



The image shows a close-up of a person's torso and head, wearing a white t-shirt. The t-shirt features a large, colorful geometric logo consisting of three overlapping triangles in shades of blue, green, and yellow. Below the logo, the word "YOUTHINC" is printed in a bold, sans-serif font, with each letter in a different color (blue, green, yellow, orange, red, purple, blue, green, yellow, orange, red, purple).

**YOUTHINC**



# YOUTH INC

Organized retail in India is a bit like India itself.

Young, optimistic, networked, upwardly mobile and growing...

It's been the coming of age ... of retail in India ... of India Itself.  
Young Ideas, Young Markets, Young Approach,  
Young Minds, a Movement – Youth Inc.

It's time to change, innovate and connect with this India.  
As an Organization, as a Business, as an Approach.  
As the way forward. We are young, ambitious and passionate,  
constantly innovating and experimenting.  
Exploring new avenues, creating new systems.

**Youth – The mantra for business this year.**





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## OUR BOARD

**Kishore Biyani**  
Managing Director

**Shailesh Haribhakti**  
Chairman - Director

**Dr. Darlie Koshy**  
Director

**S Doreswamy**  
Director

**Anil Harish**  
Director

**Bala Deshpande**  
Director

**Kailash Bhatia**  
Wholetime Director

**V K Chopra**  
Director

**Gopikishan Biyani**  
Director

**Rakesh Biyani**  
Wholetime Director

**Vijay Biyani**  
Wholetime Director

**COMPANY SECRETARY**  
Deepak Tanna

**STATUTORY AUDITORS**  
NGS & Co

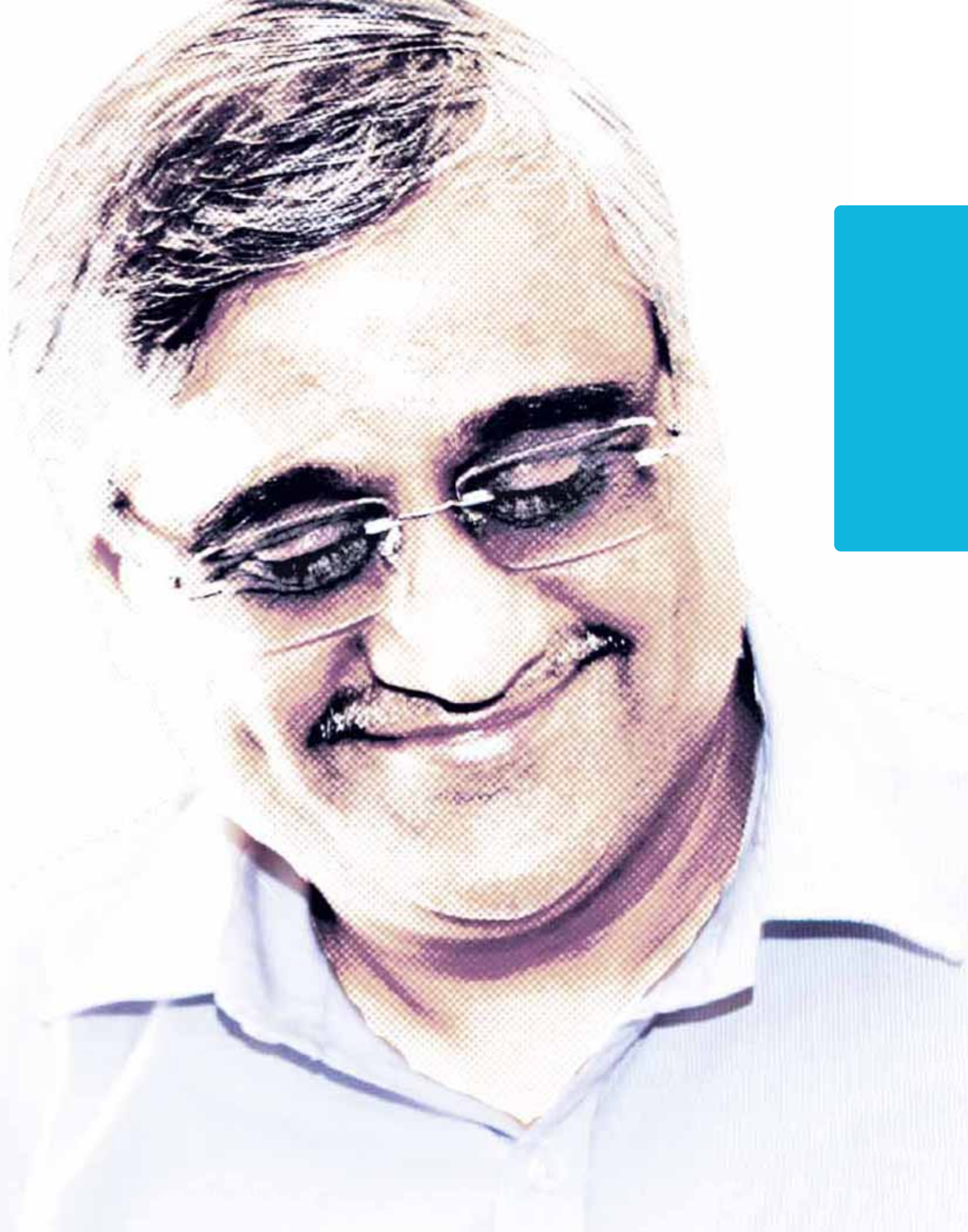
**RISK ADVISORS**  
Ernst & Young Pvt. Ltd.

**BANKERS**  
Bank of India  
Axis Bank Ltd.  
Andhra Bank  
Corporation Bank  
HDFC Bank Ltd.  
IDBI Bank Ltd.  
State Bank of Travancore  
UCO Bank  
Standard Chartered Bank  
The Federal Bank Ltd.  
Union Bank of India  
Bank of Baroda  
Allahabad Bank

**SHARE TRANSFER AGENTS**  
Link Intime India Pvt.Ltd.  
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**WEBSITE**  
[www.pantaloonretail.in](http://www.pantaloonretail.in)



## MD TALKS

I believe that your company is now poised to enter its youth. Most of our retail formats have now matured. More importantly, the systems and processes that we have built, the infrastructure that we have developed and the management bandwidth and talent we have created are capable of delivering disproportionate and profitable growth. From here on, our mantra is of getting “more from the same.”

Dear Stakeholders

We are pleased to share the Annual Report of your company for the financial year 2010-2011. It was an eventful year and seen in the context of the last three years, the period has been marked by unprecedented challenges and exciting opportunities. The core retail business of your company grew at the compounded growth rate of 31.84% during these last three years. The year on year same-stores-sales growth in lifestyle segment was 15.56%, value segment was 10.31%, and in home segment was 8.32%. These growth rates are comparable with the industry, but we believe that your company is now poised to deliver much more.

Building an enterprise is much like rearing a child from infancy to adulthood. As a new born grows up, she requires a huge amount of nurturing and nourishment. From infancy to childhood and from childhood till she reaches youth, the kid demands attention and most importantly patience. And then one day, the kid matures into a youth, ready to stand on their own, make their own mark and make their parents and family members who took in all the hardships proud. So it is with organizations.

From a start-up to its growth phase and till it reaches a steady-state, an organization demands disproportionate amount of nurturing and resources. It needs to explore possibilities and opportunities, gain knowledge and expertise, and build an ecosystem around it to strengthen

its foundation for the future. Organizations are like living organisms and it is equally important to inculcate the right culture and values, develop symbiotic relationships with its stakeholders and know the world around it. And then one day, it transforms from childhood to youth – ready with veins and muscles that can create significant value for all stakeholders.

I believe that your company is now poised to enter its youth. Most of our retail formats have now matured. More importantly, the systems and processes that we have built, the infrastructure that we have developed and the management bandwidth and talent we have created are capable of delivering disproportionate and profitable growth. From here on, our mantra is of getting 'more from the same.'

### From Infancy to Youth

Ten years back when we opened the first three Big Bazaar stores, we were starting a new journey - going beyond our traditional area of strength in the fashion category. Most retailers like us then were primarily focused on the fashion category. However, we decided to go beyond and over the period of time have developed substantial scale and strength in food and fmCG, general merchandise and homewares, home improvement and consumer electronics. The size and scale of these operations is somewhat unparalleled in the industry. Our operations are spread across the country and our retail brands are most trusted and well recognized across India.

Organizations are like living organisms and it is equally important to inculcate the right culture and values, develop symbiotic relationships with its stakeholders and know the world around it. And then one day, it transforms from childhood to youth – ready with veins and muscles that can create significantly value for all stakeholders.

We are leveraging our sourcing strengths in all product categories, our logistics and delivery network and lower cost of customer acquisition and integrating it with a strong technology backbone. This has the potential to be a game changer and a significant value creator for the organization in the longer run. We believe that our connected commerce platform on the digital space has the potential to contribute around 15% of our turnover at significantly lower cost.

However, developing this comes with a demand for patience, management bandwidth and resources. In most countries, retailers dealing in these categories can focus on retailing alone. But when we started to grow, we realized the need to create the industry around retail that could enable retail to take off. We started developing many of these businesses. And as we developed we also matured. Many of the businesses we had built, gained significant traction and had acquired a life of their own. Some of course didn't. In this journey, since we were often the first, we made the maximum number of mistakes and learnt the most. And today, we are proud to say that we know each business threadbare, where the opportunities lie, which is the mirage and which is the oasis.

Our retail business had supported the building of these businesses. A relatively small investment in setting up a financial services business few years back has today created more than ten times value for the company. But that is clearly far, far below our expectation. A similar investment in setting up logistics network has created a far more significant value and attracted the world's most prominent retail logistics business to invest, partner and grow it. Likewise other businesses too have matured and can now grow on their own without the financial support of the mothership.



Pantaloon Retail was meant to be a retail business and that's what it should be. Hence, we started to divest each of these non-core, non-retail businesses. It allowed Pantaloon Retail to focus its resources on retail and each of the other businesses to take their own wings.

Over the last eighteen months, we have divested Pantaloon Retail's stake in most non-retail businesses and created a focused, wholly-owned subsidiary to operate its value retail business that includes Big Bazaar. The only large non-retail business still partially owned by Pantaloon Retail is our consumer finance and insurance business and we intend to separate them from Pantaloon Retail and create a retail pure-play. However, these are substantial businesses it takes time and patience to track external factors and find the most opportune time.

### Challenges & Opportunities

As we move ahead, we foresee new challenges and new opportunities. The most significant of this relates to our most crucial raw material – good spaces in good locations in key Indian cities. Domestic consumption is expected to double within this decade and a large part of it will happen through modern retail. However in all our crowded metropolises, there is little new space available to build the next generation of shopping mall and consumption centers. As modern retail grows, quality real estate will get more and more scarce. Through our scenario

For the near term, we have booked more than 9 million square feet of prime spaces in India's largest cities. We believe that this will give us a key competitive advantage as completion gains traction and with the imminent entry of foreign players. This real estate pipeline will help us secure our growth at a lower cost than competitors.

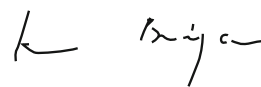
planning exercises we have made an indepth analysis of such a situation. And keeping this in mind, we have taken two key strategic directions.

For the near term, we have booked more than 9 million square feet of prime spaces in India's largest cities. We believe that this will give us a key competitive advantage as completion gains traction and with the imminent entry of foreign players. This real estate pipeline will help us secure our growth at a lower cost than competitors.

For the longer term, we are building a strong presence in the digital space. Through a connected commerce platform, our strategy is to capture a substantial part of new consumption across categories through the digital space. We are leveraging our sourcing strengths in all product categories, our logistics and delivery network and lower cost of customer acquisition and integrating it with a strong technology backbone. This has the potential to be a game changer and a significant value creator for the organization in the longer run. We believe that our connected commerce platform on the digital space has the potential to contribute around 15% of our turnover at significantly lower cost.

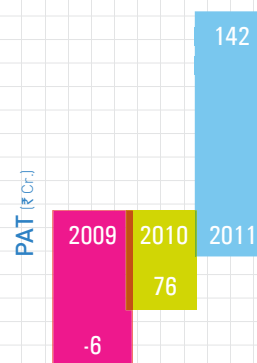
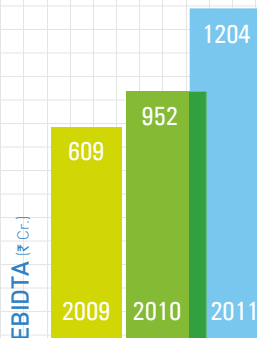
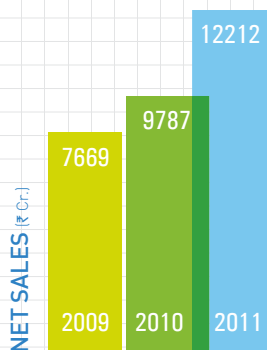
With all the investments in technology, infrastructure and manpower, we believe we have today built an organization that is capable of delivering far more growth and productivity. And therefore we believe that the best of times is ahead of us. The Indian consumption story is yet to begin in its full glory. In all developed economies, retailers are among the largest businesses, wealth creators, employers and we will expand prudently and wait patiently for our turn. We thank you for your attention, nurturing and patience in helping transform this very unique organization from its infancy to its youth.

### Rewrite Rules, Retain Values

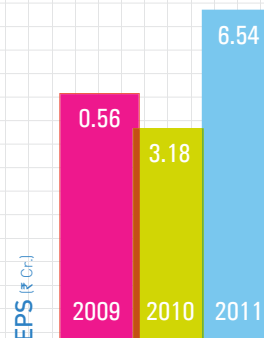


Kishore Biyani

# 2010



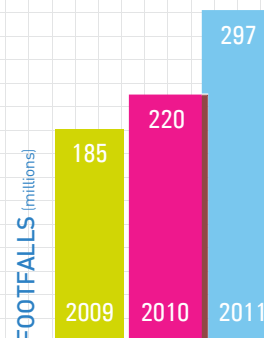
Company announces a record dividend of ₹0.90 (45%) on equity shares with face value of ₹.2  
The net increase in retail space during the year was 2.26million square feet, taking the total operational space to 15.24 million square feet.



**24.8%** GROWTH IN TURNOVER

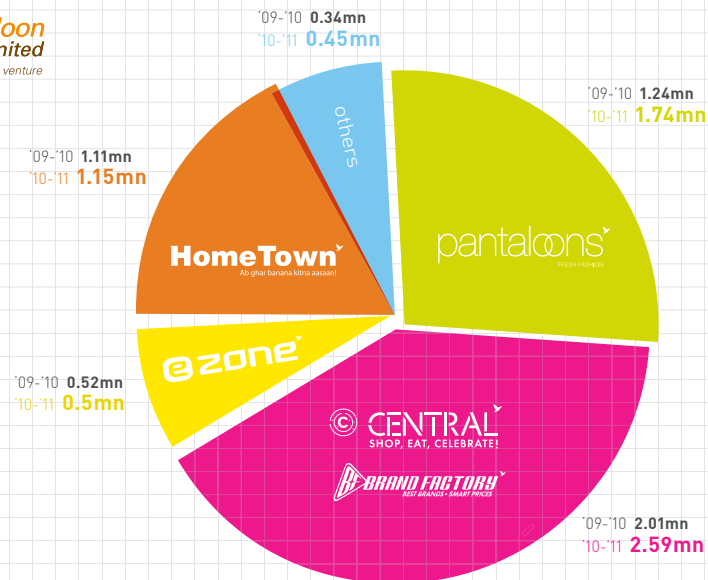
**85.96%** GROWTH IN PAT

**105.7%** GROWTH IN EPS



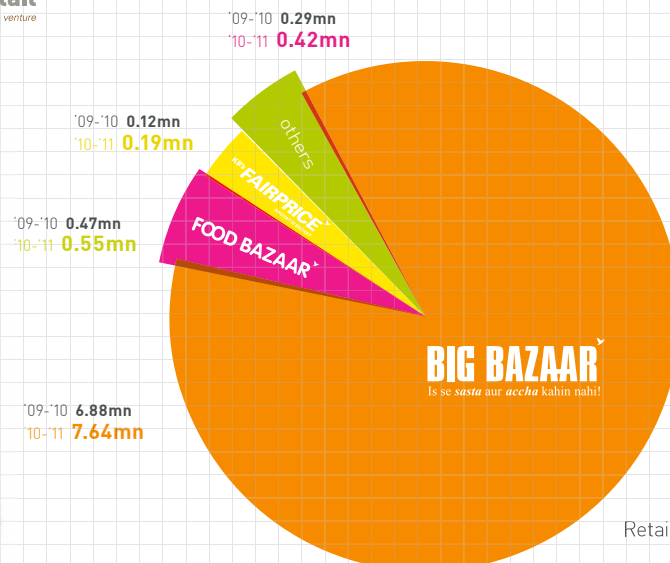
## CORPORATE BUSINESS

**Pantaloon**  
Retail (India) Limited  
a future group<sup>®</sup> venture



Retail space in million square feet

**future value retail**  
a future group<sup>®</sup> venture



Retail space in million square feet



## FASHION BUSINESS

The share of merchandise sold during the non-sale periods at full price, or the sale-through rates, increased dramatically and so did the fill-rates within the stores due to superior automatic replenishment systems that have been implemented across the supply chain.



# FASHION

Almost two decades of experience of the company in the fashion business, coupled with continuous investments in design, supply chain and technology, and in products brands as well as marquee retail brands like Pantaloons, Central, Fashion@Big Bazaar, Brand Factory, Ethnicity, Planet Sports, among others, that span the entire gamut of the category, has helped the company gain an unassailable foothold in the fashion retail business in the country. This is reflected in the superior business performance of this category and it's associated formats.

Pantaloons, the company's flagship format, has remained the first choice for fashion for its customers through its trendy designs, wide range of apparels and customer service. The Pantaloons Green Card Loyalty program has grown to 3.03 million members and now contributes to around 55% of store sales. Pantaloons saw a 27% growth in sales during the year and 13 new stores were added, taking the total operational space to 1.74 million square feet. Ladies ethnic wear, western wear and kids wear continue to be promising segments with immense growth potential and the emphasis is to build products and brands around them.

**55%**  
GREEN CARD MEMBERS  
CONTRIBUTION TO  
PANTALOONS SALES

**27%**  
GROWTH IN  
PANTALOONS SALES  
DURING THE YEAR

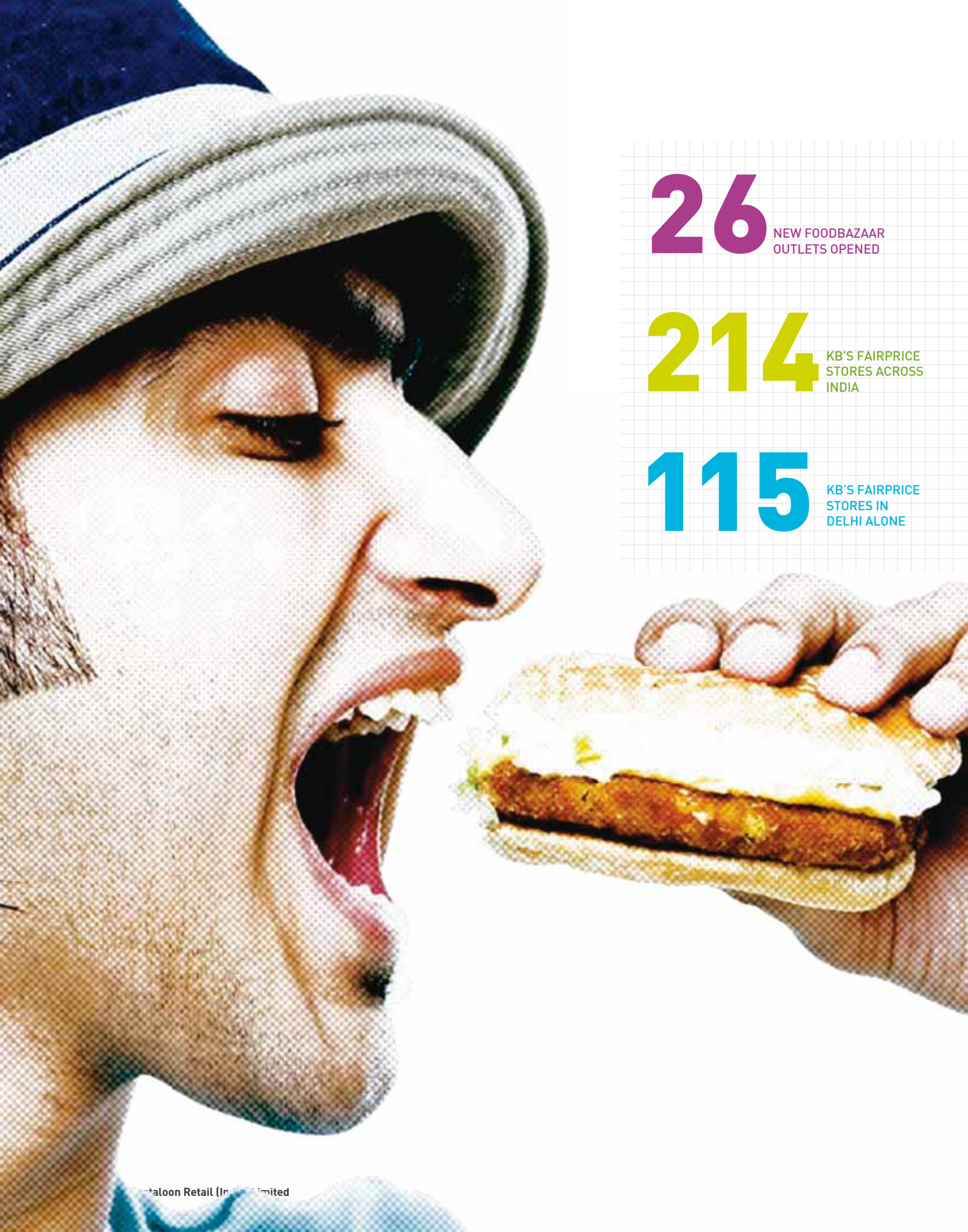
**4.33** MILLION SQUARE  
FEET IN LIFESTYLE  
FASHION FORMAT

Staying true to its buzzing nature, Central offered an action packed year to consumers offering new promotions almost every month. The company opened 6 new stores during the financial year, including ones in vishakapatnam, Jaipur, Thane, Raipur, Surat and the third one in Bangalore. The total operational space for this format, along with Brand Factory is now at 2.59 million square feet.

Fashion@Big Bazaar continues to be the preferred shopping destination for the masses with core fashion units contributing 30% of Big Bazaar sales. Ladies ethnic wear, a segment that was hardly existent in modern retail and was expected to be sold through only through a few niche stores, even a few years back, have become a strong category within the company's fashion formats and grew by more than 100%. During the year, the company's strong private brand portfolio continued to offer contemporary designs at better prices and create excitement among customers. Six independent Fashion@Big Bazaar stores were opened during the year, along with those located within the 19 new Big Bazaar stores opened between July 2010 and June 2011.

As leaders in the fashion business, the company successfully delivered on its promise to democratize fashion both in the value and lifestyle segments. Increasing volatility in cotton prices as well as the sudden impact of excise duty, did impact the overall economics of the business, but the company's strength in the category helped tide over the challenges. A refreshed approach towards the way the company priced its products and the way it designed its products was validated by customers. The share of merchandise sold during the non-sale periods at full price, or the sale-through rates, increased dramatically and so did the fill-rates within the stores due to superior automatic replenishment systems that have been implemented across the supply chain.





**26** NEW FOODBAZAAR  
OUTLETS OPENED

**214** KB'S FAIRPRICE  
STORES ACROSS  
INDIA

**115** KB'S FAIRPRICE  
STORES IN  
DELHI ALONE



# FOOD

Much like in other categories, in food too, we are witnessing a rapid transformation of customer preferences. Modern trade brought in more choice and convenience to shopping for food products and staples and in home and personal care products for customers. Now in most cities, customers who had entered modern retail eight to ten years back, with growing income and more acquaintance with global and local trends are ready to taste more diverse cuisines at their dining table and demands more value added products. And these customers are willing to pay more for it. Our studies show that in the large cities customers are experimenting with international cuisine and with different regional Indian cuisine with equal gusto. Customers are also demanding more healthy food choices and fresher products, and are willing to pay a premium for it. This provides a unique opportunity for modern retail as it is best placed to capitalize on these trends.

During the year, the company opened 26 Food Bazaar outlets. A large number of existing Food Bazaar outlets were also upgraded in order to offer more products and services to the customer. These include, larger sections for fresh fruits and vegetables and food services. In order to provide better quality and fresher produce, the company is tying up with producers across the country for key fruits and vegetables and investing in sourcing, sorting, packaging centers and as well as an efficient logistics network including cold chains across the country for both domestic as well as imported produce.

The company is also set to open a state-of-the-art integrated food distribution center outside Mumbai

equipped with 'on-conveyor sorting,' 'put-to-light' supply chain process, 'roll-caged' based store delivery and similar technologies. Similar integrated distribution centers will be rolled out in the key eight cities across the country during the first half of the forthcoming financial year.

The company's specialized sourcing subsidiaries, Future Freshfoods Limited for fruits and vegetables and Future Agrovet Limited, for staples, commodities, spices and dry fruits too have acquired significant traction in sourcing directly from producers, thereby yielding more control over product pricing and efficiencies for the company.

A key development during the financial year was also the growth of KB's Fairprice format that crossed the 200th store mark. Present only in Delhi, Mumbai and Bangalore, the format opened its 100th store in Delhi. The format has now matured and come of age and the company is now confident of rolling out around fifteen stores every month as it forms a key part of the company's growth strategy in this category.

A crucial roll out for the forthcoming year will be the launch of FoodHall – an upgraded food store that will cater to a more evolved set of customers willing to pay a higher price for more value added food products as well as international food ingredients. The company has drawn up an extensive roll out strategy focusing both on merchandise as well food services. While the first FoodHall has come up in the upmarket Palladium Mall in Mumbai, the company has mapped more than 16 catchments in the country that are ideal for opening this upper-end food retail format.

## FOOD BUSINESS

A crucial roll out for the forthcoming year will be the launch of FoodHall – an upgraded food store that will cater to a more evolved set of customers willing to pay a higher price for more value added food products as well as international food ingredients.

## HOME BUSINESS

Going forward, the company is exploring a click-and-mortar model, integrating technology with superior customer service in order to increase market penetration for the format.



# 12

HOMETOWN STORES  
SPREAD OVER 1.15 MILLION SQFT

# 25

NEW HOME CATEGORY STORES  
TO BE OPENED IN 2012

# 6,000

EZONE SKU'S OFFER AN EXTENSIVE RANGE



# HOME

As the old saying goes, home is where the heart is. And for the young at heart, home is the new body - increasingly attracting a disproportionately larger share of the consumer spend in investing, beautifying and improving their home. According to our extensive market studies, between now and 2014, an estimated 3,60,000 families would have moved into a new house in one of the hundreds of modern residential complexes that are coming up in the key 12 urban areas in the country. Their total spend in decorating their new houses with furniture, fixtures, home fashion, sanitary wares, electronics and modular kitchens would be around ₹ 18,000 crore. The largest opportunity resides in the National Capital Region wherein an estimated 201 million square feet of new housing space is coming up, followed by Bangalore and Chennai of over 60 million square feet each.

Keeping these in mind, we have now firmed up the strategy for our home and electronics business. During the year, our flagship format, Home Town focused on improving store productivity, merchandising and in removing last mile customer service bottlenecks in order to capture the opportunity to its fullest extent. Our Twelve flagship Home Town stores are spread across 1.15million sqft showcasing dozens of mock rooms, kitchens, bathrooms, home furnishing and home ware markets as well as a wide array of services related to home buying.

Home Town will continue to add new stores in each of these cities in areas that are seeing large real estate development like Thane, outside Mumbai where the company opened its latest store. The company will also be rolling out more of Home Town Express and HT Design & Build stores, in order to address consumer demand in areas closer to city centers and areas wherein setting up of such large stores are not feasible. The Home Town Express, spread across 30,000 square feet each can be conveniently located in malls and offer an equally vast array of merchandise.

However, to reach out to more customers, the company is about to launch HT Design & Build stores. Spread across 10,000 square feet each, these stores exclusively focus on providing new homeowners the entire gamut of services, coupled with consultancy in interior decoration, styles and finish that fit into their budget and come along with the Home Town

guarantee on standards of installation and quality of material used. The company plans to launch the first store in the center of Gurgaon, followed by one in South Mumbai before the festive season.

**In the forthcoming year, the company plans to roll out a total of 25 stores in the home category. With productivity improvement in stores and more efficient sourcing and logistics, coming out of increase in sales and maturing of the business, the margins in this business is expected to rise three folds in the coming years.**

The company is also collaborating with a number of developers and builders in various cities to offer ready-made houses, as well as, tying up with new housing societies for turn-key projects. A key example of capturing demand from new housing projects is setting up an exclusive store in the upcoming township of Lavassa, situated outside Pune.

The electronics business, led through ezone is going through steady growth and transformation. The consumer durables industry is growing at around 8.4%, while modern retail is expected to grow much faster capturing over 40% of the market by 2015. ezone offers one of the most extensive range with over 6000 SKUs, giving it a strong competitive edge. In order to improve service offerings and productivity, the company has rationalized space in some stores, as well as rationalized, relocated or remodeled existing stores. Going forward, the company is exploring a click-and-mortar model, integrating technology with superior customer service in order to increase market penetration for the format.





POTENTIAL TO CAPTURE

**15%**  
OF TOTAL  
E-COMMERCE  
BUSINESS IN INDIA

EVERY WEEK ON FUTUREBAZAAR.COM

**1MN**  
UNIQUE  
VISITORS

POTENTIAL TO CONTRIBUTE

**15%**  
TO GROUPS TOTAL  
BUSINESS IN NEXT  
5 YEARS

# ELECTRONICS

**The human touch remains a vital part of the dominant retail practices. With NuFuture we are ensuring that we preserve these values through a mix of human-centered design and policies.**

## ELECTRONICS BUSINESS

Digital is where the future is. That is among the most critical strategy directions that we have taken during the financial year. While we will continue to grow our retail stores, external market trends and the new business realities increasingly point out towards a vast potential and a strong leverage for us to be the front-runners of retailing in the digital space. Our reach and relationship with customers provide us with the benefit of low customer acquisition cost for the digital space, while our vast sourcing networks give us the ability to offer incomparable range merchandise at the best prices.

During the year, we have drawn up a very detailed roadmap for setting up a digital retailing business that can potentially contribute over 15% of the group's total business and capture atleast 15% of the total ecommerce business in India within the next couple of years. Referred internally with the project name, nuFuture Connected Commerce, we are setting up a digital backbone that will run seamlessly across every facet of daily Indian life.

The nuFuture Connected Commerce business platform is being built with the aim to seamlessly integrate the complete electronics business on a virtual platform, as well as integrate parts of the convenience stores, fashion, general merchandise and kids business. The nuFuture Delivery Platforms in the areas of sales and

transactions, product information management systems, payments, order management and fulfillment are being set up to create a next generation end-to-end platform that can handle the huge volume of business transactions that can be generated on the digital platform.

A new paradigm of e-commerce has brought forward many advantages with virtual inventory allowing retailers to sell product without it being physically available "on-the-shelf" or in a centralized warehouse. NuFuture's extensive integration capabilities will allow customer-end formats to sync their inventory directly with vendors to enable a variety of procurement arrangements without compromising the customer experience. On the backend, virtual inventory strategies speed and lower the cost of logistics by making extensive drop-arrangements possible by distributing directly from vendor warehouses directly to consumers.

The company's online retail platform, futurebazaar.com went through a complete transformation during the year. Now positioned as a deal-based website, the platform is currently attracting over 1 million unique visitors every week. The conversion ratios too have shot up considerably with the acquisition of Chaupati, a phone-based commerce start-up. The business is set to handle 10,000 orders on a daily basis.

India has long-been, and will remain, an assisted sales environment. The human touch remains a vital part of the dominant retail practices. With NuFuture we are ensuring that we preserve these values through a mix of human-centered design and policies. In our view, the savings of automation must be re-invested into robust consumer interactions, changing the fundamental approach to consumers as a long-lasting relationship. A ladder of interaction that is being built includes, phone, video conferencing, and in person deployments to keep nuFuture customers loyal and satisfied.





## LOGISTICS

The company has implemented state-of-the-art Warehouse Management System (WMS), Put-to-Light and Auto Replenishment Systems. The automatic sorting or Put-to-Light system is the only such implementation in the country and has improved throughput and increased speed of picking and packaging at warehouses by 40%.



**40%**

INCREASE IN  
EFFICIENCY AT  
WAREHOUSES

**3.6MN**

SQUARE FEET OF OPERATIONAL WAREHOUSE SPACE

**4MN**

PIECES OF MERCHANDISE HANDLED ON PEAK DAYS



# LOGISTICS

On a peak day, Future Supply Chain Solutions Limited handles 4 million pieces of merchandise, that are transported from 65 warehouses spread across 3.6 million square feet of retail space to over 1000 stores in 85 cities through 1600 vehicles. That is the scope and scale of the company's logistics and supply chain operations.

Geared to handle over 2.6 million SKUs retailed through the company's formats, FSCSL counts Hong Kong-based Li & Fung Group as its partner and investor. Li & Fung is globally recognized as the leader in sourcing and supply chain management for some of the leading retailers across the world.

The company already has proven capabilities in the supply chain management of fashion, general merchandise and home products. During the year, the company focused on the food and fmvg sourcing and distribution chain and has added significant value in the business of the food category. It also continued to invest in technology and processes to improve efficiencies, drive down costs and ultimately help front end formats offer superior service to their customers.

All warehouses are wireless and equipped to enable Radio Frequency applications. The company has implemented state-of-the-art Warehouse Management System (WMS), Put-to-Light and Auto Replenishment Systems. The automatic sorting or Put-to-Light system is the only such implementation in the country and has improved throughput and increased speed of picking and packaging at warehouses by 40%. The achieved order accuracy

with automated weight check is now almost 100%. The Auto Replenishment System (ARS) or pull based order management system ensures generation and availability of correct assortment with correct quantity of merchandise as well as yield higher efficiency in excess of 90% distribution center fill rate. This ultimately leads to more choice for customers and lower markdowns and obsolescence for the business.

The company has also implemented best in class Warehouse Management System (WMS) at 7 apparel distribution centers and 5 general merchandise distribution centers. This will help increased visibility of inventory and warehouse processing, leading to lower inventory, increase in throughput, strengthen order management and improve labor productivity and asset utilization, leading to lower warehousing costs.



## Management Discussion and Analysis







## Management Discussion and Analysis

The significant driver of Indian economic growth has been the growth of domestic consumption demand. This trend continues to gather momentum. An increasing working population, coupled with growing urbanization and demand for more value-added products distributed through modern supply and distribution networks is driving the growth in consumption and economic development.

The steps taken by the organization during the previous twelve months to secure, preserve and enhance its economic value creation, has enabled it to provide better returns in form of economic value, stakeholders' satisfaction, compliance and governance. The opportunities grabbed in the previous year, has given the organization firmer ground to build a more efficient and productive business. The investments made in building the infrastructure, technology networks and management bandwidth is now poised to deliver disproportional amount of growth and efficiency, compared to the build-up phase. It is also true that with the economy growth, costs have started to escalate and the organization has to constantly monitor and evaluate options to control these costs and improving performance.

### Operational Overview

While strengthening its the top eight cities strategy for gaining market leadership and developing specific business strategies for future growth in these cities, the Company is also focusing on the smaller cities. These cities provide large untapped opportunities and latent demand. A combination of prudent expansion plans both for smaller cities and the metropolises, has helped the Company to achieve its topline targets. Smaller cities are contributing in better margins due to lesser fixed cost of operations. Further, with the consolidation move, the strategies are clear on focusing on the growth of the key categories, viz. fashion, food, general merchandise and home improvement and electronics.

Fashion is a category where the Company has had developed a strong presence and strength. The Company is now working on building a similar strength in the food category, focusing on backward integration, efficient sourcing and in-depth customer knowledge. During the year, the Company also developed a strong repository of business intelligence, know-how and learnings in the home improvement category. The efforts on the sourcing as well as supply chain management in order to reduce the carrying cost of the products, has helped these categories to perform better as well improved the overall productivity and efficiency. The better management of the resources and use of technology tools for the replenishment and supply chain solutions has resulted in improved efficiency and higher customer satisfaction.

The Company is also working on the developing private branded products, across all the key categories. Dedicated and cross-functional teams are working on private brands

business and this is leading to continuous improvement in share of private brands in the key categories as well as improvement in overall margins. The Company is concentrating on developing special products as per specific regional needs and encashing its local knowledge about the demand of various local products.

As an organization, our businesses are now consolidated in three verticals – retail, financial services and support services. The support services includes our key subsidiary Future Supply Chain Solutions Limited, which has counts one of the world's most prominent retail sourcing and logistics company, Hong Kong-based Li & Fung Group as its investor and partner. Their expertise and insights, coupled with investments in technology and processes is helping drive efficiency across all our formats and businesses.

### Customer and Marketing Overview

The Company has focused its efforts in increasing its turnover by getting gaining a larger business from existing customers and also by creating new class of customers. The Company now has a strong management bandwidth in its creative, communication, branding and media buying teams that develops targeted promotions, and brand communication initiatives focused on delivering business results. Various marketing efforts and drives such as happiness sale, sabse sasta 5 din, exchange festival, furniture festivals, blind fold sale, future festival and other category specific and product specific launches and communication of the same to the targeted customers ensured that the Company achieves its objective of the larger share in the overall consumption spent.

In addition to the above marketing drives, the loyalty programmes launched under various formats, ensures that the regular customers gets better benefits for their consumptions in those formats and the cost of customer acquisition remains low. The company is working on rolling a group-wide loyalty initiative that will help move customers acquired from one format to shop in other formats as well. These marketing drives as well as the loyalty programs helped the Company to conserve on the media and publicity costs, while contributing to increased turnover. The increase in turnover was also possible due to number of events and festivals held within the stores and actively involving the customers in such events and inducing their consumption pulse. Further due to improved experience in the stores and higher levels of customer service offered by trained shop floor personnel and marketing teams around the shop floor, encouraged customers to revisit formats. In all the better shopping experience induced the customers to spend more time and money in the various formats of the Company.

### Competition

Pantaloon Retail being one of the pioneers in the organised

retail has established itself in Indian retail industry. However, further growth and expansion plans of the Company would surely be affected by the number of the new players who entered the organised retail field. The Company has eight city approach as well as targeting new upcoming urban and semi-urban centres, as new areas where the ample opportunities are available for the growth and expansion.

Further the experience of various trends possessed by the Company and its management team is a treasure, which would help it to take appropriate steps to counter competition in various modes. The key to counter competition is to identify proper retail location, format which can be operated from such retail locations and providing proper product mix at such formats which should appeal to potential customers. The Management has already identified various locations for its future expansion plans and the formats as well as product mix is being reviewed on a continuous basis and is changed as per the requirements to ensure holistic experience for the customers.

### Human Resource Initiatives

The Company has achieved the scale and growth, where it is today due to its employees and the value they carry with them to deliver the holistic experience to the customers and reap benefit for the organisation in form of better efficiency and profitability.

The continuous learning and training inculcate the group ethos and policies set on the basis of Indian way of life, respect for Indianness, Indian spirit of ingenuity, enterprise, Indian cultural ethos and community. This helps to create better shopping environment and experience for the customers. The Company values the various needs of each person in the organisation ranging from economic, knowledge and power and tries to address each of them to bring out infinite potential of each person, which in turn benefits by better productivity and efficiency.

With good bonding developed with employees, the attrition level has been maintained continuously at low level. Further the leadership programme for developing leaders and managers from within makes the people more committed and competitive. In addition, the Company has also attracted key talents from across industries to get best direction for its management and operation teams. The management is confident of growing with its ever growing committed team.

### Business Outlook

With the change in the strategy, of concentrating on the pure retail play, the Company defined its retail business in two divisions, viz. Lifestyle Retail and Value Retail. In order to provide both the divisions level playing field for growth, the business has been realigned and the Value Retail

business has been transferred to the Company's wholly owned subsidiary. The Company now would be concentrating only on Lifestyle Retail business. This way both the businesses would have its own goal for the expansion and growth.

With addition of home improvement and electronic business by demerger of these business from its subsidiary, Home Solutions Retail (India) Limited into the Company, the Company's Lifestyle Retail now comprise of all the major categories of consumption and can attract all types of customers for its various offerings. The Home Town would enable the Company to offer the categories so far dominated by unorganised sector. Further the eZone would enable the Company to offer the electronic products in a big way.

The current year marked a significant turnaround for the Company, as it started identifying its business more from contribution perspective. To achieve the same, the Company has identified its different business divisions and devoted different business resources with identified growth and expansion plans for such businesses.

During the year, average ticket size moved up from ₹835 to ₹908 and Value per Piece has moved from ₹111/- to ₹126/-. Each of these numbers is expected to further improve during the course of the next year.

This improvement will also be aided by the growing share of the fashion category in share of the lifestyle retail business. With the opening of nearly 10 new Pantaloon stores in the forthcoming year and another about 5 odd Central stores, the share of the fashion category is expected to further go up. The contribution of the private brands across all categories and businesses, which currently stand at 24%, is also expected to move is closer to the 30 odd percent levels.

The same store growth sales have been healthy. As the economy is now growing and consumer sentiment turns buoyant, we expect the per square feet sales to come in the vicinity of ₹9000 per annum.

In terms of expansion, we expect to add around 3 Million square feet during the forthcoming financial as a group and this will be dependent on market and economic environment.

### Risks and Threats

The business risk from competition is now posing new threat as due to change of strategy by the existing players as well as takeover of the existing businesses by the new players need to be studied and countered with the revised strategies to counter the moves of the competitors. Being present across various categories and formats, the Company would be in better position to counter the strategic move of the competitors. The Company would also have the various management skills available across various categories to fight competition.

With economy now on growth path, the interest and people cost would be on rise and would need to be monitored. Further this would also give impetus to increased real estate costs. Increasing inflation would increase overall input cost as well as conversion costs. The Company would have to plan its various expansion plans considering the increase in various costs and lower conversions. Thus the deals would need to be more strategic for further expansion plans as well as maintaining the costs within the acceptable level for current operations. The increased turnover would enable the Company to meet the incremental costs without affecting its profitability level. The Company would be required to achieve critical mass in its various activities to ascertain minimum level of costs and better realisations. Further the availability of better products and services at its formats would ensure increased consumption and better realisation.

The set standards and policies and defined responsibilities at each level of management ensure that risk of execution and management is minimised. Further the standards and policies set are reviewed on regular basis and revised as per the requirements to further minimise the risk. Use of information technology for implementation and execution of various functions ensures that the risk of execution is minimised further.

### 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, organisation 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 is 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 reviewing 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 period under review

The financial performance of the Company for the period under review was not comparable to the previous year for the following reasons.

- The Company has transferred its Value Retail Business w.e.f. 1 January, 2010, to its wholly owned subsidiary company, Future Value Retail Limited. Thus the Value Retail business, which forms a major component of the previous year business, is forming part of the accounts only for first six months.
- The business undertakings of Home Solutions Retail (India) Limited, has been transferred and vested into the Company with effect from 1 April, 2009 as per the scheme of arrangement approved by Hon'ble High Court of original judicature of Bombay. The said business though part of the Company Accounts with effect from part of the previous year, do not form part of the previous year's accounts.
- The business undertakings pertaining to the Mall Management, Project Management, Mall Asset Management and Food Services were demerged and transferred to Future Mall Management Limited (now known as Agre Developers Limited.) and Future Merchandising Limited (now known as Agre Properties and Services Limited.) with effect from 1 April 2010 as per the scheme of arrangement approved by Hon'ble High Court of original judicature of Bombay. The said business was part of the Company Accounts for part of the current year only.

As the Value Retail business has been transferred from the Company to its wholly owned subsidiary company, Future Value Retail Limited. (FVRL) giving financial performance figures without considering the business which has moved to the subsidiary, would not give any proper analysis of the overall performance of the Company, in Retail Business. Therefore for giving the financial performance hereunder, we have consolidated the total Retail Business, i.e. the business of the Company as well as that of the Value Retail business operated by the subsidiary.

### Sales

The sales and other operating income has increased from ₹8926.08 crores to ₹11,012.26 crores, an increase of 23.37% over the previous year. The Retail Business has also recorded same store growth of 11.51% during the year.

### Profit Before Tax

Profit before tax of the Retail Business for the year 2010-11 stood at ₹284.50 crores as compared to ₹301.23 crores in the previous year, a marginal decrease of 5.56% over the previous year due to extra ordinary income of ₹75.10 crores during 2009-10.

### Interest

Interest & Financial charges outflow has increased from ₹391.28 crores in 2009-10 to ₹428.82 crores in 2010-11. The increase in interest and financial charges is on account



borrowing for funding the growth plans of the Retail Business.

The interest & financial charges cover during the year under review is 2.29 times as compared to 2.31 times in the preceding year.

Weighted average cost of borrowing has marginally decreased on account of change in debt mix from higher rate debts to lower rate debts.

### Net Profit

Net profit of the Retail Business for the year under review stood at ₹189.67 crores as compared to ₹230.15 crores in the previous year, a decrease of ₹40.50 crores (17.60%) over the previous year due to extraordinary income of ₹75.10 crores during the year 2009-10.

### Loans and Advances

Loans and advances stood at ₹1436.21 crores in 2010-11, an increase of ₹408.44 over the previous financial year. The major component of loans and advances represents lease deposits for the stores paid to lessors and advances given to suppliers.

### Capital employed

The capital employed in the business increased by ₹2195.03 crores in 2010-11. This is reflected in the liabilities side of the balance sheet through an increase in borrowings by ₹1275.15 crores, CCD by ₹685 Crores and an increase in shareholders fund by ₹234.88 crores. Return on capital employed during 2010-11 is 14.38% which was 16.69% during 2009-10.

### Surplus management

The Retail Business generated a cash profit of ₹493.52 crores as compared to ₹455.11 crores in the last year, registering the growth of 8.44%. The balance amount, after cash outflow on account of proposed dividend, 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 year.

### Debt-equity

Debt-equity ratio of the Retail Business has increased with increase in the cost of funds borrowed for the expansion of the retail operations of the Company. Debt-equity ratio for the year was 1.60.

### Earning Per Share (EPS)

The Retail Business Basic Earning Per Share (EPS) has decreased from ₹10.85 during previous year to ₹8.77 per share in the current year.

### Cash Earning Per Share (CEPS)

The Retail Business Cash Earning Per Share (CEPS) has increased to ₹22.84 in comparison to ₹21.46 in the previous year.

### Investment

The Company's investment portfolio has increased from ₹1,024.65 crores in 2009-10 to ₹1,286.89 crores (excluding PRIL investment of ₹978.50 Crores into FVRL) in 2010-11. The increase in investment during the year is mainly by way of subscription of shares in Subsidiaries / Associates / Joint Ventures.

Note: All above Balance Sheet and P&L numbers are of the Company with FVRL for the year ended 30-06-2011 to make them comparable with previous year numbers for convenience of shareholders and stakeholders.

### Equity Share Capital

The equity share capital of the Company has been increased from ₹41,22,85,746/- to ₹106,89,06,882/- due to the following further issue of capital as follows:

- (i) Allotment of 59,28,818 Equity shares of ₹2/- each to the shareholders of Home Solutions Retail (India) Limited (HSRIL) as per the Scheme of Arrangement approved by the Hon' High Court Bombay.
- (ii) Allotment of 63,47,635 0.01% Compulsorily Convertible Preference shares of ₹100/- each to the shareholders of Home Solutions Retail (India) Limited (HSRIL) as per the Scheme of Arrangement approved by the Hon'ble High Court Bombay.

### Warrants

Allotment of 50,00,000 equity shares of ₹ 2/- (Rupees Two Only) each at a premium of ₹ 181/- (Rupees One Hundred Eighty One Only) on 9th September, 2010 to Future Corporate Resources Limited (formerly known as PFH Entertainment Limited) allottee of promoter group on exercising their option for equity shares on 50,00,000 warrants allotted to it on 22nd May, 2009 on preferential basis pursuant to Chapter VII of the Securities and Exchange Board of India (Issue of Capital Disclosure Requirements) Regulations, 2009.

### Dividend

The Company has proposed a dividend of ₹0.90 (45%) per equity share. The dividend would be payable on all equity shares of the Company including Class B Shares, and on warrants if converted on or before the Book Closure date declared for dividend. Class B Shares would be entitled to 5% additional dividend as per the terms of issue of Class B Shares (Series 1).

## DIRECTORS' REPORT

To

The Members,

Your Directors are pleased to present the Twenty Fourth Annual Report together with the Audited Statements of Accounts for the year ended 30th June 2011.

## FINANCIAL HIGHLIGHTS

The operating results of the Company for the year under review are as follows:

	₹ in crores	
	2010-2011	2009-2010
Sales (Net of Taxes)	3943.74	5706.07
Operating Income	153.69	228.30
Other Income	17.05	84.63
Total Income	4114.48	6019.00
Profit before Depreciation & Tax	261.66	388.45
Less: Depreciation	146.37	161.88
Profit before Taxes and Exceptional Item	115.29	226.57
Less : Exceptional Item	-	12.93
Profit before Tax	115.29	213.64
Less: Earlier Year's Income Tax	2.08	(3.17)
Less: Provision for Taxation	36.54	37.25
Profit after Tax	76.67	179.56
Add: Profit brought forward from previous year	495.98	380.54
Surplus available for appropriation	572.81	558.97
APPROPRIATION		
Debenture Redemption Reserve	35.00	25.00
Proposed Dividend	20.27	17.13
Provision for Dividend Tax	3.29	2.91
Transfer to General Reserve	7.87	17.95
Balance carried to Balance Sheet	506.37	495.98

## REVIEW OF PERFORMANCE

We are pleased to inform you that "Core Retail Business" i.e. Retail business of the Company and Retail business operated and managed under its wholly owned subsidiary company, Future Value Retail Limited (FVRL), has crossed \$ 2 billion turnover mark during the year under review. The Company is now present in Lifestyle Retail segment and for the year under review recorded a good growth through increase in presence in various cities. Income from operations for the year under review were at ₹4114.48 Crores in comparison to ₹6019.00 Crores in FY 2009-10 which also comprises of operations from Value Retail Business for six months. PBDIT stood at ₹450.78 Crores in

FY 2010-11, which was at ₹676.69 in the previous year. PAT for FY 2010-11 was ₹76.67 Crores, which was at ₹179.56 Crores for the preceding year. During the preceding year, the operation and profit figures also include the part of the operation and profit from the Value Retail Business, which in current year has been transferred to and forms part of its subsidiary company, FVRL. Accordingly, the current year financial result is not comparable with the previous year.

During FY 2010-11, the Core Retail Business has increased its retail presence from around 13 million square feet to over 15 million square feet space spread pan India basis.

## SCHEME OF ARRANGEMENT:

### Scheme of Arrangement between Pantaloon Retail (India) Limited ('PRIL') and Future Value Retail Limited ('FVRL') and their respective Shareholders ('the Scheme')

During the previous year the Company has transferred its Value Retail Business to its wholly owned subsidiary company Future Value Retail Limited (FVRL). As part of the same exercise, your Company had initiated process to transfer Brands pertaining to Value Retail Business comprising of brands like Big Bazaar and Food Bazaar and various product brands of Value Retail Business to FVRL pursuant to Scheme under Sections 391-394 of the Companies Act, 1956 (Brand Scheme) with effect from 1st April, 2010, being Appointed Date fixed for this purpose.

The Brand Scheme has been approved by the Hon'ble High Court of Judicature at Bombay on 25th March, 2011 & the Company has filed the certified copy of the court order approving the Brand Scheme with the Registrar of Companies (ROC), Mumbai on 4th June, 2011 on receipt of certified copy of order, as required under applicable provisions of the Companies Act, 1956. Accordingly, the said scheme became effective from 1st April, 2010, the Appointed Date on Effective Date 4th June, 2011 being the date of filing certified copy of court order with ROC. With this, all format and other brands pertaining to Value Retail Business now vests with FVRL and it completes the realignment process of the Retail Business of the Company between the Company and its wholly owned subsidiary, FVRL.

## DIVIDEND

The Board of Directors of the Company has recommended a dividend of ₹0.90 (45%) per equity share (previous year ₹0.80 (40%) per equity share) and dividend of ₹1.00 (50%) per Class B share (Series 1) (previous year – ₹0.90 (45%) per Class B Share) for the Financial Year 2010-11. Further, outstanding warrants if converted into shares on or before the date of Book Closure announced for the dividend, would also be entitled to dividend declared by the members at the ensuing Annual General Meeting.

The dividend, if approved by the shareholders in the Annual General meeting shall entail a payout of ₹23.56 crores including dividend distribution tax of ₹3.29 crores. The dividend is free of tax in the hands of the shareholders.

## EQUITY SHARE CAPITAL

### Paid-up Share Capital Equity Capital

The paid up equity share capital (comprising of Class B Shares) of the Company has been increased from ₹41,22,85,746/- to ₹43,41,43,382/- due to the following further issue of capital as follows:

- (i) Allotment of 59,28,818 Equity shares of ₹2/- (Rupees Two Only) each to specific shareholders of

Home Solutions Retail (India) Limited (HSRIL) on 28th August, 2010 as per the Scheme of Arrangement approved by the Hon'able High Court of Judicature at Bombay.

- (ii) Allotment of 50,00,000 equity shares of ₹ 2/- (Rupees Two Only) each at a premium of ₹ 181/- (Rupees One Hundred Eighty One Only) on 9th September, 2010 to Future Corporate Resources Limited (Formerly known as PFH Entertainment Limited) allottee of promoter group on exercising their option for equity shares on 50,00,000 warrants allotted to it on 22nd May, 2009 on preferential basis pursuant to Chapter VII of the Securities and Exchange Board of India (Issue of Capital Disclosure Requirements) Regulations, 2009.

## Preference Capital

- (i) Further pursuant to the same Scheme of Arrangement between HSRIL and the Company 63,47,635 0.01% Compulsorily Convertible Preference shares (CCPs) of ₹100/- each were also allotted to specific shareholders of HSRIL on 28th August, 2010. As per terms of the issue these CCPs were converted into similar number of Equity shares on 31st July, 2011.

Further during current financial year 2011-12 following further issue of capital has been completed

- (ii) Conversion of 63,47,635 0.01% Compulsorily Convertible Preference shares (CCPs) of ₹ 100/- each into 63,47,635 Equity Shares of ₹ 2/- each. The said conversion has been done as per terms of issue of the said CCPs.

Upon conversion of the aforesaid 63,47,635 CCPs all the CCPs issued in 2010 have been converted into equity shares and there are no outstanding CCPs pending for conversion.

## DEBENTURES

During the year under review, the Company has raised long term funds through Non-Convertible Debentures aggregating ₹200 crores. The funds raised were utilised for the objects as stated at the time of raising funds. This has helped the Company to improve its debt maturity profile and reduce the cost of debt.

## FIXED DEPOSITS

The Company has not accepted any Deposits during the year.

## REPORT ON CORPORATE GOVERNANCE

A detailed report on Corporate Governance together with Auditors certificate as required under clause 49 of the listing agreement has been included as an attachment to this Report.

## MANAGEMENT DISCUSSION & ANALYSIS REPORT

The management discussion and analysis as required under clause 49 of the listing agreement has been dealt with extensively as part of this Annual Report.

### THE FUTURE

Financial Year 2010-11 had started on a good note, but due to overall global economy downturn, the impact has also been felt in the retail consumption sector. This coupled with the increased finance charges due to steep increase in interest rates has affected the profitability of the Company. However, the Company would continue with its expansion plans diligently. The Company has strategically finalised the plan for acquisition of properties on lease basis for the next three to four years. The management believes that this would be a major winning factor, as there would be space constraints in future with increase of demand for the retail space. The spurt in demand would be from the established organised retail competitors as well as new entrants who may enter due to the opening of the retail sector for the foreign investment. Further the Company has invested in revamping its various format designs and refurbishing the look of the formats to attract more eyeballs and footfalls.

Your Company's plan to continue to pursue its growth strategy to strengthen its position as a leading player in the consumption space of India, would continue with its expansion plans and continue to increase its presence on a pan India basis by opening more retail outlets in tier 2 and tier 3 cities and by further strengthening its position in key metro cities. The Company believes that with such growth strategy the objective of the Company to capture maximum share of the consumer's wallet for good value to consumer could be achieved.

Your Company has planned to increase its combined operating retail space from around 15.0 million square feet currently to around 25.0 million square feet in next three to four years.

The Company is planning to unlock some value by selling some of its non-core investments/assets to ease the liquidity crunch on the main business activities of the Company. The Company continues to believe that the businesses of the subsidiary would create value over a long run and the Company would be able to unlock better value in future.

## SUBSIDIARY COMPANIES & JOINT VENTURES

### SUBSIDIARY COMPANIES

The Company now has in all 27 subsidiaries as at the end of financial year 2010-11.

### Future Value Retail Limited

Future Value Retail Limited (FVRL) is a wholly owned subsidiary of PRIL, and is now engaged in Value Retail Business since 1st January, 2010 as part of the realignment initiative of the Company. PRIL holds 100% of its equity capital. During FY 2010-11, FVRL registered income from operations amounting to ₹6914.83 Crores and profit for the said financial year stood at ₹113.00 Crores. FVRL is operating formats like Big Bazaar and Food Bazaar apart from other smaller format in Value Retail Business. During the year, along with those located within the 19 new Big Bazaar stores and 26 Food Bazaar stores opened between July 2010 and June 2011. In addition to the above, other formats of FVRL also saw a good growth in terms of numbers as well as turnover. Management at FVRL is positive of the growth of the business.

### Future Capital Holdings Limited

Future Capital Holdings Limited (FCH) is the financial services arm of the Future Group. FCH is involved in the business of providing retail financial services, corporate lending, wholesale credit, trade finance and asset management services. Your Company has 53.67% stake in FCH. During FY 2010-11, FCH registered income from operations of ₹238.54 Crores and its profit after tax stood at ₹55.26 Crores. During the year under review its wholly owned subsidiary has been merged with FCH.

### Home Solutions Retail (India) Limited

Home Solutions Retail (India) Limited (HSRIL) was incorporated to operate in the home and hard goods consumption space. The key product categories that the company deals with include Consumer Durables & Electronics (CD & E), Furniture, Home furnishing & decor, Home improvement and Home services including design. During the year Home improvement, CD & E business of HSRIL has been demerged and vested with the Company pursuant to the Scheme of Arrangement. After this demerger, HSRIL operates retail formats like 'Collection i' in home furnishing and decor. Your Company has 66.86% stake in HSRIL. During FY 2010-11, HSRIL registered an income from operations of ₹38.24 Crores and a corresponding loss of ₹4.31 Crores.

### Future Supply Chain Solutions Limited

Future Supply Chain Solutions Limited (FSCSL) is operating in the logistics, transportation, distribution and warehousing space. FSCSL provides solutions in the areas of integrated Supply Chain Management, warehousing, distribution and Multi Modal transportation. Your Company has 70.17% stake in FSCSL. FSCSL has warehousing space of 3.60 Million square feet spread over all across India. The company is



currently building large scale warehousing facilities and will focus on providing 3PL logistics solutions. During FY 2010-11, FLSL registered income from operations of ₹291.88 Crores and the profit stood at ₹0.17 Crores.

#### **Future Agrovet Limited**

Future Agrovet Limited (FAL) is to strengthen sourcing and distribution of staples and other food products for the Company. FAL has sourcing and distribution bases at all key cities across the country. The Company has 96.16% stake in FAL. During FY 2010-11, FAL registered income from operations amounting to ₹778.39 Crores and profit stood at ₹2.10 Crores.

#### **Future Media (India) Limited**

Future Media (India) Limited (FMIL) is the Group's media venture, aimed at creating of media properties in the ambience of consumption and thus offers active engagement to brands and consumers. FMIL offers relevant engagement through its media properties like Visual Spaces, Print, Radio, Television and Activation. Your Company has 84.24% stake in FMIL. During FY 2010-11, FMIL registered income from operations of ₹32.31 Crores and incurred loss of ₹2.86 Crores.

#### **Future E-Commerce Infrastructure Limited**

Future E-Commerce Infrastructure Limited (FECIL) is to capture the consumption space through the internet, as well as other technology based and digital modes and provide infrastructure services for the same. The Company has 72% stake in FECIL. During FY 2010-11, FECIL registered income from operations of ₹87.30 Crores and the loss stood at ₹30.15 Crores.

#### **Futurebazaar India Limited**

Futurebazaar India Limited (FBIL) has been set up as the e-Retailing arm of the Future Group for providing on-line shopping experience. Your Company is presently holding 100% in FBIL. FBIL commenced its ecommerce services through eportal [www.futurebazaar.com](http://www.futurebazaar.com). FBIL is successfully operating its e-retailing business and during FY 2010-11, FBIL registered income from operations of ₹22.53 Crores and its profit after tax stood at ₹0.05 Crores.

#### **Other Subsidiaries**

In addition to the above operating subsidiaries, other subsidiaries viz Future Knowledge Services Limited, Future Learning and Development Limited, Splendor Fitness Private Limited, nuZone Electronics Limited, nuZone Ecommerce Infrastructure Limited and Winner Sports Limited have been created as subsidiary with the certain specific objectives and will be utilised accordingly at opportune time.

In addition to direct subsidiaries, the Company has thirteen

step-down subsidiaries which includes eleven subsidiaries of FCH and one each of FVRL and FSCSL.

As required under the Listing agreement with the Stock Exchanges, the Company is mandatorily required to prepare the Consolidated Financial Statements, according to the applicable Indian Accounting Standards and reflects the financial position of all the subsidiary Companies of the Company.

A statement pursuant to section 212 of the Companies Act, 1956 relating to subsidiary companies has been given as an annexure in this Annual Report before consolidated statements. Further the Board has passed resolution pursuant to the General Circular No. 2/2011 dtd 8 February, 2011, issued by Ministry of Corporate Affairs, giving consent for not attaching the balance sheet of the subsidiary companies. The Company is publishing the consolidated financial statements of the holding company and all subsidiaries duly audited by its auditors, in compliance with the applicable accounting standards and listing agreement and a statement disclosing the necessary information regarding each of subsidiary.

It is hereby confirmed that Annual accounts of the subsidiary companies and the related detailed information shall be made available to the shareholders of the holding and subsidiary companies seeking such information at any point of time. The annual accounts of the subsidiary companies shall be available for inspection by any shareholders in the head office of the holding company and of the subsidiary companies concerned. Details of accounts of subsidiaries shall be furnished to any shareholder on demand;

### **JOINT VENTURES**

#### **Future Axiom Telecom Limited Joint Venture with Axiom Telecom LLC, UAE**

The Company had disposed its entire investment in Future Axiom Telecom Limited (FATL) which was a joint venture company with Axiom Telecom LLC, UAE during the year under review.

#### **Insurance Joint Venture**

#### **Future Generali India Life Insurance Company Limited**

Future Generali India Life Insurance Company Limited (FGI-Life) is Company's joint venture in the Life insurance sector. FGI-Life has commenced the commercial operations from September 2007. The Company has also entered into joint venture arrangements with Sprint Advisory Services Private Limited (formerly known as Sain Advisory Services Private Limited) which is SPV for this insurance venture of the Company. FGI-Life has introduced many insurance products to suit requirements of various categories of customers.

### Future Generali India Insurance Company Limited

Future Generali India Insurance Company Limited (FGI-Nonlife) is Company's joint venture in the general insurance sector. FGI-Nonlife has commenced the commercial operations from September 2007. The Company has also entered into joint venture arrangements with Shendra Advisory Services Private Limited which is SPV for this insurance venture of the Company. FGI-Nonlife has also introduced general insurance products for various insurance needs of the different categories of customers.

### NTC joint ventures

#### Apollo Design Apparel Parks Limited & Goldmohur Design & Apparel Park Limited

The Company has entered into joint venture with NTC for the restructuring and development of the Apollo Mills and Goldmohur Mills situated in Mumbai. For the same two separate SPV companies have been created viz. Apollo Design Apparel Parks Limited (ADAPL) & Goldmohur Design & Apparel Park Limited (GDAPL). The ADAPL & GDAPL would be working for the restructuring and development of the Apollo Mills and Goldmohur Mills respectively. During the year ADAPL made a turnover of ₹234.98 crores and earned profit of ₹5.39 crores. Further during the year GDAPL made a turnover of ₹236.56 crores and earned profit of ₹6.28 crores.

### Office Products Joint Venture

#### Staples Future Office Products Private Limited

Staples Future Office Products Private Limited (SFOPPL) is designed to capture the consumption space of office supplies, office equipments and products. SFOPPL is a joint venture between the Company and Staples Asia Investment Limited (a subsidiary of Staples Inc USA). During FY10-11, SFOPPL registered income from operations amounting to ₹175.17 Crores and the loss stood at ₹17.64 Crores.

### Footwear Joint Venture

#### Clarks Future Footwear Limited

The Company has entered into a 50 : 50 joint venture with C & J Clark International, a company incorporated in UK, for the Single brand retailing of the "Clarks" branded footwear and allied products. The joint venture would also be engaged in wholesale business of Clarks branded products in India. With this Joint Venture, the Company has taken a strategic business decision to enlarge its business activities and have a better footprint in retail as well as wholesale of branded footwear and allied products in India. During the year under review, the Company sold its entire investment in the joint venture company to one of its group companies.

## DIRECTORS

Mr. Kishore Biyani, Dr. Darlie Koshy, Mr. Anil Harish and Mr. Vijay Biyani retire by rotation and being eligible, offer themselves for re-appointment. The details as required by clause 49 of the listing agreement, is given as part of the notice.

## DIRECTORS RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies Act, 1956, the Board of Directors of the Company hereby state and confirm that: -

- (i) In preparation of the annual accounts, the applicable accounting standards have been followed with proper explanation relating to material departures
- (ii) The accounting policies selected have been applied consistently and judgments made and estimates given are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as on 30th June 2011 and the profit of the company for the year ended on that date;
- (iii) The proper and sufficient care have been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (iv) The accounts have been prepared on a going concern basis.

## AUDITORS

M/s. NGS & Co., Chartered Accountants, Mumbai, hold office as Statutory Auditors upto the conclusion of the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment. Shareholders are requested to appoint them as Statutory Auditors to hold office upto the conclusion of the next Annual General Meeting and to fix their remuneration. The observations made by the auditors are self-explanatory.

## CONSOLIDATED FINANCIAL STATEMENTS

The Audited consolidated financial statements are provided as part of the Annual Report in accordance with Accounting Standard AS-21, AS-23 & AS 27 dealing with the consolidated financial reporting. These statements have been prepared on the basis of the financial statements received from subsidiaries and joint ventures, as approved by their respective Board of Directors.

## PARTICULARS OF EMPLOYEES

The statement containing particulars of employees as required under section 217(2A) of the Companies Act, 1956

and the rules made thereunder, is given as an annexure appended hereto and forms part of this report. In terms of section 219(1)(iv) of the Act, the report and accounts are being sent to the shareholders excluding the aforesaid annexure. Any shareholder interested in obtaining the copy of annexure may write to the company secretary at the registered office of the Company.

### **CONSERVATION OF ENERGY & TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS & OUTGO**

A Statement giving details of conservation of energy (in Form A) and foreign exchange earnings and outgo, as required under Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Directors) Rules, 1988, in Annexure I is attached and forms part of this report. However there is no expenditure on R&D, Technology absorption, adoption & innovation during the current financial year. The Company being concentrating on the domestic consumption space do not have any specific exports initiatives to report to members.

### **AWARDS AND RECOGNITIONS**

Being leader in Retail Industry the Company and its retail formats continue to be acknowledged at various forums. Given here under are few recognitions and awards received during the year under review.

#### **Images Retail Awards 2011**

Most Admired Retailer of the year 2011 in the Home Products Category - Home Town

#### **CNBC AWAAZ Consumer Awards 2011**

Most Recommended Modern Retail Brand of the year in the Popular Choice Category - Big Bazaar.

#### **Brand Equity's Most Trusted Brands 2011 Awards**

Most Trusted Retailer - Big Bazaar.

#### **Food Forum of India 2011-Coca Cola Golden Spoon Awards**

Most Admired Food and Grocery Retailer of the year: Private Labels.

### **ACKNOWLEDGMENT**

The Board wishes to place on record their sincere appreciation to all the consumers, working capital consortium bankers lead by Bank of India, vendors, and other stakeholders for the continued support and patronage during the previous year. The board further wishes to record their 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,**

Place: Mumbai

Date : 25/08/2011

**Shailesh Haribhakti**

Chairman

## ANNEXURE II

### (A) Conservation of energy

#### FORM A

Form for Disclosure of Particulars with respect to Conservation of Energy.

<b>I.</b>	<b>Power and Fuel Consumption</b>		
<b>1</b>	<b>Electricity</b>	<b>2010-2011</b>	<b>2009-2010</b>
	a) Purchased		
	No. of Units	7,16,820	8,93,040
	Total amount / ₹	46,64,130	52,67,380
	Rate per Unit / ₹	6.51	5.90
	b) Own Generation		
	Internal Generation through DG set		
	No. of Units	15,148	14,736
	Unit per liter of Diesel	3.41	3.27
	Rate per Unit / ₹	11.21	11.33
<b>2</b>	<b>Coal</b>	<b>N.A.</b>	<b>N.A.</b>
<b>3</b>	<b>Furnace Oil</b>		
	Quantity	1,13,862	1,09,795
	Total amount in ₹	38,61,146	32,63,386
	Average Rate (₹ Per liter)	33.91	29.72
<b>4</b>	<b>Others</b>	<b>N.A.</b>	<b>N.A.</b>
<b>II.</b>	<b>Consumption per unit of Production</b>		
	Production (Apparels) (in numbers)	12,82,209	16,26,565
	Electricity consumption (per apparel)	0.57	0.56
<b>III.</b>	<b>Foreign Exchange Earnings and Outgo</b>		(₹. In Crores)
	FOREIGN EXCHANGE OUTGO	<b>2010-2011</b>	<b>2009-2010</b>
	Travelling Expenses	1.04	1.41
	Interest	9.77	16.98
	Consulting Fees	1.79	0.55
	Royalty	5.76	-
	Bank Charges	0.01	-
	Imports		
	Raw Materials including (Stitching Materials)	0.75	1.65
	Finished Goods	55.63	126.47
	Capital Goods	20.36	13.79
	Accessories & Others	1.54	0.99
	FOREIGN EXCHANGE EARNING		
	Earnings in Foreign Currency	46.62	60.74

## GROUP

(As referred in the Directors' Report)

Persons constituting "Group" coming within the definition of "Group" for the purpose of Regulations 3(1)(e) of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, includes the following:

**Promoter Group** - Natural Persons who are a part of the Promoter Group

- |                            |                     |                      |
|----------------------------|---------------------|----------------------|
| 1. Mr. Kishore Biyani      | 4. Mr. Vijay Biyani | 7. Mr. Rakesh Biyani |
| 2. Mr. Gopikishan Biyani   | 5. Mr. Sunil Biyani | 8. Ms. Ashni Biyani  |
| 3. Mr. Laxminarayan Biyani | 6. Mr. Anil Biyani  | 9. Mr. Vivek Biyani  |

**Corporate entities forming a part of the Promoter Group** - Companies

- |   |  |   |
|---|--|---|
| 1. Future Corporate Resources Ltd.      | 14. Raaka Multitrading Pvt. Ltd.         | 27. White Circle Mercantile Pvt. Ltd.     |
| 2. PIL Industries Ltd.                  | 15. Radha Multitrading Pvt. Ltd.         | 28. White Knight Mercantile Pvt. Ltd.     |
| 3. Manz Retail Pvt. Ltd.                | 16. Raja Infrastructure Pvt. Ltd.        | 29. Winner Sports Ltd.                    |
| 4. Future Realtors India Pvt. Ltd.      | 17. Saachi Multitrading Pvt. Ltd.        | 30. Future Entertainment Pvt. Ltd.        |
| 5. Future Capital Investment Pvt. Ltd.  | 18. Salajung Multitrading Pvt. Ltd.      | 31. Central Departmental Stores Pvt. Ltd. |
| 6. Future Ideas Company Ltd.            | 19. Samreen Multitrading Pvt. Ltd.       | 32. Future Ideas Realtors India Ltd.      |
| 7. Akar Estate & Finance Pvt. Ltd.      | 20. Sanavi Multitrading Pvt. Ltd.        | 33. Anveshak Trade Enterprises LLP        |
| 8. Brahmabrata Trading Pvt. Ltd.        | 21. Silver Base Infrastructure Pvt. Ltd. | 34. ESES Commercials Pvt. Ltd.            |
| 9. Eclipse Infrastructure Pvt. Ltd.     | 22. Softtouch Multitrading Pvt. Ltd.     | 35. L10n Infopreneur Pvt. Ltd.            |
| 10. Gargi Developers Pvt. Ltd.          | 23. Tanushri Infrastructure Pvt. Ltd.    | 36. Lalit Corporate Advisory Pvt. Ltd.    |
| 11. Kavi Sales Agency Pvt. Ltd.         | 24. Taraka Infrastructure Pvt. Ltd.      | 37. Rural Fairprice Wholesale Ltd.        |
| 12. Liquid Foot Infraprojects Pvt. Ltd. | 25. Ucchal Infrastructure Pvt. Ltd.      |   |
| 13. Oviya Multitrading Pvt. Ltd.        | 26. U-Phase Infraprojects Pvt. Ltd.      |   |



## CORPORATE GOVERNANCE REPORT

Corporate Governance indicates transparency, accountability and reliability of any organisation.

One of the core missions of your organisation is to achieve excellence in all spheres, be it profitability, growth in market share, superior quality of products and services to the satisfaction of the stakeholders through an efficient and effective code of governance.

We aim at providing fairness, clarity and transparency in all our dealings and increasing the value of all stakeholders of the Company.

The Corporate Governance Report of the Company for the year ended 30th June 2011 is as follows:

### 1. BOARD OF DIRECTORS

The composition of the Board of Directors of Pantaloon Retail (India) Limited (PRIL) is as follows:

- 1) Executive Promoter Directors - 4
- 2) Non Executive Promoter Director - 1
- 3) Independent Non Executive Directors - 6

### 2. BOARD MEETINGS

During the financial year 2010-11, Six Board Meetings were held. These were held on 28/08/2010, 07/10/2010, 14/11/2010, 11/02/2011, 21/04/2011 and 13/05/2011.

Composition of the Board of Directors and their attendance in the Board Meetings held as specified above are as follows:

Name of the Director	Designation	No. of Board Meetings attended	No. of other Directorships in Public Ltd. Cos.	Attendance in the last AGM held on 03/11/2010	No. of committee positions held including PRIL#	
					Chairman	Member
Mr. Kishore Biyani	Executive Promoter	6	12	Yes	-	4
Mr. Gopikishan Biyani	Non executive Promoter	5	3	Yes	-	1
Mr. Rakesh Biyani	Executive Promoter	6	9	Yes	-	1
Mr. Shailesh Haribhakti	Independent Non executive	5	15**	Yes	5	5
Dr. Darlie Koshy	Independent Non executive	5	-	No	-	1
Mr. S. Doreswamy	Independent Non executive	4	6	Yes	2	7
Mrs. Bala Deshpande	Independent Non executive	3	3	No		2
Mr. Anil Harish	Independent Non executive	4	13	Yes	4	5
Mr. Vijay Kumar Chopra	Independent Non executive	6	13	Yes	1	3
Mr. Vijay Biyani	Executive Promoter	3	4	Yes	-	-
Mr. Kailash Bhatia	Executive Director	3	3	Yes	-	-

# Memberships of only Audit Committee and Shareholders and Investors Grievance Committee of listed companies considered.

\*\* includes alternate Directorship

### 3. AUDIT COMMITTEE

The Audit Committee of the Board of Directors was formed in 2000 and the Committee comprises of three members. The Chairman of the Audit Committee has been changed during the year. The functions of the Committee are as specified in clause 49 of the Listing Agreement entered into with Stock Exchanges in which the Company's shares are listed.

A total of four audit committee meetings were held in the financial year July 2010 – June 2011. The meetings were held on 28/08/2010, 14/11/2010, 11/02/2011, and 13/05/2011.

Name of the Member	Designation	No. of meetings attended
Mr. S. Doreswamy	Chairman	4
Mr. Shailesh Haribhakti	Member	3
Dr. Darlie Koshy	Member	4

#### 4. REMUNERATION COMMITTEE

The Remuneration Committee of the Company consists of the following members and one meeting was held on 28/08/2010.

The Directors on this Committee are:

Mr. S. Doreswamy

Dr. Darlie Koshy

Mrs. Bala Deshpande

Mr. Anil Harish

Mr. Shailesh Haribhakti

The detail of remuneration paid (including commission due as on 30/06/2011 but not paid) to the Directors for the year ended on 30th June 2011 is as follows:

Name of the Director	Salary & Perquisites (₹)	Sitting Fees (₹)	Commission (₹)	Total (₹)
Mr. Kishore Biyani	25680000	NA	12500000	38180000
Mr. Rakesh Biyani	24658608	NA	10000000	34658608
Mr. Vijay Biyani	14658600	NA	6250000	20908600
Mr. Kailash Bhatia	30340706	NA	NA	30340706
Mr. Shailesh Haribhakti	NA	202000	1000000	1202000
Mr. S. Doreswamy	NA	212000	1000000	1212000
Dr. Darlie Koshy	NA	200000	1000000	1200000
Mr. Anil Harish	NA	80000	1000000	1080000
Mrs. Bala Deshpande	NA	60000	1000000	1060000
Mr. Vijay Kumar Chopra	NA	128000	1000000	1128000
Mr. Gopikishan Biyani	NA	139000	1000000	1139000

#### 5. INVESTORS RELATIONS & GRIEVANCE COMMITTEE

The Investors Relations & Grievance Committee was constituted by the Board in 1999 to redress any grievances of the Investors. During the year, the Chairman of the Committee has been changed. A total of four meetings of the Investors Relations & Grievance Committee were held in the financial year July 2010- June 2011. The meeting were

held on 28/08/2010, 14/11/2010, 11/02/2011, and 13/05/2011. The composition of the Committee and the number of meetings attended by the members are as follows:

Name	Designation	No. of Meetings attended
Mr. Vijay Kumar Chopra	Chairman	4
Mr. S. Doreswamy	Member	4
Mr. Gopikishan Biyani	Member	4
Mr. Rakesh Biyani	Member	4

A total of 152 complaints were received during the year. All these complaints have been resolved to the satisfaction of complainants.

## 6. COMMITTEE OF DIRECTORS

The Board of Directors have constituted a Committee of Directors and delegated powers to transact certain regular business of the company. A total of 13 meetings were held during the period under review.

## 7. CORPORATE GOVERNANCE COMMITTEE

As informed at the beginning of the report, during the year Company has formed the Corporate Governance Committee comprising of the following members:

Mr. Shailesh Haribhakti – Chairman

Mr. Kishore Biyani

Mr. Rakesh Biyani

Mr. Anil Harish

Ms. Bala Deshpande

The objective of the Committee is to ensure and implement better corporate governance practices. A total of 1 meeting were held during the period under review.

## 8. SHARE TRANSFER COMMITTEE

The Share Transfer Committee consists of 3 members. The Committee meets on a regular basis to approve transfer of shares, transmission of shares, splitting, consolidation and rematerialisation of shares. The Shares in physical form sent for transfer in physical form are processed and registered by our registrar & transfer agent (Link Intime India Pvt. Limited) within 30 days of receipt of documents, if found in order. A total of 30 meetings were held during the year in which 15360 equity shares and 1340 Class B Shares (Series 1) were transferred.

## 9. COMPLIANCE OFFICER

Mr. Deepak Tanna, Company Secretary, is the Compliance Officer for complying with the requirements of Securities Laws and Listing Agreements with the Stock Exchanges in India.

## 10. GENERAL BODY MEETINGS

The details of the Annual General Meetings held during the last three years are as follows:

Year	No. of AGM	Day, Date & Time of AGM	Venue
2009-10	23	3rd November, 2010 at 04:00 pm	Rangswar, Y. B. Chavan Centre, Gen. Jagannath Bhosale Marg, Mumbai – 400 021
2008-09	22	2nd December, 2009 at 10:30 am	Y.B. Chavan Centre, Gen. Jagannath Bhosale Marg, Mumbai – 400 021
2007-08	21	10th November, 2008 at 10:30 am	Y.B. Chavan Centre, Gen. Jagannath Bhosale Marg, Mumbai – 400 021

Special Resolutions passed in the previous three Annual general Meetings are as follows:

AGM	AGM date	Special Resolutions passed through show of hands
23	03/11/2010	Issuance of further securities for equity funding
22	02/12/2009	Appointment of Mr. Vijay Biyani as Wholetime Director for period of 5 years w.e.f. 26th September, 2009
21	10/11/2008	Payment of Commission to Independent Directors;

Extraordinary General Meeting

No Extraordinary General Meeting of the members was held during the year 2010-11.

### Postal Ballot

The Company had successfully completed the process of obtaining the approval of its members through Postal Ballot as per provisions of Section 192A of the Companies Act, 1956, during the year. The approval of members obtained through postal ballot was pertaining to:-

- Sale / Transfer of Electronic Business conducted by Company's "eZone" Division, dealing in Consumer Durables & Electronic goods to Company's direct and/or indirect wholly owned subsidiary(ies)

The results for all the above matter was announced on 25th June, 2011.

Voting Pattern and Procedure for Postal Ballot:

- The Board of Directors of the Company had its meeting held on 11th February, 2011 appointed Mr. Virendra Bhatt, Practising Company Secretary, as the Scrutiniser for conducting the postal ballot voting process and authorised Committee of Directors to complete the process. Accordingly the Committee approved conduct of postal ballot in its meeting held on 13th May, 2011.
- Process for the Postal Ballot was carried out in a fair and transparent manner. The postal ballot forms had been kept under safe custody of Scrutiniser in sealed and tamper proof ballot boxes before commencing the scrutiny of such postal ballot forms;
- All postal forms received / receivable up to the close of working hours on 23rd June, 2011 the last date and time fixed by the Company for receipt of the forms in the postal ballot, had been considered by Scrutiniser in his scrutiny;
- Envelopes containing postal ballot forms received on / after 23rd June, 2011 for the postal ballot had not been considered for his scrutiny;
- The result of the Postal Ballot were announced on 25th June, 2011 at the Registered Office of the Company as per scrutinizer's Report are as under:

Result declared on 25th June, 2011

Particulars	In favour			Against					Total No. of Votes
	No. of Ballot Papers	No. of Votes in favour of	%	No. of Ballot Papers	No. of Votes against	%	No. of Votes	%	
Resolution No.1	916	12,33,60,715	99.90	58	8,145	0.01	1,12,423	0.09	12,34,81,283

### Court Convened Meeting of Shareholders:

Court Convened Meeting of Shareholders of the Company was held on 3rd November, 2010 at 03:00 pm to approve the Scheme of Arrangement between the Company and Future Value Retail (FVRL) and their respective shareholders enabling transfer of format and other brands pertaining to the Value Retail Business ("the Brand Scheme")



## 11. MEANS OF COMMUNICATION:

### Financial Results

The Results of the Company are furnished to the Stock Exchanges on a periodic basis (quarterly, half yearly and annually) after the approval of the Board of Directors

The results are normally published in "The Free Press Journal" - English Daily and "Nav Shakti" - Marathi Newspaper within 48 hours after the approval by the Board.

The details of the financial results and shareholding pattern are hosted on the Company's website: [www.pantaloonretail.in](http://www.pantaloonretail.in). All other official news and press releases are displayed on the same website.

The Annual Report, Quarterly Results, Shareholding Pattern of the Company are posted through Corporate Filing, a portal which is a single source to view information filed by listed companies. Hard copies of the said disclosure and correspondence are also filed with the Stock Exchanges.

## 12. CORPORATE FILING AND DISSEMINATION SYSTEM (CFDS):

The CFDS portal jointly owned, managed and maintained by BSE and NSE is a single source to view information filed by listed companies. All disclosures and communications to BSE & NSE are filed electronically through the CFDS portal and hard copies of the said disclosures and correspondence are also filed with the stock exchanges.

## 13. INFORMATION TO SHAREHOLDERS

### 13.1 Date, time and Venue of the 24th Annual General Meeting:

Tuesday, 15th November, 2011 at 10:30 am at Rangswar, Y. B. Chavan Centre,  
Gen. Jagannath Bhosale Marg, Mumbai 400021

### 13.2 Date of Book Closure

From Friday, 21st October, 2011 to Saturday, 22nd October, 2011 (both days inclusive)

### 13.3 Dividend

The Board of Directors of the Company has recommended a dividend of ₹ 0.90 ( Paise Ninety only) (45%) per equity share and dividend of ₹ 1.00 ( Rupee One only) ( 0.50%) per Class B share (Series 1). Further, warrants, if converted into shares before the Book Closure date would also be entitled to dividend as may be declared at the ensuing Annual General Meeting. Dividend, if approved, at the ensuing Annual General Meeting, will be paid / credited on or after 15th November, 2011 to those members whose names appear on the Company's Register of Members as per Book Closure date.

### 13.4 Registered office:

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

### 13.5 Listing in Stock Exchanges

The Equity Shares and Class B Shares (Series 1) of the Company are listed in the Following Stock Exchanges:

Bombay Stock Exchange Limited

National Stock Exchange of India Limited

### Debenture Trustees:

For Non-convertible Debentures (Series 1)

Axis Bank Limited  
Bombay Dyeing Mills Compound,  
Pandurang Budhkar Marg,  
Worli, Mumbai – 400 025.

For Non-convertible Debentures (Series 2)

Centbank Financial Services Limited  
Central Bank – MMO Building,  
6th Floor, 55, M G Road, Fort  
Mumbai – 400 001

### 13.6 Stock Code

Shares	ISIN No.	Stock Code	
		BSE	NSE
Equity	INE623B01027	523574	PANTALOONR
Class B Shares (Series 1)	IN9623B01058	570002	PRETAILDVR
11.50% Secured Non-Convertible Debentures (Series 1)	INE623B07032	946288	-
11.50% Secured Non-Convertible Debentures (Series 2)	INE623B07040	946822	-

### 13.7 Listing Fees

Listing Fees, as prescribed, has been paid fully to all the Stock Exchanges where the shares of the Company are listed

### 13.8 Stock Performance

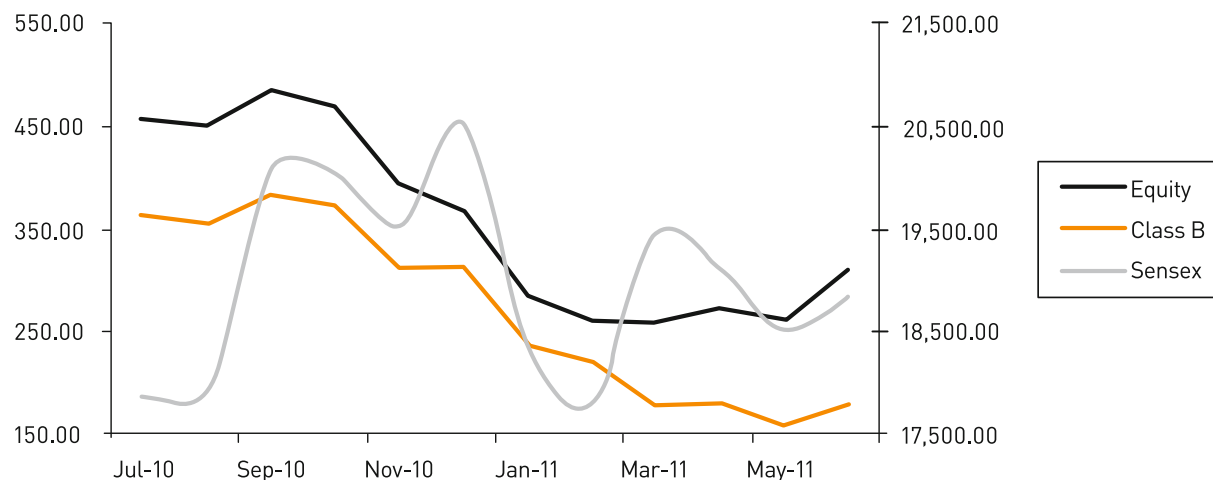
The performance of the stock in the Bombay Stock Exchange Limited & National Stock Exchange of India Limited for the period from 1st July 2010 to 30th June 2011 was as follows:

Month	Bombay Stock Exchange Limited (BSE)			National Stock Exchange of India Limited (NSE)		
	High	Low	Volume	High	Low	Volume
July	531.25	410.00	27,91,815	497.00	410.35	62,56,098
August	490.00	451.00	9,82,829	494.45	451.10	49,41,348
September	517.70	447.00	17,85,101	518.90	455.00	1,00,71,229
October	527.90	456.65	9,94,067	528.00	457.20	52,06,259
November	482.00	360.00	5,54,307	481.05	360.00	38,34,934
December	432.20	338.70	10,48,464	432.10	338.30	66,39,187
January	386.35	277.05	12,01,498	386.05	271.00	67,37,101
February	300.95	218.30	10,79,481	301.00	228.00	72,09,174
March	277.30	233.00	14,87,731	276.60	232.55	84,23,529
April	300.00	261.20	15,68,086	299.95	260.15	86,47,067
May	277.00	235.20	7,90,123	277.00	235.20	62,37,682
June	311.70	262.00	25,30,582	311.90	262.00	1,54,14,565

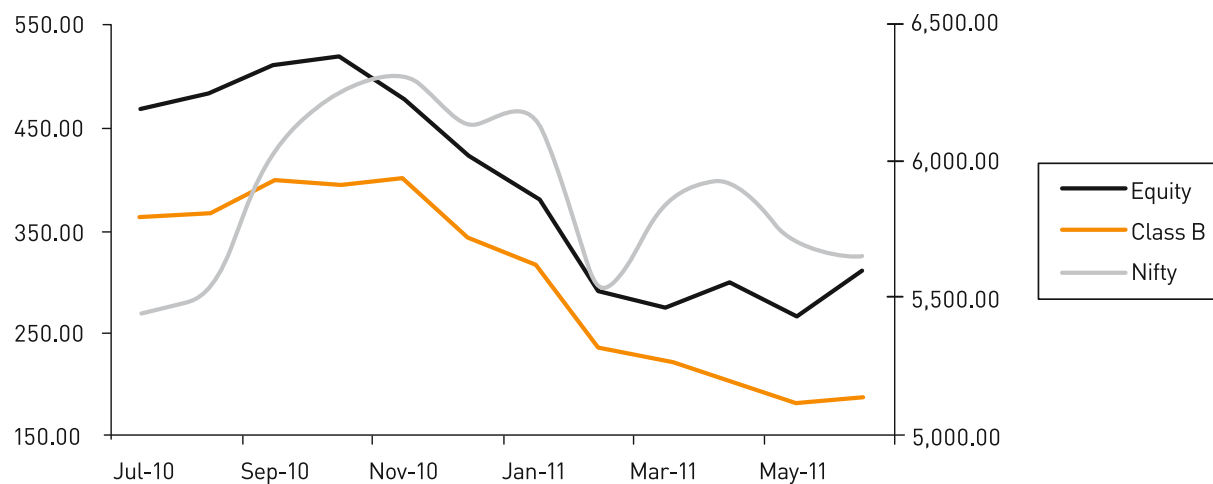
The performance of the stock of Class B Shares (Series 1) in the Bombay Stock Exchange Limited & National Stock Exchange of India Limited for the period from 1st July, 2010 to 30th June 2011 was as follows:

Month	Bombay Stock Exchange Limited (BSE)			National Stock Exchange of India Limited (NSE)		
	High	Low	Volume	High	Low	Volume
July	369.00	278.65	3,92,208	363.95	272.00	76,013
August	380.00	326.00	2,09,918	380.00	317.20	1,84,404
September	400.00	344.00	32,178	404.95	345.20	1,56,271
October	400.00	340.05	1,53,798	402.00	338.00	226006
November	405.00	290.05	1,00,470	405.00	290.60	168332
December	350.00	272.60	91,590	350.00	276.05	193632
January	319.80	223.00	20,938	322.00	222.60	160750
February	242.50	191.40	1,03,903	250.00	195.00	238619
March	224.85	165.10	4,34,877	224.80	162.00	493100
April	224.00	174.00	2,62,145	236.00	170.10	36352
May	189.85	156.00	25,156	188.00	156.60	155832
June	189.40	160.25	1,23,219	189.00	158.75	178780

### Performance of the Stock in BSE



### Performance of the Stock in NSE



#### 13.9 Dematerialisation of shares

99.40% of the Equity Shares and 99.20% of Class B (Series 1) shares of the Company have been dematerialised as on June 30, 2011. The Company has entered into agreements with both National 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 is in dematerialised form.

Status of Dematerialisation as on June 30, 2011:

Particulars	No. of Shares	% of Total Capital	No. of Shares	% of Total Capital
	Equity	Equity	Class B	Class B
National Securities Depository Limited	16,90,46,134	83.90%	1,37,08,002	86.06%
Central Depository Services (India) Limited	3,08,56,349	15.50%	20,92,728	13.14%
Total Dematerialised	19,99,02,483	99.40%	1,58,00,730	99.20%
Physical	12,40,056	0.60%	1,28,422	0.80%
Grand Total	20,11,42,539	100.00%	1,59,29,152	100.00%

#### 13.10 Share Transfer Agents:

Link Intime India Private Limited (Formerly known as Intime Spectrum Registry Limited)  
C-13, Pannalal Silk Mills Compound, L B S Marg, Bhandup (West),  
Mumbai – 400 078  
Telephone No. : 022- 25963838  
Fax No. : 022 – 25946969  
email : maheshwari.patil@linktime.co.in

#### 13.11 Distribution of Shareholding of Equity and Class B Shares (Series 1) as on 30th June 2011

Equity

No. of Shares	No. of shareholders	%	No. of Shares	%
1-500	28988	90.27	3033239	1.51
501-1000	1842	5.74	1273932	0.63
1001-5000	874	2.72	1851694	0.92
5001-10000	104	0.32	764434	0.38
10001-50000	134	0.42	3011210	1.50
50001-100000	43	0.13	3032560	1.51
Above 100000	128	0.40	188175469	93.55
Total	32113	100.00	201142539	100.00

Class B Equity Shares (Series 1)

No. of Shares	No. of shareholders	%	No. of Shares	%
1-500	17858	97.66	499336	3.13
501-1000	205	1.12	144233	0.91
1001-5000	114	0.62	235132	1.48
5001-10000	31	0.17	226049	1.42
10001-50000	44	0.24	970034	6.09
50001-100000	10	0.06	756904	4.75
Above 100000	23	0.13	13097464	82.22
Total	18285	100.00	15929152	100.00



### 13.12 Categories of Shareholders as on 30th June 2011

Category	Equity		Class B	
	No. of Shares	% holding	No. of Shares	% holding
Promoters and their Relatives	9,03,63,248	44.92%	74,07,693	46.50%
Mutual Funds	1,54,97,481	7.70%	5,46,729	3.43%
Banks, Financial Institutions	45,90,743	2.28%	1,66,342	1.04%
Venture Capital Funds	50,45,151	2.51%	-	-
Insurance Companies	93,96,492	4.67%	13,42,064	8.43%
Foreign Institutional Investors	4,90,46,511	24.38%	15,42,891	9.69%
Non Resident Indians	1,10,662	0.06%	23,648	0.15%
Indian Companies	1,38,29,376	6.88%	21,52,199	13.51%
Indian Public	1,29,00,660	6.42%	27,30,830	17.14%
Director & their Relatives & Friends	37,600	0.02%	1,270	0.01%
Clearing Members	3,24,179	0.16%	15,486	0.10%
Trust	436	0.00%	-	-
Total	20,11,42,539	100.00%	1,59,29,152	100.00%

### 13.13 Financials release dates for 2011--12

Quarter	Release Date (tentative & subject to change)
1st Quarter ending 30th September	Second week of November, 2011
2nd Quarter ending 31st December	Second week of February, 2012
3rd Quarter ending 31st March	Second week of May 2012
4th Quarter ending 30th June	Fourth week of August, 2012

### 13.14 Internet access: [www.pantaloonretail.in](http://www.pantaloonretail.in)

The website of the Company contains all relevant information about the pantaloons family. The Annual Reports, Shareholding pattern, unaudited quarterly results and all other material information are hosted in this site.

### 13.15 Plant Locations

G-6, MIDC, Tarapur, Dist. Thane.

## 14. CODE OF CONDUCT FOR PREVENTION OF INSIDER TRADING

PRIL Code of Conduct for prevention of Insider Trading (PRIL INSIDER CODE) as approved by the Board of Directors, inter alia, prohibits purchase / sale of securities of the Company by Directors and employees while in possession of unpublished price sensitive information in relation to the Company. The PRIL Insider Code is available on the Company's corporate website.

## 15. DISCLOSURES

- Besides the transactions mentioned elsewhere in the Annual Report, there were no materially significant related party transactions with the Promoters, Directors etc. that may have potential conflict with the interests of the Company at large.
- There were no non compliance by the Company, penalties, strictures imposed on the Company by Stock exchange or SEBI or any statutory authority, on any matter relating to the capital markets during the last three years 2008-09, 2009-10, and 2010-11.

- c) There was no pecuniary relationship or transactions of Non-executive Directors vis a vis the Company.
- d) The Company has complied with all mandatory requirements and adopted non mandatory requirements as mentioned hereunder.

Pursuant to the requirements of the circular dated April 24, 2009 issued by the Securities & Exchange Board of India (SEBI) and accordance with Clause 5A of the Listing Agreement, the aggregate Equity Shares which are unclaimed by the shareholders under the Initial Public Offer will be transferred to separate suspense account. The Company is in process of opening a separate demat suspense account and will credit the unclaimed shares in compliance with requirements of the said SEBI circular / Clause 5A of the Listing Agreement.

#### Non-mandatory requirements:

1. Chairman of the Board: At its meeting held on 13th April, 2009, the Board of Directors had appointed Mr. Shailesh Haribhakti, Non-executive Director as Chairman of the Board. As there is no separate office of the Chairman being maintained, no reimbursement of expenses is being made for maintenance of separate Chairman's office.
2. Remuneration Committee: Details regarding Remuneration Committee has already been dealt under para 4 of this Report.
3. Shareholders' Rights: Quarterly and half yearly financial results of the Company are furnished to the Stock Exchanges and are also published in the news papers and uploaded on website of the Company. Significant events are also posted on the Company's Website under the Investors Section. The complete Annual Report is sent to every shareholder of the Company either in physical or electronic format as per choice of shareholder.
4. Audit qualifications: There are no audit qualifications in the financial statement for the year 2010-11. Standard practices and procedures are in place to ensure unqualified financial statements.
5. Training to Board Members: The Board Members are equipped to perform its role of business assessment through inputs from time to time. Directors are fully briefed on all business related matters, risk assessment & minimising procedures and new initiatives. No training has been provided to the Board Members as on the date of this Report.
6. Mechanism for evaluating Non-executive Board Members: The role of the Board of Directors is to provide direction and exercise control to ensure that the Company is managed in a manner that fulfils stakeholders' aspirations and social expectations. The Company is working on the mechanism to evaluate and will be adopted in due course.

Whistle Blower Policy: The Company has adopted the code of conduct for Directors and Senior Management. Board has considered and deliberated on the whistle blower policy of the Company. The same would be implemented at appropriate time.

7. Secretarial Audit (Share Capital Audit): A qualified practicing Company Secretary carried out secretarial audit (share capital audit) to reconcile the total admitted Equity and Class B share capital with the National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and total listed Equity and Class B (Series I) share capital. The secretarial audit report confirms that the total issued/ paid-up capital is in agreement with the total number of shares in physical form and total number of dematerialised shares held with NSDL and CDSL.
8. Unclaimed Dividend: Pursuant to Section 205C of the Companies Act, 1956, dividends that are unpaid / unclaimed for a period of seven years from the dates it became due for payment are required to be transferred by the Company to the Investor Education and Protection Fund (IEPF) administered by the Central government. Given below are the dates of declaration of dividend and corresponding dates when unpaid/unclaimed dividends will be due for transfer to IEPF:

Financial Year	Date of Declaration	Date of Payment	Date on which dividend will become part of IEPF*
30/06/2004	15/12/2004	19/12/2004	21/01/2012
30/06/2005	22/11/2005	26/11/2005	29/12/2012
30/06/2006	17/11/2006	21/11/2006	24/12/2013
30/06/2007	15/11/2007	19/11/2007	22/12/2014
30/06/2008	10/11/2008	14/11/2008	17/12/2015
30/06/2009	02/12/2009	06/12/2009	08/01/2017
30/06/2010	03/11/2010	07/11/2010	10/12/2017

Members who have so far not encashed their dividend warrants pertaining to aforesaid financial years are requested to write to the Company / Registrar and Share Transfer Agent and claim the same, to avoid transfer to IEPF. Members are advised that no claims shall lie against the said Fund or the Company for the amounts of dividend so transferred to the said Fund.

During the Financial year under review, the Company has transferred ₹ 383,002/- to Investor Education and Protection Fund towards Unclaimed Dividend for the financial year 2002-03.

9. Dividend intimation through e-mail: In order to protect the environment and as a “ Go Green” INITIATIVE, THE Company has taken initiative of sending intimation of dividend for FY 2010-11 by e-mail. Physical credit intimation will be sent to only those shareholders whose e-mail addresses are not registered with the Company and for the bounced e-mail cases. Shareholders are requested to register their e-mail addresses with Link Intime Private Limited (for shares held in physical form) and with their Depository Participant (for shares held in electronic form) for receiving dividend credit intimation on e-mail.
10. GREEN INITIATIVE: The Ministry of Corporate Affairs (“MCA”), Government of India, through its Circular No. 17/11 dated 21st April, 2011 and Circular No. 18/2011 dated 29th April, 2011, has allowed companies to send annual report comprising of Balance Sheet, Profit & Loss Account, Directors’ Report, Auditors’ Report and Explanatory Statement etc. through electronic mode to the registered e-mail address of the members. Keeping in view the underlying theme and the circulars issued by MCA, we propose to send future communications in electronic mode to the e-mail address provided by you to the depositories and made available by them being the registered address. By opting to receive communication through electronic mode you have the benefit of receiving communications promptly and avoiding loss of documents in postal transit.

Members who hold shares in physical form and desire to receive documents in electronic mode are requested to provide their details (name, folio no. E-mail id) to e-mail address [pantaloongogreen@linkintime.co.in](mailto:pantaloongogreen@linkintime.co.in). Members who hold shares in electronic form are requested to get their details updated with the respective Depositories.

## CORPORATE GOVERNANCE VOLUNTARY GUIDELINES 2009

The Company’s policies and practices embrace most of the elements of the Corporate Governance Voluntary Guidelines 2009 issued by the Ministry of Corporate Affairs. The Company will be reviewing its Corporate Governance Parameters in the context of other recommendations under the Guidelines for appropriate adoption in keeping with the Company’s unique business model.

## AUDITORS REPORT ON CORPORATE GOVERNANCE

To

The Shareholders of  
Pantaloon Retail (India) Limited

We have examined the compliance of conditions of Corporate Governance by Pantaloon Retail (India) Limited for the year ended on June 30, 2011 as stipulated by Clause 49 of the Listing Agreement of the Company with the Stock Exchanges, with the relevant records and documents maintained by the Company and furnished to us and the report of Corporate Governance as approved by the Board of Directors.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the provisions relating to 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 us, we certify that the Company has complied in all material aspects with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Agreement.

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 NGS & Co.**  
Chartered Accountants

Place: Mumbai  
Date: 25th August, 2011

**Navin T. Gupta**  
Partner  
Membership No. 40334

## Declaration on compliance of Code of Conduct

I hereby confirm that:

Board members and Senior Management of the Company have affirmed compliance of the Code of Conduct laid down by the Board for the financial year July 2010-June 2011.

Place : Mumbai  
Date : 25/08/2011

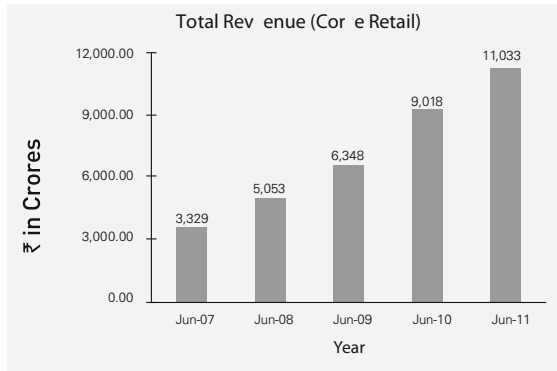
**Kishore Biyani**  
Managing Director

## RATIOS

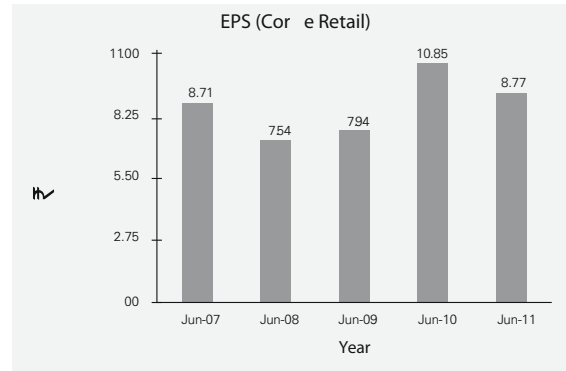
Financial Performance	Jun-07	Jun-08	Jun-09	Jun-10	Jun-11
Cost of Goods Sold / Net Sales	69.36%	69.56%	69.85%	70.64%	71.08%
Manpower Costs / Total Income	6.19%	5.42%	4.32%	4.37%	4.43%
Advertising and Selling Cost / Total Income	2.80%	2.34%	1.80%	2.36%	2.25%
Interest / Total Income	2.70%	3.67%	5.01%	4.34%	3.89%
PBDIT/ Interest (Debt-Service Ratio)	3.43	2.51	2.12	2.31	2.29
Profitability	Jun-07	Jun-08	Jun-09	Jun-10	Jun-11
PBDIT / Total Income	9.24%	9.19%	10.63%	10.04%	8.89%
PBDT / Total Income	6.55%	5.52%	5.61%	5.70%	5.00%
Net profit / Total Income	3.60%	2.49%	2.21%	2.55%	1.72%
RONW (PAT / Average Net Worth)	14.82%	8.57%	6.83%	9.06%	6.49%
ROCE (PBDIT / Average capital employed)	17.48%	14.44%	14.73%	16.69%	14.38%
Balance Sheet	Jun-07	Jun-08	Jun-09	Jun-10	Jun-11
Debt-Equity Ratio	1.19	1.19	1.25	1.04	1.60
Debtors Turnover (Days)	7	8	10	11	12
Inventory Turnover (Days)	99	102	101	97	117
Current Ratio	2.19	1.71	1.97	1.69	1.84
Quick Ratio	1.08	0.78	0.75	0.56	0.44
Asset Turnover (Total Income / Total Assets)	1.36	1.23	1.21	1.54	1.37
Key Financial Parameters (₹ in Crores)	Jun-07	Jun-08	Jun-09	Jun-10	Jun-11
Total Revenue	3,329	5,053	6,348	9,012	11,033
Profit Before Interest, Tax and Depreciation	308	464	674	905	981
Profit After Tax	120	126	141	230	190
Cash Profit	185	247	329	455	494
Per Share Data	Jun-07	Jun-08	Jun-09	Jun-10	Jun-11
Basic Earnings (less Extraordinary Income)	8.71	7.54	7.94	10.85	8.77
Basic Cash Earnings(₹)	11.39	14.76	18.58	21.46	22.84
Dividend (₹)	0.50	0.60	0.60	0.80	0.90
Book Value (₹)	74.42	111.96	118.20	127.03	139.25



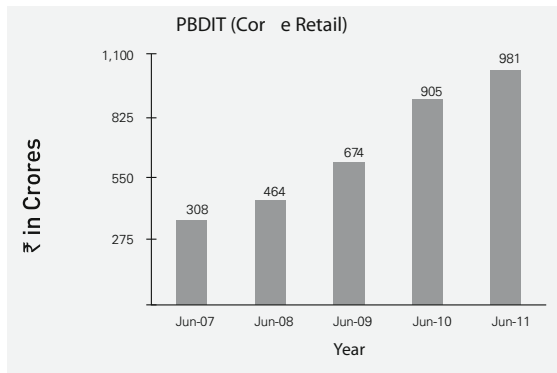
### Growth in Total Income (₹ in Crores)



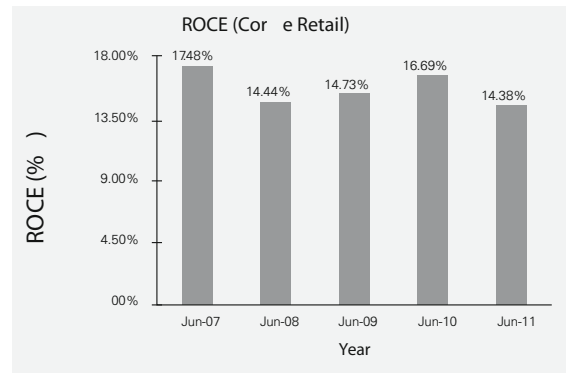
### Earnings per share (₹)



### Growth in PBDIT (₹ in Crores)



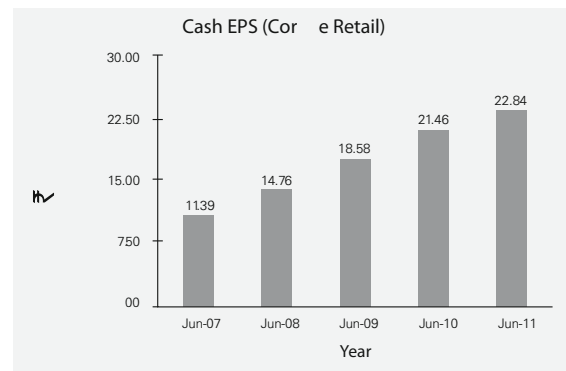
### ROCE (%)



### Growth in Profit after Tax (₹ in Crores)



### Cash Earnings per share (₹)



## 10 YEAR FINANCIAL SUMMARY - BALANCE SHEET

₹ in Crores.

Balance Sheet as at	Jun-02	Jun-03	Jun-04	Jun-05	Jun-06	Jun-07	Jun-08	Jun-09	Jun-10	Jun-11
<b>Sources of Funds</b>										
Equity Share Capital	17.32	18.18	19.14	22.00	26.88	29.35	31.86	38.06	41.23	106.90
Share Capital (Pending)	-	-	-	-	-	-	-	-	64.66	-
Share Application Money	-	-	-	-	-	0.01	-	-	-	-
Warrant Application Money	-	-	-	3.00	-	-	63.26	22.88	122.88	100.00
Reserves & Surplus	36.68	49.50	75.75	196.53	500.02	1,062.82	1,751.50	2,211.48	2,577.34	2,834.09
Shareholders Fund	54.00	67.68	94.89	221.53	526.90	1,092.18	1,846.62	2,272.42	2,806.11	3,040.99
Secured Loans	109.53	141.32	214.76	256.17	428.10	951.93	1,991.77	2,525.53	2,533.66	3,370.40
Unsecured Loans	0.30	4.23	21.36	30.04	173.29	347.65	200.01	324.86	381.53	1,504.94
Total Loans	109.83	145.55	236.12	286.21	601.39	1,299.58	2,191.78	2,850.39	2,915.19	4,875.34
Deferred Tax Liability	1.79	2.92	6.03	13.04	27.92	55.84	67.84	116.10	128.73	165.06
Total Liabilities	165.62	216.15	337.04	520.78	1,156.20	2,447.60	4,106.24	5,238.91	5,850.03	8,081.38
<b>Application of Funds</b>										
Gross Block	77.72	122.98	184.71	251.10	366.01	767.07	1,368.76	1,876.45	2,674.48	3,641.64
Depreciation	9.43	15.67	24.32	37.36	56.58	92.47	170.59	307.69	345.30	580.83
Net Block	68.29	107.31	160.39	213.74	309.43	674.60	1,198.17	1,568.76	2,329.18	3,060.81
Capital WIP	6.28	3.32	14.44	15.79	86.06	131.13	330.64	345.23	283.75	338.44
NB + CWIP	74.57	110.63	174.83	229.53	395.49	805.73	1,528.81	1,913.99	2,612.93	3,399.25
Investment	5.07	5.26	5.26	31.92	161.67	252.01	586.52	954.03	1,024.65	1,286.89
<b>Current Assets</b>										
Inventories	87.41	114.38	157.60	275.93	507.02	885.96	1,429.84	1,787.84	2,403.21	3,585.17
Debtors	17.69	22.32	17.58	12.31	17.03	65.17	113.16	177.25	271.07	381.79
Cash & Bank Balance	4.03	8.07	13.85	21.50	21.77	162.97	121.10	109.34	164.01	126.72
Loans & Advances	23.33	21.43	40.95	93.68	297.57	633.85	962.32	1,202.56	1,027.77	1,436.21
Other Current Assets	-	-	-	0.46	1.09	1.50	2.16	5.75	1.34	1.36
Total Current Assets	132.46	166.21	229.98	403.87	844.48	1,749.45	2,628.58	3,282.74	3,867.40	5,531.26
<b>Current Liabilities</b>										
Creditors	23.82	17.64	13.58	78.69	136.08	223.72	310.40	385.38	753.95	1,064.96
Other Current Liabilities	22.05	44.44	52.91	48.39	93.73	120.15	309.68	506.01	857.43	1,020.11
Provisions	1.23	4.40	6.95	17.74	15.62	15.71	17.58	20.47	43.58	50.96
Total Current Liabilities	47.10	66.48	73.44	144.82	245.44	359.58	637.66	911.86	1,654.95	2,136.02
Net Current Assets	85.36	99.73	156.54	259.05	599.04	1,389.86	1,990.91	2,370.88	2,212.45	3,395.24
Misc. Expenditure	0.63	0.53	0.40	0.28	-	-	-	-	-	-
Total Assets	165.62	216.16	337.04	520.78	1,156.20	2,447.60	4,106.24	5,238.91	5,850.03	8,081.38

## 10 YEAR FINANCIAL SUMMARY - PROFIT & LOSS ACCOUNT

₹ in Crores.

Profit & Loss Account as at	Jun-02	Jun-03	Jun-04	Jun-05	Jun-06	Jun-07	Jun-08	Jun-09	Jun-10	Jun-11
Sales & Operating Income	285.29	444.83	658.31	1,052.80	1,868.97	3,236.74	5,048.91	6,341.70	8,926.08	11,012.26
Other Income	0.67	0.79	1.33	3.05	3.00	92.03	3.76	6.06	85.73	20.82
Total Income	285.96	445.62	659.64	1,055.85	1,871.97	3,328.77	5,052.67	6,347.77	9,011.81	11,033.08
Cost of Goods Cons. & Sold	186.11	303.50	438.01	700.31	1,243.43	2,245.05	3,512.19	4,429.95	6,305.58	7,827.41
Packing Materials	2.11	3.10	5.64	12.44	19.22	27.80	40.40	51.74	49.29	73.60
Power	5.34	7.94	12.08	21.95	37.41	61.51	78.20	98.97	130.76	183.10
Rent	10.03	15.71	27.59	47.97	113.46	207.01	326.27	405.76	631.45	747.36
Personnel Cost	13.59	19.13	27.53	50.65	112.07	206.09	274.07	274.26	394.03	488.25
Advertisement Expenses	8.77	11.83	18.75	32.56	50.96	93.14	118.28	114.23	212.57	248.52
Misc. Expenditure	37.03	46.23	72.90	96.04	145.77	180.53	238.98	298.35	383.30	483.98
Total Cost	262.98	407.44	602.50	961.94	1,722.34	3,021.14	4,588.39	5,673.27	8,106.98	10,052.22
PBDIT	22.98	38.18	57.14	93.91	149.64	307.63	464.28	674.50	904.83	980.86
Finance Charges	11.24	17.67	23.94	27.46	36.92	89.76	185.27	318.22	391.28	428.82
PBDT	11.74	20.51	33.20	66.46	112.71	217.87	279.01	356.28	513.55	552.04
Depreciation	4.22	6.35	8.79	13.33	20.82	36.86	83.39	140.05	212.32	267.54
PBT	7.53	14.16	24.41	53.12	91.90	181.01	195.62	216.23	301.23	284.50
Prior Period Items	0.01	0.78	0.07	0.03	0.07	0.06	[0.03]	-	12.93	-
Profit after EOI	7.52	13.38	24.33	53.09	91.82	180.96	195.64	216.23	288.30	284.50
Current Tax	0.39	0.85	1.45	7.28	11.04	30.71	29.16	25.23	48.69	56.43
Deferred Tax	0.10	1.13	3.11	7.01	14.87	27.93	37.28	48.26	12.63	36.32
Fringe Benefit Tax	-	-	-	0.24	1.75	2.32	3.24	1.89	-	-
Earlier Year Income Tax	-	-	-	-	-	-	-	0.27	[3.17]	2.08
PAT	7.03	11.41	19.78	38.55	64.16	119.99	125.97	140.58	230.15	189.67

Note : Financials & ratios of 2009-10 & 2010-11 are including of Future Value Retail Limited to make it comparable with previous years number for convenience of the shareholders & stakeholders.



## Auditors' Report

### The Members of

#### Pantaloon Retail (India) Limited

1. We have audited the attached Balance Sheet of Pantaloon Retail (India) Limited as at June 30, 2011 and also the Profit and Loss account and the cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (as amended) , issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
  - i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - ii. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - iii. The balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account;
  - iv. In our opinion, the balance sheet, profit and loss account and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
  - v. On the basis of the written representations received from the directors, as on June 30, 2011, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on June 30, 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
  - vi. In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with significant accounting policies and other notes to accounts of Schedule 19 give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the principles generally accepted in India;
    - a) in the case of the Balance Sheet, of the state of affairs of the Company as at June 30, 2011;
    - b) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
    - c) in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

**For NGS & CO;**  
Chartered Accountants  
Firm Registration No. 119850W

**Navin T. Gupta**  
Partner  
Membership No : 40334

Mumbai  
August 25, 2011



**Annexure to the Auditors Report**  
**Re: Pantaloon Retail (India) Limited ('the Company')**

With reference to the Annexure referred to in Paragraph 3 of the report of the Auditors to the members of the company for the year ended June 30,2011, we report that:

- i. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has physically verified certain assets during the year in accordance with a program of verification, which in our opinion provides for physical verification of the fixed assets at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
- (c) In our opinion, the Company has not disposed off a substantial part of its fixed assets during the year and the going concern status of the Company is not affected.
- ii. (a) The Company 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 are reasonable and adequate in relation to the size of the Company and its nature of business.
- (c) In our opinion and according to the information and explanations given to us, the Company is maintaining proper records of inventory. The discrepancies noticed on verification between physical stocks and the book records were not material having regard to the size of the operations of the company.
- iii. The Company has not granted or taken any loan secured/unsecured to/from Companies, firms or parties covered in the register maintained under section 301 of the Companies Act, 1956. Therefore provisions of clause 4(iii) of the Order are not applicable to the Company.
- iv. In our opinion, and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and nature of its business for purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal control system in respect of these areas.
- v. In respect of particulars of contracts or arrangements and transactions entered in the register maintained in pursuance of section 301 of the Companies Act, 1956.
  - a. To the best of our knowledge and belief and according to the information and explanations given to us, particulars of contracts or arrangements that needed to be entered into the register have been so entered.
  - b. According to the information and explanations given to us, the transactions made in pursuance of these contracts or arrangements referred to in v(a) above and exceeding the value of Rs five lakhs with any party during the year have been made at prices which are reasonable having regards to prevailing market prices at the relevant time.
- vi. In our opinion, Company has not accepted any deposits from the public within the meaning of sections 58A and 58AA of the Act and the Companies (Acceptance of Deposits) Rules, 1975. Therefore provisions of clause 4(vi) of the Order are not applicable to the Company.
- vii. In our opinion, the internal audit functions carried out during the year by firms of Chartered Accountants appointed by the management have been commensurate with the size of the Company and the nature of its business.
- viii. To the best of our knowledge and as explained, the Central Government has not prescribed maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Act, in respect of Company's products. Therefore provisions of clause 4(viii) of the Order are not applicable to the Company.
- ix. (a) According to the information and explanations given to us, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, custom duty, excise duty, cess and other material statutory dues applicable to it. According to the information and explanations given to us, no undisputed statutory dues as above were outstanding as at June 30, 2011 for a period of more than 6 months from the date, they became payable. Further since the Central Government of India has till

date not prescribed the amount of cess payable under Section 441A of the Companies Act, 1956, there is no statutory due payable under Section 441A of the Act.

- (b) The disputed statutory dues aggregating ₹ 3.62 crores that have not been deposited on account of disputed matters pending before appropriate authorities are as under:

Name of the Statute	Nature of the dues	Amount (in crores)	Period	Forum
The Indian Stamp Act, 1899	Stamp Duty	1.81	-	High Court, Allahabad.
The Indian Stamp Act, 1899	Stamp Duty	1.55	-	Chief Controlling Revenue Authority, Ghaziabad, U.P.
The Indian Stamp Act, 1899	Stamp Duty	0.26	-	High Court, Allahabad.
<b>Total</b>		<b>3.62</b>		

- x. The Company does not have accumulated losses at the end of the financial year and has not incurred cash losses in the financial year covered by the audit and in the immediately preceding financial year.
- xi. Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to financial institutions, banks and debenture holders.
- xii. In our opinion and according to the information and explanations given to us, the Company has not given any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii. In our opinion and according to the information and explanations given to us, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore provisions of clause 4(xiii) of the Order are not applicable to the Company.
- xiv. In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Therefore provisions of clause 4(xiv) of the Order are not applicable to the Company.

- xv. In our opinion and according to the information and explanations given to us, the Company has given guarantees on behalf of subsidiaries and joint ventures for loans taken from banks, the terms and conditions whereof in our opinion are not prima-facie prejudicial to the interest of the Company.
- xvi. In our opinion and according to the information and explanations given to us, the term loans obtained during the year have prima facie been applied for the purpose for which they were taken.
- xvii. According to information and explanations given to us and on overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
- xviii. The Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956.
- xix. During the year covered by our audit report, the Company has created securities charges in respect of secured debentures issued.
- xx. The Company has not raised any money by public issue during the year. Therefore provisions of clause 4(xx) of the Order are not applicable to the Company.
- xxi. 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.

**For NGS & Co.**  
Chartered Accountants  
Firm Registration no. 119850W

**Navin T. Gupta**  
Partner  
Membership No. 40334

Mumbai  
August 25, 2011

## BALANCE SHEET AS AT JUNE 30, 2011

	Schedule	As At 30.06.2011 (₹ in Crores)	As At 30.06.2010 (₹ in Crores)
<b>SOURCES OF FUNDS :</b>			
<b>Shareholders' Funds</b>			
Share Capital	1	106.90	41.23
Share Capital (Pending Allotment)		-	64.66
Equity Warrants		100.00	122.88
Reserves & Surplus	2	2671.23	2527.48
		2878.13	2756.25
<b>Loan Funds</b>			
Secured Loans	3	1675.89	1236.03
Unsecured Loans	4	497.23	150.19
		2173.12	1386.22
<b>Deferred Tax Liability</b>			
		87.05	72.43
		<u>5138.30</u>	<u>4214.90</u>
<b>APPLICATION OF FUNDS :</b>			
<b>Fixed Assets</b>			
Gross Block	5	1877.67	1417.04
Less : Depreciation		410.64	294.89
Net Block		1467.03	1122.15
Capital work-in-progress		100.13	59.68
	6	2255.41	2002.91
<b>Investments</b>			
<b>Current Assets, Loans &amp; Advances</b>			
Inventories	7	1762.20	1270.67
Sundry Debtors	8	185.24	123.57
Cash & Bank Balances	9	85.77	100.54
Loans & Advances	10	477.56	421.68
Other Current Assets		1.36	1.34
		2512.13	1917.80
<b>Less : Current Liabilities &amp; Provisions</b>			
Current Liabilities	11	1166.48	863.42
Provisions	12	29.92	24.22
		1196.40	887.64
<b>Net Current Assets</b>			
		1315.73	1030.16
		<u>5138.30</u>	<u>4214.90</u>

## SIGNIFICANT ACCOUNTING POLICIES & NOTES TO ACCOUNTS 19

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

As per our Report of even date attached

For and on behalf of Board of Directors

**For NGS & CO.**

Chartered Accountants

**Navin T. Gupta**  
Partner  
Membership No.:40334

**Shailesh Haribhakti**  
Chairman

**Kishore Biyani**  
Managing Director

**Vijay Biyani**  
Wholetime Director

**Rakesh Biyani**  
Wholetime Director

**Gopikishan Biyani**  
Director

**Anil Harish**  
Director

Place : Mumbai  
Date : 25th August, 2011

**Dr. Darlie O. Koshi**  
Director

**C. P. Toshniwal**  
Chief Financial Officer

**Deepak Tanna**  
Company Secretary

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED JUNE 30, 2011

	Schedule	2010-11 (₹ in Crores)	2009-10 (₹ in Crores)
<b>INCOME</b>			
Sales & Operating Income	13	4097.43	5934.37
Other Income	14	17.05	84.63
		<u>4114.48</u>	<u>6019.00</u>
<b>EXPENDITURE</b>			
Cost of goods consumed & sold	15	2649.62	4062.53
Personnel cost	16	221.85	279.58
Operating & other expenses	17	792.23	1000.20
Finance Charges	18	189.12	288.24
Depreciation	5	146.37	161.88
		<u>3999.19</u>	<u>5792.43</u>
<b>Profit Before Taxes &amp; Exceptional Items</b>		115.29	226.57
Less : Exceptional Item		-	12.93
<b>Profit Before Tax</b>		115.29	213.64
Less : Tax Expenses	19(B)(14)	36.54	37.25
Profit After Tax		78.75	176.39
Less : Earlier year's Income Tax		2.08	(3.17)
Add : Balance brought forward		495.98	380.54
Less : Short / (Excess) Provision for Dividend and Dividend Tax		(0.16)	1.13
<b>Available for Appropriation</b>		<u>572.81</u>	<u>558.97</u>
Debenture Redemption Reserve		35.00	25.00
Transfer to General Reserve		7.87	17.95
Proposed Dividend on Equity Share		20.27	17.13
Proposed Dividend on Preference Share		0.01	0.00
Tax on Proposed Dividend		3.29	2.91
Balance carried to Balance Sheet		<u>506.37</u>	<u>495.98</u>
		<u>572.81</u>	<u>558.97</u>
<b>Earnings Per Share in ₹ (Face value ₹2)</b>			
Basic - Equity		3.54	8.46
Basic - Class B (Series 1)		3.64	8.56
Diluted - Equity		3.44	8.21
Diluted - Class B (Series 1)		3.54	8.31

Refer Note No.17 of schedule 19

### SIGNIFICANT ACCOUNTING POLICIES & NOTES TO ACCOUNTS

19

The Schedules referred to above form an integral part of the Profit & Loss Account

As per our Report of even date attached

For and on behalf of Board of Directors

#### For NGS & CO.

Chartered Accountants

**Navin T. Gupta**  
Partner  
Membership No.:40334

**Shailesh Haribhakti**  
Chairman

**Kishore Biyani**  
Managing Director

**Vijay Biyani**  
Wholtime Director

**Rakesh Biyani**  
Wholtime Director

**Gopikishan Biyani**  
Director

**Anil Harish**  
Director

Place : Mumbai  
Date : 25th August, 2011

**Dr. Darlie O. Koshi**  
Director

**C. P. Toshniwal**  
Chief Financial Officer

**Deepak Tanna**  
Company Secretary

## SCHEDULES TO BALANCE SHEET AS AT JUNE 30, 2011

### SCHEDULE 1 : SHARE CAPITAL

#### Authorised

25,00,00,000 Equity Shares of ₹2/- each	50.00	50.00
5,00,00,000 Class B (Series1) Shares of ₹2/- each	10.00	10.00
70,00,000 0.01% Compulsory Convertible Preference Share of ₹100/- each	70.00	70.00

130.00

130.00

#### Issued

20,11,53,939 (19,02,25,121) Equity Shares of ₹2/-each fully paid up	40.23	38.04
1,59,29,152 Class B (Series1) Shares as Bonus of ₹2/- each fully paid	3.19	3.19
63,47,635 0.01% Compulsory Convertible Preference Share of ₹ 100/- Each	63.48	-

106.90

41.23

#### Subscribed & Paid Up

20,11,42,539 (19,02,13,721) Equity Shares of ₹2/- each fully paid	40.23	38.04
1,59,29,152 Class B (Series 1) shares of ₹2/-each fully paid (of the above Class B (Series 1) shares as bonus 1,59,29,152 shares allotted as fully paid up by way of capitalisation of share premium )	3.19	3.19
63,47,635 0.01% Compulsory Convertible Preference Share of ₹ 100/- Each	63.48	-

106.90

41.23

### SCHEDULE 2 : RESERVES & SURPLUS

#### Capital Reserve

63.26

63.26

#### Share Premium

Balance, at beginning of the year	1,875.32	1,717.71
Add : Premium received during the year	90.50	496.81
Less : Utilised for share issue expenses	-	9.16
Less : Utilised as per demerger scheme	-	330.04

1,965.82

1,875.32

#### Debenture Redemptipon Reserve

Balance, at beginning of the year	25.00	-
Transfer From profit & loss Account	35.00	25.00

60.00

25.00

#### General Reserve

Balance, at beginning of the year	67.92	49.97
Add : Transfer from Profit & Loss Account	7.87	17.95

75.79

67.92

#### Profit and Loss Account

506.37

495.98

2,671.23

2,527.48

### SCHEDULE 3 : SECURED LOANS

#### (1) Non Convertible Debentures

700.00

500.00

#### (2) Term Loans From Banks

a) Foreign Currency Loans	84.30	179.09
b) Rupee Loans	505.59	262.58

#### (3) Working Capital Loans From Banks

a) Rupee Loan	383.54	292.60
---------------	--------	--------

#### (4) Hire Purchase

2.46

1.76

1,675.89

1,236.03

### SCHEDULE 4 : UNSECURED LOANS

From Banks	300.00	99.61
Inter Corporate Deposits	52.23	50.58
Debenture application money	145.00	-

497.23

150.19



## SCHEDULES TO BALANCE SHEET AS AT JUNE 30, 2011

### SCHEDULE 5: FIXED ASSETS

(₹ in Crores)

Particulars	GROSS BLOCK			DEPRECIATION				NET BLOCK	
	As at 01/07/2010	Additions	Deductions	As at 30/06/2011	Up to 30/06/2010	Adjustment for the year	Depreciation for the year	Up to 30/06/2011	As at 30/06/2011
Freehold Land	4.83	-	-	4.83	-	-	-	-	4.83
Leasehold Land	1.17	-	-	1.17	0.16	-	0.02	0.18	0.99
Building & leasehold improvements	201.31	113.34	7.42	307.23	38.11	2.20	26.03	61.94	245.29
Plant & Machinery	30.77	4.15	0.19	34.73	6.81	0.02	1.56	8.35	26.38
Office Equipments	24.29	4.79	1.23	27.85	5.53	0.70	1.43	6.26	21.59
Computers & Software	363.37	67.16	58.93	371.60	129.57	23.87	58.03	163.73	207.87
Furniture & Fittings	462.43	214.42	12.13	664.72	75.12	2.43	37.34	110.03	554.69
Electrical Installations	243.04	88.13	6.10	325.07	29.71	1.14	15.21	43.78	281.29
Vehicles	3.50	2.44	0.15	5.79	1.87	0.09	0.48	2.26	3.53
Air Conditioners	82.33	52.98	0.63	134.68	8.01	0.16	6.27	14.12	120.56
<b>Total</b>	1,417.04	547.41	86.78	1,877.67	294.89	30.61	146.37	410.64	1,467.02
Previous Year	1876.45	1030.21	1489.62	1417.04	307.69	174.68	161.88	294.89	1122.15
Capital work-in-progress									100.13
									59.68

## SCHEDULES TO BALANCE SHEET AS AT JUNE 30, 2011

### SCHEDULE 6 : INVESTMENTS

#### LONG TERM INVESTMENT

##### Non-Trade

##### In Equity Shares-Quoted, Fully paid up of ₹ 10/ each unless otherwise stated

##### Subsidiary Company

	As At 30.06.2011 (₹ in Crores)	As At 30.06.2010 (₹ in Crores)
3,47,79,999 Equity Shares of Future Capital Holdings Limited	59.53	59.53

##### Others

16,53,55,095 Equity Shares of Future Ventures India Limited	162.91	-
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5,631 Equity shares of Andhra Bank Limited	0.05	0.05
--	------	------

49,37,935 Equity shares of Galaxy Entertainment Corporation Limited	19.03	19.03
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##### In Equity Shares-Unquoted, Fully paid up ₹ 10/-each unless otherwise stated

##### Subsidiary Companies

NIL (5,100) Equity Shares of CIG Infrastructure Private Limited	-	0.01
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3,51,00,000 Equity Shares of Future Agrovet Limited	35.10	35.10
---	-------	-------

1,91,60,000 Equity Shares of Futurebazaar India limited	19.16	19.16
---	-------	-------

1,69,98,000 Equity Shares of Future E-Commerce Infrastructure Limited	17.00	17.00
---	-------	-------

4,46,97,790 Equity Shares of Future Knowledge Services Limited	44.70	44.70
--	-------	-------

2,82,65,550 Equity Shares of Future Learning and Development Limited	28.26	28.26
--	-------	-------

2,74,62,962 Equity Shares of Future Supply Chain Solutions Limited	64.50	64.50
--	-------	-------

21,06,062 Equity Shares of Future Media (India) Limited	11.38	11.38
---	-------	-------

NIL (55,50,000) Equity Shares of Future Mobile and Accessories Limited	-	5.55
--	---	------

6,68,624 Equity shares of Home Solutions Retail (India) Limited	3.61	3.61
---	------	------

6,64,99,912 Equity Shares of Future Value Retail Limited	978.50	978.50
--	--------	--------

50,000 (NIL) Equity shares of nuZone Electronics Limited	0.05	-
--	------	---

50,000 (NIL) Equity Shares of nuZone Ecommerce Infrastructure Limited	0.05	-
---	------	---

15,40,000 (1,00,000) Equity Shares of Splendor Fitness Private Limited of ₹ 100/- each (formerly known as Talwalkars Pantaloon Fitness Private Limited)	22.60	1.00
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2,40,000 Equity Shares of Winner Sports Limited	27.38	27.38
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##### In Preference Shares-Unquoted, Fully paid up of ₹10/-each unless otherwise stated

##### Subsidiary Companies

7,60,000 0.01% Non-Cumulative Redeemable Preference Shares of Winner Sports Limited	0.76	0.76
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##### In Equity Shares-Unquoted, Fully paid up of ₹ 10/-each unless otherwise stated

## SCHEDULES TO BALANCE SHEET AS AT JUNE 30, 2011

### SCHEDULE 6 : INVESTMENTS (Contd...)

#### Joint Venture Companies

	As At 30.06.2011 (₹ in Crores)	As At 30.06.2010 (₹ in Crores)
22,03,500 Equity Shares of Apollo Design Apparel Parks Limited	73.64	66.86
NIL (1,00,00,000) Equity Shares Future Axiom Telecom Limited	-	10.00
12,11,25,000 (7,90,50,000) Equity Shares of Future Generali India Insurance Company Limited	121.13	79.05
26,82,60,000 (17,90,10,000) Equity Shares of Future Generali India Life Insurance Company Limited	268.26	179.01
21,19,394 Equity Shares of Staples Future Office Products Private Limited	27.91	27.91
22,81,500 Equity Shares of Goldmohur Design and Apparel Park Limited	70.30	62.88
12,95,24,931 (8,66,12,431) Equity Shares of Sprint Advisory Services Private Limited (formerly known as Sain Advisory Services Private Limited)	129.52	86.61
5,85,32,500 (3,81,70,000) Equity Shares of Shendra Advisory Services Private Limited	58.53	38.17
40,625 (NIL) Equity Shares of Integrated Food Park Private Limited	0.04	-

#### Others

#### Equity Shares - Unquoted, Fully paid up of ₹ 10/-each unless otherwise stated

48,281 Equity Shares of Foot-Mart Retail India Limited	0.08	0.08
20,000 Equity Shares of Kalyan Janata Sahakari Bank Limited of ₹ 25/- each	0.05	0.05
35,78,278 Equity Shares of Pan India Food Solutions Private Limited	3.58	3.58
5,79,771 Equity Shares of Planet Retail Holdings Private Limited	2.90	2.90
5 Shares of Y.A. Chunawala Industrial Co-op Society Limited. (₹ 250)	0.00	0.00

#### In Government and Other Securities - Unquoted

National Saving Certificates (Deposited with Sales Tax Authorities)	0.01	0.01
Share Application Money Pending Allotment	4.89	130.28
	<u>2,255.41</u>	<u>2,002.91</u>

Aggregate Book Value - Quoted	241.52	78.61
- Unquoted	2,013.89	1,924.30
Aggregate Market Value - Quoted	632.91	730.54

### SCHEDULE 7 : INVENTORIES

Packing Materials , Branding Material and Stores & Spares	18.64	21.12
Raw Materials	4.45	4.59
Semi Finished Goods	3.26	5.33
Finished Goods (Including In-Transit)	1,735.85	1,239.63
	<u>1,762.20</u>	<u>1,270.67</u>

## SCHEDULES TO BALANCE SHEET AS AT JUNE 30, 2011

	As At 30.06.2011 (₹ in Crores)	As At 30.06.2010 (₹ in Crores)
<b>SCHEDULE 8 : SUNDRY DEBTORS</b>		
(Unsecured)		
(a) Debts due for more than six months		
Considered Good	5.21	4.05
Considered Doubtful	0.48	0.48
	<u>5.69</u>	<u>4.53</u>
Less : Provision for Doubtful Debts	0.48	0.48
	<u>5.21</u>	<u>4.05</u>
(b) Other Debts : Considered Good	180.03	119.52
	<u>185.24</u>	<u>123.57</u>
<b>SCHEDULE 9 : CASH &amp; BANK BALANCES</b>		
Cash in Hand	5.54	4.44
Balance with Scheduled Banks :		
- in Current Accounts (including in transit)	70.47	80.02
- in Fixed Deposit Accounts (Including Margin Money Deposit of ₹ 9.07 Crores, 2010 ₹ 5.89 Crores)	9.39	15.74
- in Unpaid Dividend Accounts	0.37	0.34
	<u>85.77</u>	<u>100.54</u>
<b>SCHEDULE 10: LOANS &amp; ADVANCES</b>		
(Unsecured & Considered good)		
Inter Corporate Deposits	13.94	19.57
Advances Recoverable in cash or in kind for value to be received #	177.57	223.09
Deposits #	283.35	175.20
Payments/Deductions of Income Tax ( Net of Provisions)	2.70	3.82
	<u>477.56</u>	<u>421.68</u>
<b>SCHEDULE 11: LIABILITIES</b>		
Acceptances	356.85	294.05
Sundry Creditors*	650.29	446.49
Advances from Customers*	33.60	33.61
Other Liabilities @	92.99	59.52
Interest accrued but not due	32.38	29.41
Unpaid Dividend	0.37	0.34
	<u>1,166.48</u>	<u>863.42</u>
<b>SCHEDULE 12: PROVISIONS</b>		
Proposed Dividend	20.27	17.13
Dividend Tax	3.29	2.91
Gratuity & Leave Encashment	6.36	4.18
	<u>29.92</u>	<u>24.22</u>

# Includes ₹ 24.53 Crores (previous year ₹ 0.15 Crores) Receivable from subsidiaries

\* Includes ₹ 106.61 Crores (previous year ₹ 36.63 Crores) Payable to subsidiaries

@ Includes ₹ NIL (previous year ₹ 0.62 Crores) Payable to subsidiaries

## SCHEDULES TO PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED JUNE 30, 2011

	2010-11 (₹ in Crores)	2009-2010 (₹ in Crores)
<b>SCHEDULE 13: SALES &amp; OPERATING INCOME</b>		
Sales	4171.88	6088.36
Less: VAT	227.98	382.29
Less: Excise Duty	0.16	-
	<u>3943.74</u>	<u>5706.07</u>
Other Operating Income	153.69	228.30
	<u>4097.43</u>	<u>5934.37</u>
<b>SCHEDULE 14: OTHER INCOME</b>		
Dividend from Investments	5.28	1.81
Profit on Sale of Investments	-	75.10
Miscellaneous Income	11.77	7.72
	<u>17.05</u>	<u>84.63</u>
<b>SCHEDULE 15: COST OF GOODS CONSUMED &amp; SOLD</b>		
Opening Stock		
Raw materials	4.59	12.31
Semi finished goods	5.33	4.81
Finished goods	1239.63	2024.03
	<u>1249.55</u>	<u>2041.15</u>
Add : Purchase		
Raw materials	25.34	27.76
Finished goods	3118.29	3243.17
	<u>3143.63</u>	<u>3270.93</u>
Less : Closing Stock		
Raw materials	4.45	4.59
Semi finished goods	3.26	5.33
Finished goods	1735.85	1239.63
	<u>1743.56</u>	<u>1249.55</u>
	<u>2649.62</u>	<u>4062.53</u>
<b>SCHEDULE 16: PERSONNEL COST</b>		
Salaries, Wages & Bonus	202.75	253.83
Contribution to Provident & Other Funds	9.68	12.76
Welfare Expenses	5.69	10.66
Gratuity and Leave Encashment	3.73	2.33
	<u>221.85</u>	<u>279.58</u>



## SCHEDULES TO PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED JUNE 30, 2011

### SCHEDULE 17 : OPERATING & OTHER EXPENSES

	2010-11 (₹ in Crores)	2009-2010 (₹ in Crores)
Labour Charges	13.45	14.82
Packing Material	20.07	26.74
Stores & Spares	0.14	0.24
Branding Material	1.39	1.39
Power & Fuel	71.44	83.20
Repairs & Maintenance		
Building	0.17	0.29
Plant & Machinery	0.36	1.12
Others	16.31	14.47
	16.84	15.88
Rent including lease Rentals	400.24	477.07
Mall Maintenance Charges	37.46	77.54
Rates & Taxes	6.39	7.24
Donation	0.09	0.25
Insurance	5.03	4.46
Auditors' Remuneration	0.45	0.31
Commission	10.98	11.32
Advertisement & Marketing	102.48	149.52
Directors Sitting Fees	0.10	0.16
Directors Commission	0.70	0.60
Loss on Sale of Investment (Net)	2.50	-
Loss on Sale/Discarded of Fixed Assets (Net)	2.91	8.38
Bad Debts Written Off	1.04	-
Other Expenses	98.53	121.08
	<u>792.23</u>	<u>1000.20</u>

### SCHEDULE 18 : FINANCE CHARGES

Interest : On Debentures and Fixed Loans	82.84	149.24
Others	72.42	101.69
Discounting and Other Charges	32.57	48.86
Exchange Fluctuation Loss	5.64	1.25
	<u>193.47</u>	<u>301.04</u>
Less : Interest Income *		
on fixed deposits	0.22	0.07
others	4.13	12.73
	<u>4.35</u>	<u>12.80</u>
	<u>189.12</u>	<u>288.24</u>

\* Tax deducted at Source

0.45 1.32

## SCHEDULE 19 :SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 30TH JUNE 2011

### A. SIGNIFICANT ACCOUNTING POLICIES

#### 1. Basis of Accounting

The financial statements are prepared under historical cost convention on accrual basis and in accordance with applicable accounting standards notified by the Government of India/issued by the Institute of Chartered Accountants of India and the provisions of the Companies Act, 1956.

#### 2. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates. Any revision to accounting estimates is recognised prospectively in current and future periods. Difference between the actual results and estimates is recognised in the period in which the results are known/materialized.

#### 3. Fixed Assets and Depreciation

Fixed assets are stated at cost, less accumulated depreciation. Cost comprises the purchase price and all attributable cost of bringing the asset to its working condition for its intended use. Financing and other cost relating to acquisition of fixed assets are also included to the extent they relate to the period till such time as the assets are ready for commercial operation. Depreciation is provided on Straight Line Method as per the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956 except Leasehold improvements which are amortised over the lease period and employee perquisite- related assets which are depreciated over three years. Intangible Assets are amortised over their useful life not exceeding ten years.

#### 4. Investments

Current investments are carried at lower of cost and fair value. Long-term investments are stated at cost. Provision for diminution is being made if necessary to recognise a decline, other than temporary in the value thereof.

#### 5. Inventories

Inventories are valued as follows :

- a) Stores, Spare parts, Packing material and Branding Material : At Cost
- b) Raw material & Sticking material : At Cost
- c) Finished goods and Work in Progress : At the lower of cost or net realisable value

Cost of inventories comprises all costs of purchase and other costs incurred in bringing the inventories to their present condition and location. Cost is computed on weighted average basis.

#### 6. Transaction in Foreign Currency

Foreign currency transactions are recorded at the exchange rates prevailing at the date of the transaction. Monetary foreign currency assets and liabilities are translated into Indian rupees at the exchange rate prevailing at the balance sheet date. All exchange differences are dealt with in profit and loss account.

#### 7. Revenue Recognition

Revenue is recognised when it is earned and no significant uncertainty exists as to its realization or collection. Sale of Goods is accounted on delivery to customers. Sales is net of returns, discounts and Value Added Tax. Export sales is accounted as revenue on the basis of Bill of Lading. Interest income is recognized on accrual basis. Dividend income is accounted for when the right to receive is established.

## 8. Retirement and other employee benefits

Short Term Employee Benefits:

Short Term employee benefits are recognised as an expense at the undiscounted amount in the profit and loss account of the year in which the related service is rendered.

Post Employment Benefits:

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

## 9. Provision for current and deferred tax

- a. Provision for current tax is made on the basis of estimated taxable income for the current accounting period in accordance with the provisions of Income tax Act, 1961. Deferred tax resulting from "timing differences" 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.
- b. Tax Expenses comprise of current tax and deferred tax. The provision for current income tax is the aggregate of the balance provision for 9 months ended March 31, 2011 and the estimated provision based on the taxable profit of remaining 3 months upto June 30, 2011, the actual tax liability, for which, will be determined on the basis of the results for the period April 1, 2011 to March 31, 2012.

## 10. 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.

## 11. Impairment of Assets

An asset is treated as impaired when the carrying cost of the asset exceeds its recoverable value. An impairment loss is charged to Profit and Loss Account in the year in which the asset is impaired and the impairment loss recognised in prior accounting periods is reversed if there has been a change in the estimate of recoverable amount. For the purpose of assessing impairment, assets are grouped at the lowest level of cash generating units.

## 12. Leases

Leases where significant portion of risk and reward of ownership are retained by the lessor are classified as operating leases and lease rental thereon are charged to Profit and Loss account. As per the terms of the agreement which is representative of the time pattern of the users benefit.

## B. NOTES ON ACCOUNTS

1. The previous year's figures have been reworked, regrouped, rearranged and reclassified wherever necessary. Amounts and other disclosures for the preceeding year included as an integral part of the current year financial statements and are to be read in relation to the amounts and other disclosures relating to the current year. Current year figures are not comparable with the previous year on account of business restructuring in the last year.
2. 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 Crores)

Particulars	Gratuity (Funded)	Gratuity (Unfunded)	Leave encashment (Unfunded)
Present Value of the Obligation as on July 1, 2010	2.23 (2.05)	1.58 (3.50)	2.60 (3.42)
Interest Cost	- (-)	0.31 (0.48)	0.21 (0.31)
Current Service Cost	- (-)	2.15 (4.18)	1.45 (2.70)
Benefits Paid	- (-)	0.61 (0.41)	0.94 (1.46)
Actuarial (gain)/ loss on obligations	- (-)	(0.68) (3.88)	0.29 (1.46)
Present Value of the Obligation as on June 30, 2011	2.43 (2.23)	2.75 (1.58)	3.61 (2.60)

#### B. Amount recognised in the Balance Sheet

(₹ in Crores)

Particulars	Gratuity (Funded)	Gratuity (Unfunded)	Leave encashment (Unfunded)
Present Value of the Obligation as on June 30, 2011	2.43 (2.23)	2.75 (1.58)	3.61 (2.60)
Fair value of plan assets	2.43 (2.23)	- (-)	- (-)
Un-funded Liability	- (-)	2.75 (1.58)	3.61 (2.60)
Unrecognized actuarial gains/ losses	- (-)	- (-)	- (-)
Un-funded liability recognized in Balance Sheet	- (-)	2.75 (1.58)	3.61 (2.60)

#### C. Amount recognised in the Profit and Loss Account

(₹ In Crores)

Particulars	Gratuity (Funded)	Gratuity (Unfunded)	Leave encashment (Unfunded)
Interest Cost	- (-)	0.31 (0.48)	0.21 (0.31)
Current Service Cost	- (-)	2.15 (4.18)	1.45 (2.70)
Expected Return on Plan Assets	0.20 (0.18)	- (-)	- (-)
Actuarial (gain)/ loss on obligations	0.20 (0.18)	(0.68) (3.88)	0.29 (1.46)
Total expense recognised in the Profit and Loss Account	- (-)	1.78 (0.78)	1.95 (1.55)

**D. Reconciliation of Balance Sheet**

(₹ In Crores)

Particulars	Gratuity (Funded)	Gratuity (Unfunded)	Leave encashment (Unfunded)
	2.23	1.58	2.60
Present Value of the Obligation as on July 1, 2010	(2.05)	(3.50)	(3.42)
	-	1.78	1.95
Total expense recognised in the Profit and Loss Account	(-)	(0.78)	(1.55)
	-	0.61	0.94
Benefit paid during the year	(-)	(0.41)	(1.46)
	2.43	2.75	3.61
Present Value of the Obligation as on June 30, 2011	(2.23)	(1.58)	(2.60)

**E. The Assumptions used to determine the benefit obligations are as follows :**

Particulars	Gratuity	Leave Encashment
Discount Rate	8.00%	8.00%
Expected Rate of increase in compensation levels	5.00%	5.00%
Expected Rate of return on plan Assets	9.27%	N.A.

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 employment market. The above Information is certified by the actuary.

3. Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) ₹ 48.60 Crores (2010: ₹29.68 Crores).

**4. Contingent Liabilities not provided for :**

(₹ In Crore)

Particulars	2010-11	2009-10
A. Claims against the Company not acknowledged as debts		
i) Value Added Tax	-	0.29
ii) Others	26.78	4.79
B. Corporate Guarantees given to banks and Financial Institutions on behalf of Group Companies	859.07	3519.47
C. Guarantees given by banks on behalf of the company and Group Companies	20.74	22.50

**5. Secured Loans: Amount Outstanding (₹ In crore)****A. Non Convertible Debenture**

Secured by pari passu first charge on fixed assets 700.00  
(excluding specific fixed assets charged in favour of exclusive charge lender)

Debentures referred as above are redeemable at par, in one or more installments. The Debentures are redeemable as follows: ₹ 375.00 Crores in financial year 2014-15, ₹ 225.00 Crores in financial year 2015-16 and ₹ 100.00 Crores in financial year 2016-17.

**B. Term Loans****Foreign Currency Loans**

Secured by pari passu first charge on the fixed assets (excluding specific fixed assets Charged in favour of exclusive charge lender), credit / debit card receivables of all the stores and pari passu second charge on current assets. 19.38

Secured by pari passu first charge on the fixed assets (excluding specific fixed assets charged in favour of exclusive charge lender),	15.63
Secured by pari Passu third charge on current assets and fixed assets	49.29
	<u>84.30</u>

### Rupee Loans

Secured by pari passu first charge on the fixed assets (excluding specific fixed assets charged in favour of exclusive charge lender), credit / debit card receivables of all the stores and pari passu second charge on current assets.	144.89
Secured by pari passu first charge on the fixed assets (excluding specific fixed assets charged in favour of exclusive charge lender) and pari passu second charge on current assets.	244.25
Secured by pari passu first charge on fixed assets (excluding specific fixed assets charged in favour of exclusive charge lender)	12.06
Secured by pari passu third charge on current assets and fixed assets	29.44
Secured by Residual Charge on current assets and fixed assets	74.95
	<u>505.59</u>

### C. Working Capital Loans

Secured by pari passu first charge on the current assets of the company excluding credit / debit card receivables and pari passu second charge on fixed assets and credit / debit card receivables	383.54
--	--------

### D. Hire Purchases

Secured by hypothecation of Specific fixed assets.	2.46
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6. Of the unsecured loans, amount repayable within one year is ₹ 152.23 Crores (2010: ₹ 150.19) and of the Secured Loans amount repayable within one year is ₹ 97.14 Crores (2010: ₹ 130.97 Crores).
7. Auditors Remuneration:

Particulars	2010-11 ₹ In Crores	2009-10 ₹ In Crores
Audit Fees	0.40	0.28
Tax Audit	0.03	0.03
Other Services	0.02	-
TOTAL	0.45	0.31

8. Future interest liabilities in respect of assets of the value of ₹4.46 Crores (2010 : ₹ 3.16 Crores) acquired on hire purchase basis is ₹ 0.12 Crores (2010: ₹ 0.24 Crores).
9. Interest allocated against fixed assets amounts to ₹ 24.13 Crores (2010: ₹ 18.84 Crores).
10. 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 is ₹ 1089.21 Crores (2010: ₹1069.63 Crores). The Lease Rent payable not later than one year is ₹ 382.64 Crores (2010 : ₹325.93 Crore), payable later than one year but not later than five year is ₹ 617.59 Crores (2010 : ₹634.29 Crores) and payable later than five years is ₹ 88.98 Crores (2010 : ₹109.41Crores)
11. a) During the year company has issued and allotted 50,00,000 fully paid up Equity Shares of the face value of ₹ 2/- each at a premium of ₹ 181/- on conversion of warrants.



- b) Pursuant to the demerger of business undertaking of Home Solutions Retail (India) Limited (HSRIL Scheme) into the Company in the previous year, the Company has issued and allotted following shares:
- 59,28,818 Equity shares of face value ₹2/- each fully paid up aggregating to ₹ 1.19 Crores to the equity shareholders of HSRIL other than the Company; and
  - 63,47,635 0.01% Compulsorily Convertible Preference Shares (CCPS) of face value of ₹100/- each fully paid up aggregating to ₹63.48 Crores to the equity shareholders of HSRIL other than the Company. Each CCPS is Convertible into 1 Equity Shares of ₹2/- each fully paid up at premium of ₹98/- on July, 31 2011.
12. (A) Particulars of Remuneration and other benefits provided to Directors for the year ended June 30, 2011 and 2010 are set out below :

(₹ in Crores)

Particulars	Year	Salary and Perquisites	Sitting Fees	Commission
Managing Director and other Wholetime Directors	2011	9.53	-	2.88
	2010	6.36	-	2.55
Non-Wholetime Directors	2011	-	0.10	0.70
	2010	-	0.16	0.60

Note: As the future liability towards gratuity and Leave encashment is provided on an actuarial basis for the company as a whole, amount pertaining to the Directors is not ascertainable and therefore not included in above.

- (B) Computation of net profit in accordance with Section 349 of the Companies Act, 1956 and calculation of commission payable to non-wholetime directors.

	Year Ended 30/06/2011	
	Amount	Amount
	(₹ In Crores)	(₹ In Crores)
<b>Profit before tax</b>		115.29
Add : Director Sitting Fees	0.10	
Commission paid to Non-Executive Directors	0.70	
Loss on sale/retirement of fixed assets	2.91	
Depreciation as per accounts	146.37	
Managerial Remuneration	12.41	162.49
Less :Depreciation as per Section 350 of the Companies Act,1956		146.37
Profit under section 349/350 for computing Managerial Remuneration		131.41
Maximum approved by the Shareholders (1%)		1.31
Commission approved by the Board		0.70

13. The Company has not received any intimation from “suppliers” regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures, if any, relating to amounts unpaid as at the year end together with interest paid / payable as required under the said Act have not been given.

#### 14. Tax Expenses

The Tax Expenses for the year comprises of :

(₹ In Crores)

Particulars	2010-11	2009-10
Income Tax		
Current tax	21.92	36.00
Deferred tax	14.62	1.25
TOTAL	36.54	37.25

#### 15. Related Party Disclosure

Disclosure as required by the accounting Standard 18 “Related Party Disclosure” are given below:

##### a) List of Related Parties

###### Subsidiaries

1. Futurebazaar India Limited.
2. Future Knowledge Services Limited
3. Future Media (India) Limited
4. Future Mobile and Accessories Limited (till 29.06.2011)
5. Future Agrovet Limited
6. Future Supply Chain Solutions Limited.
7. FSC Brand Distribution Services Limited (Formerly Known as FLSL Distribution Services Limited)
8. Future Value Retail Limited
9. Future Learning and Development Limited
10. Home Solutions Retail (India) Limited
11. Future Freshfoods Limited (w.e.f. 03.12.2010)
12. Winner Sports Limited
13. Future E-Commerce Infrastructure Limited
14. Splendor Fitness Private Limited (Formerly Known as Talwalkars Pantaloon Fitness Private Limited) (w.e.f. 30.03.2011)
15. Future Capital Holdings Limited
16. Future Capital Financial Services Limited.(till 29.06.2011)
17. Future Finance Limited
18. Kshitij Investment Advisory Company Limited
19. Myra Mall Management Company Limited
20. FCH Securities & Advisors Limited (Formerly Known as Ambit Investment Advisory Company Limited)
21. Future Capital Commodities Limited (formerly known as Axon Development Solutions Limited)
22. Kshitij Property Solutions Private Limited
23. Future Hospitality Management Limited
24. Future Capital Investment Advisors Limited (formerly known as Indivision Investment Advisors Limited)

25. Future Capital Home Finance Private Limited
26. Anchor Investment & Trading Private Limited
27. CIG Infrastructure Private Limited (till 02.08.2010)
28. Clarks Future Footwear Limited (till 26.12.2010)
29. nuzone Ecommerce Infrastructure Limited (w.e.f. 13.05.2011)
30. nuZone Electronics Limited (w.e.f. 13.05.2011)
31. Future Capital Securities Limited (formerly Known as FCH Centrum Wealth Managers Limited) (w.e.f. 29 March 2011)

#### **Associate Companies/Firms**

1. Galaxy Entertainment Corporation Limited
2. Future Corporate Resources Limited
3. Manz Retail Private Limited
4. Future Ideas Company Limited
5. Bansi Mall Management Company Private Limited
6. Ojas Mall Management Private Limited
7. Aashirwad Malls Private Limited
8. KB Mall Management Company Limited
9. Nishta Mall Management Company Private Limited
10. Iskrupa Mall Management Company Private Limited
11. Niyman Mall Management Company Private Limited
12. Future Human Development Limited
13. Asian Retail Lighting Limited
14. Fashion Global Retail Limited
15. Utsav Mall Management Company Private Limited
16. Dhanshree Fashions Private Limited
17. nuFuture Digital (India) Limited (formerly known as Erudite Knowledge Services Limited)

#### **Key Management Personnel**

1. Mr. Kishore Biyani – Managing Director
2. Mr. Rakesh Biyani – Whole time Director
3. Mr. Vijay Biyani – Whole time Director
4. Mr. Kailash Bhatia- Whole time Director

#### **Relatives of Key Management Personnel**

- 1 Mr. Anil Biyani
- 2 Mrs. Godavari Devi Biyani
- 3 Mrs. Sangita Biyani
- 4 Mrs. Ashni Biyani
- 5 Mrs. Santosh Biyani

b) Transaction with Related Parties

(₹ in Crores)

Nature of transactions	Associate Companies/Joint Ventures	Subsidiaries	Key Management Personnel & Relatives
Sales and Other Recoveries	16.41 (103.29)	145.29 (331.30)	1.63 (-)
Sale of Fixed Assets	- (1.66)	2.90 (1.24)	
Purchases / Other Services	267.15 (136.44)	289.77 (558.75)	0.17 (0.24)
Purchase of Fixed Assets including Capital work in progress	56.28 (8.62)	3.08 (39.05)	
Managerial Remuneration & Commission			12.41 (8.91)
Inter Corporate Deposit Given	- (-)	6.25 (5.00)	
Inter Corporate Deposit Taken	50.00 -	4.30 -	
Advances Given	4.72 (2.04)	36.59 (3.11)	
Advance Taken	0.10 (0.02)	0.60 (15.12)	
Loans & Deposit Given	13.32 (3.00)	- (-)	
Loans & Deposit Taken	- (-)	0.00 (0.51)	
Investment	243.91 (133.48)	17.70 (990.00)	
Share Application Money	- (120.18)	- (7.00)	
Outstanding balances as on 30/06/11 Receivable	61.91 (109.95)	26.43 (51.38)	
Payable	70.04 (35.31)	106.61 (37.25)	

c) Disclosure in respect of material Related Party Transactions during the year :

- (i) Sales and Operating Income includes Future Media (India) Limited ₹16.94 Crores (2010: ₹10.23 Crores), Future Supply Chain Solutions Limited ₹15.41 Crores (2010: ₹ 0.22 Crores), Splendor Fitness Private Limited ₹ 0.73 Crores (2010: ₹ 2.02 Crores), Staple Future Office Products Private Limited ₹ 0.97 Crores (2010: ₹ 2.02 Crores), Future Value Retail Limited ₹ 107.25 Crores (2010: ₹ 271.84 Crores)

- (ii) Purchases / other services includes Future Supply Chain Solutions Limited ₹ 93.11 Crores (2010: ₹ 89.46 Crores), Future Value Retail Limited ₹ 135 Crores (2010: ₹ 6.34 Crores), Future Mobile and Accessories Limited ₹ 26.89 (2010: ₹ 89.71 Crores), Future Capital Holdings Limited ₹ 2.46 Crores (2010: ₹ 7.09 Crores), Bansi Mall Management company Private Limited ₹ 17.24 Crores (2010: ₹ 18.32 Crores), Future Corporate Resources Limited ₹ 61.62 Crores (2010: ₹ 48.16 Crores), Future Media (India) Limited ₹ 0.73 Crores (2010: ₹ 6.30 Crores), Mr. Anil Biyani ₹ 0.02 Crores (2010: ₹ 0.04 Crores), Mrs. Godavari Devi Biyani ₹ 0.04 Crores (2010: ₹ 0.06 Crores), Mrs. Sangeeta Biyani ₹ 0.04 Crores (2010: ₹ 0.06 Crores), Mrs. Santosh Biyani ₹ 0.04 Crores (2010: ₹ 0.06 Crores)
- (iii) Sale of Fixed Assets includes Future Value Retail Limited ₹ 2.29 Crores (2010: ₹ 0.59 Crores),
- (iv) Purchase of Fixed Assets including Capital work in progress includes Future Value Retail Limited ₹ 3.06 Crores (2010: ₹ 0.58 Crores), Staples Future Office Products Private. Ltd ₹ 3.95 Crores (2010: ₹ 0.27 Crores), Asian Retail Lighting Limited ₹ 15.84 Crores (2010: Nil), nuFuture Digital (India) Limited ₹ 31.95 Crores (2010: Nil), Future Human Development Limited ₹ 2.50 Crores (2010: Nil),
- (v) Deposit given includes Future Corporate Resources Limited ₹ 4.76 Crores (2010: Nil) Ojas Mall Management Private Ltd ₹ 8.41 Crores (2010: Nil), Future Ideas Company Limited ₹ 0.15 Crores (2010: Nil).
- (vi) Advance Given includes Future Corporate Resources Limited ₹ 0.31 Crores (2010: Nil), Future E-Commerce Infrastructure Limited ₹ 15.19 Crores (2010 : Nil), Future Supply Chain Solutions Limited ₹ 16.35 Crores (2010: Nil), Ojas Mall Management Private Ltd ₹ 3.73 Crores (2010: Nil), Future Learning & Development Limited ₹ 2.55 Crores (2010: Nil).

#### Joint Venture Information:

Joint Venture, as required by (AS-27) "Financial Reporting of interest in Joint Venture" is given below:

Detail of Joint Venture Interest

S. No.	Name of the Company	Description of Interest	Country of Incorporation	Percentage of Interest as on 30.06.2011	Percentage of Interest as on 30.06.2010
1	Apollo Design Apparel Parks Limited	Equity	India	39.00%	39.00%
2	Future Generali India Insurance Company Limited	Equity	India	25.50%	25.50%
3	Future Generali India Life Insurance Company Limited	Equity	India	25.50%	25.50%
4	Goldmohur Design and Apparel Park Limited	Equity	India	39.00%	39.00%
5	Sprint Advisory services Private Limited (formerly known as Sain Advisory Services Private Limited)	Equity	India	49.80%	49.80%
6	Shendra Advisory Services Private Limited.	Equity	India	49.80%	49.80%
7	Staples Future Office Products Private Limited	Equity	India	39.49%	39.59%
8	Integrated Food Park Private Limited	Equity	India	26.00%	-

## Company's Interest in the Joint Venture

S. No.	Name of the Company	As on	Assets (₹ In Crores)	Liabilities (₹ In Crores)	For the Year ended	Income (₹ In Crores)	Expenditure (₹ In Crores)
1	Apollo Design Apparel Parks Limited	31.03.2011	34.50	1.71	31.03.2011	91.64	88.46
2	Future Generali India Insurance Company Limited	31.03.2011	212.11	157.63	31.03.2011	97.54	120.37
3	Future Generali India Life Insurance Company Limited	31.03.2011	323.45	289.04	31.03.2011	188.92	270.55
4	Goldmohur Design and Apparel Park Limited	31.03.2011	34.54	2.58	31.03.2011	92.98	89.26
5	Sprint Advisory services Private Limited. (formerly known as Sain Advisory Services Private Limited)	31.03.2011	269.01	0.03	31.03.2011	0.01	0.09
6	Shendra Advisory Services Private Limited.	31.03.2011	121.65	0.01	31.03.2011	0.00	0.30
7	Staples Future Office Products Private Limited	31.03.2011	37.21	29.69	31.03.2011	69.22	78.87
8	Integrated Food Park Private Limited	31.03.2011	3.53	2.86	31.03.2011	-	-

16. The company has acquired and sold the following investments during the year. Previous Year figures are given in bracket:

Particulars	No. of Shares	
	Purchase	Sold
Clark Future Footwear Limited	1,00,00,000 (-)	1,00,00,000 (-)
Future Consumer Enterprises Limited	- (8,50,000)	- (8,50,000)

## 17. Earning Per Share

The calculation of Earning 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 diluted EPS is as under:

Particulars	UNITS	2010-11	2009-10
Profit after tax	₹ In Crores	76.67	179.56
The Weighted average number of Ordinary Shares for Basic EPS	No.in Crores	20.02	19.61
The Weighted average number of Class B (Series 1) Shares for Basic EPS	No.in Crores	1.59	1.59
The Weighted average number of Ordinary Shares for Diluted EPS	No.in Crores	20.65	20.24
The Weighted average number of Class B (Series 1) Shares for Diluted EPS	No.in Crores	1.59	1.59
The Nominal Value per Share (Ordinary and Class B (Series 1) Shares)	₹	2.00	2.00



Particulars	UNITS	2010-11	2009-10
Share of Profit for Ordinary Shares for Basic EPS	₹ In Crores	70.87	165.95
Share of Profit for Class B (Series 1) Shares for Basic EPS	₹ In Crores	5.79	13.61
Share of Profit for Ordinary Shares for Diluted EPS	₹ In Crores	71.04	166.35
Share of Profit for Class B (Series 1) Shares for Diluted EPS	₹ In Crores	5.63	13.21
Earning per Ordinary share (Basic)	₹	3.54	8.46
Earning per Class B (Series 1) Share (Basic)	₹	3.64	8.56
Earning per Ordinary share (Diluted)	₹	3.44	8.21
Earning per Class B (Series 1) Share (Diluted)	₹	3.54	8.31

#### 18. Deferred Tax Liability

As per Accounting Standard (AS-22) on Accounting for Taxes on Income issued by the Institute of Chartered Accountants of India (ICAI), the deferred tax liability (DTL) comprises of the following :

(₹ In Crores)

Particulars	2010-11	2009-10
Deferred Tax Liability		
Related to Fixed Assets	106.08	102.30
Deferred Tax Asset		
Provisions / Unabsorbed Depreciation / Business Loss	19.03	29.87
Deferred Tax Liability	87.05	72.43

#### 19. Sundry Debtors

Sundry Debtors includes amount due from the following companies under the same management Home Solution Retail India Limited ₹ 1.90 Crores (2010: Nil), Future Human Development Limited ₹ 4.08 Crores (2010: Nil), Future Value Retail Limited ₹ Nil (2010: ₹38.20 Crores).

20. Additional information in pursuance of the provisions of the paragraph 3, 4C, 4D, Part II of Schedule VI of the Companies Act, 1956, are as certified by the Management of the Company.

Licensed / Installed Annual Capacities And Production :

	Licensed Capacity		Installed Capacity		Actual Production	
	As at 30-06-2011	As at 30-06-2010	As at 30-06-2011	As at 30-06-2010	As at 30-06-2011	As at 30-06-2010
			Stitching Machines (Nos.)		Nos. In Crores (Pcs)	
Apparels	N.A.	N.A.	418	416	0.13*	0.16*

\* includes job work done by third parties.

The Company is not required to obtain License under Industries (Development and Regulation) Act, and therefore licensed capacity is not applicable.

## 21. Sales, Purchases, Opening And Closing Stock (Qty. & Value in Crores)

Particulars	Sales*		Purchases		Opening Stock		Closing Stock	
	Qty* (In Pcs)	Amount	Qty (In Pcs)	Amount	Qty (In Pcs)	Amount	Qty (In Pcs)	Amount
Apparels/Household Items etc.	4.79	3924.08	5.40	3112.35	2.25	1224.58	2.99	1727.08
	(11.02)	(4480.63)	(7.01)	(2600.65)	(6.10)	(1659.33)	(2.25)	(1224.58)
Others		18.53		5.94		15.05		8.77
		(1217.98)		(642.52)		(364.70)		(15.05)
Total	4.79	3942.61	5.40	3118.29	2.25	1239.63	2.99	1735.85
	(11.02)	(5698.61)	(7.01)	(3243.17)	(6.10)	(2024.03)	(2.25)	(1239.63)

\* Sales is inclusive of samples, free gifts, shortages.

The Company having dealt in a large number of products, the quantitative information has been furnished only in respect of major items namely Apparels and Household Items. Other items are grouped together, as quantitative information in respect of each product is not practical to ascertain in view of nature of retailing operation of the Company.

### Raw Material : (Qty. & Value in Crores)

Particulars	Sales		Purchases		Opening Stock		Closing Stock	
	Qty* (In Mts.)	Amount (₹)	Qty* (In Mts.)	Amount (₹)	Qty* (In Mts.)	Amount (₹)	Qty* (In Mts.)	Amount (₹)
Fabric & Stitching Material	0.01	1.13	0.15	25.34	0.03	4.59	0.02	4.45
	(0.09)	(7.46)	(0.21)	(27.76)	(0.10)	(12.31)	(0.03)	(4.59)

\* Quantity is given only for fabric.

### Raw Material Consumption: (Qty. & Value in Crores)

2010-11				2009-10		
	Qty(In Mts)	Value	Percentage	Qty (In Mts)	Value	Percentage
Raw Material Imported	0.01	1.61	6.61	0.02	2.71	9.67
Indigenous	0.14	22.74	93.39	0.17	25.31	90.33
Total	0.15	24.35	100.00	0.19	28.02	100.00

Note: Value of consumption has not been adjusted in respect of Profit /Loss (if any) made on sale of Raw Materials.

### Stores & Spares Consumption (Value in Crores)

2010-11			2009-10	
	Value	% of Consumption	Value	% of Consumption
Stores and Spares Indigenous	0.14	100.00	0.24	100.00

**22. Value of Imports (CIF Basis)**

(₹ in Crores)

Particulars	2010-11	2009-10
Raw Material	0.75	1.65
Finished goods	55.63	126.47
Capital Goods	20.36	13.79
Accessories & Others	1.54	0.99

**23. Expenditure in foreign currency**

(₹ in Crores)

Particulars	2010-11	2009-10
Traveling Expenses	1.04	1.41
Consulting Fees	1.79	0.55
Royalty	5.76	-
Interest	9.77	16.98
Bank Charges	0.01	-

**24. Foreign Currency Earnings**

(₹ in Crores)

Particulars	2010-11	2009-10
Earning in foreign currency*	46.62	60.74

\*Earning in foreign currency includes ₹ 33.20 Crores (2010 ₹ 40.19 Crores) being indirect foreign exchange earnings during the year through credit cards, as certified by the bankers.

25. The Company continues to retain 11,400 shares of rights issue under abeyance.
26. The Company regards the business retail as a single reportable segment. Accordingly, Segment information is not being disclosed pursuant to the provision of Accounting Standard 17 on "Segment Reporting" issued by the Institute of Chartered Accountants of India.
27. The Book value of certain unquoted long term investments is lower than cost, considering the strategic and long term nature of the investments, in the opinion of the management such decline is temporary in nature and accordingly no provision is necessary for the same.
28. One of the group companies, Home Solution Retail (India) Limited, based on legal advice, has challenged the levy of service tax on renting of commercial properties retrospectively from June 1, 2007 by the Finance Act, 2010 before various High Courts. Interim stay from recovery of said service tax has been granted by the High Courts and the matter is pending. Accordingly, the Company has not made provision of ₹ 73.08 Crores (2010 ₹29.09 Crores) which will be appropriately recognized on final determination.
29. During the year Company has paid ₹ 6.78 Crores and ₹ 7.42 Crores as security premium on the shares of Apollo Design Apparels Parks and Limited and Goldmohur Design and Apparels Park Limited respectively as provided in Clause 1.6(ii) of the shares Subscription and Shareholders Agreement dated November 06,2007 and added to the cost of investments. Shares of these Companies were already allotted in earlier years.

30. Pursuant to the scheme of Arrangement approved by the Hon'ble High Court of judicature at Mumbai on April 1,2011, The Company had transferred the Format and product Brands pertaining to Value Retail Business to Future Value Retail Limited with effect from January 01,2010("Appointed Date").The company has filed the certified copy of the court order approving the said Scheme with Registrar of Companies (ROC),Mumbai on June 4,2011 as required under applicable provision of the companies Act ,1956.

**As per our Report of even date attached**

**For and on behalf of Board of Directors**

**For NGS & CO.**

Chartered Accountants

**Navin T. Gupta**

Partner

Membership No.:40334

**Shailesh Haribhakti**

Chairman

**Kishore Biyani**

Managing Director

**Vijay Biyani**

Wholetime Director

**Rakesh Biyani**

Wholetime Director

**Gopikishan Biyani**

Director

**Anil Harish**

Director

Place : Mumbai

Date : 25th August, 2011

**Dr. Darlie O. Koshi**

Director

**C. P. Toshniwal**

Chief Financial Officer

**Deepak Tanna**

Company Secretary

## Balance Sheet Abstract and Company's General Business Profile:

Information Pursuant to Part IV of Schedule VI to the Companies Act, 1956

<b>I.</b>	<b>Registration Details :</b>			
	Registration No.	44954/1987	State Code	11
	Balance Sheet date	30/06/2011		
<b>II.</b>	<b>Capital raised during the year (Amount Rs. in Thousand)</b>			
	Public Issue	NIL	Bonus Issue	NIL
	Rights Issue	NIL	Private Placement	10000
	Others	11900		
<b>III.</b>	<b>Position of Mobilisation and Deployment of Funds (Amount ₹ in Thousands)</b>			
	<b>Total liabilities</b>	51382997	<b>Total assets</b>	51382997
	<b>Sources of funds :</b>			
	Paid up Capital	434143	Reserves & Surplus	26712284
	Equity Warrants	1000000	Preference Share Capital	634764
	Deferred Tax	870525	Unsecured Loans	4972265
	Secured Loans	16758916		
	<b>Application of Funds :</b>			
	Net Fixed Assets	15671628	Investments	22554084
	Net Current Assets	13157284	Misc. Expenditure	NIL
	Accumulated Losses	NIL		
<b>IV.</b>	<b>Performance of Company (Amount in ₹ in Thousands)</b>			
	Turnover *	41144807	Total Expenditure	39991900
	Profit before Tax	1152907	Profit after Tax	787435
	*Including Other Income			
	Earnings per Share Rs.		Dividend rate %	
	Ordinary Share :	3.54	Ordinary Share :	45
	Class B (Series 1):	3.64	Class B (Series 1):	50
<b>V.</b>	<b>Generic Names of three principal Products / Services of Company (As per Monetary Terms)</b>			
	<b>Item Code No.(ITC Code)</b>	<b>Product Description</b>		
	6207	Menswear		
	6208	Ladieswear		
	6209	Childrenwear		

For PANTALOON RETAIL (INDIA) LIMITED

**Shailesh Haribhakti**  
Chairman

**Kishore Biyani**  
Managing Director

**Vijay Biyani**  
Wholetime Director

**Rakesh Biyani**  
Wholetime Director

**Gopikishan Biyani**  
Director

**Anil Harish**  
Director

**Dr. Darlie O. Koshi**  
Director

Place : Mumbai  
Date : 25th August, 2011

**C. P. Toshniwal**  
Chief Financial Officer

**Deepak Tanna**  
Company Secretary

## Cash Flow Statement for the year ended June 30, 2011

(Pursuant to Clause 32 of the Listing Agreement)

	2010-2011 (₹ in Crores)	2009-2010 (₹ in Crores)
<b>A Cash Flow from Operating Activities</b>		
Net Profit Before Tax and Extraordinary items	115.29	213.64
Adjustments :		
Depreciation	146.37	161.88
Adjustment on account of Demerger	-	(310.29)
Interest (Net)	189.12	288.24
Dividend Income	(5.28)	(1.81)
(Profit) / Loss on sale of investments	2.50	(75.10)
(Profit) / Loss on Sale/Retirement of assets	2.91	8.38
Operating profit before working capital changes	450.91	284.94
Adjusted for:		
Trade and other receivable	(61.69)	58.08
Inventories	(491.53)	517.17
Loans & advances	(3.35)	192.58
Trade payables	305.19	116.81
Net Cash generated from operations	199.53	1,169.58
Direct taxes paid	(20.81)	(24.55)
Earlier year's Income Tax	(2.08)	3.17
Net Cash generated by Operating Activities	176.64	1,148.20
<b>B Cash Flow From Investing Activities</b>		
Acquisition Fixed Assets	(547.41)	(1,030.21)
(Increase)/Decrease in capital work - in - progress	(40.45)	285.55
Share Application Money	2.01	(108.99)
Proceeds from sale of fixed assets	53.25	1,306.56
Proceeds on Sale of investments	27.51	90.10
Purchase of investments	(284.51)	(954.89)
Due to -Subsidiary	-	(144.95)
Inter Corporate Deposits	5.62	(14.02)
Deposit given-leased premises	(59.27)	588.24
Dividend Income	5.28	1.81
Net Cash used in Investing Activities	(837.97)	19.20



## Cash Flow Statement for the year ended June 30, 2011

(Pursuant to Clause 32 of the Listing Agreement)

	2010-2011 (₹ in Crores)	2009-2010 (₹ in Crores)
<b>C Cash Flow from Financing Activities</b>		
Dividend paid (Including distribution tax)	(19.85)	(14.61)
Working Capital from Banks/Institutions	91.65	(277.66)
Proceeds from Issue of Share Capital (Net of Expenses)	68.64	590.82
Proceeds/ (repayment) of Commercial Paper	-	(185.00)
Proceeds from long term borrowing	348.21	(826.84)
Proceeds/ (repayment) of short term borrowings (Net)	202.04	(174.67)
Proceeds from debenture application money	145.00	-
Interest (Net)	(189.12)	(288.24)
Net Cash from financing activities	646.56	(1,176.20)
 Net Cash used in Cash and Cash Equivalents (A+B+C)	 (14.76)	 (8.80)
Cash & Cash Equivalents (Opening balance)	100.54	109.34
Cash & Cash Equivalents (Closing balance)	85.77	100.54
 Cash and Cash Equivalents include:		
Cash in Hand (as certified)	5.54	4.44
Balance with Scheduled Banks :		
in Current Accounts (including in transit)	70.47	80.02
in Fixed Deposit Account	9.39	15.74
in Unpaid Dividend Accounts	0.37	0.34
	85.77	100.54

Note:

- The Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Accounting Standard 3 "Cash Flow Statements" issued by the Institute of Chartered Accountants of India.

As per our Report of even date attached

For and on behalf of Board of Directors

**For NGS & CO.**

Chartered Accountants

**Navin T. Gupta**  
Partner  
Membership No.:40334

**Shailesh Haribhakti**  
Chairman

**Kishore Biyani**  
Managing Director

**Vijay Biyani**  
Wholetime Director

**Rakesh Biyani**  
Wholetime Director

**Gopikishan Biyani**  
Director

**Anil Harish**  
Director

Place : Mumbai  
Date : 25th August, 2011

**Dr. Darlie O. Koshi**  
Director

**C. P. Toshniwal**  
Chief Financial Officer

**Deepak Tanna**  
Company Secretary

**Statement Pursuant to Section 212 of the Companies Act, 1956,  
relating to Subsidiaries Companies as on June 30, 2011**

S. No.	Name of the Subsidiary Companies	Financial Period Ended	Extent of the Holding Companies Interest(%)	Net aggregate amount of the Profit/ (Loss) of the Subsidiary, so far as it concerns the members of the Holding Company (₹ in Crores)					
				Not Dealt with in the holding Company's Account				Dealt with in the holding Company's Account	
				Profit/ (Loss) After Taxation	For the Financial Year of the subsidiary	B/F Profit/ (Loss)	For the previous financial years since they became subsidiary	For the Financial Year of the subsidiary	For the previous financial years since they became subsidiary
1	FCH Securities & Advisors Limited (Formerly known as Ambit Investment Advisory Company Limited) #	March 31, 2011	53.67%	(0.31)	(0.17)	(0.41)	(0.22)	-	-
2	Future Capital Commodities Limited (Formerly Known as Axon Development solutions Limited) #	March 31, 2011	53.67%	(0.01)	(0.00)	(0.05)	(0.03)	-	-
3	Future Capital Holdings Limited	March 31, 2011	53.67%	55.26	29.66	21.09	11.32	-	-
4	Future Capital Investment advisors Limited (Formerly known as Indivision Investment Advisors Limited) #	March 31, 2011	53.67%	0.17	0.09	9.25	4.96	-	-
5	Future E-Commerce Infrastructure Limited	March 31, 2011	72.00%	(30.15)	(21.71)	(42.22)	(30.40)	-	-
6	Future Finance Limited #	March 31, 2011	53.67%	0.76	0.41	1.41	0.76	-	-
7	Future Hospitality Management Limited #	March 31, 2011	53.67%	(0.01)	(0.00)	(0.03)	(0.02)	-	-
8	Future Knowledge Services Limited.	March 31, 2011	100.00%	(2.42)	(2.42)	(8.00)	(8.00)	-	-
9	Future Learning and Development Limited	March 31, 2011	100.00%	(1.28)	(1.28)	(2.24)	(2.24)	-	-
10	Future Supply Chain Solutions Limited	March 31, 2011	70.17%	0.17	0.12	(3.92)	(2.75)	-	-
11	Future Media [India] Limited	March 31, 2011	84.24%	(2.86)	(2.41)	(23.99)	(20.21)	-	-
12	Futurebazaar India Limited	March 31, 2011	100.00%	0.05	0.05	(13.22)	(13.22)	-	-
13	Home Solutions Retail [India] Limited	March 31, 2011	66.86%	(4.31)	(2.88)	(3.52)	(2.35)	-	-
14	Kshitij Investment Advisory Company Limited #	March 31, 2011	53.67%	0.13	0.07	12.36	6.63	-	-
15	Myra Mall Management Company Limited #	March 31, 2011	53.67%	3.72	2.00	2.95	1.58	-	-
16	Future Agrovet Limited	March 31, 2011	96.16%	2.10	2.02	(6.05)	(5.82)	-	-
17	Future Value Retail Limited	June 30, 2011	100.00%	113.00	113.00	25.41	25.41	-	-
18	FSC Brand Distribution Services Limited \$	March 31, 2011	70.17%	(0.04)	(0.03)	(0.02)	(0.02)	-	-
19	Kshitij Property Solution Private Limited #	March 31, 2011	53.67%	0.31	0.17	4.52	2.42	-	-
20	Winner Sports Limited	March 31, 2011	100.00%	(0.00)	(0.00)	(2.57)	(2.57)	-	-
21	Splendor Fitness Pvt Ltd (Formerly known as Talwalkars Pantaloon Fitness Private Limited) (w.e.f 30 March 2011)	March 31, 2011	91.67%	(8.68 )	(7.95)	(7.68)	(7.04)	-	-
22	Future Freshfood Limited (w.e.f 3 December 2010) *	March 31, 2011	79.17%	(2.80)	(2.22)	-	-	-	-
23	Future Capital Home Finance Private Limited #	March 31, 2011	53.67%	(0.02)	(0.01)	-	-	-	-
24	Anchor Investment & Trading Private Limited. #	March 31, 2011	53.67%	(0.01)	(0.01)	(0.13)	(0.07)	-	-
25	Nuzone Ecommerce Infrastructure Limited (w.e.f. 13 May 2011)	March 31, 2011	100.00%	(0.00)	(0.00)	-	-	-	-
26	Nuzone Electronic Limited (w.e.f. 13 May 2011)	March 31, 2011	100.00%	(0.00)	(0.00)	-	-	-	-
27	Future Capital Securities Limited (Formerly Known as FCH Centrum Wealth Managers Limited) #	March 31, 2011	53.67%	(14.09)	(7.56)	(26.93)	(14.45)	-	-

# Subsidiaries of Future Capital Holding Limited

\$ Subsidiaries of Future Supply Chain Solutions Limited

\* Subsidiary of Future Value Retail

Annexure to the Annual Report of Pantaloon Retail ( India ) Limited for the year ended 30 June 2011, Pursuant to the direction given by the Central Government of India vide approval letter no. 47/528/208-CL-III dtd. 22/08/2008 directing the company to give following information in the annual report while granting approval under Section 212(8) of the Companies Act 1956.

**Statement Containing Financial details of subsidiaries of Pantaloon Retail ( India ) Limited**

S. No.	Name of the Subsidiary Companies	Capital	Reserves	Total Assets	Total Liabilities	Investment (excluding investments in subsidiaries)	Turnover	Profit/ (Loss) Before Taxation	Provision for Taxation	(₹ In Crores)	
										Profit/ (Loss) After Taxation	Proposed Dividend
1	FCH Securities & Advisors Limited	2.25	(0.72)	1.55	1.55	1.50	-	[0.31]	-	[0.31]	-
2	Future Capital Commodities Limited (Formerly Known as Axon Development solutions Limited) #	0.05	(0.06)	0.00	0.00	-	-	[0.01]	-	[0.01]	-
3	Future Capital Holdings Limited	64.78	616.65	3,574.68	3,574.68	257.67	238.54	75.19	19.93	55.26	9.72
4	Future Capital Investment advisors Limited #	2.25	9.42	12.37	12.37	7.78	-	0.11	[0.06]	0.17	-
5	Future E-Commerce Infrastructure Limited	50.45	19.39	106.93	106.93	5.87	87.30	[45.29]	[15.14]	[30.15]	-
6	Future Finance Limited #	10.75	2.51	13.30	13.30	3.97	1.06	1.13	0.37	0.76	-
7	Future Hospitality Management Limited #	0.05	(0.04)	0.02	0.02	-	-	[0.01]	-	[0.01]	-
8	Future Knowledge Services Limited.	44.70	[10.42]	105.89	105.89	28.08	-	[2.42]	-	[2.42]	-
9	Future Learning and Development Limited	28.27	[3.51]	59.16	59.16	-	-	[1.28]	-	[1.28]	-
10	Future Supply Chain Solutions Limited	28.96	33.28	257.89	257.89	-	291.88	0.33	0.16	0.17	-
11	Future Media (India) Limited	50.50	[16.76]	67.28	67.28	-	32.31	[4.94]	[2.08]	[2.86]	-
12	Futurebazaar India Limited	19.16	[13.17]	8.07	8.07	0.00	22.53	0.05	-	0.05	-
13	Home Solutions Retail (India) Limited	1.00	0.13	13.70	13.70	-	38.24	[4.31]	-	[4.31]	-
14	Kshitij Investment Advisory Company Limited #	3.00	12.49	15.97	15.97	8.15	-	0.40	0.27	0.13	-
15	Myra Mall Management Company Limited #	1.00	6.68	80.58	80.58	6.00	12.68	4.64	0.92	3.72	-
16	Future Agrovet Limited	36.50	[3.96]	128.32	128.32	0.04	778.39	2.88	0.79	2.10	-
17	Future Value Retail Limited	66.50	1,074.85	4,861.21	4,861.21	9.98	6,914.83	169.21	56.21	113.00	-
18	FSC Brand Distribution Services Limited \$	0.05	(0.07)	9.30	9.30	0.01	15.50	[0.04]	-	[0.04]	-
19	Kshitij Property Solution Private Limited #	0.68	0.12	1.25	1.25	-	1.05	0.33	0.02	0.31	-
20	Winner Sports Limited	1.00	20.20	22.76	22.76	-	-	[0.00]	-	[0.00]	-
21	Future Capital Securities Limited (Formerly Known as FCH Centrum Wealth Managers Limited) #	27.81	[17.40]	22.09	22.09	-	5.22	[14.09]	-	[14.09]	-
22	Future Capital Home Finance Private Limited #	0.01	(0.02)	0.07	0.07	-	-	[0.02]	-	[0.02]	-
23	Anchor Investment & Trading Private Limited #	0.00	[0.14]	0.06	0.06	-	-	[0.01]	-	[0.01]	-
24	Nuzone Ecommerce Infrastructure Limited	0.01	-	0.01	0.01	-	-	[0.00]	-	[0.00]	-
25	Nuzone Electronic Limited	0.01	-	0.01	0.01	-	-	[0.00]	-	[0.00]	-
26	Future Freshfood Limited *	1.00	6.15	9.67	9.67	-	4.30	[4.05]	[1.25]	[2.80]	-
27	Splendor Fitness Private Limited	16.80	[5.56]	40.37	40.37	-	5.76	[5.36]	3.32	[8.68]	-

Note : Turnover excludes Other Income

\$ Subsidiary of Future Supply Chain Solution Limited

# Subsidiary of Future Capital Holding Limited

\* Subsidiary of Future Value Retail Ltd

## Auditors' Report

**The Board of Directors,  
Pantaloon Retail (India) Limited, Mumbai**

1. We have audited the attached Consolidated Balance Sheet of Pantaloon Retail (India) Limited ('the company') and its subsidiaries, (collectively referred to as "the Group") as at June 30, 2011 and also the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year ended on that date annexed thereto. These Financial Statements are the responsibility of the Company's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards required that we plan and perform the audit to obtain reasonable assurance about whether the financial Statements free of material misstatement. An audit includes examining, on test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimated made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides reasonable basis for our opinion.
3. We did not audit the financial statements of certain Subsidiaries and Joint Ventures, whose financial statement reflect total assets (net) of ₹ 4841.67 Crores as at March 31, 2011, total revenue of ₹ 2,864.74 Crores and net cash flow amounting to ₹ 469.48 Crores and of associates whose financial statements reflects the Group's share of losses of ₹ 7.50 Crores for the year ended March 31, 2011. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us by the Management of Group, and our opinion is based solely on the other auditors.
4. We report that the consolidated financial statements have been prepared by the Company's Management in accordance with the requirement of Accounting Standards (AS) 21, 'Consolidated Financial Statements'; Accounting Standards (AS) 23 'Accounting for Investment in Associates in Consolidated Financial Statements' and Accounting Standards (AS) 27 'Financial Reporting of interest in Joint Ventures' issued by The Institute of Chartered Accountants of India.
6. Based on our audit and on consideration of reports of other auditors on separate financial statement and read with other notes of Schedule No. 20 and to the best of our information and according to the explanation given to us, we are of the opinion that the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India,
  - a. In case of Consolidated Balance Sheet, of the state of affairs of the Pantaloon Group as at June 30, 2011;
  - b. In case of Consolidated Profit and Loss Account, of the profit for the year ended on that date; and
  - c. In case of Consolidated Cash Flow Statement, of the cash flow for the year ended on that date.

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

**Navin T. Gupta**  
Partner  
Membership No. 40334

Place: Mumbai  
Dated : August 25, 2011

## CONSOLIDATED BALANCE SHEET AS AT JUNE 30, 2011

	Schedule	As At JUNE 30, 2011 (₹ in Crores)	As At JUNE 30, 2010 (₹ in Crores)
<b>SOURCES OF FUNDS :</b>			
<b>Shareholders' Funds</b>			
Share Capital	1	181.75	110.75
Share Application money		1.65	16.42
Equity Warrants		159.25	122.88
Share Capital (Pending Allotment)		-	64.66
Reserves & Surplus	2	2,799.30	2,561.66
		<u>3,141.95</u>	<u>2,876.37</u>
<b>Minority Interest</b>		331.25	318.30
<b>Loan Funds</b>			
Secured Loans	3	5,539.65	3,257.13
Unsecured Loans	4	2,306.49	1,094.91
		<u>7,846.14</u>	<u>4,352.04</u>
<b>Deferred Tax Liability</b>		155.52	110.17
		<u>11,474.86</u>	<u>7,656.88</u>
<b>APPLICATION OF FUNDS :</b>			
<b>Fixed Assets</b>			
Gross Block	5	4,026.02	3,086.79
Less : Depreciation		<u>678.70</u>	<u>439.98</u>
Net Block		3,347.32	2,646.81
Capital work-in-progress		344.55	304.38
<b>Investments</b>	6	1,296.69	909.77
<b>Current Assets, Loans &amp; Advances</b>			
Inventories	7	3,679.13	2,491.18
Sundry Debtors	8	529.82	391.43
Cash & Bank Balances	9	552.04	286.45
Loans & Advances	10	4,527.51	2,661.95
Other Current Assets		<u>40.15</u>	<u>15.71</u>
		9,328.65	5,846.72
<b>Less : Current Liabilities &amp; Provision</b>			
Current Liabilities	11	2,672.13	1,970.63
Provisions	12	<u>170.22</u>	<u>80.17</u>
		2,842.35	2,050.80
<b>Net Current Assets</b>		6,486.30	3,795.92
		<u>11,474.86</u>	<u>7,656.88</u>
<b>SIGNIFICANT ACCOUNTING POLICIES &amp; NOTES TO ACCOUNTS</b>	19		
The Schedules referred to above form an integral part of the Balance Sheet			

As per our Report of even date attached

For and on behalf of Board of Directors

**For NGS & CO.**

Chartered Accountants

**Navin T. Gupta**  
Partner  
Membership No.:40334

**Shailesh Haribhakti**  
Chairman

**Kishore Biyani**  
Managing Director

**Vijay Biyani**  
Wholetime Director

**Rakesh Biyani**  
Wholetime Director

**Gopikishan Biyani**  
Director

**Anil Harish**  
Director

Place : Mumbai  
Date : 25th August, 2011

**Dr. Darlie O. Koshi**  
Director

**C. P. Toshniwal**  
Chief Financial Officer

**Deepak Tanna**  
Company Secretary

## CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED JUNE 30, 2011

	Schedule	2010-11 (₹ in Crores)	2009-10 (₹ in Crores)
<b>INCOME</b>			
Sales & Operating Income	13	12,211.79	9,786.94
Other Income	14	154.55	126.06
		<u>12,366.34</u>	<u>9,913.00</u>
<b>EXPENDITURE</b>			
Cost of goods consumed & sold	15	8,200.38	6,682.84
Personnel cost	16	698.05	624.47
Operating and Other Expenses	17	2,263.94	1,653.46
Finance Charges	18	614.64	493.38
Depreciation	5	307.70	278.32
		<u>12,084.71</u>	<u>9,732.47</u>
<b>Profit Before Taxation &amp; Prior Period Items</b>		281.63	180.53
Less: Tax Expenses	19(10)	137.08	107.30
<b>Profit After Taxation before Prior Period Items</b>		144.55	73.22
Less: Earlier year's Income Tax		2.08	(3.17)
Less: Prior Period Items		0.50	0.05
<b>Profit After Taxation</b>		141.97	76.35
Less : Share in Loss of Associate Company		2.37	6.31
Less : Share of Minority Interest		(1.94)	2.55
<b>Profit After Minority Interest</b>		141.54	67.49
Less : Adjustment on Account of Joint Venture/ Subsidiary included in consolidation (Refer Note No 19 (20)		20.33	-
Add : Balance brought forward		24.56	26.01
Add : Short/(Excess) Provision for Dividend and dividend tax		(0.17)	1.13
Add : Adjustment As per Demerger Scheme		-	67.53
<b>Available for Appropriation</b>		<u>145.94</u>	<u>159.90</u>
Debenture Redemption Reserve		60.00	50.00
Transfer to General Reserve		11.47	18.61
Proposed Dividend on Equity Share		20.27	25.27
Proposed Dividend on Preference Share		0.01	0.00
Tax on Proposed Dividend		5.17	4.29
Transfer to Reserve under section 45 (1C) of the RBI Act		11.96	8.60
Amount Charged to Reserve pursuant to scheme		-	28.57
Balance carried to Balance Sheet		<u>37.06</u>	<u>24.56</u>
		<u>145.94</u>	<u>159.90</u>
Earnings Per Share ₹ (Face value ₹2)			
Basic - Equity		6.54	3.18
Basic - Class B (Series 1)		6.64	3.28
Diluted - Equity		6.36	3.08
Diluted - Class B (Series 1)		6.46	3.18
Refer Note No. of 13 of Schedule 19			
SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS	19		
The Schedules referred to above form an integral part of the Profit & Loss Account			

As per our Report of even date attached

For and on behalf of Board of Directors

**For NGS & CO.**

Chartered Accountants

**Navin T. Gupta**  
Partner  
Membership No.:40334

**Shailesh Haribhakti**  
Chairman

**Kishore Biyani**  
Managing Director

**Vijay Biyani**  
Wholetime Director

**Rakesh Biyani**  
Wholetime Director

**Gopikishan Biyani**  
Director

**Anil Harish**  
Director

Place : Mumbai  
Date : 25th August, 2011

**Dr. Darlie O. Koshi**  
Director

**C. P. Toshniwal**  
Chief Financial Officer

**Deepak Tanna**  
Company Secretary



## SCHEDULES TO CONSOLIDATED BALANCE SHEET AS AT JUNE 30, 2011

	As At JUNE 30, 2011 (₹ in Crores)	As At JUNE 30, 2010 (₹ in Crores)
<b>SCHEDULE 1 : SHARE CAPITAL</b>		
<b>ISSUED, SUBSCRIBED &amp; PAID UP</b>		
20,11,53,939* (19,02,25,121*) Equity Shares of ₹2/- each fully paid	40.23	38.04
1,59,29,152 Class B (Series 1) shares of ₹2/-each fully paid (of the above class B (Series 1) shares 1,59,29,152 shares allotted as fully paid up by way of Capitalisation of share premium account)	3.19	3.19
48,00,000 0.01% Compulsory Convertible preference shares of ₹100 each	48.00	48.00
63,47,635 .01% Compulsory Convertible Preference Share of ₹ 100 Each	63.48	-
53,26,135 Compulsory Convertible preference shares of ₹10 Each	5.33	-
21,518,460 0.001% Compulsory Convertible preference shares of ₹ 10 each (*11400 equity shares are kept under abeyance)	21.52	21.52
	<u>181.75</u>	<u>110.75</u>
<b>SCHEDULE 2 : RESERVES &amp; SURPLUS</b>		
<b>Share Premium</b>		
Balance, at beginning of the year	1,875.30	1,717.69
Add : Premium received during the year	145.36	496.82
Less : Utilised for share issue expenses	-	9.16
Less : Utilised as per demerger scheme	-	330.05
	<u>2,020.66</u>	<u>1,875.30</u>
<b>Capital Reserve</b>		
	<u>527.09</u>	<u>530.74</u>
	527.09	530.74
<b>Debenture Redemption Reserve</b>		
Balance, At beginning of the Year	50.00	-
Transfer from Profit & Loss Account	60.00	50.00
	<u>110.00</u>	<u>50.00</u>
<b>General Reserve</b>		
Balance, at beginning of the year	68.58	49.97
Add : Transfer from Profit & Loss Account	11.47	18.61
	<u>80.05</u>	<u>68.58</u>
<b>Reserve under Section 45 (1C) of the RBI Act</b>		
Balance, at beginning of the year	12.48	3.88
Add : Transfer from Profit & Loss Account	11.96	8.60
	<u>24.44</u>	<u>12.48</u>
<b>Surplus in Profit and Loss Account</b>		
	<u>37.06</u>	<u>24.56</u>
	<u>2,799.30</u>	<u>2,561.66</u>
<b>SCHEDULE 3 : SECURED LOANS</b>		
Debentures	1,714.10	1,000.00
Term Loans	2,388.70	1,480.25
Working Capital Loans From Banks	1,429.02	765.89
Others	7.82	6.41
Share in jointly controlled entities	0.01	4.58
	<u>5,539.65</u>	<u>3,257.13</u>
<b>SCHEDULE 4 : UNSECURED LOANS</b>		
Debenture Application Money	145.00	-
Fully Convertible Debentures	838.85	153.85
Commercial Paper	601.00	506.94
From Banks	622.71	317.94
Other Loan	19.69	6.50
Inter Company Deposit	61.23	97.78
Share in jointly controlled entities	18.01	11.90
	<u>2,306.49</u>	<u>1,094.91</u>

## SCHEDULES TO CONSOLIDATED BALANCE SHEET AS AT JUNE 30, 2011

### SCHEDULE 5 : FIXED ASSETS

( ₹ In Crores )

Description	GROSS BLOCK				DEPRECIATION					NET BLOCK		
	As at 01/07/2010	Additions	Deductions	Adjustment on Stake Change	As at 30/06/2011	Upto 30/06/2010	Adjustment for the year	Deprecia- tion for Year	Adjustment on Stake Change	Up to 30/06/2011	As at 30/06/2011	As at 30/06/2010
Land	4.83	0.06	-	-	4.89	-	-	-	-	-	4.89	4.83
Leasehold Land	4.56	0.10	1.02	-	3.64	1.21	0.13	0.24	-	1.32	2.32	3.35
Building	502.35	181.42	14.47	4.41	673.71	72.17	3.74	61.06	0.48	129.97	543.74	430.19
Plant & Machinery	125.11	42.18	4.93	0.33	162.69	13.70	1.01	8.41	-	21.10	141.59	111.42
Office Equipments	66.44	10.96	2.79	0.23	74.84	16.20	1.49	6.59	0.01	21.31	53.53	50.22
Computers & Softwares	616.54	182.06	130.52	1.44	669.52	166.38	37.67	93.21	0.48	222.40	447.12	450.15
Furniture & Fittings	945.56	448.03	29.43	17.32	1,381.48	95.06	4.84	74.79	1.93	166.94	1,214.54	850.49
Electrical Installations	528.98	196.83	18.30	1.89	709.40	37.87	2.75	32.53	0.03	67.68	641.72	491.12
Vehicles	4.86	3.01	0.26	0.09	7.70	2.17	0.16	0.64	0.02	2.67	5.03	2.70
Air Conditioner	204.88	82.22	1.58	0.14	285.66	11.28	0.23	13.98	0.01	25.04	260.62	193.61
Brand - Intangibles	20.01	10.09	12.98	2.25	19.37	5.53	6.31	5.32	0.39	4.93	14.44	14.48
Share in jointly controlled entities	62.67	17.39	11.09	(35.85)	33.12	18.41	2.37	10.93	(11.63)	15.34	17.78	44.25
Total	3,086.79	1,174.35	227.37	(7.75)	4,026.02	439.98	60.70	307.70	(8.28)	678.70	3,347.32	2,646.81
Previous Year	2,594.51	2,386.16	1,824.83	69.05	3,086.79	393.58	230.54	278.32	1.38	439.98	2,646.81	2,200.93
Capital Work-in-progress											341.72	303.34
Share in Jointly Controlled Entities											2.83	1.04
											344.55	304.38

## SCHEDULES TO CONSOLIDATED BALANCE SHEET AS AT JUNE 30, 2011

	As At JUNE 30, 2011 (₹ in Crores)	As At JUNE 30, 2010 (₹ in Crores)
<b>SCHEDULE 6 : INVESTMENTS</b>		
<b>LONG TERM INVESTMENT</b>		
<b>QUOTED</b>		
Equity	194.66	38.81
<b>UNQUOTED</b>		
Equity	19.49	12.61
Others	75.10	0.29
<b>CURRENT INVESTMENTS</b>		
<b>UNQUOTED</b>		
Equity	-	0.20
In units of Mutual Funds	178.07	197.25
Others	5.09	186.66
Share in jointly controlled entities	824.28	473.95
	<u>1,296.69</u>	<u>909.77</u>
<b>SCHEDULE 7 : INVENTORIES</b>		
Packing Materials , Branding Material and Stores & Spares	32.87	32.89
Raw Material	4.45	4.59
Semi finished goods	3.26	5.33
Finished Goods	3,627.41	2,439.48
Share in jointly controlled entities	11.14	8.89
	<u>3,679.13</u>	<u>2,491.18</u>
<b>SCHEDULE 8 : SUNDRY DEBTORS</b>		
(Secured, Considered Good)		
(a) Debts due for more than six months	0.25	0.11
Less : Considered Doubtful	0.10	0.01
	0.15	0.10
(b) Other Debts	0.20	0.28
(Unsecured, Considered Good)		
(a) Debts due for more than six months	43.91	53.99
Less : Considered Doubtful	4.80	8.88
	39.11	45.11
(b) Other Debts	442.25	295.02
Share in jointly controlled entities	48.11	50.92
	<u>529.82</u>	<u>391.43</u>
<b>SCHEDULE 9 : CASH &amp; BANK BALANCES</b>		
Cash in Hand	18.14	19.12
Balance with Scheduled Banks :		
in Current Accounts (including in transit)	468.64	164.49
in Fixed Deposit Account	46.51	28.68
in unpaid Dividend Account	0.37	0.34
Share in jointly controlled entities	18.38	73.82
	<u>552.04</u>	<u>286.45</u>

## SCHEDULES TO CONSOLIDATED BALANCE SHEET AS AT JUNE 30, 2011

	As At JUNE 30, 2011 (₹ in Crores)	As At JUNE 30, 2010 (₹ in Crores)
<b>SCHEDULE 10: LOANS &amp; ADVANCES</b>		
(Secured , Considered good unless otherwise stated)		
Advances and loans to body corporates	1,780.80	807.85
Retail loans (₹ 144.56 Crores Unsecured, 2010 : ₹ 539.68 Crores)	983.13	626.56
Less : Considered Doubtful	4.42	24.98
	<u>978.71</u>	<u>601.58</u>
(Unsecured , Considered good unless otherwise stated)		
Inter Corporate Deposits	80.58	49.62
Advances Recoverable in cash or in kind or for value to be received	525.19	357.68
Less : Considered Doubtful	0.72	0.84
	<u>524.47</u>	<u>356.84</u>
Deposits	1,041.29	748.18
Less : Considered Doubtful	0.42	4.26
	<u>1,040.87</u>	<u>743.92</u>
Leased assets	2.66	2.73
Payments /Deduction of Income Tax (Net of Provisions)	20.40	24.81
Balance with Government Authorities	5.46	6.11
Share in jointly controlled entities	93.56	68.49
	<u>4,527.51</u>	<u>2,661.95</u>
<b>SCHEDULE 11: LIABILITIES</b>		
Acceptances	816.64	708.47
Sundry Creditors	1,162.14	680.45
Cash Collateral against Retail Loan	38.78	71.29
Unamortised processing fees / Subvention Income	5.09	2.59
Interest accrued but not due	60.70	33.02
Other Liabilities	203.54	215.78
Unclaimed Share Application Money	0.23	0.23
Unpaid Dividend	0.39	0.34
Share in jointly controlled entities	384.62	258.46
	<u>2,672.13</u>	<u>1,970.63</u>
<b>SCHEDULE 12: PROVISIONS</b>		
Proposed Dividend	20.27	23.48
Dividend Tax	5.14	3.99
Leave Encashment and Gratuity	19.47	15.33
Others	46.59	-
Share in jointly controlled entities	78.75	37.37
	<u>170.22</u>	<u>80.17</u>

## SCHEDULES TO CONSOLIDATED PROFIT & LOSS ACCOUNT FOR YEAR ENDED JUNE 30, 2011

	2010-11 (₹ in Crores)	2009-10 (₹ in Crores)
<b>SCHEDULE 13: SALES &amp; SERVICES</b>		
Sales	11,324.96	9,051.13
Other Operating Income	256.94	318.57
Share in jointly controlled entities	629.89	417.24
	<u>12,211.79</u>	<u>9,786.94</u>
<b>SCHEDULE 14 : OTHER INCOME</b>		
Dividend from Investments	-	2.25
Miscellaneous Income	25.50	34.20
Profit on Sale of Investments	107.04	72.05
Share in jointly controlled entities	22.01	17.56
	<u>154.55</u>	<u>126.06</u>
<b>SCHEDULE 15 : COST OF GOODS CONSUMED &amp; SOLD</b>		
<b>Opening Stock</b>		
Raw Materials	4.59	12.31
Semi finished goods	5.33	4.81
Finished goods	<u>2,441.77</u>	<u>2,120.54</u>
	<u>2,451.69</u>	<u>2,137.66</u>
<b>Add : Purchase</b>		
Raw Material	25.34	27.76
Finished goods	<u>8,999.80</u>	<u>6,490.09</u>
	<u>9,025.14</u>	<u>6,517.85</u>
<b>Less : Closing Stock</b>		
Raw Materials	4.45	4.59
Semi finished goods	3.26	5.33
Finished goods	<u>3,642.95</u>	<u>2,441.77</u>
	<u>3,650.66</u>	<u>2,451.69</u>
Share in jointly controlled entities	374.21	479.02
	<u>8,200.38</u>	<u>6,682.84</u>
<b>SCHEDULE 16 : PERSONNEL COST</b>		
Salaries, Wages & Bonus	555.11	496.50
Contribution to Provident & Other Funds	26.83	25.77
Welfare expenses	23.94	18.58
Gratuity and Leave Encashment	8.85	7.30
Share in jointly controlled entities	83.32	76.32
	<u>698.05</u>	<u>624.47</u>

## SCHEDULES TO CONSOLIDATED PROFIT & LOSS ACCOUNT FOR YEAR ENDED JUNE 30, 2011

### SCHEDULE 17: OPERATING AND OTHER EXPENSES

	2010-11 (₹ in Crores)	2009-10 (₹ in Crores)
Labour Charges	13.54	16.51
Packing Material	73.62	49.90
Stores & Spares	0.14	0.24
Branding Material	1.39	1.39
Power & Fuel	189.13	140.45
Mall Maintenance Charges	144.02	123.45
Repairs & Maintenance		
Building	0.91	1.36
Plant & Machinery	2.26	1.98
Others	37.11	29.19
	40.28	32.53
Rent including lease rentals	775.28	686.00
Rates & Taxes	19.30	15.52
Donation	0.24	0.26
Insurance	8.17	6.80
Auditors' Remuneration	1.81	1.51
Sundry Balances Written Off	-	0.15
Commission	21.55	18.39
Advertisement & Sales Promotion	268.65	222.88
Directors Sitting Fees	0.26	0.26
Directors Commission	0.70	0.60
Loss on Sale/Discarding of Assets (Net)	10.11	4.40
Provision for Doubtful Debts	3.46	8.29
Bad debts Written off	5.93	0.79
Other Expenses	310.16	155.51
Stock Depreciation	-	2.06
Capital Issue Expenses Written Off	0.04	0.57
Preliminary Expenses Written Off	0.12	2.33
Share in jointly controlled entities	376.04	162.67
	<u>2,263.94</u>	<u>1,653.46</u>

### SCHEDULE 18 : FINANCE CHARGES

Amortization of Discount on Issue of Commercial Paper	48.08	16.56
Interest : on Fixed Loans	249.29	223.93
on Other loans	248.53	198.02
Other Finance Charges	76.62	69.72
Exchange Fluctuation Loss	5.36	2.00
	<u>627.88</u>	<u>510.23</u>
Less : Interest Income		
on fixed deposits	0.45	0.63
on others	7.10	12.95
Share in jointly controlled entities	(5.69)	(3.27)
	<u>614.64</u>	<u>493.38</u>

## SCHEDULE 19 :SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED JUNE 30, 2011

### 1. SIGNIFICANT ACCOUNTING POLICIES :

#### 1.1 Basis of Accounting :

The Consolidated Financial Statements ('CFS') are prepared in accordance with Accounting Standard ('AS') 21 "Consolidated Financial Statements", AS-23 "Accounting for Investments in Associates in Consolidated Financial Statement" and AS- 27 "Financial Reporting of Interests in Joint Ventures" issued by the Institute of Chartered Accountants of India. The financial statements have been prepared under the historical cost convention on an accrual basis and in accordance with applicable accounting standards notified by the Government of India/issued by the Institute of Chartered Accountants of India and the provisions of the Companies Act, 1956.

The accounting policies have been consistently applied by the group and are consistent with those used in the previous year.

#### 1.2 Use of estimates :

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates. Any revision to accounting estimates is recognised prospectively in current and future periods. Difference between the actual results and estimates is recognised in the period in which the results are known/materialized.

#### 1.3 Fixed Assets and Depreciation :

Fixed assets are stated at cost, less accumulated depreciation. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Financing costs relating to acquisition of fixed assets are also included to the extent they relate to the period till such assets are ready to be put to use.

Depreciation is provided on Straight Line Method as per the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956 except Leasehold improvements which are amortised over the lease period and employee perquisite-related assets which are depreciated over three years.

#### 1.4 Goodwill on Consolidation :

Goodwill arising on consolidation/acquisition is tested for impairment on periodic basis and written-off if found impaired.

#### 1.5 Leases :

Leases where significant portion of risk and reward of ownership are retained by the lessor are classified as operating leases and lease rental thereon are charged to Profit and Loss account.

#### 1.6 Investments :

Long-term investments are stated at cost. Provision for diminution is made if necessary to recognise a decline, other than temporary in the value thereof.

Current Investments are stated at the lower of cost and market / fair value.

#### 1.7 Inventories :

Inventories are valued as follows :

- |   |   |  |
|---|---|--|
| a) Stores, Spare parts, Packing material, and Branding Material | : | At cost                                      |
| b) Raw material   | : | At cost                                      |
| c) Finished goods and Work in Progress                          | : | At the lower of cost or net realisable value |

Cost of inventories comprises all costs of purchase and other costs incurred in bringing the inventories to their present condition and location. Cost is computed on weighted average basis.



### 1.8 Transactions in Foreign Currency :

Foreign currency transactions are recorded at the exchange rates prevailing at the date of the transaction. Monetary foreign currency assets and liabilities are translated into Indian rupees at the exchange rate prevailing at the balance sheet date. All exchange differences are dealt with in profit and loss account.

### 1.9 Revenue Recognition :

Sale of Goods is accounted on delivery to customers. Sales is net of returns, discounts and Sales tax/ Value Added Tax. Export sales is accounted as revenue on the basis of Bill of Lading. Interest income is recognized on accrual basis. Dividend income is accounted for when the right to receive is established. Revenue is recognised when it is earned and no significant uncertainty exists as to its realization or collection. Other Income are recognized on accrual basis.

Life Insurance Premium (net of service tax) is recognised as income when due from policyholders. Premium on lapsed policies is recognised as income on receipt basis on reinstatement or revival of these policies. In respect of linked business, premium income is recognised when the associated units are allotted.

General insurance Premium is recognized as income over the contract period or the period of risk whichever is appropriate on gross basis net of service tax. Premium is recorded for the policy period at the time of issuance of policy and for installment cases, it is recorded on instalment due and received dates. Any subsequent revision to premium is recognized over the remaining period of risk or contract period. Commission received on reinsurance ceded is recognized as income in the period in which reinsurance premium is ceded.

### 1.10 Miscellaneous Expenditure :

Capital Issue Expenses are adjusted to Share Premium Account and Preliminary expenses are charged to Profit & Loss Account as incurred.

### 1.11 Retirement and other employee benefits :

#### Short Term Employee Benefits:

All employee benefits payable within twelve months of rendering the services are classified as short term employee benefits such as salaries, performance incentives etc, are recognised as an expense at the undiscounted amount in the Profit and Loss Account of the year in which the employee renders the related service.

#### Post Employment Benefits:

#### a. Defined Contribution Plans:

Defined Contribution to Provident Fund is charged to the Profit and Loss Account as incurred. There are no other obligations other than the contribution payable to the respective statutory authorities.

#### b. Defined Benefit Plans:

Company's liability towards gratuity to employees is determined using the projected unit credit method which considers each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation. Past services are recognized on a straight line basis over the average period until the amended benefits become vested. Actuarial gain and losses are recognized immediately in the Profit & Loss Account as income or expense. Obligation is measured at the present value of estimated future cash flows using a discounted rate that is determined by reference to market yields at the Balance Sheet date on Government Securities where the currency and terms of the Government Securities are consistent with the currency and estimate terms of the defined benefit obligations.

#### c. Other Long Term Employee Benefits:

Other Long Term Employee Benefits viz, Leave encashment are recognized as an expense in Profit & Loss Account as and when it accrues. The Company determines the liability using the Projected Unit Credit Method, with the actuarial valuation carried out as at the Balance Sheet date. Actuarial gain and losses in respect of such benefit are charged to Profit and Loss Account.

#### 1.12 Provision for current and deferred tax :

Provision for current tax is made on the basis of estimated taxable income and respectively for the current accounting period in accordance with the provisions of Income tax Act, 1961. Deferred tax resulting from "timing differences" 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 recognized and carried forward only to the extent that there is a reasonable certainty that the asset will be realised in future. In situation where the company has carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.

#### 1.13 Provisions, Contingent Liabilities and 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.

#### 1.14 Impairment of Assets

An asset is treated as impaired when the carrying cost of the asset exceeds its recoverable value. An impairment loss is charged to Profit and Loss Account in the year in which the asset is impaired and the impairment loss recognised in prior accounting periods is reversed if there has been a change in the estimate of recoverable amount. For the purpose of assessing impairment, assets are grouped at the lowest level of cash generating units.

#### 1.15 Intangible Assets :

Intangible assets comprising acquired brands are recognized if they are separately identifiable and the company controls the future economic benefits arising out of them. Advertisement and other related subsequent expenditure incurred in development of this acquired brands which enhances the brands capacity to generate future economic benefits and which can be measured and attributed to the brands reliably are capitalized. Internally generated brands, customer lists and items similar in substance are not capitalized. Intangible assets are amortized over the estimated useful life.

#### 1.16 Employee Stock Option Scheme

Measurement and disclosure of the employee share-based payment plans is done in accordance with SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the Guidance Note on "Accounting for Employee Share-based Payments" issued by The Institute of Chartered Accountants of India ('ICAI'). The Company measures compensation cost relating to employee stock options using the intrinsic value method. Compensation expense, if any, is amortised over the vesting period of the option on a straight line basis.

### 2. Scheme of Arrangement and Amalgamation ('Scheme')

- (a) Pursuant to the scheme of Arrangement approved by the Hon'ble High Court of Judicature at Mumbai on April 1, 2011, Company had transferred the Format and product Brands pertaining to Value Retail Business to Future Value Retail Limited with effect from January 01, 2010 ("Appointed Date"). The company has filed the certified copy of the court order approving the said Scheme with Registrar of Companies (ROC), Mumbai on June 4, 2011 ("Effective Date") as required under applicable provision of the companies Act, 1956. Accordingly the scheme became effective from the Appointed Date on Effective Date i.e. June 4, 2011.
- (b) The Board of Directors of Future Capital Holdings Limited at its meeting held on November 2, 2010, approved a Scheme of Arrangement between Future Capital Financial Services Limited (FCFSL), Future Capital Holdings Limited (FCH) and their respective shareholders (Scheme), inter-alia in terms of which FCFSL has merged with FCH, under the provisions of Section 391 to 394, read with Sections 78, 100 to 103 of the Companies Act, 1956. The Appointed Date under the Scheme is March 1, 2011. The Scheme has been approved by the Shareholders of the Company and by the Hon'ble High Court of Judicature at Bombay vide its order dated June 17, 2011. The Company has filed the court order approving the Scheme with the Registrar of Companies ('ROC') on June 30, 2011, Mumbai as required under section 391 of the Companies Act. The said scheme became effective from June 30, 2011 but operative with retrospective effect from March 1, 2011, the appointed date. Pursuant to the Scheme:

- a. FCFSL has been amalgamated with FCH under the pooling of interest method;
- b. Since FCFSL is a wholly owned subsidiary of the Company, no consideration has been paid against the net assets acquired.
- c. Pending the scheme becoming effective FCFSL has, in trust, carried on the business from March 1, 2011 to March 31, 2011.

### 3. Principles of Consolidation:

The consolidated financial statements relate to Pantaloon Retail (India) Limited, the holding company, its Subsidiaries, Joint Ventures and Associates (collectively referred to as Group).

The consolidation of accounts of the Company and its subsidiaries has been prepared in accordance with Accounting Standard (AS-21) "Consolidated Financial Statements". The financial statements of the parent and its subsidiaries are combined on a line-by-line basis and intra group balances, intra group transactions and unrealized profits or losses are fully eliminated.

Investment in Associates are dealt with in accordance with Accounting Standard (AS-23) "Accounting for Investments in Associates in Consolidated Financial Statements". Effect has been given to the carrying amount of investments in associates using the 'Equity method'. The Company's share of the post acquisition profits or losses is included in the carrying cost of investments.

Investments in Joint Ventures are dealt with in accordance with Accounting Standard (AS-27) "Financial Reporting of Interests in Joint Ventures". The Company's interest in jointly controlled entities are reported using proportionate consolidation, whereby the Company's share of jointly controlled assets and liabilities and the share of income and expenses of the jointly controlled entities are reported as separate line items.

In Consolidated financial statements where financial results of Subsidiaries, Joint Ventures & Associate considered in consolidation, having different closing dates as against reporting date, necessary adjustments have been made for the effects of any significant events or transactions between the date of the entity's financial statements and the date of Consolidated Financial Statements.

### 4. Information on subsidiaries, joint ventures and associates:

#### (a) Subsidiary companies considered in the consolidated financial statements are:\*

Sr. No.	Name of the Company	Country of Incorporation	Proportion of ownership Interest as on June 30, 2011	Financial year Ends on
1	FCH Securities and Advisors Limited (Formerly known as Ambit Investment Advisory Company Limited) (100% subsidiary of Future Capital Holdings Limited)	India	53.67%	March 31, 2011
2	Future Capital Commodities Limited (Formerly Known as Axon Development solutions Limited) (100% subsidiary of Future Capital Holdings Limited)	India	53.67%	March 31, 2011
3	Future Capital Holdings Limited	India	53.67%	March 31, 2011
4	Future Capital Investment advisors Limited (100% subsidiary of Future Capital Holdings Limited)	India	53.67%	March 31, 2011
5	Future E-Commerce Infrastructure Limited	India	72.00%	March 31, 2011
6	Future Finance Limited (100% subsidiary of Future Capital Holdings Limited)	India	53.67%	March 31, 2011
7	Future Hospitality Management Limited (100% subsidiary of Future Capital Holdings Limited)	India	53.67%	March 31, 2011
8	Future Knowledge Services Limited.	India	100.00%	March 31, 2011
9	Future Learning and Development Limited	India	100.00%	March 31, 2011

Sr. No.	Name of the Company	Country of Incorporation	Proportion of ownership Interest as on June 30, 2011	Financial year Ends on
10	Future Supply Chain Solutions Limited	India	70.17%	March 31, 2011
11	Future Media (India) Limited	India	84.24%	March 31, 2011
12	Futurebazaar India Limited	India	100.00%	March 31, 2011
13	Home Solutions Retail (India) Limited	India	66.86%	March 31, 2011
14	Kshitij Investment Advisory Company Limited (100% subsidiary of Future Capital Holdings Limited)	India	53.67%	March 31, 2011
15	Myra Mall Management Company Limited (100% subsidiary of Future Capital Holdings Limited)	India	53.67%	March 31, 2011
16	Future Agrovet Limited	India	96.16%	March 31, 2011
17	Future Value Retail Limited	India	100.00%	June 30, 2011
18	FSC Brand Distribution Services Limited (Formerly known as FLSL Distribution Services Limited) (100% subsidiary of Future Supply Chain Solutions Limited)	India	70.17%	March 31, 2011
19	Kshitij Property Solution Private Limited (100% Subsidiary of Future Capital Holdings Limited)	India	53.67%	March 31, 2011
20	Winner Sports Limited	India	100.00%	March 31, 2011
21	Splendor Fitness Private Limited (Formerly known as Talwalkars Pantaloon Fitness Private Limited)	India	91.67%	March 31, 2011
22	Nuzone Electronics Limited	India	100.00%	March 31, 2011
23	Nuzone Ecommerce Infrastructure Limited	India	100.00%	March 31, 2011
24	Future Capital Securities Limited (Formerly Known as FCH Centrum Wealth Managers Limited) (100% subsidiary of Future Capital Holdings Limited)	India	53.67%	March 31, 2011
25	Future Capital Home Finance Private Limited (100% subsidiary of Future Capital Holdings Limited)	India	53.67%	March 31, 2011
26	Anchor Investment and Trading Private Limited (100% subsidiary of Future Capital Holdings Limited)	Mauritius	53.67%	December 31, 2010
27	Future Fresh Foods Limited (79.17% Subsidiary of Future Value Retail Limited)	India	79.17%	March 31, 2011

**(b) Interests in Joint Ventures: (As required by AS-27 "Financial Reporting of Interest in Joint Venture")**

Sr. No.	Name of the Company	Description of interest	Country of Incorporation	Proportion of ownership Interest as on June 30, 2011	Financial Period Ends on
1	Apollo Design Apparel Parks Limited	Equity	India	39.00%	March 31, 2011
2	Future Generali India Insurance Company Limited	Equity	India	25.50%	March 31, 2011
3	Future Generali India Life Insurance Company Limited	Equity	India	25.50%	March 31, 2011
4	Goldmohur Design and Apparel Park Limited	Equity	India	39.00%	March 31, 2011
5	Integrated Food Park Private Limited	Equity	India	26.00%	March 31, 2011
6	Sprint Advisory Services Private Limited (Formerly known as Sain Advisory Services Private Limited)	Equity	India	49.80%	March 31, 2011
7	Shendra Advisory Services Private Limited.	Equity	India	49.80%	March 31, 2011
8	Staples Future Office Products Private Limited	Equity	India	39.49%	March 31, 2011

(c) **Interests in Associates:**

Sr. No.	Name of the Company	Country of Incorporation	Proportion of ownership Interest as on June 30, 2011	Financial Period Ends on
1	Galaxy Entertainment Corporation Limited	India	31.55%	March 31, 2011

**5 Contingent Liabilities not provided for:**

- 5.1 Guarantee outstanding ₹ 37.94 Crores (2010: ₹ 27.04 Crores)
- 5.2 Claims against the company not acknowledged as debts : ₹ 28.06 Crores (2010: ₹ 6.83 Crores)
- 5.3 Insurance Claims in disputes to the extent not provided for ₹ 0.35 Crores (2010: ₹ 0.73 Crores)
6. Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) ₹92.73 Crores (2010: ₹ 50.29 Crores)
7. Future interest liabilities in respect of assets of the value of ₹4.46 (2010: ₹ 3.16 Crores) acquired on hire purchase basis is ₹ 0.12 Crores. (2010: ₹ 0.24 Crores)
8. The company has taken some assets on Finance Lease basis. Future Lease Rental obligations in respect of these assets is ₹ 17.44 Crores (2010: ₹ 3.81 Crores). The Lease Rent payable not later than one year is ₹ 7.40 Crores (2010: ₹ 1.13 Crores), repayable later than one year but not later than 5 years is ₹ 10.04 Crores. (2010: ₹ 2.68 Crores) and repayable later than 5 years is NIL (2010: NIL)
9. The Company has entered into operating lease arrangements for the fixed assets. The future lease rental obligation in respect of these assets is ₹ 1904.91 Crores (2010: ₹ 2073.83 Crores). The Lease Rent payable not later than one year is ₹ 656.06 Crores (2010: ₹ 617.86 Crores), repayable later than one year but not later than 5 years is ₹ 1112.52 Crores (2010: ₹ 1209.50 Crores) and that repayable later than 5 years is ₹ 136.33 Crores (2010: ₹ 246.47 Crores).

**10. Tax Expenses**

The Tax Expenses for the year comprises of :

(₹ In Crores)

Particulars	2010-11	2009-10
<b>INCOME TAX</b>		
Current tax	90.28	60.35
Deferred tax	46.80	46.94
Fringe benefit tax	-	0.01
	137.08	107.30

**11. Related Party Disclosure :**

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

**A) List of Related Parties**

**Associate Companies**

1. Galaxy Entertainment Corporation Limited

**Enterprises over which key managerial personnel are able to exercise significant influence**

1. Future Corporate Resources Limited
2. Manz Retail Private Limited
3. Future Ideas Company Limited
4. Bansi Mall Management Company Private Limited

5. Ojas Mall Management Private Limited
6. Aashirwad Malls Private Limited
7. KB Mall Management Company Limited
8. Nishta Mall Management Company Private Limited
9. Iskrupa Mall Management Company Private Limited
10. Niyman Mall Management Company Private Limited
11. Future Human Development Limited
12. Asian Retail Lighting Limited
13. Fashion Global Retail Limited
14. Utsav Mall Management Company Private Limited
15. Dhanshree Fashions Private Limited
16. nuFuture Digital (India) Limited (formerly known as Erudite Knowledge Services Limited)

#### Key Management Personnel and Relatives

##### Key Management Personnel

1. Mr. Kishore Biyani – Managing Director
2. Mr. Rakesh Biyani – Whole time Director
3. Mr. Vijay Biyani – Whole time Director
4. Mr. Kailash Bhatia- Whole time Director

##### Relatives of Key Management Personnel

1. Mr. Anil Biyani
2. Mrs. Godavari Devi Biyani
3. Mrs. Sangita Biyani
4. Mrs. Ashni Biyani
5. Mrs. Santosh Biyani

#### B ) Transactions with related Parties

(₹ In Crores)

Nature of transactions	Enterprises over which key managerial personnel are able to exercise significant influence	Key Management Personnel & Relatives
Sales and Operating Income	13.12 (98.96)	1.63 (-)
Sale of Fixed Assets	- (1.66)	
Purchases / Other Services	159.55 (123.77)	0.17 (0.24)
Purchase of Fixed Assets	52.33 (1.90)	
Managerial remuneration & Commission	- (-)	12.41 (8.91)
Advances given	4.66 (0.41)	

Nature of transactions	Enterprises over which key managerial personnel are able to exercise significant influence	Key Management Personnel & Relatives
Deposit given	13.32 (3.00)	
Investment	80.00 (-)	
Outstanding balances as on 30/06/11 Receivable	61.27 (105.11)	
Payable	47.85 (3.93)	

Significant related party transactions:-

- Purchases / Other services includes Bansi Mall Management company Private Limited ₹ 17.24 Crores (2010: ₹ 18.32 Crores), Future Corporate Resources Limited ₹ 61.62 Crores (2010: ₹ 48.16 Crores), Mr. Anil Biyani ₹ 0.02 Crores (2010: ₹ 0.04 Crores), Mrs. Godavari Devi Biyani ₹ 0.04 Crores (2010: ₹ 0.06 Crores ), Mrs. Sangeeta Biyani ₹ 0.04 Crores (2010: ₹ 0.06 Crores), Mrs. Santosh Biyani ₹ 0.04 Crores (2010: ₹ 0.06 Crores)
- Deposit given includes Future Corporate Resources Limited ₹ 4.76 Crores (2010: Nil) Ojas Mall Management Private Limited ₹ 8.41 Crores (2010: Nil)
- Advance Given includes Future Corporate Resources Limited ₹ 0.31 Crores (2010:Nil)

**C) Joint Venture Information:**

Company's share of Assets, Liabilities, Income and Expenditure with respect to jointly controlled entities are as follows:

(₹ In Crores)

Particulars	As at June 30, 2011	As at June 30, 2010
Assets	1035.99	736.31
Liabilities	483.55	329.36
Income	540.32	574.11
Expenditure	647.90	713.68

**12. Segment Report:**

The group regards the business segment retail as a single reportable segment. Accordingly, Segment Information is not being disclosed pursuant to the provision of Accounting Standard 17 on "Segment Reporting" issued by Institute of Chartered Accountants of India.

**13. Earning Per Share**

The calculation of Earning 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 diluted EPS is as under:



Particulars	UNITS	2010-11	2009-10
Profit after tax	₹ In Crores	141.54	67.49
The Weighted average number of Ordinary Shares for Basic EPS	No.in Crores	20.02	19.61
The Weighted average number of Class B (Series 1) Shares for Basic EPS	No. in Crores	1.59	1.59
The Weighted average number of Ordinary Shares for Diluted EPS	No. in Crores	20.65	20.24
The Weighted average number of Class B (Series 1) Shares for Diluted EPS	No. in Crores	1.59	1.59
The Nominal Value per Share (Ordinary and Class B (Series 1) Shares)	₹	2.00	2.00
Share of Profit for Ordinary Shares for Basic EPS	₹ In Crores	130.97	62.27
Share of Profit for Class B (Series 1) Shares for Basic EPS	₹ In Crores	10.56	5.22
Share of Profit for Ordinary Shares for Diluted EPS	₹ In Crores	131.27	62.43
Share of Profit for Class B (Series 1) Shares for Diluted EPS	₹ In Crores	10.27	5.06
Earning per Ordinary share (Basic)	₹	6.54	3.18
Earning per Class B (Series 1) Share (Basic)	₹	6.64	3.28
Earning per Ordinary share (Diluted)	₹	6.36	3.08
Earning per Class B (Series 1) Share (Diluted)	₹	6.46	3.18

#### 14. Deferred Tax Liability :

As per accounting Standard (AS – 22) on Accounting for Taxes on Income issued by the Institute of Chartered Accountants of India (ICAI), the deferred tax liability (DTL) comprises of the following :

Item	2010-2011 (₹ In Crores)	2009-2010 (₹ In Crores)
<b>Deferred Tax Liability</b>		
Related to Fixed Assets	195.80	176.57
Share in Jointly Controlled Entity	-	0.03
	195.80	176.60
<b>Deferred Tax Asset</b>		
Disallowance under the Income Tax Act,1961	26.18	33.02
Carry Forward of Losses and Unabsorbed Depreciation	12.38	26.42
Related to Fixed Assets	1.72	6.93
Share in Jointly Controlled Entity	-	0.06
	40.28	66.43
<b>Provision for Deferred Tax (Assets)/ Liability</b>	155.52	110.17

15. Capital Reserve is shown in the balance sheet is net of goodwill of ₹ 121.49 Crores (2010: ₹ 95.64 Crores)
16. One of our group company, Home Solution Retail (India) Limited, based on legal advice, has challenged the levy of service tax on renting of commercial properties retrospectively from June 1, 2007 by the Finance Act, 2010 before various High Courts. Interim stay from recovery of said service tax has been granted by the High Courts and the matter is pending. Accordingly, the Company has not made provision of ₹ 116.21 Crores Previous year ₹ 53.24 Crores) which will be appropriately recognized on final determination.

17. a) During the year company has issued and allotted 50,00,000 fully paid up Equity Shares of the face value of ₹ 2/- each at a premium of ₹ 181/- on conversion of warrants.
- b) During the year company has issued and allotted in consideration of the Home Solutions Retail (India) Limited Scheme:
  - i. 59,28,818 Equity shares of face value ₹2/- each fully paid up aggregating to ₹ 1.19 Crores to the equity shareholders of HSRIL other than the Company; and
  - ii. 63,47,635 0.01% Compulsorily Convertible Preference Shares (CCPS) of face value of ₹100/- each fully paid up aggregating to ₹63.48 Crores to the equity shareholders of HSRIL other than the Company. Each CCPS is Convertible into 1 Equity Shares of ₹2/- each fully paid up at premium of ₹98/- on 31.07.2011.
18. a) During the year under review, Future Value Retail Limited, issued 6850, 5% Unsecured Compulsorily Convertible Debentures of ₹ 10 lacs each (CCDs) on private placement basis aggregating to ₹685 Crores. Each CCD is convertible into Fully Paid Up Equity Shares of the Company either at IPO linked Conversion price or Conversion Long Stop Date linked conversion Price (in case IPO does not happen before long stop date), as specified in the respective Debenture Subscription Agreements executed by the Company with respective subscribers. As Per terms of issue, the CCD will convert into equity shares shall not be later than April 17, 2015 which can add ₹685 crores to owned funds of the Company.
- b) Zero Coupon Fully Convertible Debentures in Future Supply Chain Solutions Limited at face value of ₹ 100 each is convertible into equity shares of face value of ₹ 10/- per share. The same has been converted into 36,83,241 equity shares after completion of the current accounting year at premium of ₹ 125.75 per share on June 9, 2011 pursuant to the second Tranche Subscription and Amendment Agreement dated May 26, 2011.
19. For certain items, the Company and its Subsidiaries and Joint Ventures have followed different accounting policies. However, impact of the same is not material.
20. Adjustment to opening profit and loss account is on account of inclusion of FCH Centrum Wealth Managers Limited and Splendor Fitness Private Limited and exclusion of FCH Realterm Logistics Advisors Private Limited in the consolidated financial statements.
21. Figures pertaining to the subsidiary companies and joint ventures have been reclassified wherever necessary to bring them in line with the group financial statements.
22. The previous year's figures have been reworked, regrouped, rearranged and reclassified wherever necessary. Amounts and other disclosures for the preceeding year included as an integral part of the current year financial statements and are to be read in relation to the amounts and other disclosures relating to the current year. Current year figures are not comparable with the previous year due to business restructuring.

As per our Report of even date attached

For and on behalf of Board of Directors

**For NGS & CO.**

Chartered Accountants

**Navin T. Gupta**  
Partner  
Membership No.:40334

**Shailesh Haribhakti**  
Chairman

**Kishore Biyani**  
Managing Director

**Vijay Biyani**  
Wholtime Director

**Rakesh Biyani**  
Wholtime Director

**Gopikishan Biyani**  
Director

**Anil Harish**  
Director

Place : Mumbai  
Date : 25th August, 2011

**Dr. Dartie O. Koshi**  
Director

**C. P. Toshniwal**  
Chief Financial Officer

**Deepak Tanna**  
Company Secretary

**Consolidated Cash Flow Statement for the Year ended June 30, 2011  
(Pursuant to Clause 32 of the Listing Agreement)**

	2010-11 (Rupees in Crores)	2009-10 (Rupees in Crores)
<b>A Cash Flow from Operating Activities</b>		
Net Profit Before Tax and Extraordinary items	281.63	180.53
Adjustments for :		
Depreciation	307.70	278.32
Preliminary & capital issue expenses Written Off	0.16	2.90
Provision for Doubtful Debts	3.46	8.29
Stock Depreciation	-	2.06
Sundry Balance Written Off (Net)	(2.25)	0.15
Bad debts Written Off	5.93	0.79
Interest (Net)	614.64	493.38
Dividend Income	-	(2.25)
(Profit) / Loss on sale of shares	(107.04)	(72.05)
(Profit) / Loss on sale of asset	10.11	4.40
<b>Operating profit before working capital changes</b>	<b>1,114.34</b>	<b>896.52</b>
Adjustments for :		
Trade and other receivable	(169.97)	(97.60)
Inventories	(1,187.95)	(301.99)
Loans & advances	(1,542.06)	(893.05)
Trade payables	700.05	677.90
Other payables	92.11	13.19
<b>Cash generated from operations</b>	<b>(993.48)</b>	<b>294.97</b>
Share in profit/(loss) of Associate Company	(2.37)	(6.31)
Adjustment on Account of Joint Venture/ Subsidiary include in consolidation	(20.33)	-
Share of Minority Interest	14.89	(68.84)
Direct taxes paid	(85.87)	(38.82)
Preliminary / Capital Issue Expenses paid	(0.16)	(0.41)
Cash flow before Extraordinary items	(1,087.32)	180.59
Adjustment As per Demerger Scheme	-	67.53
Extraordinary items	-	3.12
<b>Net Cash from Operating Activities</b>	<b>(1,087.32)</b>	<b>251.24</b>
<b>B Cash Flow From Investing Activities</b>		
Sale / (Purchase) of Fixed Assets	(1,018.33)	(728.60)
(Increase)/Decrease in capital work - in - progress	(40.17)	125.34
Sale / (Purchase) of Investments	(282.28)	32.99
Deposit given	(327.91)	120.10
Dividend Income	-	2.25
<b>Net Cash used in Investing Activities</b>	<b>(1,668.69)</b>	<b>(447.92)</b>

**Consolidated Cash Flow Statement for the Year ended June 30, 2011  
(Pursuant to Clause 32 of the Listing Agreement)**

	20010-11 (Rupees in Crores)	2009-10 (Rupees in Crores)
<b>C Cash Flow from Financing Activities</b>		
Payment of Dividend and Dividend Tax	(25.83)	(16.71)
Proceeds from Issue of Share Capital (Net of Expenses)	167.97	296.90
Proceeds from long term borrowing	1,619.39	135.51
Proceeds from Other Borrowings	1,874.71	358.27
Interest (Net)	(614.64)	(493.38)
<b>Net Cash from financing activities</b>	<b>3,021.60</b>	<b>280.59</b>
 <b>Net Cash used in Cash and Cash Equivalents (A+B+C)</b>	 <b>265.59</b>	 <b>83.91</b>
Cash & Cash Equivalents (Opening balance)	286.45	202.54
Cash & Cash Equivalents (Closing balance)	552.04	286.45
 <b>Cash and Cash Equivalents include :</b>		
Cash in Hand	18.14	19.12
Balance with Schedule Banks :		
In Current Accounts (Including in transit)	468.64	164.49
In Fixed Deposit Account	46.51	28.68
In Unpaid Dividend Account	0.37	0.34
Share in Jointly Controlled Entities	18.38	73.82
	<u>552.04</u>	<u>286.45</u>

Notes :

1. The Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Accounting Standard 3 "Cash Flow Statement" issued by The Institute of Chartered Accountants of India (ICAI).
2. Previous Year's figures have been regrouped and rearranged wherever necessary

As per our Report of even date attached

For and on behalf of Board of Directors

**For NGS & CO.**

Chartered Accountants

**Navin T. Gupta**  
Partner  
Membership No.:40334

**Shailesh Haribhakti**  
Chairman

**Kishore Biyani**  
Managing Director

**Vijay Biyani**  
Wholetime Director

**Rakesh Biyani**  
Wholetime Director

**Gopikishan Biyani**  
Director

**Anil Harish**  
Director

Place : Mumbai  
Date : 25th August, 2011

**Dr. Darlie O. Koshi**  
Director

**C. P. Toshniwal**  
Chief Financial Officer

**Deepak Tanna**  
Company Secretary





**Registered Office**

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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 realised.

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.