognize it due to losses and absence of convincing evidence whether sufficient taxable income will be available against which deferred tax assets will be realized.

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

o) **Loyalty Program:**
Contribution to loyalty programs, if any calculated as per agreed percentages of qualifying revenues that are accounted on a monthly basis.

p) **Lease:**
Lease arrangements where risks and rewards incidental to ownership of an asset substantially vest with the lessor are classified as operating lease.

Rental expenses / License fees income received on assets obtained / given under operating lease arrangements are recognized on a straight-line basis as an expense in the Statement of Profit and Loss over the lease term of the respective lease arrangement.

Consolidated Notes on Financial Statements
for the year ended on 31st March, 2014 (Contd.)

	As at 31st March, 2014 ₹	As at 31st March, 2013 ₹
NOTE "2"		
SHARE CAPITAL		
AUTHORISED		
225,000,000 (P.Y. 225,000,000) Equity Shares of ₹ 2/- each	**450,000,000**	450,000,000
ISSUED, SUBSCRIBED AND PAID UP		
144,845,445 (P.Y.144,845,445) Equity Shares of ` 2/- each fully paid up	**289,690,890**	289,690,890
TOTAL	**289,690,890**	289,690,890
	Nos.	Nos.
a) Equity Shares have been reserved for allotment under The Phoenix Mills Employees' Stock Option Plan 2007.	**3,390,000**	3,390,000
b) Options have been granted under 'The Phoenix Mills Employees' Stock Option Plan 2007 of which 1,625,000 (P.Y. 1,625,000) Options have lapsed and are available for regrant.	**3,250,000**	3,250,000
c) Reconciliation of number of shares outstanding is set out below:-		
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
d) Terms and Rights attached to equity shareholders:-		
The company has only one class equity shares having face value of ₹ 2 per share. Each holder of equity shares is entitled to one vote per share. Equity shareholders are also entitled to dividend as and when proposed by the Board of Directors and approved by Shareholders in Annual General Meeting. In the event of liquidation of the Company, the holders of Equity shares will be entitled to receive remaining assets of the Company, after distribution of all Preferential amounts which shall be in proportionate to the number of shares held by the shareholders.		

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

	As at 31st March, 2014		As at 31st March, 2013	
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.	**15,142,550**	**10.45**	15,119,250	10.44
Radhakrishna Ramnarain Pvt. Ltd.	**11,617,930**	**8.02**	11,610,530	8.02
Ashok Apparels Pvt. Ltd.	**9,670,665**	**6.68**	9,670,665	6.68
Government of Singapore	**7,521,801**	**5.19**	-	-
T. Rowe Price New Asia Fund	-	-	7,537,325	5.20

Consolidated Notes on Financial Statements

for the year ended on 31st March, 2014 (Contd.)

		As at 31st March, 2014		As at 31st March, 2013
	₹	₹	₹	₹
NOTE "3"				
RESERVE AND 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	**104,876,687**		105,857,997	
Less:Additional Depreciation on Revaluation of Assets transferred to Profit & Loss Account (Refer to Note No.36)	**989,845**		981,310	
		103,886,842		104,876,687
General Reserve				
As per Last Balance Sheet	**1,891,836,234**		1,691,836,234	
Add: Transfer from Profit & Loss Account	**200,000,000**		200,000,000	
		2,091,836,234		1,891,836,234
Capital Reserve (on Consolidation)		**1,683,786,177**		3,043,745,235
Surplus/(defecit) in the statement of profit and loss				
As per Last Balance Sheet	**1,678,708,524**		1,409,994,787	
Net Profit/(Net Loss) For current year	**1,284,617,227**		841,529,979	
Less : Appropriations				
Proposed Dividends (Dividend Per Share ₹ 2.2 (P.Y. ₹ 2.2))	**318,659,979**		318,659,979	
Tax on Proposed Dividends	**54,156,263**		54,156,263	
Transfer to General Reserves	**200,000,000**		200,000,000	
		2,390,509,509		1,678,708,524
TOTAL		**16,947,695,940**		17,396,843,858

5. Financials

Consolidated Notes on Financial Statements
for the year ended on 31st March, 2014 (Contd.)

	As at 31st March, 2014		As at 31st March, 2013	
	Non Current ₹	Current ₹	Non Current ₹	Current ₹
NOTE "4"				
LONG TERM BORROWINGS				
Secured				
Loan From Financial Institution	**5,015,869,929**	**334,210,043**	1,810,484,724	127,102,395
Loan From Banks				
Term Loan - Indian Rupees	**21,605,524,871**	**2,752,978,279**	13,236,023,774	3,414,337,015
Term Loan - Foreign Currency	**1,292,145,700**	**112,687,125**	1,264,301,225	81,833,950
Vehicle Loans	**2,151,919**	**1,268,466**	526,160	736,210
Unsecured				
Debentures				
635,294 (P.Y. 635,294) Zero Coupon Compulsory Convertible Debentures Series "A" of ₹ 100 each	**63,529,400**	-	63,529,400	-
769,440 (P.Y. 769,440) Zero Coupon Compulsory Convertible Debentures Series "B" of ₹ 100 each	**76,944,000**	-	76,944,000	-
407,703 (407,703) Zero Coupon Compulsory Convertible Debentures Series "D" of ₹ 100 each	**40,770,300**	-	40,770,300	-
176,600 (P.Y. 176,600) 0.0001% Series A Optionally Convertible Debentures of ₹ 100 each	-	**17,660,000**	17,660,000	-
1 (P.Y. 1) Zero Coupon Non Convertible Fully Redeemable Non Transferrable Debentures series "F"	**230,000,000**	-	230,000,000	-
Finance Lease Obligation	**1,551,539**	**2,897,241**	824,785	1,819,839
Less: Amount disclosed under the head "Other Current Liabilities" (Note 9)		**(3,221,701,154)**		(3,625,829,409)
TOTAL	**28,328,487,658**	-	16,741,064,368	-

a i) Out of total Loans of ₹ 4,621,375,000 of The Phoenix Mills Limited, Loan of ₹ 3,301,375,000 are Secured by Equitable Mortgage of deposit of title deeds in respect of certain immovable properties and by hypothecation of rentals receivable from licencees and the balance Loan of ₹1,320,000,000 is secured by pledging 8,000,000 Equity Shares of Offbeat Developers Private Limited.

ii) Loan of ₹ 3,764,000,000 of Vamona Developers Private Limited, secured by future Lease Rent Receivables and a pari passu mortgage charge over the land and building of Phoenix Marketcity at Viman Nagar, Pune.

iii) Loans of ₹ 6,053,208,755 for Pallazzio Hotels & Leisure Limited, are secured by Equitable Mortgage of deposit of title deeds in respect of certain immovable properties goods, movable properties, including movable machinery, machinery spares, tools and accessories both present and future.

iv) Loans of ₹ 2,035,987,219 of Upal Developers Private Limited and Blackwood Developers Private Limited are secured by Equitable mortgage of Shopping Mall and Multiplex Complex known as Phoenix United Mall, Barelly and assignment of future rental and personal gurantees of the directors.

v) Loans of ₹ 1,720,000,000 for Graceworks Realty & Leisure Private Limited, is secured by first and exclusive registered mortgage of immovable property situated at Kurla (Mumbai), and hypothecation of lease rental, lease deposit and sales proceeds.

Consolidated Notes on Financial Statements
for the year ended on 31st March, 2014 (Contd.)

vi) Loans of ₹ 3,567,706,098 for Island Star Mall Developers Private Limited, are secured on paripassu basis by equitable mortgage of immovable properties namely 'Mall Building' and 'Multiplex Building', admeasuring approximately 93,529 sq. mts. in aggregate, alongwith an undivided interest to the extent of approximately 21,915.59 Sq. Mts. in the land appurtenant to the said structures forming an undivided part of the plot area of approximately 59,995 sq. mts., situated at Whitefield, Bengaluru and hypothecation of lease rental/ sales receivable from retailers and lien on the DSRA/ ESCROW Account.

vii) Out of total Loans of, ₹ 5,759,488,477 for Offbeat Developers Private Limited, Loans of ₹ 4,668,488,477 are secured by pari passu charge over specified area of land and building of Retail mall and first pari passu charge on escrow of lease rental from mall, Loans of ₹ 1,091,000,000 is secured by exclusive charge by way of registered mortgage on entire land of phase II (Orion Park) along with the super structures built thereon (present and future) and on all moveable fixed assets and current assets including receivables/future receipts and escrow receipts pertaining to Orion Park project.

viii) Out of total Loans of ₹3,451,650,398 for Classic Mall Development Company Private Limited, Loans of ₹ 3,201,650,398 is secured by undivided share of 34,136.72 sq. mtr. out of larger extent of Land admeasruing 66,915.10 sq. mtr. Situated at 142, Velachery Road, Cheenai. Further the loan is secured by way of hypothecation of the company's movable tangible & intangible assets (both present & future) with respect to Mall Building, receivables, insurance policy, and charge on company's ESCROW account for the facility and tbe balance Loan of ₹ 250,000,000 is secured by unsold units with carpet area of 48,456 sq. ft. & saleable area 60,012 Sq. ft.in Tower C Residential project alongwith proportinate land admeasuring total area 1,950 sq. mtrs. Further, the loan is secured by first and exclusive charge by way of hypothecation of future receivables of mortgaged property through Escrow mechanism. Lon of ₹ 494,568 is secured by hypothecation of vehicles.

ix) Loans of ₹ 140,000,000 for Alliance Spaces Private Limited is Secured By future Receivables against sale consideration and Property being an aggregate area admeasuring 3,28,106 sq. ft. saleable area which will comprise of two buildings constructed/to be constructed alongwith un-demarcated and undivided pieces or parcels of non-agricultural freehold land admeasuring 10,322.27 square meters.

b Vehicle Loans are secured by the hypothecation of vehicles.

c Maturity Profile of Long Term Borrowings are as under:

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

i) The Phoenix Mills Limited will repay the entire Loan of ₹ 1,320,000,000 in the year 2015-16.

ii) Pallazzio Hotels & Leisure Limited will repay loans of ₹ 1,402,500,000 as follows FY 2014-15 ₹ 90,000,000, FY 2015-16 ₹ 135,000,000, FY 2016-17 ₹ 165,000,000, FY 2017-18 ₹ 165,000,000, FY 2018-19 ₹ 165,000,000, FY 2019-2020 ₹ 195,000,000, FY 2020-21 ₹ 225,000,000, FY 2021-22 ₹ 262,500,000.

iii) Classic Mall Development Company Private Limited will repay the loans of ₹250,000,000 as follows FY 2014-15 ₹ 50,000,000, FY 2015 - 16 ₹ 200,000,000.

iv) Offbeat Developers Private Limited will repay the loans of ₹ 1,714,595,244 as follows, for FY 2014-16 ₹ 332,489,668, FY 2016 - 17 ₹ 215,211,107, FY 2017 - 18 ₹ 287,877,772, FY 2018 - 19 ₹ 879,016,697.

v) Island Star Mall Developers Private Limited will repay loans of ₹ 662,984,728 as follows, for 1-2 Years ₹ 123,384,254, for 3-4 Years ₹ 185,076,381 and beyond 4 Years ₹ 354,524,093.

2 Repayment of Loans from Banks will be as under:

i) The Phoenix Mills Limited will repay the loans of ₹ 3,301,375,000 as follows FY 2014 - 15 ₹ 814,500,000, 2015 - 16 ₹ 942,375,000, FY 2016 - 2017 ₹ 982,000,000 FY 2017-18 ₹ 296,875,000 and FY 2018-19 ₹ 265,625,000.

ii) Pallazzio Hotels & Leisure Limited will repay loans of ₹ 4,650,708,755 as follows FY 2014-15 ₹ 395,945,817, FY 2015-16 ₹ 448,826,788, FY 2016-17 ₹ 546,919,450, FY 2017-18 ₹ 546,919,450, FY 2018-19 ₹ 546,919,450, FY 2019-2020 ₹ 646,359,350, FY 2020-21 ₹ 745,799,250, FY 2021-22 ₹ 773,019,200.

Consolidated Notes on Financial Statements
for the year ended on 31st March, 2014 (Contd.)

iii) Vamona Developers Private Limited will repay loans of ₹ 3,764,000,000 in eight years starting from FY 2013 - 14 in the ratio of 1.24%, 4.18%, 5.60%, 7.11%, 8.67%, 10.77%, 13.07% & 49.37%

iv) Upal Developers Private Limited will repay loans of ₹ 957,742,086 in 107 accelerated monthly instalments from Oct, 2010 to August, 2019; Rate of interest as on 31-03-2014 is 11.75% p.a.and Loan of ₹ 5 Crore is repayable in 84 accelerated monthly instalments from July, 2013 to June, 2020; Rate of interest as on 31-03-2014 is 11.75% p.a. Loan of ₹ 4 Crore is repayable in 74 accelerated monthly instalments from Sept, 2013 to Oct, 2019; Rate of interest as on 31-03-2014 is 11.75% p.a.

v) Blackwood Developers Private Limited will repay loans of ₹ 1,078,245,133 in 120 accelerated equated monthly instalments from April, 2012 to March, 2022 and loan of ₹ 8 Crores carries interest @ 1.50% above Base Rate (Presently 11.75% p.a.), Repayable in 120 accelerated equated monthly instalments from July, 2013 to June, 2023)

vi) Classic Mall Development Company Private Limited will repay loans of ₹ 3,201,650,398 as follows FY 2014 - 15 ₹ 402,304,950, FY 2015 - 16 ₹ 579,500,000, FY 2016 - 17 ₹ 612,000,000, FY 2017 - 18 ₹ 612,000,000, FY 2017 - 18 ₹ 995,845,448.

vii) Island Star Mall Developers Private Limited will repay loans of ₹ 2,904,721,370 as follows, for 1-2 Years ₹ 543,169,353, for 3-4 Years ₹ 830,500,279 and beyond 4 Years ₹ 1,531,051,738.

viii) Alliance Spaces Private Limited will repay loans of ₹ 140,000,000 in eight quarterly instalments starting from May 2015.

ix) Offbeat Developers Private Limited will repay loans of ₹ 4,044,893,233 as follows, for FY 2014 - 16 ₹ 1,521,702,243, FY 2016 - 17 ₹ 527,794,996, FY 2017 - 18 ₹ 504,400,004, for FY 2018 - 19 ₹ 1,490,995,990.

x) Graceworks Realty & Leisure Private Limited will repay loans of ₹ 1,720,000,000 as follows, for FY 2015 - 16 ₹ 688,000,000, FY 2016 - 17 ₹ 688,000,000, FY 2017 - 18 ₹ 344,000,000.

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

4) Repayment of Finance Lease Obligations:

i) Out of Total Finance Lease of ₹ 4,448,780, Finance Lease is of ₹ 1,033,251 for Island Star Mall Developers Private Limited is repayable within 36 monthly installments and the balance Finance Lease Obligation is of ₹ 3,415,529 for Classic Mall Development Company Private Limited the same will be payable as follows. For FY 2014-15, ₹ 1,863,990 and for FY 2015-16 ₹ 1,551,539.

d Terms & Conditions of Debentures are as under :

i) Pallazzio Hotels & Leisure Limited has issued two zero coupon fully redeemable non convertible unsecured debentures to body corporate of ₹ 230,000,000 each [including the holding company, The Phoenix Mills Limited] with an underlying right to occupy the certain portion of Company's premises. The Company has an option but not an obligation to redeem the series F debentures, only collectively during the option window period of three months from (a) the expiry of 7 years from the date of which Company recieves all the statutory approvals to commence business and the debenture holders are allowed to take possession upon payment of the face value of the debentures along with the premium which will be computed as per the terms mentioned in the debenture certificate [for each 12 month period commencing from the date of issue of debentures till redemption by the Company at an annualised rate equivalent to the average interest rate by the lenders for that year plus 2.5%, quarterly compounded (b) the expiry of 7 years from the date of which Company recieves all the statutory approvals to commence business and the debenture holders are allowed to take possession upon payment of the face value of the debentures along with the premium which will be computed as per the terms mentioned in the debenture certificate [for each 12 month period commencing from the date of issue of debentures till redemption by the Company at an annualised rate equivalent to the average interest rate by the lenders for that year plus 2%, quarterly compounded.

Consolidated Notes on Financial Statements
for the year ended on 31st March, 2014 (Contd.)

ii) Pallazzio Hotels & Leisure Limited has issued 769,440 in various tranches, Non Cumulative Unsecured Compulsory Convertible Debentures "Series B" of face value of ₹ 100 each at a premium of ₹ 1,721.66 per debenture. As per debenture certificate, the investors have the option to convert each debenture into one equity share of the Company of ₹ 100 each at any time on or after 1st April 2015. The debenture shall carry zero Coupon till 31st March 2015 and for the period of non conversion after 31st March 2015 the instrument may be entitled to coupon rate of not more than 2% p.a., as may be decided by the Company. The Company shall not declare any dividend or other distribution to the holders of the equity shares of the Company. However, in the event of such declaration, the Company will be obliged to pay interest at the same rate as the dividend declared. On 1st April 2017 each debenture will compulsorily convert into one equity share of ₹ 100 of the Company.

iii) Pallazzio Hotels & Leisure Limited has issued 407,703 Non Cumulative Unsecured Compulsory Convertible Debentures "Series D" of face value of ₹ 100 each at a premium of ₹ 664.26 per debenture. As per debenture certificate, the investors have the option to convert each debenture into one equity share of the Company of ₹ 100 at any time on or after 1st April 2016. The debenture shall carry zero coupon till 31st March 2016 and for the period of non conversion after 31st March 2016 the instrument may be entitled to coupon rate of not more than 2% p.a., as may be decided by the Company. The Company shall not declare any dividend or other distribution to be paid to the holders of the equity shares of the Company. However, in the event of such declaration, the Company will be obliged to pay interest at the same rate as the dividend declared. At the end of the 7th year from the date of the issue, each debenture will compulsorily convert into one equity share of ₹ 100 each of the Company.

iv) Pallazzio Hotels & Leisure Limited has issued 635,294 Non Cumulative Unsecured Compulsory Convertible Debentures "Series A" of face value of ₹ 100 each at a premium of ₹ 664.26 per debenture. As per debenture certificate, the investors have the option to convert each Debenture into one equity share of the Company of ₹ 100 at any time on or after 1st April 2016. The debenture shall carry zero coupon till 31st March 2016 and for the period of non conversion after 31st March 2016, not more than 2% p.a., as may be decided by the Company. The Company shall not declare any dividend or other distribution to be paid to the holders of the equity shares of the Company. However, in the event of such declaration, the Company will be obliged to pay interest at the same rate as the dividend declared. At the end of the 10th year from the date of the issue, each debenture will compulsorily convert into one equity share of ₹ 100 of the Company.

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

e) Others

i) As at 31st March 2014, Offbeat Developers Pvt. Ltd. has unpaid due towards repayment of loan instalment of ₹ 7,500,127 and interest of ₹ 6,311,497 which was due on 31st March, 2013, which have been paid subsequently.

ii) As at 31st March, 2014, Pallazzio Hotels & Leisure Limited has unpaid principal of ₹ 95,705,997 for the quarter ended 31st March, 2014 and interest of ₹ 155,377,306 (including penal interest of ₹ 6,286,180 from July 2013 onwards) for the month of December 2013 to March 2014 to consortium of banks and financial institutions.

Consolidated Notes on Financial Statements
for the year ended on 31st March, 2014 (Contd.)

		As at 31st March, 2014 ₹		As at 31st March, 2013 ₹
NOTE "5"				
OTHER LONG - TERM LIABILITIES				
Trade Payables				
Micro, Small and Medium Enterprises (Refer Note 46)	-		-	
Others	**49,083,311**		9,868,820	
		49,083,311		9,868,820
Security Deposit from Licencees		**2,563,110,410**		1,477,313,383
Other Deposit		**128,484,394**		2,144,475
Income Received in Advance		**11,619,722**		17,267,419
Creditors for Capital Expenditure		**8,371,275**		-
TOTAL		**2,760,669,112**		1,506,594,097

	As at 31st March, 2014		As at 31st March, 2013	
	Non Current ₹	Current ₹	Non Current ₹	Current ₹
NOTE "6"				
PROVISIONS:				
Provision for Employee Benefits				
Gratuity	**15,631,417**	**3,766,148**	12,175,830	3,549,098
Leave Encashment	**13,341,182**	**9,951,352**	11,707,970	15,350,529
Other Provisions	-	**99,675**	-	4,120,910
Provision for Income Tax (Net of Advance Tax)	-	**5,512,690**	-	91,752,211
Proposed Dividend	-	**318,659,979**	-	318,659,979
Tax on Proposed Dividend	-	**54,156,263**	-	54,156,263
Provision for contingency	-	-	-	10,301,599
Other Provisions	**102,217,248**	-	30,555,809	103,519,451
TOTAL	**131,189,847**	**392,146,107**	54,439,609	601,410,040

	As at 31st March, 2014 ₹	As at 31st March, 2013 ₹
NOTE "7"		
SHORT TERM BORROWINGS:		
Secured		
Loan from Financial Institution	**50,000,000**	-
Loan from Bank	**1,981,382,372**	1,445,066,029
Unsecured		
Loan from Bank	**100,000,000**	-
Loans and Advances from related parties	**33,037,235**	33,037,235
Loan from Others	**346,713,827**	111,501,227
TOTAL	**2,511,133,434**	1,589,604,491

Consolidated Notes on Financial Statements
for the year ended on 31st March, 2014 (Contd.)

Out of total secured loan, loan of ₹ 50,000,000 held by The Phoenix Mills Limited are secured by pledging 200,641 shares of Graphite India Limited held by the company as well as 1,748,449 Shares of Graphite India Limited held by a Wholly owned Subsidiary. Overdraft facility held by The Phoenix Mills Limited for ₹ 241,757,863 is secured by Equitable Mortgage of deposit of Title deeds in respect of certain immovable properties and by hypothecation of rentals receivable from licensees. ₹ 746,684,715 against the land held by Palladium Constructions Private Limited and receivables of the Bangalore Property, loan of ₹ 575,356,577 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, loan of ₹ 171,008,690 is against the land held by Alliance Spaces Private Limited and receivables of the Viman Nagar Property and the balance loans of ₹ 246,574,527 for Offbeat Developers Private Limited is secured against assets stated in Note 4 (a) (vii).

	As at 31st March, 2014 ₹	As at 31st March, 2013 ₹
NOTE "8"		
TRADE PAYABLES		
Micro, Small and Medium Enterprises (Refer Note 46)	**2,247,087**	2,361,995
Others	**1,533,640,613**	810,206,692
TOTAL	**1,535,887,700**	812,568,687

	As at 31st March, 2014 ₹	As at 31st March, 2013 ₹
NOTE "9"		
OTHER CURRENT LIABILITIES		
Current maturities of long-term borrowings (Refer Note No. 4)	**3,221,701,154**	3,625,829,409
Expenses payable to Related Party	-	66,182,633
Interest accrued but not due on borrowings	**138,708,857**	134,545,047
Interest accrued and due on borrowings	**207,446,573**	166,103,657
Application money received for allotment of securities	**149,800,000**	-
Other payables		
Statutory Dues	**309,124,205**	131,677,562
Deposit/Advance received from Customers	**2,417,387,188**	1,719,618,280
Deposit from related party	-	12,500,000
Other Payable	**531,066,983**	378,405,901
Creditors for Capital Goods	**481,956,675**	602,817,283
Income received in advances	**16,547,383**	12,006,836
Unpaid Dividends*	**14,798,058**	13,393,047
TOTAL	**7,488,537,076**	6,863,079,655

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

Consolidated Notes on Financial Statements

for the year ended on 31st March, 2014 (Contd.)

NOTE "10"

FIXED ASSETS

(Amount in ₹)

	GROSS BLOCK					DEPRECIATION					NET BLOCK	
Description	**As at 1.04.2013**	**Opening balances Acquired during the year**	**Additions**	**Deductions/ Adjustments**	**As at 31.03.2014**	**As at 01.04.2013**	**Acquired during the year**	**For the year**	**Deductions Adjustments**	**As at 31.03.2014**	**As at 31.03.2014**	**As at 31.03.2013**
Tangible Assets												
Freehold Land	7,217,587,910*	1,682,380,934	6,683,583	2,813,517,483	6,093,134,944	-	-	-	-	-	6,093,134,944	7,217,587,910
Right on Leasehold Land	69,761,432 *	-	-	-	69,761,432	4,828,967		31,769	-	4,860,736	64,900,696	64,932,465
Buildings	16,199,371,173*	10,849,771,891	2,210,281,216	386,474,192	28,872,950,088	1,259,397,489	113,146,170	580,144,037	44,502,899	1,908,184,796	26,964,765,292	14,939,973,684
Plant & Machinery	3,512,303,608	2,290,474,048	362,899,117	11,091,508	6,154,585,265	308,899,680	85,249,023	295,780,403	34,394,519	655,534,587	5,499,050,678	3,203,403,928
Leased -Plant & Machinery	5,116,419	-	-	-	5,116,419	278,887		243,030	-	521,917	4,594,502	4,837,532
Leasehold Improvements	83,439,519	-	-	-	83,439,519	17,159,655		3,313,993	-	20,473,648	62,965,871	66,279,864
Leased- Office Equipment	-	3,204,314	5,886,656	-	9,090,970	-	26,615	431,821	-	458,436	8,632,534	-
Motor Car, Lorries & Vehicles	61,383,530	8,390,028	7,903,549	14,442,801	63,234,306	35,594,610	3,616,868	5,907,774	11,757,219	33,362,034	29,872,272	25,788,920
Office Furniture & Equiptment	2,734,954,325	255,140,376	693,554,750	15,020,591	3,668,628,860	446,517,132	19,327,864	280,922,002	21,287,055	725,479,942	2,943,148,919	2,288,437,193
TOTAL	**29,883,917,916**	**15,089,361,591**	**3,287,208,871**	**3,240,546,575**	**45,019,941,803**	**2,072,676,419**	**221,366,540**	**1,166,774,829**	**111,941,692**	**3,348,876,096**	**41,671,065,708**	**27,811,241,497**
Intangible Assets												
Software	32,554,086	4,532,423	3,169,271	14,354	40,241,426	6,563,985	646,349	7,463,451	811	14,672,975	25,568,451	25,990,101
TOTAL	**32,554,086**	**4,532,423**	**3,169,271**	**14,354**	**40,241,426**	**6,563,985**	**646,349**	**7,463,451**	**811**	**14,672,975**	**25,568,451**	**25,990,101**
TOTAL (A+B)	**29,916,472,002**	**15,093,894,014**	**3,290,378,142**	**3,240,560,929**	**45,060,183,229**	**2,079,240,404**	**222,012,889**	**1,174,238,280**	**111,942,503**	**3,363,549,071**	**41,696,634,158**	**27,837,231,597**
Previous Year	13,383,215,125	4,378,960,783	12,282,328,833	128,032,741	29,916,472,001	1,502,739,038	35,947,008	720,649,679	180,095,321	2,079,240,403	27,837,231,598	11,880,476,087
Capital Work in Progress											2,350,494,622	1,669,576,655

Notes :

1) * Amount added on Revaluation (as at 31.03.1985) ₹184,843,610 (Net of Depreciation). Refer to Note No. 36.
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 ₹183,671,345 (P. Y. ₹ 78,669,543). Refer to Note No. 33.
5) Depreciation of ₹ 38,462 (P.Y. 32,574) capitalised during the year.
6) Depreciation of ₹Nil(P.Y. 3,682,588) transferred to Profit & Loss Account from pre-operative expenses.
7) In respect of Fixed Assets acquired by Island Star Mall Developers Private Limited and Classic Mall Development Company Private Limited on finance lease , the minimum lease rentals outstanding as on 31st March, 2014 are as follows:

	Total Minimum lease Payments outstanding As 31st March		Future interest on outstanding Payemnts As 31st March		Present Value of Minimum Lease Payments As 31st March	
	2014	**2013**	**2014**	**2013**	**2014**	**2013**
	₹	**₹**	**₹**	**₹**	**₹**	**₹**
Not Later than one year	**3,060,546**	3,786,580	**348,113**	304,468	**2,712,433**	3,482,112
Later than one year but not later than five years	**1,630,146**	849,692	**78,607**	24,908	**1,551,539**	824,784
Later than five years	-	-	-	-	-	-
Total	**4,690,692**	**2,888,952**	**426,720**	**244,329**	**4,263,972**	2,644,623

8) In Pallazzio Hotels & Leisure Limited, the company had during the year exchange loss (net) aggregating to ₹ 190,487,565 (P.Y ₹ 15,552,028) has been added to the cost of fixed assets (including transfer from capital work in progress) in accordance with the option given by the Ministry of Corporate Affairs vide notifcation number F.No 17/133/2008/CL-V dated 29th December 2011. The aggregate exchange loss capitaised during the year is ₹ 342,039,594 (Previous year ₹ 15,552,028). The exchange loss is being depreciated over the balance useful life of the asset and the unamortised amount of the said exchange loss is ₹ 330,497,455 (Previous year ₹ 146,326,135).
9) *Land admeasuring 101,693 Sq. ft. agreggating of ₹ 262,863,433 relating to residential complex has been inventorised during the year.
10) *Deduction/adjustment in Gross Block to Building includes an amount of ₹143,751,396 being the proportionate cost of area to be consumed in development of Residential Project.
11) * Land admeasuring 35,253.40 sq. mtrs (Cost ₹ 639,163,155) is jointly owned with Classic Housing Projects Private Limited and Starboard Hotels Private Limited representing approx. 60% of the undivided share of land.
12) Balance Useful Life of Intangible Assets of Pallazzio Hotels & Leisure Limited.

Consolidated Notes on Financial Statements
for the year ended on 31st March, 2014 (Contd.)

Balance useful life of Intangible assets

Useful Life	As at 31st March, 2014 ₹	As at 31st March, 2013 ₹
Software	**Ranging from 4-5 Years ₹ 16,895,343**	4 Years 9 Months ₹ 19,540,120

13) In accordance with the arrangement entered into by the Pallazzio Hotels & Leisure Limited, the company has accounted for license fees of ₹14,641,577 (P.Y. Nil) [including amortization of non-refundable security deposit of ₹ 2,391,577 (P.Y. Nil)]. The minimum license fees receivable in next one year is ₹ 48,666,667 and later than one year and not later than five years is ₹ 228,861,111, and later than five years Nil. Total contingent rent ₹ Nil (Previous year ₹ Nil).
The gross carrying amount and accumulated depreciation at the balance sheet date of the said premises is ₹ 142,056,992 and ₹ 1,458,851 respectively. Depreciation recognized in Statement of Profit and loss for the said premises during the year is ₹ 199,222.

14) In respect of Land purchased by Blackwood Developers Private Limited in 2008-09 for ₹ 31.05 lacs sale deed is pending for execution. However, pursuant to an 'Agreement for sale with possession' the land is in company's possession.

	As at 31st March, 2014 ₹	₹	As at 31st March, 2013 ₹	₹
NOTE "11"				
INVESTMENT IN ASSOCIATES : FULLY PAID UP				
Non Current Investments				
A) Trade Investments				
(i) Equity instruments				
Investment in Associates : Equity shares of ₹ 10/- each fully Paid up, unless otherwise stated.				
Unquoted				
5,417 (P.Y. 3,334) Classic Housing Projects Pvt. Ltd.	**42,813,009**		10,466,850	
25,356,940 (P.Y. 25,356,940) Entertainment World Developers Ltd	**471,858,775**		586,643,597	
2,500,000 (P.Y.2,500,000) Galaxy Entertainment India Ltd.	**24,961,001**		24,973,998	
2,070,800 (P.Y. 2,070,800) Gangetic Hotels Pvt. Ltd.	**104,170,000**		104,170,000	
2,500,626 (P.Y. 15,015) Starboard Hotels Pvt. Ltd.	**25,099,273**		150,150	
5,000 (P.Y. 5,000) Mirabel Entertainment Pvt. Ltd.	**1,533,728**		1,615,545	
5,000 (P.Y. 5000) Bartraya Mall Development Co. Pvt. Ltd	-		1,845	
25,000 (P.Y. 25,000) Savannah Phoenix Pvt. Ltd	-		-	
Nil (P.Y. 2,246,588) Classic Mall Development Company Pvt. Ltd.	-		493,466,639	
Nil (P.Y. 25,000) Escort Developers Pvt. Ltd.	-		15,934,586	
Nil (P.Y. 7,265,080) Offbeat Developers Pvt. Ltd.	-		552,223,330	
		670,435,786		1,789,646,540

Consolidated Notes on Financial Statements

for the year ended on 31st March, 2014 (Contd.)

		₹	As at 31st March, 2014 ₹	₹	As at 31st March, 2013 ₹
	Quoted				
	36,86,484 (P.Y. 36,86,484) Equity shares of ₹ 10/- each fully paid up of Galaxy Entertainment Corporation Ltd.		**39,501,834**		74,309,293
	Others				
	10 (P.Y. 10) Equity shares of ₹ 10/- each fully paid up of Treasure World Developers (India) Pvt. Ltd.		**8,500**		8,500
(ii)	**Preference shares**				
	Investment in Associates, ₹ 10 each fully paid up, unless otherwise stated.				
	1,000,000 (P.Y. 1,000,000) 7% Cumulative Optionally Convertible Preference Shares fully paid up of Galaxy Entertainment India Ltd.	**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 Ltd.	**125,000**		125,000	
			10,125,000		10,125,000
(iii)	**Debentures**				
	Compulsorily Fully Convertible Debentures of ₹ 10/- each fully paid-up, unlesss otherwise stated.				
	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, unless otherwise stated.				
	325,000 (P.Y. 800,000), 0.001% Series B Optionally Convertible Debentures of ₹ 100 each fully paid in Classic Housing Projects Pvt. Ltd.	**32,500,000**		80,000,000	
	130,000 (P.Y. 312,000) 0.001% Series C Optionally Convertible Debentures of ₹ 100 each Fully paid in Classic Housing Projects Pvt. Ltd.	**13,000,000**		31,200,000	
			1,045,500,000		1,111,200,000
(iv)	**Investment in Capital of Partnership Firm**				
	Phoenix Construction Company		**19,936,930**		21,179,298

Consolidated Notes on Financial Statements
for the year ended on 31st March, 2014 (Contd.)

		As at 31st March, 2014		As at 31st March, 2013
	₹	₹	₹	₹
B) Others				
(i) Unquoted				
7 years - National Savings Certificates (Deposited with State Government and other authorities as security)	**75,000**		70,000	
10 (P.Y. 10) Ordinary shares of ₹ 50/ each -fully paid of Sukhsagar Premises Co-op. Society Ltd.	**500**		500	
Nil (P.Y. 5) Ordinary shares of ₹ 50/ each -fully paid of Vivina Co-op. Housing Society Ltd.	-		250	
80 (P.Y. 80) Ordinary shares of ₹ 25/- each -fully paid of Rashtriya Mazdoor Madhyavarti Sahakari Grahak Sangh (Maryadit)	**2,000**		2,000	
2500 (P.Y. 2,500) shares of The Saraswat Co-op Bank Ltd.	**25,000**	**102,500**	25,000	97,750
(ii) Quoted				
(Equity Shares of face value of ₹ 10/- each fully paid-up, unless otherwise stated)				
7,265 (P.Y. 7,265) ICICI Bank Limited *	**260,250**		260,250	
20 (P.Y. 20) Clariant Chemicals (India) Ltd.	**200**		200	
1,949,090 (P.Y. 1,949,090) Graphite India Limited face value of ₹ 2 each **	**417,427,843**		417,427,843	
584,726 (P.Y. 584,726) GKW Limited	**56,330,654**		56,330,654	
Nil (P. Y. 59) Syngenta AG Ordinary shares	-		159,596	
		474,018,947		474,178,543
TOTAL		**2,259,629,497**		3,480,744,923
1. Aggregate value of Quoted Investments:				
Book Value		**513,520,781**		548,487,836
Market Value		**455,457,660**		422,970,892
2. Aggregate book value of other Unquoted Investments:		**1,746,108,716**		2,932,257,088
* Out of 7,265 shares, 1,995 shares are held by a Bank in their name as security				
** Shares have been pledged against loan taken from Financial Institutions.				

Consolidated Notes on Financial Statements
for the year ended on 31st March, 2014 (Contd.)

		As at 31st March, 2014		As at 31st March, 2013
	₹	₹	₹	₹
NOTE "12"				
DEFERRED TAX ASSETS (NET)				
Deferred Tax Assets				
Disallowance under the Income Tax Act. 1961	**17,033,768**		40,372,048	
Carry Forward of Losses & Depreciations	**1,729,350,858**		713,788,102	
		1,746,384,626		754,160,150
Deferred Tax Liability				
Related to Fixed Assets	**888,323,878**		277,037,389	
		888,323,878		277,037,389
TOTAL		**858,060,748**		477,122,761

	As at 31st March, 2014		As at 31st March, 2013	
	Non Current ₹	Current ₹	Non Current ₹	Current ₹
NOTE "13"				
Loans and Advances				
Unsecured and considered Good				
Capital Advances				
Considered Good				
Capital Advances - Related Party#	-	-	1,469,587,204	-
Capital Advances - Other	**1,975,427,371**	-	1,182,377,405	-
Considered Doubtful	**659,262**	-	-	-
Less: Provision for Doubtful Capital Advance	**(659,262)**	-	-	-
Deposits				
Deposits to related parties#	**479,275,000**	-	479,290,000	59,075,000
Security Deposits	**172,093,105**	**4,792,640**	54,864,192	1,298,599
Other Deposits	**38,878,777**	-	38,231,877	-
Loans to related parties#	-	**379,570,453**	-	-
Share/Debenture Application Money Pending Allotment				
With Related Parties#	**248,638,004**	-	261,008,455	-
Others	**80,324,540**	-	78,224,540	-

Consolidated Notes on Financial Statements
for the year ended on 31st March, 2014 (Contd.)

	As at 31st March, 2014		As at 31st March, 2013	
	Non Current ₹	Current ₹	Non Current ₹	Current ₹
Inter Corporate Deposits				
Related Parties	-	**5,695,899**	-	269,944,443
Others	**2,000,000**	**220,591,024**	2,000,000	181,145,083
Other				
Advances recoverable in cash or kind	**127,613,681**	**336,132,893**	100,242,325	629,284,903
Prepaid Expenses	**243,127**	**37,055,190**	745,857	16,612,690
Advance income tax (net of provision for taxation)	**14,779,344**	**259,522,292**	-	121,077,139
Balance with statutory/government authorities	**55,365,577**	**151,644,343**	-	115,794,932
TOTAL	**3,194,638,526**	**1,395,004,734**	3,666,571,855	1,394,232,789

Refer Note No 30 for details

	As at 31st March, 2014 ₹	As at 31st March, 2013 ₹
NOTE "14"		
OTHER NON CURRENT ASSETS		
Non Current Portion of Cash & Cash Equivalents (Refer Note No. 18)	**59,298,397**	51,361,642
Others		
Interest Accrued but not due on Fixed Deposits	**5,556,372**	3,765,948
TOTAL	**64,854,769**	55,127,590

Consolidated Notes on Financial Statements
for the year ended on 31st March, 2014 (Contd.)

	As at 31st March, 2014 ₹	₹	As at 31st March, 2013 ₹	₹
NOTE "15"				
CURRENT INVESTMENTS				
Investments in Mutual Funds units of ₹ 100/- each, Growth unless otherwise stated				
3,654 (P.Y. Nil) - Reliance Liquidity Plan, units of face value ₹ 1000 each (DDR)	**3,656,572**		-	
13499 (P.Y. Nil) Kotak Liquid Scheme Plan A, units of ₹ 1,000/-	**35,007,746**		-	
33,962 (P.Y. Nil) Baroda Pioneer Treasury Advantage Fund , units of face value of ₹ 1,000/-	**49,445,725**		-	
34,67,512 (P.Y. Nil) DWS Money Plus Fund - Institutional Plan, units of face value of ₹ 10/-	**46,121,044**		-	
333,845 (P.Y. Nil) ICICI Prudential Banking & PSU Debt Fund, units of face value of ₹ 10/-	**4,686,690**		-	
333,845 (P.Y. Nil) ICICI Prudential Banking & PSU Debt Fund, units of face value of ₹ 10/-	**18,250,000**		-	
257,114 (P.Y. Nil) ICICI Prudential Liquid - Regular Plan	**48,736,087**		-	
18,38,177 (P.Y. Nil) Kotak Banking & PSU Debt Fund, units of face value of ₹ 10/-	**52,305,706**		-	
169,78,955 (P.Y. Nil) Kotak Flexi Debt Fund - Plan A, units of face value of ₹ 10/-	**268,100,000**		-	
62,45,937 (P.Y. Nil) Peerless Liquid Fund - Super Inst (Growth), units of face value of ₹ 10/-	**87,751,054**		-	
34,382 (P.Y. Nil) Religare Invesco Ultra Short Term Fund (Growth), units of face value of ₹ 1,000/-	**60,761,374**		-	
2,87,96,945 (P.Y. Nil) Sundaram Ultra Short Term Fund Regular, units of face value of ₹ 10/-	**506,000,000**		-	
14,275 (P.Y. 2,374) Reliance Treasure Plan , units of ₹ 1,000/-	**44,530,561**		3,630,258	
2,125,347 (P.Y. 11,505,281) Kotak Floater Long Term - Fund, units of face value of ₹ 10/-	**43,238,910**		115,970,935	
Nil (P.Y. 20,343) BSL FRF Short Term DDR	-		2,034,627	
Nil (P.Y. 20,356) BSL Cash Manager DDR	-		2,037,258	
Nil (P.Y. 3,289) DSP Money Manager Fund-DD,of ₹ 1,000/- each	-		3,296,513	
Nil (P.Y. 76,013) Tata Floated Fund Plan A - DD	-		76,283,740	
Nil (P.Y. 59,032) UTI Money Market Fund- Dividend, of ₹ 1,000/- each	-		59,232,251	
Nil (P.Y. 451,767) SBI Ultra Short Term Fund, units of face value of ₹ 1,000/-	-		680,000,000	
Nil (P.Y. 1,454,716) BSL Floating Rate Fund Short Term Plan - Daily Dividend	-		145,500,783	
Nil (P.Y. 8,561,427) BSL Floating Rate Fund Long Term Plan - Daily Dividend	-		857,537,440	
Nil (P.Y. 127,266) DSP Money Manager Fund-DD, units of ₹ 1,000	-		127,368,836	
		1,268,591,468		2,072,892,641
TOTAL		**1,268,591,468**		**2,072,892,641**
Aggregate value of Quoted Investment:		1,268,591,468		2,072,892,641
Market value of Quoted Investments:		1,269,720,479		2,076,728,454

Consolidated Notes on Financial Statements
for the year ended on 31st March, 2014 (Contd.)

	As at 31st March, 2014 ₹	As at 31st March, 2013 ₹
NOTE "16"		
INVENTORIES		
Realty Work- In- Progress	**11,373,455,726**	7,728,584,205
Food & Beverages	**38,163,286**	20,387,377
Stores and spares	**4,903,551**	20,624,306
TOTAL	**11,416,522,563**	7,769,595,888

	₹	As at 31st March, 2014 ₹	₹	As at 31st March, 2013 ₹
NOTE "17"				
TRADE RECEIVABLES				
Trade receivables outstanding for a period exceeding six months from the date they are due for payment				
Unsecured, considered good	**710,253,640**		341,873,368	
Unsecured, considered doubtful	**421,834,932**		155,239,962	
Less : Provision for Doubtful Debt	**(421,834,932)**		(155,239,962)	
		710,253,640		341,873,368
Trade receivables outstanding for a period less than six months from the date they are due for payment				
Unsecured, considered good	**1,257,930,504**		504,304,508	
		1,257,930,504		504,304,508
TOTAL		**1,968,184,144**		846,177,877

	As at 31st March, 2014		As at 31st March, 2013	
	Non Current ₹	Current ₹	Non Current ₹	Current ₹
NOTE "18"				
CASH & BANK BALANCES				
Balances with banks				
In current accounts	-	**418,999,860**	-	262,300,676
In Fixed Deposits Account				
Deposits with original maturity of less than three months *	-	**117,134,009**	-	19,325,000
Deposits with original maturity of less than One Year **	**59,298,397**	**293,026,002**	51,361,642	377,434,868
In unpaid dividend account	-	**14,798,056**	-	19,889,193
Cash on hand	-	**6,131,735**	-	3,213,643
Cheques on hand	-	**506,729**	-	856,398
Others - (Stamp Paper)	-	**465,000**	-	465,000

Consolidated Notes on Financial Statements

for the year ended on 31st March, 2014 (Contd.)

	₹	As at 31st March, 2014 ₹	₹	As at 31st March, 2013 ₹
Less: Non current portion transferred to Non Current assets (Note 14)	**(59,298,397)**	-	(51,361,642)	-
TOTAL	-	**851,061,391**	-	683,484,778

* Includes fixed deposits of The Phoenix Mills Ltd. of ₹ 112,500,000 (P.Y. ₹ 75,000,000) earmarked towards maintanence of DSRA as per loan agreement & Fixed Deposits of ₹ 1,484,448 (P.Y. ₹ 1,484,448) are given as Bank Guarantee and Fixed Deposit of ₹ Nil (P.Y. ₹ 54,466,631) is given against Bank Over draft facility.

** Includes deposit receipts of ₹ 2,769,969 (P.Y. ₹ 2,769,969) of The Phoenix Mills Ltd. is pledge as a security, deposits of ₹ 100,000,000 (P.Y. 100,000,000) earmarked toward maintenance of DSRA for Island Star Mall Developers Private Limited, of Offbeat Developers Private Limited, ₹ 66,414,000 given as security for Bank Gurantee, ₹ 3,631,097 earmarked toward mainінting of DSRA as per loan agreement, and ₹ 57,350,000 (P.Y. Nil) of Graceworks Realty & Leisure Private Limited is deposit earmarked towards maintaining of DSRA as per loan agreement.

	As at 31st March, 2014 ₹	As at 31st March, 2013 ₹
NOTE "19"		
OTHER CURRENT ASSETS		
Interest accrued but not due on Fixed Deposit	**20,953,623**	9,029,299
Interest accrued	**143,251,307**	144,380,189
Short term Deposits	**250,000**	-
Other receivables	**3,407,104**	-
Unbilled revenue	**93,882,915**	1,567,899
TOTAL	**261,744,949**	154,977,387

	₹	As at 31st March, 2014 ₹	As at 31st March, 2013 ₹
NOTE "20"			
REVENUE FROM OPERATIONS			
Sales			
From Realty Sales	**5,527,557,677**		245,408,602
From Cloth Sales	**6,515,890**		6,648,758
		5,534,073,567	252,757,360
License Fees and Rental Income		**5,051,521,452**	2,707,337,682
Service Charges		**2,308,717,083**	1,111,891,166
Room Rent Income		**335,485,136**	58,287,502
Food, Beverages and Banquet Income (Gross)		**481,031,374**	93,917,277
Other Operating Income		**774,322,761**	475,589,146
TOTAL		**14,485,151,373**	4,699,080,133

Consolidated Notes on Financial Statements

for the year ended on 31st March, 2014 (Contd.)

	₹	As at 31st March, 2014 ₹	As at 31st March, 2013 ₹
NOTE "21"			
OTHER INCOME			
Interest		**209,749,239**	372,894,638
Dividend Income			
Current	**34,342,796**		87,798,549
Long Term	**7,064,317**		7,038,687
		41,407,113	94,837,236
Profit on sale of Investments		**89,218,407**	42,944,341
Profit on sale of Assets		**16,697,966**	2,520,939
Others			
Compensation on Relinquishment of rights		**2,573,854**	-
Miscellaneous Receipts		**6,832,572**	2,922,659
Balance/(Provisions) Written Back		**24,131,027**	4,554,759
TOTAL		**390,610,178**	520,674,572

	₹	As at 31st March, 2014 ₹	As at 31st March, 2013 ₹
NOTE "22"			
COST OF MATERIALS/CONSTRUCTION			
Cloth Trading			
Purchase for resale		**6,288,964**	6,420,709
Food and Beverage Consumed			
Purchases		**133,533,898**	51,786,026
Realty Sales			
Land Cost - transferred from Fixed Assets	**406,614,829**		3,954,587,483
Construction & Other related costs	**4,241,182,662**		1,240,902,361
		4,647,797,491	5,195,489,843
TOTAL		**4,787,620,353**	5,253,696,579

	₹	As at 31st March, 2014 ₹	As at 31st March, 2013 ₹
NOTE "23"			
CHANGE IN INVENTORY			
Food and Beverage Consumed			
Stocks at commencement	**20,387,377**		-
Stocks at close	**29,855,628**		20,387,377
		(9,468,251)	(20,387,377)
Realty Work In Progress			
Opening Work In Progress	**9,738,669,027**		2,100,272,341
Closing work in progress	**11,016,996,278**		7,372,124,757
Net (Increase)/Decrease		**(1,278,327,251)**	(5,271,852,416)
TOTAL		**(1,287,795,502)**	(5,292,239,793)

Consolidated Notes on Financial Statements
for the year ended on 31st March, 2014 (Contd.)

	As at 31st March, 2014 ₹	As at 31st March, 2013 ₹
NOTE "24"		
EMPLOYEE COSTS		
Salaries, Wages & Bonus	**688,256,872**	352,063,288
Contribution to Provident Fund & Other Funds		
Contribution to Provident Fund & Other Funds	**16,732,113**	6,119,754
Gratuity and Leave encashment	**7,756,879**	12,643,290
Staff Welfare Expenses	**17,780,641**	12,646,029
TOTAL	**730,526,505**	383,472,362

	As at 31st March, 2014 ₹	As at 31st March, 2013 ₹
NOTE "25"		
DEPRECIATION		
Depreciation and Amortisation	**1,061,240,988**	475,237,465
Less : Transferred from revaluation reserve (Refer Note No 3)	**989,845**	981,310
Less : Prior Period Adjustments	**5,477,877**	-
TOTAL	**1,054,773,266**	474,256,155

	As at 31st March, 2014 ₹	As at 31st March, 2013 ₹
NOTE "26"		
FINANCE COSTS		
Interest Expenses		
Interest on fixed loans	**3,265,243,767**	1,394,722,702
Interest on other loans	**53,454,243**	2,732,546
Other Costs	**132,243,848**	32,586,834
TOTAL	**3,450,941,858**	1,430,042,082

Consolidated Notes on Financial Statements
for the year ended on 31st March, 2014 (Contd.)

	₹	As at 31st March, 2014 ₹	As at 31st March, 2013 ₹
NOTE "27"			
OPERATING AND OTHER EXPENSES			
Electricity		**1,348,925,623**	730,546,296
Repairs and Maintenance:-			
Buildings	**83,065,386**		64,288,256
Machinery & Vehicles	**147,294,565**		58,816,884
Others	**30,519,159**		11,475,030
		260,879,110	134,580,170
Foreign Exchange (Gain)/Loss		**2,054,374**	9,883,866
Insurance		**22,569,971**	12,546,806
Stores and Operating Supplies		**50,749,504**	11,191,283
Rent		**10,485,752**	11,502,123
Rates & Taxes		**295,192,678**	65,695,116
Water Charges		**77,152,762**	41,809,900
Communication expenses		**19,262,805**	12,353,234
Postage & Courier		**442,744**	555,196
Printing & stationary expenses		**7,461,039**	5,070,470
Legal and Professional charges		**127,374,063**	29,640,827
Travelling Expenses		**42,839,457**	23,562,167
Auditors' Remuneration		**11,316,408**	8,920,742
Car Hire charges		**26,214,282**	-
Directors' sitting fees & Commission		**1,610,339**	1,853,000
Compensation		**71,020,645**	6,554,025
Donation		**4,778,908**	1,137,953
Loss on Assets Sold/Discarded		**1,091,518**	26,860
Prior Period Expenses		**7,250,123**	11,697,235
Advertisement & Sales Promotion		**371,801,908**	201,846,515
Bank charges		**2,335,638**	2,936,726
Brokerage		**14,085,413**	-
Rebate & Settlement		**72,523,037**	40,882,416
Bad debts & Sundry balances written off	**66,970,450**		-
Provision for Doubtful Debts & Advances/(written back)	**23,484,525**	**90,454,975**	87,058,713
Parking Expenses		**32,623,492**	16,889,805
Office Expenses		**1,517,441**	3,652,428
Management Fee		**1,031,065**	2,839,575
Security Charges		**159,209,625**	68,218,502
Housekeeping Expenses		**223,125,664**	112,247,571
General Expenses		**72,953,287**	-
Other Miscellaneous Expenses		**40,212,456**	66,561,450
Miscellaneous/Preliminary Expenditure written off		**360**	331,902
Assets written off		-	793,906
TOTAL		**3,470,546,466**	1,723,386,779

Consolidated Notes on Financial Statements

for the year ended on 31st March, 2014 (Contd.)

28. Details of the Exceptional Items

Particulars		**2013-14**	**2012-13**
Hotel Inauguration Expenses			
Staff Training Expenses		-	7,861,468
Advertisement and business promotion		-	19,504,397
	(A)	-	27,365,865
Excess Depreciation charged in earlier years	(B)	**(84,405,163)**	(20,845,345)
Net	(A-B)	**(84,405,163)**	6,520,520

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

(Amount in ₹)

Sr. No.	Particulars	Property & Related Services		Hospitality Services		Unallocated		Total	
		2013 - 14	2012 - 13	2013 - 14	2012 - 13	2013 - 14	2012 - 13	2013 - 14	2012 - 13
A	REVENUE								
1	Income from Operations & Sales	13,601,318,086	4,537,063,689	883,833,287	162,016,444	-	-	14,485,151,373	4,699,080,133
2	Other Income					390,610,178	520,674,572	390,610,178	520,674,572
	TOTAL	13,601,318,086	4,537,063,689	883,833,287	162,016,444	390,610,178	520,674,572	14,875,761,551	5,219,754,704
B	RESULTS								
1	Profit Before Tax & Interest	6,000,169,394	2,410,144,890	(270,689,111)	(252,636,839)	390,610,178	520,674,572	6,120,090,461	2,678,182,623
2	Less: Interest	-	-	-	-	3,450,941,856	1,430,042,082	3,450,941,856	1,430,042,082
3	Profit Before Tax & Exceptional Items	6,000,169,394	2,410,144,890	(270,689,111)	(252,636,839)	(3,060,331,678)	(909,367,510)	2,669,148,605	1,248,140,541
4	Add/(Less): Exceptional Items	-	-	84,405,163	(27,365,866)	-	20,845,346	84,405,163	(6,520,520)
5	Less : Provision for Taxation	-	-	-	-	909,167,102	428,385,225	909,167,102	428,385,225
6	Net Profit after tax (before adjustments of Minority Interest and share of associates)	6,000,169,394	2,410,144,890	(186,283,948)	(280,002,704)	(3,969,498,780)	(1,316,907,390)	1,844,386,666	813,234,796
7	Add/(Less): Share of Profit/ (Loss) from Associates	-	-	-	-	(28,843,659)	11,227,983	(28,843,659)	11,227,983
8	Less : Minority Interest	-	-	-	-	530,925,780	(17,067,199)	530,925,780	(17,067,199)
9	Profit after tax and Minority Interest	6,000,169,394	2,410,144,890	(186,283,948)	(280,002,704)	(4,529,268,229)	(1,288,612,207)	1,284,617,227	841,529,979
C	OTHER INFORMATION								
1	Segment Assets	50,302,400,344	33,151,891,817	11,464,858,925	10,847,819,567	5,818,162,301	6,108,025,360	67,585,421,570	50,107,736,744
2	Segment Liabilities	9,720,411,711	7,998,644,667	2,582,505,287	1,839,447,422	30,845,133,781	18,330,668,858	43,148,050,779	28,168,760,947
3	Capital Expenditure	407,668,264	4,677,362,815	2,882,709,878	7,604,966,018	-	-	3,290,378,142	12,282,328,833
4	Depreciation	789,958,177	334,803,877	264,815,089	139,452,278	-	-	1,054,773,266	474,256,155

Consolidated Notes on Financial Statements

for the year ended on 31st March, 2014 (Contd.)

30. 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 2014 is as under:

a) RELATIONSHIPS

Category I: Associates

Bartraya Mall Development Company Private Limited

Starboard Hotels Private Limited (formerly Classic Software Technology Park Developers Private Limited)

Entertainment World Developers Limited

Gangetic Hotels Private Limited

Galaxy Entertainment Corporation Limited

Galaxy Entertainment (India) Private Limited

Classic Housing Projects Private Limited

Classic Mall Development Company Private Limited [upto 9th July, 2013]

Offbeat Developers Private Limited [upto 13th October, 2013]

Escort Developers Private Limited

Mirabel Entertainment Private Limited

Savannah Phoenix Private Limited

Category II: Key Managerial Personnel

Ashokkumar R. Ruia

Atul Ruia

Kiran B. Gandhi

Shishir Srivastava

Pradumna Kanodia

Category III: Other Related Parties where common control exists

R.R.Hosiery Private Limited

R.R. Hosiery

Phoenix Retail Private Limited

R.R. Textiles

Ruia International Holding Company Private Limited

Phoenix Construction Company

Winston Hotels Private Limited

Category IV : Relatives of Key Managerial Personnel

Gayatri A Ruia

B. R. International.

Consolidated Notes on Financial Statements
for the year ended on 31st March, 2014 (Contd.)

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

Sr. No.	TRANSACTIONS	Category I	Category II	Category III	Category IV	Total
1	Rent, Compensation & Other recoveries	72,405,949 (170,533,782)	- -	45,164 (7,521,798)	1,813,440 (1,813,440)	74,264,553 (179,869,020)
2	Interest Received	108,943,685 (299,877,914)	- -	- -	- -	108,943,685 (299,877,914)
3	Remuneration / Salary Paid	- -	35,769,615 (44,064,804)	- -	- -	35,769,615 (44,064,804)
4	Administrative & Other Charges paid (Excluding Service Tax)	470,000 (240,000)	- -	5,564,378 (5,273,796)	- -	6,034,378 (5,513,796)
5	Interest Paid	- -	- -	- -	8,972,730 (13,907,730)	8,972,730 (13,907,730)
6	Loans given	28,000,000	- -	- -	- -	28,000,000 -
7	Loans returned by Parties	100,071,639 (300,000,000)	- -	- -	- -	100,071,639 (300,000,000)
8	Inter Corporate Deposits Given	12,500,000 -	- -	- -	- -	12,500,000 -
9	Inter Corporate Deposits returned by Parties	66,500,000 (8,806,531)	- -	- -	- -	66,500,000 (8,806,531)
10	Deposit Given	- (120,345,644)	- -	- -	- -	- (120,345,644)
11	Deposit Returned by the Parties	- (127,577,194)	- -	- -	- -	- (127,577,194)
12	Investment in Shares/application money pending allotment	600,000 (15,950,000)	- -	18,031,694 -	- -	18,631,694 (15,950,000)
13	Purchase of Fixed Assets	- (227,586,883)	- -	- -	- -	- (227,586,883)
14	Sale of Fixed Assets	- (1,996,037)	- -	- -	- -	- (1,996,037)
15	Share of loss form partnership	- -	- -	1,242,368 (665783)	- -	1,242,368 (665,783)
16	Capital Investment in Firm	- -	- -	- (1,123,600)	- -	- (1,123,600)
17	Advances Given	70,000,000 (243,556,801)	- -	- -	- -	70,000,000 (243,556,801)
18	Redemption of Optionally/ Compulsorily Convertible Debentures	124,800,000 -	- -	- -	- -	124,800,000 -
19	Application money Refund Received	- -	- -	- (6,000,000)	- -	- (6,000,000)
20	Advances Refunded by party	- (1,295,000,000)	- -	- -	- -	- (1,295,000,000)
21	Purchase of Equity / Preference Shares	- (250,000)	- -	- -	- -	- (250,000)
22	Conversion Of Debentures into Equity	24,843,590 -	- -	- -	- -	24,843,590 -

Consolidated Notes on Financial Statements

for the year ended on 31st March, 2014 (Contd.)

c) The following balances were due from / to the related parties as on 31-03-2014

Sr. No.	TRANSACTIONS	Category I	Category II	Category III	Category IV	Total
1	Investment in Equity Shares / Preference shares	818,272,739 (1,306,366,519)	- -	10,000,000 -	- -	828,272,739 (1,306,366,519)
2	Investment in Optionally Convertible Debentures	42,000,000 (111,200,000)	- -	- -	- -	42,000,000 (111,200,000)
3	Investment in Capital of Partnership Firm	- -	- -	19,936,930 (21,179,298)	- -	19,936,930 (21,179,298)
4	Loans and Advances Given	30,000,000	-	-	-	30,000,000
		(1,469,587,204)	-	-	-	(1,469,587,204)
5	Loans Taken	33,037,235	-	-	-	33,037,235
		(33,037,235)	-	-	-	(33,037,235)
6	Inter Corporate Deposits Given	620,898	-	-	-	620,898
		(269,944,443)	-	-	-	(269,944,443)
7	Trade receivables	8,605,932	-	1,173,914	467,610	10,247,456
		(78,793,379)	-	(1,755,993)	(614,254)	(81,163,626)
8	Trade Payables	3,245,911	-	-	-	3,245,911
		(347,957)	-	(202,455,573)	-	(202,803,530)
9	Deposits received	12,500,000	-	-	-	12,500,000
		(12,500,000)	-	-	-	(12,500,000)
10	Deposits Given	5,075,000	-	479,275,000	-	484,350,000
		(59,075,000)	-	(479,275,000)	-	(538,350,000)
11	Share/ Debenture Application money pending allotment	220,556,310 (253,399,900)	- -	24,681,694 (6,650,000)	- -	245,238,004 (260,049,900)

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

i. Rent & other recoveries include received from Classic Mall Development Company (P) Limited ₹ 7,895,000 (P.Y. ₹ 41,036,000), Classic Housing Projects (P) Limited ₹ 37,160,876 (P.Y. ₹ Nil) Island Stall Mall Developers (P) Limited ₹ Nil (P.Y. ₹ 49,432,710), and Offbeat Developers (P) Limited ₹ 16,428,000 (P.Y. ₹ 80,065,072).

ii. Interest received include received from Classic Mall Development Company (P) Limited ₹ 11,210,907 (P.Y. ₹ 4,43,82,715), Island Star Mall Developers (P) Limited ₹ Nil (P.Y. ₹ 57,891,294) and Offbeat Developers (P) Limited ₹ 86,923,657 (P.Y. ₹ 195,404,170).

iii. Remuneration paid to Ashok Ruia ₹ 6,000,000 (P.Y. ₹ 6,000,000), Atul Ruia ₹ 6,000,000 (P.Y. ₹ 6,000,000), Kiran Gandhi ₹ 3,769,615 (P.Y. 4,800,000), Shishir Shrivastava ₹ 20,000,000 (P.Y. ₹ 20,000,000).

iv. Administrative & other expenses include paid to R.R.Hosiery ₹ 1,953,600 (P.Y. ₹ 1,953,600) and R.R.Hosiery (P) Limited ₹ 3,610,778 (P.Y. ₹ 3,320,196).

v. Interest paid includes interest paid to B.R. International ₹ 8,972,730 (P.Y. ₹ 13,907,730).

vi. Loan Given includes Classic Housing Projects (P) Limited ₹ 28,000,000 (P.Y. ₹ Nil).

vii. Loan returned by party includes Offbeat Developers (P) Limited ₹ Nil (P.Y. 300,000,000).

viii. Inter Corporate Deposit given includes Starboard Hotels (P) limited ₹ 12,500,000 (P.Y. ₹ Nil).

Consolidated Notes on Financial Statements
for the year ended on 31st March, 2014 (Contd.)

ix. Inter Corporate Deposit returned by parties includes Starboard Hotels (P) limited ₹ 12,500,000 (P.Y. ₹ Nil), Classic Mall Development Company (P) Limited ₹ Nil (P.Y. ₹ 8,806,531) and Gangetic Hotels (P) Limited ₹ 52,500,000 (P.Y. ₹ Nil).

x. Deposit given to Offbeat Developers (P) Limited ₹ Nil (PY ₹ 46,270,644), Gangetic Hotels (P) Limited ₹ Nil (P.Y. ₹ 52,500,000).

xi. Deposit returned by parties include Offbeat Developers (P) Limited ₹ Nil (PY ₹ 111,027,194), Classic Mall Development Company (P) Limited ₹ Nil (P.Y. ₹ 15,000,000).

xii. Investment in Shares/Application Money pending allotment includes Savannah Phoenix (P) Limited ₹ 600,000 (P.Y. ₹ 15,950,000), and Winston Hotels (P) Limited ₹ 18,031,694 (P.Y. ₹ Nil).

xiii. Purchase of Fixed assets includes purchase from Offbeat Developers (P) Limited ₹ Nil (P.Y. ₹ 227,586,883).

xiv. Sale of Fixed assets includes sale from Classic Mall Development Company (P) Limited ₹ Nil (P.Y. ₹ 1,996,037).

xv. Loss from investment in Phoenix Construction partnership firm ₹ 1,242,368(P.Y. ₹ 665,783).

xvi. Capital withdrawn from Partnership firm includes capital withdrawn from Phoenix Construction Company ₹ 113,150 (P.Y. ₹1,123,600).

xvii. Advances given includes towards capital goods Island Star Mall Developers (P) Limited ₹ Nil (P.Y. ₹ 40,000,000) and Offbeat Developers (P) Limited ₹ 70,000,000 (P.Y. ₹ 203,556,801).

xviii. Optionally Convertible Debentures Redeemed of Classic Housing Projects (P) Limited ₹ 124,800,000(P.Y. ₹ Nil).

xix. Application Money Refund received includes refund received from Phoenix Retail (P) Limited ₹ Nil (P.Y. ₹ 6,000,000).

xx. Advance refunded by party includes Offbeat Developers (P) Limited ₹ Nil (P.Y. ₹ 945,000,000) and Island Star Mall Developers (P) Limited ₹ Nil (P.Y. ₹ 350,000,000).

xxi. Purchase of the shares includes Shares purchased of Savannah Phoenix (P) Limited ₹ Nil (P.Y. ₹ 250,000).

xxii. Conversion of Debentures into equity of Starboard Hotels (P) Limited ₹ 24,843,590 (P.Y. ₹ Nil).

Consolidated Notes on Financial Statements
for the year ended on 31st March, 2014 (Contd.)

31.

Earnings per share (EPS):	**2013-14 ₹**	**2012-2013 ₹**
Net Profit after Tax (₹)	**1,284,617,227**	841,529,979
Weighted Average No. of Equity Shares	**144,845,445**	144,845,445
Nominal Value of Equity Shares	**2**	2
Basic Earning Per Share	**8.87**	5.81

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

i) Estimated amount of contracts remaining to be executed on capital account and not provided for in the accounts is ₹ 1,160,374,468 (P.Y. ₹ 1,860,708,202) net of advance paid.

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

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

iv) Disputed Income Tax (Including TDS) liability amounting to ₹209,907,232 (P.Y. ₹ 127,444,319).

v) Outstanding guarantees given by Banks ₹ 12,635,951 (P.Y. ₹ 2,769,969).

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

vii) Guarantees given by the company for EPCG Licence ₹ 2,007,646,924 (P.Y. 2,125,116,558).

viii) Other Claims against the company ₹ 34,000 (PY ₹ Nil).

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

Disputed Service Tax Liability for Vamona Developers Private Limited, amounting to ₹ 83,474,601 (P.Y. ₹ 83,474,601), as the matter is in appeal before the Commissioner of Central Excise, Service Tax (Appeals), Pune

x) Offbeat Developers Private Limited has received a demand notice from the Municipal Corporation of Greater Mumbai (MCGM) for payment of ₹ 239,121,715 being property tax for the period from 1st April, 2013 to 31st March, 2014 including arrears for the period April 2012 to March 2013, based on the property's capital value, against which the company has paid "under dispute" an amount of ₹ 50,000,000 which has been charged to statement of Profit & Loss. The company is in the process of verifying the correctness of the said demand raised by the MCGM, as well as ascertaining the probability of the said recovery from the licensees. Based on the outcome of the verification and legal opinion, the Company may file an appeal for re-assessment / re-computation of the said demand.

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.

Consolidated Notes on Financial Statements
for the year ended on 31st March, 2014 (Contd.)

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

Particulars		2013-14 ₹	2012-13 ₹
Opening Balance	**(A)**	**78,669,543**	1,019,773,190
Expenditure			
Salary & Allowances		**174,459**	10,815,220
Rent, Rates & Taxes		**7,195**	3,248,007
Legal, Professional & Consultancy Fees		**23,314**	10,262,589
Travelling Expenses		**9,171**	1,062,682
Miscellaneous Expenses		-	32,448,681
Bank Charges		**1,050**	173,098
Auditors' Remuneration		**28,090**	-
Depreciation		**38,462**	32,574
Interest		**83,639,912**	99,410,071
Other expenses		**21,080,149**	-
Total (B)		**105,001,802**	157,591,500
Income			
Interest income		-	66,940
Other Income		-	33,349,484
Total (C)		-	33,416,424
Grand Total (A+B-C)		**183,671,345**	1,143,948,265
Less : Project Development Expenses Capitalised during the year		-	409,911,360
Less: Project Development Expenses [including depreciation of ₹ Nil (P.Y. ₹ 3,682,588) Transferred to Profit and Loss Account/Realty Work-In-Progress.]		-	655,367,362
Closing Balance		**183,671,345**	78,669,543

Consolidated Notes on Financial Statements

for the year ended on 31st March, 2014 (Contd.)

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

Name of Subsidiaries	Country of Incorporation	Proportion of ownership interest 2013-14	Proportion of ownership interest 2012-13
Pallazzio Hotels and Leisure Limited	India	100%	100%
Bellona Finvest Limited	India	100%	100%
Marketcity Resources Private Limited	India	100%	100%
Pinnacle Real Estate Development Private Limited	India	100%	100%
Palladium Constructions Private Limited	India	70%	62.98%
Enhance Holdings Private Limited	India	100%	100%
Plutocrat Assets & Capital Management Private Limited	India	100%	100%
Big Apple Real Estate Private Limited (BAREPL)	India	77.20%	77.20%
Butala Farm Lands Private Limited	India	100%	100%
Vamona Developers Private Limited	India	58.55%	58.55%
Upal Developers Private Limited (Subsidiary of BAREPL)	India	71.41%	48.25%
Blackwood Developers Private Limited (Subsidiary of BAREPL)	India	77.20%	77.20%
Gangetic Developers Private Limited (Subsidiary of BAREPL)	India	45.25%	45.25%
Market City Management Private Limited	India	100%	100%
Phoenix Hospitality Company Private Limited	India	56.92%	56.92%
Graceworks Realty and Leisure Private Limited (Subsidiary of PHCPL)	India	44.02%	44.02%
Platinum Spaces Private Limited (Subsidiary of PHCPL) (merged with Palladium Constructions Private Limited)	India	-	35.84%
Alliance Spaces Private Limited (formerly Alliance Hospitality Services Private Limited) (Subsidiary of PHCPL)	India	33.01%	31.33%
Mugwort Land Holdings Private Limited	India	94.86%	94.86%
Sangam Infrabuild Corporation Private Limited (Subsidiary of BAREPL)	India	76.94%	76.94%
Island Star Mall Developers Private Limited	India	68.05%	64.72%
Classic Mall Development Company Private Limited (w.e.f 10th July, 2013) (including 1.82% indirect holding through Escort Developers Private Limited)	India	50.01%	-
Offbeat Developers Private Limited (w.e.f 14th October, 2013)	India	53.23%	-

Consolidated Notes on Financial Statements
for the year ended on 31st March, 2014 (Contd.)

35. The Associate companies considered in the consolidated financial statements are:

Name of Associate companies	Country of Incorporation	Proportion of ownership interest 2013-14	Proportion of ownership interest 2012-13
Bartraya Mall Development Co. Pvt. Ltd.	India	50.00%	50.00%
Classic Housing Projects Pvt. Limited	India	48.00%	32.00%
Classic Mall Development Company Pvt. Ltd. (upto 9th July, 2013)	India	-	29.18%
Entertainment World Developers Ltd.	India	40.21%	40.28%
Escort Developers Pvt. Ltd.	India	50.00%	50.00%
Galaxy Entertainment Corporation Ltd.	India	23.56%	23.56%
Galaxy Entertainment (India) Pvt. Ltd.	India	49.02%	49.02%
Offbeat Developers Pvt. Ltd. (upto 13th October,2013)	India	-	28.81%
Starboard Hotels Private Limited (Formerly Classic Software Technology Park Developers Private Limited)	India	27.32%	27.32%
Mirabel Entertainment Private Limited	India	28.46%	33.34%
Gangetic Hotels Private Limited	India	23.61%	23.61%
Savannah Phoenix Private Limited	India	50.00%	50.00%

Investments in Associates include:

Name of Associates	Cost of Acquisition 2013-14 ₹	Goodwill/ (Capital Reserve) included in cost of acquisition 2013-14 ₹	Cost of Acquisition 2012-13 ₹	Goodwill/ (Capital Reserve) included in cost of acquisition 2012-13 ₹
Bartraya Mall Development Co. Pvt. Ltd.	50,000	-	50,000	-
Classic Housing Projects Pvt. Limited	52,215	(4,735,357)	33,340	88,591
Classic Mall Development Company Pvt. Ltd.	-	-	249,966,918	29,077,445
Entertainment World Developers Ltd.	579,270,269	245,909,486	579,270,269	245,909,486
Escort Developers Pvt. Ltd.	15,950,000	2,143	15,950,000	2,143
Galaxy Entertainment Corporation Ltd.	74,309,402	47,479,617	74,309,402	47,479,617
Galaxy Entertainment (India) Pvt. Ltd.	25,000,000	(205,058)	25,000,000	(205,058)
Offbeat Developers Pvt. Ltd.	-	-	247,037,912	(409,419,370)
Savannah Phoenix Private Limited	250,000	-	250,000	-
Starboard Hotels Private Limited (Formerly Classic Software Technology Park Developers Private Limited)	14,232,697	190,577	85,465	93,642
Mirabel Entertainment Private Limited	30,468	(306,839)	35,687	(359,399)
Gangetic Hotels Private Limited	59,293,564	(41,655,277)	59,293,564	(48,790,536)

Consolidated Notes on Financial Statements
for the year ended on 31st March, 2014 (Contd.)

36. 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 ₹989,845/- (P.Y. ₹ 981,310/-) in comparison to depreciation provided under the Companies Act, 1956, and an equivalent amount has been withdrawn from Revaluation Reserve and credited to Profit and Loss account.

37. Capital work in progress includes ₹ 985,903,467 comprising mainly the cost incurred on acquiring long term tenancies on the plot of land admeasuring 7,617.51 square meters at High Street Phoenix. The Company is exploring various alternatives for the development of the said plot of land.

38. 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 is pending.

39. The Company has investments of ₹ 579,270,269 (including through wholly owned subsidiary) in the equity shares of Entertainment World Developers Limited (EWDL) and ₹ 1,000,000,000 in Fully Convertible Debentures ("FCDs") of Treasure World Developers Pvt. Ltd. (TWDPL), subsidiary of EWDL, which are considered as strategic and long term in nature. Interest income was accrued on the said debentures upto 31st March 2012 aggregating to ₹ 143,251,068 (net of TDS) remains outstanding as on 31st March, 2014. The unaudited Financials of EWDL as at 31st March, 2014 reflect an erosion in its networth. EWDL & its SPVs hold properties which are stated at cost and not at their market values, in their respective financial statements. The company has exercised the put option available as per the Share & Debenture Subscription Deed for the said FCDs & EWDL has paid a part amount of ₹ 191,880,000 in November 2013 towards the put option. Pending receipt of the balance consideration and the settlement of the matter, amount received has not been adjusted against the investments/accrued Interest and has been shown under other current liability in Note 9. The management is considering various alternatives for the expeditious recovery of the dues against the said put option and hence no provision is recommended by the company's management at this stage towards any possible diminution in the value of said investments.

40. During the year, Pallazzio Hotels and Leisure Limited has changed its accounting policy with respect to method of charging depreciation on fixed tangible assets from 'Written Down Value' to 'Straight Line Method' at the rates prescribed in Schedule XIV of the Companies Act, 1956. Management believes that this change will result in more appropriate presentation and will give a systematic basis of depreciation charge, representative of the time pattern in which the economic benefit will flow to the Company. Accordingly the company has recognized a surplus of ₹ 84,405,163 arising from retrospective change as an exceptional item. Had the company followed written down value method of providing depreciation, the depreciation charge for the year would have been higher by ₹ 389,380,497, exceptional income would have been lower by 84,405,163 and the loss of the year would also have been higher by ₹ 473,785,660.

41. **Service Tax :**

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

Consolidated Notes on Financial Statements
for the year ended on 31st March, 2014 (Contd.)

As at 31st March, 2013, the disputed service tax for the period upto 30th September, 2011 on renting of immovable property not deposited on account of non payment by licensees amounts to ₹ 34,525,256/-. The company does not expect the outcome of the matter to have any adverse effect on its financial position or results of operations.

42. 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 there from, if any.

43. In the books of Blackwood Developers Private Limited and Upal Developers Private Limited:

The company is in the business of setting up and operation of Mall and Multiplex. The company's leasing agreements is in respect of granting operating leases in its Mall and Multiplex. The leasing agreements generally range between three years and nine years and generally provide for a minimum lock-in period of three years and are usually renewable by mutual consent on agreed terms. The company treats such leases non-cancellable for the purpose of Accounting Standard (AS) -19 notified under Companies (Accounting Standard) Rules, 2006. The aggregate of future minimum lease payments (Licence Fee) in respect of Mall Area required to be disclosed as per AS-19 are as under-

(Amount in ₹ Lacs)

		As at 31-03-2014	As at 31-03-2013
i)	Not later than one year	**2875.71**	1470.64
ii)	Later than one year and not later than five years	**10078.59**	5211.13
iii)	Later than five years	**4976.06**	4069.92

44. Operating Leases – in the books of Pallazzio Hotels and Leisure Limited

As lessee

a. The Company has taken certain premises and vehicles under operating lease. The minimum future lease rentals payable under non-cancellable operating lease are as under:-

Particulars	2013-14		2012-13	
	Vehicles	Leased premises	Vehicles	Leased premises
Not later than one year	**20,880,000**	-	20,760,000	3,977,181
Later than one year and not later than five years	**12,468,840**	-	34,800,000	590,625
Later than five years	-	-	-	-
TOTAL	**33,348,840**	-	55,560,000	4,567,806

Total contingent rent ₹ Nil (Previous year ₹ Nil).

b. In accordance with the terms of the issue of non-convertible debentures, the company has given the debenture holders a right to occupy certain premises of the building which is under construction. No separate/additional consideration is receivable for the above.

Consolidated Notes on Financial Statements

for the year ended on 31st March, 2014 (Contd.)

As lessor

c. In accordance with the arrangement entered into by the company, the company has accounted for license fees of ₹14,641,577 (P.Y. Nil) [including amortization of non-refundable security deposit of ₹ 2,391,577 (P.Y. Nil)]. The minimum license fees receivable in next one year is ₹ 48,666,667 and later than one year and not later than five years is ₹ 228,861,111, and later than five years Nil. Total contingent rent ₹ Nil (Previous year ₹ Nil).

The gross carrying amount and accumulated depreciation at the balance sheet date of the said premises is ₹ 142,056,992 and ₹ 1,458,851 respectively. Depreciation recognized in Statement of Profit and loss for the said premises during the year is ₹ 199,222.

45. The Company is a partner in a partnership firm M/s. Phoenix Construction Company. The accounts of the partnership firm have been finalised upto the financial year 2011-2012. The details of the Capital Accounts of the Partners as per the latest Financial Statements of the firm are as under:-

Sr. No.	Name of the Partners	Profit Sharing ratio	Total Capital on 31/03/2013	Total Capital on 31/03/2012
1.	The Phoenix Mills Ltd.	50%	17,040,878	17,154,028
2.	Gold Seal Holding Pvt. Ltd.	50%	12,185,076	13,421,826

The Company has accounted for its share of loss amounting to ₹ 1,242,368 pertaining to the financial year 2012-2013 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.

46. Disclosure under the Micro, Small and Medium Enterprise Development Act, 2006 is tabled below.

Particulars	31st March, 2014	31st March, 2013
Principal amount payable to micro and small enterprises at year end	**2,247,087**	2,361,995
Interest accrued and unpaid to suppliers at year end	-	-
Interest paid to suppliers during the year	-	-

47. The Hotel Management Agreement (HMA) between the Pallazzio Hotels & Leisure Limited ("the Company") and Shangri-La International Hotel Management Pte Ltd for the operation of the Company's hotel in Lower Parel, Mumbai has been terminated effective 5th September, 2013. In accordance with the provisions of the HMA, the Parties have referred their mutual disputes to arbitration. The arbitration tribunal has been constituted and hearings will commence from 1st August, 2014. There are claims and counter claims which are in the process of being finalized. Accordingly the accounting treatment for settlement including termination fees payable (if any) would be based on the final award of the arbitration tribunal. The Company, based on its own assessment, is of the view that the arbitration award would be in its favour and hence does not expect any material outflow on the conclusion of the arbitration proceedings. The Company is currently operating the hotel under its own brand name, "Palladium Hotel."

Consolidated Notes on Financial Statements
for the year ended on 31st March, 2014 (Contd.)

48. The material difference in the accounting policies of the company and it's subsidiaries are as under:

Item	Name of Subsidiary	₹	Percentage of proportion of Item
Depreciation	Pallazzio Hotels & Leisure Ltd.	264,815,089	25.11
Depreciation	Vamona Developers Pvt. Ltd.	143,306,196	13.59
Depreciation	Island Star Mall Developers Pvt. Ltd.	113,732,451	10.78
Depreciation	Offbeat Developers Pvt. Ltd.	106,160,007	10.06
Depreciation	Classic Mall Development Company Pvt. Ltd.	92,474,335	8.77
Depreciation	Upal Developers Pvt. Ltd.	33,605,851	3.19
Depreciation	Blackwood Developers Pvt. Ltd.	33,476,107	3.17
Depreciation	Big Apple Real Estate Pvt. Ltd.	766,887	.07

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

As per our report of even date

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

Chintan A. Ghelani
Partner
M. No.:104391

For Chaturvedi & Shah
Chartered Accountants
FRN : 101720W

Amit Chaturvedi
Partner
M. No.:103141

For and on behalf of the Board of Directors

Ashokkumar Ruia
(Chairman & Managing Director)

Shishir Shrivastava
(Group CEO & Jt. Managing Director)

Atul Ruia
(Jt. Managing Director)

Pradumna Kanodia
(Director - Finance)

Sonia Gaur
(Company Secretary)

Place : Mumbai
Dated : 28th May, 2014

Notice

THE PHOENIX MILLS LIMITED
462, Senapati Bapat Marg,
Lower Parel, Mumbai- 400 013
Tel:3001 6600; Fax: 3001 6601
Website: www.thephoenixmills.com,
Email: info@thephoenixmills.com
CIN: L17100MH1905PLC000200

NOTICE is hereby given that the 109th ANNUAL GENERAL MEETING of the Shareholders of THE PHOENIX MILLS LIMITED will be held on Tuesday, the 26th day of August, 2014 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, 2014 and Statement of Profit and Loss 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, 2014.
3. To appoint a Director in place of Mr. Pradumna Kanodia, who retires by rotation and being eligible, has offered himself for re-appointment.
4. To appoint a Director in place of Mr. Shishir Shrivastava, who retires by rotation and being eligible, has offered himself for re-appointment.
5. To appoint M/s A. M. Ghelani & Company, Chartered Accountants (Firm Regn. No. 103173W) and M/s Chaturvedi & Shah, Chartered Accountants (Firm Regn. No. 101720W) as the Statutory Auditors of the Company, to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to authorize the Board of Directors to fix their remuneration.

SPECIAL BUSINESS:

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

   "RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof) read with Schedule IV to the Companies Act, 2013, Mr. Amit Dalal (DIN: 00297603), Director of the Company, in respect of whom the Company has received a notice pursuant to Section 160 of the Companies Act, 2013 along with necessary deposit from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office up to 31st March, 2019 and that he shall not be liable to retire by rotation as stipulated under Section 149(13) of the Companies Act, 2013.

   RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds and things as are necessary to give effect to this resolution."

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

   "RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof) read with Schedule IV to the Companies Act, 2013, Mr. Sivaramakrishnan Iyer (DIN: 00503487), Director of the Company in respect of whom the Company has received a notice pursuant to Section 160 of the Companies Act, 2013 along with necessary deposit from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office up to 31st March, 2019 and that he shall not be liable to retire by rotation as stipulated under Section 149(13) of the Companies Act, 2013.

   RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds and things as are necessary to give effect to this Resolution."

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

   "RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof) read with Schedule IV to the Companies Act, 2013, Mr. Suhail Nathani (DIN 01089938), Director of the Company in

Notice (Contd.)

respect of whom the Company has received a notice pursuant to Section 160 of the Companies Act, 2013 along with necessary deposit from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office up to 31st March, 2019 and that he shall not be liable to retire by rotation as stipulated under Section 149(13) of the Companies Act, 2013.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds and things as are necessary to give effect to this resolution."

9. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution;

"**RESOLVED THAT** pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made there under (including any statutory modification(s) or re-enactment thereof) read with Schedule IV to the Companies Act, 2013, Mr. Amit Dabriwala (DIN: 00164763), Director of the Company in respect of whom the Company has received a notice pursuant to Section 160 of the Companies Act, 2013 along with necessary deposit from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company up to 31st March, 2019 and that he shall not be liable to retire by rotation as stipulated under Section 149(13) of the Companies Act, 2013.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds and things as are necessary to give effect to this resolution."

10. To consider and if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution;

"**RESOLVED THAT** in supersession of the earlier resolutions passed in this regard and pursuant to Section 180(1)(c) and other applicable provisions, if any, of the Companies Act, 2013, consent of the members be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as "the Board" which expression shall also include a duly constituted/to be constituted Committee thereof for exercising the powers conferred on the Board by this resolution) to borrow from time to time, all such sum(s) of money (including by way of External Commercial Borrowings in foreign denominated currencies from any foreign sources/foreign countries as prescribed by the guidelines in this regard) as the Board may deem requisite for the purpose of the Company, notwithstanding that the money(ies) to be borrowed together with the money(ies) already borrowed by the Company and outstanding (apart from the temporary loans obtained or to be obtained from the Company's bankers in the ordinary course of business) may exceed the aggregate of the paid-up capital and free reserves of the Company i.e. reserves not set apart for any specific purpose, and provided that the total amount borrowed / to be borrowed by the Board of Directors shall not, at any time, exceed the limit of ₹ 1250,00,00,000/- (Rupees Twelve Hundred Fifty Crores only).

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to take all necessary steps and do all necessary things in this regard in order to comply with all the legal and procedural formalities and further to authorise any of its Committee(s)/ Director(s) or any Officer(s) of the Company to do all such acts, deeds or things as may be required from time to time to give effect to the aforesaid resolution and matters related thereto."

11. To consider and if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution;

"**RESOLVED THAT** in supersession of all earlier resolutions passed in this regard and pursuant to the provisions of Section 180(1)(a) and all other applicable provisions, if any, of the Companies Act, 2013 including any statutory modification(s) or re-enactment thereof and the Articles of Association of the Company, the consent of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as "the Board" which expression shall also include a duly constituted/to be constituted Committee thereof for exercising the powers conferred on the Board by this resolution), to mortgage, hypothecate and/or charge in addition to the existing mortgages / hypothecations / charges created by the Company on such terms and conditions as the Board may deem fit, all or any part of movable and/or immovable properties of the Company, wherever situated, both present and future, and/or the whole or substantially

Notice (Contd.)

the whole of the undertaking(s) of the Company in favour of any person including but not limited to banks, financial institutions, corporate bodies, trustees for debenture holders and/or any other lending agencies or other persons, whether in India or outside India, to secure the loans, debentures and other credit facilities together with interest, costs, charges, expenses and any other money(ies) payable by the Company thereon upto a sum not exceeding ₹ 1250,00,00,000/- (Rupees Twelve Hundred Fifty Crores only).

RESOLVED FURTHER THAT the Board of Directors or any Director authorized by the Board be and is hereby authorized to finalize with such banks/financial institutions/ trustees of debenture holders/lending agencies and/or any other person or entity, the agreements and other documents related to the aforesaid mortgage, hypothecation and/or creation of charge and to do all such acts, matters, deeds and things as may be necessary or expedient, for giving effect to this resolution and also to agree to any amendments/changes/variations thereto from time to time as it may think fit."

12. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution;

"RESOLVED THAT as per the recommendation of the Remuneration Committee (Nomination and Remuneration Committee) and pursuant to the provisions of Sections 196, 197, Schedule V of the Companies Act, 2013 ("the Act") and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and other applicable provisions of the Act and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof) and subject to such approvals as may be necessary in this regard, consent of the Company be and is hereby accorded to the re-appointment of Mr. Kiran Gandhi (DIN: 00339111) as the Whole-Time Director of the Company, for a period of two years with effect from 22nd April, 2014 on such terms and conditions as set out in the appointment letter.

RESOLVED FURTHER THAT in the event of absence or inadequacy of net profits in any financial year, the Company shall pay remuneration to the aforesaid Whole-Time Director as per the limits specified in Part II of Schedule V to the Companies Act, 2013 (or any statutory modification(s) or re-enactment thereof) and the same shall be treated as the minimum remuneration payable to the said Whole-Time Director in accordance with aforesaid Schedule V to the Companies Act, 2013.

RESOLVED FURTHER THAT during such time as Mr. Kiran Gandhi holds and continues to hold office of the Whole-Time Director of the Company, he shall be liable to retire by rotation.

RESOLVED FURTHER THAT the Board and/ or a duly constituted Committee of the Board be and is hereby authorized to fix, vary and/or to revise the remuneration and/or other terms of appointment of Mr. Kiran Gandhi so as not to exceed the applicable limit specified in Schedule V to the Companies Act, 2013 including any statutory modification(s) or re-enactment thereof, or any amendment(s) and the Board is further authorized to settle any question in connection therewith or incidental thereto.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds and things as are necessary to give effect to this Resolution."

On behalf of the Board of Directors

Ashokkumar Ruia
Chairman & Managing Director
DIN: 00086762

Place: Mumbai
Date: 28th May, 2014

Notice (Contd.)

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING IS ENTITLED TO APPOINT A PROXY/ PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF. SUCH A PROXY/ PROXIES NEED NOT BE A MEMBER OF THE COMPANY.

   A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than ten percent of the total share capital of the Company.

2. The instrument of Proxy, if any, in order to be valid and effective, should be deposited at the registered office of the Company, duly completed and signed, not later than 48 hours (forty- eight hours) before the time fixed for the commencement of the meeting. A Proxy form is sent herewith. Proxies submitted on behalf of the companies, societies etc., must be supported by an appropriate resolution/authority, as applicable.

3. As per clause 49 of the Listing Agreement, information regarding appointment / re appointment of Directors (Item nos. 6 to 9 and 12) 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 atleast 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, 19th August, 2014 to Tuesday, 26th August, 2014 (both days inclusive) for the annual closing and for the purpose of determining the entitlement for payment of dividend.

6. Dividend for the year ended 31st March, 2014, if declared at the Annual General Meeting, shall be paid on 31st August, 2014 to those shareholders, whose names appear:-
   a) As beneficial owners at the end of business day on Monday, 18th August, 2014 as per lists furnished by NSDL and CDSL in respect of shares held in dematerialised form.
   b) On the register of members of the Company as on Tuesday, 26th August, 2014 in respect of shares held in physical form.

7. In order to enable the Company to remit dividend through National Electronic Clearing Services (NECS), shareholders are requested to provide details of their bank accounts indicating the name of the bank, branch, account number and the nine-digit MICR code (as appearing on the cheque). It is advisable to attach a photocopy of the cheque leaf/cancelled cheque leaf. The said information should be submitted on or before Tuesday, 18th August, 2014, to the Company, if the shares are held in physical form and to the concerned Depository Participant (DP), if the same are held in electronic form. Payment through NECS shall be subject to availability of NECS centers and timely furnishing of complete and correct information by members.

8. Shareholders are requested to:
   a) Intimate the Company of changes, if any, in their registered address at an early date for shares held in physical form. For shares held in electronic form, changes, if any, may kindly be communicated to respective DPs.
   b) Quote ledger folio numbers/DP ID and Client ID numbers in all their correspondence.
   c) Approach the Company for consolidation of various ledger folios into one.
   d) Get the shares transferred in joint names, if they are held in a single name and / or appoint a nominee.
   e) Bring with them to the meeting, their copy of the Annual Report and Attendance Slip.

Notice (Contd.)

9. Green Initiative in Corporate Governance

   As a measure towards Green Initiative, 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 – 400 078 or by sending an email to phoenixmillsgogreen@linkintime.co.in or alternatively can register their email address on the website of the Company at http://www.thephoenixmills.com/green/greenadd.asp

10. Pursuant to Sections 205A and 205C of the Companies Act, 1956 and Sections 124 and 125 of the Companies Act, 2013, 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 2006-2007 onwards will become transferrable at the end of respective seven years to the said Fund. Shareholders are requested to send their claims, if any, for the financial year 2006-2007 onwards before the amount becomes due for transfer to the above Fund. Shareholders are requested to encash the dividend warrants immediately on their receipt by them.

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

    a) Transferees' PAN Cards for transfer of shares,

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

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

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

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

12. Members may also note that the Notice of the 109th Annual General Meeting and the Annual Report for 2014 will also be available on the Company's website www.thephoenixmills.com for download. The physical copies of the aforesaid documents will also be available at the Company's registered office in Mumbai for inspection during normal business hours on working days. Even after registering for e-communication, members are entitled to receive such communication in physical form, upon making a request for the same, by post free of cost. For any communication, the shareholders may also send requests to investorrelations@highstreetphoenix.com.

13. Voting through electronic means

    I. In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide members facility to exercise their right to vote at the 109th Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services provided by National Securities Depository Limited (NSDL).

       The instructions for e-voting are as under:

Notice (Contd.)

A. In case a Member receives an email from NSDL [for members whose email IDs are registered with the Company/ Depository Participant(s)]:

(i) Open email and open PDF file viz; "Phoenix Mills Limited e-Voting.pdf" with your Client ID or Folio No. as password. The said PDF file contains your user ID and password/PIN for e-voting. Please note that the password is an initial password.

(ii) Launch internet browser by typing the following URL: https://www.evoting.nsdl.com/

(iii) Click on Shareholder - Login

(iv) Put user ID and password as initial password/PIN noted in step (i) above. Click Login.

(v) Password change menu appears. Change the password/PIN with new password of your choice with minimum 8 digits/characters or combination thereof. Note new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

(vi) Home page of e-voting opens. Click on e-Voting: Active Voting Cycles.

(vii) Select "EVEN" of The Phoenix Mills Limited.

(viii) Now you are ready for e-voting as Cast Vote page opens.

(ix) Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.

(x) Upon confirmation, the message "Vote cast successfully" will be displayed.

(xi) Once you have voted on the resolution, you will not be allowed to modify your vote.

(xii) Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/ JPEG Format) of the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail to hsk@ rathiandassociates.com or evoting@highstreetphoenix.com with a copy marked to evoting@nsdl.co.in

B. In case a Member receives physical copy of the Notice of AGM [for members whose email IDs are not registered with the Company/Depository Participants(s) or requesting physical copy]:

(i) Initial password is provided as below/at the bottom of the Attendance Slip for the AGM:
EVEN (E Voting Event Number) USER ID PASSWORD/PIN

(ii) Please follow all steps from Sl. No. (ii) to Sl. No. (xii) above, to cast vote.

II. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the downloads section of www.evoting.nsdl.com

III. If you are already registered with NSDL for e-voting then you can use your existing user ID and password/PIN for casting your vote.

IV. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).

V. The e-voting period commences on 20th August, 2014 (9:30 A.M.) and ends on 22nd August, 2014 (6:00 P.M.). During this period, shareholders of the Company holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 19th August, 2014, may cast their vote electronically. The e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.

Notice (Contd.)

VI. The voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date (record date) of 19th August, 2014.

VII. Mr. Himanshu S. Kamdar, Company Secretary (Membership No. F5171) - Partner M/s. Rathi and Associates, Company Secretaries in practice has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.

VIII. The Scrutinizer shall within a period not exceeding three (3) working days from the conclusion of the e-voting period unblock the votes in the presence of at least two (2) witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.

IX. In terms of Clause 35B of the Listing Agreement, in order to enable its members, who do not have access to e-voting facility, to send their assent or dissent in writing in respect of the resolutions as set out in this Notice, a Ballot Form is annexed. A member desiring to exercise vote by Ballot shall complete the enclosed Ballot Form with assent (for) or dissent (against) and send it to Mr. Himanshu S. Kamdar, Scrutinizer, C/o Link Intime India Private Limited, Unit: The Phoenix Mills Limited, C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (West), Mumbai – 400 078, Tel. No: 022-25946970, Fax No : 022- 25946969, E-mail : rnt.helpdesk@linkintime.co.in so as to reach him on or before 22nd August, 2014 by 6.00 P.M. Any Ballot Form received after the said date shall be treated as if the reply from the Members has not been received.

X. The Results shall be declared on or after the AGM of the Company. The Results declared along with the Scrutinizer's Report shall be placed on the Company's website www.thephoenixmills.com and on the website of NSDL within two(2) days of passing of the resolutions at the AGM of the Company and communicated to the National Stock Exchange of India Ltd. and BSE Limited.

XI. Any grievance in relation to e-voting should be addressed to:
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

14. The certificate from the Statutory Auditors of the Company certifying that the Company's Employee Stock Option Scheme – 2007 is being implemented in accordance with Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and in accordance with the resolutions passed by the members of the Company will be available for inspection by the members at the Annual General Meeting.

15. All documents referred to in the accompanying Notice and the Explanatory Statement shall be open for inspection at the registered office of the Company during normal business hours (9.30 A.M. to 6.00 P.M.) on all working days up to and including the date of the Annual General Meeting of the Company.

On behalf of the Board of Directors

Ashokkumar Ruia
Chairman & Managing Director
DIN:00086762

Place: Mumbai
Date: 28th May, 2014

Notice (Contd.)

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013:

ITEM NOS. 6 to 9

As per the provisions of Section 149 of the Companies Act, 2013 and the Rules made thereunder, an Independent Director shall hold office for a term of upto five consecutive years. In the opinion of the Board, Mr. Amit Dalal, Mr. Sivaramakrishnan Iyer, Mr. Suhail Nathani and Mr. Amit Dabriwala qualify to be Independent Directors in accordance with the conditions specified under Section 149(6) of the Companies Act, 2013 for such appointment.

The Company has received notices in writing from a member of the Company alongwith the deposit of ₹ 100,000/- per notice, as per the provisions of Section 160 of the Companies Act, 2013, signifying his intention to propose the candidatures of Mr. Amit Dalal, Mr. Sivaramakrishnan Iyer, Mr. Suhail Nathani and Mr. Amit Dabriwala respectively, for the office of Directors of the Company.

The copies of notices as aforesaid and a copy of draft letters of appointment of the aforesaid four Directors as Independent Directors, setting out the terms and conditions would be available for inspection at the registered office of the Company on all working days during the business hours till the date of the Annual General Meeting and the said documents shall also be placed at the meeting.

The Board recommends the Resolution to the Members for their approval.

The Directors are interested in items with respect to their respective appointments.

None of the Promoters, other Directors, the Key Managerial Persons or their relatives is concerned or interested, financially or otherwise in the Resolutions at item nos. 6 to 9.

Brief Profiles of Mr. Amit Dalal, Mr. Sivaramakrishnan Iyer, Mr. Suhail Nathani and Mr. Amit Dabriwala are given in the Annexure to this notice.

ITEM NO. 10

The members of the Company at their Annual General Meeting held on 30th September, 2005 approved by way of an Ordinary Resolution under Section 293(1)(d) of the Companies Act, 1956 increase in borrowing powers of the Board over and above the aggregate of paid up share capital and free reserves of the Company provided that the total amount of such borrowings together with the amounts already borrowed and outstanding at any point of time shall not be in excess of ₹ 750 Crores (Rupees Seven Hundred Fifty Crores only).

Section 180(1)(c) of the Companies Act, 2013 effective from 12th September, 2013 states that the Board of Directors shall not borrow money, where the money to borrowed, together with the money already borrowed by the Company, in excess of the Company's paid up share capital and free reserves, apart from temporary loans obtained from the Company's bankers in the ordinary course of business, except with the consent of the members of the Company accorded by way of a Special Resolution. It is, therefore, necessary for the members to pass a Special Resolution under Section 180(1)(c) and other applicable provisions of the Companies Act, 2013, as set out at Item No. 10 of the Notice, to enable the Board of Directors to borrow money in excess of the aggregate of the paid up share capital and free reserves of the Company keeping in view future funding requirement of the Company for expansion plans and for corporate purposes. Approval of members is being sought to borrow money upto ₹ 1250 Crores (Rupees Twelve Hundred Fifty Crores only) in excess of the aggregate of the paid up share capital and free reserves of the Company.

The Board recommends the Resolution to the Members for their approval.

None of the Promoters, Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the resolution set out at Item No. 10.

Notice (Contd.)

ITEM NO. 11

You Company is engaged in an independent mixed use development known as "Phoenix Market City". The Market City projects are funded through a mix of equity, debt and asset sale. Your Company and/or its subsidiaries and associate companies avail of term loans from banking consortiums for ongoing and future projects. As security for such term loan facilities, the banks require the Company to mortgage/charge/hypothecate in their favour, the whole or substantially the whole of its undertaking, i.e. all its immovable and movable properties, both present and future. Sec. 180(1)(a) of the Companies Act, 2013 requires the shareholders of a company to pass a Special Resolution and authorize the Board of Directors to create a mortgage/charge on the whole or substantially the whole of the Company's undertaking for purposes of securing the Company's borrowings.

As such, the Company's Board has, in its meeting held on 28th May, 2014 approved a proposal to obtain an enabling approval from the Company's shareholders u/s 180(1)(a) of the Companies Act, 2013 by way of passing Special Resolution which will authorize the Board of Directors to mortgage/charge/hypothecate the whole or substantially the whole of the Company's undertaking in favour of lending entities as may be required for project financing purposes from time to time. Accordingly, approval of the Shareholders u/s 180(1)(a) of the Companies Act, 2013 is sought to mortgage/charge/hypothecate the whole or substantially the whole of the Company's undertaking in favour of lending entities, as may be required from time to time for the purposes of securing the Company's borrowings up to a sum not exceeding ₹ 1250,00,00,000/- (Rupees Twelve Hundred Fifty Crores only).

The Board recommends the Resolution to the Members for their approval.

None of the Promoters, Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No. 11.

ITEM NO. 12

The term of office of Mr. Kiran Gandhi as the Company's Whole-Time Director expired on 21st April, 2014. As per the recommendation of the Remuneration Committee (Nomination and Remuneration Committee), the Board of Directors of the Company at their meeting held on 30th January, 2014, re-appointed Mr. Kiran Gandhi as the Whole-Time Director of the Company liable to retire by rotation w.e.f 22nd April, 2014 for a further period of two (2) years subject to the provisions of the Companies Act, 2013 ("Act"), and rules made thereunder read with Schedule V of the Act (including any statutory modification(s) or re-enactment thereof) The aforesaid re-appointment of Mr. Kiran Gandhi as the Whole-Time Director would require the consent of the Shareholders of the Company pursuant to Section 196, 197 and other applicable provisions of the Act, rules made thereunder read with Schedule V of the said Act.

The letter setting out the terms of appointment of Mr. Kiran Gandhi shall be open for inspection at the registered office of the Company during normal business hours (9.30 A.M. to 6.00 P.M.) on all working days up to and including the date of the Annual General Meeting of the Company.

The Board recommends the Resolution to the Members for their approval.

Mr. Kiran Gandhi is concerned or interested in the Resolution at Item No. 12 for his re-appointment as Whole-Time Director, to the extent of remuneration being drawn by him from the Company.

None of the Promoters, other Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise, in the resolution set out at Item No. 12.

A brief profile of Mr. Kiran Gandhi is given in the Annexure to the Notice of the Annual General Meeting.

On behalf of the Board of Directors

Ashokkumar Ruia
Chairman & Managing Director
DIN:00086762

Place: Mumbai
Date: 28th May, 2014

Notice (Contd.)

Name	Amit Kumar Dabriwala	Suhail Nathani	Amit Dalal
Age	41 years	49 years	51 years
Qualification	B.Com	M.A. in law from Cambridge University, England & LLM. from Duke University, USA	B.Com, PGDBM
Profile and Experience	Mr. Amitkumar Dabriwala has graduated from the Calcutta University. As a Promoter Director of United Credit Securities Limited (UCSL), a member of the National Stock Exchange, Mr. Dabriwala has been associated with the capital markets since 1996. He was also responsible for setting up the Mumbai branch of United credit Securities Limited. In 2004 he promoted JNR Securities Broking Private Limited which is a member of the Bombay Stock Exchange. Through United Credit group companies he is also involved in real estate development, leasing and hire purchase.	Mr. Nathani is a graduate from Mumbai University with a degree in Commerce and holds a masters degree in law from Cambridge University and an LLM from Duke University in the United States. Mr. Nathani is admitted to practice in India and New York. He is member of the New York State Bar and the U.S. Court of International Trade. He is a founding partner of Economic Laws Practice, a law firm in Mumbai. He practices in the areas of Private Equity, Competition, International Trade and general corporate matters.	Mr. 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. United Credit Securities Limited	1. Development -Credit Bank Limited 2. Piramal Glass Limited	1. Tata Investment Corporation Limited 2. Manugraph India Limited 3. Sutlej Textiles & Industries Limited 4. Milestone Capital Advisors Limited 5. H.L. Investment Company Limited
Details of Chairmanship/ Membership held in Committees of other companies	NIL	1. Development Credit Bank Limited– Member -Audit Committee & Shareholders Grievance Committee.	1. Sutlej Textiles & Industries Limited – Member -Audit Committee & Chairman – Shareholders Grievance Committee. 2. Tata Investment Corporation Limited – Member – Share Transfer & Investor Grievance Committee, Asset Liability Management Committee, Nomination & Remuneration Committee 3. Milestone Capital Advisors Limited – Member – Nomination & Remuneration Committee
Shareholding in the Company as on the date of Notice	NIL	NIL	NIL

Notice (Contd.)

Name	Sivaramakrishnan Iyer	Pradumna Kanodia	Shishir Shrivastava
Age	47 years	49 years	38 years
Qualification	B.Com., FCA	B.Com, CA, CS, PGDM in Sales & Marketing Mgmt.	Graduate from IHM Bengaluru
Profile and Experience	Mr. Sivaramakrishnan Iyer is a qualified Chartered Accountant.He is a practicing partner with Patel Rajeev Siva & Associates in Mumbai with special emphasis on management audit and consultancy. The Firm also specializes in corporate finance and advises companies on debt / equity fund raising, mergers / amalgamations, capital structuring for new / expansion projects etc He is the Chairman of the Audit Committee of the Company and in this capacity, advises the Board on matters that have strategic and financial implications.	Mr. Pradumna Kanodia joined the Company as "Group Chief Financial Officer" in March, 2010. He has more than 20 years of experience in various organizations like Kanoria Dyechem Ltd., Abir Chemicals Ltd., Focus Infosys India (P) Ltd, Sobha Developers Ltd. Prior to joining the Phoenix Group, Mr. Kanodia was associated with Panchshil Realty as Group Chief Financial Officer. He currently heads the Finance and Accounts teams and plays a key role in fund raising, liaisoning with banks for raising debt, etc.	Mr. Shishir Shrivastava graduated from IHM Bengaluru and has served the Phoenix Group entities for the past 15 years in various capacities. His portfolio of responsibilities include being the project manager for the early phases of High Street Phoenix; becoming a founding member of the Company's service and serving as the CEO of the Group's hospitality business since 2008. He has previously worked with the Taj Group of Hotels and Galaxy Entertainment Corporation Limited. He currently oversees several critical functions of the Company including corporate strategy, land acquisition, debt and private equity fund raising, investor relations, legal, business development and the Group's Hospitality Portfolio.
Details of Directorships held in other companies*	1. Edelweiss Trustee Services Limited 2. Man Infraconstruction Limited 3. Praj Industries Limited 4. Praj Highpurity Systems Limited 5. Cineline India Limited	1. Pallazzio Hotels & Leisure Limited	1. Pallazzio Hotels & Leisure Limited
Details of Chairmanship/ Membership held in Committees of other companies	1. Man Infraconstruction Limited- Chairman of Audit Committee & Investor Grievance Committee 2. Praj Industries Limited- Chairman of Investor Grievance Committee & Member of Audit Committee. 3. Praj Highpurity Systems Limited - Member of Audit Committee. 4. Cineline India Limited - Member of Audit Committee.	NIL	1. Pallazzio Hotels & Leisure Limited - Member of Audit Committee.
Shareholding in the Company as on the date of Notice	NIL	NIL	2,200 shares

* The list of companies in which the Directors hold other directorships excludes private, foreign and section 25 companies, if any.

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THE PHOENIX MILLS LIMITED

Registered Office:
462, Senapati Bapat Marg, Lower Parel, Mumbai – 400013, CIN: L17100MH1905PLC000200
Tel: (022) 2496 4307 / 8 / 9 Fax: (022) 2493 8388 Email: info@thephoenixmills.com www.thephoenixmills.com

Form No. MGT-11

PROXY FORM

[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

CIN: L17100MH1905PLC000200
Name of the Company: The Phoenix Mills Limited
Registered office: 462, Senapati Bapat Marg, Lower Parel, Mumbai-400013

Name of the Member(s)	
Address	
Email ID	
DP ID Client Id/ Folio No.	

I/We, being the member (s) of ………… shares of the abovenamed Company, hereby appoint

1. Name: ____________________
Address: ____________________
E-mail Id: ____________________ Signature:____________________ or failing him____________________

2. Name: ____________________
Address: ____________________
E-mail Id: ____________________ Signature:____________________ or failing him____________________

3. Name: ____________________
Address: ____________________
E-mail Id: ____________________ Signature:____________________ or failing him____________________

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 109th Annual General Meeting of the Company, to be held on Tuesday, 26th August, 2014 at 3.30 P.M. at Indian Merchants' Chamber, 4th Floor, Walchand Hirachand Hall, Churchgate, Mumbai - 400020 and at any adjournment thereof in respect of such resolutions as are indicated below:

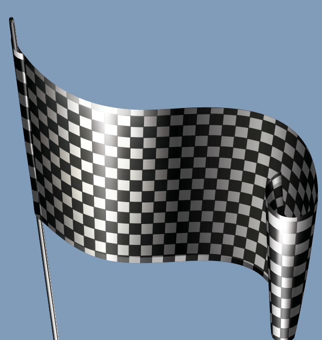
Resolutions:

1) Adoption of financial statement for the year ended 31st March, 2014.
2) Approval of dividend on equity shares.
3) Appointment of a Director in place of Mr. Pradumna Kanodia, who retires by rotation and being eligible, has offered himself for re-appointment.
4) Appointment of a Director in place of Mr. Shishir Shrivastava, who retires by rotation and being eligible, has offered himself for re-appointment.
5) Appointment of M/s. A.M.Ghelani & Company, Chartered Accountants and M/s. Chaturvedi & Shah, Chartered Accountants as Statutory Auditors for the FY 2014-15.
6) Appointment of Mr. Amit Dalal as an Independent Director.
7) Appointment of Mr. Sivaramakrishnan Iyer as an Independent Director.
8) Appointment of Mr. Suhail Nathani as an Independent Director.
9) Appointment of Mr. Amit Dabriwala as an Independent Director.
10) Power to borrow monies in excess of paid up capital and free reserves of the Company in terms of section 180(1)(c) of the Companies Act, 2013.
11) Power to create security in excess of paid up capital and free reserves of the Company in terms of section 180(1)(a) of the Companies Act, 2013.
12) Re-appointment of Mr. Kiran Gandhi as the Whole-Time Director of the Company for a period of two years w.e.f 22nd April, 2014.

Signed this________________day of_______ 20__________
Signature of shareholder ____________________________
Signature of Proxy holder(s) _________________________

Affix Re. 1 revenue Stamp

Note: This form of proxy in order to be effective should be duly completed and deposited at the registered office of the Company, not less than 48 hours before the commencement of the meeting. A shareholder/Proxy may vote either for or against the aforesaid resolutions.



POLE Position

ANNUAL REPORT 2013-14

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

THE PHOENIX
MILLS LIMITED

Corp. Office : Shree Laxmi Woolen Mills Estate, 2nd Floor,
R.R Hosiery, Off. Dr. E. Moses Rd. Mahalaxmi, Mumbai - 400 011
Tel: (022) 3001 6600 Fax : (022) 3001 6601
CIN No. : L17100MH1905PLC000200

FORM A

1.	Name of the Company	The Phoenix Mills Limited Regd. Off.: 462, Senapati Bapat, Marg, Lower Parel, Mumbai -400013
2.	Annual financial statements for the year ended	March 31, 2014
3.	Type of Audit observation	~~Un-qualified~~/ Matter of Emphasis
4.	Frequency of observation	~~N.A~~ First time
5.	Signed by- **Chairman & Managing Director** **CFO** **Statutory Auditor of the Company** **Statutory Auditor of the Company** **Audit Committee Chairman**	**Mr. Ashokkumar Ruia** **Mr. Pradumna Kanodia** For A.M.Ghelani & Co., Chartered Accountants Firm Registration No. 103173W **Mr. Chintan A Ghelani** Partner Membership No. 104391 For Chaturvedi & Shah, Chartered Accountants Firm Registration No. 101720W **Mr. Amit Chaturvedi** Partner Membership No. 103141 **Mr. Sivaramakrishnan Iyer**

THE PHOENIX MILLS LIMITED