

## DIRECTOR'S REPORT

Dear Members,

Your Directors have pleasure to present their Fourth Annual Report together with the Audited Statement of Accounts for the year ended 31<sup>st</sup> March 2010.

### FINANCIAL RESULTS:

Particulars	(Rs.)	
	Year ended 31 <sup>st</sup> March 2010	Year ended 31 <sup>st</sup> March 2009
Total Income	7,646,169	10,807,204
Total Expenditure	9,390,285	13,412,327
Loss before tax	1,744,116	2,605,123
Less : Provision for tax		
Current Tax	-	-
Deferred Tax (Net)	-	-
Fringe Benefit Tax	-	49,806
Net Loss after tax	1,744,116	2,654,929
Balance brought forward from previous period	43,406,374	40,751,445
Balance carried to Balance Sheet	45,150,490	43,406,374

### YEAR UNDER REVIEW:

Your Company provides mall management services which encompass operations, facilities management, finance management, centre management, promotions management, lease administration and all other functions related to the malls being developed by Kshitij Venture Capital Fund. During the year, there has been growth in terms of number of malls managed by the Company.

### INDUSTRY OVERVIEW & OUTLOOK:

The importance of mall management in long term viability and growth of malls has been widely accepted by the developers and the retailers. The professional mall management is essential to attract the consumer and the retailers.

The retail has become extremely competitive one, having high degree of external and internal competition. To lure the retailers and the consumers to its mall, the developers have to ensure that the mall follows the best practices with regard to management of mall.

In India, retail is an emerging market having immense potential in terms of opportunities. Considering the growth of organized retail and increasing transparency in the sector, only professional malls will be able to survive among such a fierce competition.

The present industry scenario and growth of the retail sector offers better business opportunities for the Company in years to come.

**DIVIDEND:**

Your Directors do not recommend the payment of dividend during the year under review.

**CORPORATE GOVERNANCE:**

Your Company believes in transparency and has always maintained high level of Corporate Governance. Your Board has a primary role of trusteeship to protect and enhance stakeholder value through strategic supervision of the Company by providing direction and exercising appropriate controls. In addition to the basic governance issues, your Board lays strong emphasis on transparency, accountability and integrity.

The Company is a 100% subsidiary of Future Capital Holdings Limited and complies with the relevant provisions of the Listing Agreements which are applicable to a subsidiary of a listed company. These include, accounting disclosures, review by Future Capital Holdings Limited of the Company's financial statements, significant transactions and arrangements, board meeting minutes.

**PARTICULARS OF DEPOSITS:**

The Company has not accepted any deposits from the public as contemplated under section 58A of the Companies Act, 1956 read with the Companies (Acceptance of Deposits) Rules, 1975.

**PARTICULARS OF EMPLOYEES:**

In accordance with the provisions of section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, no employees were in receipt of remuneration exceeding Rs.24,00,000/- per annum if employed throughout the year or Rs. 2,00,000/- per month of employed for part of the year.

**DIRECTORS:**

Your Board comprises of three non-executive directors, Mr. N. Shridhar, Mr. Shishir Bajjal and Mr. A. F Thomas.

Mr. Sanjeev Dasgupta ceased to be Director of the Company with effect from 13<sup>th</sup> November, 2009. The Board takes this opportunity to place on record its recognition and appreciation of the valuable contributions made by Mr. Sanjeev Dasgupta as Director of the Company.

Mr. N. Shridhar, Director of the Company is liable to retire by rotation and being eligible, offers themselves for reappointment at the ensuing Annual General Meeting of the Company. The Board recommends the re-appointment of Mr. N. Shridhar as a Director.

**DIRECTORS RESPONSIBILITY STATEMENT:**

The Directors confirm:

- a) That in the preparation of the annual accounts, the applicable accounting standards have been followed and there are no material departures from the same;
- b) That the selected accounting policies were applied consistently and made based on judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31<sup>st</sup> March 2010 and of the Loss of the Company for the period ended on that date;
- c) That proper and sufficient care has been taken 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;
- d) That the accounts have been prepared on a going concern basis.

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

As the Company does not carry on any manufacturing activity, the particulars relating to conservation of energy & technology absorption as required under Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 are not stated. The Company is taking all possible steps to make the most conserve and efficient use of electricity and adopt latest technology in its business.

There were no foreign exchange earnings and outgo during the year under review.

**COMPLIANCE CERTIFICATE:**

M/s. Mehta & Mehta, Company Secretaries have conducted secretarial audit and have issued Compliance Certificate under Section 383A of the Companies Act, 1956 for the period ended 31<sup>st</sup> March 2010. The Compliance Certificate certifying that the Company has complied with all the relevant provisions of the Companies Act, 1956 is enclosed and forms part of this Report.

**AUDITORS:**

M/s. S.R. Batliboi & Co., Chartered Accountants, retire as Statutory Auditors at the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment. The Company has received a letter from the retiring Auditors to the effect that their appointment as Statutory Auditors, if made, will be within the limits prescribed under Section 224(1B) of the Companies Act, 1956. The Board recommends the re-appointment of M/s. S.R. Batliboi & Co., as Statutory Auditors of the Company for the year ended 31<sup>st</sup> March 2011.

**ACKNOWLEDGEMENT:**

The Board takes this opportunity to record its sincere appreciation for the dedicated services rendered by employees at all levels. We would like to express our grateful appreciation for the assistance and support extended by all government authorities, stakeholders, financial institutions, banks, suppliers, consultants, auditors, Kshitij Venture Capital Fund and other business associates.

**BY THE ORDER OF THE BOARD**



**N. SHRIDHAR**  
DIRECTOR



**A. F. THOMAS**  
DIRECTOR

Mumbai, 24<sup>th</sup> May 2010

### Auditors' Report

To  
**The Members of Kshitij Property Solutions Private Limited**

1. We have audited the attached Balance Sheet of Kshitij Property Solutions Private Limited ('the Company') as at March 31, 2010 and also 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 (Auditor's Report) Order, 2003 (as amended) issued by the Central Government of India in terms of sub-section (4A) of Section 227 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.
4. Further to our comments in the Annexure referred to above, we report that:
  - i. 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;
  - ii. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - iii. The balance sheet, profit and loss account and cash flow dealt with by this report are in agreement with the books of account;
  - iv. In our opinion, the balance sheet, profit and loss account and cash flow dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
  - v. On the basis of the written representations received from the directors, as on March 31, 2010, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.



**Kshitij Property Solutions Private Limited**  
**Audit for the year ended March 31, 2010**  
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- vi. In our opinion and to the best of our information and according to the explanations given to us, the said accounts 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;
- a) in the case of the balance sheet, of the state of affairs of the Company as at March 31, 2010;
  - b) in the case of the profit and loss account, of the loss for the year ended on that date; and
  - c) in the case of cash flow statement, of the cash flows for the year ended on that date.

*S.R. Batliboi No.*  
**For S.R. Batliboi & Co.**  
Chartered Accountants  
Firm Registration No.: 301003E

*Hemal Shah*

**per Hemal Shah**  
Partner  
Membership No.:42650

Place: Mumbai  
Date : 24<sup>th</sup> May, 2010

**Kshitij Property Solutions Private Limited**  
**Audit for the year ended March 31, 2010**  
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**Annexure referred to in paragraph 3 of our report of even date**

Re: Kshitij Property Solutions Private Limited ('the Company')

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) Fixed assets have been physically verified by the management during the year and no material discrepancies were identified on such verification.
- (c) There was no substantial disposal of fixed assets during the year.
- (ii) (a) The Company does not have any inventory therefore provisions of Clause 4(ii) of the Companies (Auditor's Report) Order 2003 (as amended) are not applicable to the Company.
- (iii) (a) As informed, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Hence, the provisions of clause 4 (iii) (a), (b), (c), and (d) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (e) As informed, the Company has not taken loan from a Company covered in the register maintained under section 301 of the Companies Act, 1956. Hence the provisions of the Clause 4 (iii) (e) and (f) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (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, for the purchase of fixed assets and for the sale of services. During the course of our audit, no major weakness has been noticed in the internal control system in respect of these areas.
- (v) (a) According to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Act that need to be entered into the register maintained under section 301 have been so entered.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements exceeding value of Rupees five lakhs have been entered into during the financial year at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) The Company has not accepted any deposits from the public.



**Kshitij Property Solutions Private Limited**  
**Audit for the year ended March 31, 2010**  
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- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) To the best of our knowledge and as explained, the Central Government has not prescribed maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956 for the products of the Company.
- (ix)(a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth-tax, service tax, cess and other material statutory dues applicable to it. The provisions relating to sales-tax, customs duty and excise duty are not applicable to the Company. There are no dues payable to the investor education and protection fund.  
Further, since the Central Government has till date not prescribed the amount of cess payable under section 441 A of the Companies Act, 1956, we are not in a position to comment upon the regularity or otherwise of the company in depositing the same.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, wealth-tax, service tax and other undisputed statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (c) According to the information and explanation given to us, there are no dues of income tax, wealth tax, service tax and cess which have not been deposited on account of any dispute.
- (x) The Company has been registered for a period of less than five years and hence we are not required to comment on whether or not the accumulated losses at the end of the financial year is fifty per cent or more of its net worth and whether it has incurred cash losses in such financial year and in the immediately preceding financial year.
- (xi) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company does not have any dues to a financial institutions, bank or debenture holders.
- (xii) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.





**Kshitij Property Solutions Private Limited**  
**Audit for the year ended March 31, 2010**  
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- (xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xvi) The Company did not have any term loans outstanding during the year.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
- (xviii) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956.
- (xix) The Company did not have any outstanding debentures during the year.
- (xx) As informed to us, the Company has not raised any money by way of public issues during the year. Hence the provision of clause (xx) of the Companies (Auditors Report) Order, 2003 (as amended) is not applicable to the Company.
- (xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

*S.R. Batliboi & Co.*

**For S.R. Batliboi & Co.**

Chartered Accountants

Firm Registration No.: 301003E

*Hemal Shah*

**per Hemal Shah**

Partner

Membership No.: 42650

Place: Mumbai

Date : 24<sup>th</sup> May, 2010

**Kshitij Property Solutions Private Limited**  
(formerly known as Kshitij CapitalLand Mall Management Pvt. Ltd.)

**Balance Sheet as at March 31, 2010**

	Schedule	March 31, 2010 Rs.	March 31, 2009 Rs.
<b><u>SOURCES OF FUNDS</u></b>			
<b>Shareholders' Funds</b>			
Share capital	1	6,840,000	6,840,000
<b>Reserves and Surplus</b>			
Securities Premium	2	43,160,000	43,160,000
		<b>50,000,000</b>	<b>50,000,000</b>
<b><u>APPLICATION OF FUNDS</u></b>			
<b>Fixed Assets</b>			
Gross block	3	4,002,965	4,483,767
Less: Depreciation		1,916,367	1,491,209
Net block		2,086,598	2,992,558
<b>Deferred Tax Asset, net</b> (Refer note 5 of Schedule 8)			
		-	-
<b>Current Assets, Loans and Advances</b>			
	4		
Sundry debtors		1,391,498	1,492,097
Cash and bank balances		1,331,219	1,342,782
Loans and advances		4,852,434	3,575,737
		7,575,151	6,410,616
<b>Less: Current Liabilities and Provisions</b>			
	5	4,812,239	2,809,548
<b>Net Current Assets</b>		2,762,912	3,601,068
<b>Profit and Loss Account</b>		45,150,490	43,406,374
		<b>50,000,000</b>	<b>50,000,000</b>
Notes to accounts	8		

The schedules referred to above form an integral part of the Balance Sheet

As per our report of even date

*S.R. Batliboi & Co.*  
For S. R. BATLIBOI & CO.  
Chartered Accountants  
Firm Regn. No. 301003 E

*Hemal Shah*  
per Hemal Shah  
Partner  
Membership No. 42650  
Place : Mumbai  
Date : 24-May-2010



For and on behalf of the Board of Directors of  
Kshitij Property Solutions Pvt. Ltd.



*[Signature]*  
Director

*[Signature]*  
Director

Place : Mumbai  
Date : 24-May-2010

**Kshitij Property Solutions Private Limited**  
(formerly known as Kshitij CapitaLand Mall Management Pvt. Ltd.)

**Profit and Loss Account for the year ended March 31, 2010**

	Schedule	Year ended March 31, 2010 Rs.	Year ended March 31, 2009 Rs.
<b>INCOME</b>			
Mall management fees [TDS Rs. 9,84,391/- (previous year Rs.14,00,516/-)]		8,408,851	12,136,813
Less: Service tax		788,034	1,329,609
		<u>7,620,817</u>	<u>10,807,204</u>
Other income - Interest Income [TDS Rs. NIL (Previous year Rs. NIL.)]		25,352	-
		<u>7,646,169</u>	<u>10,807,204</u>
<b>EXPENDITURE</b>			
Personnel expenses	6	4,177,951	11,263,129
Administration and other expenses	7	3,506,831	1,360,208
Depreciation	3	722,568	826,092
Provision for Doubtful Debts		982,935	(37,102)
		<u>9,390,285</u>	<u>13,412,327</u>
<b>Loss before tax</b>		<u>(1,744,116)</u>	<u>(2,605,123)</u>
<b>Provision for tax:</b>			
Current tax		-	-
Deferred tax		-	-
Fringe benefit tax		-	49,806
<b>Loss after tax</b>		<u>(1,744,116)</u>	<u>(2,654,929)</u>
<b>Balance brought forward from previous period</b>		43,406,374	40,751,445
<b>Balance carried to Balance Sheet</b>		<u>45,150,490</u>	<u>43,406,374</u>
<b>Earnings per share (Nominal value of shares Rs. 10 each)</b>			
Basic and diluted (Refer Note 6 of Schedule 8)		(2.55)	(3.88)

Notes to accounts

8

The schedules referred to above form an integral part of the Balance Sheet

As per our report of even date

*S. R. Batliboi & Co.*  
For S. R. BATLIBOI & CO.  
Chartered Accountants  
Firm Regn No 301003E

*Hemal Shah*  
per Hemal Shah  
Partner  
Membership No. 42650  
Place : Mumbai  
Date : 24 May 2010



For and on behalf of the Board of Directors of  
Kshitij Property Solutions Pvt. Ltd.



*[Signature]*  
Director

*[Signature]*  
Director

Place : Mumbai  
Date : 24 May 2010

**Kshitij Property Solutions Private Limited**  
(formerly known as Kshitij CapitalLand Mall Management Pvt. Ltd.)

Schedules forming part of the Balance Sheet as at 31st March, 2010

	<u>As at</u> <u>March 31, 2010</u>	<u>As at</u> <u>March 31, 2009</u>
	Rs.	Rs.
<b><u>SCHEDULE 1</u></b>		
<b>Share Capital</b>		
<b>Authorised</b>		
1,00,00,000 (Previous Year : 1,00,00,000) equity shares of Rs 10/- each	100,000,000	100,000,000
	<u>100,000,000</u>	<u>100,000,000</u>
<b>Issued, Subscribed and Paid-up</b>		
6,84,000 (Previous Year : 6,84,000) equity shares of Rs.10/- each fully paid up	6,840,000	6,840,000
Out of the above 6,84,000 (Previous year 6,84,000) equity shares are held by Future Capital Holding Limited, Holding Co.)	6,840,000	6,840,000
	<u>6,840,000</u>	<u>6,840,000</u>
<b><u>SCHEDULE 2</u></b>		
<b>Reserves and Surplus</b>		
Securities premium	43,160,000	43,160,000
	<u>43,160,000</u>	<u>43,160,000</u>



Kashij Property Solutions Private Limited  
(formerly known as Kashij Capitaland Mall Management Pvt. Ltd.)

Schedules forming part of the Balance Sheet as at 31st March, 2010

Schedule 3  
Fixed Assets :-

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	Balance as on April 1, 2009	Additions during the period	Deductions during the period	Cost as at March 31, 2010	Accumulated depreciation as at April 1, 2009	Additions during the period	Deductions during the period	Accumulated depreciation as at March 31, 2010	Written down value as at March 31, 2010	Written down value as at March 31, 2009
Computers	3,722,554	-	131,664	3,590,890	1,199,341	594,743	54,409	1,739,675	1,851,215	2,523,212
Office Equipments	119,677	27,289	8,944	138,022	27,929	4,469	477	31,921	106,101	91,748
Hard Furnishing	641,537	-	367,484	274,053	263,939	123,356	242,524	144,771	129,282	377,598
<b>Total</b>	<b>4,483,768</b>	<b>27,289</b>	<b>508,092</b>	<b>4,002,965</b>	<b>1,491,209</b>	<b>722,568</b>	<b>297,410</b>	<b>1,916,367</b>	<b>2,086,598</b>	<b>2,992,558</b>
Previous year / period	4,444,969	432,635	393,837	4,483,767	800,412	826,092	138,296	1,491,209	2,992,558	



**Kshitij Property Solutions Private Limited**  
(formerly known as Kshitij CapitalLand Mall Management Pvt. Ltd.)

Schedules forming part of the Balance Sheet as at 31st March, 2010

	As at March 31, 2010 Rs.	As at March 31, 2009 Rs.
<b>SCHEDULE 4</b>		
<b>Current assets, loans and advances</b>		
<b>Current assets</b>		
<b>A Sundry debtors</b>		
<b>(a) Debts due for more than six months :-</b>		
Unsecured, considered good	-	230,914
Unsecured, considered doubtful	982,935	-
<b>(b) Other Debts</b>		
Unsecured, considered good	1,391,498	1,261,183
	2,374,433	1,492,097
Less: Provision for doubtful debts	(982,935)	-
	1,391,498	1,492,097
Included in Sundry debtors are:		
Dues from Companies under the same management		
(i) Shreya Mall Management Pvt. Limited	982,935	1,196,162
(Maximum amount outstanding during the year Rs.11,96,162/- (Previous year Rs.24,31,434/-)		
(ii) BLB Mall Management Co. Pvt. Ltd.	436,658	104,469
(Maximum amount outstanding during the year Rs.5,00,000/- (Previous year Rs. 11,23,600/-)		
(iii) Navatara S.G. Highway Properties Pvt. Ltd.	824,618	191,466
(Maximum amount outstanding during the year Rs.8,24,618/- (Previous year Rs. 11,23,600/-)		
(iv) Naman Mall Management Co. Pvt. Ltd.	130,222	-
(Maximum amount outstanding during the year Rs.9,99,576/- (Previous year Rs.NIL.)		
	2,374,433	1,492,097
<b>B Cash and bank balances</b>		
Cash on hand	2,020	496
Balance with scheduled banks on :-		
Current account	1,329,199	1,342,286
Deposit account	-	-
	1,331,219	1,342,782
<b>C Loans and advances</b>		
(Unsecured, considered good unless otherwise stated)		
Advances recoverable in cash or in kind or for value to be received	533,075	114,746
Advance payment of Income tax (net of provisions)	4,309,121	3,457,562
Advance payment of fringe benefit tax (net of provisions)	10,238	3,429
	4,852,434	3,575,737

**SCHEDULE 5**

**Current liabilities and provisions**

<b>A Current liabilities</b>		
Sundry creditors		
(a) Total outstanding dues of Micro, Medium and Small Enterprises (Refer note no 3 of Schedule 8)	-	-
(b) Total outstanding dues of creditors other than Micro, Medium and Small Enterprises	3,002,917	483,254
Other liabilities		
	1,470,376	1,622,013
	4,473,293	2,105,267
<b>B Provisions</b>		
Gratuity	222,491	181,627
Leave encashment	116,455	522,655
	338,946	704,282
	4,812,239	2,809,549



**Kshitij Property Solutions Private Limited**  
(formerly known as Kshitij CapitaLand Mall Management Pvt. Ltd.)

Schedules forming part of the Profit and Loss account for the year ended, March 31, 2010

	Year ended March 31, 2010 Rs.	Year ended March 31, 2009 Rs.
<b>SCHEDULE 6</b>		
<b>Personnel expenses</b>		
Salaries, wages and allowances	4,439,072	11,430,081
Contribution to provident fund and other funds	189,284	444,209
Staff welfare expenses	71,686	146,011
	4,700,042	12,020,301
Less :- Reimbursement towards personnel deputation	(522,091)	(757,172)
	4,177,951	11,263,129

**SCHEDULE 7**

**Administrative and other expenses**

Rent and facilities compensation	1,613,541	-
Rates and Taxes	6,046	12,389
Insurance Charges	11,294	12,429
Communication expenses	115,331	168,866
Courier charges	-	7,631
Conveyance	371,398	158,799
Travelling expenses	-	6,300
Printing and stationery	42,205	38,410
Office Expense	11,068	27,247
Auditor's remuneration	131,600	130,696
Legal and Professional charges	1,176,075	552,720
Donation	-	200,000
Training expenses	-	48,708
Books and periodicals	2,298	2,776
Bank Charges	(977)	2,340
Loss on sale of asset	37,744	-
Miscellaneous expenses	387	4,659
	3,518,010	1,373,970
Less :- Reimbursement towards expenses	(11,179)	(13,762)
	3,506,831	1,360,208



**SCHEDULE 8 : Significant Accounting Policies and Notes to Accounts :-**

**1. BACKGROUND :-**

Satyam Mall Management Company Private Limited ('the Company') was incorporated on 25<sup>th</sup> April, 2006 under the provisions of Companies Act, 1956. The name of the Company was changed to Kshitij CapitaLand Mall Management Private Limited on 26<sup>th</sup> April, 2007 and to Kshitij Property Solutions Private Limited w.e.f 7<sup>th</sup> May, 2008. The Company is mainly engaged in providing mall management service.

The Company provides property management and leasing services and assists in managing client relations and promotional activities to malls owned / managed by Client Company. The Company's management has planned to increase the number of malls for providing the property management and leasing services. The management has also planned to provide its service to the retail properties in which Horizon or the Kshitij Fund have invested. The Future Capital Holdings Limited, the investing party, has committed to provide continuing financial and operational support to the Company for its continued operations in the foreseeable future. Accordingly, the financial statements have been prepared under the going concern basis.

**2. SIGNIFICANT ACCOUNTING POLICIES :-**

**(i) Basis of Preparation :-**

The financial statements have been prepared to comply in all material respects with the Notified accounting standard by Companies Accounting Standards Rules, 2006 and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention on an accrual. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

**(ii) Use of Estimates :-**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period end. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

**(iii) Fixed assets :-**

Fixed assets are stated at cost (or revalued amounts, as the case may be), less accumulated depreciation and impairment losses if any. Cost comprises of the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.





**Kshitij Property Solutions Private Limited**  
**(formerly known as Kshitij CapitaLand Mall Management Private Limited)**

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**(iii) Depreciation :-**

Depreciation is provided using the Straight Line Method as per the useful lives of the assets estimated by the management, or at the rates prescribed under schedule XIV of the Companies Act, 1956 whichever is higher.

	<b>Rates (SLM) As per Management Estimate</b>	<b>Schedule XIV Rates (SLM)</b>
1) Office Equipment	4.75%	4.75%
2) Computers	16.21%	16.21%
3) <u>Hard Furnishings</u>		
Computers	31.67%	16.21%
Office Equipment	31.67%	4.75%
Furniture	31.67%	4.75%

Fixed assets purchased costing less than Rs. 5,000/- or less individually are fully depreciated in the year of purchase.

**(iv) Impairment :-**

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal / external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.

After impairment, depreciation is provided on the revised carrying amount of the assets over its remaining useful life.

A previously recognised impairment loss is increased or reversed depending on changes in circumstances. However the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation if there was no impairment.

**(v) Revenue recognition :-**

Mall Management Fees is recognized in accordance with arrangements entered into with the customer.



**(vi) Retirement benefits :-**

The retirement benefits in the form of Provident Fund is a defined contribution scheme and the contributions are charged to the Profit and Loss account for the year when the contributions to the respective funds are due. There are no other obligation other than the obligation payable to the respective trusts.

Gratuity liability is defined benefit obligation and is provided for on the basis of actuarial valuation made at the end of each financial year.

Encashable short term compensated absences are provided for based on estimates. No provision is made for unencashable short term compensated absences. Long term compensated absences are provided for based on actuarial valuation. The actuarial valuation is done as per the projected unit credit method.

Actuarial gains and losses are immediately taken to profit and loss account and are not deferred.

**(vii) Foreign currency translation :-**

Foreign currency transactions:

**(i) Initial recognition :-**

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

**(ii) Conversion :-**

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

**(iii) Exchange differences :-**

Exchange differences arising on the settlement of monetary items or on reporting Company's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expenses in the year in which they arise except those arising from investments in non-integral operations. Exchange differences arising in respect of fixed assets acquired from outside India on or before accounting period commencing after December 7, 2006 are capitalized as a part of fixed asset.

Exchange differences arising on a monetary item that, in substance, form part of Company's net investment in a non-integral foreign operation is accumulated in a foreign currency translation reserve in the financial statements until the disposal of the net investment, at which time they are recognised as income or as expenses.



**(viii) Preliminary expenditure :-**

Preliminary expenses in the year in which it is incurred are charged to profit and loss account.

**(ix) Income Taxes :-**

Tax expense comprises of current, deferred and fringe benefit tax. Current income tax and fringe benefit tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets and deferred tax liabilities across various countries of operation are not set off against each other as the company does not have a legal right to do so. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.

At each balance sheet date the Company re-assesses unrecognised deferred tax assets. It recognises unrecognised deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realised.

The carrying amount of deferred tax assets are reviewed at each balance sheet date. The company writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available

**(x) Provisions :-**

A provision is recognized when the enterprise has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

**(xi) Earnings Per Share :-**

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.



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3. **DUE TO SMALL SCALE INDUSTRIAL UNDERTAKING :-**

The Company did not have any transactions with Small, Micro and Medium Enterprises as defined under "Micro, Small and Medium Enterprises Development Act, 2006" and hence there are no amounts due to such undertakings.

4. **RELATED PARTY DISCLOSURE :-**

Names of Related Parties where control exists irrespective of whether transactions have occurred or not :-

<b>Relationship</b>	<b>Name of the Party</b>
Holding Company	Future Capital Holdings Limited
Holding Company of Ultimate Holding Co.	Pantaloon Retail India Limited (Holding Company of Future Capital Holdings Limited)
Enterprises under common control of the Holding Co.	Kshitij Investment Advisory Company Limited

Refer Annexure 1 for the transactions with related parties.

5. **DEFERRED TAX ASSETS / LIABILITIES :-**

In view of the significant carried forward loss, no net deferred tax asset has been created by the Company. Following are the components of the deferred tax assets and liabilities.

	As at March 31, 2010 Rs	As at March 31, 2009 Rs.
<b>Deferred tax liability</b>		
Depreciation	5,13,783/-	6,20,746/-
<b>Deferred tax assets</b>		
On expenses disallowed u/s. 43B of Income Tax Act, 1961.	1,15,208/-	2,39,385/-
On Preliminary Expenditure	807/-	1,612/-
On Unabsorbed Depreciation	13,21,924/-	11,83,287/-
<b>Deferred tax (Assets) / Liability (net)</b>	<b>NIL</b>	<b>NIL</b>



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**6. EARNINGS PER SHARE :-**

Basic earnings per share (EPS) is calculated by dividing the Net Profit / (Loss) for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. There are no diluted potential equity shares outstanding during the period.

	<b>For the Year ended March 31, 2010</b>	<b>For the period ended March 31, 2009</b>
Net profit / (loss) after tax (Rs)	(17,44,116)	(26,54,929)
Weighted average number of shares	6,84,000	6,84,000
Nominal value per share (Rs)	10	10
Earnings per share (Rs)	(2.55)	(3.88)

**7. OPERATING LEASES :-**

The Company had taken office premises on lease during the year.

Particulars	Year Ended March 31, 2010	Year Ended March 31, 2009
Lease payments for the period (Net)	16,13,541/-	NIL
<b>Future minimum lease payment :</b>		
Not later than one year	16,98,888/-	NIL
Later than one year but not later than 5 years	NIL	NIL
Later than 5 years	NIL	NIL

**8. GRATUITY AND OTHER POST-EMPLOYMENT BENEFIT PLANS :-**

The Company has a defined benefit gratuity and leave encashment plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of services.

The following table summaries the component of net benefit expense recognized in the profit and loss account and amounts recognized in the Balance Sheet for the respective plans.



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**(A) Defined Benefit Gratuity Plan :-**

**Profit and Loss Account :-**

Net employee benefit expenses ( recognized in Salaries, Wages and Allowances)

<b>Particulars</b>	<b>Gratuity Year ended March 31, 2010</b>	<b>Gratuity Period ended March 31, 2009</b>
Current Service cost	57,335/-	82,853/-
Interest cost on benefit obligation	14,530/-	26,498/-
Expected return on plan assets	NIL	NIL
Net actuarial (gain)/ loss recognized in the period	59,567/-	(2,58,947/-)
Past service Cost	NIL	NIL
Net benefit expenses	1,31,432/-	(1,49,596/-)

**Balance Sheet :-**

Details of Provision for Gratuity

<b>Particulars</b>	<b>Gratuity As at March 31, 2010</b>	<b>Gratuity As at March 31,2009</b>
Defined benefit obligation	(2,22,491/-)	(1,81,627/-)
Fair value of plan assets	NIL	NIL
Less: Unrecognized past service cost	NIL	NIL
Plan Asset/(Liability)	(2,22,491/-)	(1,81,627/-)

Changes in the present value of the defined benefit obligation are as follows:-

<b>Particulars</b>	<b>Gratuity As at March 31, 2010</b>	<b>Gratuity As at March 31,2009</b>
Opening defined benefit obligation	1,81,627/-	3,31,223/-
Interest Cost	14,530/-	26,498/-
Current Service cost	57,335/-	82,853/-
Benefit paid	(90,568/-)	NIL
Actuarial(gain)/losses on obligation	59,567/-	(2,58,947/-)
Closing defined benefit organization	2,22491/-	1,81,627/-



**Kshitij Property Solutions Private Limited**  
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Changes in the fair value of plan assets are as follows:-

Particulars	Gratuity As at March 31, 2010	Gratuity As at March 31, 2009
Opening fair value of plan assets	NIL	NIL
Expected return	NIL	NIL
Contribution by employer	NIL	NIL
Benefit paid	NIL	NIL
Actuarial gains/ ( losses)	NIL	NIL
Closing fair value of plan assets	NIL	NIL
Total Actuarial Gain/( Loss) to be recognized	NIL	NIL

The principal assumption used in determining gratuity obligations for the Company's plan is shown below:-

Particulars	Gratuity March 31, 2010 in %	Gratuity March 31, 2009 in %
Discount Rate	8.00%	8.00%
Expected rate of return on assets	NIL	NIL
Increase in Compensation cost	6.00%	6.00%
Employee turnover	NIL	NIL

**(B) Defined Benefit Leave Encashment Plan :-**

Profit and Loss Account:

Net Leave encashment expenses (recognized in Salaries, wages and allowances)

Particulars	Leave Encashment Year ended March 31, 2010	Leave Encashment Year ended March 31, 2009
Current Service cost	33,127/-	1,15,402/-
Interest cost on benefit obligation	36,231/-	36,169/-
Expected return on plan assets	NIL	NIL
Net actuarial (gain)/ loss recognized in the period	(377957/-)	29,141/-
Past service Cost	(69772/-)	NIL
Net Benefit expenses	(3,78,372)/-	1,80,712/-



**Kshitij Property Solutions Private Limited**  
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**Balance Sheet :-**

Details of Provision for Leave Encashment

Particulars	Leave Encashment As at March 31, 2010	Leave Encashment As at March 31, 2009
Defined benefit obligation	(1,16,455/-)	(4,52,883/-)
Fair Value of Plan assets	NIL	NIL
Less :- Unrecognized past service cost	NIL	NIL
Plan Asset / (Liability)	(1,16,455/-)	(4,52,883/-)

Changes in present value of the defined benefit obligation are as follows:-

Particulars	Leave Encashment As at March 31, 2010	Leave Encashment As at March 31, 2009
Opening defined benefit obligation	4,52,883/-	4,52,118/-
Interest Cost	36,231/-	36,169/-
Current Service cost	33,127/-	1,15,402/-
Benefit paid	(27,828/-)	(1,79,947/-)
Actuarial(gain)/losses on obligation	(3,77,958/-)	29,141/-
Closing defined benefit organization	1,16,455/-	4,52,883/-

Changes in the fair value of plan assets are as follows:-

Particulars	Leave Encashment As at March 31, 2010	Leave Encashment As at March 31, 2009
Opening fair value of plan assets	NIL	NIL
Expected return	NIL	NIL
Contribution by employer	NIL	NIL
Benefit paid	NIL	NIL
Actuarial gains/ ( losses)	NIL	NIL
Closing fair value of plan assets	NIL	NIL
Total Actuarial Gain/( Loss) to be recognized	NIL	NIL





**Kshitij Property Solutions Private Limited**  
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The principal assumption used in determining gratuity obligations for the Company's plan are shown below:-

Particulars	Leave Encashment As at March 31, 2010	Leave Encashment As at March 31, 2009
Discount Rate	8.00%	8.00%
Expected rate of return on assets	NIL	NIL
Increase in Compensation cost	6.00%	6.00%
Employee turnover	NIL	NIL

The estimate of figure salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

Since the Company has not founded its gratuity liability there are no return on the planned assets.

**9. AUDITOR'S REMUNERATION :-**

The company has incurred the following expenditure towards auditors remuneration:-

(Amount in Rs.)

	Year ended March 31,2010	Year ended March 31,2009
Audit Fees	1,25,000/-	1,25,000/-
Out of Pocket expenses	6,600/-	5,696/-
<b>Total</b>	<b>1,31,600/-</b>	<b>1,25,000/-</b>

**10. EXPENDITURE IN FOREIGN CURRENCY :-**

The Company has not incurred any expenditure in foreign currency .

11. The figures for the previous period have been re-grouped/re-arranged wherever necessary.

As per our Report of even date

*S.R. Batliboi & Co.*  
For S.R. Batliboi & Co.  
Chartered Accountants  
Firm Regn. No 301003E

*Hemal Shah*  
Per Hemal Shah  
Partner  
Membership No. : 42650  
Place : Mumbai  
Date : 24-May-2010



For and on behalf of the Board of Directors  
Kshitij Property Solutions Private Limited



*[Signature]*  
Director  
Place : Mumbai  
Date : 24-May-2010

*[Signature]*  
Director

**Kshitij Property Solutions Private Limited**  
 (formerly known as Kshitij CapitaLand Mall Management Private Limited)

**Transactions with Related parties**

**Annexure I of the Note 4 to the Schedule 8 of the Financial statements**


Relationship	Period / Year ended	<i>Amount in Rupees</i>				
		Holding Company	Holding Company of the Ultimate Holding Co.	Enterprises under common Control of Holding Co.	Key Management Personnel	Total
Operating expenses reimbursed by the company	2009-10	17,332	53,300	1,995,591		2,066,223
	2008-09	61,898	140,400	41,234		243,532
Fixed assets / intangible assets sold	2009-10	-	-	105,741		105,741
	2008-09	-	-	-		-
Fixed assets / intangible assets purchased	2009-10	-	-	-		-
	2008-09	109,285		-		109,285
CEO's /Managing Director's/ Head Mall remuneration	2009-10				-	-
	2008-09				2,944,886	2,944,886
<b>Closing Balances :-</b>		-	-	-	-	-
Payable - Current A/c	2009-10	-	1,249,953	1,907,534	-	3,157,487
	2008-09	60,382	1,486,801	32,255	-	1,579,438



Kshitij Property Solutions Pvt. Ltd.  
(formerly known as Kshitij CapitaLand Mall Management Pvt. Ltd.)

Cash Flow Statement for the year ended March 31, 2010

		Year ended March 31, 2010	Year ended March 31, 2009
<b>A.</b>	<b>Cash Flow from Operating Activities</b>		
	Net Loss/Profit before Tax		
	Depreciation	(1,744,116)	(2,605,123)
	Provision for Leave Encashment & Gratuity	722,568	826,092
	<b>Operating Profit before working capital changes</b>	<b>338,946</b>	<b>704,282</b>
		<b>(682,602)</b>	<b>(1,074,749)</b>
	<b>Adjusted For:-</b>		
	(Increase)/ Decrease in Sundry Debtors	100,598	(730,014)
	(Increase)/ Decrease in Loans and Advances	(1,276,697)	(1,265,252)
	Increase/ (Decrease) in Current Liabilities and provisions	1,663,744	(2,218,306)
	Advance tax paid	-	(49,500)
	<b>Net Cash generated from Operating Activities</b>	<b>(194,957)</b>	<b>(5,337,821)</b>
	(A)		
<b>B.</b>	<b>Cash Flow from Investing Activities</b>		
	(Purchase)/ Sale of Fixed Assets	183,393	(174,092)
	<b>Net Cash generated from Investing Activities</b>	<b>183,393</b>	<b>(174,092)</b>
	(B)		
<b>C.</b>	<b>Cash flow from Financing Activities</b>		
	<b>Net Cash generated from Financing Activities</b>	<b>-</b>	<b>-</b>
	(C)		
	<b>Net Increase in Cash and Cash Equivalent during the year (A+B+C)</b>	<b>(11,564)</b>	<b>(5,511,913)</b>
	Cash and Cash Equivalents as at the beginning of the year	1,342,783	6,854,696
	Cash and Cash equivalents as on March 31, 2010	<b>1,331,219</b>	<b>1,342,783</b>
	<b>Components of cash and cash equivalents</b>		
	Balances with banks in current accounts	1,329,199	1,342,287
	Cash in hand (including foreign currency)	2,020	496
		<b>1,331,219</b>	<b>1,342,783</b>

As per our report of even date  
  
 For S. R. BATLIBOI & CO.  
 Chartered Accountants  
 Firm Regn No. 301003E

per Hemal Shah  
 Partner  
 Membership No. 42650  
 Place : Mumbai  
 Date : 24-May-2010



For and on behalf of the Board of Directors of  
 Kshitij Property Solutions Pvt. Ltd.



  
 Director

  
 Director

Place : Mumbai  
 Date : 24-May-2010

**Kshitij Property Solutions Private Limited**  
(Formerly known as Kshitij CapitaLand Mall Management Private Limited)

**Balance Sheet Abstract and Company's General Business Profile.**

**Registration Details**

Registration No. : U70109MH2006PTC161374  
 State Code : 11  
 Balancesheet Date : March 31, 2010

**II. Capital Raised During the year (Rs. In Thousand)**

	<b>2009-2010</b>
Public Issue	NIL
Rights Issue	NIL
Bonus Issue	NIL
Private Placement	NIL

**III. Position of Mobilisation and Deployment of Funds (Rs in Thousand)**

Total Liabilities	50,000
Total Assets	50,000

**Sources of Funds**

Paid up Capital	6,840
Share application money pending allotment	-
Reserves and Surplus	43,160
Secured Loans	-
Unsecured Loans	-
Deferred Tax Liabilities, net	-
<b>Total</b>	<b>50,000</b>

**Application of Funds**

Net Fixed Assets including Capital WIP	2,087
Investments	-
Net Current Assets	2,763
Miscellaneous Expenditure	-
Accumulated Losses	45,150
<b>Total</b>	<b>50,000</b>

**IV. Performance of Company (Rs. In Thousand)**

Turnover	7,646
Total Expenditure	9,390
Profit / (Loss) Before Taxation	(1,744)
Profit / (Loss) After Taxation	(1,744)
Earnings per share (annualised)	(2.35)
Dividend rate %	NIL

**V. Generic Names of principal products / services of Company (as per monetary terms)**

Item Code No. (ITC Code) : 70200  
 Product Description : Mall Management Service related activities

For and on behalf of the Board of Directors of  
**Kshitij Property Solutions Private Limited**



(Director)

Place : Mumbai

Date : 24-May-2010

(Director)