YATRA CAPITAL LIMITED

AUDITED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2011

YATRA CAPITAL IS THE ONLY COMPANY LISTED ON EURONEXT INVESTING IN REAL ESTATE IN INDIA.

INVESTMENT MANAGER

IL&FS | IL&FS Investment Advisors LLC

YATRA CAPITAL

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 Groups acquisition program is complete. The Groups residual cash balances are retained to satisfy remaining contractual and investment commitments.**

- **Net Asset Value ("NAV") per share* decreased by 13.70 % from EUR 9.27 at 31 March 2010 to EUR 8.00 at 31 March 2011.**

- **Net loss for the year ended 31 March 2011 was EUR 27.28 million as compared to net loss of EUR 33.99 million for the year ended 31 March 2010.**

- **Loss per Share for the year ended 31 March 2011 was EUR 1.27 as compared to EUR 1.59 for the year ended 31 March 2010.**

- **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 2011.**

- **Yatra's investments include over 19.8 million square feet of saleable/leasable area (excluding car parking and other non revenue generating areas). Over 5 million square feet of development space has been pre-leased/ pre-sold as at 30 June 2011.**

- **Construction work at 11 of Yatra's investment projects is in progress and the first project, City Centre Mall, Nashik became operational in Q1, 2009-10. Yatra's mall project 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 2011 divided by the number of shares outstanding on that date.*

YATRA CAPITAL

Chairman's Statement

It gives me great pleasure to present to you the audited financial accounts and annual report of Yatra Capital Limited for the year ended 31st March 2011. The past year has been characterized by a number of significant changes both internally in Yatra and importantly in the economic environment in which we work.

Operating Environment

Since the financial crisis, the global economic order has continued to change and a number of developed nations are coming to terms with their diminished role in influencing the global economy as emerging nations like China, India and Brazil become the new growth engines.

Europe and the US continue to struggle to bring their economies into some form of balance and resume growing. The uncertainty and stress in these economies have at times raised concerns over a potential double dip recession.

Against this backdrop, the Indian economy continues to show robust growth in the range of 7.5% to 8% per annum. This growth would have been even stronger had it not been for persistent inflation and issues around governance which have in part slowed policy reform. The Indian Government will no doubt keep this under close observation to avoid impacting growth.

Performance Highlights

Change has also been a theme for Yatra Capital. During the year the company saw a change in its Investment Manager with Saffron merging into IL&FS Investment Advisors Limited ("IIAL"), the largest Indian alternative assets manager by Assets Under Management. The portfolio also saw significant construction developments.

During the year, the company's portfolio has not been immune to the instability I mentioned above and we have seen a reduction in NAV per share from EUR 9.27 in March 2010 to EUR 8.00 in March 2011. Some of the reasons for the weak performance have been the significant escalation in construction costs and wages. The weakening of the Rupee has also added to this reduction by almost 4%.

At the operational level, the Investment Manager continues to maintain a strong focus on asset management and ensuring development of projects. The Pune Mall will be operational and bustling with activity when you are reading this report and a further two projects are heading towards completion. The next 18-24 months will see this positive change as Yatra should have an operational rent generating portfolio of almost 3.5msq ft and a similar sized residential portfolio completed and delivered.

Management Focus

This year the board also introduced several strategic initiatives to improve liquidity and reduce the discount between share price and NAV. We appointed NM Rothschild as our advisors and LCF Rothschild as the corporate brokers. These initiatives have started yielding results and I am happy to report that the shareholding register has widened and liquidity has improved with a significant number of shares having changed hands. The board also has reaffirmed its commitment to make distributions to the shareholders starting in the last quarter of 2012. We are examining the feasibility of a carefully managed share buyback programme with a view to enhancing long term shareholder value and will make announcements regarding this shortly. To help improve governance and efficiency, we have completed the process of implementing boards with substantially the same composition at the Yatra & K2 Property level.

The merger of Saffron with IIAL resulted in Shahzaad Dalal, Chairman & CEO, IIAL joining the board of Yatra Capital and K2 Property, in place of Ajoy Kapoor and Archana Hingorani, CEO IL & FS Investment Managers Limited, joining the investment sub-committee of K2 Property respectively. While the benefits of this larger platform will accrue over the next few years, the existing team, led by Ajoy Kapoor, will continue to be dedicated to the portfolio they have been managing hitherto and to work towards delivering returns to our shareholders.

Conclusion and Outlook

I would like to end by stressing two areas for our work during the coming year. The key thing I would like the team to focus on is accelerating the development of all projects. This will lead to the second focus of our efforts which is to work actively on optimally monetizing the portfolio and generating liquidity for distributions to shareholders.

I would like to take the opportunity to thank you for your continued support and views which we receive in a variety of ways through your conversations with me and the team. While present market conditions may have become more uncertain, our intention is to work through that and continue to focus on realizing our assets and distributing those realizations to our shareholders.

Investment Manager's Report

Indian Real Estate Sector

The outlook for the global and Indian economy has been set out in the Chairman's statement above. Against that background the following trends emerged in the Indian Real Estate sector.

The **residential** sector continued its growth trajectory during FY 2010 - 11. While residential sales remained stable in most cities, some overpriced markets particularly Mumbai and NCR witnessed significant slowdown in absorption levels, especially during the second half of the year.

With asset prices increasing towards the second half of FY 2010 - 11 and mortgage interest rates rising in an inflationary environment, a near-term slowdown in the residential sector is anticipated. Increase in construction costs on the back of high commodity prices will put further pressure on margins.

The **Office** segment also witnessed increased absorption in FY 2010 - 11. Office absorption grew in all major geographical areas, driven by the global economic revival and the resultant growth witnessed by the IT/ITES, Telecom and the financial services sector. Despite improving demand conditions, vacancy levels rose due to increased supply of office space. The oversupply of the office space is expected to increase vacancy levels across cities in FY 2011 - 12.

In the **retail** sector, the reduction in rental levels and willingness of landlords to enter into leases on a revenue sharing basis acted as a significant stimulus to demand and that has allowed retailers to reduce their occupancy costs and share their business risks with the mall owners.

In the **hospitality** sector, demand has stabilized but there is inertia in the supply of new rooms from schemes started before the global financial crisis.

Portfolio Highlights

Execution of the projects continued to remain our focus during the year. The shopping centre in Pune commenced trading in June 2011 with more than 40 retailers opening their stores. As more retailers complete their fit outs, we expect 50% of the area to be operational over the next six months. The mall is the largest shopping centre in the city of Pune, and its design, tenant mix and scale will create a unique shopping experience for the local consumer. We are in the process of working with our partners to create a strong management platform for the mall, which will generate higher footfalls and revenues in the years to come.

At least 2 more projects (the shopping centre in Indore and the hotel in Kolkata) are expected to become operational in the next 12-18 months.

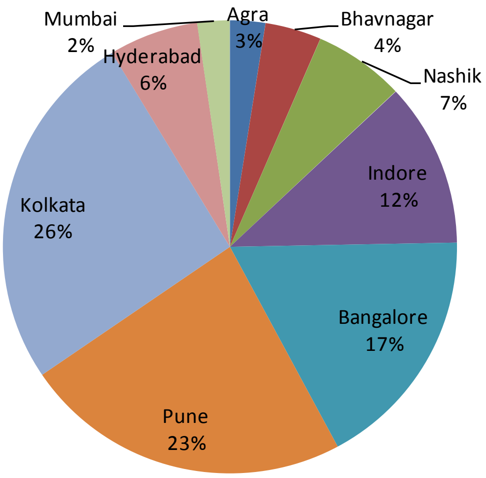
Residential projects in Indore and Kolkata witnessed good inventory off take. Demand in the Hyderabad projects remained muted due to the political uncertainty in the state.

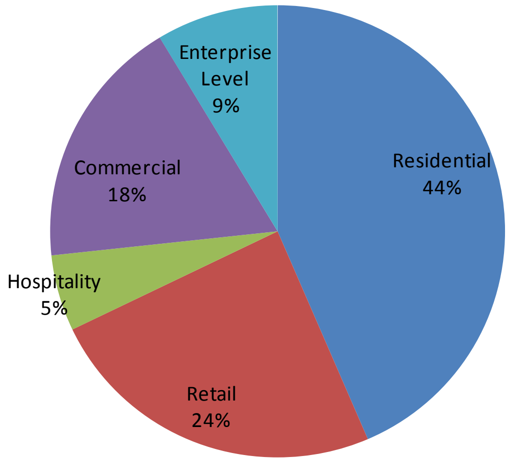
No development plans have yet been crystallised for the Agra project as there is insufficient demand for the proposed retail scheme. Consideration is being given to a range of possibilities. In the Bhavnagar project, we have converted a part of the retail component into residential. Though the residential component launched during the year received a good response, liquidity issues in the project are impacting repayment of project debt. Discussions have been initiated with the promoters to divest K2's stake in the project to them. The focus is on reducing the capital loss from the project.

Overall, we have let / sold / agreed terms for almost 5 million sq ft so far, compared to 3.7 million sq ft at this time last year.

Of the total debt financing requirement for the entire portfolio of EUR 249 million, we have so far secured EUR 197 million with the balance under negotiations. The weighted average cost of debt across the portfolio stands at approximately 14.5% per annum.

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





Valuation and NAV

The valuations for the portfolio were conducted as of 31 March 2011 under the RICS guidelines by the independent valuers CBRE. Projects where business plans are yet not firmed up (Agra) or those involving long gestation periods (some of the land parcels under Saket Engineers, our entity level investment) were valued on Direct Comparable basis while the others were valued on Discounted Cash Flow basis.

The valuation highlights are as follows:

- Valuation of the portfolio based on independent RICS valuation as on 31 March 2011 – EUR 179.94 million (2010 – EUR 185.68 million)
- Decrease in valuation – (3.1%)
- Valuation assumptions:
    - Capitalization Yields: 10.0% - 12.0%
    - WACC: 18.6% * (2009 – 18.6%)

**Weighted average of CBRE'S WACC rate assumptions for individual projects*

For the year under review, the K2 Board has approved the Discounted Cash Flow(DCF) valuation methodology under the income approach for projects where the construction is either under progress or about to start and the Direct Comparable Method (DCM) where the business plan of the project is yet to be finalised. The table below provides a project level break-up of the valuation data:

Development Project	Amount Committed	CBRE Valuation			NAV*			
		Mar'10	Mar'11	Gain/(Loss) in Mar'11	Mar'10	Mar'11	Gain/(Loss) in Mar'11	Contribution to NAV
	Euro mn	*Euro mn*	*Euro mn*	*%*	*Euro mn*	*Euro mn*	*%*	*%*
Market City, Bangalore #	28.07	20.12	22.99	14.26	23.12	24.74	7.0	14.4
Batanagar, Kolkata	20.28	17.49	12.92	-26.12	14.94	11.91	-20.3	6.9
Market City Retail, Pune	17.05	28.69	30.47	6.26	15.28	11.27	-26.3	6.6
Forum IT SEZ, Kolkata	16.68	10.64	6.77	-36.36	15.08	6.55	-56.6	3.8
Residential Project, Pune	15.88	19.61	21.75	10.90	17.89	17.36	-2.9	10.1
Treasure Market City, Indore	11.04	17.74	14.78	-16.67	14.74	10.58	-28.2	6.2
Nashik City Centre, Nashik	10.42	15.20	13.69	-9.95	11.14	10.09	-9.4	5.9
Treasure City, Bijalpur	7.71	20.16	25.23	25.15	14.48	16.59	14.5	9.7
Himalaya Mall, Bhavnagar	6.38	5.62	3.63	-35.38	1.93	0.57	-70.6	0.3
Taj Gateway, Kolkata	4.64	7.41	9.10	22.74	3.93	6.51	65.6	3.8
Market City Hospitality, Pune	4.58	4.69	4.00	-14.8	5.71	5.12	-10.4	3.0
Phoenix United Mall, Agra	4.04	3.06	2.91	-4.97	2.84	2.77	-2.4	1.6
Listed Equity Holding								
The Phoenix Mills	3.73	1.95	1.83	-6.08	1.95	1.83	-6.0	1.1
Unlisted Equity Holding								
Saket Engineers Private Ltd	10.13	13.30	9.88	-25.74	8.42	6.98	-17.0	4.1
Cash and Receivables	NA	NA	NA	NA	47.28	38.58	-18.4	22.5
Total	**160.63**	**185.68**	**179.94**	**-3.09**	**198.74**	**171.46**	**-13.7**	**100.0**

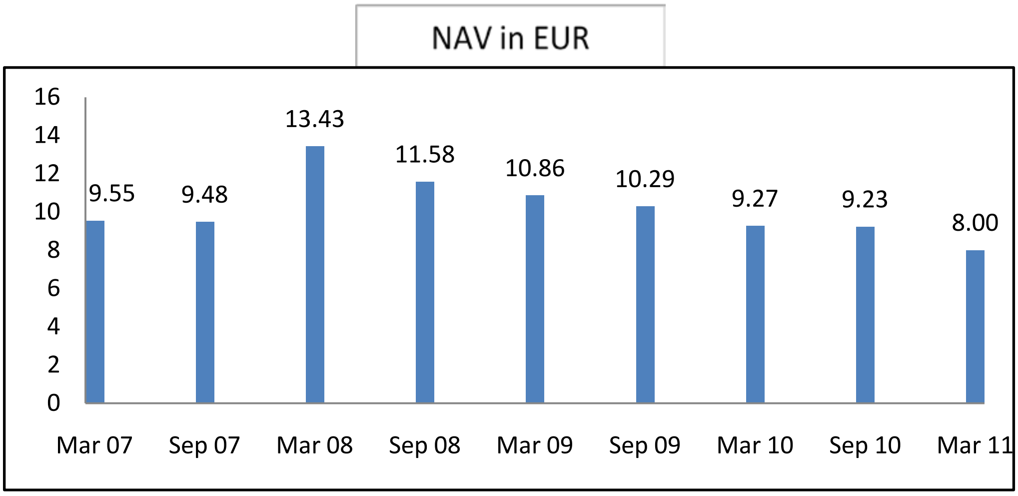
**NAV numbers post balance sheet adjustments*

#includes two SPVs

As noted above, the overall value of the portfolio has reduced by approximately 3% compared to the previous year. The weakening of the Indian Rupee vis a vis the Euro has impacted the portfolio valuation negatively by 4%, which implies that in rupee terms the value of the portfolio increased marginally. Some of the projects have experienced a severe mark down compared to last year. These project valuations are reflective of the present market conditions in some cities like Kolkata (Forum IT SEZ and Batanagar) and Hyderabad (Saket Engineers) and restructuring of the development mix (Mixed Use, Bhavnagar).

Based on the valuation exercise conducted by CBRE, the Net Asset Value (NAV) was computed for the Group. The NAV of the Group reduced by 13.7% during the year. In rupee terms, the NAV of the portfolio reduced by 8.4%. The reduction in Group NAV was largely due to exchange rate fluctuations, reduction in cash due to operating expenses, higher interest costs and increase in the costs of construction material as inflationary pressures continued to negatively impact the portfolio.

At the project level, some projects witnessed increased debt levels (Market City Retail, Pune and Mixed Use, Bhavnagar), while some projects were impacted due to local markets underperforming compared to other markets (Forum IT SEZ and Batanagar in Kolkata and Saket Engineers in Hyderabad).

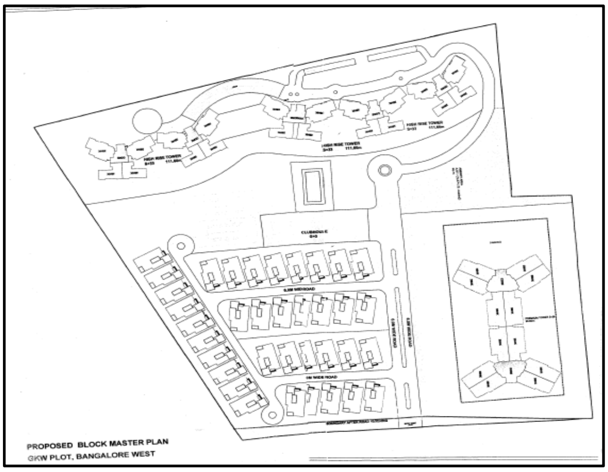


Going Forward

The next few quarters will see more projects reaching completion, and a sizeable portion of the retail portfolio is expected to become operational. This year will also see the launch of two large residential schemes in Bangalore and Pune. As the portfolio matures, the focus will be on generating liquidity in the Company for distributing surplus funds to the shareholders.

Investment Portfolio

Market City, 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 Hospitality Services Private Limited
Development Partner	The Phoenix Mills Limited
Investment Date	March 2008
Completion Date	March 2014
Funds Committed	EUR 28.07 million
Funds Disbursed	EUR 28.07 million
Equity Stake	30 %

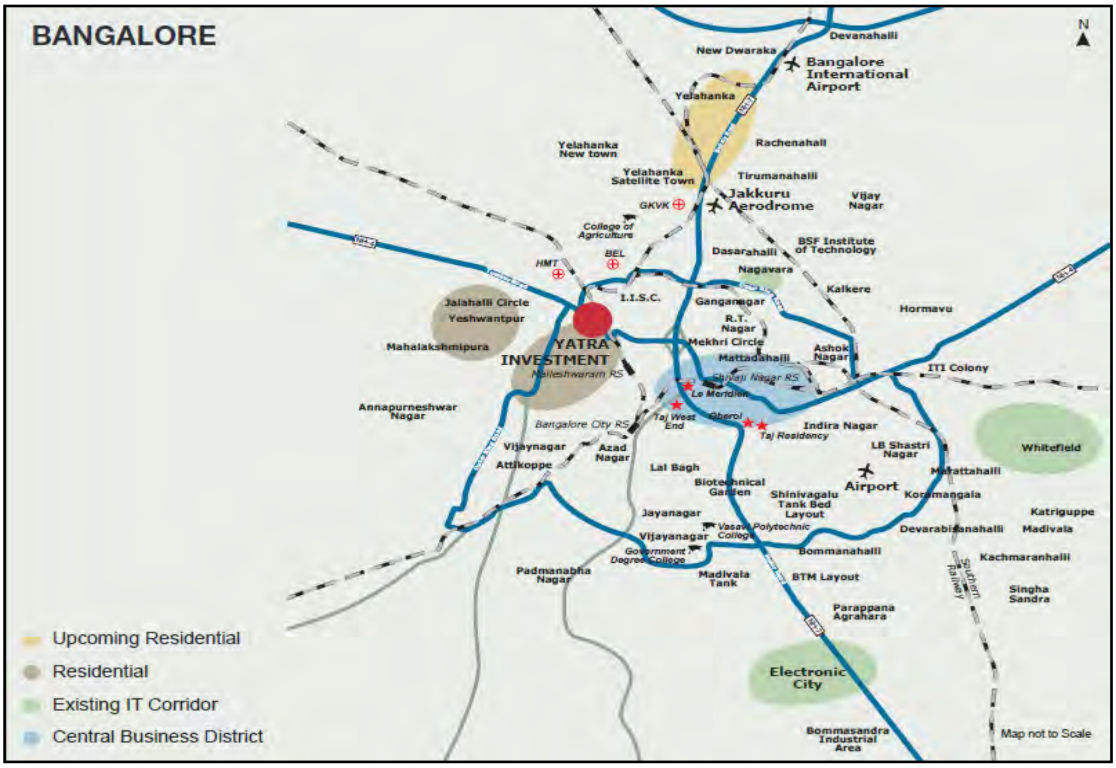
CBRE Valuation Summary:	
Valuation (31 March 11)	EUR 22.99 million
Valuation Gain / (Loss)	14.3%(over March 2010)
NAV (31 March 11)	EUR 24.74 million
NAV Gain / (Loss)	7%(over March 2010)
Cost of Equity	27.50%
WACC	19.40%
Valuation Methodology	Discounted Cash Flow
Exit Assumption	March 2017
Other Assumptions:	
Base Sale Price-Villas	INR 8,000 / sq ft
Base Sale Price-Apartments	INR 5,200 - 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 center 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 masterplan, though significantly delayed, has now been finalised for Phase I comprising of 1.25 mn sq.ft. This will include villas and premium residential apartments. Site levelling and mass excavation is expected to commence by the end of July. Development approvals for the entire project are expected to be received by September 2011, post which construction work will commence on the site.



Current Status

Land Acquisition	Completed.
Construction Approvals	Expected to be received by September 2011.
Construction Status	Construction is expected to commence in Q4 2011.
Debt	No debt requirement as yet.
Sale/Leasing Status	NA.

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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
Investment Date	Dec 2007
Completion Date	March 2017
Funds Committed	EUR 20.28 million
Funds Disbursed	EUR 20.28 million
Equity Stake	50%

CBRE Valuation Summary:	
Valuation (31 March 11)	EUR 12.92 million
Valuation Gain/(Loss)	(26.12%)(over March 2010)
NAV (31 March 11)	EUR 11.91 million
NAV Gain/(Loss)	(20.31%)(over March 2010)
Cost of Equity	27.5%
WACC	19.4%
Valuation Methodology	Discounted Cash Flow
Exit Assumption	March 2017
Other Assumptions:	
Base Sale Price –Residential	INR 2,150 / sq ft

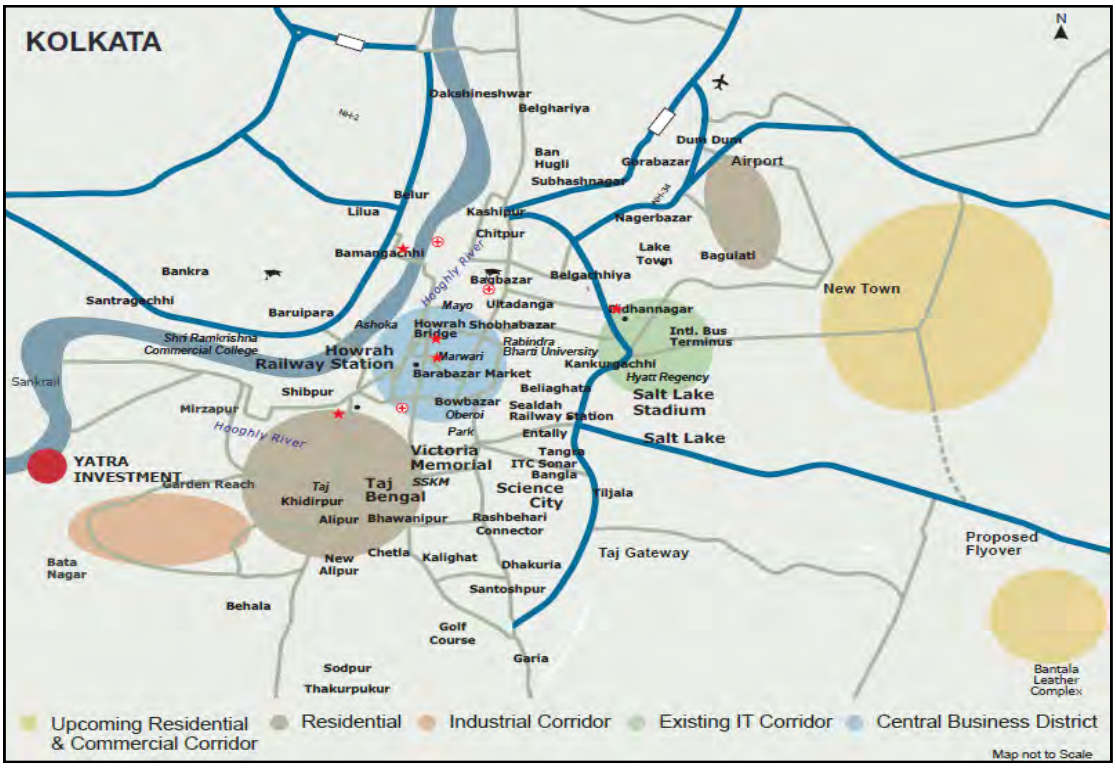
The pictures are for the entire township of 262acres.

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. A number of prominent companies are 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 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. IT SEZ was denotified in light of slowdown in uptake of commercial IT space and soon the business plan was revised into affordable residential development. Construction activity has commenced and 61% of total units launched in the first phase have been sold. However, the process of merging the 25 acres Indian Portfolio Company with the larger township project is still underway.



Current Status

Land Acquisition	Completed.
Construction Approvals	Approvals for current phase in place
Construction Status	Excavation and piling work completed for first building
Debt	No debt in the books of Indian Portfolio Company as on 31 March 2011
Sales/Leasing Status	Out of 224 units launched in the first phase of current 25 acres township, 137 units have been sold.
Other Update	The larger project of Calcutta Riverside (262 acre) has launched 404 units (Phase I) across premium housing of which it has successfully sold 269 units. Construction activities are underway here.

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Market City Retail, Pune

Asset class	Retail led mixed use development
Land Area	18.61 acres
Leasable/ Saleable Area	1.8 million sq ft including: Retail-1.38 million sq ft Office-0.42 million sq ft
Location	Pune, Maharashtra
Indian Portfolio Company	Vamona Developers Private Limited
Development Partner	The Phoenix Mills
Investment Date	July 2007
Completion Date	July 2011 (Phase–I)
Funds Committed	EUR 17.05 million
Funds Disbursed	EUR 17.05 million
Equity Stake	24 %

CBRE Valuation Summary:	
Valuation (31 March 11)	EUR 30.47 million
Valuation Gain / (Loss)	6.2%(over March 2010)
NAV (31 March 11)	EUR 11.27 million
NAV Gain/(Loss)	(26.25%)(over March 2010)
Cost of Equity	20.00%
WACC	16.25%
Valuation Methodology	Discounted Cash Flow
Exit Assumption	November 2014
Other Assumptions:	
Average Rental-Retail	INR 61 / sq ft /month
Average Rental-Commercial	INR 48 / sq ft /month
Exit Yield	11.00%

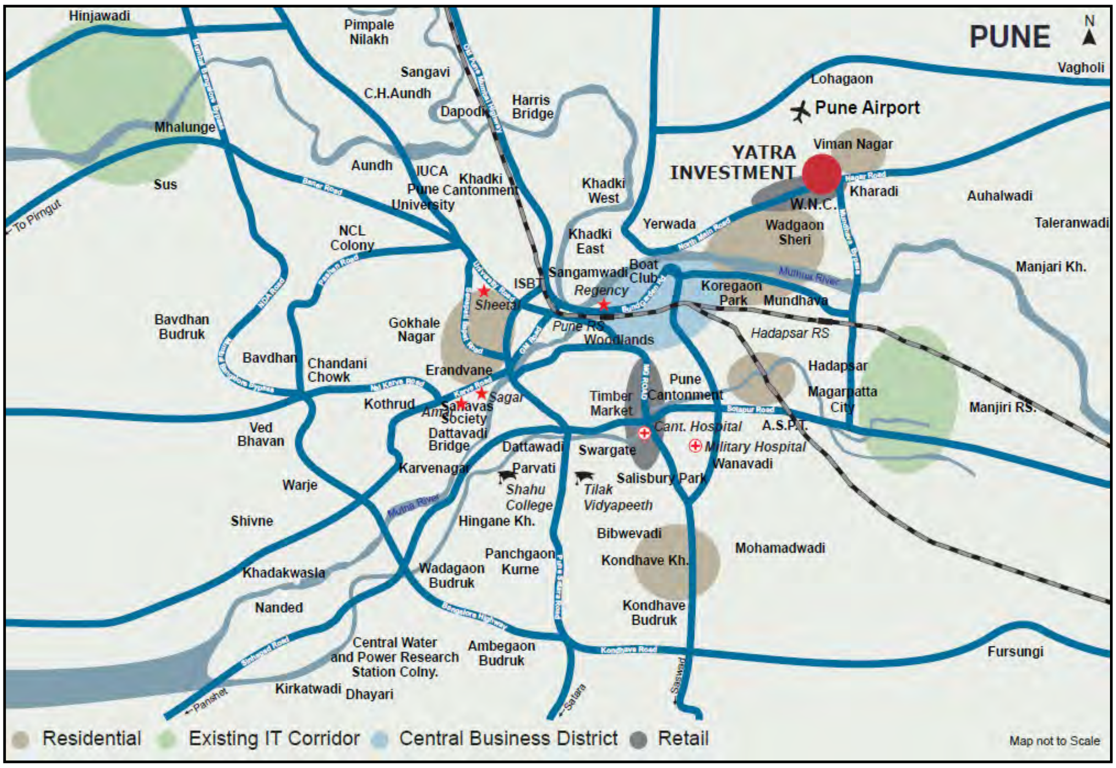
Project Summary

The project is located in Pune, a prominent city in Western India. The city's economy is driven by 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 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 main mall is now operational with more than 40 retailers opening their stores. As on 31 March 2011, the main mall was 76% pre-leased with fitouts for more than 140 stores underway. The sales on the Bazaar Mall for retail and offices are in progress, albeit slower than expected. An LRD loan has been secured for the project which will be serviced from the rental income of the mall.



Current Status

Land Acquisition	Completed.
Construction Approvals	Obtained for Phase I.
Construction Status	Phase I expected to be operational in July 2011.
Debt	Debt sanctioned: EUR 75.1 million. Debt drawdown: EUR 60.3 million.
Sales/ Leasing Status	The mall is 76% pre-leased to anchor tenants like Star India Bazaar (96,026 sq ft), Pantaloons (38,037 sq ft), Zara (26,271 sq ft), Marks & Spencer (25,102 sq ft), Westside (32,211 sq ft) and PVR (90,480 sq ft). In the Bazaar Mall, 0.11 million sq ft of retail and 0.05 million of office space has been sold.

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Forum IT SEZ, Kolkata

Asset class	IT SEZ development
Land Area	10.56 acres
Leasable/Saleable Area	1.4 million sq ft
Location	Kolkata, West Bengal
Indian Portfolio Company	Forum IT Parks Private Limited
Development Partner	Forum Projects
Investment Date	December 2007
Completion Date	March 2015
Funds Committed	EUR 16.68 million
Funds Disbursed	EUR 16.68 million
Equity Stake	49 %

CBRE Valuation Summary:	
Valuation (31 March 11)	EUR 6.77 million
Valuation Gain / (Loss)	(36.36%)(over March 2010)
NAV (31 March 11)	EUR 6.55 million
NAV Gain / (Loss)	(56.60%)(over March 2010)
Cost of Equity	30.0%
WACC	20.4%
Valuation Methodology	Discounted Cash Flow
Exit Assumption	March 2017
Other Assumptions:	
Base Rental-Office	INR 28 / sq ft / month
Exit Yield	10.50%

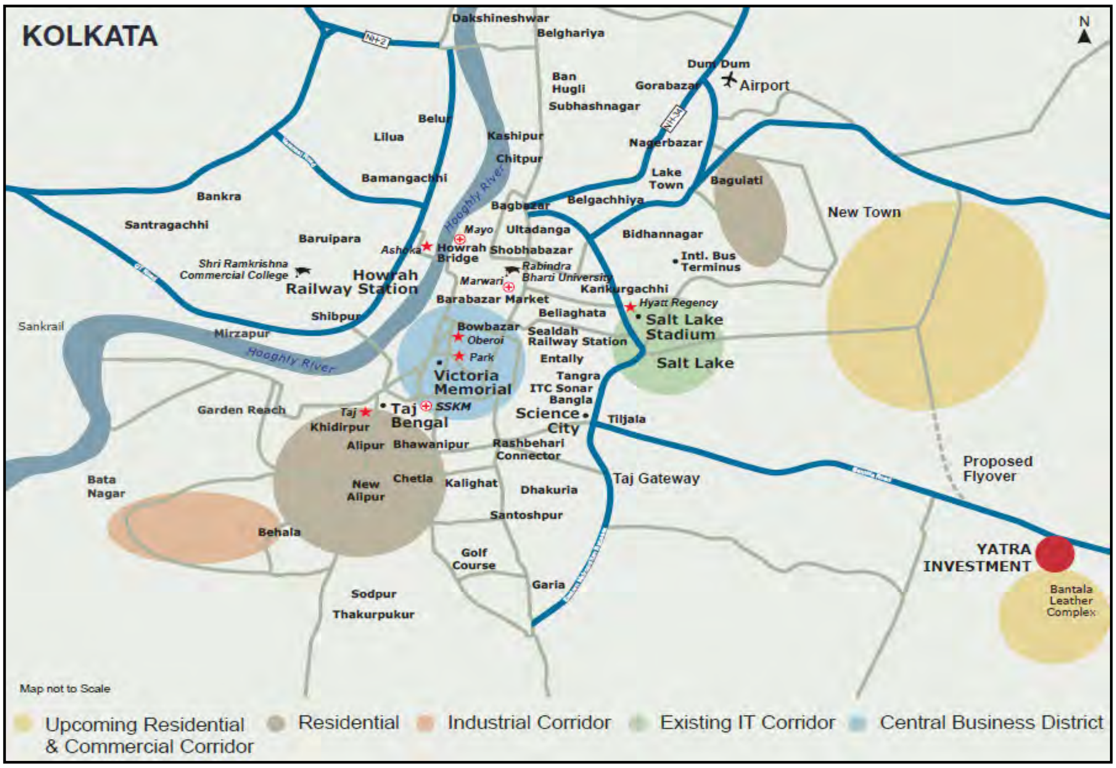
Project Summary

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, first large format IT space and first Green Building.

The civil works on this project has resumed in view of the revival in the commercial real estate sector in Kolkata. Piling work and raft foundation on site has been completed. The project is expected to be developed in a phased manner in line with the demand in IT/ITES sector in the micro market.

The equity investment in the company is in process of converting into preferred equity to allow earlier repatriation of capital invested and at the same time giving a chance for potential upside later.



Current Status

Land Acquisition	Completed.
Construction Approvals	Approvals for current phase in place
Construction Status	Basement, retaining walls and plinth columns civil work in progress
Debt	Debt sanctioned: EUR 20.59 million for Phase - I Debt drawdown: EUR 6.12 million for Phase - I
Sales/Leasing Status	NA.

Residential Project, Pune

Asset class	Residential led mixed use development
Land Area	41.46 acres
Leasable/Saleable Area	2.1 million sq ft including Residential-1.33 million sq ft School-0.13 million sq ft Commercial-0.44 million sq ft Retail-0.20 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
Completion Date	March 2014
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.*

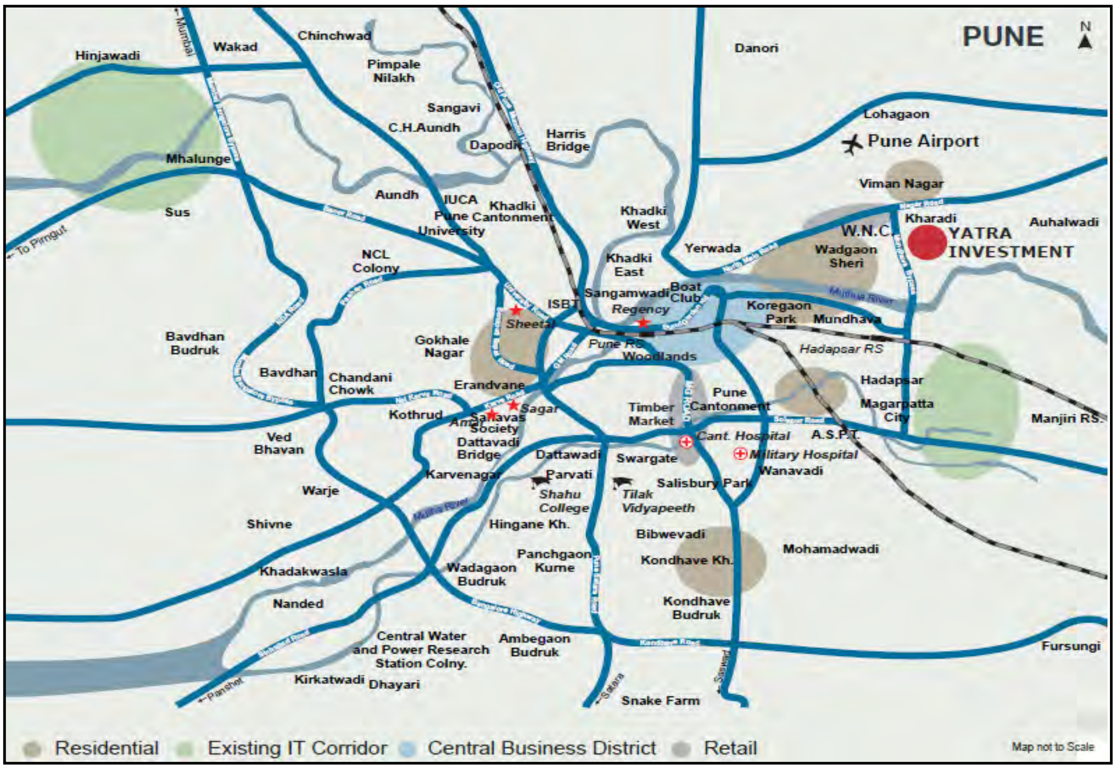
CBRE Valuation Summary:	
Valuation (31 March 11)	EUR 21.75 million
Valuation Gain / (Loss)	10.9%(over March 2010)
NAV (31 March 11)	EUR 17.36 million
NAV Gain / (Loss)	(2.94%)(over March 2010)
Cost of Equity	25.00%
WACC	18.40%
Valuation Methodology	Discounted Cash Flows
Scheduled Exit	March 2016
Other Assumptions:	
Base Sale Price- Residential	INR 3,500 / sq ft
Base Rental-School	INR 26 / sq ft / month
Exit Yield-School	10.00%

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 and a residential component. Construction of the school component is complete and it has been handed over to the operator. The approvals for the residential component have been delayed repeatedly, and work will commence only once the approvals are obtained.



Current Status

Land Acquisition	Completed.
Construction Approvals	Approvals obtained for construction of the school building. Residential plans are at advanced stages of approvals.
Construction Status	School building has been handed over to the operator for fitouts. Podium level work for two residential towers is complete and further construction activity will be undertaken once the project approvals are obtained
Debt	Debt sanctioned: EUR 9.2 million. Debt drawdown: EUR 4.4 million.
Sales/Leasing update	For the school the operator, Victorious Kids International School, has been tied up for 42 years. For the residential, 116 out of the 180 apartments launched in Phase I have been booked.

Treasure Market City, Indore

Asset class	Retail led mixed use development
Land Area	19.52 acres
Leasable Area/ Saleable	1.62 million sq ft including Retail- 1.13 million sq ft Hotel- 0.19 million sq ft Residential – 0.3 million sq ft
Location	Indore, Madhya Pradesh
Indian Portfolio Company	Indore Treasure Market City Private Limited
Development Partner	Treasure World Developers
Investment Date	June 2007
Completion Date	March 2014
Funds Committed	EUR 11.04 million
Funds Disbursed	EUR 10.13 million
Equity Stake	28.9%

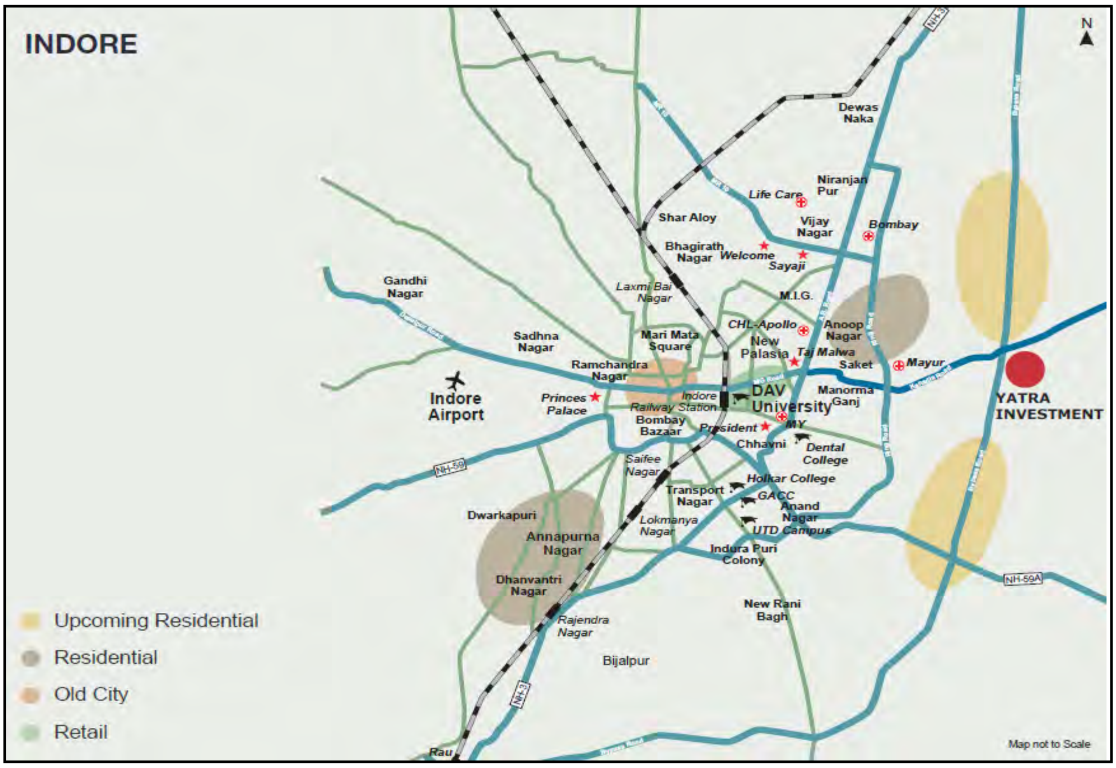
CBRE Valuation Summary:	
Valuation (31 March 11)	EUR 14.78 million
Valuation Gain / (Loss)	(16.67)% (over March 2010)
NAV (31 March 11)	EUR 10.58 million
NAV Gain / (Loss)	(28.25%)(over March 2010)
Cost of Equity	25.00%
WACC	18.4%
Valuation Methodology	Discounted Cash Flow
Exit Assumption	March 2014
Other Assumptions:	
Average Rental -Retail	INR 47.0 / sq ft/ month
Base Rental- Hotel	INR 25.0/ sq ft/ month
Base Sale Price-Residential	INR 2100 / sq ft
Exit Yield	11.00%

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, Phase I, is under development which comprises of 1.13 million sq ft of leasable area (retail). 82% of the civil works for the first phase is complete with completion targeted for Q3 2012. The first phase retail has been leased to the extent of 28%. Focus remains on achieving financial closure for Phase I so that the projected completion timelines are achieved.



Current Status

Land Acquisition	Completed.
Construction Approvals	Project Master plan and Building plans approved.
Construction Status	Around 82% of the civil works for the first phase has been completed.
Debt	Debt sanctioned: EUR 26.1 million Debt drawdown: EUR 18.7 million
Sales/ Leasing Status	For Phase I, Letters Of Intent (LOI's) covering 322,743 sq ft of area has been signed with prominent retailers like Spar (62,000 sq ft), Lifestyle(50,000 sq ft), Max (16,000 sq ft), Marks & Spencers (16,600 sq ft), and Adlabs (41,000 sq ft). Out of 1.13 million sq ft, approx 98,000 sq ft is allotted for outdoor Family Entertainment Center (FEC) which will be operated by Funscapes. FEC play a significant role to drive footfalls and have positive impact on the overall consumptions pattern in the mall.
Other Update	Given the soft office markets and the uncertainty in its demand, an affordable residential product (although much smaller in size), is now being considered in lieu of commercial development in Phase - II

YATRA CAPITAL

Nashik City Centre, 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
Completion Date	Completed
Funds Committed	EUR 10.42 million
Funds Disbursed	EUR 10.42 million
Equity Stake	50%

CBRE Valuation Summary:	
Valuation (31 March 11)	EUR 13.69 million
Valuation Gain/(Loss)	(9.95)% (over March 2010)
NAV (31 March 11)	EUR 10.09 million
NAV Gain / (Loss)	(9.36%) over Mar 2010
Cost of Equity	18.00%
WACC	15.25%
Valuation Methodology	Discounted Cash Flow
Exit Assumption	March 2013
Other Assumptions	
Average Rental-Retail	INR 44 / sq ft / month
Exit Yield	11.00%

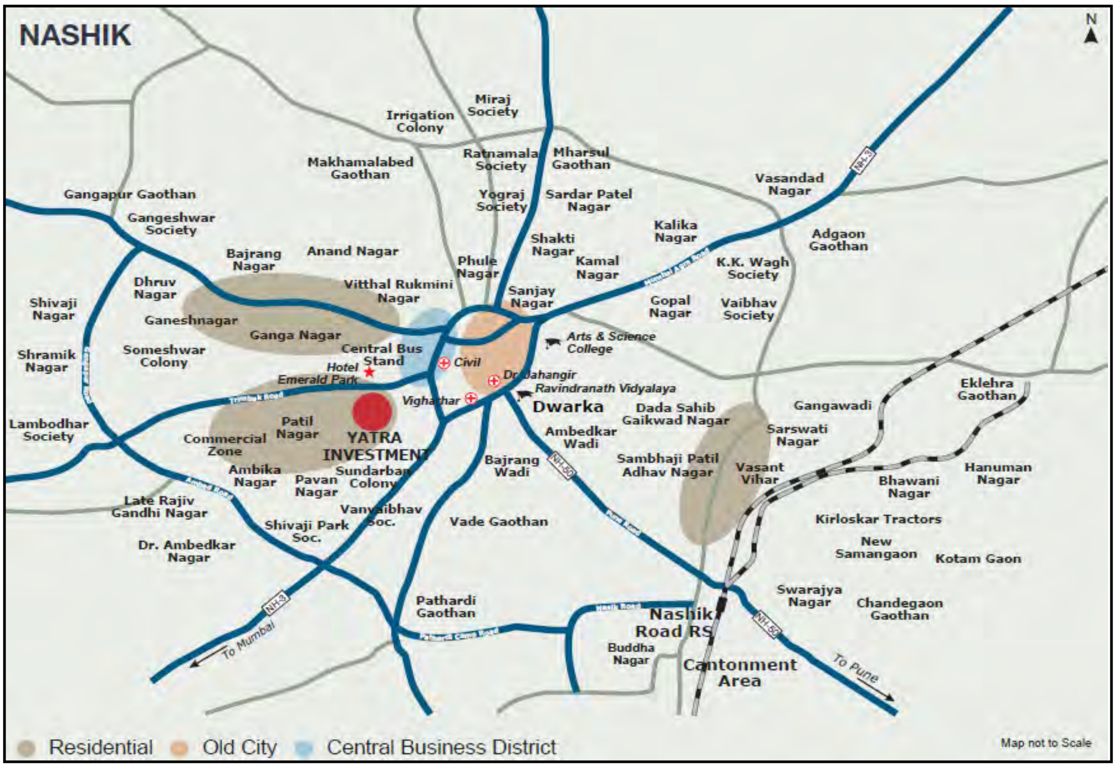
Project Summary

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 is currently operational with 63% of the mall leased out and 57% of the mall operational as on 31 March 2011. The mall has been receiving footfalls of between 80,000 – 100,000 per week and the retailers are reporting healthy trading volumes.

As the mall operations stabilize, our focus is on leasing the balance space over the next 12 months. Advanced discussions are underway with several potential tenants for the same.



Current Status

Land Acquisition	Completed.
Construction Approvals	All approvals in place.
Construction Status	Construction of the mall was completed in April 2009 and the mall is now operational.
Debt	EUR 6.16 million outstanding on a Lease rent discounting structure.
Sale/Leasing Status	63% of the retail space has been committed. 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 (30,180 sq ft), Reliance Home Store (8,570 sq ft), Reliance Footprint (3,011 sq ft), Reebok (1,654 sq ft) and Benetton (1,617 sq ft).
Other Updates	In the legal dispute with the 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. The matter is presently sub-judice. 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.

Treasure City, Bijalpur

Asset class	Residential led mixed use development
Land Area	130.44 acres
Leasable/Saleable Area	5.3 million sq ft including: Residential- 4.88 million sq ft Commercial- 0.25 million sq ft Retail- 0.25 million sq ft
Location	Indore, Madhya Pradesh
Indian Portfolio Company	Indore Treasure Town Private Limited
Development Partner	Treasure World Developers
Investment Date	June 2007
Completion Date	March 2016
Funds Committed	EUR 7.71 million
Funds Disbursed	EUR 7.71 million
Equity Stake	40% (42.77% of profits)

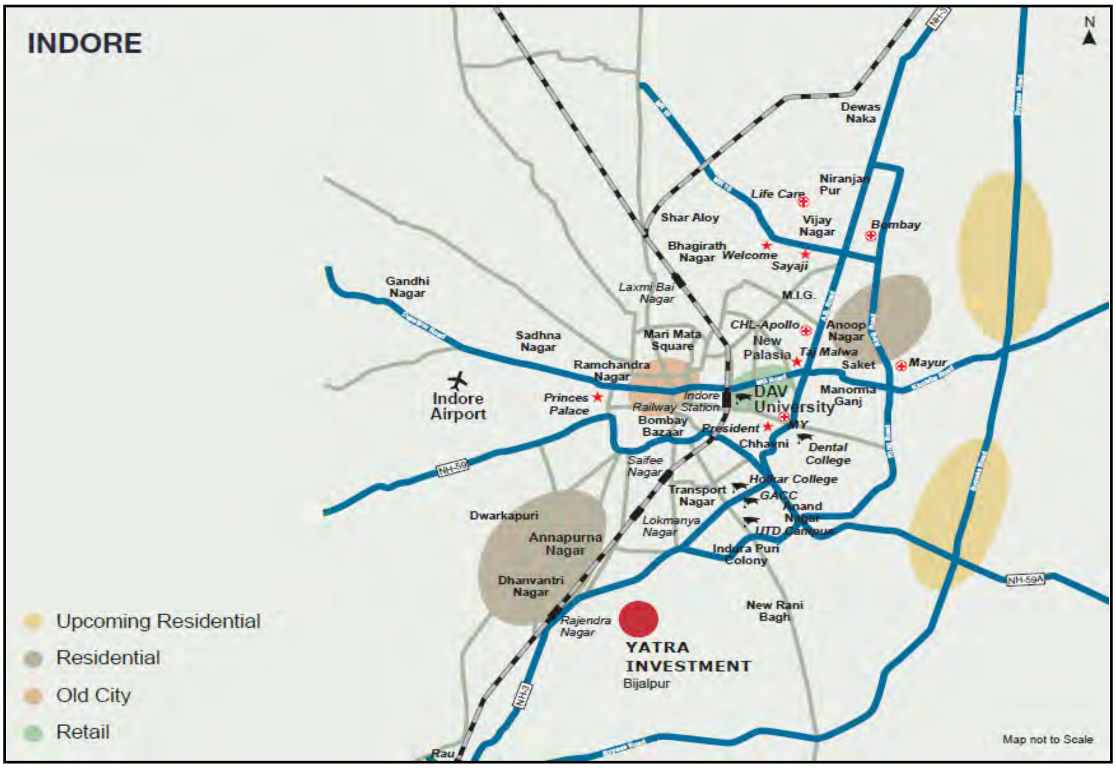
CBRE Valuation Summary:	
Valuation (31 March 11)	EUR 25.23 million
Valuation Gain/(Loss)	25.15%(over March 2010)
NAV (31 March 11)	EUR 16.59 million
NAV Gain / (Loss)	14.53% over Mar 2010
Cost of Equity	25.00%
WACC	18.4%
Valuation Methodology	Discounted Cash Flow
Exit Assumption	March 2016
Other Assumptions:	
Base Sale Price – Residential	INR 1800- 3600 / sq ft
Base Rental – Commercial	INR 25 / sq ft / month
Average Rental – Retail	INR 41 / sq ft / month
Exit Yield	11.00%

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 mixed use development comprising of residential and commercial components. The residential component would offer four options - row houses, plots, apartments (Treasure Town) and affordable housing (Treasure Vihar). The development on the overall infrastructure of the township and development of the first phase (2.3 million sq ft) has commenced. Around 54% of the units launched in first phase have been sold.



Current Status

Land Acquisition	Completed.
Construction Approvals	Project Master plan has been approved for a part of the township. Building plan approval for the same received has been received in May 2010.
Construction Status	Infrastructure for the overall township has commenced with the main arterial road, water pipes for storm water drains, external sewerage lines being laid, central water fountain and entrance gate completed. Sewerage and artificial lake work is in progress. The development of the first phase is currently underway with 3rd and 4th slab work in progress for all 25 buildings in Treasure Vihar and 7 buildings in Treasure Town. Construction work has commenced for 30 row houses.
Debt	Debt sanctioned: EUR 11.07 million. Debt drawdown: EUR 6.88 million.
Sales/ Leasing Status	Sold approximately 1.13 million sq ft comprising of plots, row houses, apartments and affordable housing units. Over 934 housing units out of total 1744 units launched in Phase I have been sold.

Mixed Use Development, Bhavnagar

Asset class	Residential led mixed use development
Land Area	5.2 acres
Leasable/Saleable Area	0.57 million sq ft including Residential-0.29 million sq ft Retail-0.22 million sq ft Commercial-0.06
Location	Bhavnagar, Gujarat
Indian Portfolio Company	Modi Organisors Private Limited
Development Partner	Modi Build Well
Investment Date	September 2007
Completion Date	December 2013
Funds Committed	EUR 6.38 million
Funds Disbursed	EUR 5.11 million
Equity Stake	50%

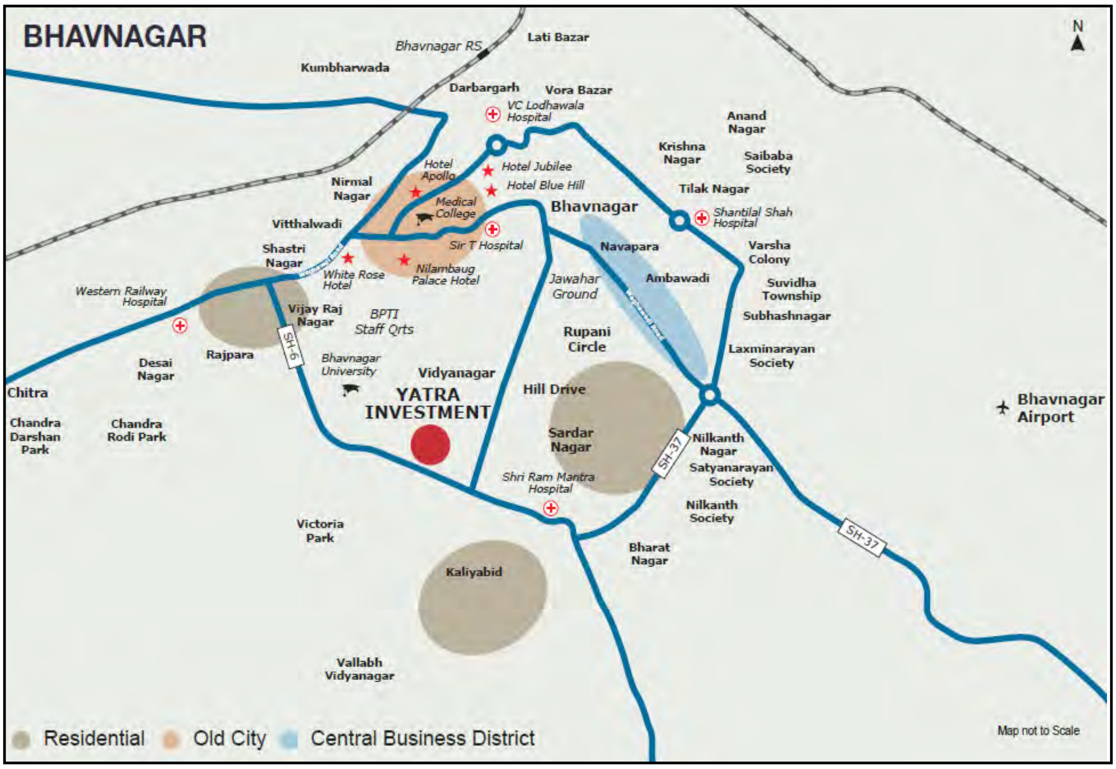
CBRE Valuation Summary:	
Valuation (31 March 11)	EUR 3.63 million
Valuation Gain / (Loss)	(35.4%)(over March 2010)
NAV (31 March 11)	EUR 0.57 million
NAV Gain / (Loss)	(70.59%) over Mar 2010
Cost of Equity	25.00%
WACC	18.40%
Valuation Methodology	Discounted Cash Flow
Exit Assumptions	March 2015
Other Assumptions:	
Base Sale Price-Residential	INR 1,750 / sq ft
Average Rental-Retail	INR 35 / sq ft/month
Exit Yield	12.00%

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 the 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 to 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 60% of the total units have been sold till date. Most of the sales revenue has been utilised to repay the construction loan taken for the retail mall, resulting in inadequate funds for construction. Though a significant portion of project debt has been repaid, current liquidity issues are impacting repayment of the balance debt.

Discussions have been initiated with other banks for takeover and restructuring the balance debt. Discussions have also been initiated with the promoters to divest K2's stake in the project to them. The balance committed equity of EUR 1.27 million is not being disbursed, and the focus is now on reducing the capital loss from the project.



Current Status

Land Acquisition	Completed.
Construction Approvals	Obtained.
Construction Status	Construction for the retail component has been completed upto the 3rd floor slab. Part of the mall has been demolished for the construction of the residential component. RCC work is underway for the residential blocks.
Debt	Debt sanctioned: EUR 6.3 million. Debt outstanding: EUR 5.5 million (including a promoter loan of EUR 2.2 million).
Sales/Leasing Status	Residential - 91 out of 145 units have been pre-sold.

YATRA CAPITAL

Taj Gateway, Kolkata

Asset class	Hospitality Development
Land Area	1.90 acres
Leasable/Saleable Area	0.20 million sq ft
Location	Kolkata, West Bengal
Indian Portfolio Company	Jalan Intercontinental Hotels Private Limited.
Development Partner	Jalan Group
Investment Date	July 2008
Completion Date	Dec 2012
Funds Committed	EUR 4.64 million
Funds Disbursed	EUR 4.64 million
Equity Stake	40 %

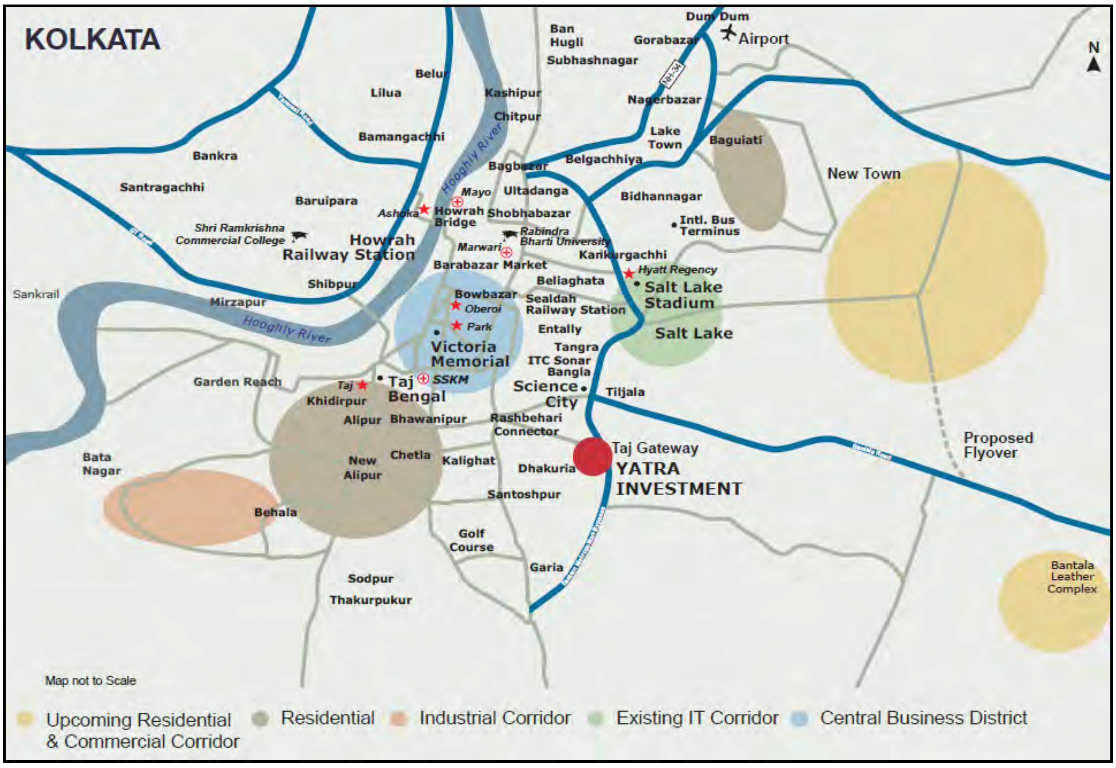
CBRE Valuation Summary:	
Valuation (31 March 11)	EUR 9.1 million
Valuation Gain / (Loss)	22.74% (over March 2010)
NAV (31 March 11)	EUR 6.51 million
NAV Gain / (Loss)	65.65% over Mar 2010
Cost of Equity	22.50%
WACC	17.40%
Valuation Methodology	Discounted Cash Flow
Exit Assumption	March 2015
Other Assumptions:	
Average Room Rate	INR 6,000 / 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.

The civil construction on site is nearly complete and MEP works has commenced. We have entered into an operator agreement with the Taj Group of Hotels for their ‘Gateway’ brand for the property. The hotel is expected to be operational during October - December 2011.



Current Status

Land Acquisition	Completed.
Construction Approvals	Construction approvals have been received.
Construction Status	RCC work is 90% complete and MEP works like HVAC , fire fighting & electrical has commenced
Debt	Debt sanctioned: EUR 9.65 million Debt drawdown: EUR 5.67 million
Sales/Leasing Status	Operator Agreement signed with Taj group for their Taj Gateway brand

YATRA CAPITAL

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
Completion Date	June 2013
Funds Committed	EUR 4.58 million
Funds Disbursed	EUR 4.58 million
Equity Stake	20 %

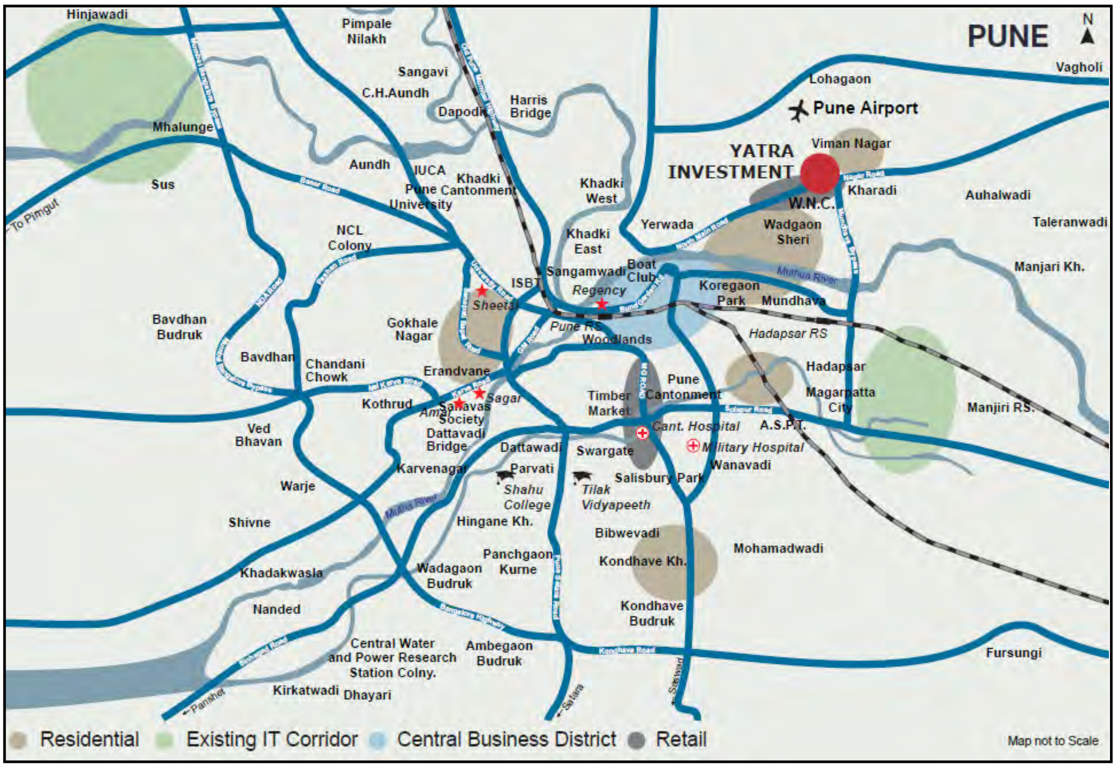
CBRE Valuation Summary:	
Valuation (31 March 11)	EUR 4.00 million
Valuation Gain / (Loss)	(14. 8%) (over March 2010)
NAV(31 March 11)	EUR 5.12 million
NAV Gain / (Loss)	(10.35%) (over March 2010)
Cost of Equity	25.00%
WACC	18.40%
Valuation Methodology	Discounted Cash Flow
Exit Assumption	March 2016
Other Assumptions:	
Average Room Rate-4 Star	INR 5,500 per day
Average Room Rate-3 Star	INR 3,250 per day
Exit Yield	11.0%

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

The hotel structure will come on top of the Market City retail mall. An MoU has been signed with the Hilton Group for its brands Double Tree (250 rooms) and Hampton Inn (150 rooms). Phasing of the hotel will be planned once the project costs and development schedule are finalised.



Current Status

Land Acquisition	Completed.
Construction Approvals	Partial approvals obtained.
Construction Status	Hotel areas integrated with the mall structure have been constructed. The construction of the hotel superstructure would commence once project costs are finalised.
Debt	Debt sanctioned: EUR 25.3 million. Debt drawdown: Nil.
Sales/ Leasing Status	MOU signed with the Hilton Group for their 2 brands viz. Double Tree & Hampton Inn.

YATRA CAPITAL

Phoenix United Mall, Agra

Asset class	Retail development
Land Area	6.83 acres
Leasable/Saleable Area	0.61 million sq ft
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
Completion Date	NA
Funds Committed	EUR 4.04 million
Funds Disbursed	EUR 4.04 million
Equity Stake	28 %

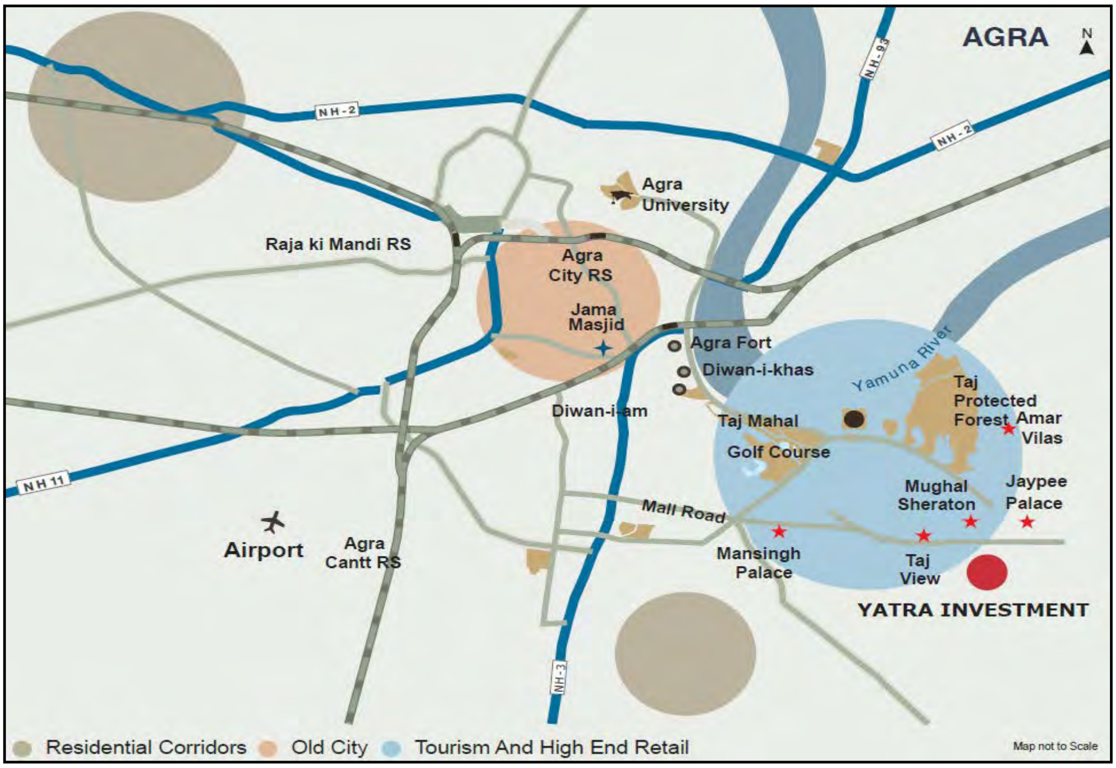
CBRE Valuation Summary:	
Valuation (31 March 11)	EUR 2.91 million
Valuation Gain / (Loss)	(4.9%)(over March 2010)
NAV(31 March 11)	EUR 2.77 million
NAV Gain / (Loss)	(2.40%) over Mar 2010
Cost of Equity	NA
WACC	NA
Valuation Methodology	Direct Comparable
Exit Assumption	NA
Other Assumptions:	NA

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 The 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 various options including hospitality led development, mixed use development etc. Possibility of land sale is also being considered subject to regulatory approvals.



Current Status

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

The Phoenix Mills Limited (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
Completion Date	NA
Funds Committed	EUR 3.73 million
Funds Disbursed	EUR 3.73 million
Equity Stake	0.44 %

Valuation Summary:	
Valuation (31 March 11)	EUR 1.83 million
Valuation Gain / (Loss)	(6.0%)(over March 2010)
NAV(31 March 11)	EUR 1.83 million
NAV Gain / (Loss)	(6.04%) over Mar 2010
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 Shangrila 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 is currently developing large-scale retail-led mixed-use projects under the brand Market City in city centre locations in Mumbai, Pune, Bangalore and Chennai. The projects will include retail, residential, commercial, entertainment and hotel facilities designed to be "a city within a city". The group is also developing destination malls in several Tier II & Tier III cities across the country through its various subsidiaries.

Saket Engineers Private Limited (Unlisted Entity Level Investment)

Asset class	Entity Level Investment
Land Area	150 acres
Leasable/Saleable Area	0.8 million sq ft(only live projects)
Location	Hyderabad, Andhra Pradesh
Indian Portfolio Company	Saket Engineers Private Limited
Development Partner	Saket Developers
Investment Date	April 2008
Completion Date	NA
Funds Committed	EUR 10.14 million
Funds Disbursed	EUR 8.56 million
Equity Stake	26.05 %

CBRE Valuation Summary:	
Valuation (31 March 11)	EUR 9.88 million
Valuation Gain/(Loss)	(25.7%)(over March 2010)
NAV(31 March 11)	EUR 5.07 million
NAV Gain / (Loss)	(39.70%) over Mar 2010
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

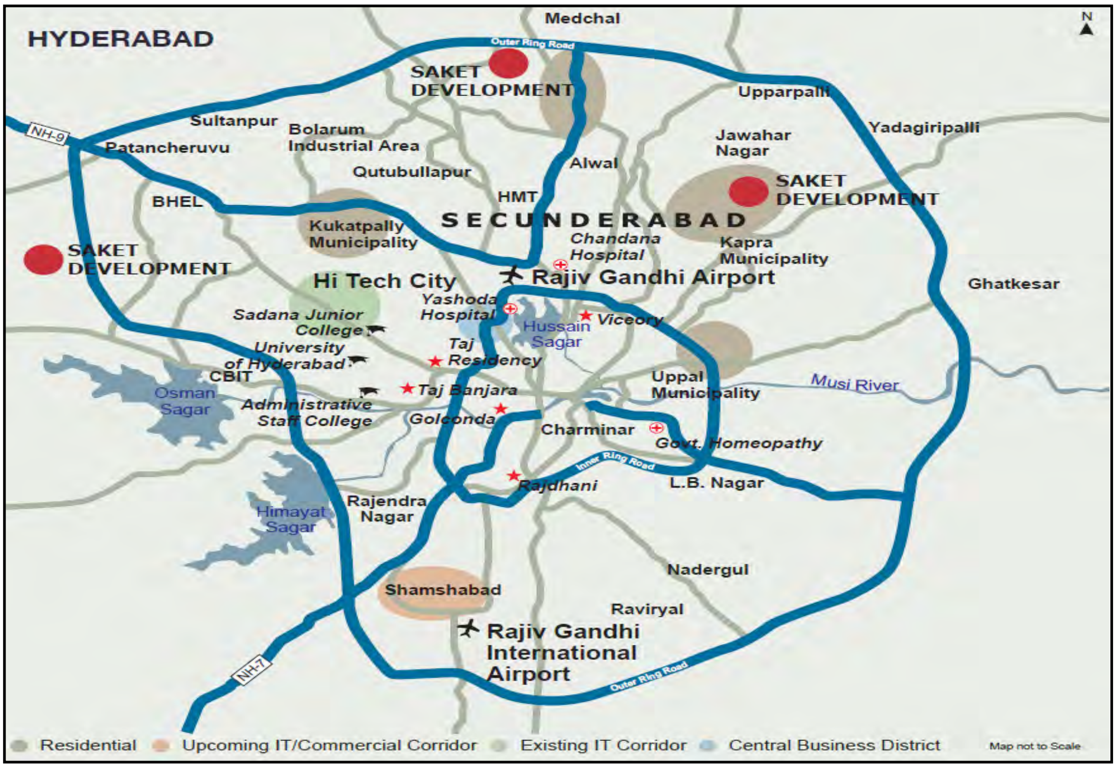
Project Summary

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 two under development projects in Hyderabad– Saket Pranaam and Saket Sriyam. 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. Construction on both these projects is at advanced stages of completion. Development of two new residential projects (one in Bangalore and the other in Hyderabad) is expected to commence by Q3/Q4 2011

Sales were slow in 2010 due to the political uncertainty in the state of Andhra Pradesh. With the projects now moving closer to completion, sales velocity is gradually improving, and is expected to improve further in the coming year. Increase in sales momentum is critical to service repayment of the construction loan.



<u>Current Status</u>

Land Acquisition	Completed.
Construction Approvals	Building plan approvals in place for the projects under development - Saket Sriyam and Saket Pranaam.
Construction Status	Civil work completed for both projects. Finishing and services work underway.
Debt (Entity level)	Debt outstanding: EUR 8.7 million
Sales/ Leasing Status	Saket has sold 114 units out of 270 units launched in Sriyam and 104 units out of 180 units launched in Pranaam.

Board of Directors

Sir Nigel Broomfield

Sir Nigel Broomfield joined the Army from Cambridge University in 1959 and retired in 1969. He joined the Foreign and Commonwealth Office in 1969 and served in London, Bonn, Moscow and New Delhi before becoming Ambassador in East Berlin from 1988 to 1990 at the time of the fall of the Berlin Wall. He served as Ambassador to Germany from 1993 to 1997.

On retiring from the Foreign and Commonwealth Office, Sir Nigel became Director of the Ditchley Foundation near Oxford, a private charity engaged in organizing high level conferences on political, economic and social issues. He retired from Ditchley in 2004 and moved to live in Jersey where he has had associations for over 40 years. Sir Nigel is a non-executive Director of Lancaster Management (Jersey) Limited. He is President of the German/British Chamber of Commerce and Industry in London. From 1999 to 2005 he was Chairman of Leonard Cheshire Disability.

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 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.

Board of Directors (continued)

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 a Jersey based property company as well as the managing director of a UK based private property company and is a member of the Property Advisory Committee of Sue Ryder Care.

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

Board of Directors (Continued)

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.

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 2011.

The Company

The Company was incorporated 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 page 3 and 4.

Results and Dividend

The Group's results for the year ended 31 March 2011 are shown in the Consolidated Statement of Comprehensive Income and related notes (pages 50 to 82). The Directors do not propose to declare a dividend for the year under review (31 March 2010-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
Sir Nigel Broomfield	31 October 2006
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

All Directors served office throughout the year except Shahzaad Dalal, who was appointed on 14 April 2011, and Ajoy Kapoor, who served throughout the year but resigned on 14th April 2011.

Directors' Interests

The following directors had interests in the shares of the Company as at 31 March 2011.

Directors' Interests (Continued)

Director	Number of Ordinary Shares
Sir Nigel Broomfield	4,761
David Hunter	6,667
Malcolm King	7,500

Malcolm King, David Hunter, Richard Boléat, Christopher Wright and Sir Nigel Broomfield are also directors of K2 Property Limited, a subsidiary of the Company.

Shahzaad Dalal is also a director of K2 Property Limited, a subsidiary of the Company, and IL&FS Investment Advisors LLC, the current Investment Manager to K2 Property Limited.

Ajoy Veer Kapoor was also a director of K2 Property Limited, a subsidiary of the Company, up to 31 January 2011 and Saffron Capital Advisors Limited, the appointed Investment Manager to K2 Property Limited, up to 15 November, 2011.

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	56,870
David Hunter	45,690
Ajoy Veer Kapoor & Shahzaad Dalal	NIL
Malcolm King	45,690
Richard Boléat	51,280
Christopher Wright	45,690

Directors of the Subsidiaries	Remuneration (in EUR)
Ben Seesaram Daby CBE	3,181
Manon Thamothiram	3,181
David Hunter	36,511
Malcolm King	25,132
Harkirat Singh	28,541
Ajoy Veer Kapoor	NIL

The above figures reflect the amount paid during the year, using exchange rate as on date of payment.

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") (formerly Saffron Capital Advisors Limited ("SCAL")) 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. The completion of the merger between SCAL and

Management (Continued)

IIAL post receipt of all the regulatory consents and approvals was announced on 18 November 2010. 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 Company and 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. 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 International Financial Reporting Standards 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 Company and 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 44.

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 features by rigorous focus on execution and development of its various projects to improve their marketability.

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

- Regulations and changes to regulations governing foreign investments 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 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.

- The Group is exposed to counterparty 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 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 days 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

Sir Nigel Broomfield	**Richard Boléat**
Chairman	**Director and Audit Committee Chairman**

27 July, 2011

Corporate Governance

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.

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, 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 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 five 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	5
David Hunter	4
Ajoy Veer Kapoor	5
Malcolm King	4
Richard Boléat	4
Christopher Wright	5

Committees of the Board

Audit Committee

The Audit Committee is comprised entirely of independent directors : Richard Boléat (Chairman), Christopher Wright and Malcolm King who are each considered to have the requisite expertise in matters of finance and accounting. Richard Boléat is also Chairman of the audit committee of K2 Property Limited. The Audit Committee 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 Audit Committee is responsible for ensuring that the financial performance of the Group is properly monitored, controlled and reported on. The Audit Committee'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 Audit Committee are covered under the terms of reference of the Audit Committee 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 Audit Committee attends the Annual General Meeting of the Members.

During the year under review, the Audit Committee met formally four times.

Audit Committee (Continued)

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

Director	Attendance at Meetings
Richard Boléat	4
Malcolm King	3
Christopher Wright	4

Remuneration and Nominations Committee

The Remuneration and Nominations Committee comprises Sir Nigel Broomfield, Shahzaad Dalal and David Hunter (Chairman) of which the majority is independent of the Investment Manager. Ajoy Kapoor served on this Committee until his resignation from the board of the Company on 14th April 2011. 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 met twice during the year under review.

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

Director	Attendance at Meetings
David Hunter	2
Sir Nigel Broomfield	2
Ajoy Veer Kapoor	2

Shareholder Relations

Shareholder communications are a key priority of the Board and the Company maintains a regular dialogue with its shareholders and 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, future investors and the media.

The Board is provided with regular feedback by the Group's Investment Manager at its board meetings. 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 of Yatra Capital Limited which comprise the consolidated and company statements of financial position as of 31 March 2011 and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory information, (the "financial statements").

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.

Opinion
In our opinion, the financial statements give a true and fair view of the financial position of the Company and the Group as of 31 March 2011, and of the financial performance and cash flows of the Group 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 directors' 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.

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.

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 2011

Consolidated and Company Statement of Financial Position

As at 31 March, 2011

	Notes	Group 31 March 2011 EUR	Group 31 March 2010 EUR	Company 31 March 2011 EUR	Company 31 March 2010 EUR
ASSETS					
Non current assets					
Financial assets at fair value through profit or loss	7	**132,877,815**	151,459,388	**-**	-
Investments in subsidiary undertakings	8	**-**	-	**169,354,489**	212,132,319
		132,877,815	151,459,388	**169,354,489**	212,132,319
Current assets					
Prepayments and other receivables	9	**5,021,443**	5,612,744	**268,176**	576,910
Cash and Cash equivalents	10	**33,829,400**	41,992,505	**26,705,051**	26,881,812
		38,850,843	47,605,249	**26,973,227**	27,458,722
Total assets		**171,728,658**	199,064,637	**196,327,716**	239,591,041
EQUITY AND LIABILITIES					
Capital and reserves					
Stated capital	11	**-**	**-**	**-**	**-**
Share premium	11	**211,906,108**	211,906,108	**211,906,108**	211,906,108
(Accumulated losses)/ Retained earnings		**(40,448,492)**	(13,167,523)	**(40,448,492)**	2,796,781
Total equity		**171,457,616**	198,738,585	**171,457,616**	214,702,889
Current liabilities					
Amount due to subsidiary	12	**-**	-	**24,807,073**	24,807,073
Accruals and other payables	13	**271,042**	326,052	**63,027**	81,079
		271,042	326,052	**24,870,100**	24,888,152
Total equity and liabilities		**171,728,658**	199,064,637	**196,327,716**	239,591,041

The financial statements were approved by the Board of Directors and authorised for issue on 27 July, 2011. They were signed on its behalf by Sir Nigel Broomfield and Richard Boléat.

Sir Nigel Broomfield — **Chairman**

Richard Boléat — **Director and Audit Committee Chairman**

The notes on pages 53 to 82 form an integral part of these financial statements.

Consolidated Statement of Comprehensive Income

For the year ended 31 March, 2011

	Note	Group Year ended 31 March 2011 EUR	Group Year ended 31 March 2010 EUR
INCOME			
Interest income		**750,889**	870,105
Dividend income		**33,070**	9,436
Gain on foreign currency translation		**-**	428,590
Gain on disposal of indirect subsidiaries		**9,270**	-
Gain on disposal of financial assets at fair value through profit or loss		**-**	307,107
Gain on redemption of minority interest shares		**-**	1,341,367
Net changes in fair value on financial assets and financial liabilities at fair value through profit or loss	6	**(22,301,362)**	(31,267,351)
		(21,508,133)	(28,310,746)
EXPENSES			
General Administration Expenses:			
Investment Manager fee	15	**4,153,774**	4,291,672
Custodian, secretarial and administration fees		**195,644**	158,879
Legal and professional costs		**325,744**	357,804
Directors' fees	15	**335,403**	212,553
Directors' insurance		**32,236**	30,252
Audit fees		**289,296**	315,856
Listing agents fees		**12,452**	12,378
Investment committee expenses		**45,483**	168,142
Other administrative expenses		**228,276**	137,149
Loss on foreign currency translation		**154,528**	-
		5,772,836	5,684,685
Total Comprehensive Loss for the year		**(27,280,969)**	(33,995,431)
Taxation		**-**	-
Total Comprehensive Loss Attributable to:			
Equity holders of the Company		**(27,280,969)**	(33,995,431)
		(27,280,969)	(33,995,431)
Loss per share - basic and diluted (EUR per share)	19	**(1.27)**	(1.59)

The notes on pages 53 to 82 form an integral part of these financial statements.

Consolidated Statement of Changes in Equity

As at 31 March, 2011

	Attributable to Equity Holders					
	Stated Capital	**Share Premium**	**Retained earnings/ (accumulated losses)**	**Total equity**	**Minority interests**	**Total**
	EUR	**EUR**	**EUR**	**EUR**	**EUR**	**EUR**
Group:						
At 31 March 2009	-	211,906,108	20,827,908	232,734,016	1,341,367	234,075,383
Minority interest written off	-	-	-	-	(1,341,367)	(1,341,367)
Total comprehensive loss for the year	-	-	(33,995,431)	(33,995,431)	-	(33,995,431)
At 31 March 2010	-	211,906,108	(13,167,523)	198,738,585	-	198,738,585
Total comprehensive loss for the year	-	-	(27,280,969)	(27,280,969)	-	(27,280,969)
At 31 March 2011	-	211,906,108	(40,448,492)	171,457,616	-	171,457,616

The notes on pages 53 to 82 form an integral part of these financial statements.

YATRA CAPITAL

Consolidated Statement of Cash Flows

For the year ended 31 March, 2011

	Notes	Group Year ended 31 March 2011 EUR	Group Year ended 31 March 2010 EUR
Cash flows from operating activities			
Loss for the year		**(27,280,969)**	(33,995,431)
Adjustments for:			
Dividend income		**(33,070)**	(9,436)
Interest income		**(750,889)**	(870,105)
Loss / (Gain) on foreign currency translation		**155,699**	(391,658)
(Gain) on disposal of financial assets at fair value through Profit or loss		**-**	(307,107)
(Gain) on redemption of minority interest shares		**-**	(1,341,367)
Net changes in fair value on financial assets and financial liabilities at fair value through profit or loss	6	**22,301,362**	31,267,351
		(5,607,867)	(5,647,753)
Purchase of financial assets at fair value through profit or loss		**(3,719,789)**	(7,926,887)
Proceeds from sale of financial assets		**-**	1,165,692
Refund of advance on equity contribution		**-**	173,201
Dividend received		**33,070**	9,436
Increase / (Decrease) in prepayments and other receivables		**295,335**	(413,400)
Decrease in accruals and other payables		**(55,010)**	(69,470)
Net cash used in operating activities		**(9,054,261)**	(12,709,181)
Cash flows from financing activities			
Interest received		**891,156**	870,105
Net cash from financing activities		**891,156**	870,105
Net decrease in cash and cash equivalents		**(8,163,105)**	(11,839,076)
Cash and cash equivalents at beginning of the year		**41,992,505**	53,831,581
Cash and cash equivalents at end of the year	10	**33,829,400**	41,992,505

The notes on pages 53 to 82 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").

Until 14 November 2010 Saffron Capital Advisors Limited, an investment management company incorporated in Mauritius ("the Investment Manager") advised the Group with respect to its investment activities. On 15 November 2010, Saffron Capital Advisors Limited merged with IL&FS Investment Advisors LLC, in accordance with the Mauritian Companies Act 2001. Hence the Investment Manager of the Group with effect from 15 November 2010 is IL&FS Investment Advisors LLC, a company incorporated and domiciled in the Republic of Mauritius. 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 financial statements are prepared on a ongoing basis and in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board and interpretations issued by the International Financial Reporting Interpretation Committee ("IFRIC") and 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.

As set out in Note 1, the Company makes investments in K2 which are disclosed as investments in subsidiary undertakings in the Statement of Financial Position of the Company. K2 makes

Notes to the Financial Statements (Continued)

Summary of significant accounting policies (Continued)

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 2011, 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 2011, 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) New and amended standards and interpretations mandatory for the financial year beginning 1 April 2010 but not relevant to the Group:

- IFRS 3 (revised), 'Business combinations', and consequential amendments to IAS 27,' Consolidated and separate financial statements', IAS 28, 'Investments in associates', and IAS 31, ' Interests in joint ventures', are effective prospectively to business combinations for which the acquisition date is on after the beginning of the first annual reporting period beginning on or after 1 July 2009.
- IFRIC 17, 'Distribution of non-cash assets to owners', effective on or after 01 July 2009.
- IFRIC 18, 'Transfer of assets from customers', effective for transfer of assets received on or after 01 July 2009.
- IFRIC 19, 'Reassessment of embedded derivatives and IAS 39, Financial Instruments: Recognition and measurement', effective 01 July 2009.
- IFRIC 16, 'Hedges of a net investment in a foreign operation', effective 01 July 2009.
- 'IAS 32(amended)', Financial Instruments: Presentation-Classification of rights issue. The amendment applies to annual periods beginning on or after 01 February 2010.
- IAS 36(amendment), 'Impairment of assets', effective 01 January 2010.
- IFRS 2(amendments), 'Group cash-settled share-based payment transactions', effective from 01 January 2010.
- IFRS 5(amendment), 'Non-current assets held for sale and discontinued operations', effective from 01 January 2010.

(b) New standards, amendments and interpretations issued but not effective for the financial year beginning 1 April 2010 and not early adopted

- IFRS 9, 'Financial instruments', Classification and Measurement of Financial Assets and Liabilities, issued in November 2009. This standard is the first step in the process to replace IAS 39, 'Financial Instruments: Recognition and measurement.' IFRS 9 introduces new measurement for classifying and measuring financial assets and is likely to affect the Company's accounting for its financial assets. The standard is not applicable until 01 January 2013 but is available for early adoption.
- IAS 24(amended), 'Related party disclosures', issued in November 2009. It supersedes IAS 24. 'Related party disclosures' issued in 2003. IAS 24(revised) is mandatory for periods beginning on or after 01 January 2011. Earlier application, in whole or in part, is permitted.

Notes to the Financial Statements (Continued)

Summary of significant accounting policies (Continued)

- IFRIC 19, 'Extinguishing financial liabilities with equity instruments', effective 01 July 2010.
- 'Prepayments of a minimum funding requirement' (amendments to IFRIC 14).
- IAS 27, 'Separate financial statements' (effective 01 January 2013).
- IAS 28, 'Investment in associates and joint ventures (effective 01 January 2013).
- IFRS 10, 'Consolidated financial statements (effective 01 January 2013).
- IFRS 11,' Joint arrangements' (effective 01 January 2013).
- IFRS 12, 'Disclosure of interests in other entities (effective 01 January 2013).
- IFRS 13,'Fair value measurement' (effective 01 January 2013).

The Board is yet to assess the impact of the above standards on the Group's operations.

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 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 over the net book 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 net book 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.

Notes to the Financial Statements (Continued)

Summary of significant accounting policies (Continued)

The net asset value of the Portfolio Companies as adjusted for differences between IFRS and Indian GAAP and tax to be suffered on the gain arising on fair valuation are carried by the Group based on its pro rata share.

Transactions and non-controlling interests

For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

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.

Investments in subsidiary undertakings

Investments in subsidiaries are initially recognised and subsequently carried at cost less impairment in the Statement of Financial Position of the Company.

In determining whether there is evidence of subsequent impairment, the directors may look to the underlying net asset value of the Company's investment in K2 and considerable the likely recoverable amount at each balance sheet date. Where the recoverable amount of an investment is less than its carrying amount, the investment is written down immediately to its recoverable amount and the impairment loss is recognised in the consolidated Statement of Comprehensive Income. Such impairment losses may be written back in the future, up to, but not in excess of, original cost. An impairment loss of EUR 42.7 million has been recognized in the Statement of Comprehensive Income of the Company (31 March 2010 – EUR Nil).
On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Comprehensive Income.

Changes in accounting policy

The Group has changed its accounting policy for transactions with non-controlling interests and the accounting for loss of control or significant influence from 1 January 2010 when revised IAS 27 ‘Consolidated and separate financial statements’, became effective.

Previously transactions with non–controlling interests were treated as transactions with parties external to the Group. Disposals therefore resulted in gains or losses in profit or loss and purchases resulted in the recognition of goodwill. On disposal or partial disposal, a proportionate interest in reserves attributable to the subsidiary was reclassified to profit or loss or directly to retained earnings.

Notes to the Financial Statements (Continued)

Summary of significant accounting policies (Continued)

Previously, when the Group ceased to have control or significant influence over an entity, the carrying amount of the investment at the date of loss of control or significant influence became its cost for the purposes of subsequently accounting for the retained interests as associates, jointly controlled entity or financial assets.

The Group has applied the new policy prospectively to transactions occurring on or after 1 January 2010. As a consequence, no adjustments were necessary to any of the amounts previously recognised in the financial statements.

2.3 Financial assets at fair value through profit or loss

(a) Classification

Advances on subscription monies are classified separately. These are reclassified as financial assets at fair value through profit or loss at the time when the allotment of shares by the relevant Portfolio Company is made.

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, Interests in Joint Ventures and IAS 28, 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. 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.

Notes to the Financial Statements (Continued)

Summary of significant accounting policies (Continued)

(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 recognised 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

Notes to the Financial Statements (Continued)

Summary of significant accounting policies (Continued)

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 63.24 (31 March 2010 - 60.56). 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.

(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.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of borrowings and other currency instruments designated as hedges of such investments, are taken to shareholders' equity. When a foreign operation is partially disposed off or sold, exchange differences that were recorded in equity are recognised in the Statement of Comprehensive Income as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

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.

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.

Notes to the Financial Statements (Continued)

Summary of significant accounting policies (Continued)

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.

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.

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, advance on equity contribution, other receivables, cash at bank and

Notes to the Financial Statements (Continued)

Summary of significant accounting policies (Continued)

accruals and other payables which approximate their fair values. 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 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, advance on equity contribution, 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 and the Company'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 and the Company held no derivative instruments during the year end 31 March 2011 (31 March 2010- Nil). A summary of the main risks are addressed below:

3.2 Market risk

The Group and the Company are 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

Notes to the Financial Statements (Continued)

Financial risk management (Continued)

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 both the Group and the Company show cash at cost, the question of fair value risk for the same does not arise.

(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, including advance on investment contribution 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, including the Company, 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 Company and Group continue to have fully unhedged INR exposures comprising substantially all of the Group's Non-Current Assets.

At 31 March 2011, the fair value of the Group's investments, including advance on investment contribution and other receivables, denominated in INR amounted to EUR 132,877,815 (31 March 2010 – EUR 151,459,388). 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 2011, assuming the price of the financial assets denominated in INR remains unchanged, if INR had strengthened by 10% (31 March 2010-10%) against the EUR, the Group's profits and net assets would have increased by EUR 14.76 million (31 March 2010- EUR 17.26 million) and had the INR weakened by 10% the Group's profits and net assets would have decreased by EUR 12.07 million (31 March 2010- EUR 14.11million).

Notes to the Financial Statements (Continued)

Financial risk management (Continued)

At 31 March 2011, the Group had outstanding capital commitments of EUR 3.76 million (31 March 2010 – EUR 4.25 million). The Company did not have any outstanding capital commitment at 31 March 2011. Had the INR depreciated against the EUR by 10% (31 March 2010 – 10%) the Group would have had at 31 March 2011 an outstanding capital commitment of EUR 3.38 million (31 March 2010 - EUR 3.87 million).

Had the INR appreciated against the EUR by 10% over the last year then the Group would have had at 31 March 2011 an outstanding capital commitment of EUR 4.13 million (31 March 2010 – EUR 4.72 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 retains the services of 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 2011. 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 2011 increased/decreased by 20% (2010 - 20%), with other variables held constant.

Year ended 31 March 2011	**Increase in fair value by 20% (EUR)**	**Decrease in fair value by 20% (EUR)**
Increase/(decrease) in profit and net assets	EUR 26.56 million	(EUR 26.56 million)
Year ended 31 March 2010	**Increase in fair value by 20% (EUR)**	**Decrease in fair value by 20% (EUR)**
Increase/(decrease) in profit and net assets	EUR 30.29 million	(EUR 30.29 million)

Notes to the Financial Statements (Continued)

Financial risk management (Continued)

3.3 Credit risk

Credit risk arises when a failure by a counterparty 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 2011, 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 "AA-" 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 "Baa2" 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 2011 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 2011, the total financial liabilities of the Group amounted to EUR 0.27 million (31 March 2010: EUR 0.33 million).

As detailed below, the outstanding capital commitments of the Group amounted to EUR 3.76 million as at 31 March 2011 (31 March 2010 – EUR 4.25 million). The cash balance of the Group as at 31 March 2011 amounted to EUR 33.83 million (31 March 2010 – 41.99 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	Description of Portfolio Holding	31 March 2011		31 March 2010	
		Commitment		Commitment	
		Total (EUR millions)	Balance (EUR millions)	Total (EUR millions)	Balance (EUR millions)
K2 A Residential Limited	Pune Residential	15.88	0.00	15.88	0.00
K2 C Retail Limited & K2 Property Limited	Mall, Pune	17.05	0.00	17.05	0.00
K2 A Hospitality Limited	Hotel, Pune	4.58	0.00	4.58	0.00
K2 Property Limited	Listed Entity on Indian stock exchange	3.73	0.00	3.73	0.00
K2 C Residential Limited	Mall, Nashik	10.42	0.00	10.42	0.00
K2 C Residential Limited	Mall, Indore	11.04*	0.91	11.08*	0.95
K2 C Residential Limited	Mixed Use, Indore	7.71	0.00	7.71	0.00
K2 A Retail Limited	Mall, Agra	4.04	0.00	4.04	0.00
K2 B Retail Limited	Mall, Bhavnagar	6.38*	1.27	6.43*	1.32
K2E Residential Limited (formerly K2 A Commercial Limited)	Batanagar Residential, Kolkata	20.28	0.00	20.28	0.00
K2 B Commercial Limited	Bantala IT SEZ, Kolkata	16.68	0.00	16.68	0.00
K2G Residential Limited (formerly K2 D Retail Limited)	Residential, Bangalore	20.04	0.00	20.04	0.00
K2F Residential Limited (formerly K2 B Hospitality Limited)	Residential, Bangalore	8.03	0.00	8.03	0.00
K2A Private Equity Eur 6.84 mn & Mildren Holding Limited Eur 3.30 mn	Entity Level, Hyderabad	10.14*	1.58	6.84	0.00
K2C Hospitality Limited	Hotel, Kolkata	4.64	0.00	4.62*	1.98
Total initial / outstanding commitments		**160.64**	**3.76**	**157.41**	**4.25**

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

Details	Group		Group	
	Due - less than 12 months		Due - more than 12 months	
	31 March 2011 EUR Millions	31 March 2010 EUR Millions	31 March 2011 EUR Millions	31 March 2010 EUR Millions
Accruals and other payables	0.27	0.33	-	0.08
Outstanding Commitments	3.76	4.25	-	-
Total payable	**4.03**	**4.58**	**-**	**0.08**

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

Notes to the Financial Statements (Continued)

Financial risk management (Continued)

3.5 Fair values

The carrying amount of financial assets at fair value through profit or loss, advance on investment contribution, 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 value 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 value 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 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.

Notes to the Financial Statements (Continued)

Financial risk management (Continued)

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 2011 Group				
Financial assets designated at fair value through profit or loss	1,831,488	-	131,046,327	132,877,815
31 March 2010 Group				
Financial assets designated at fair value through profit or loss	1,949,166	-	149,510,222	151,459,388

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 4.06% of the total financial assets at fair value through profit or loss. Further analysis of movements in level 3 (unlisted investments) has been disclosed in note 7.

There has been no transfer between levels during the year ended 31 March 2011 (31 March 2010 – Nil).

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.

Notes to the Financial Statements (Continued)

Financial risk management (Continued)
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 the Company 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.

3.8 Financial instrument by category

Group 31 March 2011 **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	-	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 2010			
Financial assets at fair value through profit or loss	**-**	**151,459,388**	**151,459,388**
Cash and cash equivalents	41,992,505	-	41,992,505
Prepayments and other receivables	5,612,744	-	5,612,744
Total	**47,605,249**	**151,459,388**	**199,064,637**

Notes to the Financial Statements (Continued)

Financial risk management (Continued)

Group 31 March 2011 Current liabilities	Accruals and other payables EUR	Total EUR
Accruals and payables	271,042	271,042
Total	**271,042**	**271,042**
Group 31 March 2010		
Accruals and payables	326,052	326,052
Total	**326,052**	**326,052**

4 Critical accounting estimates and judgements

4.1 Critical accounting estimates and assumptions

As part of their ongoing business, the Group and the Company, through the Board, make 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 those 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 on 31 March 2011. 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 leases 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

Notes to the Financial Statements (Continued)

Critical accounting estimates and judgements (Continued)

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 completion of the relevant development project.

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, based on the guidelines issued by the Royal Institution of Chartered Surveyors (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. 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 relating from the properties are forecasted using precisely stated assumptions 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. These assumptions are however reviewed by the valuer where the latter 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 2011. 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 appropriate prices for subject property being valued. These discounts or premiums are necessary 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 2011, as reported by the Valuer, is then used in the fair valuation of the Net Assets of the Portfolio Companies.

Notes to the Financial Statements (Continued)

Critical accounting estimates and judgements (Continued)

As at 31 March 2011, the Board and the Investment Manager believed that the non residential Portfolio Companies 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, 89% of the debt has been sanctioned by the Banks/Financial Institutions and the balance 11% will be sought when required by relevant project phasing.

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 liquidity risk for all current projects has been adequately addressed.

The valuation techniques adopted for the Valuer makes use of observable data, assumptions and estimates, on 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.

The Group also holds unquoted compulsorily convertible debentures in the Portfolio Company Saket Engineers Private Limited ("Saket") which provide a rate of return of 25% per annum based on the Debenture Subscription Agreement (the "DSA") entered into on 1 April 2010. The Board has made the judgment that Saket will be in a position to buy back its equity that are issued to the Group by virtue of the compulsory conversion provisions embedded in the DSA. Accordingly, the compulsorily convertible debentures held by the Group in Saket have been fair valued at the Group's current share of the net assets of Saket.

In the event that Saket is unable to buy back the equity shares as contemplated by the DSA, the Group has recourse to enforcing a put option against Saket. However, in the event that the put option is not permissible, then the Group can have recourse to selling the equity shares received pursuant to the compulsory conversion to third parties in the market. Further in the event that the Group is unable to effect the put option, the fair value estimate will be adjusted to reflect the market value of the holding in Saket shares from time to time.

Notes to the Financial Statements (Continued)

Critical accounting estimates and judgements (Continued)

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 and the Company 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.

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 have 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% (2010 - 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% (2010 -16.995%) 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%, in Cyprus. At 31 March 2011, Mildren had a income tax charge of EUR 13,754 (2010 – EUR Nil). The accumulated tax losses up to the year ended 31 March 2010 of EUR 5,846 was utilised against the current taxable profits. Under certain conditions, interest income may be exempt from income tax and only subject to defence contribution at the rate of 15%. 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% (2010 - 15%). These are however entitled to a tax credit equivalent to the higher of actual foreign tax suffered and 80% (2010 - 80%) of the Mauritius tax payable in respect of foreign source income tax thus reducing its maximum effective tax rate to 3% (2010 - 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 2011, the accumulated tax losses within the Group in respect of Mauritian tax amounted to EUR 2,635,030 (2010 - EUR 1,900,260) 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 years ended 31 March is as follows:

	2011	2010
	EUR	EUR
Operating loss for the year	**(26,813,526)**	(33,946,957)
Tax calculated at domestic rates applicable to profits in the respective countries	**(4,040,571)**	(5,091,751)
Impact of:		
Non-allowable expenses	**4,367,418**	5,382,237
Special defence contribution	**106**	-
10% Indian withholding tax	**20,644**	-
Exempt income – Net	**(25,313)**	(77,402)
Income not subject to tax	**(366,317)**	(201,205)
Utilised losses	**(1,348)**	(50,848)
Under provision of tax liability	**(20,750)**	-
Deferred tax asset not recognised	**66,131**	38,969
Actual income tax expense	**-**	-

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 2011 arising from accumulated tax losses amounted to EUR 79,051(31 March 2010 – EUR 56,832) for the Group.

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

Net changes in fair value of financial assets and liabilities at fair value through profit or loss are comprised as follows:

	Note	**Group 31 March 2011 EUR**	Group 31 March 2010 EUR
Loss on fair valuation of financial assets	7	**(22,301,362)**	(31,268,135)
Gain on fair valuation of financial liabilities		-	784
Total net loss for the year ended 31 March		**(22,301,362)**	(31,267,351)

7 Financial assets at fair value through profit or loss

Details of the listed and unlisted shares are as follows:

Group	**Listed shares EUR**	**Unlisted shares EUR**	**Total EUR**
At 1 April 2009	670,995	174,864,867	175,535,862
Additions	-	7,926,887	7,926,887
Disposal	-	(858,585)	(858,585)
Transfer from advance on investment contribution	-	296,560	296,560
Refund of equity contribution		(173,201)	(173,201)
Gain/(Loss) on fair valuation	1,278,171	(32,546,306)	(31,268,135)
At 31 March 2010	1,949,166	149,510,222	151,459,388
Additions	-	3,719,789	3,719,789
Loss on fair valuation	(117,678)	(22,183,684)	(22,301,362)
At 31 March 2011	**1,831,488**	**131,046,327**	**132,877,815**

Notes to the Financial Statements (Continued)

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

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

Group		31 March 2011			31 March 2010	
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**	**1,831,488**	<1%	3,735,949	1,949,166
Unlisted Equity Investment in Portfolio Companies						
Alliance Hospitality Services Private Limited	20%	**4,580,931**	**5,119,953**	20%	4,580,931	5,711,110
City Centre Mall Nashik Pvt. Limited	50%	**10,502,462**	**10,094,277**	50%	10,502,462	11,136,441
Indore Treasure Market City Private Limited	28.9%	**10,151,376**	**10,578,967**	28.9%	10,151,376	14,743,186
Forum IT Parks Pvt. Ltd.	49%	**16,680,328**	**6,546,239**	49%	16,680,328	15,083,178
Gangetic Developers Pvt. Ltd	28%	**4,035,167**	**2,772,650**	28%	4,035,167	2,840,968
Kolte Patil Real Est. Pvt. Ltd.	49%	**13,063,198**	**17,364,896**	49%	13,063,198	17,891,069
Modi Organisors Pvt. Ltd.	50%	**5,110,336**	**566,399**	50%	5,110,336	1,925,723
Palladium Cons. Pvt. Ltd.	30%	**20,042,747**	**17,479,966**	30%	20,042,747	16,485,022
Platinum Hospitality Services Private Limited	30%	**8,034,286**	**7,263,029**	30%	8,034,286	6,639,085
Riverbank Holdings P. Ltd	50%	**20,282,856**	**11,908,727**	50%	20,282,856	14,944,240
Indore Treasure Town Private Ltd	42.77%	**7,728,669**	**16,587,868**	42.77%	7,728,669	14,483,827
Vamona Developers Pvt. Ltd	24%	**17,047,066**	**11,267,223**	24%	17,047,066	15,277,972
Saket Engineers Pvt. Ltd.	26.05%	**6,844,478**	**5,074,369**	26.05%	6,844,478	8,415,445
Jalan Intercontinental Hotels Pvt. Ltd	40%	**4,642,946**	**6,514,800**	40%	2,639,241	3,932,956
Saket Engineers Pvt. Ltd (Convertible Debentures)	-	**1,716,084**	**1,906,964**	-	-	-
		150,462,930	**131,046,327**		**146,743,141**	**149,510,222**
Total		**154,198,879**	**132,877,815**		**150,479,090**	**151,459,388**

Notes to the Financial Statements (Continued)

8 Investment in subsidiary undertakings

Company		31 March 2011 EUR	31 March 2010 EUR
At 31 March 2010		**212,132,319**	212,132,319
Investments in subsidiary undertakings during the year		**-**	-
Impairment recognised during the year		**(42,777,830)**	-
At 31 March 2011	EUR	**169,354,489**	212,132,319

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%

At 31 March 2011, K2 had issued 1,250,000 (31 March 2010 – 1,250,000) Class A shares, and 1,687,865 (31 March 2010 – 1,687,865) Class B shares to Yatra Capital Limited and 75,000 (31 March 2010 – 75,000) Class C shares and 25,000 (31 March 2010 – 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 C and Class D shares issued by K2 as referred in note 8 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.

Notes to the Financial Statements (Continued)

Investment in subsidiary undertakings (Continued)

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 31st March 2011, the sum accrued in respect of these provisions is EUR Nil (31st March 2010 – EUR Nil)

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%

Notes to the Financial Statements (Continued)

Investment in subsidiary undertakings (Continued)

* At 31 March 2011, these indirect subsidiaries had not yet started their investing activities.

On 29 June 2010, the Group disposed off two indirect subsidiaries, namely K2E Retail Limited and K2F Retail Limited.

9 Prepayments and other receivables

Particulars	**Group 31 March 2011 EUR**	Group 31 March 2010 EUR	**Company 31 March 2011 EUR**	Company 31 March 2010 EUR
Amount due from Tangerine Developers Private Limited	**3,518,343**	**3,674,042**	**-**	-
Prepayments on management fees (Note 15)	**1,066,059**	**1,139,977**	**-**	-
Other receivables	**437,041**	**633,600**	**268,176**	**576,910**
Amount paid to Jarul Promoter & Developers Private Limited	**-**	**165,125**	**-**	-
	5,021,443	**5,612,744**	**268,176**	**576,910**

The Board has reviewed the above receivables at 31 March 2011 to determine whether any impairment is required. The Board concludes that there was no indication of impairment at 31 March 2011 (31 March 2010 – Nil).

10 Cash and cash equivalents

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

	Group 31 March 2011 EUR	Group 31 March 2010 EUR	**Company 31 March 2011 EUR**	Company 31 March 2009 EUR
Cash at bank	**33,829,400**	41,992,505	**26,705,051**	26,881,812

Notes to the Financial Statements (Continued)

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 2010	21,428,571	-	211,906,108	211,906,108
During the year	-	-	-	-
As at 31 March 2011	21,428,571	-	211,906,108	211,906,108

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.

12 Amount due to subsidiary

The amount due by the Company to its subsidiary K2 is EUR 24,807,073 (31 March 2010 – EUR 24,807,073) and represents unpaid share capital. The balance payable is interest free and is payable within one year.

13 Accruals and other payables

	Group 31 March 2011 EUR	Group 31 March 2010 EUR	**Company 31 March 2011 EUR**	Company 31 March 2010 EUR
Amount due to related parties	**50**	50	**-**	-
Other payables	**40,644**	113,088	**-**	81,079
Accruals	**230,348**	212,914	**63,027**	-
Total	**271,042**	326,052	**63,027**	81,079

14 Distribution payable

No dividend was paid during the year ended 31 March 2011 (31 March 2010 - Nil).

Notes to the Financial Statements (Continued)

15 Related party transactions

The Group entered into transactions with related parties in respect of Investment management fees, secretarial and administration fees, director's remuneration and amount due to subsidiary 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 amounted to EUR 4,153,774 (31 March 2010 - EUR 4,291,672). 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 2011 is EUR 1,066,059 (31 March 2010 - EUR 1,139,977). These fees will decline each year as per the Investment Management Agreement.

Ajoy Veer Kapoor, who was a director of Yatra Capital Limited and K2 Property Limited was also a director of the Investment Manager and IIML Asset Advisors Private Limited (formerly Saffron Asset Advisors Private Limited), the India Advisor to the Investment Manager.

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

<u>Group</u>

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 63,944 (31 March 2010 – EUR 62,313). The services of the K2 Administrator may be terminated by either party by giving not less than ninety days notice. Amount payable at the year end was EUR NIL (31 March 2010 - EUR 17,031).

Manogaran Thamothiram and Ben Locknath Daby Seesaram, the directors of K2 Administrator are also directors of K2.

<u>Company</u>

There are no related party transactions at the Company level.

Directors' remuneration

<u>Group</u>

The total remuneration paid to Directors who are related parties for the year end was EUR 335,403 (31 March 2010 - EUR 212,553).

Notes to the Financial Statements (Continued)

Related party transactions (Continued)

Company

The total remuneration paid to Directors for the year end was EUR 245,220 (31 March 2010 - EUR 212,553).

Amount due to subsidiary

The outstanding balance of unpaid share capital to K2 as at 31 March 2011 is EUR 24,807,073 (31 March 2010 EUR 24,807,073).

16 Ultimate controlling party

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

17 Events after the date of Statement of Financial Position

On 24 May 2011, the Group disbursed a sum of EUR 786,351 to Saket Engineers Private Limited being the third tranche of compulsorily convertible debentures subscription amount.

18 Capital commitments

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

19 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.

	31 March 2011 EUR	31 March 2010 EUR
Loss attributable to equity holders of the Company	**(27,280,969)**	(33,995,431)
Weighted average number of ordinary shares in issue	**21,428,571**	21,428,571
Basic loss per share – basic and diluted (EUR per share)	**(1.27)**	(1.59)

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

Notes to the Financial Statements (Continued)

20 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.

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K2 Property Limited **12th July, 2011**
C/o Minerva Fiduciary Services (Mauritius) Limited
Suite 2004, Level 2, Alexander House
35, Cyber City
Ebene, Mauritius

Dear Sirs

Valuation and Report as at 31st March, 2011 of the Property Portfolio for K2 Property Limited

In accordance with instructions from K2 Property Limited dated 1st February, 2011, CB Richard Ellis has carried out a valuation of 20 properties located in different parts of India on behalf of K2 Property Limited for accounting and reporting purposes. The properties valued are:

- **Saket Engineers Private Limited (Unlisted Entity level Investment)** – Hyderabad and Bangalore
- **Riverbank Developers Private Limited** – Residential Development, Batanagar, Kolkata, West Bengal
- **Forum Group** – IT Park, Bantala, Kolkata, West Bengal
- **Phoenix Mills Limited** - Mixed Use Development, Yeshwantpur, Bangalore
- **Jalan Group** – Hospitality Development, E M Bye Pass, Kolkata, West Bengal
- **Gangetic Developers Pvt. Ltd.** – Land for Development, Fatehabad Road, Agra, Uttar Pradesh
- **Modi Developers** – Mixed Use Development, Ring Road, Bhavnagar, Gujarat
- **Twenty First century Pvt. Ltd.** – Residential led development, Major Route (MR) 3, Bijalpur, Indore, Madhya Pradesh
- **Five Star Developers Pvt. Ltd.** – Retail led development, Major Route (MR) 10, Indore, Madhya Pradesh
- **City Centre Mall Nashik Pvt. Ltd.** – Retail Development, Lawate Nagar, Nashik, Maharashtra
- **Kolte Patil Developers** – Residential led Development, Kharadi, Pune, Maharashtra
- **Vamona Developers Pvt. Ltd.** – Retail Development, Nagar Road, Pune, Maharashtra
- **Alliance Hospitality Services Pvt. Ltd.** – Hospitality Development, Nagar road, Pune, Maharashtra

All the properties discussed above are development assets except City Center Mall, Nashik which is an operational income generating asset. Further, the last two properties comprising of a retail development by Vamona Developers and hospitality development by Alliance Hospitality Services are being developed on the same land parcel and constitutes one single integrated development. However, for the purpose of this valuation exercise, the two components have been considered as two different and non-related properties.

The valuations for the above properties were carried out as at 31st March, 2011 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 2011 and March 2011.

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
Kolkata - Jalan	DCF	14.00%	22.50%	60:40	17.40%
Kolkata - Batanagar	DCF	14.00%	27.50%	60:40	19.40%
Kolkata - Bantala	DCF	14.00%	30.00%	60:40	20.40%
Agra	Direct Comp				
Bhavnagar	DCF	14.00%	25.00%	60:40	18.40%
Indore - Bijalpur	DCF	14.00%	25.00%	60:40	18.40%
Indore - MR 10	DCF	14.00%	25.00%	60:40	18.40%
Pune - Kharadi	DCF	14.00%	25.00%	60:40	18.40%
Pune - Nagar Road Hotel	DCF	14.00%	25.00%	60:40	18.40%
Pune - Nagar Road Retail	DCF	12.50%	20.00%	50:50	16.25%
Pune – Nagar Road Office	DCF	14.00%	20.00%	60:40	16.40%
Nashik	DCF	12.50%	18.00%	50:50	15.25%
Bangalore - Market City	DCF	14.00%	27.50%	60:40	19.40%
Saket					
- Bangalore (JDA)	DCF	14.00%	30.00%	60:40	20.40%
- 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	DCF	14.00%	30.00%	50:50	22.50%
- Gowdavelly 67 acres	DCF	14.00%	30.00%	50:50	22.50%
- 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.

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, 2011 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 **CB Richard Ellis Limited**

VKKanth

Vamshi Krishna Kanth
Head – Valuation and Advisory Services,
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