

STAYING FOCUSED DELIVERING PERFORMANCE



ANNUAL REPORT
2013 - 2014

PANTALOONS FASHION & RETAIL LIMITED



Mr. Aditya Birla
We live by his values.
Integrity, Commitment, Passion, Seamlessness and Speed.



The Global Scenario

Worldwide 2014 portends to be much more encouraging than 2013, with the forces driving the global economic recovery firmly entrenched. The IMF projects that global economic growth will rise from 3% in 2013 to 3.6% in 2014 and to 3.9% in 2015. This is largely due to a turn for the better in the developed economies - estimated to grow 2.25% in 2014, a full percentage point more than in 2013. US GDP growth for 2014 is projected at 2.8%, and in the Euro area at 1.2%, while China's economy is expected to grow at 7.5%. GDP growth in the emerging markets and developing economies is slated to increase from 4.7% in 2013 to 4.9% in 2014, as these regions step up exports to the developed markets.

Continued fiscal easing, loose monetary policy in developed economies and stable commodity prices should boost the global recovery. The nervousness in the financial markets, particularly related to stability of the southern European economies, has abated considerably. Furthermore, we must be prepared for unforeseen geopolitical developments which may have disruptive ripple effects on the global economy.

The Indian Economy – moving on to a stable footing

The outlook for the Indian economy has turned distinctly positive. The increasing traction of

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the global economic revival and plans to restore vim to India’s economy through a slew of timely measures by the new Government by addressing fiscal imbalances and fast-forwarding investment activity should play out positively in the coming year. The RBI’s deft moves to stabilize the Rupee, enabled it to recover from a low of around Rs. 68/\$ to under Rs. 60/\$. The current account deficit for the year has been contained at around 2.5% of GDP. Some progress has been achieved on clearing the backlog of large projects whose approvals had been held up. GDP growth is predicted at around 5.5% in 2014-15.

However industrial production needs to accelerate with the IIP declining 0.1% year-on-year in the first 11 months of 2013-14, vis-a-vis 0.9% growth in the same period last year. Inflation also remains a concern, with the wholesale and consumer price indices in March 2014 up 5.7% and 8.3% respectively year-on-year. Continuing inflationary pressures have been a constraint in reducing interest rates. In the medium term, the economy stands to benefit, if the Goods and Services Tax is rolled out. Further initiatives and reforms in areas such as land acquisition, allocation of natural resources, and taxation would help greatly to boost investor confidence and accelerate investment activity. Overall, the stage seems set for India to shift to a higher growth trajectory.

During the year, the Aditya Birla Group took over the effective control of the Pantaloons business. In line with the Group’s philosophy to attain a leadership position in the sectors in which it operates, the key emphasis at Pantaloons is to fortify its market positioning as one of the biggest large format fashion retailers in India.

A new management team has been constituted. Its mandate is to ensure that your Company becomes performance driven and future focused. Towards this

your Company is investing extensively in people, processes, expansion of customer reach, productivity of the existing stores and strengthening of the brand portfolio.

Your Company launched 14 new Pantaloons stores taking the total count to 81 stores. It's target is to reach 100 stores in fiscal 2014-15. Three new brands were launched to enrich the brand portfolio. To strengthen its menswear segment and tap operating synergies within the Group, your Company has also started retailing brands owned by Madura Fashion & Lifestyle, a division of Aditya Birla Nuvo Limited.

Profitability was strained given the transition issues and organisation building costs. The benefit of these initiatives will accrue in the future, as the Company grows in scale and size.

Going forward, our strategy is to leverage brand 'Pantaloons' besides expanding the retail network and investing in high margin private label brands, to ride upon the economic upturn.

To our teams

In the face of continuing external challenges, our teams across geographies have stayed focused and delivered performance. I thank all of our employees for their tenacity and commitment to sustain top line and bottom line growth year after year.

The Aditya Birla Group in perspective

Despite the tectonic shifts witnessed globally and in India, at the Group level we have managed to sustain our revenues at USD 40 billion. Much credit must go to the talent resident in our 1,20,000 committed workforce, spanning 36 countries and 42 nationalities.

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“Our reputation as an employer of choice is again something we are incredibly proud of. We are recognized as an employer that offers a World of Opportunities and is concerned about the professional growth of its people.”

“I am pleased to share with you that for the second year running our Group has been ranked No. 1 in the Nielsen Corporate Image Monitor 2013-14.”

I would like to reiterate that we place big bets on our people. Let me elaborate on this aspect in some detail.

As a high performance driven, meritocratic Group, we are constantly focusing on building our talent pool to support our business vision. To this end, substantive initiatives taken earlier have since materialized. These include focused endeavours to build a robust talent pipeline, building the employer brand of our Group beyond India, and achieving the distinction of becoming the most aspirational employer for manufacturing professionals also, besides augmenting talent on the technical side. Furthermore to support our long-term strategies, our business structures have been significantly bolstered.

Our reputation as an employer of choice is again something we are incredibly proud of. We are recognized as an employer that offers a World of Opportunities and is concerned about the professional growth of its people. We continue to fast track our talent – from our management cadre comprising of 38,200 colleagues, 13% have been promoted, 20% have changed roles and 12% have moved location during the year.

Gyanodaya, our in-house world-class university, continues to be an important mainstay of our progress. Leveraging resources across geographies and partnering with leading global faculty, institutions and corporates, it ensure that our leadership and talent pool stays contemporary and is always in the learning mode.

To be learning and growing organization is an ongoing endeavour.

Ranked No. 1 in the Nielsen Corporate Image Monitor

I am pleased to share with you that for the second year running our Group has been ranked **No. 1 in the Nielsen Corporate Image Monitor 2013-14**. Across the six pillars of corporate performance – products and services, vision

and leadership, workplace environment, financial performance, operating style and social responsibility, Aditya Birla Group “emerges as the pace setter, way ahead of 40 corporates. Nielsen’s Corporate Image Monitor measures the reputation of the 40 leading companies in India across sectors and serves as an important indicator of the strength of the corporate brand”, they state. The companies were covered in the survey, using the Economic Times 500 and the Business Today 500 ranking of listed companies.

Nielsen is among the most renowned global market research companies, headquartered in New York and operating in 60 countries.

In sum

With the best of talent in our midst, our strong Balance Sheets, robust cash flows, the eye on the customer and unrelenting focus on delivering shareholder value, we are confident of the future. The year ahead I believe will be the one when we consolidate and reinforce what we have achieved in recent years. And see the fruition of the several projects and initiatives in each of the businesses that are currently underway.



KUMAR MANGALAM BIRLA
Chairman, Aditya Birla Group

***“Aditya Birla Group
emerges as the pace
setter, way ahead of
40 corporates.”***



Dear Shareholders,

It is my pleasure to inform you that post the Scheme of Demerger becoming effective on 8th April, 2013, your company acquired the management control of the 'Pantaloons Fashion business'.

Pantaloons is now an integral part of the Aditya Birla Group, a USD 40 billion Indian multinational. The Group's presence in the retailing business is one of the largest in India addressing almost 70% of the organized retail market. The Group is among the leaders in Small Box branded apparel retailing through 'Madura Fashion & Lifestyle', Big Box fashion retailing through 'Pantaloons' and Food & Grocery retailing through 'More' Supermarkets and Hypermarkets respectively.

During fiscal 2013-14, India's GDP growth slowed down largely on account of high inflation and interest rates which affected consumption and investment. This had a bearing on the Apparel and Fashion retailing due to subdued consumer sentiments.

However, growth prospects of the organised Apparel and Fashion retail market remain bright, driven by the following factors:

- growing middle class population (15% in 2008 expected to reach 46% in 2030);
- large young population with median age at 27 years;
- rising disposable income;
- increasing urbanization;
- growing number of working women and
- changing consumer preferences towards branded products and a better shopping experience.

Pantaloons is uniquely positioned to capture this growth opportunity and will invest accordingly.

Pantaloons is among the top three large format fashion retailers in India. With a strong focus on 'Fresh Fashion', 'Indian-ness' and 'Customer Centricity', Pantaloons has emerged as a strong brand in the fashion industry over the past two decades. Our target audience is the aspiring Indian who wants to move up the ladder or is entering the world of brands and fashion while still looking for a Value-for-Money (VFM) proposition. While continuing with VFM, Pantaloons offers exclusive brands, fashionable and contemporary merchandise and quality retail ambience.

Fiscal 2013-14, being a transition year for Pantaloons, brought its own challenges. I am pleased to inform you that your Company has navigated through the transition period effectively and is laying down a strong foundation for the future.

The key initiatives and highlights during the year are:

- **Strengthened the Organization** by adding key executives across critical functions viz., design, merchandise, finance, human resource etc;
- Launched 14 new stores to **expand customer reach** to 81 Pantaloons stores. Our target is to reach 100 stores mark in fiscal 2014-15;
- Effected 22 **stores refurbishments and** 100% store re-layouts of 1.5 million square feet of retail space to drive walk-ins and like-to-like stores sales growth;
- Successfully **launched 3 new brands** viz., Byford, Alto Moda and Chirpie Pie and started retailing Madura brands in Pantaloons stores. The response has been impressive;
- Created **new merchandise** for Spring Summer season 2014 (SS14) and Autumn Winter season 2014 (AW14), to be sold in fiscal 2014-15;
- Created an **entirely new vendor network** for SS14 and AW 14 for timely delivery and achieving quality standards and cost targets;
- Initiated **transition to a new IT system.**

These initiatives are aimed at making Pantaloons a sustainable and future ready organisation. Hence while the initial gestating impact has strained the bottom-line, the real benefit will reflect in the years to come.

In fiscal 2013-14, your Company attained revenue of Rs. 1,661 Crore. Annual sales growth was muted mainly on account of merchandise availability issues as well as weak consumer sentiments. Gross margin improved, driven by better product and brand mix. EBIDTA at Rs. 39 Crore was affected by low sales growth, as well as increase in people costs to rebuild the organisation.

Going forward, your Company has laid out following action plan to drive its vision of fortifying its market position as one of the biggest fashion retailers in India.

- **Scaling up the retail presence** to drive top-line growth;
- **Improving productivity** of existing stores to boost like to like sales growth;
- **Enhancing the fashion quotient** of the merchandise to appeal to a wider range of customers;
- Creating **exclusive destination brands** to offer better choice to the customers;
- **Building a strong vendor base** to optimise costs and to improve delivery time & quality.

Strengthening of the balance sheet will also be a key focus area.

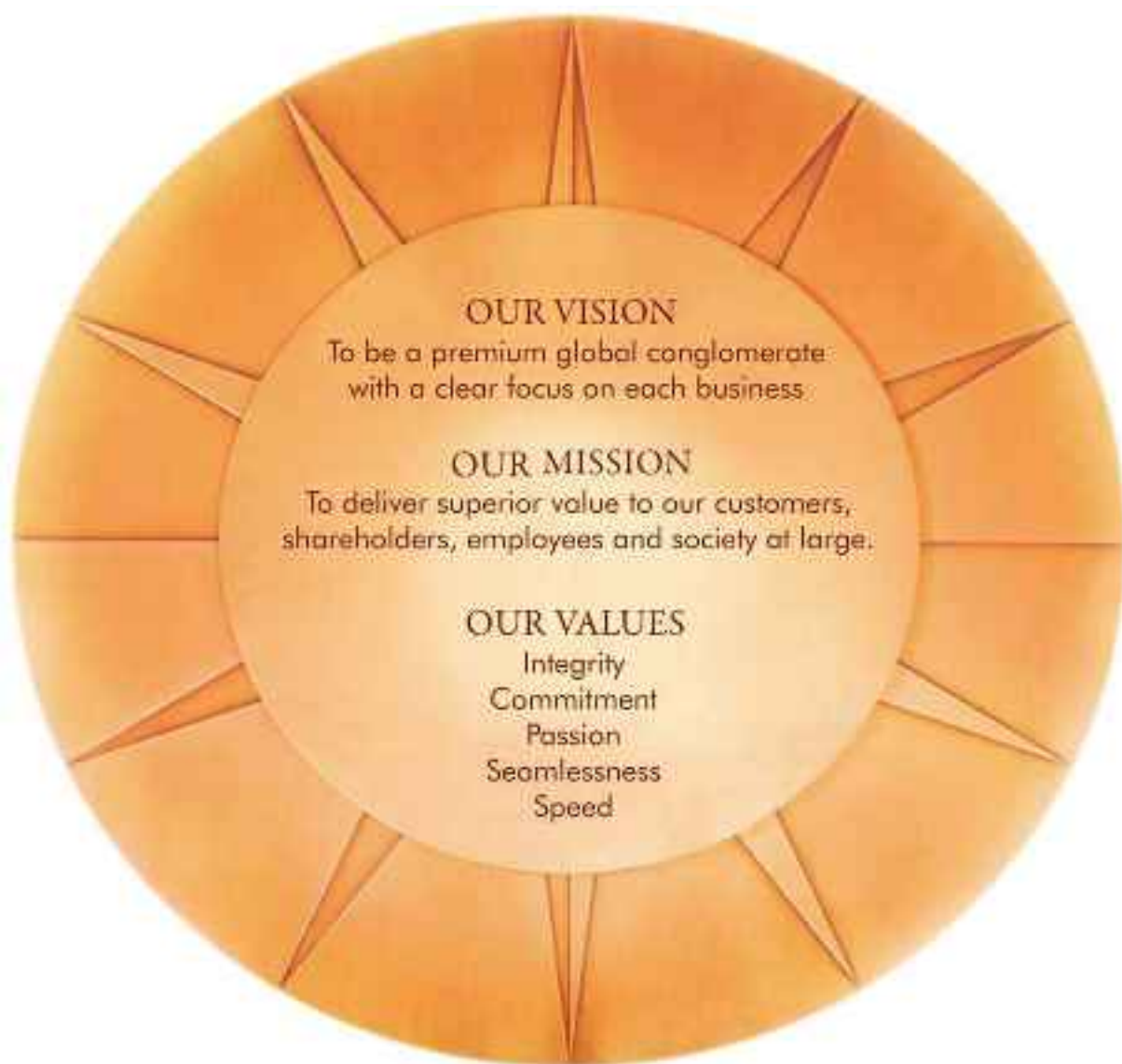
I take this opportunity to thank all the stakeholders of the Company, i.e. our employees, shareholders and all our business partners for their commitment and contribution at all times. I look forward for their continued support in the future.

With best wishes,



Pranab Barua

Managing Director



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DISCOVER YOUR ALL NEW PANTALOONS

All your **favourite brands** at Pantaloons that
you love and live by, we make them.
Because that is what we truly are; **passionate designers**.
For us, it's about **innovative silhouettes** and
the touch and smell of fabric.
It is about creating **exclusive brands** that
you will not find elsewhere.
Bringing an exciting range of **new brands** for you
to fall in love with.
At **prices** that are a sheer delight!

pantaløons



DISCOVER OUR NEW DESIGN ETHOS

Introducing Pantaloons design studio



The heart of creation and more imagination.



Deft designing skills and in-depth knowledge of their craft enable our designers to create ensembles that are each a work of art at the Pantaloons Design Studio. A look at the latest international trends, research into our rich Indian heritage and an in-depth study of the consumer lifestyle enable our designers to create themes and silhouettes that resonate with style. A delightful price tag makes every piece a fashion lover's must-have.



OUR NEW DESIGN ETHOS





DISCOVER EXCLUSIVE BRANDS

We retail a mix of brands and our popular in-house labels, designed by our own Design Studio.

It is these in-house brands that keep customers coming back to our stores.

What sets these brands apart is that each of the designs are crafted keeping the consumers' fashion sensibilities and fashion needs in mind. The prices add to the delight.



Self style fashion -
Mix n Match Indian wear

rang manch

THE BRANDS

TRISHAA

Elegant ethnic sets that embody
Indian tradition





Fusion ethnic wear
for the uber cool girl



honey


Young and peppy...
casual fashion for girls



THE BRANDS



Elegant 9 to 9 fashion
wear for the ladies

 annabelle

 FACTOR

Club essentials
for the party hopper



THE BRANDS



Fashion fitness gear
for guys n girls

ajile

chalk

Fun n eclectic casual wear
for kids, aged 2-7 years.



THE BRANDS



DISCOVER NEW BRANDS

In an endeavour to delight different customer segments,
Pantaloons has Introduced 3 new brands.



British country inspired
sport lifestyle



Apparel for babies
ages 0 – 24 months



Plus size fashion
for men & women



If it's great fashion, it should be in our stores.

Pantaloon's specially brings you

BRITISH COUNTRY INSPIRED
SPORT LIFESTYLE



NOW IN INDIA
Exclusively at Pantaloon's



NEW BRANDS



Chirpie Pie offers soft and playful apparel for babies between 0-24 months. Pastel colours define this collection.

Chirpie  Pie

NEW BRANDS

alto MODA
plus size fashion

Alto Moda brings vibrant and chic ethnic & western wear for the ladies and crisp formals and easy wear casuals for men.





THE STORE





THE STORE





Board of Directors

Managing Director

Mr. Pranab Barua*

Independent Director(s)

Mr. P. Murari

Mr. Bharat Patel

Non – Executive Director(s)

Dr. Rakesh Jain

Mr. Sushil Agarwal

Chief Executive Officer

Mr. Shital Mehta

Chief Financial Officer

Mr. Manoj Kedia

Chief People Officer

Mr. Chandrashekhar Chavan

Company Secretary and Compliance Officer

Ms. Geetika Anand Talwar

Statutory Auditors

M/s. S.R. Batliboi Co. & LLP

Registrar and Share Transfer Agent

Link InTime India Private Limited

Registered Office

701-704, 7th floor, Skyline Icon Business Park, 86-92, Off Andheri – Kurla Road,
Marol Village, Andheri – (E), Mumbai – 400 059, Maharashtra, India.

Corporate Identification Number (CIN)

L18101MH2007PLC233901

Contact Details

Tel: 91 - 8652905000 Fax: 91 – 8652905400 Email: pfri.secretarial@pantaloons.adityabirla.com

Website

<http://www.pantaloons.com>

* w.e.f. 25th October, 2013.

Indian Economy

Having grown in high single digit over past few years, the GDP of India slowed down and attained sub 5% growth consecutively for the second year. During 2013-14, in particular, Indian economy witnessed multifaceted challenges on account of persistently high inflation, elevated interest rates etc., leading to slow down in consumption and investment demand. Steep depreciation of Indian Rupee added to the woes. High inflation impacted the consumer sentiments and discretionary spends.

Led by fiscal and monetary initiatives taken by the Government and the Reserve Bank of India (RBI), fiscal deficit and current account deficit have narrowed down. Going forward, a modest recovery in the Indian economy is expected, driven by a stable government, revival of global economy, moderation of inflation and implementation of recently approved investment projects.

Indian Retail Industry Overview

The long term growth potential of Indian retail industry remains intact. The size of the Indian retail market at USD 0.5 trillion in 2012 is expected to grow at a CAGR of 12.7% to reach USD 1.3 trillion by 2020. Rising income levels and preference towards quality products are likely to drive consumption expenditure in India. One of the biggest beneficiaries of this growth will be the organizing retailing sector which is projected to grow at a robust CAGR of 30% from USD 27 billion in 2012 to USD 220 billion by 2020 and substantially increase its share from 8% in 2012 to 20% by 2020. At about 60%, food and grocery segment is the highest contributor to the Indian retail market followed by the clothing and fashion segment which contributes 8%. While unorganised retailing accounts for the most of the food and grocery segment, penetration of the organised sector is highest in the clothing and fashion segment at 33%.

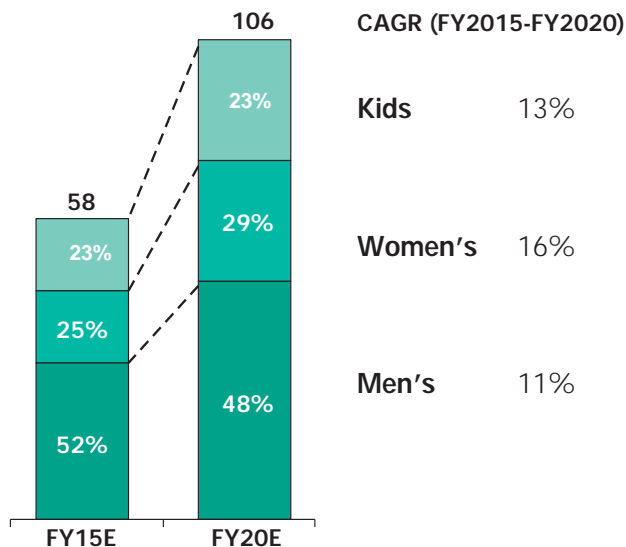
(Source – Industry Research Reports)

Indian Apparel Market Overview

Clothing and fashion retailing is the second largest contributor to the Indian retail market with a share of 8%. In the organised retailing market, clothing and fashion retailing is the largest and the most penetrated segment. It accounts for roughly one-third of the organised retailing market.

Organised Apparel Market size by Gender/Age

(In Rs. Thousand Crore)



(Source: Industry Research Reports)

Organised apparel market is growing at a faster pace than the overall apparel retail market, driven by multiple factors including significant growth in discretionary income and changing lifestyles. Easy availability of credit and use of 'plastic money' have contributed to a strong and growing consumer culture in India. Expansion in the size of the upper middle class and advertisement has led to high brand consciousness and greater spending on luxury products.

Within organized apparel market, men's category is the largest segment with more than 50% share. Menswear will continue to dominate the market in years to come, however, the womenswear and kidswear are expected to grow faster and enhance their share in the overall expanding pie. With increasing women in the workforce and the

growing economic independence of women, the demand for branded womenswear is growing at a faster pace and is expected to increase its share to 29% by 2020.

The competitive landscape of Indian organized retail is also rapidly changing. In September 2012, the Government signalled its determination to pursue economic reforms including allowing FDI in multi-brand retail; thus opening up of the sector for potential investment and expansion of organized retail. However, just a couple of players have evinced interest in setting up shops in India. Large global players facing sluggish growth in their local markets are awaiting the result of General Elections 2014 before taking any strategic decision.

Another significant competition entering the industry is online retailers. Apparel E-tailing is also gaining increasing traction on the back of factors like increasing time-poverty, changing lifestyles, convenience and flexibility of shopping from home.

The other significant change being awaited by the retail sector is notification of Goods and Service Tax. It will reduce the tax incidence and complexities of doing business in India. Supply chain cost, a key cost item for retailers can be optimized, thus driving profitability.

Business Overview

During the previous financial year 2012-13, the Company acquired the Pantaloons Fashion business; post its demerger from Future Retail Limited under a court approved Scheme of Arrangement. On the effectiveness of the Scheme on 8th April, 2013, all the net assets and operations pertaining to the 'Pantaloons Fashion' business have been transferred, on a going concern basis, along with debt, to the Company. The appointed date of transfer is 1st July, 2012. In terms of the Scheme, the name of the Company was changed from "Peter England Fashions and Retail Limited" to "Pantaloons Fashion & Retail Limited". On receipt of necessary approvals, the Equity Shares of the Company got listed on the National Stock Exchange of India Limited and the BSE Limited.

The new management took over the control of the Pantaloons Fashion business w.e.f. 8th April 2013, i.e., on the effectiveness of the Scheme. With an objective of making Pantaloons a future ready organisation, following key focus areas were identified by the management.

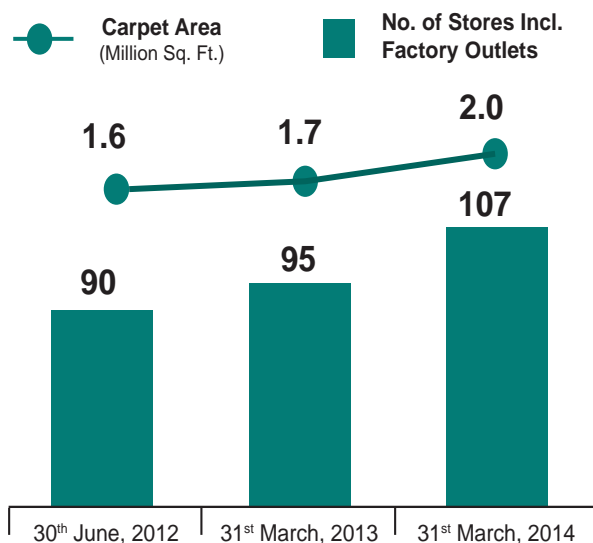
- a) Re-building the organisation
- b) Expanding the customer reach
- c) Enhancing productivity of the existing stores
- d) Strengthening brand portfolio
- e) Optimising finance costs

Rebuilding the organisation: In a consumer facing business, an efficient human capital plays a critical role in the success of the organisation. We had to rebuild the organisation whereby we have hired executives at key critical positions across designing, merchandise, finance, human resource etc.

Expanding the customer reach: The Company is expanding its stores presence to derive the true potential which Pantaloons brand has, by penetrating new markets and reaching out to more and more customers. It launched 14 new Pantaloons stores and 1 factory outlet during the year taking the total count to 81 Pantaloons stores and 26 Factory Outlets as on 31st March, 2014. In fiscal 2014-15, the Company is targeting to launch 18 to 20 stores to reach 100 stores mark. The Company's expansion strategy is focused on tier-2 and tier-3 cities, while penetrating deeper into metros.

Enhancing productivity of the existing stores: With an objective of improving customer footfalls, enhancing sell-through and sustaining profitable sales growth in the existing stores, 22 stores were refurbished during the year through infrastructure and assortment upgrade. In fiscal 2014-15, the Company is targeting to refurbish another 21 stores.

Customer Reach



Strengthening brand portfolio: Pantaloons is aiming to emerge as an exclusive brands destination. To strengthen the high margin private labels portfolio, three new brands were launched – Byford, in men's sportswear category; Alto Moda, in plus-size category, and Chirpie Pie for infants. These new brands are being built and popularised through both mass media and in-store promotions. This strategy is aimed at enriching the product portfolio, thereby, improving the gross margins. To widen its menswear segment, the Company has also started retailing the country's leading brands viz., Louis Philippe, Van Heusen, Allen Solly and Peter England. These brands are owned by Madura Fashion & Lifestyle, a division of Aditya Birla Nuvo Limited.

Optimising Finance Costs: Pursuant to the Scheme, a debt of Rs. 1,600 Crore was transferred to the Company, carrying an average interest rate of about 13%. To optimise the finance Cost, the Company reshuffled the debt portfolio. Accordingly, post effectiveness of the Scheme, the Company raised term loans of Rs. 600 Crore and Non-convertible Debentures of Rs. 300 Crore and re-paid Rs. 800 Crore out of the transferred debt. The average interest cost of the debt portfolio got reduced to about 10.40% for the fiscal 2013-14.

Strengths and Opportunities

Brand leadership

Pantaloons is among the top 3 large format fashion retailers in India. With continued focus on "Fresh Fashion" and catering to varied apparel and non-apparel needs of Indian consumers in a modern retail environment, 'Pantaloons' has emerged as a strong brand in the fashion industry over the past two decades. Pantaloons is constantly innovating designs, concepts and products by infusing the latest trends in fashion and clothing styles. Pantaloons operates across varied categories viz., casual wear, ethnic wear, formal wear, party wear and active wear for Men, Women and Kids. Non-apparel products primarily comprise beauty products, perfumes, cosmetics, leather products, fashion jewellery, footwear, watches etc.

Unparalleled reach

Pantaloons retail presence through its own stores across India at the marquee locations is one of the highest in the Indian fashion industry. As on 31st March, 2014, it was operating through 81 large format Company operated stores. The average size of a Pantaloons store is around 23,000 square feet. However, depending on the city, location and target market size, the store size varies between 11,000 square feet

to 80,000 square feet. Together with 26 Factory Outlets, Pantaloons span a retail space (carpet area) of about 2.0 million square feet which is among the largest in India in the organised fashion retail segment. Factory Outlets act as a channel for liquidating slow moving inventory for Pantaloons. The Company has been able to tie up real-estate in superior locations to fuel uninterrupted growth.

Diversified geographical presence

Pantaloons enjoys a pan India presence across all zones with a strong presence in the Eastern Zone. Pantaloons commands the first mover advantage in several locations across East India. Around 55% of the Pantaloons large format stores are present in the top 8 Indian cities, capturing the large market size opportunity offered by these cities. Pantaloons also recognises the growing aspirations, changing consumer preferences towards branded clothing and increasing disposable income in tier 2 and tier 3 cities. It has a fairly balanced presence in these cities with about 45% of its stores being present in these cities.

Strong customer connect

Pantaloons' loyalty programmes viz., green card and payback are one of its main strengths. Led by the strong customer connect of brand 'Pantaloons' and its loyalty programmes, the Company has around 4.3 million loyalty customer base at present, one of the largest in the country. It contributes to significant portion of the Company's sales and augments its competitive advantage. These loyalty programmes offer reward points to its members on their purchases, special offers and discounts, and invitations to exclusive events and promotions.

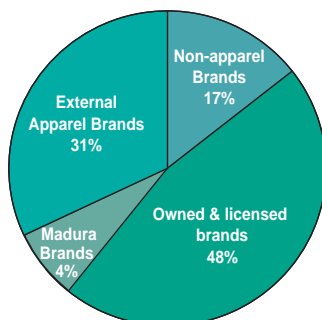
Focus on superior customer experience

The operations of all the stores are managed by the Company. It continuously benchmarks itself with global and Indian retailers and strives to enhance the service offering to customers by achieving retail best practices in line with emerging trends globally.

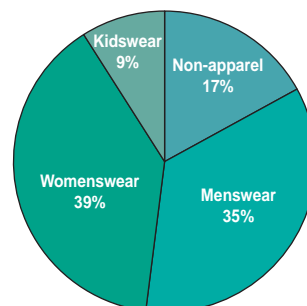
Strong brand portfolio

With a vast collection of more than 70 prestigious brands for the discerning fashionista, Pantaloons offers an incredible and complete one-stop shopping experience to its buyers. Pantaloons' brand portfolio runs across a wide gamut of styles that spell class. Some brands are also retailed under the Shop-in-Shop format where fixed rentals are charged by Pantaloons. Through a wide range of brand offerings across apparel and non-apparel categories and across varied price points, Pantaloons caters to varying fashion needs of Indian households.

Revenue Mix by brand



Revenue Mix by category



Owned and licensed brands contributed to 48% of the Company's sales during 2013-14. These comprise brands owned by Pantaloons viz., Akkriti, Rangmanch, Ajile, Annabelle, Trishaa, Honey, Chalk, Alto Moda, Chirpie Pie; as well as brands licensed on a perpetual basis viz. Bare, Byford, Rig, Lombard, JM Sports.

Being launched during the second half of the financial year, Madura brands contributed to 4% of the Company's annual sales. The balance sales was contributed by other apparel and non-apparel brands.

Diversified customer base

Menswear and Womenswear together account for about 74% of total ready-made apparel market in urban India. Pantaloons has a diversified customer base with Menswear and Womenswear contributing to 35% and 39% share respectively.

Management strength

Pantaloons has an experienced management team which we believe provides us with the requisite skills and execution capabilities to achieve the Company's growth aspirations.

Strong parentage

Pantaloons is a part of the Aditya Birla Group, a USD 40 billion Indian multinational. The Group has demonstrated capabilities of creating large scale profitable businesses from scratch as well as building leadership position in the businesses acquired inorganically. The Group has a vast experience in promoting and growing consumer facing businesses and brands in the apparel as well as non-apparel sectors and in the process has gained significant consumer insights. Brands like Louis Philippe, Van Heusen, Allen Solly, Peter England, Idea Cellular, Birla Sun Life Insurance and Birla Sun Life Asset Management are among the leaders in respective categories. Among the most trusted business houses in India, Aditya Birla Group is well known for its corporate governance and financial management.

Risks and Threats

Changing consumer preferences

The consumer wardrobe in India is undergoing a rapid change because of higher spending power, a flooding of apparel brands from other markets of the world and changing demographics. Comfort fitting, style and rich appeal are what are being looked at by consumers. Further, the concept of one's wardrobe is widening with occasion-specific and detail oriented dressing, also making place along with need-based dressing. We have a dedicated team of professionals to anticipate and respond to the changing customer lifestyle and preferences trends in a timely manner.

Attracting and retaining talent

Being a consumer facing industry, human capital is the key to the growth of the business. We value our staff and continue to assess both front end and back end staff for career development, planning and succession. The loss of key personnel or any inability to manage the attrition levels in different employee categories may impact the business and ability to grow.

High fixed cost structure

Fashion retailing business has high operating leverage, owing to high fixed cost structure. Rentals, selling expenses and overheads form a large part of the operating costs. The ability of the business to

garner higher sales on assets employed is the key to mitigate the risk and generate optimum returns on investments.

Slowdown in Indian economy

Our business performance is highly correlated with the economy. Any slowdown in Indian economy may in turn affect the consumer spending and therefore business growth and profitability.

Dependence on real estate

The fashion retail industry is heavily dependent on availability of quality retail space at marquee locations at affordable rentals. Non-availability of retail space in timely or cost effective manner and at right location may hamper the business growth and profitability.

Intensifying competition

There is an intense competition for marquee location with quality real estate. Given the growth potential of Indian apparel retail market, many global brands have entered Indian market. Relaxation in FDI norms is likely to further intensify the competition.

Business Performance

The Company's financials for 2012-13 include nine months financials of Pantaloons business transferred to the Company with effect from the appointed date, i.e., 1st July, 2012. Hence, to that extent, performance is not comparable with that of the current year.

Profit & Loss Account

(Rs. in Crore)

Particulars	2013-14	2012-13
Revenue	1,661	1,285
EBITDA*	39	129
Finance cost	117	144
EBDT	(79)	(14)
Depreciation	109	54
Earnings before tax	(188)	(69)
Provision for Taxation	-	-
Net Profit/(Loss)	(188)	(69)

* Includes other income of Rs. 5 Crore (Previous year: Rs. 63 Crore)

Revenue

The Company reported revenue at Rs. 1,661 Crore during fiscal 2013-14. Like to like stores sales grew by 1.6%. Merchandise availability issue and subdued consumer sentiments impacted the sales growth. The Company opened 14 new Pantaloons stores and closed two stores during the year.

Operating Profit

During the year, business invested in organisation building, stores expansion, people and processes. Gross margin improved year on year owing to improved product mix and better pricing. However, bottom-line was strained, reflecting full effect of organisation building costs compared to allocation of costs till

last year. Moderated sales growth also impacted. The Company posted EBITDA excluding other income at Rs. 33 Crore as against Rs. 66 Crore during last year. Other income last year includes Rs. 62 Crore interest income on current investments of Rs. 800 Crore.

Net Interest

Finance costs stood at Rs. 117 Crore with average borrowing cost of about 10.40%.

Depreciation

The depreciation cost was higher to the tune of Rs. 13 Crore relating to prior periods, due to alignment of the life of stores. Besides, accelerated depreciation was also provided on account of refurbishment and closure of the stores.

Balance Sheet

(Rs. in Crore)

Particulars	As on 31 st March, 2014	As on 31 st March, 2013
Net Fixed Assets (Including Capital Advances & CWIP)	496	488
Goodwill	1,168	1,168
Net Working Capital	(34)	44 [#]
Capital Employed	1,630	1,700
Net Worth	579	770
Debt	1,050	931 [#]

[#] Net of current investments of Rs. 800 Crore as of 31st March, 2013

The Goodwill recognised on transfer of Pantaloons business to the Company was subsequently tested for impairment in accordance with the Accounting Standard - 28 issued by the Institute of Chartered Accountants of India and continues to stand at Rs. 1,168 Crore as on 31st March, 2014.

Net Working Capital as on 31st March, 2014 includes Inventory of Rs. 358 Crore, Trade Receivables of Rs. 17 Crore, Current Investments of Rs. 6 Crore. Cash and Bank Balance of Rs. 11 Crore and Trade Payables of Rs. 376 Crore.

Outlook

High inflation levels coupled with slowed GDP growth impacted consumer sentiments and spending during the year. Consumer confidence is expected to remain subdued in the near term due to these factors, thus consumer spend on discretionary categories like branded apparels is likely to remain moderated in the near term. However, with the inflation projected to stabilise at lower levels and an expected improvement in GDP growth going forward, the consumer spending is set to improve in the medium term.

The long term outlook for the domestic apparel industry remains positive on the back of favourable demographics viz., rising disposable income, burgeoning aspiring middle class segment, large young and working population, and increasing shift towards branded apparels.

Internal Control

The Company has defined system of internal controls and business processes with regards to efficiency of operations, financial reporting and compliance with applicable laws and regulations etc.; commensurate

with its size and nature of the business. Regular internal audit and checks are undertaken to ensure that systems and processes are followed effectively. The Company has a well-defined process for an on-going management reporting and periodic review of operations to ensure effective decision-making.

Strategy Going Forward

The Company's growth strategy includes increasing reach and penetration across the country by opening new stores, rejuvenate the brand 'Pantaloons', and enhancing customers' shopping experience. The Company also plans to augment its merchandise width by adding new product categories and new brands; and depth by refreshed merchandise and design with variety of options; and thereby enriching the brand portfolio and delivering value to the customers.

It is our continuous endeavour to enhance the base of loyal customers through loyalty programme. We believe that as the Company will grow in size, economies of scale would accrue leading to better margins and returns. We will also continue to focus on leveraging our operating efficiency and human capital, which is critical in any consumer facing and service driven industry.

Human Resources

Your Company believes that people are one of its most valuable assets and therefore the Human Resource philosophy and strategy of your Company is structured to attract and retain the best talent that encourages innovation and creates a work environment of inspiration, creativity and passion. To ensure employee development and growth, training and development of the front end store staff, identifying leadership and key talent across the organisation and executing individual development plans continue to be the key focus area of your Company. The total number of employees on rolls as on 31st March, 2014 were about 5,300.

Disclaimer

Certain statements in this "Management's Discussion and Analysis" may not be based on historical information or facts and may be "forward looking statements" within the meaning of applicable securities laws and regulations, including, but not limited to, those relating to general business plans and strategy of the Company, its future outlook and growth prospects, future developments in its businesses, its competitive and regulatory environment and management's current views and assumptions which may not remain constant due to risks and uncertainties. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include global and Indian demand supply conditions, finished goods prices, changes in Government regulations, tax regimes, competitors actions, economic developments within India and other factors such as litigation and labour negotiations. The Company assumes no responsibility to publicly amend, modify or revise any statement, on the basis of any subsequent development, information or events, or otherwise. This "Management's Discussion and Analysis" does not constitute a prospectus, offering circular or offering memorandum or an offer to acquire any shares and should not be considered as a recommendation that any investor should subscribe for or purchase any of the Company's shares. The financial figures have been rounded off to the nearest Rupee One Crore.

Dear Members,

Your Directors are pleased to present the Seventh Annual Report of your Company together with the Audited Statement of Accounts for the financial year ended 31st March, 2014.

Financial Performance

During the year, business invested in organisation building, stores expansion, people and processes. The Company opened 14 new Pantaloons stores and closed two stores during the year.

The Company reported revenue at Rs. 1,661 Crore during fiscal 2013-14. Merchandise availability issue and subdued consumer sentiments impacted the sales growth. Gross margin improved year on year owing to improved product mix and better pricing. However, bottom-line was strained, reflecting full effect of organisation building costs compared to allocation of costs till last year. The Company posted EBITDA excluding other income at Rs. 33 Crore as against Rs. 66 Crore during last year.

(Rs. in Crore)

Particulars	2013-14	2012-13
Revenue	1,661	1,285
EBITDA*	39	129
Finance cost	117	144
EBDT	(79)	(14)
Depreciation	109	54
Earnings before tax	(188)	(69)
Provision for Taxation	—	—
Net Profit/(Loss)	(188)	(69)

* Includes other income of Rs. 5 Crore (Previous year: Rs. 63 Crore)

The Company's financials for 2012-13 include nine months financials of Pantaloons business transferred to the Company with effect from the appointed date, i.e., 1st July, 2012. Hence, to that extent, performance is not comparable with that of the current year.

Scheme of Demerger

During the year under review, the Scheme of Arrangement under Sections 391-394 of the Companies Act, 1956, entered into between Future Retail Limited (earlier known as Pantaloon Retail (India) Limited) ("*FRL*"), the Company and their respective shareholders and creditors and Indigold Trade and Services Limited ("*ITSL*") (as the shareholder of the Company), regarding the demerger of "the Pantaloons Format Business" ("*Demerged Undertaking*") of the FRL ("*Scheme*"), was made effective by us (i.e. the Board of Directors of your Company), in our meeting held on 8th April, 2013 ("*Effective Date*"), after receipt of all the requisite approvals and on completion of all the conditions precedents enumerated in the Scheme. Accordingly, as per the terms of the Scheme, the entire Demerged Undertaking was transferred to and vested in your Company w.e.f. 1st July, 2012 ("*Appointed Date under the Scheme*").

In terms of the Scheme,

- the name of the Company was changed from "Peter England Fashions and Retail Limited" to "Pantaloons Fashion & Retail Limited"; and

- the Authorised Equity Share Capital of the Company was increased from Rs. 10 Crore to Rs. 100 Crore.

Effectiveness of the Scheme

Upon this Scheme coming into effect, in consideration of the transfer of the Demerged Undertaking, your Company allotted 1 Equity Share of Rs. 10/- (*each credited as fully paid*) in the capital of the Company to all the Equity Shareholders of FRL (as per the information available as on 18th April, 2013 i.e. the Record Date), for every 5 (five) fully paid up FRL Equity Shares/FRL DVRs held by them (*the "Share Entitlement Ratio"*).

Accordingly, total of 4,63,16,518 Equity Shares of the Company were allotted to the shareholders of FRL on 19th April, 2013.

Also, the 800 OFCDs (Optionally Fully Convertible Debentures) of Rs. 1,00,00,000 each of the Company, issued by your Company to ITSL, which were convertible into 4,59,77,011 Equity shares of Rs. 10/- each, on effectiveness of the Scheme, were converted into 4,59,77,011 Equity shares of Rs. 10/- each of the Company on 8th April, 2013.

Categorywise shareholding pattern of your Company, as on 31st March, 2014, is separately provided under the Shareholding Information Section of this Annual Report.

Open Offer

Also, pursuant to the terms of the Scheme, ITSL and Aditya Birla Nuvo Limited (i.e. Ultimate Holding Company of your Company), made an Open Offer to the shareholders of the Company, for acquiring 2,31,14,868 Equity Shares representing 24.91% of Voting Capital of the Company.

On completion of Open Offer, ITSL alongwith ABNL acquired 1,65,79,185 Equity Shares of Rs. 10/- each constituting 17.87% of post issue paid up capital of the Company.

Change of Registered Office

The Registered office of the Company was also changed from "A-4, Aditya Birla Centre, S. K. Ahire Marg, Worli, Mumbai 400 030, Maharashtra, India" to "701-704, 7th Floor, Skyline Icon Business Park, 86-92, Off. Andheri-Kurla Road, Marol Village, Andheri (East), Mumbai 400059, Maharashtra, India".

Listing of Shares on Stock Exchanges

During the year, the Equity Shares of the Company also got listed on BSE Limited ("BSE") and National Stock Exchange of India Limited ("NSE") on 17th July, 2013 and accordingly, provisions of the Equity Listing Agreement as entered into with BSE and NSE, became applicable from such date.

Management Discussion and Analysis Report

As stipulated under Clause 49 of the Equity Listing Agreement entered into with BSE and NSE, the Management Discussion and Analysis Report, for the year under review, is provided in a separate section forming part of this Annual Report.

Dividend

In view of the loss for the year under review, your Directors do not recommend payment of any dividend for the financial year 2013-14.

Finance

Pursuant to the Scheme, a debt of Rs. 1600 Crore was transferred to the Company with huge interest burden. With a view to optimise the Finance Cost, it was decided to reshuffle the debt portfolio. Accordingly, post effectiveness of the Scheme, the Company raised term loan of Rs. 600 Crore and Non-convertible Debentures (NCDs) of Rs. 300 Crore and repaid Rs. 800 Crore out of the transferred debt.

Your Company continues to explore various options for bringing down the cost of borrowings and also for procuring funds at competitive cost which *inter-alia* include availment of short-term instruments like commercial paper, working capital borrowing, long term loans for expansion at competitive terms. The average interest rate of long term portfolio got reduced to ~ 10.40%.

Fixed Deposits

During the year under review, the Company has not accepted any deposit under Section 58A of the Companies Act, 1956 read with Companies (Acceptance of Deposits) Rules, 1975.

As on 31st March, 2014, there were no deposits which were unclaimed and due for repayment.

Awards and Recognition

Award for “Best Usage of Twitter” at Social Media Awards- 2013

During the year, the Company, in a marketing campaign, created a micro site on Twitter, under the name of “Wish Wardrobe”, whereon the followers of the Company could post their wishes, about the products of the Company that they wished to include in their wardrobe. Over the course of the said campaign, which lasted for seven days, total of 5091 wish requests were received, out of which 15 were fulfilled by the Company. The campaign was a huge success and the same ended up winning an award at the “Social Media Awards - 2013” held on 13th February, 2014, for the “Best usage of Twitter for a marketing campaign”.

Recognised as the “Most Trusted Brand in Apparel Retail Category”

Nielsen, an independent agency which specialises in conducting nationwide surveys/research projects, conducts an Independent survey for “Economic Times’ Brand Equity” on annual basis, which is among the largest research project of its kind in India. The intention of the survey is to identify the “Most Trusted Brands” that possess the most special ingredient - the consumer’s trust and the Company is proud to have been recognised as the “Most Trusted Brand in Apparel Retail Category”, as per the results of the survey conducted during the year under review.

Subsidiary Company

The Company does not have any subsidiary as on 31st March, 2014 and as on date of this Report.

Directors

Resignation of Director(s)

During the year under review, Mr. Ashish Dikshit (*DIN: 01842066*), Mr. S. Visvanathan (*DIN: 02312556*), Mr. Anil Rustogi (*DIN: 02678608*), Mr. Devendra Bhandari (*DIN: 00339397*) and Mr. Manoj Kedia (*DIN: 00020419*), resigned from their respective Directorships of the Company w.e.f. 19th April, 2013.

Appointments of the Director(s)

During the year under review i.e. on 19th April, 2013, Mr. P. Murari (*DIN: 00020437*), Mr. Bharat Patel (*DIN: 00060998*) and Dr. Rakesh Jain (*DIN: 00020425*) were appointed as Additional Directors on the Board of the Company pursuant to Articles of Association of the Company and provisions of Section 260 of the Companies Act, 1956 and their appointments as Non-executive Directors of the Company were approved by the Shareholders of the Company at the Sixth Annual General Meeting held on 23rd August, 2013.

Further, as per Articles of Association of the Company and provisions of the Companies Act, 2013, Mr. Sushil Agarwal (*DIN: 00060017*), retires by rotation at the ensuing Seventh Annual General Meeting and being eligible for re-appointment, he seeks re-appointment as such.

Appointment of Managing Director

Pursuant to a letter dated 17th October, 2013 from Aditya Birla Nuvo Limited thereby nominating Mr. Pranab Barua (*DIN: 00230152*) for the post of Managing Director of your Company and also, considering his position as the Business Director of Apparel Business of the Aditya Birla Group alongwith his rich experience and expertise, the Board of Directors of your Company at its meeting held on 25th October, 2013, appointed Mr. Pranab Barua (*then Non-executive Director of the Company*) as the Managing Director of the Company, for a period of 5 years w.e.f., 25th October, 2013, subject to the approval of the Shareholders of the Company, in the ensuing Seventh Annual General Meeting of the Company. Resolution for Mr. Barua's appointment as Managing Director alongwith the detailed terms of his appointment is more particularly set out in the Notice of the ensuing Seventh Annual General Meeting.

Appointment of Independent Director(s)

Mr. P. Murari and Mr. Bharat Patel were appointed as the Non-executive Directors of the Company in the Sixth Annual General Meeting and were liable to retire by rotation. Also, in terms of the provisions of Clause 49 of the Equity Listing Agreement entered into with BSE and NSE, Mr. Murari and Mr. Patel, were considered as "Independent Non-executive Directors".

However, pursuant to the enactment of Companies Act, 2013 and in terms of the provisions of Section 149, 150, 152 and other applicable provisions of the Companies Act, 2013 read with Schedule IV and the Companies (Appointment and Qualification of Directors) Rules, 2014 and Clause 49 of the Equity Listing Agreement, the Company needs to specifically appoint "Independent Director(s)", on its Board. Accordingly, the Board has, vide a Circular Resolution dated 3rd July, 2014, approved the appointment of Mr. P. Murari and Mr. Bharat Patel as "Independent Director(s)" for a term of five years, beginning from the conclusion of the ensuing Seventh Annual General Meeting of the Company till the conclusion of the Twelfth Annual General Meeting of the Company. The Company has also received the requisite notice in writing from shareholder(s) of the Company, under Section 160 of the Companies Act, 2013, signifying their intention to propose the candidature of Mr. Murari and Mr. Patel for the office of Independent Directors of the Company. Accordingly, resolutions for their appointment as Independent Director(s) are more particularly set out in the Notice of the ensuing Seventh Annual General Meeting of your Company.

Items seeking your approval on the above are included in the Notice convening the Annual General Meeting together with a brief particulars of the Directors being appointed / re-appointed.

Directors' Responsibility Statement

The financial statements of the Company, for the FY 2013-14, are prepared in accordance with the applicable Accounting Standards issued by the Institute of Chartered Accountants of India, the requirements of the Companies Act, 1956, the regulations/guidelines issued by SEBI and the provisions of Equity Listing Agreement, to the extent they are applicable as such. There are no material departures from the applicable accounting standards.

The Board of Directors of the Company accepts the responsibility for the integrity and objectivity of the financial statements. The Accounting Policies used in the preparation of the financial statements have been consistently applied, unless specifically stated otherwise in the notes accompanying relevant tables of the financial statements. The estimates and judgements related to the financial statements have been made in a prudent and responsible manner, so as to give a true and fair view of the state of affairs of the Company, as at 31st March, 2014 and of the accounts for the FY 2013-14.

The Board of Directors has taken sufficient care to maintain adequate accounting records in accordance with the provisions of the Companies Act, 1956, to safeguard the assets of the Company and to prevent and detect fraud and other irregularities. The Board of Directors also confirm that the annual accounts of the Company are prepared on a going concern basis.

Corporate Governance

As mentioned above, Equity Shares of the Company were listed on BSE and NSE w.e.f. 17th July, 2013 and since then the Company has duly complied with the Corporate Governance requirements as set out under Clause 49 of the Equity Listing Agreement entered into with BSE and NSE.

The Company is committed to follow the best practices of good Corporate Governance, including the requirements under Clause 49 of Equity Listing Agreement and Board of Directors is responsible to ensure the same, from time to time.

M/s. S.R. Batliboi Co & LLP, Chartered Accountants, Statutory Auditors of the Company have, vide their certificate dated 5th May, 2014 confirmed that the Company is compliant with the conditions stipulated in the Clause 49 of the Equity Listing Agreement. The said certificate is annexed to this report as **Annexure A**.

A separate section on Corporate Governance forms part of this Annual Report.

Human Resource

The Human Resource philosophy and strategy of your Company is to build a high performing organization, with aligned and engaged employees in a culture of leadership, collaboration and growth. Deployment of this strategy through a planned implementation of Human Resources interventions and programs has successfully built and sustained your Company's standing as one of India's most admired and valuable corporations.

Employees Stock Options (ESOPs)

The grant of stock options to employees is a mechanism to align the interest of employees with those of the Company, to provide them with an opportunity to share the growth of the Company and also to foster the long-term commitment.

Your Company has constituted an ESOP Compensation Committee of the Board of Directors (*"the Committee"*) on 23rd May, 2013, for the purpose of administration, implementation and monitoring of Employees Stock Options Scheme and plans thereunder, more particularly as per the provisions of the Securities and Exchange Board of India (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999.

The Committee and Board of Directors, approved the "Pantaloons Employees Stock Options Plan Scheme – 2013" (*the "ESOS – 2013" or the "Scheme"*) on 22nd July, 2013. The same was approved by the Shareholders of the Company in the Sixth Annual General Meeting of the Company, held on 23rd August, 2013.

Pursuant to the approval of the Members at the Sixth Annual General Meeting of the Company, the Committee at its meeting held on 25th October, 2013, finalised the Scheme and approved the grant of Employees Stock Options (*"options"*), Restricted Stock Units (*"RSUs"*) (*each being convertible into one equity share of the face value of Rs. 10/- each of the Company*) and Stock Appreciation Rights (*"SARs"*) to the eligible permanent employees of the Company and to its holding and/or subsidiary Companies.

The particulars of Options / RSUs / SARs issued under ESOS - 2013, as required under Clause 12 of Securities and Exchange Board of India (Employees Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 forms part of this Report and are more particularly set out in the **Annexure B** hereto.

Particulars of Employees

In terms of the provisions of Section 217(2A) of the Companies Act, 1956 ("Act") read with Companies (Particulars of Employees) Rules 1975, as amended, the names and other particulars of employees are set out in the Annexure to this Report.

However, having regard to the provisions of Section 219(1)(b)(iv) of the said Act, the Annual Report excluding the aforesaid information is being sent to all the members of the Company and others entitled thereto. The said information is available for inspection at the Registered Office of the Company during its working hours. Any member interested in obtaining such particulars may write to the Company Secretary at the Registered Office of the Company.

Auditors and Auditors' Report

M/s. S.R. Batliboi Co & LLP, Chartered Accountants, re-appointed as the Statutory Auditors of the Company by the Shareholders of the Company at the Sixth Annual General Meeting for the Financial Year 2013-14, would be retiring at the conclusion of the ensuing Seventh Annual General Meeting.

However, M/s. S.R. Batliboi Co & LLP, Chartered Accountants, have expressed their unwillingness to continue as the Statutory Auditors of your Company, vide their letter dated 18th April, 2014 (*"said letter"*). The said letter was placed before the Audit Committee of the Board of Directors and Board of Directors, separately at their respective meetings held on 5th May, 2014 and the Audit Committee and Board of Directors have taken the same on record. Accordingly, they shall hold office only till the conclusion of the forthcoming Annual General Meeting of your Company.

It is proposed to appoint M/s. S. R. B. C & Co. LLP, a firm of Chartered Accountants in the same network of firms as M/s. S.R. Batliboi Co & LLP, Chartered Accountants, to act as the Statutory Auditors of your

Company. M/s. S. R. B. C & Co. LLP have confirmed their willingness to be appointed as the Statutory Auditors of the Company, more particularly as per the provisions of Section 139 and other applicable provisions of the Companies Act, 2013 vide their letter dated 21st April, 2014. The Audit Committee of the Board of Directors and Board of Directors in their meeting held on 5th May, 2014 have approved the appointment of M/s. S. R. B. C & Co. LLP, Chartered Accountants, as the Statutory Auditors of your Company from the conclusion of the Seventh Annual General Meeting until the conclusion of the Eighth Annual General Meeting of the Company; however subject to the approval of the Shareholders of the Company in the ensuing Annual General Meeting.

M/s. S.R. Batliboi Co & LLP, Chartered Accountants i.e. the retiring auditors of the Company, have duly audited the Annual Accounts of the Company and have provided their report thereon, which forms a part of this Annual Report. The Notes to the Financial Statements are self-explanatory and do not call for any further comments.

Sustainable Development

Sustainability Mission of your Company has been detailed in a separate section which forms part of this Annual Report.

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo

The Company consciously makes all efforts to conserve energy across all its operations.

Technology Absorption: Nil

Foreign Exchange Earnings and Outgo: Foreign Exchange Earnings and Outgo are stated on page 74 in the notes to the Balance Sheet and Profit and Loss Account. The Company earned NIL in foreign currency from Export of Goods and Foreign Exchange outgo was Rs. 6 Lakhs.

Acknowledgements

We place on record our sincere appreciation for the continued support which the Company has received from its customers, suppliers, investors, promoters, bankers, group companies and above all, its employees.

Your Directors hereby state that the Company has devised proper system to ensure compliance of all laws applicable to the Company.

For and on behalf of the Board of Directors,



Pranab Barua
Managing Director

Place : Mumbai

Date : 3rd July, 2014

ANNEXURE A TO THE DIRECTORS' REPORT**AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE**

To
The Members
Pantaloons Fashion & Retail Limited
701-704, 7th Floor,
Skyline Icon Business Park
86-92 Off A. K. Road,
Marol Village
Andheri East, Mumbai

We have examined the compliance of conditions of corporate governance by Pantaloons Fashion & Retail Limited, for the year ended on 31st March, 2014 as stipulated in Clause 49 of the Equity Listing Agreement of the said Company with Stock Exchanges.

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

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

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

For **S.R. BATLIBOI & CO. LLP**
Chartered Accountants
Firm Registration No. 301003E

Per Vijay Maniar
Partner
Membership No.: 36738

Place : Chennai
Date : 5th May, 2014

ANNEXURE B TO THE DIRECTORS' REPORT

Disclosure pursuant to Clause 12 of the Securities and Exchange Board of India
(Employee Stock Option Scheme) Guidelines, 1999

Details of Employee Stock Options ("Options") and Restricted Stock Units ("RSUs") as on 31st March, 2014

Sr. No.	Particulars	Tranche 1	
		Options	RSUs
a)	Number of Options/RSUs Granted	8,30,382	2,59,849
b)	The pricing Formula	<p>The ESOP Compensation Committee of the Board of Directors (<i>"the Committee"</i>), at its meeting held on 25th October, 2013, determined the Exercise Price, for Options and RSUs, in terms of the provisions of the Securities and Exchange Board of India (Employee Stock Option Scheme) Guidelines, 1999 and also in terms of "Pantaloons Employee Stock Options Scheme – 2013" (<i>"Scheme"</i>), more particularly stated as follows:-</p> <p>Rs. 102.10/- i.e. the closing price of the Equity Shares of the Company on National Stock Exchange of India Limited ("NSE") on 24th October, 2013 [a day prior to the grant date] was fixed as the Exercise Price for each option.</p> <p>Rs. 10/- i.e. the face value of the Equity Shares of the Company was fixed as the Exercise Price for each RSUs.</p>	
c)	Options and/or RSUs Vested	NIL	NIL
d)	Options and/or RSUs Exercised	NIL	NIL
e)	The total number of shares arising as a result of exercise of Options and/or RSUs	NIL	NIL
f)	Options and/or RSUs forfeited/cancelled/lapsed	NIL	NIL
g)	Variation in terms of options	N.A.	N.A.
h)	Money realized by exercise of Options and/or RSUs	NIL	NIL
i)	Total number of Options and/or RSUs in force	8,30,382	2,59,849
j)	Employee wise details of options granted		
	i) Senior Managerial Personnel*		
	● Mr. Pranab Barua- Managing Director	4,78,045	1,09,091
	● Mr. Shital Mehta- Chief Executive Officer	88,527	37,879
	● Mr. Manoj Kedia- Chief Financial Officer	38,952	16,667
	● Ms. Geetika Anand Talwar- Company Secretary and Compliance Officer	7,435	3,181
	ii) Any other employee who received a grant in any one year of option amounting to 5% or more of options granted during that year.	NIL	NIL
	iii) Identified employees who were granted option. During any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant.	NIL	NIL
k)	Diluted earnings per share	Rs. (20.24)	Rs. (20.24)

* Key Managerial Personnel ("KMPs") are considered to be the Senior Management Personnel of the Company.

Sr. No.	Particulars	Tranche 1			
		Options		RSUs	
l)	Difference between the employee compensation cost, computed using the intrinsic value of the stock options and the employee compensation cost that shall have been recognized if the fair value of the options was used.	Rs. 97 Lakhs			
m)	The impact of this difference on profits and on EPS of the Company	(Rs. In Lakhs)			
		Particulars		31 st March, 2014	
		A. Loss after tax to be considered for EPS		(18,778)	
		B. Add : Compensation Cost as per Intrinsic Value			
		Option		-	
		RSU		33	
		Sub-total		33	
		C. Less : Compensation Cost as per Fair Value			
		Option		96	
		RSU		35	
		Sub- total		131	
		Adjusted Net Loss (A) + (B) – (C)		(18,876)	
Earnings per Share (Rs.)		Basic		Diluted	
As reported		(20.24)		(20.24)	
As adjusted		(20.34)		(20.34)	
n)	(i) Weighted-average exercise prices and weighted-average fair values of options whose exercise price equals the market price of the stock	NA			
	(ii) Weighted-average exercise prices and weighted-average fair values of options whose exercise price is less than the market price of the stock	Weighted Average Exercise price of options: Rs. 102.10/-		Weighted Average Exercise price of RSUs: Rs. 10/-	
		Weighted Average fair value of options: Rs. 53/-		Weighted Average fair value of RSUs: Rs. 96/-	
	(iii) Weighted-average exercise prices and weighted-average fair values of options whose exercise exceeds the market price of the stock	NA			
o)	A description of the method and significant assumptions used during the year to estimate the fair values of options, including the following weighted-average information:	Black - Scholes Merton Formula			
p)	On the date of Grant (w.r.t. Options)				
	(i) risk-free interest rate (%)	8.58		8.58	
	(ii) expected life (No. of years)	5		5	
	(iii) expected volatility (%)	45.93		45.93	
	(iv) dividend yield (%)	NIL		NIL	
	(v) the price of the underlying share in market at the time of option grant	Rs. 103.55		Rs. 103.55	

Company's Philosophy on Corporate Governance

Corporate governance is all about maintaining a set of systems and practices so as to ensure that the business and affairs of the organisation are conducted in a fair and transparent manner that promote sustainable business model, the shareholders' value is enhanced and a valuable relationship of trust is built between the Company and its stakeholders.

Pantaloons Fashion & Retail Limited (*"the Company"*), which is now an Integral Part of the Aditya Birla Group, one of the pioneers in the field of Corporate Governance, is committed to adopt and adhere to the best governance practices, at all times. We believe that a sound governance system, based on relationship of trust between the Company and the Stakeholders, is essential to create enduring value for all our stakeholders and at Pantaloons, we are committed to meet the aspirations of all our stakeholders.

Company's philosophy on Corporate Governance is based on the following principles:

- **TRANSPARENCY** in all decision making processes relating to the Company;
- Maintaining high levels of **DISCLOSURES**;
- High standards of **ETHICS**;
- **REGULAR REVIEW** of processes and management systems for improvement; and
- Ensure **ADEQUATE CONTROL SYSTEM** to enable the Board to efficiently conduct the business and discharge its responsibilities to shareholders.

The Company, at all times, will strive to uphold, develop and strengthen the above Corporate Governance principles and also to adopt the best Corporate Governance systems and processes.

A Report, enumerating the current Corporate Governance systems and processes at the Company, prepared more particularly in accordance with the provisions of Clause 49 of the Equity Listing Agreement entered into with BSE Limited ("BSE") and the National Stock Exchange of India Limited ("NSE"), is as follows:

I. BOARD OF DIRECTORS

The Board of Directors ("the Board") is at the core of our Corporate Governance system and it oversees how the Management serves and protects the long term interest of all our stakeholders. We believe that an active, well-informed and independent Board is necessary to ensure the highest standards of Corporate Governance.

A. Composition of the Board and Category of Directors

The Board of the Company has an optimum combination of such number of Executive, Non-Executive and Independent Non-Executive Directors as required under applicable legislations.

As on date of this Report, the Board comprises of total Five Directors, out of which two are "Independent Non-Executive Directors", two are "Non-Executive Directors" and one is an "Executive Director".

During the year, Mr. Devendra Bhandari, Mr. Anil Rustogi, Mr. Manoj Kedia, Mr. Ashish Dikshit and Mr. S. Visvanathan, resigned from their respective Directorships w.e.f. 19th April, 2013 and did not offer themselves for re-appointment at the then ensuing Annual General Meeting.

Mr. P. Murari and Mr. Bharat Patel, were appointed as Additional Directors of the Company, in the meeting of the Board held on 19th April, 2013, and they were subsequently appointed as Non-Executive Directors of the Company, liable to retire by rotation, as per the provisions of the Companies Act, 1956. Also, as per the provisions of Clause 49 (I)(A)(iii) of the Equity Listing Agreement, Mr. Murari and Mr. Patel were treated to be "Independent Non-Executive Directors".

However, as per the provisions of Section 149 of the Companies Act, 2013, the Company is now required to appoint Directors, specifically designated as "Independent Directors" on its Board. Accordingly, the Board proposes to appoint Mr. Murari and Mr. Patel as "Independent Directors" of the Company, Draft resolutions regarding their appointment as Independent

Directors of the Company, forms part of the Notice of the ensuing Seventh Annual General Meeting of the Company *(alongwith the Explanatory Statement as per Section 102 of the Companies Act, 2013)*.

During the year, Mr. Pranab Barua was appointed as the Managing Director of the Company w.e.f. 25th October, 2013, as per the provisions of the Companies Act, 1956 and application for obtaining approval for his remuneration has been duly made to the Central Government. A draft resolution regarding his appointment as Managing Director of the Company forms part of the Notice of the ensuing Seventh Annual General Meeting of the Company *(alongwith the Explanatory Statement as per the Section 102 of the Companies Act, 2013)*.

Details of the Directors (The details provided in the table hereinbelow are as on 3rd July, 2014) forming part of the Board, alongwith their brief profiles and details about the number of Directorship(s) and/or Committee Membership(s) are provided hereinbelow-

Name of Director	Date of Appointment	Brief Profile	Board Positions ¹		Committee Positions ²	
			As Member	As Chair-person	As Member	As Chair-person
Independent Non-Executive Director(s) ³						
Mr. P. Murari [Director Identification Number : 00020437]	19 th April, 2013	Mr. P. Murari is a retired IAS Officer. He was Advisor to the President of India before retiring from service in September 1992. He has held several key positions in Government both at the Central and the State, various institutions and professional bodies and served on their Boards as Director/Governor of Councils. Mr. Murari is presently a Director on the Board of several companies.	10	10	6	2
Mr. Bharat Patel [Director Identification Number : 00060998]	19 th April, 2013	Mr. Bharat Patel is the former Chairman of Procter & Gamble Hygiene and Health Care Ltd., and presently he chairs the Indian Society of Advertisers (ISA). He has over 40 years of varied experience in the field of marketing, sales, exports, manufacturing etc. He holds M.A. in Economics from the University of Notre Dame, USA and MBA in Marketing from the University of Michigan, USA. Apart from being associated with various Industry Associations, he is on the Board of various companies.	3	—	1	—
Non-Executive Director(s)						
Dr. Rakesh Jain [Director Identification Number : 00020425]	19 th April, 2013	Dr. Rakesh Jain, is a Master in Technology from IIT Kharagpur and Ph.D. from University of Akron in the United States. He started his career in GE Electro Materials, Coshocton OH and held various positions such as President and CEO, Business Leader, Global Manufacturing Leader and Six Sigma Leader in GE Group, amassing therefrom rich global experience in the areas of business development, strategy formulation and technology management.	7	—	3	—

Name of Director	Date of Appointment	Brief Profile	Board Positions ¹		Committee Positions ²	
			As Member	As Chair-person	As Member	As Chair-person
Mr. Sushil Agarwal [Director Identification Number : 00060017]	6 th August, 2009	Mr. Sushil Agarwal, qualified Chartered Accountant and Masters in Commerce, is a Whole-time Director and Chief Financial Officer of Aditya Birla Nuvo Limited, the ultimate Holding Company of the Company ("ABNL"). He has been with the Aditya Birla Group since the beginning of his career in 1989 and has privilege of working closely with the former Chairman Late Mr. Aditya Vikram Birla and current Chairman Mr. Kumar Mangalam Birla. He has richly contributed with his widely acknowledged financial acumen and analytical skills in many Restructuring, Mergers and Acquisitions initiatives of the Aditya Birla Group. In recognition of his stellar contribution to the Aditya Birla Group. He is on the board of several companies.	6	—	2	—
Executive Director (Managing Director)⁴						
Mr. Pranab Barua [Director Identification Number : 00230152]	23 rd January, 2009 ⁴	Mr. Pranab Barua, a graduate in English Hons. from St. Stephens College, New Delhi and who has also attended many advanced Management programmes in India and abroad, is the Managing Director of the Company and Business Director for the Apparel and Retail Business of Aditya Birla Group. Mr. Barua has over 35 years of professional experience, having worked in different Companies including top multinationals and Industries. In particular, his professional background includes experience as Chairman and Managing Director of Reckitt Benckiser; Regional Director, Reckitt Benckiser for South Asia; Foods Director on the Hindustan Unilever Board, and Sales and Marketing Director of Brooke Bond India Ltd. He has also worked closely with Private Equity Groups like IL&FS, Actis and India Value Fund for their investor companies like Godrej Tea and Trinethra Super Retail. Presently, Mr. Barua is also the Managing Director of Aditya Birla Retail Limited, which runs the business of retail Hypermarkets and Supermarkets.	2	—	1	—

Notes:

1. Total number of Directorships (Board Positions) exclude Directorships in the Company, Foreign Companies, Private Companies, Companies formed under Section 25 of Companies Act, 1956, and Companies formed under Section 8 of Companies Act, 2013.
2. As per the provisions of Clause 49 of the Equity Listing Agreement, the details of Committee Memberships/ Chairmanships of the Audit Committee and Stakeholders Relationship Committee alone, in other Indian Public Companies (Listed and Unlisted), are provided.

3. *Mr. P. Murari and Mr. Bharat Patel are considered to be "Independent Non-Executive Directors" as per the provisions of Clause 49 (I)(A)(iii) of the Equity Listing Agreement and presently, they are "liable to be retire by rotation". However, they are proposed to be appointed as "Independent Directors" in the ensuing Annual General Meeting of the Company, as per the provisions of Section 149 of the Companies Act, 2013, liable to retire after a term of 5 years. Draft Resolutions regarding their appointment, alongwith the Explanatory Statement as per the Section 102 of the Companies Act, 2013, forms part of the Notice of the ensuing Seventh Annual General Meeting of the Company.*
4. *Mr. Pranab Barua was appointed as the Managing Director of the Company w.e.f. 25th October, 2013, which is subject to approval of the Shareholders of the Company at the ensuing Seventh Annual General Meeting of the Company.*
5. *Mr. Devendra Bhandari, Mr. Anil Rustogi, Mr. Manoj Kedia, Mr. Ashish Dikshit and Mr. S. Visvanathan have resigned from their respective Directorships of the Company w.e.f. 19th April , 2013, without willing to be re-appointed as Directors of the Company at the then ensuing Annual General Meeting of the Company. Accordingly, they do not form part of the Board of Directors of the Company, as at the end of the Financial Year 2013-14 and, hence, their details have not been provided hereinabove.*
6. *There are no inter-se relationships between any of our Board Members.*

B. Board: Business

The normal business of the Board includes:

- to frame and oversee the progress of the Company's annual plan and operating framework;
- to frame strategies for shaping of portfolio and direction of the Company and for corporate resource allocation;
- to review financial plans of the Company including budgets;
- to review quarterly and annual business performance of the Company;
- to review the Annual Report and accounts for adoption by the Members;
- to review the progress of various functions and businesses of the Company;
- to review the functioning of the Board and its Committees;
- to review the functioning of the subsidiary companies, if any;
- to consider and approving declaration/recommendation of dividend;
- to review and resolve fatal or serious accidents or dangerous occurrences, any materially significant effluent or pollution problems or significant labour issues, if any;
- to review the details of significant development in human resources and industrial relations front;
- to review details of foreign exchange exposure and steps taken by the management to limit the risks of adverse exchange rate movement;
- to review compliance with all relevant legislations and regulations and litigation status, including materially important show cause, demand, prosecution and penalty notices, if any;
- to review reports prepared by the Statutory Auditor/Internal Auditor/Secretarial Auditor and take actions as may be deemed fit;
- to advise on corporate restructuring such as merger, acquisition, joint venture or disposals, if any;
- to appoint Directors on the Board and Management Committee;
- to review Corporate Social Responsibility activities of the Company;
- to review details of risk evaluation and internal controls;
- to review reports on progress made on the ongoing projects;
- to monitor and review Board Evaluation Framework; and
- to review/approve related party transactions, as and when required under applicable provisions of the Companies Act, 2013.

C. Board: Meetings

The Board meets at the regular intervals, as prescribed under the applicable laws, and a tentative calendar of the Board Meetings is circulated to all the Directors well in advance to facilitate them to plan their schedule. Endeavour is made to ensure that papers/documents, necessary to assist the Directors for actively participating in the decision making process, reach all the Directors, well in advance. Additionally, in cases of a Special/urgent business needs, approval of the Board is sought and taken by means of Circular Resolution(s), which are confirmed at the next Board Meetings.

Notice of the Board Meetings are given well in advance to all the Directors and the agenda is circulated to all the Directors, alongwith the same.

Details of all Board Meetings of the Company, held during the year at Mumbai, including attendance of each Director at all such Board Meetings alongwith details of attendance of each Director of the Company, held at Mumbai, at the last Annual General Meeting of the Company are as follows-

Attendance of each Director at the Board Meetings during the year										
Date of the Meeting	Mr. P. Murari®	Mr. Bharat Patel®	Dr. Rakesh Jain®	Mr. Sushil Agarwal	Mr. Pranab Barua\$	Mr. Devendra Bhandari*	Mr. Anil Rustogi*	Mr. Manoj Kedia*	Mr. Ashish Dikshit*	Mr. S. Visvanathan*
8 th April, 2013	No	No	No	Yes	Yes	Yes	Yes	Yes	No	No
19 th April, 2013	No	No	No	Yes	Yes	Yes	Yes	Yes	No	No
23 rd May, 2013	No	No	No	Yes	Yes	Not Applicable [#]				
30 th July, 2013	Yes	Yes	No	Yes	Yes					
25 th October, 2013	Yes	Yes	Yes	No	Yes					
31 st January, 2014	No	Yes	Yes	Yes	Yes					

Attendance of each Director at the Board Meetings during the year										
Date of the Meeting	Mr. P. Murari®	Mr. Bharat Patel®	Dr. Rakesh Jain®	Mr. Sushil Agarwal	Mr. Pranab Barua\$	Mr. Devendra Bhandari*	Mr. Anil Rustogi*	Mr. Manoj Kedia*	Mr. Ashish Dikshit*	Mr. S. Visvanathan*
23 rd August, 2013	Yes	Yes	No	Yes	Yes	Not Applicable [#]				

* Resigned from the Directorships w.e.f. 19th April, 2013.

@ Appointed to the Board on 19th April, 2013.

\$ Appointed as Managing Director w.e.f. 25th October, 2013, subject to approval of shareholders at the ensuing Seventh Annual General Meeting.

Mr. Devendra Bhandari, Mr. Anil Rustogi, Mr. Manoj Kedia, Mr. Ashish Dikshit and Mr. S. Visvanathan have resigned from their respective Directorships of the Company w.e.f. 19th April, 2013

D. Board: Functioning and Procedure

The Board plays a primary role in ensuring good governance and functioning of the Company. The Board's role, functions, responsibility and accountability are well defined. All relevant information is regularly placed before the Board and it has unrestricted access to all Company-related information. The Board reviews compliance reports of all laws as applicable to the Company, as well as steps taken by the Company to rectify instances of non-compliances, if any. The Members of the Board have complete freedom to express their opinion, and decisions are taken after detailed discussions. Officers of the Company, who can provide additional inputs on items to be discussed at the meetings, are invited to attend the meeting(s).

E. Board Members: Annual Disclosures

Each director of the Company discloses to the Company, in the formats mentioned under the applicable laws, a list of Companies in which they hold directorships, a list of Committees of

Board of Directors of Companies in which they are members, their interests in such Companies (including Shareholding details) alongwith details of their Shareholding in Listed Companies of Aditya Birla Group. These disclosures help the Board in avoiding conflict(s) of interest in the decision making process.

Details of Shareholdings of the Directors-

Name of the Director	No. of Shares Held
Mr. P. Murari	-
Mr. Bharat Patel	-
Dr. Rakesh Jain	-
Mr. Sushil Agwarwal	100
Mr. Pranab Barua	-

F. Code of Conduct and Insider Trading Disclosures

The Board has adopted the Aditya Birla Group (ABG) Code of Conduct applicable to all the Board Members and Senior Executives of the Company. All the Board Members and Senior Management Personnel have confirmed compliance with the said Code. A declaration by Directors, affirming the compliance of the Code of Conduct by the Board Members and Senior Management Executives, is annexed at the end of this Report.

Also, the Code of Conduct for trading in listed securities of Aditya Birla Group, has been adopted by the Board and, accordingly, all the Directors alongwith the Senior Executives of the Company give annual/event-based disclosures to the Company, thereby disclosing their Shareholding(s) in the listed companies of the Aditya Birla Group.

G. Non-Executive Directors' Compensation and Disclosure

Sitting fees for attending meetings of the Board/Committee is paid as per the provisions of Articles of Association of the Company/Companies Act, 1956/Companies Act, 2013. Details of sitting fees/compensation paid to such directors are given separately in this section of Annual Report.

H. Board: Support

The Company Secretary is responsible for collation, review and distribution of all papers submitted to the Board for consideration. The Company Secretary is also responsible for the preparation of the Agenda and convening of the Board meetings. The Company Secretary attends all the meetings of the Board and its Committees, advises/assures the Board on Compliance and Governance principles and ensures appropriate recording of minutes of the meetings.

II. COMMITTEES OF THE BOARD

The Committees of the Board are set up more particularly for dealing with specific areas/activities which concern the Company and need a closer review. Each of the Board Committee is constituted vide a formal approval of the Board, and each Committee has been endowed with a definite scope of functions and responsibilities. The Board supervises the execution of such functions and responsibilities, and is responsible for their actions. The minutes of all meetings of such Committees are placed before the Board, in its next meeting, for review.

Detailed descriptions of all the Committees of the Board is provided hereinbelow-

A. Audit Committee

The Company has a qualified and independent Audit Committee, and its composition is in line with the applicable provisions of Section 177 of the Companies Act, 2013, and Clause 49(II)(A) of the Equity Listing Agreement.

(i) Composition of the Audit Committee:

The Audit Committee comprises of 3 Non-Executive Directors as its members, with requisite financial, legal and management expertise, out of which 2 are Independent Non-Executive Directors.

Detailed composition of the Audit Committee is as follows-

Name of the Member	Status	Category
Mr. P. Murari	Chairperson	Independent Non-Executive Director
Mr. Bharat Patel	Member	Independent Non-Executive Director
Mr. Sushil Agarwal	Member	Non-Executive Director

(ii) Brief Description of Terms of Reference:

The scope and function(s) of the Audit Committee are in accordance with the provisions of Section 177 of the Companies Act, 2013, and Clause 49 of the Equity Listing Agreement.

Audit Committee is mainly entrusted with supervising and monitoring the Company's internal controls and financial reporting process amongst the other terms of reference, which are broadly as follows:

- to recommend appointment, remuneration and terms of appointment of Auditors;
- to review and monitor the Auditors' independence and performance alongwith effectiveness of audit process;
- to examine financial statements and the Auditors' Report thereon;
- to consider and approve transactions with related parties;
- to scrutinise inter-corporate loans and investments;
- to undertake of undertakings or assets of the Company, wherever it is necessary;
- to evaluate of internal financial controls and risk management systems;
- to monitor the end-use of funds raised through public offers and related matters;
- to oversee of financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible;
- to review, with the management, the quarterly and/or annual financial statements before submission to the Board for approval, with particular reference to:
 - a) matters required to be included in the Directors' Responsibility Statement in the Board's report in terms of Section 217(2AA) of the Companies Act, 1956/Section 134(3)(c) and Section 134(5) of the Companies Act, 2013;
 - b) changes, if any, in accounting policies and practices alongwith reasons for the same;
 - c) major accounting entries involving estimates based on the exercise of judgment by management;
 - d) significant adjustments made in the financial statements arising out of audit findings;

- e) compliance with the provisions of Equity Listing Agreement and other legal requirements relating to financial statements;
- f) disclosure of any related party transactions; and
- g) qualifications in the draft audit report.
- to review with the management, the statement of uses/application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue and making appropriate recommendations to our Board to take up steps in this matter;
- to review the performance of statutory and internal auditors, and adequacy of the internal control systems with the management;
- to review the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- to discuss any significant findings with the internal auditors and follow up thereon;
- to review the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of material nature and reporting the matter to our Board;
- to look into the working and implementation of the “Anti-fraud Policy” of the Company;
- to discuss with the Statutory Auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- to look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- to review the functioning of the whistle blower mechanism, if any;
- to approve the appointment of the Chief Financial Officer (i.e. the Whole-time Finance director or any other person heading the finance function) after assessing the qualifications, experience and background, etc. of the candidate;
- to review:
 - a) Management Discussion and Analysis of financial condition and results of operations;
 - b) Statement of significant related party transactions;
 - c) Management letters/letters of internal control weaknesses issued by the statutory auditors;
 - d) Internal audit reports relating to internal control weaknesses;
 - e) Appointment, removal and terms of remuneration of the Chief Internal Auditor;
 - f) Disclosure of Accounting Treatment, including, change, if any;
 - g) Details of instances of significant fraud; and
 - h) Internal controls and Risk Assessment and minimisation procedures; and
- to carry out any other function as is mentioned in the terms of reference of the Audit Committee or as contained in the Equity Listing Agreement, as amended from time to time.

(iii) Meetings and Attendance during the year:

Equity Shares of the Company were listed on BSE and NSE w.e.f. 17th July, 2013 and hence, the provisions of the Equity Listing Agreement, regarding the meetings of the Audit Committee, became applicable to the Company w.e.f. same date.

Accordingly, as required under Clause 49(II)(B), during the year, the Audit Committee met three times, to deliberate on various matters and the gap between any such two meetings was not more than four months. The required quorum was present in all such meetings. Attendance of the members at the meetings held is as follows-

Date of the Meeting	Mr. P. Murari (Chairperson)	Mr. Bharat Patel (Member)	Mr. Sushil Agarwal (Member)
30 th July, 2013	Yes	Yes	Yes
25 th October, 2013	Yes	Yes	Yes
17 th February, 2014	Yes	Yes	Yes

The Chairperson of the Audit Committee, Mr. P. Murari, alongwith all other members of the Audit Committee, was present at the last i.e. Sixth Annual General Meeting of the Company, which was held on 23rd August, 2013.

Ms. Geetika Anand Talwar, Company Secretary and Compliance Officer of the Company, acts as the Secretary to the Committee.

Mr. Pranab Barua, Managing Director of the Company is a Permanent Invitee at all meetings of the Committee. Also, Chief Executive Officer, Chief Financial Officer, Statutory Auditors, Internal Auditor, Company Secretary and such other officers of the Company attend the meetings of the Committee, for providing such information as may be necessary alongwith the Statutory Auditor(s) and representative(s) of the Internal Auditor.

Minutes of all the meetings of the Audit Committee are circulated to all the members of the Board and are also placed in the next scheduled meeting of the Board, for discussion and review thereof.

B. Remuneration Committee

The Company does not have a designated Remuneration Committee of the Board as on 31st March, 2014 and as on the date of this Report.

C. Stakeholders Relationship Committee

The Board at its meeting held on 19th April, 2013, constituted a committee, viz., "Investor Relations and Finance Committee", mainly for looking into various issues relating to Shareholder Grievance(s) and their respective shareholdings.

Pursuant to the enactment and notification of the Companies Act, 2013, and as per the relevant provisions thereof, the Company was required to constitute a "Stakeholders" Relationship Committee" for looking after the grievances of shareholders/investors. Accordingly, the Board has, at its meeting held on 5th May, 2014, re-named the "Investor Relations and Finance Committee" as "Stakeholders Relationship Committee".

During the year under review, the Stakeholders Relationship Committee met once, on 17th February, 2014.

(i) Composition of the Stakeholders Relationship Committee:

The Composition of the Stakeholders Relationship Committee is as follows-

Name of the Member	Status	Category
Mr. P. Murari	Chairperson	Independent Non-Executive Director
Mr. Bharat Patel	Member	Independent Non-Executive Director
Mr. Sushil Agarwal	Member	Non-Executive Director

(ii) Meeting of the Committee:

During the year, the Committee met once, on 17th February, 2014, and the said meeting was attended by all the members.

Mr. P. Murari is the Chairperson of the Committee.

The Committee reports to the Board and the minutes of the meetings are placed before the Board for confirmation, from time to time.

Ms. Geetika Anand Talwar, Company Secretary and Compliance Officer of the Company, acts as the Secretary to the Committee and is also responsible for redressal of Shareholder Grievances.

(iii) Brief Description of Terms of Reference:

The scope and functions of the Committee is as follows:

- to consider and resolve grievances of the shareholders and investors of the Company in respect of matters relating to transfer and transmission of shares, Non-receipt of Dividend/ Annual Report, delays in transfer of shares and Dematerialisation/re-materialisation of shares etc.;
- to evaluate the performance of the Registrar and Transfer Agent of the Company;
- to review and approve the allotment of shares, approval of transfer or transmission of equity shares, debentures or any other securities;
- to issue of duplicate certificates and new certificates on split/consolidation/ renewal, etc.;
- to provide guidance and recommendations for providing Shareholder friendly services; and
- to carry out any other function as may be required as per the provisions of the Companies Act, 2013, applicable SEBI regulations and Equity Listing Agreement, as amended from time to time.

(iv) Number of Shareholders' Complaints Received during the year:

During the year, the Company received total of 19 Investor Complaints. All these complaints were redressed, and there is no Investor Complaint pending as on 31st March, 2014.

Sr. No.	Nature of Complaints	Complaints Received during FY 2013-14		
		FY 2013-14		
		Received	Cleared	Pending
1	Relating to Transfer/Transmission of Shares, Issue of Duplicate Shares	7	7	-
2	Non-receipt of Dividend	4	4	-
3	Non-receipt of Annual Report	3	3	-
4	Dematerialisation/Rematerialisation	-	-	-
5	Others	5	5	-
	Total	19	19	-

All the complaints received during the year were solved to the satisfaction of the respective Shareholders.

D. ESOP Compensation Committee:

The Board of Directors, at its meeting held on 23rd May, 2013, constituted the ESOP Compensation Committee, which is mainly entrusted with the responsibility of supervising and monitoring the process of issuance/grant/vesting/cancellation of Employee Stock Options (ESOPs) and such other instruments as may be decided to be granted to the employees of the Company/Holding Co./Subsidiary Co., from time to time.

(i) Composition of the ESOP Compensation Committee:

The Composition of the Committee is as follows:

Name of the Member	Status	Category
Mr. P. Murari	Member	Independent Non-Executive Director
Mr. Bharat Patel	Member	Independent Non-Executive Director
Mr. Pranab Barua	Member	Managing Director

(ii) Meetings of the Committee:

Details of the meetings of the Committee held during the year, alongwith the details of attendance of its members, are as follows-

Date of the Meeting	Mr. P. Murari (Member)	Mr. Bharat Patel (Member)	Mr. Pranab Barua (Member)
22 nd July, 2013	No	Yes	Yes
25 th October, 2013	Yes	Yes	Yes

Members of the Committee select a member amongst themselves as the Chairperson of the meeting. Mr. Bharat Patel was the Chairperson of the meeting of the Committee held on 22nd July, 2013, and Mr. P. Murari was the Chairperson of the meeting of the Committee held on 25th October, 2013.

The Committee reports to the Board, and the minutes of the meetings are placed before the Board for confirmation, from time to time.

(iii) Brief Description of Terms of Reference:

As mentioned above, the Committee is mainly entrusted with the responsibility of supervising and monitoring the process of issuance/grant/vesting/cancellation of ESOPs and such other instruments as may be decided to be granted to the employees of the Company/Holding Co./Subsidiary Co., from time to time, as per the provisions of the applicable laws, more particularly in terms of Securities and Exchange Board of India (Employee Stock Options Scheme and Employee Stock Purchases Scheme) Guidelines, 1999.

The Committee at its meeting held on 22nd July, 2013, approved a draft of the "Pantaloons Employee Stock Options Scheme-2013" ("*Scheme*") (which was approved by the Board, vide a Circular Resolution dated 22nd July, 2013) and the same was approved by the Shareholders of the Company, vide a resolution passed at the Sixth Annual General Meeting held on 23rd August, 2013.

Pursuant to the approval of the Shareholders of the Company, as mentioned above, the Committee finalised the Scheme at its meeting held on 25th October, 2013, and subsequently approved the grant of Stock Options ("Options"), Restricted Stock Units ("RSUs") (*each being convertible into one equity share of the face value of Rs. 10/- each of the Company*)

and Stock Appreciation Rights of the Company ("SARs") (*as per the Long-Term Incentive Plan applicable to the employees of Aditya Birla Group*), to the eligible employees of the Company, under Tranche 1. Details of the ESOPs, RSUs and SARs granted as on 31st March, 2014 are enumerated hereinbelow-

Details of Grant under Tranche 1			
Description	Stock Options	RSUs	SARs
Total Number	8,30,382	2,59,849	3,08,295
Date of Grant	25 th October, 2013		
Date of Vesting	25 th October, 2014 25 th October, 2015 25 th October, 2016 25 th October, 2017	25 th October, 2016	25 th October, 2014 25 th October, 2015 25 th October, 2016 25 th October, 2017
Due Date for Exercise	24 th October, 2019 24 th October, 2020 24 th October, 2021 24 th October, 2022	25 th October, 2021	24 th October, 2019 24 th October, 2020 24 th October, 2021 24 th October, 2022

E. Corporate Social Responsibility Committee ("CSR"):

Pursuant to the provisions of Companies Act, 2013, the Company is required to form and constitute a separate Committee for monitoring and implementation of the CSR projects/programmes/activities of the Company.

In view of the same, the Board in its meeting held on 25th October, 2013, constituted a "Corporate Social Responsibility ("CSR") Committee" for reviewing and finalising the annual CSR Budget, implementation of CSR projects and other such related activities.

(i) Composition of Corporate Social Responsibility Committee:

Composition of the Committee is as follows-

Name of the Member	Status	Category
Dr. Rakesh Jain	Member	Non-Executive Director
Mr. Pranab Barua	Member	Managing Director
Mr. Bharat Patel	Member	Independent Non-Executive Director

(ii) Meetings of Corporate Social Responsibility Committee:

The Committee shall meet as frequently as may be required to discharge its functions as enumerated in the CSR Policy and that the quorum for the meeting of the Committee shall be at least two members present (in person or participating through Video Conferencing) at such meetings.

(iii) Brief Description of terms of reference:

The scope and functions of CSR Committee *inter-alia* include the followings-

- to review and finalise the annual CSR Budget of the Company (including any specific project driven budgets) for undertaking the CSR activities for and on behalf of the Company and thereafter to recommend the said CSR Budget to the Board of Directors for its approval and to implement the same post approval of the Board;

- to authorize any officer(s) and/or other person(s) for and on behalf of the Company to form collaborative partnerships with the Government, the District or local authorities or agencies, the village panchayats, the NGOs and other like-minded stakeholders, so as to enable the Company to widen its CSR reach and also to leverage upon their collective expertise, wisdom and experience which shall be brought on the table by means of such partnerships and also to take all further actions and steps and to do all acts, deeds and things, which may be required to be done and performed from time to time in above connections;
- to periodically review the Business Responsibility (BR) activities and the Business Responsibility Report (BRR) of the Company and to take all further actions and steps and to do all acts, deeds and things, which may be required to be done and performed from time to time in connection therewith; and
- to perform such other acts, deeds, things and powers as may be delegated to the Committee by the Board from time to time.

III. GENERAL BODY MEETINGS

(A) Details of the Annual General Meetings of the Company held in last 3 years alongwith details of Special Resolutions, as more particularly set out in the respective notices of such AGMs/EOGMs, as passed by the Shareholders:

Financial Year	AGM/EOGM	Location	Date	Time	Particulars of Special Resolution
2011-12	EOGM	Indian Rayon Compound, Veraval, Gujarat 362 266	7 th May, 2012	11.30 a.m.	<ul style="list-style-type: none"> • Borrowing and raising money, from time to time, not exceeding Rs. 2000 Crore; [under Section 293(1)(d) of the Companies Act, 1956] • Investment of funds in PRIL and/or its subsidiaries; and [under Section 372A of the Companies Act, 1956] • Alteration of MOA, more particularly regarding change of Registered Office of the Company. [under Section 17 and 146(2) of the Companies Act, 1956]
2012-13	EOGM	Aditya Birla Centre, A-Wing, S.K. Ahire Marg, Worli, Mumbai 400 030	8 th April, 2013	11.00 a.m.	<ul style="list-style-type: none"> • Adoption of new set of MOA and AOA; and [under Sections 17, 18 and 31 of the Companies Act, 1956] • Appointment of Manager. [under Sections 198, 269, 309 and 310 read with Sch. XIII of the Companies Act, 1956]
2012-13	AGM	Swatantryveer Savarkar Rashtriya Smarak, 252, Veer Savarkar Marg, Shivaji Park, Dadar (West), Mumbai 400 028.	23 rd August, 2013	3.00 p.m.	<ul style="list-style-type: none"> • Introduction of the "Pantaloons Employee Stock Option Scheme-2013" for the eligible Employees of the Company; and [under Section 81(1A) of the Companies Act, 1956] • Introduction of the "Pantaloons Employee Stock Option Scheme 2013" for the eligible Employees of the holding and/or subsidiary companies of the Company. [under Section 81(1A) of the Companies Act, 1956]

- (B) Details of the Postal Ballot(s) conducted during the last year (i.e., Financial Year 2013-14)

During the year, no resolution has been passed through Postal Ballot(s) by the Shareholders of the Company.

Any Special Resolutions, as may be required to be passed through Postal Ballot, will be conducted as per the provisions of Companies Act, 2013 (as may be amended/re-enacted from time to time) and as per the provisions of other applicable law(s), from time to time.

IV. DISCLOSURES

- i. Details of materially significant related party transactions that may have potential conflict with the interests of the Company at large:

The Company places all the relevant details relating to the related party transactions before the Audit Committee and the Board, periodically. Particulars of the related party transactions are listed out in Notes to the Balance Sheet forming part of the Annual Report. All the related party transactions are done on arm's length basis.

- ii. Details of non-compliance by the Company, penalties and strictures imposed on the Company by Stock Exchange or SEBI or any Statutory Authority, on any matter related to the Capital Markets, during the last three years:

Equity Shares of the Company were listed on BSE and NSE, w.e.f. 17th July, 2013. Accordingly, the Company has, since then, complied with all requirements of the Equity Listing Agreement(s) entered with BSE and NSE, as well as regulations and guidelines of SEBI. Consequently, no penalties or strictures are imposed by SEBI or the Stock Exchanges or any Statutory Authority for non-compliance of any matter related to the Capital Markets.

- iii. Whistle Blower Policy and Affirmation that no personnel have been denied access to the Audit Committee:

The Company has in place adequate mechanism for all the stakeholders to have an access to the Management and the Audit Committee of the Company.

The Company has also adopted a "Policy for prevention of sexual harassment at workplace" and "Anti-fraud Policy", which specifically guarantee the right to "blow a whistle".

Without prejudice to and in addition to the same, the Company has established a policy for employees to report to the management concerns about unethical behaviours, actual or suspected fraud or violation of the Company's Code of Conduct or ethics.

- iv. Details of Compliance with mandatory requirements and adoption of the non-mandatory requirements of this Clause:

The Board reviews the necessity of adoption of non-mandatory requirements, from time to time.

- The Company does not have a Remuneration Committee as such, except for the ESOP Compensation Committee, details of which are already provided hereinabove.
- Performance update, consisting of financial and operational performance for the first six months of financial year, was sent to all the shareholders and similar practice will be followed for the current financial year.
- During the period under review (Financial Year 2013-14), there is no Audit Qualification in the Financial Statement(s), and the Company continues to adopt best practices to ensure unqualified financial statements.
- As already mentioned hereinabove, the Company has established a policy for employees to report to the management concerns about unethical behaviours, actual or suspected fraud or violation of the Company's Code of Conduct or ethics.

v. Disclosure of Accounting Treatment:

The Company has followed all relevant Accounting Standards while preparing the financial statements.

vi. Risk Management:

Risk evaluation and management is done on a continuous basis, by the Management. The Company has developed comprehensive risk management policy and, pursuant to the same, the Audit Committee assesses and reviews the Business Risks, on periodical basis, with a view to minimize the same and the Board is informed about the status of the same, from time to time.

Also, with a view to strengthen the risk management framework and to continuously review and re-assess the risks, which confront the business of the Company, the Audit Committee has also constituted a management level "Risk Management Steering Committee", consisting of the functional heads of the Company and headed by the Managing Director of the Company.

The Committee reviews the risk management process and implementation of risk mitigation plans.

vii. Proceeds from Public Issues, Right Issues, Preferential Issues, etc:

The Company discloses to the Audit Committee, the uses/applications of proceeds/funds raised from rights issue, preferential issue, etc., as part of quarterly review of financial results.

The Company has not raised any proceeds from public issue, rights issue, preferential issues, etc., and there are no unutilised issue proceeds during the year under review.

viii. Remuneration of Directors:

The Company has a system where all the Directors and Senior Management Personnel of the Company are required to disclose all pecuniary relationship(s) or transaction(s) with the Company. No significant material transactions have been made with the Non-Executive Directors vis-à-vis the Company.

The Non-Executive Directors are paid remuneration by way of Sitting Fees and payment of remuneration to Executive Directors (i.e., Managing Director in case of the Company) is approved by the Board and is subject to approval of the Shareholders of the Company at the ensuing Annual General Meeting.

No employee stock options are granted to any Independent Director.

During the year under review, the details of sitting fees/remuneration paid to the Directors are as follows-

Name of the Director	Salary, Allowance, Perquisites and Other Benefits Performance Linked Income/Bonus Paid/Commission Payable (Rs. In Lakhs)	Sitting Fees Paid* (Rs. In Lakhs)
Mr. P. Murari	N.A.	1.40
Mr. Bharat Patel	N.A.	1.80
Mr. Pranab Barua [#]	77.42	0.60
Dr. Rakesh Jain	N.A.	0.40
Mr. Sushil Agarwal	N.A.	1.20

* Gross amount (without deducting TDS)

[#] Mr. Barua was paid Sitting Fees for attending Board and other Committee Meetings from 1st April, 2013 to 24th October, 2013.

Notes:

1. No Director is related to any other Director on the Board
2. The Company has a policy of not advancing any loans to its Directors, except to Executive Directors in the normal course of employment.
3. The appointment of Executive Directors is subject to termination by three months notice in writing by either side.
4. The details of the Stock Options granted to Managing Director, during the year, are set out below, as also in Annexure to the Directors' Report.
5. No Severance Fees are paid to Directors of the Company.
6. The Performance Review System is primarily based on competencies and values. The Company closely monitors growth and development of top talent in the Company to align personal aspirations with the organisation purpose.

Pantaloons Employee Stock Options Scheme-2013 ("Scheme")

In accordance with the applicable SEBI Guidelines, ESOP Compensation Committee of the Board, has granted 8,18,696 Stock Options ("Options"), 2,54,849 Restricted Stock Units ("RSUs"), to the eligible employees of the Company.

Each Option and RSU is convertible into one equity share of the Company, upon exercise. The exercise price of the Options and RSUs, have been determined in accordance with the applicable SEBI Guidelines (*please refer to Annexure B of the Directors' Report*).

Details of the Options and RSUs granted to Directors are as under-

Name of the Director	No. of Options Granted	No. of RSUs Granted	Vesting Date for Options (%)	Vesting Date for RSUs (%)	Exercise Period
Mr. Pranab Barua	4,78,045	1,09,091	25 th October, 2014 (25%) 25 th October, 2015 (25%) 25 th October, 2016 (25%) 25 th October, 2017 (25%)	25 th October 2016 (100%)	25 th October, 2014 25 th October, 2015 25 th October, 2016 25 th October, 2017

During the year, neither Options nor RSUs have been vested in Mr. Barua and consequently none has been exercised.

ix. Management:

The Management Discussion and Analysis Report is prepared in accordance with the requirements laid out in Clause 49 of the Equity Listing Agreement and forms part of this Annual Report.

No material transaction has been entered into by the Company with the Promoters, Directors or the Management, or relatives, etc., that may have a potential conflict with their interests of the Company.

x. Shareholders:

According to the Articles of Association, one-third of the Directors retire by rotation and, if eligible, seek re-appointment at the Annual General Meeting of shareholders. Accordingly, Mr. Sushil Agarwal will retire in the ensuing Annual General Meeting. The Board has recommended the re-appointment of all the retiring Directors. Also, as per the provisions of the Companies Act, 2013, Board has recommended the appointment of Mr. P. Murari and Mr. Bharat Patel as Independent Directors. The detailed profiles of all these Directors are provided in the Notice convening the Annual General Meeting.

xi. Outstanding GDRs/ADRs:

The Company has not issued any ADR or GDR or warrants or any convertible instruments, which has likely impact on Equity Share Capital instruments.

V. MEANS OF COMMUNICATION

For easy reference of the Shareholders, the quarterly results, alongwith the Limited Review/Audit Report, are hosted on our website (www.pantaloons.com). The Company also sends quarterly results and press-release by e-mail (wherever available) to shareholders on the same day of announcement of results. Moreover, the quarterly/annual results are generally published in “The “Business Standard” and “Navshakti” (*a regional daily newspaper published from Mumbai*), within the stipulated timelines. The hard and soft copies are also sent to concerned Stock Exchanges simultaneously so as to enable them to display them on their notice board/website.

VI. GENERAL SHAREHOLDER INFORMATION

The Company has provided the details of ‘General Shareholder Information’ under the separate chapter on ‘Shareholders’ Information’ included in this Annual Report.

VII. SUBSIDIARY COMPANIES

The Company does not have any subsidiary as on 31st March, 2014, and as on date.

VIII. CEO/CFO CERTIFICATION

As required under the provisions of Clause 49 of the Equity Listing Agreement, Mr. Pranab Barua (*Managing Director*), Mr. Shital Mehta (*Chief Executive Officer*) and Mr. Manoj Kedia (*Chief Financial Officer*) have reviewed the Financial Statements and the Cash Flow Statement for the year ended 31st March, 2014, and accordingly have provided a certificate, which is enclosed separately at the end of this Report.

IX. REPORT ON CORPORATE GOVERNANCE

As required by Clause 49 of the Equity Listing Agreement, the Company has been duly submitting the quarterly compliance report to the Stock Exchange(s) on quarterly basis. The copy of the report(s) is/are available on our website (www.pantaloons.com) and BSE (Scrip Code: 535755) and NSE (Scrip Code: PFRL) website.

X. STORE LOCATIONS

Locations of the Stores of the Company are separately provided on page 88 of this Annual Report.

Voluntary Guidelines-2009

The Ministry of Corporate Affairs has issued a set of Voluntary Guidelines on ‘Corporate Governance’ and ‘Corporate Social Responsibility’ in December 2009. These guidelines are expected to serve as a benchmark for the Corporate Sector and also help them in achieving the highest standard of corporate governance.

Some of the provisions of these guidelines are already in place as reported elsewhere in this Report. The other provisions of these guidelines are being evaluated and your Company will endeavour to adopt the same in a phased manner.

CEO – CFO CERTIFICATION

To the Board of Directors

Pantaloon Fashion & Retail Limited

1. We have reviewed the Financial Results of Pantaloon Fashion & Retail Limited for the year ended 31st March, 2014 and to the best of our knowledge and belief:
 - I. These statements do not contain any materially untrue statement or omit any material fact or contain statement that might be misleading.
 - II. These statements together present a true and fair view of the Company's affairs and are in compliance with the existing accounting standards, applicable laws and regulations.
2. To the best of our knowledge and belief, no transactions entered into by the Company during the year ended 31st March, 2014, which are fraudulent, illegal or violative to the Company's Code of Conduct.
3. We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting. We have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps we have taken or proposed to be taken to rectify the deficiencies.
4. We have indicated to the Auditors and the Audit Committee:
 - I. Significant changes in the Company's internal control over the financial reporting during the year;
 - II. Significant changes in accounting policies during the year; and
 - III. Instances of significant fraud of which we have become aware and involvement therein, if any, of the management or other employees having a significant role in the Company's internal control system over financial reporting.

Place : Mumbai

Date : 5th May, 2014

Pranab Barua

(Managing Director)

Shital Mehta

(Chief Executive Officer)

Manoj Kedia

(Chief Financial Officer)

DECLARATION

As provided under Clause 49 of the Equity Listing Agreement with the Stock Exchange(s), I hereby declare that all the Board of Directors and Senior Management personnel of the Company have affirmed the Compliance with the Code of Conduct for the year ended 31st March, 2014.

Place : Mumbai

Date : 5th May, 2014

Pranab Barua

Managing Director

AT A GLANCE

During the year under review, on receipt of all the requisite approvals and on completion of all the *conditions precedents* enumerated in the Scheme of Arrangement under Sections 391-394 of the Companies Act, 1956 [between Future Retail Limited (earlier known as Pantaloon Retail (India) Limited) ("FRL"), the Company and their respective shareholders and creditors and Indigold Trade and Services Limited ("ITSL") (as the shareholder of the Company)] regarding the demerger of "the Pantaloons Format Business" ("Demerged Undertaking") of the FRL, into the Company ("Scheme"), the Board of Directors of the Company in their meeting held on 8th April, 2013, made the Scheme effective ("Effective Date").

Accordingly, as per the terms of the Scheme, the entire Demerged Undertaking was transferred to and vested in the Company w.e.f. 1st July, 2012, i.e., Appointed Date under the Scheme.

The Equity Shares of the Company were listed on BSE Limited ("BSE") and National Stock Exchange of India Limited ("NSE") on 17th July, 2013 and accordingly, provisions of the Equity Listing Agreement as entered into with BSE and NSE, became applicable from such date.

In terms of the provisions of the Equity Listing Agreement and more particularly pursuant to the disclosures required to be made as per Annexure IC (9) of Clause 49 of Equity Listing Agreement, the General Information of the Company for reference of the Shareholders is as under:

(i) Corporate Identification Number (CIN):

L18101MH2007PLC233901

(ii) Registered Office:

701-704, 7th Floor, Skyline Icon Business Park,
86-92, Off A. K. Road, Marol Village, Andheri (East),
Mumbai, Maharashtra.

Phone : +91 8652905000

Fax : +91 8652905400

Website : <http://www.pantaloons.com>

(iii) Annual General Meeting:

Date : 27th August, 2014

Time : 3.00 p.m.

Venue : F.P.H.'s Garware Sabhagriha,
F.P.H. Building, Lala Lajpatrai Marg,
Haji Ali, Mumbai 400 034.

(iv) Financial Calendar: For Financial Reporting is as follows:

- | | |
|--|---|
| a. Financial Year of the Company | : 1 st April, 2014 to 31 st March, 2015 |
| b. For the quarter ending 30 th June, 2014 | : End July/August, 2014 |
| c. For the half-year ending 30 th September, 2014 | : End October/November, 2014 |
| d. For the quarter ending 31 st December, 2014 | : End January/February, 2015 |
| e. For the quarter ending 31 st March, 2015 | : End April/May, 2015 |
| f. 8 th Annual General Meeting for the
year ended 31 th March, 2015 | : August/September, 2015 |

(v) **Dates of Book Closure:**

From Thursday, 10th July, 2014 to Thursday, 17th July, 2014 (both days inclusive)

(vi) **Dividend Payment Date:**

Not Applicable

(vii) **Listing on Stock Exchanges:**

Stock Exchange(s)	Stock Code		
	Equity Shares	Non-Convertible Debentures*	
		1 st Series	2 nd Series
BSE Limited (BSE) Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400 001	535755	949193	949235
National Stock Exchange of India Limited (NSE) Exchange Plaza, Plot No. C/1, G Block, Bandra-Kurla Complex, Bandra (East), Mumbai 400 051	PFRL	—	

*Non-Convertible Debentures are listed on the Wholesale Debt Market (WDM) segment of BSE.

The details of the Debenture Trustees are as follows:

Axis Trustee Services Ltd.
2nd Floor 'E', Axis House,
Bombay Dyeing Mills Compound,
Pandurang Budhkar Marg, Worli, Mumbai 400 025.
Phone : +91 22 2425 5215/5216
Fax : +91 22 2425 4200
Email : debenturetrustee@axistrustee.com

(viii) **Payment of Annual Listing Custody/Issue Fees:**

Annual Listing Fees for the year 2014-15 have been paid to both the Stock Exchanges and Annual Custody/Issue Fees for the year 2014-15 have been paid to NSDL and CDSL.

(ix) **Market Price Data:**

(Amount in Rs.)

Month - Year	BSE Limited		National Stock Exchange of India Limited	
	High	Low	High	Low
July, 2013	164.55	135.00	166.00	135.65
August, 2013	160.45	127.35	161.35	127.00
September, 2013	129.90	113.80	129.25	111.75
October, 2013	116.95	100.25	116.55	101.25
November, 2013	99.45	76.90	99.05	76.50
December, 2013	97.70	81.95	98.50	81.70
January, 2014	88.45	84.25	88.80	84.05
February, 2014	89.85	83.00	89.55	83.10
March, 2014	89.50	81.40	90.45	81.80

Note - Equity Shares of the Company were listed on the Stock Exchanges (BSE and NSE) w.e.f. 17th July, 2014 and accordingly, the above table contains information only for the period starting from July, 2013 to March, 2014.

(x) **Stock Performance:**

Month - Year	PFRL	NSE	BSE	PFRL	NSE	BSE
	NSE Closing Price	CNX Nifty	SENSEX	Indexed	Indexed	Indexed
July, 2013	154.20	5742.00	19345.70	100.00	100.00	100.00
August, 2013	127.00	5471.80	18619.72	82.36	95.29	96.25
September, 2013	111.75	5735.30	19379.77	72.47	99.88	100.18
October, 2013	101.25	6299.15	21164.52	65.66	109.70	109.40
November, 2013	87.10	6176.10	20791.93	56.49	107.56	107.48
December, 2013	89.65	6304.00	21170.68	58.14	109.79	109.43
January, 2014	84.05	6089.50	20513.85	54.51	106.05	106.04
February, 2014	85.10	6276.95	21120.12	55.19	109.32	109.17
March, 2014	82.60	6704.20	22386.27	53.57	116.76	115.72

(xi) **Registrar and Transfer Agents (RTA):**

Link InTime India Pvt. Ltd.

Pannalal Silk Mills Compound,
C-13, Lal Bhadur Shastri Road, Sadan Wadia,
Bhandup (West), Mumbai 400 078, Maharashtra, India.
Tel : (022) 2596 3838
Fax : (022) 2594 6969

(xii) **Share Transfer System:**

Share transfers are processed and duly endorsed share certificate(s) are returned normally within 7 days from the date of receipt, provided that the supporting documents are complete in all respects.

Stakeholders Relationship Committee of the Board considers and approves transfer above 5,000 shares under one transfer deed. Further, Link InTime India Pvt. Ltd., Registrar and Share Transfer Agent of the Company, has been authorized to approve transfers upto 5,000 shares under one transfer deed.

Details of Share Transfer during FY 2013-2014				
Transfer period (in days)	No.of Transfers/ Transmission/ Name Deletion	No.of Shares	% (Share)	Cumulative Total %
1-5	6	6	0.05	0.05
6-15	36	11,660	99.59	99.64
16-60	2	42	0.36	100.00
Total	44	11,708	100.00	

(xiii) **Demat Suspense Account - Unclaimed Shares:**

Pursuant to the Scheme, Equity Shares of the Company were allotted to the Shareholders of the FRL ("as on 18th April, 2013, i.e., Record Date") on 19th April, 2013, in the ratio of "1:5".

However, some of the shareholders, holding shares in Physical Manner, did not claim the shares (to which they were entitled, more particularly as mentioned above), despite various reminders from Link InTime India Pvt. Ltd., our Registrar and Share Transfer Agent. As a result, such unclaimed shares have been credited to "Pantaloons – Unclaimed Shares Demat Suspense Account" in view of the provisions of Clause 5A of the Equity Listing Agreement.

As on 31st March, 2014, the total no. of 20,252 Equity Shares of Rs. 10/- each, belonging to 185 Shareholders, are lying in the said "Pantaloons – Unclaimed Shares Demat Suspense Account". During the year under review, no shares were transferred from the Suspense Account to any of the aforesaid shareholders. The voting rights on these shares shall remain frozen till the rightful owner of such shares, claims the shares.

Such shareholders may approach the Company/RTA of the Company, with their correct particulars and proof of their identity for crediting requisite shares from Demat Suspense Account to their individual Demat Account.

(xiv) Category-wise Shareholding Pattern of the Company, as on 31st March, 2014:

Category	No. of Shareholders	No. of Shares	%
Promoters	1	6,30,56,196	67.95
Body Corporate	718	2,56,79,817	27.67
FI	5	5,58,507	0.60
FII	7	3,47,293	0.37
Mutual Funds	2	47,331	0.05
Others incl. Public	40,828	31,04,385	3.35
Total	41,561	9,27,93,529	100.00%

(xv) Distribution of Shareholding as on 31st March, 2014:

Distribution of Shareholding as on 31 st March, 2014				
No. of Equity Shares held (by each Shareholder)	No. of Shareholders	% of Shareholders (falling under this Category)	Total No. of Shares Held (by Shareholders falling under this Category)	Total % of Shareholding
1	3,246	7.81	3,246	0.00
2-10	18,035	43.39	96,727	0.10
11-50	12,543	30.18	3,00,342	0.32
51-100	2,798	6.73	2,14,813	0.23
101-200	3,564	8.58	4,61,196	0.50
201-500	812	1.95	2,54,524	0.27
501-1000	278	0.67	1,95,110	0.21
1001-5000	195	0.47	4,33,410	0.47
5001-10000	24	0.06	1,64,575	0.18
10001 and above	66	0.16	9,06,69,586	97.71
Total	41,561	100.00	9,27,93,529	100.00

(xvi) Dematerialization of Shares and Liquidity:

The shares of the Company were listed on BSE and NSE w.e.f. 17th July, 2013, and are traded thereon in Dematerialised form. The shares of the Company are admitted for trading under both the Depository Systems in India, i.e., National Securities Depository Limited (*NSDL*) and Central Depository Services Limited (*CDSL*). The International Securities Identification Number (ISIN) allotted to the Company's Equity Shares under the Depository System is *INE647O01011*.

The distribution of shareholding in dematerialised and physical mode as on 31st March, 2014, is as detailed hereinbelow-

Distribution of Shareholding as on 31 st March, 2014		
Particulars	No. of Shareholders	% of Total Equity
Total No. of Shareholders	41,561	100.00
Physical	1,932	4.65
Dematerialised Mode	39,629	95.35
NSDL	28,356	68.23
CDSL	11,273	27.12

(xvii) Outstanding GDRs/ADRs/Warrants or any Convertible Instruments, Conversion Date and likely impact on Equity:

As on 31st March, 2013, there were Optionally Fully Convertible Debentures (OFCDs) of Rs. 800 Crore issued to Indigold Trade and Services Limited (*"Holding Company"*) pursuant to the Scheme of Arrangement.

Pursuant to effectiveness of the Scheme, these OFCDs were converted into 4,59,77,011 Equity Shares of Rs. 10/- each on 8th April, 2013.

There are no outstanding GDRs/ADRs/Warrants or any Convertible Instruments, pending for conversion as on 31st March, 2014.

(xviii) Store Locations:

Please refer Page No. 88 for the list of Pantaloon Stores Locations.

(xix) Address for Correspondence:

Registered Office

Pantaloon Fashion & Retail Limited
701-704, 7th Floor, Skyline Icon Business Park,
86-92, Off A. K. Road, Marol Village,
Andheri (East), Mumbai, Maharashtra.
Tel: +91 8652905000; Fax: +91 8652905400
Website: <http://www.pantaloon.com>

Registrar and Transfer Agents (RTA)

Link InTime India Pvt. Ltd.
Pannalal Silk Mills Compound,
C-13, Lal Bhadrur Shastri Road, Sadan Wadia,
Bhandup (West), Mumbai – 400 078
Tel: (022) 2596 3838; Fax: (022) 2594 6969

(xx) Secretarial Audit:

As stipulated under the provisions of Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996 (*"SEBI Regulations"*), M/s Dilip Bharadiya & Associates, Company Secretaries, have been appointed to carry out the Reconciliation of Share Capital Audit for the Company, i.e., for reconciling the total admitted capital with NSDL and CDSL and the total issued and listed capital. A report based on the findings thereon is submitted to

Stock Exchange(s), NSDL and CDSL, and also placed before the Board of Directors at the end of each quarter.

Also, as per provisions of the Companies Act, 2013, M/s Dilip Bharadiya & Associates, Company Secretaries, have been appointed as the Secretarial Auditor of the Company for the financial year 2014-15, vide a resolution passed by the Board in its meeting held on 5th May, 2014.

(xxi) Investor Service and Grievance Handling Mechanism:

All investor service matters are being handled by the Registrar and Share Transfer Agent, Link InTime India Pvt. Ltd., which has multiple number of Investor Service Centres across the country enabling them to discharge the investor service functions effectively, efficiently and expeditiously. The Company has an established mechanism for investor service and grievance handling, with Link InTime and the Compliance Officer of the Company for this purpose, being the important functional nodes.

Sr. No.	Nature of Complaints	FY 2013-14	
		Received	Cleared
1	Relating to Transfer, Transmission, Duplicate	7	7
2	Non-receipt of Dividend	4	4
3	Annual Report	3	3
4	Others	5	5
	Total	19	19

(xxii) Company's Recommendations to the Shareholders/Investors:

a. Open Demat Account and Dematerialize Your Shares

Investors should convert their physical holdings of securities into dematerialized form. Holding securities in dematerialized form helps investors to get immediate transfer of securities. No stamp duty is payable on transfer of shares held in dematerialized form and risks associated with physical certificates such as forged transfers, fake certificates and bad deliveries are avoided.

b. Consolidate Multiple Folios

Investors should consolidate their shareholding held in multiple folios. This would facilitate one-stop tracking of all corporate benefits on the shares and would reduce time and efforts required to monitor multiple folios.

c. Register National Electronic Clearing Service (NECS) Mandate and furnish correct bank account particulars with Company/Depository Participant (DP)

Investors holding the shares in physical form should provide NECS mandate to the Company and investors holding the shares in dematerialized form should ensure that correct and updated particulars of their bank account are available with the Depository Participant (DP). This would facilitate in receiving direct credits of dividends, refunds, etc., from companies and avoid postal delays and loss in transit. Investors must update their new bank account numbers allotted after implementation of Core Banking Solution (CBS) to the Company, in case of shares held in physical form and to the DP in case of shares held in dematerialized form.

d. Submit Nomination Form

Investors should register their nominations in case of physical shares with the Company and in case of dematerialized shares with their DP. Nomination would help the nominees to get the shares transmitted in their favours without any hassles. Investors must ensure that nomination made is in the prescribed Form and must be witnessed by two witnesses in order to be effective. The Form may be downloaded from the Company's website www.pantaloons.com under the section "Investor Relations".

e. Deal with Registered Intermediaries

Investors should transact through a registered intermediary who is subject to regulatory discipline of SEBI, as it will be responsible for its activities, and in case the intermediary does not act professionally, investors may take up the matter with SEBI/Stock Exchanges.

f. Obtain Documents Relating to Purchase and Sale of Securities

A valid Contract Note / Confirmation Memo should be obtained from the broker/sub-broker, within 24 hours of execution of purchase or sale of securities and it should be ensured that the Contract Note / Confirmation Memo contains order number, order time, trade number, trade time, security descriptions, bought and sold quantity, price, brokerage, service tax and securities transaction tax. In case the investors have any doubt about the details contained in the contract note, they can avail the facility provided by BSE / NSE to verify the trades on BSE / NSE websites. It is recommended that this facility be availed in respect of a few trades on random basis, even if there is no doubt as to the authenticity of the trade/transaction.

g. Monitor Holdings Regularly

Demat account should not be kept dormant for long period of time. Periodic statement of holdings should be obtained from the concerned DP, and holdings should be verified. Where the investor is likely to be away for a long period of time and where the securities are held in electronic form, the investor can make a request to the DP to keep the account frozen, so that there can be no debit to the account till the instruction for freezing the account is countermanded by the investor.

h. Transfer Securities before Book Closure / Record Date

The corporate benefits on the securities lying in the clearing account of the brokers cannot be made available to the members directly by the Company. In case an investor has bought any securities, he must ensure that the securities are transferred to his demat account before the book closure/record date.

i. Opt for Corporate Benefits in Electronic Form

In case of non-cash corporate benefits like split of shares/bonus shares, the holders of shares in physical form must opt to get the shares in electronic form by providing the details of demat account to the RTA.

j. Register for SMS Alert Facility

Investors should register their mobile numbers with DPs for SMS alert facility. National Securities Depository Limited and Central Depository Services (India) Limited proactively inform the investors of transaction in the demat account by sending SMS. Investors will be informed about debits and credits to their demat account without having to call-up their

DPs, and investors need not wait for receiving Transaction Statements from DPs to know about the debits and credits.

k. Register E-mail Address

To support the 'Green Initiative' in the Corporate Governance taken by the Ministry of Corporate Affairs, to contribute towards greener environment and to receive all documents, notices, including Annual Reports and other communications of the Company, investors should register their e-mail addresses with Link InTime, if shares are held in physical mode, or with their DP, if the holding is in electronic mode.

l. Exercise Caution

There is likelihood of fraudulent transfers in case of folios with no movement or where the shareholder has either expired or is not residing at the address registered with the Company. Company/DP should be updated on any change of address or contact details. Similarly, information of death of shareholder should also be communicated.

m. Mode of Postage

Share certificates and high value dividend/interest warrants/cheques/demand drafts should not be sent by ordinary post. It is recommended that investors should send such instruments by registered post or courier.

n. Intimate Mobile Number

Intimate your mobile number and changes therein, if any, to Link InTime, if shares are held in physical mode, or to your DP, if the holding is in electronic mode, to receive communications on corporate actions and other information of the Company.

(xxiii) Feedback:

Shareholders are requested to give us their valuable suggestions for improvement of our Investor Services to us/our RTA, by writing us at the address provided hereinabove.

"It is our responsibility to see sustainability becoming one of the defining attributes of our Group.

I appreciate the commitment of our businesses and their teams to sustainable development.

I believe that in so far as it relates to sustainability, there is no finish line. Because the goalpost will keep moving. Therefore, our endeavour should be to constantly raise the bar and strive to match the world's best on all the metrics of sustainability measurements".

*– Kumar Mangalam Birla
Chairman, Aditya Birla Group*

A US \$40 billion corporation, the Aditya Birla Group is in the League of Fortune 500. It is anchored by an extraordinary force of over 120,000 employees, belonging to 42 different nationalities. The Group has been ranked Number 4 in the Global 'Top Companies for Leaders' survey and ranked Number 1 in Asia Pacific for 2011. 'Top Companies For Leaders' is the most comprehensive study of organisational leadership in the world conducted by Aon Hewitt, Fortune Magazine and RBL (a strategic HR and Leadership Advisory firm). Our Group has also topped Nielsen's Corporate Image Monitor 2012-13. We have emerged as the No. 1 corporate among the 40 corporates covered in this survey (selected using The Economic Times-500 and the Business Today-500 list of listed companies).

We, at Pantaloons Fashion & Retail, are proud to be a part of the Aditya Birla Group of Companies. In line with the Group's vision on sustainable development, your Company's sustainable development philosophy is to manage its business in a responsible manner, far ahead of legal compliances. In this regard, we are pleased to inform you that we have taken certain definitive steps to promote and practice environmental conservation through synergising growth with responsibility.

This financial year marked the first milestone in our journey. Your Company held the first Sustainability convention on 15th June, 2013. The convention saw the articulation of your Company's Sustainability Vision, the Sustainability Logo (ReEarth of our tomorrow), the Sustainability Manifesto, with its thrust on the inter-connectedness of business, the community and the earth in the ecosystem, and the Sustainability Mission, which links profits, people and the planet.

Sustainability Vision

We are committed to give back more than what we take from our ecosystem.

Sustainability Logo



ReEarth is a movement that urges everyone to start giving back to our planet what we've taken from it over the years. The fact that this is a continuous process is denoted by the cyclic movement of the three droplets. Each of the three droplets represents the pillars that are necessary to make our planet sustainable.

Green represents Environment; Blue represents Economy and Pink represents Society. The unit is supported by a tagline that emphasizes that we need to keep the process going, because eventually it is 'for our tomorrow'.

Sustainability Manifesto

Its time

*Forever, we've been taking from the Earth.
Taking, considering it our right to do so.
Forgetting every time, that
abundance is not permanent.*

*Yes, there was a time when
everything was in plenty,
And to make a choice was
never compulsory. Back then,
every pillar of the ecosystem:
Environment, Economy, Society,
balanced each other well.*

*But then, we took a lot more than
we could give, and this
balance fell apart*



*Let's remind ourselves all over again,
that resources are decreasing and
demands increasing.
And to keep our ecosystem going,
we need to give back more than
we take from it.*

*So let's begin to give back.
To the Environment we grow in.
To the Economy we prosper in.
To the Society we live in. Because
when we give back, we get back.*

*Let's preserve our tomorrow.
Let's protect our planet.
Let's **Re-Earth**.*

The premise of the sustainability commitment of Aditya Birla Group revolves around the theme of giving back to the community, striving for conservation of earth and alignment of business strategy targeted at profitability with the sustainability goals.

This is reflected in the our sustainability missions encompassing the commitment of the organization towards the economic, environmental and social aspects pertaining to sustainability.

Sustainability Mission



The Company has identified issues material to the business, the Society and Stakeholders at large. It has laid down 8 missions which are to be achieved in phases.

Energy

The Company aims to reduce the purchase of grid electricity and fossil fuel through process aimed at demand/waste reduction and renewable energy.

To reduce energy consumption, the Company has taken many initiatives such as setting-up of Electronic Energy Meter System at each store for remote monitoring.

Further, the Company is in the process of implementing energy efficient lighting systems, such as LED lighting, along with efficient VRV system for air conditioning across its Offices and Stores.

Plastic to Paper

The usage of plastic bags has been causing environmental degradation and imbalances in the ecosystem. To reduce the usage of plastic bags, the Company has initiated the shift from consumption of plastic bags to re-usable paper bags. In a Six month time-frame, all of our Stores will be moving towards paper bags.

Sustainable Livelihood

The Company plans to create sustainable livelihood through Employment, Training, Facilitation and Guidance.

Your Board and Management teams across all the operations remain committed to a sustainable future.

Financial Statements

INDEPENDENT AUDITORS' REPORT

To the members of Pantaloons Fashion & Retail Limited (Formerly Peter England Fashions and Retail Limited)

Report on the Financial Statements

We have audited the accompanying financial statements of **Pantaloons Fashion & Retail Limited** ("the Company"), which comprise the Balance Sheet as at 31st March, 2014, and the Statement of Profit and Loss, and the Cash Flow Statement for the year 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 principles generally accepted in India, including the Accounting Standards notified under the Companies Act, 1956, read with General Circular 8/2014 dated 4th April, 2014, issued by the Ministry of Corporate Affairs. 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.

Auditors' 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 judgment, 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the 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 Companies Act, 1956 ("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 31st March, 2014;
- (b) in the case of the Statement of Profit and Loss, of the loss for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Emphasis of Matter

We draw attention to Note 38 to the financial statements, wherein the appointment of the managing director is subject to the approval of the shareholders and the managerial remuneration paid in excess of the limits prescribed under Schedule XIII of the Act. The management has taken necessary steps for obtaining Central Government's approval. Pending the approval from the Shareholders of the Company

and the Central Government, as aforesaid, no adjustments have been made to the Financial Statements. Our opinion is not qualified in respect of this matter.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order"), 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 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 Cash Flow Statement comply with the Accounting Standards notified under the Act read with General Circular 8/2014 dated 4th April, 2014, issued by the Ministry of Corporate Affairs.
 - (e) On the basis of written representations received from the directors as on 31st March, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2014, from being appointed as a director in terms of Clause (g) of Sub-Section (1) of Section 274 of the Act.

For **S.R. Batliboi & Co. LLP**
Chartered Accountants
ICAI Firm Registration No. 301003E

per **Vijay Maniar**
Partner
Membership No. 36738

Mumbai, 5th May, 2014

Annexure referred to in paragraph 1 under the heading “Report on other legal and regulatory requirements” of our report of even date

Re: Pantaloons Fashion & Retail Limited (Formerly Peter England Fashions and Retail Limited) (“the Company”)

- (i)(a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (i)(b) The management has a planned program of verifying the fixed assets once in three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets, *however, during the year, physical verification has been carried out by the management only in respect of few stores as against the planned program.* No material discrepancies were noticed on such verification.
- (i)(c) There was no disposal of a substantial part of fixed assets during the year.
- (ii)(a) The management has conducted physical verification of inventory at reasonable intervals during the year.
- (ii)(b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (ii)(c) The Company is maintaining proper records of inventory. Discrepancies noted on physical verification of inventories were not material and have been properly dealt with in the books of account.
- (iii)(a) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 301 of the Act. Accordingly, the provisions of Clauses 4(iii)(a) to (d) of the Order are not applicable to the Company and hence not commented upon.
- (iii)(e) According to the information and explanations given to us, the Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under Section 301 of the Act. Accordingly, the provisions of Clauses 4(iii)(e) to (g) of the Order are not applicable to the Company and hence not commented upon.
- (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 the 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, there are no contracts or arrangements that need to be entered in the register maintained under Section 301 of the Act. Accordingly, the provisions of Clause 4(v)(b) of the Order is not applicable to the Company and hence not commented upon.
- (vi) The Company has not accepted any deposits from the public.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) To the best of our knowledge and as explained, the Central Government has not prescribed the maintenance of cost records under Clause (d) of Sub-section (1) of Section 209 of the Act, for the products of the Company.
- (ix)(a) Undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales tax, wealth tax, service tax, customs duty, cess and other material statutory dues have generally been regularly deposited with the appropriate authorities. The provisions relating to excise duty are not applicable to the Company.
- (ix)(b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance,

income-tax, wealth tax, service tax, sales tax, customs duty, cess and other material statutory dues were outstanding, at the year end, for a period of more than Six months from the date they became payable.

- (ix)(c) According to the information and explanations given to us, there are no dues of income-tax, sales tax, wealth tax, service tax, customs duty and cess which have not been deposited on account of any dispute.
- (x) The Company's accumulated losses at the end of the financial year are less than fifty per cent of its net worth. *The Company has incurred cash losses in the current year and in the immediately preceding financial year.*
- (xi) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.
- (xii) According to the information and explanations given to us and based on the documents and records produced before us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore, the provisions of Clause 4(xiii) of the Order are not applicable to the Company.
- (xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of Clause 4(xiv) of the Order are not applicable to the Company.
- (xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xvi) Based on the information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained.
- (xvii) According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, *we report that short-term sources of funds in the form of trade payables amounting to Rs. 5,703 Lakh have been used for long-term purpose for fixed assets, loans and advances and funding of losses.*
- (xviii) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under Section 301 of the Act.
- (xix) According to the information and explanations given to us, the Company had issued unsecured non-convertible redeemable 3000 debentures of Rs.1,000,000 each, during the period, covered by our audit report, on which no security or charge is required to be created.
- (xx) The Company has not raised money from public issue during the year.
- (xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.

For **S.R. Batliboi & Co. LLP**
Chartered Accountants
ICAI Firm Registration No. 301003E

per **Vijay Maniar**
Partner
Membership No. 36738

Mumbai, 5th May, 2014

BALANCE SHEET
AS AT 31ST MARCH, 2014

PANTALOONS FASHION & RETAIL LIMITED (formerly known as Peter England Fashions and Retail Ltd.)
BALANCE SHEET AS AT 31ST MARCH, 2014

Rs. in Lakhs

	Notes	As at 31 st March, 2014	As at 31 st March, 2013
EQUITY AND LIABILITIES			
(A) Shareholders' Funds			
Share Capital	2	9,279	50
Equity Preference		51	51
Share Suspense Account	2A	-	84,632
Reserves and Surplus	3	48,617	(7,780)
Sub-Total - (A)		57,947	76,953
(B) Non-Current Liabilities			
Long-term Borrowings	4A	101,500	48,493
Other Long-term Liabilities	5A	4,279	3,646
Long-term Provisions	7A	568	229
Sub-Total - (B)		106,347	52,368
(C) Current Liabilities			
Short-term Borrowings	4B	46	99,881
Trade Payables	6	37,558	31,630
Other Current Liabilities	5B	12,455	27,115
Short-term Provisions	7B	970	281
Sub-Total - (C)		51,029	158,907
TOTAL (A) + (B) + (C)		215,323	288,228
ASSETS			
(D) Non-Current Assets			
Fixed Assets			
Tangible Assets	8A	44,322	46,961
Intangible Assets	8B	118,995	116,765
Capital Work-in-Progress		1,792	1,355
Intangible Assets Under Development		693	-
		165,802	165,081
Deferred Tax Assets (Net)	36	-	-
Long-term Loans and Advances	10A	7,695	6,255
Sub-Total - (D)		173,497	171,336
(E) Current Assets			
Current Investments	9	599	80,000
Inventories	12	35,835	32,487
Trade Receivables	13	1,700	96
Cash and Bank Balances	14	1,082	2,525
Short-term Loans and Advances	10B	1,670	1,185
Other Current Assets	11	940	599
Sub-Total - (E)		41,826	116,892
TOTAL (D) + (E)		215,323	288,228

Summary of Significant Accounting Policies 1.1

The accompanying Notes are an integral part of the Financial Statements.

As per our report of even date

For S.R. Batliboi & Co. LLP
ICAI Firm Registration No. 301003E
Chartered Accountants

per Vijay Maniar
Partner
Membership No. 36738

Place: Mumbai
Date: 5th May, 2014

For and on behalf of the Board of Directors of
Pantaloon Fashion & Retail Limited (formerly known as Peter England
Fashions and Retail Ltd.)

Pranab Barua
(Managing Director)

Place: Mumbai
Date: 5th May, 2014

P. Murari
(Director)

Shital Mehta
(Chief Executive Officer)

Place: Chennai
Date: 5th May, 2014

Sushil Agarwal
(Director)

Manoj Kedia
(Chief Financial Officer)

Bharat Patel
(Director)

Geetika Anand
(Company Secretary)

**STATEMENT OF PROFIT AND LOSS
FOR THE YEAR ENDED 31ST MARCH, 2014**

**PANTALOONS FASHION & RETAIL LIMITED (formerly known as Peter England Fashions and Retail Ltd.)
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2014**

Rs. in Lakhs

	Notes	Year Ended 31 st March, 2014	Year Ended 31 st March, 2013
REVENUE			
Revenue from Operations	15	166,121	128,514
Other Income	16	513	6,322
Total Revenue		166,634	134,836
EXPENSES			
Purchase of Traded Goods	17	98,976	75,104
(Increase)/Decrease in Inventory of Traded Goods	18	(3,750)	2,334
Employee Benefits Expense	19	14,971	9,429
Other Expenses	20	52,585	35,035
Total Expenses		162,782	121,902
Profit Before Depreciation/Amortisation, Interest and Tax (PBDIT)		3,852	12,934
Depreciation and Amortisation Expenses (Depreciation for the year ended 31 st March, 2014, includes prior period depreciation of Rs. 1,302 Lakh)	21	10,900	5,443
Finance Cost	22	11,725	14,380
(Loss)/Profit Before Tax		(18,773)	(6,889)
Tax Expenses			
- Current Tax		-	-
- Deferred Tax		-	-
(Loss)/Profit for the Year		(18,773)	(6,889)
Earnings Per Equity Share [Nominal Value of Share Rs.10 (Previous Year: Rs.10)]			
Basic in Rs. Per Share		(20.24)	(9.89)
Diluted in Rs. Per Share (Face Value of Rs.10/- each)	23	(20.24)	(9.89)

Summary of Significant Accounting Policies 1.1

The accompanying Notes are an integral part of the Financial Statements

As per our report of even date

For S.R. Batliboi & Co. LLP
ICAI Firm Registration No. 301003E
Chartered Accountants

per Vijay Maniar
Partner
Membership No. 36738

Place: Mumbai
Date: 5th May, 2014

For and on behalf of the Board of Directors of
Pantaloon Fashion & Retail Limited (formerly known as Peter England
Fashions and Retail Ltd.)

Pranab Barua
(Managing Director)

Place: Mumbai
Date: 5th May, 2014

P. Murari
(Director)

Shital Mehta
(Chief Executive Officer)

Place: Chennai
Date: 5th May, 2014

Sushil Agarwal
(Director)

Manoj Kedia
(Chief Financial Officer)

Bharat Patel
(Director)

Geetika Anand
(Company Secretary)

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31ST MARCH, 2014**

**PANTALOONS FASHION & RETAIL LIMITED (formerly known as Peter England Fashions and Retail Ltd.)
CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2014**

Rs. in Lakhs

	Year Ended 31 st March, 2014	Year Ended 31 st March, 2013
A Cash Flow from Operating Activities		
(Loss)/Profit Before Tax	(18,773)	(6,889)
Adjustment to Reconcile Profit Before Tax to Net Cash Flows:		
Depreciation/Amortisation	10,900	5,443
Finance Costs	11,725	14,380
(Profit)/Loss on Fixed Assets Sold/Discarded	89	517
Capital Issue Expenses Adjusted to Reserves	(265)	
Employee Stock Option	33	
Interest Income	(196)	(6,219)
Demerger Expenses Paid adjusted directly in reserves (Refer Note 32)	-	(910)
Net (Gain)/Loss on Sale of Non-Current Investments	-	(3)
	22,286	13,208
Operating Profit Before Working Capital Changes	3,513	6,319
Movements in Working Capital:		
Increase/(Decrease) in Trade Payables	5,928	(2,183)
Increase/(Decrease) in Provisions	1,028	500
Increase/(Decrease) in Other Liabilities	4,008	(4,460)
Decrease/(Increase) in Trade Receivables	(1,604)	567
Decrease/(Increase) in Inventories	(3,348)	1,795
Decrease/(Increase) in Loans and Advances	(1,596)	(784)
Decrease/(Increase) in Other Assets	(341)	(599)
	4,075	(5,164)
Cash Generated from/(used in) Operations	7,588	1,155
Direct Taxes Paid	(293)	(885)
Net Cash Flow from/(used in) Operating Activities (A)	7,295	270
B Cash Flows from Investing Activities		
Purchase of Tangible Fixed Assets including CWIP and Capital Advances	(9,501)	(2,999)
Purchase of Intangible Assets	(2,246)	
Proceeds from Sale of Fixed Assets	-	-
Proceeds of Current Investments	80,000	
Proceeds of Non-Current Investments	-	35
Interest Received	196	622
Purchase of Current Investments	(599)	(80,000)
Net Cash Flow from/(used in) Investing Activities (B)	67,850	(82,342)
C Cash Flows from Financing Activities		
Proceeds from Long-term Borrowings	105,000	103,514
Repayment of Short-term Borrowings	(99,835)	-
Repayment of Long-term Borrowings	(73,188)	(86,812)
Dividend Paid on Preference Shares	-	(12)
Tax on Preference Dividend Paid	-	(2)
Finance Costs Paid	(8,565)	(12,417)
Proceeds from Optionally Fully Convertible Debentures	-	80,000
Net Cash Flow from/(used in) in Financing Activities (C)	(76,588)	84,271
Net Increase/(Decrease) in Cash and Cash Equivalents (A + B + C)	(1,443)	2,199
Cash and Cash Equivalents at the beginning of the year	2,525	5
Cash Taken Over on Demerger (Refer Note 32)	-	321
Cash and Cash Equivalents at the end of the year	1,082	2,525
Components of Cash and Cash Equivalents		
Cash on Hand	788	506
Balance with Credit Card Company	230	602
Cheques on Hand	-	28
With Banks - on Current Account	64	1,389
Total Cash and Cash Equivalents (Refer Note 14)	1,082	2,525
Summary of Significant Accounting Policies	1.1	

As per our report of even date

For S.R. Batliboi & Co. LLP
ICAI Firm Registration No. 301003E
Chartered Accountants

per Vijay Maniar
Partner
Membership No. 36738

Place: Mumbai
Date: 5th May, 2014

For and on behalf of the Board of Directors of
Pantaloon Fashion & Retail Limited (formerly known as Peter England
Fashions and Retail Ltd.)

Pranab Barua (Managing Director) Sushil Agarwal (Director) Bharat Patel (Director)

Place: Mumbai
Date: 5th May, 2014

P. Murari (Director)
Shital Mehta (Chief Executive Officer) Manoj Kedia (Chief Financial Officer) Geetika Anand (Company Secretary)
Place: Chennai
Date: 5th May, 2014

PANTALOONS FASHION & RETAIL LIMITED

(formerly known as Peter England Fashions and Retail Limited)

Annual Report | 2013-2014

1. CORPORATE INFORMATION

Pantaloons Fashion & Retail Limited (Formerly Peter England Fashions and Retail Limited) (the 'Company') is a Public Limited Company domiciled in India and incorporated under the provisions of the Companies Act, 1956. In the previous year, ended 31st March, 2013, pursuant to a scheme of arrangement as sanctioned by the Honourable High Court of Bombay, vide order dated 1st March, 2013, the 'Pantaloon format' of Pantaloon Retail (India) Limited (the 'Demerged Undertaking') has been vested into the Company with effect from 1st July, 2012 (the 'Appointed Date'). Pursuant to this scheme, the name of the Company was changed from Peter England Fashions and Retail Limited to Pantaloons Fashion & Retail Limited.

The Company operates a national chain of "Pantaloons" stores of apparels and fashion accessories.

1.1 ACCOUNTING CONVENTION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(I) BASIS OF PREPARATION

The financial statements of the Company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The Company has prepared these financial statements to comply, in all material respects, with the accounting standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended), and the relevant provisions of the Companies Act, 1956, read with General Circular 8/2014 dated 4th April, 2014, issued by the Ministry of Corporate Affairs. The financial statements have been prepared on an accrual basis and under the historical cost convention.

The accounting policies adopted in the preparation of financial statements are consistent with those of previous year.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Revised Schedule VI to the Companies Act, 1956. Based on the nature of products and the time between the acquisition of assets for sale and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as upto twelve months for the purpose of current and non-current classification of assets and liabilities.

(II) USE OF ESTIMATES

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgements, 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 the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

(III) TANGIBLE FIXED ASSETS

Tangible Fixed Assets are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Cost comprises the purchase price and directly attributable cost of bringing the asset to its working condition for its intended use.

Depreciation on all tangible fixed assets is calculated on a straight-line basis using the rates and in the manner prescribed under Schedule XIV of the Companies Act, 1956, or the rates arrived at based on the useful lives estimated by the management, whichever is higher.

Depreciation on Vehicles and Leasehold improvements is provided using the rates arrived at considering useful life estimated by the management. For all other assets, Schedule XIV rates are used since they are also reflective of useful life estimated by the management.

Assets	Estimated Useful Life
Vehicles	5 years
Leasehold Improvements	Over the period of the lease (3-25 years)

Items of value less than Rs. 5,000 are depreciated in full in the period of purchase/acquisition.

Deprecation on the fixed assets added/disposed off/discarded during the year is provided on *pro-rata* basis with reference to the month of addition/disposal/discarding.

(IV) INTANGIBLE ASSETS

Intangible Assets are stated at acquisition cost, net of accumulated amortisation and accumulated impairment losses, if any. Intangible assets are amortised on a straight-line basis over their estimated useful lives.

A summary of amortisation policies applied to the Company's intangible assets is as below:

Block of Assets	Rates
Computer Software	33.33% - 3 years
Goodwill arising on acquisition of business division through demerger	Not being amortised (Tested for Impairment)
Brand Name	10% - 10 years

(V) IMPAIRMENT OF TANGIBLE AND INTANGIBLE 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 the Loss in the year in which an asset is identified as impaired.

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

(VI) 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 capitalised as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur in the Statement of Profit and Loss.

(VII) FOREIGN CURRENCY TRANSLATION

Foreign currency transactions and balances:

(i) Initial Recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

(ii) Conversion

Foreign currency monetary items are retranslated using the exchange rate prevailing at the reporting date. Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction. Non-monetary items, which are measured at fair value or other similar valuation denominated in a foreign currency, are translated using the exchange rates that existed when the values were determined.

(iii) Exchange Differences

Exchange differences, arising on the settlement of monetary items or on translating such monetary items of the Company at rates different from those at which they were initially recorded during the year, or reported in the previous financial statements, are recognised as income or as expenses in the year in which they arise.

(iv) Forward exchange contracts entered into to hedge foreign currency risk of an existing asset/liability

The premium or discount arising at the inception of forward exchange contract is amortised and recognised as an expense/income over the life of the contract as exchange differences on such contracts. Any profit or loss arising on cancellation or renewal of such forward exchange contract is also recognised as income or expense for the period.

(VIII) INVESTMENTS

Investments, which are readily realisable 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 on the date of purchase, which include acquisition charges such as brokerage, stamp duty, taxes, etc.

Current investments are carried in the financial statements at lower of cost and fair value which is determined on individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognise a decline other than temporary in the value of the investments.

(IX) INVENTORIES

Inventories, comprising of traded goods, are valued at cost or net realisable value, whichever is lower. Cost includes all costs incurred to bring them to their present location and condition. Cost is determined based on weighted-average basis. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs necessary to make the sale.

(X) REVENUE RECOGNITION

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before the revenue is recognised.

Retail sales are recognised on delivery of the merchandise to the customer, when the property in goods and significant risks and rewards are transferred for a price and no effective ownership control is retained. Revenue is net of returns, trade discounts and sales/value added tax.

The property in the merchandise of third party concession stores located within the main departmental store of the Company passes to the Company once a customer decides to purchase an item from the concession store. The Company in turns sells the item to the customer and is accordingly included under Retail Sales.

Gift vouchers' sales are recognised when the vouchers are redeemed and goods are sold to the customer.

Income from services are recognised as they are rendered based on agreements/arrangements with the concerned parties and recognised net of service tax.

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

Dividend income on investments is accounted for when the right to receive the payment is established.

(XI) EMPLOYEE BENEFITS

(i) Short-Term Employee Benefits

All short term employee benefits such as salaries, wages, bonus, special awards, medical benefits which fall due within 12 months of the period in which the employee renders the related services which entitles him/her to avail such benefits and non-accumulating compensated absences like sick leave and maternity leave are recognised on an undiscounted basis and charged to the Statement of Profit and Loss.

(ii) Retirement and Other Employee Benefits

A) Defined Contribution Plan

The Company makes defined contribution to Government Employee Provident Fund, Government Employee Pension Fund, Employee Deposit Linked Insurance and ESI, which are recognised in the Statement of Profit and Loss. The Company recognises contribution payable to the provident fund scheme as an expenditure, when an employee renders the related service. The Company has no obligation other than the contribution payable to the provident fund.

B) Defined Benefit Plan

The Company's liabilities under Payment of Gratuity Act are determined on the basis of actuarial valuation made at the end of each financial year using the projected unit credit method. Actuarial gains and losses are recognised immediately in the Statement of Profit and Loss as income or expense.

C) Compensated Absences and Long-Term Service Awards

The Company's liabilities under for long-term compensated absences and long-term service awards are determined on the basis of actuarial valuation made at the end of each financial year using the projected unit credit method except for short-term compensated absences, which are provided for based on estimates. Actuarial gains and losses are recognised immediately in the Statement of Profit and Loss as income or expense.

The Company presents the entire leave as a current liability in the Balance Sheet, since it does not have any unconditional right to defer its settlement for twelve months after the reporting date.

(XII) INCOME TAXES

Tax expense comprises of current and deferred tax. The tax impact of items directly charged to reserves is also adjusted in reserves.

Provision for current tax is made on the basis of estimated taxable income for the current accounting year in accordance with the Income-tax Act, 1961.

Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle the asset and the liability on a net basis.

The deferred tax for timing differences between the book and tax profits for the year is accounted for, using the tax rates and the tax laws enacted or substantively enacted as of the Balance Sheet date. Deferred tax assets arising from timing differences are recognised to the extent there is reasonable certainty that these would be realised in future. In case of unabsorbed losses and unabsorbed depreciation, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profit.

The carrying amount of deferred tax assets are reviewed at each Balance Sheet date. The Company writes down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

At each Balance Sheet date the Company reassesses unrecognised deferred tax assets. It recognises unrecognised deferred tax asset to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realised.

Minimum Alternative Tax (MAT) credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal Income-tax during the specified period. In the year in which the MAT credit becomes eligible to be recognised as an asset in accordance with the recommendations contained in Guidance Note issued by the ICAI, the said asset is created by way of a credit to the Profit and Loss Account and shown as MAT Credit Entitlement. The Company reviews the same at each Balance Sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that the Company will pay normal Income-tax during the specified period.

(XIII) OPERATING LEASES

Where the Company is the lessee:

Leases, where significant portion of risk and reward of ownership are retained by the Lessor, are classified as Operating Leases. Operating lease payments are recognized as an expense in the Statement of Profit and Loss on a straight-line basis over the lease term.

(XIV) CASH AND CASH EQUIVALENTS

Cash and Cash Equivalents for the purpose of cash flow statement comprise cash on hand and cash at bank including fixed deposit with original maturity period of three months and short-term highly liquid investments with an original maturity of three months or less.

(XV) CASH FLOW STATEMENT

Cash flows are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

The net cash flow from operating activities is determined by adjusting net profit or loss for the effects of: (a) changes during the period in inventories and operating receivables and payables, (b) non-cash items such as depreciation, provisions, deferred taxes, and unrealised foreign exchange gains and losses, and (c) all other items for which the cash effects are investing or financing cash flows.

(XVI) EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted-average number of equity shares outstanding during the period. Earnings considered in ascertaining the Company's earnings per share is the net profit for the period after deducting preference dividends and any attributable tax thereto for the period. The weighted-average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares that have changed the number of equity shares outstanding, without a corresponding change in resources.

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

(XVII) CONTINGENT LIABILITIES AND PROVISIONS

Contingent Liabilities are possible, but not probable, obligations as on Balance Sheet date, that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognised, because it is not probable that an outflow of resources will be required to settle the obligation.

Provisions are recognised when there is a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made.

Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the Balance Sheet date.

(XVIII) EMPLOYEE STOCK COMPENSATION COST

The stock options granted are accounted for as per the accounting treatment prescribed by Employee Stock Options Scheme, Employee Stock Purchase Guidelines, 1999, issued by the Securities and Exchange Board of India and the Guidance Note on Accounting for Employee Share-based Payments, issued by the ICAI, whereby the intrinsic value of the option is recognised as deferred employee compensation. The deferred employee compensation is charged to the Statement of Profit and Loss on the straight-line basis over the vesting period of the option.

In respect of re-pricing of existing stock options, the incremental intrinsic value of the options is accounted as employee cost over the remaining vesting period.

The options that lapse are reversed by a credit to employee compensation expense, equal to the amortised portion of the value of lapsed portion and credit to deferred employee compensation expense equal to the unamortised portion.

Stock appreciation rights (SAR) granted to employees under the Cash-settled Employee Share-based Payment Plan is recognised based on intrinsic value method. Intrinsic value of the SAR's is determined as excess of closing market price on the reporting date over the exercise price of the unit and is charged as employee benefit over the vesting period in accordance with "Guidance Note on Accounting for Employee Share-based Payments" issued by the Institute of Chartered Accountants of India.

(XIX) MEASUREMENT OF PROFIT BEFORE DEPRECIATION/AMORTISATION, INTEREST AND TAX (PBDIT)

As permitted by the Guidance Note on the Revised Schedule VI to the Companies Act, 1956, the Company has elected to present PBDIT as a separate line item on the face of the Statement of Profit and Loss. The Company measures PBDIT on the basis of profit/loss from continuing operations. In its measurement, the Company does not include depreciation and amortisation expenses, finance costs and tax expenses.

**NOTES TO FINANCIAL STATEMENTS FOR
THE YEAR ENDED 31ST MARCH, 2014**

Rs. in Lakhs

	As at 31st March, 2014	As at 31 st March, 2013
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**NOTE: 2
SHARE CAPITAL**

Authorised Share Capital:

100,000,000 (Previous Year: 10,000,000) Equity Shares of Rs.10 each	10,000	1,000
10,000,000 (Previous Year: 10,000,000) 8% Redeemable Cumulative Preference Shares of Rs.10 each	1,000	1,000
15,000 (Previous Year: 15,000) 6% Redeemable Cumulative Preference Shares of Rs. 100 each	15	15
	11,015	2,015

Issued, Subscribed and Paid-up Capital:

Equity Share Capital

9,27,93,529 (Previous Year: 500,000) Equity Shares of Rs.10 each	9,279	50
(A)	9,279	50

Preference Share Capital

500 (Previous Year: 500) 6% Redeemable Cumulative Preference Shares of Rs. 100 each	1	1
500,000 (Previous Year: 500,000) 8% Redeemable Cumulative Preference Shares of Rs.10 each	50	50
(B)	51	51

Total Issued, Subscribed and Paid-up Capital	(A) + (B)	9,330	101
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a. Reconciliation of the Paid-up Shares Outstanding at the beginning and at the end of the reporting period

Equity Shares

	As at 31 st March, 2014		As at 31 st March, 2013	
	No. of Shares	Amount	No. of Shares	Amount
At the beginning of the year	500,000	50	500,000	50
Issued during the year	92,293,529	9,229	-	-
Outstanding at the end of the year	92,793,529	9,279	500,000	50

During the year ended 31st March, 2014, the Company issued and allotted 4,63,16,518 Equity Shares of Rs.10/- each without payment being received in cash as per the Share Entitlement Ratio under the Scheme (Refer Note 32).

8% Redeemable Cumulative Preference Shares of Rs. 10 each

	As at 31 st March, 2014		As at 31 st March, 2013	
	No. of Shares	Amount	No. of Shares	Amount
At the beginning of the year	500,000	50	500,000	50
Outstanding at the end of the year	500,000	50	500,000	50

6% Redeemable Cumulative Preference Shares of Rs. 100 each

	As at 31 st March, 2014		As at 31 st March, 2013	
	No. of Shares	Amount	No. of Shares	Amount
At the beginning of the year	500	1	500	1
Outstanding at the end of the year	500	1	500	1

b. Terms/Rights Attached to Equity Shares

The Company has only one class of equity shares having a par value of Rs.10 per share. Each holder of equity shares is entitled to one vote per share. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution to all preference shareholders. The distribution will be in proportion to the number of the equity shares held by the shareholders.

c. Terms of Conversion/Redemption of Preference Shares

500,000 8% Redeemable Cumulative Preference Share of Rs. 10 each fully paid-up (Previous Year: 500,000).

Preference shares are entitled to cumulative dividend @ 8% p.a. The Company declares and pays dividend in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. These preference shares are redeemable by the Company at any time after completion of ten years from 31st March, 2009, at the face value. In the event of liquidation of the Company before redemption of preference shares, the holders of preference shares will have priority over equity shares in the payment of dividend and repayment of capital.

500 6% Redeemable Cumulative Preference Share of Rs.100 each fully paid-up (Previous Year: 500).

Preference shares are entitled to cumulative dividend @ 6% p.a. The Company declares and pays dividend in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. These preference shares are redeemable by the Company at any time after completion of ten years from 14th October, 2009, at the face value. In the event of liquidation of the Company before redemption of preference shares, the holders of preference shares will have priority over equity shares in the payment of dividend and repayment of capital.

d. Details of shareholders Holding more than 5% Shares in the Company

Number of Shares held by each shareholder in excess of 5% based on the shares held on the Balance Sheet date

Name of Shareholder	As at 31 st March, 2014		As at 31 st March, 2013	
	No. of Shares	% Holding in Class	No. of Shares	% Holding in Class
i) Equity Shares				
Indigold Trade and Services Limited and its nominees (Holding Company)	63,056,196	67.95%	500,000	100.00%
Future Corporate Resources Limited	16,758,974	18.06%	-	-
ii) 8% Redeemable Cumulative Preference Shares of Rs.10 each				
Aditya Birla Nuvo Ltd. (Ultimate Holding Company)	500,000	100%	500,000	100%
iii) 6% Redeemable Cumulative Preference Shares of Rs.100 each				
Naman Finance & Investment Private Limited	250	50%	250	50%
Infocyber (India) Private Limited	250	50%	250	50%

**NOTE: 2A
SHARE SUSPENSE ACCOUNT**

Nil (Previous Year: 46,316,518) Equity Shares of Rs.10 each fully paid-up to be issued pursuant to the scheme of arrangement with Pantaloon Retail (India) Limited (Refer Note 32)

- 4,632

Nil (Previous Year: 45,977,011) Equity Shares of Rs.10 each fully paid-up to be issued on conversion of OFCD (Optionally Fully Convertible Debentures) of Indigold Trade and Services Limited in pursuant to the scheme of arrangement (Refer Note 32)

- 80,000

- 84,632

**NOTES TO FINANCIAL STATEMENTS FOR
THE YEAR ENDED 31ST MARCH, 2014**

Rs. in Lakhs

As at
31st March, 2014 **As at**
31st March, 2013

**NOTE: 3
RESERVES AND SURPLUS**

1) General Reserve

Balance as per the last Financial Statements	-	12
Add : Amount Transferred from Surplus Balance in the Statement of Profit and Loss	-	-
Less: Demerger Expenses (Refer Note 32)	-	(12)
	<u>-</u>	<u>-</u>

2) Securities Premium Account

Balance as per the last Financial Statements	-	-
Add : Premium on Issue of Shares	75,402	-
Less : Share Issue Expenses	(265)	-
	<u>75,137</u>	<u>-</u>

2) Employess Stock Option Outstanding (Refer Note 33)

Balance as per the last Financial Statements	-	-
Add: Gross Compensation for Options Granted during the year	33	-
	<u>33</u>	<u>-</u>

4) Surplus/(Deficit) in the Statement of Profit and Loss

Balance as per the last Financial Statements	(7,780)	8
(Loss)/Profit for the year	(18,773)	(6,889)
Less: Demerger Expenses (Refer Note 32)	-	(898)
	<u>(26,553)</u>	<u>(7,780)</u>
	<u>48,617</u>	<u>(7,780)</u>

**NOTE: 4A
LONG-TERM BORROWINGS**

SECURED

Rupee Term Loans from Banks	71,500	48,493
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UNSECURED

Non-Convertible Debentures: 2,000, (Previous Year: Nil) 9.25% Unsecured Redeemable		
Non-Convertible Debentures (FV of 10,00,000/- each for cash at par)	20,000	-
1,000, (Previous Year: Nil) 9.20% Unsecured Redeemable		
Non-Convertible Debentures (FV of 10,00,000/- each for cash at par)	10,000	-
	<u>101,500</u>	<u>48,493</u>

The above amount includes:

Secured Borrowings	71,500	48,493
Unsecured Borrowings	30,000	-
	<u>101,500</u>	<u>48,493</u>

**NOTE: 4B
SHORT-TERM BORROWINGS**

Cash Credit from Banks	46	1,161
Loans and Advances from Related Parties (repayable on demand)	-	649
Acceptances from Banks	-	12,007
Loans and Advances Others (repayable on demand)	-	86,064
	<u>46</u>	<u>99,881</u>

The above amount includes:

Secured Borrowings	46	1,161
Unsecured Borrowings	-	98,720
	<u>46</u>	<u>99,881</u>

Rs. in Lakhs

	31 st March, 2014		31 st March, 2013	
	Current	Non-Current	Current	Non-Current

NOTE: 4C

SECURED LONG-TERM BORROWINGS

A) TERM LOAN FROM BANKS

i)	Term loans are secured by way of first <i>pari passu</i> charge on fixed assets, credit/debit card receivables of all the stores and second <i>pari passu</i> charge on current assets	-	-	1,104	896
	Repayment terms: 11 quarterly instalments from September 12. First 3 instalments of Rs. 159 lakh each from September 12, next 7 instalments of Rs. 276 lakh each and last instalment of Rs. 68 lakh				
ii)	Term loans are secured by way of first <i>pari passu</i> charge on fixed assets and second <i>pari passu</i> charge on current assets	-	-	1,000	9,000
	Repayment terms: 20 quarterly instalments from June 13. First 4 instalments of Rs. 250 lakh each, next 8 instalments of Rs. 500 lakh each and next 8 instalments of Rs. 625 lakh each				
iii)	Term loans are secured by way of first <i>pari passu</i> charge on fixed assets, credit/debit card receivables of all the stores and second <i>pari passu</i> charge on current assets	-	-	625	-
	Repayment terms: 7 equal quarterly instalments of Rs. 156 lakh each from July 12				
iv)	Term loans are secured by way of first <i>pari passu</i> charge on fixed assets, credit/debit card receivables of all the stores and second <i>pari passu</i> charge on current assets	-	-	218	218
	Repayment terms: 11 quarterly instalments from July 12. First 3 instalments of Rs. 32 lakh and next 8 instalments of Rs. 54 lakh each				
v)	Term loans are secured by way of first <i>pari passu</i> charge on fixed assets, credit/debit card receivables of all the stores and second <i>pari passu</i> charge on current assets	-	-	250	-
	Repayment terms: 2 equal annual instalments of Rs. 250 lakh each from July 2012				
vi)	Term loans are secured by way of first <i>pari passu</i> charge on fixed assets and credit/debit card receivables of "Pantaloon Megastores"	-	-	194	2,867
	Repayment terms: 25 quarterly instalments from March 13. First instalment of Rs. 39 lakh, next 4 instalments of Rs. 48.5 lakh each, next 8 instalments of Rs. 77.5 lakh each, next 4 instalments of Rs. 116.25 lakh each, next 4 instalments of Rs. 164.75 lakh each and last 4 instalments of Rs. 280.75 lakh each				
vii)	Term loans are secured by way of residual charge on fixed assets and current assets and second charge on credit/debit card receivables of "Pantaloon Megastores"	-	-	190	1,672
	Repayment terms: 25 quarterly instalments from March 13. First instalment of Rs. 38 lakh, next 4 instalments of Rs. 47.5 lakh, next 16 instalments of Rs. 76 lakh each and last 4 instalments of Rs. 114 lakh				
viii)	Term loans are secured by way of first <i>pari passu</i> charge on fixed assets	-	-	1,000	8,918

**NOTES TO FINANCIAL STATEMENTS FOR
THE YEAR ENDED 31ST MARCH, 2014**

		Rs. in Lakhs	
		31 st March, 2013	
		Current	Non-Current
		31 st March, 2014	
		Current	Non-Current
	Repayment terms: 20 quarterly instalments from June 13. First 4 instalments of Rs. 250 lakh each, next 8 instalments of Rs. 500 lakh each and last 8 instalments of Rs. 625 lakh each		
ix)	Term loans are secured by way of first <i>pari passu</i> charge on fixed assets, credit/debit card receivables of all the stores and second <i>pari passu</i> charge on current assets	-	-
	Repayment terms: Paid on June 13.	58	-
x)	Term loans are secured by way of first <i>pari passu</i> charge on fixed assets, credit/debit card receivables of all the stores and second <i>pari passu</i> charge on current assets	-	-
	Repayment terms: 14 equal quarterly instalments of Rs. 145 lakh each from September 12	580	1,011
xi)	Term loans are secured by way of first <i>pari passu</i> charge on fixed assets and second <i>pari passu</i> charge on current assets	-	-
	Repayment terms: 20 quarterly instalments from June 13. First 4 instalments of Rs. 250 lakh each, next 8 instalments of Rs. 483 lakh each and last 8 instalments of Rs. 625 lakh each	1,000	8,863
xii)	Term loans are secured by way of first <i>pari passu</i> charge on fixed assets, credit/debit card receivables of all the stores and second <i>pari passu</i> charge on current assets	-	-
	Repayment terms: 13 quarterly instalments from January 13. First instalment of Rs. 170 lakh, next 4 instalments of Rs. 218 lakh each and next 8 instalments of Rs. 435 lakh each	872	3,479
xiii)	Term loans are secured by way of first <i>pari passu</i> charge on fixed assets	-	-
	Repayment terms: 10 quarterly instalments from September 12. First 2 instalments of Rs. 146 lakh each, next 4 instalments of Rs. 219 lakh each and last 4 instalments of Rs. 256 lakh each	913	753
xiv)	Term loans are secured by way of third <i>pari passu</i> charge on fixed assets and current assets	-	-
	Repayment terms: 3 quarterly instalments from May 13. First instalment of Rs. 463.84 lakh and next 2 instalments of Rs. 1,236.92 lakh each	2,938	6
xv)	Term loans are secured by way of residual charge on fixed assets and current assets	-	-
	Repayment terms: 4 equal quarterly instalments of Rs. 1,867 lakh each from December 12	3,736	-
xvi)	Term loans are secured by way of residual charge on fixed assets and current assets.	-	-
	Repayment terms: 4 equal quarterly instalments of Rs. 1,250 lakh each from October 12	2,500	-
xvii)	Term loans are secured by way of first <i>pari passu</i> charge on fixed assets and credit/debit card receivables of "Pantaloons Megastores"	-	-
	Repayment terms: 25 quarterly instalments from February 13. First instalment of Rs. 77 lakh, next 4 instalments of Rs. 96 lakh each, next 8 instalments of Rs. 155 lakh each, next 4 instalments of Rs. 232 lakh each, next 4 instalments of Rs. 329 lakh each and last 4 instalments of Rs. 561 lakh each	387	5,716

**NOTES TO FINANCIAL STATEMENTS FOR
THE YEAR ENDED 31ST MARCH, 2014**

	31 st March, 2014		Rs. in Lakhs 31 st March, 2013	
	Current	Non-Current	Current	Non-Current
xviii) Term loans are secured by way of residual charge on fixed assets and current assets and first charge on credit/debit card receivables of "Pantaloons Megastores". Repayment terms: 25 quarterly instalments from February 13. First instalment of Rs. 76 lakh, next 4 instalments of Rs. 95 lakh each, next 16 instalments of Rs. 152 lakh each and next 4 instalments of Rs. 228 lakh each	-	-	380	3,344
xix) Term loans are secured by way of residual charge on fixed assets and current assets. Repayment terms: 6 quarterly instalments from March 13. First 2 instalments of Rs. 1,500 lakh each and next 4 instalments of Rs. 1,750 lakh each.	-	-	6,750	1,750
xx) Term loans from banks are secured by first <i>pari passu</i> charge on the entire fixed assets both present and future with all other term lenders. First <i>pari passu</i> charge on long-term lease deposits both present and future with all other term lenders. Second <i>pari passu</i> charge on all current assets both present and future. Interest is charged at Base Rate + 1%. Repayment terms: 8 years including a moratorium of 1 year. Starting from Q1 FY 15	2,000	43,000	-	-
xxi) Term loans from banks are secured by first <i>pari passu</i> charge on present and future movable and immovable fixed assets. Second <i>pari passu</i> on current asset. Interest is charged at Base Rate + 0.75%. Repayment terms: 8 years including a moratorium of 1 year. Starting from Q1 FY 15	1,500	28,500	-	-
Total of Term Loans from Banks	3,500	71,500	24,695	48,493

Previous Year: Rate of interest for the above loans are in range of 9.8% to 14%.

B) UNSECURED LONG-TERM BORROWINGS:

Unsecured Redeemable Non-Convertible Debentures - Series 1 shall be redeemed on 7 th May, 2016, at face value. The debentures are unsecured and bear interest at 9.25% p.a. payable annually.	-	20,000	-	-
Unsecured Redeemable Non-Convertible Debentures - Series 2 shall be redeemed on 22 nd May, 2018, at face value. The debentures are unsecured and bear interest at 9.20% p.a. payable annually	-	10,000	-	-
	-	30,000	-	-

C) SHORT-TERM BORROWINGS:

- (i) Cash credit is repayable on demand and is secured against first *pari passu* charge on all current assets both present and future on *pari passu* with all other lenders (existing and future) CC carries an interest rate of 10.40% to 11% (Previous Year: 13% to 15%).
- (ii) Acceptances from banks are unsecured and has a maturity of 45-90 days and carries an interest rate of 11% to 14%.
- (iii) Loans and advances from related parties are unsecured and repayable on demand and carries an interest rate of 10.5%.
- (iv) Loans and advances others are unsecured and repayable on demand and carries an interest rate of 9.75% to 13.04%.

**NOTES TO FINANCIAL STATEMENTS FOR
THE YEAR ENDED 31ST MARCH, 2014**

Rs. in Lakhs

As at
31st March, 2014 **As at**
31st March, 2013

NOTE: 5A
OTHER LONG-TERM LIABILITIES

Deposits	22	37
Liability for Rent Straight Lining	4,257	3,609
	4,279	3,646

NOTE: 5B
OTHER CURRENT LIABILITIES

Current Maturities of Long-term Borrowings (Refer Note 4C)	3,500	24,695
Other Payables		
Liability for Gift Vouchers/Point Award Redemptions	515	613
Interest Accrued but not Due on Borrowings	3,160	-
Advance from Customers	-	2
Book Overdraft	506	32
Payables for Capital Expenditure	2,882	776
Statutory Dues	939	228
Liability for Rent Straight Lining-c	953	769
	12,455	27,115

NOTE: 6
TRADE PAYABLES

Trade Payables	37,558	31,630
(Refer Note below for details of Dues to Micro and Small Enterprises)		
	37,558	31,630

**Details of Dues to Micro and Small Enterprises as defined
under MSMED Act, 2006**

a. The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year		
Principal Amount Due to Micro and Small Enterprises	474	1,269
Interest Due on above	5	47
b. The amount of interest paid by the buyer in terms of Section 16 of the Micro and Small Enterprises Development Act, 2006, alongwith the amounts of the payment made to the supplier beyond the appointed day during each accounting year	-	-
c. The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro and Small Enterprises Development Act, 2006	97	0
d. The amount of interest accrued and remaining unpaid at the end of each accounting year	102	47
e. The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under Section 23 of the Micro and Small Enterprises Development Act, 2006	-	-

*The Company has initiated the process of identification of suppliers registered under Micro and Small Enterprises Development Act, 2006, by obtaining confirmations from all suppliers. Information has been collated only to the extent of information received as at Balance Sheet date.

**NOTES TO FINANCIAL STATEMENTS FOR
THE YEAR ENDED 31ST MARCH, 2014**

Rs. in Lakhs

	As at 31st March, 2014	As at 31 st March, 2013
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**NOTE: 7A
LONG-TERM PROVISIONS**

Provisions for Employee Benefits:

Provision for Gratuity (Unfunded) (Refer Note-31)	444	170
Provision for Other Long-term Incentives	75	59
Provisions for Stock Appreciation Rights (SAR)	49	-
	568	229

**NOTE: 7B
SHORT-TERM PROVISIONS**

Provisions for:

Employee Benefits		
Provision for Leave Encashment	943	262
Provision for Gratuity (Unfunded) (Refer Note-31)	27	19
	970	281

**NOTE: 8A
TANGIBLE ASSETS**

Rs. in Lakhs

	Leasehold Improvements	Computers	Furniture and Fixtures	Office Equipment	Vehicles	TOTAL
Gross Block						
As at 1st April, 2012	-	-	-	-	-	-
Additions	735	249	1,866	1,354	-	4,204
Deletions	280	8	374	196	-	858
Additions pursuant to the scheme of arrangement (Refer Note 32)	11,652	1,535	31,620	22,230	235	67,272
As at 31st March, 2013	12,107	1,776	33,112	23,388	235	70,618
Additions	2,545	540	3,062	2,301	46	8,494
Deletions	106	64	182	107	-	459
As at 31st March, 2014	14,546	2,252	35,992	25,582	281	78,653
Accumulated Depreciation						
As at 1st April, 2012	-	-	-	-	-	-
Additions	1,279	166	2,235	1,548	-	5,228
Deletions	116	6	136	83	-	341
Additions pursuant to the scheme of arrangement (Refer Note 32)	3,569	819	8,539	5,608	235	18,770
As at 31st March, 2013	4,732	979	10,638	7,073	235	23,657
For the year	2,157	140	3,404	5,178	5	10,884
Deletions	61	61	52	36	-	210
As at 31st March, 2014	6,828	1,058	13,990	12,215	240	34,331
Net Block as at 31st March, 2013	7,375	797	22,474	16,315	-	46,961
Net Block as at 31st March, 2014	7,718	1,194	22,002	13,367	41	44,322

**NOTE: 8B
INTANGIBLE ASSETS**

Rs. in Lakhs

	Brands	Goodwill	Computer Software	TOTAL
Gross Block				
As at 1st April, 2012	-	-	-	-
Additions	-	-	-	-
Additions pursuant to the scheme of arrangement (Refer Note 32)	-	116,756	708	117,464
Deletions	-	-	2	2
As at 31st March, 2013	-	116,756	706	117,462
Additions	2,160	-	86	2,246
Deletions	-	-	-	-
As at 31st March, 2014	2,160	116,756	792	119,708
Accumulated Ammortisation				
As at 1st April, 2012				
Additions	-	-	214	214
Additions pursuant to the scheme of arrangement (Refer Note 32)	-	-	485	485
Deletions	-	-	2	2
As at 31st March, 2013	-	-	697	697
For the year	1	-	15	16
Deletions	-	-	-	-
As at 31st March, 2014	1	-	712	713
Net Block as at 31st March, 2013	-	116,756	9	116,765
Net Block as at 31st March, 2014	2,159	116,756	80	118,995

During the year, the Company acquired "Ajile" brand. Balance amortisation period is 10 years.

NOTE: 8C

During the year, the Company has capitalised the following expenses to the Cost of Fixed Assets/Capital Work-in-Progress

	As at 31 st March, 2014	Rs. in Lakhs As at 31 st March, 2013
Rent	48	135
Professional Fees	-	49
Travelling	-	28
Miscellaneous Expenses	29	96
Power and Fuel	-	18
Transportation and Handling Charges	-	30
	<u>77</u>	<u>356</u>
Add: Brought forward from previous year	114	-
Less: Capitalised during the year	190	242
Balance in Capital Work-in-Progress	<u><u>1</u></u>	<u><u>114</u></u>

**NOTES TO FINANCIAL STATEMENTS FOR
THE YEAR ENDED 31ST MARCH, 2014**

Rs. in Lakhs

	As at 31 st March, 2014	As at 31 st March, 2013
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NOTE: 9

OTHER INVESTMENTS: CURRENT

Unquoted, Non-Trade

Investments in Debentures	-	80,000
(Nil, Previous Year: 800 Optionally Fully Convertible Debentures of Rs. 10,000,000/- each of Future Retail Limited erstwhile Pantaloon Retail (India) Limited)		
Investment in Mutual Fund (292,548 units (Previous Year: Nil) of Rs. 204.63 fully paid up of Birla Sun Life Mutual Fund)	599	-
	599	80,000
Aggregate Book Value of Quoted Investments	-	-
Aggregate Book Value of Unquoted Investments	599	80,000

NOTE: 10A

LONG-TERM LOANS AND ADVANCES

(Unsecured, Considered Good, except otherwise stated)

Capital Advance	547	511
Security Deposits	5,901	4,896
Other Loans and Advances		
Advance Income Tax	1,134	841
Advances to Employees	113	7
	7,695	6,255

NOTE: 10B

SHORT-TERM LOANS AND ADVANCES

(Unsecured, Considered Good, except otherwise stated)

Security Deposits	359	423
Other Loans and Advances		
Loans and Advances to Related Parties (Unsecured) (Refer Note 30)	-	120
Advances for Expenses and Material	1,132	337
Prepaid Expenses	124	292
Advances to Employees	55	11
Others	-	2
	1,670	1,185

i) Loans and Advances in the nature of loan given to Subsidiary (including Interest Accrued)	As at 31 st March, 2014	As at 31 st March, 2013	Maximum Amount Due at any time During the Year Ended 31 st March, 2014	Maximum Amount Due at any time During the Year Ended 31 st March, 2013
Aditya Birla Minacs Worlwide Ltd.	-	-	6,209	-
ii) Loans and Advances in the nature of loan given to Employees				
Employee Loan given in the ordinary course of the business and as per the service rules of the Company				
– no repayment schedule or repayment beyond seven years	81	-	81	-
– no interest or at an interest rate below which is specified in Section 372A of the Companies Act, 1956	66	-	93	-

**NOTES TO FINANCIAL STATEMENTS FOR
THE YEAR ENDED 31ST MARCH, 2014**

Rs. in Lakhs

	As at 31 st March, 2014	As at 31 st March, 2013
NOTE: 11		
OTHER CURRENT ASSETS		
Export Incentive Receivables	-	8
Insurance Claim Receivables	424	58
Other Current Assets	516	533
	<u>940</u>	<u>599</u>

NOTE: 12

INVENTORIES (Valued at Lower of Cost and Net Realisable Value)

Traded Goods	35,697	31,947
(Includes Goods-in-Transit Rs. 1,090 Lakh (Previous Year: Nil))		
Packing Material	138	540
	<u>35,835</u>	<u>32,487</u>

NOTE: 13

TRADE RECEIVABLES

Outstanding for a period exceeding six months from the date they are due for payment

Unsecured, Considered Good, unless otherwise stated	-	-
Other Receivables		
Unsecured, Considered Good	1,700	96
	<u>1,700</u>	<u>96</u>

NOTE: 14

CASH AND BANK BALANCES

Cash and Cash Equivalents

Balances with Banks		
Current Accounts	64	1,389
Balance with Credit Card Company	230	602
Cash on Hand	788	506
Cheques/Drafts on Hand	-	28
	<u>1,082</u>	<u>2,525</u>

Rs. in Lakhs

	Year Ended 31 st March, 2014	Year Ended 31 st March, 2013
NOTE: 15		
REVENUE FROM OPERATIONS		
A. Sale of Traded Goods	162,862	125,672
B. OTHER OPERATING INCOME		
Commission Income	1,427	1,140
Cash Discounts	639	1,195
Scrap Sales	93	89
Space on Hire	477	31
Miscellaneous Other Operating Income	623	387
Total A + B	<u>166,121</u>	<u>128,514</u>
Details of Product Sold		
Apparels	145,316	113,977
Non-Apparels	17,546	11,695
	<u>162,862</u>	<u>125,672</u>

**NOTES TO FINANCIAL STATEMENTS FOR
THE YEAR ENDED 31ST MARCH, 2014**

Rs. in Lakhs

	Year Ended 31st March, 2014	Year Ended 31 st March, 2013
NOTE: 16		
OTHER INCOME		
Interest Income on Current Investments	196	6,219
Net Gain on Sale of Investments		
Short-term	282	-
Long-term	-	3
Foreign Exchange Gain (Net)	-	22
Miscellaneous Income	35	78
	513	6,322
NOTE: 17		
PURCHASE OF TRADED GOODS		
Purchase of Traded Goods	98,976	75,104
	98,976	75,104
Details of Purchases of Traded Goods under broadhead is as follows:		
Apparels	86,109	64,327
Non-Apparels	12,867	10,777
	98,976	75,104
NOTE: 18		
(INCREASE)/DECREASE IN INVENTORY OF TRADED GOODS		
Closing Stocks		
Traded Goods	35,697	31,947
	35,697	31,947
Less:		
Opening Stocks		
Traded Goods	31,947	20
Inventories taken over pursuant to the scheme of arrangement (Refer Note 32)	-	34,261
	31,947	34,281
(Increase)/Decrease in Inventory of Traded Goods	(3,750)	2,334
Inventories at the end of the year		
Apparels	32,127	30,359
Non-Apparels	3,570	1,588
	35,697	31,947
Inventories at the beginning of the year		
Apparels	30,359	20
Non-Apparels	1,588	-
	31,947	20
NOTE: 19		
EMPLOYEE BENEFITS EXPENSES		
Salaries, Wages and Bonus	13,463	8,460
Contribution to Provident and Other Funds	627	380
Stock Option Scheme (Refer Note 33)	82	-
Staff Welfare Expenses	799	589
	14,971	9,429

**NOTES TO FINANCIAL STATEMENTS FOR
THE YEAR ENDED 31ST MARCH, 2014**

Rs. in Lakhs

	Year Ended 31st March, 2014	Year Ended 31 st March, 2013
NOTE: 20		
OTHER EXPENSES		
Electricity Charges	5,158	3,527
Rent	25,032	16,315
Repairs and Maintenance (Others)	839	554
Insurance	85	59
Rates and Taxes	248	71
Commission to Selling Agents	48	16
Advertisement and Sales Promotion	6,567	4,281
Transportation and Handling Charges	4,376	2,929
Royalty Expense	595	1,101
Legal and Professional Expenses	816	594
Printing and Stationery	507	226
Travelling and Conveyance	1,239	458
Communication Expenses	184	59
Loss on Sale/Discard of Fixed Assets (Net)	89	517
Bank Charges including Credit Card Charges	1,209	907
Auditors' Remuneration (Refer Note 28)	37	39
Consumption of Packing Material	20	26
Postage Expenses	93	28
Foreign Exchange Loss (Net)	37	-
Information Technology Expenses	954	681
Security and Housekeeping charges	3,182	1,994
Miscellaneous Expenses	1,270	653
	52,585	35,035
NOTE: 21		
DEPRECIATION AND AMORTISATION EXPENSES		
Depreciation of Tangible Assets	10,884	5,229
Amortisation of Intangible Assets	16	214
	10,900	5,443
NOTE: 22		
FINANCE COST		
Interest	11,284	13,654
Other Borrowing Costs	441	726
	11,725	14,380

**NOTES TO FINANCIAL STATEMENTS FOR
THE YEAR ENDED 31ST MARCH, 2014**

Rs. in Lakhs

	As at 31 st March, 2014	As at 31 st March, 2013
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NOTE: 23

EARNINGS PER SHARE

The following reflects the profit and share data used in the basic and diluted EPS computations

Earnings Per Share (EPS) is calculated as under:

Net Profit/(Loss) as Per the Statement of Profit and Loss	(18,773)	(6,889)
Less: Preference Dividend and Tax thereon	5	5

Net Profit/(Loss) for EPS	(18,778)	(6,894)
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Weighted-average Number of Equity Shares for calculation of Basic EPS	(B) 92,793,529	69,720,147
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Basic EPS (In Rs.)	(A/B) (20.24)	(9.89)
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Weighted-average Number of Equity Shares Outstanding	92,793,529	69,720,147
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Weighted-average Number of Potential Equity Shares #	232,781	-
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Weighted-average Number of Equity Shares for calculation of Diluted EPS	92,793,529	69,720,147
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Diluted EPS (In Rs.)	(C) (20.24)	(9.89)
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Nominal Value of Shares (In Rs.)	10	10
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Since the conversion of stock options into equity shares (Qty. 2,32,781) would decrease the loss per share, hence these potential equity shares are considered anti-dilutive, and the effect of anti-dilutive potential equity shares are ignored.

NOTE: 24

CAPITAL AND OTHER COMMITMENTS

Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of Advances)	1,504	519
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NOTE: 25

VALUE OF IMPORTS CALCULATED ON C.I.F. BASIS

Capital Goods	710	194
Traded Goods	37	-
	747	194

NOTE: 26

EXPENDITURE IN FOREIGN CURRENCY (on Accrual Basis)

Advertisement	-	8
Brand Royalty	-	74
Others	6	32
	6	114

NOTE: 27

EARNINGS IN FOREIGN CURRENCY (on Accrual Basis)

On Export of Goods (F.O.B. Basis)	-	780
	-	780

Rs. in Lakhs

	Year Ended 31st March, 2014	Year Ended 31 st March, 2013
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NOTE: 28

DETAILS OF AUDITORS' REMUNERATION

Payments to Statutory Auditor:

For Audit Fees (Including Limited Review Fees)	30	29
For Tax Audit	4	4
For Management Services	-	6
For Reimbursement of Expenses	3	0
	37	39

NOTE: 29

DERIVATIVE INSTRUMENTS AND UNHEDGED FOREIGN CURRENCY EXPOSURE

a) Derivatives: Outstanding at the Balance Sheet date: (Previous Year: Nil)

Particulars	Currency	Foreign Currency	Rs. in Lakhs
Forward Contracts to Buy (Hedge of capital imports)	USD	1	82

b) Particulars of unhedged foreign currency exposure as at the reporting date

As at 31st March, 2014 Nil

As at 31st March, 2013

Particulars	Currency	Foreign Currency	Rs. in Lakhs
Trade Receivables	USD	-	14
Acceptances	USD	4	220

NOTE: 30

Related Party Disclosures as required under AS-18, "Related Party Disclosures", are given below:

Name of related parties and related party relationship

(a) Related Party where control exists

Controlling Company's

Holding Company	– Indigold Trade and Services Limited
Ultimate Holding Company	– Aditya Birla Nuvo Limited (ABNL)

(b) Names of related parties with whom transactions have taken place during the year

Madura Garments Lifestyle Retail Company Limited (MGLRCL)	– Fellow Subsidiary
Aditya Birla Minacs Worldwide Limited	– Fellow Subsidiary
Birla Sun Life Insurance Company Limited	– Fellow Subsidiary
Aditya Birla Retail Limited	– Key Managerial Personnel has significant influence

(c) Key Managerial Personnel

Pranab Barua (Managing Director with effect from 25th October, 2013)

Manoj Kedia (Manager from 8th April, 2013 to 24th October, 2013)

**NOTES TO FINANCIAL STATEMENTS FOR
THE YEAR ENDED 31ST MARCH, 2014**

Rs. in Lakhs

	Year Ended 31st March, 2014	Year Ended 31 st March, 2013
(d) Transactions with Related Parties		
Aditya Birla Minacs Worldwide Limited		
Interest Received	9	-
Loans Given (Inter-Corporate Deposit)	6,200	-
Loans Received Back (Inter-Corporate Deposit)	6,200	-
Aditya Birla Nuvo Limited		
Interest Paid	41	9
Loans Taken (Inter-Corporate Deposit)	8,998	815
Loans Repaid (Inter-Corporate Deposit)	9,647	167
Purchase of Assets	38	-
Reimbursement of Expenses (Paid) - Employee	41	119
Reimbursement of Expenses (Recovery)	472	-
Reimbursement of Expenses (Paid)	362	7
Income from Space on Hire	319	-
Other Operating Income	313	-
Purchase of Traded Goods	12,159	581
Madura Garments Lifestyle Retail Company Limited		
Interest Paid	-	7
Reimbursement of Expenses (Employees)	28	-
Loans Taken (Inter-Corporate Deposit)	-	156
Loans Repaid (Inter-Corporate Deposit)	-	156
Birla Sun Life Insurance Company Limited		
Insurance Expenses	2	-
Aditya Birla Retail Limited		
Reimbursement of Expenses (Paid)	163	-
Reimbursement of Expenses (Recovery)	1	-
Deposits (Received)	6	-
Pranab Barua*		
Salary and Other Perquisites	77	-
Manoj Kedia*		
Salary and Other Perquisites	51	-
(e) Balance Outstanding at the year end		
Payables:		
Aditya Birla Nuvo Limited (Loans)	-	649
Aditya Birla Nuvo Limited (Trade Payables)	7,194	-
Aditya Birla Retail Limited	27	-
Receivables:		
Aditya Birla Nuvo Limited	-	120
Madura Garments Lifestyle Retail Company Limited	4	-
Birla Sun Life Insurance Company Limited	4	-

* No amount in respect of the related parties have been written off/back are provided for during the year.

* Expenses towards gratuity and leave encashment provisions are determined actuarially on an overall Company basis at the end of each year and, accordingly, have not been considered in the above information.

**NOTE: 31
EMPLOYEE BENEFITS**

General Description of the Plan

The Group operates gratuity plan through a trust wherein every employee is entitled to the benefit equivalent to fifteen days salary last drawn for each completed year of service. The same is payable on termination of service or retirement, whichever is earlier. The benefit vests after five years of continuous service. In case of some employees, the Group's scheme is more favourable as compared to the obligation under Payment of Gratuity Act, 1972. A small part of the gratuity plan, which is not material is funded and managed within the Group, has a plan asset of Rs. 8 Lakh.

	As at 31st March, 2014 Unfunded	Rs. in Lakhs As at 31st March, 2013 Unfunded	Funded
Disclosure in respect of Employee Benefits pursuant to Accounting Standard-15 (Revised)			
a) The details of the Group's defined benefit plans in respect of Gratuity:			
Amounts recognised in the Balance Sheet in respect of Gratuity			
Present Value of the Defined Benefit Obligation at the end of the year	471	189	5
Fair Value of Plan Assets	-	-	7
Net Liability/(Asset)	471	189	(2)
Amounts recognised in the Employee Benefits Expenses in the Statement of Profit and Loss in respect of Gratuity			
Current Service Cost	68	43	1
Interest on Defined Benefit Obligations	20	9	0
Expected Return on Plan Assets	-	-	0
Net Actuarial (Gain)/Loss recognised during the year	118	10	1
Past Service Cost	-	-	-
Net Gratuity Cost	206	62	2
Actual Return on Plan Assets:			
Expected Return on Plan Assets	-	-	0
Actuarial Gain/(Loss) on Plan Assets	-	-	2
Actual Return on Plan Assets	-	-	2
Reconciliation of Present Value of the Obligations and the Fair Value of the Plan Assets:			
Change in Present Value of the Obligations:			
Opening Defined Benefit Obligations	189	-	4
Current Service Cost	68	43	0
Interest Cost	20	9	0
Actuarial (Gain)/Loss	118	10	1
Liability taken over pursuant to transfer of Employees from Group Companies	106	-	-
Liability taken over pursuant to scheme of arrangement (Refer Note 32)	-	142	-
Benefits Paid	(29)	(15)	-
Closing Defined Benefit Obligations	472	189	5

	As at 31st March, 2014 Unfunded	As at 31st March, 2013 Unfunded	As at 31st March, 2013 Funded
Change in Fair Value Plan Assets:			
Opening Fair Value of the Plan Assets	-	-	5
Expected Return on Plan Assets	-	-	0
Actuarial Gain/(Loss)	-	-	2
Contributions by the Employer	-	-	-
Closing Fair Value of the Plan Assets	-	-	7
Investment Details of Plan Assets			
Government of India Securities	-	-	2
Corporate Bonds	-	-	0
Special Deposit Scheme	-	-	0
Insurer Managed Fund	-	-	4
Others	-	-	1
Total	-	-	7

Experience Adjustment	31st March, 2014	31st March, 2013	31st March, 2012	31st March, 2011
Defined Benefit Obligation	471	194	4	3
Plan Assets	-	7	5	1
Surplus/(Deficit)	(471)	(187)	1	(2)
Experience Adjustment on Plan Liabilities	39	10	0	(2)
Experience Adjustment on Plan Assets	-	2	(0)	(1)
The expected future contribution for Plan Assets	-	-		

Expected rate of return on assets is based on the average long-term rate of return expected on investments of the fund during the estimated term of the obligations.

	As at 31st March, 2014 Unfunded	As at 31st March, 2013 Unfunded	As at 31st March, 2013 Funded
Principal Actuarial Assumptions at the Balance Sheet Date			
Discount Rate	9.00%	8.00%	7.90%
Employee Turnover	10% - 12%	10% - 12%	10% - 12%
Estimated Rate of Return on Plan Assets	-	-	8.50%

The Estimates of future salary increase, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

The overall expected rate of return on plan assets is determined based on the market prices prevailing as on that date, applicable to the period over which the obligation is expected to be settled.

	As at 31st March, 2014	As at 31st March, 2013
Defined Contribution Plans –		
Amount recognised as an expense and included in the Note as “Contribution to Provident and Other Funds”		
Contribution to Government Provident Fund	407	222
Contribution to Superannuation Fund	13	1
Contribution to Employee Pension Scheme	2	0
Contribution to Employees’ State Insurance (ESI)	203	154
Contribution to Labour Welfare Fund (LWF)	2	1

**NOTE: 32
SCHEME OF ARRANGEMENT**

1. In the previous year ended 31st March, 2013, 'Fashion Retail Business', i.e., the 'Pantaloons Format Business' of Future Retail Limited (formerly Pantaloons Retail (India) Limited, and hereinafter referred to as 'PRIL' or 'demerged Company'), was demerged and transferred to Pantaloons Fashion & Retail Limited (formerly Peter England Fashions and Retail Limited, and hereinafter referred to as 'PEFRL' or 'resulting Company'), pursuant to a Scheme of Arrangement under Sections 391 to 394 of the Companies Act, 1956, duly approved by the shareholders and creditors of the Company and PRIL and subsequently sanctioned by the Hon'ble High Court of Bombay, vide its order dated 1st March, 2013 (the 'Scheme'), on a going-concern basis, with effect from the Appointed Date of the Scheme, i.e., 1st July, 2012.

The effective date of the Scheme as approved by the High Court of Bombay was 8th April, 2013, and the Scheme was operative from the appointed date, i.e., 1st July, 2012.

The Pantaloons Format Business shall hereinafter be referred to as the "Demerged Undertaking".

2. In accordance with the Scheme, the Company had acquired the following assets and liabilities as on the appointed date of the demerged undertaking at book value as set out below:

Particulars	Amount Rs. in Lakhs	Amount Rs. in Lakhs
Assets Taken Over		
Fixed Assets (Net Block)	52,967	
Capital Work-in-Progress	2,294	
Current Assets		
Inventories	34,261	
Trade Receivables	484	
Cash and Bank Balances	321	
Loans and Advance	5,162	95,489
Liabilities Taken Over		
Loans	160,000	
Trade Payables	33,638	
Statutory Liabilities (Net)	624	
Other Liabilities	5,333	199,595
Net Liabilities Taken Over		104,106
Consideration of 46,316,518 Equity Shares of Rs.10 each as per Scheme		4,632
Defecit Adjusted in Goodwill		108,738
Add: Adjustment due to change in accounting practices (Refer point 6 of Note 32)		8,018
Goodwill as per Note 8B		116,756

3. 46,316,518 Equity Shares of Rs.10 each fully paid-up of the Company were to be issued to the holder of Equity and Differential Voting Rights (DVRs) Shares of PRIL, whose names are registered in the register of members on the record date, without payment being received in cash respectively, in the ratio of 1 (One) fully paid equity shares of Rs. 10 each of the Company for every 5 (Five) fully paid-up equity shares and DVRs of Rs. 2 each held in PRIL. In the previous year, pending allotment, the face value of such shares of Rs. 4,632 had been shown under the "Share Suspense Account". On allotment in the current year, these shares have been disclosed under Issued, Subscribed and Paid-up Capital.
4. Further, upon the Scheme coming into effect on 8th April, 2013, 800 Zero Coupon Optionally Fully Convertible Debentures of face value of Rs. 1,00 lakh each held by the Holding Company Indigold Trade and Services Limited (ITSL) has been converted into 45,977,011 equity shares of Rs. 10 each fully paid-up of the Company and an amount of Rs. 75,402 lakh has been credited to the Securities Premium Account. In the previous year ended 31st March, 2013, pending conversion, the face value and premium on such shares of Rs. 80,000 lakh was shown under the heading "Share Suspense Account".
5. In terms of the Scheme, all assets and liabilities of the demerged undertaking had been transferred and stands vested with the Company with effect from the appointed date, i.e., 1st July, 2012, at their respective book values as on that date. Further, with effect from the appointed date and upto and including the effective date the demerged Company was deemed to have been carrying on all business activities of the demerged undertaking and all the profits/losses accruing to the demerged Company in relation to the demerged undertaking for the

period commencing from the appointed date and upto the effective date for all purposes was treated as the profits or losses, as the case may be, of the resulting Company.

6. In accordance with the Scheme, the difference between the share capital issued and the net liabilities taken over has been treated as Goodwill. Further, as per the Scheme, an amount of Rs. 8,018 lakh, being the difference on accounting treatment followed by the Company and the demerged Company related to the following items, had been adjusted to the goodwill arising from the Scheme:
- | | |
|--|--------------|
| Straight lining of lease rentals in accordance with AS-19 – Leases | 3,777 |
| Adjustment of opening block of fixed assets as per the useful life of assets | 4,241 |
| | 8,018 |
7. Reconciliation of opening block taken under the Scheme and Notes 8A and 8B
- | | |
|--|---------------|
| Net Block of fixed assets taken over under the Scheme | 52,966 |
| Less: Adjustment of opening block of fixed assets as per the useful life of assets | (4,241) |
| Net Book Value of Fixed Assets as per Notes 8A and 8B comprising of | 48,725 |
- | | |
|-----------------------------|---------------|
| Note 8A - Tangible Assets | 48,502 |
| Note 8B - Intangible Assets | 223 |
| | 48,725 |
8. From the effective date the authorised share capital has increased to Rs.11,015 lakh consisting of following:
- | | |
|---|---------------|
| 100,000,000 Equity Shares of Rs.10 each | 10,000 |
| 10,000,000 8% Redeemable Cumulative Preference Shares of Rs.10 each | 1,000 |
| 15,000 6% Redeemable Cumulative Preference Shares of Rs.100 each | 15 |
| | 11,015 |
9. Further, expenses of Rs. 910 lakh, incidental to the Scheme on its implementation, were adjusted against the reserves of the resulting Company, which is in accordance with the Scheme. Accordingly, the loss of the Company for the year ended 31st March, 2013, is lower by Rs. 910 lakh.
10. In the absence of virtual certainty, the Company had not recognised net deferred tax asset arising on the assets and liabilities of the demerger undertaking taken over as on the appointed date.

NOTE: 33

EMPLOYEE STOCK OPTION PLANS

The Company provides share-based payment schemes to its employees. During the year ended 31st March, 2014, an employee stock option plan (ESOP) was introduced. The relevant details of the scheme and the grant are as below:

On 22nd July, 2013, the ESOP Compensation Committee ("Committee") and the Board of Directors ("Board") approved the introduction of an ESOP Scheme, viz., Pantaloons Employee Stock Option Scheme - 2013 ("Scheme") for issue of Stock options ("Options") and Restricted Stock Units ("RSUs") to the key employees and directors of the Company, subject to the approval of the shareholders of the Company. Shareholders of the Company, vide a resolution passed at the Sixth Annual General Meeting of the Company, held on 23rd August, 2013, approved the introduction of the Scheme and authorised the Board/Committee to finalise and implement the scheme. Accordingly, pursuant to the resolution passed by the Committee on 25th October, 2013, the Committee finalised the scheme and granted Options and RSUs to the eligible employees. The details of the Scheme, are as below:

a) Employee Stock Option Scheme:

Particulars	Tranche - I	
	ESOP	RSU
No. of Options	830,382	259,849
Method of Accounting	Intrinsic Value	Intrinsic Value
Vesting Plan	Graded Vesting - 25% every year	Graded Vesting - 100% at the end of 3rd year
Exercise Period	5 years from the date of Vesting	5 years from the date of Vesting
Grant Date	25 th Oct., 13	25 th Oct., 13
Grant/Exercise Price (Rs. Per Share)	102.10	10.00
Market Price on the date of Granting of Option (Rs.)	102.10	102.10
Method of Settlement	Equity	Equity

**NOTES TO FINANCIAL STATEMENTS FOR
THE YEAR ENDED 31ST MARCH, 2014**

b) Movement of Option Granted:

Particulars	31st March, 2014 No. of Options	Weighted- Average Exercise	31st March, 2014 No. of RSU	Weighted- Average Exercise
Options Outstanding at the beginning of the year	-	-	-	-
Granted during the year	830,382	102	259,849	10
Exercised during the year	-	-	-	-
Lapsed during the year	-	-	-	-
Options Outstanding during the year	830,382	102	259,849	10
Options Unvested at the end of the year	830,382	-	259,849	-
Options Exercisable at the end of the year	-	-	-	-

The ESOP compensation cost is amortised on a straight line basis over the total vesting period of the options. Accordingly Rs. 33 lakh (Previous Year: Rs. Nil) has been charged to the Statement of Profit and Loss.

The remaining contractual life for the options outstanding as on 31st March, 2014, is 6 years (Previous Year: N.A.) and for RSU outstanding as on 31st March, 2014, is 8 years (Previous Year: N.A.).

c) Fair Valuation:

The Fair Valuation of the options used to compute proforma net profit and earning per share have been done by an independent valuer on the date of grant using Black-Scholes Merton Formula. The key assumptions and Fair Value are as under:

Particulars	On the Date of Grant Tranche - I	
	Options	RSU
Risk-Free Interest Rate (%)	8.58	8.58
Expected Volatility (%) *	45.93	45.93
Expected Dividend Yield (%)	NIL	NIL
Weighted-average Fair Value per Options (Rs.)	53	96

* Expected volatility of the Company's stock price is based on the Company's comparable peer group's stock price on NSE based on the price data of the last three years upto the date of grant as the Company has been listed only for a few months prior to the date of grant.

Had the compensation cost for the stock options granted under ESOS-2013 been recognised based on fair value at the date of grant in accordance with Black-Scholes Merton Formula, the Proforma net profit and earnings per share of the Company would have been as under:

Particulars	31st March, 2014
Loss after tax to be considered for EPS	(18,778)
Add: Compensation Cost as per Intrinsic Value	-
Option	-
RSU	33
	33
Less: Compensation Cost as per Fair Value	-
Option	96
RSU	35
	131
Adjusted Net Loss	(18,876)
Weighted-average Number of Basic Equity Share Outstanding (In Nos.)	92,793,529
Weighted-average Number of Potential Equity Shares # (In Nos.)	232,781
Weighted-average Number of Diluted Equity Share Outstanding (In Nos.)	92,793,529
Face Value of the Equity Share (In Rs.)	10
Reported Earnings Per Share (EPS)	
- Basic EPS (Rs.)	(20.24)
- Diluted EPS (Rs.)	(20.24)
Proforma Earnings Per Share (EPS)	
- Basic EPS (Rs.)	(20.34)
- Diluted EPS (Rs.)	(20.34)

Since the conversion of stock options into equity shares (Qty. 2,32,781) would decrease the loss per share, hence these potential equity shares are considered anti-dilutive and the effect of anti-dilutive potential equity shares are ignored.

Stock Appreciation Rights (SAR)

On 22nd July, 2013, the ESOP Compensation Committee ("Committee") and the Board of Directors ("Board") approved the introduction of an ESOP Scheme, viz., Pantaloons Employee Stock Option Scheme-2013 ("Scheme") for Stock Appreciation Rights ("SAR") to the key employees and directors of the Company, subject to the approval of the shareholders of the Company. Shareholders of the Company, vide a resolution passed at the Sixth Annual General Meeting of the Company, held on 23rd August, 2013, approved the introduction of the Scheme and authorised the Board/Committee to finalise and implement the scheme. Accordingly, pursuant to the resolution passed by the Committee on 25th October, 2013, the Committee finalised the SAR's to the eligible employees. The details of the Scheme, are as below:

d) Stock Appreciation Rights Scheme (SAR):

Particulars	Tranche - I
	SAR
No. of Options	308,295
Method of Accounting	Intrinsic Value
Vesting Plan	Graded Vesting - 25% every year
Exercise Period	Not Applicable
Grant Date	25 th Oct., 13
Grant/Exercise Price (Rs. Per Share)	102.10
Market Price on the date of Granting of Option (Rs.)	102.10
Method of Settlement	Cash

e) Movement of Option Granted:

Particulars	31 st March, 2014
	No. of SARs
Options Outstanding at the beginning of the year	-
Granted during the year	308,295
Exercised during the year	-
Lapsed during the year	-
Options Outstanding during the year	308,295
Options Unvested at the end of the year	308,295
Options Exercisable at the end of the year	-

The SAR compensation cost is amortised on a straight-line basis over the total vesting period of the options. Accordingly Rs. 49 lakh (Previous Year: Rs. Nil) has been charged to the Statement of Profit and Loss.

The remaining contractual life for SAR outstanding as on 31st March, 2014, is 6 years (Previous Year: NIL).

f) Fair Valuation:

The Fair Valuation of the options used to compute proforma net profit and earnings per share have been done by an independent valuer on the date of grant using Black-Scholes Mertion Formula. The key assumptions and Fair Value are as under:

Particulars	On the Date of Grant
	Tranche - I SAR
Risk- Free Interest Rate (%)	8.58
Life (Years)	5
Expected Volatility (%) *	45.93
Expected Dividend Yield (%)	NIL
Weighted-average Fair Value per Option (Rs.)	53

* Expected volatility of the Company's stock price is based on the Company's comparable peer group's stock price on NSE based on the price data of the last three years upto the date of grant as the Company has been listed only for a few months prior to the date of grant.

**NOTES TO FINANCIAL STATEMENTS FOR
THE YEAR ENDED 31ST MARCH, 2014**

Had the compensation cost for SAR been recognised based on fair value at the date of grant in accordance with Black-Scholes Merton Formula, the Proforma net profit and earnings per share of the Company would have been as under:

Particulars	31st March, 2014
Loss after tax to be considered for EPS	(18,778)
Add: Compensation Cost as per Intrinsic Value SAR	49
	49
Less: Compensation Cost as per Fair Value SAR	35
	36
Adjusted Net Loss	(18,765)
Weighted-average Number of Basic Equity Share Outstanding (In Nos.)	92,793,529
Weighted-average Number of Potential Equity Shares # (In Nos.)	232,781
Weighted-average Number of Diluted Equity Share Outstanding (In Nos.)	92,793,529
Face Value of the Equity Share (In Rs.)	10
Reported Earnings Per Share (EPS)	
- Basic EPS (Rs.)	(20.24)
- Diluted EPS (Rs.)	(20.24)
Proforma Earnings Per Share (EPS)	
- Basic EPS (Rs.)	(20.22)
- Diluted EPS (Rs.)	(20.22)
# Since the conversion of stock options into equity shares (Qty. 2,32,781) would decrease the loss per share, hence these potential equity shares are considered anti-dilutive and the effect of anti-dilutive potential equity shares are ignored.	

g) Amount Debited to the Statement of Profit and Loss	31st March, 2014	31st March, 2013
Expense on Employee Stock Option Scheme	33	-
Expense on Employee Stock Appreciation Rights	49	-
	82	-

NOTE: 34

Disclosure Pursuant to Accounting Standard-19 - Leases is as under

A. Assets Taken on Lease:

The Company has entered into agreements for taking on lease certain residential/office/store premises, warehouses, on leave and license basis. The lease term is for a period ranging from 3 to 25 years. There are escalation clauses in the lease agreements. The specified disclosure in respect of these agreements is given below :

	Year Ended 31st March, 2014	Rs. in Lakhs Year Ended 31st March, 2013
Lease Payments recognised in the Statement of Profit and Loss for the year		
Minimum Lease Rent	16,002	13,035
Contingent Lease Rent	9,031	3,280
	25,033	16,315
Future Minimum Rentals Payable under non-cancellable operating leases are as follows:		
Within one year	6,063	7,127
After one year but not more than five years	8,721	10,120
More than five years	169	883
	14,953	18,130

Notes:

The initial non-cancellable period of the lease agreement is for three years, beyond which there is an option for the lessee to renew the lease, which is reasonably certain and, hence, entire lease period has been considered as non-cancellable for the purpose of above disclosure.

B. Sub-lease of Store Premises:

Sub-lease Payment Received

Year Ended 31st March, 2014	Rs. in Lakhs Year Ended 31 st March, 2013
415	463
415	463

NOTE: 35

CONTINGENT LIABILITIES NOT PROVIDED FOR

Dividend on Cumulative Preference Shares	8	4
Dividend Distribution Tax on the above Dividend	1	1
Claims against the Company not acknowledged as Debt		
Labour Laws - Minimum Wages Act	72	-
Occupancy Cost	509	-
Others	28	-
	618	5

(The contingent liabilities, if materialised, shall entirely be borne by the Company, as there is no likely reimbursement from any other party.)

NOTE: 36

DEFERRED TAX

DEFERRED TAX LIABILITIES (NET)

Deferred Tax Liabilities at the year end comprise timing difference on account of:

Fixed Assets: Impact of difference between tax depreciation and depreciation/amortisation charged

31st March, 2014	Rs. In Lakhs 31 st March, 2013
15,921	608
15,921	608

DEFERRED TAX ASSETS (NET)

Deferred Tax Assets at the year end comprise timing difference on account of:

Demerger Expenses

Employee benefits provision allowed on payment basis

Disallowance under Section 40(a)

Loss as per Income-tax calculations

(Restricted to Net Deferred Tax Liabilities)

169	236
602	70
531	-
14,619	302
15,921	608

In absence of virtual certainty, the Company has recognised deferred tax assets differences arising from carry forward of business loss and other items to the extent of deferred tax liability arising from depreciation.

NOTE: 37

SEGMENT INFORMATION

In accordance with the principles given in Accounting Standards on Segment Reporting (AS-17) notified by Companies (Accounting Standards) Rules, 2006, the Company has determined its primary business segment as "retail". The Company has no other reportable segment. Further, the entire business of the Company is within India, hence there is no geographical segment. Accordingly, disclosure of information as per AS-17 is not required.

NOTE: 38

During the year, the Company has appointed Mr. Pranab Barua, as the Managing Director of the Company, with effect from 25th October, 2013, subject to the shareholders approval at the ensuing General Meeting of the Company ("said appointment"). Further, the Company has, pursuant to the provisions of Companies Act, 1956, sent an abstract to the shareholders of the Company, for giving the details of the said appointment and has also filed an application with the Central Government, for obtaining its approval for the said appointment, in accordance with the provisions

of Section II (C) of Part II of the Schedule XIII of the Companies Act, 1956. Pending the approval from the Shareholders of the Company and the Central Government as aforesaid, no adjustments have been made to the Financial Statements.

NOTE: 39

The Company in the current year has incurred losses, hence no amount has been transferred to the debenture redemption reserve.

NOTE: 40

PREVIOUS YEAR FIGURES

The figures for the year ended 31st March, 2013, are for nine months and are therefore to that extent not comparable with those of the current year.

The Company has reclassified the previous year figures to conform to this year's classification.

As per our report of even date	For and on behalf of the Board of Directors of Pantaloons Fashion & Retail Limited (formerly known as Peter England Fashions and Retail Ltd.)		
For S.R. Batliboi & Co. LLP	Pranab Barua	Sushil Agarwal	Bharat Patel
ICAI Firm Registration No. 301003E	(Managing Director)	(Director)	(Director)
Chartered Accountants	Place: Mumbai		
	Date: 5 th May, 2014		
per Vijay Maniar	P. Murari		
Partner	(Director)		
Membership No. 36738	Shital Mehta	Manoj Kedia	Geetika Anand
	(Chief Executive Officer)	(Chief Financial Officer)	(Company Secretary)
Place: Mumbai	Place: Chennai		
Date: 5 th May, 2014	Date: 5 th May, 2014		

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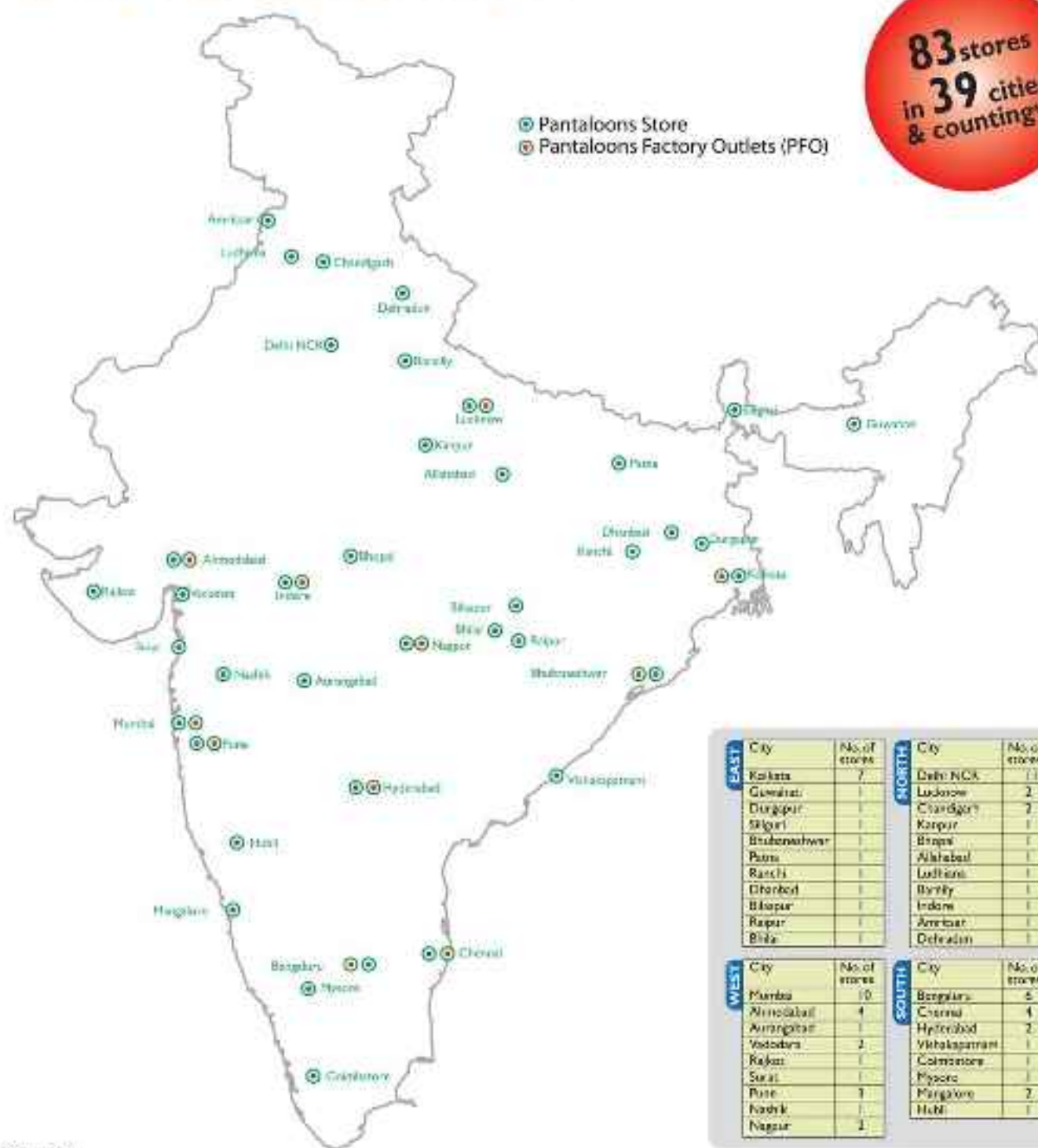
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Pantaloon Stores: PAN India

Ahmedabad: Abhijit III, Netaji Road, Near Law Garden, Opp Mayor's Bungalow Ph: 079-40048398; 10 Acres City Mall, Opp. Arya Sewa Samaj Hall, Raipur-Kankaria Road Ph: 079-30452760; Gulmohar Park Mall, Satellite Road, Opp. Satellite Police Station Ph: 079-30480260; AlphaOne City Centre, Near Vastrapur Lake, Vastrapur Ph: 079-40165200; **PFO:** Gr.Floor, Sumel Complex, Nr. Gurudwara, Bodakdev, S.G. Highway, Pin: 380059, Ph: 079 - 26854650/51; City Centre, C. G. Road, Swastik Char Rasta, Navrangpura, Ph: 380009, Ph: 079 - 26430679; Venus Atlantis, Next to Reliance Petrol pump, Pralhadnagar, Pin : 380007, Ph: 079 - 40099321 • **Allahabad:** Vinayak City Center, 48/24 Sardar Patel Marg, Civil Lines Ph: 0532-3911415 • **Amritsar:** Trilium Mall, Medical Enclave, New Amritsar City, Opp. Basant Avenue, Near Circular Road Ph: 0183- 6600322 • **Aurangabad:** Prozone Mall, API Compound, Airport Road, Chikalthana, MIDC Ph: 0240-6618477 • **Bareilly:** Phoenix United Mall, Near Mahanagar Colony, Chitto Bihar Mann Nagla, Pilibhit Bypass Ph: 0581-2583053 • **Bengaluru:** Cosmos Mall, Opp. Kundanhalli post office, Graphite Industrial Area, Kundanhalli Road, Brookefield Ph: 080-41604212; Mantri Mall, Municipal No.1, 2nd Main Road, Sampige Road, Malleswaram Ph: 080-30160085; Gopalan Innovation Mall, Bannerghatta Road, J P Nagar 3rd Phase Ph: 080-41477295; Phoenix Market City Mall, Opp. BBMP Office, Mahadevpura, Whitefield Road Ph: 080-67266384; SJR Junction, 80 Feet Road, Ejipura Koramangala Ph: 080-25630222; 52, Mahatma Gandhi Road, Yellapachetty Layout, Jogupalya, Near MG Road Metro Station Ph: 080-41400215; **PFO:** Plot No. 41, Krishna Reddy Layout, Near Muneswara Temple, Rammurthy Nagar Main Road, Pin: 560016, Ph: 080 - 688910; Plot No. 22, Kathariguppe, BSK 3RD Stage, Benshankari, Pin : 560085, Ph: 080 - 65688911; Sree Poojyaya Arcade, Plot no.183/184, Gandhi Bazaar Main Basavangudi, Pin : 560004, Ph: 080 - 22410010 • **Bhilai:** Surya Treasure Island Mall, Opp Surya Bihar Junwani Ph: 0788 - 4038133 • **Bhopal:** DB Mall, Arera Hill, Near MP Nagar Thana Ph: 0755-6644140 • **Bhubhaneswar:** Suruchi Commercial Complex, Shahid Nagar, Janpath Ph: 0674-3018765 • **Bilaspur:** Rama Magneto Mall, Srikant Verma Road, Near Vaishali Nagar Chowk Ph: 07752-413101 • **Chandigarh:** Elante Mall, Unit No. 001B, Basement 1, Plot no 178 & 178A, Industrial Area Phase 1 Ph: 0172-5214480 • **Chennai:** Spencer Plaza, Spencer Plaza Phase II, 768, 769, Anna Salai Ph: 044-28498533; 126, BNT towers Connection, Nelson Manickam Road, Aminjikarai Ph: 044-43582289; Chandra Metro Mall, No.262, Arcot Road, Virugambakkam Ph: 044-23776391; Phoenix Market City Mall, #142, Velachery Main Road, Near Guru Nanak College Ph: 044-30083333; **PFO:** Ceebros Enclave No. 15, First Main Road, Gandhi Nagar, Adyar, Pin : 600 020, Ph: 044 - 24421800 • **Coimbatore:** Brookefields Plaza, No 67-71, Krishnaswamy Road Ph: 0422-2255050 • **Cuttack:** **PFO:** Netaji Subhash Chandra Bose Arcade, Old Jail Complex, Dargah Bazaar, Pin: 753001 Ph: 067 - 12512200/12512300 • **Dehradun:** Pacific mall, Rajpur Road, Mauja Jakhan Ph: 0135 - 2738240 • **Delhi NCR:** Unitech Metro Walk, Sector - 10, Near Riithala, Metro Station, Rohini Ph: 011-27574182; Select City walk, Plot no. A-3 & P1B, District Center, Saket Ph: 011-42658276; Sahara India Commercial Corporation Ltd., Sahara Mall, Main Mehrauli - Gurgaon Road Ph: 0124-5063109; The Great India Plaza, Sector 38A Ph: 0120-3025376; Ambi Mall, Ambience Island, NH-8, Nathupur Village Ph: 0124-4029230; Shipra Mall, Indrapuram Ph: 0120-2689648; Cross River Mall, Kakardooma Court, Shahdara Ph: 011-22309491; Ambience Mall, Nelson Mandela Road, Vasant Kunj Ph: 011-40870555; D-4, South Ex. Part -2, Ring Road, Ph: 011-46631250; B-1/633, Metro Pillar No.566, MAIN Najafgarh Road, Janakpuri Ph: 011-43102611; Hotel Radisson Blu, Next to metro station: Dwarka Sector 13 Ph: 011-65000560 • **Dhanbad:** Ozone Galleria Mall, Saraidhela Main Road Ph: 0326-3040961 • **Durgapur:** Junction Mall, City Center, Saheed Khudiram Sarani Ph: 0343-2542069 • **Guwahati:** D T Tower, G S Road, Near Downtown Hospital Ph: 0361-2229094 • **Howrah:** Avani Riverside Mall, 32 Jagat Banerji Ghat Road Ph: 033-30491070 **PFO:** 49, Dobson road, howrah-1, Near A C Market, Pin: 711101, Ph: 033 - 26660260 • **HUBLI:** Urban Oasis Mall, Gokul Road Ph: 0836-2335020 • **Hyderabad:** Saptagiri Towers, S.P.Road, Begumpet Ph: 040-27760787; Inorbit Mall, Survey No.64(Part) APIIC software Layout, Mind Space, Opp. Durgam Cheruvu Ph: 040-42102212; **PFO:** 3-6-262 Tirumala Estate, Himayat Nagar, near Telugu Academy, Pin: 5000029, Ph: 040 - 66638084/85; Secunderabad - 94, Minerva Complex, S. D. Road, Pin : 500 003, Ph: 040 - 66325145/46 • **Indore:** 11, Tukoganj, Treasure Island, M. G. Road Ph: 0731-3082011; **PFO:** 1st floor, Shop No. 111, C21 Mall A.B. Road, Pin : 452054, Ph: 073 - 14214015 • **Kanpur:** Rave Multiplex Complex, VIP Road, Parvati Bagla Road, Tilak Nagar Ph: 0512-3074410 • **Kolkata:** 49/1 Gariahat Road, Gariahat Ph: 033-39848400; Orchid Point, 33/1A Upendra Chandra Banerjee Road, Kankurgachi Ph: 033-30913581; 22 Camac Street Ph: 033-39849202; South City Mall, 375 Prince Anwar Shah Road Ph: 033-30015600; City Centre, New Town, Action Area II, Rajarhat, New Town Ph: 033-39803489; Diamond Plaza, Diamond City North, 68 Jessore Road, Nagar Bazar Ph: 033-20122527 **PFO:** 20, Lindsay Street Pin 700 087, Tel 033 - 2249-7112/7120, ; B/203, SALT LAKE, City Centre shop no.203, Kolkata, Pin : 700 203 Ph: 033 - 23581438/49; 282/A, Diamond Harbour Road, Behala, Pin : 700034, Ph: 033 - 23980081; Wood Square Mall, 169, Netaji Subhash Bose Road, Narendrapur, Pin : 700103, Ph: 033 - 30083918; Dunlop, Municipal Holding 18/1, Mouza Bon Hooghly Ward 17, Narendra Nagar, Kamarhati Municipal, Pin : 700056 Ph: 033 - 25440029 • **Lucknow:** Sahara Ganj Mall, Shahnajaf Road, Hazratganj Ph: 0522-3022460; Phoenix United Mall, Sector B, LDA Colony, Near Picadilly Hotel, Alambagh Ph: 0522-6665001/05; **PFO:** Fun Republic Mall, 2nd Flr Gomati Nagar, Off Ram Mohan Lohiya Rark, Pin - 221060, Ph: 0522 6540102/0522 6540103 • **Ludhiana:** Plot no B xix 108, Mall Road Ph: 0161-3024700 • **Mangalore:** City Centre Mall, K S Rao Road Ph: 0824 4252271; Forum Fiza Mall, Pandeshwar Road, Near Corporation Bank Office Ph: 0824 2498075 • **Mumbai:** Centre One Mall, sector 30A, Opp Vashi Rly. Station, Vashi Ph: 022-67141234; Phoenix Marketcity Mall, Kamani Junction, LBS Marg Kurla Ph: 022-61801329; Growel's 101, Akurdi Road, Kandivali (East) Ph: 022-61121700; Runwal Mall LBS Marg Near, Chek Naka, Mulund (W) Ph: 022-67552980; Sri Vallab Shopping Centre, Opp Gokul Shopping Centre S V Rd Ph: 022-28334770; Infiniti Mall 2, 1st Flr. Nest to D Mart Malad (w) Ph: 022-66431740; High Street Phoenix, Phoenix Mills compound, S.B. Marg Ph: 022-30034848; R City, Runwal Town Centre, LBS Marg, Opp Presidential Towers, Ghatkopar West Ph: 022-30553939; Viviana Mall, Opp. Eastern Express Highway, Next to Jupiter Hospital Thane West Ph: 022-61701211; Metro Junction Mall, Netivalli Village, Nr. Sheelphata, Kalyan - E Ph: 0251-2350978 **PFO:** Paradise Tower, Opp. Alok Hotel, Gokhale Road, Naupada, THANE (W), Pin : 400602, Ph: 022 - 66096147/46; Lokhandwala, Durolite House, Opp. Laxmi Industrial Estate, Andheri (W), Mumbai, Pin: 400053, Ph: 022 - 26743512; Thakur Mall, Western Express Highway, Mira Bhayender Road, Thane (Dst), Pin: 401107, Ph: 022 - 28453613; Maxus Mall, Nr Salasar Housing Complex, Bhayender (W), Pin : 401105, Ph: 022 - 67426984; Empress Mall, Sgaon, Manpada Road, Near Don Bosco School, Dombivali (E.), Pin : 421201, Ph: 8652500200 • **Mysore:** Garuda Mall, Makkaji Chowk Area, Near KR Circle, Opp. City Bus Stand Ph: 0821-4193930 • **Nagpur:** Plot No 160/1, Gupta Towers, Opp. Institute of Science, Temple Road, Civil Lines Ph: 0712-6601058; Empress Mall, 001 Ground Floor, Sir Bezoni Mehta Road, Near Gandhi Sagar Lake Ph: 0712-3024277; **PFO:** Jagat Tower, Near Law College Square, Amravati Road, Pin : 440 010, Ph: 95712 - 2535340/41 • **Nashik:** Nashik City Centre Mall, Untwadi, Lawate Nagar, Near PWD Office Ph: 0253-3918968 • **Patna:** Vasundhara Metro Mall, Boring Canal Road, Near Rajapur Pool Ph: 0612-2532345 • **Pune:** ICC Tech Park, Senapati Bapat Marg, Ph: 020-66095808; Phoenix Market City Mall, Behind Baker Gauge, Viman Nagar Ph: 020-30950475; Seasons Mall, Mundhwa Road, Magarpatta City, Hadapsar Ph: 020-67220400 **PFO:** Premier Plaza, old Pune - Mumbai Highway, Near ICICI Bank, Pimpri - Chinchwad, Pin: 411014, Ph: 020 - 66127040; Plot No 59/1C, Vadgaon Budruk, Sinhgad Road, Bhide Baug, Abhiruchi Mall, Pin : 411014, Ph: 020 - 24390399 • **Raipur:** Ambuja City Centre, Vidhan Sabha Road, Mowa Ph: 0771 - 4062844 • **Rajkot:** Iscon Mall, 15 Ft ring Road, Off Kalawad Road Ph: 0281-3047342 • **Ranchi:** Eastern Mall, Circular Road, Near Dangratoli Chowk Ph: 0651-2532512 • **Siliguri:** Cosmos Mall, 2nd Mile, Sevoke Road, Opp. State Electricity Board Office Ph: 0353-3041050 • **Surat:** Iscon Mall, Opp. Rajhans Theatre, Surat-Dumas Road Ph: 0261-3990444 • **Vadodara:** Inox Multiplex, Race Course Road, Nr. Natubhai Circle, Opp. Indraprastha, Ellora Park Ph: 0265-6620671; Inorbit Mall, Opp. Alembic School, Near Gunjan Tower, Gorwa Road, Subhan Pura Ph: 0265 2281740 • **Vishakapatnam:** 704, TSR Complex, Allipuram Ward, Dabagardens Ph: 0891-2780815 • **Zeerakpur:** Paras Down Town Square Mall, NAC Zeerakpur, Delhi - Ambala Highway NH - 28 Ph: 01762-521033

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Registered Office : 701-704, 7th Floor, Skyline Icon Business Park,
86-92, Off A. K. Road, Marol Village, Andheri (East), Mumbai, Maharashtra.

CIN: L1810MH2007PLC233901; **Web:** www.pantaloons.com;

Email: pfri.secretarial@pantaloons.adityabirla.com

Tel: +91 - 8652905000; **Fax:** + 91 - 8652905400



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