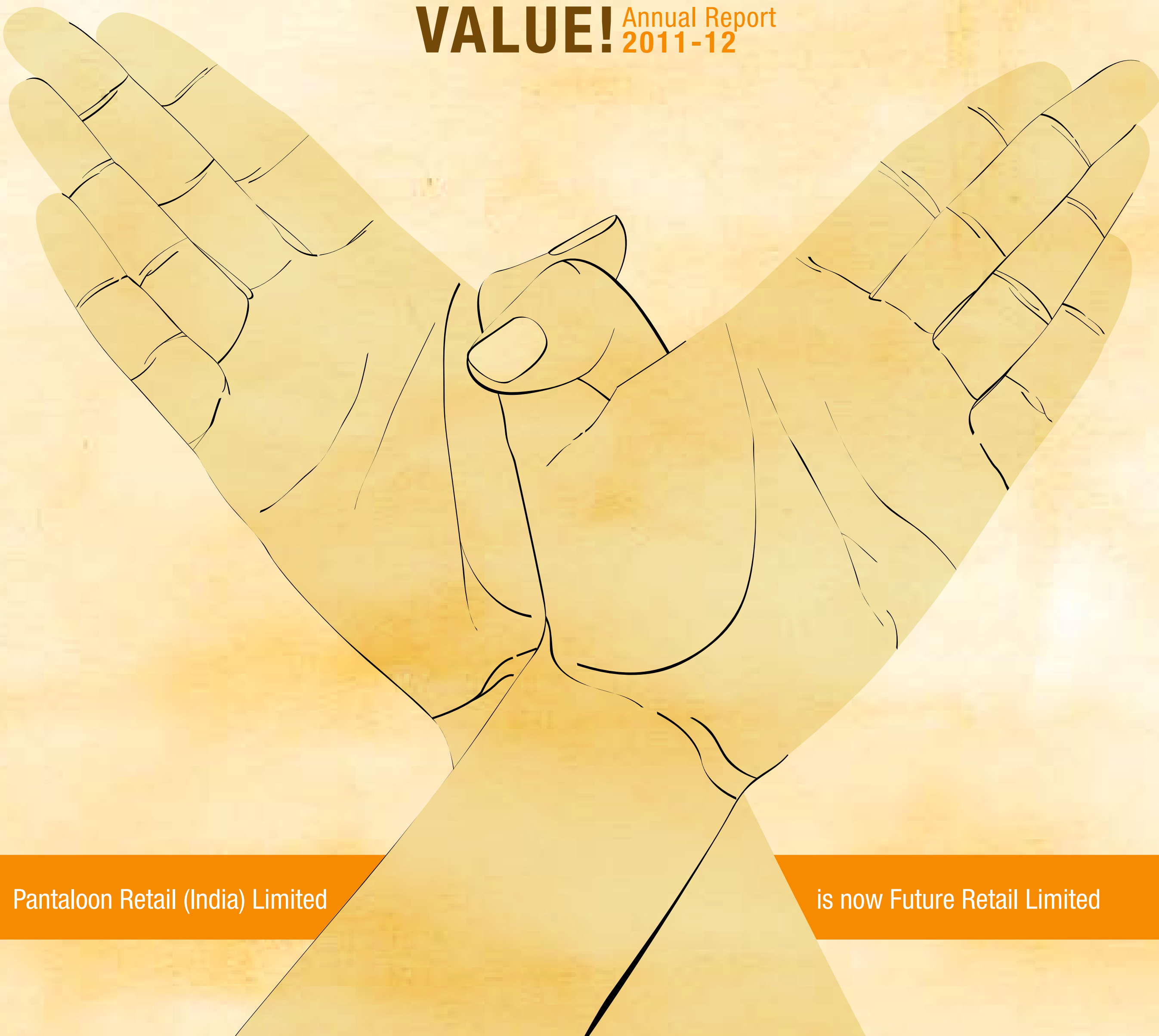
rewrite rules retain values

Pantaloon
Retail (India) Limited
a future group venture

DISCOVERING VALUE!

Annual Report
2011-12



Pantaloon Retail (India) Limited is now Future Retail Limited

येतो हस्तस्ततो दृष्टिर्यतो दृष्टिस्ततो मनः
येतो मनस्ततो भावो येतो भावस्ततो रसः॥

Where the hands are, there goes the eyes, Where the eyes are, goes the mind Where the mind goes, there goes belief, Where there is belief, the sentiment or behaviour is evoked.

We believe that our belief shapes our behaviour and our behaviour shapes our business. This report captures our belief, behaviour and business and how these have helped us create value for our stakeholders through the expression of hands or mudras.

CONTENTS

CORPORATE **INFORMATION**

Name of company has been changed to “Future Retail Limited” with effect from March 16, 2013 pursuant to approval received from Registrar of Companies, Maharashtra and issue of fresh certificate of incorporation upon change of name.

Board of Directors

Mr. Shailesh Haribhakti
Chairman

Mr. Kishore Biyani
Managing Director

Mr. Rakesh Biyani
Joint Managing Director

Mr. Vijay Biyani
Wholetime Director

Mr. S. Doreswamy
Director

Dr. Darlie Koshy
Director

Mr. Anil Harish
Director

Mrs. Bala Deshpande
Director

Mr. V. K. Chopra
Director

Mr. Gopikishan Biyani
Director

Company Secretary

Mr. Deepak Tanna

Statutory Auditors

NGS & Co. LLP

Risks Advisors

Ernst & Young Pvt. Ltd.

Share Transfer Agent

Link Intime India Pvt. Ltd.
C-13 Pannalal Silk Mills Compound
LBS Marg, Bhandup (West), Mumbai 400 078
Tel no: +91 22 2596 3838
Fax no: +91 22 2594 6969

Bankers

Bank of India

Axis Bank

Andhra Bank

Corporation Bank

HDFC Bank

IDBI Bank

State Bank of Travancore

UCO Bank

Standard Chartered Bank

The Federal Bank

Union Bank of India

Bank of Baroda

Allahabad 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

www.pantaloonretail.in / www.futureretail.co.in

RETAIL NETWORK

BIG BAZAAR
NAYE INDIA KA BAZAAR

161 stores
7.88 mn sq. ft. of area
27 stores opened

The country's leading hypermarket network present in over 90 cities sported a new, renovated look at many of its stores. An improved merchandise mix and a better assortment helped attract new customers and increased basket size for existing customers. Simultaneously, a focus on optimising operational areas and rationalising store space has helped improve efficiency and store productivity.

HomeTown
Makes life beautiful.

14 stores
1.20 mn sq. ft. of area
2 stores opened

HomeTown moved into a hub and spoke model with smaller stores across each city acquiring customers and the flagship store becoming a central location for servicing the entire needs of a customer. The chain also consolidated its backend to a single distribution center that has led to better inventory management and is synergising its operations and marketing with sister chain, eZone.

FOOD BAZAAR
WHOLESALE PRICES

43 standalone stores
0.48 mn sq. ft. of area
5 stores opened

Food Bazaar focused on increasing ticket size by offering a larger assortment. Stores also have a much larger offering in fresh fruits and vegetables and that has brought back customers more often to the store. More importantly, its focus on eliminating negative labour in their kitchen through customer Seva has won mind-share and heart-share of many of its customers.

ezone
smarter living

38 stores
0.38 mn sq. ft. of area
15 stores opened

While 5-city strategy to increase focus and dominance in only these cities helped reduce inventory and marketing costs, better product assortment and increasing collaboration with supply partners has increased the customer value proposition within stores.

fbb
fashion at Big Bazaar

26 stores
0.33 mn sq. ft. of area
16 stores opened

The company's latest retail brand is offering more contemporary and aspirational fashion merchandise fabulous prices. Led primarily through private brands, FBB has brought in new, younger customers into its parent format.

CENTRAL BRAND.NEW

22 stores

2.43 mn sq. ft. of area

4 stores opened

While Nashik boasted of a new Central, the retail chain strengthened its leadership in Pune with two new stores and in Bengaluru with a new store at the Orion Mall. Brand.New – Central's new avatar is more fashionable, contemporary and offers an even larger choice of brands for its customers. Central is now expected to rapidly expand into newer cities.

PLANET SPORTS

42 stores

0.21 mn sq. ft. of area

7 stores opened

Sportswear specialty chain offering exclusive international labels like Converse, Speedo, Sketchers, Clarks, among others, added new stores in the leading metros of the country like Mumbai, Pune and Kolkata.

pantaloons FRESH FASHION

67 stores

1.99 mn sq. ft. of area

13 stores opened

Improved brands and merchandise offerings, a stronger loyalty program and a presence in fast growing cities like Patna, Ranchi, Ludhiana, Howrah, Vizag, Bareilly, along with new stores in metros has strengthened the chain's leadership amongst the fashion stores in the country.

BRAND FACTORY BEST BRANDS ▸ SMART PRICES

24 stores

0.85 mn sq. ft. of area

12 stores opened

The outlet mall expanded at a rapid pace entering new cities like Mysore, Bhubaneswar and Nagpur, while adding new stores in Bengaluru, Pune, Hyderabad and Kolkata. A larger choice in brands, some even exclusive to Brand Factory is bringing lifestyle brands to a larger number of aspirational customers.

a little larger aLL the plus size store

20 standalone stores

0.03 mn sq. ft. of area

4 stores opened

The company's specialty retail chain offering products to a niche clientele of plus-size individuals increased the choice of brands and merchandise for its customers through standalone stores in Lucknow, Mumbai and Pune, apart from increasing its presence within Central and Pantaloons.

LETTER FROM THE **MANAGING DIRECTOR**

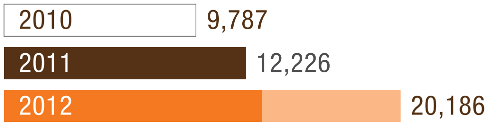
Dear Shareholders,

We are pleased to share with you the Annual Report for the financial period 2011-12 (18 months). The company has posted a consolidated revenue from operations of ₹ 20,186 crore, net profit of ₹ 276 crore and earnings per share (EPS) of ₹ 12.19 for the 18 months ended December 31, 2012.

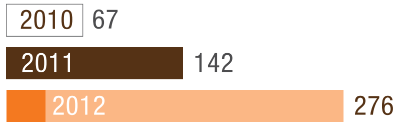
It has been a tumultuous year for the Indian economy as whole and for your company. The country's GDP grew by 6.5% during 2011-12, the lowest in almost a decade. During the first two quarters of 2012-13, growth further slipped downwards to 5.3% and 4.5%. Growth in private consumption was actually much lower, hovering between 2% and 4% during these eighteen months. As a consumer-led business, your company bore the brunt of it. Lower economic growth, coupled with poor rate of job creation, high inflation, increasing interest rates and the impact of the global economic slowdown affected consumer sentiment negatively.

Amidst such an environment, your company's management revisited some of the fundamental characteristics of the organisation. We

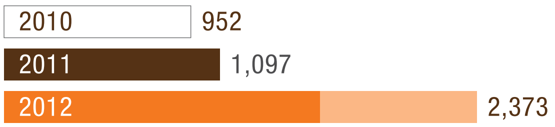
REVENUE FROM OPERATIONS (₹ in Crores)



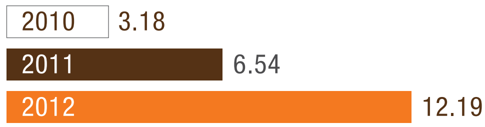
PAT (₹ in Crores)



EBITDA* (₹ in Crores)



EPS (₹)



* Exceptional items not included

decided to monetise our investments made in non-core areas of business and focus purely on the retail business. And within the retail business, instead of adopting a unidirectional approach towards growth, we adopted a multi-dimensional approach to growth. Growth, we believe, need not come from expansion of business alone. Instead, we looked internally to identify and execute strategies that lead to growth in efficiencies, productivity and return in investments of our existing operations. Simultaneously, we worked towards improvement in consumer experience and strengthening relationships that lead to growth in business from our existing customers and store network.

Each of these steps has started showing some early results. But these are just the beginning of what we believe is a steady transformation in the business. We call it our Second Innings.

More from the same

We are fortunate to have got your help and support in building a retail network that has so far earned us a leadership position in modern retailing of some of the key consumption categories in the country. While, maintaining and building upon this leadership remains a priority for us, we also need to reap the benefits of size, scale and the lessons we have gained so far.

During the first decade of operations, the focus was on achieving disproportionate growth by expanding into new categories and geographies. The aim was to capture a majority share of the consumer's wallet. This decade provided the lessons in terms of categories, consumer tastes and consumer evolution along with price points for retailing. The learning and understanding of each of these factors has prepared your company for its second innings wherein it can focus on profitable growth, consolidation and convergence across formats and categories; resulting in increased productivity and profitability.

Over the last eighteen months, your company has focused on growth not only through adding new stores or attracting new customers, but also growth that comes through increase in per square foot sales, increase in ticket size of existing customers and from building and sustaining a merchandise mix that optimises return on investment. The company has optimised its store network in every large city through rationalisation of space and outlets. This has significantly reduced cannibalisation or one store losing out customers to another nearby store from the same network. Simultaneously, the company led an extensive renovation of a large number of stores to improve customer experience, brand positioning and to appropriately revamp categories like electronics and home appliances, mobile phones, home fashion and footwear.

The company was also able to successfully bring in new excitement and vigour in its value fashion business through the introduction of the FBB brand. The theme, look and feel of the fashion section within hypermarkets has now been completely transformed. In addition, the company also opened 16 standalone stores under this concept. FBB now ensures fresh experience design elements, better levels of customer focus, visual merchandising that focuses on store productivity and a merchandise mix that speaks to the youth of the country. The intent is now to develop FBB brand's equity and establish it as a leading retail brand in India.

We are also proud to share with you that our investments in critical areas like supply chain solutions, technology, consumer analytics and loyalty programs is helping the company tremendously in improving its customer delivery at lower costs, better planning, forecasting and allocation of its resources and optimising its marketing spends. The organisational design and culture that we have built has increased accountability and authority of our employees in driving them to achieve higher profitable growth.

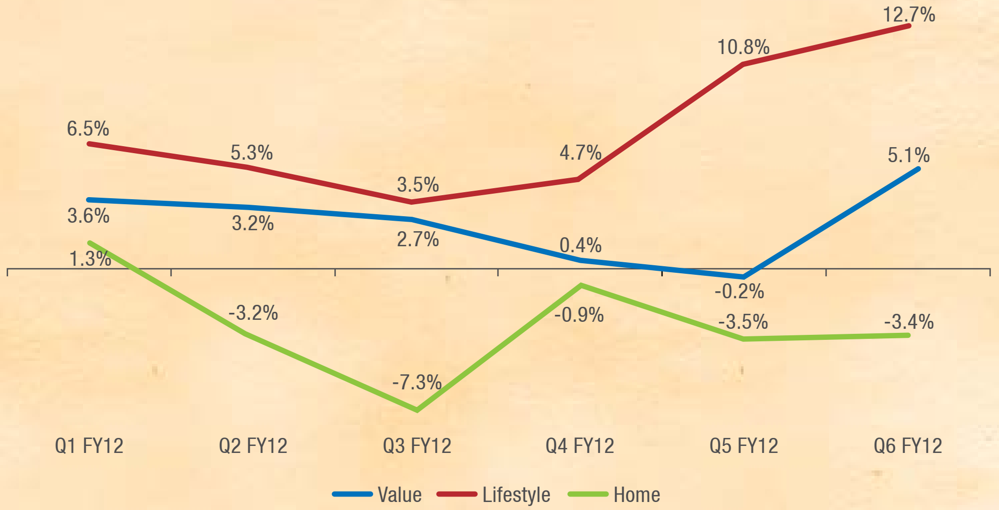
In effect, in an environment that discourages the use of additional resources to build businesses, we are learning to achieve disproportionately more growth from the same set of resources that we have with us.

Unlocking Value

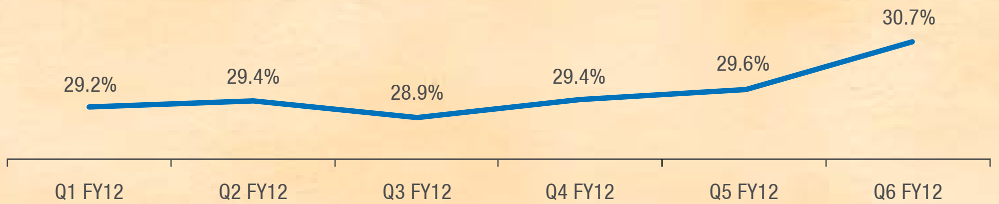
During the last decade, we had also developed businesses in the

Lower economic growth and dip in consumer sentiment impacted business tremendously. Revenue growth was subdued due to low same store sales growth and marginal growth in net operational space due to store rationalisation.

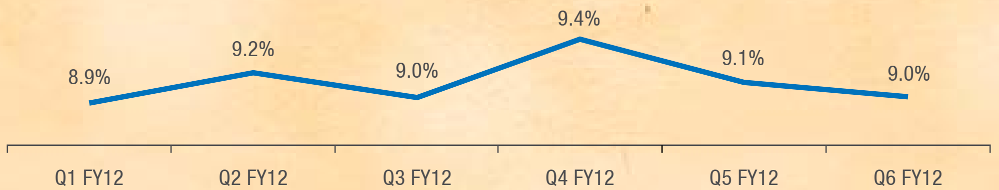
While Same Store Sales Growth started to recover towards the end of the financial year,



Operational improvements and optimisation of costs resulted in consistent growth in Gross Margins and EBDITA. Gross Margins improved from 29.0% in 2010-11, in the core retail business to 29.5% in 2011-12



And EBIDTA Margins improved from 8.7% in 2010-11, in the core retail business to 9.1% in 2011-12



Further, deleveraging of balance sheet through monetisation of non-core assets and demergers of business is bringing down interest outgo. This should result in improvement of Net Profit in the forthcoming year.

> We are hopeful that the consumption demand will become more consistent during 2013 and as the green shoots of recovery show up, I can assure that we are more prepared than ever to ride the wave of the Indian consumption story.

financial services sector with the objective to integrate it with our retail business, use the synergies to drive further consumption and gain a larger wallet share of our consumers. While these businesses grew at a steady pace, we failed to realise the synergies between our retail business and financial services. We therefore decided to divest these businesses and monetise our investments in non-core areas like financial services.

Your company had invested ₹ 60 crore in Future Capital Holdings since inception. During the year, the company exited almost its entire stake in the business in favor of global private equity major, Warburg Pincus for ₹ 433.41 crore. Similarly, your company's investments in its insurance joint ventures with the Generali Group have helped grow the business significantly. We are confident of identifying partners for divesting our stake in life and general insurance business during the first quarter of the new financial year. Both these divestitures will help in deleveraging your company's balance sheet to a large extent.

The company's oldest retail chain, Pantaloons has a size and scale that is comparable to many other listed retailers in the country. It is a business wherein we believe that there is a significant scope to unlock value for our shareholders. Earlier in the year, we decided to demerge this business and have as a majority partner in this business, one of India's leading business groups, Aditya Birla Group.

Further to these, we have also decided to demerge the company's lifestyle fashion business that includes chains like Central, Brand Factory, aLL and Planet Sports and combine this with the group's strong portfolio of domestic and foreign brands and its investments in the fashion space, to form an independently listed company, Future Lifestyle Fashions.

Each of these steps has been taken with a few objectives. The first and foremost was to focus purely on retail as a business. And within the retail business, we intended to simplify and focus independently on the three key areas of businesses within the company – hypermarkets and supermarket operations, an integrated fashion company and an integrated food and FMCG company. It is our intent and hope that these steps will not only result in unlocking of value for all our shareholders' but also build a more solid foundation for the growth and efficiencies for each of these businesses.

Outlook

We are happy to share that even in these difficult times, the steps we are taking has started to yield some results. The gross margins in the core retail business have improved from 29.0% in the previous financial year to 29.5% during this financial period and the EBDITA has also improved from 8.7% to 9.1%. The same store sales growth, which had dipped abysmally during the first few quarters of the financial year, has shown some encouraging improvement towards the end of the financial year. The deleveraging of the balance sheet is also resulting in decrease in interest outgo and the full impact of this will be felt during the forthcoming financial year.

At the policy level, we are seeing some welcome developments. The recent removal of the excise duty on branded garments augurs well for the company in the days ahead. Further steps like liberalisation and reform of retail and distribution sector and rolling out of Goods & Services Tax (GST) regime will add further momentum to the growth of consumption and retailing in the country.

The worst is now behind us. We are hopeful that consumption demand will become more consistent during 2013 and as the green shoots of recovering show up; I can assure you that we are more prepared than ever to ride the wave of the Indian consumption story.

During the past eighteen months, we have collectively taken some difficult decisions - whether it was divesting some businesses that we had built from scratch or closing down of certain stores or formats. These were not emotionally easy decisions. But these were rational steps taken in the best interest of all our stakeholders and with the belief that these will help put your organisation on a firmer footing for growth and value creation.

Today, we are looking at the future with renewed vision and approach for your organisation. Thank you for having your faith and trust in us and we hope for your continued support, encouragement and guidance in our endeavour of creating a world-class retail organisation here in India.

Rewrite Rules, Retain Values

Kishore Biyani

UNLOCKING **VALUE**

Non-core businesses like financial services were divested with the objective to focus purely on retail businesses. Within the retail business, the objective was on bringing in more simplicity and focus on the three broad operations of the company – hypermarkets, lifestyle fashion and food. The businesses were demerged and realigned to form three distinct companies.

Pantaloon Retail's name changes to Future Retail. Shareholders get a share in Future Lifestyle Fashions for every 3 shares in Pantaloon Retail. In addition they also get one share of Pantaloons demerged entity for every 5 shares held in Pantaloon Retail. Both the entities will be listed during the forthcoming year and the full impact of these steps will be realised during the first half of 2013. Apart from significantly deleveraging the balance sheet, these steps have created a stronger foundation for profitable growth of the businesses and unlocked value for all shareholders.

The following page showcases the proposed structure, subject to necessary approvals.

UNLOCKING **VALUE**

FUTURE RETAIL

Led by the only pan-Indian hypermarket and supermarket retail chains, this business focusses on maintaining its competitive advantage as well as gaining the benefits of scale through focusing on efficiency and productivity. Also operates home improvement and consumer durables chains.

Operates around 11 million square feet of retail space through a network of 233 hypermarkets and supermarkets and 52 electronics and home stores.

FLF FUTURE LIFESTYLE FASHIONS

A leading fashion company with department stores and specialty chains backed by a strong portfolio of established domestic brands and well-known foreign brands that also have their independent distribution network.

Operates around 4 million square feet of retail space backed by over 20 company owned fashion brands that are retailed also through over 200 EBOs and 1,000 MBOs, including all leading department stores in the country.

future ventures mentor.entrepreneurs

An integrated food and FMCG company with food parks, a portfolio of fast growing FMCG brands and its own distribution network through urban convenience stores and rural wholesale markets.

Operates around 250 convenience stores in Mumbai, Delhi and Bengaluru, and a rural wholesale chain, apart from an upcoming 110 acre integrated food park.

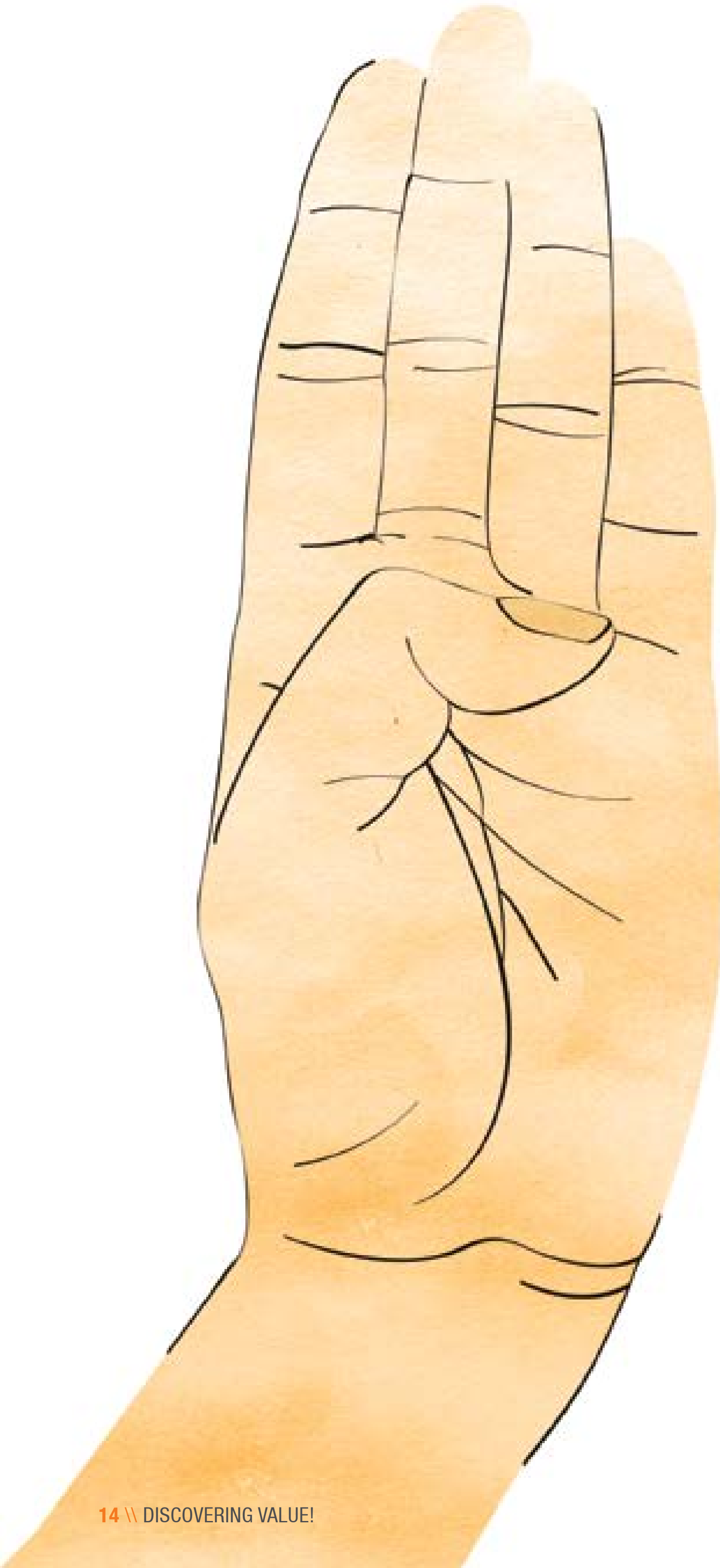
pantaloons FRESH FASHION

Operates fashion retail format along with outlet stores with over 2 million square feet of retail space

Demerged from PRIL and merged with Peter England Fashions and Retail Limited, an ABNL subsidiary

HYPERMARKETS & SUPERMARKETS: Big Bazaar, Food Bazaar, FBB, Foodhall HOME FORMATS: HomeTown, eZone	INVESTMENTS: Future Supply Chain (Stake: 70.17%) Future Generali Life Insurance (Stake: 49.90%)* Future Generali India Insurance (Stake: 49.90%)* Capital First (Stake: 9.55%) Future Lifestyle Fashions (Stake: 19.79%) Future Ventures (Stake: 9.52%) Apollo & Goldmohur Apparel Parks (Stake: 39%)	SHAREHOLDING: FUTURE RETAIL SHAREHOLDERS (100%)
FASHION FORMATS: Central, Brand Factory, aLL Planet Sports FASHION BRANDS: John Miller, Indigo Nation, Soir, Scullers, Urban Yoga, Lombard, Ajile, Urbana, Jealous 21, Bare, RIG, Lee Cooper, UMM, Manchester United, Daniel Hechter	INVESTMENTS: AND (Stake: 22.86%) BIBA (Stake: 28.30%) Turtle (Stake: 26%) Indus Tree Crafts (Stake: 63.34%) Celio (Stake: 49.99%) Clarks (Stake: 50%) Holii (Stake: 50%)	SHAREHOLDING: FUTURE RETAIL SHAREHOLDERS (49.97%) (SWAP RATIO 3:1) FUTURE VENTURE SHAREHOLDERS (30.24%) (SWAP RATIO 31:1) FUTURE RETAIL (19.79%)
INTEGRATED FOOD PARK FOOD & FMCG BRANDS: Tasty Treat, Fresh n Pure, Premium Harvest, CleanMate, CareMate, Sach, Ekta DISTRIBUTION: KB's Fairprice, Big Apple, Aadhaar	INVESTMENTS: Capital Foods (Stake: 43.76%) Amar Chitra Katha (Stake: 65.84%)	SHAREHOLDING: FUTURE VENTURES SHAREHOLDERS (90.48%) FUTURE RETAIL (9.52%)
FASHION FORMATS: Pantaloons, Pantaloon Factory Outlet		SHAREHOLDING: FUTURE RETAIL SHAREHOLDERS (49.91%) (SWAP RATIO 5:1) ABNL SHAREHOLDERS (50.09%)

** Represent direct & indirect stake as on December 31, 2012*



STORE OPERATIONS FOCUSED ON INCREASING PRODUCTIVITY & EFFICIENCY

"In its 10th year of operations, a large number of Big Bazaar stores underwent improvements and renovations; sporting a new look to stay a step ahead of consumer aspirations. Big Bazaar was adjudged as the 3rd Most Trusted Brand in the services category in a consumer survey done by global market research firm, Nielsen, in association with The Economic Times."

During the last eighteen months, the company focused as much on opening new stores in key locations as on improving store productivity and efficiencies. The intent was that growth should not only be driven by new stores or attracting new customers to the stores, but also through increase in per square foot sales and productivity, increasing ticket size of existing customers and building and sustaining a merchandise mix that optimises return on investment. With this objective, the company focused on extensive renovations of stores, investing in further development of the brand and customer experience within stores, reviewing and appropriately revamping categories like electronics and home appliances, mobile phones, home fashion and footwear across formats.

In its tenth year of operations, a large number of Big Bazaar stores underwent improvements and renovations; sporting a new look in order to stay a step ahead of consumer aspirations. Launched with a new logo and tagline 'Naye India Ka Bazaar', the renewed Big Bazaar caters to the customers who have evolved in tastes and choices over the last decade. The hypermarket chain now sports a clear 'Good-Better-Best' range for every merchandise category, offering customers with more choice and options to upgrade, rather than being just positioned as a value destination. Some of the Big Bazaar stores have also been resized with intent to improve store productivity, efficiency and reducing store operation cost. At locations that weren't performing up to the mark, the company decided to rationalise spaces either through shutting down non-performing sections of the store, conversion of lifestyle formats to value formats or full closure of stores. The renovations and optimisation of the store network have started yielding results with most of the renovated stores offering significantly higher same store sales growth, and marked improvement in per square feet productivity .

Big Bazaar was adjudged as the 3rd Most Trusted Brand in the services category in a consumer survey done by global market research firm, Nielsen, in association with The Economic Times. The other brands amongst the top 5 were Airtel, Vodafone, State Bank of India and BSNL.

With the re-branding of fashion section as FBB, the format focuses on contemporary clothing. While fashion sections within existing stores sported new merchandise and a new look and feel, the expansion through 16 standalone stores has added to the formats aggression in capturing the new markets and increasing customer traction in existing stores. The stores' staff in the fashion category are trained and educated in fashion leading to suggestive selling. At Big Bazaar, cross category footfalls are incentivised using coupons received at Food Bazaar which can be redeemed at FBB. Such strategies increase the customer's basket size by encouraging them to shop across categories.

The home and electronics business is going through a steady transformation and turnaround. This year saw the convergence of HomeTown and eZone operations to drive synergies between the two formats. The company has identified five cities that it will focus for the growth of the eZone format. The aim is to emerge as a market leader in each of these cities and then replicate its dominance across other cities. With an aim to focus only on 5 cities, eZone has shut down 22 stores in cities, wherein it had only one or two stores while opening 15 new stores within the five cities. This has helped the company reduce inventory being held at every city as well as reduce marketing costs for the brand in every city. The company's furniture sections and stores have been revamped and redesigned, aligning them with the HomeTown brand. HomeTown Express and HomeTown Design & Build stores act as spokes to the large format HomeTown hub stores. The company has also been on working on controlling costs on various fronts and some positive results are coming in from operational and people cost on per square foot basis.

While reaching out to new consumption centers within existing cities and in new towns, and driving consumption through new occasions and categories, remains a priority in a country like India, the steps mentioned above is helping the company improve productivity, getting more from the existing network of stores. More importantly, it is also helping the company achieve a higher return on investment within each of the retail formats.

AN APPROPRIATE MERCHANDISE MIX THAT DELIVERS ON HIGHER RETURN ON INVESTMENT

During the first decade of operations, the focus was on achieving disproportionate growth by expanding into new categories and geographies. The aim was to capture a majority share of the consumer's wallet. This decade provided the lessons in terms of categories, consumer tastes and consumer evolution along with price points for retailing. The learning and understanding of each of these factors has prepared the company for its second innings. It is now focusing on profitable growth, consolidation and convergence across formats and categories; resulting in increased productivity and profitability.

> The company remains committed towards reducing the inventory days and optimising its working capital requirements. A number of strategies including better demand prediction, a leaner and efficient supply chain, collaboration with supply partners, an optimum merchandise mix and stabilisation of raw material prices are helping the company move towards a lesser than 100 days inventory level.

The backbone of a successful store is the appropriate merchandise mix which not only draws customers to the store but also enhances the store profitability. With the changes in customer aspirations, assortment of various categories has been reset. Categories including electronics, footwear, home fashion and furniture were reconstructed from a zero base and are gaining better customer traction and also providing higher margins. The new assortment in these categories offer customers disproportionate value with new price points.

In order to increase the share of high margin categories, there is a renewed focus on provoking consumption in home category. At Big Bazaar, the home category assortment was reset to grab-and-go furniture and home fashion compared to the earlier assortment of bulkier wardrobes and beds. The key categories with a redefined assortment include storage containers, bed sheets, crockery, cutlery and carpets. Also, the customers' buying convenience is increased using a better visual merchandising. These categories have delivered higher throughputs and enhanced margins in the home category. Within electronics, higher value items like washing machines, LCDs and air conditioners that offer lower margins and inventory risks have been replaced with higher shares of home appliances that earn a higher margin and volumes.

Fashion remains one of the most important businesses within the company, offering high margins but also requiring a higher working capital. On one hand, this category, wherein the company has a strong portfolio of private brands, requires the company to plan and place orders with suppliers months in advance. Also, it is important to maintain high fill rates for every stock keeping unit (SKU), in order to offer the full range and choice to customers and not miss out on any potential demand from customers.

On the other hand, each of these factors drain crucial working capital from the business. The company has consistently worked hard on maintaining optimum inventory levels and reducing it wherever possible, without sacrificing growth of the business.

By June 2010, the company had been able to bring down the total inventory days to less than 100 days. However, a combination of factors, including an increase in raw material prices, imposition of new excise duties and other factors had led to increase in retail prices across the fashion category.

This had also resulted in the value and volume of the inventory going up significantly over the past two years.

The company remains committed towards reducing the inventory days and optimising its working capital requirements. A number of strategies including better demand prediction, a leaner and efficient supply chain, collaboration with supply partners, an optimum merchandise mix and stabilisation of raw material prices are helping the company move towards a lesser than 100 days inventory level.

Creation of fresh demand is also a critical need for this category and this has been led through the re-branding of the fashion space within Big Bazaar. The fashion section, FBB, with its new branding and positioning and new tagline 'Let's make India thoda aur stylish', is focused on selling fashion, not just apparel. FBB is designed as a department store for the aspirational, mass customer. The company is now ready to capture the young India with FBB focusing as much on women and kids clothing as it does on menswear. The price points have been redefined to provide disproportionate value at the entry price points to the customer.

Promotional events during the year offered customer's opportunities to celebrate consumption. The 6-Day MahaBachat Sale at Big Bazaar with the motto of 'mehangi pe halla bol', received a stupendous response from the customers across the country. Over 8 million customers reaffirmed their trust and shopped in Big Bazaar stores during the 6 days alone. Big Bazaar's certain signature combinations proved to be a hit amongst the customers. For example, 5 kilograms of rice and sugar and 5 litre of edible oil sold over 140,000 packs. Moreover, customers bought over 1,500 tons of detergent at Big Bazaar. Attractively priced products like LED television, mixer grinder and induction cookers registered 100% sell out. Most importantly, it helped drive aspirational and lifestyle products in the homes and hearts of new consumers, yet untouched by modern retail and distribution. Tomorrow, they will become regular customers for the company.

In order to cater to their demand and manage such high volumes, what is required is a world class supply chain that is just as large and magnificent as the demand of India's new consumption class.

AN OPTIMISED SUPPLY CHAIN OPERATIONS IMPROVES CUSTOMER DELIVERY AT LOWER COSTS

"The performance of DCs are measured on the basis of throughput. Earlier the churn out used to be 20,000-30,000 pieces everyday which has now jumped to over 100,000 pieces. The recently launched DC in Mihan, Nagpur on a peak day handles more than 400,000 pieces which has catapulted it to global standards."

An efficient supply chain lies at the heart of any successful retail operations. An optimised network of distribution centers lowers costs, significantly improves inventory management across the retail operations and also improves availability to merchandise or fill rates across stores, leading to higher sales. But for this to happen, it requires a whole lot of infrastructure and technology to fall in place.

A transportation fleet that is GPS / GPRS enabled assists in route optimisation. A state-of-the-art Warehouse Management System (WMS) increases the visibility of inventory and throughput, strengthens order management, increases labour productivity and asset utilisation leading to reduction in warehousing cost. An Auto Replenishment System ensures lower obsolescence and lower markdown for the fashion business resulting in higher profitability. A Put-To-Light technology at the warehouses results in saving valuable time and resource during inward receipt at the stores. Material handling systems like forklifts, tail-lifts and pallets prevent damages to the SKUs whereas packaging solutions like shrink wrap and roll cages help in preventing shrinkage and pilferage.

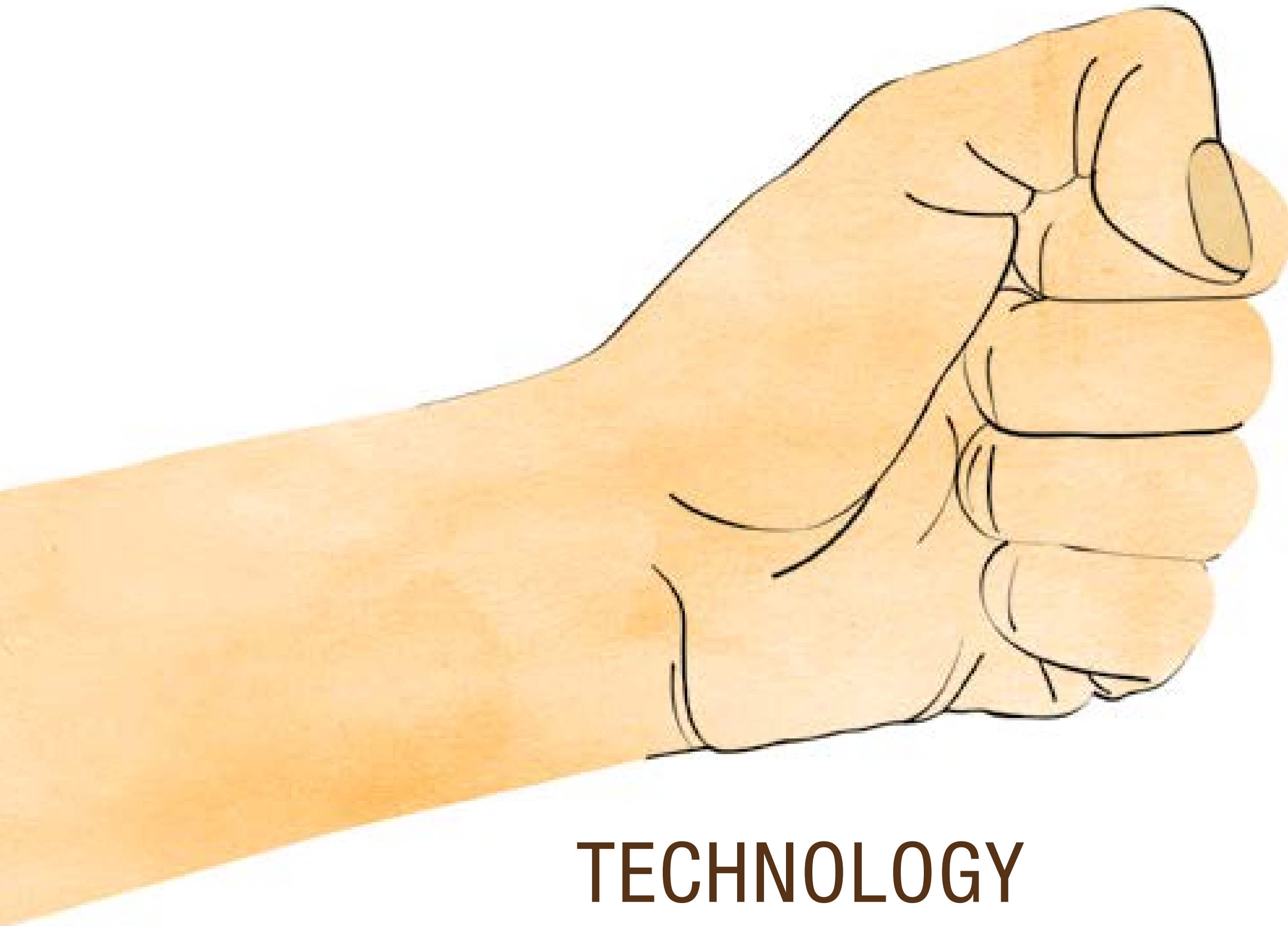
Each of these features that go into building world class supply chain networks are now part of the company's logistics and supply chain operations. The company's specialised subsidiary, Future Supply Chain (FSC) has built distribution centers and a supply chain network that can be benchmarked with the best-in-class networks across the world. Built with the upcoming GST regime in mind, this supply chain network has the unique advantage of catering warehouse consolidation requirements of key consumption categories including fashion, food and FMCG, consumer durables, general merchandise and furniture. In fact, this network, built in participation and active involvement of the Hong Kong-based Li & Fung Group, now caters to not only the company's requirements but also a number of leading Indian corporates engaged in food, fashion, automobile and consumer durables sectors.

There has been a sea change from what it was five years back. The company used to operate around a hundred small warehouses sizing 20,000-30,000 square feet across India, which were no better than godowns. During the last five years, FSC has evolved from godowns to warehouses to distribution centers (DC). It has successfully implemented state-of-the-art technology solutions, like WMS, TMS and ERP systems ensuring high visibility and control. The performance of DCs is measured on the basis of throughput. Earlier the churn out used to be 20,000-30,000 pieces everyday which has now jumped to over 100,000 pieces.

The recently launched DC in Mihan, Nagpur on a peak day handles more than 400,000 pieces which has catapulted it to global standards. The "Zero Mile City" of India, Nagpur is considered an ideal location for centralised distribution especially in the consumption domain. The top eight consumption centers in India are all within 48 hours of road transit time from Nagpur. This is the first of its kind ultra modern, highly automated, multi-category single location facility of around 400,000 square feet dedicated to product categories across apparels, footwear, furniture, general merchandise, home furnishings. The DCs of these categories have been consolidated from various regions across India to the Nagpur DC. This facility not only reduces variability and inventory holding but also avoids double storage of imported / national distributed stocks.

Previously, Big Bazaar operated through 16 DCs for its major categories which were located closer to the consumption centers. While that helped reduce cost-to-market, it also resulted in multiple stocking keeping points. Over the last few years, the company has consolidated its supply chain network catering to Big Bazaar stores pan India. The company has moved from 16 basic DCs in 2008 to 5 DCs by 2010, further consolidating this network to 2 DCs in 2012 for the apparel category. The company targets at further operating out of just one DC for its Big Bazaar stores across India by 2013. This consolidation has resulted in reduction of DC space by around 40% in apparels category and 50% in general merchandise. Vendor touch points have been reduced drastically thereby reducing dispatching and billing complexity at the vendor's end. The span of control has decreased significantly instilling greater inventory discipline and increased visibility phenomenally.

In 2011, the company had launched India's first most automated DC for food & FMCG in Mumbai catering to its network of 20 Big Bazaar and Food Bazaar stores in Mumbai. The ~128,000 square feet DC handles FMCG, private brands, staples and fresh and vegetable categories. Dispatches to the stores are in unitized loads in roll cages that are floor ready merchandise for the retail store - directly from unloading point to store shelves. Store deliveries through automated technologies like roll cages and tail lifts, scissor lifts has reduced loading and unloading time at the store by third, ensured quicker vehicle turnaround and reduction in store backroom staff for vehicle unloading. This has also resulted in elimination of chances of in-transit damages and shrinkages. This DC improved the fill rates or store shelf availability – a critical factor that drives higher sales within Food Bazaar.



TECHNOLOGY THAT ENABLES BETTER PLANNING FORECASTING AND RESOURCE ALLOCATION

> Acknowledging the influence of technology over business processes, scheduling and planning organisational resources, the company has invested heavily in the best in class technology practices across functions. The company has aligned its business and technology practices to build a scalable architecture to support our high-velocity consumption business, and drive a unique consumer experience across a country as diverse as India.

It is said that a chain is only as strong as its weakest link. In a retail business, it is technology that ensures that aren't any of these links that remain sub-optimal or weak. The company has developed a sizable and scalable business model across formats and categories, and essential ingredient to this scale is a strong technology backbone. Technology helps in streamlining operations and reducing time to market for products by enabling seamlessness with a click of a button. Acknowledging the influence of technology over business processes, scheduling and planning organisational resources, the company has invested heavily in the best in class technology practices across functions. The company has aligned its business and technology practices to build a scalable architecture to support our high-velocity consumption business, and drive a unique consumer experience across a country as diverse as India.

The company adopted Reflexis solutions enabling execution excellence in the entire ecosystem of stores, suppliers, and zonal and category teams. The web based solution has been implemented to drive best-in-class execution in four areas: Corporate Operations, Store Execution, Labor Operations, and StorePulse. With Corporate Operations, the company can coordinate planning, increase visibility, and bridge the execution gap between its home and zonal offices and store operations. This technology enables streamlining planning processes and helps in consistently executing strategy across the enterprise. The Store Operations ensures consistent execution of corporate strategy by all stores boosting productivity, increasing sales, and realising rapid return on investment.

The Reflexis Labor Operations provides visibility into workloads required to complete tasks in the stores ensuring efficient bottom-up corporate-driven work – promotions, new product roll outs, category reset – which accounts for a significant portion of store activities. The StorePulse platform enables tracking day-to-day operations at each and every store and helps to synchronise corporate and store level activities with real time customer demand. Stores can systemically execute best practices to provide a greater quality of customer engagement, leading to higher revenues.

With Reflexis solutions, the company can now coordinate planning, optimise workloads, streamline communication, monitor performance in real time, and respond pro-actively to key sales and operations metrics using best practices.

The company's new and advanced Point-Of-Sale (POS) technology and retail software across its stores has led to quicker processing of product information, save cost and time. The new POS hardware and retail software by Wincor Nixdorf has helped service our customers in a better way. It has reduced the check-out time by 65 % and customers don't have to stand in queues for long. It has also made billing more accurate and secure for customers to pay for their goods. The company has now installed over 7,000 POS systems across all its retail formats. This technology helps accelerate scanning of goods, processing of product information and quicker cash payments.

During the financial year, the company also entered into a managed services agreement with Cognizant, a leading provider of information technology, to the entire store network across 95 cities and towns in India. Along with providing service desk support, data center management, and network services support, Cognizant will also deliver the mission-critical, last-mile IT infrastructure services support to the company's ever growing network of stores, warehouses, offices, and data centres.

The use of new mobile handheld terminal (HHT) devices helped reduce the time taken for stocktaking of inventories and also improved its accuracy. Additionally, the HHT devices has also reduced shrinkage, wastage and improved inventory management. Energy costs for retailers in India are disproportionately higher compared to elsewhere in the world. In order to bring this down, the company has put in place an advanced Schneider Electricity monitoring system that tracks real time and regular consumption patterns across every point for stores and recommends solutions for optimising costs.

The company's Vendor Relationship Management Portal (VRMP) now provides better visibility to over 3,000 supply partners. The VRMP improves sharing of key information between the company and its suppliers, tracking of entire procurement cycle (from initiation to settlement), better control over assortment and logistics and also enables suppliers to plan replenishment by giving them access to their sales and stock reports, enables them to introduce new articles automatically and reduces offline communications between supplier and the company for any status query.

Additionally the company has implemented a unique solution Perks & Incentive engine that helps in incentivising store staff in a more comprehensive, efficient and appropriate manner. However, technology yields the maximum dividend when it is designed to play a role in improving the customer experience and strengthens the relationship and loyalty the company builds with its customers.

STRENGTHENING LOYALTY PROGRAMS AND OPTIMISING MARKETING SPENDS

The business of retail is as much about acquiring new customers as it is about continuously gaining a larger and larger part of the customers' wallet share. During the 18 months, the company attracted over 433 million customer footfalls, which translates into stores registering 24 million customer visits every month. While, a part of it accounts for new customers, amidst a slowing economic growth environment, the company focused more on ensuring that its existing customers visit the stores more often and rely on our stores for a larger share of their monthly purchases.

This strategy was executed through a stronger focus on loyalty programs that helped improve customer stickiness, increased ticket sizes and most importantly helped reduce conventional advertising expenses by optimising overall marketing spends on customers. Loyalty programs also drive customer analytics that helped improve assortments and demand prediction.

The company sports two very unique loyalty programs that collectively have around 14 million customers. These loyalty programs are operated at the group level and encompass all company formats. The multi-partner loyalty program, Payback, backed by American Express has members like ICICI Bank and HPCL among its member companies, apart from your company. Since its initiation in September 2011, the Payback program has contributed an increasing share to the company's sales. Each retail chain has been able to leverage the program to create preview days during sale, launch of new season and celebrate special consumption days.

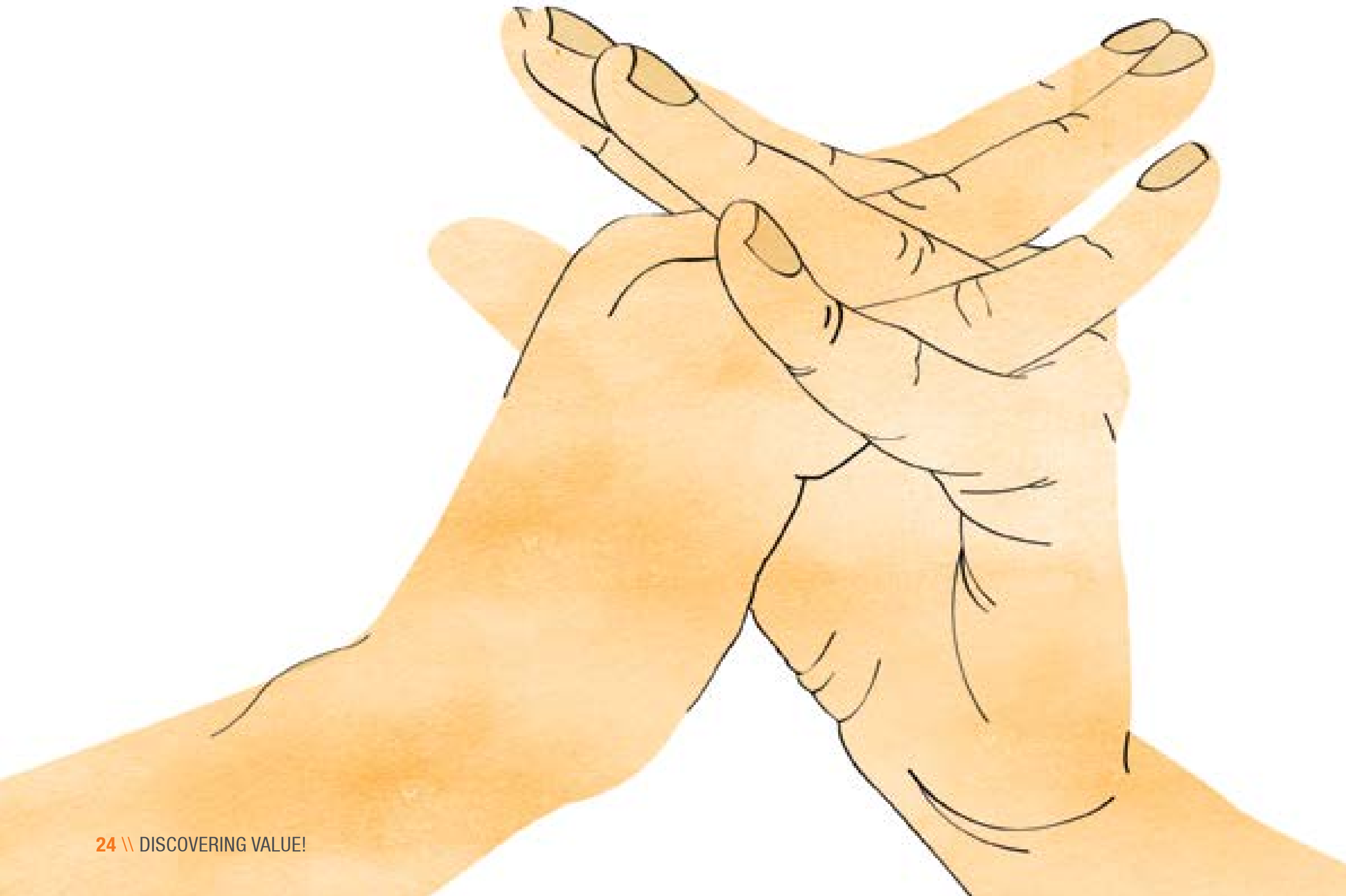
One of the key objectives of the program is to leverage cross format usage and Payback helps drive between 15- 50% of Payback network customers to the company. eZone currently has around 50% customers from the Payback network shopping at the chain.

Towards the last quarter almost 45% of sales were from Payback loyalty member customers and in some formats it was as high as 66% and 52% in Pantaloons and eZone respectively. The program is also seeing a high percentage of repeats like in the case of Big Bazaar it is as high as 69% and 42% at Central as of December 2012.

The other loyalty program, T24 offers mobile talk time every time customers spend at our store. It attracts a unique proposition to its niche clientele and the average ticket size of customers using T24 mobile connection is almost three times more than that of other customers shopping at company stores.

Loyalty programs are just one of the ways in which we are building a relationship with customers. While others may stop at building market share, your company strives towards building mind share and heart share of customers and communities we operate in. While loyalty programs and analytics help gain quantitative information on customers, a large effort and investments goes into gaining the qualitative insights on consumers through looking at social, cultural, historical aspects of India's diverse communities, their beliefs, customs, rituals and festivals, professions and their way of live. Much of these knowledge and insights are getting translated within stores to provide services, merchandise, communication and promotions that attract diverse Indian consumer groups. At a large number of hypermarkets, the company is providing various services that remove the negative labour in the kitchen of home owners. Services like cutting of vegetables, making the dough for breads etc help earn heart share of customers and increase their loyalty to the stores. The company has also rolled out a 'Seva' program that is aimed encouraging store employees to go an extra length to service customer needs and expectations.

REORGANISING PEOPLE RESOURCES & ORGANISATIONAL DESIGN TO ACHIEVE MORE FROM THE SAME



> “This year witnessed de-layering and convergence of various teams across formats and geographies leading to simplification and seamlessness. This also increased accountability and authority of employees driving them to achieve higher profitable growth.”

Your company believes that despite the huge investments that a business like retail requires, the most important asset that creates a long term competitive advantage for a retailer is its people. The ability, belief, skills insights, dedication and the values that the people in a retail organisation has determines how successful it is in reaching the best sourced products to its customers at the most appropriate time, value and experience; each time, every time, round the year.

The company believes in creating a culture and environment that allows its people resources to best utilise their skills, knowledge and leadership abilities and collectively excel in serving the customers. The company runs a vast variety of over a dozen learning and development for its employees at every level. While Shishya and Seekho programs allow employees to avail of grants and leaves from the company to pursue higher degrees and diplomas, LEAP or Leadership Excellence Advancement Programme is an initiative which identifies and develops an individual’s leadership potential and grooms him or her to become a KARTA (Store or Area Manager) who cares, protects, enables and delivers his or her promises to his or her people and to his business. The Store Guru program enables store employees with the guidance of Store Kartas to deliver training on Process Excellence and Product Knowledge in the store and create a culture of learning within the stores. Vidhyarambh or ‘The festival of learning at our stores’, aims at addressing the training requirements that have been highlighted through the annual appraisal mechanism. PRISM is a talent pipeline identification program for Store Karta’s through an integrated learning and development plan. Another interesting program is Gurukool which aims at building self confidence to discover their true potential. Initiatives like Chhota Bheem and Chhota Kuber are focused on the support staff at the store level and help enhance their functional as well as managerial skills.

During the past twelve months employees across stores, along with junior and middle management staff has undergone over one million hours of training. These have helped significantly in improving productivity, creating an atmosphere of continuous learning and development, identification of talent pipeline and succession planning and most importantly in creating happiness for customers and employees alike. Having the right team size doing the right job, from the store to corporate level, is essential so that the processes are seamless and efficient.

The theme of this year of achieving more from the same led to increasing productivity and efficiencies of each and every individual associated with the company. This year witnessed delayering and convergence of various teams across formats and geographies leading to simplification and seamlessness. This also increased accountability and authority of employees driving them to achieve higher profitable growth.

By enabling people to achieve more, handle higher responsibilities, larger roles and larger spaces and departments within stores, these programs have yielded results wherein despite increase in store space and business, the total number of employees at the company has remained almost constant. The manpower costs have been almost the same level through the financial year, despite growing business.

Earlier, Big Bazaar was operated by two teams based on geographical segmentation. With the intent of achieving more from the same, this structure was merged into one single team at the corporate level. Currently, a single team is responsible for the operations of Big Bazaar. Also within functions, teams were merged from two separate teams handling buying and merchandising to a single team responsible for both functions - thereby increasing end-to-end visibility. Even zones were reduced from seven to six zones. Events like SPARK 2012: “Igniting growth in Big Bazaar” brought teams from pan India to a single location celebrating accomplishments, acknowledging support and gearing up for the future. This event empowered and synergised teams for achieving the next level of profitable growth across value formats and categories.

This year also saw the convergence in the home business, where the teams of HomeTown and eZone were merged to form a single team responsible for both the formats together. This enabled the teams to have a holistic view of the entire home business and deliver more value to the customers. The home business is now able to offer customers bundled offers and disproportionate value. The new structure across formats has resulted in higher end-to-end visibility, reduction of operating costs, increasing accountability and efficiencies. The new streamlined teams will enable the stakeholders to reap the benefit in the form of better efficiencies and profitability.

CREATING HAPPINESS FOR CUSTOMERS, EMPLOYEES & ALL STAKEHOLDERS

Bringing within the reach of everyone the products and experience that earlier only the rich could afford, was the fundamental belief with which your company was founded. Over the years, we have realised that this alone isn't enough. Today individually and collectively everyone in the organisation has pledged to go an extra mile and often out of our way to bring a smile, a sense of happiness on the face of every customer and stakeholder. We call it 'Seva' – an act of giving without any expectations of getting anything in return.

Whether it was Jitendra Kalyani from Big Bazaar in Nashik who delivered a teddy bear at customers' doorstep at midnight so that the customer could surprise his wife on her birthday, or Roshan Sahebraoji Dongare from Big Bazaar in Pune who helped a customer recover from a bout of seizure within the store through prompt aid and attention or Jasmine Dhillon from Pantaloons Zirakpur, who took an entire wardrobe of suits to the house of a loyal customer so that he can choose one before he takes an urgent flight for a business meeting, every member of the organisation is committed towards performing the self-less act of Seva that brings happiness in the lives of our customers.

Since its beginning, every store within the company has played a critical role in being a positive agent in the community and amongst the customers it operates in. Stores across the country organise on an average 40 events every month, ranging from blood donation camps, training youths and adults who may be mentally or physically challenged in basic store jobs, visiting or hosting kids or senior citizens from homes and orphanages, traffic rules, health and environment awareness events, neighborhood cleaning projects and many more. In many regions, the company has also created unique events and programs like Annasantharpane that organises funds for local charities through offering meals to visitors at stores or Mangalam Yatra, a platform for self help groups and women entrepreneurs to train, showcase and help them retail home made products like textiles, food items and handicrafts.

Each of these activities helps us on a daily basis earn the goodwill and confidence of millions of customers. Elsewhere, our sourcing and merchandising teams work with a very large number of medium, small and micro-enterprises to support and source local merchandise and help these connect with a large number of customers on a national platform. In turn, many of them have become large and important supply partners for the company over the years.

The company's recruitment team and people office go an extra length to recruit from rural and underdeveloped regions while consciously ensuring that every community, including socially and economically disadvantaged groups are proportionately represented within our team – a diversity initiative that ensures that the company in turn is able to effectively connect with customers from every community and consumer groups.

It is obvious that modern retail is one of the largest beneficiaries of India's economic growth. At your company, what is more satisfying for all its members is that we are in a business that allows us to benefit the maximum number of stakeholders and play a direct role in India's economic development. Whether it is through bringing a smile to the face of every Indian consumer, generating employment for thousands of young Indians, creating new markets for India's entrepreneurs or empowering communities, we fulfill our commitment to be a positive change agent in society and create value for every stakeholder. In the process we develop new relationships with new communities and customers and every day lay a stronger foundation for our long-term, sustainable growth.

What we do today is born of a belief in Seva, a selfless act which we do not expect to be given anything in return. Nor do we expect it to be counted, measured and showcased. Bringing happiness to every stakeholder is a part and parcel of our every-day business.

> "Today individually and collectively everyone in the organisation has pledged to go an extra mile and often out of our way to bring a smile, a sense of happiness on the face of every customer and stakeholder. We call it 'Seva' - an act of giving without any expectations of getting anything in return."

A YEAR IN OUR LIVES

On an average, **550 bills** are generated every minute at the stores

With **10 mn packs** sold in a year, Maggi noodles is surely among the most popular food items for our customers

Big Bazaar sells around **50,000** carpets every year

On an average, **24 mn** customers visit the stores every month

FBB sold over **11 mn** Men's shirts & T-shirts and **2 mn** women's kurtis in a year - it's where India comes to get a wardrobe makeover

Over **14 mn** Indians are members of the loyalty programs of the company

Almost 2 mn each of double bed sheets and terry towels moved out of the racks of Big Bazaar into customers' home in a year

Customers have redeemed **1.1 bn** of Payback loyalty at stores since September 2011

On a peak day, the Nagpur Distribution Center ships out **400,000 units** of merchandise

Big Bazaar customers take home over **1.5 mn** Koryo Irons, Mixer Grinders & Induction Cookers every year

MANAGEMENT DISCUSSION & ANALYSIS

Management Discussion and Analysis

The financial period under review was a period of introspection and revisiting strategies for reducing cost, improving operational efficiency and productivity as well as reducing overall debt exposure of the Company. The company maintained a cautious approach towards expansion and focussed internally to drive growth through increase in productivity and efficiency of its existing operations. During the period under review, the Company realigned key business verticals to reduce cost and improve efficiency, revised store networks and layouts for increasing per square feet productivity and optimising area usage and redefined the key support activities to ensure minimised inventory, better management information, improvising skill set of employees.

Further, steps taken to divest interest in non-core retail activities would help in getting much required funding support for reducing debt burden and financing expansion program as well as increased management attention towards retail activities and thereby getting more strategic inputs on planning and operations.

The steps taken by the management during the financial period under review would ensure realisation of the value on various non-core retail activities as well as provide better returns in form of improved profitability and thereby increase economic value of business, improve overall stakeholders' satisfaction and also help better compliance and governance.

The benefits of consolidation and realignment initiatives would start showing results after final phase of consolidation and realignment, which would be completed in the current financial period. The Company remains committed towards simplifying its business. Through various divestments and demergers, the company has also reduced the number of its subsidiary companies from 27 in the previous financial year to 15 by the end of this financial period. These initiative would ensure consolidation of like with like and utilise the core competency of the organisation to develop its main business activities.

Operational Overview

The realignment of various verticals and lines of business to avoid duplication of costs, change of product mix at various formats to increase offtake, change of format layouts to make it more appealing and increasing per sq. ft. contribution, were some of the key strategic moves taken by the organisation, which would start showing results from the current financial period.

In addition to above, the introduction of few internal controls measures and making operational people more accountable, for cost-effective results has also created awareness among employees to minimise costs of operations.

Further initiatives to improve customer experience and increase loyalty has ensured increase in business from existing customers through improvement in ticket size and frequency of customers. Around 14 million customers are now members of the company's two cross-format loyalty programs – Payback and T24. The change in Big Bazaar's positioning from, 'Isse Sasta Aur Accha Kahin Nahin' to 'Naye India Ka Bazaar' coupled with improvement in consumer experience and merchandize assortment and creation of a whole new positioning for the value fashion business through the FBB (Fashion at Big Bazaar) brand has brought back excitement and enthusiasm in the stores.

The Company has over a period of years have gained experience and specialised skill sets for its key categories of Fashion and Food along with the Home category that includes general merchandise, home improvement and consumer durables. Development of an appropriate mix in these categories remains critical to improve the gross margins and returns on capital employed in the business. The Company is also developing private branded products in fashion, food and general merchandise and increasing overall share of private brands in these categories and thereby realising higher profits due to better margins. Further, change of product mix as per the regional demands and introduction of specific products considering various factors such as region, festivals, seasons, fashion trends etc. also is resulting in better sales realisation.

With revised strategy, the business in the group is being consolidated under three verticals viz. Fashion, Food and Hypermarket Retail (including Home improvement). Further control of Group on essential support services such as Supply Chain Management, Training and Development, IT management, Media Services etc. ensures lesser dependence on external resources for critical business requirements. The Company continues to strive all its efforts to ensure better customer experience in various formats stores of the company, which would increase customer entry and higher conversion in sales.

Customer and Marketing Overview

As explained above, the management efforts of the Company is to ensure increase in number of customer entry in various format stores of the Company and higher conversion of sales vis-a-vis entry of customers, thereby targeting maximum share of the consumption spent. The company is focussing on driving a higher rate of innovation in marketing and consumer engagement, coupled with improved analytics from its loyalty programs to better target its consumers in the most cost-effective manner.

During the year, the company's flagship format, Big Bazaar was adjudged as the third Most Trusted Brand in the services category, in a consumer survey done by global market research firm, The Nielsen Company. Among the other brands in the top five were Airtel, Vodafone, State Bank of India and BSNL.

Competition

The Company has been able to build a proven, scalable model in the hypermarket business in India through a strong presence in key consumption centres and at the same time establishing its presence in fast growing cities across the country. The Company also has a formidable and mature business in the lifestyle fashion retailing in the business. The competitive pressure, especially at the national level, in the hypermarket business continues to be feeble. However, there a few areas wherein the Company faces strong competition from local and national chains. The Company has been able to meet the competitive pressure in these localities and intends to further invest in better assortment, customer experience and improved price benchmarking in order to maintain its competitive edge.

In the lifestyle fashion segment, the Company's formats compete strongly with national chains. The company's vast experience, strong sourcing abilities, a strong portfolio of private brands and loyalty programs are expected to provide a fundamentally stronger position to face competition. The Company has also booked in significant amount of retail space for its future expansion plan in key locations across series and these will continue to provide enhanced edge against competitive pressures in the future.

Human Resource Initiatives

The Company considers its people resources among its most important assets and the management continues to invest a disproportionate amount of time and resources in building an organizational culture and design that allows every individual to excel in their areas of expertise. During the year the Company focussed on twin objectives of bringing in more simplifications and seamlessness in its organization design that leads to increased accountability and authority of employees in driving growth and profitability of the business. At the same time, the Company continued to invest heavily in training and development that focuses on helping its employees handle scale and efficiency in a better manner. Employees across its stores and its zonal offices went through over a million hours of training in various programs designed and delivered by the Company's inhouse training divisions.

In addition, the Company has also attracted key talents from across industries to get best direction for its management and operation teams. The management is confident of growing with its ever growing committed team.

Business Outlook

During the year, the Company has taken multiple steps towards divestment of non-core assets and building a focussed retail organization. Within its retail business, a number of initiatives focussing on increasing efficiency and productivity of stores, an appropriate merchandize mix, streamlined supply chain and distribution, increased investments in technology, customer engagements, loyalty programs and improving the customer experience, has started to show results.

The same stores sales growth has begun to show an improving trend and so has the gross margins in the business. Key costs too have shown a downward movement during the year. The Company expects each of these trends to gather momentum. However, with its nature of business and the scale and size that it operates, the Company's performance is intricately linked to the external environment.

The management is cautiously optimistic towards the external economic environment and expects consumer demand to become more consistent and robust in the forthcoming financial year. An improved economic environment is expected to not only help the Company continue to improve upon the trends mentioned above, but will also help reduce the inventory days in the business and also give the confidence to pursue a higher rate of expansion through new store openings in existing and new consumption centers.

Risks and Threats

The state of external environment, including factors like interest rates, inflation, growth in economic activity and job creation and consumer sentiment continues to be the biggest source of threat and opportunity for the Company. Any further slowdown in the economic activity in the country, significant job losses or high rates of inflation can severely impact the 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 steps taken by the Company during this financial year, including deleveraging the balance sheet, exclusively focusing on its core competence of its retail business, improvement in efficiency and productivity of its existing operations and ensuring higher spends from its existing set of customers are aimed at mitigating each of these risks.

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

Internal controls and their adequacy

The Company had identified the key risks and control process to mitigate the same. The Company continues this process of Enterprise Risk Management as a continuing process, in order to identify the new risks and to define and establish the control process to mitigate the identified risks. Further the Internal Control Framework for financial reporting, organisation structure, documented authorities & procedures and internal controls are being reviewed by internal audit team on continuous basis and any issues arising out of the said audit is addressed appropriately.

The Company is continuously upgrading its internal control systems by measuring state of controls at various locations. Controls in SAP, an ERP system have been strengthened with help of review conducted by Ernst & Young.

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

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

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

a. The previous period accounts comprise of Value Retail Business for a period of six months before its transfer w.e.f. January 01, 2010, to Future Value Retail Limited, wholly owned subsidiary of the Company. The accounts of the current financial period do not have any component of the Value Retail Business.

b. The previous period of accounts is for a twelve months period, whereas the current financial period is of eighteen months period.

c. The business undertakings pertaining to the Mall Management, Project Management, Mall Asset Management and Food Services were part of the previous period account for the part of the financial period before the same were demerged and transferred to Future Mall Management

Limited (now known as Future Market Network Limited) and Future Merchandising Limited (now known as Agre Properties and Services Limited) with effect from April 01, 2010 as per the scheme of arrangement approved by Hon'able High Court of original judicature of Bombay. The said business do not form part of the Company Accounts for current financial period.

Sales

The Company's Sales and Other Operating Income has increased from ₹ 4,101.48 Crores to ₹ 6,987.73 Crores with YOY growth of 13.58% for 18 Months period ended December 31, 2012. The Company has also recorded Same Store Sales Growth of 5.14% for 18 months period ended December 31, 2012.

Profit Before Tax

Profit Before Tax (including Exceptional Items) of the Company for 18 months period ended December 31, 2012 stood at ₹ 288.32 Crores as compared to ₹ 115.29 Crores during the previous financial period. The Company has recorded YOY growth of 66.71% in Profit Before Tax during the 18 months period ended December 31, 2012.

Interest

Interest & Financial Charges outflow has increased from ₹ 173.66 Crores in 2011 to ₹ 460.41 Crores for 18 months period ended December 31, 2012. 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 18 months period ended December 31, 2012 under review is 2.30 times as compared to 2.51 times in the preceding financial period.

Net Profit

Net Profit (including Exceptional Items) of the Company for 18 months period ended December 31, 2012 under review stood at ₹ 273.26 Crores as compared to ₹ 76.66 Crores in the previous financial period with an increase of ₹ 196.60 Crores and with YOY increase of 137.62% over the previous financial period.

Dividend

The Company has proposed a dividend of ₹ 1.10 (55%) per Equity Share. The dividend would be payable on all Equity Shares of the Company including Class B Shares (Series-1). Class B Shares (Series-1) would be entitled to 2% additional dividend as per the terms of issue of Class B Shares (Series-1).

Loans and Advances

Loans and advances stood at ₹ 1,455 Crores as at December 31, 2012 with an increase of ₹ 975.21 Crores over the previous financial period. The major component of the Loans and Advances represents Lease Deposits for the stores paid to Lessors and Advances given to Suppliers.

Capital Employed

The Capital Employed in the business increased by ₹ 1,923.42 Crores as at December 31, 2012. This is reflected in the liabilities side of the Balance Sheet through an increase in Borrowings by ₹ 679.01 Crores, Optional Fully Convertible Debentures ₹ 800 Crores and an increase in Shareholders Fund by ₹ 444.41 Crores. Return on Capital Employed during 2011-12 is 12.05% as compared to 9.62% during 2010-11.

Surplus Management

The Company generated a cash profit of ₹ 593.06 Crores for 18 months period ended December 31, 2012 as compared to ₹ 237.66 Crores in the previous financial period, registering the growth of 66.36%. The balance amount, after cash outflow on account of proposed dividend, is ploughed back into the business to fund the growth. The growth of the Company has partly been funded by the cash generated from the business as well as from additional funds borrowed and equity funds infused during the financial period.

Equity Share Capital

Pursuant to the conversion of Compulsorily Convertible Preference Shares (CCPS), the Company issued and allotted 63,47,635 Equity Shares of ₹ 2/- each as fully paid up to the holders of CCPS on July 31, 2011.

Pursuant to the approval of the members at the Extra Ordinary General Meeting held on May 30, 2012, the Company issued and allotted 81,63,265 Equity Shares of ₹ 2/- each to Bennett, Coleman & Co. Limited on June 06, 2012 on preferential basis.

After the above allotments, the paid up Equity Share Capital stood at ₹ 46,31,65,182 divided into 21,56,53,439 Equity Shares of ₹ 2/- each and 1,59,29,152 Class B Shares (Series-1) of ₹ 2/- each.

Warrants

During the financial period under review, 100 Lac warrants, issued to promoter group company lapsed, as the option for conversion of the same has not been exercised till the last due date of conversion. As a result the amount of ₹100 Crores paid as Warrant Application Money was forfeited and transferred to Capital Reserve Account.

Debt-Equity

Debt-Equity Ratio of the Company has increased with the additional funds borrowed for the expansion of the retail operations of the Company. Debt-Equity Ratio has increased from 0.70 in the previous year to 1.06 as at December 31, 2012.

Earnings Per Share (EPS)

The Company's Basic Earnings Per Share (EPS) has increased from ₹ 3.54 to ₹ 12.08 per share for 18 Months period ended December 31, 2012

Cash Earnings Per Share (CEPS)

The Company's Cash Earnings Per Share (CEPS) has increased to ₹ 26.22 in compare to ₹ 11.00 in the preceding financial period.

Investment

The Company's Investment Portfolio has increased from ₹ 2250.52 Crores to ₹ 2280.23 Crores for 18 months period ended December 31, 2012. The increase in investment during the year is mainly by way of subscription of shares in Subsidiaries/Associates/ Joint Ventures.

Note: 1. All Profit & Loss Account numbers for 18 months period ended December 31, 2012 have been annualised to calculate year on year growth on 2010-11 numbers.

2. Financial numbers for the period ended December 31, 2012 are for the period of 18 Months hence not comparable with that of previous financial period of twelve months.

DIRECTORS' REPORT

To
The Members

Your Directors are pleased to present the Twenty Fifth Annual Report together with the Audited Statements of Accounts for the period ended December 31, 2012.

FINANCIAL HIGHLIGHTS

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

(₹ in Crores)

	2011-2012	2010-2011
Sales (Net of Taxes)	**6,771.78**	3,942.31
Other Operating Revenue	**215.95**	159.17
Other Income	**27.70**	16.34
Total Revenue	**7,015.43**	4,117.82
Profit Before Depreciation, Exceptional Items & Tax	**343.59**	261.67
Less: Depreciation	**311.87**	146.37
Profit Before Exceptional Items & Tax	**31.72**	115.29
Exceptional Items	**256.60**	-
Profit Before Tax	**288.32**	115.29
Less: Earlier Year's Income Tax	**-**	2.08
Less: Tax Expense	**15.06**	36.55
Profit After Tax	**273.26**	76.66
Add: Balance Brought Forward From Previous Year	**506.35**	495.98
Surplus Available for Appropriation	**779.61**	572.64
APPROPRIATION		
Excess Provision Reversal of Tax on Dividend	**(0.85)**	(0.16)
Debenture Redemption Reserve	**69.38**	35.00
Proposed Dividend on Equity Shares	**25.54**	20.27
Proposed Dividend on Preference Shares	**-**	0.01
Provision for Dividend Tax	**4.14**	3.29
Transfer to General Reserve	**27.33**	7.88
Balance carried to Balance Sheet	**654.07**	506.35

REVIEW OF PERFORMANCE

The review is for the financial period of eighteen months pursuant to extension of the present accounting period by six months. We are pleased to inform you that the Retail business of the Company has been showing growth trend in spite of economy slowdown in entire retail industry during the financial period under review. The Company is now present in Lifestyle Retail segment and for the year under review recorded a good growth through increase in presence in various cities. Income from operations for the financial period under review were at ₹ 6987.73 Crores which was at ₹ 4101.48 Crores during the financial year of 2010-11. Profit Before Depreciation, Exceptional Items & Tax stood at ₹ 343.59 Crores in during the financial period of 2011-12, which was at ₹ 261.67 Crores in the previous year. PAT for the financial period under review was ₹ 273.26 Crores, which was at ₹ 76.66 Crores in the previous year. As explained above, since the current financial period was of eighteen months, accordingly, the current financial period result is not comparable with the previous financial period, which was of twelve months.

During the financial period 2011-12, the Company increased its retail presence from around 15 million square feet to approximately 16.5 million square feet space spread pan India basis.

Restructuring / hiving off businesses:

1. **Scheme of Amalgamation between the Company and Future Value Retail Limited**

   During the period under review, the Board of Directors of the

Company approved the amalgamation of Future Value Retail Limited (FVRL) with the Company pursuant to the Scheme under Sections 391-394 of the Companies Act, 1956 with effect from July 01, 2012. FVRL is wholly owned subsidiary of your Company having retail business formats like Big Bazaar, Food Bazaar etc. The Company is in process to file the application with the Hon'ble High Court of Bombay for its approval. However, the Scheme was subject to further review of the Board.

2. **Scheme of Arrangement between the Company and Aditya Birla Group**

   Pursuant to the approval of the members at the General Meeting held on May 30, 2012 the Company filed petition with the Hon'ble High Court at Bombay for demerger of Pantaloon Format Business to Peter England Fashions and Retail Limited, a Aditya Birla Group entity. The demerged undertaking comprises of Company's business under the name "Pantaloons" together with all assets, liabilities, brands etc. attached to the said Brand. The Company has obtained all requisite approvals from NSE, BSE, CCI and shareholders of the Company and petition had been submitted in the Hon'ble High Court of Bombay and would be coming up for final hearing on March 01, 2013.

3. **Composite Scheme of Arrangement and Amalgamation between PRIL, FVIL, LEE, ILCL and FLFL**

   The Board of Directors at its meeting held on November 09, 2011 approved the composite scheme of arrangement and amalgamation between Indus-League Clothing Limited (ILCL), Lee Cooper (India) Limited (LEE), Future Ventures India Limited (FVIL), Pantaloon Retail (India) Limited (PRIL) and Future Lifestyle Fashions Limited (FLFL) under Sections 391-394 of the Companies Act, 1956. The Scheme provides for demerger of fashion business of ILCL and amalgamation of LEE into FVIL, demerger of fashion business of FVIL and PRIL into FLFL. Pursuant to the said Scheme becoming effective, the shareholders of FVIL and PRIL shall be allotted equity shares of FLFL in the ratio as mentioned in the Scheme. The Company has already filed the application with the Hon'ble High Court at Bombay which has directed to hold the shareholders' meeting on March 04, 2013 for obtaining approval of the Scheme.

4. **Divestment of stake in Future Capital Holdings Limited**

   On September 27, 2012 the Company divested its majority stake in its subsidiary company Future Capital Holdings Limited (presently Capital First Limited) as a part of Company's strategy to focus on retail segment. At the end of the financial period ended December 31, 2012 your Company holds 9.55% stake in Capital First Limited. The majority stake sold by your Company was acquired by Cloverdell Investment Limited (Acquirer) following the open offer made by the Acquirer pursuant to the SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 2011.

DIVIDEND

The Board of Directors of the Company has recommended a dividend of ₹ 1.10 (55%) per equity share {Previous year ₹ 0.90 (45%)} and dividend of ₹ 1.14 (57%) per Class B (Series-1) share {Previous year ₹ 1.00 (50%)} for the Financial period ended December 31, 2012. The said dividend shall be subject to the approval of the members at the Annual General Meeting.

The dividend, if approved by the shareholders in the Annual General Meeting shall entail a payout of ₹ 25.54 Crores including dividend distribution tax of ₹ 4.14 Crores. The dividend is free of tax in the hands of the shareholders.

EQUITY SHARE CAPITAL

Paid-up Equity Share Capital

Pursuant to the conversion of Compulsorily Convertible Preference Shares (CCPS), the Company issued and allotted 63,47,635 equity shares of ₹ 2/- each as fully paid up to the holders of CCPS on July 31, 2011.

Pursuant to the approval of the members at the Extra Ordinary General Meeting held on May 30, 2012 the Company issued and allotted 81,63,265 equity shares of ₹ 2/- each to Bennett, Coleman & Co. Limited on June 06, 2012 on preferential basis.

After the above allotments, the paid up equity share capital stood at ₹ 46,31,65,182 divided into 21,56,53,439 equity shares of ₹ 2/- each and 1,59,29,152 Class B (Series-1) Shares of ₹ 2/- each.

WARRANTS

During the period under review, the Company forfeited 100 lacs warrants allotted to the Promoter Group entity which were not converted into equity shares. The subscription amount of ₹ 100 crore paid on these warrants have been forfeited and transferred to capital reserves.

DEBENTURES

During the period under review, the Company has raised long term funds through Non-Convertible Debentures aggregating ₹ 225 Crores. The funds raised were utilised for the objects as stated at the time of raising of funds.

FIXED DEPOSITS

The Company has not accepted any Deposits during the period under review.

REPORT ON CORPORATE GOVERNANCE

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

MANAGEMENT DISCUSSION & ANALYSIS REPORT

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

THE FUTURE

The Company entered the new financial period with a renewed focus on driving profitability within the stores and in full preparedness for the upcoming sale season across both the lifestyle and value segment. While spaces within some stores have been rationalised, the Company also added merchandise in preparation for the promotion period. Encouraging response from customers during the promotion has resulted in the promotion period ending on time and fresh merchandise entering stores on time to be sold at full price.

Heavy investment in refurbishment and up-gradation of format stores to make them more contemporary and in line with higher value and more aspirational merchandise being introduced, especially in the fashion category. These steps have met with an encouraging response from customers and have started yielding higher sales in these stores. In the year ahead, the Company will continue to selectively refurbish existing stores even as it adds new, upgraded stores. Change of overall strategy to format specific strategy would result in direct attention towards various formats of the Company and enable immediate resolution of the various format specific issues.

Various divestment and realignment initiatives taken by management and strategic management changes made during the financial period under review would result in reduced debt, cost reduction and better planning. This all initiatives would contribute to better profitability in years to come.

SUBSIDIARY COMPANIES & JOINT VENTURES

SUBSIDIARY COMPANIES

The Company has 15 subsidiaries as at the end of financial period. Subsidiary companies information for financial performance is given for eighteen months period ended September 30, 2012 as applicable for respective subsidiaries.

Home Solutions Retail (India) Limited

Home Solutions Retail (India) Limited (HSRIL) was incorporated to operate in the home and hard goods consumption space. Your Company has 66.86% stake in HSRIL. During the period ended on September 30, 2012 HSRIL registered total income of ₹ 4.50 Crores and net loss of ₹ 5.34 Crores.

Future Supply Chain Solutions Limited

Future Supply Chain Solutions Limited (FSCSL) is designed to operate in the logistics, transportation, distribution and warehousing space. FSCSL provides solutions in the areas of integrated Supply Chain Management, warehousing, distribution and Multi-Modal transportation. Your Company has 70.17% stake in FSCSL. FSCSL has warehousing space of 4 million square feet spread over all across India. The company is currently building large scale warehousing facilities and also increasing its presence in 3PL logistics solutions. During the period ended on September 30, 2012 FSCSL registered total income amounted to ₹ 514.07 Crores and net loss stood at ₹ 8.70 Crores.

Future Agrovet Limited

Future Agrovet Limited (FAL) is to strengthen sourcing and distribution of staples and other food products for the Company. FAL has sourcing and distribution bases at all key cities across the country. The Company has 96.16% stake in FAL. During the period ended on September 30, 2012 FAL registered total income amounting to ₹ 1633. 96 Crores and net profit stood at ₹ 4.52 Crores.

Future Media (India) Limited

Future Media (India) Limited (FMIL) is the Group's media venture, aimed at creation of media properties in the ambience of consumption and thus offers active engagement to brands and consumers. FMIL offers relevant engagement through its media properties like Visual Spaces, Print, Radio, Television and Activation. Your Company has 93.10% stake in FMIL. During the period ended on September 30, 2012 FMIL registered total income amounting to ₹ 57.27 Crores and net loss of ₹ 1.19 Crores.

Future E-Commerce Infrastructure Limited

Future E-Commerce Infrastructure Limited (FECIL) is to capture the consumption space through the internet, as well as other technology based and digital modes and provide infrastructure services for the same. The Company has 72% stake in FECIL. During the period ended on September 30, 2012 FECIL registered total income amounting to ₹ 112.60 Crores and net loss stood at ₹ 42.88 Crores.

Futurebazaar India Limited

Futurebazaar India Limited (FBIL) is set up as the e-Retailing arm of the Future Group for providing on-line shopping experience through e-portal www.futurebazaar.com. Your Company holds 100% in FBIL. FBIL is operating its e-retailing business and during the period ended on September 30, 2012 it has registered total income amounting to ₹ 36.57 Crores and net loss after tax stood at ₹ 6.70 Crores.

Future Knowledge Services Limited

Your Company holds 100% in Future Knowledge Services Limited which has a net loss of ₹ 3.92 Crores as on September 30, 2012.

Future Value Retail Limited

Future Value Retail Limited (FVRL) is a wholly owned subsidiary of your Company and engaged in Value Retail Business under various formats like Big Bazaar, Food Bazaar etc. and other small formats in Value Retail Business. During the period ended December 31, 2012 FVRL registered total income amounting to ₹ 11,121.55 Crores and net profit for the said financial period stood at ₹ 90.04 Crores. The Company has161 Big Bazaars at the close of financial period. Further, the Company has 43 Food Bazaars at the close of financial period. In addition to the above, other formats of FVRL also saw a good growth in terms of numbers as well as turnover.

Future Learning and Development Limited

Your Company holds 100% in Future Learning and Development Limited which has registered total income of ₹ 0.03 Crore During the period ended on September 30, 2012 with net loss of ₹ 1.76 Crore.

Future Lifestyle Fashions Limited

Future Lifestyle Fashions Limited (FLFL) was incorporated on May 31, 2012 and is wholly owned subsidiary of your Company. With a view to dedicated focus on fashion business of your Company and Future Ventures India Limited (FVIL) comprising of Central, Brand Factory, Planet Sports etc., it is proposed to demerge these businesses to FLFL under the provisions of section 391-394 of the Companies Act, 1956. FLFL has not yet completed its first accounting year.

Future Home Retail Limited (Formerly known as nuZone Electronics Limited)

Future Home Retail Limited (FHRL) has been created as subsidiary with the objective to transfer the retail electronic and consumer durable business from PRIL. During the period ended September 30, 2012 FHRL registered total income of ₹ 0.0035 Crore and net loss of ₹ 0.003 Crore.

nuZone Ecommerce Infrastructure Limited

nuZone Ecommerce Infrastructure Limited (NEIL) has been created as subsidiary with the objective to transfer the wholesale and sourcing business related to electronic and consumer durable business from PRIL. During the period ended September 30, 2012 NEIL registered total income of ₹ 0.0035 Crore and net loss of ₹ 0.0016 Crore.

Winner Sports Limited

Winner Sports Limited (WSL) is a wholly owned subsidiary of the Company. At present the WSL does not have any operating business and management is evaluating various business opportunities. During the period ended on September 30, 2012 WSL registered income from operations of ₹ 1.56 Crore and net loss of ₹ 0.005 Crore.

Future Freshfoods Limited

Future Freshfoods Limited (FFL) is a company which caters to the sourcing and supply of fresh food products to retail formats of the group. FFL is subsidiary of FVRL. FVRL holds 79.17% of equity capital in FFL. During the period ended on September 30, 2012 FFL registered total income amounting to ₹ 118.61 Crores and net loss stood at ₹ 16.52 Crores.

FSC Brand Distribution Services Limited

FSC Brand Distribution Services Limited (FSCBDSL) was incorporated to deal in the business of distribution services. The company has earned total income of ₹ 45.98 Crores & incurred net loss for ₹ 0.97 Crores during the period.

As required under the Listing agreement with the Stock Exchanges, the Company is mandatorily required to prepare the Consolidated Financial Statements, according to the applicable Indian Accounting Standards and reflects the financial position of all the subsidiary Companies of the Company. For the purposes of consolidation subsidiary accounts of eighteen months ended September 30, 2012 have been considered except for Future Value Retail Limited where financial account of eighteen months ended December 31, 2012 has been considered.

A statement pursuant to section 212 of the Companies Act, 1956 relating to subsidiary companies is given as an annexure to the Annual Report. Further the Board has passed resolution pursuant to the General Circular No. 2/2011 dtd February 08, 2011, issued by Ministry of Corporate Affairs, giving consent for not attaching the balance sheet of the subsidiary companies. The Company is publishing the consolidated financial statements of the holding company and all subsidiaries duly audited by its auditors, in compliance with the applicable accounting standards and listing agreement and a statement disclosing the necessary information regarding each of subsidiaries.

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

JOINT VENTURES

Future Generali India Life Insurance Company Limited

Future Generali India Life Insurance Company Limited (FGI-Life) is Company's joint venture in the Life insurance sector. FGI-Life has introduced many insurance products to suit requirements of various categories of customers.

Future Generali India Insurance Company Limited

Future Generali India Insurance Company Limited (FGI-Nonlife) is Company's joint venture in the general insurance sector. FGI-Nonlife has introduced insurance products for various general insurance needs of the different categories of customers.

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

The Company has entered into joint venture with NTC for the restructuring and development of the Apollo Mills and Goldmohur Mills situated in Mumbai. For the same two separate

SPV companies have been created viz. Apollo Design Apparel Parks Limited (ADAPL) & Goldmohur Design & Apparel Park Limited (GDAPL). The ADAPL & GDAPL would be working for the restructuring and development of the Apollo Mills and GoldMohur Mills respectively. During the period ADAPL made a total income of ₹ 273.17 Crores and earned net profit of ₹ 7.62 Crores. Further during the year GDAPL made a total income of ₹ 255.60 Crores and earned net profit of ₹ 7.66 Crores.

Staples Future Office Products Private Limited

Staples Future Office Products Private Limited (SFOPPL) is designed to capture the consumption space of office supplies, office equipments and products. SFOPPL was formed as a joint venture between the Company and Staples Asia Investment Limited (a subsidiary of Staples Inc USA). During the period ended September 30, 2012 SFOPPL registered total income amounting to ₹ 315.05 Crores and net loss stood at ₹ 59.85 Crores.

After the close of the financial period under review, your Company has acquired a part of the stake from Staples Asia Investment Limited by which SFOPPL became the subsidiary of your Company.

Integrated Food Park Private Limited

Integrated Food Park Private Limited (IFPPL) is designed to capture the consumption space of food and aims to facilitate the establishment of strong food processing industries backed by an efficient supply chain, which would include collection centres, processing centres, cold chain infrastructures. The Company has received the approval from the Government for setting up 'Mega Food Park' at Tumkur District in the State of Karnataka. IFPPL was formed as a joint venture between the Company, Capital Foods and Satva Developers Private Limited with 26% stake held by your company. IFPPL has not earned any income during the period ended September 30, 2012 since its project has yet not commenced. Net loss of IFPPL for the said period stood at ₹ 0.06 Crores.

Shendra Advisory Services Private Limited

Shendra Advisory Services Private Limited (Shendra) is a SPV with respect to the Company's insurance arm Future Generali India Insurance Company Limited. During the period ended on September 30, 2012 Shendra has registered a total income of ₹ 0.09 Crore and net loss of ₹ 0.68 Crore.

Sprint Advisory Services Private Limited

Sprint Advisory Services Private Limited (Sprint) is a SPV with respect to the Company's insurance arm Future Generali India Life Insurance Company Limited. During the period ended on September 30, 2012 Sprint has registered a total income of ₹ 0.015 Crore and net loss of ₹ 0.68 Crore.

DIRECTORS

Mr. Shailesh Haribhakti, Mr. S. Doreswamy and Mr. Gopikishan Biyani retire by rotation and being eligible, offer themselves for re-appointment. The details as required by clause 49 of the listing agreement, is given as part of the notice.

DIRECTORS RESPONSIBILTY STATEMENT

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

(i) in preparation of the annual accounts, the applicable accounting standards have been followed with proper explanation relating to material departures;

(ii) the accounting policies selected have been applied consistently and judgments made and estimates given are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as on December 31, 2012 and the profit of the company for the period ended on that date;

(iii) The proper and sufficient care have been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(iv) the accounts have been prepared on a going concern basis.

AUDITORS

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

CONSOLIDATED FINANCIAL STATEMENTS

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

PARTICULARS OF EMPLOYEES

The statement containing particulars of employees as required under Section 217(2A) of the Companies Act, 1956 and the rules made thereunder, is given as an annexure appended hereto and forms part of this report. In terms of Section 219(1)(b)(iv) of the Act, the report and accounts are being sent to the shareholders excluding the aforesaid annexure. Any shareholder interested in obtaining the copy of annexure may write to the Company Secretary at the Registered Office of the Company.

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

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

EMPLOYEE STOCK OPTION PLAN

The management has recognised need to introduce reward plans to acknowledge efforts of the emplyees. Accordingly, the Board and Shareholders of the Company has approved Employee Stock Option Scheme 2012 (ESOS 2012) and same has been adopted in Nomination and Remuneration Committee Meeting held on February 25, 2013. So, applicable disclosure will be required to be given from the current financial period.

AWARDS AND RECOGNITIONS

Rural Marketing Association of India's (RMAI) Corporate Awards 2012

- Best marketing communication towards women, youth and children – Future Learning

2012

Brand Equity Most Trusted Brands 2012

- Big Bazaar Ranked No. 3 as The Most Trusted Brand and Is the Most Trusted Retailer of The Year for Top Service

Retail Asia Pacific Top 500 2012

- Future Value Retail Won Gold in Top 10 Retailers Award, India Pantaloon Retail India Received Certificate oF Distinction in Top 10 Retailers Award, India

Star Retailer Awards 2012

- Retailer of The Year 2012 – Future Group. Most Valued Retailer – KBFP

Asia Recognition Award 2012

- Highest Sale in Asia by VF Corporation – Central

Images Fashion Awards (IFA) 2012

- Reliance Performance Award for Best Performing Partner – Indus League

CISO Award 2012

- Future Group was felicitated for using Information security technology in the most effective and innovative manner

Golden Spoon Awards 2012

- Most Admired Food and Grocery Retailer of the Year for its Private Labels in Big Bazaar – Future Group
- Retail Professional of the Year for innovation in Private Brands- Mr. Devendra Chawla, President – Food & FMCG Category

Images Fashion Awards (IFA) 2012

- Most Admired Private Label Retailer - Pantaloons

ET Retail Awards 2012

- FedEx Most Trusted Retailer of the Year Award – Big Bazaar
- TRRAIN Retail Employee of the Year Award – Mr. Jitendra Kalyani, Big Bazaar

Recognition by CMO Council, USA and CMO Asia

- Master Brand Award - Future Supply Chains
- Retail Icon of the Year- Mr. Anshuman Singh, MD & CEO, Future Supply Chains

Bloomberg UTV B-School Excellence Award

- Best educational institute in Retail- Future Innoversity

ACKNOWLEDGMENT

The Board wishes to place on record their sincere appreciation to all the consumers, working capital consortium bankers lead by Bank of India, vendors, and other stakeholders for the continued support and patronage during the previous year. The board further wishes to record their sincere appreciation to the employees of the Company whose efforts, hard work and dedication has enabled the Company to achieve the targets and recognitions.

For and on behalf of the Board,

Place: Mumbai
Date : February 25, 2013

Shailesh Haribhakti
Chairman

ANNEXURE I

A) Conservation of energy

FORM A

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

A) Power and fuel consumption (Manufacturing Facility)	For the period ended December 31, 2012	Year Ended June 30, 2011
(1) ELECTRICITY		
Purchased		
Unit (Nos.)	**1,071,900**	716,820
Total amount (In ₹)	**8,481,740**	4,664,130
Rate/unit (In ₹)	**7.91**	6.51
b) Own Generation		
Internal Generation through DG set		
No. Of Units	**16,252**	15,148
Unit per litre of Diesel	**3.52**	3.41
Rate per /unit (In ₹)	**12.97**	11.21
(2) FURNACE OIL		
Quantity (K.Ltrs.)	**159,186**	113,862
Total amount (In ₹)	**6941573**	3,861,146
Average rate (₹ / Ltr.)	**43.61**	33.91

(₹ in Crores)

B) Foreign Exchange Earnings and Outgo	For the period ended December 31, 2012	Year Ended June 30, 2011
FOREIGN EXCHANGE OUTGO		
Travelling Expenses	**2.21**	1.04
Interest on Foreign Currency Loan	**1.25**	9.77
Professional Charges	**0.74**	1.79
Royalty	**7.38**	5.76
Bank Charges	**Nil**	0.01
Imports		
Raw Materials	**0.27**	0.75
Stock-in-Trade	**115.98**	55.63
Capital Goods	**10.18**	20.36
Accessories & Others	**1.39**	1.54
FOREIGN EXCHANGE EARNING		
Earnings in Foreign Currency	**85.13**	46.62

CORPORATE GOVERNANCE REPORT

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

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

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

The Corporate Governance Report of the Company for the period of 18 months ended December 31, 2012 is as follows:

1. BOARD OF DIRECTORS

The composition of the Board as on December 31, 2012 is as follows:

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

The composition of the Board is in conformity with the requirements of Clause 49 of the Listing Agreement.

During the financial period 2011-12, ten Board Meetings were held. These were held on 25/08/2011, 03/10/2011, 10/11/2011, 10/02/2012, 30/04/2012, 03/05/2012, 15/05/2012, 08/08/2012, 09/09/2012 and 09/11/2012.

Composition of the Board of Directors, their attendance in the Board Meetings and other particulars are as follows:

Name of the Director	Category	No. of Board Meetings attended during 2011-12	No. of other directorships in public companies* as on 31/12/2012	Attendance in the last AGM	No. of committee** positions held in other public companies as on 31/12/2012	
					Chairman	Member
Mr. Kishore Biyani	Executive Promoter	9	9	Yes	-	4
Mr. Gopikishan Biyani	Non Executive Promoter	10	2	Yes	-	-
Mr. Rakesh Biyani	Executive Promoter	6	11	No	-	-
Mr. Shailesh Haribhakti	Independent Non Executive	10	12	Yes	5	4
Dr. Darlie Koshy	Independent Non Executive	7	-	No	-	-
Mr. S. Doreswamy	Independent Non Executive	5	4	Yes	1	5
Mrs. Bala Deshpande	Independent Non Executive	7	3	Yes	-	1
Mr. Anil Harish	Independent Non Executive	7	13	Yes	4	6
Mr. V. K. Chopra	Independent Non Executive	8	13	Yes	1	3
Mr. Vijay Biyani	Executive Promoter	9	5	Yes	-	-
Mr. Kailash Bhatia@	Executive Director	-	-	No	-	-

* Alternate directorships and directorships in private companies, foreign companies and Section 25 companies are excluded.
** includes chairmanships/memberships of only Audit Committee and Shareholders'/Investors' Grievance Committee.
@ resigned w.e.f. 10/02/2012.

Except Mr. Kishore Biyani and Mr. Vijay Biyani who are brothers and Mr. Gopikishan Biyani who is father of Mr. Rakesh Biyani, no other directors have any inter se relationship.

Names of directors and their shareholding in the Company as on December 31, 2012 are as follows:

Name of the Director	No. of Shares held	
	Equity Shares	Class B (Series1) Shares
Mr. Kishore Biyani	-	1,000
Mr. Gopikishan Biyani	-	1,000
Mr. Rakesh Biyani	-	1,000
Mr. Shailesh Haribhakti	25,100	10
Mr. Anil Harish	10,000	1,000
Mr. Vijay Biyani	-	1,000

2. AUDIT COMMITTEE

The Audit Committee was formed in the year 2000 and the Committee comprises of three independent directors. The functions of the Committee are as specified in Clause 49 of the Listing Agreement entered into with Stock Exchanges and Section 292A of the Companies Act, 1956. The terms of reference of the Audit Committee include:

i. to review quarterly/annual financial statements before submission to the Board;

ii. to review, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems;

iii. to review compliance with internal control systems;

iv. to hold periodic discussions with statutory auditors/internal auditors on the accounts of the Company, scope of audit, internal control systems and observations/concerns, if any;

A total of six Audit Committee Meetings were held in the financial period July 2011 – December 2012. The meetings were held on 25/08/2011, 10/11/2011, 10/02/2012, 15/05/2012, 08/08/2012 and 09/11/2012. The composition of the Committee and details of attendace at the Meetings are as follows:

Name of the Member	Designation	No. of Meetings attended
Mr. S. Doreswamy	Chairman	3
Mr. Shailesh Haribhakti	Member	6
Dr. Darlie Koshy	Member	6

3. NOMINATION & REMUNERATION COMMITTEE

The erstwhile Remuneration Committee has been renamed as Nomination & Remuneration Committee w.e.f. November 10, 2011. The Nomination & Remuneration Committee of the Company consists five independent directors. The meetings of the Committee were held on 25/08/2011, 10/11/2011 and 10/02/2012 during the report period.

The composition of the Committee and details of attendance at the Meetings are as follows:

Name of the Member	Designation	No. of Meetings attended
Mr. S. Doreswamy	Member	2
Dr. Darlie Koshy	Member	3
Mrs. Bala Deshpande	Member	2
Mr. Anil Harish	Member	2
Mr. Shailesh Haribhakti	Member	3

Members of the Committee appoints one among them as Chairman of the Meeting.

The terms of reference of the Nomination & Remuneration Committee include to review and recommend remuneration packages for executive directors including pension rights and any compensation payment. The Committee also reviews the constitution of the Board and recommends induction of new directors to the Board. The Committee has also been entrusted to monitor newly introduced Employee Stock Option Scheme 2012 and grants of options to made thereunder.

The details of remuneration paid (including commission due as on 31/12/2012 but not paid) to the Directors for the period of 18 months ended on December 31, 2012 is as follows:

(₹ in Crores)

Name of the Director	Salary & Perquisites	Sitting Fees	Commission	Total
Mr. Kishore Biyani	3.85	NA	1.88	5.73
Mr. Rakesh Biyani	3.81	NA	1.50	5.31
Mr. Vijay Biyani	2.20	NA	0.94	3.14
Mr. Kailash Bhatia	1.82	NA	NA	1.82
Mr. Shailesh Haribhakti	NA	0.04	0.15	0.19
Mr. S. Doreswamy	NA	0.02	0.15	0.17
Dr. Darlie Koshy	NA	0.03	0.15	0.18
Mr. Anil Harish	NA	0.02	0.15	0.17
Mrs.Bala Deshpande	NA	0.02	0.15	0.17
Mr. V. K. Chopra	NA	0.02	0.15	0.17
Mr. Gopikishan Biyani	NA	0.02	0.15	0.17

4. INVESTORS RELATIONS & GRIEVANCE COMMITTEE

The Investors Relations & Grievance Committee was constituted by the Board in the year 1999 to redress any grievances of the Investors. A total of six meetings of the Investors Relations & Grievance Committee were held in the financial period July 2011-December 2012. The meeting were held on 25/08/2011, 10/11/2011, 10/02/2012, 15/05/2012, 08/08/2012 and 09/11/2012. The composition of the Committee and the number of meetings attended by the members are as follows:

Name	Designation	No. of Meetings attended
Mr. V. K. Chopra	Chairman	4
Mr. S. Doreswamy	Member	3
Mr. Gopikishan Biyani	Member	6
Mr. Rakesh Biyani	Member	5

A total of 112 complaints were received during the period. All these complaints have been resolved to the satisfaction of complainants.

5. COMMITTEE OF DIRECTORS

The Board of Directors have constituted a Committee of Directors and delegated powers to transact certain regular matters relating to the business of the company. A total of 14 meetings were held during the report period.

6. CORPORATE GOVERNANCE COMMITTEE

The Corporate Governance Committee has been constituted to ensure and implement better corporate governance practices. The Committee consists of following directors:
Mr. Shailesh Haribhakti – Chairman
Mr. Kishore Biyani
Mr. Rakesh Biyani
Mr. Anil Harish
Mrs. Bala Deshpande

7. SHARE TRANSFER COMMITTEE

The Share Transfer Committee consists of 3 members. The Committee meets on a regular basis to approve transfer of shares, transmission of shares, split, consolidation and rematerialisation of shares. The Shares in physical form sent for transfer in physical form are processed and registered by our registrar & transfer agent viz.,Link Intime India Pvt. Limited within 30 days of receipt of documents, if found in order. A total of 27 meetings were held during the period of 18 months in which 9710 equity shares and 714 Class B Shares (Series-1) were transferred.

8. COMPLIANCE OFFICER

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

9. GENERAL BODY MEETINGS

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

Year	No of AGM	Day, Date & Time of AGM	Venue
2010-11	24	November 15, 2011 at 10.30 am	Y.B. Chavan Centre, Gen. Jagannath Bhosale Marg, Mumbai – 400 021
2009-10	23	November 03, 2010 at 04:00 pm	
2008-09	22	December 02, 2009 at 10:30 am	

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

AGM	AGM date	Special Resolutions passed through show of hands
24	15/11/2011	Issuance of further securities for equity funding
23	03/11/2010	Issuance of further securities for equity funding
22	02/12/2009	Appointment of Mr. Vijay Biyani as Wholetime Director for period of 5 years w.e.f. September 26, 2009

Extraordinary General Meeting

During the period, an Extraordinary General Meeting of the members was held on May 30, 2012 and the following Special Resolutions were passed:

1. Preferential Issue of Equity shares ; and
2. Preferential issue of Optionally Fully Convertible Debentures (OFCDs)

Postal Ballot

The Company had completed the process of obtaining the approval of its members through Postal Ballot as per provisions of Section 192A of the Companies Act, 1956, during the period of 18 months. There were three postal ballots conducted simultaneously. The approval of members obtained through postal ballot was pertaining to:-

Postal Ballot-1: Approval of members (both Equity and Class B (Series) shareholders) obtained for the following business

1. Re-classification of authorised share capital and amendment of the Capital clause of Memorandum of Association.
2. Change in the place of keeping and inspection of register and returns (other than register of members and index of members).

Postal Ballot-2: Approval of Equity shareholders obtained for the modifying the rights of holders of Class B (Series-1) shares

Postal Ballot-3: Approval of Class B (Series-1) shareholders obtained for the modifying the rights of holders of Class B (Series-1) shares.

The results for all the above matters were announced on March 07, 2012.

Voting Pattern and Procedure for Postal Ballot:

(i) The Committee of Directors of the Company had its meeting held on January 25, 2012 appointed Mr. Virendra Bhatt, Practising Company Secretary, as the Scrutiniser for conducting the postal ballot voting process for all three Postal Ballots;

(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 forms received / receivable up to the close of working hours on March 05, 2012 the last date and time fixed by the Company for receipt of the forms in the postal ballot, had been considered by Scrutiniser in his scrutiny;

(iv) Envelopes containing postal ballot forms received on / after March 05, 2012 for the postal ballot had not been considered for his scrutiny;

(v) The result of the all three Postal Ballots were announced on March 07, 2012 at the Registered Office of the Company as per Scrutinizer's Report are as under:

Postal Ballot 1: Special Resolution 1: Reclassification of Authorised Share Capital and consequential changes in Memorandum of Association.

Promoter / Public	No. of shares held / No. of Voting Rights 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	Shares	10,02,50,479	9,35,74,552	100%	9,35,74,552	0	100%	0.00
	Voting Rights	9,35,74,552						
Public Institutional holders	Shares	0	0	0.00	0	0	0.00	0.00
	Voting Rights	0						
Public Others	Shares	2,42,56,916	2,35,00,795	96.94%	2,12,92,425	22,08,170	90.60%	9.40%
	Voting Rights	2,42,43,276						
Total	Shares	12,45,07,395	11,70,75,347	99.37%	11,48,66,977	22,08,170	98.11%	1.89%
	Voting Rights	11,78,17,828						

since the shares includes differential voting rights shares, "percentage of votes polled" have been derived on the voting rights polled to voting rights held.

Postal Ballot 1 – Special Resolution 2: Changes in place of keeping & inspection of Statutory Registers (other than register of members and index of members)

Promoter / Public		No. of shares held / No. of Voting Rights 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	Shares	10,02,50,479	9,35,74,552	100%	9,35,74,552	0	100%	0.00
	Voting Rights	9,35,74,552						
Public Institutional holders	Shares	0	0	0.00	0	0	0.00	0.00
	Voting Rights	0						
Public Others	Shares	2,42,56,916	2,35,00,339	96.94%	2,34,99,515	741	99.997%	0.003%
	Voting Rights	2,42,43,276						
Total	Shares	12,45,07,395	11,70,74,891	99.37%	11,70,74,067	741	99.9994%	0.0006%
	Voting Rights	11,78,17,828						

since the shares includes differential voting rights shares, "percentage of votes polled" have been derived on the voting rights polled to voting rights held.

Postal Ballot 2: Special Resolution 1: Equity shareholders approval to modify rights of holders Class B (Sereis-1) shares.

Promoter / Public	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	9,28,32,786	9,28,32,786	100%	9,28,32,786	0	100%	0.00
Public Institutional holders	0	0	0.00	0	0	0.00	0.00
Public Others	1,34,00,616	1,34,00,566	99.99%	1,31,80,041	2,20,525	98.35%	1.65%
Total	10,62,33,402	10,62,33,352	99.99%	10,60,12,827	2,20,525	99.79%	0.21%

since the class of equity shares considered here have one vote per share, "percentage of votes polled" have been derived on the voting rights polled to Shares held.

Postal Ballot 3: Special Resolution 1: Class B (Series-1) shareholders approval for modification of rights of holders of Class B (Series-1) shares.

Promoter / Public	No. of shares held / No. of Voting Rights 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	(7) = [(5) / (2)] * 100
Promoter and Promoter Group	Shares	74,17,693	7,41,766	100%	7,41,766	0	100%	0.00
	Voting Rights	7,41,766						
Public Institutional holders	Shares	0	0	0.00	0	0	0.00	0.00
	Voting Rights	0						
Public Others	Shares	15,381	267	17.60%	251	16	94.01%	5.99%
	Voting Rights	1517						
Total	Shares	74,33,074	7,42,033	99.83%	7,42,017	16	99.99%	0.01%
	Voting Rights	7,43,283						

since the shares have differential voting rights shares, "percentage of votes polled" have been derived on the voting rights polled to voting rights held.

Court Convened Meeting of Shareholders:

Court Convened Meeting of Shareholders of the Company was held on December 06, 2012 at 10:00 am to approve the Scheme of Arrangement between the Company and Peter England Fashions and Retail Limited (PEFRL) and their respective shareholders and creditors and Indigold Trade and Service Limited.

10. MEANS OF COMMUNICATION:

Financial Results

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

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

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

The Annual Report, Quarterly Results and Shareholding Pattern of the Company are also posted by the BSE and NSE on their websites. Hard copies of the said disclosure and correspondence are also filed with the Stock Exchanges.

11. INFORMATION TO SHAREHOLDERS

11.1 Date, time and Venue of the 25th Annual General Meeting:

Wednesday, May 08, 2013 at 11:00 am
at Y. B. Chavan Centre, Gen. Jagannath Bhosale Marg, Mumbai 400021

11.2 Date of Book Closure

From Friday, May 03, 2013 to Wednesday, May 08, 2013 (both days inclusive)

11.3 Dividend

The Board of Directors of the Company has recommended a dividend of ₹ 1.10 (55%) per equity share and dividend of ₹ 1.14 (57%) per Class B share (Series-1). Dividend, if approved, at the ensuring Annual General Meeting, will be paid / credited on or after May 08, 2013 to those members whose names appear on the Company's Register of Members.

11.4 Registered office:

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

11.5 Listing in Stock Exchanges

The Equity Shares and Class B Shares (Series-1) of the Company are listed in the following Stock Exchanges:
BSE Limited
National Stock Exchange of India Limited

Debt Securities
The Non-convertible Debentures (Series 1), (Series 2), (Series 3) and (Series 4) of the Company are listed on the Wholesale Debt Market (WDM) Segment of BSE Limited.

Debenture Trustees:
For Non-convertible Debentures (Series 1)
Axis Trustee Services Limited
Bombay Dyeing Mills Compound,
Pandurang Budhkar Marg,
Worli, Mumbai - 400 025

For Non-convertible Debentures (Series 2) & (Series 4)
Centbank Financial Services Limited
Central Bank - MMO Building,
6th Floor, 55, M G Road, Fort
Mumbai - 400 001

For Non-convertible Debentures (Series 3)
AllBank Finance Limited
Corporate Office
Allahabad Bank Building,
2nd Floor, 37, Mumbai Samachar Marg,
Fort, Mumbai - 400 023

11.6 Stock Code

Shares	ISIN No.	Stock Code	
		BSE	NSE
Equity	INE623B01027	523574	PANTALOONR
Class B Shares (Series-1)	IN9623B01058	570002	PRETAILDVR
11.50% Secured Non-Convertible Debentures (Series-1)	INE623B07032	946288	-
11.50% Secured Non-Convertible Debentures (Series 2)	INE623B07040	946822	-
11.50% Secured Non-Convertible Debentures (Series 3)	INE623B07057	947433	-
12.10% Secured Non-Convertible Debentures (Series 4)	INE623B07065	947649	-

11.7 Listing Fees

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

11.8 Stock Performance

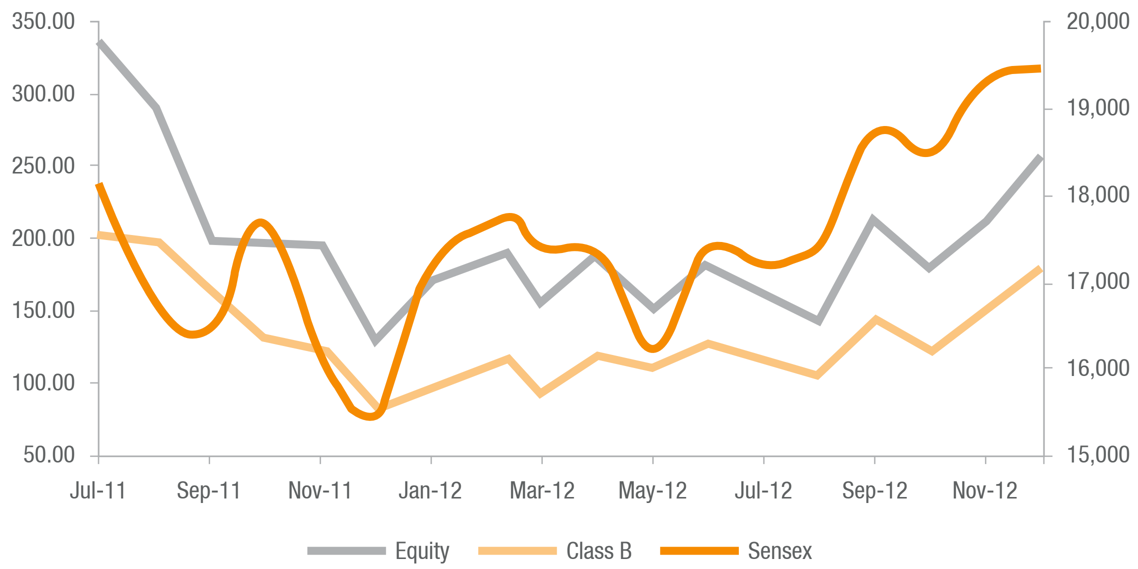
The performance of the stock in the BSE Limited & National Stock Exchange of India Limited for the period of 18 months from July 01, 2011 to December 31, 2012 was as follows:

Month	BSE Limited (BSE)			National Stock Exchange of India Limited (NSE)		
	High	Low	Volume	High	Low	Volume
July 2011	364.15	307.85	31,75,962	364.20	308.30	1,78,41,244
August 2011	351.90	260.50	14,48,772	351.80	257.20	1,30,19,602
September 2011	310.00	195.70	19,53,304	310.50	196.10	1,40,48,177
October 2011	209.90	173.00	18,48,390	205.80	165.55	1,12,63,672
November 2011	239.00	148.45	2,23,96,087	238.80	148.10	9,09,98,195
December 2011	216.00	125.35	3,43,51,843	215.90	125.35	11,96,68,558
January 2012	184.40	125.30	1,87,03,139	184.45	125.20	7,13,18,897
February 2012	203.40	162.50	1,95,31,850	203.50	163.00	7,61,61,800
March 2012	190.00	140.10	1,56,30,686	189.80	140.10	7,19,13,108
April 2012	189.40	150.00	1,95,79,741	189.40	149.50	9,46,29,166
May 2012	191.65	126.50	2,68,95,025	193.90	124.00	11,26,76,390
June 2012	185.90	137.10	2,59,20,488	185.75	136.60	11,00,51,703
July 2012	203.20	147.00	2,08,93,273	203.30	146.90	10,33,21,153
August 2012	168.90	135.10	1,51,34,065	168.90	135.40	7,04,52,640
September 2012	223.50	132.70	3,33,20,087	227.35	132.70	16,25,59,725
October 2012	219.50	171.60	1,91,22,293	222.00	171.50	10,01,33,758
November 2012	213.40	175.10	2,49,57,037	213.35	175.25	13,32,04,261
December 2012	260.25	211.65	3,12,93,636	260.20	211.50	16,49,45,156

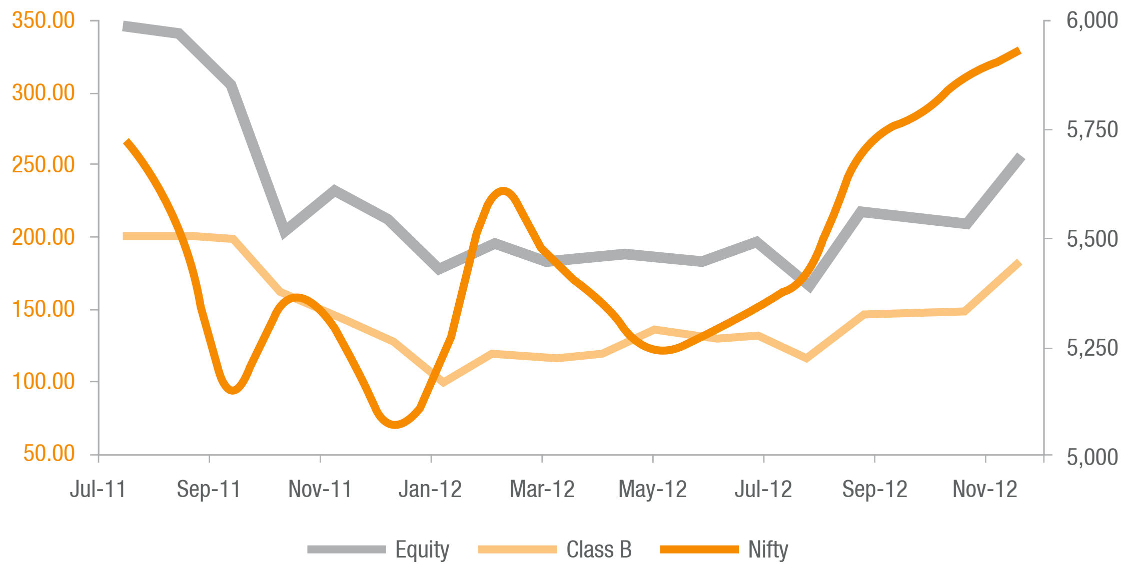
The performance of the stock of Class B Shares (Series-1) in the BSE Limited & National Stock Exchange of India Limited for the period of 18 months from July 01, 2011 to December 31, 2012 was as follows:

Month	BSE Limited (BSE)			National Stock Exchange of India Limited (NSE)		
	High	Low	Volume	High	Low	Volume
July 2011	213.00	164.55	3,99,184	210.10	172.00	5,75,436
August 2011	204.90	165.05	4,240	204.80	164.00	1,63,539
September 2011	198.90	155.75	9,336	199.90	155.60	1,41,481
October 2011	165.00	125.00	14,951	165.95	122.55	1,37,611
November 2011	156.00	118.00	2,16,582	154.95	116.05	6,52,142
December 2011	129.55	79.90	2,89,817	130.00	78.30	5,10,725
January 2012	104.50	76.05	1,36,577	117.60	79.00	2,23,431
February 2012	125.00	90.25	1,43,380	125.00	88.05	3,35,146
March 2012	119.80	81.05	3,61,851	116.00	77.65	8,38,838
April 2012	121.20	87.00	1,75,705	120.95	86.65	6,83,386
May 2012	142.20	96.00	5,59,730	142.00	95.00	14,94,308
June 2012	133.90	100.25	29,340	131.40	102.10	4,00,887
July 2012	137.00	104.05	1,04,828	137.25	102.00	1,73,134
August 2012	122.00	99.75	16,565	119.00	98.00	1,12,018
September 2012	155.00	97.60	1,38,422	152.70	98.00	4,96,900
October 2012	149.00	119.00	1,75,278	147.95	118.10	2,47,251
November 2012	152.80	115.10	47,038	152.50	120.70	3,32,490
December 2012	199.00	154.85	9,17,120	197.00	150.00	17,12,026

PERFORMANCE OF THE STOCK IN BSE



PERFORMANCE OF THE STOCK IN NSE



11.9 Dematerialisation of shares

99.46% of the Equity Shares and 99.22% of Class B (Series-1) shares of the Company have been dematerialised as on December 31, 2012. 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 is in dematerialised form.

Status of Dematerialisation as on December 31, 2012:

Particulars	No. of Shares Equity	% of Total Capital Equity	No. of Shares Class B	% of Total Capital Class B
National Securities Depository Limited	20,64,56,312	95.74%	1,41,16,344	88.62%
Central Depository Services (India) Limited	80,29,206	3.72%	16,89,090	10.60%
Total dematerialised	21,44,85,518	99.40%	1,58,05,434	99.22%
Physical	11,67,921	0.54%	1,23,718	0.78%
Total	21,56,53,439	100.00%	1,59,29,152	100.00%

11.10 Share Transfer Agents:

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

11.11 Distribution of Shareholding of Equity and Class B Shares (Series-1) as on December 31, 2012

Equity Share

No. of Shares	No. of shareholders	%	No. of Shares	%
1-500	40,464	91.54	39,14,735	1.82
501-1000	2,086	4.72	14,96,256	0.69
1001-5000	1,168	2.64	25,59,198	1.19
5001-10000	156	0.35	11,47,064	0.53
10001-50000	170	0.38	39,11,874	1.81
50001-100000	42	0.10	31,45,032	1.46
Above 100000	119	0.27	19,94,79,280	92.50
Total	44,205	100.00	21,56,53,439	100.00

Class B Shares (Series-1)

No. of Shares	No. of shareholders	%	No. of Shares	%
1-500	17,569	95.50	6,45,878	4.05
501-1000	479	2.60	3,22,979	2.03
1001-5000	221	1.20	4,54,956	2.86
5001-10000	36	0.20	2,66,153	1.67
10001-50000	59	0.32	12,27,482	7.70
50001-100000	9	0.05	7,00,449	4.40
Above 100000	24	0.13	1,23,11,255	77.29
Total	18,397	100.00	1,59,29,152	100.00

11.12 Categories of Shareholders as on December 31, 2012

Category	Equity		Class B	
	No. of Shares	% holding	No. of Shares	% holding
Promoters and their Relatives	94,145,418	43.66%	8,194,861	51.45%
Mutual Funds	15,176,233	7.04%	45,175	0.28%
Banks, Financial Institutions	4,190,542	1.94%	199,702	1.25%
Venture Capital Funds	8,159,147	3.78%	-	-
Insurance Companies	3,353,275	1.55%	26,631	0.17%
Foreign Institutional Investors	47,400,769	21.98%	47,281	0.30%
Non Resident Indians	92,307	0.04%	22,872	0.14%
Indian Companies	26,869,943	12.46%	2,888,764	18.13%
Indian Public	14,611,327	6.78%	3,819,332	23.98%
Directors & their Relatives	37,600	0.02%	1,260	0.01%
Clearing Members	1,616,678	0.75%	683,274	4.29%
Trust	200	0.00%	-	-
Total	215,653,439	100.00%	1,59,29152	100.00%

11.13 Financials release dates for the FY 2013

Quarter	Release Date (tentative & subject to change)
1st Quarter ending March 31	Second week of May 2013
2nd Quarter ending June 30	Second week of August 2013
3rd Quarter ending September 30	Second week of November 2013
4th Quarter ending December 31	Fourth week of February 2014

11.14 Internet access: www.pantaloonretail.in

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

11.15 Plant Locations

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

12. CODE OF CONDUCT FOR PREVENTION OF INSIDER TRADING

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

13 DISCLOSURES

a) Besides the transactions mentioned elsewhere in the Annual Report, there were no materially significant related party transactions with the Promoters, Directors etc. that may have potential conflict with the interests of the Company at large.

b) There were no non compliance by the Company, penalties, strictures imposed on the Company by Stock exchange or SEBI or any statutory authority, on any matter relating to the capital markets during the last three years.

c) There was no pecuniary relationship or transactions of Non-executive Directors vis a vis the Company.

d) The Company has complied with all mandatory requirements and adopted non mandatory requirements as mentioned hereunder.

Non-mandatory requirements:

1. Chairman of the Board: At its meeting held on April 13, 2009, the Board of Directors had appointed Mr. Shailesh Haribhakti, Non-executive Director as Chairman of the Board. As there is no separate office of the Chairman being maintained, no reimbursement of expenses is being made for maintenance of separate Chairman's office.

2. Remuneration Committee: Details regarding Remuneration Committee has already been dealt under para 3 of this Report.

3. Shareholders' Rights: Quarterly and half yearly financial results of the Company are furnished to the Stock Exchanges and are also published in the news papers and uploaded on website of the Company. Hence, half yearly results were not separately sent to shareholders. Significant events are also posted on the Company's website under the Investors Section. The complete Annual Report sent to every shareholder of the Company.

4. Audit qualifications: There are no audit qualifications in the financial statement for the period 2011-12. Standard practices and procedures are in place to ensure unqualified financial statements.

5. Training to Board Members: The Board equipped to perform its role of business assessment through inputs from time to time. Directors are fully briefed on all business related matters, risk assessment & minimising procedures and new initiatives. No training has been provided to the Board Members as on the date of this Report.

6. Mechanism for evaluating Non-executive Board Members: The role of the Board of Directors is to provide direction and exercise control to ensure that the Company is managed in a manner that fulfils stakeholders' aspirations and social expectations.The Company is working on the mechanism and will be adopted in due course.

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

14. UNCLAIMED DIVIDEND

Pursuant to Section 205C of the Companies Act, 1956, dividends that are unpaid / unclaimed for a period of seven years from the dates it became due for payment are required to be transferred by the Company to the Investor Education and Protection Fund (IEPF) administered by the Central government. Given below the dates of declaration of dividend and corresponding dates when unpaid / unclaimed dividends are due for transfer to IEPF:

Financial Year	Date of Declaration	Date of Payment	Date on which dividend will become part of IEPF
30/06/2005	22/11/2005	26/11/2005	29/12/2012
30/06/2006	17/11/2006	21/11/2006	24/12/2013
30/06/2007	15/11/2007	19/11/2007	22/12/2014
30/06/2008	10/11/2008	14/11/2008	17/12/2015
30/06/2009	02/12/2009	06/12/2009	08/01/2017
30/06/2010	03/11/2010	07/11/2010	10/12/2017
30/06/2011	15/11/2011	19/11/2011	22/12/2018

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

During the Financial period under review, the Company has transferred unpaid/unclaimed dividends of ₹ 3,24,317/- relating to financial year 2003-04 to Investor Education and Protection Fund

15. DIVIDEND INTIMATION THROUGH E-MAIL:

In order to protect the environment and as a "Go Green" Initiative, The Company has taken initiative of sending intimation of dividend for FY 2011-12 by e-mail. Physical credit intimation will be sent to only those shareholders whose e-mail addresses are not registered with the Company and for the bounced e-mail cases. Shareholders are requested to register their e-mail addresses with Link Intime Private Limited (for shares held in physical form) and with their Depository Participant (for shares held in electronic form) for receiving dividend credit intimation on e-mail.

16. GREEN INTIATIVE

The Ministry of Corporate Affairs ("MCA"), Government of India, through its Circular No. 17/11 dated April 21, 2011 and Circular No. 18/2011 dated April 29, 2011, has allowed companies to send Annual Report comprising of Balance Sheet, Profit & Loss Account, Directors' Report, Auditors' Report etc. through electronic mode to the registered e-mail address of the members. Keeping in view the underlying theme and the circulars issued by MCA, we propose to send future communications in electronic mode to the e-mail address provided by you to the depositories and made available by them being the registered address. By opting to receive communication through electronic mode you have the benefit of receiving communications promptly and avoiding loss in postal transit.

Members who hold shares in physical form and desire to receive documents in electronic mode are requested to provide their details (name, folio no. E-mail id) on the Company's e-mail address viz. deepak.tanna@futuregroup.in. Members who hold shares in electronic form are requested to get their details updated with the respective Depositories.

17. CORPORATE GOVERNANCE VOLUNTARY GUIDELINES 2009

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

AUDITORS' REPORT ON CORPORATE GOVERNANCE

To
The Members of
Pantaloon Retail (India) Limited

We have examined the compliance of conditions of Corporate Governance by Pantaloon Retail (India) Limited for the period ended on December 31, 2012 as stipulated by Clause 49 of the Listing Agreement of the Company with the Stock Exchanges, with the relevant records and documents maintained by the Company and furnished to us and the report of Corporate Governance as approved by the Board of Directors.

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

In our opinion and to the best of our information and according to the explanations given us, we certify that the Company has complied in all material aspects with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Agreement.

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

for NGS & Co. LLP
Chartered Accountants
Firm Registration no. 119850W

Navin T. Gupta
Partner
Membership No. 40334

Place: Mumbai
Date: February 25, 2013

Declaration on compliance of Code of Conduct

I hereby confirm that:

Board Members and Senior Management of the Company have affirmed compliance of the Code of Conduct laid down by the Board for the financial period July 2011-December 2012.

Mumbai,
February 25, 2013

Kishore Biyani
Managing Director

10 YEAR FINANCIAL SUMMARY

Key Highlights of Financial Position (₹ In Crores)

Particulars	Jun-03	Jun-04	Jun-05	Jun-06	Jun-07	Jun-08	Jun-09	Jun-10	Jun-11	Dec-12
Share Capital	18.18	19.14	22.00	26.88	29.35	31.86	38.06	41.23	106.90	46.32
Reserves & Surplus	49.50	75.75	196.53	500.02	1,062.82	1,751.50	2,211.48	2,527.48	2,671.23	3,276.23
Net Worth	67.68	94.89	221.53	526.90	1,092.18	1,846.62	2,272.42	2,756.25	2,878.13	3,322.54
Total Borrowings	145.55	236.12	286.21	601.39	1,299.58	2,191.78	2,850.39	1,386.22	2,028.12	3,507.13
Capital Employed	213.23	331.01	507.73	1,128.29	2,391.76	4,038.40	5,122.81	4,142.47	4,906.25	6,829.67
Net Block	107.31	160.39	213.74	309.43	674.60	1,198.17	1,568.76	1,122.15	1,467.03	2,283.32
Investments	5.26	5.26	31.92	161.67	252.01	586.52	954.03	2,002.91	2,250.52	2,280.23
Inventory	114.38	157.60	275.93	507.02	885.96	1,429.84	1,787.84	1,270.67	1,762.20	2,140.24

Key Highlights of Financial Results (₹ In Crores)

Particulars	Jun-03 12 Months	Jun-04 12 Months	Jun-05 12 Months	Jun-06 12 Months	Jun-07 12 Months	Jun-08 12 Months	Jun-09 12 Months	Jun-10 12 Months	Jun-11 12 Months	Dec-12 18 Months
Sales & Operating Income	444.83	658.31	1,052.80	1,868.97	3,236.74	5,048.91	6,341.70	5,934.37	4,101.48	6,987.73
Total Income	445.62	659.64	1,055.85	1,871.97	3,328.77	5,052.67	6,347.77	6,019.00	4,117.82	7,015.43
COGS	303.50	438.01	700.31	1,243.43	2,245.05	3,512.19	4,429.95	4,062.53	2,649.62	4,444.39
PBDIT	38.18	57.14	93.91	149.64	307.63	464.28	674.50	676.70	435.32	1,060.60
Finance Costs	17.67	23.94	27.46	36.92	89.76	185.27	318.22	288.24	173.66	460.41
Depreciation	6.35	8.79	13.33	20.82	36.86	83.39	140.05	161.88	146.37	311.87
Profit Before Tax	13.38	24.33	53.09	91.82	180.96	195.64	216.23	213.64	115.29	288.32
Profit After Tax	11.41	19.78	38.55	64.16	119.99	125.97	140.58	179.56	76.66	273.26

Key Financial Ratios

Particulars	Jun-03	Jun-04	Jun-05	Jun-06	Jun-07	Jun-08	Jun-09	Jun-10	Jun-11	Dec-12
COGS / Sales & Operating Income (%)	68.23%	66.54%	66.52%	66.53%	69.36%	69.56%	69.85%	68.46%	64.60%	63.60%
Finance Costs / Total Income (%)	3.97%	3.63%	2.60%	1.97%	2.70%	3.67%	5.01%	4.79%	4.22%	6.56%
PBDIT / Finance Costs (Debt-Service Ratio)	2.16	2.39	3.42	4.05	3.43	2.51	2.12	2.35	2.51	2.30
PBDIT / Total Income (%)	8.57%	8.66%	8.89%	7.99%	9.24%	9.19%	10.63%	11.24%	10.57%	15.12%
PBT / Total Income (%)	3.00%	3.69%	5.03%	4.91%	5.44%	3.87%	3.41%	3.55%	2.80%	4.11%
PAT / Total Income (%)	2.56%	3.00%	3.65%	3.43%	3.60%	2.49%	2.21%	2.98%	1.86%	3.90%
Basic EPS (₹)	1.13	1.84	3.31	5.06	8.71	7.54	7.94	8.46	3.54	12.08
Debt Equity Ratio	2.15	2.49	1.29	1.14	1.19	1.19	1.25	0.50	0.70	1.06

Note: 1. PBDIT, PBT and PAT numbers for financial period ended December 31, 2012 is on total income (inclusive of all incomes earned during the year).
2. Financial numbers for the period ended December 31, 2012 are for the period of 18 months hence not comparable with previous years.

AUDITORS' REPORT

To,
The Members of
Pantaloon Retail (India) Limited

1. We have audited the attached Balance Sheet of PANTALOON RETAIL (INDIA) LIMITED ("the Company") as at December 31, 2012 the Statement of Profit and Loss and the Cash Flow Statement for the period from July 01, 2011 to December 31, 2012 annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. As required by the Companies (Auditor's Report) Order, 2003 (as amended) ("CARO"), issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:

   i. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

   ii. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

   iii. The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;

   iv. In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in compliance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.

   v. On the basis of the written representations received from the Directors, as on December 31, 2012 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on December 31, 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

   vi. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;

      a) in the case of the Balance Sheet, of the state of affairs of the Company as at December 31, 2012;

      b) in the case of the Statement of Profit and Loss, of the profit for the period from July 01, 2011 to December 31, 2012; and

      c) in the case of Cash Flow Statement, of the cash flows for the period from July 01, 2011 to December 31, 2012.

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

Navin T. Gupta
Partner
Membership No. 40334

Mumbai
February 25, 2013

Annexure to the Auditors' Report
(Referred to in paragraph 3 of our report of even date)
Re: Pantaloon Retail (India) Limited ('the Company')

i. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The fixed assets were physically verified during the period by the management in accordance with a regular program of verification which, in our opinion, provides for physical verification of the fixed assets at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verification.

(c) The fixed assets disposed off during the period, in our opinion, do not constitute a substantial part of the fixed assets of the company.

ii. (a) As explained to us, the inventories were physically verified during period by the management at reasonable intervals.

(b) In our opinion and according to the information and explanations given to us, the procedures for physical verification of inventories followed by the Management were reasonable and adequate in relation to the size of the Company and its 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 the discrepancies noticed on physical verification were not material having regard to the size of the operations of the Company.

iii. According to the information and explanations given to us, the Company has not given or taken any loan secured or unsecured to or from Companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. Therefore, the provisions of clause 4(iii) of CARO are not applicable to the Company.

iv. In our opinion, and according to the information and explanations given to us, there is adequate internal control system commensurate with the size of the Company and nature of its business with regard to 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 weaknesses in such internal control system.

v. a. To the best of our knowledge and belief and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of the Companies Act, 1956, that were needed to be entered in the Register maintained under the said section have been so entered.

b. To the best of our knowledge and belief and according to the information and explanations given to us, the transactions made in pursuance of these contracts or arrangements referred to in v(a) above and exceeding the value of Rs Five lacs with any party during the period have been made at prices which are reasonable having regards to prevailing market prices at the relevant time.

vi. In our opinion, and according to the information and explanations given to us, the Company has not accepted any deposits from the public during the period. Therefore provisions of clause 4(vi) of CARO are not applicable to the Company.

vii. In our opinion, the internal audit functions carried out during the period by firms of Chartered Accountants appointed by the management have been commensurate with the size of the Company and the nature of its business.

viii. To the best of our knowledge and as explained, the Central Government has not prescribed maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Act, in respect of Company's products. Therefore provision of clause 4(viii) of CARO are not applicable to the Company.

ix. (a) According to the information and explanations given to us, the Company has generally been regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth-tax, Service tax, Custom Duty, Excise Duty, cess and other material statutory dues applicable to it with the appropriate authority.

(b) No undisputed amounts payable in respect of Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales-tax, Service Tax, Wealth Tax, Custom Duty, Excise Duty and cess and other material statutory dues applicable to the Company were in arrears as at December 31, 2012 for a period of more than six months from the date they became payable.

(c) Details of dues of Income Tax, Sales Tax and Stamp duty which have not been deposited as at December 31, 2012 on account of disputes are given below.

Name of the Statue	Nature of Dues	Period to which the amount relates	Forum where the dispute is pending	Amount (₹ In Crores)
Income Tax Act	Income Tax	AY 2004-05	Commissioner of Income Tax (Appeals)	0.05
		AY 2007-08	Tribunal	3.37
		AY 2008-09	Commissioner of Income Tax (Appeals)	0.69

Sales Tax Act	Sales Tax	2007-08 (9 Month April 2007 to Dec 2007)	Add.Comm. Grade 2, Kanpur	0.05
		2008-09	Add.Comm. Grade 2, Kanpur	0.08
		2012-13	Add.Comm. Grade 2, Kanpur	0.13
		2012-13	Add.Comm. Grade 2, Kanpur	0.07
		2012-13	Add.Comm. Grade 2, Kanpur	0.07
		2006-07	Appellate Authority-DC	0.32
		2009-10	Directorate of Commercial Taxes	0.19
		2009-10	Dy.Commissioner of Sales Tax	0.15
The Indian Stamp Act, 1899	Stamp Duty		High Court, Allahabad	1.81
			Chief Controlling Revenue Authority, Ghaziabad, U.P	1.55
			High Court, Allahabad	0.26
		Total		8.79

x. The Company does not have accumulated losses. The Company has not incurred cash losses in the financial period covered by our audit report and in the immediately preceding financial year.

xi. Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to financial institutions, banks and debenture holders.

xii. In our opinion and according to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

xiii. In our opinion and according to the information and explanations given to us, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore the provisions of clause 4(xiii) of CARO are not applicable to the Company.

xiv. In our opinion and according to the information and explanations given to us, the Company is not dealing in or trading in shares, securities, debentures and other investments. Therefore provisions of clause 4(xiv) of CARO are not applicable to the Company.

xv. In our opinion and according to the information and explanations given to us, the Company has given guarantee for loans taken by others from bank or financial institutions, the terms and conditions whereof in our opinion are not prima-facie prejudicial to the interest of the Company.

xvi. In our opinion and according to the information and explanations given to us, the term loans have been applied for the purpose for which they were raised.

xvii. In our opinion and according to information and explanations given to us and an overall examination of the Balance Sheet of the Company, we report that funds raised on short-term basis have not been used during the period for long term investment.

xviii. According to the information and explanations given to us, during the period covered by our audit, the Company has not made any preferential allotments of shares to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956. Therefore provisions of clause 4(xviii) of CARO are not applicable to the Company.

xix. According to the information and explanations given to us, the Company has created security in respect of debentures issued during the financial period covered by our audit report.

xx. During the period covered by our report, the Company has not raised any money by way of public issue. Therefore provisions of clause 4(xx) of CARO are not applicable to the Company.

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

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

Navin T. Gupta
Partner
Membership No. 40334

Mumbai
February 25, 2013

BALANCE SHEET AS AT DECEMBER 31, 2012

(₹ in Crores)

	Note	As at December 31, 2012	As at June 30, 2011
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	2	**46.32**	106.90
Reserves and Surplus	3	**3,276.23**	2,671.23
Money Received Against Share Warrants		**-**	100.00
		3,322.55	2,878.13
Optionally Fully Convertible Debentures	4	**800.00**	-
Non-Current Liabilities			
Long-Term Borrowings	5	**1,854.42**	1,392.75
Deferred Tax Liabilities (Net)	6	**94.99**	87.05
Other Long Term Liabilities	7	**150.00**	145.00
Long-Term Provisions	8	**5.32**	2.71
		2,104.73	1,627.51
Current Liabilities			
Short-Term Borrowings	9	**551.18**	538.23
Trade Payables	10	**810.02**	938.69
Other Current Liabilities	11	**980.91**	325.06
Short-Term Provisions	12	**33.53**	27.22
		2,375.64	1,829.20
TOTAL		**8,602.92**	6,334.84
ASSETS			
Non-Current Assets			
Fixed Assets	13		
Tangible Assets		**2,186.29**	1,335.44
Intangible Assets		**97.02**	131.59
Capital Work-in-Progress		**209.73**	100.13
Non-Current Investments	14	**2,280.23**	2,250.52
Long-Term Loans and Advances	15	**764.01**	349.20
		5,537.28	4,166.88
Current Assets			
Inventories	16	**2,140.24**	1,762.20
Trade Receivables	17	**165.01**	178.11
Cash and Bank Balances	18	**55.53**	85.91
Short-Term Loans and Advances	19	**690.99**	130.59
Other Current Assets	20	**13.87**	11.15
		3,065.64	2,167.96
TOTAL		**8,602.92**	6,334.84
Notes Forming Part of the Financial Statements.	1-55		

As per our Report of even date attached

For NGS & Co. LLP
Chartered Accountants

Navin T. Gupta
Partner
Membership No. 40334

For and on behalf of Board of Directors

Shailesh Haribhakti
Chairman

Kishore Biyani
Managing Director

Rakesh Biyani
Joint Managing Director

Vijay Biyani
Wholetime Director

S. Doreswamy
Director

Dr. Darlie Koshy
Director

Anil Harish
Director

V. K. Chopra
Director

Bala Deshpande
Director

Gopikishan Biyani
Director

C. P. Toshniwal
Chief Financial Officer

Deepak Tanna
Company Secretary

Place : Mumbai
Date : February 25, 2013

STATEMENT OF PROFIT AND LOSS FOR THE PERIOD JULY 01, 2011 TO DECEMBER 31, 2012

(₹ in Crores)

	Note	Period Ended December 31, 2012	Year Ended June 30, 2011
INCOME			
Revenue from operations	21	**6,987.73**	4,101.48
Other income	22	**27.70**	16.34
Total Revenue		**7,015.43**	4,117.82
EXPENSES			
Cost of Materials Consumed		**25.21**	25.49
Purchases of Stock-in-Trade		**4,815.11**	3,118.28
Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	23	**(395.93)**	(494.15)
Employee Benefit Expenses	24	**336.31**	214.47
Finance Costs	25	**460.41**	173.66
Depreciation and Amortization Expense	13	**311.87**	146.37
Other Expenses	26	**1,430.73**	818.41
Total Expenses		**6,983.71**	4,002.53
Profit Before Exceptional Items and Tax		**31.72**	115.29
Exceptional Items	27	**256.60**	-
Profit Before Tax		**288.32**	115.29
Tax Expense	38	**15.06**	36.55
Earlier Year's Income Tax		**-**	2.08
Profit After Tax For The Period / Year		**273.26**	76.66
Earnings Per Equity Share of Face Value of ₹ 2/- each)			
Basic - Equity Share		**12.08**	3.54
Basic - Class B (series-1) Share		**12.12**	3.64
Diluted - Equity Share		**12.08**	3.44
Diluted - Class B (series-1) Share		**12.12**	3.54
Notes Forming Part of the Financial Statements.	1-55		

As per our Report of even date attached

For NGS & Co. LLP
Chartered Accountants

Navin T. Gupta
Partner
Membership No. 40334

Place : Mumbai
Date : February 25, 2013

For and on behalf of Board of Directors

Shailesh Haribhakti
Chairman

Kishore Biyani
Managing Director

Rakesh Biyani
Joint Managing Director

Vijay Biyani
Wholetime Director

S. Doreswamy
Director

Dr. Darlie Koshy
Director

Anil Harish
Director

V. K. Chopra
Director

Bala Deshpande
Director

Gopikishan Biyani
Director

C. P. Toshniwal
Chief Financial Officer

Deepak Tanna
Company Secretary

1. NOTES TO THE FINANCIAL STATEMENTS

A. Basis of preparation

These financial statements have been prepared in accordance with the generally accepted accounting principles in India (IGAAP) under the historical cost convention on accrual basis and comply in all material aspects with the Accounting Standards notified under Section 211(3C) and other relevant provisions of the Companies Act, 1956.

B. Use of Estimates

Preparation of financial statements in conformity with IGAAP 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 recognized in future periods.

C. 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.
Borrowing costs attributable to acquisition and construction of qualifying assets are capitalized as a part of the cost of such assets up to the date when such assets are ready for its intended use.
Depreciation is provided on straight line basis at the rates and in the manner prescribed under Schedule XIV of the Companies Act, 1956 except leasehold improvements which are amortized over the lease period and employee perquisite related assets which are depreciated over three years.
Computer software is amortized over six years. Fixed assets, individually costing less than Rupees Five thousands are fully depreciated in the year of purchase. Depreciation on the fixed assets added/ disposed off/ discarded during the period is provided on pro-rata basis with reference to the month of addition/ disposal/ discarding.

D. 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.

E. Inventories

Inventories are valued at lower of cost, computed on weighted average basis, and net realizable value.
Cost of inventories comprises all costs of purchases and other costs incurred in bringing the inventories to their present condition and location.
Materials and other items held for use in the production of inventories are written down below cost only if the finished products in which they will be used are expected to be sold below cost.

F. Transactions in foreign currency

Foreign currency transactions are recorded at the exchange rates prevailing at the date of the transaction.
Monetary foreign currency items at the year end are restated at year end rates. In case of items which are covered by forward exchange contracts, the difference between the year end rate and the rate on the date of the contract is recognized as exchange difference and the premium paid on forward contracts is recognized over the life of the contract. All exchange differences, either on settlement or translation, are recognized in the Statement of Profit and Loss.

G. 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.

Sales are recognized 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 and VAT.

Interest income is recognized on time proportion basis taking into account the amount outstanding and the applicable rate.

Dividend income is recognized when right to receive is established.

H. Retirement and other employee benefits

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

I. Taxation

Provision for current tax is made on the basis of estimated taxable income for the current accounting period in accordance with 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 at the Balance Sheet date. Deferred tax asset is recognized and carried forward only to the extent that there is virtual certainty that the asset will be realized in future.

J. Provisions, Contingent Liabilities and Contingent Assets

Provisions involving substantial degree of estimation in measurement are recognized 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 recognized, but are disclosed in the notes. Contingent Assets are neither recognized nor disclosed in the financial statements.

K. Impairment of assets

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 recognized in prior years is recorded when there is an indication that the impairment losses recognized for the assets no longer exist or have decreased.

L. 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 which is representative of the time pattern of the user's benefit.

2. Share Capital

	As at December 31, 2012		As at June 30, 2011	
	Number	(₹ in Crores)	Number	(₹ in Crores)
Authorised				
Equity Shares of ₹ 2/- each	**450,000,000**	**90.00**	250,000,000	50.00
Equity Shares of Class B (Series -1) of ₹ 2/- each	**50,000,000**	**10.00**	50,000,000	10.00
0.01% Compulsorily Convertible Preference Shares of ₹ 100/- each	**3,000,000**	**30.00**	7,000,000	70.00
	503,000,000	**130.00**	307,000,000	130.00
Issued				
Equity Shares of ₹ 2/- each	**215,664,839**	**43.13**	201,153,939	40.23
Equity Shares of Class B (Series -1) of ₹ 2/- each	**15,929,152**	**3.19**	15,929,152	3.19
0.01% Compulsorily Convertible Preference Shares of ₹ 100/- each	-	-	6,347,635	63.48
	231,593,991	**46.32**	223,430,726	106.90
Subscribed and Paid up				
Equity Shares of ₹ 2/- each	**215,653,439**	**43.13**	201,142,539	40.23
Equity Shares of Class B (Series -1) of ₹ 2/- each	**15,929,152**	**3.19**	15,929,152	3.19
0.01% Compulsorily Convertible Preference Shares of ₹ 100/- each	-	-	6,347,635	63.48
	231,582,591	**46.32**	223,419,326	106.90

(I) Reconciliation of Number of Shares

Equity Share of ₹ 2/-each

	Equity Shares	
	As at December 31, 2012	As at June 30, 2011
Particulars	Number of Shares	Number of Shares
Opening Balance	**201,142,539**	190,213,721
Shares Issued	**8,163,265**	10,928,818
Shares Issued on Conversion of Preference Shares	**6,347,635**	-
Closing Balance	**215,653,439**	201,142,539

Equity Shares of Class B (Series -1) of ₹ 2/- each

	Equity Shares of Class B (Series-1)	
	As at December 31, 2012	As at June 30, 2011
Particulars	Number of Shares	Number of Shares
Opening Balance	**1,59,29,152**	1,59,29,152
Shares Issued	**-**	-
Closing Balance	**1,59,29,152**	1,59,29,152

0.01% Compulsorily Convertible Preference Shares of ₹ 100/-each

Particulars	Preference Shares	
	As at December 31, 2012	As at June 30, 2011
	Number of Shares	Number of Shares
Opening Balance	**63,47,635**	63,47,635
Converted into Equity Shares	**63,47,635**	-
Closing Balance	**-**	63,47,635

(ii) Terms/Rights Attached to Equity Shares

The company has equity shares having a par value of ₹ 2/- per share at the Balance Sheet Date. Equity Shares have been further classified in to Equity Shares carrying normal voting and dividend rights (Ordinary Shares) and Equity Shares carrying differential voting and dividend rights {Class B (Series-1) Shares}.

Each holder of Ordinary Shares, is entitled to one vote per member in case of voting by show of hands and one vote per Ordinary 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.

Each holder of Class B (Series -1) Shares, is entitled to one vote per member in case of voting by show of hands and three vote per four Class B (Series-1) shares held in case of voting by poll/ballot. Each holder of Class B (Series -1) Share is also entitled to 2% additional dividend in addition to normal dividend (including interim dividend, if any) as may declared by the company. Further, the Company may declare dividend only for Class B (Series-1) Share upto 2% without declaring any dividend for Equity Shares.

All other rights would be same for both classes of Equity Shares.

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) Term of Conversion/Redemption of Preference Shares

63,47,635 0.01% Compulsorily Convertible Preference Shares (CCPS) of face value of ₹ 100/-each fully paid up aggregating to ₹ 63.48 Crores were issued under the scheme of arrangement during the year ended June 30, 2010. These shares have been converted into equity shares of ₹ 2/- each at a premium of ₹ 98/- per share on July 31, 2011.

(iv) The Company does not have any 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:

a) Equity Shares

Name of Shareholder	As at December 31, 2012		As at June 30, 2011	
	No. of Shares Held	% of Holding	No. of Shares Held	% of Holding
Equity Shares				
Future Corporate Resources Limited	**8,20,32,726**	**38.04**	7,89,85,843	39.27
PIL Industries Limited	**1,21,11,692**	**5.62**	1,13,76,405	5.65
ARISAIG Partners (Asia) PTE Limited A/c arisaig India Fund Limited	**2,01,37,118**	**9.34**	-	-
Bennett, Coleman and Company Limited	**1,25,66,477**	**5.83**	-	-
Class B (Series -1) Shares				
Future Corporate Resources Limited	-	-	35,67,216	22.39
PIL Industries Limited	**29,27,885**	**18.38**	29,27,885	18.38
Manz Retail Private Limited	**9,71,756**	**6.10**	9,01,756	5.66
Birla Sun Life Insurance Company Limited	-	-	13,02,504	8.18
Gargi Developers Private Limited	**28,00,000**	**17.57**	-	-

b) Preference Shares

Name of Shareholder	As at December 31, 2012		As at June 30, 2011	
	No. of Shares Held	% of Holding	No. of Shares Held	% of Holding
IDBI Trusteeship Services Limited (A/c India Advantage Fund - V)	-	-	44,05,741	69.41
Kotak Mahindra Trusteeship Services Limited - A/c India Growth Fund, a unit scheme of Kotak SEAF India Fund	-	-	17,59,163	27.71

(vi) Pursuant to the provisions of Section 206A of the Companies Act, 1956, the issue of 11,400 equity shares is kept in abeyance

(vii) Shares allotted as fully paid up without payment received in cash (during 5 years preceding December 31, 2012)

a. Allotted 1,59,29,152 Equity Shares of Class B (Series - 1) as fully paid-up bonus shares by utilisation of Securities Premium reserve.

b. Allotted 59,28,818 Equity Shares of ₹ 2/- each and 63,47,635, 0.01% CCPS of ₹ 100/- each as fully paid up pursuant to Scheme of Arrangement.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS.

(₹ in Crores)

	As at December 31, 2012	As at June 30, 2011
3. Reserve and Surplus		
Capital Reserve		
Opening Balance	**63.26**	63.26
Add: Forfeiture of Share Warrants	**100.00**	-
	163.26	63.26
Securities Premium Reserve		
Opening Balance	**1,965.82**	1875.32
Add: Issue of Equity Shares	**198.37**	90.50
Conversion of Preference Share	**62.21**	-
	2,226.40	1965.82
Debenture Redemption Reserve		
Opening Balance	**60.00**	25.00
Add: Transfer from Statement of Profit and Loss	**69.38**	35.00
	129.38	60.00
General Reserve		
Opening Balance	**75.80**	67.92
Add: Transfer from Statement of Profit and Loss	**27.33**	7.88
	103.13	75.80
Statement of Profit and Loss		
Opening Balance	**506.35**	495.98
Add: Profit for the Period / Year	**273.26**	76.66
Less: Appropriation		
Excess Provision Reversal of Tax on Dividend	**(0.85)**	(0.16)
Transfer to Debenture Redemption Reserve	**69.38**	35.00
Transfer to General Reserve	**27.33**	7.88
Proposed Dividends on Equity Share	**25.54**	20.27
Proposed Dividend on Preference Share	**-**	0.01
Tax on Dividend	**4.14**	3.29
	654.07	506.35
	3,276.23	2671.23
4. Optionally Fully Convertible Debentures	**800.00**	-
	800.00	-
The Optionally Convertible Debentures (OFCDs) allotted on June 14, 2012 have face value of ₹ 1,00,00,000/- per debenture and carry coupon rate of 9.75% p.a. payable only in case of its redemption. OFCD holders have option of conversion into equity shares of the Company at a price of ₹ 245/- per share, as per terms of issue and if not converted before expiry of 18 months from the date of allotment, OFCDs shall be redeemed on the last date of 18 months from the date of allotment of OFCDs. The OFCDs can be redeemed earlier with mutual consent of the OFCD holders and Company.		

(₹ in Crores)

	As at December 31, 2012	As at June 30, 2011
5. Long Term Borrowings		
Secured		
Non Convertible Debentures	**925.00**	700.00
Term Loans from Banks	**929.42**	492.75
	1,854.42	1192.75
Unsecured		
Term Loans from Banks	-	200.00
	1,854.42	1392.75
a) Non-Convertible Debentures (NCDs):		
NCDs of ₹ 700 Crores (2011 ₹ 700 Crores) 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 11.50% per annum and are redeemable at par, in one or more installments as ₹ 250 Crores in calendar year 2014, ₹ 125 Crores in 2015, ₹ 225 Crores in 2016 and ₹ 100 Crores in 2017.		
NCDs of ₹ 225 Crores (2011 NIL) are secured by Pledge of shares of subsidiary companies, carries coupon rate of 12.10% per annum and are redeemable at par, in one or more installments as ₹ 22.50 Crores in calendar year 2014, ₹ 22.50 Crores in 2015, ₹ 67.50 Crores in 2016 and ₹ 112.50 Crores in 2017.		
b) Term Loan from Banks:		
i) Term Loans of ₹ 299.75 Crores (2011 ₹ 358.15 Crores) are secured by (a) First Pari-Passu charge on Fixed Assets (excluding specific fixed assets charged in favour of exclusive charge lenders). (b) Second Pari passu charge on the Current Assets .		
ii) Term Loans of ₹ 118.03 Crores (2011 ₹ 78.06 Crores) are secured by First Pari-Passu charge on Fixed Assets (excluding specific fixed assets charged in favour of exclusive charge lenders).		
iii) Term Loans of ₹ 363.77 Crores (2011 NIL) are secured by (a) First Pari-Passu charge on Fixed Assets (excluding specific fixed assets charged in favour of exclusive charge lenders). (b) First charge on Future Credit/Debit card receivables of "Pantaloon Megastores" through escrow mechanism.		
iv) Term Loans of ₹ 29.43 Crores (2011 ₹ 78.73 Crores) are secured by Third Pari Passu charge on Fixed Assets and Current Assets.		
v) Term Loans of ₹ 226.39 Crores (2011 NIL) are secured by (a) Residual Charge on Fixed Assets and Current Assets. (b) First charge on Future Credit/Debit card receivables of "Pantaloon Megastores" through escrow mechanism.		
vi) Term Loans of ₹ 193.58 Crores (2011 ₹ 74.95 Crores) are secured by Residual Charge on Fixed Assets and Current Assets .		
vii) Term Loans of ₹ 775.67 Crores are secured by personal guarantee of promoter directors.		
viii) Term Loans are repayble as follows: ₹ 205.43 Crores in calendar year 2014, ₹ 158.27 Crores in 2015, ₹ 166.74 Crores in 2016, ₹ 188.92 Crores in 2017, ₹ 201.14 Crores in 2018 and ₹ 8.92 Crores in 2019.		
ix) Weighted average rate of interest on the Term Loans is 12.96 %		

NOTES FORMING PART OF THE FINANCIAL STATEMENTS.

(₹ in Crores)

	As at December 31, 2012	As at June 30, 2011
6. Deferred Tax Liabilities (Net)		
Deferred Tax Liabilities		
On Fixed Assets	**181.23**	106.08
Deferred Tax Assets		
Expenditure and Provision Allowable and Carry Forward of Losses and Unabsorbed Depreciation	**86.24**	19.03
	94.99	87.05
7. Other Long Term Liabilities		
Debenture Application Money	**150.00**	145.00
	150.00	145.00
8. Long Term Provisions		
Provision for Employee Benefits	**5.32**	2.71
	5.32	2.71
9. Short Term Borrowings		
Secured		
Term Loans from Banks	**74.89**	-
Working Capital Loans from Banks	**430.04**	383.54
Deferred Payment Liabilities	-	2.46
	504.93	386.00
Unsecured		
Term Loans from Banks	-	100.00
Loans from Related Parties	**46.25**	52.23
	46.25	152.23
	551.18	538.23
Secured		
i) Term Loans of ₹ 74.89 Crores (2011: NIL) are secured by a) Subservient charge on Fixed Assets & Current Assets b) Mortgage of immovable property, corporate guarantee and pledge of certain investments held by associate company and personal guarantee of promoter directors.		
ii) Working Capital Loans of ₹ 430.04 Crores (2011: ₹ 383.54 Crores) are 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 (c) Second Pari Passu Charge on the fixed Assets.		

(₹ in Crores)

	As at December 31, 2012	As at June 30, 2011
10. Trade Payables		
Trade Payables (Refer Note No : 43)	**810.02**	938.69
	810.02	938.69
11. Other Current Liabilities		
Current Maturities of Long-Term Borrowings	**301.53**	97.14
Interest Accrued but Not Due on Borrowings	**94.71**	32.38
Unpaid Dividends *	**0.41**	0.37
Other Payables #	**584.26**	195.17
	980.91	325.06
* There are no amounts due and outstanding to be credited to the Investor Education and Protection Fund.		
# Includes Capital Creditors, Advance from customers, security Deposits, Statutory Dues etc.		
12. Short Term Provisions		
Provision for Employee Benefits	**3.85**	3.65
Others		
Proposed Dividend on		
Equity	**25.54**	20.27
Preference	**-**	0.01
Tax on Dividend	**4.14**	3.29
	33.53	27.22

13. Fixed Assets

(₹ in Crores)

Particulars	GROSS BLOCK				DEPRECIATION / AMORTIZATION				NET BLOCK	
	As at July 01, 2011	Additions	Deductions	As at December 31, 2012	Up to June 30, 2011	Adjustment for the period	Depreciation for the period	Up to December 31, 2012	As at December 31, 2012	As at June 30, 2011
a) Tangible Assets										
Freehold Land	4.83	-	-	**4.83**	-	-	-	**-**	**4.83**	4.83
Leasehold Land	1.17	-	-	**1.17**	0.17	-	0.03	**0.20**	**0.97**	1.00
Building	0.03	-	-	**0.03**	0.01	-	0.00	**0.01**	**0.02**	0.02
Leasehold Improvements	307.20	276.28	26.94	**556.54**	61.94	18.07	73.84	**117.71**	**438.83**	245.25
Plant and Equipments	169.42	125.21	4.07	**290.56**	22.47	2.37	17.14	**37.24**	**253.32**	146.95
Office Equipments	27.84	5.90	1.93	**31.81**	6.26	1.58	2.48	**7.16**	**24.65**	21.59
Computers	137.51	22.55	24.64	**135.42**	61.23	17.33	33.99	**77.89**	**57.53**	76.28
Furniture and Fittings	664.72	494.71	17.41	**1,142.02**	110.03	7.23	90.52	**193.32**	**948.70**	554.69
Electrical Installations	325.06	211.89	12.99	**523.96**	43.77	4.63	31.70	**70.84**	**453.12**	281.29
Vehicles	5.79	2.23	0.49	**7.53**	2.26	0.08	1.03	**3.21**	**4.32**	3.53
Total	1,643.57	1,138.77	88.47	**2,693.87**	308.14	51.29	250.73	**507.58**	**2,186.29**	1,335.43
b) Intangible Assets										
Computer Software	234.09	31.25	44.98	**220.36**	102.50	40.29	61.14	**123.34**	**97.02**	131.59
Total	234.09	31.25	44.98	**220.36**	102.50	40.29	61.14	**123.34**	**97.02**	131.59
Grand total	1,877.66	1,170.02	133.45	**2,914.23**	410.63	91.58	311.87	**630.92**	**2,283.31**	1,467.02
Previous Year	1,417.04	547.42	86.80	1,877.66	294.89	30.62	146.37	410.64	1,467.02	1,122.15

(₹ in Crores)

	As at December 31, 2012		As at June 30, 2011	
14. NON-CURRENT INVESTMENTS				
Trade Investments paid up of ₹ 10/- each unless otherwise stated				
Investments in				
Equity Instruments				
Quoted				
Subsidiary				
64,79,848 (3,47,79,999) Equity Shares of Capital First Limited (Formerly Known as Future Capital Holdings Limited)		-		59.53
Associates				
49,37,935 Equity shares of Galaxy Entertainment Corporation Limited	19.03		19.03	
Less: Provision	15.79		-	
		3.24		19.03
Others				
15,00,00,000 (16,53,55,095) Equity Shares of Future Ventures India Limited		147.78		162.91
Unquoted				
Subsidiaries				
3,51,00,000 Equity Shares of Future Agrovet Limited		35.10		35.10
1,91,60,000 Equity Shares of Futurebazaar India Limited		19.16		19.16
1,69,98,000 Equity Shares of Future E-Commerce Infrastructure Limited		17.00		17.00
4,46,97,790 Equity Shares of Future Knowledge Services Limited	44.70		44.70	
Less: Provision	14.33		-	
		30.37		44.70
2,82,65,550 Equity Shares of Future Learning and Development Limited	28.26		28.26	
Less: Provision	5.27		-	
		22.99		28.26
2,74,62,962 Equity Shares of Future Supply Chain Solutions Limited		64.50		64.50
2,73,78,746 (21,06,062) Equity Shares of Future Media (India) Limited		36.65		11.38
6,68,624 Equity shares of Home Solutions Retail (India) Limited	3.61		3.61	
Less: Provision	3.61		-	
		-		3.61
6,64,99,912 Equity Shares of Future Value Retail Limited		978.50		978.50
50,000 Equity shares of Future Home Retail India Limited (Formerly Known as nuZone Electronics Limited)		0.05		0.05
50,000 Equity Shares of nuZone Ecommerce Infrastructure Limited		0.05		0.05
2,40,000 Equity Shares of Winner Sports Limited	27.38		27.38	
Less: Provision	6.94		-	
		20.44		27.38

(₹ in Crores)

	As at December 31, 2012	As at June 30, 2011
2,57,31,399 (NIL) Equity Shares of Future Lifestyle Fashions Limited	**5.15**	-
(Formerly Known as Future Value Fashion Retail Limited)		
NIL (15,40,000) Equity Shares of Splendor Fitness Private Limited of ₹ 100/- each	**-**	22.60
Joint Ventures		
22,03,500 Equity Shares of Apollo Design Apparel Parks Limited	**73.64**	73.64
14,28,00,000 (12,11,25,000) Equity Shares of Future Generali India Insurance Company Limited	**142.80**	121.13
31,18,65,000 (26,82,60,000) Equity Shares of Future Generali India Life Insurance Company Limited	**311.87**	268.26
21,19,394 Equity Shares of Staples Future Office Products Private Limited	**27.91**	27.91
22,81,500 Equity Shares of Goldmohur Design and Apparel Park Limited	**70.30**	70.30
14,17,74,931(12,95,24,931) Equity Shares of Sprint Advisory Services Private Limited	**141.77**	129.52
6,91,20,000 (5,85,32,500) Equity Shares of Shendra Advisory Services Private Limited	**69.12**	58.53
40,625 Equity Shares of Integrated Food Park Private Limited	**0.04**	0.04
Preference Shares		
Unquoted		
Subsidiary		
7,60,000 0.01% Non-Cumulative Redeemable Preference Shares of Winner Sports Limited	**0.76**	0.76
Unquoted		
Subsidiary		
350 (NIL) 5% Unsecured Compulsorily Convertible Debentures of Future Value Retail Limited of ₹ 10 Lacs / each	**42.22**	-
Non-Trade Investments paid up of ₹ 10/- each unless otherwise stated		
Quoted		
Others		
64,79,848 (3,47,79,999) Equity Shares of Capital First Limited (Formerly Known as Future Capital Holdings Limited)	**11.09**	-
NIL (5,631) Equity shares of Andhra Bank Limited	**-**	0.05
Unquoted		
Others		
48,281 Equity Shares of Foot-Mart Retail India Limited	**0.08**	0.08
Less: Provision	**0.08**	-
	-	0.08

(₹ in Crores)

	As at December 31, 2012	As at June 30, 2011
20,000 Equity Shares of Kalyan Janata Sahakari Bank Limited of ₹ 25/- each	**0.05**	0.05
47,71,037 (35,78,278) Equity Shares of Pan India Food Solutions Private Limited	**4.77**	3.58
5,79,771 Equity Shares of Planet Retail Holdings Private Limited	**2.90**	2.90
5 Shares of Y.A. Chunawala Industrial Co-op Society Limited. (₹ 250 each)	**0.00**	0.00
In Government and Other Securities		
Unquoted		
National Saving Certificates (Deposited with Sales Tax Authorities)	**0.01**	0.01
	2,280.23	2,250.52
Note:		
1 Aggregate amount of Quoted Investments	**177.90**	241.52
2 Market Value of Quoted Investments	**275.44**	632.91
3 Aggregate Amount of Unquoted Investments	**2,148.35**	2,009.00
4 Aggregate Amount of Diminution in Value of Investments	**46.02**	-

(₹ in Crores)

	As at December 31, 2012	As at June 30, 2011
15. Long-Term Loans and Advances		
(Unsecured and Considered Good)		
Capital Advances	**113.37**	60.91
Security Deposits	**343.04**	182.71
Loan and Advances to Related Parties*	**222.06**	105.58
Other Loans and Advances	**85.54**	-
	764.01	349.20
* Includes Share Application Money		
16. Inventories		
Raw Materials	**-**	4.45
Work-in-Progress	**-**	3.26
Stock-in-Trade [(Goods-in-transit of ₹61.90 Crores (2011: ₹51.92 Crores)]	**2,129.80**	1729.54
Finished Goods	**5.24**	6.31
Packing Materials	**5.20**	18.64
	2,140.24	1762.20

NOTES FORMING PART OF THE FINANCIAL STATEMENTS.

(₹ in Crores)

	As at December 31, 2012	As at June 30, 2011
17. Trade Receivables		
Unsecured		
Outstanding for a period more than six months from the date they are due for payment		
Considered Good	**18.74**	5.21
Considered Doubtful	**-**	0.48
	18.74	5.69
Less: Provision for Doubtful Debts	**-**	0.48
	18.74	5.21
Other Debts : Considered Good	**146.27**	172.90
	165.01	178.11
18. Cash and Bank Balances		
Cash and Cash Equivalents		
Balances with Banks in Current Accounts	**21.80**	70.47
Cheques on Hand	**2.34**	0.14
Cash on Hand	**7.34**	5.54
Other Bank Balances		
Dividend Account	**0.41**	0.37
Earmarked Balances with Banks*	**23.59**	9.07
Short Term Bank Deposits	**0.05**	0.32
	55.53	85.91
*Include deposits of ₹ 0.37 crores (2011:₹ 0.24 Crores) with maturity of more than 12 months .		
19. Short-Term Loans and Advances		
(Secured and Considered Good)		
Loans and Advances	**178.07**	-
	178.07	-
(Unsecured and Considered Good)		
Loans and Advances to		
Related Parties	**63.11**	26.28
Others*	**334.57**	90.37
Deposits to		
Related Parties	**115.24**	-
Others	**-**	13.94
	512.92	130.59
	690.99	130.59
*Includes balances with government authorities, advance to suppliers, prepaid expenses etc.		

(₹ in Crores)

	Period Ended December 31, 2012	Year Ended June 30, 2011
20. Other Current Assets		
Interest Accrued	**0.90**	0.01
Other Receivables	**12.97**	11.14
	13.87	11.15
21. Revenue from Operations		
Sale of Products	**7,204.66**	4,168.88
Less: Vat, Sales Tax	**432.79**	226.41
Less: Excise Duty	**0.09**	0.16
Other Operating Revenues	**215.95**	159.17
	6,987.73	4,101.48
22. Other Income		
Interest Income	**7.91**	4.38
Dividend Income From		
Subsidiaries /Joint Ventures	**10.27**	5.27
Others	**0.02**	0.00
Provision Written Back	**0.48**	-
Miscellaneous Income	**9.02**	6.69
	27.70	16.34
23. Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade		
Opening Inventory		
Finished Goods	**6.31**	7.24
Stock- in-Trade	**1,729.54**	1,232.39
Work-in-Progress	**3.26**	5.33
Closing Inventory		
Finished Goods	**5.24**	6.31
Stock- in-Trade	**2,129.80**	1,729.54
Work-in-Progress	**-**	3.26
	(395.93)	(494.15)
24. Employee Benefit Expenses		
Salaries and Wages	**309.17**	197.45
Contribution to Provident and Other Funds	**13.45**	8.96
Staff Welfare Expenses	**13.69**	8.06
	336.31	214.47

NOTES FORMING PART OF THE FINANCIAL STATEMENTS.

(₹ in Crores)

	Period Ended December 31, 2012	Year Ended June 30, 2011
25. Finance Cost		
Interest Expense	**450.34**	164.61
Other Borrowing Costs	**10.07**	9.05
	460.41	173.66
26. Other Expenses		
Consumption of Stores and Spare Parts	**0.65**	0.14
Power and Fuel	**126.37**	71.44
Repairs and Maintenance		
Buildings	**0.04**	0.17
Machinery	**3.60**	0.36
Others	**26.33**	16.31
Insurance	**3.41**	2.69
Rates and Taxes	**14.78**	6.38
Rent Including Lease Rentals	**736.13**	400.24
Advertisement and Marketing	**137.41**	103.38
Net Loss on Sale of Investments	**0.00**	2.50
Loss on Disposal/Discarded of Fixed Assets (Net)	**29.74**	2.91
Bad Debts Written Off	**7.51**	1.68
Exchange Fluctuation Loss (Net)	**5.50**	5.64
Miscellaneous Expenses	**339.26**	204.57
	1,430.73	818.41
27. Exceptional Items		
Net Gain on Sale of Non-Current Investments	**302.62**	-
Provison for Diminution in Value of Investments	**(46.02)**	-
	256.60	-

28. AS PER ACCOUNTING STANDARD 15 "EMPLOYEE BENEFITS",THE DISCLOSURES AS DEFINED IN THE ACCOUNTING STANDARD ARE GIVEN BELOW:

A. Change In Present Value of Obligation

(₹ In Crores)

Particulars	Gratuity (Funded)		Gratuity (Un-Funded)		Leave encashment (Un-funded)	
	2011-12	2010-11	**2011-12**	2010-11	**2011-12**	2010-11
Present Value of the Obligation at the beginning of period	**2.43**	2.23	**2.75**	1.58	**3.61**	2.60
Interest Cost	**-**	-	**0.68**	0.31	**0.47**	0.21
Current Service Cost	**-**	-	**2.92**	2.15	**1.89**	1.45
Benefits Paid	**-**	-	**1.58**	0.61	**3.33**	0.94
Actuarial (gain)/ loss on obligations	**0.25**	0.20	**(0.47)**	(0.68)	**2.23**	0.29
Present Value of the Obligation at the end of period	**2.68**	2.43	**4.30**	2.75	**4.87**	3.61
Fair value of plan assets	**2.68**	2.43	**-**	-	**-**	-
Un-funded liability	**-**	-	**4.30**	2.75	**4.87**	3.61

B. Amount Recognised in the Balance Sheet

(₹ In Crores)

Particulars	Gratuity (Funded)		Gratuity (Un-Funded)		Leave encashment (Un-funded)	
	2011-12	2010-11	**2011-12**	2010-11	**2011-12**	2010-11
Present Value of the Obligation	**2.43**	2.23	**4.55**	2.75	**4.87**	3.61
Fair value of plan assets	**2.68**	2.43	**-**	-	**-**	-
Un-funded Liability	**-**	-	**4.30**	2.75	**4.87**	3.61
Unrecognized actuarial gains/ losses	**-**	-	**-**	-	**-**	-
Un-funded liability recognized in Balance Sheet	**-**	-	**4.30**	2.75	**4.87**	3.61

C. Amount Recognised in the Profit and Loss Account

(₹ In Crores)

Particulars	Gratuity (Funded)		Gratuity (Un-Funded)		Leave encashment (Un-funded)	
	2011-12	2010-11	**2011-12**	2010-11	**2011-12**	2010-11
Interest Cost	**-**	-	**0.68**	0.31	**0.47**	0.21
Current Service Cost	**-**	-	**2.92**	2.15	**1.89**	1.45
Actuarial (gain)/ loss on obligations	**-**	0.20	**(0.22)**	(0.68)	**2.23**	0.29
Actual Return on plan assets	**0.25**	0.20	**-**	-	**-**	-
Total expense recognised in the Profit and Loss Account	**0.25**	-	**3.38**	1.78	**4.59**	1.95

D. Reconciliation of Balance Sheet

(₹In Crores)

Particulars	Gratuity (Funded)		Gratuity (Un-Funded)		Leave encashment (Un-funded)	
	2011-12	2010-11	**2011-12**	2010-11	**2011-12**	2010-11
Present Value of the Obligation at the beginning of period	**2.43**	2.23	**2.75**	1.58	**3.61**	2.60
Total expense recognised in the Profit and Loss Account	**0.25**	-	**3.13**	1.78	**4.59**	1.95
Benefit paid during the period	**-**	-	**1.58**	0.61	**3.33**	0.94
Fair value of plan assets	**2.68**	2.43	**-**	-	**-**	-
Present Value of the Obligation at the end of period	**2.68**	2.43	**4.30**	2.75	**4.87**	3.61

E. Experience Adjustments

(₹In Crores)

Particulars	June 30, 2008	June 30, 2009	June 30, 2010	June 30, 2011	**December 31, 2012**
Defined Benefit Obligation	4.20	5.55	3.19	5.18	**6.98**
Plan Assets (including bank balance)	1.95	2.05	2.23	2.43	**2.68**
Surplus / (Deficit)	(2.25)	(3.50)	(0.96)	(2.75)	**(4.30)**
Experience adjustments on Plan Liabilities	(1.10)	(0.90)	(3.52)	(0.47)	**(0.22)**
Experience on Plan Assets	0.01	0.05	0.01	0.03	**0.02**

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

(₹In Crores)

Particulars	Gratuity	Leave Encashment
Discount Rate	8.00%	8.00%
Expected Rate of increase in compensation levels	5.00%	5.00%
Expected Rate of return on plan Assets	NA	NA

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

(1) In the absence of detailed information regarding Plan Assets which is funded with Future Generally Life Insurance Company, Birla Sun Life Insurance Company Limited and India First Life Insurance Company Limited, the composition of each major category of plan assets, the percentage or amount for each category to the fair value of plan assets has not been disclosed.

(2) The contribution expected to be made by the Company during the financial year 2013-14 is ₹ 2.68 Crores (2011-12: ₹ 2.43 Crores)

29. 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 is ₹ 1025.22 Crores (2011:₹ 1089.21 Crores).The Lease Rent payable not later than one year is ₹ 439.26 Crores (2011:₹ 382.64 Crores), payable later than one year but not later than five year is ₹ 528.88 Crores (2011: ₹ 617.59 Crores) and payable later than five years is ₹ 57.08 Crores (2011: ₹ 88.98 Crores)

30. RELATED PARTY DISCLOSURES

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

A. List of related parties

1. Subsidiary Companies:

i. Futurebazaar India Limited.

ii. Future Knowledge Services Limited

iii. Future Media (India) Limited

iv. Future Agrovet Limited

v. Future Supply Chain Solutions Limited.

vi. FSC Brand Distribution Services Limited

vii. Future Value Retail Limited

viii. Future Learning and Development Limited

ix. Home Solutions Retail (India) Limited

x. Future Freshfoods Limited

xi. Winner Sports Limited

xii. Future E-Commerce Infrastructure Limited

xiii. Future Lifestyle Fashions Limited (Formerly known as Future Value Fashion Retail Limited) (w.e.f. May 31, 2012)

xiv. Splendor Fitness Private Limited (till June 29, 2012)

xv. Capital First Limited (Formerly known as Future Capital Holdings Limited (till September 27, 2012))

xvi. Future Capital Financial Services Limited (till September 27, 2012)

xvii. Future Finance Limited (till September 27, 2012)

xviii. Kshitij Investment Advisory Company Limited (till September 27, 2012)

xix. Myra Mall Management Company Limited (till July 09, 2012)

xx. FCH Securities & Advisors Limited (till June 02, 2012)

xxi. Future Capital Commodities Limited (till September 27, 2012)

xxii. Kshitij Property Solutions Private Limited (till November 30, 2011)

xxiii. Future Hospitality Management Limited (till November 30, 2011)

xxiv. Future Capital Investment Advisors Limited (till June 02, 2012)

xxv. Future Capital Home Finance Private Limited (till September 27, 2012)

xxvi. Anchor Investment & Trading Private Limited (till September 27, 2012)

xxvii. Nuzone Ecommerce Infrastructure Limited

xxviii. Future Home Retail Limited (Formerly known as Nuzone Electronics Limited)

xxix. Future Capital Securities Limited (till September 27, 2012)

2. Associates

   i. Galaxy Entertainment Corporation Limited

3. Joint Ventures

   i. Apollo Design Apparel Parks Limited
   ii. Future Generali India Insurance Company Limited
   iii. Future Generali India Life Insurance Company Limited
   iv. Goldmohur Design and Apparel Park Limited
   v. Integrated Food Park Private Limited
   vi. Sprint Advisory Services Private Limited
   vii. Shendra Advisory Services Private Limited.
   viii. Staples Future Office Products Private Limited

4. Enterprises over which Key Management Personnel are able to exercises significant influence

   i. Asian Retail Lighting Limited
   ii. ESES Commercial Private Limited
   iii. Fashion Global Retail Limited
   iv. Future Corporate Resources Limited
   v. Future Human Development Limited
   vi. Future Ideas Company Limited
   vii. Future Outdoor Media Solutions Limited
   viii. Future Ventures India Limited
   ix. S.J Retail Private Limited
   x. Bansi Mall Management Company Private Limited

5. Key Management Personnel

   i. Mr. Kishore Biyani
   ii. Mr. Rakesh Biyani
   iii. Mr. Vijay Biyani
   iv. Mr. Kailash Bhatia (till February 09, 2012)

6. Relatives of Key Management Personnel

   i. Mr. Gopikishan Biyani
   ii. Ms. Ashni Biyani
   iii. Ms. Godavari devi Biyani
   iv. Ms. Sampat Biyani
   v. Ms. Sangita Biyani
   vi. Ms. Santosh Biyani

B. Transactions With Related Parties

(₹ In Crores)

Nature of Transactions	Subsidiaries	Associates / Joint Ventures	Key Management Personnel Exercise Significant Influence	Key Management Personnel / Relatives
Sale of Goods and Services	72.14 (145.29)	3.97 (3.83)	30.36 (12.58)	- (1.63)
Sale of Fixed Assets	20.69 (2.90)	- (-)	0.09 (-)	- (-)
Purchases of Goods and Services	239.78 (289.77)	203.09 (108.16)	136.00 (158.99)	0.75 (0.17)
Purchases of Fixed Assets	54.38 (3.08)	- (3.95)	21.66 (52.33)	- (-)
Managerial Remuneration	- (-)	- (-)	- (-)	16.17 (12.41)
Sale of Investments	323.36 (-)	- (-)	- (-)	- (-)
Fresh Investments Made	30.37 (17.70)	88.12 (243.91)	- (-)	- (-)
Dividend Received	6.68 (3.48)	3.59 (1.79)	- (-)	- (-)
Advances Received	- (0.60)	- (0.10)	- (-)	- (-)
Advances Given	- (36.59)	3.83 (0.07)	163.81 (4.65)	- (-)
Deposits Given	- (-)	- (0.01)	128.80 (13.31)	- (-)
Deposits Received	- (-)	- (-)	0.34 (-)	- (-)
Share Application Money Paid	- (-)	18.70 (-)	- (-)	- (-)
Inter Company Deposits Taken	- (4.30)	46.25 (47.29)	- (-)	- (-)
Inter Company Deposits Given	- (6.25)	- (-)	- (-)	- (-)
Outstanding balances as on 31/12/2012 Receivable	24.41 (26.43)	6.01 (2.76)	378.89 (59.15)	- (-)
Payable	87.97 (106.61)	51.44 (22.19)	6.80 (47.85)	- (-)

C. DISCLOSURE OF TRANSACTIONS BETWEEN THE COMPANY AND RELATED PARTIES

i. Sale of Goods and Services includes Future Value Retail Limited ₹36.48 Crores (2011: ₹ 107.25Crores), Future Media (India) Limited ₹ 14.89 Crores (2011: ₹ 16.94 Crores), Future E-Commerce Infrastructure Limited ₹ 12.46 Crores (2011: ₹ 0.15 Crores), Future Supply Chain Solutions Limited ₹ 7.56 Crores (2011: ₹ 15.41 Crores), S.J Retail Private Limited ₹ 9.86 Crores (2011: ₹ Nil), Galaxy Entertainment Corporation Limited ₹ 1.33 Crores (2011: ₹ 0.54 Crores) Future Generali India Insurance Company Limited ₹ 0.49 Crores (2011: ₹ 0.48 Crores) Future Generali India Life Insurance Company Limited ₹ 1.45 Crores (2011: ₹ 1.56 Crores) Staples Future Office Products Private Limited ₹ 0.70 Crores (2011: ₹ 0.97 Crores), Future Ventures India Limited ₹ 17.95 Crores (2011: ₹ Nil).

ii. Purchases and other Services includes Future Supply Chain Solutions Limited ₹ 181.57 Crores (2011: ₹ 93.11 Crores), Staples Future Office Products Private Limited ₹ 139.07 Crores (2011: ₹ 80.97Crores),Future Value Retail Limited ₹ 39.99 Crores (2011: ₹ 135.00 Crores), Apollo Design Apparel Parks Limited ₹ 33.12 Crores (2011:₹ 111.13 Crores), Goldmohur Design and Apparel Park Limited ₹ 30.52 Crores (2011:₹ 13.99 Crores) Future Corporate Resources Limited ₹ 70.65 (2011: ₹ 61.62 Crores), Fashion Global Retail Limited ₹ 43.60 Crores (2011: ₹ 19.47 Crores)

iii. Sale of Fixed Assets includes Future Value Retail Limited ₹ 11.47 Crores (2011: ₹ 2.29 Crores), Future Supply Chain Solutions Limited ₹ 9.22 Crores (2011:₹ Nil), Future Corporate Resources Limited ₹ 0.01 Crores (2011: ₹ Nil), S.J Retail Private Limited ₹ 0.08 Crores (2011: ₹ Nil)

iv. Purchase of Fixed Assets includes Future Value Retail Limited ₹ 45.95 Crores (2011: ₹ 3.06 Crores), Future Supply Chain Solutions Limited ₹ 8.42 Crores (2011: ₹ Nil), Future Human Development Limited ₹ 5.80 Crores (2011: ₹ 2.50 Crores), Asian Retail Lighting Limited ₹ 15.86 Crores (2011: ₹ 15.84 Crores)

v. Managerial Remuneration includes Mr. Kishore Biyani ₹ 5.73 Crores (2011: ₹ 3.82 Crores),Mr. Rakesh Biyani ₹ 5.31 Crores (2011: ₹ 3.47 Crores), Mr. Vijay Biyani ₹ 3.14 Crores (2011: ₹ 2.09 Crores), Mr.Kailash Bhatia ₹ 1.82 Crores (2011: ₹ 3.03 Crores)

vi. Sale of Investments includes Future Value Retail Limited ₹ 323.36 Crores (2011:₹ Nil)

vii. Fresh Investments made includes Future Media India Limited ₹ 25.37 Crores (2011: ₹ Nil), Sprint Advisory Services Private Limited ₹ 12.25 Crores (2011:₹ 42.91 Crores), Shendra Advisory Services Private Limited ₹ 10.59 Crores (2011:₹ 20.36 Crores) Future Generali India Insurance Company Limited ₹ 21.67 Crores (2011:₹ 42.08 Crores), Future Generali India Life Insurance Company Limited ₹ 43.61 Crores (2011:₹ 89.25 Crores)

viii. Dividend Received includes Future Capital Holding Limited ₹ 6.68 Crores (2011: ₹ 3.48 Crores), Apollo Design Apparel Parks Limited. ₹ 1.76 Crores (2011: ₹ 0.88 Crores), Goldmohur Design and Apparel Park Limited ₹ 1.83 Crores (2011: ₹ 0.91 Crores)

ix. Deposit given includes Bansi Mall Management Company Private Limited ₹ 13.80 Crores (2011: ₹ Nil),Future Corporate Resources Limited ₹ 115.00 Crores (2011: ₹ 4.76 Crores)

x. Share Application Money paid includes Sprint Advisory Services Private Limited ₹ 8.69 Crores (2011: ₹ Nil), Future Generali India Insurance Company Ltd ₹ 5.10 Crores (2011:₹ Nil), Shendra Advisory Services Pvt Ltd ₹4.90 Crores (2011: ₹ Nil)

xi. Advance Given includes Galaxy Entertainment Corporation Limited ₹ 3.83 Crores (2011:₹ Nil), Future Corporate Resources Limited ₹ 163.81 Crores (2011: ₹ 0.31 Crores)

xii. Deposit Received includes S.J. Retail Private Limited ₹ 0.34 Crores (2011: ₹ Nil)

xiii. Inter Company Deposits taken includes Apollo Design Apparel Parks Limited ₹ 25.00 Crores (2011: ₹ 25.66 Crores), Goldmohur Design & Apparel Park Limited ₹ 21.25 Crores (2011: ₹ 21.62 Crores)

JOINT VENTURES INFORMATION:

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

S. No.	Name of the Company	Description of interest	Country of Incorporation	Percentage of Interest as on December 31, 2012	Percentage of Interest as on June 30, 2011
1	Apollo Design Apparel Parks Limited	Equity	India	**39.00%**	39.00%
2	Future Generali India Insurance Company Limited	Equity	India	**25.50%**	25.50%
3	Future Generali India Life Insurance Company Limited	Equity	India	**25.50%**	25.50%
4	Goldmohur Design and Apparel Park Limited	Equity	India	**39.00%**	39.00%
5	Integrated Food Park Private Limited	Equity	India	**26.00%**	26.00%

6	Sprint Advisory Services Private Limited	Equity	India	**49.75%**	49.80%
7	Shendra Advisory Services Private Limited.	Equity	India	**49.75%**	49.80%
8	Staples Future Office Products Private Limited	Equity	India	**39.49%**	39.49%

Company's Interest in the Joint Ventures

(₹ In Crores)

S. No.	Name of the Company	As on	Assets	Liabilities	For the period ended on	Income	Expenditure
1	Apollo Design Apparel Parks Limited	30.09.2012	36.24	1.49	30.09.2012	106.54	101.84
2	Future Generali India Insurance Company Limited	30.09.2012	412.4	348.17	30.09.2012	245.95	266.15
3	Future Generali India Life Insurance Company Limited	30.09.2012	498.24	450.42	30.09.2012	313.97	358.11
4	Goldmohur Design and Apparel Park Limited	30.09.2012	35.39	1.43	30.09.2012	99.68	94.96
5	Integrated Food Park Private Limited	30.09.2012	9.86	4.66	30.09.2012	-	0.01
6	Sprint Advisory Services Private Limited	30.09.2012	323.52	-	30.09.2012	0.01	0.35
7	Shendra Advisory Services Private Limited.	30.09.2012	149.99	-	30.09.2012	0.05	0.39
8	Staples Future Office Products Private Limited	30.09.2012	34.38	50.5	30.09.2012	124.41	139.28

31. PAYMENT TO AUDITORS (INCLUSIVE OF SERVICE TAX)

(₹ In Crores)

Particulars	2011-12	2010-11
Statutory Audit Fees	**0.84**	0.40
Tax Audit Fees	**0.03**	0.03
Other Expenses	**0.08**	0.02
Total	**0.95**	0.45

32. CAPITAL AND OTHER COMMITMENTS

Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) ₹ 28.22 Crores (2011: ₹ 48.60 Crores).

33. 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	2011-12	2010-11
Profit after tax	₹ In Crores	**273.26**	76.66
The Weighted average number of Ordinary Shares for Basic EPS	No. in Crores	**21.02**	20.02
The Weighted average number of Class B (Series-1) Shares for Basic EPS	No. in Crores	**1.59**	1.59
The Weighted average number of Ordinary Shares for Diluted EPS	No. in Crores	**21.02**	20.65
The Weighted average number of Class B (Series-1) Shares for Diluted EPS	No. in Crores	**1.59**	1.59
The Nominal Value per Share (Ordinary and Class 'B' Shares)	₹	**2.00**	2.00
Share of Profit for Ordinary Shares for Basic EPS	₹ In Crores	**253.98**	70.87
Share of Profit for Class B (Series-1) Shares for Basic EPS	₹ In Crores	**19.28**	5.79
Share of Profit for Ordinary Shares for Diluted EPS	₹ In Crores	**253.98**	71.03
Share of Profit for Class B (Series-1) Shares for Diluted EPS	₹ In Crores	**19.28**	5.63
Earnings per Ordinary share (Basic)	₹	**12.08**	3.54
Earnings per Class B (Series-1) Share (Basic)	₹	**12.12**	3.64
Earnings per Ordinary share (Diluted)	₹	**12.08**	3.44
Earnings per Class B (Series-1) Share (Diluted)	₹	**12.12**	3.54

34. CONTINGENT LIABILITIES

(₹ In Crores)

Particulars	2011-12	2010-11
A. Claims against the Company not acknowledged as debts		
i) Value Added Tax Act / Income Tax Act	**5.18**	Nil
ii) Others	**49.56**	26.78
B. Corporate Guarantees given to banks and Financial Institutions on behalf of Group Companies	**303.59**	859.07

35. 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.

36. The borrowing cost capitalized during the period ended December 31, 2012 was ₹ 38.68 Crores (2011: ₹ 24.13 Crores).

37. FORFEITURE OF MONEYS RECEIVED AGAINST SHARE WARRANTS

During the period company has forfeited the warrants money of ₹100 Crores on account of non-exercise of their conversion option by the equity warrant holders.

38. TAX EXPENSE

The Tax Expense for the period comprises of:

(₹ In Crores)

Particulars	Period Ended December 31, 2012	Year Ended June 30, 2011
Current Tax	**7.12**	21.92
Deferred Tax	**7.94**	14.62
Total	**15.06**	36.54

39. Pursuant to the levy of service tax on renting of immovable properties given for commercial use, retrospectively with effect from June 01, 2007 by the Finance Act, 2010, the company based on legal advice, challenge 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 ₹ 43.31 Crores in respect of the liability for such service tax for the period from June 01, 2007 up to September 30, 2011. From October 01, 2011, the company is accounting & paying for such service tax regularly as per directives of the Supreme Court. Accordingly the company has not made provision of ₹ 86.62 Crores for the period for the period June 01, 2007 to September 30, 2011 which would be appropriately recognized on final determination.

40. During the period covered by these financial statements, the Board of Directors have approved the Scheme of Arrangement between the Company and Peter England Fashions and Retail Limited ("PEFRL") and their respective shareholders and creditors and Indigold Trade and Services Limited ("ITSL"), in its capacity as shareholder of Resulting Company ("Pantaloon Demerger Scheme").
The Appointed Date for the Pantaloon Demerger Scheme is July 01, 2012 and the same envisages demerger of Pantaloon Format Division of the Company into PEFRL, an indirect wholly owned subsidiary of Aditya Birla Nuvo Limited and issue of shares of PEFRL to shareholders of the Company. Scheme had already been cleared by Stock Exchanges by issuance of clearance under clause 24F of the listing agreement and Competition Commission of India to proposed combination, Shareholders in court convened meeting and by Regional Director by submitting their observation to the Hon'ble Bombay High Court. The Scheme is pending for final hearing before the Hon'ble Bombay High Court.
The Scheme shall be given effect to in the Books with effect from the Appointed Date of July 01, 2012 upon receipt of all necessary approvals.

41. During the period covered by this financial statement, the Board of Directors have also approved the following Scheme of Amalgamation of Future Value Retail Limited ("FVRL"), wholly owned subsidiary of the Company, with The Company and their respective shareholders and creditors ("FVRL merger Scheme").
The Appointed Date for the Amalgamation Scheme is July 01, 2012 and the same envisages merger of FVRL into the Company. The petition in respect of the Scheme is to be filed before the Hon'ble Bombay High Court.
The Scheme shall be given effect to in the Books with effect from the Appointed Date of July 01, 2012 upon receipt of all necessary approvals.

42. Further the Board of Directors of the Company have also approved the Composite Scheme of Arrangement and Amalgamation between Indus-League Clothing Limited ("ILCL"), Lee Cooper (India) Limited ("LEE"), Future Ventures India Limited("FVIL"), the Company and Future Lifestyle Fashions Limited ("FLFL") and their respective shareholders and creditors ("Fashion Demerger Scheme").
The Appointed Date for the Fashion Demerger Scheme is January 01, 2013 and the same envisages demerger of various fashion format divisions of the Company including "Central", "Brand Factory", "Planet Sports" and "aLL" with a view to unlock value for shareholders.

43. There are no Micro, Small and Medium Enterprises, to whom the Company owes dues which are outstanding for more than 45 days during the period. 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.

44. VALUE OF IMPORTED AND INDIGENOUS MATERIALS CONSUMED

(₹ In Crores)

Particulars	Period Ended December 31, 2012		Year Ended June 30, 2011	
	Value	%	Value	%
Raw Materials				
- Imported	**0.60**	**2.38**	1.61	6.32
- Indigenous	**24.61**	**97.62**	23.88	93.68
Total	**25.21**	**100.00**	25.49	100.00
Store and Spare Parts				
- Imported	-	-	-	-
- Indigenous	**0.65**	**100.00**	0.14	100.00
Total	**0.65**	**100.00**	0.14	100.00

45. PURCHASE OF STOCK-IN-TRADE

(₹ In Crores)

Particulars	Period Ended December 31, 2012	Year Ended June 30, 2011
Apparel	**3281.10**	2044.54
Non-Apparel	**1,534.01**	1,073.74
Total	**4,815.11**	3118.28

46. DETAILS OF SALES VALUE OF GOODS

(₹ In Crores)

Particulars	Period Ended December 31, 2012	Year Ended June 30, 2011
Apparel	**5161.28**	3091.05
Non-Apparel	**2041.38**	1077.83
Total	**7204.66**	4168.88

47. PARTICULARS OF RAW MATERIALS CONSUMED

(₹ In Crores)

Particulars	Period Ended December 31, 2012	Year Ended June 30, 2011
Fabric and Accessories	**25.21**	25.49
Total	**25.21**	25.49

48. VALUE OF IMPORTS ON CIF BASIS

(₹ In Crores)

Particulars	Period Ended December 31, 2012	Year Ended June 30, 2011
Raw Materials	**0.27**	0.75
Stock in Trade	**115.98**	55.63
Capital Goods	**10.18**	20.36
Accessories & Others	**1.39**	1.54

49. EXPENDITURE IN FOREIGN CURRENCY (ON ACCRUAL BASIS)

(₹ In Crores)

Particulars	Period Ended December 31, 2012	Year Ended June 30, 2011
Traveling Expenses	**2.21**	1.04
Professional Charges	**0.74**	1.79
Interest on Foreign Currency Loan	**1.25**	9.77
Bank Charges	**Nil**	0.01
Royalty	**7.38**	5.76

50. EARNINGS IN FOREIGN CURRENCY (ON ACCRUAL BASIS)

(₹ In Crores)

Particulars	Period Ended December 31, 2012	Year Ended June 30, 2011
Sales of Products (On FOB Basis)	**85.13**	46.62

*Includes ₹ 53.21 Crores (2011 ₹ 33.20 Crores) being indirect foreign exchange earnings during the period through credit cards, as certified by the bankers.

51. For the period ended December 31, 2012 the Board of Directors of the Company have recommended dividend of ₹1.10 per share (2011: ₹ 0.90) to equity shareholders and ₹ 1.14 per share (2011: ₹ 1.00) to Class B (Series-1) shareholders and aggregating to ₹ 29.68 Crores (2011: ₹ 23.56 Crores) including Dividend Distribution Tax.

52. 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 outstanding as at December 31, 2012 are ₹ 24.65 Crores (2011: ₹ 46.78 Crores).

b. As of balance sheet date, the company has net foreign currency exposures (In USD) that are not hedged by derivative instruments or otherwise amounting to ₹ 9.94 Crores (2011:₹ Nil).

53. TAX CHARGES

Tax Expenses comprise of current tax and deferred tax. The provision for current income tax is the aggregate of the balance provision for 9 months ended March 31, 2012 and the estimated provision based on the taxable profit of remaining 9 months up to December 31, 2012 the actual tax liability, for which, will be determined on the basis of the results for the period April 01, 2012 to March 31, 2013.

54. During the period, company has allotted 81, 63,265 Equity Share of ₹ 2/- each at a premium of ₹ 243/- on preferential basis.

55. PREVIOUS YEAR FIGURES

The financial statements for the year ended June 30, 2011, had been prepared as per the applicable and pre-revised Schedule VI to the Companies Act, 1956. Consequent to the notification of Revised Schedule VI under the Companies Act, 1956, the financial statements for the 18 months ended December 31, 2012 are prepared as per the Revised Schedule VI. Accordingly, the previous year figures have also been reclassified to conform to this year's classification. The adoption of Revised Schedule VI for previous year figures does not impact any recognition and measurement principles followed for the preparation of financial statements. The previous year's figures have been reworked, regrouped, rearranged and reclassified wherever necessary. Current period figures are not comparable with the previous year on account of extension of the accounting period by 6 months from July 01, 2012 to December 31, 2012.

As per our Report of even date attached

For NGS & Co. LLP
Chartered Accountants

Navin T. Gupta
Partner
Membership No. 40334

For and on behalf of Board of Directors

Shailesh Haribhakti
Chairman

Kishore Biyani
Managing Director

Rakesh Biyani
Joint Managing Director

Vijay Biyani
Wholetime Director

S. Doreswamy
Director

Dr. Darlie Koshy
Director

Anil Harish
Director

V. K. Chopra
Director

Bala Deshpande
Director

Place : Mumbai
Date : February 25, 2013

Gopikishan Biyani
Director

C. P. Toshniwal
Chief Financial Officer

Deepak Tanna
Company Secretary

CASH FLOW STATEMENT FOR THE PERIOD ENDED DECEMBER 31, 2012

(₹ in Crores)

	Period Ended December 31, 2012	Year Ended June 30, 2011
A CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit Before Tax	**288.32**	115.29
Adjustments :		
Depreciation and amortization expense	**311.87**	146.37
Finance costs	**460.41**	173.66
(Profit)/Loss on Sale of Investments	**(302.62)**	2.50
Loss on Disposal/Discarded of Fixed Assets (Net)	**29.74**	8.10
Dividend Income	**(10.29)**	(5.28)
Bad Debts Written Off	**7.51**	1.68
Interest Income	**(7.91)**	(4.38)
Provision for diminution in value of investment	**46.02**	-
Operating profit before working capital changes	**823.06**	437.96
Adjusted for:		
Trade Receivables	**5.58**	(63.37)
Loans and Advances and other assets	**(972.08)**	(45.17)
Inventories	**(378.04)**	(491.53)
Trade Payables, Othe Liabilities and Provisions	**529.94**	327.30
Cash Generated from Operations	**8.46**	165.19
Taxes Paid	**(13.39)**	(20.81)
Earlier Year's Income Tax	**-**	(2.08)
Net Cash From Operating Activities	**(4.92)**	142.31
B CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	**(1,279.62)**	(587.86)
Sale of Fixed Assets	**12.13**	53.25
Purchase of Long-Term Investments	**(161.95)**	(407.89)
Sale of Investments	**388.84**	27.51
Share Application Money Paid	**(13.87)**	125.39
Interest Received	**7.91**	4.38
Dividend Received	**10.29**	5.28
Net Cash Used In Investing Activities	**(1,036.29)**	(779.95)

(₹ in Crores)

	Period Ended December 31, 2012	Year Ended June 30, 2011
C CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Issue of Shares	**199.99**	68.64
Proceeds from Optionally Fully Convertible Debentures	**800.00**	-
Proceeds from Borrowings	**479.62**	786.89
Dividends Paid (Including Distribution Tax)	**(22.67)**	(19.85)
Interest Paid	**(460.41)**	(173.66)
Net Cash Provided by Financing Activities	**996.53**	662.02
Net (Decrease) / Increase in Cash & Cash Equivalents (A+B+C)	**(44.67)**	24.39
Net (Decrease) / Increase in Cash & Cash Equivalents	**(44.67)**	24.39
Cash & Cash Equivalents (Opening Balances)	**76.15**	100.54
Cash & Cash Equivalents (Closing Balances)	**31.48**	76.15

As per our Report of even date attached

For NGS & Co. LLP
Chartered Accountants

Navin T. Gupta
Partner
Membership No.:40334

Place : Mumbai
Date : February 25, 2013

For and on behalf of Board of Directors

Shailesh Haribhakti
Chairman

Kishore Biyani
Managing Director

Rakesh Biyani
Joint Managing Director

Vijay Biyani
Wholetime Director

S. Doreswamy
Director

Dr.Darlie Koshy
Director

Anil Harish
Director

V. K. Chopra
Director

Bala Deshpande
Director

Gopikishan Biyani
Director

C. P. Toshniwal
Chief Financial Officer

Deepak Tanna
Company Secretary

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956,RELATING TO SUBSIDIARIES COMPANIES AS ON DECEMBER 31, 2012

				Net aggregate amount of the Profit/ (Loss) of the Subsidiary, so far as it concerns the members of the Holding Company (₹ in Crores)					
				Not Dealt with in the holding Company's Account				Dealt with in the holding Company's Account	
S.No.	Name of the Subsidiary Companies	Period Ended On	Extent of the Holding Companies Interest(%)	Profit After Taxation	For the Period of the Subsidiary	Brought Forward Profit	For the Previous Financial Years since They Became Subsidiary	For the Period of the subsidiary	For the Previous Financial Years since They Became Subsidiary
1	Future E-Commerce Infrastructure Limited	September 30, 2012	72.00%	(42.88)	(30.88)	(72.37)	(52.11)	-	-
2	Future Knowledge Services Limited	September 30, 2012	100.00%	(3.91)	(3.91)	(10.42)	(10.42)	-	-
3	Future Learning and Development Limited	September 30, 2012	100.00%	(1.76)	(1.76)	(3.51)	(3.51)	-	-
4	Future Supply Chain Solutions Limited	September 30, 2012	70.17%	(8.70)	(6.10)	(3.75)	(2.63)	-	-
5	Future Media (India) Limited	September 30, 2012	93.10%	(1.19)	(1.11)	(26.84)	(24.99)	-	-
6	Futurebazaar India Limited	September 30, 2012	100.00%	(6.70)	(6.70)	(13.17)	(13.17)	-	-
7	Home Solutions Retail (India) Limited	September 30, 2012	66.86%	(5.34)	(3.57)	(7.83)	(5.24)	-	-
8	Future Agrovet Limited	September 30, 2012	96.16%	4.52	4.35	(3.96)	(3.80)	-	-
9	Future Value Retail Limited	December 31, 2012	100.00%	90.04	90.04	113.41	113.41	-	-
10	FSC Brand Distribution Services Limited $	September 30, 2012	100.00%	(0.97)	(0.97)	(0.07)	(0.07)	-	-
11	Winner Sports Limited	September 30, 2012	100.00%	(0.00)	(0.00)	(2.57)	(2.57)	-	-
12	Future Freshfoods Limited *	September 30, 2012	79.17%	(16.52)	(13.07)	(2.80)	(2.22)	-	-
13	Nuzone Ecommerce Infrastructure Limited	September 30, 2012	100.00%	(0.00)	(0.00)	(0.00)	(0.00)	-	-
14	Future Home Retail Limited (Formerly known as Nuzone Electronic Limited)	September 30, 2012	100.00%	(0.00)	(0.00)	(0.00)	(0.00)	-	-
15	Future Lifestyle Fashions Limited	Incorporation on May 31, 2012	100.00%	(0.47)	(0.47)	-	-	-	-

$ Subsidiary of Future Supply Chain Solutions Limited

* Subsidiary of Future Value Retail Limited

Addendum to the Annual Report of Pantaloon Retail (India) Limited for the year ended December 31, 2012 Pursuant to the direction given by the Central Government of India vide approval letter no. 47/528/208-CL-III dtd. 22/08/2008 directing the company to give following information in the annual report while granting approval under Section 212(8) of the Companies Act 1956.

STATEMENT CONTAINING FINANCIAL DETAILS OF SUBSIDIARIES OF PANTALOON RETAIL (INDIA) LIMITED

(₹ in Crores)

S.No.	Name of the Subsidiary Companies	Capital	Reserves	Total Assets	Total Liabilities	Investment (excluding investments in subsidiaries)	Revenue from Operations	Profit Before Taxation	Provision for Taxation	Profit After Taxation	Proposed Dividend
1	Future E-Commerce Infrastructure Limited	50.45	(23.49)	34.21	34.21	-	109.94	(54.59)	(11.70)	(42.88)	-
2	Future Knowledge Services Limited	44.70	(14.33)	104.75	104.75	-	-	(3.91)	-	(3.91)	-
3	Future Learning and Development Limited	28.27	(5.27)	58.02	58.02	-	-	(1.73)	0.03	(1.76)	-
4	Future Supply Chain Solutions Limited	39.14	152.54	369.09	369.09	-	509.75	(7.72)	0.98	(8.70)	-
5	Future Media (India) Limited	77.41	(17.96)	53.69	53.69	-	55.31	(1.68)	(0.49)	(1.19)	-
6	Futurebazaar India Limited	19.16	(19.87)	3.20	3.20	0.00	36.39	(1.10)	5.60	(6.70)	-
7	Home Solutions Retail (India) Limited	1.00	(5.21)	2.28	2.28	-	4.43	(5.34)	-	(5.34)	-
8	Future Agrovet Limited	36.50	0.56	224.71	224.71	0.21	1,619.21	6.49	1.97	4.52	-
9	Future Value Retail Limited	66.50	1,164.89	6,392.16	6392.16	11.75	11,036.22	136.16	46.12	90.04	-
10	FSC Brand Distribution Services Limited $	0.05	(1.03)	12.35	12.35	0.01	45.96	(0.97)	-	(0.97)	-
11	Winner Sports Limited	1.00	20.20	21.21	21.21	-	1.56	(0.00)	0.00	(0.00)	-
12	Nuzone Ecommerce Infrastructure Limited	0.05	(0.00)	0.05	0.05	-	-	(0.00)	-	(0.00)	-
13	Future Home Retail Limited (Formerly known as nuZone Electronics Limited)	0.05	(0.00)	0.05	0.05	-	-	(0.00)	-	(0.00)	-
14	Future Freshfoods Limited *	1.00	(10.37)	1.68	1.68	-	118.49	(15.26)	1.25	(16.52)	-
15	Future Lifestyle Fashions Limited	5.15	(0.47)	4.68	4.68	-	-	(0.47)	-	(0.47)	-

Note: Revenue from Operations excludes Other Income

$ Subsidiary of Future Suply Chain Solution Limited

* Subsidiary of Future Value Retail Ltd

AUDITORS' REPORT

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

1. We have audited the attached Consolidated Balance Sheet of Pantaloon Retail (India) Limited ('the company') and its Subsidiaries, Joint Ventures and Associate(collectively referred to as "the Group")as at December 31, 2012 and also the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the period from July 01, 2011 to December 31, 2012 annexed thereto. These Consolidated Financial Statements are the responsibility of the Company's management and have been prepared by the management on the basis of separate financial statements and other financial information of the components. Our responsibility is to express an opinion on these Consolidated Financial Statements based on our audit.

2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards required that we plan and perform the audit to obtain reasonable assurance about whether the Consolidated Financial Statements are free of material misstatement. An audit includes examining, on test basis, evidence supporting the amounts and disclosures in the Consolidated Financial Statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall Consolidated Financial Statement presentation. We believe that our audit provides reasonable basis for our opinion.

3. We did not audit the financial statements of certain Subsidiaries and Joint Ventures, whose financial statement reflect total assets of ₹ 734.98 Crores as at September 30, 2012 total revenue of ₹ 2,347.16 Crores and net cash flows amounting to ₹ (6.45) Crores for the period from April 01, 2011 to September 30, 2012 and of associate whose financial statements reflects the Group's share of losses of ₹ 3.62 Crores for the period from April 01, 2011 to September 30, 2012. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us by the Management of Group, and our opinion is based solely on the reports of those respective auditors.

4. We report that the Consolidated Financial Statements have been prepared by the Company's Management in accordance with the requirement of Accounting Standard (AS) 21, 'Consolidated Financial Statements'; Accounting Standard (AS) 23 `

   Accounting for Investment in Associates in Consolidated Financial Statements' and Accounting Standard (AS) 27 `Financial Reporting of interest in Joint Ventures' notified by Companies Accounting Standard Rules, 2006 (as amended)

5. Based on our audit and on consideration of reports of other auditors on separate financial statement and other financial information of the components and to the best of our information and according to the explanation given to us, we are of the opinion that the attached Consolidated Financial Statements give a true and fair view in conformity with the accounting principles generally accepted in India,

   a. In case of Consolidated Balance Sheet, of the state of affairs of the Company and its Subsidiaries, Joint Ventures and Associate as at December 31, 2012 ;
   b. In case of Consolidated Statement of Profit and Loss, of the profit for the period from July 01, 2011 to December 31, 2012; and
   c. In case of Consolidated Cash Flow Statement, of the cash flow for the period from July 01, 2011 to December 31, 2012.

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

Navin T. Gupta
Partner
Membership No. 40334

Mumbai
February 25, 2013

CONSOLIDATED BALANCE SHEET AS AT DECEMBER 31, 2012

(₹ in Crores)

	Note	As at December 31, 2012	As at June 30, 2011
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	2	**121.16**	181.75
Reserves and Surplus	3	**3,206.40**	2,799.30
Money Received Against Share Warrants		**-**	159.25
		3,327.56	3,140.30
Share Application Money Pending Allotment		**35.55**	1.80
Compulsorily Convertible Debentures	39	**753.85**	838.85
Optionally Fully Convertible Debentures	4	**800.00**	-
Minority Interests		**58.72**	331.25
Non-Current Liabilities			
Long-Term Borrowings	5	**3,558.76**	4,041.42
Deferred Tax Liabilities (Net)	6	**219.89**	155.52
Other Long Term Liabilities	7	**408.25**	189.03
Long-Term Provisions	8	**17.53**	75.34
		4,204.43	4,461.31
Current Liabilities			
Short-Term Borrowings	9	**1,871.90**	2,266.97
Trade Payables	10	**2,383.07**	2,111.98
Other Current Liabilities	11	**1,443.24**	1,062.14
Short-Term Provisions	12	**158.70**	109.41
		5,856.91	5,550.50
TOTAL		**15,037.02**	14,324.01
ASSETS			
Non-Current Assets			
Fixed Assets	13		
Tangible Assets		**4,414.16**	2,992.46
Intangible Assets		**217.93**	285.06
Capital Work-In-Progress		**552.65**	344.55
Non-Current Investments	14	**1,319.73**	951.63
Long-Term Loans and Advances	15	**1,751.46**	2,975.47
Other Non-Current Assets		**0.13**	36.68
		8,256.06	7,585.85
Current Assets			
Current Investments	16	**71.48**	418.02
Inventories	17	**4,469.21**	3,678.96
Trade Receivables	18	**547.16**	550.81
Cash and Bank Balances	19	**200.56**	521.28
Short-Term Loans and Advances	20	**1,475.31**	1,503.56
Other Current Assets	21	**17.24**	65.53
		6,780.96	6,738.16
TOTAL		**15,037.02**	14,324.01
Notes forming part of the Financial Statements	1 - 49		

As per our Report of even date attached
For NGS & Co. LLP
Chartered Accountants
Navin T. Gupta
Partner
Membership No. 40334

For and on behalf of Board of Directors

Shailesh Haribhakti
Chairman

Kishore Biyani
Managing Director

Rakesh Biyani
Joint Managing Director

Vijay Biyani
Wholetime Director

S. Doreswamy
Director

Dr. Darlie Koshy
Director

Anil Harish
Director

V. K. Chopra
Director

Bala Deshpande
Director

Place : Mumbai
Date : February 25, 2013

Gopikishan Biyani
Director

C. P. Toshniwal
Chief Financial Officer

Deepak Tanna
Company Secretary

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE PERIOD JULY 01, 2011 TO DECEMBER 31, 2012

(₹ in Crores)

	Note	Period Ended December 31, 2012	Year Ended June 30, 2011
INCOME			
Revenue from Operations	22	**20,186.36**	12,225.62
Other Income	23	**130.01**	64.09
Total Revenue		**20,316.37**	12,289.71
EXPENSES			
Cost of Materials Consumed		**31.63**	29.46
Purchases of Stock-in-Trade		**13,783.69**	9,379.92
Changes in Inventories of Finished Goods,Work in Progress and Stock in Trade	24	**(808.29)**	(1,210.41)
Employee Benefit Expenses	25	**1,131.43**	684.80
Finance Costs	26	**1,647.12**	614.89
Depreciation and Amortization Expense	13	**632.26**	307.70
Other Expenses	27	**3,805.19**	2,308.76
Total Expenses		**20,223.03**	12,115.12
Profit Before Exceptional Items and Tax		**93.34**	174.59
Exceptional Items	28	**379.32**	107.04
Profit Before Prior Period Items and Tax		**472.66**	281.63
Prior Period Items		**0.02**	0.50
Profit Before Tax		**472.64**	281.13
Tax Expense	34	**130.75**	137.08
Earlier year's Income Tax		**0.15**	2.08
Profit After Tax and Before Share of Associates and Minority Interests		**341.74**	141.97
Share of Loss of Associates		**3.62**	2.37
Share of Profit/ (Loss) to Minority Interests		**62.45**	(1.94)
Profit for the Period / Year		**275.67**	141.54
Earnings Per Equity Share of Face Value of ₹ 2/- each			
Basic - Equity Share		**12.19**	6.54
Basic - Class B (Series-1) Share		**12.23**	6.64
Diluted - Equity Share		**12.19**	6.36
Diluted - Class B (Series-1) Share		**12.23**	6.46
Notes forming part of the Financial Statements	1 - 49		

As per our Report of even date attached
For NGS & Co. LLP
Chartered Accountants
Navin T. Gupta
Partner
Membership No. 40334

For and on behalf of Board of Directors

Shailesh Haribhakti
Chairman

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Managing Director

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Joint Managing Director

Vijay Biyani
Wholetime Director

S. Doreswamy
Director

Dr. Darlie Koshy
Director

Anil Harish
Director

V. K. Chopra
Director

Bala Deshpande
Director

Place : Mumbai
Date : February 25, 2013

Gopikishan Biyani
Director

C. P. Toshniwal
Chief Financial Officer

Deepak Tanna
Company Secretary

1. SIGNIFICANT ACCOUNTING POLICIES

I. Principles of Consolidation

(a) The financial statements of the company and its subsidiaries have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses after eliminating intra-group balances and transactions as per AS-21 "Consolidated Financial Statements".

(b) Investment in Associate have been accounted under the Equity Method as per with AS 23 "Accounting for Investments in Associates in Consolidated Financial Statement".

(c) Interests in Joint Ventures have been accounted by using the proportionate consolidation method as per AS-27 "Financial Reporting of Interests in Joint Ventures".

(d) The excess/ deficit of cost to the Company of its investments over its portion of net worth in the consolidated entities at the respective dates on which the investment in such entities was made is recognized in the CFS as Goodwill/ Capital Reserve.

(e) Minority Interest in the net assets of Subsidiaries consists of:

i) The amount of equity attributable to the minorities at the date on which investment in subsidiary is made.

ii) The minorities share of movements in equity since the date the parent subsidiary relationship came into existence.

(f) Entities acquired during the period have been consolidated from the respective dates of their acquisition.

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

II. Basis of preparation

The financial statement has been prepared in accordance with the generally accepted accounting principles in India (IGAAP) under the historical cost convention on accrual basis and complies in all material aspects with the Accounting Standards notified under Section 211(3C) and other relevant provisions of the Companies Act, 1956.

III. Use of Estimates

Preparation of financial statements in conformity with IGAAP 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 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 recognized in future periods.

IV. 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. Borrowing costs attributable to acquisition and construction of qualifying assets are capitalized as a part of the cost of such assets upto the date when such assets are ready for its intended use. Depreciation is provided on straight line basis at the rates and in the manner prescribed under Schedule XIV of the Companies Act, 1956 except leasehold improvements which are amortised over the lease period and employee perquisite related assets which are depreciated over three years.

Intangible assets are amortized over their useful life not exceeding ten years. Depreciation on the fixed assets added/ disposed off/ discarded during the year is provided on pro-rata basis with reference to the month of addition/ disposal/ discarding.

V. 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 provision made, if any, for other than temporary diminution in value.

VI. Inventories

Inventories are valued at lower of cost, computed on weighted average basis, and net realizable value. Cost of inventories comprises all costs of purchases and other costs incurred in bringing the inventories to their present condition and location.

VII. Transactions in foreign currency

Foreign currency transactions are recorded at the exchange rates prevailing at the date of the transaction. Monetary foreign currency items at the year end are restated at year end rates. In case of items which are covered by forward exchange contracts, the difference between the year end rate and the rate on the date of the contract is recognized as exchange difference and the premium paid on forward contracts is recognized over the life of the contract. All exchange differences, either on settlement or translation, are recognized in the Statement of Profit and Loss.

VIII. 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. Sales are recognized 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 and VAT. Interest income is recognized on time proportion basis taking into account the amount outstanding and the applicable rate. Dividend income is recognized when right to receive is established.

IX. Retirement and other employee benefits

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

X. Taxation

Provision for current tax is made on the basis of estimated taxable income for the current accounting period in accordance with 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 at the Balance Sheet date. Deferred tax asset is recognized and carried forward only to the extent that there is virtual certainty that the asset will be realized in future.

Tax expenses comprise of Current and Deferred Tax. Provision for current income tax is the aggregate of the balance provision for 9 months ended March 31, 2012 and estimated provision for 9 months ended December 31, 2012 the actual tax liability, for which, will be determined on the basis of the results for the period April 01, 2012 to March 31, 2013.

XI. Provisions, Contingent Liabilities and Contingent Assets

Provisions involving substantial degree of estimation in measurement are recognized 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 recognized, but are disclosed in the notes. Contingent Assets are neither recognized nor disclosed in the financial statements.

XII. Impairment of assets

The carrying amount 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 recognized in prior years is recorded when there is an indication that the impairment losses recognized for the assets no longer exist or have decreased.

XIII. 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 which is representative of the time pattern of the user’s benefit.

XIV. Goodwill on Consolidation

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

XV. Information on Subsidiaries, Joint Ventures and Associates

a) Subsidiary Companies Considered in the Consolidated Financial Statements are :

Sr. No.	Name of the Company	Country of Incorporation	Proportion of ownership Interest as on December 31, 2012	Period Ends on
1	Future E-Commerce Infrastructure Limited	India	72.00%	September 30, 2012
2	Future Knowledge Services Limited	India	100.00%	September 30, 2012
3	Future Learning and Development Limited	India	100.00%	September 30, 2012
4	Future Supply Chain Solutions Limited	India	70.17%	September 30, 2012
5	Future Media (India) Limited	India	93.10%	September 30, 2012
6	Futurebazaar India Limited	India	100.00%	September 30, 2012
7	Home Solutions Retail (India) Limited	India	66.86%	September 30, 2012
8	Future Agrovet Limited	India	96.16%	September 30, 2012
9	Future Value Retail Limited	India	100.00%	December 31, 2012
10	FSC Brand Distribution Services Limited (100% subsidiary of Future Supply Chain Solutions Limited)	India	70.17%	September 30, 2012
11	Winner Sports Limited	India	100.00%	September 30, 2012
12	Future Home Retail Limited (Formerly known as Nuzone Electronics Limited)	India	100.00%	September 30, 2012
13	Nuzone Ecommerce Infrastructure Limited	India	100.00%	September 30, 2012
14	Future Freshfoods Limited (79.17% Subsidiary of Future Value Retail Limited)	India	79.17%	September 30, 2012
15	Future Lifestyle Fashions Limited	India	100.00%	September 30, 2012

(b) Interest in Joint Ventures: (As required by AS-27 “Financial Reporting of interest in Joint Venture”)

Sr. No.	Name of the Company	Description of interest	Country of Incorporation	Proportion of ownership Interest as on December 31, 2012	Period Ends on
1	Apollo Design Apparel Parks Limited	Equity	India	39.00%	September 30, 2012
2	Future Generali India Insurance Company Limited	Equity	India	25.50%	September 30, 2012
3	Future Generali India Life Insurance Company Limited	Equity	India	25.50%	September 30, 2012
4	Goldmohur Design and Apparel Park Limited	Equity	India	39.00%	September 30, 2012
5	Integrated Food Park Private Limited	Equity	India	26.00%	September 30, 2012
6	Sprint Advisory Services Private Limited	Equity	India	49.75%	September 30, 2012
7	Shendra Advisory Services Private Limited.	Equity	India	49.75%	September 30, 2012
8	Staples Future Office Products Private Limited	Equity	India	39.49%	September 30, 2012

(c) Interest in Associates

Sr. No.	Name of the Company	Country of Incorporation	Proportion of ownership Interest as on December 31, 2012	Period Ends on
1	Galaxy Entertainment Corporation Limited	India	31.55%	September 30, 2012

2 SHARE CAPITAL

	As at December 31, 2012		As at June 30, 2011	
	Number	(₹ in Crores)	Number	(₹ in Crores)
Authorised				
Equity Shares of ₹ 2/- each	**450,000,000**	**90.00**	250,000,000	50.00
Equity Shares of Class B (Series-1) of ₹ 2/- each	**50,000,000**	**10.00**	50,000,000	10.00
0.01% Compulsorily Convertible Preference Shares of ₹ 100/- each	**3,000,000**	**30.00**	7,000,000	70.00
Non Cumulative Compulsorily Convertible Preference Shares ₹ 10 each	**26,844,595**	**26.84**	26,844,595	26.84
0.01% Non Cumulative Compulsorily Convertible Preference Shares ₹ 100 each	**4,800,000**	**48.00**	4,800,000	48.00
	534,644,595	**204.84**	338,644,595	204.84
Issued				
Equity Shares of ₹ 2/- each	**215,664,839**	**43.13**	201,153,939	40.23
Equity Shares of Class B (Series-1) of ₹ 2/- each	**15,929,152**	**3.19**	15,929,152	3.19
0.01% Compulsorily Convertible Preference Shares of ₹100/- each	**-**	**-**	6,347,635	63.48
Non Cumulative Compulsorily Convertible Preference Shares ₹ 10/- each Series-I	**21,518,460**	**21.52**	21,518,460	21.52
Non Cumulative Compulsorily Convertible Preference Shares ₹10/- each Series-II	**5,326,135**	**5.33**	5,326,135	5.33
0.01% Non Cumulative Compulsorily Convertible Preference Shares ₹ 100/- each	**4,800,000**	**48.00**	4,800,000	48.00
	263,238,586	**121.16**	255,075,321	181.75
Subscribed and Paid up				
Equity Shares of ₹ 2/- each	**215,653,439**	**43.13**	201,142,539	40.23
Equity Shares of Class B (Series-1) of ₹ 2/- each	**15,929,152**	**3.19**	15,929,152	3.19
0.01% Compulsorily Convertible Preference Shares of ₹ 100/- each	**-**	**-**	6,347,635	63.48
Non Cumulative Compulsorily Convertible Preference Shares ₹ 10/- each Series-I	**21,518,460**	**21.52**	21,518,460	21.52
Non Cumulative Compulsorily Convertible Preference Shares ₹ 10/- each Series-II	**5,326,135**	**5.33**	5,326,135	5.33
0.01% Non Cumulative Compulsorily Convertible Preference Shares ₹ 100/- each	**4,800,000**	**48.00**	4,800,000	48.00
	263,227,186	**121.16**	255,063,921	181.75

(i) Reconciliation of number of shares

Equity Share of ₹ 2/-each

Particulars	As at December 31, 2012 Number of Shares	As at June 30, 2011 Number of Shares
Opening Balance	**201,142,539**	190,213,721
Shares Issued	**8,163,265**	10,928,818
Shares issued on Conversion of Preference Shares	**6,347,635**	-
Closing Balance	**215,653,439**	201,142,539

Equity Shares of Class B (Series -1) of ₹ 2/- each

Particulars	As at December 31, 2012 Number of Shares	As at June 30, 2011 Number of Shares
Opening Balance	**1,592,952**	1,592,952
Shares Issued	**-**	-
Closing Balance	**1,592,952**	1,592,952

0.01% Compulsorily Convertible Preference Shares of ₹ 100/-each

Particulars	As at December 31, 2012 Number of Shares	As at June 30, 2011 Number of Shares
Opening Balance	**6,347,635**	6,347,635
Converted into Equity Shares	**6,347,635**	-
Closing Balance	**-**	6,347,635

Non Cumulative Compulsorily Convertible Preference Shares ₹ 10/- each Series-I

Particulars	As at December 31, 2012 Number of Shares	As at June 30, 2011 Number of Shares
Opening Balance	**21,518,460**	21,518,460
Shares Issued	**-**	-
Closing Balance	**21,518,460**	21,518,460

Non Cumulative Compulsorily Convertible Preference Shares ₹ 10/- each Series-II

Particulars	As at December 31, 2012 Number of Shares	As at June 30, 2011 Number of Shares
Opening Balance	**5,326,135**	
Shares Issued	**-**	5,326,135
Closing Balance	**5,326,135**	5,326,135

0.01% Non Cumulative Compulsorily Convertible Preference Shares ₹ 100/- each

Particulars	As at December 31, 2012 Number of Shares	As at June 30, 2011 Number of Shares
Opening Balance	**4,800,000**	4,800,000
Shares Issued	**-**	-
Closing Balance	**4,800,000**	4,800,000

(ii) Rights, Preferences and Restrictions Attached to Shares

i) Equity Shares of ₹ 2/- each and Equity Shares of Class B (Series-1) of ₹ 2/- each

The company has equity shares having a par value of ₹ 2 per share at the Balance Sheet Date. Equity Shares have been further classified in to Equity Shares carrying normal voting and dividend rights (Ordinary Shares) and Equity Shares carrying differential voting and dividend rights {Class B (Series-1) Shares}.

Each holder of Ordinary Shares, is entitled to one vote per member in case of voting by show of hands and one vote per Ordinary Shares held in case of voting by poll/ballot. Each holder of Ordinary Share is also entitled to normal dividend (including interim dividend, if any) as may declared by the company.

Each holder of Class B (Series-1) Shares, is entitled to one vote per member in case of voting by show of hands and three vote per four Class B (Series-1) shares held in case of voting by poll/ballot. Each holder of Class B (Series-1) Share is also entitled to 2% additional dividend in addition to normal dividend (including interim dividend, if any) as may declared by the company. Further, the Company may declare dividend only for Class B (Series-1) Shares upto 2% without declaring any dividend for Ordinary Shares.

All other rights would be same for both classes of Equity Shares. 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.

ii) 0.01% Compulsorily Convertible Preference Share of ₹ 100 each:

6347635 0.01% Compulsorily Convertible Preference Shares (CCPS) of face value of ₹ 100/-each fully paid up aggregating to ₹ 63.48 Crores were issued under the scheme of arrangement during the year ended June 30, 2010. These shares have been converted into equity shares of ₹ 2 each at a premium of ₹ 98 per share on July 31, 2011.

iii) Non Cumulative Compulsorily Convertible Preference Shares ₹ 10 each Series-I :
Holders of preference shares do not carry any voting rights. In the event of liquidation of Future E-Commerce Infrastructure Limited (FECIL), the holders of preference shares have the preferential rights over the equity holders in respect of repayment of capital and also have the preferential rights over the equity holders in respect of payment of dividend, if any. Further, no dividend is required to be accrued as these shares are non-cumulative. All the preference shares are compulsorily convertible into equity shares of FECIL. Every 12 Non Cummulative convertiable preference shares of ₹ 10 each are convertible into 1 equity share in the Company at the option of the holders but within a period of 20 years from the date of issue.i.e October 24,2007.

iv) Non Cumulative Compulsorily Convertible Preference Shares ₹ 10 each Series-II :

Holders of preference shares do not carry any voting rights. In the event of liquidation of Future E-Commerce Infrastructure Limited (FECIL), the holders of preference shares have the preferential rights over the equity share holders in respect of repayment of capital and also have the preferential rights over the equity share holders in respect of payment of dividend, if any. Further, no dividend is required to be accrued as these shares are non-cumulative. All the preference shares are compulsorily convertible into equity shares of FECIL. As per the shareholders agreement, preference share holder, have a right which can be exercised after the expiry of 30 months from the date of allotment i.e January 28, 2011 to call upon promoter to purchase any or all of the securities held by him in a manner as shall be mutually agreed (“Put option”). This option will expire after 60 months from the date of allotment. The put option price shall be the fair market value of Shares as determined by the independent valuer.

v) 0.01% Non Cumulative Compulsorily Convertible Preference Shares :

Preference Shares were issued on June 29, 2007 and QIPO is to be brought within 60 months of closing date i.e. by June 29, 2012. Pantaloon Retail (India) Limited (PRIL) as management shareholder is required to make their best efforts to procure a third party if it fails to come out with the QIPO. If no such third party is identified, Indivision India Partners is entitled to cause PRIL to convert Preference Shares into equity shares of Future Media (India) Limited (FMIL) giving maximum holding of 32.43% in FMIL. Exchange ratio between PRIL and FMIL would be on fair value basis. The Valuation exercise is to be carried out by an independent investment banker / merchant banker acceptable to Indivision India Partners.

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

Name of Shareholder	As at December 31, 2012		As at June 30, 2011	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Equity Shares				
Future Corporate Resources Limited	**82,032,726**	**38.04**	78,985,843	39.27
PIL Industries Limited	**12,111,692**	**5.62**	11,376,405	5.65
ARISAIG Partners (Asia) PTE Limited A/c arisaig India Fund Limited	**20,137,118**	**9.34**	-	-
Bennett, Coleman and Company Limited	**12,566,477**	**5.83**	-	-
Class B (Series-1) Shares				
Future Corporate Resources Limited	**-**	**-**	3,567,216	22.39
PIL Industries Limited	**2,927,885**	**18.38**	2,927,885	18.38
Manz Retail Private Limited	**971,756**	**6.10**	901,756	5.66
Birla Sun Life Insurance Company Limited	**-**	**-**	1,302,504	8.18
Gargi Developers Private Limited	**2,800,000**	**17.58**	-	-
0.01% Compulsorily Convertible Preference Share				
IDBI Trusteeship Services Limited (A/c India Advantage Fund - V)	**-**	**-**	4,405,741	69.41
Kotak Mahindra Trusteeship Services Limited - A/c India Growth Fund, a unit scheme of Kotak SEAF India Fund	**-**	**-**	1,759,163	27.71
Non Cumulative Compulsorily Convertible Preference Share Series-I & II				
Indivision India Partners	**8,053,379**	**30.00**	8,053,379	30.00
Murugan Capital	**7,516,487**	**28.00**	7,516,487	28.00
Sherpalo Mauritius LLC	**7,516,487**	**28.00**	7,516,487	28.00
Guanmay Investment Advisors LLP	**3,489,797**	**13.00**	3,489,797	13.00
0.01% Non Cumulative Compulsorily Convertible Preference Share				
Indivision India Partners (Mauritius)	**4,800,000**	**100.00**	-	100.00

(iv) Pursuant to the provisions of Section 206A of the Companies Act, 1956, the issue of 11,400 equity shares is kept in abeyance

(v) Shares allotted as fully paid up without payment received in cash (during 5 years preceding December 31, 2012)

a. Allotted 1,59,29,152 Equity Shares of Class B (Series - 1) as fully paid-up bonus shares by utilisation of Securities Premium reserve.

b. Allotted 59,28,818 Equity Shares of ₹ 2/- each and 63,47,635, 0.01% CCPS of ₹ 100/- each as fully paid up pursuant to Scheme of Arrangement.

(₹ in Crores)

	As at December 31, 2012	As at June 30, 2011
3 RESERVE AND SURPLUS		
Capital Reserve	**164.56**	63.26
Capital Reserve on Consolidation (Net)	**289.70**	465.10
Securities Premium Reserve	**2,281.25**	2,020.66
Debenture Redemption Reserve	**216.88**	110.00
General Reserve	**77.67**	78.78
Statutory Reserve under Section 45-1C of the RBI Act	-	24.44
Statement of Profit and Loss- (a)	**176.34**	37.06
	3,206.40	2,799.30
(a) Allocations and Appropriations of Statement of Profit and Loss:		
Balance at the Beginning of the Peiord	**37.06**	24.56
Less : Adjustment on Account of Joint Venture/Subsidiary	-	20.33
Add : Profit for the Period	**275.67**	141.54
Less : Appropriations		
Transfer to Debenture Redemption Reserve	**106.88**	60.00
Transfer to General Reserve	**0.39**	11.47
Proposed Dividend on Equity Shares	**25.54**	20.27
Proposed Dividend on Preference Shares	-	0.01
Tax on Proposed Dividend	**4.43**	5.17
Excess Provision Reversal of Tax on Dividend	**(0.85)**	(0.17)
Transfer to Statutory Reserve under Section 45-1C of the RBI Act	-	11.96
	176.34	37.06
4 OPTIONALLY FULLY CONVERTIBLE DEBENTURES		
9.75% Optionally Fully Convertible Debentures. The Optionally Convertible Debentures (OFCDs) allotted on June 14, 2012 have face value of ₹ 1,00,00,000/- per debenture and carry coupon rate of 9.75% p.a. payable only in case of its redemption. OFCD holders have option of conversion into equity shares of the Company at a price of ₹ 245/- per share, as per terms of issue and if not converted before expiry of 18 months from the date of allotment, OFCDs shall be redeemed on the last date of 18 months from the date of allotment of OFCDs. The OFCDs can be redeemed earlier with mutual consent of the OFCD holders and Company.	**800.00**	-
	800.00	-

(₹ in Crores)

	As at December 31, 2012	As at June 30, 2011
5 LONG TERM BORROWINGS		
Secured		
Non Convertible Debentures	**1,425.00**	1,714.10
Term Loans From Banks	**2,133.76**	1,904.43
	3,558.76	3,618.53
Unsecured		
Term Loans From Banks	**-**	422.89
	3,558.76	4,041.42
6 DEFERRED TAX LIABILITIES (NET)		
Deferred Tax Liabilities		
On Fixed Assets	**348.21**	194.08
Deferred Tax Assets		
Expenditure and Provision Allowable and Carry Forward of Losses and Unabsorbed Depreciation	**128.32**	38.56
	219.89	155.52
7 OTHER LONG TERM LIABILITIES		
Debenture Application Money	**405.00**	145.00
Advances	**2.75**	0.25
Deposits	**0.50**	2.25
Others Payable	**-**	41.53
	408.25	189.03
8 LONG TERM PROVISIONS		
Provision for Employee Benefits	**13.01**	15.18
Provision for Others	**-**	7.13
Share in Jointly Controlled Entities	**4.52**	53.03
	17.53	75.34
9 SHORT TERM BORROWINGS		
Secured		
Working Capital Loans from Banks	**1,261.37**	1,336.02
Term Loans	**524.81**	50.00
Share in Jointly Controlled Entities	**33.40**	-
	1,819.58	1,386.02
Unsecured		
Loans From Banks	**-**	209.71
Loans Form Others	**47.81**	52.23
Commercial Paper	**-**	601.00
Share in Jointly Controlled Entities	**4.51**	18.01
	52.32	880.95
	1,871.90	2,266.97

(₹ in Crores)

	As at December 31, 2012	As at June 30, 2011
10 TRADE PAYABLES		
Trade Payables	**1,695.30**	1,732.38
Share in Jointly Controlled Entities	**687.77**	379.60
	2,383.07	2,111.98
11 OTHER CURRENT LIABILITIES		
Current Maturities of Long-Term Borrowings	**543.15**	544.37
Interest Accrued but Not Due on Borrowings	**145.05**	60.63
Unpaid Dividends	**0.41**	0.39
Other Payables#	**739.19**	452.27
Share in Jointly Controlled Entities	**15.44**	4.48
	1,443.24	1,062.14
# Includes Capital Creditors, Advance from customers, security Deposits, Statutory Dues etc.		
12 SHORT TERM PROVISIONS		
Provision for Employee Benefits	**14.75**	4.38
Proposed Dividend	**25.54**	20.27
Dividend Tax	**4.14**	4.87
Other Provisions	**4.04**	52.42
Share in Jointly Controlled Entities	**110.23**	27.47
	158.70	109.41

13. FIXED ASSETS

(₹ in Crores)

Description	GROSS BLOCK					DEPRECIATION / AMORTIZATION					NET BLOCK	
	As at July 01, 2011	Additions	Deductions	Adjustment on Stake Change	As at December 31, 2012	Up to June 30, 2011	Adjustment for the Period	Depreciation for the Period	Adjustment on Stake Change	Up to December 31, 2012	As at December 31, 2012	As at June 30, 2011
Tangible Assets												
Freehold Land	4.89	-	-	(0.06)	**4.83**	-	-	-	-	**-**	**4.83**	4.89
Leasehold Land	2.64	1.05	0.34	-	**3.35**	0.74	0.12	0.41	-	**1.03**	**2.32**	2.32
Building & Leasehold Improvements	599.34	521.01	72.70	(13.08)	**1,034.57**	124.99	41.87	140.28	(8.08)	**215.32**	**819.25**	473.94
Plant and Equipments	448.35	276.51	12.01	(0.87)	**711.98**	46.15	4.78	43.61	(0.54)	**84.44**	**627.54**	402.21
Office Equipments	57.66	20.15	5.04	(6.97)	**65.80**	10.35	2.46	5.98	(1.97)	**11.90**	**53.90**	53.53
Computers	270.85	54.91	31.67	(18.01)	**276.08**	93.82	20.40	70.46	(8.56)	**135.32**	**140.76**	178.68
Furniture & Fittings	1,381.40	836.96	59.65	(10.57)	**2,148.14**	166.89	15.66	177.18	(3.12)	**325.29**	**1,822.85**	1,214.54
Electrical Installations	726.64	367.69	31.70	(1.92)	**1,060.71**	78.66	11.39	72.25	(0.09)	**139.43**	**921.28**	641.72
Vehicles	7.70	3.00	0.90	(0.21)	**9.59**	2.66	0.16	1.42	(0.21)	**3.71**	**5.88**	5.03
Share in Jointly Controlled Entities	23.08	5.53	1.38	-	**27.23**	7.49	0.42	4.61	-	**11.68**	**15.55**	15.60
Sub Total	3,522.55	2,086.81	215.39	(51.69)	**5,342.28**	531.75	97.26	516.20	(22.57)	**928.12**	**4,414.16**	2,992.46
Intangible Assets												
Brands/Trademarks	13.51	0.18	-	(0.33)	**13.36**	2.21	-	7.19	(0.14)	**9.26**	**4.10**	14.44
Computer Software	404.55	52.89	45.05	(10.35)	**402.04**	131.29	40.30	106.05	(3.81)	**193.23**	**208.82**	268.44
Other Intangible Assets	-	4.57	-	-	**4.57**	-	-	0.54	-	**0.54**	**4.03**	-
Share in Jointly Controlled Entities	10.03	1.08	-	-	**11.11**	7.85	-	2.28	-	**10.13**	**0.98**	2.18
Sub Total	428.09	58.72	45.05	(10.68)	**431.08**	141.35	40.30	116.06	(3.95)	**213.16**	**217.93**	285.06
Total	3,950.64	2,145.53	260.44	(62.37)	**5,773.36**	673.10	137.56	632.26	(26.52)	**1,141.28**	**4,632.09**	3,277.52
Previous Year	3,011.61	1,174.35	227.37	(7.75)	3,950.84	435.83	60.70	306.47	(8.28)	673.32	3,277.52	

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

14 NON CURRENT INVESTMENT

(₹ in Crores)

	As at December 31, 2012	As at June 30, 2011
Investment in Equity Instruments		
Quoted		
NIL (5,631) Equity shares of Andhra Bank Limited of ₹ 10/- each	-	0.05
15,00,00,000 (16,53,55,095) Equity Shares of Future Ventures India Limited of ₹ 10/- each	147.78	162.91
49,37,935 Equity shares of Galaxy Entertainment Corporation Limited of ₹ 10/- each	-	3.62
64,79,848 (3,47,79,999) Equity Shares of Capital First Limited (Formerly known as Future Capital Holdings Limited) of ₹ 10/- each	11.09	-
Unquoted		
48,281 (48,281) Equity Shares of Foot-Mart Retail India Limited of ₹ 10/- each	0.08	0.08
Less : Provision	(0.08)	-
	-	-
20,000 (20,000) Equity Shares of Kalyan Janata Sahakari Bank Limited of ₹ 25/- each	0.05	0.05
35,78,278 (35,78,278) Equity Shares of Pan India Food Solutions Private Limited of ₹ 10 each	4.77	3.58
5,79,771 (5,79,771) Equity Shares of Planet Retail Holdings Private Limited of ₹ 10/- each	2.90	2.90
NIL (3,91,219) Equity Shares of Chaupati Bazaar Private Limited of ₹ 1/- each	-	5.87
5 Shares of Y.A. Chunawala Industrial Co-op Society Limited of ₹ 250/- each	0.00	0.00
NIL (6,00,000) Equity Share of Ayati Investment Advisors Private Limited of ₹ 100/- each	-	6.00
NIL (5,377) IndoSpace Rohan Industrial Park Private Limited (Formerly Known as Rohan Realty Private Limited) of ₹ 10/- each	-	0.17
NIL (97) IndoSpace Rohan Industrial Park Mahalunge Private Limited (Formerly Known as Rohan Brothers Builders Private Limited) of ₹ 10/- each	-	0.18
NIL (156) IndoSpace Rohan Industrial Park Khed Private Limited (Formerly Known as Rohan Buildwell Private Limited) of ₹ 10/- each	-	0.23
NIL (97) IndoSpace Rohan Industrial Park Pune Private Limited (Formerly Known as Rohan Erectors Private Limited) of ₹ 10/- each	-	0.19
NIL (12,025) Indospace SKCL Industrial Park Orgadem Private Limited (Formerly Known as IndoSpace Logistics Parks Private Limited) of ₹ 10/- each	-	0.17
NIL (3,957) Indospace FWS Industrial Park Private Limited (Formerly Known as Future Warehouse Management Services Private Limited) of ₹ 10/- each	-	0.08
Investment in Building Property	-	69.80
Investment in Government or Trust Securities		
National Saving Certificates	0.05	0.06
Others	-	0.00
Other Investments		
Investment in Fixed Deposits	0.20	-
Share in Jointly Controlled Entities	1,152.89	695.69
	1,319.73	951.63

(₹ in Crores)

	As at December 31, 2012	As at June 30, 2011
15 LONG-TERM LOANS AND ADVANCES		
(Unsecured and Considered Good)		
Capital Advances	151.68	101.81
Security Deposits	986.96	760.95
Other Loans & Advances	458.33	2,057.52
Share in Jointly Controlled Entities	154.49	55.19
	1,751.46	2,975.47
16 CURRENT INVESTMENTS		
Investment in Equity Instruments		
Quoted		
Future Ventures India Limited	-	28.08
Centrum Capital Limited	11.50	-
Investment in Others		
Mutual Funds	0.22	178.28
Others	-	75.00
Share in Jointly Controlled Entities	59.76	136.66
	71.48	418.02
17 INVENTORIES		
Raw Materials	-	4.45
Work-in-Progress	-	3.26
Finished Goods	5.24	6.31
Stock-in-Trade	4,439.49	3,628.25
Packing Materials	12.06	25.55
Share in Jointly Controlled Entities	12.42	11.14
	4,469.21	3,678.96
18 TRADE RECEIVABLES		
Unsecured		
Outstanding for a period more than six months from the date they are due for payment		
Considered Good	74.61	16.51
Considered Doubtful	3.95	6.39
Less: Provision for Doubtful Debts	3.95	5.81
	74.61	17.09
Others		
Considered Good	433.77	484.79
Considered Doubtful	-	0.97
Less: Provision for Doubtful Debts	-	0.97
	433.77	484.79
Share in Jointly Controlled Entities	38.78	48.93
	547.16	550.81

(₹ in Crores)

	As at December 31, 2012	As at June 30, 2011
19 CASH AND BANK BALANCES		
Balance with Banks	**118.07**	468.66
Cheques on Hand	**2.39**	0.18
Cash on Hand	**19.79**	18.14
Dividend Account	**0.41**	0.37
Fixed Deposits including Margin Money	**14.98**	6.16
Earmarked Balances with Banks	**23.78**	9.07
Short Term Bank Deposits	**0.05**	0.32
Share in Jointly Controlled Entities	**21.09**	18.38
	200.56	521.28
20 SHORT-TERM LOANS AND ADVANCES		
(Secured and Considered Good)		
Inter Corporate Deposits	**178.07**	-
	178.07	-
(Unsecured and Considered Good)		
Loans and Advances	**1,136.83**	1,415.09
Deposits	**133.74**	57.05
Others	**5.94**	0.87
Share in Jointly Controlled Entities	**20.73**	30.55
	1,297.24	1,503.56
	1,475.31	1,503.56
21 OTHER CURRENT ASSETS		
Interest Accrued	**0.93**	23.48
Others	**15.88**	32.08
Share in Jointly Controlled Entities	**0.43**	9.97
	17.24	65.53

(₹ in Crores)

	Period Ended December 31, 2012	Year Ended June 30, 2011
22 REVENUE FROM OPERATIONS		
Sale of Products	**19,018.63**	11525.85
Sale of Services	**1,153.39**	464.65
Less: Vat, Sales Tax	**1,115.61**	662.07
Less: Excise Duty	**0.09**	0.16
Other Operating Revenues	**404.99**	267.46
Share in Jointly Controlled Entities	**725.05**	629.89
	20,186.36	12,225.62
23 OTHER INCOME		
Interest income	**22.78**	7.73
Dividend Income	**1.81**	-
Miscellaneous Income	**23.15**	24.33
Share in Jointly Controlled Entities	**82.27**	32.03
	130.01	64.09
24 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE		
Opening Inventory		
Finished Goods	**6.31**	7.24
Stock- in-Trade	**3,628.25**	2,432.24
Work-in-Progress	**3.26**	5.33
Closing Inventory		
Finished Goods	**5.24**	6.31
Stock- in-Trade	**4,439.91**	3,642.23
Work-in-Progress	**-**	3.26
	(807.33)	(1,206.99)
Share in Jointly Controlled Entities	**(0.96)**	(3.42)
	(808.29)	(1,210.41)
25 EMPLOYEE BENEFIT EXPENSES		
Salaries and Wages	**942.66**	548.54
Contribution to Provident and Other Funds	**33.03**	19.36
Staff Welfare Expenses	**57.01**	33.58
Share in Jointly Controlled Entities	**98.73**	83.32
	1,131.43	684.80

(₹ in Crores)

	Period Ended December 31, 2012	Year Ended June 30, 2011
26 FINANCE COST		
Interest Expense	**1,477.75**	560.55
Other Borrowing Costs	**164.08**	50.67
Share in Jointly Controlled Entities	**5.29**	3.67
	1,647.12	614.89
27 OTHER EXPENSES		
Consumption of Stores and Spare Parts	**0.65**	0.14
Power and Fuel	**321.83**	189.07
Rent including lease rentals	**1,373.12**	777.63
Repairs and Maintenance		
Building	**2.31**	0.83
Machinery	**6.77**	2.26
Others	**62.89**	37.09
Insurance	**10.21**	5.83
Rates & Taxes	**28.00**	17.33
Labour Charges	**5.21**	0.09
Packing Material	**18.85**	34.18
Payment to Auditors	**1.36**	0.78
Advertisment and Marketing	**355.50**	277.55
Loss on Disposal/Discard of Fixed Assets (Net)	**67.64**	10.11
Provision for Impairment of Goodwill	**6.23**	-
Bad Debts Written off	**21.81**	6.57
Exchange Fluctuation Loss (Net)	**23.21**	8.26
Miscellaneous Expenses	**948.55**	560.98
Share in Jointly Controlled Entities	**551.05**	380.06
	3,805.19	2,308.76
28 EXCEPTIONAL ITEMS		
Net Gain on Sale of Non-Current Investments	**379.40**	107.04
Provision for Diminution in Value of Investment	**(0.08)**	-
	379.32	107.04

29. Contingent Liabilities

(₹ in Crores)

Particulars	Period Ended December 31, 2012	Year Ended June 30, 2011
A. Claims against the Group not acknowledged as debts		
i) Value Added Tax Act / Income Tax Act	**5.19**	1.04
ii) Others	**51.05**	27.02
B. Guarantees Outstanding	**316.05**	37.94
C. Insurance Claims	**-**	0.35
D. Fixed Deposits lien marked on behalf of Company	**13.91**	-

30. Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) ₹ 102.96 Crores (2011: ₹ 92.73 Crores).

31. Future interest liabilities in respect of assets of the value of ₹ Nil (2011: ₹ 4.46 Crores) acquired on hire purchase basis is ₹ Nil (2011: ₹ 0.12 Crores).

32. The company has taken some assets on Finance Lease basis. Future Lease Rental obligation in respect of these assets is ₹ 3.72 Crores (2011: ₹17.44 Crores). The Lease Rent payable not later than one year is ₹ 3.72 Crores (2011: ₹ 7.40 Crores), repayable later than one year but not later than 5 years is ₹ Nil (2011: ₹ 10.04 Crores) and repayable later than 5 years is ₹ Nil (2011: ₹ NIL).

33. The Company has entered into operating lease arrangements for the fixed assets. The future lease rental premises obligation in respect of these assets is ₹ 1459.79 Crores (2011: ₹ 1904.91 Crores). The Lease Rent payable not later than one year is ₹ 620.01 Crores (2011: ₹ 656.06 Crores), repayable later than one year but not later than 5 years is ₹ 733.72 Crores (2011: ₹ 1112.52 Crores) and that repayable later than 5 years is ₹ 106.06 Crores (2011: ₹ 136.33 Crores).

34. The Tax Expenses for the Period Comprises of:

(₹ in Crores)

Particulars	Period Ended December 31, 2012	Year Ended June 30, 2011
Current Tax	**70.96**	90.28
Deferred Tax	**59.79**	46.80
Total	**130.75**	137.08

35. Related Party Disclosure

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

A) List of Related Parties

Associate Company

Galaxy Entertainment Corporation Limited

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

Asian Retail Lighting Limited

ESES Commercial Private Limited

Fashion Global Retail Limited

Future Corporate Resources Limited

Future Human Development Limited

Future Ideas Company Limited

Future Outdoor Media Solutions Limited

Future Ventures India Limited

S.J. Retail Private Limited

Bansi Mall Management Company Private Limited

Key Management Personnel

Mr. Kishore Biyani

Mr. Rakesh Biyani

Mr. Vijay Biyani

Mr. Kailash Bhatia (till February 09, 2012)

Relatives of Key Management Personnel

Mr. Gopikishan Biyani

Ms. Ashni Biyani

Mrs. Godavari Devi Biyani

Mrs. Sampat Biyani

Mrs. Sangita Biyani

Mrs. Santosh Biyani

B) Transactions with related Parties

(₹ in Crores)

Nature of transactions	Enterprises over which key managerial personnel are able to exercise significant influence	Key Management Personnel & Relatives	Associates
Sales and Operating Income	30.36 (12.58)	- (1.63)	1.33 (0.54)
Sale of Fixed Assets	0.09 (-)	- (-)	- (-)
Purchases / Other Services	136.38 (158.99)	0.75 (0.17)	0.38 (0.56)
Purchase of Fixed Assets	21.66 (52.33)	- (-)	- (-)
Managerial remuneration & commission	- (-)	16.17 (12.41)	- (-)
Advances given	163.81 (4.65)	- (-)	3.83 (-)
Deposit given	128.80 (13.31)	- (-)	- (-)
Deposits Received	0.34 (-)	- (-)	- (-)
Outstanding balances as on December 31,2012/ June 30,2011			
Receivable	378.89 (59.15)	- (-)	3.87 (2.12)
Payable	6.80 (47.85)	- (-)	- (-)

Significant related party transactions:-

i. Sales and Other recoveries includes Future Ventures India Limited ₹ 17.95 Crores (2011: ₹ NIL), S.J Retail Private Limited ₹9.86 Crores (2011: ₹ Nil), Galaxy Entertainment Corporation Limited ₹ 1.33 Crores (2011: ₹ 0.54 Crores)

ii. Purchases / other services include Future Corporate Resources Limited ₹ 70.65 Crores (2011: ₹ 61.62 Crores), Fashion Global Retail Limited ₹ 43.60 Crores (2011: ₹ 19.47 Crores).

iii. Purchase of Fixed Assets includes Asian Retail Lighting limited ₹ 15.86 Crores (2011: ₹ 15.84 Crores), Future Human Development Limited ₹ 5.80 Crores (2011: ₹ 2.50 Crores).

iv. Sale of Fixed Assets includes Future Corporate Resources Limited ₹ 0.01 Crores (2011: ₹ Nil), S.J Retail Private Limited ₹ 0.08 Crores (2011: ₹ Nil).

v. Advance Given includes Future Corporate Resources Limited ₹ 163.81 Crores (2011: ₹ 0.31Crores), Galaxy Entertainment Corporation Limited ₹ 3.83 Crores (2011: ₹ Nil).

vi. Deposit given includes Future Corporate Resources Limited ₹ 115.00 Crores (2011: ₹ 4.76 Crores), Bansi Mall Management Company Pvt. Ltd. ₹ 13.80 Crores (2011: ₹ Nil)

vii. Deposit Received includes S.J. Retail Private Limited ₹ 0.34 Crores (2011: ₹ Nil).

viii. Managerial Remuneration includes Mr. Kishore Biyani ₹ 5.73 Crores (2011: ₹ 3.82 Crores), Mr. Rakesh Biyani ₹ 5.31 Crores (2011: ₹ 3.47 Crores), Mr. Vijay Biyani ₹ 3.14 Crores (2011: ₹ 2.09 Crores), Mr. Kailash Bhatia ₹ 1.82 Crores (2011: ₹ 3.03 Crores)

C) **Joint Venture Information:**

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

(₹ in Crores)

Particulars	As at December 31, 2012	As at June 30, 2011
Assets	**1,499.93**	1,035.99
Liabilities	**856.66**	483.55
Income	**890.60**	540.32
Expenditure	**961.09**	647.90

36. Segment Report

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. 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	2011-12	2010-11
Profit after tax	₹ in Crores	**275.67**	141.54
The Weighted average number of Ordinary Shares for Basic EPS	No.in Crores	**21.02**	20.02
The Weighted average number of Class B (Series-1) Shares for Basic EPS	No. in Crores	**1.59**	1.59
The Weighted average number of Ordinary Shares for Diluted EPS	No. in Crores	**21.02**	20.65
The Weighted average number of Class B (Series-1) Shares for Diluted EPS	No. in Crores	**1.59**	1.59
The Nominal Value per Share (Ordinary and Class B (Series-1) Shares)	₹	**2.00**	2.00
Share of Profit for Ordinary Shares for Basic EPS	₹ in Crores	**256.22**	130.97
Share of Profit for Class B (Series-1) Shares for Basic EPS	₹ in Crores	**19.45**	10.56
Share of Profit for Ordinary Shares for Diluted EPS	₹ in Crores	**256.22**	131.27
Share of Profit for Class B (Series-1) Shares for Diluted EPS	₹ in Crores	**19.45**	10.27
Earning per Ordinary share (Basic)	₹	**12.19**	6.54
Earning per Class B (Series-1) Share (Basic)	₹	**12.23**	6.64
Earning per Ordinary share (Diluted)	₹	**12.19**	6.36
Earning per Class B (Series-1) Share (Diluted)	₹	**12.23**	6.46

38. Capital Reserve is shown in the balance sheet is net of goodwill of ₹ 96.19 Crores (2011: ₹ 121.49 Crores).

39. Compulsorily Convertible Debentures (CCDs) issued by various subsidiaries comprise of ₹ 685 Crores issued by one of the major subsidiary, Future Value Retail Limited, which is convertible into Fully Paid Up Equity Shares of the issuer company either at IPO linked Conversion price or Conversion Long Stop Date linked conversion Price (in case IPO does not happen before long stop date), as specified

in the respective Debenture Subscription Agreements executed by the Company with respective subscribers. As per terms of issue, the CCDs will convert into equity shares at various date commencing from December 30, 2014 and not later than April 17, 2015. The balance CCDs were issued by other two subsidiaries bearing interest at a rate of US LIBOR + 300 basis point per annum and would be convertible into equity shares of respective issuer companies between April 01, 2013 and July 01, 2013.

40. Pursuant to the levy of service tax on renting of immovable properties given for commercial us, retrospectively with effect from June 01, 2007 by the Finance Act, 2010, the company based on legal advice, challenge 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 ₹ 56.76 Crores in respect of the liability for such service tax for the period from June 01, 2007 up to September 30, 2011. From October 01, 2011, the company is accounting & paying for such service tax regularly as per directives of the Supreme Court. Accordingly the company has not made provision of ₹ 113.52 Crores for the period June 01, 2007 to September 30, 2011 which would be appropriately recognized on final determination.

41. During the period company has forfeited the warrants money received against of ₹ 100 Crores on account non-exercise of their conversion option by the equity warrant holders.

42. During the period, company has allotted 81, 63,265 Equity Share of ₹ 2/- each at a premium of ₹ 243/- on preferential basis.

43. During the period covered by this financial statement, the Board of Directors have also approved the following Scheme of Amalgamation of Future Value Retail Limited ("FVRL"), wholly owned subsidiary of the Company, with The Company and their respective shareholders and creditors ("FVRL merger Scheme").

    The Appointed Date for the Amalgamation Scheme is July 01, 2012 and the same envisages merger of FVRL into the Company. The petition in respect of the Scheme is to be filed before the Hon'ble Bombay High Court.

    The Scheme shall be given effect to in the Books with effect from the Appointed Date of July 01, 2012 upon receipt of all necessary approvals.

44. During the period covered by these financial statements, the Board of Directors have approved the Scheme of Arrangement between the Company and Peter England Fashions and Retail Limited ("PEFRL") and their respective shareholders and creditors and Indigold Trade and Services Limited ("ITSL"), in its capacity as shareholder of Resulting Company ("Pantaloon Demerger Scheme").

    The Appointed Date for the Pantaloon Demerger Scheme is July 1, 2012 and the same envisages demerger of Pantaloon Format Division of the Company into PEFRL, an indirect wholly owned subsidiary of Aditya Birla Nuvo Limited and issue of shares of PEFRL to shareholders of the Company. Scheme had already been cleared by Stock Exchanges by issuance of clearance under clause 24F of the listing agreement and Competition Commission of India to proposed combination, Shareholders in court convened meeting and by Regional Director by submitting their observation to the Hon'ble Bombay High Court. The Scheme is pending for final hearing before the Hon'ble Bombay High Court.

    The Scheme shall be given effect to in the Books with effect from the Appointed Date of July 01, 2012 upon receipt of all necessary approvals.

45. Further the Board of Directors of the Company have also approved the Composite Scheme of Arrangement and Amalgamation between Indus-League Clothing Limited ("ILCL"), Lee Cooper (India) Limited ("LEE"), Future Ventures India Limited("FVIL"), the Company and Future Lifestyle Fashions Limited ("FLFL") and their respective shareholders and creditors ("Fashion Demerger Scheme").

    The Appointed Date for the Fashion Demerger Scheme is January 01, 2013 and the same envisages demerger of various fashion format divisions of the Company including "Central", "Brand Factory", "Planet Sports" and "aLL" with a view to unlock value for shareholders.

46. For certain items, the Company and its Subsidiaries and Joint Ventures have followed different accounting policies. However, impact of the same is not material.

47. Acquisition and Divestment:
   (a) Subsidiaries divested during the period:
      i) Splendor Fitness Private Limited w.e.f. June 29, 2012
      ii) Capital First Limited (Formerly known as Future Capital Holding Limited) w.e.f. September 27, 2012.

   (b) Subsidiaries required during the period
      i) Future Lifestyle Fashions Limited became a subsidiary w.e.f. May 31, 2012

48. Figures pertaining to the subsidiary companies and joint ventures have been reclassified wherever necessary to bring them in line with the group financial statements.

49. The financial statements for the year ended June 30, 2011, had been prepared as per the then applicable and pre-revised Schedule VI to the Companies Act, 1956. Consequent to the notification of Revised Schedule VI under the Companies Act, 1956, the financial statements for the 18 months ended December 31, 2012 are prepared as per the Revised Schedule VI. Accordingly, the previous year figures have also been reclassified to conform to this year's classification. The adoption of Revised Schedule VI for previous year figures does not impact any recognition and measurement principles followed for the preparation of financial statements. The previous year's figures have been reworked, regrouped, rearranged and reclassified wherever necessary. Current period figures are not comparable with the previous year on account of extension of the accounting period by 6 months from July 01, 2012 to December 31, 2012.

As per our Report of even date attached

For NGS & Co. LLP
Chartered Accountants

Navin T. Gupta
Partner
Membership No. 40334

Place : Mumbai
Date : February 25, 2013

For and on behalf of Board of Directors

Shailesh Haribhakti Chairman	**Kishore Biyani** Managing Director	**Rakesh Biyani** Joint Managing Director
Vijay Biyani Wholetime Director	**S. Doreswamy** Director	**Dr. Darlie Koshy** Director
Anil Harish Director	**V. K. Chopra** Director	**Bala Deshpande** Director
Gopikishan Biyani Director	**C. P. Toshniwal** Chief Financial Officer	**Deepak Tanna** Company Secretary

CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD ENDED DECEMBER 31, 2012

(₹ in Crores)

		Period Ended December 31, 2012	Year Ended June 30, 2011
A	Cash Flow from Operating Activities		
	Net Profit Before Tax	**472.64**	281.63
	Adjustments for :		
	Depreciation	**632.26**	307.70
	Preliminary & Capital Issue Expenses Written Off	**-**	0.16
	Provision for Doubtful Debts/advances	**4.19**	3.46
	Sundry Balance Written off (Net)	**(0.95)**	(2.25)
	Bad debts Written off	**21.81**	6.57
	Finance Cost	**1,647.12**	614.89
	Dividend Income	**(1.81)**	-
	(Profit) / Loss on Sale of Shares	**(379.40)**	(107.04)
	Loss on Disposal/Discard of Fixed Assets (Net)	**67.64**	10.11
	Interest Income	**(22.78)**	(7.73)
	Provision for Diminution of Investment	**0.08**	-
	Provision for Impairment of Goodwill	**6.23**	-
	Operating Profit Before Working Capital Changes	**2,447.03**	1,107.50
	Adjustments for :		
	Trade Receivable	**(21.40)**	(170.61)
	Loans and Advances and Other Assets	**1,337.10**	(1,900.73)
	Inventories	**(790.24)**	(1,187.95)
	Trade Payables, Other Liabilities and Provisions	**858.34**	792.16
	Cash Generated from Operations	**3,830.83**	(1,359.62)
	Share in Profit/(Loss) of Associate Company	**(3.62)**	(2.37)
	Adjustment on Account of Joint Venture/ Subsidiary Include in Consolidation	**-**	(20.33)
	Share of Minority Interest	**(334.98)**	14.89
	Direct Taxes Paid	**(73.64)**	(85.87)
	Preliminary / Capital Issue Expenses Paid	**-**	(0.16)
	Net Cash from Operating Activities	**3,418.58**	(1,453.47)
B	Cash Flow From Investing Activities		
	Sale / (Purchase) of Fixed Assets (Net)	**(2,054.46)**	(1,018.33)
	(Increase)/Decrease in Capital Work - in - Progress	**(208.10)**	(40.17)
	Sale / (Purchase) of Investments	**158.31**	(282.28)
	Dividend Received	**1.81**	-
	Interest Income	**22.78**	7.73
	Net Cash used in Investing Activities	**(2,079.67)**	(1,333.05)

CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD ENDED DECEMBER 31, 2012

(₹ in Crores)

		Period Ended December 31, 2012	Year Ended June 30, 2011
C	Cash Flow from Financing Activities		
	Payment of Dividend and Dividend Tax	**(24.29)**	(25.83)
	Proceeds from Issue of Share Capital (Net of Expenses)	**174.50**	167.97
	Proceeds from Borrowings	**(877.74)**	2,809.10
	Compulsorily Convertible Debentures	**(85.00)**	685.00
	Optionally Fully Convertible Debentures	**800.00**	-
	Interest Paid	**(1,647.12)**	(614.89)
	Net Cash Provided by / (Used in) Financing Activities	**(1,659.64)**	3,021.35
	Net (Decrease) / Increase in Cash & Cash Equivalents (A+B+C)	**(320.72)**	234.83
	Cash & Cash Equivalents (Opening Balance)	**521.28**	286.45
	Cash & Cash Equivalents (Closing Balance)	**200.56**	521.28

As per our Report of even date attached

For NGS & Co. LLP
Chartered Accountants

Navin T. Gupta
Partner
Membership No. 40334

Place : Mumbai
Date : February 25, 2013

For and on behalf of Board of Directors

Shailesh Haribhakti
Chairman

Kishore Biyani
Managing Director

Rakesh Biyani
Joint Managing Director

Vijay Biyani
Wholetime Director

S. Doreswamy
Director

Dr. Darlie Koshy
Director

Anil Harish
Director

V. K. Chopra
Director

Bala Deshpande
Director

Gopikishan Biyani
Director

C. P. Toshniwal
Chief Financial Officer

Deepak Tanna
Company Secretary

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

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

REGISTERED OFFICE
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