Placement Document
Not for Circulation
Serial Number [●]

PANTALOON RETAIL (INDIA) LIMITED

(Incorporated with limited liability in the Republic of India under the Companies Act, 1956)

Pantaloon Retail (India) Limited (the "**Company**" or the "**Issuer**") is issuing up to 1,58,22,200 equity shares of face value of Rs. 2 each (the "**Equity Shares**") at a price of Rs. 316 per Equity Share, including a premium of Rs. 314 per Equity Share, aggregating Rs. 499.98 Crores (the "**Issue**").

ISSUE IN RELIANCE ON CHAPTER VIII OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009

THIS ISSUE AND THE DISTRIBUTION OF THIS PLACEMENT DOCUMENT IS BEING DONE IN RELIANCE ON CHAPTER VIII OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, AS AMENDED (THE "SEBI REGULATIONS"). THIS PLACEMENT DOCUMENT IS PERSONAL TO EACH PROSPECTIVE INVESTOR AND DOES NOT CONSTITUTE AN OFFER OR INVITATION OR SOLICITATION OF AN OFFER TO THE PUBLIC OR TO ANY OTHER PERSON OR CLASS OF INVESTORS.

Invitations, offers and sales of the Equity Shares shall only be made pursuant to this Placement Document, the Application Form and the Confirmation of Allocation Note. See "*Issue Procedure*". The distribution of this Placement Document or the disclosure of its contents without the prior consent of the Company, to any person, other than Qualified Institutional Buyers ("**QIBs**") as defined in the SEBI Regulations and persons retained by QIBs to advise them with respect to their purchase of Equity Shares, is unauthorised and prohibited. Each prospective investor, by accepting delivery of this Placement Document, agrees to observe the foregoing restrictions, and to make no copies of this Placement Document or any documents referred to in this Placement Document.

This Placement Document has not been reviewed by the Securities and Exchange Board of India (the "**SEBI"**), the Reserve Bank of India (the "**RBI**"), the National Stock Exchange of India Limited (the "**NSE**"), the Bombay Stock Exchange Limited (the "**BSE**", and together with the NSE, the "**Stock Exchanges**") or any other regulatory or listing authority and is intended only for use by QIBs. This Placement Document has not been and will not be registered as a prospectus with the Registrar of Companies ("**RoC**") in India, and will not be circulated or distributed to the public in India or any other jurisdiction and will not constitute a public offer in India or any other jurisdiction.

Investments in Equity Shares involves a degree of risk and prospective investors should not invest any funds in this Issue unless they are prepared to take the risk of losing all or part of their investment. Prospective investors are advised to read the risk factors carefully before taking an investment decision in this Issue. Each prospective investor is advised to consult its advisers about the particular consequences to it of an investment in the Equity Shares being issued pursuant to this Placement Document.

The information on the Company's website or any website directly or indirectly linked to the Company's website does not form part of this Placement Document and prospective investors should not rely on such information contained in, or available through, such websites.

All of the Company's outstanding Equity Shares and Class B Shares (as defined hereinafter) are listed on the Stock Exchanges. The closing price of the outstanding Equity Shares on the NSE and the BSE on November 18, 2009 was Rs. 341.40 and Rs. 340.70 per Equity Share, respectively. The closing price of the outstanding Class B Shares on the NSE and the BSE on November 18, 2009 was Rs. 232.95 and Rs. 230.05 per Class B Share, respectively. Applications shall be made for the listing of the Equity Shares offered through this Placement Document on the Stock Exchanges. The Stock Exchanges assume no responsibility for the correctness of any statements made, opinions expressed or reports contained herein. Admission of the Equity Shares to trading on the Stock Exchanges should not be taken as an indication of the merits of the Company or the Equity Shares.

YOU MAY NOT BE AND ARE NOT AUTHORIZED TO (1) DELIVER THIS PLACEMENT DOCUMENT TO ANY OTHER PERSON; OR (2) REPRODUCE THIS PLACEMENT DOCUMENT IN ANY MANNER WHATSOEVER. ANY DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT IN WHOLE OR IN PART IS UNAUTHORIZED. FAILURE TO COMPLY WITH THIS INSTRUCTION MAY RESULT IN A VIOLATION OF THE SEBI REGULATIONS OR OTHER APPLICABLE LAWS OF INDIA AND OTHER JURISDICTIONS.

A copy of this Placement Document has been delivered to the Stock Exchanges. A copy of the Placement Document will also be delivered to the Stock Exchanges. A copy of the Placement Document will also be delivered to SEBI for record purposes.

THIS PLACEMENT DOCUMENT HAS BEEN PREPARED BY THE COMPANY SOLELY FOR PROVIDING INFORMATION IN CONNECTION WITH THE PROPOSED ISSUE OF THE EQUITY SHARES DESCRIBED IN THIS PLACEMENT DOCUMENT.

The Equity Shares will be offered to persons resident in India and will not in any circumstance be offered to persons in any jurisdiction outside India.

Book Running Lead Managers

ENAM

BofA Merrill Lynch

This Placement Document is dated November 23, 2009.

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NOTICE TO INVESTORS

The Company accepts full responsibility for the information contained in this Placement Document and to the best of its knowledge and belief, having made all reasonable enquiries, confirms that this Placement Document contains all information with respect to the Company and its subsidiaries, associates and joint ventures (collectively, the "Group") and the Equity Shares, which is material in the context of this Issue. The statements contained in this Placement Document relating to the Group and the Equity Shares are, in all material respects, true and accurate and not misleading, the opinions and intentions expressed in this Placement Document with regard to the Group and the Equity Shares are honestly held, have been reached after considering all relevant circumstances, are based on information presently available to the Company and are based on reasonable assumptions. There are no other facts in relation to the Group or the Equity Shares, the omission of which would, in the context of the Issue, make any statement in this Placement Document misleading in any material respect. Further, all reasonable enquiries have been made by the Company to ascertain such facts and to verify the accuracy of all such information and statements. The Book Running Lead Managers have not separately verified the information contained in this Placement Document (financial, legal or otherwise). Accordingly, neither the Book Running Lead Managers nor any of their respective members, employees, counsel, officers, directors, representatives, agents or affiliates makes any express or implied representation, warranty or undertaking, and no responsibility or liability is accepted, by the Book Running Lead Managers, as to the accuracy or completeness of the information contained in this Placement Document or any other information supplied in connection with the Equity Shares. Each person receiving this Placement Document acknowledges that such person has neither relied on the Book Running Lead Managers nor on any person affiliated with the Book Running Lead Managers in connection with its investigation of the accuracy of such information or its investment decision, and each such person must rely on its own examination of the Group and the merits and risks involved in investing in the Equity Shares issued pursuant to the Issue.

No person is authorised to give any information or to make any representation not contained in this Placement Document and any information or representation not so contained must not be relied upon as having been authorised by or on behalf of the Company or the Book Running Lead Managers. The delivery of this Placement Document at any time does not imply that the information contained in it is correct as at any time subsequent to its date.

The Equity Shares have not been approved, disapproved or recommended by any regulatory authority in any jurisdiction. No authority has passed on or endorsed the merits of this Issue or the accuracy or adequacy of this Placement Document.

The distribution of this Placement Document and the issue of the Equity Shares in certain jurisdictions may be restricted by law. As such, this Placement Document does not constitute, and may not be used for, or in connection with, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation. In particular, no action has been taken by the Company or the Book Running Lead Managers which would permit an Issue of the Equity Shares or distribution of this Placement Document in any jurisdiction, other than India. Accordingly, the Equity Shares may not be offered or sold, directly or indirectly, and neither this Placement Document nor any Issue materials in connection with the Equity Shares may be distributed or published in or from any country or jurisdiction.

In making an investment decision, investors must rely on their own examination of the Group and the terms of this Issue, including the merits and risks involved. Investors should not construe the contents of this Placement Document as legal, tax, accounting or investment advice. Investors should consult their own counsel and advisors as to business, legal, tax, accounting and related matters concerning this Issue. In addition, neither the Company nor the Book Running Lead Managers is making any representation to any offeree or purchaser of the Equity Shares regarding the legality of an investment in the Equity Shares by such offeree or purchaser under applicable legal, investment or similar laws or regulations. Each purchaser of the Equity Shares is deemed to have acknowledged, represented and agreed that it is a QIB eligible to invest in India and in the Company under Chapter VIII of the SEBI Regulations and is not prohibited by SEBI or any other regulatory authority from buying, selling or dealing in securities.

This Placement Document contains summaries of certain terms of certain documents, which summaries are qualified in their entirety by the terms and conditions of such documents.

REPRESENTATIONS BY INVESTORS

By subscribing to any Equity Shares under the Issue, you are deemed to have acknowledged and agreed as follows:

- you are a Qualified Institutional Buyer as defined in Regulation 2(zd) of the SEBI Regulations and undertake to acquire, hold, manage or dispose of any Equity Shares that are allocated to you for the purposes of your business in accordance with Chapter VIII of the SEBI Regulations. In addition, you are deemed to have acknowledged that you are a person resident in India as defined in the FEMA and are eligible to invest in the Equity Shares under applicable law;

- if you are allotted Equity Shares pursuant to the Issue, you shall not, for a period of one year from the date of Allotment, sell the Equity Shares so acquired except on the Stock Exchanges;

- you are aware that the Equity Shares have not been and will not be registered under the SEBI regulations or under any other law in force in India. The Placement Document has not been verified or affirmed by the SEBI or the Stock Exchanges and will not be filed with the Registrar of Companies. The Placement Document has been filed with the Stock Exchanges for record purposes only and has been displayed on the websites of the Company and the Stock Exchanges;

- you are entitled to subscribe for and/or purchase the Equity Shares under the laws of all relevant jurisdictions which apply to you and that you have fully observed such laws and obtained all such governmental and other consents in each case which may be required thereunder and complied with all necessary formalities;

- you are entitled to acquire the Equity Shares under the laws of India and that you have all necessary capacity and have obtained all necessary consents and authorities to enable you to commit to this participation in the Issue and to perform your obligations in relation thereto (including, without limitation, in the case of any person on whose behalf you are acting, all necessary consents and authorities to agree to the terms set out or referred to in the Placement Document) and will honour such obligations;

- neither the Company nor the Book Running Lead Managers are making any recommendations to you, or advising you regarding the suitability of any transactions you may enter into in connection with the Issue and that participation in the Issue is on the basis that you are not and will not be a client of the Book Running Lead Managers and that the Book Running Lead Managers do not have duties or responsibilities to you for providing the protection afforded to their clients or customers or for providing advice in relation to the Issue;

- all statements other than statements of historical fact included in the Placement Document, including, without limitation, those regarding the Group's financial position, business strategy, plans and objectives of management for future operations (including development plans and objectives relating to the Group's business), are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors that could cause actual results to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the Group's present and future business strategies and environment in which the Group will operate in the future. You should not place undue reliance on forward-looking statements, which speak only as at the date of Placement Document. The Company assumes no responsibility to update any of the forward-looking statements contained in the Placement Document;

- you are aware and understand that the Equity Shares are being offered only to QIBs and are not being offered to the general public and the Allotment of the same shall be on a discretionary basis;

- you have been provided a serially numbered copy of the Placement Document and have read it in its entirety, including, in particular, "Risk Factors";

- that in making your investment decision, (i) you have relied on your own examination of the Group and the terms of the Issue, including the merits and risks involved, (ii) you have made your own assessment of the Group, the Equity Shares and the terms of the Issue based on such information as is publicly available, (iii) you have consulted your own independent advisors or otherwise have satisfied yourself concerning without limitation, the effects of local laws, (iv) you have relied solely on the information contained in the Placement Document and no other disclosure or representation by the Company or any other party and (v) you have received all information that you believe is necessary or appropriate in order to make an investment decision in respect of the Company and the Equity Shares;

- you have such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of the investment in the Equity Shares and you and any accounts for which you are subscribing the Equity Shares (i) are each able to bear the economic risk of the investment in the Equity Shares, (ii) will not look to the Company and/or the Book Running Lead Managers for all or part of any such loss or losses that may be suffered, (iii) are able to sustain a complete loss on the investment in the Equity Shares, (iv) have no need for liquidity with respect to the investment in the Equity Shares, and (v) have no reason to anticipate any change in your or their circumstances, financial or otherwise, which may cause or require any sale or distribution by you or them of all or any part of the Equity Shares;

- that where you are acquiring the Equity Shares for one or more managed accounts, you represent and warrant that you are authorized in writing, by each such managed account to acquire the Equity Shares for each managed account;

- you are not a promoter of the Company or a person related to the promoter of the Company, either directly or indirectly and your Bid does not directly or indirectly represent the promoter or promoter group of the Company;

- you have no rights under a shareholders agreement or voting agreement with the promoter or persons related to the promoters of the Company, no veto rights or right to appoint any nominee director on the board of directors of the Company other than the acquired in the capacity of a lender which shall not be deemed to be a person related to the promoter of the Company;

- you have no right to withdraw your Bid after the Bid Closing Date;

- you are eligible to Bid and hold Equity Shares so Allotted and together with any Equity Shares held by you prior to the Issue. You further confirm that your holding upon the issue of the Equity Shares shall not exceed the level permissible as per any applicable regulation;

- the Bids submitted by you would not eventually result in triggering a tender offer under the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, as amended (the "**Takeover Code**");

- to the best of your knowledge and belief together with other QIBs in the Issue that belong to the same group or are under common control as you, the Allotment under the Issue shall not exceed 50% of the size of the Issue. For the purposes of this representation:

    a. the expression 'belongs to the same group' shall derive meaning from the concept of 'companies under the same group' as provided in sub-section (11) of Section 372 of the Companies Act.

    b. 'control' shall have the same meaning as is assigned to it by clause I of Regulation 2 of the Takeover Code.

- you shall not undertake any trade in the Equity Shares credited to your Depository Participant account until such time that the final listing and trading approval for the Equity Shares is issued by the Stock Exchanges;

- you are aware that applications have been made to the Stock Exchanges for in-principle approval for listing and admission of the Equity Shares to trading on the Stock Exchanges' market for listed securities;

- you are aware and understand that the Book Running Lead Managers will have entered into a placement agreement with the Company whereby the Book Running Lead Managers have, subject to the satisfaction of certain conditions set out therein, undertaken to use their reasonable endeavours as agents of the Company to seek to procure subscription for the Equity Shares;

- that the contents of this Placement Document are exclusively the responsibility of the Company and that neither the Book Running Lead Managers nor any person acting on their behalf has or shall have any liability for any information, representation or statement contained in this Placement Document or any information previously published by or on behalf of the Company and will not be liable for your decision to participate in the Issue based on any information, representation or statement contained in this Placement Document or otherwise. By accepting a participation in this Issue, you agree to the same and confirm that you have neither received nor relied on any other information, representation, warranty or statement made by or on behalf of the Book Running Lead Managers or the Company or any other person and neither of the Book Running Lead Managers nor the Company nor any other person will be liable for your decision to participate in the Issue based on any other information, representation, warranty or statement that you may have obtained or received;

- that the only information you are entitled to rely on, and on which you have relied in committing yourself to acquire the Equity Shares is contained in this Placement Document, such information being all that you deem necessary to make an investment decision in respect of the Equity Shares and that you have neither received nor relied on any other information given or representations, warranties or statements made by any of the Book Running Lead Managers or the Company and neither of the Book Running Lead Managers will be liable for your decision to accept an invitation to participate in the Issue based on any other information, representation, warranty or statement;

- you agree to indemnify and hold the Company and the Book Running Lead Managers harmless from any and all costs, claims, liabilities and expenses (including legal fees and expenses) arising out of or in connection with any breach of the representations and warranties in this paragraph. You agree that the indemnity set forth in this paragraph shall survive the resale of the Equity Shares by or on behalf of the managed accounts;

- that the Company, the Book Running Lead Managers and others will rely on the truth and accuracy of the foregoing representations, warranties, acknowledgements and undertakings which are given to the Book Running Lead Managers on their own behalf and on behalf of the Company and are irrevocable; and

- that you are a sophisticated investor who is seeking to purchase the Equity Shares for your own investment and not with a view to distribution.

DISCLAIMER CLAUSE OF THE STOCK EXCHANGES

As required, a copy of this Placement Document has been submitted to the Stock Exchanges. The Stock Exchanges do not in any manner:

1. warrant, certify or endorse the correctness or completeness of any of the contents of the Placement Document;

2. warrant that the Company's Equity Shares will be listed or will continue to be listed on the Stock Exchanges; or

3. take any responsibility for the financial or other soundness of the Company, its promoters, its management or any scheme or project of the Company;

and it should not for any reason be deemed or construed to mean that the Placement Document has been cleared or approved by the Stock Exchanges. Every person who desires to apply for or otherwise acquire any Equity Shares of the Company may do so pursuant to an independent inquiry, investigation and analysis and shall not have any claim against the Stock Exchanges whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.

PRESENTATION OF FINANCIAL, INDUSTRY AND MARKET DATA

This Placement Document includes the Company's consolidated financial statements as of and for the fiscal years ended June 30, 2007, 2008 and 2009. The Company's unconsolidated financial statements as of and for the years ended June 30, 2007, 2008 and 2009 and certain selected financial information relating to the profit and loss account of the Company (on an unconsolidated basis) for three months ended September 30, 2009 which is prepared in conformity with clause 41 of the equity listing agreements with the stock exchanges and which has been subjected to limited review is also included elsewhere in this Placement Document. These financial statements have been prepared in accordance with Indian GAAP.

In this Placement Document, certain monetary amounts have been subject to rounding adjustments; accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of figures which precede them.

Unless otherwise stated, the financial data in this Placement Document is derived from the consolidated financial statements included in this Placement Document. The Company's fiscal year commences on July 1 of each year and ends on June 30 of the succeeding year, so all references to a particular fiscal year of the Company are to the twelve-month period ended on June 30 of that year.

All references to "us", "we", "the Group" are to Pantaloon Retail (India) Limited and its subsidiaries, associates and joint ventures, on a consolidated basis, unless otherwise stated. All references to "the Company" and "our Company" are to Pantaloon Retail (India) Limited, on an unconsolidated basis.

All references to "you", "offeree", "purchaser", "subscriber", "recipient", "investors" and "potential investors" are to prospective investors in the Issue. References in this Placement Document to "India" are to the Republic of India and the "Government" are to the governments in India, central or state, as applicable.

The Company prepares and publishes its financial statements in Rupees. All references to "Rupees" and "Rs." are to Indian Rupees.

INDUSTRY AND MARKET DATA

Market data and certain industry forecasts used throughout this Placement Document have been obtained from market research, publicly available information and industry publications. Industry publications generally state that the information that they contain has been obtained from sources believed to be reliable but that the accuracy and completeness of that information is not guaranteed. Similarly, internal surveys, industry forecasts and market research, while believed to be reliable, have not been independently verified and neither the Company nor the Book Running Lead Managers make any representation as to the accuracy and completeness of that information.

FORWARD-LOOKING STATEMENTS

Certain statements contained in this Placement Document that are not statements of historical fact constitute "forward-looking statements." Investors can generally identify forward-looking statements by terminology such as "aim", "anticipate", "believe", "continue", "could", "estimate", "expect", "intend", "may", "objective", "plan", "potential", "project", "pursue", "shall", "should", "will", "would", or other words or phrases of similar import. All statements regarding the Company's expected financial condition and results of operations and business plans and prospects are forward-looking statements. These forward-looking statements include statements as to the Company' business strategy, revenue and profitability, planned projects and other matters discussed in this Placement Document that are not historical facts. These forward-looking statements and any other projections contained in this Placement Document (whether made by the Company or any third party) are predictions and involve known and unknown risks, uncertainties, assumptions and other factors that may cause the Company's actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements or other projections. All forward-looking statements are subject to risks, uncertainties and assumptions about the Company that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. Important factors that could cause actual results, performance or achievements to differ materially include, but are not limited to those discussed under "Risk Factors", "Management's Discussion and Analysis of Financial Condition and Results of Operations of Company", "Industry Overview" and "Business".

The forward-looking statements contained in this Placement Document are based on the beliefs of management, as well as the assumptions made by and information currently available to management. Although the Company believes that the expectations reflected in such forward-looking statements are reasonable at this time, it cannot assure investors that such expectations will prove to be correct. Given these uncertainties, investors are cautioned not to place undue reliance on such forward-looking statements. If any of these risks and uncertainties materialize, or if any of the Company's underlying assumptions prove to be incorrect, the Company's actual results of operations or financial condition could differ materially from that described herein as anticipated, believed, estimated or expected. All subsequent forward-looking statements attributable to the Company are expressly qualified in their entirety by reference to these cautionary statements.

DEFINITIONS AND ABBREVIATIONS

Definitions of certain capitalised terms used in this PPD are set forth below:

Term	Description
"Company" or the "Issuer" or "PRIL"	Pantaloon Retail (India) Limited, a public limited company incorporated under the Companies Act and having its registered office at Knowledge House, Shyam Nagar, Off. Jogeshwari – Vikhroli Link Road, Jogeshwari (East), Mumbai 400 060 on an unconsolidated basis
"Group"	The Company and its subsidiaries, associates and joint ventures
AGM	Annual General Meeting
AS	Accounting Standards issued by the Institute of Chartered Accountants of India
Allocated /Allocation	The allocation of Equity Shares following the determination of the Issue Price to QIBs on the basis of Application Forms submitted by them, in consultation with the Book Running Lead Managers (as defined below) in compliance with Chapter VIII of the SEBI Regulations
Allotment/ Allotted	Unless the context otherwise requires, the allotment and issue of Equity Shares pursuant to this Issue
Allottees	QIBs to whom Equity Shares are issued pursuant to the Issue
Anchor Tenant	A commercial retail business such as a national chain store or regional department store, placed in a shopping centre which usually enjoys privileged commercial terms
Application Form	The form (including any revisions thereof) pursuant to which a QIB shall submit a Bid in the Issue
Articles/ Articles of Association	The Articles of Association of the Company
Auditors	NGS & Company, the statutory auditors of the Company
BSE	The Bombay Stock Exchange Limited
Bid	An indication of QIBs' interest, including all revisions and modifications of interest, as provided in the Application Form, to subscribe for Equity Shares in the Issue
Bid Closing Date	November 23, 2009
Bid Opening Date	November 19, 2009
Bidding Period	The period between the Bid Opening Date and Bid Closing Date inclusive of both dates during which QIBs can submit their Bids
Board/ Board of Directors	Board of Directors of the Company
BOLT	BSE On-Line Trading
Book Running Lead Managers	The book running lead managers to the Issue, in this case being, Enam Securities Private Limited and DSP Merrill Lynch Limited
CAGR	Compounded Annual Growth Rate
CAN/Confirmation of Allocation Note	Note or advice or intimation to not more than 49 QIBs confirming the Allocation of Equity Shares to such QIBs after discovery of the Issue Price
CDSL	Central Depository Services (India) Limited
Class B Share(s)	The equity share(s) of the Company of Rs. 2 each, with differential rights as to voting and dividend
Companies Act	Companies Act, 1956 and amendments thereto
Cut-off Price	The Issue Price of the Equity Shares which shall be finalized by the Company in consultation with the Book Running Lead Managers
Depository	A body corporate registered under SEBI (Depositories and Participant) Regulations, 1996
Depositories Act	Depositories Act, 1996 as amended
Department Store	A retail organization that normally employs approximately 25 or more people and sells merchandise in the following categories: home furnishings, apparel for men, women, and children, and home linens and

Term	Description
	dry goods
Distribution Centres	A warehouse which processes, moves and stores goods or a storage facility that takes orders and delivers products.
DP/ Depository Participant	A depository participant as defined under the Depositories Act
DP ID	Depository Participant Identity
Director(s)	The director(s) on the Board of the Company
EBITDA	Earnings Before Interest, Tax, Depreciation and Amortisation
EGM	Extraordinary General Meeting
EPS	Earnings Per Share i.e., profit after tax for a fiscal year divided by the weighted average outstanding number of equity shares at the end of that Fiscal Year
Equity Share(s)	The ordinary equity share(s) of the Company with a face value of Rs. 2 unless otherwise specified in the context thereof
Escrow Accounts	'PRIL QIP Escrow 2009' with each of the Escrow Banks
Escrow Banks	Axis Bank Limited and The Hongkong and Shanghai Banking Corporation
ESI	Employee State Insurance
FDI	Foreign Direct Investment
FEMA	Foreign Exchange Management Act, 1999 read with rules and regulations thereunder and amendments thereto
FEMA Regulations	FEMA (Transfer or Issue of Security by a Person Resident Outside India) Regulations 2000 and amendments thereto
FICCI	Federation of Indian Chambers of Commerce and Industry
FII(s)	Foreign Institutional Investors as defined under SEBI (Foreign Institutional Investor) Regulations, 1995 registered with SEBI under applicable laws in India
FMCG	Fast moving consumer goods
Financial Year/Fiscal Year/FY	Any period of twelve months ended June 30 of that particular year, unless otherwise stated
Floor Price	The floor price of Rs. 313.10 for the Equity Shares, which has been calculated in accordance with Regulation 85 of the SEBI Regulations
FVCI	Foreign Venture Capital Investor registered under the Securities and Exchange Board of India (Foreign Venture Capital Investor) Regulations, 2000
Format	It is a type of retail store to sell a specific nature of goods to a particular segment of customers
Future Bazaar	Future Bazaar India Limited
Future Brands	Future Brands Limited
Future Capital/ FCH	Future Capital Holdings Limited
Future Generali	Collectively, Future Generali India Insurance Company Limited and Future Generali India Life Insurance Company Limited
Future Knowledge Services/ FKS	Future Knowledge Services Limited
Future Learning and Development/ FLDL	Future Learning and Development Limited
Future Logistics/ FLSL	Future Logistic Solutions Limited, which has been renamed as Future Supply Chain Solutions Limited
Future Media	Future Media India Limited
GAAP	Generally Accepted Accounting Principles
GDP	Gross Domestic Product
GoI/ Government	Government of India, unless otherwise specified
GSM	Global System for Mobile Communications
HSRIL	Our subsidiary, Home Solution Retail (India) Limited

Term	Description
Hypermarkets	A large retail operation which combines the features of a Supermarket and a discount house
ICAI	The Institute of Chartered Accountants of India
IT	Information Technology
ITES/BPO	Information technology enabled Services and Business Process Outsourcing
Income Tax Act	The Income Tax Act, 1961, as amended
India	The Republic of India
Indian GAAP	Generally Accepted Accounting Principles in India
Issue	The offer, issue and allotment of the Equity Shares to Qualified Institutional Buyers, pursuant to Chapter VIII of the SEBI Regulations
Issue Price	A price per Equity Share of Rs. 316
Issue Size	The issue of 1,58,22,200 Equity Shares aggregating to Rs. 499.98 Crores
MoU	Memorandum of Understanding
Memorandum or Memorandum of Association	Memorandum of Association of the Company
Mutual Fund	A mutual fund registered with SEBI under the SEBI (Mutual Funds) Regulations, 1996
NAV	Net Asset Value being paid up equity share capital plus free reserves (excluding reserves created out of revaluation) less deferred expenditure not written off (including miscellaneous expenses not written off) and debit balance of Profit and Loss account, divided by number of issued equity shares
NEFT	National Electronic Fund Transfer
NOC	No Objection Certificate
NSDL	National Securities Depository Limited
NSE	The National Stock Exchange of India Limited
PAN	Permanent Account Number allotted under the Income Tax Act, 1961
PAT	Profit After Tax
PBT	Profit Before Tax
Pay-in Date	The last date specified in the CAN sent to QIBs, as applicable
Placement Document	The Placement Document dated November 23, 2009 issued in accordance with Chapter VIII of the SEBI Regulations
Preliminary Placement Document	Preliminary Placement Document dated November 19, 2009 issued in accordance with Chapter VIII of the SEBI Regulations
PRIL QIP Escrow 2009	Special accounts with each of the Escrow Banks into which payment of application money shall be made by the QIBs
Private Label	Brands that are developed in house by the retailer
Promoter	The promoter of the Company, namely, Kishore Biyani
QIBs or Qualified Institutional Buyers	Qualified Institutional Buyers as defined under Regulation 2 (zd) of the SEBI Regulations
QIP	Qualified Institutions Placement under Chapter VIII of the SEBI Regulations
RBI	The Reserve Bank of India
Registered Office	The registered office of the Company located at Knowledge House, Shyam Nagar, Off. Jogeshwari - Vikhroli Link Road, Jogeshwari (East), Mumbai 400 060
RoC	The Registrar of Companies, Maharashtra located at Everest, 100 Marine Drive, Mumbai 400 002
Rs./Rupees/INR	Rupees, being the lawful currency for the time being of India
SEBI	The Securities and Exchange Board of India constituted under the SEBI Act, 1992
SEBI Act	Securities and Exchange Board of India Act 1992, as amended

Term	Description
SEBI Regulations	SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended
SKUs	Stock keeping units, being the smallest unit available for keeping inventory control.
Shrinkage	Loss in inventory on account of a combination of employee theft, shoplifting, vendor fraud and administrative error
Stamp Act	The Indian Stamp Act, 1899
State Government	The government of a state of India
Stock Exchange(s)	NSE and BSE
Sq. ft./ Square feet	Square Feet
Sq. metres/ Sq. mtr.	Square Metres
Supermarkets	A self service store that satisfies regular shopping needs of consumers, including food and non food items
Takeover Code	The SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, as amended

SUMMARY OF THE ISSUE

The following is a general summary of the terms of the Issue. This summary should be read in conjunction with, and is qualified in its entirety by, more detailed terms appearing elsewhere in this Placement Document, including under "Issue Procedure" and "Description of the Equity Shares".

Issuer	Pantaloon Retail (India) Limited
Face Value	Rs. 2 per Equity Share
Issue Price	Rs. 316 per Equity Share
Issue size	Up to 1,58,22,200 Equity Shares aggregating to Rs. 499.98 Crores A minimum of 10% of the Issue Size shall be available for Allocation to Mutual Funds only. If no Mutual Fund is agreeable to take up the minimum portion mentioned above, such minimum portion or part thereof may be Allotted to other eligible QIBs
Floor Price	Rs. 313.10 per Equity Share
Eligible Investors	QIBs as defined in clause 2 (zd) of the SEBI Regulations other than QIBs that are persons resident outside India, will be eligible to subscribe to the Equity Shares. See "*Issue Procedure - Qualified Institutional Buyers*".
Equity Shares issued and outstanding immediately prior to the Issue*	17,43,91,521 Equity Shares
Equity Shares issued and outstanding immediately after the Issue	19,02,13,721 Equity Shares
Listing	The Company has made applications to obtain in-principle approvals for the listing of the Equity Shares on the Stock Exchanges
Lock-up	The Company will not, for a period of 90 days from the date of the Placement Document, without the prior written consent of the Book Running Lead Managers, (A) directly or indirectly, issue, offer, lend, pledge, sell, contract to sell or issue, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase or otherwise transfer or dispose of any Shares or any securities convertible into or exercisable or exchangeable for Shares or publicly announce an intention with respect to any of the foregoing, (B) enter into any swap or any other agreement or any transaction that transfers, in whole or in part, directly or indirectly, any of the economic consequences of ownership of the Shares or any securities convertible into or exercisable or exchangeable for Shares or publicly announce an intention to enter into any such transaction, whether any such swap or transaction described in clause (A) or (B) hereof is to be settled by delivery of Shares or such other securities, in cash or otherwise, or (C) deposit Shares or any securities convertible into or exercisable or exchangeable for Shares or which carry the right to subscribe for or purchase Equity Shares in depositary receipt facilities or enter into any transaction (including a transaction involving derivatives) having an economic effect similar to that of a sale or a deposit of Equity Shares in any depositary receipt facility, or publicly announce any intention to enter into any transaction. The foregoing sentence shall not apply (i) to any issuance, sale, transfer or disposition of Equity Shares by the Company to the extent such issuance, sale, transfer or disposition is required by Indian law; and (ii) to any issuance, sale, transfer or disposition of Equity Shares by the Company in order to undertake the restructuring initiatives approved by the Board

	of Directors pursuant to its resolution dated October 30, 2009. The Promoter and promoter group of the Company, comprising of 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 and Akar Estate & Finance Private Limited have also entered into a lock-up agreement for a period of 60 days from the date of the Placement Document on the terms as set out above.
Transferability Restrictions	The Equity Shares being Allotted pursuant to this Issue shall not be sold for a period of one year from the date of Allotment except on the Stock Exchanges.
Use of Proceeds	The net proceeds of the Issue (after deduction of fees, commissions and expenses) are expected to total approximately Rs. 4,91,74,15,200 Crores. See "*Use of Proceeds*"
Risk Factors	See "*Risk Factors*" for a discussion of factors you should consider before deciding whether to invest in Equity Shares
Closing	The Allotment of the Equity Shares offered pursuant to this Issue is expected to be made on or about November 25, 2009 ("Closing Date")
Voting Rights of Equity Shareholders	See "*Description of the Equity Shares – Voting Rights*"
Dividends	See "*Description of the Equity Shares – Dividend*"
Ranking	The Equity Shares being issued shall be subject to the provisions of the Memorandum and Articles of Association and shall rank *pari passu* in all respects with the existing Equity Shares including rights in respect of dividends. The Equity Shareholders will be entitled to participate in dividends and other corporate benefits, if any, declared by the Company after the Closing Date, in compliance with the Companies Act. The shareholders of the Company may attend and vote in shareholders' meetings on the basis of one vote for every Equity Share held. See "*Description of the Equity Shares*"
Security Codes for the Equity Shares	**ISIN :** INE623B01027 **BSE Code :** 523574 **NSE Code :** PANTALOONR - EQ

** In addition to Equity Shares, the Company has issued and has outstanding 1,59,29,152 Class B Shares and 5,000,000 warrants*

SUMMARY OF BUSINESS

Overview

We operate one of the leading organised multi-format retail businesses in India and operate, directly and indirectly through our subsidiaries, associates and joint ventures, retail stores in various formats across fashion, food, general merchandise, home improvement, furnishing solutions and consumer durables and electronics.

We started our retail business with the first Pantaloons store in Kolkata in the year 1997 and have since expanded to have a pan India presence with approximately 737 stores in 72 cities in India as of October 31, 2009 in 29 formats, covering total retail space of 1,23,41,947 Sq. ft. We have promoted several retail formats, including Pantaloons, Central, Big Bazaar, Food Bazaar, E Zone and Home Town and private labels across various lines of businesses like DJ&C, Bare, John Miller, Tasty Treat, Fresh and Pure, Cleanmate, Dreamline, Koryo and Sensei. Further, we have developed and operate specialised businesses offering consumer finance, insurance, logistics, brands, media, knowledge services, online retail service and training in retail services. These specialised businesses support as well as capitalize on our resources as a leading retailer in India. Our early mover advantage has not only helped us develop a wide network of stores across India in various formats but also establish brand equity for the Company as well as for our various formats and private labels.

The Company is the flagship company of the Future Group, a leading Indian business group promoted by Kishore Biyani. The Future Group with a focus on consumption-led businesses has demonstrated the ability to identify, incubate and grow various consumption-led businesses in India including retail business operated by the Company, consumer finance operated by Future Capital, brand development operated by Future Brands, logistics and supply chain management by Future Logistics, online retailing operated by Future Bazaar and training in retail services by Future Learning and Development.

The Company was awarded the International Retailer for the Year 2007 by the National Retail Federation, United States which is the world's largest retail trade association with over 1.4 million members globally. It was also awarded the Emerging Market Retailer of the Year 2007 at the World Retail Congress in Barcelona.

On a standalone basis, our sales, including other operating income grew at an annual rate of 25.61% from Rs. 5,048.91 Crores for the year ended June 30, 2008 to Rs. 6,341.70 Crores for the year ended June 30, 2009. Our net sales grew at an annual rate of 55.99% from Rs. 3,236.74 Crores for the year ended June 30, 2007 to Rs. 5,048.91 Crores for the year ended June 30, 2008.
On a consolidated basis, our net sales grew at an annual rate of 31.31% from Rs. 5,840.54 Crores for the year ended June 30, 2008 to Rs. 7,669.04 Crores for the year ended June 30, 2009. Our net sales grew at an annual rate of 68.39% from Rs. 3,468.56 Crores for the year ended June 30, 2007 to Rs. 5,840.54 Crores for the year ended June 30, 2008.

On a standalone basis, the total area under operation grew at an annual rate of 22.74%, from 78,77,232 Sq. ft. for the year ended June 30, 2008 to 96,68,501 Sq. ft. for the year ended June 30, 2009. The total area under operation grew at an annual rate of 53.07%, from 51,46,310 Sq. ft. for year ended June 30, 2007 to 78,77,232 Sq. ft. for the year ended June 30, 2008.
On a consolidated basis, the total area under operation grew at an annual rate of 22.54% from 95,91,340 Sq. ft. for the year ended June 30, 2008 to 1,17,53,301 Sq. ft. for the year ended June 30, 2009. The total area under operation grew at an annual rate of 62.79% from 58,91,776 Sq. ft. for year ended June 30, 2007 to 95,91,340 Sq. ft. for the year ended June 30, 2008.

On a standalone basis, our profit after tax grew at an annual growth rate of 11.60% from Rs. 125.97 Crores for the year ended June 30, 2008 to Rs. 140.58 Crores for the year ended June 30, 2009. Our profit after tax grew at an annual growth rate of 4.99% from Rs. 119.98 Crores for the year ended June 30, 2007 to Rs. 125.97 Crores for the year ended June 30, 2008.
On a consolidated basis, our profit after tax reduced by 54.08% from Rs. 21.93 Crores for the year ended June 30, 2008 to Rs. 10.07 Crores for the year ended June 30, 2009. Our profit after tax reduced by 38.29% from Rs. 35.54 Crores for the year ended June 30, 2007 to Rs. 21.93 Crores for the year ended June 30, 2008.

On a standalone basis, the number of our stores grew at an annual rate of 6.91%, from 246 stores for year ended June 30, 2008 to 263 stores for year ended June 30, 2009. The number of our stores grew at an annual rate of 53.75% from 160 stores for the year ended June 30, 2007 to 246 stores for year ended June 30, 2008.
On a consolidated basis, the number of our stores grew at an annual rate of 33.52% from 531 stores for year ended June 30, 2008 to 709 stores for year ended June 30, 2009. The number of our stores grew at an annual rate of 97.40% from 269 stores for the year ended June 30, 2007 to 531 stores for year ended June 30, 2008.

On a standalone basis, our employees have reduces in number from 21,187 as on June 30, 2008 to 20,091 as on June 30, 2009. As of October 31, 2009, we have 21,422 employees. On a consolidated basis, our employees grew in number from 31,601 as on June 30, 2008 to 33,576 as on June 30, 2009. As of October 31, 2009, we have 34,689 employees.

The Board, pursuant to its resolution dated October 30, 2009, approved proposals for restructuring of certain of its business divisions and subsidiaries. The proposed restructuring includes the following initiatives:

- The Company proposes to transfer its value retail businesses, which include Big Bazaar, Food Bazaar, Depot and Navras and certain warehouses, to a its wholly owned subsidiary, Pantaloon Future Ventures Limited, since renamed as Future Value Retail Limited, through a slump sale. This shall be done primarily to ensure a focused approach for further growth and expansion of these formats. This transfer is believed by the Company to enable capital infusion and effective implementation of its expansion plans. The Company, pursuant to the postal ballot notice dated November 7, 2009, has sought the approval of its shareholders to approve this transfer.

- The Company proposes to sell certain of its support business, including of Future Brands, FKS and FLDL to a promoter group company for an aggregate consideration of Rs. 190 Crores. This, the Company believes, will enable it to unlock value in its specialised support businesses.

- The Company proposes to undertake such restructuring in order to garner further investments in its financial services businesses namely FCH and Future Generali with an aim to raise fresh capital for the growth of these businesses. It has been authorized by the Board to carry out all activities and execute any scheme or arrangement required to implement these objects.

For risks associated with the proposed restructuring, please refer to '*Risk Factors*'.

Our Competitive Strengths

Our key competitive strengths are as follows:

Our early mover advantage

We started our retail business in 1997 in Kolkata with one Pantaloon store and as of October 31, 2009, we operate 737 stores in 29 formats across 72 cities in India. Our early mover advantage has not only helped us develop a wide network of stores across India in various formats but also establish brand equity for the Company as well as for our various formats and private labels. It has also enabled us to lock in key locations for our stores at competitive rentals in various cities in India, including the eight tier I cities in terms of population and income, being; Mumbai, Delhi, Chennai, Kolkata, Bangalore, Hyderabad, Pune and Ahmedabad (*Source: "The Great Indian Bazaar" August 2008 - Mckinsey & Company*). Further through our key retail locations we have been able to access a large and loyal consumer base enabling our new formats easier acceptability and recognition.

Our early mover advantage has enabled us to create efficient processes to cater to end to end consumption spending cosmos. This has also enabled us to develop specialised businesses that provide us logistic and information technology support, develop, acquire and manage brands, provide consumer finance and insurance services.

Deep understanding of the retail sector and evolving needs of the Indian consumer

As one of India's leading retailers with over 12 years of experience, we have developed a deep understanding of, the retail and consumption-led sectors in India. We believe that our insights into consumer behaviour have contributed to the development of our various retail formats and specialised businesses. This insight has enabled us to strategize, develop and promote new retail formats to cater to evolving needs of Indian consumer. Further, our operations in various lines of businesses enable us to cross sell our products across formats.

We cater to the consumer requirements across various consumer segments through our formats like Big Bazaar - a hyper market, Food Bazaar - a super market, Pantaloons - a departmental store, Central, Brand Factory and Home Town - seamless malls, E Zone - a consumer durable and electronics store and through other retail formats like aLL and KB Fair Price. We also operate specialised businesses like consumer finance through 'Future Money', a division of Future Capital and insurance products through Future Generali.

One of our core values is 'confidence in Indianness' and we operate our business based on Indian values and beliefs, which helps us reach, connect with and service a wider customer base.

Nation-wide presence and economies of scale

Our presence in 72 cities across India, through approximately 29 type of formats in various lines of businesses that include food, fashion, fashion accessories, home improvement, consumer durables and electronics, furniture and general merchandise, is geared to cater to 'consumption spending'.

Further, as on October 31, 2009, we operate our business through 737 stores under 29 formats spanning across 72 cities covering an aggregate area of 12,341,947 Sq. ft. We operate 565 stores in Mumbai, Delhi, Chennai, Kolkata, Bangalore, Hyderabad, Pune and Ahmedabad, the tier I cities in terms of population and income (*Source: "The Great Indian Bazaar" August 2008 - Mckinsey & Company*), and the aggregate area under operation in these cities is 81,27,142 Sq. ft.

Due to the scale that we have achieved over the past 12 years, we have been able to understand and implement processes to make our front end and back end functions and execution capabilities efficient and cost effective. We have been able to achieve economies of scale by increasing the scope of our operations at a consistent pace and by providing efficient, convenient and cost-effective services to our customers. Further, due to our scale and presence across India, we have been able to develop efficient category management processes that enable us to offer competitive deals to our customers and make our operations cost effective.

Our Brand Equity

We have developed well recognized formats like Big Bazaar, Pantaloons, Central, Food Bazaar, Brand Factory, Home Town and E Zone. Due to the recognition and acceptability of these formats, we have been able to develop a loyal customer base. As on October 31, 2009, the 'Green Card' program had 13,75,778 members.

Further, brand equity of these formats has enabled us to retail products under private labels. Some of the private labels that we retail through our formats include John Miller, Lombard, Bare, DJ&C, Buffalo, RIG in fashion; Tasty Treat, Premium Harvest, Fresh & Pure, Care Mate and Clean Mate under food and home care segment, Koryo and Sensei in consumer durables and electronics and Dreamline in general merchandise and home improvement.

Further, we have entered into strategic partnerships with well recognised brands. We have developed strategic partnerships with Staples Asia Investment Limited to distribute office products, with Talwalkers Better Value Fitness Private Limited to set up gymnasium and retail health and fitness equipments and the Generali Group, Italy to promote insurance products.

Project execution and operations capabilities

We have an experienced project team of 150 employees which enables us to roll out new stores quickly and seamlessly. This has allowed us to grow from 531 stores as on June 30, 2008 to 709 stores as on June 30, 2009 and to 737 stores as on October 31, 2009. Through such an expansion, we believe that we have developed efficient business processes and expertise that enable us to optimize resources to execute projects in multiple locations at competitive costs and in minimal time.

We have been able to optimize the usage of our resources by developing specialized businesses that support our retail functions and increase our efficiency and provide us a cost advantage. We are able to execute projects in multiple locations as we have our project execution team operating at the corporate, zonal and site level. Due to our scale and efficient logistics, we are able to execute projects at different locations at competitive costs. Our average store turn around time for Pantaloon is four to six months, for Big Bazaar is nine to 12 months, for Food Bazaar is nine to 12 months, for Central is four to six months and for Brand Factory is five to seven months.

Robust internal retail support systems

We have developed robust internal support systems for logistics, brand development, information technology and training that enable us to capitalize our resources efficiently as a leading retailer in India.

We utilize logistics services offered by our subsidiary, Future Logistics which include factory-gate logistics, storage and fulfillment, retail store replenishments, movement (nationwide and intra-city), cold chain, reverse logistics to international logistics and distribution services as well as services of 55 distribution centres warehouses in 29 cities across India, covering an aggregate area of 30,67,538 Sq. ft and handling over 33,11,392 SKUs as on October 31, 2009. The distribution and logistics set up is networked through efficient information technology systems, and enable us to deliver merchandise to the store within 24 to 36 hours of receipt /generation of auto replenishment order. This has helped us optimize our in-store availability of merchandise and achieve inventory efficiency while ensuring availability of products at all stores as per customer needs, as well as reducing our operational costs.

We utilize business and technology services provided by our subsidiary, Future Knowledge Services which include business and technology advisory, technology infrastructure procurement and management, software services, finance and accounting services, product lifecycle management and payroll management. We utilize brand development services rendered by our subsidiary, Future Brands which includes creation, management and licensing of intellectual property including trade marks and copyrights. Through our subsidiary, Future Learning and Development we undertake training in retail skills, hiring and management of employees with adequate skills.

Our entrepreneur led and professionally managed, experienced team

We have an experienced professional management team led by Kishore Biyani, the Managing Director of the Company and the Group Chief Executive Officer of the Future Group. He is one of the leading entrepreneurs in the retail sector in India.

Our management team consists of a team of professionals with relevant domain expertise and retail oriented functional specializations from FMCG and service industry background with professional qualification in their respective fields.

Further, our management team has been able to complement our expansion with the ability to create adequate systems and processes.

Our management team is complemented by a committed work force that enables us to operate, synergise and integrate our front-end and back-end operations efficiently. Our human resources policies aim to create an engaged and motivated work force, which is essential for success in any service oriented industry such as ours. Our human resources and retention policies, that include training programs, aim to create a motivated work force, which is essential for the retail industry. In April, 2007 we were ranked 14th in amongst 230 companies surveyed for “Best Employers in India 2007”, a study conducted in partnership with The Economic Times by Hewitt Associates, which is a global human resources service company.

SUMMARY FINANCIAL INFORMATION

The selected audited Balance Sheet data and Profit and Loss Statement for the years ended June 30, 2009, June 30, 2008 and June 30, 2007 set forth below have been derived from the Company's audited consolidated financial statements and schedules thereto for the years June 30, 2009, June 30, 2008 and June 30, 2007, which have been prepared in accordance with Indian GAAP.

Balance Sheet as at June 30, 2009, June 30, 2008 and June 30, 2007

		As at June 30, 2009	As at June 30, 2008	As at June 30, 2007
		(Rs. in Crores)	**(Rs. in Crores)**	**(Rs. in Crores)**
SOURCES OF FUNDS :				
1	SHAREHOLDERS' FUNDS			
	Share Capital	107.59	121.38	97.35
	Share Application money	44.96	20.90	23.32
	Equity Warrants	22.88	63.26	-
	Reserves & Surplus	2,326.83	2,021.63	1,071.25
		2,502.26	2,227.17	1,191.92
2	MINORITY INTEREST	384.59	406.16	54.30
3	LOAN FUNDS			
	Secured Loans	3,285.99	2,393.10	1,095.32
	Unsecured Loans	572.27	374.00	367.76
		3,858.26	2,767.10	1,463.08
4	DEFERRED TAX LIABILITY (NET)	4.02	35.43	50.49
		6,749.13	5,435.86	2,759.79
APPLICATION OF FUNDS :				
1	FIXED ASSETS			
	Gross Block	2,594.51	1,881.02	1,012.77
	Less : Depreciation	393.58	210.42	106.54
	Net Block	2,200.93	1,670.60	906.23
	Capital work-in-progress	429.72	384.04	167.75
2	INVESTMENTS	897.81	726.50	90.25
3	CURRENT ASSETS, LOANS & ADVANCES			
	Inventories	2,191.25	1,771.09	1,078.63
	Sundry Debtors	306.61	288.14	68.03
	Cash & Bank Balances	202.54	365.37	235.51
	Loans & Advances	1,910.55	1,391.40	711.28
	Other Current Assets	12.16	16.61	1.65
		4,623.11	3,832.61	2,095.10
	LESS : CURRENT LIABILITIES & PROVISIONS			
	Current Liabilities	1,351.94	1,153.78	483.51
	Provisions	52.99	24.26	16.45
		1,404.93	1,178.04	499.96
	NET CURRENT ASSETS	3,218.18	2,654.57	1,595.14

		As at June 30, 2009	As at June 30, 2008	As at June 30, 2007
		(Rs. in Crores)	(Rs. in Crores)	(Rs. in Crores)
4	MISCELLANEOUS EXPENDITURE	2.49	0.15	0.42
	(To the extent not written off or adjusted)			
		6,749.13	**5,435.86**	**2,759.79**

Profit and Loss Statement for the years ended June 30, 2009, June 30, 2008 and June 30, 2007

	For the Fiscal Year 2009	For the Fiscal Year 2008	For the Fiscal Year 2007
	(Rs. in Crores)	(Rs. in Crores)	(Rs. in Crores)
INCOME			
Sales & Operating Income	7,669.04	5,840.54	3,468.56
Other Income	95.76	55.73	97.37
	7,764.80	5,896.27	3,565.93
EXPENDITURE			
Cost of goods consumed & sold	5,127.25	3,909.30	2,365.07
Personnel cost	578.72	445.59	270.49
Manufacturing & other expenses	1,449.83	1,185.12	699.00
Finance Charges	418.54	223.58	100.08
Depreciation	206.57	118.21	48.24
Goodwill Written Off			3.25
	7,780.91	5,881.80	3,486.13
Profit (Loss) Before Taxation	(16.11)	14.47	79.80
Less: Earlier year's Income Tax	0.30	(0.03)	0.06
Less: Tax Expense	(10.25)	47.32	59.68
Profit (Loss) After Taxation before Prior Period Items	(6.16)	(32.82)	20.06
Less: Prior Period Items	1.30	(1.04)	0.18
Profit (Loss) After Taxation	(7.46)	(31.78)	19.88
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	(24.45)	(51.22)	(15.65)
Profit After Minority Interest	10.07	21.93	35.54
Add : Balance brought forward	65.47	119.52	104.83
Less: Adjustment on account of liability in respect of employee benefits	-	0.02	
Available for Appropriation	75.54	141.43	140.37
Proposed Dividend	13.37	10.67	7.54
Dividend Tax	2.27	1.81	1.28
Transfer to Reserve under section 45 (1C) of the RBI Act	1.99	1.79	0.03
Transfer to General Reserve	14.53	12.60	12.00
Adjustment arising on consolidation	17.37	-	-
Balance carried to Balance Sheet	26.01	114.55	119.52
	75.54	141.43	140.37
Earnings Per Share Rs. (Face value Rs.2)	Rs.	Rs.	Rs.
Basic & Diluted - Equity	0.56	1.30	2.58
Basic & Diluted - Class B series 1	0.66	-	

RISK FACTORS

An investment in equity shares involves a degree of risk. You should carefully consider all the information in this Placement Document, including the risks and uncertainties described below and the information under "Forward-Looking Statements", before making an investment in the Equity Shares. To obtain a complete understanding of the Company, you should read this section in conjunction with the sections titled "Our Business" and "Management's Discussion and Analysis of Financial Condition and Results of Operations", respectively, of this Placement Document as well as the other financial and statistical information contained in this Placement Document. If the following risks actually occur, our business, results of operations and financial condition could suffer, and the price of the Equity Shares and the value of your investment in the Equity Shares could decline. Unless specified or quantified in the risk factors below, we are not in a position to quantify the financial implications of any of the risks mentioned below. Additional risks not described below or not currently known to us or that we currently deem immaterial may also adversely affect the market price of our Equity Shares.

Internal Risk Factors

The Board of Directors has approved restructuring of certain business divisions and certain subsidiaries of the Company in order to encash value created in non retail businesses, which is subject to the approval of the shareholders of the Company, other statutory, regulatory and court approvals and consents required pursuant to contractual obligations. In the event, the Company is unable to obtain any of these approvals and consents, it may fail to undertake the proposed restructuring partially or entirely.

The Board of Directors has approved restructuring of certain business divisions and certain subsidiaries by its resolution dated October 30, 2009. The broad aim of the Company for pursuing these restructuring activities is to encash value created in non retail businesses, create greater financing flexibility and offer investors an opportunity to benefit from sector focused business entities. The proposed restructuring includes the following initiatives:

1. The Company proposes to transfer its value retail businesses, which include Big Bazaar, Food Bazaar, Depot and Navras and certain warehouses, to a wholly owned subsidiary of the Company through a slump sale. This shall be done primarily to ensure a focused approach for further growth and expansion of these formats. This transfer is believed by the Company to enable capital infusion and effective implementation of its expansion plans.

2. The Company proposes to sell certain of its support business, including of Future Brands, FKS and FLDL to a promoter group company for an aggregate consideration of Rs. 190 Crores. This, the Company believes, will enable it to unlock value in its specialised support businesses.

3. The Company proposes to undertake such restructuring in order to garner further investments in its financial services businesses namely FCH and Future Generali with an aim to raise fresh capital for the growth of these businesses. The Board shall carry out all activities and execute any scheme or arrangement required to implement these objects.

(The abovementioned initiatives are collectively referred to as "*Restructuring Initiatives*" and each, individually as "*Restructuring Initiative*".)

The Restructuring Initiatives in relation to transfer of value retail businesses and restructuring of FCH and Future Generali are subject to the approval of the shareholders. The Company, pursuant to the postal ballot notice dated November 7, 2009, has sought the approval of its shareholders to approve the transfer of value retail businesses to its wholly owned subsidiary, Pantaloon Future Ventures Limited, since renamed as Future Value Retail Limited. Further, each of the Restructuring Initiatives, subject to procedures undertaken by the Company to execute it, may be subject to various statutory and regulatory approvals. For example, the restructuring of FCH and Future Generali, which is proposed to be undertaken by way of a scheme or arrangement, shall be subject to the approval of their respective shareholders and the approval of scheme or terms of arrangement by the High Court of relevant jurisdiction and may also be subject to approvals of IRDA and the RBI. Further, the Company has entered into various agreements, specifically the loan agreements and shareholder agreements that require consent of other parties to these agreements to undertake any of the Restructuring Initiatives.

In the event, of the Company is unable to obtain any of the approvals or consents mentioned above, it may not be able to execute any of or all of the Restructuring Initiatives. In such an event, the Company will not be able to avail any of the benefits arising out of these Restructuring Initiatives. This may adversely affect the business operations and financial condition of the Company.

Pursuant to divestment of our interest in our specialised support businesses like sale of our investment in Future Brands and sale of business and assets of FKS and FLDL, our historical financial information may not be comparable and may not be reliable as an indicator of our historical and future results. Further, restructuring of financial services businesses including FCH and Future Generali may have an adverse impact on our consolidated financial position.

Pursuant to divestment of our interest in our specialised support businesses like sale of our investment in Future Brands and sale of business and assets of FKS and FLDL to a promoter group company, our historical financial information, on a consolidated and unconsolidated basis, shall not be comparable to our financial statements pursuant to the sale of any or all of these investments/businesses. Consequently, our historical results may not be reliable indicators of our future performance.

Further, the proposed restructuring of financial services businesses may entail dilution of our holding in FCH and Future Generali. This, when executed, may have an adverse impact on our consolidated financial position.

Pursuant to transfer of Big Bazaar and Food Bazaar to a wholly owned subsidiary, on an unconsolidated basis, we may only receive dividend income from these businesses. Further, such income will be reduced further due to a dividend distribution tax payable by the said wholly owned subsidiary.

Currently, Big Bazaar and Food Bazaar are a business division of the Company and the sales generated from these formats contribute to the turnover of the Company. However, pursuant to the proposed transfer of these formats to a wholly owned subsidiary, on an unconsolidated basis, the Company shall only receive income from dividend from these businesses. Further, dividend distribution tax, at prevailing rates, shall be deducted from this income. The Company has made substantial investments towards developments of these formats. Thus, the proposed transfer of Big Bazaar and Food Bazaar to a wholly owned subsidiary shall adversely affect the Company’s unconsolidated financial position.

Pursuant to divestment of our interest in our specialised support businesses like sale of our investment in Future Brands and sale of business and assets of FKS and FLDL, we may experience increased costs, on a consolidated basis, resulting from sourcing certain support functions that are currently provided by these companies, from either these entities, not being our subsidiaries or any other third party.

We currently rely on certain of our subsidiaries like Future Brands, FKS and FLDL for support functions like brand development and management, providing business and technology services and undertaking training courses in retail skills, respectively. We avail these services at an arms length basis. Pursuant to divestment of our interest in these subsidiaries, we will be required to enter into new arrangements, either with these companies or with other third parties, to avail these support services. In the event we enter into new arrangements with companies that our currently our subsidiaries, we cannot assure you that we that the terms of the new arrangements will not adverse to our interests as compared to the existing arrangements. Further, in the event we enter into new arrangements with third parties to provide us support services, we cannot assure you that the quality of services will the same as provided by our subsidiaries currently and will not be adverse to our interests economically. This may have an adverse effect on our business operations and financial conditions.

In order to execute the Restructuring Initiatives, we shall be required to undertake a number of administrative changes and actions, amend various agreements and enter into new agreements to reflect the restructuring. If we are unable to undertake these actions efficiently and appropriately, we may incur costs and may be open to legal and contractual liabilities.

The Company shall be required to undertake various administrative changes and actions, amend various agreements and enter into new agreements in order to execute the Restructuring Initiatives. The administrative changes shall, *inter alia*, include management of backend operations of Big Bazaar and Food Bazaar pursuant to the transfer of the same to Pantaloon Future Ventures Limited (since renamed as Future Value Retail Limited), a wholly owned subsidiary. The Company shall also be required to amend the existing lease arrangements to reflect the change in holding company of Big Bazaar and Food Bazaar to Pantaloon Future Ventures Limited (since renamed as Future Value Retail Limited). Further, as the Company proposes to sell subsidiaries providing specialised support services, it will be required to enter to new agreements to avail these services, from either the same entities or other third parties. The Company may also be required to enter to shareholders agreements to seek further investments pursuant to restructuring of FCH and Future Generali.

The abovementioned actions, required to effect the Restructuring Initiatives, require third party involvement and cooperation. In case we are unable to undertake these actions efficiently, this may adversely affect the Restructuring Initiatives or may subject us to additional costs. This may adversely affect our business operations and financial condition.

All or any of the Restructuring Initiatives may adversely impact our competitive position.

Pursuant to the Restructuring Initiatives, we will lose direct control on Big Bazaar and Food Bazaar and all control on Future Brand, FKS and FLDL. Further, pursuant to further investments in FCH and Future Generali, our control in these businesses may be diluted. We currently benefit from all these business divisions and subsidiaries, and have made investments in operating these businesses. Big Bazaar and Food Bazaar contribute significantly to our revenue. Future Brand, FKS and FLDL provide us support functions like brand development and management, providing business and technology services and undertaking training courses in retail skills, respectively. FCH and Future Generali provide retail financial services and insurance services respectively. We believe we are only multi format retailer in India to source such support functions internally and also to have financial services as a line of business, and this provides us a competitive advantage over other multi format retailers in India. Pursuant to execution of any or all Restructuring Initiatives, we may lose the competitive advantage with respect to in-house support services and financial services offerings. This may adversely affect our business operations and financial condition.

The Restructuring Initiatives will be executed over a period of approximately nine months and the Company is unable to predict the effect of each of the same on its financial position, the market price and trading volume the Equity Shares. Further, it cannot assure you that there may not be volatility pursuant to execution of any of its Restructuring Initiatives.

The Company proposed to undertake the Restructuring Initiatives over a period of approximately nine months. Pursuant to execution of any of the Restructuring Initiatives, there may an adverse impact on the financial position of the Company on a consolidated and unconsolidated basis which may affect the price of the Equity Shares. Further, the Company cannot assure you that it will be able to predict the extent to which investor interest will lead to a liquid trading market in its Equity Shares or if the market price of our Equity Shares would not be volatile. The market price of our Equity Shares could fluctuate significantly for many reasons, including in response to these risk factors or any external source such as reports by industry analysts and investor perception in relation to the Restructuring Initiatives.

The quarterly results of the Company following any Restructuring Initiative may not be comparable to the results of the quarter preceding such change and for the same quarter, in the previous Fiscal Year. This might adversely affect the market price of the Equity Shares upon declaration of quarterly results pursuant to a Restructuring Initiative.

In terms of the listing agreement entered into by the Company with the Stock Exchanges, it declares a limited review of certain items of its profit and loss statement on an unconsolidated basis, for each of the quarters. Any quarterly results declared pursuant to a Restructuring Initiative may not be comparable to the results of the quarter preceding such change and for the same quarter, in the previous fiscal year. The magnitude of the effect on the results pursuant to any Restructuring Initiative cannot be predicted by the Company. Thus, any adverse effect on the quarterly results after the Restructuring Initiative may have an adverse effect on the market price of the Equity Shares.

We will generally be responsible for tax liability if any aspect of the restructuring is taxable.

Whilst our Board has approved the Restructuring Initiatives, we propose to undertake the same over a period of approximately nine months. We have not yet ascertained the nature of transactions to undertake each of the Restructuring Initiatives and are currently analyzing, with the assistance of experts, tax implications of the Restructuring Initiatives. These Restructuring Initiatives may be subject to tax liability, which may entail any or all of the Restructuring Initiatives being cost-inefficient. This may result in us either not undertaking the Restructuring Initiative, or may cause a delay in undertaking the same.

Our inability to manage our growth and scale could disrupt our business

We have experienced continuous growth on an year on year basis. Our sales including other operating income have grown at an annual rate of 25.61% from Rs. 5,048.91 Crores for year ended June 30, 2008 to Rs. 6,341.70 Crores year ended for June 30, 2009. Further, as on October 31, 2009, we operate 737 stores in 72 cities in 29 formats, increasing our presence in regions and formats in which we have hitherto had limited experience.

Pursuant to our strategy of increasing our share in the consumer spend, we intend to expand the number of stores operated by us. We expect this growth to place significant demands on us and require us to continuously evolve and improve our operational, financial and internal controls across our organization. In particular, continued expansion increases the challenges involved in:

- integration of new formats;
- preserving a uniform culture, values and work environment;
- developing, improving and implementing our internal administrative infrastructure, operational, communications, internal control and other internal systems;
- recruiting, training and retaining sufficient skilled management, designing, project management, human resources and marketing personnel;
- maintaining high levels of product quality and customer satisfaction; and
- adhering to health, safety, and environmental standards.

Any delay by the developers in handing over the possession of store sites to us may lead to delays in our opening of stores and impact our time schedules and cause cost and time overruns. In addition, our expansion may present distribution and merchandising challenges that differ from those in our current operation. Addressing the challenges arising from our growth entails substantial senior level management time and resources and would put significant demands on our management team and other resources. Any inability to manage our growth may have an adverse effect on our business and results of operations.

There can be no assurance that we will be able to execute our strategy on time and within the stipulated budget or that we will meet the expectations of the customers and achieve our planned growth. Further, large number of stores may increase our fixed operating costs, and there can be no assurance that we will experience a commensurate increase in revenue or derive operational synergies to offset these higher costs. Our inability to manage our growth could have a material adverse effect on our business, financial condition and results of operations.

Our failure to leverage our specialised businesses may cause our profitability to suffer

Our specialised businesses support as well as capitalize on our resources as a leading retailer in India. These businesses include logistics, business and technology services, brand development, out of home media services, consumer finance and insurance services. We utilize logistics services offered by Future Logistics which include factory-gate logistics, storage and fulfillment, retail store replenishments, movement (nationwide and intra-city), cold chain, reverse logistics to international logistics and distribution services as well as services of 55 warehouses and distribution centres in 29 cities.

We utilize business and technology services provided by Future Knowledge Services which include business and technology advisory, technology infrastructure procurement and management, software services, accounting services, product lifecycle management and payroll management. Through our subsidiary, Future Learning and Development we undertake training in retail skills, hiring and management of employees with adequate skills.

We utilize brand development services rendered by Future Brands which includes creation, management and licensing of intellectual property including trade marks and copyrights.

We utilize out of home media services provided by Future Media which is involved in providing out of home media services at various points of consumption through its access to retail spaces and other consumption spaces like theatres. FCH and Future Generali provide consumer finance and insurance services, respectively, through *inter alia*, stores operated by us.

Our specialized businesses are oriented towards supporting our retail businesses carried out through various formats and for creating infrastructure for increased consumer spending. Thus, some of our subsidiaries are involved in providing logistical support for our retail formats, in consumer finance by providing personal and consumption loans and in investing, developing and owning brands that are retailed through our formats and in creating, developing and operating businesses in consumption-led sectors in India.

Our failure to leverage our specialized businesses may cause our profitability to suffer, as we may not be able to achieve significant returns on our investments from the aforesaid businesses.

Failure to manage the integration of the businesses or facilities we acquire or enter joint venture arrangements with, may cause our profitability to suffer

We have pursued acquisitions and strategic partnerships as part of our growth strategy. We intend to continue entering into acquisitions and strategic alliances. Our acquisitions may not contribute to our profitability, and we may be required to incur or assume debt, or assume contingent liabilities, as part of any acquisition. Our acquisitions may give rise to unforeseen contingent risks or latent liabilities relating to these businesses that may only become apparent after the merger or the acquisition is finalised.

We could have difficulty in assimilating and retaining the personnel, operations and assets of the acquired company. Further, we may not be able to accurately identify or forge an alliance with appropriate companies in line with our growth strategy. In the event that the alliance does not perform as estimated, our operations may be materially adversely affected.

Further, an inability on the part of our joint venture partner to meet customer requirements may lead to a failure of such a format and may adversely affect our business.

The success of our business is dependent on our procurement systems, supply chain management and efficient logistics, and any disruption in the same may affect our business adversely

We strive to keep optimum inventory at our stores and our warehouses to control our costs and working capital requirements. Inefficient supply chain management and information technology systems could adversely affect availability of merchandise at our stores and our results of operations. Inefficient supply chain management may lead to unavailability of merchandise. Ensuring shelf availability for our products warrants quick turnaround time and high level of coordination between with the suppliers, our warehouses and our stores. Fruits and vegetables and staple foods sold in certain of our formats like Food Bazaar and KB Fair Price store require efficient supply chain management as these items are perishable or have limited shelf life.

Further, we rely on our network of suppliers to supply our products in each region where we operate. Hence, our business is dependent on maintaining good relationships with our suppliers. Furthermore, our growth as a business depends on our ability to attract additional high-quality and cost-efficient suppliers to our network. We cannot assure you that our current suppliers will continue to do business with us or that we can continue to attract additional suppliers to our network. Any inability to maintain the stability of our supply network and to attract such additional suppliers to our network will have an adverse impact on our financial condition and results of operations.

Some of the furniture items, electronics, gift items and general merchandise retailed through our stores are imported from countries like Indonesia, China, Malaysia, Thailand and South Korea. Any inability to maintain stable supply network with suppliers in these countries or any adverse political, economic or social condition in these countries, may lead to disruption or delay in supply of goods to us, which may an adverse impact on our financial condition and results of operations. Further, in the event, any anti-dumping or import duty were to be levied on such imports or vendors or imports from such countries or vendors is prohibited or restricted, the import of goods may become unviable for us or may be disrupted, which may adversely impact our operations and financial results.

Risks associated with the suppliers from whom our products are sourced and the safety of those products could adversely affect our financial performance

The products we sell are sourced from a wide variety of domestic and international suppliers. Global sourcing of many of the products we sell is an important factor in our financial performance. All of our suppliers must comply with applicable laws, including labour and environmental laws, and otherwise be certified as meeting our required supplier standards of conduct. Our ability to find qualified suppliers who meet our standards, and to access products in a timely and efficient manner is a significant challenge, especially with respect to suppliers located and goods sourced outside of the respective states in which the stores are located. Political and economic instability in India or political instability in certain states of India in which the suppliers are located, the financial instability of suppliers, suppliers' failure to meet our supplier standards, labour problems experienced by our suppliers, the availability of raw materials to suppliers, merchandise quality issues, currency exchange rates, transport availability and cost, transport security, inflation, and other factors relating to the suppliers and the countries in which they are located are beyond our control. These and other factors affecting our suppliers and our access to products could adversely affect our financial performance.

Our customers count on us to provide them with safe products. Concerns regarding the safety of food and non-food products that we source from our suppliers and then sell could cause shoppers to avoid purchasing certain products from us, or to seek alternative sources of supply for all of their food and non-food needs, even if the basis for the concern is outside of our control. Any lost confidence on the part of our customers would be difficult and costly to re-establish. As such, any issue regarding the safety of any food and non-food items we sell, regardless of the cause, could adversely affect our financial performance.

Our private labels may not be able to sustain the competition and may not be profitable

The success of our private labels depends on our ability to understand consumer trends, introduce new designs in fashion and latest products in electronics and consumer durables and explore new business opportunities on a regular basis. Our inability to identify and recognize international and domestic fashion trends and the risk of obsolescence and our inability to upgrade the consumer durables and electronic products retailed through our stores on an ongoing basis as, could adversely affect our business and affect our brand equity.

Further, we could be adversely affected if consumers lose confidence in the safety and quality of certain food products sold under our private labels and are discouraged from buying our products.

We will have to find locations to open and operate our formats

As the success of any retail business lies largely in identifying the best possible location at a competitive cost, we have teams which are dedicated towards finding locations to lease for the purposes of opening our stores. The Company has to compete with other retailers to lock in locations for our stores on a continuous basis. We cannot assure you that we will be able to expand and grow at the rate at which we may desire to, as we may not be able to lease locations that we believe will be necessary for implementing our expansion plans and at prices that are viable for our business. If we are not able to lease the locations at the time, place and cost that we desire, the same may have a material adverse impact on our results of operation.

We are yet to apply for and/or receive consents/ renewals of certain statutory approvals required in the ordinary course of our businesses, and if we are unable to obtain these approvals, our business could be adversely affected

We are required to comply with provisions of a number of laws and regulations such as the Standards of Weights and Measures Act, 1976 and obtain registration the rules made thereunder including the Standards of Weights and Measures (Packaged Commodities) Rules, 1977. Similarly, we are required to comply with the provisions of the Prevention of Food Adulteration Act, 1954 and obtain registration under the rules made thereunder. We are governed by the various shops and establishments legislations, as applicable, in the states where we have stores and are required to obtain registration under the same. Besides, we require the permission of various local bodies to use signboards, glow signs, illuminated sky sign boards, illuminated totem pole signs and to operate lifts, escalators, fire/fire prevention measures. If we do not apply, receive, renew or maintain our statutory and regulatory permits and approvals required to operate our business, it may have a material adverse effect on our business and our results of operations.

We have not yet applied for and/or received/renewed all the government and other regulatory approvals required for some of our new and existing stores. In case of non-receipt or delayed receipt of approvals for our stores, we may not be able to implement our expansion plans as per schedule, which may lead to cost overrun and this could have an adverse impact on our growth and financial conditions.

Our business plans need substantial capital and additional financing in the form of debt and/or equity to meet our requirements, and any failure or delay to obtain the same may affect our business plans adversely

Our business plans are funded through equity, debt and internal accruals. However the actual amount and timing of future capital requirements may differ from estimates including but not limited to unforeseen delays or cost overruns, unanticipated expenses, market developments or new opportunities in the industry. We may also not be able to generate internal cash in the Company as estimated and may have to resort to alternate sources of funds.

Sources of additional financing may include commercial borrowings, vendor financing, or issue of equity or debt instruments. If we decide to raise additional funds through the debt route, the interest obligations would increase and we may be subject to additional covenants, which could limit our ability to access cash flows from the operations.

We may not be successful in raising additional funds in a timely manner, on favourable terms or at all. If we do not have access to additional capital, we may be required to delay, scale back or abandon some or all of our store plans or growth strategies or reduce capital expenditure and the size of our operations.

Additionally, if we decide to raise additional funds through the equity route, your shareholding in the Company could get diluted.

We may not in a timely manner identify or effectively respond to trends in consumption patterns of our customers, which could negatively affect our relationship with our customers and the demand for goods retailed through our formats and our market share

It is difficult to predict consistently and successfully the consumption patterns of the customers. The success of our business depends in part on our ability to identify and respond to the evolving consumption patterns in various lines of businesses that we operate in. Failure to timely identify the changing patterns or effectively respond to such trends, preferences and spending patterns could negatively affect our relationship with our customers, the demand for our products.

We rely extensively on our information technology systems to process transactions, summarize results and manage our business. Disruptions in both our primary and secondary (back-up) systems could harm our ability to run our business

It is critical that we maintain uninterrupted operation of our business critical information technology systems. Our information technology systems, including our back-up systems, are subject to damage or interruption from power outages, computer and telecommunications failures, computer viruses, security breaches, catastrophic events such as fires, tornadoes and hurricanes, and usage errors by our employees. If our information technology systems and our back-up systems are damaged or cease to function properly, we may have to make significant investment to fix or replace them, and we may suffer interruptions in our operations in the interim.

Any material interruption in both of our information technology systems and back-up systems may have a material adverse effect on our business or results of operations. Further, if we fail to integrate our information technology systems and processes we may fail to realize the benefits anticipated to be derived from these initiatives. Any delay in implementation, problems in transition to new systems or any disruptions in its functions may adversely impact our business operations.

Past store sales may not be comparable to and indicative of future store sales

Various factors affect the sales in our stores including competition, our ability to procure merchandise at appropriate costs, our supply chain and our systems and processes. These factors will have an influence on existing and future stores and thus past figures of sales may not be true indication of future sales.

Losses on account of shrinkage can negatively impact our profitability

Shrinkage in the retail business is defined as the loss in inventory on account of a combination of employee theft, shoplifting, vendor fraud, credit card fraud and administrative error. Any increase in shrinkage levels at our existing and future stores can adversely impact results from operations.

We face competition from existing and potential domestic international players that may adversely affect our competitive position and our profitability

Significant additional competition in the retail industry may result in reduced prices and thereby negatively affect our revenues and profitability. As the industry is highly fragmented, we face competition from local stores, who may, for a variety of reasons such as easier access and personal relationship with customer, be able to cater to local demands better than us. Further, the introduction of foreign participation in the retail sector will result in the entry of multinational retail companies into the Indian market. We cannot assure you that we will be able to compete with large multinational players.

International competitors may enjoy many of the same advantages that we do and may even have lower cost structures, enabling them to compete vigorously vis-à-vis pricing. As a result of competition, we may have to price our products at prices that reduce our margin and at the same time increase our advertising and distribution expenditure, which may adversely affect our business costs and profits. Competition from these competitors may adversely impact our revenues. Global companies are significantly larger than us and have significantly stronger international market positions, production capacities and greater financial resources than we do. We also face significant competition from Indian players. These market participants include other small, limited-service providers and a number of full-service global companies. The larger competitors have a much broader portfolio of business, greater resources and more experience than smaller companies.

Competition may impede our ability to renew leases or licences entered into by us

None of the properties from which we operate are stores, distribution and warehouses are owned by us. We face competition from other large retailers who compete for scarce real estate resources. We may not be able to renew our leases or licenses on terms acceptable to us. In the event that any of our leases or licenses are not renewed, and we are required to vacate our stores, we may be required to identify alternative real estate and enter into fresh lease or leave and license agreements which could result in loss of business and may adversely affect our operations and profitability.

Any adverse impact on the title or ownership rights or development rights of our landlords from whose premises we operate may impede our effective operations of our stores, offices or distribution centres in the future

Most of the premises from which we operate our stores /offices /distribution centres are taken by us on long term lease or sub-lease or leave and license or on conducting basis and/or on the basis of other contractual agreements with third parties. We may continue to enter into such transactions with third parties. Any adverse impact on the title / ownership rights / development rights of our landlords from whose premises we operate our stores may impede our business, our operations and our profitability. The financial impact of such aforesaid risk cannot be quantified.

Additionally, some of our lease agreements prescribe a lock-in period. These lock in periods prevent us from moving our stores in the event that there are events or circumstances that impede our profitability. Any such event and such restrictive covenants in our lease agreements affect our ability to move the location of our stores and may adversely affect our business, financial condition and results of operations.

Some of the shareholders and joint venture agreements entered into by us may contain certain buy-back arrangements.

We are party to certain investment/ subscription/ joint venture agreements, which provide an obligation on or a right to, us and/or the other parties to such agreements, for either the buy back by us of the shareholding of other parties in our subsidiaries/joint ventures at a price which is in our interest or for buy back of the our shareholding in our subsidiaries/ joint ventures by other parties at the option of the latter.

Certain instances of such buy back arrangements are as follows:

- HSRIL has entered into a joint venture agreement dated April 20, 2007 with Asia Electronics Limited and Idiom Design and Consulting Limited to set up a joint venture company, Home Lighting Limited (the "Home Lighting JV"). HSRIL has entered into a joint venture agreement dated April 20, 2007 with Asia Electronics Limited and Asian Retail Lighting Limited to set up a joint venture company, Asian Retail Lighting Limited (the "Asian Retail Lighting JV"). Under the terms of the Home Lightening JV and Asian Retail Lighting JV, upon an event of default, which *inter alia*, includes breach of material terms of and warranties provided in the Home Lightening JV and Asian Retail Lighting JV, the non-defaulting party to the contract can, on issuing a written notice, require the defaulting party to purchase the shares of Home Lighting Limited and Asian Retail Lighting Limited, respectively, at a price which is 120% of the fair market value of the price of the said shares as on the date of notice. In the event, HSRIL defaults, it may be required to purchase the shares of Home Lighting Limited and Asian Retail Lighting Limited, respectively, from its joint venture partners at 120% of the fair market value of the shares.

- The Company has entered into a subscription agreement dated January 17, 2007 with Staples Asia Investment Limited, Sharad Dalmia and Shailesh Karwa to set up a joint venture company, Future Office Products Private Limited (the "Staples JV"). In terms of the Staples JV, any shareholder of Future Office Products Private Limited intending to transfer any or all of the shares of Future Office Products Private Limited, is required to give the other shareholders ("Receiving Shareholders") a notice as to the person to whom the shares are intended to be transferred (the "Transferee"), the price at which it is transferred and the number of shares transferred. Pursuant to this notice, the Receiving Shareholders shall have a right to purchase the shares offered in terms not less favourable than that mentioned in the notice. Further in case the Receiving Shareholders choose to not exercise the right to buy those shares, they can further exercise their tag along right and sell their shareholding to the Transferee.

- The Company has entered into an investment and shareholders agreement with Western India Trustee and Executor Company Limited (acting through its investment manager, ICICI Venture Funds Management Company Limited) ("ICICI Ventures"), India Growth Fund (being represented by Kotak Mahindra Bank Limited) ("Kotak Bank") and HSRIL dated October 26, 2006 ("HSRIL Investment Agreement"). The HSRIL Investment Agreement provides for anti-dilution rights to ICICI Ventures and Kotak Bank (collectively referred as "Investors") whereby the Company may be obligated to transfer shares of HSRIL to the Investors at the lowest minimum price allowed by law. Additionally, the Company cannot sell any part of its shareholding in HSRIL without the consent of the Investors and is subject to their right of first refusal and tag along rights. The Investors further have option to seek the Company to buy their shareholding, at the price calculated in accordance with the HSRIL Investment Agreement, in case there is a material breach of the terms of the HSRIL Investment Agreement or in the event of its failure to undertake an initial public offering of HSRIL by November 14, 2010.

- The Company has entered into a joint venture agreement with Participatie Maatschappij Graafsschap Holland NV, and Sain Marketing Network Limited on May 23, 2006 ("Generali Life JV") for the creation of a Future Generali India Life Insurance ("Future Generali Life"). The Company has also entered into a joint venture agreement ("Generali Non-life JV") with Participatie Maatschappij Graafsschap Holland NV, and Shendra Infrastructure Development Limited on May 23, 2006 for the creation of a Future Generali India Insurance Company Limited ("Future Generali Non-Life"). Under the terms of the Generali Life JV and Generali Non-Life JV, the shareholders of Future Generali Life and Future Generali Non-Life, respectively, are locked in for a period of five years from the completion date. On completion of the lock in period, the Generali Life JV and the Generali Non-Life JV vests a right to first offer and tag along rights on all parties exercisable against the other.

- A shareholders agreement was entered into between the Company, Future Consumer Products Limited and Sachin Tendulkar on September 12, 2007. The terms of the agreement grants Sachin Tendulkar the right to exercise put option against the Future Group, requiring them to purchase all the shares held by him, in the even that no market exit was provided within five years.

The buy back provisions in terms of the agreements mentioned above, if exercised, may have an adverse impact on the operations of the relevant subsidiary or joint venture and may have a materially adverse impact on our consolidated financial condition and business operations.

Some of the shareholders and joint venture agreements entered into by us may contain certain non-compete clauses.

The Company and certain of its subsidiaries have entered agreements that restrict their respective right or the right of the Company or rights of its subsidiaries, joint ventures and associate companies to operate certain businesses.

Certain instances of such non-compete provisions are as follows:

- Pursuant to the subscription agreement dated January 17, 2007 entered into by the Company with Staples Asia Investment Limited, Sharad Dalmia and Shailesh Karwa to set up a joint venture company Future Office Products Private Limited, the Company and Staples Asia Investment Limited have undertaken that during the subsistence of the agreement and for two years thereafter, none of the parties without prior written consent of the other parties shall engage directly or through its affiliates (including its employees, directors, agents or shareholders) compete in the business of Future Office Products Private Limited as defined in this agreement.

- Pursuant to the joint venture agreement dated May 23, 2006 entered into by the Company with Participatie Maatschappijto Graafsschap to set up a joint venture company Shendra Infrastructure Development Limited, both parties have undertaken that during the subsistence of the agreement and for five years thereafter, neither of the parties shall engage directly or indirectly in the business of Shendra Infrastructure Development Limited as defined in this agreement.

- HSRIL has entered into a joint venture agreement dated April 20, 2007 with Asia Electronics Limited and Idiom Design and Consulting Limited to set up a joint venture company, Home Lighting Limited. HSRIL has entered into a joint venture agreement dated April 20, 2007 with Asia Electronics Limited and Asian Retail Lighting Limited to set up a joint venture company, Asian Retail Lighting Limited (the "Asian Retail Lighting JV"). Under the terms of Home Lightening JV and Asian Retail Lighting JV, HSRIL has undertaken that during the subsistence of the agreement and for two years thereafter, HSRIL and shall use reasonable measures to ensure that its affiliates shall not enter into any joint venture which might compete with Home Lighting Limited or Asia Retail Lightening Limited.

- Pursuant to a joint venture agreement entered into between the Company, Axiom Telecom LLC ("ATL") and Convergem Retail (India) Limited (presently named Future Axiom Telecom Limited) the Company cannot, during the term of the agreement or three years thereafter, conduct business of mobile retailing by renting store or on its accord in any of its own malls, before offering ATL the option to open such store in such mall. Additionally, if the Company intends to enter into a store-in-store arrangement for the purpose of retailing mobile phones, talk time coupons with any third party, the Company shall grant ATL/ CRL right of first refusal to enter into such store-in-store arrangement.

- An agreement was entered into between the Company, Axiom Telecom LLC ("ATL") and Future Mobile and Accessories Limited on September 30, 2007. Under the agreement, the Company cannot, during the term of the agreement, alone or jointly setup, promote or invest in mobile business. Any party to the agreement ceasing to be a shareholder will restrain from conducting similar business as Future Mobiles and Accessories Limited for a period of three years.

- A shareholders agreement was entered into between the Company, Future Consumer Products Limited and Sachin Tendulkar on September 12, 2007 ("Agreement"). Both parties are restricted by the Agreement to engage in any business that might compete with Future Consumer Products Limited.

- Under a joint venture agreement entered between the Company and Talwalkars Pantaloon Fitness Private Limited dated October 5, 2006, the Company is not allowed to engage in the business of fitness activities.

- The Company has entered into an investment and shareholders agreement with Western India Trustee and Executor Company Limited (acting through its investment manager, ICICI Venture Funds Management Company Limited) ("ICICI Ventures"), India Growth Fund (being represented by Kotak Mahindra Bank Limited) ("Kotak Bank") and HSRIL dated October 26, 2006 ("HSRIL Investment Agreement"). Under the terms of the HSRIL Investment Agreement, the Company has undertaken to not enter the business of consumer electronics, furniture or home improvement solutions without the consent of ICICI Ventures and Kotak Bank.

The abovementioned terms may limit the scope of our expansion and thereby adversely affect our business and financial condition.

Our subsidiary, FCH and our joint venture, Future Generali operate in industries which are heavily regulated.

FCH and Future Generali operate in sectors like financial services and insurance that are heavily regulated. FCH, being an NBFC, is subject to supervision and regulation by the RBI for certain of its activities including capital adequacy and exposure norms. Future Generali, being an insurance company, is governed by various applicable rules and regulations issued by the Insurance Regulatory and Development Authority.

Numerous government and regulatory approvals are required for the operations of FCH and Future Generali and for any expansions that they may propose to undertake. Such heavy regulation imposed on sectors like financial services and insurance by the government may affect the Group's ability to price its products, undertake expansions of such businesses or independently implement and execute its business models, thereby affecting its business and profitability. Any failure to comply with these regulations or the terms and conditions of licenses or approvals issued by the government, may result in civil or criminal penalties, adjudication proceedings and/or cancellation of license or approvals, which may materially and adversely affect our operations.

Further, new legislation or regulations may be adopted in the future or existing laws or regulations may be amended, which could have an adverse impact on the operations of FCH and Future Generali. Any such changes in existing laws or regulations may require these companies to incur additional expenditure for establishing infrastructure to comply with the new/amended laws, which may affect the their financial condition and profitability. The Group's business, financial condition, results of operations and prospects may be adversely affected by any of the significant legal and regulatory matters to which we are subject.

Risks arising on account of various agreements entered into by us with entities outside of India

We have entered into various agreements in the course of our business. Some of the agreements entered into by us are with entities outside India and provide for venue for arbitration and/or jurisdiction in courts outside India. The legal and other costs that we may incur in initiating and/or defending any actions arising out of such contracts could be significantly higher outside India than in India. Further, we may not always be able to enforce or execute judgments obtained in foreign courts and tribunals against the relevant counterparties. The aforesaid could have a material adverse impact on our business, operations and financial condition.

Non-execution of definitive agreements or alteration of terms in our disfavour may result in disruption of our plans for store expansion

In furtherance of our store expansion plans, we have entered into arrangements such as memorandum of understanding/letters of intent (the "preliminary arrangements") with owners/developers of property for 134 premises in 70 cities in India as on October 31, 2009 covering an aggregate area of 99,01,734 Sq.ft., as on October 31, 2009. The non-execution of definitive agreements or the termination of the preliminary arrangements or the terms in the definitive agreements being altered from the terms of the preliminary arrangements in our disfavour, could lead to reduction in the area we have under lock in and consequently adversely affect our store expansion plans.

We face the risk of potential liabilities from lawsuits or claims by consumers

We may face the risk of legal proceedings and claims being brought against us by our customers / consumers for any defective product sold or any deficiency in our services to them. We could face liabilities should our customers / consumers face any loss or damage due to any unforeseen incident such as fire or accidents in our stores, which could cause financial or other damage to our customers / consumers. Any commencement of lawsuits as envisaged above against us could reduce our sales and cause us financial harm. Currently we have 52 consumer cases involving an approximate amount of Rs. 74,51,252 Crores and any decision against us may adversely affect the result of our operations. For further details, please see "*Legal Proceedings*".

Uninsured losses or losses in excess of our insurance coverage could result in a loss of our investment

We could face liabilities or otherwise suffer losses should any unforeseen incident such as fire, flood, etc., occurs in our stores or distribution centres or in regions where the same are located. Although we maintain comprehensive insurance coverage in relation to fire and other perils there are possible losses from which we are not insured such as claim of infringement of intellectual property right or there may be instances where the insurance cover in relation to the loss may not be adequate. In such situations we may incur loss or lose our investment.

We have limited ability to protect the intellectual property of our formats and private labels and may be subject to third party claims and if we are unable to protect such intellectual protection, our business could be adversely affected

We have applied for the registration of various trademarks and while we have obtained registration with respect to some, registration of the others is pending. Our efforts to protect our intellectual property rights may not be adequate and any third party claim on any of our unprotected format or private label may lead to erosion of our business value and our operations could be adversely affected.

We may need to litigate in order to protect the intellectual property of our formats and private labels or to prevent unauthorized use of the same. Any such litigation could be time consuming and costly and the outcome cannot be guaranteed. In addition, we may not be able to detect any unauthorized use or take appropriate and timely steps to protect our intellectual property rights. Our inability to protect the same could adversely affect our business.

Changes in safety and health laws and regulations may adversely affect our results of operations and our financial condition

We are subject to a broad range of safety and health laws and regulations in the areas in which we operate such as the Consumer Protection Act, 1986, the Standards of Weights and Measures Act, 1976, Sale of Goods Act, 1930 and similar state regulatory enactments like the Shop and Establishments Acts. We have incurred, and expect to continue to incur, operating costs to comply with such laws and regulations. In addition, we have made and expect to continue to make capital expenditures on an ongoing basis to comply with safety and health laws and regulations. While we believe we are in compliance in all material respects with all applicable safety, health and environmental laws and regulations, we may nevertheless be liable to the Government of India or the State Governments or Union Territories with respect to our failures to comply with applicable laws and regulations.

Further, the adoption of new safety and health laws and regulations, new interpretations of existing laws, increased governmental enforcement of laws or other developments in the future may require that we make additional capital expenditures or incur additional operating expenses in order to maintain our current operations or take other actions that could have a material adverse effect on our financial condition, results of operations and cash flow. Safety, health and environmental laws and regulations in India, in particular, have been increasing in stringency and it is possible that they will become significantly more stringent in the future.

Further, the measures we implement in order to comply with these new laws and regulations may not be deemed sufficient by governmental authorities and our compliance costs may significantly exceed current estimates. If we fail to meet safety and health requirements, we may also be subject to administrative, civil and criminal proceedings by governmental authorities, as well as civil proceedings by our consumers / customers and other individuals, which could result in substantial fines and penalties against us as well as orders that could limit our operations.

There can be no assurance that we will not become involved in future litigation or other proceedings or be held responsible in any such future litigation or proceedings relating to safety and health matters in the future, the costs of which could be material. Remediation costs of our stores and outlets and related litigation could adversely affect our cash flow, results of operations and financial condition.

Negative publicity if any, would adversely affect the value of our brand, and our sales

Our business is dependent on the trust our customers have in the quality of our merchandise as well as on our ability to protect our trademarks and copyrights and our intellectual property to maintain our brand value. If we fail to adequately protect our intellectual property, competitors may market products similar to ours. Any negative publicity regarding the Company, brands, or products, including those arising from a drop in quality of merchandise from our vendors, disputes concerning the ownership of intellectual property, mishaps at our stores, or any other unforeseen events could adversely affect our reputation our brand value, our operations and our results from operations.

Our business depends on our ability to maintain consistency in customer service and other operations

Our ability to maintain consistency in the quality of customer service in our stores is critical to our success. This will depend on our ability to hire the right personnel and also train the new personnel in the implementation of our processes effectively. In addition, the attrition rate of employees is high in the retail industry and in the event we lose employees at a high rate or we cannot recruit fresh talent, it may adversely affect our operations.

We operate through number of formats and a lower than anticipated customer response to such formats, or our inability to successfully meet customer requirements can adversely impact us

We operate different formats like Pantaloons, Big Bazaar, Food Bazaar etc. and continue to launch new formats like aLL, Fashion Station, Depot. The success of these formats depends upon the customer response. A lower than anticipated customer response can impact business. Our inability to successfully attract and meet with customer requirements may adversely affect our operations and profitability.

The success of our business is dependent on our management team particularly our Managing Director, Mr. Kishore Biyani, and our inability to retain them or the loss of any member of our senior management team could adversely affect our business if we are unable to find equally skilled replacements

The Company is managed by a team of professionals to oversee its operations and growth. Our performance and success depends on our management team and on Mr. Kishore Biyani, our Managing

Director, to manage our current operations, develop new projects and meet future business challenges. Our ability to sustain our growth depends, in large part, on our ability to attract, train, motivate and retain highly skilled personnel. We believe that there is significant demand for personnel who possess the skills needed to perform the services we offer. There is significant competition for management and other skilled personnel in our industry. Our inability to hire and retain additional qualified personnel will impair our ability to continue to expand our business. Our Managing Director has substantial responsibilities for strategizing our growth. The loss of the services of such personnel, or our Managing Director and our inability to hire and retain additional qualified personnel may have an adverse effect on our business, financial condition and results of operations. An increase in the rate of attrition for our experienced employees, would adversely affect our growth strategy. We cannot assure you that we will be successful in recruiting and retaining a sufficient number of personnel with the requisite skills or to replace those personnel who leave. Further, we cannot assure you that we will be able to re-deploy and re-train our personnel to keep pace with continuing changes in our business. The loss of the services of such personnel and our inability to hire and retain additional qualified personnel may have an adverse effect on our business, financial condition and results of operations.

We enter into certain related party transactions.

We have entered into, and may in the future enter into, certain related party transactions with our Promoter and entities within the promoter group, including companies engaged in our same or related lines of business. Additionally, as our Promoter will retain control of the Company after this Issue, we can provide no assurance that our transactions with such related parties will in all circumstances be made on an arms' length or commercial basis. For more information regarding our related party transactions, see the disclosure on related party transactions contained in our audited consolidated financial statements.

Our Promoter and promoter group will control us as long as they own a substantial portion of our Equity Shares and Class B Shares, and our other shareholders may not be able to affect the outcome of shareholder voting during such time

After completion of the Issue, the Promoter and promoter group will continue to own approximately 44.73 % of our issued Equity Share capital and 46.50% of our issued Class B Share capital. So long as the Promoter and promoter group own a substantial portion of our Equity Shares and Class B Shares, they may be able to elect a substantial number of our board of directors and remove any director, by way of a resolution approved by a simple majority of shareholders in a general meeting. The Promoter and promoter group will be able to control most matters affecting us, including the appointment and removal of our officers; our business strategy and policies; any determinations with respect to mergers, business combinations and acquisitions or dispositions of assets; our dividend payout; and our capital structure and financing. Further, the extent of Promoter and promoter group shareholding in us may result in delay or prevention of a change of management or control of the Company, even if such a transaction may be beneficial to our other shareholders.

Further, our Articles of Association confer certain rights on our Promoter Kishore Biyani and his father, Laxminarayan Biyani wherein Kishore Biyani shall be a permanent Director who shall be entitled to vacate such position only upon him resigning or dying or retiring at his own will and Laxminarayan Biyani shall have the right to nominate up to a maximum of 6 persons as Directors. Accordingly, Laxminarayan Biyani and Kishore Biyani have the ability to exercise significant influence over the functioning of our Board including matters that require our Board's approval or our shareholders approval.

The extent of this control may delay, hamper or prevent a change in control of us, impede a merger, consolidation, take over or discourage a potential buyer from making a tender or an offer or otherwise attempt to take control over us.

Our indebtedness could adversely affect our financial condition and results of operations

We have entered into agreements with certain banks and financial institutions for long term and short term borrowings. Some of these agreements contain restrictive covenants that require us to obtain the prior consent of our lenders to take certain actions, including declaration of dividends, alteration of our capital structure, formulation of any scheme of amalgamation or reconstruction, effecting change in the ownership or control of the Company, approaching the capital market for mobilizing additional resources either in the form of debts or equity, expenditure in new projects, altering or amending the Memorandum of Association, implementing any schemes of substantial expansion and acquiring huge amount of fixed assets, entering into borrowing arrangements, investing by way of share capital or lending or advancing funds or placing deposits with other concerns, undertaking guarantee obligations, creating charge, lien, or its undertakings or any part thereof, entering into any contractual obligation of a long term nature or significantly affecting the Company financially, changing Company practice with respect to the remuneration of directors, disposing off assets, creating any subsidiary or permitting any company to become a subsidiary, withdrawing or allowing to be withdrawn any moneys brought into the Company by the Promoter or Directors of the Company and making changes to the management, set up and key personnel. In addition, certain of these agreements require us to maintain various financial ratios, and may provide certain lenders with the right to appoint a nominee director on our Board. In addition, certain of these agreements require us to obtain the prior consent of our lenders for any variation of the shareholding of directors, promoters and principal shareholders, including by issue of new shares or the transfer of shares.

Further, we may be forced to sell some or all of our assets if we do not have sufficient cash or credit facilities to make repayments. Additionally, if our borrowings are secured against all or a portion of our assets, lenders may be able to sell those assets.

Litigation relating to the Company could adversely affect our business and financial condition

There are legal proceedings, at different levels of adjudication pending against the Company which are incidental to the Company's business and operations. These legal proceedings are pending at different levels of adjudication before various courts and tribunals. Should any new developments in Indian law or unfavorable rulings against the Company by appellate courts or tribunals occur, the Company may need to make provisions in its financial statements in response to such changes in law or rulings, which could adversely impact its business results. Furthermore, if significant claims are determined against the Company and it is required to pay all or a portion of the disputed amounts, there could be a material adverse effect on the Company's business and profitability. For further details, please see "*Legal Proceedings*".

We have a number of contingent liabilities, and our profitability could be adversely affected if any of these contingent liabilities materialize

The following table sets forth the Company's contingent liabilities as at June 30 2007, 2008 and 2009**.** In the event that any of these contingent liabilities materialize, our financial condition may be adversely affected. There can be no assurance that the Company will not incur similar or increased levels of contingent liabilities in the current fiscal year or in the future.

(Rs .in Crores)

Particulars	**As at June 30**		
	2009	**2008**	**2007**
Guarantees given	125.96	126.33	76.68
Uncalled liability on shares partly paid up	-	50.53	-
Claims not acknowledged as debt	7.46	12.83	24.64
Total	**133.42**	**189.69**	**101.32**

We have had negative cash flows in certain recent fiscal periods

We have had negative cash flows in recent past, as indicated in the table below:

(Rs .in Crores)

	For year ended June 30, 2009	**For year ended June 30, 2008**	**For year ended June 30, 2007**
Net cash generated from / (used in) operating activities	(172.58)	105.14	(319.76)
Net cash generated from / (used in) investing activities	(953.24)	(1,756.02)	(674.84)
Net cash generated from / (used in) financing activities	962.99	1,780.75	1,191.37
Net cash increase / (decrease) at the end of the period	(162.83)	129.86	196.77

In the past the Company, had made promises but was unable to perform as per the promises

The Company had undertaken an initial public offering in 1992 where it had made certain promises in relation to the objects and financial performance. The Company was not able to perform as per the promises and the details are provided below:

	Promise	Performance
Opening up of retail Stores	To open 7 retail stores	• 2 retail stores were opened • Five additional retail stores were opened with a delay of 9 months
Estimated turnover of 1992-1993	Rs. 11.60 Crores	Rs. 4.81 Crores
Future prospects	Expected to generate adequate profits and declare dividends from 1992-1993 onwards	No dividend declared in 1992-1993

There is a possibility of a conflict of interest with the entities forming part of the promoter group of the Company

The object clauses as contained in the memorandum of association of some of the companies forming part of the promoter group enable them to carry on the business of establishing/operating/managing retail outlets. In case these companies decided to venture into the similar line of businesses, it may result in our promoter group companies having a conflict of interest with our line of business.

We are a member of the Future group and we utilise the logo and the trademark of the Future group as a part of our corporate identity

Future Ideas Company Limited ("Future Ideas"), a Future group company that owns the trademarks in the name and logo of "Future" and "Future Group" as appearing on the cover page of this Placement Document (the "Trademarks"), has issued a consent letter dated October 1, 2007 (the "Consent Letter") to the Company for absolute right to use of the Trademarks for its various businesses and limited right to use of the same by its subsidiaries. The consent letter is valid for a period of three year from October 1, 2007 or till the detailed terms and conditions in relation to right to use and consent shall be set out in a definitive agreement or for such periods as may be mutually decided between the Future Ideas and the Company, whichever is earlier.

We operate in a competitive environment, where generating brand recognition will be a significant part of our business and growth strategy. In the event that we fail to renew the Consent Letter, we may need to change our logo. Any such change could require us to incur additional costs and may adversely impact our business, financial condition and results of operation.

Certain of our subsidiaries and joint ventures have incurred accumulated losses in the last three years

The following is the details of loss incurred by certain of our subsidiaries in the previous fiscal year:

(in Rs. Crores)

S. No	Name of Subsidiary	Profit after Tax in the previous Fiscal Year
1.	Future Capital Financial Services Limited	(46.60)
2.	Future Learning and Development Limited	(0.16)
3.	Future Media (India) Limited	(7.67)
4.	Futurebazaar India Limited	(0.14)
5.	Home Solutions Retail (India) Limited	(5.73)
6.	Future Agrovet Limited	(3.06)
7.	Winner Sports Private Limited	(0.41)

S. No	Name of Subsidiary	Profit after Tax in the previous Fiscal Year
8.	Future E-Commerce Infrastructure Limited	(18.68)

We cannot assure you that all our subsidiaries will be profit-making. In the event our subsidiaries continue to make losses, our financial condition on a consolidated basis may be adversely affected.

Our consolidated financial statements for the years ended June 30, 2007, June 30, 2008 and June 30, 2009 have been qualified

The auditors' report on our consolidated financial statements for the years ended June 30, 2007, June 30, 2008 and June 30, 2009 included in this Placement Document contain certain qualifications including those pertaining to our internal control procedures and internal audit system. The qualification appear in the notes to the consolidated financial statements included in the Placement Document. For further details, please see "*Financial Statements*".

We are presently experiencing negative cash flows and may do so in the future.

We are experiencing negative cash flows for the Fiscal Year 2009 which may continue in the subsequent years. Negative cash flows over extended periods, or significant negative cash flows in the short term, could materially impact our ability to operate our business and implement our growth plans. As a result, our business, financial condition and results of operations could be materially and adversely affected.

The Company has issued certain warrants convertible into Equity Shares. Any exercise of warrants will dilute your shareholding in the Company.

The Company had pursuant to the approval of the Board dated April 13, 2009 and the approval of the shareholders dated May 12, 2009, issued 50,00,000 warrants, representing an entitlement to 50,00,000 Equity Shares, on a preferential basis to PFH Entertainment Limited, a company within the promoter group at a price of Rs. 183 per warrant. PFH Entertainment Limited has paid-in an amount representing 25% of the price per warrant as on date. These warrants are currently outstanding and can be exercised up to November 12, 2010. We cannot assure you that PFH Entertainment Limited will exercise these warrants, in whole or in part. In the event that PFH Entertainment Limited exercises its entitlement in full, the Equity Shares issued pursuant to such an exercise shall constitute 25.56% of the post-Issue paid up capital of the Company. Any exercise of warrants will dilute your shareholding in the Company, and may adversely affect the trading price of our Equity Shares. Conversely, if PFH Entertainment Limited does not exercise any warrants, these warrants shall lapse, the funds paid by PFH Entertainment Limited shall stand forfeited and the Company would not be required to issue any Equity Shares to PFH Entertainment Limited. In addition, as a result, the Company will not receive any additional payment from PFH Entertainment Limited and may require to seek alternative sources of capital.

The Company has outstanding Class B Shares and due to any ambiguity in existing law or issuance of any new law, there may be restrictions imposed on its ability to issue any further Class B Shares

The Class B Shares have been issued by the Company, *inter alia*, under the provisions of the Companies Act, the Companies (Issue of Share Capital with Differential Voting Rights) Rules, 2001 (the "**DVR Rules**") and the provisions of our Articles of Association.

SEBI vide its circular SEBI/CFD/DIL/LA/2/2009/21/7 dated July 21, 2009 amended the listing agreement (the "SEBI Circular") and introduced clause 28A. Clause 28A prohibits companies from issuing shares in any manner which may confer on any person, superior rights as to voting or dividends vis-à-vis the rights on equity shares that are already listed.

Whilst the Company believes that it has issued the Class B Shares in terms of the Companies Act, the DVR Rules, the provisions of our Articles of Association and any other applicable laws in force at the time of issuance and listing of the Class B Shares and is sufficiently empowered under the same to issue Class B Shares, due to ambiguity existing pursuant to the SEBI Circular and pursuant to any further change in law, there may be restrictions imposed upon us for issuance of further Class B Shares.

This may have an adverse impact on the interests of the holders of Class B Shares and on our ability to raise further capital by issuance of equity shares with differential voting rights.

External Risk Factors

A slowdown in economic growth in India could cause our business to suffer

The Company is incorporated in India, and substantially all of our assets and employees are located in India. As a result, we are highly dependent on prevailing economic conditions in India and our results of operations are significantly affected by factors influencing the Indian economy. A slowdown in the Indian economy could adversely affect our business, including our ability to grow assets of the funds we advise, the quality of these assets, and our ability to implement our strategy.

India has been severally affected by the global economic slowdown in this year and the growth rate of gross domestic product has decreased from 8.7% in 2007-2008 and is proposed to be 8% for 2008-2009 (*Source: http://www.pibmumbai.gov.in/scripts/detail.asp?releaseId=E2008PR813*).

Factors that may adversely affect the Indian economy, and hence our results of operations, may include any increase in Indian interest rates or inflation, any scarcity of credit or other financing in India, prevailing income conditions among Indian consumers and Indian corporations, volatility in, and actual or perceived trends in trading activity on India's principal stock exchanges, variations in exchange rates, changes in India's tax, trade, fiscal or monetary policies, political instability, terrorism or military conflict in India or in countries in the region or globally, including in India's various neighbouring countries, natural disasters in India or in countries in the region or globally, including in India's neighbouring countries, prevailing regional or global economic conditions, including in India's principal export markets and other significant regulatory or economic developments in or affecting India or its retail and other consumption-led sectors or industries.

Any slowdown in the Indian economy or in the growth of the sectors we invest in or future volatility in global commodity prices could adversely affect our borrowers and contractual counterparties. This in turn could adversely affect our business and financial performance and the price of the Equity Shares.

Recent deterioration in the economy and capital markets may adversely affect our future results of operations

As widely reported, the global credit markets and financial services industry have been experiencing a period of upheaval characterized by the bankruptcy, failure, collapse or sale of various financial institutions, severely diminished liquidity and credit availability, declines in consumer confidence, declines in economic growth, increases in unemployment rates, uncertainty about economic stability and an unprecedented level of intervention by governments and monetary authorities. There can be no assurance that there will not be further deterioration in the global economy, credit and financial markets and confidence in economic conditions. While the ultimate outcome of these events cannot be predicted, it may have an adverse effect on us and our ability to consummate leveraged acquisitions, borrow or raise additional funds in the capital markets and potentially to draw on our existing revolving credit facilities or otherwise. Similarly, our customers and suppliers may experience financial difficulties which may adversely affect their ability to purchase our products, or to pay for our products they do purchase on a timely basis. Such disruptions and deterioration in the capital and credit markets could have an adverse effect on our business, financial condition and results of operations.

Any changes in regulations and policies applicable could materially adversely affect our operations and growth prospects

We are subject to various regulations and policies. Our business and prospects could be materially adversely affected by changes in any of these regulations and policies, including the introduction of new laws, policies or regulations or changes in the interpretation or application of existing laws, policies and regulations. There can be no assurance that we will succeed in obtaining all requisite regulatory approvals in the future for our operations or that compliance issues will not be raised in respect of our operations, either of which would have a material adverse effect on our business, financial condition and results of operations.

The success of our business is highly dependent on the number of customers that visit our stores and any substantial decreases in the customer footfalls may affect our business adversely

Various factors affect the customer footfalls, including choice of location and nature of floor layout. Factors such as the regional economy, weather conditions, natural disasters, social unrest as well as government regulations specific to the states in which we operate also affect our result from operations. The disposable income available to the customer also affects their spending power. In case of change of any of the aforesaid factors or in the economic conditions which affects their spending powers may adversely affect our operations, finanical position and our profitability.

Public places such as malls in which our stores are located could be likely targets for unforeseen acts of violence (including terrorist acts and rioting), which may impact the retail business

Any violence in public places such as retail stores and malls could cause damage to life and property, and also impact consumer sentiment and their willingness to visit public places. Financial impact of the aforesaid risk can not be reasonably quantified. If any such acts of violence were to take place in any of the malls or stores operated by us, it may cause substantial damage to life and property at our malls or stores and also erode our footfalls in our stores significantly. This may adversely affect our financial position.

Force majeure events, particularly those affecting the states of where our stores and facilities are located, could adversely affect our business

Our corporate offices are located in the state of Maharashtra and our stores and warehouses located across India. It is possible that earthquakes, cyclones, floods or other natural disasters in India, particularly those that directly affect the areas in which our facilities and other operations are located, could result in substantial damage to our stores, warehouses and other assets and adversely affect our operations and financial results.

Due to restrictions on foreign investment in the retail sector, we are restricted in our ability to raise capital from outside of India for our growth

Currently, in terms of the foreign exchange management regulations prevalent in India, foreign direct investment in Indian companies carrying on retail trading activity is prohibited except in "single brand product" retailing where an FDI up to 51% is allowed. As our formats are involved in multi-brand retailing, currently, we are unable to raise capital from outside of India through foreign direct investment. Such a restriction may hamper the pace of our growth and affect our profitability.

Risks associated with investment in an Indian company

Our operations and investments are concentrated in the Indian retail and consumption-led sectors, which exposes us to the risk of a downturn in this sector

Our strategic focus is on the Indian retail and consumption-led sectors. As a result of this focus, during periods of difficult market conditions or slowdowns in these sectors, the decreased revenues, difficulty in obtaining access to financing and increased running costs experienced by us may adversely affect us. Although the Indian retail and consumption-led sectors have been growing rapidly in recent periods, this growth may not be sustainable in the long term and there may be periods of difficult market conditions. Interest rate fluctuations could also adversely impact the growth of the retail and consumption-led sectors. If growth in the Indian retail and consumption-led sectors were to slow or if market conditions were to worsen, we could sustain losses or may be unable to attain target returns, which would adversely impact our financial performance. In addition, demand for our retail services could decline as Indian consumers reduce their spending. Any of the foregoing would have a material adverse effect on our business, results of operations and financial condition.

Terrorist attacks, civil unrest and other acts of violence or war involving India and other countries could adversely affect the financial markets

Terrorist attacks and other acts of violence or war may negatively affect the Indian markets on which our Equity Shares trade and also adversely affect the worldwide financial markets. These acts may also result in a loss of business confidence, make travel and other services more difficult and ultimately adversely affect our business. Further, any deterioration in our relations with our neighbouring countries might result in investor concern about stability in the region, which could adversely affect the price of our Equity Shares.

India has also witnessed civil disturbances in recent years and it is possible that future civil unrest as well as other adverse social, economic and political events in India could have a negative impact on the value of our Equity Shares. Such incidents could also create a greater perception that investment in Indian companies involves a higher degree of risk and could have an adverse impact on our business and the price of our Equity Shares.

Natural calamities could have a negative effect on the Indian economy and cause our business to suffer.

India has experienced natural calamities such as earthquakes, a tsunami, floods and drought over the past few years. The extent and severity of these natural disasters determines their effect on the Indian economy. For example, as a result of drought conditions in the country during fiscal 2003, the agricultural sector recorded negative growth for that period. The erratic progress of the monsoon in 2004 affected sowing operations for certain crops. Further prolonged spells of below normal rainfall or other natural calamities could have a negative effect on the Indian economy, adversely affecting our business and the price of our Equity Shares.

Pandemic disease, caused by a virus such as H5N1 the ("avian flu" virus) or H1N1 (the "swine flu" virus), could have a material adverse effect on our business. The potential impact of such a pandemic on our results of operations and financial position is highly speculative, and would depend on numerous factors, including: the probability of the virus mutating to a form that can be passed from human to human; the rate of contagion if and when that occurs; the regions of the world most affected; the effectiveness of treatment of the infected population; the rates of mortality and morbidity among various segments of the insured versus the uninsured population; our insurance coverage and related exclusions; the possible macroeconomic effects of a pandemic on our asset portfolio; the effect on lapses and surrenders of existing policies, as well as sales of new policies; and many other variables.

Risks associated with investment in Equity Shares

An active market for our equity shares may not be sustained, which may cause the price of our equity shares to fall

While our equity shares have been traded on the BSE and the NSE since 1998, there can be no assurance regarding the continuity of the existing active or liquid market for our equity shares, the ability of investors to sell their Equity Shares or the prices at which investors may be able to sell their Equity Shares. In addition, the market for equity securities in emerging markets has been subject to disruptions that have caused volatility in the prices of securities similar to our equity shares. There can be no assurance that the market for our equity shares will not be subject to similar disruption. Any disruption in these markets may have an adverse effect on the market price of the Equity Shares.

There is no guarantee that the Equity Shares will be listed on the BSE and the NSE in a timely manner or at all, and any trading closures at the BSE and the NSE may adversely affect the trading price of our equity shares

In accordance with Indian law and practice, permission for listing of the Equity Shares will not be granted until after the Equity Shares have been issued and allotted. Approval will require all other relevant documents authorizing the issuing of the Equity Shares to be submitted. There could be a failure or delay in listing the Equity Shares on the BSE and the NSE. Any failure or delay in obtaining the approval would restrict your ability to dispose of your Equity Shares.

The regulation and monitoring of Indian securities markets and the activities of investors, brokers and other participants differ, in some cases significantly, from those in Europe and the U.S. The BSE and the NSE have in the past experienced problems, including temporary exchange closures, broker defaults, settlements delays and strikes by brokerage firm employees, which, if continuing or recurring, could affect the market price and liquidity of the securities of Indian companies, including our equity shares, in both domestic and international markets. A closure of, or trading stoppage on, either of the BSE and the NSE could adversely affect the trading price of our equity shares. Historical trading prices, therefore, may not be indicative of the prices at which the Equity Shares will trade in the future.

You will not be able to sell immediately on an Indian stock exchange any of the Equity Shares you purchase in this Issue

In-principle approval has been received for the Equity Shares to be listed on the NSE and the BSE. Pursuant to Indian regulations, certain actions must be completed before the Equity Shares can be listed and trading may commence. Investors' book entry, or "demat", accounts with depository participants in India are expected to be credited within two working days of the date on which the allotment is made. Thereafter, upon receipt of final approval of the Stock Exchanges (if granted), trading in the Equity Shares is expected to commence within seven working days. There can be no assurance that the Equity Shares allocated earlier to investors will be credited to such investor's demat account, or that trading will commence, within the time periods specified above.

Conditions in the Indian securities market may affect the price or liquidity of the Equity Shares

The Indian securities markets are smaller and more volatile than securities markets in more developed economies. Indian stock exchanges have in the past experienced substantial fluctuations in the prices of listed securities.

Indian stock exchanges have also experienced problems that have affected the market price and liquidity of the securities of Indian companies. These problems have included temporary exchange closures, broker defaults, settlement delays and strikes by brokers. In addition, the governing bodies of the Indian stock exchanges have from time to time restricted securities from trading, limited price movements and restricted margin requirements. Further, from time to time, disputes have occurred between listed companies and the Indian stock exchanges and other regulatory bodies that, in some cases, have had a negative effect on market sentiment. Similar problems could occur in the future and, if they do, they could harm the market price and liquidity of the Equity Shares.

Economic developments and volatility in securities markets in other countries may cause the price of our equity shares to decline

The Indian economy and its securities markets are influenced by economic developments and volatility in securities markets in other countries. Investors' reactions to developments in one country may have adverse effects on the market price of securities of companies located in other countries, including India. For instance, the economic downturn globally has adversely affected market prices in the world's securities markets, including the Indian securities markets. Negative economic developments, such as rising fiscal or trade deficits, or a default on sovereign debt, in other emerging market countries may affect investor confidence and cause increased volatility in Indian securities markets and indirectly affect the Indian economy in general.

MARKET PRICE INFORMATION

The Company's Equity Shares and Class B Shares are listed on the BSE and the NSE. The Equity Shares were listed on the BSE and NSE on July 30, 1992 and February 20, 2001 respectively. Class B Shares were first listed on February 13, 2009. Its stock market data given below is for periods subsequent to such date. As the Equity Shares are actively traded and Class B Shares are frequently traded on the BSE and NSE, the stock market data has been given separately for each of these stock exchanges. The Company has 17,43,91,521 Equity Shares and 1,59,29,152 Class B Shares outstanding as on date.

A. Market Price Information for the last three years

The following tables set forth the reported high and low closing prices of Equity Shares and Class B Shares on the NSE and the BSE and the number of Equity Shares or Class B Shares traded on the days such high and low prices were recorded, for the fiscal years 2007, 2008 and 2009.

The BSE:

1. Equity Shares

The high, low and average market prices of the Equity Shares during the preceding three years:

BSE							
Period	**Date of High**	**High (Rs.)**	**Volume on date of High (No. of Shares)**	**Date of Low**	**Low (Rs.)**	**Volume on Date of low (No. of Shares)**	**Average (Rs.)**
From June 30, 2006 to December 11, 2006*	December 7, 2006	2,378.00	9,636	July 24, 2006	1,080.10	4,857	1,729.05
From December 12, 2006 to June 30, 2007	January 5, 2007	526.70	2,49,779	April 3, 2007	365	36,341	1,729.05
For year ended June 30, 2008	January 3, 2008	875.00	45,073	June 30, 2008	347.10	18,835	611.05
For year ended June 30, 2009	August 11, 2008	417.00	59,236	March 9, 2009	105.3	19,304	261.15

(Source: www.bseindia.com)

** Effective date for split of face value of the Equity Shares from Rs. 10 each to Rs. 2 each approved by way of the resolution of the Board of Directors dated September 30, 2006 and the resolution of the shareholders dated November 17, 2006*

2. Class B Shares

The high, low and average market prices of the Class B Shares since their listing:

BSE							
Year ending June 30	**Date of High**	**High (Rs.)**	**Volume on date of High (No. of Shares)**	**Date of Low**	**Low (Rs.)**	**Volume on Date of low (No. of Shares)**	**Average (Rs.)**
2007	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
2008	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
2009	June 1, 2009	250	15,531	March 12, 2009	60	8,388	155

(Source: www.bseindia.com)

The NSE:

1. Equity Shares

The high, low and average market prices of the Equity Shares during the preceding three years:

NSE							
Year ending June 30	**Date of High**	**High (Rs.)**	**Volume on date of High (No. of Shares)**	**Date of Low**	**Low (Rs.)**	**Volume on Date of low (No. of Shares)**	**Average (Rs.)**
From June 30, 2006 to December 11, 2006*	December 7, 2006	2,376	16,425	July 26, 2006	1,091	3,574	1,733.50
From December 12, 2006 to June 12, 2007	January 5, 2007	527.80	6,40,979	April 3, 2007	368	27,724	447.90
For year ended June 30, 2008	January 3, 2008	1,027.65	41,000	June 30, 2008	345	52,539	686.325
For year ended June 30, 2009	August 11, 2008	410.00	1,52,009	March 9, 2009	105.5	99,620	257.75

(Source: www.nse-india.com)
** Effective date for split of face value of the Equity Shares from Rs. 10 each to Rs. 2 each approved by way of the resolution of the Board of Directors dated September 30, 2006 and the resolution of the shareholders dated November 17, 2006*

2. *Class B Shares*

The high, low and average market prices of the Class B Shares since their listing:

NSE							
Year ending June 30	**Date of High**	**High (Rs.)**	**Volume on date of High (No. of Shares)**	**Date of Low**	**Low (Rs.)**	**Volume on Date of low (No. of Shares)**	**Average (Rs.)**
2007	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
2008	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
2009	May 29, 2009	238.4	659	March 12, 2009	54.5	179813	146.45

(Source: www.nse-india.com)

Notes

- High, low and average prices are of the daily closing prices.
- In case of two days with the same closing price, the date with higher volume has been considered.

B. Market Price Information for preceding six months

The following tables set forth the reported high and low closing prices of the Equity Shares and the Class B Shares on the NSE and the BSE, the number of Equity Shares or Class B Shares traded on the days such high and low prices were recorded and the volume of securities traded in each month during the last six months.

The BSE:

Monthly high and low prices and trading volumes on the BSE for the six months preceding the date of filing of this Placement Document:

1. *Equity Shares*

BSE							
Month	**Date**	**High (Rs.)**	**Volume (No. of Shares)**	**Date**	**Low (Rs.)**	**Volume (No. of Shares)**	**Average (Rs.)**
May 2009	May 28, 2009	323.80	8,13,509	May 4, 2009	192.00	16,04,740	257.90
June 2009	June 2, 2009	360.00	5,14,428	June 9, 2009	290.00	2,01,237	325.00
July 2009	July 1, 2008	318.00	73,152	July 13, 2009	252.05	1,31,692	285.03
August 2009	August 28,		1,11,332	August 11,		1,04,378	

BSE							
Month	**Date**	**High (Rs.)**	**Volume (No. of Shares)**	**Date**	**Low (Rs.)**	**Volume (No. of Shares)**	**Average (Rs.)**
	2009	329.20		2009	265.00		297.10
September 2009	September 25, 2009	353.00	3,02,859	September 2, 2009	293.00	39,511	323.00
October 2009	October 16, 2009	348.00	77,741	October 28, 2009	300.00	51,645	324.00

(Source: www.bseindia.com)

2. Class B Shares

BSE							
Month	**Date**	**High (Rs.)**	**Volume (No. of Shares)**	**Date**	**Low (Rs.)**	**Volume (No. of Shares)**	**Average (Rs.)**
May 2009	May 29, 2009	249.00	1,34,470	May 11, 2009	116.00	6,139	182.50
June 2009	June 1, 2009	250.00	15,531	June 9, 2009	180.00	661	215.00
July 2009	July 31, 2009	234.00	349	July 10, 2009	170.10	1,681	202.05
August 2009	August 27, 2009	245.00	2,889	August 12, 2009	182.05	1,664	213.53
September 2009	September 29, 2009	243.00	11,155	September 11, 2009	181.00	11,274	212.00
October 2009	October 5, 2009	250.00	3,344	October 17, 2009	192.10	31	221.05

(Source: www.bseindia.com)

The NSE:

Monthly high and low prices and trading volumes on the NSE for the six months preceding the date of filing of this Placement Document:

1. Equity Shares

NSE							
Month	**Date**	**High (Rs.)**	**Volume (No. of Shares)**	**Date**	**Low (Rs.)**	**Volume (No. of Shares)**	**Average (Rs.)**
May 2009	May 28, 2009	323.50	17,54,117	May 11, 2009	197.00	5,73,146	260.25
June 2009	June 2, 2009	364.70	9,30,250	June 19, 2009	261.55	1,66,853	313.13
July 2009	July 1, 2008	319.17	2,98,623	July 13, 2009	252.30	2,19,858	285.74
August 2009	August 28, 2009	330.00	3,71,594	August 11, 2009	260.00	4,92,414	295.00
September 2009	September 29, 2009	358.00	3,45,174	September 2, 2009	294.25	1,21,494	326.13
October 2009	October 1, 2009	348.90	1,25,384	October 27, 2009	293.20	2,61,779	321.05

(Source: www.nse-india.com)

2. Class B Shares

NSE							
Month	**Date**	**High (Rs.)**	**Volume (No. of Shares)**	**Date**	**Low (Rs.)**	**Volume (No. of Shares)**	**Average (Rs.)**
May 2009	May 29, 2009	238.40	659	May 4, 2009	111.05	37,479	174.73

NSE							
Month	**Date**	**High (Rs.)**	**Volume (No. of Shares)**	**Date**	**Low (Rs.)**	**Volume (No. of Shares)**	**Average (Rs.)**
June 2009	June 1, 2009	236.00	18,279	June 8, 2009	189.80	48,219	212.90
July 2009	July 1, 2009	235.90	520	July 8, 2009	171.15	3,375	203.53
August 2009	August 28, 2009	249.80	884	August 10, 2009	178.00	1,274	213.90
September 2009	September 3, 2009	249.50	5,140	September 14, 2009	201.05	2,722	225.28
October 2009	October 8, 2009	243.90	21,544	October 27, 2009	175.00	13,657	209.45

(Source: www.nse-india.com)

Notes

- High, low and average prices are of the daily closing prices.
- In case of two days with the same closing price, the date with higher volume has been considered.

C. Details of the volume of business transacted during the last six months

The following tables set forth the details of the volume of business transacted during the last six months on the NSE and the BSE.

1. Equity Shares

(No. of Equity Shares.)

Period	BSE	NSE
May 2009	1,62,59,861	1,80,22,068
June 2009	41,42,775	1,04,88,464
July 2009	26,27,600	69,44,297
August 2009	41,31,502	1,26,48,834
September 2009	27,66,486	98,90,810
October 2009	11,19,365	50,69,817

(Source: www.bseindia.com, www.nse-india.com)

2. Class B Shares

(No. of Class B Shares.)

Period	BSE	NSE
May 2009	6,76,327	1,98,540
June 2009	1,18,145	1,52,607
July 2009	1,46,036	1,67,361
August 2009	33,408	2,18,678
September 2009	1,43,875	1,12,686
October 2009	19,099	1,24,724

(Source: www.bseindia.com, www.nse-india.com)

D. Market Price on the first working day following the Board Meeting approving the Issue

The following table sets forth the market price of the Shares on the NSE and the BSE on June 9, 2009, the first working day following the Board meeting approving the Issue.

1. Equity Shares

Date	BSE				NSE			
	Open	**High**	**Low**	**Close**	**Open**	**High**	**Low**	**Close**
June 9, 2009	290	319	290	310.7	302.9	318.7	297.1	310.55

(Source: www.bseindia.com, www.nse-india.com)

2. Class B Shares

Date	BSE				NSE			
	Open	High	Low	Close	Open	High	Low	Close
June 9, 2009	180	209	180	201.87	198.5	207	195.05	203.8

(Source: www.bseindia.com, www.nse-india.com)

USE OF PROCEEDS

The total proceeds of the Issue will be Rs. 499.98 Crores. After deducting the Issue expenses of approximately Rs. 8.24 Crores, the net proceeds of the Issue will be approximately Rs. 491.74 Crores. For further information, see "*Placement*".

Subject to compliance with applicable laws and regulations, the Company intends to use the net proceeds of the Issue, to, amongst other things, to part finance the augmentation of working capital, repayment of high cost loans, acquisition of new business and projects, investment opportunities and for general corporate purposes.

In accordance with the policies approved by the Board of Directors and as permissible under applicable laws and government policies, the management will have flexibility in deploying the proceeds received by the Company from the Issue. Pending utilization for the purposes described above, the Company intends to temporarily invest the funds in creditworthy instruments, including money market mutual funds and deposits with banks and corporates. Such investments would be in accordance with the investment policies approved by the Board of Directors from time to time.

CAPITALISATION

The following table shows, as at June 30, 2009:

- the Company's actual consolidated capitalisation; and
- the Company's consolidated capitalisation as adjusted to give effect to the Issue.

This table should be read in conjunction with the Company's consolidated financial statements as of and for the year ended June 30, 2009 and the related notes, "Management's Discussion and Analysis of Financial Condition and Results of Operations" and other financial information contained in this Placement Document.

(Rs. in Crores)

	As at June 30, 2009	
	Actual	**As adjusted**
Shareholders' Funds		
Share Capital	107.59	110.75
Equity Shares	34.88	38.04
Class B Shares	3.19	3.19
.01% Non Cumulative Compulsory Convertible Preference Share[(a)]	48.00	48.00
.001% Non Cumulative Compulsory Convertible Preference Share[(b)]	21.52	21.52
Reserve and Surplus	2,326.83	2,815.41
Total shareholders' funds	2,434.42	2,926.16
Share Warrants[(c)]	22.88	22.88
Share Application Money	44.96	44.96
Profit & Loss (Debit Balance)	Nil	Nil
Loan Funds		
Secured loans	3,285.99	3,285.99
Non Convertible Debentures	Nil	Nil
Term Loans	2,318.01	2,318.01
Working Capital Loans	930.26	930.26
Share in jointly controlled entity	35.14	35.14
Others	2.58	2.58
Unsecured loans	572.27	572.27
Debenture Application Money	25.00	25.00
Commercial Papers	142.60	142.60
Long Term Loans from Banks	299.85	299.85
Short Term Loans from Banks	28.00	28.00
Loan from Directors	Nil	Nil
Public Deposits	0.01	0.01
Inter Company Deposit	54.50	54.50
Share in jointly controlled entity	22.31	22.31
Total debt	3,858.26	3,858.26
Total Capitalization[(d)]	6,360.52	6,852.26

(a) Future Media has issued 48,00,000 0.01% non cumulative compulsory convertible preference shares to Indivision India Partners for an aggregate consideration of Rs. 48,00,00,000 pursuant to the resolution of its board of directors dated June 19, 2008 and a resolution of its shareholders dated June 29, 2007. These non cumulative compulsory convertible preference shares are convertible at the time of listing of the company on the NSE, BSE or any internationally recognized stock exchange which is to be done within 60 months from the date of closing i.e., June 29, 2009

(b) Future E-Commerce India Limited has issued 1,43,45,660 class A non cumulative compulsory convertible preference shares to Sherpalo Mauritius LLC and 71,72,820 class B compulsorily convertible preference shares to Indivision India Partners aggregating to 2,15,28,480 compulsorily convertible preference shares pursuant to the resolution of its board of directors dated October 3, 2007 and a resolution of its shareholders dated October 4, 2007. These non cumulative compulsory convertible preference shares are redeemable at any time within 20 years from the closing date i.e., October 24, 2009.

(c) The Board of Directors of the Company have issued 50,00,000 warrants (the "Warrants"), where each Warrant is convertible into one Equity Share of Rs. 2 each to PFH Entertainment Limited, a company within the promoter group of the Company, on a preferential basis. The Warrants are convertible into Equity Shares at a price of Rs. 183. PFH Entertainment Limited had made a payment of 25% of the amount payable by it for the said Warrants, which will be adjusted and appropriated against the price of the Equity Shares payable at the time of exercise of right to convert the Warrants into Equity Shares, which shall not be later than 18 months from the date of allotment of the Warrants. Upon exercise of all the Warrants, there will be an increase in the Equity Share capital of the Company by Rs. one Crore. As on June 30, 2009, 50,00,000 Warrant are outstanding.

(d) Since June 30, 2009, there has been no material change in the consolidated capitalization and indebtedness of the Company.

DIVIDEND POLICY

Under the Companies Act, an Indian company pays dividends upon a recommendation by its board of directors and approval by a majority of the shareholders at the annual general meeting, who have the right to decrease but not to increase the amount of the dividend recommended by the board of directors. Under the Companies Act, dividends may be paid out of profits of a company in the year in which the dividend is declared or out of the undistributed profits or reserves of previous fiscal years or out of both. A listed company in India may declare and disclose the dividend it issues only on per share basis.

The Company has been a dividend paying company and has paid dividends in each of the last three fiscal years, details of which are as follows:

Equity Shares:

	For the year ended June 30, 2009^	For the year ended June 30, 2008^	For the period commencing December 12, 2006 till the year ended June 30, 2007	For the period commencing July 1, 2006 till December 11 2006*
Face value of Equity Shares (Rs./Re. Per Equity Share)...	2.00	2.00	2.00	10.00
Final dividend on Equity Shares (Rs./Re. Per Equity Share)	0.60	0.60	0.50	Nil
Total dividend on Equity Shares (Rs. Crores)..........	10.46	9.56	7.54	Nil
Dividend tax (Rs./Re. Crores)..................................	1.78	1.62	1.28	Nil

** Effective date for split of face value of the Equity Shares from Rs. 10 each to Rs. 2 each approved by way of the resolution of the Board of Directors dated September 30, 2006 and the resolution of the shareholders dated November 17, 2006*
^ Approved by the Board of Directors at its meeting held on September 26, 2009 and subject to shareholders' approval at the annual general meeting to be held on December 2, 2009

Class B Shares:

	For the year ended June 30, 2009^	For the year ended June 30, 2008	For the period commencing December 12, 2006 till the year ended June 30, 2007	For the period commencing July 1, 2006 till December 11, 2006*
Face value of Equity Shares (Rs./Re. Per Equity Share)	2.00	Not Applicable	Not Applicable	Not Applicable
Final dividend on Equity Shares (Rs./Re. Per Equity Share)	0.70	0.70	Not Applicable	Not Applicable
Total dividend on Equity Shares (Rs. Crores)....	1.12	1.12	Not Applicable	Not Applicable
Dividend tax (Rs./Re. Crores)...........................	0.19	0.19	Not Applicable	Not Applicable

** Effective date for split of face value of the Equity Shares from Rs. 10 each to Rs. 2 each approved by way of the resolution of the Board of Directors dated September 30, 2006 and the resolution of the shareholders dated November 17, 2006*
^ Approved by the Board of Directors at its meeting held on September 26, 2009 and subject to shareholders' approval at the annual general meeting to be held on December 2, 2009

The Company does not have a formal dividend policy. Dividend amounts are determined from year to year in accordance with the Board's assessment of the Company's earnings, cash flow, financial conditions and other factors prevailing at the time.

The amounts paid as dividends in the past are not necessarily indicative of the Company's dividend policy or dividend amounts, if any, in the future.

Dividends are payable within 30 days of declaration. When dividends are declared, all the shareholders whose names appear in the share register as on the "record date" or "book closure date" are entitled to be paid dividend declared by the Company. Any shareholder who ceases to be a shareholder prior to the record date, or who becomes a shareholder after the record date, will not be entitled to the dividend declared by the Company.

Under the current Indian tax laws, dividends are not subject to income tax in India in the hands of the recipient. However, a company is liable to pay 'dividend distribution tax' currently at the rate of 15% (plus surcharge at 10% and education cess on dividend distribution tax and surcharge at the rate of 3 %) on the total amount distributed as dividend. The effective rate of dividend distribution tax is approximately 17%. For further details, see '*Taxation*'.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion and analysis of our financial condition and results of operations together with our audited consolidated financial statements and the notes to those statements included in this Placement Document. You should also read the sections titled "Risk Factors" and "Forward Looking Statements" included in this Placement Document which discuss a number of factors and contingencies that could affect our financial conditions and results of operations. This discussion is based on our audited consolidated financial statements as of and for the fiscal years ended June 30, 2009, 2008 and 2007, which have been prepared in accordance with Indian GAAP. Our fiscal year ends on June 30 of each year, so all references to a particular fiscal year are to the twelve months ending June 30 of that year.

Overview

We operate one of the leading organised multi-format retail businesses in India and operate, directly and indirectly through our subsidiaries, associates and joint ventures, retail stores in various formats across fashion, food, general merchandise, home improvement, furnishing solutions and consumer durables and electronics.

We started our retail business with the first Pantaloons store in Kolkata in the year 1997 and have since expanded to have a pan India presence with approximately 737 stores in 72 cities in India as of October 31, 2009 in 29 formats, covering total retail space of 1,23,41,947 Sq. ft. We have promoted several retail formats, including Pantaloons, Central, Big Bazaar, Food Bazaar, E Zone and Home Town and private labels across various lines of businesses like DJ&C, Bare, John Miller, Tasty Treat, Fresh and Pure, Cleanmate, Dreamline, Koryo and Sensei. Further, we have developed and operate specialised businesses offering consumer finance, insurance, logistics, brands, media, knowledge services, online retail service and training in retail services. These specialised businesses support as well as capitalize on our resources as a leading retailer in India. Our early mover advantage has not only helped us develop a wide network of stores across India in various formats but also establish brand equity for the Company as well as for our various formats and private labels.

The Company is the flagship company of the Future Group, a leading Indian business group promoted by Kishore Biyani. The Future Group with a focus on consumption-led businesses has demonstrated the ability to identify, incubate and grow various consumption-led businesses in India including retail business operated by the Company, consumer finance operated by Future Capital, brand development operated by Future Brands, logistics and supply chain management by Future Logistics, online retailing operated by Future Bazaar and training in retail services by Future Learning and Development.

The Company was awarded the International Retailer for the Year 2007 by the National Retail Federation, United States which is the world's largest retail trade association with over 1.4 million members globally. It was also awarded the Emerging Market Retailer of the Year 2007 at the World Retail Congress in Barcelona.

On a standalone basis, our sales, including other operating income grew at an annual rate of 25.61% from Rs. 5,048.91 Crores for the year ended June 30, 2008 to Rs. 6,341.70 Crores for the year ended June 30, 2009. Our net sales grew at an annual rate of 55.99% from Rs. 3,236.74 Crores for the year ended June 30, 2007 to Rs. 5,048.91 Crores for the year ended June 30, 2008.
On a consolidated basis, our net sales grew at an annual rate of 31.31% from Rs. 5,840.54 Crores for the year ended June 30, 2008 to Rs. 7,669.04 Crores for the year ended June 30, 2009. Our net sales grew at an annual rate of 68.39% from Rs. 3,468.56 Crores for the year ended June 30, 2007 to Rs. 5,840.54 Crores for the year ended June 30, 2008.

On a standalone basis, the total area under operation grew at an annual rate of 22.74%, from 78,77,232 Sq. ft. for the year ended June 30, 2008 to 96,68,501 Sq. ft. for the year ended June 30, 2009. The total area under operation grew at an annual rate of 53.07%, from 51,46,310 Sq. ft. for year ended June 30, 2007 to 78,77,232 Sq. ft. for the year ended June 30, 2008.
On a consolidated basis, the total area under operation grew at an annual rate of 22.54% from 95,91,340 Sq. ft. for the year ended June 30, 2008 to 1,17,53,301 Sq. ft. for the year ended June 30,

2009. The total area under operation grew at an annual rate of 62.79% from 58,91,776 Sq. ft. for year ended June 30, 2007 to 95,91,340 Sq. ft. for the year ended June 30, 2008.

On a standalone basis, our profit after tax grew at an annual growth rate of 11.60% from Rs. 125.97 Crores for the year ended June 30, 2008 to Rs. 140.58 Crores for the year ended June 30, 2009. Our profit after tax grew at an annual growth rate of 4.99% from Rs. 119.98 Crores for the year ended June 30, 2007 to Rs. 125.97 Crores for the year ended June 30, 2008.
On a consolidated basis, our profit after tax reduced by 54.08% from Rs. 21.93 Crores for the year ended June 30, 2008 to Rs. 10.07 Crores for the year ended June 30, 2009. Our profit after tax reduced by 38.29% from Rs. 35.54 Crores for the year ended June 30, 2007 to Rs. 21.93 Crores for the year ended June 30, 2008.

On a standalone basis, the number of our stores grew at an annual rate of 6.91%, from 246 stores for year ended June 30, 2008 to 263 stores for year ended June 30, 2009. The number of our stores grew at an annual rate of 53.75% from 160 stores for the year ended June 30, 2007 to 246 stores for year ended June 30, 2008.
On a consolidated basis, the number of our stores grew at an annual rate of 33.52% from 531 stores for year ended June 30, 2008 to 709 stores for year ended June 30, 2009. The number of our stores grew at an annual rate of 97.40% from 269 stores for the year ended June 30, 2007 to 531 stores for year ended June 30, 2008.

On a standalone basis, our employees have reduces in number from 21,187 as on June 30, 2008 to 20,091 as on June 30, 2009. As of October 31, 2009, we have 21,422 employees. On a consolidated basis, our employees grew in number from 31,601 as on June 30, 2008 to 33,576 as on June 30, 2009. As of October 31, 2009, we have 34,689 employees.

Significant Developments after June 30, 2009

Debenture issuance by Future Logistics: Our subsidiary, Future Logistics, on August 28, 2009, has issued 50,00,000 zero coupon fully convertible debentures of face value Rs. 100 each which are mandatorily convertible into its equity shares (“ZCCBs”) between July 1, 2013 to July 1, 2014, to SKC 1 Limited, a company which is part of the Li & Fung group. Future Logistics proposes to issue a second tranche of such 88,13,000 ZCCBs to the same investor.

Interim quarterly financial results for quarter ended September 30, 2009: In terms of clause 41 of the listing agreement, the Company prepared and published the interim quarterly unaudited unconsolidated limited review financial results for the quarter ended September 30, 2009. Please see ‘*Recent Developments*’.

Increase in retail space: Between June 30, 2009 and October 31, 2009, the Group has added retail space of 5,88,646 Sq. ft. by opening 28 stores in its various formats.

Proposed Restructuring: The Board, pursuant to its resolution dated October 30, 2009, approved proposals for restructuring of certain of its business divisions and subsidiaries. The proposed restructuring includes the following initiatives:

- The Company proposes to transfer its value retail businesses, which include Big Bazaar, Food Bazaar, Depot and Navras and certain warehouses, to a its wholly owned subsidiary, Pantaloon Future Ventures Limited, since renamed as Future Value Retail Limited, through a slump sale. This shall be done primarily to ensure a focused approach for further growth and expansion of these formats. This transfer is believed by the Company to enable capital infusion and effective implementation of its expansion plans. The Company, pursuant to the postal ballot notice dated November 7, 2009, has sought the approval of its shareholders to approve this transfer.

- The Company proposes to sell certain of its support business, including of Future Brands, FKS and FLDL to a promoter group company for an aggregate consideration of Rs. 190 Crores. This, the Company believes, will enable it to unlock value in its specialised support businesses.

- The Company proposes to undertake such restructuring in order to garner further investments in its financial services businesses namely FCH and Future Generali with an aim to raise fresh capital for the growth of these businesses. The Board shall carry out all activities and execute any scheme or arrangement required to implement these objects.

For risks associated with the proposed restructuring, please see '*Risk Factors*'.

Factors Affecting Results of Operations

A number of factors affect our financial condition and results of operations, including the following:

Sales growth

We drive our net sales income from the sales of goods and services at our stores. Our net sales are affected by the number of customers, sales per customer and by price fluctuations due to inflation or deflation. Further, our net sales are affected by the concentration of our stores and the expansion of our network of stores in India.

The revenue from each store varies depending upon the type of format and the location of the stores. Our leading formats generate higher sales volume as compared to our specialised and other formats. Our stores in the eight tier I cities, in terms of population and income (*Source: "The Great Indian Bazaar" August 2008 - Mckinsey & Company*), generate higher sales volume as compared to our stores in other cities. Further, our revenue from stores of same format varies based on the size of the stores.

Our sales growth is categorized in the following manner:

1. Sales growth at existing stores – This represents same store sale growth over corresponding period last year. This represents increased sales without a proportionate increase in store operating costs. Sales growth at same stores is driven by adding customers, adding newer categories of products and services, ensuring higher wallet share of customer at store and also by making variations in prices of products on account of inflation or deflation.

2. Sales at new stores – As part of our expansion plans, we may open stores in existing and new cities in our existing or new formats. Although we currently operate formats in 72 cities, we have locked-in retail space in 70 cities in India We are also continually expanding stores in the geographies that we operate in and intend to continue do so.

Customer entry, Conversion and Transaction Size

Customer entry is measured as footfalls, which is the number of people entering the stores. This is computed through a manual count in all stores during trading hours. Conversion is the ratio of the number of transactions versus the total customer entry into the stores. Tracking conversion helps us understand the productivity of our front-end store employees and the attractiveness of our offerings. Further, transaction size is the average value of the cash memos which is determined by the total sales divided by number of cash memos. Tracking this helps us understand the average value of purchase by each customer at one time.

Customer preference for a particular store with increase in customers coming into the store year after year is an important factor for our growth in income. Increase in customer entry is primarily dependent on the brand equity of the format operated, size of the store, products and services offered and the location of the store. Conversion and transaction size is primarily dependent upon the nature and mix of the products and services. Conversion is higher for formats involved in retail of fashion, food products and general merchandise as compared to formats involved in retail of furniture and electronics products, where as transaction size is higher for the latter as compared to the former.

Growth in our specialised businesses

Apart from our retail business, we, through our subsidiaries, are involved in the financial services and insurance business which we launched in 2007. We derive income from our financial services business through investment advisory fees, research fees and from interest incurred on our investments and personal and consumption loans granted. We derive income from our insurance business through sale of life and non life insurance policies.

Inventory Management

Our inventory includes stocks of saleable items displayed and stored at our stores, distribution centres and warehouses. We use services offered by third parties for storage and transportation of our goods. Stocks of saleable items comprise of clothing, accessories, general merchandise, furniture and furnishings, dry and wet grocery, FMCG, pharmaceuticals, electronics and mobile phones.

As we retail products in various line of business in 72 cities in India, inventory management is an important factor affecting our results of operations. We use various softwares to undertake efficient inventory management. The inventory maintained at the distribution centres and warehouses is based on the lead time and frequency of replenishment for each item and the inventory maintained at the stores varies based on the level of sales.

Real estate prices

Fluctuations in real estate prices affect our results of operations. We lease all properties through which we operate our formats. As on October 31, 2009, we have 737 stores operating in 72 cities with aggregate area under operation for our retail business being 1,23,41,947 Sq. ft. We further lock-in properties for our future operations and on October 31, 2009, we have 99,01,734 Sq.ft. locked in 70 cities. Whilst Fiscal Year 2008 saw high real estate prices, Fiscal Year 2009, due to global economic recession enabled us re-negotiate existing rental arrangements and to lock-in properties at affordable prices, as compared to Fiscal Year 2008.

Shrinkage

Shrinkage in the retail business is defined as the loss in inventory through a combination of shoplifting by customers, pilferage by employees, and errors in documents and transactions that go un-noticed. In order to minimize shrinkage, we review our processes at regular intervals and have introduced the use of hard tag for high value items and undertake continuous inventory count cycle three times in a year for each of our stores.

Other Factors:

Some of the other factors that affect our results of operations include the following:

- growth in domestic consumption;
- increase in consumer demands;
- change in domestic interest rates
- economic, income and demographic conditions in India;
- regulations affecting the retail industry;
- Indian tax policies and benefits of value added tax;
- availability of financing on suitable terms; and
- competition.

Key Accounting Policies

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 installment 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.

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.

Changes in Accounting Policies in the Last Three Years

For the Fiscal Year 2008, the Company has refined the method of valuation of finished goods from "Retail Price less Mark up" to "At lower of cost and Net Realizable Value". Consequent to this change, the value of inventories is being lower by Rs. 74.37 Crore. The same has been adjusted (net of tax of Rs.25.28 Crore) against brought forward balance in Profit & Loss Account

For the Fiscal Year 2008, the group earlier had a policy of amortising goodwill over 5 years. From this year the group has changed this by not amortising goodwill. Had this change not been made the amortised amount of goodwill would be Rs.10.13 Crores and the profit and reserves would be lower to that extent.

Description of Income and Expenditure

Income

Our total income consists of the following items:

- Sales and operating income; and
- other income.

Sales and operating income: Sales and operating income comprises of sales and business operations activities excluding extra-ordinary incomes.

Other income: Other income comprises of dividend from investments, profits on sale of investments and fixed assets, miscellaneous income and share in jointly controlled entities.

Expenditure

Our total expenditure consists of the following items, which are recognized on an accrual basis:

- Cost of goods consumed and sold;
- Personnel Cost;
- Manufacturing and other expenses;
- Finance Charges; and
- Depreciation.

Cost of goods consumed and sold: This includes purchase of raw materials, finished goods and accessories, stitching materials, expenses incurred for freight, octroi and transportation expenses and cost incurred due to shrinkage of the stock retailed by us.

Personnel Cost: This includes salaries and bonuses paid to the employees, cost incurred towards gratuity, contribution made to the provident funds and other welfare funds of the employees and expenses incurred for leave encashment and for activities undertaken for the welfare and training of the employees.

Manufacturing and other expenses: These include the following expenses:

- Power and fuel expenses: These include cost of electricity and cost of operating generators for some of our premises and fuel expenses incurred primarily for operating generators.
- Rent including lease rentals: These include occupancy cost of movable assets like generators, furniture and fixtures, office equipments and computers and for the properties leased by us, and include common area maintenance charges.
- Advertisement and sales promotion cost: This includes costs incurred for issuing advertisements by way of electronic and print media, for sponsoring events for brand building and other marketing expenses.
- Other expenses: This includes regular course business expenditures like repairs and maintenance, payment of taxes, expenditure for availing insurance and for packing and branding materials and other general expenses.

Finance Charges: This includes interest accrued on borrowings, bill discounting charges and bank charges paid on borrowing availed.

Results of Operations

The following table sets forth select financial data from the profit and loss account of our audited consolidated financial statements, for Fiscal Year 2009, 2008 and 2007, the components of which are also expressed as percentages of total income for such periods.

	Fiscal Year					
	2009		**2008**		**2007**	
Particulars	**Amount** (*Rs. in Crores*)	**% of Total Income**	**Amount** (*Rs. in Crores*)	**% of Total Income**	**Amount** (*Rs. in Crores*)	**% of Total Income**
Income:						
Sales and Operating Income	7,669.04	98.77	5,840.54	99.05	3,468.56	97.27
Other income	95.76	1.23	55.73	0.95	97.37	2.73
Total income	7,764.80	100	5,896.27	100	3,565.93	100
Expenditure:						
Cost of goods consumed and sold	5,127.25	66.03	3,909.30	66.30	2,365.07	66.32
Personnel Cost	578.72	7.46	445.59	7.56	270.49	7.59
Manufacturing and other expenses						
Power and Fuel expenses	119.42	1.54	93.32	1.58	65.88	1.85
Rent cost including lease rentals	532.53	6.86	415.71	7.05	233.82	6.56
Advertisement and Sales Promotion cost	163.03	2.10	214.84	3.64	119.95	3.36
Others	634.85	8.17	461.25	7.83	279.35	7.83
Total (Manufacturing and other expenses)	1,449.83	18.67	1,185.12	20.10	699.00	19.60
EBITDA	609	7.84	356.26	6.04	231.37	6.49
Finance Charges	418.54	5.39	223.58	3.79	100.08	2.81
Depreciation	206.57	2.66	118.21	2.00	48.24	1.35
Goodwill Written Off	-	-	-	-	3.25	0.09
Profit (Loss) before taxation	(16.11)	(0.21)	14.47	0.25	79.80	2.24
Earlier year's income tax	0.30	0.00	(0.03)	0.00	0.06	0.00
Tax expense	(10.25)	(0.14)	47.32	0.81	59.68	1.67
Prior period items	1.30	0.02	(1.04)	(0.02)	0.18	0.01
Share in loss of associate	(5.84)	(0.08)	(0.90)	(0.02)	-	-

Particulars	Fiscal Year 2009 Amount (*Rs. in Crores*)	2009 % of Total Income	2008 Amount (*Rs. in Crores*)	2008 % of Total Income	2007 Amount (*Rs. in Crores*)	2007 % of Total Income
company						
Goodwill on consolidation written back / written off	(1.08)	(0.01)	3.39	0.06	-	-
Share of minority interest	(24.45)	(0.31)	(51.22)	(0.87)	(15.65)	(0.44)
Profit (Loss) after Taxation	10.07	0.13	21.93	0.37	35.54	1.00

Fiscal Year 2009 compared to Fiscal Year 2008

Our total income increased by 31.69% from Rs. 5,896.27 Crores in the Fiscal Year 2008 to Rs. 7,764.80 Crores in the Fiscal Year 2009.

Sales and Operating Income: Our sales and operating income increased by 31.31% from Rs. 5,840.54 Crores in Fiscal Year 2008 to Rs. 7,669.04 Crores in the Fiscal Year 2009. This was primarily due to an increase in income due to expansion in area under operation of the Company from 95,91,340 Sq. ft in Fiscal Year 2008 to 1,17,53,301 Sq. ft in Fiscal Year 2009, growth in same store sales of the Company and increase in revenue from our subsidiaries, associates and joint ventures, primarily being Home Solutions Retail India Limited, Future Agrovet Limited, Future Capital Holdings Limited, Future Axiom Telecom Limited and Future Media India Limited.

Other Income: Our other income increased by 71.83% from Rs. 55.73 Crores in Fiscal Year 2008 to Rs. 95.76 Crores in the Fiscal Year 2009. Our other income of Rs. 95.76 Crores in Fiscal Year 2009 comprised primarily of divestment of our joint ventures, Pan India Food Solutions Private Limited and Planet Retail Holdings Limited.

Cost of goods consumed and sold: Our cost of goods consumed and sold increased by 31.16% from Rs. 3,909.30 Crores in Fiscal Year 2008 to 5,127.25 Crores in Fiscal Year 2009. This was primarily due to increase in sales.

Personnel Cost: Our personnel cost increased by 29.88% from Rs. 445.59 Crores in Fiscal Year 2008 to Rs. 578.72 Crores in Fiscal Year 2009. This was primarily due to deploying of additional manpower in our subsidiaries Future Capital Holdings Limited, Future Generali India Insurance Company Limited and Future Generali India Life Insurance Company Limited.

Manufacturing and other expenses: Our manufacturing and other expenses increased by 22.34% from Rs. 1,185.12 Crores in Fiscal 2008 to Rs. 1,449.83 Crores in Fiscal 2009. Our manufacturing and other expenses primarily comprise of the following expenses:

- Power and Fuel expenses: Our power and fuel expenses increased by 27.97% from Rs. 93.32 Crores in Fiscal 2008 to Rs. 119.42 Crores in Fiscal 2009. This was primarily due to increase in area under operation for our retail business and specialised businesses.

- Rent cost including lease rentals: Our rent cost including lease rentals increased by 28.10% from Rs. 415.71 Crores in Fiscal 2008 to Rs. 532.53 Crores in Fiscal 2009 due to increase in our leased area, including area under operation of retail business and specialised businesses.

- Advertisement and Sales Promotion cost: Our advertisement and sales promotion cost has decreased by 24.12% from Rs. 214.84 Crores in Fiscal 2008 to Rs. 163.03 Crores in Fiscal 2009. This was primarily due to a decrease in spending on brand building activities as a part of our strategy to control costs.

EBITDA: Our EBITDA increased by 59.57% from Rs. 330.45 Crores in Fiscal 2008 to Rs. 527.31 Crores in Fiscal 2009. This was primarily due to an increase in sale and improved margins on sale, reduction of costs and leveraging of our fixed costs by increase in sales across our retail and specialised businesses.

Finance Charges: Our finance charges increased by 87.20% from Rs. 223.58 Crores in Fiscal 2008 to Rs. 418.54 Crores in Fiscal 2009. This was primarily due to an increase in borrowings and increase in cost of borrowing. Our borrowing increased by 39.43% from Rs. 2,767.10 Crores in Fiscal 2008 to Rs. 3,858.26 Crores in Fiscal 2009. Most of our loans have been availed on variable interest rates and as banks increased their prime lending rates in light of the global economic recession, our cost of borrowing also increased.

Depreciation: Our expenses relating to depreciation increased by 74.75% from Rs. 118.21 Crores in Fiscal 2008 to Rs. 206.57 Crores in Fiscal 2009. This was primarily due to higher deployment of fixed assets. Our fixed assets increased from Rs. 2,054.65 Crores in Fiscal 2008 to Rs. 2,630.65 Crores in Fiscal 2009.

Tax expense: Our tax expense decreased by 121.65% from Rs. 47.32 Crores in the Fiscal Year 2008 to Rs. (10.25) Crores in the Fiscal Year 2009, primarily as result of recognition of deferred tax assets in certain of our subsidiaries like HSRIL, Future Brands, Future Mobile and Future Media.

Share of minority interest: Our share of minority interest decreased by 52.26% from Rs. (51.22) Crores in the Fiscal Year 2008 to (Rs. 24.45) Crores in the Fiscal Year 2009, primarily as result of decrease in losses incurred by HSRIL and increase in profits of Future Brands.

Profit (Loss) After Taxation: Our profit after tax decreased by 54.08% from Rs. 21.93 Crores in Fiscal 2008 to Rs. 10.07 Crores in Fiscal 2009. This is primarily due to the losses incurred by our subsidiary Future Capital Holdings Limited and our joint venture companies Future Generali India Insurance Company Limited and Future Generali India Life Insurance Company Limited.

Fiscal Year 2008 compared to Fiscal Year 2007

Our total income increased by 65.35% from Rs. 3,565.93 Crores in the Fiscal Year 2007 to Rs. 5,896.27 Crores in the Fiscal Year 2008.

Sales and Operating Income: Our sales and operating income increased by 68.39% from Rs. 3,468.56 Crores in Fiscal Year 2007 to Rs. 5,840.54 Crores in the Fiscal Year 2008. This was primarily due to an increase in income due to expansion in area under operation of the Company from 58,27,313 Sq. ft in Fiscal Year 2007 to 91,51,101 Sq. ft in Fiscal Year 2008, growth in same store sales of the Company and increase in revenue from our subsidiaries, associates and joint ventures.

Other Income: Our other income decreased by 42.76% from Rs. 97.37 Crores in Fiscal Year 2007 to Rs. 55.73 Crores in the Fiscal Year 2008. The primary source of other income in Fiscal Year 2007 was sale of investments in our certain on our subsidiaries and associate companies and the quantum of such sales reduced in Fiscal 2008.

Cost of goods consumed and sold: Our cost of goods consumed and sold increased by 65.29% from Rs. 2,365.07 Crores in Fiscal Year 2007 to Rs. 3,909.30 Crores in Fiscal Year 2008. This was primarily due to increase in sales.

Personnel Cost: Our personnel cost increased by 64.73% from Rs. 270.49 Crores in Fiscal Year 2007 to Rs. 445.59 Crores in Fiscal Year 2008. This was primarily due to deploying of additional manpower in our subsidiaries in our retail businesses due to increase in our operations.

Manufacturing and other expenses: Our manufacturing and other expenses increased by 69.55% from Rs. 699.00 Crores in Fiscal 2007 to Rs. 1,185.12 Crores in Fiscal 2008. Our manufacturing and other expenses primarily comprise of the following:

> Power and Fuel expenses**:** Our power and fuel expenses increased by 41.65% from Rs. 65.88 Crores in Fiscal 2007 to Rs. 93.32 Crores in Fiscal 2008. This was primarily due to expansion of our area under operations for our retail business.
>
> Rent cost including lease rentals: Our rent cost including lease rentals increased by 77.79% from Rs. 233.82 Crores in Fiscal 2007 to Rs. 415.71 Crores in Fiscal 2008 due to expansion of our area under operation for our retail business.

Advertisement and Sales Promotion cost: Our advertisement and sales promotion cost has increased by 79.11% from Rs. 119.95 Crores in Fiscal 2007 to Rs. 214.84 Crores in Fiscal 2008. This was primarily due to an increase in spend on brand building activities due establishment of our specialised businesses, specifically Future Capital and Future Generali.

EBITDA: Our EBITDA increased by 55.77% from Rs. 212.14 Crores in Fiscal 2007 to Rs. 330.45 Crores in Fiscal 2008.

Finance Charges: Our finance charges increased by 123.40% from Rs. 100.08 Crores in Fiscal 2007 to Rs. 223.58 Crores in Fiscal 2008. This was primarily due to an increase in our borrowings by 89.13% from Rs. 1,463.08 Crores in Fiscal 2007 to Rs. 2,767.10 Crores in Fiscal 2008.

Depreciation: Our expenses relating to depreciation increased by 145.05% from Rs. 48.24 Crores in Fiscal 2007 to Rs. 118.21 Crores in Fiscal 2008. This was primarily due to higher deployment of fixed assets. Our fixed assets increased from Rs. 1,073.98 Crores in June 30, 2007 to Rs. 2,054.65 Crores in June 30, 2008.

Tax expense: Our tax expense decreased by 20.71% from Rs. 59.68 Crores in the Fiscal Year 2007 to Rs. 47.32 Crores in the Fiscal Year 2008, primarily as a result of increase of losses in subsidiaries like Future Bazaar, Future E Commerce and Future Media and in joint venture companies like Pan India Food Solutions Limited and Planet Retail Holdings Limited.

Share of minority interest: Our share of minority interest decreased by 227.28% from Rs. (15.65) Crores in the Fiscal Year 2007 to Rs. (51.22) Crores in the Fiscal Year 2008, primarily due to losses incurred by HSRIL and FCH.

Profit (Loss) After Taxation: Our profit after tax decreased by 38.29% from Rs. 35.54 Crores in Fiscal 2007 to Rs. 21.93 Crores in Fiscal 2009. This is primarily due to the losses incurred on our investments in our subsidiaries like Home Solutions Retail (India) Limited and joint ventures like Future Generali India Life Insurance Company Limited and Future Axiom Telecom Limited.

Financial Condition, Liquidity

Our net worth increased to Rs. 2499.77 Crores as of June 30, 2009 from Rs. 1,191.50 Crores as of June 30, 2007, representing a compound annual growth rate of 44.84%.

The table below sets forth the principal components of our assets, liabilities and provisions as of June 30, 2009, June 30, 2008 and June 30, 2007:

(in Rs. Crores)

Particulars	**Fiscal Year 2009**	**Fiscal Year 2008**	**Fiscal Year 2007**
Total Fixed Assets	2,630.65	2,054.65	1,073.98
Investments	897.81	726.50	90.25
Current Assets, Loans and Advances			
Inventories	2,191.25	1,771.09	1,078.63
Sundry Debtors	306.61	288.14	68.03
Cash and Bank Balances	202.54	365.37	235.51
Loans and Advances	1,922.71	1,408.01	712.93
Total Assets	**8,151.57**	**6,614.16**	**3,259.33**
Liabilities & Provisions			
Secured Loans	3,285.99	2,393.10	1,095.32
Unsecured Loans	572.27	374.00	367.76
Current Liabilities & Provisions	1,404.93	1,178.04	499.96
Deferred Tax Liability	4.02	35.43	50.49
Total Liabilities	5,267.21	3,980.97	2,013.53
Net Worth	2499.77	2227.02	1,191.50

Particulars	Fiscal Year 2009	Fiscal Year 2008	Fiscal Year 2007
Represented By			
Share Capital*	175.43	205.54	120.67
Net Reserve & Surplus	2,326.83	2,021.63	1,071.25
Miscellaneous Expenditure (to the extent not written off or adjusted)	(2.49)	(0.15)	(0.42)

** Includes share application money and share warrants*

Our total assets were Rs. 8,151.57 Crores as of June 30, 2009, Rs. 6,614.16 Crores as of June 30, 2008 and Rs. 3,259.33 Crores as of June 30, 2007, representing a compound annual growth rate of 58.15% over Fiscal Year 2007 to Fiscal Year 2009. This increase was primarily due to the increase in retail space under operation.

Our current liabilities and provisions increased to Rs. 1,404.93 Crores as of June 30, 2009 compared to Rs. 1,178.44 Crores as of June 30, 2008 and Rs. 499.96 Crores as of June 30, 2007. Liabilities and provisions increased mainly due to increase in sales, expansion of our operations and availability of credit period from the suppliers.

Our capital expenditure decreased to Rs. 870.61 Crores as on June 30, 2009 compared to Rs. 1,206.16 Crores as on June 30, 2008. This decrease was primarily due to reduction in capital expenditures for new stores, renovations and information technology related assets.

Liquidity: Our primary liquidity requirements have been to finance our working capital requirements and our capital expenditures. For funding such activities, we have primarily relied upon cash flows from our operations, equity capital contributions, availing working capital limits and long term borrowings from the banks.

Cash Flows:

The table below summarizes our cash flow for the periods indicated:

(In Rs. Crores)

Particulars	Fiscal Year 2009	Fiscal Year 2008	Fiscal Year 2007
Net cash generated from / (used in) operating activities	(172.58)	105.14	(319.76)
Net cash generated from / (used in) investing activities	(953.24)	(1,756.02)	(674.84)
Net cash generated from / (used in) financing activities	962.99	1,780.75	1,191.37
Net cash increase / (decrease) at the end of the period	(162.83)	129.86	196.77

Cash Flows from Operating Activities

Cash flow from operating activities primarily depends upon operating profits consisting of cash receipts from the sales, operating activities and other revenues, payment to supplier of goods and services, to and on behalf of employees.

Net cash used in operating activities for Fiscal Year 2009 was Rs. 172.58 Crores. Net cash used from operating activities consisted of profit before tax of Rs. (16.11) Crores as adjusted for interest expenses of Rs. 418.54 Crores, a number of non-cash items of Rs. 230.90 Crores and cash from sale of share and assets amounting to Rs. 46.44 Crores. This amount was also partially contributed by a decrease in cash generated from working capital movements which was primarily due to an increase in inventories of Rs. 420.16 Crores, an increase in loans and advances of Rs. 472.12 Crores and increase in trade receivables of Rs. 37.62 Crores. There was also an increase of Rs. 237.95 Crores in trade and other payables.

Net cash generated from operating activities for Fiscal Year 2008 was Rs. 105.14 Crores. It consisted of profit before tax of Rs. (15.30) Crores, which was adjusted for and interest expenses of Rs. 223.58 Crores and a number of non-cash items of Rs. 120.45 Crores and cash from sale of share and assets amounting to Rs. 44.68 Crores. This amount was offset by a decrease in cash generated from working capital movements which was primarily due to an increase in inventories of Rs. 766.84 Crores and an increase in loans and advances of Rs. 196.87 Crores and an increase in trade and other receivables of Rs. 236.23 Crores. There was also an increase in trade payables by Rs. 674.70 Crores.

Net cash used in operating activities for Fiscal Year 2007 was Rs. 319.76 Crores. This consisted of profit before tax of Rs. 79.82 Crores, which was adjusted for interest expenses of Rs. 100.08 Crores and a number of non-cash items of Rs. 53.70 Crores and cash from sale of share and assets amounting to Rs. 89.54 Crores. This amount was offset by a decrease in cash generated from working capital movements which was primarily due to an increase in inventories of Rs. 497.31 Crores and an increase in loans and advances of Rs. 151.57 Crores and an increase in trade and other receivables of Rs. 40.77 Crores and increase in trade and other payables of Rs. 221.10 Crores.

Cash Flows from Investment Activities

Cash flow from investment activities primarily depends upon income from dividends and interest and includes payments made to acquire fixed assets and to make investments.

Net cash used in investing activities for Fiscal Year 2009 was Rs. 953.24 Crores. This consisted of purchase of investments, primarily in liquid funds, of Rs. 135.18 Crores, purchase of fixed assets and capital being used for work-in-progress stores, of Rs. 789.06 Crores and of security deposits of Rs. 116.04 crore, which was partially offset by Rs. 86.68 Crores, generated from the release of inter company deposits.

Net cash used in investing activities for Fiscal Year 2008 was Rs. 1,756.02 Crores. This consisted of purchase of investments, primarily in liquid funds, of Rs. 216.93 Crores, purchase of fixed assets and capital that was being used for work-in-progress stores, Rs. 1,084.00 Crores, of security deposits of Rs. 382.80 and of inter company deposits of Rs. 73.73 Crores.

Net cash used in investing activities for Fiscal Year 2007 was Rs. 674.84 Crores. This consisted of purchase of fixed assets and capital that was being used for work-in-progress stores of Rs. 621.75 Crores, security deposits of Rs. 179.71 and inter company deposits of Rs. 13.23 Crores This was partially offset by sale in investments of Rs. 137.77 Crores.

Cash Flows from Financing Activities

Cash flow from financing activities primarily depends on the level of principal and interest payout on debts, new indebtedness and issue of new capital stock and dividend and interest payouts.

Net cash generated from financing activities for Fiscal Year 2009 was Rs. 962.99 Crores. This primarily included availing secured loans of Rs. 822.43 Crores, Rs. 187.96 Crores from other borrowings, Rs. 80.77 Crores from working capital borrowings and Rs. 302.79 Crores from issue of share capital. This was partially offset by interest payments of Rs. 418.54 Crores and payment of dividend of Rs. 12.42 Crores.

Net cash generated from financing activities for Fiscal Year 2008 was Rs. 1,780.75 Crores. This primarily included availing secured loans of Rs. 735.89 Crores, Rs. 6.23 Crores from other borrowings, Rs. 711.88 Crores from working capital borrowings, Rs. 50 Crores from issue of commercial papers and Rs. 709.15 Crores from issue of share capital, which was partially offset by making interest payments of Rs. 223.58 Crores, of payment of dividend of Rs. 8.82 Crores and Rs. 200 Crores of payments made towards redemption of debentures.

Net cash generated from financing activities for Fiscal Year 2007 was Rs. 1,191.37 Crores. This primarily included availing secured loans of Rs. 415.62 Crores, Rs. 188.10 Crores from other borrowings, Rs. 200 Crores from issue of debentures and Rs. 538.77 Crores from issue of share capital. This was partially offset by interest payments of Rs. 100.08 Crores, payment of dividend of Rs. 7.66 Crores, payments made for redemption of commercial papers of Rs. 10 Crores and Rs. 33.38 Crores for repayment of working capital borrowings.

Indebtedness

The following table sets forth our secured and unsecured debt position, on a consolidated basis, as at June 30, 2007, June 30, 2008 and June 30, 2009.

(*In. Rs. Crores*)

Particulars	Amount outstanding as at June 30, 2007	Amount outstanding as at June 30, 2008	Amount outstanding as at June 30, 2009
Secured loans:			
Debentures	200	-	-
Term Loans	738.28	1,495.58	2,318.01
Working Capital Loans	107.29	849.49	930.26
Others	49.75	48.03	37.72
Unsecured loans:			
Long Term Loan From Bank	-	-	299.85
Short Term Loan from Banks	347.68	230.50	28.00
Inter Company Deposit	0.60	104.83	54.50
Others	19.48	38.67	189.92
Total (B)	367.76	374.00	572.27
Total (A +B)	1,463.08	2,767.10	3,858.26

Contingent Liabilities

The following table sets forth our contingent liabilities not provided for, on a consolidated basis as at the dates indicated.

(*In. Rs. Crores*)

Particulars	As at June 30, 2007	As at June 30, 2008	As at June 30, 2009
Guarantee Outstanding	76.68	126.33	125.96
Claim Against Company Not Acknowledge as debt	24.64	12.83	7.46
Uncalled liability on shares party paid up	-	50.53	-
Statutory Demand liabilities in dispute not provide for	-	-	0.01
Unused Letter of credit	19.03	-	0.03
Uncalled amount payable on conversion of fully convertible equity share warrants	40.47	-	-

Quantitative and Qualitative Disclosure about Market Risk

Credit Risk

We are exposed to credit risk through FCH and Future Generali, which are involved in financial services businesses.

Commodity Price Risk

We are exposed to market risk with respect to the prices of consumer durables and dry and wet grocery products like pulses, sugar and oil for our retail operations. The costs for these materials are fluctuating based on commodity prices. The costs of consumer electronics sourced from outside manufacturers may also fluctuate based on their availability from suppliers. In the normal course of business, we purchase the goods retailed on a purchase order basis.

We source materials from multiple suppliers and engage multiple contractors so that we are not dependent on any one supplier or contractor.

Interest Rate Risk

Our results are subject to changes in interest rates, which may affect our debt service obligations. Our long-term rupee-denominated secured loans, most of which bear interest at floating rates, totalled Rs. 201.03 Crores in principal amount as of June 30, 2009.

Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements, derivative instruments or other relationships with unconsolidated entities that would have been established for the purpose of facilitating off-balance sheet arrangements.

RECENT DEVELOPMENTS

Unaudited Financial Results for the quarter ended 30th September, 2009

Sr. No.	Particulars	Three months ended September 30, 2009	Three months ended September 30, 2008	Year ended June 30, 2009
		Unaudited	Unaudited	Audited
1	Net Sales/Income from operations	1,777.02	1,511.21	6,341.70
2	Expenditure			
	a) (Increase)/Decrease in stock in trade & Work in progress	(233.10)	(230.03)	(353.11)
	b) Consumption of Raw Materials	11.68	11.64	41.92
	c) Purchases of trading goods	1,463.10	1,279.29	4,741.14
	d) Employee cost	71.81	69.17	274.26
	e) Depreciation	43.28	31.91	140.05
	f) Other Expenditure	273.41	226.26	969.05
	Total	**1,630.18**	**1,388.24**	**5,813.31**
3	Profit from Operations before other Income and Interest(1-2)	146.84	122.97	528.39
4	Other Income	4.72	1.16	6.06
5	Profit before Interest (3+4)	151.56	124.13	534.45
6	Interest	86.85	68.38	318.22
7	Profit before tax (5-6)	64.71	55.75	216.23
8	Tax Expenses			
	a) Fringe Benefit Tax	-	0.62	1.89
	b) Current Tax	8.17	6.97	25.23
	c) Deferred Tax	13.21	11.98	48.26
9	Earlier years income tax	(0.49)	-	0.27
10	Net Profit for the Period (7-8-9)	43.82	36.18	140.58
11	Paid up equity share capital (Face value of Rs.2 per share)	38.06	31.86	38.06
12	Reserves excluding Revaluation Reserves as per balance sheet of previous accounting year	-	-	2,211.48
13	Basic EPS & Diluted EPS:			
	a) Equity Shares	2.29	2.07	7.94
	b) Class B Shares (Series 1)	2.39	-	8.04
14	Public share holdings:			
	a)Equity shares:			
	-Number of shares	89,314,535	85,214,535	89,314,535
	-Percentage of shareholdings	51.21	53.50	51.21
	b)Class B Shares(Series 1):			
	-Number of shares	8,521,459	-	8,521,458
	-Percentage of shareholdings	53.50	-	53.50
15	Promoters and Promoter group shareholding:			
	a) Pledged/Encumbered			
	- Number of Equity Shares	21,373,015	-	23,667,420
	- Number of Class B Shares(Series 1)	627,250	-	2,632,500
	-Percentage of Equity Shares(as a % of total equity shareholding of Promoters and promoter group)	25.12	-	27.82
	-Percentage of Class B Shares(	8.47	-	35.54

Sr. No.	Particulars	Three months ended September 30, 2009	Three months ended September 30, 2008	Year ended June 30, 2009
	Series 1) (as a % of total equity shareholding of Promoters and promoter group)			
	-Percentage of Equity Shares (as a % of total equity share capital of company)	12.26	-	13.57
	-Percentage of Class B Shares(Series 1) (as a % of total Class B shares(Series 1) share capital of company)	3.94	-	16.53
	b) Non-Encumbered		-	
	- Number of Equity Shares	63,703,971	-	61,409,566
	- Number of Class B Shares(Series 1)	6,780,443	-	4,775,193
	-Percentage of Equity Shares(as a % of total equity shareholding of Promoters and promoter group)	74.88	-	72.18
	-Percentage of Class B Shares(Series 1) (as a % of total equity shareholding of Promoters and promoter group)	91.53	-	64.46
	-Percentage of Equity Shares (as a % of total equity share capital of company)	36.53	-	35.21
	-Percentage of Class B Shares(Series 1) (as a % of total Class B shares(Series 1) share capital of company)	42.56	-	29.98

Notes:

1. The above results have been reviewed by the Audit Committee along with the Limited Review Report given by the Statutory Auditors and the same was taken on record by the Board of Directors of the Company at its meeting held on 23rd October, 2009.

2. There were no investor complaints at the beginning of the quarter. A total of 33 complaints were received during the quarter ended 30th September 2009 which were resolved. There are no complaints at the end of the quarter.

3. Company has only one business segment i.e. “Retail”.

By order of
the Board

Place : Mumbai
Date : 23.10.2009

Vijay Biyani
Whole time Director

INDUSTRY OVERVIEW

The information in this section is derived from various government publications and industry sources. Neither we nor any other person connected with the Issue have verified this information. Industry sources and publications generally state that the information contained therein has been obtained from sources generally believed to be reliable, but that their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured.

Growth in Indian Economy

Over the last few years India has had one of the largest gross domestic product growth rates, across the world, and consistently. In the last two years, gross domestic product growth is estimated to have been 9.6 per cent (2006-07) and 9% (2007-08). (Source: India Retail Report 2009) In recent times a combination of private and public investments as well as steady liberalization of regulations has lead to business growth and individual prosperity in India.

Effective macroeconomic management during recent years ensured that India remained one of the fastest growing economies among emerging market economies in an environment of macroeconomic and financial stability. The average annual growth in real national Net National Product for the years 2002-05 was about 6.55% and about 9.48% for 2005-08. Also, India has initiated several structural reforms by opening up of the economy to the external sector in phased manner, which has imparted a degree of dynamism to its business environment. (Source: India Retail Report 2009)

Indian Retail Industry

The Indian retail market has been gaining strength, riding on the sound vibes generated by a robust economy that has given more disposable incomes in the hand of the consumer who will keep demanding better products and services, and a better shopping environment.

The retail market in India is estimated at about US$ 410 billion and constitutes about 60% of private consumption and about 35% of India's GDP. With Indian GDP expected to grow at 7-8% in the next coming years, the retail market is expected to touch US$ 860 billion by 2018. In recent years, this sector has witnessed a lot of interest from both domestic and global players, who have committed investments worth $30 billion, which will lead to increase in the share of modern retail from the current 4.5% to almost 25% of the total retail market by 2018. (Source: India Retail Report 2009)

Global Retail Industry

Across the developed world, the organized retail sector and the retail behemoths play a significantly large role in economic and social transformation. From controlling the impact of inflation, to catalyzing domestic consumption, from spurring economic activity to supporting the growth of small and medium enterprise, large retailers shape macro-economic trends in developed economies. In addition, they provide huge direct and indirect employment opportunities. (Source: India Retail Report 2009)

Growth in Organised Retail in India

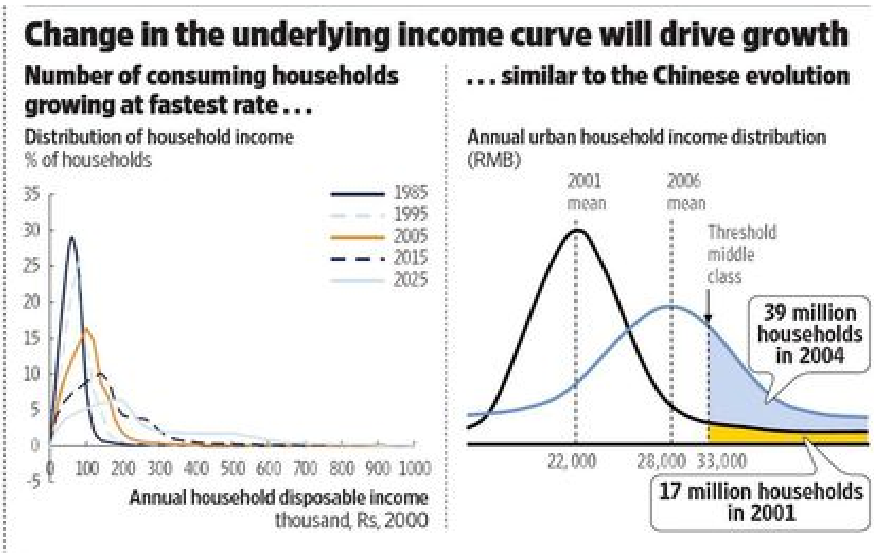
Earlier, most modern retail was targeted at upper middle/upper class of consumers. Today, more broad-based formats are being planned. Modern retail targeted hardly 1% of the Indian population. This has grown to about 7-8% of the population now and is expected to reach at least 40-50% in the next five years. Modern retail has now also expanded beyond the top 8-10 cities. It has now already spread to almost 60-70 cities of the country and is expected to reach about 500-600 towns/rural hubs in the coming years. In recent years, more retailers are looking at partnering with global players, which helps reach out to consumers with well-known brands. Thus helps Indian retailers in introducing formats, which are currently not there in their portfolio and also allows them access to the best global practices in sourcing, store operations, merchandising etc. (Source: India Retail Report 2009)

Over the last few years, Indian retail has been witnessing rapid transformation in many areas of business by setting scalable and profitable retail models across categories. Indian consumers are rapidly evolving and accepting modern retail formats. By 2011, India will have an additional 280 hypermarkets, 3,200 supermarkets, 400 department stores and approximately 1200 mega specialty stores and 20,000 exclusive brand outlets. Organised retailers in India today remain primarily focused on the essential building blocks of a successful retail model. Organised retail also results in various positive externalities, such as, improvements in logistics an infrastructure and efficiencies in the supply chain. (Source: India Retail Report 2009)

Organised Retail – Growth Drivers

Rising income levels

The prospering economy in the last decade has increased the number of upper middle class and middle class households by 158.6% and 62.5% respectively, increasing their purchasing power considerably. The real driver for the India retail sector has been the bottom 80% of the first layer and the upper half of the second layer of the income map. This section, with around 400,00,000 households earns between US$4,000 and US$10,000 annually and comprises salaried employees and self-employed professionals. It is expected to grow to 650,00,000 households by 2010 and play the role of a major growth driver for retailing of various categories.

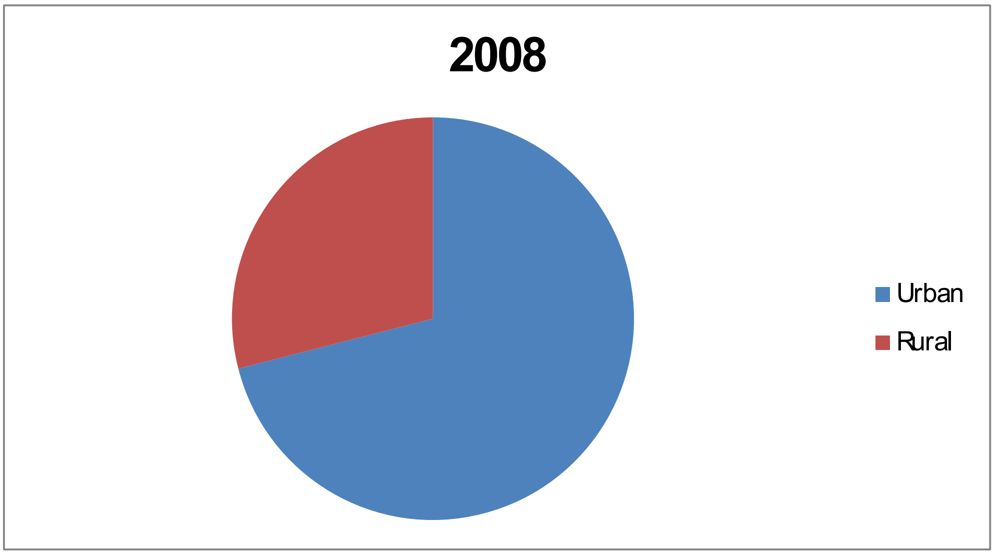


Source: McKinsey & Company Inc., The Great Indian Bazaar, August 2008

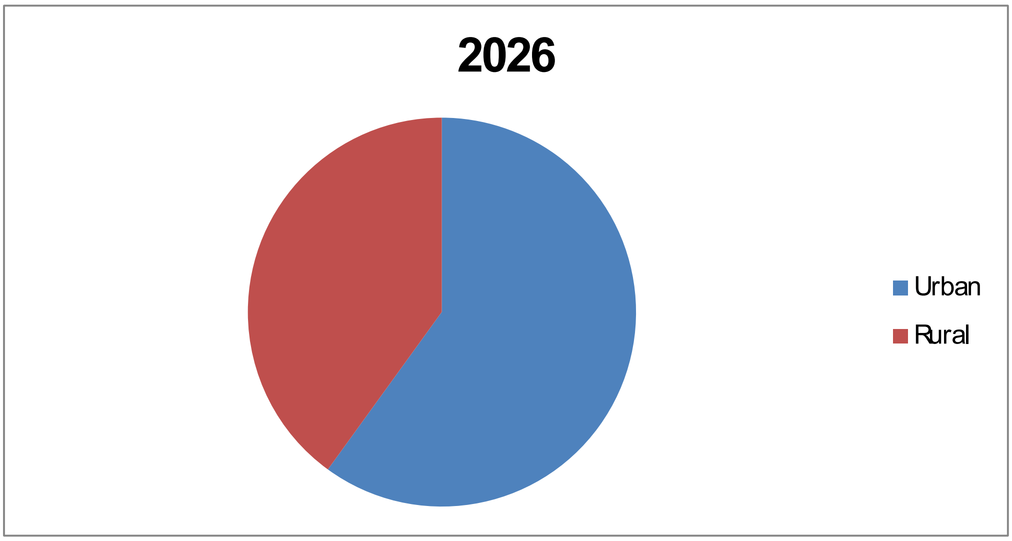
Growth in youth and urban population in India

More than 50% of India's population is under 25 years of age. The youth has been driving growth in the market. The power of youth today is evident in its large numbers, propensity to consume and in its ability to influence larger household decisions. Additionally the income of the present youth is far higher than that of the previous generation and hence they are more prepared to spend more money than earlier generations

India's population is also urbanizing at a rapid pace with the urban Indian population projected to increase from 28% to 40% of the total population by 2020. The transition has led to an increased demand for goods and retailers are ensuring to meet this growing demand at various price ranges to match the needs of the diverse group of consumers.



Source: India Retail Report 2009



Source: India Retail Report 2009

Availability of brands and merchandise

The increase in the fashion awareness amongst Indians and the availability of the leading international and local brands, merchandise and accessories at various outlets in the malls has contributed to the growth of the organised retail sector in India.

Media proliferation

In India the media has contributed substantially towards the growth of organized retail. The main components of the media industry that have played a pivotal role in the growth of organised retail industry are television, radio and print media.

With a growth of 7% in Sales promotional advertising in 2007 over 2006, nearly 60% of advertisements of big retailers were for sales promotions during Jan-May'07. Within sales promotions, maximum usage of price and multiple promotions is observed. The lion's share of 35% is for discount promotions followed by 29% of multiple promotions and 19% of Add on promotions. For the period January – July 2008 the three media advertisement expenditure for durable brands stands at a total of Rs. 96,49,49,000 on TV, Rs.2,59,51,000 on Radio and Rs. 135,24,04,000 on Print.

Availability of quality real estate

There are a few emerging retail spaces in the country which definitely need the attention of developers and retailers. Townships, which support retail activity in various forms, need to plan their retail spaces much in advance understanding the kind of activity an space requirement for the respective retail format.

Increased number of nuclear families

The massive growth of population, increased urbanisation and unavailability of large real estate spaces have led to the growth of nuclear families in the country. The growing number of households has not only pushed the demand for the necessities but the combined mix of greater purchasing power and willingness to spend has resulted in the nuclear family's shifting focus towards luxury/semi luxury products.

Growing female working population

In recent times participation of female workforce in the country's economic activities has increased considerably. The higher purchasing power in the hands of working women compared to the housewives enhances ability of the former to spend much comparatively. Further working women also faces a time constraint for purchasing day to day requirements. Capitalizing on the same the organized retailers have increasingly emphasized on the one stop shop concept wherein all requirements can be under single roof.

Applicable laws and regulations to the retail industry in India

The industry is subject to central government as well as state government legislations, rules and regulations. Every outlet is generally required to obtain licenses from various central and state governmental bodies including licenses from the local municipal corporation for opening our stores and undertaking various activities such as operation of elevators. Further the various Shops and Establishments Acts as applicable in the States where are applicable as in various formats along with the municipal corporation compliances.

Retail Formats in India

Exclusive Brand Outlets (EBOs)

EBOs are retail outlets that sell merchandise exclusively of one brand, normally having the store name as the brand name itself. EBOs are typically located on high streets or within malls. The key advantages for a brand in selling through its own EBOs vis-à-vis multi brand outlets are:

- Enhanced brand visibility leading to a better market penetration;
- Extensive and complete range of the brand can be offered creating clear branding;
- The store interiors can be coordinated and designed to reflect the image of the brand unlike in multi brand outlets;
- The brand can continuously experiment with its sales and marketing strategies with complete freedom, devoid of any interference; and
- EBOs get direct feedback, accurately and promptly from its customers, leading to better product innovation and higher sales in the long run.

Last three years have seen a quick turnaround for this format as rising brand awareness and growing aspirations of the Indian customer have led to a preference of brands over non-branded local merchandise. (Source: India Retail Report 2009)

Hypermarkets

A hypermarket is a very large retails store offering a massive range of products at low prices. It is a combination of a discount store and a supermarket. Internationally, hypermarkets can be up to 300,000 sq. ft. in size, but in India, the size varies between 50,000 to 150,000 sq. ft. (Source: India Retail Report 2009) In India the main hypermarkets are Big Bazaar (the Company), Star Bazaar (Trent India), HyperCity (K Raheja Group), Vishal Megamart (Vishal Group), Reliance Mart (Reliance Retail) and More Hyper (Aditya Birla Retail).

Supermarkets

A supermarket is a self-service store of a size varying between 5,000 to 15,000 sq. ft., offering mainly food items such as groceries, fresh and frozen products along with non-food items like toiletries household articles, health and beauty products, stationery and gift items. They are generally located close to residential localities in local shopping centres. (Source: India Retail Report 2009) Some of the major supermarkets in India are Food Bazaar, Nilgiri's, Sabka Bazaar and Spencer's.

Department Stores

Department stores are large stores ranging from 15,000 to 100,000 sq. ft. that sell a wide variety and deep assortment of merchandise. These stores are sectioned into separate departments such as kidswear, ladieswear, menswear and toys. Well-known brands are sometimes given exclusive spaces in the stores to display their merchandise separately. (Source: India Retail Report 2009)

Pantaloons, Shoppers Stop, Globus, Lifestyle, Westside and Ritu Wears are prominent chains of department stores in India.

Discounters/Factory Outlets

Discount stores sell a wide variety of merchandise with limited service and at low prices. A retailer achieves this by purchasing in bulk directly from manufacturer at big discounted rates and passing this benefit to his customers. (Source: India Retail Report 2009) In India, some of the discount stores are The Loot, My Dollar Store and Max Retail.

Factory outlets are stores run by the manufacturers themselves or through a franchise. Unlike an EBO, these outlets are small, located on outskirts of towns where realty is cheaper or near their own factories. In a factory outlet the manufacturer sells hi products at a slightly cheaper rate than in a normal store. (Source: India Retail Report 2009)

Convenience and Forecourt

Convenience stores are smaller than supermarkets, ranging from 500 to 3,000 sq. ft. They are conveniently located, mostly near residential areas, in neighborhood markets, at petrol pumps or in community centres. (Source: India Retail Report 2009)

Some the major convenience stores in India are KB's Fair Price shop, Spencer's Daily, East Day, Big Apple, Spinach local, S-Mart and Indiabulls Mart.

Kiosks, Food Courts and Express formats

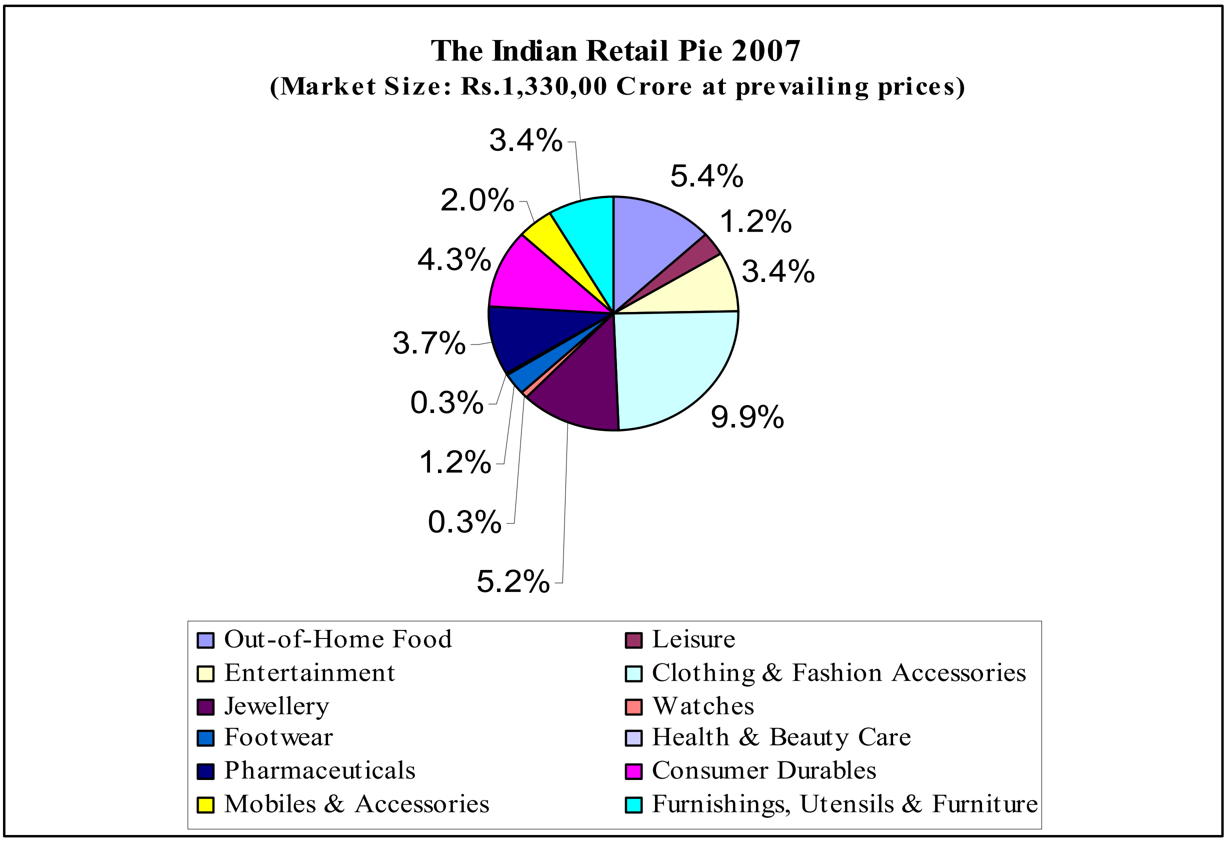
Kiosks are generally 100 sq. ft. in size or smaller, tent like structures, positioned strategically in mall pathways or located centrally in the mall atriums. (Source: India Retail Report 2009)

Specialty Stores/ Category Killers

Specialty stores are retail formats that offer a wide range in a single category such as shoes, apparel, etc. Some Specialty stores offer complementary merchandise categories around a single theme. This format has been very successful in India as these formats deal with categories in which they are best in.

Category killers are specialist stores that offer the biggest assortment in a certain category, at lower prices than specialist stores

Segments in Retail



Source: India Retail Report 2009

Fashion – Apparel and Footwear

- *Apparel*

Fashion is the category where most global players entered the Indian market and gained substantially. Despite the high rentals, fashion retailers like Guess, Gas, Levi's, Benetton, Gucci, Marks and Spencer etc. have opened their largest stores in India.

In 2007, clothing and fashion accessories had a 38.1% market share in the organized retail pie, valued at Rs. 29,800 Crores. Out of the overall retail pie, clothing and accessories hold a 9.9% share at Rs. 131,300 Crores. Indian apparel industry is valued at Rs. 1,22,400 Crores in 2007, as against the previous years' revised figures of Rs. 1,06,000 Crores. In volume terms, 566.4 Crore units were sold in 2007, as against last years' 533.2 Crore units. The overall value growth in 2007 over 2006 was 15.5%, while volumes grew at 5.9%. Based on the existing trend, it is projected that the Indian apparel market will grow to Rs. 1,71,500 Crores by 2010. There has been a 5.9% growth in volume sales in 2007, as compared to 4.7% in 2005 and a 15.5% growth in value terms from 13.6% in 2005. The total market size in 2007 was Rs. 122,400 Crores out of which the share of the menswear segment was Rs. 49,260 Crores (40.2% share), womenswear segment was Rs. 42,360 Crores (34.8% share) and kidswear and uniforms segment was Rs. 30,510 Crores (24.9% share). (Source: India Retail Report 2009)

- *Footwear*

The footwear retail segment grew 12% in 2007 as against a 9.2% growth in 2006 while the organised segment grew 42.3% and 36.4% respectively for the two years. The branded footwear segment grew at a much faster rate at 34.2% and was estimated to be approximately Rs. 6.861 Crores in 2007, as against Rs. 5,198 Crores in 2006. The organised footwear market is expected to further grow up to Rs. 8,919 Crores by 2008. (Source: India Retail Report 2009)

Some of the major retailers in the Indian footwear retail market are Metro Shoes, M&B Footwear, Khadim's, Bata and Liberty. The Company has entered into a joint venture with Liberty to set up Footmart Retail, their format called The Shoe Factory.

Food and Grocery

In 2007, in the overall retail pie food and grocery was the dominant category with 59.5% share, valued at Rs. 792,000 Crores in 2007. Food and grocery is the second largest category accounting for 11.5% of the organised retail market at Rs. 9,000 Crores. The food and grocery retail categories achieved 55.2% growth in 2007. At constant prices, the overall food and grocery retail segment grew at 2.3% in 2007, compared to a 2.2% annual growth in the previous two years. The organized retail segment in this category had a 50% growth in 2007 as compared to 42.9% in 2006. (Source: India Retail Report 2009)

Some of the major retail formats in the food and grocery segment are Food Bazaar (the Company), More (Aditya Birla Retail Limited), Reliance Retail (Reliance Retail Limited), Spencer's (RPG Enterprises), Foodworld Supermarkets Limited, Nature's Basket (Godrej Agrovet Limited) etc.

Furnishings and Furniture

The overall furnishings and furniture segment grew at 7% in 2007 as compared to 3.2% in 2006. The organised furnishings and furniture segment grew at 29.7% in 2007 as compared to 23.1% in 2006. (Source: India Retail Report 2009)

The major retail formats in the furnishings and furniture segment are @Home (Nilkamal Limited), Art d' inox (Jindal Stainless Limited), Bella Casa (Bella Casa India Private Limited), Ebony Gautier, Godrej Lifespace (Godrej & Boyce Manufacturing Company Limited), Home Stop, Home Town (Home Solution Retail (India) Limited) etc.

Consumer Durables

In the overall Indian retail market, consumer durables (Rs. 57,500 Crores) is the fifth largest industry. In the organised retail segment, consumer durables with 9.1 % market share is at the fourth place (Rs. 7,100 Crores). Organised retailers are growing at almost 30-40% per annum, with categories like laptops, LCD/Plasma and mobiles phones growing at almost 100% every year. (Source: India Retail Report 2009)

The major players in the consumer durables segment are Sony, Videocon, Ezone, Reliance Digital, IStore, Vivek's, Bose, Jumbo Electronics, Canon, Philips Arena, Panasonic, HCL Digilife, Acer, Croma, Vijay Sales and Sony Mony.

Catering Outlets

In the year 2007, much of the growth in catering services of 25.1% and in leisure retail of 23.3% was utilized by unorganized retailers. In both the abovementioned categories, growth of organized retail was higher in 2006 (41.7% and 26.1% respectively) as compared to 2007 (37% and 25% respectively). The current and expected future exponential rate of its growth will see the industry cross Rs. 18,10,000 crore by 2010. (Source: India Retail Report 2009)

The major players in the catering outlets segment are Yum! Restaurants, McDonald's, Blue Foods, Cafe Coffee Day, Barista, Baskin Robbins, Domino's Pizza, Costa Coffee, Blue Foods, Yo! China, Nirula's and Subway.

Fitness and Personal Care

In India the health industry is on a growth path as more and more Indians are acknowledging the benefits of being healthy. However, the segment is still nascent and largely unorganised but given the pace of urbanization, this segment is set to grow at a much faster pace in the coming years, with existing players investing in domestic and international expansion.

The major retail formats in the fitness and personal care segment are VLCC, Talwalkars, Lakme Beauty Salons, Gold's Gym and Kaya Skin Clinic.

Trends in consumer spend in India and the growth in consumption and changing spending patterns

After income growth, the second largest factor driving India's development as a consumer market will be its continued population growth. Accompanying this population growth will be an increased rate of household formation. Thus with rising incomes, the creation of a massive middle class, and a growing population, India consumer markets by 2025 will be substantial.

Rise in household incomes and affordability, aided by increasing urbanization, has played a significant role in this shift in consumption. Among urban households, this expenditure has declined to 42%, thereby underlining the trend that with increase in per capita expenditure is spread among other commodities besides food. This shift in personal expenditure represents huge business opportunities for aggregators. Lifestyle changes and multicultural shifts have also resulted in increasing adoption of alternate dietary habits across regions.

Consumer Profiling

The Indian households can be classified into five economic groups based on real annual disposable income:

Globals

The households in this group enjoy an annual disposable income of over Rs. 0.1 Crore per annum and comprise the richest people in the country. The group traditionally consisted of senior corporate executives, large business owners, politicians, big agricultural-land owners and top-ties professionals. It now also includes a younger, upwardly mobile section – mid-level executives and graduates from India's best colleges who are offered the highest salaries in the country.

Strivers

The households in this group have an annual disposable income of Rs. 500,000.00 to Rs. 0.1 Crore per household. This group consists of highly successful people in cities, towns and villages who have established sources of income and substantial savings. It includes businesspeople, professionals, government officials and medium-scale industrialists.

Seekers

The households in this group have an annual disposable income of Rs. 200,000 to Rs. 500,000 per household. By far the most varied economic group in terms of employment, attitude, age and other variables, this group includes those fresh out of colleges as well as traditional white-collar employees, mid-level government officials and medium-scale traders and businesspeople.

Aspirers

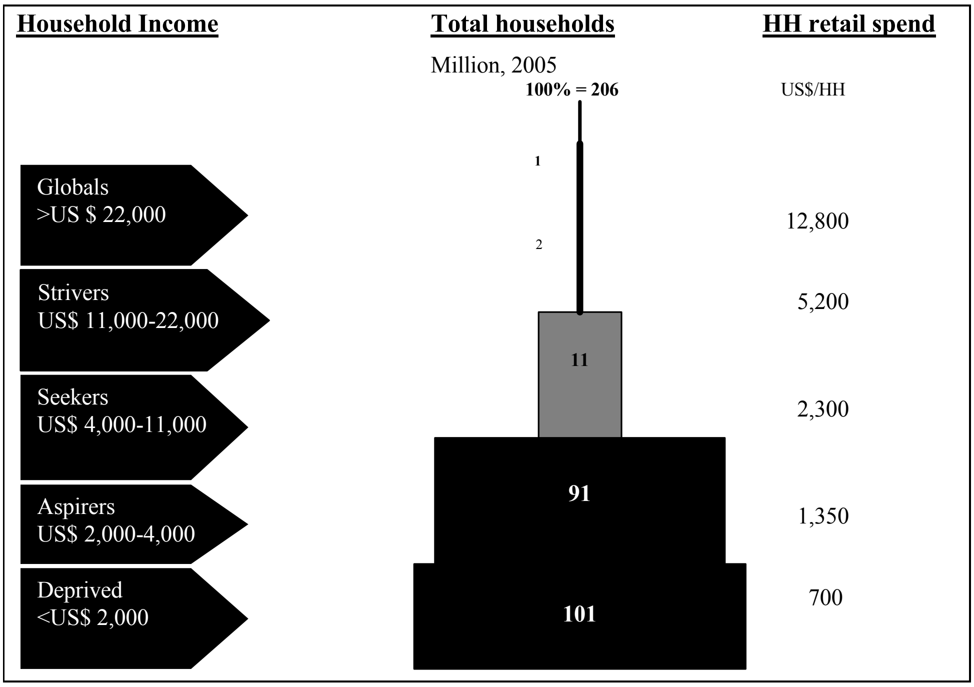
The households in this group have an annual disposable income of Rs. 90,000 to Rs. 200,00 per household, this group includes small shopkeepers and farmers, and low-skilled workers in industries and services. People in this group spend about half of their income on basic necessities.

Deprived

This group consists of the poorest households in the country with an annual disposable income of less than Rs. 90,000 per household, making ends meet through unskilled or low-skilled activities.

(Source: McKinsey & Company Inc., The Great Indian Bazaar, August 2008)

INDIA HAS FIVE MAIN CONSUMER SEGMENTS



Source: McKinsey & Company Inc., The Great Indian Bazaar, August 2008

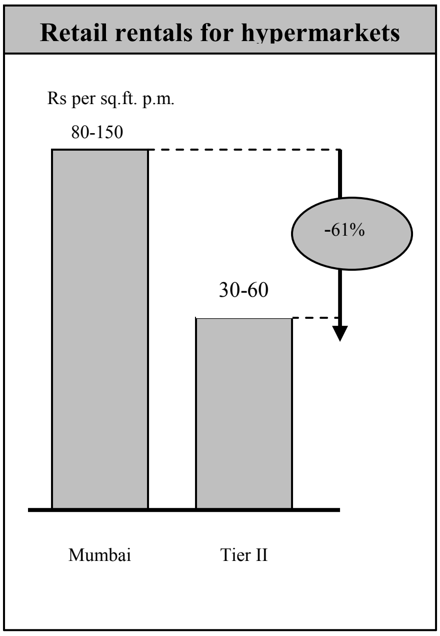
Challenges in Indian Retail

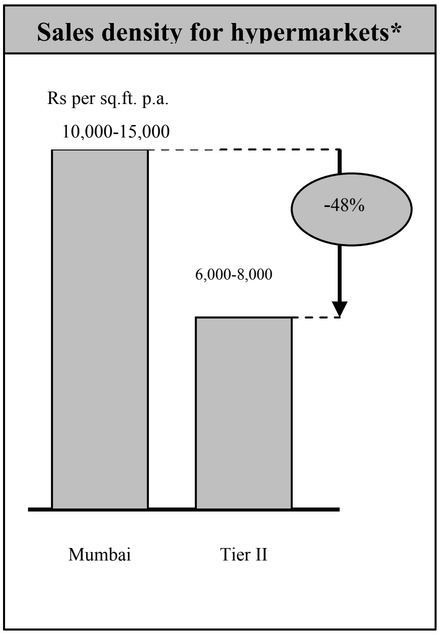
1. Real Estate/Retail Space:

The real estate challenges faced by the retailers in India are twofold. The first is securing retail space in India's top-10 cities, where competition is high and focused on a limited number of sites and the rents being placed at international benchmarks. The second challenge is in finding viable business model for the rest of the cities, where land is available at low rents but sales density is even lower.

Demand for retail space is high in India's top-10 cities, which are currently the focus of retail development. In most of these cities, unfortunately, there has been limited supply of retail space, attributable to the restrictive land-use regulation, lack of effective city planning and high demand for other forms of real estate (such as commercial office space). This combination of high demand and low supply has raised rents both in absolute terms and as a percentage of costs. The rents in these cities are comparable to the world's highest. The real estate costs incurred by Indian retailers range from 5 to 12 percent of sales compared with 1 to 5 percent for an international hypermarket retailer. For a specialist retailer, real estate costs range from an estimated 15 to 30 percent of sales compared with 10 to 12 percent for a similar retailer in other markets.

With respect to the remaining 5,400 urban centres (outside the top-10 cities), as aforementioned, the challenge will be in making adequate returns given low sales densities. In smaller cities, land is cheaper and hence operating costs are typically 30 percent lower when compared to the tier-I cities. However, lower density and lower incomes result in a 45 percent lower average sales productivity.
(Source: McKinsey & Company Inc., The Great Indian Bazaar, August 2008)





- Lower rentals
- Lower sales density
- New format needed to make money

* For prime locations as anchor tenants

Source: McKinsey & Company Inc., The Great Indian Bazaar, August 2008

2. Inventory Management:

In India the credit periods for food, grocery and FMCG stands at just 7 to 10 days as against 45 to 60 days internationally. The practice of giving shorter credit period ensures that retailers invest as much in working capital as they will in their stores. Indian retailers will need to build a world class IT system all the way from point of sale to supplier ordering, that will coexist with an underdeveloped physical supply chain to deliver the right products to customers at the right time at the lowest cost. (Source: McKinsey & Company Inc., The Great Indian Bazaar, August 2008)

3. Lack of Regulation:

In the case of the Indian retail industry, the lack of regulation in several associated areas together with unstable evolution of the sector, increases business risk. It has become important that the retailers help reform regulation through effective conversations with the regulators and the government.

A lack of zoning and redevelopment laws hinders land acquisition and pushes up rentals. Indian cities have no zoning laws, making the real estate acquisition a risky affair. Further, since retail is not classified as an essential service, land is not earmarked for retail sites in town planning. Most city development authorities in India equate retail with other commercial space, even while redrawing cities and planning new townships, not giving retail importance as an essential service.
(Source: McKinsey & Company Inc., The Great Indian Bazaar, August 2008)

4. Popularity of Traditional Retail:

The organized retail sector would take time to completely outplay the existing traditional retail sector. Shopper attitudes, existing regulations and a cost advantage over the organized retail will preserve the popularity and viability of traditional retail. The street vendor and the neighbourhood store (kirana store) benefit not just from the Indian's habit of buying fresh food often making convenient location a must. They also gain from their sagacity in offering credit and home delivery. These stores have for long maintained accounts for households, waiving payment till the end of the month and sending goods to the door, at just a phoned-in-request. Kirana stores also enjoy lower operating costs and higher asset turns. (Source: McKinsey & Company Inc., The Great Indian Bazaar, August 2008)

5. Economic Slowdown

Just as the growth of the retail sector was reaching into the not so profitable geographies and beginning to ride on not very efficient structures, economic growth has begun to slow down dramatically. From a 9 per cent-plus growth rate in previous years, a variety of agencies expect GDP to grow between 7.5 and 7.9% in 2008-09. Further, the Prime Minister's Economic Advisory Council forecasts a GDP growth rate of 6.8% in 2009-10.

The recent slowdown in the economy because of worldwide increase in prices if crude and inflationary pressure in food/commodities has impacted consumer sentiments leading to doubts on the sustainability of the high trajectory growth of the modern retail.

Further, 2006 and 2007 brought about increases in two critical cost heads: real estate and human resource. Thus retailers are facing higher operating costs, and on the other hand demand seems to be weaker than they have expected. For businesses that have been launched in the last 5-7 years such a situation is completely new. (*Source: India Retail Report 2009*)

BUSINESS

Overview

We operate one of the leading organised multi-format retail businesses in India and operate, directly and indirectly through our subsidiaries, associates and joint ventures, retail stores in various formats across fashion, food, general merchandise, home improvement, furnishing solutions and consumer durables and electronics.

We started our retail business with the first Pantaloons store in Kolkata in the year 1997 and have since expanded to have a pan India presence with approximately 737 stores in 72 cities in India as of October 31, 2009 in 29 formats, covering total retail space of 1,23,41,947 Sq. ft. We have promoted several retail formats, including Pantaloons, Central, Big Bazaar, Food Bazaar, E Zone and Home Town and private labels across various lines of businesses like DJ&C, Bare, John Miller, Tasty Treat, Fresh and Pure, Cleanmate, Dreamline, Koryo and Sensei. Further, we have developed and operate specialised businesses offering consumer finance, insurance, logistics, brands, media, knowledge services, online retail service and training in retail services. These specialised businesses support as well as capitalize on our resources as a leading retailer in India. Our early mover advantage has not only helped us develop a wide network of stores across India in various formats but also establish brand equity for the Company as well as for our various formats and private labels.

The Company is the flagship company of the Future Group, a leading Indian business group promoted by Kishore Biyani. The Future Group with a focus on consumption-led businesses has demonstrated the ability to identify, incubate and grow various consumption-led businesses in India including retail business operated by the Company, consumer finance operated by Future Capital, brand development operated by Future Brands, logistics and supply chain management by Future Logistics, online retailing operated by Future Bazaar and training in retail services by Future Learning and Development.

The Company was awarded the International Retailer for the Year 2007 by the National Retail Federation, United States which is the world's largest retail trade association with over 1.4 million members globally. It was also awarded the Emerging Market Retailer of the Year 2007 at the World Retail Congress in Barcelona.

We operate our stores in various cities as indicated in the map below:

On a standalone basis, our sales, including other operating income grew at an annual rate of 25.61% from Rs. 5,048.91 Crores for the year ended June 30, 2008 to Rs. 6,341.70 Crores for the year ended June 30, 2009. Our net sales grew at an annual rate of 55.99% from Rs. 3,236.74 Crores for the year ended June 30, 2007 to Rs. 5,048.91 Crores for the year ended June 30, 2008.
On a consolidated basis, our net sales grew at an annual rate of 31.31% from Rs. 5,840.54 Crores for the year ended June 30, 2008 to Rs. 7,669.04 Crores for the year ended June 30, 2009. Our net sales grew at an annual rate of 68.39% from Rs. 3,468.56 Crores for the year ended June 30, 2007 to Rs. 5,840.54 Crores for the year ended June 30, 2008.

On a standalone basis, the total area under operation grew at an annual rate of 22.74%, from 78,77,232 Sq. ft. for the year ended June 30, 2008 to 96,68,501 Sq. ft. for the year ended June 30, 2009. The total area under operation grew at an annual rate of 53.07%, from 51,46,310 Sq. ft. for year ended June 30, 2007 to 78,77,232 Sq. ft. for the year ended June 30, 2008.
On a consolidated basis, the total area under operation grew at an annual rate of 22.54% from 95,91,340 Sq. ft. for the year ended June 30, 2008 to 1,17,53,301 Sq. ft. for the year ended June 30, 2009. The total area under operation grew at an annual rate of 62.79% from 58,91,776 Sq. ft. for year ended June 30, 2007 to 95,91,340 Sq. ft. for the year ended June 30, 2008.

On a standalone basis, our profit after tax grew at an annual growth rate of 11.60% from Rs. 125.97 Crores for the year ended June 30, 2008 to Rs. 140.58 Crores for the year ended June 30, 2009. Our profit after tax grew at an annual growth rate of 4.99% from Rs. 119.98 Crores for the year ended June 30, 2007 to Rs. 125.97 Crores for the year ended June 30, 2008.
On a consolidated basis, our profit after tax reduced by 54.08% from Rs. 21.93 Crores for the year ended June 30, 2008 to Rs. 10.07 Crores for the year ended June 30, 2009. Our profit after tax reduced by 38.29% from Rs. 35.54 Crores for the year ended June 30, 2007 to Rs. 21.93 Crores for the year ended June 30, 2008.

On a standalone basis, the number of our stores grew at an annual rate of 6.91%, from 246 stores for year ended June 30, 2008 to 263 stores for year ended June 30, 2009. The number of our stores grew at an annual rate of 53.75% from 160 stores for the year ended June 30, 2007 to 246 stores for year ended June 30, 2008.
On a consolidated basis, the number of our stores grew at an annual rate of 33.52% from 531 stores for year ended June 30, 2008 to 709 stores for year ended June 30, 2009. The number of our stores grew at an annual rate of 97.40% from 269 stores for the year ended June 30, 2007 to 531 stores for year ended June 30, 2008.

On a standalone basis, our employees have reduces in number from 21,187 as on June 30, 2008 to 20,091 as on June 30, 2009. As of October 31, 2009, we have 21,422 employees. On a consolidated basis, our employees grew in number from 31,601 as on June 30, 2008 to 33,576 as on June 30, 2009. As of October 31, 2009, we have 34,689 employees.

The Board, pursuant to its resolution dated October 30, 2009, approved proposals for restructuring of certain of its business divisions and subsidiaries. The proposed restructuring includes the following initiatives:

- The Company proposes to transfer its value retail businesses, which include Big Bazaar, Food Bazaar, Depot and Navras and certain warehouses, to a its wholly owned subsidiary, Pantaloon Future Ventures Limited, since renamed as Future Value Retail Limited, through a slump sale. This shall be done primarily to ensure a focused approach for further growth and expansion of these formats. This transfer is believed by the Company to enable capital infusion and effective implementation of its expansion plans. The Company, pursuant to the postal ballot notice dated November 7, 2009, has sought the approval of its shareholders to approve this transfer.

- The Company proposes to sell certain of its support business, including of Future Brands, FKS and FLDL to a promoter group company for an aggregate consideration of Rs. 190 Crores. This, the Company believes, will enable it to unlock value in its specialised support businesses.

- The Company proposes to undertake such restructuring in order to garner further investments in its financial services businesses namely FCH and Future Generali with an aim to raise fresh capital for the growth of these businesses. The Board shall carry out all activities and execute any scheme or arrangement required to implement these objects.

For risks associated with the proposed restructuring, please see '*Risk Factors*'.

Our Competitive Strengths

Our key competitive strengths are as follows:

Our early mover advantage

We started our retail business in 1997 in Kolkata with one Pantaloon store and as of October 31, 2009, we operate 737 stores in 29 formats across 72 cities in India. Our early mover advantage has not only helped us develop a wide network of stores across India in various formats but also establish brand equity for the Company as well as for our various formats and private labels. It has also enabled us to lock in key locations for our stores at competitive rentals in various cities in India, including the eight tier I cities in terms of population and income, being; Mumbai, Delhi, Chennai, Kolkata, Bangalore, Hyderabad, Pune and Ahmedabad (*Source: "The Great Indian Bazaar" August 2008 - Mckinsey & Company*). Further through our key retail locations we have been able to access a large and loyal consumer base enabling our new formats easier acceptability and recognition.

Our early mover advantage has enabled us to create efficient processes to cater to end to end consumption spending cosmos. This has also enabled us to develop specialised businesses that provide us logistic and information technology support, develop, acquire and manage brands, provide consumer finance and insurance services.

Deep understanding of the retail sector and evolving needs of the Indian consumer

As one of India's leading retailers with over 12 years of experience, we have developed a deep understanding of, the retail and consumption-led sectors in India. We believe that our insights into consumer behaviour have contributed to the development of our various retail formats and specialised businesses. This insight has enabled us to strategize, develop and promote new retail formats to cater to evolving needs of Indian consumer. Further, our operations in various lines of businesses enable us to cross sell our products across formats.

We cater to the consumer requirements across various consumer segments through our formats like Big Bazaar - a hyper market, Food Bazaar - a super market, Pantaloons - a departmental store, Central, Brand Factory and Home Town - seamless malls, E Zone - a consumer durable and electronics store and through other retail formats like aLL and KB Fair Price. We also operate specialised businesses like consumer finance through 'Future Money', a division of Future Capital and insurance products through Future Generali.

One of our core values is 'confidence in Indianness' and we operate our business based on Indian values and beliefs, which helps us reach, connect with and service a wider customer base.

Nation-wide presence and economies of scale

Our presence in 72 cities across India, through approximately 29 type of formats in various lines of businesses that include food, fashion, fashion accessories, home improvement, consumer durables and electronics, furniture and general merchandise, is geared to cater to 'consumption spending'.

Further, as on October 31, 2009, we operate our business through 737 stores under 29 formats spanning across 72 cities covering an aggregate area of 12,341,947 Sq. ft. We operate 565 stores in Mumbai, Delhi, Chennai, Kolkata, Bangalore, Hyderabad, Pune and Ahmedabad, the tier I cities in terms of population and income (*Source: "The Great Indian Bazaar" August 2008 - Mckinsey & Company*), and the aggregate area under operation in these cities is 81,27,142 Sq. ft.

Due to the scale that we have achieved over the past 12 years, we have been able to understand and implement processes to make our front end and back end functions and execution capabilities efficient and cost effective. We have been able to achieve economies of scale by increasing the scope of our operations at a consistent pace and by providing efficient, convenient and cost-effective services to our customers. Further, due to our scale and presence across India, we have been able to develop efficient category management processes that enable us to offer competitive deals to our customers and make our operations cost effective.

Our Brand Equity

We have developed well recognized formats like Big Bazaar, Pantaloons, Central, Food Bazaar, Brand Factory, Home Town and E Zone. Due to the recognition and acceptability of these formats, we have been able to develop a loyal customer base. As on October 31, 2009, the 'Green Card' program had 13,75,778 members.

Further, brand equity of these formats has enabled us to retail products under private labels. Some of the private labels that we retail through our formats include John Miller**,** Lombard**,** Bare**,** DJ&C**,** Buffalo**,** RIG in fashion; Tasty Treat**,** Premium Harvest**,** Fresh & Pure**,** Care Mate and Clean Mate under food and home care segment**,** Koryo and Sensei in consumer durables and electronics and Dreamline in general merchandise and home improvement.

Further, we have entered into strategic partnerships with well recognised brands. We have developed strategic partnerships with Staples Asia Investment Limited to distribute office products, with Talwalkers Better Value Fitness Private Limited to set up gymnasium and retail health and fitness equipments and the Generali Group, Italy to promote insurance products.

Project execution and operations capabilities

We have an experienced project team of 150 employees which enables us to roll out new stores quickly and seamlessly. This has allowed us to grow from 531 stores as on June 30, 2008 to 709 stores as on June 30, 2009 and to 737 stores as on October 31, 2009. Through such an expansion, we believe that we have developed efficient business processes and expertise that enable us to optimize resources to execute projects in multiple locations at competitive costs and in minimal time.

We have been able to optimize the usage of our resources by developing specialized businesses that support our retail functions and increase our efficiency and provide us a cost advantage. We are able to execute projects in multiple locations as we have our project execution team operating at the corporate, zonal and site level. Due to our scale and efficient logistics, we are able to execute projects at different locations at competitive costs. Our average store turn around time for Pantaloon is four to six months, for Big Bazaar is nine to 12 months, for Food Bazaar is nine to 12 months, for Central is four to six months and for Brand Factory is five to seven months.

Robust internal retail support systems

We have developed robust internal support systems for logistics, brand development, information technology and training that enable us to capitalize our resources efficiently as a leading retailer in India.

We utilize logistics services offered by our subsidiary, Future Logistics which include factory-gate logistics, storage and fulfillment, retail store replenishments, movement (nationwide and intra-city), cold chain, reverse logistics to international logistics and distribution services as well as services of 55 distribution centres warehouses in 29 cities across India, covering an aggregate area of 30,67,538 Sq. ft and handling over 33,11,392 SKUs as on October 31, 2009. The distribution and logistics set up is networked through efficient information technology systems, and enable us to deliver merchandise to the store within 24 to 36 hours of receipt /generation of auto replenishment order. This has helped us optimize our in-store availability of merchandise and achieve inventory efficiency while ensuring availability of products at all stores as per customer needs, as well as reducing our operational costs.

We utilize business and technology services provided by our subsidiary, Future Knowledge Services which include business and technology advisory, technology infrastructure procurement and management, software services, finance and accounting services, product lifecycle management and payroll management. We utilize brand development services rendered by our subsidiary, Future Brands which includes creation, management and licensing of intellectual property including trade marks and copyrights. Through our subsidiary, Future Learning and Development we undertake training in retail skills, hiring and management of employees with adequate skills.

However, the Board, pursuant to its resolution dated October 30, 2009, has approved divestment of certain of our support businesses, including Future Brands, FKS and FLDL to a promoter group company for an aggregate consideration of Rs. 190 Crores. Thus, pursuant to execution of the sale of investment/ business and assets of these subsidiaries, our internal retail support system capabilities will be adversely affected. For further details, please see '*Risk Factors*'.

Our entrepreneur led and professionally managed, experienced team

We have an experienced professional management team led by Kishore Biyani, the Managing Director of the Company and the Group Chief Executive Officer of the Future Group. He is one of the leading entrepreneurs in the retail sector in India.

Our management team consists of a team of professionals with relevant domain expertise and retail oriented functional specializations from FMCG and service industry background with professional qualification in their respective fields.

Further, our management team has been able to complement our expansion with the ability to create adequate systems and processes.

Our management team is complemented by a committed work force that enables us to operate, synergise and integrate our front-end and back-end operations efficiently. Our human resources policies aim to create an engaged and motivated work force, which is essential for success in any service oriented industry such as ours. Our human resources and retention policies, that include training programs, aim to create a motivated work force, which is essential for the retail industry. In April, 2007 we were ranked 14th in amongst 230 companies surveyed for "Best Employers in India 2007", a study conducted in partnership with The Economic Times by Hewitt Associates, which is a global human resources service company.

Our Strategy

We intend to maintain and enhance our position as a leading retail entity through continued focus on the Indian market and investing further in our competitive strengths to grow our business. The key elements of our business strategy include:

Increasing our share in the consumer spend through increase in our customer base, customer loyalty and expansion of our operations

We intend to enhance our customer base through increasing our presence in various cities in India, and drive cross spending across various formats. We are specifically focusing to achieve dominant share of consumption spending in the eight tier I cities in terms of population and income in India, being Mumbai, Delhi, Kolkata, Chennai, Bangalore, Hyderabad, Pune and Ahmedabad (*Source: "The Great Indian Bazaar" August 2008 - Mckinsey & Company*). As on October 31, 2009, we operate 156 stores in Mumbai, 127 stores in Delhi, 55 stores in Kolkata, 21 stores in Chennai, 33 stores in Hyderabad, 34 stores in Pune, 44 stores in Ahmedabad and 95 stores in Bangalore.

We intend to increase our share in the consumer spending in India by launching new formats or by adding categories to our existing product range to cater to consumers across Indian society in various consumption spaces. Pursuant to the same, we have launched Brand Factory, where we retail branded fashion clothing and accessories at discounted prices and KB Fair Price store, where we retail dry grocery, staples and FMCG products at competitive prices. We also leverage our existing customer base by cross selling our products sold through various formats through initiatives like issuing cross format discount vouchers.

We have initiated various programs to encourage movement of customers across our formats and to retain and add more customers to the existing base. We have initiated a 'Future Privilege Card Program' wherein an employee of the Group can nominate two members to be a part of program and avail discounts and promotional benefits across our stores. We have also launched the "Future Prepaid Shopping Card" in February, 2008 in Pune, April, 2009 in Bangalore and February, 2009 in Kolkata which enables the customers a credit free shopping with a bonus value that may be used as immediate discount. We, through Pantaloons have introduced a scheme with the Jet Airways Frequent Flier Program – 'Jet Privilege', where a Jet Privilege member can avail of Green Card membership and avail an opportunity to earn benefits on the Jet Privilege card and Green Card discounts.

To expand our operations, we intend to continue to identify properties that we believe may be viable retail property spaces at strategic locations and enter into arrangements to lock such properties for our formats to be launched in the future. We are at various stages of negotiations to enter into arrangements for locking such retail property for our future requirements to open stores and expand our formats. This will enable us to maintain our position as a leading retailer in India, as well as grow our market share by being present at strategic retail locations. As of October 31, 2009, we have entered into arrangements to lock in retail space in 70 cities in India, aggregating to 99,01,734 Sq.ft.

Expanding our lines of business for profitable growth

Pursuant to our vision statement, "*everything, everywhere, everytime to every Indian Consumer*" We intend to cater to various segments of the consumer space in India by providing goods and services that a customer would require at a convenient location and with appropriate ambience to the said customer.

We currently operate formats and offer products and services to consumers through various lines of businesses. Certain of our formats have reached a critical mass and acceptability amongst customers, whereas there are certain formats that are being developed to reach such a mass. Thus, we continue to develop and design, source and innovate new products, services and formats for our retail business.

Whilst we intend to increase the size, scale and market share of our leading formats, we also intend to increase our focus on sale of such products categories that have higher profit margins. We also intent to focus on the development of our specialised formats that cater to specific consumption spaces like Planet Sports for sportswear, Staples for office products, Ethnicity for ethnic wear, Star and Sitara for unisex salon services and aLL for clothing for women and men of plus sizes.

Expanding the retail of products under our private labels and enhance the brand equity of such labels

In addition to the retailing of products under various brands, we offer products in fashion, food, consumer durables and electronics under our private labels. These private labels help us offer better value proposition to the customers for various products. Our private label initiative and focus offers us a differentiating factor as compared to our competition and at the same time helps us improve margins and strengthen merchandise mix.

Our leading formats with brand equity provide our private labels a unique opportunity to be retailed along with other branded products. Further, we intend to acquire, develop, strengthen and promote private labels in various lines of businesses like fashion, food, general merchandise, home, electronics and consumer durables. We intend to further develop private labels like Knighthood, DJ & C, Bare, John Miller in fashion, Koryo and Sensei in electronics, Tasty Treat**,** Premium Harvest and Fresh & Pure, in food, Care Mate, Clean Mate and Dreamline in home segment as mass product brands by expanding their reach across consumer segment.

Enhance focus on efficiency, cost and return on investments by leveraging our logistics business

We, over a period of time have made investments in and focussed on our logistics business to bring operational efficiencies as well as generate revenue for us.

Through Future Logistics, we have developed know how on supply chain solutions across categories, which is critical to success of our retail business. Our focus on supply chain efficiencies has and shall ensure better management and control over our inventories. The resultant efficiencies shall reduce capital blockage in slow moving inventory and enable us to focus on key fast moving SKUs thereby improving our product margins and having positive impact on our return on investment due to higher inventory turns. We also intend to leverage our vendor base and investments in logistic and supply chain business by offering third party logistic solutions.

Pursuant to the integration of our logistics businesses, we intend to leverage our investments in it by enhancing efficiency, reducing cost of operations and expanding the scope of its activities.

To develop best talent and skilled workforce and inculcate best business practices

We believe that the key to our success will be our ability to continue to maintain and grow a team of talented and experienced professionals. We have been successful in building such a team and intend to continue placing special emphasis on managing attrition and attracting, training and retaining our employees. We intend to recruit best talent available across various industries, train them as per our value system and provide them opportunities to learn, experiment and innovate.

We intend to continue to encourage our employees to be enterprising and contribute constructively to our business through effective training and management.

To promote development of retail skills, Future Learning and Development have entered into a memorandum of understanding with Indira Gandhi National Open University to offer a four week certified program in retail skills through our centres in Ahmedabad, Bangalore and Kolkata. Pursuant to our focus on effective training of our employees, we undertake internal training programmes like ‘Prism’, a fast track career development programme and ‘Disha’, a specialized career development programme for high performing employees. We also undertake workshops called ‘Prarambh’ as an induction exercise for new employees of the Group.

Our Business

Our business is broadly organised into retail formats and specialised businesses. Our retail formats are geared to cater ‘consumption spending’ in various lines of businesses. Our specialised businesses support in developing our retail infrastructure as well as capitalize on our resources.

We cater to the lines of business that are indicated in the chart below, which we believe, form the consumption cosmos for a consumer in India:

Our retail formats are geared to capture 'consumption spending' in key categories that are mentioned below:

Food:

We operate formats like Food Bazaar and KB's Fair Price stores that cater to 'consumption spending' in the food category. Through various formats operated by us, we not only undertake physical retailing of food products like fruits and vegetables, wet and dry grocery, packaged food items and FMCG products, we are also involved in online retailing of food products through www.futurebazaar.com. We also operate a 'no-frills' retail stores called KB's Fair Price stores, which retails food products at competitive prices. We are also involved in sale of staples and other food products under private labels owned by us through our formats.

Fashion:

The key formats we operate in fashion are Pantaloons, Central, Big Bazaar and Brand Factory, for retail of fashion clothing. Amongst the lines of business that we operate in, fashion has been our core focus and we have over the past two years increased our investment and initiatives towards branding and marketing and have undertook expansion of this line of business by developing formats that cater to various categories of customers based on price-range and age-group. Thus we operate exclusive fashion format like Pantaloons, seamless mall offering various brands under one roof like Central, an all-year discount store offering national and international brands like Brand Factory and Ethnicity for offering ethnic wear. We introduce a number of publicity campaigns to promote our formats, like we launched the "Fashion @ Big Bazaar" campaign in May, 2008 to promoter our new fashion collection at Big Bazaar.

Fashion Accessories:

We offer various fashion accessories like sunglasses, imitation and pure jewellery, sports wear, sports goods and accessories, perfumes, watches and cosmetic items through our formats. Some of our specialized formats that retail in fashion accessories are Blue Sky that retails in branded and private label sunglasses and watches, Navaras that retails pure jewellery, Big Bazaar and Central that retail, amongst other products, which include in imitation and pure jewellery, perfumes, watches and cosmetic items. Further, we retail various brands of sportswear, sports goods and accessories through Planet Sports and Sports Warehouse.

Consumer Durables and Electronics:

We operate formats like E Zone, Electronic Bazaar and Home Town where we offer a range of electronic and electrical products that include televisions, washing machine, refrigerator, air conditioners, laptops and computer accessories and household appliances that include steam iron and microwave.

Furniture:

We cater to this category through Furniture Bazaar, Collection I, Home Town and Home Town Bazaar. Home Town is a large format store providing hard and soft furnishing. We retail in furniture and home decoration products like modular kitchens, lighting, furnishings and crockery at affordable prices through Furniture Bazaar. 'Collection I' is an exclusive furniture store and is involved in the retail of home decor, offering latest models in furniture, furnishings and home décor products.

Home Improvement

We provide one-stop shop solutions for setting up of homes through our Home Town and Home Town Bazaar stores, where we offer national and international brands in home improvement products like paint and sanitary and light fittings, furnishing like carpets and upholstery, home décor like flowers, kitchen solutions like chimney and modular kitchen and electronics like consumer durables and information technology products.

Health, Beauty and Pharmacy:

We operate formats like Talwalkars Fit and Active, where we provide gymnasium facilities as well retail of fitness equipment, Star and Sitara, where we provide unisex beauty salon services and Tulsi, which is a pharmacy.

Leisure and Entertainment:

We operate various formats as restaurants and family entertainment centres like the Bowling Company, F123, the Sports Bar, Sports Bar Express, the Brew Bar and Chamosa.

Communication:

Through our formats One Mobile and Axiom, we retail mobile handsets, airtime recharges, mobile accessories and landline instruments.

Books, Stationary and Music:

We retail exclusively in office supplies and related products through our format Staples, which serves businesses of all sizes through delivery as well as cash-and-carry locations. We also retail books, music and stationary through our format Depot.

General Merchandise

We retail in utensils, plastic products, crockery, toys, luggage and stationary through Big Bazaar and Big Bazaar Best Deals.

The retail formats that we operate in the above-mentioned categories can be divided into the following:

1. **Leading formats** – We categorise our formats like Big Bazaar, Pantaloons, Food Bazaar and Central in the matured category as these formats are believed to have achieved acceptability amongst customers as well as adequate brand recognition. Further, these formats retail multiple products and cater to various categories of 'consumption spending'. Other formats that are included in the category of matured formats are Brand Factory, KB's Fair Price, E Zone and Home Town.

2. **Specialised formats** – We categorise certain formats as specialised formats as such formats retail in specific product categories and are not involved in retailing of multiple product categories. Formats that are included in the category of specialised formats are aLL, Electronic Bazaar, Furniture Bazaar, Staples, Planet Sports, Sports Warehouse and F123.

3. **Other formats** – We categorise certain of our formats in the incubation category as these formats are in the process of development and have not reached the optimum level of consumer acceptability, scale and brand recognition. Other formats that we consider are part of the incubation category are like Ethnicity, Depot, Kurta Company, Big Bazaar Best Deal, Top 10, Star and Sitara Saloon, Talwalkars Fit and Active, Collection I, Home Bazaar, Sports Bar Express and Chamosa.

We believe that the products we offer to our customers comprise of a broad range of value retail and lifestyle products, a mix of retailing formats coupled with the facility of entertainment and leisure.

Retail Formats:

A description of our leading retail formats is set forth below:

1. Big Bazaar

Big Bazaar operates as a hypermarket and the first Big Bazaar store was launched in October, 2001 in Kolkata covering an area of 25,000 Sq.ft. Big Bazaar is designed as an agglomeration of bazaars, providing a hospitable ambience to cater to every section of the society. Big Bazaar offers more than 100,000 products across categories like apparel, general merchandise, food products, cosmetics, home needs, electronics, furniture, communication products, books, music, gold and pearl jewellery and value added services like consumer credit, beauty salons and travel services. Through Big Bazaar stores, we believe we fulfill our value proposition "*is se sasta aur acaha kahi nahi!"* by offering quality products at affordable prices to the customers.

At Big Bazaar we undertake several promotional offers to our customers. In celebration of Republic Day, the Company introduced a three days shopping bonanza at Big Bazaar called the '*sabse saste teen din'* which is now an annual event. Further, the Independence Day of India is called the "*Maha bachat*" as we offer various discounts and schemes on the products retailed through Big Bazaar. On every Wednesday, our Big Bazaar and Food Bazaar stores offer products at cheaper prices and it is called the *"Hafte ka sabse sasta din".* We have also recently launched our promotional campaign "*Fashion @ Big Bazaar"* for the promotion of our fashion business. This is an initiative to offer fashion clothing and accessories at an affordable price range for all age groups. The in-house communication in Big Bazaar seeks to ensure that all the customers are offered an opportunity to gain from a special offer and service boys ferry around a trolley with the products, announcing the scheme facilitating the customer to pick up the products easily.

Big Bazaar won the 'CNBC Awaaz Consumer awards 2009' for being the most preferred multi product chain and most preferred multi brand food and beverage chain. Also, in a Brand Equity's top service brands survey Big Bazaar has been ranked 9th in India. In May 2008, Big Bazaar was awarded the 'Best Retailer of the Year (Hypermarket)' by the Indian Retail Forum, the 'Most Admired Food & Grocery Retailer of the Year – Hypermarkets' and the 'Most Admired Food and Grocery Retailer of the Year – Consumer's Choicer' by Coca-Cola Golden Spoons Awards 2008.

We operationalised 34 Big Bazaar stores in the Fiscal Year 2008 and added 26 stores in the Fiscal Year 2009.

As on October 31, 2009, we have 119 stores in Big Bazaar retail formats spanning 66 cities. We have Big Bazaar stores in the following locations:

S. No	Name Of City	Number of Big Bazaar stores	Aggregate area under operation (in Sq. ft.)
1.	Agra	2	105,460
2.	Ahmedabad	3	214,900
3.	Ahmednagar	1	36,000
4.	Allahabad	1	36,800
5.	Alwar	1	37,302
6.	Ambala	1	35,000
7.	Anand	1	36,000
8.	Aurangabad	1	105,000
9.	Bangalore	9	608,000
10.	Baroda	1	56,468
11.	Belgaum	1	57,000
12.	Bharuch	1	51,157
13.	Bhubaneshwar	2	98,900
14.	Burdhwan	1	63,000
15.	Chennai	3	143,861
16.	Cochin	1	86,000
17.	Coimbatore	1	69,000
18.	Cuttack	1	31,965
19.	Darjeeling	1	69,000
20.	Delhi	5	232,295
21.	Dhanbad	1	82,865
22.	Durgapur	1	46,000
23.	Ghaziabad	2	126,118
24.	Gurgaon	2	116,000
25.	Guwahati	1	72,475
26.	Gwalior	1	41,211
27.	Haldia	1	32,000
28.	Hubli	1	57,000
29.	Hyderabad	5	357,379
30.	Indore	1	50,000
31.	Jaipur	2	87,056
32.	Kanpur	2	84,766
33.	Karad(Satara)	1	18,576
34.	Kharagpur	1	39,876
35.	Kolhapur	1	22,000
36.	Kolkata	7	233,104
37.	Lucknow	2	112,966
38.	Ludhiana	1	36,928
39.	Mangalore	1	37,200
40.	Meerut	2	68,000
41.	Mumbai	10	604,414
42.	Mysore	1	81,018
43.	Nagpur	2	180,700
44.	Nashik	3	119,416
45.	Noida	1	49,000

S. No	Name Of City	Number of Big Bazaar stores	Aggregate area under operation (in Sq. ft.)
46.	Panipat	1	37,000
47.	Pune	6	330,800
48.	Raipur	1	52,000
49.	Rajkot	1	50,000
50.	Ranchi	1	76,500
51.	Sangli	2	45,246
52.	Siliguri	1	48,000
53.	Surat	1	89,000
54.	Tarapur	1	14,454
55.	Thane	1	52,611
56.	Thrissur	1	49,000
57.	Tinsukia	1	20,718
58.	Trivandrum	2	117,161
59.	Udupi	1	38,000
60.	Vashi	1	43,500
61.	Vijayawada	1	54,000
62.	Vishakhapatnam	1	62,400
63.	Zirakpur	1	60,000
64.	Kota	1	35,534
65.	Jabalpur	1	42,000
66.	Udaipur	1	40,920
Total		**119**	**62,88,020**

2. Pantaloons

We started operations of our Pantaloons stores in Kolkata in August, 1997 with an area of 8,000 Sq.ft. The Pantaloons format is our first organised departmental store format providing apparels and accessories for the entire family. It has evolved into a large-format fashion outlet chain targeting the young generation of Indian customers. Pantaloons offers the customers latest fashion for the season and offers a wide variety of products including trousers, shirts, casual wear, western and ethnic wear for women, children's clothes, accessories and jewellery. Pantaloons retail its products under the tagline "*Fresh Fashion*". Through Pantaloons, we provide a combination of private label and third party labels to our customers. Our loyalty program called 'Green Card' in our Pantaloons format currently has approximately 13,75,778 members as on October 31, 2009. We offer our 'Green Card' holders reward points on their purchases special offers and discounts and invitations to exclusive events and promotions. The 'Green Card' program accounted for approximately 54.43% of our sales in Pantaloons stores for the year ended June 30, 2009.

Pantaloons has been awarded as the 'Most Admired Private Label Award' at Images Fashion Forum 2009.

We commenced operations eight Pantaloons stores in the Fiscal Year 2008 and five in the Fiscal Year 2009.

As on October 31, 2009, we have 45 Pantaloons stores in 25 cities operating in the following locations:

S. No	Name Of City	Number of Pantaloons stores	Aggregate area under Operation (in Sq. ft.)
1.	Agra	1	11,000
2.	Ahmedabad	3	77,642
3.	Bangalore	2	35,550
4.	Baroda	1	20,000
5.	Bhubaneshwar	1	58,000
6.	Chennai	2	36,000
7.	Delhi	4	81,590
8.	Ghaziabad	1	19,000
9.	Gurgaon	2	52,000
10.	Guwahati	1	38,000

S. No	Name Of City	Number of Pantaloons stores	Aggregate area under Operation (in Sq. ft.)
11.	Hyderabad	2	47,375
12.	Indore	1	20,000
13.	Kanpur	1	30,000
14.	Kolkata	5	270,960
15.	Lucknow	1	20,000
16.	Mangalore	1	23,550
17.	Mumbai	8	198,693
18.	Nagpur	1	34,151
19.	Nashik	1	18,230
20.	Noida	1	27,800
21.	Pune	1	8,000
22.	Rajkot	1	18,000
23.	Siliguri	1	18,500
24.	Surat	1	23,000
25.	Zirakpur	1	20,745
Total		**45**	**12,07,786**

We also operate Pantaloon Factory Outlet as a chain of retail formats offering discounts to customers. The Pantaloon Factory Outlet stores focus on the youth as its customers and offer them branded merchandise at affordable prices through various discount schemes.

The Pantaloon Factory Outlet store was launched in October 1992 with a store in Ahmedabad covering an area of 1,200 Sq.ft.

As on October 31, 2009, there are 25 Pantaloon Factory Outlet standalone stores operated by us.

The Pantaloon Factory Outlet operates at the following locations:

S. No	Name of city	Number of Pantaloon Factory Outlets	Aggregate area under Operation (in Sq. ft.)
1.	Ahmedabad	2	5,850
2.	Bangalore	2	9,800
3.	Baroda	1	3,800
4.	Chennai	1	4,400
5.	Cochin	1	3,000
6.	Hyderabad	3	12,211
7.	Kharagpur	1	5,890
8.	Kolkata	5	11,670
9.	Mumbai	7	32,167
10.	Nagpur	1	4,500
11.	Pune	1	2,800
Total		**25**	**96,088**

3. Central

Central is a seamless mall offering the *"Shop, Eat and Celebrate!"* experience to the Indian customer. The concept of seamless mall is relatively new to India and the design of the mall does away with in-between walls and shop-in-shops, thus offering the customer an unobstructed shopping experience.

Central offers over 500 national and international brands offering its customers a range of options to choose from in apparel, footwear, cosmetics, fragrances, eyewear, handbags, accessories for men, women and children books and musicunder one roof. Central provides us with an opportunity to showcase our private labels admist other national and international brands, thereby improving the visibility of our private labels. Central also houses restaurants like Java Green, Smokin' Joes', Gelato Italiano, Not Just Dosas, Bombay Blues, Copper Chimney and Noodle Bar. Further, Central also hosts marketing events like 'Youth Buzz' and 'War of the DJs'.

Central also offers various value added services like '*Beauty Central'* provides an opportunity to the customers to get a makeover done and '*Radio Central'* where customers can request the disc jockey to play their favorite songs and other value added services like '*Wi-Fi Central'*, '*Gift Central'* and '*Flower Central'*.

The first Central opened in Bangalore on May 14, 2004, which is spread over 125,000 Sq. ft. across five floors and provides customers with a an array of facilities ranging from shopping, eating, leisure and entertainment. Central format has been awarded the "Critics Choice for Pioneering Effort in Retail Concept Creation" Award at Images Fashion Forum 2009.

We launched our first Central store in the Fiscal Year 2007, started operations of three more Centrals in the Fiscal Year 2008 and added two Centrals in the Fiscal Year 2009.

As on October 31, 2009, we have 11 Central malls operating in the following locations:

S. No	Name of city	Number of Central malls	Aggregate area under operation (in Sq. ft.)
1.	Bangalore	2	3,85,000
2.	Baroda	1	1,09,440
3.	Gurgaon	1	1,05,000
4.	Hyderabad	1	2,35,385
5.	Indore	1	2,25,000
6.	Mumbai	3	3,30,105
7.	Pune	2	2,27,000
Total		**11**	**16,16,930**

4. Food Bazaar

We forayed into food retailing with Food Bazaar in April 2002. It began as a part of Big Bazaar and also operates as standalone oulets in addition to being part of Big Bazaar. The standalone Food Bazaar oulet was launched on Januray 21, 2004 in Kolkata. The first Food Bazaar oulet covered an area of 10,000 Sq.ft. Food Bazaar provides a wide product range from fresh fruits, vegetables and staples to FMCG products and ready-to-cook products at wholesale prices. It stocks about 50,000 to 60,000 SKUs per location. Food Bazaar's core concept is to create a blend of a typical Indian market and international supermarket atmosphere with the objective of giving the customer all the advantages of quality, range and price associated with large format stores. Food Bazaar offers the Indian consumers convenience, cleanliness and hygiene through pre-packed commodities while retaining Indian's preference of "see - touch - feel" created by displaying products out in the open while offering the products at competitive prices. Food Bazaar also provides home delivery services to the customers.

Processed food and non - processed food form the dominant category in Food Bazaar. This category includes products from various FMCG companies in India as well as a wide assortment of imported, health and speciality foods. In 2003-2004, a series of initiatives were launched to bring convenience into the daily shopping habits of the consumers which included:

- "*Live dairy*" - providing fresh milk and milk products like cottage cheese, butermilk, ghee, and low fat milk
- "*Live grinding facilities*" - customers can buy wheat, spices and have it ground
- "*Live bakery*" - providing freshly made bread and bakery products
- Fresh juice corner
- "*Live kitchen*" - customers have the option of buying vegetables and getting them chopped and semi or fully cooked.

These "live services" has been introduced keeping in mind the Indian consumer preference for fresh food.

In September 2009, Food Bazaar was awarded as most admired retailer of the year under Food and Grocery segment. Food Bazaar was awarded the "Most Admired Food and Grocery Retailer of the Year – Supermarkets" by Coco-Cola Golden Spoon Awards 2008.

We started operations of 11 new standalone Food Bazaars stores in Fiscal Year 2008. In Fiscal Year 2009, in order to rationalise utilisation of space, we closed five Food Bazaars.

As on October 31, 2009, we have 28 standalone Food Bazaars, spanning across 12 cities. As on October 31, 2009, we have standalone Food Bazaar stores operating in the following locations:

S. No	Name of city	Number of Food Bazaar stores	Aggregate area under operation (in Sq. ft)
1.	Bangalore	3	25,000
2.	Baroda	1	7,500
3.	Bhubaneshwar	1	2,500
4.	Delhi	4	28,202
5.	Ghaziabad	1	18,868
6.	Hyderabad	1	6,100
7.	Indore	1	7,000
8.	Kolkata	3	25,075
9.	Mumbai	9	135,201
10.	Nagpur	1	4,987
11.	Pune	2	7,928
12.	Secunderabad	1	6,200
Total		**28**	**274,561**

5. Brand Factory

Brand factory is a fashion value retail chain offering national and international brands. It offers more than 500 brands at 20%-50% discount to the maximum market price products around the year. Brand Factory seeks to provide its customers "*Best Brands Smart Prices*" by offering best national and international brands at smart prices.

The stores offers a wide range of products including apparels for men, women and infants, ladies' accessories, cosmetics, footwear, sportswear, luggage, home linen and much more. Brand Factory offers its customers many Indian and international fashion brands including Arrow, Esprit, Bossini, Van Heusen, Louis Philippe, Levis, Lee, Pepe Jeans, Dockers, Wrangler, Lee Cooper, Weekender Kids, Bare and Chalk and Lee Kids.

We commenced operations of our Brand Factory stores in October 2006 through a store in Bangalore covering an area of 70,000 Sq.ft. We operationalised one Brand Factory store in the Fiscal Year 2008 and two Brand Factory stores in Fiscal Year 2009.

As on October 31, 2009, we have 10 Brand Factory stores operating in the following locations:

S. No	Name of city	Number of Brand Factory stores	Aggregate area under operation (in Sq. ft)
1.	Ahmedabad	2	88,834
2.	Bangalore	2	129,064
3.	Ghaziabad	1	55,000
4.	Hyderabad	2	128,408
5.	Kolkata	1	47,619
6.	Mumbai	1	14,990
7.	Pune	1	50,000
Total		**10**	513,915

6. KB's Fair Price

KB's Fair Price is a small 'no-frills' format store retailing staple foods such as dry groceries, FMCG products and other general merchandise. KB's Fair price stores provide products at competitive prices in line with its philosophy "*Bachat hi Bachat*". The KB's Fair Price format stocks only limited SKUs. KB's Fair Price stores are located in clusters in the neighbourhood of our potential consumers providing them with easy access and convenience of purchase. The focus of KB's Fair Price stores is consumers in urban and semi-urban markets.

The first KB's Fair Price store was launched in Delhi in August 2007 covering an area of 1,950 Sq.ft. We introduced 101 KB's Fair Price in Fiscal Year 2008 and in order to rationalise space usage, we closed 11 KB's Fair Price stores in Fiscal Year 2009.

As on October 31, 2009, we have, 93 KB's Fair Price stores spanning across three cities operating in the following locations:

S. No	Name of city	Number of KB's Fair Price stores	Aggregate area under operation (in Sq. ft.)
1.	Bangalore	27	32,168
2.	New Delhi	45	42,212
3.	Mumbai	21	19,571
Total		93	93,951

7. E Zone

'E Zone' is an electronic speciality store that offers a wide range of consumer durables and electronic brands. The first E Zone store was launched in Indore in April 2006 covering an area of 15,389 Sq.ft. Each E Zone store provides dedicated zones to enable a complete electronics offering in line with its philosophy, "*Experience Electronics*". These zones are the liberation zone, the experience zone, the home zone and future zone. The liberation zone offers various personal products like computers, laptops, handy cams, MP3 players and mobile phones and allows the customer to fiddle with the products to help understand the feel of the product. The experience zone allows the customer to experience the products through displays of entertainment products such as plasma / LCDs, flat television sets, home theatre systems, DVD players, and stereo systems and the home zone segment, provides a range of refrigerators, air conditioners, washing machines, microwave ovens among other kitchen related appliances. The future zone offers various products including children's gizmo, electronics and educational aids. Among other brands, E Zone also offers our private labels Koryo and Sensei.

E Zone stores are primarily standalone stores but they are also present in Central Malls. We introduced nine E Zone stores in Fiscal Year 2007, 14 E Zone stores in Fiscal Year 2008 and 12 E Zone stores in Fiscal Year 2009.

As on October 31, 2009, there are 37 standalone stores spanning across 12 cities in India in the following locations:

S. No	Name of city	Number of E Zone stores	Aggregate area under operation (in Sq. ft.)
1.	Ahmedabad	1	15,071
2.	Bangalore	8	112,101
3.	Chennai	3	49,817
4.	Delhi	5	70,165
5.	Ghaziabad	1	7,839
6.	Hyderabad	3	27,029
7.	Indore	2	21,589
8.	Kolkata	3	43,941
9.	Mumbai	8	1,07,180
10.	Pune	1	15,259
11.	Siliguri	1	10,679
12.	Surat	1	9,513
Total		**37**	**4,90,183**

8. **Home Town**

Home Town stores are one-stop destination to cater to the requirements for setting up a home and endeavours to make the task of building a home less cumbersome and more enjoyable. The first Home Town store was launched in Noida in April 2007 covering an area of approximately 98,144 Sq.ft. Home Town is an amalgamation of value-lifestyle propositions and therefore seeks to target all sections of the society. Home Town offers a range of products including sofa sets, dining tables, kids furniture, kitchen fittings, bathroom fittings and furnishings.

Home Town stores are divided into three sections – exhibition, markets and services. In the exhibition section, Home Town stores provide a display of various rooms such as the living rooms, dining room, kitchen, bedrooms and bathrooms. The markets section features products for living market, dining market, bedroom market, kids' room market, kitchen market, bathroom market, home furnishings and mattresses. The services section offers services of carpenters, plumbing, of an electrician, painting and for various installation. Home Town also displays products from major manufacturers, represented across various categories such as tiles, sanitary ware, bathroom fittings/fixtures, paints and furniture.

We started operations of four Home Town stores in Fiscal Year 2008 and one Home Town stores in Fiscal Year 2009.

As on October 31, 2009, Home Town stores are being operated through seven standalone stores, spanning across seven cities, at the following locations:

S. No	Name of city	Number of Home Town stores	Aggregate area under operation (in Sq. ft.)
1.	Ahmedabad	1	133,500
2.	Bangalore	1	111,131
3.	Hyderabad	1	131,500
4.	Kolkata	1	157,011
5.	Lucknow	1	79,445
6.	Noida	1	98,144
7.	Pune	1	124,498
Total		**7**	**835,229**

A brief description of our specialised formats is provided below:

1. **aLL**

aLL is our exclusive store dedicated to the fashion needs of both plus size men and women and has been launched as a single dedicated stand-alone store. It was launched in Vashi, Mumbai in July 2005 and as on October 31, 2009, we operate eight aLL across six cities stores with store size ranging from 600 Sq.ft. to 1,800 Sq.ft.

2. **Electronic Bazaar**

Electronic Bazaar currently operates within Big Bazaar stores and offers the best deals in branded electronic goods and appliances. It was launched in Mangalore in April 2006. Presently, we operate one standalone Electronic Bazaar store in Mangalore of an area of 2356 Sq.ft.

3. **Furniture Bazaar**

Furniture Bazaar is an exclusive furniture and home décor store that offers trendy Indian and imported products at affordable prices. It was launched in Mangalore on April 2006. As on October 31, 2009, there are 13 stores of this format in 12 cities in India ranging from 2,463 Sq.ft to 10,963 Sq.ft.

4. **Staples**

Staples is involved in the business of office supplies and related products. It was launched in Bangalore on December 2007. As on October 31, 2009, there are 10 stores of this format spread across four cities in India ranging from 3,000 Sq.ft to 14,000 Sq.ft.

5. **Planet Sports**

Planet Sports, a sportswear chain offers international brands in sports category including, Speedo and Wilson. The first Planet Sports store was launched in Delhi in April 2000. As on October 31, 2009, there are 59 stores of this format spread across 23 cities in India ranging from 1,000 Sq.ft to 8,000 Sq.ft.

6. **Sports Warehouse**

Sports Warehouse aims to deliver branded products in sports wear and accessories affordable prices in a self-service environment. It was launched in Ahmedabad in October 2005. As on October 31, 2009, there are four stores of this format spread across three cities in India ranging from 1,300 Sq.ft to 3,100 Sq.ft.

7. **F123**

F123 is an entertainment zone and offers a range of gaming options for all age groups. It was launched in Mumbai in July 1999. As on October 31, 2009, there are 23 stores of this format spread across 15 cities in India ranging from 1,200 Sq.ft to 17,800 Sq.ft.

In addition to the leading and specialised retail formats mentioned above, we also operate the following formats:

S. No	**Name of format**	**Business of the format/Products offered**	**Number of Cities as on October 31, 2009**	**Number of stores as on October 31, 2009**	**Aggregate area under operation** (*in Sq. ft*)
1.	Fashion @ Big Bazaar	Fashion @ Big Bazaar retails fashion apparel and accessories for all age groups across categories.	4	5	73,077
2.	Home Bazaar	Home Bazaar retails furnishing products including sofa sets, dining sets and bathroom fittings and also displays various room settings.	1	4	69,112
3.	Collection I	Collection I is a lifestyle furniture store offering home décor, furniture and furnishings products.	3	5	64,148
4.	Ethnicity	Ethnicity is a format offering exclusive ethnic product mix to the urban customer.	2	2	53,658
5.	One Mobile	One Mobile retails communication products, information technology products and accessories.	18	164	53,665
6.	Talwalkars Fit and Active	Talwalkers Fit and Active offers health, fitness and gym services within shopping malls and consumption centres.	5	6	57,806
7.	Sports Bar Express	Sports Bar is a bristo focussed on sports with a large screen for telecast of sport matches, and	5	7	23,780

S. No	Name of format	Business of the format/Products offered	Number of Cities as on October 31, 2009	Number of stores as on October 31, 2009	Aggregate area under operation (*in Sq. ft*)
		décor based on the theme of sports.			
8.	Health Village	Health Village focuses on health, fitness and beauty. It offers allopathic, ayurvedic, homeopathic medicinal products and services with unique services.	3	4	22300
9.	Depot	Retailing of Books, Music and Stationary	5	6	17,900
10.	Star and Sitara Saloon	Star and Sitara is a unisex salon offering skin and hair related beauty services	4	4	11,505
11.	Kurta Company	Kurta Company is a unisex store that offers Indian wear	3	3	2,505
12.	Chamosa	Chamosa is a snack counter that serves variety of tea and snacks	13	32	2,266
13.	Big Bazaar Best Deals	Big Bazaar best deals is a format offering competitive prices for products offered by Big Bazaar such as staples, grocery, electronics, furniture and furnishing.	1	2	2,404

Specialised Businesses

We have developed specialised businesses that support our retail functions, as well as capitalise on our framework of stores and formats. The Board, pursuant to its resolution dated October 30, 2009, approved proposals for restructuring of certain of its business divisions and subsidiaries, which includes divestment of certain specialised support functions like Future Brands, FKS and FLDL. For further details, please see ‘*Business – Overview*’ and ‘*Risk Factors*’.

A description of our specialised businesses is as follows:

Financial Services: The primary business of Future Capital Holdings Limited (“FCH”), a listed entity, comprises of investment advisory services, retail financial services and research. Investment advisory services comprise of providing private equity and real estate investment advisory services to onshore and offshore clients FCH and include providing investment analysis, research and recommendations. The retail financial services division of FCH is called “Future Money”, which is primarily involved in issuance of consumption and personal loans. The research business of FCH conducts and publishes economic research on India with the objective of enhancing value creation across our other businesses.

Insurance: Future Generali India Insurance Company Limited and Future Generali India Life Assurance Company Limited started its operations in May 2008 by offering non-life and life insurance policies respectively. As on October 31, 2009, Future Generali India Life Assurance Company Limited operates through 93 branches in 84 cities and Future Generali India Insurance Company Limited operates through 65 branches in 59 cities.

Media: Future Media India Limited is involved in providing out of home media services at various points of consumption through its access to retail spaces and other consumption spaces like theatres. Future Media owns and creates audio and audio-visual spaces for advertising inside and outside the stores operated by us which include television sets, pillars, facades, kiosks, staircases, trolley, elevators, trial rooms, drop-downs, carry bags, counters and shelves. As on October 31, 2009, Future TV, a division of Future Media, operates 1,460 screens across 37 cities and 133 stores in India.

Brands: Future Brands Limited is involved in the creation, development, management and licensing of intellectual property including trade marks, and copyrights. Future Brands Limited acquires and creates private labels and endeavors to increase the brand equity of these private labels by building, nurturing and marketing them by leveraging the distribution reach of the Company.

Future Brands Limited owns private labels such as Bare, Bare Accessories, Bare Stores, Clean Mate, John Miller, DJ&C Sport, Tasty Treat and Shristi. The Company has entered into various retail licensing agreements with Future Brands Limited whereby it has the right to use the trademarks of the private labels on or in connection with the manufacture, sale and distribution of specified products in its stores in India and on its websites. In addition, the Company has the right to use the trademarks in the advertising and sale of the products. The Company is required to pay royalty for the license granted under these agreements. The Company has entered into such agreements for brands including Buffalo, Bare and D J&C. Future Brands Limited has entered into an agreement with Moda Musica SRL by virtue of which it has the exclusive license to use the brands UMM and Undergirl for sale and production of apparels in India.

Further, Future Brands Limited has applied for registration of trademarks for the logos and marks of certain private labels such as Dreamline, Buffalo, RIG utility clothing, Tasty Treat, John Miller and Food Bazaar Fresh Pure. Some of these are pending registration. HSRIL has applied for the registration of certain trademarks including application for registration of the words and labels for Collection I, ecare, IQIP – International Quality India Standards and Home Town.

Logistics: Through our subsidiary Future Logistics, we operate our end-to-end logistics business, where the focus is on five major verticals, being warehousing, transportation, international logistics and reverse logistics. Further, FLSL manages the supply chain operations like factory-gate logistics, storage and fulfillment, retail store replenishments, movement (nation-wide and intra city), home deliveries, cold chain, freight forwarding, custom clearance, reverse logistics and distribution services for our various formats. Further, FLSL also provides value added services like inventory planning and control support, vendor management, supply chain network modeling, quality assurance, bar coding services, process and productivity management services and packaging solutions. Since March, 2009, we have also started providing logistics related services to third parties.

Online retailing: Through our subsidiary Future Bazaar India Limited which operates the portal www.futurebazaar.com, we have made a foray into online retailing, which caters to consumers who want to explore products and brands from their homes and offices and buy products in an efficient manner through internet. Currently, www.futurebazaar.com provides more than 20,000 products that can be delivered in more than 200 cities and towns in India. www.futurebazaar.com is closely aligned with the physical retail businesses and provides various benefits that are provided through the physical retail businesses of the Company.

Knowledge Services: Through our subsidiary Future Knowledge Services Limited ("FKS"), we provide business and technology services with a mandate to develop and deliver end to end business and technology solutions to the Future Group's retail, logistics and other businesses. FKS is building up a team of business and technology professionals with capability to handle technology-enabled business transformation projects. A low cost delivery centre has been set up in Ahmedabad with a capacity of more that 450 people and space of approximately 22,000 Sq ft. The centre provides us consolidated information technology back end support, business support services, support services to finance and accounts departments, data management and inventory audit services.

The services rendered by FKS include business and technology advisory, technology infrastructure procurement and management, software services, finance and accounting services, product lifecycle management and payroll management.

FKS's services help us to monitor costs, provide us with flexibility and scalability advantages and enable us to focus on our core businesses and processes.

Learning and Development: Through our subsidiary Future Learning and Development Limited ("FLDL"), we undertake training courses in retail skills. We have entered into a we have entered into a memorandum of understanding with Indira Gandhi National Open University to offer a four week certified program in retail skills through our centres in Ahmedabad, Bangalore and Kolkata.

Business Processes

Processes and support functions

Category Management

Through category management we manage products across various categories at different price points, fabrics, design, shapes, seasons, colours and size through various lines of businesses like fashion, food, general merchandise, electronics and communications. A category manager is responsible for key activities being planning, sourcing, procurement and merchandising.

With respect to sourcing/ purchasing, the category managers are entrusted with the responsibility to source right kind of merchandise from right vendor at the right price at appropriate time and location. Further, the category managers review the actual sales versus planned sales and source the material based on feedback from storefront.

Through merchandising, our effort is to make the product easy to understand by defining its price range, size, colour and price. The category managers develop a merchandising strategy for the category, taking into consideration various factors like customer profile, classification, resource structure, vendors, fashion trends, items and price points. The category manager visit various stores and regularly check assortments of merchandise displayed, stock levels and old season merchandise and consult the team leaders and sales people on problems and suggestions.

Visual Merchandising

We believe that visual merchandising is one of the final stages of making a store attractive and appealing to the customer. Visual merchandising involves store window, store directories, in-posters, unit top poster, visual placement of products and highlighting of products in the store. We use our visual merchandising skills to present our merchandise through effective design ideas to increase store traffic and sales volume. This is a critical in store activity with our visual merchandising team deciding on the theme as well as the manner in which the merchandise are to be displayed across our stores. The virtual merchandising department also ensures that visual merchandising, customer experience, and store design are all in synch, creating a conducive environment for the customer to shop.

Supply Chain management

Supply Chain management ensures availability of products at the right time and at affordable cost and is critical in retail business. One of our subsidiaries, Future Logistics provides us supply chain management services.

Our four main domains of consumption being fashion, food, home and general merchandise have varied product lines and distinct requirements that for supply chain solutions. Fashion supply chain requires getting the merchandise to the retail stores in short time to market and low cost to market day. Food supply chain has perishable items that need to reach the retail stores in shortest possible time. It also requires cold chain solutions for storage and transportation of certain range of products. Home products such as furniture, consumer durables and electronics are high value as well as damage prone and require careful handling and transportation. Vast variation in product size and value are exhibited by the products in the general merchandise category. The handling requirements for this domain are also diverse from fragile product like crockery to goods like luggage and household utensils. A substantial volume of this merchandise is voluminous in nature and requires specialised transportation solutions to keep the transportation cost low.

As on October 31, 2009, we have 55 warehouses and distribution centers in 29 cities in India with an approximate aggregate area under operations being 30,67,538 Sq.ft.

Further, we operate reverse logistics centres at which are equipped with refurbishing and repackaging facility to handle apparel returns and are also equipped with carpentry workshop for furniture returns and repairs.

We is utilise "Materials Management & Sales Distribution Module" of SAP for our logistics management. It provides us the visibility, integration and process support that aids in the efficiency of our logistics.

Project Execution Department:

We have a centralized 'project execution' team which enables us to identify and roll out properties quickly and seamlessly. Our store planning process begins two to three months before the property is occupied by us. The operation team facilitates new store to be opened quickly and to integrate the same into our system and provide our customers with the similar experience across all our stores. It also enables our stores to quickly scale up to meet growing customer requirements. The 'project execution' function includes activities like costing, tendering, material procurement, vendor selection and management, construction management, warehouse management and maintenance of asset register in system.

Our 'project execution' team is divided into project management cell, central procurement cell and fixed asset cell. Our project management cell includes teams of designers and site engineers who are involved in budgeting, layout and design of our stores. Our central procurement cell is involved in the procurement of materials and services required by the project management cell. Our fixed asset cell is involved in project closure, creation of fixed asset register and maintaining the fixed asset register in terms of asset transfer, retirement and sales.

Advertising and Publicity

We aim to capture a pie of both the share of wallet and mind of a customer through increasing sales and store traffic and through intensive advertising to provide information about location, offerings and special activities of our formats. We currently follow a three sixty degree marketing approach, which means that we advertise through most of the mediums of communication through media, being television, press, radio, outdoor advertising, internet and mobile. Apart from the round the year advertising, we also undertake special advertising and marketing in event of a launch of any products or formats. As we undertake substantial advertising round the year for various formats and products, we are able to negotiate competitive rates for our advertising spaces in various forms of media.

We undertake various types of promotional activities for our formats based on consumer buying cycles like monthly grocery purchase cycle and festive purchase cycles. Further, we also undertake promotional activities in non-buying cycles by organizing 'end of season' sales at our formats catering to fashion and furniture, 'sabse saste teen din' for our Big Bazaar stores around January 26 every year, 'Wednesday' bazaar for Big Bazaar and the 'Happiness Sale' at Central and Brand Factory. We also organise promotional events like "month of surprises" and "anniversary celebrations" at various formats operated by us.

We also undertake collaborations with films and film personalities, cricketing events and cricketers and fashion events like Miss India for advertising our formats.

We have launched "My World", a monthly magazine in English language for women which features topics such as make up, wardrobe must-haves, adventure gateways and hair tips. As a promotional initiative, "My World" is given away free to select customers at Big Bazaar and Central outlets.

Intellectual Property

As we leverage our brand equity for our growth and development of various formats as well as specialised businesses, we have undertaken registrations of both private labels as well as trademarks related to our formats that we utilize as a part of our business. Future Ideas Company Limited, a Future Group company, owns the trademark in the brand and logo of "Future" and "Future Group" (the "Trademarks"). It has issued a consent letter dated October 1, 2007 (the "Consent Letter") to the Company for absolute right to use of the Trademarks for its various businesses and limited right to use of the same by its subsidiaries. The consent letter is valid for a period of three year from October 1, 2007 or till the detailed terms and conditions in relation to right to use and consent shall be set out in a definitive agreement or for such periods as may be mutually decided between the Future Ideas and the Company, whichever is earlier.

Further, the intellectual property related to our formats, which include the trademark in the name of the respective format, and logos associated with the same are owned by the Company or our respective subsidiaries operating such formats. However, the various private labels are owned by our subsidiary undertaking the specialised business of brand development, Future Brands.

Competition

We face competition from various other retailers that operate stores in formats similar to ours as well as those retailers who retail products similar to the ones sold by us though our formats. These include stand alone stores in the organized and unorganized sector, as well as other chains of stores including department stores.

Our consumer finance business and insurance business, which is still in nascent stages, faces competition from the various established non-banking financial companies providing consumer finance services and established insurance companies respectively.

However, we believe that our position as one of the leading retailers in India with a nation-wide network of stores in various format provides us a competitive edge with respect to not only our retail business but also our specialised businesses.

Information Technology

Information Technology and its management is one of the key elements of our corporate functions as the same has an impact on the scalability, connectivity, security and realtime availability of information for our formats.

Our business planning occurs through a planning tool called 'Cognos Planning', while data analysis is undertaken through 'Cognos Powerplay'. We use the software, 'SAP Financials' to operate our accounting functions. It integrates the accounting function across various locations and formats, and gives us an on-line access to our overall financial position at any given point in time. To manage our front end management, we have developed an in-house software called Retail Enterprise Manager ("REM") which supports customer billing, promotions and loyalty programs across our formats. We also use the software 'mySAP Business Suite - IS Retail Solution' for our core transactions and financial management.

We have a fully integrated transaction processing system which accumulates real time data with respect to key functions such as merchandise management, procurement, manufacturing, warehousing, logistics, inventory management, store operations and financial management.

Further, Future Knowledge Services, is involved in providing information technology related services to us and has set up a low cost delivery centre at Ahmedabad.

Human Resource

Human Resource is one of the critical support functions and forms another key element of the corporate backbone. We have grown from 31,601 employees as of June 30, 2008 to 33,576 employees as of June 30, 2009. As on October 31, 2009, we had 34,689 employees on our rolls on a consolidated basis. The average employee age in the Company is 28 years.

As the number of employees is directly related to the number of regions, distribution centers and shops operational, the number of our employees has been growing sharply in line with our expansion. We believe that service is our core philosophy and people are our most important resources.

As on October 31, 2009, we have 26,315 employees involved in the retail business and 8,374 employees involved in the specialised businesses.

Detail of our employees involved in the retail business is as follows:

S. No	Category	Number
1.	Stores Managerial and Front End staff, Projects, Visual Merchandising	24,314
2.	Store back end staff and Warehousing	182
3.	Merchandisers, Designers, Vendor Development	489
4.	Commercial, Finance and Accounts, Audit, Human Resources, Secretarial, Audit, Information Technology, Legal, Administration, Marketing	1,330
	Total	**26,315**

We place special emphasis on the training of our employees to enable them to develop their skills to meet changing retail technology and to provide effective customer services. We have a well defined learning and development ("L&D") team that is responsible for training at all the levels across the country. The L&D team focuses on primary and secondary research into various aspects of retail and assessment of training needs across knowledge, skills and attitude areas at all levels.

Insurance

We have insured all our stores, distribution centres, warehouses, registered offices, branch offices and other assets against fire accidents, robbery, burglary, house breaking and such other loss and damage to property and allied risks. We review the adequacy of the insurance cover at periodic intervals.

Further, we are also insured for loss of money in transit caused by robbery, theft or other fortuitous event and for the loss of money from a safe, strong room or cash counter caused by robbery. Our stock is also covered under burglary policy. We are insured for the directors and officers' liability covering the loss suffered by us for any wrongful act done by a director or officer of the Company in such capacity. We are also covered by fidelity policy, which protects us against internal employee frauds.

We are also covered by public liability policy, which covers our customers for accidents arising in our premises and group personal accident policy for death or bodily injury suffered by the customers. Apart from workmen compensation policy, we also cover our employees with group mediclaim policy which also includes hospitalisation benefits. We also provide group life insurance policy to certain of our employees.

Properties

The Company owns the premises of its registered office. Further, the Company leases five premises for its zonal offices. Further, we own certain other premises to operate our branch/ corporate offices and registered offices of certain of our subsidiaries.

As on October 31, 2009, we operate our business through 737 stores across 29 formats spanning across 72 cities covering an aggregate area of 123,41,947 Sq. ft.

Following are the details of aggregate area under operation of our formats in the eight tier I cities in terms of population and income (*Source: "The Great Indian Bazaar" August 2008 - Mckinsey & Company*):

S. No	City	Aggregate area under operation (*in Sq. ft.*)
1.	Mumbai	18,43,313
2.	Bangalore	15,83,004
3.	Hyderabad	9,86,337
4.	Pune	8,17,031
5.	Kolkata	8,50,366
6.	Ahmedabad	6,07,730
7.	Delhi	11,97,317
8.	Chennai	2,42,044
Total		**81,27,142**

We do not own any of the property from which we operate our stores and the same is taken on lease through various arrangements that include leave and license, business conducting agreements. These arrangements range for a period between nine to 18 years, in most cases with provision to renew the same for a further period of five to nine years upon terms, which are mutually agreed to between the parties. Under leave and license or lease agreements, we are required to pay the owner of the property license fee or rent for the use of the premises whereas under conducting agreements, the owner of the property provides us with the use of the premises on a business conducting basis and we pay a conducting fee. The conducting fee is a percentage of the net sales made by us from that premise. In this arrangement the owner continues to have the legal possession of the property and we are granted the right to operate from the premises. We lease 55 premises to operate our distribution centres and warehouses in 29 cities in India, aggregating to 30,67,538 Sq. ft.

After selecting a premise, we typically enter into a memorandum of understanding/letter of intent with the owner or developer of the property and pay a token amount towards security deposit. We make a further part payment of the security deposit when we enter into a definitive agreement for the property, either in the form of a leave and license, lease or business conducting arrangement. Upon obtaining possession of the property, we make the remaining payment and enjoy a rent-free fit out period, which varies from 30 to 45 days for a lease of 10,000 Sq. ft. to 150-180 days for a lease of 100,000 Sq. ft. As on October 31, 2009, we have entered into memorandums of understanding/letters of intent for various properties to lock in an aggregate area of 99,01,734 Sq.ft in 70 cities in India.

As on the filing of this Placement Document, all various arrangements entered upon by us to lease properties for operating our stores and warehouses are valid.

Social Measures

We launched a progam called “Power of One” in May 2008 through our Big Bazaar stores. Under this initiative, Big Bazaar equals every Rupee contribution made by the customer to the bill and the entire proceeds are donated to a non governmental organisation working for the benefit of children belonging to the marginalised sections of the society.

Our Subsidiaries, Associate and Joint Ventures

Our Subsidiaries

Listed below are our subsidiaries as on October 31, 2009, our current shareholding therein, and a summary of their activities.

S. No	Name of Subsidiary	Shareholding of the Company/ Subsidiary (in %)	Activity
1.	Home Solutions Retail (India) Limited	66.86	Retail
2.	Future Agrovet Limited	96.16	Retailing of food products
3.	CIG Infrastructure Private Limited	51.00	Infrastructure
4.	Future Logistic Solutions Limited, renamed as Future Supply Chain Solutions Limited	94.82*	Logistic activities
5.	Future Media (India) Limited	84.24	Media
6.	Futurebazaar India Limited	100.00	Retailing of consumer goods through internet
7.	Future Knowledge Services Limited	100.00	Information technology development
8.	Future Brands Limited	76.25	Brand development and intellectual property management
9.	Future Capital Holdings Limited	54.75	Financial services
10.	Future E-Commerce Infrastructure Limited	100.00	Retailing of consumer goods through internet
11.	Future Mobile and Accessories Limited	100.00	Retailing of mobile and telecom products
12.	Future Consumer Products Limited	100.00	Dealing in all kinds of consumer products
13.	Pantaloon Future Venture Limited	100.00	Investments
14.	Future Merchandising Limited	100.00	Retailing of various goods

S. No	Name of Subsidiary	Shareholding of the Company/ Subsidiary (in %)	Activity
15.	Future Mall Management Limited	100.00	Mall management activities
16.	Future Consumer Enterprises Limited	100.00	Retailing of various goods
17.	Future Learning and Development Limited	100.00	Training in retail skills
18.	Home Lighting India Limited	38.78 (held by Home Solutions Retail (India) Limited)	Retailing of electronic products
19.	Future Capital Financial Services Limited	54.75 (held by FCH)	Financial Services
20.	Kshitij Investment Advisory Company Limited	54.75 (held by FCH)	Financial Services
21.	Ambit Investment Advisory Company Limited	54.75 (held by FCH)	Financial Services
22.	Future Capital Investment Advisors Limited	54.75 (held by FCH)	Financial Services
23.	Myra Mall Management Company Limited	54.75 (held by FCH)	Financial Services
24.	Future Finance Limited	54.75 (held by FCH)	Financial Services
25.	Future Hospitality Management Limited	54.75 (held by FCH)	Financial Services
26.	Kshitij Property Solutions Private Limited	54.75 (held by FCH)	Financial Services
27.	Axon Development Solutions Limited	54.75 (held by FCH)	Financial Services
28.	Future Capital Credit Limited	54.75 (held by FCH)	Financial Services
29.	Winner Sports Private Limited	100.00	Retailing of sports goods

** The shareholding of the Company increased from 94.23 as on June 30, 2009*

Our Associate Companies

Listed below are our associate companies as on October 31, 2009, our current shareholding therein, and a summary of its activities.

S. No	Name of Associate	Shareholding of the Company (in %)	Activity
1.	Galaxy Entertainment Corporation Limited	31.55	Entertainment and leisure
2.	DMA Brand Consultants Private Limited	25.60%	Brand Development

Our Joint Venture Companies

Listed below are our joint venture companies as on October 31, 2009, our current shareholding therein, and a summary of their activities.

S. No.	Name of Joint Venture Company	Name of Joint Venture Partner	Shareholding of the Company (in %)	Activity
1.	Future Axiom Telecom Limited	Axiom Telecom LLC	50.00	Retailing of telecom products
2.	Foot-Mart Retail India Limited	Liberty Shoes Limited	1.00	Retailing of leather products
3.	Future Generali India Insurance Company Limited	Participatie Maatschappij Graafsschap Holland Nv	25.50	General Insurance
4.	Future Generali India Life Insurance Company Limited	Participatie Maatschappij Graafsschap Holland Nv	25.50	Life Insurance
5.	Staples Future Office Products Private Limited	Staples Asia Investment	37.50	Dealing in office products
6.	Talwalkars Pantaloon Fitness Private Limited	Talwalkar Better Value Fitness Private Limited	50.00	Health club services and dealing in fitness and health club equipments and accessories
7.	Sain Advisory Services Private Limited	Participatie Maatschappij Graafsschap Holland Nv	49.80	Special Purpose Vehicle for insurance arm of Future Group
8.	Shendra Advisory	Participatie Maatschappij	49.80	Special Purpose Vehicle

S. No.	Name of Joint Venture Company	Name of Joint Venture Partner	Shareholding of the Company (in %)	Activity
	Services Private Limited	Graafsschap Holland Nv		for investment in Future Generali India Insurance Company Limited
9.	Apollo Design Apparel Parks Limited	National Textiles Corporation Limited, SBPL Infrastructure Limited, Sri Navdurga Textile Processors Private Limited	39.00	Textiles
10.	Goldmohur Design and Apparel Park Limited	National Textiles Corporation Limited, SBPL Infrastructure Limited, Sri Navdurga Textile Processors Private Limited	39.00	Textiles
11.	Gupta Infrastructure (India) Private Limited	Gupta Coal (India) Limited	32.77	Infrastructure

Regulations and Policies applicable to the Company

The Company is subject to central government as well as state government legislations, rules and regulations. The Company is generally required to obtain licenses from various central and state governmental bodies including licenses from the local municipal corporation for opening our stores and undertaking various activities such as operation of elevators. Further the Company is governed by the various Shops and Establishments Acts as applicable in the States where it has stores (in various formats) along with the municipal corporation compliances.

Food item related compliances

The Prevention of Food Adulteration Act, 1954 (“PFA”) primarily aims at protecting public health by prevention of food adulteration and prohibits the import, manufacture, sale etc. of adulterated food, misbranded food and manufacture for sale or store, sell or distribute any adulterated or any misbranded food or any article of food for which a license is required.

The Essential Commodities Act, 1955 (“ECA”) has been enacted to ensure easy availability of essential commodities. Under the ECA, the Central Government may regulate or prohibit the production, supply and distribution of commodities if it is necessary or expedient to do so for maintaining or increasing supplies of any essential commodity or for securing their equitable distribution and availability at fair prices.

The Standards of Weights and Measures Act, 1976 (“SWMA”) establishes standards of weights and measures, regulates inter-State trade or commerce in weights, measures and other goods which are sold or distributed by weight, measure or number.

The Agricultural Produce Marketing Regulation Act (“APMRA”) (the name of the Act may differ in different states) has been enacted by several states pursuant to Entry 28 of the State List. Agricultural markets are established and regulated under these state acts. The APMRA restricts establishment of market and dealing in agricultural produce and may prescribe licenses for the same.

Employment related regulations

The Company is governed by the provisions of the Employees’ Provident Funds Act, 1952 and the Rules made there under and are accordingly required to make periodic contributions to the Employees Provident Fund Scheme and the Employees’ Pension Scheme as applicable. The Company is also required to make contributions to the Employees’ State Insurance Act, 1948 and pay gratuity to its employees on the conditions mentioned in the Payment of Gratuity Act, 1972.

Foreign Investment Regulation

An industrial policy was formulated in 1991 in order to implement the economic reforms initiated by the government of India. The government of India has since amended the Industrial Policy from time to time in order to enable foreign direct investment (“FDI”) in various sectors of Indian industry in a phased manner gradually allowing higher levels of foreign on in Indian companies. However, as per the current Central Government policy on FDI, FDI in Indian Companies carrying on retail trading activity is prohibited except in "single brand product" retailing where an FDI up to 51% is allowed.

BOARD OF DIRECTORS AND SENIOR MANAGEMENT

Board of Directors

As per the Articles of Association of the Company, the Company shall not have less than nine Directors and not more than 12 Directors.

Currently, the Company has 10 Directors out of which four are independent Directors. The present composition of the Board of Directors and its proceedings are in accordance with the Companies Act and the norms of the code of corporate governance as applicable to listed companies in India.

The quorum for meetings of the Board is one-third of the total number of Directors or two Directors, whichever is higher. Where at any time the number of interested Directors exceeds or is equal to two-thirds of the total strength, the number of remaining Directors who are not interested and are present at the meeting, not being less than two, shall be the quorum during such time.

The following table sets forth details regarding the Board of Directors as at the date of this Placement Document:

Name, Din, Term and Address	Age (*years*)	Designation	Other Directorships
Mr. Shailesh Haribhakti Address: Flat no. 228, B Wing 22nd and 23rd Floor Kalpataru Habitat Dr. S S Rao Road Parel Mumbai 400 012 DIN: 00007347	53	Chairman (Independent Director)	***Public Companies*** • Pantaloon Retail (India) Limited • Future Capital Holdings Limited • Hexaware Technologies Limited • Akruti City Limited • ACC Limited • Ambuja Cements Limited • Mahindra Lifespace Developers Limited • Blue Star Limited • The Dhanlakshmi Bank Limited • J K Paper Limited • Kotak Mahindra Trusteeship Services Limited • Hercules Hoists Limited • Everest Kanto Cylinder Limited • Raymond Limited • Morarjee Textiles Limited • Fortune Financial Services (India) Limited ***Private Companies*** • BDO Haribhakti Consulting Private Limited • Advantage Moti India Private Limited • Quadrum Solutions Private Limited • J M Financial Asset Reconstruction Co. Private Limited
Mr. Kishore Biyani	47	Managing Director	***Public Companies*** • Pantaloon Retail (India)

Name, Din, Term and Address	Age (*years*)	Designation	Other Directorships
Address: Flat No. 5 Raheja Regal,10th Floor Neapean Sea Road Mumbai 400 006 DIN: 00005740 Term : 5 years			Limited • Home Solutions Retail (India) Limited • Galaxy Entertainment Corporation Limited • Jagran Prakashan Limited • Future Capital Holdings Limited • Future Brands Limited • Future Generali India Insurance Company Limited • Future Generali India Life Insurance Company Limited • Kumar Urban Development Limited • Future Media (India) Limited • Future Ventures India Limited • PFH Entertainment Limited. • Future Education Limited ***Section 25 Companies*** • Retailer Association of India • Indian Merchant Chambers ***Private Companies*** • Manz Retail Private Limited • Varnish Trading Private Limited. • Naman Mall Management Company Private Limited • Simpleton Investrade Private Limited • Chaste Investment Private Limited • Erudite Trading Private Limited • New Horizon Retail Private Limited • Galaxy Rain Restaurants Private Limited • ESES Commercials Private Limited
Mr. Gopikishan Biyani Address: 308, Jeevan Vihar 5, Manav Mandir Road Mumbai 400 006 DIN: 00005775 Term : 5 years	63	Whole-time Director	***Public Companies*** • Pantaloon Retail (India) Limited • PFH Entertainment Limited • KB Mall Management Company Limited • Rajendra Mechanical Industries Limited ***Private Companies*** • Iskrupa Mall Management Company Private Limited
Mr. Rakesh Biyani	37	Whole-time Director	***Public Companies***

Name, Din, Term and Address	Age (*years*)	Designation	Other Directorships
Address: 308, Jeevan Vihar Manav Mandir Road Mumbai 400 006 DIN: 00005806 Term : 5 years			• Pantaloon Retail (India) Limited • Indus-League Clothing Limited • Future Supply Chain Solutions Limited • Future Knowledge Services Limited • Celio Future Fashions Limited • Future Axiom Telecom Limited • Goldmohur Design and Apparel Park Limited • Turtle Limited ***Private Companies*** • Acute Realty Private Limited
Mr. Vijay Biyani Address: 405, Jeevan Vihar Manav Mandir Road Mumbai 400 006 DIN: 5827 Term: 5 years	50	Whole-time Director	***Public Company*** • Future Generali India Insurance Company Limited • Future Generali India Life Insurance Company Limited • Apollo Design apparel Parks Limited • Pantaloon Industries Limited
Mr. Vijay Kumar Chopra Address: 1803, Tower - A Oberoi Woods Off. Western Express Highway Goregaon (East) Mumbai 400 063 DIN: 02103940 Not liable to retire	63	Non-Executive Director	***Public Companies*** • Pantaloon Retail (India) Limited • Rolta India Limited • Jaiprakash Associates Limited • Dewan Housing & Finance Limited • Landmark Property Dev. Limited • FCH Centrum Direct Limited • ORIX Auto Infrastructure Limited • RFCL Limited • SIDBI Ventures Capital Limited • Metlife Insurance India Limited • Future Finance Limited • Havells India Limited • Reliance Capital Pension Fund Limited • Jaybharat Textiles and Real Estate Limited • Religare Assets Management Company Limited ***Private Companies*** • Pegasus Assets Reconstructions Private Limited • Milestone Capital

Name, Din, Term and Address	Age (*years*)	Designation	Other Directorships
			Advisors Private Limited
Dr. Darlie O. Koshy Address: U-23/35 FF, Town Houses (Pink) Phase-III, DLF City Gurgaon 122 002 Haryana DIN: 00023527 Not liable to retire	54	Independent Director	Public Companies • Pantaloon Retail (India) Limited • Central Cottage Industries Corporation of India Limited
Mr. S. Doreswamy Address: Juhu Shalimar Building Third Floor, Flat 33 Gulmohar Cross Road No.10, JVPD Scheme Mumbai 400 049 DIN: 00042897	71	Independent Director	***Public Companies*** • Pantaloon Retail (India) Limited • Ceat Limited • Can Fin Homes Limited • Sakthi Sugars Limited • Caliber Point Business Solutions Limited • DSP Black Rock Trustee Company Limited • Rama Newsprint and Papers Limited
Mrs. Bala Deshpande Address: 21, Eden ROC 3rd Union Park Road Near Olive Restaurant Palli Hill Khar (West) Mumbai 400 052 DIN: 00020130	42	Independent Director	***Public Companies*** • Pantaloon Retail (India) Limited • MITRA Technology Foundation
Mr. Anil Harish Address: 13, CCI Chambers First Floor Dinshaw Wacha Road Churchgate Mumbai 400 020 DIN: 00001685	55	Independent Director	***Public Companies*** • Pantaloon Retail (India) Limited • Hotel Leeaventure Limited • Unitech Limited • Hinduja Ventures Limited • Mahindra Lifespace Developers Limited • Ador Welding Limited • Advani Hotels & Resorts (India) Limited • Valecha Engineering Limited • Mukta Arts Limited • Galaxy Entertainment Corporation Limited • Hinduja Global Solutions

Name, Din, Term and Address	Age (*years*)	Designation	Other Directorships
			Limited • K. C. Maritime (India) Limited • Pride Hotels Limited • Future Ventures India Limited ***Private Companies*** • Trans Atlantic Consultants Private Limited • Trans Atlantic Trading Private Limited • Sherbrook International Private Limited • Quantum Advisors Private Limited • Helpyourngo.com (India) Private Limited • Freight Connection (India) Private Limited • TORM Shipping India Private Limited • Cenmar Maritime Agencies (India) Private Limited • Loire Marine Services Private Limited • Blue Rose Investments Private Limited • Mordril Properties (India) Private Limited • GE Seaco India Private Limited • Bharti AXA Investment Managers Private Limited • Oasis Preprint Services Private Limited • Astoria Maritime Private Limited

Four of our Directors, Mr. Kishore Biyani, Mr. Rakesh Biyani, Mr. Gopikishan Biyani and Mr. Vijay Biyani are related to each other. None of the other Directors are related to each other.

All the Directors of the Company are Indian nationals.

Brief Profiles

Mr. Shailesh Haribhakti was appointed as the chairman of the Board on April 13, 2009 and has been an independent director of the Company since June 1, 1999. He is a chartered accountant, cost accountant, and a certified internal auditor. He has around 30 years of experience as a chartered accountant. He is the deputy managing partner of Haribhakti & Co., Chartered Accountants. He is the chairman of the banking, finance and insurance committee of the Indian Merchant's Chamber and a member of the adhoc advisory committee for Master's Degree in management studies, University of Mumbai.

Mr. Kishore Biyani has been the Managing Director of the Company since June 1, 1991. He holds a bachelors degree in commerce from H. R. College and has a post-graduate diploma in marketing management from Institute of Marketing and Management. He has over 25 years of experience in the field of manufacturing and retailing. He has received several awards including the 'CEO of the Year - 2001', 'the most Admired Retailer of the Year – 2004', the 'Retail Face of the Year - Images Retail

Awards 2005', the 'E&Y Entrepreneur of the Year – Services – 2006', the 'Lakshmipat Singhania - IIM, Lucknow National Leadership Award, 2006 - Young Leader in the field of Business', the 'Most Admired Retail Face of the Year' of Images Retail Awards, 2007 and 2008 and the 'Most Admired F&G Retail Visionary of the Year 2008' of the Coca-Cola Golden Spoons Awards 2008.

Mr. Gopikishan Biyani has been a wholetime Director on the Board of the Company since June 1, 1991. He holds a bachelors degree in commerce H. R. College, Mumbai. He looks after the manufacturing operations. He has more than two decades of experience in the textile business.

Mr. Rakesh Biyani has been a wholetime Director on the Board since July 27, 1992. He holds a bachelors degree in commerce from Mumbai University. He is actively involved in category management, retail stores operations and information technology operations of the Company. He has been in this industry for more than a decade and has been instrumental in the implementation of our various new formats.

Mr. Vijay Biyani was appointed as wholetime Director of the Company with effect from September 26, 2009. He holds a bachelors degree in commerce from Mumbai University having more than 25 years of experience in textile, yarn and ready-made apparels business. He is looking after financial and administrative functions of the Company. The term of this directorship is five years

Mr. Vijay Kumar Chopra has been a non-executive Director on the Board since July 24, 2008. He holds a bachelors degree in commerce from Shriram College of Commerce. He is also a fellow member of the Institute of Chartered Accountants of India by profession and is a Certified Associate of Indian Institute of Bankers. His banking career spans over 31 years and he has served senior management positions in Central Bank of India, Oriental Bank of Commerce, SIDBI, Corporation Bank and SEBI.

Mr. Darlie O. Koshy has been an independent Director on the Board since July 27, 1999. He holds a masters in business administration from University of Science and Technology, Cochin and holds a doctorate from the Indian Institute of Technology, Delhi. He has over 29 years of experience in the textiles, fashion and garment industry. He is the Director of the National Institute of Design, Ahmedabad and the Chairman of the National Design Business Incubator. He has played a key role in setting up centres of the National Institute of Fashion Technology in Delhi, Chennai and Bangalore during 1988-2000 and since then has spearheaded the transformation of the National Institute of Design including setting up new campuses in Bangalore and Gandhinagar. He has been and continues to be a part of various committees constituted by the Ministry of Textiles, the Ministry of Commerce & Industry and the Planning Commission. He is a educator and actively involved in marketing, fashion, retail, branding, design management, design policies and strategic issues. He has been on the Board of the Company since July 27, 1999.

Mr. S. Doreswamy has been an independent Director on the Board since September 29, 2000. He has a vast experience in banking and finance. He holds a bachelors degree in law from Government Law College, Bangalore and a bachelors degree in science from National College, Bangalore. He retired as chairman and managing director of Central Bank of India.

Mrs. Bala Deshpande has been an indenpendent Director on the Board since April 27, 2007. Previously she was appointed as a nominee of ICICI Venture Funds Management Company Limited on our Board with effect from August 9, 2001. She holds a masters degree in economics from the Bombay University and a masters degree in management studies from the Jamnalal Bajaj Institute of Management Studies. She has over 17 years of work experience, including seven years in the private equity field. Prior to ICICI Venture Funds Management Company Limited, she has had multi-industry exposure and has worked with leading multi-national companies such as Bestfoods, Cadburys and ICI. She was part of the strategic planning team at Bestfoods and was also nominated for the Women Leadership Forum held at Bestfoods, New York. She currently focuses on sectors such as retail, media, IT, ITES, telecom, construction as also some manufacturing related industries.

Mr. Anil Harish has been an independent Director on the Board since August 24, 2004. He is a partner of D.M. Harish & Co., Advocates & Solicitors. He holds a masters degree in law from the University of Miami, U.S.A. and specialises in income tax, FEMA and property matters.

Borrowing Powers of our Board

In terms of the Articles of Association of the Company, the Directors may, from time to time, at their discretion, subject to the provisions of Section 292 of the Act borrow from the Directors, members or other persons, any sum or sums of money for the purposes of the Company. The Directors are free to raise or secure the repayment of such money in such manner and upon terms and conditions, as they think fit, and in particular by making, drawing, accepting or endorsing on behalf of the Company any promissory notes, bill of exchange, or other negotiable instruments, or giving or issuing any other security of the Company, and/or by mortgage or charge of all or any part of the property of the Company of its uncalled capital (if any) for the time being.

In this regard, a meeting of the Board held on September 26, 2007 authorised the Board of Directors to borrow on behalf of the Company any sum as they may deem fit and provided that the total amount borrowed by the Company shall not exceed Rs. 6,000 Crores outstanding at any time excluding interest. The same was approved in the annual general meeting held on November 15, 2007.

Interest of the Directors

All of the Directors, including independent Directors, may deemed to be interested to the extent of fees, if any, payable to them for attending meetings of the Board or a committee thereof as well as to the extent of other remuneration and reimbursement of expenses, if any, payable to them under the Articles of Association, and to the extent of remuneration, if any, paid to them for services rendered as an officer or employee of the Company.

The Directors, including independent Directors, may also be regarded as interested in the Equity Shares held by them, including the Equity Shares, if any, held by or that may be subscribed by and allotted to the companies, firms and trust, in which they are interested as directors, members, partners or trustees. The Directors may also be regarded as interested to the extent of their interests in entities controlled by the Company or forming part of its Promoter Group. All of the Directors may also be deemed to be interested to the extent of any dividend payable to them and other distributions in respect of the said Shares.

All of the Directors may be deemed to be interested in the contracts, agreements/ arrangements entered into or to be entered into by the Company with any company in which they hold directorships or any partnership firm in which they are partners as declared in their respective capacity. Except as otherwise stated in this Placement Document and statutory registers maintained by the Company in this regard, the Company has not entered into any contract, agreements, arrangements during the preceding two years from the date this Placement Document in which the Directors are interested directly or indirectly and no payments have been made to them in respect of these contracts, agreements, arrangements which are proposed to be made with them.

As on September 30, 2009, the Directors have not availed any loan from the Company.

Terms of Employment of the Chairman and Executive Directors

Mr. Shailesh Haribhakti

Mr. Shailesh Haribhakti was appointed as the Chairman of the Board of Directors by a resolution passed by the Board in the meeting held on April 13, 2009 and has been an independent Director on the Board since June 1, 1999. Mr. Haribhakti was re-appointed by the shareholders of the Company in the AGM held on November 17, 2006 as an independent director of the Company, liable to retire by rotation approved.

Mr. Kishore Biyani

Mr. Kishore Biyani was re-appointed for a period of five years with effect from April 1, 2005 which was approved by the shareholders of the Company in the AGM held on November 22, 2005. The shareholders authorized the Board to increase the remuneration of Mr. Kishore Biyani subject to limits specified under Schedule XIII to the Companies Act, 1956. The remuneration committee of the Board (the "Remuneration Committee") and the Board in its meeting held on September 26, 2009 increased his remuneration to Rs. 3,85,00,000 per annum with effect from July 1, 2007. The Remuneration Committee in its meeting held on September 26, 2009 approved the payment of commissions to Mr. Biyani to a maximum of Rs. 1,25,00,000 per annum forming part of his total remuneration approved.

Mr. Gopikishan Biyani

Mr. Gopikishan Biyani was appointed as a wholetime Director of the Company with effect from June 1, 1991. He was reappointed for a further period of five years with effect from April 1, 2005 which was approved by the shareholders of the Company in the AGM held on November 22, 2005. The shareholders authorized the increase in remuneration of Mr. Gopikishan Biyani subject to limits specified under Schedule XIII to the Companies Act, 1956. The Remuneration Committee and Board on their meeting held on September 26, 2009 approved the increase in his remuneration to Rs. 90,00,000 per annum with effect from July 1, 2009. The Remuneration Committee in its meeting held on September 26, 2009 approved the payment of commissions to Mr. Gopikishan Biyani to a maximum of Rs. 25,00,000 per annum forming part of total remuneration thus approved.

Mr. Rakesh Biyani

Mr. Rakesh Biyani was appointed as a whole-time Director of the Company with effect from July 27, 1992. He was reappointed for a further period of five years with effect from April 1, 2007 which was approved by the shareholders of the Company in the AGM held on December 15, 2007. The shareholders authorized the increase the remuneration of Mr. Rakesh Biyani subject to the limits specified under Schedule XIII to the Companies Act, 1956. The Remuneration Committee and the Board in its meeting held on September 26, 2009 increased the remuneration payable to Mr. Rakesh Biyani to Rs. 2,12,50,000 per annum with effect from July 1, 2009. The Remuneration Committee in its meeting held on September 26, 2009 approved the payment of commissions to Mr. Rakesh Biyani to a maximum of Rs. 62,50,000 per annum forming part of the total remuneration approved.

Mr. Vijay Biyani

Mr. Vijay Biyani was appointed as a wholetime Director of the Company with effect from September 26, 2009 subject to approval by the shareholders of the Company at the ensuing Annual General Meeting to be held on December 2, 2009. The Remuneration Committee and the Board in its meeting held on September 26, 2009 approved the remuneration payable to Rs. 2,12,50,000 per annum. The Remuneration Committee in its meeting held on September 26, 2009 approved the payment of commissions to Mr. Vijay Biyani to a maximum of Rs. 62,50,000 per annum forming part of total remuneration thus approved.

Shareholding of Directors

The following table sets forth the shareholding of the Directors:

Name of Directors	Number of Equity Shares	Percentage (in %)	Number of Class B Shares	Percentage (in %)
Mr. Kishore Biyani	Nil	Nil	8,21,075	5.15
Mr. Gopikishan Biyani	Nil	Nil	2,77,085	1.74
Mr. Rakesh Biyani	Nil	Nil	3,10,437	1.95
Mr. Vijay Biyani	Nil	Nil	2,75273	1.73
Mr. Anil Harish	10,000	0.01	1,000	0.01
Mr. Shailesh Haribhakti	25,100	0.00	10	0.00

Remuneration of the Directors

The following tables set forth all compensation paid by the Company to the Directors for the year ended June 30, 2009:

Executive Directors

Name	Salary and allowances per annum	Monetary value of perquisites (*in Rs.*)	Total (*in Rs.*)
Mr. Kishore Biyani	3,06,27,202	3,41,400	309,68,602
Mr. Gopikishan Biyani	53,42,004	3,41,400	56,83,404
Mr. Rakesh Biyani	184,52,600	3,41,400	187,94,000

Non-Executive Directors

The following table sets forth the remuneration paid to the Company's non-executive Directors for the year ended June 30, 2009.

Name of the Director	Sitting fees paid during the Fiscal Year 2009	Commission paid during the Fiscal Year 2009	Total (*in Rs.*)
Mr. Vijay Kumar Chopra	1,42,000	3,00,000	4,42,000
Mr. Shailesh Haribhakti	2,58,000	3,00,000	5,58,000
Mr. Darlie O. Koshy	2,40,000	3,00,000	5,40,000
Mr. S. Doreswamy	2,80,000	3,00,000	5,80,000
Mrs. Bala Deshpande	1,00,000	3,00,000	4,00,000
Mr. Anil Harish	1,40,000	3,00,000	4,40,000

Changes in the Board of Directors during the last three years

Name	Date of Change	Reason
Mr. Vijay Kumar Chopra	July 24, 2008	Appointed as Additional Director
Mr. Ved Prakash Arya	July 24, 2008	Resignation
Ms. Anju N. Poddar	July 24, 2008	Resignation
Mr. Vijay Biyani	September 26, 2009	Appointed as Additional and Whole time Director

Corporate Governance

The Company has been complying with the requirements of the applicable regulations, including the listing agreement with the Stock Exchanges and the SEBI Regulations, in respect of corporate governance including constitution of the Board and Committees thereof. The corporate governance framework is based on an effective independent Board, separation of the Board's supervisory role from the executive management team and constitution of the committees of the Board, as required under law.

The Board is constituted in compliance with the Companies Act and the Company has entered into a listing agreement with Stock Exchanges in accordance with best practices in corporate governance. The Board functions either as a full Board or through various committees constituted to oversee specific operational areas. The executive management of the Company provides the Board detailed reports on its performance periodically.

Committees of the Board of Directors

There are three Board level committees of the Company, which have been constituted and function in accordance with the relevant provisions of the Companies Act and the listing agreement. These are (i) Corporate Governance Committee (ii) Audit Committee, (iii) Remuneration Committee and (iv) Investor Grievances Committee. A brief on each Committee, its scope and composition is given below:

Corporate Governance Committee

The Corporate Governance Committee was constituted by resolution of the board dated 25 April 2009.

The present members of the Corporate Governance Committee are:

- Mr. Shailesh Haribhakti (Chairman)
- Mr. Kishore Biyani;

- Mr. Rakesh Biyani.
- Mrs. Bala Deshpande; and
- Mr. Anil Harish.

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

Audit Committee

The Audit Committee was originally constituted by a resolution of the Board dated October 16, 2000.

The present members of the Audit Committee are:

- Mr. S. Doreswamy;
- Mr. Shailesh Haribhakti; and
- Mr. Darlie O. Koshy.

The scope of the Audit Committee in companies is defined under Clause 49 of the listing agreement dealing with Corporate Governance and the provisions of the Companies Act, 1956. The Audit Committee of the Company oversees, assesses and reviews the audit functions. The Audit Committee reviews the Company's financial statements, monitors adequacy and effectiveness of internal controls, oversees the Audit Function and monitors the external auditors' independence, objectivity and effectiveness. Apart from providing direction to the general audit function, the Committee also oversees the operation of the total audit function in the Company, which includes the organization, operationalisation and quality control of internal audit and inspection within the Company, follow-up on the statutory / external audit of our the Company.

The Audit Committee has met five times during Fiscal 2009

Remuneration Committee

The Remuneration Committee was originally constituted by a resolution of the Board dated September 30, 2002.

The present members of the Remuneration Committee are:

- Mr. S. Doreswamy (Chairman);
- Mr. Darlie O. Koshy;
- Mrs. Bala Deshpande; and
- Mr. Anil Harish

The Remuneration Committee has been set up to review the overall compensation structure and related policies with a view to attract, motivate and retain employees. The Committee determines the Company's policies on remuneration packages payable to the Directors including performance bonus, perquisites and review the compensation levels vis-à-vis other companies and the industry in general.

The Remuneration Committee has met once during Fiscal 2009.

Investor Relation and Grievances Committee

The Investor Grievances Committee was originally constituted by a resolution of the Board dated October 16, 2000. This committee was renamed as Investor Relations and Grievance Committee vide a resolution of the Board dated April 13, 2009.

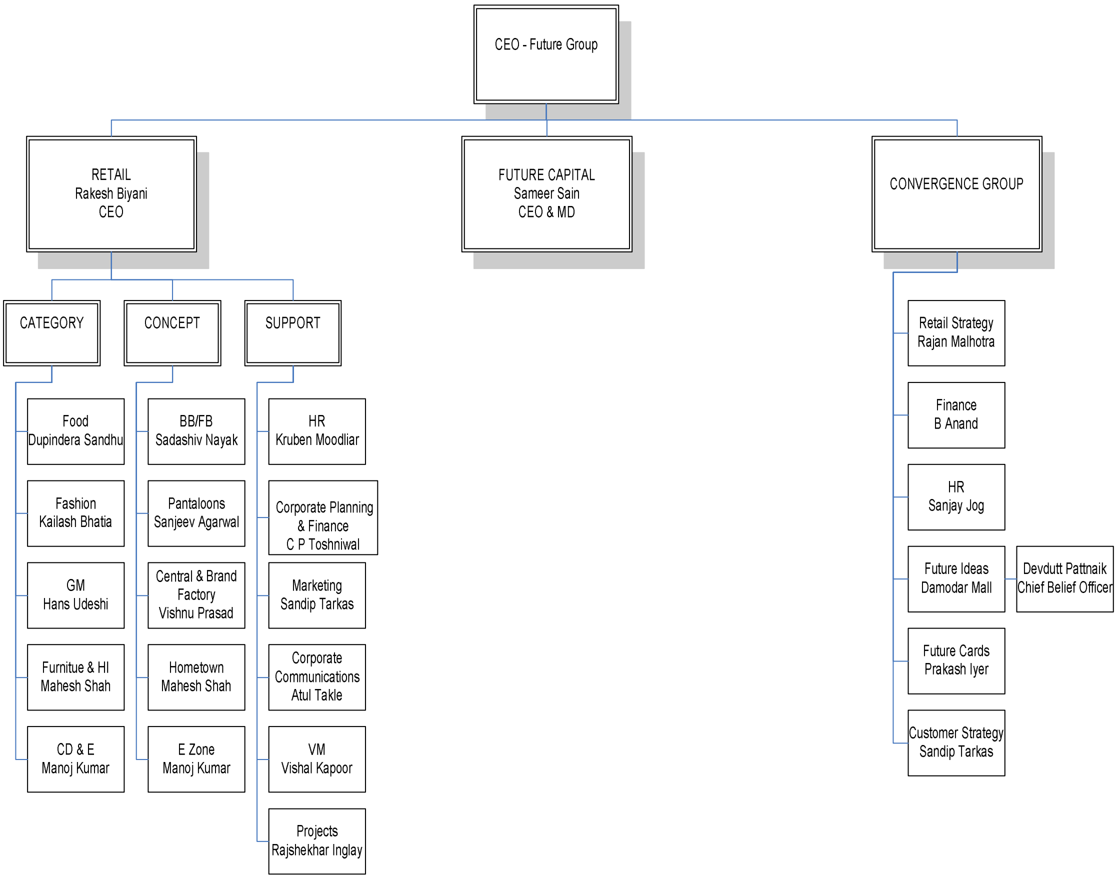
The present members of the Remuneration Committee are:

- Mr. Vijay Kumar Chopra (Chairman);
- Mr. S. Doreswamy;
- Mr. Gopikishan Biyani; and
- Mr. Rakesh Biyani.

The Investor Grievances Committee was constituted in terms of the mandatory requirement of Clause 49 of the listing agreement to look into the redressal of grievances of investors like non receipt of share certificates, non-receipt of balance sheet, non-receipt of dividend warrants etc.

The Investor Grievances Committee has met three times during Fiscal 2009.

Organisational Structure



Key Managerial Personnel

The following are the Key Managerial Personnel of the Company:

S. No	Name	Designation
1.	Mr. Chandra Prakash Toshniwal	Chief Financial Officer
2.	Mr. Damodar Mall	President – Customer Insight
3.	Mr. Sanjay Jog	Chief People Officer
4.	Mr. Kailash Bhatia	Chief Executive Officer (Integrated Merchandising Group) – Fashion
5.	Mr. Sanjeev Agrawal	Chief Executive Officer – Pantaloons
6.	Mr. Rajan Malhotra	President – Strategy and Convergence
7.	Mr. Sadashiv Nayak	Chief Executive Officer – Food Bazaar
8.	Mr. Mayur Toshniwal	President – Retail Operations, Value Formats
9.	Mr. Vishnu Prasad	Chief Executive Officer – Central & Brand Factory
10.	Mr. B. Anand	President – Finance
11.	Mr. Ushir Bhat	President – Information Technology and Knowledge Services

Brief Biographies of the Key Managerial Personnel

In addition to our executive Directors, provided below are the key managerial employees of the Company.

Mr. Chandra Prakash Toshniwal, aged 40 years, is the chief financial officer of the Company. He is a qualified chartered accountant and company secretary. He joined the Company in May 1997 and has 18 years of experience. Prior to joining the Company, he worked with Donear Synthetics Limited, Orient Vegetexpo Limited and Control Print India Limited.

Mr. Damodar Mall, aged 44 years is the president - customer insight of the Company. He completed his engineering from Indian Institute of Technology, Mumbai and holds a diploma in business management from Indian Institute of Management, Bangalore. He joined the Company in February 2005 and has 18 years of experience. Prior to joining the Company he worked with Hindustan Lever Limited.

Mr. Sanjay Jog, aged 47 years, is the chief people officer of the Company. He holds a master's degree in business administration in human resources and marketing from Pune University. He joined the Company in July 2005 and has 25 years of experience in the field of human resources. Prior to joining the Company he worked with DHL Limited, Taj Hotels Group and RPG Enterprise.

Mr. Kailash Bhatia, aged 51 years, is the chief executive officer (Integrated Merchandising Group – Fashion) of the Company. He holds a bachelor's degree in technology from M.S. University, Baroda and a master's in business administration in marketing from South Gujarat University. He joined the Company in December 2006 and has an experience of 28 years. Prior to joining the Company, he worked with Color Plus Fashion Limited, Weekender Personality Limited, Arvind Mills Limited and Mafatlal Industries.

Mr. Sanjeev Agrawal, aged 40 years, is the chief executive officer (Pantaloons) of the Company. He completed his engineering from Institute of Technology, Banaras Hindu University, Varanasi and holds a postgraduate diploma in management in marketing and finance from Indian Institute of Management, Lucknow. He joined the Company in April 2003 and has 19 years of experience. Prior to joining the Company, he worked with Hindustan Lever Limited, P & G Godrej Soaps and Balsara Home Products Limited.

Mr. Rajan Malhotra, aged 38 years, is the president (Strategy and Convergence) of the Company. He holds a bachelor's degree in science and a master's in business administration from Kurukshetra University. He joined the Company in February 2000 and has18 years of experience. Prior to joining the Company, he worked with Niryat Sam Apparel, M/s Design Connection and Raymonds Limited.

Mr. Sadashiv Nayak, aged 37 years, is the chief executive officer (Food Bazaar) of the Company. He holds a bachelor's degree in engineering from Karnataka Regional Engineering Communications College, Surathkal and a master's in business administration in marketing from XLRI, Jamshedpur. He joined the Company in July 2004 and has 14 years of experience. Prior to joining the Company he worked with Hindustan Lever Limited and Asian Paints.

Mr. Mayur Toshniwal, aged 39 years, is the president (Retail Operations, Value Formats) for the Company. He holds a bachelor's degree in technology (mechanical engineering) from Institute of Technology, Banaras Hindu University, Varanasi and a post graduate diploma in management from Indian Institute of Management, Ahmedabad. He joined the Company in February 2005 and has 16 years of experience. Prior to joining the Company, he worked with Coca Cola India and Asian Paints (India) Limited.

Mr. Vishnu Prasad, aged 45 years, is the chief executive officer (Central & Brand Factory) of the Company. He holds a bachelor's degree in commerce from Nagarjuna University and a master's in business administration in marketing from Pune University. He joined the Company in March 2001 and has 26 years of experience. Prior to joining the Company he worked with Arvind Mills.

Mr. B. Anand, aged 45 years, is the president – finance of the Company. He holds a Bachelor degree in Commerce from Nagpur University and also is an Associate Member of Institute of Chartered

Accountants of India. He joined the company in April 2009 and has 22 years of experience. Prior to joining the Company he worked with Vedanta Resources Group, Motorola India Ltd., Credit Lyonnais, HSBC, Infrastructure Leasing & Financial Services Limited (IL & FS) and Citibank, NA.

Mr. Ushir Bhatt, aged 45 years, is the president – information technology and knowledge services of our Company. He holds a higher national certificate in computers from South Hall College of Technology, United Kingdom. He joined the Company in January 2007 and has 22 years of experience. Prior to joining the Company, he worked with CISCO, Tesco, British Telecom, Allied Domecq and Taylor Woodrow.

Shareholding of the Key Managerial Personnel

Except as provided below, the Key Managerial Personnel do not hold any Shares in the Company as on September 30, 2009:

Name of Key Managerial Personnel	Number of Equity Shares held	Number of Class B Shares held
Mr. Chandra Prakash Toshniwal	500	50
Mr. Damodar Mall	10,000	1,000
Mr. Sanjay Jog	2,400	240
Mr. Kailash Bhatia	100	10
Mr. Sanjeev Agarwal	12,000	725
Mr. Rajan Malhotra	6,477	-
Mr. Sadashiv Nayak	2,333	25
Mr. Mayur Toshniwal	9,050	905
Mr. Vishnu Prasad	50	5
Mr. Ushir Bhatt	Nil	Nil
Mr. B Anand	Nil	Nil

Bonus or profit sharing plan of the Key Managerial Personnel

The Company does not provide any bonus or profit sharing plan for its key managerial personnel.

Interests of Key Managerial Personnel

The key managerial personnel of the Company do not have any interest in the Company to the extent of the remuneration or benefits to which they are entitled to as per their terms of appointment and reimbursement of expenses incurred by them during the ordinary course of business and to the extent of the Equity Shares and Class B Shares held by them or their dependants in the Company.

None of the key managerial personnel have taken any loan from the Company.

Changes in the Company's Key Managerial Personnel

The changes in the Key Managerial Personnel in the last three years are as follows:

Name	Designation	Date	Reason for change
Mr. Kush Medhora	Head – New Store, Safety and Maintenance	June 2, 2006	Resignation
Mr. Rakesh Mittal	Head Production House	August 1, 2006	Resignation
Mr. Kailash Bhatia	Chief Executive Officer (Integrated Merchandising Group)	December 18, 2006	Appointment
Mr. Ved Prakash Arya	Director – Operations and Chief Operating Officer	April 27, 2007	Resignation
Mr. Vinay Shroff	Head – Supply Chain	August 1, 2007	Resignation
Mr. Shiraj Dej	Chief – Finance and Company Secretary	August 31, 2007	Resignation
Mr. Chinar Deshpande	Chief Technology Officer (Information Technology)	September 1, 2007	Resignation
Mr. Bina Mirchandani	Head – Pantaloon Category Management	December 31, 2007	Resignation

Name	Designation	Date	Reason for change
Mr. Krishankant Rathi	Chief Financial Officer	January 31, 2008	Resignation

Payment or Benefit to Officers of the Company

Except as stated in "Our Management" and "Capitalization and Indebtedness", no amount or benefit has been paid or given within the two preceding years or is intended to be paid or given to any of our officers except the normal remuneration for services rendered as Directors, officers or employees. Except statutory benefits upon termination of their employment in the Company or superannuation, no officer of the Company is entitled to any benefit upon termination of his employment in the Company.

PRINCIPAL SHAREHOLDERS

The Company was incorporated on October 12, 1987 as Manz Wear Private Limited. It was converted into a public limited company on September 20, 1991 and on September 25, 1992 the name was changed to Pantaloon Fashions (India) Limited. The name was later changed to Pantaloon Retail (India) Limited on July 7, 1999. The registered office of the Company was shifted from Venkatesh Bhavan, Fourth Floor, 86 Mirza Street, Mumbai 400003 to Pantaloon House, G-11, M.I.D.C. Cross Road A, Andheri (East), Mumbai 400 093 and subsequently shifted to its current registered office on January 31, 2003 at Knowledge House, Shyam Nagar, Off. Jogeshwari-Vikhroli Road, Jogeshwari (East), Mumbai 400 060.

In 1992, the Company made an initial public offer of 25,50,000 Equity Shares of Rs. 10 each for cash at a price of Rs. 10 per Equity Share. The Company reduced the face value of its Equity Shares to Rs. 2 per Equity Share on December 19, 2006. On November 10, 2008, the Company undertook a bonus issue of 1,59,29,152 Class B Shares of Rs. 2 each to the shareholders of the Company in the ratio of one Class B Share for every ten Equity Share held in the Company.

I. Shareholding Pattern of the Company as on October 31, 2009:

1. Equity Shares

	Shareholding as on October 31, 2009	
Category of Shareholder	**Total No. of Equity Shares**	**Percentage of Shareholding (in %)**
(A) Shareholding of Promoter and Promoter Group		
(1) Indian		
Individuals / Hindu Undivided Family	Nil	Nil
Group Companies	8,50,76,986	48.79
Directors/Promoters & their Relatives & Friends	Nil	Nil
Sub Total	**8,50,76,986**	**49.79**
(2) Foreign	Nil	Nil
Total shareholding of Promoter and Promoter Group (A)	**8,50,76,986**	**48.79**
(B) Public Shareholding		
(1) Institutions		
Mutual Funds / UTI	1,61,07,446	9.24
Financial Institutions / Banks	58,76,126	3.37
Insurance Companies	16,17,117	0.93
Foreign Institutional Investors	3,65,77,994	20.97
Sub Total	**6,01,78,683**	**34.51**
(2) Non-Institutions		
Bodies Corporate	1,07,50,838	6.16
Individuals	1,77,02,396	9.75
Non Resident Indians	2,82,307	0.16
Trusts	NIL	NIL
Clearing Members	3,87,711	0.22
Overseas Corporate Bodies	NIL	NIL
Directors & their Relatives & Friends	12,600	0.01
Sub Total	**2,91,35,852**	**16.71**
Total Public shareholding (B)	**8,93,14,535**	**51.21**
Total (A)+(B)	**17,43,91,521**	**100.00**
(C) Shares held by Custodians and against which Depository Receipts have been issued	**Nil**	**Nil**
Total (A)+(B)+(C)	**17,43,91,521**	**100.00**

2. *Class B Shares*

	Shareholding as on September 30, 2009	
Category of Shareholder	**Total No. of Class B Shares**	**Percentage of Shareholding (in %)**
(A) Shareholding of Promoter and Promoter Group		
(1) Indian		
Individuals / Hindu Undivided Family	26,02,683	16.34
Group Companies	48,05,010	30.16
Directors/Promoters & their Relatives & Friends	NIL	NIL
Sub Total	74,07,693	46.50
(2) Foreign	NIL	NIL
Total shareholding of Promoter and Promoter Group (A)	74,07,693	46.50
(B) Public Shareholding		
(1) Institutions		
Mutual Funds / UTI	21,66,014	13.60
Financial Institutions / Banks	1,66,342	1.04
Insurance Companies	10,86,168	6.82
Foreign Institutional Investors	16,77,843	10.53
Sub Total	50,96,367	31.99
(2) Non-Institutions		
Bodies Corporate	17,03,363	10.70
Individuals	16,76,605	8.52
Non Resident Indians	23,550	0.15
Trusts	NIL	NIL
Clearing Members	20,314	0.13
Overseas Corporate Bodies	NIL	NIL
Directors & their Relatives & Friends	1,260	0.01
Sub Total	34,25,092	21.51
Total Public shareholding (B)	85,21,459	53.50
Total (A)+(B)	1,59,29,152	100.00
(C) Shares held by Custodians and against which Depository Receipts have been issued	NIL	NIL
Total (A)+(B)+(C)	**1,59,29,152**	**100.00**

II. List of Shareholders holding more than 1% of the paid up capital of the Company as on September 30, 2009:

1. *Equity Shares*

Name of the Shareholder	No. of Equity Shares	Equity Shares as % of Total No. of Equity Shares
Smallcap World Fund Inc	85,24,816	4.89
Bennett, Coleman and Company Limited	59,33,707	3.40
Passport Capital LLC A/C Passport India Invt (Mauritius) Limited	44,94,685	2.58
FID Funds Mauritius Limited	41,31,720	2.37
Dharmayug Investment Ltd	41,00,000	2.35
Janus Contrarian Fund	35,28,591	2.02
American Funds Insurance Series Global Small Capitalization Fund	25,00,000	1.43
Life Insurance Corporation of India	24,69,914	1.42
The New Economy Fund	20,08,262	1.15
LIC of India - Market Plus	19,49,688	1.12
Deutsche Securities Mauritius Limited	18,12,049	1.04
Total	**4,37,27,888**	**25.07**

2. *Class B Shares*

Name of the Shareholder	No. of Class B Shares	Class B Shares as % of Total No. of Class B Shares
Birla Sun Life Insurance Company Ltd	10,46,198	6.57
ICICI Prudential Power	7,11,154	4.46
Smallcap World Fund INC	5,51,250	3.46
Payash Securities Pvt Ltd	4,08,162	2.56
Janus Contrarian Fund	3,64,885	2.29
Reliance Capital Trustee Co. Ltd A/c Reliance Equity Opportunities Fund	3,61,063	2.27
Jhunjhunwala Rekha Rakesh	2,60,589	1.64
SBI Mutual Fund A/c Magnum Global Fund	2,19,361	1.38
Talma Chemical Indutries Pvt Ltd	2,05,428	1.29
American Funds Insurance Series Global Small Capitalization Fund	2,00,000	1.26
Bennett, Coleman and Company Limited	1,82,191	1.14
Canara Robeco Mutual Fund A/c Canara Robeco Multicap	1,78,894	1.12
Pivotal Securites Pvt Ltd	1,59,400	1.00
Total	**47,81,942**	**30.02**

III. List of shareholding of persons belonging to the category of the Promoters and promoter group of the Company as on September 30, 2009:

1. *Equity Shares*

Name of the Shareholder	Total Equity Shares held	
	Number	As a percentage of total number of Equity Shares (in %)
Promoter		
Kishore Biyani	Nil	Nil
Promoter Group		
Laxminarayan Biyani	Nil	Nil
Vijay Biyani	Nil	Nil
Sunil Biyani	Nil	Nil
Anil Biyani	Nil	Nil
Rakesh Biyani	Nil	Nil
Ashni Biyani	Nil	Nil
Vivek Biyani	Nil	Nil
Gopikishan Biyani	Nil	Nil
PFH Entertainment Limited	4,48,97,140	25.75
Pantaloon Industries Limited	1,13,76,405	6.52
Varnish Trading Private Limited	1,18,97,490	6.82
Manz Retail Private Limited	23,03,495	1.32
Erudite Trading Private Limited	1,23,52,456	7.08
Chaste Investrade Private Limited	22,50,000	1.29
Total	**8,50,76,986**	**48.79**

2. *Class B Shares*

Name of the Shareholder	Total Class B Shares held	
	Number	As a percentage of total number of Class B Shares (in %)
Promoter		
Kishore Biyani	8,21,075	5.15
Promoter Group		
Gopikishan Biyani	2,77,085	1.74
Laxminarayan Biyani	2,44,095	1.53
Vijay Biyani	2,75,273	1.73
Sunil Biyani	2,98,477	1.87
Anil Biyani	3,18,000	2.00
Rakesh Biyani	3,10,437	1.95

Name of the Shareholder	Total Class B Shares held	
	Number	As a percentage of total number of Class B Shares (in %)
Ashni Biyani	2,836	0.02
Vivek Biyani	55,405	0.35
PFH Entertainment Limited	7,87,028	4.94
Pantaloon Industries Limited	11,37,640	7.14
Varnish Trading Private Limited	5,18,341	3.25
Manz Retail Private Limited	9,01,756	5.66
Erudite Trading Private Limited	12,35,245	7.75
Chaste Investrade Private Limited	2,25,000	1.41
Total	**74,07,693**	**46.50**

ISSUE PROCEDURE

Below is a summary intended to present a general outline of the procedure relating to the application payment, Allocation and Allotment of the Equity Shares. The procedure followed in the Issue may differ from the one mentioned below and the investors are assumed to have apprised themselves of the same from the Company or the Book Running Lead Managers. The investors are advised to inform themselves of any restrictions or limitations that may be applicable to them. Also see "Transfer Restrictions" of this Placement Document.

Qualified Institutions Placements

The Issue is being made to QIBs in reliance upon Chapter VIII of the SEBI Regulations through the mechanism of QIP. Under Chapter VIII of the SEBI Regulations, a listed company in India may issue equity shares /fully convertible debentures/partly convertible debentures/non-convertible debentures with warrants or any other security (other than warrants) which are convertible into or exchangeable with equity shares at a later date to QIBs, provided that:

- equity shares of the same class of such company are listed on a stock exchange in India that has nation-wide trading terminals for a period of at least one year as on the date of issuance of notice to its shareholders for convening the meeting; and

- such company complies with the minimum public shareholding requirements set out in the listing agreement with the stock exchange referred to above.

Additionally, there is a minimum pricing requirement under the SEBI Regulations. The issue price of the Equity Shares shall not be less than the average of the weekly high and low of the closing prices of the related shares quoted on the stock exchange during the two weeks preceding the relevant date.

The "relevant date" referred to above means the date of the meeting in which the Board or the committee of directors duly authorized by the board of the Company decides to open the Issue. And "stock exchange" means any of the recognized stock exchanges in which the equity shares of the Company of the same class are listed and on which the highest trading volume in such shares has been recorded during the two weeks immediately preceding the relevant date.

The Company has applied for and received the in-principle approval of the Stock Exchanges under Clause 24(a) of the listing agreements for the listing of the Equity Shares on the Stock Exchanges. The Company has filed a copy of this Placement Document with the Stock Exchanges.

Issue Procedure

1. The Company and the Book Running Lead Managers shall circulate serially numbered copies of the Placement Document and the Application Form, either in electronic form or physical form, to not more than 49 QIBs.

2. The list of QIBs to whom the Application Form is delivered shall be determined by the Book Running Lead Managers in consultation with the Company. **Unless a serially numbered Preliminary Placement Document along with the Application Form is addressed to a particular QIB, no invitation to subscribe shall be deemed to have been made to such QIB.** Even if such documentation were to come into the possession of any person other than the intended recipient, no offer or invitation to offer shall be deemed to have been made to such person.

3. QIBs may submit an Application Form, including any revisions thereof, during the Bidding Period to the Book Running Lead Managers.

4. QIBs will be required to indicate the following in the Application Form:

    a. Name of the QIB to whom Equity Shares are to be Allotted;

    b. Number of Equity Shares Bid for;

c. Price at which they are agreeable to subscribe for the Equity Shares, provided that QIBs may also indicate that they are agreeable to submit an Application Form at "Cut-off Price"; and

d. The details of the dematerialized account(s) to which the Equity Shares should be credited.

5. Once a duly filled Application Form is submitted by a QIB, such Application Form constitutes an irrevocable offer and cannot be withdrawn after the Bid Closing Date. The Bid Closing Date shall be notified to the Stock Exchanges and the QIBs shall be deemed to have been given notice of such date after the receipt of the Application Form.

6. Upon the receipt of the Application Form, the Company shall determine the Issue Price and the number of Equity Shares to be issued in consultation with the Book Running Lead Managers. On determination of the Issue Price, the Book Running Lead Managers will send the CAN to the QIBs who have been Allocated Equity Shares. The dispatch of the CAN shall be deemed a valid, binding and irrevocable contract for the QIBs to pay the entire Issue Price for all the Equity Shares Allocated to such QIB. The CAN shall contain details such as the number of Equity Shares Allocated to the QIB and payment instructions including the details of the amounts payable by the QIB for Allotment of the Equity Shares in its name and the Pay-In Date as applicable to the respective QIB.

   Pursuant to receiving a CAN, each QIB shall be required to make the payment of the entire application monies for the Equity Shares indicated in the CAN at the Issue Price, by high value cheques or through electronic transfer to the designated bank account of the Company by the Pay- In Date as specified in the CAN sent to the respective QIBs.

   Upon receipt of the application monies from the QIBs, the Company shall Allot Equity Shares as per the details in the CAN to the QIBs. the Company shall not Allot Equity Shares to more than 49 QIBs. the Company will intimate to the Stock Exchanges the details of the Allotment.

7. After receipt of the in-principle approval of the Stock Exchanges, the Company shall credit the Equity Shares into the Depository Participant accounts of the respective QIBs.

8. The Company shall then apply for the final trading and listing permissions from the Stock Exchanges.

9. The Equity Shares that have been credited to the Depository Participant accounts of the QIBs shall be eligible for trading on the Stock Exchanges only upon the receipt of final trading and listing approvals from the Stock Exchanges.

10. Upon receipt of intimation of final trading and listing approval from the Stock Exchanges, the Company shall inform the QIBs who have received an Allotment of the receipt of such approval. The Company shall not be responsible for any delay or non-receipt of the communication of the final trading and listing permissions from the Stock Exchanges or any loss arising from such delay or non-receipt. Final listing and trading approvals granted by the Stock Exchanges are also placed on their respective websites. QIBs are advised to apprise themselves of the status of the receipt of the permissions from the Stock Exchanges or the Company.

Qualified Institutional Buyers

Only QIBs as defined in clause 2 (zd) of the SEBI Regulations and not otherwise excluded pursuant to Regulation 86 of the SEBI Regulations are eligible to invest. Currently the definition of a QIB includes:

- **Public financial institutions as defined in section 4A of the Companies Act;**
- **Scheduled commercial banks;**
- **Mutual funds registered with SEBI;**

- **Foreign institutional investors and sub-account registered with SEBI, other than a sub-account which is a foreign corporate or foreign individual;**
- **Multilateral and bilateral development financial institutions;**
- **Venture capital funds registered with SEBI;**
- **Foreign venture capital investors registered with SEBI;**
- **State industrial development corporations;**
- **Insurance companies registered with Insurance Regulatory and Development Authority;**
- **Provident Funds with minimum corpus of Rs. 25 Crores;**
- **Pension Funds with minimum corpus of Rs. 25 Crores; and**
- **National Investment Fund set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of the Government of India published in the Gazette of India.**

However, non-residents including FIIs, FVCIs as well as foreign multilateral and bilateral development financial institutions are not eligible to invest in this Issue.

No Allotment shall be made pursuant to the Issue, either directly or indirectly, to any QIB being a Promoter or any person related to the Promoter(s). QIBs which have all or any of the following rights shall be deemed to be persons related to Promoter(s):

a) rights under a shareholders agreement or voting agreement entered into with the promoters or persons related to the promoters;
b) veto rights; or
c) right to appoint any nominee director on the Board.

The Company and the Book Running Lead Managers are not liable for any amendment or modification or change to applicable laws or regulations, which may occur after the date of this Placement Document. QIBs are advised to make their independent investigations and satisfy themselves that they are eligible to apply. QIBs are advised to ensure that any single application from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in this Placement Document. Further, QIBs are required to satisfy themselves that their Application Forms would not eventually result in triggering a tender offer under the Takeover Code.

As per the SEBI Regulations, a minimum of 10% of the Equity Shares in this Issue shall be Allotted to Mutual Funds. If no Mutual Fund is agreeable to take up the minimum portion as specified above, such minimum portion or part thereof may be Allotted to other QIBs.

Note: Affiliates or associates of the Book Running Lead Managers who are QIBs may participate in the Issue in compliance with applicable laws.

Application Process

Application Form

QIBs shall only use the serially numbered Application Forms supplied by the Book Running Lead Managers in either electronic form or by physical delivery for the purpose of making a Bid (including revision of Bid) in terms of this Placement Document and the Placement Document.

By making a Bid (including the revision thereof) for Equity Shares through Application Forms, the QIB will be deemed to have made the following representations and warranties and the representations, warranties and agreements made under "Transfer Restrictions":

1. The QIB confirms that it is a QIB in terms of Clause 2 (zd) of the SEBI Regulation and is eligible to participate in this Issue;

2. The QIB confirms that it is not a Promoter and is not a person related to the Promoters, either directly or indirectly and its Application Form does not directly or indirectly represent the Promoter or promoter group of the Company;

3. The QIB confirms that it has no rights under a shareholders agreement or voting agreement with the Promoters or persons related to the Promoters, no veto rights or right to appoint any nominee director on the Board other than those acquired in the capacity of a lender which shall not be deemed to be a person related to the Promoters;

4. The QIB has no right to withdraw its Bid after the Bid Closing Date;

5. The QIB confirms that if Equity Shares are Allotted through this Issue, it shall not, for a period of one year from Allotment, sell such Equity Shares otherwise than on the Stock Exchanges;

6. The QIB confirms that the QIB is eligible to apply and hold Equity Shares so Allotted and together with any Equity Shares held by the QIB prior to the Issue, the QIB further confirms that the holding of the QIB, does not and shall not, exceed the level permissible as per any applicable regulations applicable to the QIB;

7. The QIB confirms that the Application Form would not eventually result in triggering a tender offer under the Takeover Code;

8. The QIB confirms that to the best of its knowledge and belief together with other QIBs in the Issue that belong to the same group or are under common control, the Allotment to the QIB shall not exceed 50% of the Issue Size. For the purposes of this statement:

    a. The expression "belongs to the same group" shall derive meaning from the concept of "companies under the same group" as provided in sub-section (11) of Section 372 of the Companies Act;

    b. "Control" shall have the same meaning as is assigned to it by clause I of Regulation 2 of the Takeover Code.

9. The QIBs shall not undertake any trade in the Equity Shares credited to its Depository Participant account until such time that the final listing and trading approvals for the Equity Shares are issued by the Stock Exchanges.

QIBS WOULD NEED TO PROVIDE THEIR DEPOSITORY ACCOUNT DETAILS, THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE APPLICATION FORM. QIBS MUST ENSURE THAT THE NAME GIVEN IN THE APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD.

Demographic details such as address and bank account will be obtained from the Depositories as per the Depository Participant account details given above.

The submission of an Application Form by the QIBs shall be deemed a valid, binding and irrevocable offer for the QIB to pay the entire Issue Price for its share of Allotment (as indicated by the CAN) and becomes a binding contract on the QIB, upon issuance of the CAN by the Company in favour of the QIB.

Submission of Application Form

All Application Forms must be duly completed with information including the name of the QIB, the price and the number of Equity Shares applied for. The Application Form shall be submitted to the Book Running Lead Managers either through electronic form or through physical delivery at the following address:

Name:	**Enam Securities Private Limited**
Address:	**801/802, Dalamal Towers, Nariman Point, Mumbai 400 021**
Contact Person:	**G. Venkatesh**
Email:	**venkatesh@enam.com**
Phone:	**+91 22 6754 7500**

Name:	**DSP Merrill Lynch Limited**
Address:	**Mafatlal Centre, 10th Floor Nariman Point, Mumbai 400 021**
Contact Person:	**Shradha Kothari**
Email:	**shradha_kothari@ml.com**
Phone:	**+91 22 6632 8138**

The Book Running Lead Managers shall not be required to provide any written acknowledgement of the same.

Pricing and Allocation

Build up of the book

The QIBs shall submit their Bids (including the revision of) within the Bidding Period to the Book Running Lead Managers.

Price discovery and allocation

The Company, in consultation with the Book Running Lead Managers, shall determine the Issue Price for the Equity Shares which shall be at or above the Floor Price.

Method of Allocation

The Company shall determine the Allocation in consultation with the Book Running Lead Managers on a discretionary basis and in compliance with Chapter VIII of the SEBI Regulations.

Application Forms received from the QIBs at or above the Issue Price shall be grouped together to determine the total demand. The Allocation to all such QIBs will be made at the Issue Price. Allocation to Mutual Funds for up to a minimum of 10% of the Issue Size shall be undertaken subject to valid Bids being received at or above the Issue Price.

THE DECISION OF THE COMPANY AND THE BOOK RUNNING LEAD MANAGERS IN RESPECT OF ALLOCATION SHALL BE BINDING ON ALL QIBS. QIBS MAY NOTE THAT ALLOCATION OF EQUITY SHARES IS AT THE SOLE AND ABSOLUTE DISCRETION OF THE COMPANY AND QIBS MAY NOT RECEIVE ANY ALLOCATION EVEN IF THEY HAVE SUBMITTED VALID APPLICATION FORMS AT OR ABOVE THE ISSUE PRICE. NEITHER THE COMPANY NOR EITHER OF THE BOOK RUNNING LEAD MANAGERS IS OBLIGED TO ASSIGN ANY REASONS FOR SUCH NON-ALLOCATION.

All Application Forms duly completed along with payment and a copy of the PAN card or PAN allotment letter shall be submitted to the Book Running Lead Managers as per the details provided in the respective CAN.

Number of Allottees

The minimum number of Allottees in the Issue shall not be less than:

(a) two, where the issue size is less than or equal to Rs. 250 Crores; or
(b) five, where the issue size is greater than Rs. 250 Crores.

Provided that no single allottee shall be Allotted more than 50% of the aggregate amount of the Issue Size.

Provided further that QIBs belonging to the same group or those who are under common control shall be deemed to be a single Allottee for the purpose of this clause. For details of what constitutes "same group" or "common control" see "*Application Process—Application Form*".

The maximum number of Allottees of Equity Shares shall not be greater than 49 Allottees. Further the Equity Shares will be Allotted within 12 months from the date of the shareholders resolution approving the Issue.

CAN

Based on the Application Forms received, the Company and the Book Running Lead Managers, in their sole and absolute discretion, decide the list of QIBs to whom the serially numbered CAN shall be sent, pursuant to which the details of the Equity Shares Allocated to them and the details of the amounts payable for Allotment of such Equity Shares in their respective names shall be notified to such QIBs. Additionally, the CAN will include details of the bank account(s) for transfer of funds if done electronically, address where the application money needs to be sent, Pay-In Date as well as the probable designated date ("**Designated Date**"), being the date of credit of the Equity Shares to the QIB's account, as applicable to the respective QIBs.

The eligible QIBs would also be sent a serially numbered Placement Document either in electronic form or by physical delivery along with the serially numbered CAN.

The dispatch of the serially numbered Placement Document and the CAN by the QIB shall be deemed a valid, binding and irrevocable contract for the QIB to furnish all details that may be required by the Book Running Lead Managers and to pay the entire Issue Price for all the Equity Shares Allocated to such QIB.

Company Account for Payment of Application Money

The Company has opened a special bank account (the "Escrow Accounts") with Axis Bank Limited and The Hongkong and Shanghai Banking Corporation, terms of the arrangement between the Company, the Book Running Lead Managers and the Escrow Banks. The QIB will be required to deposit the entire amount payable for the Equity Shares allocated to it by the Pay-In Date as mentioned in the respective CAN.

If the payment is not made favouring the Escrow Bank Account within the time stipulated in the CAN, the Application Form and the CAN of the QIB are liable to be cancelled.

In case of cancellations or default by the QIBs, the Company and the Book Running Lead Managers has the right to reallocate the Equity Shares at the Issue Price among existing or new QIBs at their sole and absolute discretion, subject to the compliance with the requirement of ensuring that the Application Forms are sent to not more than 49 QIBs.

Payment Instructions

The payment of application money shall be made by the QIBs in the name of "*PRIL QIP Escrow 2009*" opened with the respective Escrow Banks as per the payment instructions provided in the CAN.

QIBs may make payment through cheques or electronic fund transfer.

Note: Payment of the amounts through outstation cheques are liable to be rejected. Payments through cheques should be only through high value cheques payable at Mumbai.

Designated Date and Allotment of Equity Shares

1. The Equity Shares will not be Allotted unless the QIBs pay the Issue Price to the Escrow Accounts as stated above.

2. In accordance with the SEBI Regulations, Equity Shares will be issued and Allotment shall be made only in the dematerialized form to the Allottees. Allottees will have the option to re-materialize the Equity Shares, if they so desire, as per the provisions of the Companies Act

and the Depositories Act.

3. The Company reserves the right to cancel the Issue at any time up to Allotment without assigning any reasons whatsoever.

4. Post Allotment and credit of Equity Shares into the QIBs Depository Participant account, the Company would apply for final trading/listing approvals from the Stock Exchanges.

5. In the unlikely event of any delay in the Allotment or credit of Equity Shares, or receipt of trading or listing approvals or cancellation of the Issue, no interest or penalty would be payable by the Company.

6. The Escrow Banks shall not release the monies lying to the credit of the Escrow Accounts to the Company, until such time as the Company delivers to the Escrow Banks documentation regarding the final approval of the Stock Exchanges, for the listing and trading of the Equity Shares.

After finalization of the Issue Price, the Company shall update the Preliminary Placement Document with the Issue details and file the same with the Stock Exchanges as the Placement Document.

Submission to SEBI

The Company shall submit the Placement Document to SEBI within 30 days of the date of Allotment for record purposes.

Other Instructions

Permanent Account Number or PAN

Each QIB should mention its PAN allotted under the I.T. Act. **The copy of the PAN card or PAN allotment letter is required to be submitted with the Application Form.** Applications without this information will be considered incomplete and are liable to be rejected. It is to be specifically noted that applicants should not submit the GIR number instead of the PAN as the Application Form is liable to be rejected on this ground.

Right to Reject Applications

The Company, in consultation with the Book Running Lead Managers, may reject Bids, in part or in full, without assigning any reasons whatsoever. The decision of the Company and the Book Running Lead Managers in relation to the rejection of Bids shall be final and binding.

Equity Shares in dematerialised form with NSDL or CDSL

The Allotment of the Equity Shares in this Issue shall be only in dematerialized form (i.e., not in the form of physical certificates but be fungible and be represented by the statement issued through the electronic mode).

1. A QIB applying for Equity Shares must have at least one beneficiary account with a Depository Participant of either NSDL or CDSL prior to making the Bid.

2. Allotment to a successful QIB will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the QIB.

3. Equity Shares in electronic form can be traded only on the stock exchanges having electronic connectivity with NSDL and CDSL. The Stock Exchanges have electronic connectivity with CDSL and NSDL.

4. The trading of the Equity Shares would be in dematerialized form only for all QIBs in the demat segment of the respective Stock Exchanges.

The Company will not be responsible or liable for the delay in the credit of Equity Shares due to errors in the Application Form or otherwise on part of the QIBs.

PLACEMENT

Memorandum of Understanding

The Book Running Lead Managers have entered into a Memorandum of Understanding with the Company (the "**Placement MoU**"), pursuant to which the Book Running Lead Managers have agreed to place, on a reasonable effort basis, the Equity Shares, pursuant to Chapter VIII of the SEBI Regulations.

The Placement MoU contains customary representations and warranties, as well as indemnities from the Company and is subject to termination in accordance with the terms contained therein.

Applications shall be made to list the Equity Shares issued pursuant to the Issue and admit them to trading on the Stock Exchanges. No assurance can be given as to the liquidity or sustainability of the trading market for such Equity Shares, the ability of holders of the Equity Shares to sell their Equity Shares or the price at which holders of the Equity Shares will be able to sell their Equity Shares.

This Placement Document has not been, and will not be, registered as a prospectus with the RoC and, no Equity Shares will be offered in India or overseas to the public or any members of the public in India or any other class of investors, other than QIBs.

In connection with the Issue, the Book Running Lead Managers (or their respective affiliates) may, for their own accounts, enter into asset swaps, credit derivatives or other derivative transactions relating to the Equity Shares at the same time as the offer and sale of the Equity Shares, or in secondary market transactions. As a result of such transactions, the Book Running Lead Managers may hold long or short positions in such Equity Shares. These transactions may comprise a substantial portion of the Issue and no specific disclosure will be made of such positions.

Lock-up

The Company will not, for a period of 90 days from the date of the Placement Document, without the prior written consent of the Book Running Lead Managers, (A) directly or indirectly, issue, offer, lend, pledge, sell, contract to sell or issue, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase or otherwise transfer or dispose of any Shares or any securities convertible into or exercisable or exchangeable for Shares or publicly announce an intention with respect to any of the foregoing, (B) enter into any swap or any other agreement or any transaction that transfers, in whole or in part, directly or indirectly, any of the economic consequences of ownership of the Shares or any securities convertible into or exercisable or exchangeable for Shares or publicly announce an intention to enter into any such transaction, whether any such swap or transaction described in clause (A) or (B) hereof is to be settled by delivery of Shares or such other securities, in cash or otherwise, or (C) deposit Shares or any securities convertible into or exercisable or exchangeable for Shares or which carry the right to subscribe for or purchase Equity Shares in depositary receipt facilities or enter into any transaction (including a transaction involving derivatives) having an economic effect similar to that of a sale or a deposit of Equity Shares in any depositary receipt facility, or publicly announce any intention to enter into any transaction. The foregoing sentence shall not apply (i) to any issuance, sale, transfer or disposition of Equity Shares by the Company to the extent such issuance, sale, transfer or disposition is required by Indian law; and (ii) to any issuance, sale, transfer or disposition of Equity Shares by the Company in order to undertake the restructuring initiatives approved by the Board of Directors pursuant to its resolution dated October 30, 2009.

The Promoter and promoter group of the Company, comprising of 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 and Akar Estate & Finance Private Limited have also entered into a lock-up agreement for a period of 60 days from the date of the Placement Document on the terms as set out above.

TRANSFER RESTRICTIONS

Allottees are not permitted to sell the Equity Shares for a period of one year from the date of Allotment except through the Stock Exchanges. Because the following restrictions will apply to the Issue, purchasers are advised to consult their own legal counsel prior to making any offer, re-sale, pledge or transfer of the Equity Shares.

THE SECURITIES MARKET OF INDIA

The information in this section has been extracted from publicly available documents from various sources, including officially prepared materials from the SEBI, the BSE and the NSE, and has not been prepared or independently verified by the Company or the Book Running Lead Managers or any of their respective affiliates or advisors.

India has a long history of organised securities trading. In 1875, the first stock exchange was established in Mumbai.

Stock Exchange Regulations

Indian Stock Exchanges are regulated primarily by SEBI, as well as by the Government of India acting through the Ministry of Finance, Stock Exchange Division, under the Securities Contracts (Regulation) Act, 1956, as amended (the "**SCRA**") and the Securities Contracts (Regulation) Rules, 1957, as amended (the "**SCRR**"). The SCRA and the SCRR along with the rules, by-laws and regulations of the respective stock exchanges regulate the recognition of stock exchanges, the qualifications for membership thereof and the manner in which contracts are entered into, settled and enforced between members.

The SEBI Act granted the SEBI powers to regulate the business of Indian securities markets, including stock exchanges and other financial intermediaries, promote and monitor self-regulatory organisations, prohibit fraudulent and unfair trade practices and insider trading and regulate substantial acquisitions of shares and takeovers of companies. SEBI has also issued guidelines concerning minimum disclosure requirements by public companies, rules and regulations concerning investor protection, insider trading, substantial acquisitions of shares and takeovers of companies, buybacks of securities, employee stock option schemes, stockbrokers, merchant bankers, underwriters, mutual funds, foreign institutional investors, credit rating agencies and other capital market participants.

Listing of Securities

The listing of securities on a recognised Indian stock exchange is regulated by the Companies Act, the SCRA, the SCRR, the SEBI Act and various guidelines issued by SEBI and the listing agreements of the respective stock exchanges. Under the SCRR, the governing body of each stock exchange is empowered to suspend trading of or dealing in a listed security for breach of an issuer's obligations under such listing agreement or for any other reason, subject to the issuer receiving prior written notice of the intent of the exchange and upon granting of a hearing in the matter. In the event that a suspension of a company's securities continues for a period in excess of three months, the company may appeal to the Securities Appellate Tribunal ("**SAT**") established under the SEBI Act to set aside the suspension. SEBI has the power to vary or set aside the decision of stock exchange decisions in this regard. SEBI also has the power to amend such listing agreements and the by-laws of the stock exchanges in India.

Clause 49 of the listing agreement provides that if non-executive chairman of a listed company is a promoter or is related to promoters of the company or persons occupying management positions at the board level or at one level below the board, at least one-half of the board of the company should consist of independent directors.

The listing agreement requires that all listed companies are required to ensure a minimum level of public shareholding at 25% of the total number of issued shares of a class or kind for every such class or kind for the purpose of continuous listing.

The exceptions to this rule are for companies which (i) are offering or have offered shares to the extent of at least 10% of the issue size in terms of Rule 19(2)(b) of the SCRR; (ii) have 20 million or more outstanding shares; (iii) have a market capitalisation of Rs. 10,000 million or more and the minimum public shareholding to be maintained by such companies is 10%. Consequently, a listed company may be delisted from the stock exchanges for not complying with the above-mentioned requirement.

Delisting of securities

SEBI has recently, pursuant to a notification dated June 10, 2009, notified the SEBI (Delisting of Equity Shares) Regulations, 2009 ("**Delisting Regulations**").

The Delisting Regulations are applicable to both compulsory and voluntary delisting of equity shares of a company from all or any of the recognised stock exchanges where such shares are listed. No company can apply for and no recognised stock exchange shall permit delisting of equity shares of a company, if: (i) pursuant to a buy back of equity shares or pursuant to preferential allotment made by a company, (ii) if less than three years have elapsed since the listing of that class of equity shares on any recognised stock exchange, or (iii) if any instruments issued by the company which are convertible into the same class of equity shares that are sought to be delisted, are outstanding.

A company may delist its equity shares from one or more recognised stock exchanges where they are listed and continue their listing on one or more other recognised stock exchanges, subject to the provisions of these Delisting Regulations and is subject to the following:

- if, after the proposed delisting from any one or more recognised stock exchanges, the equity shares would remain listed on any recognised stock exchange which has nationwide trading terminals, no exit opportunity is required to be given to the public shareholders; and

- if, after the proposed delisting, the equity shares would not remain listed on any recognised stock exchange having nation wide trading terminals, an exit opportunity has to be given to all the public shareholders holding the equity shares sought to be delisted.

In the latter situation, the company has to, *inter alia,* obtain the prior approval of shareholders of the company by special resolution passed through postal ballot, after disclosure of all material facts in the explanatory statement sent to the shareholders in relation to such resolution. A special resolution shall be acted upon if and only if the votes cast by public shareholders in favour of the proposal amount to at least two times the number of votes cast by public shareholders against it. The company also has to file for in-principle approval and a final application to the stock exchange at the stipulated time.

The floor price for delisting will be determined by calculating the average of the weekly high and low of the closing prices during the last 26 weeks or two weeks preceding the date on which the recognised stock exchange were notified of the board meeting in which the delisting proposal was considered.

The promoter has a right to not accept this price determined by the book building process. Where the public shareholding at the opening of the bidding period was less than the minimum level of public shareholding required under the listing agreement, the promoter has to ensure that the public shareholding is brought up to such minimum level within a period of six months from the date of closure of the bidding through any of the following ways:

- by issue of new shares by the company in compliance with the provisions of the Companies and the guidelines and regulations of SEBI relating to issue of securities and disclosures;

- by the promoter making an offer for sale of his holdings in compliance with applicable laws; or

- by the promoter making sale of his holdings through the secondary market in a transparent manner.

The Ministry of Finance has, on June 10, 2009, proposed certain amendments to the Securities Contracts (Regulation) Rules, 1957 ("**MoF Notification**") in relation to voluntary and compulsory delisting, to bring them in line with the Delisting Regulations. The MoF Notification shall become effective from the date that it is published in the official gazette.

Index-Based Market-Wide Circuit Breaker System

In order to restrict abnormal price volatility in any particular stock, the SEBI has instructed stock exchanges to apply daily circuit breakers which do not allow transactions beyond a certain level of price volatility. The index-based market-wide circuit breaker system (equity and equity derivatives) applies at three stages of the index movement, at 10%, 15% and 20%. These circuit breakers, when triggered, bring about a coordinated trading halt in all equity and equity derivative markets nationwide. The market-wide circuit breakers are triggered by movement of either the SENSEX of the BSE or NIFTY of the NSE, whichever is breached earlier.

In addition to the market-wide index-based circuit breakers, there are currently in place individual scrip-wise price bands of 20% movements either up or down. However, no price bands are applicable on scrips on which derivative products are available or scrips included in indices on which derivative products are available.

The stock exchanges in India can also exercise the power to suspend trading during periods of market volatility. Margin requirements are imposed by stock exchanges that are required to be paid by the stockbrokers.

Disclosures under the Companies Act and Securities Regulations

Under the Companies Act, a public offering of securities in India must be made by means of a prospectus, which must contain information specified in the Companies Act and the SEBI Regulations, and be filed with the RoC having jurisdiction over the place where a company's registered office is situated. A company's directors and promoters may be subjected to civil and criminal liability for misstatements in a prospectus. The Companies Act also sets forth procedures for the acceptance of subscriptions and the allotment of securities among subscribers and establishes maximum commission rates for the sale of securities. Pursuant to the provisions of the SEBI Act, the SEBI has issued detailed regulations concerning disclosures by public companies and to further investor protection. Prior to the repeal of certain rules in mid-1992, the Controller of Capital Issues of the Government regulated the prices at which companies could issue securities. The SEBI Regulations permit companies to freely price their issues of securities. All companies, including public limited companies, are required under the Companies Act to prepare and file with the RoC and circulate to their shareholders audited annual accounts, which comply with the disclosure requirements of the Companies Act and regulations governing their manner of presentation, which include sections pertaining to corporate governance and the management's discussion and analysis as required under the listing agreement. In addition, a listed company is subject to continuing disclosure requirements pursuant to the terms of its listing agreement with the relevant stock exchange, including the requirement to publish un-audited financial statements on a quarterly basis, and is required to inform stock exchanges immediately regarding any stock price-sensitive information.

The Companies Act further requires mandatory compliance with accounting standards issued by the ICAI. The ICAI and SEBI have implemented changes which require Indian companies to account for deferred taxation, consolidate their accounts (subsidiaries only), and provide segment-wise reporting and disclosure of related party transactions from April 1, 2001 and accounting for investments in affiliated companies and joint ventures in consolidated accounts from April 1, 2002.

As of April 1, 2003, accounting of intangible assets is also regulated by accounting standards set by the ICAI and as of April 1, 2004 accounting standards set by the ICAI regulate accounting for impairment of assets. The ICAI has recently announced that all listed companies and public interest entities have to comply with International Financial Reporting Standards from April 1, 2011.

Indian Stock Exchanges

There are currently 23 recognised stock exchanges in India. Most of the stock exchanges have their own governing board for self regulation. The BSE and NSE together hold a dominant position among the stock exchanges in terms of the number of listed companies, market capitalisation, and trading activity.

With effect from April 1, 2003, the stock exchanges in India operate on a trading day plus two, or T+2, rolling settlement system. At the end of the T+2 period, obligations are settled with buyers of securities paying for and receiving securities, while sellers transfer and receive payment for securities. For example, trades executed on a Monday would typically be settled on a Wednesday. In order to contain the risk arising out of the transactions entered into by the members of various stock exchanges either on their own account or on behalf of their clients, the stock exchanges have designed risk management procedures, which include compulsory prescribed margins on the individual broker members, based on their outstanding exposure in the market, as well as stock-specific margins from the members.

BSE

Established in 1875, it is the oldest stock exchange in India. In 1956 it became the first stock exchange in India to obtain permanent recognition from the Indian Government under the SCRA. It has evolved over the years into its present status as one of the premier stock exchange of India. Recently, pursuant to the SEBI's BSE (Corporatisation and Demutualisation) Scheme, 2005, with effect from August 20, 2005 the BSE has been corporatised and demutualised and is now a company under the Companies Act. The BSE switched over from an open outcry trading system to an online trading network in May 1995 and has today expanded this network to over 359 towns and cities in India. As of October 31, 2009, the BSE had 1,004 members comprising 173 individual members, 808 Indian companies and 23 foreign institutional investors. As of October 31, 2009, there were 4,951 companies trading on the BSE and the estimated market capitalisation of stocks trading on the BSE was Rs. 53,745.59 billion. In October 2009, the average daily turnover on the BSE was Rs. 56.97 billion.

NSE

The NSE was established by financial institutions and banks to provide nationwide, online, satellite-linked, screen-based trading facilities for market-makers and electronic clearing and settlement for securities including government securities, debentures, public sector bonds and units. It has evolved over the years into its present status as one of the premier stock exchanges of India.The NSE was recognised as a stock exchange under the SCRA in April 1993 and commenced operations in the wholesale debt market segment in June 1994. The capital market (equities) segment commenced operations in November 1994 and operations in the derivatives segment commenced in June 2000. As of October 31, 2009, there were 1,439 companies trading on the NSE and the estimated market capitalisation of stocks trading on the NSE was Rs. 50,248.30 billion. In October 2009, the average daily turnover on the NSE was Rs.181.48 billion.

The NSE launched the NSE 50 index, now known as S&P CNX NIFTY, on April 22, 1996 and the Mid-cap Index on January 1, 1996. The NSE has a wide network in major metropolitan cities, screen based trading, a central monitoring system and greater transparency.

Internet-based Securities Trading and Services

SEBI approved internet trading in January 2000. Internet trading takes place through order routing systems, which route client orders to exchange trading systems for execution. Stockbrokers interested in providing this service are required to apply for permission to the relevant stock exchange and also have to comply with certain minimum conditions stipulated by the SEBI. The NSE became the first exchange to grant approval to its members for providing internet-based trading services. Internet trading is possible on both the "equities" as well as the "derivatives" segments of the NSE.

Trading Hours

Trading on both NSE and BSE occurs from Monday through Friday, between 9:55 a.m. and 3:30 p.m. The BSE and NSE are closed on public holidays.

Trading Procedure

Electronic trading was introduced in India by NSE, which developed its technology in-house. NSE introduced for the first time in India, fully automated screen based trading, which uses a modern, fully computerised trading system designed to offer investors across the length and breadth of the country a safe and easy way to invest. The NSE trading system called 'National Exchange for Automated

Trading' (NEAT) is a fully automated screen based trading system, which adopts the principle of an order driven market.

In order to facilitate smooth transactions, in 1995, BSE replaced its open outcry system with BSE On-line Trading ("**BOLT**") facility in 1995. This totally automated screen based trading in securities was put into practice nation-wide. This has enhanced transparency in dealings and has assisted considerably in smoothening settlement cycles and improving efficiency in back-office work.

Takeover Code

Disclosure and mandatory bid obligations for listed Indian companies under Indian law are governed by the Takeover Code, which prescribes certain thresholds or trigger points that give rise to these obligations. The Takeover Code is under constant review by the SEBI and was last amended on November 6, 2009. Since the Company is an Indian listed company, the provisions of the Takeover Code apply to the Company.

The salient features of the Takeover Code are as follows:

- The term "shares" is defined under the Takeover Code to mean equity shares or any other security, which entitles a person to receive shares with voting rights but does not include preference shares.

- Any acquirer (meaning a person who, directly or indirectly, acquires or agrees to acquire shares or voting rights in a company, or acquires or agrees to acquire control over a company, either by himself or with any person acting in concert with him) who acquires shares or voting rights (together with the company's equity shares or voting rights, if any, already held by such acquirers) that would entitle him to more than 5%, 10%, 14%, 54%, 74% or 90% of the shares or voting rights in a company is required to disclose the aggregate of his shareholding or voting rights in that company to the company and to each of the stock exchanges on which the company's shares are listed at every such stage within two days of (i) the receipt of intimation of allotment of shares or (ii) the acquisition of shares or voting rights, as the case may be. Such company in turn is also required to disclose the same to the stock exchanges on which the company's shares are listed.

- A person who holds more than 15% of the shares or voting rights in any company is required to make an annual disclosure of his holdings to that company within 21 days of the financial year ending on March 31 (which in turn is required to disclose the same to each of the stock exchanges on which that company's shares are listed). Further, any person together with persons acting in concert with him who holds 15% or more but less than 55% or 55% or more but less than 75% of the shares or voting rights in any company is required to disclose any purchase or sale of shares aggregating 2% or more of the share capital of a company along with the aggregate shareholding after such acquisition or sale, to that company (which in turn is required to disclose the same within seven days of receipt of such information to each of the stock exchanges on which the company's shares are listed) and to each of the stock exchanges on which the shares of the company are listed within two days of (i) the receipt of intimation of the allotment of shares or (ii) the acquisition of shares or voting rights, as the case may be.

- Promoters or persons in control of a company are also required to make periodic disclosure of their holdings or the voting rights held by them along with persons acting in concert, in the same manner as above, annually within 21 days of the end of each financial year as well as from the record date for entitlement of dividends. The company is also required to disclose the holdings of its promoters or persons in control as of March 31 of the respective year and on the record date fixed for the declaration of dividends to each of the stock exchanges on which its equity shares are listed. In addition, promoters or persons forming part of the promoter group of the company are also required to disclose to the company the details of the shares of the company pledged by them within seven days of the creation, or invocation, of the pledge, as the case may be. The company is, in turn, required to disclose the information to the stock exchanges within 7 days of receipt of such information, if during any quarter ending March, June, September and December of any year: (i) the aggregate number of pledged shares of a promoter or a person forming part of the promoter group taken together with the shares already pledged during that quarter exceeds 25,000, or (ii) the aggregate total pledged shares of a promoter or a person forming part of the promoter group taken together with the shares already pledged during that quarter exceeds 1% of the total shareholding or voting rights of the company, whichever is lower.

- An acquirer who, together with persons acting in concert with him, acquires or agrees to acquire 15% or more (taken together with existing equity shares or voting rights, if any, held by it or by persons acting in concert with it) of the shares or voting rights of a company would be required to make a public announcement offering to acquire a further minimum of 20% of the shares of the company at a price not lower than the price determined in accordance with the Takeover Code. Such offer has to be made to all public shareholders of a company (public shareholding is defined as shareholding held by persons other than the promoters) and a public announcement is required to be made within four working days of entering into an agreement for the acquisition of or of the decision to acquire shares or voting rights which exceed 15% or more of the voting rights in a company. A copy of the public announcement is required to be delivered on the date on which such announcement is published to SEBI, the company and the stock exchanges on which such company's equity shares are listed.

- An acquirer who, together with persons acting in concert with him, has acquired 15 %, or more, but less than 55% of the shares or voting rights in the shares of a company, cannot acquire additional shares or voting rights that would entitle him to exercise more than 5% of the voting rights (with post acquisition shareholding or voting rights not exceeding 55%) in any financial year ending on March 31 unless such acquirer makes a public announcement offering to acquire a further minimum of 20% of the shares of the company at a price not lower than the price determined in accordance with the Takeover Code.

- An acquirer who, together with persons acting in concert with him, if any, holds 55% or more but less than 75% of the shares or voting rights (or, where the company concerned obtained the initial listing of its shares by making an offer of at least 10% of the issue size to the public pursuant to Rule 19(2)(b) of the SCRR, less than 90% of the shares or voting rights in the company) in a company cannot acquire additional shares either by himself, or with, or through person acting in concert, entitling him to exercise voting rights or voting rights unless such acquirer makes a public announcement offering to acquire a further minimum of 20% of the shares of the company at a price not lower than the price determined in accordance with the Takeover Code.

- However, an acquirer may acquire, together with persons acting in concert with him, additional shares or voting rights that would entitle him to exercise up to 5% voting rights in the company, without making a public announcement as aforesaid if (i) the acquisition is made through open market purchase in normal segment on the stock exchange but not through bulk/block deal/negotiated deal/preferential allotment, or the increase in the shareholding or voting rights of the acquirer is pursuant to a buyback of shares by the company; and (ii) the post acquisition shareholding of the acquirer together with persons acting in concert with him shall not increase beyond 75%.

- Where an acquirer who (together with persons acting in concert) holds 55% or more, but less than 75% of the shares or voting rights (or, where the company concerned obtained initial listing of its shares by making an offer of at least 10% of the issue size to the public pursuant to Rule 19(2)(b) of the SCR Rules, less than 90% of the shares or voting rights) in the company, intends to consolidate its holdings while ensuring that the public shareholding in the target company does not fall below the minimum level permitted by the listing agreement with the stock exchanges, the acquirer may do so only through an open offer under the Takeover Code. Such open offer would be required to be made for the lesser of (i) 20% of the voting capital of the company, or (ii) such other lesser percentage of the voting capital of the company as would, assuming full subscription to the open offer, enable the acquirer (together with persons acting in concert), to increase the holding to the maximum level possible, i.e. up to the delisting threshold (75% or 90%, as the case may be).

- The mandatory public offer requirements prescribed by the Takeover Code have also been made applicable to acquisitions of global depository receipts where the holders of such global depository receipts become entitled to exercise voting rights, in any manner, on the underlying shares.

- In addition, regardless of whether there has been any acquisition of shares or voting rights in a company, an acquirer cannot directly or indirectly acquire control over a company (for example, by way of acquiring the right to appoint a majority of the directors or to control the management or the policy decisions of the company) unless such acquirer makes a public announcement offering to acquire a minimum of 20% of the shares of the company. In addition, the Takeover Code introduces the "chain principle" by which the acquisition of a holding company will obligate the acquirer to make a public offer to the shareholders of each of its subsidiary companies which is listed. However, the public announcement requirement will not apply to any change in control which takes place pursuant to a special resolution passed by way of postal ballot by shareholders. The Takeover Code sets out the contents of the required public announcements as well as the minimum offer price. The minimum offer price depends on whether the shares of the company are "frequently" or "infrequently" traded (as defined in the Takeover Code). In the case of shares which are frequently traded, the minimum offer price shall be the highest of the:

  (a) negotiated price under the agreement for the acquisition of shares or voting rights in the company;

  (b) highest price paid by the acquirer or persons acting in concert with him/her for any acquisitions, including through an allotment in a public, preferential or rights issue, during the 26-week period prior to the date of the public announcement; or

  (c) average of the weekly high and low of the closing prices of the shares of the company as quoted on the stock exchange where the shares of the company are most frequently traded during the 26-week period prior to the date of the public announcement or the average of the daily high and low of the prices of the shares as quoted on the stock exchange where the shares of the company are most frequently traded during the two-week period prior to the date of the public announcement, whichever is higher.

- The open offer for the acquisition of a further minimum of 20% of the shares of a company has to be made by way of a public announcement which is to be made within four working days of entering into an agreement for the acquisition or the decision to acquire shares or voting rights exceeding the relevant percentages or within four working days after the decision to make any such changes is made which would result in acquisition of control.

- The Takeover Code provides that an acquirer who seeks to acquire any shares or voting rights which would result in the public shareholding in the target company being reduced to a level below the limit specified in the listing agreement with the stock exchange for the purpose of listing on a continuous basis, shall take the necessary steps to facilitate the compliance by the company with the relevant provisions of such listing agreement, within the time period mentioned therein. Further, the Takeover Code contains penalties for the violation of any provisions.

- The Takeover Code permits conditional offers and provides specific guidelines for the gradual acquisition of shares or voting rights. Specific obligations of the acquirer and the board of directors of the target company in the offer process have also been set out.

- Acquirers making a public offer are also required to deposit a percentage of the total consideration for such offer in an escrow account. This amount will be forfeited in the event that the acquirer does not fulfil his/her obligations.

The general requirements to make such a public announcement do not, however, apply entirely to bailout takeovers when a promoter (i.e. a person or persons in control of the company, persons named in any offer document as promoters and certain specified corporate bodies and individuals) is taking over a financially weak company but not a "sick industrial company" pursuant to a rehabilitation scheme approved by a public financial institution or a scheduled bank. A "financially weak company" is a company which has at the end of the previous financial year accumulated losses which have resulted in the erosion of more than 50% but less than 100% of the total sum of its paid up capital and free reserves as at the beginning of the previous financial year. A "sick industrial company" is a company registered for more than five years which has at the end of any financial year accumulated losses equal to or exceeding its entire net worth.

The public offer provisions of the Takeover Code (subject to certain specified conditions), do not apply, *inter alia*, to certain specified acquisitions, including the acquisition of shares (i) by allotment in a public and rights issue subject to the fulfilment of certain conditions, (ii) pursuant to an underwriting agreement, (iii) by registered stockbrokers in the ordinary course of business on behalf of clients, (iv) in unlisted companies (unless such acquisition results in an indirect acquisition of shares in excess of 15% in a listed company), (v) pursuant to a scheme of arrangement or reconstruction including an amalgamation or demerger, under any law or regulation of India or any other country, (vi) pursuant to a scheme under section 18 of SICA, (vii) resulting from transfers between companies belonging to the same group of companies or between promoters of a publicly listed company and their relatives, provided the relevant conditions are complied with, (viii) through inheritance or succession, (ix) resulting from transfers by Indian venture capital funds or foreign venture capital investors registered with the SEBI, to their respective promoters or to other venture capital undertakings, (x) by companies controlled by the Indian Government unless such acquisition is made pursuant to a disinvestment process undertaken by the Indian government or a state government, (xi) pursuant to a change in control by the takeover/restoration of the management of a borrower company by a secured creditor under the terms of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002, (xii) by acquisition of shares by a person in exchange for equity shares received under a public offer made under the Takeover Code, and (xiii) in terms of guidelines and regulations relating to delisting of securities as specified by SEBI. The Takeover Code does not apply to acquisitions in the ordinary course of business by public financial institutions, either on their own account or as a pledgee. An application may also be filed with the SEBI seeking exemption from the requirements of the Takeover Code.

Insider Trading Regulations

The SEBI (Prohibition of Insider Trading) Regulations 1992, as amended ("**Insider Trading Regulations**") have been notified by SEBI to prohibit and penalize insider trading in India. The Insider Trading Regulations prohibit an "insider" from dealing, either on his own behalf or on behalf of any other person, in the securities of a company listed on any stock exchanges when in possession of unpublished price-sensitive information. The terms "insider" and "unpublished price-sensitive information" are defined in the Insider Trading Regulations. The insider is also prohibited from communicating, counselling or procuring, directly or indirectly, any unpublished price-sensitive information to any other person who while in possession of such unpublished price-sensitive information is prohibited from dealing in securities. The prohibition under the Insider Trading Regulations extends to all persons, including a company dealing in the securities of a company listed on any stock exchange or associate of that other company, while in the possession of unpublished price-sensitive information. Pursuant to recent amendments to the Insider Trading Regulations, the definition of the term insider has been broadened to include any person who has received or has had access to unpublished price sensitive information of the company.

The Insider Trading Regulations require any person who holds more than 5% of the outstanding shares or voting rights in any listed company to disclose to the company the number of shares or voting rights held by such person on becoming such holder within two working days of the:

- receipt of intimation of allotment of shares; or
- acquisition of the shares or voting rights, as the case may be.

On a continuous basis any person who holds more than 5% of the shares or voting rights in any listed company is required to disclose to the company the number of shares or voting rights held by such person and change in shareholding or voting rights (even if such change results in the shareholding falling below 5 percent) and any such change in such holding since last disclosure made, where such change exceeds 2% of the total shareholding or voting rights in the company. Such disclosure is required to be made within two working days of either: (i) the receipt of intimation of allotment of shares; or (ii) the acquisition or sale of shares or voting rights, as the case may be.

Further, all directors and officers of a listed company are required to disclose to the company the number of shares or voting rights held and positions taken derivatives by such person in such company within two working days of becoming a director or officer of such company. All directors and officers of a listed company are also required to make periodic disclosures of their shareholding in the company as specified in the Insider Trading Regulations.

The Insider Trading Regulations make it compulsory for listed companies and certain other entities associated with the securities market to establish an internal code of conduct to prevent insider trading and also to regulate disclosure of unpublished price-sensitive information within such entities so as to minimise misuse of such information. To this end, the Insider Trading Regulations provide a model code of conduct. As per the recent amendments, the Insider Trading Regulations require that the model code of conduct should not be diluted in any manner and shall be complied with. The model code of conduct has also been amended to prohibit all directors, officers or designated employees who buy or sell any number of shares of the company from entering into opposite transactions during the next six months following the prior transaction. All directors, officers and designated employees have also been prohibited from taking positions in derivative transactions in shares of the company at any time. Further, certain provisions pertaining to, *inter alia*, reporting requirements have also been extended to dependants of directors and designated employees of the company.

Depositories

In August 1996, the Indian Parliament enacted the Depositories Act which provides a legal framework for the establishment of depositories to record ownership details and effect transfers in book-entry form. SEBI framed the Securities and Exchange Board of India (Depositories and Participants) Rules and Regulations, 1996, as amended which provide inter alia, for the registration of such depositories, the registration of participants as well as the rights and obligations of the depositories, participants, companies and beneficial owners. The depository system has significantly improved the operation of the Indian securities markets. The Depositories Act requires that every person subscribing to securities offered by an issuer has the option either to receive the security certificate or hold the securities with a depository. The National Securities Depository Limited and the Central Depository Services Limited are two depositories that provide electronic depository facilities for the trading of equity and debt securities in India. Trading of securities in book-entry form commenced in December 1996. In order to encourage "dematerialisation" of securities, SEBI has set up a working group on dematerialisation of securities comprising foreign institutional investors, custodians, stock exchanges, mutual funds and the National Securities Depository Limited to review the progress of securities and trading in dematerialised form and to recommend scrips for compulsory, dematerialised trading in a phased manner. In January 1998, the SEBI notified scrips of various companies for compulsory dematerialised trading by certain categories of investors such as foreign institutional investors and other institutional investors and has also notified compulsory dematerialised trading in specified scrips for all retail investors. SEBI has subsequently significantly increased the number of scrips in which dematerialised trading is compulsory for all investors. SEBI has also provided that the issue and allotment of shares in public offers, rights offers or offers for sale after specified dates to be notified from time to time by SEBI shall only be in dematerialised form and an investor shall be compulsorily required to open a depository account with a participant. Under the Depositories Act, a company shall give the option to subscribers/shareholders to receive the security certificates or hold securities in dematerialised form with a depository. However, even in the case of scrips notified for compulsory dematerialised trading, investors, other than institutional investors, are permitted to trade in physical shares on transactions outside the stock exchange where there are no requirements for reporting such transactions to the stock exchange and on transactions on the stock exchange involving lots of less than 500 securities.

Transfers of shares in book-entry form require both the seller and the purchaser of the equity shares to establish accounts with depository participants registered with the depositories established under the Depositories Act. Charges for opening an account with a depository participant, transaction charges for each trade and custodian charges for securities held in each account vary depending upon the practice of each depository participant and have to be borne by the accountholder. Upon delivery, the shares shall be registered in the name of the relevant depository on the company's books and this depository shall enter the name of the investor in its records as the beneficial owner. The transfer of beneficial ownership shall be effected through the records of the depository. The beneficial owner shall be entitled to all rights and benefits and be subject to all liabilities in respect of his/her securities held by a depository.

The Companies Act compulsorily provides that Indian companies making any initial public offerings of securities for or in excess of Rs.100 million should issue the securities in dematerialised form in accordance with the provisions of the Depositories Act and the regulations made thereunder.

Derivatives (Futures and Options)

Trading in derivatives is governed by the SCRA, the SCRR and the SEBI Act. The SCRA was amended in February 2000 and derivative contracts were included within the term "securities", as defined by the SCRA. Trading in derivatives in India takes place either on separate and independent derivatives exchanges or on a separate segment of an existing stock exchange. The derivative exchange or derivative segment of a stock exchange functions as a self regulatory organisation under the supervision of SEBI. Derivatives products were introduced in phases in India, starting with futures contracts in June 2000 and index options, stock options and stock futures in June 2001, July 2001 and November 2001, respectively.

DESCRIPTION OF SHARES

Set forth below is certain information relating to the share capital of the Company including a brief summary of some of the provisions of the Memorandum and Articles of Association of the Company and the Companies Act relating to the rights attached to its shares.

The following description of shares is subject to and qualified in its entirety by the Company's Memorandum and Articles of Association and by the provisions of the Companies Act, which governs its affairs, and other applicable provisions of Indian law.

General

The authorized share capital of the Company is Rs. 60,00,00,000 comprising of 25,00,00,000 Equity Shares of Rs. 2 each and 5,00,00,000 Class B Shares of Rs. 2 each. As at the date of this Placement Document the issued share capital of the Company is 17,43,91,521 Equity Shares of Rs. 2 each and 1,59,29,152 Class B Shares of Rs. 2 each

For the purposes of this section, "Shareholder" means a holder of an Equity Shares or Class B Shares registered as a member in the register of members of the Company.

Articles of Association

The Company is governed by its Articles of Association.

Division of shares

The Companies Act provides that a company may subdivide its share capital if so authorised by its articles of association, by an ordinary resolution passed in its general meeting.

The Articles of Association allow that the Company may in its general meeting by an ordinary resolution, alter the conditions of its Memorandum of Association and subdivide all or any of its shares into shares of smaller amounts than originally fixed by the Memorandum of Association.

Dividends

The Articles of Association allows the board to issue shares of differential voting or dividend rights namely Class B Shares upto an amount not exceeding 25% of the total issued share capital of the Company. The Class B Shares will enjoy the same benefits and rights as Equity shares except in relation to voting and dividend which will be as spelt out by the Articles of Association. The dividend declared on Class B Shares may be equal to or lesser than or more than that declared in the Equity Shares and different sets of Class B Shares might carry different dividends.

Under the Companies Act, an Indian company pays dividend upon a recommendation by its board of directors and subject to approval by a majority of the members, who have the right to decrease but not to increase the amount of the dividend recommended by the board of directors. However, the board of directors is not obligated to recommend a dividend. According to the Articles of Association, the profits of the Company, subject to any special rights relating thereto and subject to the provisions of the Articles of Association as to the reserve fund or other special funds, shall be divisible among the members in proportion to the amount of capital paid up on the shares held by them respectively. However, any capital paid upon a share during the period in respect of which a dividend is declared shall, unless the Directors otherwise determine, entitle and shall be deemed always to have entitled the holders of such share only to an apportioned amount of such dividend as from the date of payment. Under the equity listing agreement listed companies are mandated to declare dividend on per share basis only. Under the Articles of the Company, no dividend shall be paid otherwise than out of the profits of the year. The Directors may from time to time pay to the members such interim dividends as may appear to it justified by the profits of the Company. Under the Companies Act, dividends can only be paid in cash to shareholders listed on the register of shareholders or those persons whose names are entered as beneficial owners in the record of the depository on the date specified as the "record date" or "book closure date".

The Company shall pay the dividend to the shareholder entitled within 30 days from the date of declaration of the dividend under the Companies Act. No unpaid or unclaimed dividend shall be forfeited unless the claim thereto becomes barred by law. The Company shall comply with the provisions of sections 205A of the Companies Act in respect of unpaid or unclaimed dividend. Where the Company had declared a dividend which has not been paid or claimed by the shareholders entitled to the payment of such dividend, the Company shall within seven days from the expiry of 30 days from declaration of such dividend open a special account in any scheduled bank called "Unpaid Dividend of Pantaloon Retail (India) Limited" and transfer to the same the amount that remains unpaid. Any dividend payments unclaimed by the shareholders for a period of 7 years from the date of such transfer shall be transferred by the Company to the investor education and protection fund instituted by the Central Government. A claim to any money so transferred to the general revenue account may be preferred to the Central Government by the shareholder to whom the money is due. For details of the dividend paid by the Company in past three Fiscal Years, please refer to "*Dividend Policy*".

Under the Companies Act, dividends may be paid out of profits of a company in the year in which the dividend is declared or out of the undistributed profits or reserves of the previous fiscal years or out of both in compliance with the provisions of Companies (Declaration of Dividend out of Reserves) Rules, 1975. Under the Companies Act, a company may pay a dividend in excess of 10% of paid-up capital in respect of any year out of the profits of that year only after it has transferred to the reserves of the Company a percentage of its profits for that year, ranging between 2.5% to 10% depending on the rate of dividend proposed to be declared in that year. The Companies Act further provides that if the profit for a year is insufficient, the dividend for that year may be declared out of the accumulated profits earned in previous years and transferred to reserves, subject to the following conditions: (i) the rate of dividend to be declared may not exceed the lesser of the average of the rates at which dividends were declared in the five years immediately preceding the year, or 10% of paid-up capital; (ii) the total amount to be drawn from the accumulated profits from previous years may not exceed an amount equivalent to 10% of paid-up capital and reserves and the amount so drawn is first to be used to set off the losses incurred in the financial year before any dividends in respect of preference shares or shares; and (iii) the balance of reserves after withdrawals must not be below 15% of paid-up capital.

Capitalization of Reserves and Issue of Bonus Shares

The Company may capitalise the whole or part of the amount for the time being standing in credit of any of the Company's reserve accounts or to the credit of the profit and loss account or otherwise available for distribution as dividend, upon recommendation of the board of directors. The Articles of Association of the Company provide that such sums may be set free distribution amongst the members who would have been entitled thereto if distributed by way of dividends and in the same proportions and are to be applied towards (i) paying up any amounts for the time being unpaid on any shares held by such members respectively; or (ii) paying up in full unissued shares or debentures of the Company to be allotted and distributed, credited as fully paid up, amongst such members in proportions or partly both of the above mentioned options.

In addition to permitting dividends to be paid out of current or retained earnings, the Companies Act permits the a company to distribute an amount transferred from the general reserve or surplus in its profit and loss account to its shareholders in the form of bonus shares, which are similar to a stock dividend. The Companies Act also permits the issue of bonus shares from a share premium account. Bonus shares are distributed to shareholders in the proportion of the number of shares owned by them as recommended by the board of directors. The shareholders on record on a fixed record date are entitled to receive such bonus shares. Any issue of bonus shares is subject to guidelines issued by SEBI.

In case of a bonus or rights issue the Class B shareholders receive further Class B Shares proportionate to their holding as against a Equity shareholder receiving further Equity Shares.

The relevant SEBI guidelines and regulations prescribe that no company shall, pending conversion of convertible securities, issue any shares by way of bonus unless similar benefit is extended to the holders of such convertible securities, through reservation of shares in proportion to such conversion. Further, as per the Companies Act, for the issuance of bonus shares a company should not have defaulted in the payment of interest or principal in respect of fixed deposits and interest on existing debentures or principal on redemption of such debentures. The bonus issue must be made out of free reserves built out of genuine profits or share premium account collected in cash only. The issuance of bonus shares must be implemented within two months from the date of approval by the board of directors, in the event such an issue requires prior shareholder approval.

Pre-Emptive Rights and Alteration of Share Capital

The Company in a general meeting may upon the recommendation of the board of directors resolve to capitalize whole or any part of the amount for the time being standing to the credit of any of the Company's reserve account, or to the credit of the profit and loss account or otherwise available for distribution. The Companies Act gives the shareholders the pre-emptive right to subscribe for new shares in proportion to their respective existing shareholdings unless the shareholders elect otherwise by a special resolution. The offer must include: (a) the right, exercisable by the shareholders of record, to renounce the shares offered in favour of any person; and (b) the number of shares offered and the period of the offer, which may not be less than 15 days from the date of offer. If the offer is not accepted it is deemed to have been declined. The Board is authorised to distribute any new shares not purchased by the pre-emptive rights holders in the manner that it deems most beneficial to the Company.

The Articles of the Company provide that the Company from time to time, by ordinary resolution:

- consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;

- sub-divide its shares or any of them into shares of smaller amount than is fixed by the Memorandum; and

- cancel shares which, at the date of passing of the resolution in that behalf, have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of share so cancelled.

General Meetings of Shareholders

In accordance with section 166 of the Companies Act, a company must hold its annual general meeting each year within 15 months of the previous annual general meeting or within six months after the end of each accounting year, whichever is earlier, unless extended by the Registrar of Companies at the request of the Company for any special reason.

The Articles of Association of the Company provide that the board of directors may, whenever it thinks fit, call an extraordinary general meeting. If at any time there are not within India directors capable of acting who are sufficient in number to form a quorum, any Director or any two members of the Company may call an extraordinary general meeting, in the same manner and as nearly as possible as that in which such a meeting may be called by the Board of Directors**.** Written notices convening a meeting setting out the date, place, hour and agenda of the meeting must be given to members at least 21 days prior to the date of the proposed meeting in accordance with section 171 of the Companies Act. A general meeting may be called after giving shorter notice if consent is received from all shareholders entitled to vote in case of an Annual General Meeting, or in case of any other meeting, by members of the Company holding not less than 95% of such part of the paid up share capital of the Company as gives them a right to vote at the meeting. The accidental omission to give notice of any meeting to or the non-receipt of any, notice by the member or other person to whom it should be given shall not invalidate the proceedings at the meetings. The Articles of the Company provide that no business shall be transacted at any general meeting unless a quorum of members is present throughout the meeting. Five members present in person shall constitute the quorum. If the quorum is not present within half an hour of the time appointed for a meeting, the meeting, if convened upon such requisition as aforesaid, shall be dissolved; but in any other case it shall stand adjourned in accordance with provisions of sub-sections (3), (4) and (5) of Section 174 of the Companies Act.

Quorum

The Articles of the Company provide that a quorum of a general meeting is two or one-third of the total strength of the Board, whichever is higher, unless otherwise fixed by the Directors.

Voting Rights

Every member present in person shall have one vote and on poll, the voting rights shall be as laid down in section 87 of the Companies Act, subject to any rights or restrictions for the time being attached to any class or classes of shares.

The instrument appointing a proxy is required to be lodged with the Company at least 48 hours before the time of the meeting. A vote given in accordance with the terms of an instrument appointing a proxy shall be valid notwithstanding the prior death or insanity of the principal, or revocation of the instrument, or transfer of the share in respect of which the vote is given, provided no intimation in writing of the death, insanity, revocation or transfer of the share shall have been received by the Company at the office before the vote is given. Further no member shall be entitled to exercise any voting right personally or by proxy at any meeting of the Company in respect of any shares registered in his name on which any calls or other sums presently payable by him have not been paid or in regard to which the Company has exercised any right of lien.

Shares with Differential Voting Rights

The Companies Act permits a company to issue shares with differential rights as to dividend, voting or otherwise subject to certain conditions. However, the listing agreement has been amended, whereby, public listed companies have been prohibited from issuing shares with superior voting rights or dividends vis-à-vis the rights on Equity Shares that are already listed.

For a company to issue shares with differential voting rights it should have distributable profits (as specified under the Companies Act) for a period of three financial years preceding the year in which it was decided to issue shares; it should not have defaulted in filing annual accounts and annual returns for the three financial years immediately preceding the financial year in which it was decided to issue such shares; it has not failed to repay its deposits or interest thereon on due date or redeem its debentures on due date or pay dividend; the company has not been convicted of any offence arising under the Securities and Exchange Board of India Act, the Securities Contracts Act, the Foreign Exchange Management Act, 1999; it has not defaulted in meeting investors' grievances; it has obtained the approval of share holders; and the articles of association of the company authorises the issue of shares with differential voting rights.

The Articles of the Company permits the Company to issue shares with differential rights as to voting and dividend by resolution passed through a postal ballot on September 20, 2008 in accordance with the Companies (Issue of Share Capital with Differential Voting Rights) Rules, 2001 ("Class B Shares"). The Articles provide, inter-alia that:

(i) The Board may issue shares with differential rights as to voting and/or dividend upto an amount not exceeding 25% of the total issued Equity Share Capital of the Company. Such issue of Class B Shares shall be in accordance with the Companies Act, other applicable laws, the Articles of Association of the Company and other terms and conditions that may be specified at the time of issue.

(ii) The outstanding Class B Shares carry one vote per ten shares.

(iii) The Class B Shares so issued by the Company will stand to be in the same class as Equity Shares. The Class B Shares issued by the Company will enjoy all rights and privileges that are attached to Equity Shares in law and by the provisions of these presents, except as to voting and/or dividend, as provided in the Articles of Association of the Company and as may be permitted under applicable law from time to time.

(iv) The Board may issue Class B Shares of more than one series carrying differential rights as to voting and/or dividend, as the case may be.

(v) The holders of Class B Share mutatis mutandis enjoy all rights, and privileges that are enjoyed by holders of Equity Shares in law and under the Articles of Association, except as to voting and dividend or as provided in the Articles of Association or as may be permitted under applicable law from time to time. Particularly, the holders of Class B Shares have the following rights:

a. Right to receive offers for rights shares and be allotted bonus shares, if announced. Holders of Class B Shares shall be entitled to further Class B Shares;

b. In any scheme for amalgamation of the Company with or into any other entity which results in a share swap or exchange, Class B Shareholders will receive allotment as per the terms of such scheme and as far as possible receive shares with differential rights to voting or dividend of such other entity;

c. Where an offer is made to purchase the outstanding shares or voting rights or equity capital or share capital or voting capital of the Company in accordance with the Takeover Code and other applicable laws, the Class B Shareholders have the right to receive an offer to purchase his Class B Shares in the same proportion as offered to the holders of Equity Shares.

d. Where the promoters or any other acquirer of the Company proposes at any time to voluntarily delist the securities of the Company in accordance with the SEBI Delisting Guidelines or any other applicable law from the stock exchanges on which such securities are listed, both the holders of Equity Shares and holders of Class B Shares have the right to receive an offer in terms of the SEBI Delisting Guidelines. The pricing guidelines as specified under the SEBI Delisting Guidelines or any other applicable laws in respect of offer for Equity Shares shall mutatis mutandis apply to an offer for Class B Shares. The respective floor prices and discovered prices of the Equity Shares and the Class B Shares shall be determined in accordance with the SEBI Delisting Guidelines separately for the Equity Shares and the Class B Shares. In the event the respective exit prices of the Equity Shares and the Class B Shares are at different percentage premiums over their respective floor prices, the exit price of the security that is a lower percentage premium shall be adjusted such that the percentage premium for that security over its floor price equals the percentage premium for the other security over its floor price;

e. Where the Company makes an offer to purchase the securities of the Company in accordance with the SEBI (Buy-Back) of Securities Regulations, 1998 and other applicable laws, the Class B Shareholders have the right to receive an offer in the same proportion and on equitable pricing terms as offered to the holders of Equity Shares;

f. The Class B Shares are convertible into Equity Shares at any time.

g. Such other rights as may be available to an Equity Shareholder of a listed public company under the Companies Act and Articles of Association.

Any alteration of the rights of the holders of Class B Shares as provided in the Articles of Association of the Company, which is detrimental to the interests of the holders of Class B Shares, is required to be approved by not less than three-fourths of the holders of the outstanding Class B Shares present and voting. For the purpose of conducting a vote as aforesaid, the Company will call a separate meeting of the holders of Class B Shares or undertake a postal ballot of the holders of Class B Shares.

Postal ballot

Under the provisions of the Companies Act, the Government has framed rules for listed companies for voting by postal ballot instead of transacting the business in a general meeting of the company, in the case of resolutions including resolutions for alteration of the objects clause in the company's memorandum of association, buy-back of shares, issue of shares with differential voting rights, a sale of the whole or substantially the whole of an undertaking of a company, giving loans and extending guarantees in excess of prescribed limits, for change of the registered office of the company in certain circumstances and for variation in the rights attached to a class of shares or debentures. The resolution passed by means of postal ballot shall be deemed to have been duly passed at a general meeting physically convened. A notice to all the shareholders has to be sent along with a draft resolution explaining the reasons thereof and requesting them to send their assent or dissent in writing on a postal ballot within a period of 30 days from the date of posting the notice. Postal voting includes voting in electronic form.

Registration of Transfers and Register of Members

The Company is required to maintain a register of members wherein the particulars of the members of the Company are entered. For the purpose of determining the shareholders the register may be closed for such period not exceeding 45 days in any one year or 30 days at any one time at such times, as the Board of Directors may deem expedient in accordance with the provisions of the Companies Act. Under the listing agreements of the stock exchanges on which the Company's outstanding shares are listed, the Company may, upon at least seven days' advance notice to such stock exchanges, set a record date and/or close the register of shareholders in order to ascertain the identity of shareholders. The trading of Equity Shares and the delivery of certificates in respect thereof may continue while the register of shareholders is closed.

Directors

The Articles of the Company provide that the total number of directors of the Company (excluding the nominee directors of financial institution and/or special directors) shall not be less than three and not be more than twelve. The directors shall be appointed by the Company in the general meeting subject to the provisions of the Companies Act and the Articles of Association.

The Company may by ordinary resolution increase or reduce the number of its directors subject to the provisions of section 259 of the Companies Act. The directors shall have power to appoint any person or persons as a Director or Directors, either to fill a causal vacancy or as an addition to the Board but so that the total number of Directors shall not at any time exceed the maximum number fixed. However, any Director or Directors so appointed shall hold office only until the next following Annual General Meeting of the Company and shall then be eligible for re-election. Subject to the provisions of section 313 of the Companies Act the board of directors shall also have the power to appoint any person to act as an alternate director for a director during the latter's absence for a period of not less than three months from the state in which the meeting of the directors is ordinarily held. A director is not required to hold any qualification shares. Pursuant to the Companies Act not less than two-thirds of the total numbers of directors shall be persons whose period of office is subject to retirement by rotation and one third of such directors, or if their number is not three or a multiple of three, then the number nearest to one-third, shall retire from office at every annual general meeting. The directors to retire are those who have been the longest in the office since their last appointment. The retiring Directors shall be eligible for re-appointment.

Annual Report and Financial Results

The annual report must be laid before the annual general meeting of the shareholders of a company. This includes financial information about the Company such as the audited financial statements as of the date of closing of the financial year, directors' report, management's discussion and analysis and a corporate governance section, and is sent to the shareholders of the Company. Under the Companies Act, a company must file the annual report with the Registrar of Companies within 30 days from the date of the annual general meeting. As required under the listing agreements with the stock exchanges, copies are required to be simultaneously sent to the stock exchanges. the Company must also file its financial results in at least one English language daily newspaper circulating the whole or substantially the whole of India and also in a newspaper published in the language of the region where the registered office of the Company is situate. The Company files certain information on-line, including its Annual Report, financial statements and the shareholding pattern statement, in accordance with the requirements of the listing agreements and as may be specified by SEBI from time to time.

Transfer of shares

Following the introduction of the Depositaries Act, and the repeal of Section 22A of the SCRA, which enabled companies to refuse to register transfer of shares in some circumstances, the equity shares of a public company became freely transferable, subject only to the provisions of Section 111A of the

Companies Act. Since the Company is a public company, the provisions of Section 111A will apply to it. Furthermore, in accordance with the provisions of Section 111A(2) of the Companies Act, the Board may exercise their discretion if they have sufficient cause to do so. If the Board, without sufficient cause, refuse to register a transfer of shares within two months from the date on which the instrument of transfer or intimation of transfer, as the case may be, is delivered to the company, the shareholder wishing to transfer his, her or its shares may file an appeal with the Company Law Board ("CLB") and the CLB can direct the company to register such transfer.

Pursuant to Section 111A(3), if a transfer of shares contravenes any of the provisions of the SEBI Act, or the regulations used thereunder or the SICA or any other Indian laws, the CLB may, on application made by the company, a depositary, a participant, an investor or the SEBI, within two months from the date of transfer of any shares or debentures held by a depositary or from the date on which the instrument of transfer or the intimation of the transmission was delivered to the company, as the case may be, after such inquiry as it thinks fit, direct the rectification of the register of records. The CLB may, in its discretion, issue an interim order suspending the voting rights attached to the relevant shares before making or completing its investigation into the alleged contravention. Further, the provisions of Section 111A do not restrict the right of a holder of shares or debentures to transfer such shares or debentures and any person acquiring such shares or debentures shall be entitled to voting rights unless the voting rights have been suspended by the CLB.

By the Companies (Second Amendment) Act, 2002, the CLB is proposed to be replaced by the National Company Law Tribunal ("NCLT"), which is expected to be set up shortly. All powers of the CLB would then be conferred on the NCLT. Further, the SICA is sought to be repealed by the Sick Industrial Companies (Special Provisions) Repeal Act, 2003. However, this Act has not yet been brought into force.

Shares held through depositories are transferred in the form of book entries or in electronic form in accordance with the regulations laid down by SEBI. These regulations provide the regime for the functioning of the depositories and the participants and set out the manner in which the records are to be kept and maintained and the safeguards to be followed in this system. Transfers of beneficial ownership of shares held through a depository are exempt from stamp duty. The Company has entered into an agreement for such depository services with the National Securities Depository Limited and the Central Depository Services India Limited. SEBI requires that the Company's shares for trading and settlement purposes be in book-entry form for all investors, except for transactions that are not made on a stock exchange and transactions that are not required to be reported to the stock exchange. The Company shall keep a book in which every transfer or transmission of shares will be entered.

Pursuant to the listing agreements, in the event the Company has not effected the transfer of shares within one month or where the Company has failed to communicate to the transferee any valid objection to the transfer within the stipulated time period of one month, the Company is required to compensate the aggrieved party for the opportunity loss caused during the period of the delay.

Acquisition by the Company of its own Shares

The Articles of the Company authorize the purchase of its own security by the Company subject to the compliance of sections 77A, 77AA and section 77B of the Companies Act. Sections 77A, 77AA and 77B empower a company to purchase its own shares or other specified securities out of its free reserves, or the securities premium account or the proceeds of the issue of any shares or other specified securities (other than from the proceeds of an earlier issue of the same kind of shares or other specified securities proposed to be bought back) subject to certain conditions, including:

- the buy-back should be authorized by the Articles of Association of the company;
- a special resolution has been passed in the general meeting of the company authorizing the buy-back;
- the buy-back in a financial year should be limited to 25% of the total paid-up capital and free reserves;
- all the shares or other specified securities for buy-back are fully paid-up;

- the debt owed by the company is not more than twice the capital and free reserves after such buy-back; and
- the buy-back is in accordance with the SEBI (Buy-Back of Securities) Regulation, 1998.

The requirement of special resolution mentioned above would not be applicable if the buy-back is for less than 10% of the total paid-up equity capital and free reserves of the company and provided that such buy-back has been authorized by the board of directors of the company. A company buying back its securities is required to extinguish and physically destroy the securities so bought back within seven days of the last date of completion of the buy-back. Further, a company buying back its securities is not permitted to buy back any securities for a period of one year from the buy-back and to issue securities for six months. Every buy-back must be completed within a period of one year from the date of passing of the special resolution or resolution of the board of directors, as the case may be. A company is also prohibited from purchasing its own shares or specified securities through any subsidiary company, including its own subsidiary companies, or through any investment company (other than a purchase of shares in accordance with a scheme for the purchase of shares by trustees of or for shares to be held by or for the benefit of employees of the company) or if the company is defaulting on the repayment of deposit or interest, redemption of debentures or preference shares or payment of dividend to a shareholder or repayment of any term loan or interest payable thereon to any financial institution or bank, or in the event of non-compliance with certain other provisions of the Companies Act.

Secrecy Clause

Subject to the provisions of the Companies Act, no member shall be entitled except to the extent expressly permitted under the Act or the Articles of Association of the Company, to enter upon the property of the Company or to require discovery of or any information respecting any detail of the Company's trading or any matter which is or may be in the nature of a trade secret, mystery of trade or secret process which may relate to the conduct of the business of the Company and which in the opinion of the Directors, it will be inexpedient in the interest of the members of the Company to communicate to the public.

Liquidation Rights

The Articles of the Company provide that if the Company shall be wound up, and the assets available for distribution among the members as such are insufficient to repay the whole of the paid up capital, such assets shall be distributed so that as nearly as may be, the losses shall be borne by the members in proportion to the capital paid up, or which ought to have been paid up, at the commencement of the winding up, on the shares held by them respectively. If in the winding up of the assets available for distribution among the members shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, the excess shall be distributed amongst the members in proportion to the capital, at the commencement of the winding up, paid up or which ought to have been paid up on the shares held by them respectively. This would be without prejudice to the rights of the holders of the shares issued upon special terms and conditions.

Disclosure of ownership interest

Section 187C of the Companies Act requires beneficial owners of shares of Indian companies who are not holders of record to declare to that company the details of the holder of record and the holder of record to declare details of the beneficial owner. Any lien, promissory note or other collateral agreement created, executed or entered into with respect to any Equity Share by its registered owner, or any hypothecation by the registered owner of any equity share, shall not be enforceable by the beneficial owner or any person claiming through the beneficial owner if such declaration is not made. Failure by a person to comply with Section 187C will not affect the Company's obligation to register a transfer of shares or to pay any dividends to the registered holder of any shares in respect of which the declaration has not been made.

TAXATION

The information provided below sets out the possible tax benefits available to the shareholders of an Indian company in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the subscription, ownership and disposal of equity shares, under the current tax laws presently in force in India. Several of these benefits are dependent on the shareholders fulfilling the conditions prescribed under the relevant tax laws. Hence the ability of the shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which based on business imperatives it faces in the future, it may not choose to fulfil. The following overview is not exhaustive or comprehensive and is not intended to be a substitute for professional advice. Investors are advised to consult their own tax consultant with respect to the tax implications of an investment in the Shares particularly in view of the fact that certain recently enacted legislation may not have a direct legal precedent or may have a different interpretation on the benefits, which an investor can avail.

STATEMENT OF POSSIBLE TAX BENEFITS AVAILABLE TO THE COMPANY'S SHAREHOLDERS UNDER THE INCOME TAX ACT, 1961 ("IT ACT") AND OTHER DIRECT TAX LAWS PRESENTLY IN FORCE IN INDIA TAX BENEFITS AVAILABLE TO THE COMPANY'S SHAREHOLDERS

This Statement sets out below the possible tax benefits available to the Company's shareholders under the current tax laws presently in force in India. Several of these benefits are dependent on such shareholders fulfilling the conditions prescribed under the relevant tax laws. Hence, the ability of the shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which based on the business imperatives, the shareholders may or may not choose to fulfil;

This Statement sets out below the provisions of law in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the subscription, ownership and disposal of equity shares. This statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for a professional tax advice. In view of the individual nature of tax consequences and the changing tax laws, each investor is advised to consult his or her or their own tax consultant with respect to the specific tax implications arising out of their participation in the issue; In respect of non-residents, the tax rates and the consequent taxation, mentioned in this section shall be further subject to any benefits available under the Double Taxation Avoidance Agreement, if any, between India and the country in which the non-resident has fiscal domicile; and The stated benefits will be available only to the sole / first named holder in case the shares are held by joint shareholders.

I. Tax Benefits available to shareholders of the Company under the IT Act

A. Resident shareholders

1. Under Section 10(32) of the IT Act, any income of minor children clubbed in the total income of the parent under Section 64(1A) of the IT Act, will be exempt from tax to the extent of Rs.1,500 per minor child whose income is so included.

2. The Company is required to pay a 'dividend distribution tax' currently at the rate of 16.995% (including applicable surcharge and education cess) on the total amount distributed or declared or paid as dividend. Under Section 10(34) of the IT Act, income by way of dividend referred to in Section 115-O of the IT Act, received on the shares of the Company is exempt from income tax in the hands of shareholders. However it is pertinent to note that Section 14A of the IT Act restricts claims for deduction of expenses incurred in relation to exempt income. Thus, any expenses incurred to earn the dividend income is not an allowable expenditure.

3. The characterization of the gains/losses, arising from sale of shares, as capital gains or business income would depend on the nature of holding in the hands of the shareholder and various other factors.

4. (a) The long-term capital gains (under section 2(29B) of the IT Act) accruing to the shareholders of the Company on sale of the Company's shares in a transaction carried out through a recognized stock exchange in India, and where such transaction is chargeable to securities transaction tax ("**STT**"), is exempt from tax as per provisions of Section 10(38) of the IT Act.

(b) The short-term capital gains (under section 2(42A) of the IT Act) accruing to the shareholders of the Company on sale of the Company's shares in a transaction carried out through a recognized stock exchange in India, and where such transaction is chargeable to STT, tax will be chargeable at 15% (plus applicable surcharge and education cess) as per provisions of Section 111A of the IT Act. Further no deduction under Chapter VI-A of the IT Act, would be allowed in computing such short term capital gains subjected to tax under Section 111A. In other cases, where the transaction is not subjected to STT, the short term capital gains would be chargeable as a part of the total income and the tax rates would depend on the income slab.

(c) As per the provisions of Section 112 of the IT Act, long term gains accruing to the shareholders of the Company from the transfer of shares of the Company being listed in recognized stock exchanges, otherwise than as mentioned in point 4(a) above, is chargeable to tax at 10% (plus applicable surcharge and education cess) after deducting from the sale proceeds the cost of acquisition without indexation. However, the shareholders claiming the benefit of indexation would be subject to tax at 20% plus applicable surcharge and education cess on the long term gains. Further no deduction under Chapter VI-A would be allowed in computing such long term capital gains subject to tax under Section 112 of the IT Act.

(d) Shareholders are entitled to claim exemption in respect of tax on long term capital gains (other than those exempt under Section 10(38) of the IT Act) under Section 54EC of the IT Act, if the amount of capital gains is invested in certain specified bonds / securities within six months from the date of transfer, subject to the fulfillment of the conditions specified therein. The maximum investment permissible on and after April 1, 2007 for the purposes of claiming the exemption in the above bonds, by any person in a financial year, is Rs. 5 million. However, according to Section 54EC(2) of the IT Act, if the shareholder transfers or converts the notified bonds into money within a period of three years from the date of their acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long term capital gains in the year in which such bonds are transferred or otherwise converted into money.

(e) Shareholders that are individuals or Hindu undivided families can avail of an exemption under Section 54F of the IT Act, by utilization of the sales consideration arising from the sale of the Company's share held for a period of more than 12 months which is not exempt under Section 10(38)), for purchase/ construction of a residential house within the specified time period and subject to the fulfillment of the conditions specified therein.

B. 1 Non-resident shareholders – other than Foreign Institutional Investors

1. Under Section 10(32) of the IT Act, any income of minor children clubbed with the total income of the parent under Section 64(1A) of the IT Act, will be exempt from tax to the extent of Rs.1,500 per minor child whose income is so included.

2. The Company is required to pay a 'dividend distribution tax' currently at the rate of 16.995 percent. (including applicable surcharge and education cess) on the total amount distributed or declared or paid as dividend. Dividend (whether interim or final) declared, distributed or paid, under Section 115-O of the IT Act, by the Company are exempt in the hands of shareholders as per the provisions of Section 10(34) of the IT Act. However it is pertinent to note that Section 14A of the IT Act restricts claim for deduction of expenses incurred in relation to exempt income. Thus, any expenses incurred to earn the dividend income is not an allowable expenditure.

3. The characterization of the gains/losses, arising from sale of shares, as capital gains or business income would depend on the nature of holding in the hands of the shareholder and various other factors.

4. The long-term capital gains accruing to a shareholder of the Company, being a non-resident, on sale of the Company's shares in a transaction carried out through a recognized stock exchange in India, and where such transaction is chargeable to STT, is exempt from tax as per provisions of Section 10(38) of the IT Act.

5. The short-term capital gains accruing to a shareholder of the Company on sale of the Company's shares in a transaction carried out through a recognized stock exchange in India, and where such transaction is chargeable to STT, tax is chargeable at 15% plus applicable surcharge and education cess as per provisions of Section 111A of the IT Act. Further, no deduction under Chapter VI-A would be allowed in computing such short term capital gains subjected to tax under Section 111A. In other case, i.e. where the transaction is not subjected to STT, the short term capital gains would be chargeable as a part of the total income and the tax rate would depend on the income slab.

6. As per the provisions of Section 112 of the IT Act, long term gains accruing to the shareholders of the Company, being non residents, from the transfer of shares of the Company being listed in recognized stock exchanges, otherwise than as mentioned in point 4 above, are chargeable to tax at 20% plus applicable surcharge and education cess after deducting from the sale proceeds the cost of acquisition. Such nonresident shareholders are allowed to adjust the cost of acquisition by the amount of foreign exchange rate fluctuations in computing long-term capital gains. Further, no deduction under Chapter VI-A would be allowed in computing such long term capital gains subjected to tax under Section 112.

7. Under the provisions of Section 90(2) of the IT Act, if the provisions of the Double Taxation Avoidance Agreement ("**DTAA**") between India and the country of residence of the non-resident are more beneficial, then the provisions of the DTAA shall be applicable.

8. The shareholders are entitled to claim exemption in respect of tax on long term capital gains other than those exempt under Section 10(38) of the IT Act under Section 54EC of the IT Act, if the amount of capital gains is invested in certain specified bonds / securities within six months from the date of transfer subject to the fulfilment of the conditions specified therein. The maximum investment permissible for the purposes of claiming the exemption in the above bonds by any person in a financial year is Rs. 5 million. However, according to Section 54EC(2) of the IT Act, if the shareholder transfers or converts the notified bonds into money within a period of three years from the date of their acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long term capital gains in the year in which such bonds are transferred or otherwise converted into money.

9. Individual shareholders can avail of an exemption under Section 54F by utilization of the sales consideration arising from the sale of company's share held for a period more than 12 months (which is not exempt under Section 10(38)), for purchase/construction of a residential house within the specified time period and subject to the fulfillment of the conditions specified therein.

B.2 Non-resident shareholders – Foreign Institutional Investors

1. The Company is required to pay a 'dividend distribution tax' currently at the rate of 16.995% (including applicable surcharge and education cess) on the total amount distributed or declared or paid as dividend. Under Section 10(34) of the IT Act, income by way of dividend referred to in Section 115-O received on the shares of the Company is exempt from income tax in the hands of shareholders. However it is pertinent to note that Section 14A of the IT Act restricts claim for deduction of expenses incurred in relation to exempt income.

2. The characterization of the gains/losses, arising from sale of shares, as capital gains or business income would depend on the nature of holding in the hands of the shareholder and various other factors.

3.(a) The long-term capital gains accruing to the shareholders of the Company on sale of the Company's shares in a transaction carried out through a recognized stock exchange in India, and where such transaction is chargeable to STT, is exempt from tax as per provisions of Section 10(38).

(b) The short-term capital gains accruing to the members of the Company on sale of the Company's shares in a transaction carried out through a recognized stock exchange in India, and where such transaction is chargeable to STT, tax will be chargeable at 15% plus applicable surcharge and education cess as per provisions of Section 111A. In other case, i.e. where the transaction is not subjected to STT, as per the provisions of Section 115AD of the Act, the short term capital gains would be chargeable to tax at 30% plus applicable surcharge and education cess.

(c) As per the provisions of Section 115AD of the Act, long term gains accruing to the shareholders of the Company from the transfer of shares of the Company being listed in recognized stock exchanges and purchased in foreign currency, otherwise than as mentioned in point 3(a) above, are chargeable to tax at 10% Plus applicable surcharge and education cess. The benefit of indexation and the adjustment with respect to fluctuation in foreign exchange rate would not be allowed to such shareholders. The filing of return under section 139(1) for income computed under Section 115AD is mandatory. Further, where the Gross Total Income (GTI) of the members includes any income on which tax has been paid as per special rates provided under Section 115AD, then the GTI shall be reduced by the amount of such income and deduction under chapter VIA shall be allowed in respect of reduced GTI.

(d) The shareholders are entitled to claim exemption in respect of tax on long term capital gains under Section 54EC of the IT Act, if the amount of capital gains is invested in certain specified bonds /securities within six months from the date of transfer subject to the fulfilment of the conditions specified therein. The maximum investment permissible for the purposes of claiming the exemption in the above bonds by any person in a financial year is Rs. 5 million. However, according to section 54 EC(2) of the IT Act, if the shareholder transfers or converts the notified bonds into money within a period of three years from the date of their acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long term capital gains in the year in which such bonds are transferred or otherwise converted into money.

4. Under the provisions of Section 90(2) of the IT Act, if the provisions of the Double Taxation Avoidance Agreement (DTAA) between India and the country of residence of the non-resident are more beneficial, then the provisions of the DTAA shall be applicable.

II. Tax Benefits available to the shareholders under the Wealth-Tax Act, 1957

Shares of company held by the shareholder will not be treated as an asset within the meaning of Section 2(ea) of Wealth Tax Act, 1957. Hence no Wealth Tax will be payable on the market value of shares of the Company held by the shareholder of the Company.

III. Tax Benefits available to the shareholders under the Gift Tax Act, 1958

Gift Tax is not leviable in respect of any gifts made on or after 1st October, 1998. Therefore, any gift of shares of the company will not attract gift tax.

IV. Benefits available to Mutual Funds

As per the provisions of Section 10(23D) of the IT Act, any income of Mutual Funds registered under the SEBI Act, 1992 or regulations made there under , Mutual Funds set up by public sector banks or public financial institutions and Mutual Funds authorised by the Reserve Company of India would be exempt from income tax, subject to the conditions as the Central Government may by notification in the Official Gazette specify in this behalf. However, Mutual Funds will be liable to pay tax on distributed income to unit holders under Section 115R of the IT Act.

V. Tax Deduction at Source

No income-tax is deductible at source from income by way of capital gains under the present provisions of the IT Act, in case of residents. However, as per the provisions of section 195 of the IT Act, any income by way of capital gains, payable to non residents (long-term capital gains exempt under section 10(38) of the IT Act), may be eligible to the provisions of with-holding tax, subject to the provisions of the relevant tax treaty. Accordingly income tax may have to be deducted at source in the case of a non- resident at the rate under the domestic tax laws or under the tax treaty, whichever is beneficial to the assessee unless a lower withholding tax certificate is obtained from the tax authorities.

Dated: November 17, 2009

For NGS and Company

Mr. Navin Gupta
Partner
Membership No : 40334

LEGAL PROCEEDINGS

Save as described below, the Company believes it is not involved in any legal proceedings and in the opinion of the Company no proceedings are threatened, which may have, or have had during the 12 months preceding the date of this Placement Document, material adverse effect on the Company's business, financial position, profitability or results of operations. A summary of litigation involving the Company is set forth below.

Civil Cases

The Company has initiated 11 civil proceedings against various parties whilst 53 civil cases including 17 stamp duty cases for deficiency in payment of stamp duty have been initiated against the Company, which are pending adjudication. These civil disputes include cases in relation to vacation of premises, specific performance of contracts and threat of disruption of services invoice related disputes, infringement of trademark and recovery of outstanding dues and non transfer of the shares of the Company. The aggregate amount involved in the cases against the Company is approximately Rs. 37,36,92,676.

Criminal Cases

The Company has initiated three criminal proceedings against various parties involving an aggregate amount of Rs. 54,58,197.47 whilst 24 criminal cases have been initiated against the Company along with its Directors or employees, which are pending adjudication. The cases are in relation to food adulteration, non-registration with the relevant regulations with respect to employing security guards and fraud by employees at various stores of the Company.

Consumer Cases

52 consumer cases have been initiated by various parties against the Company, which are pending adjudication inter alia (including cases) with respect to defect in goods sold at various stores of the Company. The aggregate amount involved these consumer cases is Rs. 74,51,252.

Tax Cases

There are two tax cases filed against the Company the assessment years 2002-03 and 2003-04 disallowing depreciation claimed by the Company. Of these two cases are in the appellate stage before the Commissioner of Income Tax(Appeals), Mumbai. The aggregate amount involved is Rs. 12,75,221.

Notices issued by Registrar of Companies

The Registrar of Companies, Mumbai has issued seven notices on January 23, 2008 and one notice on March 31, 2008 against the Company along with Kishore Biyani, Rakesh Biyani and Gopikishan Biyani, in their capacity as directors of our Company alleging violation of section 217 (2A) of Companies Act, 1956 read with the provisions of Companies (Disclosure of Employees) Rules, 1975, 147(2), 215 (3), 211(7) and 212 of the Companies Act, 1956. The Company has filed a reply and is pending before the Registrar of Companies.

Complaints before SEBI

There are nine complaints before the Securities and Exchange Board of India against our Company in relation to non-registration of transferred shares, non-receipt of dividend, dematerialisation of shares and non-receipt of share certificate. The complaints are pending disposal by the Securities Exchange Board of India.

Cases involving subsidiaries, joint ventures and associates

1. There is one pending proceeding against Futures Brands Limited along with the Company before the High Court, Delhi for seeking a restraint order for use of the concerned trademark. The amount involved is Rs.10 Crores.

2. There are two cases filed against Indus League Clothing for recovery of money and declaration of title to trademark of the company. The total amount involved is Rs. 1,17,628.

3. One criminal case has been filed by Future Media (India) Limited under Negotiable Instruments Act, 1881 for dishonor of cheque issued by Steeping Stone Events for an amount of Rs. 1,17,978. The matter is currently pending.

4. One civil suit has been filed by Sports and Leisure Apparels Limited seeking an injunction against Bansi Mall Management Company Private Limited and the Company restricting them from creating any third party right, interest and parting with possession/ inducting third party in possession in respect of the dispute property till the settlement of the dispute. Sports and Leisure Apparels Limited is demanding Rs.1,91,77,189 as compensation for loss of business and Rs. 7,91,84,864 towards loss and damages. The matter is currently pending.

5. The Maharashtra Suraksha Rakshak Aghadi, a union of security guards, filed a writ petition inter alia against Myra Mall Management Company Limited, a subsidiary of Future Capital Holdings Limited, alleging that the security guards recruited by the company are not registered and hence is in violation of the Maharashtra Private Security Guards (Regulation of Employment and Welfare) Act, 1981. One criminal case is filed by the inspector of security guard against Future Capital Holdings Limited and its director before Additional Chief Metropolitan Magistrate Court-XXXVIII at Ballard Pier for violation of Maharashtra Private Security Guard (Regulation of Employment & Welfare) Act, 1981, pursuant to an inspection report submitted by security guard board summon has been issued to managing director and chief financial officer of the company. The matter is currently pending.

6. One criminal case is filed by the inspector of security guard against Future Capital Holdings Limited and its Director before Additional Chief Metropolitan Magistrate, Ballard for violation of Maharashtra Private Security Guards (Regulation of Employment and Welfare) Act, 1981. Pursuant to an inspection report submitted by Security Guards Board, summons have been issued to Managing Director and Chief Financial Officer of the company. The matter is currently pending

7. There are 1,082 criminal cases and 9 Arbitration proceedings and one writ petition filed by Future Capital Holdings Limited and the aggregate amount involved is Rs. 6,47,65,525.20 and 45,38,601 respectively.

8. There are 13 consumer cases filed against Future Capital Holdings filed before various consume forums at various stages of litigation. The total claim amount is Rs. 17,88,195.

9. Future Logistics has filed a complaint before the Industrial Court at Thane on June 13, 2009 against Bhartiya Kamgar Sena, seeking an order restraining the respondents from operating in and around the premises of the company situated at G-6, MIDC, Boisar. The matter is currently pending.

10. A criminal complaint has been filed by the inspector of security guard board against Future Logistics for violations of the provisions under the Maharashtra Private Security Guards (Regulation of Employment & Welfare) Act, 1981. The matter is currently pending.

11. HSRIL has filed a writ petition to quash a notification no 24/2007 and circular No. 98/1/2008 ST pertaining to levy of service tax before the Delhi High Court and this was granted. Against this an appeal has been filed before the Supreme Court by Union of India challenging this order and is pending. Further two objections before the registrar of trademark is pending and one criminal complaint under the Negotiable Instruments Act, 1881 for a claim amount of Rs. 1,22,231 and a bail application have been made by the company. The matter is currently pending.

12. Three civil suits are pending against HSRIL before various jurisdictions and the aggregate amount involved is Rs. 50,00,000. Further there are 24 consumer complaints filed against HSRIL and the aggregate amount involved is Rs. 19,43,372.

13. Three consumer complaints have been filed against Future Axiom Telecom Limited alleging deficiency of service and defective products. The aggregate amount involved is Rs. 1,19,700.

14. Mr. Mahesh Gupta from Mukul India has filed a case No. CS/239 of 2008 on May 2, 2008 before the District Court, Delhi against Mobile Repair Service City India Limited, a subsidiary of Future Axiom Telecom Limited. Mr. Mahesh Gupta is a property dealer and he had offered his services to Mobile Repair Service City Property Limited on various deals. Mr. Mahesh Gupta is claiming Rs. 18,34,979 towards the professional charges, compensation and legal expenses. The matter is currently pending.

15. There are two civil suit filed against K.B.Fair Price seeking an injunction order against the company and its officials from trespassing the suit property. The aggregate amount involved is Rs. 18,79,407. Additionally, there is one criminal proceedings under the Bombay Municipal Corporation Act and four criminal proceedings under the Delhi Municipal corporation against K.B'S Fair Price, (a division of Future Agrovet Limited) filed by the respective corporations for violation of various provisions of the legislation. The company has filed a civil case for an amount of Rs. 1,67,000 The company has filed a civil complaint against owner of Braham Puri Delhi Party namely Sri Devi, Kuldeep Singh, Pradeep Singh for refund of deposit made to them. Further there is one other criminal cases filed against the company under the Weights and Measurement Act, before Additional Chief Metropolitan Magistrate, Bangalore. The matter is currently pending.

16. Future Generali India Life Insurance Company Limited has filed two civil suits seeking injunction and there are two consumer complaints against the company The aggregate amount involved in consumer cases is Rs. 5,00,000.

17. Galaxy Entertainment Corporation Limited has filed a writ petition before the High Court, Lucknow and an appeal before CESTAT, Mumbai. The amount involved is Rs. 9,28,220.

18. Futurebazaar India Limited has filed a criminal complaint under the Negotiable instruments Act, 1881 for dishonour of a cheque of an amount of Rs. 39,26,700

19. There is one civil case filed against Foot Mart Retail India Limited and the amount claimed is Rs. 12,14,479.

20. There is one civil case each filed by INTACH against State, NTC (Holding Company of Goldmohur Design and Apparel Park Limited and Apollo Design Apparel Parks Limited).

21. There is one case filed by Talwalkars Pantaloon Fitness Private Limited against Nagpur Municipal Corporation and Octroi for refund of Rs.28 lakhs wrongly charged as Octroi.

22. Pantaloon Industries Limited filed one civil suit before the Bombay High Court against Manroopji Bhagchand and Company for non-payment of arbitration award granted on October 4, 2007 by the arbitral bench of Hindustan Chambers of Commerce. The aggregate amount involved is Rs. 3,58,725

GENERAL INFORMATION

1. The Company was incorporated on October 12, 1987 as Manz Wear Private Limited. It was converted into a public limited company on September 20, 1991 and on September 25, 1992 the name was changed to Pantaloon Fashions (India) Limited. The name was later changed to Pantaloon Retail (India) Limited on July 7, 1999.

2. The Company's registered office is located at Knowledge House, Shyam Nagar, off. Jogeshwari-Vikhroli Road, Jogeshwari (East), Mumbai 400 060. the Company is registered with the Registrar of Companies, Maharashtra, Mumbai under CIN L52399MH1987PLC044954.

3. The Issue was authorised and approved by the Board of Directors on June 8, 2009 and approved by the shareholders in their meeting on July 7, 2009.

4. The Company has applied for in-principle approval to list the Equity Shares on NSE and BSE.

5. Copies of Memorandum and Articles of Association of the Company will be available for inspection during usual business hours on any working day between 10.00 A.M. to 1.00 P.M. (except Saturdays, Sundays and public holidays) at the Company's Registered Office.

6. The Company has obtained all consents, approvals and authorizations required in connection with this Issue.

7. There has been no material change in the Company's financial or trading position since June 30, 2009, the date of the latest financial statements prepared in accordance with Indian GAAP included in this Placement Document, except as disclosed herein.

8. Except as disclosed in this Placement Document, there are no litigation or arbitration proceedings against or affecting the Company or its assets or revenues, nor is the Company aware of any pending or threatened litigation or arbitration proceedings, which are or might be material in the context of this Issue of Shares.

9. The Company's statutory auditors are NGS & Co., Chartered Accountants who have (i) audited the standalone financial statements of the Company as of and for the year ended June 30, 2009; and (ii) audited the consolidated financial statements of the Company as of and for the year ended June 30, 2009.

10. The Company confirms that it is in compliance with the minimum public shareholding requirements as required under the terms of the listing agreements with the Stock Exchanges.

11. The Floor Price for the Issue is Rs. 313.10, calculated in accordance with Chapter VIII of the SEBI Regulations, as certified by NGS & Co., Chartered Accountants.

FINANCIAL STATEMENTS

Unconsolidated Financial Statements

Auditors' Report on the Financial Statements

To
The Board of Directors
Pantaloon Retail (India) Limited
Knowledge House,
Shyam Nagar, off Jogeshwari Vikhroli Link Road,
Jogeshwari (East)
Mumbai – 400 060

1. We have examined the Balance Sheets of Pantaloon Retail (India) Limited (the "Company") as at June 30, 2009, 2008, and 2007 and also the Profit and Loss Accounts and the Cash Flow Statements for the years ended on these dates both annexed thereto (together comprising the " Financial Statements") all expressed in Indian Rupees as annexed to this report. 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 examination.

2. The figures disclosed in the Financial Statements are extracted from the annual audited Financial Statements, regrouped where necessary, and our opinion stated herein is based on the opinion as reported by us vide our audit report dated September 26, 2009, September 20, 2008 and September 26, 2007 respectively for each of the years. As reported by us, the audits were conducted by us in accordance with the 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 the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. In our opinion and to the best of our information and according to the explanations given to us, on the basis stated in paragraph 2 above, the attached Financial Statements give a true and fair view in conformity with the accounting principles generally accepted in India:

   (i) in the case of the Balance Sheets, of the state of affairs of the company as at June 30 2009, 2008 and 2007

   (ii) in the case of the Profit and Loss Accounts, of the profit of the Company for the years ended on these dates; and

   (iii) in the case of the Cash Flow Statements, of the cash flows of the Company for the years ended on these dates.

For NGS & Co.
Chartered Accountants

Navin T. Gupta
Partner
Membership No. : 40334

Mumbai
Date: 26th September 2009

COMPARATIVE FINANCIALS

BALANCE SHEET AS AT

SOURCES OF FUNDS	Sch	June 30,2009	June 30, 2008	June 30, 2007
	No.	(Rs. in Crores)	(Rs. in Crores)	(Rs. in Crores)
SHAREHOLDERS' FUNDS				
Share Capital	1	**38.06**	31.86	29.35
Share application money received				0.01
Equity Warrants	**19B 10(C)**	**22.88**	63.26	-
Reserves & Surplus	2	**2211.48**	1751.50	1062.82
		2272.42	1846.62	1092.18
LOAN FUNDS:				
Secured Loans	3	**2525.53**	1991.77	951.93
Unsecured Loans	4	**324.86**	200.01	347.65
		2850.39	2191.78	1299.58
DEFERRED TAX LIABILITY (NET)		**116.10**	67.84	55.84
TOTAL		**5238.91**	**4106.24**	**2447.60**
APPLICATION OF FUNDS				
FIXED ASSETS	5			
Gross Block		**1876.45**	1368.76	767.07
Less : Depreciation		**307.69**	170.59	92.47
Net Block		**1568.76**	1198.17	674.60
Capital work-in-progress		**345.23**	330.64	131.13
INVESTMENTS	6	**954.03**	586.52	252.01
CURRENT ASSETS, LOANS & ADVANCES				
Inventories	7	**1787.84**	1429.84	885.96
Sundry Debtors	8	**177.25**	113.16	65.17
Cash & Bank Balances	9	**109.34**	121.10	162.97
Loans & Advances	10	**1202.56**	962.32	633.85
Other Current Assets		**5.75**	2.16	1.50
		3282.74	2628.58	1749.45
LESS : CURRENT LIABILITIES & PROVISIONS				
Current Liabilities	11	**891.39**	620.08	343.87
Provisions	12	**20.46**	17.58	15.71
		911.86	637.66	359.58
NET CURRENT ASSETS		**2370.89**	1990.91	1389.86
TOTAL		**5238.91**	**4106.24**	**2447.60**
SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS The Schedules referred to above form an integral part of the Balance Sheet	19			

As per our Report of even date attached

For NGS & Co. Chartered Accountants	**For and on behalf of Board of Directors**		
NAVIN T. GUPTA Partner	**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 Date : 26th September, 2009	**C.P.Toshniwal** Chief Financial Officer	**Deepak Tanna** Company Secretary	

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30TH JUNE

PARTICULARS	Sch No.	2009 (Rs. in Crores)	2008 (Rs. in Crores)	2007 (Rs. in Crores)
INCOME				
Sales & Operating Income	13	**6341.70**	5048.91	3236.74
Other Income	14	**6.06**	3.76	92.03
		6347.76	**5052.67**	**3328.77**
EXPENDITURE				
Cost of goods consumed & sold	15	**4429.95**	3512.19	2245.05
Personnel cost	16	**274.26**	274.07	206.09
Manufacturing & other expenses	17	**969.05**	802.13	570.00
Finance Charges	18	**318.22**	185.27	89.76
Depreciation	5	**140.05**	83.39	36.86
		6131.53	**4857.05**	**3147.76**
Profit Before Taxation		**216.23**	**195.62**	**181.01**
Less: Earlier year's Income Tax		**0.27**	(0.03)	0.06
Less: Tax Expenses	**19(B)(13)**	**75.38**	69.68	60.96
Profit After Taxation		**140.58**	**125.97**	**119.99**
Add : Balance brought forward		**267.56**	215.76	116.58
Available for Appropriation		**408.14**	**341.73**	**236.58**
Proposed Dividend		**11.57**	10.67	7.54
Tax on Proposed Dividend		**1.97**	1.81	1.28
Transfer to General Reserve		**14.06**	12.60	12.00
Balance carried to Balance Sheet		**380.54**	316.65	215.76
		408.14	**341.73**	**236.58**
Earnings Per Share in Rs. (Face value Rs.2)				
Basic & Diluted – Equity		**7.94**	**7.54**	**7.81**
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 Balance Sheet				

As per our Report of even date attached

For NGS & Co. Chartered Accountants

For and on behalf of Board of Directors

NAVIN T. GUPTA
Partner

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	**Anil Harish**	**Vijay Kumar Chopra**
Director	Director	Director

Place : Mumbai	**C.P.Toshniwal**	**Deepak Tanna**
Date : 26th September, 2009	Chief Financial Officer	Company Secretary

SCHEDULES TO BALANCE SHEET AS AT

	June 30,2009	June 30, 2008	June 30, 2007
	(Rs. in Crores)	(Rs. in Crores)	(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	35.00
5,00,00,000 Class B Series 1 Shares of Rs.2/- each	**10.00**	-	-
	60.00	**35.00**	**35.00**
ISSUED			
17,44,02,921 (15,93,02,921) (14,67,62,865) Equity Shares of Rs.2/- each fully paid	**34.88**	31.86	29.35
1,59,29,152 Class B Series 1 Shares as Bonus of Rs.2/- each fully paid	**3.18**	-	-
	38.06	**31.86**	**29.35**
SUBSCRIBED & PAID UP			
17,43,91,521 (15,92,91,521) (14,67,51,365) Equity Shares of Rs.2/- each fully paid	**34.88**	31.86	29.35
1,59,29,152 Class B Series 1 shares of Rs.2/-each fully paid	**3.18**	-	-
(of the above Class B series 1 shares 1,59,29,152 shares allotted as fully paid up by way of capitalisation of share premium account)	**38.06**	**31.86**	**29.35**
SCHEDULE 2: RESERVES & SURPLUS			
Capital Reserve			
Transfer on forfeiture of equity warrants	**63.26**	-	-
	63.26	-	-
Share Premium			
Balance, at beginning of the year	**1448.04**	823.75	372.12
Add : Premium received during the year	**273.31**	624.50	455.78
Less : Utilised for share issue expenses	**0.46**	0.21	4.15
Less: Utilised for Bonus shares Issued	**3.18**	-	-
	1717.71	**1448.04**	**823.75**
General Reserve			
Balance, at beginning of the year	**35.91**	23.31	11.31
Add : Transfer from Profit & Loss Account	**14.06**	12.60	12.00
	49.97	35.91	23.31
Profit and Loss Account	**380.54**	316.65	215.76
Less: Adjusted against refinement in method of valuation of Finished Goods (Net of Tax)	-	49.09	-
	2211.48	**1751.50**	**1062.82**
SCHEDULE 3: SECURED LOANS			
(1) Debenture			
8.95% Non Convertible Debenture	-	-	100.00
10.75% Non Convertible Debenture	-	-	100.00

	June 30,2009	June 30, 2008	June 30, 2007
	(Rs. in Crores)	**(Rs. in Crores)**	**(Rs. in Crores)**
(2) Term Loans From Banks			
a) Foreign Currency Loans	**97.30**	53.95	1.87
b) External Commercial Borrowings	-	1.71	15.10
c) Rupee Loans	**1671.21**	1236.32	642.56
(2) Working Capital Loans From Banks			
a) Foreign Currency Loans	**82.39**	53.07	-
b) Rupee Loan	**487.32**	563.91	60.81
c) Commercial Paper	**185.00**	80.00	30.00
(4) Hire Purchase	**2.31**	2.81	1.59
	2525.53	**1991.77**	**951.93**
SCHEDULE 4: UNSECURED LOANS			
Long Term Loans from Banks	**299.85**	-	-
Other Loans from Banks	-	-	145
Debenture application money	**25.00**	-	-
Short Term Loans from Banks	-	200.00	202.64
Public Deposits	**0.01**	0.01	0.01
	324.86	**200.01**	**347.65**
SCHEDULE 6: INVESTMENTS			
LONG TERM INVESTMENT			
Non-Trade			
In Equity Shares - Quoted, Fully paid up of Rs. 10/ each unless otherwise stated		-	-
3,47,79,999 Equity Shares of Future Capital Holdings Limited	**59.53**	59.53	59.53
Others			
5,631 Equity shares of Andhra Bank Limited	**0.05**	0.05	0.05
49,37,935 (20,00,000) Equity shares of Galaxy Entertainment Corporation Limited	**19.03**	19.03	8.83
In Equity Shares - Unquoted, Fully paid up Rs. 10/-each unless otherwise stated			
Subsidiary Company			
NIL (41,09,000) Equity Shares of Pan India Restaurants Limited	-	-	10.20
5,100 Equity Shares of CIG Infrastructure Private Limited	**0.01**	0.01	0.01
3,51,00,000 (2,56,00,000) (36,30,000) Equity Shares of Future Agrovet Limited (Formerly Known as Pantaloon Food Product (India) Limited)	**35.10**	25.60	3.63
1,91,60,000 (1,91,10,000) (1,50,00,000) Equity Shares of Futurebazaar India limited	**19.16**	19.11	15.00
1,40,00,000 (1,00,00,000) Equity Shares of Future Brands Limited	**14.00**	14.00	10.00

	June 30,2009	June 30, 2008	June 30, 2007
	(Rs. in Crores)	(Rs. in Crores)	(Rs. in Crores)
50,000 (NIL) Equity Shares of Future Consumer Enterprises Limited (Formerly Known as Future Speciality Retail Limited)	**0.05**	0.05	-
50,000 (NIL) 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	17.00
4,46,97,790 (2,28,10,000) (50,000) Equity Shares of Future Knowledge Services Limited	**44.70**	22.81	0.05
2,82,65,550 (2,50,00,000) (NIL) Equity Shares of Future Learning and Development Limited	**28.26**	25.00	-
2,45,00,000 (2,00,00,000) (50,000) Equity Shares of Future Logistic Solutions Limited	**24.50**	20.00	0.05
50,000 (NIL) Equity Shares of Future Mall Management Limited	**0.05**	0.05	-
21,06,062 (4,50,000) Equity Shares of Future Media (India) Limited	**11.38**	11.38	0.45
50,000 (NIL) Equity Shares of Future Merchandising Limited (formerly known as Future Value Retail Limited)	**0.05**	0.05	-
55,50,000 (NIL) Equity Shares of Future Mobile and Accessories Limited	**5.55**	5.55	-
2,01,51,095 (2,00,15,913) (1,74,53,571) Equity shares of Home Solutions Retail (India) Limited	**165.35**	47.45	17.45
21,00,000 (19,00,000) (NIL) Equity Shares of Pantaloon Future Ventures Limited	**28.50**	23.50	-
NIL (51,48,000) (NIL) 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**	-	-
In Preference Shares - Unquoted, Fully paid up of Rs. 10/-each unless otherise 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			

	June 30,2009	June 30, 2008	June 30, 2007
	(Rs. in Crores)	**(Rs. in Crores)**	**(Rs. in Crores)**
In Joint Venture Company			
Nil (48,70,800) Equity Shares of Alpha Future Airport Retail Private Limited	-	-	16.07
22,03,500 (NIL) Equity Shares of Apollo Design Apparel Parks Limited of Rs.10/- each (Rs.5/-Paid up)	**66.86**	40.99	-
1,00,00,000 (25,20,000) Equity Shares Future Axiom Telecom Limited	**10.00**	10.00	2.52
5,61,00,000 (3,82,50,000) (50,000) Equity Shares of Future Generali India Insurance Company Limited	**56.10**	38.25	0.05
12,94,67,500 (4,71,75,000) (50,000) Equity Shares of Future Generali India Life Insurance Company Limited	**129.47**	47.18	0.05
16,50,000 Equity Shares of Staples Future Office Products Private Limited	**13.74**	13.74	13.74
22,81,500 (NIL) Equity Shares of Goldmohur Design and Apparel Park Ltd of Rs.10/- each (Rs. 5/- Paid up)	**62.88**	38.20	-
25,62,000 (10,02,000) Equity Shares of Gupta Infrastructure (India) Private Limited	**7.68**	7.68	3.00
5,08,34,473 (2,27,77,500) (9000) Equity Shares of Sain Advisory Services Private Limited	**50.83**	22.78	0.01
2,71,45,000 (1,84,85,000) (Nil) 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	1.00
In Preference Shares - Unquoted, Fully paid up of Rs. 10/-each unless otherise stated			
Joint Venture Companies			
NIL (9,80,000) 4% Redeemable Preference Shares of Sain Advisory Services Private Limited (formerly known as Sain Marketing Network Private Limited))	-	-	0.98
In Others			
Equity Shares - Unquoted, Fully paid up of Rs. 10/-each unless otherwise stated			
48,281(24,62,278) Equity Shares of Foot-Mart Retail India Limited	**0.08**	0.08	6.12
4,000 Equity Shares of Kalyan Janata Sahakari Bank Limited of Rs. 25/- each	**0.01**	0.01	0.01
35,78,278 (1,00,05,000) Equity Shares of Pan India Food Solutions Private Limited	**3.58**	10.01	10.01
5,79,771 (28,40,880) Equity Shares of Planet Retail Holdings Private Limited	**2.90**	14.20	14.20
5 Shares of Y.A. Chunawala Industrial Co-op Society	-	-	-

	June 30,2009	June 30, 2008	June 30, 2007
	(Rs. in Crores)	(Rs. in Crores)	(Rs. in Crores)
Limited.			
In Government and Other Securities - Unquoted			
National Saving Certificates (Deposited with Sales Tax Authorities)	**0.01**	0.01	0.01
Share Application Money Pending Allotment in :			
Foot-Mart Retail India Limited	-	-	2.02
Future Generali India Insurance Company Limited	-	-	3.00
Future Generali India Life Insurance Company Limited	-	-	5.00
Future Knowledge Services Limited	-	-	0.20
Future Logistic Solutions Limited	-	-	1.18
Future Media (India) Limited	-	-	9.50
Staples Future Office Products Private Limited	-	-	0.86
Gupta Infrastructure (India) Private Limited	-	-	2.50
Home Solutions Retail (India) Limted	-	-	3.00
Sain Advisory Services Private Limited (formerly known as Sain Marketing Network Private Limited)	-	-	6.04
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	4.00
Suhani Mall Management Company Private Limited	**3.39**	3.39	2.00
Talwalkars Pantaloon Fitness Private Limited	**4.00**	2.50	-
Whole Wealth Limited	**-**	-	2.69
Winners Sports Private Limited	**0.61**	-	-
	954.03	**586.52**	**252.01**
Aggregate Book Value - Quoted - Unquoted	**78.61** **875.42**	78.61 507.91	8.89 243.12
Aggregate Market Value - Quoted	**928.58**	1,114.04	27.44

SCHEDULES TO BALANCE SHEET AS AT

	June 30,2009	June 30, 2008	June 30, 2007
	(Rs. in Crores)	(Rs. in Crores)	(Rs. in Crores)
SCHEDULE 7: INVENTORIES			
Packing Materials , Branding Material and Stores & Spares	**22.31**	19.51	17.02
Raw Material	**10.80**	9.02	7.82
Stitching Materials	**1.51**	1.20	1.05
Semi finished goods	**4.81**	6.94	11.46
Finished Goods (Including In-Transit)	**1748.41**	1393.17	848.61
	1787.84	**1429.84**	**885.96**
SCHEDULE 8: SUNDRY DEBTORS			
(Unsecured)			
(a) Debts due for more than six months			
Considered Good	**21.87**	5.67	8.83
Considered Doubtful	**1.76**	0.52	0.50
	23.63	6.19	9.33
Less : Provision for Doubtful Debts	**1.76**	0.52	0.50
	21.87	5.67	8.83
(b) Other Debts : Considered Good	**155.38**	107.49	56.34
	177.25	**113.16**	**65.17**
SCHEDULE 9: CASH & BANK BALANCES			
Cash in Hand	**8.87**	9.41	8.93
Balance with Scheduled Banks :			
in Current Accounts (including in transit)	**96.04**	99.80	41.91
in Fixed Deposit Account	**0.03**	0.03	57.02
in Margin Money Deposit Accounts	**4.12**	11.64	54.94
in Unpaid Dividend Accounts	**0.28**	0.22	0.17
	109.34	**121.10**	**162.97**
SCHEDULE 10: LOANS & ADVANCES			
(Unsecured & Considered good)			
Inter Corporate Deposits	**5.55**	30.38	28.78
Advances Recoverable in cash or in kind or for value to be received			
- Subsidiaries	**2.77**	22.33	18.02
- Others	**357.99**	183.30	217.04
Export Benefits Receivables	**0.33**	0.28	0.13
Balances with custom authorities	**4.31**	1.23	-
Deposits	**816.33**	715.21	369.88
Payments/Deductions of Income Tax (Net of Provisions)	**15.28**	9.59	-
	1202.56	**962.32**	**633.85**
SCHEDULE 11: LIABILITIES			
Acceptances	**413.22**	169.86	68.45
Sundry Creditors due to :			

	June 30,2009	June 30, 2008	June 30, 2007
	(Rs. in Crores)	(Rs. in Crores)	(Rs. in Crores)
- Subsidiaries	**190.17**	57.30	9.69
- Others	**195.21**	253.10	223.72
Advances and Deposits from :			
- Subsidiaries	**4.15**	11.98	1.90
- Others	**65.03**	107.55	38.26
Other Liabilities	**22.69**	18.86	-
Interest accrued but not due	**0.07**	1.21	1.08
Cheque overdrawn	**0.57**	-	0.56
Unpaid Dividend	**0.28**	0.22	0.21
	891.39	**620.08**	**343.87**
SCHEDULE 12: PROVISIONS			
Taxation (Net of advance payment/ tax deductions)	-	-	1.51
Proposed Dividend	**11.57**	10.67	7.54
Dividend Tax	**1.97**	1.81	1.28
Leave Encashment / Gratuity	**6.92**	4.89	5.28
Others	-	0.21	0.10
	20.46	**17.58**	**15.71**

SCHEDULES TO BALANCE SHEET AS AT 30TH JUNE, 2008

Schedule 5: FIXED ASSETS

2007-08	Gross Block				Depreciation				Net Block	
Description	**As at 01.07.2007**	**Additions**	**Deductions**	**As At 30.06.2008**	**Upto 01.07.2007**	**Adjustment For the**	**Depreciation For the year**	**Upto 30.06.2008**	**As at 30.06.2008**	**As at 30.06.2007**
Free Land	4.83	0	0	4.83	0	0	0	0	4.83	4.83
Leasehold Land	1.17	0	0	1.17	0.10	0	0.02	0.12	1.05	1.07
Building & Leasehold Improvements	124.51	63.40	9.72	178.19	7.09	0.15	8.23	15.17	163.02	117.42
Plant & Machinery	27.83	24.15	1.35	50.63	4.64	0.18	1.90	6.36	44.27	23.19
Office Equipments	18.45	14.73	1.49	31.69	2.25	0.36	2.32	4.21	27.48	16.20
Computer & Software	111.41	127.78	9.31	229.88	28.21	2.33	30.13	56.01	173.87	83.20
Furniture & Fittings	305.54	214.75	23.15	497.14	34.54	1.49	26.61	59.66	437.48	271.00
Electrical Installations	148.36	137.93	7.18	279.11	11.54	0.62	10.57	21.49	257.62	136.82
Vehicles	4.42	0.23	0.21	4.44	1.59	0.09	0.41	1.91	2.53	2.83
Air Conditioner	20.55	71.55	0.42	91.68	2.51	0.05	3.20	5.66	86.02	18.04
Total	**767.07**	**654.52**	**52.83**	**1368.76**	**92.47**	**5.27**	**83.39**	**170.59**	**1198.17**	**674.60**

SCHEDULES TO BALANCE SHEET AS AT 30TH JUNE, 2008

SCHEDULE 5 : FIXED ASSETS

2008-09	Gross Block				Depreciation				Net Block	
Description	**As at 01.07.2008**	**Additions**	**Deductions**	**As At 30.06.2009**	**Up to 01.07.2008**	**Adjustment For the year**	**Depreciation For the year**	**Up to 30.06.2009**	**As at 30.06.2009**	**As at 30.06.2008**
Free Land	4.83	0	0	4.83	0	0	0	0	4.83	4.83
Leasehold Land	1.17	0	0	1.17	0.12	0	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 Equipments	31.69	4.75	1.21	35.23	4.21	0.68	2.66	6.19	29.04	27.48
Computer & 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	0.45	3.99	1.91	0.19	0.39	2.11	1.88	2.53
Air Conditioner	91.68	42.71	0.54	133.85	5.66	0.11	6.20	11.75	122.10	86.02
Total	**1368.76**	**521.74**	**14.05**	**1876.45**	**170.59**	**2.95**	**140.05**	**307.69**	**1568.76**	**1198.18**

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

	2009	2008	2007
	(Rs. in Crores)	(Rs. in Crores)	(Rs. in Crores)
SCHEDULE 13: SALES & SERVICES			
Sales	**6423.07**	5023.30	3187.49
Less: Vat / Sales Tax	**319.72**	246.97	156.05
	6103.35	4776.33	3031.44
Other Operating Income	**238.35**	272.58	205.30
	6341.70	**5048.91**	**3236.74**
SCHEDULE 14: OTHER INCOME			
Dividend from Investments	**0.15**	0.51	0.97
Profit on Sale of Investments (Net)	**0.20**	-	88.88
Profit on Sale of Fixed Assets (Net)	-	-	0.11
Miscellaneous Income	**5.71**	3.25	2.07
	6.06	**3.76**	**92.03**
SCHEDULE 15: COST OF GOODS CONSUMED & SOLD			
Opening Stock			
Raw Materials	**9.02**	7.82	6.20
Semi finished goods	**6.94**	11.46	6.79
Finished goods	**1393.17**	848.61	487.33
Stitching materials	**1.20**	**1.05**	**1.26**
	1410.33	868.94	501.58
Add : Purchase			
Raw Material	**36.00**	59.18	55.90
Finished goods	**4741.14**	4059.87	2551.34
Stitching materials	**8.01**	8.90	5.17
	4785.15	**4127.95**	**2612.41**
Less : Closing Stock			
Raw Materials	**10.80**	9.02	7.82
Semi finished goods	**4.81**	6.94	11.46
Finished goods	**1748.41**	1393.17	848.61
Stitching materials	**1.51**	1.20	1.05
	1765.53	**1410.33**	**868.94**
Less: Adjusted against balance in Profit & Loss Account		74.37	-
	4429.95	**3512.19**	**2245.05**
SCHEDULE 16: PERSONNEL COST			
Salaries, Wages & Bonus	**245.08**	246.53	183.64
Welfare expenses	**11.26**	9.20	7.41
Contribution to Provident & Other Funds	**14.25**	15.38	10.68
Gratuity and Leave Encashment	**3.67**	2.96	4.36
	274.26	**274.07**	**206.09**
SCHEDULE 17: MANUFACTURING & OTHER EXPENSES			

	2009	2008	2007
	(Rs. in Crores)	**(Rs. in Crores)**	**(Rs. in Crores)**
Labour Charges	**15.79**	21.28	14.62
Packing Material	**51.74**	40.40	27.80
Stores & Spares	**0.26**	0.33	0.32
Branding Material	**1.90**	3.29	1.93
Power & Fuel	**98.97**	78.20	61.51
Repairs & Maintenance			
Building	**2.34**	1.51	1.29
Plant & Machinery	**1.15**	1.18	0.76
Others	**13.13**	11.23	7.25
Rent including lease rentals	**405.76**	326.27	207.02
Mall Maintenance Charges	**96.13**	76.01	59.22
Rates & Taxes	**5.28**	3.93	2.65
Donation	**0.57**	0.42	0.28
Insurance	**6.10**	7.28	4.56
Auditors' Remuneration	**0.50**	0.39	0.29
Commission	**9.41**	7.29	6.96
Advertisement & Marketing	**114.23**	118.28	93.14
Directors Sitting Fees	**0.12**	0.10	0.11
Directors Commission	**1.68**	1.71	1.65
Loss on Sale/Retirement of Fixed Assets (Net)	**3.81**	1.41	-
Bad debts Written off	-	0.09	0.01
Provision for Doubtful Debts	**1.23**	0.52	-
Other Expenses	**138.95**	101.01	78.63
	969.05	**802.13**	**570.00**
SCHEDULE 18: FINANCE CHARGE			
Interest : on fixed loans	**149.28**	92.13	39.13
other	**121.59**	80.96	39.36
Discounting and Other Charges	**46.89**	26.88	15.77
Exchange Fluctuation (Gain) / Loss	**6.68**	12.47	(2.46)
	324.44	**212.44**	**91.80**
Less : Interest Income*			
On Fixed Deposits	1.09	1.26	-
On Others	5.13	25.91	2.04
	6.22	27.17	2.04
	318.22	**185.27**	**89.76**
* Tax deducted at Source	**1.35**	**6.01**	**0.47**

Cash Flow Statement
(Pursuant to Clause 32 of the Listing Agreement)

PARTICULARS	For the year ended June 30		
	2009	2008	2007
	(Rs. in Crores)	(Rs. in Crores)	(Rs. in Crores)
A. Cash Flow from Operating Activities			
Net Profit Before Tax and Extraordinary items	216.23	195.62	181.01
Adjustments :			
Depreciation	140.05	83.39	36.86
Interest (Net)	318.22	185.27	89.76
Dividend Income	(0.15)	(0.51)	(0.97)
(Profit) / Loss on sale of investments	(0.20)	-	(88.88)
(Profit) / Loss on Sale/Retirement of assets	3.81	1.41	(0.11)
Operating profit before working capital changes	**677.96**	**465.18**	**217.67**
Adjustments for :			
Trade and other receivable	(67.68)	(48.65)	(48.55)
Inventories	(358.01)	(618.25)	(378.93)
Loans & advances	(170.70)	7.75	(146.40)
Trade payables	148.11	218.23	120.74
Net Cash generated from operations	**229.68**	**24.26**	**(235.47)**
Direct taxes paid	(32.81)	(43.49)	(36.41)
Earlier year's Income Tax	(0.27)	0.03	(0.06)
Net Cash generated by Operating Activities	**196.60**	**(19.21)**	**(271.94)**
B. Cash Flow From Investing Activities			
Acquisition Fixed Assets	(521.74)	(654.52)	(402.87)
(Increase)/Decrease in capital work - in - progress	(14.60)	(199.51)	(45.06)
Share Application Money	(10.36)	(4.93)	(20.94)
Proceeds from sale of fixed assets	7.24	46.15	0.94
Proceeds on Sale of investments	71.60	22.11	138.88
Purchase of investments	(428.56)	(351.69)	(119.39)
Advances To Subsidiary	19.57	(4.31)	(16.48)
Due to -Subsidiary	132.87	47.61	2.23
Deposit from Subsidiaries	(7.83)	10.07	(6.60)
Inter Corporate Deposits	24.83	(1.60)	(6.72)
Deposit given-leased premises	(108.25)	(320.73)	(166.69)
Dividend Income	0.15	0.51	0.97
Net Cash used in Investing Activities	**(835.08)**	**(1,410.82)**	**(641.73)**
C. Cash Flow from Financing Activities			
Dividend paid (Including distribution tax)	(12.42)	(8.82)	(7.66)
Working Capital from Banks/Institutions	(47.26)	556.17	(65.73)
Proceeds from Issue of Share Capital (Net of Expenses)	298.75	690.05	454.09
Proceeds/ (repayment) of Commercial Paper	105.00	50.00	(10.00)
Proceeds from long term borrowing	775.87	433.68	544.57
Proceeds/ (repayment) of short term borrowings (Net)	(200.00)	(147.64)	229.36
Proceeds from debenture application money	25.00	-	-
Interest (Net)	(318.22)	(185.27)	(89.76)
Net Cash from financing activities	**626.72**	**1,388.16**	**1,054.87**
Net Cash used in Cash and Cash Equivalents (A+B+C)	**(11.76)**	**(41.87)**	**141.20**

PARTICULARS	For the year ended June 30		
	2009	2008	2007
	(Rs. in Crores)	(Rs. in Crores)	(Rs. in Crores)
Cash & Cash Equivalents (Opening balance)	121.10	162.97	21.77
Cash & Cash Equivalents (Closing balance)	**109.34**	**121.10**	**162.97**

Net Cash used in Cash and Cash Equivalents	2009	2008	2007
Cash in Hand (as certified)	**8.87**	**9.41**	**8.93**
Balance with Scheduled Banks :			
in Current Accounts (including in transit)	**96.04**	**99.80**	**41.91**
in Fixed Deposit Account	**4.15**	**11.67**	**111.96**
in Unpaid Dividend Accounts	**0.28**	**0.22**	**0.17**
	109.34	**121.10**	**162.97**

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

As per our Report of even date attached

For NGS & Co.
Chartered Accountants

NAVIN T. GUPTA
Partner

For and on behalf of Board of Directors

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
Date : 26th September, 2009

C.P.Toshniwal
Chief Financial Officer

Deepak Tanna
Company Secretary

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 & Stiching 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 March 31,2009 and the estimated provision based on the taxable profit of remaining 3 months upto June 30,2009,the actual tax liability, for which, will be determined on the basis of the results for the period April 1,2009 to March 31,2010.

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

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: 66.80 Crores).

2 Contingent Liabilities not provided for :

(Rs. In Crore)

Particulars	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 Guarntees by banks on behalf of the company and group Companies	25.62	48.65

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

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 opearting leases in respect of these assets is Rs. 716.88 Crores (2008: 636.65 Crores).The Lease Rent payable not later than one year is Rs. 293.16 Crores (2008 : 296.94 Crore),payable later than one year but not later than five year is Rs. 348.96 Crores (2008 : 339.71Crores) 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 Equity shares (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 :

(Rs. in Crores)

Particulars	Year	Salary & Perquisites	Sitting Fees	Commission
Managing Director and other Wholetime Directors	2009	4.32	-	1.50
	2008	4.66	-	1.50
Non-Wholetime 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 acturial basis for the company as a whole, amount pertaining to the Directors is not ascertainable and therefore not included above.

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

	Year Ended 30/06/2009	
	Amount	**Amount**
	(Rs. In Crores)	(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 :

(Rs. In Crores)

Particulars	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 Texstyles 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) Transaction 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 30/06/09 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)	424.42

Nature of Transaction	Name of Related Party	Amount (Rs. In Crores)
	Limited	
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%

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
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	0.00	31.03.2009	0.01	0.39
11	Shendra Advisory Services Private Limited.	31.03.2009	53.78	0.00	31.03.2009	0.00	0.11
12	Staples Future Office Products Pvt Ltd	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)

Particulars	No. of Units/ Shares	
	Purchase	Sold
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 diluted 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	200q8-2009	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
			Stiching 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* (Idn 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 respective of each product is not practical to ascertain in view of nature of retailing operation of the Company.

Raw Material :

(Qty. & Value in Crores)

Particulars	**Sales**		**Purchases**		**Opening Stock**		**Closing Stock**	
	Qty (In Mts.)	**Amount (Rs.)**	**Qty (In Mts.)**	**Amount (Rs.)**	**Qty (In Mts.)**	**Amount (Rs.)**	**Qty (In Mts.)**	**Amount (Rs.)**
Fabric	0.06	5.37	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
		(1.50)		(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

		2008-09			2007-08		
		Qty(In Mts)	**Value (Rs)**	**Percentage**	**Qty (In Mts)**	**Value (Rs.)**	**Percentage**
	Total	**0.28**	**28.85**	**100.00**	**0.37**	**52.71**	**100.00**
Stores & Spares	Imported		0.00	0.00		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
Traveling 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 July 1, 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 June 30, 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 June 30, 2009	2.05 (1.95)	3.50 (2.25)	3.42 (2.64)
Fair value of plan assets	2.05 (1.95)	- (-)	- (-)
Un-funded Liability	- (-)	3.50 (2.25)	3.42 (2.64)
Unrecognized actuarial gains/ losses	- (-)	- (-)	- (-)
Un-funded 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 July 1, 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)

Particulars	Gratuity (Funded)	Gratuity (Unfunded)	Leave encashment (Unfunded)
Benefit paid during the year		0.33 (0.21)	1.31 (2.64)
Present Value of the Obligation as on June 30, 2009	**2.05 (1.95)**	**3.50 (2.25)**	**3.42 (2.63)**

E. The Assumptions used to determine the benefit cbligations 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 acturial valuation takes into account inflation, seniority, Promotion and other relevant factors including supply and demand in the emplyment 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 June 30,2008,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 preceeding year included as an integral part of the current year financial statements and are to be read in relation to the amounts and other disclosures relating to the current year.

For and on behalf of Board of Directors

For NGS & Co. **For and on behalf of Board of Directors**
Chartered Accountants

NAVIN T. GUPTA Partner	**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	**Anil Harish**	**Vijay Kumar Chopra**
Director	Director	Director

Place : Mumbai	**C.P.Toshniwal**	**Deepak Tanna**
Date : 26th September, 2009	Chief Financial Officer	Company Secretary

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

A. SIGNIFICANT ACCOUNTING POLICIES :

1 Basis of Accounting :

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

2 Use of estimates

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

3 Fixed Assets and Depreciation :

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

4 Borrowing Cost:

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

5 Investments :

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

6 Inventories :

Inventories are valued as follows

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

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

7 Transactions in Foreign Currency

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

8 Revenue Recognition :

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

9 Miscellaneous Expenditure :

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

10 Retirement and other employee benefits : (see note 27 below)
Changes in Accounting Policies

Adoption of Accounting Standard AS15 (Revised) Employee Benefits

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

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

Post Employment Benefits:

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

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

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

11 Provision for current and deferred tax :

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

b) Tax Expenses comprise of current tax, deferred tax and fringe benefits tax. The provision for current income tax is the aggregate of the balance provision for 9 months ended March 31,2008 and the estimated provision based on the taxable profit of remaining 3 months up to June 30,2008,the actual tax liability, for which, will be determined on the basis of the results for the period April 1,2008 to March 31,2009.

12 Provisions, Contingent Liabilities and Contingent Assets

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

13 Impairment of Assets

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

14 Leases

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

B. NOTES ON ACCOUNTS

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

2 Contingent Liabilities not provided for :

(Rs. In Crores)

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

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

0.39 Secured by hypothecation of assets of specific mega stores, assignments of specific brands of the company.

1.71 Secured by Hypothecation of specific assets i.e. plant & Machinery & other movable assets, furniture & fixtures & miscellaneous assets & motor car & mortgage of land & Building.

53.56 Secured by pari passu basis residual charge on current Assets & Fixed Assets of the Company

55.66

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

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

450.69 Secured by Residual charge on current Assets & Fixed Assets of the Company

30.05 Secured by earmarked Fixed Deposit and Security deposit paid for remises.

1236.32

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

Hire Purchases
2.81 Secured by Hypothecation of Specific assets.

4. Following the Indian GAAP (AS-2), The Company has Refined the method of valuation of finished goods from "Retail Price less Mark up" to "At lower of cost and Net Realizable Value". Consequent to this change, the value of inventories is being lower by Rs. 74.37 Crore. The same has been adjusted (net of tax of Rs.25.28 Crore) against brought forward balance in Profit & Loss Account.

5. In the opinion of the Board, the current assets, loans and advances are approximately of the value stated if realised in the ordinary course of business. The provision for all known liabilities is adequate and not in excess of the amount reasonably necessary.

6. Some of the balances in Sundry Debtors, Sundry Creditors, Advances and Deposits are subject to confirmation, reconciliations and adjustments if any, which in the opinion of the management will not be significant.

7. a) Of the unsecured loans, amount repayable within one year is Rs. 200.00 Crores (2007: Rs 202.50 Crores) and of the Secured Loans amount repayable within one year is Rs. 162.24 Crores (2007: Rs. 266.82 Crores).

8. Auditor's Remuneration :

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

9. Future interest liabilities in respect of assets of the value of Rs. 3.16 Crores (2007: Rs. 1.59 Crores) acquired on hire purchase basis is Rs. 0.74 Crores (2007: Rs 0.44 Crores).

10. Interest allocated against fixed assets amounts to Rs. 14.46 Crores (2007: Rs. 9.38 Crores).

11. The Company has entered into operating lease arrangements for fixed assets and premises. The future minimum lease rental obligation under non-cancellable operating leases in respect of these assets is Rs. 636.65 Crores(2007: 423.01Crores).The Lease Rent payable not later than one year is Rs. 296.94 Crores (2007 : 188.93 Crore),repayable later than one year but not later than five year is Rs. 339.71 Crores (2007 : 234.08) and the repayable later than five years is Rs Nil (2007 : Nil)

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

b) The company has allotted 100 (One Hundred) fully paid up Equity Shares of the face value of Rs. 2 (Rupees Two only) each at a premium of Rs. 98/- (Rupees Ninety Eight only) during the year on Rights basis which were earlier kept in abeyance.

c) Equity warrants represents amount received against 1,26,51,944(One crore twenty six Lakhs Fifty One Thousand Nine Hundred Forty Four only)warrants issued on a preferential allotment basis,which can be converted to same number of equity shares at the option of the holders within 18 months from the date of alloment of the warrants at a premium of Rs.498 per share.

13. (A) Particulars of Remuneration and other benefits provided to Directors for the year ended June 2008 and 2007 are set out below :

(Amount in Crores)

		Salary & Perquisites	Sitting Fees	Commission
Wholetime Directors	2008	4.66		1.50
	2007	4.54	-	1.50
Non-Wholetime Directors	2008		0.10	0.21
	2007	-	0.11	0.15

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

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

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

15. Tax Charges

The Tax Expenses for the year comprises of :

(Rs. In Crores)

Particulars	2007-08	2006-07
Income Tax		
Current tax	29.16	30.71
Deferred tax	37.28	27.93
Fringe benefit tax	3.24	2.32
	69.68	**60.96**

16. Related Party Disclosure :

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

A) List of Related Parties

Subsidiaries

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

Associate Companies / Firms

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

Key Management Personnel

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

B) Transaction with related Parties

(Rupees in Crores)

Nature of transactions	***Associate Companies/Joint Ventures***	***Subsidiaries***	***Key Management Personnel & Relatives***
Sales and Operating Income	219.96 (81.76)	89.71 (71.79)	
Sale of Fixed Assets	3.95	40.00	

Nature of transactions	*Associate Companies/Joint Ventures*	*Subsidiaries*	*Key Management Personnel & Relatives*
Purchase of Raw Material, Finished Goods and Stores	218.34 (109.78)	732.14 (346.06)	
Purchase of Fixed Assets	14.99 (0.60)	2.55 (7.87)	
Expenditure on services and Others	86.45 (55.43)	182.56 (4.40)	
Managerial remuneration & Commission			6.16 (6.04)
Inter Corporate Deposits	- (23.63)	-	
Advances given	22.25 (14.22)	10.53 (16.98)	
Advance Taken	12.10 (0.04)	17.82 -	
Loans &Deposit given	276.51 (50.37)	19.80 (4.30)	
Loans & Deposit Taken	3.44 (35.76)	2.74 (1.82)	
Investment	198.51 (43.79)	154.60 (55.83)	
Share Application Money	3.89 (12.52)	1.04 (5.73)	
Outstanding balances as on 30/06/08 Receivable	446.23 (172.73)	66.33 (42.65)	
Payable	163.70 (3.23)	69.28 (11.59)	

C) The Significant Related Party transactions are as under

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

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

(i) Details of Joint Venture Interest

S. No.	Name of the Company	Description of Interest	Country of Incorporation	Percentage of Interest as on 30.06.2008	Percentage of Interest as on 30.06.2007
1	Apollo Design Apparel Parks Limited	Equity	India	39.00%	Nil
2	Future Axiom Telecom Limited (formerly Convergem Communication India Limited)	Equity	India	50.00%	100.00%

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

(ii) Company's Interest in the Joint Venture

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

Sr. No.	Name	As on	Assets	Liabilities	For the period ended	Income	Expenditure
			(Rs .in Crores)	(Rs. in Crores)		(Rs. in Crores)	(Rs. in Crores)
7	Pan India Food Solutions Private Limited	31.03.2008	25.06	22.02	31.03.2008	14.03	23.49
8	Sain Advisory Services Private Limited	31.03.2008	45.19	0.02	31.03.2008	0.02	0.22
9	Shendra Advisory Services Private Limited.	31.03.2008	36.63	0.00	31.03.2008	0.01	0.20
10	Staples Future Office Products Pvt Ltd	31.03.2008	18.10	5.68	31.03.2008	9.20	12.89
11	Talwalkars Pantaloon Fitness Private Limited	31.03.2008	10.52	9.52	31.03.2008	1.71	2.47
12	Planet Retail Holdings Private Limited	31.03.2008	87.21	44.99	31.03.2008	55.87	60.48

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

D) Disclosure required under Clause 32 of the Listing Agreement

(Rs. in Crores)

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

17. Earning Per Share

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

Particulars		UNITS	2007-2008	2006-2007
Profit after tax	A	Rs. In Crores	125.97	119.99
Weighted average number of equity shares	B	No.in Crores	15.10	13.78
Number of equity shares for dilutive EPS	C	No.in Crores	15.10	13.78
Earning per share				
Basic (A/B)		Rs.	7.54	8.71
Dilutive(B/C)		Rs.	7.54	8.71

18. Sale of Fixed Assets

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

19. Deferred Tax Liability :

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

(Rs. In Crores)

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

20. Sundry Debtors

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

(Rs. In Crores)

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

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

- Licensed / Installed Annual Capacities And Production :

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

* includes job work done by third parties.

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

22. Sales, Purchases, Opening And Closing Stock

(Qty. & Value in Crores)

Particulars	Sales		Purchases		Opening Stock		Closing Stock	
	Qty* (In Pcs)	Amount	Qty(In Pcs)	Amount	Qty (In Pcs)	Amount	Qty(In Pcs)	Amount
Apparels/Household Items etc.	13.41	3159.38	14.92	2644.71	3.48	663.81	5.25	1091.86
	(8.53)	(2010.14)	(9.58)	(1567.29)	(2.20)	(424.43)	(3.48)	(663.81)
Others		1610.18		1415.16		184.79		301.31
		(1007.39)		(984.05)		(62.90)		(184.80)
Total	**13.41**	**4769.56**	**14.92**	**4059.87**	**3.48**	**848.61**	**5.25**	**1393.17**

Particulars	Sales		Purchases		Opening Stock		Closing Stock	
	Qty* (In Pcs)	Amount	Qty(In Pcs)	Amount	Qty (In Pcs)	Amount	Qty(In Pcs)	Amount
	(8.53)	**(3017.53)**	**(9.58)**	**(2551.34)**	**(2.20)**	**(487.33)**	**(3.48)**	**(848.61)**

* Sales is inclusive of samples, free gifts, shortages, loss in fire/floods etc.
The Company having dealt in a large number of products, the quantitative information has been furnished only in respect of major items namely Apparels and Household Items. Other items are grouped together, as quantitative information in respective of each product is not practical to ascertain in view of nature of retailing operation of the Company.

Raw Material :

(Qty. & Value in Crores)

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

Raw Material Consumption:

(Qty. & Value in Crores)

		2007-2008			2006-2007		
		Qty(In Mts)	Value (Rs)	Percentage	Qty (In Mts)	Value (Rs.)	Percentage
Fabrics	Imported	0.06	4.03	7.65	0.02	2.12	5.25
	Indigenous	0.31	48.68	92.35	0.35	38.28	94.75
	Total	**0.37**	**52.71**	**100.00**	**0.37**	**40.40**	**100.00**
Stores & Spares	Imported		0.06	18.18	-	0.08	25.00
	Indigenous		0.27	81.82	-	0.24	75.00
	Total		**0.33**	**100.00**	**-**	**0.32**	**100.00**
Stitching Material	Imported		0.31	4.28	-	0.59	11.03
	Indigenous		6.94	95.72	-	4.76	88.97
	Total		**7.25**	**100.00**		**5.35**	**100.00**

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

23.

(Rupees in Crores)

Value of Imports (CIF Basis)	2007-2008	2006-2007
Raw Material	4.55	1.86
Finished goods	45.99	2.77

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

24.

(Rupees in Crores)

Expenditure in foreign currency	2007-08	2006-2007
Traveling Expenses	0.94	0.43
Consulting Fees	1.11	3.87
License Fees & Royalty	0.07	0.49
Interest on FCNR Loan/Term Loan/Foreign Currency Loan	5.30	1.86
Sales Promotion Expenses	0.25	-

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

26. Foreign Currency Earnings

(Rs. in Crores)

	2007-08	2006-2007
Earning in foreign currency*	54.42	38.41

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

27. Employees Benefits

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

D. Change in Present Value of Obligation

(Rs. in Crores)

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

E. Amount recognised in the Balance Sheet

(Rs. in Crores)

Particulars	Gratuity (Funded)	Gratuity (Unfunded)	Leave encashment (Unfunded)
Present Value of the Obligation as on June 30, 2008	1.95	2.25	2.64
Fair value of plan assets	1.95	-	-

Particulars	Gratuity (Funded)	Gratuity (Unfunded)	Leave encashment (Unfunded)
Un-funded Liability	-	2.25	2.64
Unrecognized actuarial gains/ losses	-	-	-
Un-funded liability recognized in Balance Sheet	-	2.25	2.64

F. Amount recognised in the Profit and Loss Account

(Rs. In Crores)

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

G. Reconciliation of Balance Sheet

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

H. The Assumptions used to determine the benefit cbligations are as follows :

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

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

28. The Board of Directors,subject to approval of members,have recommended a dividend of Rs. 0.60(30%) per equity share.Further in view of the proposed bonus issue of Class B Shares (Series 1) carrying differential rights, if allotted on or before the book closure date,Board recommended,subject to approval of the members, dividend of Rs. 0.70(35%) per Class B Share(Series 1).

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

30. The previous year’s figures have been reworked,regrouped,rearranged and reclassified wherever necessary.Amount and other disclosures for the preceeding year included as an integral part of the current year financial statements and are to be read in relation to the amounts and other disclosures relating to the current year.

For and on behalf of Board of Directors

As per our Report of even date attached

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

Place : Mumbai Dated :20th September, 2008	**C. P. Toshniwal** Chief Financial Officer	**Deepak Tanna** Dy. Company Secretary

Consolidated Financial Statements

Auditors' Report on the Consolidated Financial Statements

The Board of Directors
Pantaloon Retail (India) Limited
Knowledge House, Shyam Nagar, off Jogeshwari Vikhroli Link Road,
Jogeshwari (East)Mumbai – 400 060

1. We have examined the Consolidated Balance Sheets of Pantaloon Retail (India) Limited (the "Company") and its subsidiaries and joint ventures (the Company and its subsidiaries and joint ventures constitute "the Group") as at June 30, 2009, 2008, and 2007 and also the Consolidated Profit and Loss Accounts and the Consolidated Cash Flow Statements for the years ended on these dates both annexed thereto (together comprising the "Consolidated Financial Statements") all expressed in Indian Rupees as annexed to this report. These Consolidated Financial statements are the responsibility of the Company's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these Consolidated Financial Statements based on our examination.

2. The figures disclosed in the Consolidated Financial Statements are extracted from the annual audited Consolidated Financial Statements, regrouped where necessary, and our opinion stated herein is based on the opinion as reported by us vide our audit report dated September 26, 2009, September 20, 2008 and September 26, 2007 respectively for each of the years. As reported by us, the audits were conducted by us in accordance with the 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 the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. (a) We did not audit the financial statements of certain subsidiaries, joint ventures and associates, whose financial statements reflect total assets (net) of Rs 1,394.84 crores as at March 31/June 30, 2009 [March 31/June 30 2008: Rs. 2,257.45 crores, March 31/June 30 2007: Rs. 590.94 crores], total revenue of Rs. 1,885.68 crores for the year ended March 31/June 30 2009 [year ended March 31/June 30 2008: Rs. 1,313.94 crores, year ended March 31/June 30 2007: 374.00 crores], and net cash flows amounting to Rs. (70.67) crores for the year ended March 31/June 30 2009 [year ended March 31/June 30 2008: Rs. 319.83 crores, year ended March 31/ June 30, 2007 Rs. 31.87 crores] as considered in the consolidated accounts. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us and our opinion in so far as it relates to the amounts included in respect of these subsidiaries, joint ventures and associates is based solely on the report of other auditors.

   (b) Further the financial statements of certain subsidiaries and joint ventures, whose financial statements include total assets of Rs. 243.41 crores as at March 31/ June 30 2008 [Rs. 694.77 as at March 31/June 30 2007] and total revenue of Rs. 373.19 crores for the year ended March 31/June 30 2008 [Rs. 246.01 for the year ended March 31/June 30 2007] have been considered on the basis of unaudited financial statements certified by the management.

4. A) In our audit report for the year ended June 30, 2008 on the consolidated financial statements of the Group, we had reported that :-

   a) *Capitalisation of self generated brand of Rs. 12.01 crores by certain subsidiary is not in accordance with Accounting Standard-26 "Intangible Assets" notified under Companies Accounting Standard Rules, 2006.*

Accordingly profit for the year; reserves and fixed assets are higher to that extent.

b) *Recognition of deferred tax assets by certain subsidiaries amounting to Rs. 8.43 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.*

B) In our audit report for the year ended June 30, 2009 on the consolidated financial statements of the Group , we had reported that :-

a) *Capitalisation of brand development expenditure of Rs.8.38 crores and treatment of royalty and advertisement expenditure of Rs. 2.41Crores 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" notified under Companies Accounting Standard Rules, 2006. 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.*

5. Subject to the matters referred to in paragraphs 3(b); 4A and 4B above:

(a) We report that the Consolidated Financial Statements have been prepared by the Company's management in accordance with the requirements of Accounting Standard 21, Consolidated Financial Statements, Accounting Standard 23, Accounting for Investments in Associates in Consolidated Financial Statements and Accounting Standard 27, „Financial Reporting of Interests in Joint Ventures as notified under the Companies (Accounting Standard) Rules, 2006.

(b) In our opinion and to the best of our information and according to the explanations given to us, on the basis stated in paragraph 2 above, the attached Consolidated Financial Statements give a true and fair view in conformity with the accounting principles generally accepted in India:

(i) in the case of the Consolidated Balance Sheets, of the state of affairs of the Group as at June 30 2009, 2008 and 2007

(ii) in the case of the Consolidated Profit and Loss Accounts, of the profit of the Group for the years ended on these dates; and

(iii) in the case of the Consolidated Cash Flow Statements, of the cash flows of the Group for the years ended on these dates.

For NGS & Co.
Chartered Accountants

Partner
Mumbai
Date :-

Future Group

Consolidated Balance Sheet of Three Years

		SCH. No.	As At 30.06.2009	As At 30.06.2008	As At 30.06.2007
			(Rs. in Crores)	(Rs. in Crores)	(Rs. in Crores)
SOURCES OF FUNDS :					
1	SHAREHOLDERS' FUNDS				
	Share Capital	**1**	**107.59**	**121.38**	**97.35**
	Share Application money		**44.96**	**20.90**	**23.32**
	Equity Warrants		**22.88**	**63.26**	**-**
	Reserves & Surplus	**2**	**2,326.83**	**2,021.63**	**1,071.25**
			2,502.26	**2,227.17**	**1,191.92**
2	MINORITY INTEREST		**384.59**	**406.16**	**54.30**
3	LOAN FUNDS				
	Secured Loans	**3**	**3,285.99**	**2,393.10**	**1,095.32**
	Unsecured Loans	**4**	**572.27**	**374.00**	**367.76**
			3,858.26	**2,767.10**	**1,463.08**
4	DEFERRED TAX LIABILITY (NET)		**4.02**	**35.43**	**50.49**
			6,749.13	**5,435.86**	**2,759.79**
APPLICATION OF FUNDS :					
1	FIXED ASSETS				
	Gross Block	**5**	**2,594.51**	**1,881.02**	**1,012.77**
	Less : Depreciation		**393.58**	**210.42**	**106.54**
	Net Block		**2,200.93**	**1,670.60**	**906.23**
	Capital work-in-progress		**429.72**	**384.04**	**167.75**
2	INVESTMENTS	**6**	**897.81**	**726.50**	**90.25**
3	CURRENT ASSETS, LOANS & ADVANCES				
	Inventories	**7**	**2,191.25**	**1,771.09**	**1,078.63**
	Sundry Debtors	**8**	**306.61**	**288.14**	**68.03**
	Cash & Bank Balances	**9**	**202.54**	**365.37**	**235.51**
	Loans & Advances	**10**	**1,910.55**	**1,391.40**	**711.28**
	Other Current Assets		**12.16**	**16.61**	**1.65**
			4,623.11	**3,832.61**	**2,095.10**
	LESS : CURRENT LIABILITIES & PROVISIONS				
	Current Liabilities	**11**	**1,351.94**	**1,153.78**	**483.51**
	Provisions	**12**	**52.99**	**24.26**	**16.45**
			1,404.93	**1,178.04**	**499.96**
	NET CURRENT ASSETS		**3,218.18**	**2,654.57**	**1,595.14**
4	MISCELLANEOUS EXPENDITURE	**13**	**2.49**	**0.15**	**0.42**
	(To the extent not written off or adjusted)				

		SCH. No.	As At 30.06.2009	As At 30.06.2008	As At 30.06.2007
			(Rs. in Crores)	(Rs. in Crores)	(Rs. in Crores)
			6,749.13	5,435.86	2,759.79

Future Group

Consolidate profit and Loss Account of Three Years

	SCH No.	2008-09	2007-08	2006-07
		(Rs. in Crores)	(Rs. in Crores)	(Rs. in Crores)
INCOME				
Sales & Operating Income	**14**	**7,669.04**	**5,840.54**	**3,468.56**
Other Income	**15**	**95.76**	**55.73**	**97.37**
		7,764.80	**5,896.27**	**3,565.93**
EXPENDITURE				
Cost of goods consumed & sold	**16**	**5,127.25**	**3,909.30**	**2,365.07**
Personnel cost	**17**	**578.72**	**445.59**	**270.49**
Manufacturing & other expenses	**18**	**1,449.83**	**1,185.12**	**699.00**
Finance Charges	**19**	**418.54**	**223.58**	**100.08**
Depreciation	**5**	**206.57**	**118.21**	**48.24**
Goodwill Written Off				**3.25**
		7,780.91	**5,881.80**	**3,486.13**
Profit (Loss) Before Taxation		**(16.11)**	**14.47**	**79.80**
Less: Earlier year's Income Tax		**0.30**	**(0.03)**	**0.06**
Less: Tax Expense	**20(9)**	**(10.25)**	**47.32**	**59.68**
Profit (Loss) After Taxation before Prior Period Items		**(6.16)**	**(32.82)**	**20.06**
Less: Prior Period Items		**1.30**	**(1.04)**	**0.18**
Profit (Loss) After Taxation		**(7.46)**	**(31.78)**	**19.88**
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		**(24.45)**	**(51.22)**	**(15.65)**
Profit After Minority Interest		**10.07**	**21.93**	**35.54**
Add : Balance brought forward		**65.47**	**119.52**	**104.83**
Less: Adjustment on account of liability in respect of employee benefits		**-**	**0.02**	
Available for Appropriation		**75.54**	**141.43**	**140.37**
Proposed Dividend		**13.37**	**10.67**	**7.54**
Dividend Tax		**2.27**	**1.81**	**1.28**
Transfer to Reserve under section 45 (1C) of the RBI Act		**1.99**	**1.79**	**0.03**
Transfer to General Reserve		**14.53**	**12.60**	**12.00**
Adjustment arising on consolidation		**17.37**	**-**	**-**
Balance carried to Balance Sheet		**26.01**	**114.55**	**119.52**
		75.54	**141.43**	**140.37**
Earnings Per Share Rs. (Face value Rs.2)		Rs.	Rs.	Rs.
Basic & Diluted - Equity		0.56	1.30	2.58
Basic & Diluted - Class B series 1		0.66	-	
Refer Note No. of 12 of Schedule 20				
SIGNIFICANT ACCOUNTING POLICIES AND	20			

	SCH No.	2008-09	2007-08	2006-07
		(Rs. in Crores)	(Rs. in Crores)	(Rs. in Crores)
NOTES TO ACCOUNTS				
The Schedules referred to above form an integral part of the Profit & Loss Account				

Future Group

SCHEDULES TO CONSOLIDATED BALANCE SHEET OF THREE YEARS

	As At 30.06.2009	**As At 30.06.2008**	**As At 30.06.2007**
	(Rs. in Crores)	**(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	29.35
1,59,29,152 (NIL) Class B Series 1 shares of Rs.2/- each fully paid (of the above class B series 1 shares 1,59,29,152 shares allotted as fully paid up by way of Capitalisation of share premium account)	3.19	-	-
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	20.00
48,00,000 (48,00,000) 0.01% Non Cumulative Compulsory Convertible preference shares of Rs.100 each	48.00	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**	**97.35**
SCHEDULE 2 : RESERVES & SURPLUS			
Share Premium			
Balance, at beginning of the year	1,448.03	823.76	372.12
Add : Premium received during the year	273.31	624.50	455.79
Less : Utilised for share issue expenses	0.46	0.21	4.15
Less: Utilised for Bonus shares Issued	3.19	-	-
	1,717.69	**1,448.05**	**823.76**
Capital Reserve			
- On Consolidation	466.02	470.38	104.63
- On Forfeiture of Equity Warrants	63.26	-	-
General Reserve	35.91	23.31	11.31
Add : Transfer from Profit & Loss Account	14.06	12.60	12.00
	49.97	35.91	23.31
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	0.03
	3.88	1.87	0.03
Surplus in Profit and Loss Account	26.01	114.55	119.52
Less: Adjusted against refinement in method of valuation of Finished Goods(Net of Tax)	-	49.09	-
	2,326.83	**2,021.63**	**1,071.25**

Future Group

SCHEDULES TO CONSOLIDATED BALANCE SHEET OF THREE YEARS

	As At 30.06.2009	As At 30.06.2008	As At 30.06.2007
	(Rs. in Crores)	(Rs. in Crores)	(Rs. in Crores)
SCHEDULE 3 : SECURED LOANS			
Debenture			**200.00**
Term Loans	2,318.01	1,495.58	738.28
Working Capital Loans From Banks	930.26	849.49	107.29
Others	2.58	2.81	24.22
Share in jointly controlled entity	35.14	45.22	25.53
	3,285.99	**2,393.10**	**1,095.32**
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	347.68
Loan from Directors	-	0.05	-
Public Deposits	0.01	0.01	-
Inter Company Deposit	54.50	104.83	0.60
Share in jointly controlled entity	22.31	38.61	19.48
	572.27	**374.00**	**367.76**

SCHEDULES TO CONSOLIDATED BALANCE SHEET

SCHEDULE 5 : FIXED ASSETS & CAPITAL WORK-IN-PROGRESS-2009

(Rs. In Crores)

	GROSS BLOCK					DEPRECIATION					NET BLOCK	
Description	As at 01.07.2008	Additions	Deductions	Adj for disposal of Sub/JV	As at 30.06.2009	Upto 01.07.2008	Adjust-ment for the year	Depreciation for Year	Adj for disposal of Sub/JV	Up to 30.06.2009	As at 30.06.2009	As at 30.06.2008
Land	4.83	-	-	-	4.83	-	-	-	-	-	4.83	4.83
Leasehold Land	46.27	14.34	2.86	-	57.75	6.02	0.50	7.36	-	12.88	44.87	40.24
Building	266.89	74.36	4.08	0.01	337.16	20.08	0.36	23.66	-	43.38	293.78	246.81
Plant & Machinery	77.47	38.43	0.27	-	115.63	8.18	0.08	8.43	-	16.53	99.10	69.29
Office Equipments	50.78	17.29	2.14	0.96	64.98	6.33	0.82	7.10	0.14	12.47	52.51	44.46
Computers & Software	266.32	222.20	3.99	2.15	482.38	59.51	0.14	59.49	0.62	118.24	364.14	206.81
Furniture & Fittings	579.84	205.56	4.09	4.01	777.30	65.45	0.44	51.23	0.46	115.78	661.51	514.39
Electrical Installations	328.59	104.02	2.89	-	429.72	24.13	0.24	21.33	-	45.22	384.50	304.46
Vehicles	6.05	0.69	1.40	0.13	5.22	2.04	(0.02)	0.62	0.20	2.48	2.74	4.02
Air Conditioner	93.15	43.33	0.61	0.56	135.31	5.68	0.06	6.34	0.05	11.91	123.40	87.47
Generator	0.21	-	0.05	-	0.16	0.01	-	-	-	0.01	0.15	0.20
Brand - Intangibles	84.35	22.41	-	6.71	100.05	(0.82)	(0.73)	4.24	0.80	3.36	96.69	85.16
Share in jointly controlled entities	76.28	82.30	12.04	62.52	84.03	13.82	4.60	16.77	14.67	11.32	72.71	62.46
Total	1,881.02	824.93	34.42	77.05	2,594.51	210.42	6.49	206.57	16.94	393.58	2,200.93	1,670.60
Previous Year	1,012.77	989.87	72.80	48.82	1,881.02	106.54	10.76	118.21	3.57	210.42	1,670.60	
Capital Work-in-progress (Including advances on Capital Account)								6,749.13			390.76	363.02
Share in jointly controlled entities											38.96	21.02
											429.72	384.04

SCHEDULES TO CONSOLIDATED BALANCE SHEET

SCHEDULE 5 : FIXED ASSETS & CAPITAL WORK-IN-PROGRESS-2008

(Rs. In Crores)

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

Future Group

SCHEDULES TO CONSOLIDATED BALANCE SHEET OF THREE YEARS

	As At 30.06.2009	As At 30.06.2008	As At 30.06.2007
	(Rs. in Crores)	(Rs. in Crores)	(Rs. in Crores)
SCHEDULE 6 : INVESTMENTS			
LONG TERM INVESTMENT			
QUOTED			
Equity	13.97	18.91	9.62
UNQUOTED			
Equity	43.68	23.17	0.02
Others	27.77	0.01	17.69
CURRENT INVESTMENTS			
UNQUOTED			
Equity	0.20		
In units of Mutual Funds	328.25	504.81	42.58
Others	220.05	3.40	15.28
Share in jointly controlled entities	263.89	176.20	5.06
	897.81	**726.50**	**90.25**
SCHEDULE 7 : INVENTORIES			
Packing Materials , Branding Material and Stores & Spares	22.32	19.51	17.02
Raw Material	10.80	9.02	7.82
Stitching Materials	1.51	1.20	1.05
Semi finished goods	4.81	6.94	11.46
Finished Goods	2,138.71	1,658.89	1,005.68
Forex and Forex Equivalent	-	17.36	-
Share in jointly controlled entities	13.10	58.17	35.60
	2,191.25	**1,771.09**	**1,078.63**
SCHEDULE 8 : SUNDRY DEBTORS			
(Unsecured)			
	33.01	7.10	8.85
(a) Debts due for more than six months	5.54	1.27	1.23
Considered Good	38.55	8.37	10.08
Considered Doubtful	5.54	1.27	1.23
	33.01	7.10	8.85
Less : Provision for Doubtful Debts	240.53	257.25	53.69
(b) Other Debts : Considered Good	33.07	23.79	5.49
	306.61	**288.14**	**68.03**
Share in jointly controlled entity			

Future Group

SCHEDULES TO CONSOLIDATED BALANCE SHEET OF THREE YEARS

	As At 30.06.2009	**As At 30.06.2008**	**As at 30.06.2007**
	(Rs. in Crores)	**(Rs. in Crores)**	**(Rs. in Crores)**
SCHEDULE 9 : CASH & BANK BALANCES			
Cash in Hand	11.12	20.31	9.54
Balance with Scheduled Banks :			
in Current Accounts (including in transit)	118.50	190.61	90.55
in Fixed Deposit Account	17.58	79.52	120.45
in unpaid Dividend Account	0.28	0.22	0.21
Share in jointly controlled entity	55.06	74.71	14.76
	202.54	**365.37**	**235.51**
SCHEDULE 10: LOANS & ADVANCES			
(Secured , Considered good unless otherwise stated)			
Advances and loans to body corporate	166.30	100.00	-
Retail loans	58.51	0.44	-
(Unsecured , Considered good unless otherwise stated)			
Inter Corporate Deposits	22.35	109.03	35.30
Advances Recoverable in cash or in kind or for value to be received			
-considered good	433.09	266.64	247.74
-considered doubtful	2.52	0.11	-
	435.61	266.75	247.74
Less: Provision for doubtful advances	2.52	0.11	-
	433.09	266.64	247.74
Export Benefits Receivables	0.33	0.28	0.13
Deposits	891.29	775.25	392.46
Retail Loans	242.80	66.07	-
Debenture Application Money	-	6.02	-
Payments /Deduction of Income Tax (Net of Provisions)	46.35	22.65	2.03
Balance with Government Authorities	10.04	0.16	1.06
Share in jointly controlled entity	39.49	44.86	32.56
	1,910.55	**1,391.40**	**711.28**

Future Group

SCHEDULES TO CONSOLIDATED BALANCE SHEET OF THREE YEARS

	As At 30.06.2009	**As At 30.06.2008**	**As at 30.06.2007**
	(Rs. in Crores)	**(Rs. in Crores)**	**(Rs. in Crores)**
SCHEDULE 11: LIABILITIES			
Acceptances	483.72	246.69	68.45
Sundry Creditors	504.33	597.39	326.75
Advances / Deposit from Customers	156.26	177.23	45.52
Interest accrued but not due	0.07	1.21	1.08
Other Liabilities	88.87	33.70	14.46
Unclaimed Share Application Money	0.25	25.03	-
Unpaid Dividend	0.28	0.22	0.21
Share in jointly controlled entity	118.16	72.31	27.03
	1,351.94	**1,153.78**	**483.51**
SCHEDULE 12: PROVISIONS			
Proposed Dividend	11.58	10.67	7.54
Dividend Tax	1.97	1.81	1.28
Provision for Leave Encashment / Gratuity	12.17	9.01	7.11
Others	1.74	0.45	0.19
Share in jointly controlled entity	25.53	2.32	0.33
	52.99	**24.26**	**16.45**
SCHEDULE 13: MISCELLANEOUS EXPENDITURE			
Pre-Operative Expenses	**2.49**	**0.14**	**-**
Share in jointly controlled entities	**-**	**0.01**	**0.42**
	2.49	**0.15**	**0.42**

Future Group

SCHEDULES TO CONSOLIDATED PROFIT & LOSS ACCOUNT OF THREE YEARS

	2008-09	**2007-08**	**2006-07**
	(Rs. in Crores)	**(Rs. in Crores)**	**(Rs. in Crores)**
SCHEDULE 14: SALES & SERVICES			
Sales	7,003.60	5,342.82	3,161.12
Other Operating Income	406.57	309.12	228.93
Share in jointly controlled entities	258.87	188.60	78.51
	7,669.04	**5,840.54**	**3,468.56**
SCHEDULE 15: OTHER INCOME			
Dividend from Investments	0.36	1.44	2.08
Miscellaneous Income	10.59	6.15	4.98
Profit on Sale of Investments	52.92	29.81	89.91
Profit on Sale of Fixed Assets	-	14.87	0.09
Share in jointly controlled entities	31.89	3.46	0.31
	95.76	**55.73**	**97.37**
SCHEDULE 16: COST OF GOODS CONSUMED & SOLD			
Opening Stock			
Raw Materials	9.02	7.82	6.20
Semi finished goods	6.94	11.46	6.79
Finished goods	1,658.46	1,005.68	540.48
Stitching materials	1.20	1.05	1.26
	1,675.62	**1,026.01**	**554.73**
Add : Purchase			
Raw Material	36.00	59.18	55.90
Finished goods	5,212.61	4,432.42	2,729.94
Stitching materials	8.01	8.90	5.17
	5,256.62	**4,500.50**	**2,791.01**
Less : Closing Stock			
Raw Materials	10.80	9.02	7.82
Semi finished goods	4.81	6.94	11.46
Finished goods	2,120.54	1,666.94	1,005.68
Stitching materials	1.51	1.20	1.05
	2,137.66	**1,684.10**	**1,026.01**
Less: Adjusted against balance in			
profit & Loss Account	-	74.37	-
Share in jointly controlled entities	332.67	141.26	45.34
	5,127.25	**3,909.30**	**2,365.07**

Future Group

SCHEDULES TO CONSOLIDATED PROFIT & LOSS ACCOUNT OF THREE YEARS

	2008-09	2007-08	2006-07
	(Rs. in Crores)	(Rs. in Crores)	(Rs. in Crores)
SCHEDULE 17: PERSONNEL COST			
Salaries, Wages & Bonus	458.22	380.39	234.68
Welfare expenses	17.07	13.72	9.68
Contribution to Provident & Other Funds	21.58	19.30	12.27
Sweet Equity Share Issued	-	1.00	-
Gratuity and Leave encashment	4.38	4.75	5.32
Share in jointly controlled entities	77.47	26.43	8.54
	578.72	**445.59**	**270.49**
SCHEDULE 18: MANUFACTURING & OTHER EXPENSES			
Labour Charges	15.79	21.28	14.74
Packing Material	52.29	40.46	27.90
Stores & Spares	0.26	0.40	0.50
Branding Material	1.90	3.29	1.93
Power & Fuel	119.42	93.32	65.88
Mall Maintenance Charges	96.13	85.09	59.51
Repairs & Maintenance			
Building	2.14	1.70	1.36
Plant & Machinery	2.89	1.29	0.84
Others	19.89	13.61	10.9
Rent including lease rentals	532.53	415.71	233.82
Rates & Taxes	8.97	10.25	4.37
Donation	0.59	0.43	0.28
Insurance	8.53	8.64	5.19
Auditors' Remuneration	1.08	0.73	0.52
Sundry Balances Write off	0.01	-	
Commission	17.27	7.87	7.19
Advertisement & Sales Promotion	163.03	214.84	119.95
Directors Sitting Fees	0.20	0.13	0.11
Directors Commission	1.68	1.71	1.65
Loss on Sale/Retirement of Fixed Assets	6.48	-	-
Provision for Doubtful Debts	6.33	1.20	0.73
Bad debts Written off	17.33	0.09	-
Other Expenses	177.84	161.37	108.32
Capital Issue Expenses w/off	0.27	-	
Preliminary Expenses w/off	0.45	-	
Share in jointly controlled entities	196.53	101.71	33.31
	1,449.83	**1,185.12**	**699.00**

Future Group

SCHEDULES TO CONSOLIDATED PROFIT & LOSS ACCOUNT OF THREE YEARS

	2008-09	**2007-08**	**2006-07**
	(Rs. in Crores)	**(Rs. in Crores)**	**(Rs. in Crores)**
SCHEDULE 19 : FINANCE CHARGES			
Amortization of Discount on Issue of Commercial Paper	9.23	-	-
Interest : on Fixed Loans	201.03	106.66	44.11
on Other loans	135.82	91.11	39.99
Other Finance Charges	70.54	38.07	18.68
Exchange Fluctuation Loss	5.83	14.35	(2.74)
	422.45	**250.19**	**100.04**
Less : Interest Income			
on fixed deposits	2.49	2.16	0.96
on others	5.65	26.85	1.23
Add : Share in jointly controlled entities	4.23	2.40	2.23
	418.54	**223.58**	**100.08**

Future Group

Consolidated Cash Flow Statement

(Pursuant to Clause 32 of the Listing Agreement)

	2008-09	**2007-08**	**2006-07**
	(Rs. in Crores)	**(Rs. in Crores)**	**(Rs. in Crores)**
A. Cash Flow from Operating Activities			
Net Profit Before Tax and Extraordinary items	(16.11)	(15.30)	79.82
Adjustments for :			
Depreciation	206.57	118.21	48.24
Preliminary & capital issue exp w/o	0.72	1.13	0.92
Provision for Doubtful Debts/advances	6.33	1.20	0.73
Leave encashment-Transitional adjustments as per AS-15 (Revised)	-	(0.02)	
Sundry Balance Written off (Net)	0.01	(0.07)	0.56
Amortisation of Goodwill			3.25
Bad debts Written off	17.27		
Interest (Net)	418.54	223.58	100.08
Dividend Income	(0.36)	(1.44)	(2.08)
(Profit) / Loss on sale of shares	(52.92)	(29.81)	(89.46)
(Profit) / Loss on sale of asset	6.48	(14.87)	(0.09)
Operating profit before working capital changes	**586.53**	**282.61**	**141.97**
Adjustments for :			
Trade and other receivable	(37.62)	(236.23)	(40.77)
Inventories	(420.16)	(766.84)	(497.31)
Loans & advances	(472.12)	(196.87)	(151.57)
Trade payables	212.45	670.55	217.45
Other payables	25.50	4.15	3.65
Cash generated from operations	**(105.42)**	**(242.63)**	**(326.58)**
Share in profit/(loss) of Associate Company	**(5.84)**	**(0.90)**	**-**
Share of Minority Interest	2.88	403.08	50.70
Direct taxes paid	(59.54)	(58.00)	(42.36)
Preliminary / Capital Issue Expenses paid	(3.06)	(0.86)	(1.28)
Cash flow before Extraordinary items	**(170.98)**	**100.69**	**(319.52)**
Extraordinary items	(1.60)	4.45	(0.24)
Net Cash from Operating Activities	**(172.58)**	**105.14**	**(319.76)**
B. Cash Flow From Investing Activities			
Sale / (Purchase) of Fixed Assets	(743.38)	(867.71)	(544.96)
(Increase)/Decrease in capital work - in - progress	(45.68)	(216.29)	(76.79)
Sale / (Purchase) of Investments	(135.18)	(216.93)	137.77
Inter Corporate Deposits	86.68	(73.73)	(13.23)
Deposit given	(116.04)	(382.80)	(179.71)
Dividend Income	0.36	1.44	2.08
Net Cash used in Investing Activities	**(953.24)**	**(1,756.02)**	**(674.84)**
C. Cash Flow from Financing Activities			
Payment of Dividend and Dividend Tax	(12.42)	(8.82)	(7.66)
Working Capital from Banks/Institutions	80.77	711.88	(33.38)
Proceeds from Issue of Share Capital (Net of Expenses)	302.79	709.15	538.77
Proceeds from Issue of Debenture	-	(200.00)	200.00
Proceeds from Issue of Commercial Paper	-	50.00	(10.00)

	2008-09	2007-08	2006-07
	(Rs. in Crores)	**(Rs. in Crores)**	**(Rs. in Crores)**
Proceeds from long term borrowing	822.43	735.89	415.62
Proceeds from Other Borrowings	187.96	6.23	188.10
Interest (Net)	(418.54)	(223.58)	(100.08)
Net Cash from financing activities	**962.99**	**1,780.75**	**1,191.37**
Net Cash used in Cash and Cash Equivalents (A+B+C)	**(162.83)**	**129.86**	**196.77**
Cash & Cash Equivalents (Opening balance)	365.37	235.51	38.74
Cash & Cash Equivalents (Closing balance)	202.54	365.37	235.51

	2008-09	2007-08	2006-07
Cash and Cash Equivalents include:			
Cash in Hand	11.12	20.31	9.54
Balance with Scheduled Banks :			
in Current Accounts (including in transit)	118.50	190.61	90.55
in Fixed Deposit Account	17.58	79.52	65.51
Margin Money Deposit Accounts	0.28	0.22	54.94
Dividend Account	55.06	74.71	0.21
Share in Jointly Controlled entities			14.76
	202.54	**365.37**	**235.51**

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 perquisite-related assets which are depreciated over three years.

1.4 Goodwill on Consolidation :

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

1.5 Leases :

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	India	54.75%	31st

Sr. No.	Name of the Company	Country of Incorporation	Proportion of ownership Interest as on 30th June 2009	Financial Period Ends on
	solutions Limited (100% subsidiary of Future Capital Holdings Limited)			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 Finmart 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,

Sr. No.	Name of the Company	Country of Incorporation	Proportion of ownership Interest as on 30th June 2009	Financial Period Ends on
				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 (51% subsidiary of Home Solutions Retail (India) Limited)	India	34.10%	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 CapitaLand Mall Management Company Private Limited) (100% Subsidiary of Future Capital Holdings Limited) (WEF April 10, 2008)	India	54.75%	31st March, 2009
29	Future Capital Credit Limited (formerly known as Black Diamond Finance Limited) (100% Subsidiary	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
	of Future Capital Holdings Limited) (WEF April 10, 2008)			
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	Equity	India	50.00%	31st March, 2009

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
	Limited)				
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) 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 Texstyles 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 Receivable	316.10 (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

Item	2008-2009	2007-2008
Less: Adjustment against refinement in method of valuation of finished goods	-	25.28
Share in Jointly Controlled Entity	0.32	0.03
	138.85	**71.72**
Provision for Deferred Tax (Assets)/ Liability	**4.02**	**35.43**

14. Capital Reseve 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 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 June 30,2008,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.

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

2. SIGNIFICANT ACCOUNTING POLICIES :

1.1 Basis of Accounting :

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

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

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

1.2 Use of estimates :

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

1.3 Fixed Assets and Depreciation :

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

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

1.4 Goodwill on Consolidation :

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

1.5 Leases :

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

1.6 Borrowing Cost:

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

1.7 Investments :

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

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

1.8 Inventories :

Inventories are valued as follows :

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

1.9 Transactions in Foreign Currency :

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

(ii) Exchange differences on settlement / conversion are adjusted to :

(iii) Profit and Loss Account, in other cases.

Wherever forward contracts are entered into, the exchange differences are dealt with in the Profit and Loss Account over the period of the contracts.

In translating the financial statements of subsidiary companies' non integral foreign operations, for incorporation in the consolidated financial statements the assets and liabilities, both monetary and non-monetary, are translated at the closing rate, the income and expense items of the subsidiary company are translated at the average rate and all resulting exchange differences are accumulated in a foreign currency translation reserve until the disposal of the net investment.

1.10 Revenue Recognition :

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

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

Other Income are recognized on accrual basis.

1.11 Miscellaneous Expenditure :

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

1.12 Retirement and other employee benefits :

Changes in Accounting Policies

Adoption of Accounting Standard AS15 (Revised) Employee Benefits

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

Short Term Employee Benefits:

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

Post Employment Benefits:

i. Defined Contribution Plans:

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

ii. Defined Benefit Plans:

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

iii. Other Long Term Employee Benefits:

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

1.13 Provision for current and deferred tax :

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

b) Provision for Current Tax is made on the basis of taxable profits computed for the current accounting period (reporting period) in accordance with the Income Tax Act, 1961.

1.14 Provisions, Contingent Liabilities and Assets

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

1.15 Impairment of Assets

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

1.16 Earnings per share

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

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

1.17 Intangible Assets :

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

1.18 Employee Stock Option Scheme

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

2. Principles of Consolidation:

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

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

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

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

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

3. Information on subsidiaries, joint ventures and associates:

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

S. No.	Name of the Company	Country of Incorporation	Proportion of Ownership Interest as on 30th June, 2008	Financial Period ends on
1	Ambit Investment Advisory Company Limited (100% subsidiary of Future Capital Holdings Limited)	India	55.01%	31st March, 2008
2	Axon Development solutions Limited (100% subsidiary of Future Capital Holdings Limited)	India	55.01%	30th June, 2008
3	CIG Infrastructure Limited	India	51.00%	31st March, 2008
4	Erudite Knowledge Services Limited (100% Subsidiary of Future Knowledge Services limited)	India	100.00%	31st March, 2008
5	FCH Centrum Direct Limited (50.10% subsidiary of Future Capital Holdings Limited)	India	27.56%	30th June, 2008
6	FCH Centrum Wealth Managers Limited (50.10% subsidiary of Future Capital Holdings Limited)	India	27.56%	30th June, 2008
7	FH Residencies Limited (100% subsidiary of Home Solutions Retail (India) Limited)	India	76.38%	31st March, 2008
8	Future Brands Ltd	India	100.00%	31st March, 2008

S. No.	Name of the Company	Country of Incorporation	Proportion of Ownership Interest as on 30th June, 2008	Financial Period ends on
9	Future Capital Financial Services Limited (formerly Future Finmart Limited) (100% subsidiary of Future Capital Holdings Limited)	India	55.01%	31st March, 2008
10	Future Capital Holdings Limited	India	55.01%	31st March, 2008
11	Future Consumer Products Ltd	India	100.00%	31st March, 2008
12	Future E-Commerce Infrastructure Limited	India	72.00%	31st March, 2008
13	Future Finance Limited (formerly Sivagami Finance and Investments Limited) (100% subsidiary of Future Capital Holdings Limited)	India	55.01%	31st March, 2008
14	Future Hospitality Management Limited (100% subsidiary of Future Capital Holdings Limited)	India	55.01%	31st March, 2008
15	Future Knowledge Services Limited.	India	100.00%	31st March, 2008
16	Future Learning and Development Limited	India	100.00%	30th June, 2008
17	Future Logistic Solutions Limited	India	100.00%	31st March, 2008
18	Future Mall Management Limited	India	100.00%	31st March, 2008
19	Future Media (India) Limited	India	93.60%	31st March, 2008
20	Future Mobile and Accessories Limited	India	100.00%	31st March, 2008
21	Future Speciality Retail Limited	India	100.00%	31st March, 2008
22	Future Value Retail Limited (Future Hypermarket Limited)	India	100.00%	31st March, 2008
23	Futurebazaar India Limited	India	99.74%	31st March, 2008
24	Home Lighting India Limited (51% subsidiary of Home Solutions Retail (India) Limited)	India	38.95%	31st March, 2008
25	Home Solutions Retail (India) Limited	India	76.38%	30th June, 2008
26	Home Solutions	India	76.38%	31st March,

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

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

Sr. No.	Name	Description of Interest	Country of Incorporation	Percentage of Interest As on 30.06.08	Financial Period ends on
1	Apollo Design Apparel Parks Limited	Equity	India	39.00%	31st March, 2008
2	Asian Retail Lighting Limited (50% Joint Venture of Home Solutions Retail (India) Limited)	Equity	India	38.19%	31st March, 2008
3	Future Axiom Telecom Limited (formerly Convergem Communication India Limited)	Equity	India	50.00%	31st March, 2008
4	Future Generali India Insurance	Equity	India	25.50%	31st March,

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

Sr. No.	Name	Description of Interest	Country of Incorporation	Percentage of Interest As on 30.06.08	Financial Period ends on
	Advisory Services Private Limited.				March, 2008
15	Staples Future Office Products Pvt Ltd	Equity	India	37.50%	31st March, 2008
16	Talwalkars Pantaloon Fitness Private Limited	Equity	India	50.00%	31st March, 2008
17	Supreme Tradelinks Private Limited (100% subsidiary of Planet Retail Holdings Private Limited)	Equity	India	49.00%	31st March, 2008
18	Winners Sports Private Limited (100% subsidiary of Planet Retail Holdings Private Limited)	Equity	India	49.00%	31st March, 2008

(c) Interests in Associates:

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

4 Contingent Liabilities not provided for:

4.1 Guarantee outstanding Rs. 126.33 Crores (2007: Rs. 76.68 Crores)

4.2 Claims against the company not acknowledged as debts : Rs.12.83 Crores (2007: Rs. 24.64 Crores)

4.3 Unused letter of credits Rs. Nil (2007: Rs. 19.03 Crores)

4.4 Preference dividend in arrears Rs. 0.03 Lacs (2007: Rs. 0.03 Lacs)

4.5 Uncalled liability on shares partly paid up Rs. 50.53 crores (2007: Rs. Nil)

4.6 Uncalled amount payable on conversion of fully convertible equity share warrants Rs. NIL (2007: Rs.40.47 Crores)

5. Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) Rs.97.81 Crores (2007: Rs. 84.56 Crores)

6. Future interest liabilities in respect of assets of the value of Rs.3.16 Crores (2007: Rs. 1.59 Crores) acquired on hire purchase basis is Rs.0.74 Crores. (2007: Rs. 0.44 Crores)

7. Following the Indian GAAP (AS-2), Pantaloon Retail (India) Limited has refined the method of valuation of finished goods from "Retail Price less Mark up" to "At lower of cost and Net Realizable Value". Consequent to this change, the value of inventories is being lower by Rs. 74.37 Crore. The same has been adjusted (net of tax of Rs.25.28 Crore) against brought forward balance in Profit & Loss Account.

8. Future Brands Limited, a subsidiary company has estimated the useful life of the brands acquired as indefinite and therefore has not provided for amortization. As a result profit for the period is higher by Rs. 0.91 Crores. Further during the period the said subsidiary has capitalized an amount of Rs.11.10 Crores, incurred on development of acquired brands. The profit for the period is higher to that extent.

9. The company has taken some assets on Finance Lease basis. Future Lease Rental obligations in respect of these assets is Rs.1.48 Crores (2007: Rs. 0.01 Crores). The Lease Rent payable not later than one year is Rs. 0.34 Crores (2007: Rs. 0.01 Crores) and that repayable later than one year but not later than 5 years is Rs.1.14 Crores. (2007: Rs. Nil).

10. The Company has entered into operating lease arrangements for the fixed assets. The future lease rental obligation in respect of these assets is Rs.1949.54 Crores (2007: Rs. 490.57 Crores). The Lease Rent payable not later than one year is Rs.438.02 Crores (2007: Rs. 90.02 Crores), repayable later than one year but not later than 5 years is Rs. 807.19 Crores (2007: Rs. 263.27 Crores) and that repayable later than 5 years is Rs.704.33 Crores (2007: Rs. 137.28 Crores).

11. The Financial statements of Whole Wealth Limited have been prepared under Hongkong Generally Accepted Accounting Principles (GAAP) . They are restated as per Indian GAAP for the purpose of consolidation.

12. The group earlier had a policy of amortising goodwill over 5 years. From this year the group has changed this by not amortising goodwill. Had this change not been made the amortised amount of goodwill would be Rs.10.13 Crores and the profit and reserves would be lower to that extent.

13. Tax Charges

The Tax Expenses for the year comprises of :

(Rs. In Crores)

Particulars	2007-08	2006-07
INCOME TAX		
Current tax	31.43	32.49
Deferred tax	9.95	23.77
Fringe benefit tax	5.94	3.42
	47.32	**59.68**

14. **Related Party Disclosure :**

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

A) **List of Related Parties**

Associate Companies / Firm

1 Aashirwad Malls Private Limited
2 Acute Realty Private Limited

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

Key Management Personnel and Relatives

Key Management Personnel

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

B) Transactions with related Parties

(Rs. In Crores)

Nature of transactions	Associate Companies	Key Management Personnel & Relatives
Sales and Operating Income	186.42 (81.76)	
Sale of Fixed Assets	0.28 (-)	
Interest Received	- (1.88)	
Reimbursement of Expenses	5.15 (-)	
Purchase of Raw Material, Finished Goods and Stores	91.21 (111.71)	
Purchase of Fixed Assets	1.57 (0.60)	
Expenditure on services and Others	90.11 (62.96)	
Managerial remuneration &	-	6.15

Commission		(6.04)
Loan Given	- (46.75)	
Advances given	8.57 (16.27)	
Advance Taken	11.80 (0.04)	
Inter Corporate Deposits	- (23.63)	
Deposit given	270.51 (50.37)	
Deposit Taken	1.23 (35.76)	
Investment	- (43.79)	
Share Application Money	1.39 (12.52)	
Outstanding balances as on 30/06/08	502.59 (172.73)	
Receivable		
Payable	94.42 (9.29)	

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, 2008
Assets	450.04
Liabilities	139.19
Income	174.19
Expenditure	207.27

15. **Segment Report:**

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

16. **Earning Per Share**

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

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

17. Deferred Tax Liability :

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

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

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

18. Capital Reseve is shown in the balance sheet is net of goodwill of Rs.50.62 Crores (2006-07: Rs.7.59 Crores)

19. During the year the group has divested its stake in Footmart retail India Limited and Alpha Future Airport Retail Private Limited. The excess of sale consideration over net asset value of the company has been recognized as profit in the consolidation financial statement.

20. The accounts of the following subsidiaries and Joint Ventures have not been audited and have been consolidated on the basis of the accounts as certified by their Management:

Future E-Commerce Infrastructure Limited, Future Mobile and Accessories Limited, Futurebazaar India Limited, Pantaloon Food Product (India) Limited, Apollo Design Apparel Parks Limited, Future Axiom Telecom Limited, Goldmohur Design and Apparel Park Limited, Mobile Repair Service City India Limited, Pan India Food Solutions Private Limited, Planet Retail Holdings Private Limited, Staples Future Office Products Private Limited.

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

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

23. Previous year's figures have been recast / restated wherever necessary.

SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF CONSOLIDATED ACCOUNTS FOR THE YEAR ENDED 30TH JUNE 2007

3. 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 to comply in all material respects with the mandatory Accounting Standards issued by the Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention on an accrual basis. The accounting policies have been consistently applied by the group and are consistent with those used in the previous year.

Comparative figures do not include the figures of the newly acquired subsidiaries namely Future Brands Limited, Futurebazaar India Limited, Future E-Commerce Infrastructure Limited, Future Generali India Insurance Company Limited, Future Generali India Life Insurance Company Limited and Future Knowledge Services Limited. Consequently, the comparative figures are not strictly comparable with the figures for the year ended and as at June 30th, 2007.

1.2 Fixed Assets and Depreciation :

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

Depreciation is provided on Straight Line Method as per the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956 except employee perquisite- related assets which are depreciated over three years. Depreciation on the amount capitalised on account of foreign exchange fluctuation is provided prospectively over the residual life of the assets.

1.21 Goodwill on Consolidation

The excess of cost to the Parent Company of its investment in subsidiaries over the Parent Company's portion of equity in the subsidiaries at the respective dates, on which investments in subsidiaries were made, is recognized in the consolidated financial statements as goodwill. The Parent Company's portion of equity in the subsidiaries is determined on the basis of the book value of assets and liabilities as per the financial statements of the subsidiaries as on the date of investment. The Goodwill recorded in these consolidated financial statements will be written off 5 years from the year of acquisition.

1.22 **Leased Fixed Assets**

Lease payments under operating lease are recognised as expense as per the tenure of the lease agreements.

Assets taken on finance lease (including that prior to 1st April 2001) are capitalised and finance charges are charged to Profit & Loss account on accrual basis.

1.3 Borrowing Cost:

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

1.4 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.

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

1.5 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 lying at the stores	:	At the retail price less mark up
d) Work in Progress and Finished goods lying in the factory	:	At the lower of cost or net realisable value.

In case of finished goods, cost includes material cost and direct production overheads.

1.6 Transactions in Foreign Currency :

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

Exchange differences on settlement / conversion are adjusted to :

(i) Cost of fixed assets, if the foreign currency transaction relates to fixed assets.

(ii) Profit and Loss Account, in other cases.

(iii) Wherever forward contracts are entered into, the exchange differences are dealt with in the Profit and Loss Account over the period of the contracts.

1.7 Revenue Recognition :

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

Revenue from advisory services is recognised in the period when services are rendered. Advisory services income is recognized on the basis of an agreed mark up on costs incurred or in accordance with arrangements entered into with the customer.

Revenue from research services is recognised based on the arrangements entered into with the parties receiving such research services.

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

Amenities charges are recognized in accordance with the arrangements entered into with the lessees.

Revenue from advertisement is recognized upon display of advertisements and to the extent that it is probable that the economic benefits will flow to the company and it can be reliably measured. Revenue billed to the customers but pertaining to the future period is recorded as 'Deferred revenue liability'.

Revenue from 'warehousing operations', 'transportation' and 'rental' services is recognized upon completion of the service and is billed to the customers on a monthly basis.

1.8 Miscellaneous Expenditure :

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

1.9 Retirement Benefits :

In respect of benefits like Gratuity and Leave encashment ,the provision is accrued and provided for on the basis of actuarial valuation at the end of every financial year

1.10 Taxation :

a) The deferred tax for timing differences between the book and tax profits for the period is accounted for using the tax rates and laws that have been substantially enacted as on the balance sheet date. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. Deferred tax assets are recognized on carry forward of unabsorbed depreciation and tax losses only if there is virtual certainty that such deferred tax assets can be realized against future taxable profits.

b) Provision for Current Tax is made on the basis of taxable profits computed for the current accounting period (reporting period) in accordance with the Income Tax Act, 1961.

1.11 Premium on Prepayment of Term Loans :

Premium paid on prepayment of Term Loans is amortised over the unexpired tenure of the said Term Loan.

1.12 Provisions, Contingent Liabilities and Assets

Provisions are recognised when the company has a present obligation as a result of past events and it is more likely than not that an outflow of resource will be required to settle the obligation and the amount has been reliably estimated.

1.13 Impairment of Assets

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

1.14 Earnings per share

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

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

2. Principles of Consolidation:

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

In the consolidated financial statements, 'Goodwill' represents the excess of cost to the Company of its investment in the subsidiaries and/or joint ventures over its share of equity, at the respective dates on which the investments are made. Alternatively, where the share of equity as on the date of investment is in excess of cost of investment, it is recognized as 'Capital Reserve' in the consolidated financial statements.

Minority interest in the net assets of consolidated subsidiaries consists of the amount of equity attributable to the minority shareholders at the respective dates on which investments are made by the Company in the subsidiary companies and further movements in their share in the equity, subsequent to the dates of investment as stated above.

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.

The financial statements of the subsidiaries and joint ventures used in the consolidation are drawn upto the same reporting date as of the Company i.e. year ended June 30, 2007, except for the companies listed below:

S. No.	Name of the Company	Relationship	Fiscal Year Ended
1	Future Generali India Insurance Company Limited	Subsidiary	31st March, 2007
2	Future Generali India Life Insurance Company Limited	Subsidiary	31st March, 2007
3	Pan India Restaurants Limited	Subsidiary	31st March, 2007
4	CIG Infrastructure Private Limited	Subsidiary	31st March, 2007
5	Future Capital Holdings Limited	Subsidiary	31st March, 2007
6	Kshitij Investment Advisory Company Limited (92% subsidiary of Future Capital Holdings Limited)	Subsidiary	31st March, 2007
7	Indivision Investment Advisors Limited (IIAL) (20% subsidiary of Future Capital Holdings Limited)	Subsidiary	31st March, 2007
8	Myra Mall Management Company Limited (100% subsidiary of Future Capital Holdings Limited)	Subsidiary	31st March, 2007
9	Ambit Investment Advisory Company Limited (100% subsidiary of Future Capital Holdings Limited)	Subsidiary	31st March, 2007
10	Future Finmart Limited	Subsidiary	31st March,

S. No.	Name of the Company	Relationship	Fiscal Year Ended
	(100% subsidiary of Future Capital Holdings Limited)		2007
11	Alpha Future Airport Retail Private Limited	Joint Venture	31st January, 2007
12	Gupta Infrastructure (India) Private Limited	Joint Venture	31st March, 2007
13	Planet Retail Holdings Private Limited	Joint Venture	31st March, 2007
14	Talwalkars Pantaloon Fitness Private Limited	Joint Venture	31st March, 2007
15	Kshitij CapitaLand Mall Management Company Private Limited (Formerly known as Satyam Mall Management Company Private Limited) (50% Joint Venture of Future Capital Holdings Limited)	Joint Venture	31st March, 2007

There are no significant transactions between these dates as specified above and the reporting date.

The accounts of the following subsidiaries has not been audited and have been consolidated on the basis of the accounts as certified by their Management:
Foot-Mart Retail India Limited, Future E-Commerce Infrastructure Limited, Pantaloon Food Product (India) Limited, Futurebazaar India Limited and CIG Infrastructure Private Limited

The accounts of the following joint ventures has not been audited and have been consolidated on the basis of the accounts as certified by their Management:
Alpha Future Airport Retail Private Limited, Gupta Infrastructure (India) Private Limited, Pan India Food Solutions Private Limited, Planet Retail Holdings Private Limited, Staples Future Office Products Private Limited and Talwalkars Pantaloon Fitness Private Limited.

3. Information on subsidiaries, joint ventures and associates:

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

S. No.	Name of the Company	Country of Incorporation	Percentage Holding
1	Convergem Retail (India) Limited	India	100.00%
2	Foot-Mart Retail India Limited	India	51.00%
3	Future Brands Limited	India	100.00%
4	Future E-Commerce Infrastructure Limited	India	84.99%
5	Future Generali India Insurance Company Limited	India	100.00%
6	Future Generali India Life Insurance Company Limited	India	100.00%
7	Future Knowledge Services Limited	India	100.00%
8	Future Logistic Solutions Limited	India	100.00%
9	Future Media (India) Limited	India	100.00%
10	Home Solutions Retail (India) Limited	India	73.32%
11	Home Lighting India Limited (51% subsidiary of Home Solutions Retail (India) Limited)	India	37.39%
12	Home Solutions Services (India) Limited (100% subsidiary of Home	India	73.32%

S. No.	Name of the Company	Country of Incorporation	Percentage Holding
	Solutions Retail (India) Limited)		
13	Futurebazaar India Limited	India	99.67%
14	Pan India Restaurants Limited	India	100.00%
15	Pantaloon Food Product (India) Limited	India	100.00%
16	CIG Infrastructure Private Limited	India	51.00%
17	Future Capital Holdings Limited (FCH)	India	78.25%
18	Kshitij Investment Advisory Company Limited (92% subsidiary of Future Capital Holdings Limited)	India	71.99%
19	Indivision Investment Advisors Limited (IIAL) (20% subsidiary of Future Capital Holdings Limited)	India	15.65%*
20	Myra Mall Management Company Limited (100% subsidiary of Future Capital Holdings Limited)	India	78.25%
21	Ambit Investment Advisory Company Limited (100% subsidiary of Future Capital Holdings Limited)	India	78.25%
22	Future Finmart Limited (100% subsidiary of Future Capital Holdings Limited)	India	78.25%

* In respect of IIAL, FCH – subsidiary of Pantaloons Retail India Limited, had 100 % shareholding for the period from May 22, 2006 to March 23, 2007. The Company sold 80% of its shares on March 23, 2007. However, by virtue of control exercised on the Board of IIAL by FCH, it's still a subsidiary as at March 31, 2007, after diluting the stake by 80%.

(b) Interests in Joint Ventures:

S. No.	Name of the Company	Country of Incorporation	Percentage Holding
1	Alpha Future Airport Retail Private Limited	India	50.00%
2	Gupta Infrastructure (India) Private Limited	India	19.38%
3	Pan India Food Solutions Private Limited	India	50.00%
4	Planet Retail Holdings Private Limited	India	49.00%
5	Supreme Tradelinks Private Limited (100% subsidiary of Planet Retail Holdings Private Limited)	India	49.00%
6	Staples Future Office Products Private Limited	India	37.50%
7	Talwalkars Pantaloon Fitness Private Limited	India	50.00%
8	Kshitij CapitaLand Mall Management Company Private Limited (Formerly known as Satyam Mall Management Company Private Limited) (50% Joint Venture of Future Capital Holdings Limited)	India	39.13%
9	Asian Retail Lighting Limited (50% Joint Venture of Home Solutions Retail (India) Limited)	India	36.66%

4. During the year the company has divested its investment in Off Beat Developer Pvt. Ltd. (Associate).

5 **Contingent Liabilities not provided for:**

5.1 Guarantee outstanding Rs. 29.40 Crores (2006: Rs. 5.40 Crores)

5.2 Claims against the company not acknowledged as debts : Rs. 24.64 Crores (2006: Rs. 5.24 Crores)

5.3 Unused letter of credits Rs. 19.03 Crores (2006: Rs. 9.79 Crores)

5.4 Preference dividend in arrears Rs. 0.03 Lacs

5.5 Uncalled amount payable on conversion of fully convertible equity share warrants of M/s. Goldiam International Limited, convertible not later than October 23, 2007 and not provided for Rs. 40.47 Crores

6. Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) Rs. 84.56 Crores. (2006: Rs. 36.39 Crores)

7. Future interest liabilities in respect of assets of the value of Rs. 1.59 Crores (2006: Rs. 0.75 Crores) acquired on hire purchase basis is Rs. 0.44 Crores. (2006: Rs. 0.01 Crores)

8. The company has taken some assets on Finance Lease basis. Future Lease Rental obligations in respect of these assets is Rs. 0.01 Crores (2006: Rs. 0.11 Crores). The Lease Rent payable not later than one year is Rs. 0.01 Crores (2006: Rs. 0.11 Crores) and that repayable later than one year but not later than 5 years is Rs. Nil. (2006: Rs. Nil)

9. The Company has entered into operating lease arrangements for the fixed assets. The future lease rental obligation in respect of these assets is Rs. 490.57 Crores (2006: Rs. 80.89 Crores). The Lease Rent payable not later than one year is Rs. 90.02 Crores (2006: Rs. 16.06 Crores), repayable later than one year but not later than 5 years is Rs. 263.27 Crores (2006: Rs. 60.76 Crores) and that repayable later than 5 years is Rs. 137.28 Crores (2006: Rs. 4.07 Crores).

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. Pantaloon Industries Limited;
2. Indus League Clothing limited;
3. KB Mall management Company limited;
4. PFH Entertainment Limited;
5. Manz Retail Private Limited;
6. Idiom Design & Consulting Limited;
7. Nishta Mall Management Company Private Limited;
8. Niyaman Mall Management Company Private Limited;
9. Acute Realty private Limited;
10. Dhruv Synthetics Pvt. Ltd.;
11. Anchor Malls Private Limited;
12. Varnish Trading Private Limited;
13. Bartraya Mall Management Company Private Limited;
14. Unique Malls Private Limited;

15. BLB Mall Management Company Private Limited;
16. ESES Commercials Private Limited;
17. Bansi Mall Management Company Private Limited;
18. Ojas Mall Management Company Private Limited;
19. Suhani Mall Management Company Private Limited;
20. Stripes Apparels Pvt. Ltd.
21. Liberty Shoes Limited
22. Sain Marketing Network Private Limited
23. Shendra Advisory Services Private 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 & CEO (wef 1st April 2007);
4. Mr. Ved Prakash Arya – Director Operations & CEO (till 31st March 2007);

B) Transaction with related Parties

(Rupees in Crores)

Nature of transactions	***Associate Companies/Joint Ventures***	***Key Management Personnel & Relatives***
Sales and other Income	81.76	
Interest received	1.88	
Purchase of Raw Material, Finished Goods and Stores	111.71	
Purchase of Fixed Assets	0.60	
Expenditure on services and Others	62.96	
Managerial remuneration & Commission		6.04
Loans given	46.75	
Advances given	16.27	
Advance Taken	0.04	
Inter Corporate Deposit	23.63	
Deposit given	50.37	
Deposit Taken	35.76	
Investment	43.79	
Share Application Money paid	12.52	
Share Application Money received	1.98	
Outstanding balances as on 30/06/07 Receivable	172.73	
Payable	9.29	

C) **Joint Venture Information:**

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

(i) Details of Joint Venture Interest

Name	Description of Interest	Country of Incorporation	Percentage of Interest As on 30.06.07
Alpha Future Airport Retail Private Limited	Equity	India	50.00%
Gupta Infrastructure (India) Private Limited	Equity	India	19.38%
Pan India Food Solutions Private Limited	Equity	India	50.00%
Planet Retail Holdings Private Limited	Equity	India	49.00%
Staples Future Office Products Private Limited	Equity	India	37.50%
Talwalkars Pantaloon Fitness Private Limited	Equity	India	50.00%
Kshitij CapitaLand Mall Management Company Private Limited (Formerly known as Satyam Mall Management Company Private Limited) (50% Joint Venture of Future Capital Holdings Limited)	Equity	India	39.13%
Asian Retail Lighting Limited (50% Joint Venture of Home Solutions Retail (India) Limited)	Equity	India	36.66%

Name	As on	Assets	Liabilities	For the year ended	Income	Expenditure
		(Rs.in Crores)	(Rs.in Crores)		(Rs.in Crores)	(Rs.in Crores)
Alpha Future Airport Retail Private Limited	31.01.2007	21.63	5.56	31.01.2007		
Gupta Infrastructure (India) Private Limited	31.03.2007	12.73	8.99	31.03.2007		
Pan India Food Solutions Private Limited	30.06.2007	17.13	10.71	30.06.2007	9.47	15.06
Planet Retail Holdings Private Limited	31.03.2007	62.01	48.85	31.03.2007	71.85	75.79
Staples Future Office Products	30.06.2007	15.45	0.31	30.06.2007	0.64	0.76

Name	As on	Assets	Liabilities	For the year ended	Income	Expenditure
		(Rs.in Crores)	(Rs.in Crores)		(Rs.in Crores)	(Rs.in Crores)
Private Limited						
Talwalkars Pantaloon Fitness Private Limited	31.03.2007	2.82	1.82	31.03.2007	0.04	0.03
Kshitij CapitaLand Mall Management Company Private Limited (Formerly known as Satyam Mall Management Company Private Limited) (50% Joint Venture of Future Capital Holdings Limited)	31.03.2007	1.93	0.61	31.03.2007	0.08	0.72
Asian Retail Lighting Limited (50% Joint Venture of Home Solutions Retail (India) Limited)	30.06.2007	2.31	1.43	30.06.2007	2.41	2.18

(ii) Corporation's Interest in the Joint Venture

The Above figures are based on latest available unaudited accounts, except for Kshitij CapitaLand Mall Management Company Private Limited and Asian Retail Lighting Limited which were audited as on 31.03.2007/ 30.06.2007.

11. Pan India Restaurants Limited (Pan India), a subsidiary of the company filed a petition with the Hon'ble High Court of Mumbai for sanction of scheme of Amalgamation ("The Scheme") under the provisions of Section 391 to Section 394 of the Companies Act, 1956 for amalgamation with Galaxy Entertainment Corporation Limited with effect from 16th October 2006 being the appointed date.The scheme was approved by the Hon'ble High Court vide its order dated 30th August 2007 and all assets & liabilities of Pan India have been taken over by Galaxy Entertainment Corporation Limited for a consideration discharged by issue of 2937935 (Twenty Nine Lacs Thirty Seven Thousand Nine Hundred & Thirty Five) equity shares to the Company. Since on the balance sheet date the investments was still in the name of Pan India, the same has been considered for consolidation.

12. **Segment Report:**

The company has redesigned & reorganised business group and orgnisation to work as a single retail group instead of lifestyle and value as it was done earlier.Accordingly, Segment Information is not being disclosed pursuant to the provision of Accounting Standard 17 on "Segment Reporting" issued by ICAI.

13. "Effective June 30, 2007, a 50 % Joint Venture, GJ Future Fashions Ltd, incorporated in India, ceased to be a joint venture due to termination of JV agreement by the company. As at 30th June, 2006, the company in its CFS has recorded net losses amounting to Rs. 0.45 Crores. Since the Company no longer controls the JV, it has reversed all such losses during the year ended 30th June 2007". The same has been included in Other Income.

14. Earning Per Share

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

		UNITS	**2006-2007**	**2005-06**
Profit after tax	A	Rs. In Crores	35.55	53.71
Weighted average number of equity shares (Face Value of Rs. 2/- each)	B	No.in Crores	13.78	12.68
Earning per share (Face Value of Rs. 2/- each)				
Basic & Dilutive (A/B)		Rs.	2.58	4.24

15. 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	**2006-2007**	**2005-2006**
	(Rs. In Crores)	(Rs. In Crores)
Deferred Tax Liability		
Related to Fixed Assets	59.19	29.80
Deferred Tax Asset		
Disallowance under the Income Tax Act,1961	2.98	1.82
Related to Fixed Assets/ B/F Losses	2.97	0.09
Share in Jointly Controlled Entity	2.75	0.57
Provision for Deferred Tax (net)	**50.49**	**27.32**

16. Capital Reserve Shown in the balance sheet as net of goodwill of Rs. 7.59 Crores (2005-06: Rs. 5.82 Crores)

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

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

19. Previous year's figures have been recast / restated wherever necessary.

DECLARATION

The Company certifies that all relevant provisions of Chapter VIII of the SEBI Regulations have been complied with and no statement made in this Placement Document is contrary to the provisions of Chapter VIII of the SEBI Regulations and that all approvals and permissions required to carry on its business have been obtained, are currently valid and have been complied with. The Company further certifies that all the statements in this Placement Document are true and correct.

Signed by:

Mr. Kishore Biyani
Managing Director

Date: November 23, 2009
Place: Mumbai

ISSUER

PANTALOON RETAIL (INDIA) LIMITED

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