

CONSUMPTION COSMOS

FOOD

FASHION

FURNITURE

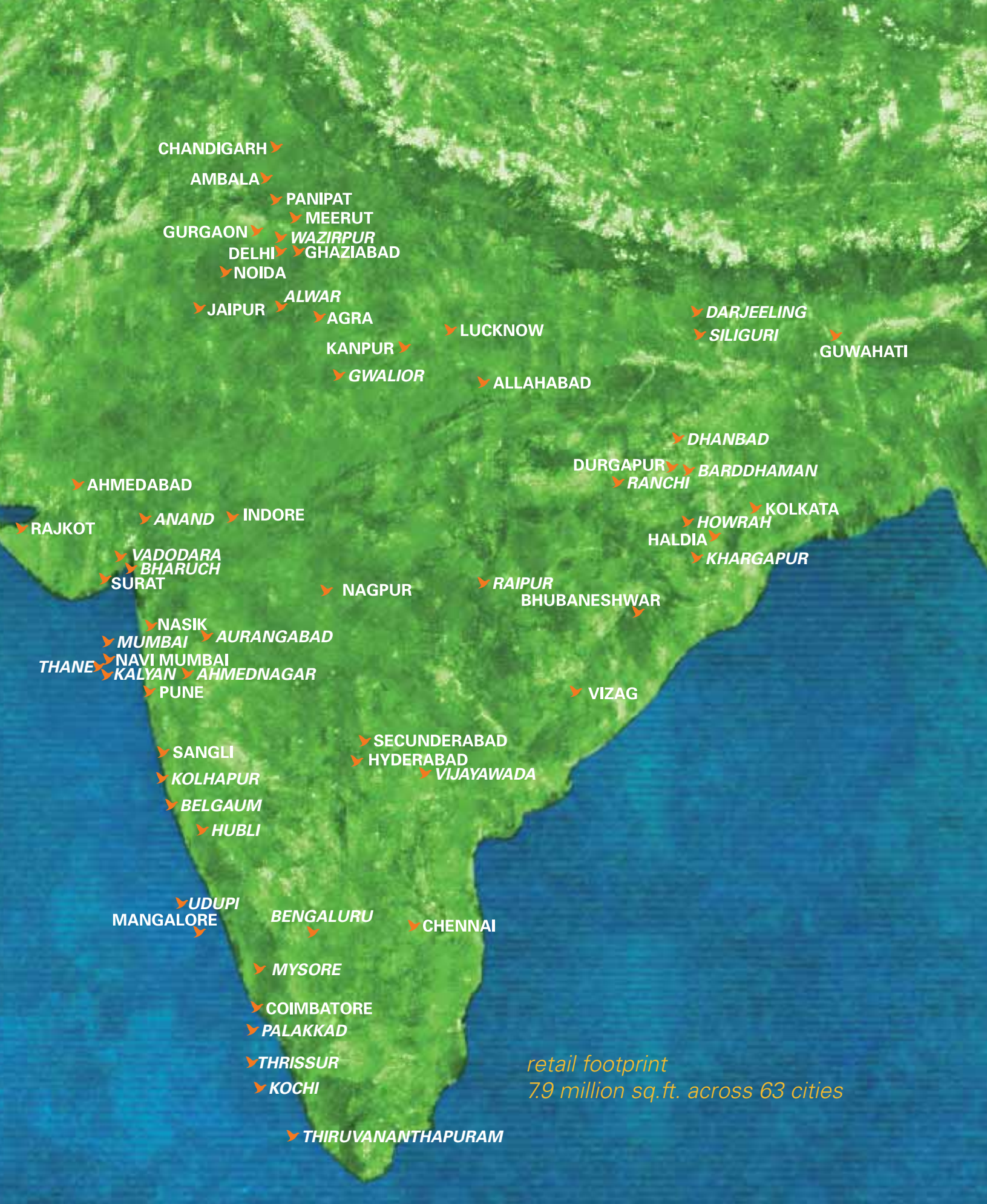
ELECTRONICS

GENERAL MERCHANDISE



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CORPORATE INFORMATION

Board of Directors

Mr. Kishore Biyani
Managing Director

Mr. Gopikishan Biyani
Wholetime Director

Mr. Rakesh Biyani
Wholetime Director

Mr. Shailesh Haribhakti
Director

Mr. S. Doreswamy
Director

Dr. Darlie Koshy
Director

Mr. Anil Harish
Director

Ms. Bala Deshpande
Director

Mr. Vijay Kumar Chopra
(Appointed w.e.f. 24-07-2008)
Director

Dy. Company Secretary
Mr. Deepak Tanna

Statutory Auditors
NGS & CO.

Risk Advisors
Ernst & Young Pvt. Ltd

Bankers

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

Share Transfer Agents

Intime Spectrum Registry Limited
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LBS Marg, Bhandup (West)
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MESSAGE FROM THE MANAGING DIRECTOR



DEAR STAKEHOLDERS

It gives me immense pleasure to present your company's Annual Report for the year 2007-2008. During the previous financial years, we had shared with you our ideas and plans for new businesses that will help us capture a sizeable portion of the \$350 billion consumption economy in India. In line with these plans, we had taken a number of strategic steps and started new businesses focused on various opportunities in the consumption ecosystem. For many of these businesses, the financial year 2007-08 marked the completion of the first full year of operations. And this also marked two significant transformational changes that your company went through.

The first and more obvious development has been the stabilising of each of our businesses. We have now acquired the knowledge, skills and understanding of the challenges and opportunities that are there in each of the businesses. We have also been able to attract

world-class talent and people resources to these businesses. Each of these businesses has passed through their initial start-up phase and the benefits of entering the phase of growth and consolidation is just about to reflect in the value-creation that your company will generate.

A significant outcome during this financial year has been the listing of a subsidiary company, Future Capital Holdings (FCH). FCH is in the investment advisor to funds worth around \$1.1 billion and also operates a fast growing arm focused on financial products retailing. Your company holds a majority stake in FCH. During the forthcoming year, we will continue to explore opportunities and different channels that will help unlock more value from the different subsidiaries of your company.

Another encouraging development was Future Generali launching its portfolio of insurance products in the Indian market. The life insurance and the general insurance ventures of your company hold immense potential to create long term value in your company. The company's specialised businesses in the areas of logistics, brand and Intellectual Property Rights (IPR) development, retail media services and retail technology services too have made significant progress in creating a favorable niche for themselves. As you will notice in this Annual Report, your company has put a lot of emphasis on exploiting the synergies that exist across these businesses. This is now helping your company pursue a more concerted strategy towards catering to the entire consumption space.

The second significant transformation has been the internal strategic alignment that your company went through during the financial year 2007-08. During the past couple of months, the external economic environment has been going through a period of strain. Your company's management team had noticed the rising cost



of business and had almost eighteen months back proactively initiated a number of measures towards strategic realignment and cost controls. We had, on an ongoing basis, conducted scenario planning exercises and rigorously reviewed our business plans to derive maximum efficiency, productivity and resilience against external factors. The results of the emphasis on efficiency, productivity and cost control have already started to become evident in your company's financial performance.

These strategic steps are providing us with a significant competitive advantage over other players in the business. We are happy to share that our expansion plans have been right on track and we do not anticipate any changes in the financial and operational goals that we had set for ourselves. By 2011, the group's retail operations are expected to span across 30 million square feet.

A critical factor that has helped us in this regard has been our engagement with globally reputed consultancy major, McKinsey & Co. We have been able to successfully adopt a number of strategic measures, including building a process-driven approach towards markdowns and discount planning, better inventory management and assessment and evaluation of individual business units based on Return on Capital Employed (RoCE).

Along with McKinsey & Co., we have also been able to map in detail, the size of the opportunity and the addressable market that exists in every category spend of the Indian consumer. Based on this we have developed a roadmap for necessary organizational initiatives that need to be taken to capture a sizeable portion of the opportunity.

The size of the entire consumption economy in India is estimated to be around \$350 billion and it can be divided across some key categories wherein the Indian customer spends his or

her money. Even by conservative estimates, atleast \$40 billion of additional consumption will be generated every year. It is incumbent on us to develop right organizational capabilities and business models to capture this in the most profitable manner.

In this Annual Report, we have presented you the review of your company's business initiatives in each of these categories along with the group synergies that are helping the company address these opportunities in a more holistic manner.

For us, the journey of transformation into India's leading player in the consumption space has begun and we would like to thank you for your continued trust, support and encouragement in making this such an eventful one.

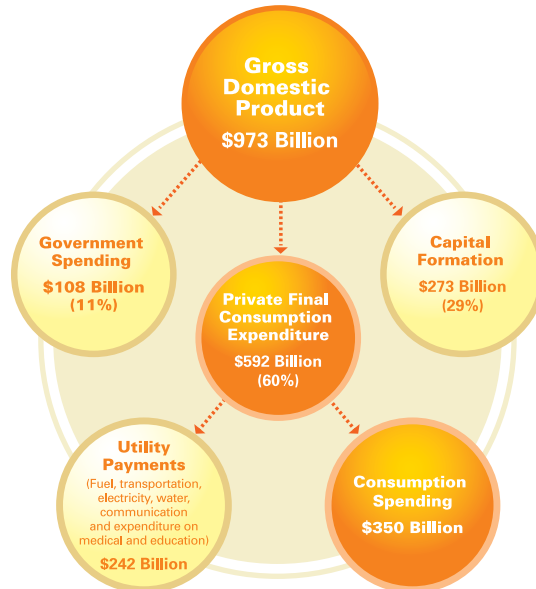
Best regards

Kishore Biyani

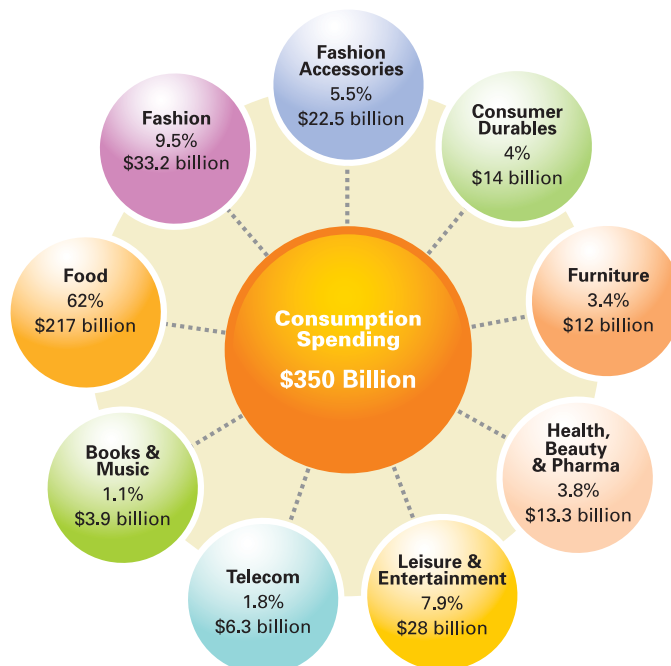


INDIA'S CONSUMPTION COSMOS

During the past decade, Private Final Consumption Expenditure has been the key driver of economic growth in India.



The \$350 billion Consumption Spending provides the single biggest business opportunity in India and is divided into some key categories led by food, fashion and home products.



Source - Central Statistical Organisation Advance Estimates, 2007-08, Images Retail, McKinsey & Co.

OUR CONSUMPTION COSMOS

The retail formats are geared to capture Consumption Spending in key categories in both value and lifestyle segment. And specialised businesses backed by capital and investments in developing the necessary consumption infrastructure is helping build a consumption ecosystem.



This empowers Pantaloons Retail to build a comprehensive business model that can capture a dominant share of the single biggest business opportunity in India - the consumption space

FOOD



DELIVERY FORMATS

FOOD BAZAAR
WHOLESALE PRICES

KB's FAIRPRICE
BACHAT HI BACHAT

Food constitutes 62% of the total consumption expenditure of Indian consumers, forming the single largest category spend. Considering the size, opportunity and challenges in this segment, the company has outlined a strategic roadmap for developing a formidable and profitable business in this category.

Leading the company's presence in this category, Food Bazaar witnessed healthy expansion during the year 2007-08, by adding 47 stores during the year under review. The total count of Food Bazaars as on June 2008 stood at 136 stores.

In order to build a dominant presence in the food category, the company decided to explore both the premium and bottom-end of the market, in addition to the mid-market presence through Food Bazaar. In the premium segment, Food Bazaar piloted 'Gourmet' in Delhi for the discerning customer seeking richer experience. This store celebrates lots of impulse and destination categories packing in wide assortment of foods (both local and imported). The store also presents fresh food experience

with an extensive assortment of bakery and customised snacking options.

Food Bazaar private brands have been very successful during the year 2007-08 and have provided tough competition to established brands. Private brands of Food Bazaar created a strong hold in the consumer mind-set, offering better value for money proposition, and resulting in the company deriving better margins in the business.

In order to cater to the very mass segment, a crucial development during the financial year 2007-08 has been the launch of KB's Fairprice and its aggressive expansion plan. KB's Fairprice is designed as a low-frills, small format convenience store located in low-income neighborhoods in metros. Similar to immensely successful Aldi chain in Germany, KB's Fairprice stocks only 300 SKUs, comprising of basic necessities, isn't air-conditioned and works on a very low operational cost structure.

Launched in August 2007 in Delhi, by June 2008, the company operated 101 stores in Delhi, Mumbai, Hyderabad, Bangalore and Ahmedabad. Having met with a very enthusiastic response from its target customer group, the company intends to have a very aggressive expansion plan for the format with a planned opening of 20 stores every month. The format is expected to garner a large share of the customer segment, yet untouched by modern retail formats.



Adding more value to the food business is that the share of own brands as a percentage of total Food Bazaar revenue has increased significantly and comprises nearly 60 merchandise categories with more than 320 SKUs across the FMCG landscape. During the year under review, 14 new products with 32 SKUs were launched, through private brands.

The buying teams of FMCG were re-structured around brand relationships to exploit full potential of category growth initiatives in FMCG world. Perpetual Inventory system was set up across all stores to regularize weekly stock take of Top 100 high shrink articles. This has built rigour into the stock integrity of the stores.

Building the Food Ecosystem: A number of new businesses and strategic steps taken at the group level is helping the company derive more value in the food category. The most crucial development has been the group's acquisition of a controlling stake in Godrej Adhar, a rural retail chain in 65 villages across India. This network not only provides a channel to capture rural consumption but is also being scaled up an efficient sourcing network for rural agri-produce that can serve Food Bazaar.

In addition, the group's partnership with MyDollar Store franchise in India is helping our network offer new, aspirational imported brands to consumers. The group's logistics arm, Future Logistics is also exploring tie-ups with

major international food brands for distribution in India.

The group, through its venture capital and private equity arms is exploring opportunities to invest and partner with small and medium food brands and manufacturers that will help build synergies for its food business. An investment has already been made in Capital Foods, a company that markets brands like Smith & Jones and Ching's Secret.

In the forthcoming financial year, Futurebrands will significantly increase its investments in the private brands in the food category. Thus, the critical aspects of the food chain, sourcing logistics, brand development and supplier engagement is helping the company build a more consolidated strategy towards dominating the food consumption space.



FASHION



DELIVERY FORMATS



The average spend of an Indian consumer on fashion is expected to go up from Rs 7,200 in 2007 to Rs 10,470 by 2011, marking one of the largest increase in a category. The company's core strength lies in this category and it is confident that its emphasis on this category will help it garner a dominant position in this space.

The fashion category not only contributes a significant chunk to the company's topline, but the company also benefits from the relatively better margins that can be realized in this category. During the financial year 2007-08, a number of strategic steps were taken to further improve this. Increased investment in branding and communication, aggressive expansion in both lifestyle and value formats and emphasis on right merchandise helped increase revenues,

a scientific approach towards markdowns. At the same time better sourcing strategies helped bolster margins in this category.

Fashion@Big Bazaar campaign led by cricket icon, MS Dhoni was one of the largest initiatives taken by the company in recent times. The core message of 'Des Badla, Bhes Badlo' gained significant traction among its target audience as is evident in the increasing share of fashion in total sales. The campaign has helped Big Bazaar transform into the preferred and accessible fashion destination for the masses.

The share of fashion category is expected to rise further during the festive and marriage season in the forthcoming financial year. This will be aided by the expansion of Big Bazaar, from 90 stores covering around 5 million square feet to over 8.1 million square feet by June 2009.

In the lifestyle segment, the company aggressively expanded the Central format by almost doubling its area under operations to around 7.75 lakh square feet. Central entered key metro markets of Delhi and Mumbai, along with a second store in Pune.

In the financial year, 2008-09 Central will focus on value add to shoppers with innovative promotions and create a long term property for Central to make it the preferred weekend shopping destination. The total number of Central stores is expected to double in 2008-09 to 14,



with new stores coming up in Navi Mumbai, Thane, Ahmedabad, Bangalore, Indore, Nasik and Vizag.

The company's flagship format, Pantaloons added 9 new stores, thereby crossing the 1 million square feet mark. It increased its focus on product improvement and unleashed a strong marketing campaign to back it up. The Green Card loyalty program went through a landmark year, with overall members growing by 44% to touch 8.3 lakh members. Interestingly, the premium member base grew even faster by 47% as compared to the previous year and the program now contributes over 55% of the store sales.

Brand Factory, the large-format fashion chain offering brands at smart prices entered the northern market with a new store in Ghaziabad. The company is about to launch a new and uniquely positioned large-store format, Ethnicity that will cater to the largely untapped and lucrative ethnicwear market. With this, the company will have a strong presence across all sub-categories in fashion and apparels.

Building the Fashion Ecosystem: One of the key factors behind the improved performance of the fashion category has been the specialised focus and investment made by the subsidiary company, Future Brands in strengthening the private brands like John Miller, Bare, DJ&C, UMM, among other brands. In addition, the

group companies' investments through private equity and venture capital funds in leading companies like Indus League Clothing, Biba and Liliput is helping derive more strategic value in this category.

PRIVATE BRANDS

JOHN MILLER

BARE
CASUALS
KEEPING IT REAL
Jeans | Ties | Shirts | Tops | Trousers etc.

DJ&C
★ LOOK FAMOUS ★

RIG
UTILITY CLOTHING

UMM
underground music movement

srishti

LOMBARD

KNIGHTHOOD
KNIGHT BY CORPORATE BRANDS

HOME PRODUCTS



DELIVERY FORMATS



The Rs 114,000 crore home products market includes key categories like general merchandise, furniture and home improvement, electronics and consumer durables.

The 90-store Big Bazaar chain leads the general merchandise category that is being expanded through innovative merchandise from local and foreign markets as well as increasing the width and depth of the existing line of merchandise

categories. Increased imports is adding, exclusivity, freshness and better margins across categories. With the Big Bazaar network about to touch around 143 stores by June 2009, the company is confident of maintaining its leadership position in the general merchandise space.

In addition, the company's specialised subsidiary, Home Solutions Retail (India) Limited focuses on developing the home improvement and consumer durables segment.

The flagship format, Home Town expanded into four new cities, thereby strengthening its leadership as the premier home furnishing and improvement retailer in the country. The format has been well accepted by consumers, which is evident from the fact that in less than a year of the launch of these very large-format stores, three out of six Home Town stores have achieved break even. The company is working on a new Brand Architecture for Home Town where it plans to leverage the back end system so as to have a larger reach and get closer to the customer. It is about to launch Home Town Bazaar and Home Town Collection which will operate across the value and lifestyle space respectively. In addition Home Town Design Centre will also be launched to acquire clients through the design and services vertical.

In the furniture category, the value format, Furniture Bazaar is now present in 13 locations along with 73 locations wherein it is present within Big Bazaar.



In the electronics and consumer durables space the company is moving convincingly towards its well planned strategy of gaining a leadership position in eight cities of Mumbai, Pune, Ahmedabad, Bangalore, Hyderabad, Chennai, New Delhi and Kolkatta

The lifestyle format, E-zone now has 29 stores across the country including 10 stores in Bangalore and 6 stores in Mumbai. The company is working closely with brand owners in the category to improve display, marketing and improve margins through improved buying efficiency and better vendor management and mix of private brands. In the value segment, Electronics Bazaar is now present in 95 locations in 54 cities.

Building the Home Products Ecosystem:

With Futurebrands investing in the company's private brands, Koryo and Sensei now account for almost 20% of the total electronic sales of the company.

More than 250 SKUs are catered to by these brands and the company is investing its resources on these brands so as to achieve better product sale ratio from these brands and thereby improve profitability.

Large-scale investments are also being made in developing category-specific logistics and supply chain capabilities for furniture, general merchandise and electronics. A dedicated

subsidiary, Whole Wealth Limited is engaged in exploring sourcing opportunities for these categories in China and the Far East. This is helping introduce new products and new price points for the consumer.

The group's consumer finance retailing business has started to contribute to increased sale of high-ticket items in home products by providing attractive credit products to customers. Bundling of products with home insurance policies have also contributed to innovation and excitement for customers at the shop floor.

PRIVATE BRANDS

SENSEI
THE FINE ART OF TECHNOLOGY

KORYÔ
THE HEART OF ELECTRONICS

DREAMLINE
star homes.sensible prices

IQIP
INTERNATIONAL HOMES INDIAN PRICES

SPORTSWEAR & FASHION ACCESSORIES



DELIVERY FORMATS



The median age of our country is at 25 years and a young consumer base offers fast growing opportunities in the areas of fashion accessories, sportswear and footwear. The company's objective is of consolidating the first-mover advantage in each of these new categories, and strengthening its presence.

Planet Sports has been one of India's first and leading sportswear chain and it has added more licensed brands to its portfolio. The 51-chain Planet Sports network now offers top notch international brands in sports category, including, Speedo, world's number one swimwear brand, Wilson and Prince, leading global tennis brands, Converse, a global iconic casual youth brand, Spalding, a leading basketball brand and a popular golf brand, Callaway. In addition, the company through its subsidiaries, also operates 10 Adidas, 3 Puma and 5 Sports Warehouse stores as part of its network.

The sportswear network is now associated with leading Indian sports bodies and is working closely with various schools, sports academies and clubs across India to promote sports and active outdoor lifestyle.

At Pantaloons and Central, the company is strengthening its non-apparel categories like footwear, fashion and fine jewelry, beauty products etc to improve its fashion positioning.

The specialised retail format for watches and eyewear, Blue Sky now operates 43 stores within Pantaloons and Central and its brand positioning will be further consolidated in the forthcoming fiscal year. The company had also introduced a new format, Navaras to capture the growing jewelry segment and is now present in 51 locations.

LICENSED BRANDS





LEISURE & ENTERTAINMENT



DELIVERY FORMATS



The total consumer spend on leisure and entertainment in India is estimated to be around \$28 billion and it captures a large part of the discretionary expenditure of the Indian consumers. The company operates one of India's leading leisure and entertainment centres' company, Galaxy Entertainment Corporation Ltd (GECL) as well as has a partnership with leading restaurant chains operator, Blue Foods.

As a diversified entertainment company, GECL addresses and identifies with customers with a high propensity to consume, through its various well-positioned brands. At the same time provides a complete entertainment experience ranging from the mid-market segment

comprising of family entertainment centres to high end leisure concepts, thus constantly innovating its offerings to provide its customers a celebration of experiences.

GECL has adopted a pan-India model and has opened new Family Entertainment Centres and outlets across the country. It is also evaluating various options of entering into strategic tie ups with different companies engaged in entertainment and leisure business.

A total of 13 outlets opened during FY 2008, 8 F123 family entertainment centres and 5 Sportsbar Express. At present, the company operates nearly 90 outlets under the following formats; The Bowling Company, F123, The Sports Bar, Sportsbar Express, The Brew Bar, Rain Fruits, Chamosa and Tropical Café.

The Blue Foods network operates leading restaurant brands like Copper Chimney, Bombay Blues, Noodle Bar, Spaghetti Kitchen and foodcourt brand, The Spoon. This chain is now present in over 100 locations.

INTERNATIONAL PARTNERSHIPS



The company had entered two major partnerships with multinational companies to address specific market segments that require expertise in sourcing relationships and merchandise management. Both of these partnerships have moved beyond the start-up phase and are aggressively expanding.

In order to emerge as a dominant player in the fast growing communication products and services retailing, the company had formed a joint venture with Axiom Communications, one of the largest communication product distributors in the Middle East. During the year 2007-2008, the joint venture company, catering to the sourcing, servicing and backend operations, helped the company's retail subsidiary the retail operations for communication products spread its wings to sixteen new cities including places like Ranchi, Dhanbad, Guwahati, Vidyanagar, Meerut, Hubli etc. The flagship format, Mobile Bazaar is located in 34 high-street locations as independent stores as well as within selected PRIL formats in another 120 locations across the country.

The core strategy of the business involves expanding its reach into customer segments and regions that are yet not properly catered by existing market players, bringing in product and price innovations through new sourcing channels within and outside India and innovative promotion strategies. These, coupled with the strengths and experience of Axiom Communications in sourcing relationships and merchandise mix are expected to help the company build a dominant position in this space.



The office stationery products retailing space is at a nascent stage and the company had partnered with the largest office stationery retailing in the world, Staples Inc. The joint venture between Pantaloon Retail and Staples Inc., Future Staples Office Products commenced its Indian retail operations in December 2007.

The objective has been to dominate the office products market both in the corporate and the retail space by catering to the sourcing, servicing and backend operations & helping Pantaloon to setup retail shops. As on June 2008, the joint venture partnership has helped Pantaloon set up 5 independent stores and establish a delivery operations across 9 cities, retailing office supplies at 10 independent stores and 24 Store in Stores (SIS) across 4 cities.

The company has already established strong corporate accounts with leading Indian and multinational companies to cater to their entire office stationery requirements. A unique business rewards programme is underway, aimed at serving small and medium sized businesses around their specific requirements of lower costs, better availability and preference over other customers in our stores.

The company expects to operate nearly 18 stores across 6 cities in India and 40 SIS formats by end of financial year 2008-09. In addition, the Staples Business Advantage aimed at medium sized businesses for their daily stationery requirements would be launched as a Delivery service.

SPECIALISED BUSINESSES



While the investment advisory business focuses on private equity, retail and consumption infrastructure, the consumer credit business is making products more attractive for consumers at the retail formats.



Having launched life and non-life insurance policies in May 2008, the insurance companies are expected to create substantial long-term value for stakeholders and bring in innovation in insurance distribution.



Focussed on creating media properties in the ambience of consumption, the company helps catalyse consumption as well as monetize customer footfalls within stores.



An Intellectual Property Rights company, it is investing in developing a portfolio of 18 brands in a way that they can unlock substantial value in the future. It also has a consulting practice.



Being built as the country's first and only retail focussed logistics and supply chain management company, it services all group businesses and will soon offer services to third parties as well.



A retail technology service provider with high quality, low cost services model catering to the entire retail value chain. Has developed strategic partnerships with Wipro, Cisco, SAP and Sun Microsystems.



India's most preferred online shopping portal now services the mouse-friendly, time challenged consumers in over 200 cities, many of which doesn't yet have a Big Bazaar.

During the financial year 2006-07, Future Capital Holdings Limited (FCH) emerged as one of the premier listed investment advisors in India with around US\$1.1 billion under advice and domain expertise in private equity and real estate. Further, it is actively building the country's first 'consumer-centric' retailer of financial products and services by leveraging the distribution reach and customer base of Pantaloon Retail.

As part of its advisory business, FCH advises the Investment Manager of Indivision India Partners, a US\$ 425 million international private equity fund, focusing on providing growth capital to businesses benefiting from the growth in consumption and derivatives of consumption.

In the real estate investment advisory space, FCH leverages on PRIL's strong relationships with retailers, major land owners and developers as well as its understanding of retailing in India for sourcing and evaluation of real estate deals. It currently advises the Investment Managers of three funds in the real estate space. Retail-led real estate fund – Kshitij Venture Capital Fund is a US\$ 90 million domestic fund that invests in developing high quality retail destinations in India. The Fund has invested in developing around 5 million square feet of retail space in 11 high growth Tier II cities. Retail-led mixed-use real estate Fund - Horizon Realty LLC is a US\$ 350 million international fund that invests in developing 'Market Cities' or

integrated destinations for shopping, leisure and entertainment. The fund is investing in developing around 15 million square feet of retail space across 6 projects in Mumbai, Bangalore, Pune and Hyderabad. Hotel Fund- Indus Hotel Ventures LLC is a US\$ 200 million international hotel fund that will invest in building business class hotels across the country, capitalising on the opportunity in India for quality business hotels.

FCH will also advise the Investment Manager of a logistics fund in the coming fiscal year, namely Indospace Logistics Partners; formed through a joint venture with Realterm Global, a leading North American industrial real estate investment firm. The fund will invest in developing industrial warehousing facilities across India.

The Wholesale Credit business at FCH taps a large and relatively unaddressed market of mezzanine, promoter, project and acquisition financing, and other special situations related financing. Strong due-diligence capabilities coupled with our risk management and credit systems, and access to entrepreneurs and developers through the PRIL eco-system favors growth in this business.

The company's consumer finance business is being built as a 'consumer-centric' retailer of financial products and services. Since its inception, it has grown to 145 points of





presence across 30 cities in India, providing consumer credit, offering the Future Card (a credit cum loyalty card of the Future Group) and distributing Future Generali insurance products. While Pantaloon Retail creates formats to service every expense item of the customer, Future Money intends to service the balance sheet of the customer by providing loan products including credit cards, and distributing insurance and mutual fund products. Through strategic partnerships such as FCH Centrum Foreign Exchange and FCH Centrum Wealth Management, the consumer finance arm is also providing wealth management, foreign exchange and money transfer services. This business leverages the large customer base and retail network of Pantaloon Retail to efficiently serve these segments with relative cost savings.

FCH business activities is strengthened by a strong research base through Future Capital Research, which provides thought leadership to assist the process of value creation for FCH's investing platform. This research combines macroeconomic analysis, survey-based fieldwork, in-house data and real-time business experience to provide a differentiated voice on India. It produces longer-term thematic studies as well as shorter-term proprietary indicators focused largely on consumption trends.

FCH Future Capital Private Equity

FCH Future Capital Financial Services

FCH Future Capital Real Estate

FCH Future Capital Asset Management

FCH Future Capital Credit

FCH Future Research





FUTURE GENERALI

Insurance penetration in India is at 4% and the insurance business in the private sector has been growing at over 80% annually. In order to capture this opportunity, the company had formed a joint venture with Italian insurance major, Generali Group to launch life and non-life insurance ventures.

During the financial year, both the life and non-life insurance venture companies acquired necessary regulatory permission to launch products for the Indian market. Future Generali India Life Insurance Company launched endowment, annuity and term insurance policies for individuals and group life insurance and gratuity plans for corporates. Future Generali India Insurance Company has launched a complete bouquet of general insurance policies for home, auto, industrial, travel and commercial general liability insurance, among others.

The insurance venture companies have set up 43 functional branches across 30 cities and have plans to rope in 47,000 agents by March 2009. Giving a fillip to the companies' operational expansion is the introduction of Mallassurance business through which it is acquiring customers visiting the retail formats and malls operated by the company.

Insurance penetration is significantly lower among the younger generation of customers who frequent shopping malls and consumption centres. Being present within the ambience of

consumption centers is helping the insurance venture companies acquire a new set of customers at significantly lower cost. This competitive advantage was evident in the fact that within 45 days of the launch of the Mallassurance business, the companies were able to acquire more than 1 lakh customers. While other channels like agency and branch network will continue to expand, integrating insurance products with merchandise offerings within retail formats is already helping scale up the Mallassurance business at a faster rate.



Future Media India Limited's mandate is to create media properties in the 'ambience of consumption' and thus offers active engagement to brands and consumers. Enriched with a bouquet of varied consuming audience and powered with the knowledge of consumer behavior, the company offers relevant engagement through its media properties like Future Visual Spaces, Future Print, Future Radio, Future Television, Future FUEL, Future Theatre and Future Activation. The company has created media trends with innovative campaigns in visual spaces and activation and seeks to drive active-engagement through its various properties.

During the past financial year, Future Media has handled over 350 brands which include names like Parle, Marico, Hindustan Unilever Ltd, Kelloggs, ITC, Kingfisher, ICICI Bank and many more.

The Future TV network now has over 1500 screens across 44 cities in India. A new rate card and an innovative method of psychometric mapping of consumers ensure advertisers get a more effective and robust campaign on Future TV. The company has also acquired advertising rights in consumption spaces outside the group like Oberoi Mall and R Mall at Mumbai, and the Foodland chain of grocery stores.

Future Media has created media trends with innovative campaigns in visual spaces and activation and continually seeks to drive active-

engagement. It recently launched interactive display called GestureTek which it has positioned at show windows in key malls across the country. The interactive display, based on the technology of gesture-recognition with a camera capturing movement and displaying it on the format, provides advertisers a new creative media solution to enhance interactivity with consumers.

Future Theatre is the media vehicle that caters to the ever-increasing cinema-going audiences, which includes the on-screen advertising rights for the Inox chain of multiplexes. The company has further strengthened this vertical by acquiring advertising rights of Eros Cinema in Mumbai and E-Square chain of multiplexes in Pune to its kitty.

The team at Future Media comprises of over 80 dynamic and enthusiastic professionals primarily from the media and entertainment industry. The company has offices in Mumbai, Delhi, Bangalore, Kolkata, Hyderabad and Pune.



Futurebrands India Limited, a subsidiary company, is an intellectual property rights company incorporated to realise the full potential of brands as intangible assets. The company is engaged in acquisition or conception, growth and development, valuation and trade of brands to exploit the vibrant economy of brands.

The company is the owner and licensor of select brands viz. DJ&C, Bare, John Miller, Knighthood, Rig, Shrishti, Lombard, Ajile, Buffalo, Fresh & Pure, Tasty Treat, Caremate, Cleanmate, and Dreamline. During the past financial year, the company also acquired Koryo, Sensei, and IQIP trademarks. It has already made substantial investment in defining, communicating and building brands viz. Dreamline, John Miller, DJ&C, Bare, Buffalo, Tasty Treat and Koryo in 2007-08.

The company has developed Dreamline as the first and only cross-category home adornment brand that inspires the young women to express their ideas and dreams into reality: to organise, decorate, refresh and upgrade their homes. It is available at all Big Bazaar and Home Town outlets and has met with an excellent customer response and the brand has exceeded its annual sales target in its first year.

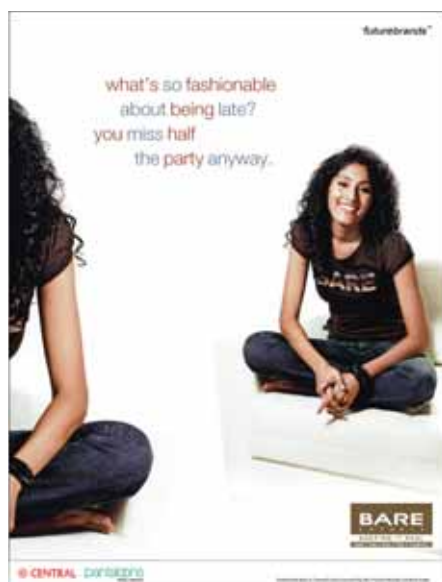
John Miller offers complete formal menswear range and is the leading brand at Pantaloons and Central stores. Aimed at the apprehensive optimist young executives, John Miller helps

magnify belief in one's abilities by projecting effortless, smoother, playful brand personality. The brand's encouraging consumer response has encouraged it to start its distribution to retail outlets outside the PRIL network.

DJ&C appreciates younger generation's emotional desire to seek attention and get noticed. The brand investment through a multimedia campaign *Look Famous* had synergy with the launch of Fashion@Big Bazaar initiative that created a strong strategic position for the brand in consumer mind.

During December 2007, the company launched Buffalo jeans, T-shirts and accessories in Mumbai and rolled out nationally through Big Bazaar. It will soon be extended to footwear category given the high brand potential index score (79 %) it achieved in company's brand track - consumer research done by GFK Mode.

Futurebrands is presently structured to offer consumer insights, brand consulting, and brand management solutions. The Consumer Insights and Knowledge team undertakes fundamental research projects to discover consumer truths, to understand socio-cultural trends to help conceive new ideas and build brands. An anthropological study of Indian cities, Aesthetics Orientation of New India, Woman and Visuality study, Trajectory of Change in Aesthetics Preferences study are the major on-going projects.





Futurebrands Consulting successfully completed projects for Titan, Fastrack, Red & White, Godfrey Phillips Bravery Awards, Dabur, Wild Stone, Secret Temptations, Future Money, and Future Generali and several new projects during the past year. Titan's new branding strategy is a result of a year long study that concluded that today's consumer seeks to be much more than what he or she is and wants to express multiple desires in life.

Futurebrands has started tapping Asian markets for brand consulting projects and also aims to license out its brands outside India. The company is also working on projects to launch a new range of skincare and sportswear brands in India.

To build valuable brand assets, the company is exploring strategic business relationships to build its design and distribution operations. Design is an underdeveloped and undervalued business in India and presents significant business opportunity in future for an intellectual property rights company.

In order to increase brand penetration and to widen the marketing reach, the company is exploring opportunities to forge new relationships in sales and distribution of its apparel, FMCG, home solutions and consumer durables brands.



Future Logistic Solutions Limited, a subsidiary company, is an end-to-end retail logistics company delivering millions of pieces to millions of consumers on a daily basis.

Future Logistics' operations focus on 5 major verticals namely Warehousing, Transportation, International Logistics, Brand Distribution and Reverse Logistics. It takes over the entire task of managing the supply chain away from the businesses so that they can focus on their core activities. FLSL manages the supply chain operations like factory-gate logistics, storage and fulfillment, retail store replenishments, movement (nationwide and intra-city), home deliveries, cold chain, freight forwarding, custom clearance, reverse logistics and distribution services for all the major retail formats. It also provides value-added services like inventory planning and control support, vendor management, supply chain network modeling, quality assurance, bar coding services, process and productivity management services and packaging solutions.

The company now has a current warehouse footprint of over 3.5 million square feet with 67 warehouses across 32 locations. These include 3 Regional Distribution Centers and a network of smaller City Distribution Centers for store deliveries and home deliveries. It handles an average of 1.5 million pieces everyday with single-day transactions going as high as up to 4 million pieces during special promotions.

The company also operates a dedicated fleet of over 400 vehicles and an outsourced fleet of 400 trucks that move goods across India in the most efficient and cost-effective manner. The company's multimodal strategy uses road network extensively, along with other modes like rail, air and waterways. During the financial year, an Imports Hub has been created at Bhiwandi operations for the International Logistics vertical. This vertical manages the Freight Forwarding and Customs Clearance operations that involve international movement of goods by sea, by air and also by road. The company now handles a monthly movement of 300 containers for the categories of furniture, consumer durables and electronics, and general merchandise.

Future Logistics is preparing to offer services to external companies including over 4000 suppliers and vendor partners to offer end-to-end supply chain solutions to them.

Future Logistics is investing substantially in developing the distribution network and will be creating state-of-the-art hubs at key locations. The total warehousing space will grow from the present 3.5 million sqft to about 7.5 million sqft by 2011. It also proposes to scale up on operational abilities by capital procurement, installation & operation for MHE & technology (Racking, Reach Trucks, Sorters, Conveyors, RF Scanners, other automation etc).



Future Knowledge Services (FKS), a subsidiary company is a business and technology services provider focused on retail and allied consumption sectors with a mandate to develop and deliver end to end business and technology solutions to the group's retail, logistics and other businesses. Within a short period of time, FKS has built strong solutioning and delivery capabilities with significant traction across all key retail formats.

FKS has a unique network of services model that innovatively integrates business services, consulting, applications, infrastructure and software development. Another important differentiator is the ability of FKS to leverage India's greenfield, low-legacy retail environment. This is achieved by adopting an architecture that emphasises network-centricity, software as a service and open-source based applications and an open delivery model.

FKS operates out of Mumbai and Ahmedabad. FKS has already set up a state of the art 400 seat centre in Ahmedabad which acts as a primary delivery centre for business and technology services. These features combine to deliver the company significant cost, flexibility and scalability advantages apart from better focus on core business and quicker time-to-market.

FKS has built strong partnerships with leading firms such as Sun Microsystems, Cisco, Wipro and SAP. The partnership with Cisco enables a unique network-centric architecture with cost,

control, scalability and customer experience advantages. Strategic projects underway with Cisco also provide the opportunity to create intellectual property jointly with go to market options. FKS has entered into a strategic outsourcing relationship with Wipro covering infrastructure management, hardware maintenance and data center hosting services. This relationship targets technology infrastructure operating costs – the largest component of technology costs for FKS.

FKS has on board a strong leadership team comprising senior professionals from retail, consulting, technology and business services with significant domestic and international experience.

The company is building a strong culture that enables integration and convergence of these rich and diverse skillsets. Currently, FKS has a 270 + member team which is set to expand to over 500 people by March 2009. In the forthcoming years, FKS hopes to emerge as a specialized technology services provider to not only group companies but also external companies engaged in India's consumption space.



Online retailing in India provides a unique opportunity to grow our business with a segment of customers who are not yet acquainted with our retail network. In addition, it also caters to unique needs and expectations of consumers like those wanting to send gifts to distant friends and family in a fast and efficient manner or want to explore the entire range of products and brands from the comfort of their homes and offices.

Futurebazaar.com, operated by subsidiary company, Future Bazaar India Ltd., has emerged as one of the most popular e-commerce players in India within eighteen months of its operations. It provides a choice of more than 20,000 products for customers that can be delivered in more than 200 cities and towns in India. Some of the most popular categories bought online are mobiles, home electronics, laptops, MP3 players, T-shirts and Gift Vouchers.

Futurebazaar.com is closely aligned with the physical retail businesses and provides customers at the click of the button almost every benefits and deals that are announced at the company's retail networks. The web portal has been carrying out innovative online promotions that reflect the ongoing customer proposition at the physical retail chains. To deliver these products to customers in an efficient manner, it leverages the company's large warehouse network and has partnered with Blue Dart and Aramex.

It has also entered into tie-ups with some of the leading banks including Citibank, ICICI Bank, Deutsche Bank and Barclays Bank to capture consumer demand through catalog activity where it mails out catalog inserts, offering choice of products at great prices, along with the consumer's monthly credit card statement. It has also set up a dedicated call centre that manages end-to-end consumer requirement on phone.

During the forthcoming financial year, the company will shift to the world's most advanced E-commerce platform ATG, which is expected to significantly improve customer experience, increase customer choices and lead to better business performance.



Diwali Dhamaka

Shop For Navratri & Durga Puja too.

Exciting Combo Offers

Pacific Set Of 3 Bags
Rs. 1299

Best Deals on Laptops

Rs. 32,500

15 DAYS Unconditional Returns

4GB Pendrives
Rs. 499 only

Buy Now!

Register Now

Gift Vouchers
Pantaloon, Navaras



Branded 29" Flat TV
Rs. 9,999/-

MAHA SAVINGS DAYS
24-27-28 JAN

MAHA SAVINGS DAYS
24-27-28 JAN

2,990/-

MAHA SAVINGS DAYS
28 JAN

KRISHNA
Rs. 599/-

Rs. 2380/-

JOHNSON

Management Discussion and Analysis

Industry structure and developments

According to the data released by the Central Statistical Organisation in 2008, the country's Private Final Consumption Expenditure (PFCE) continues to encourage growth rates. The PFCE at current prices is estimated at Rs 26,04,380 crore in 2007-08, showing a growth of 12.64%. Almost 60% of this is captured through consumption spending in various categories led by food, fashion, home products and consumer durables and each of these categories continues to show healthy growth.

Your Company's business model has been designed to capture this huge opportunity in consumption spending through a multi-format retail strategy that captures both the value and lifestyle segment of the market. Studies by the Indian Council for Research on International Economic Relations estimate that the total retail business will grow at 13% annually and the modern retail, which constitute a low 4% of the total retail in 2006-07 is estimated to grow at 45-50% per annum and attain a 16% share of total retail in 2011-12. The study suggests that both the modern and unorganised retail would see massive scaling up of their activities.

Business Outlook

Pantaloon Retail (India) Limited's business strategy is to develop appropriate business models to capture a dominant share of the consumption spending in India in the most profitable manner. The various business initiatives taken by the Company in the key categories like fashion, food, home products, general merchandise and consumer durables, along with the setting up of specialised subsidiaries in the areas of capital, consumer finance, brand development, retail media, logistics and retail-led technology services, have been instrumental in realising the Company's objective to derive maximum value in capturing the consumption space in India and in retaining its leadership position in the consumption economy.

Real Estate Outlook

The Company acquired and locked in real estate at reasonable prices, two to three years back, for its various retail formats, as it expected the rates to go up. Rise of real estate prices was witnessed, with new players coming up in the sector; but the Company had reasonably secured real estate for its growth till 2010.

Key trends and recent macroeconomic indicators now suggest that there might be a softening of real estate rates during the forthcoming financial year. One of the key factors behind this development, as correctly anticipated

by the Company, is the upcoming oversupply of retail real estate and shopping malls.

As the real estate rates soften, the Company is geared towards leveraging such a situation and acquire fresh properties, in consonance with its growth plans for the next few years, at reasonable costs that will help it maintain a lower operational cost structure. This lowering of real estate costs, would help in offsetting increase in other costs, such as interest costs.

Competition

In the past couple of years, the modern retail segment has seen the entry of a large number of Indian and multinational players which further validate the potential in this business and at the same time are helping expand the market at a faster rate.

The opportunity in the modern retail sector is huge, considering the nascent stage of the business and there is sufficient scope for multiple players to co-exist and grow in this market. The impact of new players in the market has been localised and limited to certain localities and cities and its impact at a national level is still quite a few years away. Your company continues to enjoy a first-mover advantage in almost every urban centre in India and will endeavour to maintain and strengthen it in the years ahead.

Human Resource Initiatives

At Pantaloon Retail, the management believes that its sustainable competitive advantage lies in the talent that it nurtures and the leadership pipeline that it has built to manage its multiple business. The Company places a huge emphasis on fostering a culture of innovation and enterprise that allows people within the Company to realise human beings' infinite potential. The Company is bound together by a set of values that are inspired from the Indian way of life, the Indian spirit of ingenuity, enterprise and respect for Indian cultural ethos and community.

These have built a unique work environment within the Company that brings together talent from multiple backgrounds and skills sets to work together and feel a sense of belonging to the team. This success of this can be judged from the low level of attrition that the Company has been able to maintain and the stability in its senior and middle management teams.

At the senior and middle management level, the Company had built a strong leadership pipeline that remains committed to the overall objectives of the Company. In the last couple of years, the Company had attracted key talent from leading Indian and multinational companies.

Despite the entry of new players into the retail industry, this entire team has remained committed to the Company, thus providing stability to the company's management structure and expansion plans.

At the store level, the Company had initiated a number of measures that focussed on increasing the 'Happyness Quotient' among its people and had then extended it to the next level of ensuring that employees' families too are part of these initiatives. Apart from regular training in skills enhancement and customer engagement, the Company also emphasises on building a sense of pride, belonging and self-confidence among its employees working at the stores.

During the year 2007-08, the Company also conducted an extensive review of in-house talent management, which involved mapping every managerial position in the organization for their skill sets, competence and attitudinal aspects as well as taking an inventory check of the existing talent base and addressing their development needs. This resulted in two key strategic developments related to significant realignment of existing resources in order to control people costs as well as identifying talent from within the Company to run its new businesses.

With over 28,000 employees across the Company and its subsidiaries, the Company prides itself on being a young and energetic organization with an average age of around 28 years. The Company is continuously exploring the next practices in the areas of talent management, workforce development, cultural alignment and leadership development.

Marketing Initiatives

During the financial year 2007-08, a major focus for the company's marketing efforts were concentrated on the fashion business. The Company believes that its core strength lies in this category and it can derive relatively improved margins in this category. After launching the concept of *Fashion@Big Bazaar*, the Company launched one of the largest promotional and communication activities centred on theme of *Des Badla, Bhes Badlo*. The campaign has been reasonably successful in increasing the share of fashion in the total business and in improving the overall margins of the Company in the value business. In the lifestyle segment, Pantaloon's *Colour of the Season* campaign, coupled with large investments in the private brands in the fashion category through the subsidiary, Futurebrands India Limited, has helped the Company increase revenues from this category significantly.

In order to increase the return on investments on marketing and promotion, the Company also adopted a number of tactical measures that helped improve loyalty

and repeat customers through its extensive loyalty program. The company's loyalty programs now has over 1.5 million members through the Pantaloon's Green Card, Central-ICICI Bank card, Big Bazaar Shakti program, Big Bazaar-ICICI Bank Credit Card and the Future Card.

The Company is also about to launch an integrated loyalty program for all its formats that can potentially attract around 10 million customers within the next couple of years. This development will add a new dimension to the customer strategy of the Company.

Opportunities, Risks and Threats

The organised retail business is evolving faster and with the availability of various options from the Company as well as the competitors, the business risk has increased. However, the Company has spread the risk by having formats for various segment of the customers and capturing the maximum customers from each segment by having appropriate locations for each formats. The strategy is to drive the customer for cross spending across various formats of the Company as well as group for the various needs of the customer. This is possible due to the presence of the Company and its group formats in almost all segments. Further coupled with this the specialised services give niche advantage to the Company to have better and faster access to the customer needs.

In the current environment, for any company the cost of doing business, including costs associated with energy, real estate, people etc and this can have an impact on the margins. However, your Company had conducted periodic reviews of input costs and real estate costs and initiated a number of cost control measures and strategic realignments that have helped improved efficiency and productivity in the business. Many of these measures are now creating a competitive advantage over competitors and also ensuring that the Company's expansion plans on track. The Company does not anticipate any changes in the operational and financial targets that it had set for itself. It will also to strengthen cost control initiatives and maintain a frugal culture that is critical in a retail operations business.

With the increase of the size of operation the Company will also have the risk of the execution and management. To contain this risk the Company has defined the responsibilities and the requirements of each management head and category head and provided sufficient resources with each one of them to meet their responsibilities. Further periodical reviews of the various operations have been done on regular basis to identify the any possible threat and address the same within time.

Internal controls and their adequacy

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

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

The Audit Committee, comprising independent directors is involved in regular reviewing 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

Sales

The Company's sales and other operating income has increased from Rs.3236.74 crores to Rs.5048.91 crores, an increase of 55.99% over the previous year. The Company has also recorded same store growth of 10.12% during the year.

Profit Before Tax

Profit before tax of the Company for the year 2007-08 stood at Rs.195.62 crores as compared to Rs.181.01 crores in the previous year, an increase of 8.07% over the previous year.

Interest

Interest & Financial charges outflow has increased from Rs.89.76 crores in 2006-07 to Rs.185.27 crores in 2007-08. The increase in interest and financial charges is on account of additional borrowing for funding the growth plans of the Company.

The interest & financial charges cover during the year under review has fallen down to 2.51 times as compared to 3.43 times in the preceding year.

Weighted average cost of borrowing has increased from 10.38% to 11.15 % on account of higher cost of funds/ borrowings driven by market conditions.

Net Profit

Net profit of the Company for the year under review stood at Rs.125.97 crores as compared to Rs.119.99 crores in the previous year, an increase of Rs.5.98 crores and 4.98% over the previous year.

Dividend

The Company has proposed a dividend of Rs.0.60 (30%) per equity share. The dividend would be payable on all equity shares of the Company including Class B Shares, if allotted on or before the Book Closure date declared for dividend. Class B Shares would be entitled to 5% additional dividend as per the terms of issue of Class B Shares (Series 1).

Loans and Advances

Loans and advances stood at Rs.962.32 crores in 2007-08, an increase of Rs.328.47 crores over the previous financial year. The major component of loans and advances represents advance lease deposits for the stores paid to lessors and advances given to suppliers.

Capital employed

The capital employed in the business increased by Rs.1646.64 crores in 2007-08. This is reflected in the liabilities side of the balance sheet through an increase in borrowings by Rs.892.20 crores and an increase in shareholders funds by Rs.754.44 crores. Return on capital employed has declined from 17.48% to 14.44% on account of significant investment in subsidiaries and joint ventures and lease rental deposits given for stores.

Surplus management

The Company generated a cash profit of Rs.246.64 crores as compared to Rs.184.78 crores in the last year, registering the growth of 33.48%. The balance amount, after cash outflow on account of proposed dividend, is ploughed back into the business to fund the growth. The growth of the Company has partly been funded by the cash generated from the business as well as from additional funds borrowed and equity funds infused during the year.

Equity Share Capital

During the year, Company has allotted 1,25,40,056 (One Crore Twenty Five Lakhs Forty Thousand and Fifty six) fully paid up Equity Shares of the face value of Rs.2/- (Rupees Two only) each at a premium of Rs. 498/- (Rupees Four Hundred Thirteen only) on conversion of Warrants, including 40,00,000 shares issued on preferential basis to private investors.

The Company has allotted 100 (One Hundred) fully paid up Equity Shares of the face value of Rs. 2/- (Rupees

Two only) each at a premium of Rs. 98/- (Rupees Ninety Eight only) during the year on Rights basis which were earlier kept in abeyance.

Equity warrants represents amount received against 1,26,51,944 (One Crore Twenty Six Lakhs Fifty One Thousand Nine Hundred Forty Four) warrants issued on a preferential allotment basis, which can be converted to same number of equity shares at the option of the holders within 18 months from the date of allotment of the warrants.

The resultant increase in "Equity" on account of allotment of equity shares during the year is Rs.627.01 crores.

Debt-equity

Debt-equity ratio of the Company has marginally declined with the additional funds borrowed for the expansion of the retail operations of the Company. Debt-equity ratio has been maintained at 1.19 as in previous year.

Earning Per Share (EPS)

The Company's Basic Earning Per Share (EPS) has marginally declined from Rs.8.71 during previous year to Rs.8.34 per share in the current year on account of increase in equity base from 14.67 crore equity shares to 15.92 crore equity shares.

Cash Earning Per Share (CEPS)

The Company's Cash Earning Per Share (CEPS) is Rs.13.86, which was Rs.11.39 in the preceding year registering the growth of 21.72 percent.

Investment

The Company's investment portfolio has increased substantially from Rs.252.01 crores in 2006-2007 to Rs.586.52 crores in 2007-08. The increase in investment during the year is mainly by way of subscription of shares in Subsidiaries/Associates/Joint Ventures.

PANTALOON RETAIL (INDIA) LIMITED

Directors' Report

To
The Members,

Your Directors are pleased to present the Twenty First Annual Report together with the Audited Statements of Accounts for the year ended 30th June 2008.

FINANCIAL HIGHLIGHTS

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

	(Rs. in Crores)	
	2007-2008	2006-2007
Sales (Net of Taxes)	4,776.33	3,031.44
Operating Income	272.58	205.29
Other Income	3.76	92.03
Total Income	5052.67	3,328.76
Profit before Depreciation & Tax	279.01	217.87
Less: Depreciation	83.39	36.86
Profit before Tax	195.62	181.01
Less: Earlier Year's Income Tax	(0.03)	0.06
Less: Tax Expenses	69.68	60.96
Profit after Tax	125.97	119.99
Add: Profit brought forward from previous year	215.76	116.59
Surplus available for appropriation	341.73	236.58
Appropriation		
Proposed Dividend	10.67	7.54
Tax on Proposed Dividend	1.81	1.28
Transfer to General Reserve	12.60	12.00
Balance carried to Balance Sheet	316.65	215.76

Review Of Performance

We are pleased to inform you that your Company has crossed \$1 billion turnover mark during the year under review, having recorded a robust growth in both the topline as well as in bottom line. Income from operations went up from Rs.3236.74 Crores in FY06-07 to Rs.5048.91 Crores in FY07-08, recording a growth of 55.98 percent.

PBDIT stood at Rs.464.29 Crores in FY07-08, an increase of 113 percent over the preceding year. PAT for FY07-08 was Rs.125.97 Crores. This amounts to an increase of 111 percent over the preceding year as the Net Profit of Rs.119.99 Crores in FY06-07 included an extraordinary income, of profit from sale of investments, of Rs.88.87 Crores.

The Company increased its retail presence from around 5

million square feet in 42 cities to approximately 8 million square feet in 63 cities during FY07-08.

Dividend

The Board of Directors of the Company has recommended a dividend of Rs.0.60/- (30%) per equity share. The dividend would be payable on all equity shares of the Company including Class B Shares, if issued and allotted on or before the Book Closure / record date announced for the dividend. If allotted, Class B Shares would be entitled to 5% additional dividend as per the terms of issue of Class B Shares (Series 1). Further, warrants converted into shares on or before the Book Closure / record date announced for the dividend, would also be entitled to dividend declared by the members at the ensuing Annual General Meeting. The dividend will be declared at the ensuing Annual General Meeting based on approval by the Shareholders.

EQUITY SHARE CAPITAL

Authorised Share Capital

The Authorised Share Capital of your Company has been increased from Rs.35 crores to Rs.45 crores by addition of 50 lacs Equity Shares and 450 lacs Class B Shares, carrying Differential Rights for voting and/or dividends. The increase in authorised capital has been effected by a Postal Ballot passed on 20th September 2008.

In view of further requirements, it is proposed to increase the Authorised Capital at the ensuing Annual General Meeting. Detail of the same has been given in the accompanying notice of the Annual General Meeting.

Paid-up Share Capital

The equity share capital of the Company has been increased from Rs.29,35,02,730/- to Rs.31,85,83,042/- due to the following further issue of capital as follows:

- Allotment of 40,00,000 equity shares of Rs.2/- each at a premium of Rs.498/- per equity share to Bennett, Coleman & Co. Limited and other investors, on preferential basis pursuant to Chapter XIII of the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000.
- Allotment of 40,40,056 equity shares of Rs.2/- each at a premium of Rs.498/- per equity share to Erudite Trading Private Limited, an associate Company of the promoter group on preferential basis pursuant to Chapter XIII of the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000.
- Allotment of 45,00,000 equity shares of Rs.2/- each at a premium of Rs.498/- per equity share to Erudite Trading Private Limited and Chaste Investrade Private Limited, an associate Company of the promoter group on preferential basis pursuant to Chapter XIII of the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000
- Allotment of 100 equity shares of Rs.2/- each at a premium of Rs.98/- per share aggregating to Rs.10,000/- which were earlier kept in abeyance in the Rights Issue of the Company in December 2005.

Fixed Deposits

The Company has not accepted any Deposits during the year. Unclaimed deposits at the end of the year is Rs.15,000/-.

Report On Corporate Governance

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

Management Discussion & Analysis Report

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

The Future

Your Company would continue to pursue its aggressive growth to strengthen its position as a leading player in the consumption space in India, with an aim to capture increasing share of the consumer's wallet. The Company would continue with its expansion plans and would continue to increase its presence on a pan-India basis by opening more retail outlets in tier 2 and tier 3 cities and by further strengthening its position in key metro cities.

Your Company has planned to increase its operating retail space from around 8 million square feet currently to around 12 million square feet by FY08-09.

The various subsidiary companies of your Company, which have been created to cater to various consumption categories, are currently in initial set-up phase. In FY 08-09, most of them will come into their own, pursuing aggressive growth plans to achieve scale and garner increasing market share. The Company will also be able to unlock value out of these businesses by listing these subsidiary companies, and partnering with strategic partners in them, at an appropriate time.

Your Company, operating in the consumption space, has added IT services and education to its portfolio of businesses, apart from the existing consumer finance, insurance, media, logistics and brand businesses. All these businesses will help in capitalizing on the synergies with the retail business to further enhance shareholder's wealth.

SUBSIDIARY COMPANIES & JOINT VENTURES

SUBSIDIARY COMPANIES

During the financial year 2007-08, seven new companies have become direct subsidiaries of the Company. Six companies became subsidiaries of its subsidiaries, and thus became fellow subsidiaries of the Company.

Future Capital Holdings Limited

Future Capital Holdings Limited (FCH) is designed to be the financial services arm of the Future Group. FCH is a capital holding company and is involved in asset management, investment advisory services, consumer credit and economic research. Post FCH's public offer, your Company has 55.01% stake in FCH. During FY07-08, FCH registered income from operations of Rs.52.33 Crores and its profit after tax stood at Rs.8.89 Crores.

Home Solutions Retail (India) Limited

Home Solutions Retail (India) Limited (HSRIL) was incorporated to operate in the home and hard goods consumption space. The key product categories that the company deals with include Consumer Durables &



Electronics (CDE), Furniture, Home furnishing & decor, Home improvement and Home services including design. HSRIL operates retail formats like Home Town, E-zone, Home Bazaar, Furniture Bazaar and Electronics Bazaar. Your Company has 76.38% stake in HSRIL. During FY07-08, HSRIL registered an income from operations of Rs.891.05 Crores and a corresponding loss of Rs.60.53 Crores.

Future Logistic Solutions Limited

Future Logistic Solutions Limited (FLSL) is designed to operate in the logistics, transportation, distribution and warehousing space. FLSL provides solutions in the areas of integrated Supply Chain Management, warehousing, distribution and Multimodal transportation. Your Company has 100% stake in FLSL. The company has warehousing space of 3.50 Million square feet spread over all across India. The company is currently building large scale warehousing facilities and will focus on providing 3PL logistics solutions. During FY07-08, FLSL registered income from operations amounted to Rs.112.95 Crores and the loss stood at Rs.2.45 Crores.

Pantaloon Food Product (India) Limited

Pantaloon Food Product (India) Limited (PFPI) is designed to strengthen sourcing and distribution of staples and other food products for the Company. PFPI has sourcing and distribution bases at all key cities across the country. The company has also started a no frill low cost food retail format "KB's Fair Price". It presently operates 138 stores spread over Mumbai, Delhi, Bangalore, Hyderabad and Ahmedabad. The Company has 94.81% stake in PFPI. During FY07-08, PFPI registered income from operations amounting to Rs.190.00 Crores and loss stood at Rs.3.04 Crores.

Future Media (India) Limited

Future Media (India) Limited (FMIL) is designed to be 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 93.60% stake in FMIL. During FY07-08, FMIL registered income from operations amounting to Rs.21.10 Crores and the loss stood at Rs.6.55 Crores.

Future E-Commerce Infrastructure Limited

Future E-Commerce Infrastructure Limited (FECIL) is designed to capture the consumption space through the internet, as well as other technology based and digital modes. The Company has 72% stake in FECIL. During FY07-08, FECIL registered income from operations amounting to Rs.21.71 Crores and the loss stood at Rs.9.45 Crores.

Future Mobiles and Accessories Limited

Future Mobile and Accessories Limited (FMAL) is designed to cater to the consumer's need in the space of telecommunications products. The Company has 100% stake in FMAL. During FY07-08, FMAL registered income from operations amounting to Rs.0.09 Crores and loss stood at Rs.1.20 Crores.

Future Brands Limited

Future Brands Limited (FBL), a brand and IPRs (Intellectual Property Rights) development specialist company focuses on creating, developing, managing, nurturing and acquiring brands. The Company has 100% stake in FBL. The company owns brands like John Miller, Bare, DJ&C, RIG, Shrishti, Buffalo, Dreamline, Koryo, Sensei, Tasty Treat, Fresh & Pure, Cleanmate, Caremate etc. The company also has licence for Italian apparel brand UMM for the Indian sub-continent. During FY07-08, FBL registered income from operations amounting to Rs.1.93 Crores and the loss stood at Rs.2.37 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. Your Company is presently holding 99.74% in FBIL. Futurebazaar.com was launched in 2007. FBIL is successfully operating its e-retailing business and during FY07-08, FBIL registered income from operations amounting to Rs.15.62 Crores and its profit after tax stood at Rs.3.95 Crores.

Future Consumer Products Limited

Future Consumer Products Limited (FCPL) has been incorporated to launch consumer products in various categories like Children's clothing, health foods, and FMCG products. These products will be endorsed by Sachin Tendulkar and will retail under the brand names of "Sach" and "S-Drive". Sachin Tendulkar will be having 10% equity stake in the company.

Future Knowledge Services Limited

Future Knowledge Services Limited (FKSL) is a retail technology service provider for high quality, low cost services model catering to the entire retail value chain. It will provide consolidated Technology Design and Support, Business Process Management, and Contact Centre for all Group Companies and partners. The Company has 100% stake in FKSL. During FY07-08, FKSL registered income from operations amounting to Rs.2.85 Crores and loss stood at Rs.1.64 Crores.

Whole Wealth Limited

Your Company holds 60% in Whole Wealth Limited (WWL). The company is the international sourcing arm of the group and operates out of Hong Kong and China to source various product categories from international markets.

Pantaloon Future Ventures Limited

Pantaloon Future Ventures Limited (PFVL) is a Special Purpose Vehicle (SPV) to own stake in Future Ventures Ltd., which is engaged in partnering with and promoting entrepreneurship in consumer focussed initiatives.

Future Learning and Development Limited

Future Learning and Development Limited is a wholly owned subsidiary of PRIL, and will provide recruitment, induction, training, re-training and development services for Retail Industry personnel. The company is yet to commence its operations.

Future Value Retail Limited (Formerly known as Future Hypermarket Limited)

Future Value Retail Limited was incorporated to carry on trade or retail business through retail formats including hyper markets, super markets, mega stores/ discount stores. Future Value Retail is a wholly owned subsidiary of PRIL. The company has not yet commenced its operations.

Future Mall Management Limited

Future Mall Management Limited has been incorporated to carry on the business of managing and maintaining malls, and to operate as a contractor, building, land and estate agent, and a land developer. Future Mall Management Limited is a wholly owned subsidiary of PRIL. The company has not yet commenced its operations.

Future Speciality Retail Limited

Future Speciality Retail Limited was incorporated to carry on trade or retail business through speciality retail formats. The company has not yet commenced its operations.

CIG Infrastructure Private Limited

CIG Infrastructure Private Limited (CIPL) was incorporated to deal in the business of real estate promotion and development. The Company is holding 51% stake in CIPL. CIPL is Special Purpose Vehicle (SPV) for development of real estate project at Noida (U.P.).

FELLOW SUBSIDIARY COMPANIES

Subsidiaries of Home Solutions Retail (India) Limited (HSRIL)

Home Lighting India Limited

Home Lighting India Limited (HLIL) is designed to capture consumption in the home lighting space, including designer ambience and mood lighting, through organized retail. HSRIL, a subsidiary of your Company, has 51% stake in HLIL. During FY07-08, HLIL registered income from operations amounting to Rs.3.44 Crores and its profit after tax stood at Rs.0.21 Crores.

Home Solutions Services (India) Limited

Home Solutions Services (India) Limited (HSSIL) is designed to operate in the business of being complete

solutions provider in the area of home management services, society management services, administrative and management services on contract basis for homes, offices, clubs, complexes, stores etc. This company is a 100% subsidiary of HSRIL, which is subsidiary of your Company. The Company is yet to commence commercial activities.

FH Residencies Limited

FH Residencies Limited (FHRL) is engaged in the business to acquire, promote, develop, construct, build, repair, furnish, sell, lease, manage and otherwise deal in real estate, and properties of residential or commercial nature. FHRL is 100% subsidiary of HSRIL.

Subsidiaries of Future Capital Holdings Limited (FCH)

FCH Centrum Wealth Managers Limited and FCH Centrum Direct Limited

During the year, FCH Centrum Wealth Managers Limited (FCH Centrum Wealth) & FCH Centrum Direct Limited (FCH Centrum Direct) have become subsidiaries of the FCH, a subsidiary of your Company, on 12 March 2008.

Kshitij Property Solutions Pvt. Ltd. (Formerly known as Kshitij CapitaLand & Mall Management Pvt. Limited).

Kshitij Property Solutions Pvt. Ltd. (KPSPL) has become a subsidiary of FCH on 09 April 2008, which is a subsidiary of the Company. The company is in the business of providing mall management services. The company is managing the retail malls developed by the Kshitij Real Estate Fund.

Axon Development Solutions Limited

Axon Development Solutions Limited (ADSL) has become a subsidiary of FCH on 25 April 2008, which is subsidiary of your Company. ADSL is involved in the business of designing, developing, constructing, selling, leasing, licensing or strategizing the development of immovable property.

Future Finance Limited (formerly known as Sivagami Finance & Investments Limited)

Future Finance Limited (FFL) is a Chennai based NBFC and engaged in financing of vehicles & equipments. FCH, subsidiary of the Company, has 100% stake in FFL. During FY07-08, FFL registered income from operations amounting to Rs.0.33 Crores and its profit after tax stood at Rs.0.06 Crores.

Future Hospitality Management Services Limited

Future Hospitality Management Services Limited (FHMSL) was incorporated for providing investment advisory services. FCH, subsidiary of the Company, has 100% stake in FHMSL. During FY07-08, FHMSL has yet to commence operations.

Kshitij Investment Advisory Company Limited

Kshitij Investment Advisory Company Limited (KIACL) is engaged in investment advisory services and provides

these services to the Rs.350 Crores Kshitij Venture Capital Fund and to the US \$ 90 Million Horizon Development Management LLC, Mauritius. FCH has 92% stake in KIACL. During FY07-08, KIACL registered income from operations amounting to Rs.25.32 Crores and profit after tax stood at Rs.2.73 Crores.

Ambit Investment Advisory Company Limited

Ambit Investment Advisory Company Limited (AIACL) is a 100% subsidiary of FCH. During FY07-08, AIACL registered profit after tax stood at Rs.0.03 Crores from other income.

Indivision Investment Advisors Limited

Indivision Investment Advisors Limited (IIAL) acts as the domestic advisor to Mauritius based advisor of Indivision India Partners LLC, Mauritius. FCH has 100% stake in IIAL. During FY07-08, IIAL registered income from operations amounting to Rs.15.80 Crores and profit after tax stood at Rs.1.74 Crores.

Myra Mall Management Company Limited

Myra Mall Management Company Limited (MMMCL) is engaged in the business of acquisition and leasing of commercial properties. MMMCL owns office premises of 44,000 square feet at Peninsula plaza. FCH has 100% stake in MMMCL. During FY07-08, MMMCL registered income from operations amounting to Rs.9.07 Crores and the loss stood at Rs.0.77 Crores.

Future Capital Financial Services Limited

Future Capital Financial Services Limited (FCFSL) (formerly known as Future Finmart Limited) is in the business of retailing financial services products and is a 100% subsidiary of FCH. FFL is rolling out a financial supermarket format "Future Money". During FY07-08, FCFSL registered income from operations amounting to Rs.0.47 Crores and the loss stood at Rs.9.73 Crores.

Subsidiary of Future Knowledge Services Limited (FKSL)

Erudite Knowledge Services Limited

Erudite Knowledge Services Limited (EKSL) was incorporated on October 8, 2007 and is involved in the business of BPO/ KPO and advisory and consultancy services in all kinds of business activities. EKSL is wholly owned subsidiary of FKSL.

The Ministry of Corporate affairs has granted the exemption to the Company from the requirement to present detailed financial statement of each subsidiary. A statement pursuant to section 212 of the Companies Act, 1956 relating to subsidiary companies has been given as an annexure to the Annual Report. Further annual accounts of the subsidiaries companies and related detailed information will be made available to the holding and subsidiaries investors, seeking such information at any point of time. The annual accounts of the subsidiary

companies are kept for inspection by any investor at the head office of the Company and that of the respective subsidiary company's office. Further a separate statement is attached to the consolidated balance sheet giving information about the subsidiary as per requirement of the exemption letter.

JOINT VENTURES

Future Axiom Telecom Limited (formerly known as Convergem Communication (India) Limited) Joint Venture with Axiom Telecom LLC, UAE

The Company has a 50% stake in Future Axiom Telecom Limited (FATL) which is a joint venture Company with Axiom Telecom LLC, UAE. The Company would be engaged in sourcing and wholesale distribution of mobile handsets, accessories and in setting up service centres for mobile handsets in India. During FY07-08, FATL registered income from operations amounting to Rs.73.73 Crores and loss stood at Rs.6.62 Crores. FATL has one more line of activities as Authorised service centres operated through its 100% subsidiary Mobile Repair Service City India Limited.

Future Generali India Life Insurance Company Limited

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

Future Generali India Insurance Company Limited

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

NTC joint ventures - Apollo Design Apparel Parks Limited & Goldmohur Design & Apparel Park Limited

The Company has entered into joint venture with NTC for the restructuring and development of the Apollo Mills and Goldmohur Mills situated in Mumbai. For the same two separate SPV companies have been created viz. Apollo Design Apparel Parks Limited (ASAPL) & Goldmohur Design & Apparel Park Limited (GDAPL). The ASAPL

& GDAPL would be working for the restructuring and development of the Apollo Mills and GoldMohur Mills respectively.

Staples Future Office Products Private Limited

Staples Future Office Products Private Limited (**SFOPPL**) is designed to capture the consumption space of office supplies, office equipments and products. SFOPPL is a joint venture between the Company and Staples Asia Investment Limited (a subsidiary of Staples Inc USA). During FY07-08, SFOPPL registered income from operations amounting to Rs.22.42 Crores and the loss stood at Rs.6.38 Crores.

Pan India Food Solutions Private Limited

Pan India Food Solutions Private Limited (**PIFSPL**) is involved in the business of restaurants and Food Courts. PIFSPL is a 50-50 joint venture between the Company and Blue Foods Private Limited. This company runs the food concepts of Cooper Chimney, Noodle Bar, Bombay Blue, Spaghetti Kitchen, and Spoon - the Food court. During FY07-08, PIFSPL registered income from operations amounting to Rs.26.49 Crores and loss after tax stood at Rs.10.06 Crores.

Talwalkars Pantaloon Fitness Private Limited

Talwalkars Pantaloon Fitness Private Limited (**TPFPL**) is involved operates gymnasiums and deals with fitness equipments and other health products. TPFPL is a 50-50 joint venture between the Company and Talwalkars Better Value Fitness Private Limited. The company is presently running 5 gymnasiums. During FY07-08, TPFPL registered income from operations amounting to Rs.3.21 Crores and loss after tax stood at Rs.3.41 Crores.

Alpha Future Airport Retail Private Limited

Alpha Future Airport Retail Private Limited (**AFARPL**) is in the business of retailing of consumer products, foods and beverages at airport terminals world-wide. AFARPL is a 50:50 joint venture company between Alpha Airport Retail Holdings Private Limited and the Company. Presently, the company is running duty free retail shop at Delhi International Airport. With the change in ownership of Alpha Airport Retail Holdings globally, your Company is in the process of considering various alternatives for the future of this company.

Gupta Infrastructure (India) Private Limited

Gupta Infrastructure (India) Private Limited (**GIPL**) has been floated as a joint venture with Gupta Coal India Limited, and Cinline Entertainment India Private Limited. Your Company has 19.38% stake in GIPL. This company is a Special Purpose Vehicle to develop a retail mall at Raipur, Chattisgarh.

Planet Retail Holdings Private Limited

Planet Retail Holdings Private Limited (**PRHPL**) is involved in retail and wholesale business of fashion, sports and

lifestyle products. PRHPL operates a chain of sportswear goods and has licenses of international brands. The company operates Planet Sports, Guess, Bodyshop and Marks & Spencer in India. Your Company has a 49 % stake in PRHPL. During FY07-08, PRHPL registered income from operations amounting to Rs.112.25 Crores and loss after tax stood at Rs.2.67 Crores. PRHPL is also operating specialised segments of business in two of its 100% subsidiaries viz. Supreme Tradelinks Private Limited & Winner Sports Private Limited.

Other joint ventures of the subsidiaries companies

Subsidiaries of the Companies have also entered into few joint ventures. Asian Retail Lighting Limited, is JV of Home Solutions Retail (India) Limited for the marketing of retail lighting venture.

Realterm FCH Logistics Advisors Private Limited is the JV of Future Capital Holdings Limited for the undertaking the investment advisory services relating to logistics, warehousing facilities.

Directors

Mr. Anil Harish and Dr. Darlie Koshy 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. Mr. Vijay Kumar Chopra was appointed as additional director of the Company w.e.f. 24th July, 2008. He holds office till the date of the ensuing Annual General Meeting. The Company has received requisite notice together with deposit, as provided under section 257 of the Companies Act, 1956, from a shareholder proposing the appointment of Shri Vijay Kumar Chopra as a director liable to retire by rotation.

Mrs. Anju Poddar & Mr. Ved Prakash Arya resigned from the Company w.e.f. 24th July, 2008 due to their preoccupation and engagement in other activities. The Board of Directors place on record their appreciation for the valuable service rendered by Mrs. Anju Poddar & Mr. Ved Prakash Arya during their tenure as Directors of the Company.

Directors Responsibility Statement

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

- (i) in preparation of the annual accounts, the applicable accounting standards have been followed with proper explanation relating to material departures;
- (ii) the accounting policies selected have been applied consistently and judgments made and estimates given are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as on 30th June 2008 and the profit of the company for the year ended on that date;

- (iii) the proper and sufficient care have been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (iv) the accounts have been prepared on a going concern basis.

Auditors

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

Consolidated Financial Statements

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

Particulars Of Employees

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

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

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

AWARDS AND RECOGNITIONS

The Reid & Taylor Awards For Retail Excellence 2008

- Retail Leadership Award: Kishore Biyani
- Retail Best Employer of the Year: Future Group
- Retailer of The Year: Home Products and Office Improvements: HomeTown

The Reid & Taylor Awards for Retail Excellence are an important feature of the Asia Retail Congress -Asia's single most important global platform to promote world-class retail practices - and are aimed at honouring the best, in Asian Retail scenario. India played host to Asia Retail Congress 2008.

Coca-Cola Golden Spoon Awards 2008

- Most Admired Food & Grocery Retailer of the Year – Supermarkets: Food Bazaar
- Most Admired Food & Grocery Retailer of the Year - Hypermarkets: Big Bazaar
- Most Admired Retailer of the Year - Dynamic Growth in Network Expansion across Food, Beverages & Grocery: Future Group
- Most Admired Food & Grocery Retailer of the Year - Consumer's Choice: Big Bazaar
- Most Admired Food & Grocery Retail Visionary of the Year: Kishore Biyani

The Coca-Cola Golden Spoon Awards 2008, were given away for the first time as a culmination of the 'Food Forum India 2008' – a two day convention which saw the participation of leading brands, retailers & retail support organizations from across the globe. The awards were presented to honour enterprise, innovation and achievement in the food retailing business as a benchmark of excellence.

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,

Kishore Biyani

Managing Director

Rakesh Biyani

Wholtime Director

Place: Mumbai

Dated : 20th September, 2008

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)		2007-2008	2006-2007
(1)	ELECTRICITY		
	Purchased		
	Unit	6,93,601	6,94,847
	Total amount (In Rs.)	37,37,470	39,60,728
	Rate/unit	5.39	5.70
(2)	FURNACE OIL		
	Quantity (K.Ltrs.)	1,01,973	97,030
	Total amount (In Rs.)	24,81,469	19,06,047
	Average rate (Rs. / Ltr.)	24.33	19.64
(3)	HSD		
	Quantity (K.Ltrs.)	36911	28550
	Total amount	12,83,470	10,23,387
	Average rate (Rs. / Ltr.)	34.77	35.85

B) Foreign Exchange Earnings and Outgo

(Rs. in Crores)		
FOREIGN EXCHANGE OUTGO	2007-2008	2006-2007
Travelling Expenditure	0.94	0.43
Interest on FCNR Loan	5.30	1.86
Consulting Fees	1.11	3.87
License Fees and Royalty	0.07	0.49
Sales Promotion Expenses	0.25	-
Imports		
Raw Materials	4.55	1.86
Finished Goods	45.99	2.77
Capital Goods	92.78	25.68
Stores & Spares	0.05	0.08
Stitching Materials	0.19	0.31
Accessories & Others	0.35	0.58
FOREIGN EXCHANGE EARNING		
Earnings in Foreign Currency	54.42	38.41

CORPORATE GOVERNANCE REPORT

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

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

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

The Corporate Governance Report of the Company for the year ended 30th June 2008 is as follows:

1. BOARD OF DIRECTORS

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

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

2. BOARD MEETINGS

During the financial year 2007-2008, six Board Meetings were held. These were held on 18/08/2007, 26/09/2007, 26/10/2007, 15/11/2007, 22/01/2008, 26/04/2008.

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

Name of the Director	Designation	No. of Board Meetings attended	No. of other Directorships in Public Ltd. Cos.	Attendance in the last AGM held on 15/11/2007	No. of committee positions held including PRIL	
					Chairman	Member
Mr. Kishore Biyani	Executive Promoter	6	15	Yes	-	6
Mr. Gopikishan Biyani	Executive Promoter	5	2	Yes	-	1
Mr. Rakesh Biyani	Executive Promoter	4	5	Yes	-	1
Mr. Shailesh Haribhakti	Independent Non executive	6	16**	Yes	5	5
Dr. Darlie Koshy	Independent Non executive	6	2	Yes	-	3
Mr. S. Doreswamy	Independent Non executive	6	6	Yes	1	7
Mrs. Anju Poddar*	Independent Non executive	3	3	No	Nil	Nil
Mrs. Bala Deshpande	Independent Non executive	3	12	No		
Mr. Ved Prakash Arya*	Non Executive	-	1	No	Nil	Nil
Mr. Anil Harish	Independent Non executive	6	15	Yes	5	8
Mr. Vijay Kumar Chopra***	Independent Non executive	-	12	-	-	1

*Mrs. Anju Poddar and Mr. Ved Prakash Arya were Director till 24th July, 2008. **Includes alternate Directorship, ***Appointed with effect from 24th July, 2008.

3. AUDIT COMMITTEE

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

A total of five audit committee meetings (18/08/2007, 26/09/2007, 26/10/2007, 22/01/2008, 26/04/2008) were held in the financial year July 2007- 08

Name of the Member	Designation	No. of meetings attended
Mr. Shailesh Haribhakti	Chairman	5
Mr. S. Doreswamy	Member	5
Dr. Darlie Koshy	Member	5

4. REMUNERATION COMMITTEE

The Remuneration Committee of the Company consists of the following members and one meeting were held on 26/09/2007 attended by all members except Mrs. Bala Deshpande.

The Directors on this Committee are :

Mr. S. Doreswamy

Dr. Darlie Koshy

Mrs. Bala Deshpande

Mr. Anil Harish

The details of remuneration paid (including commission due as on 30/06/2008 but not paid) to the Directors for the year ended on 30th June 2008 are as follows:

Name of the Director	Salary & Perquisites (Rs.)	Sitting Fees (Rs.)	Commission (Rs.)	Total (Rs.)
Mr. Kishore Biyani	25658604	NA	10000000	35658604
Mr. Gopikishan Biyani	6158604	NA	NA	6158604
Mr. Rakesh Biyani	14658600	NA	5000000	19658600
Mr. Shailesh Haribhakti	NA	242000	300000	542000
Mr. S. Doreswamy	NA	284000	300000	584000
Dr. Darlie Koshy	NA	240000	300000	540000
Mrs. Anju Poddar	NA	60000	300000	360000
Mr. Anil Harish	NA	160000	300000	460000
Mrs. Bala Deshpande	NA	100000	300000	400000
Mr. Ved Prakash Arya	NA	20000	300000	320000

5. INVESTORS GRIEVANCE COMMITTEE

The Investors Grievance Committee was constituted by the Board in 1999 to redress any grievances of the Investors. A total of four meetings (26/09/2007, 26/10/2007, 22/01/2008 and 26/04/2008) of the Investors Grievance Committee were held in the financial year July 2007- June 2008. The composition of the Committee and the number of meetings attended by the members are as follows:

Name	Designation	No. of Meetings attended
Mr. S. Doreswamy	Chairman	4
Mr. Gopikishan Biyani	Member	4
Mr. Rakesh Biyani	Member	3

A total of 133 complaints were received during the year. All these complaints have been resolved to the satisfaction of complainants.

6. COMMITTEE OF DIRECTORS

The Board of Directors have constituted a Committee of Directors and delegated powers to transact certain regular business of the Company. A total of 14 meetings were held during the period under review.

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, splitting, consolidation and rematerialisation of shares. The Shares in physical form sent for transfer in physical form are processed and registered by our Registrar & Transfer Agent (Intime

Spectrum Registry Limited) within 30 days of receipt of documents, if found in order. A total of 39 meetings were held during the year in which 79740 equity shares were transferred.

8. 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
2006-2007	20	15th November 2007 at 10:30 am	Y.B. Chavan Centre, Gen. Jagannath Bhosale Marg, Mumbai – 400 021
2005-2006	19	17th November 2006 at 10:30 am	Y.B. Chavan Centre, Gen. Jagannath Bhosale Marg, Mumbai – 400 021
2004-2005	18	22nd November 2005 at 10:30 am	Y.B. Chavan Centre, Gen. Jagannath Bhosale Marg, Mumbai – 400 021

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

AGM	AGM date	Special Resolutions passed through show of hands
20	15/11/2007	Re-appointment of Mr. Rakesh Biyani as Wholetime Director for a further period of 5 years w.e.f. 1st April 2007.
19	17/11/2006	Sub-division of face value equity shares of the Company from Rs.10/- per share to the face value of Rs.2/- per share.
18	22/11/2005	a) Re-appointment of Mr. Kishore Biyani as Managing Director for a further period of 5 years w.e.f. 1st April 2005; b) Re-appointment of Mr. Gopikishan Biyani as Wholetime Director for a further period of 5 years w.e.f. 1st April 2005; c) Revision of remuneration of Mr. Ved Prakash Arya, Director – Operations & Chief Operating Officer from Rs.57.34 lacs to Rs.157.92 lacs; and d) Alteration in Article 61 of the Articles of Association relating to the minimum and maximum no. of directors.

Extraordinary General Meeting

An Extraordinary general Meeting of the Company was held on 18th September 2007 and the following special resolutions were passed:

- Issue of shares of upto Rs. 200 crores through preferential basis, placement to Qualified Institutional Buyers, Rights Issue or a combination thereof.
- Issue of warrants of upto Rs. 1060.00 crores to promoter group Companies, Employees Welfare Trust and Future Group Employees / their spouses convertible into equity shares within 18 months from the date of issue of warrants.

Postal Ballot

Following resolution passed through postal ballot during the year.

Special Resolution passed for investment of upto Rs. 325 crores in Pantaloon Future Ventures Limited, Subsidiary of the Company through postal ballot.

9. 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.pantaloon.com. All other official news and press releases are displayed on the same website.

10. INFORMATION TO SHAREHOLDERS

10.1 Date, time and Venue of the 21st Annual General Meeting:

Monday, 10th November, 2008 at 10:30 am
at Y. B. Chavan Centre, Gen. Jagannath Bhosale Marg, Mumbai – 400 021

10.2 Date of Book Closure

Friday, 7th November, 2008 to Monday, 10th November, 2008 (both days inclusive)

10.3 Dividend

The Board of Directors of the Company has recommended a dividend of Rs.0.60/- (30%) per equity share. The dividend would be payable on all equity shares of the Company including Class B Shares, if issued and allotted on or before the Book Closure dates. Class B Shares would be entitled to 5% additional dividend as per the terms of issue of Class B Shares (Series 1). Further warrants converted into shares on or before the Book Closure date would also be entitled to dividend, if approved at the ensuing Annual General Meeting. Dividend, will be paid to those shareholders whose names appear in the Register of Members.

10.4 Registered office:

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

10.5 Listing in Stock Exchanges

The Equity Shares of the Company are listed in the Following Stock Exchanges:
Bombay Stock Exchange Limited
National Stock Exchange of India Limited

10.6 Stock Code

Bombay Stock Exchange Limited – 523574
The National Stock Exchange of India Limited – PANTALOONR, series-EQ BE

10.7 Listing Fees

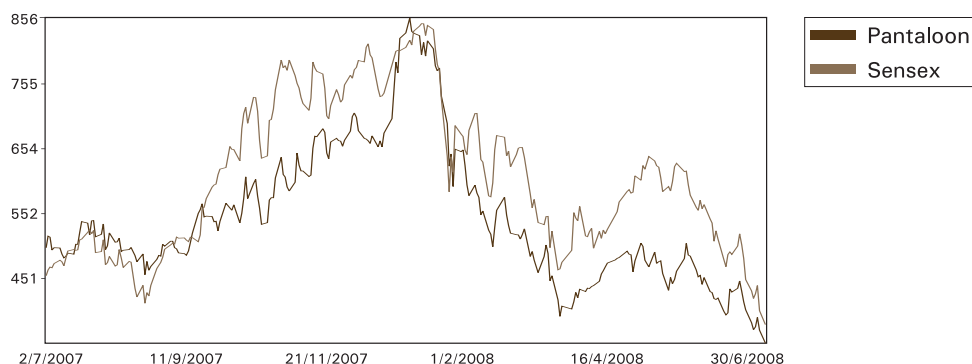
Listing Fees as prescribed has been paid fully to all the Stock Exchanges where the shares of the Company are listed

10.8 Stock Performance

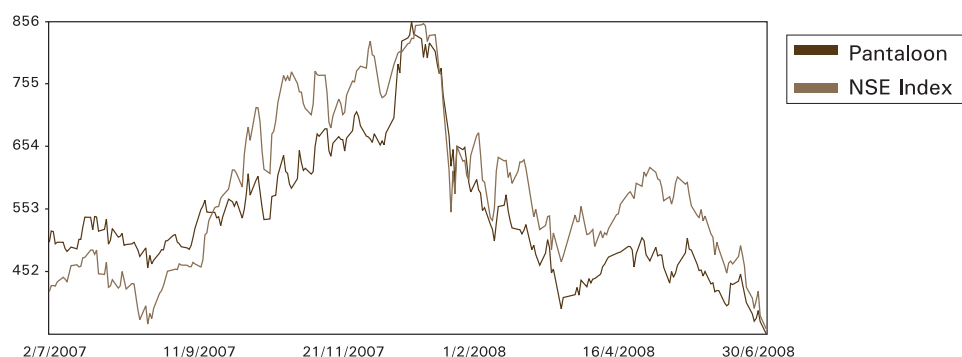
The performance of the stock in the Bombay Stock Exchange Limited & National Stock Exchange of India Limited for the period from 1st July 2007 to 30th June 2008 was as follows:

Month	Bombay Stock Exchange Limited (BSE)			National Stock Exchange of India Limited (NSE)		
	High	Low	Volume	High	Low	Volume
July	550.00	478.00	3388893	552.40	475.60	8061108
August	535.00	428.00	1530006	535.40	425.15	4331204
September	579.95	484.00	1775876	579.00	457.50	3814383
October	650.00	490.00	1842486	720.00	505.00	4073914
November	705.00	563.05	930450	704.40	575.00	2064592
December	870.00	631.30	1796425	866.25	649.00	2265371
January	875.00	450.00	2400667	874.00	424.90	3065374
February	614.40	486.00	1020444	615.00	487.00	1655906
March	529.90	380.00	468540	524.90	381.20	1331127
April	526.00	421.00	238766	528.00	420.00	1205984
May	576.00	424.00	1039348	517.00	425.00	2387852
June	476.25	347.10	1583242	476.25	345.00	1570821

Exchange : BSE Start Date : 1-7-2007 End Date : 30-6-2008



Exchange : NSE Start Date : 1-7-2007 End Date : 30-6-2008



10.9 Dematerialisation of shares

The share of your Company is under compulsory Demat trading. A total of 153342825 equity shares aggregating to 96.265% of the total shares of the Company are in dematerialised form as on 30th June 2008.

10.10 Share Transfer Agents:

Intime Spectrum Registry 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@intimespectrum.com

10.11 Distribution of Shareholding as on 30th June 2008

No. of Shares	No. of shareholders	%	Amount (Rs.)	%
1-500	20774	88.02	4847416	1.52
501-1000	1690	7.16	2286444	0.72
1001-5000	754	3.19	3220208	1.01
5001-10000	99	0.42	1430498	0.45
10001-50000	112	0.47	5220182	1.64
50001-100000	51	0.22	7998216	2.51
Above 100000	122	0.52	293580078	92.15
Total	23602	100.00	318583042	100.00

10.12 Categories of Shareholders as on 30th June 2008

Category	No. of Shares	% to Total Shares
Promoters & their Relatives	74076986	46.50
Mutual Funds	17182526	10.79
Banks, Financial Institutions	1792180	1.13
Insurance Companies	1094837	0.69
Foreign Institutional Investors	37957759	23.83
Non Resident Indians	208741	0.13
Indian Companies	12986899	8.15
Indian Public	13674852	8.58
Clearing Members	316741	0.20
Total	159291521	100.00

10.13 Financials release dates for 2008-09

Quarter	Release Date (tentative & subject to change)
1 st Quarter ending 30 th September	Fourth week of October 2008
2 nd Quarter ending 31 st December	Third week of January 2009
3 rd Quarter ending 31 st March	Third week of April 2009
4 th Quarter ending 30 th June	Third week of July 2009

10.14 Internet access: www.pantaloon.com

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

10.15 Plant Locations

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

11. DISCLOSURES

- There were no materially significant related party transactions with the Promoters, Directors etc. that may have potential conflict with the interests of the Company at large.
- There were no non compliance by the Company, penalties, strictures imposed on the Company by Stock exchange or SEBI or any statutory authority, on any matter relating to the capital markets during the last three years.
- There was no pecuniary relationship or transactions of Non-executive Directors vis-a-vis the Company.
- The Company has complied with all mandatory requirements and adopted non mandatory requirements as mentioned hereunder.

Non-mandatory requirements:

- The Board: The Company does not have the position of Chairman.
- Remuneration Committee: Details regarding Remuneration Committee has already been dealt under para 4 of this Report.
- 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 website of the Company and hence, half yearly results were not separately sent to shareholders.
- Audit qualifications: There are no audit qualifications in the financial statement for the year 2007-08. Standard practices and procedures are in place to ensure unqualified financial statements.
- Training to Board Members: No training has been provided to the Board Members as on the date of this Report.
- Mechanism for evaluating Non-executive Board Members: The Company is working on the mechanism and will be adopted in due course.
- Whistle Blower Policy: The Company has adopted the code of conduct for Directors and Senior Management. Board has considered and deliberated on the whistle blower policy of the Company. The same would be implemented shortly.

AUDITORS REPORT ON CORPORATE GOVERNANCE

To
the shareholders of
Pantaloon Retail (India) Limited

We have examined the compliance of conditions of Corporate Governance by Pantaloon Retail (India) Limited for the year ended on June 30, 2008 as stipulated by Clause 49 of the Listing Agreement of the Company with the Stock Exchanges, with the relevant records and documents maintained by the Company and furnished to us and the report of Corporate Governance as approved by the Board of Directors.

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

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

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

For NGS & Co.
Chartered Accountants

Place: Mumbai
Dated: 20th September, 2008

Navin T. Gupta
Partner
Membership No. 40334

Declaration on compliance of Code of Conduct

I hereby confirm that:

Board members and Senior Management of the Company have affirmed compliance of the Code of Conduct laid down by the Board for the financial year July 2007-June 2008.

Place: Mumbai
Dated: 20th, September, 2008

Kishore Biyani
Managing Director

Ratios

Finanacial Performance	Jun-04	Jun-05	Jun-06	Jun-07	Jun-08
Cost of Goods Sold/Net Sales	66.54%	66.52%	66.53%	69.36%	69.56%
Manpower Costs/Total Income	4.17%	4.80%	5.99%	6.19%	5.42%
Advertising and Selling Cost/Total Income	2.84%	3.08%	2.72%	2.80%	2.34%
Interest/Total Income	3.64%	2.60%	1.97%	2.70%	3.67%
PBDIT/Interest(Debt-Service Ratio)	2.39	3.42	4.05	3.43	2.51
Profitability	Jun-04	Jun-05	Jun-06	Jun-07	Jun-08
PBDIT/Total Income	8.66%	8.89%	7.99%	9.24%	9.19%
PBDT/Total Income	5.03%	6.29%	6.02%	6.55%	5.52%
Net Profit/Total Income	3.00%	3.65%	3.43%	3.60%	2.49%
RONW(PAT/Average Networth)	24.47%	24.42%	17.15%	14.82%	8.57%
ROCE(Average Capital Employed)	21.03%	22.41%	18.30%	17.48%	14.44%
Balance Sheet	Jun-04	Jun-05	Jun-06	Jun-07	Jun-08
Debt-Equity Ratio	2.50	1.29	1.14	1.19	1.19
Debtors Turnover(Days)	10	4	3	7	8
Inventory Turnover(Days)	86	94	98	99	102
Current Ratio	1.65	1.73	1.44	2.19	1.71
Quick Ratio	0.52	0.55	0.58	1.08	0.78
Asset Turnover (Total Income/Total Assets)	1.96	2.03	1.62	1.36	1.23
Key Finacial Parameters (Rs in Crores)	Jun-04	Jun-05	Jun-06	Jun-07	Jun-08
Total Revenue	659.64	1,055.85	1,871.98	3,328.77	5,052.67
Profit Before Interest, Tax and Depreciation	57.14	93.91	149.64	307.63	464.28
Profit After Tax	19.78	38.55	64.16	119.99	125.97
Cash Profit	31.68	58.90	99.85	184.78	246.64
Per Share Data	Jun-04	Jun-05	Jun-06	Jun-07	Jun-08
Basic Earnings(less Extraordinary Income)	1.84	3.31	5.06	8.71	8.34
Basic Cash Earnings(Rs.)	2.66	4.45	6.70	11.39	13.86
Dividend(Rs.)	0.30	0.50	0.50	0.50	0.60
Book value(Rs.)	9.87	20.12	39.20	74.42	111.96

10-YEAR FINANCIAL SUMMARY-BALANCE SHEET

BALANCE SHEET AS AT:	Jun-99	Jun-00	Jun-01	Jun-02	Jun-03	Jun-04	Jun-05	Jun-06	Jun-07	Jun-08
SOURCES OF FUNDS										
Equity Share Capital	9.26	12.52	13.32	17.32	18.18	19.14	22.00	26.88	29.35	31.86
Share Application Money	4.00	-	-	-	-	-	-	-	0.01	-
Reserves & Surplus	10.48	13.07	22.75	36.68	49.50	75.75	196.53	500.02	1,062.82	1,751.50
Warrant Application Money	-	-	-	-	-	-	3.00	-	-	63.26
Shareholder's Fund	23.75	25.59	36.07	54.00	67.68	94.89	221.53	526.90	1,092.18	1,846.62
Deferred Tax Liability	-	-	-	1.79	2.92	6.03	13.04	27.92	55.84	67.84
Secured Loans	26.93	31.61	68.22	109.53	141.32	214.76	256.17	428.10	951.93	1,991.77
Unsecured Loans	1.84	2.73	1.42	0.30	4.23	21.36	30.04	173.29	347.65	200.01
Total Loans	28.77	34.34	69.64	109.83	145.55	236.12	286.21	601.39	1,299.58	2,191.78
Total Liabilities	52.52	59.93	105.71	165.62	216.15	337.04	520.78	1,156.20	2,447.60	4,106.24

APPLICATION OF FUNDS										
Gross Block	13.20	21.24	41.24	77.72	122.98	184.71	251.10	366.01	767.07	1,368.76
Depreciation	2.54	3.61	5.22	9.43	15.67	24.32	37.36	56.58	92.47	170.59
Net Block	10.66	17.63	36.01	68.29	107.31	160.39	213.74	309.43	674.60	1,198.17
Capital WIP	8.34	9.85	7.86	6.28	3.32	14.44	15.79	86.06	131.13	330.64
NB + CWIP	19.00	27.48	43.87	74.57	110.63	174.83	229.53	395.49	805.73	1,528.81
Investment	0.08	0.07	5.07	5.07	5.26	5.26	31.92	161.67	252.01	586.52

Current Assets										
Inventories	28.40	37.19	56.33	87.41	114.38	157.60	275.93	507.02	885.96	1,429.84
Debtors	10.87	10.05	12.98	17.69	22.32	17.58	12.31	17.03	65.17	113.16
Cash & Bank Balance	2.20	2.28	2.38	4.03	8.07	13.85	21.50	21.77	162.97	121.10
Loans & Advances	3.27	6.01	11.10	23.33	21.43	40.95	93.68	297.57	633.85	962.32
Other Current Assets	-	-	-	-	-	-	0.46	1.09	1.50	2.16
Total Current Assets	44.74	55.53	82.78	132.46	166.21	229.98	403.87	844.48	1,749.45	2,628.58

Current Liabilities										
Creditors	13.12	12.41	13.75	23.82	17.64	13.58	78.69	136.08	223.72	271.96
Other Current Liabilities	7.15	9.66	12.04	22.05	44.44	52.91	48.39	93.73	120.15	348.12
Provisions	0.39	1.96	0.98	1.23	4.40	6.95	17.74	15.62	15.71	17.58
Total Current Liabilities	20.66	24.03	26.77	47.10	66.48	73.44	144.82	245.44	359.58	637.66
Net Current Assets	24.08	31.50	56.01	85.36	99.73	156.54	259.05	599.04	1,389.86	1,990.91
Misc. Expenditure	9.36	0.89	0.76	0.63	0.53	0.40	0.28	-	-	-
Total Assets	52.52	59.93	105.71	165.62	216.16	337.04	520.78	1,156.20	2,447.60	4,106.24

10-YEAR FINANCIAL SUMMARY-PROFIT & LOSS ACCOUNT

Profit & Loss Account	Jun-99	Jun-00	Jun-01	Jun-02	Jun-03	Jun-04	Jun-05	Jun-06	Jun-07	Jun-08
Sales & Operating Income	105.24	137.28	180.58	285.29	444.83	658.31	1,052.80	1,868.97	3,236.74	5,048.91
Other Income	0.73	0.66	0.44	0.67	0.79	1.33	3.05	3.00	92.03	3.76
Total Income	105.97	137.94	181.02	285.96	445.62	659.64	1,055.85	1,871.97	3,328.77	5,052.67
Cost of Goods Cons. & Sold	73.32	97.19	117.98	186.11	303.50	438.01	700.31	1,243.43	2,245.05	3,512.19
Contract Work Expenses	6.35	5.17	8.28	6.51	6.77	6.97	15.27	20.66	14.62	21.28
Packing Materials	0.69	0.76	1.24	2.11	3.10	5.64	12.44	19.22	27.80	40.40
Power	0.58	1.03	2.02	5.34	7.94	12.08	21.95	37.41	61.51	78.20
Excise	-	-	0.43	4.58	3.40	3.36	0.28	-	-	-
Rent	1.18	3.08	6.18	10.03	15.71	27.59	47.97	113.46	207.01	326.27
Personnel Cost	2.57	4.18	6.81	13.59	19.13	27.53	50.65	112.07	206.09	274.07
Advertisement Expenses	3.15	2.98	6.05	8.77	11.83	18.75	32.56	50.96	93.14	118.28
Transportation Expenses	0.73	1.08	1.73	2.72	3.43	5.95	12.66	19.08	-	-
Sales Tax	1.47	1.85	3.55	5.26	7.75	14.91	-	-	-	-
Misc. Expenditure	7.16	9.22	12.00	17.96	24.88	41.72	67.84	106.03	165.92	217.70
Total Cost	97.21	126.53	166.27	262.98	407.44	602.50	961.94	1,722.34	3,021.14	4,588.39
PBDIT	8.76	11.41	14.74	22.98	38.18	57.14	93.91	149.64	307.63	464.28
Interest	5.51	5.07	6.22	11.24	17.67	23.94	27.46	36.92	89.76	185.27
PBDT	3.26	6.33	8.52	11.74	20.51	33.20	66.46	112.71	217.87	279.01
Depreciation	0.83	1.07	1.63	4.22	6.35	8.79	13.33	20.82	36.86	83.39
PBT	2.43	5.27	6.89	7.53	14.16	24.41	53.12	91.90	181.01	195.62
Prior Period Item	(0.02)	(0.00)	0.04	0.01	0.78	0.07	0.03	0.07	0.06	(0.03)
Current Tax	0.10	0.35	0.45	0.39	0.85	1.45	7.28	11.04	30.71	29.16
Deferred Tax	-	-	-	0.10	1.13	3.11	7.01	14.87	27.93	37.28
Fringe Benefit Tax	-	-	-	-	-	-	0.24	1.75	2.32	3.24
PAT	2.35	4.92	6.40	7.03	11.41	19.78	38.55	64.16	119.99	125.97

Auditors' Report

To

The Members of Pantaloon Retail (India) Limited

1. We have audited the attached Balance Sheet of Pantaloon Retail (India) Limited as at June 30, 2008 and also the Profit and Loss account and the cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 and the Companies (Auditors Report) (Amendment) Order 2004, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
 - i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - ii. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - iii. The balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account;

- iv. In our opinion, the balance sheet, profit and loss account and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
- v. On the basis of the written representations received from the directors, as on June 30, 2008, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on June 30, 2008 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
- vi. Without qualifying our opinion, we draw attention to Note No. B(4) in Schedule 19 to the Accounts, relating to refinement in method of valuation of closing stock of finished goods.
- vii. In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with significant accounting policies and other notes to accounts of Schedule 19 give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
 - a) in the case of the Balance Sheet, of the state of affairs of the Company as at June 30, 2008;
 - b) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
 - c) in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For NGS & CO.
Chartered Accountants

Navin T. Gupta
Partner
Membership No.:40334

Place : Mumbai
Dated: 20th September, 2008

Annexure referred to in paragraph 3 of our report of even date Re: Pantaloon Retail (India) Limited

- (1) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has physically verified certain assets during the period in accordance with a program of verification, which in our opinion provides for physical verification of the fixed assets at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
- (c) In our opinion and according to the information and explanations given to us, the Company has not made any substantial disposals during the year.
- (2) (a) The Company has conducted physical verification of inventory at regular intervals during the year.
- (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventory followed by the Management are reasonable and adequate in relation to the size of the Company and its nature of business.
- (c) In our opinion and according to the information and explanations given to us, the Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.
- (3) The Company has not granted or taken any loan secured/unsecured to/from Companies, firms or parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, clause (iii) of Paragraph 4 of the Companies (Auditor's Report) Order, 2003 (as amended) is not applicable to the Company.
- (4) In our opinion, and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and nature of its business for purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any continuing major weaknesses in such internal controls.
- (5) In respect of particulars of contracts or arrangements and transactions entered in the register maintained in pursuance of section 301 of the Companies Act, 1956.
 - a. To the best of our knowledge and belief and according to the information and explanations given to us, particulars of contracts or arrangements that needed to be entered into the register have been so entered.
 - b. According to the information and explanations given to us, the transactions made in pursuance of these contracts or arrangements referred to in 5(a) above and exceeding the value of Rs 5 lakhs with any party during the year have been made at prices which are reasonable having regards to prevailing market prices at the relevant time.
- (6) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 58A, 58AA and other relevant provisions of the Companies Act, 1956 and the rules framed there under with regard to the deposits accepted from public. We have been informed that no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any other court or tribunal in this regard.
- (7) In our opinion, the internal audit functions carried out during the year by firms of Chartered Accountants appointed by the management have been commensurate with the size of the Company and the nature of its business.
- (8) The Central Government has not prescribed maintenance of cost records under Section 209 (1) (d) of the Companies Act, 1956 for any products of the Company.
- (9) (a) According to the information and explanations given to us, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, custom duty, excise duty, cess and other material statutory dues applicable to it. According to the information and explanations given to us, no undisputed statutory dues as above were outstanding as at 30th June, 2008 for a period of more than 6 months from the date, they became payable.



- (b) According to the information and explanation given to us, the dues of Sales Tax, Income Tax, Customs Duty, Wealth Tax, Excise Duty, Cess, Service Tax and other statutory dues which have not been deposited on account of any dispute and the forum where the dispute is pending are as under:
- Name of Statute: The Indian Stamp Act, 1899
- Nature of Dues: Stamp duty.
- Forum where the dispute is pending: Collector of Stamps, Kanpur.
- Amount : Rs 5.34 crores.
- (10) The Company does not have accumulated losses at the end of the financial year and has not incurred cash losses in the financial year and in the immediately preceding financial year.
- (11) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.
- (12) According to the information and explanations given to us, the Company has not given any loans and advances on the basis of security by way of pledge of shares, debentures and other securities and hence the question of maintenance of adequate records for this purpose does not arise.
- (13) 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 (xiii) of paragraph 4 of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- (14) The Company has maintained proper records of transactions and contracts in respect of dealing or trading in shares, securities, debentures and other investments and timely entries have been made therein. All shares and other investments have been held by the Company in its own name.
- (15) In our opinion and according to the explanations given to us, the terms and conditions of guarantees given by the Company for loans taken by others from banks and financial institutions, are not prima facie prejudicial to the interests of the Company.
- (16) In our opinion and according to the information and explanations given to us, the term loans obtained during the year have been prima facie applied for the purpose for which they were taken.
- (17) According to information and explanations given to us and on overall examination of the balance sheet of the Company, funds raised on short term basis have, prima-facie, not been used for long term investments.
- (18) According to the information and explanations given to us, the Company has made preferential allotments of shares to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956 and the price at which shares have been issued is not prejudicial to the interests of the Company.
- (19) During the year, the Company has not issued any debentures. Accordingly, the provisions of paragraph 4(xix) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- (20) The Company has not raised any money by way of public issues during the year.
- (21) To the best of our knowledge and belief and according to the information and explanations given to us, no fraud by the Company was noticed or reported during the year, although there were some instances of fraud on the Company noticed by the Management, the amounts whereof were not material in the context of the size of the Company and the nature of its business and the amounts were adequately provided for.

For NGS & Co.
Chartered Accountants

Navin T. Gupta
Partner
Membership No. 40334

Place: Mumbai
Dated: 20th September, 2008

BALANCE SHEET AS AT 30TH JUNE, 2008

PARTICULARS	SCH. No.	As At 30.06.2008 (Rs. in Crores)	As At 30.06.2007 (Rs. in Crores)
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	1	31.86	29.35
Share application money received		-	0.01
Equity Warrants		63.26	-
Reserves & Surplus	2	<u>1751.50</u>	<u>1062.82</u>
		1846.62	1092.18
Loan Funds			
Secured Loans	3	1991.77	951.93
Unsecured Loans	4	<u>200.01</u>	<u>347.65</u>
		2191.78	1299.58
Deferred Tax Liability - Net		<u>67.84</u>	<u>55.84</u>
		<u>4106.24</u>	<u>2447.60</u>
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	5	1368.76	767.07
Less : Depreciation		<u>170.59</u>	<u>92.47</u>
Net Block		1198.17	674.60
Capital work-in-progress(Including advances)		330.64	131.13
Investments	6	586.52	252.01
Current Assets, Loans & Advances			
Inventories	7	1429.84	885.96
Sundry Debtors	8	113.16	65.17
Cash & Bank Balances	9	121.10	162.97
Loans & Advances	10	962.32	633.85
Other Current Assets		<u>2.16</u>	<u>1.50</u>
		2628.58	1749.45
Less : Current Liabilities & Provisions			
Current Liabilities	11	620.08	343.87
Provisions	12	<u>17.58</u>	<u>15.71</u>
		637.66	359.58
Net Current Assets		<u>1990.91</u>	<u>1389.86</u>
		<u>4106.24</u>	<u>2447.60</u>
SIGNIFICANT ACCOUNTING POLICIES & NOTES TO ACCOUNTS	19		
The Schedules referred to above form an integral part of the Balance Sheet			

For and on behalf of Board of Directors

As per our Report of even date attached

For NGS & CO. Chartered Accountants	Kishore Biyani Managing Director	Rakesh Biyani Wholetime Director	Gopikishan Biyani Wholetime Director
Navin T. Gupta Partner Membership No.:40334	Shailesh Haribhakti Director	S.Doreswamy Director	Dr.Darlie O.Koshy Director
Place : Mumbai Dated : 20th September, 2008	Anil Harish Director	Bala Deshpande Director	Vijay Kumar Chopra Director
	C. P. Toshniwal Chief Financial Officer	Deepak Tanna Dy. Company Secretary	

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30TH JUNE, 2008

PARTICULARS	SCH No.	2007-08 (Rs. in Crores)	2006-07 (Rs. in Crores)
INCOME			
Sales & Operating Income	13	5048.91	3236.74
Other Income	14	3.76	92.03
		<u>5052.67</u>	<u>3328.77</u>
EXPENDITURE			
Cost of goods consumed & sold	15	3512.19	2245.05
Personnel cost	16	274.07	206.09
Manufacturing & other expenses	17	802.13	570.00
Finance Charges	18	185.27	89.76
Depreciation	5	83.39	36.86
		<u>4857.05</u>	<u>3147.76</u>
Profit Before Tax		195.62	181.01
Less: Earlier year's Income Tax		(0.03)	0.06
Less: Tax Expenses	19(B)(15)	69.68	60.96
Profit After Tax		125.97	119.99
Add : Balance brought forward		215.76	116.58
Available for Appropriation		<u>341.73</u>	<u>236.58</u>
Proposed Dividend	19(B)(28)	10.67	7.54
Tax on Proposed Dividend		1.81	1.28
Transfer to General Reserve		12.60	12.00
Balance carried to Balance Sheet		<u>316.65</u>	<u>215.76</u>
		<u>341.73</u>	<u>236.58</u>
Earnings Per Share in Rs. (Face value Rs.2)			
Basic		8.34	8.71
Diluted		8.34	8.71

Refer Note No. 17 of Schedule 19

SIGNIFICANT ACCOUNTING POLICIES & NOTES TO ACCOUNTS 19

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

For and on behalf of Board of Directors

As per our Report of even date attached

For NGS & CO. Chartered Accountants	Kishore Biyani Managing Director	Rakesh Biyani Wholetime Director	Gopikishan Biyani Wholetime Director
Navin T. Gupta Partner Membership No.:40334	Shailesh Haribhakti Director	S.Doreswamy Director	Dr.Darlie O.Koshy Director
	Anil Harish Director	Bala Deshpande Director	Vijay Kumar Chopra Director

Place : Mumbai
Dated : 20th September, 2008

C. P. Toshniwal
Chief Financial Officer

Deepak Tanna
Dy. Company Secretary

SCHEDULES TO BALANCE SHEET AS AT 30TH JUNE , 2008

	As At 30.06.2008 (Rs. in Crores)	As At 30.06.2007 (Rs. in Crores)
SCHEDULE 1 : SHARE CAPITAL		
Authorised		
17,50,00,000 Equity Shares of Rs.2/- each.	35.00	35.00
	<u>35.00</u>	<u>35.00</u>
Issued		
15,93,02,921 (14,67,62,865) Equity Shares of Rs.2/- each fully paid	31.86	29.35
	<u>31.86</u>	<u>29.35</u>
Subscribed & Paid Up		
15,92,91,521 (14,67,51,365) Equity Shares of Rs.2/- each fully paid	31.86	29.35
	<u>31.86</u>	<u>29.35</u>
SCHEDULE 2 : RESERVES & SURPLUS		
Share Premium		
Balance, at beginning of the year	823.75	372.12
Add : Premium received during the year	624.50	455.78
Less : Utilised for share issue expenses	0.21	4.15
	<u>1448.04</u>	<u>823.75</u>
General Reserve		
Balance, at beginning of the year	23.31	11.31
Add : Transfer from Profit & Loss Account	12.60	12.00
	35.91	23.31
Profit and Loss Account	316.65	215.76
Less: Adjusted against refinement in method of valuation of Finished Goods(Net of Tax)	49.09	-
{Refer Schedule 19 (B)(4)}		
	<u>1751.50</u>	<u>1062.82</u>
SCHEDULE 3 : SECURED LOANS		
(1) Debentures		
a) 8.95% Non Convertible Debenture	-	100.00
b) 10.75% Non Convertible Debenture	-	100.00
(2) Term Loans From Banks		
a) Foreign Currency Loans	53.95	1.87
b) External Commercial Borrowings	1.71	15.10
c) Rupee Loans	1236.32	642.56
(3) Working Capital Loans From Banks		
a) Foreign Currency Loans	53.07	-
b) Rupee Loan	563.91	60.81
c) Commercial Paper	80.00	30.00
(4) Hire Purchase	2.81	1.59
	<u>1991.77</u>	<u>951.93</u>
SCHEDULE 4 : UNSECURED LOANS		
Short Term Loans from Banks	200.00	202.64
Other Loans from Banks	-	145.00
Public Deposits	0.01	0.01
	<u>200.01</u>	<u>347.65</u>

SCHEDULES TO BALANCE SHEET AS AT 30TH JUNE, 2008

SCHEDULE 5 : FIXED ASSETS

(Rs. In Crores)

Particulars	GROSS BLOCK			DEPRECIATION				NET BLOCK		
	As at 01.07.2007	Additions	Deductions	As at 30.06.2008	Up to 01.07.2007	Adjustment for the year	Depreciation for Year	Up to 30.06.2008	As at 30.06.2008	As at 30.06.2007
Freehold Land	4.83	-	-	4.83	-	-	-	-	4.83	4.83
Leasehold Land	1.17	-	-	1.17	0.10	-	0.02	0.12	1.05	1.07
Building	124.51	63.40	9.72	178.19	7.09	0.15	8.23	15.17	163.02	117.42
Plant & Machinery	27.83	24.15	1.35	50.63	4.64	0.18	1.90	6.36	44.27	23.19
Office Equipments	18.45	14.73	1.49	31.69	2.25	0.36	2.32	4.21	27.48	16.20
Computer & Software	111.41	127.78	9.31	229.88	28.21	2.33	30.13	56.01	173.87	83.20
Furniture & Fittings	305.54	214.75	23.15	497.14	34.54	1.49	26.61	59.66	437.48	271.00
Electrical Installations	148.36	137.93	7.18	279.11	11.54	0.62	10.57	21.49	257.62	136.82
Vehicles	4.42	0.23	0.21	4.44	1.59	0.09	0.41	1.91	2.53	2.83
Air Conditioner	20.55	71.55	0.42	91.68	2.51	0.05	3.20	5.66	86.02	18.04
Total	767.07	654.52	52.83	1368.76	92.47	5.27	83.39	170.59	1198.17	674.60
Previous Year	366.01	402.87	1.81	767.07	56.58	0.97	36.86	92.47	674.60	309.43

SCHEDULES TO BALANCE SHEET AS AT 30TH JUNE, 2008

	As At 30.06.2008 (Rs. in Crores)	As At 30.06.2007 (Rs. in Crores)
SCHEDULE 6 : INVESTMENTS		
LONG TERM INVESTMENT		
In Equity Shares - Quoted, Fully paid up.		
Subsidiary Company		
3,47,79,999 Equity Shares of Future Capital Holdings Limited of Rs. 10/- each	59.53	59.53
Others		
49,37,935, (20,00,000) Equity shares of Galaxy Entertainment Corporation Limited of Rs. 10/- each	19.03	8.83
5,631 Equity shares of Andhra Bank Limited of Rs. 10/- each	0.05	0.05
In Equity Shares - Unquoted, Fully paid up unless otherwise stated		
Subsidiary Companies		
NIL (41,09,000) Equity Shares of Pan India Restaurants Limited of Rs. 10/- each	-	10.20
2,56,00,000 (36,30,000) Equity Shares of Pantaloon Food Product (India) Limited of Rs. 10/- each	25.60	3.63
2,00,15,913 (1,74,53,571) Equity shares of Home Solutions Retail (India) Limited of Rs. 10/- each	47.45	17.45
2,00,00,000 (50,000) Equity Shares of Future Logistic Solutions Limited of Rs. 10/- each	20.00	0.05
5,100 Equity Shares of CIG Infrastructure Private Limited of Rs. 10/- each	0.01	0.01
21,06,062 (4,50,000) Equity Shares of Future Media (India) Limited of Rs. 10/- each	11.38	0.45
1,91,10,000 (1,50,00,000) Equity Shares of Futurebazaar India limited of Rs. 10/- each	19.11	15.00
1,40,00,000 (100,00,000) Equity Shares of Future Brands Limited of Rs. 10/- each	14.00	10.00
2,28,10,000 (50,000) Equity Shares of Future Knowledge Services Limited of Rs. 10/- each	22.81	0.05
1,69,98,000 Equity Shares of Future E-Commerce Infrastructure Limited of Rs. 10/- each	17.00	17.00
51,48,000 Equity Shares of Whole Wealth Limited of Hongkong \$ 1/- each	2.76	-
19,00,000 Equity Shares of Pantaloon Future Ventures Limited of Rs. 10/- each	23.50	-
55,50,000 Equity Shares of Future Mobile and Accessories Limited of Rs. 10/- each	5.55	-
50,000 Equity Shares of Future Value Retail Limited of Rs. 10/- each	0.05	-



SCHEDULES TO BALANCE SHEET AS AT 30TH JUNE, 2008

	As At 30.06.2008 (Rs. in Crores)	As At 30.06.2007 (Rs. in Crores)
50,000 Equity Shares of Future Mall Management Limited of Rs. 10/- each	0.05	-
50,000 Equity Shares of Future Speciality Retail Limited of Rs. 10/- each	0.05	-
2,50,00,000 Equity Shares of Future Learning and Development Limited of Rs. 10/- each	25.00	-
50,000 Equity Shares of Future Consumer Products Limited of Rs. 10/- each	0.05	-
Joint Venture Companies		
28,40,880 Equity Shares of Planet Retail Holdings Private Limited of Rs. 10/- each	14.20	14.20
25,62,000 (10,02,000) Equity Shares of Gupta Infrastructure (India) Private Limited of Rs. 10/- each	7.68	3.00
Nil (48,70,800) Equity Shares of Alpha Future Airport Retail Private Limited of Rs. 10/- each	-	16.07
1,00,05,000 Equity Shares of Pan India Food Solutions Private Limited of Rs. 10/- each	10.01	10.01
16,50,000 Equity Shares of Staples Future Office Products Private Limited of Rs. 10/- each	13.74	13.74
1,00,000 Equity Shares of Talwalkars Pantaloon Fitness Private Limited of Rs. 100/- each	1.00	1.00
1,00,00,000 (25,20,000) Equity Shares Future Axiom Telecom Limited (Formerly known Convergem Communication (India) Limited) of Rs. 10/- each	10.00	2.52
3,82,50,000 (50,000) Equity Shares of Future Generali India Insurance Company Limited of Rs. 10/- each	38.25	0.05
4,71,75,000 (50,000) Equity Shares of Future Generali India Life Insurance Company Limited of Rs. 10/- each	47.18	0.05
1,84,85,000 Equity Shares of Shendra Advisory Services Private Limited of Rs. 10/- each	18.48	-
2,27,77,500 (9,000) Equity Shares of Sain Advisory Services Private Limited (formerly known as Sain Marketing Network Private Limited) of Rs. 10/- each	22.78	0.01
In Equity Shares - Unquoted, Partly paid up.		
Joint Venture Companies		
22,03,500 Equity Shares of Apollo Design Apparel Parks Limited of Rs.10/- each, Rs. 5 paid up	40.99	-
22,81,500 Equity Shares of Goldmohur Design and Apparel Park Limited of Rs.10/- each, Rs. 5 paid up	38.20	-

SCHEDULES TO BALANCE SHEET AS AT 30TH JUNE, 2008

	As At 30.06.2008 (Rs. in Crores)	As At 30.06.2007 (Rs. in Crores)
Others		
Equity Shares - Unquoted, Fully paid up.		
4,000 Equity Shares of Kalyan Janata Sahakari Bank Limited of Rs. 25/- each	0.01	0.01
48,281 (24,62,278) Equity Shares of Foot-Mart Retail India Limited of Rs. 10/- each	0.08	6.12
Preference Shares, Fully paid up.		
NIL (9,80,000) 4% Redeemable Preference Shares of Sain Advisory Services Private Limited (formerly known as Sain Marketing Network Private Limited)) of Rs. 10/- each	-	0.98
Other Shares		
5 Shares of Y.A Chunawala Industrial Co-op Society Limited.	-	-
In Government and Other Securities - Unquoted		
National Saving Certificates (Deposited with Sales Tax Authorities)	0.01	0.01
Share Application Money Pending Allotment in :		
Foot-Mart Retail India Limited	-	2.02
Future Generali India Insurance Company Limited	-	3.00
Future Generali India Life Insurance Company Limited	-	5.00
Future Knowledge Services Limited	-	0.20
Future Logistic Solutions Limited	-	1.18
Future Media (India) Limited	-	9.50
Staples Future Office Products Private Limited	-	0.86
Gupta Infrastructure (India) Private Limited	-	2.50
Home Solutions Retail (India) Limited	-	3.00
Pan India Food Solutions Private Limited	4.00	4.00
Sain Advisory Services Private Limited (formerly known as Sain Marketing Network Private Limited)	-	6.04
Suhani Mall Management Company Private Limited	3.39	2.00
Whole Wealth Limited	-	2.69
Talwalkars Pantaloon Fitness Private Limited	2.50	-
Future Consumer Products Limited	1.04	-
	<u>586.52</u>	<u>252.01</u>
Aggregate Book Value - Quoted	78.61	8.89
- Unquoted	507.91	243.12
Aggregate Market Value - Quoted	1114.04	27.44
	<u>Number</u>	<u>Number</u>
Units of various Mutual Funds schemes purchased and redeemed during the year :	285208995	-

SCHEDULES TO BALANCE SHEET AS AT 30TH JUNE, 2008

	As At 30.06.2008 (Rs. in Crores)	As At 30.06.2007 (Rs. in Crores)
SCHEDULE 7 : INVENTORIES		
Packing Materials , Branding Material and Stores & Spares	19.51	17.02
Raw Material	9.02	7.82
Stitching Materials	1.20	1.05
Semi finished goods	6.94	11.46
Finished Goods(Including In-Transit)	1393.17	848.61
	<u>1429.84</u>	<u>885.96</u>
SCHEDULE 8 : SUNDRY DEBTORS		
(Unsecured)		
(a) Debts due for more than six months		
Considered Good	5.67	8.83
Considered Doubtful	0.52	0.50
	<u>6.19</u>	<u>9.33</u>
Less : Provision for Doubtful Debts	0.52	0.50
	<u>5.67</u>	<u>8.83</u>
(b) Other Debts : Considered Good	107.49	56.34
	<u>113.16</u>	<u>65.17</u>
SCHEDULE 9 : CASH & BANK BALANCES		
Cash in Hand	9.41	8.93
Balance with Scheduled Banks :		
- in Current Accounts (including in transit)	99.80	41.91
- in Fixed Deposit Accounts	0.03	57.02
- in Margin Money Deposit Accounts	11.64	54.94
- in Unpaid Dividend Accounts	0.22	0.17
	<u>121.10</u>	<u>162.97</u>
SCHEDULE 10: LOANS & ADVANCES		
(Unsecured & Considered good)		
Inter Corporate Deposits	30.38	28.78
Advances Recoverable in cash or in kind or for value to be received :		
- Subsidiaries	22.33	18.02
- Others	184.53	217.04
Export Benefits Receivables	0.28	0.13
Deposits	715.21	369.88
Payments/Deductions of Income Tax (Net of Provisions)	9.59	-
	<u>962.32</u>	<u>633.85</u>
SCHEDULE 11: LIABILITIES		
Acceptances	169.86	68.45
Sundry Creditors due to :		
- Subsidiaries	57.30	9.69
- Others	271.96	223.72
Advances and Deposits from :		
- Subsidiaries	11.98	1.90
- Others	107.55	38.26
Interest accrued but not due	1.21	1.08
Cheques overdrawn	-	0.56
Unpaid Dividend	0.22	0.21
	<u>620.08</u>	<u>343.87</u>
SCHEDULE 12: PROVISIONS		
Taxation (Net of advance payment/ tax deductions)	-	1.51
Proposed Dividend	10.67	7.54
Dividend Tax	1.81	1.28
Leave Encashment / Gratuity	4.89	5.28
Others	0.21	0.10
	<u>17.58</u>	<u>15.71</u>

SCHEDULES TO PROFIT & LOSS ACCOUNT FOR YEAR ENDED JUNE, 2008

	2007-08 (Rs. in Crores)	2006-07 (Rs. in Crores)
SCHEDULE 13: SALES & OPERATING INCOME		
Sales	5023.30	3187.49
Less: VAT / Sales Tax	<u>246.97</u>	<u>156.05</u>
	4776.33	3031.44
Other Operating Income	<u>272.58</u>	<u>205.30</u>
	<u>5048.91</u>	<u>3236.74</u>
SCHEDULE 14: OTHER INCOME		
Dividend from Investments	0.51	0.97
Profit on Sale of Investments	-	88.88
Profit on Sale of Fixed Assets (Net)	-	0.11
Miscellaneous Income	3.25	2.07
	<u>3.76</u>	<u>92.03</u>
SCHEDULE 15: COST OF GOODS CONSUMED & SOLD		
Opening Stock		
Raw Materials	7.82	6.20
Semi finished goods	11.46	6.79
Finished goods & Accessories	848.61	487.33
Stitching materials	<u>1.05</u>	<u>1.26</u>
	<u>868.94</u>	<u>501.58</u>
Add : Purchase		
Raw Material	59.18	55.90
Finished goods & Accessories	4059.87	2551.34
Stitching materials	<u>8.90</u>	<u>5.17</u>
	<u>4127.95</u>	<u>2612.41</u>
Less : Closing Stock		
Raw Materials	9.02	7.82
Semi finished goods	6.94	11.46
Finished goods & Accessories	1393.17	848.61
Stitching materials	<u>1.20</u>	<u>1.05</u>
	<u>1410.33</u>	<u>868.94</u>
Less: Adjusted against balance in profit & Loss Account {Refer Schedule 19 (B) (4)}	74.37	-
	<u>3512.19</u>	<u>2245.05</u>
SCHEDULE 16: PERSONNEL COST		
Salaries, Wages & Bonus	246.53	183.64
Welfare expenses	9.20	7.41
Contribution to Provident & Other Funds	15.38	10.68
Gratuity and Leave Encashment	<u>2.96</u>	<u>4.36</u>
	<u>274.07</u>	<u>206.09</u>



SCHEDULES TO PROFIT & LOSS ACCOUNT FOR YEAR ENDED JUNE, 2008

	2007-08 (Rs. in Crores)	2006-07 (Rs. in Crores)
SCHEDULE 17: MANUFACTURING & OTHER EXPENSES		
Labour Charges	21.28	14.62
Packing Material	40.40	27.80
Stores & Spares	0.33	0.32
Branding Material	3.29	1.93
Power & Fuel	78.20	61.51
Repairs & Maintenance		
Building	1.51	1.29
Plant & Machinery	1.18	0.76
Others	<u>11.23</u>	<u>7.25</u>
	13.92	9.30
Rent including lease rentals	326.27	207.02
Mall Maintenance Charges	76.01	59.22
Rates & Taxes	3.93	2.65
Donation	0.42	0.28
Charges on credit card transactions	22.11	13.97
Insurance	7.28	4.56
Auditors' Remuneration	0.39	0.29
Commission	7.29	6.96
Advertisement & Marketing	118.28	93.14
Hire Charges	1.48	1.67
Directors Sitting Fees	0.10	0.11
Directors Commission	1.71	1.65
Loss on Sale/Retirement of Fixed Assets (Net)	1.41	-
Bad debts Written off	0.09	0.01
Provision for Doubtful Debts	0.52	-
Other Expenses	77.42	62.99
	<u>802.13</u>	<u>570.00</u>
SCHEDULE 18 : FINANCE CHARGES		
Interest : on Debentures and Fixed Loans	92.13	39.13
on other loans	80.96	39.36
Bill Discounting Charges	13.58	8.11
Bank Charges	13.30	7.66
	<u>199.97</u>	<u>94.26</u>
Less : Interest Income*		
on fixed deposits	1.26	0.65
on others	<u>25.91</u>	<u>1.39</u>
	27.17	2.04
Less : Exchange Fluctuation Gain / (Loss)	(12.47)	2.46
	<u>185.27</u>	<u>89.76</u>
* Tax deducted at Source	<u>6.01</u>	<u>0.47</u>

SCHEDULE 19 SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 30TH JUNE 2008

A. SIGNIFICANT ACCOUNTING POLICIES :

1 Basis of Accounting :

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

2 Use of estimates

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

3 Fixed Assets and Depreciation :

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

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

4 Borrowing Cost:

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of such asset till such time as the asset is ready for its intended use or sale. All other borrowing costs are recognised as an expense in the period in which they are incurred.

5 Investments :

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

6 Inventories :

Inventories are valued as follows :

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

In case of finished goods, cost includes material cost and direct production overheads. Cost is computed on weighted average basis.

7 Transactions in Foreign Currency :

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

8 Revenue Recognition :

Sale of Goods are accounted on delivery to customers. Sales is net of returns, discounts and Sales tax/ Value Added Tax. Export sales is accounted as revenue on the basis of Bill of Lading. Interest income is recognised on accrual basis. Dividend income is accounted for when the right to receive is established. Claims are accounted only when there is reasonable certainty of its ultimate collection.

9 Miscellaneous Expenditure :

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

10 Retirement and other employee benefits : (see note 27 below)

Changes in Accounting Policies

Adoption of Accounting Standard AS15 (Revised) Employee Benefits

During the year, the Company has adopted the Accounting Standard 15 (Revised) which is mandatory from accounting periods commencing on or after December 7, 2006. Accordingly, the Company has provided for gratuity and leave encashment based on actuarial valuation done as per projected unit credit method. The change does not have a material impact on the profit for the current year.

Short Term Employee Benefits:

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

Post Employment Benefits:

i. Defined Contribution Plans:

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

ii. Defined Benefit Plans:

Company's liability towards gratuity to past employees is determined using the projected unit credit method which considers each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation. Past services are recognized on a straight line basis over the average period until the amended benefits become vested. Actuarial gain and losses are recognized immediately in the Profit & Loss Account as income or expense. Obligation is measured at the present value of estimated future cash flows using a discounted rate that is determined by reference to market yields at the Balance Sheet date on Government Securities where the currency and terms of the Government Securities are consistent with the currency and estimate terms of the defined benefit obligations. During the current year end, the accrued liability towards gratuity is provided on actuarial basis as on the Balance Sheet date as per revised Accounting Standard AS-15 "Employee Benefits" (Revised) as issued by the Institute of Chartered Accountants of India.

iii. Other Long Term Employee Benefits:

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

11 Provision for current and deferred tax :

- a) Provision for current tax & fringe benefits tax is made on the basis of estimated taxable income and fringe benefits respectively for the current accounting period in accordance with the provisions of Income tax Act, 1961. Deferred tax resulting from "timing differences" between taxable and accounting income is accounted for using the tax rates and laws that are enacted or substantively enacted as on the balance sheet date. The deferred tax asset is recognised and carried forward only to the extent that there is a virtual certainty that the asset will be realised in future.
- b) Tax Expenses comprise of current tax, deferred tax and fringe benefits tax. The provision for current income tax is the aggregate of the balance provision for 9 months ended March 31,2008 and the estimated provision based on the taxable profit of remaining 3 months upto June 30,2008,the actual tax liability, for which, will be determined on the basis of the results for the period April 1,2008 to March 31,2009.

12 Provisions, Contingent Liabilities and Contingent Assets

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

13 Impairment of Assets

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

14 Leases

Operating lease payments are recognised as an expenses in the profit and loss account as per the terms of the agreements which is representative of the time pattern of the user's benefit.

B. NOTES ON ACCOUNTS

- Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)
Rs. 66.80 Crores (2007: 66.25 Crores)
- Contingent Liabilities not provided for :

		(Rs. In Crores)
	2007-08	2006-07
Particulars		
A. Claims against the Company not acknowledged as debts		
i) Service tax	7.40	—
ii) Others	5.34	24.64
B. Uncalled liability on shares partly paid up	50.53	—
C. Corporate Guarantees given to banks and Financial institutions on behalf of Group Companies	53.90	42.86
D. Total Guarntees by banks on behalf of the company and group Companies	48.65	33.82

3 Secured Loans: Amount Outstanding (Rs. In Crores)

0.39	Secured by hypothecation of assets of specific mega stores, assignments of specific brands of the company.
1.71	Secured by Hypothecation of specific assets i.e. plant & Machinery & other movable assets, furniture & fixtures & miscellaneous assets & motor car & mortgage of land & Building.
53.56	Secured by pari passu basis residual charge on current Assets & Fixed Assets of the Company
<u>55.66</u>	
99.97	Secured by hypothecation of specific assets created out of the term loan funds
655.61	Pari passu first charges on the fixed assets of the company.Pari Passu first charge on credit card receivables of all the stores of the company.Pari passu second charges on the company's entire current assets.
450.69	Secured by Residual charge on current Assets & Fixed Assets of the Company
30.05	Secured by earmarked Fixed Deposit and Security deposit paid for premises.
<u>1236.32</u>	

Working Capital Loan

696.98 Secured by Hypothecation of stock in trade both present and future book debts and second charge on credit card receivables and fixed assets

Hire Purchases

2.81 Secured by Hypothecation of Specific assets.

- Following the Indian GAAP (AS-2), The Company has refined the method of valuation of finished goods from "Retail Price less Mark up" to "At lower of cost and Net Realizable Value". Consequent to this change, the value of inventories is being lower by Rs. 74.37 Crore. The same has been adjusted (net of tax of Rs.25.28 Crore) against brought forward balance in Profit & Loss Account.
- In the opinion of the Board, the current assets, loans and advances are approximately of the value stated if realised in the ordinary course of business. The provision for all known liabilities is adequate and not in excess of the amount reasonably necessary.
- Some of the balances in Sundry Debtors, Sundry Creditors, Advances and Deposits are subject to confirmation, reconciliations and adjustments if any, which in the opinion of the management will not be significant.
- Of the unsecured loans, amount repayable within one year is Rs. 200.00 Crores (2007: Rs 202.50 Crores) and of the Secured Loans amount repayable within one year is Rs. 162.24 Crores (2007: Rs. 266.82 Crores).
- Auditor's Remuneration :**

	2007-08	2006-07
	Rs In Crores	Rs In Crores
Audit Fees	0.34	0.26
Tax Audit	0.03	0.02
Other Services	0.02	0.01
TOTAL	0.39	0.29

9. Future interest liabilities in respect of assets of the value of Rs. 3.16 Crores (2007: Rs. 1.59 Crores) acquired on hire purchase basis is Rs. 0.74 Crores (2007: Rs 0.44 Crores).
10. Interest allocated against fixed assets amounts to Rs. 14.46 Crores (2007: Rs. 9.38 Crores).
11. 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 Rs. 636.65 Crores (2007: 423.01 Crores). The Lease Rent payable not later than one year is Rs. 296.94 Crores (2007 : 188.93 Crore), repayable later than one year but not later than five year is Rs. 339.71 Crores (2007 : 234.08) and the repayable later than five years is Rs Nil (2007 : Nil)
12. a) During the year, Company has allotted 1,25,40,056 (One Crore Twenty Five Lakhs Forty thousand and Fifty six) fully paid up Equity Shares of the face value of Rs.2/- (Rupees Two only) each at a premium of Rs. 498/- (Rupees Four Hundred Ninety Eight only) on conversion of Warrants, including 40,00,000 shares issued on preferential basis to private investors.
- b) The company has allotted 100 (One Hundred) fully paid up Equity Shares of the face value of Rs. 2 (Rupees Two only) each at a premium of Rs. 98/- (Rupees Ninety Eight only) during the year on Rights basis which were earlier kept in abeyance.
- c) Equity warrants represents amount received against 12651944 (One crore twenty six Lakhs Fifty One Thousand Nine Hundred Forty Four only) warrants issued on a preferential allotment basis, which can be converted to same number of equity shares at the option of the holders within 18 months from the date of allotment of the warrants at a premium of Rs.498 per share.
13. a) Particulars of Remuneration and other benefits provided to Directors for the year ended June 2008 and 2007 are set out below :

		(Amount in Crores)		
		Salary & Perquisites	Sitting Fees	Commission
Wholetime Directors	2008	4.66	-	1.50
	2007	4.54	-	1.50
Non-Wholetime Directors	2008	-	0.10	0.21
	2007	-	0.11	0.15

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

		Year Ended 30/06/20008	
		Amount	Amount
		(Rs. in Crores)	(Rs. in Crores)
Profit before tax for the year ended 30/06/2008			195.62
Add :			
a) Provision for Doubtful Debts		0.52	
b) Director Sitting Fees		0.10	
c) Remuneration Paid to Whole time Directors		6.16	
d) Commission paid to Non-Whole time Directors		0.21	
e) Loss on sale of fixed assets		1.41	
f) Depreciation		83.39	91.79
Less :			
Depreciation under Section 350 of the Companies Act, 1956		83.39	83.39
Profit under section 349/350 for computing Managerial Remuneration			204.02
Maximum approved by the Shareholders (1%)			2.04
Commission approved by the Board			0.21

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

15. Tax Charges

The Tax Expenses for the year comprises of :

		(Rs. in Crores)
Particulars	2007-08	2006-07
Income Tax		
Current tax	29.16	30.71
Deferred tax	37.28	27.93
Fringe benefit tax	3.24	2.32
	69.68	60.96

16. Related Party Disclosure :

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

a) List of Related Parties

Subsidiaries

- 1 Ambit Investment Advisory Company Limited
- 2 Axon Development Solutions Limited (w.e.f. 25.04.2008)
- 3 CIG Infrastructure Private Limited
- 4 Erudite Knowledge Services Limited (w.e.f. 08.10.2007)
- 5 FCH Centrum Direct Limited (w.e.f. 12.03.2008)
- 6 FCH Centrum Wealth Managers Limited (w.e.f. 12.03.2008)
- 7 FH Residencies Limited (w.e.f. 26.02.2008)
- 8 Foot-Mart Retail India Limited (Subsidiary till 31.03.2008)
- 9 Future Axiom Telecom Limited (Subsidiary till 09.01.2008)
- 10 Future Brands Limited
- 11 Future Capital Financial Services Limited
- 12 Future Capital Holdings Limited
- 13 Future Consumer Products Limited (w.e.f. 09.09.2007)
- 14 Future E-Commerce Infrastructure Limited
- 15 Future Finance Limited
- 16 Future Generali India Life Insurance Co. Ltd. (Subsidiary till 23.08.2007)
- 17 Future Generali India Insurance Co. Ltd. (Subsidiary till 23.08.2007)
- 18 Future Hospitality Management Limited
- 19 Future Knowledge Services Limited
- 20 Future Learning and Development Limited (w.e.f. 20.06.2008)
- 21 Future Logistic Solutions Limited
- 22 Future Mall Management Limited (w.e.f. 10.03.2008)
- 23 Future Media (India) Limited
- 24 Future Mobiles and Accessories Limited
- 25 Future Speciality Retail Limited (w.e.f. 10.03.2008)
- 26 Future Value Retail Limited (w.e.f. 10.03.2008)
- 27 Futurebazaar India Limited
- 28 Home Lighting India Limited
- 29 Home Solutions Retail (India) Limited
- 30 Home Solutions Services (India) Limited
- 31 Indivision Investment Advisors Limited
- 32 Kshitij Investment Advisory Company Limited
- 33 Kshitij Property Solutions Pvt. Ltd.
- 34 Mobile Repair Service City India Limited (Subsidiary till 09.01.2008)
- 35 Myra Mall Management Company Limited
- 36 Pan India Restaurant Limited (Merged with Galaxy Entertainment Co.Ltd. w.e.f. 10.08.2007)
- 37 Pantaloon Food Product (India) Limited
- 38 Pantaloon Future Ventures Limited
- 39 Whole Wealth Limited (w.e.f. 08.08.2007)

Associate Companies / Firms

- 1 Aashirwad Malls Private Limited
- 2 Acute Realty Private Limited
- 3 Anchor Malls Private Limited
- 4 Banshi Mall Management Company Private Limited
- 5 Banshi Silk Mills
- 6 Bartraya Mall Development Company Private Limited
- 7 ESES Commercials Private Limited



- 8 Fashion Global Retail Private Limited
- 9 Festive Realty Private Limited
- 10 Future Ideas Company Limited
- 11 Galaxy Entertainment Corporation Limited
- 12 Harmony Malls Management Private Limited
- 13 Idiom Design & Consulting Limited
- 14 Indus-League Clothing Limited
- 15 Iskrupa Mall Management Company Private Limited
- 16 KB Mall Management Company Limited
- 17 Manz Retail Private Limited
- 18 Navratna CG Road Properties Private Limited
- 19 Nirvana Mall Management Company Private Limited
- 20 Nishta Mall Management Company Private Limited
- 21 Niyman Mall Management Company Private Limited
- 22 Ojas Mall Management Private Limited
- 23 Pan India Restaurants Limited (upto 10.08.2007)
- 24 Pantaloon Industries Limited
- 25 PFH Entertainment Limited
- 26 Shreya Mall Management Private Limited
- 27 Srishti Mall Management Company Private Limited
- 28 Stripes Apparels Limited
- 29 Suhani Mall Management Company Private Limited
- 30 Unique Malls Private Limited
- 31 Utsav Mall Management Company Private Limited
- 32 Vayuputra Realty Private Limited
- 33 Vishnu Mall Management Private Limited
- 34 Weavette Textstyles Limited

Key Management Personnel

1. Mr. Kishore Biyani – Managing Director;
2. Mr. Gopikishan Biyani – Whole time Director;
3. Mr. Rakesh Biyani – Whole time Director.

b) Transaction with related Parties

(Rupees in Crores)

Nature of transactions	Associate Companies/ Joint Ventures	Subsidiaries	Key Management Personnel & Relatives
Sales and Operating Income	219.96 (81.76)	89.71 (71.79)	
Sale of Fixed Assets	3.95 (-)	40.00 (-)	
Purchase of Raw Material, Finished Goods and Stores	218.34 (109.78)	732.14 (346.06)	
Purchase of Fixed Assets	14.99 (0.60)	2.55 (7.87)	
Expenditure on services and Others	86.45 (55.43)	182.56 (4.40)	
Managerial remuneration & Commission	-	-	6.16 (6.04)
Inter Corporate Deposits	- (23.63)	- (-)	
Advances given	22.25 (14.22)	10.53 (16.98)	
Advance Taken	12.10 (0.04)	17.82 (-)	
Loans & Deposit given	276.51 (50.37)	19.80 (4.30)	

Nature of transactions	Associate Companies/ Joint Ventures	Subsidiaries	Key Management Personnel & Relatives
Loans & Deposit Taken	3.44 (35.76)	2.74 (1.82)	
Investment	198.51 (43.79)	154.60 (55.83)	
Share Application Money	3.89 (12.52)	1.04 (5.73)	
Outstanding balances as on 30/06/08 Receivable	446.23 (172.73)	66.33 (42.65)	
Payable	163.70 (3.23)	69.28 (11.59)	

c) The Significant Related Party transactions are as under

Nature of Transaction	Name of Related Party	Amount (Rs. In Crores)
Purchase of Finished Goods	Home Solutions Retail (India) Limited	456.75
Sale of Fixed Assets	Future Logistic Solutions Limited	40.00

Joint Venture Information:

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

Details of Joint Venture Interest

Sr. No.	Name of the Company	Description of Interest	Country of Incorporation	Percentage of Interest as on 30.06.2008	Percentage of Interest as on 30.06.2007
1	Apollo Design Apparel Parks Limited	Equity	India	39.00%	Nil
2	Future Axiom Telecom Limited (formerly Convergem Communication India Limited)	Equity	India	50.00%	100.00%
3	Future Generali India Insurance Company Limited	Equity	India	25.50%	100.00%
4	Future Generali India Life Insurance Company Limited	Equity	India	25.50%	100.00%
5	Goldmohur Design & Apparel Parks Limited	Equity	India	39.00%	Nil
6	Gupta Infrastructure (India) Private Limited	Equity	India	19.38%	19.38%
7	Pan India Food Solutions Private Limited	Equity	India	50.00%	50.00%
8	Planet Retail Holdings Private Limited	Equity	India	49.00%	49.00%
9	Sain Advisory Services Private Limited	Equity	India	49.80%	Nil
10	Shendra Advisory Services Private Limited	Equity	India	49.80%	Nil
11	Staples Future Office Products Private Limited	Equity	India	37.50%	37.50%
12	Talwalkars Pantaloon Fitness Private Limited	Equity	India	50.00%	50.00%

Company's Interest in the Joint Venture

Sr. No.	Name	As on	Assets (Rs. in Crores)	Liabilities (Rs. in Crores)	For the Year ended	Income (Rs. in Crores)	Expenditure (Rs. in Crores)
1	Apollo Design Apparel Parks Limited	31.03.2008	8.04	0.25	31.03.2008	0.61	(0.08)
2	Future Axiom Telecom Limited (formerly Convergem Communication India Limited)	31.03.2008	72.23	6.69	31.03.2008	27.56	30.82
3	Future Generali India Insurance Company Limited	31.03.2008	36.97	3.65	31.03.2008	1.19	4.31
4	Future Generali India Life Insurance Company Limited	31.03.2008	42.37	3.77	31.03.2008	1.47	7.24
5	Goldmohur Design & Apparel Parks Limited	31.03.2008	7.78	0.25	31.03.2008	0.58	(0.07)
6	Gupta Infrastructure (India) Private Limited	31.03.2008	18.39	13.64	31.03.2008	-	0.01
7	Pan India Food Solutions Private Limited	31.03.2008	25.06	22.02	31.03.2008	14.03	23.49



Sr. No.	Name	As on	Assets (Rs. in Crores)	Liabilities (Rs. in Crores)	For the Year ended	Income (Rs. in Crores)	Expenditure (Rs. in Crores)
8	Planet Retail Holdings Private Limited	31.03.2008	87.21	44.99	31.03.2008	55.87	60.48
9	Sain Advisory Services Private Limited	31.03.2008	45.19	0.02	31.03.2008	0.02	0.22
10	Shendra Advisory Services Private Limited	31.03.2008	36.63	0.00	31.03.2008	0.01	0.20
11	Staples Future Office Products Private Limited	31.03.2008	18.10	5.68	31.03.2008	9.20	12.89
12	Talwalkars Pantaloon Fitness Private Limited	31.03.2008	10.52	9.52	31.03.2008	1.71	2.47

The Above figures are based on latest available unaudited accounts, drawn on the respective dates.

d) Disclosure required under Clause 32 of the Listing Agreement (Rs. in Crores)

Loans & Advances	Amount o/s as at 30.06.2008	Amount o/s as at 30.06.2007	Maximum Amount o/s during the year
To Associates/JV's			
Planet Retail Holdings Pvt Ltd	17.22	11.22	17.22

17. Earning Per Share

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

Particulars		UNITS	2007-2008	2006-2007
Profit after tax	A	Rs. In Crores	125.97	119.99
Weighted average number of equity shares	B	No.in Crores	15.10	13.78
Number of equity shares for dilutive EPS	C	No.in Crores	15.10	13.78
Earning per share				
Basic (A/B)		Rs.	8.34	8.71
Dilutive(B/C)		Rs.	8.34	8.71

18. Sale of Fixed Assets

During the year, the Company has sold logistic division to Future Logistic Solutions Limited for a consideration of Rs 40.00 Crores on slump sale basis.

19. Deferred Tax Liability :

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

(Rs. In Crores)

Particulars	2007-2008	2006-2007
Deferred Tax Liability		
Related to Fixed Assets	95.03	57.84
Deferred Tax Asset		
Disallowances under the Income Tax Act, 1961/Provisions	1.91	2.00
Less: Adjustment against refinement in method of valuation of finished goods {refer note no.B(4)}	25.28	-
Provision for Deferred Tax (net)	67.84	55.84

20. Sundry Debtors

Sundry Debtors includes amount due from the following companies under the same management

(Rs. In Crores)

Particulars	2007-08	2006-07
Future Bazaar India Limited	11.91	-
Future Capital Holdings Limited	1.52	-
Future Media (India) Limited	11.32	-
Future E-Commerce Infrastructure Limited	0.56	-
Future Logistic Solutions Limited	18.69	-
TOTAL	44.00	-

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

Licensed / Installed Annual Capacities And Production :

	Licensed Capacity		Installed Capacity		Actual Production	
	As at	As at	As at	As at	As at	As at
	30-06-2008	30-06-2007	30-06-2008	30-06-2007	30-06-2008	30-06-2007
			Stitching Machines (Nos.)		Nos. In Crores (Pcs)	
Apparels	N.A.	N.A	401	397	0.26*	0.23*

*includes job work done by third parties.

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

22. Sales, Purchases, Opening And Closing Stock

(Qty. & Value in Crores)

Particulars	Sales		Purchases		Opening Stock		Closing Stock	
	Qty* (In Pcs)	Amount	Qty (In Pcs)	Amount	Qty (In Pcs)	Amount	Qty (In Pcs)	Amount
Apparels/Household Items etc.	13.41	3159.38	14.92	2644.71	3.48	663.81	5.25	1091.86
	(8.53)	(2010.14)	(9.58)	(1567.29)	(2.20)	(424.43)	(3.48)	(663.81)
Others		1610.18		1415.16		184.80		301.31
		(1007.39)		(984.05)		(62.90)		(184.80)
Total	13.41	4769.56	14.92	4059.87	3.48	848.61	5.25	1393.17
	(8.53)	(3017.53)	(9.58)	(2551.34)	(2.20)	(487.33)	(3.48)	(848.61)

*Sales is inclusive of samples, free gifts, shortages, loss in fire/floods etc.

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

Raw Material :

(Qty. & Value in Crores)

Particulars	Sales		Purchases		Opening Stock		Closing Stock	
	Qty (In Mts.)	Amount (Rs.)	Qty (In Mts.)	Amount (Rs.)	Qty (In Mts.)	Amount (Rs.)	Qty (In Mts.)	Amount (Rs.)
Fabric	0.06	5.27	0.44	59.18	0.08	7.82	0.09	9.02
	(0.13)	(13.88)	(0.52)	(55.90)	(0.06)	(6.20)	(0.08)	(7.82)
Stitching Material		1.5		8.90		1.05		1.20
		(0.03)		(5.17)		(1.26)		(1.05)
Total	0.06	6.77	0.44	68.08	0.08	8.87	0.09	10.22
	(0.13)	(13.91)	(0.52)	(61.07)	(0.06)	(7.46)	(0.08)	(8.87)

Raw Material Consumption:

(Qty. & Value in Crores)

		2007-2008			2006-2007		
		Qty(In Mts)	Value (Rs)	Percentage	Qty (In Mts)	Value (Rs.)	Percentage
Fabrics	Imported	0.06	4.03	7.65	0.02	2.12	5.25
	Indigenous	0.31	48.68	92.35	0.35	38.28	94.75
	Total	0.37	52.71	100.00	0.37	40.40	100.00
Stores & Spares	Imported		0.06	18.18	-	0.08	25.00
	Indigenous		0.27	81.82	-	0.24	75.00
	Total		0.33	100.00	-	0.32	100.00



		2007-2008			2006-2007		
		Qty(In Mts)	Value (Rs)	Percentage	Qty (In Mts)	Value (Rs.)	Percentage
Stiching material	Imported	-	0.31	4.28			
	Indigenous		6.94	95.72	-	4.76	88.98
	Total		7.25	100.00		5.35	100.00

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

23. (Rs. in Crores)

Value of Imports (CIF Basis)	2007-2008	2006-2007
Raw Material	4.55	1.86
Finished goods	45.99	2.77
Capital Goods	92.78	25.68
Stores & spares	0.05	0.08
Stitching Material	0.19	0.31
Accessories & Others	0.35	0.58

24. (Rs. in Crores)

Expenditure in foreign currency	2007-2008	2006-2007
Traveling Expenses	0.94	0.43
Consulting Fees	1.11	3.87
License Fees & Royalty	0.07	0.49
Interest on FCNR Loan/Term Loan/FC Loan	5.30	1.86
Sales Promotion Expenses	0.25	-

25. During the year the Company has suffered loss on stocks of Rs. 1.04 Crores due to flooding/fire at a store/ warehouses for which Insurance claims have been received /under process.

26. Foreign Currency Earnings (Rs. in Crores)

	2007-2008	2006-2007
Earning in foreign currency*	54.42	38.41

*Earning in foreign currency includes Rs. 40.51 Crores (2007: Rs. 24.74 Crores) being indirect foreign exchange earnings during the year through credit cards, as certified by the bankers.

27. Employees Benefits

The Amount recognized in the Company's financial statements as at the year end is as under:

Change in Present Value of Obligation

(Rs. in Crores)

Particulars	Gratuity (Funded)	Gratuity (Unfunded)	Leave encashment (Unfunded)
Present Value of the Obligation as on July 1, 2007	1.35	1.67	3.61
Interest Cost		0.24	0.29
Current Service Cost		2.25	1.53
Benefits Paid		0.21	2.64
Actuarial (gain)/ loss on obligations	0.60	(1.70)	(0.15)
Present Value of the Obligation as on June 30, 2008	1.95	2.25	2.64

Amount recognised in the Balance Sheet

(Rs. in Crores)

Particulars	Gratuity (Funded)	Gratuity (Unfunded)	Leave encashment (Unfunded)
Present Value of the Obligation as on June 30, 2008	1.95	2.25	2.64
Fair value of plan assets	1.95	-	-
Un-funded Liability	-	2.25	2.64
Unrecognized actuarial gains/ losses	-	-	-
Un-funded liability recognized in Balance Sheet	-	2.25	2.64

Amount recognised in the Profit and Loss Account

(Rs. In Crores)

Particulars	Gratuity (Funded)	Gratuity (Unfunded)	Leave encashment (Unfunded)
Interest Cost	-	0.24	0.29
Current Service Cost	-	2.25	1.53
Expected Return on Plan Assets	0.10	--	--
Actuarial (gain)/ loss on obligations	-	1.10	0.15
Total expense recognised in the Profit and Loss Account	(0.10)	1.39	1.67

Reconciliation of Balance Sheet

(Rs. in Crores)

Particulars	Gratuity (Funded)	Gratuity (Unfunded)	Leave encashment (Unfunded)
Present Value of the Obligation as on July 1, 2007	1.35	1.67	3.61
Total expense recognised in the Profit and Loss Account	0.50	0.79	1.66
Benefit paid during the year		0.21	2.64
Present Value of the Obligation as on June 30, 2008	1.95	2.25	2.63

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

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

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

28. The Board of Directors, subject to approval of members, have recommended a dividend of Rs. 0.60(30%) per equity share. Further in view of the proposed bonus issue of Class B Shares (Series1) carrying differential rights, if allotted on or before the book closure date, Board recommended, subject to approval of the members, dividend of Rs. 0.70(35%) per class B Share (Series1).
29. The Company regards the business segment retail as a single reportable segment. Accordingly, Segment Information is not being disclosed pursuant to the provision of Accounting Standard 17 on "Segment Reporting" issued by The Institute of Chartered Accountants of India (ICAI).
30. The previous year's figures have been reworked, regrouped, rearranged and reclassified wherever necessary. Amount and other disclosures for the preceeding year included as an integral part of the current year financial statements and are to be read in relation to the amounts and other disclosures relating to the current year.

For and on behalf of Board of Directors

As per our Report of even date attached

For NGS & CO. Chartered Accountants	Kishore Biyani Managing Director	Rakesh Biyani Wholetime Director	Gopikishan Biyani Wholetime Director
	Shailesh Haribhakti Director	S.Doreswamy Director	Dr.Darlie O.Koshy Director
Navin T. Gupta Partner Membership No.:40334	Anil Harish Director	Bala Deshpande Director	Vijay Kumar Chopra Director

Place : Mumbai
Dated : 20th September, 2008

C. P. Toshniwal
Chief Financial Officer

Deepak Tanna
Dy. Company Secretary

Balance Sheet Abstract and Company's General Business Profile:

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

I Registration Details :				
	Registration No.	44954/1987	State Code	11
	Balance Sheet date	30/06/2008		
II Capital raised during the year (Amount Rs. In Thousand)				
	Public Issue	NIL	Bonus Issue	NIL
	Rights Issue	NIL	Private Placement	6270028
III Position of Mobilisation and Deployment of Funds (Amount Rs.inThousands)				
	Total liabilities	41062417	Total assets	41062417
Sources of funds :				
	Paid up Capital	318583	Reserves & Surplus	17515020
	Equity Warrants	632597	Unsecured Loans	2000100
	Deferred Tax	678410		
	Secured Loans	19917707		
Application of Funds :				
	Net Fixed Assets	15288064	Investments	5865218
	Net Current Assets	19909135	Misc.Expenditure	NIL
	Accumulated Losses	NIL		
IV Performance of Company (Amount in Rs. In Thousands)				
	Turnover *	50526658	Total Expenditure	48570453
	Profit before Tax	1956205	Profit after Tax	1259736
	*Including Other Income			
	Earnings per Share Rs.	8.34	Dividend rate %	30
V. Generic Names of three principal Products / Services of Company (As per Monetary Terms)				
	Item Code No.(ITC Code)	Product Description		
	620343	Trousers of Synthetic Fibers		
	520530	Shirts of Man-made Fibers		
	521211	Woven Fabrics of Synthetic Staple Fibers		

For PANTALOON RETAIL (INDIA) LIMITED

Kishore Biyani
Managing Director

Rakesh Biyani
Wholetime Director

Gopikishan Biyani
Wholetime Director

Shailesh Haribhakti
Director

S.Doreswamy
Director

Dr.Darlie O.Koshy
Director

Anil Harish
Director

Bala Deshpande
Director

Vijay Kumar Chopra
Director

C. P. Toshniwal
Chief Financial Officer

Deepak Tanna
Dy. Company Secretary

Place : Mumbai

Dated : 20th September, 2008

Statement Pursuant to Section 212 of the Companies Act, 1956, relating to Subsidiary Companies

S.No	Name of the Subsidiary Companies	Financial Year of the Subsidiary ended on	Extent of the Holding Company's Interest (%)	Net aggregate amount of the Profit/(Loss) of the Subsidiary, so far as it concerns the members of the Holding Company (Rs. in Crores)			
				Not dealt with in the holding Company's Account		Dealt with in the holding Company's Account	
				For the Financial Year of the Subsidiary	For the previous Financial Years since they became Subsidiary	For the Financial Year of the Subsidiary	For the previous Financial Years since they became Subsidiary
01	Home Solutions Retail India Limited	30.06.2008	76.38%	(46.24)	(35.68)	-	-
02	Home Lighting India Limited*	31.03.2008	38.95%	0.08	(0.08)	-	-
03	Home Solutions Services (India) Limited*	31.03.2008	76.38%	(2.88)	(0.01)	-	-
04	Pantaloon Food Product (India) Limited@	31.03.2008	94.81%	(2.79)	0.40	-	-
05	Future Media(India) Limited	31.03.2008	93.60%	(6.13)	(3.87)	-	-
06	Future Logistics solutions Limited	31.03.2008	100.00%	(2.45)	(1.96)	-	-
07	CIG Infrastructure Private Limited	31.03.2008	51.00%	(0.00)	0.00	-	-
08	Future Capital Holdings Limited	31.03.2008	55.01%	4.89	0.07	-	-
09	Indivisions Investment Advisors Limited#	31.03.2008	55.01%	0.96	0.85	-	-
10	KSHITIJ Investment Advisory Company Limited#	31.03.2008	55.01%	1.50	(0.74)	-	-
11	Ambit Investment Advisory Company Limited#	31.03.2008	55.01%	0.02	(0.07)	-	-
12	Myra Mall Management Company Limited#	31.03.2008	55.01%	(0.43)	(0.71)	-	-
13	Futurebazaar India Limited@	31.03.2008	99.74%	3.94	(18.02)	-	-
14	Future Knowledge Services Limited	31.03.2008	100.00%	(1.64)	(0.93)	-	-
15	Future Brands Limited	31.03.2008	100.00%	(2.37)	(0.84)	-	-
16	Future Capital Financial Services Limited (formerly Future Finmart Limited)#	31.03.2008	55.01%	(5.35)	(0.04)	-	-
17	Future E-Commerce Infrastructure Limited@	31.03.2008	72.00%	(6.81)	-	-	-
18	Future Finance Limited (formerly Sivagami Finance and Investments Limited)#	31.03.2008	55.01%	0.03	-	-	-
19	Future Hospitality Management Services Limited#	31.03.2008	55.01%	(0.01)	-	-	-
20	Future Mobiles and Accessories Limited@	31.03.2008	100.00%	(1.20)	-	-	-
21	Erudite Knowledge Services Limited\$	31.03.2008	100.00%	(0.00)	-	-	-
22	FCH Centrum Direct Limited#	30.06.2008	27.56%	0.39	-	-	-
23	FCH Centrum Wealth Managers Limited#	30.06.2008	27.56%	0.02	-	-	-
24	FH Residencies Limited*	31.03.2008	76.38%	(0.00)	-	-	-
25	Future Consumer Products Ltd	31.03.2008	100.00%	(0.44)	-	-	-
26	Future Learning and Development Limited	31.03.2008	100.00%	(0.39)	-	-	-
27	Future Mall Management Limited	31.03.2008	100.00%	(0.00)	-	-	-
28	Future Speciality Retail Limited	31.03.2008	100.00%	(0.00)	-	-	-
29	Future Value Retail Limited	31.03.2008	100.00%	(0.00)	-	-	-
30	Pantaloon Future Ventures Limited	31.03.2008	100.00%	(0.19)	-	-	-
31	Whole Wealth Limited	30.06.2008	60.00%	(0.88)	-	-	-
32	Axon Development solutions Limited#	30.06.2008	55.01%	(0.02)	-	-	-
33	Kshitij Property Solution Private Limited#	31.03.2008	55.01%	(1.34)	-	-	-

Subsidiaries of Future Capital Holdings Limited

* Subsidiaries of Home Solutions Retail India Limited

\$ Subsidiary of Future Knowledge Services Limited

@ Based on unaudited results

For and on behalf of Board of Directors

Kishore Biyani
Managing Director

Gopikishan Biyani
Wholetime Director

Rakesh Biyani
Wholetime Director

Shailesh Haribhakti
Director

S. Doreswamy
Director

Dr. Darlie O. Koshy
Director

Anil Harish
Director

Bala Deshpande
Director

Place : Mumbai
Date : 20th September, 2008

Vijay Kumar Chopra
Director

C P Toshniwal
Chief Financial Officer

Deepak Tanna
Dy. Company Secretary

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

Statement Containing financial details of subsidiaries of Pantaloon Retail (India) Limited

S. No.	Name of the Subsidiary Companies	Capital	Reserves	Total Assets	Total Liabilities	Investment (excluding investments in subsidiaries)	Turnover	Profit before Taxation	Provision for Taxation	Profit After Taxation	Proposed Dividend
										(Rs. in Crores)	
01	Home Solutions Retail India Limited	46.21	44.20	609.72	609.72	1.50	891.05	(59.65)	0.88	(60.53)	-
02	Home Lighting India Limited	1.00	0.01	5.32	5.32	0.00	3.44	0.26	0.05	0.21	-
03	Home Solutions Services (India) Limited	0.05	(0.02)	0.04	0.04	-	-	(0.00)	-	(0.00)	-
04	Pantaloon Food Product (India) Limited@	21.00	2.52	36.27	36.27	-	190.00	(3.29)	(0.26)	(3.04)	-
05	Future Media(India) Limited	50.25	(0.60)	68.81	68.81	4.00	21.10	(10.58)	(4.03)	(6.55)	-
06	Future Logistics solutions Limited	20.00	(4.40)	100.11	100.11	-	112.95	(4.51)	(2.07)	(2.45)	-
07	CIG Infrastructure Private Limited	0.01	(0.01)	0.01	0.01	-	-	(0.00)	-	(0.00)	-
08	Future Capital Holdings Limited	63.23	660.87	931.29	931.29	390.54	52.33	9.18	0.30	8.89	-
09	Divisions Investment Advisors Limited	2.25	3.27	8.96	8.96	-	15.80	2.77	1.03	1.74	-
10	KSHITIJ Investment Advisory Company Limited	3.00	1.34	8.49	8.49	-	25.32	3.83	1.10	2.73	-
11	Ambit Investment Advisory Company Limited	2.25	(0.10)	2.16	2.16	2.07	-	0.03	0.00	0.03	-
12	Myra Mall Management Company Limited	1.00	(2.06)	76.87	76.87	-	9.07	(1.31)	(0.54)	(0.77)	-
13	Futurebazaar India Limited@	19.16	(14.32)	18.34	18.34	-	15.62	(0.92)	(4.87)	3.95	-
14	Future Knowledge Services Limited	11.49	2.57	17.02	17.02	0.05	2.85	(1.79)	(0.15)	(1.64)	-
15	Future Brands Limited	14.00	(3.21)	47.92	47.92	-	1.93	(2.03)	0.34	(2.37)	-
16	Future Capital Financial Services Limited (formerly Future Finnart Limited)	26.13	14.14	48.89	48.89	18.03	0.47	(9.71)	0.02	(9.73)	-
17	Future E-Commerce Infrastructure Limited@	45.13	27.45	88.49	88.49	-	21.71	(13.84)	(4.39)	(9.45)	-
18	Future Finance Limited (formerly Sivagami Finance and Investments Limited)	10.75	0.34	11.12	11.12	-	0.33	0.05	(0.01)	0.06	-
19	Future Hospitality Management Services Limited	0.05	(0.01)	0.04	0.04	-	-	(0.01)	-	(0.01)	-
20	Future Mobiles and Accessories Limited@	2.05	(1.20)	1.66	1.66	-	0.09	(1.20)	0.00	(1.20)	-
21	Erudite Knowledge Services Limited	0.05	0.00	0.05	0.05	-	-	(0.00)	-	(0.00)	-
22	FCH Centrum Direct Limited	5.90	93.77	171.01	171.01	69.50	1,120.39	2.01	0.60	1.41	-
23	FCH Centrum Wealth Managers Limited	2.81	23.67	26.58	26.58	25.08	-	0.09	-	0.09	-
24	FH Residencies Limited	0.05	(0.00)	0.05	0.05	-	-	(0.00)	-	(0.00)	-
25	Future Consumer Products Ltd	0.05	(0.44)	0.02	0.02	-	-	(0.44)	-	(0.44)	-
26	Future Learning and Development Limited	25.00	(0.39)	26.75	26.75	-	-	(0.44)	(0.05)	(0.39)	-
27	Future Mall Management Limited	0.05	(0.00)	0.05	0.05	-	-	(0.00)	-	(0.00)	-
28	Future Speciality Retail Limited	0.05	(0.00)	0.05	0.05	-	-	(0.00)	-	(0.00)	-
29	Future Value Retail Limited	0.05	(0.00)	0.05	0.05	-	-	(0.00)	-	(0.00)	-
30	Pantaloon Future Ventures Limited	1.90	21.41	23.42	23.42	23.38	-	(0.19)	-	(0.19)	-
31	Whole Wealth Limited	4.71	(2.27)	45.16	45.16	-	92.34	(1.46)	-	(1.46)	-
32	Axon Development solutions Limited	0.05	(0.03)	0.05	0.05	-	-	(0.03)	-	(0.03)	-
33	Kshitij Property Solution Private Limited	0.68	0.24	1.36	1.36	-	1.16	(2.43)	0.01	(2.44)	-

Annual accounts of the subsidiary companies and related detailed information will be made available to the holding and subsidiary company investors, seeking such information at any point of time. Annual accounts of subsidiary companies would be available for inspection at the registered office and at offices of the concerned subsidiary company by any investor.

@ Based on unaudited results

Cash Flow Statement for the Year ended 30th June, 2008

(Pursuant to Clause 32 of the Listing Agreement)

	2007-2008 (Rs. in Crores)	2006-2007 (Rs. in Crores)
A Cash Flows from Operating Activities		
Net Profit Before Tax and Extraordinary items	195.62	181.01
Adjustments :		
Depreciation	83.39	36.86
Interest (Net)	185.27	89.76
Dividend Income	(0.51)	(0.97)
(Profit) / Loss on sale of shares	-	(88.88)
(Profit) / Loss on Sale/Retirement of asset	1.41	(0.11)
Operating profit before working capital changes	465.18	217.67
Change in working capital:		
Trade and other receivable	(48.65)	(48.55)
Inventories	(618.25)	(378.93)
Loans & advances	7.75	(146.40)
Trade payables	218.23	120.74
Net Cash generated from operations	24.26	(235.47)
Direct taxes paid	(43.49)	(36.41)
Net Cash flow before Extraordinary items	(19.24)	(271.88)
Extraordinary items	0.03	(0.06)
Net Cash generated by Operating Activities	(19.21)	(271.94)
B Cash Flow From Investing Activities		
Acquisition Fixed Assets	(654.52)	(402.87)
(Increase)/Decrease in capital work - in - progress	(199.51)	(45.06)
Share Application Money	(4.93)	(20.94)
Proceeds from sale of fixed assets	46.15	0.94
Proceeds on Sale of investments	22.11	138.88
Purchase of investments	(351.69)	(119.39)
Advances To Subsidiary	(4.31)	(16.48)
Due to -Subsidiary	47.61	2.23
Deposit from Subsidiaries	10.07	(6.60)
Inter Corporate Deposits	(1.60)	(6.72)
Deposit given-leased premises	(320.73)	(166.69)
Dividend Income	0.51	0.97
Net Cash used in Investing Activities	(1,410.82)	(641.73)

Cash Flow Statement for the Year ended 30th June, 2008

(Pursuant to Clause 32 of the Listing Agreement)

	2007-2008 (Rs. in Crores)	2006-2007 (Rs. in Crores)
C Cash Flow from Financing Activities		
Dividend paid (Including distribution tax)	(8.82)	(7.66)
Working Capital from Banks/Institutions	556.17	(65.73)
Proceeds from Issue of Share Capital (Net of Expenses)	690.05	454.09
Proceeds/ (repayment) of Commercial Paper	50.00	(10.00)
Proceeds from long term borrowing	433.68	544.57
Proceeds/ (repayment) of short term borrowings (Net)	(147.64)	229.36
Interest (Net)	(185.27)	(89.76)
Net Cash from financing activities	1,388.16	1,054.87
 Net Cash used in Cash and Cash Equivalents (A + B + C)	 (41.87)	 141.20
Cash & Cash Equivalents (Opening balance)	162.97	21.77
Cash & Cash Equivalents (Closing balance)	121.10	162.97
Cash and Cash Equivalents include:		
Cash in Hand (as certified)	9.41	8.93
Balance with Scheduled Banks :		
in Current Accounts (including in transit)	99.80	41.91
in Fixed Deposit Account	11.67	111.96
- in Unpaid Dividend Accounts	0.22	0.17
	121.10	162.97

Notes:

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

For and on behalf of Board of Directors

Kishore Biyani
Managing Director

Gopikishan Biyani
Wholetime Director

Rakesh Biyani
Wholetime Director

Shailesh Haribhakti
Director

S. Doreswamy
Director

Dr. Darlie O. Koshy
Director

Anil Harish
Director

Bala Deshpande
Director

Place : Mumbai
Date : 20th September, 2008

Vijay Kumar Chopra
Director

C P Toshniwal
Chief Financial Officer

Deepak Tanna
Dy. Company Secretary

AUDITOR'S CERTIFICATE

We have examined the attached Cash Flow Statement of Pantaloon Retail (India) Limited for the year ended 30th June, 2008. This statement has been prepared by the Company in accordance with the requirements of the listing agreement (Clause 32) entered with the Stock Exchanges and is based on and in agreement with the corresponding Profit and Loss Account and Balance Sheet of the company covered by our report of 20th September, 2008 to the Members of the Company

For NGS & CO.
Chartered Accountants

Navin T. Gupta
Partner
Membership No.: 40334

Place : Mumbai
Dated : 20th September, 2008



AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

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

We have audited the attached Consolidated Balance Sheet of the Group as at 30th June 2008 and also the Consolidated Profit & Loss Account and the Consolidated Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.

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

We did not audit the financial statements of the Company's following Subsidiaries and Joint Ventures, ie. Future Capital Holdings Limited group, Future Generali India Insurance Company Limited, Future Generali India Life Insurance Company Limited, Future Media (India) Limited, Home Solutions Retail (India) Limited group, Future Consumer Products Limited, CIG Infrastructure Private Limited, Sain Advisory Services Private Limited, Shendra Advisory Services Private Limited, Whole Wealth Limited, Supreme Trade Links Private Limited, Future Logistic Solutions Limited, Gupta Infrastructure (India) Private Limited, Talwalkars Pantaloon Fitness Private Limited, Winners Sports Private Limited and Erudite Knowledge Services Limited whose financial statements reflect total assets of Rs 2257.45 Crores as at 31st March 2008 / 30th June 2008, total revenue of Rs 1313.94 Crores and cash flows amounting to Rs 319.83 Crores for the year then ended. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us and our opinion is based solely on the report of other auditors.

Further financial statements of Future Bazaar India Limited, Future E-Commerce Infrastructure Limited, Pan India Food Solutions Private Limited, Staples Future Office Products Private Limited, Future Mobile and Accessories Limited, Pantaloon Food Products (India) Limited, Apollo Design and Apparel Parks Limited, Future Axiom Telecom Limited, Goldmohur Design & Apparel Park Limited, Mobile Repair Service city India Limited and Planet Retail Holdings Private Limited have

been consolidated based on unaudited accounts which are certified by the management.

We report that the consolidated financial statements have been prepared by the Company's Management in accordance with the requirements of Accounting Standard (AS) 21, 'Consolidated Financial Statements', AS 23, 'Accounting for Investments in Associates in Consolidated Financial Statements and AS 27, 'Financial Reporting of interest in Joint Ventures' issued by the Institute of Chartered Accountants of India.

Without qualifying our opinion, we draw the attention to Note No. 7 and 12 of Schedule 20 to the Consolidated Financial Statements relating to refinement in method of valuation of closing stock of finished goods and non-amortization of goodwill respectively.

Attention is drawn to following notes of Schedule 20 to the Consolidated Financial Statements.

- a. Note No. 8 of Schedule 20 regarding non-conformity with AS-26 notified under Companies Accounting Standard Rules 2006 where self generated brands have been capitalised and non amortised which has resulted in the profit; reserves and fixed assets being higher by Rs 12.01 crores.
- b. Note No. 17 of Schedule 20 regarding recognition of deferred tax assets in absence of virtual certainty as referred to AS-22 notified under Companies Accounting Standard Rules 2006 which has resulted in the profits and reserves being higher by Rs 8.43 crores.

On the basis of the information and explanations given to us and on the consideration of the separate audit reports on individual audited financial statements of the Pantaloon group, and certification of management in respect of subsidiaries and joint ventures referred to in Para 3 and 4 above and subject to Para 7 above and read with other notes of Schedule No.20, we are of the opinion that the said consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India,

- i) In Case of Consolidated Balance Sheet, of the state of affairs of the Pantaloon Group as at 30th June, 2008
- ii) In case of Consolidated Profit and Loss Account, of the profit for the year ended on that date; and
- iii) In case of Consolidated Cash Flow Statement, of the cash flow for the year ended on that date.

For **NGS & Co.**,
Chartered Accountants

Navin T. Gupta
Partner
Membership No: 40334

Place: Mumbai
Dated: 20th September, 2008

CONSOLIDATED BALANCE SHEET AS AT 30TH JUNE, 2008

PARTICULARS	SCH. No.	As At 30.06.2008 (Rs. in Crores)	As At 30.06.2007 (Rs. in Crores)
I SOURCES OF FUNDS:			
1 SHAREHOLDERS' FUNDS			
Share Capital	1	121.38	97.35
Share Application Money Received		20.90	23.32
Equity Warrants		63.26	-
Reserves & Surplus	2	2,021.63	1,071.25
		2,227.17	1,191.92
2 MINORITY INTEREST		406.16	54.30
3 LOAN FUNDS			
Secured Loans	3	2,393.10	1,095.32
Unsecured Loans	4	374.00	367.76
		2,767.10	1,463.08
4 DEFERRED TAX LIABILITY - NET		35.43	50.49
		<u>5,435.86</u>	<u>2,759.79</u>
II APPLICATION OF FUNDS:			
1 FIXED ASSETS			
Gross Block	5	1,881.02	1,012.77
Less : Depreciation		210.42	106.54
Net Block		1,670.60	906.23
Capital work-in-progress including advances		384.04	167.75
2 INVESTMENTS	6	726.50	90.25
3 CURRENT ASSETS, LOANS & ADVANCES			
Inventories	7	1,771.09	1,078.63
Sundry Debtors	8	288.14	68.03
Cash & Bank Balances	9	365.37	235.51
Loans & Advances	10	1,391.80	711.28
Other Current Assets		16.61	1.65
		3,833.01	2,095.10
LESS : CURRENT LIABILITIES & PROVISIONS			
Current Liabilities	11	1,153.78	483.51
Provisions	12	24.66	16.45
		1,178.44	499.96
NET CURRENT ASSETS		2,654.57	1,595.14
4 MISCELLANEOUS EXPENDITURE	13	0.15	0.42
(To the extent not written off or adjusted)			
		<u>5,435.86</u>	<u>2,759.79</u>

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

20

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

For and on behalf of Board of Directors

As per our Report of even date attached

For NGS & CO.
Chartered Accountants

Navin T. Gupta
Partner
Membership No.:40334

Place : Mumbai
Dated : 20th September, 2008

Kishore Biyani
Managing Director

Shailesh Haribhakti
Director

Anil Harish
Director

C. P. Toshniwal
Chief Financial Officer

Rakesh Biyani
Wholetime Director

S.Doreswamy
Director

Bala Deshpande
Director

Deepak Tanna
Dy. Company Secretary

Gopikishan Biyani
Wholetime Director

Dr.Darlie O.Koshy
Director

Vijay Kumar Chopra
Director

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30TH JUNE, 2008

PARTICULARS	SCH No.	2007-2008 (Rs. in Crores)	2006-2007 (Rs. in Crores)
INCOME			
Sales & Operating Income	14	5,840.54	3,468.56
Other Income	15	<u>25.96</u>	<u>96.92</u>
		<u>5,866.50</u>	<u>3,565.48</u>
EXPENDITURE			
Cost of goods consumed & sold	16	3,909.30	2,365.07
Personnel cost	17	445.59	270.49
Manufacturing & other expenses	18	1,185.12	699.00
Finance Charges	19	223.58	100.08
Depreciation	5	118.21	48.24
Goodwill written off		-	3.25
		<u>5,881.80</u>	<u>3,486.13</u>
Profit/(Loss) Before Taxation		(15.30)	79.35
Less: Earlier year's Income Tax		(0.03)	0.06
Less: Tax Expense	20(13)	<u>47.32</u>	<u>59.68</u>
Profit/(Loss) After Taxation before Prior Period Items		(62.59)	19.61
Less: Prior Period Items		(1.04)	0.18
Profit/(Loss) After Taxation		(61.55)	19.43
Add : Share in Loss of Associate Company		(0.90)	-
Add: Profit on sale of Subsidiary / Joint Venture		29.77	0.45
Add: Goodwill written back		3.39	-
Less: Share of Minority Interest		(51.22)	(15.65)
Profit After Minority Interest		21.93	35.54
Add : Balance brought forward		119.52	104.83
Less: Adjustment on account of liability in respect of employee benefits		0.02	-
Available for Appropriation		<u>141.43</u>	<u>140.37</u>
Proposed Dividend		10.67	7.54
Dividend Tax		1.81	1.28
Transfer to Reserve under section 45 (1C) of the RBI Act		1.79	0.03
Transfer to General Reserve		12.60	12.00
Balance carried to Balance Sheet		<u>114.55</u>	<u>119.52</u>
		<u>141.43</u>	<u>140.37</u>
Earnings Per Share in Rs. (Face value Rs.2)		Rs.	Rs.
Basic		1.45	2.58
Diluted		1.45	2.58
Refer Note No. of 1.16 of Schedule 20			

SIGNIFICANT ACCOUNTING POLICIES AND

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NOTES TO ACCOUNTS

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

For and on behalf of Board of Directors

As per our Report of even date attached

For NGS & CO. Chartered Accountants Navin T. Gupta Partner Membership No.:40334 Place : Mumbai Dated : 20th September, 2008	Kishore Biyani Managing Director Shailesh Haribhakti Director Anil Harish Director C. P. Toshniwal Chief Financial Officer	Rakesh Biyani Wholetime Director S.Doreswamy Director Bala Deshpande Director Deepak Tanna Dy. Company Secretary	Gopikishan Biyani Wholetime Director Dr.Darlie O.Koshy Director Vijay Kumar Chopra Director
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SCHEDULES TO CONSOLIDATED BALANCE SHEET AS AT 30TH JUNE, 2008

	As At 30.06.2008 (Rs. in Crores)	As At 30.06.2007 (Rs. in Crores)
SCHEDULE 1: SHARE CAPITAL		
Authorised		
17,50,00,000 Equity Shares of Rs.2/- each.	35.00	35.00
20,00,000 Redeemable Non Convertible Preference Shares of Rs. 100/- each (0.01% coupon)	20.00	20.00
48,00,000 0.01% Non Cumulative Compulsory Convertible Preference shares of Rs.100 each	48.00	48.00
2,15,18,460 0.001% Non Cumulative Compulsory Convertible Preference shares of Rs.10 each	21.52	-
	<u>124.52</u>	<u>103.00</u>
Issued		
15,93,02,921 (14,67,62,865) Equity Shares of Rs.2/- each fully paid	31.86	29.35
20,00,000 Redeemable Non Convertible Preference Shares of Rs. 100/- each (to be redeemed at a premium of 13% on 364th day from the date of the issue)	20.00	20.00
48,00,000 0.01% Non Cumulative Compulsory Convertible preference shares of Rs.100 each	48.00	48.00
2,15,18,460 0.001% Non Cumulative Compulsory Convertible Preference shares of Rs.10 each	21.52	-
	<u>121.38</u>	<u>97.35</u>
Subscribed & Paid Up		
15,92,91,521 (14,67,51,365) Equity Shares of Rs.2/- each fully paid	31.86	29.35
20,00,000 Redeemable Non Convertible Preference Shares of Rs. 100/- each (to be redeemed at a premium of 13% on 364th day from the date of the issue)	20.00	20.00
48,00,000 0.01% Non Cumulative Compulsory Convertible preference shares of Rs.100 each	48.00	48.00
2,15,18,460 0.001% Non Cumulative Compulsory Convertible Preference shares of Rs.10/- each	21.52	-
	<u>121.38</u>	<u>97.35</u>
SCHEDULE 2 : RESERVES & SURPLUS		
Share Premium		
Balance, at beginning of the year	823.76	372.12
Add : Premium received during the year	624.50	455.79
Less : Utilised for share issue expenses	0.21	4.15
	<u>1,448.05</u>	<u>823.76</u>
Capital Reserve on Consolidation	470.38	104.63
General Reserve	23.31	11.31
Add : Transfer from Profit & Loss Account	12.60	12.00
	35.91	23.31
Foreign Currency Translation Reserve	(0.04)	-
Reserve under Section 45 (1C) of the RBI Act	0.03	-
Add : Transfer from Profit & Loss Account	1.84	0.03
	1.87	0.03
Surplus in Profit and Loss Account	114.55	119.52
Less: Adjusted against refinement in method of valuation of Finished Goods (Net of tax) {Refer Schedule 20 (7)}	49.09	-
	<u>2,021.63</u>	<u>1,071.25</u>

SCHEDULES TO CONSOLIDATED BALANCE SHEET AS AT 30TH JUNE, 2008

	As At 30.06.2008 (Rs. in Crores)	As At 30.06.2007 (Rs. in Crores)
SCHEDULE 3 : SECURED LOANS		
(1) Debentures		
a) 8.95% Non Convertible Debenture	-	100.00
b) 10.75% Non Convertible Debenture	-	100.00
(2) Term Loans		
a) Foreign Currency Loans		
-From Banks	202.15	1.87
b) External Commercial Borrowings	1.71	15.10
c) Rupee Loans		
-From Banks	1,236.32	665.91
-From Financial Institutions and Others	55.40	55.40
(3) Working Capital Loans From Banks		
a) Foreign Currency Loans	53.07	-
b) Rupee Loan	716.42	77.29
c) Commercial Paper	80.00	30.00
(4) Hire Purchase	2.81	1.59
(5) Bill Discounting	-	22.63
Share in jointly controlled entity	45.22	25.53
	<u>2,393.10</u>	<u>1,095.32</u>
SCHEDULE 4 : UNSECURED LOANS		
Short Term Loans from Banks	205.50	202.68
Other Loan from Banks	25.00	145.00
Loan from Directors	0.05	-
Public Deposits	0.01	-
Inter Company Deposit	104.83	0.60
Share in jointly controlled entity	38.61	19.48
	<u>374.00</u>	<u>367.76</u>

SCHEDULES TO CONSOLIDATED BALANCE SHEET AS AT 30TH JUNE, 2008

SCHEDULE 5 : FIXED ASSETS & CAPITAL WORK-IN-PROGRESS

(Rs. In Crores)

Description	GROSS BLOCK				DEPRECIATION				NET BLOCK			
	As at 01.07.2007	Additions	Deductions	Adjustment for disposal of Joint ventures/	As at 30.06.2008	Upto 01.07.2007	Adjustment for the year	Depreciation for Year	Adjustment for disposal of Joint ventures/	Up to 30.06.2008	As at 30.06.2008	As at 30.06.2007
Land	4.83	-	-	-	4.83	-	-	-	-	-	4.83	4.83
Leasehold Land	19.93	30.68	0.15	4.18	46.27	1.56	0.05	4.90	0.38	6.02	40.24	18.37
Building	199.02	77.75	9.74	0.14	266.89	7.67	0.16	12.66	0.08	20.08	246.81	191.35
Kiosk Units	0.51	-	-	0.51	-	0.16	-	-	0.16	-	-	0.34
Plant & Machinery	32.73	50.44	1.43	4.27	77.47	5.04	0.18	4.06	0.74	8.18	69.29	27.69
Office Equipments	24.03	30.95	1.92	2.28	50.78	2.62	0.49	4.38	0.18	6.33	44.46	21.41
Computers & Softwares	122.31	159.27	13.63	1.64	266.32	29.63	3.51	33.67	0.29	59.51	206.81	92.68
Furniture & Fittings	344.63	268.00	24.05	8.74	579.84	35.91	1.63	31.90	0.74	65.43	514.40	308.72
Electrical Installations	165.42	172.93	7.27	2.49	328.59	12.10	0.65	12.83	0.14	24.13	304.46	153.32
Vehicles	5.23	1.18	0.35	-	6.05	1.70	0.18	0.52	-	2.04	4.02	3.53
Air Conditioner	20.78	72.80	0.42	-	93.15	2.51	0.05	3.22	-	5.68	87.47	18.27
Generator	0.21	-	-	-	0.21	0.00	-	0.01	-	0.01	0.20	0.21
Delivery Van	0.03	-	-	0.03	-	0.00	-	-	0.00	-	-	0.03
Brand - Intangibles	40.16	80.79	13.73	22.86	84.35	3.01	3.84	0.23	0.21	(0.81)	85.16	37.14
Share in jointly controlled entities	32.95	45.09	0.10	1.67	76.28	4.62	0.01	9.84	0.63	13.82	62.45	28.33
Total	1,012.77	989.87	72.80	48.82	1,881.02	106.54	10.76	118.21	3.57	210.42	1,670.60	906.23
Previous Year	400.62	615.47	3.32	-	1,012.77	60.09	1.79	48.24	-	106.54	906.23	
Capital Work-in-progress (Including advances on Capital Account)											363.02	158.01
Share in jointly controlled entities											21.02	9.74
											384.04	167.75

SCHEDULES TO CONSOLIDATED BALANCE SHEET AS AT 30TH JUNE, 2008

	As At 30.06.2008 (Rs. in Crores)	As At 30.06.2007 (Rs. in Crores)
SCHEDULE 6 : INVESTMENTS		
LONG TERM INVESTMENT IN SHARES		
QUOTED		
5,631 Equity shares of Andhra Bank Limited of Rs. 10/- each fully paid up	0.05	0.05
49,37,935 (20,00,000) Equity shares of Galaxy Entertainment Corporation Limited of Rs. 10/- each fully paid up	18.14	8.84
30,853 Equity Shares of Rs 10 each fully paid up of Siyaram Silk Mills Limited	0.73	0.73
UNQUOTED		
In Equity Shares		
2,27,93,700 Equity Shares of Future Ventures India Limited of Rs.10/- each	23.08	-
4,000 Equity shares of Kalyan Janata Sahakari Bank Limited of Rs.25/- each fully paid up	0.01	0.01
48,281 Equity Shares of Foot-Mart Retail India Limited of Rs. 10/- each fully paid up	0.08	-
NIL (9,000) Equity Shares of Sain Marketing Network Private Limited of Rs.10 /- each fully paid up	-	0.01
In Preference Shares		
NIL (9,80,000) 4% Redeemable Preference Shares of Sain Marketing Network Private Limited of Rs.10 /- each fully paid up	0.00	0.98
In Debentures		
Fully convertible debenture of Biba Apparels Private Limited: NIL (7,000), 10% Fully convertible debentures - I of Rs 10,000 each, fully paid up (Fully convertible into equity shares on September 30, 2008)	-	7.11
NIL (5,000), 0% Fully convertible debentures - II of Rs 10,000 each, fully paid up (Fully convertible into equity shares on September 30, 2007)	-	5.08
In Equity Share Warrant		
NIL (29,98,000) Equity share warrant of Goldiam International Limited:	-	4.50
Investment in Mutual Funds units of Rs. 10 each, fully paid-up		
28,18,577units of Birla Income Plus - Growth	10.00	-
27,14,441units of HDFC Income Fund - Growth	5.00	-
93,08,491units of ICICI Prudential Institutional Income Plan Dividend Quarterly- Reinvest Dividend	10.15	-
34,69,596 units of Templeton India Income Fund-Growth	10.00	-
2,78,34,374 units of ICICI Prudential Institutional Income Plan Dividend Quarterly- Reinvest Dividend	30.26	-
3,51,09,988 units of Templeton India Income Builder Account Plan A - Monthly Dividend Reinvestment	45.00	-
92,61,777units of Birla Income Plus - Quarterly Dividend -Reinvestment	10.20	-
In Other Shares		
5 Shares of Y.A Chunawala Industrial Co-op Society Limited	0.00	0.00

SCHEDULES TO CONSOLIDATED BALANCE SHEET AS AT 30TH JUNE, 2008

	As At 30.06.2008 (Rs. in Crores)	As At 30.06.2007 (Rs. in Crores)
In National Saving Certificates	0.01	0.01
Current Investments		
In units of Mutual Funds		
NIL (15,00,000) Units of Kotak FMP 3M Series 10 - Growth	-	1.50
NIL (4,18,440.892) Units of Kotak Floater Short Term - Growth	-	0.51
NIL (27,84,543) Reliance Floating Rate Fund - Daily Dividend Reinvestment Plan of Rs 1000 each	-	2.80
NIL (1,50,333) Reliance Liquid Plus Fund Institutional - Daily Dividend Plan of Rs.1000 each	-	15.03
NIL (26,36,271) Reliance Liquidity Fund - Daily Dividend Reinvestment Option of Rs.10 each	-	2.64
NIL (6,549) Standard Chartered Liquidity Manager Plus - Daily Dividend of Rs. 1000 each	-	0.65
NIL (1,50,00,000) LIC Fixed Maturity Plan Series 17 - 3 Month - Growth of Rs 10 each	-	15.00
NIL (45,07,265.712) units of Rs. 10/- each ICICI Prudential Institutional Liquid	-	4.45
295 Units of LIC MF Liquid Fund Plan of Rs.10 each	0.00	-
1,51,01,823 BSL Interval Income Fund - INSTL - Quarterly - Series 3-Dividend	15.10	-
90,43,879 LICMF Liquid Plus Fund- Daily Dividend Plan	9.04	-
2,49,99,250 Reliance Quarterly Interval Fund - Series II-Institutional Dividend Plan	25.00	-
2,54,78,145 Birla Cash Plus - Instl. Prem. - Daily Dividend -Reinvestment	25.53	-
93,80,896 ICICI Prudential Equity & Derivatives Fund - Income Optimiser - Institutional Dividend-Pay Dividend	10.00	-
82,15,761 ICICI Prudential Interval Fund II Quarterly Interval Plan B - Retail Dividend- Reinvest Dividend	8.22	-
1,02,52,114 ABN AMRO Flexible Short Term Plan Ser A Calendar Qly Div-Red.	10.25	-
6,12,74,106 ABN AMRO Flexi Debt Fund - Regular - Daily Dividend	61.27	-
1,00,94,000 JM Interval Fund - Quarterly Plan 3 - Institutional Dividend Plan	10.09	-
1,01,04,575 DBS Chola Interval Income Fund - QPC-Inst Dividend Auto Redemption	10.10	-
3,48,61,096 TATA Dynamic Bond Fund Option A - Dividend	36.62	-
3,41,98,179 Birla Interval Income-INSTL-MTLY-S2-Div -Reinvestment	34.20	-
1,00,00,000 ICICI Prudential FMP Series 42 - Three Months Plan A Retail Dividend -Pay Dividend	10.00	-
5,29,192 Principal floating rate fund	0.53	-
1,80,180 Mirae Asset Liquid Fund-Super Inst-Dividend Plan (Daily)	18.03	-
8,32,696 ABN Amro Money Plus Regular Plan Daily Dividend Plan	0.83	-
Cholamandalam DBS MF	0.51	-
2,50,480 Reliance Liquid Plus Fund- Daily Dividend Plan	25.08	-
4,09,812 HSBC Mutual Fund	0.41	-
6,90,094 Reliance Mutual Fund	69.09	-
39,87,598.568 units of Kotak Liquid Plus fund	4.00	-
2,93,066 units of LIC Mutual Fund liquid plus fund-growth	0.30	-

SCHEDULES TO CONSOLIDATED BALANCE SHEET AS AT 30TH JUNE, 2008

	As At 30.06.2008 (Rs. in Crores)	As At 30.06.2007 (Rs. in Crores)
Share Application Money Pending Allotment In :		
Staples Future Office Products Private Limited	-	0.54
Gupta Infrastructure (India) Private Limited	-	2.01
Pan India Food Solutions Private Limited	-	2.00
Sain Marketing Network Pvt. Ltd.	-	6.04
Suhani Mall Management Company Private Limited	3.39	2.00
Whole Wealth Limited	-	2.69
Share in jointly controlled entities	176.20	5.06
	<u>726.50</u>	<u>90.25</u>
SCHEDULE 7 : INVENTORIES		
Packing Materials , Branding Material and Stores & Spares	19.51	17.02
Raw Material	9.02	7.82
Stitching Materials	1.20	1.05
Semi finished goods	6.94	11.46
Finished Goods	1658.89	1005.68
Forex and Forex Equivalent	17.36	0.00
Share in jointly controlled entities	58.17	35.60
	<u>1,771.09</u>	<u>1,078.63</u>
SCHEDULE 8 : SUNDRY DEBTORS		
(Unsecured)		
(a) Debts due for more than six months		
Considered Good	7.10	8.85
Considered Doubtful	1.27	1.23
	<u>8.37</u>	<u>10.08</u>
Less : Provision for Doubtful Debts	1.27	1.23
	<u>7.10</u>	<u>8.85</u>
(b) Other Debts : Considered Good	257.25	53.69
Share in jointly controlled entity	23.79	5.49
	<u>288.14</u>	<u>68.03</u>
SCHEDULE 9 : CASH & BANK BALANCES		
Cash in Hand	20.31	9.54
Balance with Scheduled Banks :		
in Current Accounts (including in transit)	190.61	90.55
in Fixed Deposit Account	67.88	65.51
in Margin Money Deposit Accounts	11.64	54.94
in unpaid Dividend Account	0.22	0.21
Share in jointly controlled entity	74.71	14.76
	<u>365.37</u>	<u>235.51</u>
SCHEDULE 10: LOANS & ADVANCES		
(Secured & Considered good unless otherwise stated)		
Advances and loans to body corporates	100.00	-
Retail loans	0.44	-
(Unsecured & Considered good unless otherwise stated)		

SCHEDULES TO CONSOLIDATED BALANCE SHEET AS AT 30TH JUNE, 2008

	As At 30.06.2008 (Rs. in Crores)	As At 30.06.2007 (Rs. in Crores)
Inter Corporate Deposits	109.03	35.30
Advances Recoverable in cash or in kind or for value to be received		
-considered good	265.06	247.74
-considered doubtful	0.07	-
	265.13	247.74
Less: Provision for doubtful advances	0.07	-
	265.06	247.74
Export Benefits Receivables	0.28	0.13
Leased assets		
-considered good	1.58	-
-considered doubtful	0.04	-
	1.62	-
Less: Provision for doubtful debts	0.04	-
	1.58	-
Deposits	775.25	392.46
Retail Loans	66.07	-
Debenture Application Money	6.02	-
Payments /Deduction of Income Tax (Net of Provisions)	23.05	2.03
Balance with Custom/Excise Authorities	0.16	1.06
Share in jointly controlled entity	44.86	32.56
	<u>1,391.80</u>	<u>711.28</u>
SCHEDULE 11: LIABILITIES		
Acceptances	246.69	68.45
Sundry Creditors	597.39	326.75
Advances / Deposit from Customers	177.23	45.52
Interest accrued but not due	1.21	1.08
Other Liabilities	33.70	14.46
Unclaimed Share Application Money	25.03	-
Unpaid Dividend	0.22	0.21
Share in jointly controlled entity	72.31	27.03
	<u>1,153.78</u>	<u>483.51</u>
SCHEDULE 12: PROVISIONS		
Proposed Dividend	10.67	7.54
Dividend Tax	1.81	1.28
Provision for Leave Encashment / Gratuity	9.01	7.11
Taxation (Net of advance payment/ tax deductions)	0.40	-
Others	0.45	0.19
Share in jointly controlled entity	2.32	0.33
	<u>24.66</u>	<u>16.45</u>
SCHEDULE 13: MISCELLANEOUS EXPENDITURE		
Pre-Operative Expenses	0.14	-
Share in jointly controlled entities	0.01	0.42
	<u>0.15</u>	<u>0.42</u>

SCHEDULES TO CONSOLIDATED PROFIT & LOSS ACCOUNT FOR YEAR ENDED 30TH JUNE, 2008

	2007-2008 (Rs. in Crores)	2006-2007 (Rs. in Crores)
SCHEDULE 14: SALES & SERVICES		
Sales	5,342.82	3,161.12
Other Operating Income	309.12	228.93
Share in jointly controlled entities		
	<u>188.60</u>	<u>78.51</u>
	<u>5,840.54</u>	<u>3,468.56</u>
SCHEDULE 15: OTHER INCOME		
Dividend from Investments	1.44	2.08
Miscellaneous Income	6.15	4.98
Profit on Sale of Investments	0.04	89.46
Profit on Sale of Fixed Assets	14.87	0.09
Share in jointly controlled entities	<u>3.46</u>	<u>0.31</u>
	<u>25.96</u>	<u>96.92</u>
SCHEDULE 16: COST OF GOODS CONSUMED & SOLD		
Opening Stock		
Raw Materials	7.82	6.20
Semi finished goods	11.46	6.79
Finished goods & Accessories	1,005.68	540.48
Stitching materials	<u>1.05</u>	<u>1.26</u>
	<u>1,026.01</u>	<u>554.73</u>
Add : Purchase		
Raw Material	59.18	55.90
Finished goods & Accessories	4,432.42	2,729.94
Stitching materials	<u>8.90</u>	<u>5.17</u>
	<u>4,500.50</u>	<u>2,791.01</u>
Less : Closing Stock		
Raw Materials	9.02	7.82
Semi finished goods	6.94	11.46
Finished goods & Accessories	1,666.94	1,005.68
Stitching materials	<u>1.20</u>	<u>1.05</u>
	<u>1,684.10</u>	<u>1,026.01</u>
Less: Adjusted against balance in profit & Loss Account	<u>74.37</u>	<u>-</u>
{Refer Schedule 20(7)}		
Share in jointly controlled entities		
	<u>141.26</u>	<u>45.34</u>
	<u>3,909.30</u>	<u>2,365.07</u>
SCHEDULE 17: PERSONNEL COST		
Salaries, Wages & Bonus	380.39	234.68
Welfare expenses	13.72	9.68
Contribution to Provident & Other Funds	19.30	12.27
Sweet Equity Share Issued	1.00	-
Gratuity and Leave encashment	4.75	5.32
Share in jointly controlled entities	<u>26.43</u>	<u>8.54</u>
	<u>445.59</u>	<u>270.49</u>

SCHEDULES TO CONSOLIDATED PROFIT & LOSS ACCOUNT FOR YEAR ENDED 30TH JUNE, 2008

	2007-2008 (Rs. in Crores)	2006-2007 (Rs. in Crores)
SCHEDULE 18: MANUFACTURING & OTHER EXPENSES		
Labour Charges	21.28	14.74
Packing Material	40.46	27.90
Stores & Spares	0.40	0.50
Branding Material	3.29	1.93
Power & Fuel	93.32	65.88
Mall Maintenance Charges	85.09	59.51
Repairs & Maintenance	-	-
Building	1.70	1.36
Plant & Machinery	1.29	0.84
Others	13.61	10.90
Rent including lease rentals	415.71	233.82
Rates & Taxes	10.25	4.37
Donation	0.43	0.28
Charges on Credit Card transaction	22.19	13.97
Insurance	8.64	5.19
Auditors' Remuneration	0.73	0.52
Commission	7.87	7.19
Advertisement & Sales Promotion	214.84	119.95
Hire Charges	3.64	1.76
Directors Sitting Fees	0.13	0.11
Directors Commission	1.71	1.65
Provision for Doubtful Debts	1.20	0.73
Bad debts Written off	0.09	-
Other Expenses	135.54	92.59
Share in jointly controlled entities	101.71	33.31
	<u>1,185.12</u>	<u>699.00</u>
SCHEDULE 19 : FINANCE CHARGES		
Interest : on Debentures and Fixed Loans	106.66	44.11
on other loans	91.11	39.99
Bill Discounting Charges	13.58	8.11
Bank Charges	24.49	10.57
	<u>235.84</u>	<u>102.78</u>
Less : Interest Income		
on fixed deposits	2.16	0.96
on others	26.85	1.23
Less : Exchange Fluctuation Gain / (Loss)	(14.35)	2.74
Share in jointly controlled entities	2.40	2.23
	<u>223.58</u>	<u>100.08</u>

SCHEDULE 20 SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 30TH JUNE 2008

1. SIGNIFICANT ACCOUNTING POLICIES :

1.1 Basis of Accounting :

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

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

Comparative figures do not include the figures of the newly acquired subsidiaries namely Erudite Knowledge Services Limited, FCH Centrum Direct Limited, FCH Centrum Wealth Managers Limited, FH Residencies Limited, Future Consumer Products Limited, Future Learning and Development Limited, Future Mall Management Limited, Future Speciality Retail Limited, Future Value Retail Limited, Pantaloon Future Ventures Limited, Axon Development Solutions Limited and Whole Wealth Limited and newly acquired Joint Ventures namely Apollo Design Apparel Parks Limited, Goldmohur Design and Apparel Park Limited, Mobile Repair Service City India Limited, Real Term FCH Logistics Advisors Private Limited, Sain Advisory Services Private Limited, Shendra Advisory Services Private Limited and Winners sports Private Limited . Consequently, the comparative figures are not strictly comparable with the figures for the year ended as at 30th June, 2008.

1.2 Use of estimates :

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

1.3 Fixed Assets and Depreciation :

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

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

1.4 Goodwill on Consolidation :

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

1.5 Leases :

Operating lease payments are recognised as an expense in the profit and loss account as per the terms of the agreements which is representative of the time pattern of the user's benefit.

1.6 Borrowing Cost:

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of that asset up to the date the assets are ready for their intended use or sale. Other expenses are recognized as an expense in the period in which they are incurred.

1.7 Investments :

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

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

1.8 Inventories :

Inventories are valued as follows :

- a) Stores, Spare parts, Packing material, and Branding Material : At cost
- b) Raw material & Stitching material : At cost
- c) Finished goods and Work in Progress : At the lower of cost or net realisable value
- d) Stock of forex and forex equivalents : Market Value as at the Balance Sheet date.

1.9 Transactions in Foreign Currency :

Foreign currency transactions are accounted at the rates prevailing on the date of transaction. Year-end current assets and liabilities are translated at the exchange rate ruling on the date of the Balance Sheet.

Exchange differences on settlement / conversion are adjusted to :

- (i) Profit and Loss Account, in other cases.
- (ii) Wherever forward contracts are entered into, the exchange differences are dealt with in the Profit and Loss Account over the period of the contracts.
- (iii) In translating the financial statements of subsidiary companies' non integral foreign operations, for incorporation in the consolidated financial statements the assets and liabilities, both monetary and non-monetary, are translated at the closing rate, the income and expense items of the subsidiary company are translated at the average rate and all resulting exchange differences are accumulated in a foreign currency translation reserve until the disposal of the net investment.

1.10 Revenue Recognition :

Sale of Goods are accounted on delivery to customers. Sales is net of returns and discounts and Sales tax/ Value Added Tax. Export sales is accounted as revenue on the basis of Bill of Lading. Dividend income is accounted for when the right to receive is established. Claims are accounted only when there is reasonable certainty of its ultimate collection.

Lease rentals are recognized as an income in the profit and loss account on a straight line basis over the primary lease period.

Other Income are recognized on accrual basis

1.11 Miscellaneous Expenditure :

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

1.12 Retirement and other employee benefits :

Changes in Accounting Policies

Adoption of Accounting Standard AS15 (Revised) Employee Benefits

During the year, the Company has adopted the Accounting Standard 15 (Revised) which is mandatory from accounting periods commencing on or after December 7, 2006. Accordingly, the Company has provided for gratuity and leave encashment based on actuarial valuation done as per projected unit credit method. The change does not have a material impact on the profit for the current year.

Short Term Employee Benefits:

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

Post Employment Benefits:

i. Defined Contribution Plans:

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

ii. Defined Benefit Plans:

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

to market yields at the Balance Sheet date on Government Securities where the currency and terms of the Government Securities are consistent with the currency and estimate terms of the defined benefit obligations. During the current year end, the accrued liability towards gratuity is provided on actuarial basis as on the Balance Sheet date as per revised Accounting Standard AS-15 "Employee Benefits" (Revised) as issued by the Institute of Chartered Accountants of India.

iii. Other Long Term Employee Benefits:

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

1.13 Provision for current and deferred tax :

- a) Provision for current tax & fringe benefits tax is made on the basis of estimated taxable income and fringe benefits respectively for the current accounting period in accordance with the provisions of Income tax Act, 1961. Deferred tax resulting from "timing differences" between taxable and accounting income is accounted for using the tax rates and laws that are enacted or substantively enacted as on the balance sheet date. The deferred tax asset is recognised and carried forward only to the extent that there is a virtual certainty that the asset will be realised in future.
- b) Provision for Current Tax is made on the basis of taxable profits computed for the current accounting period (reporting period) in accordance with the Income Tax Act, 1961.

1.14 Provisions, Contingent Liabilities and Assets:

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

1.15 Impairment of Assets:

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

1.16 Earnings per share:

Basic earnings per share are calculated by dividing the net profit for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

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

1.17 Intangible Assets :

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

1.18 Employee Stock Option Scheme:

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

2. Principles of Consolidation:

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

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

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

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

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

3. Information on subsidiaries, joint ventures and associates:

(a) The subsidiary companies considered in the consolidated financial statements are:

Sr. No.	Name of the Company	Country of Incorporation	Proportion of Ownership Interest as on 30 th June, 2008	Financial Period ends on
1	Ambit Investment Advisory Company Limited (100% subsidiary of Future Capital Holdings Limited)	India	55.01%	31st March, 2008
2	Axon Development solutions Limited (100% subsidiary of Future Capital Holdings Limited)	India	55.01%	30th June, 2008
3	CIG Infrastructure Limited	India	51.00%	31st March, 2008
4	Erudite Knowledge Services Limited (100% Subsidiary of Future Knowledge Services Limited)	India	100.00%	31st March, 2008
5	FCH Centrum Direct Limited (50.10% subsidiary of Future Capital Holdings Limited)	India	27.56%	30th June, 2008
6	FCH Centrum Wealth Managers Limited (50.10% subsidiary of Future Capital Holdings Limited)	India	27.56%	30th June, 2008
7	FH Residencies Limited (100% subsidiary of Home Solutions Retail (India) Limited)	India	76.38%	31st March, 2008
8	Future Brands Ltd.	India	100.00%	31st March, 2008
9	Future Capital Financial Services Limited (formerly Future Finmart Limited) (100% subsidiary of Future Capital Holdings Limited)	India	55.01%	31st March, 2008
10	Future Capital Holdings Limited	India	55.01%	31st March, 2008
11	Future Consumer Products Ltd	India	100.00%	31st March, 2008
12	Future E-Commerce Infrastructure Limited	India	72.00%	31st March, 2008
13	Future Finance Limited (formerly Sivagami Finance and Investments Limited) (100% subsidiary of Future Capital Holdings Limited)	India	55.01%	31st March, 2008
14	Future Hospitality Management Limited (100% subsidiary of Future Capital Holdings Limited)	India	55.01%	31st March, 2008
15	Future Knowledge Services Limited.	India	100.00%	31st March, 2008
16	Future Learning and Development Limited	India	100.00%	30th June, 2008
17	Future Logistic Solutions Limited	India	100.00%	31st March, 2008
18	Future Mall Management Limited	India	100.00%	31st March, 2008
19	Future Media (India) Limited	India	93.60%	31st March, 2008
20	Future Mobile and Accessories Limited	India	100.00%	31st March, 2008
21	Future Speciality Retail Limited	India	100.00%	31st March, 2008



Sr. No.	Name of the Company	Country of Incorporation	Proportion of Ownership Interest as on 30 th June, 2008	Financial Period ends on
22	Future Value Retail Limited (Future Hypermarket Limited)	India	100.00%	31st March, 2008
23	Futurebazaar India Limited	India	99.74%	31st March, 2008
24	Home Lighting India Limited (51% subsidiary of Home Solutions Retail (India) Limited)	India	38.95%	31st March, 2008
25	Home Solutions Retail (India) Limited	India	76.38%	30th June, 2008
26	Home Solutions Services (India) Limited (100% subsidiary of Home Solutions Retail (India) Limited)	India	76.38%	31st March, 2008
27	Indivision Investment Advisors Limited (100% subsidiary of Future Capital Holdings Limited)	India	55.01%	31st March, 2008
28	Kshitij Investment Advisory Company Limited (100% subsidiary of Future Capital Holdings Limited)	India	55.01%	31st March, 2008
29	Myra Mall Management Company Limited (100% subsidiary of Future Capital Holdings Limited)	India	55.01%	31st March, 2008
30	Pantaloon Food Product (India) Limited	India	94.81%	31st March, 2008
31	Pantaloon Future Ventures Limited	India	100.00%	31st March, 2008
32	Whole Wealth Limited	Hong Kong	60.00%	30th June, 2008

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

Sr. No.	Name	Description of Interest	Country of Incorporation	Percentage of Interest As on 30.06.08	Financial Period ends on
1	Apollo Design Apparel Parks Limited	Equity	India	39.00%	31st March, 2008
2	Asian Retail Lighting Limited (50% Joint Venture of Home Solutions Retail (India) Limited)	Equity	India	38.19%	31st March, 2008
3	Future Axiom Telecom Limited (formerly Convergem Communication India Limited)	Equity	India	50.00%	31st March, 2008
4	Future Generali India Insurance Company Limited	Equity	India	25.50%	31st March, 2008
5	Future Generali India Life Insurance Company Limited	Equity	India	25.50%	31st March, 2008
6	Goldmohur Design and Apparel Park Limited	Equity	India	39.00%	31st March, 2008
7	Gupta Infrastructure (India) Private Limited	Equity	India	19.38%	31st March, 2008
8	Kshitij Property Solution Private Limited (formerly Kshitij Capital and Mall Management Company Private Limited) (50% Joint Venture of Future Capital Holdings Limited)	Equity	India	27.51%	31st March, 2008
9	Mobile Repair Service City India Limited (100% Subsidiary of Future Axiom Telecom Limited)	Equity	India	50.00%	31st March, 2008
10	Pan India Food Solutions Private Limited	Equity	India	50.00%	31st March, 2008
11	Planet Retail Holdings Private Limited	Equity	India	49.00%	31st March, 2008
12	Real Term FCH Logistics Advisors Private Limited (50% Joint Venture of Future Capital Holdings Limited)	Equity	India	27.51%	31st March, 2008
13	Sain Advisory Services Private Limited	Equity	India	49.80%	31st March, 2008
14	Shendra Advisory Services Private Limited.	Equity	India	49.80%	31st March, 2008
15	Staples Future Office Products Pvt Ltd	Equity	India	37.50%	31st March, 2008

Sr. No.	Name	Description of Interest	Country of Incorporation	Percentage of Interest As on 30.06.08	Financial Period ends on
16	Talwalkars Pantaloon Fitness Private Limited	Equity	India	50.00%	31st March, 2008
17	Supreme Tradelinks Private Limited (100% subsidiary of Planet Retail Holdings Private Limited)	Equity	India	49.00%	31st March, 2008
18	Winners Sports Private Limited (100% subsidiary of Planet Retail Holdings Private Limited)	Equity	India	49.00%	31st March, 2008

(c) **Interests in Associates:**

Sr. No.	Name of the Company	Country of Incorporation	Proportion of Ownership Interest as on 30 th June, 2008	Financial Year ends on
1	Galaxy Entertainment Corporation Limited	India	31.55%	31st March, 2008

4. Contingent Liabilities not provided for:
 - 4.1 Guarantee outstanding Rs. 126.33 Crores (2007: Rs. 76.68 Crores)
 - 4.2 Claims against the company not acknowledged as debts : Rs.12.83 Crores (2007: Rs. 24.64 Crores)
 - 4.3 Unused letter of credits Rs. Nil (2007: Rs. 19.03 Crores)
 - 4.4 Preference dividend in arrears Rs. 0.03 Lacs (2007: Rs. 0.03 Lacs)
 - 4.5 Uncalled liability on shares partly paid up Rs. 50.53 crores (2007: Rs. Nil)
 - 4.6 Uncalled amount payable on conversion of fully convertible equity share warrants Rs. NIL (2007: Rs. 40.47 Crores)
5. Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) Rs.97.81 Crores (2007: Rs. 84.56 Crores)
6. Future interest liabilities in respect of assets of the value of Rs.3.16 Crores (2007: Rs. 1.59 Crores) acquired on hire purchase basis is Rs.0.74 Crores. (2007: Rs. 0.44 Crores)
7. Following the Indian GAAP (AS-2), Pantaloon Retail (India) Limited has refined the method of valuation of finished goods from "Retail Price less Mark up" to "At lower of cost and Net Realizable Value". Consequent to this change, the value of inventories is being lower by Rs. 74.37 Crores. The same has been adjusted (net of tax of Rs. 25.28 Crores) against brought forward balance in Profit & Loss Account.
8. Future Brands Limited, a subsidiary company has estimated the useful life of the brands acquired as indefinite and therefore has not provided for amortization. As a result profit for the period is higher by Rs. 0.91 Crores. Further during the period the said subsidiary has capitalized an amount of Rs.11.10 Crores, incurred on development of acquired brands. The profit for the period is higher to that extent.
9. The company has taken some assets on Finance Lease basis. Future Lease Rental obligations in respect of these assets is Rs.1.48 Crores (2007: Rs. 0.01 Crores). The Lease Rent payable not later than one year is Rs. 0.34 Crores (2007: Rs. 0.01 Crores) and that repayable later than one year but not later than 5 years is Rs.1.14 Crores. (2007: Rs. Nil).
10. The Company has entered into operating lease arrangements for the fixed assets. The future lease rental obligation in respect of these assets is Rs.1949.54 Crores (2007: Rs. 490.57 Crores). The Lease Rent payable not later than one year is Rs.438.02 Crores (2007: Rs. 90.02 Crores), repayable later than one year but not later than 5 years is Rs. 807.19 Crores (2007: Rs. 263.27 Crores) and that repayable later than 5 years is Rs.704.33 Crores (2007: Rs. 137.28 Crores).
11. The Financial statements of Whole Wealth Limited have been prepared under Hongkong Generally Accepted Accounting Principles (GAAP). They are restated as per Indian GAAP for the purpose of consolidation.
12. The group earlier had a policy of amortising goodwill over 5 years. From this year the group has changed this by not amortising goodwill. Had this change not been made the amortised amount of goodwill would be Rs.10.13 Crores and the profit and reserves would be lower to that extent.
13. Tax Charges
The Tax Expenses for the year comprises of :

(Rs. In Crores)

Particulars	2007-2008	2006-2007
Income Tax		
Current tax	31.43	32.49
Deferred tax	9.95	23.77
Fringe benefit tax	5.94	3.42
	47.32	59.68



14. Related Party Disclosure :

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

A) List of Related Parties

Associate Companies / Firm

- 1 Aashirwad Malls Private Limited
- 2 Acute Realty Private Limited
- 3 Anchor Malls Private Limited
- 4 Banshi Mall Management Company Private Limited
- 5 Banshi Silk Mills
- 6 Bartraya Mall Development Company Private Limited
- 7 ESES Commercials Private Limited
- 8 Fashion Global Retail Private Limited
- 9 Festive Realty Private Limited
- 10 Future Ideas Company Limited
- 11 Galaxy Entertainment Corporation Limited
- 12 Harmony Malls Management Private Limited
- 13 Idiom Design & Consulting Limited
- 14 Indus-League Clothing Limited
- 15 Iskrupa Mall Management Company Private Limited
- 16 KB Mall Management Company Limited
- 17 Manz Retail Private Limited
- 18 Navratna CG Road Properties Private Limited
- 19 Nirvana Mall Management Company Private Limited
- 20 Nishta Mall Management Company Private Limited
- 21 Niyman Mall Management Company Private Limited
- 22 Ojas Mall Management Private Limited
- 23 Pan India Restaurants Limited (upto 10.08.2007)
- 24 Pantaloon Industries Limited
- 25 PFH Entertainment Limited
- 26 Shreya Mall Management Private Limited
- 27 Srishti Mall Management Company Private Limited
- 28 Stripes Apparels Limited
- 29 Suhani Mall Management Company Private Limited
- 30 Unique Malls Private Limited
- 31 Utsav Mall Management Company Private Limited
- 32 Vayuputra Realty Private Limited
- 33 Vishnu Mall Management Private Limited
- 34 Weavette Textstyles Limited

Key Management Personnel and Relatives

Key Management Personnel

1. Mr. Kishore Biyani – Managing Director;
2. Mr. Gopikishan Biyani – Whole time Director;
3. Mr. Rakesh Biyani – Whole time Director

B) Transaction with related Parties

(Rs. In Crores)

Nature of transactions	Associate Companies	Key Management Personnel & Relatives
Sales and Operating Income	186.42 (81.76)	
Sale of Fixed Assets	0.28 (-)	
Interest Received	- (1.88)	
Reimbursement of Expenses	5.15 (-)	
Purchase of Raw Material, Finished Goods and Stores	91.21 (111.71)	
Purchase of Fixed Assets	1.57 (0.60)	
Expenditure on services and Others	90.11 (62.96)	

Nature of transactions	Associate Companies	Key Management Personnel & Relatives
Managerial remuneration & Commission	-	6.15 (6.04)
Loans Given	- (46.75)	
Advances Given	8.57 (16.27)	
Advance Taken	11.80 (0.04)	
Inter Corporate Deposit	- (23.63)	
Deposit Given	270.51 (50.37)	
Deposit Taken	1.23 (35.76)	
Investment	- (43.79)	
Share Application Money Paid	1.39 (12.52)	
Share Application Money Received	- (1.98)	
Outstanding balances as on 30/06/08		
Receivable	502.59 (172.73)	
Payable	94.42 (9.29)	

Figures in bracket are with respect to previous year.

C) Joint Venture Information:

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

(Rs. In Crores)

Particulars	As at 30 th June, 2008
Assets	450.04
Liabilities	139.19
Income	174.19
Expenditure	207.27

15. Segment Report:

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

16. Earning Per Share

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

	UNITS	2007-2008	2006-2007
Profit after tax	A Rs. In Crores	21.93	35.55
Weighted average number of equity shares (Face Value of Rs. 2/- each)	B No.in Crores	15.10	13.78
Earning per share (Face Value of Rs. 2/- each) Basic & Dilutive (A/B)	In Rs.	1.45	2.58

17. Deferred Tax Liability :

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

Item	2007-2008 (Rs. In Crores)	2006-2007 (Rs. In Crores)
Deferred Tax Liability		
Related to Fixed Assets	106.42	59.19
On unamortised loan origination cost	0.69	-
Share of jointly controlled entities	0.03	-
	107.14	59.19
Deferred Tax Asset		
Disallowance under the Income Tax Act, 1961	12.05	2.98
Carry Forward of Losses and Unabsorbed Depreciation*	34.36	2.97
Less: Adjustment of change in method of valuation of finished goods (refer note no.7)	25.28	-
Share in Jointly Controlled Entity	0.03	2.75
	71.72	8.70
Provision for Deferred Tax (Assets)/ Liability	35.43	50.49

* Future Media Limited and Future Logistic Solutions Limited have recognised deferred tax asset of Rs. 8.43 crores on carry forward losses and unabsorbed depreciation which is subject matter of qualification in their Auditors' Report.

18. Capital Reserve is shown in the balance sheet as net of goodwill of Rs.50.62 Crores (2006-07: Rs.7.59 Crores).
19. During the year the group has divested its stake in Footmart retail India Limited and Alpha Future Airport Retail Private Limited. The excess of sale consideration over net asset value of the company has been recognized as profit in the consolidated financial statement.
20. The accounts of the following subsidiaries and Joint Ventures have not been audited and have been consolidated on the basis of the accounts as certified by their Management:
Future E-Commerce Infrastructure Limited, Future Mobile and Accessories Limited, Futurebazaar India Limited, Pantaloon Food Product (India) Limited, Apollo Design Apparel Parks Limited, Future Axiom Telecom Limited, Goldmohur Design and Apparel Park Limited, Mobile Repair Service City India Limited, Pan India Food Solutions Private Limited, Planet Retail Holdings Private Limited and Staples Future Office Products Private Limited.
21. For certain items, the Company and its Subsidiaries and Joint Ventures have followed different accounting policies. However, impact of the same is not material.
22. Figures pertaining to the subsidiary companies and joint ventures have been reclassified wherever necessary to bring them in line with the group financial statements.
23. Previous year's figures have been recast / restated wherever necessary.

As per our Report of even date attached

For NGS & CO.
Chartered Accountants

For and on behalf of Board of Directors

Navin T.Gupta
Partner
Membership No.40334

Kishore Biyani
Managing Director

Rakesh Biyani
Wholtime Director

Gopikishan Biyani
Wholtime Director

Shailesh Haribhakti
Director

S. Doreswamy
Director

Dr. Darlie O. Koshy
Director

Anil Harish
Director

Bala Deshpande
Director

Vijay Kumar Chopra
Director

Place : Mumbai
Dated : 20th September, 2008

C P Toshniwal
Chief Financial Officer

Deepak Tanna
Dy. Company Secretary

**Consolidated Cash Flow Statement For The Year Ended 30th June, 2008
(Pursuant To Clause 32 Of The Listing Agreement)**

	2007-2008 (Rs. in Crores)	2006-2007 (Rs. in Crores)
A Cash Flow from Operating Activities		
Net Profit/(Loss) Before Tax and Extraordinary items	(15.30)	79.82
Adjustments for :		
Depreciation	118.21	48.24
Preliminary & capital issue exp w/o	1.13	0.92
Provision for Doubtful Debts/advances	1.20	0.73
Leave encashment-Transitional adjustments as per AS-15 (Revised)	(0.02)	-
Sundry Balance Written off (Net)	(0.07)	0.56
Amortisation of Goodwill	-	3.25
Interest (Net)	223.58	100.08
Dividend Income	(1.44)	(2.08)
(Profit) / Loss on sale of shares	(0.04)	(89.46)
(Profit) / Loss on sale of asset	(14.87)	(0.09)
Operating profit before working capital changes	312.38	141.97
Adjustments for :		
Trade and other receivable	(236.23)	(40.77)
Inventories	(766.84)	(497.31)
Loans & advances	(196.87)	(151.57)
Trade payables	670.55	217.45
Other payables	4.15	3.65
Cash generated from operations	(212.86)	(326.58)
Share in profit/(loss) of Associate Company	(0.90)	-
Share of Minority Interest	403.08	50.70
Direct taxes paid	(58.00)	(42.36)
Preliminary / Capital Issue Expenses paid	(0.86)	(1.28)
Cash flow before Extraordinary items	130.46	(319.52)
Extraordinary items	4.45	(0.24)
Net Cash from Operating Activities	134.91	(319.76)
B Cash Flow From Investing Activities		
Sale / (Purchase) of Fixed Assets	(867.71)	(544.96)
(Increase)/Decrease in capital work - in - progress	(216.29)	(76.79)
Share Application Money	-	(12.70)
Debenture Application Money	(6.02)	-
Sale / (Purchase) of Investments	(270.45)	150.47
Profit on sale of Subsidiary/Joint Venture	29.77	-
Inter Corporate Deposits	(73.73)	(13.23)
Deposit given-leased premises	(320.73)	(166.69)
Dividend Income	1.44	2.08
Deposits Made	(62.07)	(13.02)
Net Cash used in Investing Activities	(1,785.79)	(674.84)
C Cash Flow from Financing Activities		
Payment of Dividend and Dividend Tax	(8.82)	(7.66)
Working Capital from Banks/Institutions	711.88	(33.38)
Proceeds from Issue of Share Capital (Net of Expenses)	645.89	538.77
Proceeds from Issue of Warrant	63.26	-



	2007-2008 (Rs. in Crores)	2006-2007 (Rs. in Crores)
Proceeds from Issue of Debenture	(200.00)	200.00
Proceeds from Issue of Commercial Paper	50.00	(10.00)
Proceeds from long term borrowing	735.89	415.62
Proceeds from Other Borrowings	6.23	188.10
Interest (Net)	(223.58)	(100.08)
Net Cash from financing activities	1,780.75	1,191.37
Net Cash used in Cash and Cash Equivalents (A + B + C)	129.86	196.77
Cash & Cash Equivalents (Opening balance)	235.51	38.74
Cash & Cash Equivalents (Closing balance)	365.37	235.51
Cash and Cash Equivalents include:		
Cash in Hand	20.31	9.54
Foreign currency on hand	-	0.00
Balance with Scheduled Banks :		
in Current Accounts (including in transit)	190.61	90.55
in Fixed Deposit Account	67.88	65.51
Margin Money Deposit Accounts	11.64	54.94
Dividend Account	0.22	0.21
Share in Jointly Controlled entities	74.71	14.76
	365.37	235.51

Notes :

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

For and on behalf of Board of Directors

Kishore Biyani
Managing Director

Gopikishan Biyani
Wholetime Director

Rakesh Biyani
Wholetime Director

Shailesh Haribhakti
Director

S. Doreswamy
Director

Dr. Darlie O. Koshy
Director

Anil Harish
Director

Bala Deshpande
Director

Place : Mumbai
Date : 20th September, 2008

Vijay Kumar Chopra
Director

C P Toshniwal
Chief Financial Officer

Deepak Tanna
Dy. Company Secretary

AUDITOR'S CERTIFICATE

We have examined the attached Consolidated Cash Flow Statement for the year ended 30th June, 2008. This statement has been prepared by the Company in accordance with the requirements of the listing agreement (Clause 32) entered with the Stock Exchanges and is based on and in agreement with the corresponding Profit and Loss Account and Balance Sheet of the company covered by our report of 20th September, 2008 to the Members of the Company.

For NGS & CO.
Chartered Accountants

Navin T.Gupta
Partner
Membership No.40334

Place : Mumbai
Dated : 20th September, 2008

Notes



Notes

Registered Office:

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