

# B S R & Co. LLP

Chartered Accountants

Maruthi Info-Tech Centre  
11-12/1 Inner Ring Road  
Koramangala  
Bangalore 560 071 India

Telephone: + 91 80 3980 6000  
Fax: + 91 80 3980 6999

## Independent Auditor's Report

### To the Members of Prestige Mangalore Retail Ventures Private Limited

#### Report on the Financial Statements

We have audited the accompanying financial statements of Prestige Mangalore Retail Ventures Private Limited ('the Company'), which comprise the Balance Sheet as at 31 March 2015, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

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

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.



### Independent Auditor's Report (continued)

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

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

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2015 and its loss and its cash flows for the year ended on that date.

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure a statement on the matters specified in the paragraph 3 and 4 of the order to the extent applicable.
2. As required by Section 143 (3) of the Act, we report that:
  - (a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - (c) the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - (d) in our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
  - (e) on the basis of the written representations received from the directors as on 31 March 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2015 from being appointed as a director in terms of Section 164 (2) of the Act; and



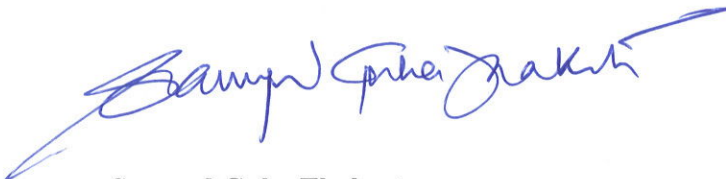
**Independent Auditor's Report (continued)**

- (f) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- a. the Company has disclosed the impact of pending litigations on its financial position in its financial statements - Refer Note 24 to the financial statements.
  - b. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; and
  - c. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

*for B S R & Co. LLP*

*Chartered Accountants*

Firm's registration number: 101248W/W-100022



**Sampad Guha Thakurta**

*Partner*

Membership number: 060573

Bangalore

Date: 29 May 2015



**Annexure to the Independent Auditors' Report**

Annexure referred to in the Independent Auditor's Report to the Members of Prestige Mangalore Retail Ventures Private Limited ("the Company") for the year ended 31 March 2015, we report that:

- (i) (a) The Company has maintained proper records showing full particulars, including situation of fixed assets, except for furniture and fixtures, electrical fittings, plant and machinery and computers where the quantitative details are not maintained.
- (b) The Company has a regular program of physical verification of fixed assets by which all fixed assets are verified over a phased manner over a period of 3 years. In accordance with the plan of the Company there was no physical verification of fixed assets required to be carried out during the year. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and nature of assets.
- (c) No fixed assets have been disposed off during the year.
- (ii) (a) The inventories have been physically verified by the Management during the year. In our opinion, the frequency of verification is reasonable.
- (b) The procedures of physical verification of inventories followed by 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 and no material discrepancies were noticed on physical verification carried out at the end of the year.
- (iii) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under section 189 of the Act.
- (iv) 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 with regard to the purchase of fixed assets, inventories and for the sale of goods. However, the internal control system relating to sale of services needs to be strengthened. In our opinion there is a continuing failure to correct weakness in the internal control system.
- (v) The Company has not accepted any deposits from the public.
- (vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules prescribed by the Central Government of India for maintenance of cost records under section 209(1) (d) of the Act in respect of construction of buildings/ structures and other related activities and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the records.
- (vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/accrued in the books of account in respect of provident fund, employees' state insurance, income-tax, service tax, cess and value added tax dues have not been regularly deposited with the appropriate authorities and there have been serious delays in large number of cases. As explained to us, the Company does not have any dues on account of central sales tax, wealth tax, duty of customs and duty of excise.



**Annexure to the Independent Auditors' Report (continued)**

According to the information and explanations given to us, no undisputed amounts payable in respect of service tax, value added tax, provident fund, employees' state insurance, cess and other material statutory dues were in arrears as at 31 March 2015, for a period of more than six months from the date they became payable except for income-tax amounting to Rs 201,624.

- (b) According to the information and explanations given to us, there are no dues of income-tax, service tax and other material statutory dues which have not been deposited with the appropriate authorities on account of any dispute. According to the information and explanation given to us, the following value added tax dues have not been deposited by the Company on account of disputes:

| Name of the statute                 | Nature of dues    | Amount (Rs) | Period to which amount relates | Forum where dispute is pending             |
|-------------------------------------|-------------------|-------------|--------------------------------|--|
| Karnataka Value Added Tax Act, 2003 | Tax demand notice | 15,530,545  | April 2010 to March 2012       | Assistant Commissioner of Commercial Taxes |

- (c) According to the information and explanations given to us, there is no amount which requires to be transferred to Investor Education and Protection Fund.
- (viii) The Company has accumulated losses of Rs 268,480,737 at the end of the financial year which is in excess of fifty per cent of its net worth. The Company has incurred cash loss of Rs 133,637,174 and Rs 6,794,449 in the current year and in the immediately preceding financial year respectively.
- (ix) According to the information and explanations given to us, the Company has not defaulted in repayment of dues to any bank and debenture holders. The Company did not have any dues to financial institutions outstanding during the year.
- (x) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- (xi) In our opinion and according to the information and explanations given to us, the term loans taken by the company have been applied for the purpose for which they were raised.
- (xii) 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 B S R & Co. LLP

Chartered Accountants

Firm registration No. 101248W / W-100022



**Sampad Guha Thakurta**

Partner

Membership No. 060573

Bangalore

29 May 2015

**Prestige Mangalore Retail Ventures Private Limited**  
**Balance sheet**

|                                | Note | As at<br>31 March 2015<br>Rs. | As at<br>31 March 2014<br>Rs. |
|--------------------------------|------|-------------------------------|-------------------------------|
| <b>EQUITY AND LIABILITIES</b>  |      |                               |                               |
| <b>Shareholders' funds</b>     |      |                               |                               |
| Share capital                  | 2    | 89,402,060                    | 89,402,060                    |
| Reserves and surplus           | 3    | (23,480,737)                  | 225,190,201                   |
|                                |      | <b>65,921,323</b>             | <b>314,592,261</b>            |
| <b>Non-current liabilities</b> |      |                               |                               |
| Long-term borrowings           | 4    | 1,689,437,709                 | 1,715,664,775                 |
| Other long-term liabilities    | 5    | 117,724,054                   | -                             |
| Long-term provisions           | 6    | 465,715                       | 65,404                        |
|                                |      | <b>1,807,627,478</b>          | <b>1,715,730,179</b>          |
| <b>Current liabilities</b>     |      |                               |                               |
| Short-term borrowings          | 7    | 338,731,750                   | -                             |
| Trade payables                 | 8    | 14,137,885                    | -                             |
| Other current liabilities      | 9    | 399,348,251                   | 281,875,762                   |
| Short-term provisions          | 10   | 20,306                        | 8,411                         |
|                                |      | <b>752,238,192</b>            | <b>281,884,173</b>            |
|                                |      | <b>2,625,786,993</b>          | <b>2,312,206,613</b>          |
| <b>ASSETS</b>                  |      |                               |                               |
| <b>Non-current assets</b>      |      |                               |                               |
| Fixed assets                   |      |                               |                               |
| Tangible assets                | 11   | 2,422,220,383                 | 897,210,680                   |
| Capital work-in-progress       |      | -                             | 1,198,641,314                 |
|                                |      | <b>2,422,220,383</b>          | <b>2,095,851,994</b>          |
| Long-term loans and advances   | 12   | 77,329,738                    | 213,545,399                   |
|                                |      | <b>2,499,550,121</b>          | <b>2,309,397,393</b>          |
| <b>Current assets</b>          |      |                               |                               |
| Inventory                      | 13   | 96,800                        | -                             |
| Trade receivables              | 14   | 62,249,032                    | -                             |
| Cash and bank balances         | 15   | 3,326,889                     | 1,253,949                     |
| Short-term loans and advances  | 16   | 3,999,547                     | 1,555,271                     |
| Other current assets           | 17   | 56,564,604                    | -                             |
|                                |      | <b>126,236,872</b>            | <b>2,809,220</b>              |
|                                |      | <b>2,625,786,993</b>          | <b>2,312,206,613</b>          |

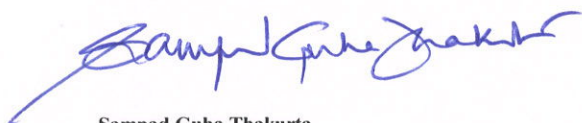
**Significant accounting policies**

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As per our report of even date attached

for **BSR & Co. LLP**  
Chartered Accountants  
Firm registration number: 101248W/W-100022

for and on behalf of the Board of Directors of  
**Prestige Mangalore Retail Ventures Private Limited**



**Sampad Guha Thakurta**  
Partner  
Membership No.: 060573  
Place: Bangalore  
Date: 29 May 2015



**Faiz Rezwan**  
Managing Director

Place: Bangalore  
Date: 29 May 2015



**Wong Chwee Seng Vincent**  
Director

Place: Bangalore  
Date: 29 May 2015



**Prestige Mangalore Retail Ventures Private Limited**  
**Statement of profit and loss**

|  | Note | For the year ended<br>31 March 2015<br>Rs. | For the year ended<br>31 March 2014<br>Rs. |
|--|------|--|--|
| <b>INCOME</b>  |      |  |  |
| Revenue from operations  | 18   | 270,434,130                                | -  |
| Other income   | 19   | 16,627                                     | -  |
|  |      | <u>270,450,757</u>                         | <u>-</u>                                   |
| <b>EXPENSES</b>  |      |  |  |
| Cost of beverages consumed   | 20   | 613,314                                    | -  |
| Finance cost   | 21   | 114,818,232                                | -  |
| Employee benefit expenses  | 22   | 23,062,317                                 | 4,769,805                                  |
| Other expenses   | 23   | 265,594,069                                | 2,024,644                                  |
| Depreciation and amortization expense  | 11   | 115,033,763                                | 14,424                                     |
|  |      | <u>519,121,695</u>                         | <u>6,808,873</u>                           |
| <b>(Loss) before tax</b>   |      | <b>(248,670,938)</b>                       | <b>(6,808,873)</b>                         |
| <b>Tax expense :</b>   |      |  |  |
| - Current and deferred tax   |      | -  | -  |
|  |      | <u>-</u>                                   | <u>-</u>                                   |
| <b>(Loss) for the year</b>   |      | <b>(248,670,938)</b>                       | <b>(6,808,873)</b>                         |
| <b>(Loss) per share [(nominal value of share Rs 10 each) (previous year Rs 10 each)]</b> | 25   |  |  |
| Basic (in Rs.)   |      | (27.81)                                    | (0.76)                                     |
| Diluted (in Rs.)   |      | (27.81)                                    | (0.76)                                     |

**Significant accounting policies**

1

As per our report of even date attached

for **BSR & Co. LLP**  
Chartered Accountants  
Firm registration number: 101248W/W-100022

for and on behalf of the Board of Directors of  
**Prestige Mangalore Retail Ventures Private Limited**



**Sampad Guha Thakurta**  
Partner  
Membership No.: 060573  
Place: Bangalore  
Date: 29 May 2015



**Faiz Rezwana**  
Managing Director

Place: Bangalore  
Date: 29 May 2015



**Wong Chwee Seng Vincent**  
Director

Place: Bangalore  
Date: 29 May 2015

**Prestige Mangalore Retail Ventures Private Limited**  
**Cash flow statement**

| Particulars   | For the year ended<br>31 March 2015<br>Rs. | For the year ended<br>31 March 2014<br>Rs. |
|---|--|--|
| <b>Cash flow from operating activities</b>  |  |  |
| (Loss) before tax   | (248,670,938)                              | (6,808,873)                                |
| <b>Adjustments:</b>   |  |  |
| Depreciation and amortization expense   | 115,033,763                                | 14,424                                     |
| Interest expenses   | 114,818,232                                | -  |
| <b>Operating loss before working capital changes</b>  | <b>(18,818,943)</b>                        | <b>(6,794,449)</b>                         |
| (Decrease) / increase in other long term and current liabilities and long term and short term provision | 155,211,308                                | 48,492,550                                 |
| Decrease / (increase) in trade receivable   | (62,249,032)                               |  |
| (Increase) / decrease in long term and short term loans and advances and other current assets           | 9,348,228                                  | 1,552,877                                  |
| <b>Cash generated from operations</b>   | <b>83,491,561</b>                          | <b>43,250,978</b>                          |
| Income taxes refund / (paid), net   | (11,501,903)                               | -  |
| <b>Net cash generated from operating activities</b>   | <b>71,989,658</b>                          | <b>43,250,978</b>                          |
| <b>Cash flow from investing activities</b>  |  |  |
| (Purchase) of fixed assets, including capital work in progress  | (293,701,336)                              | (570,432,078)                              |
| <b>Net cash generated from/(used in) investing activities</b>   | <b>(293,701,336)</b>                       | <b>(570,432,078)</b>                       |
| <b>Cash flow from financing activities</b>  |  |  |
| Proceeds from long term borrowings  | 133,789,797                                | 512,739,775                                |
| Proceeds from Issue of debentures/ Application Money  | 219,180,000                                | 200,000,000                                |
| Debt application money received   | -  | 13,300,000                                 |
| Intercompany deposit repaid   | -  | (203,000,000)                              |
| Interest on intercompany deposit / bank loan  | (129,185,179)                              | -  |
| <b>Net cash generated from/(used in) financing activities</b>   | <b>223,784,618</b>                         | <b>523,039,775</b>                         |
| Net increase/(decrease) in cash and cash equivalents  | 2,072,940                                  | (4,141,325)                                |
| Cash and cash equivalents at the beginning of the year  | 1,253,949                                  | 5,395,274                                  |
| <b>Cash and cash equivalents at the end of the year</b>   | <b>3,326,889</b>                           | <b>1,253,949</b>                           |
| <b>Components of cash and cash equivalents (refer note 15)</b>  |  |  |
| Cash on hand  | 291,423                                    | -  |
| Balances with banks   |  |  |
| - in current accounts   | 3,035,466                                  | 1,253,949                                  |
|   | <b>3,326,889</b>                           | <b>1,253,949</b>                           |

As per our report of even date attached

for **BSR & Co. LLP**  
Chartered Accountants

Firm registration number: 101248W/W-100022



**Sampad Guha Thakurta**  
Partner

Membership No.: 060573

Place: Bangalore

Date: 29 May 2015


for and on behalf of the Board of Directors of  
**Prestige Mangalore Retail Ventures Private Limited**



**Fajr Beawan**  
Managing Director

Place: Bangalore

Date: 29 May 2015



**Wong Chwee Seng Vincent**  
Director

Place: Bangalore

Date: 29 May 2015



**Prestige Mangalore Retail Ventures Private Limited**  
**Notes on accounts**

**1 Significant accounting policies**

**(i). Corporate Information**

Prestige Mangalore Retail Ventures Private Limited ("the Company") was incorporated on 27 December 2007 as a private limited company under the provisions of Chapter IX of the Companies Act, 1956 ("Act") on conversion of a partnership firm, Mangalore Retail Mall. The registered office of the Company is at Bangalore, India.

The Company is engaged in the business of real estate development including operation of the mall. The Company has capitalised the mall and commenced operations on 28 May 2014.

On 16 January 2008, the existing shareholder of the Company Prestige Estates Projects Limited, entered into a joint venture agreement with CapitaRetail Mangalore Mall (Mauritius) Limited (formerly known as Pinnacle Two Limited, Mauritius) an affiliate of CapitaLand Retail India Investments Pte. Limited, Singapore.

**(ii). Basis for preparation of financial statements and significant accounting policies**

The financial statements have been prepared and presented in accordance with Indian Generally Accepted Accounting Principles (GAAP) under the historical cost convention on the accrual basis of accounting and GAAP comprises mandatory Accounting Standards as prescribed under section 133 of the Companies Act, 2013 ('the Act') read with Rule 7 of The Company (Accounts) Rules 2014, the provision of Act (to the extent notifies and applicable). These financial statements have been prepared and presented in Indian Rupees.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013.

**A. Use of estimates**

The preparation of financial statements in conformity with generally accepted accounting principles in India requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities on the date of the financial statements. Actual results could differ from those estimates. Any revision to accounting estimates is recognised prospectively in current and future periods.

**B. Going concern**

These financial statements have been prepared on a going concern basis notwithstanding a negative net current assets position as at the balance sheet date. In accordance with the joint venture agreement between the existing shareholders, the parties are committed to financially support the Company to meet its obligation as and when they fall due.

These financial statements, therefore, do not include any adjustments relating to recoverability and classification of asset amounts or to amounts and classification of liabilities that may be necessary if the Company was unable to continue as a going concern.

**C. Fixed assets**

Fixed assets are carried at cost of acquisition or construction less accumulated depreciation. The cost of fixed assets includes freight, duties, taxes and other incidental expenses related to the acquisition or construction of the respective assets.

Advances paid towards acquisition of fixed assets, outstanding at each balance sheet date, are disclosed under capital advances, and the cost of the fixed assets not ready for their intended use on each balance sheet date, are disclosed as capital work-in-progress.

**D. Depreciation**

Depreciation on fixed assets is provided on written down value over the useful lives of assets based on an internal assessment and as supported by technical advice provided by the independent valuer.

The Company estimates the useful lives for fixed assets as follows:

| Asset category            | Useful life |
|---------------------------|-------------|
| Building                  | 60 years    |
| Plant and Machinery       | 20 years    |
| Electrical Fittings       | 20 years    |
| Furniture and fixtures    | 10 years    |
| Computers and accessories | 6 years     |

Residual value of asset at the end of the useful life is estimated at 5% of purchase value.



**Prestige Mangalore Retail Ventures Private Limited**  
**Notes on accounts**

**E. Revenue Recognition**

Rental income from properties leased under operating lease is recognised in the income statement on a straight-line basis over the term of the lease. Revenue from maintenance and marketing services is recognized as and when the services are rendered based on the terms of the contracts with lessees.

Interest on deployment of surplus funds is recognised using the time proportion method, based on underlying interest rates.

Profit on sale of fixed assets is recognised on transfer of significant risks and rewards of ownership to the buyer.

**F. Inventory**

Inventories are valued at cost which is based on weighted average method or net realizable value, whichever is lower. Unserviceable / damaged / discarded stocks and shortages are charged to the statement of profit and loss.

**G. Earnings per share**

The basic earnings/ (loss) per share is computed by dividing the net profit/ loss attributable to equity shareholders for the year by the weighted average number of equity shares outstanding during the year. The number of shares used in computing diluted earnings per share comprises the weighted average shares considered for deriving basic earnings per share, and also the weighted average number of equity shares which would have been issued on conversion of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the year, unless they have been issued at a later date. The potentially dilutive equity shares have been adjusted for the proceeds receivable had the shares been actually issued at a fair value (i.e. the average market value of the outstanding shares). In computing the dilutive earnings per share, only potential equity shares that are dilutive and that either reduces the earnings per share or increases loss per share are included.

**H. Taxation**

Income tax expense comprises current tax (i.e. amount of tax for the period determined in accordance with the income tax law) and deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the year/period). The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognised using the tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that the assets can be realised in future; however, where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognised only if there is a virtual certainty of realisation of such assets. Deferred tax assets are reviewed as at each balance sheet date and written down or written-up to reflect the amount that is reasonably/virtually certain (as the case may be) to be realised.

The Company offsets, on a year on year basis, current tax assets and liabilities, where it has a legally enforceable right and where it intends to settle such assets and liabilities on a net basis.

Minimum Alternative Tax ("MAT") credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income-tax during the specified period. In the year in which the MAT credit becomes eligible to be recognised as an asset in accordance with the recommendations contained in the guidance note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the statement of profit and loss. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT credit entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal income-tax during the specified period.

**I. Cash flow statement**

Cash flow statement is reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows arising from operating, investing and financing activities of the Company are segregated.





**Prestige Mangalore Retail Ventures Private Limited**  
**Notes on accounts**

**J. Provisions and contingent liabilities**

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

Provisions for onerous contracts, i.e. contracts where the expected unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it, are recognised when it is probable that an outflow of resources embodying economic benefits will be required to settle a present obligation as a result of an obligating event, based on a reliable estimate of such obligation.

**K. Impairment of assets**

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs to is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the profit and loss account. If at the balance sheet date, there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount, subject to a maximum of its depreciable historical cost.

**L. Joint development properties**

The Company has entered into a joint development agreement with the land owner whereby the Company, at its cost, will construct a building and transfer a portion of the building constructed to the land owner in exchange for ownership of the remaining undivided share in land and building.

The portion of land to be acquired by the Company as per joint development agreement is initially recorded at the estimated cost of construction for the portion of the building to be transferred to the land owner (on completion of construction) with a corresponding liability. Changes in the estimate/ actual cost of construction from the originally estimated cost are adjusted in the cost of land/ liability in the year of such change.

**M. Borrowing cost**

Borrowing cost directly attributable to acquisition or construction of those fixed assets which necessarily takes a substantial period of time to get ready for their intended use are capitalised. Other borrowing costs are expensed as and when incurred.

**N. Employee benefit expenses**

Contributions payable to the recognised provident fund, which is a defined contribution scheme, is charged to the statement of profit and loss.

Gratuity, a defined benefit scheme, is accrued based on actuarial valuation at the balance sheet date, carried out by an independent actuary. Actuarial gain or loss are charged to the statement of profit and loss.

Long term compensated absences, which is a defined benefit plan, is accrued based on actuarial valuation at the balance sheet date, carried out by an independent actuary. Actuarial gains/ losses are recognised immediately in the statement of profit and loss and are not deferred

**N. Land owner share of net operating revenue**

As per the commercial agreement between the Company and the land owner, the land owner share of net operating expenses have been transferred to receivable from land owner.





**Prestige Mangalore Retail Ventures Private Limited**  
Notes on accounts

**2 Share capital**

| Particulars   | Rs.                    |                        |
|---|------------------------|------------------------|
|   | As at<br>31 March 2015 | As at<br>31 March 2014 |
| <b>Authorised capital</b>   |                        |                        |
| 10,000,000 (previous year 10,000,000) equity shares of Rs. 10 each              | 100,000,000            | 100,000,000            |
| <b>Issued, subscribed and fully paid up capital</b>                             |                        |                        |
| 8,940,206 (previous year 8,940,206) equity shares of Rs. 10 each, fully paid up | 89,402,060             | 89,402,060             |
|   | <b>89,402,060</b>      | <b>89,402,060</b>      |

**a Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting year**

| Particulars                               | As at<br>31 March 2015 |                   | As at<br>31 March 2014 |                   |
|---|------------------------|-------------------|------------------------|-------------------|
|   | No of shares           | Amount            | No of shares           | Amount            |
| <b>Equity shares</b>                      |                        |                   |                        |                   |
| At the beginning of the year              | 8,940,206              | 89,402,060        | 8,940,206              | 89,402,060        |
| Issued during the year                    | -                      | -                 | -                      | -                 |
| <b>Outstanding at the end of the year</b> | <b>8,940,206</b>       | <b>89,402,060</b> | <b>8,940,206</b>       | <b>89,402,060</b> |

**b List of persons holding more than 5 percent equity shares in the Company**

| Name of the share holder                            | As at<br>31 March 2015 |              | As at<br>31 March 2014 |              |
|---|------------------------|--------------|------------------------|--------------|
|   | No of shares           | % of holding | No of shares           | % of holding |
| Prestige Estates Projects Limited (holding company) | 4,503,835              | 50.38%       | 4,503,835              | 50.38%       |
| CapitaRetail Mangalore Mall (Mauritius) Limited     | 4,380,701              | 49.00%       | 4,380,701              | 49.00%       |

**c Shares reserved for issue under options and other commitments**

For details of shares reserved for issue on conversion of compulsorily convertible debentures, please refer note 4b(i) regarding terms of conversion of compulsorily convertible debentures into equity shares.

**d Rights and restrictions attached to shares**

The Company has only one class of equity shares having a par value of Rs.10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in ensuing Annual General Meeting. In event of liquidation of the Company, the holders of equity shares would be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

**e** There has been no buy back of shares, issue of shares by way of bonus shares or issue of shares pursuant to contract without payment being received in cash for the period of five years immediately preceding the date of the balance sheet.

**3 Reserves and surplus**

| Particulars  | Rs.                    |                        |
|--|------------------------|------------------------|
|  | As at<br>31 March 2015 | As at<br>31 March 2014 |
| <b>Securities premium account</b>                  |                        |                        |
| Opening balance                                    | 245,000,000            | 245,000,000            |
| Add: additions during the year                     | -                      | -                      |
|  | <b>245,000,000</b>     | <b>245,000,000</b>     |
| <b>Deficit in the statement of profit and loss</b> |                        |                        |
| Opening balance                                    | (19,809,799)           | (13,000,926)           |
| Add: (Loss) for the year                           | (248,670,938)          | (6,808,873)            |
|  | <b>(268,480,737)</b>   | <b>(19,809,799)</b>    |
|  | <b>(23,480,737)</b>    | <b>225,190,201</b>     |



**Prestige Mangalore Retail Ventures Private Limited**  
Notes on accounts

**4 Long-term borrowings**

| Particulars                                     | Rs.                    |                        |
|---|------------------------|------------------------|
|   | As at<br>31 March 2015 | As at<br>31 March 2014 |
| <b>Term loans:</b>                              |                        |                        |
| <i>Secured</i>                                  |                        |                        |
| - From banks                                    | 925,964,109            | 832,639,425            |
| <b>Others:</b>                                  |                        |                        |
| <i>Unsecured</i>                                |                        |                        |
| - Compulsorily convertible debentures           | 723,473,600            | 869,725,350            |
| - Debenture application money pending allotment | 40,000,000             | 13,300,000             |
|   | <b>1,689,437,709</b>   | <b>1,715,664,775</b>   |

**4a Details of securities and repayment terms**

a) Term loans from Axis Bank amounting to Rs 984,068,255, including current maturities of long term debt: Rs 58,104,146 (previous year: Rs 850,278,458, including current maturities of long term debt: Rs 17,639,033) is secured by

- First charge on 68% of project land admeasuring 5.74 acres bearing T.S No. 210, Attavar Village, Contonment Ward, located at Pandeswar road, Mangalore.
- First charge on 68% of present and future current assets & fixed assets of the project (excluding land).
- Escrow of 68% of the rentals paid by the lessees of the proposed project.
- Corporate guarantee by Prestige Estates Projects Limited
- Personal guarantee of:
  - Mr. Irfan Razack
  - Mr. Rezwan Razack
  - Mr. Noaman Razack

**b) Repayment and interest terms**

The above term loan is repayable in 96 monthly installments starting from the year 2014-15. The term loan carries an interest rate of base rate plus 4% per annum on the outstanding amount of loan.

**c) Default in repayment of principal, interest and other terms**

There is no default in the payment of interest or principal to banks during the current year.

**4b Compulsorily Convertible Debentures (CCD) : Terms and conditions**

(i) The compulsorily convertible debentures (CCDs) shall, upon the approval by the Board of Directors, be mandatorily and fully converted into equity shares on expiry of 5 years from the date of allotment. The CCDs shall be converted at a conversion ratio of 100 debentures of Rs 10 each into 1 equity share of Rs.10 each unless otherwise agreed to by the Board of Directors.

(ii) No interest shall be payable on the CCDs.

(iii) Conversion dates of CCD's based on the descending order of maturity (also refer short term borrowings under note 7 below):

| No. of CCD's | Value of each CCD (in Rs) | Date of conversion |
|--------------|---------------------------|--------------------|
| 1,200,000    | 10                        | 22-Jan-20          |
| 18,000,000   | 10                        | 5-Nov-19           |
| 48,000       | 10                        | 16-Aug-19          |
| 20,000,000   | 10                        | 17-Mar-19          |
| 13,000,000   | 10                        | 12-Jun-17          |
| 20,099,360   | 10                        | 15-Sep-16          |
| 27,925,323   | 10                        | 26-Jan-16          |
| 5,947,852    | 10                        | 9-Nov-15           |

**4c Details of debenture application money pending allotment**

During the year, the Company received Rs 219,180,000 as debenture application money against which the Company allotted 18,000,000 compulsorily convertible debentures (CCDs) of Rs. 10 each on 6 November 2014; 1,200,000 compulsory convertible debentures (CCDs) of Rs. 10 was allotted on 23 January 2015; 48,000 compulsory convertible debentures (CCDs) of Rs. 10 was allotted on 16 August 2014 (of this Rs. 13,300,000 was from opening balance debenture application money pending allotment) and Rs. 40,000,000 is outstanding as debenture application money pending allotment.

**5 Other long-term liabilities**

| Particulars    | Rs.                    |                        |
|----------------|------------------------|------------------------|
|                | As at<br>31 March 2015 | As at<br>31 March 2014 |
| Lease deposits | 117,724,054            | -                      |
|                | <b>117,724,054</b>     | <b>-</b>               |





**Prestige Mangalore Retail Ventures Private Limited**  
Notes on accounts

**6 Long-term provisions**

|  | Rs.            |               |
|--|----------------|---------------|
|  | As at          | As at         |
| Particulars                              | 31 March 2015  | 31 March 2014 |
| Provision for employee benefits          |                |               |
| - Provision for gratuity (refer note 28) | 250,927        | 40,082        |
| - Provision for compensated absences     | 214,788        | 25,322        |
|  | <u>465,715</u> | <u>65,404</u> |

**7 Short-term borrowings**

|   | Rs.                |               |
|---|--------------------|---------------|
|   | As at              | As at         |
| Particulars                               | 31 March 2015      | 31 March 2014 |
| <i>Unsecured</i>                          |                    |               |
| Compulsorily convertible debentures (CCD) | 338,731,750        | -             |
|   | <u>338,731,750</u> | <u>-</u>      |

While CCDs are mandatorily convertible into equity shares, in accordance with the requirements of Schedule III of the Companies Act, 2013, the conversion of CCDs into equity shares are considered as a means of settlement of the liability and since the investors have a right to convert at any time, these CCDs are classified as short-term borrowings.

**8 Trade payables**

|  | Rs.               |               |
|--|-------------------|---------------|
|  | As at             | As at         |
| Particulars  | 31 March 2015     | 31 March 2014 |
| -Dues to micro and small enterprises (refer note 27) | -                 | -             |
| - Dues to other creditors                            | 14,137,885        | -             |
|  | <u>14,137,885</u> | <u>-</u>      |

**9 Other current liabilities**

|   | Rs.                |                    |
|---|--------------------|--------------------|
|   | As at              | As at              |
| Particulars   | 31 March 2015      | 31 March 2014      |
| Current maturities of long-term debt  | 58,104,146         | 17,639,033         |
| Lease deposits  | 11,586,980         | 50,734,714         |
| Interest accrued but not due on borrowings  | 1,907,383          | 1,304,537          |
| Interest accrued and due on borrowings (refer note a below)                                   | 1,499,920          | 6,499,920          |
| Consideration under joint development agreement towards purchase of land (refer note b below) | -                  | 40,288,286         |
| Retention creditors   | 54,166,783         | 41,530,426         |
| Capital creditors   | 205,141,046        | 119,021,750        |
| Other expenses payable and accruals   | 48,298,108         | 3,168,162          |
| Withholding and other taxes and duties payable  | 11,559,001         | 1,688,934          |
| Advance from customers  | 389,015            | -                  |
| Bank overdraft  | 6,695,869          | -                  |
|   | <u>399,348,251</u> | <u>281,875,762</u> |

**a Details of default in repayment of principal and interest as at 31 March 2015 and 31 March 2014:**

| Name of the entity               | Amount of principal<br>overdue as at<br>31 March 2015<br>(31 March 2014) | Amount of interest<br>overdue as at<br>31 March 2015<br>(31 March 2014) | Period of default in<br>days<br>31 March 2015<br>(31 March 2014) |
|----------------------------------|--|---|--|
| Thomsun Realtors Private Limited | -  | 1,499,920   | 728 days   |
|                                  | -  | (6,499,920)   | (365 days)   |

**b Represents gross cost of construction total of Rs 660,160,000 (previous year Rs 652,192,090) reduced by share of cost incurred upto the balance sheet date of Rs 660,160,000 (previous year Rs 611,903,804).**

**10 Short-term provisions**

|  | Rs.           |               |
|--|---------------|---------------|
|  | As at         | As at         |
| Particulars                              | 31 March 2015 | 31 March 2014 |
| Provision for employee benefits          |               |               |
| - Provision for gratuity (refer note 28) | 790           | 286           |
| - Provision for compensated absences     | 19,516        | 8,125         |
|  | <u>20,306</u> | <u>8,411</u>  |





Prestige Mangalore Retail Ventures Private Limited  
Notes on accounts

11 Fixed assets

|   | Land - freehold    | Building             | Plant and Machinery | Electrical Fittings | Furniture and fixtures | Computers and accessories | Total                |
|---|--------------------|----------------------|---------------------|---------------------|------------------------|---------------------------|----------------------|
| <b>Gross block</b>                        |                    |                      |                     |                     |                        |                           |                      |
| Balance as at 01 April 13                 | 821,596,385        | -                    | -                   | -                   | -                      | 52,500                    | 821,648,885          |
| Additions                                 | 75,595,705         | -                    | -                   | -                   | 14,725                 | 4,950                     | 75,615,380           |
| Disposals                                 | -                  | -                    | -                   | -                   | -                      | -                         | -                    |
| <b>Balance as at 31 March 14</b>          | <b>897,192,090</b> | <b>-</b>             | <b>-</b>            | <b>-</b>            | <b>14,725</b>          | <b>57,450</b>             | <b>897,264,265</b>   |
| Balance as at 01 April 14                 | 897,192,090        | -                    | -                   | -                   | 14,725                 | 57,450                    | 897,264,265          |
| Additions                                 | 27,767,910         | 1,074,999,941        | 413,342,824         | 74,619,060          | 31,828,157             | 17,485,574                | 1,640,043,466        |
| Disposals                                 | -                  | -                    | -                   | -                   | -                      | -                         | -                    |
| <b>Balance as at 31 March 15</b>          | <b>924,960,000</b> | <b>1,074,999,941</b> | <b>413,342,824</b>  | <b>74,619,060</b>   | <b>31,842,882</b>      | <b>17,543,024</b>         | <b>2,537,307,731</b> |
| <b>Depreciation and impairment losses</b> |                    |                      |                     |                     |                        |                           |                      |
| Balance as at 01 April 13                 | -                  | -                    | -                   | -                   | -                      | 39,161                    | 39,161               |
| Depreciation for the year                 | -                  | -                    | -                   | -                   | 4,139                  | 10,285                    | 14,424               |
| <b>Balance as at 31 March 14</b>          | <b>-</b>           | <b>-</b>             | <b>-</b>            | <b>-</b>            | <b>4,139</b>           | <b>49,446</b>             | <b>53,585</b>        |
| Balance as at 01 April 14                 | -                  | -                    | -                   | -                   | 4,139                  | 49,446                    | 53,585               |
| Depreciation for the year                 | -                  | 45,340,437           | 48,517,161          | 8,763,940           | 6,651,941              | 5,760,284                 | 115,033,763          |
| <b>Balance as at 31 March 15</b>          | <b>-</b>           | <b>45,340,437</b>    | <b>48,517,161</b>   | <b>8,763,940</b>    | <b>6,656,080</b>       | <b>5,809,730</b>          | <b>115,087,348</b>   |
| <b>Net block</b>                          |                    |                      |                     |                     |                        |                           |                      |
| Balance as at 31 March 14                 | 897,192,090        | -                    | -                   | -                   | 10,586                 | 8,004                     | 897,210,680          |
| <b>Balance as at 31 March 15</b>          | <b>924,960,000</b> | <b>1,029,659,504</b> | <b>364,825,663</b>  | <b>65,855,120</b>   | <b>25,186,802</b>      | <b>11,733,294</b>         | <b>2,422,220,383</b> |

Notes:

- The Company has entered into an agreement with the land owner whereby the Company, at its cost, will construct buildings on the land owned by the land owner, and the building constructed will be exchanged for ownership in the land. Such portion of land to be acquired by the Company as per joint development agreement is initially recorded at the estimated cost of construction for the portion of the building to be transferred to the land owner on completion of construction. Changes in the estimate/ actual cost of construction from the originally estimated cost are adjusted in the cost of land in the year of such change/ occurrence. Title to the land will pass on to the Company on completion of construction. The Company has completed the construction in the current year and incurred a total amount of Rs 660,160,000 towards land cost.
- Capital work in progress includes:  
Fixed assets / capital work in progress additions during the year includes an amount of Rs 20,821,536 (previous year : Rs 90,598,246) towards borrowing cost capitalised.



**Prestige Mangalore Retail Ventures Private Limited**  
Notes on accounts

**12 Long-term loans and advances**

|   | Rs.               |                    |
|---|-------------------|--------------------|
|   | As at             | As at              |
| Particulars   | 31 March 2015     | 31 March 2014      |
| <i>Unsecured, considered good</i>                     |                   |                    |
| Capital advances                                      | 22,390,648        | 101,654,269        |
| Security deposits                                     | 14,481,606        | 14,481,606         |
| Prepaid expenses                                      | 11,565,349        | 10,026,823         |
| Advance tax net of provision                          | 11,783,680        | 281,777            |
| Other loans and advances                              |                   |                    |
| Refundable deposits under joint development agreement | -                 | 70,000,000         |
| Cenvat credit receivable                              | 17,108,455        | 17,100,924         |
|   | <b>77,329,738</b> | <b>213,545,399</b> |

**13 Inventory**

|             | Rs.           |               |
|-------------|---------------|---------------|
|             | As at         | As at         |
| Particulars | 31 March 2015 | 31 March 2014 |
| Beverages   | 96,800        | -             |
|             | <b>96,800</b> | <b>-</b>      |

**14 Trade receivables (unsecured)**

|   | Rs.               |               |
|---|-------------------|---------------|
|   | As at             | As at         |
| Particulars   | 31 March 2015     | 31 March 2014 |
| <i>Unsecured</i>  |                   |               |
| Debts due for a period exceeding six months from the date they become due for payment |                   |               |
| - considered good   | 10,106,073        | -             |
|   | <b>10,106,073</b> |               |
| Other debts   |                   | -             |
| - considered good   | 52,142,959        | -             |
|   | <b>62,249,032</b> | <b>-</b>      |

**15 Cash and cash bank balances**

|                      | Rs.              |                  |
|----------------------|------------------|------------------|
|                      | As at            | As at            |
| Particulars          | 31 March 2015    | 31 March 2014    |
| Cash on hand         | 291,423          | -                |
| Balances with banks  |                  |                  |
| - in current account | 3,035,466        | 1,253,949        |
|                      | <b>3,326,889</b> | <b>1,253,949</b> |



**Prestige Mangalore Retail Ventures Private Limited**  
Notes on accounts

**16 Short-term loans and advances**

|   | Rs.              |                  |
|---|------------------|------------------|
|   | As at            | As at            |
| Particulars                             | 31 March 2015    | 31 March 2014    |
| <i>Unsecured, considered good</i>       |                  |                  |
| Prepaid expenses                        | 694,693          | 1,538,526        |
| Advances recoverable in cash or in kind | 2,087,430        | 16,745           |
| Other advances                          | 200,000          | -                |
| Advance paid to suppliers               | 1,017,424        | -                |
|   | <b>3,999,547</b> | <b>1,555,271</b> |

**17 Other current assets**

|  | Rs.               |               |
|--|-------------------|---------------|
|  | As at             | As at         |
| Particulars                                | 31 March 2015     | 31 March 2014 |
| Unbilled revenue                           | 10,350,137        | -             |
| Receivable from land owner (refer note 30) | 46,214,467        | -             |
|  | <b>56,564,604</b> | <b>-</b>      |





Prestige Mangalore Retail Ventures Private Limited  
Notes on accounts

18 Revenue from operations

|  | Rs.                                 |                                     |
|--|-------------------------------------|-------------------------------------|
| Particulars  | For the year ended<br>31 March 2015 | For the year ended<br>31 March 2014 |
| Facility rental                                    | 123,230,790                         | -                                   |
| Maintenance and marketing income                   | 114,100,801                         | -                                   |
| Parking income                                     | 4,274,961                           | -                                   |
| Sale of beverages                                  | 968,554                             | -                                   |
| Other income                                       | 2,268,414                           | -                                   |
| Recovery of net operating expenses (refer note 30) | 37,066,718                          | -                                   |
|  | 281,910,238                         | -                                   |
| Less : Lease incentive                             | (11,476,108)                        | -                                   |
|  | <b>270,434,130</b>                  | <b>-</b>                            |

19 Other income

|                      | Rs.                                 |                                     |
|----------------------|-------------------------------------|-------------------------------------|
| Particulars          | For the year ended<br>31 March 2015 | For the year ended<br>31 March 2014 |
| Miscellaneous income | 16,627                              | -                                   |
|                      | <b>16,627</b>                       | <b>-</b>                            |

20 Cost of beverages consumed

|                               | Rs.                                 |                                     |
|-------------------------------|-------------------------------------|-------------------------------------|
| Particulars                   | For the year ended<br>31 March 2015 | For the year ended<br>31 March 2014 |
| Opening stock                 | -                                   | -                                   |
| Add: purchase during the year | 710,114                             | -                                   |
| Less: closing stock           | (96,800)                            | -                                   |
|                               | <b>613,314</b>                      | <b>-</b>                            |

21 Finance cost

|                                 | Rs.                                 |                                     |
|---------------------------------|-------------------------------------|-------------------------------------|
| Particulars                     | For the year ended<br>31 March 2015 | For the year ended<br>31 March 2014 |
| Interest on long term borrowing | 114,818,232                         | -                                   |
|                                 | <b>114,818,232</b>                  | <b>-</b>                            |

22 Employee benefit expenses

|   | Rs.                                 |                                     |
|---|-------------------------------------|-------------------------------------|
| Particulars                               | For the year ended<br>31 March 2015 | For the year ended<br>31 March 2014 |
| Salaries and wages                        | 20,958,384                          | 3,845,990                           |
| Contribution to provident and other funds | 1,553,811                           | 215,326                             |
| Staff welfare expenses                    | 550,122                             | 708,489                             |
|   | <b>23,062,317</b>                   | <b>4,769,805</b>                    |

23 Other expenses

|                                    | Rs.                                 |                                     |
|------------------------------------|-------------------------------------|-------------------------------------|
| Particulars                        | For the year ended<br>31 March 2015 | For the year ended<br>31 March 2014 |
| Power and fuel                     | 123,913,362                         | -                                   |
| Security expenses and housekeeping | 46,580,774                          | -                                   |
| Business promotion                 | 27,532,140                          | 1,803,144                           |
| Leasing commission                 | 27,316,670                          | -                                   |
| Repairs and maintenance            | 14,655,979                          | -                                   |
| Rates and taxes                    | 12,631,123                          | 2,545                               |
| Legal and professional charges     | 11,472,997                          | 161,559                             |
| Communication                      | 272,477                             | -                                   |
| Travelling expenses                | 283,523                             | -                                   |
| Printing and stationery            | 317,796                             | -                                   |
| Insurance                          | 166,276                             | -                                   |
| Miscellaneous expenses             | 450,952                             | 57,396                              |
|                                    | <b>265,594,069</b>                  | <b>2,024,644</b>                    |



Prestige Mangalore Retail Ventures Private Limited  
Notes on accounts

23a Auditors' remuneration (included in legal and professional fees, excluding service tax)

|   | Rs.                                 |                                     |
|---|-------------------------------------|-------------------------------------|
| Particulars                                 | For the year ended<br>31 March 2015 | For the year ended<br>31 March 2014 |
| <b>Payment to auditors</b>                  |                                     |                                     |
| For statutory audit                         | 400,000                             | 115,000                             |
| For reimbursement of out of pocket expenses | 17,346                              | 5,817                               |
|   | <b>417,346</b>                      | <b>120,817</b>                      |

24 Contingent liabilities and capital commitments

|  | Rs.                                 |                                     |
|--|-------------------------------------|-------------------------------------|
| Particulars  | For the year ended<br>31 March 2015 | For the year ended<br>31 March 2014 |
| <b>Capital commitment</b>  |                                     |                                     |
| Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for | -                                   | 482,692,545                         |
| <b>Indirect tax</b>  |                                     |                                     |
| Demand notice under KVAT Act, received from commercial tax office for the period April 2010 to March 2012        | 15,530,545                          | 15,530,545                          |

25 Earnings per share

|   | (Figures in rupees except number of shares) |                                     |
|---|---|-------------------------------------|
| Particulars   | For the year ended<br>31 March 2015         | For the year ended<br>31 March 2014 |
| Net (loss) for the year attributable to equity shareholders   | (248,670,938)                               | (6,808,873)                         |
| Weighted average number of equity shares of Rs 10 each used for calculation of basic earnings per share | 8,940,206                                   | 8,940,206                           |
| Earnings/ (loss) per share, basic and diluted*  | (27.81)                                     | (0.76)                              |

\* The potential dilutive equity shares are anti-dilutive in nature.

26 Related parties

(i) Names of related parties and description of relationship:

*Enterprise where control exists*

Prestige Estates Projects Limited

*Parties with significant influence*

CapitaRetail Mangalore Mall (Mauritius) Limited

*Other associate companies with whom transactions have been taking place during the year*

Thomsun Realtors Private Limited  
Prestige Golf Resorts Private Limited  
Prestige Mysore Retail Ventures Private Limited  
CapitaLand Retail Prestige Mall Management Private Limited  
CapitaLand Retail Property Management India Private Limited  
Prestige Garden Constructions Private Limited

*Partnership firm in which the directors and shareholders of the Company are partners*

Prestige Property Management and Services

*Key management personnel*

Mr. Irfan Razack, Director  
Mr. Faiz Rezwan, Managing Director  
Mr. Vincent Chwee Seng Wong, Director  
Mr Chee Tien Jin Kevin, Director  
Mr Chee Whee Simon Ho, Director



**Prestige Mangalore Retail Ventures Private Limited**  
**Notes on accounts**

**(ii) Related party transactions entered during the year**

| Particulars  | For the year ended<br>31 March 2015 | For the year ended<br>31 March 2014 |
|--|-------------------------------------|-------------------------------------|
| <b>Compulsorily convertible debentures issued</b>                  |                                     |                                     |
| <i>Enterprise where control exists</i>                             |                                     |                                     |
| Prestige Estates Projects Limited                                  | 102,720,000                         | 100,800,000                         |
| <i>Parties with significant influence</i>                          |                                     |                                     |
| CapitaRetail Mangalore Mall (Mauritius) Limited                    | 88,200,000                          | 98,000,000                          |
| Others   | 1,560,000                           | 1,200,000                           |
|  | <u>192,480,000</u>                  | <u>200,000,000</u>                  |
| <b>Debenture application money received and pending allotment</b>  |                                     |                                     |
| <i>Enterprise where control exists</i>                             |                                     |                                     |
| Prestige Estates Projects Limited                                  | 129,720,000                         | 13,000,000                          |
| <i>Parties with significant influence</i>                          |                                     |                                     |
| CapitaRetail Mangalore Mall (Mauritius) Limited                    | 88,200,000                          | -                                   |
| Others   | 1,260,000                           | 300,000                             |
|  | <u>219,180,000</u>                  | <u>13,300,000</u>                   |
| <b>Intercorporate deposits repaid</b>                              |                                     |                                     |
| <i>Parties with significant influence</i>                          |                                     |                                     |
| Thomsun Realtors Private Limited                                   | -                                   | 203,000,000                         |
|  | <u>-</u>                            | <u>203,000,000</u>                  |
| <b>Services received</b>   |                                     |                                     |
| <i>Parties with significant influence</i>                          |                                     |                                     |
| Prestige Property Management and Services                          | 429,441                             | 754,000                             |
| <b>Services received</b>   |                                     |                                     |
| <i>Parties with significant influence</i>                          |                                     |                                     |
| CapitaLand Retail Prestige Mall Management Private Limited         |                                     | -                                   |
| Leasing commission   | 27,316,670                          |                                     |
| Mall Management Fees   | 6,369,057                           |                                     |
| Reimbursement of expenses  | 2,446,587                           |                                     |
| CapitaLand Retail Property Management India Private Limited        | 1,813,537                           | -                                   |
|  | <u>38,375,292</u>                   | <u>754,000</u>                      |
| <b>Reimbursement of expenses incurred by the Company on behalf</b> |                                     |                                     |
| <i>Parties with significant influence</i>                          |                                     |                                     |
| Prestige Mysore Retail Ventures Private Limited                    | -                                   | 10,787                              |
|  | <u>-</u>                            | <u>10,787</u>                       |
| <b>Reimbursement of expenses incurred on behalf of the Company</b> |                                     |                                     |
| <i>Enterprise where control exists</i>                             |                                     |                                     |
| Prestige Estates Projects Limited                                  | 228,829                             | 18,722                              |
| <i>Parties with significant influence</i>                          |                                     |                                     |
| Prestige Golf Resorts Private Limited                              | 8,899,556                           | 7,310,995                           |
| Prestige Garden Constructions Private Limited                      | 1,043,715                           | -                                   |
|  | <u>10,172,100</u>                   | <u>7,329,717</u>                    |





**Prestige Mangalore Retail Ventures Private Limited**  
Notes on accounts

(iii) Amount outstanding as at the balance sheet date

| Particulars   | As at<br>31 March 2015 | As at<br>31 March 2014 |
|---|------------------------|------------------------|
| <b>Compulsorily convertible debentures</b>                  |                        |                        |
| <i>Enterprise where control exists</i>                      |                        |                        |
| Prestige Estates Projects Limited                           | 540,927,630            | 438,207,630            |
| <i>Parties with significant influence</i>                   |                        |                        |
| CapitaRetail Mangalore Mall (Mauritius) Limited             | 514,365,420            | 426,165,420            |
| Others  | 6,912,300              | 5,352,300              |
|   | <u>1,062,205,350</u>   | <u>869,725,350</u>     |
| <b>Debenture application money pending allotment</b>        |                        |                        |
| <i>Enterprise where control exists</i>                      |                        |                        |
| Prestige Estates Projects Limited                           | 40,000,000             | 13,000,000             |
| <i>Parties with significant influence</i>                   |                        |                        |
| Others  | -                      | 300,000                |
|   | <u>40,000,000</u>      | <u>13,300,000</u>      |
| <b>Other expenses payable</b>                               |                        |                        |
| <i>Enterprise where control exists</i>                      |                        |                        |
| Prestige Estates Projects Limited                           | 1,767,135              | 1,767,135              |
|   | <u>1,767,135</u>       | <u>1,767,135</u>       |
| <b>Other current liabilities</b>                            |                        |                        |
| <i>Enterprise where control exists</i>                      |                        |                        |
| Prestige Estates Projects Limited                           | -                      | 18,722                 |
| <i>Parties with significant influence</i>                   |                        |                        |
| Prestige Properties Management Services                     | -                      | 400,812                |
| CapitaLand Prestige Retail Mall Management Private Limited  | 30,968,220             | -                      |
| CapitaLand Retail Property Management India Private Limited | 1,856,336              | -                      |
|   | <u>32,824,556</u>      | <u>419,534</u>         |
| <b>Advances recoverable in cash or in kind</b>              |                        |                        |
| <i>Parties with significant influence</i>                   |                        |                        |
| Prestige Garden Constructions Private Limited               | 1,043,715              | -                      |
| <b>Interest accrued and due</b>                             |                        |                        |
| <i>Parties with significant influence</i>                   |                        |                        |
| Thomsun Realtors Private Limited                            | 1,499,920              | 6,499,920              |

- 27 The Ministry of Micro, Small and Medium Enterprises has issued an office memorandum dated 26 August 2008 which recommends that the Micro and Small Enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum Number as allocated after filing of the Memorandum in accordance with the 'Micro, Small and Medium Enterprises Development Act, 2006' ('the Act'). Accordingly, the disclosure in respect of the amounts payable to such enterprises as at 31 March 2015 has been made in the financial statements based on information received and available with the Company. Further in view of the Management, the impact of interest, if any, that may be payable in accordance with the provisions of the Act is not expected to be material. The Company does not have any dues to micro and small enterprises as at 31 March 2015 and 31 March 2014.



## 28 Gratuity plan

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on separation computed on the basis of 15 days salary (last drawn salary) for each completed year of service.

The following table sets out the status of the gratuity plan as required under AS 15.

|  | Rs.                         |                             |
|--|-----------------------------|-----------------------------|
| Particulars  | Year ended<br>31 March 2015 | Year ended<br>31 March 2014 |
| <b>Obligations at beginning of the year</b>  | 40,368                      | -                           |
| Service cost   | 251,717                     | 40,368                      |
| Interest cost  | 3,633                       | -                           |
| Benefits settled   | -                           | -                           |
| Actuarial (gain)/ loss   | (44,001)                    | -                           |
| <b>Obligations at end of the year</b>  | <b>251,717</b>              | <b>40,368</b>               |
| <b>Reconciliation of present value of the obligation and the fair value of the plan assets</b> |                             |                             |
| Present value of the defined benefit obligations at the end of the year                        | 251,717                     | 40,368                      |
| Fair value of plan assets at the end of the year   | -                           | -                           |
| <b>Liability recognised in the balance sheet</b>   | <b>251,717</b>              | <b>40,368</b>               |
| <b>Gratuity cost for the year</b>  |                             |                             |
| Service cost   | 251,717                     | 40,368                      |
| Interest cost  | 3,633                       | -                           |
| Expected return on plan assets   | -                           | -                           |
| Actuarial (gain)/ loss   | (44,001)                    | -                           |
| <b>Net gratuity cost</b>   | <b>211,349</b>              | <b>40,368</b>               |
| <b>Assumptions</b>   |                             |                             |
| Discount rate  | 7.90%                       | 9.00%                       |
| Expected rate of salary increase   | 6%                          | 6%                          |
| Attrition rate   | 5%                          | 5%                          |
| Retirement age   | 55 years                    | 55 years                    |

### Experience history:

| Particulars                                      | As at<br>31 March 2015 | As at<br>31 March 2014 | As at<br>31 March 2013 | As at<br>31 March 2012 | As at<br>31 March 2011 |
|--|------------------------|------------------------|------------------------|------------------------|------------------------|
| Defined benefit obligation                       | 251,717                | 40,368                 | -                      | -                      | -                      |
| Fair value of plan assets                        | -                      | -                      | -                      | -                      | -                      |
| (Surplus)/deficit                                | 251,717                | 40,368                 | -                      | -                      | -                      |
| Experience adjustment on liabilities gain/(loss) | 79,559                 | -                      | -                      | -                      | -                      |
| Experience adjustment on plan assets gain/(loss) | -                      | -                      | -                      | -                      | -                      |

## 29 Operating leases:

The Company is primarily engaged in the business of 'real estate development which includes development and operating a mall'. The Company has entered into operating lease agreements with its lessees.

The future minimum lease income under non cancellable operating leases in aggregate are as follows:

| Particulars                                       | For the year ended<br>31 March 2015 | For the year ended<br>31 March 2014 |
|---|-------------------------------------|-------------------------------------|
| Not later than one year                           | 190,436,698                         | -                                   |
| Later than one year and not later than five years | 375,104,979                         | -                                   |
| Later than five years                             | -                                   | -                                   |
| <b>Total</b>                                      | <b>565,541,677</b>                  | <b>-</b>                            |

The Company has leased some of its commercial properties under cancellable operating lease agreement. Total lease rental income recognised in the statement of profit and loss for the year with respect to the above is Nil (previous year: Nil).



**Prestige Mangalore Retail Ventures Private Limited**  
**Notes on accounts**

- 30 The Company has entered into a commercial agreement ("agreement") with the land owner whereby it has been agreed that the net operating profit / loss, as defined and computed as per clause 10.1 of the agreement, from operating the mall shall be shared between the Company and the land owner in the ratio of 68:32. In accordance with the agreement, the Company has computed a net operating loss of Rs 115,833,494 from the operations of the Mall for the year ended 31 March 2015 and accordingly recorded 32% of such loss aggregating to Rs 37,066,718 as a receivable from the land owner as at 31 March 2015. In addition to the above dues, the receivable includes receivable from land owner towards refund of deposit of Rs 70,000,000 offset against payable to land owner towards share in lease deposits collected amounting to Rs 60,852,251.

**31 Deferred tax**

| Particulars  | As at<br>31 March 2015 | As at<br>31 March 2014 |
|--|------------------------|------------------------|
| <b>Deferred tax liability</b>  |                        |                        |
| Excess of depreciation allowable under the income tax laws over depreciation provided for in | 29,136,633             | -                      |
| <b>Deferred tax asset</b>  |                        |                        |
| Unabsorbed depreciation and business loss considered to the extent of liability              | (29,136,633)           | -                      |
|  | -                      | -                      |

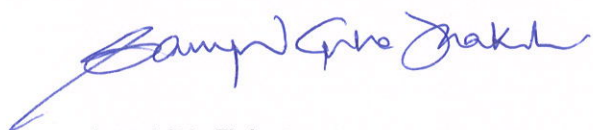
In view of the accumulated losses and in accordance with AS 22 - "Accounting for taxes on income", the management believes that there is no virtual certainty supported by convincing evidence for recognising deferred tax asset on carry forward losses.

- 32 The Company's sole business segment is 'real estate development which includes development and operating a mall' and the only geographical segment is 'India'. Consequently, the requirement for a separate disclosure as required under AS 17- Segment Reporting is not applicable.
- 33 There is no foreign currency denominated payables/receivable at the year end.
- 34 Previous years's figures have been regrouped/ reclassified as per the current year's presentation for the purpose of comparability. The following significant regroupings/ reclassifications of the previous year figures have been made:

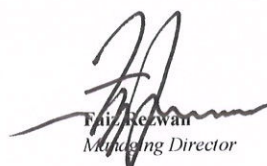
| Particulars   | Previous year classification | Current years<br>classification | Amount in Rs |
|---|------------------------------|---------------------------------|--------------|
| Expenses incurred by holding company on behalf of the Company | Short term borrowings        | Other expenses payable          | 1,767,135    |
| Advertisement expenses  | Advertisement expenses       | Business promotion              | 1,072,603    |

for **BSR & Co. LLP**  
Chartered Accountants  
Firm registration number: 101248W/W-100022

for and on behalf of the Board of Directors of  
**Prestige Mangalore Retail Ventures Private Limited**



**Sampad Guha Thakurta**  
Partner  
Membership No.: 060573  
Place: Bangalore  
Date: 29 May 2015



**Faiz Reza Khan**  
Managing Director  
Place: Bangalore  
Date: 29 May 2015



**Wong Chwee Seng Vincent**  
Director  
Place: Bangalore  
Date: 29 May 2015