3. **Mr. Kiran Gandhi,**
Whole Time Director

Mr. Kiran Gandhi, joined PML in 1970. He holds a B. Com degree and is a chartered accountant. He has over 30 years of work experience at Phoenix Mills and is responsible for financing, investing and accounting activities. He plays a role in fund raising, maintaining banking relationships, cash management, credit management, capital budgeting, financial accounting, internal audit and control, taxation and secretarial work.

4. **Mr. Shishir Shrivastava,**
Executive Director

Mr. Shishir Shrivastava graduated from IHM Bangalore and has served the Phoenix Group entities for the past 11 years in various capacities. His portfolio of responsibilities include being the project manager for the early phases of High Street Phoenix; becoming a founding member of the Company's service and advisory vertical and serving as the CEO of the Group's hospitality business since 2008. He has previously worked with the Taj Group of Hotels and Galaxy Entertainment Corporation Limited. He currently oversees several critical functions of the Company including corporate strategy, land acquisition, debt and private equity fund raising, investor relations, legal, business development and the Group's Hospitality Portfolio.

5. **Mr. Amitkumar Dabriwala,**
Non-Executive Director

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

6. **Mr.Amit Dalal,**
Non-Executive Director

Amit N. Dalal has been Managing Director of Amit Nalin Securities Pvt Ltd., since October 1997 and also serves as its Director of Research. Mr. Dalal has been Executive Director of Investments at Tata Investment Corporation Ltd since January 1, 2010. Mr. Dalal has experience as Investment Analyst in USA for 2 years. He serves as Non Executive Director of Phoenix Mills Ltd. He has been Executive Director of Tata Investment Corp. Ltd. (India) since January 1, 2010 and served in the same role from June 19, 2008 until July 8th 2009. He completed Post-graduate Diploma in Business Management from the University of Massachusetts. He obtained a Bachelor Degree in Commerce from the University of Mumbai and a Masters Degree in Business Administration from the University of Massachusetts, USA.

7. **Mr. Sivaramakrishnan Iyer**
Non-Executive Director

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

8. **Mr. Suhail Nathani**
Non-Executive Director

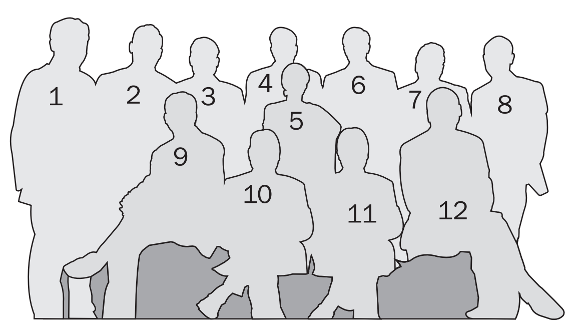
Mr. Nathani graduated from Mumbai University with a degree in Commerce and holds a masters degree in law from Cambridge University and an L.L.M. from Duke University in the United States.
Mr. Nathani is also admitted to the New York State Bar and the U.S. Court of International Trade. He is a founding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

9. **Mr. Shribhanu Patki**
Non-Executive Director

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

Management Team

PML houses one of the most capable projects management team within its services business vertical, Market City Resources Private Limited (MCRPL), that oversees, manages and implements all the directly invested projects of the Company.



1. **Mr. Tushar Mehta**
Tushar has over 21 years of varied experience in the field of Sales, Client servicing and property management. He is the Centre Director for Phoenix Market City Pune. His key role is to ensure the successful implementation of pre-launch activities such as Marketing, PR and Retailer transition and thereafter manage the operations of the property and achieve the bottom line profitability of the centre.

2. **Mr. Stephen Beale**
Stephen has over 20 years of experience in the Hospitality industry with expertise in project development, establishing corporate business and growth strategy and managing the operations. He is the Centre Director for Phoenix Market City Mumbai in Kurla, Mumbai. His key role is to ensure the successful implementation of pre-launch activities such as Marketing, PR, Retailer transition and thereafter manage the operations of the property and achieve the bottom line profitability of the centre.

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

4. **Mr. G. S. Balaji**
Balaji has over 24 years of experience in Project Management including execution, planning, budgeting and heads the construction division of the group. He has vast experience in handling international multi-million dollar projects independently. At PML, he has been playing a key role in the timely execution of projects while maintaining cost and quality parameters.

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

6. **Mr. Rajesh Kulkarni**
Rajesh has over 20 years of experience in driving the development, planning and implementation of the project from an architectural perspective. Supported by a team of experienced architects, he heads the Architecture & planning function, and plays a key role in the design, project co-ordination and finalising architectural plans for all the prestigious projects of the Phoenix Group.

7. **Mr. Sundar Rajan**
Sundar has over 22 years of experience in executing various infra, retail, hospitality and commercial projects in India and abroad. He is the Dy. Head Projects (West) of the group and his current responsibilities include project management, cost planning, design co-ordination and execution of projects within time, cost and quality parameters.

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

9. **Mr. Rajendra Kalkar**
Rajendra has over 22 years of experience across various fields with expertise in property management. He is the Centre Director for High Street Phoenix and is responsible for Operations, Leasing, Retailer Mix, Legal and Customer relationship, Marketing functions and the bottom line profitability and commercial success of the centre.

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

11. **Mr. Surender Pal**
Surender comes with over 20 years of experience in operations and leasing. He started his career at the Phoenix Group heading the Operations of High Street Phoenix and has been subsequently elevated to head the Leasing function for the entire group. He plays a key role in developing & implementing the right retailer mix and retail leasing plans for all Phoenix Market City projects.

12. **Mr. Pradumna Kanodia**
Pradumna has over 20 years of experience in corporate management, finance & commercial matters, fiscal and strategic planning, P&L management, budget development and cash flow management. He is the Group CFO and heads the Finance & Accounts function of the group, playing a key role in fund raising, liaisoning with financial institutions, finalisation of accounts and company law matters.

Corporate Information

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BOARD OF DIRECTORS

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

GROUP CFO
Mr. Pradumna Kanodia

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

M/s Chaturvedi & Shah
Chartered Accountants

BANKERS
Corporation Bank

COMPANY SECRETARY
Ms. Minal Bhate-Dandekar

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

Our Strategy

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

Our Imperatives

- developing new properties for long-term investment;
- maximising risk-adjusted returns through optimal financing and partnership with others;
- superior creativity in the designs of our assets;
- sound execution of projects;
- producing the highest standards of quality;
- enhancing property returns through active asset management in buying, managing and selling well;
- creating and acquiring exceptional investments with strong cash flow from suitable tenure profiles, and good growth potential;
- a profound understanding of India's urban markets and its consumers;
- capitalising on existing client relationships;
- focusing on customer needs in prime assets with enduring user appeal;
- taking on challenges arising in the property market and seizing value opportunities and
- excellence in work ethics and corporate governance.

THE PHOENIX MILLS LIMITED

Management Discussion and Analysis

Growth in the Indian Economy

Based on the Economic Outlook for fiscal 2010 by the Economic Advisory Council to the Prime Minister, the Indian Economy may grow by about 7.2% in the fiscal year 2010 and return to a 9% growth rate in the next two years.

The strength of India's age demographics in which the high proportion of English comprehending young working professionals are growing in numbers, and a massive increase in the number of households with discretionary spending power has led to retail and domestic demand becoming the real impetus of the economy. With approximately 55% of India's workforce earning their livelihood and producing around 19% of India's GDP, it continues to be a key part in the Indian economy. The percentage of the Indian population that is made up of the earning population in the 20-59 age bracket is expected to increase. An increase in the earning population usually leads to increased spending and consumption in the economy which may in turn lead to stronger demand for the real estate industry.

Going forward, the virtuous demographic income dynamics will be dependent on the rapid employment growth in manufacturing and services industries. India is uniquely positioned amongst the emerging markets in which the domestic market and resource base offers a reliable buffer against global economic turbulence.

In 2010, the government hopes to not only focus on the fiscal stimulus but also to address the deficit reduction over the next two years. Further, in part to offset the deficit, it has proposed limited privatisation of government-owned industries. In the long term, India is set to face a myriad of compound challenges that include inadequate infrastructure, limited employment opportunities as well as inadequate basic and higher education structure. In this respect, great emphasis is being placed in the development of both social and physical infrastructure.

The real estate sector in India comprises the development of residential housing, commercial buildings, hotels, restaurants, cinemas, retail outlets and the purchase and sale of land and development rights. The real estate and construction sector plays an important role in the overall development of India's core infrastructure. The real estate sector has evolved in the past 10 years, accompanied by various regulatory reforms. Growth in the real estate sector is also directly affected by the growth of mortgage finance and lending to the real estate sector in the country, both in terms of reach and affordability. As a large proportion of the investment in real estate sector is funded by bank and financial institutions, increased credit off-take acts as a stimulus to the sector.

With the rise in spending in upgrading India's overall infrastructure and in the face of an ever increasing affluent populace with rising consumption and dwelling development, PML is aptly positioned to capture the growth opportunity from the robust consumption story of the Indian economy.

The Retail Sector

Historically, the Indian retail sector has been dominated by small independent local retailers, such as traditional neighborhood grocery stores. However, during the 1990s, organized retail outlets gained increased acceptance due to an increase in the number of working women, changes in perception of branded products, entry of international retailers and a growing number of retail malls. India's retail boom primarily originated in the mature cities and has subsequently expanded to High Growth and Emerging cities, with leading retailers and developers continuing to plan shopping malls and hypermarkets in these locations.

The growth of organized retail segment is expected to be driven by demographic factors, increasing disposable incomes, the increased purchasing power of the growing middle class and consumerist aspirations, in addition to the macroeconomic policy decisions, such as allowing FDI in multi brand retailing format. Although real estate development in the retail sector is relatively new in India, both domestic and foreign investors have invested substantial capital in this sector in recent years.

The size of the Indian retail market was approximately US$ 410 billion in calendar year 2008, out of which modern retail was approximately US$ 18 billion. Projected retail demand figures show that Indian retail market is expected to be approximately US$ 535 billion by 2013. Out of this, modern retail would constitute US$ 73 billion, which would result in a Compounded Annual Growth Rate (“CAGR”) of over 30%. Investment up to US$ 30 billion is anticipated over next five years in the modern retail sector. (Source: Technopak)

Organized retail is being driven throughout India by resilient consumers who are typically young, urbanized and brand-conscious shoppers with changing preferences towards consumerism and the means to pursue it. This growth in organized retail has been aided by the increased number of shopping malls built over the last three years, an increasing number of which are located in the nation's smaller, underserved markets. (Source: Technopak Report: India Growth Story: Pyramid To Diamond Rise of Consuming Class, March 2009)

The Hospitality Sector

The Indian hospitality industry has emerged as one of the key industries driving the growth of the services sector and, thereby, the Indian economy. One of the key reasons for the increase in demand for hotel rooms in the country has been the significant growth in the overall economy and substantial growth in sectors including information technology, telecom, banking and finance, insurance, construction, tourism, retail and real estate. The Growth Drivers impacting the Hospitality segment include the following:

Management Discussion and Analysis (Contd.)

1. **Regulatory Drivers:** The Department of Tourism, Government of India has initiated a number of steps to ensure full utilization of the potential which tourism holds for India's economy. Current regulations by the Government of India allow 100% FDI in the Hospitality Sector through the automatic route. This has increased the amount of capital available for investment into the sector. Other incentives include the reduction of customs duty for import of various raw materials, equipment and liquor among others; Capital subsidy program for budget hotels fringe benefit tax exempted on crèche, employee sports and guest house facilities; Five year income tax holiday granted to two to four star hotels established in specified districts which have been declared UNESCO-declared 'World Heritage Sites'; state level exemptions on luxury tax and sales tax for five to seven years for new projects; small capital subsidy for the development of budget hotels; below market rate allotment of land controlled by States for development projects; five year income tax holiday for two to four star hotels and convention centers (minimum 3,000 people) in National Capital Region (“NCR”); and in order to increase the built-up area of Delhi, zonal auction rate has been reduced by the Government of India.

2. **Rising GDP:** Overall India's economy has experienced a positive rate of growth with a growth rate of 9.6% and 9% in the fiscal year 2007 and the fiscal year 2008 respectively. Despite slowdown, the GDP growth for the fiscal year 2009 was 6.7%. An increase in GDP may act as a stimulant to growth in the hospitality sector.

3. **FDI Inflow:** Of the total FDI inflow between the fiscal years 2000 and 2008, the hospitality sector contributed US$ 1.07 billion. The hospitality sector requires more than US$ 10 billion investment in the next two to three years for which the government is relying on FDI. (Source: Technopak)

4. **Changing Consumer Dynamics and Ease of Access to Finance:** Nominal per capita income growth averaged at approximately 7.3%, which was higher than the average inflation rate of 5.1% during fiscal years 2004 to 2008. India has also experienced significant growth in the credit card market. The credit card base in 2008 was estimated to be 25 million and this is expected to grow at 20 to 25% per annum. Driving this growth is the increased use of credit cards for the purpose of purchasing due to attractive and consumer friendly schemes being offered by various banks. 35% of those who use credit cards use it for travel, hotel and dining.

5. **Increasing Domestic and International Tourist Arrivals:** There has been an increase in the number of tourists, both domestic as well as international. From 310 million domestic visits in 2003, the number rose to 529 million in 2007, a CAGR of 14%. The Ministry of Tourism's vision is to achieve 760 million domestic visits by the year 2011, with an annual average growth rate of 12%.

6. **Demand Supply Imbalance:** Statistics on the demand and supply for hotel rooms indicate that India currently has around 114,200 hotel rooms spread across various hotel categories and is facing a shortfall of approximately 156,000 rooms. The effect of this demand and supply gap is felt through increased room tariffs.

7. **New Entrants in the Sector:** The Government of India until December 2007 has approved the construction of 85,000 hotel rooms resulting in the emergence of different entrants in the industry ranging from real estate companies, private equity firms, and IT companies. (Source: Technopak)

Residential Development

The residential segment consists of the development of apartments, houses and plotted developments in urban and rural areas. Pan-India residential demand is estimated to be more than 7.5 million units by 2013 across all categories, including luxury, mid-market and low income housing. Historically, cities have been a driving force in the economic and social development of a nation. At present approximately 307 million Indians live in nearly 3,700 towns and cities spread across the country. This represents 30.5% of its population, in contrast to only 15% (60 million) who lived in urban areas in 1947 when the country achieved independence. Over the past 50 years, the population of India has grown two and half times, while urban India has grown by nearly five times.

Today there are nearly two dozen cities in India with a population exceeding one million in addition to the country's top eight metros, collectively making up nearly one third of the country's entire urban population. Most of the cities are either state capitals or centres of large economic activity for their respective states. These non-metro cities, over the last decade, have created their foot prints on India's real estate maps. These cities represent a large market which is underserved by real estate developers from the organized residential sector. (Source: Jones Lang Lasalle Meghraj)

The demand-supply scenario in India's residential real estate sector is dependent on a number of factors, some of which are described below:

1. Rapid urbanization: Historically, India has witnessed increasing urbanization, with the urban population increasing from 18% of total population in 1961 to approximately 28% of total population by 2001. (Source: India Census) This trend has given rise to increased need for quality housing within urban areas.

Management Discussion and Analysis (Contd.)

2. Rising disposable income and a trend towards ownership: The high economic growth rate that India has experienced in recent years has led to an increase in disposable income and greater consumption. This, in turn, has led to enhanced aspirations and a desire to own homes.

3. Growing middle class and favorable demographics: Increased demand for housing from the middle income segment is expected to be a key feature in the growth of the Indian real estate industry. India's growing population in the earning age bracket, along with an increase in disposable income in this bracket, is recognized as a key driver of growth in housing demand.

4. Nuclear families: Indian families are gradually moving away from the concept of joint families to nuclear-single household families, which has resulted in increased demand for housing in the country.

5. Fiscal incentives: Income tax incentives on housing loans are another contributing factor in supporting the growth of residential housing property. Fiscal incentives are provided to the borrowers of housing loans in the form of exemptions and rebates on interest and principal repayments. These have a significant effect on housing budgets and support spending on housing facilities.

6. Housing finance: The level of penetration of housing finance as a financial product is directly related to the affordability of the product to end consumers. Increased access and the growth of the secondary market will result in reduced cost and also support the residential real estate sector.

Commercial Development and Leasing

With India's economic recovery well under way, its commercial real estate market is beginning to stabilize. While the landscape will remain favourable for tenants in 2010, landlords will have greater influence starting in 2011.

The spell cast by the global meltdown in 2008-09 is finally wearing off, as both office and retail space are back in demand. As the global business environment becomes competitive, new generations of companies are being forced to consider off shoring for the first time. Sustained demand upswing from occupiers have led to perceptible strengthening in absorption of commercial office space across Indian cities.

The demand, which was initially led by the sunshine sectors like telecom and pharmaceutical industries in 2009, has now been strengthened further by improving conditions in BFSI (Banking, Financial Services and Insurance) and IT/ITES sectors. However, most of the development in 2010 is expected to happen in Tier-I cities of NCR, Mumbai, Bangalore and Chennai, thanks to a new generation of companies that are considering off shoring for the first time in these destinations. IT has been the main contributor of commercial space absorption in south India, followed by the telecom and banking & financial institutions.

According to global real-estate consultant, Jones Lang LaSalle Meghraj (JLLM) about 60.9 million square feet (sq ft) of office space is expected to become operational in seven Indian cities including NCR, Mumbai, Pune, Chennai, Kolkata, Bangalore and Hyderabad, during 2010. The Tier-I cities of NCR, Mumbai, Bangalore and Chennai are expected to contribute around 74% to this supply. The vacancy in Grade A office space (aggregated for seven Indian cities NCR, Mumbai, Pune, Chennai, Kolkata, Bangalore and Hyderabad) stood at 18.1% in March 2010 which is much lower than those that existed last year.

With the forecasted growth of net completions expected to outpace that of net absorption, a significant supply overhang is expected to remain over the next one year. This will lead vacancy level across India, which was at 17.2% at end-2009 to rise to mid 20% by end-2010. Locational advantage and tenant mix will serve as key differentiators as landlords struggle to lease unoccupied space. The decline in rental values has stopped or slowed significantly in all Indian metros with the exception of NCR-Delhi and Mumbai. While these two cities are currently feeling the effects of a large supply pipeline in the short term, they are also expected to lead the rebound in the property cycle, followed by Bangalore, Chennai, Pune, Hyderabad and Kolkata.

Advantage PML

We believe that PML is suitably positioned to capitalize on India's compelling consumption story. The underlying pillars of strength for this positioning are:

Leadership in the Retail-Led Mixed-Use format

Building on our pioneering success story of High Street Phoenix, PML is at the cutting edge of developing retail-led mixed-use destination assets. Its “Market City” designs are path breaking and iconic in the Indian context and have evolved out of our visionary thinking and our obsession with quality. With the best minds from the world ideating its designs and concepts, PML has also mastered the challenge of local adaptation and execution. Based on PML's strategic configuration and the optimal use of its plate sizes and FSI across application, the Company's properties enjoy better viability with lower risks, attract superior quality retailers, maximise the spend of captive footfalls within a destination, produce a more wholesome social fabric to become highly enjoyable destination developments, attract globally renowned operators for its hospitality projects and allow PML to participate confidently in remunerative revenue share models.

Management Discussion and Analysis (Contd.)

Ownership and operation of shopping malls resulting in predictable and stable revenues

In contrast to traditional real estate development companies which generally develop and sell properties, we have an annuity business model wherein we own and operate our shopping malls. As a Group, we currently own and operate a total chargeable area of approximately 2.3 million square feet across 5 shopping centers, both directly and through project-specific SPVs. This assures us of stable revenues for the terms of the various licenses which are generally for terms of 36 to 59 months. The Group has concrete plans to add more that 10 million sq. ft. of retail space over the next 3 years which will continue to provide the Company with steady revenues. With a pan-India strategy, PML is also able to enjoy certain cost advantages derived from its economies of scale and is able to better manage and leverage its relationships with the foremost retailers shaping India's consumption.

Consumption driven revenue model combined with stable earnings

We believe that the business of developing and operating successful malls is attributable to the consumption pattern of target customers, which comprises spending patterns and behavior within a catchment area and is less related to real estate development. We also believe that the income earning potential of a mall is not directly linked to the prevailing real estate prices in the vicinity, but is more linked to a mall's retailer mix and quality of management. We intend to maximize the potential of a particular catchment area by having the right tenant mix, which we believe leads to higher consumption rates.

Win-Win License Models

For our mall developments, we have adopted a leave and license model, whereby we maintain ownership interests in the malls we develop and generate fees by licensing the properties. We have licensed and plan to license out space across various properties where we receive fixed license fees and variable license fees, which is a percentage of revenue generated by the retailers. While this assures us of minimum guaranteed license fees across our retail properties (fixed license fees), it also enables us to receive a share of the revenues generated by our licensees' in-store sales (variable license fees), which aligns our interests with those of our retailers. Given our business model and structuring of agreements, our total income from a retailer increases as consumption increases. This differentiates us from other typical real estate development companies and links our business model to the consumption pattern of target micro-markets.

Strategic relationships with large retailers

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

Quality project execution and professional management capabilities

Through our strong in-house services' vertical, Market City Resources Private Limited, we have carved a reputation as a successful property developer, largely due to our execution capabilities, which we have demonstrated with the successful and timely completion and the quality of operation and management of our various existing and new properties. We believe that we are one of the few developers in India that has the range of skills required to develop and operate a mall, including construction, interiors, fit-outs, mechanical, electrical and plumbing ("MEP") services, design and project management. We have accomplished this by primarily developing these functions organically.

Experienced and dedicated management

We have an experienced, qualified and dedicated management team, many of whom individually have over 15 years of experience in their respective fields. We were one of the first property developers to build a modern mall in Mumbai High Street Phoenix and through our investee, one of the first in central India, Treasure Island-Indore, which we completed on schedule and within budget. We believe our operational properties illustrate our management's capability to deliver high quality projects in a highly competitive business, secure financing and execute complex projects on time. All of these properties have required attracting a number of anchor retailers and obtaining significant financing from a number of institutional lenders. In addition, our brand name and reputation for project execution have assisted us in recruiting and retaining qualified management and employees. We also provide our staff with competitive compensation packages and a corporate environment that encourages responsibility, autonomy and innovation. We believe that the experience of our management team and its in-depth understanding of the real estate market in India will enable us to take advantage of both current and future market opportunities.

Strategies in play

Our business strategy consists of the following principal elements:

Focus on "Phoenix Market City", "Treasure" and "Phoenix United" branded development projects at city-centric locations across India

Directly through "Phoenix Market City" and through our

Management Discussion and Analysis (Contd.)

investees EWDL and BARE for “Treasure” and “Phoenix United” respectively, we are committed to developing a large portfolio of retail-led mixed-use destination assets wherein a consumer can relate to similar experiences across all our properties in India. We have developed multiple formats that are differentiated on the basis of size of the malls, the type of retailers and other facilities, including hotels, multiplex cinemas and other entertainment venues and commercial space available at the development. Since most of our retail and hospitality projects are developed at city center locations in established as well as fast growing and emerging cities, we envision our retail developments as being the city center itself and becoming landmark destinations of the city. We aim to make each of our brands synonymous with quality and best management practices across fast growing and emerging cities in India.

Continue to develop projects in fast growing and emerging cities

We will continue to focus on our strategy of developing retail-led mixed-use developments in established as well as fast growing and emerging cities in India where we typically enjoy an early-mover advantage, where we enjoy being the dominant organized retail developer and where we believe there is significant growth potential. We believe that a number of underlying factors will continue to provide India's retail sector with good growth prospects including, favorable demographics, with two thirds of India's population below the age of thirty-five, continuing urbanization, especially in emerging cities in which our projects are concentrated, India's economy continuing to grow steadily and a growing middle class. We aim to be the largest mall owner and manager in fast growing and emerging cities in India. We believe that our various brands are gaining in reputation and is recognized by retailers as a first choice in these cities.

Focus on performance and project execution

We believe that we have developed a reputation for good quality construction projects and completing projects on schedule. We intend to continue to focus on performance and project execution in order to maximize client satisfaction. We mean to continue to leverage the capabilities of our in-house project management services vertical to ensure timely completion and within budgets.

Focus on mall management

We have developed our mall management expertise by pioneering High Street Phoenix. We will continue to manage our retail developments with the knowledge that there is a distinct difference between property management and mall management. We do not operate under the premise that mall management comprises housekeeping, security and maintenance; we believe that these elements contribute a small fraction of the total activities required to successfully manage a mall. Accordingly, we plan to continue to focus on creating the optimal retailer mix and adhering to high operational standards at each of our developments, which we believe will lead to higher footfalls and thus higher consumption rates. With higher consumption rates (which translates to higher turnover for our retailers), we aspire to command competitive license rates from our retailers and higher revenues from our revenue sharing contracts.

Continue to utilize effective development and ownership structures to optimize resources

We will continue to utilize project-specific SPVs and project-specific equity financing from investors, which will assist us in reducing our capital investment and mitigating our risk. Although we intend to own and license our projects under development, this model provides us with the flexibility to strategically exit any particular property or project by selling our interest in such property or project where we believe an absolute sale or perpetual lease will provide us with more favorable returns.

Operations Review

PML's strategy is to establish and maintain a market leading position as an active owner, developer and manager of prime retail-led assets in the city centres of India. PML undertakes asset and centre management initiatives with the aim of delivering strong long-term returns for shareholders through income and capital growth. PML is committed to active mall management and ongoing investment in its mall centres, commercial centres and hospitality assets.

High Street Phoenix (HSP), including Palladium

Our strategy to generate higher income and value is taking solid shape at our High Street Phoenix complex. The most significant development for FY10 at this facility was the launch of our new premium mall “Palladium” within the complex.

HSP's portfolio offers over 250 licenses covering 3.0 million sq. ft. of mixed-use development consisting of retail, entertainment, commercial, parking and residential complexes and provides PML a solid platform from which to operate. Increased footfall, high occupancy, strong retailer demand and stable income show the resilience and attractiveness of HSP as a retail and commercial destination.

During the year in review, occupancy levels, footfall and retailer demand at High Street Phoenix have been very encouraging. The highlight of FY2010 was the completion of “Palladium”. The newest 300,000 sq. ft. premium mall of Mumbai, “Palladium” at High Street Phoenix, opened to rave reviews with encouraging interest from retailers. As

Management Discussion and Analysis (Contd.)

of 31st March 2010, 82% of total numbers of stores were opened with approximately 70% of the facility area operational. During the first quarter of FY2011, the occupancy levels have further improved to around 90% and Palladium is expected to be fully filled out by the end of the current year. During FY2010, the Company also exhibited excellent occupancy levels of over 90% for the rest of the HSP facility.

The concentration of a number of famous and highly revered brands at the Lower Parel facility has given the HSP location stronger USPs in gaining the attention of the Mumbai consumption market. A recorded footfall of around 12 million for FY2010 and solid income from operations of ₹ 1,158 mn, confirmed the direction of our strategy towards infrastructure enhancements, space expansion, higher quality and new contemporary global brands.

2010 marked the entry of several new brands that chose to make HSP and the Palladium their first home in Mumbai. In particular, Zara, the internationally acclaimed fashion brand, signed up to commence operations of their store in June 2010. The Palladium also acted as a launch platform for leading international premium and luxury brands with Burberry, Diesel, Canali and Guess opening their stores in early 2010. The Landmark Bookstore signed up to establish its India flagship store within The Palladium in May 2010. HSP also signed up to host marquee 'first time' brands into India, including The Comedy Store, Manchester United Cafe, Hamleys and Bo-Concept. Hamleys, the marquee London based toy store, which signed up its 25,000 sq. ft store to open in early April 2010 has long had the reputation of being one of the most famous toy stores globally, and is Europe's oldest and largest toy store. The facility also signed up to host several 'first time' brands into Mumbai, including The Collective, The Punjab Grill and Asia Seven.

Another key development for the HSP during FY2010 was the completion and commencement of the Pay and Park facility. The new car parking facility has immensely increased the convenience factor of visiting HSP, negating the adverse parking supply position for both 4 and 2 wheelers in the Lower Parel area generally. In turn, with the car park operating in full swing and experiencing solid usage, the HSP facility has further enhanced its footfall and established a new income generation source.

During FY2010, PML introduced a system for collections through a Joint Bank Account for many of its retailers. This is a mechanism wherein the retailer agrees that the monthly charges (License Fees, CAM charges, Marketing & Promotional Charges, etc.) will be paid to the Company on a daily basis. To facilitate this, the retailer agrees that all monies collected (whether by way of cash or through credit card/debit card or through any other monetary instrument) are deposited into a joint bank account. This Joint Bank Account operates under the joint instructions of both the parties. Through an IT solution in which reconciliation of trade revenues is done on a daily basis, PML can keep a close track of the performance of each of the retailing units and notice any visible trends that might trigger an action. It also gets an idea of the traffic flow and spending habits of its visitors. Since the collections take place on a daily basis, the Company is able to optimise its cash flows.

Driving Retail Excellence

To realize our vision of having the finest retail destinations in this region, we realize that stunning stores make a great destination. At PML, we have set up a dedicated 'Retail Excellence Team' comprising of retail specialist architects focused on ensuring one outcome - great looking stores at our centres. By sharing their know-how and passion for retail design, this team works hand in hand with retailers to strive for excellence. This team supports the retailers with guidelines, innovative and myriad other solutions to optimize retail business at our centres. With these inputs retailers can build retail spaces that look fabulous in a time-bound manner.

In addition to design inputs, the team also acts as a customer interface and conduit for other interdepartmental teams of the Group. This way the retailer is greatly relieved to have a one window during its fit out. The Retail Excellence Team drives a comprehensive communication program for retailers fit outs. Right from follow up for drawings, minutes of meetings of design reviews, commencement of fit out are recorded in a standardized format which helps one track progress. Each fitting out retail unit is taken as an independent project and gets careful attention and emphasis by the team. The team carries out regular inspections of all fit out sites. Retailers are requested to speed up construction if fitting out is progressing slowly.

The Retail Excellence Team has proven success of the launch of the Grand Galleria mall and the Palladium at High Street Phoenix and one of their strengths is their great rapport with the retailers' community and designers' community. During the year, PML conceptualized and managed an event for retailers and designers for the Pune project - a first of its kind event in the country and attended by about 350 retailers and designers. The objective of the event was to transfer the design vision of 'create stunning stores' and it was a successful evening conducted at The Comedy Store at Palladium. Recognizing the necessity of communication during the pre-launch of a mall, the Retail Excellence Team sends a crisp informative monthly mailer to a database of about 2500 persons in the retailing industry in India and outside.

Management Discussion and Analysis (Contd.)

Projects

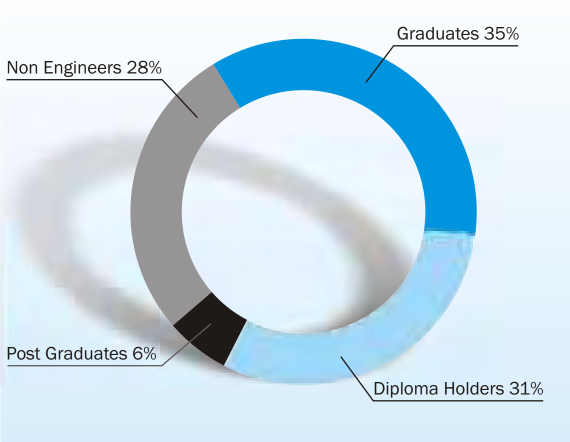
PML houses one of the most capable projects management team within its services business vertical, Market City Resources Private Limited (MCRPL), which oversees, manages and implements all the directly invested projects of the Company. Its key functions include liaisoning with architects for ideation, consultants for design and development, internal clients for approvals and with vendors and contractors for pre and post tender scenarios. Operating as a business vertical, MCRPL is funded by charging its SPV clients fees based on industry norms for its services.

MCRPL operates on a two-tier basis, the headquarters in Mumbai and the local sites. Mumbai houses all departments including architecture, MEP, planning, costing, budgeting, quantity surveying, and contracts & procurement. It also houses the finance, accounts, legal, HR and liaisoning functions, giving full administrative support to its various project sites. At the local level, the project sites are headed by a Vice President of Projects who is responsible for overseeing the smooth implementation of the construction process. The VP is supported by a local team of capable and qualified engineers.

In the pre-tender stages, the team looks at cost analysis, comparatives, selection and awarding of contracts. In the post tendering, the team monitors the projects on-site headed by a senior projects manager and supported by a local team of experienced engineers. The key role of the team is to monitor budgets, attain the best costs without compromising quality and keep its internal SPV clients well informed in advance on the projected costs to completion.

The following is the profile of the Project Management Team at MCRPL. As seen below, the team comprises of mainly technical personnel.

Project Management Team Profile



Case Study: The new “Trupti” store at HSP

Ripul and Sonal Bhimjiyani

This is the story of one of our retail partners, a totally home grown brand, 'Trupti'. The offering is sweets, dry fruits, cakes, savories and a range of speciality items. Immensely popular, this brand is like one of the 'must pick up' habits of many visitors at Palladium and High Street Phoenix.

The brand had started in 1964, by Smt Uttamben Bhimjiyani, a courageous widow, in a tiny corner of her kitchen. She prevailed against all adversities. With a determination born out of survival instinct, she took small steps with her adolescent son, Hasmukh. Even in those trying times, her sweets were reputed for their delicious taste and quality. Uttamben's grandson, Ripul says “The various bicycle trips by my father to market the products, bore fruit. Orders started pouring in.” Ripul represents the new breed of young retailers of our country - he is an electronics engineer by education. His wife Sonal, who is a postgraduate and was a lecturer in a university, walks with him every inch of the way. It has been a journey of hard work, passion and commitment. Ripul and Sonal have built Trupti to the strength of 125 workers and three factories and have a vision to take their brand to international markets.

When they decided to take space at High Street Phoenix, Trupti was an old store along a busy road in Girgaon for which people used to queue outside. In this format, the store was out of sync with modern retail design trends. For a retailer entering a mall environment for the first time, store design took immediate priority.

Management Discussion and Analysis (Contd.)

Performance

The PML Group operates on some simple yet powerful fundamental approaches. The most powerful one is the need to ensure that the design of a property is in itself a key driver for success. The idea behind this approach is to capture the consumption story of India by giving it world class properties and not mediocre ones. It has engaged some of the world's most successful and respected property designers Benoy (UK/Hong Kong) and PG Patki (India) amongst other leading architects. The outstanding designs of the Group's evolving portfolio are the result of PML's Jt. Managing Director, Mr. Atul Ruia's energy and passion for winning at the design stage itself.

The PML Group also understands the importance of having a very good mix of retail brands, shops, food and beverages outlets to meet the expectations of both the licensees and visitors. It believes that it must exhibit flexibility in adjusting the sizing and product mix of its mixed-use projects to reflect the most current and emerging trends that impact viability and a successful outcome. It believes in being highly selective on the types of retailers permitted to participate in order to make a better experience for the mall's visitors. It also places enormous importance to the overall concept of the properties and the zoning of retail areas to optimize consumer experience. It takes a very long term view when planning the infrastructure of the project. Specifically, knowing how ample parking space for 4 and 2 wheelers are critical to making a comfortable visiting experience, it plans for large parking facilities that will endure the test of growing demand over time. It is also highly conscious about using materials that give long term savings on energy costs. Through its Retail Excellence team, MCRPL offers substantial support during the fit outs by working closely with the designers of the licensees. Most importantly, the team believes in having the project SPVs fully funded and financially closed before commencing on any project.

The Company also establishes customised and innovative commercial arrangements with its licensees. Depending on various business factors, they include a judicious combination of fixed and variable fees that offer retailers attractive terms and PML the opportunity to act as a stakeholder in the retailers' businesses. As each retail property matures into a high traffic mall with strong sales, PML expects to keep improving the ratio of its shared revenue income, giving the Company an upside on its revenue earning potential.

The PML Group boasts of “The Largest Retail-Led Mixed-Use Developments” around 10+ million sq ft in the country comprising of Malls, Hospitality, Commercial and Residential developments, with most of its projects expected to be completed by 2013. The PML Group has one of the largest leasing teams in the country with around 40 professionals. The leasing team has been able to close main anchor commitments for all the PML

The Retail Excellence Team worked hand in hand with Ripul & Sonal to develop the store look-n-feel. Ripul recognizes, “At the outset we were clear that the store should not overwhelm customers. We were sure the store must not have a 'touch me not' image. The idea was to make the store as warm and inviting as possible. We were encouraged, coaxed, guided and helped immensely by the Retail Excellence Team. Together we identified and worked hard on three special areas for the store. The store works very well.” So well , that in fact, it was recently the chosen location to launch Namita Devidayal's book 'Aftertaste'- the invitees of this event were the 'who's who' in the industry and covered by the media.

To the Retail Excellence Team, each retailer and their fit out is a journey to be shared together to set up some really fabulous & successful brand experiences. 'Trupti' is yet another example.

The existing “Trupti” store

The new “Trupti” store at HSP

Management Discussion and Analysis (Contd.)

projects in Pune, Bengaluru, Mumbai and Chennai. It has created long term symbiotic relationships with the Tata group, Future group, Reliance group, DLF group, Planet Retail group, Bombay Rayon group, Madura Lifestyle, Arvind Brands, PVR and marquee brands such as Zara, Nike, Reebok, Adidias, UCB, Lacoste, Levis and Zodiac. Today, PML has many firsts to its credit: the first Hamleys, the first Comedy Store, the first Manchester United Café and also the second Zara entry in India. For several brands, PML has become a single window platform to launch themselves on a pan-India basis through the organised retail market.

FY2010 marked the successful and timely delivery of The Palladium at High Street Phoenix, the Company's flagship premium mall in Mumbai. Currently, the projects team within MCRPL has several key projects concurrently under implementation, which include:

1. Phoenix Market City Pune
2. Phoenxi Market City Mumbai
3. Phoenix Market City Bangalore (E)
4. Phoenix Market City Chennai
5. Shangri-La Hotel at High Street Phoenix
6. Bangalore (W) Residential Project

Towards the end of FY2010 and into FY2011, the Market City projects in Pune, Mumbai and Bangalore (E) have reached an advanced stage of completion. With civil structures in place and electromechanical works mostly completed, the finishes were making good progress. During the year, the Company launched the marketing of the properties' spaces and received excellent response from the retailing community. Despite stiff competition and a price sensitive atmosphere, the Company has been able to capture premium rates. This fact is testimony to the exceptional appreciation and acceptance of licensees of the overall concept and design of Market City as a winning format. To further enhance the appeal of the malls, the Company's Retail Excellence Team has introduced special incentives to retailers for producing best façade and flagship store, encouraging them to push the bar in retail design. With a significant percentage of space already committed by retailers and F&B operators, all four Market Cities are slated to become significant cash generators from day one of their launch itself.

Phoenix Market City, Pune

Phoenix Market City Pune is a mixed-use asset covering 16.7 acres of land with a total projected built up area of approximately 2.45 million sq. ft. The Company and its partners have invested ₹ 1.6 billion in equity and it is estimated that the total project cost would be around ₹ 7.4 billion. By the year end, some 13 key anchors and 8 mini anchors were signed up and committed. In the F&B and Food Court categories, some 42 licenses were firmed up. The property's hypermarket and multiplex arrangements were also closed. With 291 retailers in total in place and over 65% of the chargeable area already committed to strong and top retailers of the country, the progress with Phoenix Market City Pune is on track. The property is expected to be ready for launch in Q4 FY11.

Phoenix Market City, Mumbai

Phoenix Market City Mumbai in Kurla, Mumbai is a mixed-use asset covering 21.1 acres of land with a total projected built up area of approximately 3.2 million sq. ft. The Company and its partners have invested ₹ 3.1 billion in equity and it is estimated that the total project cost would be around ₹ 11.7 billion. With over 200 retailers in total in place and over 50% of the chargeable area already committed to strong and top retailers of the country, the property is expected to be ready and launched in Q4 FY11. Similar to all the other Market City projects, the Company has been able to capture quality clients at premium rates. In July 2010, the Company also launched the commercial offices in Phase I branded as “15LBS”. The response to the product has been excellent and the entire area is expected to be booked in the near future.

Phoenix Market City, Bangalore East

Phoenix Market City Bangalore is a mixed-use asset covering 14.8 acres of land with a total projected built up area of approximately 1.90 million sq. ft. The Company and its partners have invested ₹ 1.7 billion in equity and it is estimated that the total project cost would be around ₹ 5.3 billion. During the year, the Company launched the marketing of the property spaces and received excellent response from the retailing community. With over 160 retailers in total in place and over 70% of the chargeable area already committed to strong and top retailers of the country, Phoenix Market City Bangalore is progressing well on track. The property is expected to be ready and launched in Q4 FY11.

Phoenix Market City, Chennai

Phoenix Market City Chennai is a mixed-use asset covering 14.8 acres of land with a total projected built up area of approximately 2.05 million sq. ft. The Company and its partners have invested ₹ 1.5 billion in equity and it is estimated that the total project cost would be around ₹ 4.5 billion. During the year, the Company launched the marketing of the property spaces and received excellent response from the retailing community. With over 100 retailers in total in place and over 50% of the chargeable area already committed to strong and top retailers of the country, Phoenix Market City Chennai is progressing as per schedule. The property is expected to be ready and launched in Q1 FY12.

Bangalore (West), Residential

PML owns one of the largest single land parcels within Bangalore city, with some 16 acres in Malleswaram. Originally earmarked for a Market City development, the

Management Discussion and Analysis (Contd.)

Company has recalibrated its strategy to develop residential properties for sale and monetisation for the following reasons:

- to take advantage of the city's strong demand for differentiated residential products
- to unlock capital value by monetizing these assets
- to create near term shareholder value through strong income

PML has once again engaged the renowned architectural firm Benoy to masterplan the land which is expected to be developed in 3 phases. In consistency with wanting to win at the design stage, the Company plans to offer innovative neighborhood living concepts, atypical to conventional residential complexes offered in the marketplace. The Company and its partners have invested ₹ 4.3 billion in equity and the total project cost to build more than 2 million sq. ft. is expected to be around ₹ 8 bn. The first phase of the project is expected to be launched in FY12.

The Shangri-La, 5 Star Deluxe Hotel, Mumbai
The Shangri-La is PML's first hospitality project. The Company and its partners have invested ₹ 3 billion as equity. With an estimated project cost of around ₹ 8.3 billion, this 5 Star Luxury Hotel in the heart of Mumbai will have 410 rooms and 23 serviced apartments. The mock-up rooms have received approvals and with significant orders for the interiors already placed and contracts for electrical installations, façade, fire-fighting, plumbing and acoustics awarded, the latter stages of the construction of the project are well underway towards its estimated completion in Q1 FY12. Moreover, the Company has hired the senior members of the management team on-board.

Investees:

1. **Entertainment World Developers Ltd. (EWDL):** EWDL progressed during the year by launching Treasure Bazaar at Nanded in January 2010. The 250,000 sq. ft. mall hosts 30 brands including a Big Bazaar. EWDL also progressed satisfactorily towards developing approximately 23 mn. sq. ft. through 18 projects in 11 cities. Three malls (2 in Indore and 1 in Nanded) are operational and stabilised. EWDL filed its Draft Red Herring Prospectus (DRHP) with SEBI in July 2010 and is looking to raise capital by diluting up to 30% equity to investors through an IPO.

2. **Big Apple Real Estate (BARE):** Phoenix United Mall in Lucknow, the first mall by BARE, progressed to be operational in May 2010. It accommodates chargeable area of 360,000 sq. ft. and includes anchors such as Big Bazaar, Pantaloons and Max. It also hosts a six screen multiplex by PVR, 3 fine dining restaurants and 11 food court outlets.

Outlook

Given the favourable long term market trends in retail, hospitality, residential and commercial real estate sectors, the growth of HSP into one of the largest malls in Mumbai through the addition of The Palladium, the upcoming launch and addition of more than 4 million sq. ft. chargeable space of the Market Cities through FY11 and FY12, of which more than 50% is already committed, a highly focused and driven leadership team, the Company's business vision, sound strategies and its ability to execute some of the largest projects in India, the outlook for the Company's foreseeable future remains bright.

Financial Overview

Consolidated		
(₹ Million)	**FY2009**	**FY2010**
Income from Operations	996	1,230
EBITDA	602	775
EBITDA Margins	60.4%	63.0%
Other Income	503	243
Depreciation	93	172
Interest	55	86
Profit before Tax	957	759
Profit after Tax & Minority Interest	768	620
EPS (FV of ₹ 2 each)	5.41	4.28

Consolidated Profit & Loss Statement

Income from Operations:

The Company was able to deliver healthy revenue growth in FY10 on account of opening of its premium mall - Palladium at High Street Phoenix and due to opening of several new stores. Consolidated Income from Operations increased by 23%, from ₹ 996 mn in FY09 to ₹ 1,230 mn in FY10.

Earnings before Interest, Depreciation and Taxes (EBITDA):

The Consolidated EBITDA was higher by 29% from ₹ 602 mn in FY09 to ₹ 775 mn in FY10. EBITDA margins were also better at 63% in FY10 v/s 60.4% in FY09 primarily due to increased efficiencies in operations.

Interest and Depreciation:

Interest Cost increased from ₹ 55 mn in FY09 to ₹ 86 mn in FY10. Depreciation for the year was ₹ 172 mn for FY10 against ₹ 93 mn in previous year. Both Interest and Depreciation were higher in FY10 as compared to FY09 on account of the launch of Palladium and the revenue generating parking facility.

Management Discussion and Analysis (Contd.)

Profit after Tax and Minority Interest:
The Profit after Tax and Minority Interest decreased from ₹ 768 mn in FY09 to ₹ 620 mn in FY10. This was primarily due to reduction in other income and increased Interest and Depreciation costs.

Consolidated Balance Sheet:
Share Capital:
There was no change in the Share Capital of the Company, which stood at ₹ 289.7 mn, same as of the previous year. Reserves and Surplus increased from ₹ 14.9 bn to ₹ 15.8 bn during FY10, an increase of ₹ 0.9 bn. The total shareholders' funds for the Company was ₹ 16.0bn.

Consolidated Debt:
The Consolidated Debt of the Company stood at ₹ 6.6bn with a debt-to-equity ratio of 0.41x.

Fixed Assets:
The gross block of the Company increased from ₹ 4.9 bn in FY09 to ₹ 8.0 bn in FY10, while capital work in progress increased from ₹ 9.0 bn to ₹ 9.1 bn during the same period.

Cash:
The Company's Consolidated Cash & Cash equivalents stood at ₹ 3.06 bn and, including investments in quoted equity shares, stood at ₹ 3.6 bn.

Risks and Concerns
PML is exposed to different types of risks such as credit risk, market risk (including liquidity risk and interest rate risk), operational risk and legal risk. The Company monitors credit and market risks, as well as operational risk through the oversight of senior management personnel in each of its business segments. Legal risk is subject to the review of the Company's legal department and external advisors. It is exposed to specific risks in connection with the management of investments and the environment within which it operates.

Cost Escalation Risk
In the current environment of gyrating prices for core building raw materials, cost escalation on items such as cement, steel and capital equipment can be a risk to the profitability of a project under development. PML's purchasing process to a large extent attempts to mitigate such risks. It focuses on processes to optimize cost control through rigorous contracts and procurement. By consolidating volumes across multiple projects, PML is able to leverage better volume based pricing to optimise costs from suppliers. PML adopts a robust process in which it has a team of peer review consultants for review of the designs from a cost control point of view. In addition, SPVs directly hire external consultants to check pricing trends so that they are unbiased and independent. As a part of the monitoring system, the Company has a project review every week on timelines and budgets and alternate weekly financial review meetings with the CFO of the Company to continuously evaluate cost incurred, project costs and costs to completion.

Project Execution Risk
Project execution can be hampered by the inadequate performance by contractors. Project execution may also be affected due to lack of manpower resources available to contractors. PML uses strict selection criteria to evaluate track records and performance capabilities to ensure that the right contractors are on board.

It also introduces multiple contractors for the same project by dividing the workload for completion and resource mobilization. This in turn reduces concentration of contractors and creates backups in case one falters. PML also hires senior level individuals with relevant experience and exposure to such types of mega projects to manage and control execution better. To seek and hire the best in class people, PML has accessed talent globally where large scale projects, with a close eye on quality, are in abundance.

Internal Control
PML has a proper and adequate system of internal controls to ensure that all assets are safeguarded and protected against loss from unauthorised use or disposition and to ensure that all transactions are authorised, recorded and reported correctly and adequately. The Company's internal controls are supplemented by an extensive programme of internal audits, review by management and documented policies, guidelines and procedures. The internal control is designed to ensure that financial and other records are reliable for preparing financial information and for maintaining accountability of assets. All financial and audit control systems are also reviewed by the Audit Committee of the Board of Directors of the Company.

Human Resources
With multiple large scale projects under development with concurrent delivery periods, PML is undoubtedly a game changer, breaking the barriers of scale, size and efficiency. From being the oldest family managed mall with a handful of employees to an over 450 strong workforce added over the last 3 years, the PML Group has rapidly expanded its intellectual capacity to develop its unique concept of 'Market City' which will redefine the life style in cities across India. Today, the top management at PML is made up of some of the most talented and experienced individuals in the field. At present, the PML Group has one of the largest leasing teams to support the marketing of all its upcoming

Management Discussion and Analysis (Contd.)

assets, including the Phoenix Market City Mumbai in Kurla, Mumbai which is slated to become one of the largest mixed-use properties in India.

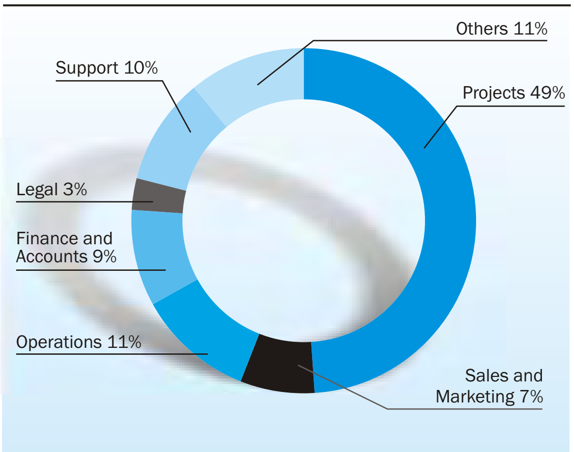
Driven by trust and principles of empowerment, the Company believes in inculcating a winning attitude among its employees, encouraging learning, self-development and building effective leadership. The Company also offers stimulating assignments, a great working environment and professional management.

PML believes that having the right kind of people will take the organization to great heights. To accomplish our goals, it is always looking out for talented, creative, ambitious individuals driven by challenges and passionate about excellence. PML also believes in developing and retaining the most talented people and in order to achieve this, it follows these basic principles:

- Treat all employees with dignity, honesty and respect
- Set and maintain high standards of performance
- Continuous learning & development, on the job training, appropriate need-based and value-based training to foster growth
- Help people realize their potential
- Recognize and reward individual and team achievement
- Provide appropriate working conditions and resources to enable people to work effectively
- Information sharing across various levels of the organization through effective channels of communication.

The chart below shows the breakup of employees by function:

Employees by Function



PML desires to become the market leader in the most competitive environment and as a company, its challenge will be to access and deploy talent and unleash its teams' innovative potential. From an HR perspective, it will be the Company's ability to attract the right talent that will differentiate it from others. The Company's emphasis on putting people first should help the organization achieve its vision and deliver globally acclaimed properties to its customers & retailers. A key differentiating factor for PML is having strong strategic planning, implementation and decision-making skills. This is achieved through a highly capable and committed leadership team and other empowered teams who are geared to build the finest and unique concept of 'Market City' in India.

Disclaimer

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

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

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

Directors' Report

Your Directors are pleased to present the 105th Annual Report of the Company together with the Audited Financial Statements for the year ended 31st March, 2010.

FINANCIAL RESULTS:

(₹ in million)

Particulars	Year ended 31.03.2010	Year ended 31.03.2009
Sales and other Income	**1,397.96**	1,400.33
Profit before Interest, Depreciation, Extraordinary items and Tax	**986.46**	1100.90
Less: Interest & Finance Charges	**85.53**	49.48
Less: Depreciation	**160.47**	83.71
Profit before Tax	**740.46**	967.71
Less: Provision for Taxation		
Current Tax	**151.50**	186.00
Fringe Benefit Tax	-	2.40
Deferred Tax	**(9.96)**	(2.86)
Net Profit after tax	**598.92**	782.17
Balance brought forward from Previous Year	**2,830.08**	2,517.38
Profit available for appropriation	**3,429.00**	3,299.55
Appropriations:		
Proposed Dividend	**173.81**	144.85
Corporate Dividend Tax	**29.54**	24.62
Balance Carried Forward to:		
(a) General Reserves	**200.00**	300.00
(b) Profit & Loss Account	**3,025.65**	2,830.08

OPERATIONS:

The most significant development during the year in review has been the launch of "Palladium", our new premium mall at High Street Phoenix (HSP). During the year in review, occupancy levels, footfall and retailer demand at HSP have been very encouraging. The report on Management Discussion and Analysis (MDA), which forms part of this Report, inter-alia, deals comprehensively with the operations as also current and future outlook of the Company.

DIVIDEND:

Your Directors are pleased to recommend to pay final dividend at the rate of 60% (₹ 1.2 for each fully paid equity share of ₹ 2/- each) subject to the approval of the shareholders in the ensuing annual general meeting.

The dividend declared for the year 2009-10 shall not be taxable in the hands of the shareholders.

BOARD OF DIRECTORS:

A. Mr. Anand Bajoria resigned from the Board of Directors with effect from 11th March, 2010.

B. Mr. Bharat Bajoria resigned from the Board of Directors with effect from 6th August, 2010.

C. Re-appointment of Mr. Ashokkumar Ruia and Mr. Atul Ruia as the Chairman & Managing Director and Joint Managing Director, respectively:

   The Board of Directors of the Company at its meeting held on 28th January, 2010, subject to the approval of the shareholders, re-appointed Mr. Ashokkumar Ruia as the Chairman & Managing Director of the Company and Mr. Atul Ruia as the Joint Managing Director of the Company w.e.f. 1st April, 2010 for further period of 5 (five) years on the revised terms and conditions. The Board recommends the said re-appointments for the shareholders approval.

D. Appointment of Mr. Shishir Shrivastava as an Executive Director:

   During the year under review, Mr. Shishir Shrivastava has been appointed as an Executive Director on the Company's Board with effect from 18th March, 2010, subject to approval of the shareholders in the ensuing annual general meeting. The Board recommends the said appointment for shareholders' approval.

Directors' Report (Contd.)

E. The following directors are liable to retire by rotation and being eligible, offer themselves for re-appointment at the ensuing Annual General Meeting;
   i. Mr. Suhail Nathani
   ii. Mr. Amitkumar Dabriwala

A brief profile of the Directors mentioned in points C, D, E above, is given in the Notice of the Annual General Meeting as required by Clause 49 (IV) (G) of the Listing Agreement with the Stock Exchanges.

PARTICULARS OF EMPLOYEES:

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

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

EMPLOYEE STOCK OPTION SCHEME (ESOP):

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

DIRECTORS' RESPONSIBILITY STATEMENT:

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

- in preparation of the annual accounts, the applicable accounting standards have been followed;
- the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give true and fair view of the state of affairs of the Company as at 31st March, 2010 and of the profit of the company for the year ended on that date;
- the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- the annual accounts for the year ended 31st March, 2010 have been prepared on going concern basis;

CORPORATE GOVERNANCE:

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

Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges, a separate section titled "Corporate Governance" is attached to this Annual Report along with a certificate from M/s Rathi & Associates, Company Secretaries in practice, regarding compliance of requirements of the Listing Agreement.

Your Company acknowledges its corporate responsibility, and has voluntarily obtained a 'Secretarial Audit Report' for the financial year ended 31st March, 2010 from M/s. Rathi & Associates, Company Secretaries in practice, which is annexed to this report.

AUDITORS

M/s. A.M. Ghelani and Company, Chartered Accountants and M/s. Chaturvedi and Shah, Chartered Accountants, Joint Statutory Auditors of the Company retire at the ensuing Annual General Meeting and have expressed their willingness to be re-appointed as Statutory Auditors of the Company for the Financial Year 2010-11.

The Company has received letters from the said firms to the effect that their reappointment, if made, would be within the prescribed limits under Section 224 (1B) of the Companies Act, 1956 and that they are not disqualified for such reappointment within the meaning of Section 226 of the said Act.

AUDITORS' REPORT

The observations made by the Auditors in their Report read with the relevant notes as given in the Notes on Accounts for the year ended 31st March, 2010, are detailed and self-explanatory.

Directors' Report (Contd.)

PUBLIC DEPOSITS

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

SUBSIDIARY COMPANIES

The Government of India, Ministry of Corporate Affairs, vide order dated 18th May, 2010 has granted exemption to the Company under section 212(8) of the Companies Act, 1956, from attaching the financial statements of its subsidiaries to its annual report.

Pursuant to the said approval, necessary disclosures are made in respect of the said subsidiaries in this Annual Report along with the statement pursuant to Section 212 of the Companies Act, 1956.

Any shareholder who wishes to have a copy of the annual accounts and detailed information about the subsidiaries may write to the company for the same. The annual accounts of the subsidiary companies will also be kept for inspection by any shareholder at the registered office of the Company.

During the year under review the Company has sold and transferred its entire shareholding in its wholly owned subsidiary, Ruia Realtors Private Limited to a group entity.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION:

During the year under review, your Company has neither undertaken any manufacturing activity nor any Research & Development activities in the field of construction, etc. nor imported any technology therefor. Hence, particulars regarding conservation of energy & technology have not been furnished.

FOREIGN EXCHANGE EARNINGS AND OUTGO:

The particulars regarding foreign exchange earnings and expenditure are contained in item no 13 and 14 of the schedule "R" annexed to and forming part of the financial statements.

ACKNOWLEDGEMENT

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

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

On behalf of the Board
For The Phoenix Mills Limited

Place: Mumbai
Date: 6th August, 2010.

Ashokkumar Ruia
Chairman & Managing Director

Annexure to the Directors' Report

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

A. Summary of Status of Options Granted

Total number of options approved	33,90,000 (As per the Scheme approved, an aggregate number of 6,78,000 options convertible into One Equity Share of ₹10/- upon exercise were available for grant. Consequent to sub-division of the equity capital from ₹10 per share to ₹2/- per share, necessary adjustments were made to the total number of options)
Pricing Formula	Closing price on the stock Exchange where volumes recorded highest on a day previous to the date of grant.
Total Options granted	6,50,000
Options vested (in force)	1,00,000
Options Exercised	Nil
Options Unexercised	33,90,000
Options Lapsed and available for re-grant	2,50,000*
Total number of options in force (including options lapsed and available for re-grant)	33,90,000
Variation in terms of ESOP	Not applicable
Total number of shares arising as a result of exercise of options	Nil
Money realized as a result of exercise of options	Not applicable.

*An aggregate of 2,50,000 Options granted earlier had lapsed due to resignation tendered by 5 employees namely Ms. Farzana Mojgani, Mr. Sanjay Chaudhary, Mr. Mitish Somani, Mr. Mahesh Iyer and Mr. Jayanand Potdar since the date of grant.

B. Employee -wise details of options granted during financial year 2009-10

Nil

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

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

Report on Corporate Governance

1. Company's Philosophy on Corporate Governance

The Company is committed to maintain the highest standards of Corporate Governance and adhere to the Corporate Governance requirements set out by SEBI. The company's philosophy on Corporate Governance enshrines the goal of achieving the highest levels of transparency, accountability and equity in all spheres of its operations and in all its dealing with the shareholders, employees, the government and other parties. The Company considers Corporate Governance as an important tool for shareholders' protection and maximization of their long -term value.

2. Board of Directors

a) Composition of the Board

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

As on 31st March 2010, the Company's Board comprises of four Executive Directors and six Non-Executive Directors. The Chairman of the Board is an Executive Chairman and accordingly one half of the Board comprises of Independent Directors.

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

Name of the Director	Relationship with other Directors	Designation	Category of Directorship	No. of Other Directorships*	No. of Other # Committee Chairmanships	No. of Other # Committee Memberships
Mr. Ashokkumar Ruia	Father of Mr. Atul Ruia	Chairman & Managing Director	Promoter, Executive; Non Independent	3	-	-
Mr. Atul Ruia	Son of Mr. Ashokkumar Ruia	Joint Managing Director	Promoter, Executive; Non Independent	3	-	2
Mr. Kiran Gandhi	None	Whole Time Director	Executive; Non Independent	2	-	-
Mr. Bharat Bajoria €	Brother in law of Mr. Ashokkumar Ruia	Director	Non-Executive; Non Independent	8	-	-
Mr. Amitkumar Dabriwala	None	Director	Non-Executive; Independent	2	-	2
Mr. Amit Dalal	None	Director	Non-Executive; Independent	4	-	2
Mr. Sivarama-krishnan iyer	None	Director	Non-Executive; Independent	5	3	1
Mr. Shribhanu Patki	None	Director	Non-Executive; Independent	1	-	-
Mr. Suhail Nathani	None	Director	Non-Executive; Independent	1	-	-
Mr. Shishir Shrivastava@	None	Executive Director	Non Independent	2	-	-

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

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

@ Appointed with effect from 18th March 2010.

€ Resigned with effect from 6th August, 2010.

Report on Corporate Governance (Contd.)

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

Pursuant to the provisions of Sections 255 & 256 of the Companies Act, 1956, Mr Suhail Nathani and Mr. Amitkumar Dabriwala shall retire by rotation at the ensuing Annual General Meeting. The Board has recommended the re-appointment of Mr. Suhail Nathani and Mr. Amitkumar Dabriwala as Directors to the shareholders.

As per the recommendation of the Remuneration Committee, the Board of Directors of the Company at their meeting held on 28th January, 2010 have re-appointed Mr. Ashokkumar Ruia and Mr. Atul Ruia as the Chairman & Managing Director and Joint Managing Director of the Company respectively w.e.f. 1st April, 2010, for further period of 5 (five) years subject to the approval of the shareholders in the ensuing Annual General Meeting.

Abstract of the terms of re-appointment of Mr. Ashokkumar Ruia as the Chairman & Managing Director and Mr. Atul Ruia as the Joint Managing Director of the Company along with Memorandum of interest pursuant to section 302 (7) of the Companies Act, 1956 has been sent to the shareholders on 28th January 2010.

The broad particulars of remuneration payable to and the terms of re-appointment of Mr. Ashokkumar Ruia as the Chairman & Managing Director, and Mr. Atul Ruia as the Joint Managing Director of the Company are given in resolutions proposed at Items No. 7 and 8 of the Notice of the Annual General Meeting.

The aforesaid re-appointment of Mr. Ashokkumar Ruia & Mr. Atul Ruia as the Chairman & Managing Director and Joint Managing Director respectively, on revised terms and conditions would require the consent of the shareholders of the Company pursuant to Section 269, 309, 311 and other applicable provisions of the Companies Act, 1956 read with Schedule XIII of the said Act.

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

The Board of Directors have appointed Mr. Shishir Shrivastava as an Executive Director on the Company's Board with effect from 18th March 2010 without payment of remuneration to him by the Company, subject to approval of the shareholders. The Board recommends the said appointment to the shareholders for their approval in the ensuing annual general meeting.

The detailed resume of the aforesaid proposed appointees is provided in the notice of the Annual General Meeting.

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

During the financial year 2009-10, four Board Meetings were held; on 28th April 2009, 27th July 2009, 27th October 2009 and 28th January 2010. The previous Annual General Meeting of the Company was held on 22nd September 2009. When deemed expedient, the Board also approves by Circular Resolution, important urgent items of business as permitted under the Companies Act, 1956, and which cannot be deferred till the next Board Meeting.

Details of attendance of Directors in Board Meetings and the previous Annual General Meeting are as follows:

Name of the Director	Number of Board meetings held during the tenure	Number of Board Meetings Attended	Attendance at Last Annual General Meeting
Mr. Ashokkumar Ruia	4	4	Yes
Mr. Atul Ruia	4	4	No
Mr. Kiran Gandhi	4	4	Yes
Mr. Anand Bajoria §	4	Nil	No
Mr. Bharat Bajoria €	4	Nil	No
Mr. Amitkumar Dabriwala	4	3	Yes
Mr. Amit Dalal	4	4	Yes
Mr. Sivaramakrishnan Iyer	4	3	Yes
Mr. Shribhanu Patki	4	2	No
Mr. Suhail Nathani	4	2	Yes
Mr. Shishir Shrivastava @	0	N. A.	N. A.

§ Resigned with effect from 18th March, 2010.

@ Appointed with effect from 18th March, 2010.

€ Resigned with effect from 6th August, 2010.

Report on Corporate Governance (Contd.)

d) **Code of Conduct**

The Board has laid down a code of conduct for all Board members and senior management of the company. The Company has obtained the confirmation of the Compliance with the Code from all members of the Board and senior management of the company for the year 2009-10. As required by Clause 49 of the Listing Agreement, the declaration on compliance of the Company's code of conduct signed by Managing Director and Joint Managing Director forms a part of this Annual Report.

3. Audit Committee:

a) **Constitution of Audit Committee:**

As on 31st March 2010, the Committee comprises of one Executive and three Non-Executive Directors-majority being Independent Directors. All the members of the Audit Committee have good knowledge of finance, accounts and company law. Mr. Sivaramakrishnan Iyer, the Chairman of the Committee is a Chartered Accountant and has accounting and related financial management expertise.

b) **Composition of Audit Committee and Number of Meetings Attended:**

During the Financial year 2009-10, four Audit Committee Meetings were held; on 28th April 2009, 27th July 2009, 27th October 2009 and 28th January 2010. The composition of the Audit Committee and the number of meetings attended by each member is as follows:

Committee Members	Designation	No. of Meetings held during the tenure	No. of Meetings Attended
Mr. Sivaramakrishnan Iyer	Chairman	4	3
Mr. Amit Kumar Dabriwala	Member	4	3
Mr. Atul Ruia	Member	4	4
Mr. Amit Dalal	Member	4	4

c) **Attendees:**

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

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

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

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

ii) Overseeing the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.

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

iv) Approve payment for any other services rendered by the statutory auditors.

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

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

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

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

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

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

(f) Disclosure of any related party transactions.

(g) Qualifications in the draft audit report.

Report on Corporate Governance (Contd.)

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

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

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

ix) Discussion with internal auditors on any significant findings and follow up there on.

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

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

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

xiii) Review of information as prescribed under Clause 49 (II)(E) of the listing agreement.

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

The Audit Committee has the following powers:

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

ii) To seek information from any employee.

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

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

4. Remuneration Committee:

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

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

Composition of Remuneration Committee and number of meetings attended:

During the Financial year 2009-10, one meeting of the Remuneration Committee was held on 28th January 2010. The composition of the Remuneration Committee and the number of meetings attended is as follows:

Committee Members	Designation	No. of Meetings held during the tenure	No. of Meetings Attended
Mr. Suhail Nathani	Chairman	1	1
Mr. Shribhanu Patki	Member	1	1
Mr. Sivaramakrishnan Iyer	Member	1	Nil

b) **Terms of reference:**

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

c) **Remuneration Policy:**

i) Management Staff :

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

ii) Non-Executive Directors :

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

Report on Corporate Governance (Contd.)

within the limits prescribed under the Companies Act, 1956. In accordance with the decision of the Board of Directors, sitting fees of ₹ 7,500/- for each Board Meeting and ₹ 5,000/- for each Audit Committee Meeting is paid to such members who have attended the meeting. Details of the Sitting fees paid during the year 2009-10 are as under:

Committee Members	Sitting Fees paid (₹) Board Meeting	Audit Committee
Mr. Amitkumar Dabriwala	22,500	15,000
Mr. Amit Dalal	30,000	20,000
Mr. Sivaramakrishnan Iyer	22,500	15,000
Mr. Shribhanu Patki	15,000	N. A.
Mr. Suhail Nathani	15,000	N. A.
Total	**1,05,000**	**50,000**

Executive Directors:

The appointment and remuneration of the Executive Directors is governed by resolutions passed by the Board of Directors and shareholders of the Company, which covers terms of such appointment, read with the service rules of the Company. Remuneration paid to the Executive Directors is recommended by the Remuneration Committee, approved by the Board and is within the limits set by the shareholders at the General Meetings.

Details of remuneration paid to Executive Directors during financial year April 2009-March 2010 are given below:

Name of the Executive Director	Designation	Salary & Allowances (₹ in lacs)	Contribution to PF (₹ lacs)	Total (₹ lacs)
Mr. Ashokumar Ruia	Chairman & Managing Director	24,00,000	-	24,00,000
Mr. Atul Ruia	Joint Managing Director	24,00,000	-	24,00,000
Mr. Kiran Gandhi	Whole-Time Director	48, 00,000	-	48, 00,000

5. Shareholders'/ Investors' Grievance Committee

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

The Shareholders'/Investors' Grievance Committee has been constituted to look into investor's complaints like transfer of shares, non-receipt of declared dividends, etc. and take necessary steps for redressal thereof. The Committee is a Board level committee under the Chairmanship of Mr. Amit Kumar Dabriwala, a Non-Executive Director. Twenty two Meetings of Shareholders / Investors Grievance Committee were held during the financial year 2009-10.

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

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

b) During the year 2009-10, the Company has received 36 complaints from shareholders / investors. There were no complaints pending as at the end of the year

c) **Share Transfers in Physical Mode**

Shares received for physical transfer are generally registered and returned within a period of 15 days from the date of receipt, if the documents are clear in all respects. The Shareholders'/Investors' Grievance Committee of the Company meets as often as required.

Report on Corporate Governance (Contd.)

6. General Body Meetings

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

Financial Year	Date	Time	Location of the Meeting
2006-07	05.11.2007	11.00 A.M.	Sunville Deluxe Pavilion, 9, Dr. Annie Besant Road, Worli, Mumbai - 400018.
2007-08	23.09.2008	11.00 A.M.	Sunville Deluxe Pavilion, 9, Dr. Annie Besant Road, Worli, Mumbai - 400018.
2008-09	22.09.2009	11.00 A.M.	Sunville Deluxe Pavilion, 9, Dr. Annie Besant Road, Worli, Mumbai - 400018.

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

Financial Year	Particulars of Special Resolutions Passed
2006-07	- Appointment of Mr. Ashokkumar Ruia as Managing Director for a period of 3 years w.e.f. 1st April 2007. - Appointment of Mr. Atul Ruia as WholeTime Director designated as Joint Managing Director for a period of 3 years w.e.f. 1st April 2007. - Appointment of Mr. Pramod Rawool as Whole-Time Director for a period of 3 years w.e.f. 1st November 2007. - Change of name of the Company from "The Phoenix Mills Limited" to "Phoenix Limited" - Authority to Board of Directors to invest in excess of the limits specified u/s. 372A of the Companies Act, 1956.
2007-08	- Appointment of Mr. Kiran Gandhi as Whole Time Director of the Company for a period of 3 years with effect from 22nd April 2008
2008-09	- Nil

iii) During the year 2009-10, no resolutions have been passed by Postal Ballot.

iv) Resolutions, if any, passed by Postal Ballot shall be in accordance with the provisions of Section 192A of the Companies Act, 1956 read with Companies (Procedure for Passing of Postal Ballot) Rules, 2001.

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

7. Means of Communication

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

ii) The quarterly results are submitted to the Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Limited (NSE) immediately after the conclusion of the respective meetings.

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

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

8. CEO / CFO Certification

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

Report on Corporate Governance (Contd.)

9. General Shareholder Information

i.	**Annual General Meeting**		
	Day, Date and Time	:	Tuesday, 28th September, 2010 at 11.00 A.M.
	Venue	:	Sunville Deluxe Pavilion, 9, Dr. Annie Besant Road, Worli, Mumbai - 400018.
ii.	**Financial Year**	:	The Company follows April-March as its financial year.
iii.	**Unaudited financial reporting for the quarter ending (tentative);**		
	30th June, 2010	:	On 28th July, 2010
	30th September, 2010	:	On or before 15th November, 2010
	31st December, 2010	:	On or before 15th February, 2011
	31st March, 2010	:	On or before 15th May, 2011
	AGM for the year ending 31st March, 2011	:	On or before 30th September 2011
iv.	**Book Closure**	:	Tuesday, 21st September , 2010 to Tuesday, 28th September, 2010 (both days inclusive).
v.	**Dividend Payment**	:	The dividend, if declared, by the shareholders at the AGM shall be paid / credited within 30 days from the date of declaration.
vi.	**Listing on Stock Exchanges**	:	The Company has already paid the annual listing fees for the year 2010-11 to the Stock Exchanges (BSE and NSE) as well as custodial fees to the depositories within the prescribed time.
vii.	**Scrip Code/Symbol**	:	BSE: 503100 NSE : PHOENIXLTD ISIN Code :INE211B01039

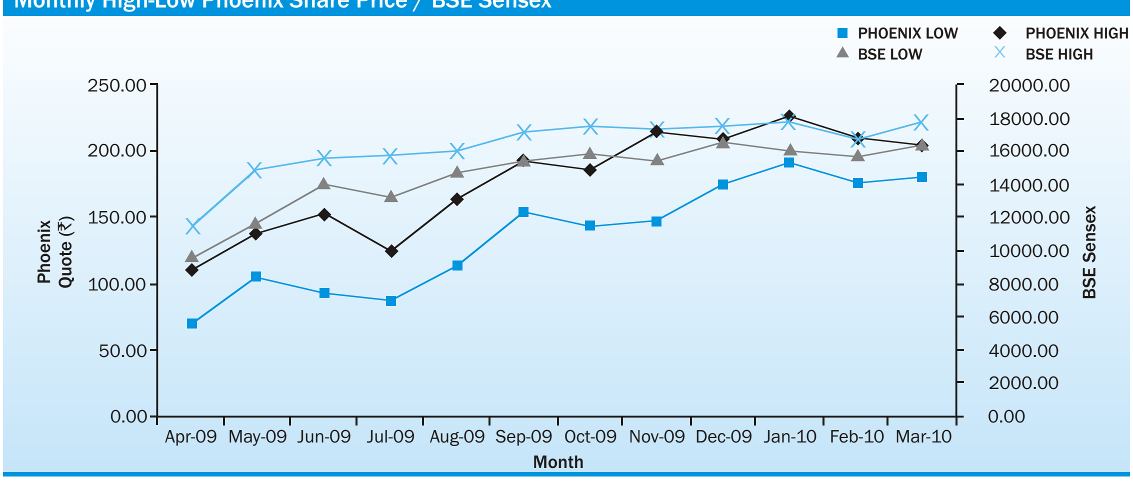
viii. **Market Price Data:**

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

	BSE			NSE		
Month	**High (₹)**	**Low (₹)**	**Traded Volume (Nos.)**	**High (₹)**	**Low (₹)**	**Traded Volume (Nos)**
April, 2009	109.50	70.00	7,85,135	111.90	68.00	10,88,420
May, 2009	138.15	105.10	7,49,862	138.60	104.25	16,74,351
June, 2009	152.30	92.65	19,51,434	153.00	92.40	18,83,224
July, 2009	125.00	87.00	13,77,967	125.75	82.95	15,77,676
August, 2009	164.50	114.00	66,70,025	168.00	114.05	33,64,280
September, 2009	192.00	153.45	21,71,125	191.00	153.00	31,92,540
October, 2009	186.00	144.05	25,59,783	185.90	143.10	31,95,616
November, 2009	214.40	147.05	38,72,292	198.85	147.10	27,45,825
December, 2009	207.80	174.50	26,52,950	207.00	148.50	32,94,145
January, 2010	226.70	191.00	29,09,171	225.00	190.75	41,12,936
February, 2010	209.00	176.00	6,27,685	209.85	179.35	11,00,895
March, 2010	204.40	180.40	10,06,310	208.90	180.40	20,44,396

Performance in comparison to broad - based indices of BSE Realty Index is as under

Monthly High-Low Phoenix Share Price / BSE Sensex



Report on Corporate Governance (Contd.)

ix. **Share Transfer System:**

Applications for transfer of shares held in physical form are received at the office of the Registrar and Share Transfer Agent of the Company. They attend to share transfer formalities at least once in 15 days.

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

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

x. **Category wise Shareholding as at March 31, 2010:**

Sr. No.	Category	No. of Shares held	%
1.	Promoter and Promoter Group	95,476,663	65.92
2.	Mutual Funds/UTI	8,162,576	5.63
3.	Banks/ Financial Institutions	74,975	0.05
4.	Foreign Institutional Investors	28,832,479	19.90
5.	Foreign Venture Capital Investors	1,500,000	1.04
6.	Non-Residents	224,467	0.15
7.	Private Bodies Corporate	1,341,491	0.93
8.	Indian Public	8,990,914	6.21
9.	Others (Clearing Members & Trusts)	241,880	0.17
Total		**144,845,445**	**100.00**

xi. **Distribution of Shareholding as at March 31, 2010:**

No. of Equity Shares	No. of Share-holders	%of Total	No. of Shares	% of Total
1-500	10,837	78.45	1,754,904	1.21
501 - 1000	1,350	9.77	1,008,079	0.69
1001 - 2000	698	5.05	1,023,747	0.71
2001 - 3000	313	2.27	790,704	0.55
3001 - 4000	149	1.08	539,424	0.38
4001 - 5000	78	0.56	366,595	0.25
5001 - 10000	183	1.32	1,302,626	0.90
10001 and above	207	1.50	138,059,366	95.31
TOTAL	**13,815**	**100.00**	**144,845,445**	**100.00**

xii. **Dematerialisation of Shares and Liquidity:**

About 97.70% of the shares have been dematerialized as on March 31, 2010.

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

The Company has not issued any GDRs/ADRs. There were no outstanding convertible warrants as on March 31, 2010.

xiv. **Registrar and Share Transfer Agent:**

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

xv. **Plant Locations:**

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

xvi. **Address for Correspondence:**

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

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

Report on Corporate Governance (Contd.)

xvii. **For general correspondence:**

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

10. Other Disclosures

a. The Company did not have any related party transactions, i.e. transactions of the Company of material nature, with its promoters, Directors or the Management, their subsidiaries or relatives, etc., which may have potential conflict with the interests of the Company at large. Related Party transactions have been disclosed in the Notes to Accounts in the financial statements as at March 31, 2010.

b. Shareholdings of the Non-Executive Directors as on 31st March 2010 is as under:

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

§ Resigned with effect from 18th March, 2010.

€ Resigned with effect from 6th August, 2010.

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

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

11. Non-mandatory Requirements :

I. The Board

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

(b) At present there is no policy fixing the tenure of independent directors.

II. Remuneration Committee

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

III. Shareholders' Rights

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

IV. Audit Qualifications

The financial statements of the Company for the year ended 31st March, 2010 are unqualified.

V. Training of Board Members

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

VI. Mechanism for evaluating non-executive board members

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

VII. Whistle Blower Policy

The Company has not implemented the whistle blower policy.

Report on Corporate Governance (Contd.)

CERTIFICATE ON CORPORATE GOVERNANCE

To
The Members

The Phoenix Mills Limited

We have examined the compliance of conditions of Corporate Governance by The Phoenix Mills Limited ("the Company") for the year ended March 31, 2010 as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchange(s).

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

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

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

For Rathi & Associates
Company Secretaries

Place: Mumbai
Date: 6th August, 2010

Narayan Rathi
Partner
CP No. 1104

CODE OF CONDUCT DECLARATION

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

Place: Mumbai
Date: 6th August, 2010

Ashokkumar Ruia
Managing Director

Atul Ruia
Jt. Managing Director

Secretarial Audit Report

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

We have examined the registers, records and documents of The Phoenix Mills Limited ("the Company") for the financial year ended on 31st March 2010, as maintained under the provisions of:

- The Companies Act, 1956 and the Rules made under that Act;
- The Depositories Act, 1996 and the Regulations and Bye-laws framed under that Act;
- Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 more particularly as under:
    - Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997; and
    - Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992; and
- Equity Listing Agreement entered into with Bombay Stock Exchange Limited and National Stock Exchange of India Limited.

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

1. The Company has complied with the provisions of the Companies Act, 1956 (the Act") and the Rules made under the Act, and Memorandum and Articles of Association of the Company with regard to:
    a. Maintenance of Statutory Registers and incorporating entries therein.
    b. Constitution of the Board of Directors and appointment, retirement and re-appointment of Directors;
    c. Appointment of managerial personnel and payment of remuneration thereto;
    d. Meetings of Directors and Committees thereof held including passing of resolutions by circulation;
    e. Disclosure of interest in other firms/companies by the Directors to the Board of Directors;
    f. Service of Notice and other documents to the Members;
    g. The 104th Annual General Meeting held on 22nd September, 2009;
    h. Recording and maintenance of the minutes of the proceedings of General Meetings and Meetings of the Board and committees thereof;
    i. Filing of applicable forms and returns with Registrar of Companies and/or Central Government;
    j. Closure of Register of Members and Share Transfer Books;
    k. Declaration and payment of Dividend to Equity Shareholders;
    l. Appointment and payment of remuneration to Statutory Auditors;
    m. Approval for Transfers of Shares and/or issue of duplicate share certificates by duly constituted committee of the Board;
    n. Investment of the Company's funds in other bodies corporate;
    o. Charges created and/or modified to secure the borrowings made by the Company and satisfaction thereof; and
    p. Obtaining consent of the Members, the Board of Directors and Committee of Directors wherever required.
2. The Company has complied with the provisions of Depositories Act, 1996 and Regulations framed there under with regard to dematerialization / rematerialization of securities and reconciliation of records of dematerialized securities with all securities issued by the Company.
3. The Company has complied with the provisions of Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 with respect to disclosures and maintenance of records required under the Regulations.
4. The Company has complied with the provisions of Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 with regard to disclosures and maintenance of records required under the Regulations.
5. The Company has complied with the provisions of the Listing Agreement entered into with Bombay Stock Exchange Limited and National Stock Exchange of India Limited.

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

For **Rathi & Associates**
Company Secretaries

Place: Mumbai
Dated: 6th August 2010

Narayan Rathi
Partner
FCS No. 1433
COP No. 1104

Auditors' Report

To

The Members of

THE PHOENIX MILLS LIMITED

1. We have audited the attached Balance Sheet of THE PHOENIX MILLS LIMITED as at 31st March, 2010, the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

4. Further to our comments in the Annexure referred to in paragraph 3 above we report that:

   (a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.

   (b) In our opinion, the company has kept proper books of account as required by law so far as appears from our examination of those books.

   (c) The Balance Sheet, the Profit and Loss Account and the Cash flow Statement dealt with by this report are in agreement with the books of accounts.

   (d) In our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt by this report are in compliance with the mandatory Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956.

   (e) On the basis of the written representations received from the directors as on 31st March 2010 and taken on record by the Board of Directors, we report that none of the directors are disqualified as on 31st March 2010 from being appointed as directors in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.

   (f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the significant accounting policies and other notes thereon give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:-

      i) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2010 ;

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

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

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

Place: Mumbai
Date: 28th July, 2010

THE PHOENIX MILLS LIMITED

Annexure to Auditors' Report

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

1) In respect of its Fixed Assets: -

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

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

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

2) a) According to the information and explanations given to us, the stock of finished goods have been physically verified by the management at the end of the year. In our opinion, the frequency of verification is reasonable.

b) According to the information and explanations given to us, in our opinion, the procedures for the physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.

c) The company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and book records were not material, having regard to the size of the operations of the Company.

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

a) The Company has granted unsecured loans to three wholly owned subsidiaries and two other companies covered in the Register maintained under section 301 of the Companies Act, 1956. In respect of the said loans, the maximum amount outstanding at any time during the year is ₹ 2,67,37,81,922/- and the year-end balance is ₹ 2,04,92,05,733/-.

b) In our opinion and according to the information and explanations given to us, the terms and conditions of such loans given to the Wholly owned subsidiaries and to the other companies covered in the Register maintained under section 301 of the Companies Act, 1956 are not prima facie prejudicial to the interest of the Company.

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

d) The company had not taken loans from any parties listed in the Register maintained under section 301 of the Companies Act, 1956

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

5) In respect of transactions covered under section 301 of the Companies Act, 1956, in our opinion and according to the information and explanations given to us;

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

b) These transactions have been made at prices which are comparable to similar transactions entered into with other parties.

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

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

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

9) a) As per the information and explanations given to us, the company has generally been regular in depositing the undisputed statutory dues including Provident Fund, Employee's State Insurance, Income Tax and Sales Tax with the appropriate authorities and there were no undisputed amounts payable in respect of such dues which have remained outstanding as at 31st March, 2010 for a period of more than six months from the date they became payable

Annexure to Auditors' Report (Contd.)

b) The statutory dues that have not been deposited on account of disputes pending before the appropriate authorities are Excise duty amounting to ₹ 1,13,76,598 for the period from 1986-87 to 1992-93 where the dispute is pending before The Commissioner (Appeals) as directed by CEGAT.

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

11) As per the information and explanations given to us, the company has not defaulted in repayment of dues to financial Institutions/banks. The company has not borrowed any funds by way of issue of debentures.

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

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

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

15) According to the information and explanations given to us and the records examined by us, the company has given a guarantee for loan taken by its subsidiary from financial institutions. In our opinion, based on the information and explanations given to us, the terms and conditions of the same are prima facie not prejudicial to the interest of the company.

16) As per the information and explanations given to us, the term loans have prima facie, been applied for the purpose for which they were obtained.

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

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

19) The company has not issued any debentures and hence the question of creating any securities in respect thereof does not arise.

20) During the earlier year, the company had raised money by way of placement of equity shares to qualified institutions. We have verified the end use of the money raised as disclosed by the Management in the Notes to accounts.

21) To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the year.

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

Chintan A. Ghelani
Partner
Membership No: 104391

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

Amit Chaturvedi
Partner
Membership No: 103141

Place: Mumbai
Date: 28th July, 2010

THE PHOENIX MILLS LIMITED

Balance Sheet

As at 31st March 2010

	Schedule	(₹)	As at 31st March 2010 (₹)	As at 31st March 2009 (₹)
SOURCES OF FUNDS				
SHAREHOLDERS' FUNDS				
Share Capital	A	**289,690,890**		289,690,890
Reserves & Surplus	B	**15,102,912,746**		14,708,300,862
			15,392,603,636	14,997,991,752
LOAN FUNDS				
Secured Loans	C		**1,421,622,637**	1,651,583,737
Total			**16,814,226,273**	16,649,575,489
APPLICATION OF FUNDS				
FIXED ASSETS	D			
Gross Block		**5,059,033,486**		1,997,435,275
Less: Depreciation		**604,884,141**		446,731,200
Net Block		**4,454,149,345**		1,550,704,075
Capital Work-in-Progress		**882,041,898**		3,160,986,412
			5,336,191,243	4,711,690,487
INVESTMENTS	E		**5,874,532,084**	5,329,993,558
DEFERRED TAX ASSETS (Net)			**22,517,824**	12,559,991
CURRENT ASSETS, LOANS AND ADVANCES				
Inventories	F	**3,053,138**		3,298,400
Sundry Debtors	G	**410,781,091**		332,351,340
Cash & Bank Balances	H	**203,949,150**		1,543,988,451
Loans & Advances	I	**6,295,911,212**		5,849,335,129
		6,913,694,591		7,728,973,320
Less : CURRENT LIABILITIES & PROVISIONS				
Current Liabilities	J	**1,097,443,622**		909,867,863
Provisions	K	**235,265,847**		223,774,004
		1,332,709,469		1,133,641,867
NET CURRENT ASSETS			**5,580,985,122**	6,595,331,453
Total			**16,814,226,273**	16,649,575,489
Significant Accounting Policies and Notes on Accounts	R			

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

For A.M.Ghelani & Company
Chartered Accountants

Chintan A. Ghelani
Partner

For Chaturvedi & Shah
Chartered Accountants

Amit Chaturvedi
Partner

For and on behalf of the Board of Directors

Ashokkumar R. Ruia
Chairman & Managing Director

Kiran B Gandhi
Wholetime Director

Atul Ruia
Jt. Managing Director

Shishir Shrivastava
Executive Director

Minal Bhate-Dandekar
Company Secretary

Mumbai
Dated : 28th July, 2010

Profit and Loss Account

For the year ended 31st March 2010

	Schedule	(₹)	2009-10 (₹)	2008-09 (₹)
INCOME				
Sales and Services	L		**1,157,717,257**	901,494,940
Other Income	M		**240,240,318**	498,839,753
Total			**1,397,957,575**	1,400,334,693
EXPENDITURE				
Purchase for resale and variation in inventory	N		**5,906,189**	6,103,457
Employee Costs	O		**39,459,512**	43,037,381
Operating and other Expenses	P		**366,127,671**	250,296,503
Interest and Finance Charges	Q		**85,529,100**	49,478,699
Depreciation		**161,426,737**		84,656,807
Less: Transfer from Revaluation Reserve		**(952,660)**	**160,474,077**	(941,989)
(Refer to Note No. B-2 of Schedule "R")				
Total			**657,496,549**	432,630,858
PROFIT BEFORE TAX			**740,461,026**	967,703,835
Less : Provision for Taxation				
Current Income Tax		**151,500,000**		186,000,000
Fringe Benefit Tax		-		2,400,000
Deferred Tax		**(9,957,833)**	**141,542,167**	(2,861,446)
PROFIT AFTER TAX			**598,918,859**	782,165,281
Balance brought forward from previous year			**2,830,080,539**	2,517,377,188
PROFIT AVAILABLE FOR APPROPRIATION			**3,428,999,398**	3,299,542,469
APPROPRIATIONS				
Transferred to General Reserve			**200,000,000**	300,000,000
Proposed Dividend			**173,814,534**	144,845,445
Tax on Proposed Dividend			**29,539,781**	24,616,485
BALANCE CARRIED TO BALANCE SHEET			**3,025,645,083**	2,830,080,539
Basic and Diluted EPS (Face Value ₹ 2)			**4.13**	5.52
Significant Accounting Policies and Notes on Accounts	R			

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

For A.M.Ghelani & Company
Chartered Accountants

Chintan A. Ghelani
Partner

For Chaturvedi & Shah
Chartered Accountants

Amit Chaturvedi
Partner

For and on behalf of the Board of Directors

Ashokkumar R. Ruia
Chairman & Managing Director

Kiran B Gandhi
Wholetime Director

Atul Ruia
Jt. Managing Director)

Shishir Shrivastava
Executive Director

Minal Bhate-Dandekar
Company Secretary

Mumbai
Dated : 28th July, 2010

Cash Flow Statement

For the year ended on 31st March 2010

	(₹)	31st March 2010 (₹)	31st March 2009 (₹)
A CASH FLOWS FROM OPERATING ACTIVITIES			
Net Profit before tax as per the Profit and Loss Account		**740,461,026**	967,703,835
Adjustments for :			
Depreciation	**160,474,077**		83,714,818
(Profit)/Loss on Assets sold/discarded	**396,679**		58,342
Interest Expenses	**85,529,100**		49,478,699
Balances in Debtors/Advances written off	**-**		7,591,086
Provision for Doubtful Debts and Advances	**37,291,650**		(2,132,000)
Interest Income	**(122,042,293)**		(97,883,503)
Dividend Income	**(72,206,546)**		(61,435,034)
Profit on sale of Investments	**(24,289,890)**		(314,849,139)
		65,152,777	(335,456,731)
Operating Cash flow before working capital changes		**805,613,803**	632,247,104
Adjustment for Working Capital changes :			
Inventories	**245,262**		(594,712)
Trade and other Receivables	**(220,542,339)**		(7,299,934)
Trade and other Payables	**183,659,791**		203,368,810
		(36,637,286)	195,474,164
Cash generated from Operations		**768,976,517**	827,721,268
Direct Taxes Paid		**(171,972,322)**	(185,871,536)
Net Cash from Operating Activities A		**597,004,195**	641,849,732
B CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of Fixed Assets	**(684,942,896)**		(1,571,425,684)
Sale of Fixed Assets	**1,586,666**		258,305
Inter Corporate Deposits & Loans (placed)/refunded (Net)	**(172,511,471)**		1,452,904,498
Purchase of Investments	**(942,530,819)**		(3,333,687,066
Sale of Investments	**422,282,183**		4,050,499,675
Share Application Money	**(171,409,906)**		949,289,662
Interest Received	**124,208,525**		65,823,262
Dividend Income	**72,206,546**		61,435,034
Net Cash generated from/(used in) Investing Activities B		**(1,351,111,172)**	1,675,097,686

Cash Flow Statement

For the year ended on 31st March 2010 (Contd.)

		(₹)	31st March 2010 (₹)	31st March 2009 (₹)
C	**CASH FLOWS FROM FINANCING ACTIVITIES**			
	Long term loans availed	-		247,097,965
	Long term loans (repaid)	**(148,043,290)**		(146,985,118)
	Short term loans availed /(repaid)(Net)	**(81,917,810)**		(497,845,610)
	Interest paid	**(188,497,042)**		(227,967,447)
	Dividend paid (including tax on Dividend)	**(167,474,182)**		(167,315,388)
	Net Cash generated from/(used in) Financing Activities C		**(585,932,324)**	(793,015,598)
D	**Net Increase/(Decrease) in Cash and Cash Equivalents A+B+C**		**(1,340,039,301)**	1,523,931,820
	Cash and Cash equivalents at the beginning of the year		**1,543,988,451**	20,056,631
	Cash and Cash equivalents at the end of the year		**203,949,150**	1,543,988,451

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

As per our report of even date

For A.M.Ghelani & Company
Chartered Accountants

Chintan A. Ghelani
Partner

For Chaturvedi & Shah
Chartered Accountants

Amit Chaturvedi
Partner

For and on behalf of the Board of Directors

Ashokkumar R. Ruia
Chairman & Managing Director

Kiran B Gandhi
Wholetime Director

Atul Ruia
Jt. Managing Director

Shishir Shrivastava
Executive Director

Minal Bhate-Dandekar
Company Secretary

Mumbai
Dated : 28th July, 2010

Schedules

Annexed to and Forming Part of the Balance Sheet

	(₹)	As at 31st March 2010 (₹)	As at 31st March 2009 (₹)
SCHEDULE "A" **SHARE CAPITAL**			
AUTHORISED :			
"150,000,000 (P. Y. 150,000,000) Equity Shares of ₹ 2/- each "		**300,000,000**	300,000,000
ISSUED, SUBSCRIBED AND PAID UP:			
"144,845,445 (P Y. 144,845,445) Equity Shares of ₹ 2 each fully paid up"		**289,690,890**	289,690,890
TOTAL		**289,690,890**	289,690,890
Note:			
Of the above:			
54,600,000 (P. Y. 54,600,000) Equity shares of ₹ 2 each have been alloted as fully paid up Bonus Shares by capitalisation of Reserves.			
40,000,000 (P. Y. 40,000,000) Equity Shares of ₹ 2 each were allotted to the share holders of Ashok Ruia Enterprise Pvt. Ltd. as per the scheme of amalgamation without payments being received in cash.			
9,166,665 (P. Y. 9,166,665) Equity Shares of ₹ 2 each were allotted to the share holders of Ruia Real Estate Development Company Pvt. Ltd. as per the scheme of amalgamation without payments being received in cash.			
3,390,000 (P. Y. 3,390,000) Equity Shares have been reserved for allotment under The Phoenix Mills Employees' Stock Option Plan 2007.			
650,000 (P. Y. 650,000) Options have been granted under 'The Phoenix Mills Employees' Stock Option Plan 2007' of which 250,000 (P.Y. 125,000) Options have been lapsed and are available for regrant.			

	(₹)	As at 31st March 2010 (₹)	As at 31st March 2009 (₹)
SCHEDULE "B" **RESERVES & SURPLUS**			
Capital Reserve		**18,413,824**	18,413,824
As per last Balance Sheet			
General Reserve			
As per last Balance Sheet	**1,091,764,734**		791,764,734
Add: Transfer from Profit & Loss Account	**200,000,000**		300,000,000
		1,291,764,734	1,091,764,734
Securities Premium Account			
As per last Balance Sheet		**10,659,263,354**	10,659,263,354
Revaluation Reserve			
As per last Balance Sheet	**108,778,411**		109,720,400
Less:Additional Depreciation on Revaluation of Assets transferred	**952,660**		941,989
to Profit & Loss Account (Refer to Note No.B-2 of Schedule "R")		**107,825,751**	108,778,411
Balance in Profit & Loss Account		**3,025,645,083**	2,830,080,539
TOTAL		**15,102,912,746**	**14,708,300,862**

Schedules

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

	(₹)	As at 31st March 2010 (₹)	As at 31st March 2009 (₹)
SCHEDULE "C" SECURED LOANS			
LOANS FROM BANKS			
Term Loans	**1,144,375,937**		1,290,274,384
Working Capital Loans	**277,246,700**		359,164,510
(Secured by Equitable Mortgage of deposit of Title deeds in respect of certain immovable properties and by hypothecation of rentals receivable from licencees.)		**1,421,622,637**	1,649,438,894
VEHICLE LOANS		-	2,144,843
(Secured by hypothecation of the respective vehicles)			
TOTAL		**1,421,622,637**	1,651,583,737

SCHEDULE "D"
FIXED ASSETS

(Amount in ₹)

	GROSS BLOCK [AT COST]				DEPRECIATION				NET BLOCK	
Description	**As at 1.04.2009**	**Additions during the year**	**Deductions during the year**	**As at 31.03.2010**	**Upto 1.04.2009**	**For the year**	**Deductions during the year**	**Upto 31.03.2010**	**As at 31.03.2010**	**As at 31.03.2009**
Freehold Land	10,669,783*	-	-	**10,669,783**	-	-	-	-	**10,669,783**	10,669,783
Right on Leasehold Land	69,761,432*	-	-	**69,761,432**	4,659,530	42,359 @	-	**4,701,889**	**65,059,543**	65,101,902
Buildings	1,654,663,240*	2,670,465,974.00	-	**4,325,129,214**	349,366,984	111,959,237	-	**461,326,221**	**3,863,802,993**	1,305,296,256
Plant and Machinery	90,948,211*	154,529,494.00	569,432.00	**244,908,273**	26,828,789	18,781,399	569,433	**45,040,755**	**199,867,518**	64,119,422
Vehicles	30,376,244	2,639,299.00	4,687,709.00	**28,327,834**	17,634,510	3,288,308	2,704,363	**18,218,455**	**10,109,379**	12,741,734
Office Furniture & Equipment	141,016,365	239,220,585.00	-	**380,236,950**	48,241,387	27,355,434	-	**75,596,821**	**304,640,129**	92,774,978
Total	**1,997,435,275**	**3,066,855,352**	**5,257,141**	**5,059,033,486**	**446,731,200**	**161,426,737**	**3,273,796**	**604,884,141**	**4,454,149,345**	**1,550,704,075**
Previous Year	1,629,463,976	370,619,813	2,648,514	1,997,435,275	364,406,260	84,656,807	2,331,867	**446,731,200**	1,550,704,075	-
Capital Work in Progress									**882,041,898**	3,160,986,412

Notes :

1) * Amount added on Revaluation (as at 31.03.1985) ₹184,843,610 (Net of Depreciation). Refer to Note No. B-2 of Schedule "R".
2) @ Represents write off on the basis of the period of the lease.
3) Lease Hold Land
   a) Includes land taken on leased for period of 999 years as from 1951 renewal at the option for further like period.
   b) Includes ₹ 26,638,617 (as revalued) leased in perpetuity against which there is no writeoff required.
4) Capital Work in Progress includes pre-operative expenses of ₹ 20,600,899/- (P. Y. ₹ 487,670,689/-). Refer to Note No. 18 of Schedule "R".

	(₹)	As at 31st March 2010 (₹)	As at 31st March 2009 (₹)
SCHEDULE "E" INVESTMENTS			
A. LONG TERM - TRADE			
1. INVESTMENT IN GOVERNMENT SECURITIES : (Unquoted)			
3% Conversion Loan deposited with th Collector of Central Excise (Matured but not encashed.) Face Value ₹ 21,500/-	**13,734**		13,734
12 years National Savings Certificates (Deposited with State Government and Excise Authorities as security)	**12,050**		12,050
6 years- National Savings Certificates VIII Issue (Deposited for Ration Shop License)	**5,000**		5,000
7 years - National Savings Certificates	**5,160**		5,160
(Deposited with State Government and other authorities as security)		**35,944**	35,944

Schedules

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

	(₹)	As at 31st March 2010 (₹)	As at 31st March 2009 (₹)
SCHEDULE "E" INVESTMENTS (Contd.)			
2. INVESTMENT IN COMPANIES : (Unquoted)			
(Equity Shares of face value of ₹ 10/- each fully paid-up)			
5,000 (P.Y. 5,000) - Bartraya Mall Dev. Co. Pvt. Ltd	**50,000**		50,000
2,244,588 (P.Y. 2,000,000) - Classic Mall Development Company Pvt. Ltd.	**249,966,918**		213,237,771
10,010 (P.Y. 10,010) - Starboard Hotels Pvt. Ltd.	**128,892**		128,892
5,148,298 (P. Y. 5,148,298) - Entertainment World Developers Ltd.	**450,124,554**		450,124,554
25,000 (P.Y. 25,000) - Escort Developers Pvt. Ltd.	**15,950,000**		15,950,000
6,667 (P.Y. 6,667) - Island Star Mall Developers Pvt. Ltd.	**69,069**		69,069
4,500 (P.Y. 4,500) - Juniper Developers Pvt. Ltd.	**46,620**		46,620
7,265,080 (P.Y. 7,265,080) - Offbeat Developers Pvt. Ltd.	**247,037,912**		247,037,912
166,670 (P. Y. 166,670) - Picasso Developers Pvt. Ltd.	**20,000,400**		20,000,400
333,333 (P.Y. 333,333) - Ramayana Realtors Pvt. Ltd.	**44,186,012**		44,186,012
10 (P.Y. 10) - Treasure World Developers Pvt. Ltd.	**8,500**		8,500
	1,027,568,877		990,839,730
(Preference Shares of ₹ 10/- each fully paid-up) 5,345,833 (P.Y. 5,345,833) - Island Star Mall Developers Pvt. Ltd.	**55,382,361**		55,382,361
(Compulsorily Fully Convertible Debentures of ₹ 10/- each fully paid-up) 100,000,000 (P.Y. 100,000,000) - Treasure World Developers Pvt. Ltd.	**1,000,000,000**		1,000,000,000
		2,082,951,238	2,046,222,091
3. INVESTMENT IN THE CAPITAL OF PARTNERSHIP FIRM			
Phoenix Construction Company		**20,342,984**	19,959,173
4. OTHER INVESTMENTS (Unquoted) 10 (P. Y. 10) ordinary shares of ₹ 50/-each -fully paid of Sukhsagar Premises Co-op. Society Ltd.	**500**		500
5 (P. Y. 5) ordinary shares of ₹ 50/-each -fully paid of Vivina Co-op. Housing Society Ltd.	**250**		250
80 (P. Y. 80) ordinary shares of ₹ 25/- each -fully paid of Rashtriya Mazdoor Madhyavarti Sahakari Grahak Sangh (Maryadit)	**2,000**		2,000
		2,750	2,750
B. LONG TERM - OTHERS			
1. INVESTMENT IN SUBSIDIARY COMPANIES : (Unquoted)			
(Equity Shares of face value of ₹ 10/- each fully paid-up unless otherwise stated) 4,000,020 (P.Y.4,000,020) - Bellona Finvest Ltd.	**40,000,200**		40,000,200
15,741,181 (P. Y. 15,741,181) Big Apple Real Estate Pvt. Ltd.	**858,615,797**		858,615,797
10,000 (P. Y. 10,000) - Kalani Holdings Pvt. Ltd.	**384,600**		384,600
40,000 (P. Y. 40,000) - Market City Management Pvt Ltd.	**400,000**		400,000
10,000 (P. Y. 10,000) - Market City Resources Pvt. Ltd.	**103,600**		103,600

Schedules

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

	(₹)	As at 31st March 2010 (₹)	As at 31st March 2009 (₹)
SCHEDULE "E" **INVESTMENTS (Contd.)**			
12,760,000 (P.Y. 12,760,000) - Palladium Construction Pvt Ltd.	**733,709,500**		733,709,500
1,200,000 (P.Y. 1,200,000)-Pallazzio Hotels & Leisure Ltd. ₹ 100/ each*	**120,000,000**		120,000,000
6,667 (P.Y. 6,667) - Pinnacle Real Estate Development Pvt. Ltd.	**66,670**		66,670
10,000 (P.Y. 10,000) - Plutocrat Assets & Capital Management Co. Pvt. Ltd.	**35,000,000**		35,000,000
- (P. Y. 10,000) - Ruia Realtors Pvt. Ltd.	**-**		100,000
12,644,590 (P.Y. 12,750,000) - Vamona Developers Pvt. Ltd.	**334,196,513**		337,260,455
		2,122,476,880	2,125,640,822
2. INVESTMENT IN OTHER COMPANIES :			
i. QUOTED: (Equity Shares of face value of ₹ 10/- each fully paid-up)			
7,265 (P. Y. 7,265) - I.C.I.C.I. Bank Limited **	**260,250**		260,250
20 (P. Y. 20) - Clariant Chemicals (India) Ltd.	**200**		200
200,642 (P. Y. Nil) - Graphite India Limited - face value of ₹ 2 each #	**27,034,521**		-
60,192 (P. Y. 601,925) - GKW Limited #	**3,648,237**		30,682,758
		30,943,208	30,943,208
ii. UNQUOTED:			
2,974 (P. Y. 2,974) - Imperial Chemical Industries Plc. Ordinary shares of 1 Pound each fully paid up	**155,002**		155,002
2,386 (P. Y. 2,386) - Zeneca Group Plc (U.K.) Ordinary shares of 25 Pence each fully paid up	**159,596**		159,596
		314,598	314,598
C. CURRENT INVESTMENTS - OTHERS			
INVESTMENTS IN MUTUAL FUNDS			
(Units of face value of ₹ 10/- each)			
2,365,622 (P.Y. 2,265,806) Fortis Money Plus Inst.Fund	**23,663,549**		22,665,086
40,266,917 (P. Y. 56,485,080) Reliance Medium Term Fund	**688,383,071**		965,640,686
- (P. Y. 11,850,402) Birla Sunlife - Short Term Plan	**-**		118,569,200
47,593,121 (P. Y. Nil) Kotak Floater Long Term Fund	**479,729,146**		-
9,220,250 (P. Y. Nil) Birla Sunlife Floating Rate Fund - Long Term Plan	**92,415,626**		-
4,011,104 (P. Y. Nil) ICICI Prudential MF Banking & PSU Debt Fund	**40,166,526**		-
2,008,216 (P.Y. Nil) Kotak Quaterly Interval Plan	**20,082,200**		-
5,293,621 (P. Y. Nil) IDFC Money Manager Fund - Plan B	**53,015,610**		-
2,000,000 (P.Y. Nil) UTI - Fixed Income Interval Fund	**20,000,000**		-
19,994,779 (P. Y.Nil) Fortis Short Term Income Fund	**200,008,754**		-
		1,617,464,482	1,106,874,972
		5,874,532,084	5,329,993,558

Schedules

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

	(₹)	As at 31st March 2010 (₹)	As at 31st March 2009 (₹)
1. Aggregate value of Quoted Investments:			
Book Value		**30,943,208**	30,943,208
Market Value		**51,197,460**	19,033,405
2. Aggregate value of Investment in Mutual Funds:			
Book Value		**1,617,464,482**	1,106,874,972
Net Asset Value		**1,617,464,482**	1,106,874,972
3. Aggregate book value of other Unquoted Investments:		**4,226,124,394**	4,192,175,378

Notes : * Out of 1,200,000 shares, 612,000 (P.Y. 612,000) Shares are pledged with the Financial Institutions for the Loans borrowed by a subsidiary company.

** Out of 7,265 shares, 1,995 (P. Y. 1995) shares are held by a Bank in their name as security

received on demerger of one unit of GKW Limited

	No. of Units	Cost Rupees
Investments Purchased and Sold during the year		
Mutal Fund Units		
Birla Sunlife Short Term Fund	38,179,077	382,000,755
Reliance Medium Term Fund	30,804,636	526,620,654
DWS Plus Fund - IPP Daily Dividend	37,488,098	377,842,539
Kotak Floater Long Term - Daily dividend	29,762,495	300,000,000

	(₹)	As at 31st March 2010 (₹)	As at 31st March 2009 (₹)
SCHEDULE "F" **INVENTORIES**			
As taken, valued & certified by the management			
Stock in Trade		**3,053,138**	3,298,400
TOTAL		**3,053,138**	3,298,400
SCHEDULE "G" **SUNDRY DEBTORS**			
UNSECURED (considered good unless otherwise stated)			
Debts outstanding for a period exceeding six months			
Considered Good	**198,480,146**		138,861,791
Considered Doubtful	**44,624,533**		7,332,883
	243,104,679		146,194,67
Less: Provision for Doubtful Debts	**44,624,533**		7,332,883
		198,480,146	138,861,791
Other Debts		**212,300,945**	193,489,549
TOTAL		**410,781,091**	332,351,340

Debtors include ₹ 13,874,445 (Previous year: ₹ 15,069,231) from private limited companies in which a director is a director/member.

Schedules

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

	As at 31st March 2010 (₹)	As at 31st March 2009 (₹)
SCHEDULE "H"		
CASH AND BANK BALANCES		
Cash on hand	**1,681,021**	1,702,670
Balances with Scheduled Banks:		
In Current Accounts	**8,949,679**	2,695,078
In Fixed Deposit Accounts	**185,920,417**	1,534,180,417
[Deposit receipt of ₹ 1,488,448 (Previous year : 1,488,448) pledged as security]		
In Dividend Accounts	**7,398,033**	5,410,286
TOTAL	**203,949,150**	1,543,988,451

	As at 31st March 2010 (₹)	As at 31st March 2009 (₹)
SCHEDULE "I"		
LOANS AND ADVANCES		
Unsecured (considered good unless otherwise stated)		
Loans to Subsidiaries	**1,799,206,733**	2,090,297,670
Advances recoverable in cash or in kind or for value to be received	**523,539,694**	423,143,920
Inter Corporate Deposits	**692,883,351**	229,280,943
Share Application Money pending allotment	**2,805,060,121**	2,633,650,215
Other Deposits	**475,221,313**	472,962,381
TOTAL	**6,295,911,212**	5,849,335,129

Advances include ₹ 572,632,254 (Previous year: ₹ 419,433,719) from private limited companies in which a director is a director/member.

	As at 31st March 2010 (₹)	As at 31st March 2009 (₹)
SCHEDULE "J"		
CURRENT LIABILITIES		
Sundry Creditors		
Micro and Small Enterprises	**-**	-
Others	**260,742,486**	256,412,122
Security Deposits from Occupants/Licencees	**639,428,830**	525,319,505
Unpaid Dividends	**7,398,035**	5,410,286
Other Liabilities	**189,874,271**	122,725,950
TOTAL	**1,097,443,622**	909,867,863

	As at 31st March 2010 (₹)	As at 31st March 2009 (₹)
SCHEDULE "K"		
PROVISIONS		
Gratuity	**6,173,464**	5,978,871
Leave encashment	**6,548,009**	8,670,821
Taxation (including Fringe Benefit Tax) (net of advances)	**19,190,059**	39,662,381
Proposed Dividend	**173,814,534**	144,845,447
Tax on Proposed Dividend	**29,539,781**	24,616,484
TOTAL	**235,265,847**	223,774,004

Schedules

Annexed to and Forming Part of Profit And Loss Account

	(₹)	2009-10 (₹)	2008-09 (₹)
SCHEDULE "L"			
SALES & SERVICES			
Sales		**7,830,484**	8,350,865
License Fees and Rental Income		**826,909,342**	572,587,976
Service Charges		**309,876,787**	312,198,241
Income from Events		**13,100,644**	8,357,858
TOTAL		**1,157,717,257**	901,494,940
SCHEDULE "M"			
OTHER INCOME			
Dividend Income			
Current (other than trade)	**71,470,345**		61,135,083
Long Term (other than trade)	**736,201**		299,951
		72,206,546	61,435,034
Profit on sale of current Investments		**24,289,890**	314,849,139
Share of Profit from Partnership Firm in which the Company is a partner		**133,811**	24,634,912
(Refer to Note B-5 of Schedule"R")			
Interest		**122,042,293**	97,883,503
(TDS ₹ 14,918,249 Previous year ₹ 22,094,793)			
Miscellaneous Receipts		**21,567,778**	37,165
TOTAL		**240,240,318**	498,839,753
SCHEDULE "N"			
PURCHASE FOR RESALE AND VARIATION IN INVENTORY			
Purchase for resale		**5,660,927**	6,698,169
Variation in Inventory			
Stocks at commencement	**3,298,400**		2,703,688
Stocks at close	**3,053,138**		3,298,400
Net (Increase)/Decrease		**245,262**	(594,712)
TOTAL		**5,906,189**	6,103,457
SCHEDULE "O"			
EMPLOYEE COSTS			
Salaries, Wages & Bonus		**36,680,880**	30,026,346
Contribution to & Provision for Provident Fund & Other Funds, Gratuity & Leave encashment		**996,978**	10,426,472
Staff Welfare Expenses		**1,781,654**	2,584,563
TOTAL		**39,459,512**	43,037,381

Schedules

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

	(₹)	2009-10 (₹)	2008-09 (₹)
SCHEDULE "P"			
OPERATION AND OTHER EXPENSES			
Electricity (Net)		**24,468,090**	28,442,111
Repairs and Maintenance:-			
Buildings	**1,535,044**		1,422,787
Machinery & Vehicles	**16,997,116**		5,771,550
Others	**22,583,820**		10,886,611
		41,115,980	18,080,948
Insurance		**5,325,761**	2,574,097
Rent		**5,564,996**	5,533,436
Rates & Taxes		**32,237,728**	27,572,546
Water Charges		**14,495,678**	12,240,589
Legal and Professional charges		**61,748,026**	42,891,270
Travelling Expenses		**6,785,975**	7,695,626
Auditors' Remuneration		**5,011,000**	3,167,000
Directors' Remuneration and sitting fees		**10,125,898**	11,860,838
Donation		**3,653,326**	311,817
Loss on Assets discarded/sold		**396,679**	58,342
Prior Period Expenses		**814,368**	53,397
Advertisement & Sales Promotion		**42,857,741**	44,951,731
Bad debts & Sundry balances written off		-	7,591,086
Provision for Doubtful Debts & Advances/(written back)		**37,291,650**	(2,132,000)
Bank charges		**-**	575,288
Security Charges		**30,889,680**	16,476,289
Other Miscellaneous Expenses		**43,345,095**	22,352,092
TOTAL		**366,127,671**	250,296,503

	2009-10 (₹)	2008-09 (₹)
SCHEDULE "Q"		
INTEREST AND FINANCE CHARGES		
Interest on fixed loans	**45,639,876**	17,031,658
Interest on other loans	**39,889,224**	32,447,041
TOTAL	**85,529,100**	49,478,699

Schedules

Annexed to and Forming Part of the Balance Sheet and Profit & Loss Account

SCHEDULE "R"

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS FORMING PART OF THE BALANCE SHEET AS AT 31st MARCH, 2010 AND THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON THAT DATE

A. SIGNIFICANT ACCOUNTING POLICIES:

a) **Basis of preparation of financial statements:**

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

b) **Use of estimates:**

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

c) **Fixed Assets:**

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

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

d) **Depreciation:**

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

ii) Depreciation on plant and machinery is provided on straight line method at the rates and in the manner specified in Schedule XIV to the Companies Act, 1956

iii) Depreciation on other fixed assets (excluding land and lease land in perpetuity) is provided on written down value method at the rates and in the manner specified in schedule XIV to the Companies Act, 1956 iv)In respect of certain revalued assets, (land, buildings and plant & machinery) depreciation has been calculated on the revalued figures as per the rates and in the manner specified by the valuers in their Revaluation Report. The difference between the depreciation so computed and that computed as per (i), (ii) and (iii) above has been charged to the Revaluation Reserve.

e) **Impairment of Assets:**

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

f) **Investments:**

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

g) **Inventories:**

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

h) **Borrowing Costs:**

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

Schedules

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

i) **Revenue recognition:**

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

j) **Employee Benefits: -**

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

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

k) **Foreign Currency transactions:**

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

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

l) **Share issue expenses:**

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

m) **Taxes on Income:**

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

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

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

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

B. NOTES ON ACCOUNTS: -

1. Contingent Liabilities not Provided for in Respect Of:-

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

ii) Other claims against the Company amounting not acknowledged as debts - ₹ Nil . (P.Y. ₹ 4,302,309)

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

iv) Outstanding guarantees given by Banks ₹ 2,769,969 (P. Y. ₹ 2,679,969).

v) Estimated amount of contracts remaining to be executed on capital account and not provided for in the accounts is ₹ 129,604,655 (P.Y. ₹ 516,920,853) net of advance paid.

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

Schedules

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

vii) The Income tax assessments of the Company have been completed up to Assessment year 2005-06. However, the company as well as the Income Tax Department are in appeal before the Appellate Authorities against the assessments of later financial years. The impact thereof, if any, on the tax position can be ascertained only after the disposal of the above appeals. Accordingly, the accounting entries arising there from will be passed in the year of the disposal of the said appeals.

2. Based on the valuation reports of the Government approved valuers, the Company had revalued its assets consisting of land including leasehold land and land leased in perpetuity, Building and Plant and Machinery as on 31st March 1985. Depreciation on revalued land, building and plant and machinery has been calculated as per the rates specified by the valuers, which includes an additional charge amounting to ₹ 952,660 (P.Y. ₹ 941,989) in comparison to depreciation provided under the Companies Act, 1956, and an equivalent amount has been withdrawn from Revaluation Reserve and credited to Profit and Loss account.

3. The Company continued to levy service tax on the license/conducting fees/common area maintenance charges and has accounted the corresponding service tax liability. During the Financial Year 2009-10, the matter of the levy of service tax on renting of immovable property is subjudice and therefore, most of the licensees have not paid the service tax component billed to them and the company has also not deposited the said service tax amount.

   The balances of the sundry debtors [licensees] are subject to confirmation from the respective parties and are pending reconciliations/adjustments arising on account of the service tax billed.

4. The balances in respect of sundry creditors, loans and advances, deposits and fixed deposits pledged with excise authorities, either debit or credit as appearing in the books of accounts have been substantially confirmed by the respective parties.

5. The Company is a partner in a partnership firm M/s. Phoenix Construction Company. The accounts of the partnership firm have been finalised upto the financial year 2008-2009. The details of the Capital Accounts of the Partners as per the latest Financial Statements of the firm are as under:-

Sr.No.	Name of the Partners	Profit Sharing ratio	Total Capital on 31/03/2009 (₹)	31/03/2008 (₹)
1.	The Phoenix Mills Ltd.	50%	17,191,314	65,251,828
2.	Gold Seal Holding Pvt. Ltd.	50%	18,435,804	6,674,464

   The Company has accounted for its share of profit amounting to ₹ 133,811 pertaining to the financial year 2008-2009 in the current year. The share of profit/loss for the current financial year will be accounted in the books of the Company on the finalisation of the accounts of the firm.

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

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

   Employer's Contribution to Provident and Pension Fund ₹ 1,341,096 (P.Y. 1,120,228)

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

Schedules

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

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

	2009-10		2008-09	
	Gratuity (Unfunded) (₹)	Leave Encashment (Unfunded) (₹)	Gratuity (Unfunded) (₹)	Leave Encashment (Unfunded (₹)
a) Change in Present Value of Obligation Present value of the obligation at				
the beginning of the year	5,978,871	8,670,821	2,882,953	4,050,329
Current Service Cost	674,694	177,682	749,790	1,075,811
Interest Cost	478,310	693,666	230,636	324,026
Actuarial (Gain) / Loss on Obligation	186,849	(2,703,008)	2,659,994	4,006,054
Benefits Paid	(1,145,260)	(291,152)	(544,502)	(785,399)
Present value of the obligation at the end of the year	6,173,464	6,548,009	5,978,871	8,670,821
b) Amounts Recognised in the Balance Sheet:				
Present value of Obligation at the end of the year	6,173,464	6,548,009	5,978,871	8,670,821
Fair value of Plan Assets at the end of the year	-	-	-	-
Net Obligation at the end of the year	6,173,464	6,548,009	5,978,871	8,670,821
c) Amounts Recognised in the statement of Profit and Loss:				
Current Service Cost	674,694	177,682	749,790	1,075,811
Interest cost on Obligation	478,310	693,666	230,636	324,026
Expected return on Plan Assets	-	-	-	-
Net Actuarial (Gain) / Loss recognised in the year	186,849	(2,703,008)	2,659,994	4,006,054
Net Cost Included in Personnel Expenses	1,339,853	(1,831,660)	3,640,420	5,405,891
d) Actuarial Assumptions				
i) Discount Rate	8.25% P.A.	8.25% P.A.	8% P.A.	8% P.A.
ii) Expected Rate of Return on Plan Assets	-	-	-	-
iii) Salary Escalation Rate	6% P.A.	6% P.A.	6% P.A.	6% P.A.
iv) Mortality	L.I.C 1994-96 ULTIMATE	L.I.C 1994-96 ULTIMATE	L.I.C 1994-96 ULTIMATE	L.I.C 1994-96 ULTIMATE

Schedules

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

7. The Auditors' Remuneration includes:

	2009-10 (₹)	2008-09 (₹)
Audit fees	**2,500,000**	2,500,000
Tax Audit fees	**500,000**	500,000
Certification and other fees	**2,011,000**	167,000
Service Tax	**516,133**	391,441
Total	**5,527,133**	**3,558,441**

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

	2009-10 (₹)	2008-09 (₹)
Salary	**9,600,000**	11,310,742
House Rent Allowance	**Nil**	70,194
Other Perquistes/Reimbursements	**370,898**	257,402
Total	**9,970,898**	11,638,338

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

Profit before tax as per Profit & Loss Account		740,461,026
Add : Managerial Remuneration	9,970,898	
Directors' fees	155,000	
Prior period expenses	814,368	
Loss on assets sold/discarded	396,679	
Depreciation	160,474,077	171,811,022
		912,272,048
Less : Profit on sale of investments	24,289,890	
Depreciation as per section 350	161,426,737	185,716,627
Net profit in accordance with Section 198 of the Companies Act, 1956		726,555,421
11% of the Net profit as computed above:		**79,921,096**

9. Out of the total ₹ 980 crores raised through Qualified Institutional Placements (QIP), ₹ 848.63 crores have been spent towards projects, repayment of bank loans and QIP related expenses. The balance ₹ 131.17 crores are invested in mutual funds, bank deposits and inter corporate deposits.

10. There are no Micro and Small Enterprises, to whom the Company owes dues, which are outstanding for more than 45 days as at March 31, 2010. The above information, regarding Micro, Small and Medium enterprises has been determined to the extent such parties have been identified on the basis of the information available with the Company. This has been relied upon by the Auditors.

Schedules

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

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

PRIMARY SEGMENTS - Business Segments

(₹ in Lakhs)

Sr. No.	Particulars	Property & Related Services	Textile / Cloth Trading	Unallocated	Total
A	**REVENUE**				
1	Income from Operations & Sales	11,498.87 (8,931.44)	78.30 (83.51)		11,577.17 (9,014.95)
2	Other Income			2,402.40 (4,988.40)	2,402.40 (4,988.40)
	TOTAL				13,979.57 (14,003.35)
B	**RESULTS**				
1	Profit Before Tax & Interest	5,840.03 (5,162.73)	17.47 (20.71)	2,402.40 (4,988.40)	8,259.90 (10,171.84)
2	Less: Interest			855.29 (494.79)	855.29 (494.79)
3	Profit Before Tax				7,404.61 (9,677.05)
4	Less : Provision for Taxation				1,415.42 (1,855.39)
5	NET PROFIT AFTER TAX				**5,989.19** **(7,821.66)**
C	**OTHER INFORMATION**				
1	Segment Assets	63,469.29 (56,209.99)	39.92 (36.90)	117,734.97 (121,459.68)	181,244.18 (177,706.57)
2	Deferred Tax Assets / Liabilities (Net)			225.18 (125.60)	225.18 (125.60)
3	Total Assets				181,469.36 (177,832.17)
4	Segment Liabilities	11,014.71 (9,178.30)	12.96 (12.77)	16,515.65 (18,661.18)	27,543.32 (27,852.25)
5	Capital Expenditure	7,859.27 (17,495.98)	- -		7,859.27 (17,495.98)
6	Depreciation	1,604.74 (837.15)	- -		1,604.74 (837.15)
7	Non Cash Expenses other than Depreciation				
a)	Provision for Doubtful Debtors and Advances				372.92 (-21.32)
b)	Bad Debts & balances written off				- (75.91)

Notes:

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

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

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

Schedules

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

12 In view of the Accounting Standard : AS 18 on Related Parties Disclosures as notified by the Companies (Accounting Standards) Rules 2006 , the disclosure in respect of related party transactions for the year ended on 31st March 2010 is as under.

a) **RELATIONSHIPS**

Category I : Subsidiaries of the Company
Blackwood Developers Private Limited
Bellona Finvest Limited
Big Apple Real Estate Private Limited
Gangetic Developers Private Limited
Kalani Holdings Private Limited
Market City Management Private Limited
Marketcity Resources Private Limited
Palladium Constructions Private Limited
Pallazzio Hotels and Leisure Limited
Pinnacle Real Estate Development Private Limited
Plutocrat Assets & Capital Management Private Limited
Ruia Realtors Private Limited up to 25.02.2010
Upal Developers Private Limited
Vamona Developers Private Limited

Category II : Associates of the Company
Bartraya Mall Development Company Private Limited
Starboard Hotels Private Limited
Classic Mall Development Company Private Limited
Entertainment World Developers Limited
Escort Developers Private Limited
Island Star Mall Developers Private Limited
Juniper Developers Private Limited
Offbeat Developers Private Limited
Picasso Developers Private Limited
Ramayana Realtors Private Limited

Category III : Other related parties where common control exists.
Ashok Apparels Private Limited
B. R. International
R.R.Hosiery Private Limited
R.R. Hosiery
R.R. Textiles
Phoenix Construction Company
Phoenix Retail Private Limited
Galaxy Entertainment Corporation Limited
Phoenix Hospitality Company Private Limited

Category IV : Key Management Personnel

Ashokkumar R. Ruia	) Chairman & Managing Director
Atul Ruia	) Jt. Managing Director
Shishir Shrivastava	) Executive Director w.e.f. 18.03.2010
Kiran B. Gandhi	) Whole-time Director

Category V : Relatives of Key Management Personnel
Amla A Ruia
Gayatri A Ruia
Atul A Ruia HUF
Ashok Kumar Ruia HUF

Schedules

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

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

(₹ in Lakhs)

Sr.No.	TRANSACTIONS	'Category I	'Category II	'Category III	'Category IV	'Category V
1	Rent,Compensation & Other recoveries (Ser. Chrgs)	555.93 (498.01)	1.01 (2.04)	444.47 (923.50)	- -	32.16 (2.28)
2	Interest Received	30.01 -	21.67 (125.86)	- -	- -	- -
3	Administrative & other exp.	420.45 (293.39)	- -	2.20 (61.53)	- -	- -
4	Remuneration/Salary	- -	- -	- -	99.71 (116.38)	- -
5	Compensation / Surrender of tenancy rights paid	- -	- -	- (652.54)	- (4,020.02)	- (716.88)
7	Cloth Sold to	- -	- -	1.49 (2.88)	- -	- -
8	Cloth Purchased from	- -	- -	- (17.29)	- -	- -
9	Capital withdrawn from firm	- -	- -	2.50 -	- -	- -
10	Repayment of loans to	- -	- -	- (4,978.46)	- -	- -
11	Loan returned by parties	4,618.38 (18,475.50)	3,805.30 (800.00)	- -	20.00 -	- -
12	Loans given to	1,553.62 (3,832.82)	4,500.00 (2,500.00)	- -	- -	- -
13	Advances given	880.63 -	- -	- -	- -	- -
14	Deposit given	- (50.00)	- -	- -	- -	- -
15	Investment in Shares / application money pending allotment	4,853.13 (15,798.10)	1,599.75 (3,100.00)	1,227.47 (2,002.00)	- -	- -
16	Application money Refund Received	- -	5,093.96 -	- -	- -	- -
17	Deposit Received	- -	- -	- -	- -	3.00 -
18	Balance written off / (written back)	0.05 -	- (0.24)	- -	- -	- -
19	Purchase of Fixed assets	- -	14.24 -	- (481.89)	- -	- -
20	Allocation of Common CWIP Cost	126.83 (720.00)	- -	- -	- -	- -

Schedules

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

c) The following balances were due from / to the related parties as on 31-03-2010

(₹ in Lakhs)

Sr.No.	TRANSACTIONS	'Category I	'Category II	'Category III	'Category IV	'Category V
1	Investment in Equity Shares / pref shares	21,224.77 (21,256.41)	10,829.43 (10,562.14)	- -	- -	- -
2	Investment in Capital of Partnership Firm	- -	- -	203.43 (199.59)	- -	- -
3	Loans and Advances (Net)	18,872.68 (20,902.98)	2,800.00 (2,107.83)	- -	- -	 -
4	Sundry Debtors	0.00 -	5.01 -	642.61 (401.67)	- -	4.29 (2.28)
5	Sundry Creditors	0.08 (12.65)	- -	220.56 (222.59)	- -	- -
6	Deposits received	- -	- -	254.46 (254.46)	- -	3.00 -
7	Deposits Given	150.00 (150.00)	- -	4,500.00 (4,500.00)	- -	- -
8	Application money pending allotment	13,219.30 (8,366.17)	2,296.43 (6,157.93)	10,901.50 (9,674.03)	- -	- -
9	Corporate Guarantee given	5,000.00 (5,000.00)	- -	- -	- -	- -

		2009-10 (₹)	2008-09 (₹)
13	Expenditure in foreign currency :		
	Foreign Travelling	**2,253,559**	2,794,100
	Payment towards Capital Goods	**4,900,401**	43,611,968
14	Earning in foreign exchange :		
	Dividend	**75,617**	241,781

15 Amount remitted in foreign currency on account of dividend:

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

	2008-09 (₹)	2007-08 (₹)
Dividends for the year		
Number of non- resident share holders	**149**	108
Number of Equity Shares held by them	**31,651,810**	37,975,933
Face Value of Equity Share	**₹ 2/-**	₹ 2/-
Gross Amount of Dividend	**31,651,810**	37,975,933

16 DEFERRED TAX

In accordance with the 'Accounting Standard -AS 22 Accounting for Taxes on Income" as notified by the Companies (Accounting Standards) Rules 2006, the company has created deferred tax assets of Rs.9,957,833/- for the current year. The break up of the net deferred tax asset as on 31st March, 2010 is as under:

Schedules

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

Particulars	Deferred tax Asset / (Liability) as at 01-04-09 (₹)	Current Year (Charge) Credit (₹)	Deferred tax Asset / (Liability) as at 31-03-10 (₹)
Deferred Tax Asset			
Disallowance u/s 43B and others	4,979,429	(753,675)	4,225,754
Provision for Doubtful debts and advances	2,492,448	12,330,707	14,823,155
Difference between Book and Tax depreciation	5,088,114	(1,619,199)	3,468,915
Deferred Tax Assets (Net)	12,559,991	9,957,833	22,517,824

17. EARNING PER SHARE (EPS)

	2009-10 (₹)	2008-09 (₹)
Basic as well as Diluted EPS		
Net Profit after Tax	**598,918,859**	782,165,281
Weighted Average No. of Equity Shares	**144,845,447**	141,706,177
Nominal Value of Equity Shares	**2**	2
Basic Earning Per Share	**4.13**	5.52

18. PROJECT DEVELOPMENT EXPENDITURE

(In respect of Projects upto 31st March 2010, included under Capital Work-in-Progress)

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

Particulars	2009-10 (₹)	2008-09 (₹)
Opening Balance	**487,670,689**	291,982,057
Expenditure		
Interest	**102,967,942**	178,488,748
Salary and Allowances	**17,686,802**	18,756,821
	608,325,433	489,227,626
Less : Project Development Expenses Capitalised during the year	**587,724,534**	1,556,937
Closing Balance	**20,600,899**	487,670,689

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

Particulars	2009-10 (₹)	Maximum Balance during the year (₹)
(a) Pallazzio Hotels & Lesiure Limited	1,001,497,872	1,390,966,025
(b) Bellona Finvest Limited	515,684,545	570,009,545
(c) Kalani Holdings Private Limited	129,323,100	129,323,100
(d) Upal Developers Private Limited	152,701,216	153,001,351

Notes :

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

(b) Loans to the subsidiaries (a) to (c) are interest free.

(c) Inter Company Deposits are not considered as they are repayable on demand and interest is charged at market rates.

Schedules

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

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

Class of goods	Unit	Purchases		Turnoner	
		Quantity	Value ₹	Quantity	Value ₹
Cloth & Garments	Pcs.	66,538		69,849	
		(78,500)		(75,088)	
	Doz.	442	5,660,927	514	7,830,484
		(496)	(6,698,169)	(482)	(8,350,865)
	Mtrs.	249		265	
		(289)		(244)	
Class of goods	**Unit**	**Opening Stock**		**Closing Stock**	
		Quantity	**Value ₹**	**Quantity**	**Value ₹**
Cloth & Garments	Pcs.	35,084		31,681	
		(31,758)		(35,084)	
	Doz.	144	3,298,400	72	3,053,138
		(134)	(2,703,688)	(144)	(3,298,400)
	Mtrs.	101		85	
		(57)		(101)	

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

For A.M.Ghelani & Company
Chartered Accountants

Chintan A. Ghelani
Partner

For Chaturvedi & Shah
Chartered Accountants

Amit Chaturvedi
Partner

For and on behalf of the Board of Directors

Ashokkumar R. Ruia
Chairman & Managing Director

Kiran B Gandhi
Wholetime Director

Atul Ruia
Jt. Managing Director

Shishir Shrivastava
Executive Director

Minal Bhate-Dandekar
Company Secretary

Mumbai
Dated : 28th July, 2010

Statement

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

Sr. No.	Name of the Subsidiary Particulars	Blackwood Developers Private Limited *	Bellona Finvest Limited	Big Apple Real Estate Private Limited	Gangetic Developers Private Limited *	Kalani Holdings Private Limited	Market City Manage-ment Private Limited	Marketcity Resources Private Limited	Palladium Contructins Private Limited	Pallazzio Hotels and Leisure Limited	Pinnacle Real Estate Develop-ment Private Limited	Plutocrate Capital and Asset Manage-ment	Upal Developers Private Limited *	Vamona Developers Private Limited
		31st March, 2010	31st March, 2010	31st March, 2010	31st March, 2010	31st March, 2010	31st March, 2010	31st March, 2010	31st March, 2010	31st March, 2010	31st March, 2010	31st March, 2010	31st March, 2010	31st March, 2010
(A)	Financial year of the Subsidiary Companies													
(B)	Shares of the subsidiary held by the Company on the above dates													
	Number of Shares	17,231,655	4,000,020	15,741,181	5,048,280	10,000	60,000	10,000	12,760,000	1,200,000	6,667	10,000	12,250,000	12,644,590
	Face value : ₹	10	10	10	10	10	10	10	10	100	10	10	10	10
	Extend of Holding	73.46%	100.00%	73.47%	41.28%	100.00%	54.69%	100.00%	62.98%	100.00%	66.67%	100.00%	45.92%	50.58%
(C)	The net aggregate amount of Profit/Loss of the Subsidiary Companies, so far as it concerns the members of the Phoenix Mills Limited.													
	(a) Not dealtwith the accounts of the Phoenix Mills Limited for the year ended 31st March, 2010 amounted to :-													
	(i) for the subsidiaries' financial year ended as in (A) above	NIL	₹ 50.90 Lakhs	₹ (34.82) Lakhs	NIL	₹ (0.70) Lakhs	₹ (2.22) Lakhs	₹ 264.10 Lakhs	NIL	NIL	₹ (0.04) Lakhs	₹ 0.51 Lakhs	NIL	NIL
	(ii) for the previous financial year of the Subsidiaries since they became the Holding Company's Subsidiaries	NIL	₹ 166.66 Lakhs	₹ (49.53) Lakhs	NIL	₹ 0.14 Lakhs	₹ 12.42 Lakhs	₹ (69.63) Lakhs	NIL	₹ (8.36) Lakhs	₹ (0.64) Lakhs	₹ (0.42) Lakhs	NIL	NIL
	(b) Dealtwith the accounts of the Phoenix Mills Limited for the year ended 31st March, 2010 amounted to:-													
	(i) for the subsidiaries' financial year ended as in (A) above	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
	(ii) for the previous financial year of the Subsidiaries since they became the Holding Company's Subsidiaries	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL

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

₹ in Lakhs

Name of the Subsidiary Company	Reporting Currency	Exchange Rate	Capital	Reserves	Total Assets	Total Liabilities	Investment Other than Investment in Subsidiary	Turnover	Profit before Taxation	Provision for Taxation	Profit after Taxation	Proposed Dividend	Country
Blackwood Developers Private Limited *	INR	1	1,723.17	1,706.00	7,132.11	3,702.94	-	-	-	-	-	Nil	India
Bellona Finvest Limited	INR	1	400.00	218.28	6,141.74	5,523.46	5,525.10	110.83	52.56	1.66	50.90	Nil	India
Big Apple Real Estate Private Limited	INR	1	2,142.62	6,885.57	10,422.28	1,394.09	2.00	147.25	(88.89)	(41.49)	(47.40)	Nil	India
Gangetic Developers Private Limited *	INR	1	898.60	3,731.29	4,788.90	159.00	-	-	-	-	-	Nil	India
Kalani Holdings Private Limited	INR	1	1.00	(1.60)	1,293.28	1,293.87	1,291.46	-	(0.70)	-	(0.70)	Nil	India
Market City Management Pvt. Ltd	INR	1	10.00	18.42	28.76	0.35	-	0.88	(4.14)	(0.09)	(4.05)	Nil	India
Marketcity Resources Private Limited	INR	1	1.00	194.46	1,409.71	1,214.25	-	2,287.22	359.40	95.29	264.10	Nil	India
Palladium Contructins Private Limited	INR	1	2,026.00	17,611.33	31,276.68	11,639.35	6,484.15	-	-	-	-	Nil	India
Pallazzio Hotels and Leisure Limited	INR	1	1,200.00	19,423.21	45,387.70	24,764.50	821.76	-	-	-	-	Nil	India
Pinnacle Real Estate Development Private Limited	INR	1	1.00	(0.92)	519.77	519.69	518.29	-	(0.44)	-	(0.44)	Nil	India
Plutocrate Capital and Asset Management Private Limited'	INR	1	1.00	-	1.44	0.44	-	0.72	0.51	-	0.51	Nil	India
Upal Developers Private Limited *	INR	1	1,960.00	887.15	11,688.07	8,840.92	-	-	-	-	-	Nil	India
Vamona Developers Private Limited	INR	1	2,500.00	14,091.72	49,430.18	32,838.46	405.63	-	-	-	-	Nil	India

*** Fellow Subsidiaries of Big Apple Real Estate Private Limited**

For and on behalf of the Board of Directors

Ashokkumar R. Ruia
Chairman & Managing Director

Atul Ruia
Jt. Managing Director

Minal Bhate-Dandekar
Company Secretary

Kiran B Gandhi
Wholetime Director

Shishir Shrivastava
Executive Director

Mumbai
Dated : 28th July, 2010

Balance Sheet Abstract
and Company's General Business Profile

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

I. Registration Details:

Registration No. L17100MH1905PLC000200 State Code 11

Balance Sheet Date 31.03.2010

II. Capital raised during the year (Amount in Rs. Thousands)

Public Issue	Rights Issue	
NIL	NIL	
Bonus Issue	**Private Placement**	**Issued to Promoters**
NIL	NIL	NIL

III. Position of mobilisation and deployment of funds (Amount in Rs. Thousands)

Total Liabilities	Total Assets
18146936	18146936

Sources of Funds:

Paid up Capital	Reserves and Surplus
289691	15102913
Secured Loans	**Unsecured Loans**
1421622	NIL

Application of Funds:

Net Fixed Assets	Investments
5336191	5874532
Net Current Assets / (Liabilities)	**Deferred tax Assets**
5580985	22518

IV. Performance of Company (Amount in Rs. Thousands)

Turnover (Gross Revenue)	Total Expenditure
1397958	657497
Profit Before tax	**Profit after tax**
740461	598919
Earning per Share Rs.	**Dividend Rate**
4.13	60%

V Generic Names of three Principal Products / Service of the Company

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

For and on behalf of the Board of Directors

Ashokkumar R. Ruia
Chairman & Managing Director

Kiran B Gandhi
Wholetime Director

Atul Ruia
Jt. Managing Director

Shishir Shrivastava
Executive Director

Minal Bhate-Dandekar
Company Secretary

Mumbai
Dated : 28th July, 2010

Auditors' Report

To

The Members of

THE PHOENIX MILLS Limited

1. We have audited the attached Consolidated Balance Sheet of THE PHOENIX MILLS LIMITED (the "Company") and its subsidiaries (collectively referred to as "the Group") as at 31st March, 2010, the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management and have been prepared by the Management on basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.

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

3. Financial Statements of eight subsidiaries, which reflect total assets of ₹ 8,405,867,276/- as at 31st March, 2010, total revenue of ₹ 239,964,624/- and net cash flows amounting to ₹ 106,870,825/- for the year then ended, have been audited by one of us and financial statements of six associates in which the share of profit of the Group is ₹ Nil have been audited by one of us.

4. We did not audit the financial statements of two subsidiaries, whose financial statements reflect total assets of ₹ 5,541,557,968/- as at 31st March, 2010, total revenues of ₹ 14,724,769/- and net cash flows amounting to ₹ 6,746,180/- for the year then ended and financial statements of three associate in which the share of profit of the Group is ₹ 112,554,424/-. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion is based solely on the report of other auditors.

5. We have relied on the unaudited financial statements of three subsidiaries whose financial statements reflect total assets of ₹ 2,281,612,187/- as at 31st March, 2010, total revenue of ₹ NIL, cash flows amounting to ₹ (6,935,946/-) for the year then ended and on the unaudited financial statements of one associate wherein the Group's share of profit is ₹ NIL. These unaudited financial statements as approved by the respective Board of Directors of these companies have been furnished to us by the Management and our report in so far as it relates to the amounts included in the respect of the subsidiaries and associates is based solely on such approved unaudited financial statements.

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

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

   i) In the case of the Consolidated Balance Sheet, of the consolidated state of affairs of the Group as at 31st March, 2010;

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

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

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

Date: 28th July, 2010

Place: Mumbai

THE PHOENIX MILLS LIMITED

Consolidated Balance Sheet

As at 31st March 2010

	Schedule	(₹)	As at 31st March 2010 (₹)	As at 31st March 2009 (₹)
SOURCES OF FUNDS				
SHAREHOLDERS' FUNDS				
Share Capital	A	**289,690,890**		289,690,890
Reserves & Surplus	B	**15,758,752,027**		14,857,656,505
			16,048,442,917	15,147,347,395
MINORITY INTEREST			**2,190,400,431**	2,118,586,168
LOAN FUNDS				
Secured Loans	C	**6,397,885,081**		5,109,647,074
Unsecured Loans	D	**209,960,435**		341,922,335
			6,607,845,516	5,451,569,409
Total			**24,846,688,864**	22,717,502,972
APPLICATION OF FUNDS				
FIXED ASSETS	E			
Gross Block		**7,954,572,117**		4,881,114,654
Less: Depreciation		**633,374,198**		462,488,789
Net Block		**7,321,197,919**		4,418,625,865
Capital Work-in-Progress		**9,136,983,300**		9,004,379,395
			16,458,181,219	13,423,005,260
INVESTMENTS	F		**5,600,757,909**	4,524,957,023
DEFERRED TAX ASSETS [NET]			**24,062,270**	11,014,773
CURRENT ASSETS, LOANS AND ADVANCES				
Inventories	G	**3,053,138**		3,298,400
Sundry Debtors	H	**431,154,633**		350,898,894
Cash & Bank Balances	I	**670,602,854**		1,909,840,270
Loans & Advances	J	**3,627,688,276**		4,078,886,266
		4,732,498,901		6,342,923,830
Less : CURRENT LIABILITIES & PROVISIONS				
Current Liabilities	K	**1,724,370,765**		1,354,396,745
Provisions	L	**244,440,670**		230,001,169
		1,968,811,435		1,584,397,914
NET CURRENT ASSETS			**2,763,687,466**	4,758,525,916
MISCELLANEOUS EXPENDITURE	M		-	-
(To the extent not written off / remaning Unadjusted)				
Total			**24,846,688,864**	22,717,502,972
Significant Accounting Policies and Notes on Accounts	T			

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

For A.M.Ghelani & Company
Chartered Accountants

Chintan A. Ghelani
Partner

For Chaturvedi & Shah
Chartered Accountants

Amit Chaturvedi
Partner

For and on behalf of the Board of Directors

Ashokkumar R. Ruia
Chairman & Managing Director

Kiran B Gandhi
Wholetime Director

Atul Ruia
Jt. Managing Director

Shishir Shrivastava
Executive Director

Minal Bhate-Dandekar
Company Secretary

Mumbai
Dated : 28th July, 2010

Consolidated Profit and Loss Account

For the year ended 31st March 2010

	Schedule	(₹)	2009-10 (₹)	2008-09 (₹)
INCOME				
Sales and Services	N		**1,230,248,500**	996,292,637
Other Income	O		**242,826,340**	502,996,422
Total			**1,473,074,840**	1,499,289,059
EXPENDITURE				
Purchase for resale and variation in inventory	P		**11,542,159**	6,103,457
Employee Costs	Q		**66,925,932**	107,788,159
Operating and other Expenses	R		**376,790,734**	280,492,856
Interest and Finance Charges	S		**86,040,939**	54,771,400
Depreciation		**173,270,549**		94,417,083
Less: Transfer from Revaluation Reserve		**(952,660)**	**172,317,889**	(941,989)
(Refer to Note No.7 of Schedule "T")				
Total			**713,617,653**	542,630,966
PROFIT BEFORE TAX			**759,457,187**	956,658,093
Less : Provision for Taxation				
Current Income Tax		**160,127,162**		187,271,940
Fringe Benefit Tax		-		3,726,997
Deferred Tax		**(13,047,497)**	**147,079,665**	(1,260,652)
PROFIT AFTER TAX			**612,377,522**	766,919,808
Add : Share of Profit/(Loss) in Associates			**5,930,528**	-
Less : Share of Minority (Loss)/Profit			**(1,443,207)**	(770,929)
PROFIT AFTER TAX AND MINORITY INTEREST			**619,751,257**	767,690,737
Balance brought forward from previous year			**335,126,642**	36,897,836
PROFIT AVAILABLE FOR APPROPRIATION			**954,877,899**	804,588,573
APPROPRIATIONS				
Transferred to General Reserve			**200,000,000**	300,000,000
Proposed Dividend			**173,814,534**	144,845,447
Tax on Proposed Dividend			**29,539,781**	24,616,484
BALANCE CARRIED TO BALANCE SHEET			**551,523,584**	335,126,642
Basic and Diluted EPS (Face Value ₹ 2)			**4.28**	5.41
Significant Accounting Policies and Notes on Accounts	T			

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

For A.M.Ghelani & Company
Chartered Accountants

Chintan A. Ghelani
Partner

For Chaturvedi & Shah
Chartered Accountants

Amit Chaturvedi
Partner

For and on behalf of the Board of Directors

Ashokkumar R. Ruia
Chairman & Managing Director

Kiran B Gandhi
Wholetime Director

Atul Ruia
Jt. Managing Director

Shishir Shrivastava
Executive Director

Minal Bhate-Dandekar
Company Secretary

Mumbai
Dated : 28th July, 2010

THE PHOENIX MILLS LIMITED

Consolidated Cash Flow Statement

For the year ended on 31st March 2010

	(₹)	31st March 2010 (₹)	31st March 2009 (₹)
A CASH FLOWS FROM OPERATING ACTIVITIES			
Net Profit before tax as per the Profit and Loss Account		**759,457,187**	956,658,093
Adjustments for :			
Depreciation	**172,317,889**		93,475,094
(Profit)/Loss on Assets sold/discarded	**486,919**		58,342
Interest Expenses	**86,040,939**		54,771,400
Miscellaneous Expenditure written off	**342,024**		395,632
Balances in Debtors/Advances written off	-		7,591,086
Provision for Doubtful Debts and Advances/(written back)	**37,291,650**		(2,132,000)
Interest Income	**(119,070,716)**		(101,642,468)
Dividend Income	**(77,516,294)**		(61,832,738)
Profit on sale of Investments	**(24,289,890)**		(314,849,139)
		75,602,521	(324,164,791)
Operating Cash flow before working capital changes		**835,059,708**	632,493,302
Adjustment for Working Capital changes :			
Inventories	**245,262**		(594,712)
Trade and other Receivables	**149,488,214**		(316,294,109)
Trade and other Payables	**393,906,056**		387,943,507
		543,639,532	71,054,686
Cash generated from Operations		**1,378,699,240**	703,547,988
Direct Taxes Paid		**(200,174,032)**	(190,416,495)
Net Cash from Operating Activities A		**1,178,525,208**	513,131,493
B CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of Fixed Assets	**(2,695,545,921)**		(3,857,290,972)
Sale of Fixed Assets	**1,586,666**		258,305
Inter Corporate Deposits & Loans (placed)/refunded (Net)	**(120,274,613)**		89,490,426
Purchase of Investments	**(1,337,894,248)**		(2,650,138,745)
Sale of Investments	**479,984,636**		4,526,154,743
Share Application Money	**321,361,794**		313,107,595
Interest Received	**121,236,948**		69,582,227
Dividend Income	**77,516,294**		61,832,738
Net Cash used in Investing Activities B		**(3,152,028,444)**	(1,447,003,683)

Consolidated Cash Flow Statement

For the year ended on 31st March 2010 (Contd.)

		(₹)	31st March 2010 (₹)	31st March 2009 (₹)
C	**CASH FLOWS FROM FINANCING ACTIVITIES**			
	Long term loans availed	**1,436,281,297**		2,707,923,128
	Long term loans (repaid)	**(148,043,290)**		(146,985,118)
	Short term loans availed / (repaid)(Net)	**(175,050,000)**		(406,194,532)
	Interest paid	**(598,685,319)**		(630,039,098)
	Proceeds from issue of Share Capital to Minorities (net of issue expenses)	**33,423,784**		85,570,420
	Proceeds from issue of Debentures	**353,813,530**		1,280,730,814
	Dividend paid (including tax on Dividend)	**(167,474,182)**		(167,315,388)
	Net Cash generated from Financing Activities C		**734,265,820**	2,723,690,226
D	**Net Increase/(Decrease) in Cash and Cash Equivalents A+B+C**		**(1,239,237,416)**	1,789,818,036
	Cash and Cash equivalents at the beginning of the year		**1,909,840,270**	22,304,336
	Add: on Amalgamation/Acquisition of New Subsidiaries		-	97,717,898
	Cash and Cash equivalents at the end of the year		**670,602,854**	1,909,840,270

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

As per our report of even date

For A.M.Ghelani & Company
Chartered Accountants

Chintan A. Ghelani
Partner

For Chaturvedi & Shah
Chartered Accountants

Amit Chaturvedi
Partner

For and on behalf of the Board of Directors

Ashokkumar R. Ruia
Chairman & Managing Director

Kiran B Gandhi
Wholetime Director

Atul Ruia
Jt. Managing Director

Shishir Shrivastava
Executive Director

Minal Bhate-Dandekar
Company Secretary

Mumbai
Dated : 28th July, 2010

Schedules

Annexed to and Forming Part of the Consolidated Accounts

	(₹)	As at 31st March 2010 (₹)	As at 31st March 2009 (₹)
SCHEDULE "A"			
SHARE CAPITAL			
AUTHORISED :			
"150,000,000 (P. Y. 150,000,000) Equity Shares of ₹ 2/- each "		**300,000,000**	300,000,000
ISSUED, SUBSCRIBED AND PAID UP:			
"144,845,445 (P Y. 144,845,445) Equity Shares of ₹ 2 each fully paid up"		**289,690,890**	289,690,890
TOTAL		**289,690,890**	289,690,890
Note:			
Of the above:			
54,600,000 (P. Y. 54,600,000) Equity shares of ₹ 2 each have been alloted as fully paid up Bonus Shares by capitalisation of Reserves.			
40,000,000 (P. Y. 40,000,000) Equity Shares of ₹ 2 each were allotted to the share holders of Ashok Ruia Enterprise Pvt. Ltd. as per the scheme of amalgamation without payments being received in cash.			
9,166,665 (P. Y. 9,166,665) Equity Shares of ₹ 2 each were allotted to the share holders of Ruia Real Estate Development Company Pvt. Ltd. as per the scheme of amalgamation without payments being received in cash.			
3,390,000 (P. Y. 3,390,000) Equity Shares have been reserved for allotment under The Phoenix Mills Employees' Stock Option Plan 2007.			
650,000 (P. Y. 650,000) Options have been granted under 'The Phoenix Mills Employees' Stock Option Plan 2007' of which 250,000 (P.Y. 125,000) Options have been lapsed and are available for regrant.			
SCHEDULE "B"			
RESERVES & SURPLUS			
Capital Reserve			
As per last Balance Sheet		**18,413,824**	18,413,824
General Reserve			
As per last Balance Sheet	**1,091,764,734**		791,764,734
Add: Transfer from Profit & Loss Account	**200,000,000**		300,000,000
		1,291,764,734	1,091,764,734
Securities Premium Account			
As per last Balance Sheet	**10,659,263,354**		10,659,263,354
		10,659,263,354	10,659,263,354
Debenture Premium Account			
As per last Balance Sheet	**1,632,425,506**		422,000,392
Received during the year	**310,725,430**		1,210,425,114
		1,943,150,936	1,632,425,506
Revaluation Reserve			
As per last Balance Sheet	**108,778,411**		109,720,400
Less: Additional Depreciation on Revaluation of Assets transferred	**952,660**		941,989
to Profit & Loss Account (Refer to Note No. 4 of Schedule "T")		**107,825,751**	108,778,411
Capital Reserve (on Consolidation)		**1,186,809,843**	1,011,884,034
Balance in Profit & Loss Account		**551,523,585**	335,126,642
TOTAL		**15,758,752,027**	14,857,656,505

Schedules

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

		As at 31st March 2010	As at 31st March 2009
	(₹)	(₹)	(₹)
SCHEDULE "C" **SECURED LOANS**			
Loan From Financial Institutions		**1,250,000,000**	750,000,000
Loans From Banks			
Term Loans	**4,867,701,096**		3,994,591,349
Working Capital Loans	**277,246,700**		359,164,510
(Secured by Equitable Mortgage of deposit of Title deeds in respect of certain immovable properties and by hypothecation of rentals receivable from licencees.)		**5,144,947,796**	4,353,755,859
VEHICLE LOANS			
(Secured by hypothecation of the respective vehicles)		**2,937,285**	5,891,215
TOTAL		**6,397,885,081**	5,109,647,074

	As at 31st March 2010	As at 31st March 2009
	(₹)	(₹)
SCHEDULE "D" **UNSECURED LOANS**		
Inter Corporate Loans	**33,037,235**	33,087,235
635,294 (P.Y. 635,294) Zero Coupon Convertible Debentures Series "A" of ₹ 100 each	**63,529,400**	63,529,400
726,235 (P.Y. 703,057) Zero Coupon Compulsory Convertible Debentures Series "B" of ₹ 100 each	**72,623,500**	70,305,700
407,703 (P.Y. Nil) Zero Coupon Compulsory Convertible Debentures Series "D" of ₹ 100 each	**40,770,300**	-
Debenture Application Money	**-**	175,000,000
TOTAL	**209,960,435**	341,922,335

SCHEDULE "E"
FIXED ASSETS

(Amount in ₹)

	GROSS BLOCK [AT COST]				DEPRECIATION				NET BLOCK	
Description	**As at 1.04.2009**	**Additions during the year**	**Deductions during the year**	**As at 31.03.2010**	**Upto 1.04.2009**	**For the year**	**Deductions during the year**	**Upto 31.03.2010**	**As at 31.03.2010**	**As at 31.03.2009**
Freehold Land	2,755,988,272*	-	-	**2,755,988,272**	-	-	-	-	**2,755,988,272**	2,755,988,272
Right on Leasehold Land	69,761,432*	-	-	**69,761,432**	4,659,530	42,359 @	-	**4,701,889**	**65,059,543**	65,101,902
Buildings	1,654,663,238*	2,670,465,974	-	**4,325,129,212**	349,366,984	111,959,237	-	**461,326,221**	**3,863,802,991**	1,305,296,254
Plant and Machinery	90,948,213*	154,529,494	569,433	**244,908,274**	26,828,789	18,781,399	569,433	**45,040,755**	**199,867,519**	64,119,424
Motor car , Lorries & Vehicles	37,559,196	6,799,140	4,687,709	**39,670,627**	18,852,694	4,410,749	2,704,363	**20,559,080**	**19,111,547**	18,706,502
Office Furniture & Equiptment	272,194,303	247,702,083	782,087	**519,114,299**	62,780,792	39,619,228	653,748	**101,746,272**	**417,368,027**	209,413,511
Total	4,881,114,654	3,079,496,691	6,039,229	**7,954,572,116**	462,488,789	174,812,972	3,927,544	**633,374,217**	**7,321,197,899**	4,418,625,865
Previous Year	4,182,349,660	701,413,508	2,648,514	**4,881,114,654**	369,191,090	95,629,566	2,331,867	**462,488,789**	**4,418,625,865**	-
Capital Work in Progress									**9,136,983,300**	**9,004,379,395**

Notes :

1) * Amount added on Revaluation (as at 31.03.1985) ₹ 184,843,610 (Net of Depreciation). Refer to Note No. B-4 of Schedule "T".
2) @ Represents write off on the basis of the period of the lease.
3) Lease Hold Land
   a) Includes land leased for period of 999 years as from 1951 renewal at the option for further like period.
   b) Includes ₹ 26,638,617 (as revalued) leased in perpetuity against which there is no writeoff required.
4) Capital Work in Progress includes pre-operative expenses of ₹ 1,816,843,856/- (P. Y. ₹ 1,150,285,419/-). Refer to Note No. 11 of Schedule "T".
5) Depreciation of ₹ 1,542,423 (P.Y. ₹ 1,212,484) capitalised during the year.

THE PHOENIX MILLS LIMITED

Schedules

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

	(₹)	As at 31st March 2010 (₹)	As at 31st March 2009 (₹)
SCHEDULE "F"			
INVESTMENTS			
A. LONG TERM - TRADE			
1. INVESTMENT IN GOVERNMENT SECURITIES : (Unquoted)			
3% Conversion Loan deposited with the Collector of Central Excise (Matured but not encashed.) Face Value ₹ 21,500/-	**13,734**		13,734
12 years National Savings Certificates (Deposited with State Government and Excise Authorities as security)	**12,050**		12,050
6 years- National Savings Certificates VIII Issue (Deposited for Ration Shop License)	**5,000**		5,000
7 years - National Savings Certificates (Deposited with State Government and other authorities as security)	**5,160**		5,160
			-
		35,944	35,944
2. INVESTMENT IN COMPANIES : (Unquoted)			
(Equity Shares of face value of ₹ 10/- each fully paid-up unless otherwise stated)			
5,000 (P.Y. 5,000) - Bartraya Mall Dev. Co. Pvt. Ltd	**50,000**		50,000
2,244,588 (P.Y. 2,000,000) - Classic Mall Development Pvt. Ltd.	**441,804,329**		223,334,854
10,010 (P.Y. 10,010) - Starboard Hotels Pvt. Ltd.	**128,892**		128,892
6,339,235 (P. Y. 6,339,235) - Entertainment World Developers Ltd.	**585,214,888**		579,270,269
25,000 (P.Y. 25,000) - Escort Developers Pvt. Ltd.	**15,949,432**		15,950,000
9,780 (P.Y. 9,780) - Island Star Mall Developers Pvt. Ltd.	**133,606**		133,606
4,500 (P.Y. 4,500) - Juniper Developers Pvt. Ltd.	**33,097**		46,620
7,265,080 (P.Y. 7,265,080) - Offbeat Developers Pvt. Ltd.	**393,334,468**		393,334,468
166,670 (P. Y. 166,670) Picasso Developers Pvt. Ltd.	**20,000,400**		20,000,400
333,333 (P.Y. 333,333) - Ramayana Realtors Pvt. Ltd.	**44,186,012**		44,186,012
10 (P.Y. 10) - Treasure World Developers Pvt. Ltd.	**8,500**		8,500
2,500,000 (P. Y. 2,500,000) Galaxy Entertainment India Limited.	**25,000,000**		25,000,000
	1,525,843,624		1,301,443,621
(Compulsorily Fully Convertible Debentures of ₹ 10/- each fully paid-up) 100,000,000 (P.Y. Nil) - Treasure World Developers Pvt. Ltd.	**1,000,000,000**		1,000,000,000
(Preference Shares of ₹ 10/- each fully paid-up) 7,842,720 (P.Y. 7,842,720) Compulsory Convertible Preference Shares of Island Star Mall Developers Pvt. Ltd.	**107,146,457**		107,146,457
1,000,000 (P. Y. 1,000,000) - 7% Optionally Convertible Preference Shares of ₹ 10/- each fully paid up of Galaxy Entertainment India Ltd.	**10,000,000**		10,000,000
250,000 (P. Y. 250,000) - 7% Optionally Convertible Preference Shares of ₹ 10/- each ₹ 0.50 paid up of Galaxy Entertainment India Ltd.	**125,000**		125,000
		2,643,115,081	2,418,715,078

Schedules

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

	(₹)	As at 31st March 2010 (₹)	As at 31st March 2009 (₹)
SCHEDULE "F"			
INVESTMENTS (Contd.)			
A. LONG TERM - TRADE			
3. INVESTMENT IN THE CAPITAL OF PARTNERSHIP FIRM			
Phoenix Construction Company		**20,342,984**	19,959,173
4. OTHER INVESTMENTS			
10 (P. Y. 10) ordinary shares of ₹ 50/-each - fully paid of Sukhsagar Premises Co-op. Society Ltd.	**500**		500
5 (P. Y. 5) ordinary shares of ₹ 50/-each -fully paid of Vivina Co-op. Housing Society Ltd.	**250**		250
80 (P. Y. 80) ordinary shares of ₹ 25/- each -fully paid of Rashtriya Mazdoor Madhyavarti Sahakari Grahak Sangh (Maryadit)	**2,000**		2,000
		2,750	2,750
B. LONG TERM - OTHERS			
2. INVESTMENT IN OTHER COMPANIES :			
i. QUOTED:			
(Equity Shares of face value of Rs. 10/- each fully paid-up)			
7,265 (P. Y. 7,265) - I.C.I.C.I. Bank Limited **	**260,250**		260,250
20 (P. Y. 20) - Clariant Chemicals (India) Ltd.	**200**		200
1,949,092 (P. Y. Nil) - Graphite India Limited face value of ₹ 2 each	**417,427,734**		-
584,727 (P. Y. 5,711,577) - GKW Limited	**56,330,654**		468,371,279
3,686,484 (P. Y. 3,686,484) - Galaxy Entertainment Corporation Limited.#	**74,309,402**		74,309,402
		548,328,240	542,941,131
ii. UNQUOTED:			
2,974 (P. Y. 2,974) - Imperial Chemical Industries Plc. Ordinary shares of 1 Pound each fully paid up	**155,002**		155,002
2,386 (P. Y. 2,386) - Zeneca Group Plc (U.K.) Ordinary shares of 25 Pence each fully paid up	**159,596**		159,596
		314,598	314,598
C. CURRENT INVESTMENTS - OTHERS			
INVESTMENTS IN MUTUAL FUNDS			
(Units of face value of ₹ 10/- each)			
2,365,622 (P.Y. 2,265,806) Fortis Money Plus Inst.Fund	**23,663,549**		22,665,086
58,695,286 (P. Y. 71,955,532) Reliance Medium Term Fund	**1,003,425,263**		1,230,115,799
6,117,780 (P. Y. 12,957,297) Birla Sunlife - Short Term	**61,203,254**		129,644,241
50,431,667 (P. Y. 15,387,205) Kotak Floater Long Term Fund	**508,341,129**		155,099,949
- (P. Y. 141,110) Kotak Bond Unit Scheme 99 Deposit Plan	-		2,000,000
- (P. Y. 268,133) Fidelity Flexi Gilt Fund	-		3,282,821
- (P. Y. 11,804) - Reliance Liquid Fund	-		180,453
9,220,250 (P. Y. Nil) Birla Sunlife Floating Rate Fund - Long Term Plan	**92,415,626**		-

Schedules

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

	(₹)	As at 31st March 2010 (₹)	As at 31st March 2009 (₹)
SCHEDULE "F"			
INVESTMENTS (Contd.)			
C. CURRENT INVESTMENTS - OTHERS (CONTD.)			
2,018,816 (P. Y. Nil) - Religare Ultra Short Term Fund	**20,219,859**		-
5,091,777 (P. Y. Nil) - Birla Sunlife Monthly Dividend Plan	**57,936,849**		-
32,738,127 (P. Y. Nil) - Fortis Short Term Income Fund	**327,482,342**		-
20,055,522 (P. Y. Nil) - ICICI Prudential Banking & PSU Debt Fund	**200,832,631**		-
5,293,621 (P. Y. Nil) IDFC Money Manager Fund - Plan B	**53,015,610**		-
2,000,000 (P.Y. Nil) UTI - Fixed Income Interval Fund	**20,000,000**		-
2,008,216 (P.Y. Nil) Kotak Quaterly Interval Plan	**20,082,200**		-
		2,388,618,312	1,542,988,349
TOTAL		**5,600,757,909**	4,524,957,023
Notes:			
1. Aggregate value of Quoted Investments:			
Book Value		**548,328,240**	542,941,131
Market Value		**451,424,210**	199,505,179
2. Aggregate value of Investment in Mutual Funds:		**2,388,618,312**	1,542,988,349
3. Aggregate book value of other Unquoted Investments:		**2,663,811,357**	2,439,027,543
** Out of 7,265 shares, 1,995 shares are held by a Bank in their name as security			
# received on demerger of one unit of GKW Limited			

SCHEDULE "G"			
INVENTORIES			
As taken, valued & certified by the management			
Stock in Trade		**3,053,138**	3,298,400
TOTAL		**3,053,138**	3,298,400

SCHEDULE "H"			
SUNDRY DEBTORS			
UNSECURED (considered good unless otherwise stated)			
Debts outstanding for a period exceeding six months			
Considered Good	**206,080,236**		138,861,791
Considered Doubtful	**44,624,533**		7,332,883
	250,704,769		146,194,674
Less: Provision for Doubtful Debts	**44,624,533**		7,332,883
		206,080,236	138,861,791
Other Debts		**225,074,397**	212,037,103
TOTAL		**431,154,633**	350,898,894

Schedules

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

	As at 31st March 2010 (₹)	As at 31st March 2009 (₹)
SCHEDULE "I" CASH AND BANK BALANCES		
Cash on Hand	**2,481,355**	2,284,294
Balances with Scheduled Banks:		
In Current Accounts	**398,698,680**	345,846,048
In Fixed Deposit Accounts	**262,024,786**	1,556,299,642
[Deposit receipt of Rs.1,488,448 (Previous year : 1,488,448) pledged as security]		
In Dividend Accounts	**7,398,033**	5,410,286
TOTAL	**670,602,854**	1,909,840,270
SCHEDULE "J" LOANS AND ADVANCES		
Unsecured (considered Good unless otherwise stated)		
Advances recoverable in cash or in kind or for value to be received	**558,443,372**	834,687,885
Inter Corporate Deposits	**799,125,430**	678,850,817
Share Application Money pending allotment	**1,775,544,221**	2,096,906,015
Other Deposits	**473,711,507**	466,668,828
Income Tax (net of provisions)	**20,863,746**	1,772,721
TOTAL	**3,627,688,276**	4,078,886,266
SCHEDULE "K" CURRENT LIABILITIES		
Sundry Creditors		
Micro and Small Enterprises	**-**	-
Others	**461,305,906**	439,434,023
Security Deposits from Occupants	**669,289,385**	526,084,548
Unpaid Dividends	**7,398,035**	5,410,286
Other Liabilities	**551,570,887**	300,370,024
Interest accrued but not due	**7,308,630**	4,978,838
Share Application Money received by Subsidiaries	**27,497,922**	54,244,537
Book Overdraft	**-**	23,874,489
TOTAL	**1,724,370,765**	1,354,396,745
SCHEDULE "L" PROVISIONS		
Gratuity	**10,299,428**	8,529,678
Leave encashment	**11,574,533**	11,841,321
Taxation (including FBT)[Net of Advance Tax]	**19,212,394**	40,168,239
Proposed Dividend	**173,814,534**	144,845,447
Tax on Proposed Dividend	**29,539,781**	24,616,484
TOTAL	**244,440,670**	230,001,169

Schedules

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

	(₹)	As at 31st March 2010 (₹)	As at 31st March 2009 (₹)
SCHEDULE "M"			
MISCELLANEOUS EXPENDITURE			
(To the extent not written off / remaining unadjusted)			
Balance as per last Balance Sheet	-		1,045,908
Add: Amount incurred during the year	-		7,702,364
Less: Amount written off during the year	-		395,632
Less: Adjusted against Capital Reserve on Consolidation	-		8,352,640
		-	-
TOTAL		-	-

	2009-10 (₹)	2008-09 (₹)
SCHEDULE "N"		
SALES & SERVICES		
Sales	**7,830,484**	8,350,865
License Fees and Rental Income	**788,001,227**	528,197,012
Service Charges	**421,316,145**	451,386,902
Income from Events	**13,100,644**	8,357,858
TOTAL	**1,230,248,500**	996,292,637

		2009-10 (₹)	2008-09 (₹)
SCHEDULE "O"			
OTHER INCOME			
Dividend Income			
Current (other than trade)	**71,670,361**		61,532,787
Long Term (other than trade)	**5,845,933**		299,951
		77,516,294	61,832,738
Profit on sale of current Investments		**24,289,890**	314,849,139
Share of Profit from Partnership Firm in which the Company is a partner		**133,811**	24,634,912
Interest		**119,070,716**	101,642,468
Miscellaneous Receipts		**21,815,629**	37,165
TOTAL		**242,826,340**	502,996,422
SCHEDULE "P"			
PURCHASE FOR RESALE AND VARIATION IN INVENTORY			
Purchase for resale		**11,296,897**	6,698,169
Variation in Inventory			
Stocks at commencement	**3,298,400**		2,703,688
Stocks at close	**3,053,138**		3,298,400
Net (Increase)/Decrease		**245,262**	(594,712)
TOTAL		**11,542,159**	6,103,457

Schedules

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

		2009-10	2008-09
	(₹)	(₹)	(₹)
SCHEDULE "Q" **EMPLOYEE COSTS**			
Salaries, Wages & Bonus		**62,492,636**	90,505,377
Gratuity and Leave encashment		**1,080,057**	10,419,784
Contribution to Provident Fund & Other Funds		**996,978**	1,367,576
Staff Welfare Expenses		**2,356,261**	5,495,422
TOTAL		**66,925,932**	107,788,159
SCHEDULE "R" **OPERATING AND OTHER EXPENSES**			
Electricity (Net)		**25,911,861**	32,148,579
Repairs and Maintenance:-			
Buildings	**1,535,044**		1,422,787
Machinery & Vehicles	**16,997,116**		5,771,550
Others	**23,232,083**		11,863,319
		41,764,243	19,057,656
Insurance		**5,472,341**	3,163,049
Rent		**7,200,551**	6,670,729
Rates & Taxes		**32,297,114**	27,638,628
Water Charges		**14,495,678**	12,240,669
Legal and Professional charges		**63,061,521**	53,425,639
Travelling Expenses		**7,976,724**	9,669,512
Auditors' Remuneration		**5,215,220**	3,378,188
Directors' Remuneration and sitting fees		**10,125,898**	11,860,838
Donation		**3,663,326**	311,817
Loss on Assets Sold/Discarded		**486,919**	58,342
Prior Period Expenses		**1,305,592**	815,903
Advertisement & Sales Promotion		**43,132,448**	47,682,558
Bank charges		**3,204**	582,636
Bad debts & Sundry balances written off		**-**	7,591,086
Provision for Doubtful Debts & Advances/(written back)		**37,291,650**	(2,132,000)
Security Charges		**30,943,898**	16,524,392
Other Miscellaneous Expenses		**46,100,522**	29,409,003
Miscellaneous Expenditure written off		**342,024**	395,632
TOTAL		**376,790,734**	280,492,856
SCHEDULE "S" **INTEREST AND FINANCE CHARGES**			
Interest on fixed loans		**46,151,715**	17,031,658
Interest on other loans		**39,889,224**	37,739,742
TOTAL		**86,040,939**	54,771,400

Schedules

Forming part of the Consolidated Accounts

SCHEDULE "T"
SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON CONSOLIDATED ACCOUNTS FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2010 AND THE CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON THAT DATE

A. SIGNIFICANT ACCOUNTING POLICIES:

1. Principles of consolidation:

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

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

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

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

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

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

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

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

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

3. Other significant accounting policies

a) Use of estimates:

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

b) Fixed Assets:

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

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

c) Depreciation:

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

ii) Depreciation on plant and machinery is provided on straight line method at the rates and in the manner specified in Schedule XIV to the Companies Act, 1956

Schedules

Forming part of the Consolidated Accounts (Contd.)

iii) Depreciation on other fixed assets (excluding land and lease land in perpetuity) of holding company and all fixed assets of subsidiaries are provided on written down value method at the rates and in the manner specified in schedule XIV to the Companies Act, 1956 iv)In respect of certain revalued assets of holding company, (land, buildings and plant & machinery) depreciation has been calculated on the revalued figures as per the rates and in the manner specified by the valuers in their Revaluation Report. The difference between the depreciation so computed and that computed as per (i), (ii) and (iii) above has been charged to the Revaluation Reserve.

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

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

f) Inventories: Inventories are valued at lower of cost or net realisabile value. Cost is determined on FIFO basis.

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

h) Revenue recognition:

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

i) Employee Benefits:

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

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

j) Foreign Currency transactions:

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

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

k) Share issue expenses:

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

l) Taxes on Income:

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

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

m) Provisions, Contingent Liabilities and Contingent Assets:

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

THE PHOENIX MILLS LIMITED

Schedules

Forming part of the Consolidated Accounts (Contd.)

B NOTES TO ACCOUNTS

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

Name of Subsidiaries	Country of Incorporation	Proportion of ownership interest
Pallazzio Hotels and Leisure Limited	India	100%
Bellona Finvest Limited	India	100%
Marketcity Resources Private Limited	India	100%
Pinnacle Real Estate Development Private Limited	India	66.67%
Palladium Constructions Private Limited	India	62.98%
Kalani Holdings Private Limited	India	100%
Plutocrat Assets & Capital Management Private Limited	India	100%
Big Apple Real Estate Private Limited (BAREPL)	India	73.47%
Ruia Realtors Private Limited (up to 23.02.2010)	India	100%
Vamona Developers Private Limited	India	50.58%
Upal Developers Private Limited (Subsidiary of BAREPL)	India	45.92%
Blackwood Developers Private Limited (Subsidiary of BAREPL)	India	73.47%
Gangetic Developers Private Limited (Subsidiary of BAREPL)	India	41.28%
Market City Management Private Limited	India	54.69%

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

Name of Associate Companies	Country of Incorporation	Proportion of ownership interest
Entertainment World Developers Limited	India	40.28%
Island Star Mall Developers Private Limited	India	21.41%
Escort Developers Private Limited	India	50.00%
Starboard Hotels Private Limited (Formerly Known as Classic Software Technology Park Developers Private Limited.	India	32.00%
Classic Mall Development Company Private Limited	India	29.28%
Ramayana Realtors Private Limited	India	33.33%
Juniper Developers Private Limited	India	45.00%
Offbeat Developers Private Limited	India	24.34%
Picasso Developers Private Limited	India	33.33%
Bartraya Mall Development Company Private Limited	India	50.00%

Schedules

Forming part of the Consolidated Accounts (Contd.)

Investment in Associates includes:

Name of Associates	Cost of Acquisition	Goodwill/ (Capital Reserve) included in cost of acquisition
Entertainment World Developers Limited	579,270,269	245,745,102
Island Star Mall Developers Pvt. Ltd.	133,606	(309,383,325)
Escort Developers Pvt. Ltd.	15,950,000	2,268
Starboard Hotels Private Limited (Formerly Known as Classic Software Technology Park Developers Private Limited)	128,892	(337,653)
Classic Mall Development Company Pvt. Ltd.	249,966,918	10,404,836
Ramayana Realtors Pvt. Ltd.	44,186,012	7,737,461
Juniper Developers Pvt. Ltd.	46,620	8,478
Offbeat Developers Pvt. Ltd.	247,037,912	(343,130,685)
Picasso Developers Pvt. Ltd.	20,000,400	2,490,607
Bartraya Mall Development Co. Pvt. Ltd.	50,000	Nil

3. Contingent liabilities not provided for in respect of:-
   - i) Disputed excise duty liability amounting ₹11,376,598/- (P.Y. ₹ 11,376,598)
   - ii) Other claims against the company amounting not acknowledge as debts - ₹ 1,840,000/- (P. Y. ₹ 4,302,309)
   - iii) Corporate guarantee issued by the Company amounting to ₹ 500,000,000 (P.Y. ₹ 500,000,000) to secure financial assistance being availed by a company under the same management.
   - iv) Disputed entry tax liability amounting to ₹ 10,244,297 (P.Y. ₹ 10,244,297)
   - v) Outstanding guarantees given by Banks ₹ 22,222,469/- (P.Y. ₹ 22,132,469).
   - vi) Estimated amount of contracts remaining to be executed on capital account and not provided for in the accounts is ₹ 2,075,202,861/- (P.Y. ₹ 2,769,125,624) net of advance paid.
   - vii) Demand notices received for damages / interest on account of arrears / late payments of Provident Fund and E.S.I.C. dues amounting to ₹ 3,148,254 are disputed by the Company. The Company has paid ₹ 1,000,000 against P.F. damages to the P.F. authorities and has also furnished a Bank Guarantee for ₹ 1,471,165 .
   - viii) The Income tax assessments of the Company have been completed up to Assessment year 2005-06. However, the company as well as the Income Tax Department are in appeal before the Appellate Authorities against the assessments of earlier financial years. The impact thereof, if any, on the tax position can be ascertained only after the disposal of the above appeals. Accordingly, the accounting entries arising therefrom will be passed in the year of the disposal of the said appeals.
4. Based on the valuation reports of the Government approved valuers, the Group had revalued the assets of holding company consisting of land including leasehold land and land leased in perpetuity, Building and Plant and Machinery as on 31st March 1985. Depreciation on revalued land, building and plant and machinery has been calculated as per the rates specified by the valuers, which includes an additional charge amounting to ₹ 952,660 (P.Y. ₹ 941,989) in comparison to depreciation provided under the Companies Act, 1956, and an equivalent amount has been withdrawn from Revaluation Reserve and credited to Profit and Loss account.
5. The Company continued to levy the service tax on license/conducting fees/common area maintenance charges and has accounted the corresponding service tax liability. During the Financial Year 2009 - 2010 the matter of the levy of service tax on renting of immovable property is subjudice and therefore most of the licensees have not paid the service tax component billed to them and the company has also not deposited the said service tax amount.

   Balances of the sundry debtors (licensees) are subject to confirmation from the respective parties and are pending reconciliations/adjustments arising on account of the service tax billed.

Schedules

Forming part of the Consolidated Accounts (Contd.)

6. The balances in respect of sundry creditors, loans and advances, deposits and fixed deposits pledged with excise authorities, either debit or credit as appearing in the books of accounts have been substantially confirmed by the respective parties.

7. The Group's holding company is a partner in a partnership firm M/s. Phoenix Construction Company. The accounts of the partnership firm have been finalised upto the financial year 2008-2009. The details of the Capital Accounts of the Partners as per the latest Financial Statements of the firm are as under:-

Sr.No.	Name of the Partners	Profit Sharing ratio	Total Capital on 31/03/2009 (₹)	Total Capital on 31/03/2008 (₹)
1.	The Phoenix Mills Ltd.	50%	17,191,314	65,251,828
2.	Gold Seal Holding Pvt.Ltd.	50%	18,435,804	66,744,642

The Group has accounted for its share of profit amounting to ₹ 133,811 pertaining to the financial year 2008 2009 in the current year. The share of profit/loss for the current financial year will be accounted in the books of the Company on the finalisation of the accounts of the firm.

8. The Auditors' Remuneration

	2009-10 (₹)	2008-09 (₹)
Audit fees	**2,500,000**	2,500,000
Tax Audit fees	**500,000**	500,000
Certification and other fees	**2,011,000**	167,000
Service Tax	**516,133**	391,441
Total	**5,527,133**	3,558,441

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

	2009-10 (₹)	2008-09 (₹)
Salary	**9,600,000**	11,310,742
House Rent Allowance	**Nil**	70,194
Other Perquistes/Reimbursements	**370,898**	257,402
Total	**9,970,898**	11,638,338

10. Zero Coupon Compulsory Convertible Debentures (CCD)

"Series A"

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

"Series B"

Pallazzio Hotels & Leisure Limited ("Pallazzio") has issued 726,235 Non Cumulative Unsecured Compulsory Convertible Debentures "Series B" of face value of ₹ 100 each at a premium of ₹ 1,721.66 per Debenture. The investors have the option to convert each CCD into one equity share of the Company of ₹ 100 at any time on or

Schedules

Forming part of the Consolidated Accounts (Contd.)

after 1.4.2015. The Debenture shall carry Zero Coupon till 31st March 2015 and for the period of non conversion after 31.3.2015 the instrument may be entitled to coupon rate of not more than 2% p.a., as may be decided by the Company. On 1st April 2017 each Debenture will compulsorily convert into one equity share of ₹ 100 each of Pallazzio.

"Series D"

Pallazzio Hotels & Leisure Limited ("Pallazzio") has issued 407,703 Non Cumulative Unsecured Compulsory Convertible Debentures "Series D" of face value of ₹ 100 each at a premium of ₹ 664.26 per Debenture. As per debenture certificate, the investors have the option to convert each CCD into one equity share of the Company of ₹ 100 at any time on or after 1.4.2016. The Debenture shall carry Zero Coupon till 31st March 2016 and for the period of non conversion after 31.03.2016 the instrument may be entitled to coupon rate of not more than 2% p.a., as may be decided by the Company. At the end of the 7th year from the date of the issue, each Debenture will compulsorily convert into one equity share of ₹ 100 of the Company.

11. Expenditure incurred during construction period :

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

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

Particulars	2009-10 Amount (₹)	2008-09 Amount (₹)
Opening Balance	**1,150,285,419**	339,050,329
Opening Balance of New Subsidiaries		112,415,035
Expenditure		
Salary & Allowances	**80,065,433**	47,208,198
Rent, Rates & Taxes	**20,332,283**	53,502,111
Legal, Professional & Consultancy Fees	**36,230,043**	39,876,152
Travelling Expenses	**10,871,402**	12,038,463
Computer Consumables Print. & Stat.	**370,635**	581,170
Entertainment & Business Expense	**26,333**	269,168
Miscellaneous Expenses	**43,870,070**	19,777,955
Bank Charges	**789,615**	371,744
Auditors' Remuneration	**1,688,064**	780,538
Depreciation	**1,542,423**	1,212,484
Interest	**514,974,172**	580,246,536
Total	**710,760,473**	755,864,519
Income		
Dividend income on Current Investments	**41,558,727**	55,487,527
Interest income	**2,645,725**	-
Total	**44,204,452**	5,487,527
Less : Project Development Expenses Capitalised during the year	**587,724,534**	1,556,927
Closing Balance	**1,229,116,906**	1,150,285,419

Schedules

Forming part of the Consolidated Accounts (Contd.)

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

(₹ in Lakhs)

Sr.No.	Particulars	Property & Related Services	Textile / Cloth Trading	Unallocated	Total
A	**REVENUE**				
1	Income from Operations & Sales	12,165.18 (9,879.42)	137.31 (83.51)		12,302.49 (9,962.93)
2	Other Income			2,428.26 (5,029.96)	2,428.26 (5,029.96)
	TOTAL				14,730.75 (14,992.89)
B	**RESULTS**				
1	Profit Before Tax & Interest	6,001.34 (5,063.63)	25.38 (20.70)	2,428.26 (5029.96)	8,454.98 (10,114.29)
2	Less: Interest				860.41 (547.71)
3	Profit Before Tax				7,594.57 (9,566.58)
4	Less : Provision for Taxation				1,470.80 (1,897.38)
5	**NET PROFIT AFTER TAX**				**6,123.77** **(7,669.20)**
C	**OTHER INFORMATION**				
1	Segment Assets	1,78,752.68 (1,46,883.00)	70.56 (36.90)	89,091.14 (95,971.23)	2,67,914.38 (2,42,891.13)
2	Intangible Assets- Misc.Exp.				- -
3	Deferred Tax Assets / Liabilities (Net)				240.62 (110.15)
4	Total Assets				2,68,155.00 (2,43,001.28)
5	Segment Liabilities	17,072.00 (13,138.36)	41.48 (12.77)	90,557.08 (78,376.68)	1,07,670.57 (91,527.81)
6	Capital Expenditure	32,089.33 (51,915.66)	- -		32,089.33 (51,915.66)
7	Depreciation	1723.18 (934.75)	- -		1,723.18 (934.75)
8	Non Cash Expenses other than Depreciation				
	a) Provision for Doubtful Debtors and Advances				372.92 (-21.32)
	b) Bad Debts & balances written off				- (75.91)

Notes:

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

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

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

Schedules

Forming part of the Consolidated Accounts (Contd.)

13. In view of the Accounting Standard : AS 18 on Related Parties Disclosures as notified by the Companies (Accounting Standards) Rules 2006, the disclosure in respect of related party transactions for the year ended on 31st March 2010 is as under:

a) **RELATIONSHIPS**

Category I: Associates

Entertainment World Developers Limited

Escort Developers Private Limited

Island Star Mall Developers Private Limited

Classic Mall Development Company Private Limited

Starboard Hotels Private Limited

Bartraya Mall Development Company Private Limited

Juniper Developers Private Limited

Offbeat Developers Private Limited

Picasso Developers Private Limited

Ramayana Realtors Private Limited

Category II : Other Related Parties where common control exists

B. R. International. R.R.Hosiery Private Limited

R.R. Hosiery

Phoenix Retail Private Limited

R.R. Textiles

Phoenix Construction Company

Phoenix Hospitality Company Private Limited

Galaxy Entertainment Corporation Limited

Category III : Key Managerial Personnel

Ashokkumar R. Ruia

Atul Ruia

Kiran B. Gandhi

Shishir Shrivastava

Category IV : Relatives of Key Managerial Personnel

Amla A Ruia

Gayatri A Ruia

Atul A Ruia HUF

Ashokkumar Ruia HUF

Schedules

Forming part of the Consolidated Accounts (Contd.)

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

(₹ in Lacs)

Sr.No.	TRANSACTIONS	Category I	Category II	Category III	Category IV
1	Rent, Compensation & Other recoveries	1.01 (2.04)	444.47 (923.50)	- -	32.16 (2.28)
2	Interest Received	21.67 (125.86)	-	-	-
3	Remuneration / Salary Paid	- -	- -	99.71 (116.38)	- -
4	Administrative & Other Charges paid	- (1,269.12)	2.20 (61.53)	- -	- -
5	Cloth Purchased from	- -	- (17.29)	- -	- -
6	Cloth Sold to	- -	1.49 (2.88)	- -	- -
7	Loans taken from	- -	- (260.50)	- -	- -
8	Repayment of loans to	- (260.00)	- (4,978.46)	0.50 -	- -
9	Loans given to	4,500.00 (2,500.00)	- -	- -	- -
10	Loans returned by	- (800.00)	- -	- -	3805.30 -
11	Deposits received / -returned	- (50.00)	- -	- -	3.00 -
12	Compensation / Surrender of Tenancy rights paid	- -	- (652.54)	- (4,020.02)	- (716.88)
13	Investment in Shares/application money pending allotment	1599.75 (3100.00)	1227.47 (2002.00)	- -	- -
14	Purchase of Fixed Assets	14.24 -	- (481.89)	- -	-
15	Balance written off	- (0.24)	- -	- -	- -
16	Application Money Refund Received	5093.96	-	-	-

c) The following balances were due from / to the related parties as on 31-03-2010:

(₹ in Lacs)

Sr.No.	TRANSACTIONS	Category I	Category II	Category III	Category IV
1	Investment in Equity Shares / pref shares	10829.43 (10,562.14)	- -	- -	- -
2	Investment in Capital of Partnership Firm	- -	203.43 (199.59)	- -	- -
3	Loans and Advances (Net)	2800.00 (2107.83)	- (0.50)	- -	- -
4	Sundry Debtors	5.01 -	642.61 (401.67)	- -	4.29 (2.28)
5	Sundry Creditors	- -	220.56 (222.59)	- -	- -
6	Deposits received	- -	254.46 (450.47)	- -	3.00 -
7	Deposits Given	- -	4,500.00 (4,500.00)	- -	- -
8	Application money pending allotment	2296.43 (9674.03)	10,901.50 -	- -	- -

Schedules

Forming part of the Consolidated Accounts (Contd.)

14. **Earnings per share (EPS):**	**2009 -10**	**2008 -09**
Net Profit after Tax (₹)	**619,751,257**	767,690,737
Weighted Average No. of Equity Shares	**144,845,445**	141,706,177
Nominal Value of Equity Shares	**2**	2
Basic Earning Per Share	**4.13**	5.41

15. Deferred Tax:

In accordance with the 'Accounting Standard (AS) 22 Accounting for Taxes on Income" as notified by the Companies (Accounting Standards) Rules 2006, the Company has created deferred tax assets of ₹ 13,047,497 for the current year. The break up of the net deferred tax asset as on 31st March, 2010 is as under:

Particulars	**Deferred tax Asset / (Liability) as at 1-04-09 (₹)**	**Current Year (Charge)/ Credit (₹)**	**Deferred tax Asset / (Liability) as at 31-03-10 (₹)**
Deferred Tax Asset			
Disallowance u/s 43B and Others	6,024,116	3,924,202	9,948,318
Provision for Doubtful debts and advances	2,492,447	12,330,707	14,823,154
Difference between Book and Tax	2,498,210	(3,207,412)	(709,202)
Depreciation			
Deferred Tax Assets (Net)	**11,014,773**	**13,047,497**	**24,062,270**

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

For A.M.Ghelani & Company
Chartered Accountants

Chintan A. Ghelani
Partner

For Chaturvedi & Shah
Chartered Accountants

Amit Chaturvedi
Partner

For and on behalf of the Board of Directors

Ashokkumar R. Ruia
Chairman & Managing Director

Kiran B Gandhi
Wholetime Director

Atul Ruia
Jt. Managing Director

Shishir Shrivastava
Executive Director

Minal Bhate-Dandekar
Company Secretary

Mumbai
Dated : 28th July, 2010

Notice

NOTICE is hereby given that the **105th ANNUAL GENERAL MEETING** of the Shareholders of **THE PHOENIX MILLS LIMITED** will be held on Tuesday, the 28th day of September 2010 at 11.00 A.M. at Sunville Deluxe Pavilion, 9, Dr. Annie Besant Road, Worli, Mumbai - 400 018 to transact the following business:

ORDINARY BUSINESS:

1) To receive, consider and adopt the Balance Sheet of the Company as at 31st March, 2010 and Profit and Loss Account for the year ended on that date together with Reports of Directors and Auditors thereon.
2) To declare Dividend on Equity Shares for the year ended 31st March, 2010.
3) To appoint a Director in place of Mr. Suhail Nathani, who retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.
4) To appoint a Director in place of Mr. Amitkumar Dabriwala, who retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.
5) To appoint M/s A. M. Ghelani & Company, Chartered Accountants (Firm Regn. No. 103173W) and M/s Chaturvedi & Shah, Chartered Accountants (Firm Regn. No. 101720 W) as the Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to authorise the Board of Directors to fix their remuneration.

SPECIAL BUSINESS:

6) To consider and if thought fit, to pass, with or without modification(s), the following Resolution as an Ordinary Resolution;

   "RESOLVED THAT Mr. Shishir Shrivastava who was appointed as an Additional Director of the Company on 18th March, 2010 pursuant to the provisions of Section 260 of the Companies Act, 1956 read with Article 129 of the Company's Articles of Association and in respect of whom the Company has received a notice under Section 257 of the Companies Act, 1956 along with necessary deposit from a shareholder proposing his candidature, be and is hereby appointed as a Director of the Company.

   RESOLVED FURTHER THAT the Board of Directors of the company be and are hereby authorised to do all such acts, deeds, things as are necessary to give effect to this Resolution."

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

   "RESOLVED THAT as per the recommendation of the Remuneration Committee and pursuant to the provisions of Sections 198, 269, 309 and 311 read with Schedule XIII and all other applicable provisions of the Companies Act, 1956 and subject to such approvals as may necessary, consent of the members of the Company be and is hereby accorded to the re-appointment of Mr. Ashokkumar Ruia as the Chairman and Managing Director of the Company for a period of five years with effect from 1st April, 2010 on the terms and conditions as set out hereunder, with further liberty to the Board of Directors of the Company to alter and vary the said terms and conditions, in such manner as may be agreed to between the Directors and Mr. Ashokkumar Ruia but subject to the provisions contained in Schedule XIII to the Companies Act, 1956, as amended from time to time

   a) Salary: Between ₹ 5,00,000/- to ₹ 10,00,000/- per month.

   b) In addition to the above Salary, the Company may pay the following perquisites and allowances as detailed hereunder:-

      I. Housing:

      The Company may provide suitable residential accommodation with all facilities and amenities (including gas, telephone, electricity, water and furnishings) to Mr. Ashokkumar Ruia and his family for which the company may recover 10% of his salary; or the Company may pay house rent allowance to him subject to the following ceilings:

      i) Mumbai-Kolkata-Delhi-Chennai: 60% of salary over and above 10% payable by Mr. Ashokkumar Ruia himself.
      ii) Other places: 50% of salary over and above 10% payable by Mr. Ashokkumar Ruia himself.
      iii) Monetary value of the benefits of gas, telephone, electricity, water and furnishings to be valued as per the Income Tax Rules 1962, but subject to the ceiling of 10% of his salary.

      II. Reimbursement of Medical Expenses:

      Reimbursement of medical expenses actually incurred for himself and his family as per the rules of the Company.

      III. Leave Travel Concession:

      Once in a year for himself and his family in accordance with the rules of the Company.

IV. **Personal Accident Insurance:**

The Company may pay an annual premium towards the personal accident insurance policy for the benefit of Mr. Ashokkumar Ruia as per the Company policy.

V. **Gratuity:**

As per the rules of the Company, but not to exceed one half month's salary for each completed year of service.

VI. **Sitting Fees:**

The Chairman & Managing Director as long as he functions as such shall not be paid any sitting fees for attending the meetings of the Directors or Committees thereof.

VII. **Other Perquisites:**

The Company may pay other perquisites and/or provide benefits as per the rules of the Company or as may be approved by the Board of Directors from time to time.

RESOLVED FURTHER THAT in the event of absence or inadequacy of net profits in any financial year, the remuneration payable to the Chairman & Managing Director shall be governed by Section II of Part II of Schedule XIII to the Companies Act, 1956 or any statutory modification thereof and the same shall be treated as the minimum remuneration payable to the said Chairman & Managing Director.

RESOLVED FURTHER THAT during such time as Mr. Ashokkumar Ruia holds and continues to hold office of the Chairman & Managing Director, he shall not be liable to retire by rotation as a Director.

RESOLVED FURTHER THAT the Board of Director of the company be and are hereby authorised to do all such acts, deeds, things as are necessary to give effect to this Resolution."

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

"RESOVLED THAT as per the recommendation of the Remuneration Committee and pursuant to the provisions of Sections 198, 269, 309 and 311 read with Schedule XIII and all other applicable provisions of the Companies Act, 1956 and subject to such other approvals as may be necessary, consent of the members of the Company be and is hereby accorded to the re-appointment of Mr. Atul Ruia as the Joint Managing Director of the Company for a period of five years with effect from 1st April, 2010 on the terms and conditions as set out hereunder, with further liberty to the Board of Directors of the Company to alter and vary the said terms and conditions, in such manner as may be agreed to between the Directors and Mr. Atul Ruia but subject to the provisions contained in Schedule XIII to the Companies Act, 1956, as amended from time to time

a) Salary: Between ₹ 5,00,000/- to ₹ 10,00,000/- per month.

b) In addition to the above Salary, the Company may pay the following perquisites and allowances, as detailed hereunder:-

I. **Housing:**

The Company may provide suitable residential accommodation with all facilities and amenities (including gas, telephone, electricity, water and furnishings) for Mr. Atul Ruia and his family for which the company may recover 10% of his salary; or the Company may pay house rent allowance to him subject to the following ceilings:

i) Mumbai-Kolkata-Delhi-Chennai 60% of salary over and above 10% payable by Mr. Atul Ruia himself.

ii) Other places 50% of salary over and above 10% payable by Mr. Atul Ruia himself.

iii) Monetary value of the benefits of gas, telephone, electricity, water and furnishings to be valued as per the Income Tax Rules 1962, but subject to the ceilings of 10% of his salary.

II. **Reimbursement of Medical Expenses:**

Reimbursement of medical expenses actually incurred for himself and his family as per the rules of the Company.

III. **Leave Travel Concession:**

Once in a year for himself and his family in accordance with the rules of the Company.

IV. **Personal Accident Insurance:**

The Company may pay an annual premium towards the personal accident insurance policy for the benefit of Mr. Atul Ruia as per the Company policy.

V. **Gratuity:**

As per the rules of the Company, but not to exceed one half month's salary for each completed year of service.

Notice (Contd.)

VI. **Sitting Fees:**

The Joint Managing Director as long as he functions as such shall not be paid any sitting fees for attending the meetings of the Directors or Committees thereof.

VII. **Other Perquisites:**

The Company may pay other perquisites and/or provide benefits as per the rules of the Company or as may be approved by the Board of Directors from time to time.

RESOLVED FURTHER THAT in the event of absence or inadequacy of net profits in any financial year, the remuneration payable to the Joint Managing Director shall be governed by Section II of Part II of Schedule XIII to the Companies Act, 1956 or any statutory modification thereof and the same shall be treated as the minimum remuneration payable to the said Joint Managing Director.

RESOLVED FURTHER THAT during such time as Mr. Atul Ruia holds and continues to hold office of the Joint Managing Director, he shall not be liable to retire by rotation as a Director.

RESOLVED FURTHER THAT the Board of Directors of the company be and are hereby authorised to do all such acts, deeds, things as are necessary to give effect to this Resolution."

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

"**RESOLVED THAT** pursuant to the provisions of Sections 198, 269, 309, 310 and 311 read with Schedule XIII and other applicable provisions of the Companies Act, 1956 and subject to such other approvals as may be necessary, consent of the members of the Company be and is hereby accorded for the appointment of Mr. Shishir Shrivastava as the Executive Director of the Company without payment of remuneration to him by the Company for a period of five years with effect from 18th March, 2010.

RESOLVED FURTHER THAT the Board of Directors of the company be and are hereby authorised to do all such acts, deeds, things as are necessary to give effect to this Resolution."

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

"**RESOLVED THAT** pursuant to Section 309 (4) and other applicable provisions, if any, of the Companies Act, 1956, a sum not exceeding 1% p.a (one percent) of the net profits of the Company computed in the manner prescribed under Section 309 (5) of the Companies Act, 1956, in respect of the profits for each of the five financial years commencing from April 1, 2010 be determined and distributed as Commission to the Directors of the Company, other than Managing, Whole Time and Executive Directors, hereinafter referred to as the "Independent Directors", who are not in the whole time employment of the Company, in such amounts and proportions and in such manner as may be directed by the Board of Directors (or any committee thereof for the time being) and further that the Commission paid to each of the Independent Directors of the Company pursuant to this Resolution shall be in addition to the fees for attending meetings of the Board or any committee thereof which each of the Independent Director may be entitled to receive."

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

"**RESOLVED THAT** in supersession of Resolution passed by the members of the Company by postal ballot on 26th May, 2007 and subject to applicable provisions of the Companies Act, 1956, SEBI (Issue of Capital And Disclosure Requirements) Regulations, 2009, the Listing Agreement with Stock Exchanges and all other applicable regulations, consent of the members be and is hereby accorded to the revised utilization of the residual proceeds of the QIP Issue made by the Company vide placement document dated 31st July 2007 read with explanatory statement to item no. 2 of the aforesaid postal ballot.

RESOLVED FURTHER THAT authority be and is hereby given to the Board of Directors of the Company to utilize the residual QIP proceeds for one or more purposes as may be determined by the Board of Directors at its discretion in the best interests of the Company, including but not limited to use for repayment of existing term loan(s) availed from banks, investments in subsidiaries/associate companies, strategic relationships, investments, acquisitions, capital expenditure and for general corporate purposes.

RESOLVED FURTHER THAT the Board be and is hereby authorised to delegate its authority in this regard to the Managing Director or Whole-Time Director or Executive Director and to do all such acts, deeds and matters as may be required to give effect to the above Resolution.

On behalf of the Board of Directors

Place: Mumbai
Date: 6th August 2010

Ashokkumar Ruia
Chairman & Managing Director

Notice (Contd.)

NOTES:

1) **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND ON A POLL, TO VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.**

2) Proxies, in order to be effective, must be received at the Company's Registered Office not later than 48 (forty-eight) hours before the time fixed for holding the meeting.

3) An explanatory statement pursuant to Section 173 (2) of the Companies Act, 1956 in respect of item nos. 6 -11 is annexed.

4) Members desirous of obtaining any information concerning the accounts and operations of the Company are requested to address their queries to the Registered Office of the Company at least seven days before the date of the meeting, to enable the Company to make available the required information at the meeting, to the extent possible.

5) The Register of Members and Share Transfer Books will remain closed from Tuesday, 21st September, 2010 to Tuesday, 28th September, 2010 (both days inclusive).

6) Dividend for the year ended March 31, 2010, if declared at the Annual General Meeting, shall be paid to those members, whose names appear:-

   a) As beneficial owners at the end of business day on Monday, 20th September, 2010 as per lists furnished by NSDL and CDSL in respect of shares held in electronic form.

   b) On the register of members of the Company as on Tuesday, 28th September, 2010 in respect of shares held in physical form.

7) In order to enable the Company to remit dividend through National Electronic Clearing Services (NECS), members are requested to provide details of their bank accounts indicating the name of the bank, branch, account number and the nine-digit MICR code (as appearing on the cheque). It is advisable to attach a photocopy of the cheque leaf/cancelled cheque leaf. The said information should be submitted on or before Monday, September 20, 2010, to the Company, if the shares are held in physical form and to the concerned Depository Participant (DP), if the same are held in electronic form. Payment through NECS shall be subject to availability of NECS Centers and timely furnishing of complete and correct information by members.

8) Members are requested to:

   a) Intimate the Company, changes, if any, in their registered address at an early date for shares held in physical form. For shares held in electronic form, changes, if any, may please be communicated to respective DPs.

   b) Quote ledger folio numbers/DP ID and Client ID numbers in all their correspondence.

   c) Approach the Company for consolidation of various ledger folios into one.

   d) Get the shares transferred in joint names, if they are held in a single name and / or appoint a nominee.

   e) Bring with them to the meeting, their copy of the Annual Report and Attendance Slip.

9) Pursuant to Section 205A and 205C of the Companies Act, 1956, any money transferred to the unpaid dividend account which remains unpaid or unclaimed for a period of 7 years from the date of such transfer is required to be transferred to the Investor Education and Protection Fund set up by the Central Government. Accordingly, the unpaid/unclaimed dividend for the years 2004-2005 onwards will become transferrable at the end of respective seven years to the said Fund. Once the amount is so transferred, no claim shall lie against the Fund or the Company in respect of dividend amount thereafter. Shareholders are requested to send their claims, if any, for the financial year 2004-2005 onwards before the amount becomes due for transfer to the above Fund. Shareholders are requested to encash the dividend demand drafts immediately on their receipt by them.

On Behalf of the Board of Directors

Place: Mumbai
Date: 6th August, 2010

Ashokkumar Ruia
Chairman & Managing Director

Notice (Contd.)

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956:

ITEM NO.6

Mr. Shishir Srivastava was appointed as an Additional Director of the Company on 18th March, 2010 pursuant to the provisions of Section 260 of the Companies Act, 1956 and Article 129 of the Articles of Association of the Company. Pursuant to the provisions of Section 260 of the Companies Act, 1956, the term of office of the said Additional Director expires at the ensuing Annual General Meeting of the Company. A notice along with requisite deposit as required by Section 257 of the Companies Act, 1956 has been received from a member proposing the appointment of Mr. Shishir Shrivastava as a Director.

Considering his eminence, rich experience and expertise in the industry, it will be in the best interest of the Company to appoint him as a Director. None of the Directors except Mr. Shishir Shrivastava is interested in the Resolution.

A brief profile of Mr. Shishir Shrivastava is given in the Annexure to the Notice of the Annual General Meeting,

ITEM NO. 7

The term of office of Mr. Ashokkumar Ruia as the Chairman & Managing Director expired on 31st March, 2010. As per the recommendation of the Remuneration Committee, the Board of Directors of the Company at their meeting held on 28th January, 2010, re-appointed Mr. Ashokkumar Ruia as the Chairman & Managing Director of the Company w.e.f. 1st April, 2010 for further period of 5 (five) years on the revised terms and conditions as mentioned in the Resolution.

Abstract of the terms of re-appointment of Mr. Ashokkumar Ruia as the Chairman & Managing Director of the Company and Memorandum of Interest pursuant to section 302 (7) of the Companies Act, 1956 was sent to the shareholders of the Company on 28th January, 2010.

The broad particulars of remuneration payable to and the terms of re-appointment of Mr. Ashokkumar Ruia as the Chairman & Managing Director of the Company are given in Resolution proposed at Item 7 of the Notice.

The aforesaid re-appointment of Mr. Ashokkumar Ruia as the Chairman & Managing Director on revised terms and conditions would require the consent of the shareholders of the Company pursuant to Section 269, 309,311 and other applicable provisions of the Companies Act, 1956 read with Schedule XIII of the said Act. The said Resolution is therefore, recommended for your approval.

Mr. Ashokkumar Ruia is concerned or interested in the Resolution at Item No. 7 for his re-appointment as Chairman & Managing Director on revised terms and conditions. None of other Directors of the Company except Mr. Atul Ruia is interested in the said Resolution.

ITEM NO. 8

The term of office of Mr. Atul Ruia as the Joint Managing Director expired on 31st March, 2010. As per the recommendation of the Remuneration Committee, the Board of Directors of the Company at their meeting held on 28th January, 2010, re-appointed Mr. Atul Ruia as the Joint Managing Director of the Company w.e.f. 1st April, 2010 for further period of 5 (five) years on the revised terms and conditions as mentioned in the Resolution.

Abstract of the terms of re-appointment of Mr. Atul Ruia as the Joint Managing Director of the Company and Memorandum of interest pursuant to section 302 (7) of the Companies Act, 1956 was issued to the shareholders of the Company on 28th January, 2010.

The broad particulars of remuneration payable to and the terms of re-appointment of Mr. Atul Ruia as the Joint Managing Director of the Company are given in Resolution proposed at Item No.8 of the Notice.

The aforesaid re-appointment of Mr. Atul Ruia as the Joint Managing Director on revised terms and conditions would require the consent of the shareholders of the Company pursuant to Section 269, 309, 311 and other applicable provisions of the Companies Act, 1956 read with Schedule XIII of the said Act. The said Resolution is therefore, recommended for your approval.

Mr. Atul Ruia is concerned or interested in the Resolution at Item No. 8 for his re-appointment as Joint Managing Director on revised terms and conditions. None of other directors of the Company except Mr. Ashokkumar Ruia is interested in the said Resolution.

ITEM NO. 9

In view of the immense contribution made by Mr. Shishir Shrivastava to the growth of the Phoenix Group over the years, the Board of Directors have appointed Mr. Shishir Shrivastava as an Executive Director of the Company for a period of 5 years with effect from 18th March, 2010.

Notice (Contd.)

The said appointment of Mr. Shishir Shrivastava as an Executive Director of the Company without payment of remuneration would require the consent of the shareholders of the Company pursuant to Section 269 read with Schedule XIII of the Companies Act, 1956. The Resolution is therefore recommended for your approval.

Mr. Shishir Shrivastava is concerned or interested in the Resolution at Item No. 9 for his appointment as an Executive Director. None of other directors of the Company is interested in the said Resolution.

ITEM NO.10

Having regard to the time and attention devoted by the Independent Directors to the affairs of the Company and the contribution that they make to the business and operations of the Company, it is proposed that a sum not exceeding 1% of the net profit of the Company computed in accordance to Section 309(5) of the Companies Act, 1956 be determined and distributed among the Independent Directors of the Company for each of the five financial years commencing from April 1, 2010. The said amount of commission to be determined by the Board will be distributed amongst the Independent Directors in such manner as the Board may decide from time to time.

The proposed payment of commission to the Independent Directors requires consent of the shareholders pursuant to Section 309(4) of the Companies Act, 1956. The said Resolution is therefore, recommended for your approval.

Independent Directors namely, Mr. Amit Dalal, Mr. Amit Dabriwala, Mr. Sivaramakrishnan Iyer, Mr. Suhail Nathani and Mr. Shribhanu Patki are concerned or interested in the Resolution at Item No. 10. None of other directors of the Company are interested in the said Resolution.

ITEM NO.11

In accordance with the Resolution passed by the members of the Company by postal ballot, results of which were declared on 26th May 2007, read with Placement Document dated 31st July 2007, the Company had raised an aggregate of ₹ 9,800 million through an issue of Equity shares to Qualified Institutional Investors.

The projected use of issue proceeds disclosed in the Notice of the above referred Postal Ballot is reproduced here under:

"In order to finance the working capital requirements, fast track the existing projects, finance acquisitions for new projects, augment funding requirements for investments in subsidiaries and other corporate purposes, the Company proposes to raise capital by way of issue of equity shares and/or other securities convertible into equity shares as specified in the Resolution to the Qualified Institutional Buyers in accordance with the SEBI Guidelines for Qualified Institutional Placement covered under Chapter XIII A of SEBI (Disclosure and Investor Protection) Guidelines, 2000."

The projected use of proceeds disclosed in the above referred Placement Document under the head "Use of Proceeds" is reproduced here under:

"Subject to compliance with applicable laws and regulations, we intend to use the net proceeds received from the Issue for the subscription of an equity interest in Atlas, the acquisition of land and development of real estate projects, directly or through project-specific entities and for general corporate purposes, including strategic relationships, investments and acquisitions. Of the net proceeds, we intend to use up to ₹ 3,500 million for the subscription of 3.0 million equity shares of Atlas, as a result of which, we will own 75% of the issued and outstanding equity capital of Atlas."

Your Company has already utilized substantial portion of the issue proceeds towards fulfilling, in part or in whole, one or more of the objectives specified in the above-referred notice of postal ballot and placement document.

However, due to the changes in economic/business conditions in India over the last three years, the Company has re-aligned its priorities [including investments committed towards acquisition of shares of Phoenix Hospitality Company Private limited (erstwhile Atlas Hospitality Company Private Limited)] and accordingly proposes to use the residual issue proceeds to repay existing term loans, invest in subsidiaries/associate companies, enter into strategic relationships, make investments, acquisitions, capital expenditure and for general corporate purposes.

Consent of the members is sought for utilisation of the residual Issue proceeds for one or more purposes other than those specified in the placement document and/or Notice of postal ballot as may be determined by the Board of Directors in the best interests of the Company.

None of the directors is concerned or interested in the said special Resolution.

On Behalf of the Board of Directors

Place: Mumbai
Date: 6th August, 2010

Ashokkumar Ruia
Chairman & Managing Director

Notice (Contd.)

BRIEF RESUME OF PERSONS PROPOSED TO BE APPOINTED / RE-APPOINTED AS DIRECTORS OF THE COMPANY AT THE ANNUAL GENERAL MEETING:

Name	Suhail Nathani	Amitkumar Dabriwala	Ashokkumar Ruia	Atul Ruia	Shishir Shrivastava
Age	45 yrs	37 yrs	67 yrs	39 yrs	34 yrs
Qualification	M.A. in Law from Cambridge University, England & LL.M. from Duke University, USA	B. Com	Graduate from Cambridge	Graduate in Chemical Engineering, Bachelors in Business Management	Graduate from IHM Bangalore
Profile and Experience	Mr. Nathani is a graduate from Mumbai University with a degree in Commerce and holds a masters degree in law from Cambridge University and an L.L.M. from Duke University in the United States. Mr. Nathani is admitted to practice in India and New York. He is member of the New York State Bar and the U. S. Court of International Trade. He is a founding partner of Economic Laws Practice, a law firm in Mumbai. He practices in the areas of Private Equity, Competition, International Trade and general corporate matters.	Mr. Amitkumar Dabriwala has graduated from the Calcutta University. As a Promoter Director of United Credit Securities Limited (UCSL), a member of the National Stock Exchange, Mr. Dabriwala has been associated with the capital markets since 1996. He was also responsible for setting up the Mumbai branch of United Credit Securities Limited. In 2004 he promoted JNR Securities Broking Private Limited which is a member of The Bombay Stock Exchange. Through United Credit group companies he is also involved in real estate development, leasing and hire purchase.	Mr. Ashokkumar R. Ruia joined the Board of The Phoenix Mills Limited in 1963. He has vast experience in managing the Company's affairs and has contributed significantly to its growth. He is now actively involved in mentoring the leadership team and in various aspects of the company's expansion plans through its various projects. He was in the Committee of the Mill Owners' Association, Bombay for several years. Mr. Ashokkumar R. Ruia also takes keen interest in social activities. In addition to this, he has pursued an active career in the competitive world of sports. He has the unique distinction of representing the country in two sports, bridge and golf and thus demonstrates his desire to excel in whatever he undertakes.	Mr. Atul Ruia is a graduate in Chemical Engineering from the University of Pennsylvania and holds a degree in Business Management from The Wharton School of Finance. He joined the Board of The Phoenix Mills Limited in 1996 and is the key visionary, pioneer and force behind the development of High Street Phoenix, Mumbai's first retail-led mixed use destination. He is responsible for strategising and overseeing the expansion plans of the Company which has embarked upon a pan India asset creation strategy under the flagship brand 'Phoenix Market Cities'.	Mr. Shishir Shrivastava graduated from IHM Bangalore and has served the Phoenix Group entities for the past 11 years in various capacities. His portfolio of responsibilities include being the project manager for the early phases of High Street Phoenix; becoming a founding member of the Company's service and advisory vertical and serving as the CEO of the Group's hospitality business since 2008. He has previously worked with the Taj Group of Hotels and Galaxy Entertainment Corporation Limited. He currently oversees several critical functions of the Company including corporate strategy, land acquisition, debt and private equity fund raising, investor relations, legal, business development and the Group's Hospitality Portfolio.
Details of Directorships held in other companies*	1. Development Credit Bank Ltd. 2. Entertainment World Developers Ltd. (EWDL)	1. United Credit Securities Ltd. 2. DabriwalBanijya Udyog Ltd.	1. Bellona Finvest Ltd. 2. Galaxy Entertainment Corporation Ltd. 3. Kishco Ltd.	1. Bellona Finvest Ltd. 2. Galaxy Entertainment Corporation Ltd. 3. Entertainment World Developers Ltd.	1. Pallazzio Hotels & Leisure Ltd.
Details of Chairmanship/ Membership held in Committees of other companies	1.Members of Shareholders/ Investors Grievance committee of EWDL.	None	None	None	1. Member of Audit Committee of Pallazzio Hotels & Leisure Ltd.
Shareholding in the Company	Nil	Nil	36,59,594 shares	23,35,362 shares	1500 shares

* The list of companies in which the Directors hold directorships excludes private limited companies

TEAR HERE

THE PHOENIX MILLS LIMITED

Registered Office:
462, Senapati Bapat Marg, Lower Parel, Mumbai 400 013.

PROXY FORM

I / We ____

of ____

being a Shareholder/Shareholders of **THE PHOENIX MILLS LIMITED** hereby appoint ____________ ______________________ of ______________________ or failing him/her ______________________ of ______________________ as my/our Proxy to attend and vote for me/us and on my/our behalf at the 105th Annual General Meeting of the Company to be held on Tuesday, the 28th day of September, 2010 at 11.00 A.M. at Sunville Deluxe Pavilion, 9, Dr. Annie Besant Road, Worli, Mumbai- 400 018 and at any adjournment thereof.

Regd. Folio. No. ______________ No. of Shares held ____________

Client I.D. No. ______________ DP. ID. No ______________

Signed this__________day of __________ 2010

Affix
Re. 1.00
Revenue
Stamp

____

(Signature)

Note:

1. The Proxy Form should be signed across the stamp as per specimen signature recorded with the Company.
2. The Proxy form duly completed and signed must be deposited at the Registered Office of the Company not less then 48 hours before the time for holding the Meeting.

THE PHOENIX MILLS LIMITED

Registered Office:
462, Senapati Bapat Marg, Lower Parel, Mumbai 400 013.

ATTENDANCE SLIP

I/We hereby record my/our presence at the 105th Annual General Meeting of the Company held on Tuesday, the 28th day of September, 2010 at 11.00 A.M. at Sunville Deluxe Pavilion, 9, Dr. Annie Besant Road, Worli, Mumbai- 400 018

Name ____

Regd. Folio. No. ______________________ No. of Shares held ______________________

Client ID. No. ______________________ DP. ID. No. ______________________

Name of Proxy/Representative, if any ______________________________

Signature of the Shareholder(s)/Proxy/Representative ______________________

Note: Member/ Proxy attending the Meeting must fill-in this Attendance Slip and hand it over at the entrance of the venue of this Meeting.

ANNUAL REPORT 2009-10

THE PHOENIX MILLS LIMITED

Shree Laxmi Woollen Mills Estate,
2nd Floor, R.R Hosiery,
Off Dr. E. Moses Road,
Mahalaxmi, Mumbai - 400 011

www.thephoenixmills.com

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