YATRA CAPITAL

YATRA CAPITAL LIMITED

AUDITED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2012

YATRA CAPITAL IS THE ONLY COMPANY LISTED ON NYSE EURONEXT

INVESTING IN REAL ESTATE IN INDIA.

INVESTMENT MANAGER

IL&FS | IL&FS Investment Advisors LLC

Contents

Performance Highlights

- **Yatra Capital Limited ("Yatra"), listed on NYSE Euronext, raised EUR 220 million (EUR 212.13 million net funds raised) by way of two offerings. Substantially all of the funds raised are committed and disbursed and thus the Group's acquisition program is complete. The Group's residual cash balances are retained to satisfy remaining contractual and investment commitments.**

- **Net Asset Value ("NAV") per share* decreased by 25% from EUR 8.00 at 31 March 2011 to EUR 6.00 at 31 March 2012.**

- **Net loss for the year ended 31 March 2012 was EUR 43.07 million as compared to net loss of EUR 27.28 million for the year ended 31 March 2011.**

- **Basic Loss Per Share for the year ended 31 March 2012 was EUR 2.02 as compared to EUR 1.27 for the year ended 31 March 2011.**

- **Yatra has entered into 15 investments, of which two are entity level investments, spread across 9 cities resulting in a development potential of over 27 million square feet as at 31 March 2012.**

- **Yatra's investments include over 19.3 million square feet of saleable/leasable area (excluding car parking and other non revenue generating areas). Over 6.1 million square feet of development space has been pre-leased/ pre-sold as at 31 March 2012.**

- **Construction work at 9 of Yatra's investment projects is in progress and the second project of the Company - Market City retail mall at Pune became operational in June 2011.**

**NAV per share is based on Yatra's net assets as disclosed in the Statement of Financial Position as at 31 March 2012 divided by the number of shares outstanding on that date.*

Chairman's Statement

Dear Shareholders,

This is my first formal statement to you since taking over as Chairman from Sir Nigel Broomfield in January of this year. I take this opportunity, on behalf of the entire board, to thank Sir Nigel for his substantial and tireless contribution to the Company since it was formed, and to wish him the very best in his retirement. I present to you herewith the audited financial accounts and the annual report of Yatra Capital Limited for the year ended 31 March, 2012.

Macro-Economic Backdrop

The profligacy of governments and consumers alike during the early part of the first decade of this century continues to cast a long shadow across the world. Repeated global monetary stimulus has not woken the patient from its coma, and ex-EM growth rates remain anemic at best. Deleveraging has commenced across the developed world, but the hard yards are yet to be run. The Eurozone travails are well known and need no repetition here. Of relevance, however, is that it is hard to see how matters may improve absent Germany accepting its role as Eurozone lender of last resort, or the implementation of some form of material debt reduction and forgiveness programs akin to those applied in Latin America in the 1980s. Neither option appears viable at this time, as neither governmental nor corporate banking balance sheets are strong enough to take the hit. China is slowing from its breakneck growth path, and whether it will manage a hard or soft landing remains to be seen. Multiple downside risks make for a highly uncertain picture, and cross-border capital flows, already a shadow of their former selves, may yet see material further reductions.

Indian Operating Environment

Against this backdrop, the Indian position has become perilous. Persistently high inflation has dashed the hopes of economic commentators who hoped by this time to see interest rates on a declining path with more cuts to come. Recent metrics suggest that the RBI has no room for manoeuvre in the short term, whilst the economy continues to slow, raising the spectre of stagflation. The persistence of major global downside risks has stifled FDI and the currency has depreciated sharply. Political missteps and clumsy tax management have shaken external investor confidence, which will take some years to repair.

High interest rates hurt us in two principal ways – our leveraged portfolio assets experience IRR declines through higher priced debt, and off take for our retail and residential assets is slowed down, due to reduced affordability. These conditions have created stresses for our real estate development partners, where we are concentrated in a few names, and we have regrettably had to take provisions against one of our part-completed projects in Indore which the development partner is currently unable to support. Reappraisal of likely exit dates has been, and I fear will continue to be, a constant theme for the board and the Investment Manager.

Performance Update

It is my unhappy duty to report a further decline in net asset values this year. Having taken the advice of our real estate valuer CBRE, and after the implementation of the project write-down that I referred to earlier, NAV per share now stands at EUR 6.00, compared with EUR 8.00 at 31 March 2011. Further write-downs in future years cannot be ruled out, and will be largely dependent on future trends in domestic interest rates, a recovery in the Indian Rupee vis-à-vis international currencies and a rekindling of FDI. Your board and the investment manager continue to strive to protect and, where viable, enhance project asset values, but the strategic direction of the Company, by diversifying risk through non-controlling stakes in developer joint ventures, does not sit comfortably with current economic conditions. Further adverse project level events arising from developer stress cannot be ruled out. Having said that, there are positives to report, including the opening of the Pune Mall, and construction and sales progress at the Indore and Pune residential projects.

Return of Capital

The board has been considering for some time the likely cash flows from its portfolio, and the manner in which those cash flows may be channeled to investors in accordance with the undertakings given in the Company's public prospectuses. I am able to announce that the board has resolved to return EUR 7.5 million of capital to shareholders during the fourth quarter of 2012. The precise mechanics and necessary approvals of this capital return are being worked on by our advisors, and more detailed proposals will be brought to shareholders at the next AGM. Your board sees this as the first in a number of annual capital returns, and whilst the repayment this year will be financed from the Company's residual cash resources, future capital returns may reasonably be expected to derive from asset disposals and underlying project cash flows. To be clear, it is the board's firm intention to return capital in the fourth quarter of each year as cash flows permit, although much is dependent on improvements in the global and domestic investment climate.

Investment Manager Alignment

As you will know, the board has been working with the Investment Manager for some time on restructuring the remuneration arrangements for the Investment Manager to align its interest with those of shareholders. In particular, the carry arrangements which were implemented at inception no longer realistically offer the opportunity for performance payments and thus do not deliver the purpose for which they were designed. It is disappointing for me to report that as yet, no conclusion satisfactory to the directors has been reached. However, I shall have the opportunity to write to you again shortly when calling the Annual General Meeting of the Company, and I hope to be able to share with you some developments on this topic at that time.

Conclusion

I would like to take this opportunity to thank my fellow directors, our investment management team, and our advisors for their hard work during the period under review, and would like to sincerely thank you for your continued support.

With best wishes

Richard Boléat

Chairman

27 July, 2012

Investment Manager's Report

The world economy faced headwinds throughout the last financial year and continues to be in a state of flux. Fiscal uncertainties in the Euro zone and the slow recovery of other developed economies remain a concern. More importantly, in the developing economies, the growth power houses of China, Brazil and India have also started to decelerate. In India, fiscal deficit and an increasing subsidy burden, interest rates and inflation, weakening rupee and volatile foreign flows have all contributed towards a slowdown. Scaled down capital expenditure and weak industrial growth are two visible manifestations.

Whilst in the near term uncertainty is expected to persist, it is expected that the growing threat to the fiscal position and risks of downgrades by rating agencies will drive the government towards implementing important policy changes. Recent policy changes announced towards enhancing liquidity are a step in the right direction. The underlying fundamentals continue to exhibit strength in spite of the significant pressures and give credence to the expectation that as the economy moves in the right direction, these fundamentals will continue to drive the economy.

The real estate markets have not escaped the pain felt in the overall economy and in the current high interest regime demand for residential real estate continues to be subdued due to ill-affordability in many markets. Some markets which have not exhibited significant upward pricing pressures in the last couple of years viz. Bangalore and Chennai continue to exhibit better off take in sales. Developers in most markets have shied away from cutting prices and this coupled with high interest costs has continued to deter end user demand. However growing stress on the developers' balance sheets and the banks reluctance to further reschedule debt payments has translated in a scenario where price cuts are imminent.

Most markets have also shown that there is significant demand for the right product at the right price and absorption has been good in locations where price cuts or right pricing have been introduced, for example, sales in our residential project - Pune and Treasure Town Bijalpur residential projects. Commercial and retail real estate markets continue to see improved absorption, however at subdued rentals.

Recovery, whilst not imminent, is achievable even with small policy corrections due to the underlying strong fundamentals. The key would be to build on the inherent strengths. India is blessed with a strong base of producers, consumers, entrepreneurs, and institutions, each of which build on each other to generate growth and prosperity. While recent macro-economic events have impacted and could potentially impact growth in the short to medium term, the country continues to have all the ingredients in place to deliver sustained long term growth.

Portfolio Highlights

Execution of the projects continued to remain our focus during the year. The residential Pune project was re-launched and is seeing strong sales momentum. The first stage of development permissions for Bangalore residential project has been received and project is expected to be ready for launch in Q3 2012. The Pune mall was also launched in June this year and is currently running at a 68% occupancy level which is expected to move up to 75% once the multiplex is operational. Efforts on achieving financial closure for the Indore retail project continue in addition to the work on restructuring the residential Batanagar and Forum IT SEZ investments, albeit at a slower pace than our expectations.

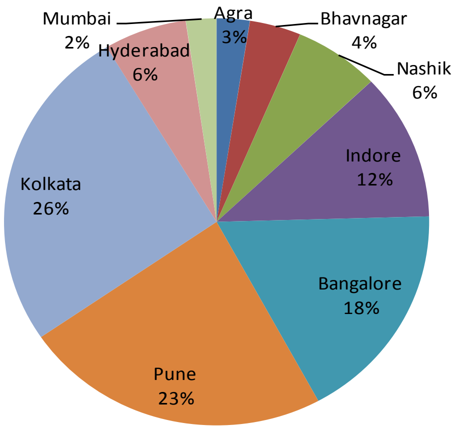
In the Taj Gateway Kolkata hotel project, the commercial terms were restructured to provide a stronger exit opportunity as well as downside protection for Yatra. The hotel is in the final stages of completion and is expected to be operational during Q3 2012.

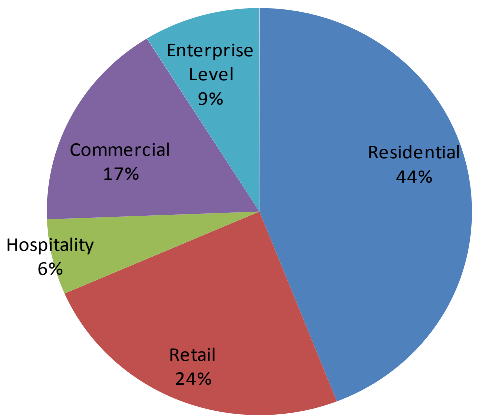
The development plans at the Agra site have been kept on hold and Yatra is currently exploring the option of land sale subject to regulatory approvals. In the Himalaya Mall Bhavnagar project, discussions have been in progress for some time with the developer to divest Yatra's stake in the project and is expected to close out shortly.

Overall, we have let / sold / agreed terms for almost 6.1 million sq ft so far, compared to 4.8 million sq ft till last year.

Of the total debt financing requirement for the entire portfolio of EUR 227 million, we have secured EUR 157.5 million with the balance under negotiations. The weighted average cost of debt across the portfolio stands at ~14.2% per annum.

Charts showing the geographical and sectoral portfolio allocation are presented below:





Valuation & NAV

The valuations for the portfolio were conducted as of 31 March, 2012 under the RICS guidelines by the independent valuers CBRE. Projects where business plans are not yet finalized (Agra) or those involving long gestation periods (some of the land parcels under Treasure Town - Bijalpur and Saket Engineers) were valued on a Direct Comparable basis while the others were valued on a Discounted Cash Flow basis.The table below provides a project level break-up of the valuation data:

Development Project	Amount Committed	CBRE Valuation			NAV*			
		Mar'11	Mar'12	Gain/(Loss) in Mar'12	Mar'11	Mar'12	Gain/(Loss) in Mar'12	Contribution to NAV
	Euro mn	*Euro mn*	*Euro mn*	*%*	*Euro mn*	*Euro mn*	*%*	*%*
Palladium Constructions Pvt. Ltd. and Platinum Spaces Pvt. Ltd. - Residential, Bangalore (#)	28.07	22.99	20.57	-10.50	24.74	22.29	-9.92	17.39
Riverbank Holdings Pvt. Ltd. – Residential Batanagar, Kolkata	20.28	12.92	8.16	-36.82	11.91	8.68	-27.14	6.77
Vamona Developers Pvt. Ltd. - Market City Retail, Pune	17.05	30.47	23.96	-21.36	11.27	4.33	-61.57	3.38
Forum IT Parks Pvt. Ltd. – IT SEZ, Kolkata	16.68	6.77	4.62	-31.70	6.55	1.80	-72.54	1.40
Kolte Patil Real Estate Pvt. Ltd. - Residential, Pune	15.88	21.75	23.22	6.78	17.36	18.13	4.43	14.15
Indore Treasure Market City Pvt. Ltd. - Treasure Market City Retail, Indore	10.97	14.78	6.07	-58.91	10.58	0.58	-94.51	0.45
City Centre Mall Nashik Pvt. Ltd. - City Centre Mall, Nashik	10.42	13.69	11.21	-18.13	10.09	7.98	-20.93	6.23
Indore Treasure Town Pvt. Ltd. - Treasure Town, Bijalpur Indore	7.71	25.23	16.77	-33.54	16.59	11.19	-32.51	8.73
Modi Organisors Pvt. Ltd. - Himalaya Mall, Bhavnagar	6.28	3.63	3.31	-8.89	0.57	0.66	17.17	0.52
Jalan Intercontinental Hotels Pvt. Ltd - Taj Gateway, Kolkata	4.64	9.10	10.14	11.44	6.51	4.95	-24.06	3.86
Gangetic Developers Pvt. Ltd. - Phoenix United Mall, Agra	4.04	2.91	2.83	-2.74	2.77	2.73	-1.56	2.13
Listed Equity Holding								
The Phoenix Mills Ltd.	3.73	1.83	1.95	6.55	1.83	1.95	6.23	1.52
Unlisted Equity Holding								
Saket Engineers Pvt. Ltd – Residential Entity level Hyderabad	10.13	9.88	9.90	0.20	6.98	8.15	16.76	6.36
Total	**155.88**	**175.94**	**142.71**	**-18.89**	**127.76**	**93.42**	**-26.87**	
Cash and Receivables (Net)	NA	NA	NA	NA	38.58	31.79	-17.60	24.84
Alliance Hospitality Services Pvt. Ltd. - Market City Hospitality, Pune ^	4.58	4.00	-	NA	5.12	2.90	-43.38	2.26
Total	**160.46**	**179.94**	**142.71**	**-20.69**	**171.45**	**128.11**	**-25.27**	**100.00**

**NAV numbers post balance sheet adjustments*

 # includes two SPVs

^ Not included; Valued at Cost

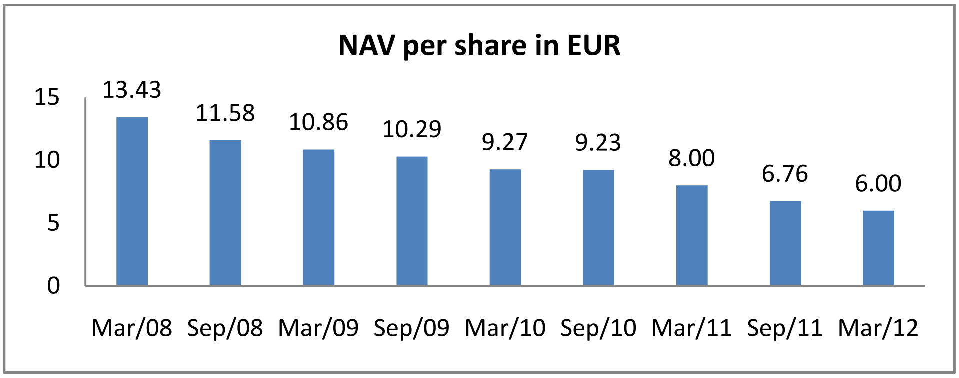
The valuation highlights are as follows:

- Valuation of the portfolio based on independent RICS valuation as on 31 March, 2012 – EUR 142.71 million (2011 – EUR 175.94 million) *excluding Market City Hospitality, Pune*
- Decrease in valuation – (18.89%)
- Valuation assumptions:
    - Capitalization Yields: 10.0% - 11.5%
    - WACC: 18.3%* (2011 – 18.6%)

**Weighted average of CBRE'S WACC rate assumptions for individual projects excluding three projects (Treasure Market City - Indore; Market City Hospitality - Pune and Phoenix United Mall - Agra)*

As noted above, the value of the portfolio has reduced by 18.89% compared to the previous year. The weakening of the Indian Rupee vis-a-vis the Euro has impacted the portfolio valuation negatively by 8%. Some of the projects have experienced a severe mark down compared to last year. These projects valuations are reflective of the present market conditions in some cities like Kolkata (Forum IT SEZ and Batanagar residential), funding issues in Indore (Treasure Market City Retail), incremental costs and lower than expected rent realisations in Pune (Market City Retail) and restructuring of the product mix in Treasure Town, Indore.

The factors impacting the NAV include the rise in input costs, extension of time lines in the projects and wage costs which have resulted in 10% depreciation in the portfolio in rupee terms. A further 11% depreciation in the NAV is attributed to the weakening of the Indian rupee against the Euro and adjustments which made for debt and IFRS requirements. Further, the board of Yatra Capital has decided to write down the fair value of the Fund's investment in Indore Treasure Market City Private Limited as on 31 March 2012 to a lower value by using a Direct Comparable method of valuation, which has impacted the NAV by 4%. The portfolio company, at the moment is not in a position to finance further construction and the board and other investors are not keen to infuse any fresh equity into the company.



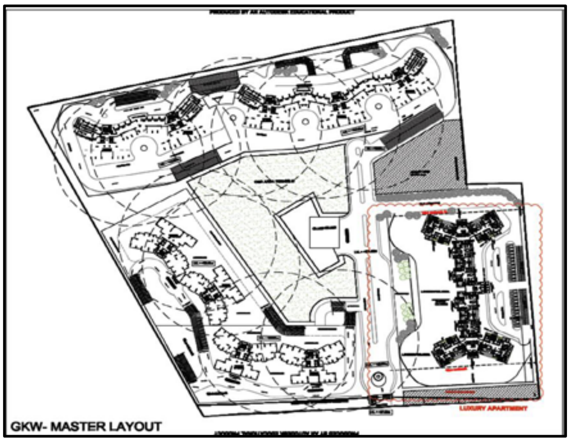
Going Forward

This year will see the operation of Taj Gateway hotel in Kolkata and launch of a residential scheme in Bangalore. The key focus continues to be to take investments to mature level such that will enable distributions to shareholders either through underlying project cash flows (as in the case of the Pune and Bangalore residential projects) or through the sale of stake in the projects once completed (case in point being the Taj Gateway in Kolkata).

Investment Portfolio

Palladium Constructions Private Ltd and Platinum Spaces Private Ltd - Residential, Bangalore

Asset class	Residential development
Land Area	16.73 acres
Leasable/Saleable Area	2.0 million sq ft
Location	Bangalore, Karnataka
Indian Portfolio Company	Palladium Constructions Private Limited and Platinum Spaces Private Limited
Development Partner	The Phoenix Mills Limited
Investment Date	March 2008
Funds Committed	EUR 28.07 million
Funds Disbursed	EUR 28.07 million
Equity Stake	30 %
CBRE Valuation Summary:	
Valuation (March 2012)	EUR 20.57 million
Valuation Gain / (Loss)	(10.5%) over March 2011
NAV (March 2012)	EUR 22.29 million
NAV Gain / (Loss)	(9.9%) over March 2011
Cost of Equity	25.00%
WACC	18.4%
Valuation Methodology	Discounted Cash Flow
Exit Assumption	Sep 2018
Other Assumptions:	
Base Sale Price-Apartments	INR 5,700 / sq ft



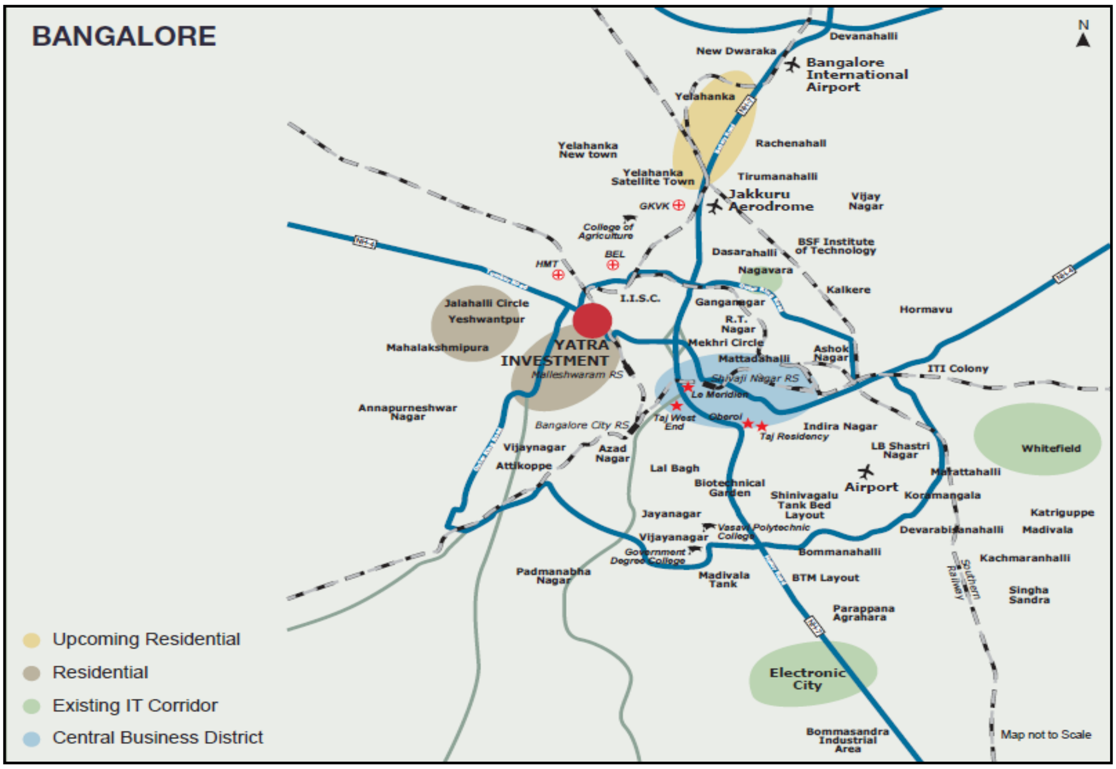
Project Summary

The project is located in the north western part of Bangalore, India's IT/ITES capital. Apart from IT, Bangalore is a prominent centre for education, aerospace, telecom, biotech, defence and research & development in India.

Our development partner in the project is The Phoenix Mills Limited, a leading developer of a large format mixed use projects in Tier I cities in India.

The master plan for the development has been finalised and the layout plan approvals are in place. Also, applications have been made for building plan approvals. The building plan approvals will enable us to commence work for Phase I and launch the project for sales. Phase-I of 1.2 million sq ft comprises of five apartment blocks & a clubhouse. Site office has been developed; the development of sales & marketing office and mock up units at the site is in progress.

Palladium Constructions Private Ltd and Platinum Spaces Private Ltd - Residential, Bangalore



Current Status

Land Acquisition	Completed
Construction Approvals	Layout plan approvals obtained; building plan approvals in process; and expected to receive shortly
Construction Status	Construction to commence once building plan approvals in place
Debt	No debt requirement as yet
Sale/Leasing Status	NA

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Riverbank Holdings Private Ltd – Residential Batanagar, Kolkata

Asset class	Residential development
Land Area	25 acres
Leasable/Saleable Area	2.8 million sq ft
Location	Batanagar, Kolkata
Indian Portfolio Company	Riverbank Holdings Private Limited
Development Partner	Riverbank Developers Pvt. Ltd
Investment Date	December 2007
Funds Committed	EUR 20.28 million
Funds Disbursed	EUR 20.28 million
Equity Stake	50%
CBRE Valuation Summary:	
Valuation (March 2012)	EUR 8.16 million
Valuation Gain/(Loss)	(36.8%) over March 2011
NAV (March 2012)	EUR 8.68 million
NAV Gain/(Loss)	(27.1%) over March 2011
Cost of Equity	27.5%
WACC	19.4%
Valuation Methodology	Discounted Cash Flow
Exit Assumption	March 2019
Other Assumptions:	
Base Sale Price –Residential	INR 2,250 / sq ft

Project Summary

The project is located in the south-western part of Kolkata which is amongst the largest and most prominent cities of India. Kolkata, traditionally the commercial, education and financial hub of Eastern India, is fast emerging as a major IT/ITES hub.

Our development partner in this project is, Riverbank Developers, a joint venture between United Credit Belani Group (UCB), a prominent Kolkata based developer, and Kolkata Municipal Development Authority.

The 25 acre IT SEZ formed part of a larger 262 acre residential led mixed use project being developed by Riverbank Developers. The IT SEZ was de-notified in light of slowdown in uptake of commercial IT space and the business plan was revised into affordable residential development. Construction works is in progress and 91% of total units launched in the first phase have been sold.

Negotiations for merging the 25 acres Indian Portfolio Company with the larger township project has been in progress for some time and is expected to close out shortly.

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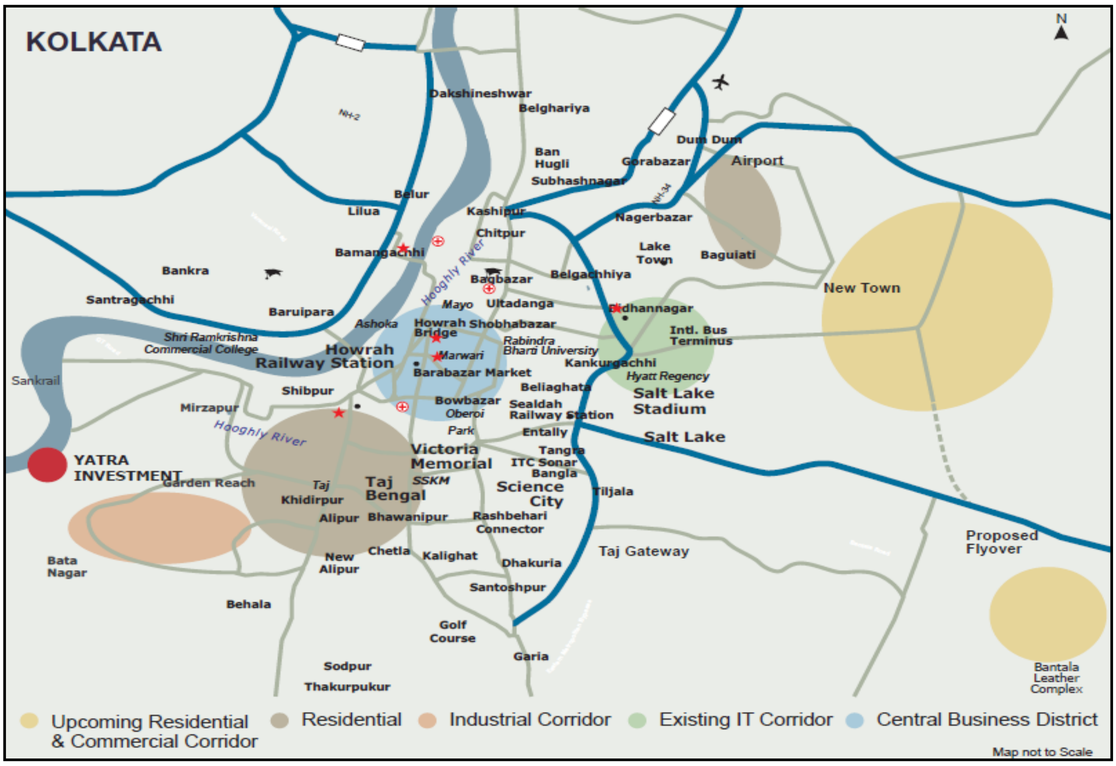
Riverbank Holdings Private Ltd – Residential Batanagar, Kolkata



Current Status

Land Acquisition	Completed
Construction Approvals	Approvals for current phase in place
Construction Status	Excavation and piling work completed for first building
Debt	NA
Sales/Leasing Status	203 units have been sold out of 224 units launched in the first phase of current 25 acres in the township

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Vamona Developers Private Ltd - Market City Retail, Pune

Asset class	Retail led mixed use development
Land Area	18.61 acres
Leasable/ Saleable Area	1.7 million sq ft including: Retail-1.28 million sq ft Office-0.43 million sq ft
Location	Pune, Maharashtra
Indian Portfolio Company	Vamona Developers Private Limited
Development Partner	The Phoenix Mills Limited
Investment Date	July 2007
Funds Committed	EUR 17.05 million
Funds Disbursed	EUR 17.05 million
Equity Stake	24 %
CBRE Valuation Summary:	
Valuation (March 2012)	EUR 23.96 million
Valuation Gain / (Loss)	(21.4%) over March 2011
NAV (March 2012)	EUR 4.33 million
NAV Gain/(Loss)	(61.6%) over March 2011
Cost of Equity	20.00%
WACC	16.50%
Valuation Methodology	Discounted Cash Flow
Exit Assumption	March 2014 for mall and March 2016 for Phase II commercial spaces
Other Assumptions: Base Rental-Retail (for unleased area)	 INR 56 / sq ft /month
Base Selling Price-Commercial	INR 5,500 / sq ft
Exit Yield	11.00%

Project Summary

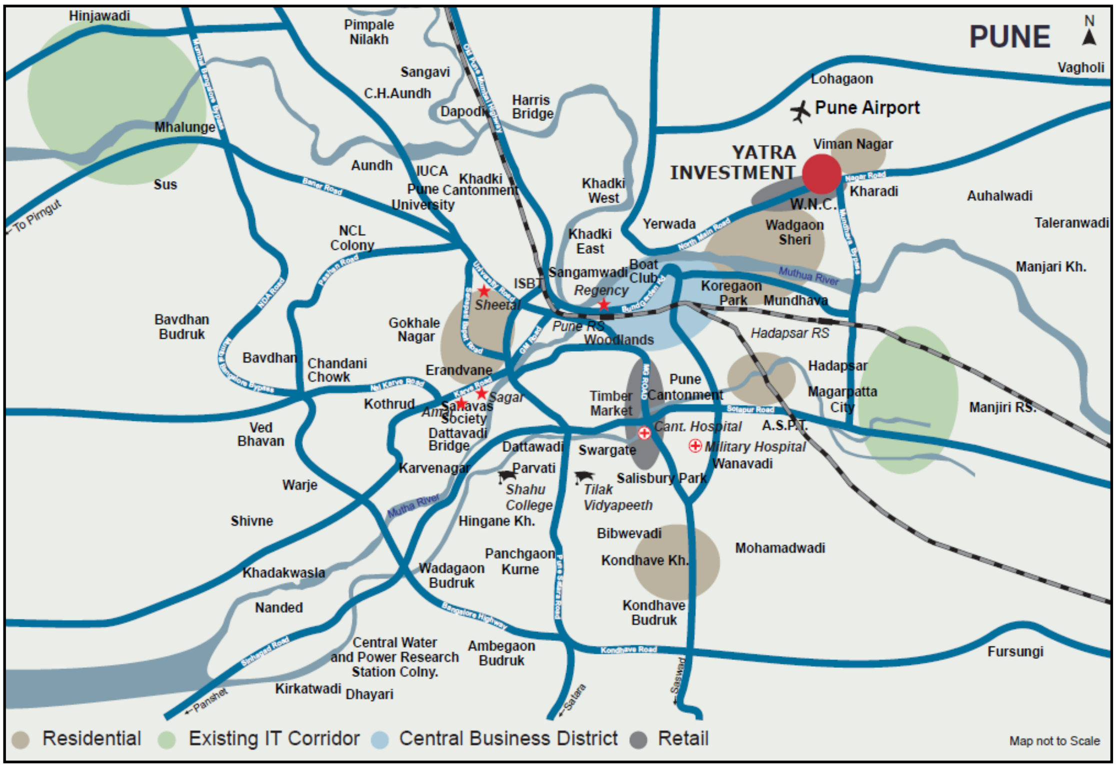
The project is located in Pune, a prominent city in Western India. The city's economy is driven by auto, engineering and IT/ITES industries. The city is also a major educational hub, home to a number of prominent technical and higher education institutes.

Our development partner in the project is The Phoenix Mills Limited, a leading developer of large format mixed use projects in Tier I cities in India.

The development is being undertaken in two phases. Phase I comprises of two different structures- the Main Mall and a commercial center called the Bazaar Mall. Phase II would comprise of commercial office space.

The construction for phase I comprising of the Main Mall and the Bazaar Mall has been completed during the year and the Main Mall opened for the trading in June 2011. As on 31 March 2012, 0.77 million sq ft is operational (68% of the leasable area). The multiplex would get operational shortly; including the multiplex, the area under operations would increase to 0.85 million sq ft (75% of the leasable area). Sales on the Bazaar Mall for retail and offices are in progress. An LRD (Lease Rental Discounting) loan has been secured for the project which will be serviced from the rental income of the mall.

Vamona Developers Private Ltd - Market City Retail, Pune



Current Status

Land Acquisition	Completed
Construction Approvals	Obtained for Phase I
Construction Status	Phase I completed and operational
Debt	Debt sanctioned: EUR 76.97 million Debt outstanding: EUR 76.17 million (repayment commenced)
Sales/ Leasing Status	The mall is 79% pre-leased to anchor tenants like Star India Bazaar (96,023 sq ft), Pantaloons (38,037 sq ft), Reliance Trendz (33,756 sq ft), Zara (32,941 sq ft), Marks & Spencer (25,165 sq ft), Westside (31,684 sq ft) and PVR (79,345 sq ft). In the Bazaar Mall, 0.13 million sq ft of retail and 0.09 million of office space has been sold.

Forum IT Parks Private Ltd – IT SEZ, Kolkata

Asset class	IT SEZ development
Land Area	10.56 acres
Leasable/Saleable Area	1.45 million sq ft
Location	Kolkata, West Bengal
Indian Portfolio Company	Forum IT Parks Private Limited
Development Partner	Forum Projects Holdings Private Limited
Investment Date	December 2007
Funds Committed	EUR 16.68 million
Funds Disbursed	EUR 16.68 million
Equity Stake	49%

CBRE Valuation Summary:	
Valuation (March 2012)	EUR 4.62 million
Valuation Gain / (Loss)	(31.7%) over March 2011
NAV (March 2012)	EUR 1.80 million
NAV Gain / (Loss)	(72.5%) over March 2011
Cost of Equity	30.0%
WACC	20.4%
Valuation Methodology	Discounted Cash Flow
Exit Assumption	March 2018
Other Assumptions:	
Base Rental-Office	INR 28 / sq ft / month
Exit Yield	10.50%

Project Summary

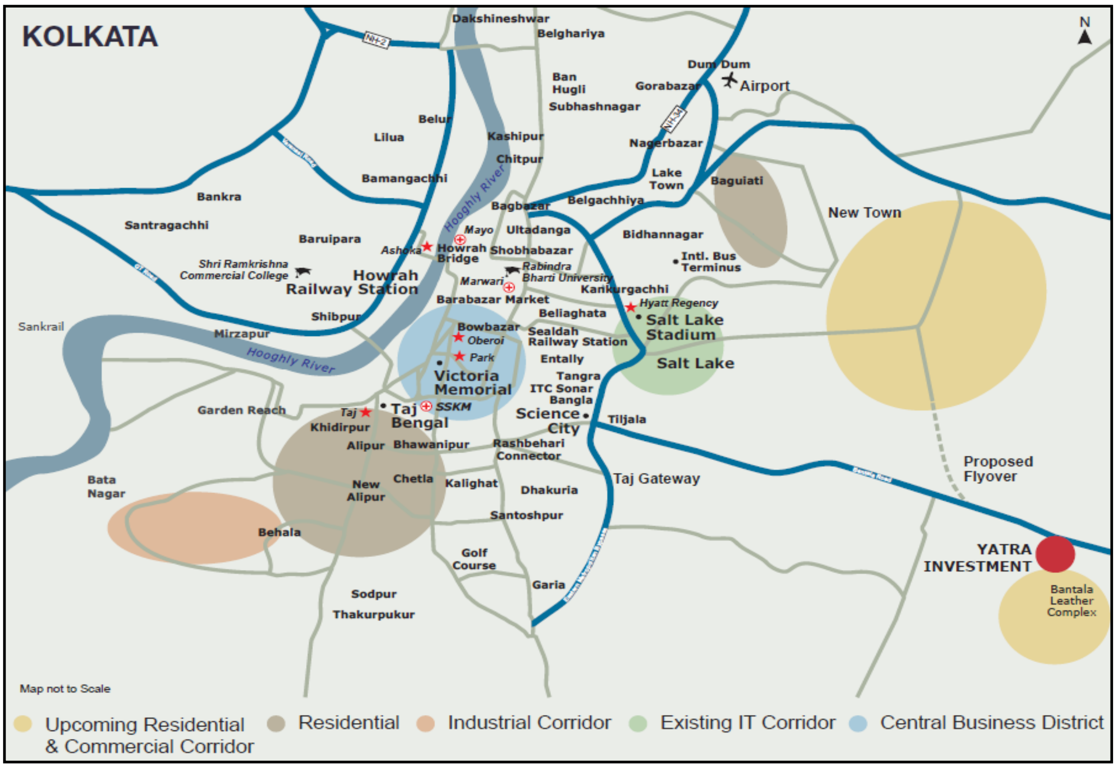
The project is located in the eastern part of Kolkata, amongst the largest and most prominent cities of India. Kolkata, traditionally the commercial, education and financial hub of Eastern India, is fast emerging as a major IT/ITES hub. A number of prominent companies setting up facilities in the city to take advantage of its large pool of English speaking technically qualified manpower base and relatively lower real estate costs.

Our partner in the project is the Forum Group, a leading real estate developer in Kolkata. The developer has been a pioneer in the Kolkata real estate landscape by developing the city's first mall, the first large format IT space and the first Green Building.

The project is expected to be developed in a phased manner in line with the demand in IT/ITES sector in the micro market.

Progress on documentation for converting plain equity into a preferred equity structure is moving slower than expected on account of protracted negotiations with the promoter who wants key rights of Yatra to be diluted in lieu of the preferential return. Presently, the Investment Manager is evaluating the viability of tradeoffs.

Forum IT Parks Private Ltd – IT SEZ, Kolkata



Current Status

Land Acquisition	Completed
Construction Approvals	Approvals for current phase in place
Construction Status	Civil works for the entire basement level, lower ground and upper ground floor has been completed
Debt	Secured debt sanctioned: EUR 19.1 million for Phase – I Secured debt drawdown: EUR 8.3 million for Phase – I Unsecured debt drawdown: EUR 3.4 million for Phase – I
Sales/Leasing Status	NA

Kolte Patil Real Estate Private Ltd - Residential, Pune

Asset class	Residential led mixed use development
Land Area	41.46 acres
Leasable/Saleable Area	2.1 million sq ft including Residential-1.39 million sq ft School 1-0.13 million sq ft School 2-0.1 million sq ft Commercial-0.47 million sq ft Retail-0.05 million sq ft
Location	Pune, Maharashtra
Indian Portfolio Company	Kolte Patil Real Estate Private Limited
Development Partner	Kolte Patil Developers Limited
Investment Date	April 2007
Funds Committed	EUR 15.88 million*
Funds Disbursed	EUR 15.88 million
Equity Stake	49 %

**Original commitment EUR 17.05 million. Of this, EUR 1.17 million was bought back by the partners as part of the original agreement.*

CBRE Valuation Summary:	
Valuation (March 2012)	EUR 23.22 million
Valuation Gain / (Loss)	6.8% over March 2011
NAV (March 2012)	EUR 18.13 million
NAV Gain / (Loss)	4.4% over March 2011
Cost of Equity	25.00%
WACC	18.40%
Valuation Methodology	Discounted Cash Flows
Exit Assumption	March 2017
Other Assumptions:	
Base Selling Price-Residential	INR 3,750 / sq ft
Base Selling Price-Commercial	INR 4,250 / sq ft
Base Selling Price-Retail	INR 9,600 / sq ft
Base Rent-School	INR 27.5 / sq ft/month
Exit Yield for School	10%

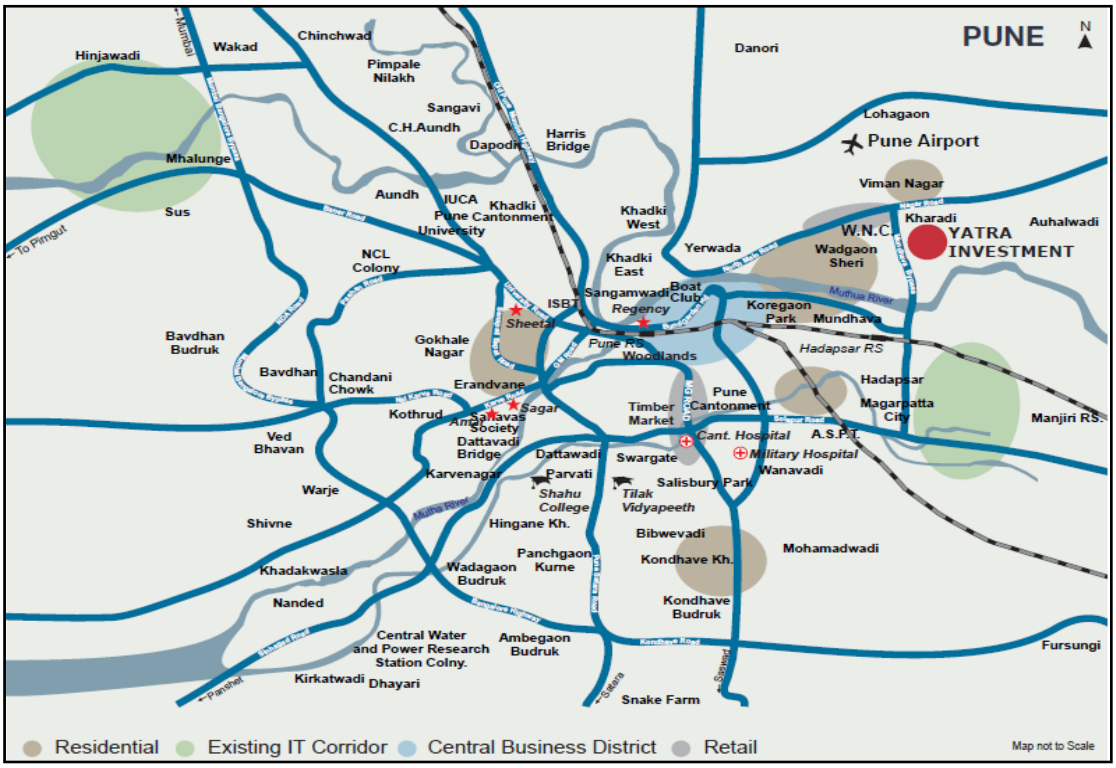
Project Summary

The project is located in Pune, a prominent city in Western India. The city's economy is driven by the auto, engineering and IT/ITES industries. The city is also a major educational hub, home to a number of prominent technical and higher education institutes.

Our development partner here is Kolte Patil Developers Limited, a listed real estate development company and a prominent developer in Pune. Though the company is largely a residential developer, it has given Pune some landmark commercial developments as well like its IT Park, Gigaspace.

The project would be developed over three phases. Phase I would comprise of a school, a residential component and small commercial & retail component. Construction of the school is complete and it has been handed over to the operator. The school commenced its operations during the year. Approvals have been partly received for Phase I and construction has commenced. 88 apartments out of the launched 225 apartments have been sold; retail and commercial space admeasuring 0.02 million sq ft have been sold.

Kolte Patil Real Estate Private Ltd - Residential, Pune



Current Status

Land Acquisition	Completed
Construction Approvals	Partly received
Construction Status	Construction in progress for Phase I
Debt	Debt sanctioned: EUR 6.44 million Debt outstanding: EUR 5.52 million
Sales/Leasing update	For the school, Victorious Kids International School, has been tied up for 42 years as the operator. 88 out of the 225 apartments launched in phase I have been booked and retail & commercial space admeasuring 0.02 million sq ft have been sold

Indore Treasure Market City Pvt. Ltd - Treasure Market City Retail, Indore

Asset class	Retail led mixed use development
Land Area	19.52 acres
Leasable Area/ Saleable	1.28 million sq ft includes Retail - 1.08 million sq ft Hotel - 0.19 million sq ft
Location	Indore, Madhya Pradesh
Indian Portfolio Company	Indore Treasure Market City Private Limited
Development Partner	Treasure World Developers Private Limited
Investment Date	June 2007
Funds Committed	EUR 10.97 million
Funds Disbursed	EUR 10.13 million
Equity Stake	28.9%

CBRE Valuation Summary:	
Valuation (March 2012)	EUR 6.07 million
Valuation Gain / (Loss)	(58.91%) over March 2011
NAV (March 2012)	EUR 0.58 million
NAV Gain / (Loss)	(94.51%) over March 2011
Cost of Equity	NA
WACC	NA
Valuation Methodology	Direct Comparable Methodology
Exit Assumption	NA
Other Assumptions	NA

Project Summary

The project is located in Indore, the commercial capital of the state of Madhya Pradesh. Indore is also a prominent industrial hub for automobiles, auto ancillaries, pharmaceuticals, metal works and garment industries. In recent years, the city has emerged into a prominent education and services center in central India.

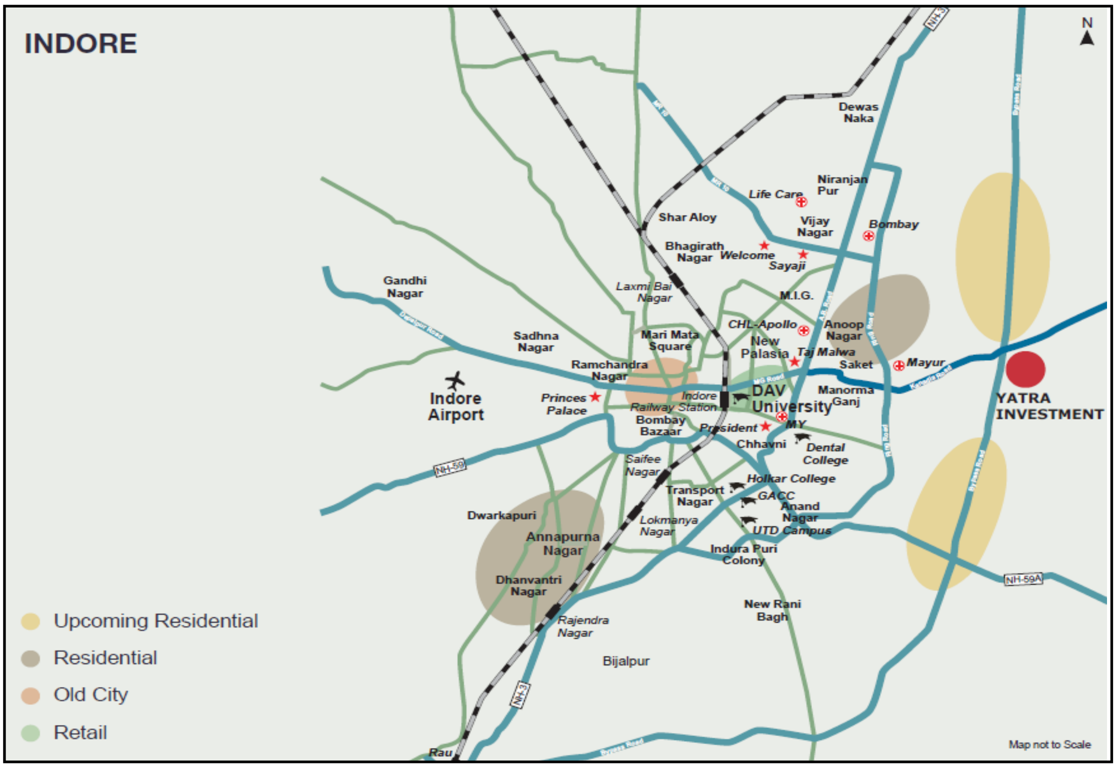
Our partner in the project, Treasure World Developers, is a leading developer of retail malls and residential townships in Tier II cities across India. The company has pioneered large developments in a number of cities in central and western India.

The project development is spread over two phases, currently the first phase is under development which comprises of 1.08 million sq ft of leasable area (retail). During the year, the company was unable to raise necessary debt to fund construction activities and hence construction came to a halt in Q1 2012.

Currently, the promoter is in advanced discussions to raise funds from a potential investor at the promoter's holding company level which can then be used at the project level in the form of unsecured loan. The promoter is also negotiating with consortium lenders to shift the principal repayment to reduce total cash outflow before commencement of operation of the mall. The completion of first phase is subject to financial closure; thus focus remains on achieving the same.

YATRA CAPITAL

Indore Treasure Market City Pvt. Ltd - Treasure Market City Retail, Indore



Current Status

Land Acquisition	Completed
Construction Approvals	Master plan and Building plans approved for current phase
Construction Status	Currently, work has halted at site. Till February 2012, around 96% of the civil works for the first phase was completed.
Debt	Revised sanctioned debt: EUR 19.7 million Secured debt outstanding: EUR 17.8 million (repayment commenced)
Sales/ Leasing Status	The first phase retail space has been leased to the extent of 48% (including entertainment area). Letters of Intent (LOI's) for 0.41 million sq ft (excludes entertainment area) of total leasable has been signed. The prominent retailers added during the year are Planet Sports (5,575 sq ft), Rado Tissot (2,069 sq ft), Westside (25,739 sq ft) and Landmark (9,450 sq ft) In addition, approx 0.1 million sq ft out of 1.08 million sq ft is allotted for outdoor Family Entertainment Centre (FEC) which will be operated by Funscapes. FEC management agreement with Funscapes will be executed shortly.

City Centre Mall Nashik Private Ltd - City Centre Mall, Nashik

Asset class	Retail development
Land Area	6.04 acres
Leasable/Saleable Area	0.37 million sq ft
Location	Nashik, Maharashtra
Indian Portfolio Company	City Centre Mall Nashik Private Limited
Development Partner	Sarda Group
Investment Date	June 2007
Funds Committed	EUR 10.42 million
Funds Disbursed	EUR 10.42 million
Equity Stake	50%
CBRE Valuation Summary:	
Valuation (March 2012)	EUR 11.21 million
Valuation Gain/(Loss)	(18.1%) over March 2011
NAV (March 2012)	EUR 7.98 million
NAV Gain / (Loss)	(20.9%) over March 2011
Cost of Equity	18.00%
WACC	15.25%
Valuation Methodology	Discounted Cash Flow
Exit Assumption	March 2015
Other Assumptions	
Base Rental-Retail	INR 40 / sq ft / month
Exit Yield	11.00%

Project Summary

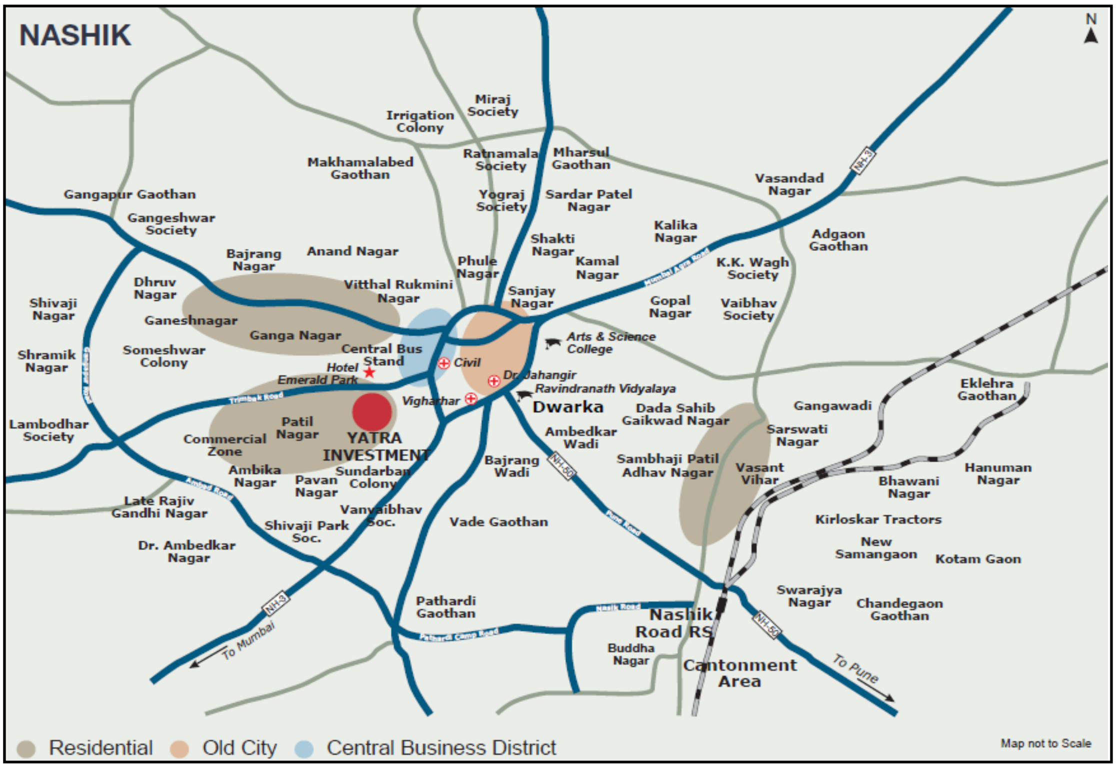
The project is located in Nashik city, a part of the Mumbai-Pune-Nashik growth corridor promoted by the state government of Maharashtra. The city's economy is driven chiefly by the engineering and manufacturing industry as well as progressive agriculture. In recent years, Nashik has carved a niche for itself as India's wine capital with locally established wine brands attaining international acclaim. The city is an emerging BPO/IT destination and is on the list of selected Tier II cities for BPO/IT companies.

Our partner in the project is the Sarda Group, a Nashik based diversified business group with presence in real estate, consumer products, hospitality, education and niche floriculture. The group is a pioneer in organized retail real estate in Nashik and has emerged amongst Nashik's leading developers.

The mall continues to witness stable average weekly footfall of over 100,000 and is the social and shopping hub for the city. During the year, the company witnessed cancellation of few inactive LOIs and agreements since those tenants do not intend to open the stores. Currently, 58% of total retail space is operational.

Presently, a leasing consultant is carrying out a strategic review of the various aspects of the mall to enhance its occupancy. This will assist in maximising revenue for the company from the mall. Focus continues to be on increasing the operational area to facilitate exit at higher occupancy rate.

City Centre Mall Nashik Private Ltd - City Centre Mall, Nashik



Current Status

Land Acquisition	Completed
Construction Approvals	Occupancy certificate awaited
Construction Status	Construction of the mall was completed in April 2009 and the mall is now operational
Debt	LRD debt outstanding: EUR 5.09 million (repayment commenced)
Sale/Leasing Status	60% of the retail space has been leased. Prominent tenants include- Big Bazaar (39,234 sq ft), Westside (20,708 sq ft), Pantaloons (18,145 sq ft), Reliance Digital (11,478 sq ft), Reliance Trends (18,222 sq ft), Cinemax (30,197 sq ft), Reliance Home Store (8,570 sq ft) and Reliance Footprint (3,011 sq ft)
Other Updates	In the legal dispute with Nashik Municipal Corporation (NMC) for completion certificate, the district court has ruled in the company's favour post which the Municipal Corporation filed an appeal which was dismissed by District Court. In the interim, the NMC initiated penal action against the company despite the restraining order, and in response, the company approached the court which directed the NMC to collect property tax and asked the company to give a bank guarantee in case the suit is eventually decided against them. The company has complied with the court order in all respects. In January 2012, the Court gave an adverse ruling to the company due to default on non-compliance of 2 out of 51 conditions which was required to assume deemed occupancy. The company has filed an appeal on 17th April 2012 against the order of the Lower Court before the District court and obtained a stay order. Currently, the hearing is in process.

Indore Treasure Town Private Ltd - Treasure Town, Bijalpur Indore

Asset class	Residential development
Land Area	130.46 acres
Leasable/Saleable Area	3.41 million sq ft
Location	Indore, Madhya Pradesh
Indian Portfolio Company	Indore Treasure Town Private Limited
Development Partner	Treasure World Developers Private Limited
Investment Date	June 2007
Funds Committed	EUR 7.71 million
Funds Disbursed	EUR 7.71 million
Equity Stake	40% (42.77% of profits)

CBRE Valuation Summary:	
Valuation (March 2012)	EUR 16.77 million
Valuation Gain/(Loss)	(33.5%) over March 2011
NAV (March 2012)	EUR 11.19 million
NAV Gain / (Loss)	(32.5%) over March 2011
Cost of Equity	22.50%
WACC	17.4%
Valuation Methodology	Discounted Cash Flow and Direct Comparable Methodology for partial non-residential land
Exit Assumption	March 2017
Other Assumptions:	
Base Sale Price – Residential	INR 1,850 – 3,600 / sq ft

Project Summary

The project is located in Indore, the commercial capital of the state of Madhya Pradesh. Traditionally, the city's economy has been driven by trading, manufacturing and agro-industries. Indore is also a prominent industrial hub for automobiles, auto ancillaries, pharmaceuticals, metal works and garment industries. In recent years, the city has emerged as a prominent education and services center in central India.

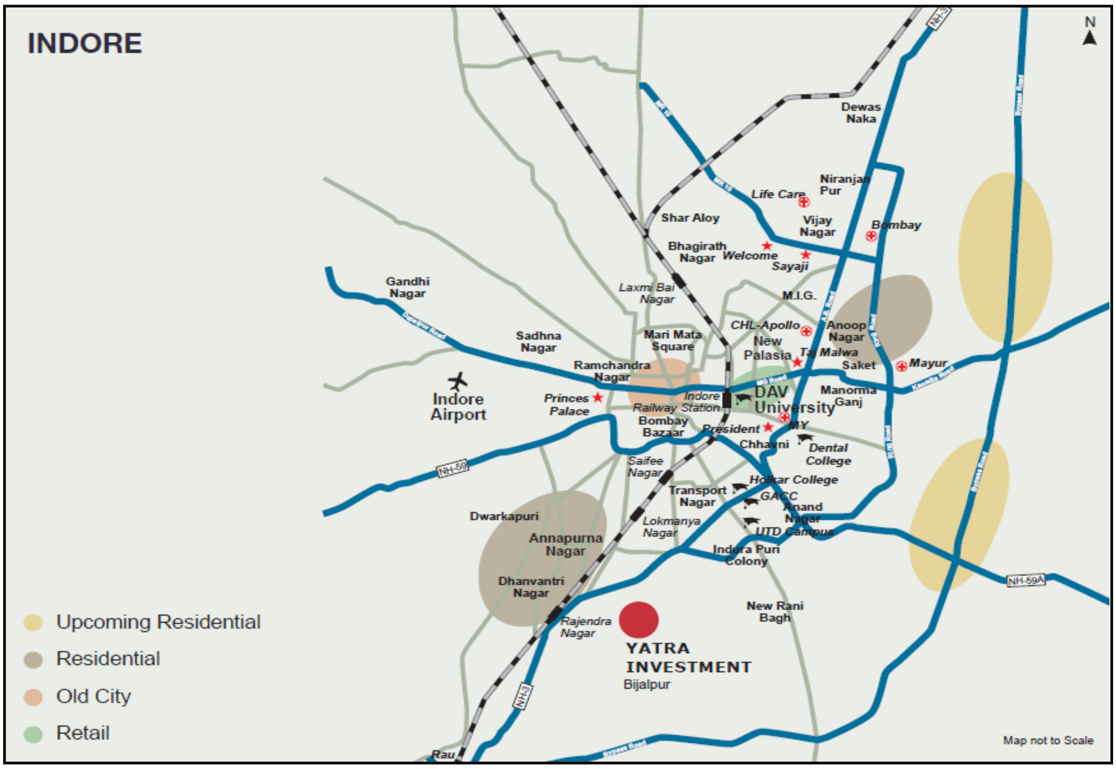
Our partner in the project, Treasure World Developers, is a leading developer of retail malls and residential townships in Tier II cities across India. The company has pioneered large developments in a number of cities in central and western India.

The project is a large township development of residential and non-residential components (includes school, nursing home, hostel and homes for economically weaker section). The residential component comprises of plot, row houses, apartments (Treasure Town) and affordable housing (Treasure Vihar). Since the launch of this project, the company witnessed a rapid increase in the selling price of plots and row houses without any significant impact on its sales velocity. At a unit level, therefore, plots and row houses became very profitable. From a timing and execution perspective also, plots and row houses have much lower risks than apartments. In light of all these factors, the Company decided to alter the product composition by converting apartments into plots and row houses. This has reduced the overall saleable area.

The development on the overall infrastructure of the township and development of first phase (1.5 million sq ft) are at various stage of completion. Around 63% of the total area launched have been sold.

YATRA CAPITAL

Indore Treasure Town Private Ltd - Treasure Town, Bijalpur Indore



Current Status

Land Acquisition	Completed
Construction Approvals	Project Master plan has been approved for a part of the township
Construction Status	The development of the first phase is currently underway with construction of all 26 buildings in Treasure Vihar, 7 buildings in Treasure Town, 80 Row House and a club house works are at various stages of completion. In EWS (Economically Weaker Section), 87% of RCC works of all 5 buildings has been completed. In infrastructure, works for internal road adjoining the plots and external compound walls has commenced
Debt	Debt outstanding: EUR 5.02 million (repayment commenced)
Sales/ Leasing Status	Sold approximately 1.9 million sq ft comprising of plots, row houses, apartments, affordable housing units and few small shops. Over 1,569 units out of 2,127 units launched have been sold

YATRA CAPITAL

Modi Organisors Private Ltd - Himalaya Mall, Bhavnagar

Asset class	Residential led mixed use development
Land Area	5.2 acres
Leasable/Saleable Area	0.57 million sq ft including Residential-0.28 million sq ft Retail-0.18 million sq ft Hotel-0.05 million sq ft Commercial-0.06
Location	Bhavnagar, Gujarat
Indian Portfolio Company	Modi Organisors Private Limited
Development Partner	Modi Build Well Limited
Investment Date	September 2007
Funds Committed	EUR 6.28 million
Funds Disbursed	EUR 5.11 million
Equity Stake	50%
CBRE Valuation Summary:	
Valuation (March 2012)	EUR 3.31 million
Valuation Gain / (Loss)	(8.9%) over March 2011
NAV (March 2012)	EUR 0.66 million
NAV Gain / (Loss)	17.2% over March 2011
Cost of Equity	25.00%
WACC	18.40%
Valuation Methodology	Discounted Cash Flow
Exit Assumptions	March 2014
Other Assumptions:	
Base Sale Price-Residential	INR 2,000 / sq ft
Base Sale Price-Retail	INR 3,959 / sq ft
Base Sale Price-Commercial	INR 3,200 / sq ft

Project Summary

Bhavnagar, a coastal city located in the southern periphery of the state of Gujarat, is a major hub for trading and diamond cutting and polishing in India. Another economic driver for the city is the Alang ship breaking yard, the largest ship breaking yard in the world located at a distance of approx. 50 km from city.

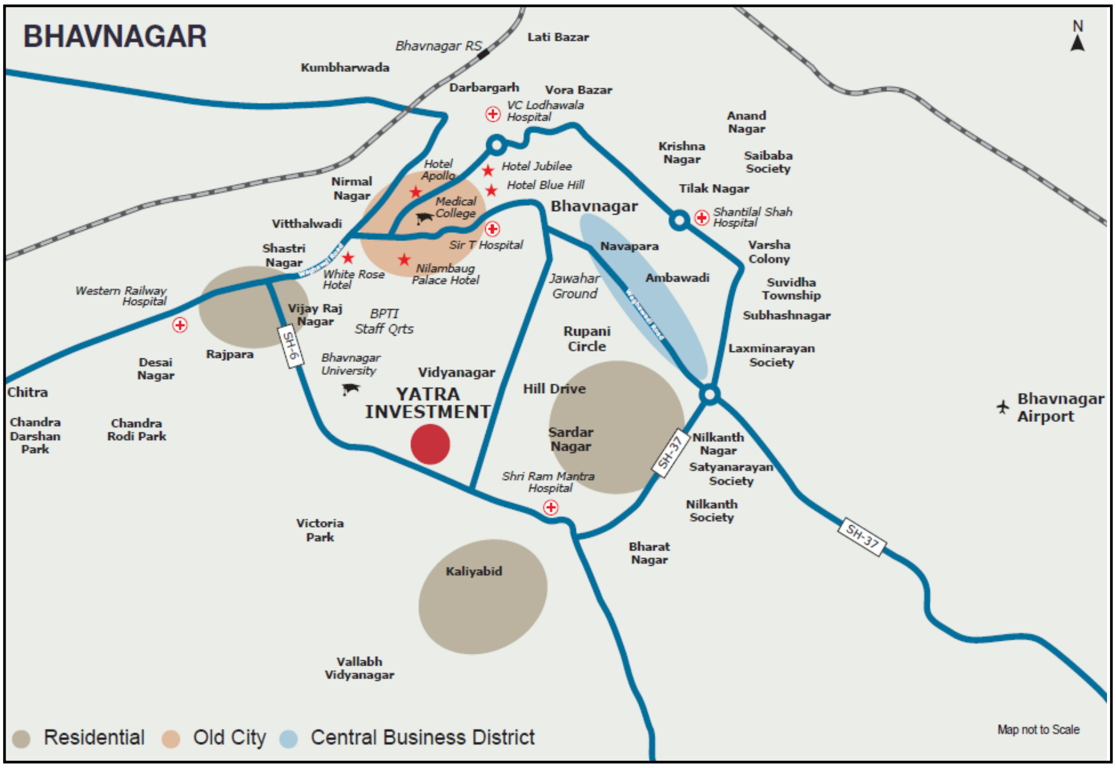
For this project, we have partnered with Modi Build Well, a part of the Ahmedabad based Himalaya Group. The group is a prominent developer in western India with presence across both residential and commercial segments. They are currently developing projects in several cities in the state of Gujarat.

The original project was a retail mall. However, in light of the changing market dynamics and slowdown in retail leasing, the company decided to revise the business plan and include a residential component in the project. The revised business plan required demolition of a part of the mall. In April 2010, the residential component was launched for sale and 66% of the total units have been sold till date. Also, 0.1 million sq ft of the retail component and 0.02 million sq ft of the commercial components have been sold during the year. Most of the sales revenue has been utilised to repay the construction loan taken for the retail mall, resulting in

Modi Organisors Private Ltd - Himalaya Mall, Bhavnagar

inadequate funds for construction. The promoters have been funding the construction for the project; unsecured loan of approximately EUR 2.19 million from the promoter has been adjusted against the construction advance that the Company had given to the promoter at the beginning of the project. Therefore, the total outstanding debt at the end of this quarter is EUR 0.66 million, owed to banks

Discussions are at advanced stage with the promoters to divest Yatra's stake in the project to them. The promoters are asking for a deferred time period for the same, on account of their inability to arrange funding for a one time buyout as agreed earlier. The balance committed equity of EUR 1.17 million is not being disbursed, and the focus is now on closing the exit transaction with the promoters.



Current Status

Land Acquisition	Completed
Construction Approvals	Received
Construction Status	Construction for the residential component is at advanced stages. Construction for the commercial component has been completed. Additional construction for the retail component as per the requirement is being done.
Debt	Debt sanctioned: EUR 0.66 million Debt outstanding: EUR 0.66 million (repayment commenced)
Sales/Leasing Status	Residential - 96 out of 145 units have been pre-sold Retail- 0.1 million sq ft has been sold to the large retailer Commercial- 0.02 million sq ft of office space has been sold

Jalan Intercontinental Hotels Private Ltd - Taj Gateway, Kolkata

Asset class	Hospitality development
Land Area	1.90 acres
No of Rooms	196 rooms
Location	Kolkata, West Bengal
Indian Portfolio Company	Jalan Intercontinental Hotels Private Limited
Development Partner	Jalan Group
Investment Date	July 2008
Funds Committed	EUR 4.64 million
Funds Disbursed	EUR 4.64 million
Equity Stake	40 %
CBRE Valuation Summary:	
Valuation (March 2012)	EUR 10.14 million
Valuation Gain / (Loss)	11.4% over March 2011
NAV (March 2012)	EUR 4.95 million
NAV Gain / (Loss)	(24.1%) over March 2011
Cost of Equity	22.50%
WACC	17.40%
Valuation Methodology	Discounted Cash Flow
Exit Assumption	March 2015
Other Assumptions:	
Average Room Rate	INR 6,510 / room
Exit Yield	11.00%

Project Summary

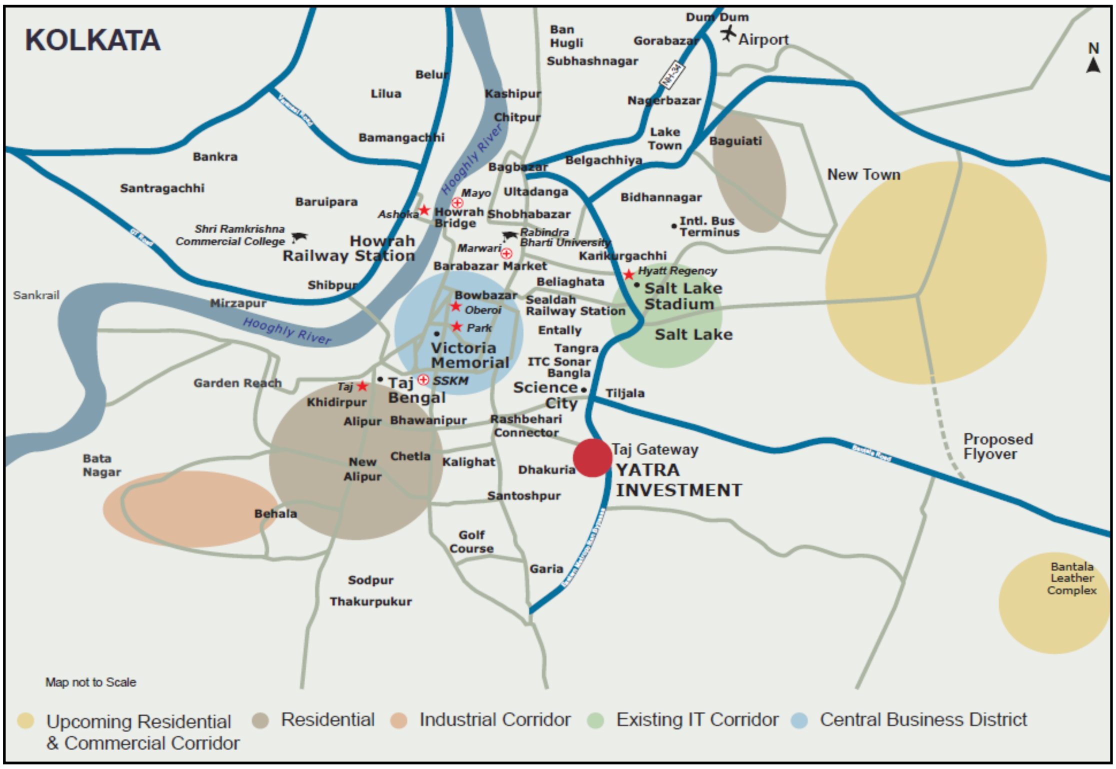
The project is located in the eastern part of Kolkata, amongst the largest and most prominent cities of India. Kolkata, traditionally the commercial, education and financial hub of Eastern India, is fast emerging as a major IT/ITES hub. A number of prominent companies setting up facilities in the city to take advantage of its large pool of English speaking technically qualified manpower base and relatively lower real estate costs.

Our partner here is the Jalan Group, a prominent Kolkata based family with a successful background in trading activities. The group has also been involved in property development, automobile retailing and financial services.

During the year, civil works on site and interior and finishing for 80 rooms has been completed. The works for balance rooms and non-room areas are in advanced stages. The company has entered into an operator agreement with the Taj Group of Hotels for their 'Gateway' brand for the property. The hotel is expected to commence operation with 80 rooms during Q3 2012.

The commercial terms with joint venture partner were restructured during the year to provide a stronger exit opportunity as well as downside protection for Yatra.

Jalan Intercontinental Hotels Private Ltd - Taj Gateway, Kolkata



Current Status

Land Acquisition	Completed
Construction Approvals	Construction approvals have been received
Construction Status	Civil works, interior and finishing works for nearly 80 rooms , entrance lobby, public area on the ground floor are completed Installation of lift and equipments in kitchen are complete. Testing of MEP (HVAC, fire fighting and electrical) works and preliminary snagging period have commenced
Debt	Secured debt sanctioned: EUR 11.1 million Secured debt outstanding: EUR 10.5 million (repayment commenced) Unsecured debt drawdown: EUR 0.68 million
Sales/Leasing Status	Operator Agreement signed with Taj group for their 'Taj Gateway' brand

Alliance Hospitality Services Pvt. Ltd - Market City Hospitality, Pune

Asset class	Hospitality development
Land Area	Located on top of Market City Retail, Pune
Leasable/Saleable area	0.37 million sq ft
Location	Pune, Maharashtra
Indian Portfolio Company	Alliance Hospitality Services Private Limited
Development Partner	The Phoenix Mills Limited
Investment Date	November 2007
Funds Committed	EUR 4.58 million
Funds Disbursed	EUR 4.58 million
Equity Stake	20 %
CBRE Valuation Summary:	
Valuation (March 2012)	NA
Valuation Gain / (Loss)	NA
NAV (March 2012)	EUR 2.90 million
NAV Gain / (Loss)	(43.4%) over March 2011
Cost of Equity	NA
WACC	NA
Valuation Methodology	NA
Exit Assumption	NA

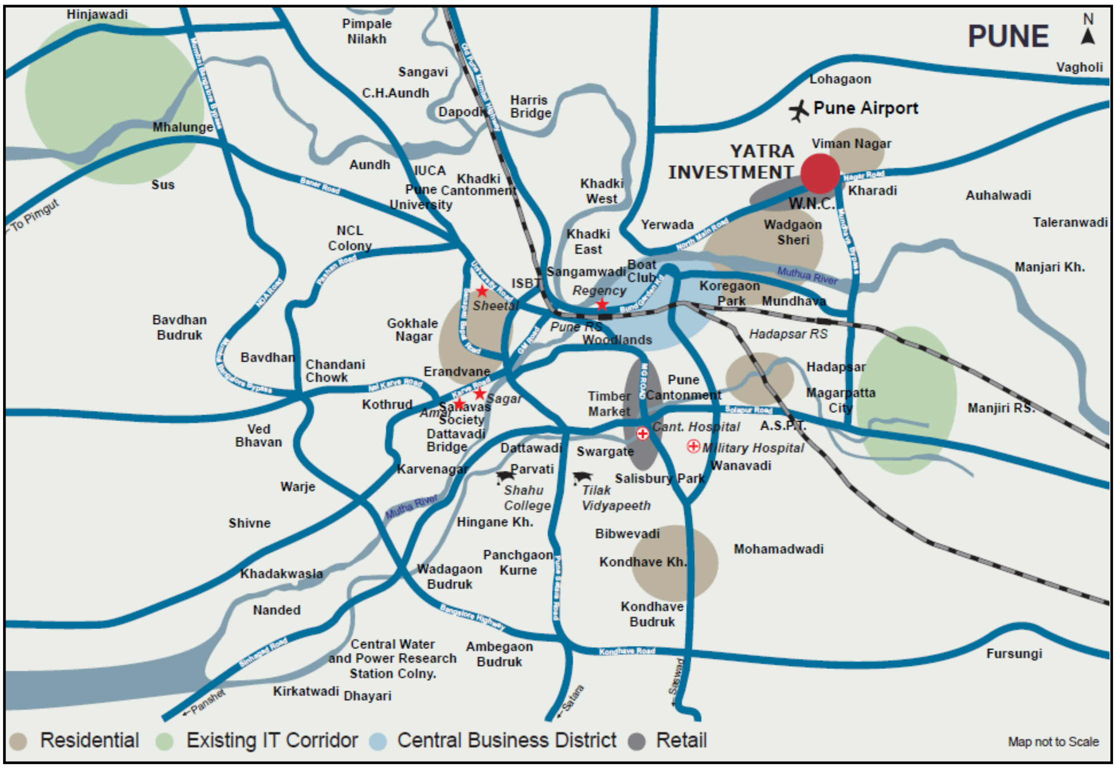
Project Summary

The project is located in Pune, a prominent city in Western India. The city's economy is driven by auto, engineering and IT/ITES industries. The city is also a major educational hub, home to a number of prominent technical and higher education institutes

Our development partner in the project is The Phoenix Mills Limited, a leading developer of large format mixed use projects in Tier I cities in India.

Currently, the business plan for the project is being reviewed; alternate development options that improve the viability of the project are also being evaluated in parallel. Work on the superstructure above the main mall is expected to commence once the decision on business plan is taken and project costs and development schedule are finalized.

Alliance Hospitality Services Pvt. Ltd - Market City Hospitality, Pune



Current Status

Land Acquisition	Completed
Construction Approvals	Partial approvals obtained
Construction Status	Currently, the business plan for the project is being reviewed; work on the superstructure above the main mall is expected to commence once decision on the business plan is taken
Debt	NA
Sales/ Leasing Status	NA

Gangetic Developers Private Ltd - Phoenix United Mall, Agra

Asset class	Retail development
Land Area	6.83 acres
Leasable/Saleable Area	NA
Location	Agra, Uttar Pradesh
Indian Portfolio Company	Gangetic Developers Private Limited
Development Partner	Big Apple Real Estate and The Phoenix Mills Limited
Investment Date	November 2007
Funds Committed	EUR 4.04 million
Funds Disbursed	EUR 4.04 million
Equity Stake	28 %

CBRE Valuation Summary:	
Valuation (March 2012)	EUR 2.83 million
Valuation Gain / (Loss)	(2.7%) over March 2011
NAV (March 2012)	EUR 2.73 million
NAV Gain / (Loss)	(1.6%) over March 2011
Cost of Equity	NA
WACC	NA
Valuation Methodology	Direct Comparable
Exit Assumption	NA
Other Assumptions	NA

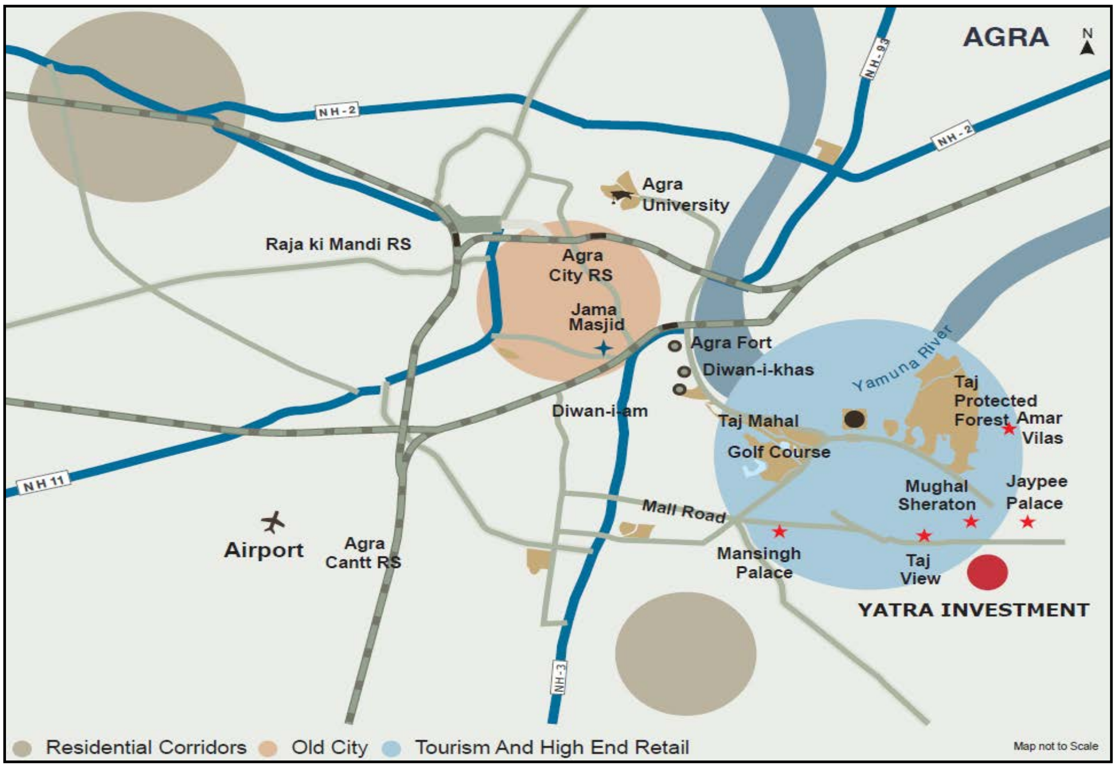
Project Summary

The project is located in Agra, a major industrial town in Uttar Pradesh. Agra is home to a number of cottage, small scale and medium scale industries in segments such as leather, textiles, etc. The city is also a major tourist destination being home to the Taj Mahal and other world heritage monuments. It also forms part of the Delhi-Agra-Jaipur golden triangle for tourism.

Our partners in the project are, Big Apple Real Estate and Phoenix Mills Limited. Big Apple is focused on developing destination malls in Tier II cities in North India. Phoenix Mills is a leading developer of a large format mixed use projects in Tier I cities in India.

We are currently reviewing the business plan for the project and exploring the option of land sale subject to regulatory approvals; discussions continue with intermediaries for sale of land. Terms & conditions and transaction structures of the current proposals are not as per expectations; hence currently focusing to get an institutional buyer for the property. Progress of a Marriott Courtyard hotel on the adjoining plot will have a positive impact on the valuation of the subject property.

Gangetic Developers Private Ltd - Phoenix United Mall, Agra



Current Status

Land Acquisition	Completed
Construction Approvals	NA
Construction Status	NA
Debt	NA
Sales/Leasing Status	NA

The Phoenix Mills Ltd (Listed Entity Level Investment)

Asset class	Entity Level Investment
Land Area	NA
Leasable/Saleable Area	NA
Location	Pan India
Indian Portfolio Company	The Phoenix Mills Limited
Development Partner	The Phoenix Mills Limited
Investment Date	June 2007
Funds Committed	EUR 3.73 million
Funds Disbursed	EUR 3.73 million
Equity Stake	0.44 %
Valuation Summary:	
Valuation (March 2012)	EUR 1.95 million
Valuation Gain / (Loss)	6.5% over March 2011
NAV (March 2012)	EUR 1.95 million
NAV Gain / (Loss)	6.2% over March 2011
Cost of Equity	NA
WACC	NA
Valuation Methodology	NA
Scheduled Exit	NA
Other Assumptions	NA

Project Summary

Yatra invested in the Phoenix Mills Limited ("Phoenix") for a 0.44% stake as a part of a preferential allotment in June 2007. The strategic investment was made to strengthen ties with Phoenix and this has enabled Yatra to participate in the Phoenix's projects in Pune and Bangalore.

Phoenix is listed on the Bombay Stock Exchange and the National Stock Exchange. Other institutional investors in the company include Reliance Capital, Americorp Ventures, New Vernon India Ltd, T Rowe Price International, DWS and Daivi Ventures. Phoenix is a leading developer of retail and mixed-use projects in Tier I cities in India. The company is promoted by the Ashok Kumar Ruia Group, a leading business house with diversified interests in textiles, chemicals, commodities and agriculture.

Phoenix's flagship project, High Street Phoenix Mumbai, is among the first malls in the country and a landmark retail destination. Located in Central Mumbai and spread over 17.3 acres, the project also comprises of a large format high street retail component, a Shangri-la brand five-star hotel (under-construction), a multiplex and a high end retail mall (Palladium). As a part of the development there was also an up-market apartment complex which has been developed and sold.

Phoenix has developed large-scale retail-led mixed-use projects under the brand Market City in city centre locations in Mumbai, Pune, and Bangalore; over the last few months, these 3 malls have opened for trading. With additional retail spaces getting operational across these malls and greater certainty around the revenues the share price is expected to appreciate further. The Market City project in Chennai is at advanced stages of construction. The group is also developing destination malls in several Tier II & Tier III cities across the country through its various subsidiaries.

Saket Engineers Private Ltd (Unlisted Residential Entity Level Investment, Hyderabad)

Asset class	Entity Level Investment
Land Area	150 acres
Leasable/Saleable Area	3 million sq ft(only live projects)
Location	Hyderabad, Andhra Pradesh
Indian Portfolio Company	Saket Engineers Private Limited
Development Partner	Saket Group
Investment Date	April 2008
Completion Date	NA
Funds Committed	EUR 10.13 million*
Funds Disbursed	EUR 10.13 million
Equity Stake	27.25 %

**includes equity investment of EUR 6.85 million and CCDs investment of EUR 3.28 million*

CBRE Valuation Summary:	
Valuation (March 2012)	EUR 9.90 million
Valuation Gain/(Loss)	0.2% over March 2011
NAV (March 2012)	EUR 8.15 million
NAV Gain / (Loss)	16.8% over March 2011
Cost of Equity	25%-30%
WACC	18.40% -22.00%
Valuation Methodology	Discounted Cash Flow for projects under development/planning and Direct Comparable Methodology for projects at land stage
Exit Assumption	NA
Other Assumptions	NA

Project Summary

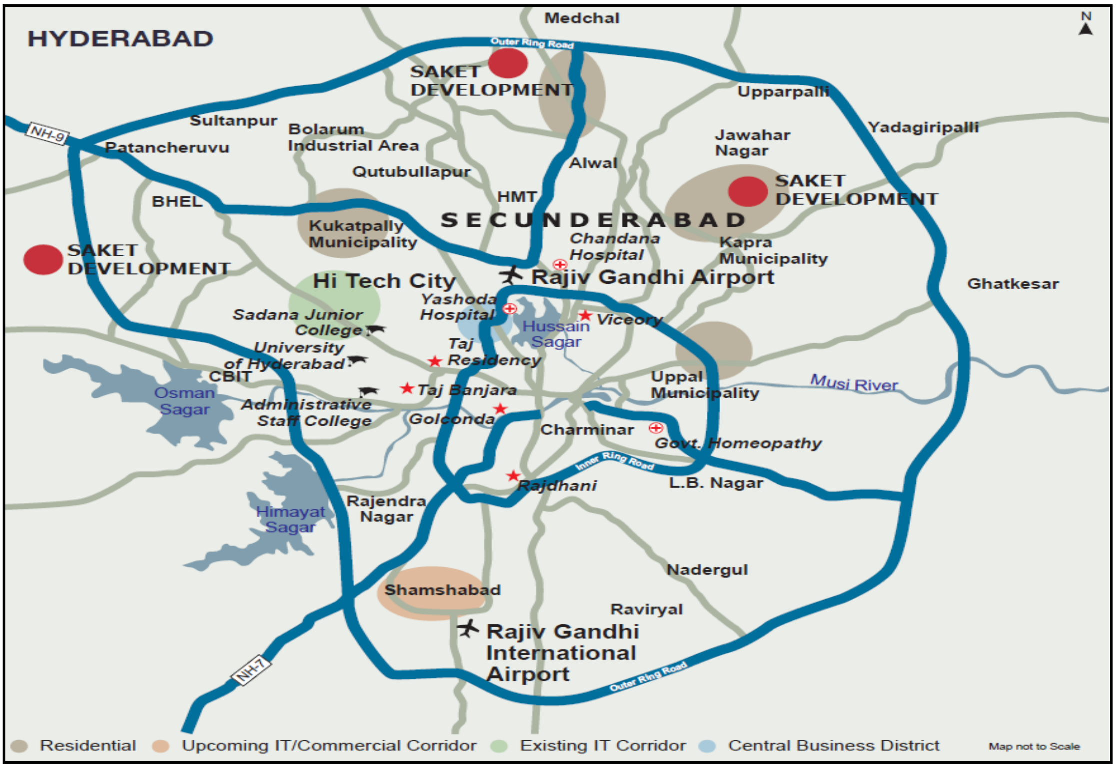
Hyderabad, the financial and administrative capital of Andhra Pradesh is a major manufacturing and trading hub in southern India. The city has in recent years emerged as an important IT and Bio technology hub with many major companies setting up their centers in the city.

Yatra has invested at an entity level in Saket Engineers, which has over 18 years experience in real estate development in Hyderabad. They were the pioneers for concepts like custom designed homes, integrated townships and active adult retirement homes in Hyderabad. Saket is currently undertaking a few residential projects and has extensive well-positioned land banks of over 150 acres along the growth corridors in the city. Currently the company has three under development projects in Hyderabad– Saket Pranaam, Saket Sriyam and Saket Bhu: Sattva. The Company also launched a project in Bangalore, Saket Callipolis, during the year. Saket Sriyam (0.42 million sq ft) is amongst the first high rise structures in Hyderabad while Saket Pranaam (0.38 million sq ft) is a project focussed at senior citizens.

Saket Engineers Private Ltd (Unlisted Residential Entity Level Investment, Hyderabad)

Construction on both these projects is at advanced stages of completion. Approvals for the Phase I (0.3 million sq ft) of the villa development at Bhu: Sattva at Gowdavally in Hyderabad are in place and development work for is underway. The requisite approvals for Saket Callipolis (0.3 million sq ft) are also in place and the development work for the project is underway.

The political uncertainty in the state of Andhra Pradesh has been significantly impacting the sales momentum & pricing of the projects in Hyderabad. However, with Saket Sriyam & Saket Pranaam (Phase I) being handed over to the end users, sales velocity for these projects is gradually improving, and is expected to improve further in the coming years. Increase in sales momentum is critical to service repayment of the construction loan and additional funding by Yatra. The Company will also be concentrating on the sales and development of the newly launched projects.



Current Status

Land Acquisition	Completed
Construction Approvals	Development approvals for newly launched projects are in place
Construction Status	Construction completed at Saket Sriyam and at advanced stages of completion at Saket Pranaam. Construction work in progress for the newly launched projects
Debt (Entity level)	Debt outstanding: EUR 6.8 million (repayment commenced)
Sales/ Leasing Status	Saket has sold 130 units out of 270 units launched in Sriyam and 104 units out of 157 units launched in Pranaam. Bhu:Sattva & Callipolis recorded sales of 11 units & 30 units out of the launched 109 & 119 units respectively.

Board of Directors

Richard Boléat

Richard Boléat qualified as a Chartered Accountant with Coopers & Lybrand in the UK in 1988. He subsequently worked in the Middle East, Africa and the UK for a number of commercial and financial services groups before returning to Jersey in 1990. He was formerly a Principal of Channel House Financial Services Group Limited prior to its acquisition by Capita Group plc ("Capita") in September 2005. Richard led Capita's financial services client practice in Jersey until September 2007, when he left the company to establish an independent corporate governance practice. He currently acts as an independent director of a number of substantial collective investment and investment management entities.

Christopher Wright

Christopher Wright is Chairman and a co-founder of EMAlternatives LLC in Washington DC, an emerging markets focused private equity asset management firm and a director of Merifin Capital Group, a private European investment firm. Until mid-2003 he served as Head of Global Private Equity for Dresdner Kleinwort Capital and was formerly a Group Board Member of Dresdner Kleinwort. He acted as Chairman of various investment funds prior to and following the latter's integration with Allianz Private Equity. Christopher has spent over 24 years financing and advising smaller and mid-sized companies operating in the USA, Canada, Asia and Europe. He joined Kleinwort Benson Limited in London in 1978 and in 1981 co-founded the group's first office in California. In 1986 he relocated to New York to manage the Kleinwort Benson Limited portfolio of North American private equity, high-yield and mezzanine investments. He is currently non-executive Chairman of Maxcess International Corporation, a co-founding director of Roper Industries Inc (NYSE) and of IDOX PLC (AIM). He has chaired the investment committees of and/or serves on several advisory boards of third party managed LBO and venture capital funds in North America and Europe and has advised several other financial institutions, including Hansa Capital, CdB Webtech, Standard Bank of South Africa, and IDeA Alternative Investments on their investments in private equity and other alternative assets around the world. Mr. Wright was educated at Oxford University (M.A) and holds a Certified Diploma in Accounting and Finance (from the ACCA). He is Foundation Fellow, Corpus Christi College, Oxford.

David Hunter

David Hunter is Managing Director of Hunter Advisers, a property fund consultancy which offers advice on the launch and operation of property funds in the UK and overseas. Coupled with this role, he has a number of non-executive positions on international property companies, focused on delivering value for shareholders. Until 2005, David was a leading Pan-European property fund manager with over 20 years experience and an exceptional track record of building and running fund management businesses. David was President of the British Property Federation 2003-04 and led the industry delegation which successfully negotiated with the UK Government for the introduction of REITs.

Shahzaad Dalal

Shahzaad Dalal has 26 years of financial markets and investment experience. At IL & FS Investment Managers Limited (IIML), Shahzaad has made investments in private equity transactions with an aggregate capitalization value in excess of $9.5 billion. Prior to IIML, he served as the Chief Executive Officer of IL&FS's Asset Management Strategic Business Unit. Prior to that, he was at the Industrial Credit and Investment Corporation of India ("ICICI"). He was actively involved in the initial public offerings of Indraprastha Gas and Shoppers' Stop. He is a member of the India CEO Forum, which is affiliated with the IMA (International Market Assessment Group). He received a Bachelor's degree in Commerce from Bombay University (India) and a Masters degree in Business Administration from Northeast Louisiana University (United States). He was appointed to the Board of Yatra on 14 April 2011.

Malcolm King

After qualifying at a general practice firm in 1968 Malcolm was one of the first in his profession to gain an MBA by taking a full time two-year course at the Ivey Business School of the University of Western Ontario, Canada. Joining King & Co in 1970 he headed the investment part of the business for 23 years. In 1993 Malcolm restructured the asset management side of the business, which grew the properties under management from GBP 850 million to more than GBP 10 billion when he retired.

He was Senior Partner from 1987 to 2005 and International Chairman from 1992 - 2006. In 1992 he conceived and engineered the merger of King & Co with J P Sturge to form King Sturge. During his time as Senior Partner the company's turnover increased from just over GBP 11 million to approximately GBP 100 million and a staff of nearly 1600. He was senior non-executive director of Redrow Plc and a director of RICS Business Services. He is a non-executive director of three property companies in Jersey as well as the managing director of a UK based private property company and was a member of the Property Advisory Committee of Sue Ryder Care.

George Baird

George was born in Dundee, Scotland in 1950 and qualified with AYMM in 1974 before moving to Jersey in 1980 to work for the States of Jersey in the finance area. In 1991 he was appointed Treasurer of the States of Jersey, one of the most senior positions in the Civil Service reporting to the Finance and Economics Committee whose main responsibility was defining and implementing government financial and budget strategy. In 1999 he moved to Mourant as Group Finance and Operations Director until his retirement in 2002. Since then he has built up a portfolio of non executive directorships in the Channel Islands which include Chairmanship of Invesco Leveraged High Yield Ltd, Geiger Counter Ltd and Saltus European Debt Strategies Ltd. In addition he serves as non executive director on several property companies and also plays a prominent role on their Audit Committees. After joining Yatra Capital Ltd he is the Chairman of the Audit & Risk Committee.

YATRA CAPITAL

Directors' Report

The Directors present their annual report and the audited financial statements of Yatra Capital Limited ("the Company") and its subsidiaries (together the "Group") for the year ended 31 March 2012.

The Company

The Company has been established in Jersey on 26 May 2006. The Company's ordinary shares were admitted to listing on the NYSE Euronext Market on 6 December 2006. The Company has been established to invest in Foreign Direct Investment (FDI) compliant Indian real estate development opportunities. The Company invests in a broad base of assets covering commercial, retail, residential, special economic zones, hospitality and logistics, targeting returns from development, long term capital appreciation and income.

Business Review

A review of the Group's activities during the year is set out in the Chairman's Statement on pages 4 - 6.

Results and Dividend

The Group's results for the year ended 31 March 2012 are shown in the Consolidated Statement of Comprehensive Income and related notes (pages 52 to 86). The Directors do not propose to declare a dividend for the year under review (31 March 2011-Nil).

Directors

All the Directors of the Company are independent and non-executive with the exception of Shahzaad Dalal who is also a director of the Group's Investment Manager. The membership of the Board of Directors ("Board") is set out below.

Director	Date of Appointment
David Hunter	5 June 2006
Shahzaad Dalal	14 April 2011
Malcolm King	5 June 2006
Richard Boléat	27 January 2010
Christopher Wright	27 January 2010
George Baird	8 March 2012

Richard Boléat, David Hunter, Christopher Wright and Malcolm King served office throughout the year. Shahzaad Dalal was appointed on 14 April 2011, Ajoy Kapoor resigned on 14th April 2011 and Sir Nigel Broomfield resigned on 13 January 2012. George Baird was appointed on 8 March 2012.

Directors' Interests

The following directors had interests in the shares of the Company as at 31 March 2012.

Director	Number of Ordinary Shares
Christopher Wright	6,800
David Hunter	6,667
Malcolm King	7,500

Malcolm King, David Hunter, Richard Boléat, Christopher Wright and George Baird are also directors of K2 Property Limited, a subsidiary of the Company. Sir Nigel Broomfield resigned from K2 Property Limited on 17 January 2012. Shahzaad Dalal is also a director of K2 Property Limited, a subsidiary of the Company, and IL & FS Investment Advisors LLC, the Investment Manager to K2 Property Limited.

Directors' Remuneration

During the year, the directors received the following emoluments from the Company and the Group:

Directors of the Company	Remuneration (in EUR)
Sir Nigel Broomfield	57,119
David Hunter	45,939
Shahzaad Dalal	NIL
Malcolm King	45,939
Richard Boléat	52,846
Christopher Wright	45,939
George Baird	2,466

Directors of the Subsidiary	Remuneration (in EUR)
Rajkamal Taposeea	1,037
Ben Seesaram Daby CBE	867
Manogaran Thamothiram	3,044
David Hunter	34,700
Malcolm King	25,321
Harkirat Singh	14,543
Richard Boléat	8,597
Christopher Wright	6,450
Sir Nigel Bromfield	6,565
Shahzaad Dalal	Nil
George Baird	Nil

The above figures reflect the amount paid during the year, using exchange rate as on date of payment. The payments made to Rajkamal Taposeea, Ben Seesaram Daby CBE and Manogaran Thamothiram are included in the administration fee charged by Minerva Fiduciary Services (Mauritius) Limited, the Mauritius administrator.

There are no service contracts in existence between the Company and its directors. However, each director was appointed by a letter of appointment, which sets out the main terms of the appointment.

Management

IL & FS Investment Advisors LLC ("IIAL" or "the Investment Manager") provides investment management services to the Group and project management, property advisory, property management and monitoring services to those members of the Group which acquire properties, in each case in accordance with the investment objective, investment policy and restrictions of the Group. IIAL is a wholly owned subsidiary of IL&FS Investment Managers Limited ("IIML"), which is in turn a subsidiary of Infrastructure Leasing & Financial Services Limited ("IL&FS") a company incorporated in India. IIML is listed on the National Stock Exchange and The Bombay Stock Exchange.

Directors' Responsibility Statement

Company law requires the directors to prepare financial statements of the Group in accordance with applicable law and regulations. The directors are mandated to prepare financial statements in respect of each reporting period in accordance with the requirements of Jersey Company law. In addition, the directors have elected to prepare the financial statements of the Group in accordance with International Financial Reporting Standards ("IFRSs"). International Accounting Standard ("IAS") 1 requires that financial statements present fairly for each financial period the Group's financial position, financial performance and cash flows. This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions of and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's "Framework for the Preparation and Presentation of Financial Statements". In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable IFRSs. The directors are also required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgments and estimates that are reasonable and prudent;
- State whether IFRSs have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that the financial statements have been properly prepared in accordance with International Financial Reporting Standards and the historical cost convention as modified by the revaluation of investments and comply with the Companies (Jersey) Law 1991. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud, errors and non-compliance with law or regulations.

The directors have confirmed that they have complied with the above requirements in preparing the financial statements.

Corporate Governance

A statement of Corporate Governance can be found on page 46.

Key Risks

There are a number of risks attributed towards the execution of the Group's strategy. The directors wish to highlight the following key risks:

- Real estate investments are long-term, illiquid investments and therefore the Group may not be able to realize the current NAV. The Group seeks to mitigate these risks by enhancing their marketability and exploring additional routes of disposing its interests.

- The slow pace of policy reforms, uncertain tax environment and underdeveloped secondary real estate markets shall limit the potential exit opportunities for the Group's non residential portfolio.

- The commercial sector of the Indian real estate market is thinly traded and lacks depth, which may further compound the illiquidity risk to which the Group is exposed in respect of its investments.

- The Indian companies in which the Group invests obtain construction loans from banks and financial institutions. These are secured by way of a mortgage on the land and the property to be developed. In case of default in repayment, the lending banks have a first charge towards the land and property so provided as well as the other assets of the land owning company.

- Changes to regulations governing foreign investments including repatriation of funds may adversely affect the Group's performance. The Group, through the Investment Manager, monitors this risk and, where applicable, procures advice from specialist lawyers and tax advisors in respect of the structuring of its investments.

- The Group receives interest income on its variable rate bank balances and fixed rate treasury deposits and is exposed to interest rate risk in that regard.

- The Group invests in Indian companies and the fair value of these investments is denominated in Indian Rupees. The Company's issued shares are denominated in EUR, and the Company and the Group are therefore exposed to currency risk whereby a movement in the Indian Rupee / EUR exchange rate will affect the value of the investments and the resultant unrealized gain or loss thereon.

- The Group is exposed to counter party risk, principally as a result of the joint venture and leveraged nature of its investment portfolio. The Group is dependent upon the continued activity and performance of its joint venture real estate development partners. Additionally, the success of the Group's development activities is contingent upon the continued willingness of domestic Indian financial institutions to provide development and construction finance on acceptable terms.

- The Portfolio Companies are heavily dependent on obtaining consent from statutory bodies at key stages for the development process, the subsequent sign off/acceptance of completed schemes and subsequent release of funds. All these stages can involve protracted timescales.

The Board continues to monitor and, where possible, take steps to mitigate these key risks and other uncertainties to which the Group is exposed.

Annual General Meeting

The Annual General Meeting of the Company will be convened in due course upon the issuance of at least 42 day's prior notice to the shareholders.

Independent Auditors

The auditors, PricewaterhouseCoopers CI LLP, have indicated their willingness to continue in office as auditors.

By Order of the Board

Richard Boléat	**George Baird**
Chairman	**Director and Audit & Risk Committee Chairman**

27 July, 2012

Corporate Governance Report

It is the Group's policy to comply with best corporate governance practices. The Group recognizes that effective governance is a fiduciary responsibility fundamental to its long-term success. The Board endeavours to foster a management culture based on effective checks and balances, proper procedures for managing risks attached to opportunities, and accountability towards stakeholders with regard to the policies pursued. The Company has become a member of the Association of Investment Companies, UK since January 2012.

Role of the Board

The Board has determined that its role is to consider and determine the following key matters, which it considers are of strategic and operational importance to the Group:

- the overall objectives for the Group and the Group's strategy for fulfilling those objectives within an appropriate risk framework;

- any shifts in strategy that may be appropriate in light of market conditions;

- the capital structure of the Group including consideration of any appropriate use of gearing both for the Group and in any joint ventures or similar arrangements in which the Group may invest from time to time;

- the engagement of the Investment Manager, Administrators and other appropriately skilled service providers and the monitoring of their effectiveness through regular reports and meetings;

- the key elements of the Group's performance including Net Asset Value and payment of dividends;

- compliance with company law and regulatory obligations, including the approval of the financial statements and the recommendation as to dividends (if any).

The directors bring independent views to the board and a diversity of experience including chartered surveying, civil service, banking, law, administration, treasury, financial accounting, corporate finance and fund management to add to the Board's effectiveness, particularly in the area of property performance of emerging markets, corporate strategy, governance and risk.

The directors take decisions objectively and in the best interests of the Group being collectively and individually responsible for its success. They are accountable to shareholders and take into consideration the need to foster the Group's business relationships with other stakeholders in discharging their obligations.

The Board has conducted a self assessment exercise and will continue to do so annually. The Board members have reaffirmed their independence wherever appropriate other than as disclosed elsewhere in the financial statements.

Board Decisions

The Board ensures during its meetings that strategic matters are considered as well as matters of particular concern to shareholders. The operational obligations of the Board have been delegated through appropriate arrangements to the Investment Manager and the Administrators, as all members of the Board are non-executive. The independent directors of the board meet separately at least once a year to review the performance of the board as a whole.

Board Meetings

The Board holds at least four meetings annually and also meets as and when required to consider specific issues reserved for decision by the Board. The Board met formally seven times during the year under review. Attendance at Board meetings by individual board members is disclosed as follows:

Director	Attendance at Meetings
Sir Nigel Broomfield (resigned 13 January 2012)	6
David Hunter	5
Richard Boléat	7
Malcolm King	7
Christopher Wright	7
Shahzaad Dalal	6
George Baird (appointed 8 March 2012)	Nil

Committees of the Board

Audit & Risk Committee

The Audit & Risk Committee (ARC) is comprised entirely of independent directors: George Baird (Chairman), Christopher Wright, Richard Boléat and Malcolm King who are each considered to have the requisite expertise in matters of finance and accounting. George Baird took over as the ARC Chairman from Richard Boléat from the date of his appointment and is also Chairman of the audit committee of K2 Property Limited. The ARC meets at least three times a year and, if required, meetings can also be attended by the Investment Manager, the Administrator and the Independent Auditors.

The ARC is responsible for ensuring that the financial performance of the Group is properly monitored, controlled and reported on. The ARC's primary responsibilities are to review accounting policies and the financial statements, understand and agree the key underlying principles, engage in discussions with external auditors and ensure that an effective internal control framework exists. The duties of the ARC are covered under the terms of reference of the ARC and include:

- To oversee the selection process of external auditors and make recommendations to the Board in respect of their appointment, re-appointment and remuneration;

- To ensure the integrity of the financial statements;

- To monitor and review the independence of the auditors, their objectivity and effectiveness, taking into consideration relevant professional and regulatory requirements;

- To keep under review the effectiveness of internal financial controls;

- To ensure that a member of the ARC attends the Annual General Meeting of the Members.

- To oversee the effectiveness of the processes and controls used by the Company to monitor and manage risk within the parameters adopted by the Board.

Audit & Risk Committee (Continued)

• To review the Company's major risk exposures and the steps taken to monitor and control such exposures.

During the year under review, the ARC met formally three times.

The table below shows the attendance of the ARC members at the formal meetings for the year under review.

Director	Attendance at Meetings
Richard Boléat	3
Malcolm King	3
Christopher Wright	3
George Baird (appointed 8 March 2012)	Nil

Remuneration and Nominations Committee

The Remuneration and Nominations Committee comprises Richard Boléat, Shahzaad Dalal and David Hunter (Chairman) of which the majority is independent of the Investment Manager. Richard Boléat replaced Sir Nigel Broomfield during the year. This Committee is responsible for the terms of appointment and remuneration of the Company's directors and the incentive policies of the Group as a whole. The Remuneration Committee has met twice during the year under review.

The table below shows the attendance of the remuneration and nominations committee members at the formal meetings for the year under review.

Director	Attendance at Meetings
Richard Boléat	2
Shahzaad Dalal	Nil
David Hunter	2

Shareholder Relations

Shareholder communications are a key priority of the Board and the Company maintains a regular dialogue with its shareholders. The Company promptly posts all the relevant information and news to the Authority for Financial Markets, Euronext and on its website. Representatives of the Investment Manager make themselves available to meet with key shareholders, analysts, current and future investors and the media. The Board is also fully informed on any market commentary on the Company made by the Group's Investment Manager and other professional advisors, including its brokers. The Board monitors its investor relations process consistently to ensure the effectiveness of the Company's communications. The notice of the Annual General Meeting is posted to the shareholders at least 42 clear days in advance of the meeting. Shareholders or their proxies are encouraged to attend and participate in the Annual General Meeting. The Chairman and representatives of the Investment Manager are available at the Annual General Meeting to address any questions that the shareholders wish to raise.

Independent Auditors' Report to the Members of Yatra Capital Limited

Report on the financial statements

We have audited the accompanying consolidated financial statements (the "financial statements") of Yatra Capital Limited which comprise the consolidated statement of financial position as of 31 March 2012 and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the financial statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards and with the requirements of Jersey law. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, 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 control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the 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.

Independent Auditors' Report to the Members of Yatra Capital Limited (Continued)

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group as of 31 March 2012 and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and have been properly prepared in accordance with the requirements of the Companies (Jersey) Law 1991.

Report on other legal and regulatory requirements

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the performance highlights, the chairman's statement, the investment manager's report, the investment portfolio, information on the board of directors, the director's report and the corporate governance report, CBRE valuation letter, corporate information and contact information.

In our opinion the information given in the directors' report is consistent with the financial statements.

This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Article 113A of the Companies (Jersey) Law 1991 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Michael Byrne

For and on behalf of PricewaterhouseCoopers CI LLP

Chartered Accountants and Recognized Auditor

Jersey, Channel Islands

27 July 2012

The maintenance and integrity of the Yatra Capital Limited website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

Legislation in Jersey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

YATRA CAPITAL

Consolidated Statement of Financial Position

As at 31 March, 2012

	Notes	Group 31 March 2012 EUR	Group 31 March 2011 EUR
ASSETS			
Non current assets			
Financial assets at fair value through profit or loss	7(a)	**83,242,603**	132,877,815
Investments in subsidiary undertakings	8	**-**	-
		83,242,603	132,877,815
Current assets			
Financial assets at fair value through profit or loss	7(b)	**13,079,179**	**-**
Prepayments and other receivables	9	**4,796,376**	5,021,443
Cash and Cash equivalents	10	**27,337,824**	33,829,400
		45,213,379	38,850,843
Total assets		**128,455,982**	171,728,658
EQUITY AND LIABILITIES			
Capital and reserves			
Stated capital	11	**-**	**-**
Share premium	11	**211,906,108**	211,906,108
(Accumulated losses)		**(83,522,990)**	(40,448,492)
Treasury shares	11	**(267,569)**	-
Total equity		**128,115,549**	171,457,616
Current liabilities			
Accruals and other payables	12	**340,433**	271,042
		340,433	271,042
Total equity and liabilities		**128,455,982**	171,728,658

The financial statements were approved by the Board of Directors and authorised for issue on 27 July, 2012. They were signed on its behalf by Richard Boléat and George Baird.

George Baird

Richard Boléat

Chairman

George Baird

Director and Audit & Risk Committee Chairman

The notes on pages 55 to 86 form an integral part of these financial statements.

Consolidated Statement of Comprehensive Income

For the year ended 31 March, 2012

	Notes	Group Year ended 31 March 2012 EUR	Group Year ended 31 March 2011 EUR
INCOME			
Interest income		**890,090**	750,889
Dividend income		**20,492**	33,070
Other income		**22,077**	-
Gain on foreign currency translation			-
Gain on disposal of indirect subsidiaries		**-**	9,270
Net changes in fair value on financial assets and financial liabilities at fair value through profit or loss	6	**(38,122,384)**	(22,301,362)
		(37,189,725)	(21,508,133)
EXPENSES			
General Administration Expenses:			
Investment Manager fee	14	**3,923,556**	4,153,774
Custodian, secretarial and administration fees		**197,448**	195,644
Legal and professional costs		**341,197**	325,744
Directors' fees	14	**347,564**	335,403
Directors' insurance		**36,080**	32,236
Audit fees		**248,838**	289,296
Listing agents fees		**16,468**	12,452
Investment committee expenses		**76,628**	45,483
Other administrative expenses		**366,504**	228,276
Loss on foreign currency translation		**270,625**	154,528
		5,824,908	5,772,836
Total Comprehensive Loss for the year before tax		**(43,014,633)**	(27,280,969)
Taxation	5	**(59,865)**	-
Total Comprehensive Loss Attributable to:			-
Equity holders of the Company		**(43,074,498)**	(27,280,969)
		(43,074,498)	(27,280,969)
Basic Loss per share	17	**2.02**	1.27
Diluted Loss per share		**2.01**	1.27

The notes on pages 55 to 86 form an integral part of these financial statements.

YATRA CAPITAL

Consolidated Statement of Changes in Equity

As at 31 March, 2012

	Attributable to Equity Holders			
	Stated Capital	Share Premium	Retained earnings/ (accumulated losses)	Total equity
	EUR	EUR	EUR	EUR
Group:				
At 31 March 2010	-	211,906,108	(13,167,523)	198,738,585
Total comprehensive loss for the year	-	-	(27,280,969)	(27,280,969)
At 31 March 2011	-	211,906,108	(40,448,492)	171,457,616
Total comprehensive loss for the year	-	-	(43,074,498)	(43,074,498)
Treasury shares	-	(267,569)	-	(267,569)
At 31 March 2012	-	211,638,539	(83,522,990)	128,115,549

The notes on pages 55 to 86 form an integral part of these financial statements.

Consolidated Statement of Cash Flows

For the year ended 31 March, 2012

	Notes	Group Year ended 31 March 2012 EUR	Group Year ended 31 March 2011 EUR
Cash flows from operating activities			
Total Comprehensive Loss for the year		**(43,014,633)**	(27,280,969)
Adjustments for:			
Dividend income		**(20,492)**	(33,070)
Interest income		**(890,090)**	(750,889)
Loss on foreign currency translation		**262,564**	155,699
Net changes in fair value on financial assets and financial liabilities at fair value through profit or loss	6	**38,122,384**	22,301,362
Cash used in operations		**(5,540,267)**	(5,607,867)
Purchase of financial assets at fair value through profit or loss	6	**(1,566,351)**	(3,719,789)
Dividend received		**20,492**	33,070
Tax paid		**(59,865)**	-
Increase in prepayments and other receivables		**83,056**	295,335
Decrease/(increase) in accruals and other payables		**69,390**	(55,010)
Net cash used in operating activities		**(6,993,545)**	(9,054,261)
Cash flows from financing activities			
Interest received		**769,538**	891,156
Treasury shares		**(267,569)**	-
Net cash from financing activities		**501,969**	891,156
Net decrease in cash and cash equivalents		**(6,491,576)**	(8,163,105)
Cash and cash equivalents at beginning of the year		**33,829,400**	41,992,505
Cash and cash equivalents at end of the year	10	**27,337,824**	33,829,400

The notes on pages 55 to 86 form an integral part of these financial statements.

Notes to the Financial Statements

1. General information

Yatra Capital Limited (the "Company") is a limited liability company incorporated and domiciled in Jersey whose registered office address is at 43/45 La Motte Street, St Helier, JE4 8SD, Jersey. The Company is governed by the Collective Investment Funds (Jersey) Law 1988, as amended, and the subordinate legislation made there under. The purpose of the Company is to enable pooling of funds by investors for investment in K2 Property Limited ("K2") and its subsidiaries, together referred to as the "Group".

K2 was incorporated on 19 May 2006 and is domiciled as a limited liability company under the laws of the Republic of Mauritius. K2 holds a category 1 Global Business Licence issued by the Financial Services Commission in Mauritius. The Group makes investments in companies established to carry out real estate development and ownership across India ("Portfolio Companies").

IL&FS Investment Advisors LLC, an investment management company incorporated and domiciled in the Republic of Mauritius ("the Investment Manager") advises the Group with respect to its investment activities. The administration of the Company is undertaken by Minerva Fund Administration Limited.

The Company's ordinary shares are listed and traded on the NYSE Euronext Market, under ISIN JE00B1FBT077.

2. Summary of significant accounting policies

The principal accounting policies adopted in the preparation of these financial statements have been consistently applied to all the years presented unless otherwise stated and are set out below.

2.1 Basis of preparation

The consolidated financial statements are prepared on a going concern basis using accounting policies consistent with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board and interpretations issued by the International Financial Reporting Interpretation Committee ("IFRIC").

The consolidated financial statements have been prepared under the historical cost convention as modified by the revaluation of financial assets and financial liabilities at fair value through profit or loss.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires the Board to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to these financial statements are disclosed in Note 4.

Notes to the Financial Statements (Continued)

Summary of significant accounting policies (Continued)

K2 makes investments in Portfolio Companies established to undertake real estate investment in India. By virtue of the controlling interest held by the Company in K2 as at 31 March 2012, the Company has consolidated the position and results of K2 in accordance with the accounting policies set out in note 2.2.

Details of the interests held by the Group in Portfolio Companies are set out in note 7.

As at 31 March 2012, neither the Company nor K2 held a controlling interest in any of the Portfolio Companies in respect of which K2 has invested. As set out in note 2.3, investments in Portfolio Companies are accounted for as financial assets at fair value through profit or loss. The estimates and assumptions applied in determining the fair value of these investments are set out in note 4.1.

(a) Standards and amendments to existing standards effective on or after 1 April 2011

- The amendment to IAS 24, 'Related Party Disclosures', clarifies the definitions of a related party. The new definition clarifies in which circumstances, persons and key management personnel affect related party relationships of an entity. Secondly, the amendment introduces an exemption from the general related-party disclosure requirements for transactions with a government and entities that are controlled, jointly controlled or significantly influenced by the same government as the reporting entity. The adoption of the amendment did not have any impact on the financial position or performance of the Group.

- IFRS 7 (amendments), 'Financial Instruments: Disclosures' was part of the IASB's annual improvement project published in May 2010. The amendment emphasizes the interaction between quantitative and qualitative disclosures about the nature and extent of risks associated with financial instruments. Adoption of this amendment did not have a significant impact on the Group's financial statements.

- IAS 1, 'Presentation of Financial Statements' was part of the IASB's annual improvement project published in May 2010. It clarifies that an entity will present an analysis of other comprehensive income for each component of equity, either in the statement of changes in equity or in the notes to the financial statements. Adoption of this amendment did not have a significant impact on the Group's financial statements.

There are no other standards, interpretations or amendments to existing standards that are effective that had a significant impact on the Group.

(b) New standards that are not yet effective for the financial year 1 April 2011 and have not been early adopted:

- IAS 27 (revised 2011), 'Separate financial statements' includes the provisions on separate financial statements that are left after the control provisions of IAS 27 have been included in the new IFRS 10.

- IAS 28 (revised 2011) 'Associates and joint ventures' includes the requirements for joint ventures, as well as associates , to be equity accounted following the issue of IFRS 11.

Notes to the Financial Statements (Continued)

Summary of significant accounting policies (Continued)

- IFRS 9, 'Financial instruments', effective for annual periods beginning on or after 1 January 2015, specifies how an entity should classify and measure financial assets and liabilities, including some hybrid contracts. The standard improves and simplifies the approach for classification and measurement of financial assets compared with the requirements of IAS 39. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged. The standard applies a consistent approach to classifying financial assets and replaces the numerous categories of financial assets in IAS 39, each of which had its own classification criteria.

  The standard also results in one impairment method, replacing the numerous impairment methods in IAS 39 that arise from the different classification categories.

  The new standard is not expected to have an impact on the Group's financial position or performance, as it is expected that the Group will continue to classify its financial assets as being at fair value through profit or loss;

- IFRS 10, 'Consolidated financial statements', effective for annual periods beginning on or after 1 January 2013, builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. The Group is currently assessing the impact of the adoption of this standard;

- IFRS 11 'Joint arrangements' (effective for annual periods beginning on or after 1 January 2013) is a new standard that deals with the accounting for joint arrangements and focuses on the rights and obligations of the arrangement, rather than its legal form. The structure and form of the arrangement is only one of the factors to consider in assessing each party's rights and obligations. The terms and conditions agreed by the parties (for example, agreements that may modify the legal structure or form of the arrangement) and other relevant facts and circumstances should also be considered. If the facts and circumstances change, a venturer needs to reassess (i) whether it has joint control; and/or (ii) the type of joint arrangement in which it is involved. Changes in the definitions per IFRS 11 have reduced the 'types' of joint arrangements to two: joint operations and joint ventures. The existing policy choice of proportionate consolidation for jointly controlled entities has been eliminated. Equity accounting is mandatory for participants in joint ventures. Entities that participate in joint operations will follow accounting much like that for joint assets or joint operations today. The standard is not expected to have an impact on the Group's financial position or performance.

Notes to the Financial Statements (Continued)

Summary of significant accounting policies (Continued)

- IFRS 12, 'Disclosures of interests in other entities', effective for annual periods beginning on or after 1 January 2013, includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. The Group is currently assessing the impact of the adoption of this standard.

- IFRS 13, 'Fair value measurement', effective for annual periods beginning on or after 1 January 2013. The standard improves consistency and reduces complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRS. If an asset or a liability measured at fair value has a bid price and an ask price the standard requires valuation to be based on a price within the bid-ask spread that is most representative of fair value and allows the use of mid-market pricing or other pricing conventions that are used by market participants as a practical expedient.
  The standard is not expected to have an impact on the Group's financial position or performance.

- Amendment to IAS 1, 'Presentation of financial statements' (effective for annual periods beginning on or after 1 July 2012) changes the disclosure of items presented in other comprehensive income (OCI) in the statement of comprehensive income and required entities to separate items presented in OCI into two groups, based on whether or not they may be recycled to the Statement of Comprehensive Income in the future. Items that will not be recycled will be presented separately from items that may be recycled in the future. Entities that choose to present OCI items before tax will be required to show the amount of tax related to the two groups separately. The standard is not expected to have an impact on the Group's financial position or performance.

There are no other standards, interpretations or amendments to existing standards that are not yet effective that would be expected to have a significant impact on the Group.

Notes to the Financial Statements (Continued)

Summary of significant accounting policies (Continued)

2.2 Consolidation

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The group applies the acquisition method to account for business combinations. The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. The excess of the cost of acquisition, the amount of any non-controlling interest in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the consolidated Statement of Comprehensive Income.

Intra-group transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated but considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Transactions and non-controlling interests

When the Group ceases to have control or significant influence, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

Notes to the Financial Statements (Continued)

Summary of significant accounting policies (Continued)

2.3 Financial assets at fair value through profit or loss

(a) Classification

The Group invests in joint ventures and associates and has also invested in the securities of a company listed on the Bombay Stock Exchange. A joint venture is a contractual agreement whereby two or more parties undertake an economic activity that is subject to joint control. Joint control is the contractually agreed sharing of control over an economic activity and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control. An associate is an entity over which the Group has significant influence but no control, generally accompanying a shareholding of between 20% and 50% of the voting rights. As allowed under International Accounting Standards, IAS 31 (revised 2003), Interests in Joint Ventures and IAS 28 (revised 2003), Investments in Associates, the Group has designated its investments in joint ventures and associates as financial assets held at fair value though profit or loss. All of the Group's interests in Portfolio Companies are accounted for in this manner.

Financial assets designated at fair value through profit or loss at inception are those that are managed and their performance evaluated on a fair value basis in accordance with the Group's documented investment strategy. The Group's policy is for the Board and the Investment Manager to evaluate the information about these financial assets on a fair value basis together with other related financial information. The majority of these financial assets are not expected to be realised within 12 months of the Statement of Financial Position date and are therefore classified under non-current assets.

The Board, as advised by the Investment Manager, has taken an appropriate classification of investments at the time of purchase and re-evaluates the classification on a regular basis. As of 31 March 2012, the Board has reclassified noncurrent assets of EUR 13,079,179 (2011 – EUR Nil) as current assets.

Financial assets classified under current assets are those that are expected to be realised within a period of less than 12 months.

(b) Recognition/derecognition

Purchases and sales of investments are recognised on the "trade date" – the date on which the Group contracts to purchase or sell the investment. Investments are derecognised when the rights to receive cash flows from the investments have expired or the Group has transferred substantially all risks and rewards of ownership.

(c) Measurement

Financial assets at fair value through profit or loss are initially recognised at fair value. Transaction costs are expensed in the Statement of Comprehensive Income. Subsequent to initial recognition, all financial assets at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of the financial assets at fair value through profit or loss are recognized in the Statement of Comprehensive Income in the year in which they arise. Interest income from financial assets at fair value through profit or loss is recognised in the Statement of Comprehensive Income using the effective interest method. Dividend income from financial assets at fair value through profit or loss is recognised in the Statement of Comprehensive Income within dividend income when the Group's right to receive payments is established and is shown gross of withholding tax.

(d) Fair value estimation

The fair value of financial instruments traded on an active market is based on the closing quoted market prices at the date of the Statement of Financial Position.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at the date of the Statement of Financial Position. Valuation techniques used include the use of comparable recent arm's length transactions, discounted cash flow analysis and other valuation techniques commonly used by market participants as recommended by the Royal Institution of Chartered Surveyors ("RICS").

2.4 Foreign currency translation

(a) Functional currency

Items included in the financial statements of each of the Group's entities are measured using the currency of primary economic environment in which the Group operates (the "functional currency"). The Board considers the Euro as the currency that most faithfully represents the economic effects of the underlying events, transactions and conditions. The financial statements are presented in Euro ("EUR"), which is the Parent's and each of the subsidiaries' functional currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income. The EUR exchange rate used at the date of Statement of Financial Position for the translation of monetary assets and liabilities (and stated commitments disclosed in note 3.4 below) denominated in INR was 68.34 (31 March 2011 - 63.24). Translation differences on non-monetary financial assets and liabilities such as equity instruments classified as financial assets at fair value through profit or loss are recognised in the Statement of Comprehensive Income within the net gain or loss on fair valuation of financial assets at fair value through profit or loss.

Notes to the Financial Statements (Continued)

Summary of significant accounting policies (Continued)

(c) Group companies

The results and the financial position of the Group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

i) assets and liabilities for each Statement of Financial Position presented are translated at the closing rate at the date of that Statement of Financial Position.
ii) income and expenses for each Statement of Comprehensive Income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
iii) all resulting exchange differences are recognised as a separate component of equity.

2.5 Prepayments and other receivables & accruals and other payables

Prepayments and other receivables and accruals and other payables are recognised on an accruals basis and are fair valued at the financial position date.

2.6 Cash and cash equivalents

Cash comprises cash at bank. Cash equivalents are short-term, highly liquid investments, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

2.7 Stated capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction from the proceeds of the issue. Ordinary shares which have been bought back during the year are recorded as Treasury shares.

2.8 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are not recognised for future operating losses. Where the effect of the time value of money is material, the amount of a provision is calculated as the present value of the amounts expected to be required to settle the obligation. Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur.

Notes to the Financial Statements (Continued)

Summary of significant accounting policies (Continued)

2.9 Current and deferred income tax

The current income tax charge is calculated on the basis of currently enacted tax laws. The Board periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided, using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than business combination that at the time of the transaction affects neither counting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the date of Statement of Financial Position and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

The principal temporary differences arise from tax losses carried forward. Deferred income tax assets relating to the carry forward of unused tax losses are recognised to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised.

2.10 Revenue recognition

Interest income is recognized on a time proportion basis using the effective interest method. Dividends are recognized when the shareholders have a right to receive payment.

2.11 Financial instruments

Financial instruments carried in the Statement of Financial Position include financial assets at fair value through profit or loss, other receivables, cash at bank and accruals and other payables. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

Disclosures regarding financial instruments to which the Group is a party are provided in Note 3.

2.12 Related parties

Related parties are both natural and legal persons where the person has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions.

2.13 Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different to those of other business segments. A geographical segment is a group of assets and operations engaged in providing products or services within a particular economic environment that are subject to risks and return that are different from

Notes to the Financial Statements (Continued)

Summary of significant accounting policies (Continued)

those of segments operating in other economic environments. The Group is engaged in real estate development projects in India, being a single reportable geographical segment having an economic environment that is subject to risks and returns which are different from geographical segments operating in other economic environments.

3 Financial risk management

3.1 Strategy in using financial instruments

The Board has overall responsibility for the determination of the Group's risk management objectives and policies. The Group's overall risk management policy focuses on the management of risk at the Portfolio Company level and seeks to minimize potential adverse effects on the Group's financial performance and flexibility.

The Group's activities expose it to a variety of financial risks, the principal risks being credit risk, liquidity risk, counterparty risk and market risk. The Group's financial instruments comprise investments held at fair value through profit or loss, cash and cash equivalents and other items such as accruals and other payables and receivables which arise from its operations.

This note presents information about the Group's exposure to each of the above risks, the Board's objectives, policies and processes for measuring and managing risk and the management of capital. Further quantitative disclosures are included throughout these financial statements. The Group held no derivative instruments during the year ended 31 March 2012 (31 March 2011- Nil). A summary of the main risks are addressed below:

3.2 Market risk

The Group is exposed to market risk, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market values. Market risks arise from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements and changes in the level of volatility of market rates or prices such as interest rates, foreign exchange rates and equity prices.

(a) Cash flow and fair value interest rate risk

The Group's cash flow is monitored at regular intervals by the Board. The interest rates at which cash and deposits are placed are fixed in nature and hence the Group is not exposed to the risk of fluctuating interest rates except for the variable rate interest income on the bank balances. Since the financial statements of the Group show cash at cost, the question of fair value risk for the same does not arise.

Notes to the Financial Statements (Continued)

Financial risk management (Continued)

(b) Foreign currency risk

Foreign currency risk arises when future commercial transactions or recognised monetary assets and liabilities are denominated in a currency other than the Parent's and each of the subsidiaries' functional currency.

The Group holds investments in Portfolio Companies operating in India and hence is exposed to foreign currency exchange risk as its investments and other receivables are denominated in Indian Rupees ("INR") and may be undertaken in phased stages. It also has bank balances and accruals and other payables denominated in United States Dollars ("USD"), INR and British Pounds but those are not material. All the other financial assets and liabilities are denominated in Euro.

The Group has in place a policy that requires Group companies to keep under review their foreign currency risk against the functional currency. Forward contracts may be used on a transaction by transaction basis with a view to hedging foreign currency exposure. The Group will continue to monitor foreign currency risk and the need for hedging transactions. During the year under review, no foreign currency hedging transactions took place, and the Group continues to have fully unhedged INR exposures comprising substantially all of the Group's financial assets as fair value through profit or loss.

At 31 March 2012, the fair value of the Group's investments, including advance on investment contribution and other receivables, denominated in INR amounted to EUR 99,577,563 (31 March 2011 – EUR 132,877,815). Consequently, the Group is exposed to the risk that the exchange rate of the EUR relative to the INR may change in a manner which has an adverse effect on the reported fair value of its investments. However, the investments are carried at fair value and the impact of changes in INR to the EUR is included in the fair value movements, considered in price risk below. At 31 March 2012, assuming the price of the financial assets denominated in INR remains unchanged, if INR had strengthened by 10% (31 March 2011-10%) against the EUR, the Group's losses would have decreased by EUR 11.06 million (31 March 2011- EUR 14.76 million) and had the INR weakened by 10% the Group's losses would have increased by EUR 9.05 million (31 March 2011- EUR 12.07 million) with a reverse impact on net assets.

At 31 March 2012, the Group had outstanding capital commitments of EUR 2.01 million (31 March 2011 – EUR 3.76 million). Had the INR depreciated against the EUR by 10% (31 March 2011 – 10%) the Group would have had at 31 March 2012 an outstanding capital commitment of EUR 1.83 million (31 March 2011 - EUR 3.38 million).

Notes to the Financial Statements (Continued)

Financial risk management (Continued)

Had the INR appreciated against the EUR by 10% over the last year then the Group would have had at 31 March 2012 an outstanding capital commitment of EUR 2.23 million (31 March 2011 – EUR 4.13 million).

(c) Price risk

The Group is exposed to price risk as the investments of the Group as stated in the consolidated Statement of Financial Position are classified as financial assets at fair value through profit and loss.

The Group has invested in unquoted companies domiciled in India, being the Portfolio Companies. An investment in an Indian company operating in the real estate development sector involves significant risks including ownership/title risk, development financing risk and development risk. The Group relies upon the services of the Investment Manager and key service providers in India, such as legal advisors, to help mitigate these risks through measures including the conduct of full and proper due diligence, negotiation and completion of investment and joint venture documentation with due regard to appropriate risk allocation, and close performance monitoring to manage risk on an ongoing basis.

The Group instructed an independent international property valuer, namely CB Richard Ellis South Asia Private Limited ("the Valuer"), to conduct an independent valuation of the property development projects held by the Portfolio Companies as at 31 March 2012. The table below provides a sensitivity analysis showing the impact of increases/decreases in the fair value of investments on the Group's post tax profit for the year and on its net assets. The analysis is based on the assumption that the valuation of the property development projects held by the Portfolio Companies as on 31 March 2012 increased/decreased by 20% (31 March 2011 - 20%), with other variables held constant.

Year ended 31 March 2012	**Increase in fair value by 20% (EUR)**	**Decrease in fair value by 20% (EUR)**
Decrease/(increase) in loss and Increase/(decrease) in net assets	EUR 16.20 million	(EUR 16.20 million)
Year ended 31 March 2011	**Increase in fair value by 20% (EUR)**	**Decrease in fair value by 20% (EUR)**
Decrease/(increase) in loss and Increase/(decrease) in net assets	EUR 23.82 million	(EUR 23.82 million)

Notes to the Financial Statements (Continued)

Financial risk management (Continued)

3.3 Credit risk

Credit risk arises when a failure by a counter party to discharge their obligations could reduce the amount of future cash inflows from financial assets on hand at the date of the Statement of Financial Position.

The Group's credit risk arises principally from cash at bank and other receivables. The Group's policy is to maintain cash balances and short term deposits with a reputable banking institution and to monitor the placement of cash and deposit balances on an ongoing basis. As at 31 March 2012, all cash balances and short term deposits were placed with the HSBC Banking Group which had a credit rating of "AA-" from Standard and Poor's, Barclays Bank Plc which had a credit rating of "A(Stable)" from Standard and Poor's, the Mauritius Commercial Bank Limited which had a credit rating of "Baa1" from Moody's Global Credit Research and the Bank of Cyprus which had a credit rating of "B1" from Moody's Global Credit Research.

The Group has invested less than 2% of its investible funds in the securities of a company listed on the Bombay Stock Exchange. It is the Group's policy that all the transactions in listed securities are settled /paid for upon delivery using appropriately licensed brokers. The risk of default with respect to such settlement is considered minimal, as delivery of securities sold is only completed once the broker has received payment. Payment is made on a purchase once the securities have been received by the broker. The trade will fail if either party fails to meet its obligation.

The Group's credit risk also arises in respect of other receivables as disclosed in note 9 below. The Board has considered the recoverability of these balances as at 31 March 2012 and does not consider the risk of failing to recover these amounts to be significant. Additionally, before any company in the Group enters into transactions with another party it will make an assessment of the credit worthiness of that party.

3.4 Liquidity risk

Liquidity risk arises when the maturity dates of assets and liabilities of a Company do not match and the Group is unable to meet its payment obligations when they fall due. As a policy, the Group minimises these risks by maintaining sufficient cash and highly liquid current assets to meet all anticipated future payment obligations. As at 31 March 2012, the total financial liabilities of the Group amounted to EUR 0.34 million (31 March 2011: EUR 0.27 million).

As detailed in the table below, the outstanding capital commitments of the Group amounted to EUR 2.01 million as at 31 March 2012 (31 March 2011 – EUR 3.76 million). The cash balance of the Group as at 31 March 2012 amounted to EUR 27.34 million (31 March 2011 – 33.83 million) and hence the Group maintains sufficient liquid assets available to finance the current financial liabilities and outstanding capital commitments.

Notes to the Financial Statements (Continued)

Financial risk management (Continued)

Name of K2 subsidiary	Name of Indian Portfolio Company and Description	31 March 2012		31 March 2011	
		Commitment		Commitment	
		Total (EUR millions)	Balance (EUR millions)	Total (EUR millions)	Balance (EUR millions)
K2 A Residential Limited	Kolte Patil Real Estate Pvt Ltd - Residential, Pune	15.88	0.00	15.88	0.00
K2 C Retail Limited & K2 Property Limited	Vamona Developers Pvt Ltd – Market City Retail, Pune	17.05	0.00	17.05	0.00
K2 A Hospitality Limited	Alliance Hospitality Services Pvt Ltd - Market City Hospitality, Pune	4.58	0.00	4.58	0.00
K2 Property Limited	The Phoenix Mills Ltd - Listed Entity on Indian stock exchange	3.73	0.00	3.73	0.00
K2 C Residential Limited	City Centre Mall Nashik Pvt Ltd – City Centre Mall, Nashik	10.42	0.00	10.42	0.00
K2 C Residential Limited	Indore Treasure Market City Pvt Ltd – Treasure Market City Retail, Indore	10.97	0.84	11.04*	0.91
K2 C Residential Limited	Indore Treasure Town Pvt Ltd - Treasure Town Bijalpur, Indore	7.71	0.00	7.71	0.00
K2 A Retail Limited	Gangetic Developers Pvt Ltd – Phoenix United Mall, Agra	4.04	0.00	4.04	0.00
K2 B Retail Limited	Modi Organisors Pvt Ltd – Himalaya Mall, Bhavnagar	6.28	1.17	6.38*	1.27
K2E Residential Limited (formerly K2 A Commercial Limited)	Riverbank Holdings Pvt Ltd – Residential Batanagar , Kolkata	20.28	0.00	20.28	0.00
K2 B Commercial Limited	Forum IT Parks Pvt Ltd - IT SEZ, Kolkata	16.68	0.00	16.68	0.00
K2G Residential Limited (formerly K2 D Retail Limited)	Palladium Constructions Pvt Ltd - Residential, Bangalore	20.04	0.00	20.04	0.00
K2F Residential Limited (formerly K2 B Hospitality Limited)	Platinum Spaces Pvt Ltd - Residential, Bangalore	8.03	0.00	8.03	0.00
K2A Private Equity Eur 6.84 mn & Mildren Holding Limited Eur 3.29 mn	Saket Engineers Pvt Ltd - Residential Entity Level, Hyderabad	10.13	0.00	10.14*	1.58
K2C Hospitality Limited	Jalan Intercontinental Hotels Pvt Ltd – Taj Gateway, Kolkata	4.64	0.00	4.64	0.00
Total initial / outstanding commitments		**160.46**	**2.01**	160.64	3.76

*The movement in the outstanding commitments relates to adjustments in respect of foreign exchange fluctuations.

Financial risk management (Continued)

Details	Group		Group	
	Due - less than 12 months		Due - more than 12 months	
	31 March 2012 EUR Millions	31 March 2011 EUR Millions	31 March 2012 EUR Millions	31 March 2011 EUR Millions
Accruals and other payables	0.34	0.27	-	-
Outstanding Commitments	2.01	3.76	-	-
Total payable	**2.35**	**4.03**	**-**	**-**

On the basis of the above, the Board considers liquidity risk to be low.

3.5 Fair values

The carrying amount of financial assets at fair value through profit or loss, loans to subsidiaries, other receivables, cash and cash equivalents, accruals and other payables and net asset attributable to holders of the Company's shares approximate their fair values.

The fair values of financial assets at fair value through profit or loss that are traded in active markets are based on quoted market prices at the close of trading on the year end date.

The fair values of financial assets at fair value through profit or loss that are not traded in an active market are determined by using valuation techniques. The techniques used by the Group are explained in Note 4.1 below.

IFRS 7 requires the Group to classify fair value measurements using a fair value hierarchy that reflects the significance of inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets and liabilities (level 1).
- Inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset and liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require

Notes to the Financial Statements (Continued)

Financial risk management (Continued)

significant adjustments based on unobservable inputs, that measurement is a level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability.

The determination of what constitutes 'observable' requires significant judgement by the Group. The Group considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the related market.
The following table analyses within the fair value hierarchy the Group's financial assets measured at fair value:

Assets	EUR Level 1	EUR Level 2	EUR Level 3	EUR Total balance
31 March 2012 Group				
Financial assets designated at fair value through profit or loss	1,945,669	-	94,376,113	96,321,782
31 March 2011 Group				
Financial assets designated at fair value through profit or loss	1,831,488	-	131,046,327	132,877,815

The Group holds an investment in an entity listed on the Bombay Stock Exchange. That investment whose value is based on quoted prices in active market has been classified within level 1. The Group does not adjust the quoted price for this instrument.

The other investments of the Group, designated at fair value through profit or loss, consist of unquoted shares in the Portfolio Companies. In the absence of observable prices, as described in Note 4.1 below, the Group makes use of valuation techniques to compute the fair value. The fair value is based on the valuation carried out by an independent international property valuer ("the Valuer"). The Valuer makes use of two main methods, namely direct comparable method for projects where the business plans are yet to be finalised and the discounted cash flow under the income approach for projects where construction is either under progress or about to start, to value the different projects of the Group, depending on the stage of each project and depending on the availability of comparable transaction price on the market. Both methods make use of recent real estate transactions similar in nature to each individual project and of a number of assumptions and judgments obtained from the Investment Manager. Hence, the other investments of the Group are classified under level 3. The projects valued using the direct comparable method constitutes 4.52% (31 March 2011 – 4.06%) of the total financial assets at fair value through profit or loss.

There has been no transfer between levels during the year ended 31 March 2012 (31 March 2011 – Nil).

Notes to the Financial Statements (Continued)

Financial risk management (Continued)

3.6 Capital risk management

The Group's objectives when managing capital are to safeguard the ability of each of the companies within the Group to continue as a going concern in order to provide returns and value for shareholders. The Group has no borrowings and accordingly it has a nil gearing ratio. The Portfolio Companies in which the Group has invested have borrowings related to their real estate development activities without any recourse to Group entities.

3.7 Counterparty risk

Counterparty risk is defined as the current and prospective risk to earnings or capital arising from a counterparty's failure to meet the terms of any obligation to the Group or otherwise to perform as agreed. Counterparty risk arises when funds are extended, committed, invested, or otherwise exposed through actual or implied contractual agreements.

Counterparty risk to the Group arises primarily from two types of commercial arrangements:

1. The continuing willingness by banks and other financial institutions to provide finance on agreed terms to Portfolio Companies, to enable those companies to execute their planned real estate development within budget tolerances.
2. The ability and willingness of the Group's joint venture partners at Portfolio Company level to carry out the relevant real estate development project in accordance with agreed budgets, timescales and quality standards.

A failure by a constituent member of either of these commercial counterparty groups to perform as agreed could lead to a material negative performance of an individual Portfolio Company investment. The Investment Manager ensures that counterparty risk is mitigated by way of continuous monitoring of Portfolio Companies, the joint venture parties, banks and financial institutions with whom they contract. Identified risks are escalated and actions taken by the Group as necessary.

Notes to the Financial Statements (Continued)

Financial risk management (Continued)

3.8 Financial instrument by category

Group **31 March 2012** **Non current and current assets**	**Loans and receivables** **EUR**	**Financial Assets at fair value through profit or loss** **EUR**	**Total** **EUR**
Financial assets at fair value through profit or loss (Non Current)	-	83,242,603	83,242,603
Financial assets at fair value through profit or loss (Current)	-	13,079,179	13,079,179
Cash and cash equivalents	27,337,824	-	27,337,824
Prepayments and other receivables	4,796,376	-	4,796,376
Total	**32,134,200**	**96,321,782**	**128,455,982**
Group 31 March 2011			
Financial assets at fair value through profit or loss	-	132,877,815	132,877,815
Cash and cash equivalents	33,829,400	-	33,829,400
Prepayments and other receivables	5,021,443	-	5,021,443
Total	**38,850,843**	**132,877,815**	**171,728,658**

Group 31 March 2012 **Current liabilities**	**Accruals and other payables** **EUR**	**Total** **EUR**
Accruals and payables	340,433	340,433
Total	**340,433**	**340,433**
Group 31 March 2011		
Accruals and payables	271,042	271,042
Total	**271,042**	**271,042**

3.9 Market Turbulence

Restricted global liquidity, financial market tensions, investor scepticism, economic volatility and the hostile attitude to property investment in India continues to limit the extent of portfolio flows and foreign direct investment into India. This has reduced aggregate demand for the commercial real estate owned by the Group. In addition to the global economic and market conditions, domestic issues like policy paralysis, slowdown in growth etc have resulted in continuing adverse movements in the INR / EUR foreign exchange rate. Since the Group's assets are generally denominated in INR, this currency movement has caused continuing unrealised foreign exchange losses in relation to the Company's Euro denominated share capital, as the Group does not hedge these foreign exchange exposures.

Notes to the Financial Statements (Continued)

4 Critical accounting estimates and judgements

4.1 Critical accounting estimates and assumptions

As part of its ongoing business, the Group, through the Board, makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying value of assets and liabilities within the next financial year are outlined below.

Fair value of financial assets at fair value through profit or loss

The Group holds financial instruments that are not quoted in active markets in the form of unquoted shares of the Portfolio Companies. The principal activities of these Portfolio Companies are to select sites, acquire land, construct, develop, let, sell and manage real estate projects in India. In the absence of an active market, the fair value of such unquoted investments has been determined based on the fair value of the underlying net assets of the Portfolio Companies.

The major components of the net assets of each Portfolio Company are the land and any development and/or any capital work in progress, and its related borrowings. Their net assets also include other current assets and liabilities. The fair value of the Group's investments in the Portfolio Companies has been determined based on the net assets of these Portfolio Companies, as adjusted for:

(1) differences between IFRS and Indian GAAP; and

(2) fair valuation of all of the underlying assets and liabilities.

Adjustments have been made to the extent of tax expected to be suffered on the gain arising on the fair valuation of the projects (including land and the development costs of such land) based on the independent valuation conducted by the Valuer as on 31 March 2012. Tax adjustments are taken on the net gain on projects which have a saleable model whereas for leasable models the tax adjustments are on the taxable income from lease rentals instead of on exit values as the disposal of the investment in the leasable model at exit value is to be done at Portfolio Company level. Having determined the fair value of the net assets, the Group carries these investments based on its pro-rata share, with no discount or premium being applied to reflect control or liquidity. After taking advice from the Investment Manager, the Directors believe that there should be no adjustment on account of control as the investments are in joint ventures, where in accordance with the shareholders' agreements; all major decisions of the Portfolio Companies require the affirmative vote of the investing Group companies. They also believe that there should be no adjustment on account of the liquidity of the investments, despite that they are not traded on an active market, since they are intended to be held until the optimum realization point at least which would be until the completion of the relevant development project.

Notes to the Financial Statements (Continued)

Critical accounting estimates and judgements (Continued)

The valuations of each project held by the Group through the Portfolio Companies have been carried out and certified by the independent international property valuer namely CB Richard Ellis South Asia Private Limited, in accordance with the guidelines issued by the Royal Institution of Chartered Surveyors Red Book (RICS), U.K. (“CBRE” or the “Valuer”).

To value the properties, the Valuer has used the Discounted Cash Flow technique (DCF), under the income approach, for projects where construction is either under progress or about to start and the Direct Comparable Method (DCM) where the business plans of the Portfolio Company are yet to be finalised (except for Treasure Market City Retail, Indore where DCM technique is used to value the project even though construction is under progress). The Valuer has used a systematic approach to gather, classify and analyse the data which is required by both approaches to value an asset.

Under the DCF method of the income approach, all the future cash flows arising from the properties are forecasted using a combination of actual property data such as details of leases or sales completed and market information such as market rental rates, yields, disposal date and the cost of constructions. Assumptions made by the Directors and the Investment Manager and used for valuations include: the expected date of the start of the projects and the completion date, the time required for the projects to be fully occupied, the financing ratio (debt/equity), and the availability of finance. The Valuer considers but is not bound by these assumptions where it believes they are not appropriately reflecting the market conditions. These cash flows are then discounted to a present value using an appropriate discount rate, as determined by the Valuer at 31 March 2012. Under the DCM method, recent transactions of land situated in the vicinity of subject land are considered and adjusted for discounts or premiums in prices to arrive at an appropriate price for subject property being valued. These discounts or premiums are necessary to reflect the specific features of the property (physical, legal and planning) due to the volatility of the Indian market, paucity of empirical evidence and lack of comparable transactional data. Some of the factors for which discounts or premiums are used are differences between specified land and comparable land on account of location advantage/disadvantage, frontage availability, permissible usage of land, permissible Floor Space Index (FSI) on the land, size of land parcel, approach and connectivity, special incentives if any etc.

The market value of each property as on 31 March 2012, as reported by the Valuer, is then used in the fair valuation of the Net Assets of the Portfolio Companies.

As at 31 March 2012, the Board and the Investment Manager believed that the non residential Portfolio Companies (except Indore Treasure Market City Private Limited) will be able to meet their estimated financial commitments through a combination of equity and debt. Out of the total debt requirement estimated for the non residential projects, 71% (31 March 2011 – 89%) of the debt has been sanctioned by the Banks/Financial Institutions and the balance 29% (31 March 2011 – 11%) will be sought when required by relevant project phasing. The change in the percentage of debt requirement as compared to 31 March 2011 is due to the additional debt requirement for Vamona

Notes to the Financial Statements (Continued)

Critical accounting estimates and judgements (Continued)

Developers Private Limited – Market City Retail Pune, Indore Treasure Market City Private Limited – Treasure Market City Retail Indore and Forum IT Parks Private Limited - IT SEZ Kolkata.

In the case of large residential projects, execution is generally carried out over several phases. Such residential projects will be partly financed by internal accruals, being receipt from pre-sales and advance payments for the residential units sold. Typically, internal accruals for residential projects are in the range of 40-60% of the total cost of a residential project. When a residential project is launched, typically 15-20% of the total sales consideration for a unit is received upfront and further payments are linked to the construction milestones. This reduces exposure to debt requirements.

Based on the aforementioned paragraphs, the directors believe that the funding for all current projects has been adequately addressed. Though majority of the civil construction work in Indore Treasure Market City Private Limited as on 31 March 2012 has been completed, the fair value of the Fund's investment in this Portfolio Company has been arrived on the basis of DCM method of valuation along with other assets and liabilities in the Portfolio Company. The Portfolio Company does not have sufficient funds to complete the project as per the agreed business plan. The inability of the joint venture partner and investors to infuse additional money into the Portfolio Company coupled with the joint venture partner/Portfolio Company's inability to raise further debt has led to this change of approach. Alliance Hospitality Services Private Limited does not have a business plan in place to enable a Discounted Cash flow based valuation. Therefore, the Portfolio Company has been valued on the basis of its net assets as appearing in its unaudited financial statements as at 31 March 2012 and the Group has uplifted its share of the net assets in proportion to its equity share holding in the Portfolio Company as the fair value of its investment.

The valuation techniques adopted by the Valuer makes use of observable data, assumptions and estimates, upon which the Board relies, for their valuation of the financial assets at fair value through profit or loss. Given the inherent uncertainty in valuing development projects of this nature and the underlying assumptions involved, the resulting fair value of those financial assets at fair value through profit or loss could materially differ from the value that would have been used had a ready market for those similar assets existed or from the value at which those assets could have been disposed of in arm's length transactions.

4.2 Critical judgements

Functional currency

The Board considers the Euro as the currency that most faithfully represents the economic effects of the Group's underlying events, transactions and conditions. The Euro is the currency in which the Group measures its financial performance and reports its results. This determination also considers the competitive environment in which the Group operates compared to other European investment products.

Notes to the Financial Statements (Continued)

5 Taxation

5.1 Current tax – India

The Group invests in India and the Board expect that the Group will obtain benefits under the double taxation treaty between India and Mauritius ("Tax Treaty"). To obtain benefits under the Tax Treaty, each relevant company in the Group must meet certain tests and conditions, including the establishment of Mauritius tax residence and related requirements. Each of the Company's subsidiaries in Mauritius has obtained a tax residence certification from the Mauritian authorities and such certification is determinative of resident status for treaty purposes. A company which is tax resident in Mauritius under the Tax Treaty, but has no branch or permanent establishment in India, will not be subject to capital gains tax in India on the sale of securities but is subject to Indian withholding tax on interest earned on Indian securities at the rate of 20.60% (2011 - 20.60%).

No withholding tax is payable on dividends distributed by Indian companies and such dividends are exempt in the hands of shareholders. Indian companies making distributions are however liable to a Dividend Distribution Tax equivalent to 16.22% (2011 -16.22%) of the dividends distributed.

5.2 Current tax – Cyprus

Mildren Holding Limited ("Mildren") is incorporated in Cyprus and is subject to corporation tax on its taxable profits at the rate of 10% (2011 – 10%) in Cyprus. Up to 31 December 2008, under certain conditions interest may be subject to defence contribution at the rate of 10%. In such cases 50% of the same interest will be exempt from corporation tax thus having an effective tax rate burden of approximately 15%.From 1 January 2009 onwards, under certain conditions, interest may be exempt from income tax and only subject to defence contribution at the rate of 10%; increased to 15% as from 31 August 2011.In certain cases dividends received from abroad may be subject to defence contribution at the rate of 15%; increased to 17% as from 31 August 2011; increased to 20% from 01 January 2012 to 31 December 2013.

Gains on disposal of qualifying titles (including shares, bonds, debentures, rights thereon, etc) are exempt from Cyprus income tax.

At 31 March 2012, Mildren had an income tax charge of EUR 39,115 (2011 – EUR 20,750). The Indian withholding tax on interest paid is available as a set off against the corporation tax payable in Cyprus as per the India Cyprus tax treaty.

Notes to the Financial Statements (Continued)

Taxation (Continued)

5.3 Current tax – Mauritius

Each of the companies in the Group in Mauritius is liable to pay income tax on its net income at the applicable rate of 15% (2011 - 15%). These are however entitled to a tax credit equivalent to the higher of actual foreign tax suffered and 80% (2011 - 80%) of the Mauritius tax payable in respect of foreign source income tax thus reducing its maximum effective tax rate to 3% (2011 - 3%). A company holding at least 5% of the share capital of an Indian company and receiving dividends may claim a credit for tax paid by the Indian company on its profits out of which the dividends were distributed including the Dividend Distribution Tax.

No Mauritius tax on capital gains is payable in respect of the Group's investments and any dividend and redemption proceeds paid by any company in the Group to its shareholders are not subject in Mauritius to any withholding or other tax. At 31 March 2012, the accumulated tax losses within the Group in respect of Mauritian tax amounted to EUR 2,637,657 (31 March 2011 - EUR 2,635,030) and therefore no provision for taxation in Mauritius has been made. The tax losses arising in a period can be carried forward for set-off against income derived in the five succeeding income years by the respective companies.

The foregoing is based upon current interpretation and practice and is subject to future changes in Mauritian tax laws and in the tax treaty between India and Mauritius.

The Group's Mauritius losses before tax differ from the theoretical amount that would arise using the respective companies' applicable tax rates. Information in respect of the Group's Mauritius losses for the year ended 31 March 2012 is as follows:

	31 March 2012	**31 March 2011**
	EUR	**EUR**
Operating loss for the year before taxation	**(42,498,564)**	(26,813,526)
Tax calculated at domestic rates applicable to profits in the respective countries	**(6,389,682)**	(4,040,571)
Impact of:		
Non-allowable expenses	**6,337,872**	4,367,418
Special defence contribution	**1,156**	106
10% Indian withholding tax	**37,960**	20,644
Exempt income – Net	**(11,149)**	(25,313)
Income not subject to tax	**(17,127)**	(366,317)
Utilised losses	**-**	(1,348)
Under provision of tax liability in the year		(20,750)
Under provision of tax liability in prior year	**20,750**	
Deferred tax asset not recognised	**80,086**	66,131
Actual income tax expense	**59,865**	-

Notes to the Financial Statements (Continued)

Taxation (Continued)

5.4 Current tax – Jersey

The Company is domiciled in Jersey, Channel Islands. Any profits arising in the company are subject to tax at the rate of 0%.

5.5 Deferred income tax

A deferred income tax asset has not been recognised in respect of tax losses carried forward, as the Board considers that it is not probable that future taxable profit will be available against which the unused tax losses can be utilised. The unrecognised deferred tax balance at 31 March 2012 arising from accumulated tax losses amounted to EUR 93,435 (31 March 2011 – EUR 79,051) for the Group.

6 Net changes in fair value of financial assets and financial liabilities at fair value through profit or loss

The non-current financial assets at fair value through profit or loss are as follows:

	Listed shares	Unlisted shares	Total
	EUR	EUR	EUR
Group			
At 01 April 2010	1,949,166	149,510,222	151,459,388
Additions	-	3,719,789	3,719,789
Transfer from advance on equity contribution	-	-	-
Gain/ (loss) on fair valuation	(117,678)	(22,183,684)	(22,301,362)
Disposal	-	-	-
At 31 March 2011	1,831,488	131,046,327	132,877,815
Additions	-	1,566,351	1,566,351
Transfer to current asset	-	(14,760,197)	(14,760,197)
Gain(loss) on fair valuation	114,181	(36,555,547)	(36,441,366)
At 31 March 2012	**1,945,669**	**81,296,934**	**83,242,603**

Financial asset at fair value through profit or loss classified under current assets during the year are as follows:

	Listed shares	Unlisted shares	Total
	EUR	EUR	EUR
Group			
At 01 April 2011	-	-	-
Transfer from non-current	-	14,760,197	14,760,197
Additions	-	-	-
Loss on fair valuation	-	(1,681,018)	(1,681,018)
At 31 March 2012	-	13,079,179	13,079,179

Notes to the Financial Statements (Continued)

7 (a) Financial assets at fair value through profit or loss - Non Current Assets

Stated below are the financial assets at fair value through profit or loss held by the Group:

Group		31 March 2012			31 March 2011	
Name of Entity	Holding %	Cost EUR	Fair value EUR	Holding %	Cost EUR	Fair value EUR
Listed Equity Investments						
Phoenix Mills Limited	<1%	**3,735,949**	**1,945,669**	<1%	3,735,949	1,831,488
Unlisted Equity Investment in Portfolio Companies						
Alliance Hospitality Services Pvt Ltd – Market City Hospitality, Pune	20%	**4,580,931**	**2,899,104**	20%	4,580,931	5,119,953
City Centre Mall Nashik Pvt. Limited – City Centre Mall, Nashik	50%	**10,502,462**	**7,981,121**	50%	10,502,462	10,094,277
Indore Treasure Market City Pvt Ltd – Treasure Market City Retail, Indore	28.9%	**10,151,376**	**580,683**	28.9%	10,151,376	10,578,967
Forum IT Parks Pvt. Ltd. – IT SEZ, Kolkata	49%	**16,680,328**	**1,797,910**	49%	16,680,328	6,546,239
Gangetic Developers Pvt. Ltd – Phoenix United Mall, Agra **	-	**-**	**-**	28%	4,035,167	2,772,650
Kolte Patil Real Estate. Pvt. Ltd. – Residential, Pune **	49%	**12,156,866**	**16,876,636**	49%	13,063,198	17,364,896
Modi Organisors Pvt. Ltd. – Himalaya Mall, Bhavnagar **	-	**-**	**-**	50%	5,110,336	566,399
Palladium Constructions. Pvt. Ltd. – Residential, Bangalore	30%	**20,042,747**	**15,743,708**	30%	20,042,747	17,479,966
Platinum Spaces Pvt Ltd. – Residential, Bangalore	30%	**8,034,286**	**6,545,531**	30%	8,034,286	7,263,029
Riverbank Holdings Pvt. Ltd – Residential Batanagar, Kolkata	50%	**20,282,856**	**8,676,211**	50%	20,282,856	11,908,727
Indore Treasure Town Pvt Ltd – Treasure Town Bijalpur, Indore (*)	42.77%	**7,728,669**	**11,194,404**	42.77%	7,728,669	16,587,868
Vamona Developers Pvt. Ltd – Market City Retail, Pune	24%	**17,047,066**	**4,329,798**	24%	17,047,066	11,267,223
Saket Engineers Pvt. Ltd. – Residential Entity Level, Hyderabad. **	26.05%	**1,851,686**	**1,263,903**	26.05%	6,844,478	5,074,369
Jalan Intercontinental Hotels Pvt. Ltd – Taj Gateway, Kolkata **	40%	**-**	**-**	40%	4,642,946	6,514,800
Saket Engineers Pvt. Ltd – Residential Entity Level, Hyderabad (Convertible Debentures)	-	**3,282,185**	**3,407,925**	-	1,716,084	1,906,964
		132,341,458	**81,296,934**		150,462,930	131,046,327
Total		**136,077,407**	**83,242,603**		154,198,879	132,877,815

(*) The equity holding in this entity is 40% and the balance represents additional economic interest
(**) Please refer to note 7(b) for reclassification under current assets

Notes to the Financial Statements (Continued)

Financial assets at fair value through profit or loss (Continued)

7 (b) Financial assets at fair value through profit or loss - Current Assets

Group		31 March 2012			31 March 2011	
Name of Entity	Holding %	Cost EUR	Fair value EUR	Holding %	Cost EUR	Fair value EUR
Unlisted Equity Investment in Portfolio Companies				-		
Kolte Patil Real Estate Pvt Ltd – Residential, Pune (School component)	49%	906,332	1,258,205	-	-	-
Jalan Intercontinental Hotels Pvt Ltd – Hotel, Kolkata	40%	4,642,946	4,947,329	-	-	-
Modi Organisers Pvt Ltd – Himalaya Mall, Bhavnagar	50%	**5,110,336**	663,635	-	**-**	-
Saket Engineers Pvt Ltd – Residential Entity Level, Hyderabad *-Shares eligible for buyback*	-	**4,992,792**	3,480,688	-	-	-
Gangetic Developers Pvt Ltd – Phoenix United Mall, Agra	28%	**4,035,167**	2,729,322	-	-	-
Total		**19,687,573**	**13,079,179**	-	-	-

At 31 March 2012, the Group has reclassified an amount of EUR 13,079,179 (2011- EUR Nil) from non-current to current assets.

Financial assets classified under current assets are those that are expected to be realised within a period of less than 12 months.

8 Investment in subsidiary undertakings

The Company has investments in both direct and indirect subsidiaries.

Indirect subsidiaries are those entities in respect of which the Company has the power to govern the financial and operating polices by virtue of an investment in a direct subsidiary.

A list of the significant investments in subsidiaries, including the name, principal activity, country of incorporation and the proportion of ownership interest is given below:

8.1 Direct subsidiary

Name of subsidiary	Principal Activity	Country of incorporation	Class of share	Percentage held by the Company
K2 Property Limited	Investment holding	Mauritius	Ordinary	100%

Notes to the Financial Statements (Continued)

Investment in subsidiary undertakings (Continued)

K2 had issued 1,250,000 Class A shares on 16 January 2007, and 1,687,865 Class B shares on 7 January 2008 to Yatra Capital Limited and 75,000 Class C shares and 25,000 Class D shares to IFS Trustees (as Trustee of Saffron Investment Trust). All the shares have a par value of USD 0.01 each.

K2 has a finite life of 15 years, which can be extended by the Board of Directors of K2 by two successive terms each of one year. The terms of issue to the Company by K2 of the Class A shares and Class B shares provide that the portfolio of assets underlying each share class are to be wound-up and proceeds distributed to the Company within seven years of the date of subscription by the Company for the shares of that relevant class. This period may be extended by the Board of the Company by one or two further periods of one year each. Class A and Class B shares are redeemable at the option of K2. The date of redemption of the Class A shares is 15 January 2016 (inclusive of the 2 one year extension) and the date of redemption of Class B shares is 06 January 2017 (inclusive of the 2 one year extension).

Class C and Class D shares issued by K2 as referred to above are not held by the Company. Class C and D shareholders are entitled to a “carried interest” share of profits of K2 equivalent to 20% of all net profits arising in K2 provided that the Company has been paid, by way of distributions, a sum equivalent to its contribution plus a “hurdle rate of return”, being an annual compound return of 11% on its net contributions.

For the avoidance of doubt, the “carried interest” share of profits shall be applied to all profits arising from K2, including the hurdle rate of return specified above.

The “carried interest” shall be divided between the holders of Class C and Class D shares pro rata to the number of such Class C shares and Class D shares held at the time of the distribution provided that the carried interest shall not be paid to the extent that it shall have the effect of reducing the hurdle rate of return payable to the Company.

For the avoidance of doubt, any entitlement of Class C and Class D shareholders to a carried interest share of profits will only become payable once K2 has distributed to the Company an amount equivalent to its contribution plus the hurdle rate of return as set out above. As at 31 March 2012, the sum accrued in respect of these provisions is EUR Nil (31 March 2011 – EUR Nil)

Notes to the Financial Statements (Continued)

Investment in subsidiary undertakings (Continued)

8.2 Indirect subsidiaries

Name of subsidiaries	Principal Activity	Country of incorporation	Class of share	Percentage held by the Group
K2 Private Equity Limited	Investment Holding	Mauritius	Ordinary	100%
K2 Hospitality Limited	Investment Holding	Mauritius	Ordinary	100%
K2 Residential Limited	Investment Holding	Mauritius	Ordinary	100%
K2 Commercial Limited	Investment Holding	Mauritius	Ordinary	100%
K2 Retail Limited	Investment Holding	Mauritius	Ordinary	100%
K2C Residential Limited	Investment Holding	Mauritius	Ordinary	100%
K2A Private Equity Limited	Investment Holding	Mauritius	Ordinary	100%
K2A Hospitality Limited	Investment Holding	Mauritius	Ordinary	100%
K2F Residential Limited (formerly K2B Hospitality Limited)	Investment Holding	Mauritius	Ordinary	100%
K2C Hospitality Limited	Investment Holding	Mauritius	Ordinary	100%
K2A Residential Limited	Investment Holding	Mauritius	Ordinary	100%
K2B Residential Limited*	Investment Holding	Mauritius	Ordinary	100%
K2D Residential Limited*	Investment Holding	Mauritius	Ordinary	100%
K2E Residential Limited (formerly K2A Commercial Limited)	Investment Holding	Mauritius	Ordinary	100%
K2B Commercial Limited	Investment Holding	Mauritius	Ordinary	100%
K2C Commercial Limited	Investment Holding	Mauritius	Ordinary	100%
K2A Retail Limited	Investment Holding	Mauritius	Ordinary	100%
K2B Retail Limited	Investment Holding	Mauritius	Ordinary	100%
K2C Retail Limited	Investment Holding	Mauritius	Ordinary	100%
K2G Residential Limited (formerly K2D Retail Limited)	Investment Holding	Mauritius	Ordinary	100%
Mildren Holding Limited	Investment Holding	Cyprus	Ordinary	100%

* At 31 March 2012, these indirect subsidiaries had not yet started their investing activities.

9 Prepayments and other receivables

Particulars	Group 31 March 2012 EUR	Group 31 March 2011 EUR
Amount due from Tangerine Developers Private Limited	**3,255,781**	3,518,343
Prepayments on management fees (Note 14)	**1,021,954**	1,066,059
Other receivables	**518,641**	437,041
Total	**4,796,376**	5,021,443

Notes to the Financial Statements (Continued)

Prepayments and other receivables (Continued)

The Board has reviewed the above receivables at 31 March 2012 to determine whether any impairment provision is required. The Board concludes that there was no indication of impairment at 31 March 2012.

The repatriation of the amount due from Tangerine Developers Private Limited to the Group is subject to Reserve Bank of India approval.

10 Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise the following balances:

	Group 31 March 2012 EUR	Group 31 March 2011 EUR
Cash at bank	**27,337,824**	33,829,400

11 Stated capital and share premium

Authorised and issued stated capital

	Number of Ordinary shares of no par value	Stated Capital EUR	Share Premium EUR	Total EUR
As at 1 April 2011	21,428,571	-	211,906,108	211,906,108
Shares bought back during the year	(86,449)	-	(267,569)	(267,569)
As at 31 March 2012	21,342,122	-	211,638,539	211,638,539

All issued ordinary shares of the Company are fully paid and have been admitted to the official list of NYSE Euronext. The Company's capital is represented by these ordinary shares, each of which carries one vote and has full entitlement to dividends when declared. The Company has no restrictions or specific capital requirements on the issue and re-purchase of ordinary shares. The relevant movements in capital are shown on the statement of changes in equity. In accordance with the objectives outlined in Note 1 and the risk management policies in Note 3, the Company endeavours to invest the proceeds from the issue of ordinary shares in appropriate investments while maintaining sufficient liquidity to meet its working capital and investment needs on an ongoing basis, such liquidity being augmented by short-term borrowings or disposal of investments where necessary.

Notes to the Financial Statements (Continued)

Stated capital and share premium (Continued)

The Company had announced a share buy-back program in its annual general meeting held on 22 September 2011. This share buy-back program will terminate on the earlier of the following:

i. the date of the annual general meeting of the Company in 2012,

ii. the date on which repurchases for the maximum aggregate consideration of EUR 4 million or the maximum number of shares of 2,142,857 (being 10% of the shares in issue on September 22, 2011, the date on which the Company's Annual General Meeting approved the share buy-back programme) have been made.

Further details on the share buy-back are provided in note 18.

12 Accruals and other payables

	Group 31 March 2012 EUR	**Group 31 March 2011 EUR**
Amount due to related parties	**-**	50
Other payables	**12,476**	40,644
Accruals	**327,957**	230,348
Total	**340,433**	271,042

13 Distribution payable

No dividend was paid during the year ended 31 March 2012 (31 March 2011 - Nil).

14 Related party transactions

The Group entered into transactions with related parties in respect of Investment management fees, secretarial and administration fees and director's remuneration as set out below:

Investment Manager fee

The Group is advised by the Investment Manager. The annual fees payable under the Investment Management Agreement (IMA) are equivalent to 2% of the Net Capital Commitments as defined in the Investment Management Agreement. Total fees paid to the Investment Manager for the year

Notes to the Financial Statements (Continued)

Related Party transactions (Continued)

amounted to EUR 3,923,556 (31 March 2011 - EUR 4,153,774). The investment management fees are payable in advance for a six month period and the amount prepaid to the Investment Manager as at 31 March 2012 is EUR 1,021,954 (31 March 2011 - EUR 1,066,059). These fees will decline each year as per the Investment Management Agreement.

Shahzaad Dalal, who is a director of Yatra Capital Limited and K2 Property Limited, is also a director of Investment Manager.

Secretarial and administration fee

Group

Minerva Fiduciary Services (Mauritius) Limited ("K2 Administrator") has been appointed to provide administrative, registrar and secretarial services to K2 and its subsidiaries. The administration, secretarial and other fees paid to the K2 Administrator for the year amounted to EUR 75,245 (31 March 2011 – EUR 63,944). The services of the K2 Administrator may be terminated by either party by giving not less than ninety days notice. Amount payable at the end of the year was EUR 12,127 (31 March 2011 - EUR Nil).

Manogaran Thamothiram, Ben Locknath Daby Seesaram and Rajkamal Taposeea are the directors of K2 Administrator are also directors of K2. Ben Locknath Daby Seesaram resigned as director of K2 on 31 December 2011.

Directors' remuneration

Group

The total remuneration paid to Directors who are related parties for the year was EUR 347,564 (31 March 2011 - EUR 335,403).

15 Ultimate controlling party

In the opinion of directors, there is no party who meets the definition of Ultimate Controlling Party.

16 Capital commitments

The capital commitments of the Group are disclosed under Note 3.4.

17 Loss per share

Basic loss per share is calculated by dividing the net loss attributable to the Company's equity holders by the weighted average number of ordinary shares in issue during the year.

Notes to the Financial Statements (Continued)

Loss per share (Continued)

	31 March 2012 EUR	31 March 2011 EUR
Loss attributable to equity holders of the Company	**(43,074,498)**	(27,280,969)
Weighted average number of ordinary shares in issue	**21,342,122**	21,428,571
Basic loss per share – Basic (EUR per share)	**(2.02)**	(1.27)

The diluted loss per share for the year ending 31 March 2012 is EUR 2.01 (31 March 2011 – Nil)

The Company has not issued any other shares or instruments that are considered to have dilutive potential.

18 Subsequent Events

- Further to the announcement of the share buy-back programme by the Company on 22 September 2011, during the period from 22 September 2011 until 20 July 2012, the Company has repurchased 121,128 of its Ordinary Shares at an average price of EUR 3.05 per share for a total consideration of EUR 370,041.

- The dormant subsidiaries of Group being K2C Commercial Limited and K2D Residential Limited have been wound up with effect from 27 June 2012 pending publication of notice in the Government gazette. For another dormant subsidiary K2B Residential Limited, the process of winding up is in progress.

- The Board has passed a resolution to return capital upto EUR 7.50 million to shareholders which is subject to the approval of the shareholders

19 Segment information

The chief operating decision maker ("CODM") in relation to the Group is deemed to be the Board itself. The factor used to identify the Group's reportable segments is geographical area. Based on the above and a review of information provided to the Board it has been concluded that the Group is currently organised into one reportable segment; India.

There are four types of real estate projects within the above segment; these are commercial, hospitality, residential and retail property. The CODM considers on a quarterly basis the results of the aggregated position of all property types as a whole as part of their ongoing performance review.

The CODM receives regular reports on the Groups assets by the Investment Manager. In addition year end valuation reports are reviewed and reported on by the Investment Manager to the Board of Directors.

Other than cash and cash equivalents and related interest and charges, the results of the Group are deemed to be generated in India.

CBRE Valuation Letter

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K2 Property Limited
C/o Minerva Fiduciary Services (Mauritius) Limited
Suite 2004, Level 2, Alexander House
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Ebene, Mauritius

10th July, 2012

Dear Sirs

Valuation and Report as at 31st March, 2012 of the Property Portfolio for K2 Property Limited

In accordance with instructions from K2 Property Limited dated 9th February, 2012, CBRE South Asia Private Limited has carried out a valuation of 21 properties located in different parts of India on behalf of K2 Property Limited for accounting and reporting purposes. The properties valued are:

- **Saket Engineers Pvt. Ltd – Hyderabad and Bangalore**
- **Riverbank Holdings Pvt. Ltd. – Residential Batanagar, Kolkata**
- **Forum IT Parks Pvt. Ltd. – IT SEZ, Kolkata**
- **Palladium Constructions Pvt. Ltd. and Platinum Spaces Pvt. Ltd. - Residential, Bangalore**
- **Jalan Intercontinental Hotels Pvt. Ltd - Taj Gateway, Kolkata**
- **Gangetic Developers Pvt. Ltd. - Phoenix United Mall, Agra – Land for Development, Fatehabad Road, Agra, Uttar Pradesh**
- **Modi Organisors Pvt. Ltd. - Himalaya Mall, Bhavnagar**
- **Indore Treasure Town Pvt. Ltd. - Treasure Town, Bijalpur**
- **City Centre Mall Nashik Pvt. Ltd. - City Centre Mall, Nashik**
- **Kolte Patil Real Estate Pvt. Ltd. - Residential, Pune**
- **Vamona Developers Pvt. Ltd. - Market City Retail, Pune**
- **Umiya Holdings Pvt. Ltd – Tangerine, Goa – Land for Development, Village Sancoale, South Goa, Goa**
- **Indore Treasure Market City Pvt. Ltd. - Treasure Market City Retail, Indore**

All the properties discussed above are development assets except City Center Mall, Nashik and a retail development owned by Vamona Developers Pvt. Ltd. which are operational income generating assets. Further, the last property comprising of a retail and hospitality development by Indore Treasure Market City Pvt Ltd located in Indore has been valued by adopting two methodologies i.e. Direct Comparison Approach and Discounted Cash Flow Approach.

The valuations for the above properties were carried out as at 31st March, 2012 and the basis and the assumptions on which the valuation have been carried out are as provided in the valuation reports of respective properties.

All the properties were inspected between February 2012 and March 2012.

CBRE

The discount rate has been calculated on the basis of the weighted average cost of capital. The assumptions on cost of equity and debt along with the debt equity ratios for each property are set out below:

Property	Methodology	Debt Cost	Equity Rate	Debt : Equity Ratio	WACC
Jalan Intercontinental Hotels Pvt. Ltd - Taj Gateway, Kolkata	DCF	14.00%	22.50%	60:40	17.40%
Riverbank Holdings Pvt. Ltd. – Residential Batanagar, Kolkata	DCF	14.00%	27.50%	60:40	19.40%
Forum IT Parks Pvt. Ltd. – IT SEZ, Kolkata	DCF	14.00%	30.00%	60:40	20.40%
Gangetic Developers Pvt. Ltd. - Phoenix United Mall, Agra	Direct Comp				
Modi Organisors Pvt. Ltd. - Himalaya Mall, Bhavnagar	DCF	14.00%	25.00%	60:40	18.40%
Indore Treasure Town Pvt. Ltd. - Treasure Town, Bijalpur	DCF	14.00%	22.50%	60:40	17.40%
Indore Treasure Market City Pvt. Ltd. - Treasure Market City Retail, Indore	DCF	14.00%	25.00%	35:65	21.15%
Indore Treasure Market City Pvt. Ltd. - Treasure Market City Retail, Indore	Direct Comp				
Kolte Patil Real Estate Pvt. Ltd. - Residential, Pune	DCF	14.00%	25.00%	60:40	18.40%
Vamona Developers Pvt. Ltd. - Market City Retail, Pune (Retail mall)	DCF	13.00%	20.00%	50:50	16.50%
Vamona Developers Pvt. Ltd. - Market City Retail, Pune (Offices)	DCF	14.00%	20.00%	60:40	16.40%
City Centre Mall Nashik Pvt. Ltd. - City Centre Mall, Nashik	DCF	12.50%	18.00%	50:50	15.25%
Palladium Constructions Pvt. Ltd. and Platinum Spaces Pvt. Ltd. - Residential, Bangalore	DCF	14.00%	25.00%	60:40	18.40%
Umiya Holdings Pvt. Ltd – Tangerine, Goa	Direct Comp				

Property	Methodology	Debt Cost	Equity Rate	Debt : Equity Ratio	WACC
Saket Engineers Pvt. Ltd					
- Bangalore (JDA)	DCF	14.00%	27.50%	60:40	19.40%
- Heights	Direct Comp				
- Commercial	Direct Comp				
- Sriyam	DCF	14.00%	25.00%	60:40	18.40%
- Pranaam	DCF	14.00%	25.00%	60:40	18.40%
- Gowdavelly 8 acres	Direct Comp				
- Gowdavelly 66 acres	DCF	14.00%	30.00%	50:50	22.00%
- Edul Nagulpally	Direct Comp				
- Yadgarpally	Direct Comp				
- Plots	Direct Comp				
- Club	Direct Comp				

The rationale for various parameters adopted for this exercise is detailed below:

- Debt equity ratio: the proportion of debt and equity has been adopted based on market norms for projects in different stages of completion
- Cost of debt: the interest cost on debt has been adopted as per the average prevailing rates for debt in the country for commercial real estate, except for Nashik / Pune Retail where debt has been assumed as per existing 'lease rent discounting' rates of borrowing
- Cost of equity: the cost of equity for each project is based on market return expectations for assets depending on the relative riskiness of each asset, the completion status, etc.

The valuations have been prepared in accordance with The RICS Appraisal and Valuation Standards, Seventh Edition. We have valued the properties individually and no account has been taken of any discount or premium that may be negotiated in the market if all or part of the portfolio was to be marketed simultaneously, either in lots or as a whole. As instructed, the schedule of capital values contained in the property report provides the 100% value of properties / value of development rights in their current state and does not account for the ownership % share that K2 Property Limited has in each project except for joint development interests in some cases.

The properties have been valued by a valuer who is qualified for the purposes of the valuation in accordance with the RICS Appraisal and Valuation Standards. The valuations have been carried out by the valuation teams from CBRE in Delhi, Mumbai, Hyderabad, Bangalore and Chennai. The process has been overseen and managed by CBRE South Asia Pvt. Ltd. head office in Delhi. CBRE have acted as External Valuers.

The property details on which each valuation is based are as set out in our respective property report and we have relied on information provided by K2 Property Limited, including the proposed sites for the projects, buildable areas, construction timelines and cost of funds. Appropriate checks were made by CBRE on various assumptions to cross check with the standard market practices. We have assumed that all information provided is correct and comprehensive.

CBRE

We have not undertaken, nor are we aware of the content of any environmental audit or other environmental investigation or soil survey which may have been carried out on the properties and which may draw attention to any contamination or the possibility of any such contamination. We have not carried out any investigations into the past or the present uses of the properties, nor of any neighborhood land, in order to establish whether there is any potential for contamination and have therefore assumed that none exists.

Our report dated 31st March, 2012 and this letter, is for the use only of the party to whom it is addressed for the specific purpose set out herein and no responsibility is accepted to any third party for the whole or any part of its contents. Neither the whole nor any part of our report nor any references thereto may be included in any published document, circular or statement nor published in any way without our prior written approval of the form and context in which it will appear.

Yours faithfully

For and on behalf of **CBRE South Asia Private Limited**

VKKanth

Vamshi Krishna Kanth
Head – Valuation and Advisory Services,
CBRE South Asia Private Limited, India

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