

FUTURE RETAIL



31st August, 2017

To,
BSE Limited
PhirozeJeejeebhoy Towers,
Dalal Street, Fort,
Mumbai - 400 001

To,
National Stock Exchange of India Limited
Exchange Plaza,
Bandra Kurla Complex,
Bandra (East), Mumbai - 400 051

Scrip Code: 540064

Symbol: FRETAIL

Dear Sir / Madam,

Sub.: Regulation 34 – Annual Report for the financial year ended 31st March, 2017.

This is with reference to Regulation 34 of the SEBI (LODR) Regulations, 2015, please find enclosed the 10th Annual Report of the Company for the financial year ended 31st March, 2017 in soft copy.

Kindly take the same on records.

Thanking you,

Yours faithfully,

For Future Retail Limited

Virendra Samani
Dy. Company Secretary



Encl. : As above.

NEW RETAIL

ANNUAL REPORT 2016 - 17



Ms. Soumya B

India One,
Mumbai Native, Salaried Techie

Nuclear Family,
Malayali Calendar

Digital Native
Annual Spend: ₹ 89,468

EXPERIENTIAL CUSTOMER



Mr. Edsel D'Souza

24 years,
Self Employed

Bachelor,
Christian Calendar

New Customer

ACQUIRED ON TWITTER



Mrs. Prachi Mohanty

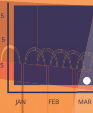
India One, Born in Cuttack,
Lives in Mumbai

Salaried, Mom,
Joint Family, Oriya Calendar

Digital Aspirer
Annual Spend: ₹ 46,870

DEAL SEEKER

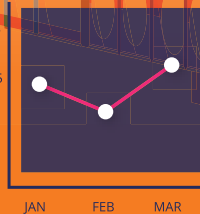
FREQUENCY
OF STORE VISITS



FREQUENCY
OF STORE VISITS



FREQUENCY
OF STORE VISITS



FUTURE RETAIL

What happens when the real & the virtual world are seamlessly integrated? What happens when technology integrates our suppliers, warehouses, stores and shopping baskets, allowing data to flow seamlessly across the value chain? What happens when data drives almost every decision on buying, merchandising, fulfillment & operations? What happens when technology platforms operate stores allowing rapid multiplication of store networks? What happens when mass advertising is replaced by one-on-one conversations with every customer? What happens when your world and our world becomes one? That's is the future we are imagining, designing & creating. We call it the

NEW RETAIL

CORPORATE INFORMATION

BOARD OF DIRECTORS

Kishore Biyani
Chairman &
Managing Director
DIN: 00005740

Rakesh Biyani
Jt. Managing Director
DIN: 00005806

Rajan Bharti Mittal
Non-Executive Director
DIN: 00028016

Gagan Singh
Independent Director
DIN: 01097014

Ravindra Dhariwal
Independent Director
DIN: 00003922

Shailendra Bhandari
Independent Director
DIN: 00317334

Sridevi Badiga
Independent Director
DIN: 02362997

**STATUTORY
AUDITORS**
NGS & CO. LLP

**CHIEF FINANCIAL
OFFICER**
C. P. Toshniwal

**DY. COMPANY
SECRETARY**
Virendra Samani

**SHARE TRANSFER
AGENT**
Link Intime India
Pvt. Ltd.

C-101, 247 Park,
LBS Marg, Vikhroli (West),
Mumbai - 400 083.
Tel. No. : + 91 22 4918 6000
Fax No. : + 91 22 4918 6060
www.linkintime.co.in

BANKERS
Allahabad Bank
Andhra Bank
Axis Bank
Bank of Baroda
Bank of India
Central Bank of India
Corporation Bank
Dena Bank
IDBI Bank
Punjab National Bank
State Bank of India
Union Bank of India
UCO Bank
Vijaya Bank

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

**CORPORATE
OFFICE**
247 Park, 'C' Tower,
LBS Marg, Vikhroli (West),
Mumbai - 400 083
Tel. No. : + 91 22 6119 0000
Fax No. : + 91 22 6199 5019

WEBSITE
www.futureretail.co.in

**INVESTOR
EMAIL ID**
[Investorrelations@
futureretail.in](mailto:Investorrelations@futureretail.in)

**CORPORATE
IDENTITY NUMBER**
L51909MH2007PLC268269

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SNAPSHOT

Average ticket size & average value per piece of merchandise grew substantially, helped **12% same store growth**.

OPERATIONAL HIGHLIGHTS

FY 2016-2017

Customer Entry	~300 Million
Merchandise Units Sold	~1.2 Billion
Average Ticket Size	₹ 1,155
Growth in Ticket Size	~11%
Average Value Per Piece	₹ 143
Growth in Value Per Piece	~17.4%
Same Store Sales Growth	12.0%
New Operational Space	1.64 Million Sq. Ft.

KEY RATIOS

FY 2016-2017

Capital Employed	₹ 3,797 crore
Equity	₹ 2,554 crore
Net Debt / Equity Ratio [#]	0.34
ROE	15.5%
ROCE	16.9%
Inventory Days	80*
Creditor Days	59*

[#] For the purpose of this ratio OCDs have been considered as part of Equity

* On Income from Operations

A **3.4% expansion** in **EBIT** through the year, coupled with inventory optimised to 80 days in FY17, delivered a **Return on Capital Employed of 16.9%**.

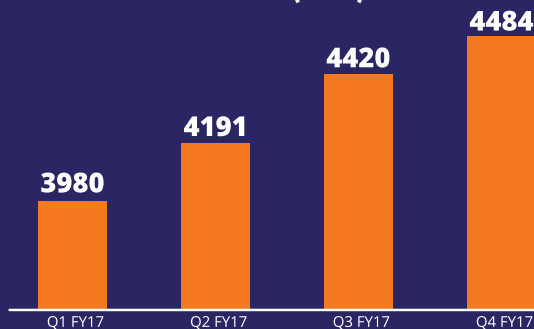
FINANCIAL HIGHLIGHTS

FY 2016-2017

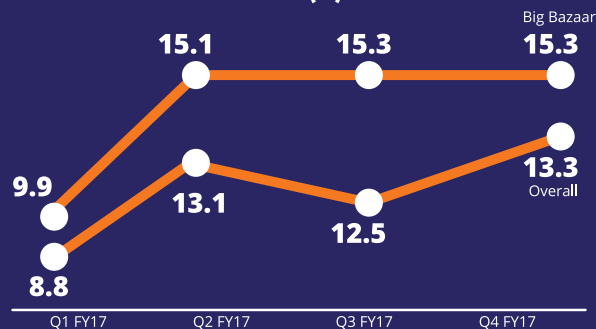
Income from Operations	₹ 17,075 Crore
Gross Margins	24.8%
EBIT	₹ 573 Crore
EBIT	3.4%
PAT	₹ 368 Crore
PAT	2.2%
EPS	₹ 7.8

QUARTERLY PERFORMANCE

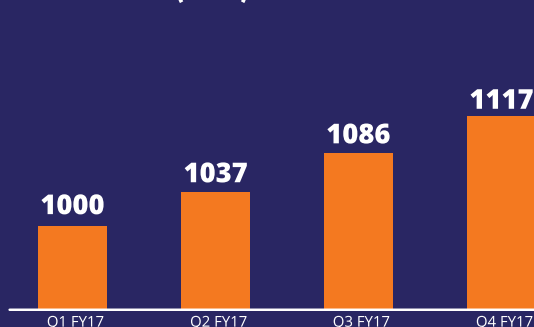
INCOME FROM OPERATIONS (Rs.Cr.)



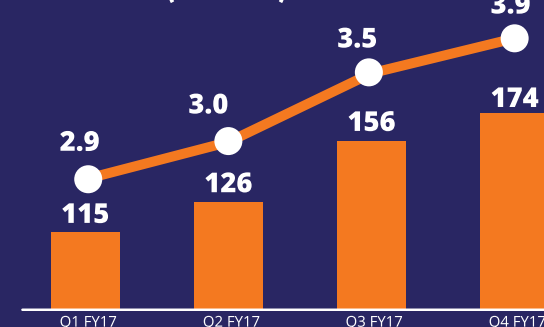
SAME STORE SALES GROWTH (%)



GROSS MARGIN (Rs.Cr.)



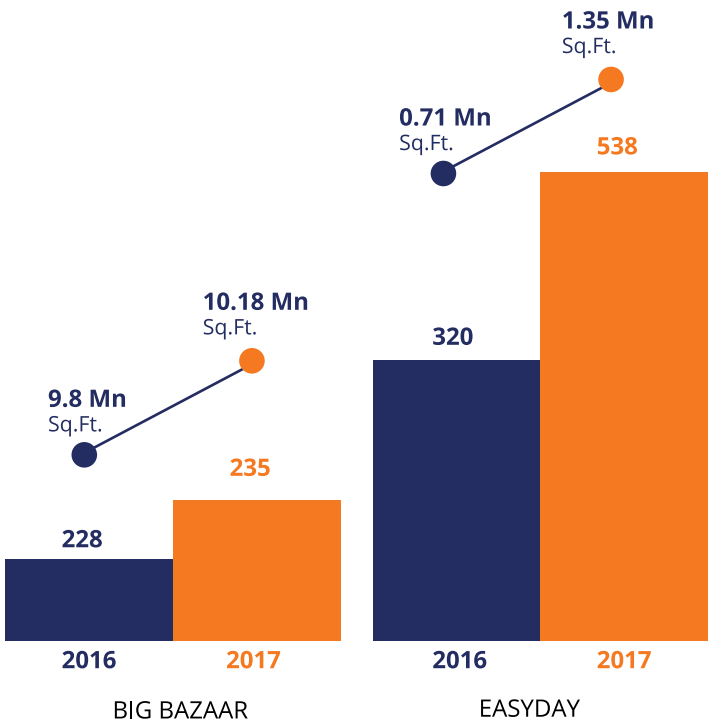
EBIT MARGIN (% & Rs.Cr.)



NATIONAL FOOTPRINT

The diversity and heterogeneity of the Indian market makes many compare India with the whole of Europe. Building a national footprint for a retailer isn't just about finding the right location and real estate to operate from, but also developing a deep understanding of the community, culture, preferences, highs and lows of consumption for every geography that it operates in. Over time, each store integrates with the people, society and communities it operates in.

While Big Bazaar is present in almost every state of the country, the small store networks are built on a cluster model. The easyday network has a formidable presence in Haryana, Punjab, National Capital Region and western Uttar Pradesh. The newly merged Heritage network has a strong presence in Hyderabad, along with stores in Bengaluru and Chennai. Thus building a nation-wide, complimentary network that echoes the pulse of India.



ANDHRA PRADESH	Big Bazaar 3 FBB 3 HomeTown 1
ASSAM	Big Bazaar 3 FBB 1
BIHAR	Big Bazaar 6 E Zone 1 FBB 2
CHANDIGARH	Big Bazaar 1

CHHATTISGARH	Big Bazaar 6 HomeTown 1
DELHI	Big Bazaar 9 EasyDay* 103 E Zone 1 FBB 4 Foodhall 3 HomeTown 1
GOA	Big Bazaar 1 FBB 1
GUJARAT	Big Bazaar 11 FBB 3 HomeTown 3

13.8
Mn.Sq.Ft.

901
STORES

26
STATES

240
CITIES

HARYANA

Big Bazaar	8
EasyDay*	63
FBB	1
Foodhall	1
HomeTown	1

HIMACHAL PRADESH

Big Bazaar	1
EasyDay*	1

JAMMU & KASHMIR

Big Bazaar	1
EasyDay*	7

JHARKHAND

Big Bazaar	6
HomeTown	1

KARNATAKA

Big Bazaar	28
EasyDay*	31
E Zone	6
FBB	4
Foodhall	2
HomeTown	5

KERALA

Big Bazaar	9
FBB	3
HomeTown	1

MADHYA PRADESH

Big Bazaar	7
FBB	1

MAHARASHTRA

Big Bazaar	37
EasyDay	27
E Zone	12
FBB	11
Foodhall	1
HomeTown	11

ODISHA

Big Bazaar	7
E Zone	1

PUNJAB

Big Bazaar	6
EasyDay*	106

RAJASTHAN

Big Bazaar	12
EasyDay*	9
FBB	1

SIKKIM

Big Bazaar	1
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TAMIL NADU

Big Bazaar	10
EasyDay*	36
FBB	1

TELANGANA

Big Bazaar	9
EasyDay*	80
E Zone	2
FBB	5
HomeTown	3

TRIPURA

Big Bazaar	1
------------	---

UTTAR PRADESH

Big Bazaar	23
EasyDay*	55
E Zone	1
FBB	6
HomeTown	3

UTTARAKHAND

Big Bazaar	3
EasyDay*	20
FBB	1

WEST BENGAL

Big Bazaar	26
E Zone	6
FBB	6
HomeTown	6

Big Bazaar has signed properties for **new stores in Meghalaya, Mizoram & Nagaland.**

* EasyDay also includes Heritage stores.

LETTER FROM THE CHAIRMAN



Dear Stakeholders,

We are pleased to share with you the Annual Report of your Company for the financial year 2016-17. This is the first full year of your Company as a pure-play retailer operating large format hypermarkets and neighbourhood stores. The Company posted total income of ₹ 17,075 crore, a profit after tax of ₹ 368 crore and earnings per share of ₹ 7.81. For this financial year, the return on capital employed was 16.9%, backed by an overall same store sales growth of 12% and the number of inventory days coming down to 80 days.

Most people following our Company would say that the biggest moat the organization has is its national store network built

on prime properties across 240 large and small town in the country. The 235 Big Bazaar store network is unparalleled amongst competitors and difficult to replicate by another retailer in India.

While we continue to invest and leverage this advantage, we are now building an even stronger moat that is built around our consumer data. During the year, ~300 million customers walked into our stores, generating more than 143 million bills and buying almost 1.2 billion units of merchandize. What however stands out is that the average value realized per unit of merchandize was ₹ 143, an annual growth of ~17% and the average bill value touching ₹ 1,155 a growth of around 11%.

Through the year, we

have been working on the objective of 'Getting More out of the Same,' and results are now showing up. The objective translates into earning more from our existing base of customers, getting higher throughput from our stores, earning more from our stocks and eventually earning higher returns from the capital employed in the business. A crucial enabler of this strategy is pervasive use of data and technology to guide business decisions and consumer engagements. Your Company today has access to consumer data of almost 30 million customers who are members of our loyalty programs. We are now steadily moving them to paid loyalty programs or membership model. These include Big Bazaar Profit Club, T24 mobile program

Future Pay Mobile Wallet

Mobile Wallet with Loyalty
Program Integration



~1.2 Million
Users

Transaction Details



Wallet uploads
in excess of
₹ 42 Crore

Price Match - Customer
Assured of Lowest Price



~3 Lakh
Price match
transactions



1 Issued at ₹ 999; 10% discount on every purchase (excluding sugar & oil), available from Day 1

2 Remains active for full year or ₹ 50,000 worth of cumulative shopping whichever is earlier

3 Exclusive Free Vouchers

The company passes on the discount benefits only to the loyal customers

KEY ADVANTAGE

The customer gets assured discounts everyday

and the newly introduced easyday Savings Club and Future Pay mobile wallet. These programs provide richer data on consumers, who in turn are also more tightly integrated and committed to our retail brands. Customers who come on these platforms not only have higher average billing size but also higher frequency of visits through the year, translating into far higher annual spends at our stores. Most of the customers on these paid loyalty platforms visit us on an average 18 times in a year.

These loyalty programs are slowly allowing us to reduce our dependence on mass media advertising and moving on to conversations with customers through these loyalty platforms and social media. Social media and digital channels are also being used for our 'online to offline model.' For example, a series of Twitter

campaigns for a wide range of products whose price go down on every retweet, generated a huge response from customers. Those who retweeted could pre-book the product and buy at our stores. We now allow customers to even pre-book checkout slots online or on mobile for easier billing and many stores now feature sit-down billing counters.

More than tactical advantages, widespread usage of data and technology is also changing the way we take decisions. Today, around 6000 users in the organization have access to track around 2000 key performance indicators to aid their decision making. As we add more intelligence layers over our data, data will augment decision makers and allow full automation for almost four out of five decisions taken by professionals engaged in buying, supply

chain, promotions and store operations. That will allow all of us to focus only on a few areas that demand innovation and human creativity to win in the marketplace.

BRANDS & BUSINESSES

The year has been heartening in more ways than one. Big Bazaar further improved its ranking on the The Economic Times-Nielsen Most Trusted Brand Study and gained 13 ranks to become the 14th Most Trusted Brand in the country. The world's leading independent branded business valuation and strategy consultants, Brand Finance ranked your Company among the top 50 most valuable brand owners.

While Big Bazaar strengthened its national brand presence, we are

"Your Company today has access to consumer data of almost 30 million customers who are members of our loyalty programs."



Every Retweet Brings Down The Price



Book Online, Collect at Store



Pre-Book Check Out Slots

“ The seven store Foodhall network continues to be the hotbed for innovations & learning about future trends in food & FMCG consumption. ”

investing in its sister brand for the fashion space, fbb to make it a long term, sustainable differentiator in the fashion space in the country. We will be adding a large number of fbb standalone stores and have also strengthened the supply chain and the technology backbone that now allows faster speed of delivery and even single piece and single day replenishments across a large number of stores in the country.

Small appliances, gadgets and electronics is a significant part of consumer spend and so far eZone has been leading this business. We are now integrating eZone much more closely with the Big Bazaar network and simultaneously boosting our range and products in our own brand Koryo. The brand is being built around the promise of 72 hour repair or replacement

guarantee, in the event of any malfunctioning. During the forthcoming year, Koryo as a brand has a potential to touch ₹ 200 crore size, earning far higher margin in this low margin business.

The seven store Foodhall continues to be the hotbed for innovations and learning about future trends in food consumption. While it selectively expands in niche and premium markets, Foodhall is also engaged in creating a few inhouse brands to service newer demand being seen in the market. WhisQ, a range of bakery products and bakeware was a brand born out of Foodhall and now caters to the growing trend of home baking among Big Bazaar customers. Newer product brands and categories are being built around tea and accessories, super-premium staples and dry fruits, spices and gifting. While Big Bazaar will increasingly

focus on realizing growth from within its existing network, our next phase of network expansion will be through neighbourhood stores. During the year we successfully integrated the North India-based easyday network and are now ensuring a similar integration of the Hyderabad-based Heritage network. Our small stores network has now grown to 538 stores and we see this growing by at least ten times over the next five years.

However, this expansion will be led through a next generation strategy that integrates a membership driven model with pervasive use of technology in merchandizing, store operations and in all customer interactions. The technology platform that is being created for this network will allow member customers to order through multiple channels and eventually integrate a virtual

“ I have always believed that India provides innumerable opportunities to develop new consumer businesses. However one has to be agile and act rapidly to the changing environment. ”

Multiple Payment Options



marketplace for products and services that are not available at the store.

Our access to properties was the moat around which Big Bazaar thrives on and while we will continue to strengthen it, for tomorrow we want our consumer data and technology to be the moat around which the business, specially the small store network, to thrive on. To redesign the organization based on data and technology is a journey we have embarked on. We have taken some steps but many more needs to be taken.

customers, understanding shifts and change, experimenting, prototyping, destroying and recreating every day.

It is said that entrepreneurial organizations succeed due to their essential quality to act spontaneously. That's how they stay ahead of the race. For many years, our contemporaries – especially in India, called us a kind of 'organized chaos.' It is intentional, because it allows us to always keep our mind open to new ideas, ready to jump on new trends and take new opportunities. Thank you for being part of this journey and making it so much worthwhile.

SPONTANEOUS ORDER

I have always believed that India provides innumerable opportunities to develop new consumer businesses. However one has to be agile and act rapidly to the changing environment. The economy is getting far more formalized and digitized and we believe we have the ability to thrive in it. Soon after demonetization was announced, our business was growing every day, even as the share of digital transactions touched 80%. Within a week of its announcement we could enable our point of sales machines to be used as ATMs by our customers. These were possible because we never wanted to say a no to a customer wishing to use any mode of payment. We had invested in transforming our payment solutions that allow more than 21 different payment channels to be used, including coupons, mobile wallets and our own Future Pay app.

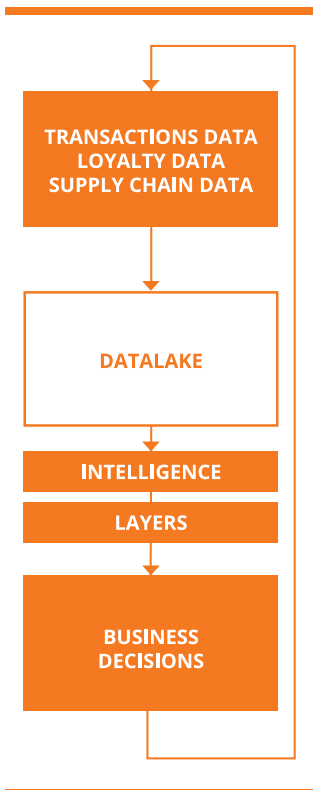
Every day is a new day
for us. We are listening to

Rewrite Rules, Retain Values

1a Brig a

Kishore Biyani

CONNECTING CUSTOMERS



The Company's retail formats attracted ~300 million customers during the financial year. Indian's love shopping along with their families and conversion overall improved to 48% from 45% last year. Customers today live a seamless life between the digital and real world. Customers like to interact with brands before they come shopping and after they have left the shop. This provides a huge opportunity for retailers to engage in multiple ways with customers.

Over the course of the last few years, the Company has been investing in multiple initiatives to enliven the conversations before and after they shop at the stores. During the year, hometown.in and fbbonline.in, joined ezoneonline.in as exclusive ecommerce portals of the Company's retail brands. These provide almost the entire range of merchandize available at the stores, allowing customers to view and research the products before they arrive at the store. Some choose to buy online as well.

Through the year, the Company also strengthened

its social media teams to engage on multiple platforms including Twitter, Facebook and Instagram. Not only were the brands engaging with the customers, fbb and Big Bazaar were hosting online special initiatives on Twitter to draw their followers into stores. Multiple products were promoted, wherein social followers were encouraged to retweet the product. For every retweet, the price came down and the customer had the option to pre-book it online and buy at the store. Big Bazaar also allowed customers to pre-book checkout slots at the stores during peak shopping seasons and festivals.

During the year, the Company also launched its own mobile payments app, Future Pay. Future Pay allows customers to load money in their wallet, view past transactions and go through ongoing promotions. More importantly, it introduced the first Price Match initiative. Customers can scan their Big Bazaar bill. The software taps into a third party database which keeps track of prices for all packaged FMCG products at

nearby retail outlets. In case the price at Big Bazaar was higher than at any other retailer, the customer is refunded the difference. The Future Pay app is being used by 1.2 million customers and 3 Lakh bills have been verified by the Price Match feature. Customers using the Price Match feature are assured they always get the lowest possible price of the product.

The Company has also introduced the easyday Savings Club, a membership model for easyday customers. These are in addition to the similar membership model at Big Bazaar and collectively these now have more than half a million customers.

The consumer data generated from these loyalty platforms provide a huge opportunity to understand trends, engage in one-on-one conversations with customers and in taking business decisions across the organization. The Company is now investing in creating a robust and agile data lake, coupled with intelligence layers and platforms that can potentially change the way we engage with customers and conduct our business.



~300M

CUSTOMER FOOTFALLS

~143M

BILLS

₹ 1,155

AVERAGE TICKET SIZE



33,467

EMPLOYEES

28 YEARS

MEDIAN AGE

CONNECTING COLLEAGUES

The organization had 33,467 employees as on March 31, 2017 and the nature of its business has also shaped one of the most diverse workforce in the country. The median age in the organization is around 28 years and around 18% of the workforce are women. Colleagues come from almost every small and large communities in the country and with very diverse skill sets – from sociologists to data scientists, from those who excel at billing to those who are masters of architecture, design, accounting or understanding fabrics and garments. They also come from vastly diverse socio-economic groups.

The diversity in the workforce brings in different influences, awareness and empathy, thus making change and evolution lot easier. Constantly learning, un-learning and relearning is the common trait that is cherished within the organization. Significant number of employees underwent some form of training – product training, skill based training, soft skills training or leadership training, every year. In order to infuse new and diverse

talent at the management level, the Company actively recruits from a wide base of management, design and liberal arts institutions. Most of them go through the cherished, Future Business Innovators' program that lasts eleven months and gives them a cross-functional exposure across various roles and geographies.

The Company has also been digitizing its talent

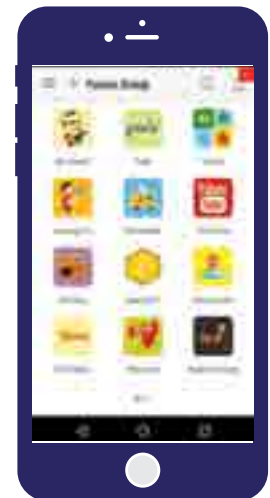
“ The diversity in the workforce brings in different influences, awareness and empathy, thus making change and evolution lot easier. ”

management platforms and has created multiple web and online based applications for learning and development, internal communication and employee engagement. In order to further streamline

its talent management services and bring about the next generation practices, the Company is rolling out a new HRMS solution, Infor CloudSuite Human Capital Management. Infor CloudSuite HCM is a highly configurable tool that enables the Company to create multiple rules and guidelines for developing organisation designs for different employee groups. Its talent sciences module allows generation and superior analysis of employee profiles and matching employees with evolving roles within the organisation.

The performance management module enables the Company to derive individual goals from organisational goals, monitor it and provide instant feedback. The Infor solution provides state-of-art analytics dashboards for employee engagement as well a learning and development module that not only keeps records of trainings conducted and attended but also enables one to create and upload training content.

Futurebytes



FRESH DAIRY

100%
MILK

BAKERY





BIG BAZAAR

Further to the success of the Big Bazaar GEN NXT stores launched in Delhi and Mumbai, the chain has been focussing on improving the consumer experience and making customer service its key proposition across all stores in the network. Big Bazaar as a brand started with providing quality products at an extremely affordable price. As the chain grew, price, along with best range and depth of merchandise became the primary customer proposition. While price and the width and depth of the merchandise range will continue to be the strengths of the brand, Big Bazaar is moving towards becoming a service-led retail brand that provides an unparalleled shopping experience to every segment of customers.

A continuous process of improvement has been initiated across the chain

with particular focus on helping customers choose their fashion needs better, superior trial rooms, a wider and better quality range in homewares and home fashion and ensuring the best assortment in the food section. With its growing footfalls, specially during peak shopping season, faster checkouts have been a constant area for improvement. A new scanning and billing system is being introduced even as a number of stores now have sit-down checkout areas.

Speed and agility continue to be primary drivers for customer service at Big Bazaar. Soon after the demonization was announced in the evening, the chain was able to live up to the challenge in helping customers. All stores were kept open past midnight,

for customers to stock up. Multiple payment options were introduced and an army of sales associates helped customers learn usage of credit and debit cards and how to download mobile wallets. Within a week, technology and systems were upgraded to enable customers access cash from their debit cards through the stores' point of sales machines that were dubbed as mini ATMs.

The 26th January holiday season is associated with thousands of customers coming over to Big Bazaar for the low prices and discounts offered at the change. This was the first year when Big Bazaar not just promised low prices but the best shopping experience for customers visiting the stores.

235
STORES

124
CITIES

10.18
MILLION SQ. FT. SPACE



FOODHALL

The Company's gourmet food chain continues to inspire the food lover and connect with the connoisseur. It also acts a strong platform for innovation and for gathering insights on new food trends ahead of the curve. Apart from adding new stores in Bengaluru and Delhi, Foodhall has been experimenting with newer brands and categories before they are introduced

across the Company's network. Foodhall developed a new brand, WhisQ, in association with celebrity baker Pooja Dhingra, to offer various baking products and bakeware. Home baking has been a growing trend and the brand met with a strong following in stores. Subsequently, the brand has been introduced across multiple Big Bazaar

stores. Foodhall has also developed gifting and spices brand Arqa that offers 24 varieties of flavourings, 6 salt varieties, 30 whole spices and seeds, 9 chillies, 10 herbs and seasonings and 10 varieties of peppers. Other brands include Bustaan, a brand offering dry fruits and baklava, Heritage, a premium rice, pulses and cereal brand and House of Tea for premium tea and accessories.

7
STORES

4
CITIES

89,474
SQ. FT. SPACE



FBB

The brand fbb is being built with immense passion and investments to create a long-term, sustainable, differentiator in the fashion retail space in the country. The chain currently has 54 standalone stores and is present within every Big Bazaar. The Company sees a high potential to build a much larger network of standalone fbb stores.

Targeting a younger audience to fashion merchandize,

the brand has roped in Bollywood celebrities Katrina Kaif and Varun Dhawan. Its association with Femina Miss India contest establishes a strong connect with beauty and fashion in small and large towns. The brand also associated with the IPL season in 2017. The brand is also very active on social media – Instagram, Twitter and Facebook and hosts regular events for its followers. In November 2016 at Infinity Mall, Malad, what

started as a foot-tapping Denim Dance music video by celebrity choreographer Terence Lewis, concluded with fbb hosting a swooping Guinness World Record event for making the 'world's largest photo book'!

The brand will continue to innovate and connect with the younger generation during the year and also launched its own e-commerce portal, fbbonline.in

54

STORES

32

CITIES

5,48,464

SQ. FT. SPACE

142

FREE

365 दिन
कम
दाज

100



EASYDAY

The easyday network has been successfully integrated with the Company's operations in the northern region. A similar exercise is being conducted for the Heritage network that has stores in Hyderabad, Chennai and Bengaluru. Together, these networks operate 538 stores in clusters across the country.

Neighbourhood stores have a natural advantage in catering to the daily and weekly needs of customers. The Company sees a potential to grow this network manifold over the next four to five years and emerge as the leading food and grocery network in the country.

During the year, the Company introduced the easyday Savings Club program. Customers can pay ₹ 999 and

get an assured 10% discount across all products, except for edible oil and sugar. They are also offered home deliveries and previews to new product launches and other promotions. Launched in January 2017, the program already has more than a lakh members and it is estimated that around 1500 customers will become members at every store, spending on an average ₹ 50,000 through the year.

Simultaneously, the Company is also developing a robust technology platform that can take orders from customers through multiple channels and schedule pick up and deliveries. In fact, the entire small store network is being reimagined on a technology backbone that reduces scope for human discretion and allows for

rapid replication of the model across neighbourhoods in large cities. At a later stage, the Company envisions this model to host a virtual marketplace that can offer products and services that are not available at the store. In many ways, this small store membership platform becomes a go-to destination for all needs of customers.

538

STORES

137

CITIES

1.35

MILLION SQ. FT. SPACE

MANAGEMENT DISCUSSION AND ANALYSIS

Post consolidation of the merger of two large retail companies, enabling a geographical reach to 240 cities in previous year, this year was a witness to further growth in small format business by merger of Retail business of Heritage Foods Limited through its subsidiary Heritage Foods Retail Limited. With this realignment, the Company added 136 stores and strengthened its presence in small format business in Southern India. Further the small format business in Northern India, has already started showing better efficiency with revamp of easyday stores and conversion of other small stores also in easyday stores.

During the year, Future Retail also took over the operations of nearly 29 small stores earlier operating under the brand 'Sabka Bazaar' in Delhi and Bengaluru, after their surrender of the business and stores. All the small stores are now mainly operated under the easyday umbrella driving economies of scale.

The consolidation of businesses resulted in combination of mutual strengths, rationalisation of back-end costs and economies of scale, which would in-turn create value for business and hence its stakeholders over a long-term.

With regards to the vesting of demerged Retail Undertaking of Heritage Foods Retail Limited, the Company had completed the entire process, starting with the Board approval in November 2016, approval of Competition Commission of India in February 2017, approval of Shareholders in April 2017 and finally sanction of National Company Law Tribunal in May 2017. The Scheme has been given effect in the books of accounts of the Company, with effect from March 31, 2017, post completion of necessary compliance.

The Company continues its strategy of adopting a measured approach towards growth that captures consumer spend from a growing set of Indian consumers and at the same time ensuring that this growth is sustainable, profitable and value accretive in the longer run. A key focus for the Company is to increase its velocity of sales for existing business and on the other hand it would also increase its overall retail space and presence. The objective has been to enhance assortment relevance, improve quality standards, shopping experience and reinvent ourselves for higher customer conversion ratio, better ticket sizes, better same store sales growth and focus on higher margin products.

The Company is also upgrading some of its large format stores under brand name of Big Bazaar GEN NXT. The Big Bazaar GEN NXT store is designed to be smarter and experiential through use of technology, innovation in services, layouts, sections and digital interface. It aims at attracting more evolved and experience seeking customers in key catchments and metros. These stores

redefine the shopping experience and set new benchmarks for retailing in India. Big Bazaar GEN NXT store is where many of the Company's innovations and ideas to give consumers a world class shopping experience have come together.

As part of other efforts to enhance customer shopping experience and have a bigger share of his shopping wallet certain other initiatives have also been taken. This includes introduction of 'Future Pay' wallet with price match challenge, EMI facility for spends above certain limit across stores of the Company, through EMI network card co-branded with Bajaj Finance, # Decide your price initiative for select products through social networking websites, easyday savings club card for easyday and Big Bazaar Profit Club for Big Bazaar and many more initiatives. These innovative digital tools and fast-growing membership clubs are yielding deep consumer big-data which in-turn shall immensely help us in penetrating deeper into our customer-base while at the same time, bringing in new age customers in large numbers.

Operational Overview

The Company is now focusing only on large format retail through the Big Bazaar and small format neighbourhood retail business and has decided to move away from the specialty retail business, to ensure reduction in operation cost as well as unlocking value of Home Retail Business in a separate company. The objective of getting higher ROCE along with operating free cash flows from the first full year of operations has been achieved. We have also been able to take benefit of better financial position for further borrowing and reducing our overall finance cost, which would also continue to contribute to the bottom line.

The Company has been taking various initiatives and also increasing its presence on the digital space as well as in media. As part of this, the Company had participated in recently concluded IPL season as one of the ground sponsors. This would ensure better viewership and brand recall.

The Company continues to strive hard for optimising productivity on per store basis. The optimum utilisation of the retail space, introduction of new and high demand products, better negotiation with vendors, attracting customers to stores to increase overall customer footfall and then better conversion rate would result in better store productivity as well as better contribution per square foot of retail space.

In a bid to provide improved and upgraded product mix, the Company had been working on various fashion products offered through its format viz, "fbb" as well as various food and general merchandise products. The recent acquisitions within Future Group have helped the Company to add various specialty local products of

Nilgiris, Heritage, easyday and specialty brand products of Kara to its stores and improve its product mix. In other brands, the Company kept on introducing new offerings in all categories, giving customers choice to select from a wide range of options.

The Company continues to extend its relationship with key FMCG companies and vendors for strategic sourcing partnerships. This shall keep us differentiated in the market-place along with distinct recognition for assortment while benefits of inventory and pricing to the Company.

With better target achievement for its various supply partners, the Company is in better position to negotiate multiple priorities and better margins. Further, the scale and reach across length and breadth of the Country of its operations, also gives further edge to the Company, so as to plan its distribution network in most cost effective manner, contributing directly to better bottom line of the Company. Other support functions also contributed to the overall cost reduction initiative of the Company.

The Group as well as Company, had always been proactive for various technological upgradation in all fields of its operations, starting with planned procurements, distribution, placement in store, customer experience for shopping, comparing and payment mode. With the digitisation move of India, the Company played its role to increase use of electronic payment methods vis-à-vis cash, by providing various modes of payment options, and also introduced one more payment mode in form of Future Pay wallet. Further, by providing various incentives like cash back, additional discount and more other priorities, the Company is doing its bit to promote the dream of Digital India.

The Company is continuing its analytical studies of customer behaviour and spending pattern and put technology to maximum use to improve overall customer experience.

Customer and Marketing Overview

The Company being in retail operations and in order to give maximum benefits to its customers, continued its promotional events and other activities engaging its customers on its various formats. The ritual promotional activities like Weekly Promotional Event, Wednesday Bazaar, Public Holiday Sale, Independence Sale, Sabse Saste 4 Din continued to pull customers to Big Bazaar and other formats of the Company. Further, the Company also carried out promotional events at its other formats such as blind fold sale, exchange offer, specific category sale were few such events, which ensured whole hearted participation by customers. Further, the Future Pay wallet, price match challenge, electronics at cost price, online social media promotion, Big Bazaar Decide Your Price contest kept interest of the customer alive in various formats of the Company.

fbf, the Fashion at Big Bazaar, continues to connect with the youth customer, by promoting various events. Miss India contest, IPL season 10 and other music and performance events continues to portray fbf as fashion destination for youth. fbf has presence in social media, such as Facebook and Twitter and has more than about half a million followers on Facebook. The Company considers fbf as important strategic piece to register its presence in fashion, enhance sales productivity and improve margin profile and profitability.

fbf has become known for 'fashion at affordable price'. Further, celebrity endorsements and its media presence in big events like Miss India and IPL, continued to keep fbf fresh and renewed in minds of fashion conscious youth and other customers.

The Company added Future Pay wallet to its base of loyalty programs in addition to Payback, T24 and Big Bazaar Profit Club. Further, it also introduced easyday savings club, to bring easyday customer every month to get more savings and at same time to increase sale per loyal customer. Further, the Company also introduced the Bajaj Finserv EMI card, to get anything on EMI. These programs ensured loyalty of existing customers as well as addition of new set of customers to loyalty program. The Company targets certain promotions to specific set of loyalty customers to give them benefit of being member of such program. This in turn results in higher frequency of visits by the member customer and higher sales.

Awards & Recognition

The Company or its formats has been recognised for its operations in retail sector in following manner.

- FRL has been ranked among the top 50 most valuable Brand Owners by Brand Finance.

Big Bazaar

- Big Bazaar was ranked **14th in the Most Trusted Brand** survey done by Nielsen and The Economic Times;
- The brand is **4th Most Trusted in the Services category** (other brands are Airtel, SBI, Vodafone);
- The brand was ranked **4th in the Youth Male segment** (other brands: Samsung Mobile, Colgate);
- The brand was **11th in the NCCS B segment and 15th in the Monthly Income Group** of ₹ 10,000 – 25,000, showing a strong preference in under-penetrated segments of modern retail and scope for future growth;
- **Retailer of the Year, Large Format** from Coca Cola Golden Spoon Awards in 2017.

Home Town

- **Excellence under category of “Importer and Distribution”** at MATRADE, Government of Malaysia;
- Won **“Gold Award”** in ACEF - Asian Customer Engagement Forum for Gurukul App;
- Won **“Rockstar Award”** at Pepperfry Partners Meet in August, 2016.

easyday

- **Retailer of the Year, Supply Chain Management** from Coca Cola Golden Spoon Awards.

fbb - campaign

- What started as a foot-tapping Denim Dance music video by celebrity choreographer Terence Lewis, concluded with a swooping **Guinness World Record for making the ‘world’s largest photo book’!**

BBPC

- Wins the Award for **Best Loyalty Program in Retail Sector** (Single / Specialty format) at the 10th Customer Loyalty Summit 2017.

Competition

The Company is part of the Future Group, which is pioneer in organised retail industry. As of March 31, 2017, the Company is present in hypermarket, small format neighbourhood stores, electronics and home furniture and fashion segment through its various formats in all these prominent consumption centres. Its presence across 240 cities, including the metro cities, prominent tier two cities, fast growing cities and new consumption centres, ensures that the Company is present in all consumption areas across length and breadth of India to serve the maximum shopping population.

The Company is now on expansion mode with cautious note as well as making efforts to increase sales from existing stores. The Company is making all efforts “to get more out of the same”. The cautious approach for expansion together with efforts to get more out of the same will see operational improvements for reductions in operating costs, improving margins, increasing sales, thereby adding to the bottom line. With GST coming in from the current year, the Company would be in very advantageous position, as it will be able to claim the setoff of taxes on certain expenses, which were hitherto not available. The Company would be able to take benefit of this by reducing price for customer as well as reducing overall cost of operations.

Human Resource Initiatives

Human Resource is one of the key interfaces the Company has with its customers and hence it is very critical to ensure continuous learning and development of its people resources. FRL employs 33,467 employees located at Head Office, Zonal Offices and Retail Stores across the

Country. The Company imparts continuous training to its employees in various fields and at the same time also ensures individual development by imparting training for improvement of skills, knowledge and leadership abilities. The Company has attracted best talents from the industry as well as successful in retaining its core team, which has rich experience of last 20 years leading the Company's core retail business. Further, the Company has implemented ESOP program to give better retention benefits to its valued human assets.

Business Outlook

According to research reports on Retail Industry, it is believed that retail industry in India is on growth trajectory, since per capita GDP in India is close to \$2,000, post which the market is expected to grow 2-3x in the next decade. This trend has been established in many other emerging markets reaching per capita GDP around \$2,000. Key industry drivers are India's favourable demographics, rising middle class with increasing share of discretionary spends and a rise of shopping area and e-commerce. Another key driver for boost of organised retail would be implementation of GST, which will drive a shift of business from unorganised to organised. GST Implementation and growth of the retail industry would also boost technological usage in supply chain, distribution network, driving further sector growth.

Future Retail has an established network of stores under various formats, spread across pan India basis, is poised to get the maximum benefit of the surge in the consumption drive.

Further, internal drive to improve profitability by reducing the overall operation costs and further reduction in finance cost by reducing the overall debt, will further benefit the Company by improved profitability, in comparison to other competitors.

The reduction of debt, improved net worth, would help the Company to obtain the upgradation in the credit rating, which will further help the Company to obtain the funding at much more reasonable cost and with limited financial and non-financial covenants. The Credit Analysis & Research Limited (CARE), has assigned its rating for Short Term borrowings to [CARE A1+ [CARE A One Plus]] and Long Term borrowings [CARE AA- [CARE Double A Minus]] as of March 31, 2017.

In FY 2017-18, FRL would lead from front in the Retail Industry, taking advantage of its experience in the retail sector, scale of operations, strong distribution network and experienced and skilled workforce. The efforts initiated “to get more out of the same” would increase productivity and revenue per store and per square foot of retail space. Apart from the overall growth and expansion, through various management initiatives, the Company is also open for inorganic growth by acquiring retail businesses, which complement with business of the Company, to give it further lead against competitors.

Risks and Threats

The state of external environment, including factors like interest rates, inflation, growth in economic activity, rationalisation of tax structure, job creation and consumer sentiment continues to be the biggest source of threat as well as opportunity for the Company. Any slowdown in the economic activity in the Country, significant job losses or high rates of inflation can severely impact the consumption and therefore growth of the Company. Other external factors, including a steep rise in interest rates or drastic changes in the policy or regulatory environment can pose financial challenge for the Company. However, the continued steps taken by the Company to deleverage its balance sheet, reducing its reliance on the debt funds, improving its debt maturity profile and thereby reducing stress on its cash flow, improved business efficiency, reducing overall operating cost and continuous efforts to increase customer ticket size and capturing new class of customers to increase overall higher spend in various formats of the Company, are aimed at mitigating each of the above discussed external threats. We shall also note that at this time, we do not anticipate any major adverse change in macroeconomic factors.

The set controls and defined responsibilities at each level of management require evaluation of the various existing risks and new expected risks at an early stage and immediate action plan to mitigate such risks. Further, the authorities given at each management level ensures implementation and execution of such action plan with minimised risk. Further, use of information technology for implementation as well as regular review and evaluation of such risks and risk mitigation action plan by management ensures minimisation of such risks.

Internal controls and their adequacy

The Company had identified the key risks and control process to mitigate the same. Further, the Company continues this process of Enterprise Risk Management in order to identify the new risks and to define and establish the control process to mitigate the identified risks. Further, the Internal Control Framework for financial reporting, organization structure, documented authorities and procedures and internal controls are being reviewed by internal audit team on continuous basis and any issues arising out of the said audit are addressed appropriately. The Company is continuously upgrading its internal control systems by measuring state of controls at various locations. Controls in SAP, an ERP system have been strengthened.

The Audit Committee, comprising of Independent Directors is involved in regular review of financial and risk management policies, significant audit findings, the adequacy of internal controls and compliance with the applicable accounting standards.

Review of Financial Performance of the Company for the year under review

We note that, the period under review, FY 2016-17 is not comparable with the previous FY 2015-16. Fiscal year under review for your Company consists of:

- 12 months of operations from April 01, 2016 till March 31, 2017 of combined retail operations of Future Enterprises Limited (formerly known as Future Retail Limited) ("FEL") and Bharti Retail Limited ("the Company").
- As on March 31, 2017, the Assets and Liabilities of the Retail Undertaking of Heritage Foods Retail Limited was vested with the financial position of the Company upon the Scheme becoming effective with effect from May 19, 2017.

Further, Previous fiscal year 2015-16 was consisting of:

- 12 months of operations from April 01, 2015 till March 31, 2016 of Bharti Retail Limited ("the Company") comprising of the Retail Business Undertaking as well as 7 months of Retail Infrastructure Business Undertaking, which was demerged and vested with FEL;
- 5 months of operations from October 31, 2015 till March 31, 2016 of Retail Business Undertaking of FEL.

Sales: The Company's Sales and Other Operating Income has increased from ₹ 6,845.13 Crore in previous financial year to ₹ 17,075.09 Crore with YOY growth of 149.45% for the financial year ended March 31, 2017. The Company has also recorded Same Store Sales growth of 12% for financial year ended March 31, 2017.

Profit Before Tax: Profit Before Tax of the Company for financial year ended March 31, 2017 stood at ₹ 368.28 Crore as compared to ₹ 15.09 Crore during the previous financial year.

Interest: Interest & Financial charges outflow has increased from ₹ 49.75 Crore incurred in previous financial year to ₹ 204.23 Crore for financial year ended March 31, 2017. The increase in interest and financial charges is on account of additional borrowings for funding the growth plans of the Company and increase in rate of interest during the year. The interest & financial charges cover for financial year ended March 31, 2017 under review is 2.96 times as compared to 2.04 times in the previous financial year.

Net Profit: Net Profit of the Company for financial year ended March 31, 2017 stood at ₹ 368.28 Crore as compared to ₹ 15.09 Crore in the previous financial year with an increase of ₹ 353.19 Crore and with YOY increase of 23.40 times over the previous financial year.

Dividend: The Board of Directors of the Company has not recommended any dividend for the financial year ended March 31, 2017.

Capital employed: The capital employed in the business is ₹ 3,797.79 Crore as at March 31, 2017. Return on capital employed (average capital employed) during 2016-17 is 16.85% as compared to 4.19% during 2015-16.

Surplus management: The Company generated a cash profit of ₹ 400.86 Crore for financial year ended March 31, 2017 as compared to ₹ 51.85 Crore in the previous financial year, registering the growth of 673.12%. The amount, is ploughed back into the business to fund the growth. The growth of the Company has partly been funded by the cash generated from the business as well as from additional funds borrowed and equity funds infused during the financial year.

Equity Share Capital: The equity share capital of the Company has been increased from ₹ 8.70 Crore (excluding ₹ 85.57 Crore worth of shares shown as 'Equity Shares Suspense Account', issued to shareholders of FEL during FY 2016-17, as per Composite Scheme of Arrangement of FRL-FEL) to ₹ 94.36 Crore (excluding ₹ 3.57 Crore worth of shares, shown as 'Equity Shares Suspense Account', to be issued to shareholders of HFRL during FY 2017-18, as per Scheme of Arrangement with Heritage Foods Limited and Heritage Foods Retail Limited) due to ₹ 85.57

Crore worth of shares issued to shareholders of FEL, as per Composite Scheme of Arrangement of FRL-FEL and balance to employees exercising their stock options during the financial year under review.

Debentures: The Company issued 1,542 10% Optionally Convertible Debentures of ₹ 10 lakh each (hereinafter referred to as "OCDs") aggregating to ₹ 154.20 Crore to Cedar Support Services Limited, entity not forming part of Promoter Group. These OCDs are convertible into equity shares of the Company at the option of issuer.

Net Debt-Equity: Net Debt-Equity ratio (for the purpose of this ratio OCDs have been considered as part of equity) of the Company has decreased due to increased net worth and repayment of borrowings of the Company. Debt-Equity ratio has decreased from 0.43 in the previous financial year to 0.34 as at March 31, 2017.

Earnings Per Share (EPS): The Company's EPS has increased from ₹ 0.69 in previous financial year to ₹ 7.81 per share for the financial year ended March 31, 2017.

Cash Earnings Per Share (CEPS): The Company's Cash Earnings per Share (CEPS) has increased to ₹ 8.50 in current financial year in comparison to ₹ 2.35 in the previous financial year.

DIRECTORS' REPORT

To

The Members,

Your Directors are pleased to present the Tenth Annual Report of the Company together with the Audited Financial Statements for the financial year ended March 31, 2017.

FINANCIAL HIGHLIGHTS

The financial performance of the Company is as follows:

(₹ in Crore)

Particulars	Financial Year 2016-17	Financial Year 2015-16
Revenue from Operations	17,075.09	6,845.13
Other Income	23.80	18.22
Total Revenue	17,098.89	6,863.35
Profit / (Loss) before Depreciation and Amortization Expense & Tax expense	400.86	51.85
Less: Depreciation and Amortization expense	32.58	36.76
Profit / (Loss) Before Tax	368.28	15.09
Less: Tax expense	–	–
Profit / (Loss) After Tax	368.28	15.09
Other Comprehensive Income for the year	(2.69)	(0.77)
Total Comprehensive Income for the year	365.59	14.32
Earnings Per Equity Share of Face Value of ₹ 2/- each		
- Basic and Diluted (in ₹)	7.81	0.69

REVIEW OF PERFORMANCE

During the financial year, the Company had a total income of ₹17,098.89 Crore. The total expenditure during the financial year amounted to ₹ 16,730.61 Crore, thereby resulting Profit Before Tax of ₹ 368.28 Crore.

We have a pan India presence with 901 stores in 240 cities in India as of March 31, 2017 and total retail space of approximately 13.8 million sq. ft. for various formats of our Company. As on March 31, 2017, we have 235 Big Bazaar stores, 54 fbb stores, 7 Foodhall stores, 538 easyday stores, 37 Home Town stores and 30 eZone stores. Our retail format business is supported by various other businesses operated by Future Group companies and through Future Group companies investments in various ventures including branded fashion, food and FMCG, insurance, warehousing and logistics, media, textiles and online retailing.

Our retail formats primarily comprises of, value business and home business. In our value business, our formats include (i) "Big Bazaar", a hypermarket format that combines the "see – touch – feel" of Indian bazaars with the choice and convenience of modern retail; (ii) "fbb", an affordable fashion destination; (iii) "Foodhall", a premium supermarket; (iv) "easyday", convenient and neighborhood stores which offers the pre-packed vegetables and fruits to the consumers, FMCG and daily use products. In our home business, we operate (i) "Home

Town", a one-shop destination for home improvement; and (ii) "eZone", a consumer durable and electronics chain.

SCHEME OF ARRANGEMENT

a) Composite Scheme of Arrangement between the Company and Future Enterprises Limited and their respective Shareholders and Creditors ("FRL – FEL Scheme")

The Composite Scheme of Arrangement between the Company and Future Enterprises Limited ("FEL" - formerly known as Future Retail Limited) and their respective Shareholders and Creditors ("the FRL – FEL Scheme") has been approved under the provisions of Sections 391-394 of the Companies Act, 1956 read with Sections 100-104 of the Companies Act, 1956 and Section 52 of the Companies Act, 2013 for demerger of Retail Business Undertaking of FEL into the Company and demerger of Infrastructure Business Undertaking of the Company and vesting into FEL with effect from Appointed Date of October 31, 2015, as defined in the said Scheme and has been given effect on May 1, 2016 ("Effective Date"), after receipt of Hon'ble High Court approval. Pursuant to the same, all the assets and liabilities pertaining to the Retail Business Undertaking of FEL has been demerged and vested into the Company and all the assets and liabilities pertaining to Infrastructure Business Undertaking of the Company has been demerged and vested into FEL.

b) Composite Scheme of Arrangement among Heritage Foods Limited and Heritage Foods Retail Limited and the Company and their respective Shareholders and Creditors ("Heritage Scheme")

The Composite Scheme of Arrangement among Heritage Foods Limited ("Transferor Company" or "HFL") and Heritage Foods Retail Limited ("Transferee Company" or "Demerged Company" or "HFRL") and the Company and their respective Shareholders and Creditors under Sections 391-394 and Sections 100-103 of the Companies Act, 1956 and/or Sections 230-232 and Section 66 of the Companies Act, 2013 (as applicable) and Section 52 of the Companies Act, 2013 ("**Heritage Scheme**"), *inter-alia* involving demerger of the Retail Business Undertaking of HFL, through its wholly owned subsidiary HFRL, into the Company has been given effect on May 19, 2017 ("**Effective Date – Demerger**") after receipt of approval of National Company Law Tribunal Bench at Hyderabad and Mumbai on May 03, 2017 and May 11, 2017 respectively. The Appointed Date under Heritage Scheme for Demerger was close of business on March 31, 2017.

Pursuant to the Heritage Scheme, the Retail Business Undertaking of HFRL has been transferred to and vested in the Company. As consideration for the demerger, the Company will issue 1,78,47,420 (One Crore Seventy Eight Lakh Forty Seven Thousand Four Hundred and Twenty) equity shares of the face value of ₹ 2/- (Rupees Two) each, fully paid-up, to the shareholders of HFRL (i.e. HFL).

The shareholders of HFRL (i.e. HFL) have agreed to share with the Company an upside on the realization out of the shares of the Company, subject to certain broad terms and conditions.

c) Composite Scheme of Arrangement Between the Company and Bluerock eServices Private Limited and Praxis Home Retail Private Limited and their respective Shareholders ("Home Town Scheme")

The Board of Directors of the Company have approved the Composite Scheme of Arrangement between the Company and Bluerock eServices Private Limited ('BSPL' or 'Second Demerged Company') and Praxis Home Retail Private Limited ('PHRPL' or 'Resulting Company') and their respective Shareholders ("**Home Town Scheme**") under Sections 230-232 read with Section 66 of the Companies Act, 2013 and other applicable provisions of the Companies Act, 2013 in their meeting held on April 20, 2017. The Scheme *inter-alia* involves demerger of Home Retail Business of the Company into PHRPL with effect from the commencement of business on August 1, 2017.

Pursuant to the Home Town Scheme, the Home Retail Business of the Company carried on through Home Town Stores would be transferred to and vested in PHRPL. As a consideration for the said demerger, PHRPL would issue 1 fully paid up Equity Share of ₹ 5/- each, fully paid up, to the shareholders of the Company for every 20 fully paid up shares of ₹ 2/- each

held by the Shareholders in the Company on Record Date to be fixed by the Company. Post issue of such shares, the equity shares of PHRPL would be listed on the stock exchanges viz, BSE & NSE (subject to listing permission) and the shareholding pattern of PHRPL would be identical to that of the Company.

The Home Town Scheme also provides for demerger of e-Commerce Home Retail Business from BSPL into PHRPL and for which PHRPL shall issue 6,30,000, 9% Redeemable Preference Shares of ₹ 100/- each to the shareholders of BSPL as consideration for Demerger. The Appointed Date for Demerger of e-Commerce Home Retail Business is April 15, 2016.

The Home Town Scheme would be given effect on receipt of requisite approvals from the applicable statutory authorities.

EQUITY SHARE CAPITAL

During the year under review, the Company has issued and allotted in aggregate 42,83,34,478 Equity Shares as under:

● **Pursuant to FRL – FEL Scheme**

Pursuant to the FRL – FEL Scheme becoming Effective, the Shareholders of FEL who were holding equity or Class B (Series-1) shares on Record Date i.e. May 12, 2016, were allotted Equity Shares of the Company in the ratio as mentioned in the Scheme (i.e. 1 Equity Share of ₹ 2 each for each equity share or Class B (Series-1) shares held in FEL). Accordingly, on May 18, 2016, the Company allotted 42,78,60,296 Equity Shares to the existing Shareholders of FEL.

● **Pursuant to FRL – ESOP Plan, 2016**

During the year under review, the Company has made allotment of total 474,182 Equity Shares of ₹ 2/- each to concerned employees of the Company, upon exercise of the vested options granted to the said employees under Future Retail Limited Employee Stock Option Plan - 2016 (FRL ESOP - 2016). None of the employee is in receipt of Equity Shares exceeding 1% of Equity Share capital of the Company against the vested options exercised by them under FRL ESOP - 2016. The breakup of allotment of 474,182 equity shares is as follows:

- ❖ 4,67,558 Equity Shares of ₹ 2/- each allotted on January 19, 2017; and
- ❖ 6,624 Equity Shares of ₹ 2/- each allotted on March 21, 2017.

BUSINESS OUTLOOK

We have developed well recognized formats like Big Bazaar, fbb, Foodhall, easyday, Home Town and eZone. Due to the recognition and acceptability of these formats, we have been able to develop pan India presence with a loyal consumer base, as of March 31, 2017, of approximately 30 million members across various formats. As our business is driven by consumer spending, we believe that our presence across India and wide consumer base ensure that we are well positioned to grow our business.

A focused first-full year of pure-play asset light retail business has opened doors to huge opportunities across our large & small stores. Deployment of technology tools in the last few years & on a continued basis, has given the Company a concrete direction with which we feel lot more confident to begin our next phase of journey armoured with 'Data'. Consumption Data through an unparalleled reach to over approx 300 million unique customers across 901 stores on a truly pan-India basis is the key business driver as we set ourselves for the next few years.

Our unique extensions in form of Future Pay wallet, Membership & Loyalty drive across formats are re-defining our customer connect and increasing the relevance to customers by many folds. This would allow us to have deeper share of their consumption spends and bring in new customers in our fold with a higher consistency.

Our process of reimagining retail was extended with Big Bazaar GEN NXT across large metros and fbb stores at select locations. Many of them have already become shopping destinations and we believe the differentiation allows us to cater to aspiring Indians more effectively and increases the productivity of our stores.

We are more closer to integrating our retail stores with advanced supply-chain capabilities, technology-enabled processes, differentiated assortments including world-foods, overall membership experience and many more services to usher in a unique model for our neighbourhood stores. The next few years are defining for us and we are dedicated to work towards making it a success.

DIVIDEND

Due to accumulated losses of previous years and further with a view to preserve the profits of current year for future prospectus, the Board of Directors of the Company were unable to recommend any Dividend during the financial year 2016-17.

INVESTMENTS AND DISINVESTMENTS

During the year under review, the Company has made nominal investment in Future Supply Chain Solutions Limited and has not divested any investment.

FIXED DEPOSITS FROM PUBLIC

The Company has not accepted any fixed deposits from the public and as such, no amount on account of principal or interest on deposits from public was outstanding as at March 31, 2017.

DEBENTURES

Pursuant to FRL – FEL Scheme, the Optionally Convertible Debentures as standing in the books of pre-demerged entity was splitted between the two Companies as per the assets and liabilities transferred for the Retail Business Undertaking and Retail Infrastructure Business Undertaking. Accordingly, the Company issued 1,542 10% Optionally Convertible Debentures of ₹ 10 lakh each (hereinafter referred to as "OCDs") aggregating to

₹ 154.20 Crore to M/s. Cedar Support Services Limited, entity not forming part of Promoter Group. These OCDs are convertible into equity shares of the Company at the option of issuer.

CORPORATE GOVERNANCE REPORT

A Report on Corporate Governance along with a certificate from Statutory Auditors of the Company regarding the compliance with the conditions of Corporate Governance as stipulated under Regulation 34 read with Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, (hereinafter referred to as "Listing Regulations") forms part of this Annual Report.

BUSINESS RESPONSIBILITY REPORT

Pursuant to Listing Regulations, a Business Responsibility Report is included and forms part of this Annual Report.

MANAGEMENT DISCUSSION AND ANALYSIS

The Management Discussion and Analysis as required under Regulation 34 read with Schedule V of the Listing Regulations forms part of this Annual Report.

AUDITORS AND AUDITORS' REPORT

Statutory Auditors

M/s. NGS & Co. LLP, Chartered Accountants (Firm Registration No. 119850W) have been appointed at last AGM for a period of 5 (Five) years from the conclusion of the Ninth Annual General Meeting till the conclusion of the Fourteenth Annual General Meeting of the Company. However, their appointment shall be subject to ratification by the Members in every Annual General Meeting during the said term.

The Company has received a written confirmation from the Auditors that the ratification of their appointment for the next financial year, if made, shall be in accordance with the criteria as provided under Section 141 of the Companies Act, 2013 ("the Act").

Auditors' Report

The Auditors' Report on the Financial Statement for the financial year ended March 31, 2017 is issued with unmodified opinion and does not contain any qualification, reservation or adverse remark.

Secretarial Auditor

Ms. Bindu Darshan Shah (Membership No. A20066 / CP No. 7378), Proprietor: K. Bindu & Associates, Practising Company Secretaries was appointed as Secretarial Auditor to conduct the secretarial audit of the Company for the financial year 2016-17, as required under Section 204 of the Act and Rules made thereunder.

The Secretarial Audit Report for the financial year 2016-17 is appended as Annexure – I which forms part of this Report. The said Secretarial Audit Report doesn't contain any qualifications, reservations or adverse remarks.

POLICIES & DISCLOSURE REQUIREMENTS

Details of programs for familiarization of Independent Directors with the Company are available on the website of the Company at the link http://www.futureretail.co.in/pdf/ID_Familiarization.pdf

Policy for determining material subsidiaries of the Company is available on the website of the Company at the link http://www.futureretail.co.in/pdf/Mat_Sub_Policy.pdf

Policy for determining Materiality of Events of the Company is available on the website of the Company at the link http://www.futureretail.co.in/pdf/Policy_for_Determining_Materiality_of_Events.pdf

Policy for archival of documents of the Company is available on the website of the Company at the link http://www.futureretail.co.in/pdf/Archival_Policy.pdf

The code of conduct for the Board of Directors and Senior Management personnel of the Company is available on the website of the Company at the link http://www.futureretail.co.in/pdf/Code_of_Conduct_for_Key_Management_Persons.pdf

Policy on dealing with related party transactions is available on the website of the Company at the link http://www.futureretail.co.in/pdf/RPT_Policy.pdf

The Dividend distribution policy is given as Annexure – II to this Report. The same is also available on the website of the Company at the link http://www.futureretail.co.in/pdf/Dividend_Distribution_Policy.pdf

The Company has established a Whistle Blower Policy to provide Vigil Mechanism for stakeholders of the Company to report genuine concerns that could have serious impact on the operations and performance of the business of the Company. This Policy is in compliance with the provisions of the Act and Listing Regulations.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

Details of changes in the structure of Board and various Committees were disclosed in our earlier report for the year ended March 31, 2016. We are pleased to inform you that on April 20, 2017, Ms. Sridevi Badiga was appointed as an Additional (Independent) Director for a period of Five (5) years subject to the approval of Shareholders of the Company.

Ms. Sridevi Badiga holds office upto the date of the forthcoming Annual General Meeting of the Company. The Company has received separate notice from a member signifying its intention to propose Ms. Sridevi Badiga as candidate for the office of Director of the Company at the forthcoming Annual General Meeting.

In terms of Section 152 of the Act, Mr. Kishore Biyani is liable to retire by rotation and being eligible, offers himself for re-appointment.

The Company has received necessary disclosure and confirmation from concerned Director(s) in connection with their appointment / re-appointment. Additional information on appointment / re-appointment of

Directors as required under Regulation 36 of the Listing Regulations, is given in the Notice convening the ensuing Annual General Meeting.

The Company has received necessary declarations from all the Independent Directors under Section 149(7) of the Act that they meet the criteria of independence laid down in Section 149(6) of the Act and Regulation 25 of the Listing Regulations.

COMMITTEES OF THE BOARD OF DIRECTORS

Details of Committees of the Company along with their terms of reference, composition and meetings held during the year, are provided in the Corporate Governance Report, which forms part of this Annual Report.

NUMBER OF MEETINGS OF THE BOARD

During the year under review, total Eight (8) meetings of the Board were held, details of which are given in the Corporate Governance Report that forms part of this Annual Report.

VIGIL MECHANISM

The Company has established a vigil mechanism to provide a framework to promote responsible and secure whistle blowing and to provide a channel to the employee(s) and Directors to report to the management, concerns about unethical behavior, actual or suspected fraud or violation of the code of conduct or policy/ies of the Company, as adopted / framed from time to time. The mechanism provides for adequate safeguards against victimization of employees and Directors to avail of the mechanism and also provide for direct access to the Chairperson of the Audit Committee in exceptional cases.

SUBSIDIARY, JOINT VENTURE, HOLDING COMPANY AND ASSOCIATE COMPANIES

There is no subsidiary or joint venture or associate company of our Company during the year under review.

M/s. Cedar Support Services Limited ("Cedar") was holding company of our Company as on March 31, 2016. Consequent, to allotment of Equity Shares pursuant to the FRL-FEL Scheme on May 18, 2016, our Company ceased to be subsidiary of Cedar.

PERFORMANCE EVALUATION OF BOARD

Pursuant to the provisions of the Act and the Listing Regulations, the Board has carried out an annual evaluation of performance of its own, the Committees thereof and the Directors individually.

At the meeting of the Board all the relevant factors that are material for evaluating the performance of the Committees and of the Board were discussed in detail.

A separate exercise was carried out to evaluate the performance of individual Directors including the Chairman of the Board, who were *inter-alia* evaluated on parameters such as level of engagement and contribution, independence of judgment, safeguarding the interest of the Company and its minority Shareholders, etc. The performance evaluation of the Independent Directors

was carried out by the entire Board except the Independent Director being evaluated. The performance evaluation of the Chairman and Non-Independent Directors was carried out by the Independent Directors.

The Directors expressed their satisfaction with the evaluation process.

POLICY ON DIRECTORS APPOINTMENT AND REMUNERATION

The Company's policy on Directors appointment and remuneration and other matters provided in Section 178(3) of the Act, has been disclosed in the Corporate Governance Report, which forms part of this Annual Report.

RISK MANAGEMENT AND INTERNAL FINANCIAL CONTROL

The Company has a well-defined risk management framework in place, which provides an integrated approach for identifying, assessing, mitigating, monitoring and reporting of all risks associated with the business of the Company.

The Board has delegated responsibility to the Risk Management Committee which has been constituted on May 02, 2016 to monitor and review risk management, assessment and minimization procedures and to develop, implement and monitor the risk management plan and identify, review and mitigate all elements of risks which the Company may be exposed to. The Audit Committee and the Board also periodically reviews the risk management assessment and minimization procedures.

The Company has in place adequate internal financial controls with reference to financial statements. Key risks and threats to the Company and internal controls and their adequacy are analyzed in the Management Discussion and Analysis, which forms part of this Annual Report.

EMPLOYEES STOCK OPTIONS (ESOPs)

The Shareholders of the Company had passed resolutions through Postal Ballot on November 07, 2016 and approved the Future Retail Limited Employees Stock Option Plan – 2016 (FRL ESOP – 2016) and also approved to offer, issue and allot at any time or to acquire by way of secondary acquisition, to or for the benefit of Eligible Employees under FRL ESOP – 2016, not exceeding 90,00,000 Equity Shares of ₹ 2 each, in one or more tranches, at such price and on such terms and conditions as may be fixed or determined by the Committee.

Pursuant to the applicable provisions of the Act and the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014, the Company has set up a 'Future Retail Limited Employees' Welfare Trust' ("Trust") for implementation of the said Scheme.

During the year under review, the Nomination and Remuneration Committee has granted 13,24,071 Stock Options to the eligible employees (including to employees transferred from FEL pursuant to FRL-FEL Scheme) and cancelled 19,758 Stock Options under FRL ESOP – 2016.

The applicable disclosures as stipulated under Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 as on March 31, 2017 with regard to the FRL ESOP – 2016 are provided in Annexure – III to this Report.

Further, the Company has constituted Employees Gratuity Trust in name of "Future Retail Limited - Employees Gratuity Trust" and constituted a Fund through Trust in the name of "Future Retail Employees Superannuation Trust" for benefits of eligible employees of the Company.

DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

Your Company has always believed in providing a safe and harassment free workplace for every individual working in the Company through various training, awareness and practices. The Company always endeavors to create and provide an environment that is free from discrimination and harassment including sexual harassment.

The Company has in place a robust policy on prevention of sexual harassment at workplace. The policy aims at prevention of harassment of employees as well as contractors and lays down the guidelines for identification, reporting and prevention of sexual harassment. The Company has an Internal Complaints Committee (ICC) which is responsible for redressal of complaints related to sexual harassment and follows the guidelines provided in the policy. ICC conducts training workshop mainly focusing on investigation skills, basic counselling skills like listening, paraphrasing and dealing with biases through various kind of case studies, role plays activities based on real life examples, role of ICC, critical attitudes of an ICC member and investigation process & report writing, etc.

Your Directors further state that during the year under review, there were no cases filed pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

In terms of the provisions of Section 135 of the Act, read with Companies (Corporate Social Responsibility Policy) Rules, 2014, the Board of Directors of your Company has constituted a Corporate Social Responsibility ("CSR") Committee. The composition and terms of reference of the CSR Committee is provided in the Corporate Governance Report, which forms part of this Annual Report.

With regard to the year under review, the Company was not required to spend any amount on CSR activities, since the average net profits of the Company made during the three immediately preceding financial years, as calculated under Section 198 of the Act was negative.

The disclosures as per Rule 9 of Companies (Corporate Social Responsibility Policy) Rules, 2014 is made in prescribed form which is annexed to this Report as Annexure – IV.

PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

Details of Loans granted, Guarantee provided and Investment made by the Company which are covered under the provision of Section 186 of the Companies Act, 2013, is provided in note no. 5 and 42 of Notes forming part of Standalone Financial Statements.

INDIAN ACCOUNTING STANDARDS (IND AS)

As mandated by the Ministry of Corporate Affairs (MCA), the Company has adopted Indian Accounting Standards ("Ind AS") from April 01, 2016 with a transition date of April 01, 2015. The Financial Results for the year 2016-2017 have been prepared in accordance with Ind AS, prescribed under Section 133 of the Act, read with the relevant Rules issued thereunder and the other recognised accounting practices and policies to the extent applicable. The Financial Results for all the periods of 2016-2017 presented have been prepared in accordance with Ind AS.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

During the year under review, all transactions entered into by the Company with related parties as defined under the Act and the Listing Regulations, were in the ordinary course of business and on an arm's length basis.

Particulars of contracts or arrangements with related parties as required under Section 134(3)(h) of the Act, in the prescribed Form AOC-2 is given in Annexure – V of this Annual Report.

Disclosure of transactions with related parties as required under the applicable Accounting Standards have been made in the notes forming part of the financial statements.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirements of Section 134(5) of the Act, the Board of Directors of the Company hereby confirms that:

- i. in the preparation of the annual accounts for the financial year ended March 31, 2017, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- ii. the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the year ended March 31, 2017;
- iii. the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv. the Directors have prepared the annual accounts for the financial year ended March 31, 2017 on a going concern basis;

- v. the Directors, further state that they have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- vi. the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

AUDIT COMMITTEE

The Audit Committee of the Company comprises of Ms. Gagan Singh, Independent Director as Chairperson of the Committee, Mr. Ravindra Dhariwal, Independent Director, Ms. Sridevi Badiga, Independent Director and Mr. Rakesh Biyani, Joint Managing Director as Members of the Committee. There are no instances where the Board did not accept the recommendations of the Audit Committee. The terms of reference, powers and roles of the Committee are disclosed in the Corporate Governance Report, which forms part of this Annual Report.

PARTICULARS OF EMPLOYEES

Disclosures with respect to the remuneration of Directors and employees as required under Section 197 (12) of the Act, read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are provided under Annexure – VI, which is annexed to this Report.

In terms of the provisions Section 197(12) of the Act, read with Rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, a statement showing the names and other particulars of employees drawing remuneration in excess of the limits set out in the said rules are provided in this Annual Report.

In terms of the provisions of first proviso to Section 136(1) of the Act, information pursuant to Section 197 of the Act, read with Rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is excluded from the Annual Report being sent to the members of the Company and is available for inspection by the Members at registered office of the Company during business hours on working days up to the date of the ensuing Annual General Meeting. If any Member is interested in obtaining a copy thereof, such Member may write to the Company Secretary and the same will be furnished on request. The full Annual Report including aforesaid information is being sent electronically to all those Members who have registered their e-mail addresses and is available on the website of the Company.

PARTICULARS OF ENERGY CONSERVATION, TECHNOLOGY ABSORPTION ON FOREIGN EXCHANGE EARNINGS AND OUTGO ETC.

The particulars as required under Section 134(3)(m) of the Act, read with Rule 8 of the Companies (Accounts) Rules, 2014 relating to conservation of energy, technology absorption on foreign exchange earnings and outgo, are provided in Annexure – VII which forms part of this Annual Report.

EXTRACT OF ANNUAL RETURN

In accordance with Section 134(3)(a) of the Act, an extract of annual return in the prescribed Form MGT-9 is appended as Annexure – VIII which forms part of this Annual Report.

SIGNIFICANT AND MATERIAL ORDERS

There are no significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and the Company's operations in future.

DETAILS UNDER REGULATION 39(4) OF THE LISTING REGULATIONS – UNCLAIMED SUSPENSE ACCOUNT

Pursuant to Regulation 39(4) read with Schedule V of the Listing Regulations, pertaining to outstanding shares lying in Unclaimed Suspense Account at the beginning of financial year under review, the aggregate number of Shareholders holding Equity Shares were 185 holding 101,260 Equity Shares. Out of which One (1) shareholder claimed 550 Equity Shares which were credited to shareholder's account. The total Shareholders now remained are 184 holding 100,710 Equity shares lying in the Unclaimed Suspense Account as on March 31, 2017. All the unclaimed shares are credited to a Demat Unclaimed Suspense Account and all the corporate benefits in terms of securities, accruing on these unclaimed shares shall be credited to such account. The Voting rights on these shares shall remain frozen till the rightful owner of such shares claims the shares.

MATERIAL CHANGES AND COMMITMENTS

Except as disclosed in this report about the Home Town Demerger Scheme which was approved by the Board of Directors at its meeting held on April 20, 2017 (based on the recommendation of the Audit Committee), there were no material changes have taken place that could have an impact on the financial position of the Company from the date of closure of financial year under review till the date of signing of Accounts.

AWARDS AND RECOGNITIONS

The Company or its formats received awards in categories like:

- FRL has been ranked among the top 50 most valuable Brand Owners by Brand Finance.

Big Bazaar

- Big Bazaar was ranked **14th in the Most Trusted Brand** survey done by Nielsen and The Economic Times;
- The brand is **4th Most Trusted in the Services category** (other brands are Airtel, SBI, Vodafone);

- The brand was ranked **4th in the Youth Male segment** (other brands: Samsung Mobile, Colgate);
- The brand was **11th in the NCCS B segment and 15th in the Monthly Income Group** of ₹ 10,000 – ₹ 25,000 – showing a strong preference in under-penetrated segments of modern retail and scope for future growth;
- **Retailer of the Year, Large Format** from Coca Cola Golden Spoon Awards in 2017.

Home Town

- **Excellence under category of "Importer and Distribution"** at MATRADE, Government of Malaysia;
- Won **"Gold Award"** in ACEF - Asian Customer Engagement Forum for Gurukul App;
- Won **"Rockstar Award"** at Pepperfry Partners Meet in August, 2016.

easyday

- **Retailer of the Year, Supply Chain Management** from Coca Cola Golden Spoon Awards.

fbb - campaign

- What started as a foot-tapping Denim Dance music video by celebrity choreographer Terence Lewis, concluded with a swooping **Guinness World Record for making the 'world's largest photo book'**!

BBPC

- Wins the Award for **Best Loyalty Program in Retail Sector** (Single / Specialty format) at the 10th Customer Loyalty Summit 2017.

ACKNOWLEDGEMENT

Your Board of Directors would like to thank and place on record their appreciation for the continued support and co-operation provided to your Company by its Shareholders, Future Group entities in particular, their employees, regulatory authorities and its banks and financial institutions. Your Directors would also like to place on record its sincere appreciation for the efforts put in by employees of the Company whose efforts, hard work and dedication has enabled the Company to achieve the targets and recognitions during the year.

For and on behalf of the Board of Directors

Place: London
Date : May 23, 2017

Kishore Biyani
Chairman & Managing Director

ANNEXURE – I

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2017

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

To,
The Members,
Future Retail Limited
(Formerly known as Bharti Retail Limited)

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Future Retail Limited (hereinafter called **"the Company"**). The Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conduct / statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, We hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2017 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2017 according to the provisions of:

- i. The Companies Act, 2013 and / or the Companies Act, 1956 to the extent applicable (the Act) and the rules made thereunder;
- ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- iv. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings; - (Not applicable to the Company during the Audit Period);
- v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - d. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
 - e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; (Not applicable to the Company during the Audit Period);
 - h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; (Not applicable to the Company during the Audit Period); and
 - i. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), Regulations 2015.

We have also examined compliance with the applicable clauses of the Secretarial Standards with regard to Meeting of Board of Directors (SS-1) and General Meetings (SS-2) issued by The Institute of Company Secretaries of India.

During the period under review, the Company has complied with the applicable provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. as mentioned above.

We further report that:

- The Board of Directors of the Company is duly constituted with proper balance of Executive Directors and Independent Directors. The changes in the composition of the Board of Directors / Committees thereof that took place during the period under review were carried out in compliance with the provisions of the Act;
- Based on the representation given by the Management of the Company and as verified by us, it is observed that there are no such laws which are specifically applicable to the industry in which the Company operates;
- Adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting;
- Majority decisions of the Board are carried out unanimously as recorded in the minutes of the meetings of the Board of Directors and no dissenting views were carried out;
- We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further Report that during the audit period of the Company :

(a) There were instances of:

1. Demerger/ Restructuring/ Scheme of Arrangement;
2. Allotment of shares pursuant to the Scheme of Arrangement and also under Employee Stock Option Scheme;
3. The Equity Shares of the Company got listed on BSE and NSE with effect from August 29, 2016.

(b) There were no instances of:

1. Public issue of shares (No Initial Public Offer made by the Company during the year);
2. Redemption / Buy-Back of Securities;
3. Foreign Technical Collaborations.

This Report is to be read with our letter of date which is annexed as Annexure – I and forms an integral part of this Report.

Annexure I to Secretarial Audit Report

To,
The Members,
Future Retail Limited
(Formerly known as Bharti Retail Limited)

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that the correct facts are reflected in secretarial records. We believe that the practices and processes, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Account of the Company.
4. Wherever required, we have obtained management representation about the compliance of laws, rules, regulations, norms and standards and happening of events.
5. The compliance of the provisions of the corporate and other applicable laws, rules, regulations and norms is the responsibility of management. Our examination was limited to the verification of procedure on test basis.
6. The secretarial audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For **K Bindu & Associates**
Company Secretaries

Bindu Darshan Shah
Proprietor

Place : Mumbai
Date : May 23, 2017

Membership No. A20066 / CP No. 7378

ANNEXURE – II

Dividend Distribution Policy

Company's philosophy:

Future Retail strives to ensure and preserve stakeholders' value and work towards enhancing net worth of the Company as well as overall stakeholders' value. While achieving the above objective, the Company also ensures protecting the interest of all stakeholders, including the society at large.

Future Retail looks upon good Corporate Governance practices as a key driver of sustainable corporate growth and long term stakeholder value creation. Good Corporate Governance Practices enable a Company to attract high quality financial and human capital. In turn, these resources are leveraged to maximize long-term stakeholder value, while preserving the interests of multiple stakeholders, including the society at large. Our Dividend philosophy is in line with the above principles. Our Dividend payout ratio would be ranging from 25% to 60% of the earned profits for the year, after adjusting any carried forward losses. Dividend Payout ratio would be reviewed every three year and would be based upon profitability and retained earnings and would be further subject to business requirements and general economic conditions. The Company will attempt to maintain a consistent dividend record to reward Shareholders.

Declaration of Dividend:

In line with the philosophy described above, the Board reviews the operating performance every quarter and shall strive to distribute optimum and appropriate level of profits in the form of interim / final dividends, from time to time. All dividends are subject to statutory regulations and approvals, as applicable. Overall, the dividend payout in each year will depend upon business performance, investment requirements of the annual operating plan for the year and any other strategic priorities identified by the Company.

Per share basis:

The dividend will be declared on per share basis only.

Circumstances under which the Shareholders of the listed entities may not expect dividend:

The Board may choose not to recommend a dividend, if there are important strategic priorities which require large investments that would deplete the Company's cash reserves or uncertainties in the business performance in the near to medium term.

Financial parameters considered while declaring dividend:

The financial parameters that may be considered before declaring dividend are profitability, cash flow, obligations, taxation policy, past dividend rates and future growth and profitability outlook of the Company.

Internal and external factors considered while declaring dividend:

The Board leads the strategic management of the Company on behalf of the Shareholders, exercise supervision through direction and control and appoints various committees to handle specific areas of responsibilities. In this endeavor, the Board reviews various types of information provided to it which has a bearing on declaring dividend. Key internal and external factors are listed below (not exhaustive):

Internal:

- Annual operating plans, budgets, updates;
- Quarterly and Annual results;
- Strategic updates/ financial decisions;
- Any other matter / risks.
- Capital budgets;
- Investments including Mergers and Acquisitions (M&A);
- Funding arrangements;

External

- Macro-economic environment;
- Legislations impacting business;
- Changes in accounting policies and applicable standards;
- Any other matter / risks apprehended by the Board.
- Competition;
- Statutory restrictions;
- Client related risks;

Usage of retained earnings:

Retained earnings would be used to further the Company's business priorities. If there are excess reserves beyond the medium to long term business requirements, the retained earnings would be distributed to Shareholders via Dividends or other means as permitted by applicable regulations.

Parameters that are adopted with regard to various classes of shares:

Currently, the Company has only one class of shares. If the Company has more than one class of shares in future, dividend for each class would be subject to prescribed statutory guidelines as well as terms of offer of each class to the investors of that class of shares. To the extent permitted, the Company would aim for highest level of transparency and equitable treatment of all investors.

ANNEXURE – III

Disclosure with respect to Future Retail Limited Employees Stock Option Plan – 2016 (FRL ESOP – 2016) of the Company as at March 31, 2017.

The Composite Scheme of Arrangement between Future Enterprises Limited and the Company and their respective Shareholders and Creditors (“the FRL – FEL Scheme”) has been approved under the provisions of Sections 391-394 of the Companies Act, 1956 read with Sections 100-104 of the Companies Act, 1956 and Section 52 of the Companies Act, 2013 for demerger of Retail Business Undertaking of FEL into the Company and demerger of Infrastructure Business Undertaking of the Company and vesting into FEL with effect from Appointed Date of October 31, 2015, as defined in the Scheme, has been given effect on May 1, 2016 (“Effective Date”), after receipt of Hon’ble High Court approval.

As provided in the FRL – FEL Scheme and Employees Stock Option Plan of FEL, the Company was required to issue the Employee Stock Options to concerned employees who got transferred as part of Retail Undertaking and were having options in FEL. Accordingly, the options granted and vested in FEL remain to be exercised as well as unvested options shall stand cancelled, and against which new options were granted in the Company. The ESOP’s granted to the employees of FEL is adjusted for the corporate action on value for value exchange and hence there is no incremental benefit to the option grantee and also it does not result in change in aggregate Fair Value of the Options.

Further, to encourage ownership of Company’s equity by its employees on an ongoing basis and also in order to reward the employees for their contribution to the successful operation of the Company and to provide an incentive to continue contributing to the success of the Company, it was proposed to create, grant and offer options to the Eligible Employees of the Company under FRL ESOP – 2016 as recommended by the People Office.

Sl. No.	Particulars	FRL ESOP – 2016
A.	Disclosures in terms of the Guidance note on accounting for employee share based payments issued by ICAI or any other relevant accounting standards as prescribed from time to time	Refer Note No. 38 and 39 in Notes to Financial Statements
B.	Diluted Earnings Per Share (EPS) on issue of shares pursuant to all the schemes covered under the regulations shall be disclosed in accordance with Accounting Standard 20 – Earnings Per Share issued by ICAI or any other relevant accounting standards as prescribed from time to time	Refer Note No. 38 and 39 in Notes to Financial Statements

C. Description of ESOS that existed at any time during the year including the general terms and conditions

I.	Date of Shareholders’ approval	The Shareholders of the Company had passed necessary resolutions through Postal Ballot dated November 07, 2016 and approved the Future Retail Limited Employees Stock Option Plan – 2016 (FRL ESOP – 2016) which <i>inter-alia</i> provides to offer, issue and allot at any time or to acquire by way of Secondary Acquisition (through Trust Route), to or for the benefit of Eligible Employees of the Company and / or to the Eligible Employees of the Subsidiary Company(ies) of the Company, if any.	
II.	Total number of options approved under FRL ESOP - 2016	90,00,000 (Ninety Lakh) Equity Shares of face value of ₹ 2/- each	
		Option - I*	Option - II#
III.	Vesting requirements	Options in respect of employees transferred from FEL pursuant to the Scheme of Arrangement were vested effective December 15, 2016.	Options granted under FRL ESOP 2016 plan would vest not less than 1 years and not more than 3 years from the Grant of such options.
IV.	Exercise price or pricing formula	Exercise price for Options granted during the year was ₹ 10/-	Exercise price for Options granted during the year was ₹ 10/-
V.	Maximum term of options granted	3 years from the respective date of option granted	3 years from the respective date of option granted
VI.	Source of shares (primary, secondary or combination)	Primary	Primary
VII.	Variation in terms of options	None	None
VIII.	Method used to account for ESOS	Black Scholes Method	Black Scholes Method

D. The stock-based compensation cost was calculated as per the fair value method, the total cost to be recognised in the financial statements for the year 2016-17 would be ₹ 9.72 Crore.

E. Option movement during the year ended on March 31, 2017

Sl. No.	Particulars	Details	
		Option - I*	Option - II#
I.	Details Number of Options outstanding at the beginning of the year	N.A.	N.A.
II.	Number of Options granted during the year	6,47,603	6,76,468
III.	Number of Options forfeited / cancelled / lapsed during the year	NIL	19,758
IV.	Number of Options vested during the year	6,47,603	N.A.
V.	Number of Options exercised during the year	4,74,182	N.A.
VI.	Number of shares arising as a result of exercise of Options	4,74,182	N.A.
VII.	Exercise Price	₹ 10/- per share	₹ 10/- per share
VIII.	Money realized by exercise of Options, if scheme is implemented directly by the Company	₹ 47,41,820/-	N.A.
IX.	Loan repaid by the Trust during the year from exercise price received	N.A.	N.A.
X.	Total number of Options outstanding (in force) at the end of the year	1,73,421	6,56,710
XI.	Number of Options exercisable at the end of the year	1,73,421	NIL
XII.	Whether and how any other features of the Option grant were incorporated into the measurement of fair value, such as a market condition.	There are no market conditions	There are no market conditions

F. Weighted average Share Price of options granted during the year :

		Option - I*	Option - II#	
		Grant on December 15, 2016	Grant on December 06, 2016	Grant on December 15, 2016
I.	Exercise price equals market price	-	-	-
II.	Exercise price is greater than market price	-	-	-
III.	Exercise price is less than market price	127.30	125.10	127.30

Weighted average Exercise Price of options granted during the year:

		Option - I*	Option - II#	
		Grant on December 15, 2016	Grant on December 06, 2016	Grant on December 15, 2016
I.	Exercise price equals market price	-	-	-
II.	Exercise price is greater than market price	-	-	-
III.	Exercise price is less than market price	10	10	10

Weighted average Fair Value of options (Black Scholes) granted during the year:

		Option - I*	Option - II	
		Grant on December 15, 2016	Grant on December 06, 2016	Grant on December 15, 2016
I.	Exercise price equals market price	-	-	-
II.	Exercise price is greater than market price	-	-	-
III.	Exercise price is less than market price	119.03	116.82	119.02

G. Employee-wise details of options granted during the year ended on March 31, 2017

I.	Senior Managerial Personnel		
	Name of the Employee	No. of Options	
		Option - I*	Option - II#
	Mr. C. P. Toshniwal (Key Managerial Personnel)	NIL	55,460
	Mr. Virendra Samani (Key Managerial Personnel)	5,450	5,938
	Mr. Rajan Malhotra	79,387	-
	Mr. Devendra Chawla	14,243	-
	Mr. Sadashiv Nayak	74,640	55,460
	Mr. Vineet Jain	46,594	27,730
II.	Employees who were granted, during any one year, Options amounting to 5% or more of the Options granted during the year		
	Name of the Employee	No. of Options	
		Option - I*	Option - II#
	Mr. Rajan Malhotra	79,387	-
	Mr. Sadashiv Nayak	74,640	55,460
	Mr. Vineet Jain	46,594	27,730
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 grants:- None		

H. Method and Assumptions used to estimate the fair value of Options granted during the year

The fair value has been calculated using the Black Scholes Option Pricing model

The Assumptions used in the model are as follows

	Option - I*	Option - II#	
Date	Grant on December 15, 2016	Grant on December 06, 2016	Grant on December 15, 2016
Risk Free Interest Rate	6.34%	6.30%	6.30%
Expected Life	1.5	2.78	2.75
Expected Volatility	43.00%	43.00%	43.00%
Dividend	0	0	0
Price of the underlying share in market at the time of Option grant (₹)	127.30	125.10	127.30
Stock Price	Average price on BSE Limited on the date of grant has been considered.		
Volatility	Volatility was calculated using standard deviation of daily change in stock price. The historical period taken into account match the expected life of the Option.		
Risk-free rate of return	The risk-free interest rate being considered for the calculation is the interest rate applicable for a maturity equal to the expected life of the Options based on the zero coupon yield curve for Government Securities		
Exercise Price	Exercise Price of each specific grant has been considered		
Time to Maturity	Time to Maturity / Expected Life of Options is the period for which the Company expects the Options to be live		
Expected Dividend Yield	Expected dividend yield has been calculated as an average of dividend yields for five financial years preceding the date of the grant.		

* Option - I referred the employees who were transferred from Future Enterprises Limited (FEL) to the Company pursuant to the Composite Scheme of Arrangement.

Option - II referred the employees to whom Options were granted in the Company during the year under review.

I. Details of the Company's Employees' Welfare Trust:

The details *inter-alia*, in connection with transactions made by the Trust meant for the purpose of administering the Future Retail Limited Employee Stock Option Plan - 2016 are as under:

i. General Information of the Trust

Name of the Trust	Future Retail Limited Employees' Welfare Trust
Details of the Trustee(s)	Milestone Trusteeship Services Private Limited
Amount of loan disbursed by Company / any Company in the group, during the year	NIL
Amount of loan outstanding (repayable to Company / any Company in the group) as at the end of the year	NIL
Amount of loan, if any, taken from any other source for which Company / any Company in the group has provided any security or guarantee.	NIL
Any other contribution made to the Trust during the year	NIL

ii. Brief details of transactions in shares by the Trust : None

iii. In case of secondary acquisition of shares by the Trust : None

ANNEXURE – IV

A brief outline of the Company's CSR Policy:

1	A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.	The CSR Policy of the Company <i>inter-alia</i> includes CSR activities to be undertaken by the Company in line with Schedule VII of the Companies Act, 2013 ('the Act'). CSR Policy of the Company is available on the website of the Company at the link: http://www.futureretail.co.in/pdf/CSR Policy.pdf The Company plans to deploy the adequate funds in the forthcoming years through the "Sone Ki Chidiya" Foundation, a Group Trust to carry on CSR activities.
2	The Composition of the CSR Committee.	The CSR Committee as on March 31, 2017 comprises of: <ul style="list-style-type: none"> Mr. Kishore Biyani – Chairman Mr. Rajan Bharti Mittal – Member Ms. Gagan Singh – Member
3	Average net profit of the Company for last three financial years / periods.	Loss of ₹ 215.11 Crore
4	Prescribed CSR Expenditure (two per cent of the amount as in item 3 above)	N.A.
5	Details of CSR spent during the financial year 2016-17: a) Total amount to be spent for the financial year 2016 -17; b) Amount un spent, if any; c) Manner in which the amount spent during the financial year 2016-17 is detailed below:	N. A.

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sl. No.	CSR project or activity identified.	Sector in which the project is covered.	Projects or programs 1) Local area or other 2) Specify the State and district where projects or programs were undertaken.	Amount outlay (budget) project or programs wise.	Amount spent on the projects or programs Sub-heads: 1) Direct expenditure on projects or programs 2) Overheads:	Cumulative Expenditure upto the reporting period.	Amount spent direct or through implementing agency.

N.A.

ANNEXURE – V

Form No. AOC – 2

(Pursuant to clause (h) of sub-section (3) of Section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

This Form pertains to the disclosure of particulars of contracts/ arrangements entered into by the Company with related parties referred to in sub-section (1) of Section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto.

1. Details of contracts or arrangements or transactions not at arm's length basis:

There were no contracts or arrangements or transactions entered into during the year ended March 31, 2017, which were not at arm's length basis.

2. Details of material contract or arrangements or transactions at arm's length basis:

The details of material contracts or arrangements or transaction at arm's length basis for the year ended March 31, 2017 are as follows:

Name of the Related Parties	Nature of Relationship	Nature of contracts/ arrangements/ transactions	Duration of the contracts/ arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value (₹ in Crore) #	Approvals
Future Enterprises Limited ("FEL")	Related Party	Payment of Lease Rental for Infrastructure Assets	N.A.	650	Necessary approval of Audit Committee, Board of Directors and Shareholders have been obtained by the Company
		Purchase of various products including apparels, merchandise and other products etc.	N.A.	1,250	
		Providing of Corporate Guarantee in favour of lenders / bankers of FEL	N.A.	6,375	

limit as sanctioned / approved by the Shareholders of the Company.

Advances in respect of related transactions being adjusted against billings/invoices.

For and on behalf of the Board of Directors

Place : London
Date : May 23, 2017

Kishore Biyani
Chairman & Managing Director

ANNEXURE – VI

DETAILS PERTAINING TO REMUNERATION AS REQUIRED UNDER SECTION 197(12) OF THE COMPANIES ACT, 2013, READ WITH RULE 5(1) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

- I. The percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary during the financial year 2016-17, ratio of the remuneration of each Director to the Median Remuneration of the Employees (MRE) of the Company for the financial year 2016-17 are as under:

Name of Director/KMP and Designation	Remuneration of Director/KMP for Financial Year 2016-17 (₹ in Crore) (1)	% increase in Remuneration in the Financial Year 2016-17# (2)	Ratio of Remuneration of each Director to MRE for Financial Year 2016-17 (3=(1)/MRE)
Mr. Kishore Biyani Chairman & Managing Director	2.39	Refer note	175.25
Mr. Rakesh Biyani Joint Managing Director	2.38	Refer note	175.02
Mr. C. P. Toshniwal Chief Financial Officer	2.12	Refer note	156.06
Mr. Virendra Samani Dy. Company Secretary	0.35	Refer note	25.70
Mr. Manish Sabnis Chief Executive Officer	0.09	Refer note	6.49
Mr. Anupam Goyal Chief Financial Officer	0.60	Refer note	44.41
Ms. Gurdeep Kaur Company Secretary	-	Refer note	-

The % increase has been shown in remuneration excluding stock option perquisite.

Notes:

(#) The % of Increase in Remuneration in Financial Year 2016-17 is not applicable as existing Directors and KMP were appointment during the Financial Year 2016-17.

- Mr. Kishore Biyani was appointed as Managing Director w.e.f. May 02, 2016;
- Mr. Rakesh Biyani was appointed as Joint Managing Director w.e.f. May 02, 2016;
- Mr. C. P. Toshniwal was appointed as Chief Financial Officer w.e.f. May 02, 2016;
- Mr. Virendra Samani was appointed as Dy. Company Secretary and Compliance Officer w.e.f. May 02, 2016;
- Mr. Manish Sabnis was appointed as the Chief Executive Officer of the Company w.e.f. August 01, 2015 and who resigned as KMP w.e.f. May 02, 2016;
- Mr. Anupam Goyal resigned as the Chief Financial Officer w.e.f. May 02, 2016;
- Ms. Gurdeep Kaur was appointed as the Company Secretary of the Company w.e.f. May 22, 2015 without any remuneration and resigned w.e.f. May 02, 2016;

- II. The Median Remuneration of Employees (MRE) of the Company during the year was ₹ 1,36,091 whereas previous year it was ₹ 1,28,332;
- III. The increase in MRE in the financial Year 2016-17, as compare to financial year 2015-16 was 6.05%;
- IV. There were 33,467 permanent Employees on the rolls of the Company as on March 31, 2017;
- V. Average percentage increase/ decrease made in salaries of employees other than the managerial personnel in the financial year i.e. 2016-17 was 7%. In case of Managerial Remuneration the comparison for last year was not applicable as they were appointed during the financial year under review.
- VI. The Company affirms that the remuneration is as per the Remuneration Policy of the Company.

For and on behalf of the Board of Directors

Place : London
Date : May 23, 2017

Kishore Biyani
Chairman & Managing Director

ANNEXURE – VII

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO ETC:

Information on conservation of Energy, Technology absorption, Foreign Exchange earnings and outgo under Section 134 of the Companies Act, 2013 read with Companies (Accounts) Rules, 2014 are provided hereunder:

(A) Conservation of Energy :	The operations of your Company are not energy intensive, however adequate measures have been taken to reduce energy consumption.		
(i) the steps taken or impact on conservation of energy			
(ii) the steps taken by the Company for utilising alternate sources of energy	All efforts are made to use more natural lights in offices/ store premises to optimize the consumption of energy.		
(iii) the capital investment on energy conservation equipments.	NIL		
(B) Technology absorption :			
(i) the efforts made towards technology absorption	N.A.		
(ii) the benefits derived like product improvement, cost reduction, product development or import substitution	N.A.		
(iii) in case of imported technology (imported during the last three years reckoned from the beginning of the financial year) (a) the details of technology imported; (b) the year of import; (c) whether the technology been fully absorbed; (d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof.	N.A.		
(iv) the expenditure incurred on Research and Development.	NIL		
(C) Foreign exchange earnings and Outgo :	(₹ in Crore)		
	Particulars	2016-17	2015-16
	Total foreign exchange used	260.15	88.21
	Total foreign exchange earned	110.84	31.15

For and on behalf of the Board of Directors

Place : London
Date : May 23, 2017

Kishore Biyani
Chairman & Managing Director

ANNEXURE – VIII

FORM MGT-9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on March 31, 2017

(Pursuant to Section 92 (3) of the Companies Act, 2013 and Rule 12(1) of the Companies
(Management & Administration) Rules, 2014)

I. REGISTRATION AND OTHER DETAILS:

i	CIN	L51909MH2007PLC268269
ii	Registration Date	February 07, 2007
iii	Name of the Company	Future Retail Limited <i>(formerly known as Bharti Retail Limited)</i>
iv	Category / Sub-Category of the Company	Public Company / Limited by shares
v	Address of the Registered office and contact details	Knowledge House, Shyam Nagar, Off. Jogeshwari – Vikhroli Link Road, Jogeshwari (East), Mumbai – 400 060 Tel No.: +91 22 6644 2200; Fax No.: +91 22 6644 2201 E-mail: investorrelations@futureretail.in Website: www.futureretail.co.in
vi	Whether listed Company Yes / No	Yes
vii	Name, Address and Contact details of Registrar and Transfer Agent, if any	Link Intime India Private Limited C – 101, 247 Park, L.B.S Marg, Vikhroli (West), Mumbai – 400 083. Tel No.: +91 22 4918 6000 Fax No.: +91 22 4918 6060 E-mail: rnt.helpdesk@linkintime.co.in Website: www.linkintime.co.in

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the Company shall be stated:

Sl. No	Name and Description of main products/ services	NIC Code of the product/service	% to total turnover of the Company
1	Multi Brand Retail Trade	47 (Retail Trade, except of motor vehicles and motorcycles)	100

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES*

Sl. No	Name of the Company	Address of the Company	CIN / GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1	Cedar Support Services Limited	Bharti Crescent, 1, Nelson Mandela Road, Vasant Kunj, Phase II, New Delhi - 110 070 - India	U52599DL2007PLC159150	Holding*	100	2(46)

* Post giving effect to the Composite Scheme of Arrangement with Future Enterprises Limited (FEL) and on allotment of Equity Shares to the Shareholders of FEL on May 18, 2016, Cedar Support Services Limited (Cedar) ceased to be promoter/holding company of our Company.

Note: Company do not have any Subsidiary or Associate Companies.

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

(i) Category-wise Shareholding

Category code	Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(A)	Shareholding of Promoters and Promoter Group									
(1)	Indian									
(a)	Individuals/ Hindu Undivided Family / Nominee of Promoter	-	-	-	-	88,115	-	88,115	0.02	0.02
(b)	Central Government/ State Government(s)	-	-	-	-	-	-	-	-	-
(c)	Bodies Corporate	4,34,78,255	6	4,34,78,261	100.00	23,36,52,321	-	23,36,52,321	49.52	(50.48)
(d)	Financial Institutions/ Banks	-	-	-	-	-	-	-	-	-
(e)	Any Other (specify)	-	-	-	-	-	-	-	-	-
	Sub-Total (A)(1)	4,34,78,255	6	43,478,261	100.00	23,37,40,436	-	23,37,40,436	49.54	(50.46)
(2)	Foreign									
(a)	Individuals (Non-Resident Individuals/ Foreign Individuals)	-	-	-	-	-	-	-	-	-
(b)	Promoter Companies	-	-	-	-	-	-	-	-	-
(c)	Institutions	-	-	-	-	-	-	-	-	-
(d)	Any Other (specify)	-	-	-	-	-	-	-	-	-
	Sub-Total (A)(2)	-	-	-	-	-	-	-	-	-
	Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)	4,34,78,255	6	4,34,78,261	100.00	23,37,40,436	-	23,37,40,436	49.54	(50.46)
(B)	Public shareholding									-
(1)	Institutions									-
(a)	Mutual Funds/ UTI	-	-	-	-	1,59,71,167	-	1,59,71,167	3.39	3.39
(b)	Financial Institutions/ Banks	-	-	-	-	50,28,014	-	50,28,014	1.07	1.07
(c)	Central Government/ State Government(s)	-	-	-	-	-	-	-	-	-
(d)	Venture Capital Funds	-	-	-	-	-	-	-	-	-
(e)	Insurance Companies	-	-	-	-	13,02,875	-	13,02,875	0.28	0.28
(f)	Foreign Institutional Investors	-	-	-	-	8,15,01,172	-	8,15,01,172	17.27	17.27
(g)	Foreign Venture Capital Investors	-	-	-	-	-	-	-	-	-
(h)	Foreign Bodies Corporate	-	-	-	-	-	-	-	-	-
	Sub-Total (B)(1)	-	-	-	-	10,38,03,228	-	10,38,03,228	22.00	22.00
(2)	Non-Institutions									-
(a)	Bodies Corporate	-	-	-	-	11,21,70,011	3,741	11,21,73,752	23.78	23.78
(b)	Individuals									-
	i. Individual Shareholders holding nominal share capital up to ₹ 1 lakh	-	-	-	-	96,33,674	1,100,649	1,07,34,323	2.28	2.28
	ii. Individual Shareholders holding nominal share capital in excess of ₹ 1 lakh	-	-	-	-	79,37,260	-	79,37,260	1.68	1.68
(c)	Any Other									
	1. N R I	-	-	-	-	4,34,526	2,200	4,36,726	0.09	0.09
	2. Directors & Relatives	-	-	-	-	-	-	-	-	-
	3. Clearing Member	-	-	-	-	9,29,415	-	9,29,415	0.20	0.20
	4. Trust	-	-	-	-	200	-	200	0.00	0.00
	5. Foreign Nationals	-	-	-	-	7,800	-	7,800	0.00	0.00
	6. Hindu Undivided Family	-	-	-	-	20,49,598	1	20,49,599	0.43	0.43
	Sub-Total (B)(2)	-	-	-	-	13,31,62,484	11,06,591	13,42,69,075	28.46	28.46
	Total Public Shareholding (B)= (B)(1)+(B)(2)	-	-	-	-	23,69,65,712	11,06,591	23,80,72,303	50.46	50.46
	TOTAL (A)+(B)	4,34,78,255	6	4,34,78,261	100.00	47,07,06,148	11,06,591	47,18,12,739	100.00	-
(C)	Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
	GRAND TOTAL (A)+(B)+(C)	4,34,78,255	6	4,34,78,261	100.00	47,07,06,148	11,06,591	47,18,12,739	100.00	-

Note: Post giving effect to the Composite Scheme of Arrangement with Future Enterprises Limited (FEL) and on allotment of Equity Shares to the Shareholders of FEL on May 18, 2016, Cedar Support Services Limited (Cedar) ceased to be promoter/holding company of our Company. However Cedar is holding same quantity of shares as on March 31, 2017 which is shown in the public category.

(ii) Shareholding of Promoters and Promoter Group

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged/ encumbered to total shares	
1	Cedar Support Services Limited (*)	4,34,78,261	100.00	-	-	0.00	0.00	(100.00)
2	Retail Trust #	-	-	-	-	0.00	0.00	0.00
3	Future Corporate Resources Limited #	-	-	-	18,11,70,090	38.40	26.94	38.40
4	PIL Industries Limited	-	-	-	4,41,36,090	9.35	4.52	9.35
5	Gargi Business Ventures Private Limited #	-	-	-	67,66,038	1.44	0.28	1.44
6	Ryka Commercial Ventures Private Limited #	-	-	-	-	0.00	0.00	0.00
7	Manz Retail Private Limited	-	-	-	15,79,103	0.33	0.04	0.33
8	Future Capital Investment Private Limited #	-	-	-	-	0.00	0.00	0.00
9	Akar Estate & Finance Private Limited	-	-	-	1,000	0.00	0.00	0.00
10	Mr. Kishore Biyani	-	-	-	2,121	0.00	0.00	0.00
11	Mr. Laxminaryan Biyani	-	-	-	2,121	0.00	0.00	0.00
12	Mr. Vijay Biyani	-	-	-	2,121	0.00	0.00	0.00
13	Mr. Anil Biyani	-	-	-	2,121	0.00	0.00	0.00
14	Mr. Gopikishan Biyani	-	-	-	2,121	0.00	0.00	0.00
15	Mr. Sunil Biyani	-	-	-	2,121	0.00	0.00	0.00
16	Mr. Rakesh Biyani	-	-	-	2,121	0.00	0.00	0.00
17	Mr. Vivek Biyani	-	-	-	2,121	0.00	0.00	0.00
18	Ms. Ashni Biyani	-	-	-	71,147	0.02	0.00	0.02
Total		4,34,78,261	100.00	0.00	23,37,40,436	49.54	31.78	(50.46)

(iii) Change in Promoters and Promoter Group Shareholding (please specify, if there is no change)

Sl. No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	At the beginning of the year (*)	4,34,78,261	100.00	4,34,78,261	100.00
1	May 18, 2016 - Cedar Support Services Limited ceased to be Promoter of the Company post giving effect to the Composite Scheme of Arrangement	(4,34,78,261)	(100.00)	0	0.00
2	May 18, 2016 - Allotment made to the existing Promoters pursuant to the Composite Scheme of Arrangement (*)	23,01,15,436	48.82	23,01,15,436	48.82
3	March 29, 2017 - Market Purchase	17,50,000	0.37	23,18,65,436	49.14
4	March 30, 2017 - Market Purchase	18,75,000	0.40	23,37,40,436	49.54
	At the end of the year			23,37,40,436	49.54

* Post giving effect to the Composite Scheme of Arrangement with Future Enterprises Limited (FEL) and on allotment of Equity Shares to the Shareholders of FEL on May 18, 2016, Cedar Support Services Limited (Cedar) ceased to be promoter/holding company of our Company. However Cedar is holding same quantity of shares as on March 31, 2017 which is shown in the public category.

The Promoter entities holding equity shares in the Company, entered into various inter-se transfer transactions in order to consolidate their holding in the Company. Retail Trust though not holding any shares in the Company was included as Promoter and it holds shares in Future Corporate Resources Limited.

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs)

Sl. No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	Cedar Support Services Limited (*)	4,34,78,261	100.00	4,34,78,261	100.00
	At the end of the year			4,34,78,261	9.22
2	Arisaig Partners (Asia) Pte Ltd. A/C Arisaig India Fund Limited	-	-	-	-
	May 18, 2016 - Allotment pursuant to the Scheme	3,16,37,118	6.71	3,16,37,118	6.71
	At the end of the year			3,16,37,118	6.71
3	Brand Equity Treaties Limited	-	-	-	-
	May 18, 2016 - Allotment pursuant to the Scheme	2,49,99,999	5.30	2,49,99,999	5.30
	At the end of the year			2,49,99,999	5.30
4	Bennett, Coleman and Company Limited	-	-	-	-
	May 18, 2016 - Allotment pursuant to the Scheme	2,03,91,700	4.33	2,03,91,700	4.33
	March 31, 2017 - Market Purchase	41,00,000	0.86	2,44,91,700	5.19
	At the end of the year			2,44,91,700	5.19
5	Verlinvest SA	-	-	-	-
	May 18, 2016 - Allotment pursuant to the Scheme	1,07,30,712	2.28	1,07,30,712	2.28
	At the end of the year			1,07,30,712	2.27
6	WGI Emerging Markets Smaller Companies Fund, LLC	-	-	-	-
	May 18, 2016 - Allotment pursuant to the Scheme	1,07,55,879	2.28	1,07,55,879	2.28
	October 07, 2016 - Market Purchase	58,950	0.01	1,08,14,829	2.29
	October 14, 2016 - Market Purchase	46,834	0.01	1,08,61,663	2.30
	December 02, 2016 - Market Sell	(3,92,406)	(0.08)	1,04,69,257	2.22
	December 09, 2016 - Market Sell	(5,87,046)	(0.12)	98,82,211	2.10
	At the end of the year			98,82,211	2.09
7	Government Pension Fund Global	-	-	-	-
	May 18, 2016 - Allotment pursuant to the Scheme	88,52,942	1.88	88,52,942	1.88
	September 02, 2016 - Market Purchase	2,20,000	0.04	90,72,942	1.92
	September 09, 2016 - Market Purchase	15,500	0.00	90,88,442	1.92
	September 16, 2016 - Market Purchase	1,00,000	0.03	91,88,442	1.95
	September 23, 2016 - Market Purchase	3,84,500	0.08	95,72,942	2.03
	October 07, 2016 - Market Purchase	67,500	0.02	96,40,442	2.05
	October 21, 2016 - Market Purchase	8,89,480	0.18	1,05,29,922	2.23
	November 04, 2016 - Market Sell	(3,27,030)	(0.07)	1,02,02,892	2.16
	November 11, 2016 - Market Sell	(1,58,496)	(0.03)	1,00,44,396	2.13
	November 18, 2016 - Market Sell	(2,09,055)	(0.04)	98,35,341	2.09
	November 25, 2016 - Market Sell	(90,164)	(0.02)	97,45,177	2.07
	December 02, 2016 - Market Sell	(1,87,000)	(0.04)	95,58,177	2.03
	December 09, 2016 - Market Sell	(3,44,000)	(0.08)	92,14,177	1.95
	December 16, 2016 - Market Sell	(58,000)	(0.01)	91,56,177	1.94
	December 30, 2016 - Market Purchase	1,15,000	0.03	92,71,177	1.97
	March 10, 2017 - Market Sell	(75,000)	(0.02)	91,96,177	1.95
	At the end of the year			91,96,177	1.95

Sl. No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
8	L and T Mutual Fund Trustee Ltd - L and T India Value Fund	-	-	-	-
	May 18, 2016 - Allotment pursuant to the Scheme	47,82,299	1.01	47,82,299	1.01
	September 02, 2016 - Market Purchase	1,35,100	0.03	49,17,399	1.04
	September 09, 2016 - Market Purchase	55,000	0.01	49,72,399	1.05
	September 16, 2016 - Market Purchase	10,000	0.00	49,82,399	1.05
	September 23, 2016 - Market Purchase	75,000	0.02	50,57,399	1.07
	September 30, 2016 - Market Purchase	1,75,000	0.04	52,32,399	1.11
	October 07, 2016 - Market Purchase	1,67,652	0.04	54,00,051	1.15
	October 14, 2016 - Market Purchase	50,000	0.01	54,50,051	1.16
	October 21, 2016 - Market Sell	(20,87,904)	(0.45)	33,62,147	0.71
	October 28, 2016 - Market Purchase	7,76,805	0.17	41,38,952	0.88
	November 04, 2016 - Market Purchase	3,50,000	0.07	44,88,952	0.95
	November 11, 2016 - Market Purchase	1,50,000	0.03	46,38,952	0.98
	December 30, 2016 - Market Purchase	50,000	0.01	46,88,952	0.99
	January 06, 2017 - Market Purchase	2,51,041	0.06	49,39,993	1.05
	January 13, 2017 - Market Sell	(2,60,022)	(0.06)	46,79,971	0.99
	January 20, 2017 - Market Purchase	3,95,028	0.09	50,74,999	1.08
	January 27, 2017 - Market Purchase	1,84,259	0.03	52,59,258	1.11
	February 03, 2017 - Market Purchase	7,23,536	0.16	59,82,794	1.27
	February 10, 2017 - Market Purchase	8,51,106	0.18	68,33,900	1.45
	February 17, 2017 - Market Sell	(5,72,700)	(0.12)	62,61,200	1.33
	February 24, 2017 - Market Purchase	5,22,749	0.11	67,83,949	1.44
	March 03, 2017 - Market Purchase	3,99,418	0.08	71,83,367	1.52
	March 17, 2017 - Market Sell	(1,56,108)	(0.03)	70,27,259	1.49
	March 24, 2017 - Market Purchase	1,99,277	0.04	72,26,536	1.53
	March 31, 2017 - Market Purchase	2,15,016	0.05	74,41,552	1.58
	At the end of the year			74,41,552	1.58
9	Counseled Mercantile Private Limited	-	-	-	-
	May 18, 2016 - Allotment pursuant to the Scheme	97,70,574	2.07	97,70,574	2.07
	September 23, 2016 - Market Sell	(2,10,000)	(0.04)	95,60,574	2.03
	November 04, 2016 - Market Purchase	20,000	0.00	95,80,574	2.03
	November 11, 2016 - Market Purchase	83,808	0.02	96,64,382	2.05
	November 18, 2016 - Market Purchase	1,02,952	0.02	97,67,334	2.07
	November 25, 2016 - Market Sell	(35,691)	(0.01)	97,31,643	2.06
	December 09, 2016 - Market Purchase	27,546	0.01	97,59,189	2.07
	January 13, 2017 - Market Sell	(1,98,615)	(0.04)	95,60,574	2.03
	March 31, 2017 - Market Sell	(36,18,074)	(0.77)	59,42,500	1.26
	At the end of the year			59,42,500	1.26
10	Life Insurance Corporation of India	-	-	-	-
	May 18, 2016 - Allotment pursuant to the Scheme	50,67,141	1.08	50,67,141	1.08
	March 24, 2017 - Market Sell	(1,248)	(0.00)	50,65,893	1.08
	March 31, 2017 - Market Sell	(1,31,000)	(0.03)	49,34,893	1.05
	At the end of the year			49,34,893	1.05

* Post giving effect to the Composite Scheme of Arrangement with Future Enterprises Limited (FEL) and on allotment of Equity Shares to the Shareholders of FEL on May 18, 2016, Cedar Support Services Limited (Cedar) ceased to be promoter/holding company of our Company.

v. Shareholding of Directors and Key Managerial Personnel

Sl. No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	Mr. Kishore Biyani - Chairman & Managing Director	NIL	NIL	NIL	NIL
	May 18, 2016 - Allotment pursuant to the Composite Scheme of Arrangement	2,121	0.00	2,121	0.00
	At the end of the year			2,121	0.00
2	Mr. Rakesh Biyani - Joint Managing Director	NIL	NIL	NIL	NIL
	May 18, 2016 - Allotment pursuant to the Composite Scheme of Arrangement	2,121	0.00	2,121	0.00
	At the end of the year			2,121	0.00
3	Mr. Rajan Bharti Mittal - Non-Executive Director	NIL	NIL	NIL	NIL
	At the end of the year			NIL	NIL
4	Mr. Ravindra Dhariwal - Independent Director	NIL	NIL	NIL	NIL
	At the end of the year			NIL	NIL
5	Mr. Shailendra Bhandari - Independent Director	NIL	NIL	NIL	NIL
	At the end of the year			NIL	NIL
6	Ms. Gagan Singh - Independent Director	NIL	NIL	NIL	NIL
	At the end of the year			NIL	NIL
7 (a)	Mr. C. P. Toshniwal - Chief Financial Officer	NIL	NIL	NIL	NIL
	May 18, 2016 - Allotment pursuant to the Composite Scheme of Arrangement	11,000	0.00	11,000	0.00
	At the end of the year			11,000	0.00
7 (b)	Mr. C. P. Toshniwal - Chief Financial Officer (HUF)	NIL	NIL	NIL	NIL
	May 18, 2016 - Allotment pursuant to the Composite Scheme of Arrangement	20,000	0.00	20,000	0.00
	At the end of the year			20,000	0.00
8	Mr. Virendra Samani - Dy. Company Secretary	NIL	NIL	NIL	NIL
	January 19, 2017 - Allotment made pursuant to the FRL - ESOP Scheme, 2016.	5,450	0.00	5,450	0.00
	At the end of the year			5,450	0.00

VI. Indebtedness of the Company including interest outstanding/accrued but not due for payment

(₹ in Crore)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	918.20	204.20	-	1,122.40
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	0.01	-	0.01
Total (i+ii+iii)	918.20	204.21	-	1,122.41
Change in Indebtedness during the financial year				
i) Addition	60.53	111.20	-	171.73
ii) Reduction	-	(50.00)	-	(50.00)
Net Change	60.53	61.20	-	121.73
Indebtedness at the end of the financial year				
i) Principal Amount	978.73	265.40	-	1,244.13
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	0.01	-	0.01
Total (i+ii+iii)	978.73	265.41	-	1,244.14

VII. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-Time Directors and/or Manager

(₹ in Crore)

Sl. No.	Particulars of Remuneration	Name of MD/WTD/Manager		Total Amount
1.	Gross salary	Mr. Kishore Biyani	Mr. Rakesh Biyani	
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961 [^]	2.26	2.27	4.53
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0.00*	0.00*	0.00**
	(c) Profits in lieu of salary under Section 17(3) Income-tax Act, 1961	NIL	NIL	NIL
2.	Stock Option	NIL	NIL	NIL
3.	Sweat Equity	NIL	NIL	NIL
4.	Commission [#]	2.00	1.25	3.25
	- as % of profit - others, specify	NIL	NIL	NIL
5.	Retiral Benefits	0.13	0.11	0.24
	Total (A)	4.39	3.63	8.02
	Ceiling as per the Act	₹ 37.30 Crore being 10% of profit under Section 198 of the Companies Act, 2013		

[^] Rounded off to ₹ in Crore

* Represents ₹ 36,300/-

** Represents ₹ 72,600/-

[#] Amount of ₹ 2.00 Crore towards Commission is payable to Mr. Kishore Biyani and amount of ₹ 1.25 Crore is payable to Mr. Rakesh Biyani for the financial year 2016 -17.

B. Remuneration to other Directors:

(₹ in Crore)

Sl. No.	Particulars of Remuneration	Name of Directors			Total
		Ms. Gagan Singh	Mr. Ravindra Dhariwal	Mr. Shailendra Bhandari	
1.	Independent Directors				
	Fees for attending Board / Committee meetings	0.14	0.12	0.07	0.33
	Commission*	0.25	0.25	0.25	0.75
	Others, please specify	NIL	NIL	NIL	NIL
	Total (1)	0.39	0.37	0.32	1.08
2.	Other Non-Executive Director	Mr. Rajan Bharti Mittal			
	Fees for attending Board / Committee meetings	0.03			0.03
	Commission*	0.25			0.25
	Others, please specify	NIL			NIL
	Total (2)	0.28			0.28
	Total (B) = (1 + 2)				1.36
	Ceiling as per the Act	₹ 3.73 Crore being 1% of profit under Section 198 of the Companies Act, 2013			
	Total Managerial Remuneration (A+B)				9.38
	Overall Ceiling as per the Act	₹ 41.03 Crore being 11% of profit under Section 198 of the Companies Act, 2013			

* Commission of ₹ 25.00 lakh payable to each of Non-Executive-Non Independent Director and Independent Directors for the financial year 2016 -17.

C. Remuneration to Key Managerial Personnel Other than MD/ Manager/ WTD

(₹ in Crore)

Sl.No.	Particulars of Remuneration	Key Managerial Personnel					Total
		Chief Executive Officer	Chief Financial Officer		Company Secretary		
		Mr. Manish Sabnis	Mr. Anupam Goyal	Mr. C. P. Toshniwal	Ms. Gurdeep Kaur	Mr. Virendra Samani	
1.	Gross salary	0.08	0.60	1.82	-	0.28	2.78
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961#						
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0.00*	0.00	0.00^	-	0.06	0.06
	(c) Profits in lieu of salary under Section 17(3) Income-tax Act, 1961	0.00	0.00	0.00	-	0.00	0.00
2.	Stock Option	0.00	0.00	0.00	-	0.00	0.00
3.	Sweat Equity	0.00	0.00	0.00	-	0.00	0.00
4.	Commission	0.00	0.00	0.00	-	0.00	0.00
	- as % of profit others, specify	0.00	0.00	0.00	-	0.00	0.00
5.	Retiral Benifits	0.01	0.00	0.30	-	0.01	0.32
	Total	0.09	0.60	2.12	-	0.35	3.16

* Represents ₹ 2,700

[^] Represents ₹ 36,300

[#] Rounded off to ₹ in Crore

- *Mr. Manish Sabnis was appointed as the Chief Executive Officer of the Company w.e.f. August 01, 2015 and who resigned as KMP w.e.f. May 02, 2016;*
- *Mr. Anupam Goyal resigned as the Chief Financial Officer w.e.f. May 02, 2016;*
- *Mr. C. P. Toshniwal was appointed the Chief Financial Officer w.e.f. May 02, 2016;*
- *Ms. Gurdeep Kaur was appointed as the Company Secretary of the Company w.e.f. May 22, 2015 without any remuneration and resigned w.e.f. May 02, 2016;*
- *Mr. Virendra Samani was appointed as Dy. Company Secretary and Compliance Officer w.e.f. May 02, 2016.*

VIII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES:

There were no penalties, punishment or compounding of offences during the financial year ended March 31, 2017.

CORPORATE GOVERNANCE REPORT

Your Company consistently followed the principles of good corporate governance and strives to enhance the stakeholders' relationship, e-governance initiatives, while upholding the core values of integrity, transparency, fairness, responsibility and accountability.

Your Company, in line with the above, taken various initiatives to further strengthen the corporate governance practices and adopted various codes / policies, pursuant to the applicable provisions of the Companies Act, 2013 or Companies Act, 1956 as may be applicable ('the Act'), and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time ('Listing Regulations')

During the financial year under review, the Company has complied with all the applicable provisions of the Act and Listing Regulations.

CODE OF CONDUCT

The Company has in place a Code of Conduct ('Code') for the Board of Directors and Senior Management Personnel of the Company. The Company also has in place code of conduct for Independent Directors as prescribed under Schedule IV of the Act. The Code aims at ensuring consistent standards of conduct and ethical business practices across the Company.

All the Board Members and Senior Management Personnel have affirmed compliance with this Code. A declaration signed by the Chairman & Managing Director to this effect is attached at the end of this Report. This Code is available on the Company's website www.futureretail.co.in.

COMPOSITION OF THE BOARD

The composition of the Board of Directors ('the Board') is in conformity with the requirement of the Act and Regulation 17 of the Listing Regulations. As on March 31, 2017, the Board comprises of 6 (Six) Directors including 1 (One) Woman Director. None of the Directors on the Board are serving as an Independent Director in more than 7 (Seven) / 3 (Three) Listed entities, as the case may be, as specified in Regulation 25 of the Listing Regulations.

None of the Directors on the Board is a Member of more than 10 (Ten) Committees and/or Chairperson of more than 5 (Five) Committees (as specified in Regulation 26 of Listing Regulations), across all the public companies in which he/she is a Director.

Further, the maximum tenure of Independent Directors are in line with provisions of Section 149(10) and (11) of the Act and applicable Rules made thereunder.

The information on composition of the Board, category and their Directorships/Committee Membership across all the Companies in which they were Directors as on March 31, 2017 is as under:

Name of Director	Category	Date of Appointment as a current designation	No. of Directorships*		No. of Memberships / Chairmanships of Committees in public companies**	
			Public	Private / Non profit	Memberships	Chairmanships
Mr. Kishore Biyani	Chairman & Managing Director (Promoter Group) #	May 02, 2016	9	1	3	1
Mr. Rakesh Biyani	Joint Managing Director (Promoter Group) ##	May 02, 2016	5	5	3	0
Mr. Rajan Bharti Mittal	Non-Executive Director \$	April 30, 2016	6	8	4	1
Mr. Ravindra Dhariwal	Independent Director @	April 30, 2016	8	6	9	2
Mr. Shailendra Bhandari	Independent Director @	April 30, 2016	1	0	1	1
Ms. Gagan Singh	Independent Director @	April 30, 2016	2	0	4	2

Subsequent to the above, Ms. Sridevi Badiga was appointed as Additional (Independent) Director on the Board of the Company. The details about her directorship and membership in committee are as follows:

Name of Director	Category	Date of Appointment as a current designation	No. of Directorships*		No. of Memberships / Chairmanships of Committees in public companies**	
			Public	Private / Non profit	Memberships	Chairmanships
Ms. Sridevi Badiga	Independent Director @@	April 20, 2017	1	0	1	0

* No. of Directorships held by the Directors do not include directorships in foreign companies.

** In accordance with Regulation 26 of the Listing Regulations, Memberships/Chairmanships of only Audit Committees and Stakeholders' Relationship Committees in all public limited companies have been considered.

Appointed as Additional Director on April 30, 2016 and subsequently w.e.f. May 02, 2016 appointed as a Managing Director of the Company for a period of 3 (Three) years. Further, he was also appointed as Chairman w.e.f. May 25, 2016.

Appointed as Additional Director on April 30, 2016 and subsequently w.e.f. May 02, 2016 appointed as a Joint Managing Director of the Company for a period of 3 (Three) years.

\$ Appointed as a Non-Executive Director of the Company w.e.f. April 30, 2016.

@ Appointed as Independent Director of the Company w.e.f. April 30, 2016 for a period of 5 (Five) years.

@@ Appointed as Independent Director of the Company w.e.f. April 20, 2017 for a period of 5 (Five) years subject to the approval of Members of the Company.

The details of shares held by the Directors in the Company as on March 31, 2017 are as follows:

Name of Director	Number of shares held
Mr. Kishore Biyani	2,121
Mr. Rakesh Biyani	2,121
Mr. Rajan Bharti Mittal	NIL
Mr. Ravindra Dhariwal	NIL
Mr. Shailendra Bhandari	NIL
Ms. Gagan Singh	NIL

The details of shares held by the Ms. Sridevi Badiga as on April 20, 2017 is as follows:

Name of Director	Number of shares held
Ms. Sridevi Badiga	NIL

The details of the familiarization program of the Independent Directors are available on the website of the Company at the link http://futureretail.co.in/pdf/ID_Familiarization.pdf

None of the Directors of the Company is inter-se related to each other.

BOARD MEETINGS AND LAST AGM DETAILS

During the year under review, total 8 (Eight) Meetings of Board of Directors were held on April 06, 2016, April 30, 2016, May 02, 2016, May 25, 2016, August 30, 2016, November 07, 2016, December 06, 2016 and February 07, 2017.

The gap between two Meetings did not exceed 120 (One Hundred and Twenty) days as prescribed in the Listing Regulations. Ninth (9th) Annual General Meeting of the Company was held on August 29, 2016.

The attendance of the Directors to the above Board Meetings and AGM which was held during their tenure is as follows:

Name of the Directors	No. of Meetings held during tenure of respective Directors		9th AGM (August 29, 2016)	Remarks
	Held	Attended		
Mr. Inderjit Walia	3	1	N.A.	Resigned w.e.f. May 02, 2016
Mr. Devendra Khanna	3	3	N.A.	Resigned w.e.f. May 02, 2016
Mr. Rajendra Chopra	3	3	N.A.	Resigned w.e.f. May 02, 2016
Mr. Sridhar Natrajan	3	1	N.A.	Resigned w.e.f. May 02, 2016
Ms. Veenu Mittal	3	1	N.A.	Resigned w.e.f. May 02, 2016

Name of the Directors	No. of Meetings held during tenure of respective Directors		9th AGM (August 29, 2016)	Remarks
	Held	Attended		
Mr. Kishore Biyani	6	6	Yes	Appointed w.e.f. April 30, 2016
Mr. Rakesh Biyani	6	6	Yes	Appointed w.e.f. April 30, 2016
Mr. Rajan Bharti Mittal	6	2	No	Appointed w.e.f. April 30, 2016
Mr. Ravindra Dhariwal	6	5	Yes	Appointed w.e.f. April 30, 2016
Mr. Shailendra Bhandari	6	4	No	Appointed w.e.f. April 30, 2016
Ms. Gagan Singh	6	6	Yes	Appointed w.e.f. April 30, 2016

Ms. Sridevi Badiga was appointed post March 31, 2017, the details of Board Meeting attendance and last AGM is not applicable in her case.

AUDIT COMMITTEE

As on March 31, 2017, the Audit Committee of the Company comprised of 3 (Three) Directors out of which 2 (Two) are Independent Directors. Ms. Gagan Singh, Chairperson of the Committee is an Independent Director. All the Members of the Committee possess accounting and financial management expertise. The Chairperson of the Committee was present at the 9th Annual General Meeting of the Company held on August 29, 2016.

Subsequent to year ended March 31, 2017, the Audit Committee was reconstituted on April 20, 2017 and the revised constitution of the Audit Committee is as follows:

- Ms. Gagan Singh : Independent Director / Chairperson
- Mr. Ravindra Dhariwal : Independent Director / Member
- Ms. Sridevi Badiga : Independent Director / Member
- Mr. Rakesh Biyani : Joint Managing Director / Member

The Company Secretary functions as Secretary to the Committee.

During the year under review, total 7 (Seven) meetings of the Audit Committee were held on April 30, 2016, May 02, 2016, May 25, 2016, August 30, 2016, November 07, 2016, December 06, 2016 and February 07, 2017.

The Composition of the Audit Committee and the attendance of the Members at the above meetings which was held during their tenure is as follows:

Name of Directors / Members	Category	Designation	No. of Meetings held during tenure of respective Members		Remarks
			Held	Attended	
Mr. Sridhar Natrajan	Independent Director	Chairman	2	1	Resigned w.e.f. May 02, 2016
Ms. Veenu Mittal	Independent Director	Member	2	1	Resigned w.e.f. May 02, 2016
Mr. Devendra Khanna	Non-Executive Director	Member	2	1	Resigned w.e.f. May 02, 2016
Ms. Gagan Singh	Independent Director	Chairperson	6	6	Appointed w.e.f. May 02, 2016
Mr. Ravindra Dhariwal	Independent Director	Member	6	5	Appointed w.e.f. May 02, 2016
Mr. Rakesh Biyani	Joint Managing Director	Member	6	6	Appointed w.e.f. May 02, 2016

Notes:

Ms. Sridevi Badiga was appointed post March 31, 2017, the details of Audit Committee Meeting attendance is not applicable in her case.

The Committee's composition meets with the requirements of Section 177 of the Act and Regulation 18 of the Listing Regulations.

Terms of Reference

The Committee has been mandated to comply with the requirements as specified in Part C of Schedule II of the Listing Regulations and the provisions of Section 177 of the Act. The terms of reference are reviewed from time to time by the Board.

Role of the Audit Committee inter-alia includes the following

- oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- recommendation for appointment, remuneration and terms of appointment of auditors of the Company;
- approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:
 - (a) matters required to be included in the director's responsibility statement to be included in the Board's report in terms of clause (c) of sub-Section (3) of Section 134 of the Companies Act, 2013;
 - (b) changes, if any, in accounting policies and practices and reasons for the same;
 - (c) major accounting entries involving estimates based on the exercise of judgment by the management;
 - (d) significant adjustments made in the financial statements arising out of audit findings;
 - (e) compliance with listing and other legal requirements relating to financial statements;
 - (f) disclosure of any related party transactions;
 - (g) modified opinion(s) in the draft audit report;
- reviewing, with the management, the quarterly financial statements before submission to the Board for approval;
- reviewing, 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 utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
- reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
- approval or any subsequent modification of transactions of the Company with related parties; [Provided that the Audit Committee may make omnibus approval for related party transactions proposed to be entered into by the Company subject to such conditions as may be prescribed];
- scrutiny of inter-corporate loans and investments;
- valuation of undertakings or assets of the Company, wherever it is necessary;
- evaluation of internal financial controls and risk management systems;
- reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- reviewing 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;
- discussion with internal auditors of any significant findings and follow up there on;
- reviewing 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 a material nature and reporting the matter to the Board;
- discussion with 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;
- approval of appointment of chief financial officer after assessing the qualifications, experience and background, etc. of the candidate;
- carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

Reviewing of the following information

- management discussion and analysis of financial condition and results of operations;
- statement of significant related party transactions (as defined by the audit committee), submitted by the management;
- management letters / letters of internal control weaknesses issued by the statutory auditors;
- internal audit reports relating to internal control weaknesses;
- the appointment, removal and terms of remuneration of the chief internal auditor; and
- statement of deviations:
 - (a) quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1) of the Listing Regulation.
 - (b) annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/ notice in terms of Regulation 32(7) of the Listing Regulation.

NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee of the Company comprises of 3 (Three) Non – Executive Directors, out of whom 2 (Two) are Independent Directors.

During the year under review, total 3 (Three) meetings of the Nomination and Remuneration Committee were held on April 30, 2016, May 02, 2016 and December 06, 2016.

The Composition of the Nomination and Remuneration Committee and the attendance of the Members at the above meetings which was held during their tenure is as follows:

Name of Directors / Members	Category	Designation	No. of Meetings held during tenure of respective Members		Remarks
			Held	Attended	
Mr. Rajendra Chopra	Non-Executive Director	Chairman	2	1	Resigned w.e.f. May 02, 2016
Mr. Sridhar Natrajan	Independent Director	Member	2	1	Resigned w.e.f. May 02, 2016
Ms. Veenu Mittal	Independent Director	Member	2	1	Resigned w.e.f. May 02, 2016
Mr. Ravindra Dhariwal	Independent Director	Chairman	2	2	Appointed w.e.f. May 02, 2016
Mr. Rajan Bharti Mittal	Non-Executive Director	Member	2	1	Appointed w.e.f. May 02, 2016
Mr. Shailendra Bhandari	Independent Director	Member	2	2	Appointed w.e.f. May 02, 2016

The Board has reconstituted the Committee with effect from May 02, 2016.

Terms of Reference

The terms of reference are reviewed from time to time by the Board and the Committee has been mandated to comply with the requirements as specified in Part D of the Schedule II of the Listing Regulations and the provisions of Section 178 of the Act and Securities and Exchange Board of India (Share Based Employee Benefits) Regulation, 2014, as may be applicable.

The role of the Nomination and Remuneration Committee inter-alia includes the following:

- to formulate the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board a policy, relating to the remuneration for the Directors, key managerial personnel and other employees;
- to formulate criteria for evaluation of Independent Directors and the Board;
- to devise a policy on Board diversity;
- to Identify persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal;
- whether to extend or continue the term of appointment of the Independent Director, on the basis of the report of performance evaluation of Independent Directors;
- to establish and from time to time review the policy for ESOP and ESOS as well as issuance of SWEAT equity shares and recommend the grants of Options to be made under ESOP / ESOS; and
- to review Company's remuneration and human resources policy.

Performance evaluation criteria for Independent Directors

The Company has also devised a process for performance evaluation of Independent Directors, the Board, Committees and other individual Directors. The Independent Directors were *inter-alia* evaluated on the criteria such as engagement, leadership, analytical, quality of decision-making, interaction, governance, etc.

Remuneration Policy

The Company believes that human resource is the key for the continuous growth and development of the Company. The Company's remuneration policy is designed to attract, retain and motivate employees by offering appropriate remuneration packages and retiral benefits and also rewarding performance of key employees by offering employee stock options to contribute and participate in the overall corporate growth, profitability and financial success of the organization. The remuneration policy is in consonance with the existing industry practice.

Remuneration policy for Executive Directors

The Company pays remuneration by way of salary, benefits, perquisites and allowances (fixed component) and commission or performance bonus (variable component) to the Managing Director / Joint Managing Director as approved by the Board and the Members of the Company. In determining the remuneration package of the Managing Director / Joint Managing Director, the Nomination and Remuneration Committee (NRC) *inter-alia* evaluates the remuneration paid by comparable organisations and thereafter makes its recommendation to the Board. Annual increments are decided by the NRC within the scale of remuneration approved by the Members of the Company. NRC also reviews and decides on the quantum of commission or performance bonus payable to the Managing Director / Joint Managing Director as per terms of appointment and based on the performance of the individual as well as the Company.

Criteria of making payments to Non-Executive Directors

Non-Executive Directors are paid sitting fees for attending Meeting of the Board and Committee of the Board including meeting of Independent Directors, as decided from time to time by the Board. The Company also reimburses the out-of-pocket expenses incurred by the Directors for attending the meetings. The Members of Corporate Social Responsibility Committee have voluntarily waived the acceptance of sitting fees for attending the meeting of the Committee. The eligible Non-Executive Directors may be paid commission upto an aggregate maximum of 1% of the net profits of the Company as specifically computed for this purpose and as may be approved by Board of Directors of the Company. The criteria of making payments to Non-Executive Directors *inter-alia*, covers the number of meetings attended, Chairmanship of Committees of the Board, time spent in deliberations with the senior management on operational matters other than at meetings and contribution at the Board/Committee(s) levels.

Remuneration to Directors

Managing Director / Executive Director / CEO

The remuneration to the Managing Director / Executive Director / CEO for the year ended March 31, 2017 is as under :

(₹ in Crore)

Name	Salary	Performance Bonus / Commission	Company's Contribution to Funds	Perquisites and allowance	Total	Total Contract Period	Notice period in months	Stock Options granted
Mr. Manish Sabnis	0.08	Nil	0.01	0.00#	0.09	-	-	Nil
Mr. Kishore Biyani	2.26	2.00^	0.13	0.00*	2.39	3 years (w.e.f. May 02, 2016)	6	Nil
Mr. Rakesh Biyani	2.27	1.25^	0.11	0.00*	2.38	3 years (w.e.f. May 02, 2016)	6	Nil

(#) Represents ₹ 2,700/-

(*) Represents ₹ 36,300/-

(^) Amount of ₹ 2.00 Crore towards Commission is payable to Mr. Kishore Biyani and amount of ₹ 1.25 Crore is payable to Mr. Rakesh Biyani for the financial year 2016-17.

Notes:

1. Mr. Manish Sabnis was appointed as the Chief Executive Officer of the Company w.e.f. August 01, 2015 and who resigned as KMP w.e.f. May 02, 2016;
2. All the above components of remuneration, except Performance Bonus / Commission, are fixed in nature.
3. There is no separate provision for payment of severance fees.
4. In case of inadequacy of profits, the above remuneration will be subject to the approval of the Central Government as provided under the applicable provisions of the Companies Act read with applicable Rules thereto.

Non-Executive Independent Directors

The remuneration in form of sitting fees / commission to Non-Executive Independent Directors during the year under review is as under:

(₹ in Crore)

Name of Director	Sitting Fee	Commission*
Mr. Rajan Bharti Mittal	0.03	0.25
Mr. Ravindra Dhariwal	0.12	0.25
Mr. Shailendra Bhandari	0.07	0.25
Ms. Gagan Singh	0.14	0.25

(*) Commission of ₹ 25.00 lakh payable to each of Non-Executive-Non Independent Director and Independent Directors for the financial year 2016-17.

Apart from reimbursement of expenses incurred in the discharge of their duties and the payment of sitting fees and Commission for identified Non-Executive Directors as entitled under the Act, none of these Directors has any other material pecuniary relationships or transactions with the Company, its Promoters, its Directors, and its Senior Management, which in their judgment would affect their independence. None of the Directors of the Company is inter-se related to each other.

STAKEHOLDERS' RELATIONSHIP COMMITTEE

The Stakeholders' Relationship Committee presently comprises of Mr. Shailendra Bhandari, Independent Director as a Chairperson of the Committee, Mr. Rajan Bharti Mittal, Non-Executive Director and Ms. Gagan Singh, Independent Director, as the other members of the Committee. The Stakeholders' Relationship Committee was constituted effective May 02, 2016.

Compliance Officer

Mr. Virendra Samani, Dy. Company Secretary of the Company is the Compliance Officer of the Company.

Post listing of Equity Shares on Stock Exchanges effective August 29, 2016, total 2 (Two) Meetings of Stakeholders' Relationship Committee were held on December 06, 2016 and February 07, 2017 during the year under review.

The attendance of the Members at the above Meetings is as under:

Name of Directors / Members	Designation	No. of Meetings	
		Held	Attended
Mr. Shailendra Bhandari	Chairman	2	2
Mr. Rajan Bharti Mittal	Member	2	1
Ms. Gagan Singh	Member	2	2

Terms of reference of the Committee

The terms of reference are reviewed from time to time by the Board and the Committee has been mandated to comply with the requirements as specified in Part D of the Schedule II of the Listing Regulations and the provisions of Section 178 of the Act. The reference *inter-alia* includes

- to determine on behalf of the Board the Company's policy on serving the stakeholders in line with best corporate governance norms;
- to periodically review stakeholders' grievance mechanism of the Company;
- to review and redress stakeholders' grievances regarding allotment of securities, transfer of shares, non-receipt of annual report, non-receipt of declared dividends, etc. and other allied matters;
- the Committee is also authorised to:
 - i. investigate any activity within its terms of reference;
 - ii. seek any information from any employee of the Company;
 - iii. obtain outside legal or independent professional advice. Such advisors may attend meetings, if necessary; and
 - iv. incur such reasonable expenditure, as it deems necessary.

With a view to expedite the process of share transfers, necessary authority has been delegated to the Share Transfer Committee.

Share Transfer Committee

The Share Transfer Committee has been constituted on May 02, 2016. Presently, the Committee comprises of Mr. Shailendra Bhandari, Mr. Kishore Biyani and Mr. Rakesh Biyani as Members of the Committee. The Share Transfer Committee meets as and when required to consider the transfer proposals and attend to Investors' grievances, transmission of shares, split, consolidation, issue of duplicate share certificate, dematerialisation and rematerialisation of shares.

Investors' Grievance Redressal

Details of investor complaints received and resolved during the year under review are as follows:

Opening Balance	Received during the year	Resolved during the year	Closing Balance
NIL	16	16	NIL

Code of Conduct for Prevention of Insider Trading

The Company's Code of Conduct for Prevention of Insider Trading as approved by the Board of Directors, *inter-alia*, prohibits dealing in the securities of the Company by Directors and certain employees while in possession of unpublished price sensitive information in relation to the Company. The same is available on the Company's website.

INDEPENDENT DIRECTORS MEETING

During the year under review, a separate meeting of Independent Directors was held on February 07, 2017. The said meeting was attended by all the Independent Directors of the Company as mentioned below:

Name of Directors	Category	No. of Meetings	
		Held	Attended
Mr. Ravindra Dhariwal	Independent Director	1	1
Ms. Gagan Singh	Independent Director	1	1
Mr. Shailendra Bhandari	Independent Director	1	1

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

The Corporate Social Responsibility Committee was constituted in line with the provisions of Section 135 of the Act. Presently, the Committee comprises of Mr. Kishore Biyani, Chairman & Managing Director, Ms. Gagan Singh, Independent Director and Mr. Rajan Bharti Mittal, Non-Executive Director as Members of the Committee. During the year under review, no meeting of the Committee was held.

The Committee shall function in accordance with the terms of reference as specified under the Act, and as may be specified by the Board from time to time, which *inter-alia* includes:

- formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of the Act;
- recommend the amount of expenditure to be incurred on the activities referred to in clause (a); and
- monitor the Corporate Social Responsibility Policy of the Company from time to time.

COMMITTEE OF DIRECTORS

The Committee of Directors has been constituted on May 02, 2016. Presently, the Committee comprises of Mr. Kishore Biyani, Chairman & Managing Director and Mr. Rakesh Biyani, Joint Managing Director as Members of the Committee. The main function of Committee is to handle day-to-day operations and activities of the Company and to ensure smooth functioning and for regular day-to-day operations. The Committee is further authorised to delegate some of its powers to employees / executives of the Company as authorised therein. Total 25 (Twenty Five) Meetings of the Committee were held during the year under review.

RISK MANAGEMENT COMMITTEE

Provision relating to the Risk Management Committee under Regulation 21 of the Listing Regulations is not Applicable to our Company. However, for the purpose of better governance the Company has constituted the Risk Management Committee.

The Risk Management Committee comprises of Mr. Kishore Biyani, Chairman & Managing Director, Mr. Rakesh Biyani, Joint Managing Director and Mr. C. P. Toshniwal, Chief Financial Officer as Members of the Committee.

The Risk Management Committee functions in accordance with the terms of reference as specified by the Board from time to time, which *inter-alia* includes implementing and monitoring of risk management plan and policy of the Company. 1 (One) meeting of the Risk Management Committee was held on March 27, 2017 during the year under review.

RISK MANAGEMENT

The Company has a well-defined risk management framework in place, which provides an integrated approach for identifying, assessing, mitigating, monitoring and reporting of all risks associated with the business of the Company.

The Audit Committee / Board of Directors periodically reviews the risk assessment and minimization procedures and ensures that executive management controls risk through means of a properly defined framework.

The risk management framework adopted by the Company is discussed in detail in the Management Discussion and Analysis forming part of this Annual Report.

GENERAL BODY MEETINGS

Annual General Meeting

The details of the last three Annual General Meetings (AGMs) held are as follows:

Year	Day, Date & Time of AGM	Venue	Special Resolutions passed
2015-16	Monday, August 29, 2016 at 09:30 am	Rangaswar, Fourth Floor, Y. B. Chavan Centre, Gen. Jagannath Bhosale Marg, Mumbai – 400 021.	❖ Approval for entering into Related Party Transaction
2014-15	Monday, August 10, 2015 at 11:00 am	Bharti Crescent, 1, Nelson Mandela Road, Vasant Kunj, Phase – II, New Delhi – 110 070.	None
2013-14	Friday, September 26, 2014 at 11:00 am	Bharti Crescent, 1, Nelson Mandela Road, Vasant Kunj, Phase – II, New Delhi – 110 070.	<ul style="list-style-type: none"> ❖ Re-appointment of Mr. Raj Kumar Jain (DIN-01741527) as a Managing Director; ❖ Approval under Section 180(1)(c) of the Companies Act, 2013 for Borrowing Power upto ₹ 2,000 Crore; ❖ Approval under Section 180(1)(a) of the Companies Act, 2013 for creation of charge, mortgage etc on assets of the Company upto ₹ 2,000 Crore; and ❖ Approval under Section 185, 186 of the Companies Act, 2013 for loan to employees upto ₹ 10 Crore.

Extraordinary General Meeting

During the year under review, 1 (One) Extraordinary General Meeting (EGM) was held and the details are as follows:

Day, Date & Time of the EGM	Venue	Special Resolutions passed
Tuesday, May 03, 2016 at 10:30 am	Knowledge House, Shyam Nagar, Off. Jogeshwari – Vikhroli Link Road, Jogeshwari (E), Mumbai – 400 060	<ul style="list-style-type: none"> ❖ Appointment of Mr. Kishore Biyani as Managing Director; ❖ Appointment of Mr. Rakesh Biyani as a Joint Managing Director; ❖ Making of Investments, providing of Guarantee or Security; ❖ Authority for Borrowings of the Company; ❖ Authority for creation of mortgage, charge, hypothecation, lien and other encumbrances; ❖ Alteration and adoption of Article of Association;

Court Convened or National Company Law Tribunal Convened Meeting

- The Composite Scheme of Arrangement between Company and Future Enterprises Limited and their respective Shareholders and Creditors was entered into and in this connection, the consent of Equity Shareholders were obtained whereby they consented to the Scheme and also for dispensation for holding of meeting of Shareholders. The Scheme was approved by the Hon'ble High Court of Judicature at Bombay and made effective on May 01, 2016.
- During the year under review the Company also entered into Composite Scheme of Arrangement between Heritage Foods Limited, Heritage Foods Retail Limited and their respective Shareholders and Creditors. In this connection, the meeting of the Equity Shareholders of the Company was held on April 06, 2017 as per the Order of National Company Law Tribunal, Mumbai Bench.

Postal Ballot

During the year under review, the Company has completed 1 (one) process of obtaining the approval of its Members through Postal Ballot as per provisions of Section 110 of the Companies Act, 2013 and Rules made thereunder.

The approval of Members obtained through Postal Ballot was pertaining to:-

Sl. No.	Particulars	Type of resolution Special / Ordinary
1.	Approval of Future Retail Limited Employee Stock Option Plan 2016 and Grant of Employees Stock Options to employees of the Company thereunder	Special
2.	Grant of Employee Stock Options to the employees of the Subsidiary Company(ies), if any, of the Company under Future Retail Limited Employee Stock Option Plan 2016	Special
3.	Grant of Employee Stock Options to the Employees of Company and that of the Subsidiary Company(ies) by way of Secondary Acquisition under Future Retail Limited Employee Stock Option Plan 2016	Special
4.	Approval of Trust Route for the implementation of Future Retail Limited Employee Stock Option Plan 2016	Special
5.	Provision of Money by the Company for purchase of its own shares by the Trust / Trustees for the benefit of Employees under Future Retail Limited Employee Stock Option Plan 2016	Special
6.	Issue of Guarantee	Special
7.	Approval for entering into Related Party Transaction	Ordinary

The results for all the above matters were announced on November 07, 2016.

Voting Pattern and Procedure for Postal Ballot:

- (i) The Company has appointed Ms. Bindu Darshan Shah, Prop: M/s. K. Bindu & Associates, Practising Company Secretaries, as the Scrutiniser for conducting the Postal Ballot voting process;
- (ii) Process for the Postal Ballot was carried out in a fair and transparent manner. The Postal Ballot forms had been kept under safe custody of Scrutiniser in sealed and tamper proof ballot boxes before commencing the scrutiny of such Postal Ballot forms;
- (iii) All Postal Ballot forms received / receivable up to the close of working hours on November 06, 2016 the last date and time fixed by the Company for receipt of the forms in the Postal Ballot, had been considered by Scrutiniser in her scrutiny;
- (iv) Envelopes containing Postal Ballot forms received after November 06, 2016 for the respective Postal Ballot had not been considered for her scrutiny;

- (v) The result of the Postal Ballot was announced on November 07, 2016 as per Scrutiniser's Report which are as under:

Resolution Required : (Special)			1. Approval of Future Retail Limited Employee Stock Option Plan 2016 and Grant of Employees Stock Options to employees of the Company thereunder					
Whether promoter/ promoter Group are interested in the agenda/resolution?			No					
Category	Mode of Voting	No. of shares held	No. of votes polled	% of Votes Polled on outstanding shares	No. of Votes – in favour	No. of Votes – Against	% of Votes in favour on votes polled	% of Votes against on votes polled
		[1]	[2]	[3]=[2]/[1]*100	[4]	[5]	[6]=[4]/[2]*100	[7]=[5]/[2]*100
Promoter and Promoter Group	E-Voting	23,01,15,436	23,01,15,436	100.00	23,01,15,436	Nil	100.00	Nil
	Poll		Not Applicable					
	Postal Ballot		Nil	Nil	Nil	Nil	Nil	Nil
	Total		23,01,15,436	100.00	23,01,15,436	Nil	100.00	Nil
Public Institutions	E-Voting	10,49,27,240	6,97,19,865	66.45	4,78,21,932	2,18,97,933	68.59	31.41
	Poll		Not Applicable					
	Postal Ballot		Nil	Nil	Nil	Nil	Nil	Nil
	Total		6,97,19,865	66.45	4,78,21,932	2,18,97,933	68.59	31.41
Public Non Institutions	E-Voting	13,62,95,881	10,51,64,774	77.16	10,51,61,918	2,856	99.99	0.01
	Poll		Not Applicable					
	Postal Ballot		42,761	0.03	36,808	5,953	86.08	13.92
	Total		10,52,07,535	77.19	10,51,98,726	8,809	99.99	0.01
Total		47,13,38,557	40,50,42,836	85.93	38,31,36,094	2,19,06,742	94.59	5.41

Resolution Required : (Special)			2. Grant of Employee Stock Options to the employees of the Subsidiary Company(ies), if any, of the Company under Future Retail Limited Employee Stock Option Plan 2016					
Whether promoter/ promoter Group are interested in the agenda/resolution?			No					
Category	Mode of Voting	No. of shares held	No. of votes polled	% of Votes Polled on outstanding shares	No. of Votes – in favour	No. of Votes –Against	% of Votes in favour on votes polled	% of Votes against on votes polled
		[1]	[2]	[3]=[2]/[1]*100	[4]	[5]	[6]=[4]/[2]*100	[7]=[5]/[2]*100
Promoter and Promoter Group	E-Voting	23,01,15,436	23,01,15,436	100.00	23,01,15,436	Nil	100.00	Nil
	Poll		Not Applicable					
	Postal Ballot		Nil	Nil	Nil	Nil	Nil	Nil
	Total		23,01,15,436	100.00	23,01,15,436	Nil	100.00	Nil
Public Institutions	E-Voting	10,49,27,240	6,97,19,865	66.45	4,78,21,932	2,18,97,933	68.59	31.41
	Poll		Not Applicable					
	Postal Ballot		Nil	Nil	Nil	Nil	Nil	Nil
	Total		6,97,19,865	66.45	4,78,21,932	2,18,97,933	68.59	31.41
Public Non Institutions	E-Voting	13,62,95,881	10,51,64,774	77.16	10,51,60,110	4,664	99.99	0.01
	Poll		Not Applicable					
	Postal Ballot		40,680	0.03	34,137	6,543	83.92	16.08
	Total		10,52,05,454	77.19	10,51,94,247	11,207	99.99	0.01
Total		47,13,38,557	40,50,40,755	85.93	38,31,31,615	2,19,09,140	94.59	5.41

Resolution Required : (Special)			3. Grant of Employee Stock Options to the Employees of Company and that of the Subsidiary Company(ies) by way of Secondary Acquisition under Future Retail Limited Employee Stock Option Plan 2016					
Whether promoter/ promoter Group are interested in the agenda/resolution?			No					
Category	Mode of Voting	No. of shares held	No. of votes polled	% of Votes Polled on outstanding shares	No. of Votes – in favour	No. of Votes – Against	% of Votes in favour on votes polled	% of Votes against on votes polled
		[1]	[2]	[3]=([2]/[1])*100	[4]	[5]	[6]=([4]/[2])*100	[7]=([5]/[2])*100
Promoter and Promoter Group	E-Voting	23,01,15,436	23,01,15,436	100.00	23,01,15,436	Nil	100.00	Nil
	Poll		Not Applicable					
	Postal Ballot		Nil	Nil	Nil	Nil	Nil	Nil
	Total		23,01,15,436	100.00	23,01,15,436	Nil	100.00	Nil
Public Institutions	E-Voting	10,49,27,240	6,97,19,865	66.45	4,88,28,251	2,08,91,614	70.03	29.97
	Poll		Not Applicable					
	Postal Ballot		Nil	Nil	Nil	Nil	Nil	Nil
	Total		6,97,19,865	66.45	4,88,28,251	2,08,91,614	70.03	29.97
Public Non Institutions	E-Voting	13,62,95,881	10,51,64,674	77.16	10,51,60,075	4,599	99.99	0.01
	Poll		Not Applicable					
	Postal Ballot		40,570	0.03	34,107	6,463	84.07	15.93
	Total		10,52,05,244	77.19	10,51,94,182	11,062	99.99	0.01
Total		47,13,38,557	40,50,40,545	85.93	38,41,37,869	2,09,02,676	94.84	5.16

Resolution Required : (Special)			4. Approval of Trust Route for the implementation of Future Retail Limited Employee Stock Option Plan 2016					
Whether promoter/ promoter Group are interested in the agenda/resolution?			No					
Category	Mode of Voting	No. of shares held	No. of votes polled	% of Votes Polled on outstanding shares	No. of Votes – in favour	No. of Votes –Against	% of Votes in favour on votes polled	% of Votes against on votes polled
		[1]	[2]	[3]=([2]/[1])*100	[4]	[5]	[6]=([4]/[2])*100	[7]=([5]/[2])*100
Promoter and Promoter Group	E-Voting	23,01,15,436	23,01,15,436	100.00	23,01,15,436	Nil	100.00	Nil
	Poll		Not Applicable					
	Postal Ballot		Nil	Nil	Nil	Nil	Nil	Nil
	Total		23,01,15,436	100.00	23,01,15,436	Nil	100.00	Nil
Public Institutions	E-Voting	10,49,27,240	6,97,19,865	66.45	4,88,28,251	2,08,91,614	70.03	29.97
	Poll		Not Applicable					
	Postal Ballot		Nil	Nil	Nil	Nil	Nil	Nil
	Total		6,97,19,865	66.45	4,88,28,251	2,08,91,614	70.03	29.97
Public Non Institutions	E-Voting	13,62,95,881	10,51,64,654	77.16	10,51,61,831	2,823	99.99	0.01
	Poll		Not Applicable					
	Postal Ballot		40,570	0.03	34,685	5,885	85.49	14.51
	Total		10,52,05,224	77.19	10,51,96,516	8,708	99.99	0.01
Total		47,13,38,557	40,50,40,525	85.93	38,41,40,203	20,900,322	94.84	5.16

Resolution Required : (Special)			5. Provision of Money by the Company for purchase of its own shares by the Trust / Trustees for the benefit of Employees under Future Retail Limited Employee Stock Option Plan 2016					
Whether promoter/ promoter Group are interested in the agenda/resolution?			No					
Category	Mode of Voting	No. of shares held	No. of votes polled	% of Votes Polled on outstanding shares	No. of Votes – in favour	No. of Votes –Against	% of Votes in favour on votes polled	% of Votes against on votes polled
		[1]	[2]	[3]=[2]/[1]*100	[4]	[5]	[6]=[4]/[2]*100	[7]=[5]/[2]*100
Promoter and Promoter Group	E-Voting	23,01,15,436	23,01,15,436	100.00	23,01,15,436	Nil	100.00	Nil
	Poll		Not Applicable					
	Postal Ballot		Nil	Nil	Nil	Nil	Nil	Nil
	Total		23,01,15,436	100.00	23,01,15,436	Nil	100.00	Nil
Public Institutions	E-Voting	10,49,27,240	6,97,19,865	66.45	4,88,28,251	2,08,91,614	70.03	29.97
	Poll		Not Applicable					
	Postal Ballot		Nil	Nil	Nil	Nil	Nil	Nil
	Total		6,97,19,865	66.45	4,88,28,251	2,08,91,614	70.03	29.97
Public Non Institutions	E-Voting	13,62,95,881	10,51,63,920	77.16	10,51,61,385	2,535	99.99	0.01
	Poll		Not Applicable					
	Postal Ballot		41,661	0.03	35,175	6,486	84.43	15.57
	Total		10,52,05,581	77.19	10,51,96,560	9,021	99.99	0.01
Total		47,13,38,557	40,50,40,882	85.93	38,41,40,247	2,09,00,635	94.84	5.16

Resolution Required : (Special)			6. Issue of Guarantee					
Whether promoter/ promoter Group are interested in the agenda/resolution?			Yes					
Category	Mode of Voting	No. of shares held	No. of votes polled	% of Votes Polled on outstanding shares	No. of Votes – in favour	No. of Votes – Against	% of Votes in favour on votes polled	% of Votes against on votes polled
		[1]	[2]	[3]=[2]/[1]*100	[4]	[5]	[6]=[4]/[2]*100	[7]=[5]/[2]*100
Promoter and Promoter Group	E-Voting	23,01,15,436	Nil	Nil	Nil	Nil	Nil	Nil
	Poll		Not Applicable					
	Postal Ballot		Nil	Nil	Nil	Nil	Nil	Nil
	Total		Nil	Nil	Nil	Nil	Nil	Nil
Public Institutions	E-Voting	10,49,27,240	6,97,19,865	66.45	6,90,63,758	6,56,107	99.06	0.94
	Poll		Not Applicable					
	Postal Ballot		Nil	Nil	Nil	Nil	Nil	Nil
	Total		6,97,19,865	66.45	6,90,63,758	6,56,107	99.06	0.94
Public Non Institutions	E-Voting	13,62,95,881	10,51,64,636	77.16	10,51,60,564	4,072	99.99	0.01
	Poll		Not Applicable					
	Postal Ballot		40,490	0.03	34,829	5,661	86.02	13.98
	Total		10,52,05,126	77.19	10,51,95,393	9,733	99.99	0.01
Total		47,13,38,557	17,49,24,991	37.11	17,42,59,151	6,65,840	99.62	0.38

Resolution Required : (Ordinary)			7. Approval for entering into Related Party Transaction					
Whether promoter/ promoter Group are interested in the agenda/resolution?			Yes					
Category	Mode of Voting	No. of shares held	No. of votes polled	% of Votes Polled on outstanding shares	No. of Votes – in favour	No. of Votes – Against	% of Votes in favour on votes polled	% of Votes against on votes polled
		[1]	[2]	[3]=[2]/[1]*100	[4]	[5]	[6]=[4]/[2]*100	[7]=[5]/[2]*100
Promoter and Promoter Group	E-Voting	23,01,15,436	Nil	Nil	Nil	Nil	Nil	Nil
	Poll		Not Applicable					
	Postal Ballot		Nil	Nil	Nil	Nil	Nil	Nil
	Total		Nil	Nil	Nil	Nil	Nil	Nil
Public Institutions	E-Voting	10,49,27,240	6,90,68,336	65.82	6,74,05,910	16,62,426	97.59	2.41
	Poll		Not Applicable					
	Postal Ballot		Nil	Nil	Nil	Nil	Nil	Nil
	Total		6,90,68,336	65.82	6,74,05,910	16,62,426	97.59	2.41
Public Non Institutions	E-Voting	13,62,95,881	10,51,64,764	77.16	10,51,60,007	4,757	99.99	0.01
	Poll		Not Applicable					
	Postal Ballot		40,490	0.03	34,995	5,495	86.43	13.57
	Total		10,52,05,254	77.19	10,51,95,002	10,252	99.99	0.01
Total		47,13,38,557	17,42,73,590	36.97	17,26,00,912	16,72,678	99.04	0.96

MEANS OF COMMUNICATION

The Company regularly submits quarterly / half yearly / annual Financial Results to the Stock Exchanges, as soon as these are taken on record/approved by the Board. The Financial Results are published in leading English and Marathi dailies, viz. “The Free Press Journal” (English Newspaper) and “Nav Shakti” (Marathi Newspaper). The Company’s Annual Report, Financial Results, Shareholding Pattern and official news releases are displayed on the Company’s website www.futureretail.co.in and also posted by BSE and NSE on their respective website. The Company’s presentations to institutional investors and analysts are also posted on the Company’s website.

The Company sends Annual Report, intimation to Shareholders for various matters, Notices related to General Meetings or Court convened or NCLT convened meetings and Postal Ballot by e-mail to those Shareholders whose e-mail ids are registered with the Company / Depository Participants and in hard copies to those Shareholders whose e-mail ids are not registered.

All filing, disclosures and communications to Stock Exchanges are made electronically through their specific web portals in order to disseminate such information and make such information generally available.

GENERAL SHAREHOLDERS INFORMATION

Date, Time and Venue of the Tenth Annual General Meeting

Tuesday, August 29, 2017 at 09:30 am at Rangaswar, Fourth Floor, Y. B. Chavan Centre, Gen. Jagannath Bhosale Marg, Mumbai – 400 021.

Financial Year

The financial year covers the period from April 1 of every year to March 31 of the next year.

Financial Reporting for

Quarter	Release Date (tentative & subject to change)
1 st Quarter ending June 30, 2017	First / Second week of August, 2017
2 nd Quarter / Half-year ending September 30, 2017	First / Second week of November, 2017
3 rd Quarter ending December 31, 2017	First / Second week of February, 2018
4 th Quarter/Year ending March 31, 2018	End of May 2018

Note: The above dates are indicative.

Record Date/Book Closure

The Company has fixed August 22, 2017 as the Record Date for the purpose of Tenth Annual General Meeting and matters related thereto.

Dividend payment date

The Board of Directors of the Company has not recommended any dividend for the financial year ended March 31, 2017

Listing on Stock Exchanges**Equity Shares**

The Equity Shares of the Company are listed on the following Stock Exchanges:

- ❖ BSE Limited
25th Floor, P. J. Towers, Dalal Street, Mumbai – 400 001
- ❖ National Stock Exchange of India Limited
Exchange Plaza, C - 1, Block G, Bandra-Kurla Complex, Bandra (East), Mumbai – 400 051

Debt Securities

Cedar Support Services Limited holds 1,542 Optionally Convertible Debentures ('OCDs') of ₹ 10 lakhs each aggregating to ₹ 154.20 Crore in our Company consequent to the effect of the FRL-FEL Scheme. These OCDs are convertible into Equity Shares of our Company at the option of our Company, at the price prescribed under SEBI Regulations for Preferential Issue of securities on the date of conversion.

Listing Fees

Listing Fees, as prescribed, has been paid to both the Stock Exchanges where the securities of the Company are listed.

Stock Code and ISIN No.

Shares / Debentures	ISIN No.	Stock Code	
		BSE	NSE
Equity Shares	INE752P01024	540064	FRETAIL
Optionally Convertible Debentures ('OCDs')	INE752P08011	N.A.	N.A.

Corporate Identification Number (CIN)

The Company's CIN as allotted by the Ministry of Corporate Affairs is : L51909MH2007PLC268269.

Stock Performance

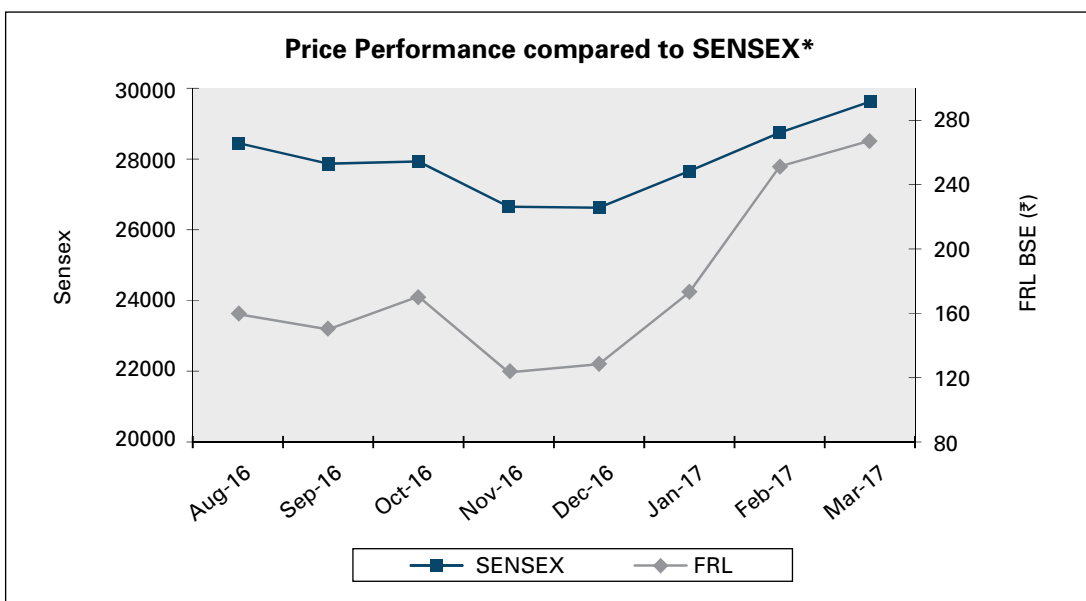
The performance of the Equity Shares of the Company at the Stock Exchanges during the year under review is as follows:

Months*	BSE (in ₹)		NSE (in ₹)	
	High	low	High	Low
Apr-16	N.A.	N.A.	N.A.	N.A.
May-16	N.A.	N.A.	N.A.	N.A.
Jun-16	N.A.	N.A.	N.A.	N.A.
Jul-16	N.A.	N.A.	N.A.	N.A.
Aug-16	163.50	149.90	161.05	150.40
Sep-16	160.25	130.25	160.05	137.20
Oct-16	179.90	145.05	179.70	145.55
Nov-16	169.70	119.50	171.00	118.75
Dec-16	133.60	116.10	133.55	115.45
Jan-17	174.90	127.00	175.90	126.30
Feb-17	271.45	165.00	271.00	164.55
Mar-17	278.25	241.00	278.00	241.10

(*) The equity shares of the Company are listed on BSE and NSE w.e.f. August 29, 2016.

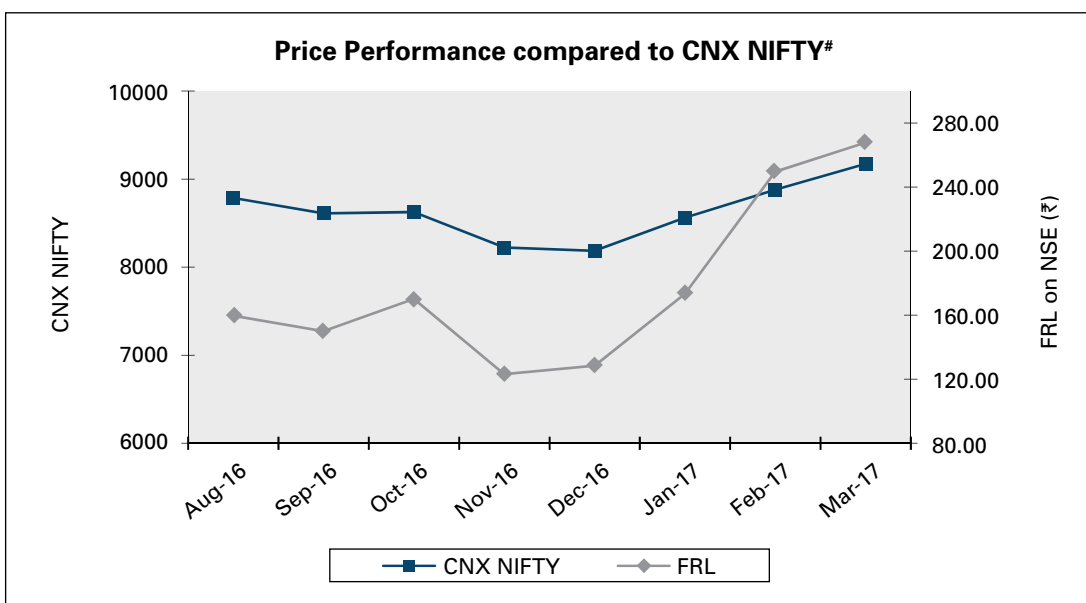
[Source: This information is compiled from the data available from the websites of BSE and NSE]

Performance of Share Price of the Company in comparison to the BSE SENSEX



(*)The performance comparison is based on the closing price / Sensex on the last trading day of the month.

Performance of Share Price of the Company in comparison to the NSE CNX NIFTY



(#)The performance comparison is based on the closing price / CNX Nifty on the last trading day of the month.

Share Transfer System

Trading in Equity Shares of the Company through recognized Stock Exchanges is permitted only in dematerialized form. Shares sent for transfer in physical form are registered and returned within a period of 15 (Fifteen) days from the date of receipt of the documents, provided the documents are valid and complete in all respects. With a view to expedite the process of share transfers, necessary authority has been delegated to the Share Transfer Committee to approve the transfers of equity shares of the Company. The Share Transfer Committee and Stakeholders' Relationship Committee meet as and when required to consider the transfer proposals and attend to Investors' grievances.

De-materialisation of shares

99.77% of the Equity Shares of the Company have been dematerialised as on March 31, 2017. The Company has entered into agreements with both National Securities Depository Limited ('NSDL') and Central Depository Services (India) Limited ('CDSL') whereby Shareholders have an option to dematerialise their shares with either of the Depositories. Entire shareholding of Promoters and Promoter Group is in dematerialised form. Status of Dematerialisation of Equity Shares as on March 31, 2017 is as under:

Particulars	No. of Shares	% of Capital*
National Securities Depository Limited ('NSDL')	35,11,79,228	74.44
Central Depository Services (India) Limited ('CDSL')	11,95,26,920	25.33
Total Dematerialised	47,07,06,148	99.77
Physical	11,06,591	0.23
Total	47,18,12,739	100.00

(*) There is a difference of 1,04,371 Equity Shares between Issued and Paid-up Capital of the Company. The reason being said Equity Shares of ₹ 2/- each of the Company are being kept in abeyance against 95,878 Equity Shares of ₹ 2/- each and 8,493 Class B (Series I) Shares of ₹ 2/- each kept in abeyance in Future Enterprises Limited.

Distribution of Shareholding of Equity Shares as on March 31, 2017

No. of Shares	No. of Shareholders	%	No. of Shares	%
1-500	36,999	86.60	30,09,583	0.64
501-1000	3,666	8.58	24,45,965	0.52
1001-2000	908	2.13	13,08,459	0.28
2001-3000	333	0.78	8,39,790	0.18
3001-4000	142	0.33	4,97,860	0.10
4001-5000	113	0.26	5,29,147	0.11
5001-10000	206	0.48	14,96,650	0.32
10001 and above	355	0.84	46,16,85,285	97.85
Total	42,722	100.00	47,18,12,739	100.00

Equity Shareholding Pattern as on March 31, 2017

Category	No. of Shares	% of holding
Promoters and Promoter Group	23,37,40,436	49.54
Mutual Funds	1,59,71,167	3.38
Banks, Financial Institutions	50,28,014	1.07
Venture Capital Funds	-	-
Insurance Companies	13,02,875	0.28
Foreign Portfolio Investor	8,15,01,172	17.27
Non Resident Indians	4,36,726	0.09
Bodies Corporate	11,21,73,752	23.78
Indian Public (Individual)	1,86,71,583	3.96
Directors & their Relatives	-	-
Clearing Members	9,29,415	0.20
Trust	200	0.00
Hindu Undivided Family	20,49,599	0.43
Foreign Nationals	7,800	0.00
Total	47,18,12,739	100.00

Outstanding GDR /ADR /Warrants or any convertible instruments, conversion date and impact on equity.

1,542 Optionally Convertible Debentures ('OCDs') of ₹ 10 lakhs each aggregating to ₹ 154.20 Crore issued in our Company consequent to the effect of the FRL-FEL Scheme. These OCDs are convertible into Equity Shares of our Company at the option of our Company, at the price prescribed under SEBI Regulations for Preferential Issue of securities on the date of conversion.

The Company has not issued any GDRs / ADRs / Warrants, during the year under review.

Unclaimed Shares

In accordance with the requirement of Regulation 34(3) and Schedule V of Part F of Listing Regulations, the Company reports the following details in respect of equity shares lying in the suspense account:

Particulars	Number of Shareholders	Number of Equity Shares
Aggregate number of Shareholders and the outstanding shares in the suspense account lying as on May 18, 2016 (Date of allotment pursuant to FRL – FEL Scheme)	185	1,01,260
Number of Shareholders who approached the Company for transfer of shares from suspense account during the year	1	550
Shareholders to whom shares were transferred from the suspense account during the year	1	550
Aggregate number of Shareholders and the outstanding shares in the suspense account lying as on March 31, 2017	184	1,00,710

The voting rights on the shares outstanding in the suspense account as on March 31, 2017 shall remain frozen till the rightful owner of such shares claims the shares.

Plant Locations

In view of the nature of the Company's business i.e. multi brand retail, the Company operates from various stores on Pan India basis.

Registered Office

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

Address for Investor Correspondence

- For securities held in physical form**
Registrar and Transfer Agents

M/s. Link Intime India Private Limited
C – 101, 247 Park,
L.B.S Marg, Vikhroli West,
Mumbai – 400 083.
Tel No.: +91 22 4918 6000
Fax No.: +91 22 4918 6060
E-mail: rnt.helpdesk@linkintime.co.in; Website: www.linkintime.co.in

- For securities held in demat Form**

Investors' concerned Depository Participant(s) and/or M/s. Link Intime India Private Limited

- For any query on the Annual Report**

Mr. Virendra Samani, Dy. Company Secretary
Future Retail Limited
Knowledge House, Shyam Nagar,
Off. Jogeshwari Vikhroli Link Road,
Jogeshwari (East), Mumbai – 400 060
Tel No. : +91 22 6644 2200
Fax No.: +91 22 6644 2201
E-mail: investorrelations@futereretail.in; Website: www.futereretail.co.in

DISCLOSURES

Related Party Transactions

All related party transactions were reviewed / approved by the Audit Committee and were entered into in the ordinary course of business and at arm's length basis. During the year under review, there were no materially significant transactions entered into with the related parties that may have potential conflict with the interests of the Company at large. The details of related party transactions are given in Note No. 37 in Notes forming part of the financial statements for the year ended March 31, 2017. Policy on dealing with related party transactions is available on the website of the Company at the link http://futuraeretail.co.in/pdf/RPT_Policy.pdf

Disclosure of Accounting Treatment

During the year under review, the Company followed the Accounting Standards laid down by the Companies (Accounting Standards) Rules, 2006, in the preparation of its financial statements.

Management

A Management Discussion and Analysis (MDA) forms part of the Directors' Report.

All Members of the Senior Management have confirmed to the Board that there are no material, financial and/or commercial transactions between them and the Company, which could have any potential conflict of interest with the Company at large.

CEO/CFO Certification

As required under Regulation 17(8) of the Listing Regulations, the Managing Director and the Chief Financial Officer of the Company have certified to the Board regarding the financial statements for the year ended March 31, 2017.

Subsidiary Companies

The Company does not have any subsidiary company. However, the Company has a policy for determining material subsidiaries of the Company, which is available on the website of the Company at the link [http://futuraeretail.co.in/pdf/Policy for Determining Material Subsidiary.pdf](http://futuraeretail.co.in/pdf/Policy_for_Determining_Material_Subsiary.pdf)

Details of non-compliance

The Company has complied with all the requirements of regulatory authorities. Since the date of listing i.e. August 29, 2016, there were no instances of non-compliance by the Company and no penalty or strictures were imposed on the Company by the Stock Exchange(s) or Securities and Exchange Board of India or any statutory authority, on any matter related to the capital markets.

Establishment of Whistle Blower Policy/Vigil Mechanism

The Company has established a Whistle Blower Policy/Vigil Mechanism. This policy aims to provide an avenue for Stakeholders to raise genuine concerns of any violations of legal or regulatory requirements, actual or suspected fraud or violation of the Company's code of conduct and ethical business practices. This Policy *inter-alia* provides a direct access to a Whistle Blower to the Chairperson of the Audit Committee. The establishment of Vigil Mechanism is available on the website of the Company at the link [http://futuraeretail.co.in/pdf/Vigil Mechanism.pdf](http://futuraeretail.co.in/pdf/Vigil_Mechanism.pdf)

Discretionary requirements (Part E of Schedule II of Listing Regulations)

The Board: The Company has an Executive Chairman and hence the requirement pertaining to reimbursement of expenses to a Non-Executive Chairman does not arise.

Shareholders' Rights: Quarterly and half yearly financial results of the Company are furnished to the Stock Exchanges and are also published in the newspapers and uploaded on website of the Company. Significant events are also posted on the Company's website under the Investors Section. Hence, no half yearly results and significant events were sent to each of household of Shareholders.

Modified opinion(s) in audit report: During the year under review, the Company has unmodified audit opinion on the Company's financial statements. The Company continues to adopt best practices so as to have unmodified audit opinion on financial statements.

Separate posts of Chairperson and CEO: The position of Chairman & Managing Director is not separately held.

Reporting of Internal Auditor: Internal Auditors are invited to the meetings of Audit Committee to make presentation to the Committee on their observations during the course of their Internal Audit.

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To
The Members of
Future Retail Limited

We have examined the compliance of conditions of Corporate Governance by Future Retail Limited ("the Company") for the financial year ended on March 31, 2017 as stipulated in Regulations 17 to 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46 and Para C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015 ("Listing Regulations").

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

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

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

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

Ashok A. Trivedi
Partner
Membership No. 042472

Place : Mumbai
Date : May 23, 2017

DECLARATION ON COMPLIANCE OF CODE OF CONDUCT

To
The Members of
Future Retail Limited

I hereby declare that the Directors and Senior Managerial Personnel of the Company have affirmed in writing, their compliances with the Company's Code of Conduct, during the year ended March 31, 2017.

For Future Retail Limited

Kishore Biyani
Chairman & Managing Director

Place: London
Date : May 23, 2017

BUSINESS RESPONSIBILITY REPORT

OVERVIEW

Future Retail Limited is the flagship Company of Future Group, among India's retail pioneers catering to the entire Indian consumption space. Through multiple retail formats, Future Retail Limited (referred to as "FRL"/ "the Company" hereon) connects a diverse and passionate community of Indian buyers, sellers and businesses. FRL's strategy is in line with its broad objective of being a catalyst in India's consumption-led growth and being a positive agent of change in the communities it serves.

FRL is fully committed to India's socio-economic development and this reflects in the Future Group's commitment to community, environment and to every stakeholder in building a stronger foundation for its long-term sustainable growth. Pursuant to Regulation 34(2)(f) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, ("Listing Regulations") the Directors of FRL present the Business Responsibility Report (BRR) of the Company for the financial year ended March 31, 2017.

This BRR delineates FRL's endeavours to conduct its business with responsibility and accountability towards all its stakeholders *inter-alia* keeping in mind the Nine principles of the Government of India's 'National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business' ("NVGs"). This BRR is in line with the format proposed by SEBI.

Part A: General Information about the Company

Sl. No.	Particulars	Company Information
1	Corporate Identity Number (CIN) of the Company	L51909MH2007PLC268269
2	Name of the Company	Future Retail Limited (formerly known as Bharti Retail Limited)
3	Registered address	Knowledge House, Shyam Nagar, Off Jogeshwari - Vikhroli Link Road, Jogeshwari (East), Mumbai - 400060
4	Website	www.futureretail.co.in
5	E-mail id	investorrelations@futureretail.in
6	Financial Year reported	2016-17
7	Sector(s) that the Company is engaged in (industrial activity code-wise)	Multi Brand Retail Trade NIC Code: 47 (Retail Trade, except of motor vehicles and motorcycles)
8	List three key products/services that the Company manufactures/provides (as in balance sheet)	i. Apparels / Garments; ii. Foods and Grocery; and iii. Consumer Durables / Electronics
9	Total number of locations where business activity is undertaken by the Company	
	(a) Number of International Locations (Provide details of major 5)	There are no International Locations where we operate
	(b) Number of National Locations	As on March 31, 2017, we have a pan India presence with 901 stores in 240 cities covering various formats of the Company
10	Markets served by the Company - Local/State/National/International	National

Part B: Financial Details of the Company

Sl. No.	Particulars	Company Information
1	Paid up Capital (INR)	₹ 94.36 Crore
2	Total Turnover (INR)	₹ 17,075.09 Crore (standalone)
3	Total profit after taxes (INR)	₹ 368.28 Crore (standalone)
4	Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	<p>With regard to the year under review, the Company was not required to spend any amount on CSR activities, since the average net profits of the Company made during the three immediately preceding financial years, as calculated under Section 198 of the Companies Act 2013 was negative.</p> <p>During the year under review, blood donation camps were held at corporate office and at various stores which has helped the community at large. Further, at periodical intervals, Human Resource Team has conducted Health check-up for employees at various office locations. FRL plans to deploy the required funds in the forthcoming years through the "Sone Ki Chidiya" Foundation, a Group Trust.</p>
5	List of activities in which expenditure in 4 above has been incurred	Not Applicable for the year 2016-17.

Part C: Other Details

Sl. No.	Particulars	Company Information
1	Does the Company have any Subsidiary Company/ Companies?	FRL does not have any subsidiary for the financial year ended March, 2017.
2	Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent Company? If yes, then indicate the number of such Subsidiary Company/ Companies	Not Applicable
3	Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]	The Business Responsibility policies are applicable to the management and all the employees of FRL. It encourages adoption of BR initiatives by its Business Partners. Based on dialogue with the suppliers and distributors of FRL, currently less than 30% of other entities participate in the BR initiatives of the Company.

Part D: BR Information

1. Details of Director and BR Head responsible for implementation of the BR policy / policies (DIN, Name, Designation):

Sl. No.	Particulars	Details
1	DIN Number (if applicable)	00005740
2	Name	Mr. Kishore Biyani
3	Designation	Chairman and Managing Director
4	Telephone number	022-61190000
5	E-mail Id	investorrelations@futereretail.in

2. Principle-wise (as per NVGs) BR policy / policies (Replies in Y - Yes / N - No):

The National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business (NVGs) released by the Ministry of Corporate Affairs has adopted Nine areas of Business Responsibility. These briefly are as under:

Principle 1 (P1)	Businesses should conduct and govern themselves with Ethics, Transparency and Accountability.
Principle 2 (P2)	Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.
Principle 3 (P3)	Businesses should promote the well-being of all employees.
Principle 4 (P4)	Businesses should respect the interests of and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.
Principle 5 (P5)	Businesses should respect and promote human rights.
Principle 6 (P6)	Businesses should respect, protect and make efforts to restore the environment.
Principle 7 (P7)	Businesses when engaged in influencing public and regulatory policy, should do so in a responsible manner.
Principle 8 (P8)	Businesses should support inclusive growth and equitable development.
Principle 9 (P9)	Businesses should engage with and provide value to their customers and consumers in a responsible manner.

a. BR Policies and coverage of NVG Nine principles:

Sl. No.	Questions	Business Ethics	Product Responsibility	Well-being of Employee	Stakeholders	Human Rights	Environment	Public Policy	CSR	Customer Relations
		P1	P2	P3	P4	P5	P6	P7	P8	P9
1	Do you have a policy / policies for	Y	Y	Y	Y	Y	Y	Y	Y	Y
2	Has the policy being formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
3	Does the policy conform to any national / international standards? If yes, specify? (50 words)	Yes, the policies are based on the 'National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business' released by the Ministry of Corporate Affairs.								
4	Has the policy being approved by the Board? If yes, has it been signed by MD / Owner / CEO / appropriate Board Director?	Yes, the policies have been approved by the Board and signed by the Chairman and Managing Director.								
5	Does the Company have a specified committee of the Board / Director / Official to oversee the implementation of the policy?	Yes, the FRL's officials / respective departments are authorised to oversee the implementation of the policy.								
6	Indicate the link for the policy to be viewed online?	http://futereretail.co.in/investors								
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
8	Does the Company have in-house structure to implement the policy / policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
9	Does the Company have a grievance redressal mechanism related to the policy / policies to address stakeholders' grievances related to the policy / policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
10	Has the Company carried out independent audit / evaluation of the working of this policy by an internal or external agency?	The Company is working on developing and improving its system for evaluating the implementation of the policies. The policies are evaluated from time to time and updated whenever required.								

b. If answer to S. No. 1 above against any principle, is 'No', please explain why: **Not Applicable**

3. Governance related to BR:

Indicate the frequency with which the Board of Directors, Committee of the Board or CEO assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year.	The Board of Directors of the Company shall assess various initiatives forming part of the BR performance of the Company at least once a year.
Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?	The Company is publishing the information on BR in the Annual Report for the financial year 2016-17 for the first time, which is also available on the website of the Company i.e. http://futereretail.co.in/investors/Policies.html

Part E: Principle-Wise Performance

Principle 1: Ethics, Transparency & Accountability

Businesses should conduct and govern themselves with ethics, transparency and accountability

FRL fosters a work culture with high ethical principles and standards and encourages its employees to perform with total integrity, commitment and ownership. Stakeholders are encouraged to conduct its business by adopting highest standards of professionalism, honesty, integrity and ethical behaviour.

FRL through multiple retail formats connects to a diverse and passionate community of Indian buyers, sellers and businesses including national and international brands. The diversity of partnerships helped the Company to strengthen its commitment to professionalism and integrity in business practices.

FRL's Directors and Senior Management are required to abide by a separate Code of Conduct ('CoC'). Their affirmation to the CoC is communicated to all stakeholders by Managing Director, through a declaration in the Annual Report.

FRL is committed in developing a culture where it is safe for all Directors and employees to raise concerns about any poor or unacceptable practice, unethical behaviour, actual or suspected fraud and any event of misconduct or violation of FRL's Code of Conduct or ethics policy through an established vigil mechanism.

FRL has in place the Whistle Blower Policy which provides appropriate mechanism and framework to promote responsible and secure whistle blowing through vigil mechanism. During this year 2016-17, no complaints were received in this connection.

FRL discloses all information required by statutory laws and works with internal and external stakeholders to ensure:

- Quality standards of products and services at stores;
- No false or misleading claims shall be made whilst marketing to customers;
- Fairness and integrity in the procurement process;

- Well-being of the societies in which it operates, adhering to product and food safety parameters of all products retailed through FRL's stores.

In order to lend focus to each of the Nine Principles, these Guidelines have been placed before the Board and adopted on May 23, 2017.

Total 16 investor complaints received in the past financial year have been satisfactorily resolved by the management and no complaint was pending as on March 31, 2017.

The Company has an Internal Complaints Committee (ICC) to redress complaints received regarding sexual harassment. No complaint was received in 2016-17 by ICC.

Principle 2: Products Contributing to Sustainability

Businesses should provide goods and services that are safe and contribute to sustainability throughout their lifecycle.

FRL is committed to offering products and services that incorporate social and environmental concerns, and offer the best possible value to its customers such that it becomes the customers' first choice for quality and service.

Over the past years, it has consciously partnered with supplier partners to retail products that incorporates sustainability concerns whilst fulfilling the customer needs.

FRL operates more than 600 Big Bazaar, fbb and easyday stores in 240 cities across the Country. The home solutions segment include Home Town and eZone. Home Town is a unique one-stop destination for complete home-making solutions.

The operations of FRL are not energy intensive. The corporate office along with its retail stores such as Home Town and eZone are located as far as possible in buildings that are LEED (Leadership in Energy and Environmental Design) certified. The buildings would have addressed issues related to human health and environmental impacts by being resource efficient. Where stores are not located in green buildings, FRL takes adequate measures to reduce energy and water consumption, by utilising energy efficient equipment and lighting.

FRL ensures fulfillment of all its obligations, relating to products that are procured, including compliance with applicable quality, environmental norms, labour compliances and occupational health & safety and other applicable regulations.

FRL encourages its dealers / suppliers to adopt quality, environmental and safety management systems.

Suppliers are provided with managerial and technical assistance to train them on practices and procedures that will facilitate improvements in their deliverables.

FRL endeavours to procure processed and fresh food which is processed and packed by manufacturers in technologically advanced and resource efficient units under controlled conditions, quality certifications and compliance with FSSAI.

FRL's product ranges incorporate environmental and / or social concerns wherever possible:

- Majority of plastic products are made of Virgin Plastic and products that are used for edible purposes are 100% BPA free;
- The non-stick cookware covering in products are PFOA free;
- Certified organic processed food products; and
- Healthy and nutritional foods.

• Sustainable Sourcing

FRL has procurement guidelines that specify quality for each type of product sourced, and it endeavours to source it's finished garments from responsible sources. The task force set up by FRL is in the process of developing procedures for sustainable sourcing, wherever possible.

Procurement teams look for the suppliers' ability to adhere to full quality compliance processes including audits, batch level traceability for sourcing and distribution so as to cater to modern and traditional retail requirements.

FRL procures unique products from local and small artisans, self-help groups and craftsmen throughout the year including festive seasons. Major procurements in the food value chain are from producer cooperatives for small farmers, self-help groups, SMEs and other suppliers.

There were no known incidents of non-compliance with regulations or voluntary codes resulting in fine, penalty or notices received concerning emissions, health and safety impacts of the Company's products in production, use or disposal.

• Product Labellings

FRL ensures to provide products which have appropriate labelling and signages in accordance with the Food Safety and Standards (Packaging and Labelling) Regulations, 2011 notified by the Food Safety and Standards Authority of India (FSSAI) and the Legal Metrology Act, 2009.

FRL ensures that it's garments carry appropriate labelling and signages as per Indian Care Labelling System which provides information in the form of symbols so as to

indicate to customers how the garment must be handled, washed or treated. The content label *inter-alia* provide details like fibre type, fibre content, country of origin and certification labelling (wherever applicable).

FRL discloses requisite information truthfully and factually including the risks to the end user or customers. Wherever required, the Company also educates its customers on safe and responsible usage of their products including guidelines for product handling, storing at customers end and disposal. The same is visibly placed on all product packaging.

• Recycling

FRL does not undertake any manufacturing or production activity which gives rise to products and waste. From time to time, FRL organises a product return policy in exchange for promotional vouchers at its various retail stores which on one hand increases the customers' purchasing power, promotes recycling, and encourages customers to bring back old products or wastes such as paper, clothes, furniture, footwear etc. which in turn are handed over to waste handlers for recycling or for disposal.

Principle 3: Welfare of Employees

Businesses should promote the well-being of all employees

FRL believes that creation of large societal capital is as important as wealth creation for its stakeholders. It aspires to be an employer of choice in Indian retail - offering exciting new possibilities and encouraging people to rise up to new challenges every day.

FRL engages people who are passionate about what they do, who want to make a difference in the lives of customers, and who live its brand pillars of Indianness, valuing and nurturing relationships and leading positive change.

Future Group is an equal-opportunity employer. FRL encourages people to join from all walks of life and by virtue of its operations in more than 25 states and union territories of the Country has a very diverse workforce in terms of religious, linguistic and ethnic backgroups, gender and socio-economic backgrounds. With an inclusive and richly diverse workforce, FRL offers a vibrant, energetic and achievement-oriented environment.

The permanent manpower at FRL as on March 31, 2017 was as follows:

Total Strength	No. of female employees	No. of differently abled
33,467	6,047	68

Employees Well-being

The FRL family includes over 33,000 employees from a large cross-section of social and economic strata. FRL nurtures its employees for ensuring their passion and long term commitment which leads to outstanding professional growth of it's employees and of Organisation as a whole.

FRL promotes an environment of collaboration and meritocracy - an environment that makes challenges enjoyable and rewarding every day. This is achieved through training, communication and building a positive environment.

FRL provides and maintains equal opportunities at the time of recruitment as well as during the course of employment irrespective of caste, creed, gender, race, disability or sexual orientation.

“Driven by aspirations, Future Retail is fuelling a retail transformation in India and finding innovative ways to drive growth. In every businesses that we are in, in every engagement we have entered, in every relationship, our human capital is the first point of leverage. Our people give Future Retail its energy, culture and ideas.”

FRL ensures that its policies and processes concerning labour and human rights are in line with the laws of the land, and is updated from time to time. Trainings on diversity and inclusion are conducted to enhance awareness around these issues.

FRL ensures all its employees enjoy a flexible life and are able to maintain a work life balance through:-

- a) Provision of a flexible time window at the start of and conclusion of the core working period of eight hours a day, which enables employee to plan both his personal life and work activities.
- b) Almost all large stores have ‘Fun Zones,’ that provide space for relaxation, entertainment and games for employees working at the stores.
- c) Provision of paternity and maternity leave as governed by Indian laws and best practices.
- d) Insurance policies such as Medi-claim, ESIC scheme, EDLI and Life security plans have been implemented and collectively cover employees of the Company and their immediate family members as per eligibility.
- e) The Future Group offices, backend offices and stores are disability friendly.
- f) The workspace is ergonomically designed.

FRL takes care to ensure that there is no child labour, forced labour or any form of involuntary labour, paid or unpaid at any of its premises.

Employee growth, Training and Development and Overall well-being

FRL is committed to the growth and development of its human assets. With an empowering, entrepreneurial culture, FRL works with the passion and enthusiasm of our people for renewed success.

FRL ensures continuous skill and competence upgradation of all employees by providing access to necessary learning opportunities, on an equal and non-discriminatory basis. The Company has also been digitizing its talent management platforms and has created multiple web and online based applications for learning and development, internal communication and employee engagement.

In order to further streamline its talent management services and bring about the next generation practices, the Company is rolling out a new HRMS solution, Infor CloudSuite Human Capital Management.

A job analysis is conducted to ensure employees are well equipped in terms of functional as well as skill based competencies required for the job.

Through Individual Development Plans, customised training needs are identified in the Behavioural and Skills areas and the same is imparted to all eligible employees. This has helped us identify and nurture future leaders and bringing fresh energy and perspective to the business.

Along with this, an employee assistance plan is intended to help employees deal with personal and professional problems that might adversely impact work performance, health and overall well-being.

FRL retains employees through diverse trainings concerning overall development of the employee from the Group level to customised growth plans. To this end, FRL implemented numerous training programs that provide its employees, the avenues for advancement:

- GENISIS : FRL's Management Trainee Program aims to develop trainees into future leaders at the Company through on-the-job training, project work and functional implementation.
- Shishya : An initiative that provides an opportunity to develop and enhance skills and knowledge through various educational and learning programs.
- Seekho : An initiative, aimed at encouraging employees who are consistent performers to fast-track their career growth by completing their higher education (MBA) in the retail domain.
- L.E.A.P : Our Leadership Excellence Advancement Program identifies and develops an individual's leadership potential.

The under mentioned percentage of employees were given safety and skill up-gradation training in the reporting period:

- a. Permanent Employees: 35%
- b. Permanent Women Employees : 18%
- c. Differently abled employees: 21%

Collective Bargaining

FRL's employees do not participate in collective bargaining activities. FRL instead ensures all grievances of the employees are addressed through an established grievance mechanism and creating a culture that empowers an employee to communicate and resolve issues amicably. The Chairman regularly interacts with all employees through his email and regular briefings titled, 'Monday Musings', and all employees are encouraged to directly write to him on his email address. Senior leaders in the organization follow an open door policy to hear any grievances, feedback or suggestions.

Occupational Health and Safety

FRL believes in caring for people who work for the organisation. FRL recognises its responsibilities to ensure safety and health of all its stakeholders who work for the organisation and lives near its establishments and visits its facilities. Senior management shall ensure that due compliances of all applicable laws and regulations pertaining to health and safety measures are undertaken on a continuous basis.

- FRL has constituted safety committee and safety representatives for all its stores and offices and has also defined its safety principles.
- Systems for reporting and monitoring various Safety and Environment parameters are defined and circulated. Injury incidents are being reported to the corporate safety team.

Principle 4: Stakeholder Engagement

Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised

FRL aims to serve as a catalyst that stimulates the use of inclusiveness as a powerful development tool. FRL's manifesto encourages its stakeholders to explore unexplored areas and write new rules to create new opportunities and successes as we believe in our mantra **"Rewrite Rules, Retain Values"**.

FRL is constantly creating future scenarios in the consumer space and facilitate consumption, which *inter-alia* means socio-economic development for customers, employees, Shareholders, associates and partners.

FRL focuses on three key enablers for inclusive growth: employability, innovation and entrepreneurship. While employability helps create a qualified and skilled workforce, innovation and entrepreneurship help drive growth and generate employment.

FRL has identified its stakeholders, understood their level of concern, defined purpose and the scope of engagement. It is committed to maintaining a healthy relation with all their stakeholders.

Shareholders

FRL has an established mechanism for Investor's service and grievance handling with its Registrar and Share Transfer Agent and the Compliance Officer appointed by it. The Board of Directors of FRL has constituted "Stakeholders' Relationship Committee" which periodically ensures that all queries, complaints and grievances reported or received through the investor grievance redressal mechanism, are addressed and resolved on timely basis.

Employees

With fair wages and benefits, opportunities for further development and growth and a better working environment, modern retail offers much more than most alternatives available to such individuals.

FRL engages with its employees to motivate them, boost morale, provide platforms for them to develop and express their creativity, passion and commitment to the task at hand through programmes like:

- "TATTVA" where our employees are given a platform to showcase their talent in Sports, Arts and Cultural events.
- Employee engagement activities include festival celebration like Dussehra, Diwali, Ganesh Chaturthi, Holi etc. and also participating in various activities that takes place during celebration.

Statutory bodies

FRL in its process for ensuring compliances also interacts with various statutory bodies and regulators as and when required. It also maintain its records and ensure compliances, internally and externally.

Suppliers/Vendors

As one of India's premier retail player and one of India's leading home-grown business houses, the Future Group is present across the consumption value chain. Through millions of customers and thousands of suppliers, FRL is conscious of the economic, social and environmental impact of its activities. It fosters a symbiotic relationship with Indian entrepreneurs across communities to create increased self-employment opportunities.

FRL values the diversity of its vendors and engages with number of independent apparel and food suppliers, artisans, producer cooperatives and small farmer communities, on an ongoing basis. FRL supports suppliers to cultivate ethical and fair business practices and give preference to those who demonstrate this.

Consumers

FRL endeavours to build gainful partnerships with consumers to understand their needs and provide the right product and service solutions. FRL adopts and actively encourage the best and fair business practices with its end consumer and brand partners, and endeavours to build solid bonds with them.

FRL enhances consumer's participation through mobile e-commerce, personalised marketing and front end formats. A well-established system is in place for dealing with consumers feedback, complaints and product exchanges. FRL interacts with consumer groups to understand trends, and engages with them at product launches and promotions.

On completion of purchase every consumer is asked to rate the product, the shopping experience at store. Unsatisfactory feedback is analysed and the consumer is contacted for more details. The products packaging provides email details and helpline numbers where they can write in or report for any query or complaint.

With its growing footfalls, specially during peak shopping season, faster checkouts have been a constant

area for improvement. A new scanning and billing system is being introduced even as a number of stores now have sit-down checkout areas.

As a part of the ORM (Online Reputation Management), we connect with every consumer, online. We have a robust technology in place to listen to and monitor, what our consumers are saying about our brands. We identify queries and feedbacks posted on social media platforms, across web, on a real-time basis. Feedback from them are shared with our respective brand's team for taking necessary action within shortest possible time. *(Please refer to Principle 9 below for more details).*

Communities

FRL involves communities surrounding its operations to bring about a positive change in their lives through holistic, sustainable and integrated development.

FRL has identified the disadvantaged, vulnerable and marginalized stakeholders and engages to undertake community mobilization and capacity building. *(Please refer to Principle 8 below for more details).*

Principle 5: Human Rights

Businesses should respect and promote human rights

FRL's human rights policy currently extends to its related entities within the Group. The intent of this policy has been conveyed to all relevant stakeholders. Wherever violations are brought to the notice of the management, it makes every effort to resolve the same.

The contracts with suppliers, contractors and vendors states various compliances to be made by them under applicable labour laws, payment of monthly wages / salaries within prescribed time limits, providing of medical facilities, ensuring contributions of applicable deductions including to PF, ESIC, Gratuity with other retiral benefits.

FRL recognizes and respect the human rights of all stakeholders within and beyond the workplace. It ensures that human rights enshrined in the Constitution of India and is not violated across its operations.

The Company ensures that all individuals impacted by the business have access to grievance mechanisms, and no such complaints were received in the period under review.

Principle 6: Environment

Businesses should respect, protect, and make efforts to restore the environment

FRL endeavours to integrate sustainability principles in its business strategy. FRL strives to conduct its business with environmental accountability, to adopt environment-friendly technologies and energy efficiency in operations while continuously monitoring and reducing emissions. FRL aims to provide products in its basket that integrate environmental and/or social concerns and mitigate impacts.

The EHS policy has been adopted by FRL and has been communicated to various stakeholders on need basis.

FRL continuously seeks to improve its environmental performance, create an environment friendly culture through employee engagement, and encourage the mantra '**reduce, reuse and recycle**'.

Environmental Initiatives

FRL's operations are not energy intensive. FRL's corporate office along with its various retail stores are located in buildings that are LEED (Leadership in Energy and Environmental Design) certified. However, adequate measures have been taken to reduce energy consumption, conserve water and other material resources through:

- Paper bags in place of plastic bags that is provided at all retail stores;
- Packaging of fruits and vegetables are bio degradable in nature;
- Installation of temperature controlled air conditioning systems, water sensor equipment;
- Use of natural lights in offices/store premises;
- Proper signages are displayed at various places in stores and offices to create awareness about water conservation and less usage of papers;
- The digitalization initiative of Future Group launched in February 2017 has resulted in reduction of paper consumption in offices through online challan payments, e-documents and e-reminders amongst others.

Considering that FRL is not a manufacturing unit, the waste generated at its offices / stores is managed as per applicable norms and e-waste generated is disposed through e-waste recyclers.

There were no incidents of non-compliance with regulations resulting in fine, penalty or notices received concerning health and safety impacts of FRL's products in production, use or disposal. There are no show cause and legal notices received during the year which are pending from the CPCB or SPCB at any of the Company's operations.

Principle 7: Policy Advocacy

Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner

FRL regularly participates in industry events and is a member of the Retailers Association of India (RAI).

FRL is committed to public good, however has not actively advocated or lobbied directly with government officials or institutions. The senior leadership team interacts with various professional bodies and organizations to anticipate and understand the economic scenario, industrial environment, government regulations and advancement of public goods and services. These inputs

are used for defining future growth drivers and works in conjunction with trade bodies.

Principle 8: Inclusive Growth

Businesses should support inclusive growth and equitable development

FRL believes that its business is built around strong social relevance of inclusive growth by supporting the common man in meeting their financial needs. Inclusive growth and business sustainability is at the core of strategy and business practices at FRL.

As a responsible organization, FRL is committed towards the above objective and is keen on developing a sustainable business model to ensure and activate future growth drivers.

Pursuant to the requirements detailed in Section 135 of the Companies Act, 2013 and the Companies (Corporate Social Responsibility Policy) Rules, 2014 issued by the Ministry of Corporate Affairs ("MCA") the Company has developed its Corporate Social Responsibility ("CSR") policy.

FRL plans to deploy the adequate funds in the forthcoming years through the "Sone Ki Chidiya" Foundation, a Group Trust to carry on CSR activities. For further details, you may please refer to the CSR Report annexed to the Board's Report of FY 2016-17.

Principle 9: Value to customers and consumers

Businesses should engage with and provide value to their customers and consumers in a responsible manner

FRL's commitment of providing best quality products and services to customers is supported by its concern for the safety of its customers.

Feedback or suggestions of every nature is taken with utmost seriousness and the attempts are made to satisfactorily close all customer feedback or complaints expeditiously. Feedback include staff helpfulness, range, convenience and store ambiance. Total of 111 consumer cases are pending at the close of the year under review. Around 297 million customers visited the Company's stores through the financial year and around 143 million customer bills were generated.

FRL ensures that its advertising and communications do not mislead or confuse the consumers or violate any of the principles in these Guidelines. FRL ensures display of adequate information on product label in addition to information regarding a product's environmental or social responsibility. *(Please refer to Principle 2 and Principle 4 for more details).*

There are no cases filed by any stakeholder against the Company regarding irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year.

INDEPENDENT AUDITORS' REPORT

To,
The Members of
FUTURE RETAIL LIMITED
(formerly known as Bharti Retail Limited)

Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS Financial Statements of **FUTURE RETAIL LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2017, the Statement of Profit and Loss (including other comprehensive income), the Statement of Cash Flow and the Statement of Changes in Equity for the year then ended and a summary of significant accounting policies and other explanatory information, (hereinafter referred to as "Ind AS Financial Statements").

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS Financial Statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Companies Act, 2013, read with relevant rules issued thereunder.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial control, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these Ind AS Financial Statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provision of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS Financial Statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS Financial Statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Ind AS Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS Financial Statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company Directors, as well as evaluating the overall presentation of the Ind AS Financial Statements.

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

Opinion

In our opinion and to the best of information and according to the explanation given to us, the aforesaid Ind AS Financial Statements give the information required by the Act in the manner so required and give true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the financial position of the Company as at March 31, 2017, and its financial performance including other comprehensive income, its cash flow and the changes in equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-Section (11) of Section 143 of the Act, we give in the Annexure "A" a statement on the matters specified in paragraph 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
 - a. We have sought and 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 it appears from our examination of those books;
 - c. The Balance Sheet, the Statement of Profit and Loss and the Statement of Cash Flow and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
 - d. In our opinion, the aforesaid Ind AS Financial Statements comply with the Accounting Standards specified under Section 133 of the Act, read with relevant rule issued thereunder;

- e. On the basis of written representations received from the Directors as on March 31, 2017, and taken on record by the Board of Directors, none of the Directors is disqualified as on March 31, 2017, from being appointed as a Director in terms of Section 164 (2) of the Act;
- f. With respect to the adequacy of internal financial controls over financial reporting of the Company and the operating effectiveness of such control, refer to our separate report in "Annexure B"; and
- g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanation given to us:
 - i. The Company has disclose the impact of pending litigation on its financial position in its Ind AS Financial Statements – Refer Note 42 to the Ind AS Financial Statements;
 - ii. The Company did not have any long term contract including derivative contract for which there were any material foreseeable losses.
- iii. There were no amounts, which were required to be transferred, to the Investor Education and Protection Fund by the Company.
- iv. The Company has provided requisite disclosures in its Ind AS Financial Statements as to holdings as well as dealings in Specified Bank Notes during the period from November 8, 2016 to December 30, 2016 and these are in accordance with the books of accounts maintained by the Company. Based on audit procedure and reliance on management representation, we report that the disclosures are in accordance with books of accounts and other records maintained by the Company and as produced to us by the management of the Company. Refer Note 47 to the Ind AS Financial Statements.

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

Ashok A. Trivedi
Partner

Place: Mumbai
Date : May 23, 2017

Membership No. 042472

Annexure - A to the Auditors' Report

The Annexure referred to in Independent Auditors' Report to the Members of the **FUTURE RETAIL LIMITED** on the Ind AS Financial Statements for the year ended March 31, 2017, we report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a regular programme of physical verification of its fixed assets by which fixed assets are verified in a phased manner over a period of three years. In accordance with this programme, certain fixed assets were verified during the year and no material discrepancies were noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets.
- (c) According to the information and explanations received by us, as the Company owns no immovable properties, the requirements on reporting whether title deeds of immovable properties are held in the name of the Company is not applicable.
- (ii) (a) As explained to us, management has conducted physical verification of inventory at reasonable intervals during the year.
- (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventory followed by the Management were reasonable and adequate in relation to the size of the Company and nature of its business.
- (c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013. Therefore, the provisions of clause 3(iii) (a), (b) and (c) of the Order are not applicable.
- (iv) In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees and securities granted in respect of which provisions of Section 185 and 186 of the Companies Act, 2013 are applicable and hence not commented upon.
- (v) The Company has not accepted any deposits from the public.
- (vi) To the best of our knowledge and as explained, the Central Government has not prescribed the maintenance of cost records under Section 148(1) of the Companies Act, 2013 for any of the product of the Company. We have been informed by the

management, no cost records have been prescribed under Section 148(1) of the Companies Act, 2013, in respect of any activities carried on by the Company.

- (vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/accrued in the books of account in respect of undisputed statutory dues including, provident fund, employees' state insurance, income tax, sales tax, service tax, custom duty, value added tax, cess and other material statutory dues, as applicable, have been regularly deposited during the year by the Company with the appropriate authorities.

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employee's state insurance, income tax, sales tax, service tax, duty of customs and value added tax, cess and other material statutory dues were in arrears as at March 31, 2017 for a period of more than six months from the date they became payable.

- (b) According to the information and explanations given to us, there are no dues of income tax, service tax and duty of customs which have not been deposited with the appropriate authorities on account of any dispute.

However, according to information and explanations given to us, the following dues of stamp duty and value added tax have not been deposited by the Company on account of disputes:

Name of the Statute	Nature of the dues	Amount (₹ in Crore)	Period to which the amount relates	Forum where dispute is pending
The Indian Stamp Act, 1899	Stamp Duty	4.01*	FY : 2008-09	Chief Controlling Revenue Authority, Ghaziabad, U.P.
Central Sales Tax Act and Local Sales Tax Act	Central Sales Tax and Local Sales Tax (including Value Added Tax)	14.92	FY: 2007-08, 2008-09; 2009-10, 2010-11; 2012-13	Additional Commissioner Grade 2, Kanpur; Directorate of Commercial Taxes; Dy. Commissioner of Sales Tax; Special Commissioner of VAT; Additional Commissioner (Appeals)

*Net of amount paid under protest.

- (viii) Based on our audit procedures and on the basis of information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of loans or borrowings from banks and debenture holders. The Company has not taken any loans from Government or any Financial Institution.
- (ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Therefore, clause 3 (ix) of the Order is not applicable.
- (x) To the best of our knowledge and belief and according to the information and explanations given to us, no fraud by the Company was noticed or reported during the year, although there were some instances of fraud on the Company noticed by the Management, the amounts whereof were not material in the context of the size of the Company and the nature of its business and the amounts were adequately provided for.
- (xi) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite provision of Section 197, read with Schedule V to the Act.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Therefore, clause 3(xii) of the Order is not applicable.

- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with Sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the Ind AS Financial Statements as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement shares or fully or partly convertible debentures during the year.
- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with Directors or persons connected with him. Therefore, paragraph 3(xv) of the Order is not applicable.
- (xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

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

Ashok A. Trivedi

Partner

Place : Mumbai
Date : May 23, 2017

Membership No. 042472

Annexure - B to the Auditors' Report

Report on the Internal Financial Controls under Clause (i) of Sub-Section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **FUTURE RETAIL LIMITED** ("the Company") as of March 31, 2017 in conjunction with our audit of the Ind AS Financial Statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Financial Statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Financial Statements in accordance with generally accepted accounting principles and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and Directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the Financial Statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management, override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial controls over financial reporting may become inadequate because of changes in conditions or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

Ashok A. Trivedi
Partner

Place : Mumbai
Date : May 23, 2017

Membership No. 042472

BALANCE SHEET AS AT MARCH 31, 2017

(₹ in Crore)

	Note No.	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
ASSETS				
1. Non-Current Assets				
Property, Plant and Equipment	3	94.97	-	108.56
Capital Work-in-Progress	3	2.41	-	43.40
Intangible Assets	4	458.81	260.93	25.98
Intangible Assets Under Development	4	9.44	-	-
Financial Assets				
Investment	5	0.00	-	-
Loans	6	266.99	230.73	19.93
Others	7	0.33	1.87	1.47
Other Non-Current Assets	8	83.20	76.42	12.52
Total Non-Current Assets		916.15	569.95	211.86
2. Current Assets				
Inventories	9	3,735.16	3,297.24	216.15
Financial Assets				
Trade Receivables	10	228.06	114.87	0.44
Cash and Cash Equivalents	11	128.45	89.49	8.33
Bank Balances Other than Cash and Cash Equivalents	12	27.59	-	-
Loans	13	1,440.42	1,014.06	5.68
Others	14	14.62	17.62	0.10
Other Current Assets	15	447.08	482.22	15.73
Total Current Assets		6,021.38	5,015.50	246.43
Total Assets		6,937.53	5,585.45	458.29
EQUITY AND LIABILITIES				
Equity				
Equity Share Capital	16	94.36	8.70	1,398.66
Other Equity	17	2,459.30	1,865.27	(1,687.26)
Total Equity		2,553.66	1,873.97	(288.60)
Liabilities				
1. Non-Current Liabilities				
Financial Liabilities				
Borrowings	18	0.81	-	54.00
Provisions	19	45.48	31.94	8.42
Other Non-Current Liabilities	20	144.16	134.20	111.73
Total Non-Current Liabilities		190.45	166.14	174.15
2. Current Liabilities				
Financial Liabilities				
Borrowings	21	1,077.59	968.20	336.40
Trade Payables	22	2,779.99	2,208.50	166.09
Other Financial Liabilities	23	180.62	167.70	6.73
Other Current Liabilities	24	149.55	194.04	35.77
Provisions	25	5.67	6.90	27.76
Total Current Liabilities		4,193.42	3,545.34	572.74
Total Equity and Liabilities		6,937.53	5,585.45	458.29

The accompanying notes are an integral part of the financial statements.

1-50

As per our report of even date attached

For and on behalf of Board of Directors

For NGS & Co. LLP

Chartered Accountants

Kishore Biyani

Chairman & Managing Director
London

Rakesh Biyani

Joint Managing Director

Rajan Bharti Mittal

Director

Ashok A. Trivedi

Partner
Membership No.: 042472

Ravindra Dhariwal
Director

Gagan Singh
Director

New York

Shailendra Bhandari
Director

Sridevi Badiga
Director

Mumbai

C. P. Toshniwal
Chief Financial Officer

Virendra Samani
Dy. Company Secretary

Mumbai
May 23, 2017

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2017

(₹ in Crore)

	Note No.	Year Ended March 31, 2017	Year Ended March 31, 2016
INCOME			
Revenue From Operations	26	17,075.09	6,845.13
Other Income	27	23.80	18.22
Total Income		17,098.89	6,863.35
EXPENSES			
Purchase of Stock-In-Trade		13,212.92	5,254.86
Change in Inventories of Stock-In-Trade	28	(378.57)	(189.74)
Employee Benefits Expense	29	803.44	328.51
Finance Costs	30	204.23	49.75
Depreciation and Amortization Expense	3 & 4	32.58	36.76
Other Expenses	31	2,856.01	1,368.12
Total Expenses		16,730.61	6,848.26
Profit Before Tax		368.28	15.09
Tax Expense	35	-	-
Profit For The Year		368.28	15.09
Other Comprehensive Income For The Year		(2.69)	(0.77)
Total Comprehensive Income For The Year		365.59	14.32
Earnings Per Equity Share of Face Value of ₹ 2/- each	38		
Basic And Diluted		7.81	0.69

The accompanying notes are an integral part of the financial statements.

1-50

As per our report of even date attached

For NGS & Co. LLP
Chartered Accountants

Ashok A. Trivedi
Partner
Membership No.: 042472

Mumbai
May 23, 2017

For and on behalf of Board of Directors

Kishore Biyani
Chairman & Managing Director
London

Ravindra Dhariwal
Director

Gagan Singh
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New York

Rakesh Biyani
Joint Managing Director

Shailendra Bhandari
Director

Sridevi Badiga
Director

Mumbai

Rajan Bharti Mittal
Director

C. P. Toshniwal
Chief Financial Officer

Virendra Samani
Dy. Company Secretary

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2017

(₹ in Crore)

	As at March 31, 2017	As at March 31, 2016
(A) EQUITY SHARE CAPITAL		
Opening Balance	8.70	1,398.66
Issued Pursuant to the Scheme of Arrangement with Future Enterprises Limited (Formerly Known as Future Retail Limited)	85.57	-
Issue of Equity Shares Under Employee Stock Option Scheme	0.09	-
Issue of Equity Shares	-	321.09
Shares Reduced Due to Reduction and Re-organisation	-	(1,711.05)
Closing Balance	94.36	8.70
(B) OTHER EQUITY		
Share Application Money		
Opening Balance	-	133.00
Received During The Year	-	188.09
Issue of Equity Shares	-	(321.09)
Closing Balance	-	-
Share Capital Suspense		
Opening Balance	85.57	-
Issued Pursuant to the Scheme of Arrangement with Future Enterprises Limited (Formerly Known as Future Retail Limited)	(85.57)	-
Equity Shares to be Issued Pursuant to the Scheme of Arrangement (Refer Note No.48)	3.57	85.57
Closing Balance	3.57	85.57
Retained Earnings		
Opening Balance	(490.88)	(2,216.26)
Profit For The Year	368.28	15.09
Reduction & Re-organisation of Share Capital Pursuant to Composite Scheme	-	1,711.05
Other Comprehensive Income/(Loss) For The Year		
Re-measurement (Losses) on Defined Benefit Plans	(2.69)	(0.77)
Closing Balance	(125.29)	(490.88)
Capital Reserve		
Opening Balance	2,270.58	396.00
On Composite Scheme of Arrangement (Refer Note No.48)	2.96	1,874.58
Closing Balance	2,273.54	2,270.58
Securities Premium Reserve		
Opening Balance	-	-
Issue of Equity Shares	6.02	-
Closing Balance	6.02	-

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2017

(₹ in Crore)

	As at March 31, 2017	As at March 31, 2016
Securities Premium Reserve Suspense		
Opening Balance	-	-
On Composite Scheme of Arrangement (Refer Note No.48)	291.43	-
Closing Balance	291.43	-
Share Options Outstanding Account		
Opening Balance	-	-
Employee Stock Option Expense	9.72	-
Exercise of Stock Options	5.64	-
Closing Balance	4.08	-
Equity Component of Optionally Convertible Debentures		
Opening Balance	-	-
Issue of Optionally Convertible Debentures (Equity Component)	5.95	-
Closing Balance	5.95	-
TOTAL OTHER EQUITY	2,459.30	1,865.27

As per our report of even date attached

For NGS & Co. LLP
Chartered Accountants

Ashok A. Trivedi
Partner
Membership No.: 042472

Mumbai
May 23, 2017

For and on behalf of Board of Directors

Kishore Biyani
Chairman & Managing Director
London

Ravindra Dhariwal
Director

Gagan Singh
Director

New York

Rakesh Biyani
Joint Managing Director

Shailendra Bhandari
Director

Sridevi Badiga
Director

Mumbai

Rajan Bharti Mittal
Director

C. P. Toshniwal
Chief Financial Officer

Virendra Samani
Dy. Company Secretary

STATEMENT OF CASH FLOW FOR THE YEAR ENDED MARCH 31, 2017

(₹ in Crore)

	Year Ended March 31, 2017	Year Ended March 31, 2016
A CASH FLOWS FROM OPERATING ACTIVITIES		
Profit Before Tax	368.28	15.09
Adjustments For:		
Depreciation and Amortization Expense	32.58	36.76
Finance Costs	204.23	49.75
Employee Stock Option Expense	9.72	-
Allowance for Credit Losses	1.36	-
Loss on Disposal/Discard of Fixed Assets (Net)	-	0.01
Interest Income	(11.34)	(2.99)
Operating Profit Before Working Capital Changes	604.83	98.62
Adjustments For:		
Trade Receivables	(98.72)	10.44
Loans, Other Financial Assets and Other Assets	(426.44)	(308.36)
Inventories	(379.64)	(191.64)
Trade Payables	534.43	396.65
Other Financial Liabilities, Other Liabilities and Provisions	(29.38)	260.90
Cash Generated From Operations	205.08	266.61
Taxes Paid	(8.05)	(4.62)
Net Cash Flows From Operating Activities	197.03	261.99
B CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property, Plant and Equipment and Intangible Assets	(87.02)	(401.24)
Sale of Property, Plant and Equipment and Intangible Assets	-	98.01
Purchase of Investments	(0.00)	-
Interest Received	11.34	2.99
Net Cash Used In Investing Activities	(75.68)	(300.24)
C CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Issue of Shares	6.43	188.09
Proceeds from Borrowings	109.39	(149.65)
Interest Paid	(204.23)	(49.75)
Net Cash Used In Financing Activities	(88.41)	(11.31)
On Composite Schemes of Arrangement	6.02	130.72
Net (Decrease)/Increase In Cash and Cash Equivalents	38.96	81.16
Net (Decrease)/Increase In Cash and Cash Equivalents	38.96	81.16
Cash and Cash Equivalents (Opening Balance)	89.49	8.33
Cash and Cash Equivalents (Closing Balance)	128.45	89.49

As per our report of even date attached

For NGS & Co. LLP
Chartered Accountants

Ashok A. Trivedi
Partner
Membership No.: 042472

Mumbai
May 23, 2017

For and on behalf of Board of Directors

Kishore Biyani
Chairman & Managing Director
London

Ravindra Dhariwal
Director

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New York

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Rajan Bharti Mittal
Director

C. P. Toshniwal
Chief Financial Officer

Virendra Samani
Dy. Company Secretary

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

1. Company Overview and Significant Accounting Policies

1.1 Company Overview

Future Retail Limited ('Formerly Known as Bharti Retail Limited') ('the Company') is a public Company domiciled in India and incorporated on February 7, 2007. The Company is engaged in the business of retailing of fashion, household and consumer products through departmental and neighbourhood stores under various formats across the country.

The Company has its registered office at Mumbai, Maharashtra, India. The Company has its primary listings on the National Stock Exchange of India Limited and BSE Limited.

The financial statements were authorised for issue in accordance with a resolution of the Board of Directors on May 23, 2017.

1.2 Basis of Preparation of Financial Statements

These financial statements are prepared in accordance with Indian Accounting Standards (Ind AS) under the historical cost convention method on accrual basis except for certain financial instruments which are measured at fair values. The Ind AS are prescribed under Section 133 of the Companies Act, 2013 ('Act') read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

The Company has adopted all the Ind AS standards and the adoption was carried out in accordance with Ind AS 101 First-Time Adoption of Indian Accounting Standards. The transition was carried out from Indian Accounting Principles generally accepted in India as prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (IGAAP), which was the previous GAAP. Reconciliations and descriptions of the effect of the transition has been summarized in note 2.

1.3 Use of Estimates

The preparation of the financial statements in conformity with Ind AS requires management to make estimates, judgments and assumptions. These estimates, judgments and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the period. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

1.4 Revenue Recognition

Revenue is recognised on a fair value basis to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Sale of Products

Revenue from sale of products is recognised, when significant risks and rewards of ownership have been transferred to the buyer and no significant uncertainty exists regarding the amount of the consideration that will be derived from the sale of products. It also includes excise duty and excludes value added tax / sales tax. It is measured at fair value of consideration received or receivable, net of returns and allowances.

Rendering of Services

Revenue from services are recognised as they are rendered based on arrangements with the customers.

Interest Income

For all financial instruments measured at amortised cost, interest income is recorded using the effective interest rate (EIR), which is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset.

Dividend Income

Dividend income is recognised when the Company's right to receive such dividend is established.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

1.5 Property, Plant and Equipment

Property, plant and equipment are stated at cost, less accumulated depreciation and impairment, if any. Costs directly attributable to acquisition are capitalized until the property, plant and equipment are ready for use, as intended by management. The cost of property, plant and equipment acquired in a business combination is recorded at fair value on the date of acquisition.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in the Statement of Profit or Loss when the asset is derecognised.

For transition to Ind AS, the Company has elected to continue with the carrying value of all its property, plant and equipment recognised as on April 1, 2015 measured as per previous GAAP as it deemed cost on the date of transition.

The Company depreciates property, plant and equipment over their estimated useful lives using the straight-line method. The estimated useful lives of assets are as follows:

Building	: 30 years
Plant and Equipment	: 15 years
Office Equipment*	: 3 to 6 years
Furniture and Fixture	: 10 years
Leasehold Improvement*	: Lease term or 15 years, whichever is lower
Vehicle	: 8 years

*Based on technical evaluation, the management believes that the useful lives as given above best represent the period over which management expects to use these assets. Hence, the useful lives for these assets is different from the useful lives as prescribed under Part C of Schedule II of the Companies Act 2013.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Leasehold lands are amortised over the period of lease. Buildings constructed on leasehold land are depreciated based on the useful life specified in Schedule II to the Companies Act, 2013, where the lease period of land is beyond the life of the building.

In other cases, buildings constructed on leasehold lands are amortised over the primary lease period of the lands.

Advances paid towards the acquisition of property, plant and equipment outstanding at each balance sheet date is classified as capital advances under other non-current assets and the cost of assets not put to use before such date are disclosed under 'Capital work-in-progress'.

1.6 Intangible Assets

Intangible assets are stated at acquisition cost and other cost incurred, which is attributable to preparing the asset for its intended use, less accumulated amortization and accumulated impairment losses, if any. The cost of intangible assets acquired in a business combination is recorded at fair value on the date of acquisition. Intangible assets are amortised on straight line basis over their estimated useful economic life not exceeding ten years.

An item of intangible assets is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in the Statement of Profit or Loss when the asset is derecognised.

The residual values, useful lives and methods of amortisation of intangible assets are reviewed at each financial year end and adjusted prospectively, if appropriate.

For transition to Ind AS, the Company has elected to continue with the carrying value of all its intangible assets recognised as on April 1, 2015 measured as per previous GAAP as it deemed cost on the date of transition.

1.7 Business Combinations

Business combinations have been accounted for using the acquisition method under the provisions of Ind AS 103, Business Combinations. The cost of an acquisition is measured at the fair value of the assets transferred, equity instruments issued and liabilities incurred or assumed at the date of acquisition, which is the date on which control is transferred to the Company. The cost of acquisition also includes the fair value of any contingent consideration. Identifiable assets acquired, liabilities and contingent liabilities assumed in a business combination are measured initially at their fair value on the date of acquisition. Business combinations between entities under

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

common control is accounted for at carrying value. Transaction costs that the Company incurs in connection with a business combination such as finder's fees, legal fees, due diligence fees, and other professional and consulting fees are expensed as incurred.

1.8 Leases

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

Finance leases that transfer substantially all of the risks and benefits incidental to ownership of the leased item, are capitalized at commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and a reduction in the lease liability so as to achieve a constant rate of interest on the remaining balance of liability. Finance charges are recognised in finance cost in the statement of profit and loss.

1.9 Current versus Non-Current Classification

An asset is considered as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is considered as current when it is:

- Expected to be settled in normal operating cycle
- Held primarily for the purpose of trading
- Due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

1.10 Measurement of Fair Value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1– Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 – Input for the asset or liability that are not based on observable market data (unobservable inputs).

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

1.11 Financial Instruments

i Initial Recognition and Measurement

The Company recognizes financial assets and liabilities when it becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are recognized at fair value on initial recognition, except for trade receivables which are initially measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and liabilities that are not at fair value through profit or loss are added to the fair value on initial recognition. Regular way purchase and sale of financial assets are recognised on the trade date.

ii Subsequent Measurement

A Non-Derivative Financial Instruments

a Financial Assets Carried at Amortised Cost

A financial asset is subsequently measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

b Financial Assets at Fair Value Through Other Comprehensive Income

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Company has made an irrevocable election for its investments which are classified as equity instruments to present the subsequent changes in fair value in other comprehensive income based on its business model. Further, in cases where the Company has made an irrevocable election based on its business model, for its investments which are classified as equity instruments, the subsequent changes in fair value are recognized in other comprehensive income.

c Financial Assets at Fair Value Through Profit or Loss

A financial asset which is not classified in any of the above categories are subsequently fair valued through profit or loss.

d Financial Liabilities

Financial liabilities are subsequently carried at amortized cost using the effective interest method, except for contingent consideration recognized in a business combination which is subsequently measured at fair value through profit and loss. For trade and other payables maturing within one year from the Balance Sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

B Derivative Financial Instruments

The Company holds derivative financial instruments such as foreign exchange forward and option contracts to mitigate the risk of changes in exchange rates on foreign currency exposures. The counterparty for these contracts is generally a bank.

Financial Assets or Liabilities, at Fair Value Through Profit or Loss:

This category has derivative financial assets or liabilities which are not designated as hedges.

Although the Company believes that these derivatives constitute hedges from an economic perspective, they may not qualify for hedge accounting under Ind AS 109, Financial Instruments. Any derivative that is either not designated a hedge, or is so designated but is ineffective as per Ind AS 109, is categorized as a financial asset or financial liability, at fair value through profit or loss.

Derivatives not designated as hedges are recognized initially at fair value and attributable transaction costs are recognized in net profit in the Statement of Profit and Loss when incurred. Subsequent to initial recognition, these derivatives are measured at fair value through profit or loss and the resulting exchange gains or losses are included in other income. Assets/ liabilities in this category are presented as current assets/ liabilities if they are either held for trading or are expected to be realized within 12 months after the balance sheet date.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

iii Derecognition of Financial Instruments

The Company derecognises a financial asset when the contractual right to receive the cash flows from the financial asset expire or it transfers the financial asset.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires.

1.12 Inventories

Inventories are valued at lower of cost or net realizable value. Inventories of traded goods are valued at lower of cost or net realizable value. Finished Goods and Work-in-Progress include cost of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. Costs of inventories are computed on weighted average basis.

1.13 Foreign Currency

i Functional Currency

Financial statements of the Company's are presented in Indian Rupees (₹), which is also the functional currency.

ii Transactions and Translations

Foreign-currency denominated monetary assets and liabilities are translated into the relevant functional currency at exchange rates in effect at the balance sheet date. The gains or losses resulting from such translations are included in the Statement of Profit and Loss. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at fair value are translated at the exchange rate prevalent at the date when the fair value was determined. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of the transaction. Transaction gains or losses realized upon settlement of foreign currency transactions are included in determining net profit for the period in which the transaction is settled.

Foreign exchange differences regarded as an adjustment to borrowing costs are presented in the statement of profit and loss, within finance costs. All other foreign exchange gain and losses are presented in the statement of profit and loss on net basis within other gains/ (losses).

1.14 Borrowing Costs

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

1.15 Employee Benefits

Short term employee benefits are recognised as an expense at the undiscounted amount in the Statement of Profit and Loss for the period in which the related service is rendered.

Post-employment and other long term employee benefits are recognised as an expense in the Statement of Profit and Loss for the period in which the employee has rendered services. The expense is recognised at the present value of the amounts payable determined using actuarial valuation techniques. Gains and losses through re-measurements of the net defined benefit liability/ (asset) are recognized in other comprehensive income. The actual return of the portfolio of plan assets, in excess of the yields computed by applying the discount rate used to measure the defined benefit obligation is recognized in other comprehensive income. The effect of any plan amendments are recognized in the statement of profit and loss.

1.16 Share-Based Payment

The Company recognizes compensation expense relating to share-based payments in statement of profit and loss, using fair-value. The estimated fair value of awards is charged to income on a straight-line basis over the requisite service period for each separately vesting portion of the award as if the award was in-substance, multiple awards with a corresponding increase to share options outstanding account.

1.17 Income Tax

Income tax comprises current and deferred income tax. It is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in other comprehensive income.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Provision for current tax is made after taking into consideration benefits admissible under the provisions of the Income-tax Act, 1961.

Deferred income tax assets and liabilities are recognized for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of changes in tax rates on deferred income tax assets and liabilities is recognized as income or expense in the period that includes the enactment or the substantive enactment date. A deferred income tax asset is recognized to the extent there is reasonable certainty that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilized. The Company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

1.18 Earnings Per Share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity Shareholders of the Company by the weighted average number of equity shares outstanding during the period.

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

1.19 Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that is reasonably estimable, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Provisions for warranty-related costs are recognised when the product is sold or service provided to the customer. Initial recognition is based on historical experience. The initial estimate of warranty-related costs is revised annually.

1.20 Impairment

(i) Financial Assets

The Company recognizes loss allowances using the expected credit losses (ECL) model for the financial assets which are not fair valued through statement of profit and loss. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised is recognised as an impairment gain or loss in statement of profit and loss.

(ii) Non-Financial Assets

Intangible Assets and Property, Plant and Equipment

Intangible assets and property, plant and equipment are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit to which the asset belongs.

If such assets are considered to be impaired, the impairment to be recognized in the Statement of Profit and Loss is measured by the amount by which the carrying value of the assets exceeds the estimated recoverable amount of the asset. An impairment loss is reversed in the statement of profit and loss if there has been a change in the estimates used to determine the recoverable amount. The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortization or depreciation) had no impairment loss been recognised for the asset in prior years.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

1.21 Share Capital

Ordinary Shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares and share options are recognized as a deduction from equity, net of any tax effects.

1.22 First-Time Adoption of Ind AS

These financial statements for the year ended March 31, 2017 have been prepared in accordance with Ind AS. For the year ended up to March 31, 2016, the Company prepared its financial statements in accordance with accounting standards notified under Section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP).

For the purposes of transition to Ind AS, the Company has followed the guidance prescribed in Ind AS 101 - First Time adoption of Indian Accounting Standard, with April 1, 2015 as the transition date and IGAAP as the previous GAAP.

The transition to Ind AS has resulted in changes in the presentation of the financial statements, disclosures in the notes thereto and accounting policies and principles. The accounting policies set out in above note have been applied in preparing the financial statements for the year ended March 31, 2017 and the comparative information. An explanation of how the transition from previous GAAP to Ind AS has affected the Company's Balance Sheet, Statement of Profit and Loss, is set out in below note. Exemptions on first time adoption of Ind AS availed in accordance with Ind AS 101 have been set out in note 1.23.

1.23 Exemptions availed on First-Time Adoption of Ind AS 101

Ind AS 101 allows first-time adopters certain exemptions from the retrospective application of certain requirements under Ind AS. The Company has accordingly applied the following exemptions.

(i) Business Combination

The Company has elected not to apply Ind AS 103 Business Combinations retrospectively to past business combinations that occurred before the transition date. The Company elected to apply Ind AS 103 prospectively.

(ii) Deemed Cost

The Company has elected to continue with the carrying value of all of its property, plant and equipment and intangible assets recognised as of transition date measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

2. Reconciliation

The following reconciliations provide the effect of transition to Ind AS from IGAAP in accordance with Ind AS 101

Reconciliation of Equity Between Previous IGAAP and Ind AS is as Under

(₹ in Crore)

	Opening Balance Sheet as at April 1, 2015			Balance Sheet as at March 31, 2016		
	IGAAP	Effects of transition to Ind AS	Ind AS	IGAAP	Effects of transition to Ind AS	Ind AS
ASSETS						
1. Non-Current Assets						
Property, Plant and Equipment	108.56	-	108.56	-	-	-
Capital Work-in-Progress	43.40	-	43.40	-	-	-
Intangible Assets	25.98	-	25.98	260.93	-	260.93
Financial Assets						
Loans	19.93	-	19.93	243.47	(12.74)	230.73
Others	1.47	-	1.47	1.87	-	1.87
Other Non-Current Assets	12.52	-	12.52	63.90	12.52	76.42
Total Non-Current Assets	211.86	-	211.86	570.17	(0.22)	569.95
2. Current Assets						
Inventories	216.15	-	216.15	3,297.24	-	3,297.24
Financial Assets						
Trade Receivables	0.44	-	0.44	114.87	-	114.87
Cash and Cash Equivalents	8.33	-	8.33	89.49	-	89.49
Loans	5.68	-	5.68	1,014.06	-	1,014.06
Others	0.10	-	0.10	17.62	-	17.62
Other Current Assets	15.73	-	15.73	482.22	-	482.22
Total Current Assets	246.43	-	246.43	5,015.50	-	5,015.50
Total Assets	458.29	-	458.29	5,585.67	(0.22)	5,585.45
EQUITY AND LIABILITIES						
Equity						
Equity Share Capital	1,398.66	-	1,398.66	8.70	-	8.70
Other Equity	(1,687.26)	-	(1,687.26)	1,865.49	(0.22)	1,865.27
Total Equity	(288.60)	-	(288.60)	1,874.19	(0.22)	1,873.97
Liabilities						
1. Non-Current Liabilities						
Financial Liabilities						
Borrowings	54.00	-	54.00	-	-	-
Provisions	8.42	-	8.42	31.94	-	31.94
Other Non-Current Liabilities	111.73	-	111.73	134.20	-	134.20
Total Non-Current Liabilities	174.15	-	174.15	166.14	-	166.14
2. Current Liabilities						
Financial Liabilities						
Borrowings	336.40	-	336.40	968.20	-	968.20
Trade Payables	166.09	-	166.09	2,208.50	-	2,208.50
Other Financial Liabilities	6.73	-	6.73	167.70	-	167.70
Other Current Liabilities	35.77	-	35.77	194.04	-	194.04
Provisions	27.76	-	27.76	6.90	-	6.90
Total Current Liabilities	572.74	-	572.74	3,545.34	-	3,545.34
Total Equity and Liabilities	458.29	-	458.29	5,585.67	(0.22)	5,585.45

Reconciliation Statement of Profit and Loss Between Previous IGAAP And Ind AS Is As Under

(₹ in Crore)

	Year ended March 31, 2016		
	IGAAP	Effects of Transition to Ind-AS	Ind AS
Income			
Revenue from operations	6,845.13	-	6,845.13
Other Income	15.51	2.71	18.22
Total Income	6,860.64	2.71	6,863.35
Expenses			
Purchase of Stock-In-Trade	5,254.86	-	5,254.86
Change in Inventories of Stock-In-Trade	(189.74)	-	(189.74)
Employee Benefits Expense	329.28	(0.77)	328.51
Finance Costs	49.75	-	49.75
Depreciation and Amortization Expense	36.76	-	36.76
Other Expenses	1,365.18	2.93	1,368.12
Total Expenses	6,846.09	2.16	6,848.26
Profit Before Tax For The Year	14.55	0.55	15.09
Tax Expense	-	-	-
Profit After Tax For The Year	14.55	0.55	15.09
Other Comprehensive Income	-	(0.77)	(0.77)
Total Comprehensive Income	14.55	(0.22)	14.32

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

3. Property, Plant and Equipment

(₹ in Crore)

Cost	Land	Building	Leasehold Improve- ment	Plant and Equipment	Office Equipment	Furniture and Fixture	Vehicle	Office Equipment On Lease	Total	Capital Work-in- Progress
As At April 1, 2015	-	-	42.00	23.71	13.06	29.79	-	-	108.56	43.40
Additions	-	-	2.39	2.66	2.08	0.94	-	-	8.07	-
Disposals/Transfer#	-	-	44.39	26.37	15.14	30.73	-	-	116.63	43.40
As At March 31, 2016	-	-	-	-	-	-	-	-	-	-
Transfer #	7.94	12.05	5.70	51.01	6.40	10.37	0.09	1.41	94.97	-
Disposals/Transfer	-	-	-	-	-	-	-	-	-	-
As At March 31, 2017	7.94	12.05	5.70	51.01	6.40	10.37	0.09	1.41	94.97	2.41
Accumulated Depreciation										
As At April 1, 2015	-	-	-	-	-	-	-	-	-	-
Depreciation	-	-	3.01	7.47	2.99	5.15	-	-	18.62	-
Disposals/Transfer	-	-	3.01	7.47	2.99	5.15	-	-	18.62	-
As At March 31, 2016	-	-	-	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	-	-	-	-
Disposals/Transfer	-	-	-	-	-	-	-	-	-	-
As At March 31, 2017	-	-	-	-	-	-	-	-	-	-
Net Book Value										
As At March 31, 2017	7.94	12.05	5.70	51.01	6.40	10.37	0.09	1.41	94.97	2.41
As At March 31, 2016	-	-	-	-	-	-	-	-	-	-
As At April 1, 2015	-	-	42.00	23.71	13.06	29.79	-	-	108.56	43.40

includes impact of Composite Scheme of Arrangement (Refer Note No. 48)

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

4. Intangible Assets

(₹ in Crore)

	Computer Software	Brand / Trade Mark	Total	Intangible Assets Under Development
Cost				
As At April 1, 2015	25.98	-	25.98	-
Additions/Transfer#	253.09	-	253.09	-
Disposals/Transfer	-	-	-	-
As At March 31, 2016	279.07	-	279.07	-
Additions/Transfer#	75.43	155.03	230.46	9.44
Disposals/Transfer	-	-	-	-
As At March 31, 2017	354.50	155.03	509.53	9.44
Accumulated Amortisation				
As At April 1, 2015	-	-	-	-
Amortisation	18.14	-	18.14	-
Disposals/Transfer	-	-	-	-
As At March 31, 2016	18.14	-	18.14	-
Amortisation	32.58	-	32.58	-
Disposals/Transfer	-	-	-	-
As At March 31, 2017	50.72	-	50.72	-
Net Book Value				
As At March 31, 2017	303.78	155.03	458.81	9.44
As At March 31, 2016	260.93	-	260.93	-
As At April 1, 2015	25.98	-	25.98	-

includes impact of Composite Scheme of Arrangement (Refer Note No. 48)

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(₹ in Crore)

		As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
5.	Non-Current Financial Assets - Investment			
	Unquoted Fully Paid Up Equity Shares			
	100 (NIL) Equity Shares of Future Supply Chain Solutions Limited of ₹ 10/- each	*	-	-
	*Denotes Amounting to ₹ 37,048/-			
		0.00	-	-
	Note:			
	Investment Carried At Fair Value Through Other Comprehensive Income			
	Equity Instrument Amounting to ₹ 37,048/-			
	Aggregate Value of Unquoted Investment ₹ 37,048/-			
6.	Non-Current Financial Assets - Loans			
	Security Deposits			
	Unsecured, Considered Good	266.99	230.73	19.93
		266.99	230.73	19.93
7.	Non-Current Financial Assets - Others			
	Bank Balances Other Than Cash and Cash Equivalents			
	Deposit With Banks	0.33	1.87	1.47
		0.33	1.87	1.47
8.	Other Non-Current Assets			
	Capital Advances			
	Others Unsecured, Considered Good	0.24	-	4.60
	Doubtful	-	-	0.15
		0.24	-	4.75
	Less: Provision for Doubtful	-	-	0.15
		0.24	-	4.60
	Others			
	Others Unsecured, Considered Good*	82.96	76.42	7.92
	Doubtful	-	0.60	0.60
		82.96	77.02	8.52
	Less: Provision for Doubtful	-	0.60	0.60
		82.96	76.42	7.92
		83.20	76.42	12.52
	(* Includes Balances with Government Authorities)			
9.	Inventories			
	Stock-in-Trade	3,730.92	3,294.07	214.88
	Goods-in-Transit of ₹ 96.59 Crore (2016: ₹ 91.27 Crore, 2015: ₹ 0.62 Crore)			
	Packing Materials And Others	4.24	3.17	1.27
		3,735.16	3,297.24	216.15

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(₹ in Crore)

		As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
10.	Trade Receivables			
	Unsecured, Considered Good (Refer Note No. 32)	228.06	114.87	0.44
	Doubtful	1.36	0.22	0.22
		229.42	115.09	0.66
	Less: Allowance for Credit Losses	1.36	0.22	0.22
		228.06	114.87	0.44
11.	Cash and Cash Equivalents			
	Balances with Banks			
	On Current Accounts	104.16	66.34	4.38
	Cheques on Hand	8.04	0.84	-
	Cash on Hand	16.25	22.31	3.95
		128.45	89.49	8.33
12.	Bank Balances Other Than Cash and Cash Equivalents			
	Deposit With Banks*	27.59	-	-
		27.59	-	-
	*Held as margin money or security against the borrowings, guarantees and other commitments			
13.	Current Financial Assets-Loans			
	Security Deposits			
	Unsecured, Considered Good	1,440.42	1,014.06	5.68
	Doubtful	-	-	1.19
		1,440.42	1,014.06	6.87
	Less: Provision for Doubtful Security Deposits	-	-	1.19
		1,440.42	1,014.06	5.68
14.	Current Financial Assets-Others			
	Others	14.62	17.62	0.10
		14.62	17.62	0.10
15.	Other Current Assets			
	Other Advances#			
	Unsecured, Considered Good	447.08	482.22	15.73
	Doubtful	-	0.75	1.49
		447.08	482.97	17.22
	Less: Provision for Doubtful	-	0.75	1.49
		447.08	482.22	15.73
	# Includes advance to suppliers, prepaid expenses etc.			

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

16. Equity Share Capital

	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	Number	(₹ in Crore)	Number	(₹ in Crore)	Number	(₹ in Crore)
Authorised						
Equity Shares of ₹ 2/- each (2016: ₹ 2/- each) (2015: ₹ 10/- each)*	12,50,00,00,000	2,500.00	12,50,00,00,000	2,500.00	2,50,00,00,000	2,500.00
	12,50,00,00,000	2,500.00	12,50,00,00,000	2,500.00	2,50,00,00,000	2,500.00
Issued **						
Equity Shares of ₹ 2/- each (2016: ₹ 2/- each) (2015: ₹ 10/- each)* # #	47,19,17,110	94.38	4,34,78,261	8.70	1,39,86,60,000	1,398.66
	47,19,17,110	94.38	4,34,78,261	8.70	1,39,86,60,000	1,398.66
Subscribed and Paid up **						
Equity Shares of ₹ 2/- each (2016: ₹ 2/- each) (2015: ₹ 10/- each) * # #	47,18,12,739	94.36	4,34,78,261	8.70	1,39,86,60,000	1,398.66
	47,18,12,739	94.36	4,34,78,261	8.70	1,39,86,60,000	1,398.66

*As per the Composite Scheme of Arrangement with Future Enterprises Limited (Formerly Known as Future Retail Limited), the number of shares were reduced from 1,71,97,50,000 to 4,34,78,261 and Face value of an equity share was reduced from ₹ 10/- to ₹ 2/- each w.e.f. October 31, 2015.

** Refer Note (iii)

4,34,78,261 Equity Shares includes shares held through nominees

(i) Reconciliation of Number of Equity Shares

Particulars	As at March 31, 2017	As at March 31, 2016
	Number of Shares	Number of Shares
Opening Balance (Equity Shares of ₹ 2/- (2016: ₹ 10/-) each	47,13,38,557	1,39,86,60,000
Add : Shares Issued (Equity Shares of ₹ 2/- each (2016 : ₹ 10/- each) #	4,74,182	32,10,90,000
Less : Shares reduced due to reduction and re-organisation*	-	1,67,62,71,739
Add : Shares issued pursuant to Composite Scheme of Arrangement (Refer Note No.48)	-	42,78,60,296
Closing Balance (Equity Shares of ₹ 2/- each)	47,18,12,739	47,13,38,557

4,74,182 equity shares of ₹ 2/- each issued against options exercised by employees under FRL ESOP Plan.

* Previous years numbers have been adjusted for reduction & re-organisation of share capital pursuant to Composite Scheme of Arrangement with Future Enterprises Limited (Formerly Known as Future Retail Limited).

(ii) Terms/Rights Attached to Equity Shares

The Company has only one class of Equity Shares having a par value of ₹ 2/- each (2016: ₹ 2/- each post Scheme of Arrangement) at the Balance Sheet Date. Each holder is entitled to one vote per share in case of voting by show of hands and one vote per Shares held in case of voting by poll/ballot. Each holder of Equity Share is also entitled to normal dividend (including interim dividend, if any) as may declared by the Company. The Company declares and pays dividends in Indian Rupees. The dividend proposed by the Board of Directors is subject to approval of the Shareholders in the Annual General Meeting.

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

(iii) Pursuant to the provisions of the Companies Act, 2013, the issue of 104,371 Equity Shares are kept in abeyance corresponding to their status in Future Enterprises Limited

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(iv) Shares held by holding/ultimate holding Company

Cedar Support Services Limited was 100% Holding company as on March 31, 2016. Consequent to allotment of Equity Shares pursuant to the Composite Scheme of Arrangement with Future Enterprises Limited (Formerly Known as Future Retail Limited) on May 18, 2016, it ceased to be Holding company.

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

Name of Shareholder	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Equity Shares						
Future Corporate Resources Limited	18,11,70,090	38.40	-	-	-	-
PIL Industries Limited	4,41,36,090	9.35	-	-	-	-
Cedar Support Services Limited # #	4,34,78,261	9.22	4,34,78,261	100.00	1,39,86,60,000	100.00
ARISAIG Partners (Asia) PTE Limited A/c Arisaig India Fund Limited	3,16,37,118	6.71	-	-	-	-
Brand Equity Treaties Limited	2,49,99,999	5.30	-	-	-	-
Bennet, Coleman & Company Limited	2,44,91,700	5.19	-	-	-	-

Includes 6 Equity Shares held through nominees

Equity Share Suspense Account

	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	Number	(₹ in Crore)	Number	(₹ in Crore)	Number	(₹ in Crore)
42,78,60,296 Equity Shares of ₹ 2/- each, fully paid-up, issued pursuant to the Scheme of arrangement (Refer Note No. 48)	-	-	42,78,60,296	85.57	-	-
1,78,47,420 Equity Shares of ₹ 2/- each, fully paid-up, issued pursuant to the Scheme of arrangement (Refer Note No. 48)	1,78,47,420	3.57	-	-	-	-
	1,78,47,420	3.57	42,78,60,296	85.57	-	-

Nature and Purpose of Reserves:

a) Securities Premium Reserve

Securities Premium Reserve is created when shares are issued at premium. The Company may issue fully paid-up bonus shares to its Members out of the security premium reserve account, and company can use this reserve for buy-back of shares.

b) Securities Premium Reserve Suspense

Securities Premium Reserve will be created on allotment of equity shares on account of demerger of Retail Business Undertaking, pursuant to the scheme of arrangement with Heritage Foods Retail Limited.

c) Capital Reserve

During the financial year ended March 31, 2017, the capital reserve of ₹ 2.96 Crore recognised due to demerger of Retail Business Undertaking, pursuant to the scheme of arrangement with Heritage Foods Retail Limited.

During the financial year ended March 31, 2016, the capital reserve of ₹ 1874.58 Crore recognised due to demerger of retail division, pursuant to the scheme of arrangement with Future Enterprises Limited (Formerly Known as Future Retail Limited).

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(₹ in Crore)

	As at March 31, 2017	As at March 31, 2016
17. OTHER EQUITY		
Share Application Money		
Opening Balance	-	133.00
Received During The Year	-	188.09
Issue of Equity Shares	-	(321.09)
Closing Balance	-	-
Share Capital Suspense		
Opening Balance	85.57	-
Issued Pursuant to the Scheme of Arrangement with Future Enterprises Limited (Formerly Known as Future Retail Limited)	(85.57)	-
Equity Shares to be Issued Pursuant to the Scheme of Arrangement (Refer Note No. 48)	3.57	85.57
Closing Balance	3.57	85.57
Retained Earnings		
Opening Balance	(490.88)	(2,216.26)
Profit For The Year	368.28	15.09
Reduction & Re-organisation of Share Capital Pursuant to Composite Scheme of Arrangement (Refer Note No. 48)	-	1,711.05
Other Comprehensive Income/(Loss) For The Year		
Re-measurement (Losses) on Defined Benefit Plans	(2.69)	(0.77)
Closing Balance	(125.29)	(490.88)
Capital Reserve		
Opening Balance	2,270.58	396.00
On Composite Scheme of Arrangement (Refer Note No. 48)	2.96	1,874.58
Closing Balance	2,273.54	2,270.58
Securities Premium Reserve		
Opening Balance	-	-
Issue of Equity Shares	6.02	-
Closing Balance	6.02	-
Securities Premium Reserve Suspense		
Opening Balance	-	-
On Composite Scheme of Arrangement (Refer Note No.48)	291.43	-
Closing Balance	291.43	-
Share Options Outstanding Account		
Opening Balance	-	-
Employee Stock Option Expense	9.72	-
Exercise of Stock Options	5.64	-
Closing Balance	4.08	-
Equity Component of Optionally Convertible Debentures		
Opening Balance	-	-
Issue of Optionally Convertible Debentures (Equity Component)	5.95	-
Closing Balance	5.95	-
TOTAL OTHER EQUITY	2,459.30	1,865.27

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(₹ in Crore)

		As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
18.	Non-Current Financial Liabilities - Borrowings			
	Secured (Refer Note No.45)			
	Loan from Bank	-	-	54.00
	Finance Lease Obligation	0.81	-	-
		0.81	-	54.00
19.	Non-Current Liabilities - Provisions			
	Provision for Employee Benefits	45.48	31.94	8.42
		45.48	31.94	8.42
20.	Other Non-Current Liabilities			
	Lease Equalisation Account	144.16	134.20	111.73
		144.16	134.20	111.73
21.	Borrowings			
	Secured (Refer Note No.45)			
	Working Capital Loans from Banks	977.59	918.20	240.00
		977.59	918.20	240.00
	Unsecured			
	Loan from Bank (Refer Note No.46)	-	50.00	-
	Commercial Paper (Refer Note No.46)	100.00	-	-
	Inter Corporate Deposits Received	-	-	96.40
		100.00	50.00	96.40
		1,077.59	968.20	336.40
22.	Trade Payables			
	Trade Payables (Refer Note No. 41)	2,779.99	2,208.50	166.09
		2,779.99	2,208.50	166.09
23.	Current-Other Financial Liabilities			
	Optionally Convertible Debentures			
	1542 10% p.a. Optionally Convertible Debentures having face value of ₹10,00,000 each (Refer Note No.48)	165.40	154.20	-
	Finance Lease Obligation	0.33	-	-
	Interest Accrued But Not Due on Borrowings	0.01	0.01	0.91
	Security Deposits	11.52	11.96	0.49
	Others	3.36	1.53	5.33
		180.62	167.70	6.73
24.	Other Current Liabilities			
	Lease Equalisation Account	1.94	0.91	0.43
	Advance From Customers	67.06	67.74	0.72
	Other Payables	80.55	125.39	34.62
		149.55	194.04	35.77
25.	Current Provisions			
	Provision for Employee Benefits	5.40	6.68	12.66
	Warranties	0.27	0.22	-
	Others	-	-	15.10
		5.67	6.90	27.76

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(₹ in Crore)

		Year Ended March 31, 2017	Year Ended March 31, 2016
26.	Revenue From Operations		
	Sale of Products	17,591.75	7,138.80
	Less: Vat, Sales Tax	905.37	422.62
	Other Operating Revenue	388.71	128.95
		17,075.09	6,845.13
27.	Other Income		
	Interest Income	11.34	2.99
	Excess Provisions/Liabilities Written Back	4.42	11.67
	Miscellaneous Income	8.04	3.56
		23.80	18.22
28.	Changes In Inventories of Stock-In-Trade		
	Opening Inventories		
	Stock-In-Trade	3,294.07	214.87
	Add: On Composite Schemes of Arrangement	-	2,889.46
	Closing Inventories		
	Stock-In-Trade	3,672.64	3,294.07
		(378.57)	(189.74)
29.	Employee Benefits Expense		
	Salaries, Wages and Bonus	725.07	292.50
	Contribution to Provident and Other Funds	45.29	23.42
	Employee Stock Option Expense	9.72	-
	Staff Welfare Expenses	23.36	12.59
		803.44	328.51
30.	Finance Costs		
	Interest Expense	198.00	49.36
	Other Borrowing Costs	6.23	0.39
		204.23	49.75
31.	Other Expenses		
	Power and Fuel	252.43	111.36
	Repairs and Maintenance	41.03	34.60
	Insurance	10.75	6.12
	Rates and Taxes	11.26	8.45
	Rent Including Lease Rentals	1,359.54	604.29
	Advertisement and Marketing	372.75	137.13
	Allowance for Credit Losses	1.36	-
	Exchange Fluctuation Loss (Net)	2.17	1.41
	Miscellaneous Expenses	804.72	464.76
		2,856.01	1,368.12

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

32. Financial Risk Management

The Company's financial risk management is an integral part of how to plan and execute its business strategies. The Company's financial risk management policy is set by the managing board.

Market risk is the risk of loss of future earnings, fair values or future cash flows that may result from a change in the price of a financial instrument. The value of a financial instrument may change as a result of changes in the interest rates, foreign currency exchange rates and other market changes that affect market risk sensitive instruments. Market risk is attributable to all market risk sensitive financial instruments including loans and borrowings, foreign currency receivables and payables.

The Company manages market risk through treasury department, which evaluates and exercises independent control over the entire process of market risk management. The treasury department recommends risk management objectives and policies, which are approved by Senior Management and the Audit Committee. The activities of this department include management of cash resources, implementing hedging strategies for foreign currency exposures and borrowing strategies.

i Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. In order to optimize the interest cost, treasury performs a comprehensive corporate interest rate risk management by balancing the borrowings from commercial paper, short term loan, working capital loan and non fund facilities from banks.

The Company is not exposed to significant interest rate risk as at the respective reporting dates.

ii Foreign Currency Risk

The Company is exposed to exchange fluctuation risk for its purchase from overseas suppliers in various foreign currencies.

The Company follows established risk management policies including the use of derivatives like foreign exchange forward contracts to hedge exposures to foreign currency risk.

The following table analyzes foreign currency risk from financial instruments as of:

(₹ in Crore)

	2016-17	2015-16
Trade Payables	101.85	119.09

iii Credit Risk

Credit risk refers to the risk of default on its obligation by the counter party resulting in a financial loss. The maximum exposure to the credit risk at the reporting date is primarily from trade receivables amounting to ₹ 228.06 Crore and ₹ 114.87 Crore as of March 31, 2017 and March 31, 2016 respectively. Trade receivables are typically unsecured and are derived from revenue earned from customers. Credit risk has always been managed by the Company through credit approvals, establishing credit limits and continuously monitoring the credit worthiness of customers to which the Company grants credit terms in the normal course of business. On account of adoption of Ind AS 109, the Company uses expected credit loss model to assess the impairment loss or gain. The Company uses a provision matrix to compute the expected credit loss allowance for trade receivables. The provision matrix takes into account available external and internal credit risk factors and the Company's historical experience for customers.

Credit Risk Exposure

Change in the loss allowance measured using life-time expected credit loss model:

(₹ in Crore)

	2016-17	2015-16
Opening Balance	0.22	0.22
Provided During The Year	1.36	-
Amounts Written off	0.22	-
Closing Balance	1.36	0.22

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

The ageing analysis of the receivables (gross of provision) has been considered from the date the invoice falls due:

(₹ in Crore)

	2016-17	2015-16
Up to 3 Months	207.95	97.73
3 to 6 Months	13.44	11.28
More Than Six Months	6.67	5.86

iv Liquidity Risk

The Company's principal sources of liquidity are cash and cash equivalents and the cash flow that is generated from operations. Liquidity risk is defined as the risk that the Company will not be able to settle or meet its obligations on time or at a reasonable price. Typically the Company ensures that it has sufficient cash on demand to meet expected operational expenses and servicing of financial obligations.

(₹ in Crore)

	2016-17	2015-16
Short-Term Borrowings	1,077.59	968.20
Trade Payables	2,779.99	2,208.50
Other Financial Liabilities	180.62	167.70

v Financial Instruments Valuation

All financial instruments are initially recognized and subsequently re-measured at fair value as described below:

- The fair value of quoted investment is measured at quoted price or NAV.
- The fair value of the remaining financial instruments is determined using discounted cash flow analysis.
- All foreign currency denominated assets and liabilities are translated using exchange rate at reporting date.

Fair value measurement hierarchy:

(₹ in Crore)

Particulars	As At March 31, 2017			As At March 31, 2016			As At April 1, 2015		
	Carrying Amount	Level of Input used in		Carrying Amount	Level of Input used in		Carrying Amount	Level of Input used in	
		Level 1	Level 2		Level 1	Level 2		Level 1	Level 2
Financial Assets									
At Amortised Cost									
Trade Receivables	228.06	-	-	114.87	-	-	0.44	-	-
Cash and Bank Balances	156.08	-	-	89.49	-	-	8.33	-	-
Loans	1,707.41	-	-	1,244.78	-	-	25.61	-	-
Other Financial Assets	14.95	-	-	19.49	-	-	1.57	-	-
At FVTOCI									
Investments	0.00	-	0.00	-	-	-	-	-	-
Financial Liabilities									
At Amortised Cost									
Borrowings	1,078.40	-	-	968.20	-	-	390.40	-	-
Trade Payables	2,779.99	-	-	2,208.50	-	-	166.09	-	-
Other Financial Liabilities	180.62	-	-	167.70	-	-	6.73	-	-

The financial instruments are categorized into two levels based on the inputs used to arrive at fair value measurements as described below:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities; and

Level 2: Inputs other than the quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

33. Capital Management

For the purpose of the Company's capital management, capital includes issued equity capital, share premium and all other equity reserves attributable to the equity holders of the Company. The primary objective of the Company's capital management is to maximize the shareholder value.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to Shareholders, return capital to Shareholders or issue new shares. The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Company includes within net debt, interest bearing loans and borrowings, trade and other payables, less cash and cash equivalents.

(₹ in Crore)

	March 31, 2017	March 31, 2016	April 1, 2015
Borrowings	1,078.40	968.20	390.40
Trade Payables	2,779.99	2,208.50	166.09
Other Payables	474.33	495.94	154.23
Less: Cash and Cash Equivalents	128.45	89.49	8.33
Net Debt	4,204.27	3,583.15	702.39
Equity	94.36	8.70	1,398.66
Other Equity	2,459.31	1,865.27	(1,687.26)
Total Capital	2,553.67	1,873.97	(288.60)
Capital and Net Debt	6,757.94	5,457.12	413.79
Gearing Ratio	62%	66%	170%

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current period.

No changes were made in the objectives, policies or processes for managing capital during the year ended March 31, 2017 and March 31, 2016.

34. Employee Benefits - Gratuity

As per Ind AS 19 the disclosures as defined in the Accounting Standard are given below:

i Change in Present Value of Defined Benefit Obligation

(₹ in Crore)

	2016-17	2015-16
Defined Benefit Obligation at the beginning of the year	27.54	8.30
Service Cost	6.48	8.23
Interest Expense	2.09	1.79
Transfer of Obligation	-	14.04
Remeasurement-Actuarial (gains)/losses	2.76	0.79
Benefits Paid	(5.72)	(5.61)
Defined Benefit Obligation at the end of the year	33.15	27.54

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

ii Change in Fair Value of Plan Assets

(₹ in Crore)

	2016-17	2015-16
Fair Value of Plan Assets at the beginning of the year	4.62	-
Transfer of assets	-	4.26
Remeasurement-Return on plan assets excluding amounts included in Interest Income	0.36	0.33
Contributions	0.25	-
Actuarial Gain/ (Loss) on Plan Assets	0.07	0.03
Fair Value of Plan Assets at the end of the year	5.30	4.62

iii Net Defined Benefit Liability/ (Assets)

(₹ in Crore)

	2016-17	2015-16
Defined Benefit Obligation	33.15	27.54
Fair Value of Plan Assets	5.30	4.62
Surplus /(Deficit)	28.09	22.92
Effect of Assets Ceiling	-	-
Net Defined Benefit Liability/ (Assets)	28.09	22.92

iv Total Expenses Recognised in the Statement of Profit and Loss

(₹ in Crore)

	2016-17	2015-16
Current Service cost	6.48	8.23
Net interest on the net defined benefit liability/asset	1.73	1.45
Immediate recognition of (gains)/losses - other long term benefits	-	-
Total Expenses Recognised in the Statement of Profit And Loss	8.21	9.68

v Remeasurement Effects Recognised in Other Comprehensive Income (OCI)

(₹ in Crore)

	2016-17	2015-16
Actuarial (Gains)/ Losses	2.76	0.80
(Return)/loss on plan assets excluding amounts included in the net interest on the net defined benefit Liability/ (Asset)	(0.07)	(0.03)
Total (Gain) / Loss included in OCI	2.69	0.77

vi Reconciliation of Amounts in Balance Sheet

(₹ in Crore)

	2016-17	2015-16
Defined Benefit Obligation at the beginning of the year	22.92	8.30
Acquisitions	-	9.78
Total expenses recognised in Profit and Loss Account	8.21	9.68
Total Remeasurement included in OCI	2.69	0.77
Contribution paid	0.25	-
Benefits paid	5.72	5.61
Defined Benefit Obligation at the end of the year	27.85	22.92

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

vii Reconciliation of Amounts in Statement of Other Comprehensive Income

(₹ in Crore)

	2016-17	2015-16
OCI (Income)/ Loss at the beginning of year	0.27	(0.50)
Total Remeasurement included in OCI	2.69	0.77
OCI (Income)/ Loss at the end of the year	2.96	0.27

viii Expected Maturity Profile of Defined benefit Obligation

(₹ in Crore)

	2016-17
Year 1	2.54
Year 2	2.58
Year 3	2.50
Year 4	2.63
Year 5	2.66
Year 6 - 10	11.74

ix Financial Assumptions

	2016-17	2015-16
Discount Rate	7.20%	8.00%
Expected Rate of Salary Increase	5.00%	5.00%

x Demographic Assumptions

	2016-17	2015-16
Mortality Rate	IALM (2006-08) ultimate	IALM (2006-08) ultimate
Withdrawal Rate	2 % to 10 %	2 % to 10 %
Retirement age	58 Years	58 Years

xi Sensitivity Analysis

(₹ in Crore)

	2016-17	2015-16
Discount Rate		
a. Discount Rate -100 basis point	3.68	3.06
b. Discount Rate +100 basis point	3.00	2.50
Salary Increase Rate		
a. Rate -100 basis point	3.00	2.50
b. Rate +100 basis point	3.67	3.05

35. Income Tax Expense

i Reconciliation of Tax Expenses

(₹ in Crore)

	2016-17	2015-16
Profit before tax	368.28	15.09
Applicable tax rate	34.61%	33.99%
Computed expected tax expense	127.45	5.13
Effect of non-deductible expense	5.50	6.41
Effect of additional deduction	(13.65)	(3.90)
Carried forward losses utilized	(119.30)	(7.64)
Tax Expense charged to the Statement of Profit and Loss	-	-

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

ii Amount for which Deferred Tax Assets not Recognised

(₹ in Crore)

	2016-17	2015-16
Unused Tax Losses	552.75	665.62
Accelerated Depreciation for Tax purpose	(89.11)	(69.86)
Other items giving rise to Temporary Differences	68.17	59.05
Deferred Tax Asset	531.81	654.81

36. Segment Reporting

The Company is primarily engaged in the business of “Retail”, which in terms of Ind AS 108 on “Segment Reporting” constitutes a single reporting segment.

37. Related Party Disclosures

Disclosure as required by Ind AS 24 and Companies act, 2013. Related Party Disclosures are given below:

1 List of Related Parties

A Ultimate Holding Company

- i Bharti Enterprises (Holding) Private Limited (upto May 18, 2016)
- ii Bharti Enterprises Limited (upto May 18, 2016)

B Holding Company

Cedar Support Services Limited (upto May 18, 2016)

C Enterprises over which Key Management Personnel are able to exercise significant influence

- i Bansi Mall Management Company Private Limited
- ii Bharti Airtel Limited
- iii Bharti Enterprises Limited
- iv Future Enterprises Limited (formerly known as Future Retail Limited)
- v Future Ideas Company Limited
- vi Future Lifestyle Fashions Limited
- vii Future Sharp Skills Limited
- viii Retail Light Techniques India Limited
- ix Work Store Limited (formerly known as Staples Future Office Products Limited)
- x Cedar Support Services Limited (from May 18, 2016))

D Entity able to Exercise significant Influence.

Future Corporate Resources Limited (from May 18, 2016)

E Key Management Personnel

- i Mr. Kishore Biyani (from May 2, 2016)
- ii Mr. Rakesh Biyani (from May 2, 2016)
- iii Mr. C. P. Toshniwal (from May 2, 2016)
- iv Mr. Virendra Samani (from May 2, 2016)
- v Mr. Manish Sabnis (from August 1, 2015 to May 2, 2016)
- vi Mr. Craig Wadsworth Wimsatt (upto July 31, 2015)
- vii Mr. Anupam Goyal (upto May 2, 2016)

F Relatives of Key Management Personnel

- i Mrs. Bhavika Samani

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

2 Transaction with Related Parties

(₹ in Crore)

Nature of Transaction	Ultimate Holding Company	Holding Company	Key Management Personnel Exercise Significant Influence	Entity able to Exercise Significant Influence	Key Management Personnel/ Relatives
Sale of Goods and Services	- (0.01)	- (-)	96.88 (-)	0.76 (-)	- (-)
Purchase of Goods and Services	- (-)	- (4.22)	1066.85 (-)	138.90 (-)	0.03 (-)
Equity Share Capital	- (-)	- (188.09)	- (-)	- (-)	- (-)
Optionally Convertible Debentures	- (-)	- (250.00)	- (-)	- (-)	- (-)
Security Deposit Given	- (-)	- (-)	75.00 (-)	- (-)	- (-)
Managerial Remuneration	- (-)	- (-)	- (-)	- (-)	7.93 (2.20)
Outstanding Balance as on March 31, 2017					
Receivable	- (-)	- (0.75)	506.85 (-)	170.85 (-)	- (-)
Payable	- (-)	- (154.20)	153.67 (-)	- (-)	- (-)

Note: Previous year figures are given in parenthesis.

3 Significant Related Party Transactions

- A Sale of Goods and Services includes Bharti Enterprises Limited ₹ Nil (2016: ₹ 0.01 Crore), Future Lifestyle Fashions Limited ₹ 94.94 Crore (2016: ₹ Nil).
- B Purchases of Goods and Services includes Future Corporate Resources Limited ₹ 138.90 Crore (2016: ₹ Nil), Future Lifestyle Fashions Limited ₹ 163.24 Crore (2016: ₹ Nil), Future Enterprises Limited ₹ 878.67 Crore (2016: ₹ Nil).
- C Security Deposit given Future Enterprises Limited ₹ 75.00 Crore (2016: ₹ Nil).
- D Managerial Remuneration includes Mr. Kishore Biyani ₹ 2.39 Crore (2016: ₹ Nil), Mr. Rakesh Biyani ₹ 2.38 Crore (2016: ₹ Nil). Key Managerial Personnel Remuneration includes Mr. C. P. Toshniwal ₹ 2.12 Crore (2016: ₹ Nil), Mr. Virendra Samani ₹ 0.35 Crore (2016: ₹ Nil), Mr. Craig Wadsworth Wimsatt ₹ Nil (2016: ₹ 1.56 Crore), Mr. Manish Sabnis ₹ 0.09 Crore (2016: ₹ 0.64 Crore), Mr. Anupam Goyal ₹ 0.60 Crore (2016: ₹ Nil).

38. Earnings Per Share

Statement of Calculation of Basic and Diluted EPS is as under:

	Units	2016-17	2015-16
Profit attributable to equity holders	₹ in Crore	368.28	15.09
Weighted average number of Equity Shares for Basic EPS	No. in Crore	47.14	22.02
Weighted average number of Equity Shares for Diluted EPS	No. in Crore	47.14	22.02
Nominal Value per Equity Share	₹	2	2
Earnings Per Equity Share (Basic)	₹	7.81	0.69
Earnings Per Equity Share (Diluted)	₹	7.81	0.69

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

39. Employee Stock Option Scheme

The Company had received approval of the Board and Shareholders for issuance of 90,00,000 Equity Shares of ₹ 2 each for offering to eligible employees of the Company under Employee Stock Option Scheme (FRL ESOP 2016). During the year the Company has granted 13,24,071 options at a price of ₹ 10 per option plus all applicable taxes, as may be levied in this regard on the Company. Out of the options granted 19,758 cancelled. The options to be granted, would vest over a maximum period of 3 years or such other period as may be decided by the Human Resources, Nomination and Remuneration Committee from the date of grant based on specified criteria.

Stock Option activity during the year

	2016-17
Outstanding at the beginning of the year	-
Granted during the year	1,324,071
Forfeited / cancelled during the year	19,758
Exercised during the year	474,182
Expired during the year	-
Outstanding at the end of the year	830,131
Exercisable at the end of the year	173,421
Weighted average exercise price ₹	10
Weighted average fair value of options granted	
- On December 6, 2016 : ₹ 116.82	
- On December 15, 2016 : ₹ 119.02	
- On December 15, 2016 : ₹ 119.03	

Method and Assumptions used to estimate the fair value of options granted during the year:

1. Date of Grant	December 6, 2016	December 15, 2016	December 15, 2016
2. Risk Free Interest Rate	6.30%	6.34%	6.30%
3. Expected Life	2.78 Years	1.50 Years	2.75 Years
4. Expected Volatility	43.00%	43.00%	43.00%
5. Dividend Yield	0.00%	0.00%	0.00%
6. Price of the underlying share in market at the time of the option grant (₹)	125.10	127.30	127.30

40. Leases

Operating Lease

The Company has entered into operating lease arrangements for fixed assets and premises. The future minimum lease rental obligation under non-cancellable operating leases payable not later than one year is ₹ 1,121.75 Crore (2016: ₹ 863.00 Crore), payable later than one year but not later than five year is ₹ 2,970.49 Crore (2016: ₹ 2,761.33 Crore) and payable later than five years is ₹ 1,359.72 Crore (2016: ₹ 1,457.26 Crore).

Finance Lease

The Company has entered into finance lease arrangements for fixed assets. The future minimum lease rental obligation under non-cancellable finance leases payable not later than one year is ₹ 0.33 Crore (2016: ₹ Nil), payable later than one year but not later than five year is ₹ 0.81 Crore (2016: ₹ Nil) and payable later than five years is ₹ Nil.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

41. Details of dues to Micro, Small and Medium Enterprises Development as defined under the MSMED Act, 2006

(₹ in Crore)

	March 31, 2017	March 31, 2016	April 1, 2015
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	3.39	8.25	0.12
- Interest due on above	0.19	0.17	0.01
	3.58	8.42	0.13
The amount of interest paid by the buyer in terms of Section 16 of the MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year			
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 the MSMED Act, 2006.	0.53	0.46	0.23
The amount of interest accrued and remaining unpaid at the end of each accounting year	0.71	0.63	0.23
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 MSMED Act, 2006.	1.57	0.86	0.23

42. Contingent Liabilities

Claims Against the Company Not Acknowledged as Debts, In respect of Income Tax ₹ Nil (2016: ₹ 0.70 Crore, 2015: ₹ 0.70 Crore), Value Added Tax ₹ 20.99 Crore (2016: ₹ 14.19 Crore, 2015: ₹ 3.06 Crore), Letter of Credit ₹ 475.85 Crore, Others ₹ 75.04 Crore (2016: ₹ 48.90 Crore, 2015: ₹ 1.24 Crore) and Other money for which the Company is Contingently Liable, Corporate Guarantees Given ₹ 3237.50 Crore.

There are various labour, legal metrology, food adulteration and cases under other miscellaneous acts pending against the Company, the liability of which cannot be ascertained. However, management does not expect significant or material liabilities devolving on the Company.

43. Pursuant to the levy of service tax on renting of immovable properties given for commercial use, retrospectively with effect from June 1, 2007 by the Finance Act, 2010, the Company based on legal advice, challenged the levy through Retailers Association of India and its retrospective application. The Hon'ble Supreme Court had passed an interim order dated October 14, 2011. In compliance of this order Company has made an aggregate deposit of ₹ 39.71 Crore in respect of the liability for such service tax for the period from June 1, 2007 up to September 30, 2011. From October 1, 2011, the Company is accounting and paying for such service tax regularly as per directives of the Supreme Court. Accordingly the Company has not made provision of ₹ 79.42 Crore for the period June 1, 2007 to September 30, 2011 which would be appropriately recognised on final determination.

44. Payment to the Auditor (Inclusive of Service Tax)

(₹ in Crore)

	2016-17	2015-16
Statutory Audit Fees	0.95	0.86
Other Expenses	0.03	0.03
Total	0.98	0.89

45. Security clause in respect to Secured Borrowings

Long Term Borrowings

- ₹ Nil (2016: ₹ Nil, 2015: ₹ 54.00 Crore) are secured by First Pari-Passu charge on Fixed Assets (excluding specific fixed assets charged in favour of exclusive charge lenders), carries coupon rate of 10.90% per annum.
- ₹ 1.14 Crore (2016: ₹ Nil, 2015: ₹ Nil) Finance Lease Obligation secured by Lease Assets.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Short Term Borrowings includes Working Capital Loans from Banks

- i ₹ 977.59 Crore (2016: ₹ 918.20 Crore, 2015: ₹ Nil) is secured by (a) First Pari-Passu Charge on Current Assets of the Company (b) Second Pari-Passu Charge on Card Receivables (c) Secured by Corporate Guarantee of Future Enterprises Limited. Average Interest Rate 11.14% (2016: 11.52%).
- ii ₹ Nil (2016: ₹ Nil, 2015: ₹ 240.00 Crore) are secured by first Pari-Passu charge on current assets. Further secured by corporate guarantee from erstwhile parent company, Bharti Ventures Limited and carries an interest rate of 10.30%.

46. Unsecured Short Term Loans from Bank

- i ₹ Nil (2016: ₹ 50.00 Crore, 2015: ₹ 96.40 Crore) carries Interest Rate Nil (2016: 9.80 %, 2016: 10.35 %).
- ii ₹ 100.00 Crore (2016: ₹ Nil, 2015: ₹ Nil) Commercial Paper carries Interest Rate 8.40%.

47. Disclosure on Specified Bank Notes (SBNs)

Details of Specified Bank Notes (SBN) Held and Transaction During the Period 08/11/2016 to 30/12/2016 is as under:
(₹ in Crore)

	SBNs*	Other Denomination	Total
Closing Cash in Hand as on November 8, 2016	39.88	1.74	41.62
(+) Permitted receipts	-	307.68	307.68
(-) Permitted payments	-	42.40	42.40
(-) Amounts deposited in Banks	39.88	250.91	290.79
Closing Cash in Hand as on December 30, 2016	-	16.11	16.11

48. Composite Scheme of Arrangement

- A The Composite Scheme of Arrangement between the Company and Future Enterprises Limited ("Formerly Known As Future Retail Limited") (FEL) and their respective shareholders and creditors under the Sections 391 to 394 read with Sections 100 to 104 of the Companies Act, 1956 and Section 52 of the Companies Act, 2013 ('the Scheme'), for Demerger of Retail Business Undertaking of FEL into the Company and Demerger of the Retail Infrastructure Business Undertaking of the Company into FEL with effect from Appointment Date October 31, 2015 (as defined in the Scheme) has been given effect on May 1, 2016 (Effective Date). Pursuant to the Scheme, the paid up equity share capital has been reduced and reorganized to 4,34,78,261 Equity shares of ₹ 2/- each. Further, all the assets and liabilities pertaining to Retail Business undertaking of FEL has been transferred to and vested in the Company. Accordingly, on May 18, 2016 the Company issued 42,78,60,296 Equity Shares to the shareholders holding shares on May 12, 2016 in FEL as per the Scheme. Further, all the assets and liabilities pertaining to Retail Infrastructure Business Undertaking of the Company has been transferred to and vested in FEL and accordingly, on May 18, 2016 FEL issued 4,34,78,261 equity shares to the shareholders holding shares on May 12, 2016 in the Company as provided in the Scheme.

As per the provisions of the Composite Scheme of Arrangement, the Company issued 10% Optionally Convertible Debentures, convertible at the option of the Company within a period of 18 months from May 1, 2016, being the date of allotment, at a price which shall be determined in accordance with Preferential issue guidelines under SEBI (ICDR) Regulations.

The Shareholders and OCD holders of Bharti Group have agreed to share with the respective companies (i.e. the Company & Future Enterprises Limited) an upside on the realization out of the shares of the two companies, subject to certain broad terms and conditions.

- B The Composite Scheme of Arrangement among Heritage Foods Limited ("Transferor Company" or "HFL") and Heritage Foods Retail Limited ("Transferee Company" or "Demerged Company" or "HFRL") and the Company and their respective Shareholders and Creditors under sections 391 to 394 and sections 100 to 103 of the Companies Act, 1956 and/or sections 230 to 232 and Section 66 of the Companies Act, 2013 (as applicable) and Section 52 of the Companies Act, 2013, *inter-alia* involving demerger of the Retail Business Undertaking of HFL, through its wholly owned subsidiary HFRL, into the Company, was sanctioned by the Hon'ble National Company Law Tribunal, Mumbai Bench vide its order dated May 11, 2017 and the Hon'ble National Company Law Tribunal, Hyderabad Bench vide its order dated May 3, 2017.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Pursuant to the Scheme, the Retail Business Undertaking of HFL, through its wholly owned subsidiary HFRL, has been transferred to and vested in the Company with effect from March 31, 2017. The Scheme provided for issue of 1,78,47,420 (One Crore Seventy Eight Lakh Forty Seven Thousand Four Hundred and Twenty) equity shares of the face value of ₹ 2/- (Rupees Two) each, fully paid-up, to the Shareholders of HFRL (i.e. HFL). However, as on March 31, 2017, pending sanction of the Scheme by the Hon'ble National Company Law Tribunal, the shares were pending to be allotted.

On May 11, 2017 the Hon'ble National Company Law Tribunal, Mumbai Bench sanctioned the scheme of arrangement between the Company and Heritage Foods Retail Limited ("HFRL"), the Retail Business Undertaking of HFRL stands transferred to and vested in the Company.

The acquisition would *inter-alia* achieve the following objectives as stated in the Scheme of Arrangement :

- a. consolidation of the retail operations of FRL and HFRL;
- b. unlocking of value;
- c. synergies expected to bring in cost savings in the marketing, selling and distribution expenses for FRL.

i. Purchase Consideration:

(₹ in Crore)

	Amount
Equity Shares to be Issued*	295.00
Total Purchase Consideration	295.00

*17847420 equity shares of the face value of INR 2/-.

ii. The assets and liabilities recognised as a result of acquisition is as follows:

(₹ in Crore)

	Amount
Non-Current Assets	
Financial Assets	19.47
Other Non-Current Assets	250.67
Current Assets (include Inventories, Trade Receivables, Cash & Bank, Others etc.)	83.08
Total Assets Acquired	353.22
Non-Current Liabilities	
Financial Liabilities	0.81
Other non-current liabilities	1.97
Current Liabilities (includes Short-Term Borrowings, Trade payable, Provisions, Others etc.)	52.48
Total Liabilities Acquired	55.26
Net Identifiable Assets Acquired	297.96

iii. Calculation of Capital Reserve

(₹ in Crore)

	Amount
Net Identifiable Assets Acquired	297.96
Total Purchase Consideration	295.00
Capital Reserve	2.96

The Shareholders of HFRL (i.e. HFL) have agreed to share with the company an upside on the realization out of the shares of the Company, subject to certain board terms and conditions.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

49. Details of Miscellaneous Expenses

(₹ in Crore)

	2016-17	2015-16
Common Area Maintenance Charges	141.79	50.69
Credit Card Charges	69.10	29.66
House Keeping Charges	86.40	40.46
Legal and Professional Charges	69.63	71.06
Security Service Charges	81.98	41.32
Traveling and Conveyance Expenses	41.99	24.20
Other Expenses	313.83	207.37
Total	804.72	464.76

50. Events after the Reporting Period

At Board Meeting held on April 20, 2017 the Board of Directors of the Company, Bluerock eServices Private Limited ('BSPL' or 'Second Demerged Company') and Praxis Home Retail Private Limited ('PHRPL' or 'Resulting Company') respectively approved 'The Scheme' under Sections 230 to 232 read with Section 66 of Companies Act, 2013 and other applicable provision of the Companies Act, 2013 subject to necessary approvals. The Scheme *inter-alia* involves demerger of Home Retail Business of the Company into PHRPL with effect from the commencement of business on August 1, 2017.

Pursuant to the Scheme, the Home Retail Business of the Company carried on through Home Town stores would be transferred to and vested in PHRPL. As a consideration for the said demerger, PHRPL would issue 1 fully paid up Equity Share of ₹ 5/- each, to the shareholders of the Company for every 20 fully paid up shares of ₹ 2/- each held by the shareholders in the Company. Post issue of such shares, the equity shares of PHRPL would be listed on the stock exchanges (subject to listing permission) and the shareholding pattern of PHRPL would be identical to that of the Company.

The Scheme is *inter-alia* subject to the approval of the shareholders and regulatory authorities and would be given effect on receipt of requisite approvals from the applicable statutory authorities.

Since the appointed Date for the demerger of the Home Retail Business is August 1, 2017, the assets and liabilities of the Home Retail Business as on August 1, 2017 would get transferred to and vested in PHRPL. In view of this, the impact of the demerger on the financial statements of the Company cannot be determined.

As per our report of even date attached

For NGS & Co. LLP
Chartered Accountants

Ashok A. Trivedi
Partner
Membership No.: 042472

Mumbai
May 23, 2017

For and on behalf of Board of Directors

Kishore Biyani
Chairman & Managing Director
London

Ravindra Dhariwal
Director

Gagan Singh
Director

New York

Rakesh Biyani
Joint Managing Director

Shailendra Bhandari
Director

Sridevi Badiga
Director

Mumbai

Rajan Bharti Mittal
Director

C. P. Toshniwal
Chief Financial Officer

Virendra Samani
Dy. Company Secretary

FUTURE RETAIL LIMITED

Information as required pursuant to Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and forming part of the Director's Report for the year ended March 31, 2017.

Sl. No., Employee Name, Designation, Age, Date of Joining, Experience (in Years), Qualification, Remuneration received (in ₹), Last Employment.

1. Ajay Chablani, Head, 44, October 31, 2015, 22, B. Tech, 1,06,90,209, Future Enterprises Ltd.; 2. Behram Kabrajee, Head-Sourcing, Quality Assurance & Technical, 57, September 05, 2015, 30, B.Com, 95,11,770, Ambattur Clothing Ltd.; 3. Bharat Manseta*, Head, 60, July 18, 2016, 30, B. Tech, 68,39,805, Aditya Birla Ltd.; 4. C. P. Toshniwal*, Chief Financial Officer, 50, May 02, 2016, 27, CA & CS, 2,12,78,702, Future Lifestyle Fashions Ltd.; 5. Devendra Chawla*, Group President-Food FMCG, 45, October 31, 2015, 19, B.E. Production, 2,29,49,037, Future Enterprises Ltd.; 6. Harsha Saksena*, Head-Treasury, 46, November 30, 2016, 25, CA, 29,43,523, First Bridge Financial Advisors; 7. Jishnu Sen*, Head-Marketing, 47, January 16, 2017, 26, B.Com, 27,20,969, Essar Group; 8. Kishore Biyani*, Managing Director, 57, May 02, 2016, 32, B.Com, PG Diploma in Management, 2,38,90,994, Future Group CEO; 9. M. Venkateshwar Kumar*, Zonal CEO, 49, October 31, 2015, 26, PG Diploma, 13,77,823, Future Enterprises Ltd.; 10. Mahesh Shah, CEO – Home Town, 49, October 31, 2015, 25, MMS, 1,97,19,352, Future Enterprises Ltd.; 11. Manish Agarwal, Vice President, 47, October 31, 2015, 25, CA, 1,18,37,544, Future Enterprises Ltd.; 12. Manish Sabnis*, Chief Executive Officer, 48, February 01, 2013, 27, MBA, 82,58,582, Nokia India Pvt. Ltd.; 13. Nivedita Nanda, Head-People Office, 45, October 31, 2015, 18, MBA, 80,21,053, Future Enterprises Ltd.; 14. Rajan Malhotra, President- Strategy & Convergence, 48, October 31, 2015, 24, B.Sc Chemistry & MBA, 2,59,35,210, Future Enterprises Ltd.; 15. Rajesh Seth, Chief Operating Officer, 45, October 31, 19, B.E. Mechanical, 1,41,83,199, Future Enterprises Ltd.; 16. Rakesh Biyani*, Joint Managing Director, 45, May 02, 2016, 21, B.Com, Advance Management Programme (Harvard Business School), 2,38,59,281, Future Group, 17. Sadashiv Nayak, CEO- Big Bazaar, 46, October 31, 2015, 21, B.E. Electronics & Communications, 3,12,41,377, Future Enterprises Ltd.

“*” denotes employed part of the year

Notes:

- Nature of employment is permanent and terminable by Notice on either side except in case of Directors, which is contractual;
- The above employees are not related to any other Director of the Company;
- No employee holds by himself/herself or along with spouse and dependent children 2% or more of the Equity Shares of the Company;
- Terms and conditions of employment are as per Company's Rules.

For and on behalf of the Board of Directors

Place : London

Date : May 23, 2017

Kishore Biyani

Chairman & Managing Director





★ ★ ★

Ms. Nidhi Kundu

 India One, Mumbai Native, Entrepreneur

 Bachelor, Single Family, Bengali Calendar

 Digital Native
Annual Spend: ₹ 12,542

SEEKS UPGRADE



★

Mr. Ali Bangash

 India Two, Self Employed

 Joint Family, Islamic Calendar

 Digital Challenged
Annual Spend: ₹ 18,967

DEAL SEEKER



FUTURE RETAIL

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

This report contains forward-looking statements, which may be identified by their use of words like 'plans', 'expects', 'will', 'anticipates', 'believes', 'intends', 'projects', 'estimates', or other words of similar meaning. All statements that address expectations or projections about the future, including but not limited to statements about the Company's strategy for growth, product development, market position, expenditures, and financial results are forward-looking statements. Forward-looking statements are based on certain assumptions and expectations of future events. The Company cannot guarantee that these assumptions and expectations are accurate or will be realized. The Company's actual results, performance or achievements could thus differ materially from those projected in any such forward looking statements. The Company assumes no responsibility to publicly amend, modify or revise any forward looking statements, on the basis of any subsequent developments, information or events.