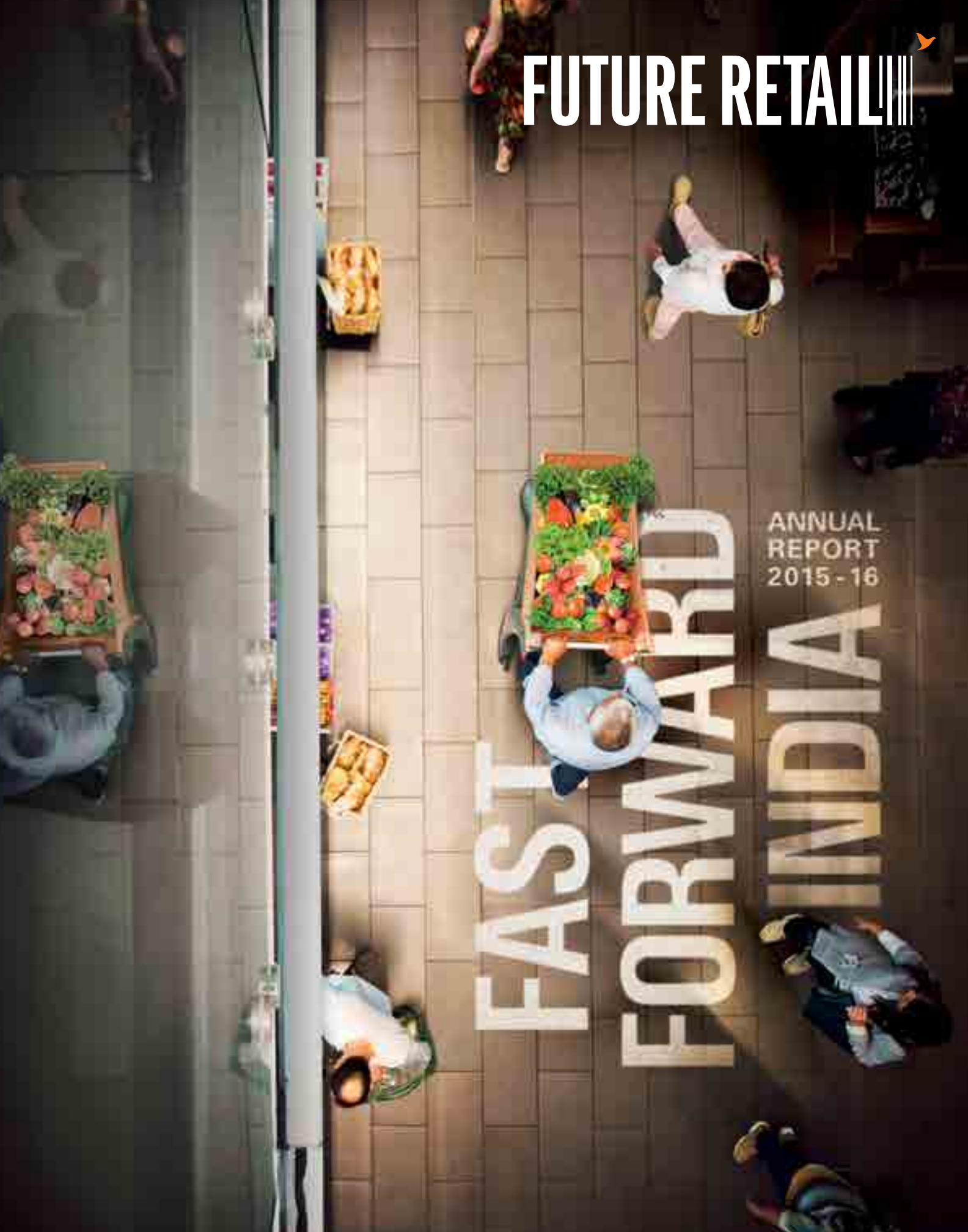
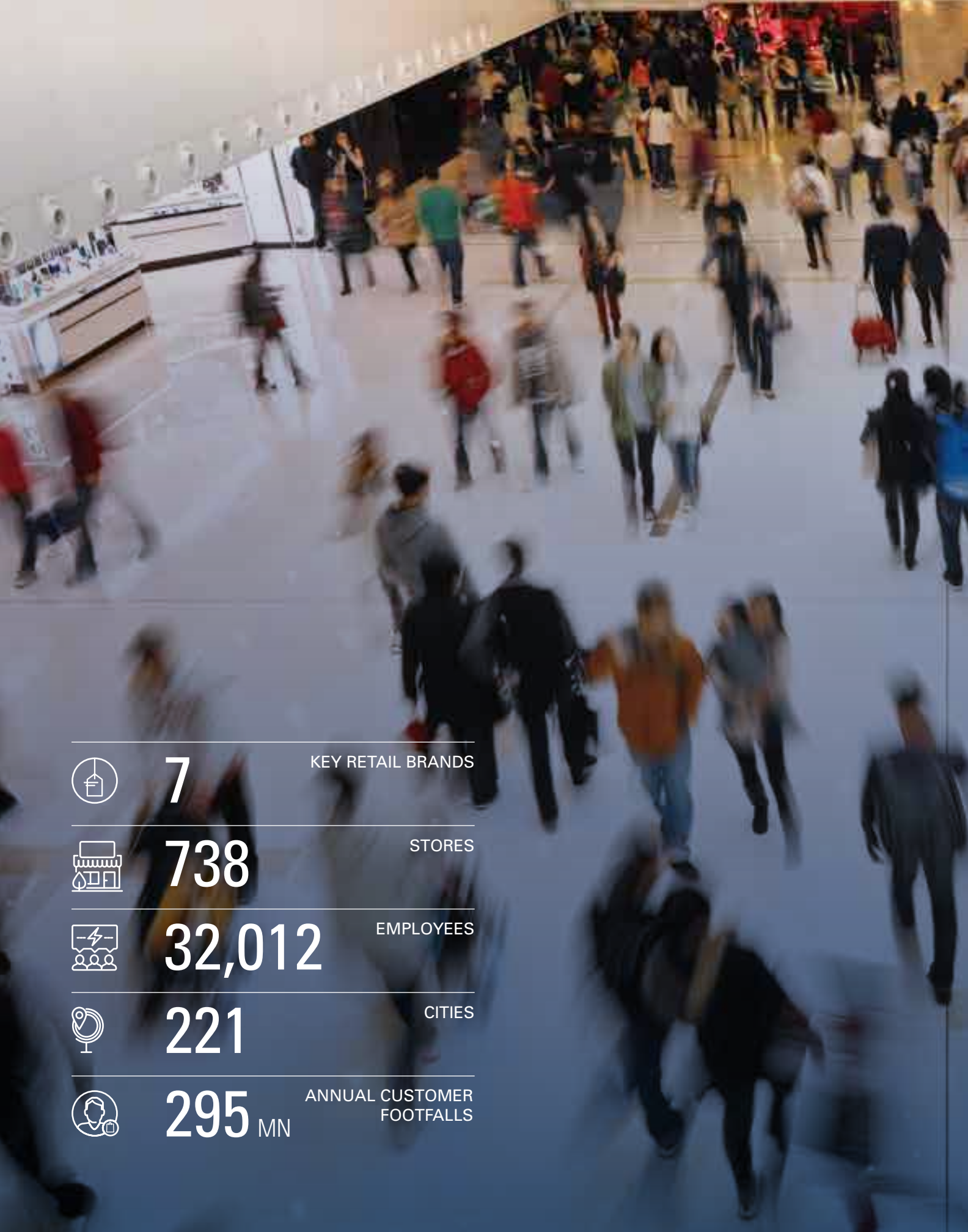


FUTURE RETAIL

ANNUAL
REPORT
2015 - 16

FAST FORWARD INDIA





7

KEY RETAIL BRANDS



738

STORES



32,012

EMPLOYEES



221

CITIES



295 MN

ANNUAL CUSTOMER
FOOTFALLS



CONNECTED COMMERCE

In a 1.27 billion country, wherein modernity and tradition co-exist, needs and aspirations co-exist and logic and emotion co-exist, Future Retail Limited brings together winning brands, retail chains and digital platforms that speaks, connects and wins the hearts of every Indian.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Kishore Biyani

Chairman and Managing Director

DIN: 00005740

Rakesh Biyani

Jt. Managing Director

DIN: 00005806

Gagan Singh

Non-Executive and Independent Director

DIN: 01097014

Shailendra Bhandari

Non-Executive and Independent Director

DIN: 00317334

Ravindra Dhariwal

Non-Executive and Independent Director

DIN: 00003922

Rajan Bharti Mittal

Non-Executive Director

DIN: 00028016

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CHIEF FINANCIAL OFFICER

C. P. Toshniwal

DY. COMPANY SECRETARY

Virendra Samani

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BANKERS

Andhra Bank

Allahabad Bank

Axis Bank

Bank of Baroda

Bank of India

Central Bank of India

Corporation Bank

Dena Bank

IDBI Bank

Punjab National Bank

State Bank of Travancore

UCO Bank

Union Bank of India

Vijaya Bank

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CORPORATE IDENTITY NUMBER

U51909MH2007PLC268269

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LETTER FROM THE CHAIRMAN & MANAGING DIRECTOR

Dear Stakeholders,

During in the year, the erstwhile Future Retail Limited announced the partnership with erstwhile Bharti Retail Limited to combine the businesses of the companies bringing together winning retail brands such as

Big Bazaar, easyday, fbb, Food Bazaar, Home Town, eZone and Foodhall. As part of the Scheme of Arrangement, the front end operations of these retail chains were consolidated within Bharti Retail Limited. Subsequently, name of the Company has been changed to Future Retail Limited.

Your Company is now a pure retail play that operates 738 retail stores in 221 cities, along with a number of digital platforms. These stores catered to close to 295 million customer walk-ins and are spread over around 13 Mn. Sq. Ft. of space. Managing and growing these networks and retail brands forms the only business of your Company, and catering to the consumption sector and consumers forms the driving force of this business.

Consumers today live a seamless life between the physical and the digital world. As a retail organization catering consumers' needs and aspirations, we believe the future of retail lies not in pure physical stores or pure ecommerce sites, but a seamless platform that integrates with the seamless world that the customer interacts with. We call it a connected commerce organization.

Having built a robust and unparalleled retail network in the country, we today are moving towards building a connected commerce organization that lives, breathes and thrives in the digital era. Over last couple of years, substantial investments were made in building loyalty and data analytics capabilities. The Company is now benefitting from this by interpreting and reacting to consumer data and information in a real-time in a much more efficient and seamless manner. Our data analytics program is helping improve one-on-one communication with customers, improving their frequency of visits, helping predict and shape consumption patterns and create smarter promotion and engagement engines with customers.

The organisation has also started benefitting from engaging much more effectively with consumers on social media. However, the biggest change in happening within the organization wherein most people processes are now embedded with mobile and digital technology catering to over 32,000 colleagues who make this organization succeed and transform. Many of our businesses have now moved into digital platforms – led by our electronics and home retailing business. The prototypes and experiments conducted over the last couple of years across various platforms, has also helped shape the stores and digital platforms that we are now creating.

Taking this spirit ahead, the Company introduced Big Bazaar GenNxt stores in Noida and Mumbai. The stores integrate superior shopping experiences with innovations such as interactive digital screens, sit-down checkouts and smart customer service. Soon, they will sport smart trial rooms and endless aisles or kiosks wherein the customer can order from a larger range of merchandise, which may not be stocked within the store. Our stores are also turning into fulfillment centers and merchandise return points for goods ordered online. Payments are now possible through multiple channels including mobile wallets. Going ahead, we envision a scenario wherein the customer has the choice to choose to perform digitally or physically any of the activities connected with buying - discovery, choice, pickup, payments, fulfillment or return.

It is a brave and exciting future that we are headed towards. It is a future wherein change will be constant and organizations will continuously have to go through learning, unlearning and relearning. We have so far thrived in this environment and we thank all our stakeholders who have helped us do so.

Rewrite Rules, Retain Values

Kishore Biyani

Denim Hub



CITIES



STORES



AREA SQ. FT.

BIG BAZAAR

118

218

9.7 MN

easyday

117

320

0.7 MN

@zone

30

92

0.5 MN

fb

31

51

0.5 MN

FOOD BAZAAR

4

10

0.1 MN

Foodhall

3

04

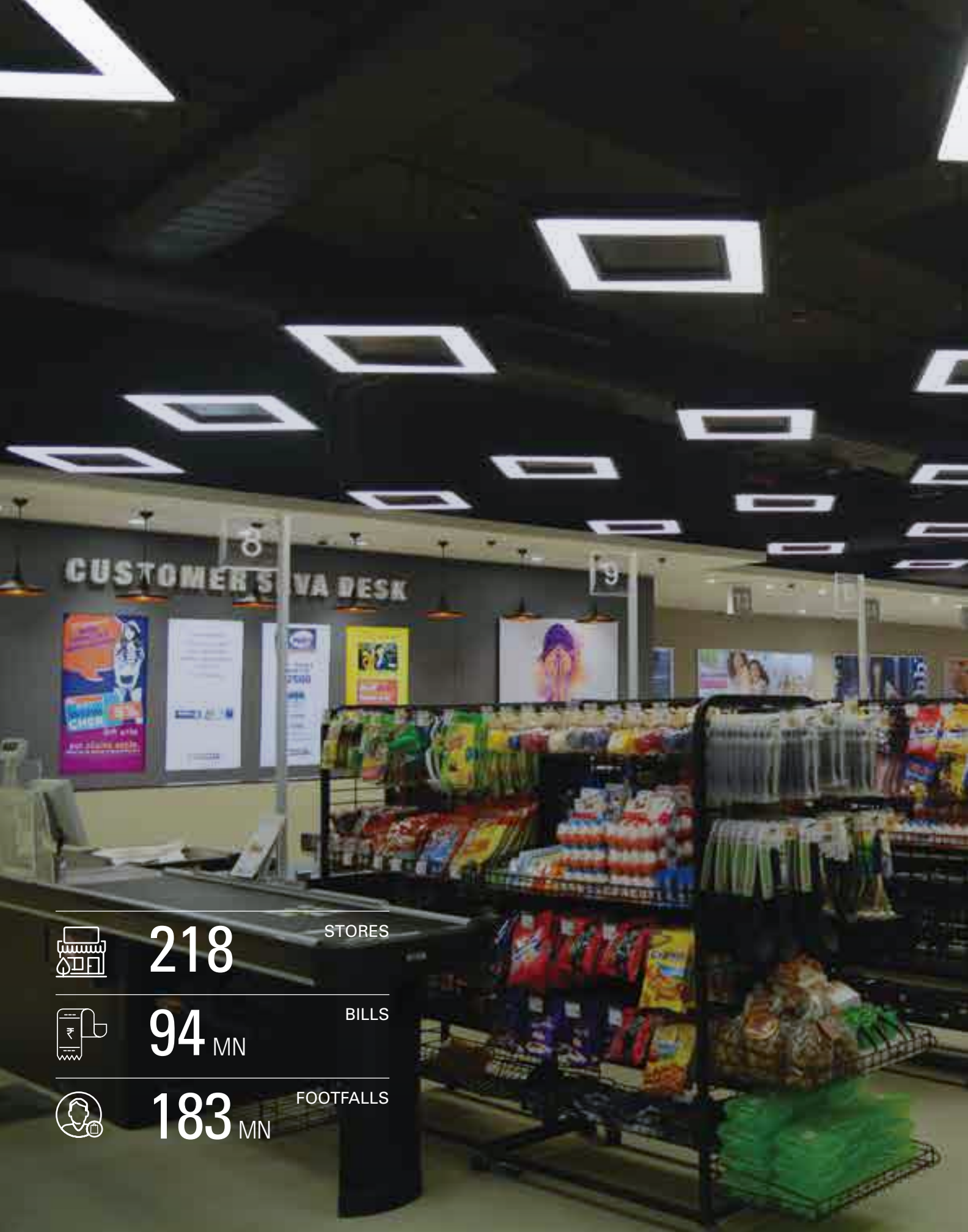
0.07 MN

HomeTown

21

43

1.3 MN



218

STORES



94 MN

BILLS



183 MN

FOOTFALLS



The 218 store Big Bazaar chain is now present in 118 cities and covers almost 10 Mn. Sq. Ft. of space. Yet, it continues to be nimble and agile so that continuous innovations can be introduced to create more value and a stronger relationship with customers.

A key focus area for the format was to increase frequency of visits of customers, that translates into higher velocity of sales and ensuring format remains relevant to a fast changing consumer demographics. A whole new consumer experience in the form of Big Bazaar GenNxt was introduced in two new, iconic malls - DLF Mall of India in Noida and Infinity Mall, Malad in Mumbai, to cater to the young, working professionals who live and shop in the vicinity of the malls. Smart and experiential, Big Bazaar GenNxt stores feature interactive, digital displays featuring product information, multi-sensory environments and live kitchens, sit-down checkouts, superior customer service and many more features that are designed to win the hearts of a more global, young, aspirational, urban India. Many of these features are also being progressively introduced in a number of new and existing stores.

Beyond the stores, the brand connected with the younger audience - whether through a mass media campaign, Paper Pataka that championed a silent Diwali and through social media campaigns that offered more than over 3 brand updates on an average every day, delivering 152 million impressions across Facebook, Twitter, Instagram and YouTube.

Simultaneously, the brand worked on multiple fronts to ensure that its core customer shops more frequently at its stores. Within the food category, the focus was on staples and fresh fruits and vegetables to ensure consistent quality, high availability of core range and regional emphasis. When the price of Tur Dal skyrocketed and made headline news, the chain maintained the price at ₹ 99 a kilogram thereby recruiting new customers to its fold. The brand also

took a leadership position by being among the first to form a partnership with Patanjali and offer its range across all stores.

Decentralized decision making that allows stores to decide on 7 bets or promotions every week, unique incentive plans for selling quantities above a threshold value and hundred product collections that are championed by category teams were some of the measures taken to allow the chain respond faster and at a local level.

Integrating and advancing technology-led innovations in all its consumer interactions will continue to be a key focus for the Company. Even as the Company works towards introducing an omni-channel platform and the concept of digitally-enabled endless aisles at its stores, Big Bazaar today offers home delivery at multiple locations and a partnership with Amazon, now allows customers to order online. Customers also have the option to pay through Mobikwik mobile wallets at all Big Bazaar stores and soon can avail instant credit for any purchase through a partnership with Bajaj Finserv.

Big Bazaar is well regarded for creating consumption days that have become the norm for the industry. While signature events like Sabse Saste Din and Mahabachat during the national holidays of January 26, and August 15, continue to grow, during the year, the Company strengthened another property, Public Holiday Sale. Held thrice around May 1, October 2, and December 25, the total eleven days of promotion brought in significant business as well as new customers.

Consumers remain at the heart of everything Big Bazaar attempts and for the fifth year, Big Bazaar was adjudged among the top 5 most trusted brands in the services sector in India in a consumer poll by Nielsen and The Economic Times.

INDIA'S 3RD
MOST TRUSTED
SERVICE BRAND

(Nielsen, Economic Times Survey)



320

STORES



49 MN

FOOTFALLS



0.7 MN.SQ.FT.

SPACE



The Company now has a strong network of small format, neighbourhood stores in the northern part of the country, specifically in Delhi and the National Capital Region, Punjab, Haryana and Western Uttar Pradesh. The 320 stores in this region attracted around 49 million customer footfalls during the year, serving customers closer to their home.

This comprises of the easyday network that was merged with the Company. The Company has also acquired the franchisee rights of the KB's store network and expects to scale these up to around 500 stores during the forthcoming year. The locations and presence in a large number of small towns across the northern part of the country, compliments very well with the Company's existing network of hypermarket stores.

During the year, the Company focused on seamlessly integrating the operations of these networks with that of the hypermarket business.

While it is led by an independent team, the small store network benefits from common terms of trade, relationships, and sourcing networks of the hypermarket chain. These have helped reduce operational costs, improved gross margins and brought in improvements in inventory management.

Simultaneously, the easyday network followed an aggressive, localized marketing strategy catering to the local catchment areas the stores are present in. The easyday brand enjoys a strong recall in the smaller towns that it is present in and leads the market in price, quality and assortment that it offers its customers.



51

STANDALONE
STORES



3 MN

WOMEN'S
DENIMS SOLD



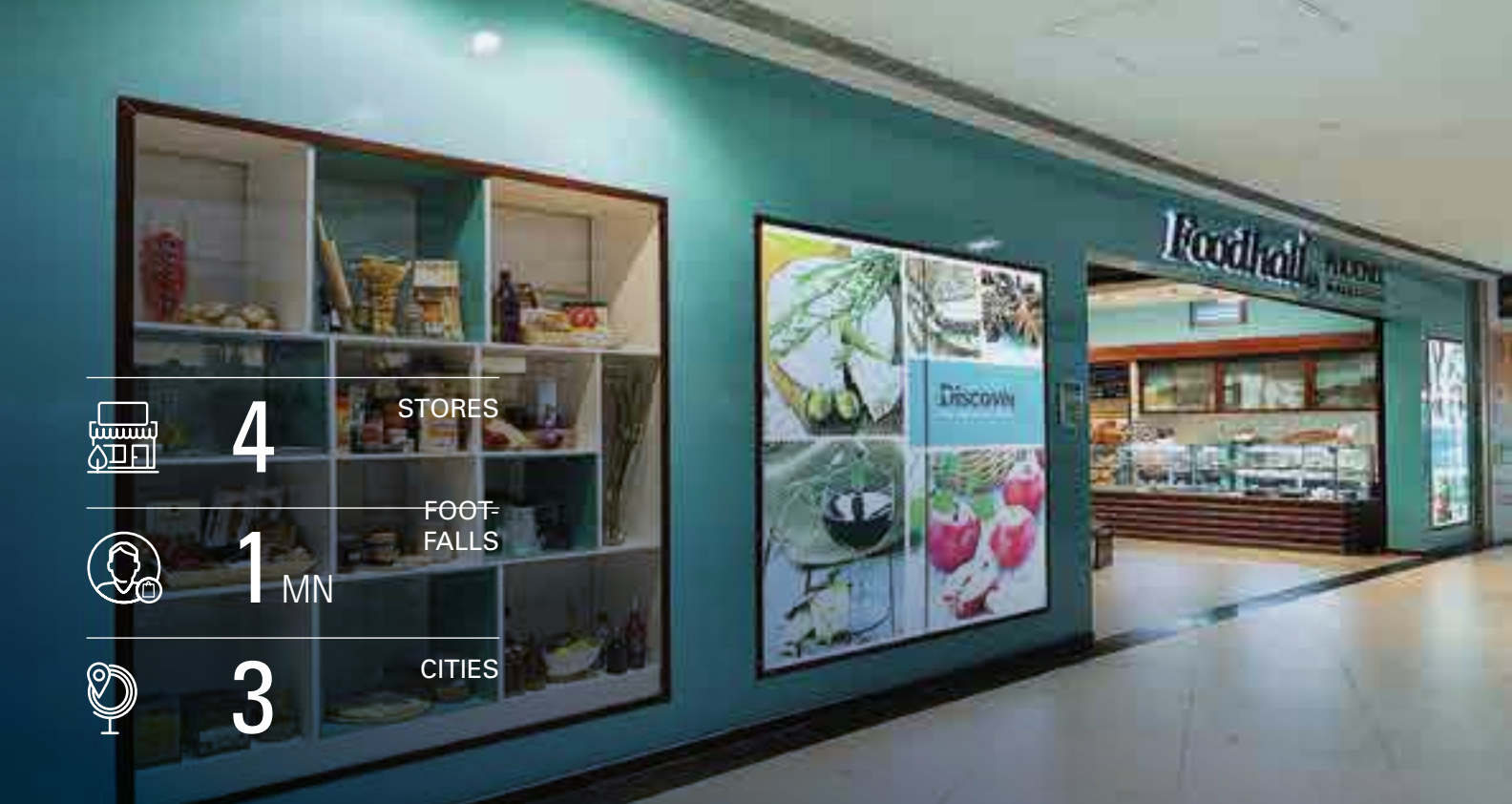
4 MN

CHURIDARS
SOLD

Within a span of a few years, fbb as a brand has emerged as the preeminent fashion destination, attracting a young consumer group within its standalone stores and at Big Bazaar. The brand added 5 new stores taking its total count to 51 stores, attracting over 7 million customers and around 3 million billings. In addition, fbb is present within every Big Bazaar store.

The brand has gained through smart associations with leading properties and celebrities and is set to create new records in sales during the forthcoming year. While an association with Asia's largest music festival, Sunburn has helped the brand gain traction with youngsters in metros, its engagement with the Miss India platform helps build the brand in smaller towns. This year, 21 new styles were introduced over 21 days through the three Miss India pageant winners. In addition, its association with Katrina Kaif and Varun Dhawan continues to build a strong mindshare across all demographics.

For the forthcoming year, fbb's growth is being catalyzed across four pillars. Build fbb as a favorite destination by introducing fresh and fashion-led merchandise in women's ethnic wear and mens and women's casual wear. Drive incremental footfalls through taking a leadership position in denims, men's chinos and through end of season sales. Establish price leadership in kids wear, women's sleepwear and in suits and blazers. And continuously build new categories like summer looks with dresses, shorts, footwear or introducing Athleisure as a fashion concept or a new products like linens or men's casual shorts.



4

STORES



1 MN

FOOT-FALLS



3

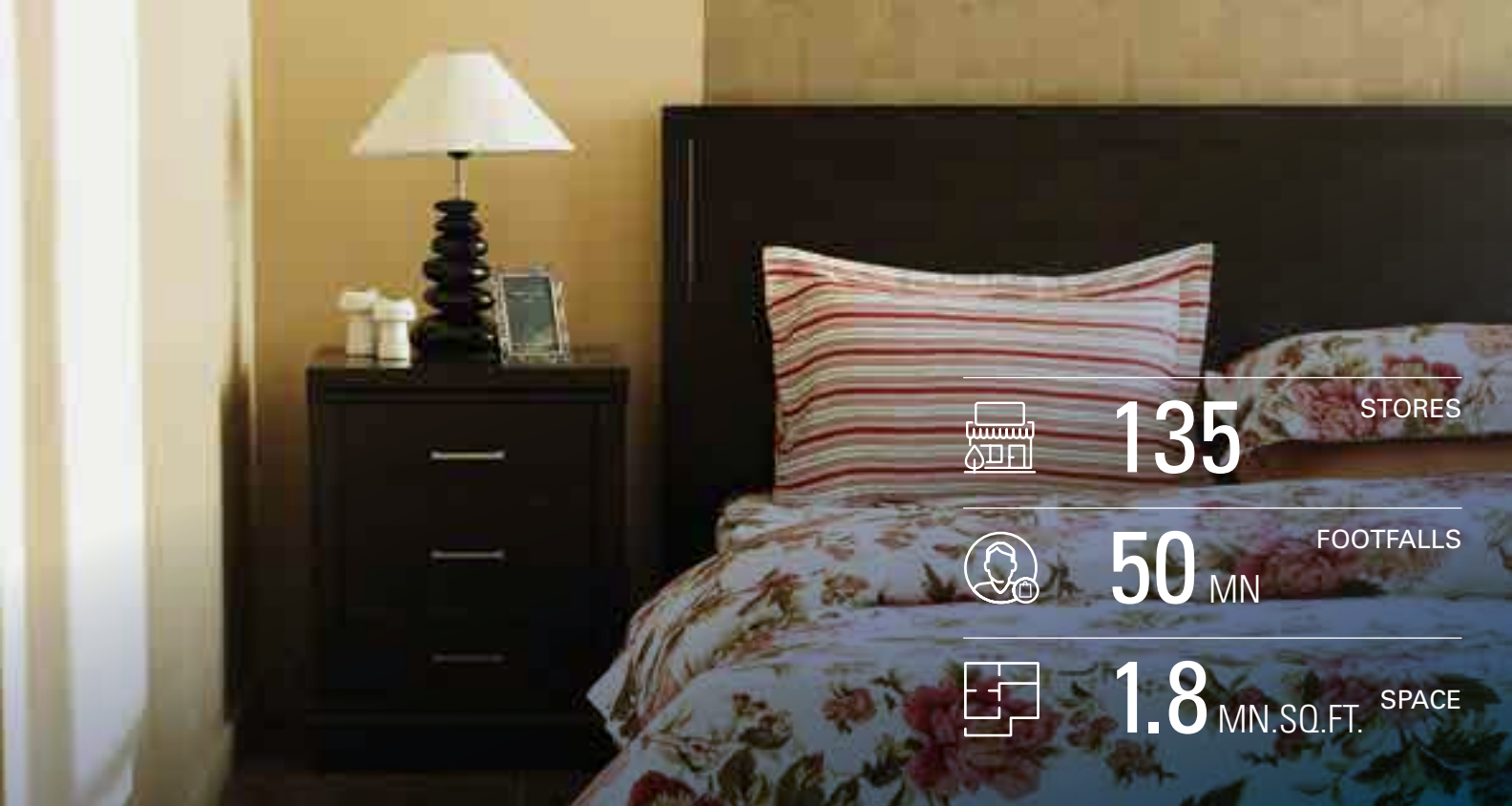
CITIES

Foodhall

The Company's gourmet food chain, Foodhall continued to lead the market in offering an exquisite assortment of food products that cater to evolved, globally-inspired food connoisseurs.

During the year, Foodhall introduced its own collection, 'House of Teas' that offers almost 70 varieties of teas from across the world, along with a number of accessories and accompaniments like short bread cookies. It revamped its offerings in spices with its own ARQA range. 'Traditions by Foodhall' is an exclusive range of rice, pulses and other staples that are now being offered by Foodhall. The brand's own gifting range, Blue Ribbon has gained immense popularity for festive, corporate and occasion-led gifting. The brand is also about to launch a compact format, Little Foodhall in CyberHub, Gurgaon, along with new stores at WorldMark, Aerocity, Delhi and at VR Bengaluru Mall during the forthcoming year.

Foodhall not just inspires the food buyer to select from the best that the world has to offer, but also brings a huge cache of insights, knowledge and know-how for the rest of the organization. It continuously experiments with new products, categories, assortments, brands and new ways to present them and retail them in a multi-sensory environment. It caters to customers who are often leading new trends in food consumption. Many of the trends, ideas and initiatives that are experimented within Foodhall have been translated later on within other food formats of the Company and met with immense success and a clear first mover advantage. Foodhall often sets the benchmarks for the organization to perfect the way food is retailed across the various formats of the group.



135

STORES



50 MN

FOOTFALLS



1.8 MN. SQ. FT.

SPACE

HomeTown[®]

ezone
smarter living

The Company's home retail format includes, Home Town and eZone. In addition, the Company sells a wide variety of homeware, kitchenware, home fashion merchandise through its Big Bazaar network.

Home Town caters to aspirational, trendy and knowledgeable new home buyers as well as replacement customers. Home Town added 16 new stores, including in 12 new cities, taking its store count to 43 and number of cities it is present in to 21. These stores have a total operational space of 1.3 Mn. Sq. Ft.. The entire Home Town range is now available on www.fabfurnish.com, that was acquired by a group Company, and is also available on a number of other online retailers.

For its stores Home Town follows a hub-and-spoke model with HT Express extending Home Town's reach and presence in new catchments and smaller towns and suburbs. Home Town has now been introduced in a number of Central stores with "HOMETOWN @ Central" Concept.

Furniture contributes around two-thirds of sales, while its exclusive range of Duracucine Modular Kitchens contribute almost a tenth of the business and the rest comes from homeware and home improvement products. Home Town also offers Design and Build service providing end-to-end services from interior decoration to execution and implementation.

eZone, the electronics format has a strong digital presence through its websites and apps that are available on all leading mobile operating systems. eZone now has 92 stores in 30 cities, attracting over 41 million customers and total operational space of 0.5 Mn. Sq. Ft.. Over the years, eZone has evolved into one of the few electronics retailer that is growing and profitable. Simultaneously, the brand has built its customer facing, 'Together Forever' strategy that offers a large number of services along with the product. This helps engage the customer throughout the product life cycle and builds a differentiated proposition.

My Kyo



28.5

LOYAL CUSTOMERS



3x

SPENDS ON EVERY BILL



10x

SPENDS OVER THE YEAR

CONNECTING CONSUMERS

Consumer data lies at the heart of modern retailing. The Company, as part of a larger Future Group initiative, had rolled out a few loyalty programs in the past couple of years. Each of them deliver a specific set of benefits and hence target different customer segments and expectations.

The Company's own, Big Bazaar Profit Club offers an additional free shopping value for customers who commit to pay ₹ 10,000 upfront and visit the stores atleast 12 times in a year. Payback is a coalition loyalty program run in partnership with American Express and offers a chance to earn and burn loyalty points. The T24 program, run in partnership with Tata DoCoMo offers free mobile talk time every time a customer shops at the store. Payback and T24 program is run across all Future Group companies having direct customer interaction.

Collectively, these loyalty programs have over 28.5 million members with an estimated 20 million being unique customers. The benefits of the loyalty program on shopping value are obvious. Customers on loyalty program spend on an average around 3 times more than non-members. Each of these loyalty programs focus on increasing frequency of visits. The annual spend of loyalty customers over the course of the year is almost 10 times of a non-member. The life time value of loyal customers can be tremendous.

Significant quantum of sales in Big Bazaar now come from loyalty program members. Loyalty program members have an average frequency of 3.8 visits through the year, led by Big Bazaar Profit Club members averaging 15 visits and T24 members averaging 5.4 visits.

The benefits go much beyond increased business. During the year, the Company set up a dedicated data war-room to constantly monitor and take real-time action on the shop floor. The group has also partnered with dunnhumby, a Tesco subsidiary and one of the world's leading consumer analytics firm, and Bangalore-based Manthan Systems to further analyze and act upon this data.

This consumer data now allows the brands to interact with customers on a one-on-one basis, offering customized promotions and incentives to shape behavior and interact in the customers' preferred language. An initiative purely focused on moving food buyers to also buy fashion merchandize, yielded extremely positive results with share of higher-margin fashion merchandize going up significantly. Tracking and incentivising customers who bought diapers yielded large sales across the entire infant segments, including general merchandize, baby foods and infant wear. Consumer data also allows for better merchandize planning based on consumer and community insights from the data, better inventory management through predictive analytics and customizing promotions and offers for different geographies.

The data war room is also focusing on building a stronger mechanism for smart markdowns or discounts, improved promotion effectiveness and tracking of detrimental incentives and wholesale sales.

Armed with the loyalty programs and data science, the next round of disruptions is being planned around payments. The Company already allows customers to pay by mobile wallet, Mobikwik at all Big Bazaar and fbb stores. The Company also introduced a co-branded fbb card with State Bank of India and has a partnership with HDFC Bank to provide additional incentives for its Wednesday Bazaar program. It is also exploring a partnership with Bajaj Finserv to provide instant credit for any purchase made at the store.

During the forthcoming year, the Company will use many of the learnings from these initiatives to offer a mobile based platform that will integrate the loyalty programs, mobile wallet, gift cards and even a specialized 'Price Match' service that will assure that loyal customers always get the lowest price whenever they shop at the Company's retail formats.

CONNECTING COLLEAGUES

For every organization, talent is an asset that can deliver disproportionate growth and long term, sustainable competitive advantage. Talent, combined with technology forms the driving force of all leading organizations across the world, and so it is with Future Retail Limited.

The Company is among the larger employers in the country and possibly the most diverse. Our team comes from not just diverse educational and professional backgrounds, but also, from diverse communities and socio-economic groups. A common culture plays the single biggest binding force in building such a diverse organization. Assessment and development plans for talent across the organization is built foremost on the core values that the organization stands for, coupled with five pillars of excellence and success factors, that include, entrepreneurship, design thinking, digital orientation, thinking big and speed and imagination.

The talent development strategy is based on four pillars: a) Ensuring constant and steady availability of potential talent to drive business growth, b) building a culture of being a performance driven organization which is operating with speed and leverages design thinking, c) evolving a technology-led people office team and providing universal access to HR services through technology and web based applications in 221 cities that the Company operates in d) continuously updating and aligning HR processes and policies to align to business needs.

During the year, people office at Future Group became the first HR function in India to receive ISO 9001-2015 certification. The office took multiple initiatives to address its diverse workforce. FutureNext was launched as an internal job postings portal that ensured 46% of new roles are filled through internal candidates. LEAP, a store

leadership pipeline development program is ensuring a steady stream of Store Kartas as new stores are added across the network. New initiatives such as Chairman's Club, a talent development and succession planning program and PRIDE, a total rewards and recognition platform to reward values and behavior were rolled out. Future Business Innovators (FBI) Lab acted as a year-long management trainee program for around 30 graduates who joined the Company from premier B Schools such as IIM Ahmedabad, Indian School of Business, SP Jain Institute, IIM Lucknow, IIM Indore, MICA, among others. The Company also launched FGecampus, a 24x7 gateway to learning resources that are in sync with the Company's competencies and Executive Development Program or EDP for leadership teams in domestic and foreign campuses. Around 71% of employees went through a structured development in the form of training programs and action learning projects.

While the average age of the team now is at around 27 years, the senior leadership team has an average age of 45 years and average tenure of 7 years, with attrition levels of less than 5%.

All key People Office initiatives are now also available on mobile application platforms to bring forth a technology forward culture across the organization. The iFuture app ecosystem now offers a direct communication channel for interaction with senior leadership, a YouTube channel for telecasts by industry experts, employee reward and recognition program, and a speedometer to rate colleagues and provides 360 feedback on speed of execution.



32,012

EMPLOYEES



27 YEARS

AVERAGE AGE



71%

WENT THROUGH STRUCTURED
DEVELOPMENT PROGRAMS

FRL IN FIGURES

2015-2016

MANAGEMENT DISCUSSION AND ANALYSIS

The fiscal 2016 witnessed the consolidation of retail business of two large retail companies - Future Retail Ltd (now known as - **Future Enterprises Limited**) (FEL) and Bharti Retail Limited (now known as - **Future Retail Limited**) (FRL) creating a geographically synergetic retail network spread across 221 cities and towns in India. With this retail consolidation, FRL now in addition to having access to existing 16 compact hypermarket easyday stores and 208 supermarket easyday stores, will also have access to Big Bazaar, Food Bazaar, Foodhall, fbb, Home Town and ezone stores. The compact hypermarkets have been converted into Big Bazaar stores.

During the year, FRL also took franchise of retail operations of nearly 112 as on March 16 convenience stores operating under the KB's Fair Price / KB's Conveniently Your's. These stores were earlier managed by its sister company, Future Consumer Enterprise Ltd. With a view to consolidate food and general merchandise retail, these stores were brought under management and operations of FRL. These stores have a dominant presence in NCR & Mumbai. Along with 208 supermarket easyday stores, and these 112 as on March 16 convenience stores, FRL has created a significant presence in the small store format in North and West. All the small stores under management of FRL will be operated under the easyday umbrella driving economies of scale.

This consolidation of operations will drive synergies in operations and help in rationalising back end costs. It will also help the management to perform better and increase the profitability, which in turn will help to increase economic value of business and all stakeholders' return.

As part of retail consolidation, the subsidiaries continued to be part of FEL, other company in Future Group. However, the Company may have one or two subsidiaries in case of any business or strategic need for operation of any specialised retail category.

With the idea of creating a pure play and asset light Company, we undertook the below steps

- Food, Fashion, General Merchandise, Home Fashion and Electronic Retail operations of FEL, Food and General Merchandise retail operations were consolidated in Future Retail Limited (FRL), a pure play retail company
- Retail infrastructure operations of Bharti Group and Retail infrastructure operations of FEL together were consolidated in FEL, a retail infrastructure company. All the non-core investments and manufacturing operations were also retained into FEL.

As a part of the realignment / consolidation move, FEL continue to service its long term debt to and only working capital debt were transferred in FRL, leading to a much leaner balance sheet and significant reduction in interest expenses in the coming period as compared to interest expense as it was in FEL. On the operational side, there has been continuous improvement by integration of

certain business activities to achieve better economies as well as control cost of operations.

This realignment / consolidation move was completed as a Composite Scheme of Arrangement between FEL and FRL and its respective Shareholders and Creditors. We are happy to inform that we have given effect to this, on receipt of all the necessary regulatory approvals, by filing of certified copy of the order of Hon'ble High Court of Judicature at Bombay on May 01, 2016 with Registrar of Companies at Mumbai. The Scheme of Arrangement had been made effective from the Appointed Date as given in the Scheme, viz. October 31, 2015.

As per our strategy, we have followed a cautious approach for organic expansion and at the same time explored growth through opportunities through acquisitions / mergers achieving higher growth numbers. On one hand, the Company is striving to increase its velocity of sales and on the other hand it has also increased its overall retail space. The business teams have been striving towards increasing customer footfall, ticket size per customer and sale of higher margin products. We have been continuously monitoring various promotional schemes and events as well as product mix offered to the customers, in order to attract new customers and give an improved shopping experience to our existing customers.

Operational Overview

The creation of a consolidated retail entity across food, fashion and home will reap benefits from increased scale and optimization of cost structure. We plan to operate with a much leaner balance sheet resulting into higher ROCE and are expected to be a free cash flow company from our first full year of operation. With a leaner balance sheet, we can also look at potential to borrow at lower interest rates, reducing our overall borrowing costs. All these factors are expected to result in margin tailwinds.

During the year, the Company launched Big Bazaar GenNext stores at Mumbai and Noida. The Big Bazaar GenNext stores are designed to take customer experience to an altogether new level, with a special focus on experiential and smarter shopping through the use of technology, innovation in services, layouts and sections and digital interfaces. Big Bazaar GenNext stores have technology-led interfaces that ensure faster checkouts, experience zones for multi-sensorial food products, wider merchandize and assortments across all categories and a whole new store design. The stores are also equipped with enhanced features like smart trial rooms, sit-down lounges for checkouts, endless aisles, large digital screens and digital shelf talkers. As part of green initiative, these stores are completely lit with LED lights and energy saving technologies implemented that optimize air-conditioning, humidity and lighting within the store. All these features are taking the customer experience to a whole new level and are in line with our endeavour to always exceed our customer expectations.

With its efforts to optimise productivity per store basis, the management is reviewing the available retail space and product mix and striving to provide better productivity in terms of increased customer foot fall, higher ticket size and improved profitability, by reducing overall costs as well as increasing margins earned from upgraded products offering to customers.

In a bid to provide improved and upgraded product mix, the fashion products offered through fbb have witnessed high traction. The new offerings of food products in frozen food, dairy, bakery, snacks, personal care and beverages through brands like Tasty Treat, Veg Affaire, Nilgiris, KARA among others, gave a wider choice to customers resulting in higher ticket size. The hub and spoke approach for the electronics format, eZone, also resulted in increased productivity per store and better customer satisfaction in terms of product offerings and after sales service. In home segment, the revamped furniture and home furnishings saw better through put and increased turnover in home fashion stores.

The Group also entered into a modern trade alliance with Patanjali Ayurved, founded by Yoga Guru Ramdev Maharaj, which offers entire range of health-positive, ayurvedic FMCG products in categories like food, staples, nutrition, hair care, skin care, dental care and toiletries etc. Your Company has seen excellent traction in the initial period post launch. We expect such alliances will help us attract new customers to our stores at the same time enhancing our offerings to existing customers.

We expanded our high margin fashion business and increased sales of high margin food & FMCG products through this consolidated network of stores. With the increased scale, FRL stands to benefit via contract renegotiations with its suppliers. At the same time, distribution across country can be done in a much efficient manner.

With the rapid adoption of smart phones, mobile internet, and e-commerce services by users in India, mobile wallets are now used more than ever before. Big Bazaar has partnered with mobile payment provider Mobikwik, which is one of India's largest payments network with over 17 million wallet users and 50,000 merchants (retailers). Mobikwik has kicked off mobile payments at the Big Bazaar stores. With the tie-up, Mobikwik wallet users can pay through their mobile, at any Big Bazaar payment counter, by sharing their registered Mobikwik mobile number. This integration brings Big Bazaar closer to millions of consumers and is an integral part of its multi-channel payments strategy.

The Company has also undertaken various analytical studies of customer behaviour and spending pattern as well as improved technology platform at store level and back end, enabling to improve customer experience in terms of better and accessible store layouts, more payment options, faster check-outs etc. Uniform store layouts and resource planning enabled reduced time frame for opening of new stores.

Customer and Marketing Overview

During the year, the Company continued to carry out various activities and promotional events to engage with the customer across formats. Various promotional events include, Weekly Promotional Event, Wednesday Bazaar, Public Holiday Sale, Independence Sale, SabseSaste Din and other format specific promotional events. Further at Group Level, the Company was also part of Future Group Shopping Festival. Various promotional events, activities and initiatives resulted in higher footfalls during promotions as well as acquisition of new customers. Events like Future Group Shopping Festival ensured that customer visiting any of the Future Group shopping formats at least once in a month. Cross promotional events ensured that the customers of one format visit other format.

fbf remains an important strategic piece to enhance our sales productivity as well as improve our margin profile. We have taken calculated steps to establish fbb as a significant brand to drive our overall retail business. fbb's association with Sunburn Daman 2015, set up a great platform to reach out the youth and propagate fbb as a brand. The main highlight of the association was VJ Ramona and Raghu to get the digital content and amplify it on social media platforms. fbb's presence at the event was displayed through various activities, including print, electronic, radio and digital media. fbb launched a campaign called, 'Wear The Palazzos Miss Indians Are Wearing'. It featured Miss India World 2011 Kanishtha Dhanekar who created various looks with the collection.

Through fbb, the Company has created a new fashion wave, at affordable prices. Celebrity endorsements and association of fbb with Femina Miss India 2016, continued to highlight its latest fashion wear collection, and customer frequently patronise fbb for their fashion needs.

The Company also expanded the base of its loyalty programs through, Payback, T24 and Big Bazaar Profit Club. Further these programs ensured customer loyalty of existing customers and acquisition of a new set of customers. Big Bazaar Profit Club has proved to be a valuable loyalty program that brings back customers to stores at least twelve times in a year, resulting in higher frequency and cumulatively higher annual sales. These programs are further leveraged for driving promotions and direct communication with customers offering customized merchandise.

Awards & Recognition

The Company or its formats has been recognised for its operations in retail sector in following manner.

- In the year 2016, Company was awarded with Most Admired Food & Grocery Retailer of the Year from National Supermarket – Private Label Development (Coca Cola Golden Spoon Awards);
- In the year 2016, Big Bazaar won the Images Most Admired Food & Grocery Retailer of the Year in Food & Grocery category;

- In the year 2016, Company was awarded with IMAGES Most Admired Food & Grocery Retailer of the Year for Effective Technology Application and Increase in store count and retail space.
- Big Bazaar was adjudged among the top 5 most trusted brands in the services sector in India in a consumer poll by Nielsen and The Economic Times.

Competition

Your Company is pioneer in modern retail segment, has presence via various formats in all prominent consumption centres. Its presence across 221 cities, including the metro cities, prominent two tier cities, fast growing cities and new consumption centres, ensures that the Company is present in all consumption areas and has a appropriate shares of customer wallet.

The Company has witnessed reduced competitive activity, especially in the hypermarket space. While we strengthen our brand proposition, reach and presence, we are also investing judiciously in technology driven channels of commerce and looking at various organic and inorganic options to further strengthen its presence in the market. Consolidating our retail operations that with of Bharti Group, has also ensured further increase in Company's presence in number of cities, which will ensure better return in terms of the increased turnover. With increased presence and our capabilities including enhanced customer experience, sourcing strengthens, portfolio of private brands, the Company would be in stronger position to face competition.

Human Resource Initiatives

Human Resource is one of the key interfaces the Company has with its customers and hence it is very critical to ensure continuous learning and development of its people resources, to ensure improved shopping experience of the customers as well as give job satisfaction to its human interface with the shopping community at large. The Company imparts continuous training to its employees in various fields and at the same time also ensures individual development by imparting training for improvement of skills, knowledge and leadership abilities. The Company has attracted best talents from the industry as well as been successful in retaining its core team, which has rich experience of last 20 years in leading the Company's core retail business. Further, the Company is in process of implementing new ESOP program to give better retention benefits to its valued human assets.

Business Outlook

As per BCG Retail 2020 report, Indian retail market is projected to double from \$600 billion in 2015 to \$1 trillion by 2020. The report further attributes rapid growth in retail to income growth, urbanization, nuclearisation of families and attitudinal shifts towards higher consumption levels. During this period, modern trade is expected to grow from \$60 billion at present to \$180 billion by 2020 growing at twice the pace of the overall retail market. With a geographically balanced retail store portfolio of 738 stores, spread across various formats, FRL is poised

to benefit immensely from this retail growth wave. Further, the Company would be in better position to get maximum benefit by the increased consumer spending, due to its presence in areas of high consumption cities and strategic locations of its various formats.

With revised emphasis on reducing financing cost and curb overall debt equity ratio, the Company would be able to increase the value for its shareholders and with its approach for overall development will be able to satisfy its other stakeholders as well.

With improved debt equity ratio, due to increase in net worth of the Company and subsequent reduction of the debts, representation has been made to the Credit Analysis & Research Limited (CARE), to review its rating for Short Term borrowings of CARE A1+ [A One Plus] and Long Term borrowings as well as Long Term Non-Convertible Debentures to CARE AA- [Double A Minus] as of March 31, 2016, which was at present under watch due to realignment move. The Company expects that the CARE would at least continue to retain its rating of Short Term borrowings of CARE A1+ [A One Plus] for the Company and other rating for Long Term borrowing would be applicable to FEL and is expected to be retained as well.

In FY 2016-17, FRL will emerge as a core retail front end company with an enhanced distribution network and much leaner balance sheet. Revenue growth will be driven by store additions, increased productivity and efficiency and thereby increased per store and per square foot revenue. The management is working hard towards reducing overall cost as well as increase high margin product mix to improve profitability. Further exponential growth in overall revenue due to acquisitions of additional retail business, it will also be continue to lead the retail industry.

Risks and Threats

The state of external environment, including factors like interest rates, inflation, and growth in economic activity and job creation and consumer sentiment continues to be the biggest source of threat as well as opportunity for the Company. Any slowdown in the economic activity in the country, significant job losses or high rates of inflation can severely impact the consumption and therefore growth of the Company. Other external factors, including a steep rise in interest rates or drastic changes in the policy or regulatory environment can pose financial challenge for the Company. However, the continued steps taken by the Company to deleverage its balance sheet, reducing its reliance on the debt funds, improving its debt maturity profile and thereby reducing stress on its cash flow, improved business efficiency reducing overall operating cost and continuous efforts to increase customer ticket size and capturing new class of customers to increase overall higher spend in various formats of the Company, are aimed at mitigating each of the above discussed external threats. We shall also note that at this time, we do not anticipate any major adverse change in macroeconomic factors.

The set controls and defined responsibilities at each level of management require evaluation of the various existing risks and new expected risks at an early stage and immediate action plan to mitigate such risks. Further the authorities given at each management level ensures implementation and execution of such action plan with minimised risk. Further, use of information technology for implementation as well as regular review and evaluation of such risks and risk mitigation action plan by management ensures minimisation of such risks.

Internal controls and their adequacy

The Company had identified the key risks and control process to mitigate the same. Further the Company continues this process of Enterprise Risk Management as a continuing process, in order to identify the new risks and to define and establish the control process to mitigate the identified risks. Further the Internal Control Framework for financial reporting, organization structure, documented authorities & procedures and internal controls are being reviewed by internal audit team on continuous basis and any issues arising out of the said audit are addressed appropriately. The Company is continuously upgrading its internal control systems by measuring state of controls at various locations. Controls in SAP, an ERP system have been strengthened with help of review conducted by Ernst & Young.

The Audit Committee, comprising independent directors is involved in regular review of financial and risk management policies, significant audit findings, the adequacy of internal controls and compliance with the accounting standards.

Review of Financial Performance of the Company for the year under review.

We note that, the year under review, FY 15-16 is not comparable with the previous fiscal year FY 14-15. Fiscal year under review for your Company consists of,

- 12 month of retail operations from April 01, 2015 till March 31, 2016 of the Company;
- 5 month of retail operations from October 31, 2015 till March 31, 2016 of Future Enterprises Limited (formerly known as Future Retail Limited); and
- 7 month of retail infrastructure operations from April 01, 2015 till October 30, 2015 of the Company;

Sales: The Company's Sales and Other Operating Income has increased from ₹ 1779.42 Crore in previous year to ₹ 6844.96 Crore with YOY growth of 284.67% for the financial year ended March 31, 2016.

Profit Before Tax: Profit Before Tax of the Company for financial year ended March 31, 2016 stood at ₹ 14.55 Crore as compared to (₹ 379.21 Crore) during the previous year.

Interest: Interest & Financial charges outflow has increased from ₹ 20.23 Crore incurred in previous year of 2014-15 to ₹ 49.75 Crore for financial year ended March 31, 2016. The increase in interest and financial charges is on account of additional borrowings for funding the growth plans of the Company. The interest & financial charges cover for financial year ended March 31, 2016 under review is 2.03 times as compared to 15.57 times in the previous year.

Net Profit: Net Profit of the Company for financial year ended March 31, 2016 stood at ₹ 14.55 Crore as compared to (₹ 379.21 Crore) in the previous year with an increase of ₹ 393.76 Crore and with YOY increase of 1.04 times over the previous year.

Dividend: The Board of Directors has not recommended a dividend.

Capital Employed: The capital employed in the business is ₹ 2996.59 Crore as at March 31, 2016. Return on capital employed (EBIDTA / average capital employed) during 2015-16 is 6.52% as compared to (259.79%) during 2014-15.

Surplus Management: The Company generated a cash profit of ₹ 51.31 Crore for financial year ended March 31, 2016 as compared to cash loss of (₹ 335.11 Crore) in the previous year, registering the growth of 115.31%. The amount, is ploughed back into the business to fund the growth. The growth of the Company has partly been funded by the cash generated from the business as well as from additional funds borrowed and equity funds infused during the financial year.

Equity Share Capital: The equity share capital of the Company was increased from ₹ 1398.66 Crore to ₹ 1719.75 Crore and then was decreased to ₹ 8.70 (excluding ₹ 85.57 Crore worth of shares issued to shareholders of FEL, as per Composite Scheme of Arrangement) during the financial year under review.

Debt-Equity: Debt-Equity ratio of the Company has decreased due to increased net worth and repayment of borrowings of the Company. Debt-equity ratio has decreased from (1.35) in the previous year to 0.60 as at March 31, 2016.

Earnings Per Share (EPS): The Company's Basic EPS has increased from (₹ 107.24) in previous year to ₹ 0.66 per share for the current financial year ended March 31, 2016.

Cash Earnings Per Share (CEPS): The Company's Cash Earnings per Share (CEPS) has increased to ₹ 2.33 in current financial year in comparison to (₹ 94.77) in the preceding previous year.

DIRECTORS' REPORT

To
The Members,

Your Directors are pleased to present the Ninth Annual Report of the Company together with the Audited Financial Statements for the financial year ended March 31, 2016.

FINANCIAL HIGHLIGHTS

The financial performance of the Company is as follows:

(₹ in Crore)

Particulars	Financial Year 2015-16	Financial Year 2014-15
Revenue from Operations	6,844.96	1,779.42
Other Income	15.51	70.03
Total Revenue	6,860.47	1,849.45
Profit / (Loss) Before Depreciation and Amortization Expense & Tax Expense	51.31	(335.11)
Less: Depreciation and Amortization Expense	36.76	44.10
Profit / (Loss) Before Tax	14.55	(379.21)
Less: Tax Expense	--	--
Profit / (Loss) After Tax	14.55	(379.21)
Earnings Per Equity Share of Face Value of ₹ 2/- each		
Basic & Diluted (in ₹)	0.66	(107.24)

REVIEW OF PERFORMANCE

During the financial year, the Company had a total income of ₹ 6,860.47 Crore. The total expenditure during the year amounted to ₹ 6,845.92 Crore, thereby resulting profit before Tax of ₹ 14.55 Crore. There was no provision for tax and therefore the profit for the year amounted to ₹ 14.55 Crore.

Post considering effect of the Scheme, we have a pan India presence with 738 across 221 cities in India as of March 31, 2016 and total retail space of approximately 12.97 million sq. ft. Post Scheme, the various formats viz Big Bazaar, Food Bazaar, fbb, Foodhall, easyday, (including KB's Conveniently Yours & KB's Fairprice), Home Town and eZone are part our Company and as on March 31, 2016, we have 218 Big Bazaar stores, 10 Food Bazaar stores, 51 fbb stores, 4 Foodhall stores, 320 easyday (including "KB's Conveniently Yours" and KB's Fairprice) stores. 43 Home Town stores, 92 eZone stores. The early mover advantage has not only helped us develop a wide network of stores across India in various formats but also establish brand equity for our Company as well as for our various formats. Further, our retail format business is supported by various other businesses operated by group companies and through group companies investments in various ventures including branded fashion, food and FMCG, insurance, warehousing and logistics, media, textiles and online retailing.

Our retail formats primarily comprises of, value business and home business. In our value business, our formats include, (i) "Big Bazaar", a hypermarket format that combines the "see – touch – feel" of Indian bazaars with the choice and convenience of modern retail; (ii) "Food Bazaar", a supermarket which offers the convenience of pre-packed vegetables and fruits to the consumers and also retains the Indian's preference of "see – touch – feel" created by displaying the products, FMCG and daily use products; (iii) "fbb", an affordable fashion destination; (iv) "Foodhall", a premium supermarket and (v) "easyday" (including "KB's Conveniently Yours" & "KB's Fairprice"), convenient stores which offers the pre-packed vegetables and fruits to the consumers, FMCG and daily use products. In our home business, we operate (i) "Home Town", a one-shop destination for home improvement; and (ii) "eZone", a consumer durable and electronics chain

COMPOSITE SCHEME OF ARRANGEMENT

The Composite Scheme of Arrangement between Future Enterprises Limited (formerly known as - 'Future Retail Limited') and Future Retail Limited (formerly known as – 'Bharti Retail Limited') and their respective shareholders and creditors ("**the Scheme**") under the provisions of Sections 391-394 of the Companies Act, 1956. The Scheme, which provides for demerger of Retail Business

Undertaking of Future Enterprises Limited ("FEL") and vesting into the Company and demerger of Retail Infrastructure Business Undertaking of the Company and vesting into FEL with effect from Appointed Date of October 31, 2015, as defined in the Scheme, has been given effect on May 1, 2016, after filing of order issued by Hon'ble High Court of Original Judicature at Bombay with Registrar of Companies, Mumbai under Ministry of Corporate Affairs. Pursuant to the Scheme, all the assets and liabilities pertaining to the Retail Business Undertaking of FEL has been demerged and vested into the Company and all the assets and liabilities pertaining to Retail Infrastructure Business Undertaking of the Company has been demerged and vested into FEL.

EQUITY SHARE CAPITAL

• Issue of Equity Shares

During the year under review, the Company allotted following Equity Shares to Cedar Support Services Limited:

- ❖ 13,30,00,000 Equity Shares of ₹ 10/- each at par on April 27, 2015; and
- ❖ 18,80,90,000 Equity Shares of ₹ 10/- each at par on May 25, 2015.

• Capital Reduction

Pursuant to the provisions of Sections 100 to 104 of the Companies Act, 1956 and in pursuance of the Scheme approved by High Court at Bombay the issued, subscribed and paid-up equity share capital of the Company was reduced from ₹ 17,19,75,00,000/- comprising of 1,71,97,50,000 Equity Shares of ₹ 10/- each, fully paid up to ₹ 8,69,56,522/- divided into 4,34,78,261 Equity Shares of ₹ 2/- each, fully paid-up, as part of the Scheme, without any further act or deed and such reorganization of capital was carried out by reducing appropriately the face value of each equity share of ₹ 10/- each and consolidating the same into 4,34,78,261 Equity Shares of ₹ 2/- each, fully paid-up, without any further act or deed.

• Issue of Equity Shares to the shareholders of FEL

Pursuant to the said Scheme becoming Effective, the shareholders of FEL who were holding equity or Class B (Series-1) shares on Record Date i.e. May 12, 2016, were allotted Equity Shares of the Company in the ratio as mentioned in the Scheme (i.e. 1 Equity Share of ₹ 2 each for each equity share or Class B (Series-1) shares held in FEL).

Accordingly, on May 18, 2016, the Company allotted 42,78,60,296 Equity Shares to the existing shareholders of FEL as mentioned herein:

- ❖ 38,84,85,617 Equity Shares to the equity shareholders of FEL.
- ❖ 3,93,74,679 Equity Shares to the Class B Shares (Series-1) Shareholders of FEL.

The Company has initiated process for listing of its equity share capital on BSE Limited and National Stock Exchange of India Limited as required under the Scheme.

BUSINESS OUTLOOK

The Company has well recognised Retail formats like Big Bazaar, Food Bazaar, fbb, Foodhall, easyday (including KB's Conveniently Yours & KB's Fairprice), Home Town and eZone. Due to the recognition and acceptability of these formats, we have been able to develop pan India presence with a loyal consumer base, as of March 31, 2016, of approximately 12.03 million consumers across formats for Payback Loyalty Program. The Company has also able to add substantial number of consumers for other loyalty initiatives of the Company and Group. As our business is driven by consumer spending, we believe that our presence across India and wide consumer base ensure that we are well positioned to grow our business.

We intend to enhance our consumer base through increasing our presence in various cities in India and drive cross spending across various formats. We are specifically focusing to achieve a larger share of consumption spending in our existing markets. We intend to increase our share in the consumer spending in India by launching new formats or by adding categories to our existing product range to cater to consumers across Indian society in various consumption spaces. Pursuant to the same, we have launched Big Bazaar Direct to reach out to the consumers that are not catered by physical stores and book orders on customized tablets. We are also in the initial phases of developing omni channel retailing which will enable us to sell our products on every platform such as physical stores, online retailing, assisted e-commerce platforms, on television or outdoor medium, or on mobile platforms.

With the Scheme we have achieved our aim to simplify the corporate structure, achieve greater administrative efficiency, elimination of capital expenditure, consolidation of retail operations into one entity and consolidation of infrastructure operations into other entity. The Scheme helped us to create asset light model.

DIVIDEND

Due to accumulated losses in the previous financial years and with a view to preserve the current year profits for future prospects, the Board of Directors of the Company were unable to recommend any Dividend for the financial year 2015-16.

INVESTMENTS AND DIVESTMENTS

During the year under review, the Company has not made any strategic investment. As the Company do not hold investments there were no divestments during the year.

PUBLIC DEPOSITS

The Company has not accepted any fixed deposits from the public and as such, no amount on account of principal or interest on deposits from public was outstanding as at March 31, 2016.

CHANGE OF NAME

As provided in the Scheme, the name of the Company was changed from "Bharti Retail Limited" to "Future Retail Limited" and a Certificate of Incorporation

consequent to change of name was obtained from Registrar of Companies, Mumbai on May 25, 2016.

DEBENTURES

Pursuant to the Scheme, the Optionally Convertible Debentures as standing in the books of pre-demerged retail entity was splitted between the two companies as per the assets and liabilities transferred for the Retail Business Undertaking and Retail Infrastructure Business Undertaking. Accordingly, the Company issued 1,542, 10% Optionally Convertible Debentures of ₹ 10,00,000/- each (hereinafter referred to as "OCDs") aggregating to ₹ 154.20 Crore to Cedar Support Services Limited, not forming part of Promoter Group subject to the necessary approval of the regulatory authorities.

CORPORATE GOVERNANCE

As the Company is in process of getting its Equity Shares listed, it has tried to create its Board structure and various Committees in such a manner as would be compliant with Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") in addition to applicable provisions of the Companies Act, 2013 and Rules related thereto. Accordingly, a report on Corporate Governance forms part of the Annual Report.

MANAGEMENT DISCUSSION AND ANALYSIS

The Management Discussion and Analysis as required under Regulation 34 read with Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") forms part of the Annual Report.

POLICIES & DISCLOSURE REQUIREMENTS

The Board of Directors of the Company at its meeting has approved the following policies & code of conduct:

- Details of programs for familiarization of Independent Directors with the Company are available on the website of the Company at the link http://www.futureretail.co.in/pdf/ID_Familiarization.pdf
- Policy for determining material subsidiaries of the Company is available on the website of the Company at the link http://www.futureretail.co.in/pdf/Mat_Sub_Policy.pdf
- Policy for determining Materiality of Events of the Company is available on the website of the Company at the link http://www.futureretail.co.in/pdf/Policy_for_Determining_Materiality_of_Events.pdf
- Policy for archival of documents of the Company is available on the website of the Company at the link http://www.futureretail.co.in/pdf/Archival_Policy.pdf
- The code of conduct for the Board of Directors and senior management personnel of the Company is available on the website of the Company at the link http://www.futureretail.co.in/pdf/Code_of_Conduct_for_Key_Management_Persons.pdf
- Policy on dealing with related party transactions is available on the website of the Company at the link http://www.futureretail.co.in/pdf/RPT_Policy.pdf

The Company has formulated and disseminated a Whistle Blower Policy to provide Vigil Mechanism for employees and Directors of the Company to report genuine concerns that could have serious impact on the operations and performance of the business of the Company. This Policy is in compliance with the provisions of the Companies Act, 2013 ("the Act") and Listing Regulations.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

The details of reconstituted Board, Post Scheme is as follows:

Mr. Kishore Biyani and Mr. Rakesh Biyani who were co-opted as Additional Directors of the Company on April 30, 2016 were subsequently, appointed as Managing Director and Joint Managing Director respectively with effect from May 02, 2016 for a period of 3 years.

In the Board Meeting held on May 25, 2016, Mr. Kishore Biyani was further appointed as the Chairman of the Board and he is currently designated as Chairman and Managing Director of the Company.

Further, following directors were co-opted on the Board effective April 30, 2016.

- ❖ Mr. Rajan Bharti Mittal : Non Executive Director;
- ❖ Mr. Ravindra Dhariwal : Independent Director;
- ❖ Mr. Shailendra Bhandari : Independent Director; and
- ❖ Ms. Gagan Singh : Independent Director.

The necessary resolutions proposing the appointment of all directors who were appointed as Additional Directors are being placed before the members for the approval.

Additional information on appointment of Directors as required under the Regulation 36 of the Listing Regulation is given in the notice convening the ensuing Annual General Meeting.

The Company has received necessary declarations from all the Independent Directors under Section 149(7) of the Act that they meet the criteria of independence laid down in Section 149(6) of the Act and Regulation 25 of the Listing Regulations.

On Scheme becoming effective, the following Directors have resigned with effect from May 02, 2016

- ❖ Mr. Inderjit Walia;
- ❖ Mr. Devendra Khanna;
- ❖ Mr. Rajendra Chopra;
- ❖ Mr. Sridhar Natarajan;
- ❖ Ms. Veenu Mittal.

Further, Key Managerial Personnel (KMP) Mr. Anupam Goyal resigned as Chief Financial Officer, Mr. Manish Sabnis resigned as Key Managerial Personnel and Ms. Gurdeep Kaur as Company Secretary effective from May 02, 2016.

Further, Mr. C. P. Toshniwal was appointed as Chief Financial Officer (KMP) and Mr. Virendra Samani, was appointed as Dy. Company Secretary (KMP) and Compliance Officer respectively effective from May 02, 2016.

COMMITTEES

The details of various committees and their meetings held during the year under review is given as part of Corporate Governance Report which forms the part of Annual Report:

Post Scheme becoming Effective and reconstitution of the Board in the current year, the compositions of various Committees and their scope has been once again defined. The details of reconstitution of existing Committees and constitution of new committees is given here under.

1. Audit Committee

The Audit Committee has been reconstituted with effect from May 02, 2016. Presently, the Committee comprises of following members:

- ❖ Ms. Gagan Singh : Independent Director / Chairperson;
- ❖ Mr. Ravindra Dhariwal : Independent Director; and
- ❖ Mr. Rakesh Biyani : Joint Managing Director

There are no instances where the Board did not accept the recommendations of the Audit Committee. The terms of reference, powers and roles of the Committee are disclosed in the Corporate Governance Report, which forms part of the Annual Report.

2. Nomination and Remuneration Committee

The Nomination and Remuneration Committee has been reconstituted with effect from May 02, 2016. Presently, the Committee comprises of following members:

- ❖ Mr. Ravindra Dhariwal : Independent Director / Chairman;
- ❖ Mr. Shailendra Bhandari: Independent Director; and
- ❖ Mr. Rajan Bharti Mittal : Director

The terms of reference, powers and roles of the Committee are disclosed in the Corporate Governance Report, which forms part of the Annual Report.

3. Stakeholders' Relationship Committee

The Stakeholders' Relationship Committee has been constituted on May 02, 2016. Presently, the Committee comprises of following members:

- ❖ Mr. Shailendra Bhandari : Independent Director / Chairman;
- ❖ Ms. Gagan Singh : Independent Director; and
- ❖ Mr. Rajan Bharti Mittal : Director

The terms of reference, powers and roles of the Committee are disclosed in the Corporate Governance Report, which forms part of the Annual Report.

4. Corporate Social Responsibility Committee

The Corporate Social Responsibility Committee has been reconstituted on May 02, 2016. Presently, the Committee comprises of following members:

- ❖ Mr. Kishore Biyani : Chairman;
- ❖ Ms. Gagan Singh : Independent Director; and
- ❖ Mr. Rajan Bharti Mittal : Director

The terms of reference, powers and roles of the Committee are disclosed in the Corporate Governance Report, which forms part of the Annual Report.

During the year under review, "Sone Ki Chidiya" Foundation Trust has been set up with an objective to consolidate and merge the CSR funds at Future Group level so that the combined corpus from all the group entities required to do CSR spent as per applicable provisions, would help in undertaking better and larger CSR initiatives.

With regard to the year under review, the Company was not required to spend any amount on CSR activities, since the average net profits of the Company made during the three immediately preceding financial years, as calculated under section 198 of the Act was negative.

The brief outline of the CSR Policy of the Company is given in **Annexure - I** which forms part of this Report.

5. Share Transfer Committee

The Share Transfer Committee has been constituted on May 02, 2016. Presently, the Committee comprises of Mr. Kishore Biyani, Mr. Rakesh Biyani and Mr. Shailendra Bhandari.

The terms of reference, powers and roles of the Committee are disclosed in the Corporate Governance Report, which forms part of the Annual Report.

6. Committee of Directors

The Committee of Directors has been constituted on May 02, 2016. Presently, the Committee comprises of Mr. Kishore Biyani, Chairman and Managing Director and Mr. Rakesh Biyani, Joint Managing Director as members of the Committee.

The terms of reference, powers and roles of the Committee are disclosed in the Corporate Governance Report, which forms part of the Annual Report.

VIGIL MECHANISM

The Company has established a vigil mechanism to provide a framework to promote responsible and secure whistle blowing and to provide a channel to the employee(s) and Directors to report to the management, concerns about unethical behavior, actual or suspected fraud or violation of the code of conduct or policy/ies of

the Company, as adopted / framed from time to time. The mechanism provides for adequate safeguards against victimization of employees and Directors to avail of the mechanism and also provide for direct access to the Chairperson of the Audit Committee in exceptional cases.

NUMBER OF MEETINGS OF THE BOARD

During the year under review, 10 (Ten) meetings of the Board were held, details of which are given in the Corporate Governance Report that forms part of the Annual Report.

SUBSIDIARY, JOINT VENTURE, HOLDING COMPANY AND ASSOCIATE COMPANIES

There is no subsidiary or joint venture or associate company of our Company during the year under review.

M/s Cedar Support Services Limited ("Cedar") was holding company of our Company as on March 31, 2016. Consequent, to allotment of Equity Shares pursuant to the Scheme on May 18, 2016, our Company ceased to be subsidiary of Cedar.

PERFORMANCE EVALUATION OF BOARD

Pursuant to the provisions of the Act, the Board has carried out an annual evaluation of performance of its own, the Committees thereof and the Directors individually.

At the meeting of the Board all the relevant factors that are material for evaluating the performance of the Committees and of the Board were discussed in detail.

A separate exercise was carried out to evaluate the performance of individual Directors, who were evaluated on parameters such as level of engagement and contribution, independence of judgment, safeguarding the interest of the Company and its minority shareholders, etc. The performance evaluation of the Independent Directors was carried out by the entire Board except the Independent Directors being evaluated. The performance evaluation of Non-Independent Directors was carried out by the Independent Directors.

The Directors expressed their satisfaction with the evaluation process.

POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION

The Company's policy on Directors' appointment and remuneration and other matters provided in Section 178(3) of the Act, has been disclosed in the Corporate Governance Report, which forms part of the Annual Report.

RISK MANAGEMENT AND INTERNAL FINANCIAL CONTROL

The Company has a well-defined risk management framework in place, which provides an integrated approach for identifying, assessing, mitigating, monitoring and reporting of all risks associated with the business of the Company.

The Board has delegated responsibility to the Risk Management Committee which has been constituted on May 02, 2016 to monitor and review risk management, assessment and minimization procedures and to develop, implement and monitor the risk management plan and identify, review and mitigate all elements of risks which the Company may be exposed to. The Audit Committee and the Board also periodically reviews the risk management assessment and minimization procedures.

The Company has in place adequate internal financial controls with reference to financial statements. Key risks and threats to the Company and internal controls and their adequacy are analyzed in the Management Discussion and Analysis, which forms part of the Annual Report.

EMPLOYEES STOCK OPTIONS (ESOPs)

Subject to the approval of members in the general meeting, our Company is in process to implement Employees Stock Option Scheme, 2016. The Scheme is being introduced to ensure compliance with the provisions contained in the Composite Scheme of Arrangement, wherein it has been provided, that employees of Future Enterprises Limited, who had been granted stock options and transferred pursuant to the Scheme, would be granted option in our Company, ensuring protection of the option value as well as the period of exercise of various granted options.

PARTICULARS OF EMPLOYEES

In terms of the provisions of Section 197 of the Act read with Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, a statement showing the names and other particulars of the employees drawing remuneration in excess of the limits set out in the said rules are provided in **Annexure-II** which forms part of this Annual Report.

DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

Your Company has always believed in providing a safe and harassment free workplace for every individual working in the Company through various training, awareness and practices. The Company always endeavors to create and provide an environment that is free from discrimination and harassment including sexual harassment.

Your Directors further state that during the year under review, there were no cases filed pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

The Company has not made any investment and guarantees during the period and has not granted any loan during the period under review.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134(5) of the Act, the Board of Directors of the Company confirms that:

- (i) in the preparation of the annual accounts for the financial year ended March 31, 2016, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (ii) the directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the year ended March 31, 2016;
- (iii) the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) the directors have prepared the annual accounts for the financial year ended March 31, 2016 on a going concern basis;
- (v) the directors, further state that they have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- (vi) the directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

AUDITORS AND AUDITORS' REPORT

Statutory Auditors

M/s S.R. Batliboi & Co. LLP was appointed at last AGM for a period of three years subject to ratification by the members in every Annual General Meeting during the said term. However, as on April 30, 2016 they expressed their unwillingness to continue as the Statutory Auditors of the Company.

In view of above, the Board at its meeting held on May 02, 2016, appointed M/s. NGS & Co. LLP as a Statutory Auditors of the Company to fill up the casual vacancy caused by the resignation of M/s. S.R. Batliboi & Co. LLP. The approval of members for appointment of Statutory Auditors has been obtained at EGM held on May 03, 2016 and M/s NGS & Co. LLP shall hold the office till the conclusion of Ninth AGM.

Further, it has been proposed to appoint M/s. NGS & Co. LLP, as the Statutory Auditors of the Company for a term of 5 years, from the conclusion of the Ninth Annual General Meeting of the Company till the conclusion of the Fourteenth Annual General Meeting of the Company. However, their appointment shall be subject to ratification by the Members in every Annual General Meeting during the said term.

The Company has received a written confirmation from the Auditors for their appointment, if made, shall be in accordance with the criteria as provided under Section 141 of the Act.

Secretarial Auditor

M/s. K. Bindu & Associates, Practising Company Secretary (Membership No. 20066 / Certificate of Practice No. 7378) was appointed as Secretarial Auditor to conduct the secretarial audit of the Company for the financial year 2015-16, as required under Section 204 of the Act and Rules made thereunder.

The Secretarial Audit Report for the financial year 2015-16 is appended as **Annexure - III** which forms part of this Report. The said Secretarial Audit Report doesn't contain any qualifications, reservations or adverse remarks.

EXTRACT OF ANNUAL RETURN

In accordance with Section 134(3)(a) of the Act, an extract of annual return in the prescribed Form MGT-9 is appended as **Annexure - IV**, which forms part of this Report.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

During the year under review, all transactions entered into by the Company with related parties as defined under the Act, were in the ordinary course of business and on an arm's length basis.

There were no materially significant transactions with the related parties during the financial year which were in conflict with the interest of the Company. Accordingly, the disclosure of related party transactions as required under Section 134(3)(h) of the Act, in Form AOC-2 is not applicable to your Company.

Disclosure of transactions with related parties as required under the Accounting Standard (AS-18) has been made in the notes forming part of the financial statements.

PARTICULARS REGARDING CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The particulars as required under Section 134(3)(m) of the Act read with Rule 8 of the Companies (Accounts) Rules, 2014, relating to conservation of energy, technology absorption, foreign exchange earnings and outgo, are provided in **Annexure - V**, which forms part of this Report.

SIGNIFICANT AND MATERIAL ORDERS

There are no significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and the Company's operations in future.

MATERIAL CHANGES AND COMMITMENTS

Except as disclosed in this report about the Scheme becoming effective on May 1, 2016 and thereby Retail Infrastructure Business Undertaking of the Company stands demerged and vested with FEL and Retail Business Undertaking stands demerged from FEL and vest with the Company with effect from October 31, 2015, the Appointed Date defined in the Scheme, there were no material changes have taken place that could have an impact on the financial position of the Company from the date of closure of financial year under review till the date of signing of Accounts.

AWARDS AND RECOGNITIONS

The Company or its formats received awards in categories like:

- In the year 2016, Company was awarded with Most Admired Food & Grocery Retailer of the Year from National Supermarket – Private Label Development (Coca Cola Golden Spoon Awards);
- In the year 2016, Big Bazaar won the Images Most Admired Food & Grocery Retailer of the Year in Food & Grocery category;
- In the year 2016, Company was awarded with IMAGES Most Admired Food & Grocery Retailer of the Year for Effective Technology Application and Increase in store count and retail space.
- Big Bazaar was adjudged among the top 5 most trusted brands in the services sector in India in a consumer poll by Nielsen and The Economic Times.

ACKNOWLEDGEMENT

The Board thanks all customers, bankers, investors, vendors and other stakeholders for the continued support and patronage during the year under review. The Board places on records its sincere appreciation to the employees of the Company whose efforts, hard work and dedication has enabled the Company to achieve the targets and recognitions.

For and on behalf of the Board of Directors

Kishore Biyani

Chairman and
Managing Director

Place : Mumbai

Date : May 25, 2016

ANNEXURE - I

A brief outline of the Company's CSR Policy:

1	A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.	<p>The CSR Policy of the Company inter-alia includes CSR activities to be undertaken by the Company in line with Schedule VII of the Companies Act, 2013 ('the Act').</p> <p>During the year under review, "Sone Ki Chidiya" Foundation Trust has been set up with an objective to consolidate and merge the CSR funds at Future Group level so that the combined corpus from all the group entities required to do CSR spent as per applicable provisions of the Act, would help in undertaking better and larger CSR initiatives.</p> <p>CSR Policy of the Company is available on the website of the Company at the link: http://www.futureretail.co.in/pdf/CSR Policy.pdf</p>
2	The Composition of the CSR Committee.	<p>The CSR Committee as on May 25, 2016 comprises of:</p> <ol style="list-style-type: none"> 1. Mr. Kishore Biyani – Chairman 2. Mr. Rajan Bharti Mittal – Member 3. Ms. Gagan Singh – Member
3	Average net profit of the Company for last three financial years / periods.	Loss of ₹ 410.64 Crore
4	Prescribed CSR Expenditure (two per cent of the amount as in item 3 above)	N. A.
5	<p>Details of CSR spent during the financial year 2015-16:</p> <p>a) Total amount to be spent for the financial year 2015 -16;</p> <p>b) Amount un spent, if any;</p> <p>c) Manner in which the amount spent during the financial year 2015-16 is detailed below:</p>	N. A.

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sl. No.	CSR project or activity identified.	Sector in which the project is covered.	<p>Projects or programs</p> <p>1) Local area or other</p> <p>2) Specify the State and district where projects or programs were undertaken.</p>	Amount outlay (budget) project or programs wise.	<p>Amount spent on the projects or programs</p> <p>Sub-heads:</p> <p>1) Direct expenditure on projects or programs</p> <p>2) Overheads:</p>	Cumulative Expenditure upto the reporting period.	Amount spent direct or through implementing agency.
N.A.							

ANNEXURE – II

Information as required pursuant to Rule 5(2) of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and forming part of the of the Director's Report for the year ended March 31, 2016

Sl. No., Employee Name, Designation, Age, Date of Joining, Experience (in Yrs), Qualification, Remuneration received (in ₹), Last Employment;

1. *Rajan Malhotra, President - Strategy & Convergence, 47, October 31, 2015, 23, MBA, 1,15,31,828, Future Enterprises LTD.; 2. *Manish Agarwal, Vice President, 46, October 31, 2015, 24, CA, 26,10,867, Future Enterprises LTD.; 3. *Sadashiv Nayak, CEO - Big Bazaar, 46, October 31, 2015, 20, BE Electronics & Communications, 1,12,01,036, Future Enterprises LTD.; 4. *Venkateshwar Kumar M, Vice President - South, 48, October 31, 2015, 25, PG Diploma, 37,76,383, Future Enterprises LTD.; 5. *Devendra Chawla, Group President - Food FMCG, 44, October 31, 2015, 18, BE Production, 91,05,715, Future Enterprises LTD.; 6. *Hasmukh Patel, Head - Loss Prevention & Control, 53, October 31, 2015, 30, BCom Accounts & Economics, 32,40,581, Future Enterprises LTD.; 7. *Mahesh Jhaverchand Shah, CEO - Home Town, 48, October 31, 2015, 21, MMS, 59,46,160, Future Enterprises LTD.; 8. *Sandeep Sharma, Head, 47, October 31, 2015, 26, BE Electronics, 27,32,355, Future Enterprises LTD.; 9. *Nivedita Nanda, Head - People Office, 44, October 31, 2015, 17, MBA, 28,59,644, Future Enterprises LTD.; 10. *Ajay Chablani, Head, 43, October 31, 2015, 21, Btech, 35,27,665, Future Enterprises LTD.; 11. *Behram Adi Kabrajee, Head, 56, September 05, 2015, 29, Bcom, 36,28,550, Ambattur Clothing Ltd.; 12. *Vineet Jain, Vice President, 41, October 31, 2015, 20, CA, 35,37,479, Future Enterprises LTD.; 13. *Dhananjay Sengupta, Vice President, 52, October 31, 2015, 28, MBA, 30,15,307, Future Enterprises LTD.; 14. *Craig Wadsworth Wimsatt , UC, 55, August 07, 2014, 30, Aluminus, 6,45,03,835, Fortune I Global Retail Company; 15. Manish Sabnis, Chief, 47, February 01, 2013, 26, MBA, 1,67,79,370, Nokia India Pvt. Limited; 16. Anupam Goyal , Senior Vice President, 55, November 01, 2014, 29, CA, 1,18,12,071, DLF - Laingo'Rourke India Ltd.; 17. *Shammi Sawhney, Vice President , 59, August 01, 2015, 32, Post Graduation, 38,51,036, Odyssey India Limited - Chennai; 18. *Sandeep Kumar, General Manager , 38, January 01, 2014, 12, CA, 66,72,787, Bharti Wal-Mart Pvt. Ltd.; 19. *Atul Mahajan, Vice President , 43, January 01, 2014, 22, MBA, 36,86,962, Wal-Mart India; 20. *Hardeep Singh, Senior Vice President , 47, January 01, 2014, 21, Masters, 1,55,92,358, Bharti Wal-Mart Pvt. Ltd.; 21. *Veneeth Purushotaman, Vice President , 47, May 26, 2014, 24, Diploma, 61,63,235, Hypercity Retail India Ltd.;

“*”denotes employed part of the year and also include employees transferred pursuant to the Scheme from Future Enterprises Limited.

Notes:

1. Nature of employment is permanent and terminable by Notice on either side.
2. The above employees are not related to any other Director of the Company.
3. No employee holds by himself/herself or along with spouse and dependent children 2% or more of the equity shares of the Company.
4. Terms and conditions of employment are as per Company's Rules.

For and on behalf of the Board of Directors

Kishore Biyani

Chairman and
Managing Director

Place : Mumbai

Date : May 25, 2016

ANNEXURE – III

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2016

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

To,

The Members,
Future Retail Limited
(Formerly known as Bharti Retail Limited)

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Future Retail Limited (hereinafter called "**the Company**"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conduct / statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2016 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2016 according to the provisions of:

- i. The Companies Act, 2013 (the Act) and the Rules made thereunder;
- ii. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings- (Not applicable to the Company during the Audit Period);

We have also examined compliance with the applicable clauses of the following:

- Secretarial Standards with regard to Meeting of Board of Directors (SS-1) and General Meetings (SS-2) issued by The Institute of Company Secretaries of India;

During the period under review, the Company has complied with the applicable provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. as mentioned above.

We further report that:

- The Board of Directors of the Company is duly constituted with proper balance of Executive Directors and Independent Directors. The changes in the composition of the Board of Directors / Committees thereof that took place during the period under review were carried out in compliance with the provisions of the Act;
- Based on the representation given by the Management of the Company and as verified by us, it is observed that there are no such laws which are specifically applicable to the industry in which the Company operates;
- Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting;
- Majority decisions of the Board are carried out unanimously as recorded in the minutes of the meetings of the Board of Directors and no dissenting views were carried out.
- There are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further Report that during the audit period of the Company:

- (a) There were instances of:
 1. Demerger/ Restructuring/ Scheme of Arrangement
- (b) There were no instances of:
 1. Redemption/ Buy-Back of Securities
 2. Foreign Technical Collaborations
 3. Public issue of shares

This report is to be read with our letter of date which is annexed as Annexure-I and forms an integral part of this Report.

Annexure I to Secretarial Audit Report

To,
The Members,
Future Retail Limited
(Formerly known as Bharti Retail Limited)

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that the correct facts are reflected in secretarial records. We believe that the practices and processes, We followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Account of the Company.
4. Wherever required, we obtained management representation about the compliance of laws, rules, regulations, norms and standards and happening of events.
5. The compliance of the provisions of the corporate and other applicable laws, rules, regulations and norms is the responsibility of management. Our examination was limited to the verification of procedure on test basis.
6. The secretarial audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For **K Bindu & Associates**
Company Secretaries

K. Bindu
Proprietor

Membership No. 20066
Certificate of Practice: 7378

Place: Mumbai
Date : May 25, 2016

ANNEXURE – IV

FORM MGT-9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on March 31, 2016
(Pursuant to Section 92 (3) of the Companies Act, 2013 and Rule 12(1) of the Companies
(Management & Administration) Rules, 2014)

I. REGISTRATION AND OTHER DETAILS:

i	CIN	U51909MH2007PLC268269
ii	Registration Date	February 07, 2007
iii	Name of the Company	Future Retail Limited (formerly known as Bharti Retail Limited)
iv	Category / Sub-Category of the Company	Public Company / Limited by shares
v	Address of the Registered office and contact details	Knowledge House, Shyam Nagar, Off Jogeshwari-Vikhroli Link Road, Jogeshwari (East), Mumbai 400 060. Tel No.: +91 22 6644 2200 Fax No.: +91 22 6644 2201 Email: investorrelations@futureretail.in Website: www.futureretail.co.in
vi	Whether listed company Yes / No	No [The Company is in process of listing its Equity Shares on BSE Limited and National Stock Exchange of India Limited]
vii	Name, Address and Contact details of Registrar and Transfer Agent, if any	Link Intime India Private Limited C-13, Pannalal Silk Mills Compound, LBS Marg, Bhandup (West), Mumbai - 400 078. Tel No.: +91 22 2594 6970 Fax No.: +91 22 2594 6969 Email: rnt.helpdesk@linkintime.co.in Website: www.linkintime.co.in

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the Company shall be stated:

SI. No	Name and Description of main products/ services	NIC Code of the product/ service	% to total turnover of the Company
1	Multi Brand Retail Trade	47 (Retail Trade, except of motor vehicles and motorcycles)	100

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

SI. No.	Name and Address of the Company	CIN / GLN	Holding/ Subsidiary/ Associate	% of Shares held	Applicable Section
1	Cedar Support Services Limited (#) Bharti Crescent, 1, Nelson Mandela Road, Vasant Kunj, Phase-II, New Delhi 110070, India	U52599DL2007PLC159150	Holding	100	2(46)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

(i) Category-wise Shareholding;

Category code	Category of Shareholders	No. of Equity Shares held at the beginning of the year				No. of Equity Shares held at the end of the year				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(A)	Shareholding of Promoters and Promoter Group									
(1)	Indian									
(a)	Individuals/ Hindu Undivided Family / Nominee of Promoter	-	-	-	-	-	-	-	-	-
(b)	Central Government/ State Government(s)	-	-	-	-	-	-	-	-	-
(c)	Bodies Corporate (#)	1,39,86,59,994	6	1,39,86,60,000	100	4,34,78,255	6	4,34,78,261	100	-
(d)	Banks / Financial Institutions	-	-	-	-	-	-	-	-	-
(e)	Any Other (specify)	-	-	-	-	-	-	-	-	-
	Sub-Total (A)(1)	1,39,86,59,994	6	1,39,86,60,000	100	4,34,78,255	6	4,34,78,261	100	-
(2)	Foreign									
(a)	NRIs - Individuals	-	-	-	-	-	-	-	-	-
(b)	Other Individuals	-	-	-	-	-	-	-	-	-
(c)	Body Corporate	-	-	-	-	-	-	-	-	-
(d)	Banks / Financial Institutions	-	-	-	-	-	-	-	-	-
(e)	Any Other (specify)	-	-	-	-	-	-	-	-	-
	Sub-Total (A)(2)	-	-	-	-	-	-	-	-	-
	Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)	1,39,86,59,994	6	1,39,86,60,000	100	4,34,78,255	6	4,34,78,261	100	-

Category code	Category of Shareholders	No. of Equity Shares held at the beginning of the year				No. of Equity Shares held at the end of the year				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(B)	Public shareholding									
(1)	Institutions									
(a)	Mutual Funds/ UTI	-	-	-	-	-	-	-	-	-
(b)	Banks / Financial Institutions	-	-	-	-	-	-	-	-	-
(c)	Central Government/ State Government(s)	-	-	-	-	-	-	-	-	-
(d)	Venture Capital Funds	-	-	-	-	-	-	-	-	-
(e)	Insurance Companies	-	-	-	-	-	-	-	-	-
(f)	Foreign Institutional Investors	-	-	-	-	-	-	-	-	-
(g)	Foreign Venture Capital Investors	-	-	-	-	-	-	-	-	-
(h)	Foreign Bodies Corporate	-	-	-	-	-	-	-	-	-
	Sub-Total (B)(1)	-	-	-	-	-	-	-	-	-
(2)	Non-Institutions									
(a)	Bodies Corporate	-	-	-	-	-	-	-	-	-
(b)	Individuals									
	i. Individual shareholders holding nominal share capital up to ₹ 1 lakh.	-	-	-	-	-	-	-	-	-
	ii. Individual shareholders holding nominal share capital in excess of ₹ 1 lakh.	-	-	-	-	-	-	-	-	-
(c)	Any Other									
	1. N R I	-	-	-	-	-	-	-	-	-
	2. Directors & Relatives	-	-	-	-	-	-	-	-	-
	3. Clearing Member	-	-	-	-	-	-	-	-	-
	4. Trust	-	-	-	-	-	-	-	-	-
	5. Foreign Nationals	-	-	-	-	-	-	-	-	-
	6. Hindu Undivided Family	-	-	-	-	-	-	-	-	-
	Sub-Total (B)(2)	-	-	-	-	-	-	-	-	-
	Total Public Shareholding (B)=(B) (1)+(B)(2)	-	-	-	-	-	-	-	-	-
	TOTAL (A)+(B)	1,39,86,59,994	6	1,39,86,60,000	100	4,34,78,255	6	4,34,78,261	100	-
(C)	Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
	GRAND TOTAL (A)+(B)+(C)	1,39,86,59,994	6	1,39,86,60,000	100	4,34,78,255	6	4,34,78,261	100	-

(ii) Shareholding of Promoters and Promoter Group

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	
1.	Cedar Support Services Limited (#)	1,39,86,60,000	100	Nil	4,34,78,261	100	Nil	-
Total		1,39,86,60,000	100	Nil	4,34,78,261	100	Nil	-

(iii) Change in Promoters and Promoter Group Shareholding (please specify, if there is no change)

Equity Shares

Sl. No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Equity Shares	% of total shares of the Company	No. of Equity Shares	% of total shares of the Company
	At the beginning of the year (#)	1,39,86,60,000	100.00	1,39,86,60,000	100.00
1	April 27, 2015 – Right Issue	13,30,00,000	8.68	1,53,16,60,000	100.00
2	May 25, 2015 – Right Issue	18,80,90,000	10.94	1,71,97,50,000	100.00
	At the end of the year			1,71,97,50,000	100.00

Reduction of capital and consolidation in nominal value of shares from ₹ 10 each to ₹ 2 each (Pursuant to the Scheme of Arrangement)

1	As on Appointed Date	4,34,78,261	100.00	4,34,78,261	100.00
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(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs)

Sl. No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	For Each of the Top 10 Shareholders				

NIL

v) Shareholding of Directors and Key Managerial Personnel

Sl. No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Equity Shares	% of total Equity Shares of the Company	No. of Equity Shares	% of total Equity Shares of the Company
	For Each of the Directors and KMP				
	At the beginning of the year.	-	-	-	-
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (eg. allotment / transfer)	-	-	-	-
	At the end of the year	-	-	-	-

Notes for point no. III and IV

- Pursuant to the provisions of Scheme the issued, subscribed and paid-up equity share capital of the Company was reduced from ₹ 17,19,75,00,000 comprising of 1,71,97,50,000 equity shares of ₹ 10 each, fully paid up to ₹ 8,69,56,522 divided into 4,34,78,261 equity shares of ₹ 2 each.
- Pre-Scheme, Cedar Support Services Limited was promoter/holding company of our Company and post giving effect to the Scheme, now our Company is part of Future Group.

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(₹ in Crore)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	294.00	96.40	0.00	390.40
ii) Interest due but not paid	0.00	0.00	0.00	0.00
iii) Interest accrued but not due	0.06	0.85	0.00	0.91
Total (i+ii+iii)	294.06	97.25	0.00	391.31
Change in Indebtedness during the financial year				
i) Addition	963.00	300.01	0.00	1,263.01
ii) Reduction*	-338.86	193.05	0.00	-531.91
Net Change	624.14	106.96	0.00	731.10
Indebtedness at the end of the financial year				
i) Principal Amount	918.20	204.20	0.00	1,122.40
ii) Interest due but not paid	0.00	0.00	0.00	0.00
iii) Interest accrued but not due	0.00	0.01	0.00	0.01
Total (i+ii+iii)	918.20	204.21	0.00	1,122.41

* Note-Include transferred from Future Enterprises Limited, as per the Composite Scheme of Arrangement.

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/ or Manager

(₹ in Crore)

Sl. No.	Particulars of Remuneration	Name of MD/WTD/Manager*		Total Amount
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-	-	-
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission			
	- as % of profit	-	-	-
	- others, specify	-	-	-
5	Others - Contribution to Funds	-	-	-
	Total (A)	-	-	-
	Ceiling as per the Act	In view of loss, the ceiling is applicable as per Schedule V and other applicable provisions of the Companies Act, 2013 with related Rules thereto.		

* There was no Managing Director, WTD, or Manager for the financial year ended March 31, 2016.

B. Remuneration to other directors:

(₹ in Crore)

Sl. No.	Particulars of Remuneration	Name of Directors		Total Amount
		Mr. Sridhar Natarajan	Ms. Veenu Mittal	
1.	Independent Directors			
	• Fee for attending board / committee meetings	0.006	0.006	0.012
	• Commission	-	-	-
	• Others, please specify	-	-	-
	Total (1)	0.006	0.006	0.012
2.	Other Non-Executive Directors			
	• Fee for attending board committee meetings	-	-	-
	• Commission	-	-	-
	• Others, please specify	-	-	-
	Total (2)			
	Total (B) = (1 + 2)	0.006	0.006	0.012
	Total Managerial Remuneration	0.006	0.006	0.012
	Overall Ceiling as per the Act	Sitting Fees paid is within the limits specified under the Companies Act, 2013		

C. Remuneration to Key Managerial Personnel other than MD/ Manager/ WTD

(₹ in Crore)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel					Total
		Chief Financial Officer	Chief Executive Officer		Company Secretary		
		Mr. Anupam Goyal	Mr. Craig Wadsworth Wimsatt	Mr. Manish Sabnis	Mr. Sandeep Kumar	Ms. Gurdeep Kaur	
1	Gross salary						
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	1.14	1.52	0.61	0.04	-	3.31
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961#	0.00	0.00	0.00	0.00	-	0.00
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	0.00	0.00	0.00	0.00	-	0.00
2	Stock Option	0.00	0.00	0.00	0.00	-	0.00
3	Sweat Equity	0.00	0.00	0.00	0.00	-	0.00
4	Commission						
	- as % of profit	0.00	0.00	0.00	0.00	-	0.00
	- others, specify	0.00	0.00	0.00	0.00	-	0.00
5	Others, please specify						
	Contributions	0.04	0.04	0.03	0.00	-	0.11
	Total	1.18	1.56	0.64	0.04	-	3.42

Notes:

Rounded off to ₹ in Crore

- Mr. Anupam Goyal resigned as the Chief Financial Officer w.e.f. May 02, 2016;
- Mr. Craig Wadsworth Wimsatt resigned w.e.f. July 31, 2015 however continued employment upto September 30, 2015. Mr. Manish Sabnis was appointed as the Chief Executive Officer of the Company w.e.f. August 01, 2015 and who resigned as KMP w.e.f. May 02, 2016;
- Mr. Sandeep Kumar resigned as Company Secretary w.e.f. May 21, 2015 however continued employment upto January 31, 2016. Ms. Gurdeep Kaur was appointed as the Company Secretary of the Company w.e.f. May 22, 2015 without any remuneration and she resigned w.e.f. May 02, 2016.

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES: NIL

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority [RD/NCLT/ COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty			NIL		
Punishment					
Compounding					
B. DIRECTORS					
Penalty			NIL		
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty			NIL		
Punishment					
Compounding					

ANNEXURE - V

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNING AND OUTGO ETC:

Information on conservation of Energy, Technology absorption, Foreign Exchange earnings and outgo under section 134 of the Companies Act, 2013 read with Companies (Accounts) Rules, 2014 are provided hereunder:

(A) Conservation of Energy :	
(i) the steps taken or impact on : conservation of energy	The operations of your Company are not energy intensive, however adequate measures have been taken to reduce energy consumption.
(ii) the steps taken by the company for utilising alternate sources of energy	All efforts are made to use more natural lights in offices/ store premises to optimize the consumption of energy.
(iii) the capital investment on energy conservation equipments;	NIL
(B) Technology absorption :	
(i) the efforts made towards technology absorption	N.A.
(ii) the benefits derived like product improvement, cost reduction, product development or import substitution	N.A.
(iii) in case of imported technology (imported during the last three years reckoned from the beginning of the financial year)	N.A.
(a) the details of technology imported;	
(b) the year of import;	
(c) whether the technology been fully absorbed;	
(d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof.	
(iv) the expenditure incurred on Research and Development.	Nil
(C) Foreign exchange earnings and Outgo :	
	The Foreign Exchange outgo and foreign exchange earned by the Company during the year are detailed in Note No. 39, 40 and 47 of other Notes to the Financial Statements.

For and on behalf of the Board of Directors

Kishore Biyani

Chairman and
Managing Director

Place : Mumbai
Date : May 25, 2016

CORPORATE GOVERNANCE REPORT

Your Company consistently followed the principles of good corporate governance and strives to enhance the stakeholders' relationship, e-governance initiatives, while upholding the core values of integrity, transparency, fairness, responsibility and accountability.

Your Company, in line with the above has taken various initiatives to further strengthen the corporate governance practices and adopted various codes / policies pursuant to the Companies Act, 2013 ('the Act'), and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time ('Listing Regulations'), in view of its application to Stock Exchanges to get its Equity Shares listed.

CODE OF CONDUCT

The Company has laid down a Code of Conduct ("Code") for the Board Members and Senior Management Personnel of the Company. The Company has also adopted code of conduct for Independent Directors as prescribed under Schedule IV of the Act.

The Code aims at ensuring consistent standards of conduct and ethical business practices across the Company.

All the Board Members and Senior Management Personnel have affirmed compliance with this Code. This Code has also been posted on the Company's website www.futureretail.co.in.

ESTABLISHMENT OF WHISTLE BLOWER POLICY/VIGIL MECHANISM

The Company has established a whistle blower policy/vigil mechanism. This policy aims to provide an avenue for Directors and employees to raise genuine concerns of any violations of legal or regulatory requirements, actual or suspected fraud or violation of the Company's code of conduct and ethical business practices. This Policy inter-alia provides a direct access to a Whistle Blower to the Chairperson of Audit Committee.

COMPOSITION OF THE BOARD

The information on composition of the Board, Category and their Directorships/Committee Membership across all the Companies in which they were Directors, as on March 31, 2016 is as under:

Name of Director	Category	No. of Directorships*		**No. of Memberships / Chairmanships of Committees in public companies	
		Public	Private / Non profit	Memberships	Chairmanships
Mr. Inderjit Walia	Non-Executive Director	6	1	1	-
Mr. Devendra Khanna	Non-Executive Director	8	3	5	2
Mr. Rajendra Chopra	Non-Executive Director	2	3	1	1
Mr. Sridhar Natarajan	Independent Director	5	-	5	2
Ms. Veenu Mittal	Independent Director	6	-	6	4

* No. of Directorships held by the Directors do not include directorships in foreign companies.

** In accordance with Regulation 26 of the Listing Regulations, Memberships/Chairmanships of only Audit Committees and Stakeholders' Relationship Committees in all public limited companies have been considered.

The Board has been reconstituted post Scheme of Arrangement becoming Effective on May 1, 2016.

The composition of the reconstituted Board of Directors ('the Board') is in conformity with the requirement of the Act and Regulation 17 of the Listing Regulations. Presently, the Board of the Company comprises of 6 (Six) Directors including One Woman Director. None of the Directors on the Board are serving as an Independent Director in more than 7 (Seven) / 3 (Three) Listed entities, as the case may be, as specified in Regulation 25 of the Listing Regulations. The reconstituted Board and Committees thereof also comply with all applicable regulations.

None of the Directors on the Board is a Member of more than 10 Committees and/or Chairperson of more than 5 Committees (as specified in Regulation 26 of Listing Regulations), across all the public companies in which he/she is a Director.

Further, the maximum tenures of Independent Directors are in line with provisions of Section 149 (10) and (11) of the Act and Rules made thereunder.

The information on composition of the Board, Category and their Directorships/Committee Membership across all the Companies in which they are Directors, as on May 25, 2016 is as under:

Name of Director	Category	No. of Directorships*		**No. of Memberships / Chairmanships of Committees in public companies	
		Public	Private / Non profit	Memberships	Chairmanships
Mr. Kishore Biyani	Chairman and Managing Director (Promoter Group)	9	1	3	1
Mr. Rakesh Biyani	Joint Managing Director (Promoter Group)	6	5	3	-
Mr. Rajan Bharti Mittal	Non Executive Director	6	8	4	2
Mr. Ravindra Dhariwal	Independent Director	9	5	10	2
Mr. Shailendra Bhandari	Independent Director	1	-	1	1
Ms. Gagan Singh	Independent Director	2	1	4	2

* No. of Directorships held by the Directors do not include directorships in foreign companies.

** In accordance with Regulation 26 of the Listing Regulations, Memberships/Chairmanships of only Audit Committees and Stakeholders' Relationship Committees in all public limited companies have been considered.

The details of shares held by the present Directors in the Company as on March 31, 2016 and May 25, 2016 are as follows:

Sr. No.	Name of Director	Number of Equity Shares held	
		March 31, 2016	May 25, 2016
1	Mr. Kishore Biyani	N.A.	2,121
2	Mr. Rakesh Biyani	N.A.	2,121
3	Mr. Rajan Bharti Mittal	N.A.	NIL
4	Mr. Ravindra Dhariwal	N.A.	NIL
5	Mr. Shailendra Bhandari	N.A.	NIL
6	Ms. Gagan Singh	N.A.	NIL

BOARD MEETINGS AND LAST AGM

During the year under review, total Ten Board Meetings were held on April 27, 2015, May 04, 2015, May 21, 2015, May 25, 2015, June 20, 2015, August 05, 2015, August 18, 2015, November 17, 2015, January 06, 2016 and March 28, 2016.

The gap between two meetings did not exceed one hundred and twenty days as prescribed in the Listing Regulations.

The Eighth Annual General Meeting (AGM) of the Company was held on August 10, 2015.

The attendance of Directors at the above Board Meetings and AGM is as under:

Name of Director	No. of Board Meetings		08th AGM (August 10, 2015)
	Held	Attended	
Mr. Inderjit Walia	10	10	Yes
Mr. Devendra Khanna	10	10	Yes
Mr. Rajendra Chopra	10	10	No
Mr. Sridhar Natarajan	10	3	No
Ms. Veenu Mittal	10	4	No

AUDIT COMMITTEE

As on March 31, 2016 the Audit Committee of the Company comprised of three Directors viz Mr. Sridhar Natarajan, Mr. Devendra Khanna, Ms. Veenu Mittal and majority of them were Independent Directors. Mr. Sridhar Natarajan was Chairman of the Committee. All the Members of the Committee were having accounting and financial management expertise.

During the year under review, total Four meetings of the Audit Committee were held on June 20, 2015, August 05, 2015, November 17, 2015 and March 28, 2016.

The attendance details of the Members at the above Committee meetings is as under:

Name of Director / Member	Designation	No. of Meetings	
		Held	Attended
Mr. Sridhar Natarajan	Chairman	4	4
Mr. Devendra Khanna	Member	4	4
Ms. Veenu Mittal	Member	4	4

Post Scheme becoming Effective, the Audit Committee has been reconstituted with effect from May 02, 2016. Presently, the Audit Committee comprises of following members:

- Ms. Gagan Singh : Independent Director / Chairperson;
- Mr. Ravindra Dhariwal : Independent Director; and
- Mr. Rakesh Biyani : Joint Managing Director

The Company Secretary functions as Secretary to the Committee.

The Committee's composition meets with the requirements of Section 177 of the Act and Regulation 18 of the Listing Regulations.

Terms of Reference

The terms of reference are reviewed from time to time by the Board and the Committee has been mandated to comply with the requirements as specified in Part C of Schedule II of the Listing Regulations and the provisions of Section 177 of the Act.

The Audit Committee shall have powers to investigate any activity within its terms of reference, seek information from any employee, obtain outside legal or other professional advice and secure attendance of outsiders with relevant expertise, if it considers necessary.

A. Role of the Committee, inter-alia, include the following

- (1) oversight of the listed entity's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- (2) recommendation for appointment, remuneration and terms of appointment of auditors of the listed entity;
- (3) approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- (4) reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:
 - (a) matters required to be included in the Director's responsibility statement to be included in the Board's report in terms of clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013;
 - (b) changes, if any, in accounting policies and practices and reasons for the same;
 - (c) major accounting entries involving estimates based on the exercise of judgment by management;
 - (d) significant adjustments made in the financial statements arising out of audit findings;
 - (e) compliance with listing and other legal requirements relating to financial statements;
 - (f) disclosure of any related party transactions;
 - (g) modified opinion(s) in the draft audit report;
- (5) reviewing, with the management, the quarterly financial statements before submission to the Board for approval;
- (6) reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;

- (7) reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
- (8) approval or any subsequent modification of transactions of the listed entity with related parties;
- (9) scrutiny of inter-corporate loans and investments;
- (10) valuation of undertakings or assets of the listed entity, wherever it is necessary;
- (11) evaluation of internal financial controls and risk management systems;
- (12) reviewing with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- (13) reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- (14) discussion with internal auditors of any significant findings and follow up there on;
- (15) reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
- (16) discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- (17) to look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- (18) to review the functioning of the whistle blower mechanism;
- (19) approval of appointment of chief financial officer after assessing the qualifications, experience and background, etc. of the candidate;
- (20) carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

B. Review of the following information

- (1) management discussion and analysis of financial condition and results of operations;
- (2) statement of significant related party transactions (as defined by the Audit Committee), submitted by management;
- (3) management letters / letters of internal control weaknesses issued by the statutory auditors;
- (4) internal audit reports relating to internal control weaknesses; and
- (5) the appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the audit committee.
- (6) statement of deviations:
 - (a) quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1) of Listing Regulations.
 - (b) annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice in terms of Regulation 32(7) of Listing Regulations.

NOMINATION AND REMUNERATION COMMITTEE

As on March 31, 2016 the Nomination and Remuneration Committee of the Company comprised of three Non-Executive Directors viz Mr. Rajendra Chopra, Mr. Sridhar Natarajan and Ms. Veenu Mittal, majority of them were Independent Directors. Mr. Rajendra Chopra was Chairman of the Committee.

During the year under review, total Two meetings of the Nomination and Remuneration Committee were held on May 21, 2015 and August 05, 2015.

The attendance details of the Members at the above Committee meetings is as under:

Name of Director / Member	Designation	No. of meetings	
		Held	Attended
Mr. Rajendra Chopra	Chairman	2	2
Mr. Sridhar Natarajan	Member	2	2
Ms. Veenu Mittal	Member	2	2

Post Scheme becoming Effective, the Nomination and Remuneration Committee has been reconstituted with effect from May 02, 2016. Presently, the Nomination and Remuneration Committee comprises of following members:

- Mr. Ravindra Dhariwal : Independent Director / Chairman;
- Mr. Shailendra Bhandari : Independent Director; and
- Mr. Rajan Bharti Mittal : Director

Terms of Reference

The terms of reference are reviewed from time to time by the Board and the Committee has been mandated to comply with the requirements as specified in Part D of the Schedule II of the Listing Regulations and the provisions of Section 178 of the Act and Securities and Exchange Board of India (Share Based Employee Benefits) Regulation, 2014, as may be applicable.

Role of the Committee, inter-alia, include the following

- (1) formulation of the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board of Directors a policy relating to, the remuneration of the Directors, Key Managerial Personnel and other employees;
- (2) formulation of criteria for evaluation of performance of Independent Directors and the Board of Directors;
- (3) devising a policy on diversity of Board of Directors;
- (4) identifying persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board of Directors their appointment and removal.
- (5) whether to extend or continue the term of appointment of the Independent Director, on the basis of the report of performance evaluation of Independent Directors.
- (6) establishing and from time to time review the policy for ESOP, ESOS and recommend the grants to be made of options under ESOP / ESOS; and
- (7) reviewing Company's remuneration and human resources policy.

Remuneration Policy

The Company believes that human resource is the key for the continuous growth and development of the Company. The Company's remuneration policy is designed to attract, retain and motivate employees by offering appropriate remuneration packages and retiral benefits and also rewarding performance of key employees by offering employee stock options to contribute and participate in the overall corporate growth, profitability and financial success of the organization. The remuneration policy is in consonance with the existing industry practice.

Remuneration policy for Executive Directors

The Company pays remuneration by way of salary, benefits, perquisites and allowances (fixed component) and commission or performance bonus (variable component) to its Managing Director / Joint Managing Director or the Executive Director, as approved by the Board and the Members of the Company. In determining the remuneration package of the Executive Directors, the Nomination and Remuneration Committee (NRC) evaluates the remuneration paid by comparable organisation and thereafter makes its recommendation to the Board. Annual increments are decided by the NRC within the scale of remuneration approved by the Members of the Company. NRC also reviews and decides on the quantum of commission or performance bonus payable to the Managing Director / Joint Managing Director or the Executive Director as per terms of appointment and based on the performance of the individual as well as the Company. Performance criteria for Managing Director / Joint Managing Director and Executive Director, entitled for commission or performance bonus are determined by NRC.

Criteria of making payments to Non-Executive Directors

Non-Executive Directors are paid sitting fees for attending any meeting of the Board and Committee of the Board including meeting of Independent Directors, as decided from time to time by the Board. The members of Corporate Social Responsibility Committee have voluntarily waived the acceptance of sitting fees for attending the meeting of the Committee. The Company also reimburses the out-of-pocket expenses incurred by the Directors for attending the meetings.

Further, the Company has also devised a process for performance evaluation of Independent Directors, the Board, Committees and other individual Directors.

Remuneration to Directors

Remuneration to Managing Director / Executive Director / CEO

The remuneration paid to the Managing Director / Executive Director / CEO for the year ended March 31, 2016 is as under:

Name of Managing Director / Executive Director / CEO	Salary	Performance Bonus / Commission	Company's Contribution to Funds	Perquisites and allowance	₹ in Crore)		Total Contract Period	Notice period in months	Stock Options granted
						Total			
Mr. Craig Wadsworth Wimsatt	0.68	0.84	0.04	0.00		1.56	-	3 Months	-
Mr. Manish Sabnis	0.61	0.00	0.03	0.00		0.64	-	3 Months	-

Notes: Mr. Craig Wadsworth Wimsatt resigned w.e.f. July 31, 2015 however continued employment upto September 30, 2015. Mr. Manish Sabnis was appointed as the Chief Executive Officer of the Company w.e.f. August 01, 2015 and who resigned as KMP w.e.f. May 02, 2016;

Remuneration to Non-Executive Directors

The sitting fees paid to Non-Executive Directors during the year under review is as under:

Name of Director	Sitting Fees paid (₹ in Crore)	Commission paid
Mr. Sridhar Natarajan	0.006	Nil
Ms. Veenu Mittal	0.006	Nil

Apart from reimbursement of expenses incurred in the discharge of their duties and the payment of sitting fees for identified Non-Executive Directors as entitled under the Act, none of these Directors has any other material pecuniary relationships or transactions with the Company, its Promoters, its Directors, its Senior Management, which in their judgment would affect their independence. None of the Directors of the Company is inter-se related to each other.

STAKEHOLDERS' RELATIONSHIP COMMITTEE

As on March 31, 2016, there was no requirement of constitution of Stakeholders' Relationship Committee.

Post Scheme becoming Effective, the Stakeholder Relationship Committee has been constituted on May 02, 2016. Presently, the Stakeholder Relationship Committee comprises of following members:

- Mr. Shailendra Bhandari : Independent Director / Chairman;
- Ms. Gagan Singh : Independent Director; and
- Mr. Rajan Bharti Mittal : Director

Terms of Reference

The terms of reference are reviewed from time to time by the Board and the Committee has been mandated to comply with the requirements as specified in Part D of the Schedule II of the Listing Regulations and the provisions of Section 178 of the Act.

Role of the Committee, inter-alia, include the following

- To determine on behalf of the Board the Company's policy on serving the stakeholders in line with best corporate governance norms;
- To periodically review stakeholders' grievance mechanism of the Company;
- To review and redress stakeholders' grievances regarding allotment of securities, transfer of shares, non-receipt of annual report, non-receipt of declared dividends, etc. and other allied matters;
- The Committee is also authorised to:
 - i. Investigate any activity within its terms of reference;
 - ii. Seek any information from any employee of the Company;
 - iii. Obtain outside legal or independent professional advice. Such advisors may attend meetings if necessary; and
 - iv. Incur such reasonable expenditure, as it deems necessary.

With a view to expedite the process of share transfers, necessary authority has been delegated to the Share Transfer Committee.

SHARE TRANSFER COMMITTEE

The Share Transfer Committee has been constituted on May 02, 2016. Presently, the Committee comprises of Mr. Shailendra Bhandari, Mr. Kishore Biyani and Mr. Rakesh Biyani as Members of the Committee. The Share Transfer Committee meets as and when required to consider the transfer proposals and attend to Investors' grievances, transmission of shares, split, consolidation, issue of duplicate share certificate, dematerialisation and rematerialisation of shares.

Investors' Grievance Redressal

During the year under review, no complaint was received from the Shareholders.

Compliance Officer

Mr. Virendra Samani, Dy. Company Secretary of the Company is the Compliance Officer of the Company.

Code of Conduct for Prevention of Insider Trading

The Company's Code of Conduct for Prevention of Insider Trading as approved by the Board of Directors, inter-alia, prohibits dealing in the securities of the Company by Directors and certain employees while in possession of unpublished price sensitive information in relation to the Company. The same is available on the Company's website.

INDEPENDENT DIRECTORS' MEETING

During the year under review, the meeting of Independent Directors was held on November 17, 2015.

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

As on March 31, 2016 the Corporate Social Responsibility Committee of the Company comprised of members viz Mr. Devendra Khanna, Mr. Sridhar Natarajan and Ms. Veenu Mittal. Further, Mr. Devendra Khanna was Chairman of the Committee.

Post Scheme becoming Effective, the Corporate Social Responsibility Committee has been reconstituted on May 02, 2016. Presently, the Committee comprises of following members:

- Mr. Kishore Biyani : Member / Chairman;
- Ms. Gagan Singh : Member / Independent Director; and
- Mr. Rajan Bharti Mittal : Director

The Committee functions in accordance with the terms of reference as specified under the Act, and as may be specified by the Board from time to time, which inter-alia includes:

- a) formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of the Act;
- b) recommend the amount of expenditure to be incurred on the activities referred to in clause (a); and
- c) monitor the Corporate Social Responsibility Policy of the Company from time to time.

COMMITTEE OF DIRECTORS

The Committee of Directors has been constituted on May 02, 2016. Presently, the Committee comprises of Mr. Kishore Biyani, Chairman and Managing Director and Mr. Rakesh Biyani, Joint Managing Director as a members of the Committee. The main function of Committee is to handle day to day operations and activities of the Company and to ensure smooth functioning and for regular day to day operations. The Committee is further authorised to delegate some of its powers to employees / executives of the Company as authorised therein.

RISK MANAGEMENT COMMITTEE

The Risk Management Committee comprises of Mr. Kishore Biyani, Mr. Rakesh Biyani and Mr. C. P. Toshniwal.

The Committee functions in accordance with the terms of reference as specified by the Board from time to time, which inter-alia includes implementing and monitoring of risk management plan and policy of the Company.

RISK MANAGEMENT

The Company has a well-defined risk management framework in place, which provides an integrated approach for identifying, assessing, mitigating, monitoring and reporting of all risks associated with the business of the Company.

The Audit Committee / Board of Directors periodically reviews the risk assessment and minimization procedures and ensures that executive management controls risk through means of a properly defined framework.

The risk management framework adopted by the Company is discussed in detail in the Management Discussion and Analysis forming part of the Annual Report.

DISCLOSURES

Related Party Transactions

All related party transactions were reviewed / approved by the Audit Committee and were entered into in the ordinary course of business and at arm's length basis. During the financial year under review, there were no materially significant transactions entered into between the Company and related parties that may have potential conflict with the interests of the Company at large.

The details of related party transactions are presented in Note No. 27 in Notes forming part of the financial statements for the year ended March 31, 2016. Policy on dealing with related party transactions is available on the website of the Company at the link http://www.futureretail.co.in/pdf/RPT_Policy.pdf

Disclosure of Accounting Treatment

During the year under review, the Company followed the Accounting Standards laid down by the Companies (Accounting Standards) Rules, 2006, in the preparation of its financial statements.

Management

A Management Discussion and Analysis (MDA) forms part of the Annual Report.

All members of the Senior Management have confirmed to the Board that there are no material, financial and/or commercial transactions between them and the Company, which could have any potential conflict of interest with the Company at large.

CEO/CFO Certification

As required under Regulation 17(8) of the Listing Regulations, the Managing Director and the Chief Financial Officer of the Company have certified to the Board regarding the financial statements for the year ended March 31, 2016.

GENERAL BODY MEETINGS

Annual General Meeting

Last Three Annual General Meetings (AGM) of the Company were held as under:

Year/Period ended	No. of AGM	Day, Date & Time of AGM	Venue
March, 2015	8	Monday, August 10, 2015 at 11:00 am	Bharti Crescent, 1, Nelson Mandela Road, Vasant Kunj, Phase – II, New Delhi – 110070.
March, 2014	7	Friday, September 26, 2014 at 11:00 am	
December, 2012	6	Friday, June 28, 2013 at 10:30 am	

Special Resolutions passed in the last Three Annual General Meetings are as follows:

AGM No.	AGM Date	Special Resolutions Passed
8	August 10, 2015	None
7	September 26, 2014	<ul style="list-style-type: none"> Re-appointment of Mr. Raj Kumar Jain as a Managing Director; Approval under Section 180(1)(c) of the Companies Act, 2013 for borrowing power upto ₹ 2,000 Crore; Approval under Section 180(1)(a) of the Companies Act, 2013 for creation of charge, mortgage etc on assets of the Company upto ₹ 2,000 Crore; Approval under Section 185, 186 of the Companies Act, 2013 for loan to employees upto ₹ 10 Crore.
6	June 28, 2013	None

Extraordinary General Meeting

During the year under review, total Four Extraordinary General Meetings (EGM) were held and the details are as follows:

Sr. No.	Day, Date & Time of EGM	Venue
1.	Monday, May 04, 2015 at 4:00 pm	Bharti Crescent, 1, Nelson Mandela Road, Vasant Kunj, Phase – II, New Delhi – 110070.
2.	Thursday, May 21, 2015 at 4:00 pm	
3.	Wednesday, November 18, 2015 at 11:00 am	
4.	Thursday, February 18, 2016 at 11:00 am	

Special Resolutions passed in the Extraordinary General Meetings are as follows:

Sr. No.	EGM Date	Special Resolutions passed
1.	May 04, 2015	Shifting of the Registered Office of the Company from NCT of Delhi to State of Maharashtra
2.	May 21, 2015	Issue Optionally Convertible Debentures
3.	November 18, 2015	<ul style="list-style-type: none">Reduction of Capital as part of the SchemeChange of Name pursuant to the Scheme
4.	February 18, 2016	Reduction of Capital as part of the Scheme

Court Convening Meeting

During the year under review, the Company entered into Composite Scheme of Arrangement between Future Enterprises Limited and the Company and respective Shareholders and Creditors. In this connection, the consent of Equity Shareholders were obtained whereby they consented to the Scheme and also for dispensation for holding of meeting of shareholders, as approved by the Hon'ble High Court of Judicature at Bombay

Postal Ballot

The Company has not passed any Special Resolution through postal ballot during the financial year 2015-16 under review.

MEANS OF COMMUNICATION

The Annual Report and Shareholding Pattern of the Company are also posted on website of the Company.

As the Company had single shareholder (with its nominees) and unlisted during the year under review, there was no need of publication of quarterly/annual financial results. The Company proposes to initiate the process of publication of quarterly/annual financial result for the Financial Year 2016-17, as the Company is in process of listing its Equity Shares.

GENERAL SHAREHOLDERS INFORMATION

Date, Time and Venue of the 9th Annual General Meeting

Monday, August 29, 2016 at 9.30 a.m. at Rangswar, Fourth Floor, Y. B. Chavan Centre, Gen. Jagannath Bhosale Marg, Mumbai - 400021.

Financial Year

The financial year covers the period from April 1 of every year to March 31 of the next year.

Financial Reporting for

Quarter	Release Date (tentative & subject to change)
Quarter ending June 30, 2016	Second week of August, 2016
Quarter/half year ending September 30, 2016	Second week of November, 2016
Quarter ending December 31, 2016	Second week of February, 2017
Year ending March 31, 2017	End of May, 2017

Note: The above dates are indicative.

Record Date/ Book Closure

The Company has fixed August 22, 2016 as the Record Date for the purpose of Ninth Annual General Meeting and matters related thereto.

Dividend

The Board of Directors of the Company has not recommended any dividend for the year ended March 31, 2016 in view of accumulated losses.

Listing on Stock Exchanges and ISIN Number

- ISIN No. of Equity Shares : INE752P01024
- The Equity Shares of the Company proposed to be listed on the following Stock Exchanges:
 - ❖ BSE Limited ('BSE')
 - ❖ National Stock Exchange of India Limited ('NSE')

Debt Securities

Cedar Support Services Limited holds 1,542 Optionally Convertible Debentures ("OCDs") of ₹ 10 lakh each aggregating to ₹ 154.20 Crore in our Company consequent to the effect of the Scheme. These OCDs are convertible into Equity Shares of our Company at the option of issuer, at the price to be calculated as per applicable provisions under SEBI Regulations for Preferential Issue of securities on the date of conversion.

Listing Fees

Listing Fees, as prescribed, is being paid to both the Stock Exchanges where the Equity Shares of the Company are proposed to be listed.

Corporate Identification Number (CIN)

The Company's CIN as allotted by the Ministry of Corporate Affairs is U51909MH2007PLC268269.

Share Transfer System

The Company has made necessary application for listing of its Equity Shares on BSE and NSE. Equity Shares sent for transfer in physical form will be registered and returned within a period of fifteen days from the date of receipt of the documents, provided the documents are valid and complete in all respects. With a view to expedite the process of share transfers, necessary authority has been delegated to the Share Transfer Committee to approve the transfers of equity shares of the Company. The Share Transfer Committee and Stakeholders' Relationship Committee meet as and when required to consider the transfer proposals and attend to Investors' grievances.

Dematerialisation of shares

Total 99.76% of the Equity Shares of the Company have been dematerialised as on May 18, 2016. The Company has entered into agreements with both National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) whereby shareholders have an option to dematerialise their shares with either of the Depositories. Entire shareholding of Promoters and Promoter Group is in dematerialised form. Status of Dematerialisation of Equity Shares as on May 18, 2016 is as under:

Particulars	No. of Shares	% of Capital
National Securities Depository Limited (NSDL)	3,506,66,015	74.40
Central Depository Services (India) Limited (CDSL)	1,195,61,411	25.36
Total Dematerialised	47,02,27,426	99.76
Physical	11,11,131	0.24
Total	47,13,38,557	100.00

Distribution of Shareholding of Equity Shares as on May 18, 2016

No. of Shares	No. of Shareholders	%	No. of Shares	%
1-500	39,692	87.19	33,78,505	0.72
501-1000	3,788	8.32	25,41,713	0.54
1001-2000	956	2.10	13,95,819	0.30
2001-3000	321	0.71	8,08,953	0.17
3001-4000	138	0.30	4,84,152	0.10
4001-5000	98	0.22	4,56,028	0.10
5001-10000	192	0.42	14,04,615	0.30
10001 and above	336	0.74	46,08,68,772	97.77
Total	45,521	100.00	47,13,38,557	100.00

Shareholding Pattern as on May 18, 2016

Category	No. of Equity Shares	% holding
Promoters and Promoter Group	23,01,15,436	48.82
Mutual Funds	1,05,33,454	2.23
Banks, Financial Institutions	54,57,047	1.16
Venture Capital Funds	0	0.00
Insurance Companies	26,39,583	0.56
Foreign Portfolio Investor	8,68,69,299	18.43
Non Resident Indians	4,18,311	0.09
Bodies Companies	11,44,79,170	24.29
Indian Public (Individual)	1,73,73,059	3.69
Directors & their Relatives	0	0.00
Clearing Members	10,57,650	0.22
Trust	200	0.00
Hindu Undivided Family	23,95,348	0.51
Foreign Nationals	0	0.00
Total	47,13,38,557	100.00

Outstanding GDR /ADR /Warrants or any convertible instruments, conversion date and impact on equity.

Total 1,542 Optionally Convertible Debentures ("OCDs") of ₹ 10 lakh each aggregating to ₹ 154.20 Crore issued in our Company consequent to the effect of the Scheme. These OCDs are convertible into Equity Shares of our Company at the option of issuer, at the price to be calculated as per applicable provisions under SEBI Regulations for Preferential Issue of securities on the date of conversion.

The Company has not issued any GDRs / ADRs / Warrants, during the year under review.

Plant Locations

In view of the nature of the Company's business i.e. multi brand retail, the Company operates from various stores in India.

Registered Office

"Knowledge House",
Shyam Nagar, Off Jogeshwari Vikhroli Link Road,
Jogeshwari (East), Mumbai - 400 060.

Address for Correspondence**Investor Correspondence for securities held in physical form****Registrar and Transfer Agents**

Link Intime India Private Limited
C-13, Pannalal Silk Mills Compound,
L.B.S. Marg, Bhandup (West), Mumbai – 400 078
Tel No.: +91 22 2594 6970,
Fax No.: +91 22 2594 6969
Email: rnt.helpdesk@linkintime.co.in,
Website: www.linkintime.co.in

For securities held in demat form

Investors' concerned Depository Participant(s) and/ or Link Intime India Private Limited

For any query on the Annual Report

Mr. Virendra Samani
Dy. Company Secretary
Future Retail Limited
Knowledge House, Shyam Nagar,
Off Jogeshwari Vikhroli Link Road,
Jogeshwari (East), Mumbai 400 060
Tel No: +91 22 6644 2200,
Fax No: +91 22 6644 2201
Email: investorrelations@futereretail.in,
Website: www.futereretail.co.in

DISCRETIONARY REQUIREMENTS

Not Applicable - as the Company was not listed entity during the year under review.

CERTIFICATE ON CORPORATE GOVERNANCE

To
The Members
Future Retail Limited
(Formerly known as Bharti Retail Limited)

We have examined the compliance of conditions of Corporate Governance by Future Retail Limited (formerly known as Bharti Retail Limited) for the financial year ended March 31, 2016, relevant records and documents maintained by the Company and the report of Corporate Governance as approved by the Board of Directors, have been furnished to us.

The Company, is not a listed company as on March 31, 2016, however, in a pursuit to ensure compliance of a good corporate governance, they have approached us to conduct examination of various records and papers maintained by the Company.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examinations were limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us we certify that the Company has complied with the conditions of Corporate Governance such as:

1. Proper composition of the Board of Directors with the right mixture of Executive, Non-executive and Independent Directors
2. Composition of various Committees of the Board
3. Number of meetings of the Board and its Committees
4. Approvals obtained for Related Party Transactions.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For K Bindu & Associates
Company Secretaries

K. Bindu
Proprietor

Membership No. 20066
Certificate of Practice: 7378

Place: Mumbai
Date : May 25, 2016

INDEPENDENT AUDITORS' REPORT

To,
The Members of
Future Retail Limited
(formerly known as **Bharti Retail Limited**)

Report on the Financial Statements

We have audited the accompanying standalone financial statements of **FUTURE RETAIL LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's 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 financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion and to the best of information and according to the explanation given to us, the financial statements give the information required by the Act in the manner so required and give true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of company as at March 31, 2016, its profit and its cash flow for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure "A" a statement on the matters specified in paragraph 3 and 4 of the Order, to the extent applicable.
2. As required by section 143(3) of the Act, we report that:
 - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - c. The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - d. In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
 - e. On the basis of written representations received from the Directors as on March 31, 2016, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016, from being appointed as a director in terms of Section 164 (2) of the Act.

- f. With respect to the adequacy of Internal financial controls over financial reporting of the company and the operating effectiveness of such control, refer to our separate report in "Annexure B" and
- g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanation given to us:
 - i. The Company does not have any pending litigations which would impact its financial position.
 - ii. The Company did not have any long-term

contracts including derivative contracts for which there were any material foreseeable losses.

- iii. There were no amounts, which were required to be transferred, to the Investor Education and Protection Fund by the Company.

For NGS & Co. LLP
Chartered Accountants
Firm Registration No. 119850W

Ashok A. Trivedi
Partner

Place: Mumbai
Date : May 25, 2016

Membership No. 042472

Annexure - A to the Auditors' Report

The Annexure referred to in Independent Auditors' Report to the members of the **FUTURE RETAIL LIMITED** on the standalone financial statements for the year ended March 31, 2016, we report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets
- (b) Some of the fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification, which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
- (c) According to the information and explanations given by the management, there are no immovable properties, included in fixed assets of the company and therefore, the requirements under paragraph clause 3 (i)(c) of the order is not applicable.
- (ii) (a) As explained to us, management has conducted physical verification of inventory at regular intervals during the year.
- (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventory followed by the Management were reasonable and adequate in relation to the size of the Company and nature of its business.
- (c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited

Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Therefore, the provision of clause 3(iii) (a), (b) and (c) of the Order are not applicable.

- (iv) In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities granted in respect of which provisions of section 185 and 186 of the Companies Act, 2013 are applicable and hence not commented upon.
- (v) The Company has not accepted any deposits from the public.
- (vi) To the best of our knowledge and as explained, the Central Government has not prescribed the maintenance of cost records under section 148(1) of the Act, for any of the product of the Company.
- (vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including, Provident Fund, Employees' State Insurance, Income-Tax, Sales-Tax, Service-Tax, Custom Duty Value Added Tax, Cess and Other Material Statutory dues, as applicable, have been regularly deposited during the year by the company with the appropriate authorities.
According to the information and explanations given to us, no undisputed amounts payable in respect of Income-Tax, Service-Tax, Cess and Other Material Statutory dues were in arrears as at March 31, 2016 for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us, there are no material dues of Income-Tax, Sales-Tax, VAT, Service-Tax which have not been deposited with the appropriate authorities on account of any dispute.

However, according to information and explanations given to us, added tax have not been deposited by the Company on account of disputes:

Name of the Statute	Nature of the dues	Amount (₹ in Crore)	Period to which the amount relates	Forum where dispute is pending
The Indian Stamp Act, 1899	Stamp Duty	4.04	FY : 2008-09	Chief Controlling Revenue Authority, Ghaziabad, U.P
The Income Tax Act, 1961	Income Tax	0.70	FY : 2011-12	Commissioner of Income Tax (Appeal)
Central Sales Tax Act and Local Sales Tax Act	Central Sales Tax and Local Sales Tax (including Value Added Tax)	10.61	FY: 2007-08, 2008-09; 2009-10, 2010-11; 2012-13	Additional Commissioner Grade 2, Kanpur; Directorate of Commercial Taxes; Dy. Commissioner of Sales Tax; Special Commissioner of VAT; Additional Commissioner (Appeals)

(viii) Based on our audit procedures and on the basis of information and explanation given by the management, we are of the opinion that the company does not defaulted in repayment of loans or borrowings from any financial institution, banks, government and debenture holders during the year.

(ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Therefore, clause 3 (ix) of the Order is not applicable.

(x) To the best of our knowledge and belief and according to the information and explanations given to us, no fraud by the Company was noticed or reported during the year, although there were some instances of fraud on the Company noticed by the Management, the amounts whereof were not material in the context of the size of the Company and the nature of its business and the amounts were adequately provided for.

(xi) According to the information and explanations given by the management, the provisions of section 197 read with Schedule V of the Act is not applicable to the company and hence reporting under clause 3(xi) are not applicable.

(xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Therefore, clause 3(xii) of the Order is not applicable.

(xiii) According to the information and explanations give to us and based on our examination of the records

of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.

(xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has made private placement of optionally convertible debentures during the year in compliance with requirements of section 42 of the Act and the amount raised have been used for the purpose for which the funds were raised.

(xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Therefore, paragraph 3(xv) of the Order is not applicable.

(xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

For NGS & Co. LLP
Chartered Accountants
Firm Registration No. 119850W

Ashok A. Trivedi
Partner
Membership No. 042472

Place: Mumbai
Date : May 25, 2016

Annexure - B to the Auditors' Report

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **FUTURE RETAIL LIMITED** ("the Company") as of March 31, 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **NGS & Co. LLP**

Chartered Accountants
Firm Registration No. 119850W

Ashok A. Trivedi

Partner

Place: Mumbai
Date : May 25, 2016

Membership No. 042472

BALANCE SHEET AS AT MARCH 31, 2016

(₹ in Crore)

	Note	As at March 31, 2016	As at March 31, 2015
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	2	8.70	1,398.66
Share Capital Suspense	2A	85.57	-
Reserves and Surplus	3	1,779.92	(1,820.26)
		1,874.19	(421.60)
Share Application Money Pending Allotment		-	133.00
Optionally Convertible Debentures	4	154.20	-
Non-Current Liabilities			
Long-Term Borrowings	5	-	54.00
Other Long-Term Liabilities	6	134.20	111.73
Long-Term Provisions	7	31.94	8.42
		166.14	174.15
Current Liabilities			
Short-Term Borrowings	8	968.20	336.40
Trade Payables	9	2,208.72	166.09
Other Current Liabilities	10	207.54	42.50
Short-Term Provisions	11	6.68	27.76
		3,391.14	572.74
TOTAL		5,585.67	458.29
ASSETS			
Non-Current Assets			
Fixed Assets	12		
Tangible Assets		-	108.56
Intangible Assets		260.93	25.98
Capital Work-in-Progress		-	43.40
Long-Term Loans and Advances	13	255.43	29.14
		516.36	207.08
Current Assets			
Inventories	14	3,297.24	216.15
Trade Receivables	15	127.48	0.44
Cash and Bank Balances	16	91.36	9.80
Short-Term Loans and Advances	17	1,548.21	24.72
Other Current Assets	18	5.02	0.10
		5,069.31	251.21
TOTAL		5,585.67	458.29
The accompanying notes are an integral part of these financial statements.	1-48		

As per our report of even date attached

For and on behalf of Board of Directors

For NGS & Co. LLP
Chartered Accountants

Kishore Biyani
Chairman & Managing
Director

Rakesh Biyani
Joint Managing Director

Gagan Singh
Director

Ashok A. Trivedi
Partner
Membership No.: 042472

Shailendra Bhandari
Director

C. P. Toshniwal
Chief Financial Officer

Virendra Samani
Dy. Company Secretary

Mumbai
May 25, 2016

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2016

(₹ in Crore)

	Note	Year Ended March 31, 2016	Year Ended March 31, 2015
INCOME			
Revenue from Operations	19	6,844.96	1,779.42
Other Income	20	15.51	70.03
Total Revenue		6,860.47	1,849.45
EXPENSES			
Purchases of Stock-in-Trade		5,254.86	1,562.80
Changes in Inventories of Stock-in-Trade	21	(189.74)	8.09
Employee Benefits Expense	22	329.28	161.53
Finance Costs	23	49.75	20.23
Depreciation and Amortization Expense	12	36.76	44.10
Other Expenses	24	1,365.01	431.91
Total Expenses		6,845.92	2,228.66
Profit / (Loss) Before Tax For The Year		14.55	(379.21)
Tax Expense		-	-
Profit / (Loss) After Tax For The Year		14.55	(379.21)
Earnings Per Equity Share of Face Value of ₹ 2/- each	29		
Basic & Diluted		0.66	(107.24)
The accompanying notes are an integral part of these financial statements.	1-48		

As per our report of even date attached

For NGS & Co. LLP
Chartered Accountants

Ashok A. Trivedi
Partner
Membership No.: 042472

Mumbai
May 25, 2016

For and on behalf of Board of Directors

Kishore Biyani
Chairman & Managing
Director

Shailendra Bhandari
Director

Rakesh Biyani
Joint Managing Director

C. P. Toshniwal
Chief Financial Officer

Gagan Singh
Director

Virendra Samani
Dy. Company Secretary

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

1. Corporate Information

Future Retail Limited (formerly known as Bharti Retail Limited) ('the Company') is a public Company domiciled in India and incorporated under the provisions of Companies Act, 1956 on February 7, 2007. The Company is a wholly owned subsidiary of Cedar Support Services Limited and engaged in the business of retailing a variety of household and consumer products through departmental store facilities under various formats.

1.1 Basis of Preparation

The financial statements of the company have been prepared in accordance with the generally accepted accounting principles in India (Indian GAAP). The company has prepared these financial statements to comply in all material respects with the accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules 2014. The financial statements have been prepared on an accrual basis and under the historical cost convention.

1.2 Summary of Significant Accounting Policies

A. Use of Estimates

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in differences between the actual results and estimates which are recognised in future period.

B. Tangible Fixed Assets and Depreciation

Tangible fixed assets are stated at cost, less accumulated depreciation and impairment loss, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

Depreciation on fixed assets is calculated on a straight-line basis using the rates arrived at based on the useful lives estimated by the management. The Company has used the following rates to provide depreciation on its fixed assets. The life of the assets is based on technical assessment by the management which is either same or lower than the life indicated in Schedule II of the Companies Act, 2013. The life of assets is given below:

Assets	Life as per Management	Life as per Schedule II
Plant and Machinery	5 years	15 years
Office Equipments		
- Mobiles	2 years	5 years
- Others	5 years	5 years
Furniture and Fixtures	7 to 10 years	10 years
Computers		
- Servers and networks	5 years	6 years
- End user devices, such as, desktops, laptops, etc.	3 years	3 years
Leasehold improvements		
- Electrical Installations and Equipment	10 years	10 years
- Leasehold improvements	lease term or 15 years, whichever is lower	lease term or 15 years, whichever is lower

- i. Assets individually costing ₹ 5,000 or less are fully depreciated over a period of 12 months from the date put to use.
- ii. Wherever the life is different from as indicated in Schedule II, the same is based on technical assessment done by technical people.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

C. Intangible Assets and Amortisation

Intangible assets are stated at acquisition cost less accumulated amortization and accumulated impairment losses, if any. Intangible assets are amortised on straight line basis over their estimated useful economic life not exceeding ten years.

D. Leases

Leases where significant portion of risk and reward of ownership are retained by the Lessor are classified as operating leases and lease rental thereof are charged to the Statement of Profit and Loss as per the terms of agreement on straight line basis.

E. Borrowing Costs

Borrowing costs, directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use, are capitalized as part of the cost of the respective asset. All other borrowing costs are charged in the period they occur in the Statement of Profit and Loss.

F. Investments

Current investments are carried at lower of cost and fair value computed on individual investment basis. Long-term investments are stated at cost after deducting provisions made, if any, for other than temporary diminution in value.

G. Inventories

Inventories of traded goods are valued at lower of cost or net realizable value. Finished Goods and Work-in-Progress include cost of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. Costs of inventories are computed on weighted average basis.

H. Foreign Currency Transaction

Transactions in foreign currencies are recorded at the prevailing rates of exchange on the date of transaction. Monetary items denominated in foreign currencies, are restated at the prevailing rates of exchange at the balance sheet date. All gains and losses arising out of fluctuations in exchange rates are accounted for in the statement of Profit and Loss. Exchange differences on forward contracts entered into for hedging foreign exchange fluctuation risk in respect of an underlying asset/liability, are recognised in the statement of profit and loss in the reporting period in which the exchange rate changes. Premium/Discount on foreign exchange contracts are recognised as an expense/income over the life of the contract.

I. Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Sales are recognised when significant risk and rewards of ownership of the goods have passed to the buyer which coincides with delivery and are recorded net of trade discounts VAT and Sales Tax. Revenue from services are recognised as they are rendered based on agreements/arrangements with the concerned parties and recognised net of service tax (If applicable). Interest income is recognised on time proportion basis taking into account the amount outstanding and the applicable rate. Dividend income is recognised when right to receive is established.

J. Retirement and Other Employee Benefits

Short term employee benefits are recognised as an expense at the undiscounted amount in the Statement of Profit and Loss for the period in which the related service is rendered.

Post employment and other long term employee benefits are recognised as an expense in the Statement of Profit and Loss for the period in which the employee has rendered services. The expense is recognised at the present of the amounts payable determined using actuarial valuation techniques. Actuarial gain and loss in respect of post employment and other long term benefits are charged to Statement of Profit and Loss.

K. Income Taxes

Provision for current tax is made after taking into consideration benefits admissible under the provisions of the Income-tax Act, 1961. Deferred tax resulting from "timing difference" between taxable and accounting income is accounted for using the tax rates and laws that are enacted or substantively enacted as on the Balance Sheet date. The deferred tax asset is recognised and carried forward only to the extent that there is a virtual/ reasonable certainty that the asset will be realised in future.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

I. Earnings / (Loss) Per Share

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

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

M. Provisions, Contingent Liabilities and Contingent Assets

Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognised, but are disclosed in the notes. Contingent Assets are neither recognised nor disclosed in the financial statements.

N. Impairment

The carrying amounts of assets are reviewed at each Balance Sheet date if there is any indication of impairment based on internal/external factors. An asset is treated as impaired when the carrying cost of the assets exceeds its recoverable value. An impairment loss, if any, is charged to the Statement of Profit and Loss in the year in which an asset is identified as impaired. Reversal of impairment losses recognised in prior years is recorded when there is an indication that the impairment losses recognised for the assets no longer exist or have decreased.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

2. Share Capital

	As at March 31, 2016		As at March 31, 2015	
	Number	(₹ in Crore)	Number	(₹ in Crore)
Authorised				
Equity Shares of ₹ 2/- each (2015: ₹ 10/- each)*	12,50,00,00,000	2,500.00	2,50,00,00,000	2,500.00
	12,50,00,00,000	2,500.00	2,50,00,00,000	2,500.00
Issued Subscribed and Paid up				
Equity Shares of ₹ 2/- each (2015: ₹ 10/- each)*	4,34,78,261	8.70	1,39,86,60,000	1,398.66
	4,34,78,261	8.70	1,39,86,60,000	1,398.66

*As per the Composite Scheme of Arrangement the number of shares from 1,71,97,50,000 to 4,34,78,261 and Face value of an equity share is to be reduced from ₹ 10/- to ₹ 2/- w.e.f. October 31, 2015.

(i) Reconciliation of Number of Shares

Equity Shares of ₹ 2/- each (2015 : ₹ 10/- each)

Particulars	As at March 31, 2016	As at March 31, 2015
	Number of Shares	Number of Shares
Opening Balance (Equity Shares of ₹ 10/- each)	1,39,86,60,000	1,39,86,60,000
Add : Shares Issued (Equity Shares of ₹ 10/- each)	32,10,90,000	-
Less : Shares reduced due to reduction and re-organisation*	1,67,62,71,739	-
Add : Shares to be issued pursuant to Composite Scheme of Arrangement (Refer Note No. 44)	42,78,60,296	-
Closing Balance (Equity Shares of ₹ 2/- (2015: ₹ 10/-) each)	47,13,38,557	1,39,86,60,000

* Current year numbers have been adjusted for reduction & re-organisation of share capital pursuant to Composite Scheme of Arrangement.

(ii) Terms/Rights Attached to Equity Shares

The Company has only one class of Equity Shares having a par value of ₹ 2/- each (2015: ₹ 10/- each) at the Balance Sheet Date. Each holder is entitled to one vote per share in case of voting by show of hands and one vote per Shares held in case of voting by poll/ballot. Each holder of Equity Share is also entitled to normal dividend (including interim dividend, if any) as may declared by the company. The Company declares and pays dividends in Indian Rupees. The dividend proposed by the Board of Directors is subject to approval of the shareholders in the Annual General Meeting.

In the event of liquidation of company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distributions will be in proportion to the number of equity shares held by shareholder.

(iii) Shares Held by Holding/Ultimate Holding Company

Out of the equity shares issued by the company, shares held by holding/ultimate holding Company are as below :

Name of Shareholder	As at March 31, 2016 [#]	As at March 31, 2015 [#]
Cedar Support Services Limited, the holding Company * Equity shares of ₹ 2/- each (2015: ₹ 10/- each) fully paid up	4,34,78,261	1,39,86,60,000

*100% subsidiary of Bharti Enterprises Limited

[#] Includes Shares held through nominees

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

- (iv) Shares in the Company held by each shareholder holding more than 5 percent shares and number of Shares held are as under:

Name of Shareholder	As at March 31, 2016		As at March 31, 2015	
	No. of Shares held [#]	% of Holding	No. of Shares held [#]	% of Holding
Equity Shares				
Cedar Support Services Limited	4,34,78,261	100.00	1,39,86,60,000	100.00

[#] Includes Shares held through nominees

2A. Equity Share Suspense Account

	As at March 31, 2016		As at March 31, 2015	
	Number	(₹ in Crore)	Number	(₹ in Crore)
42,78,60,296 Equity Shares of ₹ 2/- each, fully paid-up, to be issued pursuant to the Scheme of arrangement with Future Enterprises Limited (formerly known as Future Retail Limited) (Refer Note No. 44) [#]	42,78,60,296	85.57	-	-
	42,78,60,296	85.57	-	-

[#] Pursuant to the provisions of the Companies Act, 2013, the issues of 1,04,371 equity shares are kept in abeyance corresponding to their status in Future Enterprises Limited.

		(₹ in Crore)	
		As at March 31, 2016	As at March 31, 2015
3.	Reserve and Surplus		
	Capital Reserve		
	Opening Balance	396.00	396.00
	Add: On Composite Scheme of Arrangement (Refer Note No. 44)	1,874.58	-
		2,270.58	396.00
	Surplus		
	Opening Balance	(2,216.26)	(1,837.05)
	Add : Profit for the Year	14.55	(379.21)
	Add : Arising on Reduction & Re-organisation of Share Capital Pursuant to Composite Scheme of Arrangement (Refer Note No. 44)	1,711.05	-
		(490.66)	(2,216.26)
		1,779.92	(1,820.26)

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(₹ in Crore)

		As at March 31, 2016	As at March 31, 2015
4. Optionally Convertible Debentures			
	1542 Optionally Convertible Debentures having face value of ₹ 10,00,000 each (Refer Note No. 45)	154.20	-
		154.20	-
5. Long-Term Borrowings			
	Secured (Refer Note No. 41)		
	Term Loan from Bank	-	54.00
		-	54.00
6. Other Long-Term Liabilities			
	Lease Equalisation Account	134.20	111.73
		134.20	111.73
7. Long-Term Provisions			
	Provision for Employee Benefits	31.94	8.42
		31.94	8.42
8. Short-Term Borrowings			
	Secured (Refer Note No. 42)		
	Working Capital Loans from Banks	918.20	240.00
		918.20	240.00
	Unsecured (Refer Note No. 43)		
	Short-Term Loan from Bank	50.00	-
	Working Capital Loan from Bank	-	96.40
		50.00	96.40
		968.20	336.40
9. Trade Payables			
	Trade Payables (Refer Note No. 30)	2,208.72	166.09
		2,208.72	166.09
10. Other Current Liabilities			
	Interest Accrued but Not Due on Borrowings	0.01	0.91
	Lease Equalisation Account	0.91	0.43
	Other Payables #	206.62	41.16
		207.54	42.50
	# Includes Statutory Dues, Security Deposits, Advance from Customers, Bank Overdraft etc.		
11. Short-Term Provisions			
	Provision for Employee Benefits	6.68	12.66
	Provision for Probable Store Closure	-	15.10
		6.68	27.76

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

12. Fixed Assets

(₹ in Crore)

DESCRIPTION	GROSS BLOCK			DEPRECIATION/AMORTISATION			NET BLOCK		
	As at April 01, 2015	Additions#	Deductions#	As at March 31, 2016	Up to March 31, 2015	Deduction/ Adjustment#	For the Year Upto March 31, 2016	As at March 31, 2016	As at March 31, 2015
(A) Tangible Asset									
Leasehold Improvement	57.10	2.39	59.49	-	15.10	18.11	3.01	-	42.00
Plant & Equipments	84.27	2.66	86.93	-	60.56	68.03	7.47	-	23.71
Office Equipment	1.28	0.04	1.32	-	1.02	1.10	0.08	-	0.26
Computers	53.79	2.04	55.83	-	40.99	43.90	2.91	-	12.80
Furniture & Fittings	60.18	0.94	61.12	-	30.39	35.54	5.15	-	29.79
Total	256.62	8.07	264.69	-	148.06	166.68	18.62	-	108.56
(B) Intangible Asset									
Computer Software #	29.82	253.09	-	282.91	3.84	-	18.14	21.98	25.98
Total	29.82	253.09	-	282.91	3.84	-	18.14	21.98	25.98
Grand Total	286.44	261.16	264.69	282.91	151.90	166.68	36.76	21.98	134.54
Previous Year	267.48	51.87	32.91	286.44	123.99	16.20	44.10	151.89	143.48

includes impact of Composite Scheme of Arrangement (Refer Note No. 44)

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(₹ in Crore)

	As at March 31, 2016	As at March 31, 2015
13. Long-Term Loans and Advances		
Capital Advances		
Unsecured, Considered Good	-	4.60
Doubtful	-	0.15
	-	4.75
Less: Provision for Doubtful Capital Advances	-	0.15
	-	4.60
Security Deposits		
Unsecured, Considered Good	243.47	19.93
	243.47	19.93
Other Loans and Advances		
Others Unsecured, Considered Good*	11.96	4.60
Doubtful	0.60	0.60
	12.56	5.20
Less: Provision for Doubtful Other Loans & Advances	0.60	0.60
	11.96	4.60
	255.43	29.14
* Includes Deduction/Payment of Income Tax (Net of Provisions etc.)		
14. Inventories		
Stock-in-Trade [Goods-in-Transit of ₹ 91.27 Crore (2015: ₹ 0.62 Crore)]	3,294.07	214.88
Packing Materials & Others	3.17	1.27
	3,297.24	216.15
15. Trade Receivables		
Outstanding for a period more than six months from the date they are due for payment		
Unsecured, Considered Good	5.86	0.00
Doubtful	0.16	0.16
	6.02	0.16
Less: Provision for Doubtful Receivables	0.16	0.16
	5.86	0.00
Other Receivables		
Unsecured, Considered Good	121.62	0.44
Doubtful	0.06	0.06
	121.68	0.50
Less: Provision for Doubtful Receivables	0.06	0.06
	121.62	0.44
	127.48	0.44

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(₹ in Crore)

	As at March 31, 2016	As at March 31, 2015
16. Cash and Bank Balances		
Cash and Cash Equivalents		
Balances with Banks in Current Accounts	66.34	4.38
Cheques on Hand	0.84	-
Cash on Hand	22.31	3.95
Other Bank Balances		
Earmarked Balances with Banks*	1.87	1.47
	91.36	9.80
*Include deposits of ₹ 1.87 Crore (2015: ₹ 1.47 Crore) with maturity of more than 12 months .		
17. Short-Term Loans and Advances		
Security Deposits		
Unsecured, Considered Good	1,014.06	5.68
Doubtful	-	1.19
	1,014.06	6.88
Less: Provision for Doubtful Security Deposits	-	1.19
	1,014.06	5.68
Other Loans and Advances*		
Unsecured, Considered Good	534.15	19.04
Doubtful	0.75	1.49
	534.90	20.53
Less: Provision for Doubtful Loans and Advances	0.75	1.49
	534.15	19.04
	1,548.21	24.72
*Includes balances with government authorities, advance to suppliers, prepaid expenses etc.		
18. Other Current Assets		
Insurance Claim Receivables	5.02	-
Other Receivables	-	0.10
	5.02	0.10

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(₹ in Crore)

	Year Ended March 31, 2016	Year Ended March 31, 2015
19. Revenue from Operations		
Sale of Products	7,138.80	1,886.43
Less: Vat, Sales Tax	422.62	110.96
Less: Excise Duty	0.17	-
Other Operating Revenue	128.95	3.95
	6,844.96	1,779.42
20. Other Income		
Interest Income	0.28	0.12
Net Gain on Sale of Non-Current Investments	-	0.05
Reversal of Lease Equalisation	-	49.14
Excess Provisions/Liabilities Written Back	11.67	15.02
Miscellaneous Income	3.56	5.70
	15.51	70.03
21. Changes in Inventories of Stock-in-Trade		
Opening Inventories		
Stock-in-Trade	214.87	222.96
Add: On Composite Scheme of Arrangement (Refer Note No. 44)	2,889.46	-
Closing Inventories		
Stock-in-Trade	3,294.07	214.87
	(189.74)	8.09
22. Employee Benefits Expense		
Salaries, Wages and Bonus	293.27	145.21
Contribution to Provident and Other Funds	23.42	9.16
Staff Welfare Expenses	12.59	7.15
	329.28	161.53
23. Finance Costs		
Interest Expense	49.36	19.93
Other Borrowing Costs	0.39	0.30
	49.75	20.23
24. Other Expenses		
Consumable Stores	5.69	13.61
Power and Fuel	111.36	39.63
Repairs and Maintenance		
Machinery	1.82	-
Others	32.78	70.47
Insurance	6.12	0.89
Rates and Taxes	8.45	2.44
Rent Including Lease Rentals	601.36	103.51
Advertisement and Marketing	137.13	17.37
Loss on Disposal/Discard of Fixed Assets (Net)	0.01	16.50
Bad Debts Written Off	3.64	-
Provision for Doubtful Debts	-	0.38
Provision for Capital Advance/Store Closure	-	2.12
Exchange Fluctuation Loss (Net)	1.41	0.00
Miscellaneous Expenses	455.24	164.99
	1,365.01	431.91

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

25. As per Accounting Standard 15 "Employee Benefits", the disclosures as defined in the Accounting Standard are given below:

A. Change in Present Value of Obligation

(₹ in Crore)

Particulars	Gratuity (Funded)		Gratuity (Un-Funded)		Leave Encashment (Un-Funded)	
	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15
Present Value of the Obligation at the Beginning of Year	-	-	8.30	6.74	5.08	3.86
Liabilities Transfer	-	-	0.25	0.19	0.14	-
Pursuant to the scheme of arrangement	4.26	-	9.53	-	8.15	-
Interest Cost	-	-	1.79	0.59	1.07	0.34
Current Service Cost	-	-	8.23	2.99	5.62	2.39
Benefits Paid	-	-	(5.61)	(1.71)	(4.21)	(1.39)
Actuarial (Gain)/Loss on Obligations	-	-	0.43	(0.50)	(0.15)	(0.12)
Return on Plan Assets	0.36	-	-	-	-	-
Present Value of the Obligation at the Year end	4.62	-	22.92	8.30	15.70	5.08
Fair Value of Plan Assets	4.62	-	-	-	-	-
Un-Funded Liability	-	-	22.92	8.30	15.70	5.08

B. Amount Recognised in the Balance Sheet

(₹ in Crore)

Particulars	Gratuity (Funded)		Gratuity (Un-Funded)		Leave Encashment (Un-Funded)	
	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15
Present Value of the Obligation	4.62	-	22.92	8.30	15.70	5.08
Fair Value of Plan Assets	4.62	-	-	-	-	-
Un-Funded Liability	-	-	22.92	8.30	15.70	5.08
Un-Funded Liability Recognised in Balance Sheet	-	-	22.92	8.30	15.70	5.08

C. Amount Recognised in the Profit and Loss Account

(₹ in Crore)

Particulars	Gratuity (Funded)		Gratuity (Un-Funded)		Leave Encashment (Un-Funded)	
	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15
Interest Cost	-	-	1.79	0.59	1.07	0.34
Current Service Cost	-	-	8.23	2.99	5.62	2.39
Actuarial (Gain) / Loss on Obligations	-	-	0.79	(0.50)	(0.15)	(0.12)
Actual Return (Gain)/Loss on Plan Assets	(0.36)	-	-	-	-	-
Total Expense Recognised in the Profit and Loss Account	(0.36)	-	10.81	3.08	6.54	2.61

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

D. Reconciliation of Balance Sheet

(₹ in Crore)

Particulars	Gratuity (Funded)		Gratuity (Un-Funded)		Leave Encashment (Un-Funded)	
	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15
Present Value of the Obligation at the Beginning of Year	-	-	8.30	6.74	5.08	3.86
Acquisitions	4.26	-	9.78	0.19	8.29	-
Total Expense Recognised in the Profit and Loss Account	(0.36)	-	10.81	3.08	6.54	2.61
Contribution Paid	-	-	-	-	-	(1.39)
Benefit Paid During the Year	-	-	(5.61)	(1.71)	(4.21)	-
Fair Value of Plan Assets	4.62	-	-	-	-	-
Present Value of the Obligation at the Year end	-	-	22.92	8.30	15.70	5.08

E. Experience Adjustments

(₹ in Crore)

Gratuity	December 31, 2011	December 31, 2012	March 31, 2014	March 31, 2015	March 31, 2016
Defined Benefit Obligation	4.22	5.46	6.74	8.30	27.54
Plan Assets	-	-	-	-	4.62
Deficit	(4.22)	(5.46)	(6.74)	(8.30)	(22.92)
Experience Adjustments on Plan Liabilities	0.45	0.29	(0.09)	0.73	(0.79)
Experience on Plan Assets	-	-	-	-	0.02
Actuarial gain/(loss) due to change on assumption	0.22	0.21	(0.01)	(0.24)	-

F. The Assumptions Used to Determine the Benefit Obligations are as follows:

Particulars	Gratuity	Leave Encashment
Discount Rate	8.00 % per annum	8.00 % per annum
Expected Rate of Increase in Compensation Levels	5.00 % per annum	5.00 % per annum
Expected Rate of Return on Plan Assets	8.44 % per annum	-

The estimate of rate of escalation in salary considered in actuarial valuation takes into account inflation, seniority, promotion and other relevant factors including supply and demand in the market. The above information is certified by the actuary.

26. Leases

The Company has entered into operating lease arrangements for fixed assets and premises. The future minimum lease rental obligation under non-cancellable operating leases in respect of these assets and Lease term for which the company intend to occupy the premises is the Lease Rent payable not later than one year is ₹ 863.00 Crore (2015: ₹ 73.52 Crore), payable later than one year but not later than five year is ₹ 2,761.33 Crore (2015: ₹ 303.28 Crore) and payable later than five years is ₹ 1,457.26 Crore (2015: ₹ 1,378.52 Crore).

27. Related Party Disclosures

Disclosure as required by Accounting Standard 18 "Related Party Disclosures" are given below:

A. List of Related Parties

1. Ultimate Holding Company

- i. Bharti Enterprises (Holding) Private Limited
- ii. Bharti Enterprises Limited

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

2. Holding Company
 - i. Cedar Support Services Limited
3. Enterprises over which Key Management Personnel are able to exercise significant influence
 - i. Bharti Airtel Limited (up to March 31, 2015)
 - ii. Bharti Airtel Services Limited (up to March 31, 2015)
 - iii. Bharti Reality Holdings Limited (up to March 31, 2015)
 - iv. Airtel M Commerce Services Limited (up to March 31, 2015)
 - v. Field Fresh Foods Private Limited (up to March 31, 2015)
 - vi. Nxtra Data Limited (up to March 31, 2015)
 - vii. Nile Tech Limited (up to March 31, 2015)
 - viii. Centum Learning Limited (up to March 31, 2015)
 - ix. Bharti AXA General Insurance Company Limited (up to March 31, 2015)
4. Key Management Personnel
 - i. Raj Kumar Jain- CEO (April 1, 2014 to November 30, 2014)
 - ii. Craig Wadsworth Wimsatt- CEO (December 1, 2014 to July 31, 2015)
 - iii. Manish Sabnis- CEO (w.e.f. August 01, 2015)

B. Transactions with Related Parties

(₹ in Crore)

Nature of Transactions	Ultimate Holding Company	Holding Company	Fellow Subsidiaries	Key Management Personnel Exercise Significant Influence	Key Management Personnel/ Relatives
Sale of Goods and Services	0.01 (-)	- (-)	- (-)	- (0.29)	- (-)
Purchases of Goods and Services	- (11.17)	4.22 (18.95)	- (-)	- (16.98)	- (-)
Purchases of Fixed Assets	- (-)	- (-)	- (-)	- (0.18)	- (-)
Repayment of Unsecured Loan	- (-)	- (-)	- (133.00)	- (-)	- (-)
Equity Share Capital	- (-)	188.09 (-)	- (-)	- (-)	- (-)
Share Application Money Received	- (-)	- (133.00)	- (-)	- (-)	- (-)
Optionally Convertible Debentures	- (-)	250.00 (-)	- (-)	- (-)	- (-)
Refund of Security Deposit	- (-)	- (-)	- (-)	- (0.53)	- (-)
Managerial Remuneration	- (-)	- (-)	- (-)	- (-)	2.20 (3.25)
Outstanding Balances as on March 31, 2016	- (-)	0.75 (-)	- (-)	- (1.25)	- (-)
Receivable					
Payable	- (5.44)	154.20 (1.72)	- (-)	- (5.24)	- (-)

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

C. Significant Related Party Transactions

- i. Sale of Goods and Services includes Bharti Enterprises Limited ₹ 0.01 Crore (2015: ₹ Nil), Bharti AXA General Insurance Company Limited ₹ Nil (2015: ₹ 0.10 Crore), Bharti Airtel Limited ₹ Nil (2015: ₹ 0.19 Crore).
- ii. Purchases of Goods and Services includes Bharti Enterprises (Holding) Private Limited ₹ Nil (2015: ₹ 10.62 Crore), Bharti Enterprises Limited ₹ Nil (2015: ₹ 0.55 Crore), Bharti Airtel Limited ₹ Nil (2015: ₹ 6.12 Crore), Nile Tech Limited ₹ Nil (2015: ₹ 4.61 Crore), Bharti Reality Holding Limited ₹ Nil (2015: ₹ 1.16 Crore), Bharti Airtel Services Limited ₹ Nil (2015: ₹ 0.11 Crore), Bharti AXA General Insurance Company Limited ₹ Nil (2015: ₹ 0.88 Crore), Airtel M Commerce Services Limited ₹ Nil (2015: ₹ 0.00 Crore), Nxtra Data Limited ₹ Nil (2015: ₹ 1.94 Crore), Field Fresh Foods Private Limited ₹ Nil (2015: ₹ 2.16 Crore).
- iii. Purchase of Fixed Assets includes Nxtra Data Limited ₹ Nil (2015: ₹ 0.17 Crore), Bharti Airtel Limited ₹ Nil (2015: ₹ 0.00 Crore).
- iv. Repayment of Unsecured Loan includes Bharti Ventures Limited ₹ Nil (2015: ₹ 133.00 Crore).
- v. Refund of Security Deposit Bharti Airtel Limited ₹ Nil (2015: ₹ 0.53 Crore),
- vi. Managerial Remuneration includes Mr. Craig Wadsworth Wimsatt ₹ 1.56 Crore (2015: ₹ 0.73 Crore), Mr. Raj Kumar Jain ₹ Nil (2015: ₹ 2.52 Crore), Mr. Manish Sabnis ₹ 0.64 Crore (2015: ₹ Nil).

28. Payment to Auditors (Inclusive of Service Tax)

(₹ in Crore)

Particulars	2015-16	2014-15
Statutory Audit Fees	0.86	0.61
Tax Audit Fees	-	0.06
Other Expenses	0.03	0.03
Total	0.89	0.70

29. Earnings Per Share

The calculation of Earnings per Share (EPS) as disclosed in the Balance Sheet Abstract has been made in accordance with Accounting Standard (AS-20) on Earning per Share issued by the Institute of Chartered Accountants of India. A statement on calculation of Basic and Diluted EPS is as under:

Particulars	Units	2015-16	2014-15
Profit/ (Loss) after tax	₹ in Crore	14.55	(379.21)
The Weighted average number of Equity Shares for Basic EPS	No. in Crore	22.02	3.54
The Weighted average number of Equity Shares for Diluted EPS	No. in Crore	22.02	3.54
The Nominal Value per Share Equity	₹	2	2
Earnings Per Equity Share (Basic)	₹	0.66	(107.24)
Earnings Per Equity Share (Diluted)	₹	0.66	(107.24)

30. Details of dues to micro and small enterprises as defined under the MSMED Act, 2006

(₹ in Crore)

	March 31, 2016	March 31, 2015
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year		
- Principal amount due to micro and small enterprises	8.25	0.12
- Interest due on above	0.17	0.01
	8.42	0.13

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

	March 31, 2016	March 31, 2015
The amount of interest paid by the buyer in terms of section 16 of the MSMED Act 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year		
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act 2006.	0.46	0.23
The amount of interest accrued and remaining unpaid at the end of each accounting year	0.63	0.23
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act 2006	0.86	0.23

31. Value of Imports on CIF Basis

(₹ in Crore)

Particulars	2015-2016	2014-2015
Traded Goods*	84.06	1.05
Capital Goods	-	2.68
Consumables	-	0.21

* Includes in transit ₹ Nil (March 31, 2015: ₹ 0.14 Crore)

32. Capital and Other Commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) ₹ Nil Crore (2015: ₹ 23.70 Crore).

33. Deferred Tax

The Company follows Accounting Standard (AS-22) "Accounting for taxes on Income", as notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules 2014. The significant component of deferred tax includes timing difference on account of unabsorbed depreciation and losses. In view of virtual certainty as laid down by the Standard, the Company has not recognised deferred tax assets (net) in its books as on the balance sheet date.

34. Contingent Liabilities

(₹ in Crore)

Particulars	2015-16	2014-15
Claims Against the Company Not Acknowledged as Debts		
i) Value Added Tax Act/Income Tax	14.89	3.76
ii) Others	48.90	1.24

There are various labour, legal metrology, food adulteration and cases under other miscellaneous acts pending against the Company, the liability of which cannot be ascertained. However, management does not expect significant or material liability devolving on the Company.

35. Pursuant to the levy of service tax on renting of immovable properties given for commercial use, retrospectively with effect from June 1, 2007 by the Finance Act, 2010, the company based on legal advice, challenged the levy through Retailers Association of India and its retrospective application. The Hon'ble Supreme Court had passed an interim order dated October 14, 2011. In compliance of this order company has made an aggregate deposit of ₹ 39.60 Crore in respect of the liability for such service tax for the period from June 1, 2007 up to September 30, 2011. From October 1, 2011, the company is accounting and paying for such service tax regularly as per directives of the Supreme Court. Accordingly the company has not made provision of ₹ 79.20 Crore for the period June 1, 2007 to September 30, 2011 which would be appropriately recognised on final determination.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

36. Segment Reporting

The Company is primarily engaged in the business of Retail Trade, which in terms of Accounting Standard 17 "Segment Reporting" constitutes a single reporting segment.

37. Details of Purchases of Stock-In-Trade

(₹ in Crore)

Particulars	2015-2016	2014-2015
Apparel	1,030.81	43.13
Non-Apparel	4,224.05	1,519.67
Total	5,254.86	1,562.80

38. Details of Sales Value of Goods

(₹ in Crore)

Particulars	2015-2016	2014-2015
Apparel	1,782.07	79.59
Non-Apparel	4,933.93	1,692.82
Total	6,716.01	1,772.41

39. Expenditure in Foreign Currency (Accrual Basis)

(₹ in Crore)

Particulars	2015-2016	2014-2015
Traveling Expenses	0.91	0.22
Professional Fees	1.77	0.67
Royalty	0.08	1.42
Interest	0.55	-
Others	0.84	0.20

40. Earnings in Foreign Currency (On Accrual Basis)

(₹ in Crore)

Particulars	2015-2016	2014-2015
Sales of Products (On FOB Basis)*	31.15	-

*Indirect foreign exchange earnings during the year through credit cards, as certified by the bankers.

41. Security clause in respect to Secured Long Term Borrowings includes Term Loans from Banks

₹ Nil (2015: ₹ 54.00 Crore) are secured by First Pari-Passu charge on Fixed Assets (excluding specific fixed assets charged in favour of exclusive charge lenders), carries coupon rate of 10.90% per annum.

42. Security clause in respect to Secured Short Term Borrowings includes Working Capital Loans from Banks

- i) ₹ 918.20 Crore (2015: ₹ Nil) is transferred as part of the Retail Business Undertaking and is proposed to be secured by (a) First Pari-Passu Charge on Current Assets (excluding credit/debit card receivables) (b) Second Pari-Passu charge on Credit / Debit Card Receivables of all the Stores. Currently the borrowings are secured by the second charge on Fixed Assets of Future Enterprises Limited as assets are acquired subject to prior charge.
- ii) ₹ Nil (2015: ₹ 240.00 Crore) are secured by first Pari-Passu charge on current assets. Further secured by corporate guarantee from erstwhile parent company, Bharti Ventures Limited and carries an interest rate of 10.30%.

43. Unsecured Short Term Loans from Bank ₹ 50.00 Crore (2015: ₹ 96.40 Crore) carries interest rate 9.80% (2015-10.35%).

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

44. Composite Scheme of Arrangement

The Composite Scheme of Arrangement between the Company and erstwhile Future Retail Limited (now known as Future Enterprises Limited) ("FEL") and their respective shareholders and creditors under the Sections 391 to 394 read with Sections 100 to 104 of the Companies Act, 1956 and Section 52 of the Companies Act, 2013 ('the Scheme'), for Demerger of Retail Business Undertaking of FEL into the Company and Demerger of the Retail Infrastructure Business Undertaking of the Company into FRL with effect from Appointment Date of October 31, 2015 (as defined in the Scheme) has been given effect on May 01, 2016 (Effective Date).

Pursuant to the Scheme, the paid up equity share capital has been reduced and reorganized to 4,34,78,261 Equity shares of ₹ 2/- each. Further, all the assets and liabilities pertaining to Retail Business Undertaking of FEL has been transferred to and vested in the Company. Accordingly, on May 18, 2016 the Company issued 42,78,60,296 Equity Shares to the shareholders holding shares on May 12, 2016 in FEL as per the Scheme. Further, all the assets and liabilities pertaining to Retail Infrastructure Business Undertaking of the Company has been transferred to and vested in FEL and accordingly, on May 18, 2016 FEL issued 4,34,78,261 equity shares to the shareholders holding shares on May 12, 2016 in the Company as provided in the Scheme.

45. As per the provisions of the Scheme, the Company issued new Optionally Convertible Debentures having coupon rate of 10% p.a. as on Effective Date of Scheme, convertible at the option of the Company within a period of 18 months from the date of allotment at a price which shall be determined in accordance with Preferential issue guidelines under SEBI (ICDR) Regulations.
46. The Shareholders and OCD holders of Bharti Group have agreed to share with the respective companies (i.e. Company & FEL) an upside on the realization out of the shares of the two companies, subject to certain broad terms and conditions.
47. a. The Company uses foreign currency forward contracts to hedge its risks associated with foreign currency exposures relating to the underlying transactions and firm commitments. The Company does not enter into any derivative instruments for trading and speculative purposes. Forward contracts (In USD & EURO) outstanding as at March 31, 2016 are ₹ 60.09 Crore (2015: ₹ Nil).
- b. As of balance sheet date, the company has net foreign currency exposures (In USD & EURO) that are not hedged by derivative instruments or otherwise amounting to ₹ 59.00 Crore (2015: ₹ 0.90 Crore).
48. Figures for the previous year have been reworked, regrouped, rearranged and reclassified wherever necessary without any restatement on account of demerged business and merger effect given in the current year, figures are not comparable with the previous year.

As per our report of even date attached

For and on behalf of Board of Directors

For NGS & Co. LLP
Chartered Accountants

Kishore Biyani
Chairman & Managing
Director

Rakesh Biyani
Joint Managing Director

Gagan Singh
Director

Ashok A. Trivedi
Partner
Membership No.: 042472

Shailendra Bhandari
Director

C. P. Toshniwal
Chief Financial Officer

Virendra Samani
Dy. Company Secretary

Mumbai
May 25, 2016

STATEMENT OF CASH FLOW FOR THE YEAR ENDED MARCH 31, 2016

(₹ in Crore)

	Year Ended March 31, 2016	Year Ended March 31, 2015
A CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit /(Loss) Before Tax	14.55	(379.21)
Adjusted for:		
Depreciation and Amortization Expense	36.76	44.10
Finance Costs	49.75	19.93
Profit on Sale of Investments	-	(0.05)
Loss on Disposal/Discard of Fixed Assets (Net)	0.01	16.50
Excess Provisions Written Back	-	(9.55)
Reversal of Lease Equalisation Reserve	-	(49.14)
Interest Income	(0.28)	(0.12)
Operating Profit/(Loss) Before Working Capital Changes	100.79	(357.55)
Adjusted for:		
Trade Receivable	(127.03)	(0.00)
Loans and Advances and Other Assets	(1,750.46)	23.52
Inventories	(3,081.09)	7.37
Trade Payables, Other Liabilities and Provisions	2,232.58	43.81
Cash Generated From Operations	(2,625.21)	(282.85)
Taxes Paid (Net)	(4.62)	(1.45)
Net Cash From Operating Activities	(2,629.83)	(284.30)
B CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(217.79)	(51.37)
Sale of Fixed Assets	98.01	0.91
Purchase of Non Trade Current Investment Mutual Funds	-	(19.25)
Proceed From Sale of Non Trade Current Investment In Mutual Funds	-	19.30
Deposits (with maturity more than three months)	-	(0.09)
Interest Received	0.28	0.22
Net Cash Used In Investing Activities	(119.50)	(50.27)
C CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Issue of Shares	188.09	-
Proceeds from Share Application Money	-	133.00
Proceeds from Optionally Convertible Debentures	154.20	-
Proceeds from Borrowings	577.80	207.40
Interest Paid	(49.75)	(19.99)
Net Cash Provided By Financing Activities	870.34	320.41
On Composite Scheme of Arrangement	1,960.16	-
Net (Decrease)/Increase In Cash and Cash Equivalents	81.16	(14.16)
Net (Decrease)/Increase In Cash and Cash Equivalents	81.16	(14.16)
Cash and Cash Equivalents (Opening Balance)	8.33	22.49
Cash and Cash Equivalents (Closing Balance)	89.49	8.33

As per our report of even date attached

For and on behalf of Board of Directors

For NGS & Co. LLP
Chartered Accountants

Kishore Biyani
Chairman & Managing
Director

Rakesh Biyani
Joint Managing Director

Gagan Singh
Director

Ashok A. Trivedi
Partner
Membership No.: 042472

Shailendra Bhandari
Director

C. P. Toshniwal
Chief Financial Officer

Virendra Samani
Dy. Company Secretary

Mumbai
May 25, 2016

This report contains forward-looking statements, which may be identified by their use of words like 'plans', 'expects', 'will', 'anticipates', 'believes', 'intends', 'projects', 'estimates', or other words of similar meaning. All statements that address expectations or projections about the future, including but not limited to statements about the Company's strategy for growth, product development, market position, expenditures, and financial results are forward-looking statements. Forward-looking statements are based on certain assumptions and expectations of future events. The Company cannot guarantee that these assumptions and expectations are accurate or will be realized.

The Company's actual results, performance or achievements could thus differ materially from those projected in any such forward looking statements. The Company assumes no responsibility to publicly amend, modify or revise any forward looking statements, on the basis of any subsequent developments, information or events.



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