

# prozone intu

ANNUAL REPORT 2014





## 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

# CONTENTS

03	PROZONE INTU PROPERTIES LIMITED
04	LETTERS TO SHAREHOLDERS
08	CORPORATE INFORMATION
09	BOARD OF DIRECTORS
10	BUSINESS PHILOSOPHY
11	CONSUMPTION-LED REAL ESTATE
16	INTU PROPERTIES PLC
18	CORPORATE SOCIAL RESPONSIBILITY
20	FINANCIAL SECTION
21	NOTICE
28	DIRECTORS' REPORT
31	MANAGEMENT DISCUSSION & ANALYSIS
34	CORPORATE GOVERNANCE REPORT
41	STANDALONE AUDITORS' REPORT
44	STANDALONE FINANCIAL STATEMENTS
67	CONSOLIDATED FINANCIAL STATEMENTS

# PROZONE INTU PROPERTIES LIMITED



Prozone Intu is a specialist retail and residential-led mixed-use real estate development company, harnessing Intu Properties 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 7.6 billion pounds. Intu Properties plc owns 15 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 Intu.

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 overarching 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 Intu 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 2018, In the next 3-4 years, Prozone Intu 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 annual review and highlight the key fundamentals of our business plan that I believe will optimize the valuation of Prozone Intu Properties Ltd over the long term. The company changed its name from Prozone Capital Shopping Centres Limited to Prozone Intu Properties Limited in 2014 to align with the new name of our UK partner, Intu Properties plc (formerly Capital Shopping Centres Group plc).

Our priority now is on execution of the investments we've made over the years. Continued development of our existing projects is in full swing and we will begin the process of unlocking significant value this year. Let me first outline our strategy relative to the current market conditions.

## The Market Dynamics

Despite slower recovery of the Indian economy than hoped last year, with GDP growth under 5%, inflation at over 10% and pressure on currency weakening the Indian Rupee, all signs suggest that economic confidence is returning following the election of a new pro-development Government. Real estate businesses must in any case 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 over the long term are driven by three key factors: Rapid urbanization with over 50% of the population forecast to be urbanized by 2020, from current level of 29%; High youth population, which is the prime driver of consumption, with over 70% of the population under 35 years; and a savings-driven economy - as India has no real social security system, over 50% of Indian savings, projected to be \$10 trillion over the next 10 years, is expected to be invested in residential real estate.

Urbanization gives rise to new major cities emerging in Tier II and III sectors, as the major metro cities are already choked and highly priced. This is further fuelling an already wide housing supply/demand imbalance especially in the mid-to-upper level residential sector where we operate. This backdrop fits perfectly with our original strategy for Prozone and our existing investments into Tier II cities.

## Our Business Strategy

We operate two distinct business models that are harmonized to optimize value. The Build to Lease model for retail shopping centres generates a rental income stream and delivers long term value through yield compression. The Build to Sell model

for residential and commercial developments unlocks value shorter term through cash flows from property sales.

Retail infrastructure can become one of the most valuable, 'sticky' assets in a real estate portfolio over the long term. However, under the economic conditions of the past couple of years, we decided to slow down our retail development and reduce the mall sizes to align with the market. Developers in Tier II & III cities have been hit the hardest in the softer market but now with improved economic indicators and consumer confidence beginning to return we believe the time is right to go forward with our retail projects.

Two other factors are affecting the retail infrastructure business. Ecommerce is growing exponentially and putting pressure on many types of offline retail. Many retailers are therefore more cautious about brick-and-mortar expansion and as a result we're redesigning our mall tenant mix to be more experiential and adding more entertainment elements. Additionally, with the influx of foreign brands entering India seeking world class trading platforms, the value of quality retail space will rise. There is a scarcity of high quality shopping malls and, with our partners, we have ensured our malls are designed to the highest international standards.

In the residential sector we have developed key differentiators that meet homebuyers' contemporary needs and give Prozone Intu a distinct USP. Our strategy is to anchor each scheme with required site infrastructure and facilities first and have all approvals in place before we launch a project. This way we exhibit the quality of our projects and give our customers the confidence of on-time delivery. In general Residential sales have been sluggish last year, but the mid-level segment in Tier II cities, in which we operate, is growing so we are moving ahead swiftly to develop and launch our residential townships.

## Operations Overview

The Aurangabad mall has exhibited steady growth in trading densities, and retailer sales. We've increased our marketing spends to ensure we continue to add footfall in a softer market and as a result we continue to increase our market share in the city. Our first commercial office tower (Prozone Trade Centre) of 190,000 square feet, which was presold, is under construction, but as the commercial office sector is slow, we're timing the completion in line with demand. The Aurangabad 'street market' (Saral Bazaar) of 55,000 square feet in the lower ground floor is 65% sold, nearing completion and should be open by the end of



Continued development of our existing projects is in full swing and we will begin the process of unlocking significant value this year

2014.

In Coimbatore, shopping mall leasing is in progress for key anchor tenants as well as the multiplex plus entertainment zone. We also have strong interest from both national as well as the local/regional retailers. The residential township's sales office, show flat, clubhouse and landscape infrastructure is under construction and should be completed by end 2014. We plan to launch the project for sales in early 2015, within this financial year.

In Nagpur mall design is completed but we are focusing on residential first such that the cash flows generated will fuel construction costs of the retail segment. The residential sales office, sample flat and site infrastructure has been completed and the pre-launch was extremely well received with sales of over 340 units. The clubhouse and infrastructure is under development and we will begin the first phase of residential construction and restart sales in second half of 2014.

Our focus is on timely execution, attuned to market demand, and cash flow management. Revenue recognition from our key residential projects is expected to generate strong cash flows this year and grow further in FY16.

#### Financial Performance

The company achieved total consolidated revenue of Rs 59 Crore against the last year's total consolidated revenue of Rs 84 Crore. The Aurangabad mall rental income remained steady. This lower revenue reflects that there were no commercial office sales in FY14, whereas we had presold the first office tower in Aurangabad the previous year. We'll see revenue climb sharply once our residential properties go to market. The company earned consolidated EBITDA margin of Rs 21.39 Crore against Rs 25.76 Crore the previous year, down 17%. This was largely due to increased power costs and additional marketing expenditures in the Aurangabad mall, required to maintain footfall in a softer retail market.

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 passion, loyalty and dedication to achieve excellence.

It's been an 8-year journey for all of us in Prozone Intu so far. Always our primary concern is to protect our investment portfolio through prudent analysis of markets and careful deployment of finances and we've now reached a 'tipping point' where unlocking value will begin in earnest. I'm extremely grateful for your confidence; it's going to be a great journey ahead and I'm glad we're together to enjoy it.

With best wishes,

Nikhil Chaturvedi  
Managing Director

# LETTER TO SHAREHOLDERS

## Dear Shareholders

I'm delighted to have the opportunity to address you again after our 2nd year as an independent company. Our overarching resolution is to build a high quality real estate business that will deliver excellent returns over the long term and be recognised as a leader in quality, transparency and efficiency in both execution and on-time delivery to our customers. We therefore strive for excellence in all that we do. Our goal is clear - to be the best specialist mixed-use property development company in India.

In my letter this year I will focus on our Residential portfolio and apprise you of our progress and our plans for the future. In summary our residential real estate model is tuned for long term high growth and will deliver the cash flows to anchor our balance sheet, fuel expansion and create a world-class company.

## The Residential Environment

India's rapid urbanization is the key driver for residential market expansion. Over 300 million more people are expected to move into urban centres by 2020 and as the major metros are already overcrowded and high priced this will lead to the emergence of major new cities in the Tier II and Tier III sectors. For example in 2014 there is estimated to be an undersupply of approximately 19 million residential units of mid level housing and there is no end in sight for this supply/demand imbalance. When we founded Prozone Intu in 2006, this was our vision and our investments in land banks in Tier II and Tier III India can now be and are being harvested.

Recognizing the need to fast track infrastructure development, the new Government is expected to introduce policies that will accelerate the real estate sector's approvals processes and enable us to realize our value additions earlier and streamline our execution plans.

## Development Strategy

Of our four current major projects in Aurangabad, Indore, Coimbatore and Nagpur, we have decided

that Indore, Coimbatore and Nagpur should be residential-led rather than retail-led mixed-use developments. By developing residential first we can unlock cash flows to enable us to build debt free retail assets on adjacent land later once a community has been established. And commercial real estate is a natural next step as global models prove that as new communities emerge people want to work and live within convenient distances.

All our residential developments are being carefully phased to improve realizations at each stage. Our strategy is to fully develop the land infrastructure and the clubhouse and gardens first before we go to market. Then we develop the residential community in phases, unlocking higher values at each phase. Even when all our present residential projects are completed we will still have residual balance FSI primed for further development at scarce land values. Specifically, in our current land bank of 17.9 million square feet of constructible area, fully paid, once our 4 mixed-use projects are completed, we will have a residual FSI of 6 million square feet of high potential value realization.

## Performance Report

The development of land infrastructure, show homes and clubhouse facilities are underway in all three residential projects and will be completed by September/October 2014. We are planning to launch residential in Nagpur and Coimbatore first, in the 4th calendar quarter this year, and we should expect to see cash flows emerge from these projects in the FY15 fiscal and contribute significantly in FY16.

We pre-released some residential units in Nagpur early this year and received an overwhelming response to the design and quality of our homes and the facilities we are providing the residents.

The developments under execution will mature by 2015/16 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.



### In Appreciation

We highly value the experience and confidence of our partners and investors in Prozone Intu. Our partners, Intu Properties plc, UK allow us to harness their more than 35 years of international experience across real estate sectors and a proven track record of solid financial performance and consistent delivery.

We also benefit greatly from the hands-on relationships with Triangle Real Estate India Fund and LTG International. The Triangle Real Estate India Fund is co-promoted by ICS Realty Group, India and Old Mutual Investment Group Property Investments, South Africa, who have developed large real estate projects on a global scale for over 50 years. LTG International, promoted by Lewis Trust Group, UK is an investment company that operates retail stores, real estate, wealth management business and hotels globally.

I'm 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 backbone works with renowned consultants and contractors with proven track records to deliver and manage the quality, scheduling and cost of materials of our business.

In closing I want to thank every one of our shareholders for their support, loyalty and trust in our company. After 8 years of hard work together we are ready to see the benefits of a sound business model that we've put in place carefully to optimize long term value. Our strong, almost debt free balance sheet, shields us from the economic uncertainties that many other developers must face in today's market. We are on track, we're ready, and a great future awaits us.

Sincerely,

**Salil Chaturvedi**  
Deputy Managing Director

“ Our residential real estate model is tuned for long term high growth and will deliver cash flows to anchor our balance sheet, fuel expansion and create a world class company

# 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

SGCO & 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 Intu Properties Limited  
105/106, Provogue House  
Off New Link Road, Andheri (W)  
Mumbai 400 053, India  
Website: [www.prozoneintu.com](http://www.prozoneintu.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@prozoneintu.com](mailto:investorservice@prozoneintu.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 CSC Plc. He has led the development of the Company for over 20 years, including conversion to a REIT, and is today one of the most respected retail property professionals of his generation

### **John Abel (Non Executive Director)**

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

### **Punit Goenka**

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

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 model 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 costs 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 India's 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 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 factors fuels consumption and is creating an urban housing supply/demand gap that is forecast to last for a decade or more, thereby unveiling opportunities to develop affordable, luxury residential real estate across the Indian landscape.

## CONSUMPTION-LED REAL ESTATE

India has one of the highest growth retail sectors in the world with youth being the main driver behind 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 over \$500 bn in 2013 retail is forecast to grow to \$1,000 bn by 2020. This is reinforced with 100% FDI now allowed for single brand retail and 51% FDI allowed for multi-brand, encouraging the entry of foreign players that is spurring growth of the organised retail sector. Organised retail is currently only 6% of India's total retail but is growing at approximately 15% 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 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.



SALES OFFICE



SALES OFFICE

## 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 as affordable luxury, 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 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.



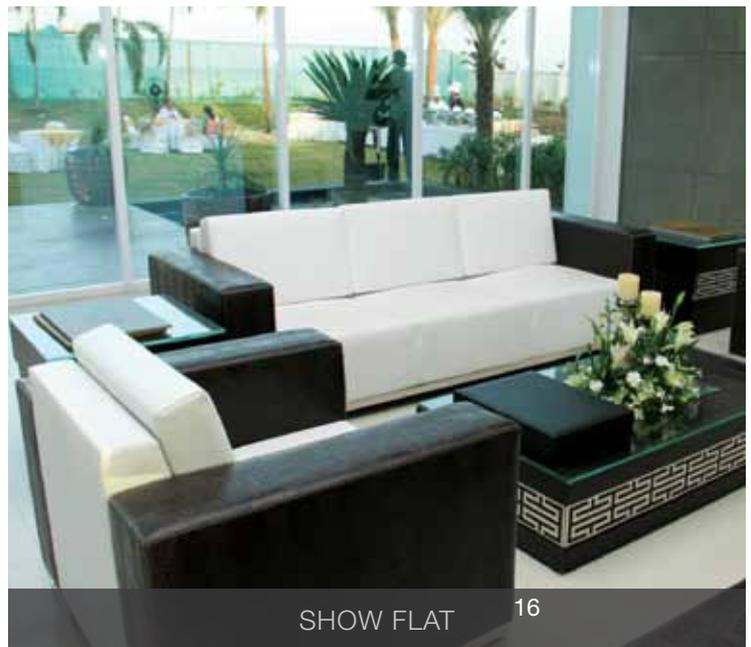
SHOW FLAT



SHOW FLAT



SHOW FLAT



SHOW FLAT

Three residential colonies are in advance stages of development in Nagpur, Coimbatore and Indore.

### COMMERCIAL OFFICES

Experience from other markets has proven that people want to live near their workplace and live close to great retail and entertainment destinations. Companies are also keen to move their offices into

these locations as it attracts and retains the best staff. Commercial developments therefore form the third tier of Prozone Intu's development model, designed to create India's new city centres.

In Aurangabad, the first commercial office space was pre-sold within its first week of launch and construction is well advanced.



# INTU PROPERTIES PLC

Intu Properties Plc is the leading specialist developer, owner and manager of pre-eminent regional shopping centres including 12 of the top 25 centres in the UK attracting more than 320 million shopper visits per annum. The business has assets under management of £9.2 billion in 2014. 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 Intu Properties Limited, namely Mr David Fischel and Mr John Abel.



### **David Fischel, Chief Executive**

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**

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



EXHIBITION - SAVE THE GIRL CHILD



WORLD WILDLIFE DAY - EXHIBITION



UMEED - CHILDREN WITH SPECIAL NEEDS



TREE PLANTATION



WORLD TRAFFIC DAY - PAINTING COMPETITION



BLOOD DONATION CAMP

## 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:

### Women's Day Save a Girl Child Painting exhibition

On women's day, we hosted a special Save a Girl Child painting exhibition in association with Ugam Group, who are leading regional social work to assist and support young local girls

### 2014 World Wild Life Day

In today's world many wild life species are in danger so on World Wild Life Day we supported endangered animals by showcasing a young wildlife photographers' photo exhibition to build awareness about the importance of wild life in the earth's ecosystem

### Umeed

A special activity of dance, singing and photography conducted by local mentally challenged and disabled children. The crowds were astonished by the exhibition and the message was that everyone has a talent that can benefit society

### Republic Day Tree Plantation

We celebrated Republic Day with a tree plantation ceremony in the mall grounds. The message to the huge crowd that attended was that if everyone can plant a tree and take care of it the city would go greener and reduce pollution

### National Traffic Safety Days

In association with local traffic police we organized a drawing competition where young children were asked to draw safety precautions to help their understanding of traffic rules & safety precautions to protect the public at large

To help support these causes  
please visit **[www.prozoneintu.com](http://www.prozoneintu.com)**



## FINANCIAL SECTION

## NOTICE

Notice is hereby given that the 7th Annual General Meeting of the members of Prozone Capital Shopping Centres Limited will be held on Tuesday, 30th September 2014 at Eden Hall, The Classique Club, behind Infinity Mall, New Link Road, Andheri (West), Mumbai - 400053 at 11.00 a.m. to transact the following business:

### As ordinary business:

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 2014, 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. John Abel (DIN: 01217613), who retires by rotation and being eligible, offers himself for re-appointment.

### 3. To appoint Statutory Auditors and fix their remuneration

To consider and if thought fit, to pass with or without modification(s), the following resolution as an ORDINARY RESOLUTION:

**“Resolved that** pursuant to the provisions of Section 139 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder, as amended from time to time, M/s SGCO & Co., Chartered Accountants (Firm Registration No. 112081W), the retiring Auditors of the Company, be and is hereby re-appointed as Auditors of the Company to hold office from the conclusion of this Annual General Meeting (AGM) until the conclusion of the 10th AGM of the Company to be held in the year 2017 (subject to ratification of their appointment at every AGM), to examine and audit the accounts of the Company, on such remuneration as may be mutually agreed upon between the Board of Directors of the Company and the Auditors plus reimbursement of taxes as applicable and other out-of-pocket expenses on actual basis.”

### As Special Business:

### 4. Appointment of Mr. Punit Goenka as an Independent Director of the Company

To consider and if thought fit, to pass with or without modification(s), the following resolution as an ORDINARY RESOLUTION:

**“Resolved that** pursuant to the provisions of Sections 149, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, the appointment of Mr.

Punit Goenka (DIN 00031263) as an Independent Director of the Company be and is hereby confirmed and that such appointment be for a period of five consecutive years with effect from 1st April 2014 to 31st March, 2019, not liable to retire by rotation.”

### 5. Appointment of Mr. Rajiv Singh as an Independent Director of the Company

To consider and if thought fit, to pass with or without modification(s), the following resolution as an ORDINARY RESOLUTION:

**“Resolved that** pursuant to the provisions of Sections 149, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, the appointment of Mr. Rajiv Singh (DIN 01689209) as an Independent Director of the Company be and is hereby confirmed and that such appointment be for a period of five consecutive years with effect from 1st April 2014 to 31st March, 2019, not liable to retire by rotation.”

### 6. Borrowing limits of the Company

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

**“Resolved that** in supersession of earlier resolution passed by the members of the company in their extra ordinary general meeting held on 5th March 2012 and pursuant to the provisions of section 180(1)(c) and other applicable provisions, if any of the Companies Act, 2013 (including any statutory modification and re-enactment thereof for the time being in force), the Company hereby accords its consent to the Board of Directors (hereinafter referred to as the “Board” and which may include any committee of the Board of Directors made thereof), for borrowing whether fund based and/ or no-fund based, secured and/ or unsecured from anyone or more of the Company’s Bankers, any persons, firms, bodies corporate or financial institutions etc. from time to time, whereby the moneys to be borrowed together with moneys already borrowed by the company [apart from temporary loans obtained/ to be obtained from Company’s bankers in the ordinary course of business] will or may exceed the aggregate of the paid-up capital and its free reserves of the company, provided that the total amount upto which the amounts may be borrowed by “the Board” and outstanding at any point of time shall not exceed the sum of ₹ 1000 Crore [Rupees One Thousand Crore] exclusive of interest and any other charges, if any levied by the lenders on the amount borrowed from them.

**Resolved further that** for the purpose of giving effect to this resolution, the Board and/or its committee be and is hereby authorised to do all such acts, deeds, matters and things as the Board may in its absolute discretion deem necessary, desirable or expedient and to settle any questions and difficulties that may arise in the matter and incidental thereto, without being required to seek any further consent or approval of the members of the Company and members of the Company shall be deemed to have given their consent, authority and approval thereto expressly by the authority of this resolution.

**Resolved further that** the Board be and is hereby authorised to take all steps as may be necessary, proper and expedient to give effect to this resolution.”

**7. Creation of mortgage and charge over the properties of the Company pursuant to section 180(1)(a) of the Companies Act, 2013**

To consider and if thought fit, to pass with or without modification(s), the following resolution as Special Resolution:

**“Resolved That** in supersession of earlier resolution passed by the members of the company in their extra ordinary general meeting held on 5th March 2012 and pursuant to provisions of Section 180(1) (a) and other applicable provisions, if any (including any statutory modification or re-enactment thereof, for the time being in force), of the Companies Act, 2013, consent of the Company be and is hereby accorded to the Board of Directors (hereinafter referred to as the “Board” and which may include any Committee of the Board of Directors made thereof) of the Company to create such charges, mortgages, hypothecations, lien or pledge etc. in addition to the existing charges, mortgages, hypothecations, lien or pledge etc. created/ to be created by the Company, on any property(ies) whether movable and immovable, present or future, fixed or floating, tangible or intangible which may or may not include the transfer of whole or substantially the whole of undertaking(s) of the Company whether such charge(s) rank pari passu with or second, subsequent, subservient and sub ordinate to all the mortgages, charges etc. created/ to be created by the Company for all existing and future borrowings and facilities what so ever in favour of the lender(s), provided that the total amount of borrowings shall not exceed the limit as may be approved by the members pursuant to Section 180(1)(c) of the Companies Act, 2013.

**Resolved further that** the Board of Directors be and is hereby empowered to authorise any director(s) or other official(s) from time to time to execute any deeds of mortgage, pledge, charge, hypothecation, lien, promissory notes, deposit receipts and any

other deeds, instruments, writings and other papers as may be required on case to case basis and to do all such acts, deeds, things and matters to give effect to this resolution and incidental thereto.

**Resolved further that** for the purpose of giving effect to this resolution, the Board and/or its committee be and is hereby authorised to do all such acts, deeds, matters and things as the Board may in its absolute discretion deem necessary, desirable or expedient and to settle any questions and difficulties that may arise in the matter and incidental thereto, without being required to seek any further consent or approval of the members of the Company and members of the Company shall be deemed to have given their consent, authority and approval thereto expressly by the authority of this resolution.”

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

Date: 23.05.2014  
Place: Mumbai

**Snehal Bansode**  
Company Secretary

**NOTES:**

1. The Register of Members and the Share Transfer books of the Company will remain closed from Monday, 22nd September 2014 to Tuesday, 30th September 2014 (both days inclusive) for the purpose of Annual General Meeting.
2. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, which sets out details relating to Special Business at the meeting, is annexed hereto.
3. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY/ PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF/ HERSELF. THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.**  
  
The instrument of Proxy in order to be effective, should be deposited at the Registered Office of the Company, duly completed and signed, not less than 48 hours before the commencement of the meeting. A Proxy form is sent herewith. Proxies submitted on behalf of the companies, societies etc., must be supported by an appropriate resolution/authority, as applicable.
4. Corporate Members intending to send their authorized representative to attend the meeting pursuant to section 113 of the Companies Act 2013 are requested to send to the Company a certified true copy of Board resolution authorizing their representative to attend and vote on their behalf at the meeting

5. To prevent fraudulent transactions, members are advised to exercise due diligence and notify the Company of any change in address or demise of any member as soon as possible. Members are also advised not to leave their demat account(s) dormant for long. Periodic statement of holdings should be obtained from the concerned Depository Participant and holdings should be verified.
  6. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company.
  7. Details under Clause 49 of the Listing Agreement with the Stock Exchange in respect of the Directors seeking appointment/re-appointment at the Annual General Meeting, forms integral part of the notice. The Directors have furnished the requisite declarations for their appointment/re-appointment.
  8. The notice of AGM along with Annual Report for 2013-14 is being sent by electronic mode to all the members whose email IDs are registered with the Company/Depository Participants(s) unless any member has requested for a physical copy of the same. For members who have not registered their email addresses, physical copies are being sent by the permitted mode.
  9. Non-resident Indian members are requested to inform the Company or its RTA or to the concerned DPs, as the case may be, immediately the change in the residential status on return to India for permanent settlement.
  10. Members are requested to make all correspondence in connection with shares held by them by addressing letters directly to the Company or its RTA quoting their Folio number or their Client ID number with DP ID number, as the case may be.
  11. **This notice is being sent to all members of the Company whose names appear in the Register of Members/ list of beneficiaries received from the depositories as on Friday, 22nd August 2014 (the cut-off date). Voting rights shall be computed with reference to shares held by members in the Company as on such cut-off date.**
  12. The entry to the meeting venue will be regulated by means of attendance slips. For attending the meeting, members, proxies and authorised representatives of the members, as the case may be, are requested to bring the enclosed attendance slip completed in all respects, including client ID and DP ID, and signed. Duplicate attendance slips will not be issued.
  13. All members are requested to support Green Initiative of the Ministry of Corporate Affairs, Government of India and register their email addresses as aforesaid to receive all these documents electronically from the Company in accordance with Rule 18 of the Companies (Management & Administration) Rules 2014 and Rule 11 of the Companies (Accounts) Rules 2014. All the aforesaid documents have been uploaded on and are available for download from the Company's website, being [www.prozonecsc.com](http://www.prozonecsc.com). Kindly bring your copy of Annual Report to the meeting.
  14. Rule 3 of the Companies (Management and Administration) Rules 2014 mandates that the register of members of all companies should include details pertaining to email address, permanent account number (PAN) or CIN, unique identification number, if any; father's/ mother's/ spouse's name, occupation, status, nationality; in case member in a minor, name of guardian and the date of birth of the member, and name and address of nominee. All members are requested to update their details as aforesaid with their respective depository.
  15. No gifts shall be provided to members before, during or after the AGM.
- 16. Voting through electronic means ("E-voting"):**
- Pursuant to the provisions of section 108 of the Companies Act, 2013, rules 20 and 21 of the Companies (Management & Administration) Rules 2014 and clause 35B of the Listing Agreement, the Company provides its members the electronic facility to exercise their right to vote at the AGM. The business at the AGM may be transacted through e-voting services provided by CDSL. It is hereby clarified that it is not mandatory for a member to vote using the e-voting facility, and a member may avail of the facility at his/ her/ its discretion, subject to compliance with the instructions prescribed below:
- The instructions for members voting electronically are as under:
- A. In case of members receiving the Notice of AGM via-email
    - (i) The e-voting period commences on Tuesday 23rd September 2014 (9:00 am) and ends on Thursday, 25th September 2014 (6:00 pm). During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of 22nd August 2014 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
    - (ii) Log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com)

- (iii) Click on “Shareholders” tab.
- (iv) Now, select the “Prozone Capital Shopping Centres Limited” from the drop down menu and click on “SUBMIT”
- (v) Now Enter your User ID
  - a. For CDSL: 16 digits beneficiary ID,
  - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (vi) Next enter the Image Verification as displayed and Click on Login.

**(vii) If you have already voted electronically:**

If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.

**(viii) If you are a first time user follow the steps given below:**

- (ix) After entering these details appropriately, click on “SUBMIT” tab.
- (x) Members holding shares in physical form will then reach directly the Company selection screen. However, members holding shares in demat form will now reach ‘Password Creation’ menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (xi) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xii) Click on the EVSN for the Prozone Capital Shopping Centres Limited.
- (xiii) On the voting page, you will see “RESOLUTION DESCRIPTION” and against the same the option “YES/NO” for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiv) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
- (xv) After selecting the resolution you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.
- (xvi) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- (xvii) You can also take out print of the voting done by you by clicking on “Click here to print” option on the Voting page.
- (xviii) If Demat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

**For Members holding shares in Demat Form and Physical Form**

<b>PAN*</b>	<p>Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> <li>● Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the last 8 digits of the demat account/folio number in the PAN field.</li> <li>● In case the folio number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with folio number 100 then enter RA00000100 in the PAN field.</li> </ul>
<b>DOB</b>	<p>Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.</p>
<b>Dividend Bank Details</b>	<p>Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio.</p> <ul style="list-style-type: none"> <li>● Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter <b>the number of shares held by you as on the cut off date in the Dividend Bank details field.</b></li> </ul>

**(xix) Note for Non Individual Shareholders and custodians**

- Non Individual Shareholders (i.e. other than Individuals, HUF, NRI etc.) and custodians are required to log on to <https://www.evotingindia.co.in> and register themselves as Corporates.
- They should submit a scanned copy of the Registration Form bearing the stamp and sign of the entity to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
- After receiving the login details they have to create a user who would be able to link the account(s) which they wish to vote on.
- The list of accounts should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
- They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same.

(xx) In case you have any queries or issues regarding e-voting, you may refer to the Frequently Asked Questions (“FAQs”) and e-voting manual available on [www.evotingindia.com](http://www.evotingindia.com) under the help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com)

(xxi) Members may alternatively cast their votes using the Ballot Form which is enclosed with this Notice, which is also available on the website of the Company. Please refer to instructions under the heading “C” below for more details.

**B. In case of members receiving the physical copy of the Notice of AGM:**

Members holding shares in either Demat or physical mode who are in receipt of Notice of AGM in physical form may cast their vote using the Ballot Form. Please refer to instructions “C” below for more details.

Members may alternatively opt for e-voting. Please follow steps from sr. no. (i) to (xx) under the heading “A” above to vote through e-voting platform.

**C. Members who wish to vote using Ballot Form:**

In terms of clause 35B(iii) of the Listing Agreement, members may fill in the Ballot Form and submit the same in a sealed envelop to the Scrutiniser, Mr. Hemant Shetye, Practising Company Secretary Unit: Prozone Capital Shopping Centres Limited, C/o Link Intime India Pvt. Ltd, C-13, Pannalal Silk Mills Compound, LBS Road, Bhandup (W), Mumbai 400053, so as to reach there by 6.00 p.m. on 25th August 2014. Unsigned, incomplete or incorrectly ticked forms are liable to be rejected and the decisions of the Scrutiniser on the validity of form will be final.

**In the event a member casts his votes through both processes i.e. e-voting and ballot form, the votes casted through the e-voting system would be considered, and the ballot form would be disregarded.**

The results declared alongwith the Scrutinizer’s Report shall be placed on the Company’s website [www.prozonecsc.com](http://www.prozonecsc.com) and on the website of CDSL [www.evoting.cdsl.com](http://www.evoting.cdsl.com) within two days of the passing of the resolutions at the 7th AGM of the Company on Tuesday, 30th September 2014 and communicated to BSE Limited and National Stock Exchange of India Limited, where the shares of the Company are listed.

**DETAILS OF DIRECTORS SEEKING RE-APPOINTMENT IN 7TH ANNUAL GENERAL MEETING  
(PURSUANT TO CLAUSE 49 OF THE LISTING AGREEMENT)**

<b>Name of the Director</b>	<b>Mr. John Abel</b>	<b>Mr. Punit Goenka</b>	<b>Mr. Rajiv Singh</b>
Date of Birth	03.08.1944	20.06.1975	07.03.1973
Date of first appointment	20.04.2012	20.04.2012	20.04.2012
Qualification	Post graduate	B.com, P.G in Management	MBA-Finance
Shareholding of directors	Nil	Nil	Nil
Directors Inter-se relationship	N.A.	N.A.	N.A.
Years of experience	40 +	15	12
No. of Board Meeting attended in FY	3	2	4
Area of expertise	Mr. John Abel is a Non - Executive Director on Board of the Company. He has been integrally involved with the group's shopping centre activities from its very first major development, The Victoria Centre, Nottingham, which opened in the early 1970s.	Mr. Punit Goenka, Director of Essel Group, is the CEO & Managing Director 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 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. He brings a fresh and valuable contribution to the Board.

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

Date: 23.05.2014  
Place: Mumbai

**Snehal Bansode**  
Company Secretary

**EXPLANATORY STATEMENT UNDER SECTION 102 OF THE COMPANIES ACT, 2013**

**Item No 4 & 5**

Mr. Punit Goenka and Mr. Rajiv Singh had been appointed as Directors of the Company by means of ordinary resolutions passed by members of the Company under the Companies Act, 1956 at the 5th AGM of the Company held on 28th September 2012. Subsequently the Companies Act 2013 (“the New Act”) came to be enacted. They are Independent Directors of the Company within the meaning of section 149(6) of the New Act provides, inter alia, that an Independent Director shall hold office for a term up to five consecutive years on the Board of a Company (such section having been brought into force on 1st April 2014). Further, pursuant to section 149(13) of the New Act, an Independent Directors is not liable to retire by rotation. The resolutions at item nos. 4 & 5 are intended to implement these provisions.

In terms of provisions of Section 160 of the Companies Act, 2013, the Company has received notices in writing from member(s) of the Company along with a deposit of prescribed amount for each Director proposing the candidatures of Mr. Punit Goenka and Mr. Rajiv Singh for the office of Independent Directors of the Company.

Mr. Punit Goenka and Mr. Rajiv Singh do not hold any shares of the Company.

Except Mr. Punit Goenka and Mr. Rajiv Singh, being appointees, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolutions set out at Item No. 4 & 5.

**ITEM NO. 6 & 7:**

Section 180 of the new Companies Act, 2013 (the ‘Act’), effective from 12th September 2013 requires that Board of Directors shall not borrow money in

excess of aggregate of paid up share capital and free reserves, apart from temporary loans obtained from the Company's bankers in ordinary course of business, except with the consent of members obtained by way of special resolution. Whereas, the MCA vide circular no. 4 of 2014 dated 25th March 2014 clarified that earlier resolution passed by the Company in compliance with section 293(1)(d) of the Companies Act 1956 shall remain effective for a period of one year from the date of notification of section 180 of the Companies Act, 2013, which means earlier resolution shall remain effective until 11th September 2014.

The members of the company in their extra ordinary general meeting held on 5th March 2012 authorised the Board of Directors to borrow the money in excess of aggregate of paid up share capital and free reserves, up to a limit of ₹ 1000 Crore apart from temporary loans obtained from the Company's bankers in ordinary course of business in terms of provisions of section 293(1)(d) of the Companies Act 1956 and to create charge(s) on assets of the company in favour of lenders to secure the repayment of such borrowings in terms of provisions of section 293(1)(d) of the Companies Act 2013 pursuant to section 293(1)(a) of the Companies Act 1956.

It is proposed to seek the approval of members by passing special resolutions pursuant to provisions of section 180(1)(c) and 180(1)(a) of the Companies Act 2013 authorising the Board of Directors to borrow the money in excess of aggregate of paid up share capital and free reserves, upto a limit of ₹ 1000 Crore apart from temporary loans obtained from the Company's bankers in ordinary course of business in terms of provisions of section 180(1)(c) of the Companies Act 2013 and to create charge(s) on assets of the company in favour of lenders to secure the repayment of such borrowings in terms of provisions of section 180(1)(c) of the Companies Act 2013 pursuant to section 180(1)(a) of the Companies Act 2013.

The Board recommends the resolutions at item no. 6 & 7 for approval of Members of the Company by way of Special Resolution.

None of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolutions set out at item Nos. 6 & 7.

# 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, 2014.

## FINANCIAL RESULTS

(₹ in Lakhs)

Particulars	Current Year 31.03.2014	Previous Year 31.03.2013
Income from Operations	886.05	726.51
Other Income	999.52	1141.89
<b>Total Income</b>	<b>1885.57</b>	<b>1868.40</b>
Total Expenditure	1249.62	1713.17
<b>Profit/ (loss) before Tax</b>	<b>635.95</b>	<b>155.23</b>
Less: Tax expenses	155.18	19.93
<b>Profit/ (loss) after Tax for the year</b>	<b>480.77</b>	<b>135.30</b>

## PERFORMANCE REVIEW

The Company's gross (total) income for the financial year ended 31st March, 2014 increased to ₹ 1885.57 lakhs against ₹ 1868.40 lakhs during the previous year. The profit before tax increased to ₹ 635.95 lakhs from ₹ 155.23 lakhs as recorded during previous year. The profit after tax increased to ₹ 480.77 lakhs from ₹ 135.30 lakhs in the previous year which represents the growth of 255% over the previous year.

## CHANGE OF NAME OF THE COMPANY

The Company has sent Postal Ballot Notice dated 05.05.2014 to the Shareholders pursuant to the provisions of Section 110 of the Companies Act 2013, read with Rule 22 of Companies (Management and Administration) Rules, 2014 on the Special Resolution seeking consent of the Members for change of name of the Company from 'Prozone Capital Shopping Centres Limited' to 'Prozone Intu Properties Limited'.

In terms of provisions of section 110 of the Companies Act 2013 read with clause 35B of the Listing Agreement, Company has provided e-voting facility to its shareholders.

The result of the Postal Ballot is scheduled to be announced by the Managing Director or any other Director at the Registered Office of the Company on or after Thursday, 12th June 2014 as 11th June 2014 being the last date of voting. The date of announcement of the result of postal ballot shall be considered as date of passing of the resolution. The result of Postal Ballot shall be informed to the Stock Exchanges and shall also be hosted on the Company's website [www.prozonecsc.com](http://www.prozonecsc.com) and published in newspapers.

ANNUAL REPORT 2014

## LISTING

The equity shares of the Company are listed on The BSE Limited (BSE) and The National Stock Exchange of India Ltd. (NSE) and the listing fee for the year 2014-15 has been already paid.

## SUBSIDIARY COMPANIES

The Company has 10 subsidiary companies as on 31st March, 2014 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 Overseas Pte. Limited, Singapore
10. Prozone International Coimbatore Limited, Singapore

In view of circular no. 2/2011 dated 8th 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 and the Listing Agreement entered into with the stock exchanges, the Audited

Consolidated Financial Statements are provided in the Annual Report.

## **DIRECTORS**

Pursuant to the provisions of section 152 of the Companies Act, 2013, the office of Mr. John Abel, Director is liable to retire by rotation at the ensuing Annual General Meeting, and being eligible, he has offered himself 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.

The Company has, pursuant to the provisions of Clause 49 of the Listing Agreements entered into with Stock Exchanges, appointed Mr. Punit Goenka and Mr. Rajiv Singh as Independent Directors of the Company. The Company has received declarations from all the Independent Directors of the Company confirming that they meet with the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Companies Act, 2013 and under Clause 49. In accordance with the provisions of Section 149(4) and proviso to Section 152(5) of the Companies Act, 2013, these Directors are being appointed as Independent Directors to hold office as per their tenure of appointment mentioned in the Notice of the forthcoming AGM of the Company.

## **KEY MANAGERIAL PERSONNEL**

Pursuant to section 203 of the Companies Act, 2013, your Company is required to appoint Key Managerial Personnel, Accordingly your Company has appointed its Key Managerial Personnel viz; Mr. Nikhil Chaturvedi as the Managing Director, Mr. Anurag Garg as the Chief Financial Officer and Ms. Snehal Bansode as the Company Secretary.

## **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.

## **VIGIL MECHANISM**

Your Company has established a Vigil Mechanism Policy for its Directors and Employees to safeguard against victimization of persons who use vigil mechanism and report genuine. The Audit Committee of your Company oversees the Vigil Mechanism.

## **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**

Pursuant to Section 139 read with rule 6 of chapter X of the Companies Act 2013 M/s. SGCO & Co., Chartered Accountants, Mumbai, Statutory Auditors of the Company retire at the ensuing AGM and being eligible have offered themselves for re-appointment. The Company has received a letter from the Statutory Auditors confirming that their re-appointment, if made, would be within the limits of Section 141 of the Companies Act, 2013 and they are not disqualified from such appointment within the meaning of section 141 of the Companies Act, 2013. The Board recommends the appointment of Statutory Auditors for approval of members in their ensuing AGM to hold the office from the conclusion of ensuing AGM (i.e. 7th AGM) upto the conclusion of 10th AGM of the Company henceforth subject to the ratification of their appointment at every subsequent AGM.

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, 2014 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.

### **E-VOTING FACILITY TO MEMBERS**

In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide members the facility to exercise their right to vote at the 7th Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services provided by Central Depository Securities (India) Limited (CDSL).

Pursuant to the amendments made in clause 35B of the Listing Agreement by SEBI, the company has sent assent/dissent forms to the members to enable those who do not have access to e-Voting facility to cast their vote on the shareholders resolution to be passed at the ensuing Annual General Meeting, by sending their assent or dissent in writing.

### **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. As per the Clause 5A of the Listing Agreement, any corporate benefits in terms of securities accruing on such shares viz. bonus shares, split etc., shall also be credited to such demat suspense account hence the Company has transferred said 3400 shares to 'Provogue Demat Suspense Account'.

### **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](http://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: 23.05.2014 **Nikhil Chaturvedi** **Salil Chaturvedi**  
Place: Mumbai Managing Director Dy. Managing Director

# MANAGEMENT DISCUSSION AND ANALYSIS

## ECONOMIC OVERVIEW

Economic growth in India is projected to pick up gradually in the coming year after remaining near a two-decade low in 2013. GDP is estimated to expand to 5 – 5.5% in 2014 - 2015, up from 3.9 per cent in 2013.

The moderate recovery is expected to be underpinned by stronger consumption and investment in the context of enhanced macroeconomic stability, lower inflation, stronger external balances and more stable currencies in recent quarters. These conditions are expected to support business and consumer confidence thereby fuelling increased foreign investment and domestic demand. External demand is also projected to improve in 2014-15 as economic activity in developed economies gains momentum but the strength of the recovery in India would be restricted by structural impediments, including energy and transport constraints, political restructuring and a historic lack of economic policy reforms.

## INDUSTRY OVERVIEW

Real estate in India continues to be a favoured destination globally for investors, developers and non-resident Indians (NRIs), driven largely by investor-friendly government policies and increasing globalisation. The second largest employment generation sector after agriculture, real estate contributes about 6.3 per cent to India's gross domestic product (GDP). The foreign direct investment (FDI) in the sector is expected to touch US\$ 25 billion in the next 10 years from its current US\$ 4 billion.

The sector's progress is driven by factors such as rapid urbanisation, a growing trend towards nuclear families, positive demographics, rural-urban migration, ever-developing infrastructure, higher income levels and housing demand. The real estate sector, with its growing investment opportunities, is expected to post annual revenues of US\$ 180 billion by 2020 a compound annual growth rate (CAGR) of 11.6 per cent. India needs to invest US\$ 1.2 trillion over next 20 years to modernise urban infrastructure and keep pace with the burgeoning urbanization.

### Market Dynamics

The real estate sector in India is witnessing rapid growth in the residential, commercial and industrial segments. Real estate development, once restricted to bigger cities, have shown marked progress in smaller cities and towns owing to availability of banks loans, higher earnings and improved standard of living.

The demand is expected to grow at a CAGR of 19 per cent in the period 2010-2014, with Tier II and III cities expected to account for about 60 per cent of this growth.

Today, Delhi-NCR accounts for about 30 per cent of the total mall supply in India with 53 per cent of demand for

total mall space projected to come from the country's emerging smaller cities in the period 2014-2020

### FDI Policy Initiatives

According to the existing FDI policy, 100 per cent FDI in the construction development sector is permitted through the automatic route. DIPP is looking at relaxing FDI norms further to encourage investment. It has also proposed a reduction in the minimum capitalisation for wholly-owned subsidiaries from US\$ 10 million to US\$ 5 million, and from US\$ 5 million to US\$ 2.5 million for joint ventures with Indian partners.

## BUSINESS OVERVIEW

### Business Policy

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

### Prozone CSC Operations

To capitalize the opportunities in the retail business, the Company is in the process of developing properties for commercial purposes including development of regional shopping malls. Prozone CSC has collaborated with, UK based, 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 consumption story continues to provide the Company immense opportunities. Our strong partnership with Intu Properties plc further helps the company to leverage this position.

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

### Threats

Apart from 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 recognizes the performance and potentials of its employees.

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

Industrial relations across different locations of the Company were cordial during the year and the Company continues to maintain its focus on human resources development. The total number of employees of the Company as on 31st March 2014 stood at 12.

### **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 organized 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**

#### **Revenue, EBITDA and Profit after Tax**

The company achieved a total consolidated revenue of ₹ 58.80 Crore against the last year's total consolidated revenue of ₹ 84 Crore. This is attributable to the revenue reporting standards for real estate asset sales. During the year, the company earned consolidated EBITDA margin of ₹ 21.39 Crore against ₹25.76 Crore during the previous year, down 17%, which was largely due to increased power costs and additional marketing expenditures in the Aurangabad mall, required to maintain footfall in a softer retail market.

The idle funds 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 recognizes 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. One of the core missions of the Company is to achieve excellence in all spheres, be it profitability, growth in market share, superior quality of services to the satisfaction of the stakeholders through an efficient and effective code of governance. Company believes that sound Corporate Governance is critical to enhance and retain investors trust and faith in the Company.

The Corporate Governance Report of the Company for the year ended 31st March 2014 is as follows:

## II. BOARD OF DIRECTORS

### a. Composition of the Board

The composition of Board is in total conformity

Name of the Director	Category	No. of Board Meetings attended	Last AGM Attended	No. of Directorships and Committee Memberships and Chairmanships including the Company's		
				Directorship	Committee	
					Chairmanship	Membership
Mr. Punit Goenka	C & ID	2	-	9	3	2
Mr. Rajiv Singh	ID	4	Yes	2	1	1
Mr. David Fischel	NED	2	-	-	-	-
Mr. John Abel	NED	3	-	-	-	-
Mr. Nikhil Chaturvedi	MD	4	-	2	-	1
Mr. Salil Chaturvedi	Dy. MD	4	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 Director seeking appointment/reappointment at the forthcoming Annual General Meeting [pursuant to clause 49 (iv) (G) (i)]

#### Mr. John Abel

Mr. John Abel is a Non - Executive Director on Board of the Company. He has been integrally involved with the group's shopping centre activities from its very first major development, The Victoria Centre, Nottingham, which opened in the early 1970s.

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 2/3rd of the Board comprises of Non-executive Directors.

During the financial year 2013-14, four Board Meetings were held on 10.05.2013, 09.08.2013, 12.11.2013 and 29.01.2014 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:

#### Mr. Punit Goenka

Mr. Punit Goenka, Director of Essel Group, is the Managing Director & 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. He brings a fresh and valuable contribution to the Board.

#### b. Payment of compensation to non-executive directors

During the financial year 2013-14, 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 2013-14 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](http://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, Nikhil Chaturvedi, Managing Director of Prozone Capital Shopping Centres Limited, in terms of provisions of clause 49 of the Listing Agreement entered with the Stock Exchanges,*

*hereby confirm that all Board Members and Senior Management Personnel have affirmed the compliance with the “Code of Conduct of Directors and Senior Managerial Personnel” of the Company during the financial year ended March 31, 2014.*

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 four times during the financial year 2013-14 on 10.05.2013, 09.08.2013, 12.11.2013 and 28.01.2014. 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	4	4
Mr. Rajiv Singh	ID	Member	4	4
Mr. Salil Chaturvedi	Dy. MD	Member	4	4

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

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

The Shareholders' & Investors' Grievance Committee is constituted by the Board to redress any grievances of the Investors and it 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 2013-14, the Committee met four times on 30.04.2013, 31.07.2013, 12.11.2013 and 28.01.2014. 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	4	2
Mr. Punit Goenka	ID	Member	4	0
Mr. Nikhil Chaturvedi	MD	Member	4	4
Mr. Salil Chaturvedi	Dy. MD	Member	4	4

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, 2014 Company has received seven complaints and all complaints were replied /resolved to the satisfaction of the shareholders. No complaints were pending to be resolved as on 31st March, 2014.

## IV. SUBSIDIARY MONITORING FRAMEWORK

The Company has 10 subsidiary companies as on 31st March, 2014. 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
<b>Annual General Meetings:</b>				
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
2012-13	30.09.13	12.00 p.m.	Eden Hall, The Classique Club, behind Infinity Mall, New Link Road, Andheri (W), Mumbai- 400 053	0
<b>Extra Ordinary General Meetings:</b>				
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 during last three financial year - NIL
- None of the items transacted at the last Annual General Meeting held on 30th September 2013 were required to be passed by postal ballot, nor any resolution requiring postal ballot is being proposed at the ensuing Annual General Meeting.

## VI. DISCLOSURES

### a. Materially significant related party transactions

During the financial year 2013-14, 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 2013-14. 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[V][F] of the Listing Agreement.

### e. CEO & CFO certification

Mr. Nikhil Chaturvedi, Managing Director and Mr. Nikunj Shah, Sr. Manager Finance

and Accounts have provided certification on financial reporting and internal control to the Board as required under clause 49(V) of the Listing Agreement.

## 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](http://www.prozonecsc.com).
- The company promptly uploads the presentations made by management of the Company to the investors on Company's website.
- Designated email-id: The Company has designated email-id [investorservice@prozonecsc.com](mailto:investorservice@prozonecsc.com) for investor servicing.
- SEBI Complaint Redressal Systems (SCORE)  
The Investors' Complaints are also being processed through the centralized web base compliant redressal system. The salient features of SCORES are available in centralized data base of complaints, uploading online action taken reports by the Company. Through SCORES the investors can view online, the action taken and current status of the Complaints.

## VIII. INFORMATION TO SHAREHOLDERS

Annual General Meeting is scheduled to be held on Tuesday, 30th September 2014 at Eden Hall, The Classique Club, behind Infinity Mall, New Link Road, Andheri (W), Mumbai-400053 at 11.00 a.m.

**Financial year ending** : 1st April to 31st March

**Date of Book Closure** : Monday, 22nd September 2014 to Tuesday 30th September 2014 (both days inclusive for the purpose of AGM)

**Dividend Payment Date**: N.A.

**Listing of Stock** : BSE Limited (BSE)

**Exchange** : National Stock Exchange of India Ltd (NSE)

**Scrip Code:**

BSE Ltd. : 534675

(Demat segment)

National Stock : PROZONECSC

Exchange of India Ltd.  
(Demat segment)

Demat ISIN in NSDL : INE195N01013

and CDSL for Equity  
Shares

**Registrar and Share** : M/s Link Intime India Pvt. Ltd.

**Transfer Agent**

C/13, Pannalal Silk Mills  
Compound, L.B.S. Marg,  
Bhandup (W),  
Mumbai 400078

Phone: 022-2594 6970,

Fax: 022-2594 6969

Email id:

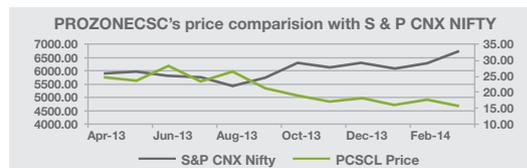
rnt.helpdesk@linkintime.co.in

### Stock Market Price data for the year 2013-2014:

Month	BSE			
	Share Price (in ₹)			Sensex
	High	Low	Close	Close
Apr 2013	27.90	24.05	24.60	19,504.18
May 2013	31.90	21.75	23.35	19,760.30
Jun 2013	28.50	23.00	27.25	19,395.81
Jul 2013	27.70	21.00	23.80	19,345.70
Aug 2013	24.90	20.00	20.60	18,619.72
Sept 2013	26.00	17.30	21.40	19,379.77
Oct 2013	21.90	18.55	18.80	21,164.52
Nov 2013	20.00	16.25	17.30	20,791.93
Dec 2013	19.30	16.00	18.25	21,170.68
Jan 2014	18.45	15.15	16.15	20,513.85
Feb 2014	19.45	14.55	17.70	21,120.12
Mar 2014	17.75	14.00	15.30	22,386.27

Month	NSE			
	Share Price (in ₹)			Nifty
	High	Low	Close	Close
Apr 2013	28.00	20.40	24.60	5930.20
May 2013	31.95	21.05	23.45	5985.95
Jun 2013	28.80	22.25	27.95	5842.20
Jul 2013	27.65	21.10	23.45	5742.00
Aug 2013	25.00	19.20	26.65	5471.80
Sept 2013	25.85	18.45	21.25	5735.30
Oct 2013	21.85	18.55	18.85	6299.15
Nov 2013	20.65	15.75	17.15	6176.10
Dec 2013	19.35	16.00	18.00	6304.00
Jan 2014	18.90	14.70	15.85	6089.50
Feb 2014	19.50	14.60	17.70	6276.95
Mar 2014	17.85	14.10	15.45	6704.20

### 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.

### Dematerialization of shares:

As on 31.03.2014, 15,24,69,441 Equity shares of the Company, representing 99.91% of its issued capital, were held in dematerialized form and the balance 0.09% representing 133,442 equity shares were held in physical form.

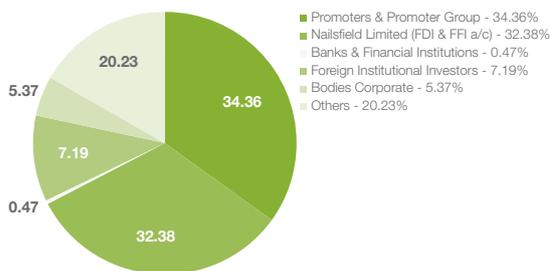
### Distribution of shareholding as on 31.03.2014:

Share holding	Share Holders		Share Amount	
	No. of Shares	% to total	No. of Shares	% to total
(1)	(2)	(3)	(4)	(5)
Upto 500	25476	86.16	3760611	2.46
501-1000	2038	6.89	1719766	1.13
1001-2000	972	3.29	1512779	0.99
2001-3000	323	1.09	841911	0.55
3001-4000	154	0.52	562702	0.37
4001-5000	148	0.50	708468	0.46
5001-10000	201	0.68	1521962	1.00
10001 and above	256	0.87	141974684	93.04
<b>TOTAL</b>	<b>29568</b>	<b>100.00</b>	<b>152602883</b>	<b>100.00</b>

### Categories of Shareholders as on 31.03.2014:

Category	No. of Shares	% of Shareholding
Promoters & Promoter Group	52438312	34.36
Nailsfield Limited (FDI & FFI a/c)	49410788	32.38
Banks & Financial Institutions	715037	0.47
Foreign Institutional Investors	10975903	7.19
Bodies Corporate	8187759	5.37
Others	30875084	20.23
<b>TOTAL</b>	<b>152602883</b>	<b>100.00</b>

### SHAREHOLDING AS ON 31.03.2014



### 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.  
Unit: Prozone Capital Shopping Centres Limited  
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.

### NON-MANDATORY REQUIREMENTS:

Sn	Particulars	Remarks
1	The Board	The Company does not reimburse expenses incurred, if any, by the Non-Executive Chairman for maintenance of a separate Chairman's Office.
2	Shareholders' Rights	Quarterly financial results of the Company are furnished to the Stock Exchanges and are also published in the news papers and uploaded on website of the Company. Hence, quarterly results were not separately sent to shareholders. Significant events are also posted on the Company's website under the Investors Section. The complete Annual Report sent to every shareholder of the Company
3	Audit qualifications	There are no audit qualifications in the financial statement for the period 2013-14. Standard practices and procedures are in place to ensure unqualified financial statements.
4	Training to Board Members	The Board is equipped to perform its role of business assessment through inputs given by management from time to time. Directors are fully briefed on all business related matters and new initiatives on regular basis.
5	Mechanism for evaluating Non-executive Board Members	The Company is working on formulating a mechanism to evaluate the performance of Board Members and the same shall be adopted in due course.
6	Whistle Blower Policy	The Company has framed and adopted a whistle blower policy as per the requirements of Listing Agreement. However, the Company has not received any complaint from any whistle blower so far.

For and on behalf of Board of Director

Date: 23.05.2014  
Place: Mumbai

**Nikhil Chaturvedi**  
Managing Director

**Salil Chaturvedi**  
Dy. Managing Director

## A REPORT ON CORPORATE GOVERNANCE BY COMPANY SECRETARY IN PRACTICE.

To,

The Shareholders

Prozone Capital Shopping Centres Limited  
105/106, Provogue House,  
1st Floor, Off New Link Road,  
Andheri (West), Mumbai- 400053,  
Maharashtra

We have reviewed the implementation of Corporate Governance produced by the company during the year ended 31st March, 2014 with the relevant records and documents maintained by the company, furnished to us for our review and the report on Corporate Governance as approved by the Board of Directors.

The Compliance of the conditions of the Corporate Governance is the responsibility of the Management. Our examination is neither an audit nor an expression of opinion of the financial statements of the company.

On the basis of the above and according to the information and explanations given to us, in our opinion, the Company has complied with the material conditions of Corporate Governance stipulated in the Clause 49 of the Listing Agreement with the Stock Exchanges.

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

**For HS Associates,  
Company Secretaries**

**Hemant Shetye  
Partner  
FCS 2827  
COP 1483**

Date: 23.05.2014  
Place: Mumbai

# INDEPENDENT AUDITOR'S REPORT

To,

The Members of **Prozone Capital Shopping Centres Limited,**

## Report on the Financial Statements

1. We have audited the accompanying financial statements of Prozone Capital Shopping Centres Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2014 and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information, which we have signed under reference to this report.

## Management's Responsibility for the Financial Statements

2. The Company's 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") read with the General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and 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

3. 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.

4. 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, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. 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.

5. We believe that the audit evidence we have obtained

is sufficient and appropriate to provide a basis for our audit opinion.

## Opinion

6. 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, 2014;
- (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

7. 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.

8. 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 read with the General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act 2013 ; and
- (e) On the basis of written representations received from the directors as on 31st March, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2014, from being appointed as a director in terms of clause (g) of subsection (1) of section 274 of the Companies Act, 1956;

**For S G C O & Co.**

Chartered Accountants  
Firm Reg No. 112081W

**Shyamratan Singrodia**

Partner

Mem. No. 49006

Place : Mumbai

Date : 23rd May, 2014

## ANNEXURE TO INDEPENDENT AUDITORS REPORT

Referred to in Paragraph 7 of the Independent Auditors' Report of even date to the members of Prozone Capital Shopping Centres Limited on the financial statements as of and for the year ended 31st March, 2014.

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 not granted any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Hence clauses 4 (iii) (b), (c) and (d) of the said Order are not applicable to the Company.
- b) The Company has taken unsecured loans from one party covered in the register maintained under Section 301 of the Companies Act, 1956. The maximum amount outstanding during the year was ₹ 23.30 lakhs and the year-end balance was ₹ Nil.
- c) The said loan is interest free. Other terms and conditions on which these loans have been taken are prima facie, not prejudicial to the interest of the Company;
- d) Loans taken from parties listed in the register maintained under Section 301 of the Companies Act, 1956 are repayable on demand. The Company is regular in repaying the principal amount as demanded.
- (iv) There are adequate internal control systems commensurate with the size of the Company and the nature of its business with regard to purchase of fixed assets and for the sale of services. The

Company has not carried out any activity of purchases of inventories and sale of goods during the year. During the course of our audit, no major weakness has been noticed in the internal control systems.

- (v) a) The particulars of contracts or arrangements referred to in Section 301 of the Companies Act, 1956 that needs to be entered into the register maintained under section 301 have been so entered.
- b) The transactions made in pursuance of such contracts or arrangements have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) The Company has not accepted any deposits from the public.
- (vii) The Company has an adequate internal audit system commensurate with its size and nature of its business.
- (viii) The Central Government has not prescribed for maintenance of cost records under Section 209(1) (d) of the Companies Act, 1956 for the Company.
- (ix) a) Accordingly to the records of the Company, the undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty and Cess wherever applicable have been regularly deposited with the appropriate authorities except delay in certain cases of Tax Deducted at Source (TDS). However, according to the information and explanations given to us, there are no undisputed amount payable in respect of such statutory dues which have remained outstanding as at 31st March, 2014 for a period more than six months from the date they became payable except TDS amounting to ₹ 2.25 lacs outstanding for a period more than six months, which has been paid successfully.
- b) According to the records of the Company, Income Tax, Wealth Tax, Sales Tax, Service Tax, Custom Duty, Excise Duty and Cess which have not been deposited on account of any dispute with the relevant authorities are given below:

Name of Statute	Amount (₹ in lakhs)	Period to which amount relates	Forum where dispute is pending
Income Tax	80.10	2005-06; 2008-09 & 2009-10	Commissioner of Income Tax (Appeals)

- (x) The Company has no accumulated losses at the end of the financial year. The Company has not incurred any cash losses during the financial year and 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.
- (vi) 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 S G C O & Co.**

Chartered Accountants  
Firm Reg No. 112081W

**Shyamratan Singrodia**

Partner

Mem. No. 49006

Place : Mumbai  
Date : 23rd May, 2014

# BALANCE SHEET

## as at 31st March, 2014

(₹ in Lacs)

Particulars	Notes	As at 31.03.2014	As at 31.03.2013
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholder's funds</b>			
Share capital	2	3,052.06	3,052.06
Reserves and surplus	3	37,513.07	37,032.29
		40,565.13	40,084.35
<b>Non - current Liabilities</b>			
Long - term borrowings	4	1,762.83	1,729.49
		1,762.83	1,729.49
<b>Current Liabilities</b>			
Short - term borrowings	5	-	34.34
Trade payables	6	210.20	83.59
Other current liabilities	7	88.75	66.57
Short-term provisions	8	28.70	42.22
		327.65	226.72
<b>Total</b>		42,655.61	42,040.56
<b>ASSETS</b>			
<b>Non-current Assets</b>			
Fixed assets			
Tangible assets	9	476.24	502.14
Intangible assets	10	-	2.98
Non - current investments	11	28,723.27	28,723.27
Deferred Tax Assets (Net)	12	40.53	39.40
Long - term loans and advances	13	9,290.26	7,457.52
		38,530.30	36,725.31
<b>Current Assets</b>			
Current investments	14	-	28.68
Trade receivables	15	353.59	1,050.41
Cash and cash equivalents	16	17.61	121.35
Short - term loans and advances	17	3,754.11	4,114.81
		4,125.31	5,315.25
<b>Total</b>		42,655.61	42,040.56
Significant Accounting Policies	1		
Accompanying Notes to Accounts	24		

As per our report of even date attached

**For S G C O & Co.**  
Chartered Accountants

**Shyamratan Singrodia**  
Partner  
**Mem. No. 49006**

Place : Mumbai  
Date : 23rd May, 2014

ANNUAL REPORT 2014

**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, 2014

(₹ in Lacs)

Particulars	Notes	Year ended 31.03.2014	Year ended 31.03.2013
<b>INCOME</b>			
Revenue from operations	18	886.05	726.51
Other income	19	999.52	1,141.89
<b>Total Revenue</b>		<b>1,885.57</b>	<b>1,868.40</b>
<b>EXPENSES</b>			
Employee benefits expense	20	462.64	569.10
Finance costs	21	5.95	2.22
Depreciation and amortisation expense		101.96	107.87
Other expenses	22	679.04	1,033.98
<b>Total Expenses</b>		<b>1,249.59</b>	<b>1,713.17</b>
<b>Profit before tax</b>		<b>635.98</b>	<b>155.23</b>
<b>Less: Tax Expense</b>			
Current Tax		155.51	25.11
Deferred Tax Liability/(Assets)		(1.13)	(5.12)
Tax of earlier years		0.80	(0.06)
		155.18	19.93
<b>Profit for the year</b>		<b>480.80</b>	<b>135.30</b>
<b>Earnings per equity share</b>			
	23		
[Nominal value of share ₹ 2 (PY ₹ 2) each]			
Basic and Diluted		0.32	0.09
<b>Significant Accounting Policies</b>			
	1		
Accompanying Notes to Accounts			
	24		

As per our report of even date attached

**For S G C O & Co.**

Chartered Accountants

**Shyamratan Singrodia**

Partner

**Mem. No. 49006**

Place : Mumbai

Date : 23rd May, 2014

**For and on behalf of the Board**

**Nikhil Chaturvedi**

Managing Director

**Salil Chaturvedi**

Dy. Managing Director

**Snehal Bansode**

Company Secretary

## CASH FLOW STATEMENT

for the year ended 31st March, 2014

(₹ in Lacs)

Particulars	Year ended 31.03.2014	Year ended 31.03.2013
<b>A CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Net Profit/(Loss) before tax	635.98	155.23
Adjustments for :		
Depreciation	101.96	107.87
Interest Paid	5.95	2.22
Interest Received	(968.31)	(1,027.81)
Dividend from Mutual Funds	(3.49)	(85.19)
Profit on Sale of Investments	-	(17.36)
<b>Operating profit before working capital changes</b>	<b>(227.91)</b>	<b>(865.04)</b>
Adjustments for :		
Increase/(Decrease) in Trade payables	126.61	16.32
Increase/(Decrease) in Other current liabilities	22.15	15.12
Increase/(Decrease) in Long-term provisions	(13.52)	-
Decrease/(Increase) in Trade receivables	696.82	(104.53)
Decrease/(Increase) in Other receivables		(292.74)
<b>Net Cash from Operations</b>	<b>604.15</b>	<b>(1,230.87)</b>
Direct Taxes Paid	(197.00)	(87.89)
<b>Net Cash from Operating Activities</b>	<b>407.15</b>	<b>(1,318.76)</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Purchase of Fixed Assets	(73.07)	(14.46)
Movement in loans and advances	(1,431.35)	(4,206.81)
Interest Received	968.31	1,027.81
Purchase of Non - current investments	-	(252.55)
Purchase of Current investments	-	(7,917.98)
Sales of Current Investments	28.68	9,129.45
Dividend from Mutual Funds	3.49	85.19
<b>Net Cash used in Investing Activities</b>	<b>(503.94)</b>	<b>(2,149.35)</b>

## CASH FLOW STATEMENT for the year ended 31st March, 2014

(₹ in Lacs)

Particulars	Year ended 31.03.2014	Year ended 31.03.2013
<b>C. CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Proceeds from Long Term Borrowings (net)	33.34	(11.84)
Proceeds from Short Term Borrowings (net)	(34.34)	(0.25)
Interest Paid	(5.95)	(2.22)
<b>Net Cash used from Financing Activities</b>	<b>(6.95)</b>	<b>(14.31)</b>
<b>Net increase in Cash and Cash Equivalents</b>	<b>(103.74)</b>	<b>(3,482.42)</b>
Cash and Cash Equivalents (Opening)	121.35	3,603.77
<b>Cash and Cash Equivalents (Closing)</b>	<b>17.61</b>	<b>121.35</b>

### 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 Lacs)

Particulars	As at 31.03.2014	As at 31.03.2013
Cash in Hand	15.11	19.82
Balances with Banks	2.50	101.53
	<b>17.61</b>	<b>121.35</b>

- 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 S G C O & Co.

Chartered Accountants

### Shyamratan Singrodia

Partner

Mem. No. 49006

Place : Mumbai

Date : 23rd May, 2014

### 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, 2014

### 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. The equity shares of the Company are listed on the Bombay and National Stock Exchanges.

### 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 read with the General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act 2013.
- ii. Financial Statements are based on historical cost convention and are prepared on accrual basis.

#### b) Use of Estimates:

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

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

#### c) Revenue Recognition :

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

#### d) Fixed Assets:

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

#### e) Depreciation and Amortization:

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

#### f) Impairment of Fixed Assets:

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

#### g) Miscellaneous Expenditure:

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

## NOTES TO FINANCIAL STATEMENTS

### for the year ended 31st March, 2014

#### **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 diminution in value other than temporary. Investments other than long term investments being current investments are valued at cost or fair market value whichever is lower.

#### **j) Foreign Currency Transactions :**

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

#### **k) Contingent Liabilities:**

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

#### **l) Accounting for Taxation of Income :**

##### **Current taxes**

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

##### **Deferred taxes**

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

# NOTES TO FINANCIAL STATEMENTS

## for the year ended 31st March, 2014

### NOTE 2. SHARE CAPITAL

Particulars	(₹ in Lacs)	
	As at 31.03.2014	As at 31.03.2013
<b>Authorised</b>		
2,002.50 lakhs Equity Shares of ₹ 2 each	4,005.00	4,005.00
<b>Issued, Subscribed and Fully Paid Up</b>		
1,526.03 lakhs Equity Shares of ₹ 2 each fully paid up	3,052.06	3,052.06
	<b>3,052.06</b>	<b>3,052.06</b>

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

Particulars	As at 31.03.2014		As at 31.03.2013	
	No. in Lacs	₹ in Lacs	No. in Lacs	₹ in Lacs
<b>Equity Shares</b>				
At the beginning of the year	1,526.03	3,052.06	1,526.03	3,052.06
Issued during the year	-	-	-	-
<b>Outstanding at the end of the year</b>	<b>1,526.03</b>	<b>3,052.06</b>	<b>1,526.03</b>	<b>3,052.06</b>

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

During the year 2011-12, the Company has allotted 1,523.53 Lacs equity shares of ₹ 2 each fully paid up to the Shareholders of Provogue (India) Limited (the Demerged Company) and Prozone Enterprises Private Limited (the Amalgamating Company) pursuant to the Scheme of Demerger and Amalgamation.

**(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.

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

Name of Shareholders	As at 31.03.2014		As at 31.03.2013	
	No. in Lacs	% holding	No. in Lacs	% holding
Nailsfield Limited (Aggregate of Shareholding under FDI & FII Route)	494.11	32.38	494.11	32.38
Mr. Nikhil Chaturvedi	106.12	6.95	106.12	6.95
Mr. Saill Chaturvedi	102.95	6.75	102.95	6.75

# NOTES TO FINANCIAL STATEMENTS

## for the year ended 31st March, 2014

### NOTE 3. RESERVES AND SURPLUS

Particulars	(₹ in Lacs)	
	As at 31.03.2014	As at 31.03.2013
<b>Securities Premium</b>		
At the beginning and end of the year	36,434.05	36,434.05
<b>Amalgamation Reserve</b> (Pursuant to the Scheme of Demerger and Amalgamation)	688.75	688.75
<b>Surplus/(Deficit) in the Statement of Profit &amp; Loss</b>		
Opening Balance	(90.51)	(225.81)
Add: Profit during the year	480.80	135.30
Closing Balance	390.27	(90.51)
	<b>37,513.07</b>	<b>37,032.29</b>

### NOTE 4. LONG - TERM BORROWINGS

Particulars	(₹ in Lacs)	
	As at 31.03.2014	As at 31.03.2013
<b>Hire Purchase Loans</b>	44.53	11.84
(Secured)		
Less: Current maturities of Long Term Debt (disclosed under other current liabilities)	11.19	11.84
	33.34	-
<b>Loan &amp; Advances from related parties</b>	1,729.49	1,729.49
(Unsecured)		
	<b>1,762.83</b>	<b>1,729.49</b>

a) Hire Purchase Loans includes :

₹ 44.53 lakhs in respect of one vehicle which is secured by hypothecation of vehicle financed. The loan carries interest @ 12.13% p.a. The loan is repayable in 53 equal instalments starting from 1st May, 2013. (PY ₹ 11.84 lakhs in respect of two vehicles which were secured by hypothecation of vehicles financed. The loans were carrying interest @ 8.66 % p.a. The loans were repayable in 48 equal instalments starting from 1st November, 2009).

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

## NOTES TO FINANCIAL STATEMENTS

### for the year ended 31st March, 2014

#### NOTE 5 : SHORT - TERM BORROWINGS

(₹ in Lacs)		
Particulars	As at 31.03.2014	As at 31.03.2013
Interest free loan from related party repayable on demand (Unsecured)	-	34.34
	<b>-</b>	<b>34.34</b>

#### NOTE 6 : TRADE PAYABLES

(₹ in Lacs)		
Particulars	As at 31.03.2014	As at 31.03.2013
<b>Trade payables</b>		
- Due to Micro, Small & Medium Enterprises (Refer note below)	-	-
- Others	210.20	83.59
	<b>210.20</b>	<b>83.59</b>

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 Lacs)		
Particulars	As at 31.03.2014	As at 31.03.2013
Current maturities of long term debt	11.19	11.84
Duties & taxes payable	77.56	54.73
	<b>88.75</b>	<b>66.57</b>

#### NOTE 8 : SHORT-TERM PROVISIONS

(₹ in Lacs)		
Particulars	As at 31.03.2014	As at 31.03.2013
Provision for employee benefits expense	22.75	39.64
Provision for expenses	5.95	2.58
	<b>28.70</b>	<b>42.22</b>

# NOTES TO FINANCIAL STATEMENTS

## for the year ended 31st March, 2014

### NOTE 9. TANGIBLE ASSETS

Particulars	Gross Block				Depreciation			Net Block	
	As at 01.04.2013	Additions during the year	Deductions during the year	As at 31.03.2014	Upto 31.03.2013	Provided for the year	Adjustments during the year	Upto 31.03.2014	As at 31.03.2013
		year	year	31.03.2014	31.03.2013	year	year	31.03.2014	31.03.2013
Buildings	141.73	-	-	141.73	29.75	5.60	-	35.35	106.38
Furniture's & Fittings	565.45	-	-	565.45	309.88	46.26	-	356.14	209.31
Motor Vehicles	265.17	68.28	-	333.45	191.89	32.29	-	224.18	109.27
Office Equipments	74.94	0.26	-	75.20	32.52	5.91	-	38.43	36.77
Computers	94.17	4.53	-	98.70	75.27	8.92	-	84.19	14.51
<b>Total</b>	<b>1,141.46</b>	<b>73.07</b>	-	<b>1,214.53</b>	<b>639.31</b>	<b>98.98</b>	-	<b>738.29</b>	<b>476.24</b>
<b>Previous Year</b>	<b>1,127.00</b>	<b>14.46</b>	-	<b>1,141.46</b>	<b>536.69</b>	<b>102.62</b>	-	<b>639.31</b>	<b>502.15</b>

### NOTE 10. INTANGIBLE ASSETS

Particulars	Gross Block			Amortisation			Net Block	
	As at 01.04.2013	Additions during the year	Deductions during the year	As at 31.03.2014	Upto 31.03.2013	Provided for the year	Adjustments during the year	Upto 31.03.2014
		year	year	31.03.2014	31.03.2013	year	year	31.03.2014
Computer Software	26.27	-	-	26.27	23.29	2.98	-	26.27
<b>Total</b>	<b>26.27</b>	<b>-</b>	<b>-</b>	<b>26.27</b>	<b>23.29</b>	<b>2.98</b>	<b>-</b>	<b>26.27</b>
<b>Previous Year</b>	<b>26.27</b>	<b>-</b>	<b>-</b>	<b>26.27</b>	<b>18.03</b>	<b>5.25</b>	<b>-</b>	<b>23.28</b>

## NOTES TO FINANCIAL STATEMENTS

### for the year ended 31st March, 2014

#### NOTE 11 : NON - CURRENT INVESTMENTS

Particulars	(₹ in Lacs)	
	As at 31.03.2014	As at 31.03.2013
<b>Trade</b>		
<b>Unquoted Equity Instruments</b>		
<b>Investment in Subsidiaries:</b>		
Prozone Liberty International Limited (Singapore) [Refer Note 24(F)] (614.74 lakhs (PY 614.74 lakhs) Ordinary Shares of USD 1/- each fully paid up)	26,193.02	26,140.47
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
<b>Investment in Step-Down Subsidiaries:</b>		
Prozone International Limited (Singapore) [Refer Note 24(F)] (Nil (PY 98.92 lakhs) Ordinary Shares of USD 1/- each fully paid up)	-	52.55
<b>Investment in Joint Ventures :</b>		
Moontown Trading Company Private Limited (20.025 lakhs (PY 20.025 lakhs) Equity Shares of ₹ 10/- each fully paid up)	200.25	200.25
<b>Others - Unquoted</b>		
<b>Investments in Debentures</b>		
Omni Infrastructure Private Limited (Step down subsidiary company) 1.77 lakhs (PY 1.77 lakhs) 0% Optional Convertible Debentures of ₹ 1,000/- each	1,770.00	1,770.00
	<b>28,723.27</b>	<b>28,723.27</b>
Aggregate Book Value of Unquoted Investment	28,723.27	28,723.27

#### NOTE 12 : DEFERRED TAX ASSETS (NET)

Particulars	(₹ in Lacs)	
	As at 31.03.2014	As at 31.03.2013
Fixed Assets : Impact of difference between tax depreciation and depreciation/amortisation charged for the financial reporting	39.01	35.25
Impact of Expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes on payment basis	1.52	4.15
<b>Deferred Tax Assets</b>	<b>40.53</b>	<b>39.40</b>

## NOTES TO FINANCIAL STATEMENTS

### for the year ended 31st March, 2014

#### NOTE 13 : LONG - TERM LOANS AND ADVANCES

(Unsecured, Considered Good)

(₹ in Lacs)		
Particulars	As at 31.03.2014	As at 31.03.2013
<b>Security deposits</b>	2.61	7.41
<b>(A)</b>	<b>2.61</b>	<b>7.41</b>
<b>Loans and advances</b>		
- To Related Parties	8,280.95	6,525.61
- To Others (Refer note (a) below)	150.00	150.00
<b>(B)</b>	<b>8,430.95</b>	<b>6,675.61</b>
<b>Advance recoverable in cash or kind</b>	<b>(C)</b>	<b>272.43</b>
<b>(C)</b>	<b>272.43</b>	<b>230.92</b>
<b>Other loans &amp; advances</b>		
Advance Tax & TDS (Net of Provision for Tax)	584.27	543.58
<b>(D)</b>	<b>584.27</b>	<b>543.58</b>
<b>Total (A+B+C+D)</b>	<b>9,290.26</b>	<b>7,457.52</b>
<b>Loans and advances to related parties includes :</b>		
- Loans given to subsidiary companies		
Prozone Liberty International Limited (Singapore) (Refer Note 24(F))	134.75	57.28
Royal Mall Private Limited	0.34	0.34
Kruti Multitrade Private Limited	36.51	36.51
- Loans given to step down subsidiary companies		
Empire Mall Private Limited	5,733.61	4,613.40
Omni Infrastructure Private Limited	2,039.71	1,492.22
Hagwood Commercial Developers Private Limited	58.23	-
Prozone International Limited (Singapore) (Refer Note 24(F))	-	48.05
- Loan given to Joint Venture Company		
Moon Town Trading Company Private Limited (Refer note (b) below)	277.80	277.80
	<b>8,280.95</b>	<b>6,525.60</b>

a) Loan to Others amounting to ₹ 150 lakhs represents amount due from De Lara Tourism Corporation Limited (DTCL). The Company, in the earlier years, had debited a sum of ₹ 328.17 lakhs to DTCL, as proportionate share of preoperative expenses vide agreement 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 and has filed a petition before the Hyderabad High Court, which 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). As per the instruction of SC the Arbitral Tribunal had awarded DTCL to refund a sum of ₹ 150 Lacs and accordingly balance of 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 which 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 to develop a Mall at Mysore. In terms of Shareholding Agreement entered in April 2006 between the co venturers and the JVC, the Company had advanced a loan of ₹ 277.80 lakhs (PY ₹ 277.80 lakhs) to the JVC. The Company's management is of the view that, considering the value of the underlying assets of MTCPL, the advances are considered good and fully recoverable.

## NOTES TO FINANCIAL STATEMENTS

### for the year ended 31st March, 2014

#### NOTE 14 : CURRENT INVESTMENTS

Particulars	(₹ in Lacs)	
	As at 31.03.2014	As at 31.03.2013
<b>Unquoted Investments</b>		
(Valued at lower of cost and fair value, unless stated otherwise)		
<b>Investments in Mutual Funds</b>		
Nil (PY 0.29 lakhs) units Birla Sun life Cash Plus Plan	-	28.68
	<b>-</b>	<b>28.68</b>
Aggregate Book Value of Unquoted Investments	-	28.68

#### NOTE 15 : TRADE RECEIVABLES

Particulars	(₹ in Lacs)	
	As at 31.03.2014	As at 31.03.2013
(Unsecured, Considered Good)		
Outstanding for a period exceeding six months from the date they are due for payment	0.58	602.48
Other Debts	353.01	447.93
	<b>353.59</b>	<b>1,050.41</b>
<b>Trade receivable represents debt due from subsidiary/step down subsidiary companies :</b>		
(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
Hagwood Commercial Developers Private Limited	-	2.29
Omni Infrastructure Private Limited	-	245.03
Royal Mall Private Limited	0.58	0.57
	<b>0.58</b>	<b>602.48</b>
(b) Other Debts :		
Alliance Mall Developers Co. Private Limited	11.59	107.18
Empire Mall Private Limited	96.66	86.51
Hagwood Commercial Developers Private Limited	175.33	191.22
Omni Infrastructure Private Limited	69.43	63.02
	<b>353.01</b>	<b>447.93</b>

#### NOTE 16 : CASH AND CASH EQUIVALENTS

Particulars	(₹ in Lacs)	
	As at 31.03.2014	As at 31.03.2013
<b>Balance with Banks</b>		
On Current Accounts	2.50	101.53
<b>Cash on hand</b>	15.11	19.82
	<b>17.61</b>	<b>121.35</b>

## NOTES TO FINANCIAL STATEMENTS

### for the year ended 31st March, 2014

#### NOTE 17 : SHORT - TERM LOANS AND ADVANCES

(Unsecured, Considered Good)

Particulars	(₹ in Lacs)	
	As at 31.03.2014	As at 31.03.2013
<b>Loans and advances (Refer note below)</b>	3,532.72	3,914.76
<b>Advance Recoverable in cash or in kind</b>	208.26	185.40
<b>Other Loans &amp; Advances</b>		
Advances to employees	13.13	14.65
	<b>3,754.11</b>	<b>4,114.81</b>

Loan and advances amounting to ₹ 3532.72 lakhs (PY ₹ 3914.76 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 18 : REVENUE FROM OPERATIONS

Particulars	(₹ in Lacs)	
	Year Ended 31.03.2014	Year Ended 31.03.2013
<b>Sale of services</b>		
Management Consultancy Charges	886.05	726.51
	<b>886.05</b>	<b>726.51</b>

#### NOTE 19 : OTHER INCOME

Particulars	(₹ in Lacs)	
	Year ended 31.03.2014	Year ended 31.03.2013
Interest income on		
- Loans & advances	968.31	991.86
- Current investments	-	35.95
- Income tax refund	-	11.53
Dividend income on current investments	3.49	85.19
Gain on foreign exchange fluctuations (net)	27.72	-
Net gain on sale of current investments	-	17.36
	<b>999.52</b>	<b>1,141.89</b>

#### NOTE 20 : EMPLOYEE BENEFITS EXPENSE

Particulars	(₹ in Lacs)	
	Year ended 31.03.2014	Year ended 31.03.2013
Salaries and bonus	304.59	408.73
Directors' remuneration	144.00	144.00
Contribution to Provident and other funds	2.23	3.26
Staff welfare expenses	11.82	13.11
	<b>462.64</b>	<b>569.10</b>

## NOTES TO FINANCIAL STATEMENTS

### for the year ended 31st March, 2014

#### NOTE 21 : FINANCE COSTS

Particulars	(₹ in Lacs)	
	Year ended 31.03.2014	Year ended 31.03.2013
Interest expenses	5.95	2.22
	<b>5.95</b>	<b>2.22</b>

#### NOTE 22 : OTHER EXPENSES

Particulars	(₹ in Lacs)	
	Year ended 31.03.2014	Year ended 31.03.2013
Rent	122.48	122.25
Rates and taxes	4.85	6.47
Insurance	2.95	5.90
Repairs & maintenance - others	53.43	73.03
Electricity charges	30.03	38.29
Printing & stationery	9.34	24.64
Communication costs	24.10	22.91
Professional fees	165.41	270.73
Travelling & conveyance	86.90	151.04
Vehicle expenses	59.91	48.04
Advertisement & business promotion expenses	56.15	192.07
Auditors' remuneration	14.40	27.00
Office expenses	14.70	12.59
Sundry Balances Written Off	17.04	0.11
Miscellaneous expenses	17.35	38.91
	<b>679.04</b>	<b>1,033.98</b>

#### Payment to Auditors

Particulars	(₹ in Lacs)	
	Year ended 31.03.2014	Year ended 31.03.2013
- For Audit Fees	14.40	10.00
- For Taxation Matters	-	15.00
- For Other Services	-	2.00
	<b>14.40</b>	<b>27.00</b>

## NOTES TO FINANCIAL STATEMENTS

### for the year ended 31st March, 2014

#### NOTE 23 : EARNINGS PER EQUITY SHARE

In accordance with Accounting Standard 20- Earning Per Share notified by the Companies (Accounting Standards) Rules, 2006, the computation of earning per share is set out below:

(₹ in Lacs)			
Sr. No.	Particulars	Year ended 31.03.2014	Year ended 31.03.2013
i)	Number of Equity Shares outstanding (No. in Lacs)	1,526.03	1,526.03
ii)	Face value per share (in ₹)	2.00	2.00
iii)	Net Profit/(Loss) after tax	480.80	135.30
iv)	Basic and Diluted Earnings per share (in ₹)	0.32	0.09

#### NOTE 24 : ACCOMPANYING NOTES TO ACCOUNTS

##### A) Contingent liabilities not provided for :

- i) Guarantee given to Bank on behalf of subsidiary company ₹ 18,836.89 lakhs (P.Y. 16,547.14 lakhs)
- ii) Disputed demands in respect of Income Tax (Interest thereon not ascertainable at present) ₹ 80.10 lakhs (PY Nil). (The Income tax authorities had carried out search and seizure operations at the premises of the Company in Financial Year 2011-12. The Company has filed Income Tax Returns for which notice have been received u/s 153A of The Income Tax Act, 1961 and also provided the necessary details/information. During the year, block assessments for the assessment years 2006-07 to 2012-13 have been completed and the Company has disputed disallowances made and recognised ₹ 80.10 lakhs as contingent liability. The Company has decided to prefer appeal against the disallowances made in the said orders of assessment and is confident of getting relief from the appellate authorities.)

B) 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.

C) 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:

##### a) Details of Loans to Subsidiaries/Step down Subsidiaries

Name of Subsidiary Company	31st March, 2014		31st March, 2013	
	₹ In lakhs	Maximum Amount	₹ In lakhs	Maximum Amount
Alliance Mall Developers Co. Private Limited	-	4.11	-	364.38
Royal Mall Private Limited	0.34	0.34	0.34	0.34
Prozone Liberty International Ltd, Singapore (Refer Note 24(F))	134.75	139.83	57.28	57.28
Prozone International Ltd, Singapore	-	48.05	48.05	48.05
Omni Infrastructure Private Limited	2,039.71	2,182.74	1,492.22	1,740.22
Empire Mall Private Limited	5,733.61	5,733.61	4,613.40	6,872.86
Hagwood Commercial Developers Private Limited.	58.23	160.45	-	189.05
Kruti Multitrade Private Limited	36.51	36.51	36.51	36.51
	<b>8,003.15</b>	<b>8,305.64</b>	<b>6,247.80</b>	<b>9,308.69</b>

## NOTES TO FINANCIAL STATEMENTS

### for the year ended 31st March, 2014

#### b) Details of Investments in Subsidiaries

Name of Subsidiary Company	(No. of shares)	
	31st March, 2014	31st March, 2013
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)	6,14,74,094	6,14,74,094
Prozone International Limited (Singapore) *	Nil	98,91,974
<b>Investments through Prozone Liberty International Limited (Singapore)</b>		
Prozone International Limited (Singapore) *	Nil	2,81,54,081
Prozone International Coimbatore Limited (Singapore)	1	1
Prozone Overseas Pte Limited (Singapore)	1	1
Empire Mall Private Limited *	4,72,09,412	Nil
Hagwood Commercial Developers Private Limited *	94,80,235	Nil
Omni Infrastructure Private Limited *	24,000	Nil
<b>Investments through Prozone International Limited (Singapore) *</b>		
Empire Mall Private Limited *	Nil	4,72,09,412
Hagwood Commercial Developers Private Limited *	Nil	94,80,235
Omni Infrastructure Private Limited *	Nil	24,000

\* During the year, Prozone International Limited (Singapore) amalgamated into Prozone Liberty International Limited (Singapore) (Refer Note 24(F))

#### D) Disclosure as per AS 15 "Employee Benefits" :

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

Particulars	Year ended 31.03.2014	Year ended 31.03.2013
Discount rate	9.10%	8.20%
Expected rate of return on assets	9.25%	8.50%
Expected rate of future salary increase	5.10%	5.00%

#### Changes in present value of obligations

(₹ in Lacs)

Particulars	Year ended 31.03.2014	Year ended 31.03.2013
Present value of obligation as at the beginning of the year	17.79	11.09
Interest Cost	1.30	0.84
Past Service Cost	-	(0.61)
Current Service Cost	0.86	3.93
Benefits paid	(10.44)	-
Actuarial loss on obligations	(5.74)	2.54
Present Value of obligation as at the end of the year	3.77	17.79

# NOTES TO FINANCIAL STATEMENTS

## for the year ended 31st March, 2014

### (Assets)/Liability recognised in the Balance Sheet

(₹ in Lacs)

Particulars	Year ended 31.03.2014	Year ended 31.03.2013
Present Value of obligation as at the end of the year	3.77	17.79
Fair Value of plan assets as at the end of the year	10.48	17.06
Unfunded status	(6.71)	0.73
Unrecognized Actuarial (Gain)/ loss	-	-
Net (Assets)/ Liabilities recognized in the Balance Sheet	(6.71)	0.73
- Non-Current (Assets)/Liabilities	-	-
- Current (Assets)/Liabilities	(6.71)	0.73

### Expenses recognised in the Profit and Loss Account

(₹ in Lacs)

Particulars	Year ended 31.03.2014	Year ended 31.03.2013
Current Service Cost	0.86	3.93
Past Service Cost	-	(0.61)
Interest Cost	1.30	0.84
Actuarial (Gain)/Loss on obligations	(5.74)	2.54
Actuarial (Gain)/Loss on plan assets	1.14	(1.80)
Total Expenses recognized in the Profit and Loss account	(2.44)	4.90

### E) 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, 2014

#### i) Key Management Personnel

Mr. Nikhil Chaturvedi	Managing Director
Mr. Salil Chaturvedi	Dy. Managing Director
Mr. Nigam Patel	COO

#### ii) Shareholder having significant interest in the Company

Nailsfield Limited

#### 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

Brightland 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, 2014

Prozone International Ltd, Singapore (Refer Note 24(F))  
 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 Lacs)

Particulars	Sale of services	Rent Paid	Amount due from Related Parties	Amount due to Related Parties
<b>Enterprises owned or significantly influenced by key management personnel or their relatives</b>				
Provogue (India) Limited	-	120.00	-	3.48
<b>Subsidiaries/Step down Subsidiaries</b>				
Alliance Mall Developers Co. Private Limited	340.18	-	11.59	-
Royal Mall Private Limited	-	-	0.58	-
Omni Infrastructure Private Limited	93.94	-	69.43	-
Empire Mall Private Limited	177.97	-	96.66	-
Hagwood Commercial Developers Private Limited.	273.96	-	175.33	-

##### b) Loans given and repayment thereof

(₹ in Lacs)

Particulars	Loans Given	Received Back	Interest Accrued	Amount due from Related Parties
<b>Subsidiaries/Step down Subsidiaries</b>				
Alliance Mall Developers Co. Private Limited	-	-	-	-
Royal Mall Private Limited	-	-	-	0.34
Prozone Liberty International Ltd, Singapore	131.87	54.40	-	134.75
Prozone International Ltd, Singapore (Refer Note 24(F))	-	48.05	-	-
Omni Infrastructure Private Limited	547.49	-	-	2,039.71
Empire Mall Private Limited	638.40	176.39	658.20	5,733.61
Hagwood Commercial Developers Private Limited.	162.47	104.24	-	58.23
Kruti Multitrade Private Limited	-	-	-	36.51
<b>Joint Ventures and Coventurers</b>				
Moontown Trading Company Private Limited. (JV)	-	-	-	277.80

## NOTES TO FINANCIAL STATEMENTS

### for the year ended 31st March, 2014

#### c) Loans taken and repayment thereof

(₹ in Lacs)				
Particulars	Loans Taken	Loan Repaid	Interest Paid	Amount due to Related Parties
<b>Enterprises owned or significantly influenced by key management personnel or their relatives</b>				
Provogue (India) Limited	-	23.30	-	-
<b>Key Management Personnel</b>				
Mr. Salil Chaturvedi	-	9.47	-	-
Mr. Nigam Patel	-	1.57	-	-
<b>Joint Ventures and Coventurers</b>				
Emerald Buildhome Private Limited.(JV)	-	-	-	1,729.49

#### d) Remuneration to Key Management Personnel

(₹ in Lacs)		
Particulars	Remuneration	Amount due to Related Parties
Mr. Nikhil Chaturvedi	84.00	-
Mr. Salil Chaturvedi	60.00	3.62
Mr. Nigam Patel	60.00	-

#### For the year ended 31st March, 2013

##### i) Key Management Personnel

Mr. Nikhil Chaturvedi	Managing Director
Mr. Salil Chaturvedi	Dy. Managing 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

##### 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

## NOTES TO FINANCIAL STATEMENTS

### for the year ended 31st March, 2014

#### 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

#### Related Party Transactions

##### a) Sale/Purchase of goods and services

(₹ in Lacs)			
Particulars	Sale of services	Rent Paid	Amount due from Related Parties
<b>Enterprises owned or significantly influenced by key management personnel or their relatives</b>			
Provogue (India) Limited	-	120.00	3.48
<b>Subsidiaries/Step down Subsidiaries</b>			
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 Lacs)				
Particulars	Loans Given	Received Back	Interest Accrued	Amount due to Related Parties
<b>Subsidiaries/Step down Subsidiaries</b>				
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
<b>Joint Ventures and Coventurers</b>				
Moontown Trading Company Private Limited. (JV)	5.85	-	-	277.80

## NOTES TO FINANCIAL STATEMENTS

### for the year ended 31st March, 2014

#### c) Loans taken and repayment thereof

(₹ in Lacs)				
Particulars	Loans Taken	Loan Repaid	Interest Paid	Amount due to Related Parties
<b>Enterprises owned or significantly influenced by key management personnel or their relatives</b>				
Provogue (India) Limited	52.65	59.43	-	23.30
<b>Key Management Personnel</b>				
Mr. Salil Chaturvedi	9.47	-	-	9.47
Mr. Nigam Patel	1.57	-	-	1.57
<b>Joint Ventures and Coventurers</b>				
Emerald Buildhome Private Limited.(JV)	-	-	-	1,729.49

#### d) Share Application Money Given

(₹ in Lacs)			
Particulars	Money Given	Shares Allotted	Amount due from Related Parties
<b>Joint Ventures and Coventurers</b>			
Moontown Trading Company Private Limited. (JV)	-	200.00	-

#### e) Remuneration to Key Management Personnel

(₹ in Lacs)	
Particulars	Remuneration
Mr. Nikhil Chaturvedi	84.00
Mr. Salil Chaturvedi	60.00
Mr. Nigam Patel	60.00

#### 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

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

- F)** The Office of Registrar of Companies, Accounting and Corporate Regulatory Authority (ACRA) Singapore, vide its Order dated 27th May, 2013 confirmed the amalgamation of Prozone International Limited, Singapore (PIL-S) with Prozone Liberty International Limited, Singapore (PLIL-S) with effect from 30th April, 2013 being the appointed date. Accordingly, all assets and liabilities owned by PIL-S as on 30th April, 2013 shall stand transferred to PLIL-S.

PCSCCL was holding 98.92 lacs Ordinary Shares of USD 1/- each fully paid up in PIL-S (constituting 26% of its capital) with Investment amount of ₹ 52.55 lacs. Consequent to said amalgamation, Investment made by PCSCCL in PIL-S shall stand transferred to PLIL-S. However, PLIL-S, being a 100% subsidiary of PCSCCL, did not issue any further shares in favour of PCSCCL on its amalgamation and the investment cost made by PCSCCL in PIL-S has been transferred to the cost of investment in PLIL-S.

## NOTES TO FINANCIAL STATEMENTS

### for the year ended 31st March, 2014

- 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) notified by the Companies (Accounting Standards) Rules, 2006.
- H)** Figures less than ₹ 500/- have been shown at actual wherever statutory required to be disclosed since figures have been rounded off to the nearest thousands
- I)** The Company has re-grouped, reclassified and/or re-arranged previous year's figures, wherever necessary to conform to current year's classification.

#### **For S G C O & Co.**

Chartered Accountants

#### **Shyamratan Singrodia**

Partner

**Mem. No. 49006**

Place : Mumbai

Date : 23rd May, 2014

#### **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

1. We have audited the accompanying consolidated financial statements of Prozone Capital Shopping Centres 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, 2014 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, which we have signed under reference to this report.

### Management's Responsibility for the Consolidated Financial Statements

2. The Company's 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

3. 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.
4. 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, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. 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.

### Basis for Qualified Opinion

5. We have relied on the unaudited financial statements of four subsidiaries viz. Prozone Liberty International Limited (Singapore), Prozone Overseas Pte Limited (Singapore), and Prozone International Coimbatore Limited (Singapore), and Omni Infrastructure Private Limited (India) and joint venture of its subsidiary viz., Emerald Buildhome Private Limited (India) wherein the Group reflects total assets (net) of ₹ 11,110.49 lakhs as at 31st March, 2014, total revenues of ₹ 5.83 lakhs and net loss of ₹ 22.08 lakhs for the year ended on that date. The unaudited financial statements of the respective companies have been furnished to us by the management and our report is based solely on such unaudited financial statements

### Qualified Opinion

6. In our opinion and to the best of our information and according to the explanations given to us, and based on consideration of the unaudited financial statements of the subsidiaries and joint ventures as noted above, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the aforesaid 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, 2014;
  - (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.

**For S G C O & Co.**

Chartered Accountants  
Firm Reg No. 112081W

**Shyamratan Singrodia**

Partner

Mem. No. 49006

Place : Mumbai  
Date : 23rd May, 2014

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# CONSOLIDATED BALANCE SHEET

## as at 31st March, 2014

(₹ in Lacs)

Particulars	Notes	As at 31.03.2014	As at 31.03.2013
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds</b>			
Share capital	2	3,052.06	3,052.06
Reserves & surplus	3	47,566.80	48,503.08
		<b>50,618.86</b>	<b>51,555.14</b>
<b>Minority Interest</b>		<b>19,720.70</b>	<b>20,628.17</b>
<b>Non-current Liabilities</b>			
Long-term borrowings	4	17,580.38	15,228.44
Deferred tax liabilities (net)	5	41.23	27.32
Other long-term liabilities	6	2,771.18	944.06
Long-term provisions	7	2.49	8.67
		<b>20,395.28</b>	<b>16,208.49</b>
<b>Current Liabilities</b>			
Short-term borrowings	8	-	34.34
Trade payables	9	1,480.90	715.37
Other current liabilities	10	5,657.03	4,398.51
Short term provisions	11	481.27	169.12
		<b>7,619.20</b>	<b>5,317.34</b>
<b>Total</b>		<b>98,354.04</b>	<b>93,709.14</b>
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
<b>Fixed assets</b>			
Tangible assets	12	40,054.83	42,016.41
Intangible assets		200.00	202.98
Capital work in progress		4,411.25	2,096.55
Goodwill on consolidation		10,976.15	10,976.15
Non-current investments	13	2,464.03	2,464.03
Long-term loans and advances	14	3,243.31	2,771.10
Other non-current assets	15	103.38	73.16
		<b>61,452.95</b>	<b>60,600.38</b>
<b>Current Assets</b>			
Current investments	16	2,180.28	2,781.78
Inventories	17	19,238.92	17,452.92
Trade receivables	18	6,443.23	5,081.48
Cash and bank balances	19	747.77	968.85
Short-term loans and advances	20	8,290.68	6,822.03
Other current assets	21	0.21	1.70
		<b>36,901.09</b>	<b>33,108.76</b>
<b>Total</b>		<b>98,354.04</b>	<b>93,709.14</b>
Significant Accounting Policies	1		
Accompanying Notes to Accounts	30		

As per our report of even date attached

**For S G C O & Co.**

Chartered Accountants

**Shyamratan Singrodia**

Partner

**Mem. No. 49006**

Place : Mumbai

Date : 23rd May, 2014.

ANNUAL REPORT 2014

**For and on behalf of the Board**

**Nikhil Chaturvedi**

Managing Director

**Salil Chaturvedi**

Dy. Managing Director

**Snehal Bansode**

Company Secretary

# STATEMENT OF CONSOLIDATED PROFIT & LOSS

## for the year ended 31st March, 2014

(₹ in Lacs)

Particulars	Notes	Year ended 31.03.2014	Year ended 31.03.2013
<b>INCOME</b>			
Revenue from Operations	22	5,237.46	7,721.44
Other Income	23	646.04	679.22
<b>Total Revenue</b>		<b>5,883.50</b>	<b>8,400.66</b>
<b>EXPENSES</b>			
Cost of Construction Project	24	873.15	2,599.15
Employee Benefits Expense	25	233.54	285.53
Finance Costs	26	1,706.20	1,501.74
Depreciation	12	2,066.88	2,375.68
Other Expenses	27	2,637.56	2,881.91
<b>Total Expenses</b>		<b>7,517.33</b>	<b>9,644.01</b>
<b>Profit/(Loss) before tax and exceptional items</b>		<b>(1,633.83)</b>	<b>(1,243.35)</b>
<b>Less:</b>			
Exceptional items	28	-	58.44
<b>Profit/(Loss) before tax</b>		<b>(1,633.83)</b>	<b>(1,301.79)</b>
<b>Less: Tax expense</b>			
Current tax		171.90	50.02
Deferred tax liability/(assets)		13.90	11.65
Tax of earlier years		4.04	(0.06)
		189.84	61.61
<b>Profit/(Loss) after tax before Minority Interest</b>		<b>(1,823.67)</b>	<b>(1,363.40)</b>
<b>Minority Interest</b>		(907.46)	(469.26)
<b>Profit/(Loss) for the year</b>		<b>(916.21)</b>	<b>(894.14)</b>
<b>Earnings per equity share</b>			
	29		
[Nominal value of share ₹ 2 (PY ₹ 2) each]			
Basic and Diluted		(0.60)	(0.59)
Significant Accounting Policies	1		
Accompanying Notes to Accounts	30		

As per our report of even date attached

**For S G C O & Co.**  
Chartered Accountants

**Shyamratan Singrodia**  
Partner  
**Mem. No. 49006**

Place : Mumbai  
Date : 23rd May, 2014.

**For and on behalf of the Board**

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

**Snehal Bansode**  
Company Secretary

# CONSOLIDATED CASH FLOW STATEMENT

## for the year ended 31st March, 2014

(₹ in Lacs)

Particulars	Year ended 31.03.2014	Year ended 31.03.2013
<b>A CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Net Profit/(Loss) before tax and before extraordinary items	(1,633.83)	(1,243.35)
Adjustments for :		
Depreciation	2,066.88	2,375.68
Interest income	(571.34)	(522.27)
Dividend income	(74.69)	(102.09)
Net gain/(loss) on sale of current investments	-	(43.68)
Interest paid	1,703.43	1,501.74
Bad debts written off	19.57	44.14
Sundry balance written back	(0.01)	(11.18)
<b>Operating profit before working capital changes</b>	<b>1,510.01</b>	<b>1,998.99</b>
Adjustments for :		
Increase/(Decrease) in Trade payables	765.54	272.82
Increase/(Decrease) in Other current liabilities	1,258.53	1,368.79
Increase/(Decrease) in Long-term provisions	(6.18)	6.05
Increase/(Decrease) in Short term provisions	312.15	(25.61)
Increase/(Decrease) in Other long- term liabilities	1,827.12	35.34
Decrease/(Increase) in Trade receivables	(1,381.32)	(2,826.19)
Decrease/(Increase) in Other Non - current assets	(30.22)	(19.64)
Decrease/(Increase) in Inventories	(1,786.00)	(1,546.00)
Decrease/(Increase) in Other current assets	1.49	4.98
<b>Cash generated from/(used in) operations</b>	<b>2,471.12</b>	<b>(730.47)</b>
Direct taxes paid	(175.94)	(49.96)
Exceptional items	-	(58.44)
<b>Net cash flow from/(used in) operating activities</b>	<b>2,295.18</b>	<b>(838.87)</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Purchase of fixed assets	(119.03)	(506.43)
Capital work in progress	(2,298.00)	(475.06)
Proceeds from non-current investments (Net)	-	2.00
Proceeds from current investments (Net)	601.50	1,753.79
Decrease/(Increase) in Long-term loans and advances	(472.21)	(75.92)
Decrease/(Increase) in Short-term loans and advances	(1,468.65)	(4,579.39)
Interest income	571.34	522.27
Dividend income	74.69	102.09
Redemption/maturity of bank deposits (having original maturity of more than 3 months)	(45.60)	(158.95)
<b>Net cash flow from/(used in) investing activities</b>	<b>(3,155.96)</b>	<b>(3,415.60)</b>

## CONSOLIDATED CASH FLOW STATEMENT

### for the year ended 31st March, 2014

(₹ in Lacs)

Particulars	Year ended 31.03.2014	Year ended 31.03.2013
<b>C. CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Proceeds from Short - term borrowings (Net)	(34.34)	(0.39)
Proceeds from Long - term borrowings (Net)	2,351.94	2,528.70
Interest paid	(1,703.43)	(1,501.74)
<b>Net cash flow from/(used in) financing activities</b>	<b>614.17</b>	<b>1,026.57</b>
<b>Net increase in Cash and Cash Equivalents</b>	<b>(246.61)</b>	<b>(3,227.90)</b>
Foreign Currency Translation Reserve	(20.07)	43.72
<b>Cash and Cash Equivalents</b>		
- at the beginning of the year	517.84	3,702.02
<b>Cash and Cash Equivalents at the end of the year</b>	<b>251.16</b>	<b>517.84</b>

**Notes:**

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

Particulars	As at 31.03.2014	As at 31.03.2013
Balances with Banks On Current Accounts	203.24	478.54
Cheque on Hand	6.00	
Cash on Hand	38.95	36.28
	<b>248.19</b>	<b>514.82</b>
Add: Share in joint venture	2.97	3.02
	<b>251.16</b>	<b>517.84</b>

- 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 S G C O & Co.**

Chartered Accountants

**Shyamratan Singrodia**

Partner

**Mem. No. 49006**

Place : Mumbai

Date : 23rd May, 2014.

**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, 2014

### 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. The Company has twelve subsidiaries/step down subsidiaries and two joint ventures which along with the Company constitute the Group [Refer Note 30(A)]. The equity shares of the Company are listed on the Bombay and National Stock Exchanges.

### 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 read with the General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act 2013.
- b. Financial Statements are based on historical cost convention and are prepared on accrual basis

#### (B) Significant Accounting Policies:

##### a. Principles of Consolidation:

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

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

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

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### for the year ended 31st March, 2014

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

#### **b. Other Significant Accounting Policies:**

##### **i) Revenue Recognition:**

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

##### **ii) Fixed Assets:**

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

##### **iii) Expenditure during construction**

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

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

## for the year ended 31st March, 2014

### iv) Impairment of Fixed Assets:

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

### v) Depreciation:

#### a) Tangible Assets

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

#### b) Intangible Assets

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

### vi) Inventories:

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

### vii) Investments:

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

### viii) Borrowing Costs:-

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

### ix) Miscellaneous Expenditure:

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

### x) Employee Benefits:

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

### xi) Provisions and Contingent Liabilities:

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

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### for the year ended 31st March, 2014

not, requires an outflow of resources. Where there is a possible obligation or a present obligation that the likelihood of outflow of resources is remote, no provision or disclosure is made.

#### **xii) Use of Estimates:**

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

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

#### **xiii) Foreign Currency Transactions:**

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

#### **xiv) Accounting for Taxation of Income :**

##### **Current Taxes:**

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

##### **Deferred Taxes:**

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

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

## for the year ended 31st March, 2014

### NOTE 2. SHARE CAPITAL

a) (₹ in Lacs)

Particulars	As at 31.03.2014	As at 31.03.2013
<b>Authorised</b>		
2,002.50 Lacs Equity Shares of ₹ 2 each	4,005.00	4,005.00
	<b>4,005.00</b>	<b>4,005.00</b>
<b>Issued, Subscribed and Paid Up</b>		
1,526.03 Lacs Equity Shares of ₹ 2 each fully paid up	3,052.06	3,052.06
	<b>3,052.06</b>	<b>3,052.06</b>

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

Particulars	As at 31st March, 2014		As at 31st March, 2013	
	No. in Lacs	₹ in Lacs	No. in Lacs	₹ in Lacs
(Face Value of ₹ 2 each)				
At the beginning of the period	1,526.03	3,052.06	1,526.03	3,052.06
Issued during the period	-	-	-	-
Outstanding at the end of the period	1,526.03	3,052.06	1,526.03	3,052.06

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

During the year 2011-12, the Company has allotted 1,523.53 Lacs equity shares of ₹ 2 each fully paid up to the Shareholders of Provogue (India) Limited (the Demerged Company) and Prozone Enterprises Private Limited (the Amalgamating Company) pursuant to the Scheme of Demerger and Amalgamation.

(e) **Terms/rights attached to equity shares**

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

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

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

Names of Shareholders	As at 31st March, 2014		As at 31st March, 2013	
	No. in Lacs	% holding	No. in Lacs	% holding
Nailsfield Limited, Mauritius (Aggregate of shareholding under FDI & FII route)	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, 2014

### NOTE 3. RESERVES AND SURPLUS

Particulars	(₹ in Lacs)	
	As at 31st March, 2014	As at 31st March, 2013
<b>Amalgamation Reserve</b>	688.75	688.75
<b>Foreign Currency Translation Reserve</b>		
Opening Balance	968.58	924.86
Add/(Less) : Adjustments during the year	(20.07)	43.72
	<b>948.51</b>	<b>968.58</b>
<b>Capital Reserve on Consolidation</b>	7.20	7.20
<b>Securities Premium</b>		
Balance at the beginning and end of the year	48,130.60	48,130.60
<b>Surplus/(deficit) in the Statement of Profit and Loss</b>		
Opening Balance	(1,292.05)	(397.91)
Add/(Less) : Profit/(Loss) during the year	(916.21)	(894.14)
Closing Balance	<b>(2,208.26)</b>	<b>(1,292.05)</b>
	<b>47,566.80</b>	<b>48,503.08</b>

### NOTE 4. LONG - TERM BORROWINGS

Particulars	(₹ in Lacs)	
	As at 31st March, 2014	As at 31st March, 2013
<b>Secured</b>		
<b>Term Loans</b>	18,836.89	16,547.14
Less: Interest accrued but not due on borrowings	161.17	168.68
Less: Current maturities of long term debt (disclosed under other current liabilities)	2,008.95	2,021.61
	<b>16,666.77</b>	<b>14,356.85</b>
<b>Hire Purchase Loans</b>	67.92	31.66
Less: Current maturities of Long Term Debt (disclosed under other current liabilities)	19.10	24.86
	<b>48.82</b>	<b>6.80</b>
	<b>16,715.59</b>	<b>14,363.65</b>
<b>Unsecured</b>		
Interest free loans and advances from related parties	864.79	864.79
	<b>864.79</b>	<b>864.79</b>
<b>Total</b>	<b>17,580.38</b>	<b>15,228.44</b>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### for the year ended 31st March, 2014

#### NOTE 5. DEFERRED TAX LIABILITIES (NET)

Particulars	(₹ in Lacs)	
	As at 31st March, 2014	As at 31st March, 2013
<b>Deferred Tax Liabilities (Gross)</b>		
Fixed Assets : Impact of difference between tax depreciation and depreciation/amortisation charged for the financial reporting	12.74	8.64
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	33.60	24.29
	46.34	32.93
<b>Less:</b>		
<b>Deferred Tax Assets (Gross)</b>		
Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes on payment basis	5.11	5.61
	5.11	5.61
<b>Deferred Tax Liabilities (Net)</b>	<b>41.23</b>	<b>27.32</b>

#### NOTE 6. OTHER LONG-TERM LIABILITIES

Particulars	(₹ in Lacs)	
	As at 31st March, 2014	As at 31st March, 2013
Lease Deposits from Tenants	2,770.39	943.27
Add: Share in Joint Ventures	0.79	0.79
	<b>2,771.18</b>	<b>944.06</b>

#### NOTE 7. LONG-TERM PROVISIONS

Particulars	(₹ in Lacs)	
	As at 31st March, 2014	As at 31st March, 2013
<b>Provision for employees' benefits</b>		
Provision for gratuity	2.49	8.67
	<b>2.49</b>	<b>8.67</b>

#### NOTE 8. SHORT-TERM BORROWINGS

Particulars	(₹ in Lacs)	
	As at 31st March, 2014	As at 31st March, 2013
Interest free loans from related parties repayable on demand (Unsecured)	-	34.34
	-	<b>34.34</b>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31st March, 2014

### NOTE 9. TRADE PAYABLES

Particulars	(₹ in Lacs)	
	As at 31st March, 2014	As at 31st March, 2013
<b>Trade payables</b>		
- Due to Micro, Small & Medium Enterprises (Refer note below)	-	-
- Others	1,480.79	715.26
Add: Share in joint venture	0.11	0.11
	<b>1,480.90</b>	<b>715.37</b>

**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

Particulars	(₹ in Lacs)	
	As at 31st March, 2014	As at 31st March, 2013
Current maturities of long term debt	2,028.05	2,046.47
Interest accrued but not due on borrowings	179.43	168.68
Payables in respect of capital assets	944.63	952.52
Payables for capital work in progress	169.74	135.33
Advance from debtors	1,928.63	908.76
Duties & taxes payable	406.55	186.75
	<b>5,657.03</b>	<b>4,398.51</b>

### NOTE 11. SHORT TERM PROVISIONS

Particulars	(₹ in Lacs)	
	As at 31st March, 2014	As at 31st March, 2013
Provision for employee benefits expense	96.09	93.96
Provision for Tax (Net of Advance Tax & TDS)	-	15.59
Provision for expenses	385.18	59.57
	<b>481.27</b>	<b>169.12</b>

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

## for the year ended 31st March, 2014

### NOTE 12. FIXED ASSETS

#### a) Tangible Assets

Particulars	Gross Block			Depreciation			Net Block	
	As at 01.04.2013	Additions during the year	Deduction during the year	As at 31.03.2014	Upto 31.03.2013	Provided for the year	Upto 31.03.2014	As at 31.03.2013
<b>Owned :</b>								
Leasehold Land	3,795.75	-	-	3,795.75	414.66	47.85	462.51	3,333.24
Free hold Land	19,530.13	-	-	19,530.13	-	-	-	19,530.13
Building	141.73	-	-	141.73	29.75	5.60	35.35	106.38
Residential Premises	31.74	-	-	31.74	7.47	1.21	8.68	23.06
Plant & Equipments	5,653.32	11.95	-	5,665.27	1,771.15	570.33	2,320.46	3,344.81
Furniture's & Fittings	613.01	2.45	-	615.46	325.56	52.28	377.84	237.62
Motor Vehicles	383.38	96.21	-	479.59	257.94	51.21	309.15	170.44
Painting	8.82	-	-	8.82	3.93	0.89	4.82	4.00
Computers	129.63	8.42	-	138.05	89.87	18.59	108.46	29.59
<b>Given on Operating Lease :</b>								
Building	30,287.51	119.03	-	30,406.54	2,900.33	747.96	3,627.27	26,779.27
	17,475.24	-	-	17,475.24	4,004.86	1,420.51	5,358.53	12,116.71
	17,475.24	-	-	17,475.24	4,004.86	1,420.51	5,358.53	12,116.71
<b>Total</b>	<b>47,762.75</b>	<b>119.03</b>	-	<b>47,881.78</b>	<b>6,905.19</b>	<b>2,168.47</b>	<b>8,985.80</b>	<b>38,895.98</b>
Add: Share in joint ventures	1,158.85	-	-	1,158.85	-	-	-	1,158.85
<b>Grand Total</b>	<b>48,921.60</b>	<b>119.03</b>	-	<b>49,040.63</b>	<b>6,905.19</b>	<b>2,168.47</b>	<b>8,985.80</b>	<b>40,054.83</b>
Previous Year	57,928.42	506.44	9,513.26	48,921.60	4,734.01	2,482.47	6,905.19	53,194.44

#### b) Intangible Assets

Particulars	Gross Block			Amortisation			Net Block	
	As at 01.04.2013	Additions during the year	Deduction during the year	As at 31.03.2014	Upto 31.03.2013	Provided for the year	Upto 31.03.2014	As at 31.03.2013
Computer Software	26.27	-	-	26.27	23.29	2.98	26.27	-
Add: Share in joint venture	-	-	-	-	-	-	-	-
Development Rights	200.00	-	-	200.00	-	-	-	200.00
<b>TOTAL</b>	<b>226.27</b>	-	-	<b>226.27</b>	<b>23.29</b>	<b>2.98</b>	<b>26.27</b>	<b>200.00</b>
Previous Year	226.27	-	-	226.27	18.04	5.25	23.29	206.23
<b>Capital Work in Progress - Project Expenses Pending Capitalisation</b>								
<b>d) Depreciation/Amortisation for the year</b>								
Depreciation provided for the year on tangible assets								2,168.47
Amortisation provided for the year on intangible assets								2.98
Consolidation adjustments for the year on tangible assets								(87.86)
Less: Capitalised to the cost of Capital Work in Progress during the year								16.71
								2,389.96
								2,066.88

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31st March, 2014

### NOTE 13. NON-CURRENT INVESTMENTS

Particulars	(₹ in Lacs)	
	As at 31st March, 2014	As at 31st March, 2013
Investment in property	5.15	5.15
<b>Non-Trade Investments</b>		
<b>Unquoted Equity Instruments</b>		
Choice Realty Private Limited (0.08 Lac Equity Shares of Face value of ₹ 10 each fully paid up)	50.00	50.00
Rigveda Properties Limited (0.50 Lac Equity Shares of Face value of ₹ 10 each fully paid up)	1,000.00	1,000.00
Anant Trexim Private Limited (0.40 Lac Equity Shares of Face value of ₹ 10 each fully paid up)	40.00	40.00
Shine Enterprises Private Limited (0.23 Lac Equity Shares of Face value of ₹ 100 each fully paid up)	598.00	598.00
Sai Golden Ingots Private Limited (0.20 Lac Equity Shares of Face value of ₹ 100 each fully paid up)	100.00	100.00
Jorko Commodities Private Limited (0.50 Lac Equity Shares of Face value of ₹ 10 each fully paid up)	25.00	25.00
Madhujas Promotions Private Limited (0.125 Lac Equity Shares of Face value of ₹ 10 each fully paid up)	10.00	10.00
Sojatia Auto Private Limited (0.165 Lac Equity Shares of Face value of ₹ 100 each fully paid up)	160.88	160.88
Trade Winds Impex Private Limited (0.20 Lac Equity Shares of Face value of ₹ 10 each fully paid up)	25.00	25.00
Preference Shares (Unquoted)		
Miracle Agro Private Limited (4.50 Lacs 6% Non Cumulative Preference Shares of Face value of ₹ 100 each fully paid up)	450.00	450.00
	<b>2,464.03</b>	<b>2,464.03</b>
Aggregate book value of unquoted Investments	<b>2,464.03</b>	<b>2,464.03</b>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### for the year ended 31st March, 2014

#### NOTE 14. LONG-TERM LOANS AND ADVANCES

(Unsecured, Considered Good)

Particulars	(₹ in Lacs)	
	As at 31st March, 2014	As at 31st March, 2013
Security deposits	107.62	110.29
Capital advance	462.28	263.24
Mobilisation advances	226.00	144.00
Loans and advances		
- To related parties	208.35	208.35
- To others	150.00	150.00
Advance recoverable in cash or in kind	375.93	342.92
<u>Other Loans and Advances</u>		
Advance tax & TDS (net of provisions)	923.71	842.43
CENVAT credit receivable	594.10	415.27
Prepaid expenses	8.07	107.35
	<b>3,056.06</b>	<b>2,583.85</b>
Add: Share in joint venture	187.25	187.25
	<b>3,243.31</b>	<b>2,771.10</b>

#### NOTE 15. OTHER NON-CURRENT ASSETS

Particulars	(₹ in Lacs)	
	As at 31st March, 2014	As at 31st March, 2013
Lease Rental Adjustments - Unbilled Revenue	103.38	73.16
	<b>103.38</b>	<b>73.16</b>

#### NOTE 16. CURRENT INVESTMENTS

Particulars	(₹ in Lacs)	
	As at 31st March, 2014	As at 31st March, 2013
<b>Investment in Mutual Funds</b>		
21.80 Lacs (PY 27.53 Lacs) Units of ICICI Prudential Liquid Plan	2,180.28	2,753.09
Nil (PY 0.29 lakhs) units Birla Sunlife Cash Plus Plan	-	28.69
	<b>2,180.28</b>	<b>2,781.78</b>
Aggregate book value of unquoted Investments	<b>2,180.28</b>	<b>2,781.78</b>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31st March, 2014

### NOTE 17. INVENTORIES

Particulars	(₹ in Lacs)	
	As at 31st March, 2014	As at 31st March, 2013
Work In Progress - Construction Project	19,238.92	17,452.92
	<b>19,238.92</b>	<b>17,452.92</b>

### NOTE 18. TRADE RECEIVABLES

Particulars	(₹ in Lacs)	
	As at 31st March, 2014	As at 31st March, 2013
<b>Unsecured, Considered Good</b>		
Outstanding for a period exceeding six months from the date they are due for payment	466.64	189.43
Other Debts	5,976.59	4,892.05
	<b>6,443.23</b>	<b>5,081.48</b>

### NOTE 19. CASH AND CASH EQUIVALENTS

Particulars	(₹ in Lacs)	
	As at 31st March, 2014	As at 31st March, 2013
<b>Cash and Cash Equivalents</b>		
<b>Balances with Banks:</b>		
On Current Accounts	203.24	478.54
Cheques on hand	6.00	-
Cash on hand	38.95	36.28
	<b>248.19</b>	<b>514.82</b>
Add: Share in joint venture	2.97	3.02
<b>Other Bank Balances</b>		
Deposits with original maturity for more than 3 months but less than 12 months	496.61	451.01
	<b>747.77</b>	<b>968.85</b>

### NOTE 20. SHORT-TERM LOANS AND ADVANCES

(Unsecured, Considered Good)

Particulars	(₹ in Lacs)	
	As at 31st March, 2014	As at 31st March, 2013
Loans & advances	7,511.32	5,772.01
Advance recoverable in cash or in kind	671.45	929.27
<u>Other loans and advances</u>		
Loan to employees	13.13	14.65
Prepaid expenses	94.78	106.10
	<b>8,290.68</b>	<b>6,822.03</b>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### for the year ended 31st March, 2014

#### NOTE 21. OTHER CURRENT ASSETS

Particulars	(₹ in Lacs)	
	As at 31st March, 2014	As at 31st March, 2013
Lease Rental Adjustments - Unbilled Revenue	0.21	1.70
	<b>0.21</b>	<b>1.70</b>

#### NOTE 22. REVENUE FROM OPERATIONS

Particulars	(₹ in Lacs)	
	Year Ended 31.03.2014	Year Ended 31.03.2013
<b>Sales</b>		
Sales of commercial units	1,788.96	4,031.46
<b>Sale of services</b>		
License fees	1,489.74	1,571.78
CAM charges	727.58	756.58
Amenities charges	87.44	23.34
Other operational income	1,143.74	1,338.28
	<b>5,237.46</b>	<b>7,721.44</b>

#### NOTE 23. OTHER INCOME

Particulars	(₹ in Lacs)	
	Year Ended 31.03.2014	Year Ended 31.03.2013
Interest on long term loans & advances	521.98	308.28
Interest on balance with banks	38.21	32.50
Interest on current investments	-	169.96
Interest on income tax refund	11.15	11.53
Dividend income on current investments	74.69	102.09
Net gain on sale of current investments	-	43.68
Unclaimed balances written back	0.01	11.18
	<b>646.04</b>	<b>679.22</b>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31st March, 2014

### NOTE 24. COST OF CONSTRUCTION OF PROJECT

Particulars	(₹ in Lacs)	
	Year Ended 31.03.2014	Year Ended 31.03.2013
<b>Opening Balance</b>	<b>17,452.92</b>	<b>6,592.92</b>
<b>Add:</b>		
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
Conversion of land in to stock in trade	-	8,057.03
Construction & development costs	1,799.48	1,377.67
Borrowing costs	1.33	335.82
Administrative & other expenses	858.34	412.73
	<b>20,112.07</b>	<b>20,052.07</b>
<b>Less:</b>		
Transferred to inventories (Work in progress - construction project)	19,238.92	17,452.92
	<b>19,238.92</b>	<b>17,452.92</b>
	<b>873.15</b>	<b>2,599.15</b>

### NOTE 25. EMPLOYEE BENEFITS EXPENSES

Particulars	(₹ in Lacs)	
	Year Ended 31.03.2014	Year Ended 31.03.2013
Salaries and wages	441.03	513.62
Directors' remuneration	144.00	209.18
Contribution to provident fund and other funds	9.79	9.81
Staff welfare expenses	13.31	15.51
	608.13	748.12
Less: Elimination of the cost of services rendered to subsidiaries	374.59	462.59
	<b>233.54</b>	<b>285.53</b>

### NOTE 26. FINANCE COSTS

Particulars	(₹ in Lacs)	
	Year Ended 31.03.2014	Year Ended 31.03.2013
Interest on bank loans	1,637.09	1,829.85
Interest on other loans	66.34	127.90
Other borrowing costs	2.77	1.56
	1,706.20	1,959.31
Less: Capitalised to inventories (Work in progress - construction project)	-	457.57
	<b>1,706.20</b>	<b>1,501.74</b>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### for the year ended 31st March, 2014

#### NOTE 27. OTHER EXPENSES

Particulars	(₹ in Lacs)	
	Year Ended 31.03.2014	Year Ended 31.03.2013
Rent	128.44	126.77
Rates and taxes	106.11	143.69
Insurance	27.12	36.30
Repairs & maintenance		
- building	18.03	10.11
- plant & machinery	50.04	56.08
- others	53.97	73.03
Electricity charges	1,330.57	906.48
Security charges	90.75	84.64
Housekeeping charges	92.46	103.15
Printing & stationery	11.56	41.24
Communication costs	29.24	29.23
Legal & professional fees	390.35	468.07
Travelling & conveyance	184.06	231.13
Brokerage & commission	17.01	20.60
Advertisement & business promotion expenses	510.95	588.71
Auditors' remuneration	35.43	60.88
Bad debts/advances written off	19.57	44.14
Net loss on foreign exchange fluctuations	0.02	2.34
Miscellaneous expenses	53.25	73.30
	3,148.93	3,099.89
Add: Share in Joint Ventures	0.09	45.94
Less: Elimination of the cost of services rendered to subsidiaries	511.46	263.92
	<b>2,637.56</b>	<b>2,881.91</b>

#### NOTE 28. EXCEPTIONAL ITEMS

Particulars	(₹ in Lacs)	
	Year Ended 31.03.2014	Year Ended 31.03.2013
Prior period items - Depreciation/Amortisation for earlier years	-	58.44
	-	<b>58.44</b>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31st March, 2014

### NOTE 29. EARNING PER SHARE

In accordance with Accounting Standard 20- Earning Per Share notified by the Companies (Accounting Standards) Rules, 2006, the computation of earning per share is set out below:

(₹ in Lacs)

Sr. No.	Particulars	Year Ended 31.03.2014	Year Ended 31.03.2013
i)	Number of Equity Shares outstanding (No. in Lacs)	1,526.03	1,526.03
ii)	Face value per share (in ₹)	2.00	2.00
iii)	Net Profit/(Loss) after tax	(916.21)	(894.14)
iv)	Basic and Diluted Earnings per share (in ₹)	(0.60)	(0.59)

### 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 31.03.2014	% Voting Power held As on 31.03.2013
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
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	02-Oct-09	Singapore	100.00	100.00

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### for the year ended 31st March, 2014

#### b. Joint Ventures:

Name of Company	Held Through	Country of Incorporation	% Voting Power held As on 31.03.2014	% Voting Power held As on 31.03.2013
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 Liberty International Limited, Singapore (PLIL-S) [PY Prozone International Limited, Singapore (PIL-S)], Since During the year PIL-S has amalgamated with PLIL-S.

#### 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, 2014	As at 31st March, 2013
Discount rate	9.10%	8.20%
Expected rate of return on assets	9.25%	8.50%
Expected rate of future salary increase	5.10%	5.00%

##### Changes in present value of obligations

Particulars	(₹ in Lacs)	
	As at 31st March, 2014	As at 31st March, 2013
Present value of obligation as at the beginning of the year	27.03	16.12
Interest cost	2.06	1.29
Current service cost	5.35	7.96
Benefits paid	(10.44)	-
Actuarial loss on obligations	(8.07)	1.66
Present value of obligation as at the end of the year	15.93	27.03

##### (Assets)/Liability recognised in the Balance Sheet

Particulars	(₹ in Lacs)	
	As at 31st March, 2014	As at 31st March, 2013
Present value of obligation as at the end of the year	15.93	27.03
Fair value of plan assets as at the end of the year	17.31	21.80
Unfunded status	(1.38)	5.23
Unrecognized actuarial (gain)/loss	-	-
Net (Assets)/ Liabilities recognized in the Balance Sheet	(1.38)	5.23
- Non-Current (Assets)/Liabilities	2.49	4.52
- Current (Assets)/Liabilities	(3.87)	0.71

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### for the year ended 31st March, 2014

#### Expenses recognized in the Profit and Loss Account

Particulars	(₹ in Lacs)	
	As at 31st March, 2014	As at 31st March, 2013
Current service cost	5.35	7.96
Past service cost	-	(0.61)
Interest cost	2.06	1.29
Actuarial (Gain)/Loss on obligations	(8.07)	1.66
Actuarial (Gain)/Loss on plan assets	0.61	(2.34)
Total expenses recognized *	(0.04)	7.96
* Apportionment of Gratuity expenses :		
Expense recognised in Statement of Profit and Loss	(2.44)	4.90
Expenses apportioned to Capital work in progress	2.39	3.06
	<b>(0.04)</b>	<b>7.96</b>

#### 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, 2014

#### i) Key Management Personnel

Mr. Nikhil Chaturvedi	Director
Mr. Salil Chaturvedi	Director
Mr. Nigam Patel	COO

#### ii) Shareholder having significant interest in the Company

- Nailsfield Limited, Mauritius

#### iii) Enterprises owned or significantly

- 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, 2014

#### Related Party Transactions

##### a) Sale/Purchase of goods and services

(₹ in Lacs)

Particulars	Lease Rental Deposit	Sale of Goods / Services	Purchase of Goods / Services	Amount due from Related Parties	Amount due to Related Parties
<b>Enterprises owned or significantly influenced by key management personnel or their relatives</b>					
Provogue (India) Limited	7.27	13.19	120.00	3.48	20.18
Acme Advertisement Private Limited	-	-	142.66	-	37.99
Faridabad Festival City Private Limited	-	122.26	-	-	178.86

##### b) Loans given and repayment thereof

(₹ in Lacs)

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

##### c) Loans taken and repayment thereof

(₹ in Lacs)

Particulars	Loans Taken	Loan Repaid	Interest Paid	Amount due to Related Parties
<b>Key Management Personnel</b>				
Mr. Deep Gupta	-	0.04	-	-
Mr. Salil Chaturvedi	-	9.47	-	-
Mr. Nigam Patel	-	1.57	-	-
<b>Enterprises owned or significantly influenced by key management personnel or their relatives</b>				
Provogue (India) Limited	-	23.30	-	-
<b>Joint Ventures and Coventurers</b>				
Emerald Buildhome Private Limited.(JV)	-	-	-	864.75

##### d) Remuneration to Key Management Personnel

(₹ in Lacs)

Particulars	Remuneration	Amount due to Related Parties
Mr. Nikhil Chaturvedi	84.00	-
Mr. Salil Chaturvedi	60.00	3.62
Mr. Nigam Patel	60.00	-

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

## for the year ended 31st March, 2014

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)

**Related Party Transactions**

**a) Sale/Purchase of goods and services**

(₹ in Lacs)

Particulars	Lease Rental Deposit	Sale of Goods / Services	Purchase of Goods / Services	Amount due from Related Parties
<b>Enterprises owned or significantly influenced by key management personnel or their relatives</b>				
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 Lacs)

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

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### for the year ended 31st March, 2014

#### c) Loans taken and repayment thereof

(₹ in Lacs)				
Particulars	Loans Taken	Loan Repaid	Interest Paid	Amount due to Related Parties
<b>Key Management Personnel</b>				
Mr. Deep Gupta	-	-	-	0.04
Mr. Nigam Patel	1.57	0.10	-	1.57
Mr. Salil Chaturvedi	9.47			9.47
<b>Enterprises owned or significantly influenced by key management personnel or their relatives</b>				
Provogue (India) Limited	52.65	59.43	-	23.30
<b>Joint Ventures and Coventurers</b>				
Emerald Buildhome Private Limited.(JV)	-	-	-	864.75

#### d) Remuneration to Key Management Personnel

(₹ in Lacs)	
Particulars	Remuneration
Mr. Nikhil Chaturvedi	84.00
Mr. Salil Chaturvedi	60.00
Mr. Nigam Patel	60.00

#### D. Segment information:

The Segment Reporting of the Company had been prepared in accordance with Accounting Standard – 17 on “Segment Reporting” issued by the 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 Lacs)			
Particulars	Leasing	Outright Sales	Total
<b>For the year ended 31st March, 2014</b>			
<b>Revenue</b>	3,448.50	1,788.96	<b>5,237.46</b>
<b>Results</b>			
Segment Results : Profit/(Loss)	(818.07)	771.06	<b>(47.01)</b>
Unallocated Expenses			526.66
<b>Operating Profit/(Loss)</b>			<b>(573.67)</b>
Finance Costs			1,706.20
Other Income			(646.04)
<b>Profit/(Loss) Before Tax</b>			<b>(1,633.83)</b>
Tax Expense			189.84
<b>Net Profit/(Loss) for the year</b>			<b>(1,823.67)</b>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### for the year ended 31st March, 2014

(₹ In Lacs)

Particulars	Leasing	Outright Sales	Total
<b>As at 31st March, 2014</b>			
Segment Assets	17,418.97	25,085.56	42,504.53
Unallocated Assets			55,849.51
<b>Total Assets (A)</b>			<b>98,354.04</b>
Segment Liabilities	13,977.37	5,141.83	19,119.20
Unallocated Liabilities			28,615.98
<b>Total Liabilities (B)</b>			<b>47,735.18</b>
<b>Capital Employed (A) - (B)</b>			<b>50,618.86</b>
<b>Other segment information :</b>			
Depreciation & Amortisation expense	1,949.15	4.91	<b>1,954.06</b>
Unallocated Depreciation & Amortisation expense			112.82
<b>Total Depreciation &amp; Amortisation</b>			<b>2,066.88</b>
Capital Expenditure	10.85	32.27	<b>43.12</b>
Unallocated Capital Expenditure			2,390.61
<b>Total Capital Expenditure</b>			<b>2,433.73</b>

(₹ In Lacs)

Particulars	Leasing	Outright Sales	Total
<b>For the year ended 31st March, 2013</b>			
<b>Revenue</b>	3,685.78	4,035.66	<b>7,721.44</b>
<b>Results</b>			
Segment Results : Profit/(Loss)	(329.92)	1,231.24	<b>901.32</b>
Unallocated Expenses			1,322.14
<b>Operating Profit/(Loss)</b>			<b>(420.82)</b>
Finance Costs			1,501.74
Other Income			(679.22)
Exceptional Items			58.44
<b>Profit/(Loss) Before Tax</b>			<b>(1,301.78)</b>
Tax Expense			61.61
<b>Net Profit/(Loss) for the year</b>			<b>(1,363.39)</b>
<b>As at 31st March, 2013</b>			
Segment Assets	19,253.20	21,938.06	41,191.26
Unallocated Assets			52,517.88
<b>Total Assets (A)</b>			<b>93,709.14</b>
Segment Liabilities	13,309.68	4,154.13	17,463.81
Unallocated Liabilities			24,690.19
<b>Total Liabilities (B)</b>			<b>42,154.00</b>
<b>Capital Employed (A) - (B)</b>			<b>51,555.14</b>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### for the year ended 31st March, 2014

(₹ In Lacs)

Particulars	Leasing	Outright Sales	Total
Other segment information :			
Depreciation & Amortisation expense	2,262.61	2.75	<b>2,265.36</b>
Unallocated Depreciation & Amortisation expense			110.32
Total Depreciation & Amortisation			<b>2,375.68</b>
Capital Expenditure	430.79	52.33	<b>483.12</b>
Unallocated Capital Expenditure			498.39
Total Capital Expenditure			<b>981.51</b>

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

Particulars	(₹ in Lacs)	
	As at 31st March, 2014	As at 31st March, 2013
Not later than one year	770.89	1,195.32
Later than one year and not later than five years	405.75	1,176.65
Later than five years	-	-

- b) Initial direct costs incurred on these leasing transactions have been recognised in the Profit and Loss Account.
- F.** The 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.
- G.** Figures less than ₹ 500/- have been shown at actual wherever statutory required to be disclosed since figures have been rounded off to the nearest thousands.
- H.** 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 S G C O & Co.**  
Chartered Accountants

**Shyamratan Singrodia**  
Partner  
**Mem. No. 49006**

Place : Mumbai  
Date : 23rd May, 2014.

**For and on behalf of the Board**

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

**Snehal Bansode**  
Company Secretary

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

## for the year ended 31st March, 2014

### 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	16,188.33	24,158.52	7,643.37	4,224.01	251.44	119.08	17.81	101.27	-
2	Royal Mall Private Limited		INR	1.00	1.00	(2.25)	0.04	1.29	-	-	(0.27)	-	(0.27)	-
3	Jaipur Festival City Private Limited		INR	1.00	1.00	(1.20)	0.10	0.30	-	-	(0.14)	-	(0.14)	-
4	Kruti Multitrade Private Limited		INR	1.00	1.00	(31.91)	6.36	37.27	5.16	-	(0.27)	-	(0.27)	-
5	Prozone Liberty International Limited		USD	60.13	26,140.48	1,185.09	27,507.32	181.75	27,498.57	-	(7.36)	-	(7.36)	-
6	Prozone Overseas Pte Limited	1,2	USD	60.13	-	-	-	-	-	-	-	-	-	-
7	Prozone International Coimbatore Limited	1,3	USD	60.13	-	-	-	-	-	-	-	-	-	-
8	Omni Infrastructure Private Limited		INR	1.00	4.00	5,889.47	10,130.22	4,236.76	360.88	5.83	(14.68)	-	(14.68)	-
9	Hagwood Commercial Developers Private Limited		INR	1.00	1,541.50	20,830.36	24,959.62	2,587.75	5,654.27	21.14	(81.34)	1.63	(82.97)	-
10	Empire Mall Private Limited		INR	1.00	7,676.33	(1,463.82)	30,461.20	24,248.69	-	5,291.50	(2,344.86)	15.23	(2,360.09)	-

**Notes:**

- 1 Held through Prozone Liberty International Limited (Singapore)
- 2 Capital is ₹ 40
- 3 Capital is ₹ 48
- 4 Indian rupee equivalents of the figures given in foreign currencies in the accounts of the subsidiary companies, are based on the exchange rates as in 31.03.2014
- 5 Tax expense includes deferred tax

**For and on behalf of the Board**

Place : Mumbai

Date : 23rd May, 2014.

**Nikhil Chaturvedi**

Managing Director

**Saili Chaturvedi**

Dy. Managing Director

**Snehal Bansode**

Company Secretary



# PROZONE CAPITAL SHOPPING CENTRES LIMITED

CIN: L45200MH2007PLC174147

Regd. Office: Provogue House, 105/106 Off New Link Road, Andheri (W), Mumbai 400 053 India  
Ph: 91-22-30680560, Fax: 91-22-30680570, Email: investorservice@prozonecsc.com, Website: www.prozonecsc.com

## 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 : .....

.....

.....



**FORM NO. MGT – 11 PROXY FORM**

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

**PROZONE CAPITAL SHOPPING CENTRES LIMITED**

CIN: L45200MH2007PLC174147

Regd. Office: Provogue House, 105/106 Off New Link Road, Andheri (W), Mumbai 400 053 India

Ph: 91-22-30680560, Fax: 91-22-30680570, Email: investorservice@prozonecsc.com, Website: www.prozonecsc.com

Name of The Member : ..... Registered Address: .....

Folio No/Client id ..... DPID ..... Email ID .....

I/We, being the member(s) of ..... shares of the above named company hereby appoint

- 1. Name: .....  
Address .....  
Email Id ..... Signature ....., or failing him
- 2. Name: .....  
Address .....  
Email Id ..... Signature ....., or failing him
- 3. Name: .....  
Address .....  
Email Id ..... Signature .....

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 7th Annual general meeting of the company, to be held on Tuesday 30th of September 2014 at 11 a.m. at Eden Hall, The Classique Club, Behind Infinity Mall, New Link Road, Andheri (W), Mumbai - 400 053 and at any adjournment thereof in respect of such resolutions as are indicated below:

Res. No	Description
1	To receive, consider and adopt the audited Balance Sheet as at 31st March, 2014, 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. John Abel (DIN: 01217613), who retires by rotation and being eligible, offers himself for re-appointment.
3	To appoint Statutory Auditors and fix their remuneration
4	Appointment of Mr. Punit Goenka as an Independent Director of the Company
5	Appointment of Mr. Rajiv Singh as an Independent Director of the Company
6	Borrowing limits of the Company
7	Creation of mortgage and charge over the properties of the Company pursuant to section 180(1)(a) of the Companies Act, 2013

Signed this ..... day of ..... 2014

Signature of the shareholder .....

Sig nature of the Proxy Holder(s) .....



Signature across Revenue Stamp

Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.



# PROZONE CAPITAL SHOPPING CENTRES LIMITED

CIN: L45200MH2007PLC174147

Regd. Office: Provogue House, 105/106 Off New Link Road, Andheri (W), Mumbai 400 053 India  
Ph: 91-22-30680560, Fax: 91-22-30680570, Email: investorservice@prozonecsc.com, Website: www.prozonecsc.com

## 7th Annual General Meeting

### ATTENDANCE SLIP

Folio/ DP & Client ID No. .... No. Of shares held .....

Mr./Ms./Mrs.....

Address:.....

I hereby record my presence at the 7th Annual General Meeting of the Company held at Eden Hall, The Classique Club, Behind Infinity Mall, New Link Road, Andheri (W) Mumbai - 400 053 at 11.00 a.m. on Tuesday, 30th September, 2014.

(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.



**FORM NO. MGT- 12**  
**POLLING PAPER**

[Pursuant to section 109(5) of the Companies Act, 2013 and rule 21(1) (c) of the Companies (Management and Administration) Rules, 2014]

**PROZONE CAPITAL SHOPPING CENTRES LIMITED**

CIN: L45200MH2007PLC174147

Regd. Office: Provogue House, 105/106 Off New Link Road, Andheri (W), Mumbai 400 053 India  
Ph: 91-22-30680560, Fax: 91-22-30680570, Email: investorservice@prozonecsc.com, Website: www.prozonecsc.com

Sr. No	Particulars	Details
1	Name of the first named Shareholder (In Block Letters)	
2	Postal address	
3	Registered Folio No./*Client ID No. (*applicable to investors holding shares in dematerialized form)	
4	Class of Share	

I hereby exercise my vote in respect of Ordinary/Special Resolutions enumerated below by recording my assent or dissent to the said resolutions in the following manner:

No	Item No.	No. of Shares held by me	I assent to the resolution	I dissent from the resolution
1	To receive, consider and adopt the audited Balance Sheet as at 31st March, 2014, 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. John Abel (DIN: 01217613), who retires by rotation and being eligible, offers himself for re-appointment.			
3.	To appoint Statutory Auditors and fix their remuneration.			
4.	Appointment of Mr. Punit Goenka as an Independent Director of the Company			
5.	Appointment of Mr. Rajiv Singh as an Independent Director of the Company			
6.	Borrowing Limits of the Company.			
7.	Creation of mortgage and charge over the properties of the Company pursuant to section 180(1)(a) of the Companies Act, 2013			

Place: .....

Date:.....

.....  
(Signature of the Shareholder)



**Prozone Intu Properties 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

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**Website**

[www.prozoneintu.com](http://www.prozoneintu.com)

**Concept & Design**

[spakcomm.com](http://spakcomm.com)

**Printed**

[sapprints.com](http://sapprints.com)

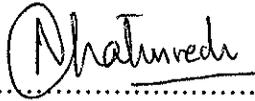
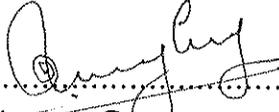
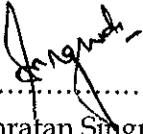
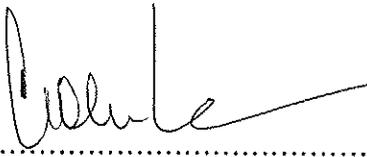
prozone  
intu 

COMMITMENTS. DELIVERED



Form A

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

1.	Name of the Company	Prozone Intu Properties Limited
2.	Annual financial statements for the year ended	31 <sup>st</sup> March 2014
3.	Type of Audit qualification	Un-qualified
4.	Frequency of qualification	Not Applicable
5.	To be signed by-  • CEO/Managing Director  • CFO  • Auditor of the company  • Audit Committee Chairman	 ..... Nikhil Chaturvedi Managing Director   ..... Anurag Garg Chief Financial Officer   ..... Shyamratan Singrodia Partner- SGCO & CO.   ..... Punit Goenka Chairman-Audit Committee

Date: 02.09.2014

Place: Mumbai