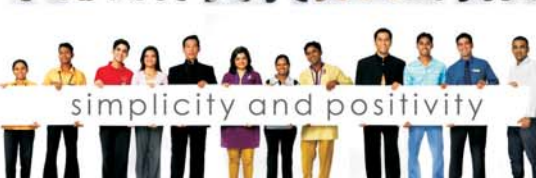


REWRITE RULES...
RETAIN VALUES



ANNUAL REPORT
2008 - 2009



AROUND THE COUNTRY, OUR PEOPLE COME TO WORK EACH DAY WITH A COMMITMENT TO REWRITE RULES AND RETAIN VALUES.

It is obvious that modern retail is one of the largest beneficiaries of India's economic growth. At Pantaloon Retail, what is more satisfying is that being in this business allows us to benefit the maximum number of stakeholders and play a direct role in India's economic development. Whether it is through bringing a smile to the face of every Indian consumer, generating employment for thousands of young Indians, creating new markets for India's entrepreneurs or empowering communities, we fulfill our commitment to be a positive change agent in society and create value for every stakeholder.

In the process we develop new relationships with new communities and customers. It helps build a stronger foundation for our long-term, sustainable growth.

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COMPANY INFORMATION



BOARD OF DIRECTORS

Mr. SHAILESH HARIBHAKTI
Chairman

Mr. KISHORE BIYANI
Managing Director

Mr. GOPIKISHAN BIYANI
Wholetime Director

Mr. RAKESH BIYANI
Wholetime Director

Mr. VIJAY BIYANI
Wholetime Director
(Appointed w.e.f. 26-09-2009)

Mr. S. DORESWAMY
Director

Dr. DARLIE KOSHY
Director

Mr. ANIL HARISH
Director

Ms. BALA DESHPANDE
Director

Mr. VIJAY KUMAR CHOPRA
Director

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 LTD.
STATE BANK OF TRAVANCORE
UCO BANK
STANDARD CHARTERED BANK
THE FEDERAL BANK LTD.
UNION BANK OF INDIA

SHARE TRANSFER AGENTS

Link Intime India Pvt. Ltd.
(Formerly known as
Intime Spectrum Registry Limited)
C-13, Pannala Silk Mills Compound,
LBS Marg Bhandup (West),
Mumbai – 400 078.
Tel . No. + 91 22 2596 3838
Fax No. + 91 22 2594 6969

REGISTERED OFFICE & CORPORATE OFFICE

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

www.pantaloon.com



OUR NETWORK



190 MILLION + CUSTOMERS
34,000 + SHAREHOLDERS
33,500 + EMPLOYEES
4000 + SUPPLY PARTNERS
73 CITIES
ONE COMPANY

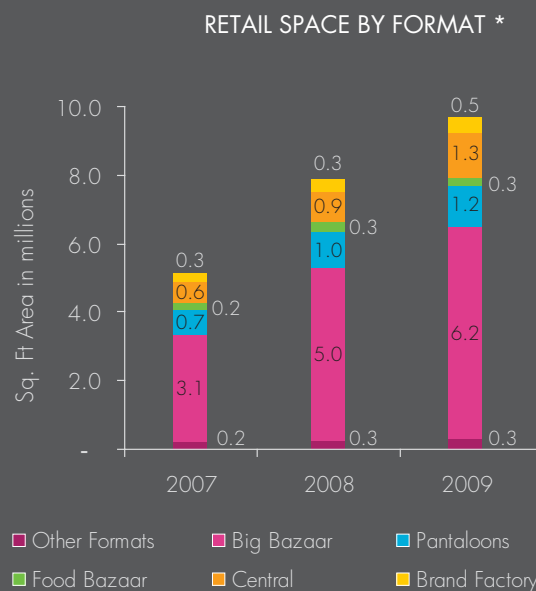
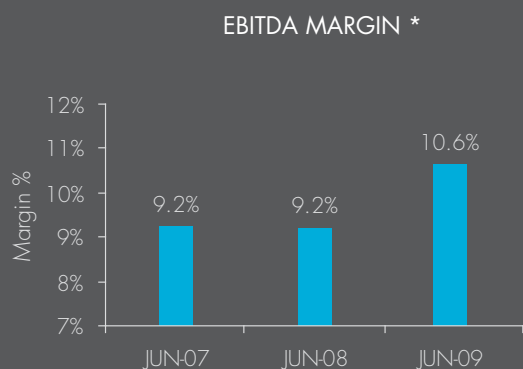
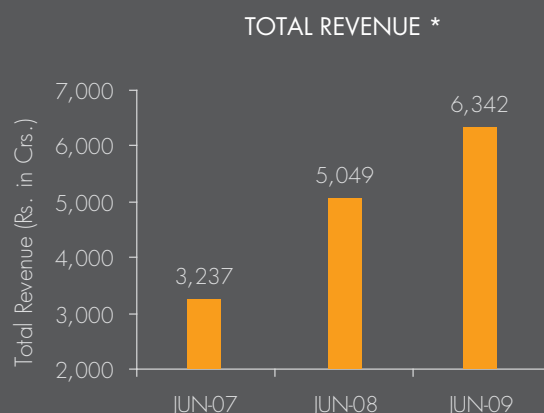
CORPORATE HIGHLIGHTS



STANDALONE AUDITED FINANCIAL RESULTS FOR YEAR ENDED 30TH JUNE, 2009

(Rs. In crores)

Particulars	Year ended 30th June 2009	Year ended 30th June 2008	Growth
Net Sales/Income from Operations	6,341.70	5048.91	25.6%
Profit from Operations before other Income and Interest	528.39	377.13	29.6%
Profit Before Tax	216.23	195.62	10.5%
Net Profit	140.58	125.97	11.6%
Paid up equity share capital (Face value of Rs.2 per share)	38.06	31.86	19.5%
Reserves excluding Revaluation Reserves	2,211.47	1,751.50	26.3%
BASIC EPS & DILUTED EPS :			
a) Equity Shares	7.94	7.54	
b) Class B Shares (Series 1)	8.04		



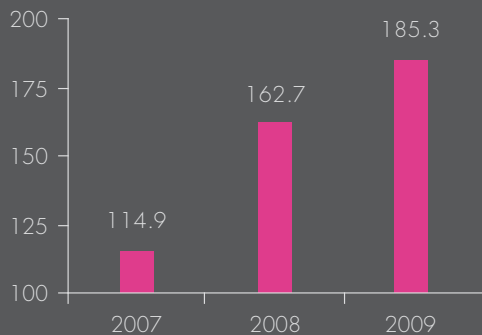
* DOESN'T INCLUDE PRIL SUBSIDIARIES

IN 2008-09 WE FACED MARKET PRESSURES THAT BROUGHT OUT THE STRENGTH OF OUR COMMITMENT TO OUR BELIEFS AND VALUES.

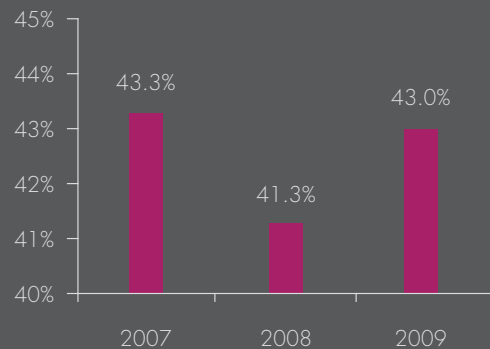
As economic uncertainty engulfed the business environment, we worked harder to save costs and improve efficiency, so that our customers benefit from lower prices. By channeling our knowledge, creativity and determination, we continued our legacy of growth and gave consumers powerful new reasons to shop and celebrate at our stores.

We were sure that our customers would never let us down.

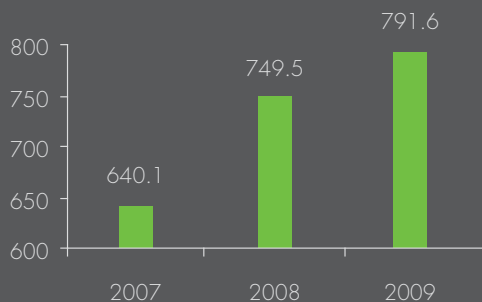
FOOTFALLS *



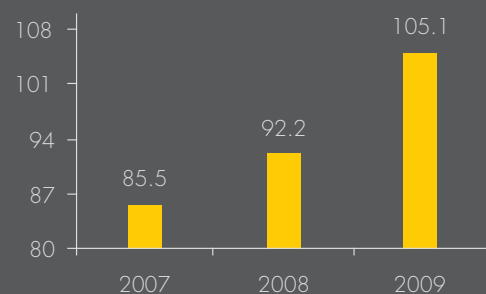
CONVERSION % *



AVERAGE TICKET SIZE * (Rs.)



AVERAGE SELLING PRICE (Rs.)



* DOESN'T INCLUDE PRIL SUBSIDIARIES

MESSAGE FROM THE MANAGING DIRECTOR



DEAR STAKEHOLDERS

Much like the economic environment of the past year, your organization too weathered a challenging business scenario and went through a phase of rapid transformation. It gives me immense pleasure to present before you the Annual Report for the Financial Year 2008-09. As you will notice, the report captures the transformation of an organization into a far more efficient and focused entity that gained strength from its commitment to 'Rewrite Rules, Retain Values,' and is building a strong foundation for long-term, sustainable and profitable growth.

During the past couple of years, we had moved into a fairly high-cost economy and much like other organizations, we were paying a higher price for almost every business input – whether it was talent, real estate, energy or resources. While all of us were cognizant of this scenario, the changes in the external environment forced us to act swiftly and decisively in bringing down costs and improving efficiency and productivity. At the same time, we worked harder on innovation and enterprise to offer more value to customers and make our retail chains the preferred destination for every segment of the society.

At a strategic level, we also identified four categories that we will focus on. These categories capture more than 60% of the consumers' wallet. The categories

are fashion, food, general merchandise and home, which include consumer electronics and furniture. In each of these categories, we worked diligently to bring in productivity and efficiency to increase square foot sales. We are working on and have achieved considerable progress in increasing margins in every key category. We have also worked hard in allocating resources to businesses in a manner which give us better returns, faster break even and faster return on capital. With all these corrections we believe that your company will yield more positive results beginning with the forthcoming year.

With the opening of nearly 14 new Pantaloon stores in the forthcoming year and another about 6-odd Central stores, the share of the fashion category and the lifestyle business is expected to go up. Despite the economic environment, your company has been able to maintain healthy growth in same store sales. As the economy improves and consumer sentiment turns buoyant, we expect the per square feet sales to come in the vicinity of Rs 9,000 per month. At the same time, your company will be focused on bringing down its inventory levels, containing its costs and generating higher return of capital employed.

At the macro-economic level, the Indian economy is expected to cross \$2 trillion during the next decade

“WE ARE PROUD TO HAVE BUILT THIS ORGANIZATION WITH A CULTURE FOCUSED ON CORE VALUES THAT CAN BUILD UPON ITSELF IN A POSITIVE MANNER. THIS HAS ENSURED THAT WE SUSTAIN WHAT IS UNIQUE TO US AS WE GROW.”

and more than a half of this will be contributed through private consumption demand. Economic growth, coupled with the growth of modern retail will help grow consumption of value-added products in the economy. In turn this will help create new categories of consumption. Your company will not only benefit from the growth of consumption demand, but is also among the few organisations that are primed to benefit from the growth of value added products through its presence across the value chain - from sourcing, branding, distribution to retailing to end-consumers.

I believe that all of us are proud to have created this organization with a culture focused on core values that can build upon itself in a positive manner. This has ensured that we sustain what is unique to us as we grow.

For long, we have resisted the temptation of setting up a corporate social responsibility department that has a select few employees working with a defined budget and regularly speaks out on the 'good work' that it does. The primary reason for this is as an organization, we could never find a difference in the work we do every day and the 'good work' that a responsible organization is supposed to do.

One of the biggest joys of being in the business of modern retail and that too in the context of the Indian

economy is that it allows us to get in touch with millions of stakeholders and act as a positive change agent in society. Whether it is through providing consumers a larger choice of quality products, helping small and medium supply partners and entrepreneurs develop markets for their products and services or generating employment for those who come from economically and socially marginalized sections, the business of modern retail gives us the largest possible canvas to create new opportunities for people and transform societies and communities.

It has always been our belief that being an ethically, socially and environmentally responsible organization is the best and the most efficient way to earn the trust and goodwill of millions of customers and stakeholders. As a sustainable business that nurtures its supply partners, which cares for its community, empowers its employees and strives to be a positive change agent in society, we are confident that your company will be the one which retains the trust of society and builds a strong foundation for long-term, sustainable growth.

Rewrite Rules, Retain Values



Kishore Biyani



WE CREATED 52 REASONS TO SHOP, EAT & CELEBRATE

Central was conceived as being more than just a shopping destination; instead a community space where people from all walks of life come and enjoy with their friends and family in a festive, celebratory setting. In keeping with this, we made celebrations, something close to Indians' hearts, an integral part of shopping with us.

Beginning this year, we implemented a 52-week calendar of events, to celebrate within Central. This reflects every Indian festival, sporting, lifestyle and leisure events from around the world as well as social causes like Environment Day. We kept giving our customers a reason to celebrate, an excuse to visit the store and they kept coming back to us. These events have truly helped Central to

differentiate itself from the competition and helped us to connect with our customers at an emotional level.

Over a decade of experience in retailing has taught us the significance of keeping the excitement at the shop floor alive, irrespective of whether the economy is up or down. Based on the success of this initiative we are rolling out 52-week events and excitement calendars for our other formats as well.

In May 2009, Central completed five glorious years. What started as a dream in 2004 to redefine lifestyle shopping in India by creating a seamless offering of shopping, eating and celebration, with the opening of our first mall in Bangalore, is now at a stage where Central is among the fastest growing lifestyle retail chains in the country with 10 stores across 7 cities.

In the financial year 2008-09 Central opened 2 more stores in Indore and Mumbai and added over 3,50,000 square feet of retail space. The Central in Indore is our biggest store in the country and the opening of SOBO Central in the upmarket South Mumbai locality in July 2009 was to help us move closer to establishing the Central brand in Mumbai.

We expect to continue pursuing an aggressive expansion strategy in the current fiscal and launch 6-7 new stores to give even more customers reasons to come celebrate with us.



There is little to distinguish 14-year old Mohammad Arafat Shaikh and 13-year old Bidal Shaikh from the rest of the kids in Mumbai's Nagpada area. Except that they have a passion for basketball and are part of the US-based National Basketball Association's (NBA) Basketball without Borders initiative. Supported by Spalding, the sports brand retailed and marketed by Planet Sports, the initiative uses basketball to influence positive social change and features current and former NBA players and team personnel working as camp coaches.

In March 2009, Mohammad and Bidal's basketball court was resurfaced and spruced up leading the number of children like them joining a summer basketball camp there to jump from 70 last year to more than 150 this year, including 20 girls. Basketball is presently India's second fastest growing sport, with an estimated 4 million people playing. In Delhi alone, 150 schools today have boys' and girls' basketball teams.

As India gears up to host the Commonwealth Games in 2010, Planet Sports, as India's leading sports retailer is positioning itself to capitalize on it by playing a major part in the progress and development of Olympic sports and creating awareness of its brands and range of products from its exclusive tie-ups with the world's leading sports brands like Spalding, Converse, Wilson, Speedo and Callaway.



WE ARE TAKING SPORTS TO NEW PLAYING FIELDS

Swimwear brand, Speedo was actively involved in swimming initiatives all over the country and equipped the first ever Indian senior team bound for the English Channel swim meet. Wilson tied-up for the Chennai Open and Kingfisher Open events and consolidated its commitment to the Apollo Mission 2018 of identifying and grooming budding talent with the objective of producing the first singles Grand Slam champion from India by 2018.

In keeping up with our expansion across the country, Planet Sports added 15 new stores and entered 4 new cities – Ambala, Baroda, Shillong and Siliguri. It also added new brands, Mitre, K-Swiss and Lotto to its portfolio. In the year ahead, Planet Sports is gearing up to launch larger-format stores. And to make it the favoured destination for India's sports enthusiasts, we went back to the drawing board to come up with innovative ways in which to help our customers make more informed purchase decisions. Planet Sports has conceptualized the next generation experience stores where a consumer can experience the products first hand and a trained staff helps him understand the intricacies of the game and products.





The year marked one of the most significant milestones in the growth of modern retail in India. Since the first Big Bazaar was opened in VIP Road, Kolkata in October 2001, within a span of just seven years, Big Bazaar opened its 100th store – marking one of the fastest ever organic expansions of a hypermarket format store anywhere in the world.

With 116 Big Bazaar stores covering over 6.2 million square feet at the end June 2009, we have also realigned the stores in three distinct buckets based on their sizes, merchandise planning and positioning. The largest of the Big Bazaar stores measuring more than 75,000 square feet are being positioned as Big Bazaar Family Centres. Big Bazaar Family Centres are designed to be 'family community centre' with something for everyone to do and gives consumers, communities and target groups more occasions, more reasons and more choices to consume. Featuring not just a retail area, but also extensive food courts, kids' entertainment and fun zones, gyms and health centres and beauty

WE ARE
ENSURING BIG
BAZAAR GETS
BIGGER AND
BETTER

centres, they are designed to play a much larger role in consumers' lives. With only one or two of them in each city, the Big Bazaar Family Centres with their unique facades and distinct, standalone locations, are the talk of the town and a one-stop outing destination for any consumer from within and outskirts of the city.

Over the years, Big Bazaar has emerged as an iconic urban destination that reflects modern India – inclusive, young, confident and resplendent – incorporating the aspirations of its customers who value choice and modernity, without losing touch with their culture and customs. In a diverse country like ours, every Big Bazaar store is customized to the needs and aspirations of the community that it caters to.

With the launch of Big Bazaar Family Centres we take the next step toward giving our customers a complete shopping experience where communities, cultures, families and markets converge!



While customers were busy shopping, much of our time was spent observing their tastes and preferences, interacting with them and understanding their needs, aspirations and expectations. The insights gathered from the shop floor help us to improve the retail experience, as well as create new consumer brands in fashion, electronics, home products and fast moving consumer goods (FMCGs).

The company has a strong portfolio of private brands in fashion, accounting for well over half our sales. In electronics, our brands Koryo and Sensei have won the confidence of customers and are leaders in categories like home appliances, microwave ovens and ACs.

This year, we put in substantial energy and resources in developing private brands in the FMCG space. Data obtained from AC Nielsen suggest that Food Bazaar captures around 28% of total sales of FMCG products in modern retail. In certain cities like Ahmedabad, Pune and Kolkata, this share is close to 50%. This formidable share allows us to define the market build new categories and develop new brands in the FMCG space.

The company has identified a range of categories wherein it believes that there is either a product or price gap or existing brands aren't able to meet customer expectations. The private brands provide customers with more choice, thereby increasing consumption. It further helps in more freedom and flexibility in pricing, more control over product attributes, maintaining high quality and higher margins or lower selling price.

The private brands in the food category are Tasty Treat Premium Harvest and Fresh & Pure. Tasty Treat offers processed products which connote indulgence and is present in 19 merchandised categories like tomato

WE ARE CREATING BRANDS FOR THE NEW INDIA

ketchup, instant noodles, jams, cookies, chips, Indian snacks or namkeens, papads and pickles. Fresh & Pure offers basic processed foods in 17 merchandised categories like edible oils and dairy products. The private brands in home and personal care segment products are CareMate and CleanMate. CareMate is present in 13 merchandised categories and CleanMate is present in 10 categories.

The most recent addition to this portfolio of private brands is Sach – a brand co-developed with Sachin Tendulkar. A first-of-its kind brand in India, Sach has been extended across multiple categories including kidswear, milk, toothbrush and bodywash. The company is also working on a private brand, Ektaa that will offer staples customized to regional and community preferences.

In addition to these, the company is working with two companies, Capital Foods and Faces Cosmetics, in which Future Group has invested, to introduce a range of new brands and products in processed food and body care, respectively.



WE ARE COLLABORATING WITH MANUFACTURERS TO CREATE NEW CONSUMPTION CATEGORIES



While food and grocery retailing is widely penetrated in the country, lack of innovation has held back the growth of new categories in the marketplace, thus providing for only incremental growth. To grow consumption discontinuously, Food Bazaar embarked on a process of collaboration with major FMCG companies that included innovation in packaging, product development, market activation and promotion that are specifically designed for modern retailing.

This initiative is being led through a core Category Team which is complemented by a strong Relationship Team for every significant FMCG player. The Relationship Manager is dedicated to rigorously nurture the respective company brands. This new structure has been a strong facilitator in aligning every FMCG company to our vision of creating new categories, increasing usage occasions and thereby creating incremental consumption.

One of the first initiatives was Food Bazaar partnering with India's leading FMCG brands like Nivea, Dove, Olay, Lakme, Pond's, among others, to celebrate 'Beauty Carnival' across 5 metros. The carnival provided an opportunity to introduce a wider range of customers to a host of new products by offering beauty solutions

like skin testing, hair makeovers and best-deals in color cosmetics, shampoos, skin care and face care.

Another successful initiative was the growth of men's grooming category, which was at a very nascent stage. Male grooming products have always been homogenized and rested lazily on personal care shelves of conventional outlets. Noticing a growing trend in men to look good and indulge in various grooming products, Food Bazaar created an exclusive Men's Grooming section with over 1500 products specially for men. The section is not only a favourite among our customers, but is also seen by FMCG companies as a radical spring board to launch new products for men.

From a category that captured marginal sales, men's grooming now promises to be a Rs. 100 crore category for Food Bazaar in the near future.



How do we ensure fashion reflects Indian trends, colours, sensibilities and body sizes? How do we ensure that every customer gets the right size and range of colors for the style he or she chooses? How do we ensure that we sell more fashion products at full price and adopt a systematic approach to discounts and mark-downs? How do we ensure that there is a perfect product mix in our stores in terms of fast fashion, core products and company-owned brands that create customer delight?

These are just some of the questions we continuously review and address in a category that has historically been the corner stone of our business. The fashion category provides a relatively higher margin and value creation for a retailer, provided it is under constant scrutiny and continuous development. Having set up a talented team of professionals to design and source the merchandise, in the current year we focused on strengthening our planning mechanism and backend efficiencies.

We now have a full-fledged perpetual inventory

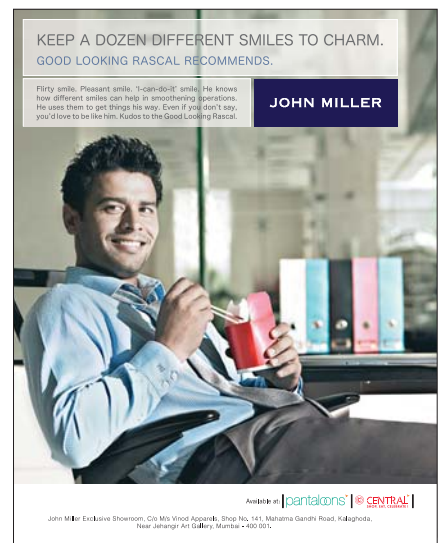
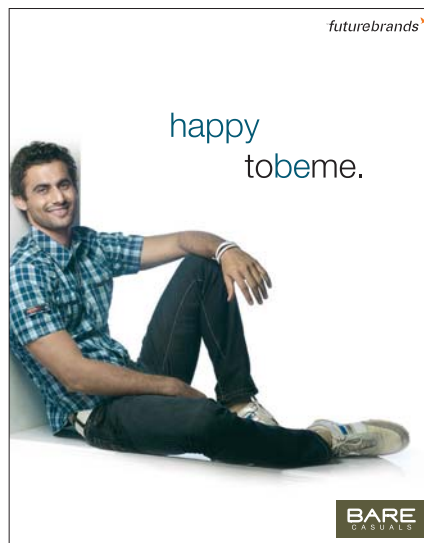
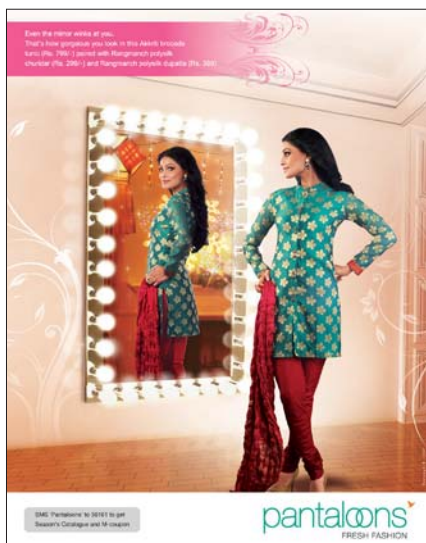
WE ARE MAKING FASHION FASTER AND FRESH

management system that acts a fool-proof system of assuring us on optimum inventory levels through cycle bound processes running in the stores. Along with this, an automatic replenishment system ensures that the time taken between an order placed by a store to a warehouse and its delivery is tracked and continuously improved upon.

We have completely revamped our business intelligence system with real time data stream coming out of our stores allowing us to react to promotions much faster and giving us a significant amount of control on the kind of promotions that we need to do for each specific store. It has also helped in significant growth of sales during the full price period and that has led to an additional amount of margins coming through. The impact of these measures is the significantly higher availability of merchandise within the store, which translates into higher customer satisfaction and productivity.

Company-owned private brands like John Miller, Lombard, Annabelle and Bare have been strengthened and contribute to as high as 80% of total sales within formats like Pantaloons. Core fashion products which used to be only about 8% to 12% of our collection now is generating close to 20% to 25% of our sales.

The success of these initiatives has emboldened us to expand our retail formats in the fashion category, with Pantaloons alone adding around 14 stores in the forthcoming year. Going ahead, we believe that fashion category will contribute a much higher proportion to the both the topline and bottomline of the company.



WITH 5 COMPANY - OWNED BRANDS COVERING 63 MERCHANDISE CATEGORIES IN THE FMCG SPACE, THE COMPANY NOW HAS ONE OF THE LARGEST PORTFOLIOS IN THIS SEGMENT.



Armed with first hand consumer insights built through years of observing customers shop at our stores, we are creating FMCG brands which in their own right would grow consumption. As a retailer we are the last mile in the chain and closest to the consumer. We have a unique advantage to understand communities, customers taste behavior and preferences. Our brands compete as brands in their own right with other brands on the shelf on quality, pricing, packaging and benefits.

Company - owned brands offer more freedom and flexibility in pricing, more control over product attributes and quality, higher margins and lower prices for our customers.





WE TURNED ADVERSITY INTO AN OPPORTUNITY

along with interior decorators, tradesmen and service providers. Thus instead of just buying only a few selected products from the store, the entire product requirement is serviced by the store. The customer on his part saves his time and money on hiring different service providers and tradesmen.

The popularity of the initiative led us to extend its services even to small offices, restaurants, show rooms and other institutional buyers. This initiative contributed to 4% of total sales this year, it is expected to contribute around 10% of sales during the forthcoming year.

While it was important to engage with end customers, we did not miss out on engaging with a critical decision maker in this business – the tradesmen like electricians, plumbers, painters, carpenters and tilewalas. In order to make these tradesmen comfortable with our stores and appreciate what we're all about, Home Town launched a special tradesmen programme, 'Aap Ke Saath', with a focus on getting them to buy from our store and bring customers to HomeTown. We now have a database of over 2300 tradesmen who are continuously engaged with the store through contests, promotions and incentives and have become a key partner in growing our business.

Inspite of the adverse economic scenario, the success of these initiatives gave us the confidence to launch the largest ever Home Town, measuring over 200,000 square feet in Kolkata in June 2009.

Home Town was designed as a one-stop destination for all products and services that go into home building and improvement. The concept was expected to benefit from the massive increase in construction and demand for apartments across Indian cities. As the economy slowed down and home buying took a back seat, we focused our energies on innovative solutions to engage with customers.

During the year, we launched Design & Build – a one-stop section within the store for low-cost, turnkey solutions for providing design and execution services to walk-in retail customers – both for complete home interiors, as well as, for part renovations and installations. A customer enrolling for the program gets a dedicated team led by a relationship manager



‘Khusiyon se bhari jholi’ . That’s how we describe the shopping bag of every customer who walks out of our store. And for the shopping bag to be filled with happiness inside, an extensive and robust logistic network comes together to ensure that customers find their products just when they need it.

It is a logistic network that carries an average of 2 million pieces everyday with peak single-day transactions reaching 4 million pieces. These products crisscross the country on a fleet of over 800 vehicles from over 4000 vendors to 50 warehouses to stores in over 70 cities. And the challenge is to ensure that while the product has moved from the vendor to the warehouse in time it hasn’t stayed there for too long so that just when the product gets over in the shelf, it is immediately replenished for the next customer to pick it up.

This entire backbone is handled by a specialized subsidiary of the company, Future Logistic Solutions Limited (FLSL). During the year, we rationalized the number of warehouses. Having fewer, bigger warehouses has facilitated economies of scale and at the same time, consolidation of merchandise in fewer locations has also resulted in higher product availability and wider choice to customers. We also invested in creating highly automated Distribution Centres (DCs) that ensured higher vertical space utilization and higher throughputs.

WE ARE STORING LESS AND SELLING MORE

Implementation of advanced Warehouse Management System (WMS) and Automatic Replenishment System (ARS) has significantly improved inventory visibility across warehouses, resulting in improved order fulfillment and accuracy. This has significantly increased our line fill rates, ensuring prompt replenishment of every single item in our stores.

Another significant development was that instead of having vendors deliver separately to each of our warehouses, we now take all the deliveries at a single merchandise hub nearest to the vendor. This in turn has resulted in multiple benefits – better efficiencies and lower costs, both for us and our vendors and higher inventory turnover.

Interestingly, it also means a lower carbon footprint for every product that is sold out of our stores.



WE ARE GETTING TO KNOW OUR CUSTOMERS BETTER

Retail is in detail and often our business success depends on how far we can customize our delivery to customers and how fast we can react to business needs. A lot of this is today possible due to our extensive investments in talent and technology that is helping collate every minute, information from across our businesses and respond faster. Business Heads can now easily analyse and drill down SKU level data at multiple levels including category, customer, inventory, store, city, zone, period, promotion and purchase price. Operational Heads now receive 350 daily and 650 weekly reports. The massively scalable Greenplum based platform is also helping detect fraud through a series of Early Warning Reports and improving cashier productivity.

And these are just some of the myriad services being provided by our specialized technology unit, Future Knowledge Services (FKS). Led by a team of world-class technology professionals, FKS's partnership model with the world's leading vendors combined with a unique 'capability-to-create-capability' has resulted in a differentiated services entity that is driving transformational change in the most challenging business environments.

A key development led by FKS this year was the commissioning of a finance and accounts shared services centres with over 300 people handling over two million documents annually. This world-class centre of excellence in Ahmedabad has consolidated processes from over 200 disparate national sites into one site in a record three month migration period. By handling processes across the finance value chain, this model strengthens controls in operations. Further,



finance executives are freed up from transaction responsibilities and can focus on controllership and risk management.

The company has also established a 150 member Inventory Audit Service spread over seven locations in India that provides independent stock take and analysis services. This is a technology intensive service with handhelds and direct data transfer, replacing the highly error-prone manual counting service. This capability has been built entirely inhouse.

In its very first round the service has delivered a 99% on schedule delivery record contributing significant insights on store operations performance backed by data, photographs and analysis.

WE ARE BEACON OF HOPE FOR THOSE IN ADVERSITY

In his native village, Sethu Raghunatha Pattinam situated 433 kilometers from Chennai, 23-year old M Veerappan could have chosen to do what the rest of the 300 villagers do – farming and wood cutting. His father barely earned Rs 150 a day and with a mother and two sisters to care for, Veerappan chose to stand out. On completing his schooling, Veerappan earned himself a diploma in electronics from a nearby institute in Karamathur. It also happens to be one of the centers Pantaloon Retail recruits from. Today, Veerappan is an assistant maintenance officer at Pantaloon's store in Chennai.

Veerappan is among the thousands of employees recruited by the company through rural recruitment drives in association with rural educational institutes, NGOs and government bodies. Initiatives like the Rural Employment Generation Mission, Government of Andhra Pradesh alone has helped us recruit more than 500 people.

The company has also been an active recruiter in the North East. It has also tied-up with Chennai-based Avtaar Career Creators which brings together young mothers and housewives willing to take up flexi-time and part-time jobs at our stores. These form part of our initiatives to act as positive change agents of society, and spread the benefits of modern retail in areas where we do not have business operations. Those recruited



through these channels form a loyal and committed work force, willing to grow with the organization.

As an organization, we firmly believe that talent is our biggest asset and to continuously identify, nurture and train talented professionals, we have set up a specialized unit, Future Learning & Development. This has set up 3 campuses, equipped with the latest training tools and curriculum in Ahmedabad, Bangalore and Kolkata to train existing manpower, attract new talent and also provide training solutions to other companies.

We have also tied up with Indira Gandhi National Open University (IGNOU) to offer retail industry focused certified courses through these campuses. The vision is to make more Indians employable with a specific focus on socially and economically disadvantaged sections of the society. The company leverages its business experience and approach to learning to bridge the skill gap and provide trained manpower to group companies as well as the industry.

We continue to make a conscious effort as an employer to be as widely representative of the country as a whole and this includes geography, religion, community, caste and socioeconomic class. Our goal is to provide quality training and employment for all those who might choose to work with us.



COMPANY-OWNED KORYO AND SENSEI HAVE TAKEN ON THEIR JAPANESE, KOREAN, EUROPEAN AND AMERICAN COUNTERPARTS IN GRABBING CLOSE TO 20% SHARE OF SALES.



With global and local sourcing strengths, the company-owned brands in the fast-growing and extremely competitive electronics category have expanded the choice and range available to consumers. From washing machines and air-conditioners to personal gadgets like coffee machines and hi-fi systems, these brands complement the retail formats' leadership in the national arena.

Backed by a service network and a dedicated call centre, the electronics brands provide tremendous opportunity to add value to consumers, grow revenues and improve business productivity.





WE ARE EMPOWERING WOMEN ENTREPRENEURS AND PRODUCERS

We believe that it is our responsibility to engage more meaningfully with communities residing in and around many of our stores, as well as provide those without the means to improve their economic and social well being. Initiatives are today focused on building a platform and providing distribution and market outreach to women-led organizations engaged in producing food products, textiles and handicrafts. These not only help us act as positive change agents for society, but also provide ethnic and traditional products that urban India so often craves for.

An immensely successful initiative of this nature was 'Yatra', a joint effort between Big Bazaar and Yashaswini, a self help group platform. The purpose was to encourage the efforts of underprivileged women traders through establishing a channel for them to sell their produce in a profitable manner.

Our interactions with several women's networks in Maharashtra resulted in us establishing a connect with about 200 such groups from remote villages. More than 300 women from these groups were offered a chance to sell their produce during special promotions

in front of Big Bazaar stores. The idea was to serve our customers, in an authentic manner, the rich, diverse traditional cuisine of Maharashtra. These items were specialty items from each geographical region within the state.

Spread over 4 days and with the assistance of volunteers from Yashaswini as well as our own staff, Yatra turned out to an extremely popular event at all the Big Bazaar stores. Sales increased throughout the event and saw the women sellers take home at least as much as Rs.500 each on all 4 days. A sum total of 19 Big Bazaar stores, across the state participated and shared the platform with at least 40 groups each time. An interesting outcome of this activity has also been that 30 products out of these Yatras were selected as winner products which are now being regularly stocked at Big Bazaar outlets.

Similar initiatives with self help groups and local indigenous communities have been initiated in the states of Assam, Karnataka, Kerala and Delhi and have met with very encouraging response from customers and the communities we serve.

WE ARE CONNECTING SMALL ENTREPRENEURS WITH BIG CONSUMERS

Having started his business along with his wife in 2004 in their home town of Amravati, 34-year old Nilesh Partani would manufacture and sell his glassware products in and around Amravati. That changed in early 2009 when he became a supply partner at HomeTown. Today, Mr. Partani sells his designer glassware, including mirrors and windows in distant cities like Kolkata and Bangalore. Increased business has edged him to set up a new manufacturing facility and he promises to soon have the biggest glassware display in Maharashtra outside of Mumbai.

“Apart from the chance to display my products at HomeTown, I have learned a lot about the retail customer and what they are expecting in terms of designer glassware for their homes. Now I know exactly what to produce for which customers,” confides, Mr. Partani. It is the same insight and

partnership that has helped Nagpur-based Spacewood Furniture, become one of India’s largest modular furniture and furniture components manufacturer. At Mumbai’s Shah & Nahar Industrial Estate, Furniture Kraft is gearing up to set up a production capacity to manufacture 15000 metal beds that will be sold through Furniture Bazaar.

Nilesh Partani, Spacewood Furniture and Furniture Kraft are among the four thousand small, medium and large manufacturing enterprises whose products find markets through the company’s retail chains. At Pantaloon Retail, we call them our *Sambandhis*. The Sambandhi program aims to create an environment where we can combine our strengths with our suppliers and vendors to create immense value for our customers and in turn fostering our mutual growth.

The program focuses on building relationships based on the 3 pillars of Collaboration, Assistance and Synergy. This includes collaborating in gathering consumer insights, business planning and management to ensure optimal growth and assisting these businesses on a wide range of activities including – extending the company’s administrative facilities like offices and guest houses, warehousing and supply chain facilities and technology solutions. In addition, the company extends managerial help in developing strategy and increased synergy between our businesses.

At Pantaloon Retail we believe that our growth and customer delight can happen only when our supply partners grow profitably along with us. We know we aren’t the only ones dreaming big. By helping others who also dream big, it helps us get closer to realizing our own dreams.



WE ARE GETTING UP CLOSE AND PERSONAL WITH OUR CONSUMERS



India lives in its communities. With more than 18 major languages spoken in a thousand different dialects, eight major religions divided into hundreds of sects and over 4000 castes and sub-castes, the community a person belongs to finds expression in the professions they choose and the traits they exhibit, the choices they make and the aspirations they harbor and possibly in every decision they take – in the clothes they wear, the food they eat, their lifestyle and entertainment choices. Our experience suggests that one notices far higher variations in consumption behaviour when one segments customers according to communities, rather than based on income groups.

Earlier this year, the company set up a cross-functional team that identified twelve major communities based on attributes like language, shared history, caste and dominant profession, culture, region and religion. The team composed of anthropologists, sociologists, business managers, designers and mythologist is developing focused knowledge and insights on each of these communities including their: food habits and preferences, festival calendar and rituals, social and cultural reasons behind customs and practices,

historical reasons behind certain beliefs and behavior, existing gaps in consumption patterns and consumption opportunities.

At the front-end, each of the Big Bazaar stores and other value format stores have been mapped to identify the three largest communities that are catered by each individual store. The inputs gathered both at the front end and from the research team is helping develop the strategy for each of the stores, ranging from product assortments, promotions and festival calendar and communication plans.

In addition, almost every Big Bazaar and Food Bazaar store now has a customer advisory board. These advisory boards are composed of well known personalities or respected individuals who live in and around the stores. These customer advisory boards regularly meet to review and advise the store managers and the staff on improving customer experience, product assortment and social initiatives. They also help in gathering insights from rapid prototyping of new products, new store layout and customer services.

We believe that initiatives like these will provide us with a long-term competitive advantage vis-à-vis our competitors and help us get closer to the needs, dreams and aspirations of every Indian consumer.



During the year, cumulatively our retail formats attracted over 240 million customers who spent around 10 billion minutes within our stores. These were distributed over multiple formats operated by the company, its subsidiaries and those of the group companies. Until now we had focused on ensuring that these customers come back to each of these formats again and again. During this year, we complimented this effort by working towards ensuring that customers at a particular format become customers at other formats operated by the company. The objective was as much on acquiring new customers as it was on gaining a larger share of the consumption spends from existing customers.

With a presence in almost every consumption category, we believe a large opportunity lies in cross-selling our formats and working towards ensuring we are able to capture the entire consumption spend of every customer who walks in to any of our stores. In order to do this, the company along with other companies within the group has been investing in building the Future Group brand.

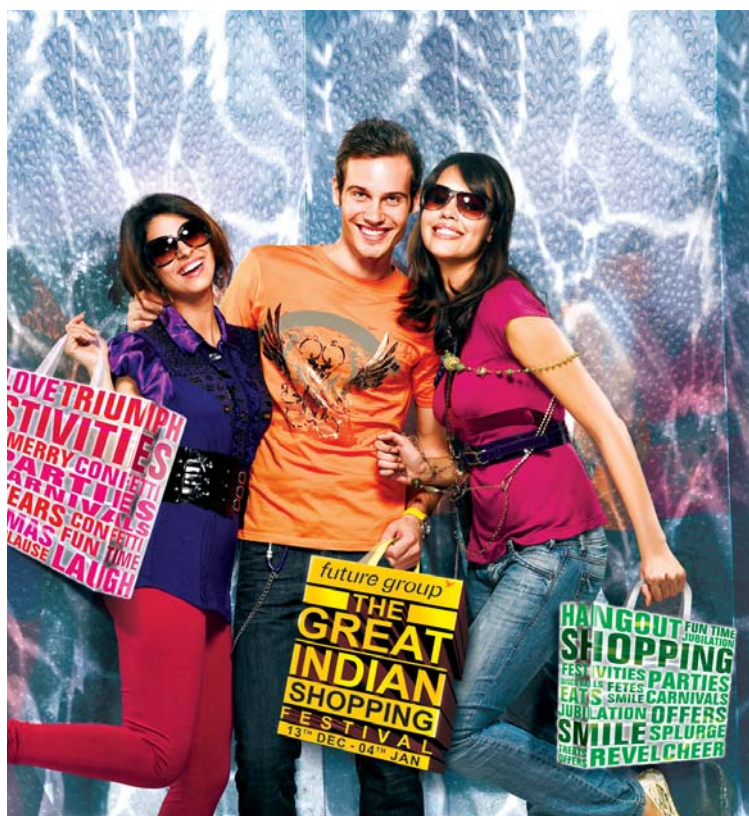
In the midst of the economic downturn, we put the Future Group brand to test. In December 2008, we organized a first of its kind Future Group Shopping Festival. It helped sustain the excitement at the shop floor. More importantly, by promoting all the brands together not only did we optimize the marketing spend, but also ensured that customers move from one retail brand to another. Backed by some innovative marketing initiatives and group-wide customer propositions, we were able to introduce a Pantaloons customer to EZone or a Central shopper to explore Food Bazaar. Having met with encouraging results, we built upon this further.

The company has already introduced a group-wide loyalty program, Future Privileges, which works towards encouraging customers to spend across multiple formats of the company for all their needs. The program is designed in a manner such that every member of the program spends at least Rs 1,00,000 in various product category only within the company's retail formats.

Over the long term, these initiatives will lead to optimization of marketing and advertising expenditure and decrease the cost of customer acquisition. While each of retail brands will continue to be positioned for its target customer base, the Future Group brand will build two salient brand attributes – trust and commitment. Trust of quality and service irrespective of which format the customer shops at; and commitment towards bringing more happiness in the lives of customers and towards the dream of collectively building a better India.



WE ARE JOINING
FORCES TO
ATTRACT MORE
CUSTOMERS



Management Discussion and Analysis

The scope and potential of the Indian economy in general, and the domestic consumption sector in particular is characterized by some irreversible trends. These include a young demographic profile, increasing consumer aspirations, growing middle class in urban areas and the growth in the rural economy.

However, the last twelve months were also characterized with an unprecedented economic turmoil that tested managerial, strategic and leadership skills across organizations. The organization rose up to the challenge by taking significant steps to secure, preserve and enhance its economic value creation.

One of the key characteristics of the preceding years was the high-cost economy. In the last two years, we saw lot of new players coming in and that had resulted in a significant rise in real estate rentals, resource costs and people costs. Most of the competitors who had come in during the high costs economy of the past two years aimed at building scale in a shorter period of time. Luckily for us, we were in existence for a little longer and growing quite rapidly, except in the home business where we entered about two years ago. The year gave us an opportunity to learn a lot, correct most of the challenges associated with a high cost economy and build the foundations for a sustainable and profitable growth for the Company.

Looking back, we too had probably made a few mistakes earlier. This was the time to question whether we are doing too many things, whether we are having too many formats, whether each of the formats will achieve certain size and whether we should merge or abandon some. We started to understand how consumers react to each and every format. At the same time, the focus was on how do we bring down the cost of operations per square foot, how do we increase the productivity, how do we increase the efficiency and how do we increase the margins.

Each of these issues were cognizant earlier as well, but the external economic scenario made us react more swiftly on each of these. During the year we have worked diligently to bring in productivity and efficiency to increase square foot sales. We are working and have achieved progress in increasing margins on categories. We have also worked hard in terms of rationalizing all the resources and allocation of resources to businesses which give us better returns, faster breakeven and faster return on capital. With all these corrections we will start seeing results happening during the course of the forthcoming year.

Operational Overview

The two key strategic objectives that the Company has pursued are gaining a leadership position in key

geographies and in key categories of consumption. The top eight cities—Mumbai, Delhi, Bangalore, Kolkata, Hyderabad, Chennai, Pune and Ahmedabad— is where the largest share of addressable consumption markets resides. Now, almost 60% of the Company's stores are located in these key eight cities and 25% are in the fast growing tier II cities and the balance in the tier III and smaller towns. The Company intends to continue building its dominance within the bigger cities for which its roadmap is clear.

The Company has identified four categories that it will focus on and these categories capture more than 70% of the consumers' wallet. These categories are – fashion, food, general merchandise and home, which includes consumer electronics and furniture.

Historically, the Company's strength has been in the fashion category, wherein the organization has not only has a huge knowledge base but also a significant stake over the entire value chain of the category. During the year, we were able to significantly increase the share of Company-owned brands in the category in both Pantaloons and Central. We also introduced the concept of Fashion@ Big Bazaar both as a standalone concept as well as within Big Bazaar, in order to improve the share of the category in total sales. Our focus has also been towards ensuring that we are selling a lot more merchandise at full price and also increase the share of core fashion merchandise collection that remain on store shelves across all seasons.

These efforts were simultaneously complimented with a number of efforts at the backend focusing on improving productivity and efficiency. Better and faster order fulfillment rates between the stores and warehouses, improved markdown management during, automatic replenishments and enhanced business intelligence has resulted in higher availability of merchandise within the store and is leading lead to better customer satisfaction and productivity.

On the food category, the focus is now on building the private brand piece of business in a big way and a lot of work has happened with a separate team working on the private brands business. The existing Company-owned brands have already gained around 18 to 20% share in every category where it is present in. The Company is also about to launch a new brand called 'Ektaa' which will be capturing around 40 SKUs to start with. The objective is to replicate the Company's existing strength in fashion into the food category by increasing our scope in the value chain through value addition, better customer delivery and ultimately improved margins.

As an organization, our businesses are now organized in three verticals – retail, financial services and support services. The three key subsidiaries in support services –

Future Knowledge Services (FKS), Future Logistic Solutions Limited (FLSL) and Future Learning and Development Limited (FLDL) were built as specialized entities that can deliver higher efficiency and periodicity in critical functions across various businesses. Each of these have grown and acquired traction and while FKS and FLSL are helping improve our productivity within stores, FLDL is ensuring that the stores have better trained manpower because of the programs run by it. This whole ecosystem is ensuring that we deliver a comprehensive customer experience in the store.

Customer and Marketing Overview

The focus for the Company is as much on acquiring new customers as it is on gaining a larger share of the consumption spends from existing customers. The Company has already introduced a group-wide loyalty program, Future Privileges, which works towards encouraging customers to spend across multiple formats of the Company for all their needs. The program is designed in a manner such that every member of the program spends atleast Rs 1,00,000 in various product category only within the Company's retail formats. In addition, the existing loyalty programs were further strengthened, with the flagship program, Pantaloon's Green Card contributing more than a 50% of the revenues from the Pantaloon's chain.

In view of the existing economic environment, the loyalty program initiatives helped conserve advertisement costs without impacting sales. These initiatives were complimented with an unprecedented number of events and festivals held within stores to keep the excitement alive within the store and fight the falling consumer sentiment in the economy.

A first of its kind Future Group Shopping Festival was introduced during December 2008-January 2009 to bring back customers to the stores and also to move customers of one format to other formats of the Company. This coupled with ongoing activities like Happiness Sale at Central, Wednesday Bazaar, Exchange Mela, Sabse Sasta 3 Din at Big Bazaar, Blindfold Sale at EZone were aimed to create irresistible occasions for visiting shopping malls for customers who were postponing their purchase decisions and these ensured steady sales growth even in a depressed economic environment

Another key initiative taken by the Company was increased emphasis on gathering social, cultural, economic and behavioral insights into Indian communities and developing localized strategies targeted at the social communities that each of the stores cater to. A cross-functional team of economists, sociologists, anthropologists and business managers has been formed to gather information,

knowledge and insights on Indian communities and to evolve product, services, communication and business strategies that can address more effectively the diverse and heterogeneous Indian consumer market.

Competition

It wouldn't be improper to state that almost every business organisation was forced to review its strategy in light of the new economic environment. During the past two years, a large number of new players had entered the market with the objective to building huge scale in a very short period of time. That has changed and competitive pressure is expected to be low in the coming months. The biggest impact of this is the correction in costs of real estate rentals, people and other resources.

Modern retail is still at its infancy in India, accounting a single digit share in the overall market. There is a larger opportunity in looking at for collectively growing the market rather than reacting to competitor pressures.

Pantaloon Retail has been one of the earliest and strongest advocates for the need for collaboration in the industry, primarily in the back-end infrastructure. Significant amount of value can be unleashed through increased collaboration in areas like manpower training and development, warehousing and supply chain and infrastructure support. There is an increasing acceptance among other players for the need for such kind of collaboration. The Company, with its specialised independent subsidiaries in these areas is positioned to cater to these need and create value both of the collaborators as well as for the subsidiaries.

Human Resource Initiatives

We are a people driven organisation and this was evident when it's dedicated and enthusiastic team enabled the organisation to face tough times with smile and deliver full customer satisfaction and achieve growth.

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.

Business Outlook

The current year marked a significant milestone for the Company when it opened its 100th Big Bazaar store within a record time of seven years. As on June 30, the Company operated 116 Big Bazaraas, 148 Food Bazaraas, 45 Pantaloons and 9 Centrals, that covered 9.7 million square feet of retail space and attracted footfalls of 185 million customers. This data is only of Pantaloon Retail (India) Limited and does not include that of its subsidiaries.

The impact of the number of initiatives aimed at improving customer value proposition as well as bringing in efficiency and productivity was evident in operational numbers. During the year, average ticket size moved up from Rs 750 to Rs 792, conversions moved up to 43% and the overall average selling price is Rs 105. Each of these numbers is expected to further improve during the course of the next year.

This improvement will also be aided by the growing share of the fashion category as well as the increase in share of the lifestyle retail business vis-à-vis the value retail business. With the opening of nearly 14 new Pantaloons stores in the forthcoming year and another about 6 odd Central stores, the share of the fashion category and the lifestyle business is expected to go up. The contribution of the private brands, which currently stand at 18% is also expected to move closer to the 20 odd percent level.

Despite the economic environment, same store growth sales have been healthy. As the economy improves and consumer sentiment turns buoyant, we expect the per square feet sales to come in the vicinity of Rs. 9,000 per annum. At the same time, we will be focused on bringing down our inventory levels to around Rs.1,600 overall per square foot.

In terms of expansion, we expect to add around 3 million square feet during the forthcoming financial as a group and expect to maintain this pace for the next two to three years.

Risks and Threats

The business risk from competition has temporarily reduced in last one year due to exit of some of the players and change of strategy of other players in the organised retail business. However, with revival of the economy it would surely attract new players, who would enter the business in more planned manner and better financial resources. The Company being present across various categories and capturing various segments of customers, would be able to meet competition without much problem.

The recent downturn gave opportunity to the Company to concentrate on reduction of its various costs, which your Company encashed and reduced costs in various heads including on real estate, people cost, administration, inventory management, logistics etc. This would help the Company to have more commanding position and provide products and services at much better rate to the customers and have better realisations due to increased consumption at its various formats.

To minimise the risk of the execution and management, the Company has now evolved policies and standards and defined responsibilities of each of the management head and category head. Further the Company has also involved the information technology to ensure flawless execution and audit of various functions and operations on continuous basis.

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.5048.91 Crores to Rs.6341.70 Crores, an increase of 25.61% over the previous year. The Company has also recorded same store growth of 6.97% during the year.

Profit Before Tax

Profit before tax of the Company for the year 2008-09 stood at Rs.216.23 Crores as compared to Rs. 195.62 Crores in the previous year, an increase of 10.54% over the previous year.

Interest

Interest & Financial charges outflow has increased from Rs.185.27 Crores in 2007-08 to Rs.318.22 Crores in 2008-09. 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 2.12 times as compared to 2.51 times in the preceding year.

Weighted average cost of borrowing has marginally increased from 11.15% to 11.37% 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. 140.58 Crores as compared to Rs.125.97 Crores in the previous year, an increase of Rs.14.61Crores and 11.60% 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, and on warrants if converted on or before the Book Closure date declared for dividend. Class B Shares would be entitled to 5% additional dividend as per the terms of issue of Class B Shares (Series 1).

Loans and Advances

Loans and advances stood at Rs.1202.56 Crores in 2008-09, an increase of Rs.240.24 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.1084.41 Crores in 2008-09. This is reflected in the liabilities side of the balance sheet through an increase

in borrowings by Rs.658.61 Crores and an increase in shareholders funds by Rs.425.80 Crores. Return on capital employed has increased from 14.44% to 14.73%.

Surplus management

The Company generated a cash profit of Rs.328.88 Crores as compared to Rs.246.64.Crores in the last year, registering the growth of 33.34%. 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 1,51,00,000 (One Crore Fifty One Lakhs) fully paid up Equity Shares of the face value of Rs.2/- (Rupees Two only) each at a premium of Rs.181/- (Rupees one hundred eighty one only) on preferential basis to promoters and private investors.

The Company has allotted 1,59,29,152 (One Crore Fifty Nine Lacs Twenty Nine Thousand One Hundred Fifty Two) fully paid up Class B Shares (Series 1) having face value of Rs. 2/- (Rupees Two only) each during the year as Bonus Shares out of Share Premium Account.

Equity warrants represents amount received against 50,00,000 (Fifty Lakhs) 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 fresh equity shares during the year is Rs.276.33 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 for the year was 1.25.

Earning Per Share (EPS)

The Company's Basic Earning Per Share (EPS) has marginally increased from Rs.7.54 during previous year to Rs.7.94 per share in the current year.

Cash Earning Per Share (CEPS)

The Company's Cash Earning Per Share (CEPS) is Rs.18.58, which was Rs.14.76 in the preceding year.

Investment

The Company's investment portfolio has increased substantially from Rs.586.52 Crores in 2007-08 to Rs.954.03 Crores in 2008-09.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 Second Annual Report together with the Audited Statements of Accounts for the year ended 30th June 2009.

FINANCIAL HIGHLIGHTS

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

	(Rs. in Crores)	
	2008-2009	2007-2008
Sales (Net of Taxes)	6,103.70	4,776.33
Operating Income	238.35	272.58
Other Income	6.06	3.76
Total Income	6,347.76	5052.67
Profit before Depreciation & Tax	356.28	279.01
Less: Depreciation	140.05	83.39
Profit before Tax	216.23	195.62
Less: Earlier Year's Income Tax	(0.27)	(0.03)
Less: Provision for Taxation	75.38	69.68
Profit after Tax	140.58	125.97
Add: Profit brought forward from previous year	267.56	215.76
Surplus available for appropriation	408.14	341.73
APPROPRIATION		
Proposed Dividend	11.58	10.67
Provision for Dividend Tax	1.97	1.81
Transfer to General Reserve	14.05	12.60
Balance carried to Balance Sheet	380.81	316.65

REVIEW OF PERFORMANCE

We are pleased to inform you that your Company continued to grow its revenues and profit at a healthy pace, despite the difficult economic environment. Income from operations went up from Rs.5,048.91 Crores in financial year 2007-08 to Rs.6341.70 Crores in financial year 2008-09, recording a growth of 25.61 percent. PBDIT stood at Rs.674.50 Crores in financial year 2008-09, an increase of 45.28% over the preceding year. PAT for financial year 2008-09 was Rs.464.29 Crores.

DIVIDEND

The Board of Directors of the Company has recommended a dividend of Rs.0.60 (30%) per equity share on the increased capital of 17,43,91,521 Equity Shares of Rs. 2/- each (previous year Rs. 0.60 per share) and

dividend of Rs.0.70 (35%) per Class B share (Series 1) on 1,59,29,152 Class B Shares of Rs. 2/- each (previous year Rs. 0.70 per share) fully paid-up for the Financial Year 2008-09. 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 by the Shareholders.

EQUITY SHARE CAPITAL

Paid-up Share Capital

The equity share capital of the Company has been increased from Rs.31,85,83,042/- to Rs.38,06,41,346/- due to the following further issue of capital as follows:

Allotment of 1,59,29,152 Class B shares (Series 1) shares of Rs.2/- each as bonus shares to the existing holders of Equity shares of the Company in the proportion of One (1) Class B Shares (Series 1) for every Ten (10) existing equity shares held by them.

Your Company was one of the first in India to allot Differential Voting Shares as Bonus Shares to give more economic interest to the shareholders and better yield than normal equity shares.

Allotment of 1,10,00,000 equity shares of Rs.2/- (Rupees Two only) each at a premium of Rs.181/- (Rupees One Hundred Eighty One only) per equity share aggregating to an issue price of Rs.183/- (Rupees One Hundred Eighty Three Only) to PFH Entertainment 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 41,00,000 equity shares of Rs.2/- (Rupees Two only) each at a premium of Rs.181/- (Rupees One Hundred Eighty One only) per equity share aggregating to an issue price of Rs.183/- (Rupees One Hundred Eighty Three Only) to Dharmayug Investments Limited, Private Investor not forming part of Promoter Group on preferential basis pursuant to Chapter XIII of the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000.

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 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 is presented separately and forms part of this Annual Report.

THE FUTURE

Your Company focussed on improving its efficiencies and productivity in its supply chain, management of inventory and store operations, while continuing to offer innovative value proposition to customers. The Company would continue with its expansion plans and continue to increase its presence in the eight key metros in India, along with increasing its footprint among smaller towns across the

country. The Company, along with its subsidiaries and group companies plan to add another 3 million square feet during the forthcoming financial year.

The various subsidiary companies of your Company continue to expand their operations. To sustain their growth and adopt a focussed approach towards their management and expansion, the Company is planning to unlock some value by selling some of its non-core investments/assets. The Company continues to believe that the businesses of the subsidiaries would create value over a long run and the Company would be able to unlock value in future.

SUBSIDIARY COMPANIES & JOINT VENTURES

SUBSIDIARY COMPANIES

During the financial year 2008-09, one new company has become direct subsidiary of the Company. Two companies became subsidiaries of its subsidiaries, and thus became fellow subsidiaries of the Company. Further, with a view to fulfil commitment made to the members, the Company has reduced in all six subsidiaries from its total list of subsidiaries. These were, Whole Wealth Limited, Erudite Knowledge Services Limited, FCH Centrum Direct Limited, FCH Centrum Wealth Managers Limited, FH Residencies Limited and Home Solution Services Limited. The Company now have in all 30 subsidiaries as at the end of financial year 2008-09.

Future Capital Holdings Limited

Future Capital Holdings Limited (FCH) is the financial services arm of the Future Group. FCH is involved in asset management, investment advisory services, consumer credit and economic research. Post FCH's public offer, your Company has 54.75% stake in FCH. During FY08-09, FCH registered income from operations of Rs.130.68 Crores and its profit after tax stood at Rs.9.31 Crores.

Home Solutions Retail (India) Limited

Home Solutions Retail (India) Limited (HSRIL) is operating in the home and hard furnishing 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 66.86% stake in HSRIL. During FY08-09, HSRIL registered an income from operations of Rs.1070.99 Crores and a corresponding loss of Rs.5.73 Crores.

Future Logistic Solutions Limited

Future Logistic Solutions Limited (FLSL) is operating in the logistics, transportation, distribution and warehousing space. FLSL provides solutions in the areas of integrated Supply Chain Management, warehousing, distribution and Multi Modal transportation. Your Company has 94.23% stake in FLSL. FLSL 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 FY08-09, FLSL registered income of Rs.193.31 Crores and the profit stood at Rs.0.24 Crores.

Future Agrovet Limited (Formerly known as Pantaloon Food Product (India) Limited)

Future Agrovet Limited (FAL) is engaged in sourcing and distribution of staples and other food products for the Company. FAL has sourcing and distribution bases at all key cities across the country. The company has also started a no frill low cost food retail format "KB's Fair Price". It presently operates KB's Fair Price stores spread over Mumbai, Delhi, Bangalore, Hyderabad and Ahmedabad. The Company has 96.16% stake in FAL. During financial year 2008-09, FAL registered income from operations amounting to Rs.392.27 Crores and its loss stood at Rs.3.06 Crores.

Future Media (India) Limited

Future Media (India) Limited (FMIL) is the Group's media venture, and is engaged in 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 FY08-09, FMIL registered income from operations amounting to Rs.46.27 Crores and the loss stood at Rs.7.67 Crores.

Future E-Commerce Infrastructure Limited

Future E-Commerce Infrastructure Limited (FECIL) is incorporated to capture the e-commerce consumption, as well as other technology based and digital modes of consumption. The Company has 72% stake in FECIL. During financial year 2008-09, FECIL registered income from operations amounting to Rs.118.35 Crores and the loss stood at Rs.18.68 Crores.

Future Mobiles and Accessories Limited

Future Mobile and Accessories Limited (FMAL) is catering to the consumer's need in the space of telecommunications products. The Company has 100% stake in FMAL. During financial year 2008-09, FMAL registered income from operations amounting to Rs.43.08 Crores and loss stood at Rs.3.13 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, Srishti, 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 financial year 2008-09, FBL registered income from operations amounting to Rs.18.88 Crores and the profit stood at Rs.6.15 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 financial year 2008-09, FBIL registered income from operations amounting to Rs.71.88 Crores and its loss after tax stood at Rs.0.14 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. FCPL is successfully operating its business and during FY08-09, FCPL registered income from operations amounting to Rs.4.40 Crores and its loss after tax stood at Rs. 1.22 Crores.

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 FY08-09, FKSL registered income from operations amounting to Rs.47.26 Crores and Profit stood at Rs.0.07 Crores.

Pantaloon Future Ventures Limited

Pantaloon Future Ventures Limited (PFVL) is 100% wholly owned subsidiary company and owns stake in Future Ventures India Ltd., which is engaged in partnering with and promoting entrepreneurship in consumer focussed initiatives. Since there are no other operations in the Company, there are no financial performance figures for this company. PFVL continues to hold investment in FVIL.

Future Learning and Development Limited

Future Learning and Development Limited (FLDL) is a wholly owned subsidiary of PRIL, and provides recruitment, induction, training, re-training and development services for Retail Industry personnel. During financial year 2008-09, FLDL registered income from operations amounting to Rs.5.49 Crores and loss stood at Rs.0.16 Crores.

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

Future Merchandising 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 Consumer Enterprises Limited (Formerly known as Future Speciality Retail Limited)

Future Consumer Enterprises 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.). The Company has not commenced the said activities as yet and hence there are no operational figures to report.

Winner Sports Private Limited

Winner Sports Private Limited (WSPL) is a company engaged in retail business of sports, sportswear and accessories products. It has licensee arrangement with international brands. The Company has taken 100% stake in WSPL in the current year as a part of the understanding with Planet Retail Holdings Private Limited. During financial year 2008-09, WSPL registered income from operations amounting to Rs.33.45 Crores and loss stood at Rs.0.41 Crores.

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 58% stake in HLIL. During FY08-09, HLIL registered income from operations amounting to Rs.13.25 Crores and its profit after tax stood at Rs.0.03 Crores.

Subsidiaries of Future Capital Holdings Limited (FCH)

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

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. During FY08-09, KPSPL registered income from operations amounting to Rs.1.08 Crores and its loss after tax stood at Rs. 0.27 Crores.

Axon Development Solutions Limited (ADSL)

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. During period from April 25, 2008 to March 31, 2009 ADSL registered income from operations amounting to Rs.NIL Crores and its loss after tax stood at Rs.0.04 Crores.

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 FY08-09, FFL registered income from operations amounting to Rs.0.60 Crores and its profit after tax stood at Rs 0.63 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 FY08-09, FHMSL has registered income from operations amounting to Rs.NIL Crores and its loss stood at Rs0.02 Crores.

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 FY08-09, KIACL registered income from operations amounting to Rs.26.68 Crores and profit after tax stood at Rs.3.97 Crores.

Ambit Investment Advisory Company Limited

Ambit Investment Advisory Company Limited (AIACL) is a 100% subsidiary of FCH. During FY08-09, AIACL registered other income amounting to Rs.0.13 Crores and profit after tax stood at Rs.0.11 Crores.

Future Capital Investment Advisors Limited (formerly known as Indivision Investment Advisors Limited)

Future Capital Investment Advisors Limited (FCIAL) acts as the domestic advisor to Mauritius based advisor of Indivision India Partners LLC, Mauritius. FCH has 100% stake in FCIAL. During FY08-09, FCIAL registered income from operations amounting to Rs.15.64 Crores and profit after tax stood at Rs.2.09 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 FY08-09, MMMCL registered income from operations amounting to Rs.11.65 Crores and the loss stood at Rs.0.37 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 FY08-09, FCFSL registered income from operations amounting to Rs.10.75 Crores and the loss stood at Rs.46.60 Crores.

Future Capital Credit Limited (formerly known as Black Diamond Finance Limited)

Future Capital Credit Limited (FCCL) (formerly known as Black Diamond Finance Limited) has become a subsidiary of FCH on 02 January, 2009, which is subsidiary of your Company. During the year the Company's turnover was at Rs.0.05 Crores and made marginal loss of Rs.0.50 lacs during the year under review.

Subsidiary of Future Logistic Solution Limited (FLSL)

FLSL Distribution Services Limited

FLSL Distribution Services Limited was incorporated to deal in the business of logisitic. The company has yet to commence its operations.

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

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 is engaged in sourcing and wholesale distribution of mobile handsets, accessories and in setting up service centres for mobile handsets in India. During FY08-09, FATL registered income from operations amounting to Rs.286.90 Crores and loss stood at Rs.32.92 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. During the financial year 2008-09 the Company has incurred loss of Rs.25.59 Crores.

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. During the financial year 2008-09 the Company has incurred loss of Rs.8.35 Crores.

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 ADAPL & GDAPL would be working for the restructuring and development of the Apollo Mills and Goldmohur Mills respectively. During the year ADAPL made a turnover of Rs.109.44 Crores and earned profit of Rs.5.34 Crores. Further during the year GDAPL made a turnover of Rs.106.89 Crores and earned profit of Rs.5.00 Crores.

Staples Future Office Products Private Limited

Staples Future Office Products Private Limited (SFOPPL) is designed to capture the consumption space of office supplies, office equipments and products. SFOPPL is a joint venture between the Company and Staples Asia Investment Limited (a subsidiary of Staples Inc USA). During financial year 2008-09, SFOPPL registered income from operations amounting to Rs.111.31 Crores and the loss stood at Rs.13.07 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 FY08-09, TPFPL registered income from operations amounting to Rs.6.05 Crores and loss after tax stood at Rs.1.87 Crores.

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.

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.

Real Term 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.

During the year the Company terminated joint venture arrangement with Blue Foods Private Limited and Planet Retail Holdings Private Limited.

CHAIRMAN OF THE BOARD

Mr. Shailesh Haribhakti has been appointed as Chairman of the Board with effect from 13th April 2009.

DIRECTORS

Mr. Shailesh Haribhakti and Mr. S. Doreswamy, 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.

During the current year, Mr. Vijay Biyani has been co-opted to the Board and he was also appointed as Wholetime Director. His profile and remuneration details are being submitted as part of the notice.

GROUP

Pursuant to intimation from the Promoter(s) and in accordance with Regulation 3(1)(e) of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 ("SEBI Regulations") regarding identification of persons constituting "Group" (within the meaning as defined in the Monopolies and Restrictive Trade Practices Act, 1969) are disclosed in this Annual Report as separate disclosure.

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 2009 and the profit of the Company for the year ended on that date;

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

AUDITORS

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

CONSOLIDATED FINANCIAL STATEMENTS

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

PARTICULARS OF EMPLOYEES

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

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

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

exchange by way of sale against foreign credit cards and foreign exchange received from customers.

AWARDS AND RECOGNITIONS

Images Fashion Forum 2009

- Most Admired Fashion Group Of The Year - Future Group
- Most Admired Private Label - Pantaloons, the lifestyle format
- Critics Choice For Pioneering Effort In Retail Concept Creation - Central

Indian Retail Forum Awards 2008

- Most Admired Retail Company of the year - Future Group
- Retail Face of the Year - Kishore Biyani
- Best Retailer Of The Year (Hypermarket) - Big Bazaar

The INDIASTAR Award 2008

- Food Bazaar: Best Packaging Innovation
- Food Bazaar bagged the INDIASTAR Award for Best Packaging Innovation in India, for its private label brand Fresh and Pure Chakki Atta.

Retail Asia Pacific 500 Top Awards 2008

- Gold Winner -Top Retailer 2008 Asia Pacific

ACKNOWLEDGMENT

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

For and on behalf of the Board

Place: Mumbai
Date : 26th September 2009

Shailesh Haribhakti
Chairman

ANNEXURE I

A) Conservation of energy

FORM A

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

A) Power and fuel consumption (Manufacturing Facility)		2008-2009	2007-2008
(1)	ELECTRICITY		
	Purchased		
	Unit	7,48,924	6,93,601
	Total amount (In Rs.)	37,94,760	37,37,470
	Rate/unit	5.07	5.39
(2)	FURNACE OIL		
	Quantity (K.Ltrs.)	1,38,504	1,01,973
	Total amount (In Rs.)	33,43,985	24,81,469
	Average rate (Rs. / Ltr.)	24.14	24.33
(3)	HSD		
	Quantity (K.Ltrs.)	39,284	36,911
	Total amount	14,42,342	12,83,470
	Average rate (Rs. / Ltr.)	36.70	34.77

B) Foreign Exchange Earnings and Outgo

FOREIGN EXCHANGE OUTGO		(Rs. in Crores)	
		2008-2009	2007-2008
	Travelling Expenditure	0.56	0.94
	Interest on FCNR Loan	6.24	5.30
	Consulting Fees	0.78	1.11
	License Fees and Royalty	0.02	0.07
	Sales Promotion Expenses	-	0.25
Imports			
	Raw Materials	1.44	4.55
	Finished Goods	73.28	45.99
	Capital Goods	78.03	92.78
	Stores & Spares	-	0.05
	Stitching Materials	0.56	0.19
	Accessories & Others	0.68	0.35
FOREIGN EXCHANGE EARNING			
	Earnings in Foreign Currency	69.28	54.42

GROUP

(As referred in the Directors' Report)

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

- Mr. Kishore Biyani
- Mr. Gopikishan Biyani
- Mr. Laxminarayan Biyani
- Mr. Vijay Biyani
- Mr. Sunil Biyani
- Mr. Anil Biyani
- Mr. Rakesh Biyani
- Ms. Ashni Biyani
- Mr. Vivek Biyani
- PFH Entertainment Limited
- Pantaloon Industries Limited
- Varnish Trading Private Limited
- Manz Retail Private Limited
- Erudite Trading Private Limited
- Chaste Investrade Private Limited
- Future Realtors India Private Limited
- Future Capital Investment Private Limited
- Future Ideas Company Limited
- Akar Estate & Finance Private Limited

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.

Initiative for better Corporate Governance

The Board has created a Corporate Governance Committee, to ensure compliance better corporate governance and improve transparency in its communication with all stakeholders in addition to other responsibilities entrusted to the said Committee. The Committee has been created under chairmanship of Independent Director, Mr. Shailesh Haribhakti, who is also Chairman of the Board. The Committee comprises of Mr. Kishore Biyani, Managing Director, Mr. Rakesh Biyani, Wholetime Director, Mrs. Bala Deshpande and Mr. Anil Harish, Independent Directors. The Committee has been constituted on 13th April 2009. The Committee would ensure compliance with corporate governance requirements and initiate measures to take up corporate governance of the Company beyond the statutory requirement and ensure more transparency, accountability and reliability in its dealings with all the stakeholders.

The Corporate Governance Report of the Company for the year ended 30th June 2009 is as follows :

1. BOARD OF DIRECTORS

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

- 1) Executive Promoter Directors - 4*
- 2) Independent Non Executive Directors - 6

*Mr. Vijay Biyani has been appointed as Executive Director of the Company. Profile of Mr. Vijay Biyani has been given in the explanatory statement attached to the notice convening Twenty Second Annual General Meeting of the Company and forming part of this annual report.

2. BOARD MEETINGS

During the financial year 2008-09, seven Board Meetings were held. These were held on 24/07/2008, 20/09/2008, 21/10/2008, 21/01/2009, 13/04/2009, 25/04/2009 and 08/06/2009.

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

Name of the Director	Category	No. of Board Meetings attended	No. of other Directorships in Public Ltd. Cos.	Attendance in the last AGM held on 10/11/2008	No. of committee positions held including PRIL#	
					Chairman	Member
Mr. Shailesh Haribhakti	Independent Non executive	7	13	Yes	5	4
Mr. Kishore Biyani	Executive Promoter	7	10	Yes	-	5
Mr. Gopikishan Biyani	Executive Promoter	7	3	Yes	-	1
Mr. Rakesh Biyani	Executive Promoter	7	7	Yes	-	1
Dr. Darlie Koshy	Independent Non executive	6	1	No	-	1
Mr. S. Doreswamy	Independent Non executive	7	6	No	3	3
Mrs. Bala Deshpande	Independent Non executive	4	-	No	-	-
Mr. Anil Harish	Independent Non executive	6	13	Yes	4	6
Mr. Vijay Kumar Chopra	Independent Non executive	7	14	Yes	3	5
Mr. Vijay Biyani*	Executive Promoter	NA	4	NA	-	-

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

* Mr. Vijay Biyani has been appointed w.e.f. 26th September 2009.

3. AUDIT COMMITTEE

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

A total of five audit committee meetings were held in the financial year July 2008- 09. The meeting were held on 24/07/2008, 20/09/2008, 21/10/2008, 21/01/2009, 25/04/2009.

Name of the Member	Designation	No. of meetings attended
Mr. S. Doreswamy	Chairman (w.e.f. 13/04/2009) (Member till 13/04/2009)	5
Mr. Shailesh Haribhakti	Member (w.e.f. 13/04/2009) (Chairman till 13/04/2009)	5
Dr. Darlie Koshy	Member	5

4. REMUNERATION COMMITTEE

The Remuneration Committee of the Company consists of the following members and one meeting was held on 20/09/2008 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 detail of remuneration paid (including commission due as on 30/06/2009 but not paid) to the Directors for the year ended on 30th June 2009 is as follows:

Name of the Director	Salary & Perquisites (Rs.)	Sitting Fees (Rs.)	Commission (Rs.)	Total (Rs.)
Mr. Kishore Biyani	2,09,68,602	NA	1,00,00,000	3,09,68,602
Mr. Gopikishan Biyani	56,83,404	NA	NA	56,83,404
Mr. Rakesh Biyani	1,37,94,600	NA	50,00,000	1,87,94,600
Mr. Shailesh Haribhakti	NA	2,58,000	3,00,000	5,58,000
Mr. S. Doreswamy	NA	2,80,000	3,00,000	5,80,000
Dr. Darlie Koshy	NA	2,40,000	3,00,000	5,40,000
Mr. Anil Harish	NA	1,40,000	3,00,000	4,40,000
Mrs. Bala Deshpande	NA	1,00,000	3,00,000	4,00,000
Mr. Vijay Kumar Chopra	NA	1,42,000	3,00,000	4,42,000

5. INVESTOR RELATIONS & GRIEVANCE COMMITTEE

The Investor Relations & Grievance Committee was constituted by the Board in 1999 to redress any grievances of the Investors. During the year the Chairman of the Committee has been changed. A total of four meetings of the Investor Relations & Grievance Committee were held in the financial year July 2008- June 2009. The meeting were held on 24/07/2008, 21/10/2008, 21/01/2009 and 25/04/2009. The composition of the Committee and the number of meetings attended by the members are as follows:

Name	Designation	No. of Meetings attended
Mr. Vijay Kumar Chopra	Chairman (w.e.f. 13/04/2009)	1
Mr. S. Doreswamy	Member (Chairman till 13/04/2009)	4
Mr. Gopikishan Biyani	Member	4
Mr. Rakesh Biyani	Member	3

A total of 146 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 9 meetings were held during the period under review.

7. CORPORATE GOVERNANCE COMMITTEE

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

Mr. Shailesh Haribhakti – Chairman
Mr. Kishore Biyani
Mr. Rakesh Biyani
Mr. Anil Harish
Ms. Bala Deshpande

The objective of the Committee is to ensure and implement better corporate governance practices.

8. SHARE TRANSFER COMMITTEE

The Share Transfer Committee consists of 3 members. The Committee meets on a regular basis to approve transfer of shares, transmission of shares, splitting, consolidation and rematerialisation of shares. The Shares in physical form sent for transfer in physical form are processed and registered by our registrar & transfer agent (Link Intime India Pvt. Limited) within 30 days of receipt of documents, if found in order. A total of 24 meetings were held during the year in which 11010 equity shares and 548 Class B Shares (Series 1) were transferred.

9. GENERAL BODY MEETINGS

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

Year	No of AGM	Day, Date & Time of AGM	Venue
2007-08	21	10th November 2008 at 10:30 am	Y.B. Chavan Centre, Gen. Jagannath Bhosale Marg, Mumbai – 400 021
2006-07	20	15th November 2007 at 10:30 am	Y.B. Chavan Centre, Gen. Jagannath Bhosale Marg, Mumbai – 400 021
2005-06	19	17th November 2006 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
21	10/11/2008	Payment of Commission to Independent Directors;
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.

Extraordinary General Meeting

An Extraordinary General Meeting of the Company was held on 12th May 2009 and the following Special Resolutions were passed:

- Issue and allotment of 1,51,00,000 equity shares for total consideration of Rs.276.33 Crores through preferential basis to promoter group Companies and other investors;
- Issue and allotment of 50,00,000 warrants upto Rs.91.50 Crores to promoter group Companies, convertible into equity shares within 18 months from the date of issue of warrants.

Postal Ballot

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

(1) First Postal Ballot

- (i) Ordinary Resolution : Increase in the Authorised Share Capital and the alteration of the Capital Clause in the Memorandum of Association of the Company;
- (ii) Special Resolution: Alteration of the Articles of Association of the Company;
- (iii) Special Resolution : Issue of Class B Shares (Series 1) of Rs. 2/- each credited as fully paid up bonus shares to the holders of existing Equity Shares of the Company;
- (iv) Special Resolution: Increasing investment of the Company in Pantaloon Future Ventures Limited from Rs. 325 Crores to Rs. 400 Crores.

The results for all the above matters were announced on 20th September 2008.

(2) Second Postal Ballot

- (i) Ordinary Resolution: Sale / Transfer of Fashion Division of the Company to its wholly owned subsidiary, Future Value Retail Limited to be renamed as Future Merchandising Limited;
- (ii) Ordinary Resolution: Sale / Transfer of Retail Division of the Company to its subsidiary, Future Speciality Retail Limited to be renamed as Future Consumer Enterprises Limited, in which Company has 100% interest;
- (iii) Special Resolution: Change of name of the Company to "Future Markets & Consumer Group Limited" or such other name as may be approved by Registrar of Companies, Maharashtra.

The results for all the above matters were announced on 25th May 2009.

Voting Pattern and Procedure for Postal Ballot:

- (i) The Board of Directors of the Company had its meeting held on 24th July 2008 and 13th April 2009 appointed Mr. Virendra Bhatt, Practising Company Secretary, as the Scrutiniser for conducting the respective first and second postal ballot voting process;
- (ii) Process for both the Postal Ballot process was carried out in a fair and transparent manner. The postal ballot forms had been kept under safe custody of Scrutiniser in sealed and tamper proof ballot boxes before commencing the scrutiny of such postal ballot forms;
- (iii) All postal forms received / receivable up to the close of working hours on 12th September 2008 and 22nd May 2009 the last date and time fixed by the Company for receipt of the forms in the respective first and second postal ballot, had been considered by Scrutiniser in his scrutiny;
- (iv) Envelopes containing postal ballot forms received on / after 12th September 2008 for the first postal ballot and 22nd May 2009 for the second postal ballot had not been considered for his scrutiny;
- (v) The result of the Postal Ballot were announced on 20th September 2008 for the first postal ballot and 25th May 2009 for the second postal ballot at the Registered Office of the Company as per scrutinizer's Report are as under:

(1) Result declared on 20th September 2008 for the first postal ballot

Particulars	In favour			Against			Neutral votes			Total No. of Shares
	No. of Ballot Papers	No. of Votes in favour of	%	No. of Ballot Papers	No. of Votes against	%	No. of Ballot Papers	No. of Votes	%	
Resolution No. 1	707	9,63,54,517	99.99	20	1,662	0.01	8	6,396	Less than 0.01	9,63,62,575
Resolution No. 2	687	9,63,52,820	99.99	27	2,729	0.01	21	7,026	Less than 0.01	9,63,62,575
Resolution No. 3	699	9,63,54,842	99.99	21	5,191	0.01	15	2,542	Less than 0.01	9,63,62,575
Resolution No. 4	688	9,63,49,073	99.99	27	6,258	0.01	20	7,244	Less than 0.01	9,63,62,575

(2) Result declared on 25th May 2009 for the second postal ballot

Particulars	In favour			Against			Neutral votes			Total No. of Shares
	No. of Ballot Papers	No. of Votes in favour of	%	No. of Ballot Papers	No. of Votes against	%	No. of Ballot Papers	No. of Votes	%	
Resolution No. 1	590	9,52,43,427	99.99	28	5763	0.01		103	Less than 0.01	9,52,49,293
Resolution No. 2	587	9,52,42,989	99.99	31	6201	0.01		103	Less than 0.01	9,52,49,293
Resolution No. 3	576	9,52,40,720	99.99	42	8469	0.01		104	Less than 0.01	9,52,49,293

10. MEANS OF COMMUNICATION:**Financial Results**

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

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

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

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

11. INFORMATION TO SHAREHOLDERS**11.1 Date, time and Venue of the 22nd Annual General Meeting:**

Wednesday, 02nd December 2009 at 10:30 am

at Y. B. Chavan Centre, Gen. Jagannath Bhosale Marg, Mumbai 400021

11.2 Date of Book Closure

Friday, 27th November 2009 to Wednesday, 2nd December 2009 (both days inclusive)

11.3 Dividend

The Board of Directors of the Company has recommended a dividend of (30%) Rs.0.60 (Sixty Paise only) per equity share and dividend of (35%) Rs.0.70 (Seventy paise only) per Class B share (Series 1). Further, warrants, if converted into shares before the Book Closure date would also be entitled to dividend as may be declared at the ensuing Annual General Meeting. Dividend, if approved, at the ensuing Annual General Meeting, will be paid to those shareholders whose names appear in the Register of Members as on 27th November 2009.

11.4 Registered office:

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

11.5 Listing in Stock Exchanges

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

Bombay Stock Exchange Limited (BSE)

National Stock Exchange of India Limited (NSE)

11.6 Stock Code

Shares	ISIN No.	Stock Code	
		BSE	NSE
Equity	INE623B01027	523574	PANTALOONR
Class B Shares (Series 1)	IN9623B01058	570002	PRETAILDVR

11.7 Listing Fees

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

11.8 Stock Performance

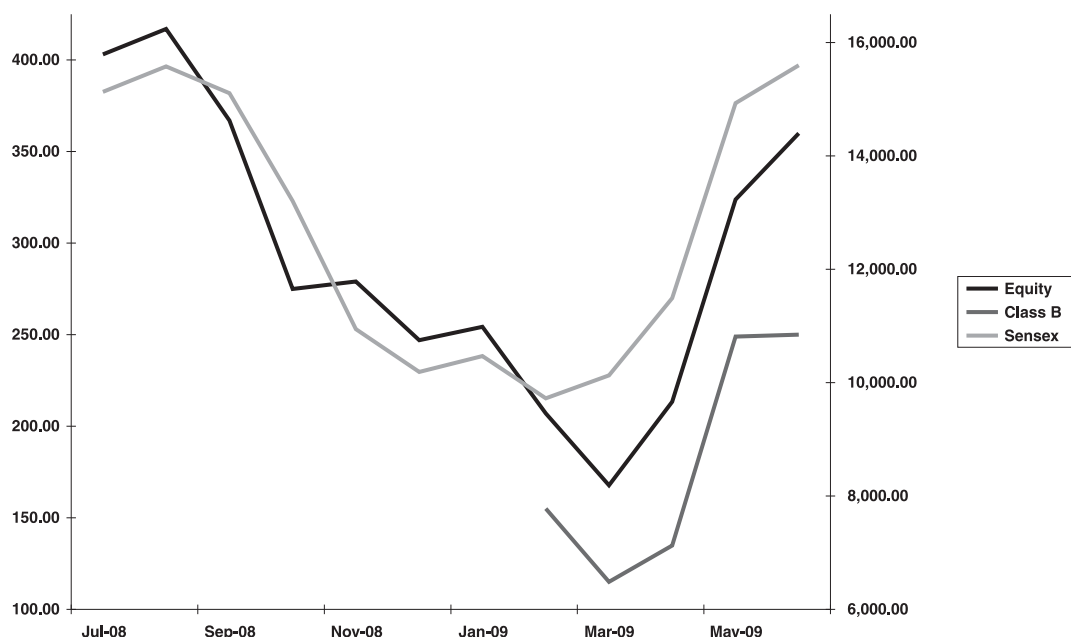
The performance of the stock in the Bombay Stock Exchange Limited & National Stock Exchange of India Limited for the period from 1st July 2008 to 30th June 2009 was as follows:

Month	Bombay Stock Exchange Limited (BSE)			National Stock Exchange of India Limited (NSE)		
	High	Low	Volume	High	Low	Volume
July	403.05	317.00	11,01,361	435.60	318.00	18,24,161
August	417.00	324.90	10,26,761	465.00	322.60	17,49,843
September	366.95	228.00	27,86,213	420.00	226.65	31,03,295
October	275.00	195.00	23,31,766	275.00	194.10	56,98,336
November	279.00	194.00	28,70,315	279.00	195.00	45,30,756
December	247.00	194.75	9,49,909	244.80	191.00	23,33,738
January	254.35	152.00	25,67,785	253.50	152.50	32,25,156
February	207.00	125.10	27,39,285	207.00	125.00	69,03,830
March	167.75	105.30	31,31,534	168.30	105.50	75,38,898
April	213.40	161.00	37,33,848	213.10	136.25	94,35,958
May	323.80	192.00	1,62,59,861	323.50	191.10	1,80,22,074
June	360.00	290.00	36,24,386	364.70	261.55	87,95,307

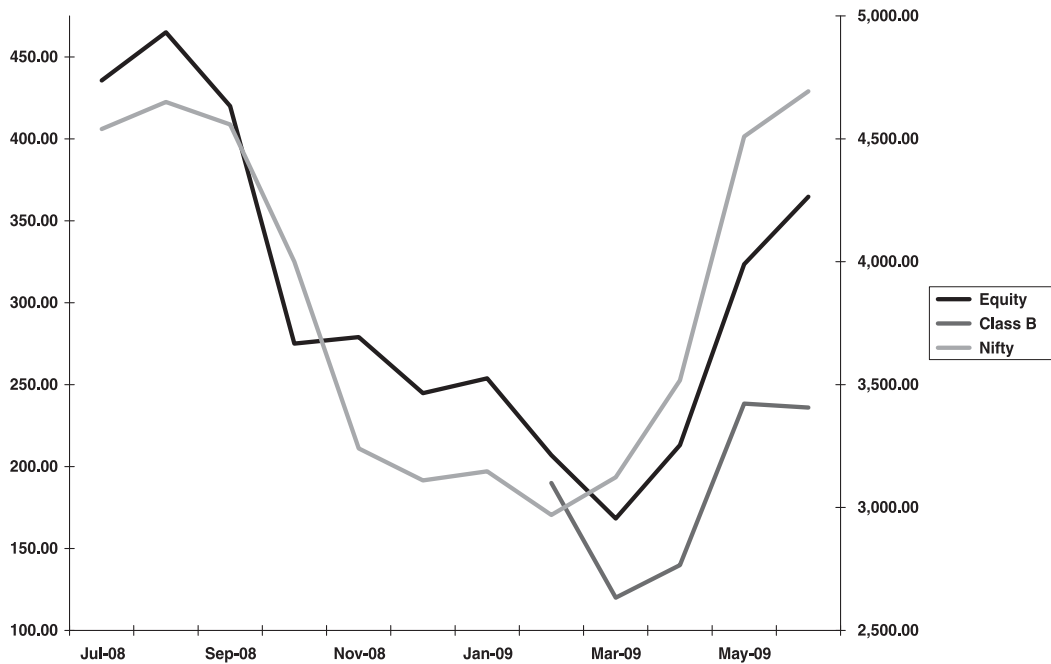
The performance of the stock of Class B Shares (Series 1) in the Bombay Stock Exchange Limited & National Stock Exchange of India Limited for the period from 13th February, 2009 to 30th June 2009 was as follows:

Month	Bombay Stock Exchange Limited (BSE)			National Stock Exchange of India Limited (NSE)		
	High	Low	Volume	High	Low	Volume
February	155.00	75.25	8,18,859	190.00	76.00	11,58,583
March	115.00	60.00	6,98,000	120.00	54.50	8,87,573
April	134.90	102.50	1,59,321	139.90	101.00	1,71,512
May	249.00	116.00	6,76,327	238.40	111.05	1,98,540
June	250.00	180.00	1,18,145	236.00	189.80	1,52,607

Performance of the Stock in BSE



Performance of the Stock in NSE



11.9 Dematerialisation of shares

The share of your Company is under compulsory Demat trading. A total of 15,79,03,505 equity shares aggregating to 90.55% of the total equity shares and 1,57,87,942 Class B Shares (Series 1) aggregating to 99.11% of the total Class B Shares of the Company are in dematerialised form as on 30th June 2009.

11.10 Share Transfer Agents:

Link Intime India Private Limited (Formerly known as 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@linkintime.co.in

11.11 Distribution of Shareholding of Equity and Class B Shares (Series 1) as on 30th June 2009

Equity

No. of Shares	No. of shareholders	%	No. of Shares	%
1-500	26,006	88.62	29,53,897	1.69
501-1000	1,992	6.79	13,65,294	0.78
1001-5000	968	3.30	20,67,128	1.19
5001-10000	112	0.38	8,28,139	0.48
10001-50000	112	0.38	24,79,104	1.42
50001-100000	8,036	0.12	26,21,089	1.50
Above 100000	118	0.41	16,20,76,870	92.94
Total	29,344	100.00	17,43,91,521	100.00

Class B Equity Shares (Series 1)

No. of Shares	No. of shareholders	%	No. of Shares	%
1-500	21,862	98.36	5,09,404	3.20
501-1000	110	0.49	82,024	0.51
1001-5000	113	0.51	2,45,469	1.54
5001-10000	39	0.18	2,86,155	1.80
10001-50000	54	0.24	13,20,706	8.29
50001-100000	13	0.06	9,50,992	5.97
Above 100000	36	0.16	1,25,34,402	78.69
Total	22,227	100.00	1,59,29,152	100.00

11.12 Categories of Shareholders as on 30th June 2009

Category	Equity		Class B	
	No. of Shares	% holding	No. of Shares	% holding
Promoters and their Relatives	8,50,76,986	48.79%	74,07,693	46.50%
Mutual Funds	1,50,48,392	8.63%	21,00,645	13.19%
Banks, Financial Institutions	40,29,020	2.31%	1,66,344	1.04%
Insurance Companies	11,62,370	0.67%	8,99,793	5.65%
Foreign Institutional Investors	3,66,73,564	21.03%	17,11,987	10.75%
Non Resident Indians	2,09,913	0.12%	28,550	0.18%
Indian Companies	1,77,92,551	10.20%	17,56,188	11.02%
Indian Public	1,38,14,000	7.92%	18,27,450	11.47%
Director & their Relatives & Friends	12,600	0.01%	1,260	0.01%
Clearing Members	5,72,125	0.33%	29,242	0.18%
Total	17,43,91,521	100.00%	1,59,29,152	100.00%

11.13 Financials release dates for 2009--10

Quarter	Release Date (tentative & subject to change)
1st Quarter ending 30th September	Fourth week of October 2009
2nd Quarter ending 31st December	Third week of January 2010
3rd Quarter ending 31st March	Third week of April 2010
4th Quarter ending 30th June	Third week of July 2010

11.14 Internet access: www.pantaloon.com

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

11.15 Plant Locations

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

12 DISCLOSURES

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

1. **Chairman of the Board:** At its meeting held on 13th April,2009, the Board of Directors had appointed Mr. Shailesh Haribhakti, Non-executive Director as Chairman of the Board. As there is no separate office of the Chairman being maintained, no reimbursement of expenses is being made for maintenance of separate Chairman's office.
2. **Remuneration Committee:** Details regarding Remuneration Committee has already been dealt under para 4 of this Report.
3. **Shareholders' Rights:** Quarterly and half yearly financial results of the Company are furnished to the Stock Exchanges and are also published in the news papers and uploaded on website of the Company. Hence, half yearly results were not separately sent to shareholders. The Company is considering to commence this additional communication with shareholders in order to give them updated information about the Company at regular interval.
4. **Audit qualifications:** There are no audit qualifications in the financial statement for the year 2008-09. Standard practices and procedures are in place to ensure unqualified financial statements.
5. **Training to Board Members:** No training has been provided to the Board Members as on the date of this Report.
6. **Mechanism for evaluating Non-executive Board Members:** The Company is working on the mechanism and will be adopted in due course.
7. **Whistle Blower Policy:** The Company has adopted the code of conduct for Directors and Senior Management. Board has considered and deliberated on the whistle blower policy of the Company. The same would be implemented at appropriate time.

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, 2009 as stipulated by Clause 49 of the Listing Agreement of the Company with the Stock Exchanges, with the relevant records and documents maintained by the Company and furnished to us and the report of Corporate Governance as approved by the Board of Directors.

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

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

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

for NGS & Co.

Chartered Accountants

Place : Mumbai

Date : 26th September 2009

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 2008-June 2009.

Place : Mumbai

Date : 26th September 2009

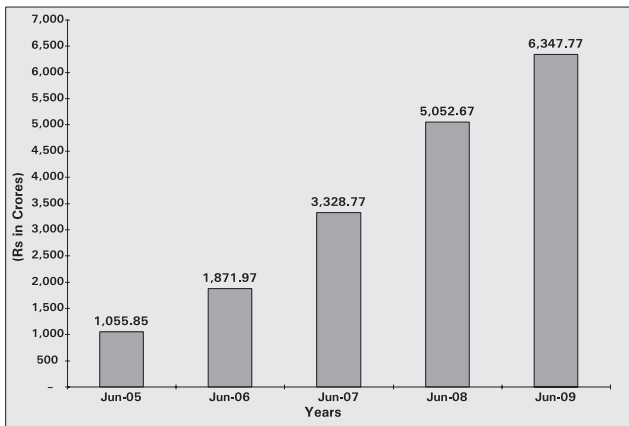
Kishore Biyani

Managing Director

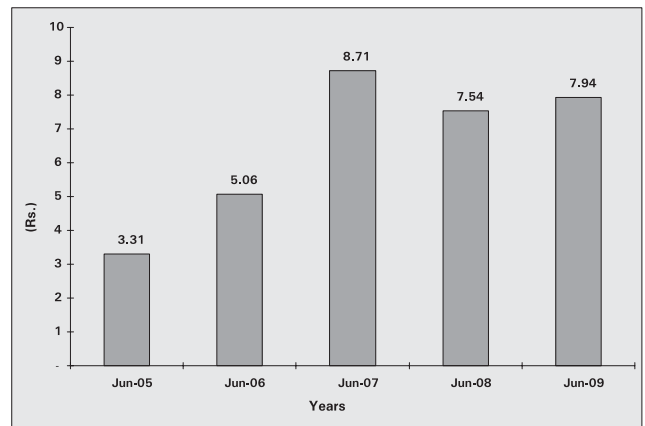
Ratios

Financial Performance	Jun-05	Jun-06	Jun-07	Jun-08	Jun-09
Cost of Goods Sold / Net Sales	66.52%	66.53%	69.36%	69.56%	69.85%
Manpower Costs / Total Income	4.80%	5.99%	6.19%	5.42%	4.32%
Advertising and Selling Cost / Total Income	3.08%	2.72%	2.80%	2.34%	1.80%
Interest / Total Income	2.60%	1.97%	2.70%	3.67%	5.01%
PBDIT/ Interest (Debt-Service Ratio)	3.42	4.05	3.43	2.51	2.12
Profitability	Jun-05	Jun-06	Jun-07	Jun-08	Jun-09
PBDIT / Total Income	8.89%	7.99%	9.24%	9.19%	10.63%
PBDT / Total Income	6.29%	6.02%	6.55%	5.52%	5.61%
Net profit / Total Income	3.65%	3.43%	3.60%	2.49%	2.21%
RONW (PAT / Average Net Worth)	24.42%	17.15%	14.82%	8.57%	6.83%
ROCE (PBDIT / Average capital employed)	22.41%	18.30%	17.48%	14.44%	14.73%
Balance Sheet	Jun-05	Jun-06	Jun-07	Jun-08	Jun-09
Debt-Equity Ratio	1.29	1.14	1.19	1.19	1.25
Debtors Turnover (Days)	4	3	7	8	10
Inventory Turnover (Days)	94	98	99	102	101
Current Ratio	1.73	1.44	2.19	1.71	1.97
Quick Ratio	0.55	0.58	1.08	0.78	0.75
Asset Turnover (Total Income / Total Assets)	2.03	1.62	1.36	1.23	1.21
Key Financial Parameters (Rs in Crores)	Jun-05	Jun-06	Jun-07	Jun-08	Jun-09
Total Revenue	1,055.85	1,871.97	3,328.77	5,052.67	6,347.77
Profit Before Interest, Tax and Depreciation	93.91	149.64	307.63	464.28	674.50
Profit After Tax	38.55	64.16	119.99	125.97	140.58
Cash Profit	58.90	99.85	184.78	246.64	328.88
Per Share Data	Jun-05	Jun-06	Jun-07	Jun-08	Jun-09
Basic Earnings (less Extraordinary Income)	3.31	5.06	8.71	7.54	7.94
Basic Cash Earnings(Rs.)	4.45	6.70	11.39	14.76	18.58
Dividend (Rs)	0.50	0.50	0.50	0.60	0.60
Book Value (Rs)	20.12	39.20	74.42	111.96	118.20

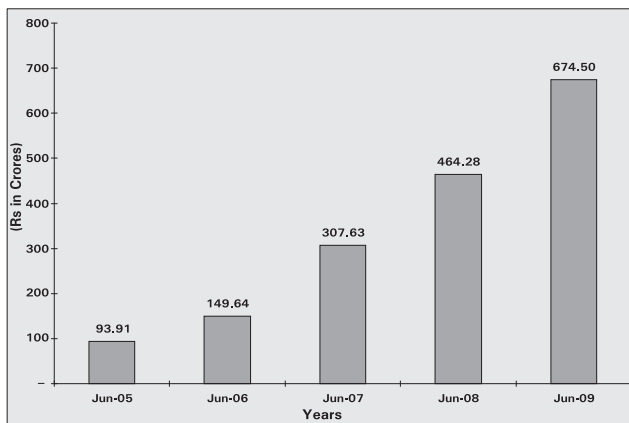
Growth in Total Income(Rs in Crores)



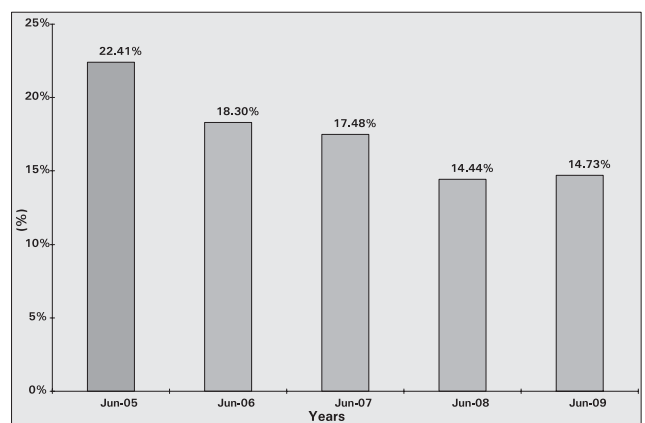
Earning Per Share (Rs)



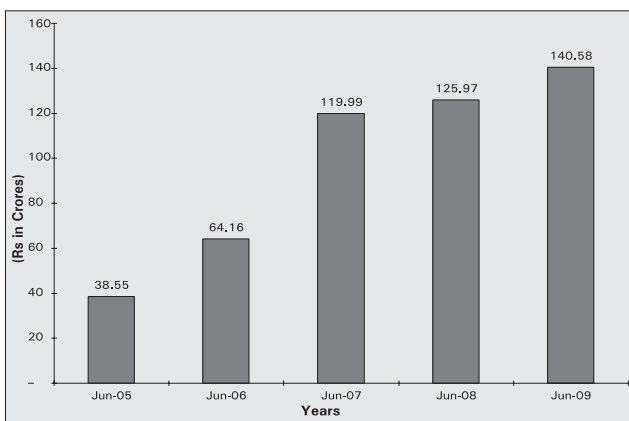
Growth in PBDIT (Rs in Crores)



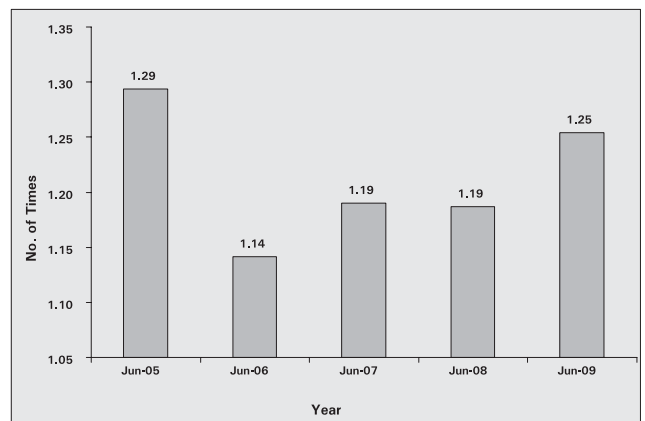
ROCE (%)



Growth in Profit after Tax (Rs in Crores)



Debt-Equity Ratio



10-YEAR FINANCIAL SUMMARY BALANCE SHEET

Rs. in Crores.

Balace Sheet as at	Jun-00	Jun-01	Jun-02	Jun-03	Jun-04	Jun-05	Jun-06	Jun-07	Jun-08	Jun-09
Sources of Funds										
Equity Share Capital	12.52	13.32	17.32	18.18	19.14	22.00	26.88	29.35	31.86	38.06
Share Application Money	-	-	-	-	-	-	-	0.01	-	-
Reserves & Surplus	13.07	22.75	36.68	49.50	75.75	196.53	500.02	1,062.82	1,751.50	2,211.48
Warrant Application Money	-	-	-	-	-	3.00	-	-	63.26	22.88
Shareholders Fund	25.59	36.07	54.00	67.68	94.89	221.53	526.90	1,092.18	1,846.62	2,272.42
Deferred Tax Liability	-	-	1.79	2.92	6.03	13.04	27.92	55.84	67.84	116.10
Secured Loans	31.61	68.22	109.53	141.32	214.76	256.17	428.10	951.93	1,991.77	2,525.53
Unsecured Loans	2.73	1.42	0.30	4.23	21.36	30.04	173.29	347.65	200.01	324.86
Total Loans	34.34	69.64	109.83	145.55	236.12	286.21	601.39	1,299.58	2,191.78	2,850.39
Total Liabilities	59.93	105.71	165.62	216.15	337.04	520.78	1,156.20	2,447.60	4,106.24	5,238.90

Application of Funds										
Gross Block	21.24	41.24	77.72	122.98	184.71	251.10	366.01	767.07	1,368.76	1,876.45
Depreciation	3.61	5.22	9.43	15.67	24.32	37.36	56.58	92.47	170.59	307.69
Net Block	17.63	36.01	68.29	107.31	160.39	213.74	309.43	674.60	1,198.17	1,568.76
Capital WIP	9.85	7.86	6.28	3.32	14.44	15.79	86.06	131.13	330.64	345.23
NB + CWIP	27.48	43.87	74.57	110.63	174.83	229.53	395.49	805.73	1,528.81	1,913.99
Investment	0.07	5.07	5.07	5.26	5.26	31.92	161.67	252.01	586.52	954.03
Current Assets										
Inventories	37.19	56.33	87.41	114.38	157.60	275.93	507.02	885.96	1,429.84	1,787.84
Debtors	10.05	12.98	17.69	22.32	17.58	12.31	17.03	65.17	113.16	177.25
Cash & Bank Balance	2.28	2.38	4.03	8.07	13.85	21.50	21.77	162.97	121.10	109.34
Loans & Advances	6.01	11.10	23.33	21.43	40.95	93.68	297.57	633.85	962.32	1,202.56
Other Current Assets	-	-	-	-	-	0.46	1.09	1.50	2.16	5.75
Total Current Assets	55.53	82.78	132.46	166.21	229.98	403.87	844.48	1,749.45	2,628.58	3,282.74
Current Liabilities										
Creditors	12.41	13.75	23.82	17.64	13.58	78.69	136.08	223.72	310.40	385.38
Other Current Liabilities	9.66	12.04	22.05	44.44	52.91	48.39	93.73	120.15	309.68	506.01
Provisions	1.96	0.98	1.23	4.40	6.95	17.74	15.62	15.71	17.58	20.46
Total Current Liabilities	24.03	26.77	47.10	66.48	73.44	144.82	245.44	359.58	637.66	911.86
Net Current Assets	31.50	56.01	85.36	99.73	156.54	259.05	599.04	1,389.86	1,990.91	2,370.89
Misc. Expenditure	0.89	0.76	0.63	0.53	0.40	0.28	-	-	-	-
Total Assets	59.93	105.71	165.62	216.16	337.04	520.78	1,156.20	2,447.60	4,106.24	5,238.90

10-YEAR FINANCIAL SUMMARY - PROFIT & LOSS ACCOUNT

Rs. in Crores.

Profit & Loss Account as at	Jun-00	Jun-01	Jun-02	Jun-03	Jun-04	Jun-05	Jun-06	Jun-07	Jun-08	Jun-09
Sales & Operating Income	137.28	180.58	285.29	444.83	658.31	1,052.80	1,868.97	3,236.74	5,048.91	6,341.70
Other Income	0.66	0.44	0.67	0.79	1.33	3.05	3.00	92.03	3.76	6.06
Total Income	137.94	181.02	285.96	445.62	659.64	1,055.85	1,871.97	3,328.77	5,052.67	6,347.76
Cost of Goods Cons. & Sold	97.19	117.98	186.11	303.50	438.01	700.31	1,243.43	2,245.05	3,512.19	4,429.95
Labour Charges	5.17	8.28	6.51	6.77	6.97	15.27	20.66	14.62	21.28	15.79
Packing Materials	0.76	1.24	2.11	3.10	5.64	12.44	19.22	27.80	40.40	51.74
Power	1.03	2.02	5.34	7.94	12.08	21.95	37.41	61.51	78.20	98.97
Excise	-	0.43	4.58	3.40	3.36	0.28	-	-	-	-
Rent	3.08	6.18	10.03	15.71	27.59	47.97	113.46	207.01	326.27	405.76
Personnel Cost	4.18	6.81	13.59	19.13	27.53	50.65	112.07	206.09	274.07	274.26
Advertisement Expenses	2.98	6.05	8.77	11.83	18.75	32.56	50.96	93.14	118.28	114.23
Transportation Expenses	1.08	1.73	2.72	3.43	5.95	12.66	19.08	-	-	-
Sales Tax	1.85	3.55	5.26	7.75	14.91	-	-	-	-	-
Misc. Expenditure	9.22	12.00	17.96	24.88	41.72	67.84	106.03	165.92	217.70	282.56
Total Cost	126.53	166.27	262.98	407.44	602.50	961.94	1,722.34	3,021.14	4,588.39	5,673.26
PBDIT	11.41	14.74	22.98	38.18	57.14	93.91	149.64	307.63	464.28	674.50
Finance Charges	5.07	6.22	11.24	17.67	23.94	27.46	36.92	89.76	185.27	318.22
PBDT	6.33	8.52	11.74	20.51	33.20	66.46	112.71	217.87	279.01	356.28
Depreciation	1.07	1.63	4.22	6.35	8.79	13.33	20.82	36.86	83.39	140.05
PBT	5.27	6.89	7.53	14.16	24.41	53.12	91.90	181.01	195.62	216.23
Prior Period Items	(0.00)	0.04	0.01	0.78	0.07	0.03	0.07	0.06	(0.03)	0.27
Current Tax	0.35	0.45	0.39	0.85	1.45	7.28	11.04	30.71	29.16	25.23
Deferred Tax	-	-	0.10	1.13	3.11	7.01	14.87	27.93	37.28	48.26
Fringe Benefit Tax	-	-	-	-	-	0.24	1.75	2.32	3.24	1.89
PAT	4.92	6.40	7.03	11.41	19.78	38.55	64.16	119.99	125.97	140.58

Financial Statements & Notes

Auditors' Report

The Members of
Pantaloon Retail (India) Limited

1. We have audited the attached Balance Sheet of Pantaloon Retail (India) Limited as at June 30, 2009 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, 2009, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on June 30, 2009 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
 - vi. In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with significant accounting policies and other notes to accounts of Schedule 19 give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the 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, 2009;
 - 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

Place : Mumbai
Date : 26th September 2009

Navin T. Gupta
Partner
Membership No. 40334

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. The discrepancies noticed on verification between physical stocks and the book records were not material having regard to the size of the operations of the Company.
- (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 the internal control system of the Company.
- (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 five lakhs with any party during the year have been made at prices which are reasonable having regards to prevailing market prices at the relevant time.
 - (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. To the best of our knowledge and according to the information and explanations given to us, no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or Tribunal.
 - (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) To the best of our knowledge and belief, the Central Government has not prescribed maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Act, in respect of Company's products. Accordingly the provisions of clause 4(viii) of the Order are not applicable.
 - (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 2009 for a period of more than 6 months from the date, they became payable. Further since the Central Government of India has till date not prescribed the amount of cess payable under Section 441A of the Companies Act, 1956, we are not in a position to comment upon the regularity or otherwise of the Company in depositing the same.

- (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 the Statute	Nature of the dues	Amount (in Crores)	Period	Forum
The Indian Stamp Act, 1899	Stamp Duty	3.03	-	District Collector of Stamps, Gautambudhnagar, U.P.
The Indian Stamp Act, 1899	Stamp Duty	0.21	-	Additional Collector (F&R), Gautambudhnagar, U.P.
The Indian Stamp Act, 1899	Stamp Duty	1.55	-	Upper Collector, Ghaziabad, U.P.
The Indian Stamp Act, 1899	Stamp Duty	0.51	-	Collector of Stamp, Kanpur, U.P.
U.P. Trade Tax Act	Sales Tax Demand	0.41	-	Additional Commissioner of Commercial Tax.

- (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 banks. There were no dues payable to financial institutions or debenture holders during the year.
- (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 said order are not applicable to the Company.
- (14) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly provisions of clause 4(xiv) of the Order are not applicable.
- (15) In our opinion and according to the information and explanations given to us, the terms and conditions of guarantees given by the Company for loans taken by subsidiaries and joint venture companies from banks, 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 said order are not applicable.
- (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

Place : Mumbai
Date : 26th September 2009

Navin T. Gupta
Partner
Membership No. 40334

BALANCE SHEET AS AT 30TH JUNE 2009

PARTICULARS	SCH. No.	As At 30/06/2009 (Rs. in Crores)	As At 30/06/2008 (Rs. in Crores)
SOURCES OF FUNDS :			
Shareholders' Funds			
Share Capital	1	38.06	31.86
Equity Warrants	19B 10(C)	22.88	63.26
Reserves & Surplus	2	<u>2211.48</u>	<u>1751.50</u>
		2272.42	1846.62
Loan Funds			
Secured Loans	3	2525.53	1991.77
Unsecured Loans	4	<u>324.86</u>	<u>200.01</u>
		2850.39	2191.78
Deferred Tax Liability - Net		<u>116.10</u>	<u>67.84</u>
		<u>5238.91</u>	<u>4106.24</u>
APPLICATION OF FUNDS :			
Fixed Assets			
Gross Block	5	1876.45	1368.76
Less : Depreciation		<u>307.69</u>	<u>170.59</u>
Net Block		1568.76	1198.17
Capital work-in-progress		345.23	330.64
Investments	6	954.03	586.52
Current Assets, Loans & Advances			
Inventories	7	1787.84	1429.84
Sundry Debtors	8	177.25	113.16
Cash & Bank Balances	9	109.34	121.10
Loans & Advances	10	1202.56	962.32
Other Current Assets		<u>5.75</u>	<u>2.16</u>
		3282.74	2628.58
Less : Current Liabilities & Provisions			
Current Liabilities	11	891.39	620.08
Provisions	12	<u>20.46</u>	<u>17.58</u>
		911.85	637.66
Net Current Assets		<u>2370.89</u>	<u>1990.91</u>
		<u>5238.91</u>	<u>4106.24</u>
SIGNIFICANT ACCOUNTING POLICIES & NOTES TO ACCOUNTS	19		

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

As per our Report of even date attached

For and on behalf of Board of Directors

For NGS & Co.
Chartered Accountants

Shailesh Haribhakti
Chairman

Kishore Biyani
Managing Director

Rakesh Biyani
Wholetime Director

Navin T. Gupta
Partner
Membership No. 40334

Gopikishan Biyani
Wholetime Director

Vijay Biyani
Wholetime Director

S.Doreswamy
Director

Dr.Darlie O.Koshy
Director

Anil Harish
Director

Vijay Kumar Chopra
Director

Place : Mumbai
Dated : 26th September 2009

C. P. Toshniwal
Chief Financial Officer

Deepak Tanna
Company Secretary

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30TH JUNE 2009

PARTICULARS	SCH No.	2008-09 (Rs. in Crores)	2007-08 (Rs. in Crores)
INCOME			
Sales & Operating Income	13	6341.70	5048.91
Other Income	14	6.06	3.76
		<u>6347.76</u>	<u>5052.67</u>
EXPENDITURE			
Cost of goods consumed & sold	15	4429.95	3512.19
Personnel cost	16	274.26	274.07
Manufacturing & other expenses	17	969.05	802.13
Finance charges	18	318.22	185.27
Depreciation	5	140.05	83.39
		<u>6131.53</u>	<u>4857.05</u>
Profit Before Tax		216.23	195.62
Less: Earlier Year's Income Tax		0.27	(0.03)
Less: Tax Expenses	19(B)(13)	75.38	69.68
Profit After Tax		140.58	125.97
Add : Balance Brought Forward		267.56	215.76
Available for Appropriation		<u>408.14</u>	<u>341.73</u>
Proposed Dividend		11.57	10.67
Tax on Proposed Dividend		1.97	1.81
Transfer to General Reserve		14.06	12.60
Balance carried to Balance Sheet		380.54	316.65
		<u>408.14</u>	<u>341.73</u>
Earnings Per Share in Rs. (Face value Rs.2)			
Basic & Diluted - Equity		7.94	7.54
Basic & Diluted - Class B (Series 1)		8.04	-
Refer Note No.16 of schedule 19			

SIGNIFICANT ACCOUNTING POLICIES & NOTES TO ACCOUNTS 19

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

As per our Report of even date attached

For and on behalf of Board of Directors

For NGS & Co.
Chartered Accountants

Shailesh Haribhakti
Chairman

Kishore Biyani
Managing Director

Rakesh Biyani
Wholetime Director

Navin T. Gupta
Partner
Membership No. 40334

Gopikishan Biyani
Wholetime Director

Vijay Biyani
Wholetime Director

S.Doreswamy
Director

Dr.Darlie O.Koshy
Director

Anil Harish
Director

Vijay Kumar Chopra
Director

Place : Mumbai
Dated : 26th September 2009

C. P. Toshniwal
Chief Financial Officer

Deepak Tanna
Company Secretary

SCHEDULES TO BALANCE SHEET AS AT 30TH JUNE 2009

	As At 30/06/2009 (Rs. in Crores)	As At 30/06/2008 (Rs. in Crores)
SCHEDULE 1 : SHARE CAPITAL		
Authorised		
25,00,00,000 (17,50,00,000) Equity Shares of Rs.2/- each.	50.00	35.00
5,00,00,000 Class B Shares (Series 1) of Rs.2/- each	10.00	-
	<u>60.00</u>	<u>35.00</u>
Issued		
17,44,02,921 (15,93,02,921) Equity Shares of Rs.2/- each fully paid	34.88	31.86
1,59,29,152 Class B Shares (Series 1) as Bonus of Rs.2/- each fully paid	3.18	-
	<u>38.06</u>	<u>31.86</u>
Subscribed & Paid Up		
17,43,91,521 (15,92,91,521) Equity Shares of Rs.2/- each fully paid	34.88	31.86
1,59,29,152 Class B Shares (Series 1) of Rs.2/-each fully paid (of the above class B Shares (Series 1) 1,59,29,152 shares allotted as fully paid up by way of capitalisation of share premium account)	3.18	-
	<u>38.06</u>	<u>31.86</u>
SCHEDULE 2 : RESERVES & SURPLUS		
Capital Reserve		
Transfer on forfeiture of equity warrants	63.26	-
	<u>63.26</u>	-
Share Premium		
Balance, at beginning of the year	1448.04	823.75
Add : Premium received during the year	273.31	624.50
Less : Utilised for share issue expenses	0.46	0.21
Less: Utilised for Bonus shares Issued	3.18	-
	<u>1717.71</u>	<u>1448.04</u>
General Reserve		
Balance, at beginning of the year	35.91	23.31
Add : Transfer from Profit & Loss Account	14.06	12.60
	<u>49.97</u>	<u>35.91</u>
Profit and Loss Account		
	380.54	316.65
Less: Adjusted against refinement in method of valuation of Finished Goods (Net of Tax)	-	49.09
	<u>2211.48</u>	<u>1751.50</u>
SCHEDULE 3 : SECURED LOANS		
(1) Term Loans From Banks		
a) Foreign Currency Loans	97.30	53.95
b) External Commercial Borrowings	-	1.71
c) Rupee Loans	1671.21	1236.32
(2) Working Capital Loans From Banks		
a) Foreign Currency Loans	82.39	53.07
b) Rupee Loan	487.32	563.91
c) Commercial Paper	185.00	80.00
(3) Hire Purchase		
	2.31	2.81
	<u>2525.53</u>	<u>1991.77</u>
SCHEDULE 4 : UNSECURED LOANS		
Long Term Loans from Banks	299.85	-
Debenture Application Money	25.00	-
Short Term Loans from Banks	-	200.00
Public Deposits	0.01	0.01
	<u>324.86</u>	<u>200.01</u>

SCHEDULES TO BALANCE SHEET AS AT 30TH JUNE 2009

Schedule 5: FIXED ASSETS

(Rs. in Crores)

Particulars	GROSS BLOCK			DEPRECIATION			NET BLOCK			
	As at 01/07/2008	Additions	Deductions	As at 30/06/2009	Upto 01/07/2008	Adjustment for the year	Depreciation for the year	Upto 30/06/2009	As at 30/06/2009	As at 30/06/2008
Freehold Land	4.83	-	-	4.83	-	-	-	-	4.83	4.83
Leasehold Land	1.17	-	-	1.17	0.12	-	0.02	0.14	1.03	1.05
Building & Leasehold Improvements	178.19	62.61	3.85	236.95	15.17	0.33	17.16	32.00	204.95	163.02
Plant & Machinery	50.63	8.31	0.27	58.67	6.36	0.08	2.65	8.93	49.74	44.27
Office Equipment	31.69	4.75	1.21	35.23	4.21	0.68	2.66	6.19	29.04	27.48
Computers & Software	229.88	160.45	3.77	386.56	56.01	0.79	50.88	106.10	280.46	173.87
Furniture & Fittings	497.14	163.14	2.88	657.40	59.66	0.69	42.85	101.82	555.58	437.48
Electrical Installations	279.11	79.77	1.08	357.80	21.49	0.08	17.24	38.65	319.15	257.62
Vehicles	4.44	-	0.45	3.99	1.91	0.19	0.39	2.11	1.88	2.53
Air Conditioners	91.68	42.71	0.54	133.85	5.66	0.11	6.20	11.75	122.10	86.02
Total	1,368.76	521.74	14.05	1,876.45	170.59	2.95	140.05	307.69	1,568.76	1,198.17
Previous Year	767.07	654.52	52.83	1,368.76	92.47	5.27	83.39	170.59	1,198.17	674.60

SCHEDULES TO BALANCE SHEET AS AT 30TH JUNE 2009

	As At 30/06/2009 (Rs. in Crores)	As At 30/06/2008 (Rs. in Crores)
SCHEDULE 6 : INVESTMENTS		
LONG TERM INVESTMENT		
Non-Trade		
In Equity Shares - Quoted, Fully paid up of Rs. 10/- each unless otherwise stated		
Subsidiary Company		
3,47,79,999 Equity Shares of Future Capital Holdings Limited	59.53	59.53
Others		
5,631 Equity Shares of Andhra Bank Limited	0.05	0.05
49,37,935 Equity Shares of Galaxy Entertainment Corporation Limited	19.03	19.03
In Equity Shares-Unquoted, Fully paid up Rs. 10/- each unless otherwise stated		
Subsidiary Companies		
5,100 Equity Shares of CIG Infrastructure Private Limited	0.01	0.01
3,51,00,000 (2,56,00,000) Equity Shares of Future Agrovet Limited (Formerly Known as Pantaloon Food Product (India) Limited)	35.10	25.60
1,91,60,000 (1,91,10,000) Equity Shares of Futurebazaar India Limited	19.16	19.11
1,40,00,000 Equity Shares of Future Brands Limited	14.00	14.00
50,000 Equity Shares of Future Consumer Enterprises Limited (Formerly Known as Future Speciality Retail Limited)	0.05	0.05
50,000 Equity Shares of Future Consumer Products Limited	0.05	0.05
1,69,98,000 Equity Shares of Future E-Commerce Infrastructure Limited	17.00	17.00
4,46,97,790 (2,28,10,000) Equity Shares of Future Knowledge Services Limited	44.70	22.81
2,82,65,550 (2,50,00,000) Equity Shares of Future Learning and Development Limited	28.26	25.00
2,45,00,000 (2,00,00,000) Equity Shares of Future Logistic Solutions Limited	24.50	20.00
50,000 Equity Shares of Future Mall Management Limited	0.05	0.05
21,06,062 Equity Shares of Future Media (India) Limited	11.38	11.38
50,000 Equity Shares of Future Merchandising Limited (formerly known as Future Value Retail Limited)	0.05	0.05
55,50,000 Equity Shares of Future Mobile and Accessories Limited	5.55	5.55
2,01,51,095 (2,00,15,913) Equity shares of Home Solutions Retail (India) Limited	165.35	47.45
21,00,000 (19,00,000) Equity Shares of Pantaloon Future Ventures Limited	28.50	23.50
NIL (51,48,000) Equity Shares of Whole Wealth Limited of Hong Kong \$ 1/- each	-	2.76
2,40,000 (NIL) Equity Shares of Winners Sports Private Limited	27.38	-

SCHEDULES TO BALANCE SHEET AS AT 30TH JUNE 2009

	As At 30/06/2009 (Rs. in Crores)	As At 30/06/2008 (Rs. in Crores)
In Preference Shares - Unquoted, Fully paid up of Rs. 10/- each unless otherwise stated		
Subsidiary Companies		
7,60,000 (NIL) 0.01% Non-Cumulative Redeemable Preference Shares of Winners Sports Private Limited	0.76	-
In Equity Shares - Unquoted, Fully paid up of Rs. 10/- each unless otherwise stated		
Joint Venture Companies		
22,03,500 Equity Shares of Apollo Design Apparel Parks Limited of Rs.10/- each (Rs.5/-Paid up)	66.86	40.99
1,00,00,000 Equity Shares Future Axiom Telecom Limited	10.00	10.00
5,61,00,000 (3,82,50,000) Equity Shares of Future Generali India Insurance Company Limited	56.10	38.25
12,94,67,500 (4,71,75,000) Equity Shares of Future Generali India Life Insurance Company Limited	129.47	47.18
16,50,000 Equity Shares of Staples Future Office Products Private Limited	13.74	13.74
22,81,500 Equity Shares of Goldmohur Design and Apparel Parks Limited of Rs.10/- each (Rs. 5/- Paid up)	62.88	38.20
25,62,000 Equity Shares of Gupta Infrastructure (India) Private Limited	7.68	7.68
5,08,34,473 (2,27,77,500) Equity Shares of Sain Advisory Services Private Limited	50.83	22.78
2,71,45,000 (1,84,85,000) Equity Shares of Shendra Advisory Services Private Limited	27.14	18.48
1,00,000 Equity Shares of Talwalkars Pantaloon Fitness Private Limited of Rs. 100/- each	1.00	1.00
Others		
Equity Shares - Unquoted, Fully paid up of Rs. 10/- each unless otherwise stated		
48,281 Equity Shares of Foot-Mart Retail India Limited	0.08	0.08
4,000 Equity Shares of Kalyan Janata Sahakari Bank Limited of Rs. 25/- each	0.01	0.01
35,78,278 (1,00,05,000) Equity Shares of Pan India Food Solutions Private Limited	3.58	10.01
5,79,771 (28,40,880) Equity Shares of Planet Retail Holdings Private Limited	2.90	14.20
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

SCHEDULES TO BALANCE SHEET AS AT 30TH JUNE 2009

	As At 30/06/2009 (Rs. in Crores)	As At 30/06/2008 (Rs. in Crores)
Share Application Money Pending Allotment in :		
Future Consumer Products Limited	3.54	1.04
Future Ideas Company Limited	8.95	-
Future Learning and Development Limited	0.80	-
Pan India Food Solutions Private Limited	-	4.00
Suhani Mall Management Company Private Limited	3.39	3.39
Talwalkars Pantaloon Fitness Private Limited	4.00	2.50
Winners Sports Private Limited	0.61	-
	<u>954.03</u>	<u>586.52</u>
Aggregate Book Value - Quoted	78.61	78.61
- Unquoted	875.42	507.91
Aggregate Market Value - Quoted	928.58	1,114.04
SCHEDULE 7 : INVENTORIES		
Packing materials, branding material and stores & spares	22.31	19.51
Raw material	10.80	9.02
Stitching materials	1.51	1.20
Semi finished goods	4.81	6.94
Finished goods (Including In-Transit)	1748.41	1393.17
	<u>1787.84</u>	<u>1429.84</u>
SCHEDULE 8 : SUNDRY DEBTORS		
(Unsecured)		
(a) Debts due for more than six months		
Considered good	21.87	5.67
Considered doubtful	1.76	0.52
	<u>23.63</u>	<u>6.19</u>
Less : Provision for doubtful debts	1.76	0.52
	<u>21.87</u>	<u>5.67</u>
(b) Other debts : Considered good	155.38	107.49
	<u>177.25</u>	<u>113.16</u>
SCHEDULE 9 : CASH & BANK BALANCES		
Cash in hand	8.87	9.41
Balance with Scheduled Banks :		
- in Current accounts (including in transit)	96.04	99.80
- in Fixed deposit accounts	0.03	0.03
- in Margin money deposit accounts	4.12	11.64
- in Unpaid dividend accounts	0.28	0.22
	<u>109.34</u>	<u>121.10</u>

SCHEDULES TO BALANCE SHEET AS AT 30TH JUNE 2009

	As At 30/06/2009 (Rs. in Crores)	As At 30/06/2008 (Rs. in Crores)
SCHEDULE 10: LOAN & ADVANCES		
(Unsecured & Considered good)		
Inter Corporate Deposits	5.55	30.38
Advances recoverable in cash or in kind for value to be received:		
- Subsidiaries	2.77	22.33
- Others	357.99	183.30
Export benefits receivables	0.33	0.28
Balances with custom authorities	4.31	1.23
Deposits	816.33	715.21
Payments/Deductions of Income Tax (Net of Provisions)	15.28	9.59
	<u>1202.56</u>	<u>962.32</u>
SCHEDULE 11: LIABILITIES		
Acceptances	413.22	169.86
Sundry Creditors due to :		
- Subsidiaries	180.67	57.30
- Others	204.71	253.10
Advances and Deposits from :		
- Subsidiaries	4.15	11.98
- Others	65.03	107.55
Other liabilities	22.69	18.86
Interest accrued but not due	0.07	1.21
Cheque overdrawn	0.57	-
Unpaid dividend	0.28	0.22
	<u>891.39</u>	<u>620.08</u>
SCHEDULE 12: PROVISIONS		
Proposed dividend	11.57	10.67
Dividend tax	1.97	1.81
Leave encashment / gratuity	6.92	4.89
Others	-	0.21
	<u>20.46</u>	<u>17.58</u>
SCHEDULE 13: SALES & OPERATING INCOME		
Sales	6423.07	5023.30
Less: VAT / Sales Tax	<u>319.72</u>	<u>246.97</u>
	6103.35	4776.33
Other Operating Income	238.35	272.58
	<u>6341.70</u>	<u>5048.91</u>
SCHEDULE 14: OTHER INCOME		
Dividend from Investments	0.15	0.51
Profit on Sale of Investments (Net)	0.20	-
Miscellaneous Income	5.71	3.25
	<u>6.06</u>	<u>3.76</u>

SCHEDULES TO PROFIT & LOSS ACCOUNT FOR YEAR ENDED JUNE 2009

	2008-09 (Rs. in Crores)	2007-08 (Rs. in Crores)
SCHEDULE 15: COST OF GOODS CONSUMED & SOLD		
Opening Stock		
Raw materials	9.02	7.82
Semi finished goods	6.94	11.46
Finished goods	1393.17	848.61
Stitching materials	1.20	1.05
	1410.33	868.94
Add : Purchase		
Raw material	36.00	59.18
Finished goods	4741.14	4059.87
Stitching materials	8.01	8.90
	4785.15	4127.95
Less : Closing Stock		
Raw materials	10.80	9.02
Semi finished goods	4.81	6.94
Finished goods	1748.41	1393.17
Stitching materials	1.51	1.20
	1765.53	1410.33
Less: Adjusted against balance in Profit & Loss Account		74.37
	4429.95	3512.19
SCHEDULE 16: PERSONNEL COST		
Salaries, wages & bonus	245.08	246.53
Welfare expenses	11.26	9.20
Contribution to provident & other funds	14.25	15.38
Gratuity and leave encashment	3.67	2.96
	274.26	274.07
SCHEDULE 17: MANUFACTURING & OTHER EXPENSES		
Labour charges	15.79	21.28
Packing material	51.74	40.40
Stores & spares	0.26	0.33
Branding material	1.90	3.29
Power & fuel	98.97	78.20
Repairs & maintenance		
Building	2.34	1.51
Plant & machinery	1.15	1.18
Others	13.13	11.23
	16.62	13.92
Rent including lease rentals	405.76	326.27
Mall maintenance charges	96.13	76.01
Rates & taxes	5.28	3.93
Donation	0.57	0.42
Insurance	6.10	7.28

SCHEDULES TO PROFIT & LOSS ACCOUNT FOR YEAR ENDED JUNE 2009

	2008-09 (Rs. in Crores)	2007-08 (Rs. in Crores)
SCHEDULE 17: MANUFACTURING & OTHER EXPENSES (Contd.)		
Auditors' remuneration	0.50	0.39
Commission	9.41	7.29
Advertisement & marketing	114.23	118.28
Directors sitting fees	0.12	0.10
Directors commission	1.68	1.71
Loss on sale/retirement of fixed assets (Net)	3.81	1.41
Bad debts written off	-	0.09
Provision for doubtful debts	1.23	0.52
Other expenses	138.95	101.01
	969.05	802.13
 SCHEDULE 18 : FINANCE CHARGES		
Interest : On fixed loans	149.28	92.13
Others	121.59	80.96
Discounting and other charges	46.89	26.88
Exchange fluctuation loss	6.68	12.47
	324.44	212.44
Less : Interest Income*		
on fixed deposits	1.09	1.26
others	5.13	25.91
	6.22	27.17
	318.22	185.27
* Tax deducted at Source	1.35	6.01

SCHEDULE 19 : SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 30TH JUNE 2009

A. SIGNIFICANT ACCOUNTING POLICIES

1. Basis of Accounting

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

2. Use of Estimates

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

3. Fixed Assets and Depreciation

Fixed assets are stated at cost, less accumulated depreciation. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Financing cost relating to acquisition of fixed assets are also included to the extent they relate to the period till such time as the assets are ready to be put to use. Depreciation is provided on Straight Line Method as per the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956 except Leasehold improvements which are amortised over the lease period and employee perquisite related assets which are depreciated over three years.

4. 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.

5. Inventories

Inventories are valued as follows :

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

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

6. Transaction in Foreign Currency

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

7. Revenue Recognition

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

8. Miscellaneous Expenditure

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

9. Retirement and Other Employee Benefits

Short Term Employee Benefits:

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

Post Employment Benefits:

a. Defined Contribution Plans:

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

b. Defined Benefit Plans:

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

c. Other Long Term Employee Benefits:

Other long term employee benefits viz, leave encashment are recognized as an expense in Profit & Loss Account as and when it accrues. The company determines the liability using the projected unit credit method, with the actuarial valuation carried out as at the Balance Sheet date. Actuarial gain and losses in respect of such benefit are charged to Profit & Loss Account.

10. 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 recognized and carried forward only to the extent that there is a reasonable certainty that the asset will be realised in future. In situation where the company has carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.
- 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 31st March 2009 and the estimated provision based on the taxable profit of remaining 3 months upto 30th June 2009, the actual tax liability, for which, will be determined on the basis of the results for the period 1st April 2009 to 31st March 2010.

11 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.

12 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.

13 Leases

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

B. NOTES ON ACCOUNTS

1. Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) Rs. 54.06 Crores (2008: Rs. 66.80 Crores).

2. Contingent Liabilities not Provided For :

Particulars	(Rs. in Crores)	
	2008-09	2007-08
a. Claims against the company not acknowledged as debts		
i) UP Trade Tax Act	0.41	-
ii) Others	6.35	5.34
b. Uncalled liability on shares partly paid up	-	50.53
c. Corporate guarantees given to banks and financial institutions on behalf of Group companies	79.12	53.90
d. Total guarantees by banks on behalf of the company and group companies	25.62	48.65

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

97.30 Pari passu first charge on the fixed assets of the company. Pari passu first charge on credit card receivable of all the stores of the company. Pari passu second charges on the company's entire current assets.

97.30

789.80 Pari passu first charge on the fixed assets of the company. Pari passu first charge on credit card receivable of all the stores of the company. Pari passu second charges on the company's entire current assets.

8.38 Secured by earmarked fixed deposit and security deposit paid for premises.

793.19 Secured by residual charge on current assets & fixed assets of the company.

79.84 Secured by hypothecation of specific assets created out of the term loan funds.

1671.21

Working Capital Loan

754.71 Secured by hypothecation of stock in trade both present and future debts and second charge on credit card receivables and fixed assets.

Hire Purchases

2.31 Secured by hypothecation of specific assets.

4 In the opinion of the management, 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.

5 Of the unsecured loans, amount repayable within one year is Rs. Nil (2008: Rs 200.00 Crores) and of the secured loans amount repayable within one year is Rs. 286.47 Crores (2008: Rs. 162.24 Crores).

6 Auditors Remuneration :

Particulars	2008-09	2007-08
	(Rs In Crores)	(Rs In Crores)
Audit Fees	0.46	0.34
Tax Audit	0.03	0.03
Other Services	0.01	0.02
TOTAL	0.50	0.39

7. Future interest liabilities in respect of assets of the value of Rs. 3.16 Crores (2008: Rs. 3.16 Crores) acquired on hire purchase basis is Rs. 0.41 Crores (2008: Rs 0.74 Crores).

8. Interest allocated against fixed assets amounts to Rs. 23.56 Crores (2008: Rs. 14.46 Crores).

9. 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. 716.88 Crores (2008: Rs. 636.65 Crores). The lease rent payable not later than one year is Rs. 293.16 Crores (2008 : Rs. 296.94 Crores), payable later than one year but not later than five year is Rs. 348.96 Crores (2008 : Rs. 339.71 Crores) and payable later than five years is Rs 74.76 Crores (2008 : Nil)

10. a) During the year company has allotted 1,59,29,152 Class B Shares (Series 1) of Rs 2/- each to existing members of the company as bonus shares in the ratio of one Class B Share Series 1 for every ten equity shares held in the company.
- b) The Company has allotted 1,51,00,000 equity shares of Rs 2/- each at a premium of Rs 181/- per share on a preferential basis.
- c) Equity warrants represents amount received against 50,00,000 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.181/- per share.
11. (a) Particulars of remuneration and other benefits provided to Directors for the year ended June 2009 and 2008 are set out below :

Particulars	Year	Salary & Perquisites	Sitting Fees	(Rs. in Crores)	
				Commission	
Managing Director and other Whole time Directors	2009	4.32	-	1.50	
	2008	(4.66)	(-)	(1.50)	
Non-Whole time Directors	2009	-	0.12	0.18	
	2008	(-)	(0.10)	(0.21)	

Note: As the future liability towards gratuity and leave encashment is provided on an actuarial basis for the company as a whole, amount pertaining to the directors is not ascertainable and therefore not included above. Figures in bracket represent figures for previous year.

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

	Year Ended 30/06/2009	
	Amount (Rs. in Crores)	Amount (Rs. in Crores)
Profit before tax for the year ended 30/06/2009		216.23
Add :		
a) Provision for doubtful debts	1.23	
b) Director sitting fees	0.12	
c) Remuneration paid to executive directors	5.82	
d) Commission paid to non executive directors	0.18	
e) Loss on sale / retirement of fixed assets	3.81	
f) Depreciation	140.05	151.21
Less :		
a) Depreciation under Section 350 of the Companies Act, 1956	140.05	140.05
Profit under Section 349/350 for computing managerial remuneration	227.39	
Maximum approved by the shareholders (1%)	2.27	
Commission approved by the board	0.18	

12. 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.

13. Tax Charges

The Tax expenses for the year comprises of :

Particulars	(Rs. in Crores)	
	2008-09	2007-08
Income Tax		
Current tax	25.23	29.16
Deferred tax	48.26	37.28
Fringe benefit tax	1.89	3.24
	75.38	69.68

14. Related Party Disclosure

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

a) List of Related Parties

Subsidiaries

1. Home Solutions Retail (India) Limited
2. Home Solutions Services (India) Limited (Subsidiary till 29/06/2009)
3. Home Lighting India Limited
4. Futurebazaar India Limited
5. Future Brands Limited
6. Future Knowledge Services Limited
7. Erudite Knowledge Services Limited (Subsidiary till 29/06/2009)
8. Future Media (India) Limited
9. Future Logistic Solutions Limited
10. Future Agrovet Limited (Formerly Known as Pantaloon Food Product (India) Limited)
11. CIG Infrastructure Private Limited
12. Future Capital Holdings Limited
13. Future Capital Financial Services Limited
14. Future Finance Limited
15. Indivision Investment Advisors Limited
16. Kshitij Investment Advisory Company Limited
17. Myra Mall Management Company Limited
18. Axon Development Solutions Limited
19. FCH Centrum Direct Limited
20. FCH Centrum Wealth Managers Limited
21. Ambit Investment Advisory Company Limited
22. Kshitij Property Solutions Private Limited
23. Future Hospitality Management Limited
24. Future E-Commerce Infrastructure Limited
25. Future Mobiles and Accessories Limited
26. Pantaloon Future Ventures Limited
27. Future Consumer Products Limited
28. Future Merchandising Limited (Formerly Known as Future Value Retail Limited)
29. Future Consumer Enterprises Limited (Formerly Known as Future Speciality Retail Limited)
30. Whole Wealth Limited (Subsidiary till 29/06/2009)
31. Future Mall Management Limited
32. FH Residencies Limited (Subsidiary till 29/06/2009)
33. Winner Sports Private Limited (w.e.f. 21/03/2009)
34. FLSL Distribution Services Limited (w.e.f. 19/12/2008)
35. Future Learning and Development Limited
36. Future Capital Credit Limited (Formerly Known as Black Diamond Finance Limited) (w.e.f. 02/01/2009)

Associate Companies/Firms

1. Celio Future Fashion Limited (till 15/01/2009)
2. Bansi Mall Management Company Private Limited
3. Harmony Malls Management Private Limited
4. Shreya Mall Management Private Limited
5. Ojas Mall Management Private Limited
6. KB Mall Management Company Limited
7. Nishta Mall Management Company Private Limited
8. Iskrupa Mall Management Company Private Limited
9. Anchor Malls Private Limited
10. Unique Malls Private Limited
11. Acute Realty Private Limited
12. Srishti Mall Management Company Private Limited
13. Utsav Mall Management Company Private Limited

14. Vayuputra Realty Private Limited
15. Niyaman Mall Management Company Private Limited
16. PFH Entertainment Limited
17. Idiom Design & Consulting Limited
18. Aashirwad Malls Private Limited
19. Future Ideas Company Limited
20. Stripes Apparels Limited
21. Pantaloon Industries Limited
22. Galaxy Entertainment Corporation Limited
23. Weavette Textstyles Limited
24. Indus-League Clothing Limited

Key Management Personnel

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

Relatives of Key Management Personnel

1. Mrs. Sangita Biyani
2. Mrs. Sampat Biyani
3. Mr. Anil Biyani

b) Transactions with Related Parties

(Rs. in Crores)

Nature of transactions	Associate Companies/Joint Ventures	Subsidiaries	Key Management Personnel & Relatives
Sales and Operating Income	59.96 (219.96)	39.97 (89.71)	
Sale of Fixed Assets	0.01 (3.95)	3.23 (40.00)	
Purchase of Raw Material, Finished Goods and Stores	377.84 (218.34)	782.37 (732.14)	
Purchase of Fixed Assets	6.10 (14.99)	12.92 (2.55)	
Expenditure on Services and Others	109.39 (86.45)	201.64 (182.56)	0.07 (-)
Managerial Remuneration & Commission			5.82 (6.16)
Inter Corporate Deposit Given	1.63 (-)	- (-)	
Advances Given	5.68 (22.25)	12.93 (10.53)	
Advance Taken	11.63 (12.10)	10.21 (17.82)	
Loans & Deposit Given	164.51 (276.51)	9.51 (19.80)	
Loans & Deposit Taken	2.43 (3.44)	0.15 (2.74)	
Investment	187.41 (198.51)	221.08 (154.16)	
Share Application Money	10.45 (3.89)	3.91 (1.04)	
Outstanding Balances as on 30/06/2009 :			
Receivable	321.44 (446.23)	40.54 (66.33)	
Payable	98.94 (163.70)	184.82 (69.28)	

c) The Significant Related Party Transactions are as Under

Nature of Transaction	Name of Related Party	Amount (Rs. in Crores)
Sales and Other Operating Income	Home Solutions Retail (India) Limited	16.76
Sales and Other Operating Income	Future Media (India) Limited	15.55
Sales and Other Operating Income	Future Axiom Telecom Limited	7.55
Sales and Other Operating Income	Pan India Food Solutions Private Limited	8.79
Sales and Other Operating Income	PFH Entertainment Limited	24.67
Sale of Fixed Assets	Celio Future Fashion Limited	0.01
Sale of Fixed Assets	Future Knowledge Services Limited	2.22
Sale of Fixed Assets	Future Learning and Development Limited	1.01
Purchase of Finished Goods	Home Solutions Retail (India) Limited	424.42
Purchase of Finished Goods	Future Agrovet Limited	268.91
Purchase of Finished Goods	Future Axiom Telecom Limited	142.05
Purchase of Finished Goods	Indus-League Clothing Limited	139.06
Purchase of Fixed Assets	Future Knowledge Services Limited	12.86
Purchase of Fixed Assets	Asian Retail Lighting Limited	5.32
Expenditure on Services and Others	Future Knowledge Services Limited	34.24
Expenditure on Services and Others	Future Logistic Solutions Limited	141.04
Expenditure on Services and Others	PFH Entertainment Limited	67.01
Expenditure on Services and Others	Shreya Mall Management Private Limited	14.44
Expenditure on Services and Others	KB Mall Management Company Private Limited	11.81
Inter Corporate Deposit Given	Talwalkars Pantaloon Fitness Private Limited	1.63
Advance Given	Future Agrovet Limited	3.00
Advance Given	Winner Sports Private Limited	7.52

Joint Venture Information:

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

Detail of Joint Venture Interest

S No.	Name of the Company	Description of Interest	Country of Incorporation	Percentage of Interest as on 30/06/2009	Percentage of Interest as on 30/06/2008
1	Apollo Design Apparel Parks Limited	Equity	India	39.00%	39.00%
2	Asian Retail Lighting Limited (50% Joint Venture of Home Solutions Retail (India) Limited)	Equity	India	33.43%	38.19%
3	Future Axiom Telecom Limited	Equity	India	50.00%	50.00%
4	Future Generali India Insurance Company Limited	Equity	India	25.50%	25.50%
5	Future Generali India Life Insurance Company Limited	Equity	India	25.50%	25.50%
6	Goldmohur Design and Apparel Park Limited	Equity	India	39.00%	39.00%
7	Gupta Infrastructure (India) Private Limited	Equity	India	32.77%	19.38%
8	Mobile Repair Service City India Limited (100% Subsidiary of Future Axiom Telecom Limited)	Equity	India	50.00%	50.00%
9	Real Term FCH Logistics Advisors Private Limited (50% Joint Venture of Future Capital Holdings Limited)	Equity	India	27.38%	27.51%
10	Sain Advisory Services Private Limited	Equity	India	49.80%	49.80%
11	Shendra Advisory Services Private Limited	Equity	India	49.80%	49.80%
12	Staples Future Office Products Private Limited	Equity	India	37.50%	37.50%
13	Talwalkars Pantaloon Fitness Private Limited	Equity	India	50.00%	50.00%

Company's Interest in the Joint Venture

S. No.	Name of the Company	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	31/03/2009	30.28	2.42	31/03/2009	42.68	39.47
2	Asian Retail Lighting Limited	31/03/2009	6.74	4.78	31/03/2009	11.86	11.82
3	Future Axiom Telecom Limited	31/03/2009	72.80	17.35	31/03/2009	145.57	171.97
4	Future Generali India Insurance Company Limited	31/03/2009	71.50	42.09	31/03/2009	19.36	41.02
5	Future Generali India Life Insurance Company Limited	31/03/2009	114.69	50.38	31/03/2009	38.48	103.40
6	Goldmohur Design and Apparel Park Limited	31/03/2009	29.21	2.66	31/03/2009	41.70	38.66
7	Gupta Infrastructure (India) Private Limited	31/03/2009	49.20	39.99	31/03/2009	-	0.02
8	Mobile Repair Service City India Limited	31/03/2009	8.48	10.09	31/03/2009	5.72	7.07
9	Real Term FCH Logistics Advisors Private Limited	31/03/2009	1.12	0.39	31/03/2009	2.22	1.91
10	Sain Advisory Services Private Limited	31/03/2009	123.78	-	31/03/2009	0.01	0.39
11	Shendra Advisory Services Private Limited	31/03/2009	53.78	-	31/03/2009	-	0.11
12	Staples Future Office Products Private Limited	31/03/2009	21.79	14.56	31/03/2009	42.12	49.67
13	Talwalkars Pantaloon Fitness Private Limited	31/03/2009	14.12	10.81	31/03/2009	3.06	4.74

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

Particulars	No. of Units/ Shares	
	Purchase	Sold
Mutual Funds Scheme	94,056,153 (285,208,995)	94,056,153 (285,208,995)
Home Solutions Retail India Limited	3,758,378 (-)	3,758,378 (-)

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 EPS is as under:

Particulars	Units	2008-09	2007-08
Profit After Tax	Rs. in Crores	140.58	125.97
The Weighted Average Number of Ordinary Shares for Basic and Diluted EPS	No.in Crores	16.10	15.10
The Weighted Average Number of Class 'B' Series Shares for Basic and Diluted EPS	No.in Crores	1.59	-
The Nominal Value per Share (Ordinary and Class 'B' Shares)	Rs.	2.00	2.00
Share of Profit for Ordinary Shares for Basic and Diluted EPS	Rs. in Crores	127.80	125.97
Share of Profit for Class 'B' Shares for Basic and Diluted EPS	Rs. in Crores	12.78	-
Earning Per Ordinary share (Basic and Diluted)	Rs.	7.94	7.54
Earning Per Class 'B' Share (Basic and Diluted)	Rs.	8.04	-

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 :

(Rs. in Crores)

Particulars	2008-2009	2007-2008
Deferred Tax Liability		
Related to Fixed Assets	118.87	95.03
Deferred Tax Asset		
Disallowances under the Income Tax Act, 1961/Provisions	2.77	1.91
Less: Adjustment against refinement in method of valuation of finished goods	-	25.28
Provision for Deferred Tax (net)	116.10	67.84

18. Sundry Debtors

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

(Rs. in Crores)

Particulars	2008-09	2007-08
Futurebazaar India Limited	-	11.91
Future Capital Holdings Limited	-	1.52
Future Media (India) Limited	20.55	11.32
Future E-Commerce Infrastructure Limited	1.17	0.56
Future Logistic Solutions Limited	5.24	18.69
Future Mobiles & Accessories Limited	10.81	-
TOTAL	37.77	44.00

19 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
	30/06/2009	30/06/2008	30/06/2009	30/06/2008	30/06/2009	30-06-2008
			Stitching Machines (Nos.)		Nos. In Crores (Pcs)	
Apparels	N.A.	N.A	398	401	0.20*	0.26*

* 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.

20. 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.	15.19	4140.38	15.58	3080.30	5.25	1091.86	5.84	1383.71
	(13.41)	(3159.38)	(14.92)	(2644.71)	(3.48)	(663.81)	(5.25)	(1091.86)
Others	-	1956.57	-	1660.84	-	301.31	-	364.70
	-	(1610.18)	-	(1415.16)	-	(184.80)	-	(301.31)
Total	15.19	6096.95	15.58	4741.14	5.25	1393.17	5.84	1748.41
	(13.41)	(4769.56)	(14.92)	(4059.87)	(3.48)	(848.61)	(5.25)	(1393.17)

* 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 respect of each product is not practical to ascertain in view of nature of retailing operation of the Company.

Raw Material :

(Qty. & Value in Crores)

Particulars	Sales		Purchases		Opening Stock		Closing Stock	
	Qty (in Mts.)	Amount (Rs.)	Qty (in Mts.)	Amount (Rs.)	Qty (in Mts.)	Amount (Rs.)	Qty (in Mts.)	Amount (Rs.)
Fabric	0.06	5.37	0.35	36.00	0.09	9.02	0.10	10.80
	(0.06)	(5.27)	(0.44)	(59.18)	(0.08)	(7.82)	(0.09)	(9.02)
Stitching Material	-	1.03	-	8.01	-	1.20	-	1.51
	-	(1.5)	-	(8.90)	-	(1.05)	-	(1.20)
Total	0.06	6.40	0.35	44.01	0.09	10.22	0.10	12.31
	(0.06)	(6.77)	(0.44)	(68.08)	(0.08)	(8.87)	(0.09)	(10.22)

Raw Material Consumption:

(Qty. & Value in Crores)

		2008-09			2007-08		
		Qty (in Mts)	Value (Rs.)	Percentage	Qty (in Mts)	Value (Rs.)	Percentage
Fabrics	Imported	0.03	3.12	10.81	0.06	4.03	7.65
	Indigenous	0.25	25.73	89.19	0.31	48.68	92.35
	Total	0.28	28.85	100.00	0.37	52.71	100.00
Stores & Spares	Imported	-	-	-	-	0.06	18.18
	Indigenous	-	0.26	100.00	-	0.27	81.82
	Total	-	0.26	100.00	-	0.33	100.00
Stitching Material	Imported	-	0.62	9.30	-	0.31	4.28
	Indigenous	-	6.05	90.70	-	6.94	95.72
	Total	-	6.67	100.00	-	7.25	100.00

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

21. Value of Imports (CIF Basis)

(Rs. in Crores)

Particulars	2008-09	2007-08
Raw Material	1.44	4.55
Finished Goods	73.28	45.99
Capital Goods	78.03	92.78
Stores & Spares	-	0.05
Stitching Material	0.56	0.19
Accessories & Others	0.68	0.35

22. Expenditure in Foreign Currency

(Rs in Crores)

Particulars	2008-09	2007-08
Travelling Expenses	0.56	0.94
Consulting Fees	0.78	1.11
License Fees & Royalty	0.002	0.07
Interest on FCNR Loan/Term Loan/Foreign Currency Loan	6.24	5.30
Sales Promotion Expenses	-	0.25
Brokerage & Commission	0.15	-

23. Foreign Currency Earnings

(Rs. in Crores)

Particulars	2008-09	2007-08
Earning in foreign currency*	69.28	54.42

*Earning in foreign currency includes Rs. 45.03 Crores (2008: Rs. 40.51 Crores) being indirect foreign exchange earnings during the year through credit cards, as certified by the bankers.

24. Employees Benefits

The amount recognized in the company's financial statements as at the year end is as under:

A. Change in Present Value of Obligation

(Rs. in Crores)

Particulars	Gratuity (Funded)	Gratuity (Unfunded)	Leave Encashment (Unfunded)
Present Value of the Obligation as on 1st July 2008	1.95 (1.35)	2.25 (1.67)	2.64 (3.61)
Interest Cost	- (-)	0.33 (0.24)	0.21 (0.29)
Current Service Cost	- (-)	2.25 (2.25)	2.27 (1.53)
Benefits Paid	- (-)	0.33 (0.21)	1.31 (2.64)
Actuarial (Gain) / Loss on Obligations	0.10 (0.60)	(1.00) (1.70)	(0.39) (0.15)
Present Value of the Obligation as on 30th June 2009	2.05 (1.95)	3.50 (2.25)	3.42 (2.64)

B. Amount Recognised in the Balance Sheet

(Rs. in Crores)

Particulars	Gratuity (Funded)	Gratuity (Unfunded)	Leave Encashment (Unfunded)
Present Value of the Obligation as on 30th June 2009	2.05 (1.95)	3.50 (2.25)	3.42 (2.64)
Fair Value of Plan Assets	2.05 (1.95)	- (-)	- (-)
Unfunded Liability	- (-)	3.50 (2.25)	3.42 (2.64)
Unrecognized Actuarial Gains / Losses	- (-)	- (-)	- (-)
Unfunded Liability Recognized in Balance Sheet	- (-)	3.50 (2.25)	3.42 (2.64)

C. Amount Recognised in the Profit and Loss Account

(Rs. in Crores)

Particulars	Gratuity (Funded)	Gratuity (Unfunded)	Leave Encashment (Unfunded)
Interest Cost	- (-)	0.33 (0.24)	0.21 (0.29)
Current Service Cost	- (-)	2.25 (2.25)	2.27 (1.53)
Expected Return on Plan Assets	0.10 (0.10)	- (-)	- (-)
Actuarial (Gain)/ Loss on Obligations	0.10 (-)	(1.00) (1.10)	(0.39) (0.15)
Total Expense recognised in the Profit and Loss Account	(0.00) (0.10)	1.58 (1.39)	2.09 (1.67)

D. Reconciliation of Balance Sheet

(Rs. in Crores)

Particulars	Gratuity (Funded)	Gratuity (Unfunded)	Leave Encashment (Unfunded)
Present Value of the Obligation as on 1st July 2008	1.95 (1.35)	2.25 (1.67)	2.64 (3.61)
Total Expense Recognised in the Profit and Loss Account	- (0.50)	1.58 (0.79)	2.09 (1.66)
Benefit Paid During the Year	- (-)	0.33 (0.21)	1.31 (2.64)
Present Value of the Obligation as on 30th June 2009	2.05 (1.95)	3.50 (2.25)	3.42 (2.63)

E. The Assumptions Used to Determine the Benefits & Obligations are as follows :

Particulars	Gratuity	Leave Encashment
Discount Rate	8.00% (8.00%)	8.00% (8.00%)
Expected Rate of Increase in Compensation Levels	5.00% (5.00%)	5.00% (5.00%)
Expected Rate of Return on Plan Assets	N.A. (N.A.)	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.

25. The Company regards the business retail as a single reportable segment. Accordingly, Segment information is not being disclosed pursuant to the provision of Accounting Standard 17 on "Segment Reporting" issued by the Institute of Chartered Accountants of India.
26. The Book value of certain unquoted long term investments is lower than cost, considering the strategic and long term nature of the investments, in the opinion of the management such decline is temporary in nature and accordingly no provision is necessary for the same.
27. The company has not provided service tax of Rs.15.65 Crores pertaining to immovable property by placing reliance on the judgement of Delhi High Court which held that renting of immovable property for use in the course of furtherance of business or commerce is not a service under Section 65(105)(zzzz). During the year ended 30th June 2008, the amount involved was Rs.7.40 Crores.
28. The Board of Directors, subject to approval of members, have recommended a dividend of Rs. 0.60 (30%) per ordinary equity share and Rs. 0.70 (35%) per class B share (Series 1).
29. The previous year's figures have been reworked, regrouped, rearranged and reclassified wherever necessary. Amount and other disclosures for the preceding 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.

As per our Report of even date attached**For and on behalf of Board of Directors**

For NGS & Co.
Chartered Accountants

Shailesh Haribhakti
Chairman

Kishore Biyani
Managing Director

Rakesh Biyani
Wholtime Director

Navin T. Gupta
Partner
Membership No. 40334

Gopikishan Biyani
Wholtime Director

Vijay Biyani
Wholtime Director

S.Doreswamy
Director

Dr.Darlie O.Koshy
Director

Anil Harish
Director

Vijay Kumar Chopra
Director

Place : Mumbai
Dated : 26th September 2009

C. P. Toshniwal
Chief Financial Officer

Deepak Tanna
Company Secretary

Balance Sheet Abstract and Company's General Business Profile:

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

I. Registration Details :				
	Registration No.	44954/1987	State Code	11
	Balance Sheet date	30/06/2009		
II. Capital raised during the year (Amount - Rs. in Thousands)				
	Public Issue	Nil	Bonus Issue	31,858
	Rights Issue	Nil	Private Placement	30,200
III. Position of Mobilisation and Deployment of Funds (Amount - Rs. in Thousands)				
Sources of Funds :	Total Liabilities	5,23,89,087	Total Assets	5,23,89,087
	Paid up Capital	3,80,641	Reserves & Surplus	2,21,14,778
	Equity Warrants	2,28,750	Unsecured Loans	32,48,593
	Deferred Tax	11,61,026		
	Secured Loans	2,52,55,299		
Application of Funds :	Net Fixed Assets	1,91,39,903	Investments	95,40,348
	Net Current Assets	2,37,08,836	Misc. Expenditure	Nil
	Accumulated Losses	Nil		
IV. Performance of Company (Amount - Rs. in Thousands)				
	Turnover *	6,34,77,650	Total Expenditure	6,13,15,289
	Profit before Tax	21,62,260	Profit after Tax	14,05,812
	*Including Other Income			
	Earnings per Share Rs.		Dividend rate %	
	Ordinary Share :	7.94	Ordinary Share :	30
	Class B (Series 1):	8.04	Class B (Series 1):	35
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

Shailesh Haribhakti
Chairman

Kishore Biyani
Managing Director

Rakesh Biyani
Wholetime Director

Gopikishan Biyani
Wholetime Director

Vijay Biyani
Wholetime Director

S.Doreswamy
Director

Dr.Darlie O.Koshy
Director

Anil Harish
Director

Vijay Kumar Chopra
Director

Place : Mumbai
Dated : 26th September 2009

C. P. Toshniwal
Chief Financial Officer

Deepak Tanna
Company Secretary

Cash Flow Statement for the year ended 30th June 2009

(Pursuant to Clause 32 of the Listing Agreement)

	2008-2009 (Rs. in Crores)	2007-2008 (Rs. in Crores)
A Cash Flow from Operating Activities		
Net Profit Before Tax and Extraordinary items	216.23	195.62
Adjustments :		
Depreciation	140.05	83.39
Interest (Net)	318.22	185.27
Dividend Income	(0.15)	(0.51)
(Profit) / Loss on sale of investments	(0.20)	-
(Profit) / Loss on sale / retirement of assets	3.81	1.41
Operating Profit Before Working Capital Changes	677.96	465.18
Adjusted for:		
Trade and other receivable	(67.68)	(48.65)
Inventories	(358.01)	(618.25)
Loans & advances	(170.70)	7.75
Trade payables	157.61	218.23
Net Cash generated from operations	239.18	24.26
Direct taxes paid	(32.81)	(43.49)
Earlier year's Income Tax	(0.27)	0.03
Net Cash Generated by Operating Activities	206.11	(19.21)
B Cash Flow From Investing Activities		
Acquisition of fixed assets	(521.74)	(654.52)
(Increase) / decrease in capital work - in - progress	(14.60)	(199.51)
Share application money	(10.36)	(4.93)
Proceeds from sale of fixed assets	7.24	46.15
Proceeds on sale of investments	71.60	22.11
Purchase of investments	(428.56)	(351.69)
Advances to subsidiary	19.57	(4.31)
Due to subsidiary	123.37	47.61
Deposit from subsidiaries	(7.83)	10.07
Inter corporate deposits	24.83	(1.60)
Deposit given leased premises	(108.25)	(320.73)
Dividend income	0.15	0.51
Net Cash Used in Investing Activities	(844.59)	(1,410.82)

Cash Flow Statement for the year ended 30th June 2009

(Pursuant to Clause 32 of the Listing Agreement)

	2008-2009 (Rs. in Crores)	2007-2008 (Rs. in Crores)
C Cash Flow from Financing Activities		
Dividend paid (Including distribution tax)	(12.42)	(8.82)
Working capital from banks / institutions	(47.26)	556.17
Proceeds from issue of share capital (net of expenses)	298.75	690.05
Proceeds / (Repayment) of commercial paper	105.00	50.00
Proceeds from long term borrowing	775.87	433.68
Proceeds / (Repayment) of short term borrowings (net)	(200.00)	(147.64)
Proceeds from debenture application money	25.00	-
Interest (net)	(318.22)	(185.27)
Net Cash from Financing Activities	626.72	1,388.16
Net Cash Used in Cash and Cash Equivalents (A + B + C)	(11.76)	(41.87)
Cash & Cash Equivalents (Opening balance)	121.10	162.97
Cash & Cash Equivalents (Closing balance)	109.34	121.10
Cash and Cash Equivalents include:		
Cash in hand (as certified)	8.87	9.41
Balance with scheduled banks :		
In Current Accounts (including in transit)	96.04	99.80
In Fixed Deposit Account	4.15	11.67
In Unpaid Dividend Accounts	0.28	0.22
	109.34	121.10

Note:

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

As per our Report of even date attached

For and on behalf of Board of Directors

For NGS & Co.
Chartered Accountants

Shailesh Haribhakti
Chairman

Kishore Biyani
Managing Director

Rakesh Biyani
Wholetime Director

Navin T. Gupta
Partner
Membership No. 40334

Gopikishan Biyani
Wholetime Director

Vijay Biyani
Wholetime Director

S.Doreswamy
Director

Dr.Darlie O.Koshy
Director

Anil Harish
Director

Vijay Kumar Chopra
Director

Place : Mumbai
Dated : 26th September 2009

C. P. Toshniwal
Chief Financial Officer

Deepak Tanna
Company Secretary

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

Sr No	Name of the Subsidiary Companies	Financial Period Ends 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
1	Ambit Investment Advisory Company Limited#	31st March, 2009	54.75%	0.06	(0.05)	-	-
2	Axon Development solutions Limited#	31st March, 2009	54.75%	(0.02)	-	-	-
3	ClG Infrastructure Limited	31st March, 2009	51.00%	(0.00)	(0.00)	-	-
4	Future Brands Ltd	31st March, 2009	76.25%	4.69	(2.44)	-	-
5	Future Capital Financial Services Limited (formerly Future Finmart Limited)#	31st March, 2009	54.75%	(25.51)	(5.33)	-	-
6	Future Capital Holdings Limited	31st March, 2009	54.75%	5.10	3.96	-	-
7	Future Capital Investment advisors Limited (formerly Indivision Investment Advisors Limited)#	31st March, 2009	54.75%	1.14	1.79	-	-
8	Future Consumer Enterprises Limited (formerly Future Speciality Retail Limited)	31st March, 2009	100.00%	(0.01)	-	-	-
9	Future Consumer Products Ltd	31st March, 2009	100.00%	(1.22)	(0.44)	-	-
10	Future E-Commerce Infrastructure Limited	31st March, 2009	72.00%	(13.45)	(6.91)	-	-
11	Future Finance Limited (formerly Sivagami Finance and Investments Limited)#	31st March, 2009	54.75%	0.35	0.03	-	-
12	Future Hospitality Management Limited#	31st March, 2009	54.75%	(0.01)	(0.01)	-	-
13	Future Knowledge Services Limited.	31st March, 2009	100.00%	0.07	(2.60)	-	-
14	Future Learning and Development Limited	31st March, 2009	100.00%	(0.16)	-	-	-
15	Future Logistic Solutions Limited	31st March, 2009	94.23%	0.23	(4.14)	-	-
16	Future Mall Management Limited	31st March, 2009	100.00%	(0.01)	-	-	-
17	Future Media (India) Limited	31st March, 2009	84.24%	(6.46)	(9.00)	-	-
18	Future Merchandising Limited (formerly Future Value Retail Limited erstwhile Future Hypermarket Limited)	31st March, 2009	100.00%	(0.01)	-	-	-
19	Future Mobile and Accessories Limited	31st March, 2009	100.00%	(3.13)	(1.24)	-	-
20	Futurebazaar India Limited	31st March, 2009	100.00%	(0.14)	(13.33)	-	-
21	Home Lighting India Limited*	31st March, 2009	38.78%	0.01	0.00	-	-
22	Home Solutions Retail (India) Limited	30th June, 2009	66.86%	(3.83)	(71.74)	-	-
23	Kshitij Investment Advisory Company Limited#	31st March, 2009	54.75%	2.17	0.74	-	-
24	Myra Mall Management Company Limited#	31st March, 2009	54.75%	(0.20)	(1.13)	-	-
25	Future Agrovet Limited (formerly Pantaloon Food Product (India) Limited)	31st March, 2009	96.16%	(2.94)	(2.61)	-	-
26	Pantaloon Future Ventures Limited	31st March, 2009	100.00%	(0.00)	(0.19)	-	-
27	FLSL Distribution Services Limited§	31st March, 2009	94.23%	(0.00)	-	-	-
28	Kshitij Property Solution Private Limited (formerly Kshitij Capital and Mall Management Company Private Limited)#	31st March, 2009	54.75%	(0.15)	(1.34)	-	-
29	Future Capital Credit Limited (formerly known as Black Diamond Finance Limited)#	31st March, 2009	54.75%	(0.00)	-	-	-
30	Winner Sports Private Limited	31st March, 2009	100.00%	(0.41)	-	-	-

Subsidiaries of Future Capital Holdings Limited

* Subsidiaries of Home Solutions Retail India Limited

§ Subsidiaries of Future Logistic Solutions Limited

Addendum to the Annual Report of Pantaloon Retail (India) Limited for the year ended 30th June 2009, pursuant to the direction given by the Government of India vide approval letter no. 47/528/208-CL-III dtd. 22/08/2008 directing the Company to give following information in the Annual Report while granting approval under Section 212(8) of the Companies Act, 1956.

Statement Containing Financial details of Subsidiaries of Pantaloon Retail (India) Limited

S. No.	Name of the Subsidiary Companies	Capital Reserves	Total Assets	Total Liabilities	Investment (excluding investments in Subsidiaries)	Turnover	Profit Before Taxation	Provision for Taxation	(Rs. in Crores)	
									Profit Proposed After Taxation	Profit Proposed Dividend
1	Ambit Investment Advisory Company Limited (100% subsidiary of Future Capital Holdings Limited)	2.25	2.28	2.28	1.18	-	0.11	-	0.11	-
2	Axon Development Solutions Limited (100% subsidiary of Future Capital Holdings Limited)	0.05	0.02	0.02	-	-	(0.04)	-	(0.04)	-
3	CIG Infrastructure Limited	0.01	0.01	0.01	0.01	-	-	-	-	-
4	Future Brands Ltd	16.86	71.66	71.66	9.02	18.88	0.49	(5.66)	6.15	-
5	Future Capital Financial Services Limited (formerly Future Finmart Limited)	26.13	25.64	25.64	-	10.75	(46.36)	0.24	(46.60)	-
6	(100% subsidiary of Future Capital Holdings Limited)	63.53	1,282.64	1,282.64	438.47	130.68	9.85	0.54	9.31	-
7	Future Capital Holdings Limited	2.25	12.14	12.14	3.57	15.64	3.21	1.12	2.09	-
	Future Capital Investment Advisors Limited (formerly Indivision Investment Advisors Limited)									
8	(100% subsidiary of Future Capital Holdings Limited)	0.05	0.05	0.05	-	-	(0.01)	-	(0.01)	-
	Future Consumer Enterprises Limited (formerly Future Speciality Retail Limited)									
9	Future Consumer Products Ltd	0.05	4.24	4.24	-	4.40	(1.22)	-	(1.22)	-
10	Future E-Commerce Infrastructure Limited	45.13	72.12	72.12	16.00	118.35	(28.34)	(9.66)	(18.68)	-
11	Future Finance Limited (formerly Sivagami Finance and Investments Limited)	10.75	11.74	11.74	0.52	0.60	0.80	0.17	0.63	-
	(100% subsidiary of Future Capital Holdings Limited)									
12	Future Hospitality Management Limited	0.05	0.03	0.03	-	-	(0.02)	-	(0.02)	-
	(100% subsidiary of Future Capital Holdings Limited)									
13	Future Knowledge Services Limited	22.81	79.22	79.22	-	47.26	(0.43)	(0.51)	0.07	-
14	Future Learning and Development Limited	28.27	46.41	46.41	0.20	5.49	(0.15)	-	(0.16)	-
15	Future Logistic Solutions Limited	25.00	160.65	160.65	-	193.31	0.92	0.68	0.24	-
16	Future Mall Management Limited	0.05	0.05	0.05	-	-	(0.01)	-	(0.01)	-
17	Future Media (India) Limited	50.50	80.42	80.42	-	46.27	(11.45)	(3.77)	(7.67)	-
18	Future Merchandising Limited (formerly Future Value Retail Limited erstwhile Future Hypermarket Limited)	0.05	0.05	0.05	-	-	(0.01)	-	(0.01)	-
19	Future Mobile and Accessories Limited	5.55	22.68	22.68	-	43.08	(5.95)	(2.82)	(3.13)	-
20	Futurebazaar India Limited	19.16	36.80	36.80	-	71.88	0.12	0.25	(0.14)	-
21	Home Lighting India Limited	3.00	10.58	10.58	-	13.25	0.03	0.01	0.03	-
	(51% subsidiary of Home Solutions Retail (India) Limited)									
22	Home Solutions Retail (India) Limited	30.14	820.87	820.87	1.50	1,070.99	(56.93)	(51.19)	(5.73)	-
23	Kshitij Investment Advisory Company Limited	3.00	12.18	12.18	4.12	26.68	6.03	2.06	3.97	-
	(100% subsidiary of Future Capital Holdings Limited)									
24	Myra Mall Management Company Limited	1.00	77.04	77.04	-	11.65	(0.31)	0.06	(0.37)	-
	(100% subsidiary of Future Capital Holdings Limited)									
25	Future Agrovet Limited (formerly Pantaloon Food Product (India) Limited)	36.50	91.35	91.35	-	392.27	(4.27)	(1.21)	(3.06)	-
26	Pantaloon Future Ventures Limited	2.10	28.31	28.31	28.30	-	-	-	-	-
27	FLSL Distribution Services Limited (100% subsidiary of Future Logistic Solutions Limited)	0.05	0.05	0.05	-	-	-	-	-	-
28	Kshitij Property Solution Private Limited (formerly Kshitij CapitalLand Mall Management Company Private Limited) (100% Subsidiary of Future Capital Holdings Limited) (w.e.f. 10th April 2008)	0.68	0.94	0.94	-	1.08	(0.26)	0.00	(0.27)	-
29	Future Capital Credit Limited (formerly known as Black Diamond Finance Limited) (100% Subsidiary of Future Capital Holdings Limited) (w.e.f. 10th April 2008)	2.56	2.56	2.56	0.71	0.05	(0.01)	-	(0.01)	-
30	Winner Sports Private Limited	0.24	80.93	80.93	0.01	33.45	(0.38)	0.02	(0.41)	-

AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

The Board of Directors,

Pantaloon Retail (India) Limited, Mumbai

1. We have audited the attached Consolidated Balance Sheet of Pantaloon Retail (India) Limited ('the Company') and its subsidiaries, joint ventures (the Company and its subsidiaries, joint ventures constitute 'the Group') as at 30th June 2009 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.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards required that we plan and perform the audit to obtain reasonable assurance about whether the financial statements 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.
3. We did not audit the financial statements of certain Subsidiaries and Joint Ventures, whose financial statements reflect total assets (net) of Rs 1394.84 Crores as at 31st March 2009/ 30th June 2009 (as applicable), total revenue of Rs 1885.68 Crores and net cash flows amounting to (Rs 70.67 Crores) and of associates whose financial statements reflect the Group's share of losses of Rs 5.84 Crores for the year ended 31st March 2009. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us by the Management of Group, and our opinion is based solely on the reports of other auditors.
4. 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'; Accounting Standard (AS) 23, 'Accounting for Investments in Associates in Consolidated Financial Statements' and Accounting Standard (AS) 27, 'Financial Reporting of interest in Joint Ventures' issued by the Institute of Chartered Accountants of India.

5. We report that:

- a. Capitalisation of brand development expenditure of Rs.8.38 Crores and treatment of royalty and advertisement expenditure of Rs. 2.41 Crores as pre-operative expenses to be written off over a period of 5 years by some subsidiaries is not in accordance with Accounting Standard-26 "Intangible Assets". Accordingly profit for the year; reserves and fixed assets are higher to that extent.
 - b. Recognition of deferred tax assets by certain subsidiaries and Joint ventures amounting to Rs.46.42 Crores based on the future profitability projection made by the management. In our opinion, such basis does not meet with the requirement of virtual certainty as envisaged in Accounting Standard 22 "Accounting for Taxes on Income". The profit for the year; reserves and deferred tax assets is higher to that extent.
6. Based on our audit and on consideration of reports of other auditors on separate financial statements and other financial statements of the components and subject to Para 5 above and read with other notes of Schedule No.20 and to the best of our information and according to the explanations given to us, we are of the opinion that the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India,
- i) In case of Consolidated Balance Sheet, of the state of affairs of the Pantaloon Group as at 30th June 2009;
 - 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

Place : Mumbai
Date : 26th September 2009

Navin T. Gupta
Partner
Membership No. 40334

CONSOLIDATED BALANCE SHEET AS AT 30TH JUNE 2009

		SCH. No.	As At 30/06/2009 (Rs. in Crores)		As At 30/06/2008 (Rs. in Crores)
I SOURCES OF FUNDS :					
1 SHAREHOLDERS' FUNDS					
Share Capital	1		107.59		121.38
Share Application Money			44.96		20.90
Equity Warrants			22.88		63.26
Reserves & Surplus	2		<u>2,326.83</u>		<u>2,021.63</u>
			2,502.26		2,227.17
2 MINORITY INTEREST			384.59		406.16
3 LOAN FUNDS					
Secured Loans	3		3,285.99		2,393.10
Unsecured Loans	4		<u>572.27</u>		<u>374.00</u>
			3,858.26		2,767.10
4 DEFERRED TAX LIABILITY (NET)			<u>4.02</u>		<u>35.43</u>
			6,749.13		5,435.86
II APPLICATION OF FUNDS :					
1 FIXED ASSETS					
Gross Block	5		2,594.51		1,881.02
Less : Depreciation			<u>393.58</u>		<u>210.42</u>
Net Block			2,200.93		1,670.60
Capital work-in-progress			429.72		384.04
2 INVESTMENTS	6		897.81		726.50
3 CURRENT ASSETS, LOANS & ADVANCES					
Inventories	7		2,191.25		1,771.09
Sundry Debtors	8		306.61		288.14
Cash & Bank Balances	9		202.54		365.37
Loans & Advances	10		1,910.55		1,391.40
Other Current Assets			<u>12.16</u>		<u>16.61</u>
			4,623.11		3,832.61
LESS : CURRENT LIABILITIES & PROVISIONS					
Current Liabilities	11		1,351.94		1,153.78
Provisions	12		<u>52.99</u>		<u>24.26</u>
			1,404.93		1,178.04
NET CURRENT ASSETS			3,218.18		2,654.57
4 MISCELLANEOUS EXPENDITURE	13		2.49		0.15
(To the extent not written off or adjusted)					
			<u>6,749.13</u>		<u>5,435.86</u>
SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS	20				

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

As per our Report of even date attached

For and on behalf of Board of Directors

For NGS & Co.
Chartered Accountants

Shailesh Haribhakti
Chairman

Kishore Biyani
Managing Director

Rakesh Biyani
Wholetime Director

Navin T. Gupta
Partner
Membership No. 40334

Gopikishan Biyani
Wholetime Director

Vijay Biyani
Wholetime Director

S.Doreswamy
Director

Dr.Darlie O.Koshy
Director

Anil Harish
Director

Vijay Kumar Chopra
Director

Place : Mumbai
Dated : 26th September 2009

C. P. Toshniwal
Chief Financial Officer

Deepak Tanna
Company Secretary

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30TH JUNE 2009

	SCH No.	2008-09 (Rs. in Crores)	2007-08 (Rs. in Crores)
INCOME			
Sales & Operating Income	14	7,669.04	5,840.54
Other Income	15	95.76	55.73
		<u>7,764.80</u>	<u>5,896.27</u>
EXPENDITURE			
Cost of Goods Consumed & Sold	16	5,127.25	3,909.30
Personnel Cost	17	578.72	445.59
Manufacturing & Other Expenses	18	1,449.83	1,185.12
Finance Charges	19	418.54	223.58
Depreciation	5	206.57	118.21
		<u>7,780.91</u>	<u>5,881.80</u>
Profit (Loss) Before Taxation		(16.11)	14.47
Less : Earlier year's Income Tax		0.30	(0.03)
Less : Tax Expense	20(9)	(10.25)	47.32
Profit (Loss) After Taxation before Prior Period Items		(6.16)	(32.82)
Less : Prior Period Items		1.30	(1.04)
Profit (Loss) After Taxation		(7.46)	(31.78)
Add : Share in Loss of Associate Company		(5.84)	(0.90)
Add : Goodwill on Consolidation written back / written off		(1.08)	3.39
Less : Share of Minority Interest		<u>(24.45)</u>	<u>(51.22)</u>
Profit After Minority Interest		10.07	21.93
Add : Balance brought forward		65.47	119.52
Less : Adjustment on account of liability in respect of employee benefits		-	0.02
Available for Appropriation		<u>75.54</u>	<u>141.43</u>
Proposed Dividend		13.37	10.67
Dividend Tax		2.27	1.81
Transfer to Reserve under Section 45 (1C) of the RBI Act		1.99	1.79
Transfer to General Reserve		14.53	12.60
Adjustment arising on consolidation		17.37	-
Balance carried to Balance Sheet		<u>26.01</u>	114.55
		<u>75.54</u>	<u>141.43</u>
Earnings Per Share in Rs. (Face value Rs.2)		Rs.	Rs.
Basic & Diluted - Equity		0.56	1.30
Basic & Diluted - Class B (Series 1)		0.66	-
Refer Note No. 12 of Schedule 20			

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

20

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

As per our Report of even date attached

For and on behalf of Board of Directors

For NGS & Co.

Chartered Accountants

Shailesh Haribhakti

Chairman

Kishore Biyani

Managing Director

Rakesh Biyani

Wholtime Director

Navin T. Gupta

Partner

Membership No. 40334

Gopikishan Biyani

Wholtime Director

Vijay Biyani

Wholtime Director

S.Doreswamy

Director

Dr.Darlie O.Koshy

Director

Anil Harish

Director

Vijay Kumar Chopra

Director

Place : Mumbai

Dated : 26th September 2009

C. P. Toshniwal

Chief Financial Officer

Deepak Tanna

Company Secretary

SCHEDULES TO CONSOLIDATED BALANCE SHEET AS AT 30TH JUNE 2009

	As At 30/06/2009	As At 30/06/2008
	(Rs. in Crores)	(Rs. in Crores)
SCHEDULE 1 : SHARE CAPITAL		
ISSUED, SUBSCRIBED & PAID UP		
17,44,02,921* (15,93,02,921*) Equity Shares of Rs.2/- each fully paid	34.88	31.86
1,59,29,152 (Nil) Class B Shares (Series 1) of Rs.2/-each fully paid (of the above Class B Shares (Series 1) 1,59,29,152 shares allotted as fully paid up by way of Capitalisation of Share Premium Account)	3.19	-
20,00,000 (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
48,00,000 (48,00,000) 0.01% Non Cumulative Compulsory Convertible Preference Shares of Rs.100 each	48.00	48.00
21,518,460 (21,518,460) 0.001% Non Cumulative Compulsory Convertible Preference Shares of Rs.10 each	21.52	21.52
(* 11400 Equity Shares are kept under abeyance)		
	107.59	121.38
SCHEDULE 2 : RESERVES & SURPLUS		
Share Premium		
Balance, at beginning of the year	1,448.03	823.76
Add : Premium received during the year	273.31	624.50
Less : Utilised for share issue expenses	0.46	0.21
Less : Utilised for bonus shares issued	3.19	-
	1,717.69	1,448.05
Capital Reserve		
- On Consolidation	466.02	470.38
- On Forfeiture of Equity Warrants	63.26	-
General Reserve	35.91	23.31
Add : Transfer from Profit & Loss Account	14.06	12.60
	49.97	35.91
Foreign Currency Translation Reserve	-	(0.04)
Reserve under Section 45 (1C) of the RBI Act	1.87	0.03
Add : Transfer from Profit & Loss Account	2.01	1.84
	3.88	1.87
Surplus in Profit and Loss Account	26.01	114.55
Less : Adjusted against refinement in Method of Valuation of Finished Goods (Net of Tax)	-	49.09
	2,326.83	2,021.63

SCHEDULES TO CONSOLIDATED BALANCE SHEET AS AT 30TH JUNE 2009

	As At 30/06/2009	As At 30/06/2008
	(Rs. in Crores)	(Rs. in Crores)
SCHEDULE 3 : SECURED LOANS		
Term Loans	2,318.01	1,495.58
Working Capital Loans From Banks	930.26	849.49
Hire Purchase	2.58	2.81
Share in Jointly Controlled Entities	35.14	45.22
	<u>3,285.99</u>	<u>2,393.10</u>
SCHEDULE 4 : UNSECURED LOANS		
Debenture Application Money	25.00	-
Commercial Papers	142.60	-
Long Term Loans from Banks	299.85	-
Short Term Loans from Banks	28.00	230.50
Loan from Directors	-	0.05
Public Deposits	0.01	0.01
Inter Company Deposit	54.50	104.83
Share in Jointly Controlled Entities	22.31	38.61
	<u>572.27</u>	<u>374.00</u>

SCHEDULES TO CONSOLIDATED BALANCE SHEET AS AT 30TH JUNE 2009

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

(Rs. in Crores)

Description	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 01/07/2008	As at 30/06/2009	Adj for disposal of Sub/JV	Deductions	Upto 01/07/2008	Adjustment for the year	Depreciation for the year	Adj for disposal of Sub/JV	Up to 30/06/2009	As at 30/06/2009
Land	4.83	4.83	-	-	-	-	-	-	4.83	4.83
Leasehold Land	46.27	14.34	2.86	2.86	6.02	0.50	7.36	-	12.88	44.87
Building	266.89	74.36	4.08	0.01	20.08	0.36	23.66	-	43.38	293.78
Plant & Machinery	77.47	38.43	0.27	-	8.18	0.08	8.43	-	16.53	99.10
Office Equipments	50.78	17.29	2.14	0.96	6.33	0.82	7.10	0.14	12.47	52.51
Computers & Softwares	266.32	222.20	3.99	2.15	59.51	0.14	59.49	0.62	118.24	364.14
Furniture & Fittings	579.84	205.56	4.09	4.01	65.45	0.44	51.23	0.46	115.78	661.51
Electrical Installations	328.59	104.02	2.89	-	24.13	0.24	21.33	-	45.22	384.50
Vehicles	6.05	0.69	1.40	0.13	2.04	(0.02)	0.62	0.20	2.48	2.74
Air Conditioner	93.15	43.33	0.61	0.56	5.68	0.06	6.34	0.05	11.91	123.40
Generator	0.21	-	0.05	-	0.01	-	-	-	0.01	0.15
Brand - Intangibles	84.35	22.41	-	6.71	(0.82)	(0.73)	4.24	0.80	3.36	96.69
Share in Jointly Controlled Entities	76.28	82.30	12.04	62.52	13.82	4.60	16.77	14.67	11.32	72.71
Total	1,881.02	824.93	34.42	77.05	2,594.51	210.42	6.49	206.57	16.94	393.58
Previous Year	1,012.77	989.87	72.80	48.82	1,881.02	106.54	10.76	118.21	3.57	210.42
Capital Work-in-progress (Including advances on Capital Account)										390.76
Share in Jointly Controlled Entities										38.96
										429.72
										384.04

SCHEDULES TO CONSOLIDATED BALANCE SHEET AS AT 30TH JUNE 2009

	As At 30/06/2009 (Rs. in Crores)	As At 30/06/2008 (Rs. in Crores)
SCHEDULE 6 : INVESTMENTS		
LONG TERM INVESTMENT		
Quoted		
Equity	13.97	18.91
Unquoted		
Equity	43.68	23.17
Others	27.77	0.01
CURRENT INVESTMENTS		
Unquoted		
Equity	0.20	
In Units of Mutual Funds	328.25	504.81
Others	220.05	3.40
Share in Jointly Controlled Entities	263.89	176.20
	<u>897.81</u>	<u>726.50</u>
SCHEDULE 7 : INVENTORIES		
Packing Materials , Branding Material and Stores & Spares	22.32	19.51
Raw Material	10.80	9.02
Stitching Materials	1.51	1.20
Semi Finished Goods	4.81	6.94
Finished Goods	2,138.71	1,658.89
Forex and Forex Equivalent	-	17.36
Share in Jointly Controlled Entities	13.10	58.17
	<u>2,191.25</u>	<u>1,771.09</u>
SCHEDULE 8 : SUNDRY DEBTORS		
(Unsecured)		
(a) Debts due for more than six months		
Considered Good	33.01	7.10
Considered Doubtful	5.54	1.27
	<u>38.55</u>	<u>8.37</u>
Less : Provision for Doubtful Debts	5.54	1.27
	<u>33.01</u>	<u>7.10</u>
(b) Other Debts : Considered Good	240.53	257.25
Share in Jointly Controlled Entities	33.07	23.79
	<u>306.61</u>	<u>288.14</u>
SCHEDULE 9 : CASH & BANK BALANCES		
Cash in Hand	11.12	20.31
Balance with Scheduled Banks :		
in Current Accounts (including in transit)	118.50	190.61
in Fixed Deposit Account	17.58	79.52
in Unpaid Dividend Account	0.28	0.22
Share in Jointly Controlled Entities	55.06	74.71
	<u>202.54</u>	<u>365.37</u>

SCHEDULES TO CONSOLIDATED BALANCE SHEET AS AT 30TH JUNE 2009

	As At 30/06/2009	As At 30/06/2008
	(Rs. in Crores)	(Rs. in Crores)
SCHEDULE 10 : LOANS & ADVANCES		
(Secured & Considered good unless otherwise stated)		
Advances and loans to body corporates	166.30	100.00
Retail loans	58.51	0.44
(Unsecured & Considered good unless otherwise stated)		
Inter Corporate Deposits	22.35	109.03
Advances Recoverable in cash or in kind or for value to be received		
-Considered Good	433.09	266.64
-Considered Doubtful	<u>2.52</u>	<u>0.11</u>
	435.61	266.75
Less: Provision for doubtful advances	<u>2.52</u>	<u>0.11</u>
	433.09	266.64
Export Benefits Receivables	0.33	0.28
Deposits	891.29	775.25
Retail Loans	242.80	66.07
Debenture Application Money	-	6.02
Payments /Deduction of Income Tax (Net of Provisions)	46.35	22.65
Balance with Government Authorities	10.04	0.16
Share in Jointly Controlled Entities	39.49	44.86
	<u>1,910.55</u>	<u>1,391.40</u>
SCHEDULE 11 : LIABILITIES		
Acceptances	483.72	246.69
Sundry Creditors	504.33	597.39
Advances / Deposit from Customers	156.26	177.23
Interest Accrued but not due	0.07	1.21
Other Liabilities	88.87	33.70
Unclaimed Share Application Money	0.25	25.03
Unpaid Dividend	0.28	0.22
Share in Jointly Controlled Entities	118.16	72.31
	<u>1,351.94</u>	<u>1,153.78</u>
SCHEDULE 12 : PROVISIONS		
Proposed Dividend	11.58	10.67
Dividend Tax	1.97	1.81
Provision for Leave Encashment / Gratuity	12.17	9.01
Others	1.74	0.45
Share in Jointly Controlled Entities	25.53	2.32
	<u>52.99</u>	<u>24.26</u>
SCHEDULE 13 : MISCELLANEOUS EXPENDITURE		
Pre-Operative Expenses	2.49	0.14
Share in Jointly Controlled Entities	-	0.01
	<u>2.49</u>	<u>0.15</u>

SCHEDULES TO CONSOLIDATED PROFIT & LOSS ACCOUNT FOR YEAR ENDED 30TH JUNE 2009

	2008-09 (Rs. in Crores)	2007-08 (Rs. in Crores)
SCHEDULE 14 : SALES & SERVICES		
Sales	7,003.60	5,342.82
Other Operating Income	406.57	309.12
Share in Jointly Controlled Entities	258.87	188.60
	<u>7,669.04</u>	<u>5,840.54</u>
SCHEDULE 15 : OTHER INCOME		
Dividend from Investments	0.36	1.44
Miscellaneous Income	10.59	6.15
Profit on Sale of Investments	52.92	29.81
Profit on Sale of Fixed Assets	-	14.87
Share in Jointly Controlled Entities	31.89	3.46
	<u>95.76</u>	<u>55.73</u>
SCHEDULE 16 : COST OF GOODS CONSUMED & SOLD		
Opening Stock		
Raw Materials	9.02	7.82
Semi Finished Goods	6.94	11.46
Finished Goods	1,658.46	1,005.68
Stitching Materials	1.20	1.05
	<u>1,675.62</u>	<u>1,026.01</u>
Add : Purchase		
Raw Material	36.00	59.18
Finished Goods	5,212.61	4,432.42
Stitching Materials	8.01	8.90
	<u>5,256.62</u>	<u>4,500.50</u>
Less : Closing Stock		
Raw Materials	10.80	9.02
Semi Finished Goods	4.81	6.94
Finished Goods	2,120.54	1,666.94
Stitching Materials	1.51	1.20
	<u>2,137.66</u>	<u>1,684.10</u>
Less : Adjusted against balance in Profit & Loss Account	-	74.37
Share in Jointly Controlled Entities	332.67	141.26
	<u>5,127.25</u>	<u>3,909.30</u>
SCHEDULE 17 : PERSONNEL COST		
Salaries, Wages & Bonus	458.22	380.39
Welfare Expenses	17.07	13.72
Contribution to Provident & Other Funds	21.58	19.30
Sweet Equity Share Issued	-	1.00
Gratuity and Leave encashment	4.38	4.75
Share in Jointly Controlled Entities	77.47	26.43
	<u>578.72</u>	<u>445.59</u>

SCHEDULES TO CONSOLIDATED PROFIT & LOSS ACCOUNT FOR YEAR ENDED 30TH JUNE 2009

	2008-09 (Rs. in Crores)	2007-08 (Rs. in Crores)
SCHEDULE 18 : MANUFACTURING & OTHER EXPENSES		
Labour Charges	15.79	21.28
Packing Material	52.29	40.46
Stores & Spares	0.26	0.40
Branding Material	1.90	3.29
Power & Fuel	119.42	93.32
Mall Maintenance Charges	96.13	85.09
Repairs & Maintenance		
Building	2.14	1.70
Plant & Machinery	2.89	1.29
Others	19.89	13.61
	24.92	16.60
Rent Including Lease Rentals	532.53	415.71
Rates & Taxes	8.97	10.25
Donation	0.59	0.43
Insurance	8.53	8.64
Auditors' Remuneration	1.08	0.73
Sundry Balances Write off	0.01	-
Commission	17.27	7.87
Advertisement & Sales Promotion	163.03	214.84
Directors Sitting Fees	0.20	0.13
Directors Commission	1.68	1.71
Loss on Sale/Retirement of Fixed Assets	6.48	-
Provision for Doubtful Debts	6.33	1.20
Bad debts Written off	17.33	0.09
Other Expenses	177.84	161.37
Capital Issue Expenses Writen off	0.27	-
Preliminary Expenses Writen off	0.45	-
Share in Jointly Controlled Entities	196.53	101.71
	1,449.83	1,185.12
SCHEDULE 19 : FINANCE CHARGES		
Amortization of Discount on Issue of Commercial Paper	9.23	-
Interest : On Fixed Loans	201.03	106.66
On Other Loans	135.82	91.11
Other Finance Charges	70.54	38.07
Exchange Fluctuation Loss	5.83	14.35
	422.45	250.19
Less : Interest Income		
On Fixed Deposits	2.49	2.16
On Others	5.65	26.85
Share in Jointly Controlled Entities	4.23	2.40
	418.54	223.58

SCHEDULE 20 SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 30TH JUNE 2009

1. SIGNIFICANT ACCOUNTING POLICIES :

1.1 Basis of Accounting :

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

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

1.2 Use of estimates :

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

1.3 Fixed Assets and Depreciation :

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

Depreciation is provided on Straight Line Method as per the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956 except Leasehold improvements which are amortised over the lease period and employee prerequisite 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 :

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

1.6 Investments :

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

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

1.7 Inventories :

Inventories are valued as follows :

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

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

1.8 Transactions in Foreign Currency :

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

1.9 Revenue Recognition :

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

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

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

1.10 Miscellaneous Expenditure :

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

1.11 Retirement and Other Employee Benefits :

Short Term Employee Benefits:

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

Post Employment Benefits:

a. Defined Contribution Plans:

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

b. Defined Benefit Plans:

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

c. Other Long Term Employee Benefits:

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

1.12 Provision for Current and Deferred Tax :

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 recognized and carried forward only to the extent that there is a reasonable certainty that the asset will be realised in future. In situation where the company has carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.

1.13 Provisions, Contingent Liabilities and Assets :

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

1.14 Impairment of Assets :

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

1.15 Intangible Assets :

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

1.16 Employee Stock Option Scheme :

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

2. Principles of Consolidation :

The Consolidated Financial Statements relate to Pantaloon Retail (India) Limited, the holding Company, its Subsidiaries, Joint Ventures and Associates (collectively referred to as Group).

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

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

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

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

3. Information on subsidiaries, joint ventures and associates:

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

Sr. No.	Name of the Company	Country of Incorporation	Proportion of ownership Interest as on 30th June 2009	Financial Period Ends on
1	Ambit Investment Advisory Company Limited (100% Subsidiary of Future Capital Holdings Limited)	India	54.75%	31st March, 2009
2	Axon Development solutions Limited (100% Subsidiary of Future Capital Holdings Limited)	India	54.75%	31st March, 2009
3	CIG Infrastructure Limited	India	51.00%	31st March, 2009
4	Future Brands Limited	India	76.25%	31st March, 2009
5	Future Capital Financial Services Limited (formerly Future Finnart Limited) (100% Subsidiary of Future Capital Holdings Limited)	India	54.75%	31st March, 2009
6	Future Capital Holdings Limited	India	54.75%	31st March, 2009
7	Future Capital Investment advisors Limited (formerly Indivision Investment Advisors Limited) (100% Subsidiary of Future Capital Holdings Limited)	India	54.75%	31st March, 2009
8	Future Consumer Enterprises Limited (formerly Future Speciality Retail Limited)	India	100.00%	31st March, 2009
9	Future Consumer Products Limited	India	100.00%	31st March, 2009
10	Future E-Commerce Infrastructure Limited	India	72.00%	31st March, 2009
11	Future Finance Limited (formerly Sivagami Finance and Investments Limited) (100% Subsidiary of Future Capital Holdings Limited)	India	54.75%	31st March, 2009
12	Future Hospitality Management Limited (100% Subsidiary of Future Capital Holdings Limited)	India	54.75%	31st March, 2009
13	Future Knowledge Services Limited	India	100.00%	31st March, 2009
14	Future Learning and Development Limited	India	100.00%	31st March, 2009
15	Future Logistic Solutions Limited	India	94.23%	31st March, 2009
16	Future Mall Management Limited	India	100.00%	31st March, 2009
17	Future Media (India) Limited	India	84.24%	31st March, 2009
18	Future Merchandising Limited (Formerly Future Value Retail Limited erstwhile Future Hypermarket Limited)	India	100.00%	31st March, 2009
19	Future Mobile and Accessories Limited	India	100.00%	31st March, 2009
20	Futurebazaar India Limited	India	100.00%	31st March, 2009
21	Home Lighting India Limited (58% Subsidiary of Home Solutions Retail (India) Limited)	India	38.78%	31st March, 2009
22	Home Solutions Retail (India) Limited	India	66.86%	30th June, 2009
23	Kshitij Investment Advisory Company Limited (100% Subsidiary of Future Capital Holdings Limited)	India	54.75%	31st March, 2009
24	Myra Mall Management Company Limited (100% Subsidiary of Future Capital Holdings Limited)	India	54.75%	31st March, 2009
25	Future Agrovet Limited (formerly Pantaloon Food Product (India) Limited)	India	96.16%	31st March, 2009
26	Pantaloon Future Ventures Limited	India	100.00%	31st March, 2009
27	FLSL Distribution Services Limited (100% Subsidiary of Future Logistic Solutions Limited)	India	94.23%	31st March, 2009
28	Kshitij Property Solution Private Limited (Formerly Kshitij CapitalLand Mall Management Company Private Limited) (100% Subsidiary of Future Capital Holdings Limited) (WEF April 10, 2008)	India	54.75%	31st March, 2009

Sr. No.	Name of the Company	Country of Incorporation	Proportion of ownership Interest as on 30th June 2009	Financial Period Ends on
29	Future Capital Credit Limited (formerly known as Black Diamond Finance Limited) (100% Subsidiary of Future Capital Holdings Limited) (WEF April 10, 2008)	India	54.75%	31st March, 2009
30	Winner Sports Private Limited	India	100.00%	31st March, 2009

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

Sr. No.	Name of the Company	Description of interest	Country of Incorporation	Proportion of ownership Interest as on 30th June 2009	Financial Period Ends on
1	Apollo Design Apparel Parks Limited	Equity	India	39.00%	31st March, 2009
2	Asian Retail Lighting Limited(50% Joint Venture of Home Solutions Retail (India) Limited)	Equity	India	33.43%	31st March, 2009
3	Future Axiom Telecom Limited (formerly Convergem Communication India Limited)	Equity	India	50.00%	31st March, 2009
4	Future Generali India Insurance Company Limited	Equity	India	25.50%	31st March, 2009
5	Future Generali India Life Insurance Company Limited	Equity	India	25.50%	31st March, 2009
6	Goldmohur Design and Apparel Park Limited	Equity	India	39.00%	31st March, 2009
7	Gupta Infrastructure (India) Private Limited	Equity	India	32.77%	31st March, 2009
8	Mobile Repair Service City India Limited (100% Subsidiary of Future Axiom Telecom Limited)	Equity	India	50.00%	31st March, 2009
9	Real Term FCH Logistics Advisors Private Limited (50% Joint Venture of Future Capital Holdings Limited)	Equity	India	27.38%	31st March, 2009
10	Sain Advisory Services Private Limited	Equity	India	49.80%	31st March, 2009
11	Shendra Advisory Services Private Limited	Equity	India	49.80%	31st March, 2009
12	Staples Future Office Products Private Limited	Equity	India	37.50%	31st March, 2009
13	Talwalkars Pantaloon Fitness Private Limited	Equity	India	50.00%	31st March, 2009

(c) Interests in Associates:

Sr. No.	Name of the Company	Country of Incorporation	Proportion of ownership Interest as on 30th June 2009	Financial Period Ends on
1	Galaxy Entertainment Corporation Limited	India	31.55%	31st March, 2009
2	DMA Brand Consultants Limited	India	25.60%	31st March, 2009

4 Contingent Liabilities not provided for:

- 4.1 Guarantee outstanding Rs.125.96 Crores (2008: Rs. 126.33 Crores)
- 4.2 Claims against the company not acknowledged as debts : Rs. 7.46 Crores (2008: Rs. 12.83 Crores)
- 4.3 Preference dividend in arrears Nil (2008: Rs. 0.03 Lacs)
- 4.4 Uncalled liability on shares partly paid up Rs. Nil (2008: Rs. 50.53 Crores)
- 4.5 In Respect of letter of credit Rs. 0.03 Crores (2008: NIL)
- 4.6 Statutory Demand liabilities in dispute not provide for Rs. 0.01 Crores (2008: NIL)

5. Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) Rs.66.28 Crores (2008: Rs. 97.81 Crores)
6. Future interest liabilities in respect of assets of the value of Rs. 3.16 Crores (2008: Rs. 3.16 Crores) acquired on hire purchase basis is Rs. 0.41 Crores. (2008: Rs. 0.74 Crores)
7. The company has taken some assets on Finance Lease basis. Future Lease Rental obligations in respect of these assets is Rs. 4.74 Crores (2008: Rs. 1.48 Crores). The Lease Rent payable not later than one year is Rs. 1.19 Crores (2008: Rs. 0.34 Crores), repayable later than one year but not later than 5 years is Rs.3.55 Crores. (2008: Rs. 1.14 Crores) and repayable later than 5 years is NIL (2008: NIL)
8. The Company has entered into operating lease arrangements for the fixed assets. The future lease rental obligation in respect of these assets is Rs. 1677.80 Crores (2008: Rs. 1949.54 Crores). The Lease Rent payable not later than one year is Rs. 442.04 Crores (2008: Rs. 438.02 Crores), repayable later than one year but not later than 5 years is Rs. 931.86 Crores (2008: Rs. 807.19 Crores) and that repayable later than 5 years is Rs. 303.90 Crores (2008: Rs. 704.33 Crores).

9. Tax Charges

The Tax Expenses for the year comprises of :

(Rs. in Crores)

Particulars	2008-09	2007-2008
INCOME TAX		
Current tax	30.67	31.43
Deferred tax	(45.70)	9.95
Fringe benefit tax	4.78	5.94
	(10.25)	47.32

10. 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. Celio Future Fashion Limited (Till 15th January 2009)
2. Bansi Mall Management Company Private Limited
3. Harmony Malls Management Private Limited
4. Shreya Mall Management Private Limited
5. Ojas Mall Management Private Limited
6. KB Mall Management Company Limited
7. Nishta Mall Management Company Private Limited
8. Iskrupa Mall Management Company Private Limited
9. Anchor Malls Private Limited
10. Unique Malls Private Limited
11. Acute Realty Private Limited
12. Srishti Mall Management Company Private Limited
13. Utsav Mall Management Company Private Limited
14. Vayuputra Realty Private Limited
15. Niyaman Mall Management Company Private Limited
16. PFH Entertainment Limited
17. Idiom Design & Consulting Limited
18. Aashirwad Malls Private Limited
19. Future Ideas Company Limited
20. Stripes Apparels Limited
21. Pantaloon Industries Limited
22. Galaxy Entertainment Corporation Limited
23. Weavette Textstyles Limited
24. Indus-League Clothing 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
4. Mrs. Sangita Biyani
5. Mrs. Sampat Biyani
6. Mr. Anil Biyani

B) Transactions with Related Parties

(Rs. in Crores)

Nature of transactions	Associate Companies	Key Management Personnel & Relatives
Sales and Operating Income	36.09 (186.42)	- (-)
Sale of Fixed Assets	0.01 (0.28)	- (-)
Reimbursement of Expenses	- (5.15)	- (-)
Purchase of Raw Material, Finished Goods and Stores	216.62 (91.21)	- (-)
Purchase of Fixed Assets	- (1.57)	- (-)
Expenditure on Services and Others	107.08 (90.11)	0.07 (-)
Managerial Remuneration & Commission	- (-)	5.82 (6.15)
Advances Given	4.73 (8.57)	- (-)
Advance Taken	- (11.80)	- (-)
Deposit Given	164.23 (270.51)	- (-)
Deposit Taken	- (1.23)	- (-)
Share Application Money	8.95 (1.39)	- (-)
Outstanding Balances as on 30/06/09	316.10	-
Receivable	(502.59)	(-)
Payable	88.08 (94.42)	- (-)

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 30th June 2009	As at 30th June 2008
Assets	597.49	450.04
Liabilities	195.53	139.19
Income	352.78	174.19
Expenditure	470.26	207.27

11. Segment Report:

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

12. 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	2008-09	2007-08
Profit after tax	Rs. in Crores	10.07	21.93
The Weighted average number of Ordinary Shares for Basic and Diluted EPS	No.in Crores	16.10	15.10
The Weighted average number of Class 'B' Series Shares for Basic and Diluted EPS	No.in Crores	1.59	-
The Nominal Value per Share (Ordinary and Class 'B' Shares)	Rs.	2.00	2.00
Share of Profit for Ordinary Shares for Basic and Diluted EPS	Rs. in Crores	9.02	21.93
Share of Profit for Class 'B' Shares for Basic and Diluted EPS	Rs. in Crores	1.05	-
Earning per Ordinary share (Basic and Diluted)	Rs.	0.56	1.30
Earning per Class 'B' Share (Basic and Diluted)	Rs.	0.66	-

13. 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	2008-2009	2007-2008
	(Rs. in Crores)	(Rs. in Crores)
Deferred Tax Liability		
Related to Fixed Assets	139.86	106.42
On Unamortized Loan Origination Cost	2.99	0.69
Share of Jointly Controlled Entities	0.02	0.03
	142.87	107.14
Deferred Tax Asset		
Disallowance under the Income Tax Act, 1961	9.26	12.05
Carry Forward of Losses and Unabsorbed Depreciation	129.27	34.36
Less: Adjustment against refinement in method of valuation of Finished Goods	-	25.28
Share in Jointly Controlled Entities	0.32	0.03
	138.85	71.72
Provision for Deferred Tax (Assets)/ Liability	4.02	35.43

14. Capital Reserve is shown in the balance sheet is net of goodwill of Rs.84.63 Crores (2007-08: Rs.50.62 Crores)

15. During the year the group has divested its stake in Planet Retail Holding Private Limited , Whole Wealth Limited, Pan India Food Solutions Private Limited, Erudite Knowledge Services Limited, FH Residencies Limited and Home

Solution Services India Limited. These companies have been consolidated till the date of disposal and any excess of sale consideration over net asset value of the company has been recognized as profit/(loss) in the consolidated financial statement.

16. Investment in FCH CentrumDirect Limited (50.10% subsidiary of Future Capital Holdings Limited), FCH Centrum Wealth Managers Limited (50.10% subsidiary of Future Capital Holdings Limited) and Future Education Limited (50% Joint Venture of Future Learning and Development Limited) were acquired and held for temporary period with an intention to sale in the near future. Consequently, the same has not been considered for consolidation, though FCH CentrumDirect Limited and FCH Centrum Wealth Managers Limited were consolidated in the previous year.
17. The group has not provided service tax of Rs. 22.96 Crores pertaining to immovable property by placing reliance on the judgement of Delhi High Court which held that renting of immovable property for use in the course of furtherance of business or commerce is not a service under Section 65(105)(zzzz). During the year ended 30th June 2008, the amount involved was Rs. 7.40 Crores.
18. For certain items, the Company and its Subsidiaries and Joint Ventures have followed different accounting policies. However, impact of the same is not material.
19. Figures pertaining to the subsidiary companies and joint ventures have been reclassified wherever necessary to bring them in line with the group financial statements.
20. Previous year's figures have been recast / restated wherever necessary.

As per our Report of even date attached

For and on behalf of Board of Directors

For NGS & Co.
Chartered Accountants

Shailesh Haribhakti
Chairman

Kishore Biyani
Managing Director

Rakesh Biyani
Wholetime Director

Navin T. Gupta
Partner
Membership No. 40334

Gopikishan Biyani
Wholetime Director

Vijay Biyani
Wholetime Director

S.Doreswamy
Director

Dr.Darlie O.Koshy
Director

Anil Harish
Director

Vijay Kumar Chopra
Director

Place : Mumbai
Dated : 26th September 2009

C. P. Toshniwal
Chief Financial Officer

Deepak Tanna
Company Secretary

Consolidated Cash Flow Statement for the year ended 30th June 2009

(Pursuant to Clause 32 of the Listing Agreement)

	2008-09 (Rs. in Crores)	2007-08 (Rs. in Crores)
A Cash Flow from Operating Activities		
Net Profit / (Loss) before tax and extraordinary items	(16.11)	(15.30)
Adjustments for :		
Depreciation	206.57	118.21
Preliminary & capital issue expenses written off	0.72	1.13
Provision for doubtful debts/advances	6.33	1.20
Leave encashment-Transitional adjustments as per AS-15 (Revised)	-	(0.02)
Sundry Balance written off (Net)	0.01	(0.07)
Bad debts written off	17.27	-
Interest (Net)	418.54	223.58
Dividend Income	(0.36)	(1.44)
(Profit) / Loss on sale of shares	(52.92)	(29.81)
(Profit) / Loss on sale of asset	6.48	(14.87)
Operating Profit Before Working Capital Changes	586.53	282.61
Adjustments for :		
Trade and other receivable	(37.62)	(236.23)
Inventories	(420.16)	(766.84)
Loans & advances	(472.12)	(196.87)
Trade payables	212.45	670.55
Other payables	25.50	4.15
Cash Generated from Operations	(105.42)	(242.63)
Share in profit/(loss) of associate company	(5.84)	(0.90)
Share of minority interest	2.88	403.08
Direct taxes paid	(59.54)	(58.00)
Preliminary / Capital issue expenses paid	(3.06)	(0.86)
Cash flow before Extraordinary items	(170.98)	100.69
Extraordinary items	(1.60)	4.45
Net Cash from Operating Activities	(172.58)	105.14
B Cash Flow from Investing Activities		
Sale / (purchase) of fixed assets	(743.38)	(867.71)
(Increase)/Decrease in capital work - in - progress	(45.68)	(216.29)
Sale / (purchase) of investments	(135.18)	(216.93)
Inter corporate deposits	86.68	(73.73)
Deposit given	(116.04)	(382.80)
Dividend income	0.36	1.44
Net cash used in investing activities	(953.24)	(1,756.02)
C Cash Flow from Financing Activities		
Payment of dividend and dividend tax	(12.42)	(8.82)
Working capital from banks/institutions	80.77	711.88
Proceeds from Issue of share capital (Net of expenses)	302.79	709.15
Proceeds / (Repayment) from Issue of debenture	-	(200.00)

	2008-09 (Rs. in Crores)	2007-08 (Rs. in Crores)
Proceeds / (Repayment) from Issue of commercial paper	-	50.00
Proceeds from long term borrowing	822.43	735.89
Proceeds from other borrowings	187.96	6.23
Interest (Net)	(418.54)	(223.58)
Net Cash from Financing Activities	962.99	1,780.75
Net Cash Used in Cash and Cash Equivalents (A + B + C)	(162.83)	129.86
Cash & Cash Equivalents (Opening balance)	365.37	235.51
Cash & Cash Equivalents (Closing balance)	202.54	365.37
Cash and Cash Equivalents include:		
Cash in Hand	11.12	20.31
Balance with Scheduled Banks :		
in Current Accounts (including in transit)	118.50	190.61
in Fixed Deposit Account	17.58	79.52
Margin Money Deposit Accounts	0.28	0.22
Dividend Account	55.06	74.71
	202.54	365.37

Notes:

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

As per our Report of even date attached

For and on behalf of Board of Directors

For NGS & Co.
Chartered Accountants

Shailesh Haribhakti
Chairman

Kishore Biyani
Managing Director

Rakesh Biyani
Wholetime Director

Navin T. Gupta
Partner
Membership No. 40334

Gopikishan Biyani
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Vijay Biyani
Wholetime Director

S.Doreswamy
Director

Dr.Darlie O.Koshy
Director

Anil Harish
Director

Vijay Kumar Chopra
Director

Place : Mumbai
Dated : 26th September 2009

C. P. Toshniwal
Chief Financial Officer

Deepak Tanna
Company Secretary

AUDITOR'S CERTIFICATE

We have examined the attached Consolidated Cash Flow Statement for the year ended 30th June 2009. This statement has been reported by the Company in accordance with the requirements of the listing agreement (Clause 32) entered with the Stock Exchange and is based on and in agreement with the corresponding Profit and Loss Account and Balance Sheet of the Company converted by our report of 26th September 2009 to the Members of the Company.

For NGS & Co.
Chartered Accountants

Place : Mumbai
Dated : 26th September 2009

Navin T. Gupta
Partner
Membership No.:40334

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.