

PROZONE CSC

BUILT TO LAST

ANNUAL REPORT 2013



Driven by a focus on execution and led by internationally experienced teams, our business model will unleash cash flows and unlock value to deliver sustained long term growth



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VISION

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



Prozone CSC is a specialist retail and residential-led mixed-use real estate development company, harnessing Intu Properties plc (formerly Capital Shopping Centres plc) experience as UK's largest retail real estate developer combined with Provogue (India) Ltd's in-depth knowledge of the Indian market. The company has a strong balance sheet, a large land bank fully paid, a planned pipeline of projects and a strong domestic execution team. Intu Properties plc is a FTSE 100 Company listed in UK and has an asset valuation of more than 7 billion pounds. Intu Properties plc owns 14 properties, 10 of the top 25

shopping centers with a dominant market share. Two senior board members of Intu sit on the board of Prozone CSC.

The business model is to acquire large land parcels at select locations in high growth corridors within city limits. Subsequently design, develop, execute and manage high quality Regional Shopping and Entertainment Centres and on the conjugant land bank to develop and sell mixed-use Residential Townships and Commercial Office Blocks to create new 'city centres' across the rapidly evolving Indian urban landscape.

The plan is to develop long term scarce assets with properties that optimize the intrinsic value of the land with sale of Residential and Commercial units to monetize the land banks facilitating the creation of debt-free retail assets generating annuity income over the long term. As India's retail market matures, quality retail real estate assets are expected to develop high yield compression ratios.

Prozone CSC has attracted investments from major institutional investors, notably the Triangle Fund (anchored by Old Mutual Group, South Africa) and the Lewis Trust

Group, UK.

The Company owns six land banks in strategic city locations across the country comprising a total of 17.8 million square feet of developable area. By 2017, In the next 3-4 years, Prozone CSC forecasts to develop 2.2 million square feet of retail assets, plus 9.7 million square feet of mixed-use assets, with a balance of 6 million square feet of FSI, on its existing land banks, available for further development. The company has achieved financial closure on construction finance required for projects in the pipeline.

LETTER TO SHAREHOLDERS ▼

Dear Shareholders

It's my pleasure to share with you our performance and future plans in Prozone CSC's 1st year as an independent listed company.

Our overarching vision is to develop new urban hubs, consisting of shopping malls, residential colonies and modern office blocks that evolve as India's new urban centres. 4 projects are at various stages of execution in Aurangabad, Coimbatore, Nagpur and Indore. The company has a sound, almost debt free balance sheet and has achieved closure on construction finance required for projects in the pipeline.

Our priority now is on execution of the projects in hand.

Operations Report

The Aurangabad mall trading densities have exhibited steady growth. Against the backdrop of a tough retail market we've increased our marketing efforts to ensure we continue to add footfall, which is currently over 600,000 per month, and as a result we continue to increase our market share in the city.

The first commercial office tower in Aurangabad of 190,000 square feet, which was presold, is under construction but as the commercial market is sluggish we're waiting for completion of the 1st phase before launching phase 2. We've also earmarked 55,000 square feet in the lower ground floor to develop a community street market called 'Saral Bazaar', which is 75% sold out and also under construction. Both these projects will be delivered within FY14 and when operational will help to consolidate our position as the new city centre of Aurangabad.

In Nagpur, construction of the residential sales office, sample flat and site infrastructure has been completed. The residential project pre-Launch was extremely well received with sales of 292 units, because we were able to exhibit the quality of the product at competitive prices within the vicinity. The clubhouse and infrastructure, now under development, is enabling us to command a premium and better absorption for the project. We will begin the first phase of construction this financial year.

In Indore, construction of the residential sales office, sample flat and site infrastructure is almost completed and the clubhouse is now under construction. We will also launch phase I of the project within this financial year.

In Coimbatore, the mall design is completed, commitments from key anchors are in place and work has started on the site. Design is also completed for the residential township and the

sales office, show flat, clubhouse and landscape infrastructure is under construction.

Our focus is on a carefully phased execution plan, attuned to market demand, and we expect these projects to begin generating strong cash flows this year.

India's Economic Backdrop

Despite slower recovery of the Indian economy than hoped, with key economic indicators such as Current Account Deficit (CAD) at almost 5.5% of GDP and inflation at over 10% remaining high, plus pressure on the Indian Rupee, real estate businesses must take a longer term view of the market in light of the gestation periods required to fructify value.

We believe that India's economic fundamentals in the long term are driven by three key factors:

a) Rapid urbanisation with over 50% of the population forecast to be urbanised by 2020, from current level of 29%

b) The high youth population forecast to fuel growth of the consuming class from 300 to 500 million people in the next 5 years with per capita income estimated to grow at 13% pa, and

c) A savings-driven economy; as India has no real social security system, the propensity is to buy homes as protection for the future. Over 50% of Indian savings, projected to be \$10 trillion over the next 10 years, is expected to be invested in residential real estate.

The combination of these factors fuels aspects of the entire economy. The landscape of India is changing as urbanisation gives rise to new major cities emerging in Tier II and III sectors. This is creating a housing supply/demand imbalance, currently 18.8 million units, expected to last for a decade or more. In turn this spins-off growth of related industries such as cement and steel for construction as well as urban infrastructure.

The evolving consumer class is also spearheading growth of the retail market, forecast to reach \$1,000 billion by 2020 from the current \$490 billion. As 64% of India's GDP is from consumption, with retail and services the biggest drivers, GDP growth estimated at about 5% for FY14, is expected to reach 8-9% through 2020.

Business Model

Retail infrastructure can become one of the most valuable, 'sticky' assets in a real estate portfolio over the long term. Our core business is to be a leader in regional shopping and entertainment centres, built on a horizontal design with ample parking on large tracts of land in high growth 'edge of town' corridors, supported by excellent infrastructure development.

We treat retail as long term assets on a build to lease model occupying about 25% of FSI and generating high value annuity income. We utilize residential and offices as short term assets on a build to sell model occupying 75% of FSI to generate cash flows, which support the construction capex of retail enabling debt retirement sooner, and the surplus cash flows fuel future growth.

Development Strategy

We have developed key differentiators that meet customers' needs and give Prozone CSC a distinct USP. Our strategy is to anchor each scheme with required site infrastructure and facilities first and have the required documentation in place before we launch a project. Thus exhibiting the quality of our schemes and ensuring on-time delivery.

In residential colonies, we believe that luxury is in the details, so every aspect of design and development is planned 'inside-out' to the minutest detail. Homes are developed in large open-spaces to international standards of quality and features, incorporating privacy and security for the family in an aspirational environment. We complete the clubhouse, show flats, infrastructure and landscaping first before launching a project to exhibit the quality of the development, which results in more rapid sales and value escalation in subsequent phases.

We design and develop large-scale regional shopping centres that are convenient, comfortable and safe. Overall, we aim to provide people with the perfect mix of shopping and entertainment experiences allowing us to nurture enduring relationships with retailers that deliver long-term growth for our retail vertical.

Always our primary concern is to protect the investment portfolio through prudent analysis of markets and careful deployment of finances.

Financial Performance

The company achieved consolidated operational income of Rs. 77.21 crores and other income of Rs. 6.79 crores in FY13. The major portion of these revenues came from Aurangabad's retail rental income and sales of commercial units plus sales of the residential units in Nagpur. The next phase of projects being executed this year will increase revenues for FY14.

We benefit enormously from the knowledge and expertise of our Board and our strategic investors, the Triangle Fund and the Lewis Trust Group, whose continued support is greatly appreciated. I'm also grateful to all our employees throughout the company for their dedication to achieve excellence in all that we take on.

We're poised to unlock the value that we've carefully put in place over the years and I'm sure that we have created a world-class company that is 'built to last'.

With best wishes,

Nikhil Chaturvedi
Managing Director



“ With a land bank of 17.8 million square feet fully paid, our focus now is on execution to unlock value in a carefully phased plan

LETTER TO SHAREHOLDERS ▼

Dear Shareholders

Prozone CSC is a young company, just 7 years old, and this is our 1st year of operations as an independent listed enterprise, but we draw upon decades of experience through our unique partnership with Intu Properties plc (formerly Capital Shopping Centres plc). Prozone harnesses Intu's over 35 years of international experience across real estate sectors and a proven track record of solid financial performance and consistent delivery with Provogue (India) Ltd's 15 years in-depth knowledge of the Indian market.

We have one overarching objective that influences our decisions and actions. That goal is simply to be the best specialist mixed-use property development company in India. We don't have to be the largest, just the best. It means bringing value to our customers and ensuring sustainable shareholder returns. It also means a rigorous focus on quality in all its aspects, transparency in our dealings and fostering a culture of inclusiveness, mentorship and learning to make Prozone CSC the best and most rewarding place to work in the industry.

The sum of these parts means a culture of continuous enhancement of business quality and performance to ensure that Prozone CSC will maintain its growth and profitability record over the long term.

We live today in a rapidly evolving marketplace and an economic environment that has been through its most tested period in memory. Businesses who can learn from this are the ones that will shine into the future. It is not enough to rely on what we've built so far, but to constantly explore new frontiers, innovate and invest passionately in the future.

In my letter this year I will share with you the opportunities and performance of our Residential and Commercial real estate verticals.

Our Promise

Our overarching promise is to deliver our projects on-time and to exceed our customers' expectations on design and the quality of finishings, services and amenities. To ensure we keep this promise, we only launch projects when all required documentation is in place. We strive to

create aspirational developments in the residential and commercial sectors that we believe have distinctive designs and functionalities to enhance our brand and reputation, which enable us to sell our units faster and at a premium to other competing developments.

Market Opportunities

There is a large supply/demand gap in the mid-level residential sector, especially in Tier II & III cities as well as selected development corridors in the major metros. For example in 2013 there is an undersupply of 18.8 million residential units in India and this gap is not expected to close due to the rapid urbanization that will drive 300 million more people to urban centres by 2020. This presents an opportunity for us to develop residential-led mixed-use developments and unlock cash flows that can be used to develop retail on adjacent land and for future investment.

Despite excess inventory in the commercial sector, pockets of supply/demand imbalance exist - and can be created through the mixed-use model. Experience from other markets has proven that people want to walk to work and live nearby to great retail and entertainment destinations. Companies are also keen to move their offices into these locations as it attracts and retains the best workforce. For example, at our first office tower in Aurangabad, The Prozone Trade Centre, we sold 96% of 190,000 square feet in the first week.

Performance Outlook

Our residential and commercial portfolio will anchor the company's balance sheet to create a world-class company with large headroom for growth.

With a land bank of 17.9 million square feet of constructible area fully paid, and with 4 projects now underway, we are poised to unlock greater cash flows this year from our residential and commercial portfolio and extend our retail footprint. The developments in Aurangabad, Nagpur, Coimbatore and Indore are being carefully phased to improve realizations at each stage. Once these are completed, we will have residual balance FSI primed for further development at scarce land values.

The developments under execution will mature by 2015 and as new projects take 2-3 years to fructify,

we are alert to other land parcel opportunities at a time when attractive options are available because of the tightening in the economy.

Invaluable Relationships

We benefit enormously from the hands-on partnerships with Intu Properties plc, Triangle Real Estate India Fund and LTG International.

Triangle Real Estate India Fund, co-promoted by ICS Realty Group and Old Mutual Investment Group Property Investments is an investor in our project-specific SPVs for the Aurangabad, Coimbatore and Nagpur locations. Similarly, LTG International, promoted by Lewis Trust Group, an investment company that operates retail stores, real estate, wealth management business and hotels globally, is also an investor in the same portfolio.

We're also proud of our experienced and well-qualified professional teams in architecture, engineering, construction, project supervision, finance and accounting, marketing and sales. This strong in-house management group works with renowned consultants and contractors with proven track records to deliver and manage the quality, scheduling and cost of materials in our projects.

After 7 years of preparation and incubation, we stand poised to unlock the value we've promised and I'm confident of a great future. Our strong, almost debt free balance sheet, shields us from the economic uncertainties that many other developers must face in today's market. Our job this year is all about execution. We're ready, and the best is yet to come.

We have a resolute determination to seek out excellence in all that we do. We have created a sound business model but this must go hand-in-hand with the ability to not only sustain every aspect of quality and performance but to maintain the vision and the will to deliver it. We must always be alert for change and better ways of doing things. It is this combination that determines a Company's character, its culture of inclusiveness, empowerment, innovation and a thirst for continual improvement. That mission is our DNA; that is Prozone CSC.

Sincerely,

Salil Chaturvedi
Deputy Managing Director



“Our residential and commercial portfolio will anchor the company's balance sheet to create a world-class company with large headroom for growth

CORPORATE INFORMATION ▼

Board of Directors

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

Company Secretary

Ms Snehal Bansode

Statutory Auditors

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

Bankers

Corporation Bank
HDFC Bank Limited

Registered Office and Corporate Office

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

Registrar & Transfer Agent

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

E-mail ID for Investors' Grievance

investorservice@preozonecsc.com

BOARD OF DIRECTORS ▼

Nikhil Chaturvedi

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

Salil Chaturvedi

Deputy Managing Director, Salil leads corporate strategy of the Company from a track record of spearheading successful business development across sectors. He is also responsible for the new asset class initiatives in the residential and commercial sectors

David Fischel (Non Executive Director)

David Fischel is the Chief Executive of Intu Properties plc and has led the Company's development for over 21 years, including its conversion to one of the top 20 REITs in the world. He is today, one of the most respected retail property professionals of his generation

John Abel (Non Executive Director)

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

Punit Goenka

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

Rajiv Singh

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



BUSINESS PHILOSOPHY

Providing customers with world-class quality and experience is the core philosophy behind Prozone CSC.

Regional Shopping centres are designed and developed to be convenient, comfortable and safe. Overall we aim to provide people with the perfect shopping experience allowing us to nurture enduring relationships with retailers that delivers long-term growth for our retail vertical.

We believe that luxury is in the details, so every aspect of design and development is planned 'inside-out' to the minutest detail. Residential townships are planned in large open-spaces to the highest quality standards, with world-class features, delivered on time to create affordable luxury residences in India's booming new urban landscape.

Typically the business strategy is to utilize 75% of the land as Residential & Commercial on a Build & Sell model and 25% of the land to developed Retail on a Build & Lease Model. Cash flows from the sale of Residential and Commercial support the construction capex of Retail assets enabling debt retirement sooner and the surplus cash flows fuel future growth.



CONSUMPTION-LED REAL ESTATE ▼

India is a unique opportunity having 17% of the world's population but only 3% of the world's landmass and 25% of the world's youth under 25, with 54% of India below 25 years and 72% below 35 years. Youth is the trustee of prosperity and our modern society is an 'earn and spend' culture unlike the older generation.

India is also experiencing massive urbanization with over 50% of the population expected to be urbanized by 2020, from current level of 29%. This will result in over 300 million new people flocking to urban centres thereby fuelling demand as society shifts to a nuclear family culture. This rapid urbanization is changing the urban landscape as large cities such as Mumbai and Delhi are choked giving rise to the emergence of many Tier II and III cities as India's new urban metros.

In a savings driven economy, and with no real social security system, the propensity is to buy homes as protection for the future. Over 50% of India's projected savings of \$10 trillion over the next 10 years is expected to be invested in residential real estate.

The combination of these three forces fuels consumption and is creating an urban housing supply/demand gap that is forecast to last for a decade or more. This unveils huge opportunities to develop affordable, luxury residential real estate across the Indian landscape.

India has one of the highest growth retail sectors in the world with youth being the main driver behind



CONSUMPTION-LED REAL ESTATE ▼

the robust long term consumption story. Retail is the prime driver of the new Indian economy and represents approximately two-thirds of overall consumption. At \$490 bn in 2013 retail is forecast to grow to \$1,000 bn by 2020 and with 100% FDI now allowed for single brand retail and 51% FDI allowed for multi-brand, the entry of foreign players is spurring growth of the organised retail sector. Organised retail is currently only 5.5% of the total but is growing at approximately 20% per annum leading to strong demand for quality retail infrastructure.

REGIONAL SHOPPING CENTRES

Large scale Regional Shopping Centres provide shoppers with all their needs, in one place for the whole family. By developing and actively managing our centres to offer the right mix of retail, leisure and catering we deliver compelling destinations for shoppers and become the landlord that retailers want to do business with. Our mall management philosophy is to develop a powerful footfall, and to ensure our centres provide the right trading environment for the community. This results in attracting a broad cross section of retailers in order to create long-term and sustainable growth in net rental income.

Prozone Aurangabad mall was successfully launched in October 2010. Anchored by India's leading retailers, the

mall is operating with 79% of its retail spaces filled. In a city of 1 million people, the mall is averaging 600,000 customer visits per month and is acclaimed as the major shopping and entertainment hub for the Marathwada region of Maharashtra. Two more projects are in advanced stages of design and preparation in Nagpur and Coimbatore.

RESIDENTIAL COLONIES

In a market where there are concerns related to delivery of residential real estate, our differentiated strategy is to develop and have in place all site infrastructure, landscaping and the clubhouse before we launch the project.

The mission is to create aspirational living environments with all modern amenities to luxury standards on the lines of successful international models. Prozone Residences are designed not just as a way of living, but also as a lifestyle.

We believe in designing homes from the inside out, keeping in mind the dwellers perspective. The overall deliverable is a gated community with a traffic free landscape, uninterrupted views, privacy and a safe & secure environment for the family.

We design timeless facades in a way that the elevation of the building remains



SALES OFFICE



SALES OFFICE



SALES OFFICE



SALES OFFICE



SALES OFFICE



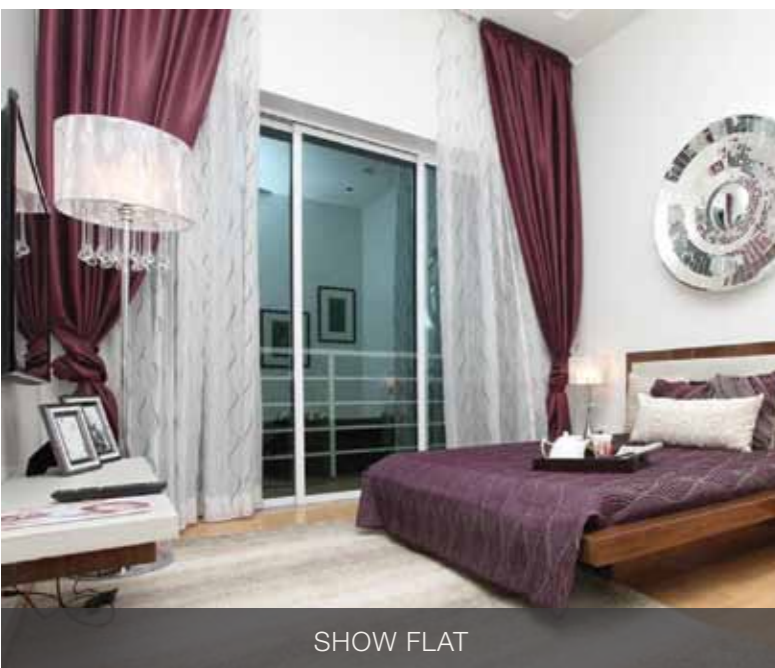
SALES OFFICE



GRAND ENTRANCE



CLUBHOUSE



SHOW FLAT



SHOW FLAT



SHOW FLAT



SHOW FLAT

clutter free. Our attention to the details and convenience finds expression in spacious living rooms, which open in to delightful sundecks and Master bedrooms with grand walk-in wardrobes.

Private sun decks attached to the living rooms, luxurious French windows in all rooms ensure ample natural light and ventilation for the home. We understand the desire for privacy and we have therefore sacrificed additional residential structures and increased the distance between buildings just so that no two apartments look in to each other.

A members-only residential club of around 40,000 square feet with 4 acres of landscaping incorporating banqueting, swimming pool, Jacuzzi, spa/sauna, outdoor games like lawn tennis, cricket practice net, basketball and indoor games like squash and badminton make Prozone residential colonies an ideal family centric community.

The landscape areas are adorned with walking/jogging paths and meditation areas, outdoor dining gazebos, amphitheatres and more plus separate play areas for kids, free from vehicular movement ensuring safety for the children.

Prozone townships provide high level security such as swipe card entry for residents, video door phone, security passes for maids & service staff, intercom

connectivity, advanced fire fighting systems, high speed elevators with automatic rescue devices and 24 hour power back-up for elevators and common areas.

Three residential colonies are in various stages on development in Indore, Nagpur and Coimbatore will be launched in FY14.

COMMERCIAL OFFICES

Experience from other markets has proven that people want to walk to work and live nearby to great retail and entertainment destinations. Companies are also keen to move their offices into these locations as it attracts and retains the best workforce. Commercial developments therefore form the third tier of Prozone CSC's development model, designed to create India's new city centres.

In Aurangabad, the first commercial office tower above the mall of 190,000 square feet was pre-sold within its first week of launch and construction is well advanced.

INTU PROPERTIES PLC ▼

Intu Properties plc (formerly Capital Shopping Centres Group plc) is the leading specialist developer, owner and manager of pre-eminent regional shopping centres including 10 of the top 25 centres in the UK. At 31 December 2012 Intu owned 14 regional shopping centres spanning over 16 million square feet, attracting over 320 million shopper visits per annum, valued at approximately £7 billion.

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

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



David Fischel, Chief Executive, Intu Properties Plc

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



John Abel, Director, Intu Properties Plc

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



CORPORATE SOCIAL RESPONSIBILITY ▼



WORLD EARTH DAY



BLOOD DONATION CAMP



HAPPY EARTH DRIVE



GOD'S SPECIAL CHILDREN



GOD'S SPECIAL CHILDREN



KHEL KHEL MEIN FOUNDATION



GOD'S SPECIAL CHILDREN



WORLD EARTH DAY



HAPPY EARTH DRIVE

FOCUS ON THE LOCAL COMMUNITY

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

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

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

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

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

Free Eye Care Camp - in association with the Wolkhardt Foundation

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



HAPPY EARTH DRIVE



WORLD EARTH DAY



EYE CARE CAMP



GOD'S SPECIAL CHILDREN



FINANCIAL SECTION ▼

NOTICE

Notice is hereby given that the 6th Annual General Meeting of the members of Prozone Capital Shopping Centres Limited will be held on Monday, 30th September, 2013 at 12.00 p.m. at Eden Hall, The Classique Club, behind Infinity Mall, New Link Road, Andheri (West), Mumbai 400053 to transact the following business:

As ordinary business:

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 2013, the Profit & Loss Account and Cash Flow Statement for the year ended on that date along with the Reports of the Directors' and Auditors' thereon.
2. To appoint a Director in place of **Mr. Punit Goenka**, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of **Mr. Rajiv Singh**, who retires by rotation and being eligible, offers himself for re-appointment.
4. To re-appoint M/s Singrodia Goyal & Co., Chartered Accountants as Statutory Auditors [Firm Registration No. 112081W] of the Company who shall hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and fix their remuneration.
5. Members/ Proxies should bring the Attendance Slip duly filled in for attending the meeting along with their copy of Annual Report to the meeting.
6. The Register of Members and Share Transfer Books of the Company will remain closed from Monday, 23rd September, 2013 to Monday, 30th September, 2013 (both days inclusive).
7. Corporate Members intending to send their authorised representatives are requested to send a duly certified copy of the Board Resolution authorizing their representatives to attend and vote at the Annual General Meeting.
8. Members seeking any information or clarification on the Annual Report are requested to send in written queries to the Company at least one week before the meeting to enable the Company to compile the information and provide replies at the meeting.
9. All documents referred to in the accompanying Notice are open for inspection at the Registered Office of the Company during the office hours on all working days between 11.00 a.m. and 1.00 p.m. upto the date of Annual General Meeting.
10. The Annual report of the Company circulated to the members of the Company is also available at the Company's Website i.e. www.prozonecsc.com
11. In view of the 'Green Initiative in Corporate Governance' introduced by the Ministry of Corporate Affairs vide its Circular No.17/2011 dated 21.04.2011, **all members who have not registered their e-mail IDs with the Company or its Registrar & Share Transfer Agent so far**, are requested to register their e-mail IDs, so as to enable the Company to send all notices/reports/documents/intimations and other correspondences etc. through e-mails., in the electronic mode instead of receiving physical copies of the same. For registering your e-mail IDs, a form is provided for updation towards the end of this notice. Members holding shares in demat mode, who have not registered their e-mail IDs with DPs, are requested to register/update their e-mail IDs with their DPs.
12. As required under clause 49 of the Listing Agreement, the relevant information in respect of the Directors seeking reappointment at the Annual general Meeting are attached hereto.

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

Date: 10th May, 2013

Nikhil Chaturvedi

Place: Mumbai

Managing Director

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.
2. **The Proxies in order to be valid must be deposited with the Company at its Registered Office not less than 48 hours before the commencement of the meeting. No photocopy/ scanned copy of the completed proxy form will be accepted.**

**DETAILS OF DIRECTORS SEEKING RE-APPOINTMENT IN 6TH ANNUAL GENERAL MEETING
(PURSUANT TO CLAUSE 49 OF THE LISTING AGREEMENT)**

Name of the Director	Mr. Punit Goenka
Date of Birth	20.06.1975
Date of first appointment	20.04.2012
Qualification	B.com, P.G in Management
Area of expertise	Mr. Punit Goenka, Director of Essel Group, is the CEO of Zee Entertainment Enterprises Limited and manages one of India's most successful TV and Media businesses. He has an extensive and diversified background in the areas of media, entertainment and telecommunications across global markets. He brings a fresh and valuable contribution to the Board.
Shareholding of director	NIL
Directors' Inter-se relationship	N.A.
Years of experience	15 years
No. of Board Meetings attended during FY	2

Directorships held in public Companies including private companies which are subsidiaries of public companies (excluding foreign and private companies) and details of memberships and chairmanships in Committees:

Name of Company	Details of Committee & Position
Provogue (India) Limited	Chairman - Audit Committee Chairman - Remuneration Committee
Prozone Capital Shopping Centres Limited	Chairman - Audit Committee Member - Shareholders & Investors Grievance Committee
Zee Entertainment Enterprises Limited	Member - Share Transfer & Investors Grievance Committee
Zee News Limited	Member - Audit Committee Member - Share Transfer & Investors Grievance Committee
Essel Infraprojects Limited	
Essel Ship Breaking Limited	
Essel Damoh-Jabalpur Toll Roads Limited	
Essel Sagar Damoh Tolls Limited	
Zee Sports Limited	
Adhikaar Foundation	
Diligent Media Corporation Limited	
Zee Turner Limited	

Name of the Director	Mr. Rajiv Singh
Date of Birth	07.03.1973
Date of first appointment	20.04.2012
Qualification	B.com, MBA-Finance
Area of expertise	Mr. Rajiv Singh is the director - finance of the Karamtara group of companies. He holds a Bachelor of Commerce degree from Mithibai College, Mumbai and a MBA-Finance degree from the European University in Switzerland.
Shareholding of director	NIL
Directors' Inter-se relationship	N.A.
Years of experience	15 years
No. of Board Meetings attended during FY	3
Directorships held in public Companies including private companies which are subsidiaries of public companies (excluding foreign and private companies) and details of memberships and chairmanships in Committees:	
Name of Company	Details of Committee & Position
Prozone Capital Shopping Centres Limited	Chairman - Shareholders & Investors Grievance Committee Member - Audit Committee
Alliance Mall Developers Co. Pvt. Ltd.	-

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

Date: 10th May, 2013
Place: Mumbai

Nikhil Chaturvedi
Managing Director

PROZONE CAPITAL SHOPPING CENTRES LIMITED

Registered Office: 105/106, Provogue House, 1st Floor, Off New Link Road, Andheri (W), Mumbai 400053

E-MAIL IDs REGISTRATION FORM

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

E-mail ID :

Yours truly,

Signature :

Name :

Address :

.....

.....

DIRECTORS' REPORT

To the Members, Prozone Capital Shopping Centres Limited

Your Directors have pleasure in presenting their report on the business and operations of your Company for the year ended March 31, 2013.

FINANCIAL RESULTS

(₹ in Lakhs)

Particulars	Current Year 31.03.2013	Previous Year 31.03.2012
Income from Operations	726.51	789.73
Other Income	1141.89	651.42
Total Income	1868.40	1445.15
Total Expenditure	1713.14	1141.66
Profit before taxation & exceptional items	155.26	299.49
Less: Exceptional items	-	358.23
Profit/(loss) before Tax	155.26	(58.74)
Less: Tax expenses	19.93	144.32
Profit/ (loss) after Tax for the year	135.33	(203.06)

PERFORMANCE REVIEW

The Company's gross (total) income for the financial year ended 31st March, 2013 increased to ₹ 1868.40 Crore from ₹ 1445.15 Crore in the previous year. The profit before tax increased to ₹ 155.26 Crore against loss of ₹ 58.74 Crore in the previous year. The profit after tax increased to ₹ 135.33 Crore against loss of ₹ 203.06 Crore in the previous year.

LISTING

During the financial year under consideration 15,26,02,883 equity shares of the Company got listed on The BSE Limited (BSE) and The National Stock Exchange of India Ltd. (NSE) on 12th September, 2012. The Company has paid the listing fee for the year 2013 -14.

SUBSIDIARY COMPANIES

The Company has 11 subsidiary companies as on 31st March, 2013 including step-down subsidiaries. The names of direct subsidiary companies are as follows:

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

The step-down subsidiary companies are:

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

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

The annual accounts of the subsidiary companies along with the related detailed information are available for inspection by the shareholders of the Company and its subsidiary companies during business hours at the respective registered offices of Company and subsidiary companies. Copies of the audited accounts of the company's subsidiaries can be sought by any member by making a written request addressed to the Company Secretary of the company at registered office of the Company.

CONSOLIDATED FINANCIAL STATEMENT

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

DIRECTORS

Pursuant to the provisions of section 255 and 256 of the Companies Act, 1956, the office of Mr. Punit Goenka and Mr. Rajiv Singh, Independent Directors are liable to retire by rotation at the ensuing Annual General Meeting, and being eligible, they have offered themselves for re-appointment. The Board recommends their re-appointment.

A brief resume of directors retiring by rotation at the ensuing AGM, nature of expertise in specific functional areas and name of companies in which they hold directorship and/or membership/ chairmanships of committees of the respective Boards, shareholding and relationship between directorship inter-se as stipulated

under clause 49 of the Listing Agreement, is given in the section of notice of AGM forming part of the Annual Report.

AUDIT COMMITTEE

In accordance with Clause 49 of the Listing Agreement read with section 292A of the Companies Act, 1956, Company has constituted an Audit Committee, which consists of two Independent non-executive directors namely; Mr. Punit Goenka, Chairman, Mr. Rajiv Singh and one executive director i.e. Mr. Salil Chaturvedi. The Audit Committee functions in terms of the role and powers delegated by the Board of Directors keeping in view the provisions of Clause 49 of the Listing Agreement and Section 292A of the Companies Act, 1956.

CORPORATE GOVERNANCE

Report on Corporate Governance of the Company for the year under review, as per the requirements of Clause 49 of the Listing Agreement(s), have been given under a separate section and forms part of this Annual Report.

MANAGEMENT DISCUSSION AND ANALYSIS

A detailed review of operations, performance and future outlook of the Company and its business, as stipulated under clause 49 of the Listing Agreement, is presented in a separate section forming part of Annual Report under the head 'Management Discussion and Analysis'.

AUDITORS

The Auditors M/s Singrodia Goyal & Co., Chartered Accountants, Mumbai hold the office upto the conclusion of the ensuing Annual General Meeting. The Company has received a written consent alongwith a certificate from them to the effect that their appointment, if made, would be within the limits as prescribed in section 224 (1-B) of the Companies Act, 1956 and they are not disqualified from such appointment within the meaning of section 226 of the Companies Act, 1956. The Board recommends their reappointment.

The observations and comments given by the Auditors in their report read together with note to Accounts are self explanatory and hence do not call for any further comments under section 217 of the Companies Act, 1956.

FIXED DEPOSITS

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

PARTICULARS OF EMPLOYEES UNDER SECTION 217(2A)

In terms of the provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended, the names and other particulars of the employees are set out in the annexure to the Directors' Report. However, having regard to the provisions of Section 219(1)(b) (iv) of the said Act, the Annual Report excluding the aforesaid information is being sent to all the members of the Company and others entitled thereto. Any member interested in obtaining such particulars may write to the Company Secretary at the registered office of the Company.

DIRECTORS' RESPONSIBILITY STATEMENT

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

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

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

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

GREEN INITIATIVE IN THE CORPORATE GOVERNANCE

In view of the 'Green Initiative in Corporate Governance' introduced by the Ministry of Corporate Affairs vide its circular no. 17/2011 dated 21.04.2011, all members

who have not registered their e-mail IDs with the Company or its 'Registrar and Share Transfer Agent' (RTA), are requested to register their e-mail IDs with the Company or RTA, so as to enable the company to send all notices/reports/documents/intimations and other correspondences etc. through e-mails, in the electronic mode instead of physical copies of the same. A specimen of request form for registering e-mail IDs to be filled and submitted by the members to the Registrar & Transfer Agent or the Company is given below the notice of the AGM.

CLAUSE 5A OF THE LISTING AGREEMENT

Pursuant to 'Composite Scheme of Arrangement and Amalgamation' ('The Scheme') between Provogue (India) Limited ('Provogue' or 'Demerged Company'), Prozone Enterprises Private Limited ('PEPL' or 'Transferor Company') and the Company ('Transferee Company') approved by Hon'ble High Court of Bombay on 10th February, 2012, the Company on 12th March, 2012 made allotment to shareholders of 'Provogue' in exchange ratio of 1:1.

Prior to the said allotment by the Company, 3400 shares of 'Provogue' were lying in suspense account as unclaimed by shareholders of Provogue. The Company, in pursuance of the Scheme, allotted same number of shares to the same shareholders of 'Provogue', and treated the same as unclaimed shares. The shares of

the Company got listed on Stock Exchanges on 12th September, 2012, hence the Company is in process of complying with the requirements of Clause 5A of the Listing Agreement and shall be Crediting the same to 'Suspense Account' of the Company in due course.

ELECTRONIC FILING

The Company periodically uploads the Annual Reports, Financial Results, Shareholding Pattern, Corporate Governance Reports etc. and other information on its website viz. www.prozonecsc.com.

ACKNOWLEDGEMENT

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

For and on behalf of Board of Director

Date: 10th May, 2013 **Nikhil Chaturvedi** **Salil Chaturvedi**
Place: Mumbai Managing Director Dy. Managing Director

MANAGEMENT DISCUSSION AND ANALYSIS

ECONOMIC OVERVIEW

India is expected to record 5.7 per cent GDP growth during year ending December 2013. The growth is expected to increase further to 6.7 per cent in 2014-15, according to the World Bank's latest India Development Update, a bi-annual report on the Indian economy.

Indian companies have invested US\$ 1.65 billion abroad in February 2013, according to data released by Reserve Bank of India (RBI). Moreover, India was among the top 20 real estate investment markets globally with investment volume of ₹ 190 billion (US\$ 3.46 billion) recorded in 2012, according to Cushman & Wakefield's report 'International Investment Atlas'.

India's services sector has emerged as a prominent sector in terms of its contribution to national and state incomes, a comparison of the services performance done across the top 15 countries over the 11 year period from 2001 to 2011. India stood first in terms of increase in share of services in the gross domestic product (GDP) with 8.1 per cent, among top 15 countries during 2001-2011.

Foreign institutional investors (FIIs) made a net investment (including equity and debt) worth ₹ 168,367 crore (US\$ 30.72 billion) in 2012-13, according to data published by Securities and Exchange Board of India (SEBI). Moreover, US\$ 310.47 million in the equity and US\$ 41.32 million in the debt market were invested by FIIs, as on May 16, 2013.

The cumulative amount of foreign direct investment (FDI) equity inflows into India were worth US\$ 191,757 million between April 2000 to February 2013, while FDI equity inflow during April 2012 to February 2013 was recorded as US\$ 20,899 million, according to the latest data published by Department of Industrial Policy and Promotion (DIPP).

In addition, the luxury market in India is expected to reach US\$ 14.73 billion by 2015 from an estimated US\$ 8.21 billion this year, with about 30 per cent of the customers coming from smaller cities.

Non-resident Indians (NRIs) placed deposits aggregating to US\$ 14.18 billion in the financial year ended March 2013, registering an increase of 19 per cent over the previous year. Non-resident (external) rupee account or NRE deposits with the banking system jumped 85 per cent (rising by US\$ 15.81 billion in FY13 compared to US\$ 8.53 billion in FY12), according to Reserve Bank of India data.

Foreign exchange earnings (FEE) from tourism in India registered a growth of 19 per cent to touch ₹ 10,186 crore (US\$ 1.86 billion) in February 2013 as compared to ₹ 8,502 crore (US\$ 1.55 billion) during the same period last year.

India's economic confidence grew by 8 points to 68 per cent in the month of January 2013 as compared to last year making it the second most economically confident country in the world.

India is also expected to be the second largest manufacturing country globally in the next five years, followed by Brazil as the third ranked country, according to Deloitte.

INDUSTRY OVERVIEW

India is ranked 20th in the list of world's top real estate investment markets with investment volume of US\$ 3.4 billion in 2012. The sector is set for robust inflows of US\$ 4-5 billion from overseas investors in the next couple of years, with Bangalore, Delhi and Mumbai emerging as the favorites.

Real estate is one of the fastest growing sectors of the Indian economy and contributes about 5 per cent to India's gross domestic product (GDP). The country's economic growth is driving the demand for real estate in India. Demand for residential space is expected to grow at a compound annual growth rate (CAGR) of 19 per cent between in 2013 and 2014 with Tier 1 metropolitan cities expected to account for about 40 per cent of this.

The top three cities - Mumbai, Delhi/NCR and Bangalore account for 46 per cent of total demand for office space in India.

FDI Policy Initiatives

Foreign direct investment (FDI) of up to 100 per cent is allowed under automatic route for developing townships and settlements, hotel and tourism sector. The Government of India (GOI) has raised the housing loan limit to US\$ 52,080 for priority sector lending. Further, US\$ 833 million has been allocated for rural housing fund (RHF) in FY13 budget.

Growing requirements of space from sectors such as education and healthcare provide opportunities in the real estate sector. Emergence of nuclear families and growing urbanisation has given rise to several townships in Tier 2 and 3 cities.

The construction development sector (including townships, housing, built-up infrastructure & construction-development projects) has attracted a cumulative foreign direct investment (FDI) worth US\$ 22,007.67 million from April 2000 to February 2013.

India needs to invest US\$ 1.2 trillion over the next 20 years to modernise urban infrastructure and keep pace with the growing urbanisation.

The Retail industry is one of the pillars of the modern Indian economy and accounts for 14-15% of its GDP. The Indian retail market is estimated to be US\$ 490

billion and one of the top five retail markets in the world by economic value. India is one of the fastest growing retail markets in the world.

India's traditional retailing industry essentially consists of the local mom and pop store, owner manned general stores, convenience stores, hand cart and pavement vendors, etc. Contemporary Organised retail accounts for about 5% of the market as of 2012-13. According to industry experts, the next phase of growth is expected to come from Tier 2 and 3 cities and the rural markets. The organised retail segment in India is forecast to grow by over three times during the next five years (from 2012), to reach a figure of US\$ 80 billion (as per consultancy firm, Technopak). Also, India's consumption level will double within five years to an annual figure of US\$ 1.5 trillion from the present level of about US\$ 800 billion.

BUSINESS OVERVIEW

Business Policy

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

Prozone CSC Operations

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

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

Internal Control System and Adequacies

The Company has adequate internal control procedures commensurate with the size and nature of its businesses. The internal control system is supplemented by extensive internal audits, regular reviews by the management and

well-documented policies and guidelines to ensure reliability of all records to prepare financial statements and other data. Moreover, the Company continuously upgrades these systems in line with the best accounting practices. The Company has independent audit systems to monitor the entire operations and the Audit Committee of the Board regularly review the findings and recommendations of internal audits.

OPPORTUNITIES AND THREATS

Opportunities

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

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

Large investments in new retail concepts are changing the rapidly evolving organised retail landscape in India. This is not just restricted to the metros but has also spread to Tier-2 and Tier-3 cities. Prozone CSC is expected to benefit significantly from a combination of the growth in retail and as the rise of the consuming class in Tier-2 and Tier-3 cities continues.

Threats

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

RISK MANAGEMENT

Economic Risk

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

Favourable population growth, a large pool of highly skilled workers, greater integration with the world economy and increasing domestic and foreign investment suggest that the Indian economy will continue its growth momentum for several years to come. This will also provide impetus

to the retail industry, which is estimated to grow to circa \$1,000 billion in 5 years from about \$490 billion in 2012.

Business Risk

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

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

Shopping Mall Risk

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

Brand Risk

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

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

HUMAN RESOURCES

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

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

Industrial relations across different locations of the Company were cordial during the year and the Company continues to maintain its focus on human resources development. The total number of employees of the Company as on 31st March, 2013 stood at 27.

OUTLOOK

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

FINANCIAL PERFORMANCE

Consolidated revenue and EBIDTA

The Company achieved the a total consolidated revenue of ₹ 84 Crore against the last year's total consolidated revenue of ₹ 66.84 Crore, which represents the growth of revenue by 25.67% over the previous year. During the year, the Company earned consolidated EBIDTA margin of ₹ 25.76 Crore against ₹ 16.74 Crore stood during the previous year, which represents the growth of consolidated EBIDTA by 54% over the previous year.

The idle fund of the Company were temporarily invested into liquid mutual funds and interest bearing securities and loans, which has resulted in higher income earning to the Company.

Cautionary Statement

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

CORPORATE GOVERNANCE REPORT

I. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

The Company recognises that good Corporate Governance is a continuing exercise and reiterates its commitment to achieve highest standards of Corporate Governance in the overall interest of all the stakeholders. Company believes that sound Corporate Governance is critical to enhance and retain investors trust and faith in the Company.

II. BOARD OF DIRECTORS

a. Composition of the Board

The composition of Board is in total conformity with Clause 49 of the Listing Agreement, as amended from time to time. At present the

Board of Directors comprises 6 Directors, out of which two (2) are Executive Directors, two (2) are Independent Directors and two (2) are Non-executive Directors. The Chairman is Independent Director and 1/3rd of the Board comprises of Independent Directors and more than 2/3rd of the Board comprises of Non-executive Directors.

During the financial year 2012-13, Five Board Meetings were held on 20.04.2012, 15.05.2012, 09.08.2012, 08.11.2012 and 07.02.2013 and the gap between two meetings was not more than four months. The constitution of Board of Directors, details of meeting attended by Directors and the information with regard to membership of Committees are as under:

Name of the Director	Category	No. of Board Meetings attended	Last AGM Attended	No. of Directorships and Committee Memberships and Chairmanships including Company's		
				Directorship	Committee	
					Chairmanship	Membership
Mr. Punit Goenka	C & ID	2	Yes	12	2	4
Mr. Rajiv Singh	ID	3	Yes	2	1	1
Mr. David Fischel	NED	3	-	-	-	-
Mr. John Abel	NED	4	-	-	-	-
Mr. Nikhil Chaturvedi	MD	5	Yes	4	-	1
Mr. Sailil Chaturvedi	Dy. MD	5	Yes	5	-	2

1. Only Directorships in Indian Public Limited Companies (listed or unlisted) have been considered.
2. None of the Directors is a member of more than 10 Board level Committees of Public Companies in which they are Directors nor is Chairman of more than 5 such Committees.
3. In accordance with Clause 49, Membership / Chairmanship includes Audit Committees and Shareholders & Investors Grievance Committees of all Public Limited Companies.
4. In above table the term 'C&ID' refers to Chairman & Independent Director, 'MD' refers to Managing Director, 'ID' refers to Independent Director, 'Dy. MD' refers to Deputy Managing Director and 'NED' refers to Non-executive Director.

Details of Directors seeking appointment/reappointment at the forthcoming Annual General Meeting [pursuant to clause 49 (iv) (G) (i)]

Mr. Punit Goenka

Mr. Punit Goenka, Director of Essel Group, is the CEO of Zee Entertainment Enterprises Limited and manages one of India's most successful TV and Media businesses. He has an extensive and diversified background in the areas of media, entertainment and telecommunications across global markets. He brings a fresh and valuable contribution to the Board.

Mr. Rajiv Singh

Mr. Rajiv Singh is the director - finance of the Karamtara Group of Companies. He holds a Bachelor of Commerce degree from Mithibai College, Mumbai and a MBA-Finance degree from the European University in Switzerland.

None of the Directors have material pecuniary relationship with the Company apart from those mentioned in the Annual Report.

b. Payment of compensation to Non-Executive directors

During the financial year 2012-13, no amount has been paid to Non-Executive Directors of the Company either as fees, compensation or otherwise.

Remuneration policy

The Executive Directors of the Company are appointed on a contractual basis subject to the approval of shareholders in the general meeting. The remuneration package of the Executive Directors is determined by the Remuneration Committee within the permissible limits, subject to approval by the Board and shareholders in the general meeting and as per applicable provisions of the Companies Act, 1956.

The details of remuneration paid to Directors during the year 2012-13 are as under:

Name of the Director	Salary Paid (₹)	Sitting Fees paid (₹)
1 Mr. Punit Goenka	-	-
2 Mr. Nikhil Chaturvedi **	84,00,000	-
3 Mr. Salil Chaturvedi **	60,00,000	-
4 Mr. Rajiv Singh	-	-
5 Mr. David Fischel	-	-
6 Mr. John Abel	-	-

** Directors at serial nos. 2 & 3 are brothers

c. Code of Conduct

The Board has adopted a Code of Conduct applicable to all Board members and senior management of the Company. The Code has been circulated to all members of the Board and Senior Management and also uploaded on the website of the Company i.e. www.prozonecsc.com. The compliance of Code is affirmed by all of them on annual basis. A declaration by the Managing Director of the Company is given below:

"I hereby confirm that:

As provided under Clause 49 of the Listing Agreement with the Stock Exchanges, all Board Members and senior management personnel have affirmed the compliance with 'The Code of Conduct of Directors and Senior Management Personnel' of the Company for the year ended 31st March, 2013."

Sd/-

Nikhil Chaturvedi, MD

III. COMMITTEES OF THE BOARD

The Board has set up various level committees in accordance with the Listing Agreement with the Stock Exchanges. The details of which are given as under:

(i) Audit Committee

a. Composition:

The Audit Committee comprises two Independent Directors namely Mr. Punit Goenka and Mr. Rajiv Singh, and one Executive Director Mr. Salil Chaturvedi, Dy. Managing Director of the Company. The Chairman of the Committee is Mr. Punit Goenka, Independent Director. Ms. Snehal Bansode, Company Secretary acts as secretary of the Audit Committee. The members of the Committee are well versed in finance, accounts, company law and general business practices.

b. Meetings of the Audit Committee:

Audit Committee met thrice* during the financial year 2012-13 on 15.05.2012, 08.11.2012 and 07.02.2013. Post listing of shares of the Company with stock exchanges on 12th September, 2012, the gap between two Audit committee meetings was not more than four months. The audit committee meetings are also generally attended by the representatives of statutory auditors, the President Finance and Company Secretary of the Company. The Minutes of the meeting of audit committee were discussed and taken note by the Board of Directors. The details of attendance of the members in meetings are as follows:

Name of the Director	Category	Position	Audit Committee Meetings	
			Held	Attended
Mr. Punit Goenka	ID	Chairman	3	3
Mr. Rajiv Singh	ID	Member	3	3
Mr. Salil Chaturvedi	Dy. MD	Member	3	3

In above table 'ID' refers to Independent Director and Dy. MD refers to Deputy Managing Director.

* The Company got listed on NSE and BSE on 12th September, 2012. Prior to listing, Company was not bound by strict compliance of clause 49 of

the Listing Agreement with respect to meeting of Audit Committee. However post listing, Company has been duly complying with the requirements of Clause 49 of the Listing Agreement, as applicable.

The Audit Committee exercises all powers, performs such functions and reviews information as prescribed in clause 49 of the Listing Agreement read with section 292A of the Companies Act, 1956.

(ii) Shareholders & Investors Grievance Committee (SIGC)

The Shareholders & Investors Grievance Committee comprises of two independent directors namely, Mr. Rajiv Singh and Mr. Punit Goenka, and two executive directors namely, Mr. Nikhil Chaturvedi and Mr. Salil Chaturvedi. Mr. Rajiv Singh Independent Director is the Chairman of the Committee. Ms. Snehal Bansode, Company Secretary has been nominated as Compliance Officer of the Company for complying with the requirement under PIT Reg. 1992 and Clause 47 of Listing Agreement.

The Shareholders & Investors Grievance Committee functions with the objective of looking into redressal of Shareholders and Investors grievances relating to shares sent for registration of transfer, non-receipt of Annual Report etc. During the year 2012-13, the Committee met once on 31.01.2013. The details of attendance of the members in meetings are as follows

Name of the Director	Category	Position	SIGC Meetings	
			Held	Attended
Mr. Rajiv Singh	ID	Chairman	1	0
Mr. Punit Goenka	ID	Member	1	0
Mr. Nikhil Chaturvedi	MD	Member	1	1
Mr. Salil Chaturvedi	Dy. MD	Member	1	1

In above table 'ID' refers to Independent Director, MD' refers to Managing Director and 'Dy. MD' refers to Deputy Managing Director.

During the year ended 31st March, 2013 Company has received two complaints and both complaints were replied /resolved to the satisfaction of the shareholders. No complaints were pending to be resolved as on 31st March, 2013.

IV. SUBSIDIARY MONITORING FRAMEWORK

The Company has 11 subsidiary companies as on 31st March, 2013. As per the definition given under clause 49 of the Listing Agreement, Alliance Mall Developers Co. Pvt. Ltd., has been recognised as a 'Material non listed Indian subsidiary company'. Accordingly Mr. Rajiv Singh, an Independent Director of the Company has been appointed as Director on the Board of Alliance Mall Developers Co. Pvt. Ltd.

The performance and management of the subsidiary is monitored inter-alia by the following means:

- Financial Statements and in particular the investments made by the unlisted subsidiary company are reviewed by the Audit Committee of the Company.
- The minutes of the Board meetings of the subsidiary company are placed before the company's Board for its regular review.

V. GENERAL BODY MEETING

The Location, date and time of General Meeting held during the last 3 years are given hereunder:

Financial Year	Date	Time	Location	No. of Special Resolutions passed
Annual General Meetings:				
2009-10	15.09.10	12.00 p.m.	105/106, Provogue House, Off New Link Road, Andheri (West), Mumbai - 400 053	0
2010-11	30.09.11	11.30 a.m.	105/106, Provogue House, Off New Link Road, Andheri (West), Mumbai - 400 053	0
2011-12	28.09.12	11.00 a.m.	Eden Hall, The Classique Club, behind Infinity Mall, New Link Road, Andheri (W), Mumbai - 400 053	1
Extra Ordinary General Meetings:				
2011-12	25.08.11	2.00 p.m.	105/106, Provogue House, Off New Link Road, Andheri (West), Mumbai - 400 053	3
	14.09.11	1.00 p.m.	105/106, Provogue House, Off New Link Road, Andheri (West), Mumbai - 400 053	2
	03.10.11	10.00 a.m.	105/106, Provogue House, Off New Link Road, Andheri (West), Mumbai - 400 053	1
	05.03.12	10.00 a.m.	105/106, Provogue House, Off New Link Road, Andheri (West), Mumbai - 400 053	1

- Whether any special resolution passed put through postal ballot - No.
- None of the items transacted at the last Annual General Meeting held on 28th September, 2012 were required to be passed by postal ballot, nor any resolution requiring postal ballot is being proposed at the ensuing Annual General Meeting.

Board as required under clause 49(V) of the Listing Agreement.

VI. DISCLOSURES

a. Materially significant related party transactions

During the financial year 2012-13, there were no transactions of material nature with the Directors or the management or their subsidiaries or relatives that had potential conflict with the interest of the Company. The details of transactions with the related parties are tabled before the audit committee on a quarterly basis. The register of contracts containing the transactions in which the Directors are interested is placed regularly before the Board for their approval/signature.

b. Status of regulatory compliances

The Company has complied with the applicable requirements of the Stock Exchanges/SEBI/ and other Statutory Authorities on all matters related to capital markets during the financial year 2012-13. No penalties or strictures have been imposed on the Company by the Stock Exchange or SEBI or any other statutory authorities.

c. Insider Trading Code

Pursuant to the requirements of SEBI (Prohibition of Insider Trading) Regulations, 1992 as amended, the Company has adopted a code of conduct for prohibition of insider trading. The Code is applicable to all Directors and such designated employees who are expected to have access to unpublished price sensitive information relating to the Company.

d. Management Discussion and Analysis Report

A Management Discussion and Analysis Report forms part of the annual report and includes discussion on various matters specified under Clause 49[IV][F] of the Listing Agreement.

e. CEO & CFO certification

Mr. Nikhil Chaturvedi, Managing Director and Mr. J.K. Jain, President Finance, being head of finance function have provided certification on financial reporting and internal control to the

VII. MEANS OF COMMUNICATION

- Quarterly Results were published in prominent daily newspapers, viz., Financial Express, a English language nationwide daily newspaper and Mumbai Lakshadeep, Regional language daily local newspaper.
- The Company has its own web site and all vital information relating to the Company etc. have been uploaded on the web site for the benefit of the public at large. Company's web site address is www.prozonecsc.com.
- The company promptly uploads the presentations made by management of the Company to the investors on Company's website.

VIII. GENERAL SHAREHOLDERS INFORMATION

Annual General Meeting is to be held on 30th September, 2013 at Eden Hall, The Classique Club, behind Infinity Mall, New Link Road, Andheri (W), Mumbai- 400 053 at 12.00 p.m.

Financial year ending : 1st April to 31st March

Date of Book Closure : 23rd September, 2013 to 30th September, 2013 (both days inclusive for the purpose of AGM)

Dividend Payment Date: N.A.

Listing of Stock Exchange : BSE Limited (BSE)
National Stock Exchange of India Ltd (NSE)

Scrip Code:

BSE Ltd. : 534675
(Demat segment)

National Stock Exchange of India Ltd. : PROZONECSC
(Demat segment)

Demat ISIN in NSDL and CDSL for Equity Shares : INE195N01013

Registrar and Share Transfer Agent : M/s Link Intime India Pvt. Ltd.
C/13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (W), Mumbai 400078
Phone: 022-2594 6970,
Fax: 022-2594 6969
Email id: rnt.helpdesk@linkintime.co.in

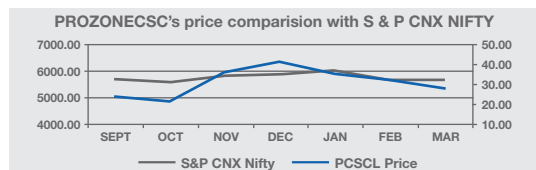
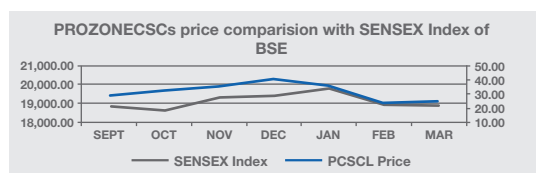
Stock Market Price data for the year 2012-2013 :

Month	BSE			
	Share Price (in ₹)			Sensex
	High	Low	Close	Close
Sept 2012	29.85	21.30	28.30	18,762.74
Oct 2012	34.80	25.80	32.30	18,505.38
Nov 2012	38.50	32.00	35.90	19,339.90
Dec 2012	44.60	34.60	41.40	19,426.71
Jan 2013	43.40	29.20	36.35	19,894.98
Feb 2013	37.90	21.25	22.10	18,861.54
Mar 2013	26.50	22.30	23.65	18,835.77

Month	NSE			
	Share Price (in ₹)			Nifty
	High	Low	Close	Close
Sept 2012	26.85	21.15	23.55	5703.30
Oct 2012	37.50	21.30	22.15	5619.70
Nov 2012	42.50	29.80	36.20	5879.85
Dec 2012	46.50	35.00	41.50	5905.10
Jan 2013	38.25	32.00	35.75	6034.75
Feb 2013	34.55	27.50	32.40	5693.05
Mar 2013	29.75	24.35	28.50	5682.55

Note: The Company got listed with the Stock Exchanges on 12th September, 2012, hence only post listing Stock Price Data could have been presented.

Performance in comparison to broad based indices such as BSE SENSEX Index & NSE S & P CNX Nifty (closing Price) :



Share Transfer system:

The Company's shares are traded in Stock Exchange compulsorily in demat mode. Shares in physical mode which are lodged for transfer are processed and returned to the shareholders within 15-20 days from the date of receipt.

Dematerialisation of shares:

As on 31.03.2013, 15,24,68,691 Equity shares of the Company, representing 99.91% of its issued capital, were held in dematerialised form and the balance 0.09% representing 134,192 equity shares were held in physical form.

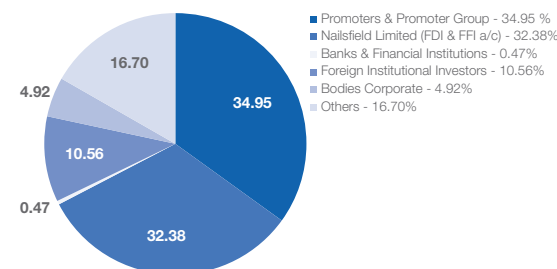
Distribution of shareholding as on 31.03.2013 :

Share holding No. of Shares	Share Holders		Share Amount	
	Number	% to total	No. of Shares	% to total
(1)	(2)	(3)	(4)	(5)
Upto 500	28,725	86.14	42,59,688	2.79
501-1000	2,326	6.98	19,58,222	1.28
1001-2000	1,093	3.28	17,03,251	1.12
2001-3000	349	1.05	9,11,169	0.60
3001-4000	162	0.49	5,88,949	0.39
4001-5000	184	0.55	8,79,100	0.57
5001-10000	226	0.67	16,99,052	1.11
10001 and above	282	0.84	14,06,03,452	92.14
TOTAL	33,347	100.00	15,26,02,883	100.00

Categories of Shareholders as on 31.03.2013 :

Category	No. of Shares	% of Share-holding
Promoters & Promoter Group	5,33,42,249	34.95
Nailsfield Limited (FDI & FFI a/c)	4,94,10,788	32.38
Banks & Financial Institutions	7,22,398	0.47
Foreign Institutional Investors	1,61,14,972	10.56
Bodies Corporate	75,14,054	4.92
Others	2,54,98,422	16.70
TOTAL	15,26,02,883	100.00

SHAREHOLDING AS ON 31.03.2013



Outstanding Number of GDRs / ADRs / Warrants etc:

The Company has not issued any GDRs/ADRs and No outstanding warrants are pending for subscription.

Address for correspondence :

1. Any Query on Annual Report:

Company Secretary & Compliance Officer
105/106, Provogue House,
off New Link Road,
Andheri (West),
Mumbai 400 053
Phone: 022-3065 3111,
Fax: 022-3068 0570,
Email id for investors:
investorservice@prozonecsc.com

2. Shareholders correspondence should be addressed to :

M/s Link Intime India Pvt. Ltd.
C/13, Pannalal Silk Mills Compound,
L.B.S. Marg,
Bhandup (W),
Mumbai 400078
Phone: 022-2594 6970,
Fax: 022-2594 6969
Email id: rnt.helpdesk@linkintime.co.in

Shareholders holding shares in electronic mode should address their correspondence to their respective Depository Participants.

For and on behalf of Board of Director

Date: 10th May, 2013 **Nikhil Chaturvedi** **Salil Chaturvedi**

Place: Mumbai Managing Director Dy. Managing Director

AUDITORS CERTIFICATE ON COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE UNDER CLAUSE 49 OF THE LISTING AGREEMENT

To the Members of Prozone Capital Shopping Centres Limited,

We have examined the compliance of the conditions of Corporate Governance procedures implemented by Prozone Capital Shopping Centres Limited, for the year ended 31st March, 2013, as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchange of India.

The compliance of the conditions of Corporate Governance is the responsibility of the management. Our examination was carried out in accordance with the Guidance Note on Certification of Corporate Governance (as stipulated in Clause 49 of the Listing Agreement), issued by the Institute of Chartered Accountants of India and was limited to procedures and implementation thereof, adopted by the Company for ensuring compliance with 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, and the representations made by the Directors and the Management, we hereby certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above-mentioned Listing Agreement during the year 2012-13.

We further state that our examination of 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 **Singrodia Goyal & Co.**
Chartered Accountants
Firm Reg. No. 112081W

Shyamratan Singrodia
Partner
Mem. No. 49006

Date: 10th May, 2013
Place: Mumbai

AUDITORS' REPORT

To
The Members of
Prozone Capital Shopping Centres Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Prozone Capital Shopping Centres Limited (formerly known as "Castle Mall Private Limited") ("the Company"), which comprise the Balance Sheet as at 31st March, 2013 and the Statement of Profit and Loss and Cash Flow Statement for the year ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and 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 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 procedure 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 risk of material misstatement of the financial statements, whether due to fraud and error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating and appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial

statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

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

Report on Other Legal and Regulatory Requirements

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 the paragraphs 4 and 5 of the Order.
2. As required by section 227(3) 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 purpose of our audit.
 - (b) In our opinion, proper books of accounts as required by law have been kept by the Company so far as it appears from our examination of those books.
 - (c) The Balance Sheet, Statement of Profit & Loss, and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (d) In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
 - (e) On the basis of written representations received from the directors as on 31st March, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2013, from being appointed as a director in terms of clause (g) of subsection (1) of section 274 of the Companies Act, 1956;

For Singrodia Goyal & Co.

Chartered Accountants
Firm Reg No. 112081W

Shyamratan Singrodia

Partner

Mem. No. 49006

Place : Mumbai

Date : 10th May, 2013

PROZONE CSC

ANNEXURE TO AUDITORS' REPORT

Annexure referred to in Paragraph 1 under the heading "Report on Other Legal and Regulatory Requirements" of the Auditors Report for the year ended 31st March, 2013.

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

- (i) a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
 - b) The scope of annual physical verification of fixed assets conducted by the management has been limited to fixed assets other than Furniture and Fixtures only. In our opinion the interval of physical verification is reasonable. No discrepancies have been noticed on the assets physically verified.
 - c) The Company has not disposed off any fixed assets during the year.
 - (ii) Since the Company does not have any inventory, the clauses 4 (ii) (a) (b) and (c) of the said Order are not applicable to the Company.
 - (iii) a) The Company has granted unsecured loans to eight companies covered in the register maintained under Section 301 of the Companies Act, 1956 on call basis. The maximum amount outstanding during the year was ₹ 9,586.49 lakhs and the year-end balance was ₹ 6,525.61 lakhs
 - b) The said loans are interest free except in two cases where interest has been charged. The rate on interest wherever charged and other terms and conditions on which the loans have been granted are prima facie, not prejudicial to the interest of the Company;
 - c) In view of our comments in para (iii) (a) and (b) above, clauses 4 (iii) (c) and (d) of the said Order are not applicable.
 - d) The Company has taken unsecured loans from four parties covered in the register maintained under Section 301 of the Companies Act, 1956 on call basis. The maximum amount outstanding during the year was ₹ 1,812.22 lakhs and the year-end balance was ₹ 1,763.83 lakhs.
 - e) The said loans are interest free. Other terms and conditions on which these loans have been taken are prima facie, not prejudicial to the interest of the Company;
- f) In view of our comments in para (iii) (d) and (e) above, clause 4 (iii) (g) of the said Order is not applicable.
 - (iv) There are adequate internal control systems commensurate with the size of the Company and the nature of its business with regard to purchase of fixed assets and for the sale of services. The Company has not carried out any activity of purchases of inventories and sale of goods during the year. During the course of our audit, no major weakness has been noticed in the internal control systems.
 - (v) a) The particulars of contracts or arrangements referred to in Section 301 of the Companies Act, 1956 that needs to be entered into the register maintained under section 301 have been so entered.
 - b) The transactions made in pursuance of such contracts or arrangements have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
 - (vi) The Company has not accepted any deposits from the public.
 - (vii) The Company has an adequate internal audit system commensurate with its size and nature of its business.
 - (viii) The Central Government has not prescribed for maintenance of cost records under Section 209(1) (d) of the Companies Act, 1956 for the Company.
 - (ix) a) According to the records of the Company, the undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty and Cess wherever applicable have been regularly deposited with the appropriate authorities. There are no undisputed amount payable in respect of such statutory dues which have remained outstanding as at 31st March, 2013 for a period more than six months from the date they became payable.
 - b) There are no amount in respect of any disputed sales tax, income tax, wealth tax, service tax, custom duty, excise duty and cess.
 - (x) The Company has accumulated losses at the end of the financial year. The Company has not incurred cash losses during the financial year but had incurred cash losses in the immediately preceding financial year.

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

For Singrodia Goyal & Co.
Chartered Accountants
Firm Reg No. 112081W

Shyamratan Singrodia
Partner
Mem. No. 49006

Place : Mumbai
Date : 10th May, 2013

BALANCE SHEET

as at 31st March, 2013

(₹ in Lakhs)

Particulars	Notes	As at 31.03.2013	As at 31.03.2012
EQUITY AND LIABILITIES			
Shareholder's Funds			
Share capital	2	3,052.06	3,052.06
Reserves and surplus	3	37,032.32	36,896.99
		40,084.38	39,949.05
Non - current Liabilities			
Long - term borrowings	4	1,729.49	1,741.32
		1,729.49	1,741.32
Current Liabilities			
Short - term borrowings	5	34.34	34.59
Trade payables	6	83.66	67.34
Other current liabilities	7	108.72	93.61
		226.72	195.54
		42,040.59	41,885.91
ASSETS			
Non-current Assets			
Fixed assets			
Tangible assets	8	502.15	590.31
Intangible assets	9	2.99	8.24
Deferred tax assets (net)	10	28,723.28	28,470.73
Non - current investments	11	39.40	34.28
Long - term loans and advances	12	7,457.52	6,139.18
		36,725.34	35,242.74
Current Assets			
Current investments	13	28.68	1,222.79
Trade receivables	14	1,050.41	945.88
Cash and cash equivalents	15	121.35	3,603.77
Short - term loans and advances	16	4,114.81	870.54
Other current assets	17	-	0.19
		5,315.25	6,643.17
		42,040.59	41,885.91
Significant Accounting Policies	1		
Accompanying Notes to Accounts	25		

As per our report of even date attached

For Singrodia Goyal & Co.
Chartered Accountants

Shyamratan Singrodia
Partner
Mem. No. 49006

Place : Mumbai
Date : 10th May, 2013

ANNUAL REPORT 2013

For and on behalf of the Board

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

Snehal Bansode
Company Secretary

STATEMENT OF PROFIT & LOSS

for the year ended 31st March, 2013

(₹ in Lakhs)

Particulars	Notes	Year ended 31.03.2013	Year ended 31.03.2012
INCOME			
Revenue from operations	18	726.51	789.73
Other income	19	1,141.89	651.42
TOTAL REVENUE		1,868.40	1,441.15
EXPENSES			
Employee benefits expense	20	569.10	489.04
Finance costs	21	2.22	4.58
Depreciation and amortisation expense		107.87	131.07
Other expenses	22	1,033.95	516.97
TOTAL EXPENSES		1,713.14	1,141.66
Profit before exceptional items & tax		155.26	299.49
Exceptional items	23	-	358.23
Profit/(Loss) before tax		155.26	(58.74)
Less: Tax Expense			
Current tax		25.11	-
Deferred tax liabilities/(assets)		(5.12)	116.08
Tax of earlier years		(0.06)	28.24
		19.93	144.32
Profit/(Loss) for the year		135.33	(203.06)
Earnings per equity share			
	24		
(Nominal value of share ₹ 2 (PY ₹ 2) : Basic		0.09	(0.13)
: Diluted		0.09	(0.13)
Significant Accounting Policies	1		
Accompanying Notes to Accounts	25		

As per our report of even date attached

For Singrodia Goyal & Co.
Chartered Accountants

Shyamratan Singrodia
Partner
Mem. No. 49006

Place : Mumbai
Date : 10th May, 2013

For and on behalf of the Board

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

Snehal Bansode
Company Secretary

CASH FLOW STATEMENT

for the year ended 31st March, 2013

(₹ in Lakhs)

Particulars	Year ended 31.03.2013	Year ended 31.03.2012
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit \ (Loss) before tax and before extraordinary items	155.26	299.49
Adjustments for :		
Depreciation	107.88	131.07
Financing Charges	2.22	4.58
Interest Received	(1,027.80)	(429.14)
Dividend from Mutual Funds	(85.19)	(192.23)
Amalgamation Expenses	-	(80.68)
Profit on Sale of Investments	(17.36)	(24.76)
Operating profit before working capital changes	(864.99)	(291.67)
Adjustments for :		
Increase / (Decrease) in Trade payables	16.32	15.41
Increase / (Decrease) in Other current liabilities	15.08	106.95
Increase / (Decrease) in Long-term provisions	-	0.74
Decrease / (Increase) in Trade receivables	(104.53)	(765.32)
Decrease / (Increase) in Other receivables	(292.93)	(473.31)
Decrease / (Increase) in Other Current Assets	0.19	(0.19)
Net Cash from Operations	(1,230.86)	(1,407.39)
Direct Taxes Paid	(87.89)	14.47
Cash (Outflow) before Prior Period Adjustments	(1,318.75)	(1,392.92)
Extra - ordinary items	-	-
Net Cash from Operating Activities	(1,318.75)	(1,392.92)
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of Fixed Assets	(14.46)	(14.47)
Dividend from Mutual Funds	85.19	192.23
Movement in loans and advances	(4,206.81)	6,148.95
Interest Received	1,027.80	429.14
Purchase of Non - current investments	(252.55)	(1.00)
Sale of Non - current investments	-	1.00
Purchase of Current investments	(7,917.98)	(10,495.17)
Sales of Current Investments	9,129.45	9,297.13
Net Cash used in Investment Activities	(2,149.36)	5,557.81

CASH FLOW STATEMENT

for the year ended 31st March, 2013

(₹ in Lakhs)

Particulars	Year ended 31.03.2013	Year ended 31.03.2012
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Proceeds from Issue of Shares	-	4.00
Proceeds from Long Term Borrowings	-	-
Repayment of Long Term Borrowings	(11.84)	(580.87)
Repayment of Short Term Borrowings	(0.25)	-
Financing Charges	(2.22)	(4.58)
Net Cash used from Financing Activities	(14.31)	(581.45)
Net increase in Cash and Cash Equivalents	(3,482.42)	3,583.44
Cash and Cash Equivalents (Opening)		
- Opening	3,603.77	0.50
- Pursuant to the Scheme	-	19.83
Cash and Cash Equivalents (Closing)	121.35	3,603.77

Notes :

- 1 Cash and Cash Equivalents at the end of the year consists of cash in hand and balances with banks are as follows :
(₹ in Lakhs)

Particulars	As at 31.03.2013	As at 31.03.2012
Cash in Hand	19.82	4.88
Balances with Banks	101.53	3,598.89
	121.35	3,603.77

2. The previous year's figures have been regrouped / rearranged wherever necessary in order to conform to current year's presentation.

As per our report of even date attached

For Singrodia Goyal & Co.

Chartered Accountants

Shyamratan Singrodia

Partner

Mem. No. 49006

Place : Mumbai

Date : 10th May, 2013

For and on behalf of the Board

Nikhil Chaturvedi

Managing Director

Salil Chaturvedi

Dy. Managing Director

Snehal Bansode

Company Secretary

NOTES TO FINANCIAL STATEMENTS

for the year ended 31st March, 2013

CORPORATE INFORMATION:

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

NOTE 1 : SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Accounting:

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

b) Use of Estimates:

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

Difference between actual results and estimates are recognised in the periods in which the results are known/ materialise.

c) Revenue Recognition :

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

d) Fixed Assets:

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

e) Depreciation and Amortisation:

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

f) Impairment of Fixed Assets:

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

g) Miscellaneous Expenditure:

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

NOTES TO FINANCIAL STATEMENTS

for the year ended 31st March, 2013

h) Employee Benefits:

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

i) Investments:

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

j) Foreign Currency Transactions :

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

k) Contingent Liabilities:

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

l) Accounting for Taxation of Income :

Current taxes

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

Deferred taxes

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

NOTES TO FINANCIAL STATEMENTS

for the year ended 31st March, 2013

NOTE 2. SHARE CAPITAL

Particulars	(₹ in Lakhs)	
	As at 31.03.2013	As at 31.03.2012
Authorised		
2,002.50 lakhs Equity Shares of ₹ 2 each	4,005.00	4,005.00
Issued, Subscribed and Fully Paid Up		
1,526.03 lakhs Equity Shares of ₹ 2 each fully paid up	3,052.06	3,052.06
	3,052.06	3,052.06

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

Particulars	As at 31.03.2013		As at 31.03.2012	
	No. in Lakhs	₹ in Lakhs	No. in Lakhs	₹ in Lakhs
Face value of ₹ 10 each				
At the beginning of the year	-	-	0.10	1.00
Face value of ₹ 2 each				
At the beginning of the year	1,526.03	3,052.06	-	-
No. of shares sub-divided in the ratio 1:5	-	-	0.50	1.00
Issued during the year				
- for cash	-	-	2.00	4.00
- pursuant to the Scheme of Demerger and Amalgamation	-	-	1,523.53	3,047.06
Outstanding at the end of the year	1,526.03	3,052.06	1,526.03	3,052.06

(b) Details of shares issued for a consideration other than cash

Particulars	As at 31.03.2013		As at 31.03.2012	
	No. in Lakhs	₹ in Lakhs	No. in Lakhs	₹ in Lakhs
Equity Shares issued pursuant to the Scheme of Demerger and Amalgamation	-	-	1,523.53	3,047.06

(c) Terms / rights attached to equity shares

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

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

NOTES TO FINANCIAL STATEMENTS

for the year ended 31st March, 2013

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

Name of Shareholders	As at 31.03.2013		As at 31.03.2012	
	No. in Lakhs	% holding	No. in Lakhs	% holding
Nailsfield Limited	494.11	32.38	494.11	32.38
Nikhil Chaturvedi	106.12	6.95	106.12	6.95
Salil Chaturvedi	102.95	6.75	102.95	6.75

NOTE 3. RESERVES AND SURPLUS

Particulars	(₹ in Lakhs)	
	As at 31.03.2013	As at 31.03.2012
Securities Premium		
Opening Balance	36,434.05	-
Add: Pursuant to the Scheme	-	36,434.05
Closing Balance	36,434.05	36,434.05
Amalgamation Reserve (Pursuant to the Scheme)	688.75	688.75
Surplus / (Deficit) in the Statement of Profit & Loss		
Opening Balance	(225.81)	(0.59)
Add: Pursuant to the Scheme	-	(22.16)
Add: Profit / (Loss) during the year	135.33	(203.06)
	(90.48)	(225.81)
Less: Utilised during the year	-	-
Closing Balance	(90.48)	(225.81)
	37,032.32	36,896.99

NOTE 4. LONG - TERM BORROWINGS

Particulars	(₹ in Lakhs)	
	As at 31.03.2013	As at 31.03.2012
Hire Purchase Loans		
(Secured)	11.84	37.36
Less: Current maturities of Long Term Debt (disclosed under other current liabilities)	(11.84)	(25.53)
	-	11.83
Loans & Advances from related parties		
(Unsecured)	1,729.49	1,729.49
	1,729.49	1,741.32

a) Hire Purchase Loans includes :

₹ 11.84 lakhs in respect of two vehicles which are secured by hypothecation of vehicles financed. The loans carry interest @ 8.66 % p.a. The loans are repayable in 48 equal instalments starting from 1st November, 2009

NOTES TO FINANCIAL STATEMENTS

for the year ended 31st March, 2013

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

NOTE 5 : SHORT - TERM BORROWINGS

(₹ in Lakhs)

Particulars	As at 31.03.2013	As at 31.03.2012
Interest free loan from related party repayable on demand (Unsecured)	34.34	34.59
	34.34	34.59

NOTE 6 : TRADE PAYABLES

(₹ in Lakhs)

Particulars	As at 31.03.2013	As at 31.03.2012
Trade payables		
- Due to Micro, Small & Medium Enterprises (Refer note below)	-	-
- Others	83.66	67.34
	83.66	67.34

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

NOTE 7 : OTHER CURRENT LIABILITIES

(₹ in Lakhs)

Particulars	As at 31.03.2013	As at 31.03.2012
Current maturities of long term debt	11.84	25.53
Duties & taxes payable	54.73	13.19
Provision for employee benefits expense	38.92	40.67
Provision for Gratuity	0.72	-
Provision for expenses	2.51	14.22
	108.72	93.61

NOTES TO FINANCIAL STATEMENTS

for the year ended 31st March, 2013

NOTE 8. TANGIBLE ASSETS

Particulars	Gross Block				Depreciation				Net Block			
	As at 01.04.2012	Pursuant to the Scheme	Additions during the year	Deductions during the year	As at 31.03.2013	Upto 31.03.2012	Pursuant to the Scheme	Provided for the year	Adjustments during the year	Upto 31.03.2013	As at 31.03.2013	As at 31.03.2012
	(₹ in Lakhs)											
Buildings	141.73	-	-	-	141.73	23.86	-	5.89	-	29.75	111.98	117.87
Furniture's & Fittings	564.83	-	0.62	-	565.45	253.46	-	56.42	-	309.88	255.57	311.37
Motor Vehicles	265.17	-	-	-	265.17	166.29	-	25.60	-	191.89	73.28	98.88
Office Equipments	70.77	-	4.17	-	74.94	25.92	-	6.60	-	32.52	42.42	44.85
Computers	84.50	-	9.67	-	94.17	67.16	-	8.11	-	75.27	18.90	17.34
TOTAL	1,127.00	-	14.46	-	1,141.46	536.69	-	102.62	-	639.31	502.15	590.31
Previous Year	-	1,115.18	11.82	-	1,127.00	-	411.20	125.49	-	536.69	590.31	-

NOTE 9. INTANGIBLE ASSETS

Particulars	Gross Block				Amortisation				Net Block			
	As at 01.04.2012	Pursuant to the Scheme	Additions during the year	Deductions during the year	As at 31.03.2013	Upto 31.03.2012	Pursuant to the Scheme	Provided for the year	Adjustments during the year	Upto 31.03.2013	As at 31.03.2013	As at 31.03.2012
	(₹ in Lakhs)											
Computer Software	26.27	-	-	-	26.27	18.03	-	5.25	-	23.28	2.99	8.24
TOTAL	26.27	-	-	-	26.27	18.03	-	5.25	-	23.28	2.99	8.24
Previous Year	-	23.62	2.65	-	26.27	-	12.45	5.58	-	18.03	8.24	-

NOTES TO FINANCIAL STATEMENTS

for the year ended 31st March, 2013

NOTE 10 : NON - CURRENT INVESTMENTS

Particulars	(₹ in Lakhs)	
	As at 31.03.2013	As at 31.03.2012
Trade		
Unquoted Equity Instruments		
<u>Investment in Subsidiaries:</u>		
Prozone Liberty International Limited (Singapore) (614.74 lakhs (PY 614.74 lakhs) Ordinary Shares of USD 1/- each fully paid up)	26,140.48	26,140.48
Alliance Mall Developers Co Private Limited (20.1 lakhs (PY 20.1 lakhs) Equity Shares of ₹ 10/- each fully paid up)	557.00	557.00
Jaipur Festival City Private Limited (0.1 lakhs (PY 0.1 lakhs) Equity Shares of ₹ 10/- each fully paid up)	1.00	1.00
Royal Mall Private Limited (0.1 lakhs (PY 0.1 lakhs) Equity Shares of ₹ 10/- each fully paid up)	1.00	1.00
Kruti Multitrade Private Limited (0.1 lakhs (PY 0.1 lakhs) Equity Shares of ₹ 10/- each fully paid up)	1.00	1.00
<u>Investment in Step-Down Subsidiaries:</u>		
Prozone International Limited (Singapore) (98.92 lakhs (PY Nil) Ordinary Shares of USD 1/- each fully paid up)	52.55	-
<u>Investment in Joint Ventures :</u>		
Moontown Trading Company Private Limited (20.025 lakhs (PY 0.025 lakhs) Equity Shares of ₹ 10/- each fully paid up)	200.25	0.25
Others - Unquoted		
Investments in Debentures		
Omni Infrastructure Private Limited (Step down subsidiary company) 1.77 lakhs (PY 1.77 lakhs) 0% Optionally Convertible Debentures of ₹ 1,000/- each	1,770.00	1,770.00
	28,723.28	28,470.73
Aggregate Book Value of Unquoted Investment	28,723.28	28,470.73

NOTE 11 : DEFERRED TAX ASSETS (NET)

Particulars	(₹ in Lakhs)	
	As at 31.03.2013	As at 31.03.2012
Fixed Assets : Impact of difference between tax depreciation and depreciation / amortisation charged for the financial reporting	35.25	30.90
Impact of Expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes on payment basis	4.15	3.38
Deferred Tax Assets	39.40	34.28

NOTES TO FINANCIAL STATEMENTS

for the year ended 31st March, 2013

NOTE 12 : LONG - TERM LOANS AND ADVANCES

Particulars	(₹ in Lakhs)	
	As at 31.03.2013	As at 31.03.2012
Security deposits		
(Unsecured, Considered Good)	7.41	7.16
(A)	7.41	7.16
Loans and advances		
(Unsecured, Considered Good)		
- To Related Parties	6,525.61	5,488.99
- To Others (Refer note (a) below)	150.00	150.00
(B)	6,675.61	5,638.99
Advance recoverable in cash or kind	(C)	230.92
(C)	230.92	-
Other loans & advances		
(Unsecured, Considered Good)		
Advance Tax & TDS (Net of Provision for Tax)	543.58	480.74
CENVAT Credit Receivable	-	12.29
(D)	543.58	493.03
Total (A+B+C+D)	7,457.52	6,139.18
Loans and advances to related parties includes :		
Unsecured, Considered Good		
- Loans given to subsidiary companies		
Prozone Liberty International Limited (Singapore)	57.28	38.42
Alliance Mall Developers Company Private Limited	-	112.29
Royal Mall Private Limited	0.34	-
Kruti Multitrade Private Limited - Subsidiary Company	36.51	36.51
- Loans given to step down subsidiary companies		
Empire Mall Private Limited	4,613.40	4,320.17
Omni Infrastructure Private Limited	1,492.22	438.22
Hagwood Commercial Developers Private Limited	-	23.38
Prozone International Limited (Singapore)	48.05	48.05
- Loan given to Joint Venture Company		
Moon Town Trading Company Private Limited (Refer note (b) below)	277.80	271.95
- Share application money given to :		
Moon Town Trading Company Private Limited - Joint Venture Company	-	200.00
(B)	6,525.61	5,488.99

NOTES TO FINANCIAL STATEMENTS

for the year ended 31st March, 2013

- a) Loan to Others amounting to ₹ 150 lakhs represents amount due from De Lara Tourism Corporation Limited (DTCL). The Company, in the earlier years, has debited a sum of ₹ 328.17 lakhs on account of proportionate share of preoperative expenses to DTCL vide sub-concession agreement and supplemental sub concession agreements executed in the previous year to acquire the rights to build and develop a Commercial Mall at Hyderabad. On account of non compliance of certain clauses of the Agreement by DTCL, the Company has terminated the agreements. The Company has invoked arbitration clause under the agreement and has filed a petition u/s 9 and 11 of the Arbitration and Conciliation Act 1996, before the Hyderabad High Court for appointment of an arbitrator against which the High Court had passed an order appointing DCTL's nominee as a sole arbitrator. The Company has filed a petition against the said Order in the Supreme Court (SC) of India. As per the instruction of SC the Arbitral Tribunal duly constituted of a panel of Arbitrators had awarded DTCL to refund a sum of ₹ 150 Lacs to the Company against the Company's total claims amounting of ₹ 328.17 Lacs. In view of the Award given by the Arbitral Tribunal the management had considered ₹ 150 Lacs as good and fully recoverable and the balance amount of ₹ 178.17 Lacs was written off during the earlier years. DTCL has now challenged this award before the District Court by filing an appeal. The said appeal is pending.
- b) The Company is a co-venturer in the Joint Venture Company (JVC) – Moontown Trading Company Private Limited (MTCPL) along with Shalom Voyagers Private Limited (SVPL) to develop a Mall at Mysore. In terms of Shareholding Agreement (SHA) entered in April 2006 between the co venturers and the JVC, the Company has advanced a loan of ₹ 277.80 lakhs (PY ₹ 271.95 lakhs) to the JVC. In view of the management of the Company, the advances are considered good and fully recoverable.

NOTE 13: CURRENT INVESTMENTS

Particulars	(₹ in Lakhs)	
	As at 31.03.2013	As at 31.03.2012
Unquoted Investments		
(Valued at lower of cost and fair value, unless stated otherwise)		
Investments in Bonds		
Nil (PY 70) 10.05% Air India Bonds of ₹ 10 lakhs each fully paid up	-	760.06
Investments in Mutual Funds		
Nil (PY 2.45 lakhs) units of Prudential ICICI Flexi Income Plan	-	259.28
Nil (PY 2.03 lakhs) units Prudential ICICI Liquid Plan	-	203.45
0.29 lakhs (PY Nil) units Birla Sun life Cash Plus Plan	28.68	-
	28.68	1,222.79
Aggregate Book Value of Unquoted Investments	28.68	1,222.79

NOTES TO FINANCIAL STATEMENTS

for the year ended 31st March, 2013

NOTE 14 : TRADE RECEIVABLES

Particulars	(₹ in Lakhs)	
	As at 31.03.2013	As at 31.03.2012
(Unsecured, Considered Good)		
Outstanding for a period exceeding six months from the date they are due for payment	602.48	161.91
Other Debts	447.93	783.97
	1,050.41	945.88
Trade receivable includes debt due from subsidiary / step down subsidiary companies :		
(a) Outstanding for a period exceeding six months from the date they are due for payment		
Alliance Mall Developers Co. Private Limited	48.36	-
Empire Mall Private Limited	306.23	4.44
Hagwood Commercial Developers Private Limited	2.29	-
Omni Infrastructure Private Limited	245.03	156.90
Royal Mall Private Limited	0.57	0.57
	602.48	161.91
(b) Other Debts		
Alliance Mall Developers Co. Private Limited	107.18	296.49
Empire Mall Private Limited	86.51	272.40
Hagwood Commercial Developers Private Limited	191.22	169.16
Omni Infrastructure Private Limited	63.02	45.92
	447.93	783.97

NOTE 15 : CASH AND CASH EQUIVALENTS

Particulars	(₹ in Lakhs)	
	As at 31.03.2013	As at 31.03.2012
Balance with Banks		
On Current Accounts	101.53	3,598.89
Cash on hand	19.82	4.88
	121.35	3,603.77

NOTES TO FINANCIAL STATEMENTS

for the year ended 31st March, 2013

NOTE 16 : SHORT - TERM LOANS AND ADVANCES

(Unsecured, Considered Good)

Particulars	(₹ in Lakhs)	
	As at 31.03.2013	As at 31.03.2012
Loans and advances (Refer note below)	3,914.76	744.56
Advance Recoverable in cash or in kind	184.74	111.52
Other Loans & Advances		
Prepaid expenses	0.66	4.71
Advances to employees	14.65	9.75
	4,114.81	870.54

Loan and advances to Others amounting to ₹ 3914.76 lakhs (PY ₹ 744.56 lakhs) represents being loan (including interest) to other companies / parties out of the surplus funds of the Company. Interest has been duly provided during the year. The management is of the view that the balance amount is fully realisable and considered good.

NOTE 17 : OTHER CURRENT ASSETS

Particulars	(₹ in Lakhs)	
	As at 31.03.2013	As at 31.03.2012
Accrued Interest on Bonds	-	0.19
	-	0.19

NOTE 18 : REVENUE FROM OPERATIONS

Particulars	(₹ in Lakhs)	
	Year ended 31.03.2013	Year ended 31.03.2012
Sale of services		
Management Consultancy Charges	726.51	789.73
	726.51	789.73

NOTE 19 : OTHER INCOME

Particulars	(₹ in Lakhs)	
	Year ended 31.03.2013	Year ended 31.03.2012
Interest income on		
- Loans & advances	991.86	428.95
- Current investments	35.95	0.19
- Income tax refund	11.53	5.29
Dividend income on current investments	85.19	192.23
Net gain on sale of current investments	17.36	24.76
	1,141.89	651.42

NOTES TO FINANCIAL STATEMENTS

for the year ended 31st March, 2013

NOTE 20 : EMPLOYEE BENEFITS EXPENSE

(₹ in Lakhs)

Particulars	Year ended 31.03.2013	Year ended 31.03.2012
Salaries and bonus	338.83	307.19
Directors' remuneration	209.00	168.58
Contribution to Provident and other fund	3.26	2.83
Gratuity expense	4.90	4.64
Staff welfare expenses	13.11	5.80
	569.10	489.04

NOTE 21 : FINANCE COSTS

(₹ in Lakhs)

Particulars	Year ended 31.03.2013	Year ended 31.03.2012
Interest expenses	2.22	4.58
	2.22	4.58

NOTE 22 : OTHER EXPENSES

(₹ in Lakhs)

Particulars	Year ended 31.03.2013	Year ended 31.03.2012
Rent	122.25	120.00
Rates and taxes	6.47	4.11
Insurance	5.90	3.47
Keyman Insurance	20.62	-
Repairs & maintenance - others	73.03	47.28
Electricity charges	38.29	24.69
Printing & stationery	24.64	10.07
Communication costs	22.91	15.54
Professional fees	270.73	91.00
Travelling & conveyance	151.04	107.84
Vehicle expenses	48.04	32.04
Advertisement & business promotion expenses	192.07	8.87
Auditors' remuneration	27.00	27.01
Office expenses	12.59	14.82
Miscellaneous expenses	18.37	10.23
	1,033.95	516.97

Payment to Auditors

(₹ in Lakhs)

Particulars	Year ended 31.03.2013	Year ended 31.03.2012
- For Audit Fees	10.00	10.11
- For Taxation Matters	15.00	16.50
- For Management Services	-	0.25
- For Other Services	2.00	0.15
	27.00	27.01

NOTES TO FINANCIAL STATEMENTS

for the year ended 31st March, 2013

NOTE 23 : EXCEPTIONAL ITEMS

Particulars	(₹ in Lakhs)	
	Year ended 31.03.2013	Year ended 31.03.2012
Reversal of expenses allocated to Joint Venture Company	-	41.76
Advances written off	-	316.47
	-	358.23

NOTE 24 : EARNINGS PER EQUITY SHARE

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

Sr. No.	Particulars	(₹ in Lakhs)	
		Year ended 31.03.2013	Year ended 31.03.2012
i)	Weighted average number of Equity Shares of ₹ 2 each (No. in Lakhs)		
a)	Number of shares at the beginning of the year	1,526.03	0.10
b)	Number of shares sub-divided in the ratio 1:5 during the year	-	0.50
c)	Number of shares at the end of the year	1,526.03	1,526.03
d)	Weighted average number of shares outstanding during the year	1,526.03	1,525.21
e)	Weighted average number of Potential Equity shares outstanding during the year	1,526.03	1,525.21
f)	Total number of Potential Equity Share for calculating Diluted Earning Per share	1,526.03	1,525.21
ii)	Net Profit \ (Loss) after tax available for equity shareholders (₹ In lakhs)	135.33	(203.06)
iii)	Basic Earning per share (in ₹)	0.09	(0.13)
iv)	Diluted Earning per share (in ₹)	0.09	(0.13)

NOTE 25 : ACCOMPANYING NOTES TO ACCOUNTS

A) Contingent liabilities not provided for:

Guarantee given to Bank on behalf of subsidiary company ₹ 16,547.14 (P.Y. 13,575.31 Lakhs)

B) Some of the sundry creditors are subject to confirmations and reconciliations. Consequential adjustment thereof, if any, will be given effect into the books of account in the year of such adjustments.

C) In the opinion of the Board, the current assets, loans and advances are approximately of the value stated and are realisable in the ordinary course of business. Further the provisions for all known liabilities are adequately made & not in excess of amount reasonably required

D) Loans and advances in the nature of loans given to subsidiaries and associates as required to be disclosed in the annual accounts of the Company pursuant to Clause 32 of Listing Agreement is under:

NOTES TO FINANCIAL STATEMENTS

for the year ended 31st March, 2013

a) Details of Loans to Subsidiaries / Step down Subsidiaries

(₹ in Lakhs)

Name of Subsidiary Company	31st March, 2013		31st March, 2012	
	Closing Balance	Maximum Amount	Closing Balance	Maximum Amount
Alliance Mall Developers Co. Private Limited	-	364.38	112.29	112.29
Royal Mall Private Limited	0.34	0.34	-	681.93
Prozone Liberty International Ltd, Singapore	57.28	57.28	38.42	38.42
Prozone International Ltd, Singapore	48.05	48.05	48.05	48.05
Omni Infrastructure Private Limited	1,492.22	1,740.22	438.22	438.22
Empire Mall Private Limited	4,613.40	6,872.86	4,320.17	10,054.73
Hagwood Commercial Developers Private Limited.	-	189.05	23.38	140.63
Kruti Multitrade Private Limited	36.51	36.51	36.51	357.51
	6,247.80	9,308.69	5,017.04	11,871.78

b) Details of Investments in Subsidiaries

(No. of shares)

Name of Subsidiary Company	31st March, 2013	31st March, 2012
Alliance Mall Developers Co Private Limited	20,10,000	20,10,000
Jaipur Festival City Private Limited	10,000	10,000
Royal Mall Private Limited	10,000	10,000
Kruti Multitrade Private Limited	10,000	10,000
Prozone Liberty International Limited (Singapore)	614,74,094	614,74,094
Prozone International Limited (Singapore)	98,91,974	Nil
Investments through Prozone Liberty International Limited (Singapore)		
Prozone International Limited (Singapore)	281,54,081	380,46,055
Prozone International Coimbatore Limited (Singapore)	1	1
Prozone Overseas Pte Limited (Singapore)	1	1
Investments through Prozone International Limited (Singapore)		
Empire Mall Private Limited	472,09,412	472,09,412
Hagwood Commercial Developers Private Limited	94,80,235	94,80,235
Omni Infrastructure Private Limited	24,000	24,000

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

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

Particulars	Year ended 31.03.2013	Year ended 31.03.2012
Discount rate	8.20%	8.00%
Expected rate of return on assets	8.50%	8.50%
Expected rate of future salary increase	5%	5%F5Y 8.5%TA

NOTES TO FINANCIAL STATEMENTS

for the year ended 31st March, 2013

Changes in present value of obligations

(₹ in Lakhs)

Particulars	Year ended 31.03.2013	Year ended 31.03.2012
Present value of obligation as at 31.03.2012	11.09	5.38
Interest Cost	0.84	0.43
Past Service Cost	(0.61)	-
Current Service Cost	3.93	2.30
Benefits paid	-	-
Actuarial loss on obligations	2.54	2.36
Present Value of obligation as at 31.03.2013	17.79	10.47

(Assets) / Liability recognised in the Balance Sheet

(₹ in Lakhs)

Particulars	Year ended 31.03.2013	Year ended 31.03.2012
Present Value of obligation as at 31.03.2013	17.79	10.47
Fair Value of plan assets as at the end of the year	17.06	15.26
Unfunded status	0.73	(4.79)
Unrecognised Actuarial (Gain)/ loss	-	-
Net (Assets)/ Liabilities recognised in the Balance Sheet	0.73	(4.79)
- Non-Current (Assets) / Liabilities	-	-
- Current (Assets) / Liabilities	0.73	(4.79)

Expenses recognised in the Profit and Loss Account

(₹ in Lakhs)

Particulars	Year ended 31.03.2013	Year ended 31.03.2012
Current Service Cost	3.93	2.30
Past Service Cost	(0.61)	-
Interest Cost	0.84	0.43
Expected return on plan assets	(1.80)	(0.45)
Net Actuarial (Gain)/ loss recognised during the year	2.54	2.36
Total Expenses recognised in the Profit and Loss account	4.90	4.64

NOTES TO FINANCIAL STATEMENTS

for the year ended 31st March, 2013

F) Related Party Disclosure:

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

For the year ended 31st March, 2013

i) Key Management Personnel

Mr. Nikhil Chaturvedi	Director
Mr. Salil Chaturvedi	Director
Mr. Akhil Chaturvedi (Up to 20th April, 2012)	Director
Mr. Deep Gupta (Up to 20th April, 2012)	Director
Mr. Nigam Patel	COO

ii) Shareholder having significant interest in the Company

Nailsfield Limited, Mauritius

iii) Name of the enterprises having same Key Management Personnel and / or their relatives as the reporting enterprise with whom the Company has entered into transactions during the year.

Starlight City Commercial Developers Private Limited

Bright Land Developers Private Limited

Provogue (India) Limited

iv) Subsidiaries/Step down Subsidiaries :

Alliance Mall Developers Co Private Limited

Royal Mall Private Limited

Jaipur Festival City Private Limited

Prozone Liberty International Ltd, Singapore

Prozone International Ltd, Singapore

Omni Infrastructure Private Limited

Empire Mall Private Limited

Hagwood Commercial Developers Private Limited

Kruti Multitrade Private Limited

v) Joint Ventures and Coventurers :

Emerald Buildhome Private Limited

Moontown Trading Company Private Limited

Shalom Voyagers Private Limited

NOTES TO FINANCIAL STATEMENTS

for the year ended 31st March, 2013

Related Party Transactions

a) Sale/Purchase of goods and services

(₹ in Lakhs)

Particulars	Sale of services	Rent Paid	Amount due from Related Parties
Enterprises owned or significantly influenced by key management personnel or their relatives			
Provogue (India) Limited	-	120.00	3.48
Subsidiaries / Step down Subsidiaries			
Alliance Mall Developers Co. Private Limited	340.62	-	155.54
Royal Mall Private Limited	-	-	0.57
Omni Infrastructure Private Limited	118.05	-	308.04
Empire Mall Private Limited	129.57	-	392.74
Hagwood Commercial Developers Private Limited.	228.97	-	193.51

b) Loans given and repayment thereof

(₹ in Lakhs)

Particulars	Loans Given	Received Back	Interest Accrued	Amount due to Related Parties
Subsidiaries/Step down Subsidiaries				
Alliance Mall Developers Co. Private Limited	252.09	364.38	-	-
Royal Mall Private Limited	0.34	-	-	0.34
Prozone Liberty International Ltd, Singapore	18.86	-	-	57.28
Prozone International Ltd, Singapore	-	-	-	48.05
Omni Infrastructure Private Limited	1,187.15	248.00	114.85	1,492.22
Empire Mall Private Limited	1,859.23	2,259.46	693.46	4,613.40
Hagwood Commercial Developers Private Limited.	165.67	189.05	-	-
Kruti Multitrade Private Limited	-	-	-	36.51
Joint Ventures and Coventurers				
Moontown Trading Company Private Limited. (JV)	5.85	-	-	277.80

c) Loans taken and repayment thereof

(₹ in Lakhs)

Particulars	Loans Taken	Loan Repaid	Interest Paid	Amount due to Related Parties
Enterprises owned or significantly influenced by key management personnel or their relatives				
Provogue (India) Limited	52.65	59.43	-	23.30
Joint Ventures and Coventurers				
Emerald Buildhome Private Limited.(JV)	-	-	-	1,729.49

NOTES TO FINANCIAL STATEMENTS

for the year ended 31st March, 2013

d) Share Application Money Given

(₹ in Lakhs)

Particulars	Money Given	Shares Allotted	Amount due from Related Parties
Joint Ventures and Coventurers			
Moontown Trading Company Private Limited (JV)	-	200.00	-

e) Remuneration to Key Management Personnel

(₹ in Lakhs)

Particulars	Remuneration	Amount due from Related Parties	Amount due to Related Parties
Key Management Personnel			
Mr. Nikhil Chaturvedi	84.00	-	1.22
Mr. Salil Chaturvedi	60.00	-	5.71
Mr. Nigam Patel	60.00	3.43	-

f) Other transactions :

During the year, Company has purchased 98.92 lakhs Ordinary Shares of USD 1/- each fully paid up of Prozone International Limited (Singapore) from Prozone Liberty International Limited (Singapore) for a consideration of ₹ 52.55 lakhs

For the year ended 31st March, 2012

i) Key Management Personnel

Mr. Nikhil Chaturvedi	Director
Mr. Akhil Chaturvedi	Director
Mr. Salil Chaturvedi	Director
Mr. Deep Gupta	Director
Mr. Nigam Patel	COO

ii) Shareholder having significant interest in the Company

Nailsfield Limited, Mauritius

iii) Name of the enterprises having same Key Management Personnel and / or their relatives as the reporting enterprise with whom the Company has entered into transactions during the year.

Starlight City Commercial Developers Private Limited

Bright Land Developers Private Limited

Provogue (India) Limited

iv) Subsidiaries/Step down Subsidiaries :

Alliance Mall Developers Co Private Limited

Royal Mall Private Limited

Jaipur Festival City Private Limited

Prozone Liberty International Ltd, Singapore

NOTES TO FINANCIAL STATEMENTS

for the year ended 31st March, 2013

Prozone International Ltd, Singapore
 Omni Infrastructure Private Limited
 Empire Mall Private Limited
 Hagwood Commercial Developers Private Limited
 Kruti Multitrade Private Limited

v) Joint Ventures and Coventurers :

Emerald Buildhome Private Limited
 Moontown Trading Company Private Limited
 Shalom Voyagers Private Limited

Related Party Transactions

a) Sale/Purchase of goods and services

(₹ in Lakhs)

Particulars	Sale of services	Reimbursement of expense	Rent Paid	Amount due from Related Parties
Enterprises owned or significantly influenced by key management personnel or their relatives				
Provogue (India) Limited	-	63.95	120.00	-
Subsidiaries/Step down Subsidiaries				
Alliance Mall Developers Co. Private Limited	315.67	-	-	296.49
Royal Mall Private Limited	-	-	-	0.57
Omni Infrastructure Private Limited	46.25	-	-	202.82
Empire Mall Private Limited	274.41	-	-	276.84
Hagwood Commercial Developers Private Limited.	176.58	-	-	169.16

b) Loans given and repayment thereof

(₹ in Lakhs)

Particulars	Pursuant to amalgamation	Loans Given	Received Back	Written Off	Interest Accrued	Amount due to Related Parties
Subsidiaries/Step down Subsidiaries						
Alliance Mall Developers Co. Private Limited	2.56	167.83	58.10	-	-	112.29
Royal Mall Private Limited	681.93	-	681.93	-	-	-
Prozone Liberty International Ltd, Singapore	18.82	19.60	-	-	-	38.42
Prozone International Ltd, Singapore	44.92	3.13	-	-	-	48.05
Omni Infrastructure Private Limited	103.95	329.38	24.99	-	29.88	438.22
Empire Mall Private Limited	9,839.83	1,245.08	7,125.73	-	360.99	4,320.17

NOTES TO FINANCIAL STATEMENTS

for the year ended 31st March, 2013

(₹ in Lakhs)

Particulars	Pursuant to amalgamation	Loans Given	Received Back	Written Off	Interest Accrued	Amount due to Related Parties
Hagwood Commercial Developers Private Limited.	140.63	115.13	232.38	-	-	23.38
Joint Ventures and Coventurers						
Moontown Trading Company Private Limited. (JV)	313.71	-	-	41.76	-	271.95
Shalom Voyagers Private Limited (CoV)	255.00	-	-	255.00	-	-

c) Loans taken and repayment thereof

(₹ in Lakhs)

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

d) Share Application Money Given

(₹ in Lakhs)

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

e) Remuneration to Key Management Personnel

(₹ in Lakhs)

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

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

NOTES TO FINANCIAL STATEMENTS

for the year ended 31st March, 2013

- G)** The Company is mainly engaged in the business of designing, developing, owning and operating of Shopping Malls, Commercial and Residential Premises through its various SPVs. The Company is also providing related management consultancy services to its SPVs. There is no other reportable business segment as per Accounting Standard (AS-17) issued by The Institute of Chartered Accountants of India.
- H)** During the year 2011-12, the company was converted into a public limited company vide special resolution passed in the extra ordinary general meeting of the members of the company held on 14th September, 2011. Further vide resolution passed in the meeting of board of directors held on 29th September, 2011, name of the Company has been changed from Castle Mall Limited to Prozone Capital Shopping Centres Limited. The fresh Certificate of Incorporation dated 5th October, 2011 has been received by the company from the Registrar of Companies, Maharashtra.
- I)** The Income tax authorities had carried out search and seizure operations in January 2012 at the premises of the Company. The Company has filed Income Tax Returns for which notice has been received u/s 153A of The Income Tax Act,1961. Further the management is not expecting any further liability for the assessment years for which the return has been filled.
- J)** Figures less than ₹ 500/- have been shown at actual wherever statutorily required to be disclosed since figures have been rounded off to the nearest thousands.
- K)** The Company has re-grouped, reclassified and/or re-arranged previous year's figures, wherever necessary to conform to current year's classification.

As per our report of even date attached

For Singrodia Goyal & Co.

Chartered Accountants

Shyamratan Singrodia

Partner

Mem. No. 49006

Place : Mumbai

Date : 10th May, 2013

For and on behalf of the Board

Nikhil Chaturvedi

Managing Director

Salil Chaturvedi

Dy. Managing Director

Snehal Bansode

Company Secretary

INDEPENDENT AUDITORS' REPORT

on (Consolidated) Financial Statements

To
**The Board of Directors of
Prozone Capital Shopping Centres Limited**

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Prozone Capital Shopping Centres Limited (Formerly known as "Castle Mall Private Limited") ("the Company") and its subsidiaries and its interest in joint ventures (hereinafter collectively referred to as "the Group"), which comprise the Consolidated Balance Sheet as at 31st March, 2013 and 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 consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 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 procedure to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risk of material misstatement of the consolidated financial statements, whether due to fraud and error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating and appropriateness of accounting policies used and 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, and based on consideration of the reports of the other auditors on the financial statements of the subsidiaries and joint ventures as noted below, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

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

Other Matters

We did not audit the financial statements of four subsidiaries viz., Prozone Liberty International Limited, Prozone International Limited, Prozone Overseas Pte Ltd., and Prozone International Coimbatore Limited (all incorporated in Singapore), whose financial statements reflect total net assets of ₹ 54,776.11 lakhs as at 31st March, 2013, total revenues of ₹ 3,924.03 lakhs and net cash inflows amounting to ₹ 9.44 lakhs for the year ended on that date. These financial statements have been audited by other auditors whose reports have been furnished to us and our opinion is based solely on the reports of the other auditors.

We have relied on the unaudited financial statements of joint venture of its subsidiary viz., Emerald Buildhome Private Limited wherein the group reflect total net assets of ₹ 2,240.99 lakhs as at 31st March, 2013, total revenues of ₹ Nil and net cash outflows amounting to ₹ 2.77 lakhs. The unaudited financial statements as approved by the respective Boards of Directors of company has been furnished to us by the management and our report in so far as it relates to the amounts included in respect of joint venture of its subsidiary is based solely on such approved unaudited financial statements.

For Singrodia Goyal & Co.

Chartered Accountants
Firm Reg No. 112081W

Shyamratan Singrodia

Partner

Place : Mumbai
Date : 10th May, 2013

Mem. No. 49006

CONSOLIDATED BALANCE SHEET

as at 31st March, 2013

(₹ in Lakhs)

Particulars	Notes	As at 31.03.2013	As at 31.03.2012
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share capital	2	3,052.06	3,052.06
Reserves & surplus	3	48,503.14	49,353.51
		51,555.20	52,405.57
Minority Interest			
		20,628.17	21,097.43
Non-current Liabilities			
Long-term borrowings	4	15,228.44	12,699.74
Deferred tax liabilities (net)	5	27.32	15.68
Other long-term liabilities	6	944.06	908.72
Long-term provisions	7	8.67	2.62
		16,208.49	13,626.76
Current Liabilities			
Short-term borrowings	8	34.34	34.73
Trade payables	9	715.37	453.73
Other current liabilities	10	4,398.51	3,029.75
Short term provisions	11	153.53	179.14
		5,301.75	3,697.35
TOTAL		93,693.61	90,827.11
ASSETS			
Non-Current Assets			
Fixed assets			
	12		
Tangible assets		42,016.44	53,194.44
Intangible assets		202.99	208.24
Capital work in progress		2,096.54	1,621.48
Goodwill on consolidation [Refer Note 30(F)]		10,976.15	10,976.15
Non-current investments	13	2,464.04	2,466.04
Long-term loans and advances	14	2,755.50	2,679.58
Other non-current assets	15	73.16	53.52
		60,584.82	71,199.45
Current Assets			
Current investments	16	2,781.78	4,491.89
Inventories	17	17,452.92	6,592.92
Trade receivables	18	5,081.48	2,299.43
Cash and cash equivalents	19	968.86	3,994.08
Short-term loans and advances	20	6,822.04	2,242.65
Other current assets	21	1.71	6.69
		33,108.79	19,627.66
TOTAL		93,693.61	90,827.11
Significant Accounting Policies	1		
Accompanying Notes to Accounts	30		

As per our report of even date attached

For Singrodia Goyal & Co.

Chartered Accountants

Shyamratan Singrodia

Partner

Mem. No. 49006

Place : Mumbai

Date : 10th May, 2013

ANNUAL REPORT 2013

For and on behalf of the Board

Nikhil Chaturvedi

Managing Director

Salil Chaturvedi

Dy. Managing Director

Snehal Bansode

Company Secretary

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31st March, 2013

(₹ in Lakhs)

Particulars	Year ended 31.03.2013	Year ended 31.03.2012
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Net Profit / (Loss) before tax and before extraordinary items	(1,243.30)	(2,158.48)
Adjustments for :		
Depreciation	2,375.68	2,704.72
Interest income	(522.27)	(278.21)
Dividend income	(102.09)	(302.30)
Amalgamation expenses	-	(80.68)
Net gain / (loss) on sale of current investments	(43.68)	(331.91)
Finance costs	1,501.74	1,663.91
Bad debts written off	44.14	90.95
Sundry balance written back	(11.18)	(2.88)
Operating profit before working capital changes	1,999.04	1,305.12
Adjustments for :		
Increase / (Decrease) in Trade payables	272.82	194.94
Increase / (Decrease) in Other current liabilities	1,368.75	(1,365.15)
Increase / (Decrease) in Long-term provisions	6.05	(3.21)
Increase / (Decrease) in Short term provisions	(25.61)	10.96
Increase / (Decrease) in Other long- term liabilities	35.34	4,152.01
Decrease / (Increase) in Trade receivables	(2,826.19)	(1,839.42)
Decrease / (Increase) in Other Non - current assets	(19.64)	33.14
Decrease / (Increase) in Inventories	(1,546.00)	475.12
Decrease / (Increase) in Other current assets	4.98	(7.32)
Cash generated from / (used in) operations	(730.46)	2,956.19
Direct taxes paid	(49.96)	(137.46)
Exceptional items	(58.44)	(105.12)
Net cash flow from / (used in) operating activities	(838.86)	2,713.61
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of fixed assets	(506.43)	(3,074.21)
Capital work in progress	(475.06)	2,036.30
Proceeds from non-current investments (Net)	2.00	-
Proceeds from current investments (Net)	1,753.79	2,193.12
Decrease / (Increase) in Long-term loans and advances	(75.92)	1,594.45
Decrease / (Increase) in Short-term loans and advances	(4,579.39)	384.38
Interest income	522.27	278.21
Dividend income	102.09	302.30
Redemption / maturity of bank deposits (having original maturity of more than 3 months)	(158.95)	76.79
Net cash flow from / (used in) investment activities	(3,415.60)	3,791.34

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31st March, 2013

(₹ in Lakhs)

Particulars	Year ended 31.03.2013	Year ended 31.03.2012
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Proceeds from Issue of Shares	-	4.00
Share Issue Expenses	-	(15.59)
Proceeds from Short - term borrowings (Net)	(0.39)	(5,770.12)
Proceeds from Long - term borrowings (Net)	2,528.70	4,350.41
Finance costs	(1,501.74)	(1,663.91)
Net cash flow from / (used in) financing activities	1,026.57	(3,095.21)
Net increase in Cash and Cash Equivalents	(3,227.89)	3,409.74
Foreign Currency Translation Reserve	43.72	(2.71)
Cash and Cash Equivalents		
- at the beginning of the year	3,702.02	0.50
- Pursuant to the Scheme	-	19.83
- on consolidation of subsidiaries and joint ventures	-	274.66
Cash and Cash Equivalents at the end of the year	517.85	3,702.02

Notes :

- a. Cash and Cash Equivalents at the end of the year consists of cash in hand and balances with banks are as follows:

(₹ in Lakhs)

Particulars	As at 31.03.2013	Year ended 31.03.2012
Balances with Banks:		
On Current Accounts	478.54	3,684.67
Cash on Hand	36.28	11.32
Add: Share in joint venture	3.03	6.03
	517.85	3,702.02

- b. The previous year's figures have been regrouped / rearranged wherever necessary in order to conform to current year's presentation.

As per our report of even date attached

For Singrodia Goyal & Co.

Chartered Accountants

Shyamratan Singrodia

Partner

Mem. No. 49006

Place : Mumbai

Date : 10th May, 2013

For and on behalf of the Board

Nikhil Chaturvedi

Managing Director

Salil Chaturvedi

Dy. Managing Director

Snehal Bansode

Company Secretary

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31st March, 2013

CORPORATE INFORMATION:

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

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES

A) Basis of Accounting:

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

B) Significant Accounting Policies:

a. Principles of Consolidation:

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

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

- i) The financial statements of the Company and its subsidiaries have been combined on a line-by-line basis by adding together the balances of like items of assets, liabilities, income and expenditure after fully eliminating the intra-group balances and intra-group transactions resulting in unrealised profit or loss.
- ii) The financial statements of the Company and its Joint Ventures have been consolidated using the proportionate consolidation method.
- iii) The Consolidated Financial Statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as the Company's separate financial statements.
- iv) While preparing Consolidated Financial Statements, the foreign exchange adjustments have been carried out as per Accounting Standard 11 – "Accounting for effects of changes in Foreign Exchange Rates" on following basis:
 - a) The summarised revenue and expenses transactions at the year-end reflected in Profit and Loss Account of the foreign subsidiaries, which are stated in the currency of their domicile, are translated into Indian Rupees at an average exchange rate.
 - b) All monetary and non-monetary items reflected in the Balance Sheet of the foreign subsidiaries which are stated in the currency of their domicile, are translated into Indian Rupees at the year-end closing exchange rate.
 - c) The resultant translation exchange gain/loss in case of non-integral foreign operations is disclosed as Foreign Exchange Translation Reserve in Reserves & Surplus Schedule in the Accounts.
- v) The excess of cost to the Company of its investments in the subsidiaries over its portion of equity of subsidiaries at the dates they become subsidiaries is recognised in the financial statements as goodwill.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31st March, 2013

- vi) The excess of Company's portion of equity of the subsidiaries over the cost to the Company of its investments at the dates they become subsidiaries is recognised in the financial statements as capital reserve.

b. Other Significant Accounting Policies:

i) Revenue Recognition:

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

ii) Fixed Assets:

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

iii) Expenditure during construction

- a) Expenditure of capital nature incurred during construction period in respect of a project being executed by the Company is grouped under Capital work in progress. Such expenditure would be capitalised upon the commencement of commercial operation of the project.
- b) Incidental expenditure during construction pending allocation included in capital work in progress represents expenditure incurred in connection with the project which is intended to be capitalised to the project.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31st March, 2013

iv) Impairment of Fixed Assets:

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

v) Depreciation:

a) Tangible Assets

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

b) Intangible Assets

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

vi) Inventories:

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

vii) Investments:

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

viii) Borrowing Costs:

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

ix) Miscellaneous Expenditure:

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

x) Employee Benefits:

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

xi) Provisions and Contingent Liabilities:

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31st March, 2013

xii) Use of Estimates:

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

Difference between actual results and estimates are recognised in the periods in which the results are known/ materialise.

xiii) Foreign Currency Transactions:

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

xiv) Accounting for Taxation of Income :

Current Taxes:

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

Deferred Taxes:

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

NOTE 2. SHARE CAPITAL

a)

Particulars	₹ in Lakhs)	
	As at 31.03.2013	As at 31.03.2012
Authorised		
2,002.50 Lakhs Equity Shares of ₹ 2 each	4,005.00	4,005.00
	4,005.00	4,005.00
Issued, Subscribed and Paid Up		
1,526.03 Lakhs Equity Shares of ₹ 2 each fully paid up	3,052.06	3,052.06
	3,052.06	3,052.06

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31st March, 2013

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

Particulars	As at 31st March, 2013		As at 31st March, 2012	
	No. in Lakhs	₹ in Lakhs	No. in Lakhs	₹ in Lakhs
(Face Value of ₹ 10 each)				
At the beginning of the period	-	-	0.10	1.00
(Face Value of ₹ 2 each)				
At the beginning of the period	1,526.03	3,052.06		
No. of Shares Sub-Divided in the ratio 1:5	-	-	0.50	1.00
Issued during the period				
- for cash	-	-	2.00	4.00
- pursuant to the Scheme of Arrangement and Amalgamation	-	-	1,523.53	3,047.06
Outstanding at the end of the period	1,526.03	3,052.06	1,526.03	3,052.06

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

Particulars	As at 31st March, 2013		As at 31st March, 2012	
	No. in Lakhs	₹ in Lakhs	No. in Lakhs	₹ in Lakhs
Equity Shares issued pursuant to the Scheme of Demerger and Amalgamation	-	-	1,523.53	3,047.06

d) Terms/rights attached to equity shares

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

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

e) Details of Shareholders' holding more than 5% shares in the Company:

Names of Shareholders	As at 31st March, 2013		As at 31st March, 2012	
	No. in Lakhs	% holding	No. in Lakhs	% holding
Nailsfield Limited, Mauritius	494.11	32.38	494.11	32.38
Nikhil Chaturvedi	106.12	6.95	106.12	6.95
Salil Chaturvedi	102.95	6.75	102.95	6.75

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31st March, 2013

NOTE 3. RESERVES AND SURPLUS

Particulars	₹ in Lakhs)	
	As at 31st March, 2013	As at 31st March, 2012
Amalgamation Reserve	688.75	688.75
Foreign Currency Translation Reserve		
Opening Balance	924.87	-
Add: Pursuant to the Scheme	-	924.87
Add / (Less) : Adjustments during the year	43.72	-
	968.59	924.87
Capital Reserve on Consolidation	7.20	7.20
Securities Premium		
Opening Balance	48,130.60	-
Add: Pursuant to the Scheme	-	48,146.19
Less: Share issue expenses	-	15.59
	48,130.60	48,130.60
Surplus/(deficit) in the Statement of Profit and Loss		
Opening Balance	(397.91)	1,912.29
Add: Pursuant to the Scheme	-	(22.16)
Add: Profit / (Loss) during the year	(894.09)	(2,288.04)
	(1,292.00)	(397.91)
Less: Utilised during the year	-	-
Closing Balance	(1,292.00)	(397.91)
	48,503.14	49,353.51

NOTE 4. LONG - TERM BORROWINGS

Particulars	₹ in Lakhs)	
	As at 31st March, 2013	As at 31st March, 2012
Secured		
Term Loans	16,547.14	13,575.31
Less: Interest accrued but not due on borrowings	168.68	162.34
Less: Current maturities of long term debt (disclosed under other current liabilities)	2,021.61	1,598.66
	14,356.85	11,814.31
Hire Purchase Loans	31.66	64.15
Less: Current maturities of Long Term Debt (disclosed under other current liabilities)	24.86	43.47
	6.80	20.68
	14,363.65	11,834.99
Unsecured		
Interest free loans and advances from related parties	864.79	864.75
	864.79	864.75
TOTAL	15,228.44	12,699.74

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31st March, 2013

NOTE 5. DEFERRED TAX LIABILITIES (NET)

(₹ in Lakhs)		
Particulars	As at 31st March, 2013	As at 31st March, 2012
Deferred Tax Liabilities (Gross)		
Fixed Assets : Impact of difference between tax depreciation and depreciation / amortisation charged for the financial reporting	8.64	3.06
Impact of income charged to the statement of profit and loss in the current year but allowed for tax purposes on receipt basis - Lease Rental Adjustments - Unbilled Revenue	24.29	17.78
	32.93	20.84
Less:		
Deferred Tax Assets (Gross)		
Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes on payment basis	5.61	5.16
	5.61	5.16
Deferred Tax Liabilities (Net)	27.32	15.68

NOTE 6. OTHER LONG-TERM LIABILITIES

(₹ in Lakhs)		
Particulars	As at 31st March, 2013	As at 31st March, 2012
Lease Deposits from Tenants	943.27	907.93
Add: Share in Joint Ventures	0.79	0.79
	944.06	908.72

NOTE 7. LONG-TERM PROVISIONS

(₹ in Lakhs)		
Particulars	As at 31st March, 2013	As at 31st March, 2012
Provision for employees' benefits		
Provision for gratuity	8.67	2.62
	8.67	2.62

NOTE 8. SHORT-TERM BORROWINGS

(₹ in Lakhs)		
Particulars	As at 31st March, 2013	As at 31st March, 2012
Interest free loans from related parties repayable on demand (Unsecured)	34.34	34.73
	34.34	34.73

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31st March, 2013

NOTE 9. TRADE PAYABLES

(₹ in Lakhs)		
Particulars	As at 31st March, 2013	As at 31st March, 2012
Trade payables		
- Due to Micro, Small & Medium Enterprises (Refer note below)	-	-
- Others	715.29	453.70
Add: Share in joint venture	0.08	0.03
	715.37	453.73

Note :

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

NOTE 10. OTHER CURRENT LIABILITIES

(₹ in Lakhs)		
Particulars	As at 31st March, 2013	As at 31st March, 2012
Current maturities of long term debt	2,046.47	1,642.13
Interest accrued but not due on borrowings	168.68	162.34
Payables in respect of capital assets	952.52	927.14
Payables for capital work in progress	135.33	23.13
Advance from debtors	908.76	155.01
Duties & taxes payable	186.75	120.00
	4,398.51	3,029.75

NOTE 11. SHORT TERM PROVISIONS

(₹ in Lakhs)		
Particulars	As at 31st March, 2013	As at 31st March, 2012
Provision for employee benefits expense	93.21	93.31
Provision for gratuity	0.75	-
Provision for expenses	59.57	85.83
	153.53	179.14

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31st March, 2013

NOTE 12. FIXED ASSETS

a) Tangible Assets

Particulars	Gross Block				Depreciation				Net Block		
	As at 01.04.2012	Additions during the year	Deduction during the year	As at 31.03.2013	Additions Pursuant to the Scheme	Provided for the year	Adjustments for the year	Consolidation Adjustments	Upto 31.03.2013	As at 31.03.2013	As at 31.03.2012
Leasehold Land (Refer Note below)	3,795.75	-	-	3,795.75	-	63.79	-	-	414.66	3,381.09	3,444.88
Free hold Land	27,587.16	-	8,057.03	19,530.13	-	-	-	-	-	19,530.13	27,587.16
Building (Given on Operating Lease)	18,500.68	430.79	1,456.23	17,475.24	-	1,638.45	2,13.53	75.06	4,004.86	13,470.38	15,845.68
Building	141.73	-	-	141.73	-	5.89	-	-	29.75	111.98	117.87
Residential Premises	31.74	-	-	31.74	-	1.28	-	-	7.47	24.27	25.55
Plant & Equipments	5,641.31	12.01	12.01	5,653.32	-	660.57	-	22.70	1,771.15	3,882.17	4,508.03
Furniture's & Fittings	599.33	13.68	13.68	613.01	-	60.83	-	-	325.53	287.48	334.63
Motor Vehicles	365.29	18.09	18.09	383.38	-	37.51	-	-	257.94	125.44	144.86
Painting	8.82	-	-	8.82	-	1.08	-	-	3.93	4.89	5.97
Computers	97.76	31.87	-	129.63	-	13.07	-	-	89.87	39.76	20.96
TOTAL	56,769.57	506.44	9,513.26	47,762.75	4,733.98	2,482.47	213.53	97.76	6,905.16	40,857.59	52,035.59
Add: Share in joint ventures	1,158.85	-	-	1,158.85	-	-	-	-	-	1,158.85	1,158.85
GRAND TOTAL	57,928.42	506.44	9,513.26	48,921.60	4,733.98	2,482.47	213.53	97.76	6,905.16	42,016.44	53,194.44
Previous Year	53,193.97	7,275.54	1,318.93	57,928.42	-	2,832.82	(68.06)	114.81	4,733.98	53,194.44	-

Note : During the year, a portion of land and building has been converted into inventory from capital assets by the Company to develop a Commercial / Residential Project. Accordingly any shortfall of depreciation / amortisation pertaining to previous year has been adjusted in the current year.

b) Intangible Assets

Particulars	Gross Block				Amortisation				Net Block		
	As at 01.04.2012	Additions Pursuant to the Scheme	Deduction during the year	As at 31.03.2013	Additions Pursuant to the Scheme	Provided for the year	Adjustments for the year	Consolidation Adjustments	Upto 31.03.2013	As at 31.03.2013	As at 31.03.2012
Computer Software	26.27	-	-	26.27	-	5.25	-	-	23.28	2.99	8.24
Add: Share in joint venture (Development Rights)	200.00	-	-	200.00	-	-	-	-	-	200.00	200.00
TOTAL	226.27	-	-	226.27	-	5.25	-	-	23.28	202.99	208.24
Previous Year	226.27	-	-	226.27	12.45	5.58	-	-	18.03	208.24	-

c) Capital Work in Progress - Project Expenses Pending Capitalisation

d) Depreciation / Amortisation for the year ended 31st March, 2013

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

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31st March, 2013

NOTE 13. NON-CURRENT INVESTMENTS

	(₹ in Lakhs)	
Particulars	As at 31st March, 2013	As at 31st March, 2012
Investment in property	5.16	5.16
Non-Trade Investments		
Unquoted Equity Instruments		
Choice Realty Private Limited (0.08 lakhs (PY1.00 Lakhs) Equity Shares of Face value of ₹ 10 each fully paid up)	50.00	650.00
Rigveda Properties Limited (0.50 Lakh Equity Shares of Face value of ₹ 10 each fully paid up)	1,000.00	1,000.00
Anant Trexim Private Limited (0.40 Lakh Equity Shares of Face value of ₹ 10 each fully paid up)	40.00	40.00
Shine Enterprises Private Limited (0.23 Lakhs Equity Shares of Face value of ₹ 100 each fully paid up)	598.00	-
Sai Golden Ingots Private Limited (0.20 Lakh Equity Shares of Face value of ₹ 100 each fully paid up)	100.00	100.00
Jorko Commodities Private Limited (0.50 Lakh Equity Shares of Face value of ₹ 10 each fully paid up)	25.00	25.00
Madhujas Promotions Private Limited (0.125 Lakh Equity Shares of Face value of ₹ 10 each fully paid up)	10.00	10.00
Sojatia Auto Private Limited (0.165 Lakh Equity Shares of Face value of ₹ 100 each fully paid up)	160.88	160.88
Trade Winds Impex Private Limited (0.20 Lakh Equity Shares of Face value of ₹ 10 each fully paid up)	25.00	25.00
Preference Shares (Unquoted)		
Miracle Agro Private Limited (4.50 Lakhs 6% Non Cumulative Preference Shares of Face value of ₹ 100 each fully paid up)	450.00	450.00
	2,464.04	2,466.04
Aggregate book value of unquoted Investments	2,464.04	2,466.04

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31st March, 2013

NOTE 14. LONG-TERM LOANS AND ADVANCES

(Unsecured, Considered Good)

	(₹ in Lakhs)	
Particulars	As at 31st March, 2013	As at 31st March, 2012
Security deposits	110.29	125.49
Capital advance	263.24	257.27
Mobilisation advances	144.00	-
Loans and advances		
- To related parties	208.35	203.96
- To others	150.00	150.00
Advance recoverable in cash or in kind	342.92	194.50
<u>Other Loans and Advances</u>		
Advance tax & TDS (net of provisions)	826.84	683.87
CENVAT credit receivable	415.27	673.11
Input VAT receivable	-	4.32
Prepaid expenses	107.34	199.81
Add: Share in joint venture	187.25	187.25
	2,755.50	2,679.58

NOTE 15. OTHER NON-CURRENT ASSETS

	(₹ in Lakhs)	
Particulars	As at 31st March, 2013	As at 31st March, 2012
Lease Rental Adjustments - Unbilled Revenue	73.16	53.52
	73.16	53.52

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31st March, 2013

NOTE 16. CURRENT INVESTMENTS

Particulars	(₹ in Lakhs)	
	As at 31st March, 2013	As at 31st March, 2012
Investment in Mutual Funds		-
Nil (PY 2.45 Lakhs) Units of ICICI Prudential Flexible Income Plan	-	259.28
27.53 Lakhs (PY 8.05 Lakhs) Units of ICICI Prudential Liquid Plan	2,753.09	805.27
0.29 lakhs (PY Nil) units Birla Sunlife Cash Plus Plan	28.69	-
Nil (PY 0.0095 Lakhs) Units of Fidelity Short Term Income Fund	-	0.10
Nil (PY 0.0009 Lakhs) Units of ICICI Prudential Ultra Short Term Plan	-	0.10
Investments in Bonds		
Nil (PY 176) Units of 10.05% Air India Bonds of ₹ 10 Lakhs each fully paid up	-	1,907.69
Nil (PY 2) Units of 9.70% IFCI Bonds of ₹ 10 Lakhs each fully paid up	-	21.97
Nil (PY 15) Units of 10.75% DPSC Bonds of ₹ 2 Lakhs each fully paid up	-	30.75
Nil (PY 4) Units of 12.60% SREI Equipment NCD of ₹ 10 Lakhs each fully paid up	-	40.76
Nil (PY 50) Units of 10.00% Punj Lloyd Limited of ₹ 1 Lakhs each fully paid up	-	56.22
Nil (PY 133) Units of 12.50% Magma Fincorp Limited Perpetual Bonds of ₹ 10 Lakhs each fully paid up	-	1,369.75
	2,781.78	4,491.89
Aggregate book value of unquoted Investments	2,781.78	4,491.89

NOTE 17. INVENTORIES

Particulars	(₹ in Lakhs)	
	As at 31st March, 2013	As at 31st March, 2012
Work In Progress - Construction Project	17,452.92	6,592.92
	17,452.92	6,592.92

NOTE 18. TRADE RECEIVABLES

Particulars	(₹ in Lakhs)	
	As at 31st March, 2013	As at 31st March, 2012
Unsecured, Considered Good		
Outstanding for a period exceeding six months from the date they are due for payment	189.43	100.05
Other Debts	4,892.05	2,199.38
	5,081.48	2,299.43

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31st March, 2013

NOTE 19. CASH AND CASH EQUIVALENTS

(₹ in Lakhs)		
Particulars	As at 31st March, 2013	As at 31st March, 2012
Cash and Cash Equivalents		
Balances with Banks:		
On Current Accounts	478.54	3,684.67
Cash on Hand	36.28	11.32
Add: Share in joint venture	3.03	6.03
Other Bank Balances		
Deposits with original maturity for more than 3 months but less than 12 months	451.01	12.89
Balance with banks to the extent held as security deposit	-	141.52
Balance with banks to the extent held as margin money	-	137.65
	968.86	3,994.08

NOTE 20. SHORT-TERM LOANS AND ADVANCES

(Unsecured, Considered Good)

(₹ in Lakhs)		
Particulars	As at 31st March, 2013	As at 31st March, 2012
Loans & advances	5,772.01	753.56
Advance recoverable in cash or in kind	929.27	1,356.33
Other loans and advances		
Loan to employees	14.65	9.75
Prepaid expenses	106.11	123.01
	6,822.04	2,242.65

NOTE 21. OTHER CURRENT ASSETS

(₹ in Lakhs)		
Particulars	As at 31st March, 2013	As at 31st March, 2012
Lease Rental Adjustments - Unbilled Revenue	1.71	-
Interest accrued on current investments	-	6.69
	1.71	6.69

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31st March, 2013

NOTE 22. REVENUE FROM OPERATIONS

Particulars	(₹ in Lakhs)	
	Year Ended 31.03.2013	Year Ended 31.03.2012
Sales		
Sales of commercial units	4,031.46	2,563.99
Sale of services		
License fees	1,571.78	1,525.60
CAM charges	756.58	678.78
Amenities charges	23.34	153.67
Other operational income	1,338.28	921.34
	7,721.44	5,843.38

NOTE 23. OTHER INCOME

Particulars	(₹ in Lakhs)	
	Year Ended 31.03.2013	Year Ended 31.03.2012
Interest on long term loans & advances	308.28	86.43
Interest on balance with banks	32.50	23.35
Interest on current investments	169.96	168.43
Interest on income tax refund	11.53	5.29
Dividend income on current investments	102.09	223.09
Net gain on sale of current investments	43.68	331.91
Unclaimed balances written back	11.18	2.88
	679.22	841.38

NOTE 24. COST OF CONSTRUCTION OF PROJECT

Particulars	(₹ in Lakhs)	
	Year Ended 31.03.2013	Year Ended 31.03.2012
Opening Balance	6,592.92	4,646.09
Add:		
Conversion of capital assets in to stock in trade	1,184.51	-
Conversion of capital work in progress in to stock in trade	2,091.39	1,949.79
Conversion of land in to stock in trade	8,057.03	1,318.94
Additional FSI Premium	-	385.00
Construction & development costs	1,377.67	484.92
Borrowing costs	335.82	357.82
Administrative & other expenses	412.73	9.87
	20,052.07	9,152.43
Less:		
Leasehold land reconverted in capital assets	-	846.79
Transferred to inventories (Work in progress - construction project)	17,452.92	6,592.92
	17,452.92	7,439.71
	2,599.15	1,712.72

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31st March, 2013

NOTE 25. EMPLOYEE BENEFITS EXPENSES

Particulars	(₹ in Lakhs)	
	Year Ended 31.03.2013	Year Ended 31.03.2012
Salaries and wages	513.62	480.94
Directors' remuneration	209.18	168.58
Contribution to provident fund and other funds	9.81	6.38
Staff welfare expenses	15.51	8.07
	748.12	663.97

NOTE 26. FINANCE COSTS

Particulars	(₹ in Lakhs)	
	Year Ended 31.03.2013	Year Ended 31.03.2012
Interest on bank loans	1,829.85	1,827.57
Interest on other loans	127.90	43.38
Other borrowing costs	1.56	150.78
Less: Capitalised to inventories (Work in progress - construction project)	(457.57)	(357.82)
	1,501.74	1,663.91

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31st March, 2013

NOTE 27. OTHER EXPENSES

Particulars	(₹ in Lakhs)	
	Year Ended 31.03.2013	Year Ended 31.03.2012
Rent	126.77	125.67
Rates and taxes	141.99	172.59
Insurance	36.30	60.72
Key man insurance	20.62	-
Repairs & maintenance		
- building	10.11	10.20
- plant & machinery	56.08	59.43
- others	73.03	47.28
Electricity charges	906.48	867.60
Security charges	84.64	77.86
Housekeeping charges	103.15	125.11
Printing & stationery	41.24	11.78
Communication costs	29.23	20.62
Legal & professional fees	468.07	258.06
Travelling & conveyance	231.13	172.39
Brokerage & commission	20.60	23.64
Advertisement & business promotion expenses	588.68	393.51
Auditors' remuneration	60.82	61.69
Bad debts / advances written off	44.14	91.34
Net loss on foreign exchange fluctuations	2.34	1.29
Miscellaneous expenses	54.42	39.70
Add: Share in Joint Ventures	45.94	0.41
Less: Elimination of the cost of services rendered to subsidiaries and joint ventures	(726.51)	(522.97)
	2,419.27	2,097.92

NOTE 28. EXCEPTIONAL ITEMS

Particulars	(₹ in Lakhs)	
	Year Ended 31.03.2013	Year Ended 31.03.2012
Prior period items - Depreciation / Amortisation for earlier years	58.44	120.24
Advances written off	-	416.13
	58.44	536.37

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31st March, 2013

NOTE 29. EARNING PER SHARE

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

(₹ in Lakhs)

Sr. No.	Particulars	Year Ended 31.03.2013	Year Ended 31.03.2012
i)	Weighted average number of Equity Shares of ₹ 2 each (No. in lakhs)		
a)	Number of shares at the beginning of the year	-	0.10
b)	Number of shares sub-divided in the ratio 1:5 during the year	-	0.50
c)	Number of shares at the end of the year	1,526.03	1,526.03
d)	Weighted average number of shares outstanding during the year	1,526.03	1,525.21
e)	Weighted average number of Potential Equity shares outstanding during the year	1,526.03	1,525.21
f)	Total number of Potential Equity Share for calculating Diluted Earning Per share	1,526.03	1,525.21
ii)	Net Profit \ (Loss) after tax available for equity shareholders (₹ In lakhs)	(894.09)	(2,288.04)
iii)	Basic Earning per share (in ₹)	(0.59)	(1.50)
iv)	Diluted Earning per share (in ₹)	(0.59)	(1.50)

NOTE 30. ACCOMPANYING NOTES TO ACCOUNTS

A. Companies considered in the consolidated financial statement are:

a. Subsidiaries:

Name of Company	Held Through	Date of Becoming Subsidiary	Country of Incorporation	% Voting Power held As on 31.03.2013	% Voting Power held As on 31.03.2012
Alliance Mall Developers Co Private Limited (AMDPL)	1	31-Aug-07	India	61.50	61.50
Omni Infrastructure Private Limited (OIPL)	3	04-May-07	India	60.00	60.00
Hagwood Commercial Developers Private Limited (HCDPL)	3	07-May-07	India	61.50	61.50
Empire Mall Private Limited (EMPL)	3	11-Mar-08	India	61.50	61.50
Royal Mall Private Limited (RMPL)	1	14-Sep-07	India	100.00	100.00
Jaipur Festival City Private Limited (JFCPL)	1	14-Sep-07	India	100.00	100.00
Kruti Multitrade Private Limited (KMPL)	1	15-Nov-11	India	100.00	100.00
Prozone Liberty International Ltd (PLIL)	1	17-Oct-07	Singapore	100.00	100.00
Prozone International Ltd (PIL)	2	18-Oct-07	Singapore	74.00	100.00
Prozone International Ltd (PIL)	1	25-Apr-12	Singapore	26.00	-
Prozone Overseas Pte Ltd (POPL)	2	23-Jan-08	Singapore	100.00	100.00
Prozone International Coimbatore Limited (PICL)	2	01-Oct-09	Singapore	100.00	100.00

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31st March, 2013

b. Joint Ventures:

Name of Company	Held Through	Country of Incorporation	% Voting Power held As on 31.03.2013	% Voting Power held As on 31.03.2012
Emerald Buildhome Private Limited (EBPL)	3	India	50.00	50.00
Moontown Trading Company Private Limited (MTCPL)	1	India	25.00	25.00

Held Through

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

B. Employees Defined Benefits:

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

Defined Benefit Plans – As per Actuarial Valuation

Particulars	As at 31st March, 2013	As at 31st March, 2012
Discount rate	8.00%	8.00%
Expected rate of return on assets	8.50%	8.50%
Expected rate of future salary increase	5%F5Y 8.5%TA	5%F5Y 8.5%TA

Changes in present value of obligations

Particulars	(₹ in Lakhs)	
	As at 31st March, 2013	As at 31st March, 2012
Present value of obligation as at the beginning of the year	16.12	11.96
Interest cost	1.29	0.96
Current service cost	7.96	5.63
Benefits paid	-	-
Actuarial loss on obligations	1.66	(2.43)
Present value of obligation as at the end of the year	27.03	16.12

(Assets)/Liability recognised in the Balance Sheet

Particulars	(₹ in Lakhs)	
	As at 31st March, 2013	As at 31st March, 2012
Present value of obligation as at the end of the year	27.03	16.12
Fair value of plan assets as at the end of the year	21.80	21.30
Unfunded status	5.23	(5.18)
Unrecognised actuarial (gain) / loss	-	-
Net (Assets)/ Liabilities recognised in the Balance Sheet	5.23	(5.18)
- Non-Current (Assets) / Liabilities	4.52	-
- Current (Assets) / Liabilities	0.71	(5.18)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31st March, 2013

Expenses recognised in the Profit and Loss Account

Particulars	(₹ in Lakhs)	
	As at 31st March, 2013	As at 31st March, 2012
Current service cost	7.96	5.63
Past service cost	(0.61)	-
Interest cost	1.29	0.96
Expected return on plan assets	(1.80)	(0.45)
Actuarial (Gain) / Loss on obligations	1.66	(2.43)
Actuarial (Gain) / Loss on plan assets	(0.54)	
Total expenses recognised *	7.96	3.71
* Apportionment of Gratuity expenses :		
Expense recognised in Statement of Profit and Loss	4.90	2.39
Expenses apportioned to Capital work in progress	3.06	1.32
Expenses apportioned to Capital work in progress	7.96	3.71

C. Related Party Disclosure:

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

For the year ended 31st March, 2013

i) Key Management Personnel

Mr. Nikhil Chaturvedi	Director
Mr. Salil Chaturvedi	Director
Mr. Akhil Chaturvedi (Up to 20th April, 2012)	Director
Mr. Deep Gupta (Up to 20th April, 2012)	Director
Mr. Nigam Patel	COO

ii) Shareholder having significant interest in the Company

Nailsfield Limited, Mauritius

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

Starlight City Commercial Developers Private Limited

Provogue (India) Limited

Faridabad Festival City Private Limited

Acme Advertisement Private Limited

iv) Joint Ventures and Coventurers:

Emerald Buildhome Private Limited (JV)

Moontown Trading Company Private Limited (JV)

Shalom Voyagers Private Limited (CoV)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31st March, 2013

Related Party Transactions

a) Sale/Purchase of goods and services

(₹ in Lakhs)

Particulars	Lease Rental Deposit	Sale of Goods / Services	Purchase of Goods / Services	Amount due from Related Parties
Enterprises owned or significantly influenced by key management personnel or their relatives				
Provogue (India) Limited	7.27	24.27	120.94	6.00
Acme Advertisement Private Limited	-	-	97.91	3.60
Faridabad Festival City Private Limited	-	211.32		183.35

b) Loans given and repayment thereof

(₹ in Lakhs)

Particulars	Loans Given	Received Back	Interest Accrued	Amount due to Related Parties
Joint Ventures and Coventurers				
Moontown Trading Company Private Limited. (JV)	1.46	-	-	69.45
Shalom Voyagers Private Limited (CoV)	-	-	-	12.50

c) Loans taken and repayment thereof

(₹ in Lakhs)

Particulars	Loans Taken	Loan Repaid	Interest Paid	Amount due to Related Parties
Key Management Personnel				
Mr. Deep Gupta	-	-	-	0.04
Mr. Nigam Patel	-	0.10	-	-
Enterprises owned or significantly influenced by key management personnel or their relatives				
Provogue (India) Limited	52.65	59.43	-	23.30
	-	-	-	-
Joint Ventures and Coventurers				
Emerald Buildhome Private Limited.(JV)	-	-	-	864.75

d) Remuneration to Key Management Personnel

(₹ in Lakhs)

Particulars	Remuneration	Amount due to Related Parties	Amount due to Related Parties
Key Management Personnel			
Mr. Nikhil Chaturvedi	84.00	-	1.22
Mr. Salil Chaturvedi	60.00	-	5.71
Mr. Nigam Patel	60.00	3.43	-

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31st March, 2013

For the year ended 31st March, 2012

i) Key Management Personnel

Mr. Nikhil Chaturvedi	Director
Mr. Akhil Chaturvedi	Director
Mr. Salil Chaturvedi	Director
Mr. Deep Gupta	Director
Mr. Nigam Patel	COO

ii) Shareholder having significant interest in the Company

Nailsfield Limited, Mauritius

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

Starlight City Commercial Developers Private Limited

Provogue (India) Limited

Faridabad Festival City Private Limited

Acme Advertisement Private Limited

iv) Joint Ventures and Coventurers:

Emerald Buildhome Private Limited (JV)

Moontown Trading Company Private Limited (JV)

Shalom Voyagers Private Limited (CoV)

Related Party Transactions

a) Sale/Purchase of goods and services

(₹ in Lakhs)

Particulars	Lease Rental Deposit	Sale of Goods /Services	Purchase of Goods /Services	Reim-burse ment of expense	Amount due to Related Parties	Amount due from Related Parties
Enterprises owned or significantly influenced by key management personnel or their relatives						
Provogue (India) Limited	7.27	27.45	120.00	73.64	-	16.32
Faridabad Festival City Private Limited		100.24	-	53.50	-	109.67
Acme Advertisement Private Limited		-	80.81	-	48.47	-

b) Loans given and repayment thereof

(₹ in Lakhs)

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31st March, 2013

c) Loans taken and repayment thereof

(₹ in Lakhs)

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

d) Remuneration to Key Management Personnel

(₹ in Lakhs)

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

D. Segment information:

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

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

- Leasing
- Outright Sales

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

(₹ In Lakhs)

Particulars	Leasing	Outright Sales	Total
For the year ended 31st March, 2013			
Revenue	3,685.78	4,035.66	7,721.44
Results			
Segment Results	(329.92)	1,231.24	901.32
Unallocated Expenses			1,322.10
Operation Profit			(420.78)
Finance Costs			1,501.74
Other Income			(679.22)
Exceptional Items			58.44
Profit / (Loss) Before Tax			(1,301.74)
Tax Expense			61.61
Net Profit / (Loss) for the year			(1,363.35)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31st March, 2013

(₹ In Lakhs)

Particulars	Leasing	Outright Sales	Total
As at 31st March, 2013			
Segment Assets	19,253.20	21,938.06	41,191.26
Unallocated Assets			52,502.35
Total Assets (A)			93,693.61
Segment Liabilities	13,309.68	4,154.13	17,463.81
Unallocated Liabilities			24,674.60
Total Liabilities (B)			42,138.41
Capital Employed (A) - (B)			51,555.20
Other segment information :			
Depreciation & Amortisation expense	2,262.61	2.75	2,265.36
Unallocated Depreciation & Amortisation expense			110.32
			2,375.68

(₹ In Lakhs)

Particulars	Leasing	Outright Sales	Total
For the year ended 31st March, 2012			
Revenue	3,278.28	2,565.10	5,843.38
Results			
Segment Results	(1,217.54)	849.61	(367.93)
Unallocated Expenses			968.02
Operation Profit			(1,335.95)
Finance Costs			1,663.91
Other Income			(841.38)
Exceptional Items			536.37
Profit / (Loss) Before Tax			(2,694.85)
Tax Expense			902.70
Net Profit / (Loss) for the year			(3,597.55)
As at 31st March, 2012			
Segment Assets	22,475.92	8,996.96	31,472.88
Unallocated Assets			59,354.23
Total Assets (A)			90,827.11
Segment Liabilities	13,867.27	2,144.10	16,011.37
Unallocated Liabilities			22,410.17
Total Liabilities (B)			38,421.54
Capital Employed (A) - (B)			52,405.57
Other segment information :			
Depreciation & Amortisation expense	2,505.52	-	2,505.52
Unallocated Depreciation & Amortisation expense			199.20
			2,704.72

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

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31st March, 2013

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

Particulars	(₹ in Lakhs)	
	As at 31st March, 2013	As at 31st March, 2012
Not later than one year	1,195.32	1,598.06
Later than one year and not later than five years	1,176.65	2,473.72
Later than five years	-	-

- b) Initial direct costs incurred on these leasing transactions have been recognised in the Profit and Loss Account.

- F. The Company had during the immediate previous financial year being the first year of consolidation of the company, inadvertently accounted for the following which has been rectified during the current year. There being no impact on the overall networth of the company at the consolidated level.

Particulars	(₹ in Lakhs)	
	As at 31.03.2012	As at 31.03.2013
Goodwill on Consolidation	19,993.13	10,976.15
Capital Reserve on Consolidation	Nil	(7.20)
Securities Premium	(57,154.78)	(48,130.60)
TOTAL	(37,161.65)	(37,161.65)

Accordingly the Company has also re-stated the previous year's figures to conform to that of the current year's

- G. The audited financial statements of foreign subsidiaries have been prepared in accordance with the Generally Accepted Accounting Principle of its Country of Incorporation or International Financial Reporting Standards. The differences in accounting policies of the Company and its subsidiaries are not material and hence no adjustment have been made in the Consolidated Financial Statements.
- H. During the year 2011-12, the company was converted into a public limited company vide special resolution passed in the extra ordinary general meeting of the members of the company held on 14th September, 2011. Further vide resolution passed in the meeting of board of directors held on 29th September, 2011, name of the Company has been changed from Castle Mall Limited to Prozone Capital Shopping Centres Limited. The fresh Certificate of Incorporation dated 5th October, 2011 has been received by the company from the Registrar of Companies, Maharashtra.
- I. Figures less than ₹ 500/- have been shown at actual, wherever statutorily required to be disclosed since figures have been rounded off to the nearest thousands.
- J. The Company has re-grouped, reclassified and/or re-arranged previous year's figures, wherever necessary to conform to current year's classification.

As per our report of even date attached

For Singrodia Goyal & Co.
Chartered Accountants

Shyamratan Singrodia
Partner
Mem. No. 49006

Place : Mumbai
Date : 10th May, 2013

For and on behalf of the Board

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

Snehal Bansode
Company Secretary

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

S. No.	Subsidiary Company	Note	Reporting Currency	Exchange Rate	Capital	Reserves	Total Assets	Total Liabilities	Investments (Except investm ent in sub sidiaries)	Turnover (Including other income)	Profit / (Loss) before taxation	Tax Expense	Profit / (Loss) after taxation	Proposed dividend
1	Alliance Mall Developers Co Private Limited		INR	1.00	395.73	16,087.06	19,538.30	3,055.51	4,550.75	255.45	85.87	25.21	60.66	-
2	Royal Mall Private Limited		INR	1.00	1.00	(1.99)	0.16	1.15	-	0.01	(0.30)	-	(0.30)	-
3	Jaipur Festival City Private Limited		INR	1.00	1.00	(1.05)	0.11	0.16	-	-	(0.14)	-	(0.14)	-
4	Kruti Multitrade Private Limited		INR	1.00	1.00	(31.65)	6.22	36.87	5.16	-	(0.29)	-	(0.29)	-
5	Prozone Liberty International Limited (Singapore)		USD	54.29	26,140.48	1,226.30	27,433.53	66.75	27,395.39	(3,924.03)	(3,989.20)	-	(3,989.20)	-
6	Prozone International Limited (Singapore)	1	USD	54.29	27,015.65	393.68	27,500.59	91.26	27,498.57	-	(15.18)	-	(15.18)	-
7	Prozone Overseas Pte Limited (Singapore)	1,3	USD	54.29	-	-	-	-	-	-	(23.65)	-	(23.65)	-
8	Prozone International Coimbatore Limited (Singapore)	1,4	USD	54.29	-	-	-	-	-	-	12.43	-	12.43	-
9	Omni Infrastructure Private Limited	2	INR	1.00	4.00	5,904.15	9,713.89	3,805.74	360.88	17.10	(30.53)	-	(30.53)	-
10	Hagwood Commercial Developers Private Limited	2	INR	1.00	1,541.50	20,913.33	23,622.15	1,167.32	5,900.34	28.41	(74.31)	0.19	(74.50)	-
11	Empire Mall Private Limited	2	INR	1.00	7,676.33	896.27	31,841.93	23,269.33	-	7,766.12	(1,157.04)	16.27	(1,173.31)	-

Notes:

- 1 Held through Prozone Liberty International Limited (Singapore)
- 2 Held through Prozone International Limited (Singapore)
- 3 Capital ₹ 40
- 4 Capital ₹ 48
- 5 Indian ₹ equivalents of the figures given in foreign currencies in the accounts of the subsidiary companies, are based on the exchange rates as in 31.03.2013
- 6 Tax expense includes deferred tax

For and on behalf of the Board

Place : Mumbai

Date : 10th May, 2013

Nikhil Chaturvedi

Managing Director

Saili Chaturvedi

Dy. Managing Director

Snehal Bansode

Company Secretary

PROZONE CAPITAL SHOPPING CENTRES LIMITED

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

PROXY FORM

Folio/DP & Client ID No. _____ No. of shares held _____

I/We _____ of _____
in the district of _____ being a Member/Members of the above named Company
hereby appoint Mr./Ms. _____
of _____ in the district of _____ or failing him/her
Mr./Ms. _____ of _____ in the
district of _____ as my/our proxy to vote for me/ us on my/ our behalf at the 6th Annual
General Meeting of Company at Eden Hall, Classique Club, Behind Infinity Mall, New Link Road, Andheri (W) Mumbai - 400 053
at 12.00 p.m., on Monday, 30th September, 2013 and at any adjournment(s) thereof.

Signed this _____day of _____2013

Affix One
Rupee
Revenue
Stamp

Signature across Revenue Stamp

Note: The proxy form must be deposited at the Registered Office of the Company situated at 105/106, Provogue House, Off New Link Road, Andheri (W), Mumbai 400 053 not less than FORTY EIGHT HOURS before the time for holding of the aforesaid meeting.



PROZONE CAPITAL SHOPPING CENTRES LIMITED

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

ATTENDANCE SLIP

Folio/DP & Client ID No. _____ No. of shares held _____

Mr./Ms. _____

Address: _____

I hereby record my presence at the 6th Annual General Meeting of the Company held at Eden Hall, Classique Club, Behind Infinity Mall, New Link Road, Andheri (W) Mumbai - 400 053 at 12.00 p.m. on Monday, 30th September, 2013.

(Proxy's Name in Block letters) _____

Member's/Proxy's Signature

1. Strike out whichever is not applicable
2. Please fill in this Attendance Slip and hand it over at the entrance of the meeting hall. Joint shareholders may obtain additional Attendance Slip on request.

Prozone Capital Shopping Centres Limited

Registered Office

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

Email

investorservice@preozonecsc.com

Website

www.prozonecsc.com

Concept & Design

spakcomm.com

Printed

sapprints.com

PROZONE CSC

COMMITMENTS. DELIVERED

Form A

Format of covering letter of Annual Audit Report to be filed with Stock Exchanges

1.	Name of the Company	Prozone Capital Shopping Centres Limited
2.	Annual financial statements for the year ended	31 st March 2013
3.	Type of Audit qualification	Un-qualified
4.	Frequency of qualification	Not Applicable
5.	To be signed by- <ul style="list-style-type: none">• CEO/Managing Director• CFO• Auditor of the company• Audit Committee Chairman	 Nikhil Chaturvedi Managing Director