

NEW RETAIL

ANNUAL REPORT 2016 - 17



Ms. Soumya B

India One,
Mumbai Native, Salaried Techie

Nuclear Family,
Malayali Calendar

Digital Native
Annual Spend: ₹ 89,468

EXPERIENTIAL CUSTOMER



Mr. Edsel D'Souza

24 years,
Self Employed

Bachelor,
Christian Calendar

New Customer

ACQUIRED ON TWITTER



Mrs. Prachi Mohanty

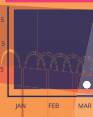
India One, Born in Cuttack,
Lives in Mumbai

Salaried, Mom,
Joint Family, Oriya Calendar

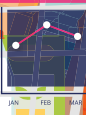
Digital Aspirer
Annual Spend: ₹ 46,870

DEAL SEEKER

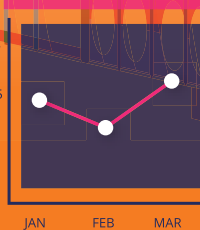
**FREQUENCY
OF STORE VISITS**



**FREQUENCY
OF STORE VISITS**



**FREQUENCY
OF STORE VISITS**



FUTURE RETAIL

What happens when the real & the virtual world are seamlessly integrated? What happens when technology integrates our suppliers, warehouses, stores and shopping baskets, allowing data to flow seamlessly across the value chain? What happens when data drives almost every decision on buying, merchandising, fulfillment & operations? What happens when technology platforms operate stores allowing rapid multiplication of store networks? What happens when mass advertising is replaced by one-on-one conversations with every customer? What happens when your world and our world becomes one? That's is the future we are imagining, designing & creating. We call it the

NEW RETAIL

CORPORATE INFORMATION

BOARD OF DIRECTORS

Kishore Biyani
Chairman &
Managing Director
DIN: 00005740

Rakesh Biyani
Jt. Managing Director
DIN: 00005806

Rajan Bharti Mittal
Non-Executive Director
DIN: 00028016

Gagan Singh
Independent Director
DIN: 01097014

Ravindra Dhariwal
Independent Director
DIN: 00003922

Shailendra Bhandari
Independent Director
DIN: 00317334

Sridevi Badiga
Independent Director
DIN: 02362997

**STATUTORY
AUDITORS**
NGS & CO. LLP

**CHIEF FINANCIAL
OFFICER**
C. P. Toshniwal

**DY. COMPANY
SECRETARY**
Virendra Samani

**SHARE TRANSFER
AGENT**
Link Intime India
Pvt. Ltd.

C-101, 247 Park,
LBS Marg, Vikhroli (West),
Mumbai - 400 083.
Tel. No. : + 91 22 4918 6000
Fax No. : + 91 22 4918 6060
www.linkintime.co.in

BANKERS
Allahabad Bank
Andhra Bank
Axis Bank
Bank of Baroda
Bank of India
Central Bank of India
Corporation Bank
Dena Bank
IDBI Bank
Punjab National Bank
State Bank of India
Union Bank of India
UCO Bank
Vijaya Bank

**REGISTERED
OFFICE**
Knowledge House,
Shyam Nagar,
Off. Jogeshwari-Vikhroli Link
Road, Jogeshwari (East),
Mumbai - 400 060.
Tel. No. : + 91 22 6644 2200
Fax No. : + 91 22 6644 2201

**CORPORATE
OFFICE**
247 Park, 'C' Tower,
LBS Marg, Vikhroli (West),
Mumbai - 400 083
Tel. No. : + 91 22 6119 0000
Fax No. : + 91 22 6199 5019

WEBSITE
www.futureretail.co.in

**INVESTOR
EMAIL ID**
[Investorrelations@
futureretail.in](mailto:Investorrelations@futureretail.in)

**CORPORATE
IDENTITY NUMBER**
L51909MH2007PLC268269

CONTENTS

02

Corporate
Information

04

Snapshot

06

National
Footprint

08

Letter from
The Chairman

12

Connecting
Customers

14

Connecting
Colleagues

16

Retail Brands

22

Management
Discussion & Analysis

27

Directors'
Report

53

Corporate
Governance Report

73

Business
Responsibility Report

82

Independent
Auditors' Report

86

Balance Sheet

87

Statement of Profit
& Loss

88

Statement of
Changes in Equity

90

Statement of
Cash Flow

91

Notes to the
Financial Statements

SNAPSHOT

Average ticket size & average value per piece of merchandise grew substantially, helped **12% same store growth**.

OPERATIONAL HIGHLIGHTS

FY 2016-2017

Customer Entry	~300 Million
Merchandise Units Sold	~1.2 Billion
Average Ticket Size	₹ 1,155
Growth in Ticket Size	~11%
Average Value Per Piece	₹ 143
Growth in Value Per Piece	~17.4%
Same Store Sales Growth	12.0%
New Operational Space	1.64 Million Sq. Ft.

KEY RATIOS

FY 2016-2017

Capital Employed	₹ 3,797 crore
Equity	₹ 2,554 crore
Net Debt / Equity Ratio [#]	0.34
ROE	15.5%
ROCE	16.9%
Inventory Days	80*
Creditor Days	59*

[#] For the purpose of this ratio OCDs have been considered as part of Equity

* On Income from Operations

A **3.4% expansion in EBIT** through the year, coupled with inventory optimised to 80 days in FY17, delivered a **Return on Capital Employed of 16.9%.**

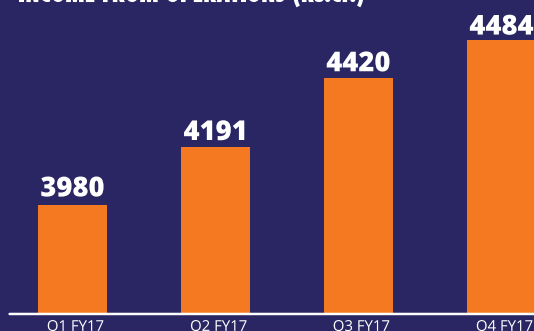
FINANCIAL HIGHLIGHTS

FY 2016-2017

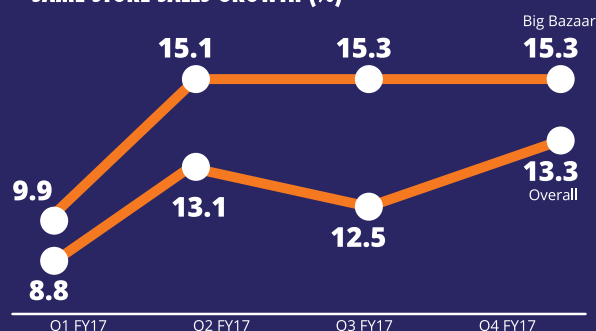
Income from Operations	₹ 17,075 Crore
Gross Margins	24.8%
EBIT	₹ 573 Crore
EBIT	3.4%
PAT	₹ 368 Crore
PAT	2.2%
EPS	₹ 7.8

QUARTERLY PERFORMANCE

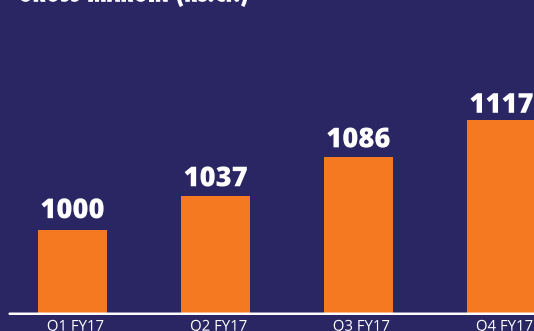
INCOME FROM OPERATIONS (Rs.Cr.)



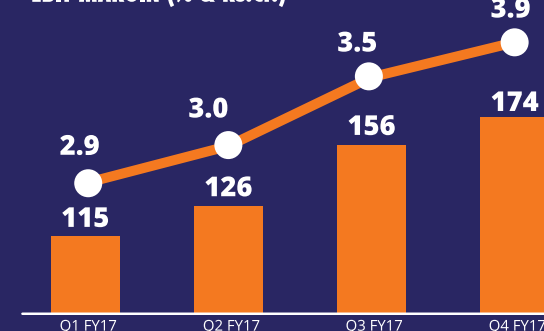
SAME STORE SALES GROWTH (%)



GROSS MARGIN (Rs.Cr.)



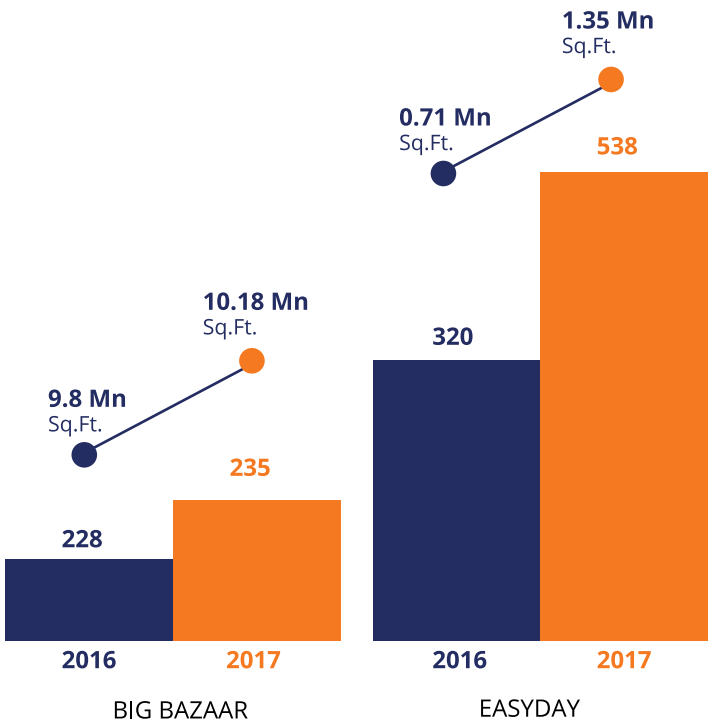
EBIT MARGIN (% & Rs.Cr.)



NATIONAL FOOTPRINT

The diversity and heterogeneity of the Indian market makes many compare India with the whole of Europe. Building a national footprint for a retailer isn't just about finding the right location and real estate to operate from, but also developing a deep understanding of the community, culture, preferences, highs and lows of consumption for every geography that it operates in. Over time, each store integrates with the people, society and communities it operates in.

While Big Bazaar is present in almost every state of the country, the small store networks are built on a cluster model. The easyday network has a formidable presence in Haryana, Punjab, National Capital Region and western Uttar Pradesh. The newly merged Heritage network has a strong presence in Hyderabad, along with stores in Bengaluru and Chennai. Thus building a nation-wide, complimentary network that echoes the pulse of India.



ANDHRA PRADESH	Big Bazaar 3 FBB 3 HomeTown 1
ASSAM	Big Bazaar 3 FBB 1
BIHAR	Big Bazaar 6 E Zone 1 FBB 2
CHANDIGARH	Big Bazaar 1

CHHATTISGARH	Big Bazaar 6 HomeTown 1
DELHI	Big Bazaar 9 EasyDay* 103 E Zone 1 FBB 4 Foodhall 3 HomeTown 1
GOA	Big Bazaar 1 FBB 1
GUJARAT	Big Bazaar 11 FBB 3 HomeTown 3

13.8

Mn.Sq.Ft.

901

STORES

26

STATES

240

CITIES

HARYANA

Big Bazaar	8
EasyDay*	63
FBB	1
Foodhall	1
HomeTown	1

HIMACHAL PRADESH

Big Bazaar	1
EasyDay*	1

JAMMU & KASHMIR

Big Bazaar	1
EasyDay*	7

JHARKHAND

Big Bazaar	6
HomeTown	1

KARNATAKA

Big Bazaar	28
EasyDay*	31
E Zone	6
FBB	4
Foodhall	2
HomeTown	5

KERALA

Big Bazaar	9
FBB	3
HomeTown	1

MADHYA PRADESH

Big Bazaar	7
FBB	1

MAHARASHTRA

Big Bazaar	37
EasyDay	27
E Zone	12
FBB	11
Foodhall	1
HomeTown	11

ODISHA

Big Bazaar	7
E Zone	1

PUNJAB

Big Bazaar	6
EasyDay*	106

RAJASTHAN

Big Bazaar	12
EasyDay*	9
FBB	1

SIKKIM

Big Bazaar	1
------------	---

TAMIL NADU

Big Bazaar	10
EasyDay*	36
FBB	1

TELANGANA

Big Bazaar	9
EasyDay*	80
E Zone	2
FBB	5
HomeTown	3

TRIPURA

Big Bazaar	1
------------	---

UTTAR PRADESH

Big Bazaar	23
EasyDay*	55
E Zone	1
FBB	6
HomeTown	3

UTTARAKHAND

Big Bazaar	3
EasyDay*	20
FBB	1

WEST BENGAL

Big Bazaar	26
E Zone	6
FBB	6
HomeTown	6

Big Bazaar has signed properties for **new stores in Meghalaya, Mizoram & Nagaland.**

* EasyDay also includes Heritage stores.

LETTER FROM THE CHAIRMAN



Dear Stakeholders,

We are pleased to share with you the Annual Report of your Company for the financial year 2016-17. This is the first full year of your Company as a pure-play retailer operating large format hypermarkets and neighbourhood stores. The Company posted total income of ₹ 17,075 crore, a profit after tax of ₹ 368 crore and earnings per share of ₹ 7.81. For this financial year, the return on capital employed was 16.9%, backed by an overall same store sales growth of 12% and the number of inventory days coming down to 80 days.

Most people following our Company would say that the biggest moat the organization has is its national store network built

on prime properties across 240 large and small town in the country. The 235 Big Bazaar store network is unparalleled amongst competitors and difficult to replicate by another retailer in India.

While we continue to invest and leverage this advantage, we are now building an even stronger moat that is built around our consumer data. During the year, ~300 million customers walked into our stores, generating more than 143 million bills and buying almost 1.2 billion units of merchandize. What however stands out is that the average value realized per unit of merchandize was ₹ 143, an annual growth of ~17% and the average bill value touching ₹ 1,155 a growth of around 11%.

Through the year, we

have been working on the objective of 'Getting More out of the Same,' and results are now showing up. The objective translates into earning more from our existing base of customers, getting higher throughput from our stores, earning more from our stocks and eventually earning higher returns from the capital employed in the business. A crucial enabler of this strategy is pervasive use of data and technology to guide business decisions and consumer engagements. Your Company today has access to consumer data of almost 30 million customers who are members of our loyalty programs. We are now steadily moving them to paid loyalty programs or membership model. These include Big Bazaar Profit Club, T24 mobile program

Future Pay Mobile Wallet

Mobile Wallet with Loyalty
Program Integration



~1.2 Million
Users

Transaction Details



Wallet uploads
in excess of
₹ 42 Crore

Price Match - Customer
Assured of Lowest Price



~3 Lakh
Price match
transactions



1

Issued at ₹ 999; 10% discount on every purchase (excluding sugar & oil), available from Day 1

2

Remains active for full year or ₹ 50,000 worth of cumulative shopping whichever is earlier

3

Exclusive Free Vouchers

The company passes on the discount benefits only to the loyal customers

KEY
ADVANTAGE

The customer gets assured discounts everyday

and the newly introduced easyday Savings Club and Future Pay mobile wallet. These programs provide richer data on consumers, who in turn are also more tightly integrated and committed to our retail brands. Customers who come on these platforms not only have higher average billing size but also higher frequency of visits through the year, translating into far higher annual spends at our stores. Most of the customers on these paid loyalty platforms visit us on an average 18 times in a year.

These loyalty programs are slowly allowing us to reduce our dependence on mass media advertising and moving on to conversations with customers through these loyalty platforms and social media. Social media and digital channels are also being used for our 'online to offline model.' For example, a series of Twitter

campaigns for a wide range of products whose price go down on every retweet, generated a huge response from customers. Those who retweeted could pre-book the product and buy at our stores. We now allow customers to even pre-book checkout slots online or on mobile for easier billing and many stores now feature sit-down billing counters.

More than tactical advantages, widespread usage of data and technology is also changing the way we take decisions. Today, around 6000 users in the organization have access to track around 2000 key performance indicators to aid their decision making. As we add more intelligence layers over our data, data will augment decision makers and allow full automation for almost four out of five decisions taken by professionals engaged in buying, supply

chain, promotions and store operations. That will allow all of us to focus only on a few areas that demand innovation and human creativity to win in the marketplace.

BRANDS & BUSINESSES

The year has been heartening in more ways than one. Big Bazaar further improved its ranking on the The Economic Times-Nielsen Most Trusted Brand Study and gained 13 ranks to become the 14th Most Trusted Brand in the country. The world's leading independent branded business valuation and strategy consultants, Brand Finance ranked your Company among the top 50 most valuable brand owners.

While Big Bazaar strengthened its national brand presence, we are

"Your Company today has access to consumer data of almost 30 million customers who are members of our loyalty programs."



Every Retweet Brings Down The Price



Book Online, Collect at Store



Pre-Book Check Out Slots

“ The seven store Foodhall network continues to be the hotbed for innovations & learning about future trends in food & FMCG consumption. ”

investing in its sister brand for the fashion space, fbb to make it a long term, sustainable differentiator in the fashion space in the country. We will be adding a large number of fbb standalone stores and have also strengthened the supply chain and the technology backbone that now allows faster speed of delivery and even single piece and single day replenishments across a large number of stores in the country.

Small appliances, gadgets and electronics is a significant part of consumer spend and so far eZone has been leading this business. We are now integrating eZone much more closely with the Big Bazaar network and simultaneously boosting our range and products in our own brand Koryo. The brand is being built around the promise of 72 hour repair or replacement

guarantee, in the event of any malfunctioning. During the forthcoming year, Koryo as a brand has a potential to touch ₹ 200 crore size, earning far higher margin in this low margin business.

The seven store Foodhall continues to be the hotbed for innovations and learning about future trends in food consumption. While it selectively expands in niche and premium markets, Foodhall is also engaged in creating a few inhouse brands to service newer demand being seen in the market. WhisQ, a range of bakery products and bakeware was a brand born out of Foodhall and now caters to the growing trend of home baking among Big Bazaar customers. Newer product brands and categories are being built around tea and accessories, super-premium staples and dry fruits, spices and gifting. While Big Bazaar will increasingly

focus on realizing growth from within its existing network, our next phase of network expansion will be through neighbourhood stores. During the year we successfully integrated the North India-based easyday network and are now ensuring a similar integration of the Hyderabad-based Heritage network. Our small stores network has now grown to 538 stores and we see this growing by at least ten times over the next five years.

However, this expansion will be led through a next generation strategy that integrates a membership driven model with pervasive use of technology in merchandizing, store operations and in all customer interactions. The technology platform that is being created for this network will allow member customers to order through multiple channels and eventually integrate a virtual

“ I have always believed that India provides innumerable opportunities to develop new consumer businesses. However one has to be agile and act rapidly to the changing environment. ”

Multiple Payment Options



marketplace for products and services that are not available at the store.

Our access to properties was the moat around which Big Bazaar thrives on and while we will continue to strengthen it, for tomorrow we want our consumer data and technology to be the moat around which the business, specially the small store network, to thrive on. To redesign the organization based on data and technology is a journey we have embarked on. We have taken some steps but many more needs to be taken.

customers, understanding shifts and change, experimenting, prototyping, destroying and recreating every day.

It is said that entrepreneurial organizations succeed due to their essential quality to act spontaneously. That's how they stay ahead of the race. For many years, our contemporaries – especially in India, called us a kind of 'organized chaos.' It is intentional, because it allows us to always keep our mind open to new ideas, ready to jump on new trends and take new opportunities. Thank you for being part of this journey and making it so much worthwhile.

SPONTANEOUS ORDER

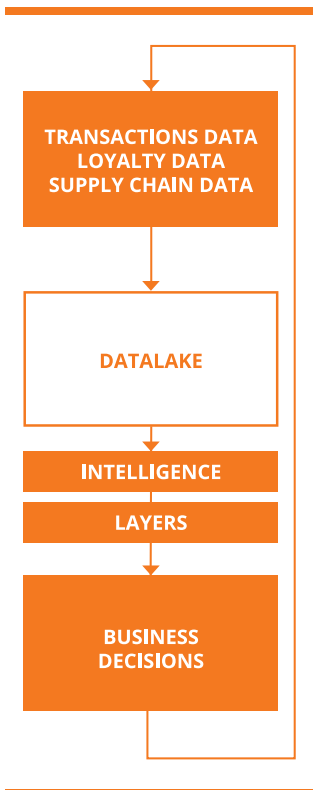
I have always believed that India provides innumerable opportunities to develop new consumer businesses. However one has to be agile and act rapidly to the changing environment. The economy is getting far more formalized and digitized and we believe we have the ability to thrive in it. Soon after demonetization was announced, our business was growing every day, even as the share of digital transactions touched 80%. Within a week of its announcement we could enable our point of sales machines to be used as ATMs by our customers. These were possible because we never wanted to say a no to a customer wishing to use any mode of payment. We had invested in transforming our payment solutions that allow more than 21 different payment channels to be used, including coupons, mobile wallets and our own Future Pay app.

Rewrite Rules, Retain Values

Kishore Biyani

Every day is a new day
for us. We are listening to

CONNECTING CUSTOMERS



The Company's retail formats attracted ~300 million customers during the financial year. Indian's love shopping along with their families and conversion overall improved to 48% from 45% last year. Customers today live a seamless life between the digital and real world. Customers like to interact with brands before they come shopping and after they have left the shop. This provides a huge opportunity for retailers to engage in multiple ways with customers.

Over the course of the last few years, the Company has been investing in multiple initiatives to enliven the conversations before and after they shop at the stores. During the year, hometown.in and fbbonline.in, joined ezoneonline.in as exclusive ecommerce portals of the Company's retail brands. These provide almost the entire range of merchandize available at the stores, allowing customers to view and research the products before they arrive at the store. Some choose to buy online as well.

Through the year, the Company also strengthened

its social media teams to engage on multiple platforms including Twitter, Facebook and Instagram. Not only were the brands engaging with the customers, fbb and Big Bazaar were hosting online special initiatives on Twitter to draw their followers into stores. Multiple products were promoted, wherein social followers were encouraged to retweet the product. For every retweet, the price came down and the customer had the option to pre-book it online and buy at the store. Big Bazaar also allowed customers to pre-book checkout slots at the stores during peak shopping seasons and festivals.

During the year, the Company also launched its own mobile payments app, Future Pay. Future Pay allows customers to load money in their wallet, view past transactions and go through ongoing promotions. More importantly, it introduced the first Price Match initiative. Customers can scan their Big Bazaar bill. The software taps into a third party database which keeps track of prices for all packaged FMCG products at

nearby retail outlets. In case the price at Big Bazaar was higher than at any other retailer, the customer is refunded the difference. The Future Pay app is being used by 1.2 million customers and 3 Lakh bills have been verified by the Price Match feature. Customers using the Price Match feature are assured they always get the lowest possible price of the product.

The Company has also introduced the easyday Savings Club, a membership model for easyday customers. These are in addition to the similar membership model at Big Bazaar and collectively these now have more than half a million customers.

The consumer data generated from these loyalty platforms provide a huge opportunity to understand trends, engage in one-on-one conversations with customers and in taking business decisions across the organization. The Company is now investing in creating a robust and agile data lake, coupled with intelligence layers and platforms that can potentially change the way we engage with customers and conduct our business.



~300M

CUSTOMER FOOTFALLS

~143M

BILLS

₹ 1,155

AVERAGE TICKET SIZE



33,467

EMPLOYEES

28 YEARS

MEDIAN AGE

CONNECTING COLLEAGUES

The organization had 33,467 employees as on March 31, 2017 and the nature of its business has also shaped one of the most diverse workforce in the country. The median age in the organization is around 28 years and around 18% of the workforce are women. Colleagues come from almost every small and large communities in the country and with very diverse skill sets – from sociologists to data scientists, from those who excel at billing to those who are masters of architecture, design, accounting or understanding fabrics and garments. They also come from vastly diverse socio-economic groups.

The diversity in the workforce brings in different influences, awareness and empathy, thus making change and evolution lot easier. Constantly learning, un-learning and relearning is the common trait that is cherished within the organization. Significant number of employees underwent some form of training – product training, skill based training, soft skills training or leadership training, every year. In order to infuse new and diverse

talent at the management level, the Company actively recruits from a wide base of management, design and liberal arts institutions. Most of them go through the cherished, Future Business Innovators' program that lasts eleven months and gives them a cross-functional exposure across various roles and geographies.

The Company has also been digitizing its talent

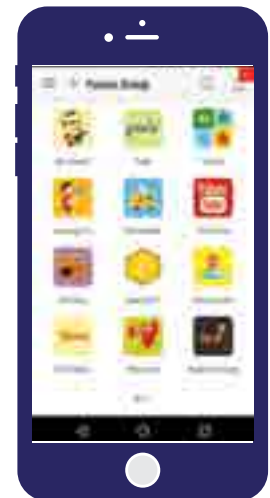
“ The diversity in the workforce brings in different influences, awareness and empathy, thus making change and evolution lot easier. ”

management platforms and has created multiple web and online based applications for learning and development, internal communication and employee engagement. In order to further streamline

its talent management services and bring about the next generation practices, the Company is rolling out a new HRMS solution, Infor CloudSuite Human Capital Management. Infor CloudSuite HCM is a highly configurable tool that enables the Company to create multiple rules and guidelines for developing organisation designs for different employee groups. Its talent sciences module allows generation and superior analysis of employee profiles and matching employees with evolving roles within the organisation.

The performance management module enables the Company to derive individual goals from organisational goals, monitor it and provide instant feedback. The Infor solution provides state-of-art analytics dashboards for employee engagement as well a learning and development module that not only keeps records of trainings conducted and attended but also enables one to create and upload training content.

Futurebytes



FRESH DAIRY

100%
MILK

BAKERY





BIG BAZAAR

Further to the success of the Big Bazaar GEN NXT stores launched in Delhi and Mumbai, the chain has been focussing on improving the consumer experience and making customer service its key proposition across all stores in the network. Big Bazaar as a brand started with providing quality products at an extremely affordable price. As the chain grew, price, along with best range and depth of merchandise became the primary customer proposition. While price and the width and depth of the merchandise range will continue to be the strengths of the brand, Big Bazaar is moving towards becoming a service-led retail brand that provides an unparalleled shopping experience to every segment of customers.

A continuous process of improvement has been initiated across the chain

with particular focus on helping customers choose their fashion needs better, superior trial rooms, a wider and better quality range in homewares and home fashion and ensuring the best assortment in the food section. With its growing footfalls, specially during peak shopping season, faster checkouts have been a constant area for improvement. A new scanning and billing system is being introduced even as a number of stores now have sit-down checkout areas.

Speed and agility continue to be primary drivers for customer service at Big Bazaar. Soon after the demonization was announced in the evening, the chain was able to live up to the challenge in helping customers. All stores were kept open past midnight,

for customers to stock up. Multiple payment options were introduced and an army of sales associates helped customers learn usage of credit and debit cards and how to download mobile wallets. Within a week, technology and systems were upgraded to enable customers access cash from their debit cards through the stores' point of sales machines that were dubbed as mini ATMs.

The 26th January holiday season is associated with thousands of customers coming over to Big Bazaar for the low prices and discounts offered at the change. This was the first year when Big Bazaar not just promised low prices but the best shopping experience for customers visiting the stores.

235
STORES

124
CITIES

10.18
MILLION SQ. FT. SPACE

FOODHALL

The Company's gourmet food chain continues to inspire the food lover and connect with the connoisseur. It also acts a strong platform for innovation and for gathering insights on new food trends ahead of the curve. Apart from adding new stores in Bengaluru and Delhi, Foodhall has been experimenting with newer brands and categories before they are introduced

across the Company's network. Foodhall developed a new brand, WhisQ, in association with celebrity baker Pooja Dhingra, to offer various baking products and bakeware. Home baking has been a growing trend and the brand met with a strong following in stores. Subsequently, the brand has been introduced across multiple Big Bazaar

stores. Foodhall has also developed gifting and spices brand Arqa that offers 24 varieties of flavourings, 6 salt varieties, 30 whole spices and seeds, 9 chillies, 10 herbs and seasonings and 10 varieties of peppers. Other brands include Bustaan, a brand offering dry fruits and baklava, Heritage, a premium rice, pulses and cereal brand and House of Tea for premium tea and accessories.

7
STORES

4
CITIES

89,474
SQ. FT. SPACE

18 | NEW RETAIL

The Company's gourmet food chain continues to inspire the food lover and connect with the connoisseur. It also acts a strong platform for innovation and for gathering insights on new food trends ahead of the curve. Apart from adding new stores in Bengaluru and Delhi, Foodhall has been experimenting with newer brands and categories before they are introduced

across the Company's network.

Foodhall developed a new brand, WhisQ, in association with celebrity baker Pooja Dhingra, to offer various baking products and bakeware. Home baking has been a growing trend and the brand met with a strong following in stores. Subsequently, the brand has been introduced across multiple Big Bazaar

stores. Foodhall has also developed gifting and spices brand Arqa that offers 24 varieties of flavourings, 6 salt varieties, 30 whole spices and seeds, 9 chillies, 10 herbs and seasonings and 10 varieties of peppers. Other brands include Bustaan, a brand offering dry fruits and baklava, Heritage, a premium rice, pulses and cereal brand and House of Tea for premium tea and accessories.

7

STORES

4

CITIES

89,474

SQ. FT. SPACE



FBB

The brand fbb is being built with immense passion and investments to create a long-term, sustainable, differentiator in the fashion retail space in the country. The chain currently has 54 standalone stores and is present within every Big Bazaar. The Company sees a high potential to build a much larger network of standalone fbb stores.

Targeting a younger audience to fashion merchandize,

the brand has roped in Bollywood celebrities Katrina Kaif and Varun Dhawan. Its association with Femina Miss India contest establishes a strong connect with beauty and fashion in small and large towns. The brand also associated with the IPL season in 2017. The brand is also very active on social media – Instagram, Twitter and Facebook and hosts regular events for its followers. In November 2016 at Infinity Mall, Malad, what

started as a foot-tapping Denim Dance music video by celebrity choreographer Terence Lewis, concluded with fbb hosting a swooping Guinness World Record event for making the 'world's largest photo book'!

The brand will continue to innovate and connect with the younger generation during the year and also launched its own e-commerce portal, fbbonline.in

54

STORES

32

CITIES

5,48,464

SQ. FT. SPACE



SAVE ₹26

HEADS UP!
DOY PRIS 142

185 ML POUCH
FREE

365 दिन
कम
दाम

कम दाम
प्रतिदिन



EASYDAY

The easyday network has been successfully integrated with the Company's operations in the northern region. A similar exercise is being conducted for the Heritage network that has stores in Hyderabad, Chennai and Bengaluru. Together, these networks operate 538 stores in clusters across the country.

Neighbourhood stores have a natural advantage in catering to the daily and weekly needs of customers. The Company sees a potential to grow this network manifold over the next four to five years and emerge as the leading food and grocery network in the country.

During the year, the Company introduced the easyday Savings Club program. Customers can pay ₹ 999 and

get an assured 10% discount across all products, except for edible oil and sugar. They are also offered home deliveries and previews to new product launches and other promotions. Launched in January 2017, the program already has more than a lakh members and it is estimated that around 1500 customers will become members at every store, spending on an average ₹ 50,000 through the year.

Simultaneously, the Company is also developing a robust technology platform that can take orders from customers through multiple channels and schedule pick up and deliveries. In fact, the entire small store network is being reimagined on a technology backbone that reduces scope for human discretion and allows for

rapid replication of the model across neighbourhoods in large cities. At a later stage, the Company envisions this model to host a virtual marketplace that can offer products and services that are not available at the store. In many ways, this small store membership platform becomes a go-to destination for all needs of customers.

538

STORES

137

CITIES

1.35

MILLION SQ. FT. SPACE

MANAGEMENT DISCUSSION AND ANALYSIS

Post consolidation of the merger of two large retail companies, enabling a geographical reach to 240 cities in previous year, this year was a witness to further growth in small format business by merger of Retail business of Heritage Foods Limited through its subsidiary Heritage Foods Retail Limited. With this realignment, the Company added 136 stores and strengthened its presence in small format business in Southern India. Further the small format business in Northern India, has already started showing better efficiency with revamp of easyday stores and conversion of other small stores also in easyday stores.

During the year, Future Retail also took over the operations of nearly 29 small stores earlier operating under the brand 'Sabka Bazaar' in Delhi and Bengaluru, after their surrender of the business and stores. All the small stores are now mainly operated under the easyday umbrella driving economies of scale.

The consolidation of businesses resulted in combination of mutual strengths, rationalisation of back-end costs and economies of scale, which would in-turn create value for business and hence its stakeholders over a long-term.

With regards to the vesting of demerged Retail Undertaking of Heritage Foods Retail Limited, the Company had completed the entire process, starting with the Board approval in November 2016, approval of Competition Commission of India in February 2017, approval of Shareholders in April 2017 and finally sanction of National Company Law Tribunal in May 2017. The Scheme has been given effect in the books of accounts of the Company, with effect from March 31, 2017, post completion of necessary compliance.

The Company continues its strategy of adopting a measured approach towards growth that captures consumer spend from a growing set of Indian consumers and at the same time ensuring that this growth is sustainable, profitable and value accretive in the longer run. A key focus for the Company is to increase its velocity of sales for existing business and on the other hand it would also increase its overall retail space and presence. The objective has been to enhance assortment relevance, improve quality standards, shopping experience and reinvent ourselves for higher customer conversion ratio, better ticket sizes, better same store sales growth and focus on higher margin products.

The Company is also upgrading some of its large format stores under brand name of Big Bazaar GEN NXT. The Big Bazaar GEN NXT store is designed to be smarter and experiential through use of technology, innovation in services, layouts, sections and digital interface. It aims at attracting more evolved and experience seeking customers in key catchments and metros. These stores

redefine the shopping experience and set new benchmarks for retailing in India. Big Bazaar GEN NXT store is where many of the Company's innovations and ideas to give consumers a world class shopping experience have come together.

As part of other efforts to enhance customer shopping experience and have a bigger share of his shopping wallet certain other initiatives have also been taken. This includes introduction of 'Future Pay' wallet with price match challenge, EMI facility for spends above certain limit across stores of the Company, through EMI network card co-branded with Bajaj Finance, # Decide your price initiative for select products through social networking websites, easyday savings club card for easyday and Big Bazaar Profit Club for Big Bazaar and many more initiatives. These innovative digital tools and fast-growing membership clubs are yielding deep consumer big-data which in-turn shall immensely help us in penetrating deeper into our customer-base while at the same time, bringing in new age customers in large numbers.

Operational Overview

The Company is now focusing only on large format retail through the Big Bazaar and small format neighbourhood retail business and has decided to move away from the specialty retail business, to ensure reduction in operation cost as well as unlocking value of Home Retail Business in a separate company. The objective of getting higher ROCE along with operating free cash flows from the first full year of operations has been achieved. We have also been able to take benefit of better financial position for further borrowing and reducing our overall finance cost, which would also continue to contribute to the bottom line.

The Company has been taking various initiatives and also increasing its presence on the digital space as well as in media. As part of this, the Company had participated in recently concluded IPL season as one of the ground sponsors. This would ensure better viewership and brand recall.

The Company continues to strive hard for optimising productivity on per store basis. The optimum utilisation of the retail space, introduction of new and high demand products, better negotiation with vendors, attracting customers to stores to increase overall customer footfall and then better conversion rate would result in better store productivity as well as better contribution per square foot of retail space.

In a bid to provide improved and upgraded product mix, the Company had been working on various fashion products offered through its format viz, "fbb" as well as various food and general merchandise products. The recent acquisitions within Future Group have helped the Company to add various specialty local products of

Nilgiris, Heritage, easyday and specialty brand products of Kara to its stores and improve its product mix. In other brands, the Company kept on introducing new offerings in all categories, giving customers choice to select from a wide range of options.

The Company continues to extend its relationship with key FMCG companies and vendors for strategic sourcing partnerships. This shall keep us differentiated in the market-place along with distinct recognition for assortment while benefits of inventory and pricing to the Company.

With better target achievement for its various supply partners, the Company is in better position to negotiate multiple priorities and better margins. Further, the scale and reach across length and breadth of the Country of its operations, also gives further edge to the Company, so as to plan its distribution network in most cost effective manner, contributing directly to better bottom line of the Company. Other support functions also contributed to the overall cost reduction initiative of the Company.

The Group as well as Company, had always been proactive for various technological upgradation in all fields of its operations, starting with planned procurements, distribution, placement in store, customer experience for shopping, comparing and payment mode. With the digitisation move of India, the Company played its role to increase use of electronic payment methods vis-à-vis cash, by providing various modes of payment options, and also introduced one more payment mode in form of Future Pay wallet. Further, by providing various incentives like cash back, additional discount and more other priorities, the Company is doing its bit to promote the dream of Digital India.

The Company is continuing its analytical studies of customer behaviour and spending pattern and put technology to maximum use to improve overall customer experience.

Customer and Marketing Overview

The Company being in retail operations and in order to give maximum benefits to its customers, continued its promotional events and other activities engaging its customers on its various formats. The ritual promotional activities like Weekly Promotional Event, Wednesday Bazaar, Public Holiday Sale, Independence Sale, Sabse Saste 4 Din continued to pull customers to Big Bazaar and other formats of the Company. Further, the Company also carried out promotional events at its other formats such as blind fold sale, exchange offer, specific category sale were few such events, which ensured whole hearted participation by customers. Further, the Future Pay wallet, price match challenge, electronics at cost price, online social media promotion, Big Bazaar Decide Your Price contest kept interest of the customer alive in various formats of the Company.

fbf, the Fashion at Big Bazaar, continues to connect with the youth customer, by promoting various events. Miss India contest, IPL season 10 and other music and performance events continues to portray fbf as fashion destination for youth. fbf has presence in social media, such as Facebook and Twitter and has more than about half a million followers on Facebook. The Company considers fbf as important strategic piece to register its presence in fashion, enhance sales productivity and improve margin profile and profitability.

fbf has become known for 'fashion at affordable price'. Further, celebrity endorsements and its media presence in big events like Miss India and IPL, continued to keep fbf fresh and renewed in minds of fashion conscious youth and other customers.

The Company added Future Pay wallet to its base of loyalty programs in addition to Payback, T24 and Big Bazaar Profit Club. Further, it also introduced easyday savings club, to bring easyday customer every month to get more savings and at same time to increase sale per loyal customer. Further, the Company also introduced the Bajaj Finserv EMI card, to get anything on EMI. These programs ensured loyalty of existing customers as well as addition of new set of customers to loyalty program. The Company targets certain promotions to specific set of loyalty customers to give them benefit of being member of such program. This in turn results in higher frequency of visits by the member customer and higher sales.

Awards & Recognition

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

- FRL has been ranked among the top 50 most valuable Brand Owners by Brand Finance.

Big Bazaar

- Big Bazaar was ranked **14th in the Most Trusted Brand** survey done by Nielsen and The Economic Times;
- The brand is **4th Most Trusted in the Services category** (other brands are Airtel, SBI, Vodafone);
- The brand was ranked **4th in the Youth Male segment** (other brands: Samsung Mobile, Colgate);
- The brand was **11th in the NCCS B segment and 15th in the Monthly Income Group** of ₹ 10,000 – 25,000, showing a strong preference in under-penetrated segments of modern retail and scope for future growth;
- **Retailer of the Year, Large Format** from Coca Cola Golden Spoon Awards in 2017.

Home Town

- **Excellence under category of “Importer and Distribution”** at MATRADE, Government of Malaysia;
- Won **“Gold Award”** in ACEF - Asian Customer Engagement Forum for Gurukul App;
- Won **“Rockstar Award”** at Pepperfry Partners Meet in August, 2016.

easyday

- **Retailer of the Year, Supply Chain Management** from Coca Cola Golden Spoon Awards.

fbb - campaign

- What started as a foot-tapping Denim Dance music video by celebrity choreographer Terence Lewis, concluded with a swooping **Guinness World Record for making the ‘world’s largest photo book’!**

BBPC

- Wins the Award for **Best Loyalty Program in Retail Sector** (Single / Specialty format) at the 10th Customer Loyalty Summit 2017.

Competition

The Company is part of the Future Group, which is pioneer in organised retail industry. As of March 31, 2017, the Company is present in hypermarket, small format neighbourhood stores, electronics and home furniture and fashion segment through its various formats in all these prominent consumption centres. Its presence across 240 cities, including the metro cities, prominent tier two cities, fast growing cities and new consumption centres, ensures that the Company is present in all consumption areas across length and breadth of India to serve the maximum shopping population.

The Company is now on expansion mode with cautious note as well as making efforts to increase sales from existing stores. The Company is making all efforts “to get more out of the same”. The cautious approach for expansion together with efforts to get more out of the same will see operational improvements for reductions in operating costs, improving margins, increasing sales, thereby adding to the bottom line. With GST coming in from the current year, the Company would be in very advantageous position, as it will be able to claim the setoff of taxes on certain expenses, which were hitherto not available. The Company would be able to take benefit of this by reducing price for customer as well as reducing overall cost of operations.

Human Resource Initiatives

Human Resource is one of the key interfaces the Company has with its customers and hence it is very critical to ensure continuous learning and development of its people resources. FRL employs 33,467 employees located at Head Office, Zonal Offices and Retail Stores across the

Country. The Company imparts continuous training to its employees in various fields and at the same time also ensures individual development by imparting training for improvement of skills, knowledge and leadership abilities. The Company has attracted best talents from the industry as well as successful in retaining its core team, which has rich experience of last 20 years leading the Company's core retail business. Further, the Company has implemented ESOP program to give better retention benefits to its valued human assets.

Business Outlook

According to research reports on Retail Industry, it is believed that retail industry in India is on growth trajectory, since per capita GDP in India is close to \$2,000, post which the market is expected to grow 2-3x in the next decade. This trend has been established in many other emerging markets reaching per capita GDP around \$2,000. Key industry drivers are India's favourable demographics, rising middle class with increasing share of discretionary spends and a rise of shopping area and e-commerce. Another key driver for boost of organised retail would be implementation of GST, which will drive a shift of business from unorganised to organised. GST Implementation and growth of the retail industry would also boost technological usage in supply chain, distribution network, driving further sector growth.

Future Retail has an established network of stores under various formats, spread across pan India basis, is poised to get the maximum benefit of the surge in the consumption drive.

Further, internal drive to improve profitability by reducing the overall operation costs and further reduction in finance cost by reducing the overall debt, will further benefit the Company by improved profitability, in comparison to other competitors.

The reduction of debt, improved net worth, would help the Company to obtain the upgradation in the credit rating, which will further help the Company to obtain the funding at much more reasonable cost and with limited financial and non-financial covenants. The Credit Analysis & Research Limited (CARE), has assigned its rating for Short Term borrowings to [CARE A1+ [CARE A One Plus]] and Long Term borrowings [CARE AA- [CARE Double A Minus]] as of March 31, 2017.

In FY 2017-18, FRL would lead from front in the Retail Industry, taking advantage of its experience in the retail sector, scale of operations, strong distribution network and experienced and skilled workforce. The efforts initiated “to get more out of the same” would increase productivity and revenue per store and per square foot of retail space. Apart from the overall growth and expansion, through various management initiatives, the Company is also open for inorganic growth by acquiring retail businesses, which complement with business of the Company, to give it further lead against competitors.

Risks and Threats

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

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

Internal controls and their adequacy

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

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

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

We note that, the period under review, FY 2016-17 is not comparable with the previous FY 2015-16. Fiscal year under review for your Company consists of:

- 12 months of operations from April 01, 2016 till March 31, 2017 of combined retail operations of Future Enterprises Limited (formerly known as Future Retail Limited) ("FEL") and Bharti Retail Limited ("the Company").
- As on March 31, 2017, the Assets and Liabilities of the Retail Undertaking of Heritage Foods Retail Limited was vested with the financial position of the Company upon the Scheme becoming effective with effect from May 19, 2017.

Further, Previous fiscal year 2015-16 was consisting of:

- 12 months of operations from April 01, 2015 till March 31, 2016 of Bharti Retail Limited ("the Company") comprising of the Retail Business Undertaking as well as 7 months of Retail Infrastructure Business Undertaking, which was demerged and vested with FEL;
- 5 months of operations from October 31, 2015 till March 31, 2016 of Retail Business Undertaking of FEL.

Sales: The Company's Sales and Other Operating Income has increased from ₹ 6,845.13 Crore in previous financial year to ₹ 17,075.09 Crore with YOY growth of 149.45% for the financial year ended March 31, 2017. The Company has also recorded Same Store Sales growth of 12% for financial year ended March 31, 2017.

Profit Before Tax: Profit Before Tax of the Company for financial year ended March 31, 2017 stood at ₹ 368.28 Crore as compared to ₹ 15.09 Crore during the previous financial year.

Interest: Interest & Financial charges outflow has increased from ₹ 49.75 Crore incurred in previous financial year to ₹ 204.23 Crore for financial year ended March 31, 2017. The increase in interest and financial charges is on account of additional borrowings for funding the growth plans of the Company and increase in rate of interest during the year. The interest & financial charges cover for financial year ended March 31, 2017 under review is 2.96 times as compared to 2.04 times in the previous financial year.

Net Profit: Net Profit of the Company for financial year ended March 31, 2017 stood at ₹ 368.28 Crore as compared to ₹ 15.09 Crore in the previous financial year with an increase of ₹ 353.19 Crore and with YOY increase of 23.40 times over the previous financial year.

Dividend: The Board of Directors of the Company has not recommended any dividend for the financial year ended March 31, 2017.

Capital employed: The capital employed in the business is ₹ 3,797.79 Crore as at March 31, 2017. Return on capital employed (average capital employed) during 2016-17 is 16.85% as compared to 4.19% during 2015-16.

Surplus management: The Company generated a cash profit of ₹ 400.86 Crore for financial year ended March 31, 2017 as compared to ₹ 51.85 Crore in the previous financial year, registering the growth of 673.12%. The amount, is ploughed back into the business to fund the growth. The growth of the Company has partly been funded by the cash generated from the business as well as from additional funds borrowed and equity funds infused during the financial year.

Equity Share Capital: The equity share capital of the Company has been increased from ₹ 8.70 Crore (excluding ₹ 85.57 Crore worth of shares shown as 'Equity Shares Suspense Account', issued to shareholders of FEL during FY 2016-17, as per Composite Scheme of Arrangement of FRL-FEL) to ₹ 94.36 Crore (excluding ₹ 3.57 Crore worth of shares, shown as 'Equity Shares Suspense Account', to be issued to shareholders of HFRL during FY 2017-18, as per Scheme of Arrangement with Heritage Foods Limited and Heritage Foods Retail Limited) due to ₹ 85.57

Crore worth of shares issued to shareholders of FEL, as per Composite Scheme of Arrangement of FRL-FEL and balance to employees exercising their stock options during the financial year under review.

Debentures: The Company issued 1,542 10% Optionally Convertible Debentures of ₹ 10 lakh each (hereinafter referred to as "OCDs") aggregating to ₹ 154.20 Crore to Cedar Support Services Limited, entity not forming part of Promoter Group. These OCDs are convertible into equity shares of the Company at the option of issuer.

Net Debt-Equity: Net Debt-Equity ratio (for the purpose of this ratio OCDs have been considered as part of equity) of the Company has decreased due to increased net worth and repayment of borrowings of the Company. Debt-Equity ratio has decreased from 0.43 in the previous financial year to 0.34 as at March 31, 2017.

Earnings Per Share (EPS): The Company's EPS has increased from ₹ 0.69 in previous financial year to ₹ 7.81 per share for the financial year ended March 31, 2017.

Cash Earnings Per Share (CEPS): The Company's Cash Earnings per Share (CEPS) has increased to ₹ 8.50 in current financial year in comparison to ₹ 2.35 in the previous financial year.

DIRECTORS' REPORT

To

The Members,

Your Directors are pleased to present the Tenth Annual Report of the Company together with the Audited Financial Statements for the financial year ended March 31, 2017.

FINANCIAL HIGHLIGHTS

The financial performance of the Company is as follows:

(₹ in Crore)

Particulars	Financial Year 2016-17	Financial Year 2015-16
Revenue from Operations	17,075.09	6,845.13
Other Income	23.80	18.22
Total Revenue	17,098.89	6,863.35
Profit / (Loss) before Depreciation and Amortization Expense & Tax expense	400.86	51.85
Less: Depreciation and Amortization expense	32.58	36.76
Profit / (Loss) Before Tax	368.28	15.09
Less: Tax expense	–	–
Profit / (Loss) After Tax	368.28	15.09
Other Comprehensive Income for the year	(2.69)	(0.77)
Total Comprehensive Income for the year	365.59	14.32
Earnings Per Equity Share of Face Value of ₹ 2/- each		
- Basic and Diluted (in ₹)	7.81	0.69

REVIEW OF PERFORMANCE

During the financial year, the Company had a total income of ₹17,098.89 Crore. The total expenditure during the financial year amounted to ₹ 16,730.61 Crore, thereby resulting Profit Before Tax of ₹ 368.28 Crore.

We have a pan India presence with 901 stores in 240 cities in India as of March 31, 2017 and total retail space of approximately 13.8 million sq. ft. for various formats of our Company. As on March 31, 2017, we have 235 Big Bazaar stores, 54 fbb stores, 7 Foodhall stores, 538 easyday stores, 37 Home Town stores and 30 eZone stores. Our retail format business is supported by various other businesses operated by Future Group companies and through Future Group companies investments in various ventures including branded fashion, food and FMCG, insurance, warehousing and logistics, media, textiles and online retailing.

Our retail formats primarily comprises of, value business and home business. In our value business, our formats include (i) "Big Bazaar", a hypermarket format that combines the "see – touch – feel" of Indian bazaars with the choice and convenience of modern retail; (ii) "fbb", an affordable fashion destination; (iii) "Foodhall", a premium supermarket; (iv) "easyday", convenient and neighborhood stores which offers the pre-packed vegetables and fruits to the consumers, FMCG and daily use products. In our home business, we operate (i) "Home

Town", a one-shop destination for home improvement; and (ii) "eZone", a consumer durable and electronics chain.

SCHEME OF ARRANGEMENT

a) Composite Scheme of Arrangement between the Company and Future Enterprises Limited and their respective Shareholders and Creditors ("FRL – FEL Scheme")

The Composite Scheme of Arrangement between the Company and Future Enterprises Limited ("FEL" - formerly known as Future Retail Limited) and their respective Shareholders and Creditors ("the FRL – FEL Scheme") has been approved under the provisions of Sections 391-394 of the Companies Act, 1956 read with Sections 100-104 of the Companies Act, 1956 and Section 52 of the Companies Act, 2013 for demerger of Retail Business Undertaking of FEL into the Company and demerger of Infrastructure Business Undertaking of the Company and vesting into FEL with effect from Appointed Date of October 31, 2015, as defined in the said Scheme and has been given effect on May 1, 2016 ("Effective Date"), after receipt of Hon'ble High Court approval. Pursuant to the same, all the assets and liabilities pertaining to the Retail Business Undertaking of FEL has been demerged and vested into the Company and all the assets and liabilities pertaining to Infrastructure Business Undertaking of the Company has been demerged and vested into FEL.

b) Composite Scheme of Arrangement among Heritage Foods Limited and Heritage Foods Retail Limited and the Company and their respective Shareholders and Creditors ("Heritage Scheme")

The Composite Scheme of Arrangement among Heritage Foods Limited ("Transferor Company" or "HFL") and Heritage Foods Retail Limited ("Transferee Company" or "Demerged Company" or "HFRL") and the Company and their respective Shareholders and Creditors under Sections 391-394 and Sections 100-103 of the Companies Act, 1956 and/or Sections 230-232 and Section 66 of the Companies Act, 2013 (as applicable) and Section 52 of the Companies Act, 2013 ("**Heritage Scheme**"), *inter-alia* involving demerger of the Retail Business Undertaking of HFL, through its wholly owned subsidiary HFRL, into the Company has been given effect on May 19, 2017 ("**Effective Date – Demerger**") after receipt of approval of National Company Law Tribunal Bench at Hyderabad and Mumbai on May 03, 2017 and May 11, 2017 respectively. The Appointed Date under Heritage Scheme for Demerger was close of business on March 31, 2017.

Pursuant to the Heritage Scheme, the Retail Business Undertaking of HFRL has been transferred to and vested in the Company. As consideration for the demerger, the Company will issue 1,78,47,420 (One Crore Seventy Eight Lakh Forty Seven Thousand Four Hundred and Twenty) equity shares of the face value of ₹ 2/- (Rupees Two) each, fully paid-up, to the shareholders of HFRL (i.e. HFL).

The shareholders of HFRL (i.e. HFL) have agreed to share with the Company an upside on the realization out of the shares of the Company, subject to certain broad terms and conditions.

c) Composite Scheme of Arrangement Between the Company and Bluerock eServices Private Limited and Praxis Home Retail Private Limited and their respective Shareholders ("Home Town Scheme")

The Board of Directors of the Company have approved the Composite Scheme of Arrangement between the Company and Bluerock eServices Private Limited ('BSPL' or 'Second Demerged Company') and Praxis Home Retail Private Limited ('PHRPL' or 'Resulting Company') and their respective Shareholders ("**Home Town Scheme**") under Sections 230-232 read with Section 66 of the Companies Act, 2013 and other applicable provisions of the Companies Act, 2013 in their meeting held on April 20, 2017. The Scheme *inter-alia* involves demerger of Home Retail Business of the Company into PHRPL with effect from the commencement of business on August 1, 2017.

Pursuant to the Home Town Scheme, the Home Retail Business of the Company carried on through Home Town Stores would be transferred to and vested in PHRPL. As a consideration for the said demerger, PHRPL would issue 1 fully paid up Equity Share of ₹ 5/- each, fully paid up, to the shareholders of the Company for every 20 fully paid up shares of ₹ 2/- each

held by the Shareholders in the Company on Record Date to be fixed by the Company. Post issue of such shares, the equity shares of PHRPL would be listed on the stock exchanges viz, BSE & NSE (subject to listing permission) and the shareholding pattern of PHRPL would be identical to that of the Company.

The Home Town Scheme also provides for demerger of e-Commerce Home Retail Business from BSPL into PHRPL and for which PHRPL shall issue 6,30,000, 9% Redeemable Preference Shares of ₹ 100/- each to the shareholders of BSPL as consideration for Demerger. The Appointed Date for Demerger of e-Commerce Home Retail Business is April 15, 2016.

The Home Town Scheme would be given effect on receipt of requisite approvals from the applicable statutory authorities.

EQUITY SHARE CAPITAL

During the year under review, the Company has issued and allotted in aggregate 42,83,34,478 Equity Shares as under:

● **Pursuant to FRL – FEL Scheme**

Pursuant to the FRL – FEL Scheme becoming Effective, the Shareholders of FEL who were holding equity or Class B (Series-1) shares on Record Date i.e. May 12, 2016, were allotted Equity Shares of the Company in the ratio as mentioned in the Scheme (i.e. 1 Equity Share of ₹ 2 each for each equity share or Class B (Series-1) shares held in FEL). Accordingly, on May 18, 2016, the Company allotted 42,78,60,296 Equity Shares to the existing Shareholders of FEL.

● **Pursuant to FRL – ESOP Plan, 2016**

During the year under review, the Company has made allotment of total 474,182 Equity Shares of ₹ 2/- each to concerned employees of the Company, upon exercise of the vested options granted to the said employees under Future Retail Limited Employee Stock Option Plan - 2016 (FRL ESOP - 2016). None of the employee is in receipt of Equity Shares exceeding 1% of Equity Share capital of the Company against the vested options exercised by them under FRL ESOP - 2016. The breakup of allotment of 474,182 equity shares is as follows:

- ❖ 4,67,558 Equity Shares of ₹ 2/- each allotted on January 19, 2017; and
- ❖ 6,624 Equity Shares of ₹ 2/- each allotted on March 21, 2017.

BUSINESS OUTLOOK

We have developed well recognized formats like Big Bazaar, fbb, Foodhall, easyday, Home Town and eZone. Due to the recognition and acceptability of these formats, we have been able to develop pan India presence with a loyal consumer base, as of March 31, 2017, of approximately 30 million members across various formats. As our business is driven by consumer spending, we believe that our presence across India and wide consumer base ensure that we are well positioned to grow our business.

A focused first-full year of pure-play asset light retail business has opened doors to huge opportunities across our large & small stores. Deployment of technology tools in the last few years & on a continued basis, has given the Company a concrete direction with which we feel lot more confident to begin our next phase of journey armoured with 'Data'. Consumption Data through an unparalleled reach to over approx 300 million unique customers across 901 stores on a truly pan-India basis is the key business driver as we set ourselves for the next few years.

Our unique extensions in form of Future Pay wallet, Membership & Loyalty drive across formats are re-defining our customer connect and increasing the relevance to customers by many folds. This would allow us to have deeper share of their consumption spends and bring in new customers in our fold with a higher consistency.

Our process of reimagining retail was extended with Big Bazaar GEN NXT across large metros and fbb stores at select locations. Many of them have already become shopping destinations and we believe the differentiation allows us to cater to aspiring Indians more effectively and increases the productivity of our stores.

We are more closer to integrating our retail stores with advanced supply-chain capabilities, technology-enabled processes, differentiated assortments including world-foods, overall membership experience and many more services to usher in a unique model for our neighbourhood stores. The next few years are defining for us and we are dedicated to work towards making it a success.

DIVIDEND

Due to accumulated losses of previous years and further with a view to preserve the profits of current year for future prospectus, the Board of Directors of the Company were unable to recommend any Dividend during the financial year 2016-17.

INVESTMENTS AND DISINVESTMENTS

During the year under review, the Company has made nominal investment in Future Supply Chain Solutions Limited and has not divested any investment.

FIXED DEPOSITS FROM PUBLIC

The Company has not accepted any fixed deposits from the public and as such, no amount on account of principal or interest on deposits from public was outstanding as at March 31, 2017.

DEBENTURES

Pursuant to FRL – FEL Scheme, the Optionally Convertible Debentures as standing in the books of pre-demerged entity was splitted between the two Companies as per the assets and liabilities transferred for the Retail Business Undertaking and Retail Infrastructure Business Undertaking. Accordingly, the Company issued 1,542 10% Optionally Convertible Debentures of ₹ 10 lakh each (hereinafter referred to as "OCDs") aggregating to

₹ 154.20 Crore to M/s. Cedar Support Services Limited, entity not forming part of Promoter Group. These OCDs are convertible into equity shares of the Company at the option of issuer.

CORPORATE GOVERNANCE REPORT

A Report on Corporate Governance along with a certificate from Statutory Auditors of the Company regarding the compliance with the conditions of Corporate Governance as stipulated under Regulation 34 read with Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, (hereinafter referred to as "Listing Regulations") forms part of this Annual Report.

BUSINESS RESPONSIBILITY REPORT

Pursuant to Listing Regulations, a Business Responsibility Report is included and forms part of this Annual Report.

MANAGEMENT DISCUSSION AND ANALYSIS

The Management Discussion and Analysis as required under Regulation 34 read with Schedule V of the Listing Regulations forms part of this Annual Report.

AUDITORS AND AUDITORS' REPORT

Statutory Auditors

M/s. NGS & Co. LLP, Chartered Accountants (Firm Registration No. 119850W) have been appointed at last AGM for a period of 5 (Five) years from the conclusion of the Ninth Annual General Meeting till the conclusion of the Fourteenth Annual General Meeting of the Company. However, their appointment shall be subject to ratification by the Members in every Annual General Meeting during the said term.

The Company has received a written confirmation from the Auditors that the ratification of their appointment for the next financial year, if made, shall be in accordance with the criteria as provided under Section 141 of the Companies Act, 2013 ("the Act").

Auditors' Report

The Auditors' Report on the Financial Statement for the financial year ended March 31, 2017 is issued with unmodified opinion and does not contain any qualification, reservation or adverse remark.

Secretarial Auditor

Ms. Bindu Darshan Shah (Membership No. A20066 / CP No. 7378), Proprietor: K. Bindu & Associates, Practising Company Secretaries was appointed as Secretarial Auditor to conduct the secretarial audit of the Company for the financial year 2016-17, as required under Section 204 of the Act and Rules made thereunder.

The Secretarial Audit Report for the financial year 2016-17 is appended as Annexure – I which forms part of this Report. The said Secretarial Audit Report doesn't contain any qualifications, reservations or adverse remarks.

POLICIES & DISCLOSURE REQUIREMENTS

Details of programs for familiarization of Independent Directors with the Company are available on the website of the Company at the link http://www.futureretail.co.in/pdf/ID_Familiarization.pdf

Policy for determining material subsidiaries of the Company is available on the website of the Company at the link http://www.futureretail.co.in/pdf/Mat_Sub_Policy.pdf

Policy for determining Materiality of Events of the Company is available on the website of the Company at the link http://www.futureretail.co.in/pdf/Policy_for_Determining_Materiality_of_Events.pdf

Policy for archival of documents of the Company is available on the website of the Company at the link http://www.futureretail.co.in/pdf/Archival_Policy.pdf

The code of conduct for the Board of Directors and Senior Management personnel of the Company is available on the website of the Company at the link http://www.futureretail.co.in/pdf/Code_of_Conduct_for_Key_Management_Persons.pdf

Policy on dealing with related party transactions is available on the website of the Company at the link http://www.futureretail.co.in/pdf/RPT_Policy.pdf

The Dividend distribution policy is given as Annexure – II to this Report. The same is also available on the website of the Company at the link http://www.futureretail.co.in/pdf/Dividend_Distribution_Policy.pdf

The Company has established a Whistle Blower Policy to provide Vigil Mechanism for stakeholders of the Company to report genuine concerns that could have serious impact on the operations and performance of the business of the Company. This Policy is in compliance with the provisions of the Act and Listing Regulations.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

Details of changes in the structure of Board and various Committees were disclosed in our earlier report for the year ended March 31, 2016. We are pleased to inform you that on April 20, 2017, Ms. Sridevi Badiga was appointed as an Additional (Independent) Director for a period of Five (5) years subject to the approval of Shareholders of the Company.

Ms. Sridevi Badiga holds office upto the date of the forthcoming Annual General Meeting of the Company. The Company has received separate notice from a member signifying its intention to propose Ms. Sridevi Badiga as candidate for the office of Director of the Company at the forthcoming Annual General Meeting.

In terms of Section 152 of the Act, Mr. Kishore Biyani is liable to retire by rotation and being eligible, offers himself for re-appointment.

The Company has received necessary disclosure and confirmation from concerned Director(s) in connection with their appointment / re-appointment. Additional information on appointment / re-appointment of

Directors as required under Regulation 36 of the Listing Regulations, is given in the Notice convening the ensuing Annual General Meeting.

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

COMMITTEES OF THE BOARD OF DIRECTORS

Details of Committees of the Company along with their terms of reference, composition and meetings held during the year, are provided in the Corporate Governance Report, which forms part of this Annual Report.

NUMBER OF MEETINGS OF THE BOARD

During the year under review, total Eight (8) meetings of the Board were held, details of which are given in the Corporate Governance Report that forms part of this Annual Report.

VIGIL MECHANISM

The Company has established a vigil mechanism to provide a framework to promote responsible and secure whistle blowing and to provide a channel to the employee(s) and Directors to report to the management, concerns about unethical behavior, actual or suspected fraud or violation of the code of conduct or policy/ies of the Company, as adopted / framed from time to time. The mechanism provides for adequate safeguards against victimization of employees and Directors to avail of the mechanism and also provide for direct access to the Chairperson of the Audit Committee in exceptional cases.

SUBSIDIARY, JOINT VENTURE, HOLDING COMPANY AND ASSOCIATE COMPANIES

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

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

PERFORMANCE EVALUATION OF BOARD

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

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

A separate exercise was carried out to evaluate the performance of individual Directors including the Chairman of the Board, who were *inter-alia* evaluated on parameters such as level of engagement and contribution, independence of judgment, safeguarding the interest of the Company and its minority Shareholders, etc. The performance evaluation of the Independent Directors

was carried out by the entire Board except the Independent Director being evaluated. The performance evaluation of the Chairman and Non-Independent Directors was carried out by the Independent Directors.

The Directors expressed their satisfaction with the evaluation process.

POLICY ON DIRECTORS APPOINTMENT AND REMUNERATION

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

RISK MANAGEMENT AND INTERNAL FINANCIAL CONTROL

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

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

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

EMPLOYEES STOCK OPTIONS (ESOPs)

The Shareholders of the Company had passed resolutions through Postal Ballot on November 07, 2016 and approved the Future Retail Limited Employees Stock Option Plan – 2016 (FRL ESOP – 2016) and also approved to offer, issue and allot at any time or to acquire by way of secondary acquisition, to or for the benefit of Eligible Employees under FRL ESOP – 2016, not exceeding 90,00,000 Equity Shares of ₹ 2 each, in one or more tranches, at such price and on such terms and conditions as may be fixed or determined by the Committee.

Pursuant to the applicable provisions of the Act and the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014, the Company has set up a 'Future Retail Limited Employees' Welfare Trust' ("Trust") for implementation of the said Scheme.

During the year under review, the Nomination and Remuneration Committee has granted 13,24,071 Stock Options to the eligible employees (including to employees transferred from FEL pursuant to FRL-FEL Scheme) and cancelled 19,758 Stock Options under FRL ESOP – 2016.

The applicable disclosures as stipulated under Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 as on March 31, 2017 with regard to the FRL ESOP – 2016 are provided in Annexure – III to this Report.

Further, the Company has constituted Employees Gratuity Trust in name of "Future Retail Limited - Employees Gratuity Trust" and constituted a Fund through Trust in the name of "Future Retail Employees Superannuation Trust" for benefits of eligible employees of the Company.

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

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

The Company has in place a robust policy on prevention of sexual harassment at workplace. The policy aims at prevention of harassment of employees as well as contractors and lays down the guidelines for identification, reporting and prevention of sexual harassment. The Company has an Internal Complaints Committee (ICC) which is responsible for redressal of complaints related to sexual harassment and follows the guidelines provided in the policy. ICC conducts training workshop mainly focusing on investigation skills, basic counselling skills like listening, paraphrasing and dealing with biases through various kind of case studies, role plays activities based on real life examples, role of ICC, critical attitudes of an ICC member and investigation process & report writing, etc.

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

CORPORATE SOCIAL RESPONSIBILITY (CSR)

In terms of the provisions of Section 135 of the Act, read with Companies (Corporate Social Responsibility Policy) Rules, 2014, the Board of Directors of your Company has constituted a Corporate Social Responsibility ("CSR") Committee. The composition and terms of reference of the CSR Committee is provided in the Corporate Governance Report, which forms part of this Annual Report.

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

The disclosures as per Rule 9 of Companies (Corporate Social Responsibility Policy) Rules, 2014 is made in prescribed form which is annexed to this Report as Annexure – IV.

PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

Details of Loans granted, Guarantee provided and Investment made by the Company which are covered under the provision of Section 186 of the Companies Act, 2013, is provided in note no. 5 and 42 of Notes forming part of Standalone Financial Statements.

INDIAN ACCOUNTING STANDARDS (IND AS)

As mandated by the Ministry of Corporate Affairs (MCA), the Company has adopted Indian Accounting Standards ("Ind AS") from April 01, 2016 with a transition date of April 01, 2015. The Financial Results for the year 2016-2017 have been prepared in accordance with Ind AS, prescribed under Section 133 of the Act, read with the relevant Rules issued thereunder and the other recognised accounting practices and policies to the extent applicable. The Financial Results for all the periods of 2016-2017 presented have been prepared in accordance with Ind AS.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

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

Particulars of contracts or arrangements with related parties as required under Section 134(3)(h) of the Act, in the prescribed Form AOC-2 is given in Annexure – V of this Annual Report.

Disclosure of transactions with related parties as required under the applicable Accounting Standards have been made in the notes forming part of the financial statements.

DIRECTORS' RESPONSIBILITY STATEMENT

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

- i. in the preparation of the annual accounts for the financial year ended March 31, 2017, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- ii. the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the year ended March 31, 2017;
- iii. the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv. the Directors have prepared the annual accounts for the financial year ended March 31, 2017 on a going concern basis;

- v. the Directors, further state that they have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- vi. the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

AUDIT COMMITTEE

The Audit Committee of the Company comprises of Ms. Gagan Singh, Independent Director as Chairperson of the Committee, Mr. Ravindra Dhariwal, Independent Director, Ms. Sridevi Badiga, Independent Director and Mr. Rakesh Biyani, Joint Managing Director as Members of the Committee. There are no instances where the Board did not accept the recommendations of the Audit Committee. The terms of reference, powers and roles of the Committee are disclosed in the Corporate Governance Report, which forms part of this Annual Report.

PARTICULARS OF EMPLOYEES

Disclosures with respect to the remuneration of Directors and employees as required under Section 197 (12) of the Act, read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are provided under Annexure – VI, which is annexed to this Report.

In terms of the provisions Section 197(12) of the Act, read with Rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, a statement showing the names and other particulars of employees drawing remuneration in excess of the limits set out in the said rules are provided in this Annual Report.

In terms of the provisions of first proviso to Section 136(1) of the Act, information pursuant to Section 197 of the Act, read with Rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is excluded from the Annual Report being sent to the members of the Company and is available for inspection by the Members at registered office of the Company during business hours on working days up to the date of the ensuing Annual General Meeting. If any Member is interested in obtaining a copy thereof, such Member may write to the Company Secretary and the same will be furnished on request. The full Annual Report including aforesaid information is being sent electronically to all those Members who have registered their e-mail addresses and is available on the website of the Company.

PARTICULARS OF ENERGY CONSERVATION, TECHNOLOGY ABSORPTION ON FOREIGN EXCHANGE EARNINGS AND OUTGO ETC.

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

EXTRACT OF ANNUAL RETURN

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

SIGNIFICANT AND MATERIAL ORDERS

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

DETAILS UNDER REGULATION 39(4) OF THE LISTING REGULATIONS – UNCLAIMED SUSPENSE ACCOUNT

Pursuant to Regulation 39(4) read with Schedule V of the Listing Regulations, pertaining to outstanding shares lying in Unclaimed Suspense Account at the beginning of financial year under review, the aggregate number of Shareholders holding Equity Shares were 185 holding 101,260 Equity Shares. Out of which One (1) shareholder claimed 550 Equity Shares which were credited to shareholder's account. The total Shareholders now remained are 184 holding 100,710 Equity shares lying in the Unclaimed Suspense Account as on March 31, 2017. All the unclaimed shares are credited to a Demat Unclaimed Suspense Account and all the corporate benefits in terms of securities, accruing on these unclaimed shares shall be credited to such account. The Voting rights on these shares shall remain frozen till the rightful owner of such shares claims the shares.

MATERIAL CHANGES AND COMMITMENTS

Except as disclosed in this report about the Home Town Demerger Scheme which was approved by the Board of Directors at its meeting held on April 20, 2017 (based on the recommendation of the Audit Committee), there were no material changes have taken place that could have an impact on the financial position of the Company from the date of closure of financial year under review till the date of signing of Accounts.

AWARDS AND RECOGNITIONS

The Company or its formats received awards in categories like:

- FRL has been ranked among the top 50 most valuable Brand Owners by Brand Finance.

Big Bazaar

- Big Bazaar was ranked **14th in the Most Trusted Brand** survey done by Nielsen and The Economic Times;
- The brand is **4th Most Trusted in the Services category** (other brands are Airtel, SBI, Vodafone);

- The brand was ranked **4th in the Youth Male segment** (other brands: Samsung Mobile, Colgate);
- The brand was **11th in the NCCS B segment and 15th in the Monthly Income Group** of ₹ 10,000 – ₹ 25,000 – showing a strong preference in under-penetrated segments of modern retail and scope for future growth;
- **Retailer of the Year, Large Format** from Coca Cola Golden Spoon Awards in 2017.

Home Town

- **Excellence under category of "Importer and Distribution"** at MATRADE, Government of Malaysia;
- Won **"Gold Award"** in ACEF - Asian Customer Engagement Forum for Gurukul App;
- Won **"Rockstar Award"** at Pepperfry Partners Meet in August, 2016.

easyday

- **Retailer of the Year, Supply Chain Management** from Coca Cola Golden Spoon Awards.

fbb - campaign

- What started as a foot-tapping Denim Dance music video by celebrity choreographer Terence Lewis, concluded with a swooping **Guinness World Record for making the 'world's largest photo book'**!

BBPC

- Wins the Award for **Best Loyalty Program in Retail Sector** (Single / Specialty format) at the 10th Customer Loyalty Summit 2017.

ACKNOWLEDGEMENT

Your Board of Directors would like to thank and place on record their appreciation for the continued support and co-operation provided to your Company by its Shareholders, Future Group entities in particular, their employees, regulatory authorities and its banks and financial institutions. Your Directors would also like to place on record its sincere appreciation for the efforts put in by employees of the Company whose efforts, hard work and dedication has enabled the Company to achieve the targets and recognitions during the year.

For and on behalf of the Board of Directors

Place: London
Date : May 23, 2017

Kishore Biyani
Chairman & Managing Director

ANNEXURE – I

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2017

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

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

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

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, We hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2017 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2017 according to the provisions of:

- i. The Companies Act, 2013 and / or the Companies Act, 1956 to the extent applicable (the Act) and the rules made thereunder;
- ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- iv. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings; - (Not applicable to the Company during the Audit Period);
- v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - d. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
 - e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; (Not applicable to the Company during the Audit Period);
 - h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; (Not applicable to the Company during the Audit Period); and
 - i. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), Regulations 2015.

We have also examined compliance with the applicable clauses of the Secretarial Standards with regard to Meeting of Board of Directors (SS-1) and General Meetings (SS-2) issued by The Institute of Company Secretaries of India.

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

We further report that:

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

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

(a) There were instances of:

1. Demerger/ Restructuring/ Scheme of Arrangement;
2. Allotment of shares pursuant to the Scheme of Arrangement and also under Employee Stock Option Scheme;
3. The Equity Shares of the Company got listed on BSE and NSE with effect from August 29, 2016.

(b) There were no instances of:

1. Public issue of shares (No Initial Public Offer made by the Company during the year);
2. Redemption / Buy-Back of Securities;
3. Foreign Technical Collaborations.

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

Annexure I to Secretarial Audit Report

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

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

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

For **K Bindu & Associates**
Company Secretaries

Bindu Darshan Shah
Proprietor

Place : Mumbai
Date : May 23, 2017

Membership No. A20066 / CP No. 7378

ANNEXURE – II

Dividend Distribution Policy

Company's philosophy:

Future Retail strives to ensure and preserve stakeholders' value and work towards enhancing net worth of the Company as well as overall stakeholders' value. While achieving the above objective, the Company also ensures protecting the interest of all stakeholders, including the society at large.

Future Retail looks upon good Corporate Governance practices as a key driver of sustainable corporate growth and long term stakeholder value creation. Good Corporate Governance Practices enable a Company to attract high quality financial and human capital. In turn, these resources are leveraged to maximize long-term stakeholder value, while preserving the interests of multiple stakeholders, including the society at large. Our Dividend philosophy is in line with the above principles. Our Dividend payout ratio would be ranging from 25% to 60% of the earned profits for the year, after adjusting any carried forward losses. Dividend Payout ratio would be reviewed every three year and would be based upon profitability and retained earnings and would be further subject to business requirements and general economic conditions. The Company will attempt to maintain a consistent dividend record to reward Shareholders.

Declaration of Dividend:

In line with the philosophy described above, the Board reviews the operating performance every quarter and shall strive to distribute optimum and appropriate level of profits in the form of interim / final dividends, from time to time. All dividends are subject to statutory regulations and approvals, as applicable. Overall, the dividend payout in each year will depend upon business performance, investment requirements of the annual operating plan for the year and any other strategic priorities identified by the Company.

Per share basis:

The dividend will be declared on per share basis only.

Circumstances under which the Shareholders of the listed entities may not expect dividend:

The Board may choose not to recommend a dividend, if there are important strategic priorities which require large investments that would deplete the Company's cash reserves or uncertainties in the business performance in the near to medium term.

Financial parameters considered while declaring dividend:

The financial parameters that may be considered before declaring dividend are profitability, cash flow, obligations, taxation policy, past dividend rates and future growth and profitability outlook of the Company.

Internal and external factors considered while declaring dividend:

The Board leads the strategic management of the Company on behalf of the Shareholders, exercise supervision through direction and control and appoints various committees to handle specific areas of responsibilities. In this endeavor, the Board reviews various types of information provided to it which has a bearing on declaring dividend. Key internal and external factors are listed below (not exhaustive):

Internal:

- Annual operating plans, budgets, updates;
- Quarterly and Annual results;
- Strategic updates/ financial decisions;
- Any other matter / risks.
- Capital budgets;
- Investments including Mergers and Acquisitions (M&A);
- Funding arrangements;

External

- Macro-economic environment;
- Legislations impacting business;
- Changes in accounting policies and applicable standards;
- Any other matter / risks apprehended by the Board.
- Competition;
- Statutory restrictions;
- Client related risks;

Usage of retained earnings:

Retained earnings would be used to further the Company's business priorities. If there are excess reserves beyond the medium to long term business requirements, the retained earnings would be distributed to Shareholders via Dividends or other means as permitted by applicable regulations.

Parameters that are adopted with regard to various classes of shares:

Currently, the Company has only one class of shares. If the Company has more than one class of shares in future, dividend for each class would be subject to prescribed statutory guidelines as well as terms of offer of each class to the investors of that class of shares. To the extent permitted, the Company would aim for highest level of transparency and equitable treatment of all investors.

ANNEXURE – III

Disclosure with respect to Future Retail Limited Employees Stock Option Plan – 2016 (FRL ESOP – 2016) of the Company as at March 31, 2017.

The Composite Scheme of Arrangement between Future Enterprises Limited and the Company and their respective Shareholders and Creditors (“the FRL – FEL Scheme”) has been approved under the provisions of Sections 391-394 of the Companies Act, 1956 read with Sections 100-104 of the Companies Act, 1956 and Section 52 of the Companies Act, 2013 for demerger of Retail Business Undertaking of FEL into the Company and demerger of Infrastructure Business Undertaking of the Company and vesting into FEL with effect from Appointed Date of October 31, 2015, as defined in the Scheme, has been given effect on May 1, 2016 (“Effective Date”), after receipt of Hon’ble High Court approval.

As provided in the FRL – FEL Scheme and Employees Stock Option Plan of FEL, the Company was required to issue the Employee Stock Options to concerned employees who got transferred as part of Retail Undertaking and were having options in FEL. Accordingly, the options granted and vested in FEL remain to be exercised as well as unvested options shall stand cancelled, and against which new options were granted in the Company. The ESOP’s granted to the employees of FEL is adjusted for the corporate action on value for value exchange and hence there is no incremental benefit to the option grantee and also it does not result in change in aggregate Fair Value of the Options.

Further, to encourage ownership of Company’s equity by its employees on an ongoing basis and also in order to reward the employees for their contribution to the successful operation of the Company and to provide an incentive to continue contributing to the success of the Company, it was proposed to create, grant and offer options to the Eligible Employees of the Company under FRL ESOP – 2016 as recommended by the People Office.

Sl. No.	Particulars	FRL ESOP – 2016
A.	Disclosures in terms of the Guidance note on accounting for employee share based payments issued by ICAI or any other relevant accounting standards as prescribed from time to time	Refer Note No. 38 and 39 in Notes to Financial Statements
B.	Diluted Earnings Per Share (EPS) on issue of shares pursuant to all the schemes covered under the regulations shall be disclosed in accordance with Accounting Standard 20 – Earnings Per Share issued by ICAI or any other relevant accounting standards as prescribed from time to time	Refer Note No. 38 and 39 in Notes to Financial Statements

C. Description of ESOS that existed at any time during the year including the general terms and conditions

I.	Date of Shareholders’ approval	The Shareholders of the Company had passed necessary resolutions through Postal Ballot dated November 07, 2016 and approved the Future Retail Limited Employees Stock Option Plan – 2016 (FRL ESOP – 2016) which <i>inter-alia</i> provides to offer, issue and allot at any time or to acquire by way of Secondary Acquisition (through Trust Route), to or for the benefit of Eligible Employees of the Company and / or to the Eligible Employees of the Subsidiary Company(ies) of the Company, if any.	
II.	Total number of options approved under FRL ESOP - 2016	90,00,000 (Ninety Lakh) Equity Shares of face value of ₹ 2/- each	
		Option - I*	Option - II#
III.	Vesting requirements	Options in respect of employees transferred from FEL pursuant to the Scheme of Arrangement were vested effective December 15, 2016.	Options granted under FRL ESOP 2016 plan would vest not less than 1 years and not more than 3 years from the Grant of such options.
IV.	Exercise price or pricing formula	Exercise price for Options granted during the year was ₹ 10/-	Exercise price for Options granted during the year was ₹ 10/-
V.	Maximum term of options granted	3 years from the respective date of option granted	3 years from the respective date of option granted
VI.	Source of shares (primary, secondary or combination)	Primary	Primary
VII.	Variation in terms of options	None	None
VIII.	Method used to account for ESOS	Black Scholes Method	Black Scholes Method

D. The stock-based compensation cost was calculated as per the fair value method, the total cost to be recognised in the financial statements for the year 2016-17 would be ₹ 9.72 Crore.

E. Option movement during the year ended on March 31, 2017

Sl. No.	Particulars	Details	
		Option - I*	Option - II#
I.	Details Number of Options outstanding at the beginning of the year	N.A.	N.A.
II.	Number of Options granted during the year	6,47,603	6,76,468
III.	Number of Options forfeited / cancelled / lapsed during the year	NIL	19,758
IV.	Number of Options vested during the year	6,47,603	N.A.
V.	Number of Options exercised during the year	4,74,182	N.A.
VI.	Number of shares arising as a result of exercise of Options	4,74,182	N.A.
VII.	Exercise Price	₹ 10/- per share	₹ 10/- per share
VIII.	Money realized by exercise of Options, if scheme is implemented directly by the Company	₹ 47,41,820/-	N.A.
IX.	Loan repaid by the Trust during the year from exercise price received	N.A.	N.A.
X.	Total number of Options outstanding (in force) at the end of the year	1,73,421	6,56,710
XI.	Number of Options exercisable at the end of the year	1,73,421	NIL
XII.	Whether and how any other features of the Option grant were incorporated into the measurement of fair value, such as a market condition.	There are no market conditions	There are no market conditions

F. Weighted average Share Price of options granted during the year :

		Option - I*	Option - II#	
		Grant on December 15, 2016	Grant on December 06, 2016	Grant on December 15, 2016
I.	Exercise price equals market price	-	-	-
II.	Exercise price is greater than market price	-	-	-
III.	Exercise price is less than market price	127.30	125.10	127.30

Weighted average Exercise Price of options granted during the year:

		Option - I*	Option - II#	
		Grant on December 15, 2016	Grant on December 06, 2016	Grant on December 15, 2016
I.	Exercise price equals market price	-	-	-
II.	Exercise price is greater than market price	-	-	-
III.	Exercise price is less than market price	10	10	10

Weighted average Fair Value of options (Black Scholes) granted during the year:

		Option - I*	Option - II	
		Grant on December 15, 2016	Grant on December 06, 2016	Grant on December 15, 2016
I.	Exercise price equals market price	-	-	-
II.	Exercise price is greater than market price	-	-	-
III.	Exercise price is less than market price	119.03	116.82	119.02

G. Employee-wise details of options granted during the year ended on March 31, 2017

I.	Senior Managerial Personnel		
	Name of the Employee	No. of Options	
		Option - I*	Option - II#
	Mr. C. P. Toshniwal (Key Managerial Personnel)	NIL	55,460
	Mr. Virendra Samani (Key Managerial Personnel)	5,450	5,938
	Mr. Rajan Malhotra	79,387	-
	Mr. Devendra Chawla	14,243	-
	Mr. Sadashiv Nayak	74,640	55,460
	Mr. Vineet Jain	46,594	27,730
II.	Employees who were granted, during any one year, Options amounting to 5% or more of the Options granted during the year		
	Name of the Employee	No. of Options	
		Option - I*	Option - II#
	Mr. Rajan Malhotra	79,387	-
	Mr. Sadashiv Nayak	74,640	55,460
	Mr. Vineet Jain	46,594	27,730
III.	Identified employees who were granted Option, during any one year equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grants:- None		

H. Method and Assumptions used to estimate the fair value of Options granted during the year

The fair value has been calculated using the Black Scholes Option Pricing model

The Assumptions used in the model are as follows

	Option - I*	Option - II#	
Date	Grant on December 15, 2016	Grant on December 06, 2016	Grant on December 15, 2016
Risk Free Interest Rate	6.34%	6.30%	6.30%
Expected Life	1.5	2.78	2.75
Expected Volatility	43.00%	43.00%	43.00%
Dividend	0	0	0
Price of the underlying share in market at the time of Option grant (₹)	127.30	125.10	127.30
Stock Price	Average price on BSE Limited on the date of grant has been considered.		
Volatility	Volatility was calculated using standard deviation of daily change in stock price. The historical period taken into account match the expected life of the Option.		
Risk-free rate of return	The risk-free interest rate being considered for the calculation is the interest rate applicable for a maturity equal to the expected life of the Options based on the zero coupon yield curve for Government Securities		
Exercise Price	Exercise Price of each specific grant has been considered		
Time to Maturity	Time to Maturity / Expected Life of Options is the period for which the Company expects the Options to be live		
Expected Dividend Yield	Expected dividend yield has been calculated as an average of dividend yields for five financial years preceding the date of the grant.		

* Option - I referred the employees who were transferred from Future Enterprises Limited (FEL) to the Company pursuant to the Composite Scheme of Arrangement.

Option - II referred the employees to whom Options were granted in the Company during the year under review.

I. Details of the Company's Employees' Welfare Trust:

The details *inter-alia*, in connection with transactions made by the Trust meant for the purpose of administering the Future Retail Limited Employee Stock Option Plan - 2016 are as under:

i. General Information of the Trust

Name of the Trust	Future Retail Limited Employees' Welfare Trust
Details of the Trustee(s)	Milestone Trusteeship Services Private Limited
Amount of loan disbursed by Company / any Company in the group, during the year	NIL
Amount of loan outstanding (repayable to Company / any Company in the group) as at the end of the year	NIL
Amount of loan, if any, taken from any other source for which Company / any Company in the group has provided any security or guarantee.	NIL
Any other contribution made to the Trust during the year	NIL

ii. Brief details of transactions in shares by the Trust : None

iii. In case of secondary acquisition of shares by the Trust : None

ANNEXURE – IV

A brief outline of the Company's CSR Policy:

1	A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.	The CSR Policy of the Company <i>inter-alia</i> includes CSR activities to be undertaken by the Company in line with Schedule VII of the Companies Act, 2013 ('the Act'). CSR Policy of the Company is available on the website of the Company at the link: http://www.futureretail.co.in/pdf/CSR Policy.pdf The Company plans to deploy the adequate funds in the forthcoming years through the "Sone Ki Chidiya" Foundation, a Group Trust to carry on CSR activities.
2	The Composition of the CSR Committee.	The CSR Committee as on March 31, 2017 comprises of: <ul style="list-style-type: none"> Mr. Kishore Biyani – Chairman Mr. Rajan Bharti Mittal – Member Ms. Gagan Singh – Member
3	Average net profit of the Company for last three financial years / periods.	Loss of ₹ 215.11 Crore
4	Prescribed CSR Expenditure (two per cent of the amount as in item 3 above)	N.A.
5	Details of CSR spent during the financial year 2016-17: a) Total amount to be spent for the financial year 2016 -17; b) Amount un spent, if any; c) Manner in which the amount spent during the financial year 2016-17 is detailed below:	N. A.

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

ANNEXURE – V

Form No. AOC – 2

(Pursuant to clause (h) of sub-section (3) of Section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

This Form pertains to the disclosure of particulars of contracts/ arrangements entered into by the Company with related parties referred to in sub-section (1) of Section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto.

1. Details of contracts or arrangements or transactions not at arm's length basis:

There were no contracts or arrangements or transactions entered into during the year ended March 31, 2017, which were not at arm's length basis.

2. Details of material contract or arrangements or transactions at arm's length basis:

The details of material contracts or arrangements or transaction at arm's length basis for the year ended March 31, 2017 are as follows:

Name of the Related Parties	Nature of Relationship	Nature of contracts/ arrangements/ transactions	Duration of the contracts/ arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value (₹ in Crore) #	Approvals
Future Enterprises Limited ("FEL")	Related Party	Payment of Lease Rental for Infrastructure Assets	N.A.	650	Necessary approval of Audit Committee, Board of Directors and Shareholders have been obtained by the Company
		Purchase of various products including apparels, merchandise and other products etc.	N.A.	1,250	
		Providing of Corporate Guarantee in favour of lenders / bankers of FEL	N.A.	6,375	

limit as sanctioned / approved by the Shareholders of the Company.

Advances in respect of related transactions being adjusted against billings/invoices.

For and on behalf of the Board of Directors

Place : London
Date : May 23, 2017

Kishore Biyani
Chairman & Managing Director

ANNEXURE – VI

DETAILS PERTAINING TO REMUNERATION AS REQUIRED UNDER SECTION 197(12) OF THE COMPANIES ACT, 2013, READ WITH RULE 5(1) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

- I. The percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary during the financial year 2016-17, ratio of the remuneration of each Director to the Median Remuneration of the Employees (MRE) of the Company for the financial year 2016-17 are as under:

Name of Director/KMP and Designation	Remuneration of Director/KMP for Financial Year 2016-17 (₹ in Crore) (1)	% increase in Remuneration in the Financial Year 2016-17# (2)	Ratio of Remuneration of each Director to MRE for Financial Year 2016-17 (3=(1)/MRE)
Mr. Kishore Biyani Chairman & Managing Director	2.39	Refer note	175.25
Mr. Rakesh Biyani Joint Managing Director	2.38	Refer note	175.02
Mr. C. P. Toshniwal Chief Financial Officer	2.12	Refer note	156.06
Mr. Virendra Samani Dy. Company Secretary	0.35	Refer note	25.70
Mr. Manish Sabnis Chief Executive Officer	0.09	Refer note	6.49
Mr. Anupam Goyal Chief Financial Officer	0.60	Refer note	44.41
Ms. Gurdeep Kaur Company Secretary	-	Refer note	-

The % increase has been shown in remuneration excluding stock option perquisite.

Notes:

(#) The % of Increase in Remuneration in Financial Year 2016-17 is not applicable as existing Directors and KMP were appointment during the Financial Year 2016-17.

- Mr. Kishore Biyani was appointed as Managing Director w.e.f. May 02, 2016;
- Mr. Rakesh Biyani was appointed as Joint Managing Director w.e.f. May 02, 2016;
- Mr. C. P. Toshniwal was appointed as Chief Financial Officer w.e.f. May 02, 2016;
- Mr. Virendra Samani was appointed as Dy. Company Secretary and Compliance Officer w.e.f. May 02, 2016;
- Mr. Manish Sabnis was appointed as the Chief Executive Officer of the Company w.e.f. August 01, 2015 and who resigned as KMP w.e.f. May 02, 2016;
- Mr. Anupam Goyal resigned as the Chief Financial Officer w.e.f. May 02, 2016;
- Ms. Gurdeep Kaur was appointed as the Company Secretary of the Company w.e.f. May 22, 2015 without any remuneration and resigned w.e.f. May 02, 2016;

- II. The Median Remuneration of Employees (MRE) of the Company during the year was ₹ 1,36,091 whereas previous year it was ₹ 1,28,332;
- III. The increase in MRE in the financial Year 2016-17, as compare to financial year 2015-16 was 6.05%;
- IV. There were 33,467 permanent Employees on the rolls of the Company as on March 31, 2017;
- V. Average percentage increase/ decrease made in salaries of employees other than the managerial personnel in the financial year i.e. 2016-17 was 7%. In case of Managerial Remuneration the comparison for last year was not applicable as they were appointed during the financial year under review.
- VI. The Company affirms that the remuneration is as per the Remuneration Policy of the Company.

For and on behalf of the Board of Directors

Place : London
Date : May 23, 2017

Kishore Biyani
Chairman & Managing Director

ANNEXURE – VII

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

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

(A) Conservation of Energy : (i) the steps taken or impact on conservation of energy	The operations of your Company are not energy intensive, however adequate measures have been taken to reduce energy consumption.		
(ii) the steps taken by the Company for utilising alternate sources of energy	All efforts are made to use more natural lights in offices/ store premises to optimize the consumption of energy.		
(iii) the capital investment on energy conservation equipments.	NIL		
(B) Technology absorption : (i) the efforts made towards technology absorption	N.A.		
(ii) the benefits derived like product improvement, cost reduction, product development or import substitution	N.A.		
(iii) in case of imported technology (imported during the last three years reckoned from the beginning of the financial year) (a) the details of technology imported; (b) the year of import; (c) whether the technology been fully absorbed; (d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof.	N.A.		
(iv) the expenditure incurred on Research and Development.	NIL		
(C) Foreign exchange earnings and Outgo :	(₹ in Crore)		
	Particulars	2016-17	2015-16
	Total foreign exchange used	260.15	88.21
	Total foreign exchange earned	110.84	31.15

For and on behalf of the Board of Directors

Place : London
Date : May 23, 2017

Kishore Biyani
Chairman & Managing Director

ANNEXURE – VIII

FORM MGT-9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on March 31, 2017

(Pursuant to Section 92 (3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management & Administration) Rules, 2014)

I. REGISTRATION AND OTHER DETAILS:

i	CIN	L51909MH2007PLC268269
ii	Registration Date	February 07, 2007
iii	Name of the Company	Future Retail Limited <i>(formerly known as Bharti Retail Limited)</i>
iv	Category / Sub-Category of the Company	Public Company / Limited by shares
v	Address of the Registered office and contact details	Knowledge House, Shyam Nagar, Off. Jogeshwari – Vikhroli Link Road, Jogeshwari (East), Mumbai – 400 060 Tel No.: +91 22 6644 2200; Fax No.: +91 22 6644 2201 E-mail: investorrelations@futureretail.in Website: www.futureretail.co.in
vi	Whether listed Company Yes / No	Yes
vii	Name, Address and Contact details of Registrar and Transfer Agent, if any	Link Intime India Private Limited C – 101, 247 Park, L.B.S Marg, Vikhroli (West), Mumbai – 400 083. Tel No.: +91 22 4918 6000 Fax No.: +91 22 4918 6060 E-mail: rnt.helpdesk@linkintime.co.in Website: www.linkintime.co.in

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

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

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES*

Sl. No	Name of the Company	Address of the Company	CIN / GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1	Cedar Support Services Limited	Bharti Crescent, 1, Nelson Mandela Road, Vasant Kunj, Phase II, New Delhi - 110 070 - India	U52599DL2007PLC159150	Holding*	100	2(46)

* Post giving effect to the Composite Scheme of Arrangement with Future Enterprises Limited (FEL) and on allotment of Equity Shares to the Shareholders of FEL on May 18, 2016, Cedar Support Services Limited (Cedar) ceased to be promoter/holding company of our Company.

Note: Company do not have any Subsidiary or Associate Companies.

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

(i) Category-wise Shareholding

Category code	Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(A)	Shareholding of Promoters and Promoter Group									
(1)	Indian									
(a)	Individuals/ Hindu Undivided Family / Nominee of Promoter	-	-	-	-	88,115	-	88,115	0.02	0.02
(b)	Central Government/ State Government(s)	-	-	-	-	-	-	-	-	-
(c)	Bodies Corporate	4,34,78,255	6	4,34,78,261	100.00	23,36,52,321	-	23,36,52,321	49.52	(50.48)
(d)	Financial Institutions/ Banks	-	-	-	-	-	-	-	-	-
(e)	Any Other (specify)	-	-	-	-	-	-	-	-	-
	Sub-Total (A)(1)	4,34,78,255	6	43,478,261	100.00	23,37,40,436	-	23,37,40,436	49.54	(50.46)
(2)	Foreign									
(a)	Individuals (Non-Resident Individuals/ Foreign Individuals)	-	-	-	-	-	-	-	-	-
(b)	Promoter Companies	-	-	-	-	-	-	-	-	-
(c)	Institutions	-	-	-	-	-	-	-	-	-
(d)	Any Other (specify)	-	-	-	-	-	-	-	-	-
	Sub-Total (A)(2)	-	-	-	-	-	-	-	-	-
	Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)	4,34,78,255	6	4,34,78,261	100.00	23,37,40,436	-	23,37,40,436	49.54	(50.46)
(B)	Public shareholding									-
(1)	Institutions									-
(a)	Mutual Funds/ UTI	-	-	-	-	1,59,71,167	-	1,59,71,167	3.39	3.39
(b)	Financial Institutions/ Banks	-	-	-	-	50,28,014	-	50,28,014	1.07	1.07
(c)	Central Government/ State Government(s)	-	-	-	-	-	-	-	-	-
(d)	Venture Capital Funds	-	-	-	-	-	-	-	-	-
(e)	Insurance Companies	-	-	-	-	13,02,875	-	13,02,875	0.28	0.28
(f)	Foreign Institutional Investors	-	-	-	-	8,15,01,172	-	8,15,01,172	17.27	17.27
(g)	Foreign Venture Capital Investors	-	-	-	-	-	-	-	-	-
(h)	Foreign Bodies Corporate	-	-	-	-	-	-	-	-	-
	Sub-Total (B)(1)	-	-	-	-	10,38,03,228	-	10,38,03,228	22.00	22.00
(2)	Non-Institutions									-
(a)	Bodies Corporate	-	-	-	-	11,21,70,011	3,741	11,21,73,752	23.78	23.78
(b)	Individuals									-
	i. Individual Shareholders holding nominal share capital up to ₹ 1 lakh	-	-	-	-	96,33,674	1,100,649	1,07,34,323	2.28	2.28
	ii. Individual Shareholders holding nominal share capital in excess of ₹ 1 lakh	-	-	-	-	79,37,260	-	79,37,260	1.68	1.68
(c)	Any Other									
	1. N R I	-	-	-	-	4,34,526	2,200	4,36,726	0.09	0.09
	2. Directors & Relatives	-	-	-	-	-	-	-	-	-
	3. Clearing Member	-	-	-	-	9,29,415	-	9,29,415	0.20	0.20
	4. Trust	-	-	-	-	200	-	200	0.00	0.00
	5. Foreign Nationals	-	-	-	-	7,800	-	7,800	0.00	0.00
	6. Hindu Undivided Family	-	-	-	-	20,49,598	1	20,49,599	0.43	0.43
	Sub-Total (B)(2)	-	-	-	-	13,31,62,484	11,06,591	13,42,69,075	28.46	28.46
	Total Public Shareholding (B)= (B)(1)+(B)(2)	-	-	-	-	23,69,65,712	11,06,591	23,80,72,303	50.46	50.46
	TOTAL (A)+(B)	4,34,78,255	6	4,34,78,261	100.00	47,07,06,148	11,06,591	47,18,12,739	100.00	-
(C)	Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
	GRAND TOTAL (A)+(B)+(C)	4,34,78,255	6	4,34,78,261	100.00	47,07,06,148	11,06,591	47,18,12,739	100.00	-

Note: Post giving effect to the Composite Scheme of Arrangement with Future Enterprises Limited (FEL) and on allotment of Equity Shares to the Shareholders of FEL on May 18, 2016, Cedar Support Services Limited (Cedar) ceased to be promoter/holding company of our Company. However Cedar is holding same quantity of shares as on March 31, 2017 which is shown in the public category.

(ii) Shareholding of Promoters and Promoter Group

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged/ encumbered to total shares	
1	Cedar Support Services Limited (*)	4,34,78,261	100.00	-	-	0.00	0.00	(100.00)
2	Retail Trust #	-	-	-	-	0.00	0.00	0.00
3	Future Corporate Resources Limited #	-	-	-	18,11,70,090	38.40	26.94	38.40
4	PIL Industries Limited	-	-	-	4,41,36,090	9.35	4.52	9.35
5	Gargi Business Ventures Private Limited #	-	-	-	67,66,038	1.44	0.28	1.44
6	Ryka Commercial Ventures Private Limited #	-	-	-	-	0.00	0.00	0.00
7	Manz Retail Private Limited	-	-	-	15,79,103	0.33	0.04	0.33
8	Future Capital Investment Private Limited #	-	-	-	-	0.00	0.00	0.00
9	Akar Estate & Finance Private Limited	-	-	-	1,000	0.00	0.00	0.00
10	Mr. Kishore Biyani	-	-	-	2,121	0.00	0.00	0.00
11	Mr. Laxminaryan Biyani	-	-	-	2,121	0.00	0.00	0.00
12	Mr. Vijay Biyani	-	-	-	2,121	0.00	0.00	0.00
13	Mr. Anil Biyani	-	-	-	2,121	0.00	0.00	0.00
14	Mr. Gopikishan Biyani	-	-	-	2,121	0.00	0.00	0.00
15	Mr. Sunil Biyani	-	-	-	2,121	0.00	0.00	0.00
16	Mr. Rakesh Biyani	-	-	-	2,121	0.00	0.00	0.00
17	Mr. Vivek Biyani	-	-	-	2,121	0.00	0.00	0.00
18	Ms. Ashni Biyani	-	-	-	71,147	0.02	0.00	0.02
Total		4,34,78,261	100.00	0.00	23,37,40,436	49.54	31.78	(50.46)

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

Sl. No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	At the beginning of the year (*)	4,34,78,261	100.00	4,34,78,261	100.00
1	May 18, 2016 - Cedar Support Services Limited ceased to be Promoter of the Company post giving effect to the Composite Scheme of Arrangement	(4,34,78,261)	(100.00)	0	0.00
2	May 18, 2016 - Allotment made to the existing Promoters pursuant to the Composite Scheme of Arrangement (*)	23,01,15,436	48.82	23,01,15,436	48.82
3	March 29, 2017 - Market Purchase	17,50,000	0.37	23,18,65,436	49.14
4	March 30, 2017 - Market Purchase	18,75,000	0.40	23,37,40,436	49.54
	At the end of the year			23,37,40,436	49.54

* Post giving effect to the Composite Scheme of Arrangement with Future Enterprises Limited (FEL) and on allotment of Equity Shares to the Shareholders of FEL on May 18, 2016, Cedar Support Services Limited (Cedar) ceased to be promoter/holding company of our Company. However Cedar is holding same quantity of shares as on March 31, 2017 which is shown in the public category.

The Promoter entities holding equity shares in the Company, entered into various inter-se transfer transactions in order to consolidate their holding in the Company. Retail Trust though not holding any shares in the Company was included as Promoter and it holds shares in Future Corporate Resources Limited.

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs)

Sl. No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	Cedar Support Services Limited (*)	4,34,78,261	100.00	4,34,78,261	100.00
	At the end of the year			4,34,78,261	9.22
2	Arisaig Partners (Asia) Pte Ltd. A/C Arisaig India Fund Limited	-	-	-	-
	May 18, 2016 - Allotment pursuant to the Scheme	3,16,37,118	6.71	3,16,37,118	6.71
	At the end of the year			3,16,37,118	6.71
3	Brand Equity Treaties Limited	-	-	-	-
	May 18, 2016 - Allotment pursuant to the Scheme	2,49,99,999	5.30	2,49,99,999	5.30
	At the end of the year			2,49,99,999	5.30
4	Bennett, Coleman and Company Limited	-	-	-	-
	May 18, 2016 - Allotment pursuant to the Scheme	2,03,91,700	4.33	2,03,91,700	4.33
	March 31, 2017 - Market Purchase	41,00,000	0.86	2,44,91,700	5.19
	At the end of the year			2,44,91,700	5.19
5	Verlinvest SA	-	-	-	-
	May 18, 2016 - Allotment pursuant to the Scheme	1,07,30,712	2.28	1,07,30,712	2.28
	At the end of the year			1,07,30,712	2.27
6	WGI Emerging Markets Smaller Companies Fund, LLC	-	-	-	-
	May 18, 2016 - Allotment pursuant to the Scheme	1,07,55,879	2.28	1,07,55,879	2.28
	October 07, 2016 - Market Purchase	58,950	0.01	1,08,14,829	2.29
	October 14, 2016 - Market Purchase	46,834	0.01	1,08,61,663	2.30
	December 02, 2016 - Market Sell	(3,92,406)	(0.08)	1,04,69,257	2.22
	December 09, 2016 - Market Sell	(5,87,046)	(0.12)	98,82,211	2.10
	At the end of the year			98,82,211	2.09
7	Government Pension Fund Global	-	-	-	-
	May 18, 2016 - Allotment pursuant to the Scheme	88,52,942	1.88	88,52,942	1.88
	September 02, 2016 - Market Purchase	2,20,000	0.04	90,72,942	1.92
	September 09, 2016 - Market Purchase	15,500	0.00	90,88,442	1.92
	September 16, 2016 - Market Purchase	1,00,000	0.03	91,88,442	1.95
	September 23, 2016 - Market Purchase	3,84,500	0.08	95,72,942	2.03
	October 07, 2016 - Market Purchase	67,500	0.02	96,40,442	2.05
	October 21, 2016 - Market Purchase	8,89,480	0.18	1,05,29,922	2.23
	November 04, 2016 - Market Sell	(3,27,030)	(0.07)	1,02,02,892	2.16
	November 11, 2016 - Market Sell	(1,58,496)	(0.03)	1,00,44,396	2.13
	November 18, 2016 - Market Sell	(2,09,055)	(0.04)	98,35,341	2.09
	November 25, 2016 - Market Sell	(90,164)	(0.02)	97,45,177	2.07
	December 02, 2016 - Market Sell	(1,87,000)	(0.04)	95,58,177	2.03
	December 09, 2016 - Market Sell	(3,44,000)	(0.08)	92,14,177	1.95
	December 16, 2016 - Market Sell	(58,000)	(0.01)	91,56,177	1.94
	December 30, 2016 - Market Purchase	1,15,000	0.03	92,71,177	1.97
	March 10, 2017 - Market Sell	(75,000)	(0.02)	91,96,177	1.95
	At the end of the year			91,96,177	1.95

Sl. No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
8	L and T Mutual Fund Trustee Ltd - L and T India Value Fund	-	-	-	-
	May 18, 2016 - Allotment pursuant to the Scheme	47,82,299	1.01	47,82,299	1.01
	September 02, 2016 - Market Purchase	1,35,100	0.03	49,17,399	1.04
	September 09, 2016 - Market Purchase	55,000	0.01	49,72,399	1.05
	September 16, 2016 - Market Purchase	10,000	0.00	49,82,399	1.05
	September 23, 2016 - Market Purchase	75,000	0.02	50,57,399	1.07
	September 30, 2016 - Market Purchase	1,75,000	0.04	52,32,399	1.11
	October 07, 2016 - Market Purchase	1,67,652	0.04	54,00,051	1.15
	October 14, 2016 - Market Purchase	50,000	0.01	54,50,051	1.16
	October 21, 2016 - Market Sell	(20,87,904)	(0.45)	33,62,147	0.71
	October 28, 2016 - Market Purchase	7,76,805	0.17	41,38,952	0.88
	November 04, 2016 - Market Purchase	3,50,000	0.07	44,88,952	0.95
	November 11, 2016 - Market Purchase	1,50,000	0.03	46,38,952	0.98
	December 30, 2016 - Market Purchase	50,000	0.01	46,88,952	0.99
	January 06, 2017 - Market Purchase	2,51,041	0.06	49,39,993	1.05
	January 13, 2017 - Market Sell	(2,60,022)	(0.06)	46,79,971	0.99
	January 20, 2017 - Market Purchase	3,95,028	0.09	50,74,999	1.08
	January 27, 2017 - Market Purchase	1,84,259	0.03	52,59,258	1.11
	February 03, 2017 - Market Purchase	7,23,536	0.16	59,82,794	1.27
	February 10, 2017 - Market Purchase	8,51,106	0.18	68,33,900	1.45
	February 17, 2017 - Market Sell	(5,72,700)	(0.12)	62,61,200	1.33
	February 24, 2017 - Market Purchase	5,22,749	0.11	67,83,949	1.44
	March 03, 2017 - Market Purchase	3,99,418	0.08	71,83,367	1.52
	March 17, 2017 - Market Sell	(1,56,108)	(0.03)	70,27,259	1.49
	March 24, 2017 - Market Purchase	1,99,277	0.04	72,26,536	1.53
	March 31, 2017 - Market Purchase	2,15,016	0.05	74,41,552	1.58
	At the end of the year			74,41,552	1.58
9	Counseled Mercantile Private Limited	-	-	-	-
	May 18, 2016 - Allotment pursuant to the Scheme	97,70,574	2.07	97,70,574	2.07
	September 23, 2016 - Market Sell	(2,10,000)	(0.04)	95,60,574	2.03
	November 04, 2016 - Market Purchase	20,000	0.00	95,80,574	2.03
	November 11, 2016 - Market Purchase	83,808	0.02	96,64,382	2.05
	November 18, 2016 - Market Purchase	1,02,952	0.02	97,67,334	2.07
	November 25, 2016 - Market Sell	(35,691)	(0.01)	97,31,643	2.06
	December 09, 2016 - Market Purchase	27,546	0.01	97,59,189	2.07
	January 13, 2017 - Market Sell	(1,98,615)	(0.04)	95,60,574	2.03
	March 31, 2017 - Market Sell	(36,18,074)	(0.77)	59,42,500	1.26
	At the end of the year			59,42,500	1.26
10	Life Insurance Corporation of India	-	-	-	-
	May 18, 2016 - Allotment pursuant to the Scheme	50,67,141	1.08	50,67,141	1.08
	March 24, 2017 - Market Sell	(1,248)	(0.00)	50,65,893	1.08
	March 31, 2017 - Market Sell	(1,31,000)	(0.03)	49,34,893	1.05
	At the end of the year			49,34,893	1.05

* Post giving effect to the Composite Scheme of Arrangement with Future Enterprises Limited (FEL) and on allotment of Equity Shares to the Shareholders of FEL on May 18, 2016, Cedar Support Services Limited (Cedar) ceased to be promoter/holding company of our Company.

v. Shareholding of Directors and Key Managerial Personnel

Sl. No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	Mr. Kishore Biyani - Chairman & Managing Director	NIL	NIL	NIL	NIL
	May 18, 2016 - Allotment pursuant to the Composite Scheme of Arrangement	2,121	0.00	2,121	0.00
	At the end of the year			2,121	0.00
2	Mr. Rakesh Biyani - Joint Managing Director	NIL	NIL	NIL	NIL
	May 18, 2016 - Allotment pursuant to the Composite Scheme of Arrangement	2,121	0.00	2,121	0.00
	At the end of the year			2,121	0.00
3	Mr. Rajan Bharti Mittal - Non-Executive Director	NIL	NIL	NIL	NIL
	At the end of the year			NIL	NIL
4	Mr. Ravindra Dhariwal - Independent Director	NIL	NIL	NIL	NIL
	At the end of the year			NIL	NIL
5	Mr. Shailendra Bhandari - Independent Director	NIL	NIL	NIL	NIL
	At the end of the year			NIL	NIL
6	Ms. Gagan Singh - Independent Director	NIL	NIL	NIL	NIL
	At the end of the year			NIL	NIL
7 (a)	Mr. C. P. Toshniwal - Chief Financial Officer	NIL	NIL	NIL	NIL
	May 18, 2016 - Allotment pursuant to the Composite Scheme of Arrangement	11,000	0.00	11,000	0.00
	At the end of the year			11,000	0.00
7 (b)	Mr. C. P. Toshniwal - Chief Financial Officer (HUF)	NIL	NIL	NIL	NIL
	May 18, 2016 - Allotment pursuant to the Composite Scheme of Arrangement	20,000	0.00	20,000	0.00
	At the end of the year			20,000	0.00
8	Mr. Virendra Samani - Dy. Company Secretary	NIL	NIL	NIL	NIL
	January 19, 2017 - Allotment made pursuant to the FRL - ESOP Scheme, 2016.	5,450	0.00	5,450	0.00
	At the end of the year			5,450	0.00

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

(₹ in Crore)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	918.20	204.20	-	1,122.40
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	0.01	-	0.01
Total (i+ii+iii)	918.20	204.21	-	1,122.41
Change in Indebtedness during the financial year				
i) Addition	60.53	111.20	-	171.73
ii) Reduction	-	(50.00)	-	(50.00)
Net Change	60.53	61.20	-	121.73
Indebtedness at the end of the financial year				
i) Principal Amount	978.73	265.40	-	1,244.13
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	0.01	-	0.01
Total (i+ii+iii)	978.73	265.41	-	1,244.14

VII. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(₹ in Crore)

Sl. No.	Particulars of Remuneration	Name of MD/WTD/Manager		Total Amount
1.	Gross salary	Mr. Kishore Biyani	Mr. Rakesh Biyani	
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961 [^]	2.26	2.27	4.53
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0.00*	0.00*	0.00**
	(c) Profits in lieu of salary under Section 17(3) Income-tax Act, 1961	NIL	NIL	NIL
2.	Stock Option	NIL	NIL	NIL
3.	Sweat Equity	NIL	NIL	NIL
4.	Commission [#]	2.00	1.25	3.25
	- as % of profit - others, specify	NIL	NIL	NIL
5.	Retiral Benefits	0.13	0.11	0.24
	Total (A)	4.39	3.63	8.02
	Ceiling as per the Act	₹ 37.30 Crore being 10% of profit under Section 198 of the Companies Act, 2013		

[^] Rounded off to ₹ in Crore

* Represents ₹ 36,300/-

** Represents ₹ 72,600/-

[#] Amount of ₹ 2.00 Crore towards Commission is payable to Mr. Kishore Biyani and amount of ₹ 1.25 Crore is payable to Mr. Rakesh Biyani for the financial year 2016 -17.

B. Remuneration to other Directors:

(₹ in Crore)

Sl. No.	Particulars of Remuneration	Name of Directors			Total
		Ms. Gagan Singh	Mr. Ravindra Dhariwal	Mr. Shailendra Bhandari	
1.	Independent Directors				
	Fees for attending Board / Committee meetings	0.14	0.12	0.07	0.33
	Commission*	0.25	0.25	0.25	0.75
	Others, please specify	NIL	NIL	NIL	NIL
	Total (1)	0.39	0.37	0.32	1.08
2.	Other Non-Executive Director	Mr. Rajan Bharti Mittal			
	Fees for attending Board / Committee meetings	0.03			0.03
	Commission*	0.25			0.25
	Others, please specify	NIL			NIL
	Total (2)	0.28			0.28
	Total (B) = (1 + 2)				1.36
	Ceiling as per the Act	₹ 3.73 Crore being 1% of profit under Section 198 of the Companies Act, 2013			
	Total Managerial Remuneration (A+B)				9.38
	Overall Ceiling as per the Act	₹ 41.03 Crore being 11% of profit under Section 198 of the Companies Act, 2013			

* Commission of ₹ 25.00 lakh payable to each of Non-Executive-Non Independent Director and Independent Directors for the financial year 2016 -17.

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

(₹ in Crore)

Sl.No.	Particulars of Remuneration	Key Managerial Personnel					Total
		Chief Executive Officer	Chief Financial Officer		Company Secretary		
		Mr. Manish Sabnis	Mr. Anupam Goyal	Mr. C. P. Toshniwal	Ms. Gurdeep Kaur	Mr. Virendra Samani	
1.	Gross salary	0.08	0.60	1.82	-	0.28	2.78
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961#						
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0.00*	0.00	0.00^	-	0.06	0.06
	(c) Profits in lieu of salary under Section 17(3) Income-tax Act, 1961	0.00	0.00	0.00	-	0.00	0.00
2.	Stock Option	0.00	0.00	0.00	-	0.00	0.00
3.	Sweat Equity	0.00	0.00	0.00	-	0.00	0.00
4.	Commission	0.00	0.00	0.00	-	0.00	0.00
	- as % of profit others, specify	0.00	0.00	0.00	-	0.00	0.00
5.	Retiral Benifits	0.01	0.00	0.30	-	0.01	0.32
	Total	0.09	0.60	2.12	-	0.35	3.16

* Represents ₹ 2,700

[^] Represents ₹ 36,300

[#] Rounded off to ₹ in Crore

- *Mr. Manish Sabnis was appointed as the Chief Executive Officer of the Company w.e.f. August 01, 2015 and who resigned as KMP w.e.f. May 02, 2016;*
- *Mr. Anupam Goyal resigned as the Chief Financial Officer w.e.f. May 02, 2016;*
- *Mr. C. P. Toshniwal was appointed the Chief Financial Officer w.e.f. May 02, 2016;*
- *Ms. Gurdeep Kaur was appointed as the Company Secretary of the Company w.e.f. May 22, 2015 without any remuneration and resigned w.e.f. May 02, 2016;*
- *Mr. Virendra Samani was appointed as Dy. Company Secretary and Compliance Officer w.e.f. May 02, 2016.*

VIII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES:

There were no penalties, punishment or compounding of offences during the financial year ended March 31, 2017.

CORPORATE GOVERNANCE REPORT

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

Your Company, in line with the above, taken various initiatives to further strengthen the corporate governance practices and adopted various codes / policies, pursuant to the applicable provisions of the Companies Act, 2013 or Companies Act, 1956 as may be applicable ('the Act'), and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time ('Listing Regulations')

During the financial year under review, the Company has complied with all the applicable provisions of the Act and Listing Regulations.

CODE OF CONDUCT

The Company has in place a Code of Conduct ('Code') for the Board of Directors and Senior Management Personnel of the Company. The Company also has in place code of conduct for Independent Directors as prescribed under Schedule IV of the Act. The Code aims at ensuring consistent standards of conduct and ethical business practices across the Company.

All the Board Members and Senior Management Personnel have affirmed compliance with this Code. A declaration signed by the Chairman & Managing Director to this effect is attached at the end of this Report. This Code is available on the Company's website www.futureretail.co.in.

COMPOSITION OF THE BOARD

The composition of the Board of Directors ('the Board') is in conformity with the requirement of the Act and Regulation 17 of the Listing Regulations. As on March 31, 2017, the Board comprises of 6 (Six) Directors including 1 (One) Woman Director. None of the Directors on the Board are serving as an Independent Director in more than 7 (Seven) / 3 (Three) Listed entities, as the case may be, as specified in Regulation 25 of the Listing Regulations.

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

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

The information on composition of the Board, category and their Directorships/Committee Membership across all the Companies in which they were Directors as on March 31, 2017 is as under:

Name of Director	Category	Date of Appointment as a current designation	No. of Directorships*		No. of Memberships / Chairmanships of Committees in public companies**	
			Public	Private / Non profit	Memberships	Chairmanships
Mr. Kishore Biyani	Chairman & Managing Director (Promoter Group) #	May 02, 2016	9	1	3	1
Mr. Rakesh Biyani	Joint Managing Director (Promoter Group) ##	May 02, 2016	5	5	3	0
Mr. Rajan Bharti Mittal	Non-Executive Director \$	April 30, 2016	6	8	4	1
Mr. Ravindra Dhariwal	Independent Director @	April 30, 2016	8	6	9	2
Mr. Shailendra Bhandari	Independent Director @	April 30, 2016	1	0	1	1
Ms. Gagan Singh	Independent Director @	April 30, 2016	2	0	4	2

Subsequent to the above, Ms. Sridevi Badiga was appointed as Additional (Independent) Director on the Board of the Company. The details about her directorship and membership in committee are as follows:

Name of Director	Category	Date of Appointment as a current designation	No. of Directorships*		No. of Memberships / Chairmanships of Committees in public companies**	
			Public	Private / Non profit	Memberships	Chairmanships
Ms. Sridevi Badiga	Independent Director @@	April 20, 2017	1	0	1	0

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

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

Appointed as Additional Director on April 30, 2016 and subsequently w.e.f. May 02, 2016 appointed as a Managing Director of the Company for a period of 3 (Three) years. Further, he was also appointed as Chairman w.e.f. May 25, 2016.

Appointed as Additional Director on April 30, 2016 and subsequently w.e.f. May 02, 2016 appointed as a Joint Managing Director of the Company for a period of 3 (Three) years.

\$ Appointed as a Non-Executive Director of the Company w.e.f. April 30, 2016.

@ Appointed as Independent Director of the Company w.e.f. April 30, 2016 for a period of 5 (Five) years.

@@ Appointed as Independent Director of the Company w.e.f. April 20, 2017 for a period of 5 (Five) years subject to the approval of Members of the Company.

The details of shares held by the Directors in the Company as on March 31, 2017 are as follows:

Name of Director	Number of shares held
Mr. Kishore Biyani	2,121
Mr. Rakesh Biyani	2,121
Mr. Rajan Bharti Mittal	NIL
Mr. Ravindra Dhariwal	NIL
Mr. Shailendra Bhandari	NIL
Ms. Gagan Singh	NIL

The details of shares held by the Ms. Sridevi Badiga as on April 20, 2017 is as follows:

Name of Director	Number of shares held
Ms. Sridevi Badiga	NIL

The details of the familiarization program of the Independent Directors are available on the website of the Company at the link http://futureretail.co.in/pdf/ID_Familiarization.pdf

None of the Directors of the Company is inter-se related to each other.

BOARD MEETINGS AND LAST AGM DETAILS

During the year under review, total 8 (Eight) Meetings of Board of Directors were held on April 06, 2016, April 30, 2016, May 02, 2016, May 25, 2016, August 30, 2016, November 07, 2016, December 06, 2016 and February 07, 2017.

The gap between two Meetings did not exceed 120 (One Hundred and Twenty) days as prescribed in the Listing Regulations. Ninth (9th) Annual General Meeting of the Company was held on August 29, 2016.

The attendance of the Directors to the above Board Meetings and AGM which was held during their tenure is as follows:

Name of the Directors	No. of Meetings held during tenure of respective Directors		9th AGM (August 29, 2016)	Remarks
	Held	Attended		
Mr. Inderjit Walia	3	1	N.A.	Resigned w.e.f. May 02, 2016
Mr. Devendra Khanna	3	3	N.A.	Resigned w.e.f. May 02, 2016
Mr. Rajendra Chopra	3	3	N.A.	Resigned w.e.f. May 02, 2016
Mr. Sridhar Natrajan	3	1	N.A.	Resigned w.e.f. May 02, 2016
Ms. Veenu Mittal	3	1	N.A.	Resigned w.e.f. May 02, 2016

Name of the Directors	No. of Meetings held during tenure of respective Directors		9th AGM (August 29, 2016)	Remarks
	Held	Attended		
Mr. Kishore Biyani	6	6	Yes	Appointed w.e.f. April 30, 2016
Mr. Rakesh Biyani	6	6	Yes	Appointed w.e.f. April 30, 2016
Mr. Rajan Bharti Mittal	6	2	No	Appointed w.e.f. April 30, 2016
Mr. Ravindra Dhariwal	6	5	Yes	Appointed w.e.f. April 30, 2016
Mr. Shailendra Bhandari	6	4	No	Appointed w.e.f. April 30, 2016
Ms. Gagan Singh	6	6	Yes	Appointed w.e.f. April 30, 2016

Ms. Sridevi Badiga was appointed post March 31, 2017, the details of Board Meeting attendance and last AGM is not applicable in her case.

AUDIT COMMITTEE

As on March 31, 2017, the Audit Committee of the Company comprised of 3 (Three) Directors out of which 2 (Two) are Independent Directors. Ms. Gagan Singh, Chairperson of the Committee is an Independent Director. All the Members of the Committee possess accounting and financial management expertise. The Chairperson of the Committee was present at the 9th Annual General Meeting of the Company held on August 29, 2016.

Subsequent to year ended March 31, 2017, the Audit Committee was reconstituted on April 20, 2017 and the revised constitution of the Audit Committee is as follows:

- Ms. Gagan Singh : Independent Director / Chairperson
- Mr. Ravindra Dhariwal : Independent Director / Member
- Ms. Sridevi Badiga : Independent Director / Member
- Mr. Rakesh Biyani : Joint Managing Director / Member

The Company Secretary functions as Secretary to the Committee.

During the year under review, total 7 (Seven) meetings of the Audit Committee were held on April 30, 2016, May 02, 2016, May 25, 2016, August 30, 2016, November 07, 2016, December 06, 2016 and February 07, 2017.

The Composition of the Audit Committee and the attendance of the Members at the above meetings which was held during their tenure is as follows:

Name of Directors / Members	Category	Designation	No. of Meetings held during tenure of respective Members		Remarks
			Held	Attended	
Mr. Sridhar Natrajan	Independent Director	Chairman	2	1	Resigned w.e.f. May 02, 2016
Ms. Veenu Mittal	Independent Director	Member	2	1	Resigned w.e.f. May 02, 2016
Mr. Devendra Khanna	Non-Executive Director	Member	2	1	Resigned w.e.f. May 02, 2016
Ms. Gagan Singh	Independent Director	Chairperson	6	6	Appointed w.e.f. May 02, 2016
Mr. Ravindra Dhariwal	Independent Director	Member	6	5	Appointed w.e.f. May 02, 2016
Mr. Rakesh Biyani	Joint Managing Director	Member	6	6	Appointed w.e.f. May 02, 2016

Notes:

Ms. Sridevi Badiga was appointed post March 31, 2017, the details of Audit Committee Meeting attendance is not applicable in her case.

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

Terms of Reference

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

Role of the Audit Committee inter-alia includes the following

- oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- recommendation for appointment, remuneration and terms of appointment of auditors of the Company;
- approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:
 - (a) matters required to be included in the director's responsibility statement to be included in the Board's report in terms of clause (c) of sub-Section (3) of Section 134 of the Companies Act, 2013;
 - (b) changes, if any, in accounting policies and practices and reasons for the same;
 - (c) major accounting entries involving estimates based on the exercise of judgment by the management;
 - (d) significant adjustments made in the financial statements arising out of audit findings;
 - (e) compliance with listing and other legal requirements relating to financial statements;
 - (f) disclosure of any related party transactions;
 - (g) modified opinion(s) in the draft audit report;
- reviewing, with the management, the quarterly financial statements before submission to the Board for approval;
- reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
- reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
- approval or any subsequent modification of transactions of the Company with related parties; [Provided that the Audit Committee may make omnibus approval for related party transactions proposed to be entered into by the Company subject to such conditions as may be prescribed];
- scrutiny of inter-corporate loans and investments;
- valuation of undertakings or assets of the Company, wherever it is necessary;
- evaluation of internal financial controls and risk management systems;
- reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- discussion with internal auditors of any significant findings and follow up there on;
- reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
- discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- to look into the reasons for substantial defaults in the payment to the depositors, debenture holders, Shareholders (in case of non-payment of declared dividends) and creditors;
- to review the functioning of the whistle blower mechanism;
- approval of appointment of chief financial officer after assessing the qualifications, experience and background, etc. of the candidate;
- carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

Reviewing of the following information

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

NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee of the Company comprises of 3 (Three) Non – Executive Directors, out of whom 2 (Two) are Independent Directors.

During the year under review, total 3 (Three) meetings of the Nomination and Remuneration Committee were held on April 30, 2016, May 02, 2016 and December 06, 2016.

The Composition of the Nomination and Remuneration Committee and the attendance of the Members at the above meetings which was held during their tenure is as follows:

Name of Directors / Members	Category	Designation	No. of Meetings held during tenure of respective Members		Remarks
			Held	Attended	
Mr. Rajendra Chopra	Non-Executive Director	Chairman	2	1	Resigned w.e.f. May 02, 2016
Mr. Sridhar Natrajan	Independent Director	Member	2	1	Resigned w.e.f. May 02, 2016
Ms. Veenu Mittal	Independent Director	Member	2	1	Resigned w.e.f. May 02, 2016
Mr. Ravindra Dhariwal	Independent Director	Chairman	2	2	Appointed w.e.f. May 02, 2016
Mr. Rajan Bharti Mittal	Non-Executive Director	Member	2	1	Appointed w.e.f. May 02, 2016
Mr. Shailendra Bhandari	Independent Director	Member	2	2	Appointed w.e.f. May 02, 2016

The Board has reconstituted the Committee with effect from May 02, 2016.

Terms of Reference

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

The role of the Nomination and Remuneration Committee inter-alia includes the following:

- to formulate the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board a policy, relating to the remuneration for the Directors, key managerial personnel and other employees;
- to formulate criteria for evaluation of Independent Directors and the Board;
- to devise a policy on Board diversity;
- to Identify persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal;
- whether to extend or continue the term of appointment of the Independent Director, on the basis of the report of performance evaluation of Independent Directors;
- to establish and from time to time review the policy for ESOP and ESOS as well as issuance of SWEAT equity shares and recommend the grants of Options to be made under ESOP / ESOS; and
- to review Company's remuneration and human resources policy.

Performance evaluation criteria for Independent Directors

The Company has also devised a process for performance evaluation of Independent Directors, the Board, Committees and other individual Directors. The Independent Directors were *inter-alia* evaluated on the criteria such as engagement, leadership, analytical, quality of decision-making, interaction, governance, etc.

Remuneration Policy

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

Remuneration policy for Executive Directors

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

Criteria of making payments to Non-Executive Directors

Non-Executive Directors are paid sitting fees for attending Meeting of the Board and Committee of the Board including meeting of Independent Directors, as decided from time to time by the Board. The Company also reimburses the out-of-pocket expenses incurred by the Directors for attending the meetings. The Members of Corporate Social Responsibility Committee have voluntarily waived the acceptance of sitting fees for attending the meeting of the Committee. The eligible Non-Executive Directors may be paid commission upto an aggregate maximum of 1% of the net profits of the Company as specifically computed for this purpose and as may be approved by Board of Directors of the Company. The criteria of making payments to Non-Executive Directors *inter-alia*, covers the number of meetings attended, Chairmanship of Committees of the Board, time spent in deliberations with the senior management on operational matters other than at meetings and contribution at the Board/Committee(s) levels.

Remuneration to Directors

Managing Director / Executive Director / CEO

The remuneration to the Managing Director / Executive Director / CEO for the year ended March 31, 2017 is as under :

(₹ in Crore)

Name	Salary	Performance Bonus / Commission	Company's Contribution to Funds	Perquisites and allowance	Total	Total Contract Period	Notice period in months	Stock Options granted
Mr. Manish Sabnis	0.08	Nil	0.01	0.00#	0.09	-	-	Nil
Mr. Kishore Biyani	2.26	2.00^	0.13	0.00*	2.39	3 years (w.e.f. May 02, 2016)	6	Nil
Mr. Rakesh Biyani	2.27	1.25^	0.11	0.00*	2.38	3 years (w.e.f. May 02, 2016)	6	Nil

(#) Represents ₹ 2,700/-

(*) Represents ₹ 36,300/-

(^) Amount of ₹ 2.00 Crore towards Commission is payable to Mr. Kishore Biyani and amount of ₹ 1.25 Crore is payable to Mr. Rakesh Biyani for the financial year 2016-17.

Notes:

1. Mr. Manish Sabnis was appointed as the Chief Executive Officer of the Company w.e.f. August 01, 2015 and who resigned as KMP w.e.f. May 02, 2016;
2. All the above components of remuneration, except Performance Bonus / Commission, are fixed in nature.
3. There is no separate provision for payment of severance fees.
4. In case of inadequacy of profits, the above remuneration will be subject to the approval of the Central Government as provided under the applicable provisions of the Companies Act read with applicable Rules thereto.

Non-Executive Independent Directors

The remuneration in form of sitting fees / commission to Non-Executive Independent Directors during the year under review is as under:

(₹ in Crore)

Name of Director	Sitting Fee	Commission*
Mr. Rajan Bharti Mittal	0.03	0.25
Mr. Ravindra Dhariwal	0.12	0.25
Mr. Shailendra Bhandari	0.07	0.25
Ms. Gagan Singh	0.14	0.25

(*) Commission of ₹ 25.00 lakh payable to each of Non-Executive-Non Independent Director and Independent Directors for the financial year 2016-17.

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

STAKEHOLDERS' RELATIONSHIP COMMITTEE

The Stakeholders' Relationship Committee presently comprises of Mr. Shailendra Bhandari, Independent Director as a Chairperson of the Committee, Mr. Rajan Bharti Mittal, Non-Executive Director and Ms. Gagan Singh, Independent Director, as the other members of the Committee. The Stakeholders' Relationship Committee was constituted effective May 02, 2016.

Compliance Officer

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

Post listing of Equity Shares on Stock Exchanges effective August 29, 2016, total 2 (Two) Meetings of Stakeholders' Relationship Committee were held on December 06, 2016 and February 07, 2017 during the year under review.

The attendance of the Members at the above Meetings is as under:

Name of Directors / Members	Designation	No. of Meetings	
		Held	Attended
Mr. Shailendra Bhandari	Chairman	2	2
Mr. Rajan Bharti Mittal	Member	2	1
Ms. Gagan Singh	Member	2	2

Terms of reference of the Committee

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

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

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

Share Transfer Committee

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

Investors' Grievance Redressal

Details of investor complaints received and resolved during the year under review are as follows:

Opening Balance	Received during the year	Resolved during the year	Closing Balance
NIL	16	16	NIL

Code of Conduct for Prevention of Insider Trading

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

INDEPENDENT DIRECTORS MEETING

During the year under review, a separate meeting of Independent Directors was held on February 07, 2017. The said meeting was attended by all the Independent Directors of the Company as mentioned below:

Name of Directors	Category	No. of Meetings	
		Held	Attended
Mr. Ravindra Dhariwal	Independent Director	1	1
Ms. Gagan Singh	Independent Director	1	1
Mr. Shailendra Bhandari	Independent Director	1	1

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

The Corporate Social Responsibility Committee was constituted in line with the provisions of Section 135 of the Act. Presently, the Committee comprises of Mr. Kishore Biyani, Chairman & Managing Director, Ms. Gagan Singh, Independent Director and Mr. Rajan Bharti Mittal, Non-Executive Director as Members of the Committee. During the year under review, no meeting of the Committee was held.

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

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

COMMITTEE OF DIRECTORS

The Committee of Directors has been constituted on May 02, 2016. Presently, the Committee comprises of Mr. Kishore Biyani, Chairman & Managing Director and Mr. Rakesh Biyani, Joint Managing Director as Members of the Committee. The main function of Committee is to handle day-to-day operations and activities of the Company and to ensure smooth functioning and for regular day-to-day operations. The Committee is further authorised to delegate some of its powers to employees / executives of the Company as authorised therein. Total 25 (Twenty Five) Meetings of the Committee were held during the year under review.

RISK MANAGEMENT COMMITTEE

Provision relating to the Risk Management Committee under Regulation 21 of the Listing Regulations is not Applicable to our Company. However, for the purpose of better governance the Company has constituted the Risk Management Committee.

The Risk Management Committee comprises of Mr. Kishore Biyani, Chairman & Managing Director, Mr. Rakesh Biyani, Joint Managing Director and Mr. C. P. Toshniwal, Chief Financial Officer as Members of the Committee.

The Risk Management Committee functions in accordance with the terms of reference as specified by the Board from time to time, which *inter-alia* includes implementing and monitoring of risk management plan and policy of the Company. 1 (One) meeting of the Risk Management Committee was held on March 27, 2017 during the year under review.

RISK MANAGEMENT

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

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

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

GENERAL BODY MEETINGS

Annual General Meeting

The details of the last three Annual General Meetings (AGMs) held are as follows:

Year	Day, Date & Time of AGM	Venue	Special Resolutions passed
2015-16	Monday, August 29, 2016 at 09:30 am	Rangaswar, Fourth Floor, Y. B. Chavan Centre, Gen. Jagannath Bhosale Marg, Mumbai – 400 021.	❖ Approval for entering into Related Party Transaction
2014-15	Monday, August 10, 2015 at 11:00 am	Bharti Crescent, 1, Nelson Mandela Road, Vasant Kunj, Phase – II, New Delhi – 110 070.	None
2013-14	Friday, September 26, 2014 at 11:00 am	Bharti Crescent, 1, Nelson Mandela Road, Vasant Kunj, Phase – II, New Delhi – 110 070.	<ul style="list-style-type: none"> ❖ Re-appointment of Mr. Raj Kumar Jain (DIN-01741527) as a Managing Director; ❖ Approval under Section 180(1)(c) of the Companies Act, 2013 for Borrowing Power upto ₹ 2,000 Crore; ❖ Approval under Section 180(1)(a) of the Companies Act, 2013 for creation of charge, mortgage etc on assets of the Company upto ₹ 2,000 Crore; and ❖ Approval under Section 185, 186 of the Companies Act, 2013 for loan to employees upto ₹ 10 Crore.

Extraordinary General Meeting

During the year under review, 1 (One) Extraordinary General Meeting (EGM) was held and the details are as follows:

Day, Date & Time of the EGM	Venue	Special Resolutions passed
Tuesday, May 03, 2016 at 10:30 am	Knowledge House, Shyam Nagar, Off. Jogeshwari – Vikhroli Link Road, Jogeshwari (E), Mumbai – 400 060	<ul style="list-style-type: none"> ❖ Appointment of Mr. Kishore Biyani as Managing Director; ❖ Appointment of Mr. Rakesh Biyani as a Joint Managing Director; ❖ Making of Investments, providing of Guarantee or Security; ❖ Authority for Borrowings of the Company; ❖ Authority for creation of mortgage, charge, hypothecation, lien and other encumbrances; ❖ Alteration and adoption of Article of Association;

Court Convened or National Company Law Tribunal Convened Meeting

- The Composite Scheme of Arrangement between Company and Future Enterprises Limited and their respective Shareholders and Creditors was entered into and in this connection, the consent of Equity Shareholders were obtained whereby they consented to the Scheme and also for dispensation for holding of meeting of Shareholders. The Scheme was approved by the Hon'ble High Court of Judicature at Bombay and made effective on May 01, 2016.
- During the year under review the Company also entered into Composite Scheme of Arrangement between Heritage Foods Limited, Heritage Foods Retail Limited and their respective Shareholders and Creditors. In this connection, the meeting of the Equity Shareholders of the Company was held on April 06, 2017 as per the Order of National Company Law Tribunal, Mumbai Bench.

Postal Ballot

During the year under review, the Company has completed 1 (one) process of obtaining the approval of its Members through Postal Ballot as per provisions of Section 110 of the Companies Act, 2013 and Rules made thereunder.

The approval of Members obtained through Postal Ballot was pertaining to:-

Sl. No.	Particulars	Type of resolution Special / Ordinary
1.	Approval of Future Retail Limited Employee Stock Option Plan 2016 and Grant of Employees Stock Options to employees of the Company thereunder	Special
2.	Grant of Employee Stock Options to the employees of the Subsidiary Company(ies), if any, of the Company under Future Retail Limited Employee Stock Option Plan 2016	Special
3.	Grant of Employee Stock Options to the Employees of Company and that of the Subsidiary Company(ies) by way of Secondary Acquisition under Future Retail Limited Employee Stock Option Plan 2016	Special
4.	Approval of Trust Route for the implementation of Future Retail Limited Employee Stock Option Plan 2016	Special
5.	Provision of Money by the Company for purchase of its own shares by the Trust / Trustees for the benefit of Employees under Future Retail Limited Employee Stock Option Plan 2016	Special
6.	Issue of Guarantee	Special
7.	Approval for entering into Related Party Transaction	Ordinary

The results for all the above matters were announced on November 07, 2016.

Voting Pattern and Procedure for Postal Ballot:

- (i) The Company has appointed Ms. Bindu Darshan Shah, Prop: M/s. K. Bindu & Associates, Practising Company Secretaries, as the Scrutiniser for conducting the Postal Ballot voting process;
- (ii) 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;
- (iii) All Postal Ballot forms received / receivable up to the close of working hours on November 06, 2016 the last date and time fixed by the Company for receipt of the forms in the Postal Ballot, had been considered by Scrutiniser in her scrutiny;
- (iv) Envelopes containing Postal Ballot forms received after November 06, 2016 for the respective Postal Ballot had not been considered for her scrutiny;

- (v) The result of the Postal Ballot was announced on November 07, 2016 as per Scrutiniser's Report which are as under:

Resolution Required : (Special)			1. Approval of Future Retail Limited Employee Stock Option Plan 2016 and Grant of Employees Stock Options to employees of the Company thereunder					
Whether promoter/ promoter Group are interested in the agenda/resolution?			No					
Category	Mode of Voting	No. of shares held	No. of votes polled	% of Votes Polled on outstanding shares	No. of Votes – in favour	No. of Votes – Against	% of Votes in favour on votes polled	% of Votes against on votes polled
		[1]	[2]	[3]=[2]/[1]*100	[4]	[5]	[6]=[4]/[2]*100	[7]=[5]/[2]*100
Promoter and Promoter Group	E-Voting	23,01,15,436	23,01,15,436	100.00	23,01,15,436	Nil	100.00	Nil
	Poll		Not Applicable					
	Postal Ballot		Nil	Nil	Nil	Nil	Nil	Nil
	Total		23,01,15,436	100.00	23,01,15,436	Nil	100.00	Nil
Public Institutions	E-Voting	10,49,27,240	6,97,19,865	66.45	4,78,21,932	2,18,97,933	68.59	31.41
	Poll		Not Applicable					
	Postal Ballot		Nil	Nil	Nil	Nil	Nil	Nil
	Total		6,97,19,865	66.45	4,78,21,932	2,18,97,933	68.59	31.41
Public Non Institutions	E-Voting	13,62,95,881	10,51,64,774	77.16	10,51,61,918	2,856	99.99	0.01
	Poll		Not Applicable					
	Postal Ballot		42,761	0.03	36,808	5,953	86.08	13.92
	Total		10,52,07,535	77.19	10,51,98,726	8,809	99.99	0.01
Total		47,13,38,557	40,50,42,836	85.93	38,31,36,094	2,19,06,742	94.59	5.41

Resolution Required : (Special)			2. Grant of Employee Stock Options to the employees of the Subsidiary Company(ies), if any, of the Company under Future Retail Limited Employee Stock Option Plan 2016					
Whether promoter/ promoter Group are interested in the agenda/resolution?			No					
Category	Mode of Voting	No. of shares held	No. of votes polled	% of Votes Polled on outstanding shares	No. of Votes – in favour	No. of Votes –Against	% of Votes in favour on votes polled	% of Votes against on votes polled
		[1]	[2]	[3]=[2]/[1]*100	[4]	[5]	[6]=[4]/[2]*100	[7]=[5]/[2]*100
Promoter and Promoter Group	E-Voting	23,01,15,436	23,01,15,436	100.00	23,01,15,436	Nil	100.00	Nil
	Poll		Not Applicable					
	Postal Ballot		Nil	Nil	Nil	Nil	Nil	Nil
	Total		23,01,15,436	100.00	23,01,15,436	Nil	100.00	Nil
Public Institutions	E-Voting	10,49,27,240	6,97,19,865	66.45	4,78,21,932	2,18,97,933	68.59	31.41
	Poll		Not Applicable					
	Postal Ballot		Nil	Nil	Nil	Nil	Nil	Nil
	Total		6,97,19,865	66.45	4,78,21,932	2,18,97,933	68.59	31.41
Public Non Institutions	E-Voting	13,62,95,881	10,51,64,774	77.16	10,51,60,110	4,664	99.99	0.01
	Poll		Not Applicable					
	Postal Ballot		40,680	0.03	34,137	6,543	83.92	16.08
	Total		10,52,05,454	77.19	10,51,94,247	11,207	99.99	0.01
Total		47,13,38,557	40,50,40,755	85.93	38,31,31,615	2,19,09,140	94.59	5.41

Resolution Required : (Special)			3. Grant of Employee Stock Options to the Employees of Company and that of the Subsidiary Company(ies) by way of Secondary Acquisition under Future Retail Limited Employee Stock Option Plan 2016					
Whether promoter/ promoter Group are interested in the agenda/resolution?			No					
Category	Mode of Voting	No. of shares held	No. of votes polled	% of Votes Polled on outstanding shares	No. of Votes – in favour	No. of Votes – Against	% of Votes in favour on votes polled	% of Votes against on votes polled
		[1]	[2]	[3]=([2]/[1])*100	[4]	[5]	[6]=([4]/[2])*100	[7]=([5]/[2])*100
Promoter and Promoter Group	E-Voting	23,01,15,436	23,01,15,436	100.00	23,01,15,436	Nil	100.00	Nil
	Poll		Not Applicable					
	Postal Ballot		Nil	Nil	Nil	Nil	Nil	Nil
	Total		23,01,15,436	100.00	23,01,15,436	Nil	100.00	Nil
Public Institutions	E-Voting	10,49,27,240	6,97,19,865	66.45	4,88,28,251	2,08,91,614	70.03	29.97
	Poll		Not Applicable					
	Postal Ballot		Nil	Nil	Nil	Nil	Nil	Nil
	Total		6,97,19,865	66.45	4,88,28,251	2,08,91,614	70.03	29.97
Public Non Institutions	E-Voting	13,62,95,881	10,51,64,674	77.16	10,51,60,075	4,599	99.99	0.01
	Poll		Not Applicable					
	Postal Ballot		40,570	0.03	34,107	6,463	84.07	15.93
	Total		10,52,05,244	77.19	10,51,94,182	11,062	99.99	0.01
Total		47,13,38,557	40,50,40,545	85.93	38,41,37,869	2,09,02,676	94.84	5.16

Resolution Required : (Special)			4. Approval of Trust Route for the implementation of Future Retail Limited Employee Stock Option Plan 2016					
Whether promoter/ promoter Group are interested in the agenda/resolution?			No					
Category	Mode of Voting	No. of shares held	No. of votes polled	% of Votes Polled on outstanding shares	No. of Votes – in favour	No. of Votes –Against	% of Votes in favour on votes polled	% of Votes against on votes polled
		[1]	[2]	[3]=([2]/[1])*100	[4]	[5]	[6]=([4]/[2])*100	[7]=([5]/[2])*100
Promoter and Promoter Group	E-Voting	23,01,15,436	23,01,15,436	100.00	23,01,15,436	Nil	100.00	Nil
	Poll		Not Applicable					
	Postal Ballot		Nil	Nil	Nil	Nil	Nil	Nil
	Total		23,01,15,436	100.00	23,01,15,436	Nil	100.00	Nil
Public Institutions	E-Voting	10,49,27,240	6,97,19,865	66.45	4,88,28,251	2,08,91,614	70.03	29.97
	Poll		Not Applicable					
	Postal Ballot		Nil	Nil	Nil	Nil	Nil	Nil
	Total		6,97,19,865	66.45	4,88,28,251	2,08,91,614	70.03	29.97
Public Non Institutions	E-Voting	13,62,95,881	10,51,64,654	77.16	10,51,61,831	2,823	99.99	0.01
	Poll		Not Applicable					
	Postal Ballot		40,570	0.03	34,685	5,885	85.49	14.51
	Total		10,52,05,224	77.19	10,51,96,516	8,708	99.99	0.01
Total		47,13,38,557	40,50,40,525	85.93	38,41,40,203	20,9,00,322	94.84	5.16

Resolution Required : (Special)			5. Provision of Money by the Company for purchase of its own shares by the Trust / Trustees for the benefit of Employees under Future Retail Limited Employee Stock Option Plan 2016					
Whether promoter/ promoter Group are interested in the agenda/resolution?			No					
Category	Mode of Voting	No. of shares held	No. of votes polled	% of Votes Polled on outstanding shares	No. of Votes – in favour	No. of Votes –Against	% of Votes in favour on votes polled	% of Votes against on votes polled
		[1]	[2]	[3]=[2]/[1]*100	[4]	[5]	[6]=[4]/[2]*100	[7]=[5]/[2]*100
Promoter and Promoter Group	E-Voting	23,01,15,436	23,01,15,436	100.00	23,01,15,436	Nil	100.00	Nil
	Poll		Not Applicable					
	Postal Ballot		Nil	Nil	Nil	Nil	Nil	Nil
	Total		23,01,15,436	100.00	23,01,15,436	Nil	100.00	Nil
Public Institutions	E-Voting	10,49,27,240	6,97,19,865	66.45	4,88,28,251	2,08,91,614	70.03	29.97
	Poll		Not Applicable					
	Postal Ballot		Nil	Nil	Nil	Nil	Nil	Nil
	Total		6,97,19,865	66.45	4,88,28,251	2,08,91,614	70.03	29.97
Public Non Institutions	E-Voting	13,62,95,881	10,51,63,920	77.16	10,51,61,385	2,535	99.99	0.01
	Poll		Not Applicable					
	Postal Ballot		41,661	0.03	35,175	6,486	84.43	15.57
	Total		10,52,05,581	77.19	10,51,96,560	9,021	99.99	0.01
Total		47,13,38,557	40,50,40,882	85.93	38,41,40,247	2,09,00,635	94.84	5.16

Resolution Required : (Special)			6. Issue of Guarantee					
Whether promoter/ promoter Group are interested in the agenda/resolution?			Yes					
Category	Mode of Voting	No. of shares held	No. of votes polled	% of Votes Polled on outstanding shares	No. of Votes – in favour	No. of Votes – Against	% of Votes in favour on votes polled	% of Votes against on votes polled
		[1]	[2]	[3]=[2]/[1]*100	[4]	[5]	[6]=[4]/[2]*100	[7]=[5]/[2]*100
Promoter and Promoter Group	E-Voting	23,01,15,436	Nil	Nil	Nil	Nil	Nil	Nil
	Poll		Not Applicable					
	Postal Ballot		Nil	Nil	Nil	Nil	Nil	Nil
	Total		Nil	Nil	Nil	Nil	Nil	Nil
Public Institutions	E-Voting	10,49,27,240	6,97,19,865	66.45	6,90,63,758	6,56,107	99.06	0.94
	Poll		Not Applicable					
	Postal Ballot		Nil	Nil	Nil	Nil	Nil	Nil
	Total		6,97,19,865	66.45	6,90,63,758	6,56,107	99.06	0.94
Public Non Institutions	E-Voting	13,62,95,881	10,51,64,636	77.16	10,51,60,564	4,072	99.99	0.01
	Poll		Not Applicable					
	Postal Ballot		40,490	0.03	34,829	5,661	86.02	13.98
	Total		10,52,05,126	77.19	10,51,95,393	9,733	99.99	0.01
Total		47,13,38,557	17,49,24,991	37.11	17,42,59,151	6,65,840	99.62	0.38

Resolution Required : (Ordinary)			7. Approval for entering into Related Party Transaction					
Whether promoter/ promoter Group are interested in the agenda/resolution?			Yes					
Category	Mode of Voting	No. of shares held	No. of votes polled	% of Votes Polled on outstanding shares	No. of Votes – in favour	No. of Votes – Against	% of Votes in favour on votes polled	% of Votes against on votes polled
		[1]	[2]	[3]=[2]/[1]*100	[4]	[5]	[6]=[4]/[2]*100	[7]=[5]/[2]*100
Promoter and Promoter Group	E-Voting	23,01,15,436	Nil	Nil	Nil	Nil	Nil	Nil
	Poll		Not Applicable					
	Postal Ballot		Nil	Nil	Nil	Nil	Nil	Nil
	Total		Nil	Nil	Nil	Nil	Nil	Nil
Public Institutions	E-Voting	10,49,27,240	6,90,68,336	65.82	6,74,05,910	16,62,426	97.59	2.41
	Poll		Not Applicable					
	Postal Ballot		Nil	Nil	Nil	Nil	Nil	Nil
	Total		6,90,68,336	65.82	6,74,05,910	16,62,426	97.59	2.41
Public Non Institutions	E-Voting	13,62,95,881	10,51,64,764	77.16	10,51,60,007	4,757	99.99	0.01
	Poll		Not Applicable					
	Postal Ballot		40,490	0.03	34,995	5,495	86.43	13.57
	Total		10,52,05,254	77.19	10,51,95,002	10,252	99.99	0.01
Total		47,13,38,557	17,42,73,590	36.97	17,26,00,912	16,72,678	99.04	0.96

MEANS OF COMMUNICATION

The Company regularly submits quarterly / half yearly / annual Financial Results to the Stock Exchanges, as soon as these are taken on record/approved by the Board. The Financial Results are published in leading English and Marathi dailies, viz. “The Free Press Journal” (English Newspaper) and “Nav Shakti” (Marathi Newspaper). The Company’s Annual Report, Financial Results, Shareholding Pattern and official news releases are displayed on the Company’s website www.futureretail.co.in and also posted by BSE and NSE on their respective website. The Company’s presentations to institutional investors and analysts are also posted on the Company’s website.

The Company sends Annual Report, intimation to Shareholders for various matters, Notices related to General Meetings or Court convened or NCLT convened meetings and Postal Ballot by e-mail to those Shareholders whose e-mail ids are registered with the Company / Depository Participants and in hard copies to those Shareholders whose e-mail ids are not registered.

All filing, disclosures and communications to Stock Exchanges are made electronically through their specific web portals in order to disseminate such information and make such information generally available.

GENERAL SHAREHOLDERS INFORMATION

Date, Time and Venue of the Tenth Annual General Meeting

Tuesday, August 29, 2017 at 09:30 am at Rangaswar, Fourth Floor, Y. B. Chavan Centre, Gen. Jagannath Bhosale Marg, Mumbai – 400 021.

Financial Year

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

Financial Reporting for

Quarter	Release Date (tentative & subject to change)
1 st Quarter ending June 30, 2017	First / Second week of August, 2017
2 nd Quarter / Half-year ending September 30, 2017	First / Second week of November, 2017
3 rd Quarter ending December 31, 2017	First / Second week of February, 2018
4 th Quarter/Year ending March 31, 2018	End of May 2018

Note: The above dates are indicative.

Record Date/Book Closure

The Company has fixed August 22, 2017 as the Record Date for the purpose of Tenth Annual General Meeting and matters related thereto.

Dividend payment date

The Board of Directors of the Company has not recommended any dividend for the financial year ended March 31, 2017

Listing on Stock Exchanges**Equity Shares**

The Equity Shares of the Company are listed on the following Stock Exchanges:

- ❖ BSE Limited
25th Floor, P. J. Towers, Dalal Street, Mumbai – 400 001
- ❖ National Stock Exchange of India Limited
Exchange Plaza, C - 1, Block G, Bandra-Kurla Complex, Bandra (East), Mumbai – 400 051

Debt Securities

Cedar Support Services Limited holds 1,542 Optionally Convertible Debentures ('OCDs') of ₹ 10 lakhs each aggregating to ₹ 154.20 Crore in our Company consequent to the effect of the FRL-FEL Scheme. These OCDs are convertible into Equity Shares of our Company at the option of our Company, at the price prescribed under SEBI Regulations for Preferential Issue of securities on the date of conversion.

Listing Fees

Listing Fees, as prescribed, has been paid to both the Stock Exchanges where the securities of the Company are listed.

Stock Code and ISIN No.

Shares / Debentures	ISIN No.	Stock Code	
		BSE	NSE
Equity Shares	INE752P01024	540064	FRETAIL
Optionally Convertible Debentures ('OCDs')	INE752P08011	N.A.	N.A.

Corporate Identification Number (CIN)

The Company's CIN as allotted by the Ministry of Corporate Affairs is : L51909MH2007PLC268269.

Stock Performance

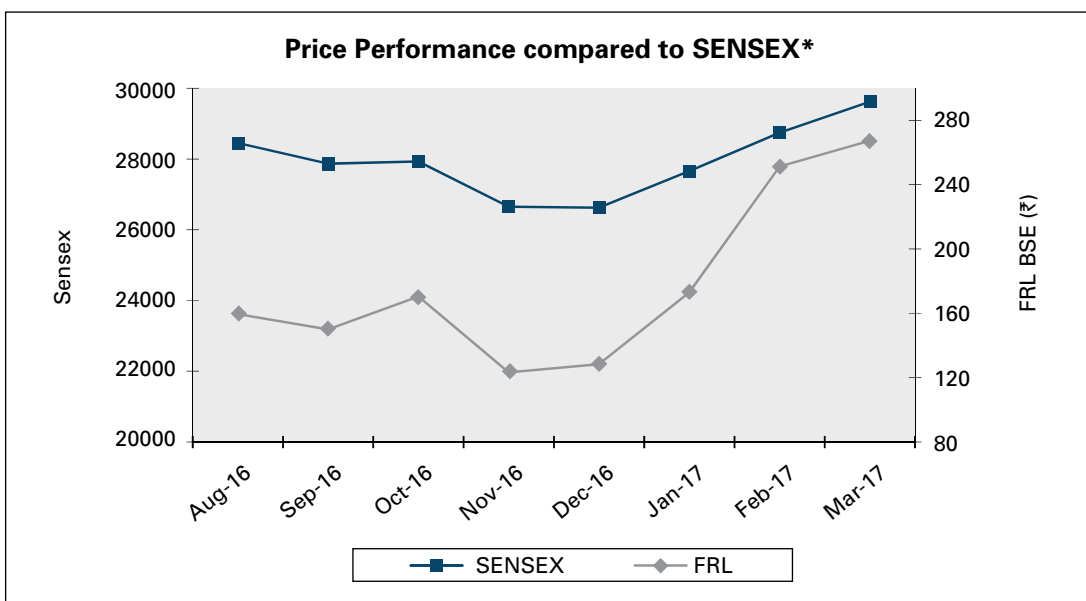
The performance of the Equity Shares of the Company at the Stock Exchanges during the year under review is as follows:

Months*	BSE (in ₹)		NSE (in ₹)	
	High	low	High	Low
Apr-16	N.A.	N.A.	N.A.	N.A.
May-16	N.A.	N.A.	N.A.	N.A.
Jun-16	N.A.	N.A.	N.A.	N.A.
Jul-16	N.A.	N.A.	N.A.	N.A.
Aug-16	163.50	149.90	161.05	150.40
Sep-16	160.25	130.25	160.05	137.20
Oct-16	179.90	145.05	179.70	145.55
Nov-16	169.70	119.50	171.00	118.75
Dec-16	133.60	116.10	133.55	115.45
Jan-17	174.90	127.00	175.90	126.30
Feb-17	271.45	165.00	271.00	164.55
Mar-17	278.25	241.00	278.00	241.10

(*) The equity shares of the Company are listed on BSE and NSE w.e.f. August 29, 2016.

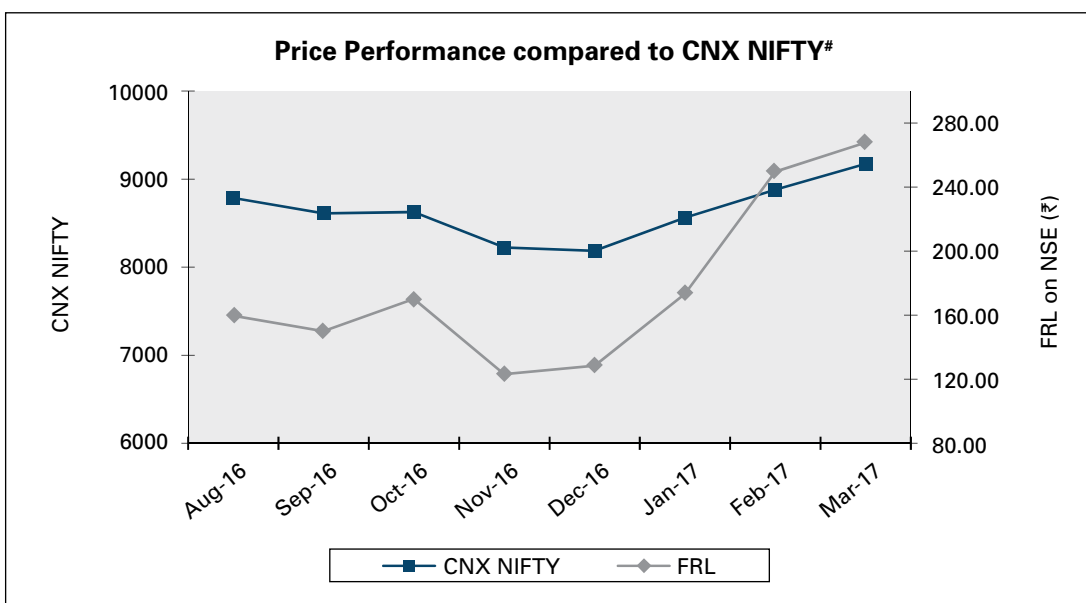
[Source: This information is compiled from the data available from the websites of BSE and NSE]

Performance of Share Price of the Company in comparison to the BSE SENSEX



(*)The performance comparison is based on the closing price / Sensex on the last trading day of the month.

Performance of Share Price of the Company in comparison to the NSE CNX NIFTY



(#)The performance comparison is based on the closing price / CNX Nifty on the last trading day of the month.

Share Transfer System

Trading in Equity Shares of the Company through recognized Stock Exchanges is permitted only in dematerialized form. Shares sent for transfer in physical form are registered and returned within a period of 15 (Fifteen) days from the date of receipt of the documents, provided the documents are valid and complete in all respects. With a view to expedite the process of share transfers, necessary authority has been delegated to the Share Transfer Committee to approve the transfers of equity shares of the Company. The Share Transfer Committee and Stakeholders' Relationship Committee meet as and when required to consider the transfer proposals and attend to Investors' grievances.

De-materialisation of shares

99.77% of the Equity Shares of the Company have been dematerialised as on March 31, 2017. The Company has entered into agreements with both National Securities Depository Limited ('NSDL') and Central Depository Services (India) Limited ('CDSL') whereby Shareholders have an option to dematerialise their shares with either of the Depositories. Entire shareholding of Promoters and Promoter Group is in dematerialised form. Status of Dematerialisation of Equity Shares as on March 31, 2017 is as under:

Particulars	No. of Shares	% of Capital*
National Securities Depository Limited ('NSDL')	35,11,79,228	74.44
Central Depository Services (India) Limited ('CDSL')	11,95,26,920	25.33
Total Dematerialised	47,07,06,148	99.77
Physical	11,06,591	0.23
Total	47,18,12,739	100.00

(*) There is a difference of 1,04,371 Equity Shares between Issued and Paid-up Capital of the Company. The reason being said Equity Shares of ₹ 2/- each of the Company are being kept in abeyance against 95,878 Equity Shares of ₹ 2/- each and 8,493 Class B (Series I) Shares of ₹ 2/- each kept in abeyance in Future Enterprises Limited.

Distribution of Shareholding of Equity Shares as on March 31, 2017

No. of Shares	No. of Shareholders	%	No. of Shares	%
1-500	36,999	86.60	30,09,583	0.64
501-1000	3,666	8.58	24,45,965	0.52
1001-2000	908	2.13	13,08,459	0.28
2001-3000	333	0.78	8,39,790	0.18
3001-4000	142	0.33	4,97,860	0.10
4001-5000	113	0.26	5,29,147	0.11
5001-10000	206	0.48	14,96,650	0.32
10001 and above	355	0.84	46,16,85,285	97.85
Total	42,722	100.00	47,18,12,739	100.00

Equity Shareholding Pattern as on March 31, 2017

Category	No. of Shares	% of holding
Promoters and Promoter Group	23,37,40,436	49.54
Mutual Funds	1,59,71,167	3.38
Banks, Financial Institutions	50,28,014	1.07
Venture Capital Funds	-	-
Insurance Companies	13,02,875	0.28
Foreign Portfolio Investor	8,15,01,172	17.27
Non Resident Indians	4,36,726	0.09
Bodies Corporate	11,21,73,752	23.78
Indian Public (Individual)	1,86,71,583	3.96
Directors & their Relatives	-	-
Clearing Members	9,29,415	0.20
Trust	200	0.00
Hindu Undivided Family	20,49,599	0.43
Foreign Nationals	7,800	0.00
Total	47,18,12,739	100.00

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

1,542 Optionally Convertible Debentures ('OCDs') of ₹ 10 lakhs each aggregating to ₹ 154.20 Crore issued in our Company consequent to the effect of the FRL-FEL Scheme. These OCDs are convertible into Equity Shares of our Company at the option of our Company, at the price prescribed under SEBI Regulations for Preferential Issue of securities on the date of conversion.

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

Unclaimed Shares

In accordance with the requirement of Regulation 34(3) and Schedule V of Part F of Listing Regulations, the Company reports the following details in respect of equity shares lying in the suspense account:

Particulars	Number of Shareholders	Number of Equity Shares
Aggregate number of Shareholders and the outstanding shares in the suspense account lying as on May 18, 2016 (Date of allotment pursuant to FRL – FEL Scheme)	185	1,01,260
Number of Shareholders who approached the Company for transfer of shares from suspense account during the year	1	550
Shareholders to whom shares were transferred from the suspense account during the year	1	550
Aggregate number of Shareholders and the outstanding shares in the suspense account lying as on March 31, 2017	184	1,00,710

The voting rights on the shares outstanding in the suspense account as on March 31, 2017 shall remain frozen till the rightful owner of such shares claims the shares.

Plant Locations

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

Registered Office

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

Address for Investor Correspondence

- For securities held in physical form**
Registrar and Transfer Agents

M/s. Link Intime India Private Limited
C – 101, 247 Park,
L.B.S Marg, Vikhroli West,
Mumbai – 400 083.
Tel No.: +91 22 4918 6000
Fax No.: +91 22 4918 6060
E-mail: rnt.helpdesk@linkintime.co.in; Website: www.linkintime.co.in

- For securities held in demat Form**

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

- For any query on the Annual Report**

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

DISCLOSURES

Related Party Transactions

All related party transactions were reviewed / approved by the Audit Committee and were entered into in the ordinary course of business and at arm's length basis. During the year under review, there were no materially significant transactions entered into with the related parties that may have potential conflict with the interests of the Company at large. The details of related party transactions are given in Note No. 37 in Notes forming part of the financial statements for the year ended March 31, 2017. Policy on dealing with related party transactions is available on the website of the Company at the link http://futereretail.co.in/pdf/RPT_Policy.pdf

Disclosure of Accounting Treatment

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

Management

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

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

CEO/CFO Certification

As required under Regulation 17(8) of the Listing Regulations, the Managing Director and the Chief Financial Officer of the Company have certified to the Board regarding the financial statements for the year ended March 31, 2017.

Subsidiary Companies

The Company does not have any subsidiary company. However, the Company has a policy for determining material subsidiaries of the Company, which is available on the website of the Company at the link [http://futereretail.co.in/pdf/Policy for Determining Material Subsidiary.pdf](http://futereretail.co.in/pdf/Policy_for_Determining_Material_Subsiary.pdf)

Details of non-compliance

The Company has complied with all the requirements of regulatory authorities. Since the date of listing i.e. August 29, 2016, there were no instances of non-compliance by the Company and no penalty or strictures were imposed on the Company by the Stock Exchange(s) or Securities and Exchange Board of India or any statutory authority, on any matter related to the capital markets.

Establishment of Whistle Blower Policy/Vigil Mechanism

The Company has established a Whistle Blower Policy/Vigil Mechanism. This policy aims to provide an avenue for Stakeholders to raise genuine concerns of any violations of legal or regulatory requirements, actual or suspected fraud or violation of the Company's code of conduct and ethical business practices. This Policy *inter-alia* provides a direct access to a Whistle Blower to the Chairperson of the Audit Committee. The establishment of Vigil Mechanism is available on the website of the Company at the link [http://futereretail.co.in/pdf/Vigil Mechanism.pdf](http://futereretail.co.in/pdf/Vigil_Mechanism.pdf)

Discretionary requirements (Part E of Schedule II of Listing Regulations)

The Board: The Company has an Executive Chairman and hence the requirement pertaining to reimbursement of expenses to a Non-Executive Chairman does not arise.

Shareholders' Rights: Quarterly and half yearly financial results of the Company are furnished to the Stock Exchanges and are also published in the newspapers and uploaded on website of the Company. Significant events are also posted on the Company's website under the Investors Section. Hence, no half yearly results and significant events were sent to each of household of Shareholders.

Modified opinion(s) in audit report: During the year under review, the Company has unmodified audit opinion on the Company's financial statements. The Company continues to adopt best practices so as to have unmodified audit opinion on financial statements.

Separate posts of Chairperson and CEO: The position of Chairman & Managing Director is not separately held.

Reporting of Internal Auditor: Internal Auditors are invited to the meetings of Audit Committee to make presentation to the Committee on their observations during the course of their Internal Audit.

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To
The Members of
Future Retail Limited

We have examined the compliance of conditions of Corporate Governance by Future Retail Limited ("the Company") for the financial year ended on March 31, 2017 as stipulated in Regulations 17 to 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46 and Para C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015 ("Listing Regulations").

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 to 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 Regulations as applicable.

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. LLP**
Chartered Accountants
Firm Registration No.: 119850W

Ashok A. Trivedi
Partner
Membership No. 042472

Place : Mumbai
Date : May 23, 2017

DECLARATION ON COMPLIANCE OF CODE OF CONDUCT

To
The Members of
Future Retail Limited

I hereby declare that the Directors and Senior Managerial Personnel of the Company have affirmed in writing, their compliances with the Company's Code of Conduct, during the year ended March 31, 2017.

For Future Retail Limited

Kishore Biyani
Chairman & Managing Director

Place: London
Date : May 23, 2017

BUSINESS RESPONSIBILITY REPORT

OVERVIEW

Future Retail Limited is the flagship Company of Future Group, among India's retail pioneers catering to the entire Indian consumption space. Through multiple retail formats, Future Retail Limited (referred to as "FRL"/ "the Company" hereon) connects a diverse and passionate community of Indian buyers, sellers and businesses. FRL's strategy is in line with its broad objective of being a catalyst in India's consumption-led growth and being a positive agent of change in the communities it serves.

FRL is fully committed to India's socio-economic development and this reflects in the Future Group's commitment to community, environment and to every stakeholder in building a stronger foundation for its long-term sustainable growth. Pursuant to Regulation 34(2)(f) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, ("Listing Regulations") the Directors of FRL present the Business Responsibility Report (BRR) of the Company for the financial year ended March 31, 2017.

This BRR delineates FRL's endeavours to conduct its business with responsibility and accountability towards all its stakeholders *inter-alia* keeping in mind the Nine principles of the Government of India's 'National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business' ("NVGs"). This BRR is in line with the format proposed by SEBI.

Part A: General Information about the Company

Sl. No.	Particulars	Company Information
1	Corporate Identity Number (CIN) of the Company	L51909MH2007PLC268269
2	Name of the Company	Future Retail Limited (formerly known as Bharti Retail Limited)
3	Registered address	Knowledge House, Shyam Nagar, Off Jogeshwari - Vikhroli Link Road, Jogeshwari (East), Mumbai - 400060
4	Website	www.futureretail.co.in
5	E-mail id	investorrelations@futureretail.in
6	Financial Year reported	2016-17
7	Sector(s) that the Company is engaged in (industrial activity code-wise)	Multi Brand Retail Trade NIC Code: 47 (Retail Trade, except of motor vehicles and motorcycles)
8	List three key products/services that the Company manufactures/provides (as in balance sheet)	i. Apparels / Garments; ii. Foods and Grocery; and iii. Consumer Durables / Electronics
9	Total number of locations where business activity is undertaken by the Company	
	(a) Number of International Locations (Provide details of major 5)	There are no International Locations where we operate
	(b) Number of National Locations	As on March 31, 2017, we have a pan India presence with 901 stores in 240 cities covering various formats of the Company
10	Markets served by the Company - Local/State/National/International	National

Part B: Financial Details of the Company

Sl. No.	Particulars	Company Information
1	Paid up Capital (INR)	₹ 94.36 Crore
2	Total Turnover (INR)	₹ 17,075.09 Crore (standalone)
3	Total profit after taxes (INR)	₹ 368.28 Crore (standalone)
4	Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	<p>With regard to the year under review, the Company was not required to spend any amount on CSR activities, since the average net profits of the Company made during the three immediately preceding financial years, as calculated under Section 198 of the Companies Act 2013 was negative.</p> <p>During the year under review, blood donation camps were held at corporate office and at various stores which has helped the community at large. Further, at periodical intervals, Human Resource Team has conducted Health check-up for employees at various office locations. FRL plans to deploy the required funds in the forthcoming years through the "Sone Ki Chidiya" Foundation, a Group Trust.</p>
5	List of activities in which expenditure in 4 above has been incurred	Not Applicable for the year 2016-17.

Part C: Other Details

Sl. No.	Particulars	Company Information
1	Does the Company have any Subsidiary Company/ Companies?	FRL does not have any subsidiary for the financial year ended March, 2017.
2	Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent Company? If yes, then indicate the number of such Subsidiary Company/ Companies	Not Applicable
3	Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]	The Business Responsibility policies are applicable to the management and all the employees of FRL. It encourages adoption of BR initiatives by its Business Partners. Based on dialogue with the suppliers and distributors of FRL, currently less than 30% of other entities participate in the BR initiatives of the Company.

Part D: BR Information

1. Details of Director and BR Head responsible for implementation of the BR policy / policies (DIN, Name, Designation):

Sl. No.	Particulars	Details
1	DIN Number (if applicable)	00005740
2	Name	Mr. Kishore Biyani
3	Designation	Chairman and Managing Director
4	Telephone number	022-61190000
5	E-mail Id	investorrelations@futereretail.in

2. Principle-wise (as per NVGs) BR policy / policies (Replies in Y - Yes / N - No):

The National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business (NVGs) released by the Ministry of Corporate Affairs has adopted Nine areas of Business Responsibility. These briefly are as under:

Principle 1 (P1)	Businesses should conduct and govern themselves with Ethics, Transparency and Accountability.
Principle 2 (P2)	Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.
Principle 3 (P3)	Businesses should promote the well-being of all employees.
Principle 4 (P4)	Businesses should respect the interests of and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.
Principle 5 (P5)	Businesses should respect and promote human rights.
Principle 6 (P6)	Businesses should respect, protect and make efforts to restore the environment.
Principle 7 (P7)	Businesses when engaged in influencing public and regulatory policy, should do so in a responsible manner.
Principle 8 (P8)	Businesses should support inclusive growth and equitable development.
Principle 9 (P9)	Businesses should engage with and provide value to their customers and consumers in a responsible manner.

a. BR Policies and coverage of NVG Nine principles:

Sl. No.	Questions	Business Ethics	Product Responsibility	Well-being of Employee	Stakeholders	Human Rights	Environment	Public Policy	CSR	Customer Relations
		P1	P2	P3	P4	P5	P6	P7	P8	P9
1	Do you have a policy / policies for	Y	Y	Y	Y	Y	Y	Y	Y	Y
2	Has the policy being formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
3	Does the policy conform to any national / international standards? If yes, specify? (50 words)	Yes, the policies are based on the 'National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business' released by the Ministry of Corporate Affairs.								
4	Has the policy being approved by the Board? If yes, has it been signed by MD / Owner / CEO / appropriate Board Director?	Yes, the policies have been approved by the Board and signed by the Chairman and Managing Director.								
5	Does the Company have a specified committee of the Board / Director / Official to oversee the implementation of the policy?	Yes, the FRL's officials / respective departments are authorised to oversee the implementation of the policy.								
6	Indicate the link for the policy to be viewed online?	http://futereretail.co.in/investors								
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
8	Does the Company have in-house structure to implement the policy / policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
9	Does the Company have a grievance redressal mechanism related to the policy / policies to address stakeholders' grievances related to the policy / policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
10	Has the Company carried out independent audit / evaluation of the working of this policy by an internal or external agency?	The Company is working on developing and improving its system for evaluating the implementation of the policies. The policies are evaluated from time to time and updated whenever required.								

b. If answer to S. No. 1 above against any principle, is 'No', please explain why: **Not Applicable**

3. Governance related to BR:

Indicate the frequency with which the Board of Directors, Committee of the Board or CEO assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year.	The Board of Directors of the Company shall assess various initiatives forming part of the BR performance of the Company at least once a year.
Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?	The Company is publishing the information on BR in the Annual Report for the financial year 2016-17 for the first time, which is also available on the website of the Company i.e. http://futereretail.co.in/investors/Policies.html

Part E: Principle-Wise Performance

Principle 1: Ethics, Transparency & Accountability

Businesses should conduct and govern themselves with ethics, transparency and accountability

FRL fosters a work culture with high ethical principles and standards and encourages its employees to perform with total integrity, commitment and ownership. Stakeholders are encouraged to conduct its business by adopting highest standards of professionalism, honesty, integrity and ethical behaviour.

FRL through multiple retail formats connects to a diverse and passionate community of Indian buyers, sellers and businesses including national and international brands. The diversity of partnerships helped the Company to strengthen its commitment to professionalism and integrity in business practices.

FRL's Directors and Senior Management are required to abide by a separate Code of Conduct ('CoC'). Their affirmation to the CoC is communicated to all stakeholders by Managing Director, through a declaration in the Annual Report.

FRL is committed in developing a culture where it is safe for all Directors and employees to raise concerns about any poor or unacceptable practice, unethical behaviour, actual or suspected fraud and any event of misconduct or violation of FRL's Code of Conduct or ethics policy through an established vigil mechanism.

FRL has in place the Whistle Blower Policy which provides appropriate mechanism and framework to promote responsible and secure whistle blowing through vigil mechanism. During this year 2016-17, no complaints were received in this connection.

FRL discloses all information required by statutory laws and works with internal and external stakeholders to ensure:

- Quality standards of products and services at stores;
- No false or misleading claims shall be made whilst marketing to customers;
- Fairness and integrity in the procurement process;

- Well-being of the societies in which it operates, adhering to product and food safety parameters of all products retailed through FRL's stores.

In order to lend focus to each of the Nine Principles, these Guidelines have been placed before the Board and adopted on May 23, 2017.

Total 16 investor complaints received in the past financial year have been satisfactorily resolved by the management and no complaint was pending as on March 31, 2017.

The Company has an Internal Complaints Committee (ICC) to redress complaints received regarding sexual harassment. No complaint was received in 2016-17 by ICC.

Principle 2: Products Contributing to Sustainability

Businesses should provide goods and services that are safe and contribute to sustainability throughout their lifecycle.

FRL is committed to offering products and services that incorporate social and environmental concerns, and offer the best possible value to its customers such that it becomes the customers' first choice for quality and service.

Over the past years, it has consciously partnered with supplier partners to retail products that incorporates sustainability concerns whilst fulfilling the customer needs.

FRL operates more than 600 Big Bazaar, fbb and easyday stores in 240 cities across the Country. The home solutions segment include Home Town and eZone. Home Town is a unique one-stop destination for complete home-making solutions.

The operations of FRL are not energy intensive. The corporate office along with its retail stores such as Home Town and eZone are located as far as possible in buildings that are LEED (Leadership in Energy and Environmental Design) certified. The buildings would have addressed issues related to human health and environmental impacts by being resource efficient. Where stores are not located in green buildings, FRL takes adequate measures to reduce energy and water consumption, by utilising energy efficient equipment and lighting.

FRL ensures fulfillment of all its obligations, relating to products that are procured, including compliance with applicable quality, environmental norms, labour compliances and occupational health & safety and other applicable regulations.

FRL encourages its dealers / suppliers to adopt quality, environmental and safety management systems.

Suppliers are provided with managerial and technical assistance to train them on practices and procedures that will facilitate improvements in their deliverables.

FRL endeavours to procure processed and fresh food which is processed and packed by manufacturers in technologically advanced and resource efficient units under controlled conditions, quality certifications and compliance with FSSAI.

FRL's product ranges incorporate environmental and / or social concerns wherever possible:

- Majority of plastic products are made of Virgin Plastic and products that are used for edible purposes are 100% BPA free;
- The non-stick cookware covering in products are PFOA free;
- Certified organic processed food products; and
- Healthy and nutritional foods.

• Sustainable Sourcing

FRL has procurement guidelines that specify quality for each type of product sourced, and it endeavours to source it's finished garments from responsible sources. The task force set up by FRL is in the process of developing procedures for sustainable sourcing, wherever possible.

Procurement teams look for the suppliers' ability to adhere to full quality compliance processes including audits, batch level traceability for sourcing and distribution so as to cater to modern and traditional retail requirements.

FRL procures unique products from local and small artisans, self-help groups and craftsmen throughout the year including festive seasons. Major procurements in the food value chain are from producer cooperatives for small farmers, self-help groups, SMEs and other suppliers.

There were no known incidents of non-compliance with regulations or voluntary codes resulting in fine, penalty or notices received concerning emissions, health and safety impacts of the Company's products in production, use or disposal.

• Product Labellings

FRL ensures to provide products which have appropriate labelling and signages in accordance with the Food Safety and Standards (Packaging and Labelling) Regulations, 2011 notified by the Food Safety and Standards Authority of India (FSSAI) and the Legal Metrology Act, 2009.

FRL ensures that it's garments carry appropriate labelling and signages as per Indian Care Labelling System which provides information in the form of symbols so as to

indicate to customers how the garment must be handled, washed or treated. The content label *inter-alia* provide details like fibre type, fibre content, country of origin and certification labelling (wherever applicable).

FRL discloses requisite information truthfully and factually including the risks to the end user or customers. Wherever required, the Company also educates its customers on safe and responsible usage of their products including guidelines for product handling, storing at customers end and disposal. The same is visibly placed on all product packaging.

• Recycling

FRL does not undertake any manufacturing or production activity which gives rise to products and waste. From time to time, FRL organises a product return policy in exchange for promotional vouchers at its various retail stores which on one hand increases the customers' purchasing power, promotes recycling, and encourages customers to bring back old products or wastes such as paper, clothes, furniture, footwear etc. which in turn are handed over to waste handlers for recycling or for disposal.

Principle 3: Welfare of Employees

Businesses should promote the well-being of all employees

FRL believes that creation of large societal capital is as important as wealth creation for its stakeholders. It aspires to be an employer of choice in Indian retail - offering exciting new possibilities and encouraging people to rise up to new challenges every day.

FRL engages people who are passionate about what they do, who want to make a difference in the lives of customers, and who live its brand pillars of Indianness, valuing and nurturing relationships and leading positive change.

Future Group is an equal-opportunity employer. FRL encourages people to join from all walks of life and by virtue of its operations in more than 25 states and union territories of the Country has a very diverse workforce in terms of religious, linguistic and ethnic backgroups, gender and socio-economic backgrounds. With an inclusive and richly diverse workforce, FRL offers a vibrant, energetic and achievement-oriented environment.

The permanent manpower at FRL as on March 31, 2017 was as follows:

Total Strength	No. of female employees	No. of differently abled
33,467	6,047	68

Employees Well-being

The FRL family includes over 33,000 employees from a large cross-section of social and economic strata. FRL nurtures its employees for ensuring their passion and long term commitment which leads to outstanding professional growth of it's employees and of Organisation as a whole.

FRL promotes an environment of collaboration and meritocracy - an environment that makes challenges enjoyable and rewarding every day. This is achieved through training, communication and building a positive environment.

FRL provides and maintains equal opportunities at the time of recruitment as well as during the course of employment irrespective of caste, creed, gender, race, disability or sexual orientation.

“Driven by aspirations, Future Retail is fuelling a retail transformation in India and finding innovative ways to drive growth. In every businesses that we are in, in every engagement we have entered, in every relationship, our human capital is the first point of leverage. Our people give Future Retail its energy, culture and ideas.”

FRL ensures that its policies and processes concerning labour and human rights are in line with the laws of the land, and is updated from time to time. Trainings on diversity and inclusion are conducted to enhance awareness around these issues.

FRL ensures all its employees enjoy a flexible life and are able to maintain a work life balance through:-

- a) Provision of a flexible time window at the start of and conclusion of the core working period of eight hours a day, which enables employee to plan both his personal life and work activities.
- b) Almost all large stores have ‘Fun Zones,’ that provide space for relaxation, entertainment and games for employees working at the stores.
- c) Provision of paternity and maternity leave as governed by Indian laws and best practices.
- d) Insurance policies such as Medi-claim, ESIC scheme, EDLI and Life security plans have been implemented and collectively cover employees of the Company and their immediate family members as per eligibility.
- e) The Future Group offices, backend offices and stores are disability friendly.
- f) The workspace is ergonomically designed.

FRL takes care to ensure that there is no child labour, forced labour or any form of involuntary labour, paid or unpaid at any of its premises.

Employee growth, Training and Development and Overall well-being

FRL is committed to the growth and development of its human assets. With an empowering, entrepreneurial culture, FRL works with the passion and enthusiasm of our people for renewed success.

FRL ensures continuous skill and competence upgradation of all employees by providing access to necessary learning opportunities, on an equal and non-discriminatory basis. The Company has also been digitizing its talent management platforms and has created multiple web and online based applications for learning and development, internal communication and employee engagement.

In order to further streamline its talent management services and bring about the next generation practices, the Company is rolling out a new HRMS solution, Infor CloudSuite Human Capital Management.

A job analysis is conducted to ensure employees are well equipped in terms of functional as well as skill based competencies required for the job.

Through Individual Development Plans, customised training needs are identified in the Behavioural and Skills areas and the same is imparted to all eligible employees. This has helped us identify and nurture future leaders and bringing fresh energy and perspective to the business.

Along with this, an employee assistance plan is intended to help employees deal with personal and professional problems that might adversely impact work performance, health and overall well-being.

FRL retains employees through diverse trainings concerning overall development of the employee from the Group level to customised growth plans. To this end, FRL implemented numerous training programs that provide its employees, the avenues for advancement:

- GENISIS : FRL's Management Trainee Program aims to develop trainees into future leaders at the Company through on-the-job training, project work and functional implementation.
- Shishya : An initiative that provides an opportunity to develop and enhance skills and knowledge through various educational and learning programs.
- Seekho : An initiative, aimed at encouraging employees who are consistent performers to fast-track their career growth by completing their higher education (MBA) in the retail domain.
- L.E.A.P : Our Leadership Excellence Advancement Program identifies and develops an individual's leadership potential.

The under mentioned percentage of employees were given safety and skill up-gradation training in the reporting period:

- a. Permanent Employees: 35%
- b. Permanent Women Employees : 18%
- c. Differently abled employees: 21%

Collective Bargaining

FRL's employees do not participate in collective bargaining activities. FRL instead ensures all grievances of the employees are addressed through an established grievance mechanism and creating a culture that empowers an employee to communicate and resolve issues amicably. The Chairman regularly interacts with all employees through his email and regular briefings titled, ‘Monday Musings’, and all employees are encouraged to directly write to him on his email address. Senior leaders in the organization follow an open door policy to hear any grievances, feedback or suggestions.

Occupational Health and Safety

FRL believes in caring for people who work for the organisation. FRL recognises its responsibilities to ensure safety and health of all its stakeholders who work for the organisation and lives near its establishments and visits its facilities. Senior management shall ensure that due compliances of all applicable laws and regulations pertaining to health and safety measures are undertaken on a continuous basis.

- FRL has constituted safety committee and safety representatives for all its stores and offices and has also defined its safety principles.
- Systems for reporting and monitoring various Safety and Environment parameters are defined and circulated. Injury incidents are being reported to the corporate safety team.

Principle 4: Stakeholder Engagement

Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised

FRL aims to serve as a catalyst that stimulates the use of inclusiveness as a powerful development tool. FRL's manifesto encourages its stakeholders to explore unexplored areas and write new rules to create new opportunities and successes as we believe in our mantra **"Rewrite Rules, Retain Values"**.

FRL is constantly creating future scenarios in the consumer space and facilitate consumption, which *inter-alia* means socio-economic development for customers, employees, Shareholders, associates and partners.

FRL focuses on three key enablers for inclusive growth: employability, innovation and entrepreneurship. While employability helps create a qualified and skilled workforce, innovation and entrepreneurship help drive growth and generate employment.

FRL has identified its stakeholders, understood their level of concern, defined purpose and the scope of engagement. It is committed to maintaining a healthy relation with all their stakeholders.

Shareholders

FRL has an established mechanism for Investor's service and grievance handling with its Registrar and Share Transfer Agent and the Compliance Officer appointed by it. The Board of Directors of FRL has constituted "Stakeholders' Relationship Committee" which periodically ensures that all queries, complaints and grievances reported or received through the investor grievance redressal mechanism, are addressed and resolved on timely basis.

Employees

With fair wages and benefits, opportunities for further development and growth and a better working environment, modern retail offers much more than most alternatives available to such individuals.

FRL engages with its employees to motivate them, boost morale, provide platforms for them to develop and express their creativity, passion and commitment to the task at hand through programmes like:

- "TATTVA" where our employees are given a platform to showcase their talent in Sports, Arts and Cultural events.
- Employee engagement activities include festival celebration like Dussehra, Diwali, Ganesh Chaturthi, Holi etc. and also participating in various activities that takes place during celebration.

Statutory bodies

FRL in its process for ensuring compliances also interacts with various statutory bodies and regulators as and when required. It also maintain its records and ensure compliances, internally and externally.

Suppliers/Vendors

As one of India's premier retail player and one of India's leading home-grown business houses, the Future Group is present across the consumption value chain. Through millions of customers and thousands of suppliers, FRL is conscious of the economic, social and environmental impact of its activities. It fosters a symbiotic relationship with Indian entrepreneurs across communities to create increased self-employment opportunities.

FRL values the diversity of its vendors and engages with number of independent apparel and food suppliers, artisans, producer cooperatives and small farmer communities, on an ongoing basis. FRL supports suppliers to cultivate ethical and fair business practices and give preference to those who demonstrate this.

Consumers

FRL endeavours to build gainful partnerships with consumers to understand their needs and provide the right product and service solutions. FRL adopts and actively encourage the best and fair business practices with its end consumer and brand partners, and endeavours to build solid bonds with them.

FRL enhances consumer's participation through mobile e-commerce, personalised marketing and front end formats. A well-established system is in place for dealing with consumers feedback, complaints and product exchanges. FRL interacts with consumer groups to understand trends, and engages with them at product launches and promotions.

On completion of purchase every consumer is asked to rate the product, the shopping experience at store. Unsatisfactory feedback is analysed and the consumer is contacted for more details. The products packaging provides email details and helpline numbers where they can write in or report for any query or complaint.

With its growing footfalls, specially during peak shopping season, faster checkouts have been a constant

area for improvement. A new scanning and billing system is being introduced even as a number of stores now have sit-down checkout areas.

As a part of the ORM (Online Reputation Management), we connect with every consumer, online. We have a robust technology in place to listen to and monitor, what our consumers are saying about our brands. We identify queries and feedbacks posted on social media platforms, across web, on a real-time basis. Feedback from them are shared with our respective brand's team for taking necessary action within shortest possible time. *(Please refer to Principle 9 below for more details).*

Communities

FRL involves communities surrounding its operations to bring about a positive change in their lives through holistic, sustainable and integrated development.

FRL has identified the disadvantaged, vulnerable and marginalized stakeholders and engages to undertake community mobilization and capacity building. *(Please refer to Principle 8 below for more details).*

Principle 5: Human Rights

Businesses should respect and promote human rights

FRL's human rights policy currently extends to its related entities within the Group. The intent of this policy has been conveyed to all relevant stakeholders. Wherever violations are brought to the notice of the management, it makes every effort to resolve the same.

The contracts with suppliers, contractors and vendors states various compliances to be made by them under applicable labour laws, payment of monthly wages / salaries within prescribed time limits, providing of medical facilities, ensuring contributions of applicable deductions including to PF, ESIC, Gratuity with other retiral benefits.

FRL recognizes and respect the human rights of all stakeholders within and beyond the workplace. It ensures that human rights enshrined in the Constitution of India and is not violated across its operations.

The Company ensures that all individuals impacted by the business have access to grievance mechanisms, and no such complaints were received in the period under review.

Principle 6: Environment

Businesses should respect, protect, and make efforts to restore the environment

FRL endeavours to integrate sustainability principles in its business strategy. FRL strives to conduct its business with environmental accountability, to adopt environment-friendly technologies and energy efficiency in operations while continuously monitoring and reducing emissions. FRL aims to provide products in its basket that integrate environmental and/or social concerns and mitigate impacts.

The EHS policy has been adopted by FRL and has been communicated to various stakeholders on need basis.

FRL continuously seeks to improve its environmental performance, create an environment friendly culture through employee engagement, and encourage the mantra '**reduce, reuse and recycle**'.

Environmental Initiatives

FRL's operations are not energy intensive. FRL's corporate office along with its various retail stores are located in buildings that are LEED (Leadership in Energy and Environmental Design) certified. However, adequate measures have been taken to reduce energy consumption, conserve water and other material resources through:

- Paper bags in place of plastic bags that is provided at all retail stores;
- Packaging of fruits and vegetables are bio degradable in nature;
- Installation of temperature controlled air conditioning systems, water sensor equipment;
- Use of natural lights in offices/store premises;
- Proper signages are displayed at various places in stores and offices to create awareness about water conservation and less usage of papers;
- The digitalization initiative of Future Group launched in February 2017 has resulted in reduction of paper consumption in offices through online challan payments, e-documents and e-reminders amongst others.

Considering that FRL is not a manufacturing unit, the waste generated at its offices / stores is managed as per applicable norms and e-waste generated is disposed through e-waste recyclers.

There were no incidents of non-compliance with regulations resulting in fine, penalty or notices received concerning health and safety impacts of FRL's products in production, use or disposal. There are no show cause and legal notices received during the year which are pending from the CPCB or SPCB at any of the Company's operations.

Principle 7: Policy Advocacy

Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner

FRL regularly participates in industry events and is a member of the Retailers Association of India (RAI).

FRL is committed to public good, however has not actively advocated or lobbied directly with government officials or institutions. The senior leadership team interacts with various professional bodies and organizations to anticipate and understand the economic scenario, industrial environment, government regulations and advancement of public goods and services. These inputs

are used for defining future growth drivers and works in conjunction with trade bodies.

Principle 8: Inclusive Growth

Businesses should support inclusive growth and equitable development

FRL believes that its business is built around strong social relevance of inclusive growth by supporting the common man in meeting their financial needs. Inclusive growth and business sustainability is at the core of strategy and business practices at FRL.

As a responsible organization, FRL is committed towards the above objective and is keen on developing a sustainable business model to ensure and activate future growth drivers.

Pursuant to the requirements detailed in Section 135 of the Companies Act, 2013 and the Companies (Corporate Social Responsibility Policy) Rules, 2014 issued by the Ministry of Corporate Affairs ("MCA") the Company has developed its Corporate Social Responsibility ("CSR") policy.

FRL plans to deploy the adequate funds in the forthcoming years through the "Sone Ki Chidiya" Foundation, a Group Trust to carry on CSR activities. For further details, you may please refer to the CSR Report annexed to the Board's Report of FY 2016-17.

Principle 9: Value to customers and consumers

Businesses should engage with and provide value to their customers and consumers in a responsible manner

FRL's commitment of providing best quality products and services to customers is supported by its concern for the safety of its customers.

Feedback or suggestions of every nature is taken with utmost seriousness and the attempts are made to satisfactorily close all customer feedback or complaints expeditiously. Feedback include staff helpfulness, range, convenience and store ambiance. Total of 111 consumer cases are pending at the close of the year under review. Around 297 million customers visited the Company's stores through the financial year and around 143 million customer bills were generated.

FRL ensures that its advertising and communications do not mislead or confuse the consumers or violate any of the principles in these Guidelines. FRL ensures display of adequate information on product label in addition to information regarding a product's environmental or social responsibility. *(Please refer to Principle 2 and Principle 4 for more details).*

There are no cases filed by any stakeholder against the Company regarding irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year.

INDEPENDENT AUDITORS' REPORT

To,
The Members of
FUTURE RETAIL LIMITED
(formerly known as Bharti Retail Limited)

Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS Financial Statements of **FUTURE RETAIL LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2017, the Statement of Profit and Loss (including other comprehensive income), the Statement of Cash Flow and the Statement of Changes in Equity for the year then ended and a summary of significant accounting policies and other explanatory information, (hereinafter referred to as "Ind AS Financial Statements").

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS Financial Statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Companies Act, 2013, read with relevant rules issued thereunder.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial control, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these Ind AS Financial Statements based on our audit.

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS Financial Statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Ind AS Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS Financial Statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company Directors, as well as evaluating the overall presentation of the Ind AS Financial Statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS Financial Statements.

Opinion

In our opinion and to the best of information and according to the explanation given to us, the aforesaid Ind AS Financial Statements give the information required by the Act in the manner so required and give true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the financial position of the Company as at March 31, 2017, and its financial performance including other comprehensive income, its cash flow and the changes in equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-Section (11) of Section 143 of the Act, we give in the Annexure "A" a statement on the matters specified in paragraph 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
 - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - c. The Balance Sheet, the Statement of Profit and Loss and the Statement of Cash Flow and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
 - d. In our opinion, the aforesaid Ind AS Financial Statements comply with the Accounting Standards specified under Section 133 of the Act, read with relevant rule issued thereunder;

- e. On the basis of written representations received from the Directors as on March 31, 2017, and taken on record by the Board of Directors, none of the Directors is disqualified as on March 31, 2017, from being appointed as a Director in terms of Section 164 (2) of the Act;
- f. With respect to the adequacy of internal financial controls over financial reporting of the Company and the operating effectiveness of such control, refer to our separate report in "Annexure B"; and
- g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanation given to us:
 - i. The Company has disclose the impact of pending litigation on its financial position in its Ind AS Financial Statements – Refer Note 42 to the Ind AS Financial Statements;
 - ii. The Company did not have any long term contract including derivative contract for which there were any material foreseeable losses.
- iii. There were no amounts, which were required to be transferred, to the Investor Education and Protection Fund by the Company.
- iv. The Company has provided requisite disclosures in its Ind AS Financial Statements as to holdings as well as dealings in Specified Bank Notes during the period from November 8, 2016 to December 30, 2016 and these are in accordance with the books of accounts maintained by the Company. Based on audit procedure and reliance on management representation, we report that the disclosures are in accordance with books of accounts and other records maintained by the Company and as produced to us by the management of the Company. Refer Note 47 to the Ind AS Financial Statements.

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

Ashok A. Trivedi
Partner

Place: Mumbai
Date : May 23, 2017

Membership No. 042472

Annexure - A to the Auditors' Report

The Annexure referred to in Independent Auditors' Report to the Members of the **FUTURE RETAIL LIMITED** on the Ind AS Financial Statements for the year ended March 31, 2017, 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 a regular programme of physical verification of its fixed assets by which fixed assets are verified in a phased manner over a period of three years. In accordance with this programme, certain fixed assets were verified during the year and no material discrepancies were noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets.
- (c) According to the information and explanations received by us, as the Company owns no immovable properties, the requirements on reporting whether title deeds of immovable properties are held in the name of the Company is not applicable.
- (ii) (a) As explained to us, management has conducted physical verification of inventory at reasonable intervals during the year.
- (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventory followed by the Management were reasonable and adequate in relation to the size of the Company and nature of its business.
- (c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013. Therefore, the provisions of clause 3(iii) (a), (b) and (c) of the Order are not applicable.
- (iv) In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees and securities granted in respect of which provisions of Section 185 and 186 of the Companies Act, 2013 are applicable and hence not commented upon.
- (v) The Company has not accepted any deposits from the public.
- (vi) To the best of our knowledge and as explained, the Central Government has not prescribed the maintenance of cost records under Section 148(1) of the Companies Act, 2013 for any of the product of the Company. We have been informed by the

management, no cost records have been prescribed under Section 148(1) of the Companies Act, 2013, in respect of any activities carried on by the Company.

- (vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/accrued in the books of account in respect of undisputed statutory dues including, provident fund, employees' state insurance, income tax, sales tax, service tax, custom duty, value added tax, cess and other material statutory dues, as applicable, have been regularly deposited during the year by the Company with the appropriate authorities.

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employee's state insurance, income tax, sales tax, service tax, duty of customs and value added tax, cess and other material statutory dues were in arrears as at March 31, 2017 for a period of more than six months from the date they became payable.

- (b) According to the information and explanations given to us, there are no dues of income tax, service tax and duty of customs which have not been deposited with the appropriate authorities on account of any dispute.

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

Name of the Statute	Nature of the dues	Amount (₹ in Crore)	Period to which the amount relates	Forum where dispute is pending
The Indian Stamp Act, 1899	Stamp Duty	4.01*	FY : 2008-09	Chief Controlling Revenue Authority, Ghaziabad, U.P.
Central Sales Tax Act and Local Sales Tax Act	Central Sales Tax and Local Sales Tax (including Value Added Tax)	14.92	FY: 2007-08, 2008-09; 2009-10, 2010-11; 2012-13	Additional Commissioner Grade 2, Kanpur; Directorate of Commercial Taxes; Dy. Commissioner of Sales Tax; Special Commissioner of VAT; Additional Commissioner (Appeals)

*Net of amount paid under protest.

- (viii) Based on our audit procedures and on the basis of information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of loans or borrowings from banks and debenture holders. The Company has not taken any loans from Government or any Financial Institution.
- (ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Therefore, clause 3 (ix) of the Order is not applicable.
- (x) To the best of our knowledge and belief and according to the information and explanations given to us, no fraud by the Company was noticed or reported during the year, although there were some instances of fraud on the Company noticed by the Management, the amounts whereof were not material in the context of the size of the Company and the nature of its business and the amounts were adequately provided for.
- (xi) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite provision of Section 197, read with Schedule V to the Act.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Therefore, clause 3(xii) of the Order is not applicable.

- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with Sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the Ind AS Financial Statements as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement shares or fully or partly convertible debentures during the year.
- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with Directors or persons connected with him. Therefore, paragraph 3(xv) of the Order is not applicable.
- (xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

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

Ashok A. Trivedi

Partner

Place : Mumbai
Date : May 23, 2017

Membership No. 042472

Annexure - B to the Auditors' Report

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

We have audited the internal financial controls over financial reporting of **FUTURE RETAIL LIMITED** ("the Company") as of March 31, 2017 in conjunction with our audit of the Ind AS Financial Statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

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

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

Ashok A. Trivedi
Partner

Place : Mumbai
Date : May 23, 2017

Membership No. 042472

BALANCE SHEET AS AT MARCH 31, 2017

(₹ in Crore)

	Note No.	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
ASSETS				
1. Non-Current Assets				
Property, Plant and Equipment	3	94.97	-	108.56
Capital Work-in-Progress	3	2.41	-	43.40
Intangible Assets	4	458.81	260.93	25.98
Intangible Assets Under Development	4	9.44	-	-
Financial Assets				
Investment	5	0.00	-	-
Loans	6	266.99	230.73	19.93
Others	7	0.33	1.87	1.47
Other Non-Current Assets	8	83.20	76.42	12.52
Total Non-Current Assets		916.15	569.95	211.86
2. Current Assets				
Inventories	9	3,735.16	3,297.24	216.15
Financial Assets				
Trade Receivables	10	228.06	114.87	0.44
Cash and Cash Equivalents	11	128.45	89.49	8.33
Bank Balances Other than Cash and Cash Equivalents	12	27.59	-	-
Loans	13	1,440.42	1,014.06	5.68
Others	14	14.62	17.62	0.10
Other Current Assets	15	447.08	482.22	15.73
Total Current Assets		6,021.38	5,015.50	246.43
Total Assets		6,937.53	5,585.45	458.29
EQUITY AND LIABILITIES				
Equity				
Equity Share Capital	16	94.36	8.70	1,398.66
Other Equity	17	2,459.30	1,865.27	(1,687.26)
Total Equity		2,553.66	1,873.97	(288.60)
Liabilities				
1. Non-Current Liabilities				
Financial Liabilities				
Borrowings	18	0.81	-	54.00
Provisions	19	45.48	31.94	8.42
Other Non-Current Liabilities	20	144.16	134.20	111.73
Total Non-Current Liabilities		190.45	166.14	174.15
2. Current Liabilities				
Financial Liabilities				
Borrowings	21	1,077.59	968.20	336.40
Trade Payables	22	2,779.99	2,208.50	166.09
Other Financial Liabilities	23	180.62	167.70	6.73
Other Current Liabilities	24	149.55	194.04	35.77
Provisions	25	5.67	6.90	27.76
Total Current Liabilities		4,193.42	3,545.34	572.74
Total Equity and Liabilities		6,937.53	5,585.45	458.29

The accompanying notes are an integral part of the financial statements.

1-50

As per our report of even date attached

For and on behalf of Board of Directors

For NGS & Co. LLP

Chartered Accountants

Kishore Biyani

Chairman & Managing Director
London

Rakesh Biyani

Joint Managing Director

Rajan Bharti Mittal

Director

Ashok A. Trivedi

Partner
Membership No.: 042472

Ravindra Dhariwal

Director

Shailendra Bhandari

Director

C. P. Toshniwal

Chief Financial Officer

Mumbai

May 23, 2017

Gagan Singh

Director

Sridevi Badiga

Director

Virendra Samani

Dy. Company Secretary

New York

Mumbai

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2017

(₹ in Crore)

	Note No.	Year Ended March 31, 2017	Year Ended March 31, 2016
INCOME			
Revenue From Operations	26	17,075.09	6,845.13
Other Income	27	23.80	18.22
Total Income		17,098.89	6,863.35
EXPENSES			
Purchase of Stock-In-Trade		13,212.92	5,254.86
Change in Inventories of Stock-In-Trade	28	(378.57)	(189.74)
Employee Benefits Expense	29	803.44	328.51
Finance Costs	30	204.23	49.75
Depreciation and Amortization Expense	3 & 4	32.58	36.76
Other Expenses	31	2,856.01	1,368.12
Total Expenses		16,730.61	6,848.26
Profit Before Tax		368.28	15.09
Tax Expense	35	-	-
Profit For The Year		368.28	15.09
Other Comprehensive Income For The Year		(2.69)	(0.77)
Total Comprehensive Income For The Year		365.59	14.32
Earnings Per Equity Share of Face Value of ₹ 2/- each	38		
Basic And Diluted		7.81	0.69

The accompanying notes are an integral part of the financial statements.

1-50

As per our report of even date attached

For NGS & Co. LLP
Chartered Accountants

Ashok A. Trivedi
Partner
Membership No.: 042472

Mumbai
May 23, 2017

For and on behalf of Board of Directors

Kishore Biyani
Chairman & Managing Director
London

Ravindra Dhariwal
Director

Gagan Singh
Director

New York

Rakesh Biyani
Joint Managing Director

Shailendra Bhandari
Director

Sridevi Badiga
Director

Mumbai

Rajan Bharti Mittal
Director

C. P. Toshniwal
Chief Financial Officer

Virendra Samani
Dy. Company Secretary

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2017

(₹ in Crore)

	As at March 31, 2017	As at March 31, 2016
(A) EQUITY SHARE CAPITAL		
Opening Balance	8.70	1,398.66
Issued Pursuant to the Scheme of Arrangement with Future Enterprises Limited (Formerly Known as Future Retail Limited)	85.57	-
Issue of Equity Shares Under Employee Stock Option Scheme	0.09	-
Issue of Equity Shares	-	321.09
Shares Reduced Due to Reduction and Re-organisation	-	(1,711.05)
Closing Balance	94.36	8.70
(B) OTHER EQUITY		
Share Application Money		
Opening Balance	-	133.00
Received During The Year	-	188.09
Issue of Equity Shares	-	(321.09)
Closing Balance	-	-
Share Capital Suspense		
Opening Balance	85.57	-
Issued Pursuant to the Scheme of Arrangement with Future Enterprises Limited (Formerly Known as Future Retail Limited)	(85.57)	-
Equity Shares to be Issued Pursuant to the Scheme of Arrangement (Refer Note No.48)	3.57	85.57
Closing Balance	3.57	85.57
Retained Earnings		
Opening Balance	(490.88)	(2,216.26)
Profit For The Year	368.28	15.09
Reduction & Re-organisation of Share Capital Pursuant to Composite Scheme	-	1,711.05
Other Comprehensive Income/(Loss) For The Year		
Re-measurement (Losses) on Defined Benefit Plans	(2.69)	(0.77)
Closing Balance	(125.29)	(490.88)
Capital Reserve		
Opening Balance	2,270.58	396.00
On Composite Scheme of Arrangement (Refer Note No.48)	2.96	1,874.58
Closing Balance	2,273.54	2,270.58
Securities Premium Reserve		
Opening Balance	-	-
Issue of Equity Shares	6.02	-
Closing Balance	6.02	-

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2017

(₹ in Crore)

	As at March 31, 2017	As at March 31, 2016
Securities Premium Reserve Suspense		
Opening Balance	-	-
On Composite Scheme of Arrangement (Refer Note No.48)	291.43	-
Closing Balance	291.43	-
Share Options Outstanding Account		
Opening Balance	-	-
Employee Stock Option Expense	9.72	-
Exercise of Stock Options	5.64	-
Closing Balance	4.08	-
Equity Component of Optionally Convertible Debentures		
Opening Balance	-	-
Issue of Optionally Convertible Debentures (Equity Component)	5.95	-
Closing Balance	5.95	-
TOTAL OTHER EQUITY	2,459.30	1,865.27

As per our report of even date attached

For NGS & Co. LLP
Chartered Accountants

Ashok A. Trivedi
Partner
Membership No.: 042472

Mumbai
May 23, 2017

For and on behalf of Board of Directors

Kishore Biyani
Chairman & Managing Director
London

Ravindra Dhariwal
Director

Gagan Singh
Director

New York

Rakesh Biyani
Joint Managing Director

Shailendra Bhandari
Director

Sridevi Badiga
Director

Mumbai

Rajan Bharti Mittal
Director

C. P. Toshniwal
Chief Financial Officer

Virendra Samani
Dy. Company Secretary

STATEMENT OF CASH FLOW FOR THE YEAR ENDED MARCH 31, 2017

(₹ in Crore)

	Year Ended March 31, 2017	Year Ended March 31, 2016
A CASH FLOWS FROM OPERATING ACTIVITIES		
Profit Before Tax	368.28	15.09
Adjustments For:		
Depreciation and Amortization Expense	32.58	36.76
Finance Costs	204.23	49.75
Employee Stock Option Expense	9.72	-
Allowance for Credit Losses	1.36	-
Loss on Disposal/Discard of Fixed Assets (Net)	-	0.01
Interest Income	(11.34)	(2.99)
Operating Profit Before Working Capital Changes	604.83	98.62
Adjustments For:		
Trade Receivables	(98.72)	10.44
Loans, Other Financial Assets and Other Assets	(426.44)	(308.36)
Inventories	(379.64)	(191.64)
Trade Payables	534.43	396.65
Other Financial Liabilities, Other Liabilities and Provisions	(29.38)	260.90
Cash Generated From Operations	205.08	266.61
Taxes Paid	(8.05)	(4.62)
Net Cash Flows From Operating Activities	197.03	261.99
B CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property, Plant and Equipment and Intangible Assets	(87.02)	(401.24)
Sale of Property, Plant and Equipment and Intangible Assets	-	98.01
Purchase of Investments	(0.00)	-
Interest Received	11.34	2.99
Net Cash Used In Investing Activities	(75.68)	(300.24)
C CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Issue of Shares	6.43	188.09
Proceeds from Borrowings	109.39	(149.65)
Interest Paid	(204.23)	(49.75)
Net Cash Used In Financing Activities	(88.41)	(11.31)
On Composite Schemes of Arrangement	6.02	130.72
Net (Decrease)/Increase In Cash and Cash Equivalents	38.96	81.16
Net (Decrease)/Increase In Cash and Cash Equivalents	38.96	81.16
Cash and Cash Equivalents (Opening Balance)	89.49	8.33
Cash and Cash Equivalents (Closing Balance)	128.45	89.49

As per our report of even date attached

For NGS & Co. LLP
Chartered Accountants

Ashok A. Trivedi
Partner
Membership No.: 042472

Mumbai
May 23, 2017

For and on behalf of Board of Directors

Kishore Biyani
Chairman & Managing Director
London

Ravindra Dhariwal
Director

Gagan Singh
Director

New York

Rakesh Biyani
Joint Managing Director

Shailendra Bhandari
Director

Sridevi Badiga
Director

Mumbai

Rajan Bharti Mittal
Director

C. P. Toshniwal
Chief Financial Officer

Virendra Samani
Dy. Company Secretary

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

1. Company Overview and Significant Accounting Policies

1.1 Company Overview

Future Retail Limited ('Formerly Known as Bharti Retail Limited') ('the Company') is a public Company domiciled in India and incorporated on February 7, 2007. The Company is engaged in the business of retailing of fashion, household and consumer products through departmental and neighbourhood stores under various formats across the country.

The Company has its registered office at Mumbai, Maharashtra, India. The Company has its primary listings on the National Stock Exchange of India Limited and BSE Limited.

The financial statements were authorised for issue in accordance with a resolution of the Board of Directors on May 23, 2017.

1.2 Basis of Preparation of Financial Statements

These financial statements are prepared in accordance with Indian Accounting Standards (Ind AS) under the historical cost convention method on accrual basis except for certain financial instruments which are measured at fair values. The Ind AS are prescribed under Section 133 of the Companies Act, 2013 ('Act') read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

The Company has adopted all the Ind AS standards and the adoption was carried out in accordance with Ind AS 101 First-Time Adoption of Indian Accounting Standards. The transition was carried out from Indian Accounting Principles generally accepted in India as prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (IGAAP), which was the previous GAAP. Reconciliations and descriptions of the effect of the transition has been summarized in note 2.

1.3 Use of Estimates

The preparation of the financial statements in conformity with Ind AS requires management to make estimates, judgments and assumptions. These estimates, judgments and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the period. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

1.4 Revenue Recognition

Revenue is recognised on a fair value basis to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Sale of Products

Revenue from sale of products is recognised, when significant risks and rewards of ownership have been transferred to the buyer and no significant uncertainty exists regarding the amount of the consideration that will be derived from the sale of products. It also includes excise duty and excludes value added tax / sales tax. It is measured at fair value of consideration received or receivable, net of returns and allowances.

Rendering of Services

Revenue from services are recognised as they are rendered based on arrangements with the customers.

Interest Income

For all financial instruments measured at amortised cost, interest income is recorded using the effective interest rate (EIR), which is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset.

Dividend Income

Dividend income is recognised when the Company's right to receive such dividend is established.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

1.5 Property, Plant and Equipment

Property, plant and equipment are stated at cost, less accumulated depreciation and impairment, if any. Costs directly attributable to acquisition are capitalized until the property, plant and equipment are ready for use, as intended by management. The cost of property, plant and equipment acquired in a business combination is recorded at fair value on the date of acquisition.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in the Statement of Profit or Loss when the asset is derecognised.

For transition to Ind AS, the Company has elected to continue with the carrying value of all its property, plant and equipment recognised as on April 1, 2015 measured as per previous GAAP as it deemed cost on the date of transition.

The Company depreciates property, plant and equipment over their estimated useful lives using the straight-line method. The estimated useful lives of assets are as follows:

Building	: 30 years
Plant and Equipment	: 15 years
Office Equipment*	: 3 to 6 years
Furniture and Fixture	: 10 years
Leasehold Improvement*	: Lease term or 15 years, whichever is lower
Vehicle	: 8 years

*Based on technical evaluation, the management believes that the useful lives as given above best represent the period over which management expects to use these assets. Hence, the useful lives for these assets is different from the useful lives as prescribed under Part C of Schedule II of the Companies Act 2013.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Leasehold lands are amortised over the period of lease. Buildings constructed on leasehold land are depreciated based on the useful life specified in Schedule II to the Companies Act, 2013, where the lease period of land is beyond the life of the building.

In other cases, buildings constructed on leasehold lands are amortised over the primary lease period of the lands.

Advances paid towards the acquisition of property, plant and equipment outstanding at each balance sheet date is classified as capital advances under other non-current assets and the cost of assets not put to use before such date are disclosed under 'Capital work-in-progress'.

1.6 Intangible Assets

Intangible assets are stated at acquisition cost and other cost incurred, which is attributable to preparing the asset for its intended use, less accumulated amortization and accumulated impairment losses, if any. The cost of intangible assets acquired in a business combination is recorded at fair value on the date of acquisition. Intangible assets are amortised on straight line basis over their estimated useful economic life not exceeding ten years.

An item of intangible assets is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in the Statement of Profit or Loss when the asset is derecognised.

The residual values, useful lives and methods of amortisation of intangible assets are reviewed at each financial year end and adjusted prospectively, if appropriate.

For transition to Ind AS, the Company has elected to continue with the carrying value of all its intangible assets recognised as on April 1, 2015 measured as per previous GAAP as it deemed cost on the date of transition.

1.7 Business Combinations

Business combinations have been accounted for using the acquisition method under the provisions of Ind AS 103, Business Combinations. The cost of an acquisition is measured at the fair value of the assets transferred, equity instruments issued and liabilities incurred or assumed at the date of acquisition, which is the date on which control is transferred to the Company. The cost of acquisition also includes the fair value of any contingent consideration. Identifiable assets acquired, liabilities and contingent liabilities assumed in a business combination are measured initially at their fair value on the date of acquisition. Business combinations between entities under

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

common control is accounted for at carrying value. Transaction costs that the Company incurs in connection with a business combination such as finder's fees, legal fees, due diligence fees, and other professional and consulting fees are expensed as incurred.

1.8 Leases

Leases where significant portion of risk and reward of ownership are retained by the lessor, are classified as operating leases and lease payments are recognised as an expense on a straight line basis in Statement of Profit and Loss over the lease term.

Finance leases that transfer substantially all of the risks and benefits incidental to ownership of the leased item, are capitalized at commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and a reduction in the lease liability so as to achieve a constant rate of interest on the remaining balance of liability. Finance charges are recognised in finance cost in the statement of profit and loss.

1.9 Current versus Non-Current Classification

An asset is considered as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is considered as current when it is:

- Expected to be settled in normal operating cycle
- Held primarily for the purpose of trading
- Due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

1.10 Measurement of Fair Value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1– Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 – Input for the asset or liability that are not based on observable market data (unobservable inputs).

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

1.11 Financial Instruments

i Initial Recognition and Measurement

The Company recognizes financial assets and liabilities when it becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are recognized at fair value on initial recognition, except for trade receivables which are initially measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and liabilities that are not at fair value through profit or loss are added to the fair value on initial recognition. Regular way purchase and sale of financial assets are recognised on the trade date.

ii Subsequent Measurement

A Non-Derivative Financial Instruments

a Financial Assets Carried at Amortised Cost

A financial asset is subsequently measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

b Financial Assets at Fair Value Through Other Comprehensive Income

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Company has made an irrevocable election for its investments which are classified as equity instruments to present the subsequent changes in fair value in other comprehensive income based on its business model. Further, in cases where the Company has made an irrevocable election based on its business model, for its investments which are classified as equity instruments, the subsequent changes in fair value are recognized in other comprehensive income.

c Financial Assets at Fair Value Through Profit or Loss

A financial asset which is not classified in any of the above categories are subsequently fair valued through profit or loss.

d Financial Liabilities

Financial liabilities are subsequently carried at amortized cost using the effective interest method, except for contingent consideration recognized in a business combination which is subsequently measured at fair value through profit and loss. For trade and other payables maturing within one year from the Balance Sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

B Derivative Financial Instruments

The Company holds derivative financial instruments such as foreign exchange forward and option contracts to mitigate the risk of changes in exchange rates on foreign currency exposures. The counterparty for these contracts is generally a bank.

Financial Assets or Liabilities, at Fair Value Through Profit or Loss:

This category has derivative financial assets or liabilities which are not designated as hedges.

Although the Company believes that these derivatives constitute hedges from an economic perspective, they may not qualify for hedge accounting under Ind AS 109, Financial Instruments. Any derivative that is either not designated a hedge, or is so designated but is ineffective as per Ind AS 109, is categorized as a financial asset or financial liability, at fair value through profit or loss.

Derivatives not designated as hedges are recognized initially at fair value and attributable transaction costs are recognized in net profit in the Statement of Profit and Loss when incurred. Subsequent to initial recognition, these derivatives are measured at fair value through profit or loss and the resulting exchange gains or losses are included in other income. Assets/ liabilities in this category are presented as current assets/ liabilities if they are either held for trading or are expected to be realized within 12 months after the balance sheet date.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

iii Derecognition of Financial Instruments

The Company derecognises a financial asset when the contractual right to receive the cash flows from the financial asset expire or it transfers the financial asset.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires.

1.12 Inventories

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

1.13 Foreign Currency

i Functional Currency

Financial statements of the Company's are presented in Indian Rupees (₹), which is also the functional currency.

ii Transactions and Translations

Foreign-currency denominated monetary assets and liabilities are translated into the relevant functional currency at exchange rates in effect at the balance sheet date. The gains or losses resulting from such translations are included in the Statement of Profit and Loss. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at fair value are translated at the exchange rate prevalent at the date when the fair value was determined. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of the transaction. Transaction gains or losses realized upon settlement of foreign currency transactions are included in determining net profit for the period in which the transaction is settled.

Foreign exchange differences regarded as an adjustment to borrowing costs are presented in the statement of profit and loss, within finance costs. All other foreign exchange gain and losses are presented in the statement of profit and loss on net basis within other gains/ (losses).

1.14 Borrowing Costs

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

1.15 Employee Benefits

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

Post-employment and other long term employee benefits are recognised as an expense in the Statement of Profit and Loss for the period in which the employee has rendered services. The expense is recognised at the present value of the amounts payable determined using actuarial valuation techniques. Gains and losses through re-measurements of the net defined benefit liability/ (asset) are recognized in other comprehensive income. The actual return of the portfolio of plan assets, in excess of the yields computed by applying the discount rate used to measure the defined benefit obligation is recognized in other comprehensive income. The effect of any plan amendments are recognized in the statement of profit and loss.

1.16 Share-Based Payment

The Company recognizes compensation expense relating to share-based payments in statement of profit and loss, using fair-value. The estimated fair value of awards is charged to income on a straight-line basis over the requisite service period for each separately vesting portion of the award as if the award was in-substance, multiple awards with a corresponding increase to share options outstanding account.

1.17 Income Tax

Income tax comprises current and deferred income tax. It is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in other comprehensive income.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Provision for current tax is made after taking into consideration benefits admissible under the provisions of the Income-tax Act, 1961.

Deferred income tax assets and liabilities are recognized for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of changes in tax rates on deferred income tax assets and liabilities is recognized as income or expense in the period that includes the enactment or the substantive enactment date. A deferred income tax asset is recognized to the extent there is reasonable certainty that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilized. The Company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

1.18 Earnings Per Share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity Shareholders of the Company by the weighted average number of equity shares outstanding during the period.

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

1.19 Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that is reasonably estimable, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Provisions for warranty-related costs are recognised when the product is sold or service provided to the customer. Initial recognition is based on historical experience. The initial estimate of warranty-related costs is revised annually.

1.20 Impairment

(i) Financial Assets

The Company recognizes loss allowances using the expected credit losses (ECL) model for the financial assets which are not fair valued through statement of profit and loss. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised is recognised as an impairment gain or loss in statement of profit and loss.

(ii) Non-Financial Assets

Intangible Assets and Property, Plant and Equipment

Intangible assets and property, plant and equipment are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit to which the asset belongs.

If such assets are considered to be impaired, the impairment to be recognized in the Statement of Profit and Loss is measured by the amount by which the carrying value of the assets exceeds the estimated recoverable amount of the asset. An impairment loss is reversed in the statement of profit and loss if there has been a change in the estimates used to determine the recoverable amount. The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortization or depreciation) had no impairment loss been recognised for the asset in prior years.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

1.21 Share Capital

Ordinary Shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares and share options are recognized as a deduction from equity, net of any tax effects.

1.22 First-Time Adoption of Ind AS

These financial statements for the year ended March 31, 2017 have been prepared in accordance with Ind AS. For the year ended up to March 31, 2016, the Company prepared its financial statements in accordance with accounting standards notified under Section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP).

For the purposes of transition to Ind AS, the Company has followed the guidance prescribed in Ind AS 101 - First Time adoption of Indian Accounting Standard, with April 1, 2015 as the transition date and IGAAP as the previous GAAP.

The transition to Ind AS has resulted in changes in the presentation of the financial statements, disclosures in the notes thereto and accounting policies and principles. The accounting policies set out in above note have been applied in preparing the financial statements for the year ended March 31, 2017 and the comparative information. An explanation of how the transition from previous GAAP to Ind AS has affected the Company's Balance Sheet, Statement of Profit and Loss, is set out in below note. Exemptions on first time adoption of Ind AS availed in accordance with Ind AS 101 have been set out in note 1.23.

1.23 Exemptions availed on First-Time Adoption of Ind AS 101

Ind AS 101 allows first-time adopters certain exemptions from the retrospective application of certain requirements under Ind AS. The Company has accordingly applied the following exemptions.

(i) Business Combination

The Company has elected not to apply Ind AS 103 Business Combinations retrospectively to past business combinations that occurred before the transition date. The Company elected to apply Ind AS 103 prospectively.

(ii) Deemed Cost

The Company has elected to continue with the carrying value of all of its property, plant and equipment and intangible assets recognised as of transition date measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

2. Reconciliation

The following reconciliations provide the effect of transition to Ind AS from IGAAP in accordance with Ind AS 101

Reconciliation of Equity Between Previous IGAAP and Ind AS is as Under

(₹ in Crore)

	Opening Balance Sheet as at April 1, 2015			Balance Sheet as at March 31, 2016		
	IGAAP	Effects of transition to Ind AS	Ind AS	IGAAP	Effects of transition to Ind AS	Ind AS
ASSETS						
1. Non-Current Assets						
Property, Plant and Equipment	108.56	-	108.56	-	-	-
Capital Work-in-Progress	43.40	-	43.40	-	-	-
Intangible Assets	25.98	-	25.98	260.93	-	260.93
Financial Assets						
Loans	19.93	-	19.93	243.47	(12.74)	230.73
Others	1.47	-	1.47	1.87	-	1.87
Other Non-Current Assets	12.52	-	12.52	63.90	12.52	76.42
Total Non-Current Assets	211.86	-	211.86	570.17	(0.22)	569.95
2. Current Assets						
Inventories	216.15	-	216.15	3,297.24	-	3,297.24
Financial Assets						
Trade Receivables	0.44	-	0.44	114.87	-	114.87
Cash and Cash Equivalents	8.33	-	8.33	89.49	-	89.49
Loans	5.68	-	5.68	1,014.06	-	1,014.06
Others	0.10	-	0.10	17.62	-	17.62
Other Current Assets	15.73	-	15.73	482.22	-	482.22
Total Current Assets	246.43	-	246.43	5,015.50	-	5,015.50
Total Assets	458.29	-	458.29	5,585.67	(0.22)	5,585.45
EQUITY AND LIABILITIES						
Equity						
Equity Share Capital	1,398.66	-	1,398.66	8.70	-	8.70
Other Equity	(1,687.26)	-	(1,687.26)	1,865.49	(0.22)	1,865.27
Total Equity	(288.60)	-	(288.60)	1,874.19	(0.22)	1,873.97
Liabilities						
1. Non-Current Liabilities						
Financial Liabilities						
Borrowings	54.00	-	54.00	-	-	-
Provisions	8.42	-	8.42	31.94	-	31.94
Other Non-Current Liabilities	111.73	-	111.73	134.20	-	134.20
Total Non-Current Liabilities	174.15	-	174.15	166.14	-	166.14
2. Current Liabilities						
Financial Liabilities						
Borrowings	336.40	-	336.40	968.20	-	968.20
Trade Payables	166.09	-	166.09	2,208.50	-	2,208.50
Other Financial Liabilities	6.73	-	6.73	167.70	-	167.70
Other Current Liabilities	35.77	-	35.77	194.04	-	194.04
Provisions	27.76	-	27.76	6.90	-	6.90
Total Current Liabilities	572.74	-	572.74	3,545.34	-	3,545.34
Total Equity and Liabilities	458.29	-	458.29	5,585.67	(0.22)	5,585.45

Reconciliation Statement of Profit and Loss Between Previous IGAAP And Ind AS Is As Under

(₹ in Crore)

	Year ended March 31, 2016		
	IGAAP	Effects of Transition to Ind-AS	Ind AS
Income			
Revenue from operations	6,845.13	-	6,845.13
Other Income	15.51	2.71	18.22
Total Income	6,860.64	2.71	6,863.35
Expenses			
Purchase of Stock-In-Trade	5,254.86	-	5,254.86
Change in Inventories of Stock-In-Trade	(189.74)	-	(189.74)
Employee Benefits Expense	329.28	(0.77)	328.51
Finance Costs	49.75	-	49.75
Depreciation and Amortization Expense	36.76	-	36.76
Other Expenses	1,365.18	2.93	1,368.12
Total Expenses	6,846.09	2.16	6,848.26
Profit Before Tax For The Year	14.55	0.55	15.09
Tax Expense	-	-	-
Profit After Tax For The Year	14.55	0.55	15.09
Other Comprehensive Income	-	(0.77)	(0.77)
Total Comprehensive Income	14.55	(0.22)	14.32

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

3. Property, Plant and Equipment

(₹ in Crore)

Cost	Land	Building	Leasehold Improve- ment	Plant and Equipment	Office Equipment	Furniture and Fixture	Vehicle	Office Equipment On Lease	Total	Capital Work-in- Progress
As At April 1, 2015	-	-	42.00	23.71	13.06	29.79	-	-	108.56	43.40
Additions	-	-	2.39	2.66	2.08	0.94	-	-	8.07	-
Disposals/Transfer#	-	-	44.39	26.37	15.14	30.73	-	-	116.63	43.40
As At March 31, 2016	-	-	-	-	-	-	-	-	-	-
Transfer #	7.94	12.05	5.70	51.01	6.40	10.37	0.09	1.41	94.97	-
Disposals/Transfer	-	-	-	-	-	-	-	-	-	-
As At March 31, 2017	7.94	12.05	5.70	51.01	6.40	10.37	0.09	1.41	94.97	2.41
Accumulated Depreciation										
As At April 1, 2015	-	-	-	-	-	-	-	-	-	-
Depreciation	-	-	3.01	7.47	2.99	5.15	-	-	18.62	-
Disposals/Transfer	-	-	3.01	7.47	2.99	5.15	-	-	18.62	-
As At March 31, 2016	-	-	-	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	-	-	-	-
Disposals/Transfer	-	-	-	-	-	-	-	-	-	-
As At March 31, 2017	-	-	-	-	-	-	-	-	-	-
Net Book Value										
As At March 31, 2017	7.94	12.05	5.70	51.01	6.40	10.37	0.09	1.41	94.97	2.41
As At March 31, 2016	-	-	-	-	-	-	-	-	-	-
As At April 1, 2015	-	-	42.00	23.71	13.06	29.79	-	-	108.56	43.40

includes impact of Composite Scheme of Arrangement (Refer Note No. 48)

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

4. Intangible Assets

(₹ in Crore)

	Computer Software	Brand / Trade Mark	Total	Intangible Assets Under Development
Cost				
As At April 1, 2015	25.98	-	25.98	-
Additions/Transfer#	253.09	-	253.09	-
Disposals/Transfer	-	-	-	-
As At March 31, 2016	279.07	-	279.07	-
Additions/Transfer#	75.43	155.03	230.46	9.44
Disposals/Transfer	-	-	-	-
As At March 31, 2017	354.50	155.03	509.53	9.44
Accumulated Amortisation				
As At April 1, 2015	-	-	-	-
Amortisation	18.14	-	18.14	-
Disposals/Transfer	-	-	-	-
As At March 31, 2016	18.14	-	18.14	-
Amortisation	32.58	-	32.58	-
Disposals/Transfer	-	-	-	-
As At March 31, 2017	50.72	-	50.72	-
Net Book Value				
As At March 31, 2017	303.78	155.03	458.81	9.44
As At March 31, 2016	260.93	-	260.93	-
As At April 1, 2015	25.98	-	25.98	-

includes impact of Composite Scheme of Arrangement (Refer Note No. 48)

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(₹ in Crore)

		As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
5.	Non-Current Financial Assets - Investment			
	Unquoted Fully Paid Up Equity Shares			
	100 (NIL) Equity Shares of Future Supply Chain Solutions Limited of ₹ 10/- each	*	-	-
	*Denotes Amounting to ₹ 37,048/-			
		0.00	-	-
	Note:			
	Investment Carried At Fair Value Through Other Comprehensive Income			
	Equity Instrument Amounting to ₹ 37,048/-			
	Aggregate Value of Unquoted Investment ₹ 37,048/-			
6.	Non-Current Financial Assets - Loans			
	Security Deposits			
	Unsecured, Considered Good	266.99	230.73	19.93
		266.99	230.73	19.93
7.	Non-Current Financial Assets - Others			
	Bank Balances Other Than Cash and Cash Equivalents			
	Deposit With Banks	0.33	1.87	1.47
		0.33	1.87	1.47
8.	Other Non-Current Assets			
	Capital Advances			
	Others Unsecured, Considered Good	0.24	-	4.60
	Doubtful	-	-	0.15
		0.24	-	4.75
	Less: Provision for Doubtful	-	-	0.15
		0.24	-	4.60
	Others			
	Others Unsecured, Considered Good*	82.96	76.42	7.92
	Doubtful	-	0.60	0.60
		82.96	77.02	8.52
	Less: Provision for Doubtful	-	0.60	0.60
		82.96	76.42	7.92
		83.20	76.42	12.52
	(* Includes Balances with Government Authorities)			
9.	Inventories			
	Stock-in-Trade	3,730.92	3,294.07	214.88
	Goods-in-Transit of ₹ 96.59 Crore (2016: ₹ 91.27 Crore, 2015: ₹ 0.62 Crore)			
	Packing Materials And Others	4.24	3.17	1.27
		3,735.16	3,297.24	216.15

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(₹ in Crore)

		As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
10.	Trade Receivables			
	Unsecured, Considered Good (Refer Note No. 32)	228.06	114.87	0.44
	Doubtful	1.36	0.22	0.22
		229.42	115.09	0.66
	Less: Allowance for Credit Losses	1.36	0.22	0.22
		228.06	114.87	0.44
11.	Cash and Cash Equivalents			
	Balances with Banks			
	On Current Accounts	104.16	66.34	4.38
	Cheques on Hand	8.04	0.84	-
	Cash on Hand	16.25	22.31	3.95
		128.45	89.49	8.33
12.	Bank Balances Other Than Cash and Cash Equivalents			
	Deposit With Banks*	27.59	-	-
		27.59	-	-
	*Held as margin money or security against the borrowings, guarantees and other commitments			
13.	Current Financial Assets-Loans			
	Security Deposits			
	Unsecured, Considered Good	1,440.42	1,014.06	5.68
	Doubtful	-	-	1.19
		1,440.42	1,014.06	6.87
	Less: Provision for Doubtful Security Deposits	-	-	1.19
		1,440.42	1,014.06	5.68
14.	Current Financial Assets-Others			
	Others	14.62	17.62	0.10
		14.62	17.62	0.10
15.	Other Current Assets			
	Other Advances#			
	Unsecured, Considered Good	447.08	482.22	15.73
	Doubtful	-	0.75	1.49
		447.08	482.97	17.22
	Less: Provision for Doubtful	-	0.75	1.49
		447.08	482.22	15.73
	# Includes advance to suppliers, prepaid expenses etc.			

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

16. Equity Share Capital

	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	Number	(₹ in Crore)	Number	(₹ in Crore)	Number	(₹ in Crore)
Authorised						
Equity Shares of ₹ 2/- each (2016: ₹ 2/- each) (2015: ₹ 10/- each)*	12,50,00,00,000	2,500.00	12,50,00,00,000	2,500.00	2,50,00,00,000	2,500.00
	12,50,00,00,000	2,500.00	12,50,00,00,000	2,500.00	2,50,00,00,000	2,500.00
Issued **						
Equity Shares of ₹ 2/- each (2016: ₹ 2/- each) (2015: ₹ 10/- each)* # #	47,19,17,110	94.38	4,34,78,261	8.70	1,39,86,60,000	1,398.66
	47,19,17,110	94.38	4,34,78,261	8.70	1,39,86,60,000	1,398.66
Subscribed and Paid up **						
Equity Shares of ₹ 2/- each (2016: ₹ 2/- each) (2015: ₹ 10/- each) * # #	47,18,12,739	94.36	4,34,78,261	8.70	1,39,86,60,000	1,398.66
	47,18,12,739	94.36	4,34,78,261	8.70	1,39,86,60,000	1,398.66

*As per the Composite Scheme of Arrangement with Future Enterprises Limited (Formerly Known as Future Retail Limited), the number of shares were reduced from 1,71,97,50,000 to 4,34,78,261 and Face value of an equity share was reduced from ₹ 10/- to ₹ 2/- each w.e.f. October 31, 2015.

** Refer Note (iii)

4,34,78,261 Equity Shares includes shares held through nominees

(i) Reconciliation of Number of Equity Shares

Particulars	As at March 31, 2017	As at March 31, 2016
	Number of Shares	Number of Shares
Opening Balance (Equity Shares of ₹ 2/- (2016: ₹ 10/-) each	47,13,38,557	1,39,86,60,000
Add : Shares Issued (Equity Shares of ₹ 2/- each (2016 : ₹ 10/- each) #	4,74,182	32,10,90,000
Less : Shares reduced due to reduction and re-organisation*	-	1,67,62,71,739
Add : Shares issued pursuant to Composite Scheme of Arrangement (Refer Note No.48)	-	42,78,60,296
Closing Balance (Equity Shares of ₹ 2/- each)	47,18,12,739	47,13,38,557

4,74,182 equity shares of ₹ 2/- each issued against options exercised by employees under FRL ESOP Plan.

* Previous years numbers have been adjusted for reduction & re-organisation of share capital pursuant to Composite Scheme of Arrangement with Future Enterprises Limited (Formerly Known as Future Retail Limited).

(ii) Terms/Rights Attached to Equity Shares

The Company has only one class of Equity Shares having a par value of ₹ 2/- each (2016: ₹ 2/- each post Scheme of Arrangement) at the Balance Sheet Date. Each holder is entitled to one vote per share in case of voting by show of hands and one vote per Shares held in case of voting by poll/ballot. Each holder of Equity Share is also entitled to normal dividend (including interim dividend, if any) as may declared by the Company. The Company declares and pays dividends in Indian Rupees. The dividend proposed by the Board of Directors is subject to approval of the Shareholders in the Annual General Meeting.

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

(iii) Pursuant to the provisions of the Companies Act, 2013, the issue of 104,371 Equity Shares are kept in abeyance corresponding to their status in Future Enterprises Limited

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(iv) Shares held by holding/ultimate holding Company

Cedar Support Services Limited was 100% Holding company as on March 31, 2016. Consequent to allotment of Equity Shares pursuant to the Composite Scheme of Arrangement with Future Enterprises Limited (Formerly Known as Future Retail Limited) on May 18, 2016, it ceased to be Holding company.

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

Name of Shareholder	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Equity Shares						
Future Corporate Resources Limited	18,11,70,090	38.40	-	-	-	-
PIL Industries Limited	4,41,36,090	9.35	-	-	-	-
Cedar Support Services Limited # #	4,34,78,261	9.22	4,34,78,261	100.00	1,39,86,60,000	100.00
ARISAIG Partners (Asia) PTE Limited A/c Arisaig India Fund Limited	3,16,37,118	6.71	-	-	-	-
Brand Equity Treaties Limited	2,49,99,999	5.30	-	-	-	-
Bennet, Coleman & Company Limited	2,44,91,700	5.19	-	-	-	-

Includes 6 Equity Shares held through nominees

Equity Share Suspense Account

	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	Number	(₹ in Crore)	Number	(₹ in Crore)	Number	(₹ in Crore)
42,78,60,296 Equity Shares of ₹ 2/- each, fully paid-up, issued pursuant to the Scheme of arrangement (Refer Note No. 48)	-	-	42,78,60,296	85.57	-	-
1,78,47,420 Equity Shares of ₹ 2/- each, fully paid-up, issued pursuant to the Scheme of arrangement (Refer Note No. 48)	1,78,47,420	3.57	-	-	-	-
	1,78,47,420	3.57	42,78,60,296	85.57	-	-

Nature and Purpose of Reserves:

a) Securities Premium Reserve

Securities Premium Reserve is created when shares are issued at premium. The Company may issue fully paid-up bonus shares to its Members out of the security premium reserve account, and company can use this reserve for buy-back of shares.

b) Securities Premium Reserve Suspense

Securities Premium Reserve will be created on allotment of equity shares on account of demerger of Retail Business Undertaking, pursuant to the scheme of arrangement with Heritage Foods Retail Limited.

c) Capital Reserve

During the financial year ended March 31, 2017, the capital reserve of ₹ 2.96 Crore recognised due to demerger of Retail Business Undertaking, pursuant to the scheme of arrangement with Heritage Foods Retail Limited.

During the financial year ended March 31, 2016, the capital reserve of ₹ 1874.58 Crore recognised due to demerger of retail division, pursuant to the scheme of arrangement with Future Enterprises Limited (Formerly Known as Future Retail Limited).

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(₹ in Crore)

	As at March 31, 2017	As at March 31, 2016
17. OTHER EQUITY		
Share Application Money		
Opening Balance	-	133.00
Received During The Year	-	188.09
Issue of Equity Shares	-	(321.09)
Closing Balance	-	-
Share Capital Suspense		
Opening Balance	85.57	-
Issued Pursuant to the Scheme of Arrangement with Future Enterprises Limited (Formerly Known as Future Retail Limited)	(85.57)	-
Equity Shares to be Issued Pursuant to the Scheme of Arrangement (Refer Note No. 48)	3.57	85.57
Closing Balance	3.57	85.57
Retained Earnings		
Opening Balance	(490.88)	(2,216.26)
Profit For The Year	368.28	15.09
Reduction & Re-organisation of Share Capital Pursuant to Composite Scheme of Arrangement (Refer Note No. 48)	-	1,711.05
Other Comprehensive Income/(Loss) For The Year		
Re-measurement (Losses) on Defined Benefit Plans	(2.69)	(0.77)
Closing Balance	(125.29)	(490.88)
Capital Reserve		
Opening Balance	2,270.58	396.00
On Composite Scheme of Arrangement (Refer Note No. 48)	2.96	1,874.58
Closing Balance	2,273.54	2,270.58
Securities Premium Reserve		
Opening Balance	-	-
Issue of Equity Shares	6.02	-
Closing Balance	6.02	-
Securities Premium Reserve Suspense		
Opening Balance	-	-
On Composite Scheme of Arrangement (Refer Note No.48)	291.43	-
Closing Balance	291.43	-
Share Options Outstanding Account		
Opening Balance	-	-
Employee Stock Option Expense	9.72	-
Exercise of Stock Options	5.64	-
Closing Balance	4.08	-
Equity Component of Optionally Convertible Debentures		
Opening Balance	-	-
Issue of Optionally Convertible Debentures (Equity Component)	5.95	-
Closing Balance	5.95	-
TOTAL OTHER EQUITY	2,459.30	1,865.27

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(₹ in Crore)

		As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
18.	Non-Current Financial Liabilities - Borrowings			
	Secured (Refer Note No.45)			
	Loan from Bank	-	-	54.00
	Finance Lease Obligation	0.81	-	-
		0.81	-	54.00
19.	Non-Current Liabilities - Provisions			
	Provision for Employee Benefits	45.48	31.94	8.42
		45.48	31.94	8.42
20.	Other Non-Current Liabilities			
	Lease Equalisation Account	144.16	134.20	111.73
		144.16	134.20	111.73
21.	Borrowings			
	Secured (Refer Note No.45)			
	Working Capital Loans from Banks	977.59	918.20	240.00
		977.59	918.20	240.00
	Unsecured			
	Loan from Bank (Refer Note No.46)	-	50.00	-
	Commercial Paper (Refer Note No.46)	100.00	-	-
	Inter Corporate Deposits Received	-	-	96.40
		100.00	50.00	96.40
		1,077.59	968.20	336.40
22.	Trade Payables			
	Trade Payables (Refer Note No. 41)	2,779.99	2,208.50	166.09
		2,779.99	2,208.50	166.09
23.	Current-Other Financial Liabilities			
	Optionally Convertible Debentures			
	1542 10% p.a. Optionally Convertible Debentures having face value of ₹10,00,000 each (Refer Note No.48)	165.40	154.20	-
	Finance Lease Obligation	0.33	-	-
	Interest Accrued But Not Due on Borrowings	0.01	0.01	0.91
	Security Deposits	11.52	11.96	0.49
	Others	3.36	1.53	5.33
		180.62	167.70	6.73
24.	Other Current Liabilities			
	Lease Equalisation Account	1.94	0.91	0.43
	Advance From Customers	67.06	67.74	0.72
	Other Payables	80.55	125.39	34.62
		149.55	194.04	35.77
25.	Current Provisions			
	Provision for Employee Benefits	5.40	6.68	12.66
	Warranties	0.27	0.22	-
	Others	-	-	15.10
		5.67	6.90	27.76

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(₹ in Crore)

		Year Ended March 31, 2017	Year Ended March 31, 2016
26.	Revenue From Operations		
	Sale of Products	17,591.75	7,138.80
	Less: Vat, Sales Tax	905.37	422.62
	Other Operating Revenue	388.71	128.95
		17,075.09	6,845.13
27.	Other Income		
	Interest Income	11.34	2.99
	Excess Provisions/Liabilities Written Back	4.42	11.67
	Miscellaneous Income	8.04	3.56
		23.80	18.22
28.	Changes In Inventories of Stock-In-Trade		
	Opening Inventories		
	Stock-In-Trade	3,294.07	214.87
	Add: On Composite Schemes of Arrangement	-	2,889.46
	Closing Inventories		
	Stock-In-Trade	3,672.64	3,294.07
		(378.57)	(189.74)
29.	Employee Benefits Expense		
	Salaries, Wages and Bonus	725.07	292.50
	Contribution to Provident and Other Funds	45.29	23.42
	Employee Stock Option Expense	9.72	-
	Staff Welfare Expenses	23.36	12.59
		803.44	328.51
30.	Finance Costs		
	Interest Expense	198.00	49.36
	Other Borrowing Costs	6.23	0.39
		204.23	49.75
31.	Other Expenses		
	Power and Fuel	252.43	111.36
	Repairs and Maintenance	41.03	34.60
	Insurance	10.75	6.12
	Rates and Taxes	11.26	8.45
	Rent Including Lease Rentals	1,359.54	604.29
	Advertisement and Marketing	372.75	137.13
	Allowance for Credit Losses	1.36	-
	Exchange Fluctuation Loss (Net)	2.17	1.41
	Miscellaneous Expenses	804.72	464.76
		2,856.01	1,368.12

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

32. Financial Risk Management

The Company's financial risk management is an integral part of how to plan and execute its business strategies. The Company's financial risk management policy is set by the managing board.

Market risk is the risk of loss of future earnings, fair values or future cash flows that may result from a change in the price of a financial instrument. The value of a financial instrument may change as a result of changes in the interest rates, foreign currency exchange rates and other market changes that affect market risk sensitive instruments. Market risk is attributable to all market risk sensitive financial instruments including loans and borrowings, foreign currency receivables and payables.

The Company manages market risk through treasury department, which evaluates and exercises independent control over the entire process of market risk management. The treasury department recommends risk management objectives and policies, which are approved by Senior Management and the Audit Committee. The activities of this department include management of cash resources, implementing hedging strategies for foreign currency exposures and borrowing strategies.

i Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. In order to optimize the interest cost, treasury performs a comprehensive corporate interest rate risk management by balancing the borrowings from commercial paper, short term loan, working capital loan and non fund facilities from banks.

The Company is not exposed to significant interest rate risk as at the respective reporting dates.

ii Foreign Currency Risk

The Company is exposed to exchange fluctuation risk for its purchase from overseas suppliers in various foreign currencies.

The Company follows established risk management policies including the use of derivatives like foreign exchange forward contracts to hedge exposures to foreign currency risk.

The following table analyzes foreign currency risk from financial instruments as of:

(₹ in Crore)

	2016-17	2015-16
Trade Payables	101.85	119.09

iii Credit Risk

Credit risk refers to the risk of default on its obligation by the counter party resulting in a financial loss. The maximum exposure to the credit risk at the reporting date is primarily from trade receivables amounting to ₹ 228.06 Crore and ₹ 114.87 Crore as of March 31, 2017 and March 31, 2016 respectively. Trade receivables are typically unsecured and are derived from revenue earned from customers. Credit risk has always been managed by the Company through credit approvals, establishing credit limits and continuously monitoring the credit worthiness of customers to which the Company grants credit terms in the normal course of business. On account of adoption of Ind AS 109, the Company uses expected credit loss model to assess the impairment loss or gain. The Company uses a provision matrix to compute the expected credit loss allowance for trade receivables. The provision matrix takes into account available external and internal credit risk factors and the Company's historical experience for customers.

Credit Risk Exposure

Change in the loss allowance measured using life-time expected credit loss model:

(₹ in Crore)

	2016-17	2015-16
Opening Balance	0.22	0.22
Provided During The Year	1.36	-
Amounts Written off	0.22	-
Closing Balance	1.36	0.22

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

The ageing analysis of the receivables (gross of provision) has been considered from the date the invoice falls due:

(₹ in Crore)

	2016-17	2015-16
Up to 3 Months	207.95	97.73
3 to 6 Months	13.44	11.28
More Than Six Months	6.67	5.86

iv Liquidity Risk

The Company's principal sources of liquidity are cash and cash equivalents and the cash flow that is generated from operations. Liquidity risk is defined as the risk that the Company will not be able to settle or meet its obligations on time or at a reasonable price. Typically the Company ensures that it has sufficient cash on demand to meet expected operational expenses and servicing of financial obligations.

(₹ in Crore)

	2016-17	2015-16
Short-Term Borrowings	1,077.59	968.20
Trade Payables	2,779.99	2,208.50
Other Financial Liabilities	180.62	167.70

v Financial Instruments Valuation

All financial instruments are initially recognized and subsequently re-measured at fair value as described below:

- The fair value of quoted investment is measured at quoted price or NAV.
- The fair value of the remaining financial instruments is determined using discounted cash flow analysis.
- All foreign currency denominated assets and liabilities are translated using exchange rate at reporting date.

Fair value measurement hierarchy:

(₹ in Crore)

Particulars	As At March 31, 2017			As At March 31, 2016			As At April 1, 2015		
	Carrying Amount	Level of Input used in		Carrying Amount	Level of Input used in		Carrying Amount	Level of Input used in	
		Level 1	Level 2		Level 1	Level 2		Level 1	Level 2
Financial Assets									
At Amortised Cost									
Trade Receivables	228.06	-	-	114.87	-	-	0.44	-	-
Cash and Bank Balances	156.08	-	-	89.49	-	-	8.33	-	-
Loans	1,707.41	-	-	1,244.78	-	-	25.61	-	-
Other Financial Assets	14.95	-	-	19.49	-	-	1.57	-	-
At FVTOCI									
Investments	0.00	-	0.00	-	-	-	-	-	-
Financial Liabilities									
At Amortised Cost									
Borrowings	1,078.40	-	-	968.20	-	-	390.40	-	-
Trade Payables	2,779.99	-	-	2,208.50	-	-	166.09	-	-
Other Financial Liabilities	180.62	-	-	167.70	-	-	6.73	-	-

The financial instruments are categorized into two levels based on the inputs used to arrive at fair value measurements as described below:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities; and

Level 2: Inputs other than the quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

33. Capital Management

For the purpose of the Company's capital management, capital includes issued equity capital, share premium and all other equity reserves attributable to the equity holders of the Company. The primary objective of the Company's capital management is to maximize the shareholder value.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to Shareholders, return capital to Shareholders or issue new shares. The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Company includes within net debt, interest bearing loans and borrowings, trade and other payables, less cash and cash equivalents.

(₹ in Crore)

	March 31, 2017	March 31, 2016	April 1, 2015
Borrowings	1,078.40	968.20	390.40
Trade Payables	2,779.99	2,208.50	166.09
Other Payables	474.33	495.94	154.23
Less: Cash and Cash Equivalents	128.45	89.49	8.33
Net Debt	4,204.27	3,583.15	702.39
Equity	94.36	8.70	1,398.66
Other Equity	2,459.31	1,865.27	(1,687.26)
Total Capital	2,553.67	1,873.97	(288.60)
Capital and Net Debt	6,757.94	5,457.12	413.79
Gearing Ratio	62%	66%	170%

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current period.

No changes were made in the objectives, policies or processes for managing capital during the year ended March 31, 2017 and March 31, 2016.

34. Employee Benefits - Gratuity

As per Ind AS 19 the disclosures as defined in the Accounting Standard are given below:

i Change in Present Value of Defined Benefit Obligation

(₹ in Crore)

	2016-17	2015-16
Defined Benefit Obligation at the beginning of the year	27.54	8.30
Service Cost	6.48	8.23
Interest Expense	2.09	1.79
Transfer of Obligation	-	14.04
Remeasurement-Actuarial (gains)/losses	2.76	0.79
Benefits Paid	(5.72)	(5.61)
Defined Benefit Obligation at the end of the year	33.15	27.54

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

ii Change in Fair Value of Plan Assets

(₹ in Crore)

	2016-17	2015-16
Fair Value of Plan Assets at the beginning of the year	4.62	-
Transfer of assets	-	4.26
Remeasurement-Return on plan assets excluding amounts included in Interest Income	0.36	0.33
Contributions	0.25	-
Actuarial Gain/ (Loss) on Plan Assets	0.07	0.03
Fair Value of Plan Assets at the end of the year	5.30	4.62

iii Net Defined Benefit Liability/ (Assets)

(₹ in Crore)

	2016-17	2015-16
Defined Benefit Obligation	33.15	27.54
Fair Value of Plan Assets	5.30	4.62
Surplus /(Deficit)	28.09	22.92
Effect of Assets Ceiling	-	-
Net Defined Benefit Liability/ (Assets)	28.09	22.92

iv Total Expenses Recognised in the Statement of Profit and Loss

(₹ in Crore)

	2016-17	2015-16
Current Service cost	6.48	8.23
Net interest on the net defined benefit liability/asset	1.73	1.45
Immediate recognition of (gains)/losses - other long term benefits	-	-
Total Expenses Recognised in the Statement of Profit And Loss	8.21	9.68

v Remeasurement Effects Recognised in Other Comprehensive Income (OCI)

(₹ in Crore)

	2016-17	2015-16
Actuarial (Gains)/ Losses	2.76	0.80
(Return)/loss on plan assets excluding amounts included in the net interest on the net defined benefit Liability/ (Asset)	(0.07)	(0.03)
Total (Gain) / Loss included in OCI	2.69	0.77

vi Reconciliation of Amounts in Balance Sheet

(₹ in Crore)

	2016-17	2015-16
Defined Benefit Obligation at the beginning of the year	22.92	8.30
Acquisitions	-	9.78
Total expenses recognised in Profit and Loss Account	8.21	9.68
Total Remeasurement included in OCI	2.69	0.77
Contribution paid	0.25	-
Benefits paid	5.72	5.61
Defined Benefit Obligation at the end of the year	27.85	22.92

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

vii Reconciliation of Amounts in Statement of Other Comprehensive Income

(₹ in Crore)

	2016-17	2015-16
OCI (Income)/ Loss at the beginning of year	0.27	(0.50)
Total Remeasurement included in OCI	2.69	0.77
OCI (Income)/ Loss at the end of the year	2.96	0.27

viii Expected Maturity Profile of Defined benefit Obligation

(₹ in Crore)

	2016-17
Year 1	2.54
Year 2	2.58
Year 3	2.50
Year 4	2.63
Year 5	2.66
Year 6 - 10	11.74

ix Financial Assumptions

	2016-17	2015-16
Discount Rate	7.20%	8.00%
Expected Rate of Salary Increase	5.00%	5.00%

x Demographic Assumptions

	2016-17	2015-16
Mortality Rate	IALM (2006-08) ultimate	IALM (2006-08) ultimate
Withdrawal Rate	2 % to 10 %	2 % to 10 %
Retirement age	58 Years	58 Years

xi Sensitivity Analysis

(₹ in Crore)

	2016-17	2015-16
Discount Rate		
a. Discount Rate -100 basis point	3.68	3.06
b. Discount Rate +100 basis point	3.00	2.50
Salary Increase Rate		
a. Rate -100 basis point	3.00	2.50
b. Rate +100 basis point	3.67	3.05

35. Income Tax Expense

i Reconciliation of Tax Expenses

(₹ in Crore)

	2016-17	2015-16
Profit before tax	368.28	15.09
Applicable tax rate	34.61%	33.99%
Computed expected tax expense	127.45	5.13
Effect of non-deductible expense	5.50	6.41
Effect of additional deduction	(13.65)	(3.90)
Carried forward losses utilized	(119.30)	(7.64)
Tax Expense charged to the Statement of Profit and Loss	-	-

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

ii Amount for which Deferred Tax Assets not Recognised

(₹ in Crore)

	2016-17	2015-16
Unused Tax Losses	552.75	665.62
Accelerated Depreciation for Tax purpose	(89.11)	(69.86)
Other items giving rise to Temporary Differences	68.17	59.05
Deferred Tax Asset	531.81	654.81

36. Segment Reporting

The Company is primarily engaged in the business of “Retail”, which in terms of Ind AS 108 on “Segment Reporting” constitutes a single reporting segment.

37. Related Party Disclosures

Disclosure as required by Ind AS 24 and Companies act, 2013. Related Party Disclosures are given below:

1 List of Related Parties

A Ultimate Holding Company

- i Bharti Enterprises (Holding) Private Limited (upto May 18, 2016)
- ii Bharti Enterprises Limited (upto May 18, 2016)

B Holding Company

Cedar Support Services Limited (upto May 18, 2016)

C Enterprises over which Key Management Personnel are able to exercise significant influence

- i Bansi Mall Management Company Private Limited
- ii Bharti Airtel Limited
- iii Bharti Enterprises Limited
- iv Future Enterprises Limited (formerly known as Future Retail Limited)
- v Future Ideas Company Limited
- vi Future Lifestyle Fashions Limited
- vii Future Sharp Skills Limited
- viii Retail Light Techniques India Limited
- ix Work Store Limited (formerly known as Staples Future Office Products Limited)
- x Cedar Support Services Limited (from May 18, 2016))

D Entity able to Exercise significant Influence.

Future Corporate Resources Limited (from May 18, 2016)

E Key Management Personnel

- i Mr. Kishore Biyani (from May 2, 2016)
- ii Mr. Rakesh Biyani (from May 2, 2016)
- iii Mr. C. P. Toshniwal (from May 2, 2016)
- iv Mr. Virendra Samani (from May 2, 2016)
- v Mr. Manish Sabnis (from August 1, 2015 to May 2, 2016)
- vi Mr. Craig Wadsworth Wimsatt (upto July 31, 2015)
- vii Mr. Anupam Goyal (upto May 2, 2016)

F Relatives of Key Management Personnel

- i Mrs. Bhavika Samani

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

2 Transaction with Related Parties

(₹ in Crore)

Nature of Transaction	Ultimate Holding Company	Holding Company	Key Management Personnel Exercise Significant Influence	Entity able to Exercise Significant Influence	Key Management Personnel/ Relatives
Sale of Goods and Services	- (0.01)	- (-)	96.88 (-)	0.76 (-)	- (-)
Purchase of Goods and Services	- (-)	- (4.22)	1066.85 (-)	138.90 (-)	0.03 (-)
Equity Share Capital	- (-)	- (188.09)	- (-)	- (-)	- (-)
Optionally Convertible Debentures	- (-)	- (250.00)	- (-)	- (-)	- (-)
Security Deposit Given	- (-)	- (-)	75.00 (-)	- (-)	- (-)
Managerial Remuneration	- (-)	- (-)	- (-)	- (-)	7.93 (2.20)
Outstanding Balance as on March 31, 2017					
Receivable	- (-)	- (0.75)	506.85 (-)	170.85 (-)	- (-)
Payable	- (-)	- (154.20)	153.67 (-)	- (-)	- (-)

Note: Previous year figures are given in parenthesis.

3 Significant Related Party Transactions

- A Sale of Goods and Services includes Bharti Enterprises Limited ₹ Nil (2016: ₹ 0.01 Crore), Future Lifestyle Fashions Limited ₹ 94.94 Crore (2016: ₹ Nil).
- B Purchases of Goods and Services includes Future Corporate Resources Limited ₹ 138.90 Crore (2016: ₹ Nil), Future Lifestyle Fashions Limited ₹ 163.24 Crore (2016: ₹ Nil), Future Enterprises Limited ₹ 878.67 Crore (2016: ₹ Nil).
- C Security Deposit given Future Enterprises Limited ₹ 75.00 Crore (2016: ₹ Nil).
- D Managerial Remuneration includes Mr. Kishore Biyani ₹ 2.39 Crore (2016: ₹ Nil), Mr. Rakesh Biyani ₹ 2.38 Crore (2016: ₹ Nil). Key Managerial Personnel Remuneration includes Mr. C. P. Toshniwal ₹ 2.12 Crore (2016: ₹ Nil), Mr. Virendra Samani ₹ 0.35 Crore (2016: ₹ Nil), Mr. Craig Wadsworth Wimsatt ₹ Nil (2016: ₹ 1.56 Crore), Mr. Manish Sabnis ₹ 0.09 Crore (2016: ₹ 0.64 Crore), Mr. Anupam Goyal ₹ 0.60 Crore (2016: ₹ Nil).

38. Earnings Per Share

Statement of Calculation of Basic and Diluted EPS is as under:

	Units	2016-17	2015-16
Profit attributable to equity holders	₹ in Crore	368.28	15.09
Weighted average number of Equity Shares for Basic EPS	No. in Crore	47.14	22.02
Weighted average number of Equity Shares for Diluted EPS	No. in Crore	47.14	22.02
Nominal Value per Equity Share	₹	2	2
Earnings Per Equity Share (Basic)	₹	7.81	0.69
Earnings Per Equity Share (Diluted)	₹	7.81	0.69

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

39. Employee Stock Option Scheme

The Company had received approval of the Board and Shareholders for issuance of 90,00,000 Equity Shares of ₹ 2 each for offering to eligible employees of the Company under Employee Stock Option Scheme (FRL ESOP 2016). During the year the Company has granted 13,24,071 options at a price of ₹ 10 per option plus all applicable taxes, as may be levied in this regard on the Company. Out of the options granted 19,758 cancelled. The options to be granted, would vest over a maximum period of 3 years or such other period as may be decided by the Human Resources, Nomination and Remuneration Committee from the date of grant based on specified criteria.

Stock Option activity during the year

	2016-17
Outstanding at the beginning of the year	-
Granted during the year	1,324,071
Forfeited / cancelled during the year	19,758
Exercised during the year	474,182
Expired during the year	-
Outstanding at the end of the year	830,131
Exercisable at the end of the year	173,421
Weighted average exercise price ₹	10
Weighted average fair value of options granted	
- On December 6, 2016 : ₹ 116.82	
- On December 15, 2016 : ₹ 119.02	
- On December 15, 2016 : ₹ 119.03	

Method and Assumptions used to estimate the fair value of options granted during the year:

1. Date of Grant	December 6, 2016	December 15, 2016	December 15, 2016
2. Risk Free Interest Rate	6.30%	6.34%	6.30%
3. Expected Life	2.78 Years	1.50 Years	2.75 Years
4. Expected Volatility	43.00%	43.00%	43.00%
5. Dividend Yield	0.00%	0.00%	0.00%
6. Price of the underlying share in market at the time of the option grant (₹)	125.10	127.30	127.30

40. Leases

Operating Lease

The Company has entered into operating lease arrangements for fixed assets and premises. The future minimum lease rental obligation under non-cancellable operating leases payable not later than one year is ₹ 1,121.75 Crore (2016: ₹ 863.00 Crore), payable later than one year but not later than five year is ₹ 2,970.49 Crore (2016: ₹ 2,761.33 Crore) and payable later than five years is ₹ 1,359.72 Crore (2016: ₹ 1,457.26 Crore).

Finance Lease

The Company has entered into finance lease arrangements for fixed assets. The future minimum lease rental obligation under non-cancellable finance leases payable not later than one year is ₹ 0.33 Crore (2016: ₹ Nil), payable later than one year but not later than five year is ₹ 0.81 Crore (2016: ₹ Nil) and payable later than five years is ₹ Nil.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

41. Details of dues to Micro, Small and Medium Enterprises Development as defined under the MSMED Act, 2006

(₹ in Crore)

	March 31, 2017	March 31, 2016	April 1, 2015
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year			
- Principal amount due to micro and small enterprises	3.39	8.25	0.12
- Interest due on above	0.19	0.17	0.01
	3.58	8.42	0.13
The amount of interest paid by the buyer in terms of Section 16 of the MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year			
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act, 2006.	0.53	0.46	0.23
The amount of interest accrued and remaining unpaid at the end of each accounting year	0.71	0.63	0.23
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under Section 23 of the MSMED Act, 2006.	1.57	0.86	0.23

42. Contingent Liabilities

Claims Against the Company Not Acknowledged as Debts, In respect of Income Tax ₹ Nil (2016: ₹ 0.70 Crore, 2015: ₹ 0.70 Crore), Value Added Tax ₹ 20.99 Crore (2016: ₹ 14.19 Crore, 2015: ₹ 3.06 Crore), Letter of Credit ₹ 475.85 Crore, Others ₹ 75.04 Crore (2016: ₹ 48.90 Crore, 2015: ₹ 1.24 Crore) and Other money for which the Company is Contingently Liable, Corporate Guarantees Given ₹ 3237.50 Crore.

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

43. Pursuant to the levy of service tax on renting of immovable properties given for commercial use, retrospectively with effect from June 1, 2007 by the Finance Act, 2010, the Company based on legal advice, challenged the levy through Retailers Association of India and its retrospective application. The Hon'ble Supreme Court had passed an interim order dated October 14, 2011. In compliance of this order Company has made an aggregate deposit of ₹ 39.71 Crore in respect of the liability for such service tax for the period from June 1, 2007 up to September 30, 2011. From October 1, 2011, the Company is accounting and paying for such service tax regularly as per directives of the Supreme Court. Accordingly the Company has not made provision of ₹ 79.42 Crore for the period June 1, 2007 to September 30, 2011 which would be appropriately recognised on final determination.

44. Payment to the Auditor (Inclusive of Service Tax)

(₹ in Crore)

	2016-17	2015-16
Statutory Audit Fees	0.95	0.86
Other Expenses	0.03	0.03
Total	0.98	0.89

45. Security clause in respect to Secured Borrowings

Long Term Borrowings

- ₹ Nil (2016: ₹ Nil, 2015: ₹ 54.00 Crore) are secured by First Pari-Passu charge on Fixed Assets (excluding specific fixed assets charged in favour of exclusive charge lenders), carries coupon rate of 10.90% per annum.
- ₹ 1.14 Crore (2016: ₹ Nil, 2015: ₹ Nil) Finance Lease Obligation secured by Lease Assets.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Short Term Borrowings includes Working Capital Loans from Banks

- i ₹ 977.59 Crore (2016: ₹ 918.20 Crore, 2015: ₹ Nil) is secured by (a) First Pari-Passu Charge on Current Assets of the Company (b) Second Pari-Passu Charge on Card Receivables (c) Secured by Corporate Guarantee of Future Enterprises Limited. Average Interest Rate 11.14% (2016: 11.52%).
- ii ₹ Nil (2016: ₹ Nil, 2015: ₹ 240.00 Crore) are secured by first Pari-Passu charge on current assets. Further secured by corporate guarantee from erstwhile parent company, Bharti Ventures Limited and carries an interest rate of 10.30%.

46. Unsecured Short Term Loans from Bank

- i ₹ Nil (2016: ₹ 50.00 Crore, 2015: ₹ 96.40 Crore) carries Interest Rate Nil (2016: 9.80 %, 2016: 10.35 %).
- ii ₹ 100.00 Crore (2016: ₹ Nil, 2015: ₹ Nil) Commercial Paper carries Interest Rate 8.40%.

47. Disclosure on Specified Bank Notes (SBNs)

Details of Specified Bank Notes (SBN) Held and Transaction During the Period 08/11/2016 to 30/12/2016 is as under:
(₹ in Crore)

	SBNs*	Other Denomination	Total
Closing Cash in Hand as on November 8, 2016	39.88	1.74	41.62
(+) Permitted receipts	-	307.68	307.68
(-) Permitted payments	-	42.40	42.40
(-) Amounts deposited in Banks	39.88	250.91	290.79
Closing Cash in Hand as on December 30, 2016	-	16.11	16.11

48. Composite Scheme of Arrangement

- A The Composite Scheme of Arrangement between the Company and Future Enterprises Limited ("Formerly Known As Future Retail Limited") (FEL) and their respective shareholders and creditors under the Sections 391 to 394 read with Sections 100 to 104 of the Companies Act, 1956 and Section 52 of the Companies Act, 2013 ('the Scheme'), for Demerger of Retail Business Undertaking of FEL into the Company and Demerger of the Retail Infrastructure Business Undertaking of the Company into FEL with effect from Appointment Date October 31, 2015 (as defined in the Scheme) has been given effect on May 1, 2016 (Effective Date). Pursuant to the Scheme, the paid up equity share capital has been reduced and reorganized to 4,34,78,261 Equity shares of ₹ 2/- each. Further, all the assets and liabilities pertaining to Retail Business undertaking of FEL has been transferred to and vested in the Company. Accordingly, on May 18, 2016 the Company issued 42,78,60,296 Equity Shares to the shareholders holding shares on May 12, 2016 in FEL as per the Scheme. Further, all the assets and liabilities pertaining to Retail Infrastructure Business Undertaking of the Company has been transferred to and vested in FEL and accordingly, on May 18, 2016 FEL issued 4,34,78,261 equity shares to the shareholders holding shares on May 12, 2016 in the Company as provided in the Scheme.

As per the provisions of the Composite Scheme of Arrangement, the Company issued 10% Optionally Convertible Debentures, convertible at the option of the Company within a period of 18 months from May 1, 2016, being the date of allotment, at a price which shall be determined in accordance with Preferential issue guidelines under SEBI (ICDR) Regulations.

The Shareholders and OCD holders of Bharti Group have agreed to share with the respective companies (i.e. the Company & Future Enterprises Limited) an upside on the realization out of the shares of the two companies, subject to certain broad terms and conditions.

- B The Composite Scheme of Arrangement among Heritage Foods Limited ("Transferor Company" or "HFL") and Heritage Foods Retail Limited ("Transferee Company" or "Demerged Company" or "HFRL") and the Company and their respective Shareholders and Creditors under sections 391 to 394 and sections 100 to 103 of the Companies Act, 1956 and/or sections 230 to 232 and Section 66 of the Companies Act, 2013 (as applicable) and Section 52 of the Companies Act, 2013, *inter-alia* involving demerger of the Retail Business Undertaking of HFL, through its wholly owned subsidiary HFRL, into the Company, was sanctioned by the Hon'ble National Company Law Tribunal, Mumbai Bench vide its order dated May 11, 2017 and the Hon'ble National Company Law Tribunal, Hyderabad Bench vide its order dated May 3, 2017.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Pursuant to the Scheme, the Retail Business Undertaking of HFL, through its wholly owned subsidiary HFRL, has been transferred to and vested in the Company with effect from March 31, 2017. The Scheme provided for issue of 1,78,47,420 (One Crore Seventy Eight Lakh Forty Seven Thousand Four Hundred and Twenty) equity shares of the face value of ₹ 2/- (Rupees Two) each, fully paid-up, to the Shareholders of HFRL (i.e. HFL). However, as on March 31, 2017, pending sanction of the Scheme by the Hon'ble National Company Law Tribunal, the shares were pending to be allotted.

On May 11, 2017 the Hon'ble National Company Law Tribunal, Mumbai Bench sanctioned the scheme of arrangement between the Company and Heritage Foods Retail Limited ("HFRL"), the Retail Business Undertaking of HFRL stands transferred to and vested in the Company.

The acquisition would *inter-alia* achieve the following objectives as stated in the Scheme of Arrangement :

- a. consolidation of the retail operations of FRL and HFRL;
- b. unlocking of value;
- c. synergies expected to bring in cost savings in the marketing, selling and distribution expenses for FRL.

i. Purchase Consideration:

(₹ in Crore)

	Amount
Equity Shares to be Issued*	295.00
Total Purchase Consideration	295.00

*17847420 equity shares of the face value of INR 2/-.

ii. The assets and liabilities recognised as a result of acquisition is as follows:

(₹ in Crore)

	Amount
Non-Current Assets	
Financial Assets	19.47
Other Non-Current Assets	250.67
Current Assets (include Inventories, Trade Receivables, Cash & Bank, Others etc.)	83.08
Total Assets Acquired	353.22
Non-Current Liabilities	
Financial Liabilities	0.81
Other non-current liabilities	1.97
Current Liabilities (includes Short-Term Borrowings, Trade payable, Provisions, Others etc.)	52.48
Total Liabilities Acquired	55.26
Net Identifiable Assets Acquired	297.96

iii. Calculation of Capital Reserve

(₹ in Crore)

	Amount
Net Identifiable Assets Acquired	297.96
Total Purchase Consideration	295.00
Capital Reserve	2.96

The Shareholders of HFRL (i.e. HFL) have agreed to share with the company an upside on the realization out of the shares of the Company, subject to certain board terms and conditions.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

49. Details of Miscellaneous Expenses

(₹ in Crore)

	2016-17	2015-16
Common Area Maintenance Charges	141.79	50.69
Credit Card Charges	69.10	29.66
House Keeping Charges	86.40	40.46
Legal and Professional Charges	69.63	71.06
Security Service Charges	81.98	41.32
Traveling and Conveyance Expenses	41.99	24.20
Other Expenses	313.83	207.37
Total	804.72	464.76

50. Events after the Reporting Period

At Board Meeting held on April 20, 2017 the Board of Directors of the Company, Bluerock eServices Private Limited ('BSPL' or 'Second Demerged Company') and Praxis Home Retail Private Limited ('PHRPL' or 'Resulting Company') respectively approved 'The Scheme' under Sections 230 to 232 read with Section 66 of Companies Act, 2013 and other applicable provision of the Companies Act, 2013 subject to necessary approvals. The Scheme *inter-alia* involves demerger of Home Retail Business of the Company into PHRPL with effect from the commencement of business on August 1, 2017.

Pursuant to the Scheme, the Home Retail Business of the Company carried on through Home Town stores would be transferred to and vested in PHRPL. As a consideration for the said demerger, PHRPL would issue 1 fully paid up Equity Share of ₹ 5/- each, to the shareholders of the Company for every 20 fully paid up shares of ₹ 2/- each held by the shareholders in the Company. Post issue of such shares, the equity shares of PHRPL would be listed on the stock exchanges (subject to listing permission) and the shareholding pattern of PHRPL would be identical to that of the Company.

The Scheme is *inter-alia* subject to the approval of the shareholders and regulatory authorities and would be given effect on receipt of requisite approvals from the applicable statutory authorities.

Since the appointed Date for the demerger of the Home Retail Business is August 1, 2017, the assets and liabilities of the Home Retail Business as on August 1, 2017 would get transferred to and vested in PHRPL. In view of this, the impact of the demerger on the financial statements of the Company cannot be determined.

As per our report of even date attached

For NGS & Co. LLP
Chartered Accountants

Ashok A. Trivedi
Partner
Membership No.: 042472

Mumbai
May 23, 2017

For and on behalf of Board of Directors

Kishore Biyani
Chairman & Managing Director
London

Ravindra Dhariwal
Director

Gagan Singh
Director

New York

Rakesh Biyani
Joint Managing Director

Shailendra Bhandari
Director

Sridevi Badiga
Director

Mumbai

Rajan Bharti Mittal
Director

C. P. Toshniwal
Chief Financial Officer

Virendra Samani
Dy. Company Secretary

FUTURE RETAIL LIMITED

Information as required pursuant to Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and forming part of the Director's Report for the year ended March 31, 2017.

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

1. Ajay Chablani, Head, 44, October 31, 2015, 22, B. Tech, 1,06,90,209, Future Enterprises Ltd.; 2. Behram Kabrajee, Head-Sourcing, Quality Assurance & Technical, 57, September 05, 2015, 30, B.Com, 95,11,770, Ambattur Clothing Ltd.; 3. Bharat Manseta*, Head, 60, July 18, 2016, 30, B. Tech, 68,39,805, Aditya Birla Ltd.; 4. C. P. Toshniwal*, Chief Financial Officer, 50, May 02, 2016, 27, CA & CS, 2,12,78,702, Future Lifestyle Fashions Ltd.; 5. Devendra Chawla*, Group President-Food FMCG, 45, October 31, 2015, 19, B.E. Production, 2,29,49,037, Future Enterprises Ltd.; 6. Harsha Saksena*, Head-Treasury, 46, November 30, 2016, 25, CA, 29,43,523, First Bridge Financial Advisors; 7. Jishnu Sen*, Head-Marketing, 47, January 16, 2017, 26, B.Com, 27,20,969, Essar Group; 8. Kishore Biyani*, Managing Director, 57, May 02, 2016, 32, B.Com, PG Diploma in Management, 2,38,90,994, Future Group CEO; 9. M. Venkateshwar Kumar*, Zonal CEO, 49, October 31, 2015, 26, PG Diploma, 13,77,823, Future Enterprises Ltd.; 10. Mahesh Shah, CEO – Home Town, 49, October 31, 2015, 25, MMS, 1,97,19,352, Future Enterprises Ltd.; 11. Manish Agarwal, Vice President, 47, October 31, 2015, 25, CA, 1,18,37,544, Future Enterprises Ltd.; 12. Manish Sabnis*, Chief Executive Officer, 48, February 01, 2013, 27, MBA, 82,58,582, Nokia India Pvt. Ltd.; 13. Nivedita Nanda, Head-People Office, 45, October 31, 2015, 18, MBA, 80,21,053, Future Enterprises Ltd.; 14. Rajan Malhotra, President- Strategy & Convergence, 48, October 31, 2015, 24, B.Sc Chemistry & MBA, 2,59,35,210, Future Enterprises Ltd.; 15. Rajesh Seth, Chief Operating Officer, 45, October 31, 19, B.E. Mechanical, 1,41,83,199, Future Enterprises Ltd.; 16. Rakesh Biyani*, Joint Managing Director, 45, May 02, 2016, 21, B.Com, Advance Management Programme (Harvard Business School), 2,38,59,281, Future Group, 17. Sadashiv Nayak, CEO- Big Bazaar, 46, October 31, 2015, 21, B.E. Electronics & Communications, 3,12,41,377, Future Enterprises Ltd.

“*” denotes employed part of the year

Notes:

- Nature of employment is permanent and terminable by Notice on either side except in case of Directors, which is contractual;
- The above employees are not related to any other Director of the Company;
- No employee holds by himself/herself or along with spouse and dependent children 2% or more of the Equity Shares of the Company;
- Terms and conditions of employment are as per Company's Rules.

For and on behalf of the Board of Directors

Place : London

Date : May 23, 2017

Kishore Biyani

Chairman & Managing Director





Ms. Nidhi Kundu

 India One, Mumbai Native, Entrepreneur

 Bachelor, Single Family, Bengali Calendar

 Digital Native
Annual Spend: ₹ 12,542

SEEKS UPGRADE



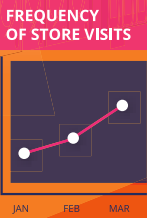
Mr. Ali Bangash

 India Two, Self Employed

 Joint Family, Islamic Calendar

 Digital Challenged
Annual Spend: ₹ 18,967

DEAL SEEKER



FUTURE RETAIL

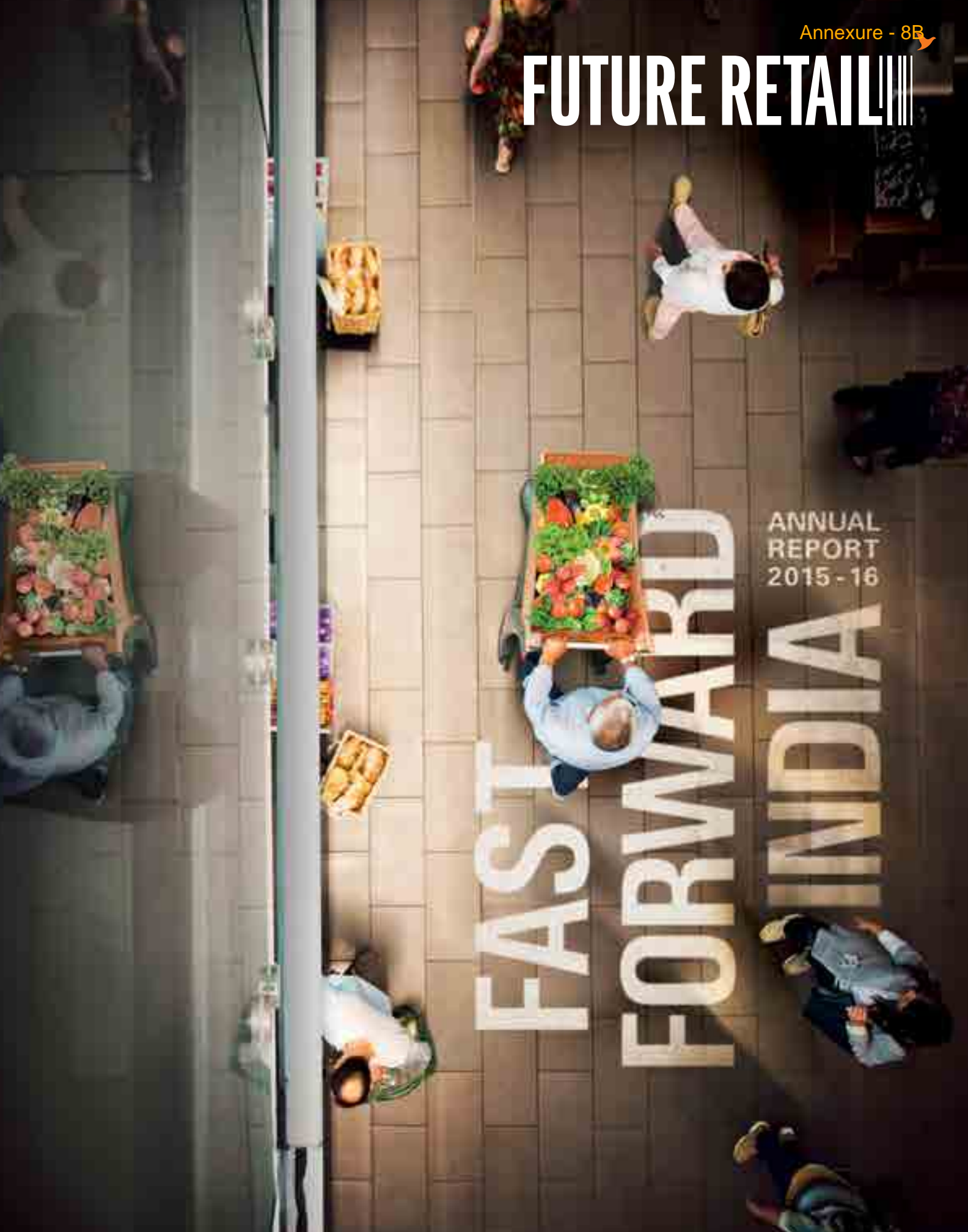
Knowledge House, Shyam Nagar,
Off. Jogeshwari-Vikhroli Link Road,
Jogeshwari (East), Mumbai - 400 060.
Tel. No. : + 91 22 6644 2200

This report contains forward-looking statements, which may be identified by their use of words like 'plans', 'expects', 'will', 'anticipates', 'believes', 'intends', 'projects', 'estimates', or other words of similar meaning. All statements that address expectations or projections about the future, including but not limited to statements about the Company's strategy for growth, product development, market position, expenditures, and financial results are forward-looking statements. Forward-looking statements are based on certain assumptions and expectations of future events. The Company cannot guarantee that these assumptions and expectations are accurate or will be realized. The Company's actual results, performance or achievements could thus differ materially from those projected in any such forward looking statements. The Company assumes no responsibility to publicly amend, modify or revise any forward looking statements, on the basis of any subsequent developments, information or events.

FUTURE RETAIL

FAST FORWARD INDIA

ANNUAL
REPORT
2015 - 16





7

KEY RETAIL BRANDS



738

STORES



32,012

EMPLOYEES



221

CITIES



295 MN

ANNUAL CUSTOMER
FOOTFALLS



CONNECTED COMMERCE

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

CORPORATE INFORMATION

BOARD OF DIRECTORS

Kishore Biyani

Chairman and Managing Director
DIN: 00005740

Rakesh Biyani

Jt. Managing Director
DIN: 00005806

Gagan Singh

Non-Executive and Independent Director
DIN: 01097014

Shailendra Bhandari

Non-Executive and Independent Director
DIN: 00317334

Ravindra Dhariwal

Non-Executive and Independent Director
DIN: 00003922

Rajan Bharti Mittal

Non-Executive Director
DIN: 00028016

STATUTORY AUDITORS

NGS & Co. LLP

CHIEF FINANCIAL OFFICER

C. P. Toshniwal

DY. COMPANY SECRETARY

Virendra Samani

SHARE TRANSFER AGENTS

Link Intime India Private Limited

C-13, Pannalal Silk Mills Compound
LBS Marg, Bhandup (West)
Mumbai - 400078
Tel + 91 22 25946970
Fax + 91 22 25946969
Website: www.linkintime.co.in

BANKERS

Andhra Bank

Allahabad Bank

Axis Bank

Bank of Baroda

Bank of India

Central Bank of India

Corporation Bank

Dena Bank

IDBI Bank

Punjab National Bank

State Bank of Travancore

UCO Bank

Union Bank of India

Vijaya Bank

REGISTERED OFFICE

Knowledge House, Shyam Nagar
Off Jogeshwari-Vikhroli Link Road
Jogeshwari (East), Mumbai - 400060
Tel : + 91 22 66442200
Fax : + 91 22 66442201

CORPORATE OFFICE

247 Park, Tower 'C', LBS Marg
Vikhroli (West), Mumbai - 400083
Tel : + 91 22 6199 0000
Fax : + 91 22 6199 5019

Website: www.futureretail.co.in

INVESTOR EMAIL ID

Investorrelations@futureretail.in

CORPORATE IDENTITY NUMBER

U51909MH2007PLC268269

CONTENTS

02	CORPORATE INFORMATION
04	LETTER FROM THE CMD
06	RETAIL BRANDS
17	MANAGEMENT DISCUSSION & ANALYSIS
21	DIRECTORS' REPORT
39	CORPORATE GOVERNANCE REPORT
52	INDEPENDENT AUDITOR'S REPORT
56	BALANCE SHEET
57	STATEMENT OF PROFIT & LOSS
58	NOTES TO THE FINANCIAL STATEMENTS
75	CASH FLOW STATEMENT



LETTER FROM THE CHAIRMAN & MANAGING DIRECTOR

Dear Stakeholders,

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

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

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

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

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

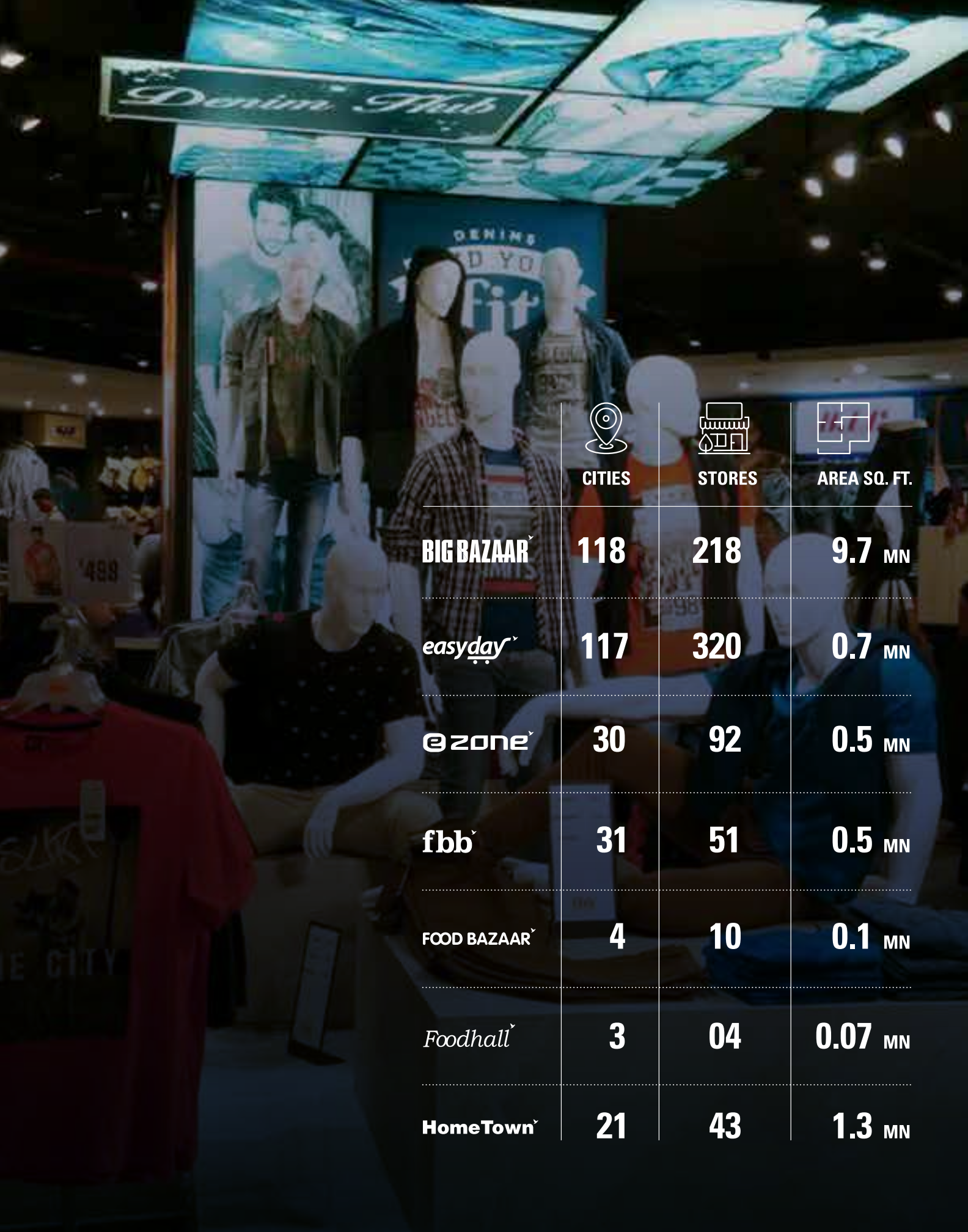
The organisation has also started benefitting from engaging much more effectively with consumers on social media. However, the biggest change in happening within the organization wherein most people processes are now embedded with mobile and digital technology catering to over 32,000 colleagues who make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

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

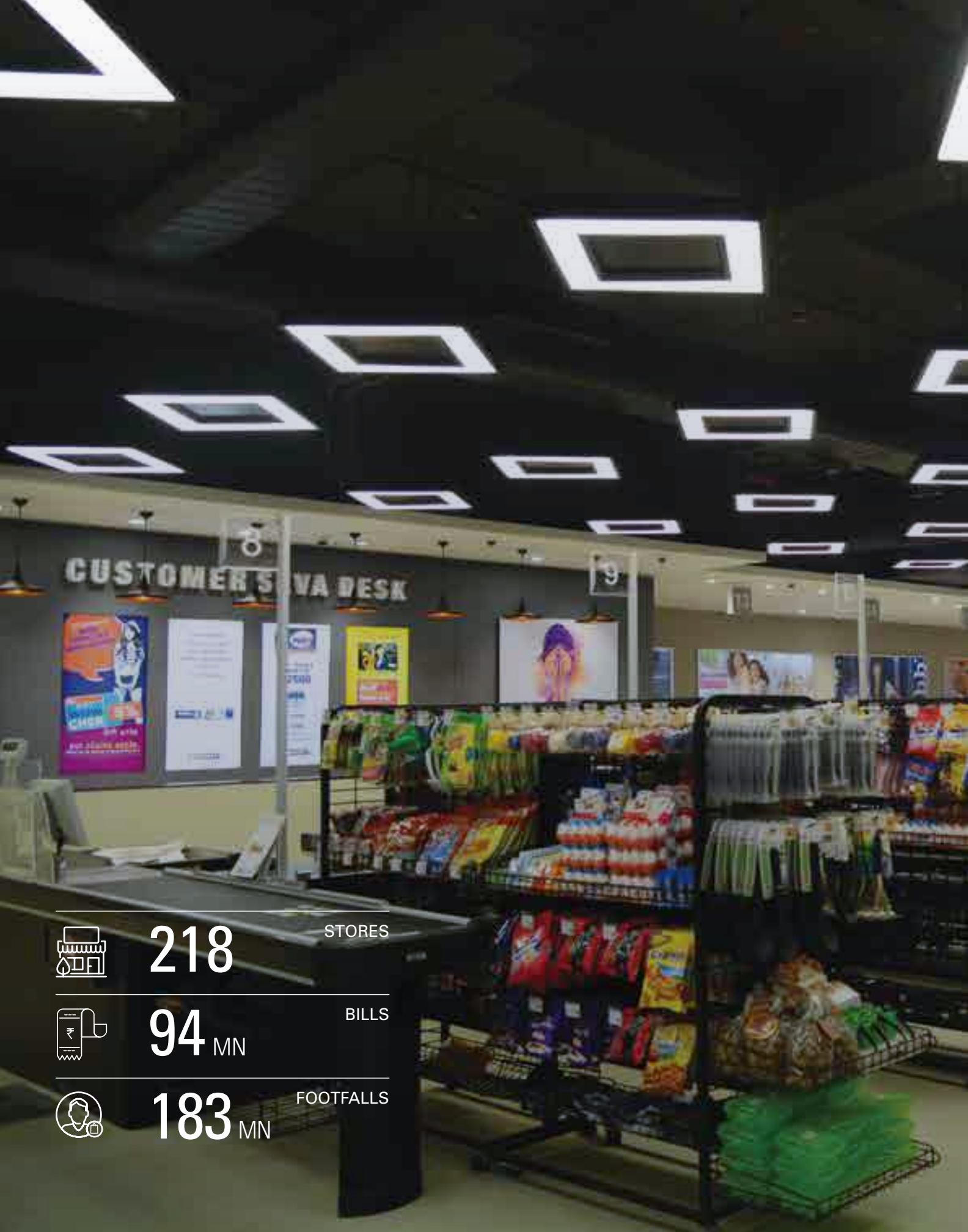
It is a brave and exciting future that we are headed towards. It is a future wherein change will be constant and organizations will continuously have to go through learning, unlearning and relearning. We have so far thrived in this environment and we thank all our stakeholders who have helped us do so.

Rewrite Rules, Retain Values

Kishore Biyani



	 CITIES	 STORES	 AREA SQ. FT.
BIG BAZAAR [✓]	118	218	9.7 MN
easyday [✓]	117	320	0.7 MN
@zone [✓]	30	92	0.5 MN
fbb [✓]	31	51	0.5 MN
FOOD BAZAAR [✓]	4	10	0.1 MN
Foodhall [✓]	3	04	0.07 MN
HomeTown [✓]	21	43	1.3 MN



218

STORES



94 MN

BILLS



183 MN

FOOTFALLS



INDIA'S 3RD
MOST TRUSTED
SERVICE BRAND

(Nielsen, Economic Times Survey)

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

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

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

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

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

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

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

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

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



320

STORES



49 MN

FOOTFALLS



0.7 MN.SQ.FT.

SPACE



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

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

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

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

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



51

STANDALONE
STORES



3 MN

WOMEN'S
DENIMS SOLD



4 MN

CHURIDARS
SOLD

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

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

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

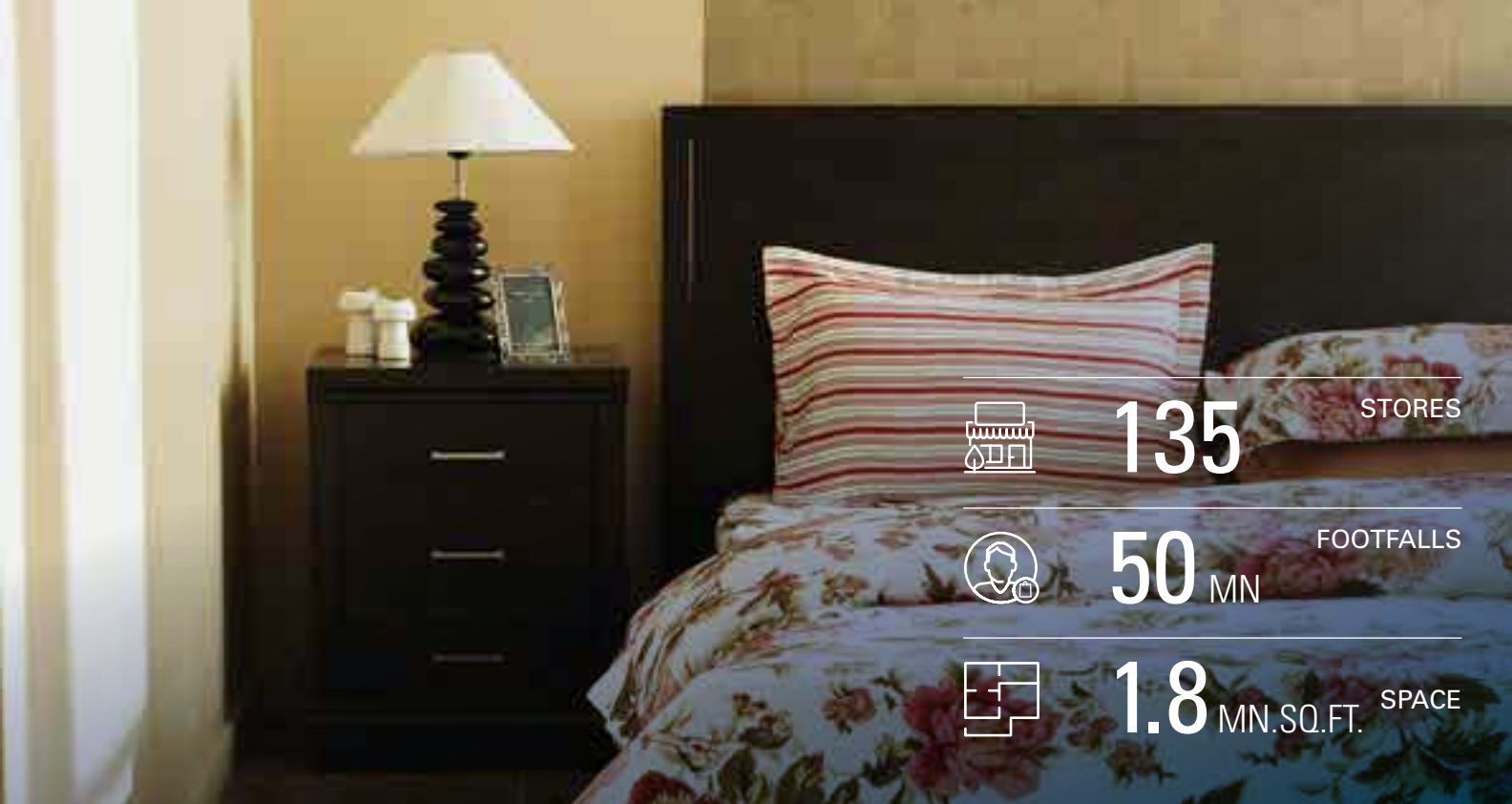


Foodhall

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

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

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



135

STORES



50 MN

FOOTFALLS



1.8 MN.SQ.FT.

SPACE

HomeTown[®]

ezone
smarter living

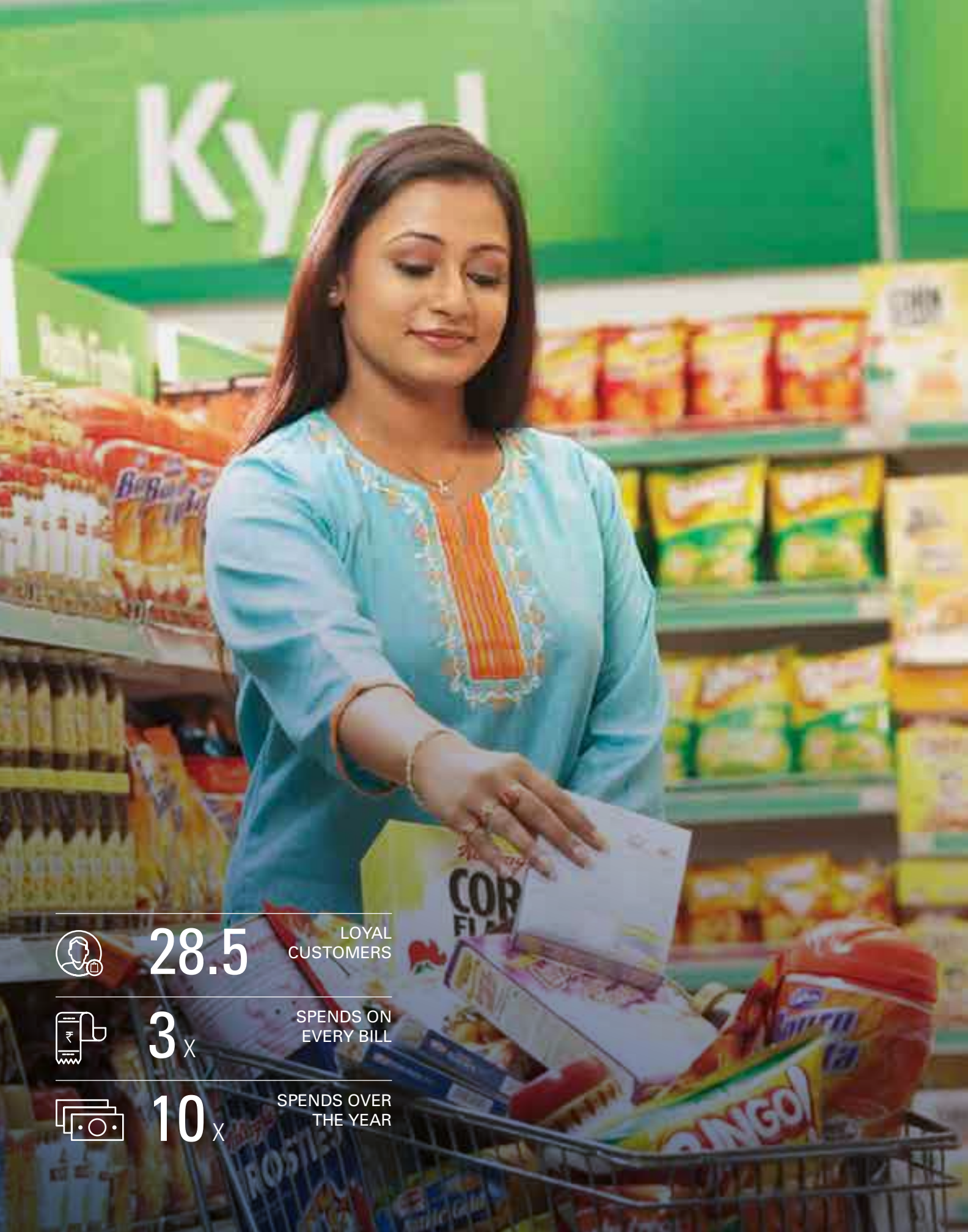
The Company's home retail format includes, Home Town and eZone. In addition, the Company sells a wide variety of homeware, kitchenware, home fashion merchandise through its Big Bazaar network.

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

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

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

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



28.5

LOYAL
CUSTOMERS



3_x

SPENDS ON
EVERY BILL



10_x

SPENDS OVER
THE YEAR

CONNECTING CONSUMERS

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

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

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

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

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

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

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

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

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

CONNECTING COLLEAGUES

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

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

The talent development strategy is based on four pillars:

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

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

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

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

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



32,012

EMPLOYEES



27 YEARS

AVERAGE AGE



71% WENT THROUGH STRUCTURED
DEVELOPMENT PROGRAMS

FRL IN FIGURES

2015-2016

MANAGEMENT DISCUSSION AND ANALYSIS

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

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

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

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

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

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

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

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

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

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

Operational Overview

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

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

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

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

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

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

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

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

Customer and Marketing Overview

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

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

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

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

Awards & Recognition

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

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

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

Competition

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

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

Human Resource Initiatives

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

Business Outlook

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

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

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

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

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

Risks and Threats

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

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

Internal controls and their adequacy

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

DIRECTORS' REPORT

To
The Members,

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

FINANCIAL HIGHLIGHTS

The financial performance of the Company is as follows:

(₹ in Crore)

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

REVIEW OF PERFORMANCE

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

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

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

COMPOSITE SCHEME OF ARRANGEMENT

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

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

EQUITY SHARE CAPITAL

• Issue of Equity Shares

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

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

• Capital Reduction

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

• Issue of Equity Shares to the shareholders of FEL

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

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

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

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

BUSINESS OUTLOOK

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

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

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

DIVIDEND

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

INVESTMENTS AND DIVESTMENTS

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

PUBLIC DEPOSITS

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

CHANGE OF NAME

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

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

DEBENTURES

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

CORPORATE GOVERNANCE

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

MANAGEMENT DISCUSSION AND ANALYSIS

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

POLICIES & DISCLOSURE REQUIREMENTS

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

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

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

DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

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

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

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

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

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

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

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

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

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

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

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

COMMITTEES

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

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

1. Audit Committee

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

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

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

2. Nomination and Remuneration Committee

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

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

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

3. Stakeholders' Relationship Committee

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

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

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

4. Corporate Social Responsibility Committee

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

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

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

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

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

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

5. Share Transfer Committee

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

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

6. Committee of Directors

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

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

VIGIL MECHANISM

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

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

NUMBER OF MEETINGS OF THE BOARD

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

SUBSIDIARY, JOINT VENTURE, HOLDING COMPANY AND ASSOCIATE COMPANIES

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

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

PERFORMANCE EVALUATION OF BOARD

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

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

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

The Directors expressed their satisfaction with the evaluation process.

POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION

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

RISK MANAGEMENT AND INTERNAL FINANCIAL CONTROL

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

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

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

EMPLOYEES STOCK OPTIONS (ESOPs)

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

PARTICULARS OF EMPLOYEES

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

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

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

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

PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

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

DIRECTORS' RESPONSIBILITY STATEMENT

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

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

AUDITORS AND AUDITORS' REPORT

Statutory Auditors

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

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

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

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

Secretarial Auditor

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

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

EXTRACT OF ANNUAL RETURN

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

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

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

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

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

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

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

SIGNIFICANT AND MATERIAL ORDERS

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

MATERIAL CHANGES AND COMMITMENTS

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

AWARDS AND RECOGNITIONS

The Company or its formats received awards in categories like:

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

ACKNOWLEDGEMENT

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

For and on behalf of the Board of Directors

Kishore Biyani

Chairman and
Managing Director

Place : Mumbai

Date : May 25, 2016

ANNEXURE - I

A brief outline of the Company's CSR Policy:

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

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

ANNEXURE – II

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

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

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

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

Notes:

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

For and on behalf of the Board of Directors

Kishore Biyani

Chairman and
Managing Director

Place : Mumbai
Date : May 25, 2016

ANNEXURE – III

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2016

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

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

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

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

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

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

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

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

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

We further report that:

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

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

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

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

Annexure I to Secretarial Audit Report

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

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

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

For K Bindu & Associates
Company Secretaries

K. Bindu
Proprietor

Membership No. 20066
Certificate of Practice: 7378

Place: Mumbai
Date : May 25, 2016

ANNEXURE – IV

FORM MGT-9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on March 31, 2016

(Pursuant to Section 92 (3) of the Companies Act, 2013 and Rule 12(1) of the Companies
(Management & Administration) Rules, 2014)

I. REGISTRATION AND OTHER DETAILS:

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

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

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

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

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

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

(i) Category-wise Shareholding;

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

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

(ii) Shareholding of Promoters and Promoter Group

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

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

Equity Shares					
Sl. No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Equity Shares	% of total shares of the Company	No. of Equity Shares	% of total shares of the Company
	At the beginning of the year (#)	1,39,86,60,000	100.00	1,39,86,60,000	100.00
1	April 27, 2015 – Right Issue	13,30,00,000	8.68	1,53,16,60,000	100.00
2	May 25, 2015 – Right Issue	18,80,90,000	10.94	1,71,97,50,000	100.00
	At the end of the year			1,71,97,50,000	100.00
Reduction of capital and consolidation in nominal value of shares from ₹ 10 each to ₹ 2 each (Pursuant to the Scheme of Arrangement)					
1	As on Appointed Date	4,34,78,261	100.00	4,34,78,261	100.00

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs)

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

v) Shareholding of Directors and Key Managerial Personnel

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

Notes for point no. III and IV

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

V. INDEBTEDNESS

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

(₹ in Crore)

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

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

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(₹ in Crore)

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

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

B. Remuneration to other directors:

(₹ in Crore)

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

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

(₹ in Crore)

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

Notes:

Rounded off to ₹ in Crore

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

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES: NIL

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

ANNEXURE - V

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

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

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

For and on behalf of the Board of Directors

Kishore Biyani

Chairman and
Managing Director

Place : Mumbai
Date : May 25, 2016

CORPORATE GOVERNANCE REPORT

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

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

CODE OF CONDUCT

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

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

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

ESTABLISHMENT OF WHISTLE BLOWER POLICY/VIGIL MECHANISM

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

COMPOSITION OF THE BOARD

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

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

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

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

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

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

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

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

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

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

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

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

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

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

BOARD MEETINGS AND LAST AGM

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

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

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

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

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

AUDIT COMMITTEE

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

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

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

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

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

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

The Company Secretary functions as Secretary to the Committee.

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

Terms of Reference

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

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

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

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

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

B. Review of the following information

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

NOMINATION AND REMUNERATION COMMITTEE

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

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

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

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

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

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

Terms of Reference

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

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

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

Remuneration Policy

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

Remuneration policy for Executive Directors

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

Criteria of making payments to Non-Executive Directors

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

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

Remuneration to Directors

Remuneration to Managing Director / Executive Director / CEO

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

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

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

Remuneration to Non-Executive Directors

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

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

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

STAKEHOLDERS' RELATIONSHIP COMMITTEE

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

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

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

Terms of Reference

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

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

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

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

SHARE TRANSFER COMMITTEE

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

Investors' Grievance Redressal

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

Compliance Officer

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

Code of Conduct for Prevention of Insider Trading

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

INDEPENDENT DIRECTORS' MEETING

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

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

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

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

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

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

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

COMMITTEE OF DIRECTORS

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

RISK MANAGEMENT COMMITTEE

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

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

RISK MANAGEMENT

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

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

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

DISCLOSURES

Related Party Transactions

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

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

Disclosure of Accounting Treatment

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

Management

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

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

CEO/CFO Certification

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

GENERAL BODY MEETINGS

Annual General Meeting

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

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

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

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

Extraordinary General Meeting

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

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

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

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

Court Convening Meeting

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

Postal Ballot

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

MEANS OF COMMUNICATION

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

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

GENERAL SHAREHOLDERS INFORMATION

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

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

Financial Year

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

Financial Reporting for

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

Note: The above dates are indicative.

Record Date/ Book Closure

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

Dividend

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

Listing on Stock Exchanges and ISIN Number

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

Debt Securities

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

Listing Fees

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

Corporate Identification Number (CIN)

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

Share Transfer System

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

Dematerialisation of shares

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

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

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

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

Shareholding Pattern as on May 18, 2016

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

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

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

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

Plant Locations

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

Registered Office

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

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

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

For securities held in demat form

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

For any query on the Annual Report

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

DISCRETIONARY REQUIREMENTS

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

CERTIFICATE ON CORPORATE GOVERNANCE

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

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

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

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

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

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

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

For K Bindu & Associates
Company Secretaries

K. Bindu
Proprietor

Membership No. 20066
Certificate of Practice: 7378

Place: Mumbai
Date : May 25, 2016

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements,

whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

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

Report on Other Legal and Regulatory Requirements

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

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

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

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

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

Ashok A. Trivedi
Partner

Place: Mumbai
Date : May 25, 2016

Membership No. 042472

Annexure - A to the Auditors' Report

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

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

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

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

According to the information and explanations given to us, no undisputed amounts payable in respect of Income-Tax, Service-Tax, Cess and Other Material Statutory dues were in arrears as at March 31, 2016 for a period of more than six months from the date they became payable.

- (b) According to the information and explanations given to us, there are no material dues of Income-Tax, Sales-Tax, VAT, Service-Tax which have not been deposited with the appropriate authorities on account of any dispute.

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

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

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

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

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

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

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

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

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

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

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

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

For NGS & Co. LLP

Chartered Accountants
Firm Registration No. 119850W

Ashok A. Trivedi

Partner
Membership No. 042472

Place: Mumbai
Date : May 25, 2016

Annexure - B to the Auditors' Report

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

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

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

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

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

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

For NGS & Co. LLP

Chartered Accountants
Firm Registration No. 119850W

Ashok A. Trivedi

Partner

Place: Mumbai
Date : May 25, 2016

Membership No. 042472

BALANCE SHEET AS AT MARCH 31, 2016

(₹ in Crore)

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

As per our report of even date attached

For and on behalf of Board of Directors

For NGS & Co. LLP
Chartered Accountants

Kishore Biyani
Chairman & Managing
Director

Rakesh Biyani
Joint Managing Director

Gagan Singh
Director

Ashok A. Trivedi
Partner
Membership No.: 042472

Shailendra Bhandari
Director

C. P. Toshniwal
Chief Financial Officer

Virendra Samani
Dy. Company Secretary

Mumbai
May 25, 2016

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

(₹ in Crore)

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

As per our report of even date attached

For NGS & Co. LLP
Chartered Accountants

Ashok A. Trivedi
Partner
Membership No.: 042472

Mumbai
May 25, 2016

For and on behalf of Board of Directors

Kishore Biyani
Chairman & Managing
Director

Shailendra Bhandari
Director

Rakesh Biyani
Joint Managing Director

C. P. Toshniwal
Chief Financial Officer

Gagan Singh
Director

Virendra Samani
Dy. Company Secretary

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

1. Corporate Information

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

1.1 Basis of Preparation

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

1.2 Summary of Significant Accounting Policies

A. Use of Estimates

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

B. Tangible Fixed Assets and Depreciation

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

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

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

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

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

C. Intangible Assets and Amortisation

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

D. Leases

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

E. Borrowing Costs

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

F. Investments

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

G. Inventories

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

H. Foreign Currency Transaction

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

I. Revenue Recognition

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

J. Retirement and Other Employee Benefits

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

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

K. Income Taxes

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

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

I. Earnings / (Loss) Per Share

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

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

M. Provisions, Contingent Liabilities and Contingent Assets

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

N. Impairment

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

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

2. Share Capital

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

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

(i) Reconciliation of Number of Shares

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

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

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

(ii) Terms/Rights Attached to Equity Shares

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

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

(iii) Shares Held by Holding/Ultimate Holding Company

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

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

*100% subsidiary of Bharti Enterprises Limited

[#] Includes Shares held through nominees

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

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

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

[#] Includes Shares held through nominees

2A. Equity Share Suspense Account

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

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

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

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(₹ in Crore)

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

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

12. Fixed Assets

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

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

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(₹ in Crore)

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

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(₹ in Crore)

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

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(₹ in Crore)

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

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

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

A. Change in Present Value of Obligation

(₹ in Crore)

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

B. Amount Recognised in the Balance Sheet

(₹ in Crore)

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

C. Amount Recognised in the Profit and Loss Account

(₹ in Crore)

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

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

D. Reconciliation of Balance Sheet

(₹ in Crore)

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

E. Experience Adjustments

(₹ in Crore)

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

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

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

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

26. Leases

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

27. Related Party Disclosures

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

A. List of Related Parties

1. Ultimate Holding Company

- Bharti Enterprises (Holding) Private Limited
- Bharti Enterprises Limited

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

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

B. Transactions with Related Parties

(₹ in Crore)

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

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

C. Significant Related Party Transactions

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

28. Payment to Auditors (Inclusive of Service Tax)

(₹ in Crore)

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

29. Earnings Per Share

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

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

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

(₹ in Crore)

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

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

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

31. Value of Imports on CIF Basis

(₹ in Crore)

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

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

32. Capital and Other Commitments

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

33. Deferred Tax

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

34. Contingent Liabilities

(₹ in Crore)

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

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

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

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

36. Segment Reporting

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

37. Details of Purchases of Stock-In-Trade

(₹ in Crore)

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

38. Details of Sales Value of Goods

(₹ in Crore)

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

39. Expenditure in Foreign Currency (Accrual Basis)

(₹ in Crore)

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

40. Earnings in Foreign Currency (On Accrual Basis)

(₹ in Crore)

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

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

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

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

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

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

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

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

44. Composite Scheme of Arrangement

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

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

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

As per our report of even date attached

For and on behalf of Board of Directors

For NGS & Co. LLP
Chartered Accountants

Kishore Biyani
Chairman & Managing
Director

Rakesh Biyani
Joint Managing Director

Gagan Singh
Director

Ashok A. Trivedi
Partner
Membership No.: 042472

Shailendra Bhandari
Director

C. P. Toshniwal
Chief Financial Officer

Virendra Samani
Dy. Company Secretary

Mumbai
May 25, 2016

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

(₹ in Crore)

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

As per our report of even date attached

For and on behalf of Board of Directors

For NGS & Co. LLP
Chartered Accountants

Kishore Biyani
Chairman & Managing
Director

Rakesh Biyani
Joint Managing Director

Gagan Singh
Director

Ashok A. Trivedi
Partner
Membership No.: 042472

Shailendra Bhandari
Director

C. P. Toshniwal
Chief Financial Officer

Virendra Samani
Dy. Company Secretary

Mumbai
May 25, 2016

NOTES

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

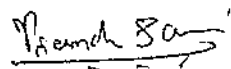
The Company's actual results, performance or achievements could thus differ materially from those projected in any such forward looking statements. The Company assumes no responsibility to publicly amend, modify or revise any forward looking statements, on the basis of any subsequent developments, information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



8th Annual Report 2014-15

Bharti Retail Limited

Certified True Copy
For Future Retail Limited


Manish Sami
Company Secretary



BOARD'S REPORT

Dear Members,

Your Directors have pleasure in presenting the 8th Board's Report on the Company's business and operations, together with audited financial statements and accounts of Bharti Retail Limited for the financial year ended March 31, 2015.

Company Overview and Performance

Your Company has consolidated its presence by rolling out another 12 "easyday" small format stores in the various States and has closed total 18 stores which were non-profitable in management's view. Your Company is now operating total 201 "easyday" stores in various states of the country and the Company is planning to launch almost 45 more stores in the coming year.

The Current year figures of statement of profit & loss are not comparable to corresponding previous period since the current year figures are for the period of 12 months i.e. 1st April 2014 to 31st March 2015 vis a vis 15 months in the previous period i.e. 1st January 2013 to 31st March 2014.

During the year the Company has made a total income of Rs. 18,494.54 mn. against expenditure of Rs. 22,286.66 mn. as compared to last year's total income of Rs. 27,503.54 mn. against expenditure of Rs. 30,649.65 mn. The total accumulated loss carried to the Balance Sheet as at 31st March 2015 is Rs. (18,202.60) mn.

Financial Highlights

The following are the key financial highlights of the Company for the financial year ending on March 31, 2015:
(Rupees in Mn.)

Particulars	Period ended March 31, 2015	Period ended March 31, 2014
Income	18,494.54	27,503.54
Total Expenditure	22,286.66	30,649.65
Profit/(Loss) before tax	(3,792.11)	(3,146.11)
Net Profit/(Loss) after Tax	(3,792.11)	(3,146.11)

Share Capital

The Authorised Share Capital of the Company is Rs. 25,000,000,000/- (Rupees Twenty Five Hundred Crores) divided into 2,500,000,000/- (Two Hundred Fifty Crore) equity shares of Rs. 10/- (Ten) each and the paid up Share Capital of the Company is Rs. 13,986,600,000/- divided into 1,398,660,000/- equity shares of Rs. 10/- (Ten) each as on 31st March 2015.

During the year, the Company has allotted 133,000,000 (Thirteen Crore Thirty Lac) equity shares of INR 10/- each on 27th April 2015 and 188,090,000 (Thirteen Crore Thirty Lac) equity shares of INR 10/- on 25th May 2015 to its existing shareholder i.e. Cedar Support Services Limited.

Holding, Subsidiaries and Associates Company

Your Company continues to be the 100% Subsidiary of Cedar Support Services Limited.

Page 1 of 7

Bharti Retail Limited

CIN: U51909DL2007PLC158953

2nd Floor, Wing B & C, Plot No. 16, Atlas Chowk, Udyog Vihar Phase IV, Sector 18, Gurgaon-122015, Haryana, India. Tel: +91-124-424 7528, Fax: +91-124-4248028
Regd. Office: Bharti Crescent, 1 Nelson Mandela Road, Vasant Kunj, Phase II, New Delhi- 110 070 www.bharti-retail.in

Transfer to Reserve

The Company has not transferred any amount to the General Reserve for the financial year ended March 31, 2015.

Dividend

In view of losses during the period under review, the Board of Directors of the Company are unable to recommend any dividend for the financial year

Fixed Deposits

The Company has not accepted any fixed deposits and, as such, no amount of principal or interest was outstanding, as on the balance sheet closure date.

Directors and Key Managerial Personnel

Pursuant to the provisions of the Companies Act, 2013, Mr. Inderjit Walia (DIN: 01812849) is liable to retire by rotation at the ensuing Annual General Meeting and being eligible, offers himself for reappointment. The Board recommends his reappointment for your approval.

Mr. Rajendra Kumar Chopra (DIN:06942295) was appointed as Additional Director in the Company on 01.12.2014 who shall hold office up to the date of the upcoming annual general meeting or the last date on which the annual general meeting should have been held, whichever is earlier.

Mr. Raj Kumar Jain (DIN-01741527) was appointed as Managing Director & CEO for a period of 3 years with effect from 01st April, 2014 to 31st March, 2017. Mr. Raj Kumar Jain (DIN-01741527) has resigned from the Company as a Managing Director & CEO with effect from 30th November, 2014. Mr. Craig Wadsworth Wimsatt was appointed as CEO of the Company with effect from December 01, 2014.

Mr. Pankaj Madan was appointed as Chief Financial Officer (CFO) of the Company and he has resigned from the position of CFO with effect from 30th November, 2014. Mr. Anupam Goyal was appointed as CFO of the Company with effect from December 01, 2014.

In compliance with the provisions of Section 149 (4) & (6) of the Companies Act, 2013, Mr. Sridhar Natarajan (DIN: 07143571) and Ms. Veenu Mittal (DIN: 07143571) were appointed as Independent Directors of the Company on March 31, 2015 for a period of three years. The said appointment is subject to ratification by the members at the ensuing Annual General Meeting.

Board Committees

The Company has three committees which have been established as a part of the best corporate governance practices and are in compliance with the requirements of the relevant provisions of applicable laws and statutes. During the period under review the Committees of the Board were reconstituted and presently comprises of the following members:

Audit Committee:

1. Mr. Sridhar Natarajan- Chairman
2. Mr. Devendra Khanna
3. Ms. Veenu Mittal

Nomination and Remuneration Committee:

1. Mr. Rajendra Kumar Chopra- Chairman
2. Mr. Sridhar Natarajan
3. Ms. Veenu Mittal

Corporate Social Responsibility (CSR) Committee

1. Mr. Devendra Khanna- Chairman
2. Mr. Sridhar Natarajan
3. Ms. Veenu Mittal

The current constitution and terms of reference of the above mentioned Committees fully conforms to the provisions of Companies Act, 2013.

Number of Board Meetings

During the year, the Directors of the Company met 8 (Eight) times on 07th May 2014, 19th June 2014, 21st July 2014, 26th September 2014, 14th November 2014, 01st December 2014, 23rd March 2015 and 31st March 2015. The period between any two consecutive meetings of the Board of Directors of the Company was not more than 120 days.

Audit Committee Meetings

During the financial year 2014-15, members of the Audit Committee met 4 (Four) times i.e. 19th June 2014, 26th September 2014, 14th November 2014 and 7th March 2015.

Nomination and Remuneration Committee Meetings

During the financial year 2014-15, members of the Nomination and Remuneration Committee met 2 (two) times i.e. 1st December 2014 and 31st March 2015.

Requisite information, as per the requirements of Secretarial Standard – 1 issued by ICSI is provided in the following table:

Name of Director	Director Identification Number (DIN)	Category	No. of Board Meetings attended (total held)	No. of Audit Committee Meetings attended (total held)	No. of Nomination and Remuneration Committee Meetings attended (total held)	No. of Corporate Social Responsibility Committee Meetings attended (total held)
------------------	--------------------------------------	----------	---	---	---	---

Inderjit Walla	01812849	Non-Executive	8(8)	4(4)	2(2)	-
Devendra Khanna	01996768	Non-Executive	7(8)	4(4)	2(2)	-
Manoj Kumar Kohli	00162071	Non-Executive Director	2(8)	-	1(4)	-
Raj Kumar Jain ¹	01741527	Managing Director	5(8)	3(4)		
Rajendra Chopra ²	06942295	Non-Executive	2(6)	1(4))	2(2)	-
Veenu Mittal ³	07143818	Independent Director	-	-	-	-
Sridhar Natarajan ³	07143571	Independent Director	-	-	-	-

1. Mr. Raj Kumar Jain resigned from the Board w.e.f. the close of business hours of November 30, 2014.
2. Mr. Rajendra Kumar Chopra was appointed as additional Director w.e.f. December 1, 2014.
3. Ms. Veenu Mittal and Mr. Sridhar Natarajan were appointed as Independent Directors w.e.f. March 31, 2015.

Risk Management Policy

In compliance with the provisions of the Companies Act, 2013 the Board of Directors on the recommendation of Audit Committee has approved and adopted the Risk Management Policy in its Board Meeting held on March 31, 2015.

This Risk Management Policy outlines the framework and procedures to assess and mitigate the impact of risks, and to update the Board and the senior management on a periodical basis on the risk assessed, actions taken for mitigation and efficacy of mitigation measures.

Corporate Social Responsibility (CSR) Policy

During the year, the Company has constituted a CSR Committee and formulated a CSR policy in accordance with the requirements of Section 135 and Schedule VII of the Companies Act, 2013.

During the FY 2014-15, the Company did not incur any expenditure towards CSR since the Company has incurred losses, therefore, the Company is not required to spend any amount required under the provisions of section 135 of Companies act 2013 and rules made thereunder.

Nomination & Remuneration Policy

In compliance with the provisions of Section 178 of the Companies Act, 2013 and rules made thereunder, the Board of Directors on the recommendation of Nomination & Remuneration Committee has approved and adopted the Nomination and Remuneration Policy in its Board Meeting held on March 31, 2014. The Policy includes the following:

- To lay down criteria and terms and conditions with regard to identifying persons who are qualified to become directors (executive and non-executive including Independent directors), Key Managerial Personnel ("KMP") and persons who may be appointed in senior management positions.
- To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage for the Company.
- To determine remuneration of directors and KMPs.
- To provide for rewards linked directly to their effort, performance, dedication and achievement of Company's targets.

Board Evaluation

In compliance with the provisions of the Companies Act, 2013, Nomination and Remuneration Committee has approved the process, format, attributes and criteria for the performance evaluation of the Board, Board Committees and Individual Directors.

The process provides that the performance evaluation shall be carried out on an annual basis. During the year, the evaluation process was completed by the Company which included evaluation of the Board as a whole, Board Committees and individual directors including the Managing Director.

A structured questionnaire formed key part of the evaluation process for reviewing the functioning and effectiveness of the Board. The evaluation process focused on various aspects of the Board and Committees functioning such as structure, composition, quality, board meeting practices and overall Board effectiveness.

Performance of individual directors was evaluated on parameters such as attendance at the meetings, participation and contribution, responsibility towards stakeholders and independent judgment.

Internal Financial Controls

A strong internal financial control culture is pervasive in the Company. The Company has a robust and comprehensive internal financial control system for all the major financial transactions to ensure reliability of financial reporting, timely feedback, compliance with laws and regulations etc.

Disclosure under the Sexual Harassment Act, 2013

No. of Complaints received – NIL

No. of Complaints disposed off - NA

Statutory Auditors

In terms of the provisions of Section 139 of the Companies Act, 2013, M/s S.R. Batliboi & Co. LLP, were appointed as the Statutory Auditors of the Company by the shareholders in the Seventh Annual General Meeting held on September 26, 2014 for a period of three years i.e. up to Tenth Annual General Meeting of the Company.

The said appointment is subject to ratification by the members at every Annual General Meeting. The Company has received a certificate from M/s S.R. Batliboi & Co. LLP, Chartered Accountants, to the effect that ratification of their appointment, if made shall be in accordance with the provisions of Section 141 of the Companies Act, 2013. The Board has recommended ratification of appointment of M/s S.R. Batliboi & Co. LLP, Chartered Accountants, by the shareholders at the forthcoming annual general meeting.

Auditors' Report

The Board has duly examined the Statutory Auditors' Report to the accounts, which is self-explanatory. Clarifications, wherever necessary, have been included in the Notes to Accounts section of the Annual Report.

Secretarial Auditors Report

M/s. Chandrasekaran Associates, Company Secretaries have conducted the Secretarial Audit of the Company for the financial year 2014-15. The secretarial audit report is provided as **Annexure A** to this report. The report does not contain any qualification or adverse remark.

Extract of Annual Return

In terms of provisions of Section 92 of the Companies Act, 2013 read with Rule 12 of Companies (Management and Administration) Rules, the extracts of Annual Return of the Company in form MGT-9 is provided as **Annexure B** to this Report.

Particulars of loans, guarantees or investments

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

Related Party transactions

All arrangements/transactions entered by the Company with its related parties during the year were in ordinary course of business and on an arm's length basis. During the year, the Company had not entered into any arrangement/transaction with related parties which could be considered material and accordingly, the disclosure of Related Party Transactions in Form AOC 2 is not applicable. However, names of related parties and details of transactions with them have been included in Note no. 30 of standalone financial statements in accordance with provisions of Accounting Standard - 18.

Energy Conservation, Technology Absorption, and Foreign Exchange Earnings and Outgo

Being a Service providing organisation most of the information of the Company, as required under Section 134(3) of the Companies Act, 2013, read with the Rule 8 of Companies (Accounts of Companies) Rules, 2014, is not applicable. However, the information, as applicable, has been given in **Annexure C** to this report.

Directors' Responsibility Statement

Pursuant to Section 134 of the Companies Act, 2013, the Directors, to the best of their knowledge and belief, confirm that:

- a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- b) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the loss of the Company for that period;
- c) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) the directors had prepared the annual accounts on a going concern basis; and
- e) the directors, had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively.

- f) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Material Changes and Commitment

Subsequent to the year end, the Company in its board meeting dated May 4, 2015, has approved a composite scheme of arrangement under the provisions of Sections 391-394 read with Sections 100-104 of the Companies Act, 1956 and other applicable provisions of the Companies Act, 1956/ Companies Act, 2013 for demerger of the Retail Infrastructure Business Undertaking of the Company into Future Retail Limited and demerger of Retail Business Undertaking of Future Retail Limited and vesting in the Company with effect from the "the Appointed Date" as defined in the Scheme subject to appropriate approvals

Further, subject to appropriate approvals it has also been resolved that the paid up share capital of the Company be reduced from INR 13,98,66,00,000 consisting of 1,39,86,60,000 equity shares of INR 10 each fully paid up to INR 8,69,56,522 divided into 4,34,78,261 equity shares of INR 2 (Rupees Two only) each, fully paid-up.

In view of the proposed arrangement, the Company has applied to the Company Law Board for shifting of its registered office from Bharti Crescent, 1 Nelson Mandela Road, Vasant Kunj, Phase-II, New Delhi-110070 to 6th & 7th Floor, Interface Building No. 7, Mindspace, Malad Link Road, Malad(W), Mumbai-400064, Maharashtra.

Acknowledgements

The Directors wish to place on record their appreciation for the assistance and co-operation extended by customers, bankers, vendors, business partners, various agencies and departments of Government of India and state governments where Company's operations are existing, supporting the Company's various projects.

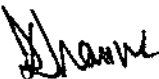
The Directors also extend their appreciation to the employees for their continuing support and unstinting efforts in ensuring an excellent all-round operational performance.


Date: 20th June 2015

Place: New Delhi

For and on Behalf of the Board

Bharti Retail Limited


Devendra Khanna
Director
DIN: 01996768


Inderjit Walia
Director
DIN: 01812849

Annexure A**Form No. MGT-9****EXTRACT OF ANNUAL RETURN****as on the financial year ended on 31st March 2015**

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS

- i) CIN: U51909DL2007PLC158953
- ii) Registration Date: February 07, 2007
- iii) Name of the Company: Bharti Retail Limited
- iv) Category / Sub-Category of the Company: Non-Government Company/ limited by shares
- v) Address of the registered office and contact details: Bharti Crescent, 1, Nelson Mandela Road, Vasant Kunj, Phase-II, New Delhi- 110070
- vi) Whether listed company (Yes / No): No
- vii) Name, Address and Contact details of Registrar and Transfer Agent, if any: Karvy Computershare Private Limited, 305, New Delhi House, 27, Barakhamba Road, New Delhi 110 001

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1	Business of retailing a variety of household and consumer products through departmental store facilities under various formats	52110, 52190, 52201- 52209 except 52207 & 52208, 52312, 52321-52324, 52331-52339 except 52335, 52391, 52396, 52398	96%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

S. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary /Associate	% shares held	of Applicable Section
1	Cedar Support Services Limited	U52599DL2007PLC159150	Holding	100	2(46)

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

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF									
b) Central Govt. or State Govt.									
c) Bodies Corporates	1,398,660,000	-	1,398,660,000	100	1,398,660,000	-	1,398,660,000	100	Nil
d) Bank/FI									
e) Any other									
SUB TOTAL: (A) (1)	1,398,660,000	-	1,398,660,000	100	1,398,660,000	-	1,398,660,000	100	Nil
(2) Foreign	Nil								
a) NRI-Individuals									
b) Other Individuals									
c) Bodies Corp.									
d) Banks/FI									
e) Any other									
SUB TOTAL (A) (2)	1,398,660,000	-	1,398,660,000	100	1,398,660,000	-	1,398,660,000	100	Nil

SUB TOTAL (B)(2):									
Total Public Shareholdin g (B)= (B)(1)+(B)(2)									
C. Shares held by Custodian for GDRs & ADRs									
Grand Total (A+B+C)	1,398,660,000	-	1,398,660,000	100	1,398,660,000	-	1,398,660,000	100	Nil

(ii) Shareholding of Promoters

Sl No.	Shareholders Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No of shares	% of total shares of the company	% of shares pledged encumber ed to total shares	NO of shares	% of total shares of the company	% of shares pledged encumbered to total shares	
1	Cedar Support Services Limited	1,398,660,000	100	Nil	1,398,660,000	100	Nil	Nil
	Total	1,398,660,000	100	Nil	1,398,660,000	100	Nil	Nil

(iii) Change in Promoters' Shareholding (specify if there is no change)

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	At the beginning of the year	1,398,660,000	100	1,398,660,000	100

2	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.).	Nil	Nil	Nil	Nil
3	At the End of the year	1,398,660,000	100	1,398,660,000	100

(iv) *Shareholding Pattern of top ten Shareholders (other than Directors, Promoters & Holders of GDRs & ADRs): NA*

Sl. No	For Each of the Top 10 Shareholders	Shareholding at the end of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No of shares	% of total shares of the company
	At the beginning of the year				
	Date wise increase/decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc)				
	At the end of the year (or on the date of separation, if separated during the year)				

(v) **Shareholding of Directors and Key Managerial Personnel: NA**

Sl. No		Shareholding at the end of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	For Each of the Directors & KMP				
	At the beginning of the year				
	Date wise increase/decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc)				
	At the end of the year				

V. INDEBTEDNESS

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

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	-	1,830,000,000	-	1,830,000,000
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	9,734,165	-	9,734,165
Total (i+ii+iii)		1,839,734,165		1,839,734,165
Change in Indebtedness during the financial year	2,940,000,000	(86,60,00,000)		2,074,000,000
Net Change	2,940,000,000	(86,60,00,000)		2,074,000,000
Indebtedness at the end of the financial year				
i) Principal Amount	2,940,000,000	964,000,000	Nil	3,904,000,000
ii) Interest due but not paid	Nil	Nil	Nil	Nil
iii) Interest accrued but not due	Nil	9,075,087	Nil	9,075,087
Total (i+ii+iii)	2,940,000,000	973,075,087	Nil	3,913,075,087

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

Sl. no.	Particulars of Remuneration	Name of MD/MTD/ Manager				Total Amount
		Raj Kumar Jain¹				
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	18,568,318				18,568,318
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	26,400				26,400
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961					
2.	Stock Option	Nil				
3.	Sweat Equity	Nil				Nil
4.	Commission - as % of profit - others, specify.	Nil				Nil
5.	Others, please specify (Medical, Petrol, Driver allowance & Employer contribution to PF)					
	Total (A)	18,594,718				18,594,718
	Ceiling as per the Act					

1. Mr Raj Kumar Jain was Managing Director of the Company till November 30, 2015.

B. Remuneration to other directors: None of the Directors except Mr. Raj Kumar Jain drew remuneration from the Company during the FY 2014-15.

C. Remuneration to key managerial personnel other than MD/ Manager/MTD

Sl no.	Particulars of Remuneration	Key Managerial Personnel				
		CEO	Company Secretary	CFO		Total
		Craig Wordsworth Wimsatt ¹	Sandeep Kumar	Pankaj Madan ²	Anupam Goyal	
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	23,411,665	2,588,401	7,042,940	22,68,790	35,311,796
2.	Stock Option	-	-	-	-	-
3.	Sweat Equity	-	-	-	-	-
4.	Commission - as % of profit - others, specify ...	-	-	-	-	-
5.	Others, (Employer contribution to PF & petrol medical & driver reimbursements)	-	-	-	-	-
	Total	23,444,462	2,620,801	7,069,340	2,285,290	35,419,893

1. Mr. Craig Wordsworth Wimsatt was appointed as CEO of the Company w.e.f. December 01, 2015.
2. Mr. Pankaj Madan was CFO of the Company till November 30, 2014.
3. Mr. Anupam Goyal was appointed as CFO of the Company w.e.f. December 01, 2015.

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES: - NIL

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

ANNEXURE -C

INFORMATION RELATING TO CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, RESEARCH AND DEVELOPMENT AND FOREIGN EXCHANGE EARNING AND OUTGO FORMING PART OF DIRECTORS' REPORT IN TERMS OF SECTION 134(3) OF THE COMPANIES ACT, 2013 READ WITH THE COMPANIES (ACCOUNTS) RULES 2014.

(A) Conservation of Energy

a) Steps taken or impact on conservation of energy: NA

Your Company takes appropriate measures to reduce energy consumption by using energy efficient equipment, computers and processes. As an ongoing process your Company continuously evaluates new technologies and techniques to make infrastructure more energy efficient. Continuous study is being made on measures to conserve energy. The results wherever found suitable are implemented from time to time.
The implementation of the measures adopted for energy conservation has resulted in savings in energy and cost.

b) Steps taken by the Company for utilising alternate sources of energy:

We are not utilising alternate sources of energy.

c) Capital Investment on energy conservation equipments:

Company has not made any capital investment in energy conservation equipments.

(B) Technology Absorption

a) Efforts made towards technology absorption:

Your Company continues to use the latest technology for innovation and improving the quality of its services.

b) the benefits derived like product improvement, cost reduction, product development or import substitution:

Company is getting benefits by using the latest technology for innovation and improving the quality of its services.

c) in case of imported technology (imported during the last three years reckoned from the beginning of the financial year):

- (i) the details of technology imported:
- (ii) the year of import:
- (iii) whether technology been fully absorbed:
- (iv) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof:

During current year your company has not imported any technology

d) the expenditure incurred on Research and Development

The Company does not carry out any research and development activities and hence, does not incur any expenditure on R & D.

(C) **Foreign Exchange Earnings and Outgo.**

(a) **Activities Relating to Exports, initiatives taken to Increase Exports, and Export Plans:**

The company is currently focusing on the opportunities in Indian & overseas market.

(b) **Foreign Exchange Earnings and Outgo:**

(In Rupees Mn.)

	For Jan 01, 2014- March 31, 2015	For 2014-15
Foreign Exchange Earnings	NIL	NIL
Foreign Exchange Used	85.10	64.43

INDEPENDENT AUDITOR'S REPORT

To the Members of Bharti Retail Limited

Report on the Financial Statements

We have audited the accompanying standalone financial statements of Bharti Retail Limited ("the Company"), which comprises the Balance Sheet as at March 31, 2015, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(3) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at March 31, 2015, its Loss, and its cash flows for the year ended on that date.



RECEIVED TRUE COPY

BHARTI RETAIL LIMITED

Company Secretary

S.R. BATLIBOI & Co. LLP

Chartered Accountants

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's report) Order, 2015 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure I a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by section 143 (3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - (b) In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
 - (e) On the basis of written representations received from the directors as on March 31, 2015, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2015, from being appointed as a director in terms of section 164 (2) of the Act;
 - (f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements - Refer Note 34 to the financial statements;
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

S.R. Batliboi & Co. LLP
ICAI Firm registration number: 301003E
Chartered Accountants

per Vikas Mehra
Partner
Membership No.09442]



Place of signature: Gurgaon, Haryana
Date: June 02, 2015



S.R. BATUBOI & CO. LLP

Chartered Accountants

Annexure referred to in paragraph 1 under "Report on Other Legal and Regulatory Requirements" of our report of even date

Re: Bharti Retail Limited ('the Company')

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) All fixed assets have not been physically verified by the management during the year but there is a regular programme of verification over a period of three years, which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year.
- (b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory and having regard to the fact that the discrepancies identified on physical verification are comparable to or better than the corresponding industry standards, as informed to us, such discrepancies were not material and have been properly dealt with in the books of account.
- (iii) (a) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii)(a) and (b) of the Order are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any major weakness or continuing failure to correct any major weakness in the internal control system of the company in respect of these areas.
- (v) The Company has not accepted any deposits from the public.
- (vi) To the best of our knowledge and as explained, the Central Government has not specified the maintenance of cost records under clause 148(1) of the Companies Act, 2013, for the products/services of the Company.
- (vii) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, value added tax, cess and other material statutory dues applicable to it.
- (vii) (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty, value added tax, cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (vii) (c) According to the records of the Company, the dues outstanding of income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, value added tax and cess on account of any dispute, are as follows:



S.R. BATLIBOI & Co. LLP

Chartered Accountants

Name of the statute	Nature of dues	Amount (in Rs.)	Deposit (in Rs.)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Tax Deducted at Source and Interest thereon	7,032,489	Nil	FY 2011-12	Commissioner of Income Tax (Appeals)
Delhi VAT Act, 2004	Value Added Tax	29,166,398	2,162,692	FY - 2010-11 & 2011-12	Additional Commissioner (Appeals)
UP VAT Act, 2008	Value Added Tax	707,445	10,703,600	FY 2010-11	Additional Commissioner (Appeals)
UP VAT Act, 2008	Value Added Tax	441,940	Nil	FY 2011-12	Appeal to be filed with Additional Commissioner (Appeals)
J&K VAT Act, 2005	Value Added Tax	263,648	Nil	FY 2011-12	Additional Commissioner (Appeals)
	Total	37,611,920	10,703,600		

- (vii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made thereunder.
- (viii) The Company's accumulated losses at the end of the financial year are more than fifty percent of its net worth. The Company has incurred cash loss in the current year and in immediately preceding reporting period.
- (ix) 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 a financial institution or bank. The Company did not have any outstanding dues in respect of debentures during the year.
- (x) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xi) Based on the information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained.
- (xii) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the year.

S.R. Batliboi & Co. LLP
ICAI Firm registration number: 301003E
Chartered Accountants

per Vikas Mehra,
Partner
Membership No. 094421



Place of signature: Gurgaon, Haryana
Date: June 20, 2015



Bharti Retail Limited
Balance Sheet as at March 31, 2015

Particulars	Notes	March 31, 2015 Rs.	March 31, 2014 Rs.
Equity and Liabilities			
Shareholders' funds			
Share capital	5	13,986,600,000	13,986,600,000
Reserves and surplus	6	(18,202,604,225)	(14,410,486,131)
		(4,216,004,225)	(423,886,131)
Share application money pending allotment		1,330,000,000	-
Non-current liabilities			
Long-term borrowings	7	540,000,000	-
Other long-term liabilities	8	1,117,318,237	1,400,677,083
Long-term provisions	9	84,170,798	44,036,327
		1,741,489,035	1,444,713,410
Current liabilities			
Short-term borrowings	10	3,364,000,000	1,830,000,000
Trade payables	11	1,680,911,264	1,585,238,259
Other current liabilities	11	424,969,240	331,525,781
Short-term provisions	9	277,553,723	404,511,359
		5,727,431,227	4,151,275,399
Total		4,582,918,037	5,172,102,678
Assets			
Non-current assets			
Fixed assets			
Tangible assets	12	1,085,598,783	1,406,308,177
Intangible assets	13	259,601,971	20,536,632
Capital work-in-progress		433,885,819	467,115,597
Long-term loans and advances	14	291,379,702	364,790,606
Other non-current assets	15.2	15,329,084	14,913,291
		2,086,091,359	2,281,665,303
Current assets			
Inventories	16	2,161,479,871	2,235,150,942
Trade receivables	15.1	4,432,893	5,825,755
Cash and bank balances	17	83,327,175	224,925,096
Short-term loans and advances	14	247,213,689	423,601,754
Other current assets	15.2	370,650	933,738
		2,496,824,078	2,890,437,285
Total		4,582,918,037	5,172,102,678

Summary of significant accounting policies

4.1

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For S.R. Batliboi & CO. LLP
Firm Registration No.: 301003E
Chartered Accountants

per Vikas Mehra
Partner
Membership No.: 094421

Place: Gurgaon
Date: June 20, 2015

For and on behalf of the board of directors of Bharti Retail Limited

[Signature]
(Director)

[Signature]
(Director)

[Signature]
(Chief Executive Officer)

[Signature]
(Company Secretary)

[Signature]
(Chief Financial Officer)

Bharti Retail Limited
Statement of profit and loss for the year ended March 31, 2015

Particulars	Notes	April 1, 2014 to March 31, 2015 Rs.	January 1, 2013 to March 31, 2014 Rs.
Revenue from operations	18	17,794,207,872	23,431,198,822
Other income	19	700,332,832	113,834,051
Exceptional items	24	-	3,958,403,128
Total Revenue (I)		18,494,540,704	27,503,536,001
Expenses			
Purchase of traded goods	20	15,628,025,221	22,891,452,072
Decrease / (Increase) in inventories of traded goods	21	80,816,389	(668,548,228)
Employee benefits expense	22	1,815,281,275	1,726,257,874
Other expenses	23	4,318,112,888	5,387,616,319
Total (II)		21,643,336,581	28,335,778,136
Earning before interest, tax, depreciation and amortisation (EBITA) (I)-(II)		(3,148,794,847)	(1,832,242,135)
Depreciation and amortization expense	25	441,036,927	607,063,808
Finance costs	26	202,207,320	708,808,488
(Loss) for the year		(3,782,118,094)	(3,746,112,431)
(Loss) per equity share (nominal value of share Rs. 10 (March 31, 2014: Rs. 10))	27		
Basic and Diluted		(2.71)	(5.42)

Summary of significant accounting policies

4.1

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For S.R. Batlibal & CO, LLP
Firm Registration No.: 301003E
Chartered Accountants

per Vikas Mishra
Partner
Membership No.: 094421

Place: Gurugram
Date: June 20, 2015



For and on behalf of the board of directors of Bharti Retail Limited

[Director]

[Director]

[Chief Executive Officer]

[Company Secretary]

[Chief Financial Officer]



Bharti Retail Limited
Cash flow statement for the year ended March 31, 2015

Particulars	April 1, 2014 to March 31, 2015 (Rs.)	January 1, 2013 to March 31, 2014 (Rs.)
A. Cash flow used in Operating activities	(3,792,116,094)	(3,146,112,431)
Profit/(Loss) before tax		
Non-cash adjustment to reconcile profit before tax to net cash flows	441,035,827	607,063,808
Depreciation / amortisation	165,002,796	168,842,628
Loss on sale of assets / assets written off (net)	2,910	24,494
Unrealised loss / (gain) on exchange fluctuation	(491,408,071)	(23,489,129)
Reversal of Lease equalisation reserve	(74,313,829)	(19,081,929)
Excess provision for probable store closure / dropped sites expenses written back	(72,787,025)	
Excess Provisions Written back	12,081,098	186,306,793
Provision for probable store closure / dropped sites expenses		(43,554,830)
Loss by fire	29,346,862	3,058,502
Advances / deposits Written off	269,138	
Advance Fringe benefit tax Written off	3,811,076	18,148,337
Provision for doubtful debts and advances	9,148,722	20,009,397
Provision for doubtful capital advance and capital work in progress	(3,069,278)	(3,958,403,128)
Liabilities written back	(507,844)	(11,250,627)
Net gain on sale of non-trade current investments	(1,232,225)	(7,670,871)
Interest income	199,253,600	684,334,486
Interest expense	(3,575,494,237)	(5,521,776,300)
Operating loss before working capital changes		
Movements in working capital :		
Increase/ (Decrease) in Other long term Liabilities	208,049,225	433,852,212
Increase/ (Decrease) in Long Term Provisions	40,134,471	2,369,424
Increase/ (Decrease) in Current Trade payables	78,742,203	(1,180,208,916)
Increase/ (Decrease) in Non Current Trade payables		(175,092,786)
Increase/ (Decrease) in Other Current Liabilities	175,883,082	33,213,852
Increase/ (Decrease) in Short Term Provisions	(64,724,905)	28,098,689
Decrease/ (Increase) in Long Term Loans & Advances	76,392,365	84,988,303
Decrease/ (Increase) in Inventories	73,671,071	(641,416,374)
Decrease/ (Increase) in Trade Receivable	(3,063)	(1,041,935)
Decrease/ (Increase) in Short Term Loans & Advances	158,812,109	(83,129,858)
	(2,828,537,589)	(7,028,039,709)
Cash generated from operations	(14,455,399)	(8,572,281)
Taxes paid (TDS)	(2,842,992,988)	(7,036,611,390)
Net cash flow used in operating activities - (A)		
B. Cash flow used in investing activities	(513,703,441)	(638,583,944)
Purchase of fixed assets (Including capital work in progress & Capital Advances)	2,244,916	7,026,465
Interest received	(192,500,000)	(2,630,000,000)
Purchase of non trade current investment mutual funds	193,007,844	2,641,250,827
Proceed from sale of non trade current investment in mutual funds	(865,596)	(1,042,356)
Deposits (with maturity more than three months)	9,124,032	11,893,495
Proceeds from sale of fixed assets/capital work in progress	(502,892,245)	(609,435,513)
Net cash flow used in investing activities - (B)		
C. Cash flow from Financing activities	1,330,000,000	72,830,000,000
Proceeds from Share application Money	17,894,000,000	(354,000,000)
Proceeds from short term borrowings		80,000,000
Re-payment from long term borrowings	540,000,000	(64,377,855,261)
Proceeds from long term borrowings	(16,360,000,000)	(680,381,648)
Re-payment from short term borrowings	(189,512,578)	
Interest paid	3,204,087,322	7,497,762,690
Net cash flow from financing activities - (C)	(141,597,821)	(148,284,673)
Net (decrease) in cash and cash equivalents (A+B+C)	224,925,096	373,209,709
Cash and cash equivalents as at the beginning of the period	83,327,175	274,925,096
Cash and cash equivalents as at the end of the period		

Bharti Retail Limited

Cash flow statement for the year ended March 31, 2015

Particulars	April 1, 2014 to March 31, 2015 (Rs.)	January 1, 2013 to March 31, 2014 (Rs.)
Components of cash and cash equivalents		
Cash on hand	39,517,077	69,612,130
Balances with scheduled banks		
On current account	43,810,098	125,312,966
On deposit accounts with original maturity of less than three months	-	30,000,000
Cash and cash equivalent in cash flow statement	<u>83,327,175</u>	<u>224,925,096</u>
Summary of significant accounting policies	4.1	

Notes:-

1. Figures in brackets indicate cash out flow.

As per our report of even date

For S.R. Batlibal & Co. LLP
Firm Registration No.: 301003E
Chartered Accountants:

per Vikas Mehra
Partner
Membership No.: 094421

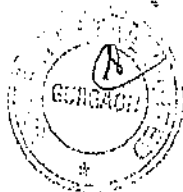
Place: Gurgaon
Date: June 30, 2015



For and on behalf of the Board of Directors of Bharti
Retail Limited

(Signature)
[Director] [Director]
(Signature)
[Company Secretary]

(Signature)
[Chief Executive Officer]
(Signature)
[Chief Financial Officer]



1 Corporate Information

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

2 Scheme of arrangement subsequent to year end

Subsequent to the year end, the Company in its board meeting dated May 4, 2015, has approved a composite scheme of arrangement under the provisions of Sections 381-394 read with Sections 100-104 of the Companies Act, 1956 and other applicable provisions of the Companies Act, 1956/ Companies Act, 2013 for demerger of the Retail Infrastructure Business Undertaking of the Company into Future Retail Limited and demerger of Retail Business Undertaking of Future Retail Limited and vesting in the Company with effect from the "the Appointed Date" as defined in the Scheme subject to appropriate approvals. Further, subject to appropriate approvals it has also been resolved that the authorized share capital of the Company be reduced from INR 13,98,86,00,000 consisting of 1,39,88,60,000 equity shares of INR 10 each fully paid up to INR 8,69,56,522 divided into 4,34,78,261 equity shares of INR 2 (Rupees Two only) each, fully paid-up. As the scheme is subject to approvals, no impact of the same is considered in the financial statements.

3 Going Concern

The accumulated losses of the Company as at March 31, 2015 amounting to Rs. 18,202,804,225 (Rs. 14,410,486,131 as at March 31, 2014) has resulted in erosion of net worth as on that date. Further, it has incurred negative cash flow from operations of Rs. 2,842,992,998 (15 months period ended March 31, 2014 Rs. 7,036,611,990) and loss of Rs. 3,792,116,094 (15 months period ended March 31, 2014 Rs. 3,146,112,431) during the year ended March 31, 2015 and has net current liability of Rs. 3,230,606,549 (Rs. 1,260,838,114 as at March 31, 2014) as at March 31, 2015.

However as the Company had started commercial operations during the year 2008, the management believes that it is in the initial gestation period and had expected to incur losses for carrying out retail business in India. The accumulated losses of the Company are envisaged and mainly towards development of infrastructure to support the long term growth plan. The Company has got a commitment of continued financial support from Parent Company (Bharti Enterprises Limited) to contribute to the shortfall of the capital requirements.

On the above basis, the management is of opinion that there is no going concern issue with the Company and accordingly the financial statements have been prepared on going concern basis.

4 Basis of preparation

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

The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year except for change in accounting policy disclosed below.

4.1 Summary of significant accounting policies

a. Changes in accounting policy

i. Method of inventory valuation

In the current year, the Company has changed method of valuation of inventory at retail stores from retail inventory method to valuation of inventory at Cost on weighted average basis. The management believes that such change will result better presentation of financial position. In view of practical difficulties faced due to large volume of items, the impact of such change could not be disclosed in the financial statements.

b. Use of estimates

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

c. Tangible fixed assets

Fixed assets are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, borrowing costs if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.

Gains or losses arising from derecognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

d. Depreciation on tangible fixed assets

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

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

1) Assets individually costing Rs. 5,000 or less are fully depreciated over a period of 12 months from the date put to use.

2) Wherever the life is different from as indicated in Schedule II, the same is based on technical assessment done by technical people

3) Further the scrap value is considered as Nil.

e. Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any.

Intangible assets are amortized on a straight line basis over the estimated useful economic life. The Company uses a rebuttable presumption that the useful life of an intangible asset will not exceed five years from the date when the asset is available for use. If the persuasive evidence exists to the effect that useful life of an intangible asset exceeds five years, the Company amortises the intangible asset over the best estimate of its useful life. Such intangible assets not yet available for use are tested for impairment annually, either individually or at the cash-generating unit level. All other intangible assets are assessed for impairment whenever there is an indication that the intangible asset may be impaired.

The amortization period and the amortization method are reviewed at least at each financial year end. If the expected useful life of the asset is significantly different from previous estimates, the amortization period is changed accordingly. If there has been a significant change in the expected pattern of economic benefits from the asset, the amortization method is changed to reflect the changed pattern. Such changes are accounted for in accordance with AS 5 Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit and loss when the asset is derecognised.

f. Leases

Where the Company is lessee

Finance leases, which effectively transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the inception of the lease term at the lower of the fair value of the leased property and present value of minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in the statement of profit and loss. Lease management fees, legal charges and other initial direct costs of lease are capitalized.

A leased asset is depreciated on a straight-line basis over the useful life of asset. However, if there is no reasonable certainty that the Company will obtain the ownership by the end of the lease term, the capitalized leased asset is depreciated on a straight-line basis over the shorter of the estimated useful life of the asset or the lease term.

Leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognized as an expense in the statement of profit and loss on a straight-line basis over the lease term.

Where the Company is the lessor

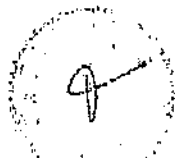
Leases in which the Company transfers substantially all the risks and benefits of ownership of the asset are classified as finance leases. Assets given under finance lease are recognized as a receivable at an amount equal to the net investment in the lease. After initial recognition, the Company apportions lease rentals between the principal repayment and interest income so as to achieve a constant periodic rate of return on the net investment outstanding in respect of the finance lease. The interest income is recognized in the statement of profit and loss. Initial direct costs such as legal costs, brokerage costs, etc. are recognized immediately in the statement of profit and loss.

Leases in which the Company does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Assets subject to operating leases are included in fixed assets. Lease income on an operating lease is recognized in the statement of profit and loss on a straight-line basis over the lease term. Costs, including depreciation, are recognized as an expense in the statement of profit and loss. Initial direct costs such as legal costs, brokerage costs, etc. are recognized immediately in the statement of profit and loss.

g. Borrowing costs

Borrowing cost includes interest, amortization of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

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



h. Impairment of tangible and intangible assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

Impairment losses including impairment on inventories, are recognized in the statement of profit and loss.

i. Investments

Investments, which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments.

On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties.

Current investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

j.

i. Inventories (Valued at lower of cost and net realisable value)

Inventories of Traded goods are valued at lower of cost and net realisable value. Cost of Traded goods and Stores & supplies inventory is determined on weighted average cost basis.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated cost necessary to make the sale.

k. Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

Sale of Goods

Revenue from sale of goods is recognized when all the significant risks and rewards of ownership of the goods have been passed to the buyer, usually on delivery of the goods. The Company collects sales taxes and value added taxes (VAT) on behalf of the government and, therefore, these are not economic benefits flowing to the Company. Hence, they are excluded from revenue.

Income from services

Income from services includes:

- (a) Income from sub-leasing which is recognised in the Statement of Profit and Loss Account on a straight-line basis over the lease term.
- (b) Income from services are recognized on accrual basis as per the terms of agreement as and when such services are rendered. The Company collects service tax on behalf of the government and, therefore, it is not an economic benefit flowing to the Company. Hence, it is excluded from revenue.

Interest

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the applicable interest rate. Interest income is included under the head "other income" in the statement of profit and loss.

Insurance Claims

Insurance claims are accounted only when there is a reasonable certainty of its ultimate collection.



l. Foreign currency translation

Foreign currency transactions and balances

(i) Initial recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

(ii) Conversion

Foreign currency monetary items are retranslated using the exchange rate prevailing at the reporting date. Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction. Non-monetary items, which are measured at fair value or other similar valuation denominated in a foreign currency, are translated using the exchange rate at the date when such value was determined.

(iii) Exchange differences

Exchange differences arising on the settlement of monetary items or on reporting monetary items of the Company at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expense in the year in which they arise.

m. Retirement and other employee benefits

(i) Retirement benefits in the form of Provident Fund is a defined contribution scheme and the contributions are charged to the statement of profit and loss of the reporting period when the contributions to the respective funds are due. There are no other obligations other than the contribution payable to the respective fund.

(ii) The Company operates one defined benefit plan for its employees. The cost of providing benefits under Gratuity plan is determined on the basis of an actuarial valuation done using projected unit credit method at the end of each financial year. Actuarial gains and losses for defined benefit plans are recognized in full in the period in which they occur in the statement of profit and loss.

(iii) Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date. The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the reporting period end. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred. The Company presents the entire leave as a current liability in the balance sheet, since it does not have an unconditional right to defer its settlement for 12 months after the reporting date.

(iv) Liability for long term incentive plan are provided for on the basis of actuarial valuation on projected unit credit method made at the end of each financial year. Actuarial gains and losses are recognized in full in the period in which they occur in the statement of profit and loss.

n. Income taxes

Tax expense comprises current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognized directly in equity is recognized in equity and not in the statement of profit and loss.

Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current period and reversal of timing differences for the earlier periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted at the reporting date. Deferred income tax relating to items recognized directly in equity is recognized in equity and not in the statement of profit and loss.

Deferred tax liabilities are recognized for all taxable timing differences. Deferred tax assets are recognized for deductible timing differences only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

At each reporting date, the Company re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax asset to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realized.

The carrying amount of deferred tax assets are reviewed at each reporting date. The Company writes-down the carrying amount of deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set-off current tax assets against current tax liabilities.

o. Earnings / (Loss) Per Share

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

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

p. Provisions

A provision is recognized when the Company has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

The expense relating to any provision is presented in the statement of profit and loss net of any reimbursement.

q. Contingent liabilities

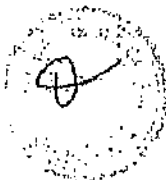
A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

r. Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

s. Measurement of EBITDA

The company has elected to present earnings before interest, tax, depreciation and amortization (EBITDA) as a separate line item on the face of the statement of profit and loss. The company measures EBITDA on the basis of profit/ (loss) from continuing operations. In its measurement, the company does not include depreciation and amortization expense, finance costs and tax expense.



Bharti Retail Limited
Notes to financial statements for the year ended March 31, 2015

5 Share capital	March 31, 2015 Rs.	March 31, 2014 Rs.
Authorized shares 2,500,000,000 (March 31, 2014: 1,400,000,000) equity shares of Rs 10 each	25,000,000,000	14,000,000,000
Issued, subscribed and fully paid-up shares 1,398,660,000 (March 31, 2014: 1,398,660,000) equity shares of Rs 10 each fully paid up	13,986,600,000	13,986,600,000
Total issued, subscribed and fully paid-up share capital	13,986,600,000	13,986,600,000

(a) Reconciliation of the equity shares outstanding at the beginning and at the end of the year

	March 31, 2015		March 31, 2014	
	Nos.	Rs.	Nos.	Rs.
At the beginning of the year	1,398,660,000	13,986,600,000	532,806,000	5,328,060,000
Issued during the year	-	-	865,854,000	8,658,540,000
Outstanding at the end of the year	1,398,660,000	13,986,600,000	1,398,660,000	13,986,600,000

(b) Terms/rights attached to equity shares

The Company has only one class of equity shares having a par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(c) Shares held by holding / ultimate holding company

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

	March 31, 2015 Rs.	March 31, 2014 Rs.
Cedar Support Services Limited, the holding Company* 1,398,659,994 (March 31, 2014: 1,398,659,994) equity shares of Rs. 10 each fully paid	13,986,599,940	13,986,599,940

* 100% subsidiary of Bharti Enterprises Limited

As at March 31, 2015 Six (March 31, 2014: Six) equity shares of Rs 10 each fully paid are held by nominee shareholders of Cedar Support Services Limited.

(d) Details of shareholders holding more than 5% shares in the Company

Name of the Shareholder	March 31, 2015		March 31, 2014	
	Nos.	% holding	Nos.	% holding
Equity shares of Rs 10 each fully paid up Cedar Support Services Limited, Holding Company	1,398,659,994	99.99%	1,398,659,994	99.99%

As per records of the Company, including its register of shareholders/members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

Shanti Retail Limited
Notes to financial statements for the year ended March 31, 2015
6 Reserves and surplus

	March 31, 2015	March 31, 2014
	Rs	Rs
Capital reserve		
Balance as per last financial statements	3,960,000,000	-
Addition during the year*	-	3,960,000,000
	<u>3,960,000,000</u>	<u>3,960,000,000</u>
Deficit in the statement of profit and loss		
Balance as per last financial statements	(18,370,486,131)	(15,224,373,700)
Loss for the year	(3,792,118,094)	(3,146,112,431)
	<u>(22,162,604,225)</u>	<u>(18,370,486,131)</u>
Total reserves and surplus	<u>(18,202,604,225)</u>	<u>(14,410,486,131)</u>

*During the previous period, loan of Rs. 3,960,000,000 borrowed by the company from HSBC bank was re-paid by Walmart on non-recourse basis. Walmart was holding Compulsorily Convertible Debentures and was a joint venture in the Company's holding company i.e. Cedar Support Services Limited along with the Company's erstwhile ultimate parent company i.e. Shanti Ventures Limited. This was pursuant to the terms of termination Agreement executed between these two parties in the previous year basis, the terms of which and also the Joint venture Agreement, this repayment/walwa was in the nature of a capital contribution and was accordingly transferred to Capital reserve in the Balance Sheet.

7 Long-term borrowings

	Non-current		Current Maturities	
	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
	Rs.	Rs.	Rs.	Rs.
Term loans				
Indian rupee loan from banks (secured)	540,000,000	-	-	-
	<u>540,000,000</u>	<u>-</u>	<u>-</u>	<u>-</u>

Indian rupee loan from bank carries interest @ 10.80% p.a. The total loan sanctioned is Rs. 1,500,000,000 and is repayable in 12 equal quarterly installments of Rs. 125,000,000 each after moratorium period of four years, from the date of first disbursement, viz., March 27, 2015. The loan is secured by first part passu charge by way of mortgage/hypothecation of non-movable assets and Movable assets of the company and second part passu charge on entire current assets of the Company.

8 Other long-term liabilities

	March 31, 2015	March 31, 2014
	Rs.	Rs.
Lease equalisation account	1,117,318,237	1,400,677,083
	<u>1,117,318,237</u>	<u>1,400,677,083</u>

9 Provisions

	Long term		Short term	
	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
	Rs.	Rs.	Rs.	Rs.
Provision for employee benefits				
Provision for long term incentive plan	28,520,300	2,984,386	48,464,350	8,111,961
Provision for gratuity (refer note 2B)	55,650,498	41,051,941	27,800,640	26,300,650
Provision for leave benefits	-	-	50,797,188	38,596,387
	<u>84,170,798</u>	<u>44,036,327</u>	<u>126,562,176</u>	<u>73,008,998</u>
Others				
Provision for probable store closure / dropped sites expenses (Refer note 39)	-	-	150,991,547	331,502,361
	<u>-</u>	<u>-</u>	<u>150,991,547</u>	<u>331,502,361</u>
	<u>84,170,798</u>	<u>44,036,327</u>	<u>277,553,723</u>	<u>404,511,359</u>

Bharti Retail Limited
Notes to financial statements for the year ended March 31, 2015

10 Short-Term Borrowings	March 31, 2015	March 31, 2014
	Rs.	Rs.
From bank:	2,400,000,000	-
- Working capital loan (Secured)	964,000,000	500,000,000
- Working capital loan (Un-secured)	-	-
From related parties:	-	1,330,000,000
- Loan from related party (Un-secured)	3,364,000,000	1,830,000,000
The above amount includes	2,400,000,000	-
Secured borrowings	964,000,000	1,830,000,000
Unsecured borrowings	-	-

(i) Working capital secured loan from bank carries interest rate from 10.30%. The loan is repayable on April 10, 2015. The loan is secured by first pari passu charge on current assets of the Company. Further secured by corporate guarantee from erstwhile parent company, Bharti Ventures Limited.

(i) Working capital un-secured loan from bank is repayable by June 2015 and carries an interest rate of 10.35%

(ii) Unsecured loan in previous year was from erstwhile parent company, Bharti Ventures Limited.

11 Other Current Liabilities	March 31, 2015	March 31, 2014
	Rs.	Rs.
Trade payables (refer note 35 for details of dues to micro and small enterprises)	1,880,911,264	1,585,238,259
Other Liabilities	90,865,170	99,851,689
Payable for capital goods	53,376,842	-
Bank overdraft	4,287,032	2,572,622
Lease equalisation account	-	5,648,618
Deferred revenue	9,075,087	9,734,165
Interest accrued but not due on borrowings	-	-
Others	4,889,039	3,121,693
Security deposits received	7,151,330	9,344,589
Advance from customers	159,780,180	54,752,099
Staff payables	95,539,500	146,499,507
Statutory dues	424,966,240	331,525,781
	2,085,877,504	1,916,784,040

(This space has been intentionally left blank)

Board Retail Limited
Notes to financial statements for the year ended March 31, 2015

12 Impairment losses

Cost	Leasehold Improvements	Plant and Equipment	Office equipment	Furniture and Fixtures	Computers Hardware	Impairment Losses
At 1 January 2013	645,240,032	845,759,520	13,453,354	598,279,337	434,766,753	2,536,549,096
Additions	74,093,335	729,018,856	1,561,404	114,775,237	53,353,177	305,793,709
Disposals / adjustments during the period	(59,609,851)	(75,518,535)	(2,167,308)	(172,303,160)	(14,303,081)	(363,901,902)
At 31 March 2014	659,723,516	849,259,241	12,847,450	540,751,414	473,816,849	2,641,405,823
Disposals / adjustments during the year	(76,694,078)	(1,335,160)	1,483,553	11,658,787	718,687,154	251,051,712
At 31 March 2015	583,029,438	847,924,081	(1,367,897)	552,410,191	1,192,504,003	3,143,558,935
Depreciation	571,020,035	842,697,939	12,753,235	601,757,648	637,931,302	2,566,160,660
At 1 January 2013	88,036,793	339,944,722	6,754,977	183,341,957	179,036,355	799,126,794
Charge for the year	71,287,690	208,235,679	2,771,295	124,945,440	197,925,105	605,208,609
Disposals / adjustments during the period	(34,402,462)	(48,520,253)	(2,002,070)	(73,512,743)	(10,425,109)	(163,232,637)
At 31 March 2014	124,921,021	499,659,148	9,524,202	234,774,654	266,536,351	1,235,400,385
Charge for the year	53,781,308	165,706,790	1,748,765	95,372,959	80,825,653	407,446,384
Disposals / adjustments during the year	(27,742,516)	(59,791,327)	(1,107,585)	(25,947,116)	(47,475,629)	(161,974,173)
At 31 March 2015	150,959,813	605,574,611	10,165,382	304,199,497	400,886,375	1,490,556,877
Net Book						
At 31 March 2014	204,511,495	334,609,792	3,303,250	408,582,652	107,287,458	1,056,294,717
At 31 March 2015	204,511,495	227,987,120	2,517,849	297,876,855	121,968,122	1,055,862,441

The Company is in the process of opening up of new stores. Accordingly certain capitalization has been made on provisional basis and adjustments, if any, in account of receipt of final bills will be made as and when such bills are received. In view of the management, impact of such adjustments will not be material.

During the period, the Company based on detailed assessment of the future cash flows at its identified CGUs, has concluded that no provision for impairment losses other than Provision for probable store closure / dropped sites expenses of Rs. 150,991,547, as explained in note no. 38, is considered necessary.

13 Intangible assets

Goodwill	Computer Software	Amounts in Rs.
At 1 January 2013		
Purchases	2,898,097	2,898,097
At 31 March 2014	20,350,769	20,350,769
Purchases	35,348,865	35,348,865
Disposals / adjustments during the period	(265,611,466)	(265,611,466)
At 31 March 2015	(209,912,832)	(209,912,832)
Amortization		
At 1 January 2013		
Charge for the period	2,554,835	2,554,835
At 31 March 2014	1,857,299	1,857,299
Charge for the period	4,812,234	4,812,234
Disposals / adjustments during the period	(31,595,643)	(31,595,643)
At 31 March 2015	(24,926,110)	(24,926,110)
Net Book		
At 31 March 2014	36,312,735	36,312,735
At 31 March 2015	20,535,832	20,535,832
	239,861,571	239,861,571



Phanti Retail Limited
Notes to financial statements for the year ended March 31, 2015

14 Loans and advances

	Non-current		Current	
	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
	Rs.	Rs.	Rs.	Rs.
Capital advances				
Unsecured, considered good	46,049,418	44,087,543	-	-
Doubtful	1,479,674	460,178	-	-
	47,529,092	44,547,721	-	-
Less: Provision for doubtful capital advances	(1,479,674)	(460,178)	-	-
A	46,049,418	44,087,543	-	-
Security deposit				
Unsecured, considered good	199,324,117	281,198,020	56,810,099	166,057,326
Doubtful	-	-	11,948,354	12,350,608
	199,324,117	281,198,020	68,758,453	198,407,934
Less: Provision for doubtful security deposit	-	-	(11,948,354)	(12,350,608)
B	199,324,117	281,198,020	56,810,099	166,057,326
Advances recoverable in cash or kind				
Unsecured, considered good	4,050,657	17,566,351	109,053,721	169,861,843
Doubtful	-	-	14,853,852	18,082,057
	4,050,657	17,566,351	123,907,573	188,943,900
Less: Provision for doubtful advances	-	-	(14,853,852)	(18,082,057)
C	4,050,657	17,566,351	109,053,721	169,861,843
Other loans and advances				
Advance income-tax (net of provision for taxation)	30,526,970	5,881,690	8,307,540	18,497,421
Advance Fringe benefit tax (net of provision for taxation)	-	-	-	269,138
Prepaid expenses	582,008	836,517	48,209,451	33,446,684
Balances with statutory/ government authorities	16,872,650	15,222,475	24,833,078	15,460,342
	47,981,628	21,940,782	81,350,069	67,682,585
Provision for Other Loans & Advances	(6,026,118)	-	-	-
D	41,955,510	21,940,782	81,350,069	67,682,585
Total (A + B + C + D)	291,379,702	364,790,696	247,213,669	423,601,754

[This space has been intentionally left blank]

Shakti Retail Limited
Notes to financial statements for the year ended March 31, 2015

15 Trade receivables and other assets

15.1 Trade receivables

	Non-current		Current	
	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
	Rs.	Rs.	Rs.	Rs.
Unsecured, considered good unless stated otherwise				
Outstanding for a period exceeding six months from the date they are due for payment				
Unsecured considered good Doubtful	-	-	26,265	69,642
	-	-	1,581,833	271,368
Less: Provision for doubtful receivables	-	-	1,608,098	341,010
	-	-	(1,581,833)	(271,368)
Other receivables	-	-	28,265	69,642
Unsecured, considered good Doubtful	-	-	4,406,628	5,756,113
	-	-	601,988	516,600
Less: Provision for doubtful receivables	-	-	5,008,586	5,272,621
	-	-	(601,988)	(516,600)
	-	-	4,406,628	5,756,113
	-	-	4,432,893	5,825,755

15.2 Other assets

	Non-current		Current	
	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
	Rs.	Rs.	Rs.	Rs.
Unsecured, considered good unless stated otherwise				
Non Current bank balances (note 17)	14,707,425	13,841,829	-	-
Others				
Interest accrued on fixed deposits	621,658	1,071,462	370,850	6,164
Interest accrued on other	-	-	-	927,574
	15,329,084	14,913,291	370,850	933,738

16 Inventories

	March 31, 2015	March 31, 2014
	Rs.	Rs.
Traded goods inventory at Stores (valued at lower of cost and net realisable value on weighted average basis) (includes in transit Rs. 4,754,056 (March 31, 2014: Rs. 6,932,784))	1,573,089,704	1,617,630,349
Traded goods inventory at warehouse (valued at lower of cost and net realisable value on weighted average basis) (includes in transit Rs. 1,416,099 (March 31, 2014: Rs. 955,453))	575,857,030	612,032,754
Stores & supplies (valued at lower of cost on weighted average basis)	12,733,137	5,487,639
	2,161,479,871	2,235,150,742

Details of Inventory (Traded goods)

	March 31, 2015	March 31, 2014
	Rs.	Rs.
Food		
Non Food	887,976,317	961,579,752
FMCG	805,835,532	643,036,339
Others	455,134,885	626,047,012
	2,148,746,734	2,229,663,103

Saxena Retail Limited

Notes to financial statements for the year ended March 31, 2015

17. Cash and bank balances

	Non-current		Current	
	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
	Rs.	Rs.	Rs.	Rs.
Cash and cash equivalents				
Balances with banks:				
- On current accounts	-	-	43,810,098	125,312,966
- Deposits with original maturity of less than three months	-	-	-	30,000,000
Cash on hand	-	-	39,517,077	69,612,130
			83,327,175	224,925,096
Other bank balances				
- Deposits with original maturity for more than 12 months	5,346,941	4,412,621	-	-
- Deposits with original maturity for more	-	-	-	-
- Margin Money deposits	9,360,484	9,429,208	-	-
	14,707,425	13,841,829	-	-
Amount disclosed under non-current assets (note 15.2)	(14,707,425)	(13,841,829)	-	-
			83,327,175	224,925,096

Margin money deposits

Margin money deposits of Rs. 9,360,484 (March 31, 2014: Rs.9,429,208) are given against bank guarantees. Deposits of Rs. 5,346,941 (March 31, 2014: Rs. 4,412,621) given as security to various Tax authorities and Agriculture produce marketing committees.



[This space has been intentionally left blank]



Bharti Retail Limited
Notes to financial statements for the year ended March 31, 2016

18 Revenue from operations

	April 1, 2014 to March 31, 2015 Rs.	January 1, 2013 to March 31, 2014 Rs.
Revenue from operations		
Sale of products		
Traded goods	17,724,094,091	23,311,097,407
Sale of services	20,337,552	60,389,981
Sub lease income	17,198,836	20,701,674
Others		
Other operating revenues	30,577,393	30,009,860
Scrap sales	17,794,207,872	23,431,198,822

Details of product sold (Traded goods)

Particulars	April 1, 2014 to March 31, 2015 Rs.	January 1, 2013 to March 31, 2014 Rs.
Food	10,767,872,269	14,318,404,717
Non Food		
FMCG	3,269,708,851	4,002,203,433
Others	3,808,511,871	4,990,329,257
	17,724,094,091	23,311,097,407

19 Other Income:

	April 1, 2014 to March 31, 2015 Rs.	January 1, 2013 to March 31, 2014 Rs.
Interest income on		
a. Bank deposits	1,232,225	7,410,034
b. Others		260,837
Net gain on sale of non-trade current investments	507,844	17,250,827
Excess provision for probable store closure / dropped sites	74,313,829	19,081,926
expenses written back (refer note 39)		
Reversal of lease equalisation reserve #	491,408,071	23,469,128
Excess Provisions Written back @	72,797,025	
Liabilities Written back	3,059,278	994,800
Other non operating income	57,004,550	51,446,395
	700,332,832	113,934,051

Represent reversal in respect of lease equalisation of closed stores / sites in the current year.

@ Represent mainly reversal in respect of provisions relating to certain closed stores and certain provisions for expenses/expected vendor claims not expected to arise in future

20 Purchases

	April 1, 2014 to March 31, 2015 Rs.	January 1, 2013 to March 31, 2014 Rs.
Traded goods purchased	15,628,025,221	22,891,452,072
	15,628,025,221	22,891,452,072

Details of traded goods purchased

Particulars	April 1, 2014 to March 31, 2015 Rs.	January 1, 2013 to March 31, 2014 Rs.
Food	5,604,120,893	14,340,699,688
Non Food		
FMCG	2,731,751,411	3,739,317,795
Others	3,292,153,117	4,811,434,589
	15,628,025,221	22,891,452,072

Shree Retail Limited

Notes to financial statements for the year ended March 31, 2016

21 Decrease / (Increase) in inventories of traded goods

	April 1, 2014 to March 31, 2015	January 1, 2013 to March 31, 2014
	Rs.	Rs.
Inventories at the end of the year	2,148,746,734	2,229,663,103
Inventories at the beginning of the year	2,229,663,103	1,560,714,874
	69,916,369	(669,848,229)

22 Employee benefit expense

	April 1, 2014 to March 31, 2015	January 1, 2013 to March 31, 2014
	Rs.	Rs.
Salaries, wages and bonus	1,421,345,015	1,497,745,645
Contribution to provident and other fund	91,637,758	94,544,134
Gratuity expense (refer note 28)	30,770,441	35,333,291
Staff welfare expenses	71,528,051	97,634,904
	1,615,281,275	1,726,257,974

23 Other expenses

	April 1, 2014 to March 31, 2015	January 1, 2013 to March 31, 2014
	Rs.	Rs.
Consumable stores	136,060,808	133,237,657
Rates, fees and taxes	24,366,434	30,625,450
Rent	1,035,068,020	1,485,256,966
Legal and professional	685,708,828	382,288,357
Recruitment & training	31,824,797	59,963,653
Insurance	8,949,956	24,373,559
Business support services	189,519,361	448,886,004
Royalty and management fees	122,645,031	206,267,216
Electricity and water	396,313,392	578,851,668
Freight and cartage	17,189,228	13,524,075
Repairs and maintenance - others	704,654,970	712,173,417
Advertising and sales promotion	173,693,755	452,359,109
Printing and stationery	16,811,084	18,951,001
Payment to auditor (refer details below)	8,938,885	8,220,613
Telephone, telex postage and fax	104,225,982	80,827,574
Travelling and conveyance	190,111,421	161,828,572
Settlement with landlords/Vendors	114,082,113	21,315,533
(Gain) / Loss on exchange fluctuation	19,530	45,830
Bank and Other Collection charges	86,728,070	124,491,305
Loss on sale of assets (net)	18,702,411	13,921,342
Fixed assets / CWP written off*	146,300,385	154,921,288
Provision for doubtful debts and advances	3,811,076	18,146,337
Provision for doubtful capital advance and capital work in progress*	9,148,722	20,009,397
Provision for probable store closure / dropped sites expenses (net of reversal of loss equalisation reserve of Rs. Nil (Previous period Rs. 113,421,993)) (refer note 38)	12,081,088	166,206,793
	68,141,611	54,823,567
Miscellaneous expenses	4,319,112,696	5,387,516,319

* Write off mainly include Leasehold improvements, fixtures, IT equipment etc. rendered unusable due to certain stores closed / dropped during the year.

Bharti Retail Limited
Notes to financial statements for the year ended March 31, 2015

Payment to auditor

	April 1, 2014 to March 31, 2015	January 1, 2013 to March 31, 2014
	Rs.	Rs.
As auditor:		
Audit fee (Previous year net of reversal of provision of Rs. 345,000)	6,056,204	6,044,968
Tax audit fee	561,800	1,550,568
In other capacity:		
Other services (certification fees)	-	292,136
Reimbursement of expenses	320,661	332,343
	<u>6,938,665</u>	<u>8,220,015</u>

Figures above are inclusive of service tax.

24. Exceptional Items

	April 1, 2014 to March 31, 2015	January 1, 2013 to March 31, 2014
	Rs.	Rs.
Liability written back	-	3,958,403,128
	-	<u>3,958,403,128</u>

During the previous period Rs. 3,958,403,128 was written back which was payable to Bharti Wal-Mart Private Limited under the Supply Agreement with the Company for purchase of merchandise goods. This was pursuant to the terms of the agreement between the parties.

25. Depreciation and amortization expense

	April 1, 2014 to March 31, 2015	January 1, 2013 to March 31, 2014
	Rs.	Rs.
Depreciation of tangible assets	407,440,384	605,206,609
Depreciation of intangible assets	33,595,543	1,857,299
	<u>441,035,927</u>	<u>607,063,908</u>

During the previous period, the Company had revised the useful lives of certain fixed assets. Accordingly, the depreciation charge for the previous period was higher by Rs. 87,524,050

26. Finance costs

	April 1, 2014 to March 31, 2015	January 1, 2013 to March 31, 2014
	Rs.	Rs.
Interest		
On term loan & bank overdraft	196,937,181	683,668,574
Others	2,316,419	865,912
Other borrowing cost	3,033,720	22,472,002
	<u>202,287,320</u>	<u>706,806,488</u>

27. Earnings per share (EPS)

The following reflects the profit and share data used in the basic and diluted EPS computations:

	April 1, 2014 to March 31, 2015	January 1, 2013 to March 31, 2014
	Rs.	Rs.
Net (loss) for calculation of basic and diluted EPS	(3,792,118,094)	(3,146,112,431)
	Nos.	Nos.
Weighted average number of equity shares in calculating basic and diluted EPS (Nominal value of Rs.10 (March 31, 2014: Rs.10) each)	1,398,650,000	580,380,396

Bharti Retail Limited

Notes to financial statements for the year ended March 31, 2015

26 Gratuity and other post-employment benefit plans

The Company has a defined benefit gratuity plan. Every employee irrespective of the year of service shall be paid gratuity at the time of separation with the Company from the period starting with the date of joining till the date of relieving at 15 days salary (last drawn salary) for each completed year of service.

The following tables summarize the components of net benefit expense recognized in the statement of profit and loss and the amounts recognised in the balance sheet for the respective plans.

Statement of profit and loss

Net employee benefit expense recognized in the employee cost

	Gratuity	
	March 31, 2015	March 31, 2014
	Rs.	Rs.
Current service cost	29,859,210	28,680,180
Interest cost on benefit obligation	5,856,500	6,577,090
Net actuarial (gain)/Loss recognized in the	(4,945,269)	998,021
Net benefit expense	30,770,441	36,333,291

Balance sheet

Benefit asset/(liability)

	Gratuity	
	March 31, 2015	March 31, 2014
	Rs.	Rs.
Present value of defined benefit obligation	82,951,138	67,352,591
Fair value of plan assets	(82,951,138)	(67,352,591)
Plan asset/(Liability)		

Changes in the present value of the defined benefit obligation are as follows:

	Gratuity	
	March 31, 2015	March 31, 2014
	Rs.	Rs.
Opening defined benefit obligation	67,352,591	54,602,073
Current service cost	29,859,210	28,680,180
Interest cost	5,856,500	6,577,090
Acquisitions	1,882,466	55,276
Liabilities Transfer		
Benefits paid	(17,054,380)	(23,838,049)
Actuarial (gains)/losses on obligation	(4,945,269)	998,021
Closing defined benefit obligation	82,951,138	67,352,591

The principal assumptions used in determining gratuity obligation for the Company's plans is shown below:

	March 31, 2015	March 31, 2014
Discount rate	7.80%	8.80%
Employee turnover:		
- Home Office	20.00%	20.00%
- Stores	36.00%	35.00%

The estimate Rates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

Amounts for the current and previous four periods are as follows:

	March 31, 2015	March 31, 2014	Dec 31, 2012	Dec 31, 2011	Dec 31, 2010
	Rs.	Rs.	Rs.	Rs.	Rs.
Gratuity					
Defined benefit obligation	82,951,138	67,352,591	54,602,073	42,193,838	34,122,050
Plan assets					
Surplus/(deficit)	(82,951,138)	(67,352,591)	(54,602,073)	(42,193,838)	(34,132,050)
Experience adjustments on plan liabilities	7,329,929	(900,231)	2,901,552	4,477,791	1,183,220
Experience adjustments on plan assets					
Actuarial gain/(loss) due to change on assumption	(2,384,660)	(95,790)	2,057,470	2,153,710	(479,460)



29 Leases

Operating lease: Company as lessee

General description of significant leasing arrangements is as follows:

i) The lease terms for office premises and store sites are for an initial period of three years to thirty years and are cancellable at the option of the Company by serving a pre-defined notice period. Such leases are renewable for 2 to 3 terms of three to ten years each at the option of the Company. Escalation between 1.2% to 15% is applicable after every 3 to 5 year on previously paid lease rent.

ii) The lease terms for company leased accommodation are for a period of eleven months to three years, and are cancellable at the option of the Company by serving a pre-defined notice period. Escalation between 5% is applicable after every year on previously paid lease rent.

iii) The lease terms for Vehicles obtained on lease are for a period of three years and are cancellable at the option of the Company by serving a pre-defined notice period. There is no escalation clause.

The Company records rent expense for operating leases using the straight-line method over the term of the lease agreement. Deferred rent representing expense recorded in excess of payments made is recorded under Other long-term liabilities / Other current liabilities as Lease equalization account.

The Company has also sub-leased some portion of store/office premises for a period of 3 months to 9 years.

Total lease rentals recognized in the statement of profit and loss for the period is Rs. 1,035,068,020 (March 31, 2014: Rs.1,485,256,966).

Future minimum rentals payable under non-cancellable operating leases are as follows:

	March 31, 2015 Rs.	March 31, 2014 Rs.
Within one year	735,195,040	672,685,474
After one year but not more than five years	3,032,807,211	3,684,307,527
More than five years	13,785,152,604	20,894,777,422
Sub-lease payments received (or receivable) recognised in statement of profit and loss for the period	28,337,552	60,389,981
Total future minimum sublease payments expected to be received under non-cancellable subleases	Nil	Nil

Note: Disclosure is given for lease term for which the Company intends to occupy the premises

30 Related party disclosures

a) Names of related parties and related party relationship

Related parties where control exists:

Ultimate holding company	Bharti Enterprises (Holding) Private Limited Bharti Enterprises Limited (w.e.f. March 31, 2014) Bharti Ventures Limited (up to March 30, 2014)
--------------------------	--

Holding Company	Cedar Support Services Limited
-----------------	--------------------------------

Related parties with whom transactions have taken place during the year

Fellow Subsidiary	Bharti Ventures Limited (w.e.f. March 31, 2014) Bharti Enterprises Limited (up to March 30, 2014)
-------------------	--

Enterprises over which, controlling parties owns directly or indirectly, an interest in the voting power that gives them control or significant influence over the enterprise, is able to exercise significant influence over the Company.



Bharti Airtel Limited
Bharti Airtel Services Limited
Bharti Realty Holdings Limited
Airtel M Commerce Services Limited
Field Fresh Foods Private Limited
Nextra Data Limited
Nile Tech Limited
Bharti Wal-Mart Private Limited (up to December 31, 2013)
Centum Learning Limited
Bharti AXA General Insurance Company Limited

Key Managerial Personnel

Chief Executive Officer	Raj Kumar Jain (April 1, 2014 to November 30, 2014) Craig Wadsworth Winsall (w.e.f. December 1, 2014)
Chief Financial Officer	Pankaj Maan (January 1, 2014 upto November 30, 2014) Anupam Goyal (w.e.f. December 1, 2014)

Shanti Retail Limited
Notes to financial statements for the year ended March 31, 2015

5) Related Party Transactions for the year ended March 2015

Particulars	Limited	Services Limited	Insurance Company Limited	Company Limited	Company Limited
Expenses incurred by us on behalf of Related Parties	-	-	-	-	-
Expenses incurred by Related Parties on our behalf	215,652	-	-	5,264,055	-
Employee Related Liability transfer to Related party	1,606,946	-	-	275,621	-
Employee Related Liability transfer From Related party	-	-	1,007,731	-	-
Payment received against Insurance Claim	-	-	8,791,207	-	189,546,294
Sale of Goods	59,348,945	1,132,663	-	-	-
Receiving of Services (including Service Tax)	813	-	-	-	-
Purchase of Fixed Assets	-	-	-	-	-
Sale of Asset	-	-	-	-	-
Unsecured Loan Received	-	-	-	-	1,330,000,000
Conversion of Loan to Share Capital	-	-	-	-	-
Repayment of Unsecured Loan	-	-	-	-	-
Share Application Money Received	-	-	-	-	-
Purchase of Goods (including taxes)	-	-	-	-	-
Liability written back (exceptional income)	-	-	-	106,163,930	-
Management Fees (including Service Tax)	-	-	-	-	-
Royalty (including Service Tax)	-	-	-	-	-
Security deposit transferred	5,270,444	-	-	-	-
Refund of Security deposit received	1,913,492	-	-	-	-
Sub Lease Income (including Service Tax)	-	-	-	-	-
Interest on Unsecured Loan	-	-	-	-	-
Amounts Receivable	834,835	-	11,477,548	-	-
- Trade Receivables	-	-	-	-	-
- Advances	-	-	-	26,380	54,405,196
Amount Payable	34,221,608	-	-	-	17,224,952
- Trade Payables	-	-	-	-	-
- Unsecured Loans	-	-	-	-	-



Bharti Retail Limited

Notes to financial statements for the year ended March 31, 2015

of Related Party Transactions for the year ended March 2015

	Mile Tech Limited	Field Fresh Foods Private Limited	Bharti Realty Holdings Limited	Alfred Commerce Services Ltd	Nutra Data Limited	Bharti Retail Private Limited	Centum Learning Limited	(Amount in Rs.) Total
Expenses incurred by us on behalf of Related Parties								
Expenses incurred by Related Parties on our behalf	149,120		1,820,770					7,449,818
Employee Related Liability transfer to Related party								1,882,557
Employee Related Liability transfer from Related party								1,007,731
Payment received against Insurance Claim								333,966,891
Sale of Goods								1,750,113
Receiving of Services (including Service Tax)	45,991,065		9,734,853	34,501	19,387,348			
Purchase of Fixed Assets					1,749,300			
Sale of Asset								
Unsecured Loan Received								
Conversion of Loan to Share Capital								
Repayment of Unsecured Loan								
Share Application Money Received								
Purchase of Goods (including taxes)								1,330,000,000
Liability written back (exceptional income)		21,528,691						1,330,000,000
Management Fees (including Service Tax)								21,528,691
Royalty (including Service Tax)								
Security deposit transferred								
Refund of Security deposit received								106,163,830
Sub Lease Income (including Service Tax)								
Interest on Unsecured Loan								1,913,492

Trade Receivables	148,596			296				835,131
Advances								11,636,334
Trade Payables	535,327	1,352,519	181,084		18,102,166			124,048,223
Unsecured Loans								

d) Key Managerial Person

Particulars	Chief Executive Officer	Chief Financial Officer	Total
Salary (including provident fund)	32,483,615	9,897,572	41,381,188

Note: The remuneration to the key managerial personnel does not include the provisions made for gratuity, leave benefits and long term incentive plans, as they are determined on an actuarial basis for the company as a whole.



Bharti Retail Limited
Notes to financial statements for the year ended March 31, 2015

57

Particulars	(Amounts in Rs.)				
	Bharti Retail - Limited	Bharti Retail Services Limited	Bharti AXA General Insurance Company Limited	Bharti Enterprises Limited	Bharti Ventures Limited
Expenses incurred by us on behalf of Related Parties	5,264	-	-	-	-
Expenses incurred by Related Parties on our behalf	18,239,370	-	-	7,085,483	-
Employee Related Liability transfer to Related party	55,276	-	-	-	-
Employee Related Liability transfer from Related party	-	-	39,456,868	-	-
Payment received against Insurance Claim	-	-	25,150,325	-	-
Sale of Goods	67,408,283	3,427,765	-	-	-
Retaining of Services (including Service Tax)	19,079,425	78,729	-	-	-
Purchase of Fixed Assets	-	-	-	-	-
Sale of Asset	-	-	-	-	-
Unsecured Loan Received	-	-	-	-	1,850,000,000
Conversion of Loan to Share Capital	-	-	-	-	8,658,640,000
Redemption of Unsecured Loan	-	-	-	-	354,000,000
Share Application Money Received	-	-	-	-	-
Purchase of Goods (including taxes)	-	-	-	36,138,261	-
Liability written back (exceptional income)	-	-	-	-	-
Management fees (including Service Tax)	-	-	-	-	-
Royalty (including Service Tax)	-	-	-	-	-
Issue of Share Capital	-	-	-	-	-
Security deposit transferred	223,353	-	-	-	-
Refund of Security deposit received	-	-	-	-	-
Sub Lease Income (including Service Tax)	6,009,033	-	-	-	-
Interest on Unsecured Loan	-	-	-	-	28,525,208
	-	-	-	-	15,415,186
Amounts Receivable	507,868	-	-	-	-
- Trade Receivables	-	-	10,637,355	-	-
- Other Receivables	-	-	-	-	-
Amount Payable	28,659,892	40,332	-	12,535,028	36,165,019
- Trade Payables	-	-	-	-	-
- Unsecured Loans	-	-	-	-	-
	-	-	-	-	7,978,221
	-	-	-	-	1,330,000,000



Shurtliff Retail Limited
Notes to financial statements for the year ended March 31, 2015

d) Related Party Transactions for the year ended March 31, 2015

Particulars	Field Fresh Foods Private Limited	Shurtliff Reality Holdings Limited	Alitel M Commerce Services Limited	Netra Data Limited	Shurtliff-Wat-Private Limited	Centum Learning Limited	(Amount in Rs.) Total
Expenses incurred by us on behalf of Related Parties							15,394,830
Expenses incurred by Related Parties on our behalf		407,223			14,898,775		34,147,410
Employee Related Liability transfer to Related party					8,414,334		
Employee Related Liability transfer from Related party							55,275
Payment received against Insurance Claim							30,456,868
Sale of Goods							
Receiving of Services (including Service Tax)		2,288,481	48,574	2,286,211	280,291,873	12,689,091	150,195,756
Purchase of Fixed Assets					658,807		279,449,927
Sale of Asset							658,607
Unsecured Loan Received							7,800,000,000
Conversion of Loan to Share Capital							8,668,640,000
Repayment of Unsecured Loan							1,374,000,000
Share Application Money Received							
Purchase of Goods (including taxes)	6,808,991						18,510,067,859
Liability written back (excepted Income)					19,407,258,868		1,958,403,128
Management Fees (including Service Tax)					3,938,403,128		36,138,281
Royalty (including Service Tax)							25,382,372
Issue of Share Capital							
Security deposit transferred					24,290,409		24,513,782
Refund of Security deposit received							32,534,241
Sub Lease Income (including Service Tax)							15,415,186
Interest on Unsecured Loan							
Amount Receivable							507,868
- Trade Receivables							10,821,458
- Advances			103				
Amount Payable							
- Trade Payables	1,073,387	2,685,704		2,266,211			53,795,860
- Unsecured Loans							1,330,000,000



Particulars	Chief Executive Officer	Chief Financial Officer	Total
Salary (including provident fund)		1,878,342	1,878,342

Note: The remuneration to the key managerial personnel does not include the provisions made for gratuity, leave benefits and long term incentive plans, as they are determined on an actuarial basis for the company as a whole.

Bharti Retail Limited
Notes to financial statements for the year ended March 31, 2015

31 Capital and other commitments

- a. At March 31, 2015 the Company has commitments of Rs. 236,982,494 (March 31, 2014: Rs. 158,082,778) relating to purchase of Capital Assets.
 b. For commitments related to lease arrangements, please refer note 29.

32 Capital work in progress includes fixed assets amounting to Rs. Nil (March 31, 2014: Rs 33,268) in transit as at March

33 Deferred Tax

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

34 Pending Litigations

a) Contingent liabilities

	March 31, 2015 Rs.	March 31, 2014 Rs.
Sales Tax	30,579,431	29,166,398
TDS matters ²	7,032,489	9,158,589
Claims not acknowledged as debt ³	7,431,123	7,431,123
Consumer cases	4,954,794	3,662,855
	<u>49,997,837</u>	<u>49,418,955</u>

1. Rs. 29,166,398 (Previous year Rs. Rs. 29,166,398) represents demand raised for FY - 2010-11 & 2011-12 on recommendation of special auditor account of special audit conducted by the department. The Company has filed an appeal before the Additional Commissioner (Appeals) and does not believe a probable liability devolving against the Company.

Rs. 707,445 (Rs. 696,369 on account of VAT & CST and Rs. 11,076 on account of entry tax) (Previous year Rs. Rs. Nil) represents demand under UP VAT Act, 2008 for FY 10-11 as per Assessment order passed by the VAT Officer by assuming unaccounted purchases and sales. However, the Company has filed an appeal before the Additional Commissioner (Appeals) and does not believe a probable liability devolving against the Company.

Rs. 441,940 (Rs. 420,189 on account of VAT & CST and Rs. 21,751 on account of entry tax) (Previous year Rs. Nil) represents demand under UP VAT Act, 2008 for FY 11-12 as per Assessment order passed by the VAT Officer by assuming unaccounted purchases and sales. However, the Company is in the process of filing an appeal before the Additional Commissioner (Appeals) and does not believe a probable liability devolving against the Company.

Rs. 263,648 represents demand under J&K VAT Act, 2005 for FY 2011-12 (Previous year Rs. Nil) for misclassification of certain items and charged either less or 0% tax on sales value. Management has filed an appeal against the said demand order and is confident that there are favourable chances of decision in the favour of the Company.

2. Rs. 7,032,489 (previous year Rs. 9,158,589) represents demand raised against order passed under section 201(1)/201(1A) of the Income Tax Act, 1961 for TDS and interest thereon on account of non deduction of TDS in certain cases. The Company has filed an appeal before CIT(A) against the order and does not believe a probable liability devolving against the Company.

3. Represent civil suit with an erstwhile landlord against the Company. The management is confident that no liability shall arise in the case.



(This space has been intentionally left blank)



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

5. The investigations regarding certain payments made by the Company in some of the previous financial years have so far not revealed any material, financial or other liability or impact on the financial statements of the Company. In view of this management does not anticipate any liability in this regard.

b) Litigations where there is no demand raised

1) For the Assessment years 2009-10, 2010-11, 2011-12 and 2012-13 where certain expenditures have been disallowed by the concerned authority, Total amount of disallowances is Rs. 189,430,768 (Previous year Rs. 112,054,674). However there is no demand and will only have an impact on reduction of losses of the Company under Income tax act. The Company is contesting these cases and is confident that there are favourable chances of decision in the favour of the Company.

2) For assessment year 2012-13, the The AO has also erred in allowing the Tax Credit of Rs. 3,297,584 lakhs instead of 8,307,540 (Previous year Rs. Nil). The Company has filed rectification under section 154 of Income tax act, 1961. The Company is confident that there are favourable chances of decision in the favour of the Company.

c) Litigations where the provision has been recorded in the financial statements

1) The Company is involved in various litigations, as against total amount involved of Rs. 176,131,005 (Previous year Rs. 168,142,905), the outcomes of some part of the liability is considered probable, and in respect of which the company has made aggregate provisions of Rs. 40,643,197 as at March 31, 2015 (Previous year Rs. 30,877,549). Remaining amount involved is considered as remote by the management.

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

	March 31, 2015 Rs.	March 31, 2014 Rs.
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year	1,237,073	-
Principal amount due to micro and small enterprises	55,212	-
Interest due on above	1,292,285	-
The amount of interest paid by the buyer in terms of section 16 of the MSMED Act 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	2,261,207	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act 2006.	2,261,207	-
The amount of interest accrued and remaining unpaid at the end of each accounting year	2,261,207	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act 2006		

36 Value of imports calculated on CIF basis

	March 31, 2015 Rs.	March 31, 2014 Rs.
Traded Goods*	10,465,349	
Capital Goods*	26,783,282	37,806,167
Consumables	2,059,749	7,382,540
Total	39,308,380	45,188,715

* Includes in transit Rs 1,416,099 (March 31, 2014: Rs Nil)

Includes in transit Rs Nil (March 31, 2014: Rs 33,268)

Bharti Retail Limited
Notes to financial statements for the year ended March 31, 2015

37 Expenditure in foreign currency (accrual basis)

	March 31, 2015	March 31, 2014
	Rs.	Rs.
Travelling and conveyance	2,202,317	985,087
Royalty (excluding service tax)	14,212,647	23,391,156
Professional Fees	5,708,306	15,535,467
Others	2,002,273	-
	<u>25,125,543</u>	<u>39,911,710</u>

38 Particulars of unhedged foreign currency exposure as at the reporting date.

Particulars	Purpose
Import trade payable (USD)	USD 142,998 (March 31, 2014: USD 236,188) [Rs. 8,950,363 (March 31, 2014: Rs. 14,194,754)]
Import trade payable (GBP)	GBP Nil (March 31, 2014: GBP 1398) [Rs. Nil (March 31, 2014: Rs. 139,573)]

39 Provision for probable store closure / dropped sites expenses

The provision represents the expected losses that may arise due to closure/probable closure of a few stores in near future, owing to their below standard performance and where the sites in progress have been dropped due to commercial reasons.

	March 31, 2015	March 31, 2014
	Rs.	Rs.
Opening provision at the beginning of the year	331,502,361	81,019,783
Add: Additions during the year	-	-
Provision for rent	4,628,629	220,582,383
Provision for Fixed Assets /CWIP	5,751,708	72,846,761
Other provisions	1,702,761	6,299,642
Less: Amounts used during the year	-	-
Rent Expenses	(91,251,874)	-
Repair & Maintenance Expenses (CAM)	(5,128,861)	-
Fixed Assets/ CWIP written off	(21,897,348)	(30,164,279)
Less: Excess provisions written back	(74,313,829)	(19,081,929)
Closing Provision at the end of the year	<u>150,991,547</u>	<u>331,502,361</u>

40 Segment Reporting

Business Segment

The Company has only one business segment i.e. Retail business.

Geographical Segment

The Company operates within India and does not have operations in economic environments with different risk and returns. Hence, it is considered operating in single geographical segment.

[This space has been intentionally left blank]

Bharti Retail Limited

Notes to financial statements for the year ended March 31, 2015

41 Previous year figures

- a) Current year figures of statement of profit & loss are not comparable to corresponding previous period since the current year figures are for the period of 12 months i.e. 1 April 2014 to 31 March 2015 vis a vis 15 months in the previous period i.e. 1 Jan 2013 to March 2014.
- b) The previous year figures have been reclassified to confirm to current year classification.

As per our report of even date

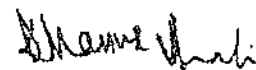

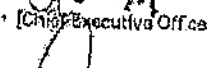


For S.R. Batliboi & Co. LLP
Firm Registration No.: 301003E
Chartered Accountants

per Vikas Mishra
Partner
Membership No.: 094421

Place: Gurgaon
Date: June 20, 2015



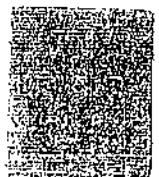
For and on behalf of the board of directors of Bharti Retail Limited

 [Director]
 [Director]
 [Chief Executive Officer]
 [Company Secretary]
 [Chief Financial Officer]

CERTIFIED TRUE COPY

For BHARTI RETAIL LIMITED

Company Secretary



Deloitte Haskins & Sells LLP

Chartered Accountants
Indiabulls Finance Centre,
Tower 3, 27th-32nd Floor,
Senapati Bapat Marg,
Elphinstone Road (West),
Mumbai - 400 013,
Maharashtra, India

Tel: +91 22 6185 4000
Fax: +91 22 6185 4101

INDEPENDENT AUDITORS' REPORT To The Members of Hypercity Retail (India) Limited Report on the Financial Statements

We have audited the accompanying financial statements of Hypercity Retail (India) Limited ("the Company"), which comprise the Balance Sheet as at 31 March 2017 and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

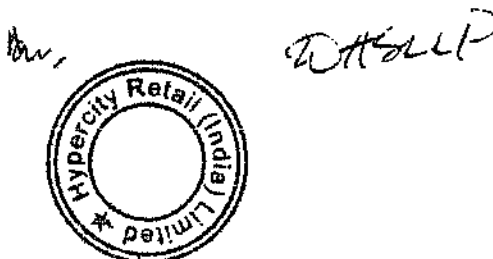
The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act"), with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance (including other comprehensive income), cash flows and changes in equity of the Company, in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.



CERTIFIED TRUE COPY

For Hypercity Retail (India) Ltd.

✓
Director

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2017 and its loss, total comprehensive loss, cash flows and the changes in equity for the year ended on that date.

Emphasis of Matter

We draw attention to Note 28 to the financial statements regarding non-provision of service tax for the period 1 June 2007 to 31 March 2010 on renting of immovable properties given for commercial use, aggregating to Rs. 267.98 lacs (2016: Rs.267.98 lacs), pending final disposal of the appeal filed before the Supreme Court, inter alia, challenging the retrospective levy of the service tax. The matter is contingent upon the final outcome of the litigation.

Our opinion is not modified in respect of this matter.


Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit we report, to the extent applicable, that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

Am

DELHILLP

- b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- c) The Balance Sheet, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account.
- d) In our opinion, the financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act.
- e) On the basis of written representations received from the directors as on 31 March 2017 and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2017 from being appointed as a director in terms of Section 164(2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements in accordance with the generally accepted accounting practice;
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
 - iv. The Company has provided requisite disclosures in the financial statements as regards its holding and dealings in Specified Bank Notes as defined in the Notification S.O. 3407(E) dated the November 8, 2016 of the Ministry of Finance, during the period from November 8, 2016 to December 30, 2016. Based on audit procedures performed and the representations provided to us by the management we report that the disclosures are in accordance with the books of account maintained by the Company and as produced to us by the Management.



2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
Firm's Registration No. 117366W/W-100018

P.B. Pardiwalla

P.B. Pardiwalla
Partner
(Membership No. 40005)

Mumbai: 4 May 2017

Par,

**ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT
(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)**

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

We have audited the internal financial controls over financial reporting of Hypercity Retail (India) Limited ("the Company") as of 31 March 2017 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

12/11/17

DHS LLP

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

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
Firm's Registration No. 117366W/W-100018

P.B. Pardiwalla

P.B. Pardiwalla
Partner
(Membership No. 40005)

Mumbai: 4 May 2017

EW

ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date on the accounts of HYPERCITY RETAIL (INDIA) LIMITED ("the Company") for the year ended 31 March 2017)

- (i) In respect of fixed assets:
 - a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.
 - b) Some of the fixed assets were physically verified during the year by the management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
 - c) The Company does not have any immovable properties of freehold or leasehold land and building, and hence reporting under clause (i)(c) of the Order is not applicable.
- (ii) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals and as explained to us, no material discrepancies were noticed on physical verification.
- (iii) According to the Information and explanations given to us, the Company had granted an unsecured loan to a company covered in the register maintained under section 189 of the Companies Act, 2013, which has been fully provided for in earlier years and no interest has been received.
- (iv) The Company has not granted any loans, made investments or provided guarantees, and hence, reporting under clause (iv) of the Order is not applicable.
- (v) According to the information and explanations given to us, the Company has not accepted any deposit during the year. There are no unclaimed deposits, to which the provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 would apply.
- (vi) The maintenance of cost records has not been specified by the Central Government under section 148(1) of the Companies Act, 2013.
- (vii) According to the information and explanation given to us and the records of the Company examined by us, in respect of statutory dues:
 - a) The Company has generally been regular in depositing undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, Duty of Customs, Duty of Excise, Value Added Tax, Cess and other material statutory dues applicable to it with the appropriate authorities. There were no undisputed amounts payable in respect of the aforesaid dues in arrears as at 31 March 2017 for a period of more than six months from the date they became payable.

- b) There were no dues of Income Tax, Sales Tax, Service Tax, Duty of Customs, Duty of Excise, Value added Tax, as applicable, which have not been deposited as at 31 March 2017 on account of any dispute with the relevant authorities.
- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans to banks and debenture holders. The Company has not taken loans or borrowings from financial institutions and government.
- (ix) In our opinion and according to the information and explanations given to us, term loans have been applied by the Company during the year for the purposes for which they were raised. The Company has not raised moneys by way of initial public offer or further public offer during the year.
- (x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no significant fraud on the Company by its officers or employees has been noticed or reported during the year.
- (xi) The Company has not paid any managerial remuneration, and hence, reporting under clause (xi) of the Order is not applicable.
- (xii) The Company is not a Nidhi Company, and hence, reporting under clause (xii) of the Order is not applicable.
- (xiii) According to the information and explanations given to us the Company has complied with the provisions of Section 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- (xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures, and hence, reporting under clause (xiv) of Order is not applicable to the Company.
- (xv) In our opinion and according to the information and explanations given to us, during the year, the Company has not entered into any non-cash transactions with its directors or persons connected with him, and hence, provisions of section 192 of the Companies Act, 2013 are not applicable.
- (xvi) In our opinion and according to information and explanations provided to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
Firm's Registration No. 117366W/W-
100018

P.B. Pardiwalla

P.B. Pardiwalla
Partner
(Membership No. 40005)

Mumbai: 4 May 2017

bcu

Hypercity Retail (India) Limited
Balance Sheet as at 31 March 2017

(All amount in Rs. Lacs)

	Notes	As at 31 March 2017	As at 31 March 2016	As at 01 April 2015
Assets				
Non-Current Assets				
Property, plant and equipment	3	16,551.16	15,197.54	15,545.90
Capital work-in-progress	3.1	217.33	345.36	588.49
Intangible assets	3	841.26	988.09	968.01
Intangible assets under development	3.1	94.52	106.41	106.50
Financial assets				
(i) Trade receivables	4	11,000.57	6,392.87	7,387.42
(ii) Loans	5	-	-	4.90
(iii) Other financial assets	6	2,831.59	3,356.32	3,457.52
Other non-current assets	7	1,821.66	1,381.97	1,517.07
Total non-current assets		33,158.09	27,768.66	29,575.80
Current assets				
Inventories	8	19,646.72	16,609.48	14,212.85
Financial assets				
(i) Trade receivables	4	1,838.16	2,636.39	3,805.83
(ii) Cash and cash equivalents	9	195.35	318.87	965.15
(iii) Bank balances other than (ii) above	10	2.34	115.58	233.15
(iv) Other financial assets	6	128.55	442.00	450.45
Other current assets	7	882.20	896.96	889.07
Total current assets		22,673.32	21,019.28	20,556.50
Total assets		55,831.41	48,787.84	50,132.30
Equity and Liabilities				
Equity				
Equity share capital	11	14,440.54	12,483.14	95.00
Convertible non-participating preference share capital	12	-	-	25,700.00
Other equity	13	(13,295.88)	(12,669.41)	(53,504.78)
Total equity		1,144.66	(186.27)	(27,709.78)
Liabilities				
Non-current liabilities				
Financial Liabilities				
(i) Borrowings	14	25,034.62	27,647.10	55,564.76
(ii) Deferred tax liabilities	15	-	-	-
Total non-current liabilities		25,034.62	27,647.10	55,564.76
Current liabilities				
Financial Liabilities				
(i) Borrowings	14	4,199.04	2,921.21	6,805.92
(ii) Trade and other payables	16	13,512.03	9,856.48	9,906.42
(iii) Other financial liabilities	17	10,899.91	7,700.50	4,862.12
Provisions	18	262.33	147.48	149.60
Other current liabilities	19	778.82	701.34	553.26
Total current liabilities		29,652.13	21,327.01	22,277.32
Total liabilities		54,686.75	48,974.11	77,842.08
Total equity and liabilities		55,831.41	48,787.84	50,132.30

The accompanying Notes 1 to 36 are an integral part of the financial statements

In terms of our attached report of even date

For Deloitte Haskins & Sells LLP
Chartered Accountants

P. B. Pandiwalla

P. B. Pandiwalla
Partner
Mumbai: 4 May 2017

For and on behalf of the Board of Directors

Ravi C. Raheja
Ravi C. Raheja
Director

Vijay Jain
Vijay Jain
Chief Financial Officer

Pramod Pachhapur
Pramod Pachhapur
Company Secretary
Mumbai: 4 May 2017

For and on behalf of the Board of Directors

Govind Shrikhande

Govind Shrikhande
Director

Ramesh Chandra
Ramesh Chandra
Chief Executive Officer

on

Hypercity Retail (India) Limited
Statement of Profit and Loss for the year ended 31 March 2017

			(All amount in Rs. Lacs)
	Notes	For the year ended 31 March 2017	For the year ended 31 March 2016
Income			
Revenue from Operations	20	115,457.32	95,833.37
Other income	21	1,286.95	1,357.83
Total Income		116,744.27	97,191.20
Expenses			
Purchase of stock-in-trade	22a	87,488.26	74,765.43
Changes in Inventories of stock-in-trade	22b	(3,037.25)	(2,396.63)
Employee benefits expense	23	10,136.66	7,680.10
Finance costs	24	4,645.08	4,419.31
Depreciation and amortisation expense	3	3,229.47	2,909.41
Other expenses	25	22,681.27	18,527.98
Total Expenses		125,143.49	105,905.60
Loss before tax		(8,399.22)	(8,714.40)
Tax expense		-	-
Loss for the year (A)		(8,399.22)	(8,714.40)
Other Comprehensive Income			
Items that will not be reclassified to profit or loss -			
i) Remeasurement of employee defined benefit obligations		(74.40)	(28.00)
ii) Income tax relating to (i) above		-	-
Total Other Comprehensive Income/(Loss) (B)		(74.40)	(28.00)
Total Comprehensive Income/(Loss) for the year (A+B)		(8,473.62)	(8,742.40)
Earnings per equity share	26		
Equity shares of face value Rs. 10 each			
Basic (Rs.)		(6.41)	(129.58)
Diluted (Rs.)		(6.41)	(129.58)

The accompanying Notes 1 to 36 are an integral part of the financial statements

In terms of our attached report of even date

For and on behalf of the Board of Directors

For Deloitte Haskins & Sells LLP
Chartered Accountants

P. B. Pardiwalla

P. B. Pardiwalla
Partner
Mumbai: 4 May 2017

Ravi C. Raheja
Ravi C. Raheja
Director

Govind Shrikhande
Govind Shrikhande
Director

Pramod Pachhapur
Pramod Pachhapur
Company Secretary
Mumbai: 4 May 2017

Vijay Jain
Vijay Jain
Chief Financial
Officer

Baldev Menon
Baldev Menon
Chief Executive
Officer

Hypercity Retail (India) Limited
Statement of Cash flows for the year ended 31 March 2017

(All amount in Rs. Lacs)

	For the year ended 31 March 2017	For the year ended 31 March 2016
Cash flows from operating activities		
(Loss) / Profit before tax	(8,399.22)	(8,714.40)
Adjustments for :		
Depreciation and Amortisation	3,229.47	2,909.41
Finance costs	4,645.08	4,419.31
Loss on sale of fixed assets	52.39	27.69
Share based payment costs	17.53	25.23
Allowances for bad and doubtful financial assets	161.48	98.85
Refundable deposit considered in measurement of minimum lease payments	267.48	224.63
Interest on lease deposits measured at amortised cost	237.30	182.20
Financing component of property options revenue	(577.33)	(636.79)
Interest income	(7.21)	(27.71)
Operating (loss) / profit before working capital changes	(373.03)	(1,491.58)
Adjustments for :		
Inventories	(3,037.24)	(2,396.62)
Trade receivables	(3,280.62)	2,761.36
Lease deposit (net)	284.13	(81.00)
Financial assets	426.69	126.02
Other assets	(433.03)	6.68
Long-term / short-term provisions	40.45	(30.12)
Trade payables and other current liabilities	3,790.37	19.85
Cash generated from operations	(2,582.27)	(1,086.41)
Income tax payments (net of refunds)	(39.97)	52.95
Net cash used in operating activities [A]	(2,622.25)	(1,033.46)
Cash flow from investing activities		
Purchase of fixed assets	(4,278.99)	(2,621.39)
Sale of fixed assets	44.60	36.29
Interest received	7.21	27.71
Net cash used in investing activities [B]	(4,227.18)	(2,557.39)
Cash flows from financing activities		
Proceeds from issue of equity shares	9,787.03	4,271.95
Proceeds from long-term borrowings	11,993.18	7,001.40
Repayment of long-term borrowings	(6,633.33)	(4,141.67)
Short-term loans (net)	1,277.83	(1,684.71)
Loans from parent / group companies	6,619.00	5,700.00
Repayment of loans to parent / group companies	(11,700.00)	(3,800.00)
Finance costs paid	(4,617.80)	(4,402.40)
Net cash from financing activities [C]	6,725.91	2,944.57
Net (decrease) / increase in cash and cash equivalents [A]+[B]+[C]	(123.52)	(646.28)
Cash and Cash equivalents at the beginning of the year	318.87	965.15
Cash and Cash equivalents as at the end of the year (Note 9)	195.35	318.87
	(123.52)	(646.28)

The accompanying Notes 1 to 36 are an integral part of the financial statements

In terms of our attached report of even date

For Deloitte Haskins & Sells LLP
Chartered Accountants

P. B. Pardiwalla
Partner
Mumbai: 4 May 2017

For and on behalf of the Board of Directors

Ravi C. Raheja
Director

Govind Shrikhande
Director

Pramod Pachinapur
Company Secretary
Mumbai: 4 May 2017

Vijay Jain
Chief Financial
Officer

Ramesh Menon
Chief Executive
Officer

Hypercity Retail (India) Limited
Statement of changes in equity for the year ended 31 March 2017

(All amount in Rs. Lacs)

a. Equity share capital

Balance as on 1 April 2015	95.00
(a) Fresh issue	854.39
(b) Issue of equity shares on conversion of preference shares	11,533.75
Balance as on 31 March 2016	12,483.14
(a) Fresh Issue	1,957.40
Balance as on 31 March 2017	14,440.54

b. Convertible non-participating preference share capital

Balance as on 1 April 2015	25,700.00
Conversion to equity share capital	25,700.00
Balance as on 31 March 2016	-
Balance as on 31 March 2017	-

c. Other equity

Particulars:	Securities Premium Reserve	Debenture Redemption Reserve	Deficit in the Statement of Profit and Loss	Deemed equity contribution from parent*	Total
Balance as on 1 April 2015	-	420.00	(53,961.56)	36.77	(53,504.78)
Loss for the year	-	-	(8,714.40)	-	(8,714.40)
Other comprehensive income / (loss) for the year, net of income tax	-	-	(28.00)	-	(28.00)
Total comprehensive income for the year	-	-	(8,742.40)	-	(8,742.40)
Recognition of share-based payments	-	-	-	25.23	25.23
Received on issue of shares	3,417.56	-	-	-	3,417.56
Conversion of preference shares to equity shares	46,134.98	-	-	-	46,134.98
Balance as on 31 March 2016	49,552.54	420.00	(62,703.95)	62.00	(12,669.41)
Loss for the year	-	-	(8,399.22)	-	(8,399.22)
Other comprehensive income / (loss) for the year, net of income tax	-	-	(74.40)	-	(74.40)
Total comprehensive income for the year	-	-	(8,473.62)	-	(8,473.62)
Recognition of share-based payments	-	-	-	17.53	17.53
Received on issue of equity shares	7,829.62	-	-	-	7,829.62
Balance as on 31 March 2017	57,382.16	420.00	(71,177.58)	79.53	(13,295.88)

* Upon share options issued to Company's employees by Shoppers Stop Limited

The accompanying Notes 1 to 36 are an integral part of the financial statements

For Deloitte Haskins & Sells LLP
Chartered Accountants

P. B. Pardiwalla
P. B. Pardiwalla
Partner
Mumbai: 4 May 2017

For and on behalf of the Board of Directors

Ravi C. Raheja
Ravi C. Raheja
Director

Govind Shrikhande
Govind Shrikhande
Director

Pramod Pachhapur
Pramod Pachhapur
Company Secretary
Mumbai: 4 May 2017

Vijay Jain
Vijay Jain
Chief Financial
Officer

Ramesh Menon
Ramesh Menon
Chief Executive Officer

Dr.

Hypercity Retail (India) Limited
Notes to the Financial Statements for the year ended 31 March 2017

General Background

Hypercity Retail (India) Limited ('HC' or 'the Company') was incorporated on 27 May 2004 as a private limited company. The Company became a public limited company on 30 March 2007. The Company is engaged in the business of retailing a variety of household and consumer products through hypermarket stores. At 31 March 2017, the Company operated through 19 such stores located in different cities of India.

The financial statements were approved for issue by the board of directors on 4 May 2017.

The financial statements are presented in Indian Rupees (Rs.) and all values are rounded to the nearest lacs, except where otherwise indicated.

2 Significant Accounting Policies

2.1 Basis of preparation

- 2.1.1 Statement of Compliance with Indian Accounting Standards (Ind ASs):** The financial statements have been prepared in accordance with Ind ASs notified under the Companies (Indian Accounting Standards) Rules, 2015 and other accounting principles generally accepted in India. These are the Company's first Ind AS financial statements. The date of transition to Ind AS is 1 April 2015. (Refer Note 2.1.3 below).

Up to the financial year ended 31 March 2016, the Company prepared its financial statements in accordance with the requirements of the previous applicable GAAP, which included Standards notified under the Companies (Accounting Standards) Rules, 2006.

- 2.1.2** These financial statements have been prepared on historical cost basis, except for certain assets and liabilities that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, (regardless of whether that price is directly observable or estimated using another valuation technique). In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability, if market participants would take those characteristics into account when pricing the asset or liability, at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of Ind AS 102, leasing transactions that are within the scope of Ind AS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2 or value in use in Ind AS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability

- 2.1.3 First-time adoption:** In accordance with Ind AS 101 on First-time adoption of Indian Accounting Standards, the Company's first Ind AS financial statements include, three balance sheets, namely, the opening balance sheet as at 1 April 2015 and balance sheets as at 31 March 2016 and 2017, and, two statements each of profit and loss, cash flows and changes in equity for the years ended 31 March 2016 and 2017 together with related notes. The same accounting policies have been used for all periods presented, except where the Company has made use of exceptions or exemptions allowed under Ind AS 101 in the preparation of the opening Ind AS balance sheet. The balance sheets, statements of profit and loss, statements of cash flows and statements of changes in equity of the prior years presented have been recast in accordance with Ind ASs.

The principal accounting policies adopted by the Company are set out below.

2.2 Revenue recognition

WHS LLP

Dr

2.2.1 Revenue is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably.

2.2.2 *Retail sale of Merchandise* : Revenue from Retail sales is measured at the fair value of the consideration received. Revenue is reduced for discounts and rebates, and, value added tax and sales tax.

Retail sales are recognised on delivery of the merchandise to the customer, when the property in goods and significant risks and rewards are transferred for a price and no effective ownership control is retained.

Where the Company is the principal in the transaction the Sales are recorded at their gross values. Where the Company is effectively the agent in the transaction the cost of the merchandise is disclosed as a deduction from the gross value. (Refer Note 20)

Point award schemes: The fair value of the consideration received or receivable on sale of goods that result in award credits for customers, under the Company's point award schemes, is allocated between the goods supplied and the award credits granted. The consideration allocated to the award credits is measured by reference to fair value from the standpoint of the holder and is recognised as revenue based on actual and /or expected redemption after breakage.

Property option revenue: The Company has acquired the rights to sell flats in a property being constructed by a third party (termed Property Options), which are initially recognized at cost and at each reporting date valued at lower of cost and net realisable value. Sale of option inventory is recognised when there is a transfer of significant risks and rewards in accordance with the terms of the sale contracts. To the extent the transactions contain a significant financing component, it is adjusted from the total consideration using the appropriate discount rate and recognized in profit or loss over the credit period.

2.2.3 *Gift vouchers*: The amount collected on sale of a gift voucher is recognized as a liability and transferred to revenue (sales) when redeemed or to revenue (other retail operating revenue) on expiry.

2.2.4 *Other retail operating revenue* : Facility management fees are recognised pro-rata over the period of the contract. Revenue from store displays and sponsorships are recognised based on the period for which the products or the sponsors' advertisements are promoted / displayed.

2.2.5 *Interest income*: Interest income is accrued on time basis, by reference to the principal outstanding and at the effective interest rate applicable.

2.3 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost of inventories comprise of all cost of purchase and other related costs incurred in bringing the inventories to their present location and condition. Costs of inventories are determined on a weighted average cost basis. Net realisable value represents the estimated selling price for inventories less all estimated costs necessary to make the sale. Provision is made for obsolete/ slow moving inventories.

2.4 Property, Plant and Equipment and Intangible Assets

2.4.1 Property, Plant and Equipment and Intangible Assets are stated at cost less accumulated depreciation or amortization and accumulated impairment losses. Cost comprises of all cost of purchase, construction and other related costs incurred in bringing the assets to their present location and condition

2.4.2 Depreciation / amortization is recognised on a straight-line basis over the estimated useful lives of respective assets as under:

<i>Property, Plant and Equipment:</i>	<i>No. of years</i>
Air conditioning and other equipment	15.00
Furniture, fixtures and other fittings	10.00
Computer Equipment (other than personal computers)	6.00
Leasehold Improvements and electrical installation	17.00
Office Equipment	6.00
Vehicles	12.50
<i>Intangible assets:</i>	
Computer Software	6.00

Page

2015-16

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period and the effect of any changes in estimate is accounted for prospectively.

2.4.3 Impairment losses: At the end of each reporting period, the Company reviews the carrying amounts of the assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount, (i.e. higher of fair value less costs of disposal and value in use) of the asset is estimated, or, when it is not possible to estimate the recoverable amount of an individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is estimated. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount and an impairment loss is recognised immediately in profit or loss.

2.4.4 Deemed cost on transition to Ind AS: The Company has elected to continue with the carrying value of all of its Property, Plant and Equipment and Intangible Assets as of 1 April 2015 (transition date) measured as per the previous GAAP, and use that carrying value as its deemed cost as of the transition date.

2.5 Financial Instruments

Financial instruments comprise of financial assets and financial liabilities. Financial assets primarily comprise of loans and advances, premises and other deposits, trade receivables and cash and cash equivalents. Financial liabilities primarily comprise of borrowings and trade payables.

2.5.1 Financial assets are initially measured at fair value. Transaction costs that are directly attributable to the acquisition of financial assets are added to the fair value of the financial assets on initial recognition. After initial recognition all financial assets (other than derivative instruments) are subsequently measured at amortised cost using the effective interest method. The Company has not designated any financial asset as Fair Value through Profit or Loss (FVTPL) or Fair Value through Other Comprehensive Income (FVTOCI).

A financial asset is regarded as credit impaired when one or more events that may have a detrimental effect on estimated future cash flows of the asset have occurred. The Company applies the expected credit loss model for recognising impairment loss on financial assets, (i.e. the shortfall between all contractual cash flows that are due and all the cash flows (discounted) that the entity expects to receive).

2.5.2 Financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the issue of financial liabilities are deducted from the fair value of the financial liabilities on initial recognition. After initial recognition all financial liabilities (other than derivative instruments – see below) are subsequently measured at amortised cost using the effective interest method. The Company has not designated any financial liability as FVTPL.

2.5.3 Derivative instruments: The Company enters into foreign exchange forward contracts to manage its exposure to foreign exchange rate risks. These contracts are initially recognised at fair value and subsequently, at the end of each reporting period, re-measured at their fair values on reporting date. The resulting gain or loss is recognised in profit or loss in the same line as the movement in the hedged exchange rate.

2.6 Income-Tax

Income tax expense represents the sum of the tax currently payable and deferred tax. Current and deferred tax are recognised in profit or loss except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively.

2.6.1 Current tax: The tax currently payable is based on the estimated taxable profit for the year if any and is calculated using applicable tax rates and tax laws that have been enacted or substantively enacted.

2.6.2 Deferred tax: Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Bar

ADHLLP

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available in future to allow the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted.

2.7 Employee benefits

2.7.1 Retirement benefit costs and termination benefits: Payments to defined contribution plans are recognised as expense when employees have rendered service entitling them to the contributions.

The Company determines the present value of the defined benefit obligation and fair value of plan assets and recognizes the net liability or asset in the balance sheet. The net liability or asset represents the deficit or surplus in the Company's defined benefit plans. (The surplus is limited to the present value of economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans).

The present value of the obligation is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each year.

Defined benefit costs are composed of:

- (a) service cost – recognized in profit or loss;
service cost comprises (i) current cost which is the increase in the present value of defined benefit obligations resulting from employee service in the current period, (ii) past service cost which is the increase in the present value of defined benefit obligations resulting from employee service in the prior periods resulting from a plan amendment, and (iii) gain or loss on settlement.
- (b) net interest on the net liability or asset - recognized in profit or loss;
net interest on the net liability or asset is the change during the reporting period that arises from the passage of time.
- (c) remeasurements of the net liability or asset - recognized in other comprehensive income.
remeasurements of the net liability or asset essentially comprise of actuarial gains and losses (i.e. changes in the present value of defined benefit obligations resulting from experience adjustments and effects of changes in actuarial assumptions), and, return on plan assets (i.e. income derived from plan assets, other than interest included in (b) above and realized or unrealized gains and losses on plan assets).

2.7.2 Short-term benefits: A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave and other short term benefits in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Other long-term benefits: Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Company in respect of services provided by employees up to the reporting date.

2.7.3 Share based payment arrangements: Share-based payments to employees of the Company involving equity instruments of the parent company which are granted directly by the parent company to the employees of the Company (wherein the parent company has the obligation to provide the employees of the Company with the equity instruments) are treated as equity settled share based payments and are measured at the fair value of the equity instruments at the grant date. The fair value determined at the grant date of the equity-settled share-based payments to the employees of the Company is expensed on a straight-line basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest, with a corresponding increase in equity at the end of year as a 'deemed equity contribution' from the parent company. At the end of each year, the Company revisits its estimate of the number of equity instruments expected to vest and recognizes any impact in profit or loss.

Fair valuation of grants on transition to Ind AS: The Company has availed the option to fair value only those grants that vest after the transition date, 1 April 2015.

2.8 Properties taken on lease

DITSLIP

Dr

Properties taken on lease by the Company are in the nature of operating leases as the lease terms do not transfer substantially all risks and rewards incidental to ownership of such properties to the Company. Operating lease payments are recognised in profit or loss on a straight-line basis over the lease term unless another systematic basis is more representative of the time pattern of the user's benefit or the lease payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

Interest free lease deposits are remeasured at amortised cost by the effective interest rate method. The difference between the transaction value of the deposit and amortised cost is regarded as prepaid rent and recognised as expense uniformly over the lease period. Interest income, measured by the effective interest rate method is accrued.

2.9 Foreign Currency transactions

Transactions in currencies other than the Company's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date and recognised in profit or loss in the period in which they arise.

2.10 Borrowing Costs

Borrowing costs directly attributable to the acquisition or construction of assets that necessarily take a substantial period of time to get ready for their intended use or sale (qualifying assets), are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.11 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

2.12 Cash and cash equivalents

Cash and cash equivalents represent cash on hand, bank balances in current accounts. Bank balances in earmarked accounts for unpaid dividends and balances held as margin money which are under lien against bank guarantee are classified as bank balances other than cash and cash equivalents.

2.A Critical accounting judgments and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions about the reported amounts of assets and liabilities, and, income and expenses that are not readily apparent from other sources. Such judgments, estimates and associated assumptions are evaluated based on historical experience and various other factors, including estimation of the effects of uncertain future events, which are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical judgements and estimations that have been made by the management in the process of applying the Company's accounting policies and that have the most significant effect on the amount recognised in the financial statements and/or key sources of estimation uncertainty that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Useful lives of property, plant and equipment and intangible assets and impairment

The Company reviews the estimated useful lives of property and equipment and intangible assets at the end of each reporting period. During financial years ended 31 March 2017, 2016 and 2015, there were no changes in useful lives of property plant and equipment and intangible assets.

Am

WIBLLP

The company at the end of each reporting period, based on external and internal sources of information, assesses indicators and mitigating factors of whether a store (cash generating unit) may have suffered an impairment loss. If it is determined that an impairment loss has been suffered, it is recognised in profit or loss.

Point award schemes

Customer award credits having a predetermined life are granted to customers when they make purchases. The fair value of the consideration received or receivable on sale of goods resulting in such award credits is allocated between the goods supplied and the award credits granted. The consideration allocated to the award credits is measured by reference to fair value from the standpoint of the holder and revenue is deferred. The Company at the end of each reporting period estimates the number of points redeemed and that it expects will be further redeemed, based on empirical data of redemption / lapses, and revenue is accordingly recognised.

Service tax on renting of immovable properties given for commercial use

As stated in Note 28, the Company has challenged the retrospective levy of service tax on renting of immovable properties given for commercial use and pending the final disposal of the matter, which is presently before the Supreme Court, the Company continues not to provide for the retrospective levy.

Inventories

An inventory provision is recognised for cases where the realisable value is estimated to be lower than the inventory carrying value. The inventory provision is estimated taking into account various factors, including prevailing sales prices of inventory item, the seasonality of the item's sales profile and losses associated with obsolete / slow-moving inventory items.

Employee Benefits

Provision for employee benefits in the nature of gratuity and unpaid leave balance is estimated on actuarial basis using a number of assumptions which include assumptions for discount rate, future salary increases, mortality rates, attrition rates for employees, return on planned assets etc. Any changes in these assumptions will impact the carrying amount of these provisions. Key assumptions are disclosed in Note 31.

Deferred tax assets

The Company has made losses in the earlier as well as current year which has resulted in unutilised business tax loss and depreciation carry forwards. Deferred tax assets have not been recognized as assessed by the Company considering that it is not probable that future taxable income will be available against which these unutilised tax losses and depreciation carry-forwards could be utilised.

Property Options Receivable

In evaluating the allowance for credit loss against Property Options Receivable, the Company assesses the risk or probability that the cash flows that are due in accordance with the contract may not be received. The expected cashflows are recognised with considering a variety of relevant factors, including the age and past due detail of the receivable, credit enhancements (guarantee's) that are integral to the contractual terms and confirmed by third parties.

Dr.

WHSUP

(All amount in Rs. Lacs)

3. Property, Plant and Equipment (PPE) and Intangible asset

	Leasehold improvements	Air conditioning and other equipments	Furniture, fixtures and other fittings	Office Equipments	Computers	Vehicles	Total PPE	Intangible assets - Software	Total
Cost or deemed cost									
As at 1 April, 2015	4,554.32	6,599.98	3,548.80	116.00	703.82	24.98	15,545.90	968.01	16,513.91
Additions	433.28	687.54	740.19	58.69	370.74	-	2,290.44	354.67	2,645.11
Disposal	63.07	208.99	153.39	6.91	11.78	24.98	469.13	1.00	470.13
As at 31 March, 2016	4,924.53	7,078.53	4,133.60	167.78	1,082.78	-	17,387.21	1,321.68	18,688.89
Additions	910.81	1,809.31	1,008.85	88.45	710.52	-	4,327.94	205.30	4,533.24
Disposal	76.27	268.95	265.43	5.17	17.85	-	634.47	1.50	635.97
As at 31 March, 2017	5,759.07	8,417.89	4,877.02	251.06	1,755.65	-	21,060.68	1,525.48	22,586.16
Accumulated Depreciation									
As at 1 April, 2015									
Depreciation and amortisation expenses (Refer Note ii)	547.75	861.64	775.78	47.77	338.76	3.12	2,574.82	334.59	2,909.41
Eliminated on disposal of assets	63.07	197.34	130.83	5.32	5.47	3.12	405.14	1.00	406.14
As at 31 March, 2016	484.68	664.30	644.95	42.45	333.29	0.00	2,169.68	333.59	2,503.27
Depreciation and amortisation expenses (Refer Note ii)	523.18	1,075.96	873.80	49.04	355.36	-	2,877.34	352.13	3,229.47
Eliminated on disposal of assets	76.27	247.89	194.82	2.88	15.64	-	537.50	1.51	539.00
As at 31 March, 2017	931.59	1,492.37	1,323.94	88.62	673.01	0.00	4,509.52	684.21	5,193.73
Carrying amount									
As at 1 April, 2015	4,554.32	6,599.98	3,548.80	116.00	703.82	24.98	15,545.90	968.01	16,513.91
Additions	433.28	687.54	740.19	58.69	370.74	-	2,290.44	354.67	2,645.11
Disposal	-	11.65	22.57	1.59	6.31	21.86	63.98	-	63.98
Depreciation and amortisation expenses (Refer Note ii)	547.75	861.64	775.78	47.77	338.76	3.12	2,574.82	334.59	2,909.41
As at 31 March, 2016	4,439.85	6,414.23	3,488.64	125.33	729.49	-	15,197.54	988.09	16,185.63
Additions	910.81	1,809.31	1,008.85	88.45	710.52	-	4,327.94	205.30	4,533.24
Disposals	-	22.06	70.61	2.30	2.01	-	96.98	-	96.98
Depreciation and amortisation expenses (Refer Note ii)	523.18	1,075.96	873.80	49.04	355.36	-	2,877.34	352.13	3,229.47
As at 31 March, 2017	4,827.48	6,925.52	3,553.08	152.44	1,082.64	-	18,551.16	841.26	17,392.42

Note:

i) Carrying value of PPE as on 1 April, 2015 considered as deemed cost on transition date, arrived at as previous GAAP (Refer Note 2.4.4) follows:

	Tangible assets	Intangible assets	Total
Gross block as on 31 March 2015	23,311.12	2,541.76	25,852.88
Accumulated Depreciation as on 31 March 2015	7,765.22	1,873.75	9,638.97
Carrying value as on 31 March 2015	15,545.90	968.01	16,513.91
Capital work in progress and intangible assets under development (Refer Note 3.1)	588.49	106.50	694.99
	16,134.39	1,074.51	17,208.90

ii) Depreciation for the year includes accelerated depreciation aggregating to Rs. 686.27 lac (2016: Rs. 537.84 Lacs) on account of change in estimate of useful lives of property, plant & equipment resulting from store closures/shifting premises

iii) These assets have been pledged to secure borrowings of the Company (Refer Note 14)

iv) Intangible assets mainly includes computer softwares where the remaining useful life ranging from 1 year to 6 years

DHSUP

DWI

Hypercity Retail (India) Limited**Notes to Financial Statements for the year ended 31 March 2017****(All amount in Rs. Lacs)****3.1 Capital work in progress and
Intangible assets under development**

	Capital work in progress	Intangible assets under development
Cost or deemed cost		
As at 1 April, 2015	588.49	106.50
Additions	2,047.46	354.57
Capitalisation	2,290.59	354.66
As at 31 March, 2016	345.36	106.41
Additions	4,199.91	193.39
Capitalisation	4,327.94	205.28
As at 31 March, 2017	217.33	94.52

*WMSLP**h,*

Hypercity Retail (India) Limited
Notes to Financial Statements for the year ended 31 March 2017

(All amount in Rs. Lacs)

	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
4. Trade receivables			
<u>Non-current</u>			
Receivables - property options sold (Secured, considered good)*	11,000.57	6,392.87	7,387.42
	<u>11,000.57</u>	<u>6,392.87</u>	<u>7,387.42</u>
<u>Current</u>			
Receivables - property option sold (Secured, considered good)*	-	1,687.30	3,043.92
Trade receivables (Unsecured)			
Considered good	1,838.16	949.09	761.91
Considered doubtful	120.18	47.54	67.43
	<u>1,958.34</u>	<u>2,683.93</u>	<u>3,873.26</u>
Less: Allowance for doubtful debts	120.18	47.54	67.43
	<u>1,838.16</u>	<u>2,636.39</u>	<u>3,805.83</u>

* Guaranteed under contract by a company of the promoter shareholder group with further assurance from a promoter director.

4.1 The trade receivables are carried at amortised cost

4.2 Trade receivables have been pledged to secure borrowings of the Company (Refer Note 14)

DISCLP

Dr

Hypercity Retail (India) Limited
Notes to Financial Statements for the year ended 31 March 2017

(All amount in Rs. Lacs)

	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
5. Loans			
Loans and advances to a related party (Refer Note 34)			
- Secured, considered good	-		4.90
- Unsecured, considered doubtful	2,201.35	2,201.35	2,196.45
	<u>2,201.35</u>	<u>2,201.35</u>	<u>2,201.35</u>
Less: Allowance doubtful loans	<u>2,201.35</u>	<u>2,201.35</u>	<u>2,196.45</u>
	<u>-</u>	<u>-</u>	<u>4.90</u>

5.1 These financial assets have been pledged to secure borrowings of the Company (Refer Note 14)

Ans

DHSUP

Hypercity Retail (India) Limited

Notes to Financial Statements for the year ended 31 March 2017

(All amount in Rs. Lacs)

	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
6. Other financial assets			
(Unsecured)			
<u>Non-current</u>			
Premises & other deposits			
- considered good	2,831.59	3,356.32	3,457.52
- considered doubtful	57.97	54.67	54.67
	<u>2,889.56</u>	<u>3,410.99</u>	<u>3,512.19</u>
Less: Allowance for doubtful amounts	57.97	54.67	54.67
	<u><u>2,831.59</u></u>	<u><u>3,356.32</u></u>	<u><u>3,457.52</u></u>
<u>Current</u>			
Advances for goods and rendering of services			
- Considered good	114.05	440.31	450.37
- Considered doubtful	64.14	63.06	130.37
	<u>178.19</u>	<u>503.37</u>	<u>580.74</u>
Less: Allowance for doubtful advances	64.14	63.06	130.37
	<u>114.05</u>	<u>440.31</u>	<u>450.37</u>
Advances to employees	14.50	1.69	0.08
	<u><u>128.55</u></u>	<u><u>442.00</u></u>	<u><u>450.45</u></u>

6.1 These are carried at amortised cost

6.2 These financial assets have been pledged to secure borrowings of the Company (Refer Note 14)

aw,

DHSLP

Hypercity Retail (India) Limited

Notes to Financial Statements for the year ended 31 March 2017

(All amount in Rs. Lacs)

	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
7. Other assets			
(Unsecured, considered good)			
<u>Non-current</u>			
Capital advances	170.63	171.21	15.16
Service tax deposited under protest (Note 28)	617.70	617.70	617.70
Advance income tax (net of provision)	219.02	179.05	232.00
Others - Prepaid expenses	614.31	414.01	652.21
	<u>1,621.66</u>	<u>1,381.97</u>	<u>1,517.07</u>
<u>Current assets</u>			
Recoverables- statutory dues	179.92	151.24	141.79
Deposit with Sales tax authorities	2.35	1.91	1.91
Others - Prepaid expenses	679.93	743.81	745.37
	<u>862.20</u>	<u>896.96</u>	<u>889.07</u>

an

WHSLLP

Hypercity Retail (India) Limited

Notes to Financial Statements for the year ended 31 March 2017

(All amount in Rs. Lacs)

	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
8. Inventories			
(At lower of cost and net realisable value)			
Stock in trade: Retail merchandise	13,361.60	10,469.08	9,100.55
Property options	6,285.12	6,140.40	5,112.30
	<u>19,646.72</u>	<u>16,609.48</u>	<u>14,212.85</u>

8.1 Inventories have been pledged as security for borrowings (Refer Note.14)

8.2 The mode of valuation of inventories has been stated in Note 2.3

DHSLIP

An

Hypercity Retail (India) Limited
Notes to Financial Statements for the year ended 31 March 2017

(All amount in Rs. Lacs)

	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
9. Cash and cash equivalents			
Balances with banks:			
- In Current accounts	80.33	131.44	794.01
- In Cash credit accounts	-	-	48.35
	<u>80.33</u>	<u>131.44</u>	<u>842.36</u>
Cash on hand	115.02	187.43	122.79
	<u>195.35</u>	<u>318.87</u>	<u>965.15</u>

9.1 These have been pledged to secure borrowings of the Company (Refer Note.14)

9.2 Disclosures of Specified Bank Notes (SBNs) held and transacted during the period from 8 November 2016 to 30 December 2016

	SBNs	Other denomination notes
Closing cash in hand as on 08.11.2016	115.93	35.98
(+) Permitted receipts	-	2,047.82
(-) Permitted payments	-	-
(-) Amount deposited in banks	115.93	1,798.74
Closing cash in hand as on 30.12.2016	-	285.06

Explanation : SBNs have the meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407(E), dated the 8th November, 2016."

Don,

DRSLP

Hypercity Retail (India) Limited

Notes to Financial Statements for the year ended 31 March 2017

(All amount in Rs. Lacs)

	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
10. Other bank balances:			
Margin money accounts (under lien against bank guarantee)	2.34	115.58	233.15
	<u>2.34</u>	<u>115.58</u>	<u>233.15</u>

an

WHSUP

(All amount in Rs. Lacs)

	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
11. Equity share capital			
11.1 Authorised			
500,000,000 (2016: 500,000,000; 2015: 5,000,000) Equity Shares of Rs. 10/- each	50,000.00	50,000.00	500.00
	<u>50,000.00</u>	<u>50,000.00</u>	<u>500.00</u>

11.2 Issued, Subscribed and fully paid up shares :

144,405,428 (2016: 124,831,357; 2015: 950,000) Equity shares of Rs.10/- each.	14,440.54	12,483.14	95.00
	<u>14,440.54</u>	<u>12,483.14</u>	<u>95.00</u>

11.3 Reconciliation of number of equity shares

Particulars:	31 March 2017		31 March 2016		1 April 2015	
	Numbers	Rs. Lacs	Numbers	Rs. Lacs	Numbers	Rs. Lacs
Equity Shares						
Balance at the beginning of the year	12,48,31,357	12,483.14	9,50,000	95.00		
Issued during the year	1,95,74,071	1,957.40	85,43,906	854.39		
Issued on conversion of preference shares	-	-	11,53,37,451	11,533.75		
Balance at the end of the year	<u>14,44,05,428</u>	<u>14,440.54</u>	<u>12,48,31,357</u>	<u>12,483.14</u>	<u>9,50,000</u>	<u>95.00</u>

11.4 Details of shareholders holding more than 5% shares as at

Name of the Shareholders	31 March 2017		31 March 2016		1 April 2015	
	Shares held (Nos)	Shares held (%)	Shares held (Nos)	Shares held (%)	Shares held (Nos)	Shares held (%)
Equity						
Shoppers Stop Limited - Holding Company	7,37,58,511	51.08%	6,37,11,980	51.04%	4,84,500	51.00%
Genext Hardware Parks Pvt Ltd	4,18,32,409	28.97%	3,23,43,497	25.91%	-	0.00%
Eternus Real Estate Pvt Ltd	1,21,67,395	8.43%	1,24,06,625	9.94%	2,21,825	23.35%
Support Properties Pvt. Ltd.	1,21,35,071	8.40%	1,23,76,625	9.91%	2,21,825	23.35%

11.5 Rights, preferences and restrictions attaching to the equity shares

The Company has only one class of Equity Shares having a par value of Rs. 10/- per share. Each equity shareholder is entitled to one vote per share held. Each equity share is entitled to dividends as and when the Company declares the dividend after obtaining shareholders' approval. In the event of liquidation of the company, the holders of equity shares will be entitled to receive the remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

DHSLP

(All amount in Rs. Lacs)

	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
12. Preference share capital			
12.1 Authorised			
Nil (2016: 125,000,000; 2015: 620,000,000) 7%			
Preference Shares of Rs. 10/- each	-	12,500.00	62,000.00
	-	12,500.00	62,000.00

12.2 Issued, Subscribed and Paid up (fully) :

Nil (2016: Nil; 2015: 257,000,000) 7%
Convertible preference shares (CPS) of Rs. 10/- each.

(of the above 131,070,000 shares are held by Shoppers Stop Limited, the holding Company)

(Five CPS of Rs. 10/- each would be converted into one equity share of Rs. 10/- each, fully paid-up at a premium of Rs. 40/- per equity share, on August 31, 2017 or a prior date at the option of all the CPS holders together by giving one month's written notice to the Company)

	-	-	25,700.00
--	---	---	-----------

12.3 Reconciliation of number of equity shares outstanding at the beginning and end of the year

Particulars:	31 March 2017		31 March 2016		1 April 2015	
	Numbers	Rs. Lacs	Numbers	Rs. Lacs	Numbers	Rs. Lacs
Balance at the beginning of the year	-	-	257,000,000	25,700.00	257,000,000	25,700.00
Conversion of Preference shares	-	-	257,000,000	25,700.00	-	-
Balance at the end of the year	-	-	-	-	257,000,000	25,700.00

12.4 Details of shareholders holding more than 5% shares as at

Name of the Shareholders	31 March 2017		31 March 2016		1 April 2015	
	Shares held (Nos)	Shares held (%)	Shares held (Nos)	Shares held (%)	Shares held (Nos)	Shares held (%)
Convertible preference shares						
Shoppers Stop Limited - Holding Company	-	-	-	-	131,070,000	51.00%
Elemus Real Estate Pvt Ltd	-	-	-	-	58,889,500	22.84%
Support Properties Pvt. Ltd.	-	-	-	-	58,889,500	22.84%

12.5 Rights, preferences and restrictions attaching to the preference shares

The Preference shares did not carry voting rights. Preference shareholders were entitled to fixed dividends as and when the Company declared the dividend after obtaining shareholders' approval. Preference shareholders had a preference over equity share shareholders for payment of dividends and repayment of capital in the event of winding-up.

Handwritten signature/initials

Hypercity Retail (India) Limited
Notes to Financial Statements for the year ended 31 March 2017

(All amount in Rs. Lacs)

	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
13. Other equity			
Securities premium reserve	57,382.17	49,552.54	-
Debenture redemption reserve	420.00	420.00	420.00
Deficit in the statement of profit and loss	(71,177.58)	(62,703.95)	(53,961.56)
Deemed equity contribution from parent*	79.53	62.00	36.77
	<u>(13,295.88)</u>	<u>(12,669.41)</u>	<u>(53,504.78)</u>

* Share options issued to Company's employees by the Holding Company

For addition and deductions under each of the above heads see Statement of changes in equity

13.1 Securities premium reserve

Securities premium reserve is used to record the premium received on issue of shares. The securities premium can be utilised only in accordance with the provisions of the Companies Act, 2013.

13.2 Debenture Redemption Reserve

The Company is required to create, in terms of the Companies (Share capital and Debentures) Rules, 2014, a Debenture Redemption Reserve (DRR) out of profits available for payment of dividend @ 25 % of the value of Debentures over the life of the Debentures. In the absence of profits, the Company has not transferred any amounts to DRR in the current and previous years.

Am

DRR?

(All amount in Rs. Lacs)

	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
14. Borrowings			
Non-current			
Non convertible debentures	5,000.00	5,000.00	5,000.00
Term loans (secured) from banks	17,640.95	12,081.10	11,721.37
Less: Current maturities (Note 17)	9,525.33	6,634.00	3,725.34
	<u>8,115.62</u>	<u>5,447.10</u>	<u>7,996.03</u>
Nil (2016: Nil; 2015: 297,687,255) 7% Cumulative Redeemable Preference Shares (CRPS) of Rs. 10/- each	-	-	29,768.73
Note:			
At March 31, 2015 the CRPS were redeemable at various dates between March 28, 2016 and September 30, 2019. The CRPS were during the year 2016 converted to 319,687,255 CCPS of Rs. 10/- each and on March 15, 2016 the said CCPS were converted to Equity Shares in the ratio of 5 CCPS of Rs. 10/- each to 1 (fully paid) Equity share of Rs. 10/- each at a premium of Rs. 40/- per Equity Share.			
Unsecured			
From Banks	2,509.00	2,709.00	200.00
Loans from related parties			
Holding company (Refer Note 14 1, 30 and 34)	9,419.00	14,500.00	12,600.00
	<u>25,034.62</u>	<u>27,647.10</u>	<u>55,564.76</u>

14.1. Loan from Shoppers Stop Limited, the holding company @ 12.00% upto 31 December, 2016 and 11.50% from 1 January, 2017 (2016: @ 12.50% upto 31 December, 2015 and 12.00% from 1 January, 2016) is repayable as mutually decided in terms of the arrangement.

14.2 Non-Convertible Debentures are secured by first pari passu charge on movable fixed assets to the extent of 0.80 times of the NCD Issue amount, first pari passu charge on current assets to the extent of 0.20 times of the NCD Issue amount and Second pari passu charge Escrow Account for card receivables. The rate of interest is 11.80% and the same is repayable on 19th September, 2017

14.3 Term loans are secured by first pari passu charge on movable fixed assets, present and future, second pari passu charge on the current assets and Escrow Account of the Company, subservient charge on the receivable and Corporate guarantees of K. Raheja Corp. Pvt. Ltd. and Shoppers Stop Limited

Handwritten signature

Handwritten signature

14.4 Terms of the facilities

Name of the Bank	Rate of Interest	Repayment schedule	31 March 2017	31 March 2016	1 April 2016
Kotak Mahindra Bank Limited - Working capital term loan	Nil (Previous year: 12.25%)	1 equal quarterly instalments on 30 April 2015.	-	-	125.00
Kotak Mahindra Bank Limited - Term loan	11.25% (Previous year: 11.95%)	4 equal quarterly instalments from 26 June 2017 to 26 Mar 2018.	1,100.00	2,200.00	3,300.00
Kotak Mahindra Bank Limited - Working capital term loan (unsecured)	10.30% (Previous year: 10.50%)	8 equal quarterly instalments from 03 June 2017 to 03 March 2019	2,497.33	2,495.15	-
ICICI Bank Limited - Term loan	11.15% (Previous year: 12.07%)	5 equal quarterly instalments from 09 June 2017 to 09 June 2018.	2,081.02	3,744.09	4,988.48
ICICI Bank Limited - Term loan-II	10.85% (Previous year: 10.90%)	12 equal quarterly instalments from 22 March 2018 to 22 December 2020.	2,493.47	2,490.40	-
ICICI Bank Limited - Term loan-III	10.30% (Previous year: Nil)	10 equal quarterly instalments from 08th Mar 2018, of Rs.150 lacs till 08th Jun 2020	1,495.53	-	-
ICICI Bank Limited - Term loan-IV	10.05% (Previous year: Nil)	10 equal quarterly instalments from 08th Mar 2018, of Rs.150 lacs till 08th Jun 2020	1,494.58	-	-
ICICI Bank Limited - Term loan-V	9.40% (Previous year: Nil)	10 equal quarterly instalments from 31st Dec 2018, of Rs.700 lacs till 31st Mar 2021.	6,985.01	-	-
Yes Bank Limited - Term loan	12.30% (Previous year: 12.05%)	4 equal quarterly instalments from 25 June 2016 to 25 Mar 2017.	-	1,688.11	3,330.23
Yes Bank Limited - Term loan (Unsecured)	10.75% (Previous year: 10.75%)	Bullet repayment. Repayable on 30 April 2016.	-	200.00	200.00
Yes Bank Limited - Term loan-II	9.15% (Previous year: 10.50%)	Bullet repayment repayable on 24 April 2018.	2,000.00	2,000.00	-
Non Convertible Debentures	11.60% (Previous year: 11.60%)	Bullet repayment repayable on 19 September 2017.	4,993.91	4,985.34	4,977.68

14.5 These are carried at amortised cost

TO HSHLP

[Handwritten signature]

14.6 Borrowings**Current****Secured**

From Banks

4,199.04

2,921.21

4,005.92

Unsecured

From Banks

-

-

600.00

Nil (2016: Nil; 2015: 22,000,000) 7% Cumulative redeemable

preference Shares of Rs.10/- each

-

-

2,200.00

(Redemption on or before March 28, 2016)

4,199.042,921.216,805.92

14.7 Borrowings from banks are secured by first pari passu charge on current assets, Escrow Account and second pari passu charge on the entire movable fixed assets both present and future with other lenders and further secured by corporate guarantees from Shoppers Stop Limited and K. Raheja Corp Pvt. Ltd.

14.8 Terms of the facilities**Name of the Bank****Rate of interest****Repayment
schedule****31 March 2017****31 March 2016****1 April 2015**

Kotak Mahindra Bank Limited - Overdraft

13.25%

on demand

-

-

831.10

Yes Bank Limited - Short Term Loan

11.25%

Within 180 days

-

-

1,600.00

IDBI Bank Limited - Working Capital Demand Loan

10.55%

Within 30 days

1,000.00

1,000.00

1,000.00

IDBI Bank Limited - Cash Credit

11.50%

on demand

2,179.68

1,685.24

1,156.05

IDBI Bank Limited - Bill Discounting

10.50%

Within 90 days

51.72

153.56

15.77

ICICI Bank Limited - Overdraft

10.90%

on demand

967.64

82.41

-

Bar

to HSLP

(All amount in Rs. Lacs)

	31 March 2017	31 March 2016	1 April 2015
15. Deferred tax liabilities (net)	-	-	-

Deferred tax (liabilities)/assets in relation to:

	As at 1 April 2015	Recognised in Profit or Loss	As at 31 March 2016	Recognised in Profit or Loss	As at 31 March 2017
Property, plant and equipment & Intangible assets	(108.87)	135.35	(244.22)	184.96	(429.18)
Unused tax losses*	108.87	(135.35)	244.22	(184.96)	429.18
Deferred tax assets / (liabilities) (net)	-	-	-	-	-

*To the extent of deferred tax liability on Property, plant and equipment & Intangible assets

15.1. Unrecognised deductible temporary difference
- Unused tax losses

20,285.24	19,270.44	16,943.61
20,285.24	19,270.44	16,943.61

D. H. Patel

Hypercity Retail (India) Limited
Notes to Financial Statements for the year ended 31 March 2017

(All amount in Rs. Lacs)

	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
16. Trade payables			
<u>Retail Merchandise:</u>			
Total outstanding dues of micro enterprises and small enterprises	134.26	87.44	156.01
Total outstanding dues of creditors other than micro enterprises and small enterprises	13,005.49	9,769.04	8,348.41
<u>Property options:</u>			
Total outstanding dues of creditors other than micro enterprises and small enterprises	372.28	-	1,402.00
	<u>13,512.03</u>	<u>9,856.48</u>	<u>9,906.42</u>

16.1 There are no Micro and Small Enterprises, to whom the Company owes dues which are outstanding for more than 45 days during the year. This information as required to be disclosed under the Micro, Small and Medium Enterprise Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company.

An,

DHILLP

Hypercity Retail (India) Limited
Notes to Financial Statements for the year ended 31 March 2017

	(All amount in Rs. Lacs)		
	As at	As at	As at
	31 March 2017	31 March 2016	1 April 2015
17. Other financial liabilities			
Current maturities of long-term borrowings at amortised cost	9,525.33	6,634.00	3,725.34
Interest accrued but not due on borrowings	389.64	362.36	345.45
Creditors for capital expenditure	169.15	55.39	118.83
Accrued payroll	483.06	315.72	336.38
Security deposits	332.73	333.03	336.12
	<u>10,899.91</u>	<u>7,700.50</u>	<u>4,862.12</u>

Dr,

DASEP

Hypercity Retail (India) Limited

Notes to Financial Statements for the year ended 31 March 2017

(All amount in Rs. Lacs)

As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
------------------------	------------------------	-----------------------

18. Provisions

Provision for employee benefits:

Leave encashment	167.30	100.54	88.86
Gratuity	95.03	46.94	60.74
	<u>262.33</u>	<u>147.48</u>	<u>149.60</u>

Av,

WHSUP

Hypercity Retail (India) Limited

Notes to Financial Statements for the year ended 31 March 2017

(All amount in Rs. Lacs)

	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
19. Other current liabilities			
Statutory liabilities	309.85	286.46	188.18
Award schemes and gift vouchers	455.27	396.08	360.57
Advance from customers	13.70	18.80	4.51
	<u>778.82</u>	<u>701.34</u>	<u>553.26</u>

by,

DHSLP

Hypercity Retail (India) Limited

Notes to Financial Statements for the year ended 31 March 2017

(All amount in Rs. Lacs)

	For the year ended 31 March 2017	For the year ended 31 March 2016
20. Revenue from operations		
Retail Sale of merchandise		
Own merchandise - Gross of tax	112,585.13	97,635.87
Concessionaire merchandise - Gross of tax	3,113.51	2,523.59
	115,698.64	100,159.46
Less: Value added tax	8,110.03	6,814.21
Less: Cost of concessionaire merchandise	2,482.15	2,038.84
	105,106.46	91,306.41
Revenue from transfer of Property options	5,596.18	-
	110,702.64	91,306.41
Other Retail operating revenue		
Facility management fees, Income from store displays and sponsorship/ reimbursements and promotional activities	4,637.05	4,486.23
Gift vouchers expired	27.63	40.73
Others	90.00	-
	4,754.68	4,526.96
	115,457.32	95,833.37

Dr,

WKSLLP

Hypercity Retail (India) Limited

Notes to Financial Statements for the year ended 31 March 2017

(All amount in Rs. Lacs)

21. Other income

Interest on financial assets:

Bank deposits

Lease deposits measured at amortised cost

Financing component of property options revenue

Miscellaneous Income

For the year ended
31 March 2017

For the year ended
31 March 2016

7.21

27.71

237.30

182.20

577.33

636.79

465.11

511.13

1,286.95

1,357.83

ADHULP

an

Hypercity Retail (India) Limited
Notes to Financial Statements for the year ended 31 March 2017

(All amount in Rs. Lacs)

	For the year ended 31 March 2017	For the year ended 31 March 2016
22a. Purchase of stock in trade		
Retail merchandise	85,466.18	73,737.32
Property Options	2,022.08	1,028.11
(A)	<u>87,488.26</u>	<u>74,765.43</u>
22b. Changes in inventories of stock in trade		
Opening inventory:		
- Retail merchandise	10,469.07	9,100.55
- Property Options	6,140.40	5,112.30
Closing inventory:		
- Retail merchandise	13,361.60	10,469.08
- Property Options	6,285.12	6,140.40
Decrease / (Increase)	(B) <u>(3,037.25)</u>	<u>(2,396.63)</u>
22c. Cost of inventories recognised as an expense* [(A)+(B)]	84,451.01	72,368.80
*Includes write-downs / offs (net) of inventory to net realisable value on account of old season stock and shrinkages	927.78	951.46
22d. Closing inventory includes Goods in transit	112.25	82.05

an,

DTBLLP

Hypercity Retail (India) Limited
Notes to Financial Statements for the year ended 31 March 2017

(All amount in Rs. Lacs)

	For the year ended 31 March 2017	For the year ended 31 March 2016
23. Employee benefit expense		
Salaries & wages	8,748.86	6,741.75
Contribution to provident and other funds (Refer Note 32)	656.39	423.30
Share based payments cost *	17.53	25.23
Staff welfare expenses	713.88	489.82
	<u>10,136.66</u>	<u>7,680.10</u>

* Measured at fair value

WASUP

Am

Hypercity Retail (India) Limited

Notes to Financial Statements for the year ended 31 March 2017

(All amount in Rs. Lacs)

	For the year ended 31 March 2017	For the year ended 31 March 2016
24. Finance costs		
Interest on bank borrowings	2,574.17	2,509.24
Interest on others	1,969.58	1,830.56
Bank charges	101.33	79.51
	<u>4,645.08</u>	<u>4,419.31</u>

WILLP

Am,

Hypercity Retail (India) Limited
Notes to Financial Statements for the year ended 31 March 2017

(All amount in Rs. Lacs)

	For the year ended 31 March, 2017	For the year ended 31 March, 2016
25. Other expenses		
Lease rent and hire charges (Note 25.1)	6,513.05	5,633.33
Repairs and maintenance		
- Building	1,864.91	1,580.25
- Others	1,852.40	1,479.32
Service Tax / Input credit expensed	1,649.10	1,216.37
Legal and professional fees (Note 25.2)	570.22	336.70
Housekeeping charges	787.43	577.39
Security charges	665.72	520.67
Conveyance and travelling	607.88	474.46
Electricity charges	3,205.85	2,691.42
Advertisement and publicity	2,385.02	1,712.41
Charges on credit card / meal voucher transactions	878.63	741.27
Allowances for bad and doubtful financial assets	161.48	98.85
Loss on sale of property, plant and equipments (net)	52.39	27.69
Foreign exchange losses (net)	16.29	2.28
Miscellaneous expenses	1,470.91	1,435.57
	22,681.27	18,527.98

25.1 Leasing Transactions:-

a) Operating lease rentals charged to revenue:	4,661.02	3,863.71
b) Variable rentals charged to revenue:	1,821.92	1,545.00

Variable rent for certain stores is payable in accordance with the lease agreement as the higher of
(a) fixed minimum guarantee amount and (b) revenue share percentage.

c) The future minimum rental payments in respect of non cancellable lease for premises are as follows :

Not later than one year	2,163.62	2,036.12
Later than one year and not later than five years	1,425.44	1,870.29
Later than five years		-

The agreements are executed for periods ranging from 36 to 288 months with a non cancellable period at the beginning of the agreement ranging from 36 to 72 months and having a renewable clause.

25.2 Payment to Auditors (excluding service tax): -

i) Audit fees	26.00	26.00
ii) Other matters	1.04	1.92
iii) Out of pocket expenses	0.10	0.01
	27.14	27.93

26. Earnings per share

Calculated as follows:

(a) (Loss) attributable to equity shareholders (Rs. In lacs)	(8,399.22)	(8,714.40)
(b) Weighted number of equity shares outstanding during the year (Nos.)	131,118,884	6,725,323
(c) Nominal value per share (Rs.)	10	10
(d) EPS:		
Basic (Rs.)	(6.41)	(129.58)
Diluted (Rs.)	(6.41)	(129.58)

Am /

WHSUP

(All amount in Rs. Lacs)

	31 March 2017	31 March 2016	01 April 2015
27. CONTINGENT LIABILITIES AND COMMITMENTS:			
<u>i) Contingent liabilities</u>			
a. Claims against the Company not acknowledged as debts comprising of:			
Third Party claims arising from disputed relating to contracts aggregating	848.44	848.44	338.69
b. Unpaid dividend on cumulative preference shares	-	-	16,476.41
<u>ii) Commitments</u>			
a. Estimated amount of contracts remaining to be executed on capital account and not provided for	672.33	976.43	421.91
b. Commitments towards Property Options	1,068.75	3,956.00	4,945

Note: Future cash outflows in respect of (a) above are determinable only on receipt of judgement / decisions pending with various forums / authorities

28. SERVICE TAX

Pursuant to levy of service tax on renting of immovable properties given for commercial use, retrospectively with effect from 1 June 2007, the Company has based on legal advice, challenged the said levy and, inter-alia, its retrospective application. Pending the final disposal of the matter, which is presently before the Supreme Court, the Company continues not to provide for the retrospective levy aggregating Rs.267.98 lacs for the period 1 June, 2007 to 31 March, 2010, (fully paid under protest).

29. A Suit has been filed by Nuzli Neville Wadia (Plaintiff) against Ivory Properties and Hotels Pvt. Ltd. (Ivory) & Others which includes the Company as one of the Defendants inter alia in respect of the premises from which the Company is operating its Malad store. The Company is operating the said Malad store under a Conducting Agreement entered into with Ivory. The Plaintiff has prayed against the Company (including the said Ivory) for demolition and removal of the said Malad store, appointment of a Court Receiver in respect of the Malad store, restraining from alienating, occupying or parting with possession and restraining from dealing with, creating fresh leases / licenses or renewing lease / license in respect of the said Malad store and from receiving or recovering any rent / license fee / compensation in respect of the said lease / license, depositing all the rents in the Court, etc. The Company has filed its reply to the said Suit denying the allegations and praying that no interim relief be granted to the Plaintiff. The Court has not granted any interim relief to the Plaintiff and the matter is pending. Pursuant to the Plaintiff's application for expedited hearing of the case, the Hon'ble High Court Bombay vide an Order dated 19 September 2013 framed the issue of limitation under section 9 (A) of Code of Civil Procedure to be tried as to jurisdiction for the maintainability of the suit and directed the Plaintiff to file an affidavit in lieu of examination in chief of the first witness on or before 17 October 2013. Further, the Hon'ble High Court vide its Order dated 20 September 2013 stated that the issue of limitation is an issue of jurisdiction and can be tried by the Hon'ble High Court under section 9A of Code of Civil Procedure. Pursuant to the Plaintiff's SLP in the Supreme Court challenging the Orders of the Hon'ble High Court dated 19 September 2013 and 20 September 2013, the Hon'ble Supreme Court vide its Order dated 08 October 2013 stayed the operation of the aforesaid Orders and further proceedings in the High Court Suit No. 414 of 2008. Thereafter the Hon'ble Supreme Court by its Order dated 25 August 2015 has referred the said SLP to a three Judge Bench to be posted along with SLP (C) No. 22438 of 2015. The said SLP is pending the hearing in the Supreme Court. In management's view, considering the matter and the facts, no provision for any loss / liability is presently required to be made.

30. Long term borrowings include loans aggregating to Rs.9,419 lacs (2016: Rs.14,500 lacs; 2015: Rs. 12,600 lacs) from Shoppers Stop Limited (SSL), the Holding Company. SSL is committed to continue to provide financial support to the Company for its operations and to meet its long term business plans.

Bar

to SSL

Hypercity Retail (India) Limited
Notes to Financial Statements for the year ended 31 March 2017

31. SEGMENT REPORTING

The Company is primarily engaged in the business of retail trade through its retail stores and dealing in Property Options, which in the terms of Ind AS 108 on 'Operating Segments', constitute the reporting segments.

a. Information about Operating segments

Particulars	31 March 2017			31 March 2016		
	Retail Operations	Property Options	Total	Retail Operations	Property Options	Total
Segment Revenue						
External sales	109,861.14	5,596.18	115,457.32	95,833.37	-	95,833.37
Total revenue	109,861.14	5,596.18	115,457.32	95,833.37	-	95,833.37
Segment Results	(8,759.92)	3,718.82	(5,041.09)	(5,652.92)	-	(5,652.92)
Interest income	709.62	577.33	1,286.95	721.04	636.79	1,357.83
Interest expense	-	-	(4,645.08)	-	-	(4,419.31)
Net (loss) / Profit for the year			(8,399.22)			(8,714.40)
Other Information						
Segment Assets	38,546.72	17,285.69	55,831.41	34,567.27	14,220.57	48,787.84
Total Assets			55,831.41			48,787.84
Segment Liabilities	54,314.47	372.28	54,686.75	48,974.11	-	48,974.11
Total Liabilities			54,686.75			48,974.11
Segment Depreciation	3,229.47	-	3,229.47	2,909.41	-	2,909.41
Total Depreciation			3,229.47			2,909.41
Addition to non-current assets	4,278.99	-	4,278.99	2,621.39	-	2,621.39
Total Capital Expenditure			4,278.99			2,621.39

b. The Company operates in a single geographical environment i.e in India

Not

DTCLP

32. EMPLOYEE BENEFITS

32.1 Defined contribution plans

The Company operates defined contribution plan (Provident fund) for all qualifying employees of the Company. The employees of the company are members of a retirement contribution plan operated by the government. The Company is required to contribute a specified percentage of payroll cost to the retirement contribution scheme to fund the benefits. The only obligation of the Company with respect to the plan is to make the specified contributions.

The Company's contribution to Provident Fund aggregating Rs. 389.01 Lacs (2016: Rs. 247.60 Lacs; 2015: Rs. 195.66 Lacs) has been recognised in the Statement of Profit and Loss under the head Employee Benefits Expense.

Information about the contributions to defined contribution plans for key managerial personnel is disclosed in Note 34.

32.2 Defined benefit plan

The Company sponsors funded defined benefit (Gratuity) plan for qualifying employees, covered under the Payment of Gratuity Act, 1972. The defined benefit plan is administered by a third-party insurer (Life Insurance Corporation of India). This third-party insurer is responsible for the investment policy with regard to the assets of the plan.

Under the plan, the employees are entitled to a lump-sum amounting to 15 days' final basic salary for each year of completed service payable at the time of retirement/resignation provided the employee has completed 5 years of continuous service.

a) The principal actuarial risks to which the Company is exposed are investment risk, interest rate risk, salary risk and longevity risk.

Investment risk	The probability or likelihood of occurrence of losses relative to the expected return on any particular investment.
Interest risk	The plan exposes the Company to the risk of fall in interest rates. A fall in interest rates will result in an increase in the ultimate cost of providing the above benefit and will thus result in an increase in the value of the liability.
Longevity risk	The Company has used certain mortality and attrition assumptions in the valuation of the liability. The Company is exposed to the risk of actual experience turning out to be worse compared to the assumption.
Salary risk	The present value of the defined benefit plan is calculated with the assumption of salary increase rate of plan participants in future. Deviation in the rate of increase of salary in future for plan participants from the rate of increase in salary used to determine the present value of obligation will have a bearing on the plan's liability.

b) The principal assumptions used for the purposes of the actuarial valuations were as follows.

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Discount rate	6.85%	7.40%	7.80%
Expected rate of salary increase	5.00%	5.00%	5.00%
Average Longevity at retirement age for current beneficiaries of the plan (years)	Indian Assured Lives Mortality 2006-08		
Rate of employee turnover			
- Service office	25.00%	25.00%	25.00%
- Stores	75.00%	75.00%	75.00%

c) Amount recognised in statement of profit and loss in respect of these defined benefit plan

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Current service cost	24.42	21.40
Net interest cost	2.80	2.02
Components of defined benefits costs recognised in profit or loss	27.02	23.42
Remeasurements on the net defined benefit liability		
- Return on plan assets, excluding amount included in interest expense/(income)	(4.50)	(5.98)
- Actuarial (gain)/loss from change in financial assumptions	12.23	5.78
- Actuarial (gain)/loss from change in experience adjustments	57.67	15.24
Total amount recognised in other comprehensive income	74.40	25.50
Total	101.42	51.42

d) The amount included in the balance sheet arising from Company's obligation in respect of its defined benefit plan is as follows:

Particulars	As at March 31, 2017	As at March 31, 2016
Present value of funded defined benefit obligation	192.04	132.72
Fair value of plan assets	97.01	85.78
Net asset arising from defined benefit obligation	95.03	46.94

Handwritten signature/initials

e) Movement in the present value of the defined benefit obligation are as follows:

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Opening defined benefit obligation	132.72	110.95
Current service cost	24.42	21.40
Interest cost	8.91	7.37
Remeasurements (gains)/losses		
- Actuarial (gain)/loss from change in financial assumptions	12.23	5.78
- Actuarial (gain)/loss from change in experience adjustments	57.67	15.24
Benefits paid	(43.91)	(28.02)
Closing defined benefit obligation	192.04	132.72

f) Movement in the fair value of the plan assets are as follows:

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Opening fair value of plan assets	85.78	50.22
Interest income	6.31	5.35
Remeasurement (gains)/losses		
- Return on plan assets, excluding amount included in net interest expense	(4.40)	(6.98)
Contributions from the employer	53.33	55.22
Benefits paid	(43.91)	(28.02)
Closing fair value of plan assets	97.01	85.78

g) Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate, expected salary increase, attrition rate and mortality. The sensitivity analysis below have been determined based on reasonable possible changes of the assumptions occurring at the end of the reporting period, while holding all other assumptions constant. The results of sensitivity analysis is as follows:

Particulars	31 March 2017	31 March 2016	1 April 2016
Defined benefit obligation (base)	192.04	132.72	110.95

Particulars	31 March 2017		31 March 2016		1 April 2016	
	Decrease	Increase	Decrease	Increase	Decrease	Increase
Discount rate (- / +1%)	216.08	166.83	147.01	118.81	121.81	97.48
% change compared to base due to sensitivity	13.63%	-11.21%	12.64%	-10.50%	12.26%	-10.17%
Salary growth rate (- / +1%)	168.30	216.30	116.40	147.25	97.10	122.08
% change compared to base due to sensitivity	-11.49%	13.75%	-10.82%	12.82%	-10.51%	12.49%
Attrition rate (- / +1%)	177.25	175.41	131.36	129.86	109.64	107.47
% change compared to base due to sensitivity	-8.79%	-7.75%	0.65%	-0.49%	1.05%	-0.95%
Mortality rate (- / +1%)	190.30	190.01	130.40	130.69	108.39	108.61
% change compared to base due to sensitivity	0.08%	-0.08%	-0.09%	0.09%	-0.10%	0.10%

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

There is no change in the method of valuation for the prior periods in preparing the sensitivity analysis. For change in assumptions refer to Note 32.2b above.

h) Asset liability matching strategies:

The Company has purchased insurance policy, which is basically a year-on-year cash accumulation plan in which the interest rate is declared on yearly basis and is guaranteed for a period of one year. The insurance Company, as part of the policy rules, makes payment of all gratuity outgoes happening during the year (subject to sufficiency of funds under the policy). The policy, thus, mitigates the liquidity risk. However, being a cash accumulation plan, the duration of assets is shorter compared to the duration of liabilities. Thus, the Company is exposed to movement in interest rate (in particular the significant fall in interest rates, which should result in a increase in liability without corresponding increase in the asset).

i) Effect of plan on entity's future cash flows

a) Every year, the insurance company carries out a funding valuation based on the latest employee data provided by the Company. Any deficit in the assets arising as a result of such valuation is funded by the Company.

b) The Company expects to contribute Rs. 25.71 lacs to its gratuity plan for the next year.

c) Weighted average duration of the defined benefit obligation is 4.21 years (based on discounted cashflows)

Expected cash flows over the next (valued on undiscounted basis):	Rs. in Lacs
1 year	25.72
2 to 5 years	32.30
6 to 10 years	26.75

for -

DHSLP

Hypercity Retail (India) Limited**Notes to Financial Statements for the year ended 31 March 2017****33. DERIVATIVES**

The Company uses foreign currency forward contracts to hedge its risks associated with foreign currency exposures relating to the underlying transactions and firm commitments. The Company does not enter into any derivative contracts for trading or speculative purposes. The forward exchange contracts entered into by the Company and outstanding as at the year end are as under:

Particulars	31-Mar-17		31-Mar-16	31-Mar-15
Number of Contracts	1	1	3	3
Type	Buy	Buy	Buy	Buy
Foreign currency (in lacs)	0.82 EURO	0.74 USD	1.74 USD	0.49 USD
INR Equivalent (in lacs)	57.04	48.39	115.85	30.85

Unhedged Foreign Currency exposure

There are no foreign currency exposures that have not been hedged by a derivative instrument or otherwise at the end of the year.



Hypercity Retail (India) Limited
Notes to Financial Statements for the year ended 31 March 2017

34. Related party disclosure

Names of related parties and description of relationship

a. Holding Company:

b. Fellow Subsidiaries:

c. Key Management Personnel:

Shoppers Stop Limited

Crossword Bookstores Limited

Non Executive Directors :

Chandru L. Raheja, Ravi Raheja, Neel Raheja, B.S. Nagesh, Govind Shrikhande, Nitin Sanghavi, Deepak Ghaisas, Ms. Ameesha Prabhu

CEO : Ramesh Menon (w.e.f 03-Feb-2016)

CEO : Vipin Bhandari (upto 07-Aug-2015)

d. Promoter directors having control / significant influence over the company

C. L. Raheja, Ravi C. Raheja, Neel C. Raheja

e. Entities in which promoter directors have control / significant influence

Avacado Properties and Trading (India) Private Limited, Ivory Properties and Hotels Private Limited, Inorbit Malls (India) Private Limited, Trion Properties Private Limited, K.Raheja Pvt Ltd, Genext Hardware Parks Pvt. Ltd, Sanghavi Associates Ltd, Mindspace Business Parks Pvt Ltd Gigaplex Estate Private Ltd, Support Properties Pvt. Ltd, Etemus Real Estate Pvt. Ltd, Palm Shelter Estate Development LLP, Anbee Construction LLP, Cape Trading LLP, Capstan Trading LLP, Casa Maria Properties LLP, Raghukoot Estate Development LLP, Intime Properties Ltd, K. Raheja IT Park (Hyderabad) Pvt. Ltd, Retailers Association of India, Trust for retailers and retailers association of India, K.Raheja Corporate Services Pvt Ltd

(All amount in Rs. Lacs)

Nature	Holding Company	Fellow Subsidiaries	Entities in which the promoter directors have control/significant influence (refer (d and e above)	Key Management Personnel	Total
Trading Transactions:					
Purchase of Merchandise		11.80			11.80
Crossword Bookstores Ltd		11.80			
		(7.82)			(7.82)
Purchase of property options			2,022.08		2,022.08
K.Raheja Pvt Ltd			2,022.08		
			(1,028.11)		(1,028.11)
Sale of Merchandise	9.82		11.08		20.88
Shoppers Stop Ltd	9.82				
Inorbit Malls (India) Pvt Ltd			2.18		
K. Raheja IT Park (Hyderabad) Pvt. Ltd.			0.70		
K. Raheja corporate services Pvt Ltd			0.70		
K. Raheja Corp Pvt Ltd			0.58		
Mindspace Business Parks Pvt Ltd			5.66		
Trrain Foundation(Trust For Retailers And Retail Associates Of India)			0.37		
Gigaplex Estate Pvt Ltd			0.87		
	(7.69)		(6.94)		(14.63)
Loans from related party:					
Loan Taken	6,619.00				6,619.00
Shoppers Stop Ltd	6,619.00				
	(5,700.00)				(5,700.00)
Loan Repaid	11,700.00				11,700.00
Shoppers Stop Ltd	11,700.00				
	(3,800.00)				(3,800.00)
Compensation of key management personnel:					
Short-term benefits				207.77	207.77
Post-employment benefits				133.85	
				73.92	
				(68.54)	(68.54)

aw

WHSUP

Nature	Holding Company	Fellow Subsidiaries	Entities under common control / Significant influence	Key Management Personnel	Total
<u>Other related party transactions:</u>					
Payment of conducting fees / Lease Rent / Common Area Maintenance Charges			2,620.78		2,620.78
Avacado Properties and Trading (India) Pvt Ltd			114.39		
Inorbit Malls (India) Pvt Ltd			1,000.88		
Trion Properties Pvt Ltd			705.63		
Genext Hardware And Parks Pvt Ltd			97.33		
Ivory Properties And Hotels Pvt Ltd			702.55		
			(2,697.42)		(2,697.42)
Interest Expenses Shoppers Stop Ltd	1,907.51				1,907.51
	1,907.51				
	(1,801.78)				(1,801.78)
Expenses Paid Shoppers Stop Ltd	55.58	0.55	616.86		672.98
	55.58				
Avacado Properties and Trading (India) Pvt Ltd			1.27		
Inorbit Malls (India) Pvt Ltd			388.95		
Genext Hardware And Parks Pvt Ltd			60.26		
Sanghavi Associates Ltd.			3.25		
Retailers Association of India Crossword Bookstores Limited		0.55	0.61		
Trrain Foundation(Trust For Retailers And Retail Associates Of India)			4.43		
Trion Properties Pvt Ltd			157.83		
Intime Properties Limited			0.25		
	(7.02)	-	(622.29)		(629.31)
Deposits Paid	1.00		6.30		7.30
Inorbit Malls (India) Pvt Ltd			6.30		
Shoppers Stop Ltd	1.00				
	(1.00)	-	(21.58)		(22.58)
Deposit Received	1.00	-	464.10		465.10
Avacado Properties and Trading (India) Pvt Ltd			464.10		
Shoppers Stop Ltd	1.00				
	(1.00)	-	(190.10)	-	(191.10)
Expenses Recovered	66.91	21.62	90.35	-	178.88
Shoppers Stop Ltd	66.91				
Inorbit Malls (India) Pvt Ltd			0.35		
Trion Properties Pvt Ltd			90.00		
Crossword Bookstores Ltd		21.62			
	(56.23)	(21.62)	-	-	(77.84)
Issue of Preference Shares	-				-
	(1,889.55)		(1,815.45)		(3,705.00)
Issue of Equity Shares	5,023.27	-	4,763.77	-	9,787.04
Shoppers Stop Ltd	5,023.27				
Support Properties Pvt. Ltd.			479.22		
Eternus Real Estate Pvt. Ltd.			480.39		
Palm Shelter Estate Development LLP			39.85		
Anbee Construction LLP			39.85		
Cape Trading LLP			39.85		
Capstan Trading LLP			39.85		
Casa Maria Properties LLP			39.85		
Raghukool Estate Development LLP			39.85		
Genext Hardware Parks Pvt Ltd					
Ravi Chandru Raheja			3,544.46		
			5.16		
Chandru Lachmandas Raheja			5.16		
Jyoti Chandru Raheja			5.16		

WHSUP

Neel Chandru Raheja B S Nagesh			5.16		
	(2,202.68)	(-)	(2,042.89)	(26.38)	(4,271.95)
Nature	Holding Company	Fellow Subsidiaries	Entities under common control / Significant influence	Key Management Personnel	Total
Sitting fees to non-executive Directors				17.80	17.80
Ravi Raheja				3.60	
Neel Raheja				1.50	
B. S. Nagesh				2.00	
Govind Shrikhande				2.00	
Nitin Sanghavi				3.60	
Deepak Ghaisas				3.60	
Ameesha Prabhu				1.50	
				(15.60)	(15.60)
Space on hire fees received	40.30				40.30
Shoppers Stop Ltd	40.30				
	(71.60)				(71.60)
Share based payments	17.53				17.53
Shoppers Stop Limited	17.53				
	(25.23)				(25.23)
Subconducting fees received	83.84	32.38			116.02
Shoppers Stop Ltd	83.64				
Crossword Bookstores Ltd		32.38			
	(71.30)	(44.64)			(115.94)

Balance Outstanding at the year end

Receivables (mainly towards rent deposit) :
Avacado Properties And Trading (India) Pvt Ltd

	(464.10)
Inorbit Malls (India) Pvt Ltd	349.10
	(342.81)
Trion Properties Pvt Ltd	452.18
	(201.48)
Ivory Properties And Hotels Pvt Ltd	250.00
	(250.00)
Shoppers Stop Limited	113.10
	(-)
Crossword Bookstores Ltd	21.18
	(18.34)
Genext Hardware And Parks Pvt Ltd	41.24
	(41.24)
Payable :	
Shoppers Stop Ltd	9,462.47
	(14,642.10)
Avacado Properties And Trading (India) Private Limited	-
	(1.00)
Inorbit Malls (India) Private Limited	69.63
	(17.40)
Trion Properties Private Limited	-
	(9.35)
Ivory Properties And Hotels Private Limited	63.56
	(64.20)
K. Raheja Private Ltd	372.28
	(-)
Genext Hardware And Parks Pvt Ltd	16.94
	(9.32)

Figures in brackets pertain to previous year.

tu

DRILLP

35. Financial Instruments

A. Capital risk management

The Company's objectives when managing capital are to safeguard continuity as a going concern, safeguard the assets and fulfill liability obligation. The Company determines the amount of capital required on the basis of an annual budget and a five year plan, including, for working capital, capital investment in stores, technology. Although, the Company's networth is substantially eroded, the Company's funding requirements are met through combination of Equity support from the shareholders and borrowings (both long-term and short-term) as guaranteed to the lenders by the shareholders.

The Company has been able to service its Loan obligations on time without any default.

B. Financial risk management

A wide range of risks may affect the Company's business and operational / financial performance. The risks that could have significant influence on the Company are market risk, credit risk and liquidity risk. The Company's Board of Directors reviews and sets out policies for managing these risks and monitors suitable actions taken by management to minimise potential adverse effects of such risks on the Company's operational and financial performance.

(a) Market risk:

Market Risk is the risk that changes in market place could affect the future cash flows to the company. The market risk for the company arises primarily from product price risk, interest rate risk and, to some extent, foreign currency risk.

Product price risk: In a potentially inflationary economy, the Company expects periodical price increases across its retail product lines. Product price increases which are not in line with the levels of customers' discretionary spends, may affect the business/retail sales volumes. In such a scenario, the risk is managed by offering judicious product discounts to retail customers to sustain volumes. The Company negotiates with its vendors for purchase price rebates such that the rebates substantially absorb the product discounts offered to the retail customers. This helps the Company protect itself from significant product margin losses. This mechanism also works in case of a downturn in the retail sector, although overall volumes would get affected.

Interest risk: The Company is exposed to interest rate risk primarily due to borrowings having floating interest rates. The Company uses available working capital limits for availing short term working capital demand loans with interest rates negotiated from time to time so that the Company has an effective mix of fixed and variable rate borrowings. Interest rate sensitivity analysis shows that an increase / decrease of fifty basis points in floating interest rates would result in decrease / increase in the Company's profit before tax by approximately Rs. 199 lacs (2016: Rs. 182 lacs).

Currency risk: The Company's significant transactions are in Indian Rupees and therefore there is minimal foreign currency risk. Generally, the Company fully covers the foreign currency risk for transactions in foreign currency which are primarily for import of merchandise, by entering into forward foreign exchange contracts. Also Refer Note 34 for the forward foreign currency contracts outstanding at the end of the reporting period.

(b) Credit risk:

Credit risk is a risk that the counterparty will default on its contractual obligation resulting in financial loss to the Company. The credit risk for the Company primarily arises from credit exposures to trade receivables (mainly institutional customers), deposits with landlords for store properties taken on leases and other receivables including balances with banks.

Trade and other receivables: The Company's retail business is predominantly on 'cash and carry' basis which is largely through credit card collections. The credit risk on such collections is minimal, since they are primarily owned by customers' card issuing banks. The Company has adopted a policy of dealing with only credit worthy counterparties in case of institutional customers and the credit risk exposure for institutional customers is managed by the Company by credit worthiness checks. The Company also carries credit risk on lease deposits with landlords for store properties taken on leases, for which agreements are signed and property possessions timely taken for store operations. The risk relating to refunds after store shut down is managed through successful negotiations or appropriate legal actions, where necessary.

The Company's experience of delinquencies and customer disputes have been minimal. Further, Trade and other receivables consist of a large number of customers, across geographies, hence, the Company is not exposed to concentration risks.

Property options receivable: The Company considers a variety of relevant factors like age, past due details and credit enhancements (guarantees) in assessing credit risk from property options receivable. The property option receivables are guaranteed under contract by a company of the promoter shareholder group with further assurance from a promoter director.

(c) Liquidity Risk:

Liquidity risk is a risk that the Company may not be able to meet its financial obligations on a timely basis through its cash and cash equivalents, and funds available by way of committed credit facilities from banks.

Management manages the liquidity risk by monitoring rolling cash flow forecasts and maturity profiles of financial assets and liabilities. This monitoring includes financial ratios and takes into account the accessibility of cash and cash equivalents and additional undrawn financing facilities. The shareholders also provide adequate financial support to meet any liquidity requirements of the company.

Am,

DHSLP

The table below summarises the maturity profile (remaining period of contractual maturity at the balance sheet date) of the Company's financial liabilities based on contractual undiscounted cash flows.

	Less than 1 year	Between 1 and 5 years	Carrying amounts
	Rs. in Lacs	Rs. in Lacs	Rs. in Lacs
At 31 March 2016			
Borrowings (long term and short term)	9,555.21	27,647.10	37,202.31
Interest payable	363.25		363.25
Trade payables and other accruals	9,856.48		9,856.48
At 31 March 2017			
Borrowings (long term and short term)	13,724.37	25,034.62	38,758.99
Interest payable	389.64		389.64
Trade payables and other accruals	13,512.03		13,512.03

The Company has access to following financing facilities which were undrawn as at the end of reporting periods mentioned.

Undrawn financing facility	As at 31-Mar-17 Rs. in Lacs	As at 31-Mar-16 Rs. in Lacs	As at 1-Apr-15 Rs. in Lacs
Secured Working Capital Facilities			
Amount Used	3,832.00	2,783.00	5,244.30
Amount Unused	2,168.00	3,217.00	2,355.70
Total	6,000.00	6,000.00	7,600.00
Unsecured Working Capital Facilities			
Amount Used	52.00	154.00	
Amount Unused	1,948.00	1,846.00	
Total	2,000.00	2,000.00	

C. Fair Value Measurements

(i) Financial assets and liabilities that are measured at amortised cost:

	As at 31-Mar-17 Rs. in Lacs	As at 31-Mar-16 Rs. in Lacs	As at 1-Apr-15 Rs. in Lacs
Financial Assets (amortised cost):			
Trade receivables	12,838.73	9,029.26	11,193.25
Cash & Cash equivalents	195.35	318.87	965.15
Other bank balances	2.34	115.58	233.15
Other financial assets			
- Premises and other deposits	2,831.59	3,356.32	3,457.52
- Others	128.55	442.00	450.45
Financial Liabilities (amortised cost):			
Borrowings - long term	34,559.95	34,281.10	29,521.37
Borrowings - short term	4,199.04	2,921.21	6,805.92
Trade payables	13,512.03	9,856.48	9,906.42
Other financial liabilities	10,899.91	7,700.50	4,862.12

The fair values of the above financial assets and liabilities approximate their carrying amounts.

(ii) Financial assets and liabilities that are measured at fair value on a recurring basis as at the end of each reporting period:

Financial assets / Financial liabilities	Fair value as at			Fair value hierarchy
	31-Mar-17	31-Mar-16	31-Mar-15	
Forward foreign currency contracts	Assets Rs.4.41 lacs	Assets Rs.3.01 lacs	Assets Rs.0.50 lacs	Level 2

Valuation technique and key input used: Fair value is determined using discounted future cash flows which are estimated based on forward exchange rates at the end of the reporting period, discounted at a rate that reflects the credit risk of the Company.

10

Handwritten signature/initials

38 (i) Reconciliation of total equity

(All amount in Rs. Lacs)

Particulars	Refer notes below	As at 31 March 2016 (End of last period presented under previous GAAP)	As at 01 April 2016 (Date of transition)
Total equity as reported under previous GAAP		313.03	5,331.21
Ind AS: Adjustments increase (decrease):			
i) Award credits (customer loyalty programme) remeasured at fair value	2	(59.57)	(42.56)
ii) Refundable deposit considered in measurement of minimum lease payments	3	(224.62)	
iii) Interest (time value) recognized on interest free lease deposit	3	182.20	
iv) Financing component of property options revenue	6	(429.36)	(1,066.15)
v) Redeemable preference shares classified as financial liability	7		(31,968.73)
vi) Others		32.05	36.45
Total equity as reported under Ind AS		(186.27)	(27,709.78)

(ii) Reconciliation of total comprehensive income as previously reported under Indian GAAP to IND AS

Particulars	Year ended 31 March 2016 (latest period presented under previous GAAP)		
	Refer notes below	Rs. in Lacs	Rs. in Lacs
Net Loss as per previous GAAP			(9,290.13)
Ind AS: Adjustments increase (decrease):			
i) Award credits (customer loyalty programme) remeasured at fair value	2	(17.00)	
ii) Refundable deposit considered in measurement of minimum lease payments	3	(224.62)	
iii) Interest (time value) recognized on interest free lease deposit	3	182.20	
iv) Share based payment cost measured at fair value	4	(25.23)	
v) Remeasurement of employee defined benefit obligations reclassified to Other Comprehensive Income	5	28.00	
vi) Financing component of property options revenue	6	635.79	
vii) Others		(4.41)	
Total Ind AS adjustment to profit or loss			575.73
Loss under Ind AS			(8,714.40)
Other comprehensive income	5		(28.00)
Total comprehensive income under Ind ASs			(8,742.40)

(iii) There is no effect of Ind AS adoption on cash flows from operating, investing and financing activities.

Notes

- Under the previous GAAP, there was no separate record in the financial statements for 'Other Comprehensive Income'. Under Ind AS, specified items of income, expense, gains and losses are presented under Other Comprehensive Income.
- Under the previous GAAP, point award schemes were measured from the standpoint of the grantor, (the Company). On transition to Ind AS, point award schemes are measured at fair value from standpoint of the holder. Consequently, the Company has recognised deferred revenue with corresponding adjustment to total equity and / or profit or loss, as applicable.
- Under the previous GAAP, interest free lease deposits were recorded at their transaction value. On transition to Ind AS, these lease deposits are remeasured at amortised cost using the effective interest rate method. The difference between the transaction value of the deposit and amortised cost is regarded as prepaid rent and recognised as expenses uniformly over the lease period. Interest income, measured by the effective interest rate method is accrued. The effect of these is reflected in total equity and / or profit or loss, as applicable.
- Under the previous GAAP, equity settled employee share-based payments were recognised using the intrinsic value method. Under Ind AS, the cost of equity settled employee share-based payments is recognised based on the fair value of the options as on the grant date. The effect of these is reflected in total equity and/ or profit or loss, as applicable.
- Under the previous GAAP, actuarial gains and losses on employee defined benefit obligations were recognised in profit or loss. Under Ind AS, the actuarial gains and losses on re-measurement of net defined benefit obligations are recognised in other comprehensive income. This resulted in a reclassification between profit or loss and other comprehensive income.
- Under the previous GAAP, total consideration receivable on sale of property option inventory was recognised as revenue. Under Ind AS, where the transaction contains a significant financing component, total consideration receivable is allocated to such financing component and recognised in profit or loss over the credit period. The effect of these is reflected in total equity and/ or profit or loss, as applicable.
- Under the previous GAAP, redeemable preference shares were classified as part of equity. Under Ind AS, these preference shares as on the transition date are classified as a financial liability since the preference shares do not contain an equity component. The effect of this is reflected in total equity.

De

DHSLP



Directors' Report

Hypercity Retail (India) Limited

Dear Members,

Your Directors present herewith Twelfth Annual Report on the business and operations of the Company together with the Audited Statements of Accounts for the year ended March 31, 2016.

1. Financial Performance

	(₹ in lacs)	
Particulars	Year ended March 31, 2016	Year ended March 31, 2015
Retail sale of products	93,462.81	90,768.49
Revenue from transfer of property option	—	11,019.09
Other retail operating revenue	4,526.96	3,826.68
Other income	538.84	658.20
Total Revenues	98,528.61	1,06,272.46
(Loss)/Profit before Depreciation & Tax	(6,380.72)	4,227.04
Less: Depreciation	(2,909.41)	(2,879.32)
(Loss)/Profit before Tax	(9,290.13)	1,347.72
Less: Tax	—	—
(Loss)/Profit after Tax	(9,290.13)	1,347.72
Less: Transfer to Debenture Redemption Reserve	—	420.00
Add: Adjustment of Depreciation change	—	(22.96)
Add: Balance brought forward from previous year	(52,852.52)	(53,757.28)
Balance Carried Forward	(62,142.65)	(52,852.52)

2. Performance Review

During the year under review, the total revenues (net of taxes) of your company was ₹ 93,462.81 lacs (previous year ₹ 90,768 lacs), registering a growth of 3.0%, y-o-y basis. Your Company has operated 14 stores for full year and has got same store sales growth of 1.3% over the preceding year.

Gross margin during the year continued at 22.5%. Fashion mix for the year was at 15.9% (previous year 15%) and delivered like to like growth of 5.7%. Like-to-Like Opex growth was 1.2%, whereas concessionaire income grew by 14.6% and SOH income grew by 4.3% on Like-to-Like basis.

The retail business achieved Company EBITDA of ₹ (1,951) lacs (previous year ₹ (774) lacs).

The Company added 1.6 lacs Discovery club members during the year and total member base increased to 11.5 lacs. Discovery club contributed 56.8% to overall sales mix.

During the year, the Company added 3 new stores, one each in Pune, Noida and Delhi. Further, operations at Jaipur store was closed down due to high losses. The total retail area increased to 7.3 lacs sq. ft.

3. Vision

To be an integral part of customer lives, by offering them a high quality shopping experience through great products at ever better prices.

CERTIFIED TRUE COPY

For Hypercity Retail (India) Ltd.



Director

4. Share Capital

During the year under review, the authorised share capital of the Company was reclassified into ₹ 62,500 lacs divided into ₹ 50,000 lacs of equity share capital (previous year ₹ 500 lacs) and ₹ 12,500 lacs of preference share capital (previous year ₹ 62,000 lacs).

The Company had issued 319,687,255 7% Cumulative Redeemable Preference Shares (CRPS) of ₹ 10/- each from time to time. The rights attached to these CRPS were varied to make them 7% Compulsorily Convertible Preference Shares (CCPS) of ₹ 10/- each, with the due approval of the Board of Directors and shareholders of the Company. These CCPS were converted in the ratio of 5:1, i.e. 5 CCPS of ₹ 10/- each into 1 equity share of ₹ 10/- each, i.e. a premium of ₹ 40/- per equity share on March 15, 2016. Accordingly, the Company had allotted 63,937,451 equity shares of ₹ 10/- each.

The Company had 257,000,000 7% Compulsorily Convertible Preference Shares (CCPS) of ₹ 10/- each, convertible in the ratio of 5:1 i.e. 5 CCPS of ₹ 10/- each into 1 equity share of ₹ 10/- each, i.e. a premium of ₹ 40/- per equity share on August 31, 2017. The rights attached to these CCPS were varied to make them convertible on March 15, 2016 instead of on August 31, 2017, with the due approval of the Board of Directors and shareholders of the Company. Accordingly, the Company had allotted 51,400,000 equity shares of ₹ 10/- each.

Further, 8,543,906 equity shares of ₹ 10/- each at a premium of ₹ 40/- per share were issued on rights basis, during the year under review.

5. Dividend

In view of accumulated losses and to support future business plans, your Directors are unable to recommend any dividend.

6. Finance

Your Company continues with various initiatives for bringing down the cost of borrowings which includes reduction in working capital, application of various financial instruments so as to meet short-term and long-term requirement and reduce interest cost.

7. Awards and Recognition

Your company has been conferred inter-alia with the following awards:

1. Images Most Admired Digital Marketing Campaign of the year at the Images Retail Tech Awards 2015.
2. Best use of social media & communication strategy at India Retail & E-Retail Awards 2015.
3. Images Most Admired Food & Grocery Retailer of the year for Human Resource Policies & Initiatives.
4. Times Ascent award for Dream Companies to work for Organisation with innovative HR practices.
5. National Talent Management Leadership awards for Best Innovative Rewards & Recognition programme.
6. National Talent Management Leadership awards for Best Onboarding Programme.
7. ABP news HR & Leadership HR Excellence awards for Learning & Development.
8. National award for excellence in Training & Development for Best customer service programme.
9. National award for excellence in Training & Development for Best Organisational Development programme.
10. Your Company was also ranked 41 among the Dream Companies to work.

8. Directors & Key Managerial Personnel

Mr. C. L. Raheja (DIN 00027979), the Chairman and Director resigned from his position w.e.f. April 29, 2015 and in his place Mr. B. S. Nagesh (DIN 00027595), the Vice Chairman was elevated as the Chairman by the Board of Directors of the Company. The Board of Directors recorded its sincere appreciation and recognition for the valuable contribution provided by Mr. C. L. Raheja, during his long association with the Company.

Ms. Bindu Mendonca (DIN 07198339), the Director of the Company, resigned w.e.f. September 18, 2015.

Pursuant to provisions of Section 149 of the Companies Act, 2013, Ms. Ameesha Prabhu (DIN 07007416) has been appointed as an Additional Director of the Company, who hold office as a Director upto the date of ensuing Annual General Meeting of the Company

Directors' Report

Hypercity Retail (India) Limited

and is eligible for re-appointment. The Company has received requisite notice under Section 160 of the Companies Act, 2013, from a member proposing her appointment as a Director of the Company. The Board recommends her appointment as a Director of the Company, who shall be liable to retire, by rotation.

The Company has received declarations from Mr. Deepak Ghaisas and Prof. Nitin Sanghavi, both the Independent Directors of the Company confirming that they meet with the criteria of Independence as prescribed under Section 149(6) of the Companies Act, 2013.

In accordance with the provisions of the Section 152 of the Companies Act, 2013, Mr. Govind Shrikhande, (DIN 00029419) Non-Executive & Non-Independent Director of the Company, will retire by rotation at the ensuing Annual General Meeting and being eligible, offer himself for re-appointment. The Board recommends his re-appointment.

During the year under review, Mr. Vipin Bhandari resigned as a Chief Executive Officer of the Company w.e.f. August 7, 2015 and Mr. Ramesh Menon was appointed as a Chief Executive Officer of the Company w.e.f. February 3, 2016.

Except as mentioned herein above, there is no change in the Key Managerial Personnel of the Company, during the year under review.

9. Performance Evaluation

During the year, the Board adopted a process for evaluating its performance and effectiveness as well as that of its committees and directors. The exercise was carried out through a structured questionnaire covering various aspects, such as Board composition & quality, strategy and risk management, relation with the management, board meetings & procedures. Further, a separate exercise was carried out to evaluate the performance of individual directors, based on their participation at board & committee meetings and contribution therein.

10. Remuneration Policy

The Board of Directors has on the recommendation of the Nomination and Remuneration & Corporate Governance Committee has framed a policy for selection and appointment of Directors, senior management and their remuneration. The said policy is annexed herewith as Annexure I.

11. Particulars of Employees

In terms of the provisions of Section 197 of the Companies Act, 2013 read with Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, a statement showing the names and other particulars of the employees drawing remuneration in excess of the limits set out in the said rules for the year ended March 31, 2016 is provided hereunder:

Sr. No.	Name	Designation	Age	Qualifications	Experience (years)	Date of Commencement of Employment	Gross Remuneration ₹	Previous Employment	Designation Previous Employment
1.	Ashik Hamid	Senior Vice President - Buying and Merchandising	43	MBA	17	3, February 2014	7,702,416	Fresh Grocery Bharti Walmart, India	Vice President & General Merchandise Manager
2.	Jayakar Shettigar	Senior Vice President - Buying and Merchandising	46	PGDBM	23	1, April 2012	7,686,440	Shoppers Stop Ltd.	Sr Trading Manager
3.	Vijay Jain	Chief Financial Officer	35	CA	15	13, October 2006	6,305,789	Nicholas Piramal India Ltd.	Chief Manager Controller

Directors' Report

Hypercity Retail (India) Limited

Employee in service for part of the year

Sr. No.	Name	Designation	Age	Qualifications	Experience (years)	Date of Commencement of Employment	Gross Remuneration ₹	Previous Employment	Designation Previous Employment
1.	Simon Hopper	Chief of Operations	46	Diploma in Retail Management Sir Thomas Piction School, 9GCSE "O Levels", 2GCSE "A Levels"	24	18, July 2011	4,193,998	Sultan Centre/Tesco Franchisee	Group Operations Director for Middle East
2.	Vipin Bhandari	Chief Executive Officer	44	CA	17	26, August 2014	5,364,310	Max Hypermarkets India Pvt. Ltd.	Chief Executive Officer
3.	Ramesh Menon	Chief Executive Officer	50	PGDBM	26	3, February 2016	6,853,547	Reliance Communication Ltd.	Ex. Senior VP
4.	Hemant Taware	Chief of Operations	48	MBA	28	1, July 2015	6,629,776	Infiniti Retail Ltd.	Chief - Retail Operations

Notes:

1. None of the employees mentioned herein above hold any equity shares of the Company.
2. None of the employees mentioned herein above are relative of any director of the Company.
3. The nature of employment is contractual. The other terms and conditions are as per company's Rules.

12. Corporate Social Responsibility

Corporate Social Responsibility (CSR) plays a vital role in fulfilling the needs of the present generation and ensuring a safe environment for the future. At Hypercity, Corporate Social Responsibility forms an integral part of the Company's corporate principles and business philosophy. As a Company with strong sense of values and commitment, Hypercity believes that business objectives must go hand in hand with a sense of responsibility towards employees, stakeholders and society at large.

We as a Company have been associated with the various NGO's such as Pankh, a joint initiative by TRRAIN and Youth4jobs through which we have employed around 50 differently abled people in our organisation. HyperCity came forward during floods in Chennai and contributed food and essential supplies. We also sent blankets for orphanage in J&K run by Indian Army. We also tied up with other CSR and skills development organisations for source-skill-employ programmes including ICICI Foundation and Kotak Education Foundation, Tikсна Mission, Dr. Reddy amongst others. At HyperCITY, CSR is and will always be an integral part of our business and our way of supporting our society.

Further, the Company has constituted Corporate Social Responsibility Committee pursuant to Section 135 of the Companies Act, 2013 read with Companies (Corporate Social Responsibility Policy) Rules, 2014 consisting of Prof. Nitin Sanghavi, as a Chairman and Mr. Deepak Ghaisas and Mr. Neel Raheja as members. Since, the Company has no average net profits in immediately preceding 3 financial years, the Company is not mandatorily required to spend the money hereof.

13. Risk Management

In line with the regulatory requirements, the Company has formally framed a Risk Management Policy to identify and assess the key risk areas, monitor and report the compliance and effectiveness of the same. A Risk Management Committee has been constituted to oversee the risk management process in the Company. The committee has reviewed the major risks which affects the Company from both the external and the internal environment perspective. Appropriate actions have been initiated to either mitigate, partially mitigate, transfer or accept the risk (if need be) and monitor the risks on a regular basis. Based on the detailed review the following key risks inter-alia have been identified:

- **Internet Usage:** India's Internet user base is currently third largest in the world. This, coupled with the rising consumer confidence in online retail, is driving the growth of e-commerce in the country. With a significant number of Indian consumers turning Internet users, and eventually, online shoppers, selling through the online channel is set to redefine retail. The Company in order to counter the impact of loss in business due to online e-commerce sales, has designed a two pronged strategy which includes, partnering with E-commerce companies as a key sourcing vendor for them and also plans to sell products and brands online via tie up with leading online E-Commerce portals.
- **Economic Slowdown:** Economic slowdowns have a direct impact on consumption. Retail being the end service provider of consumption in the supply/value chain, is bound to face difficulties in an environment of economic slowdown. The Company continuously looks at stepping up the pricing, promotional, marketing activities and improving space efficiency by rightsizing to protect the Company's profitability.

14. Internal Control System

The Company has laid down internal financial control's, through a combination of Entity level controls, Process level controls and IT General controls inter-alia to ensure orderly and efficient conduct of business, including adherence to the Company's policies and procedures, accuracy and completeness of accounting records and timely preparation and reporting of reliable financial statements/information, safeguarding of assets, prevention and detection of frauds and errors.

The evaluation of these internal financial controls was done through the internal audit process, established within the Company and also through appointing professional firm to carry out such tests by way of systematic annual internal audit programme. Based on the review of these reported evaluations, the directors confirm that:

- For the preparation of financial accounts for the year ended March 31, 2016, the applicable Accounting Standards have been followed.
- The internal financial controls are generally found to be adequate and were operating effectively and that no material weaknesses were noticed.

15. Whistle Blower/Vigil Mechanism

The Company has established Vigil Mechanism and adopted whistle blower policy, pursuant to which whistle blowers, can report concerns about unethical behaviour, actual or suspected fraud or violation of the Company's code of conduct or ethics policy. The mechanism provides adequate safeguards against victimisation of persons who use such mechanism. The brief detail about this mechanism has also been posted on the website of the Company.

16. Energy Conservation, Technology Absorption and Foreign Exchange

The Company is engaged in the continuous process of energy conservation through best practices in operating and maintenance. Establish a framework for an Energy Strategy and Policy within Hypercity for commercial savings on the cost of energy and focusing on minimum pay back by doing various steps are as under:

- Centralised Energy Management System (CEMS) were installed in 2 new stores in last year (Pune-2 & GG Noida) for monitoring the energy efficiency.
- Controlling the energy consumption of HVAC system by optimising the temperature inside the stores.
- Scheduling of equipment like AHU for non-peak hours.
- Continues training programme for Energy and Maintenance system is implemented in all the stores.
- Set new escalation matrix process for refrigeration systems to reduce down time.
- Quarterly Energy and Maintenance audit in all stores.
- Project implemented to save energy in refrigeration units. (Replaced old fan motor & Lights with energy efficient fan and LED for 7 Stores).
- Project in process to replace the rack room with energy efficient compressor and condenser systems. (Bangalore-1, Vashi & Thane 1 stores).
- Besides the above, company has appointed an independent consultant to:
 - ♦ monitor and maintain the sustainability of the energy phase 1 and 2.

- ◆ learn and implement best practices in operating and maintenance of refrigeration, HVAC, lighting and other equipment's;
- ◆ train store operation/maintenance teams across India to sustain the savings;
- ◆ create a team of "energy champions" and roll out this "mission" across all stores.

The foreign exchange earnings was ₹ 740.4 lacs and outgo was ₹ 440.0 lacs.

17. Disclosures

Extract of Annual Return: The details forming part of extract of the annual return in form MGT 9 is annexed herewith as Annexure II.

Meetings of the Board of Directors: During the year under review, the Board of Directors met 4 times i.e. on April 29, 2015, July 30, 2015, October 29, 2015 and January 28, 2016. The maximum interval between any two meetings during this period does not exceed 120 days.

Audit Committee: The Audit Committee comprises of three Directors i.e. Mr. Deepak Ghaisas, as the Chairman, Mr. Ravi C. Raheja and Prof. Nitin Sanghavi as the members. The Board of Directors has accepted the recommendations made by Audit Committee from time to time.

Related Party Transactions: All the related party transactions that were entered into during the financial year were on arm's length basis and were in ordinary course of business. The details of material transactions with related parties in form AOC-2 is provided herewith under Annexure III. Further Directors draw attention of the members to Notes to the financial statement which sets out related party disclosures.

All the related party transactions are presented to the Audit Committee and the Board of Directors. Omnibus approval is obtained for the transactions which are foreseen and repetitive in nature. A statement of all the related party transactions is presented before the Audit Committee and Board on a quarterly basis, specifying the nature and value of these transactions.

Particulars of Loans, Guarantees and Investments: The details of Loans, Guarantees and investments, if any; covered under the provisions of Section 186 of the Companies Act, 2013 are given in the Notes to the Financial Statements.

Other Disclosures: The Board of Directors state that no disclosure and/or reporting is required in respect of the following items as there were no such transactions during the year under review:

- Details relating to deposits covered under Section 73 of the Companies Act, 2013 read with Companies (Acceptance of Deposits) Rules, 2014.
- Issue of shares (including sweat equity shares) to employees of the Company.
- Issue of equity shares with differential rights as to dividend, voting or otherwise.
- The Company has no Managing Director or Whole time Director and accordingly disclosure of receipt of any remuneration or commission by them from its Holding Company are not applicable.
- No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operations in future.
- There were no companies which has become/ceased to be the Subsidiaries, Joint Venture's or Associates of the Company during the year under review.

The Company has adopted a policy for prevention of sexual harassment at work place and is fully committed to comply with its various provisions. The policy inter-alia provides for protection against sexual harassment of women at workplace and for prevention and redressal of such complaints. During the year under review, there were 9 complaints received which has been disposed of completely.

18. Directors' Responsibility Statement

Pursuant to the requirements of Section 134 of the Companies Act, 2013, the Board of Directors confirms that:

- a. in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;

- b. appropriate accounting policies have been selected and applied them consistently and judgements and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2016 and of the loss of the Company for the year ended on March 31, 2016;
- c. proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d. the annual accounts have been prepared on a going concern basis;
- e. the proper systems to ensure compliance with the provisions of all applicable laws are in place and were adequate and operating effectively.

19. Auditors

Statutory Auditors

Your Company's Statutory Auditors, Deloitte Haskins & Sells LLP (Registration No. 117366W/W-100018), Chartered Accountants, Mumbai, who are the Statutory Auditors of the Company, hold office till the financial year ending on March 31, 2020, subject to ratification of their appointment at every Annual General Meeting of the Company, pursuant to the provisions of Section 139 of the Companies Act, 2013 and the Rules framed thereunder.

They have confirmed their eligibility and are not disqualified for re-appointment under the Companies Act, 2013. They have confirmed that they have been subjected to the peer review process of the Institute of Chartered Accountants of India (ICAI) and hold a valid certificate issued by the Peer Review Board of ICAI.

The Audit Committee and the Board of Directors recommend the ratification of appointment of Deloitte Haskins & Sells LLP, as the Statutory Auditors of the Company. The members are requested to ratify appointment of Deloitte Haskins & Sells LLP, Chartered Accountants, as Statutory Auditors of the Company and to authorise the Board to fix their remuneration. The Auditors' Report to the members for the year under review does not contain any qualification, reservation, adverse remark or disclaimer. The Auditors have not reported any fraud to the Company required to be disclosed under Section 143(12) of the Act.

Secretarial Audit

Pursuant to the provisions of Section 204 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial personnel) Rules, 2014, the Company has appointed V. Sundaram & Co, a firm of Company Secretaries in Practice to undertake the Secretarial Audit of the Company. The Secretarial Audit Report issued by them, is annexed herewith as Annexure IV. The Auditors' Report to the members for the year under review does not contain any qualification, reservation or adverse remark or disclaimer.

20. Material Changes

There are no material changes and commitments affecting the financial position of the Company which has occurred between March 31, 2016 and the date of this Board of Directors Report.

21. Acknowledgement

Your Directors would like to express their sincere appreciation for the assistance and support received from customers, suppliers, business partners and banks during the year under review. Your Directors also wish to place on record their deep sense of appreciation for the committed service by the associates of the Company. The Directors acknowledges the confidence and faith reposed by Shareholders in the Company and look forward to have the same in future as well.

For and on behalf of the Board of Directors

Mumbai
May 2, 2016

B. S. Nagesh
(DIN: 00027595)
Chairman

APPOINTMENT AND REMUNERATION OF DIRECTORS & SENIOR MANAGEMENT POLICY

The Nomination and Remuneration Committee and this Policy is in compliance with the provisions of Section 17B of the Companies Act, 2013 read along with the applicable rules thereto.

This appointment and remuneration policy (the "**Policy**") applies to (i) selection and appointment of the directors and senior management (including Key Management Personnel therein), and (ii) remuneration of the directors and senior management of Hypercity Retail (India) Limited (the "Company"). This Policy is approved by Board of Directors at its meeting held on January 29, 2015, and is effective immediately.

I. Purpose

The human resources of a company are critical to performance of the Company. Therefore the Company aims to achieve a balance of experience, expertise and the right skills amongst its Directors and other human resources and to optimise the compensation payable to them in order to drive the Company's performance to maximise stakeholders value.

The primary objective of this Policy is to provide a framework and set standards for the selection, appointment and re-appointment of directors and senior management who should have the capacity and ability to lead the Company towards achieving sustainable development. The Policy is aimed at ensuring that the management of the Company consists of persons with a diverse range of skills and qualities to meet their primary responsibility for promoting the success of the Company in a way which ensures that the interests of the Company as well as the interests of the stakeholders are promoted and protected.

II. Policy for Selection and Appointment of Directors and Senior Management

The Board is responsible for the selection, appointment of directors and senior management. The Board has delegated the screening and selection process involved in selecting directors and senior management to the Nomination and Remuneration Committee ("**Committee**") of the Company.

The Board has constituted the said Committee consisting of four non-executive (including two Independent) Directors of the Company.

The Board should be of a size and composition as is conducive to quick and focused decision making. It should be large enough to incorporate a variety of perspective skills, and to represent the best interests of the Company as a whole rather than of individual shareholders or interest groups. At the same time it should not be so large that effective decision-making is hindered.

The Board of Directors believes that the membership of the Board as well as of the senior management of the Company should comprise persons with an appropriate mix of skills, experience and personal & positive attributes that allow the management to:

- Discharge their responsibilities and duties under the law effectively and efficiently;
- Understand the business of the Company and the environment in which the Company operates so as to be able to appreciate the management objectives, goals and strategic direction which will maximise stakeholder's value; and
- Assess the performance of the management in meeting those goals and objectives.

The role of the Committee shall, inter-alia, include the following:

- Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees;
- Formulation of criteria for evaluation of Independent Directors and the Board;
- Devising a policy on Board diversity;
- In accordance with this policy, identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal.

The Committee shall consider the selection, appointment of the Directors and Senior Management and make a recommendation to the Board. The Committee may engage in informal discussions with the members of the Board for the purpose. Alternatively, a member of the Board may recommend a candidate for a position on the Board or as a part of senior management to the Committee.

Annexure to the Directors' Report Annexure I

Hypercity Retail (India) Limited

The Committee shall then assess whether a position exists for the candidate so nominated and shall also evaluate whether the nominated candidate meets the criteria and is suitable for the position.

In evaluating the necessity to appoint a director on the Board (whether by increasing the strength of the Board or on account of retirement of an existing director or otherwise), or on whether to appoint a person to senior management, due consideration should be given to the following:

- Assess the management's current skills, experience and expertise to identify the skills that may be lacking or the skills that would best increase the effectiveness of the management as well as that of the Company;
- Assess the needs of the business currently and going forward. The Board and senior management should be structured in a manner it has proper understanding of and competence to deal with the current and emerging business issues;
- The extent to which the candidate is likely to contribute to the overall effectiveness of the Board and senior management; as the case may be and work constructively with the existing management;
- The skills and experience that the candidate shall bring to the role and how he will enhance the skill sets and experience of the management as a whole;
- Independence of such candidate under the provisions of the Companies Act, 2013, if and as may be applicable.

Accordingly, in selecting and recommending potential new director and member of senior management and analysing renewal of the term of existing directors, the Committee should identify the competencies required to enable the Board and senior management to fulfill their respective responsibilities within the framework of the overall objectives and goals of the Company and wherever applicable, should also have regard to the results of the annual appraisals of the relevant person's past performance, whether on the Board of the Company or elsewhere.

While any individual person may not necessarily fulfill all criteria, in evaluating and recommending the candidature of a candidate, regard shall be had to the following criteria, skills and personal attributes:

- Outstanding in capability with extensive and varied senior commercial experience, preferably with a company engaged in the business of retail;
- High level of honesty, personal integrity and probity;
- Degree/professional qualification inter-alia in the field of management, finance, accounting, technology or law;
- Strategic capability with business vision and track record of achievement;
- Entrepreneurial spirit;
- Expertise/experience inter-alia in technology, accounting and finance, administration, retail, corporate and strategic planning, human resources etc.;
- Ability to be independent and capable of lateral thinking;
- Excellent interpersonal, communication and representational skills and established/demonstrable leadership qualities;
- Commitment to the promotion of equal opportunities, community cohesion and health and safety at work place;
- Have a reasonable network of contacts relative to the business of the Company;
- Availability of time to discharge the duties as a director of the Company including the other commitments of the candidate that require significant time commitments of the candidate.

If the candidate is found suitable, the Committee shall recommend the candidate to the Board for appointment as director or Senior Management, as the case may be.

The re-appointment of directors shall not be automatic. A Director who retires at an annual general meeting may, if willing to act, be reappointed and is subject to the selection and appointment procedures outlined above. The re-election shall also be dependent up on the evaluation of such directors' performance by the Board.

The Committee may engage recruitment consultants as and when required to undertake search for new candidates for new positions on the Board or senior management and/or may consult other independent experts where it considers necessary to carry out its duties and responsibilities.

III. Evaluation of Directors and Senior Management

The performance of each Director (Independent and Non-Independent) and member of senior management shall be reviewed on an annual basis by the Committee, who may use such external support as may be required to undertake such reviews.

The performance of each Director (Whether Independent or Non-Independent) and member of senior management shall be evaluated annually against the Goal Sheet as may be decided by the Board from time to time. The Committee shall discuss the findings of the evaluation and give its recommendation to the Board in this regard. However, the actual evaluation shall remain confidential and shall be a constructive mechanism to improve the effectiveness of the Board.

IV. Policy for Remuneration of the Directors and Members of Senior Management

The objective of the Company's remuneration policy is to attract, motivate and retain qualified and expert individuals that the Company needs in order to achieve its strategic and operational objectives, whilst acknowledging the societal context around remuneration and recognising the interests of the Company's stakeholders.

The remuneration/compensation/commission for the Directors and senior management (including annual increments, if any) will be determined by the Committee and recommended to the Board for approval.

In determining the remuneration policy, it shall be ensured that a competitive remuneration package for executive talent is maintained and the Company should aim for a total remuneration level that is comparable to levels provided by other companies that are similar to the Company in terms of size, scale of operations and complexity, the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the Company successfully; relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.

In order to link remuneration to the Company's performance, the remuneration package shall include a variable part in the form of an annual incentive, i.e. Profit Link Reward Scheme (PLRS), (based on factors such as the achievement of specific targets) and a long-term incentive in the form of Employee Stock Options of the Company and/or of its Holding Company, to an extent applicable. Such equity-related compensation of Executive Directors and senior management motivates them and aligns their financial interests with those of shareholders. The emphasis should be on linking pay with performance by rewarding effective management of business performance with a long-term focus, as well as individual achievement.

In designing and setting the levels of remuneration for the members of the Board and for senior management of the Company, the Committee/Board shall also take into account the relevant statutory provisions and provisions relating to Corporate Governance, societal and market trends and the interests of stakeholders. However, in extraordinary circumstances the remuneration payable may exceed the level prescribed under the relevant statutory provisions by taking appropriate consents as prescribed.

The remuneration package may comprise the following components:

- Fixed remuneration;
- Performance based remuneration (variable salary);
- Use of official car to the Executive Directors as may be decided by the Board;
- Leave travel allowance according to the policy of the Company;
- House rent and other allowances according to the policy of the Company;
- Employee Stock options if any;
- Other benefits as may be approved by the Board on the recommendation of the Committee.

Deviations on elements of this remuneration policy in extraordinary circumstances may, however, be considered, when deemed necessary in the interests of the Company, in order to attract or retain extraordinary talent.

V. Notification

The details of this policy shall be included in the report of the Board of Directors prepared under Section 134(3) of the Companies Act, 2013.

Annexure to the Directors' Report
Annexure II

Hypercity Retail (India) Limited

EXTRACT OF ANNUAL RETURN		
As on the Financial Year ended on 31.03.2016		
[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management & Administration) Rules, 2014]		
FORM NO. MGT-9		
I.	REGISTRATION & OTHER DETAILS:	
i	CIN	U52510MH2004PLC146577
ii	Registration Date	27th May, 2004
iii	Name of the Company	Hypercity Retail (India) Limited
iv	Category/Sub-category of the Company	Company Limited by Shares/Indian Non-Government Company
v	Address of the Registered office & contact details	Paradigm, A-Wing, 1st Floor, Mindspace, Link Road, Malad (West), Mumbai - 400 064. Tel: 91 22-4069 5555 Website: www.hypercityindia.com
vi	Whether listed company	No
vii	Name, Address & contact details of the Registrar & Transfer Agent, if any	Karvy Computershare Private Limited. Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad - 500 032. Tel: 040-6716 1500

II.	PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY		
All the business activities contributing 10% or more of the total turnover of the Company shall be stated:			
Sr. No.	Name & Description of main Products/Services	NIC Code of the Product/ Service	% to Total Turnover of the Company
1.	Food & Groceries	472	64%
2.	General Merchandise (Home, Furniture & CDIT)	475 & 477	20%
3.	Fashion (Apparels & Accessories)	477	16%

III.	PARTICULARS OF HOLDING, SUBSIDIARY & ASSOCIATE COMPANIES				
Sr. No.	Name & Address of the Company	CIN	Holding/Subsidiary/Associate	% of Shares held	Applicable Section
1.	Shoppers Stop Limited Eureka Towers, 9th Floor, B-Wing, Mindspace, Link Road, Malad (West), Mumbai - 400 064.	L51900MH1997PLC108798	Holding Company	51.04%	Section 2(46) of the Companies Act, 2013

The Company has no subsidiaries or associate companies.

IV. Shareholding Pattern (Equity Share capital Break up as % to total Equity) as on March 31, 2016									
(i) Category-wise Share Holding									
Category of Shareholders	No. of Shares held at the beginning of the year (i.e. as on April 1, 2015)			No. of Shares held at the end of the year (i.e. as on March 31, 2016)			% change during the year		
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	3,800	0	3,800	0.40	261,552	0	261,552	0.21	(0.19)
b) Central Government/State Government(s)	0	0	0	0.00	0	0	0	0.00	0.00
c) Bodies Corporates	933,845	5	933,850	98.30	123,871,050	5	123,871,055	99.23	0.93
d) Bank/Financial Institutions	0	0	0	0.00	0	0	0	0.00	0.00
e) Any other	0	0	0	0.00	0	0	0	0.00	0.00
SUB TOTAL: (A) (1)	937,645	5	937,650	98.70	124,132,602	5	124,132,607	99.44	0.74
(2) Foreign									
a) NRI - Individuals	0	0	0	0.00	0	0	0	0.00	0.00
b) Other Individuals	0	0	0	0.00	0	0	0	0.00	0.00
c) Bodies Corporate	0	0	0	0.00	0	0	0	0.00	0.00
d) Bank/Financial Institutions	0	0	0	0.00	0	0	0	0.00	0.00
e) Any other	0	0	0	0.00	0	0	0	0.00	0.00
SUB TOTAL: (A)(2)	0	0	0	0	0	0	0	0.00	0.00
Total Shareholding of Promoter (A) = (A)(1) + (A)(2)	937,645	5	937,650	98.70	124,132,602	5	124,132,607	99.44	0.74
B. PUBLIC SHAREHOLDING									
(1) Institutions									
a) Mutual Funds	0	0	0	0.00	0	0	0	0.00	0.00
b) Financial Institutions/Banks	0	0	0	0.00	0	0	0	0.00	0.00
c) Central Government/State Government(s)	0	0	0	0.00	0	0	0	0.00	0.00
d) Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
e) Insurance Companies	0	0	0	0.00	0	0	0	0.00	0.00

Annexure to the Directors' Report
Annexure II

f) Foreign Institutional Investors	0	0	0	0	0.00	0	0	0	0.00	0	0	0.00
g) Foreign venture Capital Funds	0	0	0	0	0.00	0	0	0	0.00	0	0	0.00
h) Others (specify)	0	0	0	0	0.00	0	0	0	0.00	0	0	0.00
SUB TOTAL (B)(1):	0	0	0	0	0.00	0	0	0	0.00	0	0	0.00
(2) Non-Institutions												
a) Bodies corporates	0	0	0	0	0.00	0	0	0	0.00	0	0	0.00
b) Individuals												
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	0	0	0	0	0.00	0	0	0	0.00	0	0	0.00
ii) Individuals shareholders holding nominal share capital in excess of ₹ 1 lakh	12,350	0	12,350	0	1.30	698,750	0	898,750	0.56			(0.74)
c) Others (specify)	0	0	0	0	0.00	0	0	0	0.00	0	0	0.00
SUB TOTAL (B)(2):	12,350	0	12,350	0	1.30	698,750	0	698,750	0.56	{0.74}		
Total Public Shareholding (B) = (B)(1) + (B)(2)	12,350	0	12,350	0	1.30	698,750	0	698,750	0.56	{0.74}		
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0	0.00	0	0	0	0.00	0	0	0.00
Grand Total (A + B + C)	949,995	5	950,000	5	100.00	124,831,352	5	124,831,357	100.00	100.00	0	0.00

Annexure to the Directors' Report
Annexure II

Hypercity Retail (India) Limited

SHAREHOLDING OF PROMOTERS AS ON MARCH 31, 2016											
(ii)	Sr. No.	Shareholders Name	Shareholding at the beginning of the year (i.e. as on April 1, 2015)			Shareholding at the end of the year (i.e. as on March 31, 2016)				% change in share- holding during the year	
			No. of shares	% of total shares of the Company	No. of shares pledged	% of shares pledged/ encumbered to total shares	No. of shares	% of total shares of the Company	No. of shares pledged		% of shares pledged/ encumbered to total shares
	1	Shoppers Stop Ltd.	484,500	51.00	0	0.00	63,711,980	51.04	0	0.00	0.04
	2	Anbee Constructions LLP	950	0.10	0	0.00	505,388	0.40	0	0.00	0.30
	3	Cape Trading LLP	950	0.10	0	0.00	505,388	0.40	0	0.00	0.30
	4	Capstan Trading LLP	950	0.10	0	0.00	505,388	0.40	0	0.00	0.30
	5	Casa Maria Properties LLP	950	0.10	0	0.00	505,388	0.40	0	0.00	0.30
	6	Raghukool Estate Development LLP	950	0.10	0	0.00	505,388	0.40	0	0.00	0.30
	7	Palm Shelter Estate Development LLP	950	0.10	0	0.00	505,388	0.40	0	0.00	0.30
	8	Support Properties Pvt. Ltd.	221,825	23.35	0	0.00	12,376,625	9.91	0	0.00	(13.44)
	9	Eternus Real Estate Pvt. Ltd.	221,825	23.35	0	0.00	12,406,625	9.94	0	0.00	(13.41)
	10	Ravi Chandru Raheja	950	0.10	0	0.00	65,388	0.05	0	0.00	(0.05)
	11	Chandru Lachmandas Raheja	950	0.10	0	0.00	65,388	0.05	0	0.00	(0.05)
	12	Jyoti Chandru Raheja	950	0.10	0	0.00	65,388	0.05	0	0.00	(0.05)
	13	Neel Chandru Raheja	950	0.10	0	0.00	65,388	0.05	0	0.00	(0.05)
	14	Genext Hardware and Parks Pvt. Ltd.	—	0.00	0	0.00	32,343,497	25.91	0	0.00	25.91
		Total	937,650	98.70	0	0.00	124,132,607	99.44	0	0.00	0.74

Annexure to the Directors' Report
Annexure II

Hypercity Retail (India) Limited

(iii) **Change in Promoters' Shareholding (Specify if there is no change)**

There is a change in the number of equity shares & % in shareholding on account of conversion of 7% Compulsorily Convertible Preference Shares and 7% Cumulative Redeemable Preference Shares of the Company into equity shares and allotment of equity shares on rights basis as well, during the year under review.

(iv)	Shareholding Pattern of top ten Shareholders (other than Directors, Promoters & Holders of GDRs & ADRs)				
Sr. No.	Particulars	Shareholding at the beginning of the year (i.e. as on April 1, 2015)		Shareholding at the end of the year (i.e. as on March 31, 2016)	
	For Each of the Top 10 Shareholders	No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
1	NIL				

(v)	Shareholding of Directors and Key Managerial Personnel (KMP)				
Sr. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year (i.e. as on April 1, 2015)		Shareholding at the end of the year (i.e. as on March 31, 2016)	
	Name of the Directors and KMP	No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
1	Mr. Chandru L. Raheja	950	0.10	N.A.	N.A.
2	Mr. Ravi C. Raheja	950	0.10	65,388	0.05
3	Mr. Neel C. Raheja	950	0.10	65,388	0.05
4	Mr. B. S. Nagesh	12,350	1.30	698,750	0.56
5	Mr. Govind Shrikhande	—	—	—	—
6	Mr. Deepak Ghaisas	—	—	—	—
7	Prof. Nitin Sanghavi	—	—	—	—
8	Ms. Ameesh Prabhu	N.A.	N.A.	—	—
9	Mr. Ramesh Menon	N.A.	N.A.	—	—
10	Mr. Vijay Jain	—	—	—	—
11	Mr. Bharat Sanghavi	—	—	—	—
12	Ms. Bindu Mendonsa	—	—	N.A.	N.A.

Annexure to the Directors' Report
Annexure II

Hypercity Retail (India) Limited

V. INDEBTEDNESS				
Indebtedness of the Company including interest outstanding/accrued but not due for payment				(₹ In lacs)
Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year (i.e. as on April 1, 2015)				
i) Principal Amount	20,764.25	13,400.00	0	34,164.25
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	211.34	134.11	0	345.45
Total (i+ii+iii)	20,975.59	13,534.11	0	34,509.70
Change in Indebtedness during the financial year				
Additions	5,500.00	8,200.00	0	13,700.00
Reduction	6,437.74	4534.11	0	10,971.85
Net Change	(937.74)	3,665.89	0	2,728.15
Indebtedness at the end of the financial year (i.e. as on March 31, 2016)				
i) Principal Amount	20,037.86	17,200.00	0	37,237.85
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	212.93	149.42	0	362.35
Total (i+ii+iii)	20,250.79	17,349.42	0	37,600.20

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL	
A. Remuneration to Managing Director (MD)/Whole Time Director (WTD) and/or Manager	
Sr. No.	Particulars of Remuneration
1	Gross salary
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961
	(c) Profits in lieu of salary under Section 17(3) of the Income Tax Act, 1961
2	Stock option
3	Sweat equity
4	Commission as % of profit
5	Others [PF + Incentive (PLRS)]
	Total (A)
	Ceiling as per the Act
	NIL, since there is no Managing Director, Whole time Director or Manager of the Company.
	as per Section II Part A of Schedule V of the Act

B. Remuneration to other directors	
1 Independent Directors	
Sr. No.	Particulars of Remuneration
	Name of the Directors
	Mr. Deepak Ghaisas
	Prof. Nitin Sanghavi
	Total Amount
(a)	Fee for attending Board/Audit Committee Meetings
(b)	Commission
(c)	Others, please specify
	Total B(1)
	270,000
	360,000
	630,000

Annexure to the Directors' Report
Annexure II

Hypercity Retail (India) Limited

2	Other Non-Independent Directors							
Sr. No.	Particulars of Remuneration	Name of the Directors						
		Mr. Chandru L. Raheja	Mr. Ravi C. Raheja	Mr. Neel C. Raheja	Mr. B. S. Nagesh	Mr. Govind Shrikhande	Mr. Ameesha Prabhu	Total Amount
(a)	Fee for attending Board/ Audit Committee Meetings	50,000	230,000	200,000	200,000	200,000	50,000	930,000
(b)	Commission	—	—	—	—	—	—	—
(c)	Others, please specify	—	—	—	—	—	—	—
	Total B(2)	50,000	230,000	200,000	200,000	200,000	50,000	930,000
	Total (B) = (B1+ B2)							1,560,000
	Ceiling as per the Act	Sitting fees of ₹ 1 lac for attending each Meeting of Board and Committees thereof.						

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD						
Key Managerial Personnel						
Sr. No.	Particulars of Remuneration	Mr. Ramesh Menon (Chief Executive Officer) [From 03.02.2016 to 31.03.2016]	Mr. Bharat Sanghavi (Company Secretary) [from 01.04.2015 to 31.03.2016]	Mr. Vijay Jain (Chief Financial Officer) [from 01.04.2015 to 31.03.2016]	Mr. Vipin Bhandari (Chief Executive Officer) [From 01.04.2015 to 07.08.2015]	Total Amount
1	Gross Salary					
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	3,139,174	3,333,402	6,198,650	5,364,310	18,035,536
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	86,925	—	—	150,016	236,941
	(c) Profits in lieu of salary under Section 17(3) of the Income Tax Act, 1961	—	—	—	—	—
2	Stock Option	—	34,492	—	—	34,492
3	Sweat Equity	—	—	—	—	—
4	Commission as % of profit	—	—	—	—	—
5	Others [PF + Incentive (PLRS)]	3,627,448	282,540	251,691	995,644	5,157,323
	Total	6,853,547	3,650,434	6,450,341	6,509,970	23,464,292

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES					
Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority (RD/NCLT/ Court)	Appeal made if any (give details)
A. COMPANY Penalty Punishment Compounding B. DIRECTORS Penalty Punishment Compounding C. OTHER OFFICERS IN DEFAULT Penalty Punishment Compounding			NIL		

Form No. AOC-2

(Pursuant to clause (h) of sub-section (3) of Section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in sub-section (1) of Section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto

1. Details of contracts or arrangements or transactions not at arm's length basis						N.A.
Name(s) of the related party and nature of relationship						
Nature of contracts/arrangements/transactions						
Duration of the contracts/arrangements/transactions						
Salient terms of the contracts or arrangements or transactions including the value, if any						
Justification for entering into such contracts or arrangements or transactions date(s) of approval by the Board						
Amount paid as advances, if any:						
Date on which the special resolution was passed in general meeting as required under first proviso to Section 188						
2. Details of material contracts or arrangement or transactions at arm's length basis						
Sr. No.	Name of the Related Party and nature of relationship	Nature of contracts/ arrangements/ transactions	Duration of the contracts/ arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Date(s) of approval by the Board, if any	Amount paid as advances, if any
1	Inorbit Malls (India) Private Limited	Leave and License Agreement	September 23, 2014 to September 22, 2019	Premises located at Inorbit Malls, Vashi, Navi Mumbai - 400 705. License fee - ₹ 55.19 per sq. ft. (first 36 months) & ₹ 61.82 per sq. ft. (from 37th month till expiration of License period)	January 29, 2015	-
		Leave and License Agreement	August 23, 2013 to August 22, 2018	Premises located at Inorbit Mall, Vadodara. License fee per month For first year of the license period - Nil For second year of the license period - ₹ 8,70,520/- For third year of the license period - ₹ 9,94,880/- From 37th month to end of license period - ₹ 11,29,189/-	July 30, 2013	-
		Leave and License Agreement	July 29, 2015 to December 31, 2015	Premises located at Inorbit Malls, Malad, Mumbai. Revenue Share @ 4% of Net Sales for sales upto ₹ 40 lacs per month; 5% of net sales above ₹ 40 lacs, on incremental sale basis.	July 30, 2015	-

Annexure to the Directors' Report
Annexure III



Hypercity Retail (India) Limited

2	Trion Properties Private Limited	Leave and License Agreement	February 1, 2014 to September 15, 2018	<p>Premises located at Lower Ground Floor of Inorbit Malls, Hyderabad, admeasuring carpet area of appx. 82,430 sq. ft.</p> <p>License fee per month</p> <p>From commencement date to 30.07.2015 - ₹ 68,06,113/-</p> <p>From 31.07.2015 to 30.07.2018 - ₹ 76,23,220/-</p> <p>From 31.07.2018 to 15.09.2018 - ₹ 85,37,825/-</p> <p>Security Deposit ₹ 3,64,61,100/-</p>	January 29, 2015	-
			July 1, 2015 to June 30, 2020	<p>Premises located at Inorbit Mall - Pune, admeasuring carpet area of appx. 25,216 sq. ft. of Carpet area on second floor of the mall, with storage area on P1 & P3 levels of appx. 2,385 sq ft. carpet.</p> <p>The rent including CAM is at 0.75% of projected sales and 11.25% over incremented sales.</p> <p>Security Deposit - NIL</p>	April 29, 2015	-
3	Ivory Properties and Hotels Private Limited	Conducting Agreement	April 8, 2014 to April 7, 2019	<p>Premises located at Malad Link Road, land bearing CTS No. 1405A/28A at a conducting fee at the rate of 3.5% of the 'sales and revenue' and the minimum conducting fee of ₹ 51,75,000/- per month w.e.f. April 8, 2014.</p>	January 29, 2015	-

SECRETARIAL AUDIT REPORT

Form No. MR-3

**[Pursuant to section 204(1) of the Companies Act, 2013 and rule 9 of the Companies
(Appointment and Remuneration of Managerial Personnel) Rules, 2014]**

For the financial year ended 31st March, 2016

To,
The Members,
Hypercity Retail (India) Limited
CIN: U52510MH2004PLC146577

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practice by Hypercity Retail (India) Limited, an unlisted public Company (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon:

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

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

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings as applicable to the Company.
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):
Not applicable to the Company since it is unlisted public Company.
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 (Upto 14th May, 2015) and The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 (w.e.f. 15th May, 2015);
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999/Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations 1993 regarding Companies Act and dealing with the Company.
 - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
 - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
- (vi) We have relied on the representation made by the Company and its officers for systems and mechanism formed by the Company and having regard to the compliance system prevailing in the Company & on examination of the relevant documents and records in pursuance thereof, on test-check basis, the Company has complied with the following laws applicable specifically to the Company:
 - (a) The Information Technology Act, 2000;

Annexure to the Directors' Report

Annexure IV

Hypercity Retail (India) Limited

- (b) Shop and Establishment Act, across the Country
- (c) The Trade Marks Act, 1999; The Copyright Act, 1957 & rules made thereunder
- (d) Legal Metrology Act, 2009 and Rules thereunder
- (e) Customs Act, 1962;
- (f) Packaged Commodities Rules;
- (g) Food Safety and Standards Act, 2006 and rules made thereunder;
- (h) Central Excise Act.

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

- (i) Secretarial Standards in respect of Meeting of Board of Directors (SS-1) and General Meetings (SS-2) issued by The Institute of Company Secretaries of India.
- (ii) The Listing Agreements entered into by the Company with BSE Limited and National Stock Exchange of India Limited. - *Not Applicable since it is an unlisted public Company.*

To the best of our knowledge and belief, during the period under review, the Company has generally complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

We report that based on the information provided and the representation made by the Company and also on the review of the compliance reports of Chief Executive Officer and Chief Financial Officer taken on record by the Board of Directors of the Company in our opinion adequate systems and processes exist in the Company to monitor and ensure compliance with provisions of applicable general laws like labour laws etc.

We further report that:

The Board of Directors of the Company is duly constituted with proper balance of Non-Executive Directors and Independent Directors as applicable to the Company under the Companies Act, 2013. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Decisions at the meetings of Board of Directors of the Company were carried through on the basis of majority. There were no dissenting views by any member of the Board of Directors during the period under review.

There are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the year under review the Company has following major events:

- 1) To vary the rights of shareholders holding 319,687,255 7% Cumulative Redeemable Preference Shares (CRPS) to 319,687,255 7% Compulsorily Convertible Preference Shares (CCPS) and to convert 5 (Five) CCPS into 1 (One) equity share of ₹ 10/- each, fully paid-up, i.e. at a premium of ₹ 40/- per equity share.
- 2) To vary the rights of the shareholders holding 257,000,000 7% Compulsorily Convertible Preference Shares (CCPS) by converting their existing 5 (Five) CCPS into 1 (One) equity share of ₹ 10/- each, fully paid-up, i.e. at a premium of ₹ 40/- per equity share on March 15, 2016 instead of on August 31, 2017.
- 3) To re-classify the authorised share capital of the Company.
- 4) To amend Clause V of Memorandum of Association of the Company.

We further report that during the audit period, the Company and its officers in all departments have co-operated with us and have produced before us all the required forms information, clarifications, returns and other documents as required for the purpose of our audit.

Place: Mumbai

Date: May 02, 2016

V. Sundaram

Company Secretary in Practice

FCS No.: 2023 CP No.: 3373

To,

The Members of Hypercity Retail (India) Limited

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards prescribed under Section 133 of the Act, as applicable.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder and the Order under Section 143(11) of the Act.
4. We conducted our audit of the financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
5. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.
6. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

7. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2016, and of the loss and the cash flows for the year ended on that date.

Emphasis of Matters

8. We draw attention to Note 28 to the financial statements regarding non-provision of service tax for the period 1 June, 2007 to 31 March, 2010 on renting of immovable properties given for commercial use, aggregating ₹ 267.98 lacs (2015: ₹ 267.98 lacs), pending final disposal of the appeal filed before the Supreme Court, inter alia, challenging the retrospective levy of the service tax. The matter is contingent upon the final outcome of the litigation.

Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

9. As required by Section 143(3) of the Act, we report that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards prescribed under Section 133 of the Act, as applicable.
- (e) On the basis of the written representations received from the directors as on 31st March, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2016 from being appointed as a director in terms of Section 164(2) of the Act.
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements in accordance with the generally accepted accounting practice – Also refer Note 27 to 29 to the financial statements.
 - ii. The Company did not have any on long-term contracts (including derivative contracts) for which a provision is required for material foreseeable losses under the applicable law or accounting standards.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

10. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For Deloitte Haskins & Sells LLP

Chartered Accountants

Firm's Registration No. 117366W/W-100018)

P .B. Pardiwalla

Partner

(Membership No. 40005)

Place: Mumbai

Date: May 2, 2016

(Referred to in paragraph 10 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date on the accounts of HYPERCITY RETAIL (INDIA) LIMITED ("the Company") for the year ended March 31, 2016)

- (i) In respect of fixed assets:
 - a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.
 - b) Some of the fixed assets were physically verified during the year by the management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
 - c) The Company does not have any immovable properties of freehold or leasehold land and building and hence reporting under clause (i)(c) of the CARO 2016 is not applicable.
- (ii) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals and as explained to us, no material discrepancies were noticed on physical verification.
- (iii) According to the information and explanation given to us, the Company had granted an unsecured loan to the Company covered in the registered maintained under Section 189 of the Companies Act, 2013 which has been fully provided for in earlier years and no interest has been received.
- (iv) The Company has not granted any loans, made investments or provided guarantees and hence reporting under clause (iv) of the CARO 2016 is not applicable.
- (v) According to the information and explanations given to us, the Company has not accepted any deposit during the year. There are no unclaimed deposits, to which the provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 would apply.
- (vi) The maintenance of cost records has not been specified by the Central Government under section 148(1) of the Companies Act, 2013.
- (vii) According to the information and explanation given to us and the records of the Company examined by us, in respect of statutory dues:
 - a) The Company has generally been regular in depositing undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, Duty of Customs, Duty of Excise, Value Added Tax, Cess and other material statutory dues applicable to it with the appropriate authorities. There were no undisputed amounts payable in respect of the aforesaid dues in arrears as at 31st March, 2016 for a period of more than six months from the date they became payable.
 - b) There were no dues of Income Tax, Sales Tax, Service Tax, Duty of Customs, Duty of Excise, Value added Tax, as applicable, which have not been deposited as at 31st March, 2016 on account of any dispute with the relevant authorities.
- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans to banks and debenture holders. The Company has not taken loans or borrowings from the financial institution and government.
- (ix) In our opinion and according to the information and explanations given to us, term loans have been applied by the Company during the year for the purposes for which they were raised. The Company has not raised moneys by way of initial public offer or further public offer during the year.
- (x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no significant fraud on the Company by its officers or employees has been noticed or reported during the year.
- (xi) The Company has not paid any managerial remuneration and hence reporting under clause (xi) of the Order is not applicable.
- (xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.

Annexure to the Independent Auditors' Report

Hypercity Retail (India) Limited

- (xiii) According to the information and explanations given to us the Company has complied with the provisions of Section 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- (xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of Order is not applicable to the Company.
- (xv) In our opinion and according to the information and explanations given to us, during the year, the Company has not entered into any non-cash transactions with its directors or persons connected with him and hence provisions of Section 192 of the Companies Act, 2013 are not applicable.
- (xvi) In our opinion and according to information and explanations provided to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For Deloitte Haskins & Sells LLP

Chartered Accountants

Firm's Registration No. 117366W/W-100018]

P .B. Pardiwalla

Partner

(Membership No. 40005)

Place: Mumbai

Date: May 2, 2016

(Referred to in paragraph 9 (f) under 'Report on Other Legal and Regulatory Requirements' of our report of even date)

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

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

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

3. Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

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

For Deloitte Haskins & Sells LLP

Chartered Accountants
Firm's Registration No. 117366W/W-100018)

P .B. Pardiwalla

Partner
(Membership No. 40005)

Place: Mumbai
Date: May 2, 2016

Balance Sheet as at 31 March, 2016

Hypercity Retail (India) Limited

(All amounts in ₹ lacs)			
	Notes	As at 31 March, 2016	As at 31 March, 2015
EQUITY AND LIABILITIES			
SHAREHOLDERS' FUNDS			
Share capital	3	12,483.14	57,763.73
Reserves and surplus	4	(12,170.11)	(52,432.52)
		313.03	5,331.21
NON-CURRENT LIABILITIES			
Long-term borrowings	5	27,682.67	25,832.99
Deferred tax liabilities (net)	6	—	—
		27,682.67	25,832.99
CURRENT LIABILITIES			
Short-term borrowings	7	2,921.21	4,605.92
Trade payables	8		
i) Total outstanding dues of micro enterprises and small enterprises		87.44	156.01
ii) Total outstanding dues of creditors other than micro enterprises and small enterprises		9,765.52	9,749.90
Other current liabilities	9	8,389.21	5,433.56
Short-term provisions	10	100.54	88.86
		21,263.92	20,034.25
		49,259.62	51,198.45
ASSETS			
NON-CURRENT ASSETS			
Fixed assets			
Tangible assets	11	15,197.54	15,545.90
Intangible assets	11	988.09	968.01
Capital work-in-progress		451.77	694.99
		16,637.40	17,208.90
Long-term loans and advances	12	5,063.50	5,157.82
Other non-current assets	13	1,933.48	4,609.55
		23,634.38	26,976.27
CURRENT ASSETS			
Inventories	14	16,609.47	14,212.85
Trade receivables	15	7,525.15	7,649.85
Cash and cash equivalents	16	434.45	1,198.30
Short-term loans and advances	17	904.93	1,019.39
Other current assets	18	151.24	141.79
		25,625.24	24,222.18
		49,259.62	51,198.45

The accompanying Notes 1 to 37 are an integral part of the financial statements.

In terms of our report of even date.

For and on behalf of the Board of Directors

For Deloitte Haskins & Sells LLP
Chartered Accountants

Ravi C. Raheja
Director

Govind Shrikhande
Director

P. B. Pardiwalla
Partner
Mumbai, May 2, 2016

Bharat Sanghavi
Company Secretary

Ramesh Menon
Chief Executive Officer

Vijay Jain
Chief Financial Officer

Statement of Profit & Loss for
the year ended 31 March, 2016

Hypercity Retail (India) Limited

		(All amounts in ₹ Lacs)	
	Notes	For the year ended 31 March, 2016	For the year ended 31 March, 2015
INCOME			
Revenue from operations	19	97,989.77	105,897.07
Other income	20	538.84	640.29
Total revenue		98,528.61	106,537.36
EXPENSES			
Purchase of stock-in-trade	21	76,804.31	75,514.93
Changes in Inventories of stock-in-trade - (increase)	22	(2,396.62)	(1,667.43)
Employee benefits expense	23	7,683.16	6,938.77
Finance costs	24	4,418.01	3,851.12
Depreciation and amortisation expense	11	2,909.41	2,879.32
Other expenses	25	18,400.47	17,672.93
Total expenses		107,818.74	105,189.64
(LOSS)/PROFIT BEFORE TAX		(9,290.13)	1,347.72
EARNING PER EQUITY SHARE	26		
Equity shares of face value ₹ 10/- each			
Basic (₹)		(138.14)	(357.89)
Diluted (₹) (refer note 26)		—	(357.89)

The accompanying Notes 1 to 37 are an integral part of the financial statements.

In terms of our report of even date.

For and on behalf of the Board of Directors

For Deloitte Haskins & Sells LLP
Chartered Accountants

Ravi C. Raheja
Director

Govind Shrikhande
Director

P. B. Pardiwalla
Partner
Mumbai, May 2, 2016

Bharat Sanghavi
Company Secretary

Ramesh Menon
Chief Executive Officer

Vijay Jain
Chief Financial Officer

Cash Flow Statement for the year
ended 31 March, 2016

Hypercity Retail (India) Limited

(All amounts in ₹ Lacs)

	For the year ended 31 March, 2016	For the year ended 31 March, 2015
Cash flows from operating activities		
(Loss)/Profit before tax	(9,290.13)	1,347.72
Adjustments for:		
Depreciation and amortisation	2,909.41	2,879.32
Finance costs	4,418.01	3,851.12
Loss on sale of fixed assets	27.69	34.56
Provisions and write off's for advances/doubtful debts	98.85	149.67
Interest income	(27.71)	(43.60)
Operating (loss)/profit before working capital changes	(1,863.88)	8,218.79
Adjustments for:		
Inventories	(2,396.62)	(1,667.43)
Trade receivables	12.13	(6,010.51)
Short-term loans and advances, other current assets	290.83	26.24
Lease deposit (net)	192.52	(52.67)
Deposit towards service tax	—	(303.55)
Other non-current assets	2,676.08	(3,099.19)
Long-term/short-term provisions	11.68	(9.23)
Trade payables and other current liabilities	(9.06)	(511.49)
Cash generated from operations	(1,086.31)	(3,409.05)
Income-tax payments (net of refunds)	52.95	73.24
Net cash used in operating activities	(1,033.36)	(3,335.81)
Cash flow from investing activities		
Purchase of fixed assets	(2,621.39)	(2,572.46)
Sale of fixed assets	36.29	20.34
Interest Received	27.71	43.60
Net cash used in investing activities	(2,557.39)	(2,508.52)
Cash flows from financing activities		
Proceeds from issue of share capital (net of issue expenses)	4,271.95	3,705.00
Proceeds from long-term borrowings	7,080.00	5,200.00
Repayment of long-term borrowings	(4,141.67)	(2,583.33)
Short-term loans (net)	(1,684.71)	972.05
Loans from parent/group companies	5,700.00	23,599.00
Repayment of loans to parent/group companies	(3,800.00)	(21,299.00)
Finance costs paid	(4,401.10)	(3,640.12)
Net cash from financing activities	2,944.47	5,953.60
Net (decrease)/increase in cash and cash equivalents	(646.28)	109.27
Cash and cash equivalents at the beginning of the year	965.15	855.88
Cash and cash equivalents as at the end of the year	318.87	965.15
	(646.28)	109.27
Note:		
Cash and cash equivalents as per Balance Sheet (Note 16)	434.45	1,198.30
Less: Balances under lien/earmarked with banks	115.58	233.15
Cash and Cash equivalents as reported above	318.87	965.15

The accompanying Notes 1 to 37 are an integral part of the financial statements.

In terms of our report of even date.

For and on behalf of the Board of Directors

For Deloitte Haskins & Sells LLP
Chartered Accountants

Ravi C. Raheja
Director

Govind Shrikhande
Director

P. S. Pardiwalla
Partner
Mumbai, May 2, 2016

Bharat Sanghavi
Company Secretary

Ramesh Menon
Chief Executive Officer

Vijay Jain
Chief Financial Officer

1 COMPANY BACKGROUND

Hypercity Retail (India) Ltd. (the Company) was incorporated on May 27, 2004 as a Private Limited Company. The Company became a Public Limited Company on March 30, 2007. The Company is engaged in the business of retailing a variety of products ranging from food & grocery, health & beauty products, homeware & homecare products, furniture, appliances, multi media, sports, toys & ready made garments. At March 31, 2016, the Company operated through 17 Hypercity stores located in different cities of India. The Company has also made a foray into the Real Estate business.

2 SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Accounting and Preparation of Financial Statements

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013 (the Act), read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Act. The financial statements have been prepared on accrual basis under the historical cost convention.

b) Use of Estimates

The preparation of the financial statements in conformity with Indian GAAP requires Management to make estimates and assumptions that affect the reported amounts of revenues and expenses and assets and liabilities (including contingent liabilities). Actual results could differ from these estimates and the differences are recognised in the periods in which the results are known/materialise.

c) Fixed Assets and Depreciation

Tangible Assets

Fixed assets are stated at their cost of acquisition or construction less accumulated depreciation and impairment losses. Cost comprises of all costs incurred to bring the assets to their location and working condition and includes all expenses incurred up to the date of launching new stores to the extent they are attributable to the new stores.

Depreciation on the tangible fixed assets has been provided for by the straight line method over the useful lives prescribed in Schedule II to the Companies Act, 2013 except in respect of the following categories of assets, whose lives have been assessed as under, taking into account various factors such as the expected pattern of usage, operating conditions, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance support.

	No. of years
Leasehold Improvements & Electrical Installation*	17

* Leasehold improvements, Electrical Installation are depreciated over the total period of lease, (including the renewal periods), or the management's estimate of the useful life of the fixed assets, whichever is lower.

Intangible Assets

Intangible assets are stated at their cost of acquisition, less accumulated amortisation and impairment losses. An intangible asset is recognised, where it is probable that the future economic benefits attributable to the asset will flow to the enterprise and where its cost can be reliably measured. The intangible assets are amortised over the best estimate of its useful life on a straight-line basis, as under:

Computer Software - 6 years.

Impairment of Assets

An asset is considered as impaired in accordance with Accounting Standard 28 on Impairment of Assets when at the Balance Sheet date there are indications of impairment and the carrying amount of the asset, or where applicable, of the cash generating unit to which the asset belongs, exceeds its recoverable amount (i.e. the higher of the asset's net selling price and value in use). The carrying amount is reduced to the recoverable amount and the reduction is recognised as an impairment loss in the Statement of Profit and Loss.

d) Revenue Recognition

Revenue is recognised when it is earned and no significant uncertainty exists as to its realisation or collection.

Sale of Products

Retail sales are recognised on delivery of the merchandise to the customer, when the property in goods and significant risks and rewards are transferred for a price and no effective ownership control is retained.

The property in the merchandise of third party concession stores located within the store of the Company passes to the Company once a customer decides to purchase an item from the concession store. The Company in turn sells the item to the customer and the revenue is accordingly included under Retail Sales.

Sales are net of discounts. Value Added Tax and Sales Tax are reduced from Retail Revenue.

In respect of gift vouchers and point award schemes operated by the Company, sales are recognised when the gift vouchers or points are redeemed and the merchandise is sold to the customer.

Sale of Options

Sale of option inventory is recognised when there is a transfer of significant risks and rewards in terms of the contracts/arrangements entered into with third parties.

Other Retail Operating Revenue:

Revenue from store displays and sponsorships are recognised based on the period for which the products or the sponsors' advertisements are promoted/displayed. Facility management fees are recognised pro-rata over the period of the contract.

e) Inventories

Trading Goods

Inventories are valued at the lower of cost and 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 determined by the weighted average cost method.

Merchandise received under concessionaire arrangements belong to the concessionaires and are therefore excluded from the Company's inventories.

Option Inventories

Option inventories comprises of right to acquire flats in a structure being constructed by a third party, which right is freely marketable/transferrable after a stipulated period. The same is valued at lower of cost and net realisable value.

f) Employee Benefits

Compensation to employees for services rendered is measured and accounted for in accordance with Accounting Standard (AS) 15 on Employee Benefits.

Employee Benefits such as salaries, allowances, non-monetary benefits and employee benefits under defined contribution plans such as provident and other funds, are charged as expense to the Statement of Profit and Loss in the period in which the service is rendered.

Employee Benefits under defined benefit plans and other long-term employee benefits such as gratuity and compensated absences which fall due for payment after completion/cessation of employment or after a period of twelve months from rendering service, are measured by the projected unit credit method, based on actuarial valuations, at each Balance Sheet date, carried out by independent actuaries. The Company's obligations recognised in the balance sheet represent the present value of obligations as reduced by the fair value of plan assets, where applicable.

Actuarial Gains and losses are recognised immediately in the Statement of Profit and Loss.

g) Operating Leases

Operating lease payments are recognised as an expense in the Statement of Profit and Loss on a straight-line basis or other systematic basis more representative of the time pattern of the user's benefit.

h) Borrowing Costs

Borrowing costs attributable to the acquisition or construction of qualifying assets, as defined in Accounting Standard 16 on Borrowing Costs, are capitalised as part of the cost of acquisition. Other borrowing costs are expensed as incurred.

i) Foreign Currency Transactions

Transactions in foreign currencies are accounted at the prevailing rates of exchange on the date of transaction.

Monetary items denominated in foreign currencies, are restated at the prevailing rates of exchange at the Balance Sheet date. All gains and losses arising out of the fluctuations in exchange rates are accounted for in the Statement of Profit and Loss.

Exchange differences on forward exchange contracts, entered into for hedging foreign exchange fluctuation rise in respect of an underlying asset/liability, are recognised in the Statement of Profit and Loss in the reporting period in which the exchange rate changes. Premium/discount on forward exchange contracts are treated as an expense/income over the life of the contract.

j) Income Tax

Income taxes are accounted for in accordance with Accounting Standard 22 on Accounting for Taxes on Income. Taxes comprise both current and deferred tax.

Current tax is measured at the amount expected to be paid to revenue authorities using the applicable tax rates and tax laws.

Deferred tax resulting from the timing differences between taxable income and accounting income is accounted using applicable tax rates and laws, enacted or substantively enacted as on the reporting date.

However, if there are unabsorbed depreciation and carry forward of losses and items relating to capital losses, deferred tax assets are recognised only if there is virtual certainty (as relevant) supported by convincing evidence that there will be sufficient future taxable income available to realise the assets.

k) Earnings Per Share

The Company reports basic Earnings Per Share (EPS) in accordance with Accounting Standard 20 on Earnings Per Share. Basic EPS is computed by dividing the net profit or loss for the year by the number of equity shares outstanding during the year. Diluted EPS is computed by dividing the net profit or loss for the year by the weighted average number of equity shares outstanding during the year as adjusted for the effects of all dilutive potential equity shares, except where the results are anti-dilutive.

l) Cash Flow Statement

The Cash Flow Statement is prepared by the indirect method set out in Accounting Standard 3 on Cash Flow Statements and presents the cash flows by operating, investing and financing activities of the Company. Cash and cash equivalents presented in the Cash Flow Statement consist of cash on hand and unencumbered bank balances.

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

m) Provision, Contingent Liabilities and Contingent Assets

A provision is 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 to the financial statements. Disclosure is not made if the possibility of an outflow of future economic benefits is remote. Contingent assets are neither recognised nor disclosed in the financial statements.

Notes to Financial Statements
for the year ended 31 March, 2016

Hypercity Retail (India) Limited

(All amounts in ₹ lacs)

3. SHARE CAPITAL

3.1 Authorised

500,000,000 (previous year 5,000,000) equity shares of ₹ 10/- each
125,000,000 (previous year 620,000,000) 7% Preference Shares of ₹ 10/- each

As at 31 March, 2016	As at 31 March, 2015
50,000.00	500.00
12,500.00	62,000.00
62,500.00	62,500.00
12,483.14	95.00
—	25,700.00
—	31,968.73
12,483.14	57,763.73

3.2 Issued, Subscribed and paid up (fully):

124,831,357 (previous year 950,000) equity shares of ₹ 10/- each

Nil (previous year 257,000,000) 7% Compulsory Convertible Preference Shares (CCPS) of ₹ 10/- each

Note:

On March 15, 2016 the CCPS were converted to equity shares in the ratio of 5 CCPS of ₹ 10/- each to 1 (fully paid) equity share of ₹ 10/- each at a premium of ₹ 40/- per equity share. In accordance with the terms of issue, the CCPS holders had the option to convert into equity shares in the aforesaid proportion, on or before August 31, 2017.

Nil (previous year 319,687,255) 7% Cumulative Redeemable Preference Shares (CRPS) of ₹ 10/- each

Note:

At March 31, 2015 the CRPS were redeemable at various dates between March 28, 2016 and September 30, 2019. The CRPS were during the year converted to 319,687,255 CCPS of ₹ 10/- each and on March 15, 2016 the said CCPS were converted to equity shares in the ratio of 5 CCPS of ₹ 10/- each to 1 (fully paid) equity share of ₹ 10/- each at a premium of ₹ 40/- per equity share.

Notes to Financial Statements
for the year ended 31 March, 2016

Hypercity Retail (India) Limited

(All amounts in ₹ lacs)

3.3 Reconciliation of shares outstanding at the beginning and end of the year.

Particulars	31 March, 2016		31 March, 2015	
	Numbers	₹ lacs	Numbers	₹ lacs
Equity Shares				
At the beginning of the year	950,000	95.00	950,000	95.00
Fresh issue	8,543,906	854.39	—	—
Conversion from CCPS	115,337,451	11,533.75	—	—
At the end of the year	124,831,357	12,483.14	950,000	95.00
Compulsorily convertible preference shares				
At the beginning of the year	257,000,000	25,700.00	257,000,000	25,700.00
Conversion from CRPS	319,687,255	31,968.73	—	—
Converted to equity shares	(576,687,255)	(57,668.73)	—	—
At the end of the year	—	—	257,000,000	25,700.00
Cumulative redeemable preference shares				
At the beginning of the year	319,687,255	31,968.73	282,637,255	28,263.73
Converted to CCPS/Fresh issue	(319,687,255)	(31,968.73)	37,050,000	3,705.00
At the end of the year	—	—	319,687,255	31,968.73

3.4 Arrears of fixed cumulative dividends on preference shares ₹ Nil (previous year ₹ 16,476.41 lacs.)

3.5 Shares Held by Holding Company

Particulars	Equity Shares with Voting Rights	Compulsorily Convertible Preference Shares	Cumulative Redeemable Preference Shares
As at 31 March, 2016			
Shoppers Stop Limited, the holding company	63,711,980	—	—
As at 31 March, 2015			
Shoppers Stop Limited, the holding company	484,500	131,070,000	163,040,500

Notes to Financial Statements
for the year ended 31 March, 2016

Hypercity Retail (India) Limited

(All amounts in ₹ lacs)

3.6 Details of Shareholders Holding more than 5% shares as at:

Name of the Shareholders	31 March, 2016		31 March, 2015	
	Shares held (Nos)	Shares held (%)	Shares held (Nos)	Shares held (%)
Equity				
Shoppers Stop Limited	63,711,980	51.04%	484,500	51.00%
Genext Hardware and Parks Pvt. Ltd.	32,343,497	25.91%	—	—
Eternus Real Estate Pvt. Ltd.	12,406,625	9.94%	221,825	23.35%
Support Properties Pvt. Ltd.	12,376,625	9.91%	221,825	23.35%
Compulsorily Convertible Preference Shares				
Shoppers Stop Limited	—	—	131,070,000	51.00%
Support Properties Pvt. Ltd.	—	—	58,689,500	22.84%
Eternus Real Estate Pvt. Ltd.	—	—	58,689,500	22.84%
Cumulative Redeemable Preference Shares				
Shoppers Stop Limited	—	—	163,040,500	51.00%
K. Raheja Corp. Pvt. Ltd.	—	—	87,557,255	27.39%
Genext Hardware and Parks Pvt. Ltd.	—	—	57,109,500	17.86%

3.7 The rights, preferences and restrictions attaching to each class of shares including restrictions on the distribution of dividends and the repayment of capital

In 2016 the Company has only one class of equity shares having a par value of ₹ 10/- per share. Each equity shareholder is entitled to one vote per share held. Each equity share is entitled to dividends as and when the Company declares the dividend after obtaining shareholders' approval. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive the remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

In 2015 the Company also had two classes of Preference Shares, CCPS and CRPS (refer Note 3.2 above). The Preference shares did not carry voting rights. Preference shareholders were entitled to fixed dividends as and when the Company declared the dividend after obtaining shareholders' approval. Preference shareholders had a preference over equity shareholders for payment of dividends and repayment of capital in the event of winding-up.

(All amounts in ₹ lacs)

4. RESERVES AND SURPLUS

1. Securities Premium Account (refer note 3.2 above)

On fresh issue of equity shares
On conversion of Preference shares to equity shares

2. Debenture Redemption Reserve

Balance at the beginning of the year
Add: Transferred from statement of Profit and Loss

3. Deficit in the Statement of Profit and Loss

Balance at beginning of the year-deficit
Add: Adjustment of depreciation on tangible fixed assets (Refer Note 11.1)
Add: (Loss)/Profit for the year
Less: Transfer to Debenture Redemption Reserve

As at 31 March, 2016	As at 31 March, 2015
3,417.56	—
46,134.98	—
49,552.54	—
420.00	—
—	420.00
420.00	420.00
(52,852.52)	(53,757.28)
—	(22.96)
(9,290.13)	1,347.72
—	(420.00)
(62,142.65)	(52,852.52)
(12,170.11)	(52,432.52)

Notes to Financial Statements
for the year ended 31 March, 2016

Hypercity Retail (India) Limited

(All amounts in ₹ lacs)		
	As at 31 March, 2016	As at 31 March, 2015
5. LONG-TERM BORROWINGS		
Secured		
From Banks		
Non-convertible debentures	5,000.00	5,000.00
Term loans	12,118.67	11,758.33
Less: Current maturities (Note 9)	6,634.00	3,725.34
	5,482.67	8,032.99
Unsecured		
From Banks	2,700.00	200.00
Loans from related parties		
Holding company (Note 35)	14,500.00	12,600.00
	27,682.67	25,832.99

5.1 Non-Convertible Debentures are secured by first pari passu charge on movable fixed assets to the extent of 0.80 times of the NCD issue amount, first pari passu charge on current assets to the extent of 0.20 times of the NCD Issue amount and Second pari passu charge Escrow Account for card receivables. The rate of interest is 11.60% and the same is repayable on 19th September, 2017.

Term loans are secured by first pari passu charge on movable fixed assets, present and future, second pari passu charge on the current assets and Escrow Account of the Company, subservient charge on the receivable and Corporate guarantees of K. Raheja Corp. Pvt. Ltd. and Shoppers Stop Limited.

5.2 Terms of the facilities:

			(All amounts in ₹ lacs)	
			Loan Balance	
Name of the Bank	Rate of Interest	Repayment Schedule	As at 31 March, 2016	As at 31 March, 2015
Kotak Mahindra Bank Limited - Working capital term loan	Nil (previous year: 12.25%)	Repayable in 1 equal quarterly installments on 30 April, 2015. For 2015, repayable in 5 equal quarterly installment from 30 April, 2014.	—	125.00
YES Bank Limited - Term loan	12.30% (previous year: 12.05%)	Repayable in 4 equal quarterly installments from 25 June, 2016 to 25 March, 2017. For 2015, repayable in 12 equal quarterly installments from 25 June, 2014.	1,667.00	3,333.33
Yes Bank Limited - Term loan (Unsecured)	10.75% (previous year: 10.75%)	Bullet repayment. Repayable on 30 April, 2016. For 2015, bullet repayment. Repayable on 30 April, 2016.	200.00	200.00
ICICI Bank Limited - Term loan	12.07% (previous year: 12.07%)	Repayable in 9 equal quarterly installments from 8 June, 2016 to 8 June, 2018. For 2015, repayable in 12 equal quarterly installments from 8 October, 2015.	3,750.00	5,000.00
Kotak Mahindra Bank Limited - Term loan	11.95% (previous year: 11.95%)	Repayable in 8 equal quarterly installments from 26 June, 2016 to 26 March, 2018. For 2015, repayable in 12 equal quarterly installments from 26 June, 2015.	2,200.00	3,300.00

Notes to Financial Statements
for the year ended 31 March, 2016

Hypercity Retail (India) Limited

(All amounts in ₹ lacs)				
Loan Balance				
Name of the Bank	Rate of Interest	Repayment Schedule	As at 31 March, 2016	As at 31 March, 2015
Non Convertible Debentures	11.60% (previous year: 11.60%)	Bullet repayment repayable on 19 September, 2017. For 2015, Bullet repayment repayable on 19 September, 2017.	5,000.00	5,000.00
Yes Bank Limited - Term loan-II	10.50% (previous year: Nil)	Bullet repayment repayable on 29 March, 2017.	2,000.00	—
ICICI Bank Limited - Term loan-II	10.90% (previous year: Nil)	Repayable in 12 equal quarterly installments from 22 March, 2018 to 22 December, 2020.	2,500.00	—
Kotak Mahindra Bank Limited - Working capital term loan (unsecured)	10.50% (previous year: Nil)	Repayable in 8 equal quarterly installments from 3 June, 2017 to 3 March, 2019.	2,500.00	—

- 5.3 Loan from Shoppers Stop Limited, the holding Company @12.50% upto 31 December, 2015 and 12.00% from 1 January, 2016 (previous year @12.50%) is repayable as mutually decided in terms of the arrangement.

(All amounts in ₹ lacs)		
	As at 31 March, 2016	As at 31 March, 2015
6. DEFERRED TAX LIABILITY (NET)		
Particulars		
Deferred Tax Liability		
On fiscal allowances on fixed assets	267.74	436.99
Total	267.74	436.99
Deferred Tax Asset		
On Unabsorbed depreciation*	(267.74)	(436.99)
Total	(267.74)	(436.99)
Deferred Tax Liability (net)	—	—
*To the extent of deferred tax liability on depreciation.		
7. SHORT-TERM BORROWINGS		
Secured		
From Banks		
Working capital facilities	2,767.65	3,987.15
On bill discounting	153.56	18.77
	2,921.21	4,005.92
Unsecured		
From banks	—	600.00
	2,921.21	4,605.92

Notes to Financial Statements
for the year ended 31 March, 2016

Hypercity Retail (India) Limited

- 7.1 Borrowings from banks are secured by first pari passu charge on current assets, Escrow Account and second pari passu charge on the entire movable fixed assets both present and future with other lenders and further secured by corporate guarantees from Shoppers Stop Limited and K. Raheja Corp. Pvt. Ltd.

(All amounts in ₹ lacs)

8. TRADE PAYABLES

Retail Merchandise

- Other than Micro and Small enterprises

Property option payables

- Other than Micro and Small enterprises

As at 31 March, 2016	As at 31 March, 2015
9,765.52	8,347.90
—	1,402.00
9,765.52	9,749.90

- 8.1 There are no Micro and Small Enterprises, to whom the Company owes dues which are outstanding for more than 45 days during the year. This information as required to be disclosed under the Micro, Small and Medium Enterprise Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company.

(All amounts in ₹ lacs)

9. OTHER CURRENT LIABILITIES

- Current maturities of long-term borrowings: Secured (Note 5)
- Interest accrued and not due on borrowings from related parties
- Interest accrued and not due on Non-convertible debentures
- Income received in advance
- Accrued payroll
- Other liabilities
- a) Creditors for capital expenditure
- b) Liability for gift vouchers/point award redemptions
- c) Statutory dues payable
- d) Security deposits
- e) Gratuity

As at 31 March, 2016	As at 31 March, 2015
6,634.00	3,725.34
149.43	134.11
212.93	211.34
18.80	4.51
315.72	336.38
55.39	118.83
336.51	318.01
286.46	188.18
333.03	336.12
46.94	60.74
8,389.21	5,433.56
100.54	88.86
100.54	88.86

10. SHORT-TERM PROVISIONS

- Compensated absences

11. FIXED ASSETS

(All amounts in ₹ lacs)

Description	GROSS BLOCK			DEPRECIATION/AMORTISATION			NET BLOCK
	1 April, 2015	Additions	Deductions	31 March, 2016	1 April, 2015	For the year	31 March, 2016
TANGIBLE ASSETS							
Leasehold Improvements	6,109.22	433.28	77.51	6,464.99	1,554.90	547.75	4,439.85
Air conditioning and other equipments	9,228.74	687.54	407.89	9,508.39	2,628.76	861.64	6,414.23
Furniture, fixtures and other fittings	5,605.68	740.19	295.23	6,050.64	2,058.88	775.78	3,488.64
Office Equipments	344.73	58.69	42.58	360.84	228.73	47.77	125.33
Computers	1,980.43	370.74	115.56	2,235.61	1,276.61	338.76	729.49
Vehicles	42.32	—	42.32	—	17.34	3.12	—
Total	23,311.12	2,290.44	981.09	24,520.47	7,765.22	2,574.82	15,197.54
INTANGIBLE ASSETS							
Software acquired	2,541.76	354.67	1.00	2,895.43	1,573.75	334.59	988.09
Total	2,541.76	354.67	1.00	2,895.43	1,573.75	334.59	988.09

(All amounts in ₹ lacs)

Description	GROSS BLOCK			DEPRECIATION/AMORTISATION			NET BLOCK 31 March, 2015
	1 April, 2014	Additions	Deductions	31 March, 2015	1 April, 2014	For the year (refer Note below)	31 March, 2015
TANGIBLE ASSETS							
Leasehold Improvements	5,909.58	458.22	258.58	6,109.22	1,387.23	425.88	4,554.32
Air Conditioning and other equipments	8,985.14	604.21	360.61	9,228.74	2,015.71	949.91	6,599.98
Furniture, fixtures and other fittings	5,551.58	347.50	293.40	5,605.68	1,550.59	776.37	3,546.80
Office Equipments	352.65	21.19	29.11	344.73	205.38	51.13	116.00
Computers	1,850.19	159.86	29.62	1,980.43	929.43	375.95	703.82
Vehicles	56.41	20.00	34.09	42.32	35.27	12.88	24.98
Total	22,705.55	1,610.98	1,005.41	23,311.12	6,123.61	2,592.12	15,545.90
INTANGIBLE ASSETS							
Software acquired	2,354.07	190.63	2.94	2,541.76	1,266.53	310.16	968.01
Total	2,354.07	190.63	2.94	2,541.76	1,266.53	310.16	968.01

Note:

11.1 Includes ₹ 22.96 lacs provided in accordance with the transition provision specified in Schedule II to the Companies Act, 2013.

11.2 Depreciation for the year includes impairment charge aggregating to ₹ 538 lacs (previous year ₹ 562 lacs).

Notes to Financial Statements
for the year ended 31 March, 2016

Hypercity Retail (India) Limited

(All amounts in ₹ lacs)

12. LONG-TERM LOANS AND ADVANCES

(Unsecured, considered good unless otherwise stated)

	As at 31 March, 2016	As at 31 March, 2015
Capital advances	171.21	15.16
Premises & other deposits	4,150.21	4,342.73
Less: Provision for doubtful deposits	54.67	54.67
	4,095.54	4,288.06
Service Tax deposited under protest (Note 28)	617.70	617.70
Advance Income-Taxes (net of provision)	179.05	232.00
Loans and advances to related parties		
– Considered good	–	4.90
– Considered doubtful	2,201.35	2,196.45
	2,201.35	2,201.35
Less: Provision for doubtful loans and advances	2,201.35	2,196.45
	–	4.90
	5,063.50	5,157.82

13. OTHER NON-CURRENT ASSETS

Receivables - Property Options sold

1,933.48	4,609.55
1,933.48	4,609.55

14. INVENTORIES

(At lower of cost and net realisable value)

Stock in trade: Retail merchandise	10,469.07	9,100.55
(including Stock in transit ₹ 82.05 lacs, 2015: ₹ 61.29 lacs)		
Property options	6,140.40	5,112.30
	16,609.47	14,212.85

Notes to Financial Statements
for the year ended 31 March, 2016

Hypercity Retail (India) Limited

(All amounts in ₹ lacs)

15. TRADE RECEIVABLES

(Unsecured)

Debts outstanding for a period exceeding 6 months from the date they are due for payment

– Considered good

– Considered doubtful

Option receivable outstanding for a period exceeding 6 months from the date they are due for payment

– Considered good

Other Debts, considered good

– Property options sold

– Others

Less: Provision for doubtful debts

As at
31 March,
2016

As at
31 March,
2015

13.92

5.17

33.62

67.99

2,561.94

–

4,014.12

6,887.94

949.09

688.76

7,572.69

7,649.86

47.54

73.16

7,525.15

7,576.70

16. CASH AND CASH EQUIVALENTS

Balances with banks

– In current accounts

– In cash credit accounts

Other bank balances

– In margin money account (under lien against bank guarantee)

Cash on hand

Of the above, cash and cash equivalents comprise

Current accounts

Cash credit accounts

Cash on hand

131.44

794.01

–

48.35

131.44

842.36

115.58

233.15

187.43

122.79

434.45

1,198.30

131.44

794.01

–

48.35

187.43

122.79

318.87

965.15

17. SHORT-TERM LOANS AND ADVANCES

(Unsecured, considered good unless otherwise stated)

Advances for goods and rendering of services

– Considered good

– Considered doubtful

Less: Provision for doubtful loans and advances

Prepaid expenses

Others

440.31

523.52

63.06

57.22

503.37

580.74

63.06

57.22

440.31

523.52

461.02

567.03

3.60

1.99

904.93

1,092.54

18. OTHER CURRENT ASSETS

Statutory recoverable

151.24

141.79

151.24

141.79

Notes to Financial Statements
for the year ended 31 March, 2016

Hypercity Retail (India) Limited

(All amounts in ₹ lacs)

	For the year ended 31 March, 2016	For the year ended 31 March, 2015
19. REVENUE FROM OPERATIONS		
Retail Sale of products		
Own merchandise (including concession sales) – Gross of tax	100,277.02	97,315.60
Less: Value added tax	6,814.21	6,547.11
	93,462.81	90,768.49
Revenue from transfer of property options	—	11,019.09
	93,462.81	101,787.58
Other Retail operating revenue		
Income from store displays, facility management fees/reimbursements and promotional activities	4,486.23	4,091.58
Gift vouchers written back	40.73	17.91
	97,989.77	105,897.07
20. OTHER INCOME		
Interest income	27.71	43.60
Miscellaneous income	511.13	596.69
	538.84	640.29
21. PURCHASE OF STOCK-IN-TRADE		
Retail merchandise	75,776.20	72,978.63
Property options	1,028.11	2,536.30
	76,804.31	75,514.93
22. CHANGES IN INVENTORIES OF STOCK-IN-TRADE		
Opening inventory		
– Retail merchandise	9,100.55	7,937.81
– Property options	5,112.30	4,607.61
Closing inventory		
– Retail merchandise	10,469.07	9,100.55
– Property options	6,140.40	5,112.30
(Increase)	(2,396.62)	(1,667.43)
23. EMPLOYEE BENEFITS EXPENSES		
Salaries, allowances and bonus	6,741.95	6,141.08
Contribution to provident and other funds	451.30	378.26
Staff welfare expenses	489.91	419.43
	7,683.16	6,938.77

(All amounts in ₹ lacs)

24. FINANCE COSTS

	For the year ended 31 March, 2016	For the year ended 31 March, 2015
Interest on bank borrowings	2,507.84	2,372.54
Interest on others	1,830.56	1,405.57
Bank charges	79.61	73.01
	4,418.01	3,851.12

25. OTHER EXPENSES

Insurance	50.54	29.34
Lease rent and hire charges (Note 25.1)	5,416.88	5,302.44
Repairs and maintenance		
– Building	1,583.13	1,570.87
– Others	1,480.42	1,279.43
Legal and professional fees (Note 25.2)	337.24	452.97
Director's sitting fees	17.73	16.52
Housekeeping charges	578.14	499.42
Security charges	521.56	403.90
Conveyance and travelling	474.47	376.65
Electricity charges	2,692.32	2,510.80
Advertisement and publicity	1,689.66	1,727.90
Charges on credit card/meal voucher transactions	742.52	782.20
Packing material charges	544.18	467.74
Loss on sale of assets (net)	27.69	34.56
Provision and write offs for advances/doubtful debts	98.85	149.67
Foreign exchange losses (net)	(0.73)	18.33
Service tax/input credit expensed	1,199.10	1,060.97
Miscellaneous expenses	946.77	989.22
	18,400.47	17,672.93

(All amounts in ₹ lacs)

25.1 Leasing Transactions

	For the year ended 31 March, 2016	For the year ended 31 March, 2015
a) Operating lease rentals charged to revenue	3,863.71	3,711.01
b) Variable rentals charged to revenue	1,545.00	1,580.68

Variable rent for certain stores is payable in accordance with the lease agreement as the higher of (a) fixed minimum guarantee amount; and (b) revenue share percentage.

- c) The future minimum rental payments in respect of non-cancellable lease for premises are as follows:

Not later than one year	2,036.12	2,717.51
Later than one year and not later than five years	1,870.29	1,859.67
Later than five years	—	—

The agreements are executed for periods ranging from 36 to 288 months with a non-cancellable period at the beginning of the agreement ranging from 36 to 72 months and having a renewable clause.

25.2 Payment to Auditors (excluding service tax)

i) Audit fees	26.00	22.43
ii) Fees for other services	1.92	1.19
iii) Reimbursement of expenses	0.01	0.07
	27.93	23.69

26. EARNING PER EQUITY SHARE

Calculated as follows

a) (Loss)/profit attributable to equity shareholders	(9,290.13)	1,347.72
b) Arrears of dividend & tax on dividend on cumulative redeemable preference shares	—	(4,747.72)
c) Loss after preference dividend considered for basic EPS	(9,290.13)	(3,400.00)
d) Weighted number of equity shares outstanding during the year (Nos.)	6,725,323	950,000
e) Nominal value per share (₹)	10	10
f) EPS		
Basic (₹)	(138.14)	(357.89)
Diluted (₹) (see Note below)		(357.89)

Note: At 31 March, 2016: There is no dilution to the basic EPS as there are no outstanding dilutive potential equity shares.

At 31 March, 2015: The effects of compulsory convertible preference shares that could potentially dilute basic EPS in the future, were not included in the calculation of diluted EPS of the previous year as the preference shares were anti-dilutive for that year.

(All amounts in ₹ lacs)

27. CONTINGENT LIABILITIES AND COMMITMENTS

	For the year ended 31 March, 2016	For the year ended 31 March, 2015
a) Claims against the Company not acknowledged as debts comprising of: Third Party claims arising from disputed relating to contracts aggregating	338.69	338.69
b) Unpaid dividend on cumulative preference shares	—	16,476.41
c) Estimated amount of contracts remaining to be executed on capital account and not provided for	976.43	421.91
d) Commitments towards option properties	3,956.00	4,945.00

Note: Future cash outflows in respect of (a) above are determinable only on receipt of judgement/decisions pending with various forums/authorities.

28. SERVICE TAX

Pursuant to levy of service tax on renting of immovable properties given for commercial use, retrospectively with effect from 1 June, 2007, the Company has based on a legal advice, challenged the said levy and, inter-alia, its retrospective application. Pending the final disposal of the matter, which is presently before the Supreme Court, the Company continues not to provide for the retrospective levy aggregating ₹ 267.98 lacs for the period 1st June, 2007 to 31st March, 2010, (fully paid under protest).

29. A Suit has been filed by Nusli Neville Wadia (Plaintiff) against Ivory Properties and Hotels Pvt. Ltd. (Ivory) & Others which includes the Company as one of the Defendants inter-alia in respect of the premises from which the Company is operating its Malad store. The Company is operating the said Malad store under a Conducting Agreement entered into with Ivory. The Plaintiff has prayed against the Company (including the said Ivory) for demolition and removal of the said Malad store, appointment of a Court Receiver in respect of the Malad store, restraining from alienating, occupying or parting with possession and restraining from dealing with, creating fresh leases/licenses or renewing lease/license in respect of the said Malad store and from receiving or recovering any rent/license fee/compensation in respect of the said lease/license, depositing all the rents in the Court, etc. The Company has filed its reply to the said Suit denying the allegations and praying that no interim relief be granted to the Plaintiff. The Court has not granted any interim relief to the Plaintiff and the matter is pending. Pursuant to the Plaintiff's application for expedited hearing of the case, the Hon'ble High Court Bombay vide an Order dated 19/09/2013 framed the issue of limitation under Section 9 (A) of Code of Civil Procedure to be tried as to jurisdiction for the maintainability of the suit and directed the Plaintiff to file an affidavit in lieu of examination in chief of the first witness on or before 17/10/2013. Further, the Hon'ble High Court vide its Order dated 20.09.2013 stated that the issue of limitation is an issue of jurisdiction and can be tried by the Hon'ble High Court under Section 9A of Code of Civil Procedure.

Pursuant to the Plaintiff's SLP in the Supreme Court challenging the Orders of the Hon'ble High Court dated 19/09/2013 and 20/09/2013, the Hon'ble Supreme Court vide its Order dated 08/10/2013 stayed the operation of the aforesaid Orders and further proceedings in the High Court Suit No. 414 of 2008. Thereafter the Hon'ble Supreme Court by its Order dated 25 August, 2015 has referred the said SLP to a three Judge Bench to be posted along with SLP (C) No. 22438 of 2015. The said SLP is pending the hearing in the Supreme Court.

In management's view, considering the matter and the facts, no provision for any loss/liability is presently required to be made.

30. Long-term borrowings include loans aggregating ₹ 14,500 lacs [previous year ₹ 12,600 lacs] from Shoppers Stop Limited (SSL), the Holding Company. SSL is committed to continue to provide financial support to the Company for its operations and to meet its long-term business plans.

31. ESOP SCHEMES

The Company has not issued any ESOP during the year.

32. DERIVATIVES

The Company uses foreign currency forward contracts to hedge its risks associated with foreign currency exposures relating to the underlying transactions and firm commitments. The Company does not enter into any derivative contracts for trading or speculative purposes. The forward exchange contracts entered into by the Company and outstanding as at the year end are as under:

Particulars	USD	INR
Number of buy contracts	3	—
Previous year	(3)	—
Aggregating currency amount (in lacs)	1.74	118.86
Previous year	(0.49)	(31.39)

There are no foreign currency exposures unhedged as at the year end.

33. EMPLOYMENT AND RETIREMENT BENEFITS

(All amount in ₹ lacs)

Post employment benefits	31 March, 2016	31 March, 2015
Defined contribution plans		
Company's contribution to Provident Fund	247.60	195.69
Defined benefit plan – Gratuity (Funded)		
I. Components of Employer Expense		
a) Current service cost	21.40	14.29
b) Interest cost	7.37	6.05
c) Expected Return on plan assets	(5.83)	(4.82)
d) Past service cost	—	—
e) Actuarial loss on obligations	28.74	40.30
f) Total expense recognised in the Statement of Profit & Loss Account	51.68	55.82
II. Net Asset/(Liability) recognised in Balance Sheet as at the year end		
a) Present value of the obligation	130.52	108.50
b) Fair value of the plan assets	85.27	50.22
c) (Liability) recognised in the Balance Sheet	(45.25)	(58.28)
III. Change in Defined Benefit Obligations (DBO) during the year		
a) Present value of obligations as at the beginning of the year	108.50	93.03
b) Current service cost	21.40	14.29
c) Interest cost	7.37	6.05
d) Actuarial loss on obligations	21.28	42.89
e) Benefits paid	(28.03)	(47.76)
Present Value of Obligations as at the end of the year	130.52	108.50
IV. Changes in Fair Value of Plan Assets		
a) Present value of plan assets as at the beginning of the year	50.22	67.94
b) Expected return on plan assets	5.83	4.82
c) Actuarial (gain)/loss	(7.46)	2.59
d) Actual company contribution	64.71	22.64
e) Benefits paid	(28.03)	(47.76)
Fair Value of Plan Assets as at the end of the year	85.27	50.22
V. Actuarial Assumptions		
a) Discount Rate (per annum)	7.40%	7.80%
b) Expected Rate of Return on Assets (per annum)	7.40%	8.50%
c) Rate of increase in salaries	5.00%	5.00%
d) Rate of Attrition		
– Service office	25.00%	25.00%
– Stores	75.00%	75.00%

VI. Experience Adjustments	31 March, 2016	31 March, 2015	31 March, 2014	31 March, 2013	31 March, 2012
a) Defined benefit obligation	130.52	108.50	93.03	78.57	78.39
b) Plan assets	85.27	50.22	67.94	65.81	44.18
c) Deficit/(surplus)	45.25	58.28	25.09	12.76	34.21
d) Experience adjustments on plan liabilities	15.49	32.36	23.00	(7.29)	19.68
e) Experience adjustments on plan assets	(7.46)	2.59	(0.23)	(3.80)	(0.35)

Notes to Financial Statements
for the year ended 31 March, 2016

Hypercity Retail (India) Limited

The Company expects to contribute ₹ 20.13 lacs to its Gratuity plan for the next year.

In assessing the Company's Post Retirement Liabilities, the Company monitors mortality assumptions and uses up-to-date mortality tables. The base being Indian Assured Lives Mortality (2006-08) Ultimate.

Expected return on plan assets is based on expectation of the average long-term rate of return expected on investments of the fund during the estimated term of the obligations.

The estimates of future salary increases considered in actuarial valuation take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

The gratuity benefit scheme of the Company is managed by Life Insurance Corporation of India (LIC). The Company is currently awaiting the details of the composition of the plan assets, by category, from the LIC for the current and the previous years and hence the disclosures as required by Accounting Standard (AS) 15 on Employee Benefits have not been given.

34. SEGMENT REPORTING

a) Information about Primary segment (Business Segment)

(All amount in ₹ lacs)

Particulars	31 March, 2016			31 March, 2015		
	Retail Operations	Property Options	Total	Retail Operations	Property Options	Total
Segment Revenue						
External Sales	98,500.90	—	98,500.90	95,474.67	11,019.09	106,493.76
Total Revenue	98,500.90	—	98,500.90	95,474.67	11,019.09	106,493.76
Segment Results	(4,899.83)	—	(4,899.83)	(3,697.26)	8852.505	5,155.24
Interest Income	—	—	27.71	—	—	43.60
Interest Expense	—	—	(4,418.01)	—	—	(3,851.12)
Provision for Tax	—	—	—	—	—	—
Net (Loss)/Profit for the year			(9,290.13)			1,347.72
OTHER INFORMATION						
Segment Assets	34,609.68	14,649.94	49,259.62	34,588.65	16,609.79	51,198.45
Total Assets			49,259.62			51,198.45
Segment Liabilities	48,946.59	—	48,946.59	44,465.24	1,402.00	45,867.24
Total Liabilities			48,946.59			45,867.24
Segment Depreciation	2,909.41	—	2,909.41	2,879.32	—	2,879.32
Total Depreciation			2,909.41			2,879.32
Segment Capital Expenditure	2,621.39	—	2,621.39	2,572.46	—	2,572.46
Total Capital Expenditure			2,621.39			2,572.46

b) The Company operates in a single geographical environment i.e. in India.

Notes to Financial Statements
for the year ended 31 March, 2016

Hypercity Retail (India) Limited

35. RELATED PARTY DISCLOSURES

Names of related parties and description of relationship

a) Holding Company:	Shoppers Stop Limited
b) Fellow Subsidiaries:	Crossword Bookstores Limited
c) Promoter directors having control/significant influence over companies stated in (e) below:	C. L. Raheja, Ravi C. Raheja, Neel C. Raheja
d) Key Management Personnel*:	Non-Executive Directors: Chandru L. Raheja Ravi Raheja Neel Raheja B. S. Nagesh Govind Shrikhande Nitin Sanghavi Deepak Ghaisas Ms. Ameesha Prabhu CEO: Ramesh Menon (w.e.f. 03-Feb-2016) CEO: Vipin Bhandari (upto 07-Aug-2015)

*Does not include, Key management personnel as defined under the Companies Act, 2013

e) Companies in which the persons stated in (c) & (d) above have control/Significant influence:	Avacado Properties and Trading (India) Private Limited, Ivory Properties and Hotels Private Limited, Inorbit Malls (India) Private Limited, Trion Properties Private Limited, K. Raheja Pvt. Ltd., Magna Warehousing and Distribution Private Limited, Genext Hardware and Parks Pvt. Ltd., Sanghavi Associates Ltd., Mindspace Business Parks Pvt. Ltd. (Formerly Serene properties Pvt. Ltd.), Gigaplex estate Private Ltd., Support Properties Pvt. Ltd., Eternus Real Estate Pvt. Ltd., Palm Shelter Estate Development LLP, Anbee Construction LLP, Cape Trading LLP, Capstan Trading LLP, Casa Maria Properties LLP, Raghukool Estate Development LLP, Intime Properties Ltd., K. Raheja IT Park (Hyderabad) Pvt. Ltd., Retailers Association of India.
---	---

(All amount in ₹ lacs)

Nature	Holding Company	Fellow Subsidiaries	Companies Under Common Control/ Significant Influence	Key Management Personnel	Total
Purchase of Merchandise	—	(7.82)	—	—	(7.82)
Crossword Bookstores Ltd.	—	(7.82)	—	—	
	(—)	(31.10)	(—)	(—)	(31.10)
Sale of Merchandise	7.69	—	6.94	—	14.63
Shoppers Stop Ltd.	7.69				
Inorbit Malls (India) Pvt. Ltd.			3.23		
Ivory Properties and Hotels Pvt. Ltd.			0.04		
Intime Properties Ltd.			0.33		
K. Raheja IT Park (Hyderabad) Pvt. Ltd.			0.43		
Mindspace Business Parks Pvt. Ltd.			2.53		
Trion Properties Pvt. Ltd.			0.38		
Gigaplex Estate Pvt. Ltd.			—		
	(3.02)	(—)	(7.34)	(0.39)	(10.75)

Notes to Financial Statements
for the year ended 31 March, 2016

Hypercity Retail (India) Limited

(All amount in ₹ lacs)

Nature	Holding Company	Fellow Subsidiaries	Companies Under Common Control/ Significant Influence	Key Management Personnel	Total
Purchase of Property Options			1,028.11		1,028.11
K. Raheja Pvt. Ltd.			1,028.11		
			(2,536.30)		(2,536.30)
Payment of conducting fees/Lease Rent/ Common Area Maintenance Charges	–	–	2,697.42	–	2,697.42
Avacado Properties and Trading (India) Pvt. Ltd.	–	–	216.68	–	
Inorbit Malls (India) Pvt. Ltd.	–	–	1,018.82	–	
Trion Properties Pvt. Ltd.	–	–	683.27	–	
Magna Warehousing and Distribution Pvt. Ltd.	–	–	34.93	–	
Genext Hardware and Parks Pvt. Ltd.			36.01		
Ivory Properties and Hotels Pvt. Ltd.	–	–	707.71	–	
	(–)	(–)	(2,624.86)	(–)	(2,624.86)
Interest Expenses	1,801.78	–	–	–	1,801.78
Shoppers Stop Ltd.	1,801.78	–	–	–	
	(1,389.11)	(–)	(–)	(–)	(1,389.11)
Expenses Paid	7.02	–	622.29	–	629.31
Shoppers Stop Ltd.	7.02				
Avacado Properties and Trading (India) Pvt. Ltd.			3.06		
Inorbit Malls (India) Pvt. Ltd.			412.77		
Magna Warehousing and Distribution Pvt. Ltd.			22.18		
Genext Hardware and Parks Pvt. Ltd.			30.28		
Sanghavi Associates Ltd.			3.92		
Retailers Association of India			0.65		
Trion Properties Pvt. Ltd.			149.43		
	(–)	(1.90)	(629.81)	(–)	(631.71)
Deposits Paid	1.00	–	21.58	–	22.58
Trion Properties Pvt. Ltd.			21.58		
Shoppers Stop Ltd.	1.00				
	(116.72)	(–)	(26.06)	(–)	(142.78)
Deposit Received	1.00	–	190.10	–	191.10
Inorbit Malls (India) Pvt. Ltd.			5.39		
Trion Properties Pvt. Ltd.			184.71		
Shoppers Stop Ltd.	1.00				
	(2.00)	(–)	(67.29)	(–)	(69.29)

Notes to Financial Statements
for the year ended 31 March, 2016

Hypercity Retail (India) Limited

(All amount in ₹ lacs)

Nature	Holding Company	Fellow Subsidiaries	Companies Under Common Control/ Significant Influence	Key Management Personnel	Total
Expenses Recovered	56.23	21.62	—	—	77.85
Shoppers Stop Ltd.	56.23	—	—	—	—
Crossword Bookstores Ltd.	—	21.62	—	—	—
	(56.37)	(28.54)	(—)	(—)	(84.91)
Loan Taken	5,700.00	—	—	—	5,700.00
Shoppers Stop Ltd.	5,700.00	—	—	—	—
	(23,599.00)	(—)	(—)	(—)	(23,599.00)
Loan Repaid	3,800.00	—	—	—	3,800.00
Shoppers Stop Ltd.	3,800.00	—	—	—	—
	(21,299.00)	(—)	(—)	(—)	(21,299.00)
Issue of Preference Shares	—	—	—	—	—
	(1,889.55)	(—)	(1,815.45)	(—)	(3,705.00)
Issue of Equity Shares	2,202.68	—	2,042.89	26.38	4,271.95
Shoppers Stop Ltd.	2,202.68	—	—	—	—
Support Properties Pvt. Ltd.	—	—	163.45	—	—
Eternus Real Estate Pvt. Ltd.	—	—	163.45	—	—
Palm Shelter Estate Development LLP	—	—	4.32	—	—
Anbee Construction LLP	—	—	4.32	—	—
Cape Trading LLP	—	—	4.32	—	—
Capstan Trading LLP	—	—	4.32	—	—
Casa Maria Properties LLP	—	—	4.32	—	—
Raghukool Estate Development LLP	—	—	4.32	—	—
Genext Hardware and Parks Pvt. Ltd.	—	—	1,690.07	—	—
Ravi Chandru Raheja	—	—	—	4.32	—
Chandru Lachmandas Raheja	—	—	—	4.32	—
Jyoti Chandru Raheja	—	—	—	4.32	—
Neel Chandru Raheja	—	—	—	4.32	—
B. S. Nagesh	—	—	—	9.10	—
	(—)	(—)	(—)	(—)	(—)
Remuneration	—	—	—	122.18	122.18
Ramesh Menon	—	—	—	68.54	—
Vipin Bhandari	—	—	—	53.64	—
	(—)	(—)	(—)	(237.56)	(237.56)

Notes to Financial Statements
for the year ended 31 March, 2016

Hypercity Retail (India) Limited

(All amount in ₹ lacs)

Nature	Holding Company	Fellow Subsidiaries	Companies Under Common Control/ Significant Influence	Key Management Personnel	Total
Sitting fees to non-executive Directors				15.60	15.60
Chandru L. Raheja				0.50	
Ravi Raheja				2.30	
Neel Raheja				2.00	
B. S. Nagesh				2.00	
Govind Shrikhande				2.00	
Nitin Sanghavi				3.60	
Deepak Ghaisas				2.70	
Ameesha Prabhu				0.50	
				(14.70)	(14.70)
Space hire fees received	71.60	—	—	—	71.60
Shoppers Stop Ltd.	71.60				
K. Raheja Corp Pvt. Ltd.					
	(64.00)	(—)	(5.40)	(—)	(69.40)
Subconducting fees received	71.30	44.64	—	—	115.94
Shoppers Stop Ltd.	71.30				
Crossword Bookstores Ltd.		44.64			
	(69.81)	(46.65)	(—)	(—)	(116.46)

Balance Outstanding at the year end

(All amount in ₹ lacs)

Receivables (mainly towards rent deposit):

Avacado Properties and Trading (India) Pvt. Ltd.	464.10
	(464.10)
Inorbit Malls (India) Pvt. Ltd.	342.81
	(348.20)
Trion Properties Pvt. Ltd.	201.48
	(364.61)
Ivory Properties and Hotels Pvt. Ltd.	250.00
	(250.00)
Crossword Bookstores Ltd.	18.34
	(5.37)
Magna Warehousing and Distribution Pvt. Ltd.	—
	(41.24)
Genext Hardware and Parks Pvt. Ltd.	41.24
	(—)

Notes to Financial Statements
for the year ended 31 March, 2016

Hypercity Retail (India) Limited

Payable:	(All amount in ₹ lacs)
Shoppers Stop Ltd.	14,642.10
	(12,719.12)
Avacado Properties and Trading (India) Pvt. Ltd.	1.00
	(0.26)
Inorbit Malls (India) Pvt. Ltd.	17.40
	(56.88)
Trion Properties Pvt. Ltd.	9.35
	(6.61)
Magna Warehousing and Distribution Pvt. Ltd.	—
	(10.08)
Ivory Properties and Hotels Pvt. Ltd.	64.20
	(72.40)
K. Raheja Private Ltd.	
	(1,402.00)
Genext Hardware and Parks Pvt. Ltd.	9.32
	(—)

Figures in brackets pertain to previous year

36. SUPPLEMENTARY STATUTORY DATA

	(All amount in ₹ lacs)	
	31 March, 2016	31 March, 2015
a) Value of Imports on CIF Basis:		
Purchase of merchandise	362.94	541.81
Capital goods	—	15.27
Software	1.00	13.49
	<u>363.94</u>	<u>570.57</u>
b) Expenditure in Foreign Currency:		
Professional fees	7.51	5.59
Travelling expense	3.92	3.65
Other expenses	64.67	83.65
	<u>76.09</u>	<u>92.89</u>
c) Earnings in Foreign Exchange:		
Foreign currency and foreign credit card collection on sale of merchandise	740.44	1,029.27
	<u>740.44</u>	<u>1,029.27</u>

37. Previous year's figures have been regrouped/reclassified wherever necessary to correspond with the current year's classification/disclosure.

Directors' Report

Hypercity Retail (India) Limited

Dear Members,

Your Directors are pleased to present herewith Eleventh Annual Report on the business and operations of the Company together with the Audited Statements of Accounts for the year ended March 31, 2015.

Financial Performance

	(₹ in Lacs)	
Particulars	Year ended March 31, 2015	Year ended March 31, 2014
Retail sale of products	90,768.49	85,311.32
Revenue from transfer of property option	11,019.09	2,636.47
Other retail operating revenue	3,826.68	3,172.95
Other Income	658.20	387.47
Total Revenues	1,06,272.46	91,508.21
Profit/(Loss) before Depreciation & Tax	4,227.04	(5,689.81)
Less: Depreciation	(2,879.32)	(2,891.64)
Profit/(Loss) before tax	1,347.72	(8,581.45)
Less: Tax	—	—
Profit/(Loss) after Tax	1,347.72	(8,581.45)
Less: Transfer to Debenture Redemption Reserve	420.00	—
Add: Adjustment of Depreciation charge	(22.96)	—
Add: Balance brought forward from previous year	(53,757.28)	(45,175.83)
Balance carried forward	(52,832.52)	(53,757.28)

Performance Review

During the year under review, the total revenues (net of taxes) of your Company was ₹ 90,768 lacs (previous year ₹ 85,311 lacs), registering a growth of 6.4%, year on year basis. Your Company has operated 15 stores for full year and has got same store sales growth of 0.4% (Ex-CDIT 3%) over the preceding year.

Gross Margin was at 22.5% (against 21.5% previous year). Fashion mix for the year was at 15.2% (previous year 12%) and delivered like to like growth of 26.5%. Like to Like Opex growth was -3.8%. Concessionaire income grew by 47% and SOH income grew by 2% on Like to Like basis.

The retail business achieved Company EBIDTA of ₹ (774) lacs (previous year ₹ (4701) lacs). Also during the year, the company achieved first ever Company level EBIDTA profit in Q2 and Q3.

During the year, your Company has assigned 6 property options for a total consideration of ₹ 11,019 lacs. The total profit earned on assignment of these options is ₹ 8,987.4 lacs. As a result, the company has posted net profit of ₹ 1,347.7 lacs (previous year ₹ (8,581.4) lacs)

The Company added 1.48 lacs Discovery club members during the year and total member base increased to 9.86 lacs. Discovery club contributed 56% to overall sales mix.

Vision

To be an integral part of customer lives, by offering them a high quality shopping experience through great products at ever better prices.

CERTIFIED TRUE COPY
For Hypercity Retail (India) Ltd.



Directors' Report

Hypercity Retail (India) Limited

Share Capital

During the year under review, the Authorised share capital of the Company was increased from ₹ 60,000 lacs to ₹ 62,500 lacs divided into ₹ 500 lacs of equity share capital (previous year ₹ 500 lacs) and ₹ 62,000 lacs of preference share capital (previous year ₹ 59,500 lacs).

The paid up share capital of the Company has increased from ₹ 54,058.73 lacs to ₹ 57,763.73 lacs divided into ₹ 95 lacs of equity share capital (previous year ₹ 95 Lacs) and ₹ 57,668.73 lacs preference share capital (previous year ₹ 53,963.73 lacs). Out of total preference share capital, ₹ 25,700 lacs is 7% Compulsory Convertible Preference Shares of ₹ 10 each and remaining are 7% Cumulative Redeemable Preference Shares of ₹ 10 each.

Dividend

In view of accumulated losses and to support future retail business plans, your Directors are unable to recommend any dividend.

Finance

Your Company continues with various initiatives for bringing down the cost of borrowings which includes reduction in working capital, application of various financial instruments so as to meet short term and long term requirement and reduce interest cost.

Directors & Key Managerial Personnel

Mr. C.L.Raheja, the Chairman and Director resigned from his position w.e.f. April 29, 2015 and in his place Mr. B.S.Nagesh, Vice Chairman was elevated as the Chairman by the Board of Directors of the Company. The Board of Directors recorded its sincere appreciation and recognition of the valuable contribution made by Mr. C.L. Raheja during his long association with the Company.

In accordance with the provisions of the Section 152 of the Companies Act, 2013, Mr. Ravi Raheja, (DIN 00028044) Non-Executive & Non Independent Director of the Company, will retire by rotation at the ensuing Annual General Meeting and being eligible, offer himself for re-appointment. The Board recommends his re-appointment.

Pursuant to provisions of Section 149 of the Companies Act, 2013, Ms. Bindu Mendonsa (DIN 07198339) has been appointed as an Additional Director of the Company, who hold her office as a Director upto the date of ensuing Annual General Meeting of the Company and is eligible for re-appointment. The Company has received requisite notice under Section 160 of the Companies Act, 2013, from a member proposing her appointment as a Director of the Company. The Board recommends her appointment as a Director of the Company, who shall be liable to retire, by rotation.

The Company has received declarations from Mr. Deepak Ghaisas and Prof. Nitin Sanghavi, both the Independent Directors of the Company confirming that they meet with the criteria of Independence as prescribed under Section 149(6) of the Companies Act, 2013.

During the year under review Mr. Mark Ashman, Chief Executive Officer of the Company resigned with effect from June 30, 2014. The Board places on record its appreciation for the outstanding contribution made by him. The Board of Directors had on recommendation of the Nomination and Remuneration Committee appointed Mr. Vipin Bhandari as the Chief Executive Officer of the Company with effect from August 26, 2014.

Mr. Vijay Jain has been appointed as a Chief Financial Officer of the Company.

Further, Mr. Bharat Sanghavi - 'Manager' & 'Company Secretary' of the Company, ceased to be the 'Manager' of the Company with effect from December 31, 2014. He continues to remain the Company Secretary of the Company.

Performance Evaluation

The Board of Directors of the Company and the Nomination and Remuneration Committee had decided that after every board meeting, all directors will evaluate the performance of the Board and its Committees under the following criteria:

1. Quality of Pre-Read for the Meeting
2. Presentation by Management Team Members
3. Degree of Participation of Board Members
4. Openness
5. Contribution by Board to the Company

Directors' Report

Hypercity Retail (India) Limited

Other than above criteria, a qualitative feedback has also been taken on the conduct of the Board, subsequent to every Board Meeting. The score thereof has been tabulated and shared with the Chairman of the Nomination and Remuneration Committee and the Board of Directors in order to ascertain the areas of improvement. Based on these parameters, the Nomination and Remuneration Committee and the Board of Directors had evaluated the performance of each director, including Independent Directors comprising therein and each director as a member of relevant Committees of the Company.

Remuneration Policy

The Board of Directors has on the recommendation of the Nomination and Remuneration Committee has framed a policy for selection and appointment of Directors, senior management and their remuneration. The said policy is annexed herewith as Annexure I.

Corporate Governance

The Company has been proactive in following the principles and practices of good corporate governance. The details of remuneration paid to Mr. Bharat Sanghavi, as a 'Manager' of the Company upto December 31, 2014 is as under:

Particulars	Amount (₹ in lacs)
Salary, allowances and bonus	22.23
Performance linked incentive	1.55
Contribution to Provident / other funds	0.76
Perquisites	0.91
Total	25.45

Performance linked incentive is based on the achievement of parameters and overall objectives. The term of the service contract is mutually agreed with the Company. There was a notice period of 60 days from either side. There was no separate provision for payment of any severance fees.

Particulars of Employees

In terms of the provisions of Section 197 of the Companies Act, 2013 read with Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, a statement showing the names and other particulars of the employees drawing remuneration in excess of the limits set out in the said rules for the year ended March 31, 2015 is provided hereunder:

Sr. No.	Name	Designation	Age (years)	Qualifications	Experience (years)	Date of Commencement of Employment	Gross Remuneration ₹	Previous Employment	Designation Previous Employment
1.	Simon Hopper	Chief of Operations	45	Diploma in Retail Management Sir Thomas Piction School, 9GCSE "O Levels", 2GCSE "A Levels"	23 years	18, July 2011	19,242,618	Sultan Centre/tesco Franchisee	Group Operations Director for Middle East
2.	Ashik Hamid	Senior Vice President - Buying and Merchandising	42	MBA	16 years	3, February 2014	7,002,200	Fresh Grocery Bharti Walmart, India	Vice President & General Merchandise Manager
3.	Jayakar Shettigar	Senior Vice President - Buying and Merchandising	45	PGDBM	22 years	1, April 2012	6,987,672	Shoppers Stop Ltd.	Sr Trading Manager

Directors' Report

Hypercity Retail (India) Limited

Employees in service for part of the year

Sr. No.	Name	Designation	Age (years)	Qualifications	Experience (years)	Date of Commencement of Employment	Gross Remuneration ₹	Previous Employment	Designation Previous Employment
1.	Mark Ashman	Chief Executive Officer	51	Kelsey Park School Beckenham Kent; 9' 0 level, '3A level	30 years	16, September 2010	15,852,844	Marks and Spencer Reliance India Private Ltd.	Chief Executive Officer
2.	Vipin Bhandari	Chief Executive Officer	43	CA	16 years	26, August 2014	7,903,299	Max Hypermarkets	Chief Operating Officer

Notes:

1. None of the employees mentioned herein above hold any equity shares / preference shares of the Company.
2. None of the employees mentioned herein above are relative of any director or Manager of the Company.

Corporate Social Responsibility

Corporate Social Responsibility (CSR) plays a vital role in fulfilling the needs of the present generation and ensuring a safe environment for the future. At Hypercity, Corporate Social Responsibility forms an integral part of the Company's corporate principles and business philosophy. As a Company with strong sense of values and commitment, Hypercity believes that business objectives must go hand in hand with a sense of responsibility towards employees, stakeholders and society at large.

We as a Company have been associated with the various NGO's such as Pankh, a joint initiative by TRRAIN and Youth4jobs through which we have employed around 35 differently abled people in our organization. Prem Sadan – Orphanage for girls, Missionaries of Charity and Saathi Foundation at Malad, Vatsalya trust and Father Agnel Orphanage at Vashi, Udaan Foundation at Thane Mumbai, Dr.Reddy's Foundation and Dwarkamai at Hyderabad, tie up at various stores with cancer patients fund like Care Assurance foundation an NGO dealing with cancer patients to name a few. At HyperCITY, CSR is and will always be an integral part of our business and our way of supporting our society.

The statutory provisions in respect of CSR as provided under Section 135 of the Companies Act, 2013 read with Companies (Corporate Social Responsibility Policy) Rules, 2014, as on March 31, 2015 are not applicable to the Company.

Risk Management

In line with the new regulatory requirements, the company has formally framed a Risk Management Policy to identify and assess the key risk areas, monitor and report the compliance and effectiveness of the same. A Risk Management Committee has been constituted to oversee the risk management process in the company. The committee has reviewed the major risks which affects the company from both the external and the internal environment perspective. Appropriate actions have been initiated to either mitigate, partially mitigate, transfer or accept the risk (if need be) and monitor the risks on a regular basis. Based on the detailed review the following key risks inter-alia have been identified:

- **Internet Usage:** India's Internet user base is currently third largest in the world. This, coupled with the rising consumer confidence in online retail, is driving the growth of e-commerce in the country. With a significant number of Indian consumers turning Internet users, and eventually, online shoppers, selling through the online channel is set to redefine retail. The Company in order to counter the impact of loss in business due to online e-commerce sales, has designed a two pronged strategy which includes, partnering with e-commerce companies as a key sourcing vendor for them and also plans to sell products and brands online via tie up with leading online e-commerce portals.
- **Economic Slowdown:** Economic slowdowns have a direct impact on consumption. Retail being the end service provider of consumption in the supply / Value chain, is bound to face difficulties in an environment of economic slowdown. The company continuously looks at stepping up the pricing, promotional, marketing activities and improving space efficiency by rightsizing to protect the company's profitability.

Internal Control System

The Company has laid down internal financial control's, through a combination of Entity level controls, Process level controls and IT General controls inter-alia to ensure orderly and efficient conduct of business, including adherence to the Company's policies and procedures, accuracy and completeness of accounting records and timely preparation and reporting of reliable financial statements/information, safeguarding of assets, prevention and detection of frauds and errors.

The evaluation of these internal financial controls was done through the internal audit process, established within the Company and also through appointing professional firm to carry out such tests by way of systematic annual internal audit program. Based on the review of these reported evaluations, the directors confirm that, for the preparation of financial accounts for the year ended March 31, 2015, the applicable Accounting Standards have been followed and the internal financial controls are generally found to be adequate and were operating effectively & that no significant deficiencies were noticed.

Whistle Blower / Vigil Mechanism

The Company has established a Vigil Mechanism and adopted a whistle blower policy, pursuant to which whistle blowers, can report concerns about unethical behaviour, actual or suspected fraud or violation of the Company's code of conduct or ethics policy. The mechanism provides adequate safeguards against victimization of persons who use such mechanism. The brief detail about this mechanism has also been posted on the website of the Company.

Energy Conservation, Technology absorption and Foreign Exchange Earnings and Outgo

The Company is engaged in the continuous process of energy conservation through best practices in operating and maintenance. Establish a framework for an Energy Strategy and Policy within Hypercity which outcome are commercial savings on the cost of energy and focusing on minimum pay back by doing various steps are as under:

- 1) We have already installed Centralized Energy Management System (CEMS) last year and achieved units savings.
- 2) Controlling the energy consumption of HVAC system by optimizing the temperature inside the stores.
- 3) Scheduling of equipment like AHU for non-peak hours.
- 4) Continuous training programme for Energy and Maintenance system is implemented in all the stores.
- 5) Quarterly Energy and Maintenance audit in all stores.
- 6) Besides the above, company has appointed an independent consultant to further:
 - a. monitor and maintain the sustainability of the energy phase 1 and 2.
 - b. learn and implement best practices in operating and maintenance of refrigeration, HVAC, Lighting and other equipment's;
 - c. train Store Operation / Maintenance teams across India to sustain the savings;
 - d. create a team of "energy champions" and roll out this "mission" across all stores.

During the year under review, the foreign exchange earnings was ₹ 1,029.27 lacs and outgo was ₹ 663.46 lacs.

Disclosures

Extract of Annual Return: The details forming part of extract of the annual return in form MGT 9 is annexed herewith as Annexure II.

Meetings of the Board of Directors: During the year under review, the Board of Directors met 5 (five) times i.e. on 29th April, 2014, 19th June, 2014, 30th July, 2014, 31st October, 2014 and 29th January 2015. The maximum interval between any two meetings during this period does not exceed 120 days.

Audit Committee: The Audit Committee comprises of three Directors i.e. Mr. Deepak Ghaisas, as the Chairman, Mr. Ravi C. Raheja and Prof. Nitin Sanghavi as the members. The Board of Directors has accepted the recommendations made by Audit Committee from time to time.

Directors' Report

Hypercity Retail (India) Limited

Related Party Transactions: All the related party transactions that were entered into during the financial year were on arm's length basis and were in ordinary course of business. The details of material transactions with related parties under form AOC-2 is provided herewith under Annexure III.

Particulars of Loans, Guarantees and investments: The details of Loans, Guarantees and investments covered under the provisions of Section 186 of the Companies Act, 2013 are given in the Notes to the Financial Statements.

Other Disclosures: The Board of Directors state that no disclosure and / or reporting is required in respect of the following items as there were no transactions on these items during the year under review:

- Details relating to deposits covered under Section 73 of the Companies Act, 2013 read with Companies (Acceptance of Deposits) Rules, 2014.
- Issue of shares (including sweat equity shares) to employees of the Company.
- Issue of equity shares with differential rights as to dividend, voting or otherwise.
- The Company has no Managing Director or Whole Time Director and accordingly disclosure of receipt of any remuneration or commission by them from its Holding Company are not applicable.
- No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operations in future.

The Company has adopted a policy for prevention of sexual harassment at work place and is fully committed to comply with its various provisions. The policy inter-alia provides for protection against sexual harassment of women at workplace and for prevention and redressal of such complaints. During the year under review, there were four complaints received pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. The same has been disposed off completely.

Directors' Responsibility Statement

Pursuant to the requirements of Section 134 of the Companies Act, 2013, the Board of Directors confirms that:

- a. In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- b. appropriate accounting policies have been selected and applied them consistently and judgments and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2015 and of the profit of the Company for the year ended on March 31, 2015;
- c. proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d. the annual accounts have been prepared on a going concern basis; and
- e. the proper systems to ensure compliance with the provisions of all applicable laws are in place and were adequate and operating effectively.

Auditors

Statutory Auditors

Your Company's Statutory Auditors, Deloitte Haskins & Sells LLP, Chartered Accountants, Mumbai, who retire at the conclusion of the ensuing Annual General Meeting are eligible for re-appointment. They have confirmed their eligibility and are not disqualified for re-appointment under the Companies Act, 2013. They have confirmed that they have been subjected to the peer review process of the Institute of Chartered Accountants of India (ICAI) and hold a valid certificate issued by the Peer Review Board of ICAI.

The Audit Committee and the Board of Directors recommend the re-appointment of Deloitte Haskins & Sells LLP, as the Statutory Auditors of the Company. The members are requested to appoint Deloitte Haskins & Sells LLP, Chartered Accountants, as Statutory Auditors of the Company and to authorise the Board to fix their remuneration.

The Auditors' Report to the members for the year under review does not contain any qualification, reservation or adverse remark.

Directors' Report

Hypercity Retail (India) Limited

Secretarial Audit

Pursuant to the provisions of Section 204 of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed V. Sundaram & Co, a firm of Company Secretaries in Practice to undertake the Secretarial Audit of the Company. The Secretarial Audit Report issued by them, is annexed herewith as Annexure IV.

The said report does not contain any qualification, reservation or adverse remark.

Material Changes

There are no material changes and commitments affecting the financial position of the Company which has occurred between March 31, 2015 and the date of this Board of Directors' Report.

Acknowledgement

Your Directors wish to convey their appreciation to all customers, business partners, bankers and suppliers for their invaluable support and look forward to continued support in the future.

Your Directors place on record their appreciation of the support and co-operation received from the employees for their contribution to the growth of your Company. Your Company's performance has been made possible by their hard work, service excellence, co-operation and commitment.

And to you, our Shareholders, we are deeply grateful for the confidence and faith that you have reposed in us.

For and on behalf of the Board of Directors

B. S. Nagesh

April 29, 2015

Chairman
(DIN: 00027595)

APPOINTMENT AND REMUNERATION OF DIRECTORS & SENIOR MANAGEMENT POLICY

The Nomination and Remuneration Committee and this Policy is in compliance with the provisions of Section 178 of the Companies Act, 2013 read along with the applicable rules thereto.

This appointment and remuneration policy (the "Policy") applies to (i) selection and appointment of the directors and senior management (including Key Management Personnel therein), and (ii) remuneration of the directors and senior management of Hypercity Retail (India) Limited (the "Company").

I. Purpose

The human resources of a company are critical to performance of the company. Therefore the Company aims to achieve a balance of experience, expertise and the right skills amongst its Directors and other human resources and to optimize the compensation payable to them in order to drive the Company's performance to maximize stakeholders value.

The primary objective of this Policy is to provide a framework and set standards for the selection, appointment and re-appointment of directors and senior management who should have the capacity and ability to lead the Company towards achieving sustainable development. The Policy is aimed at ensuring that the management of the Company consists of persons with a diverse range of skills and qualities to meet their primary responsibility for promoting the success of the Company in a way which ensures that the interests of the Company as well as the interests of the stakeholders are promoted and protected.

II. Policy for Selection & Appointment of Directors and Senior Management

The Board is responsible for the selection, appointment of directors and senior management. The Board has delegated the screening and selection process involved in selecting directors and senior management to the Nomination and Remuneration Committee ("Committee") of the Company.

The Board has constituted the said Committee consisting of non-executive (Including two Independent) directors of the Company.

The Board should be of a size and composition as is conducive to quick and focused decision making. It should be large enough to incorporate a variety of perspective skills, and to represent the best interests of the Company as a whole rather than of individual shareholders or interest groups. At the same time it should not be so large that effective decision-making is hindered.

The Board of Directors believes that the membership of the Board as well as of the senior management of the Company should comprise persons with an appropriate mix of skills, experience and personal & positive attributes that allow the management to:

- Discharge their responsibilities and duties under the law effectively and efficiently;
- Understand the business of the Company and the environment in which the Company operates so as to be able to appreciate the management objectives, goals and strategic direction which will maximize stakeholder's value; and
- Assess the performance of the management in meeting those goals and objectives.

The role of the Committee shall, inter-alia, include the following:

- Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees;
- Formulation of criteria for evaluation of Independent Directors and the Board;
- Devising a policy on Board diversity;
- In accordance with this policy, identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal.

The Committee shall consider the selection, appointment of the Directors and Senior Management and make a recommendation to the Board. The Committee may engage in informal discussions with the members of the Board for the purpose. Alternatively, a member of the Board may recommend a candidate for a position on the Board or as a part of senior management to the Committee. The Committee shall then assess whether a position exists for the candidate so nominated and shall also evaluate whether the nominated candidate meets the criteria and is suitable for the position.

Annexure to the Directors' Report Annexure I

Hypercity Retail (India) Limited

In evaluating the necessity to appoint a director on the Board (whether by increasing the strength of the Board or on account of retirement of an existing director or otherwise), or on whether to appoint a person to senior management, due consideration should be given to the following:

- Assess the management's current skills, experience and expertise to identify the skills that may be lacking or the skills that would best increase the effectiveness of the management as well as that of the Company;
- Assess the needs of the business currently and going forward. The Board and senior management should be structured in a manner it has proper understanding of and competence to deal with the current and emerging business issues;
- The extent to which the candidate is likely to contribute to the overall effectiveness of the Board and senior management; as the case may be and work constructively with the existing management;
- The skills and experience that the candidate shall bring to the role and how he will enhance the skill sets and experience of the management as a whole.
- Independence of such candidate under the provisions of the Companies Act, 2013, if and as may be applicable.

Accordingly, in selecting and recommending potential new director and member of senior management and analysing renewal of the term of existing directors, the Committee should identify the competencies required to enable the Board and senior management to fulfill their respective responsibilities within the framework of the overall objectives and goals of the Company and wherever applicable, should also have regard to the results of the annual appraisals of the relevant person's past performance, whether on the Board of the Company or elsewhere.

While any individual person may not necessarily fulfill all criteria, in evaluating and recommending the candidature of a candidate, regard shall be had to the following criteria, skills and personal attributes:

- Outstanding in capability with extensive and varied senior commercial experience, preferably with a company engaged in the business of retail;
- High level of honesty, personal integrity and probity;
- Degree/ professional qualification inter-alia in the field of management, finance, accounting, technology or law;
- Strategic capability with business vision and track record of achievement;
- Entrepreneurial spirit;
- Expertise/ experience inter-alia in technology, accounting and finance, administration, retail, corporate and strategic planning, human resources etc;
- Ability to be independent and capable of lateral thinking;
- Excellent interpersonal, communication and representational skills and established/ demonstrable leadership qualities;
- Commitment to the promotion of equal opportunities, community cohesion and health and safety at work place;
- Have a reasonable network of contacts relative to the business of the company;
- Availability of time to discharge the duties as a director of the Company including the other commitments of the candidate that require significant time commitments of the candidate.

If the candidate is found suitable, the Committee shall recommend the candidate to the Board for appointment as director or Senior Management, as the case may be.

The re-appointment of directors shall not be automatic. A Director who retires at an annual general meeting may, if willing to act, be reappointed and is subject to the selection and appointment procedures outlined above. The re-election shall also be dependent upon the evaluation of such directors' performance by the Board.

The Committee may engage recruitment consultants as and when required to undertake search for new candidates for new positions on the Board or senior management and/ or may consult other independent experts where it considers necessary to carry out its duties and responsibilities.

III. Evaluation of Directors and senior management

The performance of each Director (Independent and Non-Independent) and member of senior management shall be reviewed on an annual basis by the Committee, who may use such external support as may be required to undertake such reviews.

The performance of each Director (Whether Independent or Non-Independent) and member of senior management shall be evaluated annually against the Goal Sheet as may be decided by the Board from time to time. The Committee shall discuss the findings of the evaluation and give its recommendation to the Board in this regard. However, the actual evaluation shall remain confidential and shall be a constructive mechanism to improve the effectiveness of the Board.

IV. Policy for remuneration of the directors and members of senior management

The objective of the Company's remuneration policy is to attract, motivate and retain qualified and expert individuals that the company needs in order to achieve its strategic and operational objectives, whilst acknowledging the societal context around remuneration and recognizing the interests of the Company's stakeholders.

The remuneration / compensation / commission for the Directors and senior management (including annual increments, if any) will be determined by the Committee and recommended to the Board for approval.

In determining the remuneration policy, it shall be ensured that a competitive remuneration package for executive talent is maintained and the Company should aim for a total remuneration level that is comparable to levels provided by other companies that are similar to the Company in terms of size, scale of operations and complexity, the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the company successfully; relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals.

In order to link remuneration to the Company's performance, the remuneration package shall include a variable part in the form of an annual incentive, i.e Profit Link Reward Scheme (PLRS), (based on factors such as the achievement of specific targets) and a long-term incentive in the form of Employee Stock Options of the Company and / or of its Holding Company, to an extent applicable. Such equity-related compensation of Executive Directors and senior management motivates them and aligns their financial interests with those of shareholders. The emphasis should be on linking pay with performance by rewarding effective management of business performance with a long-term focus, as well as individual achievement.

In designing and setting the levels of remuneration for the members of the Board and for senior management of the Company, the Committee / Board shall also take into account the relevant statutory provisions and provisions relating to corporate governance, societal and market trends and the interests of stakeholders. However, in extraordinary circumstances the remuneration payable may exceed the level prescribed under the relevant statutory provisions by taking appropriate consents as prescribed.

The remuneration package may comprise the following components:

- Fixed remuneration;
- Performance based remuneration (variable salary);
- Use of official car to the Executive Directors as may be decided by the Board;
- Leave travel allowance according to the policy of the Company;
- House rent & other allowances according to the policy of the Company;
- Employee Stock options if any;
- Other benefits as may be approved by the Board on the recommendation of the Committee.

Annexure to the Directors' Report
Annexure I

Hypercity Retail (India) Limited

Deviations on elements of this remuneration policy in extraordinary circumstances may, however, be considered, when deemed necessary in the interests of the Company, in order to attract or retain extraordinary talent.

V. Notification

The details of this policy shall be included in the report of the Board of Directors prepared under Section 134 (3) of the Companies Act, 2013.

Annexure to the Directors' Report
Annexure II

Hypercity Retail (India) Limited

EXTRACT OF ANNUAL RETURN		
As on the financial year ended on 31.03.2015		
[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management & Administration) Rules, 2014]		
FORM NO. MGT-9		
I	REGISTRATION & OTHER DETAILS	
i	CIN	U52510MH2004PLC146577
ii	Registration Date	27th May, 2004
iii	Name of the Company	Hypercity Retail (India) Limited
iv	Category/Sub-category of the Company	Company Limited by Shares / Indian Non-Government Company
v	Address of the Registered office & contact details	Paradigm, A-Wing, 1st Floor, Mindspace, Link Road, Malad (West), Mumbai - 400 064. Tel : 91 22 4069 5555 Website : www.hypercityindia.com
vi	Whether listed company	No
vii	Name, Address & contact details of the Registrar & Transfer Agent, if any	Karvy Computershare Private Limited. Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad – 500 032. Tel : 040 6716 1500

II	PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY		
All the business activities contributing 10% or more of the total turnover of the company shall be stated :-			
Sr. No.	Name & Description of main products/ services	NIC Code of the Product / service	% to total turnover of the company
1.	Food & Groceries	472	65%
2.	General Merchandise (Home, Furniture & CDIT)	475 & 477	20%
3.	Fashion (Apparels & Accessories)	477	15%

III	PARTICULARS OF HOLDING, SUBSIDIARY & ASSOCIATE COMPANIES				
Sr. No.	Name & Address of the Company	CIN	Holding/Subsidiary/ Associate	% of Shares held	Applicable Section
1	Shoppers Stop Limited Eureka Towers, 9th Floor, B-Wing, Mindspace, Link Road, Malad (West), Mumbai - 400 064.	L51900MH1997PLC108798	Holding Company	51%	Section 2(87) of the Companies Act, 2013

The Company has no subsidiary or associate Companies.

IV. Shareholding Pattern (Equity Share capital Break up as % to total Equity) as on March 31, 2015									
(i) Category-wise Share Holding									
Category of Shareholders	No. of Shares held at the beginning of the year (i.e. as on April 1, 2014)				No. of Shares held at the end of the year (i.e. as on March 31, 2015)				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	3,800	0	3,800	0.40	3,800	0	3,800	0.40	-
b) Central Government/State Government(s)	0	0	0	0.00	0	0	0	0.00	-
c) Bodies Corporates	933,845	5	933,850	98.30	933,845	5	933,850	98.30	-
d) Financial Institutions/Banks	0	0	0	0.00	0	0	0	0.00	-
e) Any other	0	0	0	0.00	0	0	0	0.00	-
SUB TOTAL: (A) (1)	937,645	5	937,650	98.70	937,645	5	937,650	98.70	-
(2) Foreign									
a) NRI- Individuals	0	0	0	0.00	0	0	0	0.00	-
b) Other Individuals	0	0	0	0.00	0	0	0	0.00	-
c) Bodies Corporate	0	0	0	0.00	0	0	0	0.00	-
d) Bank/Financial Institutions	0	0	0	0.00	0	0	0	0.00	-
e) Any other	0	0	0	0.00	0	0	0	0.00	-
SUB TOTAL: (A) (2)	0	0	0	0.00	0	0	0	0.00	0.00
Total Shareholding of Promoter (A) = (A)(1) + (A)(2)	937,645	5	937,650	98.70	937,645	5	937,650	98.70	-
B. PUBLIC SHAREHOLDING									
(1) Institutions									
a) Mutual Funds	0	0	0	0.00	0	0	0	0.00	-
b) Financial Institutions /Banks	0	0	0	0.00	0	0	0	0.00	-
c) Central Government / State Government(s)	0	0	0	0.00	0	0	0	0.00	-
d) Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	-

Annexure to the Directors' Report
Annexure II

Hypercity Retail (India) Limited

e) Insurance Companies	0	0	0	0	0.00	0	0	0	0.00	-
f) Foreign Institutional Investors	0	0	0	0	0.00	0	0	0	0.00	-
g) Foreign venture Capital Funds	0	0	0	0	0.00	0	0	0	0.00	-
h) Others (specify)	0	0	0	0	0.00	0	0	0	0.00	-
SUB TOTAL (B)(1):	0	0	0	0	0.00	0	0	0	0.00	-
(2) Non Institutions										
a) Bodies corporates	0	0	0	0	0.00	0	0	0	0.00	-
b) Individuals										
i) Individual shareholders holding nominal share capital upto ₹1 lac	0	0	0	0	0.00	0	0	0	0.00	-
ii) Individuals shareholders holding nominal share capital in excess of ₹ 1 lac	12,350	0	12,350	1.30	1.30	12,350	0	12,350	1.30	-
c) Others (specify)	0	0	0	0	0.00	0	0	0	0.00	-
SUB TOTAL (B)(2):	12,350	0	12,350	1.30	1.30	12,350	0	12,350	1.30	-
Total Public Shareholding (B) = (B)(1) + (B)(2)	12,350	0	12,350	1.30	1.30	12,350	0	12,350	1.30	-
C. Shares held by Custodian for GDRs & ADRs										
Grand Total (A + B + C)	949,995	5	950,000	100.00	100.00	949,995	5	950,000	100.00	-

Share Holding of Promoters as on March 31, 2015											
(ii)	Sr. No.	Shareholders Name	Shareholding at the beginning of the year (i.e. as on April 1, 2014)				Shareholding at the end of the year (i.e. as on March 31, 2015)				% change in share holding during the year
			No. of shares	% of total shares of the company	No. of shares pledged	% of shares pledged / encumbered to total shares	No. of shares	% of total shares of the company	No. of shares pledged	% of shares pledged / encumbered to total shares	
1		SHOPPERS STOP LTD	484,500	51.00	0	0.00	484,500	51.00	0	0.00	-
2		ANBEE CONSTRUCTION PVT LTD	950	0.10	0	0.00	950	0.10	0	0.00	-

Annexure to the Directors' Report
Annexure II

Hypercity Retail (India) Limited

3	CAPE TRADING PVT LTD	950	0.10	0	0.00	950	0.10	0	0.00	-
4	CAPSTAN TRADING PVT LTD	950	0.10	0	0.00	950	0.10	0	0.00	-
5	CASA MARIA PROPERTIES PVT LTD	950	0.10	0	0.00	950	0.10	0	0.00	-
6	RAGHUKOOL ESTATE DEVELOPMENT PVT LTD	950	0.10	0	0.00	950	0.10	0	0.00	-
7	PALM SHELTER ESTATE DEVELOPMENT PVT LTD	950	0.10	0	0.00	950	0.10	0	0.00	-
8	SUPPORT PROPERTIES PVT LTD	221,825	23.35	0	0.00	221,825	23.35	0	0.00	-
9	ETERNUS REAL ESTATE PVT LTD	221,825	23.35	0	0.00	221,825	23.35	0	0.00	-
10	RAVI CHANDRU RAHEJA	950	0.10	0	0.00	950	0.10	0	0.00	-
11	CHANDRU L RAHEJA	950	0.10	0	0.00	950	0.10	0	0.00	-
12	JYOTI CHANDRU RAHEJA	950	0.10	0	0.00	950	0.10	0	0.00	-
13	NEEL CHANDRU RAHEJA	950	0.10	0	0.00	950	0.10	0	0.00	-
	Total	937,650	98.70	0	0.00	937,650	98.70	0	0.00	-

(iii) **Change in Promoters' Shareholding (Specify if there is no change)**

There is no change in the Promoter's Shareholding.

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters & Holders of GDRs & ADRs)					
Sr. No.	Particulars	Shareholding at the beginning of the year (i.e. as on April 1, 2014)		Shareholding at the end of the year (i.e. as on March 31, 2015)	
	For Each of the Top 10 Shareholders	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	Mr. B S Nagesh	12,350	1.30	12,350	1.30

Note: Mr. B S Nagesh is non-executive director of the Company.

(v) Shareholding of Directors and Key Managerial Personnel					
Sr. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year (i.e. as on April 1, 2014)		Shareholding at the end of the year (i.e. as on March 31, 2015)	
	Name of the Directors and KMP	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	Mr. Chandru L. Raheja	950	0.10	950	0.10
2	Mr. Ravi C. Raheja	950	0.10	950	0.10
3	Mr. Neel C. Raheja	950	0.10	950	0.10
4	Mr. B S Nagesh	12,350	1.30	12,350	1.30
5	Mr. Govind Shrikhande	-	-	-	-
6	Mr. Deepak Ghaisas	-	-	-	-
7	Prof. Nitin Sanghavi	-	-	-	-
8	Ms. Bindu Mendonsa	N.A.	N.A.	-	-
9	Mr. Mark Ashman	-	-	N.A.	N.A.
10	Mr. Vipin Bhandari	N.A.	N.A.	-	-
11	Mr. Vijay Jain	N.A.	N.A.	-	-
12	Mr. Bharat Sanghavi	-	-	-	-

Annexure to the Directors' Report
Annexure II

Hypercity Retail (India) Limited

V INDEBTEDNESS					
Indebtedness of the Company including interest outstanding/accrued but not due for payment					(₹ In Lacs)
	Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year (i.e. as on April 1, 2014)					
i)	Principal Amount	17,975.54	10,300.00	-	28,275.54
ii)	Interest due but not paid	-	-	-	-
iii)	Interest accrued but not due	-	134.45	-	134.45
	Total (i + ii + iii)	17,975.54	10,434.45	-	28,409.99
Change in Indebtedness during the financial year					
	Additions	5,372.05	24,399.00	-	29,771.05
	Reduction	2,583.33	21,433.45	-	24,016.78
	Net Change	2,788.72	2,965.55	-	5,754.27
Indebtedness at the end of the financial year (i.e. as on March 31, 2015)					
i)	Principal Amount	20,764.26	13,400.00	-	34,164.26
ii)	Interest due but not paid	-	-	-	-
iii)	Interest accrued but not due	211.34	134.11	-	345.45
	Total (i + ii + iii)	20,975.60	13,534.11	-	34,509.71

VI REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL		
A. Remuneration to Manager		
Sr. No.	Particulars of Remuneration	Mr. Bharat Sanghavi (Manager from 01.04.2014 to 31.12.2014)
1	Gross salary	
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax, 1961	2,223,048
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	-
	(c) Profits in lieu of salary under Section 17(3) of the Income Tax Act, 1961	-
2	Stock option	91,412
3	Sweat Equity	-
4	Commission as % of profit	-
5	Others (PF + Incentive (PLRS))	230,767
	Total (A)	2,545,227
	Coiling as per the Act	as per Section II Part A of Schedule V of the Act

B. Remuneration to other directors				
1 Independent Directors				
Sr. No.	Particulars of Remuneration	Name of the Directors		
		Mr. Deepak Ghaisas	Prof. Nitin Sanghavi	Total Amount
(a)	Fee for attending Board/Audit committee meetings	250,000	230,000	480,000

Annexure to the Directors' Report
Annexure II

Hypercity Retail (India) Limited

(b)	Commission	-	-	-
(c)	Others, please specify	-	-	-
	Total B (1)	250,000	230,000	480,000

2 Other Non-Independent Directors							
Sr. No.	Particulars of Remuneration	Name of the Directors					Total Amount
		Mr. Chandru L. Raheja	Mr. Ravi C. Raheja	Mr. Neel C. Raheja	Mr. B S Nagesh	Mr. Govind Shrikhande	
(a)	Fee for attending Board/Audit committee meetings	190,000	230,000	190,000	190,000	190,000	990,000
(b)	Commission	-	-	-	-	-	-
(c)	Others, please specify	-	-	-	-	-	-
	Total B (2)	190,000	230,000	190,000	190,000	190,000	990,000
	Total (B) = (B1 + B2)						1,470,000
	Ceiling as per the Act	sitting fees of ₹ 1 lac for attending each Meeting of Board and Committees thereof.					

C. Remuneration to key managerial personnel other than MD/MANAGER/WTD						
Key Managerial Personnel						
Sr. No.	Particulars of Remuneration	Mr. Mark Ashman (Chief Executive Officer) [Upto 30.06.2014]	Mr. Vipin Bhandari (Chief Executive Officer) [from 26.08.2014 to 31.03.2015]	Mr. Bharat Sanghavi (Company Secretary) [from 01.04.2014 to 31.03.2015]	Mr. Vijay Jain (Vice President - Accounts & Finance [from 29.01.2015 to 31.03.2015]	Total
1	Gross Salary					
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961.	12,182,244	7,580,731	3,030,004	941,213	23,734,192
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	2,183,100	100,710	-	63,000	2,346,810
	(c) Profits in lieu of salary under Section 17(3) of the Income Tax Act, 1961	-	-	-	-	-
2	Stock Option	-	-	91,412	175,146	266,558
3	Sweat Equity	-	-	-	-	-
4	Commission as % of profit	-	-	-	-	-
5	Others (PF + Incentive (PLRS))	1,487,500	302,129	256,207	176,101	2,221,937
	Total	15,852,844	7,983,570	3,377,623	1,355,460	28,569,497

Annexure to the Directors' Report
Annexure II

Hypercity Retail (India) Limited

VII PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES					
Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority (RD/ NCLT/Court)	Appeal made if any (give details)
A. COMPANY					
Penalty	NIL				
Punishment					
Compounding					
B. DIRECTORS					
Penalty	NIL				
Punishment					
Compounding					
C. OTHER OFFICER IN DEFAULT					
Penalty	NIL				
Punishment					
Compounding					

Annexure to the Directors' Report
Annexure III

Hypercity Retail (India) Limited

(Pursuant to clause (h) of sub-Section (3) of Section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)		
Form for disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in sub-Section (1) of Section 188 of the Companies Act, 2013 including certain arms length transaction under third proviso thereto		
	FORM NO. AOC-2	
I	Details of contracts or arrangements or transactions not at arm's length basis	
	Name(s) of the related party and nature of relationship	NIL & N.A.
	Nature of contracts / arrangements / transactions	
	Duration of the contracts / arrangements / transactions	
	Salient terms of the contracts / arrangements / transactions including the value, if any	
	Justification for entering into such contracts / arrangements / transactions	
	Date(s) of approval by the Board	
	Amount paid as advances, if any:	
	Date on which the special resolution was passed in general meeting as required under first proviso to Section 188	

II Details of material contracts / arrangement / transactions at arm's length basis					
Sr. No.	Name of the Related Party and nature of relationship	Nature of contracts/ arrangements/ transactions	Duration of the contracts / arrangements/ transactions	Salient terms of the contracts / arrangements / transactions including the value, if any	Amount paid as advances, if any
1	Avacado Properties and Trading (India) Pvt. Ltd	Leave and License Agreement	January 1, 2014 to December 15, 2014	Service Office situated at Unit no. 101, 1st Floor, Paradigm, B Wing, Mindspace, Link Road, Malad (West), Mumbai 400 064, admeasuring approx. 11,181 sq. ft. chargeable area (8,861 sq. ft. carpet area), License fee of ₹ 58.64/- per sq. ft. per month on chargeable area, Security deposit of ₹ 1,37,78,077/-.	-
			December 16, 2014 to December 15, 2015	Service Office, situated at Unit no. 101, 1st Floor, Paradigm, B Wing, Mindspace, Link Road, Malad (West), Mumbai 400 064, admeasuring approx. 11,181 sq. ft. chargeable area (8,861 sq. ft. carpet area); License Fee ₹ 67.436 per sq.ft. per month on chargeable area. Additional Security Deposit ₹ 23.22 lacs. (Earlier Security deposit of ₹ 1,37,78,077/-)	-

Annexure to the Directors' Report
Annexure III

Hypercity Retail (India) Limited

2	Inorbit Malls (India) Private Limited	Leave and License Agreement	September 23, 2014 to September 22, 2015	Premises located at Inorbit Malls, Vashi, Navi Mumbai 400 705, with Inorbit Malls (India) Pvt. Ltd. License Fee - ₹ 55.19 per sq. ft. (first 36 months) & ₹ 61.82 per sq. ft. (from 37th month till expiration of License period)	-
		Leave and License Agreement	January 29, 2015 to July 28, 2015	Premises located at Inorbit Malls, Malad, Mumbai, admeasuring carpet area of 5,616 sq. ft. Revenue Share @ 4% of Net Sales for sales upto ₹ 40 lacs per month; 5% of net sales above ₹ 40 lacs, on incremental sale basis.	-
3	Trion Properties Private Limited	Leave and License Agreement	February 1, 2014 to September 15, 2018	Premises located at Lower Ground Floor of Inorbit Malls, Madhapur, Cyberabad, Hyderabad, admeasuring carpet area of appx. 82,430 sq. ft., equivalent to 103,037 sq. ft. chargeable area. License Fee per month From Commencement date to 30.07.2015 - ₹ 68,06,113/- From 31.07.2015 to 30.07.2018 - ₹ 76,23,220/- From 31.07.2018 to 15.09.2018 - ₹ 85,37,825/- Security Deposit ₹ 3,64,61,100/-	-
4	Magna Warehousing and Distribution Private Limited	Leave and License Agreement	April 15, 2013 to April 14, 2018	Premises located at Inorbit-Whitefield, Shopping Arcade Management Office, Basement Level, EPIP Industrial Area, Bengaluru , admeasuring carpet area of appx. 30,429 sq.ft. Minimum Guaranteed License Fee or % of Net Sales mentioned below, whichever is higher 1st year : 1. for the period beginning from Commencement date and ending on the day immediately preceeding the date of commencement of business – ₹ 6,90,000/- 2. For the period beginning from the date of commencement of business - (3% of Net Sales) + (2% of Net Sales Exceeding ₹ 27.5 crores) 2nd year : 75% of the average monthly revenue share in the first year or (3% of Net Sales) + (2% of Net Sales Exceeding ₹ 34.40 crores) 3rd year : 75% of the average monthly revenue share in the second year or (3% of Net Sales) + (2% of Net Sales Exceeding ₹ 41.30 crores) 4th year : 75% of the average monthly revenue share in the third year or (4% of Net Sales) + (1% of Net Sales Exceeding ₹ 47.40 crores) 5th year : 75% of the average monthly revenue share in the fourth year or (4% of Net Sales) + (1% of Net Sales Exceeding ₹ 52.20 crores). Security Deposit: ₹ 7,273,728/-	-

Annexure to the Directors' Report
Annexure III

Hypercity Retail (India) Limited

5	Ivory Properties And Hotels Private Limited	Conducting Agreement	April 8, 2014 to April 7, 2019	Premises located at land bearing CTS No. 1406A/28A at a conducting fee at the rate of 3.5% of the 'sales and revenue' and the minimum conducting fee shall be ₹ 51,75,000/- w.e.f. April 8, 2014.	-
6	Shoppers Stop Limited	Arrangement	-	Space on Hire (SOH) basis for branding of 'HomeStop' at Hypercity Whitefield, Bangalore at a fee of ₹ 16,667/- per month + taxes.	-
		Arrangement	April 2014 to November 2014.	Sale of merchandise upto a sum of ₹ 21,000/- at a prevailing market price.	-
		Arrangement	April 1, 2015 to March 31, 2016	Space on Hire (SOH) basis for brands of Shoppers Stop at Company's stores located at Malad, Vashi and Hyderabad at a fee of ₹ 5,96,667/- per month + taxes.	-
		Arrangement	-	Sale of ICC Cricket World Cup Merchandise at a discount of 20% upto a sum of ₹ 2.82 lacs.	-
7	Crossword Bookstores Limited	Arrangement	January 1, 2014 to December 15, 2014.	Receipt of reimbursement of charges from Crossword Bookstores Ltd; a fellow subsidiary, towards various services viz. housekeeping, security, parking assistant, etc. incurred at Service Office.	-
		Arrangement	April 01, 2014 to September 30, 2014	Purchase of goods / merchandise worth ₹ 0.77 lacs from Crossword Bookstores Limited; and return goods / merchandise worth ₹ 3.66 lacs. The returns included unsold stock purchased during previous year as well. The Company has got margin of 37.6% on the sale of goods purchased from Crossword and this in line with margin made from other categories in General Merchandise (Company makes margin of 30% plus in Home needs, Homeware, Home linen and Stationary).	-
		Conducting Agreement	April 01, 2014 to March 31, 2015.	Store located at Hypercity - Mezzanine level, Malad, Mumbai Conducting Fees - ₹ 43/- per sq. ft. of chargeable area OR 11% of Net Sales whichever is higher.	-
			September 11, 2014 to September 10, 2017.	Store located at Hypercity - Lower Ground Level, Hi-Tech City, Madhapur, Hyderabad. Conducting Fees - ₹ 42/- per sq. ft of chargeable area or 11% of Net Sales whichever is higher	-
		Arrangement	-	To sell the below mentioned books in stores of the Company at a net margin of 30% for each book sold. 1. "Half Girlfriend" by Chetan Bhagat; 2. "Your dreams are mine now" by Ravinder Singh; 3. "The Mastery Manual" by Robin Sharma; 4. The God of Cricket is Back" an autobiography of Mr. Sachin Tendulkar 5. 'Mightier than the Sword' (The Clifton Chronicles) by Jeffrey Archer.	-

These contracts / arrangements have been reviewed, approved & ratified on January 29, 2015.

SECRETARIAL AUDIT REPORT

Form No. MR-3

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

For the financial year ended 31st March, 2015

To,

The Members,

Hypercity Retail (India) Limited

CIN: U52510MH2004PLC146577

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practice by Hypercity Retail (India) Limited, an unlisted public company (hereinafter called the company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon:

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31st March 2015 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by Hypercity Retail (India) Limited ("the Company") for the financial year ended on 31st March, 2015 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct investment and External Commercial Borrowings.
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
Not Applicable to the Company since it is unlisted public company.
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations 1993 regarding Companies Act dealing with the company.
 - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
 - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;

**Annexure to the Directors' Report
Annexure IV**

Hypercity Retail (India) Limited

(vi) We have relied on the representation made by the Company and its officers for systems and mechanism formed by the Company and having regard to the compliance system prevailing in the Company & on examination of the relevant documents and records in pursuance thereof on test-check basis, the Company has complied with the following laws applicable specifically to the Company:

- a. Income Tax Act 1961;
- b. Shop and Establishment Act across India;
- c. All applicable Labour Laws and other incidental laws related to labour and employees appointed by the Company either on its payroll or on contractual basis as related to wages, gratuity, provident fund, ESIC, compensation etc;
- d. Employees Provident Fund and Miscellaneous Provision Act, 1952;
- e. Employee State Insurance Act and Professional Tax;
- f. Custom Act, 1962;
- g. Central Excise Act;
- h. EXIM policy compliances;
- i. Central Sales Tax, Sales tax laws for various states in India;
- j. Information Technology Act, 2000; and
- k. Standards of Weight and Measures Act, 1976 and Packaged Commodity Rule

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

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India. **(Not notified hence not applicable to the Company during the audit period.)**
- (ii) The Listing Agreement entered into by the Company- Not Applicable.

To the best of our knowledge and belief, during the period under review, the company has generally complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

We further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Decisions at the meetings of Board of Directors of the Company were carried through on the basis of majority. There were no dissenting views by any member of the Board of Directors during the period under review. There are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period the company and its officers in all departments have co-operated with us and have produced before us all the required forms information, clarifications, returns and other documents as required for the purpose of our audit.

V Sundaram

Place: Mumbai

Company Secretary in Practice

Date : April 29, 2015

FCS No.: 2023 C P No.:3373

Independent Auditors' Report

Hypercity Retail (India) Limited

To,

The Members of Hypercity Retail (India) Limited

Report on the Standalone Financial Statements

1. We have audited the accompanying standalone financial statements of HYPERCITY RETAIL (INDIA) LIMITED ("the Company"), which comprise the Balance Sheet as at 31st March, 2015, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

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

Auditor's Responsibility

3. Our responsibility is to express an opinion on these standalone financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.
4. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
5. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.
6. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

7. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2015, and its profit and its cash flows for the year ended on that date.

Emphasis of Matter

8. We draw attention to Note 28 to the financial statements regarding non-provision of service tax for the period 1 June, 2007 to 31 March, 2010 on renting of immovable properties given for commercial use, aggregating ₹ 267.98 lacs (2014: ₹ 267.98 lacs), pending final disposal of the appeal filed before the Hon'ble Supreme Court, inter alia, challenging the retrospective levy of the service tax. The matter is contingent upon the final outcome of the litigation.

Our opinion is not modified in respect of this matter.

Independent Auditors' Report

Hypercity Retail (India) Limited

Report on Other Legal and Regulatory Requirements

9. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.
10. As required by Section 143(3) of the Act, we report that:
- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - (e) On the basis of the written representations received from the directors as on 31st March, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2015 from being appointed as a director in terms of Section 164(2) of the Act.
 - (f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - (i) The Company has disclosed the impact of pending litigations on its financial position in its financial statements in accordance with the generally accepted accounting practice – Also refer Notes 27 to 29 to the financial statements.
 - (ii) The Company did not have any on long-term contracts (including derivative contracts) for which a provision is required for material foreseeable losses under the applicable law or accounting standards.
 - (iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For Deloitte Haskins & Sells LLP
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Shyamak R Tata
Partner
(Membership No. 38320)

Place : Mumbai
Date : April 29, 2015

Annexure to the Independent Auditors' Report

Hypercity Retail (India) Limited

(Referred to in paragraph 9 under 'Report on Other Legal and Regulatory Requirements' Section of our report of even date on the accounts of HYPERCITY RETAIL (INDIA) LIMITED ("the Company") for the year ended March 31, 2015)

1. In respect of fixed assets:
 - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.
 - (b) The fixed assets were physically verified during the year by the management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
2. In respect of inventories:
 - (a) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals.
 - (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the Management were reasonable and adequate in relation to the size of the company and the nature of its business.
 - (c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.
3. The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the Register maintained under Section 189 of the Companies Act, 2013, and accordingly, the provisions of clause (iii) of paragraph 3 of the Companies (Auditor's Report) Order, 2015 are not applicable to the Company.
4. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods. During the course of our audit, we have not observed any major weakness in the aforesaid internal control system.
5. According to information and explanations given to us, the Company has not accepted any deposits and accordingly, the provisions of clause (v) of paragraph 3 of the Companies (Auditor's Report) Order, 2015 are not applicable to the Company.
6. In our opinion and according to the information and explanations given to us, the Companies (Cost Records and Audit) Rules, 2014 specified by the Central Government under Section 148 of the Companies Act, 2013 are not applicable to the Company.
7. According to the information and explanation given to us and the records of the Company examined by us, in respect of statutory dues:
 - (a) The Company has generally been regular in depositing undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Duty of Customs, Duty of Excise, Value Added Tax, Cess and other material statutory dues applicable to it with the appropriate authorities. There were no undisputed amounts payable in respect of the aforesaid dues in arrears as at 31st March, 2015 for a period of more than six months from the date they became payable.
 - (b) There were no dues of Income Tax, Sales Tax, Wealth Tax, Service Tax, Duty of Customs, Duty of Excise, Value Added Tax or Cess, as applicable, which have not been deposited as at 31st March, 2015 on account of any dispute with the relevant authorities.
 - (c) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company, and accordingly, the provisions of clause (viic) of paragraph 3 of the Companies (Auditor's Report) Order, 2015 are not applicable to the Company.
8. The accumulated losses of the Company at the end of the financial year are not less than fifty percent of its Net worth. The Company has not incurred cash losses in the current financial year and has incurred cash losses in immediately preceding financial year.
9. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to the banks and debenture holders.

Annexure to the Independent Auditors' Report

Hypercity Retail (India) Limited

-
10. According to the information and explanations given to us, the Company has not given guarantees for loans taken by others.
 11. In our opinion and according to the information and explanations given to us, the term loans obtained by the Company were applied for the purposes for which they were obtained.
 12. To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no significant fraud on the Company has been noticed or reported during the year.

For Deloitte Haskins & Sells LLP
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Shyamak R Tata
Partner
(Membership No. 38320)

Place : Mumbai
Date : April 29, 2015

Balance Sheet as at 31 March, 2015

Hypercity Retail (India) Limited

(All amounts in ₹ lacs)			
	Notes	As at 31 March 2015	As at 31 March 2014
EQUITY AND LIABILITIES			
SHAREHOLDERS' FUNDS			
Share capital	3	57,763.73	54,058.73
Reserves and surplus	4	(52,432.52)	(53,757.28)
		5,331.21	301.45
NON-CURRENT LIABILITIES			
Long-term borrowings	5	25,832.99	22,058.00
Deferred tax liabilities (net)	6	—	—
		25,832.99	22,058.00
CURRENT LIABILITIES			
Short-term borrowings	7	4,605.92	3,633.87
Trade payables	8	9,905.91	10,190.72
Other current liabilities	9	5,433.56	4,529.72
Short-term provisions	10	88.86	98.09
		20,034.25	18,452.40
		51,198.45	40,811.85
ASSETS			
NON-CURRENT ASSETS			
Fixed assets			
Tangible assets	11	15,545.90	16,581.94
Intangible assets	11	968.01	1,087.54
Capital work-in-progress		894.99	92.26
		17,208.90	17,761.74
Long-term loans and advances	12	5,157.82	5,019.51
Other non-current assets	13	4,608.55	1,510.36
		26,976.27	24,291.61
CURRENT ASSETS			
Inventories	14	14,212.85	12,545.42
Trade receivables	15	7,649.85	1,698.38
Cash and cash equivalents	16	1,198.30	1,103.41
Short-term loans and advances	17	1,019.39	1,039.79
Other current assets	18	141.79	133.24
		24,222.18	16,520.24
		51,198.45	40,811.85

The accompanying Notes 1 to 37 are an integral part of the financial statements.

In terms of our report of even date.

For Deloitte Haskins & Sells LLP
Chartered Accountants

Shyamak R Tata
Partner
Mumbai, April 29, 2015

B.S. Nagesh
Chairman

Bharat Sanghavi
Company Secretary

For and on behalf of the Board of Directors

Ravi C. Raheja
Director

Vipin Bhandari
Chief Executive Officer

Govind Shrikhande
Director

Vijay Jain
Chief Financial Officer

Statement of Profit & Loss for
the year ended 31 March, 2015

Hypercity Retail (India) Limited

(All amounts in ₹ Lacs)			
	Notes	For the year ended 31 March 2015	For the year ended 31 March 2014
INCOME			
Revenue from Operations	19	105,614.26	91,120.74
Other Income	20	658.20	387.47
Total Revenue		106,272.46	91,508.21
EXPENSES			
Purchase of stock-in-trade	21	75,514.93	71,678.91
Changes in Inventories of stock-in-trade -- (increase)	22	(1,667.43)	(2,722.55)
Employee benefits expense	23	6,938.77	7,126.41
Finance costs	24	3,851.12	3,377.26
Depreciation and amortisation expense	11	2,879.32	2,891.64
Other expenses	25	17,408.03	17,737.99
Total Expenses		104,924.74	100,089.66
PROFIT/(LOSS) BEFORE TAX		1,347.72	(8,581.45)
Tax expense		—	—
PROFIT/(LOSS) FOR THE YEAR		1,347.72	(8,581.45)
EARNING PER EQUITY SHARE			
Equity shares of face value ₹ 10/- each	26		
Basic (₹)		(357.89)	(1,327.18)
Diluted (₹)		(357.89)	(1,327.18)

The accompanying Notes 1 to 37 are an integral part of the financial statements.

In terms of our report of even date.

For Deloitte Haskins & Sells LLP
Chartered Accountants

Shyamak R Tata
Partner
Mumbai, April 29, 2015

B.S. Nagesh
Chairman

Bharat Sanghavi
Company Secretary

Ravi C. Raheja
Director

Vipin Bhandari
Chief Executive Officer

For and on behalf of the Board of Directors

Govind Shrikhande
Director

Vijay Jain
Chief Financial Officer

**Cash Flows Statement for the year
ended 31 March, 2015**

Hypercity Retail (India) Limited

(All amounts in ₹ Lacs)

	For the year ended 31 March 2015	For the year ended 31 March 2014
Cash flows from operating activities		
PROFIT/(Loss) before tax	1,347.72	(8,581.45)
Adjustments for:		
Depreciation and Amortisation	2,879.32	2,891.64
Finance costs	3,851.12	3,377.26
Loss on sale of fixed assets	34.56	45.16
Profit and write off's for advances/doubtful debts	94.34	65.22
Provision for doubtful deposits	54.68	—
Interest income	(43.60)	(25.16)
Operating Profit/(Loss) before working capital changes	8,218.14	(2,227.33)
Adjustments for:		
Adjustments for (increase) / decrease in operating assets:		
Inventories	(1,667.43)	(2,722.55)
Trade receivables	(6,010.51)	(954.15)
Short-term loans and advances, other current assets	26.24	(8.26)
Lease deposit (net)	(52.67)	(205.10)
Deposit towards service tax	(303.55)	—
Other non-current assets	(3,099.19)	(1,380.38)
Long-term/short-term provisions	(9.23)	18.49
Trade payables and other current liabilities	(511.49)	3,360.36
Cash generated from operations	(3,409.70)	(4,118.92)
Income-tax payments (net of refunds)	73.89	(78.57)
Net cash used in operating activities	(3,335.81)	(4,197.49)
Cash flow from investing activities		
Purchase of fixed assets	(2,572.46)	(4,367.55)
Sale of fixed assets	20.34	22.88
Interest Received	43.60	25.16
Net cash used in investing activities	(2,508.52)	(4,319.51)
Cash flows from financing activities		
Proceeds from issue of share capital (net of issue expenses)	3,705.00	7,950.00
Proceeds from long-term borrowings	5,200.00	8,300.00
Repayment of long-term borrowings	(2,583.33)	(958.33)
Short-term loans (net)	972.05	(5,034.23)
Loans from parent/group companies	23,599.00	22,500.00
Repayment of loans to parent/group companies	(21,299.00)	(20,550.00)
Finance costs paid	(3,640.12)	(3,352.35)
Net cash from financing activities	5,953.60	8,855.09
Net Increase in cash and cash equivalents	109.27	338.08
Cash and Cash equivalents at the beginning of the year	855.88	517.79
Cash and Cash equivalents as at the end of the year	965.15	855.88
	109.27	338.09
Note:		
Cash and Cash equivalents as per Balance Sheet (Note 16)	1,198.30	1,103.41
Less: Balances under lien/earmarked with banks	233.15	247.53
Cash and Cash equivalents as reported above	965.15	855.88

The accompanying Notes 1 to 37 are an integral part of the financial statements.

In terms of our report of even date.

For Deloitte Haskins & Sells LLP

Chartered Accountants

Shyamak R Tata

Partner

Mumbai, April 29, 2015

B.S. Nagesh

Chairman

Bharat Sanghavi

Company Secretary

For and on behalf of the Board of Directors

Ravi C. Raheja

Director

Vipin Bhandari

Chief Executive Officer

Govind Shrikhande

Director

Vijay Jain

Chief Financial Officer

1. COMPANY BACKGROUND

Hypercity Retail (India) Ltd. (the Company) was incorporated on 27 May 2004 as a Private Limited Company. The Company became a Public Limited Company on 30 March 2007. The Company is engaged in the business of retailing mainly food & grocery, health & beauty products, fruits & vegetables, homeware & homecare products, furniture, appliances, multi media, sports, toys & ready made garments. The Company has also made a foray into the Real Estate business. As at 31 March 2015, the Company operated through 16 Hypercity stores located in different cities of India.

2. SIGNIFICANT ACCOUNTING POLICIES

a) Basis of accounting and preparation of financial statements

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) rule 2014 and the relevant provisions of the Companies Act, 2013 ("the 2013 Act") / Companies Act, 1956 ("the 1956 Act"), as applicable. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

b) Use of estimates

The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known/materialise.

c) Fixed assets and Depreciation

Tangible Assets

Fixed assets are stated at their original cost of acquisition less accumulated depreciation and impairment losses. Cost comprises of all costs incurred to bring the assets to their location and working condition and includes all expenses incurred up to the date of launching new stores to the extent they are attributable to the new stores.

Depreciable amount for assets is the cost of an asset, or other amount substitute for cost, less its estimated residual value.

Depreciation on the tangible fixed assets has been provided on the straight line method (SLM), as per useful life prescribed in Schedule II to the Companies Act, 2013 except in respect of the following categories of assets, in whose case the life of the assets has been assessed as under, based on technical advice, taking into account the nature of asset, the estimate usage of the assets, the operating conditions of the assets, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance support, etc.

	No. of years
Leasehold Improvements & Electrical Installation*	17

* Leasehold improvements, Electrical Installation are depreciated over the total period of lease, (including the renewal periods), or the management's estimate of the useful life of the fixed assets, whichever is lower.

Intangible assets

Intangible assets are stated at their cost of acquisition, less accumulated amortisation and impairment losses. An intangible asset is recognised, where it is probable that the future economic benefits attributable to the asset will flow to the enterprise and where its cost can be reliably measured. The intangible assets are amortised over the best estimate of its useful life on a straight-line basis.

Computer Software are amortised uniformly over a period of 6 years.

Impairment of Assets

An asset is considered as impaired in accordance with Accounting Standard 28 on Impairment of Assets when at the balance sheet date there are indications of impairment and the carrying amount of the asset, or where applicable, of the cash generating unit to which the asset belongs, exceeds its recoverable amount (i.e. the higher of the asset's net selling price and value in use). The carrying amount is reduced to the recoverable amount and the reduction is recognised as an impairment loss in the Statement of Profit and Loss.

d) Revenue Recognition

Sale of products:

Revenue is recognised when it is earned and no significant uncertainty exists as to its realisation or collection.

Retail sales are recognised on delivery of the merchandise to the customer, when the property in goods and significant risks and rewards are transferred for a price and no effective ownership control is retained.

The property in the merchandise of third party concession stores located within the store of the Company passes to the Company once a customer decides to purchase an item from the concession store. The Company in turn sells the item to the customer and the revenue is accordingly included under Retail Sales.

Sales are net of discounts. Value Added Tax and Sales Tax are reduced from Retail Revenue.

In respect of gift vouchers and point award schemes operated by the Company, sales are recognised when the gift vouchers or points are redeemed and the merchandise is sold to the customer.

Sale of Options:

Sale of option inventory is recognised when there is a transfer of significant risks and rewards in terms of the contracts / arrangements entered into with third parties.

Other retail operating revenue:

Revenue from store displays and sponsorships are recognised based on the period for which the products or the sponsors' advertisements are promoted /displayed. Facility management fees are recognised pro-rata over the period of the contract.

e) Inventories

Trading goods:

Inventories are valued at the lower of cost and 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 determined by the weighted average cost method.

Merchandise received under concessionaire arrangements belong to the concessionaires and are therefore excluded from the Company's inventories.

Option Inventories:

Option Inventories comprises of right to acquire flats in a structure to be constructed by the other party, which right is freely marketable / transferrable after a stipulated period. The same is valued at lower of cost and net realisable value.

f) Employee Benefits

Compensation to employees for services rendered is measured and accounted for in accordance with Accounting Standard (AS) 15 on Employee Benefits.

Employee Benefits such as salaries, allowances, non-monetary benefits and employee benefits under defined contribution plans such as provident and other funds, which fall due for payment within a period of twelve months after rendering service, are charged as expense to the Statement of Profit and Loss in the period in which the service is rendered.

Employee Benefits under defined benefit plans and other long-term employee benefits such as gratuity and compensated absences which fall due for payment after completion/cessation of employment or after a period of twelve months from rendering service, are measured by the projected unit credit method, based on actuarial valuations, at each balance sheet date, carried out by independent actuaries. The Company's obligations recognised in the balance sheet represent the present value of obligations as reduced by the fair value of plan assets, where applicable.

Actuarial Gains and losses are recognised immediately in the Statement of Profit and Loss.

g) Operating Leases

Operating Lease payments are recognised as an expense in the Statement of Profit and Loss on a straight-line basis or other systematic basis more representative of the time pattern of the user's benefit.

h) Borrowing Costs

Borrowing Costs attributable to the acquisition or construction of qualifying assets, as defined in Accounting Standard 16 on Borrowing Costs, are capitalised as part of the cost of acquisition. Other borrowing costs are expensed as incurred.

i) Foreign currency transactions

Transactions in foreign currencies are accounted at the prevailing rates of exchange on the date of transaction.

Monetary items denominated in foreign currencies, are restated at the prevailing rates of exchange at the Balance Sheet date. All gains and losses arising out of the fluctuations in exchange rates are accounted for in the Statement of Profit and Loss.

Exchange differences on forward exchange contracts, entered into for hedging foreign exchange fluctuation risk in respect of an underlying asset/liability, are recognised in the Statement of Profit and Loss in the reporting period in which the exchange rate changes. Premium/Discount on forward exchange contracts are treated as an expense/income over the life of the contract.

j) Income-tax

Income taxes are accounted for in accordance with Accounting Standard 22 on Accounting for Taxes on Income. Taxes comprise both current and deferred tax.

Provision for current tax is made taking into account admissible allowances, disallowances under the provisions of Income Tax Act, 1961, using the applicable tax rates.

Deferred tax resulting from the timing differences between taxable income and accounting income is accounted using applicable tax rates and laws, enacted or substantively enacted as at the Balance Sheet.

However, if there are unabsorbed depreciation and carry forward of losses and items relating to capital losses, deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that there will be sufficient future taxable income available to realise the assets.

k) Earnings Per Share

The company reports basic Earnings Per Share (EPS) in accordance with Accounting Standard 20 on Earnings Per Share. Basic EPS is computed by dividing the net profit or loss for the year by the number of equity shares outstanding during the year. Diluted EPS is computed by dividing the net profit or loss for the year by the weighted average number of equity shares outstanding during the year as adjusted for the effects of all dilutive potential equity shares, except where the results are anti-dilutive.

l) Cash Flow Statement

The Cash Flow Statement is prepared by the indirect method set out in Accounting Standard 3 on Cash Flow Statements and presents the cash flows by operating, investing and financing activities of the Company. Cash and cash equivalents presented in the Cash Flow Statement consist of cash on hand and unencumbered bank balances.

m) Cash and cash equivalents (for purposes of Cash flow statement)

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

n) Provision, 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 to the financial statements. Disclosure is not made if the possibility of an outflow of future economic benefits is remote. Contingent assets are neither recognised nor disclosed in the financial statements.

Notes to Financial Statements
for the year ended 31 March, 2015

Hypercity Retail (India) Limited

(All amounts in ₹ lacs)

3. SHARE CAPITAL

3.1 Authorised

5,000,000 Equity Shares of ₹ 10/- each
620,000,000 (Previous Year 595,000,000)
7% Preference Shares of ₹ 10/- each

As at 31 March 2015	As at 31 March 2014
500.00	500.00
62,000.00	59,500.00
62,500.00	60,000.00
95.00	95.00
25,700.00	25,700.00

3.2 Issued, Subscribed and fully Paid up:

950,000 Equity shares of ₹ 10/- each. (of the above 484,500 shares are held by Shoppers Stop Limited, the holding Company)

257,000,000 7% Compulsory convertible preference shares (CCPS) of ₹ 10/- each. (of the above 131,070,000 shares are held by Shoppers Stop Limited, the holding Company)

(Five CCPS of ₹ 10/- each would be converted into one equity share of ₹ 10/- each, fully paid-up at a premium of ₹ 40/- per equity share, on August 31, 2017 or a prior date at the option of all the CCPS holders together by giving one month's written notice to the Company)

22,000,000 7% Cumulative redeemable preference Shares of ₹ 10/- each (To be redeemed on or before March 28, 2016)	2,200.00	2,200.00
22,000,000 7% Cumulative redeemable preference Shares of ₹ 10/- each (To be redeemed on or before June 29, 2016)	2,200.00	2,200.00
21,137,255 7% Cumulative redeemable preference Shares of ₹ 10/- each (To be redeemed on or before September 29, 2016)	2,113.73	2,113.73
26,000,000 7% Cumulative redeemable preference Shares of ₹ 10/- each (To be redeemed on or before December 30, 2016)	2,600.00	2,600.00
23,000,000 7% Cumulative redeemable preference Shares of ₹ 10/- each (To be redeemed on or before March 29, 2017)	2,300.00	2,300.00
21,000,000 7% Cumulative redeemable preference Shares of ₹ 10/- each (To be redeemed on or before June 26, 2017)	2,100.00	2,100.00
20,000,000 7% Cumulative redeemable preference Shares of ₹ 10/- each (To be redeemed on or before September 28, 2017)	2,000.00	2,000.00
23,000,000 7% Cumulative redeemable preference Shares of ₹ 10/- each (To be redeemed on or before December 27, 2017)	2,300.00	2,300.00
25,000,000 7% Cumulative redeemable preference Shares of ₹ 10/- each (To be redeemed on or before March 26, 2018)	2,500.00	2,500.00
20,000,000 7% Cumulative redeemable preference Shares of ₹ 10/- each (To be redeemed on or before June 28, 2018)	2,000.00	2,000.00
25,000,000 7% Cumulative redeemable preference Shares of ₹ 10/- each (To be redeemed on or before September 27, 2018)	2,500.00	2,500.00
27,000,000 7% Cumulative redeemable preference Shares of ₹ 10/- each (To be redeemed on or before December 30, 2018)	2,700.00	2,700.00
7,500,000 7% Cumulative redeemable preference Shares of ₹ 10/- each (To be redeemed on or before March 28, 2019)	750.00	750.00
20,900,000 (Previous Year Nil) 7% Cumulative redeemable preference Shares of ₹ 10/- each (To be redeemed on or before June 30, 2019)	2,090.00	—
16,150,000 (Previous Year Nil) 7% Cumulative redeemable preference Shares of ₹ 10/- each (To be redeemed on or before September 30, 2019)	1,615.00	—
	57,763.73	54,058.73

(All amounts in ₹ lacs)

3.3 Reconciliation of shares outstanding at the beginning and end of the year.

Particulars	31 March, 2015		31 March, 2014	
	Numbers	₹ lacs	Numbers	₹ lacs
Equity Shares				
At the beginning of the year	950,000	95.00	950,000	95.00
Fresh issue	—	—	—	—
At the end of the year	950,000	95.00	950,000	95.00
Compulsorily convertible preference shares				
At the beginning of the year	257,000,000	25,700.00	257,000,000	25,700.00
Fresh issue	—	—	—	—
At the end of the year	257,000,000	25,700.00	257,000,000	25,700.00
Cumulative redeemable preference shares				
At the beginning of the year	282,637,255	28,263.73	203,137,255	20,313.73
Fresh issue	37,050,000	3,705.00	79,500,000	7,950.00
At the end of the year	319,687,255	31,968.73	282,637,255	28,263.73

Arrears of fixed cumulative dividends on preference shares as at 31 March, 2015 ₹ 16,476.41 lacs (Previous year ₹ 12,531.74 lacs.)

3.4 Shares held by holding Company

Particulars	Equity shares with voting rights	Compulsorily convertible preference shares	Cumulative redeemable preference shares
As at 31 March, 2015			
Shoppers Stop Limited, the holding company	484,500	131,070,000	163,040,500
As at 31 March, 2014			
Shoppers Stop Limited, the holding company	484,500	131,070,000	144,145,000

Notes to Financial Statements
for the year ended 31 March, 2015

Hypercity Retail (India) Limited

(All amounts in ₹ lacs)

3.5 Details of shareholders holding more than 5% shares as at:

Name of the Shareholders	31 March, 2015		31 March, 2014	
	Shares held (Nos)	Shares held (%)	Shares held (Nos)	Shares held (%)
Equity				
Shoppers Stop Limited	484,500	51%	484,500	51%
Support Properties Pvt. Ltd.	221,825	23%	221,825	23%
Eternus Real Estate Pvt. Ltd.	221,825	23%	221,825	23%
Compulsorily convertible preference shares				
Shoppers Stop Limited	131,070,000	51%	131,070,000	51%
Support Properties Pvt. Ltd.	58,689,500	23%	60,618,500	24%
Eternus Real Estate Pvt. Ltd.	58,689,500	23%	60,618,500	24%
Cumulative redeemable preference shares				
Shoppers Stop Limited	163,040,500	51%	144,145,000	51%
K. Raheja Corp. Pvt. Ltd.	87,557,255	27%	88,757,255	31.4%
Genext Hardware Parks Pvt. Ltd.	57,109,500	18%	38,955,000	13.8%

3.6 Other disclosures

The Company has two classes of shares viz. Equity and Preference having a par value of ₹ 10 per share. Each equity shareholder is eligible for one vote per share held. Preference shares do not carry any participating voting rights. Each equity and preference shareholder is entitled to dividends as and when the Company declares and pays dividend after obtaining shareholders' approval. Dividends are paid in Indian Rupees. Preference shares have a preference over equity shares for payment of dividends and repayment of capital in the event of winding-up.

During the year ended 31st March, 2015, the Company has not declared equity or preference dividend.

(All amounts in ₹ lacs)

4. RESERVES AND SURPLUS

1. Debenture Redemption Reserve

Balance at the beginning of the year	—	—
Add: Transferred from statement of Profit and Loss	420.00	—
	420.00	—

2. Deficit in the Statement of Profit and Loss

Balance at beginning of the year-Deficit	(53,757.28)	(45,175.83)
Add: Adjustment of depreciation on tangible fixed assets (Refer Note 11.1)	(22.96)	—
Add: Profit / (Loss) for the year	1,347.72	(8,581.45)

Less: Appropriation

Transfer to Debenture Redemption Reserve	(420.00)	—
	(52,852.52)	(53,757.28)
	(52,432.52)	(53,757.28)

As at 31 March 2015	As at 31 March 2014
—	—
420.00	—
420.00	—
(53,757.28)	(45,175.83)
(22.96)	—
1,347.72	(8,581.45)
(420.00)	—
(52,852.52)	(53,757.28)
(52,432.52)	(53,757.28)

(All amounts in ₹ lacs)		
	As at 31 March 2015	As at 31 March 2014
5. LONG-TERM BORROWINGS		
Secured		
From Banks		
Non convertible debentures	5,000.00	—
Term loans	11,758.33	14,341.67
Less: Current maturities (Note 9)	3,725.34	2,583.67
	8,032.99	11,758.00
Unsecured		
From Banks	200.00	—
Loans from related parties		
Holding company (Note 35)	12,600.00	10,300.00
	25,832.99	22,058.00

5.1 2015: Non-Convertible Debentures are secured by first pari passu charge on movable fixed assets to the extent of 0.80 times of the NCD Issue amount, first pari passu charge on current assets to the extent of 0.20 times of the NCD Issue amount and Second pari passu charge on Escrow Account for card receivables. The rate of interest is 11.60% and the same is repayable on 19th September, 2017. Term loans are secured by first pari passu charge on movable fixed assets, present and future, second pari passu charge on the current assets and Escrow Account of the Company, subservient charge on the receivable and Corporate guarantees of K. Raheja Corp. Pvt. Ltd. and Shoppers Stop Limited.

2014: Term loans are secured by first pari passu charge on movable fixed assets, present and future, second pari passu charge on the current assets of the Company, subservient charge on the receivable and Corporate guarantees of K. Raheja Corp. Pvt. Ltd. and Shoppers Stop Limited.

5.2 Terms of the facilities:

			(All amounts in ₹ lacs)	
			Loan Balance	
Name of the Bank	Rate of Interest	Repayment Schedule	As at 31 March 2015	As at 31 March 2014
Kotak Mahindra Bank Limited - Working capital term loan	12.25% (Previous year: 12.25%)	Repayable in 9 equal monthly installments from 30 April 2014 For 2014, Repayable in 9 equal monthly installments from 30 April 2014.	—	416.67
Kotak Mahindra Bank Limited - Working capital term loan	12.25% (Previous year: 12.25%)	Repayable in 5 equal quarterly installments from 30 April 2014. For 2014, Repayable in 5 equal quarterly installments from 30 April 2014.	125.00	625.00
YES Bank Limited-Term loan	12.30% (Previous year: 12.05%)	Repayable in 12 equal quarterly installments from 25 June 2014. For 2014, Repayable in 12 equal quarterly installments from 25 June 2014.	3,133.33	5,000.00
Yes Bank Limited - Term loan (Unsecured)	10.75% (Previous year: Nil)	Bullet repayment. Repayable on 30 April 2016.	200.00	—
ICICI Bank Limited-Term loan	12.07% (Previous year: 12.07%)	Repayable in 12 equal quarterly installments from 8 October 2015. For 2014, Repayable in 12 equal quarterly installments from 8 October 2015.	5,000.00	5,000.00
Kotak Mahindra Bank Limited-Term loan	11.95% (Previous year: 11.95%)	Repayable in 12 equal quarterly installments from 26 June 2015 For 2014, Repayable in 12 equal quarterly installments from 26 June 2015	3,300.00	3,300.00
Non Convertible Debentures	11.60% (Previous year: Nil)	Bullet repayment repayable on 19 September 2017.	5,000.00	—

5.3 Loan from Shoppers Stop Limited, the holding company @12.50% is repayable as mutually decided in terms of the arrangement.

(All amounts in ₹ lacs)

6. DEFERRED TAX LIABILITY (NET)

Particulars

Deferred tax liability

On fiscal allowances on fixed assets

Total

Deferred tax asset

On Unabsorbed depreciation*

Total

Deferred tax liability (net)

*To the extent of deferred tax liability on depreciation.

7. SHORT-TERM BORROWINGS

Secured

From Banks

Working capital facilities

On Bill discounting

On Buyers credit

Unsecured

From Banks

7.1 2015: Borrowings from banks are secured by first pari passu charge on current assets, Escrow Account and second pari passu charge on the entire movable fixed assets both present and future with other lenders and further secured by corporate guarantees from Shoppers Stop Limited and K. Raheja Corp. Pvt. Ltd.

2014: Borrowings from banks are secured by first pari passu charge on current assets, and second pari passu charge on the entire movable fixed assets both present and future with other lenders and further secured by corporate guarantees from Shoppers Stop Limited and K. Raheja Corp. Pvt. Ltd. Additionally Short-Term limit from Yes Bank is secured by first pari passu charge on movable fixed assets.

8. TRADE PAYABLES

Retail Merchandise:

— Micro and Small enterprises

— Other than Micro and Small enterprises

Property option payables:

— Other than Micro and Small enterprises

8.1 There are no Micro and Small Enterprises, to whom the Company owes dues which are outstanding for more than 45 days during the year. This information as required to be disclosed under the Micro, Small and Medium Enterprise Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company.

Notes to Financial Statements
for the year ended 31 March, 2015

Hypercity Retail (India) Limited

(All amounts in ₹ lacs)

9. OTHER CURRENT LIABILITIES

Current maturities of long-term borrowings: secured (Note 5)
Interest accrued and not due on borrowings from related parties
Interest accrued and not due on Non convertible debentures
Income received in advance
Accrued payroll
Other liabilities:
a) Creditors for capital expenditure
b) Liability for gift vouchers/point award redemptions
c) Statutory dues payable
d) Security deposits
e) Gratuity

As at
31 March
2015

3,725.34
134.11
211.34
4.51
336.38
118.83
318.01
188.18
336.12
60.74
5,433.56

As at
31 March
2014

2,583.67
134.45
—
13.16
392.41
376.29
294.65
307.49
402.51
25.09
4,529.72

10. SHORT-TERM PROVISIONS

Compensated absences

88.86
88.86

98.09
98.09

11. FIXED ASSETS									
(All amounts in ₹ lacs)									
Description	GROSS BLOCK			DEPRECIATION/AMORTISATION					NET BLOCK
	1 April 2014	Additions	Deductions	31 March 2015	1 April 2014	Adjusted against retained earnings (refer note 11.1 below)	For the year	Deductions	31 March 2015
TANGIBLE ASSETS									
Leasehold Improvement	5,909.58	458.22	258.58	6,109.22	1,387.23	—	425.88	258.21	4,554.32
Air Conditioning and other equipment	8,985.14	604.21	360.51	9,228.74	2,015.71	—	949.91	336.86	6,599.98
Furniture, fixtures and other fittings	5,551.58	347.50	293.40	5,605.68	1,550.59	—	776.37	268.08	3,546.80
Office Equipment	352.65	21.19	29.11	344.73	205.38	—	51.13	27.78	116.00
Computer	1,850.19	159.86	29.62	1,980.43	929.43	22.96	352.99	28.77	703.82
Vehicles	56.41	20.00	34.09	42.32	35.27	—	12.88	30.81	24.98
Total	22,705.55	1,610.98	1,005.41	23,311.12	6,123.61	22.96	2,569.16	950.51	15,545.90
INTANGIBLE ASSETS									
Software acquired	2,354.07	190.63	2.94	2,541.76	1,266.53	—	310.16	2.94	968.01
Total	2,354.07	190.63	2.94	2,541.76	1,266.53	—	310.16	2.94	968.01

11.1 Pursuant to the enactment of the Companies Act 2013 (the 'Act'), effective 1st April 2014, the company has reviewed the estimated economic useful lives of its fixed assets generally in accordance with that provided in Schedule II to the Act. As a result [after reducing ₹ 22.96 lacs from Retained earnings in line with the transition provision specified in Schedule [II]] the Depreciation charge for the year ended 31 March 2015 is higher by ₹ 408.91 lacs and profit before tax is lower by the same amount.

Notes to Financial Statements
for the year ended 31 March, 2015

Description	GROSS BLOCK				DEPRECIATION/AMORTISATION				NET BLOCK	
	1 April 2013	Additions	Deductions	31 March 2014	1 April 2013	Adjusted against retained earnings	For the year	Deductions	31 March 2014	31 March 2014
TANGIBLE ASSETS										
Leasehold Improvement	5,218.58	971.57	280.57	5,908.58	954.87	—	712.89	280.53	1,387.23	4,522.35
Air Conditioning and other equipment	7,866.12	1,561.09	436.12	8,991.09	1,526.57	—	915.58	423.66	2,018.49	6,972.60
Furniture, fixtures and other fittings	4,597.66	1,300.21	346.29	5,551.58	1,201.52	—	644.02	294.95	1,550.59	4,000.99
Office Equipment	316.57	68.50	32.42	352.65	166.13	—	70.09	30.84	205.38	147.27
Computer	1,586.73	438.39	180.88	1,844.24	814.40	—	290.51	178.26	926.65	917.59
Vehicles	56.41	—	—	56.41	31.80	—	3.47	—	35.27	21.14
Total	19,642.07	4,339.76	1,276.28	22,705.55	4,695.29	—	2,636.56	1,208.24	6,123.61	16,581.94
INTANGIBLE ASSETS										
Software	1,818.93	538.71	3.57	2,354.07	1,015.02	—	255.08	3.57	1,266.53	1,087.54
Total	1,818.93	538.71	3.57	2,354.07	1,015.02	—	255.08	3.57	1,266.53	1,087.54

(All amounts in ₹ lacs)

12. LONG-TERM LOANS AND ADVANCES

(Unsecured, considered good unless otherwise stated)

	As at 31 March 2015	As at 31 March 2014
Capital advances	15.16	104.51
Premises & other deposits	4,342.73	4,290.06
Less: Provision for doubtful deposits	54.67	—
	4,288.06	4,290.06
Deposit towards Service Tax (Note 28)	617.70	314.15
Advance Income-Taxes (net of provision)	232.00	305.89
Loans and advances to related parties:		
— Considered good	4.90	4.90
— Considered doubtful (Note 12.1)	2,196.45	2,196.45
	2,201.35	2,201.35
Less: Provision for doubtful loans and advances	2,196.45	2,196.45
	4.90	4.90
	5,157.82	5,019.51

12.1 The Company had equity investment of ₹ 57.25 lacs in Gateway Multichannel Retail (India) Limited (Gateway), a joint venture and given loans and advances aggregating ₹ 2,201.35 lacs. In view of the losses incurred by Gateway and the decision taken by Board of Directors of Gateway in 2009 to discontinue its catalogue retailing operations, the Company had made provision for impairment in its financial statements for the year ended 31st March, 2009.

13. OTHER NON-CURRENT ASSETS

Receivables – Property Options sold	4,609.55	1,510.36
	4,609.55	1,510.36

14. INVENTORIES

(At lower of cost and net realisable value)

Stock in trade: Retail merchandise	9,100.55	7,937.81
(including Stock in transit ₹ 61.29 lacs, 2013: ₹ 69.53 lacs)		
Property option	5,112.30	4,607.61
	14,212.85	12,545.42

(All amounts in ₹ lacs)

19. REVENUE FROM OPERATIONS

Retail Sale of products:

Own merchandise (including concession sales) – Gross of tax
Less: Value added tax

Revenue from transfer of Property Options

Other Retail operating revenue

Income from store displays, facility management fees and promotional activities

19.1 The gross retail volume of business and operations comprise:

Own merchandise
Other retail operating income

20. OTHER INCOME

Interest Income
Miscellaneous Income
Sundry balances written back

21. PURCHASE OF STOCK-IN-TRADE

Retail merchandise
Property Options

21.1 Details of purchase of Stock-in-trade

Retail: Food, Household items and Apparels, etc.
Property Options

22. CHANGES IN INVENTORIES OF STOCK-IN-TRADE

Opening inventory
– Retail merchandise
– Property Options
Closing inventory
– Retail merchandise
– Property Options
(Increase)

For the year ended 31 March 2015	For the year ended 31 March 2014
96,999.40	91,858.43
6,230.91	6,547.11
90,768.49	85,311.32
11,019.09	2,636.47
101,787.58	87,947.79
3,826.68	3,172.95
105,614.26	91,120.74
96,999.40	91,858.43
3,826.68	3,172.95
100,826.08	95,031.38
43.60	25.16
596.69	353.79
17.91	8.52
658.20	387.47
72,978.63	67,912.83
2,536.30	3,766.08
75,514.93	71,678.91
72,978.63	67,912.83
2,536.30	3,766.08
7,937.81	8,746.87
4,607.61	1,076.00
9,100.55	7,937.81
5,112.30	4,607.61
(1,667.43)	(2,722.55)

Notes to Financial Statements
for the year ended 31 March, 2015

Hypercity Retail (India) Limited

(All amounts in ₹ lacs)

23. EMPLOYEE BENEFITS EXPENSES

	For the year ended 31 March 2015	For the year ended 31 March 2014
Salaries, allowances & bonus	6,141.08	6,375.97
Contribution to provident and other funds	378.26	348.69
Staff welfare expenses	419.43	401.75
	6,938.77	7,126.41

24. FINANCE COSTS

	For the year ended 31 March 2015	For the year ended 31 March 2014
Interest on bank borrowings	2,372.54	1,984.35
Interest on others	1,405.57	1,199.48
Bank charges	73.01	193.43
	3,851.12	3,377.26

25. OTHER EXPENSES

	For the year ended 31 March 2015	For the year ended 31 March 2014
Insurance	29.34	33.84
Lease rent and hire charges (Note 25.1)	5,302.44	5,584.91
Repairs and maintenance		
– Building	1,570.87	1,616.18
– Others	953.84	953.87
Legal and professional fees (Note 25.2)	452.97	330.64
Director's sitting fees	16.52	5.62
Housekeeping charges	499.42	488.18
Security charges	403.90	354.12
Conveyance and Travelling	376.65	398.60
Electricity charges	2,253.83	2,394.25
Advertisement and publicity	1,727.90	1,886.27
Charges on credit card/meal voucher transactions	782.20	698.71
Packing material charges	467.74	473.70
Loss on sale of assets (net)	34.56	45.16
Provision and write off's for advances/doubtful debts	149.02	65.22
Foreign exchange Losses (net)	18.33	30.96
Service Tax/Input credit expensed	1,060.98	1,152.15
Miscellaneous expenses	1,307.52	1,225.61
	17,408.03	17,737.99

(All amounts in ₹ lacs)

25.1 Leasing Transactions

- a) Operating lease rentals charged to revenue:

3,711.01

3,970.41

- b) Variable rentals charged to revenue:

1,580.58

1,614.51

Variable rent for certain stores is payable in accordance with the lease agreement as the higher of (a) fixed minimum guarantee amount and (b) revenue share percentage.

- c) The future minimum rental payments in respect of non-cancellable lease for premises are as follows:

Not later than one year

2,717.51

3,685.65

Later than one year and not later than five years

1,859.67

6,503.85

Later than five years

—

12.08

The agreements are executed for periods ranging from 36 to 288 months with a non-cancellable period at the beginning of the agreement ranging from 36 to 72 months and having a renewable clause.

25.2 Payment to Auditors (excluding service tax):

- i) Audit fees

22.43

22.40

- ii) Fees for other services

1.19

1.16

- iii) Reimbursement of expenses

0.07

0.81

23.69

24.37

26. EARNING PER EQUITY SHARE

Calculated as follows:

- a) Profit/(Loss) attributable to equity shareholders

1,347.72

(8,581.45)

- b) Arrears of dividend & tax on dividend on cumulative redeemable/
Compulsory convertible preference shares

(4,747.72)

(4,026.73)

- c) Loss after preference dividend considered for basic EPS (c) = (a) + (b)

(3,400.00)

(12,608.18)

- d) Weighted number of equity shares outstanding during the year (Nos.)

950,000

950,000

- e) Nominal value per share (₹)

10

10

- f) EPS:

Basic (₹)

(357.89)

(1,327.18)

Diluted (₹) (see note below)

(357.89)

(1,327.18)

Note: The effects of Compulsory Convertible Preference Shares that could potentially dilute basic EPS in the future, are not included in the calculation of diluted EPS as these preference shares are anti-dilutive for the year's results.

(All amounts in ₹ lacs)

27. CONTINGENT LIABILITIES AND COMMITMENTS:

	For the year ended 31 March 2015	For the year ended 31 March 2014
a) Claims against the Company not acknowledged as debts comprising of:		
Third Party claims arising from disputed relating to contracts aggregating	338.69	747.46
b) Unpaid dividend on cumulative preference shares	16,476.41	12,531.74
c) Estimated amount of contracts remaining to be executed on capital account and not provided for	421.91	638.93
d) Bank guarantees	160.77	267.92

Note: Future cash outflows in respect of (a) above are determinable only on receipt of judgement/decisions pending with various forums/authorities.

28. SERVICE TAX

Pursuant to levy of service tax on renting of immovable properties given for commercial use, retrospectively with effect from 1 June 2007 by the Finance Act, 2010, the Company has, based on a legal advice, challenged the said levy and, inter-alia, its retrospective application. The Hon'ble Supreme Court passed an interim order dated 14 October, 2011, with regard to the levy of service tax on immovable properties rented out for commercial use including its retrospective applicability from 1 June, 2007 in compliance of which, the Company made an aggregate deposit of ₹ 314 lacs in respect of the liability for such service tax upto 30 September, 2011. From October, 2011, the Company has been accounting and paying for such service tax regularly as per directives of the Supreme Court. Further, the Company has deposited the balance liability ₹ 303 lacs under protest during the year.

Pending the final disposal of the matter, the Company continues not to provide for the retrospective levy aggregating ₹ 267.98 lacs for the period 1 June, 2007 to 31 March, 2010.

29. A Suit has been filed by Nusli Neville Wadia (Plaintiff) against Ivory Properties and Hotels Pvt. Ltd. (Ivory) & Others which includes the Company as one of the Defendants inter-alia in respect of the premises from which the Company is operating its Malad store. The Company is operating the said Malad store under a Conducting Agreement entered into with Ivory. The Plaintiff has prayed against the Company (including the said Ivory) for demolition and removal of the said Malad store, appointment of a Court Receiver in respect of the Malad store, restraining from alienating, occupying or parting with possession and restraining from dealing with, creating fresh leases/licenses or renewing lease/license in respect of the said Malad store and from receiving or recovering any rent/license fee/compensation in respect of the said lease/license, depositing all the rents in the Court, etc. The Company has filed its reply to the said Suit denying the allegations and praying that no interim relief be granted to the Plaintiff. The Court has not granted any interim relief to the Plaintiff and the matter is pending. Pursuant to the Plaintiff's application for expedited hearing of the case, the Hon'ble High Court Bombay vide an Order dated 19/09/2013 framed the issue of limitation under Section 9 (A) of Code of Civil Procedure to be tried as to jurisdiction for the maintainability of the suit and directed the Plaintiff to file an affidavit in lieu of examination in chief of the first witness on or before 17/10/2013. Further, the Hon'ble High Court vide its Order dated 20.09.2013 stated that the issue of limitation is an issue of jurisdiction and can be tried by the Hon'ble High Court under Section 9A of Code of Civil Procedure.

Pursuant to the Plaintiff's SLP in the Supreme Court challenging the Orders of the Hon'ble High Court dated 19/09/2013 and 20/09/2013, the Hon'ble Supreme Court vide its Order dated 08/10/2013 stayed the operation of the aforesaid Orders and further proceedings in the High Court Suit No. 414 of 2008. The said SLP is pending the hearing in the Supreme Court.

In management's view, considering the matter and the facts, no provision for any loss/liability is presently required to be made.

30. Long term borrowings include loans aggregating ₹ 12,600 lacs [Previous year ₹ 10,300 lacs] from Shoppers Stop Limited (SSL), the Holding Company. SSL continues to provide financial support to the Company for its business operations and to meet its long-term business plans.

31. ESOP SCHEMES

The Company has not issued any ESOP during the year.

32. DERIVATIVES

The Company uses foreign currency forward contracts to hedge its risks associated with foreign currency exposures relating to the underlying transactions and firm commitments. The Company does not enter into any derivative contracts for trading or speculative purposes. The forward exchange contracts entered into by the Company and outstanding as at the year end are as under:

Particulars	USD	INR
Number of buy contracts	3	—
Previous year	(4)	—
Aggregating currency amount (in lacs)	0.49	31.39
Previous year	(2.79)	(175.82)

There are no foreign currency exposures unhedged as at the year end.

33. EMPLOYMENT AND RETIREMENT BENEFITS

(All amount in ₹ lacs)

Post employment benefits	31 March, 2015	31 March, 2014
Defined contribution plans Company's contribution to Provident Fund	195.69	183.93
Defined benefit plan – Gratuity (Funded)		
I. Components of Employer Expense		
a) Current Service Cost	14.29	13.14
b) Interest Cost	6.05	6.08
c) Expected Return on Plan Assets	(4.82)	(5.72)
d) Past service cost	-	-
e) Actuarial Loss on obligations	40.30	11.59
f) Total expense recognised in the Statement of Profit & Loss Account	55.82	25.09
II. Net Asset/(Liability) recognised in Balance Sheet as at the year end		
a) Present Value of the Obligation	108.50	93.03
b) Fair Value of the Plan Assets	50.22	67.94
c) (Liability) recognised in the Balance Sheet	(58.28)	(25.09)
III. Change in Defined Benefit Obligations (DBO) during the year		
a) Present Value of Obligations as at the beginning of the year	93.03	78.57
b) Current Service cost	14.29	13.14
c) Interest cost	6.05	6.08
d) Actuarial Loss on obligations	42.89	11.37
e) Benefits paid	(47.76)	(16.12)
Present Value of Obligations as at the end of the year	108.50	93.03
IV. Changes in Fair value of Plan Assets		
a) Present Value of Plan Assets as at the beginning of the year	67.94	65.81
b) Expected Return on Plan Assets	4.82	5.72
c) Actuarial (Gain)/Loss	2.59	(0.23)
d) Actual Company Contribution	22.64	12.76
e) Benefits paid	(47.76)	(16.12)
Fair Value of Plan Assets as at the end of the year	50.22	67.94
V. Actuarial Assumptions		
a) Discount Rate (per annum)	7.80%	8.75%
b) Expected Rate of Return on Assets (per annum)	8.50%	8.70%
c) Rate of increase in salaries	5.00%	5.00%
d) Rate of Attrition		
– Service office	25.00%	25.00%
– Stores	75.00%	75.00%

VI. Experience Adjustments	31 March 2015	31 March 2014	31 March 2013	31 March 2012	31 March 2011
a) Defined Benefit Obligation	108.50	93.03	78.57	78.39	89.47
b) Plan Assets	50.22	67.94	65.81	44.18	72.88
c) Deficit/(Surplus)	58.28	25.09	12.76	34.21	16.58
d) Experience Adjustments on Plan Liabilities	32.36	23.00	(7.29)	19.68	5.76
e) Experience Adjustments on Plan Assets	2.59	(0.23)	(3.80)	(0.35)	(0.10)

Notes to Financial Statements
for the year ended 31 March, 2015

Hypercity Retail (India) Limited

The company expects to contribute ₹ 19.04 lacs to its Gratuity plan for the next year.

In assessing the Company's Post Retirement Liabilities, the Company monitors mortality assumptions and uses up-to-date mortality tables. The base being Indian Assured Lives Mortality (2006-08) Ultimate.

Expected return on plan assets is based on expectation of the average long-term rate of return expected on investments of the fund during the estimated term of the obligations.

The estimates of future salary increases considered in actuarial valuation take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

The gratuity benefit scheme of the Company is managed by Life Insurance Corporation of India (LIC). The Company is currently awaiting the details of the composition of the plan assets, by category, from the LIC for the current and the previous years and hence the disclosures as required by Accounting Standard (AS) 15 on Employee Benefits have not been given.

34. SEGMENT REPORTING

a) Information about Primary segment (Business Segment)

(All amount in ₹ lacs)

Particulars	31 March, 2015			31 March, 2014		
	Retail Operations	Property Options	Total	Retail Operations	Property Options	Total
Segment Revenue						
External sales	95,209.77	11,019.09	106,228.86	88,846.58	2,636.47	91,483.05
Total revenue	95,209.77	11,019.09	106,228.86	88,846.58	2,636.47	91,483.05
Segment Results	(3,697.26)	8,852.51	5,155.24	(7,631.35)	2,402.00	(5,229.35)
Interest income	—	—	43.60	—	—	25.16
Interest expense	—	—	(3,851.12)	—	—	(3,377.26)
Provision for tax	—	—	—	—	—	—
Net loss for the year			1,347.72			(8,581.45)
OTHER INFORMATION						
Segment Assets	34,588.66	16,609.79	51,198.45	33,698.78	7,113.07	40,811.85
Total Assets			51,198.45			40,811.85
Segment Liabilities	44,465.24	1,402.00	45,867.24	38,244.40	2,266.00	40,510.40
Total Liabilities			45,867.24			40,510.40
Segment Depreciation	2,879.32	—	2,879.32	2,891.64	—	2,891.64
Total Depreciation			2,879.32			2,891.64
Segment Capital Expenditure	2,572.46	—	2,572.46	4,367.55	—	4,367.55
Total Capital Expenditure			2,572.46			4,367.55

b) The Company has business segment as primary segment for disclosure on the basis of nature of products, different risks and returns etc., and mainly operates in A) Retail Operations i.e., trading of food products, household items and apparels B) Property Options. Segment revenue from Retail Operations includes Other retail operating revenue.

c) The Company operates in a single geographical environment i.e., in India.

35. RELATED PARTY DISCLOSURES

Names of related parties and description of relationship

- | | |
|--|---|
| a) Holding Company: | Shoppers Stop Limited |
| b) Fellow Subsidiaries: | Crossword Bookstores Limited |
| c) Promoter directors having control/Significant influence over companies stated in (e) below: | C. L. Raheja, Ravi C. Raheja, Neel C. Raheja |
| d) Key Management Personnel*: | Non-Executive Directors:
Chandru L. Raheja
Ravi Raheja
Neel Raheja
B. S. Nagesh
Govind Shrikhande
Nitin Sanghavi
Deepak Ghaisas
CEO: Mark Ashman (upto 30th June-14)
CEO: Vipin Bhandari (w.e.f 26th Aug-14) |

*Does not include, Key management personnel as defined under the Companies Act, 2013

- | | |
|---|---|
| e) Companies in which the persons stated in (c) & (d) above have control/Significant influence: | Avacado Properties and Trading (India) Private Limited, Ivory Properties and Hotels Private Limited, Inorbit Malls (India) Private Limited, Trion Properties Private Limited, K. Raheja Corp Private Limited, K. Raheja Pvt. Ltd., Magna Warehousing and Distribution Private Limited, Genext Hardware Parks Pvt. Ltd., Sanghavi Associates Ltd., Serene properties Pvt. Ltd., Gigaplex estate Private Ltd. |
|---|---|

(All amount in ₹ lacs)

Nature	Holding Company	Fellow Subsidiaries	Companies under common control/ Significant influence	Key Management Personnel	Total
Purchase of Merchandise	—	31.10	—	—	31.10
Crossword Bookstores Limited	—	31.10	—	—	
	(—)	(8.49)	(—)	(—)	(8.49)
Sale of Merchandise	3.02	(—)	7.34	0.39	10.75
Shoppers Stop Limited	3.02	—	—	—	
Inorbit Malls (India) Pvt. Ltd.			1.45		
K. Raheja Corp Pvt. Ltd.			3.03		
Mr. Neel Raheja				0.39	
Serene Properties Pvt. Ltd.			1.13		
Trion Properties Private Limited			0.58		
Gigaplex Estate Private Limited			1.15		
Purchase of property options			2,536.30		2,536.30
K. Raheja Private Limited			2,536.30		
			(3,766.00)		(3,766.00)
Payment of conducting fees/Lease Rent/Common Area Maintenance Charges	—	—	2,624.86	—	2,624.86
Avacado Properties and Trading (India) Private Limited	—	—	228.45	—	
Inorbit Malls (India) Private Limited	—	—	951.42	—	
Trion Properties Private Limited	—	—	643.61	—	
Magna Warehousing and Distribution Private Limited	—	—	71.88	—	
Ivory Properties and Hotels Private Limited	—	—	729.50	—	
	(—)	(—)	(2,867.15)	(—)	(2,867.15)
Interest Expenses	1,389.11	—	—	—	1,389.11
Shoppers Stop Limited	1,389.11	—	—	—	
	(1,179.21)	(—)	(—)	(—)	(1,179.21)

Notes to Financial Statements
for the year ended 31 March, 2015

Hypercity Retail (India) Limited

(All amount in ₹ lacs)

Nature	Holding Company	Fellow Subsidiaries	Companies under common control/ Significant influence	Key Management Personnel	Total
Expenses Paid	—	1.90	629.81	—	631.71
Crossword Bookstores Limited		1.90			
Avacado Properties and Trading (India) Private Limited			4.12		
Inorbit Malls (India) Private Limited			372.94		
Magna Warehousing and Distribution Private Limited			56.12		
Sanghavi Associates Ltd.			3.73		
Retailers Association of India			0.76		
Trion Properties Private Limited			192.14		
	(—)	(0.06)	(732.94)	(—)	(733.00)
Deposits Paid	116.72	—	26.06	—	142.78
Avacado Properties and Trading (India) Private Limited			20.67		
Inorbit Malls (India) Private Limited			5.39		
Shoppers Stop Limited	116.72				
	(—)	(—)	(133.35)	(—)	(133.35)
Deposit Received	2.00	—	67.29	—	69.29
Avacado Properties and Trading (India) Private Limited			67.29		
Shoppers Stop Limited	2.00				
	(43.47)	(—)	(—)	(—)	(43.47)
Expenses Recovered	56.37	28.54	—	—	84.91
Shoppers Stop Limited	56.37				
Crossword Bookstores Limited		28.54			
	(15.15)	(24.16)	(—)	(—)	(39.31)
Loan Taken	23,599.00	—	—	—	23,599.00
Shoppers Stop Limited	23,599.00				
	(22,500.00)	(—)	(—)	(—)	(22,500.00)
Loan Repaid	21,299.00	—	—	—	21,299.00
Shoppers Stop Limited	21,299.00				
	(20,550.00)	(—)	(—)	(—)	(20,550.00)
Issue of Preference Shares	1,889.55	—	1,815.45	—	3,705.00
Shoppers Stop Limited	1,889.55				
Genext Hardware Parks Pvt. Ltd.			1,815.45		
	(4,054.50)	(—)	(3,895.50)	(—)	(7,950.00)
Remuneration				237.56	237.56
Mark Ashman				158.53	
Vipin Bhandari				79.03	
				(308.12)	(308.12)
Sitting fees to non-executive Directors				14.70	14.70
Chandru L. Raheja				1.90	
Ravi Raheja				2.30	
Neel Raheja				1.90	
B. S. Nagesh				1.90	
Govind Shrikhande				1.90	
Nitin Sanghavi				2.30	
Deepak Ghaisas				2.50	
				(5.00)	(5.00)
Space hire fees received	64.00	—	5.40	—	69.40
Shoppers Stop Limited	64.00				
K. Raheja Corp Private Limited			5.40		
	(30.51)	(—)	(3.52)	(—)	(34.03)
Subconducting fees received	69.81	46.65	—	—	116.46
Shoppers Stop Limited	69.81				
Crossword Bookstores Limited		46.65			
	(122.75)	(74.67)	(—)	(—)	(197.42)

