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INVESTMENT MANAGER
SAFFRONCAPITALADVISORS

YATRA CAPITAL LIMITED

ANNUAL REPORT 31 MARCH 2010

INVESTMENT MANAGER
SAFFRONCAPITALADVISORS

Yatra Capital

"We hope the improvement in the global economy continues and expect the improvement in the Indian economy to do so. At the Company level, our focus will be on the active management of our portfolio together with our development partners with a particular focus on the successful completion of our next three projects."

- Sir Nigel Broomfield
Chairman of Yatra Capital

Content

Performance Highlights

- **Yatra Capital Limited ("Yatra") listed on Euronext, Amsterdam on 6 December 2006**
- **Strategic review of the portfolio conducted during the year resulted in a higher allocation towards the self liquidating residential sector and a significantly lower debt requirement across the portfolio**
- **Yatra has entered into 15 investments spread across 9 cities resulting in over 27 million sq ft under development as of 31 March 2010. Two of these investments are entity level investments out of which one is a listed entity investment**
- **Construction on nine project level investments has commenced and the first project, City Center Mall, Nashik became operational in April 2009. Three projects are expected to be operational in the next 12-18 months**

10.57%
Yatra's portfolio decreased in value by 10.57% as compared to 31 March 2009

€ 9.27
Net Asset Value* ("NAV") per share has fallen by 14.64 % from EUR 10.86 at 31 March 2009 to EUR 9.27 at 31 March 2010

€ 11.34
Adjusted Net Asset Value** ("Adjusted NAV") per share decreased by 1.82% to EUR 11.34 from EUR 11.55

€ 1.59
Loss Per Share for the year ended 31 March, 2010 was EUR 1.59 (2009 – EUR 2.57)

€ 33.99 million
Net loss for the year ended 31 March 2010 was EUR 33.99 million (2009 - EUR 56.42 million)

€ 220 million
Yatra raised EUR 220 million by October 2007 and has committed 74% of net funds raised as at 31 March 2010 and 76% as on 28 July 2010

27 million sq. ft.
Under development as at 31 March 2010

15
Total number of Investments

9
Number of Cities in which Yatra has Invested

9
Number of Investments where construction has commenced. The first project, City Centre Mall, Nashik became operational in Q1 2009-10

* Net Asset Value ("NAV") is based on Yatra's (including all subsidiaries) net assets divided by number of shares outstanding as at 31 March 2010. This incorporates adjustments for taxation, exchange rate movements and carried interest.

** Adjusted Net Asset Value ("Adjusted NAV") excludes provisioning for taxation of India based portfolio companies under the Group at India level

Chairman's Statement

Global & Indian Economy

At the beginning of the year markets were still nervous following the global financial meltdown. As the year progressed, however, the effects of the reflationary policies of Governments began to take effect and there are now signs of a revival with the emerging economies taking the lead. But the recovery is fragile and recent events in the Euro zone have shown how easy it could be for the world to slip back into recession.

Nevertheless India's GDP grew at 8.6% QoQ in Q4 FY 2009-10 as compared to 6.5% in the previous quarter. GDP is expected to grow at over 8% per annum for FY 2010-2011. This is being fuelled by strong growth in the industrial sector as well as in services and agriculture. India's industrial output rose for the seventh consecutive month in April 2010 by 17.6% due to higher spending on infrastructure and improving exports. However, concerns over rising inflation (over 9% per annum) will require a difficult balancing act of maintaining growth while restraining inflation.

Citing improvement in the economic performance, the government of India has already started the process of a partial withdrawal of stimulus package – both through increasing interest rates as well as rolling back the tax breaks offered earlier.

Indian Real Estate Markets

Against the backdrop of India's strong economic growth, real estate markets also started showing signs of revival with residential inventory levels declining across markets following price corrections.

As corporates begin expanding and hiring again, commercial office space should also start to see reducing inventory levels. Recent projections show the IT/ITES sector alone planning to hire over 100,000 new employees during the current year which should mean increased office space requirements. There are also some signs of a cautious growth in confidence and expansion in the retail sector.

Performance Highlights

In our first completed project, the Nashik City Centre, over sixty five percent of the retail space has now been occupied by high quality tenants like Big Bazaar, Westside, Reliance and Cinemax. Further leasing is now the focus of our attention.

We expect several more projects including the shopping centres in Pune and Indore and the Taj Gateway hotel in Kolkata to be operational over the next 12-18 months. This is a sign that even in constrained economic conditions, we and our development partners are committed to delivering on our investments.

In response to rapidly changing market conditions, a strategic review of all projects in the portfolio was conducted by the Investment Committee and the Investment Manager. As a result, the residential element in our portfolio has increased from some 20% to 44%. In addition the debt requirement across the portfolio has come down significantly.

Corporate Governance

During the year we have looked at all levels in our operation with a view to simplifying and making our structures more effective and transparent. Two new Independent Directors with significant international experience in accounting and managing private equity and real estate funds have joined the Board. Three former Directors have left us and we thank them for their contribution.

A similar process was carried out in our Mauritian subsidiary, K2 Property, where the existing separate Investment Committee was dissolved with key members coming onto the main Board to improve its effectiveness and accountability.

The Board believes that with the current structure in place now, there will be an increased focus on deliverance of value to the Yatra shareholders.

Valuations

Valuations of real estate assets in an emerging economy such as India's remains a challenge particularly as all investments are held through complex corporate structures and there are few market comparables.

We commissioned Ernst and Young – India to review the existing valuation methodology. Subsequently, property valuations were undertaken by CB Richard Ellis South Asia Private Limited ("CBRE") in accordance with The Royal Institution of Chartered Surveyors (RICS) guidelines. Finally we went through the CBRE findings in great detail. The results were also subject to audit by PricewaterhouseCoopers, our statutory auditors. These procedures give the board some reassurance that while values are marked down in a thin market, our assets are based on strong fundamentals.

Overall, the NAV per share of 31 March 2010 stands at EUR 9.27 which is a decline of 14.64% compared to last year and reflects the present market conditions.

Stock Price And Stock Value

Loss per share for the year has been EUR 1.59 (2009 – loss per share EUR 2.57).

Our share price during the year has varied between EUR 1.80 to EUR 6.15 which is a significant discount to the NAV. While we would like the stock price to reflect as closely as possible to the real underlying long-term value of the Company, we have to accept that short term extraneous factors will continue to have a significant effect on the present market price.

As investors have already been informed, the Board is at an advanced stage for appointing a Corporate Financial Advisior and a new broker for the Company.

Dividend

As projects remain in a highly capital intensive stage, the Board is not declaring a dividend this year. The Board will consider payment of dividends when it becomes commercially prudent to do so.

Investor Relations

In these challenging times we have sought to maintain a continuous and open dialogue with our investors. The focus of the Board and the Investment Manager has been to provide, on a consistent basis, the most up-to-date and accurate information to our shareholders. We now hold a joint investor call every quarter where a detailed update is provided to all shareholders on the state of the economy, the real estate markets and the individual projects. I am happy to report that the joint investor calls have been well attended by a significant number of our shareholders who have raised questions of importance to them. Those who have been unable to attend have commented that they appreciate the briefing being posted on our website.

We have focused on increasing Yatra's visibility by participating at industry forums and creating greater awareness about the Company.

Outlook

We hope the improvement in the global economy continues and expect the improvement in the Indian economy to do so. If that is the case then there is a possibility that it will feed into all branches of the Indian real estate market. At the Company level our focus will be on the active management of our portfolio together with our development partners with a particular focus on the successful completion of our next three projects.

Finally I would like to pay tribute to our Investment Manager and all those who work with us either directly or indirectly in India and Mauritius. My colleagues on the Board have given unstintingly of their time and experience and, finally, I would like to thank our investors for the confidence they have shown in the Company and their willingness to have an open dialogue with the Board.

On 30 July an announcement was made by our Investment Manager of its intention to merge with IIAL, a leading India focussed fund management house with over USD 2.8 billion of equity under management. The Board considers that this will be a positive development for Yatra investors.

Sd/-

- Sir Nigel Broomfield
Non-Executive Chairman

Yatra Capital Limited

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 RE sector.

The **residential** real estate sector saw a revival during FY 2009-10, a result of the favourable economic environment, employment security, enhanced affordability and lower mortgage rates. The enhanced affordability was a result of the decline in asset prices coupled with most developers revising the product offering to include higher number of smaller size apartments. The revival initially in the mid-market and affordable segments eventually spread to other segments like luxury housing as well.

The **commercial** and **retail** segment also witnessed a recovery in the second half of FY 2009-10. The demand for commercial space was driven by the global economic revival and the resultant growth witnessed by the IT/ITES, Telecom and the Financial services sector. These segments embarked upon an aggressive expansion drive and announced significant hiring plans, resulting in an increase in demand for commercial space. The **retail** industry also saw significant revenue growth; however, they adopted a cautious expansion approach due to high rentals.

These developments have revived the investor interest in real estate companies with a number of listed realty companies successfully raising additional capital during follow on offers during the year. Some of the prominent unlisted real estate companies are now actively looking to go public during FY 2010-11.

Despite the revival, the future outlook for the sector remains challenging with the input prices going up and debt repayments becoming due in the next 2-3 years. However, Yatra's diversified and well positioned portfolio, resourceful and less leveraged development partners and active asset management will help mitigate these future challenges.

Portfolio Highlights

We made significant progress in the portfolio during the year – both strategically as well as operationally. At a macro level, we thoroughly reviewed the business plans of all the projects to determine relevance to the changing market scenario. Apart from looking at the product mix, we also focused on timelines, costs and leverage for the various projects in the Yatra portfolio.

As a result of this strategic review, we have increased our portfolio allocation to the residential sector significantly and also been able to reduce the use of leverage by almost 25%. Both these changes are noteworthy and would have a long term positive impact on Yatra's performance.

Two projects where we have changed business plans radically are Bangalore (where we moved from a retail led development to a residential one) and Batanagar in Kolkata (where we are moving from an IT SEZ development to becoming a part of the larger residential township).

At an operational level, we resolutely focused on the execution of projects. As a result, we expect to see at least 3 more projects (shopping centers at Pune & Indore and the hotel in Kolkata) get operational in the next 12-18 months. Residential projects in Pune, Indore and Bhavnagar were also launched during the year and witnessed an encouraging market response.

Because of the present state of the markets, the proposed shopping centre in Agra has been put on hold for the time being. During the year, Yatra also exited from its commitment to participate in the Mumbai Office Project.

Overall, we have let / sold / agreed terms for almost 3.7 million sq ft which represents 46.6% of the total leasable / saleable area presently launched.

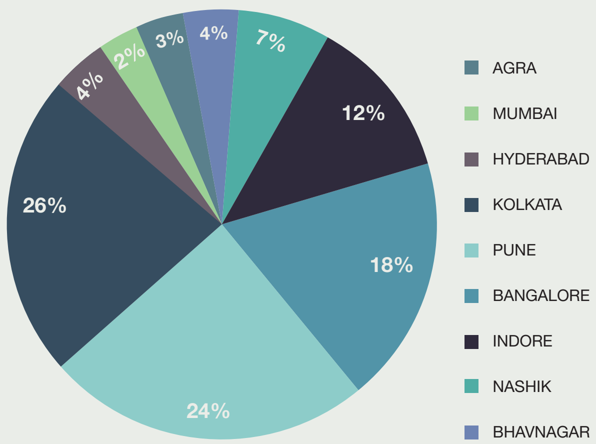
Of the total debt financing requirement of EUR 231.58 million, we have secured EUR 185.77 million with the balance under negotiations. The weighted average cost of debt across the portfolio stands at ~13% per annum.

Valuations

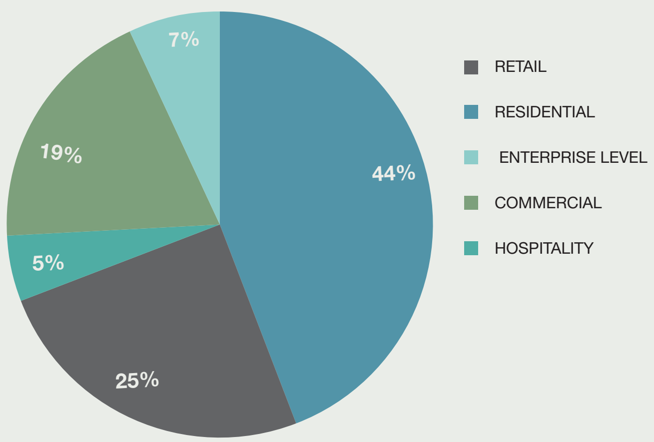
The valuations for the portfolio were conducted as on 31 March 2010 under the RICS guidelines by the independent valuers CBRE. Projects where business plans are yet not firmed up (Agra) or those involving long gestation periods (some of the land parcels under Saket Engineers, our entity level investment) were valued on Direct Comparable basis while the others were valued on Discounted Cash Flow basis.

A number of the Company's projects have fallen in value over the past twelve months. While we do not disagree with the valuer's views, it is worth noting that we believe there remains scope for material uplift in the future as retail markets open up and mature, as IT space demand returns and as demographics drive residential demand.

GEOGRAPHIC DIVERSIFICATION OF INVESTMENTS



SECTORAL DIVERSIFICATION OF INVESTMENTS



The valuation highlights are as follows:

- Valuation of the portfolio based on independent RICS valuation as on March 31 2010 – EUR 185.68 million (2009 - EUR 207.62 million)
- Decrease in valuation – (10.57%)

Valuation assumptions:

- Capitalization Yields: 10.0% -11.5%
- WACC: 18.59% * (2009 – 19.76%)

* *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 are yet to be finalised. The table below provides a project level break-up of the valuation data:

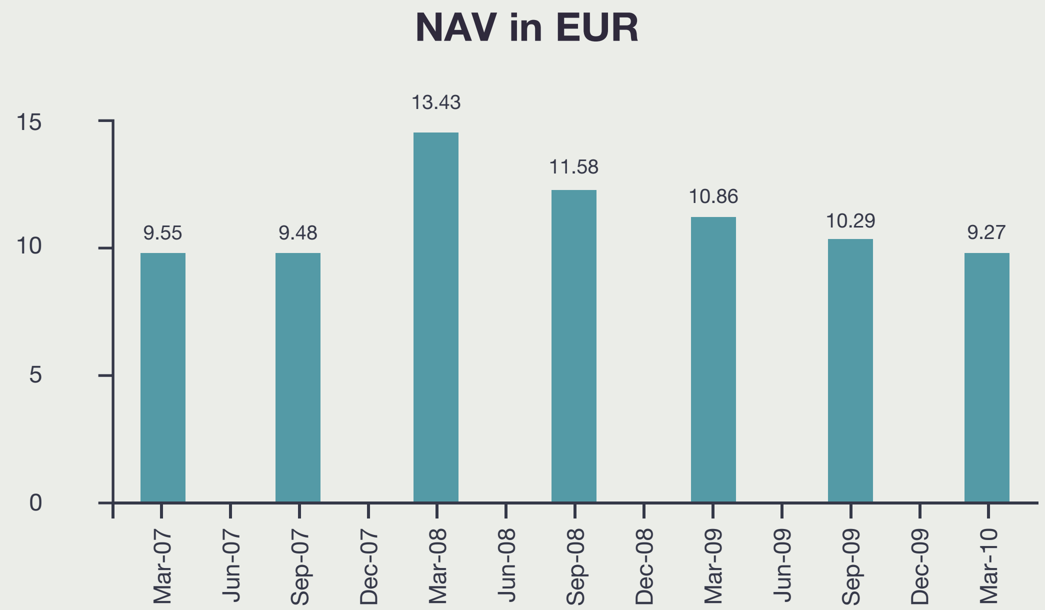
Development Project	Amount Committed	Portfolio Valuation		Unrealized Valuation	
		Mar'09	Mar'10*	Gain/ (Loss) in Mar'10	Contribution to NAV **
	Euro mn	Euro mn	Euro mn	%	%
Treasure Market City, Indore #	11.08	16.72	17.74	6.12	7.62
Batanagar, Kolkata	20.28	24.22	17.49	(27.80)	7.73
Nashik City Centre, Nashik #	10.42	12.67	15.20	19.97	5.76
Treasure City, Bijalpur #	7.71	15.08	20.16	33.66	7.49
Market City Retail, Pune #	17.05	21.49	28.69	33.50	7.90
Market City Hospitalty, Pune #	4.58	4.4	4.69	6.58	2.95
Forum IT SEZ, Kolkata	16.68	20.62	10.64	(48.40)	7.80
Market City, Bangalore***	28.08	36.17	20.12	(44.37)	11.95
Residential Project, Pune #	15.88	16.32	19.61	20.18	9.25
Mixed Use Development, Bhavnagar #	6.43	10.00	5.62	(43.77)	1.00
Phoenix United Mall, Agra #	4.04	5.44	3.06	(43.81)	1.47
Taj Gateway, Kolkata	4.62	9.86	7.41	(24.84)	2.03
Listed Equity Holdings					
The Phoenix Mills Ltd.	3.73	0.67	1.95	190.92	1.01
Unlisted Equity Holding					
Saket Engineers Private Ltd.	6.84	13.96	13.30	(4.70)	4.35
Cash	NA	NA	NA	NA	21.70
Total	**157.42**	**207.62**	**185.68**	**(10.57)**	**100.00**

** As per CBRE valuation in 2010.*
*** NAV numbers post balance sheet adjustment.*
**** Includes two Indian Portfolio Companies.*
 # Projects Valued by CBRE in 2009.

Valuations (Continued)

As noted above, some of the projects have experienced a severe mark down compared to last year. These projects valuations are reflective of the present market conditions in the IT and residential space (Forum IT SEZ, Kolkata and Market City, Bangalore), moving from a DCF valuation to DCM Approach (Phoenix United Mall, Agra) and restructuring of the development mix (Mixed Use, Bhavnagar).

In the year 2009, the valuation of Batanagar (Kolkata), Forum IT SEZ (Kolkata), Market City Retail (Pune), Market City Hospitality (Pune), Taj Gateway (Kolkata) and Saket Engineers Private Limited was undertaken by international property valuers Knight Frank (India) Private Limited. The Board of K2 changed from two valuers to one valuer this year to bring in more consistency in the valuations across the Group.



Going Forward

We intend to build further on the strategic initiatives taken during the past year. The next few quarters are critical from the perspective of the global economic recovery as well as the Indian property markets. We also intend to continue our focus on execution at the project level and maintain a keen eye to secure potential exits for some of the Yatra's investments.

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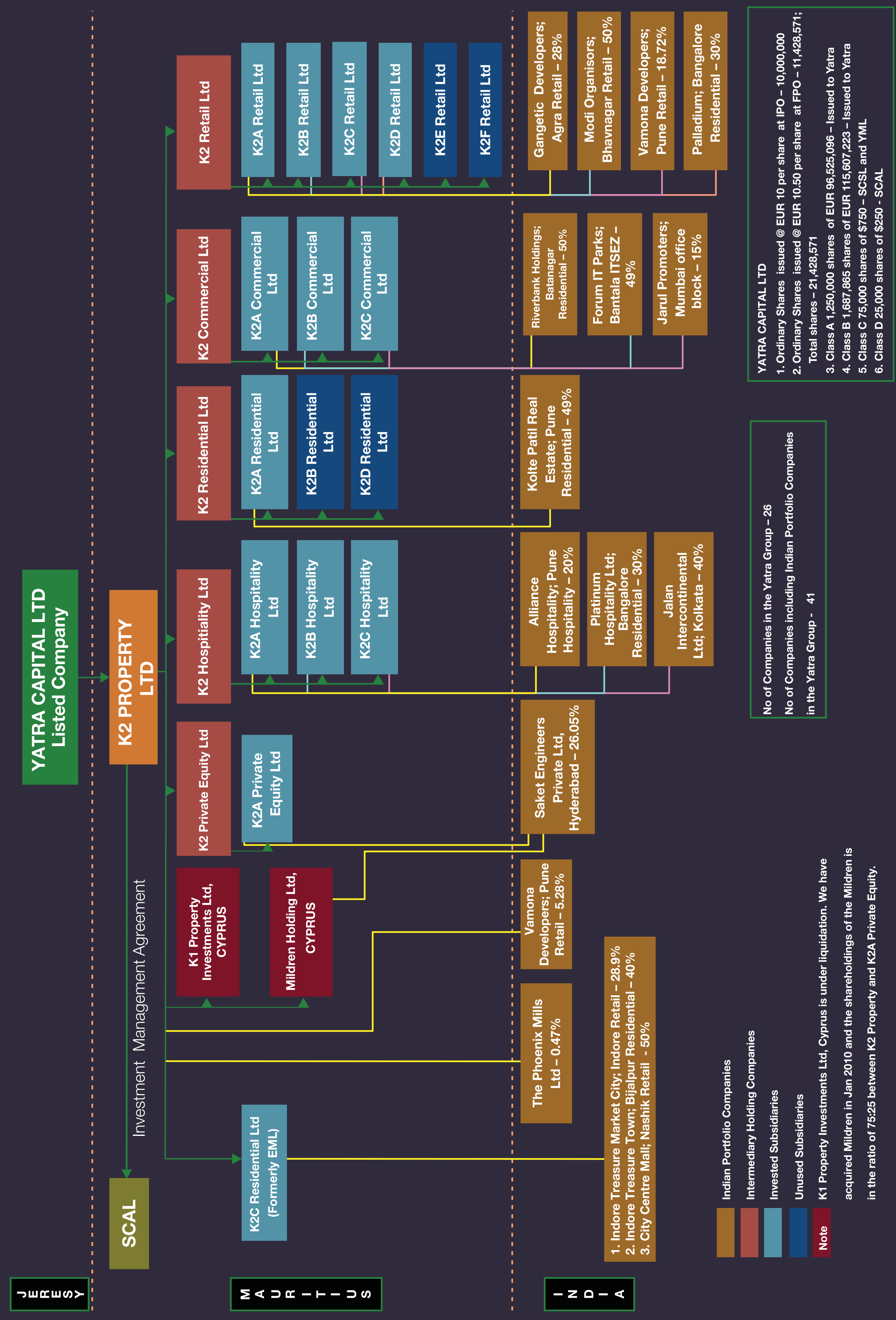
Investment Structure



Yatra Capital Limited

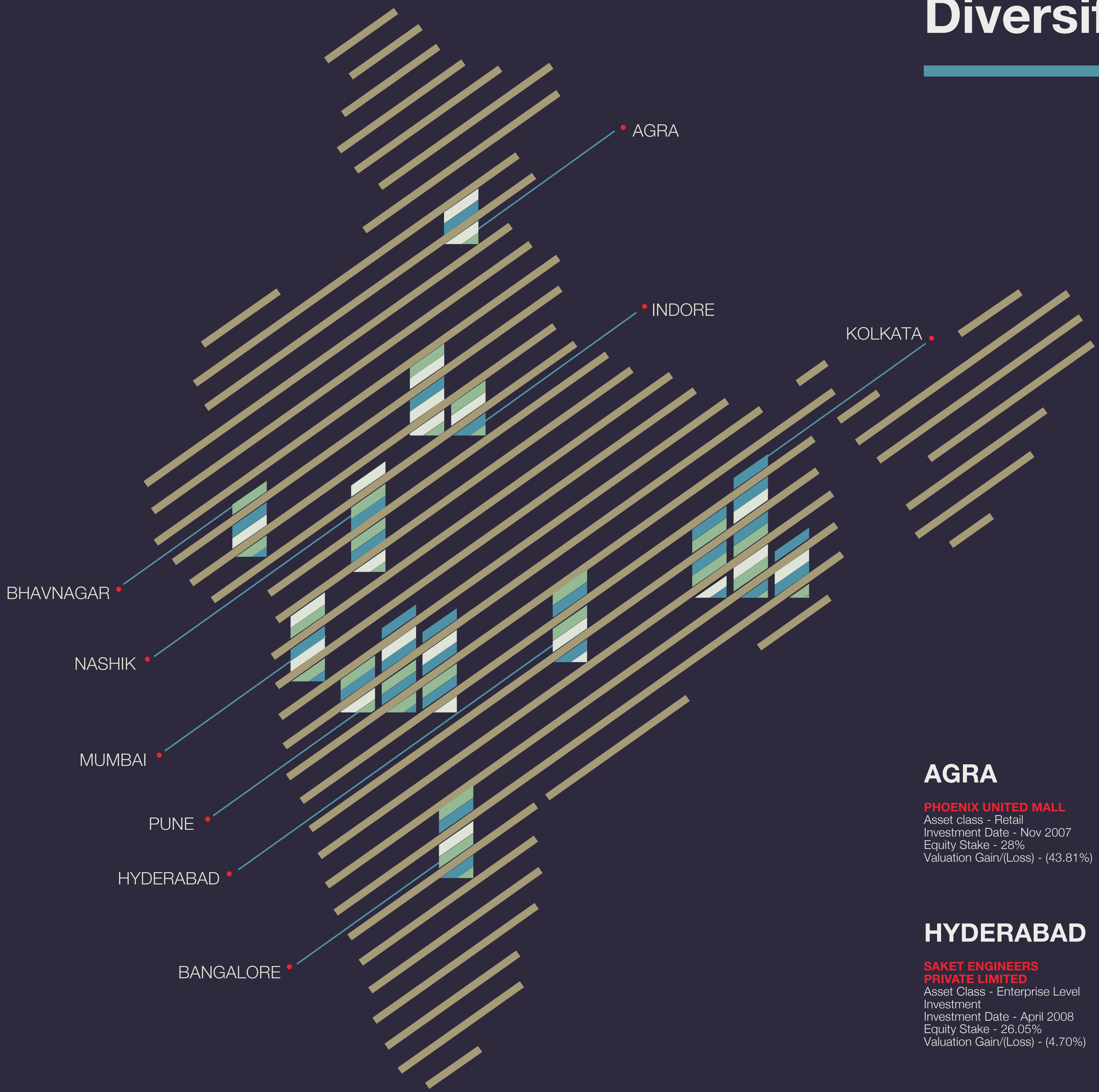
Yatra Capital Limited

Investment Portfolio

Yatra's key strength lies in its highly diversified portfolio which has been created in partnership with some of the most well positioned development companies in India.

Over the next few pages, we present each of our investments in detail.

Yatra's Geographic Diversification



PUNE

MARKET CITY RETAIL
Asset class - Retail Led Mixed Use
Investment Date - July 2007
Equity Stake - 24%
Valuation Gain/(Loss) - 33.50%

MARKET CITY HOSPITALITY
Asset class - Hotel
Investment Date - November 2007
Equity Stake - 20%
Valuation Gain/(Loss) - 6.58%

RESIDENTIAL PROJECT
Asset Class - Residential Led Mixed Use
Investment Date - April 2007
Equity Stake - 49%
Valuation Gain/(Loss) - 20.18%

BHAVNAGAR

MIXED USE
Asset Class - Residential Led Mixed Use
Investment Date - Sept 2007
Equity Stake - 50%
Valuation Gain/(Loss) - (43.77%)

AGRA

PHOENIX UNITED MALL
Asset class - Retail
Investment Date - Nov 2007
Equity Stake - 28%
Valuation Gain/(Loss) - (43.81%)

BANGALORE

MARKET CITY
Asset class - Residential
Investment Date - March 2008
Equity Stake - 30%
Valuation Gain/(Loss) - (44.37%)

KOLKATA

BATANAGAR
Asset Class - Residential
Investment Date - December 2007
Equity Stake - 50%
Valuation Gain/(Loss) - (27.80%)

TAJ GATEWAY
Asset Class - Hospitality
Investment Date - July 2008
Equity Stake - 40%
Valuation Gain/(Loss) - (24.84%)

FORUM IT SEZ
Asset Class - IT SEZ
Investment Date - December 2007
Equity Stake - 49%
Valuation Gain/(Loss) - (48.40%)

MUMBAI

PHOENIX MILLS LIMITED
Asset Class - Entity Level Listed Investment
Investment Date - June 2007
Equity Stake - 0.44%
Valuation Gain/(Loss) - 190.92%

HYDERABAD

SAKET ENGINEERS PRIVATE LIMITED
Asset Class - Enterprise Level Investment
Investment Date - April 2008
Equity Stake - 26.05%
Valuation Gain/(Loss) - (4.70%)

INDORE

TREASURE MARKET CITY
Asset Class - Retail Led Mixed Use
Investment Date - June 2007
Equity Stake - 28.9%
Valuation Gain/(Loss) - 6.12%

TREASURE CITY, BIJALPUR
Asset Class - Residential
Investment Date - June 2007
Equity Stake - 40%
Valuation Gain/(Loss) - 33.66%

NASHIK

NASHIK CITY CENTRE
Asset Class - Retail
Investment Date - June 2007
Equity Stake - 50%
Valuation Gain/(Loss) - 19.97%

Treasure Market City, Indore

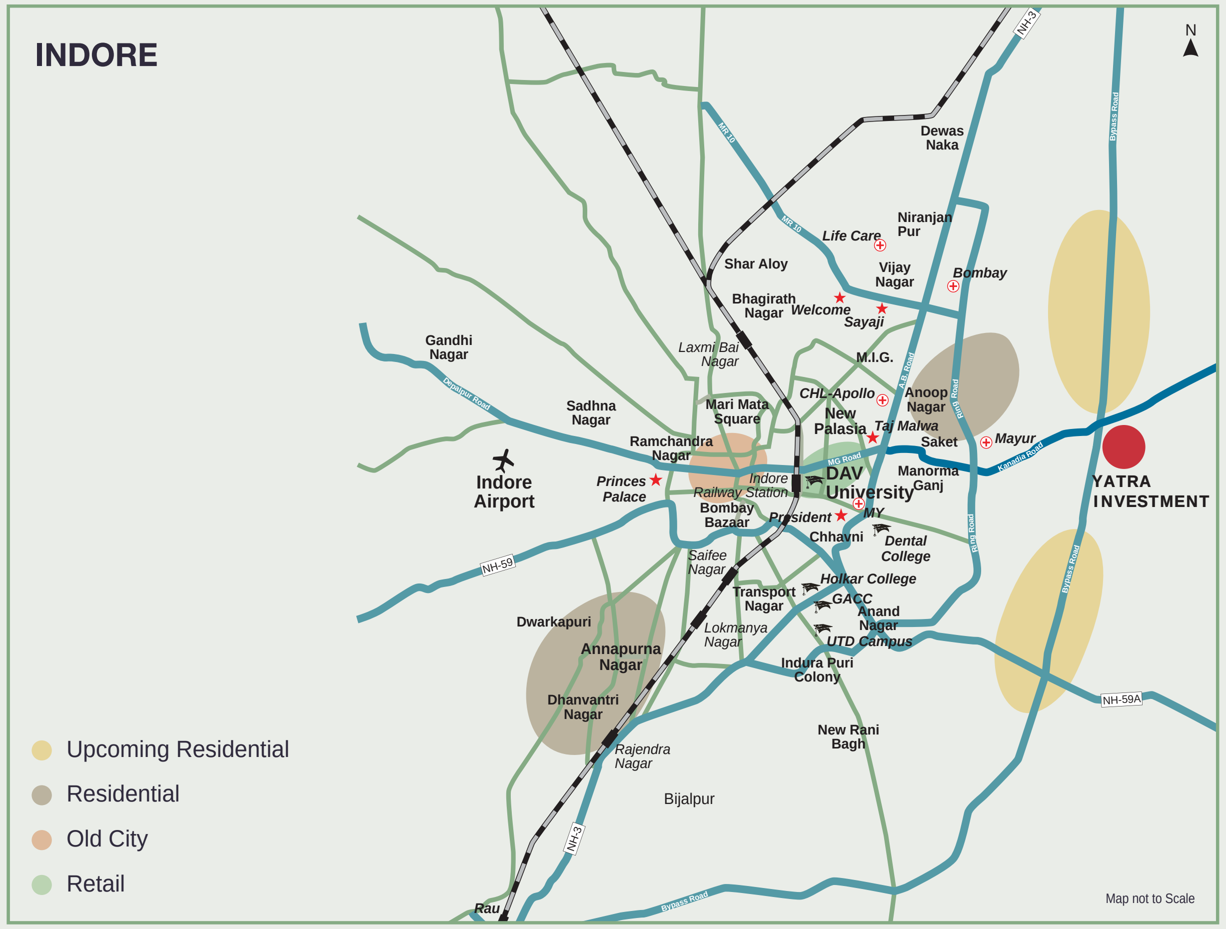
ASSET CLASS - RETAIL LED MIXED USE DEVELOPMENT
LAND AREA - 19.52 ACRES
LEASABLE AREA/ SALEABLE - 2.01 MILLION SQ FT INCLUDING: RETAIL- 1.34 MILLION SQ FT, COMMERCIAL - 0.48 MILLION SQ T HOTEL- 0.19 MILLION SQ FT
LOCATION - INDORE, MADHYA PRADESH
INDIAN PORTFOLIO COMPANY - INDORE TREASURE MARKET CITY PRIVATE LIMITED
DEVELOPMENT PARTNER - TREASURE WORLD DEVELOPERS
INVESTMENT DATE - JUNE 2007
COMPLETION DATE - MARCH 2013
FUNDS COMMITTED - EUR 11.1 MILLION
FUNDS DISBURSED - EUR 10.1 MILLION
EQUITY STAKE - 28.9%

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 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 four phases, currently the first phase, Phase IA, is under development which comprises of 0.77 million sq ft of leasable area (retail). 62% of the civil works for the first phase is complete with completion targeted for June 2011. The first phase retail has been leased to the extent of 21%.



CBRE Valuation Summary

VALUATION (31 MARCH 10) - EUR 17.74 MILLION
VALUATION GAIN / (LOSS) - 6.12% (OVER MARCH 2009)
COST OF EQUITY - 25.00%
WACC - 17.80%
VALUATION METHODOLOGY - DISCOUNTED CASH FLOW
EXIT ASSUMPTION - MARCH 2014
OTHER ASSUMPTIONS
AVERAGE RENTAL-RETAIL - INR 44.0 / SQ FT / MONTH
AVERAGE RENTAL- COMMERCIAL - INR 33.0 / SQ FT / MONTH
AVERAGE RENTAL- HOTEL - INR 21.0 / SQ FT / MONTH
EXIT YIELD - 11.50%

Current Status

• **Land Acquisition**	Completed.
• **Construction Approvals**	Project Master plan and Building plans approved.
• **Construction Status**	Around 62% of the civil works for the first phase has been completed.
• **Debt**	Debt sanctioned: EUR 20.6 million. Debt drawdown: EUR 10.43 million.
• **Construction Status**	33% of RCC work completed.
• **Sales/Leasing Status**	For Phase IA, Letters Of Intent (LOI's) covering 166,192 sq ft of area has been signed with prominent retailers like Adlabs (63,600 sq ft), Gitanjali (37,240 sq ft), Max (14,972 sq ft) and The Bombay Store (6,387 sq ft).

Yatra Capital Limited

Batanagar, Kolkata

ASSET CLASS - RESIDENTIAL DEVELOPMENT
LAND AREA - 25 ACRES
LEASABLE AREA/ SALEABLE - 2.8 MILLION SQ FT
LOCATION - BATANAGAR, KOLKATA
INDIAN PORTFOLIO COMPANY - RIVERBANK HOLDINGS PRIVATE LIMITED
DEVELOPMENT PARTNER - RIVERBANK DEVELOPERS
INVESTMENT DATE - DECEMBER 2007
COMPLETION DATE - MARCH 2015
FUNDS COMMITTED - EUR 20.28 MILLION
FUNDS DISBURSED - EUR 20.28 MILLION
EQUITY STAKE - 50%

Note: Residential Buildings - part of the larger township.

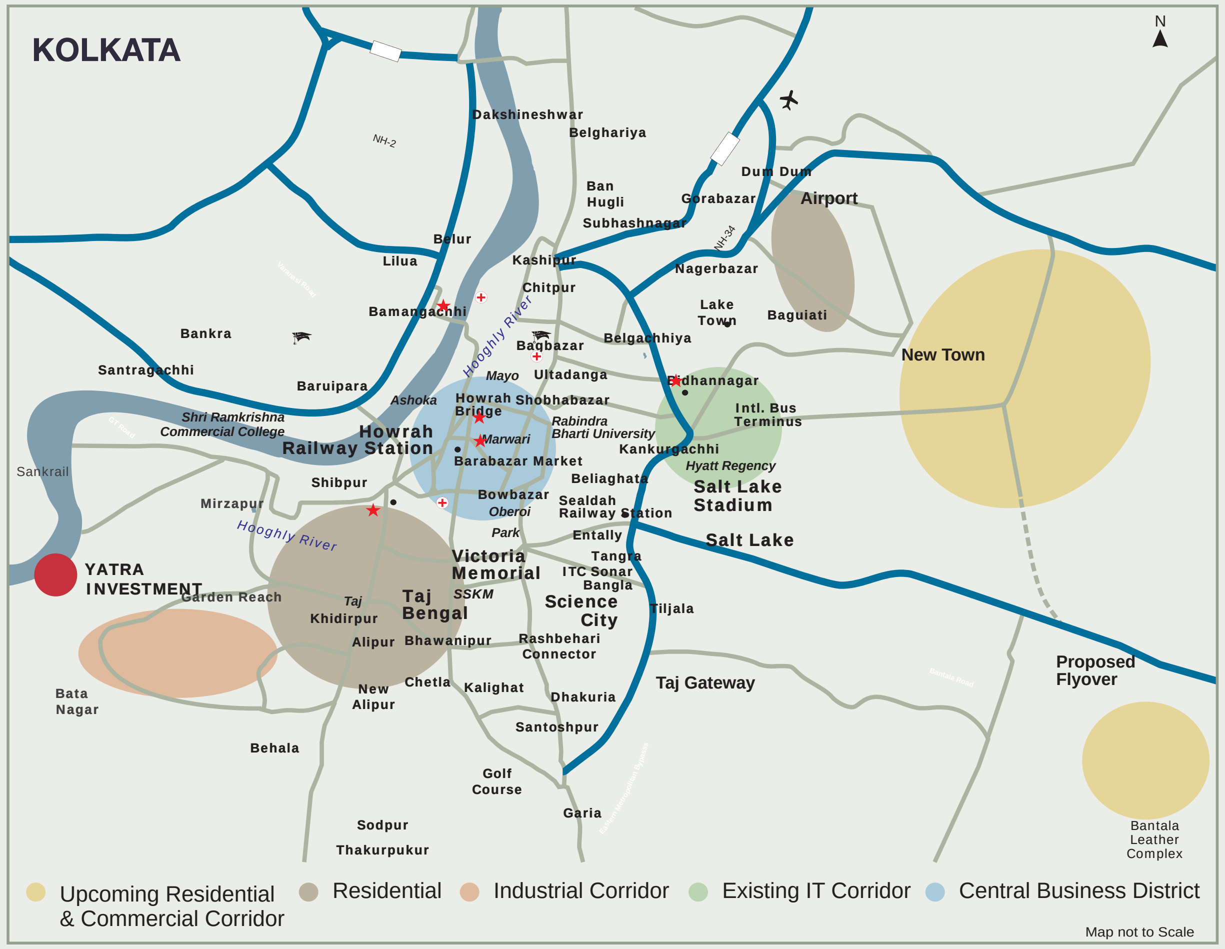
Project Summary

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 Bata India Ltd. (BIL) and Calcutta Metropolitan Group Ltd. (CMGL). CMGL is a partnership between the United Credit Belani Group (UCB), a prominent Kolkata based developer, and Kolkata Municipal Development Authority. Post 31 March 2010, BIL has decided to concentrate on its core business of manufacturing and retailing and has sold its stake in the project to promoters of UCB.

The 25 acre IT SEZ formed part of a larger 262 acre residential led mixed use project being developed by Riverbank Developers. The original business plan for the project was to develop an IT SEZ on the project site. However, in light of the slowdown in uptake of commercial IT space, it was decided to change the business plan to a residential project and merge the SEZ and Township components. The application for de-notification of the SEZ was hence made.

De-notification of the SEZ has been completed post 31 March 2010. Discussions are now at an advanced stage to merge the erstwhile SEZ Indian Portfolio Company with the larger township project.



Note: The above layout is of the entire township of 262 acres.

CBRE Valuation Summary

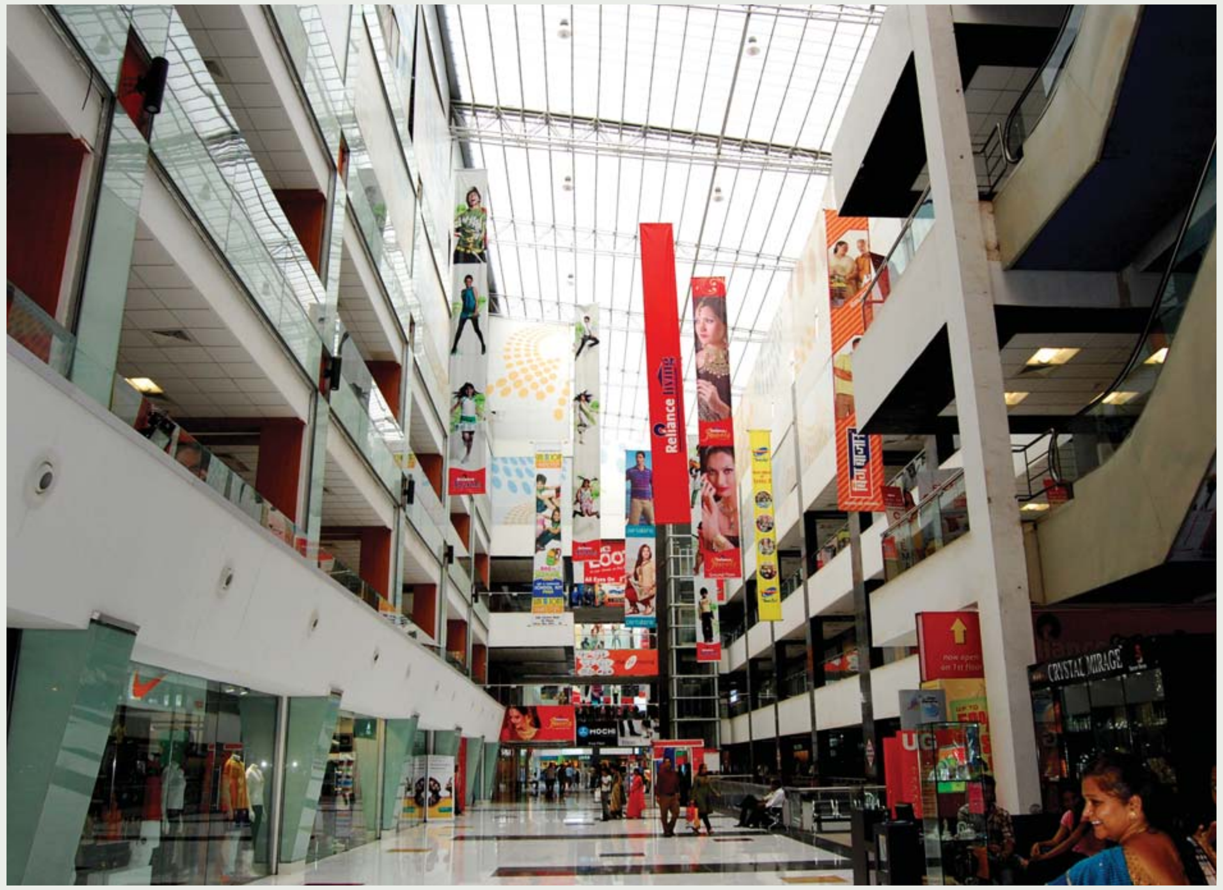
VALUATION (31 MARCH 10) - EUR 17.49 MILLION
VALUATION GAIN / (LOSS) - (27.80%)(OVER MARCH 2009)
COST OF EQUITY - 27.50%
WACC - 18.80%
VALUATION METHODOLOGY - DISCOUNTED CASH FLOW
EXIT ASSUMPTION - MARCH 2015
OTHER ASSUMPTIONS
AVERAGE SALE PRICE-RESIDENTIAL - INR 2,051 / SQ FT

Current Status

• **Land Acquisition**	Completed.
• **Construction Approvals**	Project Master plan approved. Partial building approvals are in place.
• **Construction Status**	To recommence now post changes in business plan.
• **Debt**	No debt in the books of Indian Portfolio Company as on 31 March 2010.
• **Sales/Leasing Status**	Out of 224 units launched in the first phase of current 25 acres township, 20 units have been sold.
• **Other Update**	The larger project of Calcutta Riverside (262 acre) has launched 353 units (Phase I) across premium housing of which it has successfully sold 207 units. Construction is in progress here.

Nashik City Centre, Nashik

ASSET CLASS - RETAIL DEVELOPMENT
LAND AREA - 6.04 ACRES
LEASABLE AREA/ SALEABLE - 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%



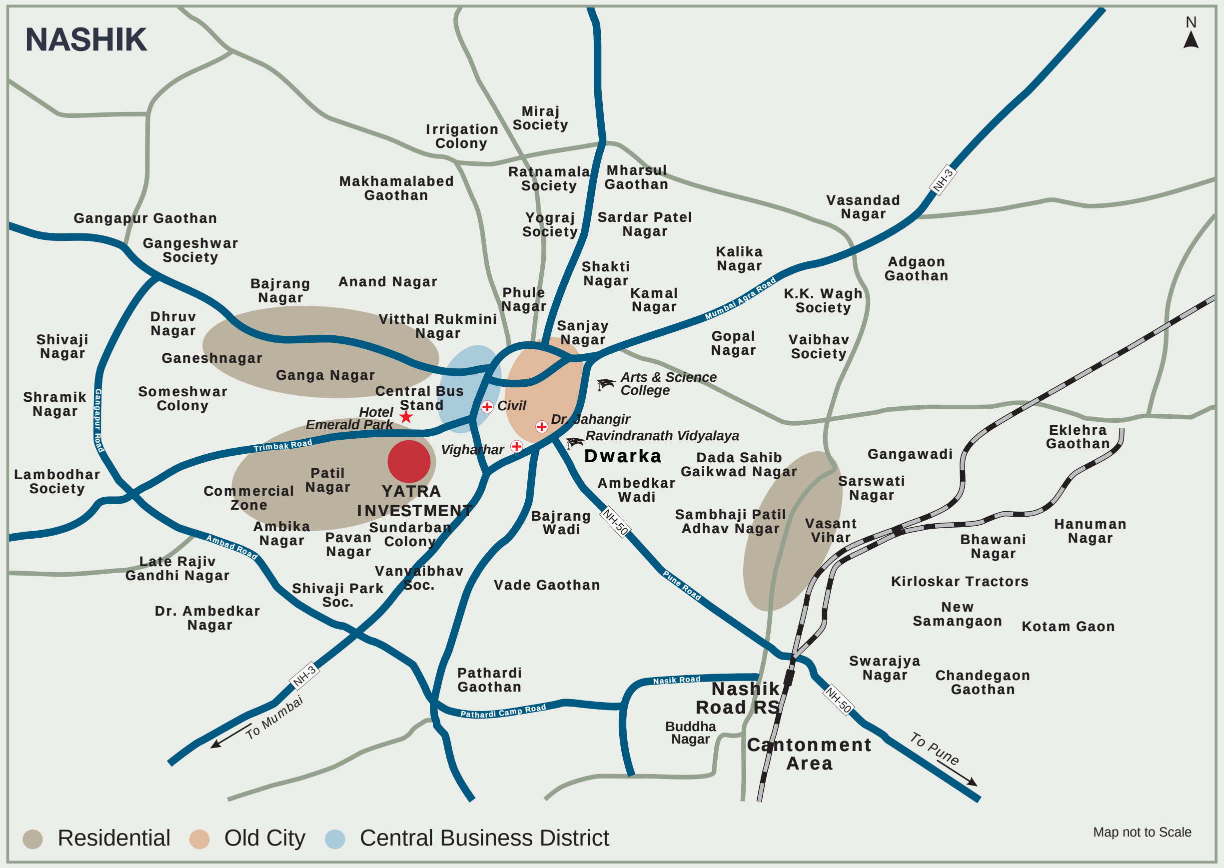
Project Summary

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 64% of the mall leased out and 52% of the mall operational as on 31 March 2010. 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.



CBRE Valuation Summary

VALUATION (31 MARCH 10) - EUR 15.20 MILLION
VALUATION GAIN / (LOSS) - 19.97%(OVER MARCH 2009)
COST OF EQUITY - 18.00%
WACC - 14.80%
VALUATION METHODOLOGY - DISCOUNTED CASH FLOW
EXIT ASSUMPTION - MARCH 2013
OTHER ASSUMPTIONS
AVERAGE RENTAL-RETAIL - INR 49 / SQ FT / MONTH
EXIT YIELD - 11.50%

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 6.45 million on a Lease Rent Discounting structure.
• **Sales/Leasing Status**	64% 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 Update**	The completion certificate for the mall is still pending and the company is involved in a court case with the Nashik Municipal Corporation for the same. The district court has ruled in the company's favour post which the Municipal Corporation has filed an appeal. The matter is presently sub-judice.

Treasure City, Bijalpur

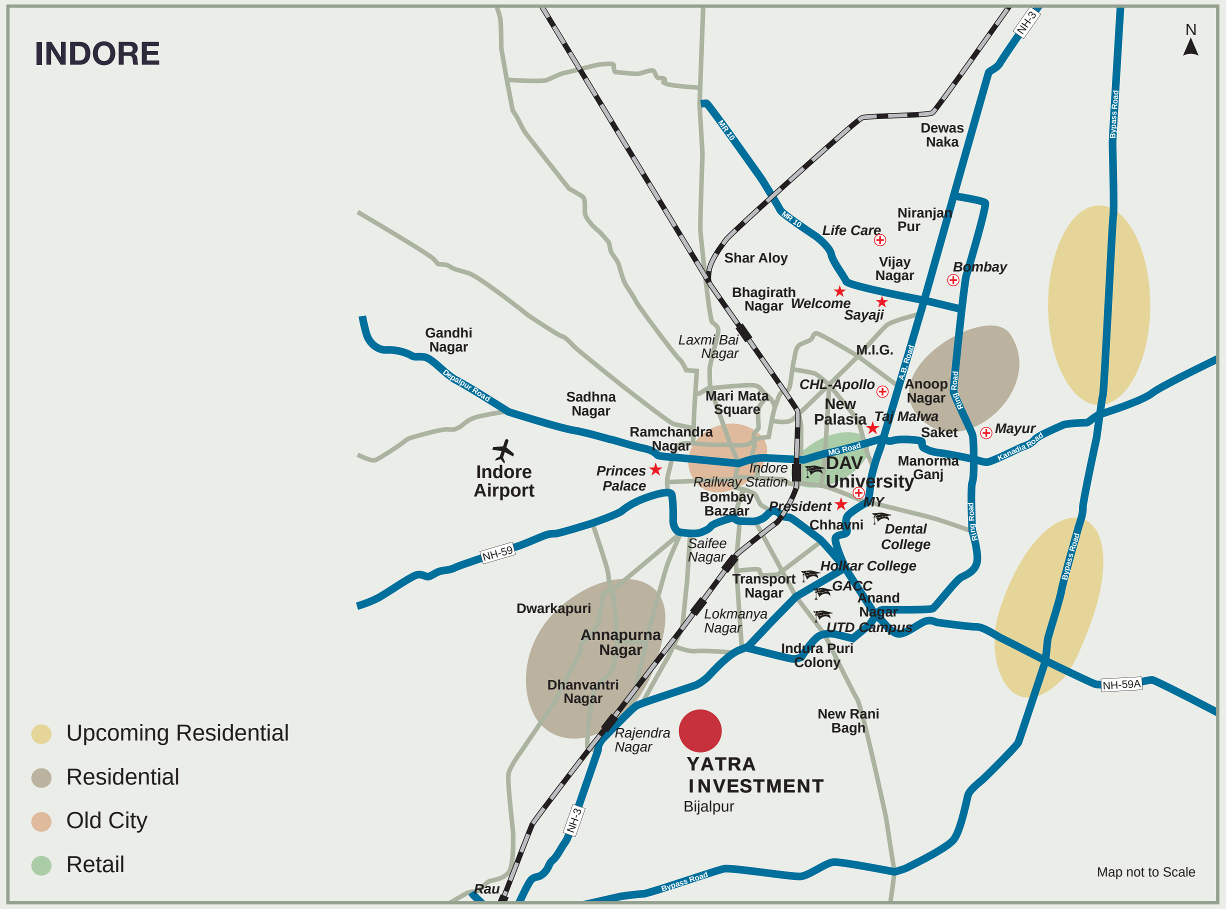
ASSET CLASS - RESIDENTIAL DEVELOPMENT
LAND AREA - 130.44 ACRES
LEASABLE AREA/ SALEABLE - 4.8 MILLION SQ FT INCLUDING: RESIDENTIAL- 4.36 MILLION SQ FT, COMMERCIAL- 0.44 MILLION SQ FT
LOCATION - INDORE, MADHYA PRADESH
INDIAN PORTFOLIO COMPANY - INDORE TREASURE TOWN PRIVATE LIMITED
DEVELOPMENT PARTNER - TREASURE WORLD DEVELOPERS
INVESTMENT DATE - JUNE 2007
COMPLETION DATE - MARCH 2014
FUNDS COMMITTED - EUR 7.71 MILLION
FUNDS DISBURSED - EUR 7.71 MILLION
EQUITY STAKE - 40% (42.8% OF PROFITS)

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 (1.6 million sq ft) has commenced. Around 38% of the units launched in first phase have been sold.



CBRE Valuation Summary

VALUATION (31 MARCH 10) - EUR 20.16 MILLION
VALUATION GAIN / (LOSS) - 33.66%(OVER MARCH 2009)
COST OF EQUITY - 25.00%
WACC - 17.80%
VALUATION METHODOLOGY - DISCOUNTED CASH FLOW
EXIT ASSUMPTION - MARCH 2016
OTHER ASSUMPTIONS
AVERAGE SALE PRICE- RESIDENTIAL - INR 1,377- 2,435 / SQ FT
AVERAGE RENTAL- COMMERCIAL - INR 40 / SQ FT / MONTH
EXIT YIELD - 11.50%

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 has been received in May 2010.
• **Construction Status**	Infrastructure development for the overall township has commenced with the main arterial road, water pipes for storm water drains and external sewerage lines being laid. The development of the first phase is currently underway with the foundation work for Treasure Vihar nearing completion and the excavation work is in progress for row houses.
• **Debt**	Debt sanctioned: EUR 11.5 million. Debt drawdown: EUR 4.7 million.
• **Sales/Leasing Status**	The total sales achieved are approximately 800,000 sq ft comprising of plots, row houses, apartments and affordable housing units. Over 660 housing units (0.8 million sq ft) out of total 1,729 units launched in Phase I have been sold.

YATRA CAPITAL LIMITED

Market City Retail, Pune

ASSET CLASS - RETAIL LED MIXED USE DEVELOPMENT
LAND AREA - 18.61 ACRES
LEASABLE AREA/ SALEABLE - 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 - DECEMBER 2010 (PHASE–I) , MARCH 2012 (PHASE-II)
FUNDS COMMITTED - EUR 17.05 MILLION
FUNDS DISBURSED - EUR 17.05 MILLION
EQUITY STAKE - 24 %

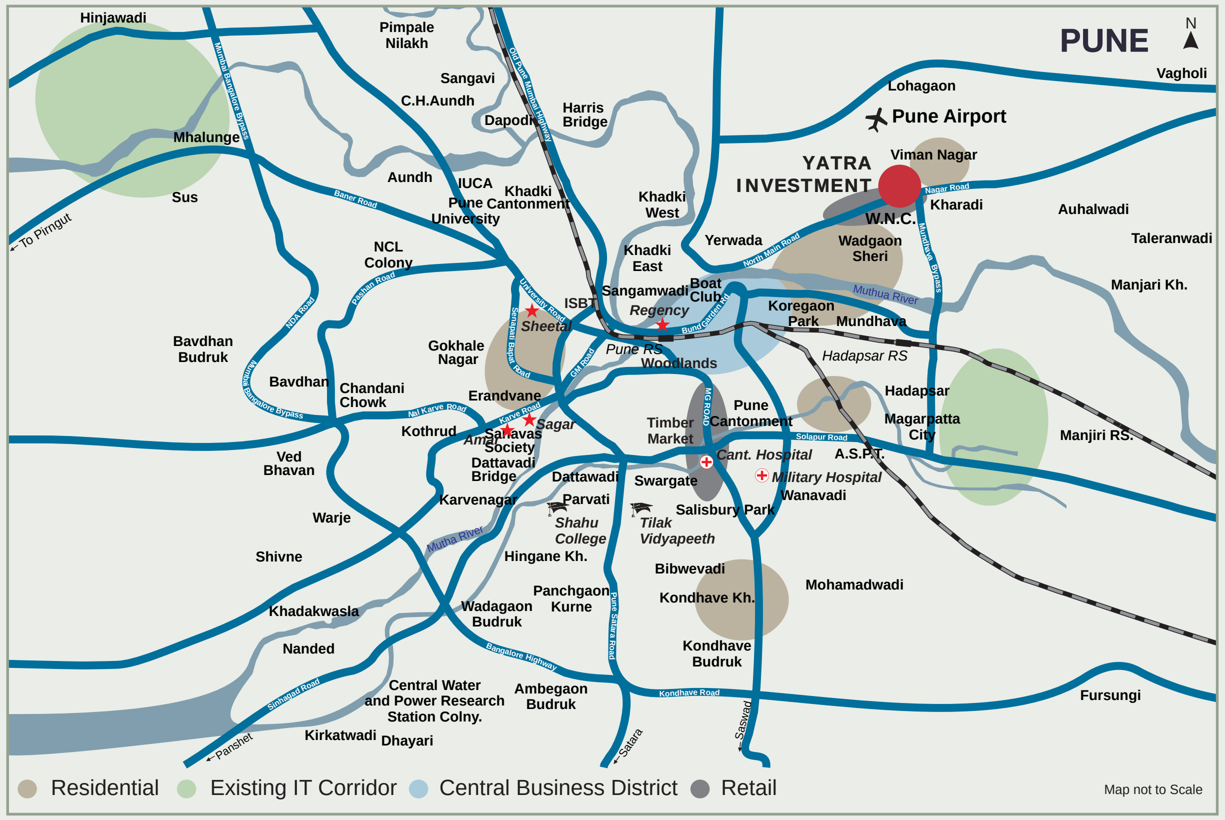
Project Summary

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 a retail component, to be integrated with the main mall, and commercial office space.

Construction of the first phase is at an advanced stage with 100% of the RCC work complete. Further, all the services and finishing works have been mobilized on site. The first phase of the main mall is expected to be operational in December 2010. As on 31 March 2010, the main mall was 58% pre-leased with active discussions on the rest of the space. The focus is on leasing the balance space over the next six months. The sales on the Bazaar Mall for retail and offices are also in progress, albeit slower than expected which is likely to impact the funding plan for the first phase. Various options are being considered to bridge this gap and we are confident of achieving closure on the same.



CBRE Valuation Summary

VALUATION (31 MARCH 10) - EUR 28.69 MILLION
VALUATION GAIN / (LOSS) - 33.50%(OVER MARCH 2009)
COST OF EQUITY - 22.50%
WACC - 16.80%
VALUATION METHODOLOGY - DISCOUNTED CASH FLOW
EXIT ASSUMPTION - MARCH 2013
OTHER ASSUMPTIONS
AVERAGE RENTAL-RETAIL - INR 66 / SQ FT /MONTH
AVERAGE RENTAL- COMMERCIAL - INR 52 / SQ FT /MONTH
EXIT YIELD - 11.50%

Current Status

• **Land Acquisition**	Completed.
• **Construction Approvals**	Building plan and the Master plan have been approved for the present phase.
• **Construction Status**	100% of the RCC work is complete for Phase I. Services and finishing work is underway.
• **Debt**	Debt sanctioned: EUR 62.98 million. Debt drawdown: EUR 46.23 million.
• **Sales/Leasing Status**	The mall is 58% pre-leased to anchor tenants like Pantaloons (32,413 sq ft), Reliance Trendz (11,810 sq ft), Marks & Spencer (21,959 sq ft), Westside (16,000 sq ft) and PVR (63,974 sq ft). In the Bazaar Mall, 0.12 million sq ft of retail and 0.02 million of office space has been sold.

Market City Hospitality, Pune

ASSET CLASS - HOSPITALITY DEVELOPMENT
LAND AREA - LOCATED ON TOP OF MARKET CITY RETAIL, PUNE
LEASABLE AREA/ SALEABLE - 0.37 MILLION SQ FT
LOCATION - PUNE, MAHARASHTRA
INDIAN PORTFOLIO COMPANY - ALLIANCE HOSPITALITY SERVICES PRIVATE LIMITED
DEVELOPMENT PARTNER - THE PHOENIX MILLS
INVESTMENT DATE - NOVEMBER 2007
COMPLETION DATE - SEPTEMBER 2011
FUNDS COMMITTED - EUR 4.58 MILLION
FUNDS DISBURSED - EUR 4.58 MILLION
EQUITY STAKE - 20%

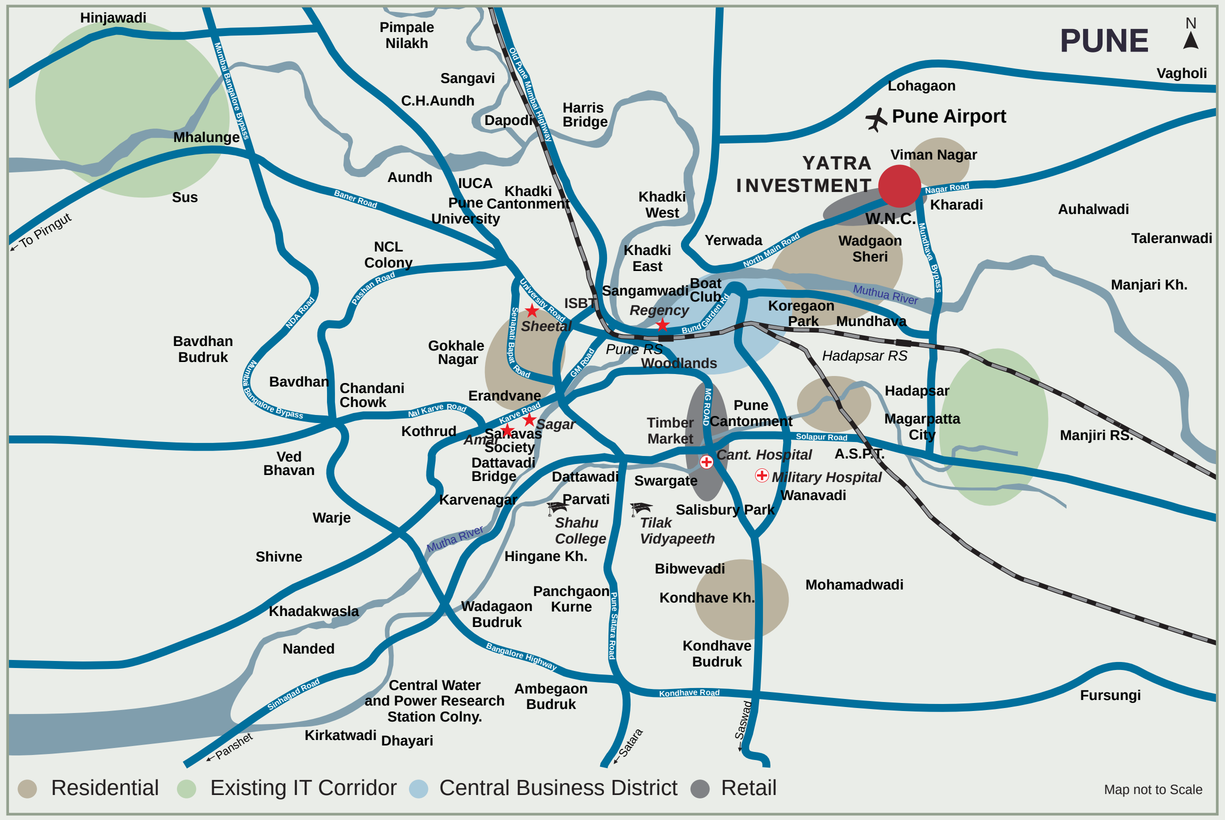
Project Summary

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 Ltd, a leading developer of large format mixed use projects in Tier I cities in India.

The hotel structure is coming up on top of the Market City retail in Pune. With the main mall structure complete, the construction of the hotel superstructure above the same is expected to commence by October 2010.

Given current markets, the size and positioning of the hotel has been reassessed to include both 3 Star and 4 Star Business Hotels compared to the earlier plan of constructing a 5 Star Hotel and Service Apartments. Discussions to sign a management agreement for these are currently on with the Hilton group.



CBRE Valuation Summary

VALUATION (31 MARCH 10) - EUR 4.69 MILLION
VALUATION GAIN / (LOSS) - 6.58%(OVER MARCH 2009)
COST OF EQUITY - 25.00%
WACC - 17.80%
VALUATION METHODOLOGY - DISCOUNTED CASH FLOW
EXIT ASSUMPTION - MARCH 2014
OTHER ASSUMPTIONS
AVERAGE ROOM RATE-4 STAR - INR 6,416 PER ROOM
AVERAGE ROOM RATE-3 STAR - INR 3,808 PER ROOM
EXIT YIELD - 11.50%

Current Status

• **Land Acquisition**	Completed.
• **Construction Approvals**	Partial approvals received.
• **Construction Status**	Hotel areas integrated with the mall structure have been constructed. The construction of the hotel superstructure would commence by October 2010.
• **Debt**	Debt sanctioned: EUR 16.51 million. Debt drawdown: Nil.
• **Sales/Leasing Status**	MOU at an advanced stage of closure with the Hilton Group for their 2 brands viz. Double Tree & Hampton Inn.

Yatra Capital Limited

Forum IT SEZ, Kolkata

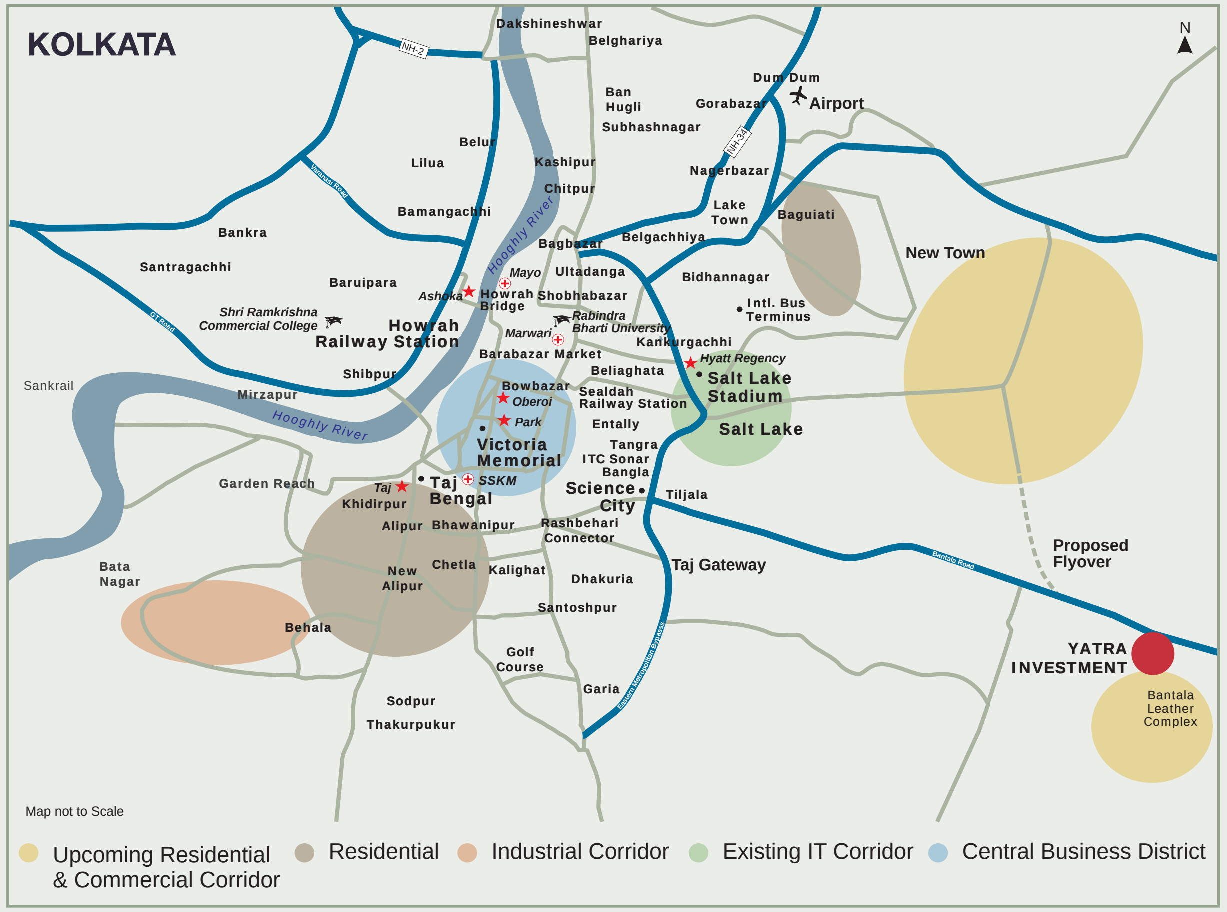
ASSET CLASS - IT SEZ DEVELOPMENT
LAND AREA - 10.56 ACRES
LEASABLE AREA/ SALEABLE - 1.4 MILLION SQ FT
LOCATION - KOLKATA, WEST BENGAL
INDIAN PORTFOLIO COMPANY - FORUM IT PARKS PRIVATE LIMITED
DEVELOPMENT PARTNER - FORUM PROJECTS
INVESTMENT DATE - DECEMBER 2007
COMPLETION DATE - MARCH 2014
FUNDS COMMITTED - EUR 16.68 MILLION
FUNDS DISBURSED - EUR 16.68 MILLION
EQUITY STAKE - 49%

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.

Piling work on site has been completed. The civil works were on hold in view of the slowdown in the IT sector. With a recovery in demand for IT/ITES sector, the development schedule is being reviewed. The project is expected to be developed in a phased manner in line with the demand situation in the micro market.



CBRE Valuation Summary

VALUATION (31 MARCH 10) - EUR 10.64 MILLION
VALUATION GAIN / (LOSS) - (48.40%) (OVER MARCH 2009)
COST OF EQUITY - 30%
WACC - 19.80%
VALUATION METHODOLOGY - DISCOUNTED CASH FLOW
EXIT ASSUMPTION - MARCH 2015
OTHER ASSUMPTIONS
AVERAGE RENTAL-OFFICE - INR 36 / SQ FT / MONTH
EXIT YIELD - 10.50%

Current Status

• **Land Acquisition**	Completed.
• **Construction Approvals**	Partial approvals in place.
• **Construction Status**	Piling work on site has been completed. Commencement of civil work is presently under review.
• **Debt**	Debt sanctioned: EUR 44.5 million. Debt drawdown: EUR 3.50 million.
• **Sales/Leasing Status**	NA.

Market City, Bangalore

ASSET CLASS - RESIDENTIAL DEVELOPMENT
LAND AREA - 16.73 ACRES
LEASABLE AREA/ SALEABLE - 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
INVESTMENT DATE - MARCH 2008
COMPLETION DATE - DECEMBER 2014
FUNDS COMMITTED - EUR 28.07 MILLION
FUNDS DISBURSED - EUR 28.07 MILLION
EQUITY STAKE - 30%

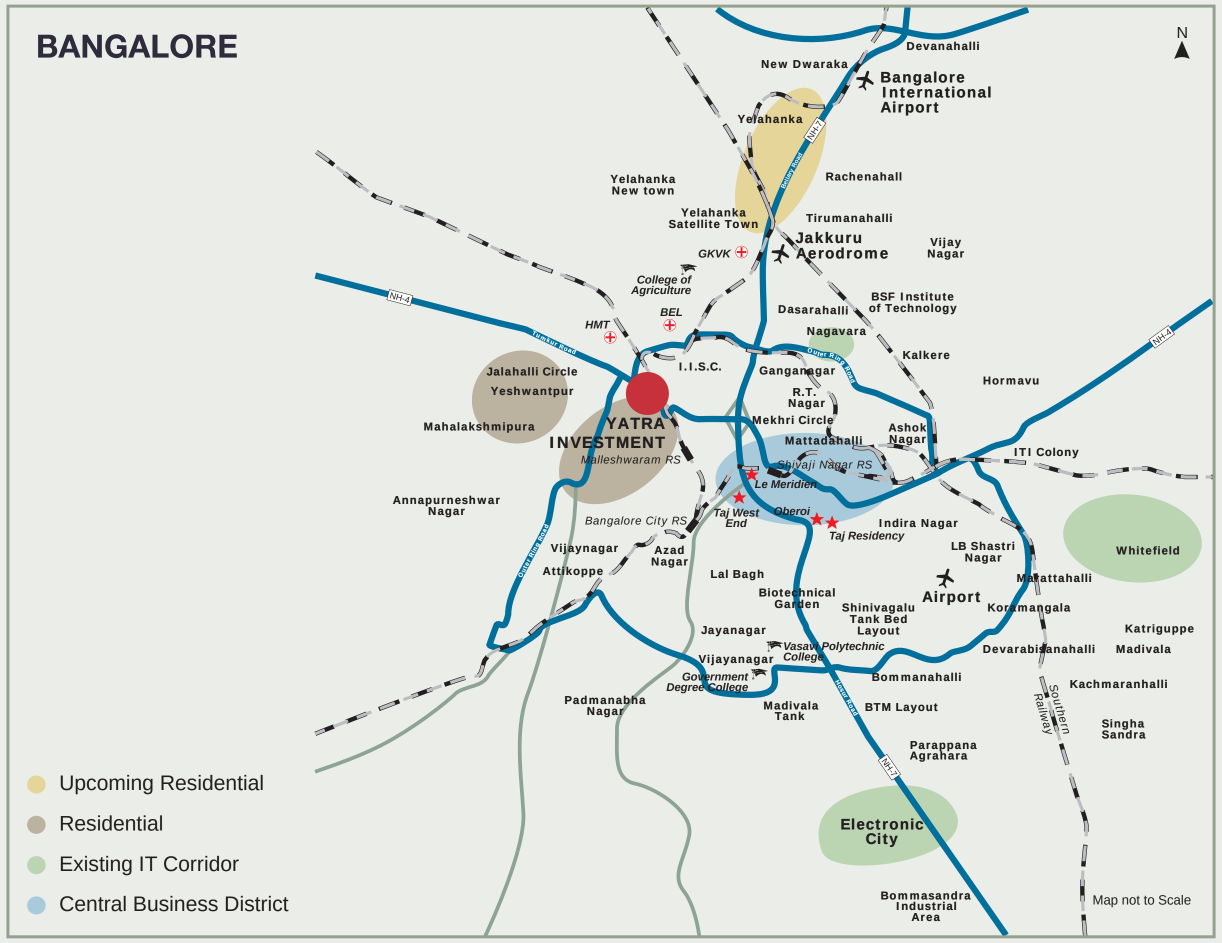
Project Summary

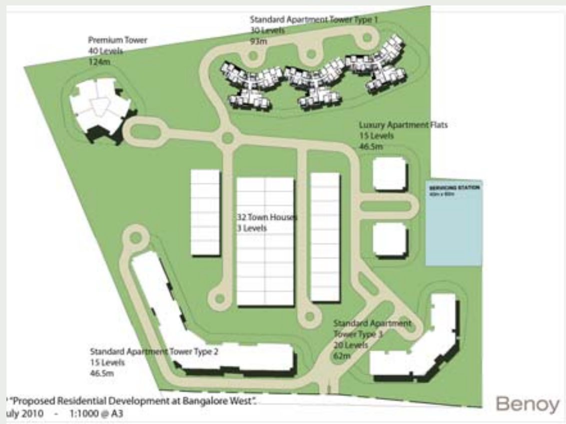
The project is located in the north western part of Bangalore, India's IT/ITES capital. Apart from IT, Bangalore is a prominent center for education, aerospace, telecom, biotech, defence and Research & Development in India.

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

After a detailed strategic review the project was repositioned from a mixed use project, comprising of retail and hospitality components, to a residential scheme to be developed in three phases. Currently design development discussions are underway with renowned architects like Benoy and Hafeez Contractor. Site clearing work has been completed. Construction is expected to commence by December 2010.

Although the project will be planned as a residential scheme, it will continue to have the flexibility of replacing some of the residential with retail/ hospitality in the subsequent phases, if required.





CBRE Valuation Summary

VALUATION (31 MARCH 10) - EUR 20.12 MILLION
VALUATION GAIN / (LOSS) - (44.37%)(OVER MARCH 2009)
COST OF EQUITY - 30.00%
WACC - 18.80%
VALUATION METHODOLOGY - DISCOUNTED CASH FLOW
EXIT ASSUMPTION - MARCH 2016
OTHER ASSUMPTIONS
AVERAGE SALE PRICE-RESIDENTIAL - INR 6,173 / SQ FT

Current Status

• **Land Acquisition**	Completed.
• **Construction Approvals**	Not applied as design development process is underway.
• **Construction Status**	Construction is expected to commence in December 2010.
• **Debt**	No debt requirement as yet.
• **Sales/Leasing Status**	NA.

Residential Project, Pune

ASSET CLASS - RESIDENTIAL LED MIXED USE DEVELOPMENT
LAND AREA - 41.46 ACRES
LEASABLE AREA/ SALEABLE - 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
INVESTMENT DATE - APRIL 2007
COMPLETION DATE - NOVEMBER 2013
FUNDS COMMITTED - EUR 15.88 MILLION*
FUNDS DISBURSED - EUR 15.88 MILLION
EQUITY STAKE - 49%

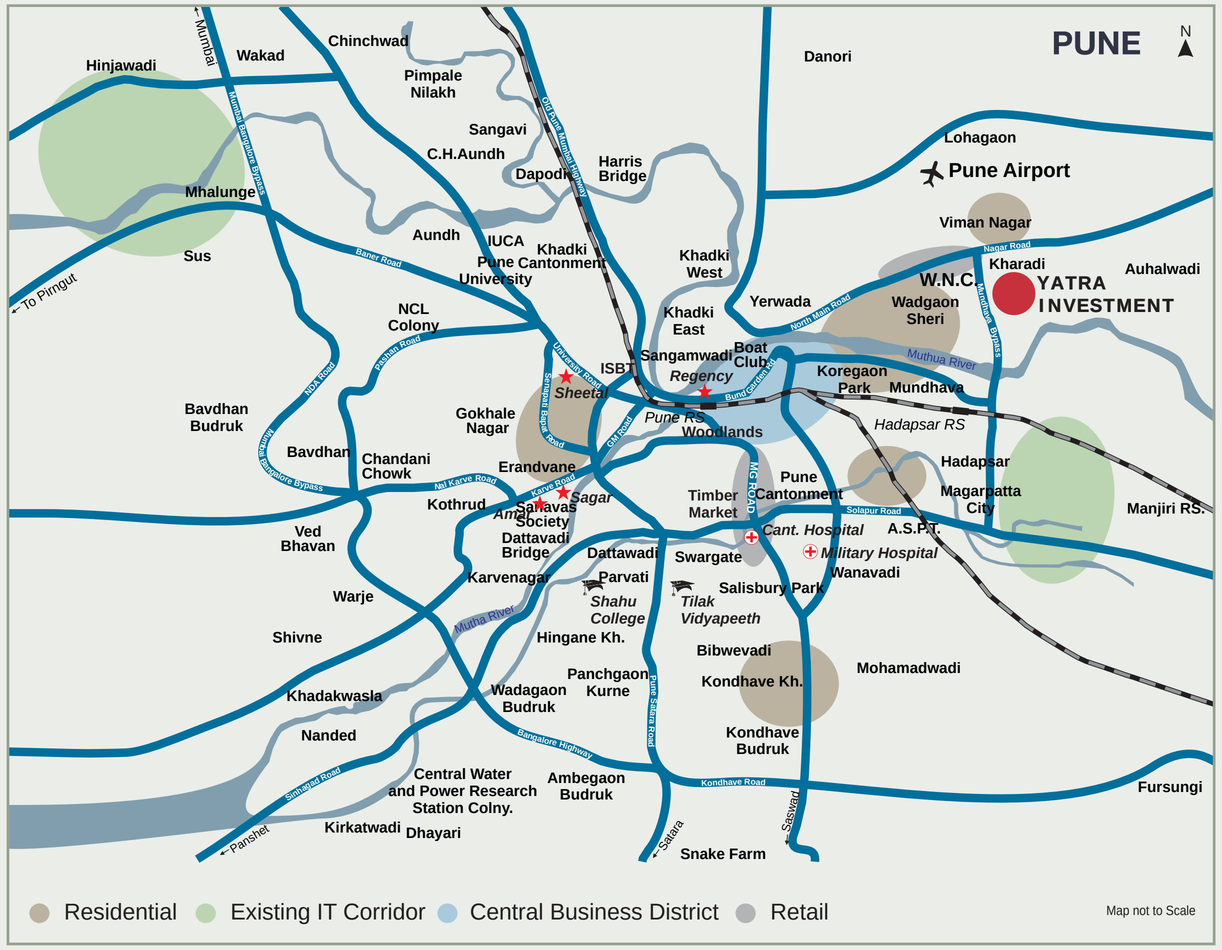
*Note: *Original commitment EUR 17.05 million. Of this, EUR 1.17 million was bought back by the partners as part of the original agreement.*

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, 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 for the school component is in progress. Civil contract for the residential component has been awarded and foundation work has commenced. The operator for the school has been tied up on a 42 year lease. First phase of the residential project has been launched and has received good response.



CBRE Valuation Summary

VALUATION (31 MARCH 10) - EUR 19.61 MILLION
VALUATION GAIN / (LOSS) - 20.18%(OVER MARCH 2009)
COST OF EQUITY - 25.00%
WACC - 17.80%
VALUATION METHODOLOGY - DISCOUNTED CASH FLOW
SCHEDULED EXIT - MARCH 2015
OTHER ASSUMPTIONS:
AVERAGE SALE PRICE - RESIDENTIAL - INR 3,407 / SQ FT
AVERAGE RENTAL - SCHOOL - INR 29 / SQ FT / MONTH
AVERAGE RENTAL - COMMERCIAL - INR 39 / SQ FT / MONTH
SALE PRICE - RETAIL - INR 6,150 / SQ FT
EXIT YIELD - SCHOOL - 10.00%

Current Status

• **Land Acquisition**	Completed.
• **Construction Approvals**	Approvals received for construction of the school building. Residential plans are at advanced stages of approvals.
• **Construction Status**	Construction of the school component is underway and the 2nd slab for the same has been cast. Construction of 36 m wide DP road underway.
• **Debt**	Debt sanctioned: EUR 2.09 million. Debt drawdown: EUR 0.40 million.
• **Sales/Leasing Status**	For the school the operator, Victorious Kids International School, has been tied up for 42 years. For the residential, 90 out of the 200 apartments launched in Phase I have been booked.

Mixed Use Development, Bhavnagar

ASSET CLASS - RESIDENTIAL LED MIXED USE DEVELOPMENT
LAND AREA - 5.2 ACRES
LEASABLE AREA/ SALEABLE - 0.56 MILLION SQ FT INCLUDING: RESIDENTIAL - 0.24 MILLION SQ FT, RETAIL- 0.32 MILLION SQ FT
LOCATION - BHAVNAGAR, GUJARAT
INDIAN PORTFOLIO COMPANY - MODI ORGANISORS PRIVATE LIMITED
DEVELOPMENT PARTNER - MODI BUILD WELL
INVESTMENT DATE - SEPTEMBER 2007
COMPLETION DATE - SEPTEMBER 2011
FUNDS COMMITTED - EUR 6.43 MILLION
FUNDS DISBURSED - EUR 5.11 MILLION
EQUITY STAKE - 50%

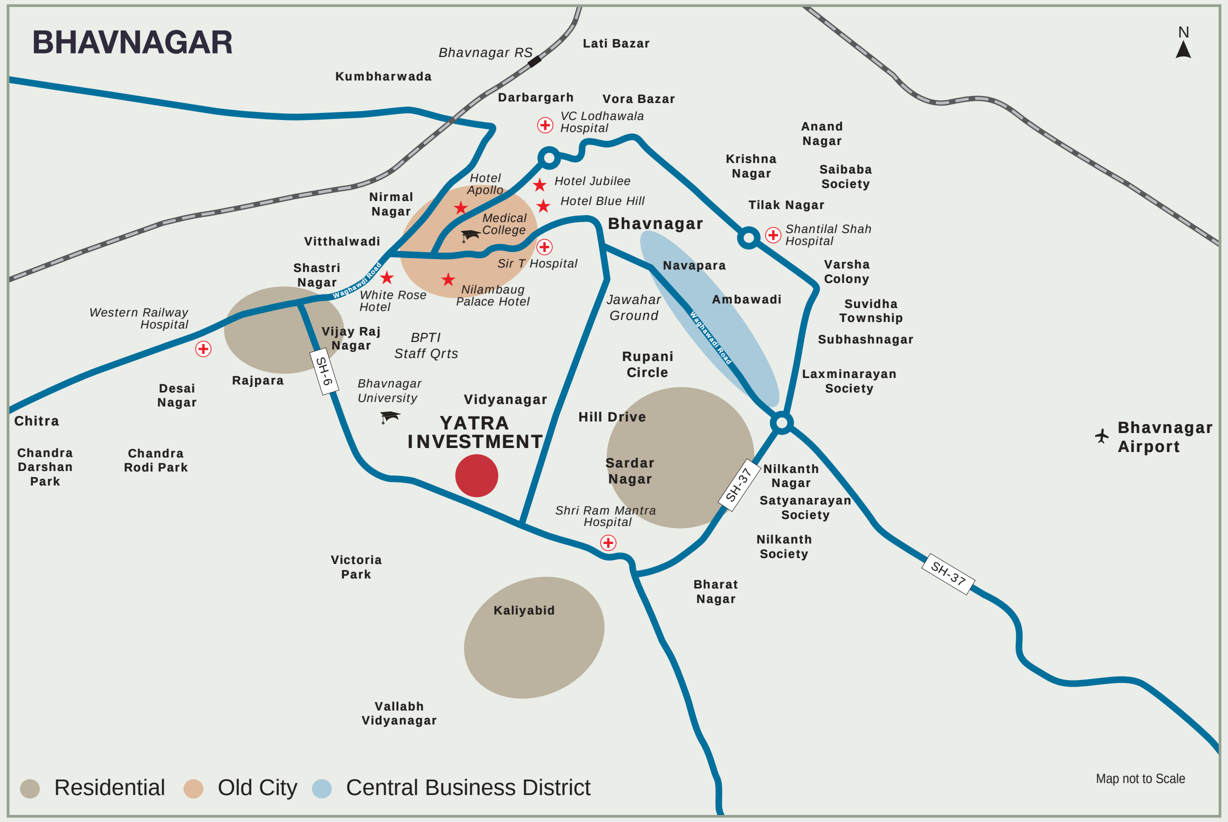
Project Summary

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 states of Gujarat and Rajasthan.

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 which has been completed and the construction for the residential component has commenced in April 2010.

Residential component was successfully launched in April 2010 with a sizeable number of units being pre-sold. The balance retail component has been put on hold for the time being. The realization per square foot for a large portion of the project has dropped significantly because of the move from retail to residential. With the balance retail component on hold, our focus here is on capital recovery and debt repayment.



Note: The above picture is of the ready sample flat.

CBRE Valuation Summary

VALUATION (31 MARCH 10) - EUR 5.62 MILLION
VALUATION GAIN / (LOSS) - (43.77%)(OVER MARCH 2009)
COST OF EQUITY - 25.00%
WACC - 17.80%
VALUATION METHODOLOGY - DISCOUNTED CASH FLOW
EXIT ASSUMPTION - SEPTEMBER 2012
OTHER ASSUMPTIONS
AVERAGE SALES PRICE-RESIDENTIAL - INR 1,829 / SQ FT
AVERAGE RENTAL-RETAIL - INR 40 / SQ FT / MONTH
EXIT YIELD - 11.50%

Current Status

• **Land Acquisition**	Completed.
• **Construction Approvals**	Planning approvals for retail are in place. Approvals for residential component received in May 2010.
• **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. Construction of the sample flat is ready on the site with internal furnishings complete.
• **Debt**	Debt sanctioned: EUR 6.54 million. Debt drawdown: EUR 6.54 million.
• **Sales/Leasing Status**	Retail-LOIs have been signed for 0.1 million sq ft out of total area of 0.32 million sq ft. (includes 0.07 million sq ft of office on sale model), Residential-80 out of 115 units launched have been pre-sold.

Phoenix United Mall, Agra

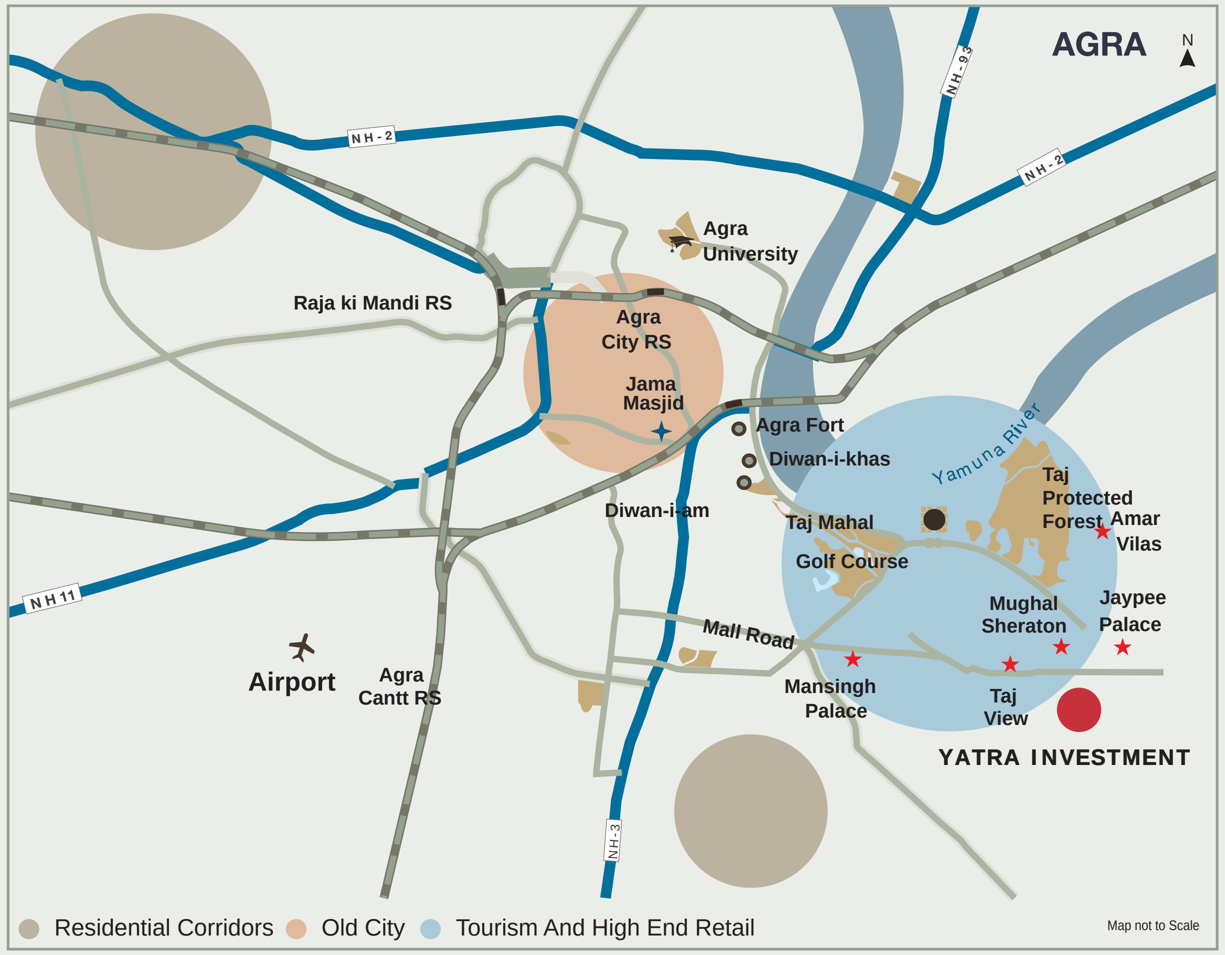
ASSET CLASS - RETAIL DEVELOPMENT
LAND AREA - 6.83 ACRES
LEASABLE/SALEABLE AREA - 0.61 MILLION SQ FT
LOCATION - AGRA, UTTAR PRADESH
INDIAN PORTFOLIO COMPANY - GANGETIC DEVELOPERS PRIVATE LIMITED
DEVELOPMENT PARTNER - BIG APPLE REAL ESTATE AND THE PHOENIX MILLS
INVESTMENT DATE - NOVEMBER 2007
COMPLETION DATE - NA
FUNDS COMMITTED - EUR 4.04 MILLION
FUNDS DISBURSED - EUR 4.04 MILLION
EQUITY STAKE - 28 %

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. We expect better clarity on the business plan by Q4 2010.



CBRE Valuation Summary

VALUATION (31 MARCH 10) - EUR 3.06 MILLION
VALUATION GAIN / (LOSS) - (43.81%)(OVER MARCH 2009)
COST OF EQUITY - NA
WACC - NA
VALUATION METHODOLOGY - DIRECT COMPARABLE
EXIT ASSUMPTION - NA
OTHER ASSUMPTIONS - NA

Current Status

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

Taj Gateway, Kolkata

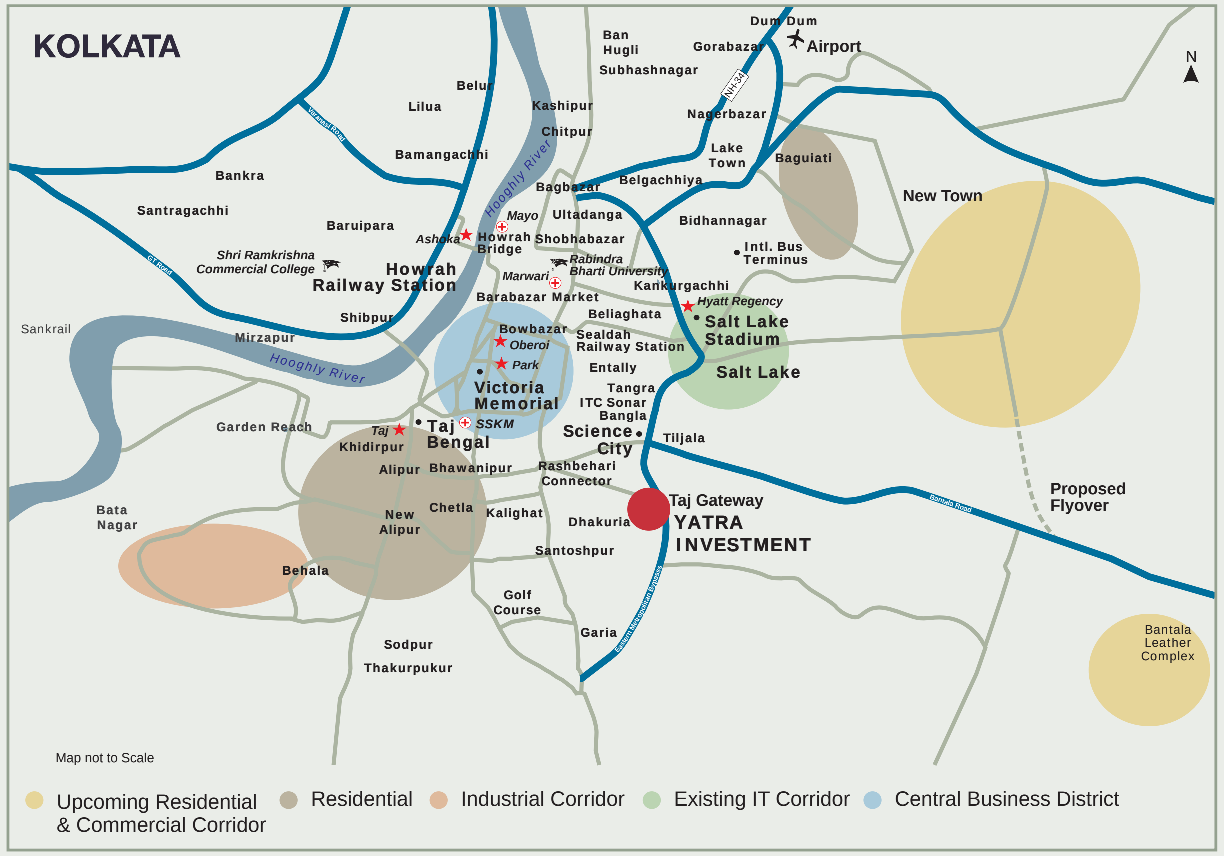
ASSET CLASS - HOSPITALITY DEVELOPMENT
LAND AREA - 1.90 ACRES
LEASABLE AREA/ SALEABLE - 0.20 MILLION SQ FT
LOCATION - KOLKATA, WEST BENGAL
INDIAN PORTFOLIO COMPANY - JALAN INTERCONTINENTAL HOTELS PRIVATE LIMITED.
DEVELOPMENT PARTNER - JALAN GROUP
INVESTMENT DATE - JULY 2008
COMPLETION DATE - MARCH 2011
FUNDS COMMITTED - EUR 4.62 MILLION
FUNDS DISBURSED - EUR 2.64 MILLION
EQUITY STAKE - 40%

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 construction on the project site is in progress and the first slab has been cast. We have entered into an operator agreement with the Taj Group of Hotels for their Taj Gateway brand for the property. The hotel is expected to be operational by March-April 2011.



CBRE Valuation Summary

VALUATION (31 MARCH 10) - EUR 7.41 MILLION
VALUATION GAIN / (LOSS) - (24.84%)(OVER MARCH 2009)
COST OF EQUITY - 25.00%
WACC - 17.80%
VALUATION METHODOLOGY - DISCOUNTED CASH FLOW
EXIT ASSUMPTION - MARCH 2014
OTHER ASSUMPTIONS
AVERAGE ROOM RATE - INR 6,000 / ROOM
EXIT YIELD - 11.50%

Current Status

• **Land Acquisition**	Completed.
• **Construction Approvals**	Construction approvals have been received.
• **Construction Status**	Piling and excavation work has been completed and slab casting for the 1st floor is in progress.
• **Debt**	Debt sanctioned: EUR 10.1 million. Debt drawdown: EUR 3.8 million.
• **Sales/Leasing Status**	Operator Agreement signed with Taj group for their Taj Gateway brand.

Yatra Capital Limited

The Phoenix Mills Limited (Listed Entity Level Investment)

ASSET CLASS - ENTITY LEVEL INVESTMENT
LAND AREA - NA
LEASABLE AREA/ SALEABLE - NA
LOCATION - PAN INDIA
INDIAN PORTFOLIO COMPANY - THE PHOENIX MILLS LIMITED
DEVELOPMENT PARTNER - PHOENIX MILLS
INVESTMENT DATE - JUNE 2007
COMPLETION DATE - NA
FUNDS COMMITTED - EUR 3.73 MILLION
FUNDS DISBURSED - EUR 3.73 MILLION
EQUITY STAKE - 0.44%

Project Summary

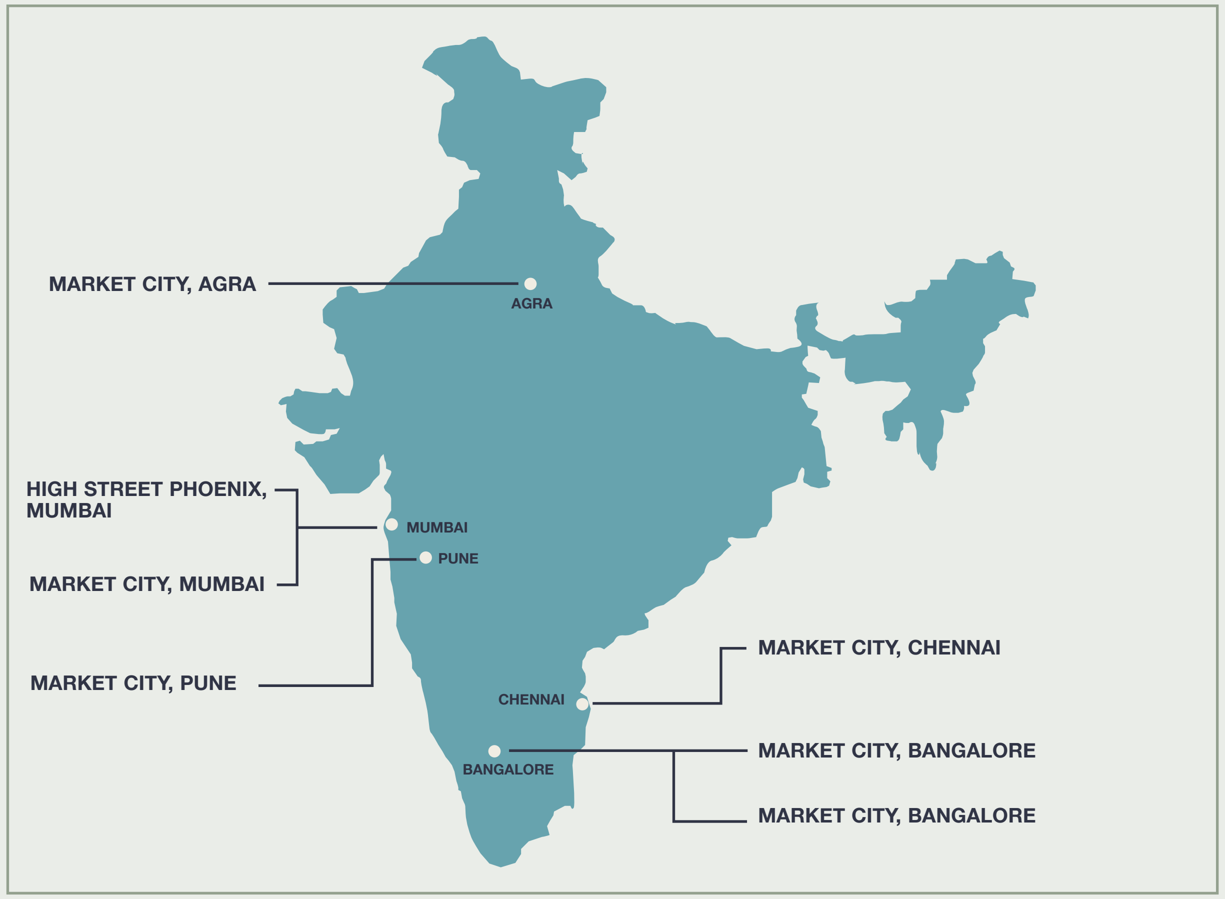
Yatra invested in the Phoenix Mills Limited ("Phoenix") for a 0.44% stake as a part of a preferential allotment in June 2007. The strategic investment was made to strengthen the fund's ties with the company and has enabled Yatra to participate in the company's projects in Pune and Bangalore.

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.



Valuation Summary

VALUATION (31 MARCH 10) - EUR 1.95 MILLION
VALUATION GAIN / (LOSS) - 190.92%(OVER MARCH 2009)
COST OF EQUITY - NA
WACC - NA
VALUATION METHODOLOGY - NA
SCHEDULED EXIT - NA
OTHER ASSUMPTIONS - NA

Saket Engineers Private Limited (Unlisted Entity Level Investment)

ASSET CLASS - ENTITY LEVEL INVESTMENT
LAND AREA - 150 ACRES
LEASABLE AREA/ SALEABLE - 1.0 MILLION SQ FT (ONLY LIVE PROJECTS)
LOCATION - HYDERABAD, ANDHRA PRADESH
INDIAN PORTFOLIO COMPANY - SAKET ENGINEERS PRIVATE LIMITED
DEVELOPMENT PARTNER - SAKET GROUP
INVESTMENT DATE - APRIL 2008
COMPLETION DATE - NA
FUNDS COMMITTED - EUR 6.84 MILLION
FUNDS DISBURSED - EUR 6.84 MILLION
EQUITY STAKE - 27.25%

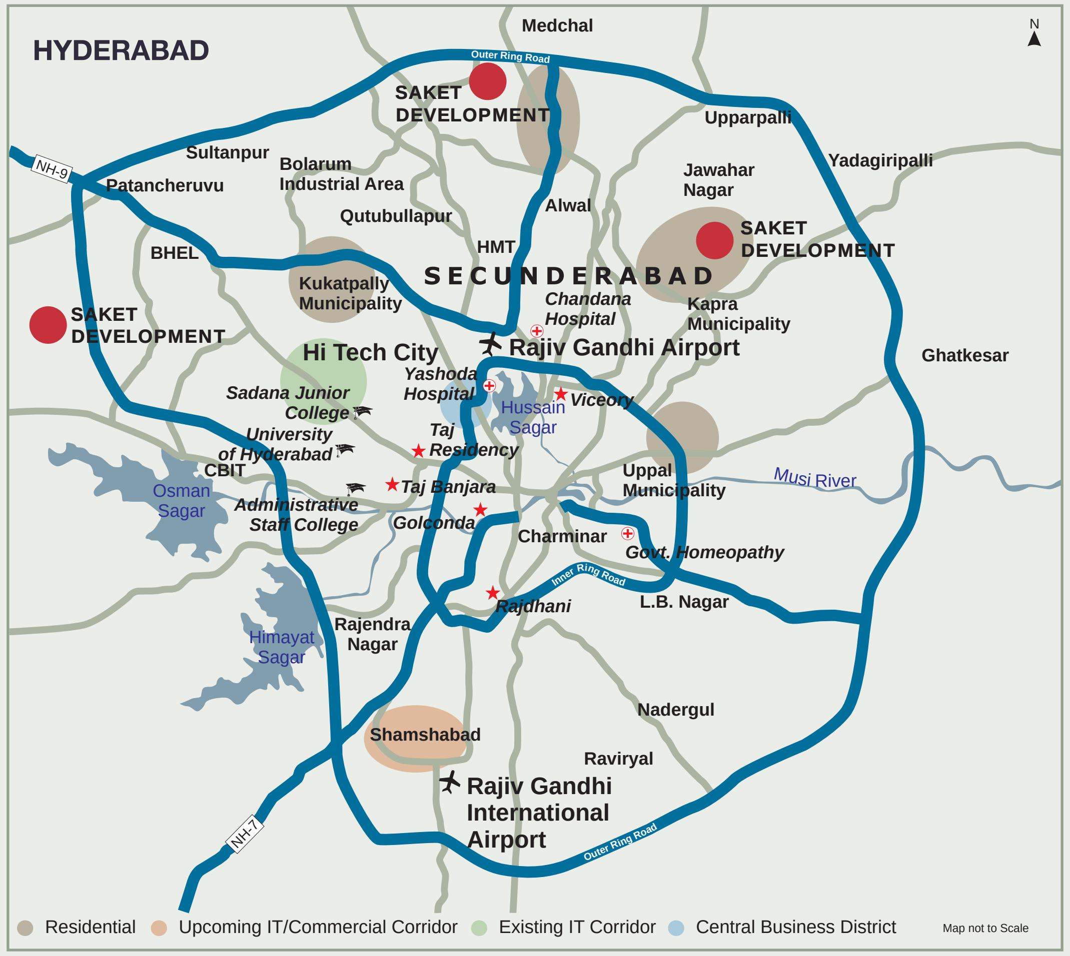
Project Summary

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 tech 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 number of 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 (0.62 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 currently underway.

Sales were slow due to the political uncertainty in the state of Andhra Pradesh in the second half of the year. Because of this, the Company was struggling with cash flows. Post 31 March 2010, K2 has agreed to provide mezzanine financing of approximately EUR 3.31 million. Subsequently, the Company has also received a bank debt sanction of approximately EUR 10 million which would help completion of the existing projects. We expect the sales to gain momentum in the coming year as projects move closer to completion.



CBRE Valuation Summary

VALUATION (31 MARCH 10) - EUR 13.30 MILLION
VALUATION GAIN / (LOSS) - (4.70%)(OVER MARCH 2009)
COST OF EQUITY - 25% - 35%
WACC - 17.80% - 21.80%
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

Current Status

• **Land Acquisition**	Completed.
• **Construction Approvals**	Building plan approvals in place for the projects under development- Saket Sriyam and Saket Pranaam.
• **Construction Status**	Civil work is currently ongoing for both the projects. Sriyam has two 25 storied towers on which the structure work has been completed upto 20th floor and 12th floor respectively. Pranaam comprises of three 9 storied buildings of which the civil works is currently going on for 2 buildings. One of the buildings is completed till 9th slab while the other is completed upto 4th slab.
• **Debt**	Debt outstanding : EUR 2.5 million.
• **Sales/Leasing Status**	Saket has sold 113 units out of 270 units launched in Sriyam and 86 units out of 180 units launched in Pranaam.

FROM LEFT TO RIGHT: (Front Row) David Hunter, Sir Nigel Broomfield, Christopher Wright
(Back Row) Malcolm King, Richard Boléat, Ajoy Veer Kapoor.

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) Ltd and Adviser to the President of Smiths Detection (UK). 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 where he oversees the activities of fund managers.

David was a well-known UK property fund manager with over 20 years experience and an exceptional track record of building and running fund management businesses. In recent years, he was responsible for managing GBP 6.5 billion in the UK and Europe with Arlington Property Investors. 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.

Ajoy Veer Kapoor

Ajoy Kapoor is an entrepreneur and banker in a career spanning over 25 years, with global exposure to real estate investment, development and management. Ajoy's last assignment was Global Head, Strategy & Implementation Corporate Real Estate at HSBC, UK where he was responsible for strategic management and project implementation of 75 million square feet across 79 countries.

Prior to that, he was Managing Committee Member and Regional Head in India, Corporate Real Estate & Strategic Sourcing at Standard Chartered Bank, managing a mixed portfolio of over 11 million square feet.

Ajoy has also been involved in development management of several million square feet of real estate during his various assignments. During 1980-1995, he built and sold Lamco, a chain of convenience stores. Ajoy is one of the leading real estate professionals in India and is an active member of this community. Within India, Ajoy is well known for creating and delivering value in a complex environment.

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 the current level of more than GBP 10 billion.

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 a senior non-executive of Redrow Plc until October last year. He is also a non-executive director of a Jersey based private 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 Imperial College, London and 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 a non-executive 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.

Mr. Wright has spent over 26 years financing and advising smaller and mid-sized companies operating in the USA, Canada, Asia and Europe. He joined Kleinwort Benson Limited in London in 1978 and in 1981 co-founded the Group's first office in California. In 1986 he relocated to New York to manage the Kleinwort Benson Limited portfolio of North American private equity, high-yield and mezzanine investments. He is currently non-executive Chairman of Maxcess International Corporation, a co-founding director of Roper Industries Inc (NYSE) and of IDOX PLC (AIM).

He has chaired the investment committees of and/or serves on several advisory boards of third party managed LBO and venture capital funds in North America and Europe and has advised several other financial institutions, including Hansa Capital, CdB Webtech, Standard Bank of South Africa, and IDeA Alternative Investments on their investments in private equity and other alternative assets around the world.

Mr. Wright was educated at Oxford University and holds a Certified Diploma in Accounting and Finance . He is Foundation Fellow, Corpus Christi College, Oxford.

Yatra Capital Limited

Directors' Report

The Directors present their annual report and the financial statements of Yatra Capital Limited ("the Company") and its subsidiaries (together the "Group") for the year ended 31 March 2010.

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 opportunities. The Company invests in a broad base of assets covering commercial, retail, residential, special economic zones, hospitality and logistics, enabling 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 and Investment Manager's Report on pages 2 and 5 respectively.

Results and Dividend

The Group's results for the financial year ended 31 March 2010 are shown in the Consolidated Statement of Comprehensive Income and related notes (page 54 to 86). The Directors do not propose to declare a dividend for the year under review (2009-Nil).

Directors

All the Directors are non-executive and the present membership of the Board of Directors ("Board") is set out on page 42. All Directors served office throughout the year except William Kay, Christopher Lovell and Rohin Shah, who resigned from the Board on 27 January 2010 and Richard Boléat and Christopher Wright who were appointed on 27 January 2010.

Director	Date of Appointment
Sir Nigel Broomfield	31 October 2006
David Hunter	5 June 2006
Ajoy Veer Kapoor	5 June 2006
Malcolm King	5 June 2006
Richard Boléat	27 January 2010
Christopher Wright	27 January 2010

Director	Date of Resignation
William Kay	27 January 2010
Christopher Lovell	27 January 2010
Rohin Shah	27 January 2010

Directors' Interests

The following directors had interests in the shares of the Company as at 31 March 2010.

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

Mr Rohin Shah also holds directorship of:

- K2 Property Limited, a subsidiary of the Company (resigned on 1 March 2010)
- Saffron Capital Advisors Limited, the appointed Investment Manager to K2 Property Limited

Mr Ajoy Veer Kapoor is also a director of:

- K2 Property Limited, a subsidiary of the Company
- Saffron Capital Advisors Limited, the appointed Investment Manager to K2 Property Limited

Mr William Kay is also a director of:

- Minerva Fund Administration Limited, the appointed administrator to the Company

Directors' Remuneration

During the year the directors received the following emoluments from the Company

Director	Remuneration (in EUR)*
Sir Nigel Broomfield	40,141
David Hunter	28,511
Ajoy Veer Kapoor	28,512
Malcolm King	34,326
Richard Boléat	5,018
Christopher Wright	5,174
Christopher Lovell	23,843
Rohin Shah	23,514
William Kay	23,514

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

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

Management

Saffron Capital Advisors Limited ("the Investment Manager") provides investment management services to the Group and project management, property advisory, property management and monitoring services to those members of the Group which acquire properties, in each case in accordance with the investment objective, investment policy and restrictions of the Group.

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 financial year 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 (IFRS) 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 48

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 exit such investments at the time and price at which these investments were underwritten. The Group seeks to mitigate these risks by diversifying its portfolio across different asset classes, cities and development partners.
- The Indian real estate market is thinly traded and lacks significant depth, which may further compound the liquidity risk to which the Group is exposed in respect of its investments.
- Regulations governing foreign investments in India are subject to geo-political risks which 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 Group is therefore exposed to currency risk whereby a movement in foreign exchange rates will affect the value of the investments and the resultant unrealised 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 would have a first charge towards the securities so provided as well as the other assets of the land owning company.

The Board continues to monitor and, where possible, take steps to mitigate key risks and 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 21 days' prior notice to shareholders.

Independent Auditors

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

By Order of the Board

Sd /-	**Sd /-**
Sir Nigel Broomfield	Richard Boléat
Chairman	Director

28 July 2010

Corporate Governance

It is the Group's policy to comply with best corporate governance practice. The Group recognizes that effective governance is a fiduciary responsibility fundamental to its long-term success. The Board endeavors 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, the civil service, banking, law, administration, financial accounting, corporate finance and fund management to add to the Board's effectiveness, particularly in the area of 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.

Board Decisions

The Board ensures during its meetings that strategic matters are considered. 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.

An independent investment committee comprising five members of the Board was previously appointed to oversee all aspects of the Group's real estate investment activities. Effective from 1 March 2010, the Investment Committee was disbanded on the basis that the majority of available funds had been committed. Subsequently, three out of the five previous members, namely Harkirat Singh, Malcolm King and David Hunter, were appointed to the Board of K2 Property Limited effective 1 March 2010.

Board Meetings

The Board holds four meetings annually and also meets as and when required to consider specific issues reserved for decision by the Board. The Board met ten 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	9
David Hunter	5
William Kay (resigned on 27 January 2010)	6
Ajoy Veer Kapoor	8
Malcolm King	6
Christopher Lovell (resigned on 27 January 2010)	5
Rohin Shah (resigned on 27 January 2010)	2
Richard Boléat (appointed on 27 January 2010)	3
Christopher Wright (appointed on 27 January 2010)	4

Committees of the Board

Audit Committee

On 27 January 2010, Richard Boléat and Christopher Wright were appointed to the Board and subsequently to the Audit Committee. Richard Boléat was appointed as Chairman of the Audit Committee which was previously chaired by Malcolm King. Richard Boléat was selected by the Board as Audit Committee chair on the basis of his membership of the Institute of Chartered Accountants in England and Wales and more than 20 years' diverse finance-related post qualification experience. The Audit Committee now comprises of Richard Boléat (Chairman), Christopher Wright and Malcolm King. Richard Boléat is also an ex-officio member 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. Some of the key points covered under the terms of reference of the Audit Committee are:

- 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 auditor, their objectivity and effectiveness, taking into consideration relevant professional 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, the Audit Committee met seven times. The table below shows the attendance of the previous audit committee members at the meetings for the year under review which were held up to 27 January 2010, during which 6 meetings were held:

Director	Attendance at Meetings
Malcolm King	6
Christopher Lovell	5
Ajoy Veer Kapoor	5

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

Director	Attendance at Meetings
Malcolm King	1
Richard Boléat	1
Christopher Wright	1

Remuneration Committee

From 1 April 2009 to 27 January 2010, the Remuneration Committee comprised of William Kay (chairman), Sir Nigel Broomfield, Ajoy Veer Kapoor and Chris Lovell. Effective from 27 January 2010, the Committee comprises of Sir Nigel Broomfield, Ajoy Kapoor and David Hunter (Chairman) and is responsible for the terms of appointment and remuneration of the Company's Directors and the incentive policies of the Group as a whole. During the year under review, the remuneration committee met on two occasions. The table below shows the attendance of the current committee members at the meetings for the year under review.

Director	Attendance at Meetings
Sir Nigel Broomfield	1
David Hunter	1
Ajoy Veer Kapoor	1

The table below shows the attendance of the previous committee members at the meeting for the year under review, :

Director	Attendance at Meetings
Sir Nigel Broomfield	1
William Kay	1
Christopher Lovell	1

Investment Committee

The Board appointed an independent Investment Committee until 1 March 2010. The Investment Committee's role was to review and approve all investment decisions. The Committee comprised of five members, three of whom were board members of the Company and subject matter experts. The Investment Committee was chaired by David Hunter and comprised of Ajoy Kapoor, Anuj Puri, Malcolm King and Harkirat Singh. With effect from 1 March 2010, the Board of K2 Property Limited has appointed a sub investment committee which comprises David Hunter, Malcolm King, Harkirat Singh and Ritesh Vohra.

Further details on David Hunter, Ajoy Kapoor and Malcolm King are on page 42 and 43. Brief profiles of Anuj Puri, Harkirat Singh and Ritesh Vohra are given below:

Anuj Puri

Anuj Puri is Chairman and Indian Country Head of Jones Lang LaSalle Meghraj, and is responsible for the overall direction, strategy and growth of the firm, which is the largest real estate services firm in India. He is also the Chairman of The Real Estate and Construction Committee of the Confederation of Indian Industries (CII) Western Zone and a Fellow of RICS (Royal Institution of Chartered Surveyors). He has been appointed as a non-executive director of Dainik Jagran, India's largest selling broadsheet daily newspaper. He has over 18 years experience in multidisciplinary consulting ranging from real estate to social development projects. His key expertise lies in planning and undertaking demand assessment studies, valuation and transaction services including marketing strategies based on technical analysis of real estate markets.

Harkirat Singh

Harkirat Singh began his banking career at the Citibank training centre in Lebanon. He then moved to Grindlays Bank, where he was the country head, India for foreign exchange and securities. Following this, he worked in Deutsche Bank for 18 years, starting the bank's operation in India in 1981. He was CEO of Deutsche Bank India from 1993 to 1999. He led Deutsche Bank's first foray into venture capital with an investment in India's first venture capital company, Indus Venture Capital India Private Limited. After leaving Deutsche Bank, he was appointed Special Advisor to the managing board of Rabobank International. In 2002, Rabobank was granted approval for establishing a private bank in India and Harkirat was CEO and Managing Director of the new entity until end 2003. He was also the Country Head UK and Global Head of capital markets with Rabobank.

Harkirat was a member of the Board of Governors of the National Institute of Bank Management in India, a member of the advisory board of GEMS, a private equity fund based in Hong Kong, Chairman of the finance committee of the Indian Merchants Chamber and a member of the CEO Forum of the Economic Intelligence Unit of The Economist.

Ritesh Vohra

Ritesh is an entrepreneur and professional in the real estate and retail advisory sector with an experience spanning over eleven years. He has been involved with Saffron since inception and is responsible for investments and asset management. His previous assignment was as the CEO at First Franchising, a boutique advisory firm focused on retail, franchise and real estate sectors. Prior to that he was an investor and director at Media Asset Holdings, a publishing company with magazine titles and TV shows in sectors like real estate and retailing. In his previous assignments he was instrumental in setting up the Real Estate Advisory business for Chesterton Meghraj India (now Jones Lang LaSalle Meghraj) and the Retail & Leisure Advisory business in North India for Jones Lang LaSalle Meghraj.

The table of attendance for the Investment Committee is given below :

Director	Attendance at Meetings
David Hunter	3
Ajoy Kapoor	3
Malcolm King	3
Anuj Puri	0
Harkirat Singh	3

Total number of meetings for the year was 3.

Shareholder Relations

Shareholder communications are a key priority of the Board and the Company maintains a regular dialogue with its shareholders. 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 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 21 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 will be 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

To the members of Yatra Capital Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Yatra Capital Limited which comprise the company and consolidated statements of financial position as of 31 March 2010 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 notes.

Directors' Responsibility for the Financial Statements

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and with the requirements of Jersey law. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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 2010, 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 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 statement on Corporate Governance, CBRE RICS valuation letter, Corporate Information and contact information.

Independent Auditors' Report (continued)

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.

Sd /-

Michael Byrne
For and on behalf of PricewaterhouseCoopers CI LLP

Chartered Accountants and Recognized Auditor
Jersey, Channel Islands
28 July 2010

Consolidated and Company Statement of Financial Position

As at 31 March, 2010

	Notes	Group 2010 EUR	Group 2009 EUR	Company 2010 EUR	Company 2009 EUR
ASSETS					
Non-current assets					
Financial assets at fair value through profit or loss	7	151,459,388	175,535,862	-	-
Investments in subsidiary undertakings	8	-	-	212,132,319	212,132,319
Advance on equity contribution	9	-	296,560	-	-
		151,459,388	175,832,422	**212,132,319**	212,132,319
Current assets					
Prepayments and other receivables	10	5,612,744	4,807,686	576,910	142,583
Cash and Cash equivalents	11	41,992,505	53,831,581	26,881,812	47,332,557
		47,605,249	58,639,267	27,458,722	47,475,140
Total assets		**199,064,637**	**234,471,689**	**239,591,041**	**259,607,459**
EQUITY AND LIABILITIES					
Capital and reserves					
Stated capital	12	-	-	-	-
Share premium	12	211,906,108	211,906,108	211,906,108	211,906,108
(Accumulated Losses) / Retained earnings		(13,167,523)	20,827,908	2,796,781	2,846,039
Total equity		**198,738,585**	232,734,016	**214,702,889**	214,752,147
Minority interest	13	-	1,341,367	-	-
		198,738,585	234,075,383	**214,702,889**	214,752,147
Current liabilities					
Other financial liabilities	14	-	784	-	-
Amount due to subsidiary	15	-	-	24,807,073	44,807,073
Accruals and other payables	16	326,052	395,522	81,079	48,239
		326,052	396,306	24,888,152	44,855,312
Total equity and liabilities		**199,064,637**	**234,471,689**	**239,591,041**	**259,607,459**

The financial statements were approved by the Board of Directors and authorised for issue on 28 July, 2010. They were signed on its behalf by Sir Nigel Broomfield and Richard Boléat.

Sd /-
Sir Nigel Broomfield
Chairman

Sd /-
Richard Boléat
Director

The notes on pages 58 to 86 form an integral part of these financial statements.

Consolidated Statement of Comprehensive Income

For the year ended 31 March 2010

	Notes	Group Year ended 31 March 2010 EUR	Group Year ended 31 March 2009 EUR
Continuing Operations			
INCOME			
Interest income		870,105	2,123,529
Dividend income		9,436	9,824
Gain on foreign currency translation		428,590	-
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	(31,267,351)	(52,299,467)
		(28,310,746)	(50,166,114)
EXPENSES			
General Administration Expenses:			
Investment manager fee	18	4,291,672	4,229,441
Custodian, secretarial and administration fees		158,879	180,650
Legal and professional costs		357,804	526,916
Directors' fees	18	212,553	208,726
Directors' insurance		30,252	75,762
Audit fees		315,856	341,363
Listing agents fees		12,378	13,200
Investment committee expenses		168,142	196,543
Other administrative expenses		137,149	193,390
Loss on foreign currency translation		-	291,938
		5,684,685	6,257,929
Loss for the year		**(33,995,431)**	**(56,424,043)**
Loss Attributable to:			
Equity holders of the Company		(33,995,431)	(55,122,549)
Minority interest	13	-	(1,301,494)
		(33,995,431)	**(56,424,043)**
Loss per share - basic and diluted (EUR per share)	21	**(1.59)**	**(2.57)**

The notes on pages 58 to 86 form an integral part of these financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 March 2010

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 2008	-	211,906,108	75,950,457	287,856,565	2,642,861	290,499,426
Loss for the Year	-	-	(55,122,549)	(55,122,549)	(1,301,494)	(56,424,043)
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)
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**

The notes on pages 58 to 86 form an integral part of these financial statements.

Consolidated Statement of Cash Flows

For the year ended 31 March 2010

	Notes	**Group Year ended 31 March 2010 EUR**	Group Year ended 31 March 2009 EUR
Cash flows from operating activities			
Loss for the year		(33,995,431)	(56,424,043)
Adjustments for:			
Dividend income		(9,436)	(9,824)
Interest income		(870,105)	(2,123,529)
Gain on foreign currency translation		(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	31,267,351	52,299,467
		(5,647,753)	(6,257,929)
Purchase of financial assets at fair value through profit or loss		(7,926,887)	(22,744,328)
Proceeds from sale of financial assets		1,165,692	-
Refund of advance on equity contribution		173,201	-
Advance paid on equity contribution	9	-	(296,560)
Dividend received		9,436	9,824
(Decrease)/Increase in prepayments and other receivables		(413,400)	1,682,048
(Decrease)/Increase in accruals and other payables		(69,470)	(248,647)
Net cash used in operating activities		(12,709,181)	(27,855,592)
Cash flows from financing activities			
Interest received		870,105	2,144,918
Net cash from financing activities		870,105	2,144,918
Net decrease in cash and cash equivalents		(11,839,076)	(25,710,674)
Cash and cash equivalents at beginning of the year		53,831,581	79,542,255
Cash and cash equivalents at end of the year	11	**41,992,505**	**53,831,581**

The notes on pages 58 to 86 form an integral part of these financial statements.

Notes to the Financial Statements

1. General Information

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

Saffron Capital Advisors Limited, an investment management company incorporated in Mauritius ("the Investment Manager") advises the Group with respect to its investment activities. The administration of the Company is undertaken by Minerva Fund Administration Limited.

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

2. Summary of Significant Accounting Policies

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

2.1 Basis of Preparation

The 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 balance sheet of the Company. K2 makes investments in Portfolio Companies established to undertake real estate investment in India. By virtue of the controlling interest held by the Company in K2 as at 31 March 2010, 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.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

As at 31 March 2010, neither the Company nor K2 held a controlling interest in any of the Portfolio Companies in respect of which K2 has invested. As set out in note 2.3, investments in Portfolio Companies are accounted for as financial assets at fair value through profit or loss. The estimates and assumptions applied in determining the fair value of these investments are set out in note 4.1.

(a) Standards and amendments to existing standards effective on 1 April 2009 for the Group

The following interpretations to published standards are mandatory for accounting periods beginning on or after 1 January 2009:

- IAS 1 (revised), 'Presentation of financial statements'. The revised standard prohibits the presentation of items of income and expenses (that is, 'non-owner changes in equity') in the statement of changes in equity. It requires non-owner changes in equity to be presented separately from owner changes in equity. All non-owner changes in equity are required to be shown in a performance statement (the statement of comprehensive income) or two statements (the income statement and statement of comprehensive income). Where entities restate or reclassify comparative information, they are required to present a restated statement of financial position as at the beginning comparative period, in addition to the current requirement to present statements of financial position at the end of the current period and comparative period. The Group has applied IAS 1 (revised) from 1 April 2009, and has elected to present solely a statement of comprehensive income. The adoption of this revised standard has not resulted in a significant change to the presentation of the Group's and the Company's performance statement, as the Group and the Company have no elements of other comprehensive income.

- IAS 32 (amendment), 'Financial instruments: Presentation', and IAS 1 (amendment), 'Presentation of financial statements – Puttable financial instruments and obligations arising on liquidation'. The amended standards require entities to classify puttable financial instruments, or components of instruments that impose on the entity an obligation to deliver to another party a pro rata share of the net assets of the entity only on liquidation, as equity, provided the financial instruments have particular features and meet specific conditions, including that all financial instruments in the class of instruments that are subordinate to all other instruments have identical features. The different classes of shares issued by the Company have features that are not considered to be identical. The adoption of these amendments has therefore not resulted in any change in the classification of the Company's shares.

- IAS 39 (amendment), 'Financial instruments: Recognition and measurement'. The amendment was part of the IASB's annual improvements project published in May 2008. The definition of financial asset or financial liability at fair value through profit or loss as it relates to items that are held for trading was amended. This clarifies that a financial asset or liability that is part of a portfolio of financial instruments managed together with evidence of an actual short-term profit taking is included in such a portfolio on initial recognition. The adoption did not have an impact on the financial statements as the Group and the Company do not have trading assets.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

- IFRS 7 (amendment) 'Financial instruments: Disclosures'. The amendment requires enhanced disclosures about fair value measurement and liquidity risk. In particular, the amendment requires disclosure of fair value measurements by level of fair value measurement hierarchy. The adoption of the amendments results in additional disclosures but does not have an impact on the Group's and the Company's financial position or performance.

- IFRS 8 'Operating Segments' was effective from 1 January 2009. IFRS 8 replaces IAS 14, 'Segment reporting', and aligns segment reporting with the requirements of US standard SFAS 131, 'Disclosures about segments of an enterprise and related information'. The new standard requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes. The adoption of this standard does not result in any significant change to the disclosure requirements applicable to the Group.

(b) Standards, amendments and interpretations effective on 1 January 2009 but not relevant

- IAS 23 (amendment), 'Borrowing costs'
- IAS 39 and IFRIC 9 (amendments), 'Embedded derivatives' (effective for all periods ending on or after 30 June 2009)
- IAS 39 and IFRS 7 (amendments), 'Reclassification of financial assets'
- IFRS 1 (amendment), 'First-time adoption of IFRS' and IAS 27 'Consolidated and separate financial statements'
- IFRS 2 (amendment), 'Share-based payment'
- IFRIC 15, 'Agreements for construction of real estates
- IFRIC 16, 'Hedges of a net investment in a foreign operation'(effective 1 October 2008 but endorsed for 1 July 2009)

There are a number of amendments to various standards which are part of the IASB's annual improvements project published in May 2008 (not addressed above). These amendments are unlikely to have a significant impact on the Group's accounts and have therefore not been analysed in detail.

(c) Standards, amendments and interpretations to existing standards that are not yet effective and have not yet been adopted by the Group.

Several standards, amendments and interpretations to existing standards have been published and are not yet effective. The Board is currently considering all the changes and will apply those standards, amendments and interpretations to existing standards that are relevant to the Group and to the Company in the period they become effective.

The following is the only change that is relevant to the Group and the Board is currently considering its impact on the financial statements in the periods of initial application beginning on or after 1 April 2010:

- IFRS 3 Business Combinations (effective 1 July 2009)
- IFRS 9, 'Financial instruments' (effective 1 January 2013)

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

2.2 Consolidation

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

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

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. 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. 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.

The net asset value of the Portfolio Companies as adjusted for differences between IFRS and Indian GAAP, undisbursed capital commitment 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 minority interests

The Group applies a policy of treating transactions with minority interests as transactions with parties external to the Group. Disposals to minority interests result in gains and losses for the Group that are recorded in the consolidated statement of comprehensive income. Purchases from minority interests result in goodwill, being the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary.

Investments in subsidiary undertakings

Investments in subsidiaries are initially recognised and subsequently carried at cost in the statement of financial position of the Company.

Where an indication of impairment exists, the recoverable amount of the investment is assessed. 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.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

2.3 Financial assets at fair value through profit or loss

(a) Classification

Advances on subscription monies/investment contribution 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. 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 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 balance sheet 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.

(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 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 Group's and Company's 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. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income. The EUR exchange rate used at the balance sheet date for the translation of monetary assets and liabilities (and stated commitments disclosed in note 3.4 below) denominated in INR was 60.56 (2009 - 67.44). Translation differences on non-monetary financial assets and liabilities such as equities at fair value through profit or loss are recognised in the statement of comprehensive income within the fair value net gain or loss.

(c) Group companies

The results of 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 of Euro as follows:

i) assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of the statement of financial position.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

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 in Mauritius, 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 of 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.

2.5 Trade receivables and payables

Trade receivables and payables are recognised on an accruals basis and are fair valued as at the date of statement of financial position.

2.6 Interest and Dividend

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

2.7 Cash and cash equivalents

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

2.8 Stated capital

Ordinary shares are classified as equity. Incremental cost directly attributable to the issue of new shares are shown in equity as a deduction from the proceeds of the issue.

2.9 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are not recognised for future operating losses.

Where the effect of the time value of money is material, the amount of a provision is calculated as the present value of the amounts expected to be required to settle the obligation. Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

2.10 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. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date 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.

2.11 Financial instruments

Financial instruments carried in the statement of financial position include financial assets at fair value through profit or loss, advances on equity contributions, other receivables, cash at bank and 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.

Notes to the Financial Statements (Continued)

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 policies focus on the volatility of financial markets and seek to minimise 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 being credit risk, liquidity risk and market risk. The Group's financial instruments comprise investments held at fair value through profit or loss, cash and cash equivalents and other items such as accruals and other payables and receivables which arise from its operations.

This note presents information about the Group's 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 as at 31 March 2010 (2009 - 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 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 Group's functional currency.

The Group holds investments in Portfolio Companies operating in India and hence is exposed to foreign currency exchange risk as its investments are denominated in Indian Rupees ("INR"). It also has 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.

Notes to the Financial Statements (Continued)

Financial Risk Management (Continued)

The Group has in place a policy that requires Group companies, including the Company, to manage 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.

At 31 March 2010, the fair value of investments denominated in INR amounted to EUR 151,459,388 (2009 – EUR 175,535,862). 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 2010,assuming the price of the financial assets denominated in INR remains unchanged, if INR had strengthened by 10% (2009 - 8%) against the EUR, the fair value would have increased by EUR17.26 million (2009 - EUR 15.56 million) and had the INR weakened by 10% the fair value would have decreased by EUR 14.11 million (2009 - EUR 13.26 million).

At 31 March 2010, the Group had outstanding capital commitments of EUR 4.25 million (2009 - EUR 10.24 million).The Company did not have any outstanding capital commitment at 31 March 2010. Had the INR depreciated against the EUR by 10% over the last year then the Group would have had at 31 March 2010 an outstanding capital commitment of EUR 3.87 million (2009 - EUR 9.42 million). Had the INR appreciated against the EUR by 10% over the last year then the Group would have had at 31 March 2010 an outstanding capital commitment of EUR 4.72 million (2009 - EUR 11.06 million).

(c) Price risk

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

The Group has retained the services of an independent international property valuer, namely CB Richard Ellis South Asia Private Limited, to conduct the valuation of the property development projects held by the Portfolio Companies as at 31 March 2010. 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 at 31 March 2010 increased/decreased by 20% (2009 -20%) with other variables held constant.

Year ended 31 March 2010	**Increase in fair value by 20% (EUR)**	**Decrease in fair value by 20% (EUR)**
Increase/(decrease) in net assets (decrease/ (increase) in loss)	EUR 30.29 million	EUR (30.29) million
Year ended 31 March 2009	**Increase in fair value by 20% (EUR)**	**Decrease in fair value by 20% (EUR)**
Increase/(decrease) in net assets (decrease/ (increase) in loss)	EUR 35.11 million	EUR (35.11) million

Notes to the Financial Statements (Continued)

Financial Risk Management (Continued)

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.

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 2010, all cash balances and short term deposits were placed with the HSBC Banking Group which had a rating as on March 2010 of "AA-" from Standard and Poors, and the Mauritius Commercial Bank Limited, which has a 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 10 below. The Board has considered the recoverability of these balances as at 31st March 2010 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. As a policy, the Group minimises these risks by maintaining sufficient cash and highly liquid current assets. As at 31 March 2010, the total financial liabilities of the Group amounted to EUR 0.33 million (2009 - EUR 0.39 million), of this total EUR Nil (2009 - EUR 784) is classified within the balance sheet as 'other financial liabilities'. This amount in the previous year represented the share capital in K2 not held by the Company, had it been liquidated as on 31 March 2010.

Yatra Capital Limited

Notes to the Financial Statements (Continued)

Financial Risk Management (Continued)

As detailed below, the outstanding capital commitments of the Group amounted to EUR 4.25 million as at 31 March 2010. The cash balance of the Group as at 31 March 2010 amounted to EUR 41.99 million and hence the Group maintains sufficient liquid assets available to finance the outstanding capital commitments.

Name of subsidiary	Description	2010		2009	
		Commitment		Commitment	
		Total (EUR millions)	Balance (EUR millions)	Total (EUR millions)	Balance (EUR millions)
K2 A Residential Limited	Residential Projects, Pune	15.88	0.00	17.05	0.00
K2 C Retail Limited & K2 Property Limited	Market City, Pune	17.05	0.00	17.05	0.00
K2 A Hospitality Limited	Market City, Pune	4.58	0.00	4.58	0.00
K2 Property Limited	Listed Entity level investment	3.73	0.00	3.73	0.00
K2 C Residential Limited	Nashik City Centre, Nashik	10.46	0.00	8.89	0.00
K2 C Residential Limited	Treasure Market City, Indore	11.08*	0.95	10.99	4.75
K2 C Residential Limited	Treasure City, Bijalpur	7.71	0.00	7.88	0.00
K2 A Retail Limited	Phoenix United Mall, Agra	4.04	0.00	4.04	0.00
K2 B Retail Limited	Himalaya Mall, Bhavnagar	6.43*	1.32	6.31	1.93
K2 A Commercial Limited	Batanagar IT SEZ, Kolkata	20.28	0.00	20.28	0.00
K2 B Commercial Limited	Forum IT Parks, Kolkata	16.68	0.00	16.68	0.00
K2 D Retail Limited	Market City, Bangalore	20.04	0.00	20.04	0.00
K2 B Hospitality Limited	Market City, Bangalore	8.03	0.00	8.03	0.00
K2A Private Equity Limited	Unlisted Entity Level, Hyderabad	6.84	0.00	6.84	0.00
K2C Hospitality Limited	Taj Gateway, Kolkata	4.62*	1.98	4.48	3.56
Total initial / outstanding commitments		**157.45**	**4.25**	**156.87**	**10.24**

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

Notes to the Financial Statements (Continued)

Financial Risk Management (Continued)

Details	Group		Company	
	Due - less than 12 months		Due - more than 12 months	
	2010 EUR Millions	2009 EUR Millions	2010 EUR Millions	2009 EUR Millions
Accruals and other payables	0.33	0.39	0.08	-
Other financial liabilities	-	-	-	-
Outstanding Commitments	4.25	10.24	-	1.78
Total payable	**4.58**	**10.63**	**0.08**	**1.78**

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

3.5 Fair Values

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

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)

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 undisbursed capital commitments and 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) derived from the valuation data provided by the Valuer. 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 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 an 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"). Last year, the valuations of the different projects were carried out by two independent international property valuers, sharing responsibility for the Portfolio Companies. The Company has changed from two valuers to one valuer this year to bring more consistency in the valuations across the Group. The directors do not believe that the changes in the valuer had any material impact on the fair value of the investments, from one year to another.

Notes to the Financial Statements (Continued)

Critical accounting estimates and judgements (Continued)

This year, 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 by the Valuer 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.

Under the DCM method, recent transactions of land situated in vicinity of subject land are considered and adjusted for discounts or premiums in prices to arrive at appropriate price 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 2010, as reported by the Valuer, is then used in the fair valuation of the net assets of the Portfolio Companies.

As at 31 March 2010, 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 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 by the Valuer make 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.

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 Company measures its financial performance and reports its results. This determination also considers the competitive environment in which the Company operates compared to other European investment products.

5.Taxation

5.1 Current Tax – Jersey

The Company is domiciled in Jersey, Channel Islands, and had previously paid an annual fee of GBP 600 for exemption from Jersey income tax. With effect from the 2009 year of assessment Jersey abolished the exempt company regime for existing companies. Profits arising in the company for the 2009 year of assessment and future periods will be subject to tax at the rate of 0%. In the prior year, the company was exempt from taxation under the provisions of Article 123A of the Income Tax (Jersey) Law 1961 as amended.

5.2 Current Tax – Mauritius

All Group companies which are resident for tax purposes in Mauritius are liable to pay income tax on net income at a rate of 15%. K2 and each of its subsidiaries in Mauritius are however entitled to a tax credit equivalent to the higher of actual foreign tax suffered and 80% of the Mauritius tax payable in respect of foreign source income tax thus reducing its maximum effective tax rate to 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 Indian Dividend Distribution Tax.

No Mauritian capital gains tax is payable on gains arising from the sale 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 tax.

At 31 March 2010, accumulated tax losses within the Group in respect of Mauritian tax amounted to EUR 1,900,260 (2009 - EUR 1,977,498) which can be carried forward and set-off against income derived in the five succeeding income years and therefore no provision for taxation in Mauritius has been made. The tax losses arising in a period can be carried forward to set off against income derived in the five succeeding income years.

Notes to the Financial Statements (Continued)

Taxation (Continued)

The expiry dates for the tax losses are as follows:

Relating to the years ended:	Company tax losses EUR	Expiry date
31 March 2007	511,531	31 March 2012
31 March 2008	464,850	31 March 2013
31 March 2009	82,397	31 March 2014
31 March 2010	49,021	31 March 2015
	1,107,799	

The extent to which Group profits / (losses) are taxable in Mauritius is attributable to the results of K2. K2's loss before tax differs from the theoretical amount that would arise using the applicable tax rate of 15%. Information in respect of K2's loss for the year ended 31 March 2010 is set out below:

Particulars	K2 2010 EUR	K2 2009 EUR
Loss for the year	(33,946,957)	(75,818,568)
Tax calculated at domestic rates applicable in respective countries	5,091,751	11,371,816
Impact of:		
Non allowable expenses	5,382,237	11,333,936
Net exempt income	(77,402)	(61,525)
Income not subject to tax	(201,205)	-
Utilised losses	(50,848)	-
Deferred tax asset not recognised	**38,969**	**99,405**

5.3 Current Tax – Cyprus

Mildren Holding Limited is subject to corporation tax on its taxable profits at the rate of 10% (2009 – 10%), in Cyprus. As at 31 March 2010, Mildren had accumulated tax losses of EUR 5,846 (2009 – EUR Nil).

Under certain conditions, interest may be subject to defence contribution at the rate of 10%. In such cases, 50% of this will be exempt from corporation tax thus having an effective tax rate burden of 15%. In certain cases, dividends received from abroad may be subject to defence contribution at the rate of 15% in Cyprus.

5.4 Current Tax – India

The Group invests in India and the Board expects 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 K2 and its subsidiaries in Mauritius have obtained 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% (2009 - 20.60%).

Notes to the Financial Statements (Continued)

Taxation (Continued)

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 16.995% (2009: 16.995%) of the dividends distributed.

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 unprovided deferred tax balance at 31 March 2010 arising from accumulated tax losses amounted to EUR 56,832 (2009 – EUR 58,240) for the Group.

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

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

Particulars	Note	Group 2010 EUR	Group 2009 EUR
Loss on fair valuation of financial assets	7	(31,268,135)	(70,799,255)
Gain on fair valuation of financial liabilities	14	784	18,499,788
Total net loss for the year ended 31 March 2010		**(31,267,351)**	**(52,299,467)**

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	Subscription monies EUR	Total EUR
At 1 April 2008	3,836,732	214,635,557	5,118,500	223,590,789
Additions	-	22,744,328	2,124,638	24,868,966
Refund of subscription monies	-	-	(2,124,638)	(2,124,638)
Allotment of shares	-	5,118,500	(5,118,500)	-
Loss on fair valuation	(3,165,737)	(67,633,518)	-	(70,799,255)
At 31 March 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 (Note 8)	-	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**

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		2010			2009	
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	1,949,166	<1%	3,735,949	670,995
Unlisted Equity Investment in Portfolio Companies						
Alliance Hospitality Services Private Limited	20%	4,580,931	5,711,110	20%	4,580,931	5,310,950
City Centre Mall Nashik Pvt. Limited	50%	10,502,462	11,136,441	50%	8,929,916	8,379,212
Indore Treasure Market City Private Limited	28.90%	10,151,376	14,743,186	28.90%	6,251,096	10,117,676
Indore Treasure Town Pvt. Ltd.	42.77%	7,728,669	14,483,827	42.77%	7,901,869	14,071,546
Forum IT Parks Pvt. Ltd.	49%	16,680,328	15,083,178	49%	16,680,328	25,143,771
Gangetic Dev. Pvt. Ltd	28%	4,035,167	2,840,968	28%	4,035,167	5,303,020
Kolte Patil R E Pvt. Ltd.	49%	13,063,198	17,891,069	49%	17,042,647	15,766,917
Modi Organisors Pvt. Ltd.	50%	5,110,336	1,925,723	50%	4,081,872	5,474,569
Palladium Cons. Pvt. Ltd.	30%	20,042,747	16,485,022	30%	20,042,747	21,666,326
Platinum Hospitality Services Private Limited	30%	8,034,286	6,639,085	30%	8,034,286	12,468,275
Riverbank Holdings P. Ltd	50%	20,282,856	14,944,240	50%	20,282,856	24,567,541
Vamona Dev. Pvt. Ltd	24%	17,047,066	15,277,972	24%	17,047,066	12,736,449
Saket Engineers Pvt. Ltd.	26.05%	6,844,478	8,415,445	26.05%	6,844,478	9,473,790
Jalan Inter. Hotels Pvt. Ltd	40%	2,639,241	3,932,956	40%	917,083	4,384,825
		146,743,141	149,510,222		142,672,342	174,864,867
Total		**150,479,090**	**151,459,388**		**146,408,291**	**175,535,862**

Notes to the Financial Statements (Continued)

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

The Group has adopted amendments to IFRS 7, effective 1 January 2009. This requires the Group to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

a. Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1)

b. Inputs other than quoted prices included within 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)

c. Inputs for the asset or 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 Company. The Company considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the related market.

The following table analyses within the fair value hierarchy the Group's financial assets measured at fair value as 31 March 2010

Assets	EUR Level 1	EUR Level 2	EUR Level 3	EUR Total balance
Financial assets designated at fair value through profit or loss	1,949,166	-	149,510,222	151,459,388
Total assets	**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 an active market, has been classified within level 1. The Company 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 above, the Group makes use of valuation techniques to compute the fair value. The fair value is based on the valuation carried out by the Valuer. The Valuer makes use of two main methods, namely the direct comparable method and the discounted cash flow method, to value the different projects of the Group, depending on the stage of each project and depending on the availability of comparable transaction prices in the market. Both methods make use of recent real estate transactions similar in nature to each individual project and take account of a number of assumptions and judgements provided by the Investment Manager.

Notes to the Financial Statements (Continued)

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

Hence, the other investments of the Group are classified under level 3.

There are no investments classifiable within level 2.

There have been no transfers between levels during the year ended 31 March 2010.

8. Investment in subsidiary undertakings

Company	2010 EUR	2009 EUR
At 1 April 2009	212,132,319	212,132,319
Investments in subsidiary undertakings during the year	-	-
At 31 March 2010	**212,132,319**	**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%

Notes to the Financial Statements (Continued)

Investment in subsidiary undertakings (Continued)

8.2 Indirect Subsidiaries

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

* At 31 March 2010, these indirect subsidiaries had not yet started their investing activities

9. Advance on equity contribution

The Group has not made any advance payment on investment contribution (2009 - EUR 296,560).

Notes to the Financial Statements (Continued)

Advance on equity contribution (Continued)

Particulars	Group 2010 EUR	Group 2009 EUR	Company 2010 EUR	Company 2009 EUR
As at 1 April 2009	296,560	-	-	-
Additions	-	298,285	-	-
Exchange difference	-	(1,725)	-	-
Transfer to financial assets at fair value through profit or loss (Note 6)	(296,560)	-	-	-
Transfer to investment in subsidiaries (Note 7)	-	-	-	-
As at 31 March 2010	**-**	**296,560**	**-**	**-**

10. Prepayments and other receivables

Particulars	Group 2010 EUR	Group 2009 EUR	Company 2010 EUR	Company 2009 EUR
Amount due from Tangerene Developers Private Limited	**3,674,042**	3,299,229	-	-
Prepayments on management fees (Note 18)	**1,139,977**	1,189,003	-	-
Amount due from the Investment Manager	**-**	-	-	-
Other receivables	**633,600**	171,174	576,910	142,583
Amount paid to Jarul Promoter & Developers Private Limited	**165,125**	148,280	-	-
Total	**5,612,744**	**4,807,686**	**576,910**	**142,583**

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

Notes to the Financial Statements (Continued)

11. Cash and cash equivalents

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

Particulars	Group 2010 EUR	Group 2009 EUR	Company 2010 EUR	Company 2009 EUR
Cash at bank	41,992,505	53,831,581	26,881,812	47,332,557

12. Stated capital and share premium

Authorised and Issued Stated Capital

Particulars	Number of Ordinary shares of no par value	Stated Capital EUR	Share Premium EUR	Total EUR
As at 1 April 2009	21,428,571	-	211,906,108	211,906,108
During the Year	-	-	-	-
As at 31 March 2010	**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.

13. Minority interests

In the previous year, minority interests arose at the level of K2 and its subsidiaries and represented the carried interest share of profits of K2C Residential Limited, an indirect subsidiary of the Group, that would have been allocated to the holders of carried interest shares of K2C Residential Limited had it been liquidated on 31 March 2010 based on the fair value of the investment within the consolidated balance sheet as at 31 March 2010.However there are no minority shareholders in K2C Residential Limited as on 31 March 2010 as the minority shares were bought back during the year, resulting into the elimination of the minority interest.

Notes to the Financial Statements (Continued)

Minority interests (Continued)

Minority interests within the Consolidated Balance Sheet as at 31 March 2010 are therefore comprised as follows:

Particulars	Group 2010 EUR	Group 2009 EUR
Minority interest – K2C Residential Limited	-	1,341,367

14. Other financial liabilities

At 31 March 2010, K2 had issued 1,250,000 Class A shares and 1,687,865 Class B shares to Yatra Capital Limited, 67,500 Class C shares to Saffron Capital Securities Limited, 7,500 Class C shares to Yasu Management Limited and 25,000 Class D shares to Saffron Capital Advisors Limited. 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 of one year. The terms of issue to K2 of the Class A Shares and the 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 the relevant class. This period may be extended by the Board of the Company by one or two further periods of one year each. The shares issued by K2 are therefore classified as Financial Liabilities within the balance sheet of K2 for the year ended 31 March 2010.

The Company owns the entire issued Class A and Class B shares of K2. In accordance with the accounting policy set out in note 2.2, intra-group balances are eliminated on consolidation.

Because the Class C and Class D shares are not held by the Company, a Financial Liability is recognised within the consolidated balance sheet as at 31 March 2010 representing the estimated fair value of the amounts attributable to the holders of Class C and Class D shares. Issued shares of K2 as at 31 March 2010 are as follows:

Particulars	Class of Shares	EUR
Issued and fully paid		
1,250,000 Shares of USD0.01 each	A	9,652
1,687,865 Shares of USD0.01 each	B	11,560
75,000 Shares of USD0.01 each	C	588
25,000 Shares of USD0.01 each	D	196
		21,996

Class A and Class B shares are redeemable at the option of K2 Property Limited. Holders of Class A and Class B shares are referred to as Investor shareholders whereas holders of Class C and Class D shares are referred to as Advisor shareholders. Both Investor and Advisor shareholders are entitled to vote at shareholders' meetings.

Notes to the Financial Statements (Continued)

Other financial liabilities (Continued)

All classes of shares have identical rights except with respect to dividends and other distributions and with respect to certain voting rights. Advisor 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 Investor shareholders have been paid, by way of distributions, a sum equivalent to their respective contributions plus a "hurdle rate of return", being an annual compound return of 11% on their net contributions. For the avoidance of doubt, the "carried interest" share of profits shall be applied to all profits arising from K2, including the hurdle rate of return specified above.

The "carried interest" shall be divided between the Advisor shareholders 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 Investor shareholders.

For the year ended 31 March 2010, K2 recorded a loss attributable to the holders of K2 shares of which an estimated amount of EUR 784 has been recorded in respect of the fair value attributable to C and D share classes which are not held within the Group. This amount represents the reduction in the carried interest share of profits of K2 that would be allocated to the Advisor shareholders had K2 been liquidated on 31 March 2010 based on the carrying value of the net assets within the balance sheet of K2 as at 31 March 2010.

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 Investor Shareholders an amount equivalent to their respective contributions plus a hurdle rate of return as set out above.

The fair value of Other Financial Liabilities as at 31 March 2010 is therefore comprised as follows:

Particulars	Group 2010 EUR	Group 2009 EUR
As at 1st April 2009	784	18,500,572
(Gain)/ Loss on fair valuation of financial liabilities	(784)	(18,499,788)
As at 31 March 2010	**-**	**784**

15. Amount due to subsidiary

The amount due by the Company to its subsidiary K2 is EUR 24,807,073 (2009 – EUR 44,807,073) and represents unpaid share capital. The balance payable is interest free and is payable within one year.

Notes to the Financial Statements (Continued)

16. Accruals and other payables

Particulars	Group 2010 EUR	Group 2009 EUR	Company 2010 EUR	Company 2009 EUR
Amount due to related parties (Note 18)	50	-	-	-
Other payables	113,088	157,421	81,079	48,239
Accruals	212,914	238,101	-	-
Total	**326,052**	**395,522**	**81,079**	**48,239**

17. Distribution payable

No dividend was paid during the year ended 31 March 2010 (2009 - Nil).

18. Related party transactions

The Group entered into transactions with related parties in respect of Investment management fees, directors and administration fees as mentioned underneath:

(a) Investment Manager fee

The Group is advised by Saffron Capital Advisors Limited, (the "Investment Manager"), an investment management group incorporated in Mauritius. The annual fees payable under the Investment Management Agreement (IMA) are equivalent to 2% of the Net Capital Commitments as defined in the IMA. Total fees paid to the Investment Manager for the year amounted to EUR 4,291,672 (2009 - EUR 4,229,441). 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 2010 is EUR 1,139,977 (2009 - EUR 1,189,003).

Rohin Shah, who was a director and Ajoy Kapoor, who is a director of Yatra Capital Limited are also directors of the Investment Manager.

(b) Secretarial and administration fee

Group

Minerva Fiduciary Services (Mauritius) Limited ("K2 Administrator") has been appointed to provide administrative, registrar and secretarial services to K2 Group. The administration, secretarial and other fees paid to the K2 Administrator for the year amounted to EUR 62,313 (2009 – EUR 71,065). The services of the K2 Administrator may be terminated by either party by giving not less than ninety days notice. Amount payable as at the year end EUR 17,031 (2009 - Nil).

Notes to the Financial Statements (Continued)

Related party transactions (Continued)

Company

Minerva Fund Administration Limited ("Administrator") has been appointed by the Company to provide administrative, registrar and secretarial services to the Company.

Total administration fees paid to the Jersey administrator for the year amounted to EUR 96,566 (2009 - EUR 109,585). The amount due at 31st March 2010 amounted to EUR 14,184 (2009: EUR 21,959).

William Kay, who was one of the Directors of Yatra Capital Limited, is also a director of Minerva Fund Administration Limited.

(c) Directors' remuneration

The total remuneration paid to Directors for the year under review was EUR 212,553 (2009 - EUR 208,726).

(d) Director's shareholding

The following Directors had interests in the ordinary shares of the Company as at 31st March 2010.

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

(e) Ultimate Controlling Party

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

(f) During the year, the Company paid a sum of EUR 20 million to K2 Property Limited as a reduction of the balance of unpaid share capital issued by K2, as referred to in note 15 above. The outstanding balance of unpaid share capital at 31 March 2010 is EUR 24,807,073 (31 March 2009 EUR 44,807,073).

19. Events after the balance sheet date

On 1 April 2010, the Group signed a Debenture Subscription agreement with Saket Engineers Private Limited, an existing Portfolio Company, for a commitment of EUR 3,302,510 and disbursed an amount of EUR 859,723 on 17 April 2010 and an amount of EUR 856,462 on 30 June 2010 to that entity.

On 9 April 2010 the Group was allotted 191,110 equity shares of Modi Organisors Private Limited, a Portfolio Company, against a disbursement of EUR 730,140 on 15 October 2009.

On 19 April 2010, the Group disbursed the entire balance of a commitment of EUR 2,003,705 to Jalan Intercontinental Hotels Private Limited, a Portfolio Company, for the Taj Gateway Kolkata project, as per the shareholder's agreement signed between the relevant parties on 7 July 2008.

On 30 June 2010 the Group disposed off two of its dormant indirect subsidiaries, namely K2E Retail Limited and K2F Retail Limited. There was no material consideration paid by the purchaser.

Notes to the Financial Statements (Continued)

Events after the balance sheet date (Continued)

20. Capital commitments

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

21. 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, excluding the average number of ordinary shares purchased by the Company and held as treasury shares.

Particulars	**2010 EUR**	**2009 EUR**
Loss attributable to equity holders of the Company	(33,995,431)	(55,122,549)
Weighted average number of ordinary shares in issue	21,428,571	121,428,571
Basic loss per share – basic and diluted (EUR per share)	**(1.59)**	**(2.57)**

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

22. Segment information

The Group is organised into one main business segment, focusing on achieving medium term capital growth by investing in property related investments. The Group's secondary reporting format is geographical segments based on the location of the investments, all of which are located in India. Consequently no segmental disclosures are presented.

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22nd July, 2010

Dear Sirs

Valuation and Report as at 31st March, 2010 of the Property Portfolio for K2 Property Limited
In accordance with instructions from K2 Property Limited dated 14th February, 2010, CB Richard Ellis has carried out a valuation of 20 properties located in different parts of India on behalf of K2 Property Limited for internal 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.** – Retail Development, Fatehabad Road, Agra, Uttar Pradesh
- **Modi Developers** – Mixed Use Development, Ring Road, Bhavnagar, Gujarat
- **Twenty First century Pvt. Ltd.** – Mixed Use Development, Major Route (MR) 3, Bijalpur, Indore, Madhya Pradesh
- **Five Star Developers Pvt. Ltd.** - Mixed Use Development, Major Route (MR) 10, Indore, Madhya Pradesh
- **City Centre Mall Nashik Pvt. Ltd.** – Retail Development, Lawate Nagar, Nashik, Maharashtra
- **Kolte Patil Developers** – Mixed Use 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 31 March, 2010 and the basis and the assumptions on which the valuation have been carried out are as provided in the valuation reports of respective properties.

CBRE
CB RICHARD ELLIS

All the properties were inspected between February 2010 and April 2010.

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.

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 31 March, 2010 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

Vamshi Krishna Kanth
Head – Valuation and Advisory Services,
India

Yatra Capital

"We will continue to manage our assets in a proactive way with a concentration on the market we are serving and tight cost control. Where necessary we will restructure and repositon our investments in cooperation with our development partners in the interest of our shareholders."

- Sir Nigel Broomfield
Chairman of Yatra Capital

"Whilst the current market condition remains challenging, our investments are well positioned in terms of their location, experienced and well resourced development partners and appropriate pricing. Yatra is well diversified in style, geography, product structure and this together with proactive asset management, should provide risk mitigation to the current short term challenges."

- Saffron Capital Advisors
Investment Manager

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For more information on Yatra, please log on to **www.yatracapital.com**.
For more information on Saffron Advisors, please log on to **www.saffronadvisors.com**.

INVESTMENT MANAGER
SAFFRONCAPITALADVISORS