



FUTURE RETAIL LIMITED

Future Retail Limited was incorporated as Manz Wear Private Limited on October 12, 1987 in the Republic of India as a private limited company under the Companies Act, 1956. For details of change in our name, see “General Information” on page 42.

Registered Office: Knowledge House, Shyam Nagar, Off Jogeshwari Vikhroli Link Road, Jogeshwari (East), Mumbai 400 060

Corporate Office: Future Retail Home Office, 247 Park, “C” Tower, LBS Marg, Vikhroli (West), Mumbai 400 083

Contact Person: Mr. Deepak Tanna, Company Secretary and Compliance Officer

Tel: (91 22) 6119 0000; **Fax:** (91 22) 6199 5019; **E-mail:** investorrelations@futereretail.in; **Website:** www.futereretail.co.in;

Corporate Identification Number: L52399MH1987PLC044954

PROMOTER OF OUR COMPANY: MR. KISHORE BIYANI

FOR PRIVATE CIRCULATION TO THE ELIGIBLE SHAREHOLDERS OF FUTURE RETAIL LIMITED (THE “COMPANY” OR THE “ISSUER”) ONLY

SIMULTANEOUS BUT UNLINKED ISSUE OF UP TO [●] EQUITY SHARES OF FACE VALUE ₹ 2 EACH OF OUR COMPANY (THE “EQUITY SHARES”) FOR CASH AT A PRICE OF ₹ [●] (INCLUDING A PREMIUM OF ₹ [●] PER EQUITY SHARE) NOT EXCEEDING ₹ [●] CRORE ON A RIGHTS BASIS TO THE ELIGIBLE EQUITY SHAREHOLDERS OF OUR COMPANY IN THE RATIO OF [●] EQUITY SHARE FOR EVERY [●] FULLY PAID-UP EQUITY SHARES HELD ON THE RECORD DATE, THAT IS ON [●] AND UP TO [●] EQUITY SHARES OF CLASS B (SERIES 1) OF FACE VALUE ₹ 2 EACH OF OUR COMPANY (THE “CLASS B SHARES”) FOR CASH AT A PRICE OF ₹ [●] (INCLUDING A PREMIUM OF ₹ [●] PER CLASS B SHARE) NOT EXCEEDING ₹ [●] CRORE ON A RIGHTS BASIS TO THE ELIGIBLE CLASS B SHAREHOLDERS OF OUR COMPANY IN THE RATIO OF [●] CLASS B SHARE FOR EVERY [●] FULLY PAID-UP CLASS B SHARES HELD ON THE RECORD DATE, THAT IS ON [●] (COLLECTIVELY, THE “ISSUE”). THE ISSUE PRICE OF THE EQUITY SHARES IS [●] TIMES THE FACE VALUE OF THE EQUITY SHARES. THE ISSUE PRICE OF THE CLASS B SHARES IS [●] TIMES THE FACE VALUE OF THE CLASS B SHARES. TOTAL PROCEEDS FROM THE ISSUE OF EQUITY SHARES AND CLASS B SHARES WOULD AGGREGATE UP TO ₹ 1,600 CRORE. FOR FURTHER DETAILS, SEE “TERMS OF THE ISSUE” ON PAGE 179.

GENERAL RISKS

Investment in equity and equity related securities involve a degree of risk and investors should not invest any funds in the Issue unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in the Issue. For taking an investment decision, investors must rely on their own examination of our Company and the Issue including the risks involved. The securities being offered in the Issue have not been recommended or approved by the Securities and Exchange Board of India (“SEBI”) nor does SEBI guarantee the accuracy or adequacy of this Draft Letter of Offer. **Investors are advised to refer to “Risk Factors” on page 12 before making an investment in this Issue.**

ISSUER’S ABSOLUTE RESPONSIBILITY

Our Company, having made all reasonable inquiries, accepts responsibility for and confirms that this Draft Letter of Offer contains all information with regard to our Company and the Issue, which is material in the context of the Issue, that the information contained in this Draft Letter of Offer is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this Draft Letter of Offer as a whole or any such information or the expression of any such opinions or intentions misleading in any material respect.

LISTING

The existing Equity Shares and Class B Shares of our Company are listed on the BSE Limited (“BSE”) and the National Stock Exchange of India Limited (“NSE”, and together with BSE, the “Stock Exchanges”). Our Company has received “in-principle” approvals from the BSE and the NSE for listing the Securities to be allotted pursuant to the Issue vide their letters dated [●] and [●], respectively. For the purposes of the Issue, the Designated Stock Exchange is the [●].

LEAD MANAGERS TO THE ISSUE

REGISTRAR TO THE ISSUE

Axis Capital Limited 1st floor, Axis House, C-2 Wadia International Centre P.B. Marg, Worli, Mumbai 400 025 Tel: (91 22) 4325 2183 Fax: (91 22) 4325 3000 E-mail: frl.rights@axiscap.in Investor Grievance E-mail: complaints@axiscap.in Website: www.axiscapital.co.in Contact Person: Dinkar Rai SEBI Registration Number: INM000012029 CIN: U51900MH2005PLC157853	JM Financial Institutional Securities Limited 7th Floor, Energy, Appasaheb Marathe Marg, Prabhadevi, Mumbai 400 025 Tel: (91 22) 6630 3030 Fax: (91 22) 6630 3330 E-mail: frlrights2014@jmfl.com Investor Grievance E-mail: grievance.ibd@jmfl.com Website: www.jmfl.com Contact Person: Lakshmi Lakshmanan SEBI Registration Number: INM000010361 CIN: U65192MH1995PLC092522	Edelweiss Financial Services Limited 14th Floor, Edelweiss House Off. CST Road, Kalina Mumbai 400 098 Tel: (91 22) 4086 3535 Fax: (91 22) 4086 3610 Email: frlrights2014@edelweissfin.com Investor Grievance Email: customerservice.mb@edelweissfin.com Website: www.edelweissfin.com Contact Person: Vikas Agarwal SEBI Registration Number: INM0000010650 CIN: L99999MH1995PLC094641	Link Intime India Private Limited C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (West) Mumbai 400 078 Tel: (91) 22 2596 7878 Fax: (91) 22 2596 0329 E-mail: frl.rights@linkintime.co.in Investor Grievance E-Mail: frl.rights@linkintime.co.in Website: www.linkintime.co.in Contact Person: Pravin Kasare SEBI Registration Number: INR000004058 CIN: U67190MH1999PTC118368

ISSUE PROGRAMME

ISSUE OPENS ON	LAST DATE FOR REQUEST FOR SPLIT APPLICATION FORMS	ISSUE CLOSES ON
[●]	[●]	[●]

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SECTION I – GENERAL
DEFINITIONS AND ABBREVIATIONS

Definitions

This Draft Letter of Offer uses certain definitions and abbreviations, which unless the context indicates or implies otherwise, have the meanings as provided below. Reference to any legislation, act or regulation shall be to such legislation, act or regulation, as amended from time to time.

Company Related Terms

Term	Description
Our Company / the Issuer	Future Retail Limited, a public limited company incorporated under the provisions of the Companies Act, 1956 and having its registered office at Knowledge House, Shyam Nagar, Off. Jogeshwari Vikhroli Link Road, Jogeshwari (East), Mumbai 400 060
We / Our / Us	Future Retail Limited along with its Subsidiaries, Joint Ventures and Associates
Articles of Association / Articles	Articles of Association of our Company, as amended
Associate	Future E-Commerce Infrastructure Limited (with effect from April 1, 2014) and Galaxy Entertainment Corporation Limited
Board of Directors / Board	Board of directors of our Company
Class B Shares	Equity shares of Class B (Series 1) of face value of ₹ 2 each of our Company with differential rights as to voting and dividend
Director(s)	Any or all the directors on our Board, as may be appointed from time to time
ESOP Scheme	Future Retail Limited Employee Stock Option Scheme (ESOS) - 2012
Equity Shares	Equity shares of face value of ₹ 2 each of our Company
Group Companies	Companies, firms, ventures, etc. promoted by our Promoter, irrespective of whether such entities which are covered under Section 370(1)(B) of the Companies Act, 1956 or not
Joint Ventures	Joint ventures of our Company being, Apollo Design Apparel Parks Limited, Goldmohur Design and Apparel Park Limited, Future Generali India Life Insurance Company Limited, Future Generali India Insurance Company Limited, Integrated Food Park Private Limited, Sprint Advisory Services Private Limited and Shendra Advisory Services Private Limited
Memorandum of Association / Memorandum	Memorandum of Association of our Company, as amended
Promoter	The promoter of our Company, namely, Mr. Kishore Biyani
Promoter Group	Promoter group of our Company as determined in terms of Regulation 2(1)(zb) of the SEBI Regulations
Registered Office	Knowledge House, Shyam Nagar, Off. Jogeshwari Vikhroli Link Road, Jogeshwari (East), Mumbai 400 060

Term	Description
Securities	Equity Shares and Class B Shares
Statutory Auditors	Statutory auditors of our Company, namely, NGS & Co. LLP
Subsidiary(ies)	Subsidiaries of our Company being, Future E-Commerce Infrastructure Limited (ceases to be a subsidiary with effect from April 1, 2014), Future Knowledge Services Limited, Future Learning and Development Limited, Future Supply Chain Solutions Limited, FSC Brand Distribution Services Limited, Future Media (India) Limited, Futurebazaar India Limited, Home Solutions Retail (India) Limited, Winner Sports Limited, Future Freshfood Limited, Nuzone Ecommerce Infrastructure Limited, Future Home Retail Limited, Staples Future Office Products Private Limited and Office Shop Private Limited

Issue Related Terms

Term	Description
Abridged Letter of Offer/ ALOF	Abridged letter of offer to be sent to the Eligible Shareholders with respect to the Issue in accordance with the provisions of the SEBI Regulations and the Companies Act
Allot / Allotment / Allotted	Allotment of Securities pursuant to the Issue
Allotment Date	Date on which the Allotment is made
Allottee(s)	Person(s) who is Allotted Securities pursuant to the Allotment
Application Money	Aggregate amount payable in respect of the Securities applied for in the Issue at the Issue Price
Application Supported by Blocked Amount / ASBA	Application (whether physical or electronic) used by an ASBA Investor to make an application authorizing the SCSB to block the application amount in a specified bank account maintained with the SCSB
ASBA Account	Account maintained with the SCSB and specified in the CAF by the Applicant for blocking the amount mentioned in the CAF
ASBA Applicant / ASBA Investor	<p>Eligible Shareholders proposing to subscribe to the Issue through ASBA process and who:</p> <ol style="list-style-type: none"> are holding the Securities of our Company in dematerialized form as on the Record Date and have applied for their Rights Entitlements and/or additional Securities in dematerialized form; have not renounced their Rights Entitlements in full or in part; are not Renouncees; and are applying through blocking of funds in a bank account maintained with the SCSBs. <p>QIBs, Non-Institutional Investors and other Investors whose application amount exceeds ₹ 2,00,000 can participate in the Issue only through the ASBA process.</p>
Bankers to the Issue / Escrow Collection Banks	[●]

Term	Description
Class B Shares CAF	Form used by an Investor to make an application for the Allotment of Class B Shares in the Issue
Composite Application Form / CAF	Equity Share CAF and / or Class B Share CAF, as the case may be
Controlling Branches / Controlling Branches of the SCSBs	Such branches of the SCSBs which co-ordinate with the Lead Managers, the Registrar to the Issue and the Stock Exchanges, a list of which is available on http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries
Designated Branches	Such branches of the SCSBs which shall collect the CAF or the plain paper application, as the case may be, used by the ASBA Investors and a list of which is available on http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries
Designated Stock Exchange	[●]
Draft Letter of Offer / DLOF	Draft letter of offer dated July 21, 2014 issued by our Company in accordance with the SEBI Regulations and filed with SEBI for its observations
Eligible Class B Shareholder(s)	Holder(s) of the Class B Shares of our Company on the Record Date
Eligible Equity Shareholder(s)	Holder(s) of the Equity Shares of our Company on the Record Date
Eligible Shareholders	Eligible Class B Shareholder(s) and / or Eligible Equity Shareholder(s), as the case may be
Equity Share CAF	Form used by an Investor to make an application for the Allotment of Equity Shares in the Issue
Investor(s)	Eligible Shareholder(s) of our Company on the Record Date, i.e. [●] and the Renouncee(s)
Issue / the Issue / this Issue	This simultaneous but unlinked issue of up to [●] Equity Shares for cash at a price of ₹ [●] (including a premium of ₹ [●] per Equity Share) not exceeding ₹ [●] crore on a rights basis to Eligible Equity Shareholders in the ratio of [●] Equity Share for every [●] fully paid-up Equity Shares held on the Record Date and up to [●] Class B Shares for cash at a price of ₹ [●] (including a premium of ₹ [●] per Class B Share) not exceeding ₹ [●] crore on a rights basis to the Eligible Class B Shareholders in the ratio of [●] Class B Share for every [●] fully paid-up Class B Shares held on the Record Date
Issue Closing Date	[●]
Issue Opening Date	[●]
Issue Price	₹ [●] per Equity Share and / or ₹ [●] per Class B Share, as the case may be
Issue Proceeds	Gross proceeds of the Issue
Issue Size	Amount up to ₹ 1,600 crore
Lead Managers	Axis Capital Limited, JM Financial Institutional Securities Limited and Edelweiss Financial Services Limited
Letter of Offer	Final letter of offer to be filed with the Stock Exchanges after incorporating the

Term	Description
	observations received from SEBI on this Draft Letter of Offer
Listing Agreement	Listing agreements entered into between our Company and the Stock Exchanges
Monitoring Agency	[●]
Net Proceeds	Issue Proceeds less the Issue related expenses. For details, see “Objects of the Issue” on page 58
Non-ASBA Investor	Investors other than ASBA Investors who apply in the Issue otherwise than through the ASBA process
Non-Institutional Investors	Investor, including any company or body corporate, other than a Retail Individual Investor and a QIB
Qualified Institutional Buyers / QIBs	Qualified institutional buyers as defined under Regulation 2(1)(zd) of the SEBI Regulations
Record Date	[●]
Registered Foreign Portfolio Investors / Foreign Portfolio Investors / Registered FPIs / FPIs	Foreign portfolio investors as defined under the SEBI FPI Regulations
Registrar to the Issue / Registrar	Link Intime India Private Limited
Renouncee(s)	Person(s) who has/have acquired Rights Entitlements from Eligible Shareholders
Retail Individual Investor	Individual Investors who have applied for Securities for a cumulative amount of not more than ₹ 2,00,000 (including HUFs applying through their Karta) through one or more applications
Rights Entitlement	The number of Equity Shares that an Eligible Equity Shareholder is entitled to in proportion to the number of Equity Shares held by the Eligible Equity Shareholder on the Record Date and / or the number of Class B Shares that an Eligible Class B Shareholder is entitled to in proportion to the number of Class B Shares held by the Eligible Class B Shareholder on the Record Date, as the case may be
SAF(s)	Split Application Form(s) which is an application form used in case of renunciation in part by an Eligible Shareholder in favour of one or more Renouncee(s)
SCSB(s)	Self certified syndicate bank registered with SEBI, which acts as a banker to the Issue and which offers the facility of ASBA. A list of all SCSBs is available at http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries
Share Certificate	Certificate in respect of the Equity Shares or Class B Shares, as applicable, allotted to a folio
Stock Exchanges	Stock exchanges where the Securities are presently listed, being BSE and NSE
Working Days	Any day, other than Saturdays and Sundays, on which commercial banks in Delhi or Mumbai are open for business, provided however, for the purpose of the time period between the Issue Closing Date and listing of the Securities on the Stock Exchanges, “Working Days” shall mean all days excluding Sundays and bank holidays in Delhi or Mumbai in accordance with the SEBI circular no.

Term	Description
	CIR/CFD/DIL/3/2010 dated April 22, 2010

Conventional, General and Industry Terms or Abbreviations

Term/Abbreviation	Description/ Full Form
₹ / Rs. / Rupees / INR	Indian Rupee
AGM	Annual general meeting
AS	Accounting Standards as notified under the Companies (Accounting Standards) Rules, 2006
BSE	BSE Limited
CCD	Compulsorily convertible debentures
CDSL	Central Depository Services (India) Limited
Central Government	Central Government of India
CCI	Competition Commission of India
CIN	Corporate identification number
Civil Code	Indian Code of Civil Procedure, 1908
Companies Act	Companies Act, 1956 and/or the Companies Act, 2013, as applicable
Companies Act, 1956	Companies Act, 1956, as amended (without reference to the provisions thereof that have ceased to have effect upon the notification of the Notified Sections)
Companies Act, 2013	Companies Act, 2013, to the extent in force pursuant to the notification of the Notified Sections
Competition Act	Competition Act, 2002
Consolidated FDI Policy	The Consolidated FDI Policy Circular of 2014 dated April 17, 2014 issued by Government of India
CSR	Corporate social responsibility
Depositories Act	Depositories Act, 1996
Depository	A depository registered with SEBI under the Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996
DIN	Director identification number
DP / Depository Participant	Depository participant as defined under the Depositories Act
DP ID	Depository participant identity
EGM	Extraordinary general meeting
EPS	Earnings per share
FDI	Foreign direct investment

Term/Abbreviation	Description/ Full Form
FEMA	Foreign Exchange Management Act, 1999
FII	Foreign institutional investor as defined under the SEBI FPI Regulations
Financial Year / FY / Fiscal	Period of 12 months ended March 31 of that particular year, unless otherwise stated
FMCG	Fast moving consumer goods
Format	It is a type of retail store to sell a specific nature of goods to a particular segment of customers
GAAP	Generally Accepted Accounting Principles
GDP	Gross domestic product
Government	Central Government and / or the State Government, as applicable
ICAI	Institute of Chartered Accountants of India
IFRS	International Financial Reporting Standards
IND AS	Indian Accounting Standards
India	Republic of India
Indian GAAP	Generally Accepted Accounting Principles followed in India
IT Act	Income Tax Act, 1961
Insider Trading Regulations	The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992
MCA	Ministry of Corporate Affairs, Government of India
Mutual Fund	Mutual fund registered with SEBI under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996
Net Worth	Aggregate of share capital and reserves and surplus (excluding revaluation reserves) at a particular date based on the financial of the entity whose net worth is being computed
Notified Sections	Sections of the Companies Act, 2013 that have been notified by the Ministry of Corporate Affairs, Government of India
NR	Non-resident or person(s) resident outside India, as defined under the FEMA
NRE Account	Non-resident external account
NRI	Non-resident Indian, as defined in the Foreign Exchange Management (Deposit) Regulations, 2000
NRO Account	Non-resident ordinary account
NSDL	National Securities Depository Limited
NSE	The National Stock Exchange of India Limited
OCBs	Overseas Corporate Bodies

Term/Abbreviation	Description/ Full Form
OCDs	Optionally convertible debentures
p.a.	Per annum
PAN	Permanent account number
PAT	Profit after tax
PBT	Profit before tax
Portfolio Investment Scheme	The portfolio investment scheme of RBI specified in Schedule 2 of the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000
QFI	Qualified foreign investor as defined under the SEBI FPI Regulations
RBI	Reserve Bank of India
RoC	Registrar of Companies, Maharashtra, located at Everest, 5 th Floor, 100, Marine Drive, Mumbai 400 002
SEBI	The Securities and Exchange Board of India
SEBI Act	The Securities and Exchange Board of India Act, 1992
SEBI FPI Regulations	The Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014
SEBI Regulations	The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009
SKUs	Stock Keeping Units
State Government	Government of a State of India
Takeover Regulations	The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011
U.S. / USA / United States	United States of America, including the territories or possessions thereof

NOTICE TO OVERSEAS INVESTORS

The distribution of this Draft Letter of Offer and the issue of the Securities on a rights basis to persons in certain jurisdictions outside India are restricted by legal requirements prevailing in those jurisdictions. Persons into whose possession this Draft Letter of Offer may come are required to inform themselves about and observe such restrictions. Our Company is making this Issue on a rights basis to the Eligible Shareholders and will dispatch the Letter of Offer / Abridged Letter of Offer and CAF only to Eligible Shareholders who have provided an Indian address to the Company.

No action has been or will be taken to permit the Issue in any jurisdiction where action would be required for that purpose, except that this Draft Letter of Offer has been filed with SEBI for its observations. Accordingly, the Securities may not be offered or sold, directly or indirectly, and this Draft Letter of Offer or any offering materials or advertisements in connection with the Issue may not be distributed, in any jurisdiction, except in accordance with legal requirements applicable in such jurisdiction. Receipt of this Draft Letter of Offer will not constitute an offer in those jurisdictions in which it would be illegal to make such an offer and, in those circumstances, this Draft Letter of Offer must be treated as sent for information only and should not be acted upon for subscription to Securities. Accordingly, persons receiving a copy of this Draft Letter of Offer should not, in connection with the issue of the Securities or the Rights Entitlements, distribute or send this Draft Letter of Offer in or into any jurisdiction where to do so, would or might contravene local securities laws or regulations. If this Draft Letter of Offer is received by any person in any such jurisdiction, or by their agent or nominee, they must not seek to subscribe to the Securities or the Rights Entitlements referred to in this Draft Letter of Offer.

Neither the delivery of this Draft Letter of Offer nor any sale hereunder, shall, under any circumstances, create any implication that there has been no change in our Company's affairs from the date hereof or the date of such information or that the information contained herein is correct as at any time subsequent to the date of this Draft Letter of Offer or the date of such information.

PRESENTATION OF FINANCIAL INFORMATION

Certain Conventions

Unless otherwise specified or the context otherwise requires, all references in this Draft Letter of Offer to the 'US' or 'U.S.' or the 'United States' are to the United States of America and its territories and possessions. All references herein to 'India' are to the Republic of India and its territories and possessions and the 'Government' or 'GoI' or the 'Central Government' or the 'State Government' are to the Government of India, Central or State, as applicable.

Financial Data

Unless stated otherwise, the financial data in this Draft Letter of Offer is derived from our Company's audited standalone and consolidated financial statements as at and for the financial period ended March 31, 2014. The Company's financial year commences on April 1 and ends on March 31 of the following calendar year, except for the financial year ended March 31, 2014 (which commenced on January 1, 2013 and ended on March 31, 2014) and the financial year ended December 31, 2012 (which commenced on July 1, 2011 and ended on December 31, 2012). Prior to this, the Company's financial year commenced on July 1, every year and ended on June 30 of the following year. For details of the financial statements, see "Financial Statements" on page 83.

Our Company prepared its financial statements as at and for the financial period ended March 31, 2014 in accordance with the generally accepted accounting principles in India, applicable standards and guidance notes specified by the Institute of Chartered Accountants of India, applicable accounting standards prescribed by the Companies (Accounting Standards) Rules, 2006 and other applicable statutory and / or regulatory requirements, which differ in certain respects from generally accepted accounting principles in other countries. Indian GAAP differs in certain significant respects from IFRS. Our Company publishes its financial statements in Indian Rupees. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Draft Letter of Offer should accordingly be limited. We have not attempted to explain those differences or quantify their impact on the financial data included herein, and we urge you to consult your own advisors regarding such differences and their impact on our financial data.

In this Draft Letter of Offer, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding off, and unless otherwise specified, all financial numbers in parenthesis represent negative figures.

Unless stated otherwise, throughout this Draft Letter of Offer, all figures have been expressed in Rupees in crore and lakh.

Market and Industry Data

Unless stated otherwise, market, industry and demographic data used in this Draft Letter of Offer has been obtained from market research, publicly available information, industry publications and government sources. 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 our Company nor the Lead Managers make any representation as to the accuracy of that information. Accordingly, Investors should not place undue reliance on this information.

Currency of Presentation

All references to 'INR', '₹', 'Indian Rupees' and 'Rupees' are to the legal currency of India and any reference to 'US\$', 'USD' and 'U.S. dollars' are to the legal currency of the United States of America.

Please note:

One million is equal to 10,00,000/ 10 lakh;

One crore is equal to 10 million/ 100 lakh; and

One lakh is equal to 1,00,000.

FORWARD LOOKING STATEMENTS

Certain statements contained in this Draft Letter of Offer 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', 'can', 'could', 'estimate', 'expect', 'intend', 'may', 'objective', 'plan', 'potential', 'project', 'pursue', 'shall', 'should', 'will', 'would', or other words or phrases of similar import. Similarly, statements that describe the strategies, objectives, plans or goals of our Company are also forward-looking statements. However, these are not the exclusive means of identifying forward-looking statements.

All statements regarding our Company's expected financial conditions, results of operations, business plans and prospects are forward-looking statements. These forward-looking statements include statements as to our Company's business strategy, planned projects, revenue and profitability (including, without limitation, any financial or operating projections or forecasts), new business and other matters discussed in this Draft Letter of Offer that are not historical facts. These forward-looking statements contained in this Draft Letter of Offer (whether made by our Company or any third party), are predictions and involve known and unknown risks, uncertainties, assumptions and other factors that may cause the actual results, performance or achievements of our Company 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 our 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 to differ materially from our Company's expectations include, among others:

- Our ability to manage our growth;
- Seasonality of our business;
- Efficient procurement systems, supply chain management and efficient logistics;
- Ability to find locations to open and operate our format stores;
- Economic and business environment;
- Our ability to attract and retain key managerial personnel and qualified employees;
- Obtain debt financing at favourable terms; and
- Adverse social, economic or political events in India.

Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to, those discussed in "Risk Factors" and "Our Business" on page 12 and page 70 respectively. The forward-looking statements contained in this Draft Letter of Offer are based on the beliefs of management, as well as the assumptions made by, and information currently available to, management of our Company. Whilst our 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. In any event, these statements speak only as of the date of this Draft Letter of Offer or the respective dates indicated in this Draft Letter of Offer, and our Company undertakes no obligation to update or revise any of them, whether as a result of new information, future events or otherwise. If any of these risks and uncertainties materialise, or if any of our Company's underlying assumptions prove to be incorrect, the actual results of operations or financial condition of our Company could differ materially from that described herein as anticipated, believed, estimated or expected. All subsequent forward-looking statements attributable to our Company are expressly qualified in their entirety by reference to these cautionary statements.

SECTION II: RISK FACTORS

The risks described below together with other information contained in this Draft Letter of Offer should be carefully considered before making an investment decision. The risks described below are not the only ones which are relevant to our Company or investments in securities of Indian issuers. Additional risks not presently known to us or that we currently deem immaterial may also adversely affect our business operations. Our business, financial condition or results of operations could be materially and adversely affected by any of these risks.

This Draft Letter of Offer also contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the considerations described below and the section “Forward Looking Statements” on page 11.

Internal Risks

1. ***We have undertaken various reorganisation and divestment activities during the financial period ended March 31, 2014. As a result, our historical financial information may not be comparable and may not be reliable as an indicator of our historical and future results.***

During the financial period ended March 31, 2014, we have given effect to the: (i) scheme of arrangement between the Company and Pantaloons Fashion and Retail Limited (“**PFRL**”, erstwhile “Peter England Fashions and Retail Limited”) for demerger of Pantaloons format business to PFRL (the “**Pantaloons Scheme**”); and (ii) composite scheme of arrangement and amalgamation between the Company, Future Lifestyle Fashions Limited (“**FLFL**”), Indus-League Clothing Limited, Lee Cooper (India) Limited and Future Consumer Enterprise Limited (“**FCEL**”, erstwhile “Future Ventures India Limited”) and their respective shareholders and creditors for demerger of the respective fashion format businesses of the Company and FCEL to FLFL (the “**Fashion Scheme**”). Consequent to the Fashion Scheme, FLFL has ceased to be our subsidiary. For details, see “Business – Reorganisations and Divestments” on page 73.

As a result of the above mentioned reorganisation activities, we will not be able to derive the economic benefits from these formats going forward, which may adversely affect our business operations, financial position and cash flows. Also, some of these entities have also ceased to be our subsidiaries and consequently, it may have an adverse impact on our consolidated financial position.

Further, we have reduced our effective beneficial ownership to 27.40% in Future Generali India Life Insurance Company Limited (“**Future Generali Life**”) pursuant to the share purchase agreement dated March 8, 2013. We have also sold our entire shareholding in Future Agrovet Limited (“**FAL**”) to FCEL pursuant to the share purchase agreement dated November 12, 2013. For details, see “Business – Reorganisations and Divestments” on page 73.

Additionally, the duration of our financial period ended March 31, 2014 was 15 months period starting from January 1, 2013 which is different from our previous financial period, being 18 months period from July 1, 2011 to December 31, 2012. Consequently, due to difference in the financial periods as well as the reorganisation and divestment activities, our historical results, on a consolidated and standalone basis, shall not be comparable to our financial statements as well as shall not be reliable indicators of our future performance and may not provide a meaningful basis for evaluation. You will need to make your own assessment of our consolidated results of operations and financial condition.

2. ***Pursuant to the reorganisation and divestment, our Company may lose the competitive advantage with respect to some of our retail (branded fashion) format business and financial services offerings.***

Whilst we have undertaken the reorganisation and divestment exercise to realign our corporate structure and focus on our retail format business, we will no longer be able to benefit from the sale generated from the retail (branded fashion) format businesses such as Pantaloons, Central, Brand Factory and aLL. Further, pursuant to the divestment in Future Capital Holdings Limited (“**FCH**”) and FAL, we have lost our control in these entities.

As a result, we may lose the competitive advantage with respect to some of our retail (branded fashion) format business and financial services offerings as well as it may adversely affect our business operations and financial condition.

3. *Our Company and some of its directors are involved in several criminal and other legal proceedings which are pending at several stages.*

There are several criminal and other legal proceedings, at different levels of adjudication pending against our Company, its directors and some of our Subsidiaries which are incidental to our business and operations. These legal proceedings are pending at different levels of adjudication before various courts and tribunals. Such proceedings could divert management time and attention, and consume financial resources in their defense. Further, an adverse judgment in some of these proceedings could have an adverse impact on our business, financial condition and results of operations. Furthermore, if significant claims are determined against us and it is required to pay all or a portion of the disputed amounts, there could be a material adverse effect on our business and profitability. For details, see “Outstanding Litigation and Defaults” on page 165.

4. *Our debt facilities impose certain restrictive covenants including the requirement of obtaining consent from some of our lenders for issuing further securities and accordingly for undertaking the Issue. Such restrictions could restrict our ability to conduct our business and grow our operations, which would adversely affect our financial condition and results of operations.*

We have entered into agreements and arrangements with certain banks and financial institutions for long-term and short-term borrowings and we are subject to certain restrictive covenants. Under the terms of certain of our Company’s debt agreements, our Company is required to send intimation to its lenders or obtain prior consent from its lenders for, *inter alia*, amendment of the memorandum of association or articles of association, change in the capital structure of the Company, formulation of any scheme of amalgamation or reconstruction, implementation of any scheme of expansion or acquisition of fixed assets, declaring dividend except out of profits of that year, making any change in ownership, control or management, undertaking any guarantee obligations on behalf of any third party, investments by way of share capital in or lend to any other concern, withdrawal or repayment of investments by the principal shareholders or Directors, change in debt equity ratio, and others. Furthermore, some of our arrangements with the lending banks permit the bank to withdraw or recall their loans or debit the installments or interest payable from any of our accounts maintained with the bank, at the bank’s absolute discretion, without any prior notice to us and the bank may impose overdue interest at the specified rates in the event of any default or may vary the interest rates, without giving prior notice to us. Further, the loan agreements provide that we cannot create any further charges or encumbrances over mortgaged property and that we may not part with hypothecated property or any part thereof without the prior written consent of the lender. Further, any prepayment of our loans may require us to give prior notice to some of our lenders, which may be subject to payment of prepayment or other charges, as applicable. Further, we also intend to utilize a portion of the Net Proceeds for repayment/pre-payment of certain of our outstanding loans. For details, see “Object of the Issue” on page 58. Such covenants may restrict or delay certain actions or initiatives that we may propose to take from time to time.

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, our lenders may be able to sell those assets. Any inability by our Company to procure adequate amounts and types of financing at terms favorable to us, or at all could have a material adverse effect on our business, prospects, results of operations, cash flows and financial condition.

For the purpose of undertaking this Issue, although we have approached our lenders to obtain consent or to intimate, we have not received any consent from any lender. Consequently, undertaking the Issue without lender consent shall constitute a default by us under such debt arrangements. Any inability to comply with the covenants under our financing arrangements or to obtain necessary consents required thereunder including for undertaking the Issue may lead to the termination of our credit facilities, levy of penal interest, acceleration of all amounts due under such facilities and the enforcement of any security provided. If the obligations under any of our financing agreements are accelerated, we may have to dedicate a substantial portion of our cash flow from operations to make payments under such financing documents, thereby reducing the availability of cash for our working capital requirements and other general corporate purposes. Further, during any period in which we are in default, we may be unable to raise, or face difficulties raising, further financing. In addition, other third parties may have concerns over our financial position and it may be difficult to market our financial products. Any of these circumstances or other consequences could adversely affect our business, credit rating, prospects, results of operations and financial condition.

5. *Our inability to manage our growth and scale could disrupt our business.*

We have experienced continuous growth in our retail format business on a year on year basis. As of March 31, 2014, we operated 321 stores across various formats in 98 cities, 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 spending space in India, we intend to expand the number of stores across formats operated by us. We expect this growth to place significant demand 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 stores;
- 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 in receiving the possession of the stores 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, results of operations and financial condition.

6. *Our business is subject to seasonal and cyclical volatility and our inability to forecast the trends and consumer preferences or demands in the forthcoming seasons may contribute to fluctuations in our results of operations and financial condition.*

We offer products at our retail formats that our consumers require and our success is dependent on our ability to meet our consumers' requirements. We plan our products based on the forecast of consumer buying patterns as well as on the forecast of fashion and trends in the forthcoming seasons. The retail consumer spending is heavily dependent on the economy and, to a large extent, to various festive occasions. Any mismatch between our forecasts, our planning and the actual purchase by customers can impact us adversely, leading to excess inventory and requiring us to resort to higher markdown and thus lower margins in order to clear such inventory. Consumer preferences are susceptible to change with change in fashion and trends, and their service level expectations too can change from time to time.

Our success depends partly upon our ability to forecast, anticipate and respond to such changing consumer preferences and fashion trends in a timely manner. Any failure by us to identify and respond to such emerging trends in consumer preferences could have a material adverse effect on our business. Our inability to identify and recognize international and domestic fashion trends and the risk of obsolescence could adversely affect our business.

7. *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. Ensuring shelf availability for our products warrants quick turnaround time and high level of coordination between the suppliers, our warehouses and our stores. Fruits, vegetables and staple foods sold in certain of our formats like Food Bazaar and Foodhall require efficient supply chain management and efficient logistics as these items are perishable and 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 affect our ability to meet the consumer demands for our products in a timely manner and may have an adverse impact on our business, results of operations and financial condition.

Some of the furniture items, electronics 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 have an adverse impact on our business, results of operations and financial condition. 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.

8. *We depend on our subsidiary, Future Supply Chain Solution Limited (“FSCSL”) for the warehousing and logistics support to our retail formats across the country. Any disruption in the availability of this support function may cause our business and profitability.*

We depend on our subsidiary, FSCSL for the warehousing and logistics support to our retail formats across the country. These warehousing and logistics activities include like factory-gate logistics, storage and fulfillment, retail store replenishments, movement (nation-wide and intra city), home deliveries, freight forwarding, custom clearance, reverse logistics and distribution services for our various formats.

Any disruption in the availability of this support function from FSCSL would require us to locate alternative service providers and we may not be able to find a service provider of a comparable quality at an acceptable price, or at all. Further, identifying a suitable alternative service provider is an involved process that requires us to become satisfied with their quality control, responsiveness and service, financial stability and labor and other ethical practices. This may, ultimately, have an adverse effect on our business and results of operations.

9. *We will have to find locations to open stores and operate our formats. In the event we are unable to find favourable locations at terms acceptable to us, we may not be able to open new stores, which may adversely affect our business, cash flows and results of operations.*

As the success of any retail business lies largely in identifying the best possible location at a competitive cost, we have dedicated teams to find locations for the purposes of opening our stores. Our 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 obtain lease at such 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 obtain the locations at favourable lease rentals or lease period or at the time and place that we desire, the same may have a material adverse impact on our results of operation.

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

None of the stores from which we operate our formats, distribution and warehouses are owned by us. We face competition from other large retailers who compete for real estate resources. Whilst we typically have long-term license/lease arrangements, the term of some of our license/lease arrangements will complete in the next few years. We may not be able to renew our leases or licenses on terms acceptable to us or at all. In the event that any of our leases or licenses are not renewed, and we will be required to vacate our stores, identify alternative real estate and enter into fresh lease or leave and license agreements, suffer losses in terms of existing furniture and fixtures and the cost of restoring furniture and fixtures at the new location, which could result in loss of business and may adversely affect our operations and profitability.

11. *We have made significant investments in our subsidiaries, associates and joint ventures. We may choose to divest certain of our investments, in part or full, which may not be able to achieve commercially profitable basis and may have an adverse impact on our business and financial position.*

As of March 31, 2014, we have made a total gross investment of ₹ 950.80 crores in our Subsidiaries, Associates and Joint Ventures. However, in light of various internal and external factors, we may decide to divest certain of our investments, in part or full, in such entities. In the past, we have divested certain of our investments and we continue to evaluate sale opportunities. Our Board *vide* its resolution dated February 13, 2014 has approved divestment of certain of our investments. It is possible that we may not be able to identify suitable divestment opportunities, or if we do identify, we may not be able to complete such transactions on terms commercially acceptable to us or at all. Such dispositions could demand significant attention from our management that would otherwise be available for business operations, which could harm our business.

12. *Our business, financial condition and results of operations have been dependent on Big Bazaar and any failure to operate the same may adversely affect our business, market position and results of operations.*

Our business, financial condition and results of operations have been dependent on Big Bazaar and have made and will continue to make investments towards the development of this format. We also continue to evaluate initiatives and strategies to increase our presence in other formats. The success of such expansion in other formats is dependent upon various internal and external factors. We cannot assure you that we will be able to continue to generate a significant portion of our revenue from Big Bazaar format going forward and any decline in the contribution from this format may adversely affect our investments, business, market position and results of operations.

13. *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 and obtain registrations under the same or the rules made thereunder including food and safety standards license and others. We are governed by 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. For details, see “Government and Other Approvals” on page 169. If we do not apply, receive, renew or comply with any conditions thereto 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.

Some of our approvals have expired and from time to time we may apply for obtaining the renewals. We have not yet applied for or received or renewed all 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, business, results of operations and financial condition.

- 14. *We have been subject to penalties in the past by various regulatory authorities. We cannot assure you that our Company may not be subject to such penalty or any action against us in the future.***

We have been subject to various to penalties in the past by various regulatory authorities. In 2011, SEBI had passed an adjudication order against our Company in relation to failure to redress investor grievances and file reports within the stipulated period. Our Company settled the matter pursuant to consent proceedings upon payment of an amount of ₹ 6,50,000. Further, we had filed compounding applications in respect of the show cause notices received by us in relation to non-compliance with certain corporate matters. For details, see “Outstanding Litigation and Defaults” on page 165. We cannot assure you that the regulatory authorities will not impose any penalty or take any action against our Company which may impact our reputation, results of operations and cash flows.

- 15. *Our business needs 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 is 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 our 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 our Company could get diluted.

- 16. *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 sold by us 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 their food and non-food needs. Any loss of 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.

- 17. *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.

- 18. *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.

- 19. *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.

- 20. *Our Promoter and some of our Directors have interests in entities which are in the same line of business as us.***

Our Promoter and some of our Directors, directly or indirectly, holds majority of the shares of, and controls, other companies engaged in retail formats. Our Promoter and such Directors may devote substantial time and resources to develop and grow the business of such companies. Our Promoter and such Directors, who are also a part of our management, would have to divide their time and energy between us and such other companies. As a result, our Promoter and such Directors may have conflict of interest which may materially and adversely affect our business, results of operations and financial condition.

- 21. *Losses on account of shrinkage can negatively impact our profitability***

The retail industry is vulnerable to the problem of shrinkage. Shrinkage at our stores and/or our distribution centres may occur through a combination of shoplifting by customer, pilferage by employee, damage, obsolescence, expiry and error in documents and transaction that go un-noticed and later adjusted for upon physical verification of stock with book stock. An increase in shrinkage levels at our existing and future stores or our distribution centres may force us to hire additional supply chain management personnel or additional security staff or install additional security and surveillance equipments, which will increase our operational costs and may have an adverse impact on our profitability.

- 22. *We may, from time to time, look for opportunities to acquire or enter joint venture arrangements. Any failure to manage the integration of the businesses or facilities post such acquisition or joint venture may cause our profitability to suffer.***

We may, from time to time, look for opportunities to acquire or enter into strategic partnerships or

alliances. Such 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. Further, the 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 may also face 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.

23. *We face competition from existing and potential domestic and 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.

24. *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.

In the past, we have been subject to lock-in period for some of our lease agreements. In the event, we renew our lease agreements or enter into new lease agreements and such arrangements also prescribe a lock-in period or such other similar restrictions, it will 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.

25. *Our joint ventures, Future Generali India Insurance Company Limited ("Future Generali") and Future Generali Life, operate in industries which are heavily regulated.*

Future Generali and Future Generali Life operate in sectors like insurance that are heavily regulated. These entities 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 Future Generali and Future Generali Life, particularly, 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 our

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 including foreign exchange laws, which could have an adverse impact on the operations of Future Generali and Future Generali Life. Any such changes in existing laws or regulations may require these companies to incur additional expenditure to comply with the new / amended laws, which may affect their financial condition and profitability. Our 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.

26. *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 and any decision against us may adversely affect the result of our operations.

27. *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.

28. *We are a member of the Future group and we utilise the trademark ‘Future’ and ‘Future Group’ and the associated logo. Our inability to use any such trademark or logo could adversely affect our business and results of operations.*

Future Ideas Company Limited (“FICL”), a group company owns the trademarks ‘Future Group – India Tomorrow’ and ‘Future Group’ and the associated logos. Pursuant to the master licence agreement dated October 11, 2010 between FICL and our Company (the “**Agreement**”), FICL has granted a non-exclusive and non-transferable licence to use the Trademarks in, *inter alia*, marketing and advertisements of our products and services during the term of the Agreement and, with the written consent of FICL, for business activities outside India in consideration of royalty payments. The Agreement also allows the use of Trademarks by our Subsidiaries. For details, see “Our Business – Intellectual Property” on page 75.

We operate in a competitive environment, where generating brand recognition will be a significant part of our business. In the event the Agreement is terminated, 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.

29. *We have limited ability to protect the intellectual property of our formats and associated logos 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 associated logos for our formats 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 or brands 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.

30. *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, Sale of Goods Act, 1930 and similar state regulatory enactments like the shop and establishments legislations, as applicable. 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 Central Government 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.

31. *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 our 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.

32. *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.

33. *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 Big Bazaar, Food Bazaar, Foodhall and others and may, from time to time, consider launching new formats. The success of these formats depends upon the consumer

response. A lower than anticipated consumer response can impact our business. Our inability to successfully attract and meet with customer requirements may adversely affect our operations and profitability.

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

The following is the details of loss suffered by certain of our Subsidiaries and as reported in the audited consolidated financial statements for the financial period ended March 31, 2014:

(In ₹ crore)

S. No.	Name of the Subsidiary/ Joint Venture	Profit (Loss) after tax in the financial period ended March 31, 2014 (15 Months)	Profit (Loss) after tax in the financial period ended December 31, 2012 (18 Months)	Profit (Loss) after tax in the financial period ended June 30, 2011 (12 Months)
Subsidiaries				
1.	FCH Securities & Advisors Limited (formerly known as Ambit Investment Advisory Co. Limited)	-	-	(0.31)
2.	Future Capital Commodities Limited (formerly known as Axon Development solutions Limited)	-	-	(0.01)
3.	Future E-Commerce Infrastructure Limited	(21.20)	(42.88)	(30.15)
4.	Future Hospitality Management Limited	-	-	(0.01)
5.	Future Knowledge Services Limited	(3.66)	(3.91)	(2.42)
6.	Future Learning and Development Limited	(1.75)	(1.76)	(1.28)
7.	Future Supply Chain Solutions Limited	9.33	(8.70)	0.17
8.	Future Media (India) Limited	(14.19)	(1.19)	(2.86)
9.	Futurebazaar India Limited	(0.82)	(6.70)	0.05
10.	Home Solutions Retail (India) Limited	(1.05)	(5.34)	(4.31)
11.	FSC Brand Distribution Services Limited	(4.29)	(0.97)	(0.04)
12.	Winner Sports Limited	(0.02)	(0.00)	(0.00)
13.	Splendor Fitness Pvt Limited	-	-	(8.68)
14.	Future Freshfood Limited	(0.44)	(16.52)	(2.80)
15.	Future Capital Home Finance Private Limited	-	-	(0.02)
16.	Anchor Investment and Trading Private Limited	-	-	(0.01)
17.	Nuzone Ecommerce Infrastructure Limited	(0.00) ⁽¹⁾	(0.00) ⁽¹⁾	(0.00) ⁽¹⁾
18.	Future Home Retail Limited	(0.00) ⁽¹⁾	(0.00) ⁽¹⁾	(0.00) ⁽¹⁾
19.	Future Capital Securities Limited (formerly known as FCH Centrum Wealth Managers Limited)	-	-	(14.09)
20.	Staples Future Office Products Limited	(4.60)	-	-
21.	Office Shop Private Limited	(5.20)	-	-
22.	Future Lifestyle Fashions Limited	-	(0.47)	-
Joint Venture				
1.	Future Generali India Insurance Company Limited	12.17	(20.21)	(22.83)
2.	Future Generali India Life Insurance Company Limited	(16.21)	(44.14)	(81.63)

3.	Sprint Advisory Services Private Limited	(0.00)	(0.34)	(0.08)
4.	Shendra Advisory Services Private Limited	(0.06)	(0.34)	(0.30)
5.	Staples Future Office Products Limited	(4.69)	(23.63)	(6.97)
6.	Integrated Food Park Private Limited	(0.03)	(0.01)	(0.00)
7.	Future Axiom Telecom Limited	-	-	(18.96)
8.	Mobile Repair Service City India Limited	-	-	(0.22)
9.	Clarks Future Footwear Limited	-	-	(1.45)
10.	Talwalkars Pantaloon Fitness Private Limited	-	-	(4.31)

⁽¹⁾ Negligible in terms of ₹ Crore

For details, see “Financial Statements” on page 83. 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.

35. Some of our Group Companies have incurred losses in the past.

Certain of our Group Companies have incurred losses in the years as set forth below:

Particulars	(In ₹ Crore)		
	Fiscal Year 2014	Fiscal Year 2013	Fiscal Year 2012
	Profit/ (Loss) After Tax	Profit/ (Loss) After Tax	Profit/ (Loss) After Tax
Future Corporate Resources Limited ⁽¹⁾	-	(51.33)	(66.51)
Future Capital Investment Private Limited ⁽¹⁾	-	(0.15)	(0.07)
Future Entertainment Private Limited ⁽¹⁾	-	(0.00)	(47.51)
Future Consumer Enterprise Limited	30.41	(11.45)	(13.67)

⁽¹⁾ Audited results for FY 2014 are not available as on the date of this Draft Letter of Offer

36. The success of our business is dependent on our management team including our Managing Director, Mr. Kishore Biyani, Joint Managing Director, Mr. Rakesh Biyani and Wholtime Director, Mr. Vijay 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.

Our Company is managed by a team of professionals to oversee its operations and growth. Our performance and success depends on our management team including, our Managing Director, Mr. Kishore Biyani, Joint Managing Director, Mr. Rakesh Biyani and Wholtime Director, Mr. Vijay Biyani 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. The Managing Director of our Company has substantial responsibilities for strategizing our growth. The loss of the services of such personnel or the Managing Director of our Company 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, results of operations and financial condition.

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

The Company and certain of its subsidiaries have entered into 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 such as debenture subscription agreement dated July 20, 2009 as amended by the Second Tranche Subscription and Amendment agreement dated May 26, 2011 executed with the SKC 1 Limited for subscription of compulsorily convertible debentures (which have now been converted into equity shares) and equity shares in Future Supply Chain Solutions Limited by SKC 1 Limited or the joint venture agreement with Participatie Maatschappij Graafschap Holland NV, and Sain Marketing Network Limited on May 23, 2006 for the creation of Future Generali India Life Insurance. The Company has also entered into a joint venture agreement with Participatie Maatschappij Graafschap Holland NV, and Shendra Infrastructure Development Limited on May 23, 2006 for the creation of Future Generali India Insurance Company Limited.

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. Also, the abovementioned non-compete terms may limit the scope of our expansion and thereby adversely affect our business and financial condition.

38. *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. Whilst we believe that all such transactions have been conducted on an arm's length basis, there can be no assurance that we could not have achieved more favourable terms had such transactions not been entered into with related parties. For details, see "Financial Statements" on page 83.

39. *Our Promoter, Directors and the key management personnel of our Company may have interests in us other than reimbursement of expenses incurred or normal remuneration or benefits.*

Our Promoter is interested in us to the extent of any transactions entered into or their shareholding and dividend entitlement in us. Our Promoter and some of our Directors may also be interested to the extent of any transaction entered into by us with any other company or firm in which they are promoter, directors or partners. Further, our key managerial personnel may also be interested to the extent of any transaction entered into by us with them or their relatives. For details in relation to the related party transactions entered into by our Company, see "Financial Statements" on page 83. This may potentially involve conflict of interest with our shareholders.

40. *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.*

The pre-Issue shareholding of our Promoter and Promoter Group, as on June 30, 2014 was 48.31% of our Equity Share capital and 53.80% of our issued Class B Share capital. The Promoter and members of the Promoter Group intend to subscribe to the full extent of their Rights Entitlement in the Issue, and further intend to subscribe to additional Equity Shares for any unsubscribed portion in the Issue. Subscription to Rights Entitlement as well as acquisition of additional Equity Shares and consequent allotment of Equity Shares by the Company shall be subject to aggregate shareholding of the Promoter and Promoter Group not exceeding 75% of the issued, outstanding and fully paid up equity share capital of the Company after the Issue and in compliance with the provisions of the Takeover Regulations. For details, see "Capital Structure" on page 46. Consequently, our Promoter will continue to exercise significant control over us, including being able to control the composition of our Board and determine matters requiring shareholder approval or approval of our Board. Our Promoter may take or block actions with respect to our business, which may conflict with our interests or the interests of our minority shareholders. By exercising their control, our Promoter could delay, defer or cause a change of our control or a change in our capital structure, delay, defer or cause a merger, consolidation, takeover or other business combination involving us, discourage or encourage a potential acquirer from making a tender offer or otherwise attempting to obtain control of us.

Further, our Articles of Association confer certain rights on our Promoter's father, Mr. Laxminarayan Biyani wherein Mr. Laxminarayan Biyani shall have the right to nominate up to a maximum of six

persons as Directors as long as he and his associates hold not less than 10% of the Equity Share capital of the Company and four of such six directors shall not be liable to retire by rotation. Accordingly, Mr. Laxminarayan Biyani and Mr. Kishore Biyani through Mr. Laxminarayan Biyani have the ability to exercise significant influence over the functioning of our Board.

41. *Our contingent liabilities could adversely affect our financial condition.*

We have created provisions for certain contingent liabilities in our financial statements. There can be no assurance that we will not incur similar or increased levels of contingent liabilities in the current financial year or in the future and that our existing contingent liabilities will not have material adverse effect on our business, financial condition and results of operations. For further details in relation to our contingent liabilities, see “Financial Statements” on page 83.

42. *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:

	(in ₹ crore)	
	For the financial period ended March 31, 2014 ⁽¹⁾	For the financial period ended December 31, 2012 ⁽¹⁾
Net cash generated from / (used in) operating activities	(71.69)	(4.92)
Net cash generated from / (used in) investing activities	(1,691.16)	(1,036.29)
Net cash generated from / (used in) financing activities	1,888.60	996.53
Net cash increase / (decrease) at the end of the period	65.30 ⁽²⁾	(44.67)

⁽¹⁾ On standalone basis.

⁽²⁾ Effect of accounting treatment of composite scheme of amalgamation amounting to ₹60.45 crore

For details, see “Financial Statements” on page 83.

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.

43. *In the past, the Company 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 seven retail stores	<ul style="list-style-type: none"> Two retail stores were opened Five additional retail stores were opened with a delay of nine months
Estimated turnover of 1992-1993	₹ 11.60 Crores	₹ 4.81 Crores
Future Prospects	Expected to generate adequate profits and declare dividends from 1992-1993 onwards	No dividend declared in 1992-1993

44. *The deployment of funds for the Objects of the Issue is at the discretion of our Board. Pending utilization for the purposes described therein, our Company may temporarily invest funds from the Net Proceeds.*

We intend to use the Net Proceeds of the Issue for the purposes described in the section “Objects of the Issue” on page 58. Subject to this section, our management will have broad discretion to use the Net

Proceeds. The funding plans are in accordance with our management's own estimates and have not been appraised by any bank/financial institution. Our Company may have to revise its management estimates from time to time and consequently its requirements may change.

Pending utilisation of the Net Proceeds, our management will have significant flexibility in temporarily investing the Net Proceeds of the Issue. Accordingly, we cannot assure you that the use of the Net Proceeds for purposes identified by our management will result in any returns.

External risk factors

45. *Our business is substantially affected by prevailing economic conditions in India.*

Our Company is incorporated in India, and 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. 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 exchange rate fluctuations;
- any scarcity of credit or other financing in India, resulting in an adverse impact on economic conditions in India and scarcity of financing of our developments and expansions;
- 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;
- changes in India's tax, trade, fiscal or monetary policies;
- changes in governmental laws and regulations;
- political instability, terrorism or military conflict in India or in countries in the region or globally, including in India's various neighboring 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 sector.

Any slowdown or perceived slowdown in the Indian economy, or in specific sectors of the Indian economy, could adversely impact our business, results of operations and financial condition and the price of the Securities.

46. *Enforcement of foreign judgments against our Company or its management may not be possible or may require additional legal proceedings.*

Our Company is a limited liability company incorporated under the laws of India. Majority of the Directors and executive officers of our Company are residents of India. A substantial portion of our assets and the assets of the Directors and executive officers of our Company, who are Indian residents, are located in India. As a result, it may be difficult for the investors to affect service of process upon us or such persons outside India or to enforce judgments obtained against our Company or such parties outside India.

India has reciprocal recognition and enforcement of judgments in civil and commercial matters with only a limited number of jurisdictions, which includes the United Kingdom, Singapore and Hong Kong. In order to be enforceable, a judgment from a jurisdiction with reciprocity must meet certain requirements of the Civil Code. Judgments or decrees from jurisdictions which do not have reciprocal recognition with India cannot be executed in India. Therefore, a final judgment for the payment of money rendered by any court in a non-reciprocating territory for civil liability, whether or not predicated solely upon the general laws of the non-reciprocating territory, would not be enforceable in

India. Even if an investor obtained a judgment in such a jurisdiction against our Company or its officers or Directors, it may be required to institute a new proceeding in India and obtain a decree from an Indian court. However, the party in whose favour such final judgment is rendered may bring a new suit in a competent court in India based on a final judgment that has been obtained in a non-reciprocating territory within three years of obtaining such final judgment. If, and to the extent that, an Indian court were of the opinion that fairness and good faith so required, it would, under current practice, give binding effect to the final judgment that had been rendered in the non-reciprocating territory, unless such a judgment contravenes principles of public policy in India. It is unlikely that an Indian court would award damages on the same basis or to the same extent as was awarded in a final judgment rendered by a court in another jurisdiction if the Indian court believed that the amount of damages awarded was excessive or inconsistent with Indian practice. In addition, any person seeking to enforce a foreign judgment in India is required to obtain prior approval of the RBI to execute such a judgment or to repatriate any amount recovered.

47. *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.

48. *Any downgrading of India's debt rating by a domestic or international rating agency could negatively impact our business.*

Any adverse revisions to India's credit ratings for domestic and international debt by domestic or international rating agencies may adversely impact our ability to raise additional financing, and the interest rates and other commercial terms at which such additional financing is available. This could have an adverse effect on our financial results and business prospects, ability to obtain financing for capital expenditures and the price of the Securities.

49. *Multiplicity of legislations, taxes and levies in addition to changes in legislation, including changes in direct and indirect tax policies, or policies applicable to us could adversely affect our results of operations.*

Various laws and regulations are applicable to the retail industry and our business in general. At every stage, different licenses, approvals and clearances are required, for instance in acquiring store space, opening stores, trade license, etc. This process is tedious and time consuming and there can no assurance that the licenses, approvals and clearances will be granted to us within the expected time frame or at all. Therefore, statutes relating to labour, hours of work, minimum wages, overtime, etc. have an impact on our operational activities and overall costs. Moreover, the complexities of Indian tax structure comprising separate central and local taxes, and levies including sales tax, octroi, etc. has added to our costs and affected flexibility of our operations. Changes in taxes and levies and other regulatory policies and legislations could directly impact the profit margins and activities of our Company.

50. *We may be affected by competition law in India and any adverse application or interpretation of the Competition Act could adversely affect our business.*

The Competition Act regulates practices having an appreciable adverse effect on competition ("AAEC") in the relevant market in India. Under the Competition Act, any formal or informal arrangement, understanding or action in concert, which causes or is likely to cause an AAEC is considered void and results in imposition of substantial penalties. Further, any agreement among competitors which directly or indirectly involves determination of purchase or sale prices, limits or

controls production, shares the market by way of geographical area or number of subscribers in the relevant market or directly or indirectly results in bid-rigging or collusive bidding is presumed to have an AAEC in the relevant market in India and is considered void. The Competition Act also prohibits abuse of a dominant position by any enterprise.

On March 4, 2011, the Government issued and brought into force the combination regulation (merger control) provisions under the Competition Act with effect from June 1, 2011. These provisions require acquisitions of shares, voting rights, assets or control or mergers or amalgamations that cross the prescribed asset and turnover based thresholds to be mandatorily notified to and pre-approved by the CCI. Additionally, on May 11, 2011, the CCI issued Competition Commission of India (Procedure for Transaction of Business Relating to Combinations) Regulations, 2011 (as amended) which sets out the mechanism for implementation of the merger control regime in India.

The Competition Act aims to, among others, prohibit all agreements and transactions which may have an AAEC in India. Consequently, all agreements entered into by us could be within the purview of the Competition Act. Further, the CCI has extra-territorial powers and can investigate any agreements, abusive conduct or combination occurring outside India if such agreement, conduct or combination has an AAEC in India. However, the impact of the provisions of the Competition Act on the agreements entered into by us cannot be predicted with certainty at this stage. We are not currently party to any outstanding proceedings, nor have we received notice in relation to non-compliance with the Competition Act or the agreements entered into by us. However, if we are affected, directly or indirectly, by the application or interpretation of any provision of the Competition Act, or any enforcement proceedings initiated by the CCI, or any adverse publicity that may be generated due to scrutiny or prosecution by the CCI or if any prohibition or substantial penalties are levied under the Competition Act, it would adversely affect our business, results of operations and financial condition.

51. *Our transition to the use of the IFRS converged IND AS may adversely affect our financial condition and results of operations.*

On February 25, 2011, the MCA, notified that the IFRS converged IND AS will be implemented in a phased manner and stated that the date of implementation of IND AS will be notified by the MCA at a later date. As of date, there is no significant body of established practice on which to draw from in forming judgments regarding the implementation and application of IND AS. Additionally, IND AS has fundamental differences with IFRS and as a result, financial statements prepared under IND AS may be substantially different from financial statements prepared under IFRS. As we adopt IND AS reporting, we may encounter difficulties in the ongoing process of implementing and enhancing our management information systems. The adoption of IND AS by us and any failure to successfully adopt IND AS in accordance with the prescribed timelines could have an adverse effect on our results of operations and financial condition.

52. *Hostilities, wars and other acts of violence or manmade disasters could adversely affect the financial markets and our business.*

Wars, terrorism and other acts of violence or manmade disasters may adversely affect our business and the Indian markets in which the Securities trade are proposed to be listed. For instance, 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.

In addition, any deterioration in international relations, especially between India and its neighbouring countries, may result in investor concern regarding regional stability which could adversely affect the price of the Securities. Further, India has witnessed local civil disturbances in recent years and it is possible that future civil unrest as well as other adverse social, economic or political events in India could have an adverse impact on our business. 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, results of operations and financial condition, and the market price of the Securities.

53. *The occurrence of natural disasters could adversely affect our results of operations and financial condition.*

The occurrence of natural disasters, including hurricanes, floods, earthquakes, tornadoes, fires, explosions, pandemic disease could adversely affect our results of business, results of operations and financial condition. The potential impact of a natural disaster such as the H5N1 “avian flu” virus or the H1N1 “swine flu” virus on our results of operations and financial condition is highly speculative, and would depend on numerous factors. For instance, 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. We cannot assure prospective investors that such events will not occur in the future or that our business, results of operations and financial condition will not be adversely affected.

54. *The retail sector is subject to extensive foreign exchange regulations.*

The retail sector in India is regulated by the GoI, state governments and local authorities. Further, investments made by non-residents into India are governed by the Foreign Exchange Management Act, 1999 and the rules and regulations thereunder and the consolidated foreign direct investment policy issued by the Department of Industrial Policy and Promotion (the “**FDI Policy**”) and various notifications, circulars and press notes. According to recent notifications issued by the Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, GoI, foreign direct investment (“**FDI**”) has now been permitted in the Indian multi-brand retail trading industry up to a maximum of 51%, with prior Governmental approval and subject to the satisfaction of certain conditions.

55. *Changing laws, rules and regulations and legal uncertainties may adversely affect our business and financial performance.*

Our business and operations are governed by various laws and regulations. Our business and financial performance could be adversely affected by any change in laws or interpretations of existing, or the promulgation of new laws, rules and regulations applicable to us and our business.

There can be no assurance that the relevant governmental authorities will not implement new regulations and policies which will require us to obtain additional approvals and licenses from the government and other regulatory bodies or impose onerous requirements and conditions on our operations. Any such changes and the related uncertainties with respect to the implementation of the new regulations may have a material adverse effect on our business, results of operations and financial condition.

56. *The Companies Act, 2013 has effected significant changes to the existing Indian company law framework, which may subject us to higher compliance requirements and increase our compliance costs.*

A majority of the provisions and rules under the Companies Act, 2013 have recently been notified and have come into effect from the date of their respective notification, resulting in the corresponding provisions of the Companies Act, 1956 ceasing to have effect. The Companies Act, 2013 has brought into effect significant changes to the Indian company law framework, such as in the provisions related to issue of capital (including provisions in relation to issue of securities on a private placement basis), disclosures in offer document, corporate governance norms, accounting policies and audit matters, related party transactions, introduction of a provision allowing the initiation of class action suits in India against companies by shareholders or depositors, a restriction on investment by an Indian company through more than two layers of subsidiary investment companies (subject to certain permitted exceptions), prohibitions on loans to directors and insider trading and restrictions on directors and key managerial personnel from engaging in forward dealing. We are also required to spend, in each financial year, at least 2% of our average net profits during three immediately preceding financial years towards corporate social responsibility activities. Further, the Companies Act, 2013 imposes greater monetary and other liability on our Company and Directors for any non-compliance. To ensure compliance with the requirements of the Companies Act, 2013, we may need to allocate

additional resources, which may increase our regulatory compliance costs and divert management attention.

The Companies Act, 2013 introduced certain additional requirements which do not have corresponding equivalents under the Companies Act, 1956. Accordingly, we may face challenges in interpreting and complying with such provisions due to limited jurisprudence on them. In the event, our interpretation of such provisions of the Companies Act, 2013 differs from, or contradicts with, any judicial pronouncements or clarifications issued by the Government in the future, we may face regulatory actions or we may be required to undertake remedial steps. Additionally, some of the provisions of the Companies Act, 2013 overlap with other existing laws and regulations (such as the corporate governance norms and insider trading regulations issued by SEBI). Recently, SEBI issued revised corporate governance guidelines which are effective from October 1, 2014. Pursuant to the revised guidelines, we will be required to, amongst other things ensure that there is at least one woman director on our Board of Directors at all times, establish a vigilance mechanism for directors and employees and reconstitute certain committees in accordance with the revised guidelines. We may face difficulties in complying with any such overlapping requirements. Further, we cannot currently determine the impact of provisions of the Companies Act, 2013 and the revised SEBI corporate governance guidelines, which are yet to come in force. Any increase in our compliance requirements or in our compliance costs may have an adverse effect on our business, results of operations and financial condition.

57. *The Securities may experience price and volume fluctuations or an active trading market for the Securities may not develop.*

The price of the Securities may fluctuate after this Issue as a result of several factors, including volatility in the Indian and global securities markets, the results of our operations, the performance of our competitors, developments in the Indian real estate sector and changing perceptions in the market about investments in the Indian real estate sector, adverse media reports on us or the Indian real estate sector, changes in the estimates of our performance or recommendations by financial analysts, significant developments in India's economic liberalisation and deregulation policies, and significant developments in India's fiscal regulations. Further, the price at which the Securities are initially traded may not correspond to the prices at which the Securities will trade in the market subsequently.

58. *Conditions in the Indian securities market may affect the price or liquidity of the Securities.*

The Indian securities markets are smaller than securities markets in more developed economies. Indian stock exchanges have in the past experienced substantial fluctuations in the prices of listed securities. These exchanges have also experienced events that have affected the market price and liquidity of the securities of Indian companies, such as 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, disputes have occurred on occasion between listed companies and the Indian stock exchanges and other regulatory bodies that, in some cases, have had a negative effect on market sentiment. If similar events occur in the future, the market price and liquidity of the Securities could be adversely affected.

59. *There are restrictions on daily movements in the price of the Securities, which may adversely affect a security-holder's ability to sell, or the price at which a security-holder can sell, Securities at a particular point in time.*

The Securities will be subject to a daily circuit breaker imposed on listed companies by all stock exchanges in India which does not allow transactions beyond certain volatility in the price of the Securities. This circuit breaker operates independent of the index-based market-wide circuit breakers generally imposed by SEBI on Indian stock exchanges. The percentage limit on our Company's circuit breaker is set by the stock exchanges based on the historical volatility in the price and trading volume of the Securities. The stock exchanges are not required to inform our Company of the percentage limit of the circuit breaker from time to time, and may change it without our Company's knowledge. This circuit breaker would effectively limit the upward and downward movements in the price of the Securities. As a result of this circuit breaker, we cannot make any assurance regarding the ability of the shareholders of our Company to sell the Securities or the price at which such shareholders may be able to sell their Securities.

60. *Economic developments and volatility in securities markets in other countries may cause the price of the Securities 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. Any worldwide financial instability could also have a negative impact on the Indian economy, including the movement of exchange rates and interest rates in India. 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 and may cause the price of the securities to decline.

61. *Any future issuance of the Securities may dilute your future shareholding and sales of the Securities by the Promoter or other major shareholders of our Company may adversely affect the trading price of the Securities.*

Any future equity issuances by our Company may lead to dilution of your future shareholding in our Company. Any future equity issuances by our Company or sales of the Securities by the Promoter or other major shareholders of our Company may adversely affect the trading price of the Securities. In addition, any perception by investors that such issuances or sales might occur could also affect the trading price of the Securities. For instance, pursuant to its resolution dated June 11, 2014 the Board of Directors have approved issuance of warrants convertible into Equity Shares and Class B Shares on a preferential basis to Future Corporate Resources Limited, which has been approved by the shareholders of our Company resolution passed by way of postal ballot dated July 15, 2014. In the event such warrants are issued to Future Corporate Resources Limited and such warrants are converted into Equity Shares and Class B Shares it may lead to dilution of your future shareholding in our Company and affect the trading price of the Securities.

Except as otherwise stated in this Draft Letter of Offer, there is no restriction on our Company's ability to issue the Securities or the relevant shareholders' ability to dispose of their Securities, and there can be no assurance that our Company will not issue Securities or that any such shareholder will not dispose of, encumber, or pledge its Securities.

62. *Foreign investors are subject to foreign investment restrictions under Indian law that limits our ability to attract foreign investors, which may adversely impact the market price of the Securities.*

In terms of the Consolidated FDI Policy, FDI in Indian companies carrying on retail trading activity in 'multi brand retail trading' is permitted up to 51% subsequent to the approval of the Government, subject to satisfaction of certain conditions. Currently, foreign investment in our Company under the foreign portfolio investment (erstwhile portfolio investment scheme) cannot exceed 24% and in this regard, our Company has applied to RBI and FIPB *vide* its applications dated February 8, 2013 and April 18, 2013, respectively, seeking permission for increasing the FII investment limits under the portfolio investment scheme (presently, the foreign portfolio investors scheme) in the Company to 49%. The applications are currently pending and until approval, such restrictions on foreign investment in the Company may hamper the pace of our growth and affect our profitability.

Also, under the foreign exchange regulations currently in force in India, transfers of shares between non-residents and residents are permitted (subject to certain exceptions) if they comply with, among other things, the pricing guidelines and reporting requirements specified by the RBI. If the transfer of shares does not comply with such pricing guidelines or reporting requirements, or falls under any of the exceptions referred to above, then prior approval of the RBI will be required.

Additionally, shareholders who seek to convert the Rupee proceeds from a sale of shares in India into foreign currency and repatriate any such foreign currency from India will require a no objection or a tax clearance certificate from the income tax authority. We cannot assure you that any required approval from the RBI or any other Government agency can be obtained on any particular terms or at

all.

63. *You may be subject to Indian taxes arising out of capital gains on the sale of the Securities.*

Capital gains arising from the sale of the Securities are generally taxable in India. Any gain realised on the sale of the Securities on a stock exchange held for more than 12 months will not be subject to capital gains tax in India if the securities transaction tax has been paid on the transaction. The securities transaction tax will be levied on and collected by an Indian stock exchange on which the Securities are sold. Any gain realised on the sale of the Securities held for more than 12 months to an Indian resident, which are sold other than on a recognised stock exchange and as a result of which no securities transaction tax has been paid, will be subject to capital gains tax in India. Further, any gain realised on the sale of the Securities held for a period of 12 months or less will be subject to capital gains tax in India.

64. *We cannot guarantee that the Securities will be listed on the Stock Exchanges in a timely manner.*

In accordance with Indian law and practice, after the Board of Directors passes the resolution to allot the Securities but prior to crediting such Securities into the Depository Participant accounts of the investors, we are required to apply to the Stock Exchanges for final listing approval. After receiving the final listing approval from the Stock Exchanges, we will credit the Securities into the Depository Participant accounts of the respective investors and apply for the final trading approval from the Stock Exchanges. There could be a delay in obtaining these approvals from the Stock Exchanges, which in turn could delay the listing of the Securities on the Stock Exchanges. Any delay in obtaining these approvals would restrict your ability to dispose of your Securities.

65. *Our Company has outstanding Class B Shares and due to any ambiguity in issuance of any new 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 were issued by our Company, *inter alia*, under the provisions of the Companies Act, 1956, the Companies (Issue of Share Capital with Differential Voting Rights) Rules, 2001 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 provisions of our Articles of Association and the 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.

PROMINENT NOTES

1. Simultaneous but unlinked issue of up to [●] Equity Shares for cash at a price of ₹ [●] (including a premium of ₹ [●] per Equity Share) not exceeding ₹ [●] crore on a rights basis to the Eligible Equity Shareholders of our Company in the ratio of [●] Equity Share for every [●] fully paid-up Equity Shares held on the Record Date and up to [●] Class B Shares for cash at a price of ₹ [●] (including a premium of ₹ [●] per Class B Share) not exceeding ₹ [●] crore on a rights basis to the Eligible Class B Shareholders of our Company in the ratio of [●] Class B Share for every [●] fully paid-up Class B Shares held on the Record Date. Total proceeds from the Issue of Securities would aggregate up to ₹ 1,600 crore.
2. As on the year ended March 31, 2014, the net worth of our Company on a standalone basis was ₹ 3,251.65 crore and on a consolidated basis was ₹ 3,335.51 crore as described in the “Financial Statements” on page 83.
3. Details of our transactions with our subsidiaries, associates, joint ventures, key management personnel

and relatives and group companies during the year ended March 31, 2014, the nature of transactions and the cumulative value of transactions are set out below:

(In ₹ Crore)

Nature of Transactions	Subsidiaries	Associates/ Joint Ventures	Key Management Personnel Exercise Significant Influence	Key Management Personnel / Relatives	Group Companies
Sale of goods and services	30.67	2.29	40.31	-	14.01
Sale of fixed assets	5.04	-	23.82	-	-
Purchases of goods and services	592.81	317.54	223.66	0.33	163.97
Purchases of fixed assets	0.15	-	41.21	-	33.52
Managerial remuneration	-	-	-	12.64	
Fresh investments made	-	133.25	-	-	
Dividend received	-	1.79	-	-	
Advances given	3.20	1.58	3.16	-	
Deposits given	4.65	-	11.58	-	
Inter Company Deposits Taken	-	72.75	-	-	

4. There has been no financing arrangement whereby the Promoter Group, the Directors and their relatives have financed the purchase by any other person of securities of our Company other than in the normal course of business of the financing entity during the period of six months immediately preceding the date of filing of the Draft Letter of Offer with SEBI.

SECTION III: INTRODUCTION

THE ISSUE

The following is a summary of the Issue. This summary should be read in conjunction with, and is qualified in its entirety by, more detailed information in the section “Terms of the Issue” on page 179.

	Equity Shares	Class B Shares
Securities being offered by our Company	Up to [●] Equity Shares	Up to [●] Class B Shares
Rights Entitlement	[●] Equity Share(s) for every [●] fully paid-up Equity Share(s) held on the Record Date	[●] Class B Share(s) for every [●] fully paid-up Class B Share(s) held on the Record Date
Record Date	[●]	[●]
Face Value	₹ 2 each	₹ 2 each
Issue Price	₹ [●] per Equity Share	₹ [●] per Class B Share
Voting Rights		
<i>In case of show of hands</i>	1 vote per member	1 vote per member
<i>In case of Poll</i>	1 vote per Equity Share	3 votes per 4 Class B Shares
Dividend	Normal dividend as may be recommended by Board and declared by shareholders of our Company	In addition to normal dividend as may be recommended and declared for Equity Shares, additional 2% dividend. Further if no normal dividend is recommended, Board may recommend and shareholders of our Company may declare up to 2% dividend on Class B Shares only.
Issue Size	Up to ₹ [●] crore	Up to ₹ [●] crore
Securities outstanding prior to the Issue	21,58,71,033 Equity Shares	1,59,29,152 Class B Shares
Securities outstanding after the Issue (assuming full subscription for and Allotment of the Rights Entitlement)	[●] Equity Shares	[●] Class B Shares
Security Codes	ISIN: INE623B01027 BSE: 523574 NSE: FRL	ISIN: IN9623B01058 BSE: 570002 NSE: FRLDVR
Terms of the Issue	For more information, see “Terms of the Issue” on page 179	
Use of Issue Proceeds	For further information, see “Objects of the Issue” on page 58	

Terms of Payment

Due Date	Equity Shares	Class B Shares
On the Issue application (i.e. alongwith the CAF)	₹ [●], which constitutes 100% of the Issue Price payable	₹ [●], which constitutes 100% of the Issue Price payable

SUMMARY FINANCIAL INFORMATION

The following tables set forth the summary financial information derived from our audited standalone financial statements and audited consolidated financial statements for the financial period ended March 31, 2014. The summary financial information presented below, is in Rupees / Rupees in crore and should be read in conjunction with the financial statements and the notes (including the significant accounting principles) thereto included in the section “Financial Information” on page 83 of this Draft Letter of Offer.

BALANCE SHEET AS AT MARCH 31, 2014

(₹ in Crore)

	As at March 31, 2014	As at December 31, 2012
EQUITY AND LIABILITIES		
Shareholders' Funds		
Share Capital	46.32	46.32
Reserves and Surplus	3,205.33	3,276.23
	3,251.65	3,322.55
Optionally Fully Convertible Debentures	-	800.00
Compulsory Convertible Debentures	150.00	-
Optionally Convertible Debentures	250.00	-
Non-Current Liabilities		
Long-Term Borrowings	3,755.20	1,854.42
Deferred Tax Liabilities (Net)	180.18	94.99
Other Long-Term Liabilities	-	150.00
Long-Term Provisions	16.03	5.32
	3,951.41	2,104.73
Current Liabilities		
Short-Term Borrowings	1,348.60	551.18
Trade Payables	1,224.02	810.02
Other Current Liabilities	1,154.07	980.91
Short-Term Provisions	19.84	33.53
	3,746.53	2,375.64
TOTAL	11,349.59	8,602.92
ASSETS		
Non-Current Assets		
Fixed Assets		
Tangible Assets	4,112.58	2,186.29
Intangible Assets	227.67	97.02
Capital Work-in-Progress	363.82	209.73
Non-Current Investments	1,349.52	2,280.23
Long-Term Loans and Advances	370.99	764.01
	6,424.58	5,537.28
Current Assets		
Inventories	3,113.29	2,140.24
Trade Receivables	313.98	165.01
Cash and Bank Balances	102.48	55.53
Short-Term Loans and Advances	1,379.33	690.99
Other Current Assets	15.93	13.87
	4,925.01	3,065.64
TOTAL	11,349.59	8,602.92

STATEMENT OF PROFIT AND LOSS FOR THE PERIOD JANUARY 01, 2013 TO MARCH 31, 2014

(₹ in Crores)

	January 01, 2013 to March 31, 2014	July 01, 2011 to December 31, 2012
INCOME		
Revenue from Operations	11,577.44	6,987.73
Other Income	27.74	27.70
Total Revenue	11,605.18	7,015.43
EXPENDITURE		
Cost of Materials Consumed	21.85	25.21
Purchases of Stock-in-Trade	8,498.87	4,815.11
Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	(23.07)	(395.93)
Employee Benefits Expense	423.94	336.31
Finance Costs	692.54	460.41
Depreciation and Amortization Expense	404.34	311.87
Other Expenses	1,616.10	1,430.73
Total Expenses	11,634.57	6,983.71
Profit/(Loss) Before Exceptional Items and Tax	(29.39)	31.72
Exceptional Items	30.66	256.60
Profit Before Tax For The Period	1.27	288.32
Tax Expense	(1.54)	15.06
Profit After Tax For The Period	2.81	273.26
Earnings Per Equity Share of Face Value of ₹ 2/- each		
Basic - Equity Share	0.12	12.08
Basic - Class B (Series-1) Share	0.16	12.12
Diluted - Equity Share	0.12	12.08
Diluted - Class B (Series-1) Share	0.16	12.12

STATEMENT OF CASH FLOW FOR THE PERIOD JANUARY 01, 2013 TO MARCH 31, 2014

(₹ in Crores)

	January 01, 2013 to March 31, 2014	July 01, 2011 to December 31, 2012
A CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit Before Tax	1.27	288.32
Adjusted for:		
Depreciation and Amortization Expense	404.34	311.87
Finance Costs	692.54	460.41
(Profit)/Loss on Sale of Investments	(30.81)	(302.62)
Expense on Employee Stock Option Scheme	3.07	-
Loss on Disposal/Discard of Fixed Assets (Net)	55.49	29.74
Dividend Income	(2.96)	(10.29)
Interest Income	(15.35)	(7.91)
Provision for Diminution In Value of Investment	0.15	46.02
Operating Profit Before Working Capital Changes	1,107.74	815.55
Adjusted for:		
Trade Receivable	(148.97)	13.09
Loans and Advances and Other Assets	(265.94)	(972.08)
Inventories	(973.05)	(378.04)
Trade Payables, Other Liabilities and Provisions	221.88	529.94
Cash Generated From Operations	(58.34)	8.46
Taxes Paid (Net)	(13.35)	(13.39)
Net Cash From Operating Activities	(71.69)	(4.92)
B CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(2,700.54)	(1,279.62)
Sale of Fixed Assets	29.69	12.13
Sale/(Purchase) of Investments	961.38	226.89
Share Application Money Paid	-	(13.87)
Interest Received	15.35	7.91
Dividend Received	2.96	10.29
Net Cash Used In Investing Activities	(1,691.16)	(1,036.29)
C CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Issue of Shares	-	199.99
Proceeds from Optionally Fully Convertible Debentures	(800.00)	800.00
Proceeds from Compulsory Convertible Debentures	150.00	-
Proceeds from Optionally Convertible Debentures	250.00	-
Proceeds from Borrowings	3,010.82	479.62
Dividends Paid (Including Dividend Distribution Tax)	(29.68)	(22.67)
Interest Paid	(692.54)	(460.41)
Net Cash Provided By Financing Activities	1,888.60	996.53
On Composite Schemes of Arrangements	(60.45)	-
Net (Decrease)/Increase In Cash and Cash Equivalents	65.30	(44.67)
Net (Decrease)/Increase In Cash and Cash Equivalents	65.30	(44.67)
Cash and Cash Equivalents (Opening Balance)	31.48	76.15
Cash and Cash Equivalents (Closing Balance)	96.78	31.48

CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2014

(₹ in Crores)

	As at March 31, 2014	As at December 31, 2012
EQUITY AND LIABILITIES		
Shareholders' Funds		
Share Capital	120.97	121.16
Reserves and Surplus	3,214.54	3,206.40
	3,335.51	3,327.56
Share Application Money Pending Allotment	1.56	35.55
Optionally Fully Convertible Debentures	-	800.00
Compulsorily Convertible Debentures	150.00	753.85
Optionally Convertible Debentures	250.00	-
Minority Interest	90.38	58.72
Non-Current Liabilities		
Long-Term Borrowings	3,810.12	3,558.76
Deferred Tax Liabilities (Net)	182.41	219.89
Other Long-Term Liabilities	1.40	408.25
Long-Term Provisions	17.74	17.53
	4,011.67	4,204.43
Current Liabilities		
Short-Term Borrowings	1,419.85	1,871.90
Trade Payables	1,468.68	2,383.07
Other Current Liabilities	1,260.54	1,443.24
Short-Term Provisions	160.59	158.70
	4,309.66	5,856.91
TOTAL	12,148.78	15,037.02
ASSETS		
Non-Current Assets		
Fixed Assets		
Tangible Assets	4,276.92	4,414.16
Intangible Assets	243.22	217.93
Capital Work-in-Progress	393.62	552.65
Non-Current Investments	1,431.50	1,331.23
Long-Term Loans and Advances	451.91	1,751.46
Other Non-Current Assets	0.86	0.13
	6,798.03	8,267.56
Current Assets		
Current Investments	20.92	59.98
Inventories	3,130.85	4,469.21
Trade Receivables	441.97	547.16
Cash and Bank Balances	168.23	200.56
Short-Term Loans and Advances	1,479.52	1,475.31
Other Current Assets	109.26	17.24
	5,350.75	6,769.46
TOTAL	12,148.78	15,037.02

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE PERIOD JANUARY 1, 2013 TO MARCH 31, 2014

(₹ in Crores)

	January 01, 2013 to March 31, 2014	July 01, 2011 to December 31, 2012
INCOME		
Revenue from Operations	13,897.25	20,186.36
Other Income	307.54	130.01
Total Revenue	14,204.79	20,316.37
EXPENDITURE		
Cost of Materials Consumed	36.00	31.63
Purchases of Stock-in-Trade	9,854.70	13,783.69
Changes in Inventories of Finished Goods, Work in Progress and Stock in Trade	10.92	(808.29)
Employee Benefits Expense	620.83	1,131.43
Finance Costs	725.95	1,647.12
Depreciation and Amortization Expense	451.88	632.26
Other Expenses	2,431.16	3,805.19
Total Expenses	14,131.44	20,223.03
Profit Before Exceptional Items and Tax	73.35	93.34
Exceptional Items	25.83	379.32
Profit Before Prior Period Items and Tax	99.18	472.66
Extraordinary Items/Prior Period Items	0.22	(0.02)
Profit Before Tax For The Period	99.40	472.64
Tax Expense	4.35	130.75
Earlier year's Income Tax	0.06	0.15
Profit After Tax and Before Share of Associates and Minority Interest	94.99	341.74
Share of Loss of Associates	-	3.62
Share of Profit to Minority Interest	14.69	62.45
Profit for the Period	80.30	275.67
Earnings Per Equity Share of Face Value of ₹ 2/- each		
Basic - Equity Share	3.47	12.19
Basic - Class B (Series-1) Share	3.51	12.23
Diluted - Equity Share	3.47	12.19
Diluted - Class B (Series-1) Share	3.51	12.23

CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD JANUARY 01, 2013 TO MARCH 31, 2014

(₹ in Crores)

	January 01, 2013 to March 31, 2014	July 01, 2011 to December 31, 2012
A CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit Before Tax	99.40	472.64
Adjusted for :		
Depreciation and Amortization Expense	451.88	632.26
Capital Issue Expenses	0.04	-
Provision for Doubtful Debts/advances	2.76	4.19
Sundry Balance Written off (Net)	(6.83)	(0.95)
Expense on Employee Stock Option Scheme	3.07	-
Finance Costs	725.95	1,647.12
Dividend Income	(1.14)	(1.81)
(Profit)/Loss on Sale of Investments	(30.81)	(379.40)
Loss on Disposal/Discard of Fixed Assets (Net)	59.20	67.64
Interest Income	(25.28)	(22.78)
Provision for Diminution In Value of Investment	-	0.08
Provision for Impairment of Goodwill	1.15	6.23
Operating Profit Before Working Capital Changes	1,279.39	2,425.22
Adjusted for :		
Trade Receivable	109.26	0.41
Loans and Advances and Other Assets	1,213.35	1,337.10
Inventories	1,338.36	(790.24)
Trade Payables, Other Liabilities and Provisions	(1,755.30)	858.34
Cash Generated From Operations	2,185.06	3,830.83
Share in Profit/(Loss) of Associate Company	-	(3.62)
Adjustment on Account of Joint Venture/Subsidiary include in consolidation	48.06	-
Share of Minority Interest	16.97	(334.98)
Taxes Paid (Net)	(16.01)	(73.64)
Capital Issue Expenses	(0.04)	-
Net Cash From Operating Activities	2,234.04	3,418.59
B CASH FLOW FROM INVESTING ACTIVITIES		
Sale/(Purchase) of Fixed Assets (Net)	(400.28)	(2,054.46)
(Increase)/Decrease in capital work-in-progress	159.03	(208.10)
Sale/(Purchase) of Investments	(29.08)	158.31
Dividend Received	1.14	1.81
Interest Received	25.28	22.78
Net Cash Used In Investing Activities	(243.91)	(2,079.66)
C CASH FLOW FROM FINANCING ACTIVITIES		
Dividend Paid (Including Dividend Distribution Tax)	(29.68)	(24.29)
Proceeds from Issue of Share Capital	(31.22)	174.50
Proceeds from Borrowings	28.65	(877.74)
Proceeds from Optionally Convertible Debentures	250.00	-
Proceeds from Compulsorily Convertible Debentures	(603.85)	(85.00)
Proceeds from Optionally Fully Convertible Debentures	(800.00)	800.00
Capital Grant Received	9.99	-
Interest Paid	(725.95)	(1,647.12)
Net Cash Provided by Financing Activities	(1,902.06)	(1,659.65)
On Composite Schemes of Arrangements	(120.40)	-
Net (Decrease)/Increase in Cash and Cash Equivalents	(32.33)	(320.72)

	January 01, 2013 to March 31, 2014	July 01, 2011 to December 31, 2012
Net (Decrease)/Increase in Cash and Cash Equivalents	(32.33)	(320.72)
Cash and Cash Equivalents (Opening balance)	200.56	521.28
Cash and Cash Equivalents (Closing balance)	168.23	200.56

GENERAL INFORMATION

Our Company was incorporated as 'Manz Wear Private Limited' on October 12, 1987 as a private limited company under the Companies Act, 1956. The name of our Company was changed to 'Manz Wear Limited' consequent to its conversion into a public company and a fresh certificate of incorporation was issued by the RoC on September 20, 1991. Thereafter, the name of our Company was changed to 'Pantaloons Fashions (India) Limited' and a fresh certificate of incorporation was issued by the RoC on September 25, 1991. Our Company's name was further changed to 'Pantaloons Retail (India) Limited' and a fresh certificate of incorporation was issued by the RoC on July 7, 1999. Subsequently, the name of our Company was changed to 'Future Retail Limited' and a fresh certificate of incorporation was issued by the RoC on March 16, 2013.

Registered Office of our Company

Future Retail Limited
Knowledge House, Shyam Nagar
Off Jogeshwari Vikhroli Link Road
Jogeshwari (East)
Mumbai 400 060
Tel: (91 22) 6119 0000
Fax: (91 22) 6199 5019
Website: www.futureretail.co.in
CIN: L52399MH1987PLC044954
E-mail: investorrelations@futureretail.in

Address of the RoC

Our Company is registered with the RoC, which is situated at the following address:

Registrar of Companies
Everest, 5th Floor
100, Marine Drive
Mumbai 400 002

Company Secretary and Compliance Officer

Mr. Deepak Tanna
Knowledge House, Shyam Nagar
Off Jogeshwari Vikhroli Link Road
Jogeshwari (East)
Mumbai 400 060
Tel: (91 22) 6119 0000
Fax: (91 22) 6199 5019
E-mail: investorrelations@futureretail.in

Lead Managers to the Issue

Axis Capital Limited
1st floor, Axis House,
C-2 Wadia International Centre
P.B. Marg, Worli
Mumbai 400 025
Tel: (91 22) 4325 2183
Fax: (91 22) 4325 3000
E-mail: fri.rights@axiscap.in
Investor Grievance E-mail: complaints@axiscap.in
Website: www.axiscapital.co.in
Contact Person: Dinkar Rai
SEBI Registration Number: INM000012029
CIN: U51900MH2005PLC157853

JM Financial Institutional Securities Limited
7th Floor, Cnergy
Appasaheb Marathe Marg
Prabhadevi
Mumbai 400 025
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Investor Grievance E-mail: grievance.ibd@jmfl.com
Website: www.jmfl.com
Contact Person: Lakshmi Lakshmanan
SEBI Registration Number: INM000010361
CIN: U65192MH1995PLC092522

Edelweiss Financial Services Limited

14th Floor, Edelweiss House
Off. CST Road, Kalina
Mumbai 400 098
Tel: (91 22) 4086 3535
Fax: (91 22) 4086 3610
Email: frrights2014@edelweissfin.com
Investor Grievance Email: customerservice.mb@edelweissfin.com
Website: www.edelweissfin.com
Contact Person: Vikas Agarwal
SEBI Registration Number: INM0000010650
CIN: L99999MH1995PLC094641

Legal Advisor to the Issue as to Indian law**Amarchand & Mangaldas & Suresh A. Shroff & Co.**

Peninsula Chambers
Peninsula Corporate Park
Ganpatrao Kadam Marg, Lower Parel
Mumbai 400 013
Tel: (91 22) 2496 4455
Fax: (91 22) 2496 3666

Statutory Auditor of our Company**NGS & Co. LLP**

B/46, 3rd Floor
Pravasi Industrial Estate
V.N. Road, Goregaon (East)
Mumbai 400 063
Tel: (91 22) 4217 3337 / 27
Fax: (91 22) 2876 0882
Firm Registration Number: 119850W

Registrar to the Issue**Link Intime India Private Limited**

C-13, Pannalal Silk Mills Compound
L.B.S. Marg
Bhandup (West)
Mumbai 400 078
Tel: (91 22) 2596 7878
Fax: (91 22) 2596 0329
E-mail: frrights@linkintime.co.in
Investor Grievance E-Mail: frrights@linkintime.co.in
Website: www.linkintime.co.in
Contact Person: Pravin Kasare
SEBI Registration Number: INR000004058
CIN: U67190MH1999PTC118368

Investors may contact the Registrar or our Company Secretary and Compliance Officer for any pre-Issue/ post-Issue related matter. All grievances relating to the ASBA process may be addressed to the Registrar, with a copy to the SCSB, giving full details such as name, address of the applicant, number of Equity Shares or Class B Shares applied for, amount blocked, ASBA Account number and the Designated Branch of the SCSB where the CAF, or the plain paper application, as the case may be, was submitted by the ASBA Investors.

Experts

Our Company has received consent from the Statutory Auditors, NGS & Co. LLP, Chartered Accountants to include their names as an “expert” under Section 2(38) read with Section 26 of the Companies Act, 2013 in this Draft Letter of Offer in relation to their report dated May 30, 2014 on the audited standalone and audited

consolidated financial statements for the financial period ended March 31, 2014 of our Company provided under section “Financial Statements” on page 83 and the tax benefit statement dated July 19, 2014 provided under section “Tax Benefit Statement” on page 69. Further, this consent has not been withdrawn as of the date of this Draft Letter of Offer.

Bankers to the Issue and Escrow Collection Banks

[•]

Self Certified Syndicate Banks

The list of banks that have been notified by SEBI to act as SCSB for the ASBA process is provided on <http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries>. Details relating to designated branches of SCSBs collecting the ASBA application forms are available at the above mentioned link.

Issue Schedule

Issue Opening Date	:	[•]
Last date for receiving requests for SAFs	:	[•]
Issue Closing Date	:	[•]
Date of Allotment (on or about)	:	[•]
Date of credit (on or about)	:	[•]
Date of listing (on or about)	:	[•]

Statement of responsibilities of the Lead Managers

The following table sets forth the *inter se* allocation of responsibilities for various activities among the Lead Managers:

Sr. no.	Activity	Responsibility	Co-ordinating Lead Manager
1.	Capital structuring with relative components and formalities such as type of instruments, etc.	Axis Capital, JM Financial, Edelweiss	Axis Capital
2.	Due Diligence of the Company, drafting and design of the offer document and of the statutory advertisement or memorandum containing salient features of the offer document.	Axis Capital, JM Financial, Edelweiss	Axis Capital
3.	Drafting and approval of all the advertisement or publicity material other than statutory advertisement as mentioned above including newspaper advertisement, corporate advertising, brochure, etc.	Axis Capital, JM Financial, Edelweiss	JM Financial
4.	Selection of Bankers to the Issue and monitoring agency	Axis Capital, JM Financial, Edelweiss	Axis Capital
5.	Selection of Registrar to the Issue, printers and advertising agency	Axis Capital, JM Financial, Edelweiss	JM Financial
6.	Liaisoning with the Stock Exchanges and SEBI for pre-Issue activities, including for obtaining in-principle listing approval and completion of prescribed formalities with the Stock Exchanges and SEBI.	Axis Capital, JM Financial, Edelweiss	Axis Capital
7.	Marketing and road-show presentation and preparation of frequently asked questions for the road show team; Institutional marketing of the Issue, which will cover, inter alia: <ul style="list-style-type: none"> • Institutional marketing strategy • Finalizing the list and division of institutional investors for one-to-one meetings • Finalizing road show and institutional investor meeting schedule 	Axis Capital, JM Financial, Edelweiss	Axis Capital

Sr. no.	Activity	Responsibility	Co-ordinating Lead Manager
8.	Non-Institutional marketing of the Issue, which will cover, inter alia, <ul style="list-style-type: none"> • Finalising media, marketing and public relations strategy; and • Follow-up on distribution of publicity and Issue material including form, the Prospectus and deciding on the quantum of the Issue material 	Axis Capital, JM Financial, Edelweiss	JM Financial
9.	Retail marketing of the Issue, which will cover, inter alia, <ul style="list-style-type: none"> • Finalising centres for holding conferences for brokers, etc; and • Finalising collection centres 	Axis Capital, JM Financial, Edelweiss	Edelweiss
10.	Post-issue activities, which shall involve essential follow-up steps including follow-up with bankers to the issue and Self Certified Syndicate Banks to get quick estimates of collection and advising the issuer about the closure of the issue, based on correct figures, finalisation of the basis of allotment or weeding out of multiple applications, listing of instruments, dispatch of certificates or demat credit and refunds and coordination with various agencies connected with the post-issue activity such as registrars to the issue, bankers to the issue, Self-Certified Syndicate Banks, etc.	Axis Capital, JM Financial, Edelweiss	Edelweiss

Monitoring Agency

Our Company has appointed [•] as the monitoring agency to monitor the utilization of the Net Proceeds in terms of Regulation 16 of the SEBI Regulations.

Credit Rating

As the Issue is of Equity Shares and Class B Shares, there is no requirement of credit rating for this Issue.

Appraising Entity

None of the purposes for which the Net Proceeds are proposed to be utilized have been financially appraised by any banks or financial institution or any other independent agency.

Book Building Process

As the Issue is a rights issue, the Issue shall not be made through the book building process.

Minimum Subscription

If the Company does not receive the minimum subscription of 90% of the Issue, the Company shall refund the entire subscription amount received within 15 days from the Issue Closing Date. If there is delay in the refund of the subscription amount by more than eight days after the Company becomes liable to pay the subscription amount (i.e. 15 days after the Issue Closing Date), the Company shall pay interest for the delayed period, as prescribed under applicable laws.

Debenture trustee

This being an issue of Equity Shares and Class B Shares, a debenture trustee is not required.

Underwriting

[•]

Principal Terms of Loans and Assets charged as security

For details in relation to the principal terms of loans and assets charged as security in relation to our Company, see "Financial Statements" on page 83.

CAPITAL STRUCTURE

The capital of our Company as at the date of this Draft Letter of Offer is as set forth below:

(In ₹ crore, except share data)

		Aggregate Value at Face Value	Aggregate Value at Issue Price
A	AUTHORISED SHARE CAPITAL		
	45,00,00,000 Equity Shares	90.00	NA
	5,00,00,000 Class B Shares	10.00	NA
	30,00,000 Preference Shares	30.00	NA
B	ISSUED AND SUBSCRIBED CAPITAL BEFORE THE ISSUE	46.36	
	21,58,82,433 Equity Shares ⁽¹⁾⁽²⁾⁽⁴⁾⁽⁵⁾⁽⁶⁾	43.17	NA
	1,59,29,152 Class B Shares ⁽³⁾	3.19	NA
C	PAID-UP CAPITAL BEFORE THE ISSUE	46.36	NA
	21,58,71,033 Equity Shares ⁽¹⁾⁽²⁾⁽⁴⁾⁽⁵⁾⁽⁶⁾	43.17	NA
	1,59,29,152 Class B Shares ⁽³⁾	3.19	NA
D	PRESENT ISSUE⁽⁷⁾ IN TERMS OF THIS DRAFT LETTER OF OFFER		
	Up to [●] Equity Shares	[●]	[●]
	Up to [●] Class B Shares	[●]	[●]
E	ISSUED, SUBSCRIBED AND PAID-UP CAPITAL AFTER THE ISSUE		
	[●] Equity Shares	[●]	NA
	[●] Class B Shares	[●]	NA
SECURITIES PREMIUM ACCOUNT		(in ₹ crore)	
Before the Issue			2,226.40
After the Issue			[●]

⁽¹⁾ Pursuant to the provisions of Section 206A of the Companies Act, 1956, the issue of 11,400 Equity Shares is kept in abeyance.

⁽²⁾ Our Board has pursuant to its resolution dated June 11, 2014 authorised the issuance of 1,53,84,615 Equity Shares at a price of ₹ 130 per Equity Share for an aggregate amount of ₹ 199,99,99,950 (including premium) to Brand Equity Treaties Limited on a preferential basis in accordance with Chapter VII of the SEBI Regulations. The shareholders of our Company have authorised the aforesaid issuance pursuant to its resolution passed at the EGM dated July 9, 2014.

⁽³⁾ Our Board has pursuant to its resolution dated June 11, 2014 authorised the issuance of 1,45,58,159 warrants, where each warrant will be convertible into, or exchangeable for, one Class B Share at a price (including warrant subscription price and the warrant exercisable price) of ₹ 68.69 per warrant for an aggregate amount of ₹ 99,99,99,941 (including premium) to Future Corporate Resources Limited (being an entity forming a part of our Promoter Group) on a preferential basis in accordance with Chapter VII of the SEBI Regulations. The shareholders of our Company have authorised the aforesaid issuance pursuant to their resolution passed by way of postal ballot dated July 15, 2014.

⁽⁴⁾ Our Board has pursuant to its resolution dated June 11, 2014 authorised the issuance of 76,92,307 warrants, where each warrant is convertible into, or exchangeable for, one Equity Share at a price (including warrant subscription price and the warrant exercisable price) of ₹ 130 per warrant for an aggregate amount of ₹ 99,99,99,910 (including premium) to Future Corporate Resources Limited (being an entity forming a part of our Promoter Group) on a preferential basis in accordance with Chapter VII of the SEBI Regulations. The shareholders of our Company have authorised the aforesaid issuance pursuant to its

resolution passed at the EGM dated July 9, 2014.

- (5) On February 13, 2014, our Company has issued 1,500 CCDs having a face value of ₹ 10,00,000 each for an aggregate amount of ₹ 150,00,00,000 to Brand Equity Treaties Limited pursuant to the scheme of amalgamation entered into among Future Value Retail Limited, our Company and their respective shareholders and creditors, which has been approved by the High Court of Bombay on January 31, 2014. The CCDs shall be convertible into Equity Shares on December 30, 2014 (“**CCD Conversion Date**”) at a price not less than the average of share price of our Company on stock exchange having the higher turnover, for a period of four weeks immediately prior to the CCD Conversion Date based on the conversion amount of ₹ 228.00 crore as on the CCD Conversion Date, subject to deduction of applicable taxes.
- (6) On February 13, 2014, our Company has issued 1,000 OCDs (series 1) having a face value of ₹ 10,00,000 each for an aggregate amount of ₹ 100,00,00,000 and 1,500 OCDs (series 2) having a face value of ₹ 10,00,000 each for an aggregate amount of ₹ 150,00,00,000 to IFCI Limited pursuant to the scheme of amalgamation entered into among Future Value Retail Limited, our Company and their respective shareholders and creditors, which has been approved by the High Court of Bombay on January 31, 2014. The OCDs (series 1) and OCDs (series 2) shall be convertible into Equity Shares on December 30, 2014 (“**OCDs (series 1) Conversion Date**”) and December 15, 2015 (“**OCDs (series 2) Conversion Date**”), respectively, at a price not less than the average of share price of our Company on the stock exchange having the higher turnover, for a period of four weeks immediately prior to the OCDs (series 1) Conversion Date or OCDs (series 2) Conversion Date, as the case may be, based on the conversion amount of ₹ 282.00 crore as on the OCDs (series 1) Conversion Date or OCDs (series 2) Conversion Date, as the case may be, subject to deduction of applicable taxes.
- (7) The present Issue has been authorized by our Board, pursuant to its resolution dated June 11, 2014 and by the shareholders of our Company pursuant to resolution passed by way of postal ballot dated July 15, 2014.

Notes to the Capital Structure

1. Shareholding Pattern of our Company

A. Equity Shareholding Pattern of our Company as per the last filing with the Stock Exchanges

- (i) The Equity Shareholding pattern of our Company as on June 30, 2014, is as follows:

Category Code	Category of Equity Shareholder	No. of Equity Shareholders	Total no. of Equity Shares	Total no. of Equity Shares held in Dematerialized Form	Total shareholding as a % of Total No. of Equity Shares		Equity Shares Pledged or Otherwise Encumbered	
					As a % of (A+B)	As a % of (A+B+C)	Number of Equity Shares	As a % of Total no. of Equity Shares
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)=(VIII)/(IV)*100
(A)	Promoter and Promoter Group							
(1)	Indian							
	Bodies Corporate	4	10,42,98,089	10,42,98,089	48.31	48.31	7,85,71,477	75.33
	Sub-Total :	4	10,42,98,089	10,42,98,089	48.31	48.31	7,85,71,477	75.33
(2)	Foreign							
	Total shareholding of Promoter and Promoter Group (A)	4	10,42,98,089	10,42,98,089	48.31	48.31	7,85,71,477	75.33
(B)	Public Shareholding							
(1)	Institutions							
	Mutual Funds /UTI	7	8,77,227	8,77,227	0.41	0.41	0	0.00
	Financial Institutions /Banks	10	80,29,569	80,29,569	3.72	3.72	0	0.00
	Venture Capital Funds	1	9,26,663	9,26,663	0.43	0.43	0	0.00
	Insurance Companies	3	1,99,500	1,99,500	0.09	0.09	0	0.00

Category Code	Category of Equity Shareholder	No. of Equity Shareholders	Total no. of Equity Shares	Total no. of Equity Shares held in Dematerialized Form	Total shareholding as a % of Total No. of Equity Shares		Equity Shares Pledged or Otherwise Encumbered	
					As a % of (A+B)	As a % of (A+B+C)	Number of Equity Shares	As a % of Total no. of Equity Shares
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)=(VIII)/(IV)*100
	Foreign Institutional Investors	47	4,83,76,092	4,83,76,092	22.41	22.41	0	0.00
	Sub-Total :	68	5,84,09,051	5,84,09,051	27.06	27.06	0	0.00
(2)	Non-Institutions							
	Bodies Corporate	845	2,73,62,816	2,73,59,811	12.68	12.68	0	0.00
	Individuals							
	(i) Individuals holding nominal share capital upto ₹1 lakh	46,170	1,21,14,829	1,10,74,992	5.61	5.61	0	0.00
	(ii) Individuals holding nominal share capital in excess of ₹ 1 lakh	21	1,18,56,550	1,18,56,550	5.49	5.49	0	0.00
	Any Others	844	18,29,698	18,27,698	0.85	0.85	0	0.00
	Clearing members	487	12,61,355	12,61,355	0.58	0.58	0	0.00
	Directors & their Relatives	1	10,000	10,000	0.00	0.00	0	0.00
	Non Resident Indians	351	2,04,843	2,02,843	0.09	0.09	0	0.00
	Trusts	5	3,53,500	3,53,500	0.16	0.16	0	0.00
	Sub-Total :	47,880	5,31,63,893	5,21,19,051	24.63	24.63	0	0.00
	Total Public Shareholding (B)	47,948	11,15,72,944	11,05,28,102	51.69	51.69	0	0.00
	Total (A+B) :	47,952	21,58,71,033	21,48,26,191	100.00	100.00	7,85,71,477	36.40
(C)	Shares held by custodians, against which Depository Receipts have been issued	0	0	0	0.00	0.00	0	0.00
(1)	Promoter and Promoter Group	0	0	0	0.00	0.00	0	0.00
(2)	Public	0	0	0	0.00	0.00	0	0.00
	Sub-Total :	0	0	0	0.00	0.00	0	0.00
	GRAND TOTAL (A+B+C) :	47,952	21,58,71,033	21,48,26,191	100.00	100.00	7,85,71,477	36.40

(ii) Statement showing shareholding of Equity Shares, warrants, convertible securities of persons belonging to the category “Promoter and Promoter Group” as at June 30, 2014:

Sr. No	Name of the Equity Shareholder	Details of Equity Shares held		Encumbered shares (*)			Details of Warrants		Details of convertible securities		Total shares (including underlying shares assuming full conversion of warrants and convertible securities) as a % of diluted share capital
		No. of Equity Shares held	As a % of grand total (A)+(B)+(C)	Pledged Equity Shares	As a percentage	As a % of grand total (A) + (B) + (C) of sub-clause (I)(a)	Number of warrants held	As a % total number of warrants of the same class	Number of convertible securities held	As a % total number of convertible securities of the same class	
(I)	(II)	(III)	(IV)	(V)	(VI)=(V)/(III)*100	(VII)	(VIII)	(IX)	(X)	(XI)	(XII)
1.	Future Corporate Resources Limited	8,92,90,093	41.36	6,57,87,155	73.68	30.48	0	0.00	0	0.00	41.36
2.	PIL Industries Limited	1,46,77,448	6.80	1,24,54,774	84.86	5.77	0	0.00	0	0.00	6.80
3.	Akar Estate & Finance	1,000	0.00	0	0.00	0.00	0	0.00	0	0.00	0.00

Sr. No	Name of the Equity Shareholder	Details of Equity Shares held		Encumbered shares (*)			Details of Warrants		Details of convertible securities		Total shares (including underlying shares assuming full conversion of warrants and convertible securities) as a % of diluted share capital
		No. of Equity Shares held	As a % of grand total (A)+(B)+(C)	Pledged Equity Shares	As a percentage	As a % of grand total (A) + (B) + (C) of sub-clause (I)(a)	Number of warrants held	As a % total number of warrants of the same class	Number of convertible securities held	As a % total number of convertible securities of the same class	
(I)	(II)	(III)	(IV)	(V)	(VI)=(V)/(III)*100	(VII)	(VIII)	(IX)	(X)	(XI)	(XII)
	Private Limited										
4.	RYKA Commercial Ventures Private Limited	3,29,548	0.15	3,29,548	100.00	0.15	0	0.00	0	0.00	0.15
	TOTAL	10,42,98,089	48.31	7,85,71,477	75.33	36.40	0	0.00	0	0.00	48.31

* The term encumbrance has the same meaning as assigned to it in regulation 28(3) of the Takeover Regulations.

- (iii) Statement showing shareholding of Equity Shares, warrants, convertible securities of persons belonging to the category “Public” and holding more than 1% of the total number of Equity Shares as on June 30, 2014:

Sl. No	Name of the Equity Shareholder	No. of Equity Shares held	Equity Shares as % of Total No. of Equity Shares	Details of warrants		Details of convertible securities		Total shares (including underlying shares assuming full conversion of warrants and convertible securities) as a % of diluted share capital
				No. of warrants held	As a % total number of warrants of the same class	Number of convertible securities held	% w.r.t total number of convertible securities of the same class	
1.	Arisaig Partners (Asia) PTE Limited A/c Arisaig India Fund Limited	2,01,37,118	9.33	0	0.00	0	0.00	9.33
2.	Bennett Coleman & Company Limited	1,25,48,739	5.81	0	0.00	0	0.00	5.81
3.	MKCP Institutional Investor (Mauritius) II Ltd	92,16,226	4.27	0	0.00	0	0.00	4.27
4.	Laxmi Shivanand Mankekar	58,30,821	2.70	0	0.00	0	0.00	2.70
5.	Life Insurance Corporation of India	49,70,150	2.30	0	0.00	0	0.00	2.30
6.	Macquarie Bank Limited	47,71,863	2.21	0	0.00	0	0.00	2.21
7.	Shivanand Shankar Mankekar	41,00,000	1.90	0	0.00	0	0.00	1.90
8.	Cophall Mauritius Investment Limited	66,19,003	3.07	0	0.00	0	0.00	3.07
9.	General Insurnace Corporation of India	25,00,000	1.16	0	0.00	0	0.00	1.16
10.	Vardhman Publishers Limited	23,00,000	1.07	0	0.00	0	0.00	1.07
11.	Phillip Capital Private Limited	21,72,900	1.01	0	0.00	0	0.00	1.01

Sl. No	Name of the Equity Shareholder	No. of Equity Shares held	Equity Shares as % of Total No. of Equity Shares	Details of warrants		Details of convertible securities		Total shares (including underlying shares assuming full conversion of warrants and convertible securities) as a % of diluted share capital
				No. of warrants held	As a % total number of warrants of the same class	Number of convertible securities held	% w.r.t total number of convertible securities of the same class	
	TOTAL	7,51,66,820	34.82	0	0.00	0	0.00	34.82

- (iv) Statement showing holding of Equity Shares, warrants, convertible securities of persons (together with Persons Acting in Concert) belonging to the category “Public” and holding more than 5% of the total number of Equity Shares as on June 30, 2014:

Sl. No	Name of the Equity Shareholder(s) and the Persons Acting in Concert (PAC) with them	No. of Equity Shares held	Equity Shares as % of Total No. of Equity Shares	Details of warrants		Details of convertible securities		Total shares (including underlying shares assuming full conversion of warrants and convertible securities) as a % of diluted share capital
				No. of warrants held	As a % total number of warrants of the same class	Number of convertible securities held	% w.r.t total number of convertible securities of the same class	
1.	Arisaig Partners (Asia) PTE Ltd A/c Arisaig India Fund Ltd	2,01,37,118	9.33	0	0.00	0	0.00	9.33
2.	Bennett Coleman & Company Ltd (PAC Vardhman Publishers Ltd & Dharmayug Investments Ltd)	1,66,66,477	7.72	0	0.00	0	0.00	7.72
	TOTAL	3,68,03,595	17.05	0	0.00	0	0.00	17.05

B. Class B Shareholding Pattern of our Company as per the last filing with the Stock Exchanges

- (v) The Class B Shareholding pattern of our Company as on June 30, 2014, is as follows:

Category Code	Category of Class B Shareholder	No. of Class B Shareholders	Total no. of Class B Shares	Total no. of Class B Shares held in Dematerialized Form	Total shareholding as a % of Total No. of Shares		Class B Shares Pledged or Otherwise Encumbered	
					As a % of (A+B)	As a % of (A+B+C)	Number of Class B Shares	As a % of Total no. of Class B Shares
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)=(VIII)/(IV)*100
(A)	Promoter and Promoter Group							
(1)	Indian							
	Individual /HUF	9	41,544	41,544	0.26	0.26	0	0.00
	Bodies Corporate	6	85,28,879	85,28,879	53.54	53.54	24,88,034	29.17
	Sub-Total :	15	85,70,423	85,70,423	53.80	53.80	24,88,034	29.03
(2)	Foreign							
	Total Shareholding of Promoter and Promoter	15	85,70,423	85,70,423	53.80	53.80	24,88,034	29.03

Category Code	Category of Class B Shareholder	No. of Class B Shareholders	Total no. of Class B Shares	Total no. of Class B Shares held in Dematerialized Form	Total shareholding as a % of Total No. of Shares		Class B Shares Pledged or Otherwise Encumbered	
					As a % of (A+B)	As a % of (A+B+C)	Number of Class B Shares	As a % of Total no. of Class B Shares
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)=(VIII)/(IV)*100
	Group (A)							
(B)	Public Shareholding							
(1)	Institutions							
	Mutual Funds /UTI	1	50	50	0.00	0.00	0	0.00
	Financial Institutions /Banks	3	1,66,342	1,66,342	1.04	1.04	0	0.00
	Insurance Companies	5	36,631	36,631	0.23	0.23	0	0.00
	Foreign Institutional Investors	3	1,30,381	1,30,381	0.82	0.82	0	0.00
	Sub-Total :	12	3,33,404	3,33,404	2.09	2.09	0	0.00
(2)	Non-Institutions							
	Bodies Corporate	337	26,14,529	26,14,069	16.41	16.41	0	0.00
	Individuals							
	(i) Individuals holding nominal share capital upto ₹1 lakh	15,428	17,01,913	15,90,615	10.68	10.68	0	0.00
	(ii) Individuals holding nominal share capital in excess of ₹1 lakh	10	26,53,485	26,53,485	16.66	16.66	0	0.00
	Any Others	256	55,398	55,198	0.35	0.35	0	0.00
	Clearing members	63	40,838	40,838	0.26	0.26	0	0.00
	Directors & their Relatives & Friends	1	1,000	1,000	0.01	0.01	0	0.00
	Non Resident Indians	192	13,560	13,360	0.09	0.09	0	0.00
	Sub-Total :	16,031	70,25,325	69,13,367	44.10	44.10	0	0.00
	Total Public Shareholding (B)	16,043	73,58,729	72,46,771	46.20	46.20	0	0.00
	Total (A+B) :	16,058	1,59,29,152	1,58,17,194	100.00	100.00	24,88,034	15.62
(C)	Shares held by custodians, against which Depository Receipts have been issued	0	0	0	0.00	0.00	0	0.00
(1)	Promoter and Promoter Group	0	0	0	0.00	0.00	0	0.00
(2)	Public	0	0	0	0.00	0.00	0	0.00
	Sub-Total B :	0	0	0	0.00	0.00	0	0.00
	GRAND TOTAL (A+B+C) :	16,058	1,59,29,152	1,58,17,194	100.00	100.00	24,88,034	15.62

(vi) Statement showing shareholding of Class B Shares, warrants, convertible securities of persons belonging to the category “Promoter and Promoter Group” as at June 30, 2014:

Sr. No	Name of the Class B Shareholder	Details of Class B Shares held		Encumbered shares (*)			Details of Warrants		Details of convertible securities		Total shares (including underlying shares assuming full conversion of warrants and convertible securities) as a % of diluted share capital
		No. of Class B Shares held	As a % of grand total (A)+(B)+(C)	Pledged Class B Shares	As a percentage	As a % of grand total (A) + (B) + (C) of sub-clause (I)(a)	Number of warrants held	As a % total number of warrants of the same class	Number of convertible securities held	As a % total number of convertible securities of the same class	
(I)	(II)	(III)	(IV)	(V)	(VI)=(V)/(II)*100	(VII)	(VIII)	(IX)	(X)	(XI)	(XII)

Sr. No	Name of the Class B Shareholder	Details of Class B Shares held		Encumbered shares (*)			Details of Warrants		Details of convertible securities		Total shares (including underlying shares assuming full conversion of warrants and convertible securities) as a % of diluted share capital
		No. of Class B Shares held	As a % of grand total (A)+(B)+(C)	Pledged Class B Shares	As a percentage	As a % of grand total (A) + (B) + (C) of sub-clause (I)(a)	Number of warrants held	As a % total number of warrants of the same class	Number of convertible securities held	As a % total number of convertible securities of the same class	
(I)	(II)	(III)	(IV)	(V)	(VI)=(V)/(II)*100	(VII)	(VIII)	(IX)	(X)	(XI)	(XII)
1.	Kishore Biyani	1,000	0.01	0	0.00	0.00	0	0.00	0	0.00	0.01
2.	Gopikishan Biyani	1,000	0.01	0	0.00	0.00	0	0.00	0	0.00	0.01
3.	Laxminarayan Biyani	1,000	0.01	0	0.00	0.00	0	0.00	0	0.00	0.01
4.	Vijay Biyani	1,000	0.01	0	0.00	0.00	0	0.00	0	0.00	0.01
5.	Sunil Biyani	1,000	0.01	0	0.00	0.00	0	0.00	0	0.00	0.01
6.	Anil Biyani	1,000	0.01	0	0.00	0.00	0	0.00	0	0.00	0.01
7.	Rakesh Biyani	1,000	0.01	0	0.00	0.00	0	0.00	0	0.00	0.01
8.	Ashni Biyani	33,544	0.21	0	0.00	0.00	0	0.00	0	0.00	0.21
9.	Vivek Biyani	1,000	0.01	0	0.00	0.00	0	0.00	0	0.00	0.01
10.	Future Corporate Resources Limited	7,84,921	4.93	0	0.00	0.00	0	0.00	0	0.00	4.93
11.	PIL Industries Ltd	29,38,034	18.44	9,88,034	33.63	6.20	0	0.00	0	0.00	18.44
12.	Manz Retail Private Limited	9,71,756	6.10	2,00,000	20.58	1.26	0	0.00	0	0.00	6.10
13.	Gargi Developers Private Limited	28,00,000	17.58	13,00,000	46.43	8.16	0	0.00	0	0.00	17.58
14.	RYKA Commercial Ventures Private Limited	7,07,168	4.44	0	0.00	0.00	0	0.00	0	0.00	4.44
15.	Future Capital Investment Private Limited	3,27,000	2.05	0	0.00	0.00	0	0.00	0	0.00	2.05
	TOTAL :	85,70,423	53.80	24,88,034	29.03	15.62	0	0.00	0	0.00	53.80

* The term encumbrance has the same meaning as assigned to it in regulation 28(3) of the Takeover Regulations.

- (vii) Statement showing shareholding of Class B Shares, warrants, convertible securities of persons belonging to the category “Public” and holding more than 1% of the total number of Class B Shares as on June 30, 2014:

Sr. No	Name of the Class B Shareholder	No. of Class B Shares held	Class B Shares as % of Total No. of Class B Shares	Details of warrants		Details of convertible securities		Total shares (including underlying shares assuming full conversion of warrants and convertible securities) as a % of diluted share capital
				No. of warrants held	As a % total number of warrants of the same class	Number of convertible securities held	% w.r.t total number of convertible securities of the same class	
1.	Milind Pankaj Patel	4,65,837	2.92	0	0.00	0	0.00	2.92
2.	Vishal Ashwin Patel	1,78,153	1.12	0	0.00	0	0.00	1.12
3.	Lata Bhanshali	6,00,000	3.77	0	0.00	0	0.00	3.77
4.	Pankaj Jayantilal Patel	5,18,852	3.26	0	0.00	0	0.00	3.26
5.	Roopchand Bhanshali	2,91,250	1.83	0	0.00	0	0.00	1.83
6.	Balashri Commercial Limited	2,81,774	1.77	0	0.00	0	0.00	1.77
7.	K. Girdharlal International Ltd	2,27,995	1.43	0	0.00	0	0.00	1.43
8.	Akash Bhanshali	2,25,000	1.41	0	0.00	0	0.00	1.41
9.	Aadi Financial Advisors LLP	1,77,000	1.11	0	0.00	0	0.00	1.11

Sr. No	Name of the Class B Shareholder	No. of Class B Shares held	Class B Shares as % of Total No. of Class B Shares	Details of warrants		Details of convertible securities		Total shares (including underlying shares assuming full conversion of warrants and convertible securities) as a % of diluted share capital
				No. of warrants held	As a % total number of warrants of the same class	Number of convertible securities held	% w.r.t total number of convertible securities of the same class	
10.	Nishtha Investment & Consultancy Services Private Limited	6,83,220	4.29	0	0.00	0	0.00	4.29
11.	Mangal Keshav Capital Limited	2,33,449	1.47	0	0.00	0	0.00	1.47
	TOTAL	38,82,530	24.37	0	0.00	0	0.00	24.37

- (viii) Statement showing holding of Class B Shares, warrants, convertible securities of persons (together with Persons Acting in Concert) belonging to the category “Public” and holding more than 5% of the total number of Class B Shares as on June 30, 2014:

Sl. No	Name of the Class B Shareholder(s) and the Persons Acting in Concert (PAC) with them	No. of Class B Shares held	Class B Shares as % of Total No. of Class B Shares	Details of warrants		Details of convertible securities		Total shares (including underlying shares assuming full conversion of warrants and convertible securities) as a % of diluted share capital
				No. of warrants held	As a % total number of warrants of the same class	Number of convertible securities held	% w.r.t total number of convertible securities of the same class	
1.	Nil	0	0.00	0	0.00	0	0.00	0.00
	TOTAL	0	0.00	0	0.00	0	0.00	0.00

2. Except as disclosed below, no Securities have been acquired by the Promoter or members of the Promoter Group in the year immediately preceding the date of filing of this Draft Letter of Offer with SEBI:

Equity Shares

Sr. No.	Name of the Promoter / Promoter Group entity	Date of the Transaction	Stock Exchange	Number of Equity Shares	Price per Equity Share (in `)	Nature of Transaction
1.	Future Corporate Resources Limited	June 24, 2013	NSE	4,27,777	86.95	Purchase
			BSE	3,62,403	86.95	
2.	Future Corporate Resources Limited	June 26, 2013	NSE	15,334	85.00	Purchase
3.	Future Corporate Resources Limited	July 26, 2013	NSE	1,68,164	83.21	Purchase
			BSE	1,56,399	83.16	

Sr. No.	Name of the Promoter / Promoter Group entity	Date of the Transaction	Stock Exchange	Number of Equity Shares	Price per Equity Share (in `)	Nature of Transaction
4.	Future Corporate Resources Limited	July 29, 2013	NSE	8,985	80.00	Purchase
			BSE	14,448	80.00	
5.	Future Corporate Resources Limited	July 30, 2013	NSE	1,37,919	79.69	Purchase
			BSE	65,000	79.63	
6.	Future Corporate Resources Limited	August 1, 2013	NSE	9,31,000	70.55	Purchase
			BSE	5,50,000	72.87	
7.	Future Corporate Resources Limited	August 2, 2013	NSE	8,31,453	78.05	Purchase
			BSE	1,20,000	79.53	
8.	Future Corporate Resources Limited	August 20, 2013	NSE	7,74,226	71.21	Purchase
			BSE	1,05,000	71.45	
9.	Future Corporate Resources Limited	August 21, 2013	NSE	6,46,739	69.29	Purchase
			NSE	97,000	69.20	
			BSE	97,000	69.22	
10.	Future Corporate Resources Limited	August 22, 2013	NSE	1,81,657	70.19	Purchase
			NSE	1,835	66.13	
			BSE	25,000	70.70	
11.	PIL Industries Limited	November 7, 2013	NSE	2,00,000	77.94	Purchase
			BSE	3,00,000	77.50	
12.	PIL Industries Limited	December 6, 2013	NSE	(2,85,000)	70.68	Sold
			BSE	(1,95,000)	70.76	
13.	PIL Industries Limited	December 9, 2013	NSE	1,87,641	71.18	Purchase
			BSE	37,059	71.4	
14.	PIL Industries Limited	December 10, 2013	NSE	2,55,300	72.51	Purchase
15.	PIL Industries Limited	December 17, 2013	NSE	72,166	65.82	Purchase
16.	Future Corporate Resources Limited	January 27, 2014	NSE	70,000	82.43	Purchase
			BSE	60,000	82.17	
17.	PIL Industries Limited	January 27, 2014	NSE	70,000	82.43	Purchase
			BSE	60,000	82.17	
18.	Future Corporate Resources Limited	January 30, 2014	NSE	1,51,076	80.27	Purchase
			BSE	25,000	80.00	
			NSE	9,83,952	83.12	
			BSE	50,000	79.91	
19.	PIL Industries Limited	January 30, 2014	NSE	1,01,916	80.72	Purchase
			BSE	25,000	80.00	
			BSE	7,11,039	84.66	
20.	Future Corporate Resources Limited	February 20, 2014	BSE	2,00,000	83.15	Purchase
21.	PIL Industries Limited	March 12, 2014	BSE	14,000	82.5	Purchase
22.	PIL Industries Limited	March 13, 2014	NSE	1,50,000	82.9	Purchase
			BSE	50,000	83.05	

Class B Shares

Sr. No.	Name of the Promoter / Promoter Group entity	Date of the Transaction	Stock Exchange	Number of Class B Shares	Price per Class B Share (in `)	Nature of Transaction
1.	Ashni Biyani	July 25, 2013	NSE	5,500	47.49	Purchase
			BSE	4,153	47.47	
2.	Future Corporate Resources Limited	July 26, 2013	NSE	5,084	46.00	Purchase
			BSE	582	46.00	
3.	Future Corporate Resources Limited	July 29, 2013	NSE	150	44.00	Purchase
4.	Future Corporate Resources Limited	July 30, 2013	NSE	1,889	43.00	Purchase
5.	PIL Industries Limited	December 17, 2013	NSE	3,652	34.39	Purchase
			BSE	3,668	34.30	
6.	PIL Industries Limited	December 18, 2013	NSE	1,529	36.26	Purchase
			BSE	1,300	36.45	
7.	Ashni Biyani	January 22, 2014	NSE	20,642	43.84	Purchase
			BSE	413	43.80	

3. Except as disclosed below, as on date of this Draft Letter of Offer, none of the Securities held by any of the shareholders of our Company are locked in:

Sr. No.	Name of the Class B Shareholder	Number of Class B Shares	Locked-in Class B Shares as a percentage of total number of Class B Shares
1.	Future Corporate Resources Limited	784,921	4.93
	Total	784,921	4.93

4. Subscription to the Issue by the Promoter and Promoter Group

The Promoter and members of the Promoter Group of the Company currently holding Equity Shares and/or Class B Shares in the Company have confirmed that they intend to subscribe to the full extent of their Rights Entitlement in the Issue. Such allotment of Equity Shares and/or Class B Shares shall be exempt from open offer requirements in terms of Regulation 10(4)(a) of the Takeover Regulations.

In addition to subscription to their Rights Entitlement, the Promoter and such members of the Promoter Group have further confirmed that they intend to subscribe to additional Equity Shares and/or Class B Shares for any unsubscribed portion in the Issue, subject to aggregate shareholding of the Promoter and Promoter Group not exceeding 75% of the issued, outstanding and fully paid up equity share capital and/or Class B Share capital of the Company after the Issue. As a result of such subscription and consequent allotment of Equity Shares and/or Class B Shares, the Promoter and members of the Promoter Group may acquire Equity Shares and/or Class B Shares in excess of their right entitlement. Such acquisition will not attract open offer obligation subject to compliance with Regulation 10(4)(b) of the Takeover Regulations.

5. Except as disclosed above, none of the Securities held by our Promoter or the members of our Promoter Group are pledged or otherwise encumbered, as on date of this Draft Letter of Offer.
6. The Issue being a rights issue, as per Regulation 34(c) of the SEBI Regulations, the requirements of promoter's contribution and lock-in are not applicable.

7. Employee Stock Option Plan

The employee stock options of our Company presently operate under the Employee Stock Option Scheme 2012 (the “ESOP Scheme”).

Our Company instituted the ESOP Scheme pursuant to our Board and shareholders’ resolutions dated November 9, 2012 and February 4, 2013, respectively. The objective of the ESOP Scheme is to reward the permanent employees of our Company, its holding company and its Subsidiaries for their contribution to the successful operation of our Company and to provide an incentive to continue contributing to the success of our Company. The ESOP Scheme is in compliance with the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, as amended. The details regarding the ESOP Scheme are provided in the following table:

Sr. No.	Description	No. of options
1.	Total number of options under the ESOP Scheme ⁽¹⁾	25,00,000
2.	Options granted as of June 30, 2014	2,93,394
3.	Options vested as of June 30, 2014	2,93,394
4.	Options exercised as of June 30, 2014	2,17,594
5.	Options lapsed or forfeited as of June 30, 2014	-
6.	Options cancelled as of June 30, 2014	11,798
7.	Total number of options outstanding as of June 30, 2014	75,800

⁽¹⁾ As adjusted on account of the scheme of demerger of Future Lifestyle Fashions Limited from our Company.

8. Our Company has not undertaken any public issue in the three years immediately preceding the date of this Draft Letter of Offer.
9. Except for the outstanding options under the ESOP Scheme and as disclosed below, there are no outstanding warrants, options or rights to convert debentures, loans or other instruments convertible into the Equity Shares or Class B Shares as on the date of filing of this Draft Letter of Offer:
 - (a) Our Board has pursuant to its resolution dated June 11, 2014 authorised the issuance of 1,53,84,615 Equity Shares at a price of ₹ 130 per Equity Share for an aggregate amount of ₹ 199,99,99,950 (including premium) to Brand Equity Treaties Limited on a preferential basis in accordance with Chapter VII of the SEBI Regulations. The shareholders of our Company have authorised the aforesaid issuance pursuant to its resolution passed at the EGM dated July 9, 2014.
 - (b) Our Board has pursuant to its resolution dated June 11, 2014 authorised the issuance of 1,45,58,159 warrants, where each warrant will be convertible into, or exchangeable for, one Class B Share at a price (including warrant subscription price and the warrant exercisable price) of ₹ 68.69 per warrant for an aggregate amount of ₹ 99,99,99,941 (including premium) to Future Corporate Resources Limited (being an entity forming a part of our Promoter Group) on a preferential basis in accordance with Chapter VII of the SEBI Regulations. The shareholders of our Company have authorised the aforesaid issuance pursuant to their resolution passed by way of postal ballot dated July 15, 2014.
 - (c) Our Board has pursuant to its resolution dated June 11, 2014 authorised the issuance of 76,92,307 warrants, where each warrant is convertible into, or exchangeable for, one Equity Share at a price (including warrant subscription price and the warrant exercisable price) of ₹ 130 per warrant for an aggregate amount of ₹ 99,99,99,910 (including premium) to Future Corporate Resources Limited (being an entity forming a part of our Promoter Group) on a preferential basis in accordance with Chapter VII of the SEBI Regulations. The shareholders of our Company have authorised the aforesaid issuance pursuant to its resolution passed at the EGM dated July 9, 2014.
 - (d) On February 13, 2014, our Company has issued 1,500 CCDs having a face value of ₹ 10,00,000 each for an aggregate amount of ₹ 150,00,00,000 to Brand Equity Treaties Limited pursuant to the scheme of amalgamation entered into among Future Value Retail Limited, our Company and their respective shareholders and creditors, which has been approved by the

High Court of Bombay on January 31, 2014. The CCDs shall be convertible into Equity Shares on December 30, 2014 (“**CCD Conversion Date**”) at a price not less than the average of share price of our Company on stock exchange having the higher turnover, for a period of four weeks immediately prior to the CCD Conversion Date based on the conversion amount of ₹ 228.00 crore as on the CCD Conversion Date, subject to deduction of applicable taxes.

- (e) On February 13, 2014, our Company has issued 1,000 OCDs (series 1) having a face value of ₹ 10,00,000 each for an aggregate amount of ₹ 100,00,00,000 and 1,500 OCDs (series 2) having a face value of ₹ 10,00,000 each for an aggregate amount of ₹ 150,00,00,000 to IFCI Limited pursuant to the scheme of amalgamation entered into among Future Value Retail Limited, our Company and their respective shareholders and creditors, which has been approved by the High Court of Bombay on January 31, 2014. The OCDs (series 1) and OCDs (series 2) shall be convertible into Equity Shares on December 30, 2014 (“**OCDs (series 1) Conversion Date**”) and December 15, 2015 (“**OCDs (series 2) Conversion Date**”), respectively, at a price not less than the average of share price of our Company on the stock exchange having the higher turnover, for a period of four weeks immediately prior to the OCDs (series 1) Conversion Date or OCDs (series 2) Conversion Date, as the case may be, based on the conversion amount of ₹ 282.00 crore as on the OCDs (series 1) Conversion Date or OCDs (series 2) Conversion Date, as the case may be, subject to deduction of applicable taxes.
- 10. Except as disclosed above and the allotment of Equity Shares pursuant to exercise of options under the ESOP Scheme, there will be no further issue of capital whether by way of issue of bonus shares, preferential allotment, rights issue or in any other manner during the period commencing from submission of this Draft Letter of Offer with the Stock Exchanges within a period of six months from the Issue Opening Date.
- 11. The ex-rights price of the Equity Shares as per regulation 10(4)(b) of the Takeover Regulations is ₹ [●].
- 12. If the Company does not receive the minimum subscription of 90% of the Issue, the Company shall refund the entire subscription amount received within 15 days from the Issue Closing Date. If there is delay in the refund of the subscription amount by more than eight days after the Company becomes liable to pay the subscription amount (i.e. 15 days after the Issue Closing Date), the Company shall pay interest for the delayed period, as prescribed under applicable laws.
- 13. At any given time, there shall be only one denomination, each of the Equity Shares and Class B Shares, of our Company.
- 14. All Securities are fully paid-up and there are no partly paid-up Securities as on the date of this Draft Letter of Offer. For further details on the terms of the issue, see “Terms of the Issue” on page 179.

OBJECTS OF THE ISSUE

The objects of the Issue are:

1. Repayment/ pre-payment, in full or part, of certain borrowings availed by our Company; and
2. General corporate purposes.

The main objects set out in the Memorandum of Association enable us to undertake our existing activities. The borrowings availed by our Company, which are proposed to be repaid/ pre-paid, in full or part, from the Net Proceeds of the Issue, are for activities carried out as enabled by the objects clause of the Memorandum of Association.

Requirement of Funds

The details of the Net Proceeds are set forth in the following table:

Particulars	Estimated Amount (In ₹ crore)
Gross proceeds of the Issue	1,600
Less: Issue expenses	[●] ⁽¹⁾
Net Proceeds	[●] ⁽¹⁾

⁽¹⁾ To be determined on finalization of the Issue Price and updated in the Letter of Offer at the time of filing with the Stock Exchanges

Means of Finance

Our Company proposes to meet the entire requirement of funds for the proposed objects of the Issue from the Net Proceeds. Accordingly, the Company confirms that there is no requirement to make firm arrangements of finance through verifiable means towards at least 75% of the stated means of finance, excluding the amount to be raised from the Issue.

Utilization of Net Proceeds

The utilisation of the Net Proceeds will be in accordance with the table set forth below:

Particulars	Estimated Amount to be utilised (In ₹ crore)
Repayment/ pre-payment, in full or part, of certain borrowings availed by our Company	1,200
General corporate purposes	[●]

Schedule of Deployment

Our Company proposes to deploy the entire Net Proceeds towards the objects as described herein during financial year 2015.

The funds deployment described herein is based on internal management estimates of the Company and current circumstances of our business. It has not been appraised by any bank, financial institution or any other external agency. Given the dynamic nature of our business, we may have to revise our funding requirements and deployment on account of variety of factors such as our financial condition, business and strategy, including external factors which may not be within the control of our management. This may entail rescheduling and revising the planned funding requirements and deployment and increasing or decreasing the funding requirements from the planned funding requirements at the discretion of our management. Accordingly, the Net Proceeds of the Issue would be used to meet all or any of the purposes of the funds requirements described herein.

Further, in the event of any shortfall of funds for any of the activities proposed to be financed out of the Net Proceeds as stated above, the Company may re-allocate the Net Proceeds to the activities where such shortfall has arisen, subject to compliance with applicable laws.

The details in relation to objects of the Issue are set forth herein below.

1. Repayment/ pre-payment, in full or part, of certain borrowings availed by our Company

Our Company proposes to utilize an estimated amount of ₹ 1,200 crore from the Net Proceeds towards repayment/ pre-payment, in full or part, of certain borrowings availed by our Company (including redemption, in part or full, of non-convertible debentures). The Company may repay or refinance some of its existing borrowings prior to Allotment. Accordingly, the Company may utilise the Net Proceeds for repayment or pre-payment of any such refinanced loans or additional loan facilities obtained by it. However, the aggregate amount to be utilised from the Net Proceeds towards repayment or pre-payment of borrowings (including re-financed or additional loans availed, if any), in part or full, would not exceed ₹ 1,200 crore.

We believe that such repayment/ pre-payment will help reduce our outstanding indebtedness assist us in maintaining a favourable debt-equity ratio and enable utilization of our accruals for further investment in business growth and expansion. In addition, we believe that the leverage capacity of our Company will improve significantly to raise further resources in the future to fund our potential business development opportunities and plans to grow and expand our business in the coming years.

The following table provides details of certain borrowings availed by the Company, out of which we may repay / pre-pay, in full or in part, any or all of the loans from the Net Proceeds:

Sr. No.	Name of the Lender, nature of Borrowing and date of the Sanction Letter/ Document	Purpose	Amount Borrowed	Principal Amount Outstanding as at July 16, 2014 ⁽¹⁾	Repayment Date / Schedule	Pre-payment clause (if any)
			(In ₹ crore)			
1.	Bank of Baroda Term Loan Sanction Letters dated December 30, 2008; May 10, 2010; March 19, 2011; August 7, 2012 and November 25, 2013 and Loan Agreement dated February 6, 2009	For procurement of furniture and fixtures, electrical installation, air conditioning, IT equipments, office equipments and plant & machinery as chillers & freezers, security systems, etc. for the capex programme	31.81	21.24	Tenor of seven years including moratorium period of two years. Repayment to be made in 20 equal quarterly instalments after moratorium period from first drawdown i.e. March 2, 2009. Repayment has started from March 2, 2011.	As per guidelines of the bank.
2.	Central Bank of India Term Loan Sanction Letters dated January 16, 2009; April 20, 2010; November 12, 2012 and February 25, 2014 and Loan Agreement dated February 6, 2009	To part finance the capital expenditure for expansion programme (opening of outlets acquiring on lease basis)	90.49	69.18	To be repaid in 20 step up quarterly instalments after moratorium of two years from the date of last disbursement.	Nil, if the repayment is from cash flow of the project, Otherwise 1% is to be recovered.

Sr. No.	Name of the Lender, nature of Borrowing and date of the Sanction Letter/ Document	Purpose	Amount Borrowed	Principal Amount Outstanding as at July 16, 2014 ⁽¹⁾	Repayment Date / Schedule	Pre-payment clause (if any)
			(In ₹ crore)			
3.	Vijaya Bank Term Loan Sanction Letter dated January 18, 2011 and Agreement dated February 4, 2011	To part finance capital expenditure towards expansion plan envisaging addition of around 1.6 million sq. ft. by opening of 40 new stores pan India in various formats like Big Bazaar, Food Bazaar, KB's Fair Price, and other value retail formats.	100.00	89.87	Repayable in five years, in 10 graded half yearly instalments payable at the end of each half year, commencing after moratorium period of two years.	Nil
4.	Bank of Baroda Term Loan Sanction Letter dated March 19, 2011 and November 25, 2013 and Loan Agreement dated March 22, 2011	To meet capital expenditure for expansion	94.91	85.00	Repayment to be made over five years in quarterly instalments following moratorium period of two years.	Prepayment penalty of 0.50% per annum (on residual period of loan) on the outstanding amount as at the time of prepayment. No prepayment penalty if prepayment made out of internal accruals by giving prior notice of two months.
5.	Bank of India Term Loan Sanction Letters dated December 26, 2011 and June 3, 2014 and Loan Agreement dated December 28, 2011	To meet capital expenditure for expansion programme, payment of lease deposits, brand building and prepayment of debts	220.00	202.77	Tenor of 6.5 years. Repayable in 22 quarterly structured instalments with a moratorium period of one year.	Prepayment penalty of 1% of the prepaid amount. No prepayment penalty for prepayments under the following circumstances: (a) if interest rate at interest reset is not acceptable, right to prepay, subject to notice of 30 days from the date of communication of interest reset date and prepayment being made within 60 days of interest reset; and (b) prepayment out of own sources.
6.	Corporation Bank Term Loan Sanction Letters dated March 1,	To part finance the capital expenditure / ongoing expansion programs	100.00	89.59	Repayable in 20 stepped up quarterly instalments after initial moratorium period of two years from date of disbursement.	No prepayment penalty if prepayment is made out of internal accruals, subject to similar approval from other lenders banks extending finance to the programme.

Sr. No.	Name of the Lender, nature of Borrowing and date of the Sanction Letter/ Document	Purpose	Amount Borrowed	Principal Amount Outstanding as at July 16, 2014 ⁽¹⁾	Repayment Date / Schedule	Pre-payment clause (if any)
			(In ₹ crore)			
	2011 and March 28, 2014 and Loan Agreement dated June 1, 2011					
7.	Vijaya Bank Term Loan Sanction Letter dated December 21, 2011 And Modification Letters dated February 7, 2012 and March 22, 2012 and Loan Agreement dated March 27, 2012	To part finance capital expenditure towards company expansion plan envisaging addition of around 1.57 million sq. ft. by opening of 220 new stores across India in various formats like Big Bazaar, Food Bazaar, KB, and other value retail formats, lease deposit, brand building.	50.00	24.33	Tenor of three years. To be repaid after an initial moratorium period of one year in two instalments, first instalment of 25% at the end of the second year and second instalment of 75% at the end of the third year.	Prepayment penalty of 1.10% on the amount actually prepaid / paid before the due date.
8.	Andhra Bank Term Loan Sanction Letter dated April 16, 2012 as modified by Sanction Letter dated August 8, 2012 and Term Loan Agreement dated September 10, 2012	To meet capital expenditure, payment of lease deposits and brand building.	65.00	53.74	Tenor of 6.5 years with moratorium period of one year from the date of first disbursement. Repayable in 22 unequal quarterly structured instalments starting from the end of 15 months from the date of first disbursement.	Prepayment penalty of 1% of the prepaid amount. No prepayment penalty for prepayments under the following circumstances: (a) if interest rate at interest reset is not acceptable, right to prepay, subject to notice of 30 days from the date of communication of interest reset date and prepayment being made within 60 days of interest reset; and (b) prepayment out of own sources.
9.	Oriental Bank of Commerce Term Loan Sanction Letter dated September 21, 2012 and Agreement of Term Loan dated September 26, 2012	To meet capital expenditure	42.00	33.73	Tenor of 6.5 years. Repayable in 22 unequal quarterly structured instalments with a moratorium period of one year from the date of first disbursement.	Prepayment penalty of 1% of the prepaid amount. No prepayment penalty for prepayments under the following circumstances: (a) if interest rate at interest reset is not acceptable, right to prepay, subject to notice of 30 days from the date of communication of interest reset date and prepayment being made within 60 days of interest

Sr. No.	Name of the Lender, nature of Borrowing and date of the Sanction Letter/ Document	Purpose	Amount Borrowed	Principal Amount Outstanding as at July 16, 2014 ⁽¹⁾	Repayment Date / Schedule	Pre-payment clause (if any)
			(In ₹ crore)			
						reset; and (b) prepayment out of own sources with a minimum prior notice of 7 days.
10.	Central Bank of India Term Loan Sanction Letter dated November 12, 2012 and February 25, 2014 and Loan Agreement dated December 28, 2012	To meet capital expenditure for expansion, renovation and refurbishment and corporate capex	150.00	149.74	Tenor of eight years and three months. To be repaid in 20 step up quarterly instalments after moratorium of two years from the date of last disbursement.	Prepayment penalty of 1% of the amount prepaid. No prepayment penalty payable if loan is prepaid out of internal accruals with a prior notice of 30 days.
11.	Syndicate Bank Secured Term Loan Sanction Letter dated May 24, 2013 as amended by letter dated June 18, 2013 and General Agreement dated June 25, 2013	To meet capital expenditure for expansion, renovation / refurbishment and corporate capex being incurred from January 1, 2013	100.00	98.56	Loan tenor of seven years (including moratorium of four quarters from the date of last disbursement / end of availability period whichever is earlier and implementation period of one year up to March 31, 2014). To be repaid in 20 step up quarterly instalments after moratorium of one year (from the date of last disbursement / end of availability period whichever is earlier and implementation period of one year up to March 31, 2014).	No prepayment penalty if loan is prepaid out of internal accruals / own sources. In all other cases, prepayment penalty is at the rate of 0.50% on the amount prepaid.
12.	Corporation Bank Medium Term Loan Sanction Letter dated June 12,	To make payment of lease deposits, meet expenditure towards brand building and augmenting medium term resources for vendor development	150.00	150.00	Loan tenor of 3 years. To be repaid in six quarterly step up instalments starting after 18 months of moratorium from date of first	Nil

Sr. No.	Name of the Lender, nature of Borrowing and date of the Sanction Letter/ Document	Purpose	Amount Borrowed	Principal Amount Outstanding as at July 16, 2014 ⁽¹⁾	Repayment Date / Schedule	Pre-payment clause (if any)
			(In ₹ crore)			
	2013 as modified by Sanction Letter dated June 20, 2013 and Sanction Letter dated March 28, 2014 and Loan Agreement dated September 4, 2013				disbursement.	
13.	Corporation Bank Medium Term Loan Sanction Letters dated March 26, 2013 and March 28, 2014 and Loan Agreement dated March 28, 2013	For augmenting working capital margin, peak season working capital requirements, to make payment of lease deposits, meet expenditure towards brand building and payment of advances to the suppliers	150.00	140.00	Loan tenor of 3 years. To be repaid in eight unequal quarterly instalments starting after 12 months from date of first disbursement.	Nil
14.	Indian Overseas Bank Corporate Term Loan Sanction Letter dated September 6, 2013 and Term Loan Agreement dated October 8, 2013	To make payment of lease deposits, meet expenditure towards brand building and augmenting medium term resources	150.00	150.00	Loan tenor of 5 years. To be repaid in 16 unequal quarterly step up instalments starting after 12 months of moratorium from date of first disbursement.	No prepayment charges if the loan is repaid out of internal accruals with a notice period of seven days and submission of a CA certificate to this effect.
15.	Bank of India Term Loan Sanction Letters dated December 26, 2011 and June 3, 2014 and Loan Agreement dated December 28, 2011	To meet capital expenditure for expansion programme, payment of lease deposits, brand building and prepayment of debts	120.00	110.50	Tenor of 6.5 years. Repayable in 22 quarterly structured instalments with a moratorium period of one year.	Prepayment penalty of 1% of the prepaid amount. No prepayment penalty for prepayments under the following circumstances: (a) if interest rate at interest reset is not acceptable, right to prepay, subject to notice of 30 days from the date of communication of interest reset date and prepayment being made within 60 days of interest reset; and (b) prepayment out of own sources.

Sr. No.	Name of the Lender, nature of Borrowing and date of the Sanction Letter/ Document	Purpose	Amount Borrowed	Principal Amount Outstanding as at July 16, 2014 ⁽¹⁾	Repayment Date / Schedule	Pre-payment clause (if any)
			(In ₹ crore)			
16.	Syndicate Bank Term Loan Sanction Letter dated December 22, 2011 modified by letter dated January 25, 2012 and Loan Agreement dated February 10, 2012	For part financing lease deposits, capex including corporate & maintenance capex. The loan shall not be utilized towards brand building.	100.00	74.98	To be repaid after an initial moratorium period of one year in two instalments, first instalment of 25% at the end of the second year and second instalment of 75% at the end of the third year.	Prepayment penalty of 1% of the amount prepaid. No prepayment penalty payable if loan is prepaid out of internal accruals or from promoter's own sources with a prior notice of 15 days.
17.	Oriental Bank of Commerce Term Loan Sanction Letter dated September 21, 2012 and Agreement of Term Loan dated September 26, 2012	To meet capital expenditure	23.00	18.21	Tenor of 6.5 years. Repayable in 22 unequal quarterly structured instalments with a moratorium period of one year from the date of first disbursement.	Prepayment penalty of 1% of the prepaid amount. No prepayment penalty for prepayments under the following circumstances: (a) if interest rate at interest reset is not acceptable, right to prepay, subject to notice of 30 days from the date of communication of interest reset date and prepayment being made within 60 days of interest reset; and (b) prepayment out of own sources with a minimum prior notice of 7 days.
18.	Canara Bank Medium Term Loan Sanction Letter dated November 11, 2013 and Term Loan Agreement dated November 26, 2013	To make payment of advance to suppliers, payment of lease deposits, brand building and to augment medium term resources	175.00	175.00	Tenor of 35 months. Repayment to be made in 10 unequal stepped up quarterly instalments after moratorium period of two quarters and commencing from the third quarter from the date of first disbursement.	Prepayment charges of 2%, except if prepayment is made out of IPO proceeds, at the instance of the senior lenders or out of fresh equity infusion and/or internal accruals by giving prior notice of 30 days.
19.	Various Subscribers to Secured Redeemable Non-Convertible Debentures	To augment medium term resources and general corporate purposes	500.00	500.00	Tenor of six years. Redemption in two equal instalments at the end of the fifth and sixth years.	Prepayment premium of 1% in case of prepayment on any date other than the reset date.

Sr. No.	Name of the Lender, nature of Borrowing and date of the Sanction Letter/ Document	Purpose	Amount Borrowed	Principal Amount Outstanding as at July 16, 2014 ⁽¹⁾	Repayment Date / Schedule	Pre-payment clause (if any)
			(In ₹ crore)			
	Information Memorandum dated May 13, 2010 and Debenture Trust Deed dated September 14, 2010					
20.	Bank of India (₹ 231 crore), Corporation Bank (₹ 196 crore), IDBI Bank Limited (₹ 185 crore), Andhra Bank (₹ 193 crore), Central Bank of India (₹ 150 crore), State Bank of Travancore (₹ 120 crore), Axis Bank Limited (₹ 84.65 crore) ⁽²⁾ , Union Bank of India (₹ 107.35 crore), Allahabad Bank (₹ 110 crore), Bank of Baroda (₹ 100 crore), UCO Bank (₹ 83 crore) and Dena Bank (₹ 90 crore) Working Capital Fund Based Facility Sixth Supplemental Working Capital Consortium Agreement dated July 2, 2014, being a supplement agreement to, Principal Working Capital Consortium Agreement dated May 25, 2006 supplemented by First Supplemental Working Capital Consortium Agreement dated September 14, 2006; Second Supplemental Working Capital Consortium Agreement dated June 28, 2007; Third Supplemental	To finance working capital requirements	1,650	1,441.57	Repayable on demand	Nil

Sr. No.	Name of the Lender, nature of Borrowing and date of the Sanction Letter/ Document	Purpose	Amount Borrowed	Principal Amount Outstanding as at July 16, 2014 ⁽¹⁾	Repayment Date / Schedule	Pre-payment clause (if any)
			(In ₹ crore)			
	Working Capital Consortium Agreement dated October 23, 2008; Fourth Supplemental Working Capital Consortium Agreement dated December 14, 2010; Fifth Supplemental Working Capital Consortium Agreement dated September 15, 2011 and Principal Working Capital Consortium Agreement dated July 23, 2010 as supplemented by First Supplemental Working Capital Consortium Agreement dated March 21, 2012					

⁽¹⁾As certified by NGS & Co LLP, Chartered Accountants (Firm Registration Number: 119850W) vide its certificate dated July 19, 2014. Further, NGS & Co LLP, Chartered Accountants, have confirmed that these borrowings have been utilized for the purposes for which they were availed, as provided in the relevant borrowing documents. NGS & Co LLP, Chartered Accountants, have further confirmed that none of the borrowings that are intended to be repaid out of the net Issue proceeds have been utilized for any payments to or repayment / refinancing of any loans obtained from the Promoter Group / Group Companies of the Company.

⁽²⁾Axis Capital Limited, one of the BRLMs to the Issue, is a wholly owned subsidiary of Axis Bank Limited.

Some of our loan agreements and other financing arrangements provide for the levy of prepayment penalties or premium. See “Risk Factors – Our debt facilities impose certain restrictive covenants including the requirement of obtaining consent from some of our lenders for issuing securities and accordingly for undertaking the Issue. Such restrictions could restrict our ability to conduct our business and grow our operations, which would adversely affect our financial condition and results of operations” on page 13. We will take such provisions into consideration while deciding the loans to be repaid and/ or pre-paid from the Net Proceeds. Payment of such pre-payment penalty or premium, if any, shall be made by our Company out of the Net Proceeds of the Issue. We may also be required to provide notice to some of our lenders prior to prepayment.

The selection of borrowings proposed to be repaid and/ or pre-paid from our facilities provided above shall be based on various factors including, (i) any conditions attached to the borrowings restricting our ability to prepay the borrowings and time taken to fulfil such requirements, (ii) receipt of consents for prepayment or waiver from any conditions attached to such prepayment from our respective lenders, (iii) terms and conditions of such consents and waivers, (iv) levy of any prepayment penalties and the quantum thereof, (v) provisions of any law, rules, regulations governing such borrowings, and (vi) other commercial considerations including, among others, the interest rate on the loan facility, the amount of the loan outstanding and the remaining tenor of the loan.

Given the nature of these borrowings and the terms of repayment/ pre-payment, the aggregate outstanding borrowing amounts may vary from time to time. In addition to the above, we may, from time to time, enter into further financing arrangements and draw down funds thereunder. In such cases or in case any of the above borrowings are repaid/ pre-paid or further drawn-down prior to the completion of the Issue, we may utilize the Net Proceeds towards repayment/ pre-payment of such additional indebtedness.

2. General Corporate Purposes

Our Company intends to deploy the balance Net Proceeds for general corporate purposes, subject to such utilization not exceeding 25% of the Gross Proceeds, in compliance with applicable laws, to drive our business growth, including, amongst other things, (a) brand building and other marketing expenses; (b) acquiring assets, such as furniture and fixtures, and vehicles; (c) meeting any expenses incurred in the ordinary course of business by the Company and our Subsidiaries, including salaries and wages, rent, administration expenses, insurance related expenses, and the payment of taxes and duties; (d) any other purpose as permitted by applicable laws and as approved by our Board or a duly appointed committee thereof.

3. Estimated Issue related expenses

The Issue related expenses include, among others, fees to various advisors, printing and distribution expenses, advertisement expenses, and registrar and depository fees. The estimated Issue related expenses are as follows:

Sr. No.	Activity Expense	Amount (in ₹ crores) ⁽¹⁾	Percentage of Total Estimated Issue Expenditure ⁽¹⁾	Percentage of Issue Size ⁽¹⁾
1.	Fees of the Lead Managers	[●]	[●]	[●]
2.	Fees to the legal advisor, other service providers, commission to SCSBs and statutory fees	[●]	[●]	[●]
3.	Fees of Registrar to the Issue	[●]	[●]	[●]
4.	Advertising and marketing expenses	[●]	[●]	[●]
5.	Printing and stationery, distribution, postage etc.	[●]	[●]	[●]
6.	Other expenses	[●]	[●]	[●]
Total Estimated Issue Expenditure		[●]	100%	[●]

⁽¹⁾ To be determined on finalization of the Issue Price and updated in the Letter of Offer at the time of filing with the Stock Exchanges

Interim use of proceeds

Pending utilization for the objects described above, the Company, in accordance with the policies established by our Board from time to time, will have the flexibility to deploy the Net Proceeds. The Company intends to invest the funds in high quality interest bearing liquid instruments including money market mutual funds, deposits with scheduled commercial banks included in second schedule of Reserve Bank of India Act, 1934, corporates and other premium / interest bearing securities. The Company confirms that pending utilization of the Net Proceeds for the objects of the Issue, the Company shall not utilize the Net Proceeds for any investment in the equity markets, real estate or related products.

Bridge Financing Facilities

Our Company has not raised any bridge loans from any bank or financial institution as on the date of the Draft Letter of Offer, which are proposed to be repaid from the Net Proceeds.

Monitoring of Utilisation of Funds

Our Company shall appoint a monitoring agency for the Issue prior to the filing of the Letter of Offer. Our Board will monitor the utilisation of the proceeds of the Issue. We will disclose the utilisation of the proceeds of the Issue under a separate head along with details, for all such proceeds of the Issue that have not been utilised, as is required under applicable laws. We will indicate investments, if any, of unutilised proceeds of the Issue in the balance sheet of our Company for the relevant fiscal years subsequent to the listing.

Pursuant to clause 49 of the Listing Agreement, our Company shall on a quarterly basis disclose to the audit committee of the Board of Directors the uses and applications of the Issue Proceeds. On an annual basis, our

Company shall prepare a statement of funds utilised for purposes other than those stated in this Draft Letter of Offer and place it before the audit committee of the Board of Directors. Such disclosure shall be made only until such time that all the Issue Proceeds have been utilised in full. The statement shall be certified by the statutory auditor of our Company. Furthermore, in accordance with clause 43A of the Listing Agreement, our Company shall furnish to the Stock Exchanges on a quarterly basis, a statement including material deviations, if any, in the utilisation of the proceeds of the Issue from the objects of the Issue as stated above. This information will also be published in newspapers simultaneously with the interim or annual financial results, after placing the same before the audit committee of the Board of Directors. In the event that the Monitoring Agency points out any deviation in the use of Net Proceeds from the objects of the Issue as stated above, or has given any other reservations with respect to the end use of Net Proceeds, the Company shall intimate the same to the Stock Exchanges without delay.

Other confirmations

No part of the Issue Proceeds will be paid by us to the Promoter and Promoter Group, the Directors, our key management personnel, associates or group companies, except in the usual course of business.

TAX BENEFIT STATEMENT

To,

The Board of Directors

Future Retail Limited
Knowledge House,
Shyam Nagar,
Off Jogeshwari Vikhroli Link Road,
Jogeshwari (E)
Mumbai - 400 060

Dear Sirs,

Sub: Proposed rights issue of equity shares of face value of ₹ 2 each (the “Equity Shares”) and class B (series 1) shares (the “Class B Shares” together with the Equity Shares, referred to as the “Shares”) (the “Issue”) of Future Retail Limited (the “Company”)

We confirm that there are no special tax benefits available to Future Retail Limited (the “Company”) and its shareholders under the existing Income Tax Act, 1961, in India.

This certificate may be relied upon by the Lead Managers appointed in connection with the Issue.

The contents of this certificate may be included in the offer document in connection with the proposed Issue of Shares of the Company as per the SEBI Regulations.

Yours truly,

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

Ganesh Toshniwal
Partner
Membership No.:46669

Mumbai
July 19, 2014

SECTION IV: ABOUT OUR COMPANY

OUR BUSINESS

Overview

Our Company is the flagship company of the Future Group, an organised multi-format retail business in India, promoted by Mr. Kishore Biyani. We focus on consumption-led businesses in India and operate, (directly and indirectly through our subsidiaries, joint ventures and associates), retail stores in various formats across food, fashion apparels, accessories and footwear, general merchandise, home improvement, consumer durables and electronics. We intend to cater to various segments of the consumer spending space in India by providing consumers with options and quality at competitive prices.

We started our retail format business in Kolkata in the year 1997 and have since expanded to have a pan India presence with 321 stores in 98 cities in India as of March 31, 2014 and total retail space of approximately 10.36 million sq. ft. We have promoted various retail formats including Big Bazaar, Food Bazaar, fbb, Foodhall, Home Town and eZone. As of March 31, 2014, we have 164 Big Bazaar stores, 24 Food Bazaar stores, 30 fbb stores, 5 Foodhall stores, 30 Home Town stores, 66 eZone stores and two stores in other formats. We believe that 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.

Further, our retail format business is supported by various other businesses operated by our subsidiaries, associates and joint ventures including branded fashion, food and FMCG, insurance, warehousing and logistics, media, textiles and online retailing.

Our retail formats primarily comprises of, value business and home business. In our value business, our formats include, (i) “Big Bazaar”, a hypermarket format that combines the “see – touch – feel” of Indian bazaars with the choice and convenience of modern retail; (ii) “Food Bazaar”, a supermarket which offers the convenience of pre-packed vegetables and fruits to the consumers and also retains the Indian’s preference of “see – touch – feel” created by displaying the products, FMCG and daily use products; (iii) “fbb”, an affordable fashion destination; and (iv) “Foodhall”, a premium supermarket. In our home business, we operate (i) “Home Town”, a one-shop destination for home improvement; and (ii) “eZone”, a consumer durable and electronics chain.

In the year 2014, our Company was ranked 39th (among the top 50) in ‘India’s Best Companies to Work For’ by the Economic Times and Great Place to Work and Big Bazaar was ranked among the Top 5 Most Trusted Brands in the Service Sector Brands category for the year 2013 by the Economic Times Brand Equity Survey.

Our Company also undertook various reorganisations and divestment activities to realign its corporate structure and consolidate its operations. This has also facilitated our Company in unlocking its investment in some of our non-core assets such as consumer finance and life insurance, and focus on its brand equity of retail business. For details, see “Our Business – Reorganisations and Divestments” on page 73.

For the financial period ended March 31, 2014, our total revenue, on a consolidated and standalone basis, was ₹ 14,204.79 crores and ₹ 11,605.18 crores, respectively. Further, our profit after tax, on a consolidated and standalone basis, for the financial period ended March 31, 2014 was ₹ 80.30 crores and ₹ 2.81 crores, respectively.

Our Competitive Strengths

Our key competitive strengths are as follows:

Understanding of the retail sector and evolving needs of the Indian consumer

With about 17 years of experience in the retail business, we have developed an 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. This insight has enabled us to strategize, develop and promote new retail formats to cater to the evolving needs of an Indian consumer. Further, our operations in various lines of businesses enable us to cross sell the products across formats. We cater to the requirements of various segments of the consumer spending space in India through our formats like Big Bazaar – a hyper market, Food Bazaar and Foodhall – supermarkets, fbb – a fashion destination, Home Town – one-shop destination for home improvement and eZone – a consumer durable and electronics store.

Our early mover advantage

We started our retail format business in 1997 in Kolkata and as of March 31, 2014, we operate 321 stores in various formats across 98 cities in India. We believe that 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. It has also enabled us to lock in key locations for our format stores at competitive rentals in various cities in India. Our early mover advantage has enabled us to create efficient processes to cater the Indian consumers.

Identification of strategic locations for the stores

We have dedicated teams which enables us to evaluate the requirement of new stores and identify strategic locations for our stores. Various factors including the demand for a particular product in that region, competition, brands already operating, number of stores of the brand proposed to be established, population, purchasing power, demographics, growth potential, local laws, and others are considered while deciding the requirement of a store and the location. After analysis of these factors, our teams finalise the location, obtain necessary approvals, complete fit out activities and commence operations.

This has allowed us to increase our stores to 321 stores as of March 31, 2014 across various formats in 98 cities in India. Through such an expansion, we believe that we have developed our domain knowledge and expertise that enable us to execute our projects in multiple locations at competitive costs and in minimal time.

Nation-wide presence

Our presence in 98 cities across India, through 321 stores in various formats including food, fashion apparels, accessories and footwear, general merchandise, home improvement, consumer durables and electronics, is geared to cater the Indian consumers. Due to the scale that we have achieved over the past 17 years, we have been able to understand and implement the relevant processes to make our front end and back end functions and execution capabilities efficient. We have been able to increase the scope of our operations at a consistent pace and provide efficient and convenient offerings to our consumers. 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 consumers.

Our brand equity

We have developed well recognized formats like Big Bazaar, Food Bazaar, fbb, Foodhall, Home Town and eZone. Due to the recognition and acceptability of these formats, we have been able to develop pan India presence with a loyal consumer base, as of March 31, 2014, of approximately 9.6 million members across formats. As our business is driven by consumer spending, we believe that our presence across India and wide consumer base ensure that we are well positioned to grow our business.

Our entrepreneur led and professionally managed, experienced team

We have an experienced professional management team led by Mr. Kishore Biyani, the Managing Director of the Company. 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.

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 consumer base, consumer loyalty and expansion of our operations

We intend to enhance our consumer base through increasing our presence in various cities in India and drive cross spending across various formats. We are specifically focusing to achieve a larger share of consumption spending in our existing markets. We intend to increase our share in the consumer spending in India by launching new formats or by adding categories to our existing product range to cater to consumers across Indian society in various consumption spaces. Pursuant to the same, we have launched Big Bazaar Direct to reach out to the consumers that are not catered by physical stores and book orders on customized tablets. We are also in the initial phases of developing omni channel retailing which will enable us to sell our products on every platform such as physical stores, online retailing, assisted e-commerce platforms, on television or outdoor medium, or on mobile platforms.

We also leverage our existing consumer base by cross selling products through initiatives like issuing cross format discount vouchers. We have initiated various programs to encourage movement of consumers across our formats and to retain and add more consumers to the existing base such as Big Bazaar Profit Club and Payback Loyalty Program.

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 one of the leading retailer in India.

Expand our product portfolio

Our formats offer wide range of products to various segments of the consumer spending space in India. With our products offerings, our formats have reached a critical mass and are being accepted amongst consumers. Our operations are closely connected with the consumer preferences and changing choices and accordingly, it is imperative for us to forecast and continuously identify the changing demands of our consumers. Towards this end, we have, and intend to continue to identify and evaluate consumer demand across regions and expand our product portfolio in terms of new brands and new products, in both, value business and home business.

Enhance focus on efficiency, cost and return by leveraging our retail space, inventory and network

Over a period of time, we have created retail footprint across various cities in India by identifying strategic locations for our retail formats. As of March 31, 2014, we operate through 321 stores in 98 cities in India. We intend to leverage the space occupied by our existing retail formats to generate higher return on investment. In order to improve the retail sales per square feet, we have made various efforts including rationalization and operation of our format stores in optimum space, exiting from the underperforming stores and product categories with lower returns.

We will also focus on increasing the products with higher margin in our product portfolio. This will enable us to improve the stock turn by changing the product mix, changing assortment and increasing average selling price.

We are, and will continue to consolidate our supply chain network to improve the stock turn by improving stock movement, replenishment and fill rates. We will improve our network efficiency by adding more stores in existing markets.

To develop talent and skilled workforce and inculcate good 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 available talent 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. Pursuant to our focus on effective training of our employees, we undertake internal training programmes like 'Avatar', 'Stride- Store Karta Identification and Development Program', 'STAR - Standard Assessment and Rewards' and 'Store Guru'.

Reorganisations and Divestments

We have given effect to the following schemes during the fifteen months ended March 31, 2014:

Scheme of Arrangement between the Company and Pantaloons Fashion and Retail Limited (“PFRL”)

Pursuant to the approval of the members, the Company filed a petition before the Hon’ble High Court of Bombay for demerger of Pantaloons format business to PFRL (erstwhile “Peter England Fashions and Retail Limited”). The demerged undertaking comprises of Company’s business under the name “Pantaloons” and variation thereof, together with all assets, liabilities, brands and others. The said scheme was approved by the Hon’ble High Court of Bombay on March 1, 2013, and thereafter, the Company had filed the certified copy of the Court order with the Registrar of Companies, Mumbai, on April 8, 2013, resulting in all assets and liabilities pertaining to Pantaloons format business being transferred and stand vested, as a going concern, in the PFRL effective from July 1, 2012 (the “**Appointed Date**”). Pursuant to the approved scheme, PFRL issued and allotted shares to the members (including Class B Shareholders) in the following manner: (a) one fully paid equity share of face value ₹ 10 each of PFRL for every five Equity Shares held in the Company; and (b) one fully paid equity share of face value ₹ 10 each of PFRL for every five Class B Shares held in the Company. The equity shares of PFRL were listed on the Stock Exchanges after compliance with the requirements of the Stock Exchanges and regulatory authorities.

Composite Scheme of Arrangement and Amalgamation between the Company, Future Lifestyle Fashions Limited (“FLFL”), Indus-League Clothing Limited (“ILCL”), Lee Cooper (India) Limited (“LCIL”) and Future Consumer Enterprise Limited (“FCEL”, erstwhile ‘Future Ventures India Limited’) and their respective shareholders and creditors

Pursuant to the approval of the members, the Company filed petition before the Hon’ble High Court of Bombay for demerger of fashion format business of, both, the Company and FCEL to FLFL. The demerged undertaking comprises of fashion format business of ILCL and fashion format business carried by our Company under our formats, Central, Brand Factory, Planet Sports and aLL and related activities (the “**Undertaking**”). The said scheme was approved by the Hon’ble High Court of Bombay on May 10, 2013 and thereafter, the Company had filed the certified copy of the Court order with the Registrar of Companies, Mumbai, on May 29, 2013, resulting in all the assets and liabilities pertaining to the Undertaking being demerged and vested in FLFL with effect from January 1, 2013 (the “**Appointed Date**”). Pursuant to the approved scheme, FLFL issued and allotted shares to the members (including Class B Shareholders) of the Company on the basis of one fully paid equity share of face value ₹ 2 each of FLFL for every three Equity Shares or three Class B Shares held in the Company. The equity shares of FLFL were listed on the Stock Exchanges after compliance with the requirements of the Stock Exchanges and regulatory authorities.

Scheme of Amalgamation between the Company and Future Value Retail Limited (“FVRL”)

During the period under review, the Board of Directors of the Company approved the amalgamation of FVRL with the Company pursuant to the scheme under Sections 391-394 of the Companies Act, 1956 with effect from July 1, 2012 (the “**Appointed Date**”). FVRL is a wholly owned subsidiary of the Company having core retail business formats such as Big Bazaar and Food Bazaar. The said scheme for merger of FVRL with effect from July 1, 2012, was approved by the Hon’ble High Court of Bombay on January 31, 2014 and thereafter, the Company has filed the certified copy of Court order with Registrar of Companies, Maharashtra on February 11, 2014. Pursuant to the approval of the said scheme, all the assets and liabilities of FVRL was merged and vested in the Company. Whilst Compulsorily Convertible Debentures of ₹ 150 crores and Optionally Convertible Debentures of ₹ 250 crores issued by FVRL were transferred to the Company, no shares were issued as FVRL was a wholly owned subsidiary of the Company.

Divestments

Share Purchase Agreement dated March 8, 2013 (the “SPA”) between our Company and Industrial Investment Trust Limited (“IITL”) for sale of equity shares of Future Generali India Life Insurance Company Limited (“Future Generali Life”)

Pursuant to the SPA, we have sold 32,67,00,000 equity shares constituting 22.5% of the share capital of Future Generali. This has resulted in a reduction of our effective beneficial shareholding in Future Generali Life from 49.9% to 27.4%. Also see, “Risk Factors – We have undertaken various reorganisation and divestment activities during the financial period ended March 31, 2014. As a result, our historical financial information may not be

comparable and may not be reliable as an indicator of our historical and future results.” on page 12.

Share Purchase Agreement dated November 12, 2013 (the “SPA”) between our Company, Narendra Baheti, Rajendra Baheti, Govind Baheti, Manoj Baheti (collectively referred to as the “Individual Sellers”), Future Agrovet Limited (“FAL”) and Future Consumer Enterprise Limited (“FCEL”) for sale of equity shares of Future Agrovet Limited (“FAL”)

Pursuant to the SPA, our Company and the Individual Sellers have sold 3,65,00,000 equity shares constituting 100% of the share capital FAL to FCEL. Post this sale, FAL has ceased to be a subsidiary of our Company. Also see, “Risk Factors – We have undertaken various reorganisation and divestment activities during the financial period ended March 31, 2014. As a result, our historical financial information may not be comparable and may not be reliable as an indicator of our historical and future results” on page 12.

Our Business

We undertake our business through retail formats which are geared to cater ‘consumption spending’ in various lines of businesses. Our retail format business is also supported by virtue of our investments in various other businesses operated by our subsidiaries, associates and joint ventures including branded fashion, food and FMCG, insurance, warehousing and logistics, media textiles and online retailing.

Retail Formats

In retail format business, we undertake our operations as (i) value retail business; (ii) home retail business. Each of these businesses comprises of the following formats:

Value retail business

Big Bazaar

Big Bazaar operates as a hypermarket and is designed as an agglomeration of bazaars, providing a hospitable ambience to cater to urban Indian consumer. The first Big Bazaar store was launched in October 2001 in Kolkata. It offers products across categories like food, fashion apparels, accessories and footwear, general merchandise and home improvement, consumer durables and electronics. At Big Bazaar stores, we believe in offering quality products at affordable prices to the consumers. At Big Bazaar, we continue to offer several promotional offers to our consumers. Big Bazaar was ranked among the Top 5 Most Trusted Brands in the Service Sector Brands category for the year 2013 by the Economic Times Brand Equity Survey. As of March 31, 2014, we operated 164 stores in Big Bazaar formats across the country.

We have also introduced ‘Big Bazaar Direct’ as a platform wherein the franchisee owners can reach out to the consumers who are not catered by physical stores and book orders and collect money on customized tablets. As of March 31, 2014, it was present in 40 cities and some of such cities do not have a physical Big Bazaar store.

Food Bazaar

We operate formats such as ‘Food Bazaar’ that caters to the consumption spending space in the food and FMCG category.

We forayed into food retailing with Food Bazaar in July 2002. We operate it as part of Big Bazaar as well as a standalone outlet. The first standalone Food Bazaar outlet was launched in financial year 2004. Food Bazaar provides a wide product range including fruits, vegetables and staples, ready-to-cook products, processed and non-processed food, FMCG products, health and specialty foods. Food Bazaar offers its products at competitive prices and provides the Indian consumers the convenience of pre-packed commodities while retaining the Indian’s preference of “see - touch - feel” by displaying its products.

As of March 31, 2014, we operated 24 standalone Food Bazaar stores as well as a section in 164 Big Bazaar stores across the country.

fbf

Amongst the lines of business that we operate in, fashion has been our core focus. This format is as an initiative to offer fashion clothing, accessories and footwear at an affordable price range for all age groups. We pooled in our resources in fashion design, merchandizing, operations, visual merchandizing and communication to

recreate the entire category, the stores and create the new format of 'fbb'. The merchandise includes apparels, accessories and footwear for women, men and kids. fbb is also title sponsor of Femina Miss India.

As at March 31, 2014, we operated 30 standalone fbb stores as well as a section within 164 Big Bazaar stores across the country.

Foodhall

We launched Foodhall in Mumbai in May 2011 as a premium food supermarket which is a one – stop shop offering wide range of products, Indian and international, including assortment of fresh and packaged foods, staple food, breads, snacks, desserts and savories and premium kitchen accessories. We also offer 'live bakery' and 'live kitchen' facilities at Foodhall. Foodhall was awarded with the 'Most Admired Food & Grocery Retailer' at the 7th Coca Cola Golden Spoon Awards 2014.

As of March 31, 2014, there are five Foodhall stores, one each in Mumbai, Bengaluru, New Delhi, Pune and Gurgaon.

Home retail business

Home Town

Home Town is a large format store providing hard and soft furnishing. We opened our first Home Town in Noida in 2007. Home Town is a one-stop destination for home-making solutions offering an array of home-making products including furniture, modular kitchens, lighting, furnishings, mattresses and crockery at affordable prices. Home Town was awarded the Global Innovation Award for the year 2012-2013.

As at March 31, 2014, we operated 30 Home Town stores (including Home Town Express) across the country.

eZone

eZone operates as standalone stores as well as within other stores such as Home Town and Big Bazaar. The first eZone store was launched in Indore in April 2006 and each eZone store provides dedicated zones to enable similar type of electronics offering. This format offers various personal products, entertainment products and home appliances. To make such electronics affordable to a greater audience we have introduced yearly sale such as 'BlindFold Sale' during the month of January and 'Zero Margin Sale' during the month of August. This wide range caters to the requirements of our consumers and at the same time provides a variety of products to choose.

As at March 31, 2014, we operated 23 eZone standalone stores and 43 stores in stores (SIS) across the country.

Other operations

Our retail format business is supported by various other businesses operated by our subsidiaries, associates and joint ventures including branded fashion, food and FMCG, insurance, warehousing and logistics, textiles and online retailing.

Intellectual Property

As we leverage our brand equity for our growth and development of various formats, we have undertaken registrations of trademarks and associated logos for our formats. Future Ideas Company Limited ("FICL"), a Future Group company, owns the trademark in the brand and logo of 'Future' and 'Future Group' (the "Trademarks"). Pursuant to the Master License Agreement dated October 11, 2010 (the "Agreement") between FICL and our Company, FICL has granted a non-exclusive and non-transferable licence to use the Trademarks in, *inter alia*, marketing and advertisements of our products and services during the term of the Agreement and, with the written consent of FICL, for business activities outside India. The Agreement requires us to make payment of royalty to FICL on a quarterly basis. The Agreement also allows the use of Trademarks by our Subsidiaries. The Agreement is valid with effect from April 1, 2010 unless terminated earlier by the parties in accordance with the Agreement.

Competition

We face competition from various other retailers that operate stores in formats similar to ours as well as those retailers who sell retail products similar to the ones sold by us through small retail stores. These include

standalone stores in the organized and unorganized sector, as well as other chains of stores including department stores. 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.

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.

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, we have set up a center in Ahmedabad which provides information technology related services to us.

We have migrated our core enterprise resource planning platform from SAP ECC 5 to SAP ECC 6. The new platform allows higher functionality, more optimized resource planning and higher levels of business support. Our Company consolidated the entire in-store server room technology infrastructure into a single box – Micro Data Center. This initiative has enabled us in optimization of the back-end store space which can now be used for retail business needs. It also reduces time-to-market of new stores and unifies remote monitoring and maintenance with report and dashboards for performance management. With the aim of improving consumer experience and faster checkout, we have also introduced new age scanners within stores. These high speed scanning devices improve scanning efficiency thereby resulting in faster checkouts and reduced queuing. As these scanners are hands free, the cashier can be more attentive to the consumers.

Human Resources

Human Resource is one of the critical support functions and forms another key element of the corporate backbone. As of March 31, 2014, we employ approximately 20,500 employees located at head office, zonal offices, retail stores across the country.

Our Company has a dedicated human resource team which takes care of acquisition, development and retention of skills and talent in a way that supports the accomplishment of our Company's goals and objectives. Our Company believes in creating a culture and environment that allows its people resources to utilize their skills, knowledge and leadership abilities and collectively in serving the consumers. We are among the top 50 in 'India's Best Companies to Work For' as per the joint survey done by the Economic Times and Great Place to Work.

Insurance

We have insured all our stores, distribution centres, warehouses, offices and other assets against fire and allied risks. We have also insured our stocks against housebreaking, burglary and theft risks. We review the adequacy of the insurance cover at periodic intervals. Further, we also have an adequate coverage for loss of money while in transit, or loss from safe or cash counter caused by robbery, theft or other fortuitous event.

We are insured for the directors and officers' liability covering the loss suffered 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 commercial general 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's compensation policy, we also cover our employees with group mediclaim policy, which also includes hospitalisation benefits and group life insurance policy to all our employees. Also, see "Risk Factors – Uninsured losses or losses in excess of our insurance coverage could result in a loss of our investment." on page 20.

Properties

The Company owns the premises of its registered office and occupies its corporate office on a lease and licence basis for a period of five years with effect from July 15, 2010.

As of March 31, 2014, we operate our business through 321 stores across various formats spanning in 98 cities. 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 lease and license, business conducting agreements. Also see, "Risk Factors – Competition may impede our ability to renew leases or licences entered into by us." on page 16.

Our Subsidiaries, Associate and Joint Ventures

We operate some of our business operations through our subsidiaries, associates and joint ventures. For details, see “Financial Statements” on page 83. Also, see “Risk Factors – We have made significant investments in our Subsidiaries, Associates and Joint Ventures. We may choose to divest certain of our investments, in part or full, which may not be able to achieve commercially profitable basis and may have an adverse impact on our business and financial position.” on page 16.

OUR MANAGEMENT

Board of Directors

Our Company's Articles of Association provides that the minimum number of Directors shall be three. As of the date of this Draft Letter of Offer, our Company has seven Directors, of which three Directors are Executive Directors and four Directors are Independent Directors. Pursuant to the provisions of the Companies Act, 2013 at least two-thirds of the total number of Directors excluding the Independent Directors are liable to retire by rotation, with one-third of such number retiring at each annual general meeting. A retiring director is eligible for re-election. Further, the Independent Directors may be appointed for a maximum of two terms of up to five consecutive years each. Any re-appointment of Independent Directors shall, *inter alia*, be on the basis of the performance evaluation report and approved by the shareholders by way of special resolution. The quorum for meetings of our Board is one-third of the total number of Directors, or two Directors, whichever is higher, unless otherwise fixed by the Directors.

The Directors of our Company are not required to hold any qualification shares to qualify to be a Director. On account of the recent enactment of the Companies Act, 2013, our Board will take necessary steps to comply with the applicable provisions of the Companies Act, 2013 within the timeframe prescribed thereunder.

The following table sets forth details regarding our Board as of the date of filing this Draft Letter of Offer:

Name, Designation, Term, DIN, Occupation, and Address	Age (in years)	Other Directorships/ Interests/ Trusteeships
Mr. Kishore Biyani <i>Designation:</i> Managing Director <i>Term:</i> Valid up to March 31, 2015 <i>DIN:</i> 00005740 <i>Occupation:</i> Entrepreneur <i>Address:</i> 406, Jeevan Vihar, Manav Mandir Road, Malabar Hill, Mumbai 400 006	53	<i>Other Directorships</i> (1) Eclipse Infrastructure Private Limited; (2) Embassy Property Developments Private Limited; (3) Future Consumer Enterprise Limited; (4) Future Corporate Resources Limited; (5) Future Generali India Insurance Company Limited; (6) Future Generali India Life Insurance Company Limited; (7) Future Lifestyle Fashions Limited; (8) Future Media (India) Limited; (9) INOX Leisure Limited; (10) Retailers Association of India (Section 25 Company); (11) Softtouch Multitrading Private Limited; and (12) Uccal Infrastructure Private Limited. <i>Partnerships</i> <i>As Designated Partner</i> (1) Samreen Multitrading LLP; and (2) Taraka Infrastructure LLP. <i>As Partner</i> (1) BLB Trading & Investments Consultants; (2) Tanushri Infrastructure LLP; (3) Liquid Foot Infraprojects LLP; (4) Oviya Multitrading LLP; (5) White Knight Mercantile LLP; (6) Radha Multitrading LLP; (7) Saachi Mutitrading LLP; (8) Raja Infrastructure LLP; (9) Raaka Multitrading LLP; (10) Salarunj Multitrading LLP;

Name, Designation, Term, DIN, Occupation, and Address	Age (in years)	Other Directorships/ Interests/ Trusteeships
		(11) Silver Base Infrastructure LLP; (12) Kavi Sales Agency LLP; and (13) Brahmabrata Trading LLP.
Mr. Rakesh Biyani Designation: Joint Managing Director Term: Valid up to March 31, 2017 DIN: 00005806 Occupation: Entrepreneur Address: 304, Jeevan Vihar, Manav Mandir Road, Malabar Hill, Mumbai 400 006	42	Other Directorships (1) Future Lifestyle Fashions Limited; (2) Indus – League Clothing Limited; (3) Future Supply Chain Solutions Limited; (4) Future Knowledge Services Limited; (5) Celio Future Fashion Limited; (6) Future Axiom Telecom Limited; (7) Turtle Limited; (8) Futurebazaar India Limited; (9) Clarks Future Footwear Limited; (10) Retailers Association’s Skill Council of India (Section 25 Company); (11) nuFuture Digital (India) Limited; (12) Umber Properties Private Limited; (13) Uccchal Infrastructure Private Limited; (14) Indian Football Coaching Private Limited; (15) Parvat View Properties Private Limited; (16) RGB Enterprises Limited (foreign company); and (17) Comfort Care Homes (Danygraig) Limited (foreign company). Partnerships As Partner (1) BLB Trading & Investment Consultants; (2) Radha Multitrading LLP; (3) Saachi Multitrading LLP; (4) GSR Capital Resources LLP; and (5) Biyani Capital Resources LLP.
Mr. Vijay Biyani Designation: Wholetime Director Term: Valid up to September 25, 2014 ⁽¹⁾ DIN: 00005827 Occupation: Entrepreneur Address: 305, Jeevan Vihar, Manav Mandir Road, Malabar Hill, Mumbai 400 006	55	Other Directorships (1) PIL Industries Limited; (2) Future Generali India Insurance Company Limited; (3) Future Corporate Resources Limited; (4) ESES Commercials Private Limited; (5) Utsav Mall Management Company Private Limited; (6) Sprint Advisory Services Private Limited; (7) Shendra Advisory Services Private Limited; (8) Vishnu Mall Management Private Limited; (9) Kuber Mall Management Private Limited; (10) Kesari Realty Private Limited; (11) Dhanshree Fashions Private Limited; and (12) Nimbi Jodha Corporate Services Private Limited. Partnerships As Partner

Name, Designation, Term, DIN, Occupation, and Address	Age (in years)	Other Directorships/ Interests/ Trusteeships
		(1) BLB Trading & Investment Consultants; (2) Tanushri Infrastructure LLP; and (3) Liquid Foot Infraprojects LLP.
Mr. S. Doreswamy <i>Designation:</i> Independent Director <i>Term:</i> Liable to retire by rotation ⁽²⁾ <i>DIN:</i> 00042897 <i>Occupation:</i> Advisor <i>Address:</i> Topaz – 302, Esteem Heritage, Rose Garden Road, J P Nagar, 5 th Phase, Bengaluru 560 078	76	Other Directorships (1) Ceat Limited; and (2) DSP BlackRock Trustee Company Private Limited.
Ms. Bala Deshpande <i>Designation:</i> Independent Director <i>Term:</i> Liable to retire by rotation ⁽²⁾ <i>DIN:</i> 00020130 <i>Occupation:</i> Service <i>Address:</i> Flat 501, 5 th Floor, Kukreja Heights, Near Rishi Kapoor's Bungalow, Pali Hill, Bandra (West), Mumbai 400 050	48	Other Directorships (1) Info Edge (India) Limited; (2) INTARVO Technologies Limited; (3) New Enterprise Associates (India) Private Limited; (4) Financial Software And Systems Private Limited; (5) Vishwa Infrastructures and Services Private Limited; (6) Air Works India (Engineering) Private Limited; (7) Infinitas Energy Solutions Private Limited; and (8) India World Technologies Private Limited.
Mr. Anil Harish <i>Designation:</i> Independent Director <i>Term:</i> Liable to retire by rotation ⁽²⁾ <i>DIN:</i> 00001685 <i>Occupation:</i> Advocate <i>Address:</i> 13-14, CCI Chambers, 1 st Floor, Dinshaw Wacha Road, Mumbai 400 020	60	Other Directorships (1) Ador Welding Limited; (2) Advani Hotels & Resorts (India) Limited; (3) Ashok Leyland Limited; (4) Astoria Maritime Private Limited; (5) Cenmar Maritime Agencies (India) Private Limited; (6) Freight Connection (India) Private Limited; (7) Future Consumer Enterprise Limited; (8) Helpyourngo.com (India) Private Limited; (9) Hinduja Global Solutions Limited; (10) Hinduja Leyland Finance Limited; (11) Hinduja Ventures Limited; (12) Hotel Leelaventure Limited; (13) Mahindra Lifespace Developers Limited; (14) Mordril Properties (India) Private Limited; (15) Mukta Arts Limited; (16) Oasis Preprint Services Private Limited; (17) Oberoi Realty Limited; (18) Trans Atlantic Consultants Private Limited; (19) Unitech Limited; and (20) Valecha Engineering Limited. Partnership

Name, Designation, Term, DIN, Occupation, and Address	Age (in years)	Other Directorships/ Interests/ Trusteeships
		(1) D. M. Harish & Co.
Mr. V.K. Chopra Designation: Independent Director Term: Liable to retire by rotation ⁽²⁾ DIN: 02103940 Occupation: Ex-banker and financial consultant Address: Flat No. 4 – A, 4 th Floor, Harmony Tower, Dr. E. Moses Road, Worli, Mumbai 400 018	68	Other Directorships (1) Rolta India Limited; (2) Dewan Housing Finance Corporation Limited; (3) PNB Metlife India Insurance Company Limited; (4) Havells India Limited; (5) Reliance Capital Pension Fund Limited; (6) Milestone Capital Advisors Limited; (7) Jaiprakash Associates Limited; (8) Responsive Industries Limited; (9) India Infoline Finance Limited; (10) Religare Invesco Asset Management Company Private Limited; (11) Bandhan Financial Services Private Limited; and (12) Peagasus Assets Reconstruction Private Limited.

⁽¹⁾ Our Board has pursuant to its resolution dated May 30, 2014 approved the re-appointment of Mr. Vijay Biyani as the Wholetime Director for a period of three years from September 26, 2014. The shareholders' approval is proposed to be obtained by our Company in the AGM to be held on August 2, 2014.

⁽²⁾ Our Board has pursuant to its resolution dated May 30, 2014 approved re-appointment of Mr. S. Doreswamy, Ms. Bala Deshpande, Mr. Anil Harish and Mr. V.K. Chopra as independent directors for a fixed term of five years. The shareholders' approval is proposed to be obtained by our Company in the AGM to be held on August 2, 2014 for their term of five years.

Relationship between the Directors

The details of relationship between the Directors of our Company are as follows:

S. No	Name of Director	Related to	Nature of Relationship
1.	Mr. Kishore Biyani	Mr. Vijay Biyani	Brother
2.	Mr. Vijay Biyani	Mr. Kishore Biyani	Brother

Brief Biographies

Mr. Kishore Biyani is the Managing Director of our Company and founder and CEO of Future Group. He was appointed as Managing Director of our Company with effect from June 1, 1991. He holds a bachelor's degree in Commerce from University of Mumbai and a post graduate diploma in Management from University of Mumbai. He has led the Group's foray into organized retail with the opening of the stores of one of the leading fashion brands of India, Big Bazaar, Food Bazaar, Central, Home Town and many other formats in fashion and accessories, and consumption of fast moving goods. He has over 34 years of experience in the field of manufacturing, marketing of readymade garments and retail.

Mr. Rakesh Biyani is the Joint Managing Director of our Company. He was appointed as Director of our Company with effect from July 27, 1992. He holds a bachelor's degree in Commerce from University of Mumbai and has attended the Advanced Management Program from Harvard Business School. He leads the management in expansion of our group's flagship formats i.e. Big Bazaar, Central and Food Bazaar. He has over 20 years of experience in the retail business.

Mr. Vijay Biyani is a Whole Time Director of our Company. He was appointed as Whole Time Director of our Company with effect from September 26, 2009. He holds a bachelor's degree in Commerce from Mumbai University. He has over 30 years of experience in textile, yarn and readymade apparels business.

Mr. S. Doreswamy is an Independent Director of our Company. He was appointed as Independent Director of

our Company with effect from September 29, 2000. He holds a bachelor's degree in Science and a bachelor's degree in Law. He has over 34 years of experience in banking and finance. He was previously the Chairman and Managing Director of Central Bank of India.

Ms. Bala Deshpande is an Independent Director of our Company. She was appointed as Independent Director of our Company with effect from August 9, 2001. She holds a bachelor's degree in Arts (Economics) from University of Mumbai and a master's degree in Arts (Economics) from University of Mumbai. She also holds a master's degree in Management Studies from Jamnalal Bajaj Institute of Management Studies, Mumbai. She has over 24 years of experience in management. She has previously worked with ICICI venture Funds Management Company Limited, Best Foods and ICI India Limited.

Mr. Anil Harish is an Independent Director of our Company. He was appointed as Independent Director of our Company with effect from August 24, 2004. He holds a bachelor's degree in Arts from University of Mumbai and bachelor's degree in Law from University of Mumbai. He also holds a master's degree in law from the University of Miami, US. He has over 36 years of experience in law.

Mr. V.K. Chopra is an Independent Director of our Company. He was appointed as Independent Director of our Company with effect from July 24, 2008. He is a Chartered Accountant and a Certified Associates of Indian Institute of Bankers. He has over 35 years of experience in banks. He has also been executive director of Oriental Bank of Commerce and chairman and managing director of Corporation Bank and SIDBI. His last assignment was as a wholetime member of SEBI for two years.

Confirmations

None of the Directors is or was a director of any listed company during the last five years preceding the date of filing of this Draft Letter of Offer, whose shares have been or were suspended from being traded on the BSE or the NSE, during the term of their directorship in such company.

Except for Mr. Vijay Biyani, whose details are provided below, none of the Directors is or was a director of any listed company which has been or was delisted from any recognised stock exchange in India during the term of their directorship in such company.

S.No	Name of the company	Name of the stock exchange(s) on which the company was listed	Date of delisting on stock exchanges	Whether the delisting was compulsory or voluntary delisting:	Reasons for delisting	Whether the company has been relisted	Date of relisting, in the event the company is relisting	Term of directorship (along with relevant dates) in the company
1.	PIL Industries Limited	BSE	April 3, 2007	Voluntary	Voluntary	No	N/A	Director since October 1, 1991

Service agreements with the Directors

No service contracts have been entered into by the Directors with our Company providing for benefits upon termination of employment.

As of the date of this Draft Letter of Offer, there are no arrangements or understanding with major shareholders, customers, suppliers or others, pursuant to which our Company has appointed a director or a member of the senior management.

SECTION V: FINANCIAL INFORMATION

FINANCIAL STATEMENTS

INDEPENDENT AUDITORS REPORT

To
The Members of
FutureRetail Limited

(Formerly known as Pantaloon Retail (India) Limited)

Report on the Financial Statements

We have audited the accompanying financial statements of FUTURE RETAIL LIMITED (Formerly known as Pantaloon Retail (India) Limited) ("the Company"), which comprise the Balance Sheet as at March 31, 2014, the Statement of Profit and Loss and the Cash Flow Statement for the period then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- b) in the case of the Statement of Profit and Loss, of the profit for the period ended on that date; and
- c) in the case of the Cash Flow Statement, of the cash flows for the period ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order"), as amended, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by Section 227(3) of the Act, we report that:
 - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - c) The Balance Sheet, Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account ;
 - d) In our opinion, the Balance Sheet, Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 read with the General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013;
 - e) On the basis of written representations received from the Directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section(1) of Section 274 of the Companies Act, 1956.

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

Mumbai
May 30, 2014

Ganesh Toshniwal
Partner
Membership No. 046669

Annexure to the Independent Auditors' Report

(Referred to in Paragraph 1 under 'Report on Other Legal and Regulatory Requirements section in our report of even date')

- i.
 - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - (b) Some of the fixed assets were physically verified during the period by the Management in accordance with a regular programme of verification, which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
 - (c) The fixed assets disposed off during the period, in our opinion, do not constitute a substantial part of the fixed assets of the Company.
- ii.
 - (a) As explained to us, management has conducted physical verification of inventory at regular intervals during the period.
 - (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventory followed by the Management were reasonable and adequate in relation to the size of the Company and nature of its business.
 - (c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.
- iii. The Company has not granted/taken any loan, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Act. Therefore, the provisions of clause 4(iii) of the Order are not applicable to the Company.
- iv. In our opinion, and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for sale of goods and services. During the course of our audit, we have not observed any major weakness or continuing failure to correct any major weakness in the internal control system of the Company in respect of these areas.
- v.
 - (a) In our opinion, the particulars of all contracts or arrangements that need to be entered into the register maintained under section 301 of the Act have been so entered.
 - (b) In our opinion, the transactions made in pursuance of such contracts or arrangements and exceeding the value of rupees five lakhs in respect of any party during the period have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- vi. The Company has not accepted any deposits from the public.
- vii. In our opinion, the internal audit functions carried out during the period by firms of Chartered Accountants appointed by the management have been commensurate with the size of the Company and the nature of its business.
- viii. We have broadly reviewed the books of accounts maintained by the Company pursuant to the rules prescribed by the Central Government for the maintenance of cost records under clause (d) of sub section (1) of Section 209 of the Companies Act, 1956 and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the records.
- vi.
 - (a) Undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-Tax, Sales-Tax, Wealth-Tax, Service-Tax, Custom Duty,

Excise Duty, Cess and other material statutory dues, as applicable, have generally been regularly deposited with the appropriate authorities, though there has been a slight delay in a few cases.

- (b) No undisputed amounts payable in respect of Provident Fund, Investor Education and Protection Fund, Employee's State Insurance, Income-Tax, Sales-Tax, Service Tax, Wealth Tax, Customs Duty, Excise Duty, Cess and other material statutory dues applicable to the Company were in arrears as at March 31, 2014 for a period of more than six months from the date they became payable.
- (c) Details of statutory dues which have not been deposited as at March 31, 2014 on account of dispute are given below.

Name of the Statute	Nature of the dues	Amount (₹ In Crores)	Period to which the amount relates	Forum where dispute is pending
The Indian Stamp Act, 1899	Stamp Duty	8.92	FY : 2008-09	Chief Controlling Revenue Authority, Ghaziabad, U.P
The Income Tax Act, 1965	Income Tax	0.05	AY : 2004-05	Commissioner of Income Tax (Appeal)
The Income Tax Act, 1965	Income Tax	3.37	AY : 2007-08	Commissioner of Income Tax (Appeal)
The Income Tax Act, 1965	Income Tax	0.42	AY : 2008-09	Income Tax Appellate Tribunal
The Income Tax Act, 1965	Income Tax	1.66	AY : 2009-10	Income Tax Appellate Tribunal
The Income Tax Act, 1965	Income Tax	4.78	AY : 2010-11	Income Tax Appellate Tribunal
The Income Tax Act, 1965	Income Tax	28.54	AY : 2011-12	Income Tax Appellate Tribunal
The Income Tax Act, 1965	Income Tax	0.21	AY : 2011-12	Commissioner of Income Tax (Appeal)
UP - Trade Tax Act	VAT	0.07	FY: 2007- 08	Additional Commissioner Grade 2, Kanpur
UP – VAT Act	VAT	0.09	FY: 2007- 08	Additional Commissioner Grade 2, Kanpur
UP - VAT Act	VAT	0.10	FY: 2008- 09	Additional Commissioner Grade 2, Kanpur
UP - VAT Act	VAT	0.30	FY: 2012- 13	Additional Commissioner Grade 2, Kanpur
UP - VAT Act	VAT	0.09	FY: 2009- 10	Additional Commissioner Grade 2, Kanpur
CST Act 1956	CST	1.06	FY: 2006- 07	Appellate Authority-DC
CST Act 1956	CST	0.55	FY: 2007- 08	Appellate Authority-DC
VAT Act	VAT	0.19	FY: 2009- 10	Directorate of Commercial Taxes
CST Act 1956	CST	0.15	FY: 2009- 10	Dy. Commissioner of Sales Tax

- x. The Company does not have accumulated losses at the end of the financial period. The company has not incurred any cash losses in the current period and in the immediately preceding financial period.
- xi. Based on our audit procedures and as per the information and explanations given by management, we are of the opinion that the Company has not defaulted in repayment of dues to bank, financial institutions and debenture holders.
- xii. According to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii. In our opinion, and according to the information and explanations given to us, the Company is not a Chit fund or Nidhi or Mutual Benefit Fund or Society.
- xiv. According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments.
- xv. The Company has given guarantee for loans taken by others from banks. According to the information and explanations given to us, we are of the opinion that the terms and conditions thereof are not prima facie prejudicial to the interest of the company.
- xvi. In our opinion and according to the explanations given to us, term loans obtained have been applied for the purpose for which they were obtained. In case of term loans taken over under the scheme of arrangement described under Note 37 to the financial statements and outstanding during the period, as explained to us, the merged Company had utilised the said loans in the earlier periods.
- xvii. In our opinion and according to the information and explanations given to us and on overall examination of the Balance Sheet and Cash Flow Statement of the Company, we report that funds raised on short-term basis have, prima facie, not been used during the period for long term investment.
- xviii. The Company has not made any preferential allotments of shares to parties covered in the register maintained under section 301 of the Companies Act, 1956.
- xix. According to the information and explanations given to us the Company has created security in respect of debentures issued during the financial period covered by our audit report.
- xx. The Company has not raised any money from public issues during the period.
- xxi. To the best of our knowledge and belief and according to the information and explanations given to us, no fraud by the Company was noticed or reported during the period, although there were some instances of fraud on the Company noticed by the Management, the amounts whereof were not material in the context of the size of the Company and the nature of its business and the amounts were adequately provided for.

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

Mumbai
May 30, 2014

Ganesh Toshniwal
Partner
Membership No. 046669

BALANCE SHEET AS AT MARCH 31, 2014

(₹ in Crores)

	Note	As at March 31, 2014	As at December 31, 2012
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	2	46.32	46.32
Reserves and Surplus	3	3,205.33	3,276.23
		3,251.65	3,322.55
Optionally Fully Convertible Debentures	4	-	800.00
Compulsory Convertible Debentures	5	150.00	-
Optionally Convertible Debentures	5	250.00	-
Non-Current Liabilities			
Long-Term Borrowings	6	3,755.20	1,854.42
Deferred Tax Liabilities (Net)	7	180.18	94.99
Other Long-Term Liabilities	8	-	150.00
Long-Term Provisions	9	16.03	5.32
		3,951.41	2,104.73
Current Liabilities			
Short-Term Borrowings	10	1,348.60	551.18
Trade Payables	11	1,224.02	810.02
Other Current Liabilities	12	1,154.07	980.91
Short-Term Provisions	13	19.84	33.53
		3,746.53	2,375.64
TOTAL		11,349.59	8,602.92
ASSETS			
Non-Current Assets			
Fixed Assets	14		
Tangible Assets		4,112.58	2,186.29
Intangible Assets		227.67	97.02
Capital Work-in-Progress		363.82	209.73
Non-Current Investments	15	1,349.52	2,280.23
Long-Term Loans and Advances	16	370.99	764.01
		6,424.58	5,537.28
Current Assets			
Inventories	17	3,113.29	2,140.24
Trade Receivables	18	313.98	165.01
Cash and Bank Balances	19	102.48	55.53
Short-Term Loans and Advances	20	1,379.33	690.99
Other Current Assets	21	15.93	13.87
		4,925.01	3,065.64
TOTAL		11,349.59	8,602.92
The accompanying notes are an integral part of these financial statements	1 - 53		

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

For NGS & Co. LLP
Chartered Accountants

Kishore Biyani
Managing Director

Rakesh Biyani
Joint Managing Director

Vijay Biyani
Wholtime Director

Ganesh Toshniwal
Partner
Membership No.: 046669

S. Doreswamy
Director

Anil Harish
Director

V. K. Chopra
Director

Mumbai
May 30, 2014

Bala Deshpande
Director

Dinesh Maheshwari
Chief Financial Officer

Deepak Tanna
Company Secretary

STATEMENT OF PROFIT AND LOSS FOR THE PERIOD JANUARY 01, 2013 TO MARCH 31, 2014

(₹ in Crores)

	Note	January 01, 2013 to March 31, 2014	July 01, 2011 to December 31, 2012
INCOME			
Revenue from Operations	22	11,577.44	6,987.73
Other Income	23	27.74	27.70
Total Revenue		11,605.18	7,015.43
EXPENDITURE			
Cost of Materials Consumed		21.85	25.21
Purchases of Stock-in-Trade		8,498.87	4,815.11
Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	24	(23.07)	(395.93)
Employee Benefits Expense	25	423.94	336.31
Finance Costs	26	692.54	460.41
Depreciation and Amortization Expense	14	404.34	311.87
Other Expenses	27	1,616.10	1,430.73
Total Expenses		11,634.57	6,983.71
Profit/(Loss) Before Exceptional Items and Tax		(29.39)	31.72
Exceptional Items	28	30.66	256.60
Profit Before Tax For The Period		1.27	288.32
Tax Expense	40	(1.54)	15.06
Profit After Tax For The Period		2.81	273.26
Earnings Per Equity Share of Face Value of ₹ 2/- each	34		
Basic - Equity Share		0.12	12.08
Basic - Class B (Series-1) Share		0.16	12.12
Diluted - Equity Share		0.12	12.08
Diluted - Class B (Series-1) Share		0.16	12.12
The accompanying notes are an integral part of these financial statements	1 – 53		

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

For NGS & Co. LLP
Chartered Accountants

Kishore Biyani
Managing Director

Rakesh Biyani
Joint Managing Director

Vijay Biyani
Wholetime Director

Ganesh Toshniwal
Partner
Membership No.: 046669

S. Doreswamy
Director

Anil Harish
Director

V. K. Chopra
Director

Mumbai
May 30, 2014

Bala Deshpande
Director

Dinesh Maheshwari
Chief Financial Officer

Deepak Tanna
Company Secretary

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

1 Significant Accounting Policies

A. Basis of Preparation

Financial statements have been prepared in accordance with Generally Accepted Accounting Principles in India (Indian GAAP) under the historical cost convention on an accrual basis in compliance with all material aspects of the Accounting Standards (AS) notified under the Companies Act 1956 ("the Act") read with the General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013 and the relevant provisions of the Companies Act 1956 (to the extent applicable) and Companies Act, 2013 (to the extent notified).

B. Use of Estimates

Preparation of financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in differences between the actual results and estimates which are recognized in future periods.

C. Fixed Assets and Depreciation

Tangible fixed assets are stated at cost, less accumulated depreciation and impairment loss, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

Depreciation is provided on straight line basis at the rates and in the manner prescribed under Schedule XIV of the Companies Act, 1956 except leasehold improvements which are amortized over the lease period and employee perquisite related assets which are depreciated over three years.

Computer software is amortized over six years. Fixed assets, individually costing less than Rupees Five thousands are fully depreciated in the year of purchase. Depreciation on the fixed assets added/dropped off/discarded during the period is provided on pro-rata basis with reference to the month of addition/disposal/discarding.

D. Investments

Investments, which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments. Investments are recorded at cost, which includes acquisition charges such as brokerage, stamp duty, taxes etc.

Current Investments are stated at lower of cost and fair value computed on individual investment basis. Long-term investments are stated at cost after deducting provisions made, if any, for other than temporary diminution in value.

E. Inventories

Inventories are valued at lower of cost, computed on weighted average basis, and net realizable value.

Cost of inventories comprises all costs of purchases and other costs incurred in bringing the inventories to their present condition and location.

Materials and other items held for use in the production of inventories are written down below cost only if the finished products in which they will be used are expected to be sold below cost.

F. Foreign Currency Transaction

Transactions in foreign currencies are recorded at the prevailing rates of exchange on the date of transaction. Monetary items denominated in foreign currencies, are restated at the prevailing rates of exchange at the balance sheet date. All gains and losses arising out of fluctuations in exchange rates are accounted for in the statement of Profit and Loss. Exchange differences on forward contracts entered into for hedging foreign exchange fluctuation risk in respect of an underlying asset/liability, are recognized in the statement of profit and loss in the reporting period in which the exchange rate changes. Premium/Discount on foreign exchange contracts are recognized as an expense/income over the life of the contract.

G. Borrowing Costs

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

H. Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Sales are recognized when significant risk and rewards of ownership of the goods have passed to the buyer which coincides with delivery and are recorded net of trade discounts and VAT. Revenue from services are recognized as they are rendered based on agreements/arrangements with the concerned parties and recognized net of service tax (If applicable). Interest income is recognized on time proportion basis taking into account the amount outstanding and the applicable rate. Dividend income is recognized when right to receive is established.

I. Retirement and Other Employee Benefits

Employee benefits such as salaries, allowances, non-monetary benefits and employee benefits under defined contribution plans such as provident fund and other funds, which fall due for payment within a period of twelve months after rendering service, are charged as expense to the statement of profit and loss for the period in which the service is rendered.

Employee benefits under defined benefit plans and other long term employee benefits such as gratuity and compensated absences which fall due for payment after completion/cessation of employment or after a period of twelve months from rendering service are measured by the projected unit credit method, based on actuarial valuations at each balance sheet date carried out by independent actuaries. The company's obligations recognized in the balance sheet represent the present value of obligations as reduced by the fair value of plan assets, where applicable. Actuarial gains and losses are recognized immediately in the statement of profit and loss.

J. Taxation

Tax expense includes provision for current tax and deferred tax. Provision for current tax is made on the basis of estimated taxable income for the current accounting year in accordance with the provisions of the Income Tax Act, 1961. Deferred tax resulting from "timing difference" between taxable and accounting income is accounted for using the tax rates and laws that are enacted as at the Balance Sheet date. Deferred tax asset is recognized and carried forward only to the extent that there is virtual certainty that the asset will be realized in future.

K. Provisions, Contingent Liabilities and Contingent Assets

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

L. Impairment of Assets

The carrying amounts of assets are reviewed at each Balance Sheet date if there is any indication of impairment based on internal/ external factors. An asset is treated as impaired when the carrying cost of the assets exceeds its recoverable value. An impairment loss, if any, is charged to the Statement of Profit and Loss in the year in which an asset is identified as impaired. Reversal of impairment losses recognized in prior years is recorded when there is an indication that the impairment losses recognized for the assets no longer exist or have decreased.

M. Leases

Leases where significant portion of risk and reward of ownership are retained by the Lessor are classified as operating leases and lease rental thereof are charged to the Statement of Profit and Loss as per the terms of agreement which is representative of the time pattern of the user's benefit.

Notes Forming Part of The Financial Statements

2 Share Capital

	As at March 31, 2014		As at December 31, 2012	
	Number	(₹ in Crores)	Number	(₹ in crores)
Authorised				
Equity shares of ₹ 2/- each	45,00,00,000	90.00	45,00,00,000	90.00
Equity shares of class B (series -1) of ₹ 2/- each	5,00,00,000	10.00	5,00,00,000	10.00
Preference shares of ₹ 100/- each	30,00,000	30.00	30,00,000	30.00
	50,30,00,000	130.00	50,30,00,000	130.00
Issued				
Equity shares of ₹ 2/- each	21,56,64,839	43.13	21,56,64,839	43.13
Equity shares of class B (series -1) of ₹ 2/- each	1,59,29,152	3.19	1,59,29,152	3.19
	23,15,93,991	46.32	23,15,93,991	46.32
subscribed and Paid up				
Equity shares of ₹ 2/- each	21,56,53,439	43.13	21,56,53,439	43.13
Equity shares of class B (series -1) of ₹ 2/- each	1,59,29,152	3.19	1,59,29,152	3.19
	23,15,82,591	46.32	23,15,82,591	46.32

(i) Reconciliation of Number of shares Equity share of ₹ 2/- each

Particulars	As At March 31, 2014	As At December 31, 2012
	Number of Shares	Number of shares
Opening Balance	21,56,53,439	20,11,42,539
Shares Issued	-	81,63,265
Shares Issued on conversion of Preference Shares	-	63,47,635
Closing Balance	21,56,53,439	21,56,53,439

Equity shares of class B (series -1) of ₹ 2/- each

Particulars	As At March 31, 2014	As At December 31, 2012
	Number of Shares	Number of shares
Opening Balance	1,59,29,152	1,59,29,152
Shares Issued	-	-
Closing Balance	1,59,29,152	1,59,29,152

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

Particulars	As At March 31, 2014	As At December 31, 2012
	Number of Shares	Number of shares
Opening Balance	-	63,47,635
Converted into Equity Shares	-	63,47,635
Closing Balance	-	-

(ii) Terms/Rights Attached to Equity Shares

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

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

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

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

The Company declares and pays dividends in Indian Rupees. The dividend proposed by the Board of Directors is subject to approval of the shareholders in the Annual General Meeting.

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

(iii) The Company does not have any holding Company.

Notes Forming Part of The Financial Statements

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

Name of Shareholders	As at March 31, 2014		As at December 31, 2012	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Equity Shares				
Future Corporate Resources Limited	8,92,90,093	41.40	8,20,32,726	38.04
PIL Industries Limited	1,46,77,448	6.81	1,21,11,692	5.62
ARISAIG Partners (Asia) PTE Limited A/c Arisaig India Fund Limited	2,01,37,118	9.34	2,01,37,118	9.34
Bennett, Coleman and Company Limited	1,25,66,477	5.83	1,25,66,477	5.83

Name of Shareholders	As at March 31, 2014		As at December 31, 2012	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Equity Shares of Class B (Series-1) Shares				
PIL Industries Limited	29,38,034	18.44	29,27,885	18.38
Gargi Developers Private Limited	28,00,000	17.57	28,00,000	17.57
Manz Retail Private Limited	9,71,756	6.10	9,71,756	6.10

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

(vi) Shares allotted as fully paid up without payment received in cash (during 5 years preceding March 31, 2014).

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

(vii) The Company has reserved issuance of 25,00,000 (2012: NIL) Equity Shares of ₹ 2/- each for offering to eligible employees of the Company under Employees Stock Option Scheme (ESOS). During the period, Company has granted 2,76,279 (2012 : NIL) revised to 3,05,192 options, post corporate action affecting option value and transfer of certain options to Future Lifestyle Fashions Limited due to transfer of the employees pursuant to Scheme of Arrangement, to the eligible employees at exercise price of ₹ 20/- per option, again revised post corporate action to exercise price of ₹ 10/- per option plus all applicable taxes, as may be levied in this regard on the company. Out of the options granted, 11,798 options were cancelled due to cessation of employment. The options would vest over a maximum period of 3 years or such other period as may be decided by the Nomination and Remuneration Committee from the date of grant based on specified criteria.

3 Reserve and Surplus

	As at March 31, 2014	As at December 31, 2012
Capital Reserve		
Opening Balance	163.26	63.26
Add : Forfeiture of Share Warrants	-	100.00
Add: On Composite Schemes of Arrangements (Refer Note No. 37)	372.42	-
	535.68	163.26
Securities Premium Reserve		
Opening Balance	2,226.40	1,965.82
Add : Issue of Equity Shares	-	198.37
Conversion of Preference Shares	-	62.21
	2,226.40	2,226.40
Debenture Redemption Reserve		
Opening Balance	129.38	60.00
Add: Transferred from Statement of Profit and Loss	120.00	69.38
Add: On Composite Schemes of Arrangements (Refer Note No. 37)	18.75	-
	268.13	129.38
Share Options Outstanding Account		
Charge For The Year (Refer Note No. 49)	3.07	-
	3.07	-
General Reserve		
Opening Balance	103.13	75.80

	As at March 31, 2014	As at December 31, 2012
Add: Transferred from Statement of Profit and Loss	0.28	27.33
	103.41	103.13
Statement of Profit and Loss		
Opening Balance	654.07	506.35
Add: Profit for the period	2.81	273.26
Less: On Composite Schemes of Arrangements (Refer Note No. 37)	451.62	-
Less: Appropriation		
Excess Provision Reversal of Tax on Dividend	-	(0.85)
Transferred to Debenture Redemption Reserve	120.00	69.38
Transferred to General Reserve	0.28	27.33
Proposed Dividend on Equity Share	13.97	25.54
Tax on Dividend	2.37	4.14
	68.64	654.07
	3,205.33	3276.23

(₹ in Crores)

		As at March 31, 2014	As at December 31, 2012
4	Optionally Fully Convertible Debentures	-	800.00
	The Optionally Convertible Debentures (OFCDs) allotted on June 14, 2012, have face value of ₹ 1,00,00,000/- per debenture and carry coupon rate of 9.75% p.a. payable only in case of its redemption. OFCDs holders have option of conversion into equity shares of the Company at a price of ₹ 245/- per share, as per terms of issue and if not converted before expiry of 18 months from the date of allotment, OFCDs shall be redeemed on the last date of 18 months from the date of allotment of OFCDs. The OFCDs can be redeemed earlier with mutual consent of the OFCDs holders and Company.		
5	Compulsory Convertible Debentures	150.00	-
	The Company has issued and allotted on February 13, 2014 1500 Compulsorily Convertible Debentures (CCDs) having face value of ₹ 10,00,000 each carrying coupon rate of 5% p.a. CCDs have been issued, effective from February 11, 2014 pursuant to the Scheme of Amalgamation (the "Scheme") pursuant to section 391 to 394 of the Companies Act, 1956 between the Company and Future Value Retail Limited (FVRL) in lieu of Compulsory Convertible Debentures held by investors in FVRL. CCDs shall be convertible into equity shares of the Company as provided in the Scheme and subscription agreement as amended from time to time, at the average of the weekly high and low of the closing prices of the equity shares of the Company quoted on a recognised stock exchange during the 4 (four) weeks preceding the respective Conversion Date. CCDs can be redeemed in the manner provided in the CCDs Subscription Agreement, as amended from time to time.		
	Optionally Convertible Debentures	250.00	-
	The Company has issued and allotted on February 13, 2014 1000 Optionally Convertible Debentures – Series		

		As at March 31, 2014	As at December 31, 2012
	1 (OCDs-Series 1) having face value of ₹ 10,00,000 each and 1500 Optionally Convertible Debentures – Series 2 (OCDs-Series 2) having face value of ₹ 10,00,000 each (collectively hereinafter referred to as “OCDs”) carrying coupon rate of 12.50% p.a. OCDs have been issued effective from deemed date of allotment, March 15, 2013 pursuant to the Scheme of Amalgamation (the “Scheme”) pursuant to section 391 to 394 of the Companies Act, 1956 between the Company and Future Value Retail Limited (FVRL) in lieu of Compulsory Convertible Debentures held by investors in FVRL. OCDs shall be convertible into equity shares of the Company as provided in the Scheme and subscription agreement as amended from time to time, at the average of the weekly high and low of the closing prices of the equity shares of the Company quoted on a recognised stock exchange during the 4 (four) weeks preceding the respective Conversion Date. OCDs shall be redeemed in terms of the OCDs Subscription Agreement as amended from time to time, if no conversion option is exercised.		
6	Long-Term Borrowings		
	Secured		
	Non-Convertible Debentures	1,952.50	925.00
	Term Loans from Banks	1,802.70	929.42
		3,755.20	1854.42
a)	Non-Convertible Debentures referred above to the extent of		
i)	₹ 750 Crores (2012: ₹ 700 Crores) are secured by First Pari-Passu charge on Fixed Assets (excluding specific fixed assets charged in favour of exclusive charge lenders), carries coupon rate of 11.50% per annum and are redeemable at par, in one or more installments as ₹ 250 Crores in FY 2014-15, ₹ 250 Crores in 2015-16 and ₹ 250 Crores in 2016-17.		
ii)	₹ 225 Crores (2012: ₹ 225 Crores) are secured by Pledge of shares of subsidiary companies, carries coupon rate of 12.10% per annum and are redeemable at par, in one or more installments as ₹ 22.50 Crores in FY 2014-15, ₹ 22.50 Crores in 2015-16, ₹ 67.50 Crores in 2016-17 and ₹ 112.50 Crores in 2017-18.		
iii)	₹ 600 Crores (2012: ₹ NIL) are secured by First Pari-Passu charge on movable and immovable Fixed Assets of the company excluding assets charged to exclusive charge lenders, carries coupon rate of 11.50% per annum and are redeemable at par, in two installments as ₹ 240 Crores in FY 2017-18 and ₹ 360 Crores in 2018-19.		
iv)	₹ 375 Crores (2012: ₹ NIL) are secured by First Pari-Passu charge on movable and immovable Fixed Assets of the company excluding assets charged to exclusive charge lenders and excluding specific immovable properties, carries coupon rate of 11.50% per annum and are redeemable at par, in two installments as ₹ 150 Crores in FY 2017-18 and ₹ 225 Crores in 2018-19.		
v)	₹ 275 Crores (2012 ₹ NIL) are secured by Primary Security - First charge on identified intellectual		

		As at March 31, 2014	As at December 31, 2012
	Property Mortgaged Assets (including Brands/ sub brands/ logos) / format / product and services / trademark/ copy rights etc. till the perfection of final security. Final Security- First pari passu charge in favour of debenture trustee (along with existing lenders) on movable tangible fixed assets both present and future and immovable properties of the company, carries coupon rate of 13.00% per annum and are redeemable at par, in one or more installments as ₹ 96.25 Crores in FY 2016-17, ₹ 96.25 Crores in FY 2017-18 and ₹ 82.50 Crores in 2018-19.		
b)	Term Loan from Banks referred above to the extent of		
i)	₹ 57.44 Crores (2012: ₹ NIL) are secured by (a) First Pari Passu charge on Fixed Assets (excluding specific fixed assets charged in favour of exclusive charge lenders) (b) First Pari Passu charge on Credit/Debit Card Receivables of all the stores (c) Second Pari Passu charge on Current Assets.		
ii)	₹ 297.23 Crores (2012: ₹ NIL) are secured by (a) First Pari Passu charge on Fixed Assets (b) First Pari Passu charge on escrowed Credit & Debit card receivables of specific Big Bazaar stores.		
iii)	₹ 114.79 Crores (2012: ₹ NIL) are secured by (a) First Pari Passu charge on Fixed Assets (excluding specific fixed assets charged in favour of exclusive charge lenders) (b) Second Pari Passu charge on Current Assets excluding Deposits.		
iv)	₹ 285.79 Crores (2012: ₹ 118.03 Crores) are secured by First Pari Passu charge on Fixed Assets (excluding specific fixed assets charged in favour of exclusive charge lenders)		
v)	₹ 24.33 Crores (2012: ₹ NIL) are secured by Pari Passu First charge on movable fixed assets (present & future) of the stores (excluding specific fixed assets charged in favour of exclusive charge lenders)		
vi)	₹ 217.32 Crores (2012: ₹ NIL) are secured by (a) First Pari Passu charge on Fixed Assets (present and future) except assets exclusively charged to other lenders (b) Second Pari-Passu Charge on Current Assets of the Company (present and future)		
vii)	₹ 149.74 Crores (2012: ₹ NIL) are secured by First Pari Passu charge on Fixed Assets, present and future of the stores excluding assets charged in exclusive basis to exclusive charge lenders.		
viii)	₹ 99.58 Crores (2012: ₹ NIL) are secured by First Passu charge on Fixed Assets, present and future, excluding specific immovable properties.		
ix)	₹ 150.00 Crores (2012: ₹ NIL) are secured by First Passu charge on the net block of the company excluding specific immovable properties and current assets both present & future and post dated cheques of ₹150 Crores.		
x)	₹ 37.50 Crores (2012: ₹ NIL) are secured by Fixed Assets (movable & immovable) both present & future, excluding specific immovable properties.		
xi)	₹ 151.50 Crores (2012: ₹ NIL) are secured by Second		

		As at March 31, 2014	As at December 31, 2012
	Pari passu charge on the fixed & current assets of the company.		
xii)	₹ 156.87 Crores (2012: ₹ NIL) are secured by (a) Residual charge on Fixed Assets & Current Assets (b) First Pari Passu charge on escrowed Credit & Debit card receivables of specific Big Bazaar stores.		
xiii)	₹ 75.76 Crores (2012: ₹ 193.58 Crores) are secured by Residual charge on Fixed Assets and Current Assets.		
xiv)	₹ 151.50 Crores (2012: ₹ NIL) are secured by Residual charge on all movable fixed assets and current assets both present and future and post dated cheques		
xv)	₹ 175.00 Crores (2012: ₹ NIL) are secured by Residual charge on Fixed assets both present & future (movable & immovable) excluding specific immovable properties and Current Assets & post dated cheques for the installments due under the loan,		
xvi)	₹ 150.00 Crores (2012: ₹ NIL) are secured by (a) Subservient charge on fixed assets (including immovable properties) and current assets both present and future, (b) post dated cheques for ₹ 150 Crores and (c) Mortgage of immovable property, corporate guarantee and pledge of certain investments held by associate company.		
xvii)	₹ NIL (2012: ₹ 299.75 Crores) are secured by (a) First Pari-Passu charge on Fixed Assets (excluding specific fixed assets charged in favour of exclusive charge lenders). (b) Second Pari passu charge on the Current Assets.		
xviii)	₹ NIL (2012: ₹ 363.77 Crores) are secured by (a) First Pari-Passu charge on Fixed Assets (excluding specific fixed assets charged in favour of exclusive charge lenders). (b) First charge on Future Credit/Debit card receivables of "Pantaloon Megastores" through escrow mechanism.		
xix)	₹ NIL (2012: ₹ 29.43 Crores) are secured by Third Pari Passu charge on Fixed and Current Assets.		
xx)	₹ NIL (2012: ₹ 226.39 Crores) are secured by (a) Residual Charge on Fixed Assets and Current Assets. (b) First charge on Future Credit/Debit card receivables of "Pantaloon Megastores" through escrow mechanism.		
xxi)	₹ 1,332.85 Crores are secured by personal guarantee of promoter directors.		
xxii)	Term Loans are repayable as follows: ₹ 491.65 Crores in FY 2014-15, ₹585.83 Crores in 2015-16, ₹ 448.36 Crores in 2016-17, ₹ 408.88 Crores in 2017-18, ₹ 207.58 Crores in 2018-19, and ₹ 116.06 Crores in 2019-20 and ₹ 35.99 Crores in 2020-21.		
	Installments falling due in respect of all the above loans upto 31.03.2015 aggregating ₹ 764.15 Crores have been grouped under current maturities of long-term borrowings.		
	Weighted average rate of interest on the Term Loans is 12.58 % .		
7	Deferred Tax Liabilities (Net)		
	Deferred Tax Liabilities		
	On Fixed Assets	281.90	181.23

		As at March 31, 2014	As at December 31, 2012
	Deferred Tax Assets		
	Disallowances under Income Tax Act/Carry Forward of business Losses and Unabsorbed Depreciation	101.72	86.24
		180.18	94.99
8	Other Long-Term Liabilities		
	Debentures Application Money	-	150.00
		-	150.00
9	Long-Term Provisions		
	Provision for Employee Benefits	16.03	5.32
		16.03	5.32
10	Short-Term Borrowings		
	Secured		
	Term Loans from Banks	300.00	74.89
	Working Capital Loans from Banks	965.85	430.04
		1,265.85	504.93
	Unsecured		
	Loans from Related Parties	82.75	46.25
		82.75	46.25
		1,348.60	551.18
	Secured		
A)	Term Loans from Banks referred above to the extent of		
i)	₹ NIL (2012: ₹ 74.89 Crores) are secured by a) Subservient charge on Fixed Assets & Current Assets b) Mortgage of immovable property, corporate guarantee and pledge of certain investments held by associate company and personal guarantee of promoter directors.		
ii)	₹ 50.00 Crores (2012: ₹ NIL) are secured by Subservient charge on fixed (movable & immovable) and current asset both present and future and personal guarantee of promoter director.		
iii)	₹ 100.00 Crores (2012: ₹ NIL) are secured by Residual charge on Fixed assets (movable & immovable properties) excluding specific immovable properties and Current Assets both present and future and post dated cheques and personal guarantee of promoter directors.		
iv)	₹ 150.00 Crores (2012: ₹ NIL) are secured by Subservient charge on tangible fixed assets (movable as well as immovable properties) excluding specific immovable properties and tangible current asset both present and future and post dated cheques and personal guarantee of promoter director.		
v)	Weighted average rate of interest on the Term Loans is 13.08 %		
B)	Working Capital Loans from Banks referred above to the extent of		
i)	₹ 598.03 Crores (2012: ₹ 430.04 Crores) are secured by (a) First Pari- Passu Charge on Current Assets (excluding credit/debit card receivables) (b) Second Pari Passu charge on Credit / Debit Card Receivables of all the Stores (c) Second Pari Passu Charge on the fixed Assets.		

		As at March 31, 2014	As at December 31, 2012
ii)	₹ 50 Crores (2012: ₹ NIL) are secured by Subservient charge on Fixed and Current Assets.		
iii)	₹ 122.34 Crores (2012: ₹ NIL) are secured by Residual charge on Fixed and Current Assets (present and future).		
iv)	₹ 45.52 Crores (2012: ₹ NIL) are secured by Subservient charge on Current Assets and personal guarantee of promoter directors.		
v)	₹ 149.96 Crores (2012: ₹ NIL) are secured by (a) First Pari-Passu Charge on Current Assets (excluding credit/debit card receivables) (b) Second Pari Passu Charge on the fixed Assets (excluding specific immovable properties)		
11	Trade Payables		
	Trade Payables (Refer Note No. 41)	1,224.02	810.02
		1,224.02	810.02
12	Other Current Liabilities		
	Current Maturities of Long-Term Borrowings	764.15	301.53
	Interest Accrued but Not Due on Borrowings	189.42	94.71
	Unclaimed Dividends*	0.41	0.41
	# Other Payables	200.09	584.26
		1,154.07	980.91
	* There are no amounts due and outstanding to be credited to the Investor Education and Protection Fund.		
	# Includes Statutory Dues, Security Deposits, Creditors for Capital Expenditures, Advance from customers, etc.		
13	Short-Term Provisions		
	Provision for Employee Benefits	3.50	3.85
	Proposed Dividend	13.97	25.54
	Tax on Dividend	2.37	4.14
		19.84	33.53

Notes Forming Part of The Financial Statements

14 Fixed Assets

(₹ in Crores)

DESCRIPTION	GROSS BLOCK				DEPRECIATION/AMORTIZATION				NET BLOCK	
	As at January 01, 2013	Additions#	Deductions#	As at March 31, 2014	Up to December 31, 2012	Adjustment for the period#	For the period	Up to March 31, 2014	As at March 31, 2014	As at December 31, 2012
(A) Tangible Asset										
Freehold Land	4.83	-	-	4.83	-	-	-	-	4.83	4.83
Leasehold Land	1.17	-	-	1.17	0.20	-	0.02	0.22	0.95	0.97
Building	0.03	0.17	-	0.20	0.01	-	0.01	0.02	0.18	0.02
Leasehold Improvement	556.54	908.16	462.42	1,002.28	117.71	105.65	118.93	130.99	871.29	438.83
Plant and Equipments	290.56	536.12	212.30	614.38	37.24	24.93	26.96	39.27	575.11	253.32
Office Equipments	31.81	33.08	18.87	46.02	7.16	4.10	3.09	6.15	39.87	24.65
Computers	135.42	88.86	32.29	191.99	77.89	15.48	36.71	99.12	92.87	57.53
Furniture and Fittings	1,142.02	1,451.20	842.21	1,751.01	193.32	141.15	112.59	164.76	1,586.25	948.70
Electrical Installations	523.96	861.93	386.77	999.12	70.84	51.56	44.27	63.55	935.57	453.12
Vehicles	7.53	2.66	2.60	7.59	3.21	2.08	0.80	1.93	5.66	4.32
Total	2,693.87	3,882.17	1,957.46	4,618.58	507.58	344.95	343.39	506.01	4,112.58	2,186.29
(B) Intangible Asset										
Computer Software	220.36	207.44	24.16	403.64	123.34	8.32	60.95	175.97	227.67	97.02
Total	220.36	207.44	24.16	403.64	123.34	8.32	60.95	175.97	227.67	97.02
Grand Total	2,914.23	4,089.62	1,981.62	5,022.23	630.92	353.27	404.34	681.98	4,340.25	2,283.31
Previous Year	1,877.66	1,170.02	133.45	2,914.23	410.64	91.58	311.87	630.92	2,283.31	1,467.02

includes on Composite Schemes of Arrangements (Refer Note No. 37)

(₹ in Crores)

		As at March 31, 2014		As at December 31, 2012	
15	Non-Current Investments				
	Trade Investments Fully paid up of ₹ 10/- each unless otherwise stated				
	Investments in				
	Equity Instruments				
	Quoted				
	Associates				
	49,37,935 Equity shares of Galaxy Entertainment Corporation Limited	19.03		19.03	
	Less : Provision	15.79	3.24	15.79	3.24
	Others				
	15,00,00,000 Equity Shares of Future Consumer Enterprise Limited (Formerly known as Future Ventures India Limited) of ₹ 6/- each (2012 ₹ 10/- each)		90.38		147.78
	63,46,980 Equity Shares of Centrum Capital Limited of ₹ 1/- each*		11.50		-
	3,05,70,108 (2,57,31,399) Equity Shares of Future Lifestyle Fashions Limited (Formerly known as Future Value Fashion Retail Limited) of ₹ 2/- each*		333.65		5.15
	Unquoted				
	Subsidiary Companies				
	NIL (3,51,00,000) Equity Shares of Future Agrovet Limited		-		35.10
	1,91,60,000 Equity Shares of Futurebazaar India Limited		19.16		19.16
	1,69,98,000 Equity Shares of Future E-Commerce Infrastructure Limited		17.00		17.00
	4,46,97,790 Equity Shares of Future Knowledge Services Limited	44.70		44.70	
	Less : Provision	14.33	30.37	14.33	30.37
	2,82,65,550 Equity Shares of Future Learning and Development Limited	28.26		28.26	
	Less : Provision	5.27	22.99	5.27	22.99
	2,74,62,962 Equity Shares of Future Supply Chain Solutions Limited		64.50		64.50
	2,73,78,746 Equity Shares of Future Media (India) Limited		36.65		36.65
	6,68,624 Equity Shares of Home Solutions Retail (India) Limited	3.61		3.61	
	Less : Provision	3.61	-	3.61	-
	NIL (6,64,99,912) Equity Shares of Future Value Retail Limited*		-		978.50
	50,000 Equity Shares of Future Home Retail Limited (Formerly known as nuZone Electronic Limited)		0.05		0.05
	50,000 Equity Shares of nuZone Ecommerce Infrastructure Limited		0.05		0.05
	2,40,000 Equity Shares of Winner Sports Limited	27.38		27.38	
	Less : Provision	6.94	20.44	6.94	20.44
	32,20,133 (21,19,394) Equity Shares of Staples Future Office Products Limited		27.92		27.91
	10,00,000 Equity Shares of Future Freshfoods Limited*	9.89			

		As at March 31, 2014		As at December 31, 2012	
	Less : Provision*	9.89	-	-	-
	Joint Ventures				
	22,03,500 Equity Shares of Apollo Design Apparel Parks Limited		73.64		73.64
	18,10,50,000 (14,28,00,000) Equity Shares of Future Generali India Insurance Company Limited		181.05		142.80
	4,35,60,000 (31,18,65,000) Equity Shares of Future Generali India Life Insurance Company Limited		43.56		311.87
	22,81,500 Equity Shares of Goldmohur Design and Apparel Park Limited		70.30		70.30
	17,86,99,931 (14,17,74,931) Equity Shares of Sprint Advisory Services Private Limited		178.70		141.77
	8,74,95,000 (6,91,20,000) Equity Shares of Shendra Advisory Services Private Limited		87.50		69.12
	39,40,625 (40,625) Equity Shares of Integrated Food Park Private Limited		3.94		0.04
	In Preference Shares				
	Unquoted				
	Subsidiary				
	7,60,000 0.01% Non-Cumulative Redeemable Preference Shares of Winner Sports Limited		0.76		0.76
	10,00,000 0.01% Non-Cumulative Compulsory Convertible Preference Shares (Series -2) of Future E-Commerce Infrastructure Limited		13.15		-
	Others				
	11,92,759 0.01% Non-Cumulative Redeemable Preference Shares of Pan India Food Solutions Private Limited		1.19		1.19
	In Compulsorily Convertible Debentures - Unquoted				
	Subsidiary				
	NIL (350) 5% Unsecured Compulsorily Convertible Debentures of Future Value Retail Limited of ₹ 10 lacs / each*		-		42.22
	Non-Trade Investments paid up of ₹ 10/- each unless otherwise stated				
	Quoted				
	Others				
	64,79,848 Equity Shares of Capital First Limited (Formerly Known as Future Capital Holdings Limited)		11.09		11.09
	Unquoted				
	Others				
	48,281 Equity Shares of Foot-Mart Retail India Limited	0.08		0.08	
	Less : Provision	0.08	-	0.08	-
	NIL (20,000) Equity Shares of Kalyan Janata Sahakari Bank Limited of ₹ 25/- each		-		0.05
	35,78,278 Equity Shares of Pan India Food		3.58		3.58

		As at March 31, 2014	As at December 31, 2012
	Solutions Private Limited		
	5,79,771 Equity Shares of Planet Retail Holdings Private Limited	2.90	2.90
	5 Shares of Y.A. Chunawala Industrial Co-op Society Limited	0.00	0.00
	In Government and Other Securities		
	Unquoted		
	National Saving Certificates (Deposited with Sales Tax Authorities)	0.04	0.01
	LIC Mutual Fund Liquid Plan	0.22	-
		1,349.52	2,280.23
	Note:		
1	Aggregate Amount of Quoted Investments	465.65	177.90
2	Market Value of Quoted Investments	382.86	275.44
3	Aggregate Amount of Unquoted Investments	939.78	2,148.35
4	Aggregate Amount of Diminution in Value of Investments	55.91	46.02

* On Composite Schemes of Arrangements (Refer Note No. 37)

		As at March 31, 2014	As at December 31, 2012
16	Long-Term Loans and Advances		
	(Unsecured, Considered Good)		
	Capital Advances	21.60	113.37
	Loans and Advances to		
	Others*	187.76	85.54
	Deposits to		
	Related Parties	14.77	222.06
	Others	146.86	343.04
		370.99	764.01
	* Includes Share Application Money, Deduction/Payment of Income Tax (Net of Provisions etc.)		
17	Inventories		
	Raw Materials	2.31	-
	Work-in-Progress	1.89	-
	Stock-in-Trade [(Goods-in-Transit of ₹ 78.19 Crores (2012: ₹ 61.90 Crores)]	3,104.65	2,129.80
	Finished Goods	-	5.24
	Packing Materials	4.44	5.20
		3,113.29	2,140.24
18	Trade Receivables		
	Unsecured, Considered Good		
	Outstanding for a period more than six months from the date they are due for payment	44.93	18.74
	Other Debts	269.05	146.27
		313.98	165.01
19	Cash and Bank Balances		
	Cash and Cash Equivalents		
	Balances with Banks in Current Accounts	62.47	21.80
	Cheques on Hand	2.13	2.34

		As at March 31, 2014	As at December 31, 2012
	Cash on Hand	32.18	7.34
	Other Bank Balances		
	Dividend Account	0.41	0.41
	Earmarked Balances with Banks *	5.29	23.59
	Short-Term Bank Deposits	-	0.05
		102.48	55.53
	* Include deposits of ₹ 0.29 Crores (2012: ₹ 0.37 Crores) with maturity of more than 12 months.		
20	Short-Term Loans and Advances		
	(Secured, Considered Good)		
	Loans and Advances	127.25	178.07
		127.25	178.07
	(Unsecured, Considered Good)		
	Loans and Advances to		
	Related Parties	383.21	63.11
	Others *	452.84	334.57
	Deposits to		
	Related Parties	182.16	115.24
	Others	233.86	-
		1,252.08	512.92
		1,379.33	690.99
	* Includes balances with government authorities, advance to suppliers, prepaid expenses etc.		
21	Other Current Assets		
	Interest Receivable	-	0.90
	Other Receivables*	15.93	12.97
		15.93	13.87
	* Includes Insurance Claim Receivables.		

(₹ in Crores)

		January 01, 2013 to March 31, 2014	July 01, 2011 to December 31, 2012
22	Revenue from Operations		
	Sale of Products	12,051.36	7,204.66
	Less: Vat, Sales Tax	715.20	432.79
	Less: Excise Duty	-	0.09
	Other Operating Revenues	241.28	215.95
		11,577.44	6,987.73
23	Other Income		
	Interest Income	15.35	7.91
	Dividend on Non Current Investments	2.96	10.29
	Provision Written Back	2.68	0.48
	Miscellaneous Income	6.75	9.02
		27.74	27.70
24	Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade		
	Opening Inventories		
	Finished Goods	5.24	6.31
	Stock-in-Trade	2,129.80	1,729.54
	Work-in-Progress	-	3.26
	Add: On Composite Schemes of Arrangements (Refer Note No. 37)	948.43	-

		January 01, 2013 to March 31, 2014	July 01, 2011 to December 31, 2012
	Closing Inventories		
	Finished Goods	-	5.24
	Stock-in-Trade	3,104.65	2,129.80
	Work-in-Progress	1.89	-
		(23.07)	(395.93)
25	Employee Benefits Expense		
	Salaries and Wages	381.58	309.17
	Contribution to Provident and Other Funds	20.48	13.45
	Expense on Employee Stock Option Scheme (Refer Note No. 49)	3.07	-
	Staff Welfare Expenses	18.81	13.69
		423.94	336.31
26	Finance Costs		
	Interest Expense	683.84	450.34
	Other Borrowing Costs	8.70	10.07
		692.54	460.41
27	Other Expenses		
	Consumption of Stores and Spare Parts	0.30	0.65
	Power and Fuel	180.78	126.37
	Repairs and Maintenance		
	Building	7.03	0.04
	Machinery	0.37	3.60
	Others	26.25	26.33
	Insurance	4.49	3.41
	Rates and Taxes	7.75	14.78
	Rent Including Lease Rentals	640.61	736.13
	Advertisement and Marketing	157.44	137.41
	Loss on Disposal/Discard of Fixed Assets (Net)	55.49	29.74
	Bad Debts Written Off	10.39	7.51
	Exchange Fluctuation Loss (Net)	16.46	5.50
	Miscellaneous Expenses	508.74	339.26
		1,616.10	1,430.73
28	Exceptional Items		
	Net Gain on Sale of Non-Current Investments	30.81	302.62
	Provision for Diminution in Value of Investments	(0.15)	(46.02)
		30.66	256.60

29 As per Accounting Standard 15 “Employee Benefits”, the disclosures as defined in the Accounting Standard are given below:

A. Change in Present Value of Obligation

(₹ in Crores)

Particulars	Gratuity		Gratuity		Leave Encashment	
	(Funded)		(Un-Funded)		(Un-Funded)	
	2013-14	2011-12	2013-14	2011-12	2013-14	2011-12
Present Value of the Obligation at the Beginning of Period	2.68	2.43	4.30	2.75	4.87	3.61
Pursuant to Scheme of Arrangement	0.52	-	5.38	-	5.04	-
Contribution Paid	0.07	-	(0.07)	-	-	-
Interest Cost	-	-	1.29	0.68	0.99	0.47
Current Service Cost	-	-	4.65	2.92	3.23	1.89
Benefits Paid	-	-	3.44	1.58	4.50	3.33
Actuarial (Gain)/Loss on	0.57	0.25	(0.91)	(0.47)	(1.30)	2.23

Particulars	Gratuity		Gratuity		Leave Encashment	
	(Funded)		(Un-Funded)		(Un-Funded)	
	2013-14	2011-12	2013-14	2011-12	2013-14	2011-12
Obligations						
Present Value of the Obligation at the End of Period	3.84	2.68	11.20	4.30	8.33	4.87
Fair Value of Plan Assets	3.84	2.68	-	-	-	-
Un-Funded Liability	-	-	11.20	4.30	8.33	4.87

Including transferred liability

B. Amount Recognized in the Balance Sheet

(₹ in Crores)

Particulars	Gratuity		Gratuity		Leave Encashment	
	(Funded)		(Un-Funded)		(Un-Funded)	
	2013-14	2011-12	2013-14	2011-12	2013-14	2011-12
Present Value of the Obligation	3.84	2.68	11.20	4.30	8.33	4.87
Fair Value of Plan Assets	3.84	2.68	-	-	-	-
Un-Funded Liability	-	-	11.20	4.30	8.33	4.87
Unrecognized Actuarial Gains/ Losses	-	-	-	-	-	-
Un-Funded Liability Recognized in Balance Sheet	-	-	11.20	4.30	8.33	4.87

C. Amount Recognized in the Profit and Loss Account

(₹ in Crores)

Particulars	Gratuity		Gratuity		Leave Encashment	
	(Funded)		(Un-Funded)		(Un-Funded)	
	2013-14	2011-12	2013-14	2011-12	2013-14	2011-12
Interest Cost	-	-	1.29	0.68	0.99	0.47
Current Service Cost	-	-	4.65	2.92	3.23	1.89
Actuarial (Gain)/Loss on Obligations	-	-	(0.91)	(0.47)	(1.30)	2.23
Actual Return on Plan Assets	0.57	0.25	-	-	-	-
Total Expense Recognized in the Profit and Loss Account	0.57	0.25	5.03	3.13	2.92	4.59

D. Reconciliation of Balance Sheet

(₹ in Crores)

Particulars	Gratuity		Gratuity		Leave Encashment	
	(Funded)		(Un-Funded)		(Un-Funded)	
	2013-14	2011-12	2013-14	2011-12	2013-14	2011-12
Present Value of the Obligation at the Beginning of Period	2.68	2.43	4.30	2.75	4.87	3.61
Pursuant to Scheme of Arrangement	0.52	-	5.38	-	5.04	-

Particulars	Gratuity (Funded)		Gratuity (Un-Funded)		Leave Encashment (Un-Funded)	
	2013-14	2011-12	2013-14	2011-12	2013-14	2011-12
Total Expense Recognized in the Profit and Loss Account	0.57	0.25	5.03	3.13	2.92	4.59
Contribution Paid	0.07	-	(0.07)	-	-	-
Benefit Paid During the Period	-	-	3.44	1.58	4.50	3.33
Fair Value of Plan Assets	3.84	2.68	-	-	-	-
Present Value of the Obligation at the End of Period Including transferred liability	3.84	2.68	11.20	4.30	8.33	4.87

E. Experience Adjustments

(₹ in Crores)

Particulars	June 30, 2009	June 30, 2010	June 30, 2011	December 31, 2012	March 31, 2014
Defined Benefit Obligation	5.55	3.19	5.18	6.98	15.04
Plan Assets(Including Bank Balance)	2.05	2.23	2.43	2.68	3.84
Surplus/(Deficit)	(3.50)	(0.96)	(2.75)	(4.30)	11.20
Experience Adjustments on Plan Liabilities	(0.90)	(3.52)	(0.47)	(0.22)	(0.34)
Experience on Plan Assets	0.05	0.01	0.03	0.02	0.32

F. The Assumptions Used to Determine the Benefit Obligations are as follows

Particulars	Gratuity	Leave Encashment
Discount Rate	8.00%	8.00%
Expected Rate of Increase in Compensation Levels	5.00%	5.00%
Expected Rate of Return on Plan Assets	NA	NA

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

30 Leases

The Company has entered into operating lease arrangements for fixed assets and premises. The future minimum lease rental obligation under non-cancellable operating leases in respect of these assets is ₹ 442.50 Crores (2012: ₹ 1025.22 Crores). The Lease Rent payable not later than one year is ₹ 178.99 Crores (2012: ₹ 439.26 Crores), payable later than one year but not later than five year is ₹ 229.06 Crores (2012: ₹ 528.88 Crores) and payable later than five years is ₹ 34.45 Crores (2012: ₹ 57.08 Crores).

31 Related Party Disclosures

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

A. List of Related Parties

1. Subsidiary Companies

- i. Futurebazaar India Limited
 - ii. Future Knowledge Services Limited
 - iii. Future Media (India) Limited
 - iv. Future Agrovet Limited (till November 11, 2013)
 - v. Future Supply Chain Solutions Limited
 - vi. FSC Brand Distribution Services Limited
 - vii. Future Learning and Development Limited
 - viii. Home Solutions Retail (India) Limited
 - ix. Future Freshfoods Limited
 - x. Future E-Commerce Infrastructure Limited
 - xi. Future Home Retail Limited (Formerly known as nuZone Electronics Limited)
 - xii. nuZone Ecommerce Infrastructure Limited
 - xiii. Office Shop Private Limited (w.e.f. February 8, 2013)
 - xiv. Staples Future Office Products Limited (w.e.f. February 8, 2013)
 - xv. Winner Sports Limited
 - xvi. Future Lifestyle Fashions Limited (till June 24, 2013)
2. Associates
 - i. Galaxy Entertainment Corporation Limited
3. Joint Ventures
 - i. Apollo Design Apparel Parks Limited
 - ii. Future Generali India Insurance Company Limited
 - iii. Future Generali India Life Insurance Company Limited
 - iv. Goldmohur Design and Apparel Park Limited
 - v. Integrated Food Park Private Limited
 - vi. Sprint Advisory Services Private Limited
 - vii. Shendra Advisory Services Private Limited
 - viii. Staples Future Office Products Limited (till February 7, 2013)
4. Enterprises over which Key Management Personnel are able to exercise significant influence
 - i. Retail Light Techniques India Limited (Formerly known as Asian Retail Lighting Limited)

- ii. Fashion Global Retail Limited
- iii. Future Corporate Resources Limited
- iv. Future Human Development Limited
- v. Future Ideas Company Limited
- vi. Future Outdoor Media Solutions Limited
- vii. Future Sharp Skills Limited
- viii. Future Consumer Enterprise Limited (Formerly known as Future Ventures India Limited)
- ix. Future Lifestyle Fashions Limited (w.e.f. June 25, 2013)
- x. nuFuture Haribhakti Business Services Limited
- xi. nuFuture Digital (India) Limited
- xii. Akar Estate & Finance Private Limited
- xiii. Ryka Commercial Ventures Private Limited
- xiv. Kesari Realty Private Limited
- xv. Vayuputra Realty Private Limited
- xvi. Bansi Mall Management Company Private Limited
- xvii. Central Departmental Stores Private Limited
- xviii. Festive Realty Private Limited
- xix. Iskrupa Mall Management Company Private Limited
- 5. Key Management Personnel
 - i. Mr. Kishore Biyani
 - ii. Mr. Rakesh Biyani
 - iii. Mr. Vijay Biyani
- 6. Relatives of Key Management Personnel
 - i. Mr. Gopikishan Biyani
 - ii. Ms. Ashni Biyani
 - iii. Mrs. Godavaridevi Biyani
 - iv. Mrs. Sampat Biyani
 - v. Mrs. Sangita Biyani
 - vi. Mrs. Santosh Biyani

B. Transactions with Related Parties

(₹ in Crores)

Nature of Transactions	Subsidiaries	Associates/Joint Ventures	Key Management Personnel Exercise Significant Influence	Key Management Personnel/ Relatives
Sale of Goods and Services	30.67 (72.14)	2.29 (3.97)	54.32 (30.36)	- (-)
Sale of Fixed Assets	5.04 (20.69)	- (-)	23.82 (0.09)	- (-)
Purchases of Goods and Services	592.81 (239.78)	317.54 (203.09)	387.63 (136.00)	0.33 (0.75)
Purchases of Fixed Assets	0.15 (54.38)	- (-)	74.73 (21.66)	- (-)
Managerial Remuneration	- (-)	- (-)	- (-)	12.64 (16.17)
Sale of Investments	- (323.36)	- (-)	- (-)	- (-)
Fresh Investments Made	- (30.37)	133.25 (88.12)	- (-)	- (-)
Dividend Received	- (6.68)	1.79 (3.59)	- (-)	- (-)
Advances Given	3.20 (-)	1.58 (3.83)	3.16 (163.81)	- (-)
Deposits Given	4.65 (-)	- (-)	11.58 (128.80)	- (-)
Deposits Received	- (-)	- (-)	- (0.34)	- (-)
Share Application Money Paid	- (-)	- (18.70)	- (-)	- (-)
Inter Company Deposits Taken	- (-)	72.75 (46.25)	- (-)	- (-)
Outstanding Balances as on March 31, 2014 Receivable	34.38 (24.41)	4.34 (6.01)	558.41 (378.89)	- (-)
Payable	13.94 (87.97)	83.99 (51.44)	126.58 (6.80)	- (-)

C. Significant Related Party Transactions

Sale of Goods and Services includes Future Media (India) Limited ₹ 19.51 Crores (2012: ₹ 14.89 Crores), Future E-Commerce Infrastructure Limited ₹ 10.23 Crores (2012: ₹ 12.46 Crores), Future Supply Chain Solutions Limited ₹ 0.32 Crores (2012:

₹ 7.56 Crores), Staples Future Office Products Limited ₹ 0.04 Crores (2012: ₹ 0.70 Crores), Future Value Retail Limited

₹ NIL (2012: ₹ 36.48 Crores), Galaxy Entertainment Corporation Limited ₹ 1.51 Crores (2012: ₹ 1.33 Crores), Future Generali India Insurance Company Limited ₹ NIL (2012: ₹ 0.49 Crores), Future Generali India Life Insurance Company Limited ₹ 0.76 Crores (2012: ₹ 1.45 Crores), Vayuputra Realty Private Limited ₹ 10.01 Crores (2012: ₹ NIL), Iskrupa Mall Management Company Private Limited ₹ 11.30 Crores

(2012: ₹ NIL), S.J. Retail Private Limited ₹ NIL (2012: ₹ 9.86 Crores), Future Lifestyle Fashions Limited ₹ 7.16 Crores (2012: ₹ NIL), Future Consumer Enterprise Limited ₹ 9.64 Crores (2012:

₹ 17.95 Crores).

- ii. Sale of Fixed Assets includes Future Supply Chain Solutions Limited ₹ 5.04 Crores (2012: ₹ 9.22 Crores), Future Value Retail Limited ₹ NIL (2012: ₹ 11.47 Crores), Future Corporate Resources Limited ₹ NIL (2012: ₹ 0.01 Crores), Future Human Development Limited ₹ 23.82 Crores (2012: ₹ NIL), S.J. Retail Private Limited ₹ NIL (2012: ₹ 0.08 Crores).
- iii. Purchases and Other Services includes Future Agrovat Limited ₹ 347.55 Crores (2012: ₹ NIL), Future Supply Chain Solutions Limited ₹ 202.46 Crores (2012: ₹ 181.57 Crores), Staples Future Office Products Limited ₹ NIL (2012: ₹ 139.07 Crores), Future Value Retail Limited ₹ NIL (2012: ₹ 39.99 Crores), Apollo Design Apparel Parks Limited ₹ 176.78 Crores (2012: ₹ 33.12 Crores), Goldmohur Design and Apparel Park Limited ₹ 139.17 Crores (2012: ₹ 30.52 Crores), Future Corporate Resources Limited ₹ 95.68 Crores (2012: ₹ 70.65 Crores), Fashion Global Retail Limited ₹ 55.48 Crores (2012: ₹ 43.60 Crores), Future Lifestyle Fashions Limited ₹ 104.02 Crores (2012: ₹ NIL), nuFuture Digital (India) Limited ₹ 44.09 Crores (2012: ₹ NIL), Future Consumer Enterprise Limited ₹ 68.29 Crores (2012: ₹ NIL).
- iv. Purchase of Fixed Assets includes Future Supply Chain Solutions Limited ₹ 0.14 Crores (2012: ₹ 8.42 Crores), Future Value Retail Limited ₹ NIL (2012: ₹ 45.95 Crores), Retail Light Techniques India Limited ₹ 9.19 Crores (2012: ₹ 15.86 Crores), Future Corporate Resources Limited ₹ 33.52 Crores (2012: ₹ NIL), Future Human Development Limited ₹ 31.92 Crores (2012: ₹ 5.80 Crores).
- v. Managerial Remuneration includes Mr. Kishore Biyani ₹ 5.09 Crores (2012: ₹ 5.73 Crores), Mr. Rakesh Biyani ₹ 4.71 Crores (2012: ₹ 5.31 Crores), Mr. Vijay Biyani ₹ 2.84 Crores (2012: ₹ 3.14 Crores), Mr. Kailash Bhatia ₹ NIL (2012: ₹ 1.82 Crores).
- vi. Sale of Investments includes Future Value Retail Limited ₹ NIL (2012: ₹ 323.36 Crores).
- vii. Fresh Investments Made includes Future Media (India) Limited ₹ NIL (2012: ₹ 25.37 Crores), Sprint Advisory Services Private Limited ₹ 28.23 Crores (2012: ₹ 12.25 Crores), Shendra Advisory Services Private Limited ₹ 13.48 Crores (2012: ₹ 10.59 Crores), Future Generali India Insurance Company Limited ₹ 33.15 Crores (2012: ₹ 21.67 Crores), Future Generali India Life Insurance Company Limited ₹ 58.40 Crores (2012: ₹ 43.61 Crores).
- viii. Dividend Received includes Capital First Limited ₹ NIL (2012: ₹ 6.68 Crores), Apollo Design Apparel Parks Limited ₹ 0.88 Crores (2012: ₹ 1.76 Crores), Goldmohur Design and Apparel Park Limited ₹ 0.91 Crores (2012: ₹ 1.83 Crores).
- ix. Advance Given includes Future Freshfoods Limited ₹ 3.20 Crores (2012: ₹ NIL), Future Generali India Life Insurance Company Limited ₹ 0.60 Crores (2012: ₹ NIL), Future Generali India Insurance Company Limited ₹ 0.99 Crores (2012: ₹ NIL), Galaxy Entertainment Corporation Limited ₹ NIL (2012: ₹ 3.83 Crores), Future Corporate Resources Limited ₹ NIL (2012: ₹ 163.81 Crores), Future Sharp Skills Limited ₹ 0.63 Crores (2012: ₹ NIL), Future Ideas Company Limited ₹ 2.53 Crores (2012: ₹ NIL).
- x. Deposit Given includes Future Supply Chain Solutions Limited ₹ 4.65 Crores (2012: ₹ NIL), Bansi Mall Management Company Private Limited ₹ NIL (2012: ₹ 13.80 Crores), Future Corporate Resources Limited ₹ NIL (2012: ₹ 115.00 Crores), Vayuputra Realty Private Limited ₹ 1.85 Crores (2012: ₹ NIL), Central Departmental

Stores Private Limited ₹ 4.10 Crores (2012: ₹ NIL), Ryka Commercial Ventures Private Limited ₹ 5.63 Crores (2012: ₹ NIL).

- xi. Deposit Received includes S.J. Retail Private Limited ₹ NIL (2012: ₹ 0.34 Crores).
- xii. Share Application Money Paid includes Sprint Advisory Services Private Limited ₹ NIL (2012: ₹ 8.69 Crores), Future Generali India Insurance Company Limited ₹ NIL (2012: ₹ 5.10 Crores), Shendra Advisory Services Private Limited ₹ NIL (2012: ₹ 4.90 Crores).
- xiii. Inter Company Deposits Taken includes Apollo Design Apparel Parks Limited ₹ 36.00 Crores (2012: ₹ 25.00 Crores), Goldmohur Design and Apparel Park Limited ₹ 36.75 Crores (2012: ₹ 21.25 Crores).

Joint Ventures Information

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

Detail of Joint Venture Interest

S. No.	Name of the Company	Description of Interest	Country of Incorporation	Percentage of Interest as on March 31, 2014	Percentage of Interest as on December 31, 2012
1	Apollo Design Apparel Parks Limited	Equity	India	39.00%	39.00%
2	Future Generali India Insurance Company Limited	Equity	India	25.50%	25.50%
3	Future Generali India Life Insurance Company Limited	Equity	India	3.00%	25.50%
4	Goldmohur Design and Apparel Park Limited	Equity	India	39.00%	39.00%
5	Integrated Food Park Private Limited	Equity	India	28.86%	26.00%
6	Sprint Advisory Services Private Limited	Equity	India	49.75%	49.75%
7	Shendra Advisory Services Private Limited	Equity	India	49.75%	49.75%
8	Staples Future Office Products Limited (till February 7, 2013)	Equity	India	-	39.49%

Company's Interest in the Joint Ventures

(₹ in Crores)							
S. No.	Name of the Company	As on	Assets	Liabilities	For the Period Ended on	Income	Expenditure

S. No.	Name of the Company	As on	Assets	Liabilities	For the Period Ended on	Income	Expenditure
1	Apollo Design Apparel Parks Limited	31.03.2014	38.95	2.69	31.03.2014	96.91	91.45
2	Future Generali India Insurance Company Limited	31.03.2014	461.57	360.91	31.03.2014	382.44	370.27
3	Future Generali India Life Insurance Company Limited	31.03.2014	76.07	68.61	31.03.2014	335.40	351.61
4	Goldmohur Design and Apparel Park Limited	31.03.2014	37.97	2.52	31.03.2014	89.23	83.88
5	Integrated Food Park Private Limited	31.03.2014	38.86	22.15	31.03.2014	-	0.03
6	Sprint Advisory Services Private Limited	31.03.2014	354.05	0.00	31.03.2014	0.04	0.04
7	Shendra Advisory Services Private Limited	31.03.2014	173.09	0.00	31.03.2014	0.01	0.07

32 Payment to Auditors (Inclusive of Service Tax)

(₹ in Crores)

Particulars	2013-14	2011-12
Statutory Audit Fees	0.84	0.84
Tax Audit Fees	0.02	0.03
Other Expenses	0.06	0.08
Total	0.92	0.95

33 Capital and Other Commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) ₹ 27.95 Crores (2012: ₹ 28.22 Crores).

34 Earnings Per Share

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

Particulars	Units	2013-14	2011-12
Profit after Tax	₹ in Crores	2.81	273.26
The Weighted Average Number of Ordinary Shares for Basic EPS	No. in Crores	21.57	21.02
The Weighted Average Number of Class B (Series-1) Shares for Basic EPS	No. in Crores	1.59	1.59
The Weighted Average Number of Ordinary Shares for	No. in Crores	21.57	21.02

Particulars	Units	2013-14	2011-12
Diluted EPS			
The Weighted Average Number of Class B (Series-1) Shares for Diluted EPS	No. in Crores	1.59	1.59
The Nominal Value Per Share (Ordinary and Class B Shares)	₹	2.00	2.00
Share of Profit for Ordinary Shares for Basic EPS	₹ in Crores	2.56	253.98
Share of Profit for Class B (Series-1) Shares for Basic EPS	₹ in Crores	0.25	19.28
Share of Profit for Ordinary Shares for Diluted EPS	₹ in Crores	2.56	253.98
Share of Profit for Class B (Series-1) Shares for Diluted EPS	₹ in Crores	0.25	19.28
Earnings Per Ordinary Share (Basic)	₹	0.12	12.08
Earnings Per Class B (Series-1) Share (Basic)	₹	0.16	12.12
Earnings Per Ordinary Share (Diluted)	₹	0.12	12.08
Earnings Per Class B (Series-1) Share (Diluted)	₹	0.16	12.12

35 Contingent Liabilities

(₹ in Crores)			
Particulars	2013-14	2011-12	
A. Claims Against the Company Not Acknowledged as Debts			
i) Value Added Tax Act/Income Tax	41.63	5.18	
ii) Others	341.63	49.56	
B. Corporate Guarantees Given on Behalf of Group Companies	34.54	303.59	

36 Segment Reporting

The Company is primarily engaged in the business of Retail Trade, which in terms of Accounting Standard 17 “Segment Reporting” constitutes a single reporting segment.

- 37 The Scheme of arrangement under the provision of section 391-394 of the Companies Act, 1956 for demerger of Pantaloons Fashion Format (“Pantaloons Scheme”) with effect from Appointment Date July 1, 2012 (as defined in Pantaloons Scheme) has been given effect on April 8, 2013. Pursuant to the same, all the assets and liabilities pertaining to Pantaloons Fashion Format has been demerged and vested in Pantaloons Fashion & Retail Limited (Formerly known as Peter England Fashions and Retail Limited). Accordingly, the shares of Pantaloons Fashion & Retail Limited have been issued to the shareholders of the Company as on the April 18, 2013 as per entitlement ratio stated in Pantaloons Scheme.

The Composite Scheme of Arrangement and Amalgamation (“Fashion Demerger Scheme”) between Future Retail Limited (Formerly known as Pantaloon Retail (India) Limited) (“FRL”), and Future Lifestyle Fashions Limited (Formerly known as Future Value Fashion Retail Limited) (FLFL), Indus-League Clothing Limited (“ILCL”), Lee Cooper (India) Limited (“LEE”), Future Consumer Enterprise Limited (Formerly known as Future Ventures India Limited) (“FCEL”), and their respective shareholders and creditors (“Fashion Demerger Scheme”) under the provision of section 391-394 of the Companies Act, 1956 for demerger of its respective fashion business as defined in the Fashion Demerger Scheme (“Fashion Format Business”) with effect from Appointment Date of January 1, 2013 as provided in the said Scheme, has been given effect on May 29, 2013 after receipts of High Court approval. Pursuant to the same, all the assets and liabilities pertaining to the Fashion Format Business has been demerged and vested in FLFL with effect from Effective Date. Accordingly, the shares of FLFL have been issued to the shareholders of the Company as on the June 25, 2013 as per entitlement ratio stated in Fashion Demerger Scheme.

The Scheme of Amalgamation and Arrangement of Future Value Retail Limited (FVRL), a wholly owned subsidiary company with the company under the provision of section 391-394 of the Companies Act, 1956 with effect from Appointed Date of July 1, 2012 as provided in the said Scheme, has been given effect from February 11, 2014. Pursuant to the same, all the assets and liabilities pertaining to FVRL has been merged and vested in the company on February 11, 2014 being the Effective Date, with effect from the Appointed Date. The Company has issued optionally convertible debentures and compulsory convertible debentures to the holders of the compulsory convertible debentures of FVRL equivalent to the face value of debentures held in FVRL. There has been no issuance of shares upon the

completion of the merger.

- 38 The borrowing cost capitalized during the period ended March 31, 2014 was ₹ 36.53 Crores (2012: ₹ 38.68 Crores).

- 39 Pursuant to the levy of service tax on renting of immovable properties given for commercial use, retrospectively with effect from June 1, 2007 by the Finance Act, 2010, the company based on legal advice, challenge the levy through Retailers Association of India and its retrospective application. The Hon'ble Supreme Court had passed an interim order dated October 14, 2011. In compliance of this order company has made an aggregate deposit of ₹ 40.85 Crores in respect of the liability for such service tax for the period from June 1, 2007 up to September 30, 2011. From October 1, 2011, the company is accounting & paying for such service tax regularly as per directives of the Supreme Court. Accordingly the company has not made provision of ₹ 81.70 Crores for the period June 1, 2007 to September 30, 2011 which would be appropriately recognized on final determination.

40 Tax Expense

The tax expense for the period comprises of:

(₹ in Crores)

Particulars	January 01, 2013 to March 31, 2014	July 01, 2011 to December 31, 2012
Current Tax	0.25	7.12
Deferred Tax	(1.79)	7.94
Total	(1.54)	15.06

- 41 There are no Micro, Small and Medium Enterprises, to whom the company owes dues which are outstanding for more than 45 days during the period. This information as required to be disclosed under the Micro, Small and Medium Enterprise Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the company.

42 Value of Imported and Indigenous Materials Consumed

(₹ in Crores)

Particulars	January 01, 2013 to March 31, 2014		July 01, 2011 to December 31, 2012	
	Value	%	Value	%
Raw Materials				
- Imported	0.08	0.37	0.60	2.38
- Indigenous	21.77	99.63	24.61	97.62
Total	21.85	100.00	25.21	100.00
Store and Spare Parts				
- Imported	0.17	56.67	-	-
- Indigenous	0.13	43.33	0.65	100
Total	0.30	100.00	0.65	100

43 Details of Purchases of Stock-In-Trade

(₹ in Crores)

Particulars	January 01, 2013 to March 31, 2014	July 01, 2011 to December 31, 2012
Apparel	1508.91	3281.10
Non Apparel	6989.96	1534.01
Total	8498.87	4815.11

44 Details of Sales Value of Goods

(₹ in Crores)

Particulars	January 01, 2013 to March 31, 2014	July 01, 2011 to December 31, 2012
Apparel	2552.46	5161.28
Non Apparel	9498.90	2043.38
Total	12051.36	7204.66

45 Particulars of Raw Materials Consumed

(₹ in Crores)

Particulars	January 01, 2013 to March 31, 2014	July 01, 2011 to December 31, 2012
Fabric and Accessories	21.85	25.21
Total	21.85	25.21

46 Value of Imports on CIF Basis

(₹ in Crores)

Particulars	January 01, 2013 to March 31, 2014	July 01, 2011 to December 31, 2012
Raw Materials	0.09	0.27
Stock in Trade	133.80	115.98
Capital Goods	29.76	10.18
Accessories and Others	1.34	1.39

47 Expenditure in Foreign Currency (On Accrual Basis)

(₹ in Crores)

Particulars	January 01, 2013 to March 31, 2014	July 01, 2011 to December 31, 2012
Traveling Expenses	2.84	2.21
Professional Charges	2.92	0.74
Interest on Foreign Currency Loan	1.84	1.25
Commission	0.07	Nil
Royalty	1.51	7.38

48 Earnings in Foreign Currency (On Accrual Basis)

(₹ in Crores)

Particulars	January 01, 2013 to March 31, 2014	July 01, 2011 to December 31, 2012
Sales of Products (On FOB Basis)	88.43	85.13

*Includes ₹ 59.39 Crores (2012: ₹ 53.21 Crores) being indirect foreign exchange earnings during the period through credit cards, as certified by the bankers.

49 Employee Stock Option Scheme

Future Retail Limited (FRL) [Formerly known as Pantaloon Retail (India) Limited] has granted options to eligible employees in 2013 under PRIL-Employee Stock Option Scheme 2012 (“ESOS 2012”). In a Scheme of demerger, “FRL” (Demerged Company) has transferred its fashion business under the brand name “Pantaloons” and variations thereof to “Peter England Fashions and Retail Limited” (Resulting Company); demerger scheme has been duly sanctioned by the Bombay High Court in its order dated March 01, 2013.

In a subsequent Scheme of demerger, “FRL” (Demerged Company) has transferred its fashion business carried on under the format brands of Central, Brand Factory and Planet Sports to “Future Lifestyle Fashions Limited”; demerger scheme has been duly sanctioned by the Bombay High Court in its order dated May 10, 2013.

The Employee Stock Options of the company has adjusted for the corporate actions on Value for Value exchange and hence there is no incremental benefit to the option grantee and also it does not result in change in aggregate Fair Value of the Options.

A. Summary of Status of ESOPs Granted

The position of the existing schemes is summarized as under –

Sr. No.	Particulars	Details
1	Details of the Meeting	Approved in Shareholders Meeting held on February 04, 2013
2	Approved	25,00,000
3	The Pricing Formula	₹ 20 Revised to ₹ 10 in the Scheme of Demerger*
4	Options Granted*	2,76,279
5	Options Cancelled Before Demerger	14,790
6	Unvested Options Cancelled (Employees Transfer to Future Lifestyle Fashions Limited in Scheme of Demerger)	98,464
7	Option Adjusted in Scheme of Demerger of Entity into Future Lifestyle Fashions Limited*	1,42,167
8	Revised Options after Demerger*	3,05,192
9	Options Exercised	-
10	Options Cancelled	11,798
11	Options Lapsed	-
12	Total Number of Options in Force*	2,93,394
13	Variation in Terms of ESOP	Not Applicable
14	Total Number of Equity Shares Arising as a Result of Exercise of Options	-
15	Money Realised by Exercise of Options (₹ in Crores)	-

B. Weighted Average Fair Value of Options Granted During the Year Whose

(a) Exercise Price Equals Market Price	-
(b) Exercise Price is Greater than Market Price	-
(c) Exercise Price is Less than Market Price*	196.17

Weighted Average Exercise Price of Options Granted During the Year Whose

(a) Exercise Price Equals Market Price	-
(b) Exercise Price is Greater than Market Price	-
(c) Exercise Price is less than Market Price*	10.00

*Value for Value Exchange of Options Under the Scheme of Demerger of Future Lifestyle Fashions Limited from Future Retail Limited

C. The stock-based compensation cost calculated as per the intrinsic value method for the financial year 2011-12 is ₹ 1.09 Crores. If the stock-based compensation cost was calculated as per the fair value method, the total cost to be recognised in the financial statements for the year 2011-12 would be ₹ 3.70 Crores. The effect of adopting the fair value method on the net income and earnings per share is presented below:

Pro Forma Adjusted Net Income and Earning Per Share

Particulars	Units	2013-14
Net Income as Reported	₹ In Crores	2.81
Add: Intrinsic Value Compensation Cost	₹ In Crores	3.07
Less: Fair Value Compensation Cost	₹ In Crores	3.07
Adjusted Pro Forma Net Income	₹ In Crores	2.81
Earnings Per Equity Share: Basic		
As Reported	₹	0.12
Adjusted Pro Forma	₹	0.12
Earnings Per Equity Share: Diluted		
As Reported	₹	0.12
Adjusted Pro Forma	₹	0.12

D. Method and Assumptions Used to Estimate the Fair Value of Options Granted During the Year:

1.	Date of Grant	February 25, 2013
2.	Risk Free Interest Rate	7.89%
3.	Expected Life	1.59
4.	Expected Volatility	65.02%
5.	Dividend Yield	0.53%
6.	Price of the Underlying Share in Market at the Time of the Option Grant (₹)	215.60

- 50 The Company's inventories were destroyed in a fire on January 30, 2014 at its warehouse situated at Kasaba Hobli, Bangalore. The Company has lodged the claim with the insurance company and the assessment by the insurance company is under process. The Company is adequately insured and has booked a receivable of ₹ 11.78 Crores from the insurance company in respect of the inventory destroyed.
- 51 a. The Company uses foreign currency forward contracts to hedge its risks associated with foreign currency exposures relating to the underlying transactions and firm commitments. The Company does not enter into any derivate instruments for trading and speculative purposes. Forward contracts outstanding as at March 31, 2014 are ₹ 99.52 Crores (2012: ₹ 24.65 Crores).
- b. As of balance sheet date, the company has net foreign currency exposures (In USD & Euro) that are not hedged by derivative instruments or otherwise amounting to ₹ 29.39 Crores (2012: ₹ 9.94 Crores).
- 52 For the period ended March 31, 2014, the Board of Directors of the Company have recommended dividend of ₹ 0.60 per share (2012: ₹ 1.10) to equity shareholders and ₹ 0.64 per share (2012: ₹ 1.14) to Class B (Series-1) shareholders and aggregating to ₹ 16.34 Crores (2012: ₹ 29.68 Crores) including Dividend Distribution Tax.
- 53 Figures for the previous financial period have been reworked, regrouped, rearranged and reclassified wherever necessary without any restatement on account of demerged business and merger effect given in the current period, figures are not comparable with the previous period on account of extension of the accounting period by 3 months from December 31, 2013 to March 31, 2014 and previous accounting period was for 18 Months.

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

For NGS & Co. LLP
Chartered Accountants

Kishore Biyani
Managing Director

Rakesh Biyani
Joint Managing Director

Vijay Biyani
Wholetime Director

Ganesh Toshniwal
Partner
Membership No.: 046669

Mumbai
May 30, 2014

S. Doreswamy
Director

Bala Deshpande
Director

Anil Harish
Director

Dinesh Maheshwari
Chief Financial Officer

V. K. Chopra
Director

Deepak Tanna
Company Secretary

STATEMENT OF CASH FLOW FOR THE PERIOD JANUARY 01, 2013 TO MARCH 31, 2014

(₹ in Crores)

	January 01, 2013 to March 31, 2014	July 01, 2011 to December 31, 2012
A CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit Before Tax	1.27	288.32
Adjusted for:		
Depreciation and Amortization Expense	404.34	311.87
Finance Costs	692.54	460.41
(Profit)/Loss on Sale of Investments	(30.81)	(302.62)
Expense on Employee Stock Option Scheme	3.07	-
Loss on Disposal/Discard of Fixed Assets (Net)	55.49	29.74
Dividend Income	(2.96)	(10.29)
Interest Income	(15.35)	(7.91)
Provision for Diminution In Value of Investment	0.15	46.02
Operating Profit Before Working Capital Changes	1,107.74	815.55
Adjusted for:		
Trade Receivable	(148.97)	13.09
Loans and Advances and Other Assets	(265.94)	(972.08)
Inventories	(973.05)	(378.04)
Trade Payables, Other Liabilities and Provisions	221.88	529.94
Cash Generated From Operations	(58.34)	8.46
Taxes Paid (Net)	(13.35)	(13.39)
Net Cash From Operating Activities	(71.69)	(4.92)
B CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(2,700.54)	(1,279.62)
Sale of Fixed Assets	29.69	12.13
Sale/(Purchase) of Investments	961.38	226.89
Share Application Money Paid	-	(13.87)
Interest Received	15.35	7.91
Dividend Received	2.96	10.29
Net Cash Used In Investing Activities	(1,691.16)	(1,036.29)
C CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Issue of Shares	-	199.99
Proceeds from Optionally Fully Convertible Debentures	(800.00)	800.00
Proceeds from Compulsory Convertible Debentures	150.00	-
Proceeds from Optionally Convertible Debentures	250.00	-
Proceeds from Borrowings	3,010.82	479.62
Dividends Paid (Including Dividend Distribution Tax)	(29.68)	(22.67)
Interest Paid	(692.54)	(460.41)
Net Cash Provided By Financing Activities	1,888.60	996.53
On Composite Schemes of Arrangements	(60.45)	-
Net (Decrease)/Increase In Cash and Cash Equivalents	65.30	(44.67)
Net (Decrease)/Increase In Cash and Cash Equivalents	65.30	(44.67)
Cash and Cash Equivalents (Opening Balance)	31.48	76.15
Cash and Cash Equivalents (Closing Balance)	96.78	31.48

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

For NGS & Co. LLP
Chartered Accountants

Kishore Biyani
Managing Director

Rakesh Biyani
Joint Managing Director

Vijay Biyani
Wholetime Director

Ganesh Toshniwal
Partner

S. Doreswamy
Director

Anil Harish
Director

V. K. Chopra
Director

Membership No.: 046669

Mumbai
May 30, 2014

Bala Deshpande
Director

Dinesh Maheshwari
Chief Financial Officer

Deepak Tanna
Company Secretary

Statement Pursuant to Section 212 of the Companies Act, 1956, Relating to Subsidiaries Companies as on March 31, 2014

S. No.	Name of the Subsidiary Companies	Period Ended On	Extent of the Holding Companies Interest(%)	Net aggregate amount of the Profit/ (Loss) of the Subsidiary, so far as it concerns the members of the Holding Company (₹ in Crores)					
				Not Dealt with in the holding Company's Account				Dealt with in the holding Company's Account	
				Profit (Loss) After Taxation	For the Period of the Subsidiary	Brought Forward Profit (Loss)	For the Previous Financial Years Since They Became Subsidiary	For the Period of the Subsidiary	For the Previous Financial Years Since They Became Subsidiary
1	Future E-Commerce Infrastructure Limited#	March 31, 2014	70.43%	(21.20)	(14.93)	(115.26)	(81.18)	-	-
2	Future Knowledge Services Limited	March 31, 2014	100.00%	(3.66)	(3.66)	(14.33)	(14.33)	-	-
3	Future Learning and Development Limited	March 31, 2014	100.00%	(1.75)	(1.75)	(5.27)	(5.27)	-	-
4	Future Supply Chain Solutions Limited	March 31, 2014	70.17%	9.33	6.55	(12.45)	(8.74)	-	-
5	Future Media (India) Limited#	March 31, 2014	93.10%	(14.19)	(13.21)	(28.58)	(26.61)	-	-
6	Futurebazaar India Limited	March 31, 2014	100.00%	(0.82)	(0.82)	(19.87)	(19.87)	-	-
7	Home Solutions Retail (India) Limited	March 31, 2014	66.86%	(1.05)	(0.70)	(13.17)	(8.80)	-	-
8	FSC Brand Distribution Services Limited \$	March 31, 2014	70.17%	(4.29)	(3.01)	(1.03)	(0.72)	-	-
9	Winner Sports Limited	March 31, 2014	100.00%	(0.02)	(0.02)	(2.57)	(2.57)	-	-
10	Future Freshfood Limited	March 31, 2014	100.00%	(0.44)	(0.44)	(19.32)	(19.32)	-	-
11	Nuzone Ecommerce Infrastructure Limited	March 31, 2014	100.00%	0.00	0.00	(0.00)	(0.00)	-	-

S. No.	Name of the Subsidiary Companies	Period Ended On	Extent of the Holding Companies Interest(%)	Net aggregate amount of the Profit/ (Loss) of the Subsidiary, so far as it concerns the members of the Holding Company (₹ in Crores)					
				Not Dealt with in the holding Company's Account				Dealt with in the holding Company's Account	
				Profit (Loss) After Taxation	For the Period of the Subsidiary	Brought Forward Profit (Loss)	For the Previous Financial Years Since They Became Subsidiary	For the Period of the Subsidiary	For the Previous Financial Years Since They Became Subsidiary
12	Future Home Retail Limited (Formerly known as Nuzone Electronic Limited)	March 31, 2014	100.00%	0.00	0.00	(0.00)	(0.00)	-	-
13	Staples Future Office Products Limited#	March 31, 2014	60.00%	(4.60)	(2.76)	(120.98)	(72.59)	-	-
14	Office Shop Private Limited*#	March 31, 2014	60.00%	(5.20)	(3.12)	-	-	-	-

\$ Subsidiaries of Future Supply Chain Solutions Limited

* Subsidiary of Staples Future Office Products Limited

Considered as per Management Accounts

Pursuant to the direction given by the Central Government of India vide approval letter no. 47/528/208-CL-III dtd. 22/08/2008 directing the company to give following information in the annual report while granting approval under Section 212(8) of the Companies Act 1956.

Statement Containing Financial Details of Subsidiaries of Future Retail Limited

(₹ in Crores)

S. No.	Name of the Subsidiary Companies	Capital	Reserves	Total Assets	Total Liabilities	Investment (Excluding Investments in Subsidiaries)	Revenue From Operations	Profit (Loss) Before Taxation	Provision for Taxation	Profit (Loss) After Taxation	Proposed Dividend
1	Future E-Commerce Infrastructure Limited#	50.98	(41.73)	21.34	21.34	-	60.85	(21.20)	-	(21.20)	-
2	Future Knowledge Services Limited	44.70	(17.99)	102.26	102.26	-	-	(3.66)	-	(3.66)	-
3	Future Learning and Development Limited	28.27	(7.03)	55.68	55.68	-	-	(1.75)	-	(1.75)	-
4	Future Supply Chain Solutions Limited	39.14	161.87	357.67	357.67	-	518.28	11.01	1.68	9.33	-
5	Future Media (India) Limited#	77.41	(32.69)	54.33	54.33	-	53.77	(1.67)	12.52	(14.19)	-
6	Futurebazaar India Limited	19.16	(20.69)	1.43	1.43	0.00	22.33	(0.82)	-	(0.82)	-
7	Home Solutions Retail (India) Limited	1.00	(6.26)	1.60	1.60	-	-	(1.05)	-	(1.05)	-
8	FSC Brand Distribution Services Limited \$	0.05	(5.32)	0.50	0.50	0.01	5.68	(4.29)	-	(4.29)	-
9	Winner Sports Limited	1.00	20.17	21.69	21.69	-	-	(0.02)	-	(0.02)	-
10	Nuzone Ecommerce	0.05	(0.00)	0.05	0.05	-	-	0.00	0.00	0.00	-

S. No.	Name of the Subsidiary Companies	Capital	Reserves	Total Assets	Total Liabilities	Investment (Excluding Investments in Subsidiaries)	Revenue From Operations	Profit (Loss) Before Taxation	Provision for Taxation	Profit (Loss) After Taxation	Proposed Dividend
	Infrastructure Limited										
11	Future Home Retail Limited	0.05	(0.00)	0.05	0.05	-	-	0.00	0.00	0.00	-
12	Future Freshfood Limited	1.00	(10.81)	1.11	1.11	-	0.05	(0.44)	-	(0.44)	-
13	Staples Future Office Products Limited#	6.17	73.60	99.12	99.12	0.01	100.18	(4.60)	-	(4.60)	-
14	Office Shop Private Limited*#	0.01	(5.20)	13.52	13.52	-	59.38	(5.20)	-	(5.20)	-

Note: Revenue from Operations excludes Other Income

\$ Subsidiary of Future Supply Chain Solution Limited

* Subsidiary of Staples Future Office Products Limited

Considered as per Management Accounts

INDEPENDENT AUDITOR'S REPORT

To
The Board of Directors of Future Retail Limited
(Formerly known as Pantaloon Retail (India) Limited)

We have audited the accompanying consolidated financial statements of Future Retail Limited (Formerly known as Pantaloon Retail (India) Limited) ("the Company") and its subsidiaries, joint ventures and associates which comprise the consolidated Balance Sheet as at March 31, 2014, and the consolidated Statement of Profit and Loss and consolidated Cash Flow Statement for the period then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company in accordance with accounting principles generally accepted in India; this includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on the financial statements of the subsidiaries, joint ventures and associates as noted below, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the consolidated Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- (b) in the case of the consolidated statement of Profit and Loss, of the profit for the period ended on that date; and
- (c) in the case of the consolidated Cash Flow Statement, of the cash flows for the period ended on that date.

Other Matters

We did not audit the financial statements of certain joint ventures whose financial statements reflect total assets (net) of ₹ 268.98 Crores as at March 31, 2014, total revenues of ₹ 403.69 Crores and net cash outflows

amounting to ₹ 24.02 Crores for the period then ended and of an associate whose financial statements reflect the Group's share of profit of ₹ 0.09 Crores for the period then ended. These financial statements and the other financial information have been audited by other auditors whose reports have been furnished to us by the Management, and our opinion on the consolidated statements to the extent they have been derived from such financial statements is based solely on the reports of the other auditors.

We have relied on the unaudited financial statements of certain subsidiaries and joint ventures whose financial statements reflect total assets (net) of ₹ 642.57 Crores as at March 31, 2014, total revenues of ₹ 627.76 Crores and net cash outflows amounting to ₹ 23.06 Crores for the period then ended. These unaudited financial statements as approved by the respective Board of Directors of these companies have been furnished to us by the management and our report in so far as it relates to the amounts included in respect of subsidiaries and joint ventures are based solely on such approved unaudited financial statements.

Our opinion is not qualified in respect of these matters.

For NGS & Co. LLP
Chartered Accountants
Firm Registration Number 119850W

Mumbai
May 30, 2014

Ganesh Toshniwal
Partner
Membership No. 046669

CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2014

(₹ in Crores)

	Note	As at March 31, 2014	As at December 31, 2012
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	2	120.97	121.16
Reserves and Surplus	3	3,214.54	3,206.40
		3,335.51	3,327.56
Share Application Money Pending Allotment		1.56	35.55
Optionally Fully Convertible Debentures	4	-	800.00
Compulsorily Convertible Debentures	5	150.00	753.85
Optionally Convertible Debentures	5	250.00	-
Minority Interest		90.38	58.72
Non-Current Liabilities			
Long-Term Borrowings	6	3,810.12	3,558.76
Deferred Tax Liabilities (Net)	7	182.41	219.89
Other Long-Term Liabilities	8	1.40	408.25
Long-Term Provisions	9	17.74	17.53
		4,011.67	4,204.43
Current Liabilities			
Short-Term Borrowings	10	1,419.85	1,871.90
Trade Payables	11	1,468.68	2,383.07
Other Current Liabilities	12	1,260.54	1,443.24
Short-Term Provisions	13	160.59	158.70
		4,309.66	5,856.91
TOTAL		12,148.78	15,037.02
ASSETS			
Non-Current Assets			
Fixed Assets	14		
Tangible Assets		4,276.92	4,414.16
Intangible Assets		243.22	217.93
Capital Work-in-Progress		393.62	552.65
Non-Current Investments	15	1,431.50	1,331.23
Long-Term Loans and Advances	16	451.91	1,751.46
Other Non-Current Assets		0.86	0.13
		6,798.03	8,267.56
Current Assets			
Current Investments	17	20.92	59.98
Inventories	18	3,130.85	4,469.21
Trade Receivables	19	441.97	547.16
Cash and Bank Balances	20	168.23	200.56
Short-Term Loans and Advances	21	1,479.52	1,475.31
Other Current Assets	22	109.26	17.24
		5,350.75	6,769.46
TOTAL		12,148.78	15,037.02
The accompanying notes are an integral part of these financial statements.	1 - 43		

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

For NGS & Co. LLP
Chartered Accountants

Kishore Biyani
Managing Director

Rakesh Biyani
Joint Managing Director

Vijay Biyani
Wholetime Director

Ganesh Toshniwal
Partner

S. Doreswamy
Director

Anil Harish
Director

V. K. Chopra
Director

Membership No.: 046669

Mumbai
May 30, 2014

Bala Deshpande
Director

Dinesh Maheshwari
Chief Financial Officer

Deepak Tanna
Company Secretary

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE PERIOD JANUARY 1, 2013 TO MARCH 31, 2014

(₹ in Crores)

	Note	January 01, 2013 to March 31, 2014	July 01, 2011 to December 31, 2012
INCOME			
Revenue from Operations	23	13,897.25	20,186.36
Other Income	24	307.54	130.01
Total Revenue		14,204.79	20,316.37
EXPENDITURE			
Cost of Materials Consumed		36.00	31.63
Purchases of Stock-in-Trade		9,854.70	13,783.69
Changes in Inventories of Finished Goods, Work in Progress and Stock in Trade	25	10.92	(808.29)
Employee Benefits Expense	26	620.83	1,131.43
Finance Costs	27	725.95	1,647.12
Depreciation and Amortization Expense	14	451.88	632.26
Other Expenses	28	2,431.16	3,805.19
Total Expenses		14,131.44	20,223.03
Profit Before Exceptional Items and Tax		73.35	93.34
Exceptional Items	29	25.83	379.32
Profit Before Prior Period Items and Tax		99.18	472.66
Extraordinary Items/Prior Period Items		0.22	(0.02)
Profit Before Tax For The Period		99.40	472.64
Tax Expense	33	4.35	130.75
Earlier year's Income Tax		0.06	0.15
Profit After Tax and Before Share of Associates and Minority Interest		94.99	341.74
Share of Loss of Associates		-	3.62
Share of Profit to Minority Interest		14.69	62.45
Profit for the Period		80.30	275.67
Earnings Per Equity Share of Face Value of ₹ 2/- each			
Basic - Equity Share		3.47	12.19
Basic - Class B (Series-I) Share		3.51	12.23
Diluted - Equity Share		3.47	12.19
Diluted - Class B (Series-I) Share		3.51	12.23
The accompanying notes are an integral part of these financial statements.	1 - 43		

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

For NGS & Co. LLP
Chartered Accountants

Kishore Biyani
Managing Director

Rakesh Biyani
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Director

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Director

Mumbai
May 30, 2014

Bala Deshpande
Director

Dinesh Maheshwari
Chief Financial Officer

Deepak Tanna
Company Secretary

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

1 Significant Accounting Policies

A. Principles of Consolidation

The consolidated financial statements (CFS) relate to Future Retail Limited [Formerly known as Pantaloon Retail (India) Limited], the holding company, its Subsidiaries, Joint Ventures and Associate (collectively referred to as Group). The CFS have been prepared in accordance with Accounting Standard 21 on “Consolidated Financial Statements” (AS 21), Accounting Standard 23 on “Accounting for Investments in Associates in Consolidated Financial Statements” (AS 23) and Accounting Standard 27 on “Financial reporting of interests in Joint Ventures” (AS 27) and are prepared on the following basis:

- (a) 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.
- (b) Investment in Associate Company is accounted for using Equity Method in accordance with AS 23. The Company’s share of the post acquisition profits or losses is included in the carrying cost of investments.
- (c) Investments in Joint Ventures are dealt with in accordance with AS 27. 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.

B. Basis of Preparation

Financial statements have been prepared in accordance with Generally Accepted Accounting Principles in India (Indian GAAP) under the historical cost convention on an accrual basis in compliance with all material aspects of the Accounting Standards (AS) notified under the Companies Act 1956 (“the Act”) read with the General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013 and the relevant provisions of the Companies Act 1956 (to the extent applicable) and Companies Act, 2013 (to the extent notified).

C. Use of Estimates

Preparation of financial statements in conformity with IGAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in differences between the actual results and estimates which are recognized in future periods.

D. Fixed Assets and Depreciation

Tangible fixed assets are stated at cost, less accumulated depreciation and impairment loss, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

Depreciation is provided on straight line basis at the rates and in the manner prescribed under Schedule XIV of the Companies Act, 1956 except leasehold improvements which are amortized over the lease period and employee perquisite related assets which are depreciated over three years.

Computer software is amortized over six years and other intangible assets are amortized over their useful life not exceeding ten years. Fixed assets, individually costing less than Rupees Five thousands are fully depreciated in the year of purchase. Depreciation on the fixed assets added/dropped off/dropped during the period is provided on pro-rata basis with reference to the month of addition/disposal/dropping.

E. Investments

Investments, which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments. Investments are recorded at cost, which includes acquisition charges such as brokerage, stamp duty, taxes etc.

Current Investments are stated at lower of cost and fair value computed on individual investment basis. Long-term investments are stated at cost after deducting provisions made, if any, for other than temporary diminution in value.

F. Inventories

Inventories are valued at lower of cost, computed on weighted average basis, and net realizable value.

Cost of inventories comprises all costs of purchases and other costs incurred in bringing the inventories to their present condition and location.

Materials and other items held for use in the production of inventories are written down below cost only if the finished products in which they will be used are expected to be sold below cost.

G. Foreign Currency Transactions

Foreign Transactions in foreign currencies are recorded at the prevailing rates of exchange on the date of transaction. Monetary items denominated in foreign currencies, are restated at the prevailing rates of exchange at the balance sheet date. All gains and losses arising out of fluctuations in exchange rates are accounted for in the statement of Profit and Loss. Exchange differences on forward contracts entered into for hedging foreign exchange fluctuation risk in respect of an underlying asset/liability, are recognized in the statement of profit and loss in the reporting period in which the exchange rate changes. Premium/Discount on foreign exchange contracts are recognized as an expense/income over the life of the contract.

H. Borrowing Costs

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

I. Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Sales are recognized when significant risk and rewards of ownership of the goods have passed to the buyer which coincides with delivery and are recorded net of trade discounts and VAT. Revenue from services are recognized as they are rendered based on agreements/arrangements with the concerned parties and recognized net of service tax (If applicable). Interest income is recognized on time proportion basis taking into account the amount outstanding and the applicable rate. Dividend income is recognized when right to receive is established.

J. Retirement and Other Employee Benefits

Employee benefits such as salaries, allowances, non-monetary benefits and employee benefits under defined contribution plans such as provident fund and other funds, which fall due for payment within a period of twelve months after rendering service, are charged as expense to the statement of profit and loss for the period in which the service is rendered.

Employee benefits under defined benefit plans and other long term employee benefits such as gratuity and compensated absences which fall due for payment after completion/cessation of employment or after a period of twelve months from rendering service are measured by the projected unit credit method, based on actuarial valuations at each balance sheet date carried out by independent actuaries. The company's obligations recognized in the balance sheet represent the present value of obligations as reduced by the fair value of plan assets, where applicable. Actuarial gains and losses are recognized

immediately in the statement of profit and loss.

K. Taxation

Tax expense includes provision for current tax and deferred tax. Provision for current tax is made on the basis of estimated taxable income for the current accounting year in accordance with the provisions of the Income Tax Act, 1961. Deferred tax resulting from “timing difference” between taxable and accounting income is accounted for using the tax rates and laws that are enacted as at the Balance Sheet date. Deferred tax asset is recognized and carried forward only to the extent that there is virtual certainty that the asset will be realized in future.

L. Provisions, Contingent Liabilities and Contingent Assets

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

M. Impairment of Assets

The carrying amounts of assets are reviewed at each Balance Sheet date if there is any indication of impairment based on internal/external factors. An asset is treated as impaired when the carrying cost of the assets exceeds its recoverable value. An impairment loss, if any, is charged to the Statement of Profit and Loss in the year in which an asset is identified as impaired. Reversal of impairment losses recognized in prior years is recorded when there is an indication that the impairment losses recognized for the assets no longer exist or have decreased.

N. Leases

Leases where significant portion of risk and reward of ownership are retained by the lessor are classified as operating leases and lease rental thereof are charged to the Statement of Profit and Loss as per the terms of agreement which is representative of the time pattern of the user’s benefit.

O. Goodwill on Consolidation

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

P. Information on Subsidiaries, Joint Ventures and Associates

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

S. No.	Name of the Company	Country of Incorporation	Proportion of Ownership Interest as on March 31, 2014	Period Ends on
1	Future E-Commerce Infrastructure Limited	India	70.43%	March 31, 2014
2	Future Knowledge Services Limited	India	100.00%	March 31, 2014
3	Future Learning and Development Limited	India	100.00%	March 31, 2014
4	Future Supply Chain Solutions Limited	India	70.17%	March 31, 2014
5	Future Media (India) Limited	India	93.10%	March 31, 2014
6	Futurebazaar India Limited	India	100.00%	March 31, 2014

S. No.	Name of the Company	Country of Incorporation	Proportion of Ownership Interest as on March 31, 2014	Period Ends on
7	Home Solutions Retail (India) Limited	India	66.86%	March 31, 2014
8	FSC Brand Distribution Services Limited (100% subsidiary of Future Supply Chain Solutions Limited)	India	70.17%	March 31, 2014
9	Winner Sports Limited	India	100.00%	March 31, 2014
10	Future Home Retail Limited (Formerly known as nuZone Electronics Limited)	India	100.00%	March 31, 2014
11	nuZone Ecommerce Infrastructure Limited	India	100.00%	March 31, 2014
12	Future Freshfoods Limited	India	100.00%	March 31, 2014
13	Staples Future Office Products Limited	India	60.00%	March 31, 2014
14	Office Shop Private Limited (100% subsidiary of Staples Future Office Products Limited)	India	60.00%	March 31, 2014

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

S. No.	Name of the Company	Description of Interest	Country of Incorporation	Proportion of Ownership Interest as on March 31, 2014	Period Ends on
1	Apollo Design Apparel Parks Limited	Equity	India	39.00%	March 31, 2014
2	Future Generali India Insurance Company Limited	Equity	India	25.50%	March 31, 2014
3	Future Generali India Life Insurance Company Limited	Equity	India	3.00%	March 31, 2014
4	Goldmohur Design and Apparel Park Limited	Equity	India	39.00%	March 31, 2014
5	Integrated Food Park Private Limited	Equity	India	28.86%	March 31, 2014
6	Sprint Advisory Services Private Limited	Equity	India	49.75%	March 31, 2014
7	Shendra Advisory Services Private Limited	Equity	India	49.75%	March 31, 2014

- (c) Interest in Associate:

S. No.	Name of the Company	Description of Interest	Country of Incorporation	Proportion of Ownership Interest as	Period Ends on
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				on March 31, 2014	
1	Galaxy Entertainment Corporation Limited	Equity	India	31.55%	March 31, 2014

2 Share Capital

	As at March 31, 2014		As at December 31, 2012	
	Number	(₹ in Crores)	Number	(₹ in Crores)
Authorised				
Equity Shares of ₹ 2/- each	45,00,00,000	90.00	45,00,00,000	90.00
Equity Shares of Class B (Series -1) of ₹ 2/- each	5,00,00,000	10.00	5,00,00,000	10.00
Preference Shares of ₹ 100/- each	30,00,000	30.00	30,00,000	30.00
Non Cumulative Compulsory Convertible Preference Shares of ₹ 10/- each	2,68,44,595	26.84	2,68,44,595	26.84
0.01% Non Cumulative Compulsory Convertible Preference Shares of ₹ 100/- each	48,00,000	48.00	48,00,000	48.00
Compulsory Convertible Participating Preference Shares of ₹ 10/- each	10,00,000	1.00	-	-
	53,56,44,595	205.84	53,46,44,595	204.84
Issued				
Equity Shares of ₹ 2/- each	21,56,64,839	43.13	21,56,64,839	43.13
Equity Shares of Class B (Series -1) of ₹ 2/- each	1,59,29,152	3.19	1,59,29,152	3.19
Non Cumulative Compulsory Convertible Preference Shares of ₹ 10/- each Series-I	2,05,18,460	20.52	2,15,18,460	21.52
Non Cumulative Compulsory Convertible Preference Shares of ₹ 10/- each Series-II	53,26,135	5.33	53,26,135	5.33
0.01% Non Cumulative Compulsory Convertible Preference Shares of ₹ 100/- each	48,00,000	48.00	48,00,000	48.00
Compulsory Convertible Participating Preference Shares of ₹ 10/- each	8,05,033	0.80	-	-
	26,30,43,619	120.97	26,32,38,586	121.16
Subscribed and Paid up				
Equity Shares of ₹ 2/- each	21,56,53,439	43.13	21,56,53,439	43.13
Equity Shares of Class B (Series -1) of ₹ 2/- each	1,59,29,152	3.19	1,59,29,152	3.19
Non Cumulative Compulsory Convertible Preference Shares of ₹ 10/- each Series-I	2,05,18,460	20.52	2,15,18,460	21.52
Non Cumulative Compulsory Convertible Preference Shares of ₹ 10/- each Series-II	53,26,135	5.33	53,26,135	5.33
0.01% Non Cumulative Compulsory Convertible Preference Shares of ₹ 100/- each	48,00,000	48.00	48,00,000	48.00
Compulsory Convertible Participating Preference Shares of ₹ 10/- each	8,05,033	0.80	-	-
	26,30,32,219	120.97	26,32,27,186	121.16

(i) Reconciliation of Number of Shares

Equity Share of ₹ 2/- each

Particulars	As at March 31, 2014	As at December 31, 2012
	Number of Shares	Number of Shares
Opening Balance	21,56,53,439	20,11,42,539
Shares Issued	-	81,63,265
Shares Issued on Conversion of Preference Shares	-	63,47,635
Closing Balance	21,56,53,439	21,56,53,439

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

Particulars	As at March 31, 2014	As at December 31, 2012
	Number of Shares	Number of Shares
Opening Balance	1,59,29,152	1,59,29,152
Shares Issued	-	-
Closing Balance	1,59,29,152	1,59,29,152

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

Particulars	As at March 31, 2014	As at December 31, 2012
	Number of Shares	Number of Shares
Opening Balance	-	63,47,635
Converted into Equity Shares	-	63,47,635
Closing Balance	-	-

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

Particulars	As at March 31, 2014	As at December 31, 2012
	Number of Shares	Number of Shares
Opening Balance	2,15,18,460	2,15,18,460
Shares Purchased	10,00,000	-
Closing Balance	2,05,18,460	2,15,18,460

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

Particulars	As at March 31, 2014	As at December 31, 2012
	Number of Shares	Number of Shares
Opening Balance	53,26,135	53,26,135
Shares Issued	-	-
Closing Balance	53,26,135	53,26,135

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

Particulars	As at March 31, 2014	As at December 31, 2012
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	Number of Shares	Number of Shares
Opening Balance	48,00,000	48,00,000
Shares Issued	-	-
Closing Balance	48,00,000	48,00,000

Compulsory Convertible Participating Preference Shares of ₹ 10/- each

Particulars	As at March 31, 2014	As at December 31, 2012
	Number of Shares	Number of Shares
Opening Balance	-	-
Shares Issued	8,05,033	-
Closing Balance	8,05,033	-

(ii) Rights, Preferences and Restrictions Attached to Shares

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

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

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

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

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

The company declares and pays dividends in Indian Rupees. The dividend proposed by the Board of Directors is subject to approval of the shareholders in the Annual General Meeting.

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

ii) Non Cumulative Compulsory Convertible Preference Shares of ₹ 10/- each Series-I

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

October 24, 2007.

iii) Non Cumulative Compulsory Convertible Preference Shares of ₹ 10/- each Series-II

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

iv) 0.01% Non Cumulative Compulsory Convertible Preference Shares of ₹ 100/- each

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

v) Compulsory Convertible Participating Preference Shares of ₹ 10/- each

The Company has issued 8,05,033 Compulsory Convertible Participating Preference Shares (CCPS). The CCPS has a lock-in period of 5 Years. The holders of CCPS shall be entitled to receive dividend, as and when declared on the Shares, as if each CCPS represented 1 equity share Further, no dividend is required to be accrued as these share are non accumulative. Holder of Preference shares do not carry any voting rights. In the event of liquidation of the Company, the holders of preference shares have the preference rights over the equity share holder in respect of repayment of capital. Each CCPS shall be convertible into 1 (one) fully paid up equity share anytime within a period of 20 years from the date of its issue and allotment only if SAIL exercises its Tag Along Right pursuant to Article 9.4 of the Articles of Association; and Prior to an initial public offering of the Shares. Upon conversion of CCPS, it shall stand pari passu in all respects with the then existing equity shares of the Company.

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

Name of Shareholders	As at March 31, 2014		As at December 31, 2012	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Equity Shares				
Future Corporate Resources Limited	8,92,90,093	41.40	8,20,32,726	38.04
PIL Industries Limited	1,46,77,448	6.81	1,21,11,692	5.62
ARISAIG Partners (Asia) PTE Limited A/c Arisaig India Fund Limited	2,01,37,118	9.34	2,01,37,118	9.34

Name of Shareholders	As at March 31, 2014		As at December 31, 2012	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Bennett Coleman and Company Limited	1,25,66,477	5.83	1,25,66,477	5.83
Equity Shares of Class B (Series 1) Shares				
PIL Industries Limited	29,38,034	18.44	29,27,885	18.38
Gargi Developers Private Limited	28,00,000	17.57	28,00,000	17.58
Manz Retail Private Limited	9,71,756	6.10	9,71,756	6.10
Non Cumulative Compulsory Convertible Preference Share Series-I & II				
Indivision India Partners	80,53,379	31.16	80,53,379	30.00
Murugan Capital	75,16,487	29.08	75,16,487	28.00
Sherpalo Mauritius LLC	75,16,487	29.08	75,16,487	28.00
Guanmay Investment Advisors LLP	24,89,797	9.63	34,89,797	13.00
0.01% Non Cumulative Compulsory Convertible Preference Share				
Indivision India Partners (Mauritius)	48,00,000	100.00	48,00,000	100.00
Compulsory Convertible Participating Preference Shares				
Staples Asia Investment Limited	8,05,033	100.00	-	-

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

(v) Shares allotted as fully paid up without payment received in cash (during 5 years preceding March 31, 2014).

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

(vi) The Company has reserved issuance of 25,00,000 (2012 : NIL) Equity Shares of ₹ 2/- each for offering to eligible employees of the Company under Employees Stock Option Scheme (ESOS). During the period, Company has granted 2,76,279 (2012 : NIL) revised to 3,05,192 options, post corporate action affecting option value and transfer of certain options to Future Lifestyle Fashions Limited due to transfer of the employees pursuant to Scheme of Arrangement, to the eligible employees at exercise price of ₹ 20/- per option, again revised post corporate action to exercise price of ₹ 10/- per option plus all applicable taxes, as may be levied in this regard on the company. Out of the options granted, 11,798 options were cancelled due to cessation of employment. The options would vest over a maximum period of 3 years or such other period as may be decided by the Nomination and Remuneration Committee from the date of grant based on specified criteria.

(₹ in Crores)

		As at March 31, 2014	As at December 31, 2012
3	Reserve and Surplus		
	Capital Reserve (Refer Note No. 37)	546.97	164.56
	Capital Reserve on Consolidation (Net)	291.01	289.70
	Securities Premium Reserve (Refer Note No. 37)	2,284.22	2,281.25

		As at March 31, 2014	As at December 31, 2012
	Debenture Redemption Reserve (Refer Note No. 37)	268.13	216.88
	Share Options Outstanding Account	3.07	-
	General Reserve (Refer Note No. 37)	106.22	77.67
	Statement of Profit and Loss- (a)	(285.08)	176.34
		3,214.54	3,206.40
(a)	Allocations and Appropriations of Statement of Profit and Loss:		
	Balance at the Beginning of the Period	176.34	37.06
	Add : Adjustment on Account of Joint Venture/Subsidiary	48.06	-
	Add : Profit for the Period	80.30	275.67
	Less : Appropriations		
	Transfer to Debenture Redemption Reserve	120.00	106.88
	Transfer to General Reserve	1.22	0.39
	On Composite Schemes of Arrangements (Refer Note No. 37)	451.63	-
	Proposed Dividend on Equity Shares	13.97	25.54
	Tax on Proposed Dividend	2.96	4.43
	Excess Provision Reversal of Tax on Dividend	-	(0.85)
		(285.08)	176.34
4	Optionally Fully Convertible Debentures	-	800.00
	The Optionally Convertible Debentures (OFCDs) allotted on June 14, 2012 have face value of ₹ 1,00,00,000/- each and carry coupon rate of 9.75% p.a. payable only in case of its redemption. OFCDs holders have option of conversion into equity shares of the Company at a price of ₹ 245/- per share, as per terms of issue and if not converted before expiry of 18 months from the date of allotment, OFCDs shall be redeemed on the last date of 18 months from the date of allotment of OFCDs. The OFCDs can be redeemed earlier with mutual consent of the OFCDs holders and Company.		
5	Compulsory Convertible Debentures	150.00	753.85
	The Company has issued and allotted on February 13, 2014 1500 Compulsorily Convertible Debentures (CCDs) having face value of ₹ 10,00,000 each carrying coupon rate of 5% p.a. CCDs have been issued, effective from February 11, 2014 pursuant to the Scheme of Amalgamation (the "Scheme") pursuant to section 391 to 394 of the Companies Act, 1956 between the Company and Future Value Retail Limited (FVRL) in lieu of Compulsory Convertible Debentures held by investors in FVRL. CCDs shall be convertible into equity shares of the Company as provided in the Scheme and subscription agreement as amended from time to time, at the average of the weekly high and low of the closing prices of the equity shares of the Company quoted on a recognised stock exchange during the 4 (four) weeks preceding the respective Conversion Date. CCDs can be redeemed in the manner provided in the CCDs Subscription Agreement, as amended from time to time.		
	Optionally Convertible Debentures	250.00	-
	The Company has issued and allotted on February		

		As at March 31, 2014	As at December 31, 2012
	13, 2014 1000 Optionally Convertible Debentures – Series 1 (OCDs-Series 1) having face value of ₹ 10,00,000 each and 1500 Optionally Convertible Debentures – Series 2 (OCDs- Series 2) having face value of ₹ 10,00,000 each (collectively hereinafter referred to as “OCDs”) carrying coupon rate of 12.50% p.a. OCDs have been issued effective from deemed date of allotment, March 15, 2013 pursuant to the Scheme of Amalgamation (the “Scheme”) pursuant to section 391 to 394 of the Companies Act, 1956 between the Company and Future Value Retail Limited (FVRL) in lieu of Compulsory Convertible Debentures held by investors in FVRL. OCDs shall be convertible into equity shares of the Company as provided in the Scheme and subscription agreement as amended from time to time, at the average of the weekly high and low of the closing prices of the equity shares of the Company quoted on a recognised stock exchange during the 4 (four) weeks preceding the respective Conversion Date. OCDs shall be redeemed in terms of the OCDs Subscription Agreement as amended from time to time, if no conversion option is exercised.		
6	Long-Term Borrowings		
	Secured		
	Non Convertible Debentures	1,952.50	1,425.00
	Term Loans From Banks	1,827.56	2,133.76
	Share in Jointly Controlled Entities	16.16	-
	Unsecured		
	Others	13.90	-
		3,810.12	3,558.76
7	Deferred Tax Liabilities (Net)		
	Deferred Tax Liabilities		
	On Fixed Assets	294.02	348.21
	Deferred Tax Assets		
	Disallowances under Income Tax Act / Carry Forward of Business Losses and	111.61	128.32
	Unabsorbed Depreciation		
		182.41	219.89
8	Other Long-Term Liabilities		
	Debenture Application Money	-	405.00
	Advances	-	2.75
	Deposits	1.40	0.50
		1.40	408.25
9	Long-Term Provisions		
	Provision for Employee Benefits	17.59	13.01
	Provision for Others	0.07	-
	Share in Jointly Controlled Entities	0.08	4.52
		17.74	17.53
10	Short-Term Borrowings		
	Secured		
	Term Loans From Banks	300.00	524.81
	Working Capital Loans From Banks	1,010.74	1,261.37
	Share in Jointly Controlled Entities	2.79	33.40
		1,313.53	1,819.58
	Unsecured		
	Loans Form Others	106.32	47.81

		As at March 31, 2014	As at December 31, 2012
	Share in Jointly Controlled Entities	-	4.51
		106.32	52.32
		1,419.85	1,871.90
11	Trade Payables		
	Trade Payables	1,242.13	1,695.30
	Share in Jointly Controlled Entities	226.55	687.77
		1,468.68	2,383.07
12	Other Current Liabilities		
	Current Maturities of Long-Term Borrowings	772.48	543.15
	Interest Accrued but Not Due on Borrowings	193.80	145.05
	Unclaimed Dividends*	0.41	0.41
	Other Payables [#]	225.17	739.19
	Share in Jointly Controlled Entities	68.68	15.44
		1,260.54	1,443.24
	* There are no amounts due and outstanding to be credited to the Investor Education and Protection Fund. # Includes Statutory Dues, Security Deposits, Creditors for Capital Expenditure, Advance from Customers, etc.		
13	Short-Term Provisions		
	Provision for Employee Benefits	3.84	14.75
	Proposed Dividend	13.97	25.54
	Tax on Dividend	2.37	4.14
	Other Provisions	0.11	4.04
	Share in Jointly Controlled Entities	140.30	110.23
		160.59	158.70

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

14 Fixed Assets

(₹ in Crores)

DESCRIPTION	GROSS BLOCK					DEPRECIATION / AMORTISATION				NET BLOCK		
	As at January 01, 2013	Additions	Deductions#	Adjustment on Stake Change	As at March 31, 2014	Up to December 31, 2012	Adjustment for the Period #	For the Period	Adjustment on Stake Change	Up to March 31, 2014	As at March 31, 2014	As at December 31, 2012
(A) Tangible Assets												
Freehold Land	4.83	-	-	-	4.83	-	-	-	-	-	4.83	4.83
Leasehold Land	3.35	1.24	3.16	6.09	7.52	1.03	2.44	0.85	3.91	3.35	4.17	2.32
Building	0.03	0.17	-	-	0.20	0.01	-	0.01	-	0.02	0.18	0.02
Leasehold Improvements	1,034.54	446.28	464.34	5.76	1,022.24	215.31	196.65	119.95	0.42	139.03	883.21	819.23
Plant and Equipments	711.98	228.94	225.81	9.48	724.59	84.44	54.84	37.94	1.75	69.29	655.30	627.54
Office Equipments	65.80	5.56	20.70	4.93	55.59	11.90	8.95	4.06	3.24	10.25	45.34	53.90
Computers	276.08	18.51	66.25	6.16	234.50	135.32	55.49	45.69	4.36	129.88	104.62	140.76
Furniture and Fittings	2,148.14	474.24	850.00	11.06	1,783.44	325.29	269.59	116.49	4.15	176.34	1,607.10	1,822.85
Electrical Installations	1,060.71	364.60	391.08	-	1,034.23	139.43	102.81	46.76	-	83.38	950.85	921.28
Vehicles	9.59	2.44	2.66	1.24	10.61	3.71	2.35	0.95	0.47	2.78	7.83	5.88
Share in jointly controlled entities	27.23	3.03	0.33	(7.52)	22.41	11.68	1.10	2.94	(4.60)	8.92	13.49	15.55
Total	5,342.28	1,545.01	2,024.33	37.20	4,900.16	928.12	694.22	375.64	13.70	623.24	4,276.92	4,414.16
(B) Intangible Assets												
Brands/Trademarks	13.36	-	-	-	13.36	9.26	-	4.10	-	13.36	-	4.10
Computer Software	402.04	60.63	24.16	3.16	441.67	193.23	73.37	71.47	8.09	199.42	242.25	208.82
Other Intangible Assets	4.57	-	4.57	-	-	0.54	0.54	-	-	-	-	4.03
Share in jointly controlled entities	11.11	0.73	-	(1.25)	10.59	10.13	-	0.67	(1.18)	9.62	0.97	0.98
Total	431.08	61.36	28.73	1.91	465.62	213.16	73.91	76.24	6.91	222.40	243.22	217.93

DESCRIPTION	GROSS BLOCK					DEPRECIATION / AMORTISATION				NET BLOCK		
	As at January 01, 2013	Additions	Deductions#	Adjustment on Stake Change	As at March 31, 2014	Up to December 31, 2012	Adjustment for the Period #	For the Period	Adjustment on Stake Change	Up to March 31, 2014	As at March 31, 2014	As at December 31, 2012
Grand Total	5,773.36	1,606.37	2,053.06	39.11	5,365.78	1,141.28	768.13	451.88	20.61	845.64	4,520.14	4,632.09
Previous Year	3,950.64	2,145.53	260.44	(62.37)	5,773.36	673.10	137.56	632.26	(26.52)	1,141.28	4,632.09	

includes on Composite Schemes of Arrangements (Refer Note No. 37)

		As at March 31, 2014	As at December 31, 2012
15	Non-Current Investments		
	Investment in Equity Instruments		
	Trade Investments		
	Quoted, Fully Paid Up		
	15,00,00,000 Equity Shares of Future Consumer Enterprise Limited (Formerly known as Future Ventures India Limited) of ₹ 6/- each (₹ 10/- each)	90.38	147.78
	63,46,980 (1,05,783) Equity Shares of Centrum Capital Limited of ₹ 1/- each (₹ 10/- each)	11.50	11.50
	3,05,70,108 (2,57,31,399) Equity Shares of Future Lifestyle Fashions Limited(Formerly known as Future Value Fashion Retail Limited) of ₹ 2/- each (Refer Note No.37)	333.65	-
	Non-Trade Investments		
	Quoted, Fully Paid Up		
	64,79,848 Equity Shares of Capital First Limited of ₹ 10/- each	11.09	11.09
	Unquoted, Fully Paid Up		
	48,281 Equity Shares of Foot-Mart Retail India Limited of ₹ 10/- each	0.08	0.08
	Less : Provision for Diminution of Investment	0.08	-
	NIL (20,000) Equity Shares of Kalyan Janata Sahakari Bank Limited of ₹ 25/- each	-	0.05
	35,78,278 Equity Shares of Pan India Food Solutions Private Limited of ₹ 10/- each	3.58	3.58
	5,79,771 Equity Shares of Planet Retail Holdings Private Limited of ₹ 10/- each	2.90	2.90
	5 Shares of Y.A. Chunawala Industrial Co-op Society Limited of ₹ 250/- each	0.00	0.00
	Investment in Preference Shares		
	Unquoted, Fully Paid Up		
	11,92,759 Non-Cumulative Redeemable Preference Shares of Pan India Food Solutions Private Limited of ₹ 10/- each	1.19	1.19
	Investment in Government or Trust Securities		
	National Saving Certificates	0.06	0.05
	Other Investments		
	Mutual Funds	0.22	-
	Investment in Fixed Deposits	-	0.20
	Share in Jointly Controlled Entities	976.93	1152.89
		1,431.50	1,331.23
	16 Long-Term Loans and Advances		
	(Unsecured, Considered Good)		
	Capital Advances	21.64	151.68
	Security Deposits	180.62	986.96
	Other Loans & Advances*	242.11	458.33
	Share in Jointly Controlled Entities	7.54	154.49
		451.91	1,751.46
	* Includes Share Application Money, Deduction/Payment of Income Tax (Net of		

		As at March 31, 2014	As at December 31, 2012
	Provisions) etc.		

		As at March 31, 2014	As at December 31, 2012
17	Current Investments		
	Investment in Others		
	Mutual Funds	-	0.22
	Share in Jointly Controlled Entities	20.92	59.76
		20.92	59.98
18	Inventories		
	Raw Materials	2.31	-
	Work-in-Progress	1.89	-
	Finished Goods	-	5.24
	Stock-in-Trade	3,118.60	4,439.49
	Packing Materials	5.65	12.06
	Share in Jointly Controlled Entities	2.40	12.42
		3,130.85	4,469.21
19	Trade Receivables		
	Unsecured		
	Outstanding for a period more than six months from the date they are due for payment		
	Considered Good	57.57	74.61
	Considered Doubtful	6.55	3.95
	Less: Provision for Doubtful Debts	6.55	3.95
		57.57	74.61
	Others		
	Considered Good	345.93	433.77
		345.93	433.77
	Share in Jointly Controlled Entities	38.47	38.78
		441.97	547.16
20	Cash and Bank Balances		
	Cash and Cash Equivalents		
	Balances with Banks in Current Accounts	67.37	118.07
	Cheques on Hand	2.13	2.39
	Cash on Hand	32.38	19.79
	Other Bank Balances		
	Dividend Account	0.41	0.41
	Fixed Deposits including Margin Money	0.09	14.98
	Earmarked Balances with Banks	5.39	23.78
	Short-Term Bank Deposits	42.74	0.05
	Share in Jointly Controlled Entities	17.72	21.09
		168.23	200.56
21	Short-Term Loans and Advances		
	(Secured, Considered Good)		
	Loans and Advances	127.25	178.07
		127.25	178.07
	(Unsecured, Considered Good)		
	Loans and Advances	889.93	1,136.83
	Deposits	439.62	133.74
	Others	0.03	5.94
	Share in Jointly Controlled Entities	22.69	20.73
		1,352.27	1,297.24

		As at March 31, 2014	As at December 31, 2012
		1,479.52	1,475.31
22	Other Current Assets		
	Interest Receivable	0.06	0.93
	Others Receivables*	38.62	15.88
	Share in Jointly Controlled Entities	70.58	0.43
		109.26	17.24

* Includes Insurance Claim Receivables.

(₹ in Crores)

		January 01, 2013 to March 31, 2014	July 01, 2011 to December 31, 2012
23	Revenue from Operations		
	Sale of Products	13,056.67	19018.63
	Sale of Services	523.60	1153.39
	Less: Vat, Sales Tax	715.54	1115.61
	Less: Excise Duty	-	0.09
	Other Operating Revenues	242.35	404.99
	Share in Jointly Controlled Entities	790.17	725.05
		13,897.25	20,186.36
24	Other Income		
	Interest income	25.28	22.78
	Dividend Income	1.14	1.81
	Miscellaneous Income	140.41	23.15
	Share in Jointly Controlled Entities	140.71	82.27
		307.54	130.01
25	Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade		
	Opening Inventories		
	Finished Goods	5.24	6.31
	Stock- in-Trade	4,450.54	3,628.25
	Work-in-Progress	-	3.26
	Less:- On Composite Schemes of Arrangements (Refer Note No. 37)	1,265.47	-
	Closing Inventories		
	Finished Goods	-	5.24
	Stock- in-Trade	3,183.68	4,439.91
	Work-in-Progress	2.04	-
		4.59	(807.33)
	Share in Jointly Controlled Entities	6.33	(0.96)
		10.92	(808.29)
26	Employee Benefits Expense		
	Salaries and Wages	489.76	942.66
	Contribution to Provident and Other Funds	24.57	33.03
	Expense on Employee Stock Option Scheme	3.07	-
	Staff Welfare Expenses	23.42	57.01
	Share in Jointly Controlled Entities	80.01	98.73
		620.83	1,131.43
27	Finance Costs		
	Interest Expense	712.77	1,477.75
	Other Borrowing Costs	11.11	164.08
	Share in Jointly Controlled Entities	2.07	5.29
		725.95	1,647.12
28	Other Expenses		
	Consumption of Stores and Spare Parts	0.30	0.65
	Power and Fuel	188.10	321.83

		January 01, 2013 to March 31, 2014	July 01, 2011 to December 31, 2012
	Rent Including Lease Rentals	667.22	1,373.12
	Repairs and Maintenance		
	Building	7.04	2.31
	Machinery	3.07	6.77
	Others	31.57	62.89
	Insurance	6.72	10.21
	Rates & Taxes	9.46	28.00
	Labour Charges	8.13	5.21
	Packing Material	0.03	18.85
	Advertisement and Marketing	159.15	355.50
	Loss on Disposal/Discard of Fixed Assets (Net)	59.20	67.64
	Provision for Impairment of Goodwill	1.15	6.23
	Provision for Doubtful Debts/advances	2.76	4.19
	Bad Debts Written off	11.02	21.81
	Exchange Fluctuation Loss (Net)	0.34	23.21
	Miscellaneous Expenses	626.32	945.72
	Share in Jointly Controlled Entities	649.58	551.05
		2,431.16	3,805.19
29	Exceptional Items		
	Net Gain on Sale of Non-Current Investments	30.81	379.40
	Loss by Fire	(4.98)	-
	Provision for Diminution in Value of Investments	-	(0.08)
		25.83	379.32

30 Contingent Liabilities

(₹ in Crores)

Particulars	As at March 31, 2014	As at December 31, 2012
A. Claims Against the Company not Acknowledged as Debts		
i) Value Added Tax Act/Income Tax Act/Service Tax Act	49.38	5.19
ii) Others	342.28	51.05
B. Guarantees Outstanding	34.54	316.05
C. Fixed Deposits Lien Marked on Behalf of Holding Company	-	13.91

31 Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) ₹ 56.53 Crores (2012: ₹ 102.96 Crores).

32 Leases

The Company has entered into operating lease arrangements for fixed assets and premises. The future minimum lease rental obligation under non-cancellable operating leases in respect of these assets is ₹ 656.45 Crores (2012: ₹ 1459.79 Crores). The Lease Rent payable not later than one year is ₹ 241.58 Crores (2012: ₹ 620.01 Crores), payable later than one year but not later than five year is ₹ 330.71 Crores (2012: ₹ 733.72 Crores) and payable later than five years is ₹ 84.16 Crores (2012: ₹ 106.06 Crores).

33 Tax Expense

The tax expense for the period comprises of:

(₹ in Crores)		
Particulars	January 01, 2013 to March 31, 2014	July 01, 2011 to December 31, 2012
Current Tax	4.68	70.96
Deferred Tax	(0.33)	59.79
Total	4.35	130.75

34 Related Party Disclosures

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

- A. List of Related Parties
1. Associates
 - i. Galaxy Entertainment Corporation Limited
 2. Enterprises over which Key Management Personnel are able to exercise significant influence
 - i. Retail Light Techniques India Limited (Formerly known as Asian Retail Lighting Limited)
 - ii. Fashion Global Retail Limited
 - iii. Future Corporate Resources Limited
 - iv. Future Human Development Limited
 - v. Future Ideas Company Limited
 - vi. Future Outdoor Media Solutions Limited
 - vii. Future Sharp Skills Limited
 - viii. Future Consumer Enterprise Limited (Formerly known as Future Ventures India Limited)
 - ix. Future Lifestyle Fashions Limited (w.e.f. June 25, 2013)
 - x. nuFuture Haribhakti Business Services Limited
 - xi. nuFuture Digital (India) Limited
 - xii. Akar Estate & Finance Private Limited
 - xiii. Ryka Commercial Ventures Private Limited
 - xiv. Kesari Realty Private Limited
 - xv. Vayuputra Realty Private Limited
 - xvi. Bansi Mall Management Company Private Limited
 - xvii. Central Departmental Stores Private Limited
 - xviii. Festive Realty Private Limited
 - xix. Iskrupa Mall Management Company Private Limited

3. Key Management Personnel
 - i. Mr. Kishore Biyani
 - ii. Mr. Rakesh Biyani
 - iii. Mr. Vijay Biyani
4. Relatives of Key Management Personnel
 - i. Mr. Gopikishan Biyani
 - ii. Ms. Ashni Biyani
 - iii. Mrs. Godavaridevi Biyani
 - iv. Mrs. Sampat Biyani
 - v. Mrs. Sangita Biyani
 - vi. Mrs. Santosh Biyani
- B. Transactions with Related Parties

(₹ in Crores)

Nature of Transactions	Key Management Personnel Exercise Significant Influence	Key Management Personnel/ Relatives	Associates
Sale of Goods And Services	54.32	-	1.51
	(30.36)	(-)	(1.33)
Sale of Fixed Assets	23.82	-	-
	(0.09)	(-)	(-)
Purchases of Goods And Services	387.63	0.33	0.01
	(136.00)	(0.75)	(0.38)
Purchases of Fixed Assets	74.73	-	-
	(21.66)	(-)	(-)
Managerial Remuneration	-	12.64	-
	(-)	(16.17)	(-)
Advances Given	3.16	-	-
	(163.81)	(-)	(3.83)
Deposits Given	11.58	-	-
	(128.80)	(-)	(-)
Deposits Received	-	-	-
	(0.34)	(-)	(-)
Outstanding balances as on March 31, 2014 Receivable	558.41	-	3.15
	(378.89)	(-)	(3.87)
Payable	126.58	-	-
	(6.80)	(-)	(-)

C. Significant Related Party Transactions

- i. Sale of Goods and Services includes Galaxy Entertainment Corporation Limited ₹ 1.51 Crores (2012: ₹ 1.33 Crores) Vayuputra Realty Private Limited ₹ 10.01 Crores (2012: ₹ NIL), Iskrupa Mall Management Company Private Limited ₹ 11.30 Crores (2012: ₹ NIL), Future Lifestyle Fashions Limited ₹ 7.16 Crores (2012: ₹ NIL), Future Consumer Enterprise Limited ₹ 9.64 Crores (2012: ₹ 17.95 Crores), S. J. Retail Private Limited ₹ NIL (2012: ₹ 9.86 Crores).
- ii. Sale of Fixed Assets includes Future Corporate Resources Limited ₹ NIL (2012: ₹

0.01 Crores), Future Human Development Limited ₹ 23.82 Crores (2012: ₹ N L), S. J. Retail Private Limited ₹ NIL (2012: ₹ 0.08 Crores).

- iii. Purchases and other Services includes Future Corporate Resources Limited ₹ 95.68 Crores (2012: ₹ 70.65 Crores), Fashion Global Retail Limited ₹ 55.48 Crores (2012: ₹ 43.60 Crores), Future Lifestyle Fashions Limited ₹ 104.02 Crores (2012: ₹ NIL), nuFuture Digital (India) Limited ₹ 44.09 Crores (2012: ₹ NIL), Future Consumer Enterprise Limited ₹ 68.29 Crores (2012: ₹ NIL).
- iv. Purchase of Fixed Assets includes Retail Light Techniques India Limited ₹ 9.19 Crores (2012: ₹ 15.86 Crores), Future Corporate Resources Limited ₹ 33.52 Crores (2012: ₹ NIL), Future Human Development Limited ₹ 31.92 Crores (2012: ₹ 5.80 Crores).
- v. Managerial Remuneration includes Mr. Kishore Biyani ₹ 5.09 Crores (2012: ₹ 5.73 Crores), Mr. Rakesh Biyani ₹ 4.71 Crores (2012: ₹ 5.31 Crores), Mr. Vijay Biyani ₹ 2.84 Crores (2012: ₹ 3.14 Crores), Mr. Kailash Bhatia ₹ NIL (2012: ₹ 1.82 Crores).
- vi. Advance given includes Galaxy Entertainment Corporation Limited ₹ NIL (2012: ₹ 3.83 Crores), Future Corporate Resources Limited ₹ NIL (2012: ₹ 163.81 Crores), Future Sharp Skills Limited ₹ 0.63 Crores (2012: ₹ NIL), Future Ideas Company Limited ₹ 2.53 Crores (2012: ₹ NIL).
- vii. Deposit given includes Bansi Mall Management Company Private Limited ₹ NIL (2012: ₹ 13.80 Crores), Future Corporate Resources Limited ₹ NIL (2012: ₹ 115.00 Crores), Vayuputra Realty Private Limited ₹ 1.85 Crores (2012: ₹ NIL), Central Departmental Stores Private Limited ₹ 4.10 Crores (2012: ₹ NIL), Ryka Commercial Ventures Private Limited ₹ 5.63 Crores (2012: ₹ NIL).
- viii. Deposit Received includes S.J. Retail Private Limited ₹ NIL (2012: ₹ 0.34).

D. Joint Venture Information

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

(₹ in Crores)		
Particulars	As at March 31, 2014	As at December 31, 2012
Assets	1173.02	1499.93
Liabilities	456.68	856.66
Income	930.88	890.60
Expenditure	922.44	961.09

35 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.

- 36 Pursuant to levy of service tax on renting of immovable properties given for commercial use, retrospectively with effect from June 1, 2007 by the Finance Act, 2010 the Company based on a legal advice, challenged levy through Retailers Association of India and its retrospective application. The Hon'ble Supreme Court has passed an interim order dated October 14, 2011. In compliance of this order the Company has made an aggregate deposit of ₹ 42.43 Crores in respect of the liability for such service tax for the period from June 1, 2007 upto September 30, 2011. From October 1, 2011, the company is accounting and paying for such service tax regularly as per directives of the Supreme Court. Accordingly the company has not made provision of ₹ 84.86 Crores for the period June 1, 2007 to September 30, 2011 which would be appropriately recognized on the final determination.

- 37 The Scheme of arrangement under the provision of section 391-394 of the Companies Act, 1956 for

demerger of Pantaloons Fashion Format (“Pantaloons Scheme”) with effect from Appointment Date July 1, 2012 (as defined in Pantaloons Scheme) has been given effect on April 8, 2013. Pursuant to the same, all the assets and liabilities pertaining to Pantaloons Fashion Format has been demerged and vested in Pantaloons Fashion & Retail Limited (formerly known as Peter England Fashions and Retail Limited). Accordingly, the shares of Pantaloons Fashion & Retail Limited have been issued to the shareholders of the Company as on the April 18, 2013 as per entitlement ratio stated in Pantaloons Scheme.

The Composite Scheme of Arrangement and Amalgamation (“Fashion Demerger Scheme”) between Future Retail Limited (Formerly known as Pantaloon Retail (India) Limited) (“FRL”), and Future Lifestyle Fashions Limited (formerly known as Future Value Fashion Retail Limited) (FLFL), Indus-League Clothing Limited (“ILCL”), Lee Cooper (India) Limited (“LEE”), Future Consumer Enterprise Limited (formerly known as Future Ventures India Limited) (“FCEL”), and their respective shareholders and creditors (“Fashion Demerger Scheme”) under the provision of section 391-394 of the Companies Act, 1956 for demerger of its fashion business as defined in the Fashion Demerger Scheme (“Fashion Format Business”) with effect from Appointment Date of January 1, 2013 as provided in the said Scheme, has been given effect on May 29, 2013 after receipts of High Court approval. Pursuant to the same, all the assets and liabilities pertaining to the Fashion Format Business has been demerged and vested in FLFL with effect from Effective Date. Accordingly, the shares of FLFL have been issued to the shareholders of the Company as on the June 25, 2013 as per entitlement ratio stated in Fashion Demerger Scheme.

The Scheme of Amalgamation and Arrangement of Future Value Retail Limited (FVRL), a wholly owned subsidiary company with the Company under the provision of section 391-394 of the Companies Act, 1956 with effect from Appointed Date of July 1, 2012 as provided in the said Scheme, has been given effect from February 11, 2014. Pursuant to the same, all the assets and liabilities pertaining to FVRL has been merged and vested in the Company on February 11, 2014 being the Effective Date, with effect from the Appointed Date. The Company has issued optionally convertible debentures and compulsory convertible debentures to the holders of the compulsory convertible debentures of FVRL equivalent to the face value of debentures held in FVRL. There has been no issuance of shares upon the completion of the merger.

38 Earnings Per Share

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

Particulars	Units	2013-14	2011-12
Profit after tax	₹ in Crores	80.30	275.67
The Weighted Average Number of Ordinary Shares for Basic EPS	No. in Crores	21.57	21.02
The Weighted Average Number of Class B (Series 1) Shares for Basic EPS	No. in Crores	1.59	1.59
The Weighted Average Number of Ordinary Shares for Diluted EPS	No. in Crores	21.57	21.02
The Weighted Average Number of Class B (Series 1) Shares for Diluted EPS	No. in Crores	1.59	1.59
The Nominal Value Per Share (Ordinary and Class ‘B’(Series 1) Shares)	₹	2.00	2.00
Share of Profit for Ordinary Shares for Basic EPS	₹ in Crores	74.72	256.22
Share of Profit for Class B (Series 1) Shares for Basic EPS	₹ in Crores	5.58	19.45
Share of Profit for Ordinary Shares for Diluted EPS	₹ in Crores	74.72	256.22
Share of Profit for Class B (Series 1) Shares for Diluted EPS	₹ in Crores	5.58	19.45
Earnings Per Ordinary Share (Basic)	₹	3.47	12.19
Earnings Per Class B (Series 1) Share (Basic)	₹	3.51	12.23
Earnings Per Ordinary Share (Diluted)	₹	3.47	12.19
Earnings Per Class B (Series 1) Share (Diluted)	₹	3.51	12.23

39 Capital Reserve shown in the balance sheet is net of goodwill of ₹ 129.40 Crores (2012: ₹ 96.19 Crores).

40 Acquisition and Divestment

- a) Subsidiaries divested during the period:
 - i) Future Agrovat Limited (w.e.f. November 12, 2013).
 - ii) Future Lifestyle Fashions Limited (w.e.f. June 25, 2013).
- b) Subsidiaries acquired during the period:
 - i) Staples Future Office Products Limited (w.e.f. February 8, 2013).
 - ii) Office Shop Private Limited (100% subsidiary of Staples Future Office Products Limited) (w.e.f. February 8, 2013).

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

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

43 The previous period figures have been reworked, regrouped, rearranged and reclassified wherever necessary. Current period figures are not comparable with the previous period on account of extension of the accounting period by 3 months from December 31, 2013 to March 31, 2014.

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

For NGS & Co. LLP
Chartered Accountants

Kishore Biyani
Managing Director

Rakesh Biyani
Joint Managing Director

Vijay Biyani
Wholetime Director

Ganesh Toshniwal
Partner
Membership No.: 046669

S. Doreswamy
Director

Anil Harish
Director

V. K. Chopra
Director

Mumbai
May 30, 2014

Bala Deshpande
Director

Dinesh Maheshwari
Chief Financial Officer

Deepak Tanna
Company Secretary

CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD ENDED MARCH 31, 2014

(₹ in Crores)

	January 01, 2013 to March 31, 2014	July 01, 2011 to December 31, 2012
A CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit Before Tax	99.40	472.64
Adjusted for :		
Depreciation and Amortization Expense	451.88	632.26
Capital Issue Expenses	0.04	-
Provision for Doubtful Debts/advances	2.76	4.19
Sundry Balance Written off (Net)	(6.83)	(0.95)
Expense on Employee Stock Option Scheme	3.07	-
Finance Costs	725.95	1,647.12
Dividend Income	(1.14)	(1.81)
(Profit)/Loss on Sale of Investments	(30.81)	(379.40)
Loss on Disposal/Discard of Fixed Assets (Net)	59.20	67.64
Interest Income	(25.28)	(22.78)
Provision for Diminution In Value of Investment	-	0.08
Provision for Impairment of Goodwill	1.15	6.23
Operating Profit Before Working Capital Changes	1,279.39	2,425.22
Adjusted for :		
Trade Receivable	109.26	0.41
Loans and Advances and Other Assets	1,213.35	1,337.10
Inventories	1,338.36	(790.24)
Trade Payables, Other Liabilities and Provisions	(1,755.30)	858.34
Cash Generated From Operations	2,185.06	3,830.83
Share in Profit/(Loss) of Associate Company	-	(3.62)
Adjustment on Account of Joint Venture/Subsidiary include in consolidation	48.06	-
Share of Minority Interest	16.97	(334.98)
Taxes Paid (Net)	(16.01)	(73.64)
Capital Issue Expenses	(0.04)	-
Net Cash From Operating Activities	2,234.04	3,418.59
B CASH FLOW FROM INVESTING ACTIVITIES		
Sale/(Purchase) of Fixed Assets (Net)	(400.28)	(2,054.46)
(Increase)/Decrease in capital work-in-progress	159.03	(208.10)
Sale/(Purchase) of Investments	(29.08)	158.31
Dividend Received	1.14	1.81
Interest Received	25.28	22.78
Net Cash Used In Investing Activities	(243.91)	(2,079.66)
C CASH FLOW FROM FINANCING ACTIVITIES		
Dividend Paid (Including Dividend Distribution Tax)	(29.68)	(24.29)
Proceeds from Issue of Share Capital	(31.22)	174.50
Proceeds from Borrowings	28.65	(877.74)
Proceeds from Optionally Convertible Debentures	250.00	-
Proceeds from Compulsorily Convertible Debentures	(603.85)	(85.00)
Proceeds from Optionally Fully Convertible Debentures	(800.00)	800.00
Capital Grant Received	9.99	-
Interest Paid	(725.95)	(1,647.12)
Net Cash Provided by Financing Activities	(1,902.06)	(1,659.65)
On Composite Schemes of Arrangements	(120.40)	-
Net (Decrease)/Increase in Cash and Cash Equivalents	(32.33)	(320.72)

	January 01, 2013 to March 31, 2014	July 01, 2011 to December 31, 2012
Net (Decrease)/Increase in Cash and Cash Equivalents	(32.33)	(320.72)
Cash and Cash Equivalents (Opening balance)	200.56	521.28
Cash and Cash Equivalents (Closing balance)	168.23	200.56

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

For NGS & Co. LLP
Chartered Accountants

Kishore Biyani
Managing Director

Rakesh Biyani
Joint Managing Director

Vijay Biyani
Wholetime Director

Ganesh Toshniwal
Partner
Membership No.: 046669

S. Doreswamy
Director

Anil Harish
Director

V. K. Chopra
Director

Mumbai
May 30, 2014

Bala Deshpande
Director

Dinesh Maheshwari
Chief Financial Officer

Deepak Tanna
Company Secretary

WORKING RESULTS

In accordance with circular no.F.2/5/SE/76 dated February 5, 1977 issued by the Ministry of Finance, Government of India, as amended by Ministry of Finance, Government of India through its circular dated March 8, 1977, our working results on a standalone basis for the period from April 1, 2014 to May 31, 2014 are set out in the table below:

Particulars	(₹ in crore)
Revenue from Operations	1,544.36
Other Income	5.62
Total Revenue	1,549.98
PBDIT	265.32
Finance Cost	91.64
PBDT	173.68
Provision for depreciation	72.29
Provision for taxes	0.31
Profit after tax	101.08

Note: As certified by NGS & Co. LLP, Chartered Accountants (Firm Registration Number: 119850W) vide its certificate dated July 19, 2014.

Material changes and commitments, if any, affecting our financial position

There are no material changes affecting the financial position of our Company after the last date of the Financial Statements included in this Draft Letter of Offer.

MATERIAL DEVELOPMENTS

To our knowledge, no circumstances have arisen since March 31, 2014 which materially and adversely affect or are likely to affect our operations, performance, prospects or profitability, or the value of our assets or our ability to pay material liabilities.

Recent Developments

For details relating to issuance of Equity Shares and warrants on preferential allotment basis by our Company, see “Capital Structure” on page 46.

ACCOUNTING RATIOS AND CAPITALISATION STATEMENT

The following tables present certain accounting and other ratios computed on the basis of audited standalone and consolidated financial statements of our Company as at and for the 15 months period ended March 31, 2014 and 18 months ended December 31, 2012 included in the section “Financial Statements” on page 83:

Accounting Ratios (based on audited standalone financial statements)

Ratio	As at March 31, 2014	As at December 31, 2012
Net Asset Value (₹ In crores)	3,251.65	3,322.55
Return on Net Worth	0.11%	9.02%
Earnings Per Ordinary Share (Basic) (In ₹)	0.12	12.08
Earnings Per Class B (Series-1) Share (Basic) (In ₹)	0.16	12.12
Earnings Per Ordinary Share (Diluted) (In ₹)	0.12	12.08
Earnings Per Class B (Series-1) Share (Diluted) (In ₹)	0.16	12.12

Note: As certified by NGS & Co. LLP, Chartered Accountants (Firm Registration Number: 119850W) vide its certificate dated July 19, 2014.

Accounting Ratios (based on audited consolidated financial statements)

Ratio	As at March 31, 2014	As at December 31, 2012
Net Asset Value (₹ In crores)	3,335.51	3,327.56
Return on Net Worth	3.61%	10.38%
Earnings Per Ordinary Share (Basic) (In ₹)	3.47	12.19
Earnings Per Class B (Series-1) Share (Basic) (In ₹)	3.51	12.23
Earnings Per Ordinary Share (Diluted) (In ₹)	3.47	12.19
Earnings Per Class B (Series-1) Share (Diluted) (In ₹)	3.51	12.23

Ratios	Computation
Net Asset Value per Share	$\frac{\text{Net Worth at the end of the period}}{\text{Total number of weighted average equity share outstanding at the end of the year/ period}}$
Return on Net Worth (%)	$\frac{\text{Net profit / (loss) after tax attributable to equity shareholders}}{\text{Net Worth at the end of the period}}$
Basic and diluted earnings per share	$\frac{\text{Net profit / (loss) after tax attributable to equity shareholders}}{\text{Total number of weighted average equity shares outstanding at the end of the year/period}}$

Capitalization Statement

The following tables present the capitalisation statement as per the audited standalone financial statements of our Company as at and for the financial period ended March 31, 2014:

Particulars	As at March 31, 2014	(₹ in crore) As adjusted for the Issue ⁽¹⁾
Shareholders' Funds		
Equity Share Capital	46.32	●
Reserves and Surplus		
General Reserve	103.41	●
Securities Premium Reserve	2,226.40	●
Surplus in Profit and Loss	68.64	●

Particulars	As at March 31, 2014	As adjusted for the Issue ⁽¹⁾
Total Free Reserve	2,398.45	[●]
Capital Reserve	535.68	[●]
Debenture Redemption Reserve	268.13	[●]
Share Option Outstanding Account	3.07	[●]
Total Shareholders' Funds (A)	3,251.65	[●]
Debt		
Long Term Borrowings	4,155.2	[●]
Short Term Borrowings including Current Maturity of Long term debt	2112.75	[●]
Total Debt (B)	6,267.95	[●]
Total (A+B)	9,519.6	[●]
Long-term debt/equity ratio	1.70	[●]
Total debt/equity ratio	2.56	[●]

⁽¹⁾ To be updated at the time of filing of Letter of Offer

Note: As certified by NGS & Co. LLP, Chartered Accountants (Firm Registration Number: 119850W) vide its certificate dated July 19, 2014.

The following tables present the capitalisation statement as per the audited consolidated financial statements of our Company as at and for the financial period ended March 31, 2014:

(₹ in crore)

Particulars	As at March 31, 2014	As adjusted for the Issue(1)
Shareholders' Funds		
Equity Share Capital	46.32	[●]
Preference Share Capital	74.65	[●]
Total capital	120.97	[●]
Reserves and Surplus		
General Reserve	106.22	[●]
Securities Premium Reserve	2,284.22	[●]
Surplus in Profit and Loss	(285.08)	[●]
Total Free Reserve	2,105.36	[●]
Capital Reserve	546.97	[●]
Capital Reserve on Consolidation	291.01	[●]
Debenture Redemption Reserve	268.13	[●]
Share Option Outstanding Account	3.07	[●]
Total Shareholders' Funds (A)	3,335.51	[●]
Debt		
Long Term Borrowings	4,210.12	[●]
Short Term Borrowings including Current Maturity of Long term debt	2,192.33	[●]
Total Debt (B)	6,402.45	[●]
Total (A+B)	9,737.96	[●]
Long-term debt/equity ratio	1.96	[●]
Total debt/equity ratio	2.98	[●]

⁽¹⁾ To be updated at the time of filing of Letter of Offer

Note: As certified by NGS & Co. LLP, Chartered Accountants (Firm Registration Number: 119850W) vide its certificate dated July 19, 2014.

STOCK MARKET DATA FOR SECURITIES OF OUR COMPANY

The Securities are listed on the BSE and NSE. For further details, see “Terms of the Issue” on page 179. We have received in-principle approvals for listing of the Securities to be issued pursuant to this Issue from the BSE and the NSE by letters dated [●] and [●], respectively.

For the purpose of this section:

- Year is a fiscal year;
- Average price is the average of the daily closing prices of the Equity Shares or the Class B Shares, as the case may be, for the year, or the month, as the case may be;
- High price is the maximum of the daily high prices and low price is the minimum of the daily low prices of the Equity Shares or the Class B Shares, as the case may be, for the year, or the month, as the case may be; and
- In case of two days with the same high/low/closing price, the date with higher volume has been considered.

Equity Shares

The high, low and average market prices of the Equity Shares recorded on the BSE and the NSE during the preceding three years and the number of the Equity Shares traded on the days of the high and low prices were recorded are as stated below:

BSE							
Fiscal Year	Date of High	High (₹)	Volume on date of High (No. of Equity Shares)	Date of Low	Low (₹)	Volume on date of Low (No. of Equity Shares)	Average (₹)
2014	April 3, 2013	169.4	13,37,432	December 17, 2013	63.3	3,25,508	94.27
2013	January 22, 2013	275.75	52,31,800	May 18, 2012	126.5	17,96,420	189.14
2012	July 27, 2011	364.15	9,28,703	January 2, 2012	125.3	3,54,232	226.58

Source: www.bseindia.com

NSE							
Fiscal Year	Date of High	High (₹)	Volume on date of High (No. of Equity Shares)	Date of Low	Low (₹)	Volume on date of Low (No. of Equity Shares)	Average (₹)
2014	April 3, 2013	169.25	82,26,799	August 1, 2013	63	1,47,05,635	94.29
2013	January 22, 2013	275.90	2,82,97,381	May 18, 2012	124.00	66,52,086	189.14
2012	July 27, 2011	364.20	41,31,296	January 2, 2012	125.20	13,33,291	226.64

Source: www.nseindia.com

Monthly high and low prices and trading volumes on the BSE and NSE for the six months preceding the date of filing of this Draft Letter of Offer are as stated below:

BSE

Month	Date of High	High (₹)	Volume on date of High (No. of Equity Shares)	Date of Low	Low (₹)	Volume on date of Low (No. of Equity Shares)	Average (₹)
June 2014	June 10, 2014	147.7	15,24,666	June 16, 2014	117.25	5,60,447	130.59
May 2014	May 5, 2014	147.85	12,31,701	May 26, 2014	110.6	5,57,004	123.69
April 2014	April 25, 2014	138	45,36,379	April 1, 2014	82	3,71,951	102.97
March 2014	March 10, 2014	86.1	8,64,642	March 14, 2014	78.75	2,60,395	80.74
February 2014	February 14, 2014	97.35	57,61,124	February 6, 2014	77.3	3,01,576	80.73
January 2014	January 22, 2014	93.7	11,77,313	January 3, 2014	74.2	3,14,576	84.24

Source: www.bseindia.com

NSE							
Month	Date of High	High (₹)	Volume on date of High (No. of Equity Shares)	Date of Low	Low (₹)	Volume on date of Low (No. of Equity Shares)	Average (₹)
June 2014	June 11, 2014	147.8	41,19,576	June 16, 2014	117.2	15,96,866	130.67
May 2014	May 5, 2014	148	47,90,354	May 12, 2014	100.1	19,64,096	123.80
April 2014	April 25, 2014	137.45	1,12,36,650	April 1, 2014	82.05	12,01,971	103.05
March 2014	March 10, 2014	86.2	23,48,135	March 26, 2014	78.55	13,60,844	80.80
February 2014	February 14, 2014	97.7	2,10,99,612	February 6, 2014	77.1	12,87,648	80.75
January 2014	January 22, 2014	93.8	62,00,704	January 3, 2014	74.25	21,86,147	84.23

Source: www.nseindia.com

Week end prices of Equity Shares along with the highest and lowest closing prices on the BSE and NSE for the last four weeks preceding the date of filing of this Draft Letter of Offer is as stated below:

BSE			
For the week ended on	Closing Price (₹)	High (₹)	Low (₹)
July 18, 2014	131.55	138.9	117.75
July 11, 2014	121.15	140.3	117.55
July 4, 2014	136.15	140.8	133.25
June 27, 2014	135.3	136.2	125.15

Source: www.bseindia.com

NSE			
For the week ended on	Closing Price (₹)	High (₹)	Low (₹)
July 18, 2014	131.8	138.8	117.55
July 11, 2014	121.25	140.6	117.25
July 4, 2014	136.1	140.6	133.15
June 27, 2014	135.35	136.4	124.65

Source: www.nseindia.com

The closing market price of the Equity Shares of our Company as on one day prior to the date of the Draft Letter of Offer was ₹ 131.55 on the BSE and ₹ 131.8 on the NSE.

The Issue Price of ₹ [●] per Equity Share has been arrived at in consultation between our Company and the Lead Managers.

Class B Shares

The high, low and average market prices of the Class B Shares recorded on the BSE and the NSE during the preceding three years and the number of the Class B Shares traded on the days of the high and low prices were recorded are as stated below:

BSE							
Fiscal Year	Date of High	High (₹)	Volume on date of High (No. of Equity Shares)	Date of Low	Low (₹)	Volume on date of Low (No. of Equity Shares)	Average (₹)
2014	April 16, 2013	133.8	3,321	March 3, 2014	28.6	2,100	57.43
2013	December 6, 2012	199	2,08,865	April 24, 2012	87	1,219	131.25
2012	April 6, 2011	224	76,097	January 5, 2012	76.05	1,283	144.74

Source: www.bseindia.com

NSE							
Fiscal Year	Date of High	High (₹)	Volume on date of High (No. of Equity Shares)	Date of Low	Low (₹)	Volume on date of Low (No. of Equity Shares)	Average (₹)
2014	April 11, 2013	130.95	3,78,467	August 28, 2013	30.1	16,661	56.86
2013	December 6, 2012	197.00	4,04,960	April 2, 2012	86.65	4,858	131.48
2012	April 8, 2011	236.00	472	March 29, 2012	77.65	48,394	145.42

Source: www.nseindia.com

Monthly high and low prices and trading volumes on the BSE and NSE for the six months preceding the date of filing of this Draft Letter of Offer are as stated below:

BSE							
Month	Date of High	High (₹)	Volume on date of High (No. of Equity Shares)	Date of Low	Low (₹)	Volume on date of Low (No. of Equity Shares)	Average (₹)
June 2014	June 12, 2014	84.85	7,169	June 3, 2014	59.1	1,000	73.35
May 2014	May 5, 2014	67.45	5,747	May 15, 2014	51.3	13,934	57.52
April 2014	April 29, 2014	64.4	9,871	April 1, 2014	34.65	1,391	46.61
March 2014	March 27, 2014	36.95	250	March 3, 2014	28.6	2,100	35.2
February 2014	February 14, 2014	46.75	20,230	February 25, 2014	35.05	4,821	38.08
January 2014	January 8, 2014	45.45	7,289	January 2, 2014	36.1	1,728	40.27

Source: www.bseindia.com

NSE							
Month	Date of High	High (₹)	Volume on date of High (No. of Equity Shares)	Date of Low	Low (₹)	Volume on date of Low (No. of Equity Shares)	Average (₹)
June 2014	June 11, 2014	85.05	85,963	June 3, 2014	58	5,997	73.50
May 2014	May 5, 2014	67.9	15,531	May 19, 2014	48.05	20,282	64.32
April 2014	April 25, 2014	64.4	63,747	April 2, 2014	35.15	18,218	46.14
March 2014	March 11, 2014	36.95	12,106	March 24, 2014	33.1	4,631	35.22
February 2014	February 14, 2014	46.8	1,24,743	February 28, 2014	34.5	4,237	38.13

NSE							
Month	Date of High	High (₹)	Volume on date of High (No. of Equity Shares)	Date of Low	Low (₹)	Volume on date of Low (No. of Equity Shares)	Average (₹)
January 2014	January 8, 2014	44.35	36,308	January 2, 2014	36.1	22,143	40.29

Source: www.nseindia.com

Week end prices of Class B Shares along with the highest and lowest closing prices on the Stock Exchanges for the last four weeks preceding the date of filing of this Draft Letter of Offer is as stated below:

BSE			
For the week ended on	Closing Price (₹)	High (₹)	Low (₹)
July 18, 2014	72.2	76	65
July 11, 2014	69.3	79	66
July 4, 2014	77.75	82	77
June 27, 2014	77.85	81	70.1

Source: www.bseindia.com

NSE			
For the week ended on	Closing Price (₹)	High (₹)	Low (₹)
July 18, 2014	71.75	78.75	65.05
July 11, 2014	68.4	78.9	67.55
July 4, 2014	78.2	82	76.8
June 27, 2014	79.85	81.95	72.4

Source: www.nseindia.com

The closing market price of the Class B Shares of our Company as on one day prior to the date of the Draft Letter of Offer was ₹ 72.2 on the BSE and ₹ 71.75 on the NSE.

The Issue Price of ₹ [●] per Class B Share has been arrived at in consultation between our Company and the Lead Managers.

SECTION VI: LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATION AND DEFAULTS

Except as disclosed below, there is no outstanding litigation against our Company and its Subsidiaries including, suits, criminal or civil prosecutions and taxation related proceedings that would have a material adverse effect on our operations or financial position.

Further, except as disclosed below, there is no outstanding litigation against our Company involving issues of moral turpitude, criminal liability, material violations of statutory regulations or economic offences and no such litigation had arisen against our Company in the preceding ten years.

Litigation against our Company

A summary of litigation and disputes involving potential financial liability of ₹ 30 crore and above, and certain other litigation which we consider material, is as follows:

Criminal Cases

1. 20 cases are pending against our Company and/or its stores and/or their respective store managers relating to, *inter alia*, adulteration of food products and consequently violations of the applicable provisions of the Prevention of Food Adulteration Act, 1954 and the Prevention of Food Adulteration Rules, 1955. These matters are at various stages of adjudication and are currently pending.
2. Five cases are pending against our Company relating to, *inter alia*, absence of an additional sticker on the pre-packed packages of the products sold at various stores of our Company in violation of the Legal Metrology Act, 2009 and the Legal Metrology (Packaged Commodities) Rules, 2011. These matters are at various stages of adjudication and are currently pending.
3. Sangeeta Mukherjee has filed a criminal complaint before the Additional Chief Judicial Magistrate, Asansol against our Company, Mr. Rakesh Biyani and others alleging that Big Bazaar, Asansol has not been closed for one and a half days each in violation of the provisions of the West Bengal Shops and Establishments Act, 1963. The matter is currently pending.
4. The State of Rajasthan through SHO of Ambamata Police Station has filed a criminal complaint before the Additional District Magistrate, Udaipur against the Jitendra Barot, manager of Big Bazaar, Udaipur alleging noise pollution, damage to the environment and human beings due to the generator set and water pump installed in the premises of Big Bazaar, Udaipur. The matter is currently pending.
5. Pollution Control Board, Jaipur, State of Rajasthan has filed a criminal case before the Court of Chief Judicial Magistrate, Jaipur against Varun Kant, area manager of our Company, alleging violation of Environment Protection Act, 1986 on account of sale of plastic carry bags, the use of which is prohibited in State of Rajasthan. The matter is currently pending.
6. A criminal case has been initiated before the Special Railway Magistrate, Delhi against Gautam Joshi, store manager, Big Bazaar located at Netaji Subhash Place Metro Station, Delhi on the basis of FIR no. 16 / 2009 registered by Amit Kumar alleging that grave injury was caused to his daughter due to the pedestal fan which was negligently kept in way of the customers. The matter is currently pending.
7. Labour Inspector has filed two separate criminal cases, each before the First Class Judicial Magistrate, Vadodara, against our Company and others alleging violations of the Bonus Act, 1965 and the Minimum Wages Act, 1948. Summons have been served upon our Company and the matters are currently pending.
8. Jayvant Ankush Salunkhe has registered an FIR against Shashank Ramdas Chandekar, the store manager of Big Bazaar, Pune and Dattarao Lakshmanrao Mundhe under Section 2 of the Prevention of Insult to National Honour Act, 1971 for displaying the Indian national flag with the saffron up-side down at the store. The matter is currently pending.
9. Dushyant Singh (store manager of Big Bazaar located at Netaji Subhash Place, Delhi) had filed a criminal case before the Metropolitan Magistrate, Delhi against Arindam Guha (a stock controller of our Company) alleging that Arindam Guha slapped him and abused him with the intention to harm his

reputation in front of the staff. The Metropolitan Magistrate issued summons on November 22, 2010 (the “**Summons Order**”). Aggrieved by the said Summons Order, Arindam Guha has filed a revision petition before the Court of Sessions Judge, District Court, Rohini, New Delhi seeking setting aside of the said Summons Order. On dismissal of the revision petition, Arindam Guha filed an appeal before the High Court of Delhi against NCT of Delhi and Dushyant Singh seeking, *inter alia*, quashing of Summons Order, the order dated December 7, 2013 and the grant of stay against the proceedings initiated before the Metropolitan Magistrate. The matter is currently pending.

Civil Cases

1. Milan Theatre Private Limited (“**Milan**”) has two separate cases before the Court of Small Causes, Mumbai against our Company and Agre Properties & Services Limited (“**Agre**”, and together with our Company the “**defendants**”) alleging breach of various provisions of two leave and license agreements, both dated December 23, 2006 entered into among Milan and erstwhile Pantaloon Retail (India) Limited (now our Company) for (i) cinema premises located in Milan Plaza, Santacruz (West) (“**Cinema**”), and (ii) Milan Plaza (other than the Cinema), Santacruz (West) (“**Plaza**”, and together with Cinema, the “**Premises**”). Milan has sought reliefs including (i) peaceful possession of the Premises, (ii) direct the defendants to pay ` 38.95 crore towards arrears due and payable for Plaza and ` 2.92 crore towards arrears due and payable for Cinema, and (iii) ` 2.68 crore per month from October 2012 (along with service tax) until realisation as compensation for the Plaza and ` 0.20 crore per month commencing from October 2012 (along with service tax) until realisation as compensation for the Cinema. However, due to the scheme of arrangement sanctioned by the High Court of Bombay pursuant to its order dated August 24, 2010, the mall assets management and food services undertaking of erstwhile Pantaloon Retail (India) Limited (now our Company) was merged into Agre. In May 2014, Milan, Agre and our Company have entered into a settlement agreement pursuant to which Milan has agreed to unconditionally withdraw the matter on realisation of ` 5.33 crore with respect to the arrears of rental under the aforementioned agreements, service tax, interest and penalty towards full and final settlement of all its claims. The matters are currently pending.

Tax Cases

1. Retailer Association of India (“**RAI**”) has filed a writ petition before the High Court of Bombay against the Union of India and others seeking a stay on levy of service tax on ‘renting of immovable property’. RAI has alleged that the Section 65(90a) read with Section 65(105)(ZZZZ) of the Finance Act, 2007, Finance Act 2008 and Finance Act, 2010 are null, void and ultra virus the Constitution of India and / or Section 66 of the Finance Act and to declare the said provisions as illegal, arbitrary and violative of Articles 14, 246 and 265 of the Constitution of India. The writ petition has been dismissed by High Court pursuant to its order dated August 4, 2011. Against the said order of High Court of Bombay, RAI has filed a special leave petition before the Supreme Court. The Supreme Court pursuant to its order dated October 14, 2011 stayed the aforesaid order passed by the High Court of Bombay which directed retrospective levy of service tax from June 1, 2007 until September 30, 2011. The Supreme Court has further directed has directed members of RAI to deposit 50% of the service tax with the relevant service tax authority in three trenches and provide surety / undertaking to the service tax authority for the balance 50%. In the event the petition filed before the Supreme Court is dismissed, all the members of RAI would be required to pay balance 50% of the levy along with interest to relevant service tax authority. Accordingly our Company (being one of the members of RAI) has deposited 50% of the service tax levy, being ` 40.85 crore and provided surety for the balance amount of 50% levy, being ` 40.85 crore to the service tax authority. The matter is currently pending.

Arbitration Proceedings

1. Axiom Telecom LLC (“**Axiom**”) has filed an arbitration petition before the High Court at Bombay, against the Company and Future Axiom Telecom Limited (collectively, the “**respondents**”) seeking certain interim reliefs to preserve its rights under the joint venture agreement dated July 20, 2007 entered into between Axiom and the respondents (“**JV Agreement**”). Interim reliefs includes, *inter alia*, (i) restraining our Company from directly or indirectly selling mobile phones, its accessories, SIM cards, etc in the alleged breach of the JV Agreement, and (ii) restraining the respondents from taking steps with respect to the registration of transfer or further transfer of shares originally held by our Company in Future Axiom Telecom Limited. Axiom has also initiated an arbitration proceedings before the Singapore International Arbitration Centre against the respondent for preserving its rights under the JV Agreement on the grounds that, *inter alia*, the Company breached the JV Agreement by

(i) failing to act in good faith and promote the business as contemplated under the JV Agreement, (ii) unilaterally closing all the retail outlets of Future Mobile Accessories Limited (“**FMAL**”) to the detriment of Axiom and making the various ancillary agreement including the call and put options agreement dated September 30, 2007 entered into between Axiom, FMAL and the Company redundant, (iii) breaching the non-compete provision by conducting the same retail business through its erstwhile subsidiary Future Value, (iv) wrongfully transferring shares held by the Company in Future Axiom Telecom Limited without following the procedure set out in the JV Agreement. Axiom has sought reliefs including (i) a declaration that the Company has breached specific provisions of the JV Agreement, (ii) orders directing the Company to pay ` 140.00 crore being the total amount of the investment made by Axiom in Future Axiom Telecom Limited together with interest of 18% p.a., (iii) orders directing the Company to pay ` 100 crore for loss suffered by Axiom, and (iv) orders restraining the Company from directly or indirectly selling mobile phones, its accessories and SIM cards or procuring the same from any party other than Future Axiom Telecom Limited, in breach of the JV Agreement. The Company has filed its response along with a counter claim before the Singapore International Arbitration Centre seeking, *inter alia*, dismissal of the relief sought by Axiom and orders directing Axiom to pay the Company damages for an aggregate amount of ` 606.48 crore. The arbitration proceedings are in progress.

2. Laxmi Pat Surana had filed an arbitration petition before the High Court of Calcutta against our Company and other (“**respondents**”) under section 9 of the Arbitration and Conciliation Act, 1996 seeking, *inter alia*, an interim order directing (i) the respondents to show cause as to why they should not furnish security of ` 22,62,61,023, and (ii) attachment of money lying in the bank of respondents. The High Court of Calcutta passed an order dated March 21, 2012 directing the respondents to deposit specified amount as security but the same until the settlement of the arbitration proceedings. Aggrieved by the order dated March 21, 2012, the respondents filed an appeal before the division bench of the High Court of Calcutta. The division bench of the High Court of Calcutta pursuant to its order dated September 25, 2012 modified the order dated March 21, 2012 and directed the respondents to furnish a bank guarantee of ` 6.5 crore in favour of the registrar of the High Court of Calcutta. In the meantime, Laxmi Pat Surana had initiated arbitration proceedings before Mr. Syamaprasad Sarkar, sole arbitrator (appointed pursuant to the order dated March 30, 2012 passed by the High Court of Calcutta), against our Company, Future Mall Management Limited and Agre Properties & Services Limited in relation to dispute arising with respect sub-license agreement dated January 30, 2007 pursuant to which Laxmi Pat Surana sub-licensed 1,12,031 sq. ft. super built up area in the ground, first and second floors of block B, Puja Complex situated at Jhargram Road, Kharagpur Town, Midnapore (West), West Bengal (“**Premises**”). Laxmi Pat Surana has claimed, *inter alia*, (i) ` 255,80,42,215 towards, *inter alia*, licensee fee for a period from February 2008 to May 2012, interest for delay in payment, electricity charges, water charges, common area, maintenance charges, etc. (ii) interim interest and interest upon judgment at the rate of 18% p.a., and (iii) award of khas, peaceful and vacant possession of the demised portion of the Premises. Agre Properties & Services Limited has filed a counter claim of ` 362,58,28,608. Our Company has filed an application to the sole arbitrator to exclude itself from the proceedings since it has no interest in this proceeding in any manner whatsoever. This is due to the scheme of arrangement sanctioned by the High Court of Bombay pursuant to its order dated August 24, 2010 whereby the mall assets management and food services undertaking of our Company was merged into Agre Properties & Services Limited. In April 2013, the sole arbitrator has passed an interim order granted khas, peaceful and vacant possession of the demised portion of the Premises. The matter is currently pending.

Litigation against our Directors

1. 13 cases are pending against some of our Directors which, *inter alia*, relate to adulteration of food products and consequently violations of the applicable provisions of the Prevention of Food Adulteration Act, 1954 and the Prevention of Food Adulteration Rules, 1955. These matters are at various stages of adjudication and are currently pending.
2. Three cases are pending against our Directors which relate to alleged violations of the provisions of the Contract Labour (Regulation and Abolition) Act, 1970, the Minimum Wages Act, 1948 and the Karnataka Shops and Commercial Establishments Act, 1961.
3. Five cases are pending against all our Directors which, *inter alia*, relate to absence of additional sticker on the pre-packed packages of the products sold at the various stores of our Company in violation of the Legal Metrology Act, 2009 and the Legal Metrology (Packaged

Commodities) Rules, 2011. These matters are at various stages of adjudication and are currently pending.

4. Dilip Madhavji Thakkar (“**complainant**”) has filed a private criminal case before the Judicial Magistrate First Class No. 7, Pune against Embassy Property Developers Limited, Mr. Kishore Biyani and six others (“**accused**”) under section 341 read with section 34 of the Indian Penal Code, 1860 wherein the complainant has alleged that the accused who had acquired the adjoining land, purposely created hindrance for him to enter and exit from his land premises, and thereby in furtherance of common intention wrongfully restraining him, so as to obstruct him from proceeding to and from the direction of his owned plot of premises. The matter is currently pending.
5. The Company Law Board (the “**CLB**”) had passed an order directing the Central Government to initiate an investigation under section 237 of the Companies Act against Mukta Arts Limited (“**MAL**”), Mr. Anil Harish, in his capacity as director of MAL and others. MAL filed an appeal against the order of CLB before the High Court of Bombay. The High Court of Bombay by its order dated January 7, 2009 quashed the investigation. CLB has subsequently filed a special leave petition before the Supreme Court. The matter is currently pending.
6. Santosh Upadhyay filed a criminal complaint before the Court of Metropolitan Magistrate, Borivali against Govind Swarup, MAL, the Directors of MAL (including Mr. Anil Harish) and State of Maharashtra seeking an order from the court directing Aarey Colony Police Station to investigate in the matter of land allotted to Whistling Woods International Limited. Pursuant to its order dated December 14, 2012, the Metropolitan Magistrate Court, Borivali directed Santosh Upadhyay to submit proceedings and the replies in the proceedings including the affidavits filed by various Government Departments and the accused in the writ petition which was filed in the High Court of Bombay by Abdul Hamid Patel and Amar Sneh. Santosh Upadhyay then filed criminal revision application before the Court of Session, Dindoshi, Mumbai. The matter is currently pending.

Past Penalties

1. In the past, we and some of our Directors had received show cause notices in relation to, *inter alia*, (a) inadequate disclosures (i) in the financial statements about the amounts unpaid to suppliers registered under the Micro, Small and Medium Enterprises Development Act, 2006; (ii) in the terms of issue of bonus shares made by the Company; (iii) in the financial statements regarding dividend received from subsidiaries and joint ventures of the Company; (b) payment of remuneration to statutory auditors of the Company without approval of the Board; (c) grant of certain loans / issue of ICDs without proper authorisation of the Board; and (d) non-compliance of the accounting standards as well as provisions of the Companies Act, 1956 regarding valuation of inventory. We had filed compounding applications in respect of the aforementioned show cause notices and were subject to a penalty for some of them. We cannot assure you that the regulatory authorities will not impose any penalty or take any action against us which may impact our reputation, results of operations and cash flows.
2. SEBI had passed an adjudication order dated October 13, 2011 against our Company in relation to failure to redress investor grievances and file reports within the stipulated period. In accordance with the SEBI Circular no. EFD/ED/Cir-I/2007 dated April 20, 2007, the Company had filed consent application dated March 12, 2012 (the “**Consent Application**”). Pursuant to the Consent Application, and the recommendations of the High Powered Advisory Committee, our Company settled the proceedings through consent mechanism upon payment of ` 6,50,000 in respect of settlement charges and ` 1,00,000 in respect of legal expenses incurred by SEBI. We cannot assure you that the Company may not be subject to such penalty or any action against us in the future.

GOVERNMENT AND OTHER APPROVALS

We are required to obtain approvals under the provisions of various laws and regulations and obtain registrations or approvals under them for conducting our business which include shops and establishment licenses, contract labour license for employment of contract labour at various stores, trade licenses, health licenses, food and safety standards licenses, insecticide licenses, stock licenses, 365 days licenses and other applicable approvals. The requirement for such approvals for a particular store may vary based on factors such as the format of the store, legal requirement in the state in which the store is situated, the merchandise being sold at the store and whether a demand has been made by the relevant authority. Further, our obligation to obtain and renew such approvals arises periodically and applications for such approvals are made at the appropriate stage.

We have obtained necessary consents, licenses, permissions and approvals from the governmental and regulatory authorities that are required for carrying on our present business. In the event, some of the approvals and licenses that are required for our business operations expire in the ordinary course of business, we shall apply for their renewal.

We have set out below, details of pending applications filed for renewal of certain expired approvals relating to our format stores which have expired:

1. South Zone

A. Big Bazaar

- (i) *Store located at 721, Puttenhally Main Road, Near Brigade Millennium Apartment, RBI Layout, J.P. Nagar, Bangalore 560 069, Karnataka*

Sr. No.	Date of Application	Authority	Nature of License / approval
1.	April 17, 2014	Deputy Labour Commissioner, Bangalore	365 Days Permissions

- (ii) *Store located at Akshay Centre, Gokul Road, Hubli 580 030, Karnataka*

Sr. No.	Date of Application	Authority	Nature of License / approval
1.	May 29, 2014	Deputy Commissioner of Labour, Hubli	Contract Labour License
2.	May 28, 2014	Deputy Commissioner, Labour Department, Belgaum	365 Days Permissions

- (iii) *Store located at TMA Pai Hospital, Plot 88, Sd#6a, Near Taluk Office, Udupi 576 101, Karnataka*

Sr. No.	Date of Application	Authority	Nature of License / approval
1.	April 21, 2014	Assistant Labour Officer, Hassan district, Karnataka	365 Days Permissions

- (i) *Store located at Gold Souk Grande, Ponnurunni, Vytilla, Cochin 682 019, Kerala*

Sr. No.	Date of Application	Authority	Nature of License / approval
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1.	March 1, 2013*	Revenue Department, Corporation of Cochin	Trade License
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* Renewal pending since property tax not paid by the landlord.

2. East Zone

A. Big Bazaar

- (i) Store located at PMS / B&A Complex Patta No.99, Block No.2, Mouza- Nagarmhal, Jorhat 785 001, Assam

Sr. No.	Date of Application	Authority	Nature of License / approval
1.	June 4, 2014	Food Safety Officer, Jorhat	Food Safety and Standards License
2.	January 16, 2014	Labour Inspector, Government of Assam	Shops and Establishment Registration

- (ii) Store located at 89 Forum Mart , Kharvel Nagar, Unit 3, Bhubaneswar 751 001, Odisha

Sr. No.	Date of Application	Authority	Nature of License / approval
1.	June 9, 2014	Food Safety Officer, Bhubaneswar Municipal Corporation	Food Safety and Standards License
2.	April 28, 2014	Bhubaneswar Municipal Corporation	Trade License

- (iii) Store located at Netaji Subhas Chandra Bose Shopping Arcade, Darga Bazar, Old Jail Road, Cuttack 753 001, Odisha

Sr. No.	Date of Application	Authority	Nature of License / approval
1.	May 9, 2014	Cuttack Municipal Corporation	Trade License

- (iv) Store located at Cosmos Mall, 2nd Mile, Sevoke Road, Siliguri 734 001, West Bengal

Sr. No.	Date of Application	Authority	Nature of License / approval
1.	June 5, 2014	Supervising Inspector, Shops and Establishments	Shops and Establishment Registration
2.	March 4, 2014	Food Safety Officer, Silguri	Food Safety and Standards License

- (v) Store located at IB - 177 & 178, Sector - I, Salt Lake City, Kolkata 700 106, West Bengal

Sr. No.	Date of Application	Authority	Nature of License / approval
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1.	July 10, 2014	Bidhanagar Municipality	Trade License
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(vi) *Store located at Galaxy Mall, Burnbpur Road, Opp-Chitra Cinema Hall, Asansol 713 325, West Bengal*

Sr. No.	Date of Application	Authority	Nature of License / approval
1.	May 28, 2014	Asansol Municipal Corporation	Trade License

(vii) *Store located at Espalande (Dharamtalla), Metropolitan Building, 7 J.L.Nehru Road, Kolkata 700 013*

Sr. No.	Date of Application	Authority	Nature of License / approval
1.	June 26, 2014	License Officer, Kolkata Municipal Corporation	Trade License

(viii) *Store located at Sealdah Commercial Complex, Near Sealdah Station, 1 Belegkata Ain Road, Kolkata 700 014*

Sr. No.	Date of Application	Authority	Nature of License / approval
1.	July 16, 2014	License Officer, Kolkata Municipal Corporation	Trade License

In addition to the above mentioned renewal of expired approvals, we have certain approvals which have lapsed in their normal course and have not been applied for renewal as the same are no longer required for reasons including change in the product offerings or change in the number of contract labours at the relevant format stores and in some instances, the application for renewal will be made, in due course, within the time period permitted under applicable laws. We undertake to obtain all approvals, licenses, registrations and permissions required to operate our business.

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Issue

The Issue has been authorised by a resolution of our Board passed at their meeting held on June 11, 2014, pursuant to Section 62 of the Companies Act, 2013 and resolution of the shareholders of our Company passed by way of postal ballot dated July 15, 2014. The Issue Price of ₹ [●] for the Equity Shares and ₹ [●] for Class B Shares has been arrived at in consultation with the Lead Managers.

Our Company has received in-principle approvals from the BSE and the NSE for listing of the Securities to be allotted in the Issue pursuant to letters dated [●] and [●], respectively.

RBI Approval for Renunciation

Our Company proposes to apply to the RBI for seeking approval for renunciation of the Rights Entitlement by (a) an Equity Shareholder resident in India, in favour of any person resident outside India (other than OCBs); (b) an Equity Shareholder resident outside India (other than OCBs), in favour of any person resident in India; and (c) an Equity Shareholder resident outside India (other than OCBs), in favour of any other person resident outside India (other than OCBs).

Application to FIPB and RBI for increase in FII limits

Our Company has applied to RBI and FIPB *vide* its applications dated February 8, 2013 and April 18, 2013, respectively, seeking permission for increasing the FII investment limits under the portfolio investment scheme (presently, the foreign portfolio investors scheme) in the Company to 49%. The applications are currently pending.

Prohibition by SEBI or Other Governmental Authorities

Our Company, the Promoter, the members of the Promoter Group, the Directors and the persons in control of our Company have not been prohibited from accessing or operating the capital market or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI or any other regulatory or governmental authority.

The companies with which the Promoter, the Directors or the persons in control of our Company are or were associated as promoter, directors or persons in control have not been debarred from accessing the capital market under any order or direction passed by SEBI or any other regulatory or governmental authority.

Other than those disclosed in the section “Outstanding Litigation and Defaults” on page 165, no action has been initiated by SEBI against the entities operating in the securities market with which the Directors are associated.

Except for Mr. Anil Harish, who was a director Bharti AXA Investment Managers Private Limited (resigned on July 20, 2011), none of the Directors of the Company are associated with the securities markets in any manner.

Prohibition by RBI

None of our Company, the Promoter, the members of the Promoter Group or Group Companies have been identified as wilful defaulters by the RBI or any other governmental authority.

Eligibility for the Issue

Our Company is a listed company and has been incorporated under the Companies Act, 1956. The Securities of our Company are presently listed on the Stock Exchanges. It is eligible to offer securities pursuant to this issue in terms of Chapter IV of the SEBI Regulations.

Compliance with Part E of Schedule VIII of the SEBI Regulations

Our Company is in compliance with the provisions specified in Clause (1) of Part E of Schedule VIII of the SEBI Regulations as explained below:

- (a) Our Company has been filing periodic reports, statements and information in compliance with the listing agreement for the last three years immediately preceding the date of filing of this Draft Letter of Offer with SEBI.

- (b) The reports, statements and information referred to in sub-clause (a) above are available on the website of the BSE and the NSE or on a common e-filing platform specified by SEBI.
- (c) Our Company has an investor grievance-handling mechanism which includes meeting of the Shareholders / Investors' Grievance Committee at frequent intervals, appropriate delegation of power by our Board as regards share transfer and clearly laid down systems and procedures for timely and satisfactory redressal of investor grievances.

As our Company satisfies the conditions specified in Clause (1) of Part E of Schedule VIII of SEBI Regulations, disclosures in this Draft Letter of Offer have been made in terms of Clause (5) of Part E of Schedule VIII of the SEBI Regulations.

Compliance with Regulation 4(2) of the SEBI Regulations

Our Company is in compliance with the conditions specified in Regulation 4(2) of the SEBI Regulations, to the extent applicable. Further, in relation to compliance with Regulation 4(2)(d) of the SEBI Regulations, our Company undertakes to make an application to the Stock Exchanges for listing of the Securities to be issued pursuant to this Issue and choose one of the Stock Exchanges as the Designated Stock Exchange after filing of the Draft Letter of Offer.

DISCLAIMER CLAUSE OF SEBI

AS REQUIRED, A COPY OF THE DRAFT LETTER OF OFFER HAS BEEN SUBMITTED TO SEBI. IT IS TO BE DISTINCTLY UNDERSTOOD THAT THE SUBMISSION OF THE DRAFT LETTER OF OFFER TO SEBI SHOULD NOT, IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE, OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE DRAFT LETTER OF OFFER. THE LEAD MANAGERS, AXIS CAPITAL LIMITED, JM FINANCIAL INSTITUTIONAL SECURITIES LIMITED AND EDELWEISS FINANCIAL SERVICES LIMITED, HAVE CERTIFIED THAT THE DISCLOSURES MADE IN THE DRAFT LETTER OF OFFER ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING INVESTMENT IN THE PROPOSED ISSUE.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE ISSUER IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE DRAFT LETTER OF OFFER, THE LEAD MANAGERS ARE EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE ISSUER DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE LEAD MANAGERS, AXIS CAPITAL LIMITED, JM FINANCIAL INSTITUTIONAL SECURITIES LIMITED AND EDELWEISS FINANCIAL SERVICES LIMITED, HAS FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED JULY 21, 2014 WHICH READS AS FOLLOWS:

- (1) WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS, ETC. AND OTHER MATERIAL IN CONNECTION WITH THE FINALISATION OF THE DRAFT LETTER OF OFFER PERTAINING TO THE ISSUE;**
- (2) ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE COMPANY, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, AND INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS AND OTHER PAPERS FURNISHED BY THE COMPANY, WE CONFIRM THAT:**
 - (a) THE DRAFT LETTER OF OFFER FILED WITH SEBI IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE ISSUE;**
 - (b) ALL THE LEGAL REQUIREMENTS RELATING TO THE ISSUE AS ALSO THE REGULATIONS GUIDELINES, INSTRUCTIONS, ETC. FRAMED/ISSUED BY SEBI,**

THE CENTRAL GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND

- (c) THE DISCLOSURES MADE IN THE DRAFT LETTER OF OFFER ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE AND SUCH DISCLOSURES ARE IN ACCORDANCE WITH THE REQUIREMENTS OF THE COMPANIES ACT, 1956, AND THE COMPANIES ACT, 2013, TO THE EXTENT APPLICABLE, SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 AND OTHER APPLICABLE LEGAL REQUIREMENTS.
- (3) WE CONFIRM THAT BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE DRAFT LETTER OF OFFER ARE REGISTERED WITH SEBI AND THAT TILL DATE SUCH REGISTRATION IS VALID.
- (4) WE HAVE SATISFIED OURSELVES ABOUT THE CAPABILITY OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS – NOTED FOR COMPLIANCE, IF APPLICABLE.
- (5) WE CERTIFY THAT WRITTEN CONSENT FROM PROMOTER HAS BEEN OBTAINED FOR INCLUSION OF HIS SPECIFIED SECURITIES AS PART OF PROMOTER'S CONTRIBUTION SUBJECT TO LOCK-IN AND THE SPECIFIED SECURITIES PROPOSED TO FORM PART OF PROMOTER'S CONTRIBUTION SUBJECT TO LOCK-IN SHALL NOT BE DISPOSED / SOLD / TRANSFERRED BY THE PROMOTER DURING THE PERIOD STARTING FROM THE DATE OF FILING THE DRAFT LETTER OF OFFER WITH SEBI TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE DRAFT LETTER OF OFFER – NOT APPLICABLE
- (6) WE CERTIFY THAT REGULATION 33 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, WHICH RELATES TO SPECIFIED SECURITIES INELIGIBLE FOR COMPUTATION OF PROMOTER'S CONTRIBUTION, HAS BEEN DULY COMPLIED WITH AND APPROPRIATE DISCLOSURES AS TO COMPLIANCE WITH THE SAID REGULATION HAVE BEEN MADE IN THE DRAFT LETTER OF OFFER – NOT APPLICABLE
- (7) WE UNDERTAKE THAT SUB-REGULATION (4) OF REGULATION 32 AND CLAUSE (C) AND (D) OF SUB-REGULATION (2) OF REGULATION 8 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 SHALL BE COMPLIED WITH. WE CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTER'S CONTRIBUTION SHALL BE RECEIVED AT LEAST ONE DAY BEFORE THE OPENING OF THE ISSUE. WE UNDERTAKE THAT AUDITORS' CERTIFICATE TO THIS EFFECT SHALL BE DULY SUBMITTED TO SEBI. WE FURTHER CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTER'S CONTRIBUTION SHALL BE KEPT IN AN ESCROW ACCOUNT WITH A SCHEDULED COMMERCIAL BANK AND SHALL BE RELEASED TO THE COMPANY ALONG WITH THE PROCEEDS OF THE ISSUE – NOT APPLICABLE
- (8) WE CERTIFY THAT THE PROPOSED ACTIVITIES OF THE COMPANY FOR WHICH THE FUNDS ARE BEING RAISED IN THE PRESENT ISSUE FALL WITHIN THE 'MAIN OBJECTS' LISTED IN THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION OR OTHER CHARTER OF THE COMPANY AND THAT THE ACTIVITIES WHICH HAVE BEEN CARRIED OUT UNTIL NOW ARE VALID IN TERMS OF THE OBJECT CLAUSE OF ITS MEMORANDUM OF ASSOCIATION.
- (9) WE CONFIRM THAT NECESSARY ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT THE MONEYS RECEIVED PURSUANT TO THE ISSUE ARE KEPT IN A SEPARATE BANK ACCOUNT AS PER THE PROVISIONS OF SUB-SECTION (3) OF SECTION 40 OF THE COMPANIES ACT, 2013 AND THAT SUCH MONEYS SHALL BE RELEASED BY THE SAID BANK ONLY AFTER PERMISSION IS OBTAINED FROM ALL THE STOCK

EXCHANGES MENTIONED IN THE DRAFT LETTER OF OFFER. WE FURTHER CONFIRM THAT THE AGREEMENT ENTERED INTO BETWEEN THE BANKERS TO THE ISSUE AND THE COMPANY SPECIFICALLY CONTAINS THIS CONDITION - NOT APPLICABLE FOR A RIGHTS ISSUE. TRANSFER OF MONIES RECEIVED PURSUANT TO THE ISSUE SHALL BE RELEASED TO THE COMPANY AFTER FINALISATION OF THE BASIS OF ALLOTMENT IN COMPLIANCE WITH REGULATION 56 OF THE SEBI REGULATIONS.

- (10) WE CERTIFY THAT A DISCLOSURE HAS BEEN MADE IN THE DRAFT LETTER OF OFFER THAT THE INVESTORS SHALL BE GIVEN AN OPTION TO GET THE SECURITIES IN DEMAT OR PHYSICAL MODE.
- (11) WE CERTIFY THAT ALL THE APPLICABLE DISCLOSURES MANDATED IN THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 HAVE BEEN MADE IN ADDITION TO DISCLOSURES WHICH, IN OUR VIEW, ARE FAIR AND ADEQUATE TO ENABLE THE INVESTOR TO MAKE A WELL INFORMED DECISION.
- (12) WE CERTIFY THAT THE FOLLOWING DISCLOSURES HAVE BEEN MADE IN THE DRAFT LETTER OF OFFER:
- (a) AN UNDERTAKING FROM THE COMPANY THAT AT ANY GIVEN TIME, THERE SHALL BE ONLY ONE DENOMINATION FOR THE EQUITY SHARES OF THE COMPANY; AND
- (b) AN UNDERTAKING FROM OUR COMPANY THAT IT SHALL COMPLY WITH SUCH DISCLOSURE AND ACCOUNTING NORMS SPECIFIED BY SEBI FROM TIME TO TIME.
- (13) WE UNDERTAKE TO COMPLY WITH THE REGULATIONS PERTAINING TO ADVERTISEMENT IN TERMS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 WHILE MAKING THE ISSUE – NOTED FOR COMPLIANCE.
- (14) WE ENCLOSE A NOTE EXPLAINING HOW THE PROCESS OF DUE DILIGENCE HAS BEEN EXERCISED BY US IN VIEW OF THE NATURE OF CURRENT BUSINESS BACKGROUND OR THE ISSUER, SITUATION AT WHICH THE PROPOSED BUSINESS STANDS, THE RISK FACTORS, PROMOTER'S EXPERIENCE, ETC.
- (15) WE ENCLOSE A CHECKLIST CONFIRMING REGULATION-WISE COMPLIANCE WITH THE APPLICABLE PROVISIONS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, CONTAINING DETAILS SUCH AS THE REGULATION NUMBER, ITS TEXT, THE STATUS OF COMPLIANCE, PAGE NUMBER OF THE DRAFT LETTER OF OFFER WHERE THE REGULATION HAS BEEN COMPLIED WITH AND OUR COMMENTS, IF ANY.
- (16) WE ENCLOSE STATEMENT ON 'PRICE INFORMATION OF PAST ISSUES HANDLED BY LEAD MANAGERS BELOW (WHO IS RESPONSIBLE FOR PRICING THIS ISSUE)', AS PER FORMAT SPECIFIED BY SEBI THROUGH CIRCULAR DATED SEPTEMBER 27, 2011. NOT APPLICABLE
- (17) WE CERTIFY THAT PROFITS FROM RELATED PARTY TRANSACTIONS HAVE ARISEN FROM LEGITIMATE BUSINESS TRANSACTIONS. – COMPLIED WITH TO THE EXTENT OF THE RELATED PARTY TRANSACTIONS REPORTED, IN ACCORDANCE WITH ACCOUNTING STANDARD 18, IN THE FINANCIAL STATEMENTS OF THE COMPANY INCLUDED IN THIS DRAFT LETTER OF OFFER.

THE FILING OF THE DRAFT LETTER OF OFFER DOES NOT, HOWEVER, ABSOLVE OUR COMPANY FROM ANY LIABILITIES UNDER SECTION 34 OR SECTION 36 OF THE COMPANIES ACT, 2013 OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY OR OTHER CLEARANCE AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED ISSUE. SEBI FURTHER RESERVES THE

RIGHT TO TAKE UP, AT ANY POINT OF TIME, WITH THE LEAD MANAGERS ANY IRREGULARITIES OR LAPSES IN THE DRAFT LETTER OF OFFER.

Disclaimer clauses from our Company and the Lead Managers

Our Company and the Lead Managers accept no responsibility for statements made otherwise than in this Draft Letter of Offer or in any advertisement or other material issued by our Company or by any other persons at the instance of our Company and anyone placing reliance on any other source of information would be doing so at his own risk.

Investors who invest in the Issue will be deemed to have represented to our Company, the Lead Managers and their respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire Securities, and are relying on independent advice / evaluation as to their ability and quantum of investment in the Issue.

CAUTION

Our Company and the Lead Managers shall make all information available to the Eligible Shareholders and no selective or additional information would be available for a section of the Eligible Shareholders in any manner whatsoever including at presentations, in research or sales reports etc. after filing of this Draft Letter of Offer with SEBI.

No dealer, salesperson or other person is authorized to give any information or to represent anything not contained in this Draft Letter of Offer. You must not rely on any unauthorized information or representations. This Draft Letter of Offer is an offer to sell only the Securities and rights to purchase the Securities offered hereby, but only under circumstances and in jurisdictions where it is lawful to do so. The information contained in this Draft Letter of Offer is current only as of its date.

Disclaimer with respect to jurisdiction

This Draft Letter of Offer has been prepared under the provisions of Indian laws and the applicable rules and regulations thereunder. Any disputes arising out of the Issue will be subject to the jurisdiction of the appropriate court(s) in Mumbai, India only.

Designated Stock Exchange

The Designated Stock Exchange for the purpose of the Issue will be [●].

Disclaimer Clause of the BSE

As required, a copy of this Draft Letter of Offer has been submitted to the BSE. The Disclaimer Clause as intimated by the BSE to us, post scrutiny of this Draft Letter of Offer, shall be included in the Letter of Offer prior to filing with the Stock Exchanges.

Disclaimer Clause of the NSE

As required, a copy of this Draft Letter of Offer has been submitted to the NSE. The Disclaimer Clause as intimated by the NSE to us, post scrutiny of this Draft Letter of Offer, shall be included in the Letter of Offer prior to filing with the Stock Exchanges.

Selling Restrictions

The distribution of this Draft Letter of Offer and the issue of Securities on a rights basis to persons in certain jurisdictions outside India is restricted by legal requirements prevailing in those jurisdictions. Persons into whose possession this Draft Letter of Offer may come are required to inform themselves about and observe such restrictions. Our Company is making this Issue on a rights basis to the Eligible Shareholders of our Company and will dispatch the Letter of Offer/ Abridged Letter of Offer and CAF only to Eligible Shareholders. No action has been or will be taken to permit the Issue in any jurisdiction, or the possession, circulation, or distribution of this Draft Letter of Offer or any other material relating to our Company, the Securities or Rights Entitlement in any jurisdiction, where action would be required for that purpose, except that this Draft Letter of Offer has been filed with SEBI.

Accordingly, the Securities and Rights Entitlement may not be offered or sold, directly or indirectly, and none of the Draft Letter of Offer or any offering materials or advertisements in connection with the Securities or Rights Entitlement may be distributed or published in any jurisdiction, except in accordance with legal requirements applicable in such jurisdiction. Receipt of this Draft Letter of Offer will not constitute an offer in those jurisdictions in which it would be illegal to make such an offer.

This Draft Letter of Offer and its accompanying documents are being supplied to you solely for your information and may not be reproduced, redistributed or passed on, directly or indirectly, to any other person or published, in whole or in part, for any purpose.

If this Draft Letter of Offer is received by any person in any jurisdiction where to do so would or might contravene local securities laws or regulation, or by their agent or nominee, they must not seek to subscribe to the Securities or the Rights Entitlement referred to in the Draft Letter of Offer. Investors are advised to consult their legal counsel prior to applying for the Rights Entitlement and Securities or accepting any provisional allotment of Securities, or making any offer, sale, resale, pledge or other transfer of the Securities or Rights Entitlement.

Neither the delivery of the Draft Letter of Offer nor any sale hereunder, shall under any circumstances create any implication that there has been no change in our Company's affairs from the date hereof or the date of such information or that the information contained herein is correct as of any time subsequent to this date or the date of such information.

Each person who exercises Rights Entitlement and subscribes for Securities or excess Securities, or who purchases Rights Entitlement or Securities shall do so in accordance with the restrictions set out below.

Filing

This Draft Letter of Offer has been filed with the Corporation Finance Department of SEBI, located at SEBI Bhavan, C-4-A, G Block, Bandra-Kurla Complex, Bandra (East), Mumbai 400 051 for its observations. After SEBI gives its observations, the final Letter of Offer will be filed with the Designated Stock Exchange as per the provisions of the Companies Act.

Issue Related Expenses

The expenses of the Issue payable by our Company include brokerage, fees and reimbursement to the Lead Managers, Auditor, Legal Advisor to the Issue, Registrar, printing and distribution expenses, publicity, listing fees, stamp duty and other expenses and will be met out of the Issue Proceeds.

S. No.	Particulars	Amounts (₹ in crore)*	Percentage of Total Estimated Issue Expenditure*	Percentage of Issue Size*
1.	Fees of the Lead Managers	[●]	[●]	[●]
2.	Fees to the legal advisor, other professional services and statutory fees	[●]	[●]	[●]
3.	Expenses relating to advertising, printing, distribution, marketing and stationery expenses	[●]	[●]	[●]
4.	Fees of Registrar to the Issue	[●]	[●]	[●]
5.	Advertising and marketing expenses	[●]	[●]	[●]
6.	Printing and stationery, distribution, postage etc.	[●]	[●]	[●]
7.	Other expenses	[●]	[●]	[●]
Total estimated Issue related expenses		[●]	[●]	[●]

* Amounts will be finalized at the time of filing the Letter of Offer and determination of the Issue Price and other details.

Investor Grievances and Redressal System

Our Company has adequate arrangements for the redressal of investor complaints in compliance with the corporate governance requirements under the Listing Agreement.

Our Company has a Stakeholders' Relationship Committee which currently comprises of Mr. S. Doreswamy, Mr. Rakesh Biyani and Mr. Vijay Biyani. The broad terms of reference include redressal of shareholders' and investors' complaints relating to transfer of shares, non-receipt of Annual Reports, non-receipt of dividends, etc. We have been registered with the SEBI Complaints Redress System (SCORES) as required by the SEBI Circular no. CIR/ OIAE/ 2/ 2011 dated June 3, 2011. Consequently, investor grievances are tracked online by our Company.

The Investor complaints received by our Company are disposed off within a reasonable period from the date of receipt of the complaint.

Status of outstanding investor complaints in relation to our Company

As on the date of this Draft Letter of Offer, there were no outstanding investor complaints.

Investor Grievances arising out of the Issue

Our Company's investor grievances arising out of the Issue will be handled by Link Intime India Private Limited, the Registrar to the Issue. The Registrar will have a separate team of personnel handling only post-Issue correspondence.

The agreement between our Company and the Registrar will provide for retention of records with the Registrar for a period of at least one year from the last date of dispatch of Allotment Advice/ demat credit/ refund order to enable the Registrar to redress grievances of Investors.

All grievances relating to the Issue may be addressed to the Registrar or the SCSB in case of ASBA Applicants giving full details such as folio no., name and address, contact telephone / cell numbers, e-mail id of the first Applicant, number and type of Securities applied for, CAF serial number, amount paid on application and the name of the bank and the branch where the application was deposited, along with a photocopy of the acknowledgement slip. In case of renunciation, the same details of the Renouncee should be furnished.

The average time taken by the Registrar for attending to routine grievances will be 7 to 10 days from the date of receipt of complaints. In case of non-routine grievances where verification at other agencies is involved, it would be the endeavour of the Registrar to attend to them as expeditiously as possible. Our Company undertakes to resolve the investor grievances in a time bound manner.

Registrar to the Issue

Link Intime India Private Limited

C-13, Pannalal Silk Mills Compound, L.B.S. Marg

Bhandup (West)

Mumbai 400 078

Tel: (91 22) 2596 7878

Fax: (91 22) 2596 0329

E-mail: fri.rights@linkintime.co.in

Investor Grievance E-Mail: fri.rights@linkintime.co.in

Website: www.linkintime.co.in

Contact Person: Pravin Kasare

SEBI Registration Number: INR000004058

Corporate Identification Number: U67190MH1999PTC118368

Investors may contact the Compliance Officer or the Registrar in case of any pre-Issue/ post -Issue related problems such as non-receipt of Allotment advice/ demat credit/refund orders etc. The contact details of the Compliance Officer are as follows:

Mr. Deepak Tanna

Knowledge House, Shyam Nagar

Off Jogeshwari Vikhroli Link Road

Jogeshwari (East)

Mumbai 400 060

Tel: (91 22) 6119 0000

Fax: (91 22) 6199 5019

E-mail: investorrelations@futuresretail.in

SECTION VII: ISSUE INFORMATION

TERMS OF THE ISSUE

The Securities proposed to be issued on a rights basis, are subject to the terms and conditions contained in this Draft Letter of Offer, the Abridged Letter of Offer, the CAF, the SAF, the Memorandum of Association and Articles of Association of our Company, and the provisions of the Companies Act, FEMA, the guidelines and regulations issued by SEBI, the guidelines, notifications and regulations for the issue of capital and for listing of securities issued by the Government of India and other statutory and regulatory authorities from time to time, approvals, if any, from the RBI or other regulatory authorities, the terms of listing agreements entered into by our Company with the Stock Exchanges and terms and conditions as stipulated in the allotment advice or security certificate.

Please note that in accordance with the provisions of the SEBI circular bearing number CIR/CFD/DIL/1/2011 dated April 29, 2011 all QIBs, Non-Institutional Investors and Non Retail Individual Investors complying with the eligibility conditions prescribed under the SEBI circular dated December 30, 2009 must mandatorily invest through the ASBA process. All Retail Individual Investors complying with the above conditions may optionally apply through the ASBA process. The Investors who are not (i) QIBs, (ii) Non-Institutional Investors, or (iii) Investors whose application amount is more than ₹ 2,00,000, can participate in the Issue either through the ASBA process or the non ASBA process. Renouncees and Eligible Equity Shareholders holding Equity Shares or Class B Shares in physical form are not eligible ASBA Investors and must only apply for Securities through the non-ASBA process, irrespective of the application amounts.

ASBA Investors should note that the ASBA process involves application procedures that may be different from the procedure applicable to non-ASBA process. ASBA Investors should carefully read the provisions applicable to such applications before making their application through the ASBA process. For details, see “Terms of the Issue - Procedure for Application” on page 183.

Please note that subject to SCSBs complying with the requirements of SEBI Circular No. CIR/CFD/DIL/13/2012 dated September 25, 2012 within the periods stipulated therein, ASBA Applications may be submitted at all branches of the SCSBs.

Further, in terms of the SEBI circular CIR/CFD/DIL/1/2013 dated January 2, 2013, it is clarified that for making applications by banks on own account using ASBA facility, SCSBs should have a separate account in own name with any other SEBI registered SCSB(s). Such account shall be used solely for the purpose of making application in public issues/ rights issues and clear demarcated funds should be available in such account for ASBA applications. SCSBs applying in the Issue using the ASBA facility shall be responsible for ensuring that they have a separate account in its own name with any other SCSB having clear demarcated funds for applying in the Issue and that such separate account shall be used as the ASBA Account for the application, for ensuring compliance with the applicable regulations.

All rights/obligations of the Eligible Shareholders in relation to application and refunds pertaining to this Issue shall apply to the Renouncee(s) as well.

The Rights Entitlement on the Equity Shares, the ownership of which is currently under dispute and including any court proceedings or are currently under transmission or are held in a demat suspense account pursuant to clause 5A of the listing agreements and for which our Company has withheld the dividend, shall be held in abeyance and the CAFs in relation to these Rights Entitlements shall not be dispatched pending resolution of the dispute or court proceedings or completion of the transmission or pending their release from the demat suspense account. On submission of such documents /records confirming the legal and beneficial ownership of the Equity Shares with regard to these cases on or prior to the closure of the Issue, to the satisfaction of our Company, our Company shall make available the Rights Entitlement on such Equity Shares to the identified Eligible Equity Shareholder. The identified Eligible Equity Shareholder shall be entitled to subscribe during the Issue Period with respect to these Rights Entitlement at the Issue Price of ₹ [●] per Equity Share.

Authority for the Issue

The Issue has been authorised by a resolution of our Board passed at their meeting held on June 11, 2014 pursuant to Section 62 of the Companies Act, 2013 and resolution of the shareholders of our Company passed by way of postal ballot dated July 15, 2014.

The Company is making this Issue on a rights basis to the Eligible Shareholders of the Company and will dispatch the Letter of Offer/ Abridged Letter of Offer and CAF only to Eligible Shareholders who have provided an Indian address to the Company. The distribution of the Letter of Offer/Abridged Letter of Offer and the issue of Securities on a rights basis to persons in certain jurisdictions outside India is restricted by legal requirements prevailing in those jurisdictions. Any person who acquires Rights Entitlements or Securities will be deemed to have declared, warranted and agreed, by accepting the delivery of the Letter of Offer/Abridged Letter of Offer, that it is not and that at the time of subscribing for the Securities or the Rights Entitlements, it will not be in any restricted jurisdiction.

Basis for the Issue

The Equity Shares and/or Class B Shares are being offered for subscription for cash to the existing Eligible Equity Shareholders and Eligible Class B Shareholders, respectively, whose names appear as beneficial owners as per the list to be furnished by the Depositories in respect of the Securities held in the electronic form and on the register of members of our Company in respect of the Securities held in physical form at the close of business hours on the Record Date, i.e. [●], fixed in consultation with the Designated Stock Exchange.

Rights Entitlement

As your name appears as a beneficial owner in respect of the Securities held in the electronic form or appears in the register of members as an Eligible Shareholder of our Company in respect of the Securities held in physical form as on the Record Date, i.e., [●], you are entitled to the number of Securities as set out in Part A of the CAF.

Our Company is making this Issue on a rights basis to the Eligible Shareholders of our Company and will dispatch the Letter of Offer/ Abridged Letter of Offer and CAF only to Eligible Shareholders. The distribution of the Letter of Offer/Abridged Letter of Offer and the issue of Securities on a rights basis to persons in certain jurisdictions outside India is restricted by legal requirements prevailing in those jurisdictions. Any person who acquires Rights Entitlements or Securities will be deemed to have declared, warranted and agreed, by accepting the delivery of the Letter of Offer/Abridged Letter of Offer, that it is not and that at the time of subscribing for the Securities or the Rights Entitlements, it will not be in any restricted jurisdiction.

PRINCIPAL TERMS OF THE SECURITIES

Face Value

Each Equity Share will have the face value of ₹ 2 and each Class B Share will have the face value of ₹ 2.

Issue Price

Each Equity Share shall be offered at an Issue Price of ₹ [●] for cash at a premium of ₹ [●] per Equity Share. Each Class B Share shall be offered at an Issue Price of ₹ [●] for cash at a premium of ₹ [●] per Class B Share. The Issue Price has been arrived at after consultation between our Company and the Lead Managers and has been decided prior to the determination of the Record Date.

Rights Entitlement Ratio

The Equity Shares are being offered on a rights basis to the Eligible Equity Shareholders in the ratio of [●] Equity Share(s) for every [●] Equity Share(s) held on the Record Date and the Class B Shares are being offered on a rights basis to the Eligible Class B Shareholders in the ratio of [●] Class B Share(s) for every [●] Class B Share(s) held on the Record Date.

Terms of Payment

Full amount of ₹ [●] per Equity Share and ₹ [●] per Class B Share, as applicable, is payable on application.

Fractional Entitlements

The Equity Shares are being offered on a rights basis to the Eligible Equity Shareholders in the ratio of [●] Equity Share(s) for every [●] Equity Share(s) held on the Record Date and the Class B Shares are being offered on a rights basis to the Eligible Class B Shareholders in the ratio of [●] Class B Share(s) for every [●] Class B

Share(s) held on the Record Date. For Securities being offered on a rights basis under this Issue, if the shareholding of any of the Eligible Shareholders is less than [●] Equity Shares or [●] Class B Shares, as applicable, or not in the multiple of [●], the fractional entitlement of such Eligible Shareholders shall be ignored in the computation of the Rights Entitlement. However, Eligible Shareholders whose fractional entitlements are being ignored as above would be given preferential consideration for the Allotment of one additional Equity Share or Class B Share, as applicable, each if they apply for additional Securities over and above their Rights Entitlement, if any.

For example, if an Eligible Equity Shareholder holds between [●] and [●] Equity Shares, he will be entitled to [●] Equity Shares on a rights basis. He will also be given a preferential consideration for the Allotment of one additional Equity Share if he has applied for the same. Similarly, if an Eligible Class B Shareholder holds between [●] and [●] Class B Shares, he will be entitled to [●] Class B Shares on a rights basis. He will also be given a preferential consideration for the Allotment of one additional Class B Share if he has applied for the same.

Those Eligible Shareholders holding less than [●] Equity Shares and less than [●] Class B Shares and therefore entitled to 'zero' Securities under this Issue shall be dispatched a CAF with 'zero' entitlement. Such Eligible Shareholders are entitled to apply for additional Securities and would be given preference in the allotment of one additional Equity Share or Class B Share, as applicable, if, such Eligible Shareholders have applied for the additional Securities. However, they cannot renounce the same in favour of third parties. CAFs with zero entitlement will be non-negotiable/non-renounceable.

For example, if an Eligible Equity Shareholder holds between one and [●] Equity Shares, he will be entitled to zero Equity Shares on a rights basis. He will be given a preference for Allotment of one additional Equity Share if he has applied for the same. Similarly, if an Eligible Class B Shareholder holds between one and [●] Class B Shares, he will be entitled to zero Class B Shares on a rights basis. He will be given a preference for Allotment of one additional Class B Share if he has applied for the same.

Ranking

The Securities of our Company Allotted in the Issue shall be subject to the provisions of the Memorandum of Association and the Articles of Association. The Securities of our Company Allotted in the Issue shall rank *pari passu* with the existing Securities of our Company of the same class.

Mode of payment of dividend

In the event of declaration of dividend, we shall pay dividend to the Equity Shareholders and Class B Shareholders as per the provisions of the Companies Act and the provisions of the Articles of Association.

Listing and trading of the securities issued pursuant to the Issue

Our Company's existing Equity Shares are currently traded on the BSE and NSE under the ISIN INE623B01027 and our Company's existing Class B Shares are currently traded on the BSE and NSE under the ISIN IN9623B01058.

The Securities allotted pursuant to this Issue will be listed as soon as practicable and all steps for completion of the necessary formalities for listing and commencement of trading of the Securities shall be taken within 12 Working Days of finalization of the Issue Closing Date. Our Company has received in-principle approval from the BSE through letter no. [●] dated [●] and from the NSE through letter no. [●] dated [●].

If permissions to list, deal in and for an official quotation of the Equity Shares and Class B Equity Shares are not granted by any of the Stock Exchanges, our Company will forthwith repay, without interest, all moneys received from the applicants in pursuance of the Letter of Offer. If such money is not repaid beyond eight days after our Company becomes liable to repay it, i.e., the date of refusal of an application for such a permission from a Stock Exchange, or on expiry of 15 days from the Issue Closing Date in case no permission is granted, whichever is earlier, then our Company and every Director who is an officer in default shall, on and from such expiry of eight days, be liable to repay the money, with interest as per applicable.

The listing and trading of the Securities issued pursuant to the Issue shall be based on the current regulatory framework applicable thereto. Accordingly, any change in the regulatory regime would affect the listing and trading schedule.

Rights of holders of Securities of our Company

Subject to applicable laws, the Equity Shareholders shall have the following rights:

- Right to receive dividend, if declared;
- Right to attend general meetings and exercise voting powers, unless prohibited by law;
- Right to vote in person or by proxy;
- Right to receive offers for rights shares and be allotted bonus shares, if announced;
- Right to receive surplus on liquidation;
- Right to free transferability of Equity Shares; and
- Such other rights as may be available to a shareholder of a listed public company under the Companies Act and the Memorandum of Association and Articles of Association.

The Class B Shareholders will *mutatis mutandis* enjoy all rights, and privileges that are enjoyed by the Equity Shareholders in law and under the Articles of Association, except as to voting and dividend as aforesaid or as provided in the Articles of Association or as may be permitted under applicable law from time to time. Particularly, the Class B Shareholders shall have the following rights:

- The outstanding Class B Shares carry such voting rights as determined by the terms of issue of such Class B Shares. Presently, the Class B Shares have a voting right of three votes per four Class B Shares held in case of voting by poll;
- The Class B Shares are convertible into Equity Shares at any time, if permitted by applicable law; and
- In addition to normal dividend as may be recommended and declared for Equity Shares, the Class B Shares shall be entitled to an additional 2% dividend. Further if no normal dividend is recommended, Board may recommend and members may declare upto 2% dividend on Class B Shares only.

General Terms and Conditions of the Issue for ASBA and Non-ASBA Investors

Market Lot

The Securities of our Company are tradable only in dematerialized form. The market lot for Securities in dematerialised mode is one Security. In case an Investor holds Securities in physical form, our Company would issue to the allottees one certificate for the Equity Shares or the Class B Shares, as the case may be, allotted to each folio (the "Consolidated Certificate"). Such Consolidated Certificates may be split into smaller denominations at the request of the respective Investor.

Joint Holders

Where two or more persons are registered as the holders of any Security, they shall be deemed to hold the same as the joint holders with the benefit of survivorship subject to the provisions contained in the Articles of Association.

Nomination

Nomination facility is available in respect of the Securities in accordance with the provisions of the Section 72 of the Companies Act, 2013. An Eligible Shareholder can nominate any person by filling the relevant details in the CAF in the space provided for this purpose. In case of Eligible Shareholders who are individuals, a sole Eligible Shareholder or the first named Eligible Shareholder, along with other joint Eligible Shareholders, if any, may nominate any person(s) who, in the event of the death of the sole Eligible Shareholder or all the joint Eligible Shareholders, as the case may be, shall become entitled to the Securities offered in the Issue. A person, being a nominee, becoming entitled to the Securities by reason of death of the original Eligible Shareholder(s), shall be entitled to the same advantages to which he would be entitled if he were the registered Eligible Shareholder. Where the nominee is a minor, the Eligible Shareholder(s) may also make a nomination to appoint, in the prescribed manner, any person to become entitled to the Securities, in the event of death of the said

Eligible Shareholder, during the minority of the nominee. A nomination shall stand rescinded upon the sale of the Securities by the person nominating. A transferee will be entitled to make a fresh nomination in the manner prescribed. Where the Securities are held by more than one person jointly, the nominee shall become entitled to all the rights in the Securities only in the event of death of all the joint holders. Fresh nominations can be made only in the prescribed form available on request at the Registered Office of our Company or such other person at such addresses as may be notified by our Company. The Investor can make the nomination by filling in the relevant portion of the CAF. In terms of Section 72 of the Companies Act, 2013, or any other rules that may be prescribed under the Companies Act, 2013, any person who becomes a nominee shall upon the production of such evidence as may be required by the Board, elect either:

- to register himself or herself as the holder of the Securities; or
- to make such transfer of the Securities, as the deceased holder could have made.

If the person being a nominee, so becoming entitled, elects to be registered as holders of the Securities himself, he shall deliver to our Company a notice in writing signed by him stating that he so elects and such notice shall be accompanied with the death certificate of the deceased holder.

Further, the Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Securities, and if the notice is not complied with within a period of ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other moneys payable in respect of the Securities, until the requirements of the notice have been complied with.

Only one nomination would be applicable for one folio. Hence, in case the Investor(s) has already registered the nomination with our Company, no further nomination needs to be made for Securities that may be allotted in this Issue under the same folio.

In case the Allotment of Securities is in dematerialised form, there is no need to make a separate nomination for the Securities to be Allotted in this Issue. Nominations registered with respective DP of the Investor would prevail. Any Investor desirous of changing the existing nomination is requested to inform its respective DP.

Notices

All notices to the Eligible Shareholder(s) required to be given by our Company shall be published in one English language national daily newspaper with wide circulation, one Hindi national daily newspaper with wide circulation and one Marathi language daily newspaper with wide circulation and/or, will be sent by post to the Indian address of the Eligible Shareholders provided to our Company. However, the distribution of the Letter of Offer/Abridged Letter of Offer and the issue of Securities on a rights basis to persons in certain jurisdictions outside India may be restricted by legal requirements prevailing in those jurisdictions.

Procedure for Application

The CAF for the Securities offered as part of the Issue would be printed for all Eligible Shareholders. In case the original CAFs are not received by the Eligible Shareholder or is misplaced by the Eligible Shareholder, the Eligible Shareholder may request the Registrar, for issue of a duplicate CAF, by furnishing the registered folio number, DP ID, Client ID and their full name and Indian address. In case the signature of the Investor(s) does not match with the specimen registered with our Company, the application is liable to be rejected.

Please note that neither our Company nor the Registrar shall be responsible for delay in the receipt of the CAF/duplicate CAF attributable to postal delays or if the CAF/duplicate CAF are misplaced in the transit.

Please note that QIBs, Non-Institutional Investors and other Applicants whose application amount exceeds ₹ 2,00,000 can participate in the Issue only through the ASBA process. The Investors who are not (i) QIBs, (ii) Non-Institutional Investors, or (iii) Investors whose application amount is more than ₹ 2,00,000, can participate in the Issue either through the ASBA process or the non ASBA process. Renouncees and Eligible Equity Shareholders holding Equity Shares or Class B Shares in physical form are not eligible ASBA Investors and must only apply for Securities through the non-ASBA process, irrespective of the application amounts.

Please also note that by virtue of the Circular No. 14 dated September 16, 2003 issued by the RBI, Overseas Corporate Bodies ("OCBs") have been derecognized as an eligible class of investors and the RBI

has subsequently issued the Foreign Exchange Management (Withdrawal of General Permission to Overseas Corporate Bodies (OCBs)) Regulations, 2003. Any Eligible Equity Shareholder being an OCB is required to obtain prior approval from RBI for applying to this Issue.

CAF

The Registrar to the Issue will dispatch the CAF to Eligible Shareholders as per their Rights Entitlement on the Record Date. The CAF will clearly indicate the number of Securities that the Eligible Shareholder is entitled to. Applicants may also choose to accept the offer to participate in the Issue by making plain paper Applications. For more information, see “Terms of the Issue – Application on Plain Paper” on page 188.

The CAF consists of four parts:

Part A: Form for accepting the Securities offered as a part of this Issue, in full or in part, and for applying for additional Securities;

Part B: Form for renunciation of Securities;

Part C: Form for application of Securities by Renouncee(s);

Part D: Form for request for split application forms.

Option available to the Eligible Shareholders

The CAFs will clearly indicate the number of Securities that the Eligible Shareholder is entitled to.

If the Eligible Shareholder applies for an investment in Securities, then he can:

- Apply for his Rights Entitlement of Securities in full;
- Apply for his Rights Entitlement of Securities in part;
- Apply for his Rights Entitlement of Securities in part and renounce the other part of the Securities;
- Apply for his Rights Entitlement in full and apply for additional Securities;
- Renounce his Rights Entitlement in full.

Acceptance of the Issue

You may accept the offer to participate and apply for the Securities offered, either in full or in part, by filling Part A of the CAFs and submit the same along with the application money payable to the Bankers to the Issue or any of the collection centers as mentioned on the reverse of the CAFs before close of the banking hours on or before the Issue Closing Date or such extended time as may be specified by our Board in this regard. Investors at centres not covered by the collection branches of the Bankers to the Issue can send their CAFs together with the cheque drawn at par on a local bank at [●] or a demand draft payable at Mumbai to the Registrar by registered post so as to reach the Registrar prior to the Issue Closing Date. Please note that neither our Company nor the Lead Managers or the Registrar shall be responsible for delay in the receipt of the CAF attributable to postal delays or if the CAF is misplaced in the transit. Such applications sent to anyone other than the Registrar are liable to be rejected. For further details on the mode of payment, see “Terms of the Issue - Mode of Payment for Resident Investors” and “Terms of the Issue - Mode of Payment for Non-Resident Investors” on pages 189 and 190, respectively.

Additional Securities

You are eligible to apply for additional Securities over and above your Rights Entitlement, provided that you are eligible to apply under applicable law and have applied for all the Securities offered to you without renouncing them in whole or in part in favour of any other person(s). Applications for additional Securities shall be considered and Allotment shall be made at the sole discretion of the Board, subject to sectoral caps and in consultation if necessary with the Designated Stock Exchange and in the manner prescribed under “Terms of the Issue - Basis of Allotment” on page 199.

If you desire to apply for additional Securities, please indicate your requirement in the place provided for additional Securities in Part A of the CAF. Renouncee(s) applying for all the Securities renounced in their favour may also apply for additional Securities.

Where the number of additional Securities applied for exceeds the number of Securities available for Allotment, the Allotment would be made on a fair and equitable basis in consultation with the Designated Stock Exchange.

Renunciation

The Issue includes a right exercisable by you to renounce the Securities offered to you either in full or in part in favour of any other person or persons. Your attention is drawn to the fact that our Company shall not Allot and/or register the Securities in favour of the following Renouncees: (i) more than three persons (including joint holders); (ii) partnership firm(s) or their nominee(s); (iii) minors; (iv) HUF; or (v) any trust or society (unless the same is registered under the Societies Registration Act, 1860, as amended or the Indian Trust Act, 1882, as amended or any other applicable law relating to societies or trusts and is authorized under its constitution or bye-laws to hold Securities, as the case may be). Additionally, the Eligible Shareholders may not renounce in favour of persons or entities which would otherwise be prohibited from being offered or subscribing for Securities or Rights Entitlement under applicable securities or other laws. Eligible Shareholders may also not renounce in favour of persons or entities in the United States.

Any renunciation: (i) from resident Indian shareholder(s) to non-resident(s); (ii) from non-resident shareholder(s) to resident Indian(s); or (iii) from a non-resident shareholder(s) to other non-resident(s), and subscription of Securities by such renounce are subject to the renouncer(s)/ renouncee(s) obtaining the necessary regulatory approvals. Our Company proposes to apply to the RBI for seeking approval for renunciation of Rights Entitlement by (a) an Eligible Shareholder resident in India, in favour of any person resident outside India (other than OCBs); (b) an Eligible Shareholder resident outside India (other than OCBs), in favour of any person resident in India; and (c) an Eligible Shareholder resident outside India (other than OCBs), in favour of any other person resident outside India (other than OCBs). In case our Company does not receive such approval, the renouncer/ renouncee is required to obtain such approval and attach to the CAF. All such renunciations shall be subject to any conditions that may be specified in the RBI approval. Applications not complying with conditions of the approval/ not accompanied by such approvals are liable to be rejected.

By virtue of the Circular No. 14 dated September 16, 2003 issued by the RBI, OCBs have been derecognized as an eligible class of investors and the RBI has subsequently issued the Foreign Exchange Management (Withdrawal of General Permission to Overseas Corporate Bodies) Regulations, 2003. Accordingly, the Eligible Shareholders of our Company who do not wish to subscribe to the Securities being offered but wish to renounce the same in favour of Renouncees shall not renounce the same (whether for consideration or otherwise) in favour of OCB(s).

The RBI has, however, clarified in its circular, A.P. (DIR Series) Circular No. 44, dated December 8, 2003 that OCBs which are incorporated and are not under the adverse notice of the RBI are permitted to undertake fresh investments as incorporated non-resident entities in terms of Regulation 5(1) of RBI Notification No. 20/2000-RB dated May 3, 2000 under the FDI Scheme with the prior approval of Government if the investment is through Government Route and with the prior approval of the RBI if the investment is through the automatic route on case by case basis. Shareholders renouncing their rights in favour of OCBs may do so provided such Renouncee obtains a prior approval from the RBI. On submission of such approval to us at our Registered Office, the OCB shall receive the Abridged Letter of Offer and the CAF.

Part 'A' of the CAF must not be used by any person(s) other than those in whose favour this offer has been made. If used, this will render the application invalid. Submission of the CAF to the Banker to the Issue at its collecting branches specified on the reverse of the CAF with the form of renunciation (Part 'B' of the CAF) duly filled in shall be the conclusive evidence for our Company of the fact of renouncement to the person(s) applying for Securities in Part 'C' of the CAF for the purpose of Allotment of such Securities. The Renouncees applying for all the Securities renounced in their favour may also apply for additional Securities. Part 'A' of the CAF must not be used by the Renouncee(s) as this will render the application invalid. Renouncee(s) will have no right to further renounce any Securities in favour of any other person.

Procedure for renunciation

To renounce all the Securities offered to an Eligible Shareholder in favour of one Renouncee

If you wish to renounce the offer indicated in Part 'A', in whole, please complete Part 'B' of the CAF. In case of joint holding, all joint holders must sign Part 'B' of the CAF. The person in whose favour renunciation has been made should complete and sign Part 'C' of the CAF. In case of joint Renouncees, all joint Renouncees must sign Part 'C' of the CAF.

To renounce in part/or renounce the whole to more than one person(s)

If you wish to either (i) accept this offer in part and renounce the balance, or (ii) renounce the entire offer under this Issue in favour of two or more Renouncees, the CAF must be first split into requisite number of forms. Please indicate your requirement of SAFs in the space provided for this purpose in Part 'D' of the CAF and return the entire CAF to the Registrar so as to reach them latest by the close of business hours on the last date of receiving requests for SAFs as provided herein. On receipt of the required number of SAFs from the Registrar, the procedure as mentioned in paragraph above shall have to be followed.

In case the signature of the Eligible Shareholder(s), who has renounced the Securities, does not match with the specimen registered with our Company/ Depositories, the application is liable to be rejected.

Renouncee(s)

The person(s) in whose favour the Securities are renounced should fill in and sign Part 'C' of the CAF and submit the entire CAF to the Bankers to the Issue or any of the collection branches as mentioned on the reverse of the CAFs on or before the Issue Closing Date along with the application money in full.

Change and/or introduction of additional holders

If you wish to apply for Securities jointly with any other person(s), not more than three including you, who is/are not already a joint holder with you, it shall amount to renunciation and the procedure as stated above for renunciation shall have to be followed. Even a change in the sequence of the name of joint holders shall amount to renunciation and the procedure, as stated above shall have to be followed.

However, this right of renunciation is subject to the express condition that our Board shall be entitled in its absolute discretion to reject the request for Allotment from the Renouncee(s) without assigning any reason thereof.

Instructions for Options

The summary of options available to the Eligible Shareholder is presented below. You may exercise any of the following options with regard to the Securities offered, using the CAF:

Sr. No.	Option Available	Action Required
1.	Accept whole or part of your Rights Entitlement without renouncing the balance.	Fill in and sign Part A (<i>All joint holders must sign</i>)
2.	Accept your Rights Entitlement in full and apply for additional Securities	Fill in and sign Part A including Block III relating to the acceptance of entitlement and Block IV relating to additional Securities (<i>All joint holders must sign</i>)
3.	Accept a part of your Rights Entitlement and renounce the balance to one or more Renouncee(s) OR Renounce your Rights Entitlement to all the Securities offered to you to more than one Renouncee	Fill in and sign Part D (<i>all joint holders must sign</i>) requesting for SAFs. Send the CAF to the Registrar so as to reach them on or before the last date for receiving requests for SAFs. Splitting will be permitted only once. On receipt of the SAF take action as indicated below. (i) For the Securities you wish to accept, if any, fill in and sign Part A. (ii) For the Securities you wish to renounce, fill

Sr. No.	Option Available	Action Required
		in and sign Part B indicating the number of Securities renounced and hand it over to the Renouncees. (iii) Each Renouncee should fill in and sign Part C for the Securities accepted by them.
4.	Renounce your Rights Entitlement in full to one person (<i>Joint Renouncees are considered as one</i>).	Fill in and sign Part B (<i>all joint holders must sign</i>) indicating the number of Securities renounced and hand it over to the Renouncee. The Renouncee must fill in and sign Part C (<i>all joint Renouncees must sign</i>)
5.	Introduce a joint holder or change the sequence of joint holders	This will be treated as renunciation. Fill in and sign Part B and the Renouncee must fill in and sign Part C.

Please note that:

- Part 'A' of the CAF must not be used by any person(s) other than the Eligible Shareholder to whom the Letter of Offer has been addressed. If used, this will render the application invalid.
- Request for each SAF should be made for a minimum of one Security or, in each case, in multiples thereof and one SAF for the balance Securities, if any.
- Request by the Investor for the SAFs should reach the Registrar on or before [●].
- Only the Eligible Shareholder to whom the Letter of Offer has been addressed shall be entitled to renounce and to apply for SAFs. Forms once split cannot be split further.
- SAFs will be sent to the Investor(s) by post at the Applicant's risk.
- Eligible Shareholders may not renounce in favour of persons or entities who would otherwise be prohibited from being offered or subscribing for Securities or Rights Entitlement under applicable securities laws.
- While applying for or renouncing their Rights Entitlement, all joint Eligible Shareholders must sign the CAF and in the same order and as per specimen signatures recorded with our Company/ Depositories.
- *Non-resident Eligible Shareholders:* Application(s) received from Non-Resident/NRIs, or persons of Indian origin residing abroad for allotment of Securities allotted as a part of this Issue shall, *inter alia*, be subject to conditions, as may be imposed from time to time by the RBI under FEMA in the matter of refund of application money, allotment of Securities, export of share certificates, etc. In case a Non-Resident or NRI Eligible Shareholder has specific approval from the RBI, in connection with his shareholding, he should enclose a copy of such approval with the CAF.

Availability of duplicate CAF

In case the original CAF is not received, or is misplaced by the Eligible Shareholder, the Registrar will issue a duplicate CAF on the request of the Investor who should furnish the registered folio number/ DP and Client ID number and his/ her full name and Indian address to the Registrar. Please note that the request for duplicate CAF should reach the Registrar at least seven (7) days prior to the Issue Opening Date. Please note that those who are making the application in the duplicate form should not utilize the original CAF for any purpose including renunciation, even if it is received/ found subsequently. If the Investor violates such requirements, he/ she shall face the risk of rejection of either original CAF or both the applications. Our Company or the Registrar will not be responsible for postal delays or loss of duplicate CAF in transit, if any.

Application on Plain Paper

An Eligible Shareholder who has neither received the original CAF nor is in a position to obtain the duplicate CAF may make an application to subscribe to the Issue on plain paper, along with an account payee cheque/ demand draft, net of bank and postal charges payable at Mumbai and the Investor should send the same by registered post directly to the Registrar. For details of the mode of payment, see “Terms of the Issue - Modes of Payment” on page 189. Applications on plain paper to be accepted from any address outside India will be subject to the legal requirements and restrictions prevailing in the jurisdictions of the applicant.

The envelope should be super scribed “Future Retail Limited – Rights Issue” and should be postmarked in India. The application on plain paper, duly signed by the Eligible Shareholder including joint holders, in the same order and as per specimen recorded with our Company/ Depositories, must reach the office of the Registrar before the Issue Closing Date and should contain the following particulars:

- Name of our Company, being Future Retail Limited;
- Name and address of the Eligible Shareholder including joint holders;
- Registered Folio Number/ DP and Client ID No.;
- Number of Securities held as on Record Date;
- Share certificate numbers and distinctive numbers of Securities, if held in physical form;
- Allotment option preferred - physical or demat form, if held in physical form;
- Number of Securities entitled to;
- Number of Securities applied for;
- Number of additional Securities applied for, if any;
- Total number of Securities applied for;
- Total amount paid at the rate of ₹ [●] per Equity Share and ₹ [●] per Class B Share, as applicable;
- Particulars of cheque/ demand draft;
- Savings/ current account number and name and address of the bank where the Eligible Shareholder will be depositing the refund order. In case of Securities held in dematerialized form, the Registrar shall obtain the bank account details from the information available with the Depositories;
- Except for applications on behalf of the Central or State Government, the residents of Sikkim and the officials appointed by the courts, PAN of the Eligible Shareholder and for each Eligible Shareholder in case of joint names, irrespective of the total value of the Securities applied for pursuant to the Issue;
- If the payment is made by a draft purchased from NRE/FCNR/NRO account, as the case may be, an account debit certificate from the bank issuing the draft confirming that the draft has been issued by debiting the NRE/FCNR/NRO account;
- Signature of the Applicant (in case of joint holders, to appear in the same sequence and order as they appear in the records of our Company/Depositories); and
- Additionally, all such Applicants are deemed to have accepted the following:

“I/ We understand that neither the Rights Entitlement nor the Securities have been, or will be, registered under the United States Securities Act of 1933, as amended (the “US Securities Act”) or any United States state securities laws, and may not be offered, sold, resold or otherwise transferred within the United States or to the territories or possessions thereof (the “United States”). I/ we understand the Securities referred to in this application are being offered in India but not in the United States. I/ we understand the offering to which this application relates is not, and under no circumstances is to be construed as, an offering of any Securities or Rights Entitlement for sale in the

United States, or as a solicitation therein of an offer to buy any of the said Securities or Rights Entitlement in the United States. Accordingly, I/ we understand this application should not be forwarded to or transmitted in or to the United States at any time. I/ we confirm that I/ are not in the United States and understand that neither us, nor the Registrar, the Lead Managers or any other person acting on behalf of us will accept subscriptions from any person, or the agent of any person, who appears to be, or who we, the Registrar, the Lead Managers or any other person acting on behalf of us have reason to believe is in the United States or is ineligible to participate in the Issue under the securities laws of their jurisdiction.

I/ We will not offer, sell or otherwise transfer any of the Securities which may be acquired by us in any jurisdiction or under any circumstances in which such offer or sale is not authorized or to any person to whom it is unlawful to make such offer, sale or invitation except under circumstances that will result in compliance with any applicable laws or regulations. We satisfy, and each account for which we are acting satisfies, all suitability standards for investors in investments of the type subscribed for herein imposed by the jurisdiction of our residence.

I/ We understand and agree that the Rights Entitlement and Securities may not be reoffered, resold, pledged or otherwise transferred except in an offshore transaction in compliance with Regulation S, or otherwise pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act.

I/ We acknowledge that we, the Lead Managers, its affiliates and others will rely upon the truth and accuracy of the foregoing representations and agreements.”

Please note that those who are making the application otherwise than on original CAF shall not be entitled to renounce their rights and should not utilize the original CAF for any purpose including renunciation even if it is received subsequently. If the Eligible Shareholder violates such requirements, he/ she shall face the risk of rejection of both the applications. Our Company shall refund such application amount to the Eligible Shareholder without any interest thereon.

Last date for Application

The last date for submission of the duly filled in CAF is [●]. The Board or any committee thereof may extend the said date for such period as it may determine from time to time, subject to the Issue Period not exceeding 30 days from the Issue Opening Date.

If the CAF together with the amount payable is not received by the Banker to the Issue/ Registrar on or before the close of banking hours on the aforesaid last date or such date as may be extended by the Board/ Committee of Directors, the invitation to offer contained in the Letter of Offer shall be deemed to have been declined and the Board/ Committee of Directors shall be at liberty to dispose off the Securities hereby offered, as provided under the section “Terms of the Issue - Basis of Allotment” on page 199.

Modes of Payment

In terms of RBI circular no. DPSS.CO.CHD.No./133/04.07.05/2013-14 dated July 16, 2013, non-CTS cheques are processed in three CTS centres three days of the week. In order to enable listing and trading of the Securities within 12 Working Days of the Bid/Offer Closing Date, investors are advised to use CTS cheques or use the ASBA facility to make payment. Investors are cautioned that Bid cum Application Forms accompanied by non-CTS cheques are liable to be rejected due to any delay in clearing beyond six Working Days from the Bid/Offer Closing Date.

Mode of payment for Resident Investors

- All cheques / demand drafts accompanying the CAF should be drawn in favour of “[●]” crossed ‘A/c Payee only’ and should be submitted along with the CAF to the Bankers to the Issue/ Collecting Bank or to the Registrar;
- Investors residing at places other than places where the bank collection centres have been opened by our Company for collecting applications, are requested to send their CAFs together with an account payee cheque/ demand draft for the full application amount, net of bank and postal charges drawn in favour of “[●]”, crossed ‘A/c Payee only’ and payable at Mumbai directly to the Registrar by registered post so as to reach them on or before the Issue Closing Date. The envelope should be super scribed

“Future Retail Limited – Rights Issue”. Our Company or the Registrar will not be responsible for postal delays or loss of applications in transit, if any.

Mode of payment for Non-Resident Investors

As regards the application by non-resident Investor, the following conditions shall apply:

- Individual non-resident Indian Applicants who are permitted to subscribe for Securities by applicable local securities laws can obtain application forms from the following address:

Link Intime India Private Limited

C-13, Pannalal Silk Mills Compound, L.B.S. Marg

Bhandup (West)

Mumbai 400 078

Tel: (91 22) 2596 7878

Fax: (91 22) 2596 0329

E-mail: fri.rights@linkintime.co.in

Investor Grievance E-Mail: fri.rights@linkintime.co.in

Website: www.linkintime.co.in

Contact Person: Pravin Kasare

SEBI Registration Number: INR000004058

CIN: U67190MH1999PTC118368

- Applications will not be accepted from non-resident Investors in any jurisdiction where the offer or sale of the Rights Entitlements and Securities may be restricted by applicable securities laws.
- Non-resident investors applying from places other than places where the bank collection centres have been opened by our Company for collecting applications, are requested to send their CAFs together with Demand Draft for the full application amount, net of bank and postal charges drawn in favour of “[●]”, crossed ‘A/c Payee only’ payable at Mumbai directly to the Registrar by registered post so as to reach them on or before the Issue Closing Date. The envelope should be super scribed “Future Retail Limited – Rights Issue”. Our Company or the Registrar will not be responsible for postal delays or loss of applications in transit, if any.
- Payment by non-residents must be made by demand draft payable at Mumbai/ cheque drawn on a bank account maintained at [●] or funds remitted from abroad in any of the following ways:

Application with repatriation benefits

- By Indian Rupee drafts purchased from abroad and payable at Mumbai or funds remitted from abroad (submitted along with Foreign Inward Remittance Certificate); or
- By cheque / bank drafts drawn on Non-Resident External Account (NRE) or FCNR Account maintained with banks authorised to deal in foreign currency in India, along with documentary evidence in support of remittance;
- By Rupee draft purchased by debit to NRE/FCNR Account maintained elsewhere in India and payable at Mumbai;
- FIIs registered with SEBI must utilise funds from special non-resident rupee account;
- Non-resident investors with repatriation benefits should draw the cheques/ demand drafts in favour of “[●]”, crossed “A/c Payee only” for the full application amount, net of bank and postal charges and which should be submitted along with the CAF to the Bankers to the Issue/collection centres or to the Registrar;
- Applicants should note that where payment is made through drafts purchased from NRE/ FCNR/ NRO account as the case may be, an account debit certificate from the bank issuing the draft confirming that the draft has been issued by debiting the NRE/ FCNR/ NRO account should be enclosed with the CAF. In the absence of such an account debit certificate, the application shall be considered incomplete and is liable to be rejected.

Application without repatriation benefits

- As far as non-residents holding Securities on non-repatriation basis are concerned, in addition to the modes specified above, payment may also be made by way of cheque drawn on Non-Resident (Ordinary) Account maintained in [●] or Rupee Draft purchased out of NRO Account maintained elsewhere in India but payable at Mumbai. In such cases, the Allotment of Securities will be on non-repatriation basis.
- Non-resident investors without repatriation benefits should draw the cheques/demand drafts in favour of "[●]", crossed "A/c Payee only" for the full application amount, net of bank and postal charges and which should be submitted along with the CAF to the Bankers to the Issue/collection centres or to the Registrar;
- Applicants should note that where payment is made through drafts purchased from NRE/ FCNR/ NRO accounts, as the case may be, an account debit certificate from the bank issuing the draft confirming that the draft has been issued by debiting the NRE/ FCNR/ NRO account should be enclosed with the CAF. In the absence of such an account debit certificate, the application shall be considered incomplete and is liable to be rejected.
- An Eligible Shareholder whose status has changed from resident to non-resident should open a new demat account reflecting the changed status. Any application from a demat account which does not reflect the accurate status of the Applicant is liable to be rejected at the sole discretion of our Company and the Lead Managers.

Notes:

- In case where repatriation benefit is available, interest, dividend, sales proceeds derived from the investment in Securities can be remitted outside India, subject to tax, as applicable according to the IT Act.
- In case Securities are allotted on a non-repatriation basis, the dividend and sale proceeds of the Equity Shares cannot be remitted outside India.
- The CAF duly completed together with the amount payable on application must be deposited with the collecting bank indicated on the reverse of the CAFs before the close of banking hours on or before the Issue Closing Date. A separate cheque or bank draft must accompany each CAF.
- In case of an application received from non-residents, Allotment, refunds and other distribution, if any, will be made in accordance with the guidelines/ rules prescribed by the RBI as applicable at the time of making such Allotment, remittance and subject to necessary approvals.

Procedure for Application through the ASBA Process

This section is for the information of the ASBA Investors proposing to subscribe to the Issue through the ASBA Process. Our Company and the Lead Managers are not liable for any amendments or modifications or changes in applicable laws or regulations, which may occur after the date of the Letter of Offer. Investors who are eligible to apply under the ASBA Process are advised to make their independent investigations and to ensure that the CAF is correctly filled up.

The Lead Managers, our Company, its directors, its employees, affiliates, associates and their respective directors and officers and the Registrar to the Issue shall not take any responsibility for acts, mistakes, errors, omissions and commissions etc. in relation to applications accepted by SCSBs, Applications uploaded by SCSBs, applications accepted but not uploaded by SCSBs or applications accepted and uploaded without blocking funds in the ASBA Accounts. It shall be presumed that for applications uploaded by SCSBs, the amount payable on application has been blocked in the relevant ASBA Account.

Please note that in accordance with the provisions of the SEBI circular bearing number CIR/CFD/DIL/1/2011 dated April 29, 2011 all QIBs, Non-Institutional Investors and Non Retail Individual Investors complying with the eligibility conditions prescribed under the SEBI circular dated December 30, 2009 must mandatorily invest through the ASBA process. All Retail Individual Investors complying with the above conditions may optionally apply through the ASBA process. The Investors who

are not (i) QIBs, (ii) Non-Institutional Investors, or (iii) Investors whose application amount is more than ₹ 2,00,000, can participate in the Issue either through the ASBA process or the non ASBA process. Renouncees and Eligible Equity Shareholders holding Equity Shares or Class B Shares in physical form are not eligible ASBA Investors and must only apply for Securities through the non-ASBA process, irrespective of the application amounts.

Please note that subject to SCSBs complying with the requirements of SEBI Circular No. CIR/CFD/DIL/13/2012 dated September 25, 2012 within the periods stipulated therein, ASBA Applications may be submitted at all branches of the SCSBs.

Further, in terms of the SEBI circular CIR/CFD/DIL/1/2013 dated January 2, 2013, it is clarified that for making applications by banks on own account using ASBA facility, SCSBs should have a separate account in own name with any other SEBI registered SCSB(s). Such account shall be used solely for the purpose of making application in public/rights issues and clear demarcated funds should be available in such account for ASBA applications. SCSBs applying in the Issue using the ASBA facility shall be responsible for ensuring that they have a separate account in its own name with any other SCSB having clear demarcated funds for applying in the Issue and that such separate account shall be used as the ASBA Account for the application, in accordance with the applicable regulations.

The list of banks which have been notified by SEBI to act as SCSBs for the ASBA Process is provided on <http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries>. For details on Designated Branches of SCSBs collecting the CAF, please refer the above mentioned SEBI link.

Eligible Shareholders who are eligible to apply under the ASBA Process

The option of applying for Securities in the Issue through the ASBA Process is only available to the Eligible Shareholders of our Company on the Record Date and who:

- hold the Securities in dematerialised form as on the Record Date and have applied towards his/her Rights Entitlements or additional Securities in the Issue in dematerialised form;
- have not renounced his/her Rights Entitlements in full or in part;
- are not a Renouncee;
- are applying through a bank account maintained with SCSBs; and
- are eligible under applicable securities laws to subscribe for the Rights Entitlement and the Securities in the Issue.

CAF

The Registrar will dispatch the CAF to all Eligible Shareholders as per their Rights Entitlement on the Record Date for the Issue. Those Investors who wish to apply through the ASBA payment mechanism will have to select for this mechanism in Part A of the CAF and provide necessary details.

Investors desiring to use the ASBA Process are required to submit their applications by selecting the ASBA Option in Part A of the CAF only. Application in electronic mode will only be available with such SCSBs who provide such facility. The Investors shall submit the CAF to the Designated Branch of the SCSB for authorising such SCSB to block an amount equivalent to the amount payable on the application in the said ASBA Account.

More than one ASBA Investor may apply using the same ASBA Account, provided that the SCSBs will not accept a total of more than five CAFs with respect to any single ASBA Account.

Acceptance of the Issue

You may accept the Issue and apply for the Securities either in full or in part, by filling Part A of the respective CAFs sent by the Registrar, selecting the ASBA process option in Part A of the CAF and submit the same to the Designated Branch of the SCSB before the close of the banking hours on or before the Issue Closing Date or such extended time as may be specified by our Board in this regard.

Additional Securities

You are eligible to apply for additional Securities over and above the number of Securities that you are entitled to, provided that you are eligible to apply for Securities under applicable law and you have applied for all the Securities (as the case may be) offered without renouncing them in whole or in part in favour of any other person(s). Applications for additional Securities shall be considered and Allotment shall be made at the sole discretion of the Board, in consultation with the Designated Stock Exchange and in the manner prescribed under the section “Terms of the Issue-Basis of Allotment” on page 199.

If you desire to apply for additional Securities, please indicate your requirement in the place provided for additional Securities in Part A of the CAF.

Renunciation under the ASBA Process

ASBA Investors can neither be Renouncees, nor can renounce their Rights Entitlement.

Mode of payment

The Investor applying under the ASBA Process agrees to block the entire amount payable on application with the submission of the CAF, by authorizing the SCSB to block an amount, equivalent to the amount payable on application, in an ASBA Account.

After verifying that sufficient funds are available in the ASBA Account details of which are provided in the CAF, the SCSB shall block an amount equivalent to the amount payable on application mentioned in the CAF until it receives instructions from the Registrar. Upon receipt of intimation from the Registrar, the SCSBs shall transfer such amount as per the Registrar’s instruction from the ASBA Account. This amount will be transferred in terms of the SEBI Regulations, into the separate bank account maintained by our Company for the purpose of the Issue. The balance amount remaining after the finalisation of the Basis of Allotment shall be unblocked by the SCSBs on the basis of the instructions issued in this regard by the Registrar and the Lead Managers to the respective SCSB.

The Investor applying under the ASBA Process would be required to give instructions to the respective SCSBs to block the entire amount payable on their application at the time of the submission of the CAF.

The SCSB may reject the application at the time of acceptance of CAF if the ASBA Account, details of which have been provided by the Investor in the CAF does not have sufficient funds equivalent to the amount payable on application mentioned in the CAF. Subsequent to the acceptance of the application by the SCSB, our Company would have a right to reject the application only on technical grounds.

Options available to the Eligible Shareholders applying under the ASBA Process

The summary of options available to the Eligible Shareholders is presented below. You may exercise any of the following options with regard to the Securities, using the respective CAFs received from Registrar:

	Option Available	Action Required
1.	Accept whole or part of your Rights Entitlement without renouncing the balance.	Fill in and sign Part A of the CAF (<i>All joint holders must sign</i>)
2.	Accept your Rights Entitlement in full and apply for additional Securities.	Fill in and sign Part A of the CAF including Block III relating to the acceptance of entitlement and Block IV relating to additional Securities (<i>All joint holders must sign</i>)

The Investors applying under the ASBA Process will need to select the ASBA option process in the CAF and provide required necessary details. However, in cases where this option is not selected, but the CAF is tendered to the Designated Branch of the SCSBs with the relevant details required under the ASBA process option and the SCSBs block the requisite amount, then that CAFs would be treated as if the Investor has selected to apply through the ASBA process option.

Application on Plain Paper

An Eligible Shareholder who has neither received the original CAF nor is in a position to obtain the duplicate CAF and who is applying under the ASBA Process may make an application to subscribe to the Issue on plain

paper. Eligible Shareholders shall submit the plain paper application to the Designated Branch of the SCSB for authorising such SCSB to block an amount equivalent to the amount payable on the application in the said bank account maintained with the same SCSB. Applications on plain paper to be accepted from any address outside India will be subject to the legal requirements and restrictions prevailing in the jurisdictions of the applicant.

The envelope should be super scribed “Future Retail Limited – Rights Issue” and should be postmarked in India. The application on plain paper, duly signed by the Eligible Shareholders including joint holders, in the same order and as per the specimen recorded with our Company/ Depositories, must reach the office of the Registrar before the Issue Closing Date and should contain the following particulars:

- Name of Issuer, being Future Retail Limited;
- Name and address of the Eligible Shareholder including joint holders;
- Registered Folio Number/ DP and Client ID No.;
- Certificate numbers and distinctive numbers of Equity Shares, if held in physical form;
- Number of Equity Shares held as on Record Date;
- Number of Securities entitled to;
- Number of Securities applied for;
- Number of additional Securities applied for, if any;
- Total number of Securities applied for;
- Total amount paid at the rate of ₹ [●] per Equity Share and ₹ [●] per Class B Share, as applicable;
- Details of the ASBA Account such as the account number, name, address and branch of the relevant SCSB;
- In case of non-resident investors, details of the NRE/FCNR/NRO account such as the account number, name, address and branch of the SCSB with which the account is maintained;
- Except for applications on behalf of the Central or the State Government, residents of Sikkim and the officials appointed by the courts, PAN of the Eligible Shareholder and for each Eligible Equity Shareholder in case of joint names, irrespective of the total value of the Securities applied for pursuant to the Issue;
- Signature of the Eligible Shareholders to appear in the same sequence and order as they appear in our records; and
- Additionally, all such Eligible Shareholders applying through ASBA are deemed to have accepted the following:

“I/ We understand that neither the Rights Entitlement nor the Securities have been, or will be, registered under the United States Securities Act of 1933, as amended (the “US Securities Act”) or any United States state securities laws, and may not be offered, sold, resold or otherwise transferred within the United States or to the territories or possessions thereof (the “United States”). I/ we understand the Securities referred to in this application are being offered in India but not in the United States. I/ we understand the offering to which this application relates is not, and under no circumstances is to be construed as, an offering of any Securities or Rights Entitlement for sale in the United States, or as a solicitation therein of an offer to buy any of the said Securities or Rights Entitlement in the United States. Accordingly, I/ we understand this application should not be forwarded to or transmitted in or to the United States at any time. I/ we confirm that I/ are not in the United States and understand that none of us, the Registrar, the Lead Managers or any other person acting on behalf of us will accept subscriptions from any person, or the agent of any person, who appears to be, or who, we, the Registrar, the Lead Managers or any other person acting on behalf of we have reason to believe is in the United States or is ineligible to participate in the Issue under the

securities laws of their jurisdiction.

I/ We will not offer, sell or otherwise transfer any of the Securities which may be acquired by us in any jurisdiction or under any circumstances in which such offer or sale is not authorized or to any person to whom it is unlawful to make such offer, sale or invitation except under circumstances that will result in compliance with any applicable laws or regulations. We satisfy, and each account for which we are acting satisfies, all suitability standards for investors in investments of the type subscribed for herein imposed by the jurisdiction of our residence.

I/ We understand and agree that the Rights Entitlement and Securities may not be reoffered, resold, pledged or otherwise transferred except in an offshore transaction in compliance with Regulation S, or otherwise pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act.

I/ We acknowledge that we, the Lead Managers, its affiliates and others will rely upon the truth and accuracy of the foregoing representations and agreements.”

Option to receive Securities in Dematerialized Form

ELIGIBLE SHAREHOLDERS UNDER THE ASBA PROCESS MAY PLEASE NOTE THAT THE SECURITIES UNDER THE ASBA PROCESS CAN BE ALLOTTED ONLY IN DEMATERIALIZED FORM AND TO THE SAME DEPOSITORY ACCOUNT IN WHICH THE SECURITIES ARE HELD BY SUCH ASBA APPLICANT ON THE RECORD DATE.

General instructions for Eligible Shareholders applying under the ASBA Process

- (a) Please read the instructions printed on the respective CAF carefully.
- (b) Application should be made on the printed CAF only and should be completed in all respects. The CAF found incomplete with regard to any of the particulars required to be given therein, and/or which are not completed in conformity with the terms of the Letter of Offer, Abridged Letter of Offer are liable to be rejected. The CAF must be filled in English.
- (c) The CAF in the ASBA Process should be submitted at a Designated Branch of the SCSB and whose bank account details are provided in the CAF and not to the Bankers to the Issue/Escrow Collection Banks (assuming that such Escrow Collection Bank is not a SCSB), to our Company or the Registrar or the Lead Managers to the Issue.
- (d) All Eligible Shareholders, and in the case of application in joint names, each of the joint Applicants, should mention his/her PAN allotted under the IT Act, irrespective of the amount of the application. Except for applications on behalf of the Central or the State Government, the residents of Sikkim and the officials appointed by the courts, CAFs without PAN will be considered incomplete and are liable to be rejected. With effect from August 16, 2010, the demat accounts for Eligible Shareholders for which PAN details have not been verified shall be “suspended for credit” and no allotment and credit of Securities pursuant to the Issue shall be made into the accounts of such Eligible Shareholders.
- (e) All payments will be made by blocking the amount in the ASBA Account. Cash payment or payment by cheque/demand draft/pay order is not acceptable. In case payment is affected in contravention of this, the application may be deemed invalid and the application money will be refunded and no interest will be paid thereon.
- (f) Signatures should be either in English or Hindi or in any other language specified in the Eighth Schedule to the Constitution of India. Signatures other than in English or Hindi and thumb impression must be attested by a Notary Public or a Special Executive Magistrate under his/her official seal. The Eligible Shareholders must sign the CAF as per the specimen signature recorded with our Company/or Depositories.
- (g) In case of joint holders, all joint holders must sign the relevant part of the CAF in the same order and as per the specimen signature(s) recorded with our Company/ Depositories. In case of joint Applicants, reference, if any, will be made in the first Applicant’s name and all communication will be addressed to the first Applicant.

- (h) All communication in connection with application for the Securities, including any change in address of the Eligible Shareholders should be addressed to the Registrar prior to the date of Allotment in this Issue quoting the name of the first/sole Applicant, folio numbers and CAF number.
- (i) Only the person or persons to whom the Securities have been offered and not renouncee(s) shall be eligible to participate under the ASBA process.
- (j) Only persons outside the restricted jurisdictions and who are eligible to subscribe for Rights Entitlement and Securities under applicable securities laws are eligible to participate.
- (k) Only the Eligible Shareholders holding securities in demat are eligible to participate through the ASBA process.
- (l) Eligible Shareholders who have renounced their entitlement in part/ full are not entitled to apply using the ASBA process.
- (m) Please note that pursuant to the applicability of the directions issued by SEBI *vide* its circular CIR/CFD/DIL/1/ 2011 dated April 29, 2011, all Eligible Shareholders who are QIBs, Non-Institutional Eligible Shareholders and other Eligible Shareholders whose application amount exceeds ₹ 2,00,000 can participate in the Issue only through the ASBA process. The Eligible Shareholders who are not (i) QIBs, (ii) Non-Institutional Eligible Shareholders or (iii) investors whose application amount is more than ₹ 2,00,000, can participate in the Issue either through the ASBA process or the non ASBA process.

Please note that subject to SCSBs complying with the requirements of SEBI Circular No. CIR/CFD/DIL/13/2012 dated September 25, 2012 within the periods stipulated therein, ASBA Applications may be submitted at all branches of the SCSBs.

Further, in terms of the SEBI circular CIR/CFD/DIL/1/2013 dated January 2, 2013, it is clarified that for making applications by banks on own account using ASBA facility, SCSBs should have a separate account in own name with any other SEBI registered SCSB(s). Such account shall be used solely for the purpose of making application in public/ rights issues and clear demarcated funds should be available in such account for ASBA applications. SCSBs applying in the Issue using the ASBA facility shall be responsible for ensuring that they have a separate account in its own name with any other SCSB having clear demarcated funds for applying in the Issue and that such separate account shall be used as the ASBA Account for the application, in accordance with the applicable regulations.

- (n) In case of non – receipt of CAF, application can be made on plain paper mentioning all necessary details as mentioned under the section “Terms of the Issue - Application on Plain Paper” on page 193.

Do's:

- (a) Ensure that the ASBA Process option is selected in Part A of the CAF and necessary details are filled in.
- (b) Ensure that the details about your Depository Participant and beneficiary account are correct and the beneficiary account is activated as Securities will be allotted in the dematerialized form only.
- (c) Ensure that the CAFs are submitted with the Designated Branch of the SCSBs and details of the correct bank account have been provided in the CAF.
- (d) Ensure that there are sufficient funds (equal to {number of Securities as the case may be applied for} X {Issue Price of Securities, as the case may be}) available in the ASBA Account mentioned in the CAF before submitting the CAF to the respective Designated Branch of the SCSB.
- (e) Ensure that you have authorised the SCSB for blocking funds equivalent to the total amount payable on application mentioned in the CAF, in the ASBA Account, of which details are provided in the CAF and have signed the same.
- (f) Ensure that you receive an acknowledgement from the Designated Branch of the SCSB for your submission of the CAF in physical form.

- (g) Except for CAFs submitted on behalf of the Central or the State Government, residents of Sikkim and the officials appointed by the courts, each Eligible Shareholder should mention their PAN allotted under the IT Act.
- (h) Ensure that the name(s) given in the CAF is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the CAF is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the CAF.
- (i) Ensure that the Demographic Details are updated, true and correct, in all respects.
- (j) Ensure that the account holder in whose bank account the funds are to be blocked has signed authorising such funds to be blocked.

Don'ts:

- (a) Do not apply if you are not eligible to participate in the Issue under the securities laws applicable to your jurisdiction.
- (b) Do not apply on duplicate CAF after you have submitted a CAF to a Designated Branch of the SCSB.
- (c) Do not pay the amount payable on application in cash, by money order, pay order or by postal order.
- (d) Do not send your physical CAFs to the Lead Managers / Registrar / Escrow Collection Banks (assuming that such Escrow Collection Bank is not a SCSB) / to a branch of the SCSB which is not a Designated Branch of the SCSB / Company; instead submit the same to a Designated Branch of the SCSB only.
- (e) Do not submit the GIR number instead of the PAN as the application is liable to be rejected on this ground.
- (f) Do not apply if the ASBA account has been used for five Eligible Shareholders.
- (g) Do not apply through the ASBA Process if you are not an ASBA Eligible Shareholder.
- (h) Do not instruct the SCSBs to release the funds blocked under the ASBA Process.

Grounds for Technical Rejection under the ASBA Process

In addition to the grounds listed under “Grounds for Technical Rejections for non-ASBA Investors” on page 205, applications under the ASBA Process are liable to be rejected on the following grounds:

- (a) Application on a SAF.
- (b) Application for allotment of Rights Entitlements or additional Securities which are in physical form.
- (c) DP ID and Client ID mentioned in CAF not matching with the DP ID and Client ID records available with the Registrar.
- (d) Sending an ASBA application on plain paper to the Registrar.
- (e) Sending CAF to Lead Managers / Registrar / Collecting Bank (assuming that such Collecting Bank is not a SCSB) / to a branch of a SCSB which is not a Designated Branch of the SCSB / Company.
- (f) Renouncee applying under the ASBA Process.
- (g) Submission of more than five CAFs per ASBA Account.
- (h) Insufficient funds are available with the SCSB for blocking the amount.
- (i) Funds in the ASBA Account whose details are mentioned in the CAF having been frozen pursuant to regulatory orders.

- (j) Account holder not signing the CAF or declaration mentioned therein.
- (k) CAFs that do not include the certification set out in the CAF to the effect that the subscriber does not have a registered address (and is not otherwise located) in any restricted jurisdiction and is authorized to acquire the rights and the securities in compliance with all applicable laws and regulations.
- (l) CAFs which have evidence of being executed in/dispatched from any restricted jurisdiction.
- (m) QIBs, Non-Institutional Investors and other Eligible Equity Shareholders applying for Securities in this Issue for value of more than ₹ 2,00,000 who hold Equity Shares in dematerialised form and is not a Renouncer or a Renouncee not applying through the ASBA process.
- (n) Application by an Eligible Shareholder whose cumulative value of Securities applied for is more than ₹ 2,00,000 but has applied separately through split CAFs of less than ₹ 2,00,000 and has not done so through the ASBA process.
- (o) Multiple CAFs, including cases where an Eligible Shareholder submits CAFs along with a plain paper application.
- (p) Submitting the GIR instead of the PAN.
- (q) An Eligible Shareholder, who is not complying with any or all of the conditions for being an ASBA Investor, applies under the ASBA process.
- (r) Applications by persons not competent to contract under the Indian Contract Act, 1872, as amended, except applications by minors having valid demat accounts as per the demographic details provided by the Depositories.
- (s) ASBA Bids by SCSB on own account, other than through an ASBA Account in its own name with any other SCSB.
- (t) Applications by Eligible Shareholders ineligible to make applications through the ASBA process, made through the ASBA process.

Depository account and bank details for Eligible Shareholders applying under the ASBA Process

IT IS MANDATORY FOR ALL THE ELIGIBLE SHAREHOLDERS APPLYING UNDER THE ASBA PROCESS TO RECEIVE THEIR SECURITIES IN DEMATERIALISED FORM AND TO THE SAME DEPOSITORY ACCOUNT IN WHICH THE SECURITIES ARE HELD BY THE ELIGIBLE SHAREHOLDERS AS ON THE RECORD DATE. ALL ELIGIBLE SHAREHOLDERS APPLYING UNDER THE ASBA PROCESS SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE CAF. ELIGIBLE SHAREHOLDERS APPLYING UNDER THE ASBA PROCESS MUST ENSURE THAT THE NAME GIVEN IN THE CAF IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE THE CAF IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE CAF/PLAIN PAPER APPLICATIONS, AS THE CASE MAY BE.

Eligible Shareholders applying under the ASBA Process should note that on the basis of name of these Eligible Shareholders, Depository Participant's name and identification number and beneficiary account number provided by them in the CAF/plain paper applications, as the case may be, the Registrar to the Issue will obtain from the Depository, demographic details of these Eligible Shareholders such as address, bank account details for printing on refund orders and occupation ("Demographic Details"). Hence, Eligible Shareholders applying under the ASBA Process should carefully fill in their Depository Account details in the CAF.

These Demographic Details would be used for all correspondence with such Eligible Shareholders including mailing of the letters intimating unblocking of bank account of the respective Eligible Shareholder. The Demographic Details given by the Eligible Shareholders in the CAF would not be used for any other purposes by the Registrar. Hence, Eligible Shareholders are advised to update their Demographic Details as provided to their Depository Participants.

By signing the CAFs, the Eligible Shareholders applying under the ASBA Process would be deemed to have authorised the Depositories to provide, upon request, to the Registrar, the required Demographic Details as available on its records.

Letters intimating Allotment and unblocking or refund (if any) would be mailed at the address of the Eligible Shareholder applying under the ASBA Process as per the Demographic Details received from the Depositories. The Registrar will give instructions to the SCSBs for unblocking funds in the ASBA Account to the extent Securities are not allotted to such Eligible Shareholder. Eligible Shareholders applying under the ASBA Process may note that delivery of letters intimating unblocking of the funds may get delayed if the same once sent to the address obtained from the Depositories are returned undelivered. In such an event, the address and other details given by the Eligible Shareholder in the CAF would be used only to ensure dispatch of letters intimating unblocking of the ASBA Accounts.

Note that any such delay shall be at the sole risk of the Eligible Shareholders applying under the ASBA Process and none of our Company, the SCSBs or the Lead Managers shall be liable to compensate the Eligible Shareholder applying under the ASBA Process for any losses caused due to any such delay or liable to pay any interest for such delay.

In case no corresponding record is available with the Depositories that matches three parameters, (a) names of the Eligible Shareholders (including the order of names of joint holders), (b) the DP ID, and (c) the beneficiary account number, then such applications are liable to be rejected.

Underwriting

[•]

Issue Schedule

Issue Opening Date:	[•]
Last date for receiving requests for SAFs:	[•]
Issue Closing Date:	[•]

The Board may however decide to extend the Issue period as it may determine from time to time but not exceeding 30 days from the Issue Opening Date.

Basis of Allotment

Subject to the provisions contained in the Draft Letter of Offer, the Letter of Offer, the Articles of Association of our Company and the approval of the Designated Stock Exchange, the Board will proceed to Allot the Securities in the following order of priority:

- (a) Full Allotment to those Eligible Shareholders who have applied for their Rights Entitlement either in full or in part and also to the Renouncee(s) who has/ have applied for Securities renounced in their favour, in full or in part.
- (b) Investors whose fractional entitlements are being ignored would be given preference in allotment of one additional Security each if they apply for additional Securities. Allotment under this head shall be considered if there are any unsubscribed Securities after allotment under (a) above. If number of Securities required for Allotment under this head are more than the number of Securities available after Allotment under (a) above, the Allotment would be made on a fair and equitable basis in consultation with the Designated Stock Exchange and will not be a preferential allotment.
- (c) Allotment to the Eligible Shareholders who having applied for all the Securities offered to them as part of the Issue, have also applied for additional Securities. The Allotment of such additional Securities will be made as far as possible on an equitable basis having due regard to the number of Securities held by them on the Record Date, provided there are any unsubscribed Securities after making full Allotment in (a) and (b) above. The Allotment of such Securities will be at the sole discretion of the Board in consultation with the Designated Stock Exchange, as a part of the Issue and will not be a preferential allotment.
- (d) Allotment to Renouncees who having applied for all the Securities renounced in their favour, have

applied for additional Securities provided there is surplus available after making full Allotment under (a), (b) and (c) above. The Allotment of such Securities will be at the sole discretion of the Board in consultation with the Designated Stock Exchange, as a part of the Issue and will not be a preferential allotment.

- (e) Allotment to any other person that our Board as it may deem fit provided there is surplus available after making Allotment under (a), (b), (c) and (d) above, and the decision of the Board in this regard shall be final and binding.

After taking into account Allotment to be made under (a) to (d) above, if there is any unsubscribed portion, the same shall be deemed to be 'unsubscribed' for the purpose of regulation 3(1)(b) of the Takeover Regulations.

Upon approval of the Basis of Allotment by the Designated Stock Exchange, the Registrar shall send to the Controlling Branches, a list of the ASBA Investors who have been allocated Securities in the Issue, along with:

- The amount to be transferred from the ASBA Account to the separate bank account opened by our Company for the Issue, for each successful ASBA;
- The date by which the funds referred to above, shall be transferred to the aforesaid bank account; and
- The details of rejected ASBA applications, if any, to enable the SCSBs to unblock the respective ASBA Accounts.

Allotment Advices / Refund Orders

Our Company will issue and dispatch Allotment advice/ demat credit and/or letters of regret along with refund order or credit the allotted Securities to the respective beneficiary accounts, if any, within a period of 15 days from the Issue Closing Date. In case of failure to do so, our Company shall pay interest at such rate and within such time as specified under applicable law.

Investors residing at centers where clearing houses are managed by the RBI will get refunds through National Electronic Clearing Service ("NECS") except where Investors have not provided the details required to send electronic refunds.

In case of those Investors who have opted to receive their Rights Entitlement in dematerialized form using electronic credit under the depository system, advice regarding their credit of the Securities shall be given separately. Investors to whom refunds are made through electronic transfer of funds will be sent a letter through ordinary post intimating them about the mode of credit of refund within 15 days of the Issue Closing Date.

The letter of allotment/ refund order would be sent by registered post/ speed post to the sole/ first Investor's Indian address provided by the Eligible Shareholders to our Company. Such refund orders would be payable at par at all places where the applications were originally accepted. The same would be marked 'Account Payee only' and would be drawn in favour of the sole/ first Investor. Adequate funds would be made available to the Registrar for this purpose.

In the case of non-resident shareholders or Investors who remit their Application Money from funds held in NRE/FCNR Accounts, refunds and/or payment of interest or dividend and other disbursements, if any, shall be credited to such accounts, the details of which should be furnished in the CAF. Subject to the applicable laws and other approvals, in case of Non-resident shareholders or Investors who remit their application money through Indian Rupee demand drafts purchased from abroad, refund and/or payment of dividend or interest and any other disbursement, shall be credited to such accounts and will be made after deducting bank charges or commission in US Dollars, at the rate of exchange prevailing at such time. Our Company will not be responsible for any loss on account of exchange rate fluctuations for conversion of the Indian Rupee amount into US Dollars. The letter of allotment will be sent by registered post / speed post to the Indian address of the Non Resident shareholders or Investors as provided to our Company.

Payment of Refund

Mode of making refunds

The payment of refund, if any, would be done through any of the following modes:

1. NECS – Payment of refund would be done through NECS for Investors having an account at any of the 68 centres where such facility has been made available. This mode of payment of refunds would be subject to availability of complete bank account details including the MICR code as appearing on a cheque leaf, from the Depositories/the records of the Registrar. The payment of refunds is mandatory for Investors having a bank account at any centre where NECS facility has been made available (subject to availability of all information for crediting the refund through NECS).
2. National Electronic Fund Transfer (“NEFT”) – Payment of refund shall be undertaken through NEFT wherever the Investors’ bank has been assigned the Indian Financial System Code (“IFSC Code”), which can be linked to a MICR, allotted to that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date immediately prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the Investors have registered their nine digit MICR number and their bank account number with the Registrar to our Company or with the Depository Participant while opening and operating the demat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of refund will be made to the Investors through this method.
3. Direct Credit – Investors having bank accounts with the Bankers to the Issue shall be eligible to receive refunds through direct credit. Charges, if any, levied by the relevant bank(s) for the same would be borne by our Company.
4. RTGS – If the refund amount exceeds ₹ 2,00,000, the Investors have the option to receive refund through RTGS. Such eligible Investors who indicate their preference to receive refund through RTGS are required to provide the IFSC Code in the CAF. In the event the same is not provided, refund shall be made through NECS or any other eligible mode. Charges, if any, levied by the refund bank(s) for the same would be borne by our Company. Charges, if any, levied by the Investor’s bank receiving the credit would be borne by the Investor.
5. For all other Investors the refund orders will be dispatched through speed post/ registered post. Such refunds will be made by cheques, pay orders or demand drafts drawn in favour of the sole/first Investor and payable at par.
6. Credit of refunds to Investors in any other electronic manner, permissible under the banking laws, which are in force, and is permitted by SEBI from time to time.

Refund payment to Non- residents

Where applications are accompanied by Indian rupee drafts purchased abroad and payable at Mumbai, refunds will be made in the Indian rupees based on the U.S. dollars equivalent which ought to be refunded. Indian rupees will be converted into U.S. dollars at the rate of exchange, which is prevailing on the date of refund. The exchange rate risk on such refunds shall be borne by the concerned Applicant and our Company shall not bear any part of the risk.

Where the applications made are accompanied by NRE/FCNR/NRO cheques, refunds will be credited to NRE/FCNR/NRO accounts respectively, on which such cheques were drawn and details of which were provided in the CAF.

Printing of Bank Particulars on Refund Orders

As a matter of precaution against possible fraudulent encashment of refund orders due to loss or misplacement, the particulars of the Investor’s bank account are mandatorily required to be given for printing on the refund orders. Bank account particulars, where available, will be printed on the refund orders/refund warrants which can then be deposited only in the account specified. Our Company will, in no way, be responsible if any loss occurs through these instruments falling into improper hands either through forgery or fraud.

Allotment advice / Share Certificates/ Demat Credit

Allotment advice / share certificates / demat credit or letters of regret will be dispatched to the registered address of the first named Investor or respective beneficiary accounts will be credited within 15 days, from the Issue Closing Date. In case our Company issues Allotment advice, the respective share certificates will be dispatched within one month from the date of the Allotment. Allottees are requested to preserve such allotment advice (if any) to be exchanged later for share certificates.

Option to receive Securities in Dematerialized Form

Investors shall be allotted the Securities in dematerialized (electronic) form at the option of the Investor. Our Company has signed a tripartite agreement with NSDL on June 19, 2000 which enables the Investors to hold and trade in the securities issued by our Company in a dematerialized form, instead of holding the Securities in the form of physical certificates. Our Company has also signed a tripartite agreement with CDSL on June 19, 2000 which enables the Investors to hold and trade in the securities issued by our Company in a dematerialized form, instead of holding the Securities in the form of physical certificates.

In this Issue, the Allottees who have opted for Securities in dematerialized form will receive their Securities in the form of an electronic credit to their beneficiary account as given in the CAF, after verification with a depository participant. Investor will have to give the relevant particulars for this purpose in the appropriate place in the CAF. Allotment advice, refund order (if any) would be sent directly to the Investor by the Registrar to the Issue but the Investor's depository participant will provide to him the confirmation of the credit of such Securities to the Investor's depository account. CAFs, which do not accurately contain this information, will be given the Securities in physical form. No separate CAFs for Securities in physical and/or dematerialized form should be made. If such CAFs are made, the CAFs for physical Securities will be treated as multiple CAFs and is liable to be rejected. In case of partial Allotment, Allotment will be done in demat option for the Securities sought in demat and balance, if any, will be allotted in physical Securities. Eligible Shareholders of our Company holding Securities in physical form may opt to receive Securities in the Issue in dematerialized form.

INVESTORS MAY PLEASE NOTE THAT THE SECURITIES CAN BE TRADED ON THE STOCK EXCHANGES ONLY IN DEMATERIALIZED FORM.

The procedure for availing the facility for Allotment of Securities in this Issue in the electronic form is as under:

- Open a beneficiary account with any depository participant (care should be taken that the beneficiary account should carry the name of the holder in the same manner as is registered in the records of our Company. In the case of joint holding, the beneficiary account should be opened carrying the names of the holders in the same order as registered in the records of our Company). In case of Investors having various folios in our Company with different joint holders, the Investors will have to open separate accounts for such holdings. *Those Investors who have already opened such beneficiary account(s) need not adhere to this step.*
- For Eligible Shareholders already holding Securities in dematerialized form as on the Record Date, the beneficial account number shall be printed on the CAF. For those who open accounts later or those who change their accounts and wish to receive their Securities pursuant to this Issue by way of credit to such account, the necessary details of their beneficiary account should be filled in the space provided in the CAF. It may be noted that the Allotment of Securities arising out of this Issue may be made in dematerialized form even if the Securities are not dematerialized. Nonetheless, it should be ensured that the depository account is in the name(s) of the Investors and the names are in the same order as in the records of our Company/ Depositories.
- The responsibility for correctness of information (including Investor's age and other details) filled in the CAF vis-à-vis such information with the Investor's depository participant, would rest with the Investor. Investors should ensure that the names of the Investors and the order in which they appear in CAF should be the same as registered with the Investor's depository participant.
- If incomplete / incorrect beneficiary account details are given in the CAF, the Investor will get Securities in physical form.
- The Securities allotted to Applicants opting for issue in dematerialized form, would be directly credited to the beneficiary account as given in the CAF after verification. Allotment advice, refund order (if any) would be sent directly to the Applicant by the Registrar but the Applicant's depository participant will provide to him the confirmation of the credit of such Securities to the Applicant's depository account.
- Renouncees will also have to provide the necessary details about their beneficiary account for Allotment of Securities in this Issue. In case these details are incomplete or incorrect, the application is liable to be rejected.

General instructions for non-ASBA Investors

- (a) Please read the instructions printed on the CAF carefully.
- (b) Applicants that are not QIBs or are not Non – Institutional Investor or those whose Application money does not exceed ₹ 2,00,000 may participate in the Issue either through ASBA or the non-ASBA process. Eligible Equity Shareholders who have renounced their entitlement (in full or in part), Renouncees and Applicants holding Securities in physical form and/or subscribing in the Issue for Allotment in physical form may participate in the Issue only through the non ASBA process.
- (c) Application should be made on the printed CAF, provided by our Company except as mentioned under the head “Terms of the Issue - Application on Plain Paper” from page 193 to 195 and should be completed in all respects. The CAF found incomplete with regard to any of the particulars required to be given therein, and/ or which are not completed in conformity with the terms of the Draft Letter of Offer are liable to be rejected and the money paid, if any, in respect thereof will be refunded without interest and after deduction of bank commission and other charges, if any. The CAF must be filled in English and the names of all the Investors, details of occupation, address, father’s / husband’s name must be filled in block letters.

The CAF together with the cheque/demand draft should be sent to the Bankers to the Issue/ Escrow Collection Bank or to the Registrar and not to our Company or the Lead Managers to the Issue. Investors residing at places other than cities where the branches of the Bankers to the Issue have been authorised by our Company for collecting applications, will have to make payment by demand draft payable at Mumbai of an amount net of bank and postal charges and send their CAFs to the Registrar by registered post. If any portion of the CAF is/are detached or separated, such application is liable to be rejected.

Applications where separate cheques/demand drafts are not attached for amounts to be paid for the Securities are liable to be rejected. Applications accompanied by cash, postal order or stock invest are liable to be rejected.

- (d) Except for applications on behalf of the Central and State Government, the residents of Sikkim and the officials appointed by the courts, all Investors, and in the case of application in joint names, each of the joint Investors, should mention his/her PAN allotted under the IT Act, irrespective of the amount of the application. CAFs without PAN will be considered incomplete and are liable to be rejected.
- (e) Investors, holding Securities in physical form, are advised that it is mandatory to provide information as to their savings/current account number, the nine digit MICR number and the name of the bank with whom such account is held in the CAF to enable the Registrar to print the said details in the refund orders, if any, after the names of the payees. Application not containing such details is liable to be rejected.
- (f) All payment should be made by cheque or demand draft only. Cash payment is not acceptable. In case payment is effected in contravention of this, the application may be deemed invalid and the application money will be refunded and no interest will be paid thereon.
- (g) Signatures should be either in English or Hindi or in any other language specified in the Eighth Schedule to the Constitution of India. Signatures other than in English or Hindi and thumb impression must be attested by a Notary Public or a Special Executive Magistrate under his/ her official seal. The Investors must sign the CAF as per the specimen signature recorded with our Company.
- (h) In case of an application under power of attorney or by a body corporate or by a society, a certified true copy of the relevant power of attorney or relevant resolution or authority to the signatory to make the relevant investment under this Issue and to sign the application and a copy of the Memorandum of Association and Articles of Association and / or bye laws of such body corporate or society must be lodged with the Registrar giving reference of the serial number of the CAF. In case the above referred documents are already registered with our Company, the same need not be a furnished again. In case these papers are sent to any other entity besides the Registrar or are sent after the Issue Closing Date, then the application is liable to be rejected. In no case should these papers be attached to the application submitted to the Bankers to the Issue.
- (i) In case of joint holders, all joint holders must sign the relevant part of the CAF in the same order and as

per the specimen signature(s) recorded with our Company/Depositories. Further, in case of joint Investors who are Renouncees, the number of Investors should not exceed three. In case of joint Investors, reference, if any, will be made in the first Investor's name and all communication will be addressed to the first Investor.

- (j) Application(s) received from NRs/NRIs, or persons of Indian origin residing abroad for Allotment of Equity Shares shall, *inter alia*, be subject to conditions, as may be imposed from time to time by the RBI under FEMA, in the matter of refund of application money, Allotment of Securities, interest, export of share certificates, etc. In case an NR or NRI Investor has specific approval from the RBI, in connection with his shareholding, he should enclose a copy of such approval with the CAF. Additionally, applications will not be accepted from NRs/NRIs in any jurisdiction where the offer or sale of the Rights Entitlements and issue of Securities of our Company may be restricted by applicable securities laws.
- (k) All communication in connection with application for the Securities, including any change in address of the Investors should be addressed to the Registrar prior to the date of Allotment in this Issue quoting the name of the first/sole Investor, folio numbers and CAF number. Please note that any intimation for change of address of Investors, after the date of Allotment, should be sent to the Registrar and transfer agents of our Company, in the case of Securities held in physical form and to the respective depository participant, in case of Securities held in dematerialized form.
- (l) SAFs cannot be re-split.
- (m) Only the person or persons to whom Securities have been offered and not Renouncee(s) shall be entitled to obtain SAFs.
- (n) Investors must write their CAF number at the back of the cheque /demand draft.
- (o) Only one mode of payment per application should be used. The payment must be by cheque / demand draft drawn on any of the banks, including a co-operative bank, which is situated at and is a member or a sub member of the bankers clearing house located at the centre indicated on the reverse of the CAF where the application is to be submitted.
- (p) A separate cheque / draft must accompany each CAF. Outstation cheques / demand drafts or post-dated cheques and postal / money orders will not be accepted and applications accompanied by such cheques / demand drafts / money orders or postal orders will be rejected. The Registrar will not accept payment against application if made in cash.
- (q) No receipt will be issued for application money received. The Bankers to the Issue / Escrow Collection Banks/ Registrar will acknowledge receipt of the same by stamping and returning the acknowledgment slip at the bottom of the CAF.
- (r) The distribution of the Letter of Offer and issue of Securities to persons in certain jurisdictions outside India may be restricted by legal requirements in those jurisdictions. Persons in such jurisdictions are instructed to disregard the Letter of Offer and not to attempt to subscribe for Securities.
- (s) Investors are requested to ensure that the number of Securities applied for by them do not exceed the prescribed limits under the applicable law.

Do's for non-ASBA Investors:

- (a) Check if you are eligible to apply i.e. you are an Eligible Shareholder on the Record Date.
- (b) Read all the instructions carefully and ensure that the cheque/ draft option is selected in Part A of the CAF and necessary details are filled in.
- (c) In the event you hold Securities in dematerialised form, ensure that the details about your Depository Participant and beneficiary account are correct and the beneficiary account is activated as the Securities will be allotted in the dematerialized form only.
- (d) Ensure that your Indian address is available to us and the Registrar and transfer agent, in case you hold the Securities in physical form or the depository participant, in case you hold Securities in

dematerialised form.

- (e) Ensure that the value of the cheque/ draft submitted by you is equal to the (number of Securities applied for) X (Issue Price of Securities, as the case may be) before submission of the CAF.
- (f) Ensure that you receive an acknowledgement from the collection branch of the Banker to the Issue for your submission of the CAF in physical form.
- (g) Ensure that you mention your PAN allotted under the IT Act with the CAF, except for Applications on behalf of the Central and the State Governments, residents of the state of Sikkim and officials appointed by the courts.
- (h) Ensure that the name(s) given in the CAF is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the CAF is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the CAF.
- (i) Ensure that the demographic details are updated, true and correct, in all respects.

Don'ts for non-ASBA Investors:

- (a) Do not apply if you are not eligible to participate in the Issue the securities laws applicable to your jurisdiction.
- (b) Do not apply on duplicate CAF after you have submitted a CAF to a collection branch of the Banker to the Issue.
- (c) Do not pay the amount payable on application in cash, by money order or by postal order.
- (d) Do not submit the GIR number instead of the PAN as the application is liable to be rejected on this ground.
- (e) Do not submit Application accompanied with stock invest.

Grounds for Technical Rejections for non-ASBA Investors

Investors are advised to note that applications are liable to be rejected on technical grounds, including the following:

- Amount paid does not tally with the amount payable.
- Bank account details (for refund) are not given and the same are not available with the DP (in the case of dematerialized holdings) or the Registrar and transfer agent (in the case of physical holdings).
- Age of Investor(s) not given (in case of Renouncees).
- Except for CAFs on behalf of the Central or the State Government, the residents of Sikkim and the officials appointed by the courts, PAN not given for application of any value.
- In case of CAF under power of attorney or by limited companies, corporate, trust, relevant documents are not submitted.
- If the signature of the Investor does not match with the one given on the CAF and for renounce(s) if the signature does not match with the records available with their depositories.
- CAFs are not submitted by the Investors within the time prescribed as per the CAF and the Letter of Offer.
- CAFs not duly signed by the sole/joint Investors.
- CAFs/ SAFs by OCBs not accompanied by a copy of an RBI approval to apply in this Issue.
- CAFs accompanied by stock invest/ outstation cheques/ post-dated cheques/ money order/ postal order/

outstation demand drafts.

- In case no corresponding record is available with the depositories that match three parameters, namely, names of the Investors (including the order of names of joint holders), DP ID and Client ID.
- CAFs that do not include the certifications set out in the CAF to the effect that the subscriber does not have a registered address (and is not otherwise located) in any restricted jurisdictions and is authorised to acquire the Rights Entitlements and Securities in compliance with all applicable laws and regulations.
- CAFs which have evidence of being executed in/dispatched from restricted jurisdictions.
- CAFs by ineligible Non-Residents (including on account of restriction or prohibition under applicable local laws) and where an Indian address has not been provided.
- CAFs where our Company believes that CAF is incomplete or acceptance of such CAF may infringe applicable legal or regulatory requirements.
- In case the GIR number is submitted instead of the PAN.
- Applications by Renouncees who are persons not competent to contract under the Indian Contract Act, 1872, except applications by minors having valid demat accounts as per the demographic details provided by the Depositories.
- Multiple CAFs, including cases where an Investor submits CAFs along with a plain paper application.
- Applications from QIBs, Non-Institutional Investors or Investors applying in this Issue for Securities for an amount exceeding ₹ 2,00,000, not through ASBA process.
- Application by an Eligible Shareholder whose cumulative value of Securities applied for is more than ₹ 2,00,000 but has applied separately through SAFs of less than ₹ 2,00,000 and has not been undertaken through the ASBA process.

Please read the Draft Letter of Offer and the instructions contained therein and in the CAF carefully before filling in the CAF. The instructions contained in the CAF are an integral part of the Draft Letter of Offer and must be carefully followed. The CAF is liable to be rejected for any non-compliance of the provisions contained in the Draft Letter of Offer or the CAF.

Investments by FPIs, FIIs and QFIs

In terms of the SEBI FPI Regulations, the issue of Securities to a single FPI or an investor group (which means the same set of ultimate beneficial owner(s) investing through multiple entities) is not permitted to exceed 10% of our post-Issue Equity Share capital. Further, in terms of the FEMA Regulations, the total holding by each FPI shall be below 10% of the total paid-up share capital of our Company and the total holdings of all FPIs put together shall not exceed 24% of the paid-up share capital of our Company. The aggregate limit of 24% may be increased up to the sectoral cap by way of a resolution passed by our Board followed by a special resolution passed by the shareholders of our Company. In this regard, our Company has applied to RBI and FIPB *vide* its applications dated February 8, 2013 and April 18, 2013, respectively, seeking permission for increasing the FII investment limits under the portfolio investment scheme (presently, the foreign portfolio investors scheme) in the Company to 49%. The applications are currently pending.

FPIs are permitted to participate in the Issue subject to compliance with conditions and restrictions which may be specified by the Government from time to time.

An FII who holds a valid certificate of registration from SEBI shall be deemed to be an FPI until the expiry of the block of three years for which fees have been paid as per the SEBI FII Regulations. An FII or sub-account may, subject to payment of conversion fees under the SEBI FPI Regulations, participate in the Issue, until the expiry of its registration as a FII or sub-account, or until it obtains a certificate of registration as FPI, whichever is earlier. An FII or sub-account shall not be eligible to invest as an FII after registering as an FPI under the SEBI FPI Regulations.

In terms of the FEMA Regulations, for calculating the aggregate holding of FPIs in a company, holding of all

registered FPIs as well as holding of FIIs (being deemed FPIs) shall be included.

Further, in terms of the SEBI FPI Regulations, a QFI may continue to buy, sell or otherwise deal in securities, subject to the provisions of the SEBI FPI Regulations, until January 6, 2015 (or such other date as may be specified by SEBI) or until the QFI obtains a certificate of registration as FPI, whichever is earlier.

The existing individual and aggregate investment limits for Eligible QFIs in an Indian company are 5% and 10% of the paid up capital of an Indian company, respectively. In terms of the FEMA Regulations, a QFI shall not be eligible to invest as a QFI upon obtaining registration as an FPI. However, all investments made by a QFI in accordance with the regulations, prior to registration as an FPI shall continue to be valid and taken into account for computation of the aggregate limit.

Investment by NRIs

Investments by NRIs are governed by the Portfolio Investment Scheme under Regulation 5(3)(i) of the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000, as amended. Applications will not be accepted from NRIs in restricted jurisdictions.

Please note that pursuant to the applicability of the directions issued by SEBI vide its circular bearing number CIR/ CFD/ DIL/1/2011 dated April 29, 2011, all Applicants who are QIBs, Non-Institutional Investors or are applying in this Issue for Securities for an amount exceeding ₹ 2,00,000 shall mandatorily make use of ASBA facility.

Procedure for Applications by Mutual Funds

A separate application can be made in respect of each scheme of an Indian mutual fund registered with SEBI and such applications shall not be treated as multiple applications. The applications made by asset management companies or custodians of a mutual fund should clearly indicate the name of the concerned scheme for which the application is being made.

Please note that pursuant to the applicability of the directions issued by SEBI vide its circular bearing number CIR/ CFD/ DIL/ 1/ 2011 dated April 29, 2011, all Applicants who are QIBs, Non-Institutional Investors or are applying in this Issue for Securities for an amount exceeding ₹ 2,00,000 shall mandatorily make use of ASBA facility.

Impersonation

As a matter of abundant caution, attention of the Investors is specifically drawn to the provisions of Section 38 of the Companies Act, 2013 which is reproduced below:

“Any person who makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name, shall be liable for action under Section 447.”

Dematerialized dealing

Our Company has entered into agreements, each dated June 19, 2000 with NSDL and CDSL, respectively, and its Equity Shares bear the ISIN INE623B01027 and its Class B Shares bear ISIN IN9623B01058.

Payment by stock invest

In terms of RBI Circular DBOD No. FSC BC 42/24.47.00/2003- 04 dated November 5, 2003, the stock invest Scheme has been withdrawn. Hence, payment through stock invest would not be accepted in this Issue.

Disposal of application and application money

No acknowledgment will be issued for the application moneys received by our Company. However, the Bankers to the Issue / Registrar / Designated Branch of the SCSBs receiving the CAF will acknowledge its receipt by stamping and returning the acknowledgment slip at the bottom of each CAF.

The Board reserves its full, unqualified and absolute right to accept or reject any application, in whole or in part, and in either case without assigning any reason thereto.

In case an application is rejected in full, the whole of the application money received will be refunded. Wherever an application is rejected in part, the balance of application money, if any, after adjusting any money due on Securities allotted, will be refunded to the Investor within a period of 15 days from the Issue Closing Date. In case of failure to do so, our Company shall pay interest at such rate and within such time as specified under applicable law.

For further instructions, please read the CAF carefully.

Utilisation of Issue Proceeds

Our Board declares that:

1. All monies received out of the Issue shall be transferred to a separate bank account;
2. Details of all monies utilized out of the Issue shall be disclosed, and continue to be disclosed till the time any part of the Issue Proceeds remains unutilised, under an appropriate separate head in the balance sheet of our Company indicating the purpose for which such monies have been utilised;
3. Details of all unutilized monies out of the Issue, if any, shall be disclosed under an appropriate separate head in the balance sheet of our Company indicating the form in which such unutilized monies have been invested; and
4. Our Company may utilize the funds collected in the Issue only after the basis of Allotment is finalized.

Undertakings by our Company

Our Company undertakes the following:

1. The complaints received in respect of the Issue shall be attended to by our Company expeditiously and satisfactorily.
2. All steps for completion of the necessary formalities for listing and commencement of trading at all Stock Exchanges where the Securities are to be listed will be taken within seven working days of finalization of basis of allotment.
3. The funds required for making refunds to unsuccessful Applicants as per the mode(s) disclosed shall be made available to the Registrar by our Company.
4. Where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the Investor within 15 days of the Issue Closing Date, giving details of the banks where refunds shall be credited along with amount and expected date of electronic credit of refund.
5. Except as disclosed in section titled “Capital Structure” in this Draft Letter of Offer, no further issue of securities affecting our Company’s equity capital shall be made till the Securities issued/ offered in the Issue are listed or till the application money are refunded on account of non-listing, under-subscription etc.
6. Our Company accepts full responsibility for the accuracy of information given in this Draft Letter of Offer and confirms that to the best of its knowledge and belief, there are no other facts the omission of which makes any statement made in the Draft Letter of Offer misleading and further confirms that it has made all reasonable enquiries to ascertain such facts.
7. Adequate arrangements shall be made to collect all ASBA applications and to consider then similar to non-ASBA applications while finalising the basis of Allotment.
8. At any given time there shall be only one denomination for the Securities of our Company.
9. Our Company shall comply with such disclosure and accounting norms specified by SEBI from time to time.

Minimum Subscription

If the Company does not receive the minimum subscription of 90% of the Issue, the Company shall refund the entire subscription amount received within 15 days from the Issue Closing Date. If there is delay in the refund of the subscription amount by more than eight days after the Company becomes liable to pay the subscription amount (i.e. 15 days after the Issue Closing Date), the Company shall pay interest for the delayed period, as prescribed under applicable laws.

Important

- Please read this Draft Letter of Offer carefully before taking any action. The instructions contained in the CAF are an integral part of the conditions of the Letter of Offer and must be carefully followed; otherwise the application is liable to be rejected.
- All enquiries in connection with the Draft Letter of Offer or CAF and requests for SAFs must be addressed (quoting the Registered Folio Number/ DP and Client ID number, the CAF number and the name of the first Eligible Equity Shareholder as mentioned on the CAF and super scribed “Future Retail Limited - Rights Issue” on the envelope and postmarked in India) to the Registrar at the following address:

Link Intime India Private Limited

C-13, Pannalal Silk Mills Compound, L.B.S. Marg

Bhandup (West)

Mumbai 400 078

Tel: (91 22) 2596 7878

Fax: (91 22) 2596 0329

E-mail: fri.rights@linkintime.co.in

Investor Grievance E-Mail: fri.rights@linkintime.co.in

Website: www.linkintime.co.in

Contact Person: Pravin Kasare

SEBI Registration Number: INR000004058

Corporate Identification Number: U67190MH1999PTC118368

The Issue will remain open for a minimum 15 days. However, the Board will have the right to extend the Issue period as it may determine from time to time but not exceeding 30 days from the Issue Opening Date.

SECTION VIII: OTHER INFORMATION

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The copies of the following contracts which have been entered or are to be entered into by our Company (not being contracts entered into in the ordinary course of business carried on by our Company or contracts entered into more than two years before the date of this Draft Letter of Offer) which are or may be deemed material have been entered or are to be entered into by our Company. Copies of the abovementioned contracts and also the documents for inspection referred to hereunder, may be inspected at the Registered Office between 10 a.m. and 5 p.m. on all working days from the date of this Draft Letter of Offer until the Issue Closing Date.

A. Material Contracts for the Issue

1. Issue Agreement dated July 21, 2014 between our Company and the Lead Managers.
2. Registrar Agreement dated July 21, 2014 between our Company and the Registrar to the Issue.
3. Escrow Agreement dated [●] amongst our Company, the Lead Managers, the Registrar to the Issue and the Escrow Collection Banks.

B. Material Documents

1. Certified copies of the updated Memorandum of Association and Articles of Association of our Company as amended.
2. Certificate of Incorporation of our Company and certificates of incorporation consequent upon change in name of our Company.
3. Resolutions of our Board dated June 11, 2014 in relation to this Issue and other related matters.
4. Resolutions of our shareholders dated July 15, 2014 in relation to this Issue and other related matters.
5. Copy of a resolution passed by a committee of our Board of Directors dated [●] finalizing the Issue Price, Record Date and the Rights Entitlement Ratio.
6. Letter of offer dated December 13, 2005 filed with the Stock Exchanges by the Company.
7. Consents of our Directors, Company Secretary and Compliance Officer, Statutory Auditors, Lead Managers, Bankers to the Issue, Legal Advisor to the Issue, the Registrar to the Issue and the Monitoring Agency for inclusion of their names in the Draft Letter of Offer to act in their respective capacities.
8. Consent of NGS & Co. LLP, Chartered Accountants, to be named as an “expert” under Sections 2(38) and 26 of the Companies Act, 2013, in relation to their opinion in form of the audit report dated May 30, 2014 on the audited standalone and consolidated financial statements and the statement of tax benefits dated July 19, 2014.
9. The report of the Statutory Auditors, being NGS & Co. LLP, Chartered Accountants, dated May 30, 2014 on the audited standalone and consolidated financial statements for the financial period ended on March 31, 2014.
10. Annual Reports of our Company for the 12 months period ended June 30, 2011, 18 months period ended December 31, 2012 and 15 months period ended March 31, 2014.
11. Statement of Tax Benefits dated July 19, 2014 from the Statutory Auditors.
12. Certificate dated July 19, 2014 from Statutory Auditor confirming that our Company has utilised the borrowings for the purposes for which the borrowings were availed.
13. Due Diligence Certificate dated July 21, 2014 addressed to SEBI from the Lead Managers.

14. In principle listing approvals dated [●] and [●] issued by BSE and NSE respectively.
15. Letter no. [●] dated [●] issued by SEBI for the Issue.
16. Tripartite Agreement dated June 19, 2000 between our Company and NSDL.
17. Tripartite Agreement dated June 19, 2000 between our Company and CDSL.

Any of the contracts or documents mentioned in this Draft Letter of Offer may be amended or modified at any time if so required in the interest of our Company or if required by the other parties, without reference to the Eligible Equity Shareholders, subject to compliance with applicable law.

DECLARATION

We hereby certify that no statement made in this Draft Letter of Offer contravenes any of the provisions of the Companies Act, the SEBI Act or the rules made thereunder or regulations issued thereunder, as the case may be. We further certify that all the legal requirements connected with the Issue as also the regulations, guidelines, instructions, etc., issued by SEBI, Government of India and any other competent authority in this behalf, have been duly complied with.

We further certify that all disclosures made in the Draft Letter of Offer are true and correct.

SIGNED BY THE DIRECTORS OF OUR COMPANY

Name	Signature
Kishore Biyani <i>Managing Director</i>	
Rakesh Biyani <i>Joint Managing Director</i>	
Vijay Biyani <i>Whole Time Director</i>	
S. Doreswamy <i>Independent Director</i>	
Bala Deshpande <i>Independent Director</i>	
Anil Harish <i>Independent Director</i>	
V.K. Chopra <i>Independent Director</i>	

Date: July 21, 2014
Place: Mumbai

Dinesh Maheshwari
Chief Financial Officer