



# Future Market Networks Limited

**Annual Report 2012-13**

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## **COMPANY INFORMATION**

### **BOARD OF DIRECTORS**

Ameet Naik	:	Chairman & Independent Director
Rahul Saraf	:	Independent Director
Vijai Singh Dugar	:	Independent Director
Krishan Kant Rathi	:	Non-Executive Director
Rajesh Kalyani	:	Non-Executive Director
Sumit Dabriwala	:	Non-Executive Director
Sunil Biyani	:	Managing Director

### **CHIEF FINANCIAL OFFICER**

Pawan Agarwal

### **COMPANY SECRETARY**

Anil Cherian

### **STATUTORY AUDITORS**

NGS & Co. LLP; Chartered Accountants

### **BANKERS**

HDFC Bank  
Central Bank of India  
Bank of India  
Kotak Mahindra Bank Ltd.

### **REGISTERED OFFICE**

Knowledge House, Shyam Nagar,  
Off. Jogeshwari - Vikhroli Link Road,  
Jogeshwari (E) Mumbai – 400060

### **REGISTRAR & SHARE TRANSFER AGENT**

Link Intime India Pvt Ltd  
C-13 Pannalal Silk Mills Compound  
L B S Marg Bhandup (W)  
Mumbai 400 078  
Tel. No.: 022-25963838  
Fax No.: 022-25946969

### **WEBSITE**

[www.fmn.co.in](http://www.fmn.co.in)

## Notice

Notice is hereby given that the fifth Annual General Meeting of the members of Future Market Networks Limited will be held on Friday, 27<sup>th</sup> day of September 2013 at 2.30 p.m at Sunville Banquets 9, Dr. Annie Besant Road, Worli, Mumbai - 400018 to transact the following business:

### ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2013, the Profit and Loss Account for the year ended on that date and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Krishan Kant Rath, who retires by rotation and is eligible for re-appointment.
3. To appoint a Director in place of Mr. Sumit Dabhiwala, who retires by rotation and is eligible for re-appointment.
4. To consider and if thought fit, to pass with or without modification (s), the following resolution as an Ordinary resolution:

**"RESOLVED THAT** Ms. NGS & Co.LLP, Chartered Accountants, Mumbai, bearing ICAI Registration No. 119850W, the retiring Auditors of the Company, be and are hereby re-appointed as the Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting on a remuneration as may be fixed by the Board of Directors of the Company."

### Special Business:

5. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

**"RESOLVED THAT** Mr. Ameet Naik, who was appointed as an Additional Director of the Company pursuant to the provisions of Section 260 of the Companies Act, 1956 and who holds office up to the date of the ensuing Annual General Meeting of the Company and in respect of whom notice under Section 257 of the Companies Act, 1956 has been received from a member signifying his intention to propose Mr. Ameet Naik as a Director of the Company be and is hereby appointed as Director, liable to retire by rotation, in terms of the provisions of the Articles of Association of the Company."

6. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

**"RESOLVED THAT** Mr. Vijai Singh Dugar, who was appointed as an Additional Director of the Company pursuant to the provisions of Section 260 of the Companies Act, 1956 and who holds office up to the date of the ensuing Annual General Meeting of the Company and in respect of whom notice under Section 257 of the Companies Act, 1956 has been received from a member signifying his intention to propose Mr. Vijai Singh Dugar as a Director of the Company be and is hereby appointed as Director, liable to retire by rotation, in terms of the provisions of the Articles of Association of the Company."

7. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

**RESOLVED THAT** in accordance with the provisions of Sections 198, 269, 309, 310, 311 and other applicable provisions, if any, read with schedule XIII of the Companies Act, 1956, including any statutory modification(s) or re-enactment(s) thereof, for the time being in force, the Company hereby approves the appointment of Mr. Sunil Biyani as the Managing Director of the Company for a period of five years with effect from May 30, 2013 on the terms and conditions as set out in the explanatory statement annexed to the Notice convening this Meeting.

**RESOLVED FURTHER THAT** for the purpose of giving effect to this resolution, the Board of Directors or the Company Secretary of the Company be and is hereby authorized to do all such acts, deeds and things as are incidental thereto or as may be deemed necessary or desirable or to settle any question or difficulty that may arise in such manner as it may deem fit without further reference to the Company in General Meeting.

8. To consider and if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:

**"RESOLVED THAT** pursuant to Section 163(1) and other applicable provisions, if any, of the Companies Act, 1956, the register of members, index of members, the register and index of debenture holders, if any, and copies of all annual returns prepared under Section 159 and 160 of the Companies Act, 1956, together with copies of certificates and documents required to be annexed thereto under Sections 160 and 161 of the

Companies Act, 1956, be kept at the office of the registrar and transfer agent of the Company as may be appointed from time to time.

**RESOLVED FURTHER** that registers, indexes, returns and copies of certificates and documents referred above be kept open for inspection between 3.00 p.m. to 5.00 p.m., on any working day for the members at the office of registrar and transfer agent during Monday to Friday, except when the registers are closed.

**RESOLVED FURTHER THAT** any one of the Directors or the Company Secretary of the Company be and is hereby jointly and / or severally authorized, as the case may be, to do all such things and take all such actions as may be required from time to time for giving effect to the above resolution and matters related thereto."

**Registered Office:**

Knowledge House,  
Shyam Nagar,  
Off. Jogeshwari – Vikhroli Link Road,  
Jogeshwari East,  
Mumbai – 400060

Place : Mumbai  
Date : May 30, 2013

**By Order of the Board**

For Future Market Networks Limited

**Anil Cherian**

AVP-Corporate Governance (CS & Legal)

**NOTES:**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE ON HIS / HER BEHALF, AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. The instrument of proxy in order to be effective, should be deposited at the Registered Office of the Company, duly completed and signed, not later than 48 hours before the commencement of the meeting. A Proxy Form is annexed to the Annual Report. Proxies submitted on behalf of the limited companies, societies, etc., must be supported by an appropriate resolution / authority, as applicable.
3. Members/Proxies should bring the attendance slip duly filled in for attending the meeting.
4. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
5. An Explanatory Statement pursuant to section 173 (2) of the Companies Act, 1956, relating to the Special Business set out above to be transacted at the Meeting along with required details in terms of Clause 49 of the Listing Agreement is annexed hereto and forms part of this Notice.
6. Appointment of Directors: The details of Director's Seeking re-appointment, in terms of Clause 49 of the Listing Agreement, are annexed here to and form part of this Notice.
7. The Register of Members and Share Transfer Books of the Company will remain closed from September 25, 2013 to September 27, 2013 (both days inclusive).
8. Shareholders seeking any information with regard to Accounts are requested to write to the Company at an early date to enable the management to keep the information ready.
9. Members are requested to bring their copy of Annual Report to the meeting.
10. The Equity Shares of the Company are compulsorily traded in demat form and the share holders who have not yet dematerialized their shares are requested to dematerialize their shares by opening DP Account with nearest Depository Participants at the earliest to avail the benefits of dematerialization.
11. Members holding shares in electronic form are requested to intimate immediately any changes in their address or bank mandates to their Depository Participants with whom they are maintaining their demat accounts. Members holding Shares in physical form are requested to advise any change of address immediately to the Company / Registrar and Share Transfer Agent viz. Link Intime India Private Limited C/13, Pannalal Silk Mills Compound, L.B.S. Road, Bhandup (W), Mumbai 400 078 Maharashtra State
12. The Securities and Exchange Board of India (SEBI) has mandated the submission of permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company / Registrar and Share Transfer Agent, Link Intime India Private Limited.

13. Non-Resident Shareholders are requested to inform immediately Registrar and Share Transfer Agent , Link Intime India Private Limited:
  - a) Any change in the Residential status on return to India for permanent settlement.
  - b) The particulars of the Bank Account maintained in India with complete name, branch, account type, account number and address of the Bank, if not furnished earlier.
14. Members who have not registered his e-mail address so far are requested to register their e-mail address so that they can receive the Annual Report and other communications form the Company electronically.
15. In cases any of the Members insists for physical copies of above documents, the same should be sent to them physically, by post free of cost.
16. All documents referred to in the accompanying Notice are open for inspection at the Registered Office of the Company during the office hours on all working days between 11.00 a.m. and 1.00 p.m upto the date of Annual General Meeting.

**Registered Office:**

Knowledge House,  
Shyam Nagar,  
Off. Jogeshwari – Vikhroli Link Road,  
Jogeshwari East,  
Mumbai – 400060

Place : Mumbai  
Date : May 30, 2013

**By Order of the Board**

For Future Market Networks Limited

**Anil Cherian**

AVP-Corporate Governance (CS & Legal)

## Annexure to the Notice

### Explanatory Statement Pursuant To Section 173(2) of the Companies Act, 1956

**Item No. 6**

Mr. Ameet Naik, has been appointed as an Additional Director of the Company, by the Board of Directors, with effect from February 1, 2013. Pursuant to section 260 of the Companies Act, 1956, the appointment of Additional Director is valid upto the date of the immediate Annual General Meeting. Notice has been received under section 257 of the Companies Act, 1956 from a member signifying his intention to propose Mr. Ameet Naik as a Director of the Company.

The Board recommends the appointment of Mr. Ameet Naik as an Independent Director of the Company. Profile of Mr. Ameet Naik is appended at the end of the notice.

None of the Directors is concerned as interested in this resolution, except Mr. Ameet Naik, the appointee.

**Item No. 7**

Mr. Vijai Singh Dugar, has been appointed as an Additional Director of the Company, by the Board of Directors, with effect from February 1, 2013. Pursuant to section 260 of the Companies Act, 1956, the appointment of Additional Director is valid upto the date of the immediate Annual General Meeting. Notice has been received under section 257 of the Companies Act, 1956 from a member signifying his intention to propose Mr. Vijai Singh Dugar as a Director of the Company.

The Board recommends the appointment of Mr. Vijai Singh Dugar as an Independent Director of the Company. Profile of Mr. Vijai Singh Dugar is appended at the end of the notice.

None of the Directors is concerned as interested in this resolution, except Mr. Vijai Singh Dugar, the appointee.

**Item No. 7**

The Board of Directors at its meeting held on May 30, 2013 appointed Mr. Sunil Biyani as the Managing Director on the Board of the Company for a period of five years with effect from May 30, 2013 on the following terms and conditions:

Salary	Mr. Sunil Biyani will not be drawing remuneration during his tenure as the Managing Director of the Company.
Tenure	5 years viz May 30, 2013 to May 29, 2018
Other terms	No sitting fee shall be paid to the Managing Director for attending the Board and/or its Committees.

An abstract of the terms of appointment together with the terms of remuneration thereof under provisions of Section 302 of the Companies Act, 1956, was sent to the members on June 18, 2013. The information required under the provisions of Clause 49 of the listing agreement is given under a separate section of the Notice.

As per the provisions of the Companies Act, 1956, the appointment of Mr. Sunil Biyani is required to be approved by the members. Accordingly, necessary resolution seeking approval of the members in this regard is placed by means of an ordinary resolution.

The Board of Directors recommend passing of the said resolution.

None of the Directors, except Mr. Sunil Biyani, is concerned or interested in the resolution.

### Item No. 8

As required under the provisions of section 163 the Companies Act, 1956, certain documents such as the Register of Members, Index of Members and certain other registers, certificates, documents etc., are required to be kept at the registered office of the Company. However, these documents can be kept at any other place within the city, town or village in which the registered office of the Company is situated, with the approval of the members to be accorded by a special resolution.

The shares transfer agents registered under the SEBI (Registrar to an Issue and Share Transfer Agent) Regulation, 1993, as amended, provides the depository related services for the shares held in dematerialised form and also acts as the Share Transfer Agent for the shares held in the physical form. Hence, the approval of the members is sought in terms of Section 163(1) of the Companies Act, 1956, for keeping the aforementioned registers and documents at the office(s) of the registrar and transfer agents ('RTA') as may be appointed from time to time. Currently, Link Intime India Private Limited having its office at C-13, Pannalal Silk Mills Compound, LBS Marg, Bhandup West, Mumbai 400 078 are acting as the RTA for the Company.

In future, if there is a change in the RTA or its address, the Company shall communicate the same by publishing a public notice in newspapers in which the quarterly financial results are generally published.

A copy of the proposed resolution shall be forwarded in advance to the Registrar of Companies, Maharashtra, Mumbai, as required under the said Section 163 (1) of the Companies Act, 1956.

The Directors recommend the said resolution to be passed as special resolution by the members.

None of the Directors is concerned or interested in the resolution.

### Registered Office:

Knowledge House,  
Shyam Nagar,  
Off. Jogeshwari – Vikhroli Link Road,  
Jogeshwari East,  
Mumbai – 400060

Place : Mumbai

Date : May 30, 2013

By Order of the Board  
For Future Market Networks Limited

**Anil Cherian**  
AVP- Corporate Governance (CS & Legal)

**ADDITIONAL INFORMATION IN TERMS OF CLAUSE 49 OF THE LISTING AGREEMENT IN RESPECT OF DIRECTORS BEING PROPOSED FOR APPOINTMENT / RE-APPOINTMENT**

<b>1. Name of the Director</b>	Mr. Krishan Kant Rath
<b>Date of Birth</b>	December 30, 1961
<b>Qualifications</b>	Chartered Accountant & Company Secretary
<b>Date of Appointment</b>	September 23, 2010
<b>Expertise in specific functional areas</b>	Mr. K K Rath, is a qualified Chartered Accountant and Company Secretary with approximately 25 years of professional experience. He has prior experience in corporate finance, strategic business planning and investment advisory, which was acquired in reputable organizations such as KEC International Limited, H&R Johnson (India) Limited, Pantaloon Retail India Limited [now known as Future Retail Limited (FRL)] and Motilal Oswal Private Equity Advisors Private Limited. He has previously worked as Group CFO with FRL where he was responsible for strategic planning, mergers and acquisitions, treasury management and corporate governance. Mr. K K Rath is also a director on the Board of various companies, the details of which are given below.
<b>Other Directorships Held</b>	<p>Future Generali India Life Insurance Company Limited</p> <p>Future Generali India Insurance Company Limited</p> <p>Au Financiers (India) Limited</p> <p>Aadhaar Wholesale Trading And Distribution Limited</p> <p>Celio Future Fashion Limited</p> <p>Turtle Limited</p> <p>Clarks Future Footwear Limited</p> <p>Sprint Advisory Services Private Limited</p> <p>Shendra Advisory Services Private Limited</p> <p>Amar Chitra Katha Private Limited</p> <p>Indus-League Clothing Limited</p> <p>Capital Foods Exports Private Limited</p> <p>Express Retail Services Private Limited</p> <p>Integrated Food Park Private Limited</p>
<b>Membership in Committees</b>	<p>Member of Audit Committee of:</p> <p>Future Generali India Life Insurance Company Limited</p> <p>Future Generali India Insurance Company Limited</p> <p>Clarks Future Footwear Limited</p> <p>Au Financiers (India) Limited</p> <p>Capital Foods Exports Private Limited</p>
<b>Number of shares held in the Company</b>	Nil
<b>Relationship with other Directors</b>	None



2.	<b>Name of the Director</b>	Mr. Sumit Kumar Dabriwala
	<b>Date of Birth</b>	February 16, 1970
	<b>Qualifications</b>	Bachelor of Commerce
	<b>Date of Appointment</b>	September 23, 2010
	<b>Expertise in specific functional areas</b>	<p>An alumnus of St. Xavier's, Kolkata, Mr. Sumit Dabriwala has 21 years of corporate experience with exposure to the real estate sector for more than fifteen years now.</p> <p>He has been Managing Director of Calcutta Metropolitan Group Ltd (a joint venture with the Kolkata Metropolitan Development Authority and developers of Hiland Park in Kolkata) and Riverbank Holdings Pvt. Ltd ( a joint venture with Bata India Limited and developers of Calcutta Riverside)</p> <p>He has, over the years, served as a Member of the National Infrastructure Council in CII, Infrastructure Sub Committee Chairman, Regional Council Member and Core Group Retail Chairman in CII (Eastern Region) and as an Infrastructure Committee Member, Executive Committee Member, Chairman of Young Leaders Forum in Indian Chamber of Commerce.</p>
	<b>Other Directorships Held</b>	<p>Calcutta Metropolitan Group Limited</p> <p>Hiland Projects Limited</p> <p>Dewar's Garage Limited</p> <p>Bengal United Credit Belani Housing Limited</p> <p>Riverbank Holdings Private Limited</p> <p>Riverbank Developers Private Limited</p> <p>Urbanus Infrastructure Development Private Limited</p> <p>Hilton Commotrade Private Limited</p> <p>Rhamni Projects Private Limited</p> <p>Harmony Malls Management Private Limited</p> <p>Star Shopping Centres Private Limited</p> <p>Edmond Textiles Pvt. Ltd.</p>
	<b>Membership in Committees</b>	None
	<b>Number of shares held in the Company</b>	804
	<b>Relationship with other Directors</b>	None
3.	<b>Name of the Director</b>	Mr. Ameet Naik
	<b>Date of Birth</b>	January 16, 1975
	<b>Qualifications</b>	Advocate
	<b>Date of Appointment</b>	February 1, 2013
	<b>Expertise in specific functional areas</b>	<p>Mr. Ameet Naik is the founding partner of Naik Naik &amp; Company, a leading Law Firm in Mumbai with specialized focus on mergers and acquisitions, private equity and capital markets. He has recognized as a leading legal practitioner in the areas of corporate transactions. He is also an accomplished media commentator and is frequently invited to speak at various conferences.</p>
	<b>Other Directorships Held</b>	<p>Shickshack Online Solutions Private Limited</p> <p>Centrum Capital Limited</p>
	<b>Membership in Committees</b>	None
	<b>Number of shares held in the Company</b>	Nil
	<b>Relationship with other Directors</b>	None

4.	<b>Name of the Director</b>	Mr. Vijai Singh Dugar
	<b>Date of Birth</b>	September 1, 1952
	<b>Qualifications</b>	Chartered Accountant
	<b>Date of Appointment</b>	February 1, 2013
	<b>Expertise in specific functional areas</b>	Mr. Vijay Singh Dugar, who is a qualified Chartered Accountant and was associated with Indian Oil Corporation Limited for more than 30 years in various capacities including Finance Head of IOBL, a Subsidiary of Indian Oil Corporation Limited and has vast professional expertise spreading a span of more than three decades in corporate finance, Internal Audit, strategic business planning and investment advisory.
	<b>Other Directorships Held</b>	None
	<b>Membership in Committees</b>	None
	<b>Number of shares held in the Company</b>	Nil
	<b>Relationship with other Directors</b>	None
5.	<b>Name of the Director</b>	Mr. Sunil Biyani
	<b>Date of Birth</b>	October 24, 1969
	<b>Qualifications</b>	Bachelor of Commerce
	<b>Date of Appointment</b>	May 30, 2013
	<b>Expertise in specific functional areas</b>	Mr. Sunil Biyani, a Commerce Graduate, part of the promoters of Future Group and instrumental in setting up various formats in the Group. He has extensive experience in property related transaction and project management.
	<b>Other Directorships Held</b>	PIL Industries Limited Bartraya Mall Development Co. Private Limited Splendor Fitness Private Limited Apollo Design Apparel Parks Limited Star Shopping Centres Private Limited Eclipse Infrastructure Private Limited Neeharika Infrastructure Private Limited Galaxy Entertainment Corporation Limited MBS Gold Private Limited MBS Silver Private Limited MBS Gems And Jewels Private Limited Laila Hotels And Resorts Private Limited Parvat View Properties Private Limited Umber Properties Private Limited White Knight Mercantile LLP Oviya Multitrading LLP Biyani Capital Resources LLP GSR Capital Resources LLP
	<b>Membership in Committees</b>	Member of Audit Committee of: PIL Industries Limited
	<b>Number of shares held in the Company</b>	50
	<b>Relationship with other Directors</b>	None

# Directors' Report

## DIRECTORS' REPORT

To,

The Members of

Future Market Networks Limited

Your Directors are pleased to present the Fifth Annual Report together with the Audited Statements of Accounts for the financial year ended March 31, 2013.

### Financial Highlights:

#### a) Standalone

(Rs in lacs)		
Particulars	Year Ended 31.03.2013	Year Ended 31.03.2012
Revenue from Operations	10953.22	2929.06
Other Income	1478.47	4461.67
Total Income	12431.70	7390.73
Personnel Cost	458.67	1473.51
Operating and other expenses	9842.65	1640.00
Total Expenditure	10301.32	3113.50
Profit before Interest, Depreciation and Tax	2130.38	4277.22
Less: Interest	5631.46	4378.27
Less: Depreciation	1674.83	22.42
Profit / (Loss) before Taxation	(3995.61)	(123.46)
Less: Provision for taxation	-	-
Less: Deferred Tax	(496.51)	(3.65)
<b>Profit (Loss) after Taxation</b>	<b>(3499.10)</b>	<b>(119.81)</b>

#### b) Consolidated

(Rs in Lacs)		
Particulars	Year Ended 31.03.2013	Year Ended 31.03.2012
Revenue from Operations	15890.86	16517.61
Other Income	1928.65	6401.59
<b>Total Revenue</b>	<b>17819.51</b>	<b>22919.20</b>
Purchase	-	110.36
Personnel Cost	863.27	721.21
Operating and other expenses	11298.60	10536.58
<b>Total Expenditure</b>	<b>12161.87</b>	<b>12368.15</b>
Profit before Interest, Depreciation and Tax	5657.64	10551.05
Less: Interest	8539.13	8811.04
Less: Depreciation	2782.70	2498.58
Profit / Loss before Taxation	(5664.19)	(758.57)
Less: Provision for taxation	118.87	75.55
Less: Deferred Tax	(561.50)	(802.34)
<b>Profit (Loss) after Taxation</b>	<b>(5217.28)</b>	<b>(31.78)</b>

### Scheme of Amalgamation:

#### Amalgamation of KB Mall Management Company Limited, Wholly Owned Subsidiary, with the Company

The Scheme of Arrangement between KB Mall Management Company Limited and the Company and their respective shareholders and creditors with appointed date January 1, 2012 has been approved by the Hon'ble High Court of Judicature at Bombay on March 15, 2013 and the Company had filed certified copy of the Order with Registrar of Companies on May 8, 2013, being the effective date.

**Scheme of Amalgamation:****Amalgamation of Agre Properties & Services Limited, wholly owned subsidiary, with the Company**

The Scheme of Amalgamation between Company and Agre Properties & Services Limited and their respective shareholders and creditors with appointed date April 1, 2011 has been approved by the Hon'ble High Court of Judicature at Bombay on March 26, 2013 and the Company had filed certified copy of the Order with Registrar of Companies on May 8, 2013, being the effective date.

**Dividend:**

In view of the losses incurred by the Company, your Directors have not recommended any dividend for the financial year ended March 31, 2013.

**Subsidiaries**

Your Company has the following Subsidiaries as on March 31, 2013:

Sno.	Name of the Subsidiary	Sno.	Name of the Subsidiary
1	Precision Realty Developers Pvt. Ltd	09	Kshitij Retail Destination Pvt. Ltd
2	Acute Realty Private Limited	10	Harmony Mall Management Pvt. Ltd
3	Unique Malls Private Limited	11	Suhani Mall Management Co. Pvt. Ltd
4	Aashirwad Malls Private Limited	12	Future Trade Markets Private Limited
5	Aabha Hotels Private Limited	13	Star Shopping Centres Private Limited
6	Shreya Malls Management Pvt. Ltd	14	Sun City Properties Private Limited
7	Nishta Mall Management Co. Pvt. Ltd	15	Ojas Mall Management Pvt. Ltd
8	Niyman Mall Management Co. Pvt. Ltd		

The subsidiaries are engaged in the business of development and Management of retail spaces across the Country. Future Trade Markets Private Limited (FTMPL) has entered into a strategic alliance with SKC 3 Limited (investment vehicle of Fung Properties) to develop Whole Sale Markets in India.

In accordance with the general circular issued by the Ministry of Corporate Affairs, Government of India, the Balance Sheet, Profit and Loss Account and other documents of the subsidiary companies are not being attached with the Balance Sheet of the Company. However the financial information of the subsidiary companies is disclosed in the Annual Report in compliance with the said circular. The Company will make available the Annual Accounts of the subsidiary companies and the related detailed information to any member of the Company who may be interested in obtaining the same. The annual accounts of the subsidiary companies will also be kept open for inspection at the Registered Office of the Company and that of the respective subsidiary companies. The Consolidated Financial Statements presented by the Company include the financial results of its subsidiary companies.

**Share Capital:**

Pursuant to the Amalgamation of KB Mall Management Company Limited and Agre Properties & Services Limited with the Company the Authorized Share Capital of the Company has been increased to Rs. 90,31,00,000/- (Rupees Ninety Crores Thirty One Lacs) divided into 9,02,60,000 equity shares of Rs. 10/- each and 5000 Preference Shares of Rs. 100/- each in terms of the orders passed by the Hon'ble High Court of Bombay sanctioning the aforesaid scheme of amalgamations.

Since the amalgamated companies were 100% subsidiary of the Company no shares were required to be issued under the aforesaid scheme of amalgamations.

The authorized share capital of the Company as on the date of this report is Rs. 90,31,00,000/- (Rupees Ninety Crores Thirty One Lacs) consisting of 9,02,60,000 equity shares of Rs. 10/- each and 5000 Preference Shares of Rs. 100/- each.

The paid up share capital of the Company as on the date of this report is Rs. 55,85,44,060/- divided into 5,58,54,406 equity shares of Rs. 10/- each.

**Consolidated Financial Statements:**

In accordance with the Accounting Standard AS-21 on Consolidated Financial Statements read with Accounting Standard AS-23 on Accounting for Investments in Associates and AS-27 on Financial Reporting of Interest in Joint Ventures and in compliance with provisions of Listing Agreement with Stock Exchanges, the audited consolidated financial statements are provided in the Annual Report.

**Cash Flow Statement:**

In Conformity with the provisions of clause 32 of the Listing Agreement with the Stock Exchanges, the Cash Flow Statement for the year ended March 31, 2013 has been provided in the Annual Report and which forms part of this report.

**Fixed Deposits:**

The Company has not accepted any deposits, within the meaning of Section 58-A of the Companies Act, 1956 read with the Companies (Acceptance of Deposits) Rules, 1975 made there under.

**Directors**

The Board of Directors of the Company consist of Mr. Ameet Naik, Mr. Rahul Saraf, and Mr. Vijai Singh Dugar Independent Directors, Mr. K.K Rath, Mr. Rajesh Kalyani, and Mr. Sumit Dabhiwala, Non Executive Directors and Mr. Sunil Biyani, Managing Director.

Mr. Ameet Naik and Mr. Vijai Singh Dugar have been appointed as Additional Directors in the company with effect from February 1, 2013. In accordance to the provisions of Section 260 of the Companies Act, 1956, the additional directors so appointed shall hold office only upto the date of the ensuing Annual General Meeting. Individual Notices proposing candidature for office of aforesaid directors have been received from the shareholders of the Company in accordance with the provisions of the section 257 of the Companies Act, 1956.

Mr. Sunil Biyani has been appointed as Managing Director of the Company with effect from May 30, 2013 for a period of 5 years.

*Directors retiring by rotation*

Mr. K K Rath and Mr. Sumit Dabhiwala, Non-Executive Directors shall retire by rotation in the ensuing Annual General Meeting. Mr. K K Rath and Mr. Sumit Dabhiwala being eligible and having offered themselves for re-appointment, a resolution seeking approval of the members for reappointment of Mr. K K Rath and Mr. Sumit Dabhiwala have been incorporated in the Notice convening the Annual General Meeting.

Your Directors recommend their appointment.

During the year under review Mr. Sumit Dabhiwala resigned as a Managing Director of the Company w.e.f. May 30, 2013. Mr. Anil Bajjal and Mr. P.L Agarwal resigned from the Board of Directors of the Company with effect from December 26, 2013 and April 12, 2013, respectively. The Board places on record its appreciation for the insights and contribution made by them during their tenure as Directors on the Board.

As required under clause 49 (IV) (G) of the Listing Agreement, the requisite information of Mr. K K Rath and Mr. Sumit Dabhiwala, *inter alia*, in the nature of brief resume, nature of expertise, Companies in which they hold Directorship / Memberships of Board Committees, Shareholding in the Company forms part of the Notice of the Annual General Meeting.

**Director's Responsibility Statement:**

As required under section 217(2AA) of the Companies Act, 1956, your Directors confirm that:

1. in the preparation of the annual accounts, the applicable accounting standards have been followed and that no material departures have been made from same;
2. 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 loss of the Company for that period;
3. the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
4. the directors have prepared the annual accounts on a going concern basis.

**Corporate Governance:**

Report on Corporate Governance of the Company and Management Discussion and Analysis Report for the year under review, as per the requirements of Clause 49 of the Listing Agreement(s), have been given under a separate section and forms part of this Annual Report.

**Listing:**

The equity shares of the Company are listed on the Bombay Stock Exchange Limited, Mumbai (BSE) and The National Stock Exchange of India Ltd. (NSE) and the listing fee for the year 2013-14 has been paid.

The Company has entered into necessary agreements with the Central Depository Services (India) Limited (CDSL) and National Securities Depository Limited (NSDL) for availing the Depository services.

### **Auditors:**

M/s NGS & Co. LLP, Chartered Accountants, Mumbai, Auditors of the Company, bearing ICAI Registration Number 119850W retire at the ensuing Annual General Meeting and are eligible for re-appointment. The Company has received confirmation from NGS & Co. LLP that their appointment will be within the limits prescribed under Section 224(1B) of the Companies Act, 1956. The Board has recommends their appointment.

### **Particulars of Employees under Section 217(2A):**

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

However, having regard to the provisions of Section 219(1)(b)(iv) of the said Act, the Annual Report excluding the aforesaid information is being sent to all the members of the Company and others entitled thereto. Any member interested in obtaining such particulars may write to the Company Secretary at the registered office of the Company.

### **Employee Stock Option Scheme (ESOS) 2012**

Pursuant to the approval granted by the shareholders at the 4th Annual General Meeting held on August 14, 2012, your Company has implemented "Future Market Networks Limited Employee Stock Option Scheme (ESOS) 2012 and has granted Options in terms thereof. The disclosure as required under the Securities and Exchange Board of India (Employees Stock Option Scheme & Employees Stock Option Purchase Scheme) Guidelines, 1999 are annexed and forms part of this Report (Annexure 2). The Bombay Stock Exchange Limited and National Stock Exchange of India Limited have issued inprincipal approval for the aforesaid scheme.

### **Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo:**

Information in accordance with the provisions of Section 217 (1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 regarding conservation of energy, technology absorption and foreign exchange earnings and outgo is given in the Annexure 1 forming part of this report.

### **Acknowledgement**

Your Directors would like to acknowledge and place on record their sincere appreciation to all stakeholders, Financial Institutions, Banks, Central and State Governments, the Company's valued investors and all other business partners for their continued co-operation and excellent support received during the year.

Your Directors recognize and appreciate the efforts and hard work of all the employees of the Company and their continued contribution to its progress.

**For and on behalf of the Board of Directors**

**Place : Mumbai**

**Date: May 30, 2013**

**Ameet Naik**  
**Chairman**

**Sunil Biyani**  
**Managing Director**

## ANNEXURE TO THE DIRECTORS' REPORT

### Annexure 1

Particulars Required under the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988.

#### A. CONSERVATION OF ENERGY

- a) Energy Conservation Measures Taken
- b) Additional investments and Proposals, if any, being implemented for reduction of consumption of energy and
- c) Impact of measures at (a) & (b) above for reduction of energy consumption and consequent impact on the cost of production of goods.

**Disclosure for (a) to (c):** The operations of the Company do not involve high energy consumption. However the Company has been laying great emphasis on the Conservation of Energy and has taken several measures including regular monitoring of consumption, implementation of viable energy saving proposals, improved maintenance of systems etc.

- d) Particulars of Energy consumption etc in respect of specified industries.

The disclosure on particulars regarding consumption of energy etc are not applicable to the Company since industry to which the Company belongs is not covered under the schedule prescribed by the said Rules.

#### B. TECHNOLOGY ABSORPTION

The particulars regarding absorption of technology is given below as per Form B of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988.

##### Research and Development (R & D):

Specific areas in which R&D is carried out by the Company:	Designing of Shopping malls and mixed use projects as per the best industry standards are the areas in which general research and development work is carried out by the Company.
Benefits derived as a result of the above R & D	
Future Plan of Action	
<b>Expenditure on R &amp; D</b>	Included in the project cost.
a. Capital	
b. Recurring	
c. Total	
d. Total R & D expenditure as a percentage of total turnover	

##### Technology absorption, adaptation and innovation:

Efforts in brief, made towards technology absorption, adaptation and innovation	Nil
Benefit derived as a result of the above efforts e.g. product improvement, cost reduction, product development, import substitution etc.	Nil
In case of Imported Technology (imported during the last 5 years reckoned from the beginning of the financial year), following information may be furnished:	Nil
a) Technology Imported	
b) Year of Import	
c) Has technology been fully absorbed	
d) If not fully absorbed, areas where this has not taken place, reasons therefore and future plan of action	



**C. FOREIGN EXCHANGE EARNINGS AND OUTGO**

(Rs in Lacs)

	Current Year	Previous Year
Foreign Exchange Earnings	Nil	Nil
Foreign Exchange Outgo	11.35	5.78

**Annexure 2**

Disclosures as required under SEBI (Employees Stock Option Scheme & Employees Stock Option Purchase Scheme) Guidelines, 1999.

The below disclosure is in respect of "Future Market Networks Limited Employee Stock Option Scheme (ESOS) – 2012" in respect of the year ended March 31, 2013.

Sr.No	Particulars	"Future Market Networks Limited Employee Stock Option Scheme (ESOS) – 2012"
1)	Options granted during the year	5,06,000
2)	Pricing Formula	Rs. 10/- per Equity Share
3)	Options Vested	Nil
4)	Options exercised	Nil
5)	The total number of shares arising as a result of exercise of option.	Nil
6)	Options Lapsed	Nil
7)	Variations of terms of Options	Not Applicable
8)	Money realized by exercise of options.	Nil
9)	Total number of Options in force	5,58,000
10)	Employee wise details of options granted to:	
a)	Senior Managerial Personnel (Directors and Key Managerial Personnel)	<b>Directors:</b> Mr. K.K Rathi Mr. Rajesh Kalyani
b)	Any other employee who receives a grant in any one year of options amounting to 5% or more of options granted during the year.	None
c)	Identified employees who were granted option during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversations) of the Company from the time of grant.	None
11)	Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of options calculated in accordance with Accounting Standard (AS) 20 "Earning Per Share".	Not Applicable
12)	Where the Company has calculated the employee compensation cost using the intrinsic value of the stock options, the difference between the employee compensation cost so computed and the employee compensation that shall have been recognized if it had used the fair value of options, shall be disclosed. The impact of this difference on profits and on EPS of the Company shall also be disclosed.	Not Applicable
13)	Weighted average exercise prices and weighted average fair values of options shall be disclosed separately for options whose exercise price either equals or exceeds or is less than the market price of the stock.	Not Applicable
14)	A description of the method and significant assumptions used during the year to estimate the fair values of options, including the following weighted average information:	Not Applicable
i.	Risk free interest rate;	-
ii.	Expected life;	-
iii.	Expected volatility;	-
iv.	Expected dividend; and	-
v.	The price of the underlying share in market at the time of option grant	-

Note 1: Details of options granted to Directors and Key Management Personnel of the Company and its Subsidiaries are as under:

Sr. No	Name of the Directors and Key Managerial Personnel	Number of Options Granted
A.	Directors	
	Mr. K.K. Rathi	50000
	Mr. Rajesh Kalyani	200000
B	Directors of Subsidiary Companies	
	Mr. P.D. Sharma	20000
	Mr. Pawan Agarwal	50000
	Mr. Mukesh Agarwal	20000
C	Senior Management Personnel	
	Mr. Rampal Laddha	50000
	Mr. Anil Cherian	50000

Note 2: Description of the method and significant assumptions used during the year to estimate the fair values of options, including the following weighted average information:

Fair Value Methodology;	Not Applicable
Risk free interest rate;	Not Applicable
Expected life;	Not Applicable
Expected volatility;	Not Applicable
Expected dividend; and	Not Applicable
Price of the underlying share in market at the time of option grant	Not Applicable

### MANAGEMENT DISCUSSION AND ANALYSIS

#### Management Discussion & Analysis

During the year under review, the Company continued its focus on three business verticals – wholesale trade infrastructure, logistics infrastructure and retail infrastructure. Its business is predicated on the growth of consumption and is therefore focused on creating infrastructure for it.

#### Economic review

Even after a series of stimulus packages announced by the developed nations, economies are still struggling to recover from the scars of financial crisis. The slowdown in the global growth along with continued recession in the Euro zone hurts business sentiments across the globe with India being no exception. However, steady monetary easing, aided by fiscal austerity measures in developed economies helped to revive global growth towards the end of the year.

India's GDP (Gross Domestic Product) growth decelerated continuously and steeply, moving from 9.2 per cent in the fourth quarter of 2010-11 to 4.5 per cent in third quarter of 2012-13, its slowest pace in four years.

In spite of the above scenario, India still grew by 8 points to 68 per cent in the month of January 2013 as compared to December 2012 in the economic confidence scale, making it the second most economically confident country in the world, according to a survey titled 'Ipsos Economic Pulse of the World'.

Real Estate witnessed a slowdown in Financial Year 2013 with residential market, commercial and retail space facing price and approval challenges. The demand-supply gap, delay in obtaining permissions and raising prices of steel, cement and labour were a cause of concern for all the developers in India. Even though, India was among the top 20 real estate investment markets globally with investment volume of Rs 190 billion (US\$ 3.46 billion) recorded in 2012, according to Cushman & Wakefield's report 'International Investment Atlas'. India is also expected to be the second largest manufacturing country globally in the next five years, followed by Brazil as the third ranked country, according to Deloitte.

There are 70 mn households in India with a disposable income of more than INR 250,000. Also average family size is now down to 4.3. In addition to growing affluence and a higher focus on kids on account of these two parameters, Indians also have increased access to international cultures both through travel & television thus leading to an increasing consumption pattern. Also, with loans and higher income, the basic needs of housing, clothing & vehicles are being taken care of much earlier in life than they were even 15-20 years ago. Therefore as long as the economy remains in a steady growth pattern, even though there will be ebbs and highs, consumption will keep growing.

#### Outlook and opportunities

The Company has taken some initial leads in each of its business verticals in the previous year and has aligned with "best in class" partners in each of the verticals. However a sluggish economy and concerns in certain joint development programs caused certain delay in our momentum in translating our plans into execution in the year under review.

#### Infra Logistics

The Company established an alliance with IL&FS on equal partnership to set up logistics infrastructure parks across the country made certain progress in acquisition of land at Jhajjar, Haryana. The company's expertise in sourcing deals, project management, leasing and asset management is well complimented by IL&FS' rich experience in the commercialization of infrastructure projects, arrangement of mezzanine debt funding and strategic relations with state government and various departments of the central government to help deal with complex regulatory requirements.

The logistic sector in India is valued at \$110 billion and expected to touch \$210 billion by 2020. The sector is expected to double its growth in seven years from the present growth rate of 15%. To achieve the growth objective, the sector requires modern and sophisticated infrastructure which the Company will offer.

#### Wholesale Markets

Modern wholesale markets are increasingly a common feature in fast growing regions like China, South East Asia and the Middle East. Some of the largest ones are located in China's wholesale trading hub, Yiwu and the Dragon Mart in Dubai. These wholesale markets provide requisite facilities for domestic and international traders dealing in categories like accessories, cosmetics, toys, electronics and home appliances, IT accessories, stationery markets, kitchen and bathroom ware, bags and leather products and construction hardware.



During the year under review, First Phase of construction work on "World Markets" - at the Old Madras Road to the east of Bangalore city is complete. We expect to launch the market to interested entrepreneurs during the year 2013-14 subject to the receipt of the approval from the concerned authority in Bangalore. It is a 11 acre campus strategically located to Old Madras Road and intending to develop the balance portion subsequent to the launch of world market. Development and marketing of these markets continues at a robust pace. We have also launched a similar centre in Mumbai, which is near to Mumbai Central Station. The World Market Mumbai has already been leased and is operational.

Your company has aligned with Fung Properties, part of the Hong Kong-based Li & Fung Group, for this business and they are actively participating in the bringing in their understanding of these markets in South East Asia as also their very substantial relationships with traders and manufacturers from this region. The company is in the process of negotiating sites in Kolkata and Noida in the NCR for these markets as well.

### **Retail Infrastructure**

The Company has aligned this business with Star Centres India Private Limited (SRIPL), in which the Company holds 60% equity capital and is managing more than two million sq ft of retail space today in India, a company set up by two outstanding professionals - Pranay Sinha and Shilpa Malik. They were part of the team that created Select City Walk in Delhi, one of the most successful shopping centers in the country. In September 2012, we have opened a unique shopping mall at Jessore Road, Kolkata. Currently your Company is vested with nearly 1 million sq ft of retail business infrastructure.

SRIPL has crafted a unique model, quite akin to the model of commercial engagement followed by international hotel management brands, by leveraging its deep understanding of the category retail infrastructure and its management.

### **Residential and Mixed use Project**

The Company under a new leadership evaluating various proposals to develop residential and mixed use projects in strategic locations of the Country. The projects will be unique in nature that will cater to the needs of wide variety of customers.

### **Strategic Sale**

K B Mall Management Co Ltd (a 100% subsidiary now amalgamated with the Company) entered into a strategic sale of more than 300,000 sq ft of constructed space in Ahmadabad for an approximate amount of Rs.162 Cr. Since the said KB Mall Management Co Ltd is now amalgamated with the Company, the sale proceeds shall strengthen cash flows of the Company. The accelerated cash flows will be partly used to reduce the existing bank loans and partly in development programs of the Company.

### **Risk**

**Business Risk:** The business of construction and development is heavily dependent on the performance of the real estate market in India and could be adversely affected if market conditions deteriorate. The real estate market is significantly affected by changes in government policies, economic conditions, demographic trends, employment and income levels and interest rates, among other factors. The development of real estate projects involves various risks including regulatory risks, financing risks and the risks that these projects may ultimately prove to be unprofitable.

**Economy Risk:** Economic and market conditions can adversely affect the performance of the Company. In particular, the decline in the performance of the global and Indian economies as a result of the economic downturn can reduce demand and occupancy levels in property markets. An increase in interest rates or an increase in the margin on which finance can be obtained may increase the Company and the Subsidiary's financing costs and such increase in interest rates may increase the cost of borrowing, which could have an adverse impact on the Company and the Subsidiary's business, financial condition and results of operations.

### **Financial Performance**

**Total Income:** The Company achieved total revenue of Rs.10,953.22 Lacs during the financial year ended March 31, 2013.

**Operating Profit:** During the year financial year ended March 31, 2013, the Company achieved operating profit of Rs. 2,130.38 Lacs.

**Profit/Loss after Tax:** The Company recorded loss of Rs. 3,995.61 Lacs for financial year ended March 31, 2013.

### **Risk, Internal Control System and Adequacy:**

The Company has adequate internal control procedure commensurate with its size and nature of the business. The internal control system is supplemented by extensive internal audits, regular reviews by management and well-documented policies and guidelines to ensure reliability of financial and all other records to prepare financial statements and other data. Moreover, the Company continuously upgrades these systems in line with

best accounting practices. The Company has independent audit systems to monitor the entire operations and the Audit Committee of the Board review the findings and recommendations of the internal auditors.

### **Human Resources:**

The Company regards its human resources as amongst its most valuable assets and proactively reviews policies and processes by creating a work environment that encourages initiative, provides challenges and opportunities and recognizes the performance and potentials of its employees. The industrial relations across different locations of the Company were cordial during the year. The Company has, over the last few months, built the team necessary to be able to build and execute the vision that has been articulated in the preceding paragraphs. The total number of employees of the Company as on March 31, 2013 stood at 27.

### **Cautionary Statement:**

This report contains forward-looking statements based on certain assumptions and expectations of future events. Actual performance, results or achievements may differ from those expressed or implied 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.



## REPORT ON CORPORATE GOVERNANCE

The Equity shares of the Company have been listed on the BSE Limited and National Stock Exchange of India Limited.

In accordance with Clause 49 of the Listing Agreement on Corporate Governance (Clause 49) with the BSE Limited (BSE) and the National Stock Exchange of India Limited (NSE), the report containing the details of corporate governance systems and processes at Future Market Networks Limited are as under:

### I. Corporate Governance Philosophy

The Company firmly believes that the governance process must aim at managing the affairs without undue restraints for efficient conduct of its business, so as to meet the aspirations of shareholders, employees, customers, vendors and society at large.

The cardinal principles such as independence, accountability, responsibility, transparency, fair and timely disclosure, credibility among others serve as the means of implementing the philosophy of Corporate Governance in both letter and spirit.

We believe that sound Corporate Governance is critical to enhance and retain investor trust. Accordingly, we always seek to ensure that we attain our performance with integrity and the Board exercises its fiduciary responsibilities in the widest sense of the term.

The Company recognizes that good Corporate Governance is a continuing exercise and reiterates its commitment to achieve highest standards of Corporate Governance in the overall interest of all the stakeholders.

### II. Board of Directors

#### A. Composition and category of Board

The Board of Directors of the Company consists of distinguished personalities with considerable professional expertise and experience in the fields of business & industry, finance, law and management. Your Company's policy is to maintain optimum combination of executive and non executive directors in compliance with the requirements of Clause 49 (I) (A) of the Listing Agreement. As on the date of this Report, the strength of the Board of Directors is Seven (7) out of which three are independent Directors. Composition of the Board and category of the Directors is as below. The Chairman of your Company is Non Executive, Independent Director.

Sno.	Name of the Director	Category
1.	Mr. Ameet Naik	Chairman, Independent Director
2.	Mr. Rahul Saraf	Independent Director
3.	Mr. Vijai Singh Dugar	Independent Director
4.	Mr. K K Rathi	Non Executive Director
5.	Mr. Rajesh R. Kalyani	Non Executive Director
6.	Mr. Sumit Dabirwala	Non Executive Director
7.	Mr. Sunil Biyani	Managing Director

#### Notes:

- Mr. Anil Bajjal, resigned as the Chairman and Director of the Company with effect from December 26, 2012.
- Mr. Vijai Singh Dugar and Mr. Ameet Naik have been appointed as Additional Directors on the Board with effect from February 1, 2013.
- Mr. P.L Agarwal resigned as Director of the Company with effect from April 12, 2013.
- Mr. Sumit Dabirwala resigned as a Managing Director of the Company with effect from May 30, 2013.
- Mr. Sunil Biyani has been appointed as Managing Director with effect from May 30, 2013.
- Mr. Ameet Naik has been appointed as the Chairman of the Company with effect from May 30, 2013.

#### B. Board Meetings

The Board of Directors met four (4) times during the year ended March 31, 2013. The dates on which the Board Meetings were held during the year are as follows:

i)	May 30, 2012	ii)	August 14, 2012
iii)	November 07, 2012	iv)	February 14, 2013

The provisions relating to the time period between two Board meetings not to exceed 4 months have been complied.

**C. Directors' attendance record and Directorships held**

As mandated by Clause 49, none of the Directors are members of more than ten Board-level committees nor are they Chairman of more than five such committees. The details related to Directors attendance in the Board and Annual General Meeting, other directorship etc. are as under

Name of Director	Position	Meetings held during the year	Meetings attended	Whether attended last AGM	Number of Directorship of other public companies (excluding foreign Companies)	Committee Positions of other public companies		Pecuniary or business relation with the Company
						Chairman	Member including Chairman	
Mr. Ameet Naik	Independent Director	1	1	No	1	Nil	Nil	None
Mr. Rahul Saraf	Independent Director	4	3	Yes	2	Nil	Nil	None
Mr. Vijai Singh Dugar	Independent Director	1	1	No	0	0	0	None
Mr. K K Rath	Non Executive Director	4	3	No	9	Nil	5	None
Mr. Rajesh R. Kalyani	Non Executive Director	4	4	Yes	7	1	2	None
Mr. Sumit Dabirwala	Non Executive Director	4	4	Yes	4	Nil	Nil	None
Mr. Sunil Biyani	Managing Director	0	0	No	0	0	0	None
Mr. Anil Bajjal*	Independent Director	3	1	Yes	5	2	4	None
Mr. P L Agarwal*	Independent Director	4	3	Yes	7	1	3	None

**Notes:**

- o Excludes Directorships in Private Limited, Foreign Companies and Government Bodies.
- o In accordance with Clause 49, Membership / Chairmanship of only Audit Committees and Shareholder's / Investor's Grievance Committees of all Public Limited Companies have been considered.
- o The Directorship / Committee Membership is based on the latest disclosures received from Directors
- o Mr. Ameet Naik was appointed as the Chairman of the Company with effect from May 30, 2013.
- o Mr. Vijai Singh Dugar and Mr. Ameet Naik have been appointed as Additional Directors on the Board with effect from February 1, 2013.
- o Mr. Sunil Biyani have been appointed as Managing Director with effect from May 30, 2013.
- o Mr. Sumit Dabirwala resigned as a Managing Director of the Company with effect from May 30, 2013.
- o \*Mr. Anil Bajjal, resigned as the Chairman and Director of the Company with effect from December 26, 2012.
- o \*Mr. P.L Agarwal resigned as Director of the Company with effect from April 12, 2013.
- o None of the Directors is a Member of the Board of more than 15 Public Limited Companies in terms of Section 275 of the Companies Act, 1956; Member of more than 10 committees and Chairman of more than 5 committees, across all the companies in which he is a director.
- o Video conferencing facility was made available to directors to participate in the proceedings of the Board and its committees. Attendance of Directors includes participation in the meeting(s) through video conference.

**Details of Directors seeking appointment at the forthcoming Annual General Meeting**
**1) Mr. Ameet Naik**

Mr. Ameet Naik is the founding partner of Naik Naik & Company, a leading Law Firm in Mumbai with specialized focus on mergers and acquisitions, private equity and capital markets. He has recognized as a leading legal practitioner in the areas of corporate transactions. He is also an accomplished media commentator and is frequently invited to speak at various conferences.



2) **Mr. Vijai Singh Dugar:**

Mr. Vijai Singh Dugar, who is a qualified Chartered Accountant and was associated with Indian Oil Corporation Limited for more than 30 years in various capacities including Finance Head of IOBL, a Subsidiary of Indian Oil Corporation Limited and has vast professional expertise spreading a span of more than three decades in corporate finance, Internal Audit, strategic business planning and investment advisory.

3) **Mr. K K Rath:**

Mr. K K Rath, is a qualified Chartered Accountant and Company Secretary with approximately 25 years of professional experience. He has prior experience in corporate finance, strategic business planning and investment advisory, which was acquired in reputable organizations such as KEC International Limited, H&R Johnson (India) Limited, Future Retail Limited (formerly known as Pantaloon Retail India Limited, (FRL)) and Motilal Oswal Private Equity Advisors Private Limited. He has previously worked as Group CFO with FRL where he was responsible for strategic planning, mergers and acquisitions, treasury management and corporate governance. K.K. Rath is also a director of various companies including Future Generali India Life Insurance Company Limited and Future Generali India Insurance Company Limited.

4) **Mr. Sumit Dabirwala:**

Mr. Sumit Dabirwala has 21 years of corporate experience with exposure to the real estate sector for more than fifteen years. He has been the Managing Director of the Company till May 30, 2013. He has been associated with Calcutta Metropolitan Group Ltd (a joint venture with the Kolkata Metropolitan Development Authority and developers of Hiland Park in Kolkata) and Riverbank Holdings Pvt. Ltd (a joint venture with Bata India Limited and developers of Calcutta Riverside). He has, over the years, served as a Member of the National Infrastructure Council in CII, Infrastructure Sub Committee Chairman, Regional Council Member and Core Group Retail Chairman in CII (Eastern Region) and as an Infrastructure Committee Member, Executive Committee Member, Chairman of Young Leaders Forum in Indian Chamber of Commerce.

5) **Mr. Sunil Biyani:**

Mr. Sunil Biyani, a Commerce Graduate, part of the promoters of Future Group and instrumental in setting up various formats in the Group. He has extensive experience in property related transaction and project management.

**As mandated under Clause 49, the Independent Directors on FMNL's Board:**

- o don't have any material pecuniary relationships or transactions with the Company, its Promoters, Directors, Senior Management or its Holding Company, Subsidiaries and Associates which may affect independence as a Director.
- o are not related to promoters or persons occupying management positions at the Board level or at one level below the Board.
- o have not been executive of the Company in the immediately preceding three financial years
- o are not partners or executives or were not partners or executives during the preceding three years of the:
  - (i) Statutory audit firm or the internal audit firm that is associated with the Company.
  - (ii) Legal firm (s) and consulting firm(s) that have a material association with the Company
- o are not material suppliers, service providers or customers or lessors or lessees of the Company, which may affect independence of the Director
- o are not substantial shareholders of the Company i.e. do not own two per cent or more of the block of voting shares
- o are not less than 21 years of age

**D. Code of Conduct**

The Company has laid down a Code of Conduct for all its Board Members and Senior Management Personnel for avoidance of conflicts of interest and ensuring the highest standard of honesty, dedication and professionalism in carrying out their functional responsibilities. The Company's Code of Conduct is in consonance with the requirements of Clause 49 of the Listing Agreement. The Code of Conduct is posted on the Company's website [www.fmn.co.in](http://www.fmn.co.in). The code has been circulated to all the members of the Board and senior management and the compliance of the same have been affirmed by them. There are no commercial or material financial transactions, with the senior management personnel, where there is a personnel interest that may have in a potential conflict with the interest of the Company at large.



**E. Remuneration Paid or Payable to Director**

Details of the remuneration paid / payable to the Directors for the financial year 2012-2013 is as below:

Name of Director	Sitting Fees Paid*	Salaries, allowances and perquisites+	Total
Ameet Naik	40,000	Nil	40,000
Rahul Saraf	1,00,000	Nil	1,00,000
Vijai Singh Dugar	40,000	Nil	40,000
K K Rath	60,000	Nil	60,000
Rajesh R. Kalyani	1,40,000	Nil	1,40,000
Sumit Dabhiwala	Nil	10449750	10449750
Anil Bajjal	40,000	Nil	40,000
P L Agarwal	1,00,000	Nil	1,00,000

**Notes:**

- \* Sitting fees include payment to the Directors for attending meetings of Board and Audit Committee.
- + Perquisites include Company's contribution to provident fund and super annuation fund.
- @ Sitting fees payable to Directors was revised from Rs. 10,000/- per meeting to Rs. 20,000/- per meeting at the Board meeting held on August 14, 2012.

**III. Board Committees**

Company has Five (5) Board level Committees: Audit Committee, Shareholders' / Investors' Grievance Committee, Share Transfer Committee, Compensation and Nomination Committee and Committee of Directors. All decisions pertaining to the constitution of Committees, appointment of members and fixing of terms of reference of the Committees are taken by the Board of Directors. Details on the role and composition of these Committees, including the number of meetings held during the financial year and the related attendance, are provided below:

**(i) Audit Committee**

The composition, role and power of the Audit Committee meet the requirements of Clause 49 of the Listing Agreement as well as Section 292 A of the Companies Act, 1956. The Audit Committee comprises of Mr. Rahul Saraf, Mr. Rajesh Kalyani, Mr. Vijai Singh Dugar and Mr. Ameet B Naik.

**Notes:**

- o Mr. Vijai Singh Dugar and Mr. Ameet Naik were inducted as the members of Audit Committee with effect from February 1, 2013.
- o Mr. Vijai Singh Dugar was appointed as the Chairman of the Audit Committee with effect from May 30, 2013.
- o Mr. Anil Bajjal, resigned as the Director and Member of the Audit Committee of the Company with effect from December 26, 2012.
- o Mr. P.L Agarwal resigned as Chairman and Member of the Audit Committee of the Company with effect from April 12, 2013.

The members of the Audit Committee are paid sitting fees of Rs. 20,000/- for every meeting of the Committee attended by them. Chairman of the Committee is Mr. Vijai Singh Dugar, an independent director of the Company. The terms of reference of the Audit Committee is in conformity with those mentioned in Clause 49 of the Listing Agreement of the Stock Exchanges as well as Section 292A of the Companies Act, 1956.

The Audit Committee met four (4) i.e on May 30, 2012, August 14, 2012, November 07, 2012 and February 14, 2013. The minutes of the meetings of the Audit Committee are reviewed and noted by the Board. The composition of the Committee and the attendance at the meetings of the Committee are given below:

Name of Member	Category	Position	No. of Meetings held	No. of Meetings attended
Mr. Ameet Naik	Independent Director	Member	1	1
Mr. Rahul Saraf	Independent Director	Member	4	3
Mr. Vijai Singh Dugar	Independent Director	Chairman	1	1
Mr. Rajesh Kalyani	Non Executive Director	Member	4	4
Mr. Anil Bajjal	Independent Director	Member	3	1
Mr. P L Agarwal	Independent Director	Member	4	3

**Notes:**

- @ All Members of the Audit Committee have accounting and financial management expertise.
- @ *Sitting fees payable to the members of the committee was revised from Rs. 10,000/- per meeting to Rs. 20,000/- per meeting at the Board meeting held on August 14, 2012.*

**(a) Powers of the Audit Committee**

The Audit Committee of the Company supported by Internal Auditors, inter alia, provides reassurance to the Board on the effective internal control and compliance environment that ensures:

- o Efficiency and effectiveness of operations, both domestic and overseas;
- o Reliability of financial and management information and adequacy of disclosures;
- o Safeguarding of assets and adequacy of provisions of all liabilities; and
- o Compliance with all relevant statutes.

**(b) Terms of reference of the Audit Committee**

The functions of the Audit Committee of the Company include the following:

- o Overseeing the Company's financial reporting process and disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
- o Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
- o Reviewing with the management, performance of the statutory and internal auditors and adequacy of the internal control system.
- o To ensure compliance of Internal Control Systems and action taken on Internal Audit reports.
- o To appraise the Board on the impact of accounting policies, auditing standards and legislation.
- o To hold periodical discussions with statutory auditors on the nature and scope of the audit.
- o To review the Company's financial and risk management policies.
- o To carry out any other function as mentioned in the terms of reference of the Audit Committee.

**(ii) Compensation and Nomination Committee**

The Board of Directors at their meeting held on May 30, 2013 has reconstituted Compensation and Nomination Committee.

**Composition:**

The Compensation and Nomination Committee comprises of three Directors, the majority of whom are Independent Directors. Chairman of the Committee is Mr. Vijai Singh Dugar, an independent Director of the Company. The composition of the Compensation and Nomination Committee is as follows:

Name of Member	Category
Mr. Ameet Naik	Independent Director
Mr. Vijai Singh Dugar	Independent Director
Mr. Rajesh Kalyani	Non Executive Director

**Terms of Reference**

The Committee determines, reviews and recommends managerial remuneration in addition to reviewing overall compensation structure, Employee Stock Option Scheme and policies of the Company with a view to attract, retain and motivate employees, reviewing compensation levels of the Company's employees vis-à-vis other companies and industry in general.

During the financial year 2012-2013, the Committee met once on September 24, 2012.

No sitting fee is paid to the members of the Compensation and Nomination Committee.

**Notes:**

- o *Mr. Vijai Singh Dugar was appointed as Member of the Compensation and Nomination Committee with effect from February 14, 2013.*
- o *Mr. Ameet Naik was appointed as Member of the Compensation and Nomination Committee with effect from May 30, 2013.*
- o *Mr. Anil Baijal, resigned as the Director and Member of the Compensation and Nomination Committee of the Company with effect from December 26, 2012.*
- o *Mr. P.L Agarwal resigned as the Director and Member of the Compensation and Nomination Committee of the Company with effect from April 12, 2013.*

**(iii) Share Transfer Committee**

The Share Transfer Committee of the Company comprises of Mr. K K Rathi, Mr. Rajesh Kalyani and Mr. Sumit Dabirwala.

The committee is authorized to approve the Transfer/ Transmission of Shares, dematerialization and rematerialization of Shares, deletion of name, split, consolidation and issuance of duplicate shares and review from time to time. The committee oversees the performance of the Registrars and Share Transfer Agents i.e Link Intime India Private Limited. The Committee met 7 (seven) times during the year ended March 31, 2013.

The composition of the Share Transfer Committee is given below:

Name of Member	Category	No. of Meetings held	No. of Meetings attended
Mr. K K Rathi	Non Executive Director	7	7
Mr. Rajesh Kalyani	Non Executive Director	7	7
Mr. Sumit Dabirwala	Managing Director	7	7

No sitting fee is paid to the members of the Share Transfer Committee.

**(iv) Shareholders' / Investors' Grievance Committee**

The Shareholders' / Investors' Grievance Committee functions with the objective of looking into redressal of Shareholders' and Investors' grievances relating to non-receipt of dividend, fractional entitlement consequent to demerger, refund orders, shares sent for registration of transfer, Annual Report etc. The Committee was reconstituted at the Board Meeting held on May 30, 2013. The Committee consists of the following Directors:

Name of Member	Category
Mr. Ameet Naik	Independent Director
Mr. Rajesh Kalyani	Non Executive Director
Mr. Sumit Dabirwala	Non Executive Director

**Notes:**

- o Mr. Ameet Naik was appointed as Member of the Compensation and Nomination Committee with effect from May 30, 2013.
- o Mr. P.L Agarwal, resigned as member of the Shareholders' / Investors' Grievance Committee, w.e.f April 12, 2013.

There were no major complaints received from the Shareholders of the Company. The Complaints received were promptly replied by the Registrar and Share Transfer Agents of the Company. The Directors are not paid any sitting fees for attending the meeting of the aforesaid Committee. During the year there were no meetings held of this committee.

Based on the report received from the Company's Registrars and Share Transfer Agent, during the year ended March 31, 2013, there was 11 (eleven) Investor Complaints received and the same were processed. No complaints were outstanding as on March 31, 2013.

The Company Secretary of the Company has been nominated as the Compliance Officer of the Company.

**(v) Committee of Directors**

The Committee of Directors comprises of Mr. KK Rathi, Mr. Rajesh Kalyani and Mr. Vijai Singh Dugar. The committee of Directors is authorized to take decisions which are required for the day to day operations of the Company. The Committee of Directors was re-constituted at the Board meeting held on May 30, 2013.

The composition of the Committee of Directors is given below:

Name of Member	Category
Mr. Vijai Singh Dugar	Independent Director
Mr. K K Rathi	Non Executive Director
Mr. Rajesh Kalyani	Non Executive Director

The committee met 6 (six) times during the year. The Minutes of the meetings of Committee of Directors are reviewed and noted by the Board. No sitting fee is paid to the members of the Committee of Directors.

**Notes:**

- Mr. Sumit Dabriwala resigned as member of the Committee of Directors, w.e.f May 30, 2013.
- Mr. Vijai Singh Dugar was inducted as a member of the Committee of Directors, w.e.f May 30, 2013.

**IV. Subsidiary Monitoring Frame Work**

As on March 31, 2013, it has Fifteen (15) subsidiary companies. In compliance of the Clause 49 (III) (i) of the Listing Agreement, Mr. Rahul Saraf, independent Director of the Company is also a Director on the Board of Directors of Agre Properties & Services Limited, which was a material non-listed Indian Subsidiary of the Company.

During the year ender review Agre Properties & Services Limited which was a material non-listed Indian Subsidiary of the Company and KB Mall Management Company Limited, the wholly owned subsidiary, Amalgamated with Future Market Networks Limited vide High Court order dated March 26, 2013 and March 15, 2013 respectively.

**V. Code for Prevention of Insider Trading Practices**

Pursuant to the Securities and Exchange Board of India, (Prohibition of Insider Trading) Regulations 1992, a comprehensive code for prevention of Insider Trading is in place. The objective of the Code is to prevent purchase and/or sale of shares of the Company by an insider on the basis of unpublished price sensitive information. Under this Code, Directors and designated employees are completely prohibited from dealing in the Company's shares during the closure of Trading Window. To deal in securities beyond specified limit, permission of Compliance Officer is mandated. All the designated employees are also required to disclose related information periodically as defined in the Code.

The Company Secretary of the Company has been nominated as the Compliance Officer of the Company.

**VI. General Body Meeting**

The Company convenes Annual General Meeting (AGM) within the stipulated time period. The details of the Special Resolutions passed at in the previous three AGM are given below:

**a. Details of the Special Resolutions passed at in the previous three AGM:**

Financial Year	Day, Date & Time	Venue	Special Resolution Passed
2009-2010	Saturday September 18, 2010 3.00 p.m	Knowledge House, Shyam Nagar, Off. Jogeshwari – Vikhroli Link Road, Jogeshwari East Mumbai - 400060	Nil
2010-2011	Wednesday September 28, 2011 2.00 p.m	Sunville Banquets, 9, Dr. Annie Besant Road, Worli, Mumbai – 400018	Increase in % of investment by Foreign Institutional Investors in the Share Capital of the Company, not exceeding an aggregate 49% of the paid up share capital of the Company.
2011-2012	Tuesday August 14, 2012 2.00 p.m	Sunville Banquets, 9, Dr. Annie Besant Road, Worli, Mumbai – 400018	<ul style="list-style-type: none"> <li>▪ Approval of Employees Stock Option Scheme 2012 (ESOS-2012) for Employees of the Company</li> <li>▪ Approval of Employees Stock Option Scheme 2012 (ESOS-2012) for Employees of the Subsidiaries of the Company</li> </ul>

**b. Details of Special Resolutions passed at the Extraordinary General Meetings for the last 3 years.**

Financial Year	Day, Date & Time	Venue	Special Resolution Passed
2010-2011	Wednesday, June 9, 2010 3.00 p.m	Knowledge House, Shyam Nagar, Off. Jogeshwari – Vikhroli Link Road, Jogeshwari East Mumbai - 400060	To obtain the approval of the Shareholders for: <ul style="list-style-type: none"> <li>the Alteration of Articles of Association</li> <li>Cancellation of Paid Up Capital pursuant to the scheme of Arrangement between Pantaloon Retail (India) Limited, Future Mall Management Limited (Now Future Market Networks Limited) and Future Merchandising Limited (now Agre Properties and Services Limited)</li> </ul>
2010-2011	Saturday, August 28, 2010 11.30 a.m	Knowledge House, Shyam Nagar, Off. Jogeshwari – Vikhroli Link Road, Jogeshwari East Mumbai - 400060	To obtain the approval of the Shareholders for: <ul style="list-style-type: none"> <li>the Amendment of object clause.</li> <li>Increasing the Authorized Capital of the Company.</li> </ul>
2010-2011	Friday, September 20, 2010, 4.30 p.m	Knowledge House, Shyam Nagar, Off. Jogeshwari – Vikhroli Link Road, Jogeshwari East Mumbai - 400060	To obtain the approval of the Shareholders for: <ul style="list-style-type: none"> <li>Change in name of the Company</li> <li>Adoption of new set of Articles of Association.</li> </ul>

**VII. Additional Shareholders information**

- During the financial year 2012-13, there were no transactions of material nature with the directors or the management or their subsidiaries or relatives that had potential conflict with the interest of the Company.
- The Company has complied with the requirements of the Stock Exchanges/SEBI/and other Statutory Authorities on all matters related to capital markets during the last three years. No penalties or structure have been imposed on the Company by the Stock Exchange or SEBI or any other statutory authorities.

**3. Listing and Custodial Charges:**

- At present, the Equity Shares of the Company are listed on the BSE Limited (BSE) and the National Stock Exchange of India Limited (NSE). The Annual Listing fees for the year 2013-14 have been paid to NSE and BSE.
- The Company has paid custodial fees for the year 2013-14 to National Securities Depository Limited and Central Depository Services (India) Limited on the basis of number of beneficial accounts maintained by them as on March 31, 2013.

**4. Annual General Meeting:**

AGM Date : September 27, 2013

Time & Venue : At 2.30 pm, Sunville Banquets 9, Dr. Annie Besant Road, Worli, Mumbai - 400018

**5. Financial Year : 1<sup>st</sup> April to 31<sup>st</sup> March**
**6. Book Closure : September 25, 2013 to September 27, 2013(both days inclusive)**
**7. Financial Calendar (tentative):**

First Quarterly Result : on or before 14<sup>th</sup> August

Second Quarterly Result : on or before 14<sup>th</sup> November

Third Quarterly Result : on or before 14<sup>th</sup> February

Financial year ending : on or before 30<sup>th</sup> May

**8. Listing on Stock Exchanges**
**a) BSE Limited (BSE)**

Phiroze Jeejeebhoy Towers,  
Dalal Street,

Mumbai 400 001

**Scrip Code 533296**

b) **National Stock Exchange of India Limited(NSE)**

"Exchange Plaza", Bandra-Kurla Complex,

Bandra (E), Mumbai 400 051

**Trading Symbol - FMNL**

ISIN : INE360L01017

9. **Stock Market Data**

High, lows and Volumes of FMNL from April 1, 2012 to March 31, 2013 at BSE and NSE.

Month	BSE			NSE		
	High (Rs)	Low (Rs)	Volume (Number of Shares Traded)	High (Rs)	Low (Rs)	Volume (Number of Shares Traded)
April 2012	31.95	25.60	29691	34.00	26.65	40557
May 2012	29.90	25.00	55013	30.45	25.00	57270
June 2012	29.85	22.25	259764	30.30	24.00	251224
July 2012	29.00	21.65	274597	28.50	24.20	295800
August 2012	27.90	19.65	43102	30.00	21.75	31036
September 2012	28.70	19.00	75616	29.15	20.60	129944
October 2012	36.50	22.00	247482	36.90	22.50	537438
November 2012	34.30	26.10	57502	34.50	25.55	69621
December 2012	35.40	25.70	122176	35.05	25.15	199011
January 2013	27.50	19.20	172272	27.00	18.80	240623
February 2013	20.95	17.10	55462	21.00	16.25	97470
March 2013	17.45	12.10	47874	16.75	12.35	70835

10. **Distribution of Shareholding**

The distribution of the shareholding of the Equity Shares of the Company by size and by ownership class as on March 31, 2013 is as below:

i. **Distribution of shareholding as on March 31, 2013**

Distribution Range of Shares	No. of Shares	% of shares	No. of Shareholders	% of Shareholders
1 - 500	546745	0.9789	16924	95.8813
501 - 1000	241345	0.4321	301	1.7053
1001 - 2000	257049	0.4602	167	0.9461
2001 - 3000	187357	0.3354	73	0.4136
3001 - 4000	101154	0.1811	29	0.1643
4001 - 5000	159334	0.2853	34	0.1926
5001 - 10000	342456	0.6131	48	0.2719
Greater than 10000	54018966	96.7139	75	0.4249
Total	55854406	100.00	17651	100.00

ii. **Shareholding pattern by ownership as on March 31, 2013**

Categories	As on March 31, 2013	
	No. of Shares	Percentage
Promoters, Directors, Relatives and Associates	38387504	68.73
Foreign Institutional Investor/ Mutual Funds	224479	0.40
Public Financial Institutions / State Financial Corporation / Insurance Companies	608623	1.09
Mutual Funds (Indian) and UTI	12743	0.02
Nationalized and other Banks	830	0.00
NRI / OCBs	23017	0.04
Public	16146975	28.91
Others (CBP/CM)	451065	0.81
Total	55854406	100.00

11. **Dematerialization of Shares**

As on March 31, 2013, 55787838 Equity Shares representing 99.88% of the total equity capital of the Company were held in dematerialized form. The bifurcation of shares held in Physical and Demat form as on March 31, 2013, are given below:



Particulars	No. of Shares	Percentage
Physical Segment	66568	0.12
Demat Segment		
NSDL	54814341	98.14
CSDL	973497	1.74
<b>Total</b>	<b>55854406</b>	<b>100.00</b>

12. Physical Shares are transferred at the office of M/s Link Intime India Pvt Ltd., C/13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (W) Mumbai-400078, the Registrar & Transfer Agent of the Company. Any query or complaint may be referred to the said address.

**13. Shares held in Abeyance and Fractional Shares**

570 Equity shares of the Company which have been issued under the scheme of demerger with Pantaloon Retail India Limited (PRIL – now known as FRL) are kept in abeyance and the said shares will be allotted subsequent to completion of legal formalities to allot the original shares in PRIL which are currently held in abeyance.

Fractional shares on the allotment of shares subsequent to the demerger of the Company from Pantaloon Retail India Limited were sold in the open market and the proceeds of the same were proportionately distributed to shareholders who were entitled to such fractional shares.

Fractional entitlement shares on the allotment of shares pursuant to the Scheme of Amalgamation of Future Realtors India Private Limited, AIGL Holding And Investments Private Limited and Prudent Vintrade Private Limited with the Company were consolidated in the hands of a nominated person and equity shares were issued and allotted to such person and the said shares shall be sold by him at a suitable time. The sale proceeds of these shares will be proportionately distributed to shareholders who were entitled to such fractional shares.

**14. Means of Communication:**

- a) Quarterly Results were published in newspapers, viz., Free Press Journal and Navshakti.  
The Company has its own web site and all vital information relating to the Company and its products etc have been uploaded on the web site for the benefit of the public at large. Company's web site address is [www.fmn.co.in](http://www.fmn.co.in)
- b) Management Discussion and Analysis forms part of the Annual Report.

**15. Share Transfer system:**

The Company's shares are traded in Stock Exchange compulsorily in demat mode. Shares in physical mode which are lodged for transfer are processed and returned to the shareholders within 10-15 days from the date of receipt.

**16. Address for correspondence:**

**i. Any Query on Annual Report:**

Mr. Anil Cherian  
Company Secretary  
Knowledge House  
Shyam Nagar, Jogeshwari – Vikhroli Link Road  
Jogeshwari (E), Mumbai 400 060  
Phone: 022 66201456  
Fax: 022 66201462  
Email id for investors: [anil.cherian@futuregroup.in](mailto:anil.cherian@futuregroup.in)

**ii. Shareholders correspondence should be addressed to:**

M/s Link Intime India Pvt Ltd.  
C/13, Pannalal Silk Mills Compound  
L.B.S. Marg, Bhandup (W)  
Mumbai-400078  
Phone: 022-2596 3838  
Fax: 022-2594 6969

Shareholders holding shares in electronic mode should address their correspondence to their respective Depository Participants.

**17. Compliance on Clause 49 of the Listing Agreement**

In so far as compliance with the requirements of Clause 49 of the listing Agreement with the stock exchanges for the year ended March 31, 2013, the Company has complied with the mandatory norms and disclosures that have to be made in Corporate Governance report. The Company has not adopted any non mandatory requirements suggested under the Corporate Governance. The Statutory Auditors have certified that the Company has complied with conditions of Corporate Governance as stipulated in Clause 49 and the certificate is annexed to this report.

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## AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To,  
The Members,  
Future Market Networks Limited

We have examined the compliance of conditions of Corporate Governance by Future Market Networks Limited for the year ended on March 31, 2013, as stipulated in clause 49 of the Listing Agreement of the said company with stock exchanges in India.

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

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

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

**For NGS & Co LLP**

Chartered Accountants  
Firm Registration No. 119850W

**Ganesh Toshniwal**

Partner  
Membership No. 4669

Place: Mumbai  
Date: May 30, 2013



# Financial Statements and Notes

## AUDITORS' REPORT

To the Members of  
Future Market Networks Limited

### Report on the Financial Statements

We have audited the accompanying financial statements of **Future Markets Networks Limited** ("the Company"), which comprises of the Balance Sheet as at March 31, 2013 and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

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

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

### Opinion

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

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013.
- b) in the case of the Statement of Profit and Loss, of the loss for the year ended on that date; and
- c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

### Report on Other Legal and Regulatory Requirements.

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

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

**Ganesh Toshniwal**  
Partner  
Membership No. 46669

Mumbai  
May 30, 2013

## **ANNEXURE TO AUDITORS' REPORT**

**Referred to in Paragraph 1 under the heading of "Report on Other Legal and Regulatory Requirements" of our report of even date**

- i. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.  
(b) The fixed assets have been physically verified by the management during the year and no material discrepancies were noticed on such verification. In our opinion, the frequency of verification of the fixed assets is reasonable having regard to the size of the Company and the nature of its assets.  
(c) In our opinion, a substantial part of fixed assets has not been disposed off during the year.
- ii. The Company did not have any inventory. Therefore, provisions of Clause 4 (ii) of the Order are not applicable to the Company.
- iii. The Company has not granted/taken any loan, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Act. Therefore, the provisions of clause 4(iii) of the Order are not applicable to the Company.
- iv. In our opinion, and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and nature of its business for purchase of fixed assets and for the sale of services. There were no transactions for purchase of inventories and sale of goods. During the course of our audit, no major weakness has been noticed in the internal control system in respect of these areas.
- v. According to the information and explanations given to us, there have been no contracts or arrangements referred to in Section 301 of the Companies Act, 1956 during the year to be entered in the register required to be maintained under that Section. Therefore, the question of commenting on transactions made in pursuance of such contracts or arrangement does not arise.
- vi. The Company has not accepted any deposits from the public within the meaning of sections 58A and 58AA of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975. Therefore, the provisions of clause 4 (vi) of the Order are not applicable to the company.
- vii. In our opinion, the Company has an internal audit system commensurate with the size of the Company and the nature of its business.
- viii. Since the Company is neither engaged in manufacturing, processing, production and mining activities, to the best of our knowledge and belief, provisions of Section 209(1)(d) of Companies Act, 1956 are not applicable to the Company. Therefore, the provisions of clause 4(viii) of the Order are not applicable to the Company.
- ix. (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees state insurance, income-tax, sales-tax, wealth-tax, custom duty, excise duty, cess and other material statutory dues applicable to it.  
(b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident funds, investor education and protection fund, employee's state insurance, income-tax, wealth tax, service tax, sales-tax, customs duty, excise duty, cess and undisputed statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable  
(c) The disputed statutory dues that have not been deposited on account of disputed matters pending before appropriate authorities are as under:

<b>Name of the Statute</b>	<b>Nature of the dues</b>	<b>Amount (Rs.)</b>	<b>Period</b>	<b>Forum</b>
Income Tax Act, 1961	Tax Liability on Regular Assessment	23.67 lacs	A.Y. 2009-10	CIT (Appeals)

- x. The Company's, accumulated losses at the end of financial year are less than fifty percent of the net worth and it has incurred cash losses in the current year, and in preceding financial year.
- xi. Based on our audit procedures and as per the information and explanations given by management, we are of the opinion that the Company has not defaulted in repayment of dues to bank. There were no dues repayable to financial institutions and debenture holders during the year.

- xii. According to the information and explanations given to us, the Company has not given any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii. In our opinion and according to the information and explanations given to us, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4 (xiii) of the Order are not applicable to the Company.
- xiv. In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Therefore the provisions of clause 4 (xiv) of the Order are not applicable to the Company.
- xv. According to the information and explanations given to us, the Company has given guarantee for loans taken by others from banks or financial institutions, the terms and conditions whereof, in our opinion, are not prima facie prejudicial to the interest of the Company.
- xvi. In our opinion, the Company has applied the term loans for the purpose for which the loans were obtained.
- xvii. According to the information and explanations given to us and on overall examination of the Balance Sheet and Cash Flow Statement of the Company, we report that the Company has used funds raised on short term basis amounting to Rs. 2573 lacs for long term investments.
- xviii. According to the information and explanations given to us, the Company has not made any preferential allotments of shares to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956. Therefore the provisions of clause 4 (xviii) of the Order are not applicable to the Company.
- xix. The Company did not issue nor have any outstanding debentures during the year.
- xx. The Company has not raised any money by public issues during the year. Therefore, the provisions of clause 4 (xx) of the Order are not applicable to the Company.
- xxi. Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the year.

Mumbai  
May 30, 2013

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

**Ganesh Toshniwal**  
Partner  
Membership No. 46669

**BALANCE SHEET AS AT MARCH 31, 2013**

(Rupees in Lacs )

	Note	As at March 31, 2013	As at March 31, 2012
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholder's Funds</b>			
Share Capital	2	5,585.44	5,585.44
Reserves and Surplus	3	25,782.52	36,168.94
<b>Non-Current Liabilities</b>			
Long-Term Borrowings	4	20,250.72	19,250.00
Other Long Term Liabilities	5	9,319.90	-
Long-Term Provisions	6	6.24	14.73
<b>Current Liabilities</b>			
Short-Term Borrowings	7	13,068.75	7,365.10
Trade Payables	8	2,743.70	492.30
Other Current Liabilities	9	13,112.33	7,351.82
Short-Term Provisions	10	1.24	2.94
<b>TOTAL</b>		<b>89,870.86</b>	<b>76,231.27</b>
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Fixed Assets			
Tangible Assets	11	32,717.57	316.92
Capital work-in-progress		946.72	-
Non-Current Investments	12	21,739.30	48,441.92
Long-Term Loans and Advances	13	18,195.60	3,704.82
<b>Current Assets</b>			
Current Investments	14	1.06	-
Trade Receivables	15	4,776.60	2,476.60
Cash and Bank Balances	16	67.45	60.11
Short-Term Loans and Advances	17	11,426.55	21,230.89
<b>TOTAL</b>		<b>89,870.86</b>	<b>76,231.27</b>
Notes to Financial Statements	1-37		

As per our Report of even date attached

For NGS &amp; Co. LLP

Chartered Accountants

For and on behalf of the Board of Directors

**Ganesh Toshniwal**

Partner

**Membership No. 46669**
**Ameet Naik**

Chairman

**Sunil Biyani**

Managing Director

**Rajesh Kalyani**

Director

Mumbai

May 30, 2013

**Vijai Singh Dugar**

Director

**Pawan Agarwal**

Chief Financial Officer

**Anil Cherian**

Company Secretary

## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2013

(Rupees in Lacs )

	Note	Year Ended March 31, 2013	Year Ended March 31, 2012
<b>INCOME:</b>			
Revenue from Operations	18	10,953.22	2,929.06
Other Income	19	1,478.47	4,461.67
<b>Total Revenue</b>		<b>12,431.70</b>	<b>7,390.73</b>
<b>EXPENSES:</b>			
Operating Cost	20	6,770.22	524.58
Employee Benefit Expenses	21	458.67	1,473.50
Finance Costs	22	5,631.46	4,378.27
Depreciation	11	1,674.83	22.42
Other Expenses	23	3,072.43	1,115.42
<b>Total Expenses</b>		<b>17,607.60</b>	<b>7,514.19</b>
Profit (Loss) before exceptional items and income tax		(5,175.91)	-
Exceptional items		(1,180.30)	-
<b>Profit/(Loss) before Tax</b>		<b>(3,995.61)</b>	<b>(123.46)</b>
Tax Expense:			
(1) Current tax		-	-
(2) Deferred Tax		(496.51)	(3.65)
<b>Profit/(Loss) after Tax</b>		<b>(3,499.10)</b>	<b>(119.81)</b>
<b>Earnings Per Equity Share</b>			
Equity Shares of Face Value Rs. 10 each			
Basic and Diluted		(6.26)	(0.21)
Notes to Financial Statements	1-37		

As per our Report of even date attached

For NGS &amp; Co. LLP

Chartered Accountants

For and on behalf of the Board of Directors

**Ganesh Toshniwal**

Partner

**Membership No. 46669****Ameet Naik**

Chairman

**Sunil Biyani**

Managing Director

**Rajesh Kalyani**

Director

Mumbai

May 30, 2013

**Vijai Singh Dugar**

Director

**Pawan Agarwal**

Chief Financial Officer

**Anil Cherian**

Company Secretary

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013.****1 Significant Accounting Policies:****1.1 Basis of preparation:**

These financial statements have been prepared in accordance with the generally accepted accounting principles in India (IGAAP) under the historical cost convention on accrual basis and comply in all material aspects with the Accounting Standards notified under Section 211(3C) [Companies (Accounting Standards) Rules, 2006, as amended] and other relevant provisions of the Companies Act, 1956.

**1.2 Use of estimates:**

Preparation of financial statements requires the management of the Company to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to the contingent liabilities as at the date of the financial statements and reported amounts of incomes and expenses during the year. Although these estimates are based upon management's best knowledge of current events and actions' uncertainty about these assumptions and estimates could result in differences between the actual results and estimates, which are recognized in future periods.

**1.3 Fixed Assets and Depreciation:**

- i. Fixed assets are stated at cost, less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Borrowing costs attributable to acquisition and construction of qualifying assets are capitalized as a part of the cost of such assets upto the date when such assets are ready for their intended use.
- ii. Depreciation on tangible assets is provided on Straight Line Method at the rates prescribed under Schedule XIV to the Companies Act, 1956, except lease hold improvements which are amortized over the period of lease. Fixed Assets, individually costing less than Rs. 5000 (Rupees Five thousand Only) are fully depreciated in the year of purchase. Depreciation on the Fixed Assets added/disposed off/discarded during the year is provided on pro-rata basis with reference to the month of addition/disposal/discarding.

**1.4 Impairment of Assets:**

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

**1.5 Investments:**

Current investments are stated at lower of cost and fair value computed on individual investment basis.  
Long term investments are stated at cost, less provision for other than temporary diminution in value.

**1.6 Revenue Recognition:**

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and can be reliably measured.

Revenue from services rendered is recognized as the service is performed based on agreements/ arrangement with concerned parties and revenue from end of the last billing to the balance sheet date is recognised as unbilled revenue.

Lease rentals income is recognized in the Statement of Profit and Loss as per the terms of agreement which is representative of the time pattern of the user's benefit.

Interest income is recognized on time proportion basis taking into account the amount outstanding and rates



applicable. Dividends are recorded when the right to receive payment is established.

#### 1.7 Retirement and Other Employee Benefits

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

Post employment and other long term employee benefits are recognized as an expense in the Statement of Profit and Loss for the year in which the employee has rendered service. The expense is recognized at the present value of the amounts payable determined using actuarial valuation techniques. Actuarial gains and losses in respect of post employment and other long term benefits are charged to Statement of Profit and Loss.

#### 1.8 Taxation

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

Deferred tax resulting from "timing difference" between taxable and accounting income is accounted for using the tax rates and laws that are enacted or substantively enacted as at the Balance Sheet date. Deferred tax asset is recognized and carried forward only to the extent that there is virtual certainty that the asset will realized in future.

Minimum alternative tax (MAT) paid in accordance to the tax laws, which gives rise to future economic benefits in the form of adjustment of future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax in future periods. Accordingly, MAT is recognized as an asset in the Balance Sheet when it is probable that the future economic benefit associated with it will flow to the Company and the asset can be measured reliably.

#### 1.9 Provision, Contingent Liabilities and Contingent Assets:

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources.

Contingent liabilities are not recognized, but disclosed in the notes.

Contingent assets are neither recognized nor disclosed in the financial statements.

#### 1.10 Leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased term, are classified as operating leases. Rentals are expensed with reference to lease terms and other considerations.



**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013**
**2. SHARE CAPITAL**
**(Amount in Rs. Lacs)**

Particulars	As at March 31, 2013	As at March 31, 2012
<b>Authorised Capital</b>		
9,02,60,000 (8,02,10,000) Equity Shares of Rs.10/- each	<b>9,026.00</b>	8,021.00
5,000 Preference Shares of Rs.100/- each	<b>5.00</b>	5.00
	<b>9,031.00</b>	8,026.00
<b>Issued Capital*</b>		
55,854,976 Equity Share of Rs 10/- each	<b>5,585.50</b>	5,585.50
	<b>5,585.50</b>	5,585.50
<b>Subscribed and Paid up</b>		
55,854,406 Equity Share of Rs 10/- each fully paid up	<b>5,585.44</b>	5,585.44
	<b>5,585.44</b>	5,585.44
<b>* Includes 570 shares in abeyance</b>		

**a) Reconciliation of the shares outstanding is set out below:**

Particulars	March 31, 2013		March 31, 2012	
	No. of Shares	Amount Rs. in Lacs	No. of Shares	Amount Rs. in Lacs
Opening balance of Equity shares	<b>55,854,406</b>	<b>5,585.44</b>	11,170,966	1,117.10
Issued as per the scheme of the amalgamation			44,683,440	4,468.34
<b>Closing balance of Equity Shares</b>	<b>55,854,406</b>	<b>5,585.44</b>	55,854,406	5,585.44

**b) Rights and restrictions attached to shares**

The company has only one class of equity shares having a par value of Rs. 10 per share. Each holder is eligible to one vote per share. The dividend if any proposed by the Board of Directors is subject to the approval of the shareholders in ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the company after distribution of all preferential amounts in proportion of their shareholding.

**c) Details of shares held by shareholders holding more than 5% of the aggregate equity shares in the company.**

Name of the Shareholder	March 31, 2013		March 31, 2012	
	No. of Shares	% held	No. of Shares	% held
Manz Retail Private Limited	<b>16,430,824</b>	<b>29.42%</b>	16,430,824	29.42%
Future Corporate Resources Limited	<b>12,676,754</b>	<b>22.70%</b>	12,676,754	22.70%
Future Ideas Realtors India Limited	<b>8,563,367</b>	<b>15.33%</b>	8,563,367	15.33%
Rhamni Projects Private Limited	<b>8,042,291</b>	<b>14.40%</b>	8,042,291	14.40%
Ishbhoomi Mall Management Private Limited	<b>3,127,870</b>	<b>5.60%</b>	3,127,870	5.60%
<b>Total</b>	<b>48,841,106</b>	<b>87.45%</b>	48,841,106	87.45%

**d) Aggregate number and class of shares allotted as fully paid up pursuant to scheme of demerger/ amalgamation without payment being received in cash.**

During Financial year 2010 -2011, 1,11,70,966 Equity Shares of Rs. 10/- each fully paid up has been allotted as per scheme of demerger and during Financial Year 2011-2012, 4,46,83,440 Equity Shares of Rs. 10/- each fully paid has been allotted as per scheme of amalgamation.

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

## e) Shares reserved for issue under options

The Company instituted an Employees Stock Option Scheme ('ESOP) pursuant to the Board and Shareholders resolution dated August 14, 2012. As per the scheme, Company is authorised to grant 558000 options comprising equal number of equity shares in one or more tranches to Director, Key Managerial Personal eligible employees of the Company and its subsidiaries. The employees will have the option to exercise the right within three years from the date of vesting of options. During the year ended March 31, 2013, 506000 options have been granted.

## 3. RESERVES AND SURPLUS

(Amount in Rs. Lacs)

Particulars	As at March 31, 2013	As at March 31, 2012
<b>Capital Reserve</b>		
Opening Balance	11,013.18	-
Add: Additions on scheme of Amalgamation	-	11,161.91
Less: Deductions on scheme of amalgamation (See Note No. 24)	3,538.44	148.73
	7,474.75	11,013.18
<b>Securities Premium</b>	25,241.47	25,241.47
	25,241.47	25,241.47
<b>Statement of Profit and Loss</b>		
Opening Balance	(85.72)	34.09
Add: Surplus/(Deficit) for the year	(3,499.10)	(119.81)
Add: On Scheme of Amalgamation ( See Note No. 24 )	(3,348.88)	-
	(6,933.70)	(85.72)
	25,782.52	36,168.94

## 4. LONG-TERM BORROWINGS

Particulars	As at March 31, 2013	As at March 31, 2012
<b>Secured</b>		
<b>Term Loan from Banks</b>	20,250.72	19,250.00
	20,250.72	19,250.00

- i) Term Loan of Rs. 19000.27 lacs (2012 Rs. 19250 lacs) are secured by (a) immovable property owned by the company and one property owned by one subsidiary of the company and Ishkrupa Mall Management Company Private limited (b) personal guarantee of 3 shareholders.
  - ii) Term Loan of Rs. 8000.44 lacs (2012 Rs. Nil) are secured by (a) First mortgage/charge on the immovable property situated at Ahmedabad and immovable property owned by the company first charge on the current assets/receivables of the company (b) personal guarantee of 3 shareholders and corporate guarantee of one subsidiary
  - iii) Term Loan of Rs. 4750.00 lacs (2012: Nil) are secured by Hypothecation charge on all the movable assets situated in the malls taken on lease by the company up to 1.50 times of the outstanding loan amount.
- Term Loan are repayable as follows: Rs. 14000 lacs is repayable in 2014-15 Rs. 4125.00 lacs is repayable in 2015-16 Rs. 1375.00 lacs is repayable in 2016-17 and Rs. 750.00 lacs is repayable in 2017-18.
- (Rate of interest between 13.75% to 14.75% p.a.)

## 5. OTHER LONG-TERM LIABILITIES

	As at March 31, 2013	As at March 31, 2012
Rental Deposits	9,319.90	-
	9,319.90	-

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013**
**(Amount in Rs. Lacs)**

Particulars	As at March 31, 2013	As at March 31, 2012
<b>6. LONG-TERM PROVISIONS</b>		
<b>Provision for Employee Benefits*</b>	<b>6.24</b>	14.73
*Include provision for gratuity and other retirement benefits		
	<b>6.24</b>	14.73
<b>7. SHORT-TERM BORROWINGS</b>		
<b>Secured</b>		
Cash Credit from bank	129.58	-
<b>Loans from Financial Institution</b>		
Inter Corporate Deposit	2,000.00	-
<b>Unsecured, repayable on demand</b>		
Loans and advances from related parties	8,899.37	3,724.24
Loans and advances from others	2,039.81	3,640.87
	<b>13,068.75</b>	7,365.10
<b>Secured</b>		
<b>a) Cash Credit from bank:</b>		
i) Secured by first and pari-passu hypothecation charge of all existing and future current assets including receivables of the borrower and personal guarantee of shareholder		
<b>b) Inter Corporate Deposit:</b>		
i) Secured by hypothecation of movable assets of the company, both present and future and personal guarantee of promoter shareholder		
<b>Unsecured</b>		
<b>a) Loans and advances from related parties:</b>		
i) Includes interest free loan Rs. 116.37 lacs (2012 Rs. 1066.90 lacs)		
<b>b) Loans and advances from others:</b>		
i) Includes interest free loan Rs. 5313.94 lacs (2012: Rs 3,472.36 lacs) (Rate of interest between 8% to 16.50% p.a.)		
<b>8. TRADE PAYABLES</b>		
Trade Payables (Refer Note No. 36)	2,743.70	492.30
	<b>2,743.70</b>	492.30
<b>9. OTHER CURRENT LIABILITIES</b>		
Current Maturities of Long-Term Borrowings	11,500.00	7,000.00
Advance from customers	108.00	3.24
Rental Deposits	445.22	-
Others*	1,059.11	348.57
	<b>13,112.33</b>	7,351.82
* It primarily includes payable for expenses and statutory dues		
<b>10. SHORT-TERM PROVISIONS</b>		
<b>Provision for Employee Benefits*</b>		
Provision for gratuity	0.42	0.99
Provision for leave encashment	0.82	1.95
*Includes provision for gratuity and other retirement benefits		
	<b>1.24</b>	2.94

## 11. FIXED ASSETS

(Amount in Rupees Lacs)

Particulars	Gross Block					Depreciation				Net Block	
	As at April 1, 2012	Additions	Deductions	Reclassified as held for sale	As at March 31, 2013	Upto April 1, 2012	Addition as per scheme of arrangement*	For the Year	Adjustment on disposal/reclassification	Upto March 31, 2013	As at March 31, 2012
<b>Tangible Fixed Assets</b>											
Freehold Land	-	69.94	-	-	69.94	-	-	-	-	-	-
Building	-	-	-	-	-	-	-	-	-	-	-
Leasehold Improvement	145.33	-	-	-	145.33	19.78	-	2.37	-	22.15	125.55
Air Conditioner	15.87	-	-	-	15.87	4.14	-	0.75	-	4.89	11.73
Computers and Software	31.33	11.80	-	-	43.13	23.88	-	5.39	-	29.28	7.44
Furniture and Fittings	131.16	-	-	-	131.16	29.79	-	8.30	-	38.09	101.37
Office and Other Equipment	5.56	0.84	-	-	6.40	0.53	-	0.29	-	0.82	5.03
Plant and Machinery	86.04	-	-	-	86.04	20.23	-	4.09	-	24.32	65.80
Vehicles	-	4.19	-	-	4.19	-	3.66	0.38	-	4.04	-
<b>Total A</b>	<b>415.28</b>	<b>86.77</b>	<b>-</b>	<b>-</b>	<b>502.05</b>	<b>98.36</b>	<b>3.66</b>	<b>21.58</b>	<b>-</b>	<b>123.60</b>	<b>316.92</b>
<b>Under Operating Lease</b>											
Building	-	12,009.18	-	-	12,009.18	-	1,113.13	195.62	-	1,308.75	-
Leasehold Improvement	-	7,543.50	18.29	903.84	6,621.37	-	193.61	643.68	59.66	777.63	-
Air Conditioner	-	3,070.29	-	-	3,070.29	-	264.79	133.81	-	398.60	-
Computers and Software	-	126.15	-	-	126.15	-	55.79	20.41	-	76.19	-
Furniture and Fittings	-	6,459.74	-	-	6,459.74	-	338.87	382.91	-	721.78	-
Office and Other Equipment	-	303.65	-	-	303.65	-	13.30	13.28	-	26.58	-
Plant and Machinery	-	6,758.60	-	498.00	6,260.60	-	281.67	263.55	33.51	511.71	-
<b>TOTAL B</b>	<b>-</b>	<b>36,271.10</b>	<b>18.29</b>	<b>1,401.84</b>	<b>34,850.97</b>	<b>-</b>	<b>2,261.16</b>	<b>1,653.25</b>	<b>93.17</b>	<b>3,821.25</b>	<b>-</b>
<b>Grand Total</b>	<b>415.28</b>	<b>36,357.87</b>	<b>18.29</b>	<b>1,401.84</b>	<b>35,353.02</b>	<b>98.36</b>	<b>2,264.83</b>	<b>1,674.83</b>	<b>93.17</b>	<b>3,944.84</b>	<b>316.92</b>
Previous Year	416.22	14.06	15.01	-	415.28	76.79	-	23.16	1.60	98.36	-
Asset held for sale										1309.39	
*See Note No. 24											
<b>Total</b>										<b>32,717.57</b>	

Particulars	As at March 31,2013	As at March 31,2012
<b>12. NON-CURRENT INVESTMENTS</b>		
<b>Non - Trade Investment (Valued at cost unless stated otherwise)</b>		
<b>Unquoted</b>		
<b>Investments in Equity Shares of</b>		
<b>Subsidiary Companies</b>		
<b>Equity Shares of Rs.10/- each fully paid up</b>		
Nil (50,000) Equity Shares of Agre Properties and Services Limited	-	25,479.25
10,000 Equity Shares of Precision Realty Developers Private Limited	1.00	1.00
10,000 Equity Shares of Acute Realty Private Limited	531.52	531.52
10,000 Equity Shares of Kshitij Retail Destination Private Limited	273.34	273.34
11,36,600 Equity Shares of Suncity Properties Private Limited	1,295.52	1,295.52
1,00,000 Equity Shares of Aashirwad Malls Private Limited	567.58	567.58
Nil (48,60,000) Equity Shares of KB Mall Management Company Limited	-	5,474.11
10,000 Equity Shares of Nishta Mall Management Company Private Limited	230.08	230.08
10,000 Equity Shares of Niyman Mall Management Company Private Limited	782.58	782.58
10,000 Equity Shares of Ojas Mall Management Private Limited	1.00	1.00
10,000 Equity Shares of Shreya Mall Management Private Limited	1.00	1.00
10,000 Equity Shares of Unique Malls Private Limited	233.34	233.34
10,000 Equity Shares of Aabha Hotels Private Limited	9.00	9.00
10,000 Equity Shares of Harmony Mall Management Private Limited	1.00	1.00
15,000 Equity Shares of Star Shopping Centres Private Limited	1.50	1.50
6,14,161 Equity Shares of Future Trade Markets Private Limited	3,866.00	3,866.00
8,44,856 (7,03,606 ) Equity Shares of Suhani Mall Management Company Private Limited	2,020.54	1,681.29
Nil (10000) Equity Shares of Future Retail Destination Limited*	-	1.00
<b>Joint Ventures</b>		
<b>Equity Shares of Rs.10/- each fully paid up</b>		
5,000 Equity Shares of Riddhi Siddhi Mall Management Private Limited	63.87	63.87
2,400 Equity Shares of Vishnu Mall Management Private Limited	0.24	0.24
1,50,00,000 (10,000) Equity Shares of Future Retail Destination Limited*	1,500.00	-
25,000 Equity Shares of Utility Developers Private Limited	2.50	-
*Future Retail Destination Limited Became joint venture with w.e.f. June 06, 2012		
<b>Associate</b>		
<b>Equity Shares of Rs.10/- each fully paid up</b>		
65,000 Equity Shares of Riverbank Developers Private Limited	5,621.05	5,621.05
<b>Others</b>		
<b>Equity Shares of Rs.10/- each fully paid up</b>		
1,65,000 Equity Shares of Calcutta Metropolitan Group Limited	2,224.99	2,224.99
<b>Preference Shares in Joint Ventures</b>		
10,00,000 Compulsorily Convertible Preference Shares of Vishnu Mall Managment Company Private Limited of Rs 10/- each fully paid up	100.00	100.00
205 (164) 0.01% Non Cumulative Optionaly Convertible Preference Shares of Riddhi Siddhi Mall Management Company Private Limited of Rs. 1,000/- each fully paid up.	411.64	1.64
<b>Others</b>		
<b>Investment in Preference Shares of</b>		
10,00,000 0.01% Non Cumulative Optionaly Convertible Preference Shares of Banshi Mall Management Company Private Limited of Rs. 10/- each fully paid up	2,000.00	-
<b>Aggregate cost of unquoted investments</b>	<b>21,739.30</b>	<b>48,441.92</b>

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

(Amount in Rs. Lacs)

Particulars	As at March 31, 2013	As at March 31, 2012
<b>13. LONG-TERM LOANS AND ADVANCES</b>		
<b>(Unsecured, considered good)</b>		
Capital Advances	12.64	5.00
<b>Security Deposits to</b>		
Related parties	1,200.00	-
Others	10,549.21	0.43
<b>Other Loans and Advances</b>		
Other Loans and Advances to		
Related parties	247.75	-
Others	3,949.33	2,540.00
Deduction of Income Taxes (Net of provision)	1,439.09	446.80
Statutory Dues Receivable	797.57	427.59
Share Application money	-	285.00
	<b>18,195.60</b>	<b>3,704.82</b>
<b>14. CURRENT INVESTMENTS</b>		
<b>Trade Investment in Mutual Fund - Unquoted</b>		
LIC Nomura MF Liquid Fund - Growth	1.06	-
<b>Aggregate cost of unquoted investments</b>	<b>1.06</b>	<b>-</b>
<b>15. TRADE RECEIVABLES</b>		
<b>(Unsecured)</b>		
Outstanding for a period exceeding six months		
Considered Doubtful	291.25	30.32
Considered Good	3,465.05	968.47
Less: Provision for Doubtful Debts	291.25	30.32
	<b>3,465.05</b>	<b>968.47</b>
Other debts	1,311.55	1,508.13
	<b>4,776.60</b>	<b>2,476.60</b>
<b>16. CASH AND BANK BALANCES</b>		
Cash and cash equivalents		
Cash on Hand	1.31	6.51
Balance with Banks		
in current accounts	61.14	53.60
Other bank balances		
Short term bank deposits	5.00	-
	<b>67.45</b>	<b>60.11</b>
<b>17. SHORT-TERM LOANS AND ADVANCES</b>		
<b>(Unsecured, considered good )</b>		
<b>Loans and Advances to</b>		
Related Parties	6,924.14	20,438.63
(Repayable on demand carrying interest rate 10%-18%. includes interest free loan/advance Rs.1238.20 lacs (2012: Rs. 1063.30 lacs)		
Others	3,173.20	128.17
(Carrying Interest Rate of 15% Includes Interest Free Loan/Advance Rs. 3097.21 lacs)		
Deposits	91.16	33.60
Other Loans and Advances*	1,238.06	630.49
	<b>11,426.55</b>	<b>21,230.89</b>
* It primarily includes Share Application money, Other Advances, Statutory dues recoverable etc.		



**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013**
**(Amount in Rs. Lacs)**

Particulars	Year Ended March 31, 2013	Year Ended March 31, 2012
<b>18. REVENUE FROM OPERATIONS</b>		
Rental and other related revenues	8,805.84	1,486.72
Project Mangement Revenue	211.34	1,442.34
Other Operating Revenues	1,936.05	-
	<b>10,953.22</b>	<b>2,929.06</b>
<b>19. OTHER INCOME</b>		
<b>Interest Income:</b>		
On Fixed Deposit	0.46	-
Others	1,399.86	2,976.14
Miscellaneous Income	39.12	35.53
Net Gain on sale of Current Investments	1.06	1,450.00
Excess Provision Written back	37.97	-
	<b>1,478.47</b>	<b>4,461.67</b>
<b>20. OPERATING COST</b>		
Rent including lease rentals	6,319.35	217.55
Mall Maintenance Charges	450.87	307.03
	<b>6,770.22</b>	<b>524.58</b>
<b>21. EMPLOYEE BENEFIT EXPENSES</b>		
Salaries, Wages and Bonus	422.07	1,408.98
Contribution to Provident and Other Funds	16.32	52.82
Staff Welfare Expenses	20.28	11.70
	<b>458.67</b>	<b>1,473.50</b>
<b>22. FINANCE COSTS</b>		
Interest Expenses	5,631.46	4,378.27
	<b>5,631.46</b>	<b>4,378.27</b>
<b>23. OPERATING AND OTHER EXPENSES</b>		
Electricity Charges	659.35	391.46
Repairs and Maintenance - Others	142.06	252.97
<b>Auditors' Remuneration</b>		
Statutory Audit Fees	4.50	2.50
Tax Audit Fees	0.50	0.50
Other Services	1.15	0.31
Rates and Taxes	494.20	2.95
Insurance	12.67	3.22
Legal and Professional Fees	188.45	213.29
Director Sitting Fees	5.20	2.90
Excess provision written off	484.19	-
Bad Debts	512.77	-
Provision for Doubtful Debts	234.98	26.78
Loss on Sale of Fixed Assets	17.57	-
Other Expenses	314.84	218.54
	<b>3,072.43</b>	<b>1,115.42</b>

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

22. Estimated amount of contracts remaining to be executed on capital account and not provided for Rs. 1.36 lacs (2012: Rs.NIL).

**23. Contingent Liabilities not provided for:**

- (a) Corporate Guarantee given to bank on behalf of Companies - Rs. Nil (2012: Rs. 10500.00 lacs )  
 (b) Income tax demand – Rs.23.66 lacs (2012: Rs.23.66 lacs )

Based on the decisions of Appellate authorities and the interpretation of other relevant provisions, the Company has been legally advised that the demand is likely to be either deleted or substantially reduced and accordingly no provision has been made.

**24. Scheme of Arrangement:**

- (a) The figures for the current year include figures of Agre Properties & Services Limited (APSL), the wholly owned subsidiary company, which is amalgamated with the Company with effect from April 1, 2011 as per the Scheme of Amalgamation ("the scheme") sanctioned by the Hon'ble High Court of Bombay and are therefore to that extent not comparable with those of previous year.

The scheme became effective on May 8, 2013, the appointed date of scheme being April, 2011.

In accordance with the scheme and as per approval of the High Court:

- (i) The assets and liabilities of APSL have been transferred to and vested with the Company with effect from April 1, 2011 and have been recorded at their respective fair values under the purchase method of accounting for amalgamations as prescribed in Accounting Standard 14 on Accounting of Amalgamations.  
 (ii) Being a wholly owned subsidiary, 50,000 equity shares of erstwhile APSL held by the Company has been cancelled and no shares have been issued in pursuance to scheme of amalgamation.
- b) The figures for the current year include figures of KB Mall Management Company Limited (KB Mall), the wholly owned subsidiary which is amalgamated with the Company with effect from January 1, 2012 as per the Scheme of Amalgamation ("the scheme") sanctioned by the Hon'ble High Court of Bombay and are therefore to that extent not comparable with those of previous year.

The scheme became effective on May 8, 2013, the appointed date of the Scheme being January 1, 2012.

In accordance with the scheme and as per approval of the High Court:

- (i) The assets, liabilities, reserves, rights and obligations of erstwhile KB Mall have been transferred to and vested with the Company with effect from January 1, 2012 and have been recorded at their respective book values, under the pooling of interest method of accounting for amalgamation as prescribed in Accounting Standard 14 on Accounting of Amalgamation.  
 (ii) Being a wholly owned subsidiary company, 48,60,000 equity shares of erstwhile KB Mall held by the Company have been cancelled against Share Capital of the amalgamating company and no shares have been issued in pursuance to Scheme of Amalgamation

**25. Disclosures required by Accounting Standard 15 "Employee benefits"**

**A. Change in Present Value of Obligation**

(Amount in Rs. Lacs)

Particulars	Gratuity (Unfunded)	Leave Encashment (Unfunded)
Present Value of the Obligation as on April 1, 2012	9.88	7.79
	(31.98)	(25.11)
Interest Cost	0.79	0.62
	(2.56)	(2.01)
Current Service Cost	1.17	0.81
	(4.80)	(3.32)
Benefits Paid	1.03	5.02
	(8.38)	(12.24)



**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013**

Particulars	Gratuity (Unfunded)	Leave Encashment (Unfunded)
Actuarial (gain)/ loss on obligations Gain	(6.61)	(0.92)
Actuarial (gain)/ loss on obligations Loss	(21.08)	(10.41)
<b>Present Value of the Obligation as on March 31</b>	<b>4.20</b>	<b>3.28</b>
	(9.88)	(7.79)

**B. Amount recognized in the Balance Sheet**
**(Amount in Rs. Lacs)**

Particulars	Gratuity (Unfunded)	Leave Encashment
Present Value of the Obligation as on March 31,2013	4.20	3.28
	(9.88)	(7.79)
Fair value of plan assets	NIL	NIL
	NIL	NIL
Un-funded Liability	4.20	3.28
	(9.88)	(7.79)
Unrecognized actuarial gains/ losses	NIL	NIL
	(NIL)	(NIL)
Un-funded liability recognized in Balance Sheet	4.20	3.28
	(9.88)	(7.79)

**C. Expense recognized in the Statement of Profit and Loss**
**(Amount in Rs. Lacs)**

Particulars	Gratuity (Unfunded)	Leave Encashment (Unfunded)
Interest Cost	0.79	0.62
	(2.56)	(2.01)
Current Service Cost	1.17	0.81
	(4.80)	(3.32)
Expected Return on Plan Assets	NIL	NIL
	(NIL)	(NIL)
Actuarial gain on obligations	(6.61)	(0.92)
Actuarial loss on obligations	(21.08)	(10.41)
<b>Total expense recognised in the Statement of Profit and Loss</b>	<b>(4.66)</b>	<b>0.51</b>
	(13.72)	(5.08)

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

## D. Reconciliation of Balance Sheet

(Amount in Rs. Lacs)

Particulars	Gratuity (Unfunded)	Leave Encashment (Unfunded)
Liability of transferred employees under scheme of amalgamation.	NIL	NIL
	(NIL)	(NIL)
Total expense recognized in the Statement of Profit and Loss	6.61	0.92
Total expense recognized in the Statement of Profit and Loss Account	(21.08)	(10.41)
Benefits paid during the year	1.03	5.02
	(8.38)	(12.24)
<b>Present Value of the Obligation as on March 31</b>		
	4.20	3.28
	(9.88)	(7.79)

## E. The assumptions used to determine the benefit obligations are as follows :

Particulars	Gratuity	Leave Encashment
Discount Rate	8%	8%
Expected Rate of increase in compensation levels	5%	5%

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

Since the Company has not funded its gratuity and leave encashment liability, there are no returns on the planned assets and hence the details related to changes in fair value of assets have not been given.

Figures in brackets pertain to previous year.

26. In respect of operating lease taken by the company, the future minimum lease rental obligation under non – cancellable operating leases in respect of these assets is Rs. 26187.69Lacs (2012 :- 27.23 lacs ).

(Amount in Rs. Lacs)

		Year ended March 31, 2013	Year ended March 31, 2012
i)	Lease rentals recognized in Statement of Profit and Loss	6311.59	-
ii)	Lease rentals payable not later than one year	4163.64	9.72
iii)	Lease rentals payable later than one year and not later than five years	17746.94	17.51
iv)	Lease rentals payable later than five years	4277.12	Nil

27. In respect of operating lease given by the company, the future minimum lease rental receivable under non – cancellable operating leases is as follows:

(Amount in Rs. Lacs)

		2012-13	2011-12
i)	Gross block of assets let out on operating lease	22841.80	-
ii)	Accumulated depreciation as at March 31	1148.03	-
iii)	Depreciation charged during the year to the Statement of Profit and Loss	1457.63	-
iv)	Lease rentals recognised in Statement of Profit and Loss	7246.03	-
v)	Lease rentals receivable not later than one year	1189.85	-
vi)	Lease rentals receivable later than one year and not later than five years	857.33	-
vii)	Lease rentals receivable later than five years	-	-

28. The Company is primarily engaged in the activity of mall management business and considers it to be a single reportable business segment in terms of Accounting Standard 17 "Segment Reporting". The operations of the Company are within the geographical territory of India which is considered as a single geographical segment.

**29. Related Party Disclosure:**

**The management has identified the following entities and individuals as related parties for the purposes of reporting under Accounting Standard 18:**

Name of Related Parties	Relationship
Aashirwad Malls Private Limited	Subsidiaries
Acute Realty Private Limited	
Future Trade Markets Private Limited	
Harmony Mall Management Private Limited	
Kshitij Retail Destination Private Limited	
Nishta Mall Management Company Private Limited	
Niyman Mall Management Company Private Limited	
Ojas Mall Management Private Limited	
Precision Realty Developers Private Limited	
Shreya Mall Management Private Limited	
Star Shopping Centres Private Limited	
Suhani Mall Management Company Private Limited	
Suncity Properties Private Limited	
Aabha Hotels Private Limited	
Unique Malls Private Limited	
Future Retail Destination Limited	Joint Ventures
Riddhi Siddhi Mall Management Private Limited	
Vishnu Mall Management Private Limited	
Utility Developers Private Limited	
Riverbank Developers Private Limited	Associate
Rhamni Projects Private Ltd	Company Where Directors are Interested
Future Corporate Resources Limited	Investing Party
Sumit Kumar Dabriwala	KMP
Priyanka Dabriwala	Relative of KMP

**Related Party Transactions :-**

**(Amount in Rs. Lacs)**

Nature of Transactions	Subsidiaries	Joint Ventures	Associate	Company Where Directors are interested	Investing Party	KMP & Relative of KMP
Rental and other related revenue	-	-	-	-	88.76	-
Interest Income	669.25 (1888.21)	199.07 (143.22)	-	-	-	-
Project Management Revenue	110.73 (271.22)	50.59 (69.88)	22.5	-	-	-
Car Lease Rentals expenses	-	-	-	-	-	2.52 (3.36)
Interest Expense	39.32 (38.83)	111.73	-	0.19	-	-
Management Consultancy expenses	90.00	-	-	-	90.00 (12.00)	-

Nature of Transactions	Subsidiaries	Joint Ventures	Associate	Company Where Directors are interested	Investing Party	KMP & Relative of KMP
Rent expense	- (78.18)	-	-	-	-	-
Reimbursement of Expenses	0.99 (188.19)	0.65	-	-	-	-
Managerial Remuneration	-	-	-	-	-	104.5 (139.23)
Sale of Investments	- (4900.00)	-	-	-	-	-
Subscription of Investments	- (5545.97)	1909.00	-	-	-	-
Loans given and received back (net)	2690.38 (1956.57)	4435.31 (5140.53)	-	-	360.00	-
Deposits given	- (106.85)	-	-	-	-	-
Capital Work in Progress	- (306.61)	-	-	-	-	-
Loans taken and repaid back (net)	1045.07 (4474.50)	3797.49	-	6.27	2250.00 (1140.00)	-
Deposits received and refunded back	600.00	-	-	-	-	-
<b>Outstanding Balance as at March 31,</b>						
Balance - Receivable	-	8040.87 (16701.23)	366.51 (3343.02)	25.28	-	-
Balance - Payable	-	1364.80 (3243.22)	3784.52	- (1155.19)	0.05	3750.05

Note : Figures in italic represents previous year's amount including transactions with erstwhile Agre Properties & Services Limited and erstwhile KB Mall Management Company Limited

**Disclosure in respect of Material related party transactions during the year:**

- Interest income include Ojas Mall Management Private Limited Rs. 504.25Lacs(2012: Rs. 548.02Lacs), Harmony Mall Management Private Limited Rs.76.81Lacs (2012: Rs. 66.96Lacs ), KB Mall Management Company Limited Rs. Nil (2012: Rs. 875.53Lacs ), Vishnu Mall Management Private Limited Rs. 124.11Lacs (2012: Rs. 143.22Lacs ), Future Retail Destination Limited Rs. 74.96Lacs (2012: Rs 15.01Lacs ).
- Project Management Revenue includes Aashirwad Malls Private Limited Rs. 78.00Lacs (2012: Rs.90.00Lacs ), Future Trade Markets Private Limited Rs. 32.73 Lacs (2012: Rs.38.24Lacs ), Agre Properties & Services Limited Rs. Nil (2012: Rs. 45.75Lacs), Future Retail Destination Limited Rs. 50.59Lacs (2012: Rs. 74.14,Lacs).
- Car Lease Rental expenses include Ms. Priyanka Dabirwala Rs. 2.52Lacs (2012: Rs. 3.36Lacs ).
- Interest expense includes Niyman Mall Management Private Limited Rs. 39.32Lacs (2012: Rs. 38.83Lacs) Vishnu Mall Management Private Limited. Rs. 105.23Lacs (2012: Rs. Nil).
- Management Consultancy expenses includes Future Trade Markets Private Limited Rs. 90.00Lacs (2012: Rs Nil).
- Rent expense includes Agre Properties & Services Limited Rs. Nil (2012: Rs. 78.18Lacs).
- Reimbursement of Expenses includes Star Shopping Centres Private Limited Rs. 0.99Lacs (2012: Rs. Nil), Agre Properties & Services Limited Rs. Nil (2012: Rs. 177.60Lacs ), Future Retail Destination Ltd Rs. 0.65Lacs (2012: Rs. Nil).
- Subscription of Investment includes Future Retail Destination Limited Rs. 1499.00Lacs (2012: 1.00Lac) and Riddhi Siddhi Mall Management Private Limited Rs. 410.00Lacs (2012: Nil).
- Loan Given and received back include Ojas Mall Management Private Limited Rs. 2056.35Lacs (2012: Rs.73.26Lacs ), Precision Reality Developers Private Limited. Rs. 597.00Lacs (2012: Rs Nil ), KB Mall Management Company Limited Rs. Nil (2012: Rs.231.53Lacs ), Future Retail Destination Limited Rs. 1467.93Lacs (2012: Rs. 1413.91Lacs ), Vishnu Mall Management Private Limited Rs. 2946.79Lacs (2012: Rs. 4846.61Lacs ).
- Capital Work in Progress includes KB Mall Management Company Limited Rs. Nil (2012: Rs. 306.61Lacs).

11. Loan Taken and repaid back include Precision Reality Developers Pvt. Ltd. Rs. 263.92Lacs (2012: Rs. 2959.70Lacs) , Shreya Mall Management Private Limited Rs. 48.50Lacs (2012: Rs. 31.44Lacs) , Suhani Mall Management Company Private Limited Rs. 700.00Lacs (2012: Rs. Nil) , Agre Properties & Services Limited Rs. Nil (2012: Rs. 1511.37Lacs) , Vishnu Mall Management Private Limited Rs. 2797.49Lacs (2012: Rs. Nil) , Riddhi Siddhi Mall Management Private Limited Rs. 1000.00Lacs (2012: Rs. Nil).

12. Deposit Received and refunded back includes Future Trade Markets Private Limited Rs. 600.00Lacs (2012: Rs. Nil).

13. Sale of Investments includes Future Trade Market Private Limited Rs. Nil (2012: Rs. 4900Lacs)

**30. Interest in Joint Ventures:**

S. No.	Name of the Company	Description of interest	Country of Incorporation	Percentage of Interest as on	Percentage of Interest as on
				March 31, 2013	March 31, 2012
1	Future Retail Destination Limited	Equity	India	50.00%	-
2	Riddhi Siddhi Mall Management Private Limited	Equity	India	50.00%	50.00%
3	Vishnu Mall Management Private Limited	Equity	India	24.00%	24.00%
4	Utility Developers Private Limited	Equity	India	50.00%	-

**31. The Company's share in the assets, liabilities, income and expenses (each without elimination of inter-company transactions) related to its interest in joint ventures are:**

(Amount in Rs. Lacs)

Sr. No.	Name of the Company	As on March 31, 2013	Assets	Liabilities	Income	Expenditure
1	Future Retail Destination Limited	50%	1552.34	52.30	20.32	14.49
2	Riddhi Siddhi Mall Management Private Limited	50%	4180.77	2402.81	126.21	318.37
3	Vishnu Mall Management Private Limited	24%	992.97	1296.05	95.61	182.32
4	Utility Developers Private Limited	50%	118.37	18.76	-	0.12

**32. Earnings Per Share:**

(Amount in Rs. Lacs)

Particulars	Year ended March 31, 2013	Year ended March 31, 2013
Profit/(Loss) after tax	(3499.10)	119.81
Nominal Value of Ordinary Shares (Rupees)	10	10
Weighted average number of Equity Shares for calculating Basic and Diluted EPS	55854976	55854976
Earnings Per Share (Basic and Diluted) (Rupees)	(6.26)	(0.21)

**33. Deferred Tax Asset**

Disclosure as required under Accounting Standard 22 on 'Accounting for Taxes on Income'

(Amount in Rs. Lacs)

Particulars	As at March 31, 2013	As at March 31, 2012
<b>Deferred Tax Liability</b>		
Related to Fixed Assets	1120.14	27.87
<b>Total</b>		
<b>Deferred Tax Asset</b>		
Disallowance under Income Tax Act / Unabsorbed Depreciation / Unabsorbed losses*	1120.14	27.87
<b>Total</b>		
<b>Net Deferred Tax (Liability)</b>	<b>Nil</b>	<b>NIL</b>

\*In the absence of virtual certainty to generate future taxable income against which deferred tax assets can be realized, deferred tax assets on unabsorbed depreciation and losses are recognized only to the extent of deferred tax liabilities.

#### 34. Expenditure in Foreign Currency:

(Amount in Rs. Lacs)

Nature of Expenses	Year ended March 31, 2013	Year ended March 31, 2012
Travelling Expenses	-	0.39
Consulting and Designing	11.35	5.39

#### 35. Disclosures as per Clause 32 of the Listing Agreement

(Amount in Rs. Lacs)

Sr No	Name of Companies	Outstanding Balance		Maximum Balance outstanding during the year	
		As at March 31, 2013	As at March 31, 2012	Year ended March 31, 2013	Year ended March 31, 2012
1	Kshitij Retail Destination Private Limited	328.16	387.16	422.08	447.00
2	Riddhi Siddhi Mall Management Private Limited.	295.55	316.14	513.44	316.14
3	Precision Realty Developers Private Limited	614.48	290.85	4842.67	290.85
4	Acute Realty Private Limited	19.44	53.67	62.19	100.74
5	Suhani Mall Management Company Private Limited.	142.47	29.55	142.47	1490.85
6	Harmony Malls Management Private Limited	597.79	520.52	597.79	520.52
7	Nishta Mall Management Company Private Limited.	303.74	263.48	343.33	263.48
8	Suncity Properties Private Limited	98.54	84.54	9.85	85.54
9	Unique Malls Private Limited	83.05	97.37	99.74	97.37
10	Ojas Mall Management Private Limited	4369.96	6043.63	6297.80	6043.63
11	Vishnu Mall Management Private Limited	-	2946.79	2946.79	4853.50
12	Future Retail Destination Limited	70.96	1427.42	1591.41	1119.48

36. The Company has not received any intimation from suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence the disclosure, if any, relating to amounts unpaid as at the year-end together with interest paid/payable as required under the said Act have not been given.

#### 37. Previous Year Comparatives:

Previous Year figures have been regrouped, recast and reclassified where ever necessary to confirm to current year's presentation.

As per our Report of even date  
attached

For NGS & Co. LLP  
Chartered Accountants

For and on behalf of the Board of Directors

Ganesh Toshniwal  
Partner  
Membership No. 46669

Ameet Naik  
Chairman

Sunil Biyani  
Managing Director

Rajesh Kalyani  
Director

Mumbai  
May 30, 2013

Vijai Singh Dugar  
Director

Pawan Agarwal  
Chief Financial Officer

Anil Cherian  
Company Secretary

**CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2013**
**(Amount in Rs. Lacs)**

Particulars		March 31, 2013	March 31, 2012
<b>CASH FLOW FROM OPERATING ACTIVITIES:</b>			
Net Profit/(Loss) Before Tax		(3,995.61)	(123.46)
Adjustments for :		-	-
Depreciation		1,674.83	22.42
Interest Income		(1,399.40)	(2,976.14)
Interest Expenses		5,631.46	4,378.27
Provision for doubtful debts		234.98	30.32
Bad Debts Written off		512.77	-
Profit on sale of Investment		(1.06)	(1,450.00)
Loss on sale of Fixed Assets		17.57	-
Excess Provision Written back		(37.97)	-
On account of Scheme of Arrangement		(4,636.65)	(11,013.19)
		1,996.52	(11,008.32)
Operating Profit before Working Capital change		(1,999.09)	(11,131.78)
Adjustment for:			
Trade and Other Receivable		1,226.02	(1,427.91)
Loans and Advances		17,771.05	(19,015.01)
Trade Payable, Other liabilities & provisions		(3,419.65)	6,862.71
		15,577.42	(13,580.21)
<b>Cash generated from operations</b>		<b>13,578.33</b>	<b>(24,711.99)</b>
Taxes Paid		-	(81.46)
<b>Net Cash from operating activities</b>	<b>A</b>	<b>13,578.33</b>	<b>(24,793.46)</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES:</b>			
Purchase Fixed Assets		(457.88)	214.72
Sale of Investmet		250.00	4,900.00
Purchases of Investment		(2,161.50)	(3,865.00)
Loans and Advances		7,125.69	(1,482.60)
Share Issue expense		-	-
Interest received		1,399.40	2,976.14
<b>Net Cash From Investing Activities</b>	<b>B</b>	<b>6,155.71</b>	<b>2,743.25</b>

Particulars		March 31, 2013	March 31, 2012
CASH FROM FINANCING ACTIVITIES:			
Interest paid		(5,631.46)	(4,378.27)
Net Proceeds of Short Term Borrowings		(4,845.24)	7,184.75
Net Proceeds of Long Term Borrowings		(9,250.00)	19,250.00
<b>Net Cash used in Financing Activities</b>	<b>C</b>	<b>(19,726.70)</b>	22,056.48
<b>NET INCREASE IN CASH AND CASH EQUIVALENT</b>	<b>(A+B+C)</b>	<b>7.34</b>	6.27
<b>CASH AND CASH EQUIVALENT AT THE BEGINNING OF THE YEAR</b>		<b>60.11</b>	53.84
<b>CASH AND CASH EQUIVALENT AT THE END OF THE YEAR</b>		<b>67.45</b>	60.11

As per our Report of even date attached

For NGS & Co. LLP

Chartered Accountants

For and on behalf of the Board of Directors

**Ganesh Toshniwal**

Partner

**Membership No. 46669**

**Ameet Naik**

Chairman

**Sunil Biyani**

Managing Director

**Rajesh Kalyani**

Director

Mumbai

May 30, 2013

**Vijai Singh Dugar**

Director

**Pawan Agarwal**

Chief Financial Officer

**Anil Cherian**

Company Secretary



# **Consolidated Financial Statements and Notes**

## AUDITORS' REPORT

To The Board of Directors of

**Future Market Networks Limited**

### Report on the Consolidated Financial Statements

1. We have audited the accompanying consolidated financial statements of FUTURE MARKET NETWORKS LIMITED (the "Company") and its subsidiaries, joint ventures and associates (collectively referred to as "the Group"), which comprise the Consolidated Balance Sheet as at March 31, 2013, the Consolidated Statement of Profit and Loss and Consolidated Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

### Management's Responsibilities for the Consolidated Financial Statements

2. Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with accounting principles generally accepted in India including Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

3. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Group's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

5. In our opinion and to the best of our information and according to the explanations given to us, and based on consideration of the reports of the other auditors on the financial statements of the subsidiaries, joint venture and associates as noted below, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
  - (a) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2013;
  - (b) in the case of the Consolidated Statement of Profit and Loss, of the loss of the Group for the year ended on that date and
  - (c) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

### Other Matters

6. We did not audit the financial statements of certain subsidiaries and joint ventures, whose financial statements reflect total assets (net) of Rs. 59290.79 lacs as at March 31, 2013, total revenues (net) of Rs. 7329.86 lacs and net cash flows amounting to Rs. 2891.44 lacs for the year ended on that date. These financial statements have been audited by other auditors whose reports have been furnished to us and our opinion, is based solely on the reports of these auditors.
  7. We have relied on the unaudited financial statements of the associate wherein the Group's share of loss aggregate Rs. 973.90 lacs. These unaudited financial statements as approved by its Board of Directors has been furnished to us by the management and our report in so far as relates to the amounts included in report of the associate is based solely on such approved unaudited financial statements.
- Our opinion is not qualified in respect of other matters.

**For NGS & Co. LLP**  
Chartered Accountants  
Registration No. 119850W  
**Ganesh Toshniwal**  
Partner  
Membership No. 46669

Mumbai  
May 30, 2013

**Consolidated Balance Sheet as at March 31, 2013**
**(Amount in Rs. Lacs)**

	Note	As at March 31, 2013	As at March 31, 2012
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholder's Funds</b>			
Share Capital	2	5,585.44	5,585.44
Reserves and Surplus	3	25,152.43	36,299.62
Share Application Money Pending		-	110.12
Minority Interest		1,992.57	2,093.57
<b>Non-Current Liabilities</b>			
Long-Term Borrowings	4	41,289.39	52,651.81
Deferred Tax Liabilities (Net)	5	-	545.07
Long-Term Provisions	6	6.24	14.73
Other Long Term Liabilities	7	12,203.59	7,226.30
<b>Current Liabilities</b>			
Short-Term Borrowings	8	22,438.23	7,301.42
Trade Payables	9	3,263.20	2,932.47
Other Current Liabilities	10	14,954.97	18,365.47
Short-Term Provisions	11	72.28	63.92
<b>Total</b>		<b>126,958.33</b>	<b>133,189.94</b>
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Fixed Assets			
Tangible Assets	12	50,245.09	46,420.46
Capital work-in-progress		6,644.31	13,388.99
Non-Current Investments	13	10,420.99	9,924.36
Long-Term Loans and Advances	14	25,596.79	17,627.68
Other Non Current Assets	15	-	5.66
Deferred Tax Assets (Net)	5	16.43	-
Goodwill on consolidation (Refer Note No. 38)		5,358.61	7,831.26
<b>Current Assets</b>			
Current Investments	16	1.06	-
Inventories	17	3,477.41	2,410.64
Trade Receivables	18	8,963.18	9,286.90
Cash and Bank Balances	19	2,133.96	742.78
Short-Term Loans and Advances	20	14,084.92	25,551.21
Other Current Assets	21	15.58	-
<b>Total</b>		<b>126,958.33</b>	<b>133,189.94</b>
Notes to the financial statements	1 - 41		

**As per our Report of even date attached**
**For NGS & Co. LLP**

Chartered Accountants

**For and on behalf of the Board of Directors**
**Ganesh Toshniwal**

Partner

**Membership No. 46669**
**Ameet Naik**

Chairman

**Sunil Biyani**

Managing Director

**Rajesh Kalyani**

Director

Mumbai

May 30, 2013

**Vijai Singh Dugar**

Director

**Pawan Agarwal**

Chief Financial Officer

**Anil Cherian**

Company Secretary

## Consolidated Statement of Profit and Loss for the year ended March 31, 2013

(Amount in Rs. Lacs)

	Note	Year ended March 31, 2013	Year ended March 31, 2012
<b>INCOME:</b>			
Revenue from Operations	22	15,890.86	16,517.61
Other Income	23	1,928.65	6,381.73
<b>Total Revenue</b>		<b>17,819.51</b>	<b>22,899.34</b>
<b>EXPENSES:</b>			
Purchase		-	110.36
Project Cost	24	1,096.58	340.15
Changes in Inventories of Finished Goods, Work-in-progress and Stock-in-Trade	25	(1,066.77)	(470.53)
Operating Cost	26	7,110.82	8,291.83
Employee Benefit Expenses	27	863.27	1,721.21
Finance Costs	28	8,539.13	8,811.04
Depreciation	12	2,782.70	2,498.58
Other Expenses	29	4,157.97	2,355.26
		<b>23,483.70</b>	<b>23,657.91</b>
<b>Profit/(Loss) before Tax</b>		<b>(5,664.19)</b>	<b>(758.57)</b>
<b>Tax Expense</b>			
Current Tax		118.87	75.55
Less: MAT Credit		(4.92)	-
Deferred Tax		(561.50)	(802.34)
<b>Profit/(Loss) for the year</b>		<b>(5,216.65)</b>	<b>(31.78)</b>
Prior Period Items		0.63	-
<b>Profit (Loss) before Minority interest and Share in Profit/(Loss) of Associates</b>		<b>(5,217.28)</b>	<b>(31.78)</b>
Share in Loss of Associates		(973.81)	(19.87)
Minority Interests		101.01	59.34
<b>Profit/(Loss) for the year</b>		<b>(6,090.08)</b>	<b>7.69</b>
<b>Earnings Per Equity Share of Face value Rs. 10/- each</b>			
Basic and Diluted		(10.90)	0.01
Notes to the financial statements	1 - 41		

As per our Report of even date attached

For NGS &amp; Co. LLP

Chartered Accountants

For and on behalf of the Board of Directors

**Ganesh Toshniwal**  
Partner  
Membership No. 46669

**Ameet Naik**  
Chairman

**Sunil Biyani**  
Managing Director

**Rajesh Kalyani**  
Director

Mumbai  
May 30, 2013

**Vijai Singh Dugar**  
Director

**Pawan Agarwal**  
Chief Financial Officer

**Anil Cherian**  
Company Secretary

### Notes forming part of Consolidated financial statements for the year ended March 31, 2013.

#### 1. Significant accounting policies:

##### 1.1 Principles of Consolidation:

The consolidated financial statements relate to Future Market Networks Limited ('the Company') and its subsidiary companies, associates and joint ventures (collectively referred to as Group). The consolidated financial statements have been prepared on the following basis:

- a) The financial statements of the Company and its subsidiary companies are combined on a line-by-line basis by adding together like items of assets, liabilities, income and expenses. Inter-company balances, transactions and unrealized profits or losses have been fully eliminated in accordance with Accounting Standard (AS) 21 – “Consolidated Financial Statements”.
- b) Investment in Associate Company has been accounted under the equity method as per (AS 23) - “Accounting for Investments in Associates in Consolidated Financial Statements”.
- c) Interest in Joint Ventures has been accounted by using the proportionate consolidation method as per Accounting Standard (AS) 27 – “Financial Reporting of Interest in Joint Ventures”.
- d) The difference between the costs of investments in the subsidiaries, over the net assets at the time of acquisition of shares in the subsidiaries is recognized in the financial statements as Goodwill or Capital Reserve as the case may be.
- e) Minority Interest's share of net profit of consolidated subsidiaries for the year is identified and adjusted against the income of the group in order to arrive at the net income attributable to shareholders of the Company.
- f) Minority Interest's share of net assets of consolidated subsidiaries is identified and presented in the consolidated balance sheet separate from liabilities and the equity of the Company's shareholders.
- g) The Company accounts for its share in change in net assets of the associates, post acquisition, after eliminating unrealized profits and losses resulting from transactions between the Company and its associates to the extent of its share, through its Statement of Profit and Loss to the extent such change is attributable to the associates' Profit or Loss through its reserves for the balance, based on available information.
- h) The difference between the cost of investment in the associates and the share of net assets at the time of acquisition of shares in the associates is identified in the financial statements as Goodwill or Capital Reserve as the case may be.
- i) As far as possible, the consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the Company's separate financial statements.
- j) The difference between the proceeds from disposal of Investment in subsidiaries and the carrying amount of its assets less liabilities as of the date of disposal is recognized in the Consolidated Statement of Profit and Loss being the profit or loss on disposal of investment in subsidiary.

##### 1.2 Other significant accounting policies

###### a. Basis of preparation:

The Company maintains its accounts on accrual basis following the historical cost convention in accordance with generally accepted accounting principles in India (Indian GAAP) in compliance with the provisions of Companies Act, 1956 and the Accounting Standards as specified in the Companies (Accounting Standard) Rules 2006 (as amended) and the provisions of the Companies Act, 1956.

###### b. Use of Estimates:

The preparation of financial statements in conformity with Indian GAAP requires that the management to make judgments, estimates and assumptions that affect the reported amounts of income and expenses of the period, the reported balances of assets and liabilities and the disclosures relating to contingent liabilities at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amount of assets or liabilities in the future periods.

**c. Revenue Recognition:**

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and can be reliably measured.

- Sales is recognized on transfer of significant risk and rewards of the ownership of the goods to the buyer and stated at net trade discount, rebates, returns, discounts and VAT/ Sales Tax.
- Revenue from services rendered is recognized as the service is performed based on agreements/ arrangement with concerned parties and revenue from end of the last billing to the balance sheet date is recognized as unbilled revenue.
- Lease rentals income is recognized in the Statement of Profit and Loss as per the terms of agreement which is representative of the time pattern of the user's benefit.
- Interest income is recognized on time proportion basis taking into account the amount outstanding and rates applicable. Dividends are recorded when the right to receive payment is established.

**d. Fixed Assets and Depreciation:**

- i. Fixed assets are stated at cost, less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Borrowing costs attributable to acquisition and construction of qualifying assets are capitalized as a part of the cost of such assets up to the date when such assets are ready for their intended use.
- ii. Depreciation on tangible assets is provided on Straight Line Method at the rates prescribed under Schedule XIV to the Companies Act, 1956, except lease hold improvements which are amortized over the period of lease. Fixed Assets, individually costing less than Rs. Five thousands are fully depreciated in the year of purchase. Depreciation on the Fixed Assets added/disposed off/discarded during the year is provided on pro-rata basis with reference to the month of addition/disposal/discarding.

**e. Inventories:**

Inventories consist of Project Work-in-Progress, are valued at cost . Cost includes direct expenses and indirect expenses including interest expenses on borrowings.

**f. Goodwill on Consolidation:**

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

**g. Retirement and Other Employee Benefits**

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

Post employment and other long term employee benefits are recognized as an expense in the Statement of Profit and Loss for the year in which the employee has rendered service. The expense is recognized at the present value of the amounts payable determined using actuarial valuation techniques. Actuarial gains and losses in respect of post employment and other long term benefits are charged to Statement of Profit and Loss.

**h. Leases**

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased term, are classified as operating leases. Rentals are expensed with reference to lease terms and other considerations.

**i. Impairment of Assets:**

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

j. **Investments:**

Current investments are stated at lower of cost and fair value computed on individual investment basis. Long term investments are stated at cost, less provision for other than temporary diminution in value.

k. **Borrowing Cost:**

Borrowing costs that are attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of such asset till such time as the asset is ready for its intended use or sale.

All other borrowing costs are recognized as an expense in the period in which they are incurred.

l. **Foreign Currency Transactions:**

Foreign currency transactions are recorded on initial recognition in the reporting currency using the exchange rate at the date of the transaction. At each Balance sheet date, foreign currency monetary items are reported using the closing rate. Exchange differences are recognized as income or expense in the period in which they arise.

m. **Taxation**

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

Deferred tax resulting from "timing difference" between taxable and accounting income is accounted for using the tax rates and laws that are enacted or substantively enacted as at the Balance Sheet date. Deferred tax asset is recognized and carried forward only to the extent that there is virtual certainty that the asset will realized in future.

Minimum alternative tax (MAT) paid in accordance to the tax laws, which gives rise to future economic benefits in the form of adjustment of future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax in future periods. Accordingly, MAT is recognized as an asset in the Balance Sheet when it is probable that the future economic benefit associated with it will flow to the Company and the asset can be measured reliably.

n. **Provisions, Contingent Liabilities and Contingent Assets:**

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



## Notes on Consolidated Financial Statements for the year ended March 31, 2013

### 2. Share Capital

(Amount in Rs. Lacs)

Particulars	As at March 31, 2013	As at March 31, 2012
<b>Authorized Capital</b>		
9,02,60,000 (8,02,10,000) Equity Shares of Rs.10/- each	9,026.00	8,021.00
5,000 Preference Shares of Rs.100/- each	5.00	5.00
	<b>9,031.00</b>	<b>8,026.00</b>
<b>Issued Capital*</b>		
55,854,976 Equity Share of Rs 10/- each	5,585.50	5,585.50
	<b>5,585.50</b>	<b>5,585.50</b>
<b>Subscribed and Paid up</b>		
55,854,406 Equity Share of Rs 10/- each fully paid up	5,585.44	5,585.44
	<b>5,585.44</b>	<b>5,585.44</b>

\* Includes 570 shares in abeyance

#### a) Reconciliation of the shares outstanding is set out below:

(Amount in Rs. Lacs)

Particulars	As at March 31, 2013		As at March 31, 2012	
	No. of Shares	Amount	No. of Shares	Amount
<b>Equity Shares of Rs. 10/- each fully paid:</b>				
Opening balance of Equity shares	55,854,406	5,585.44	11,170,966	1,117.10
Issued as per the scheme of the amalgamation	-	-	44,683,440	4,468.34
<b>Closing balance of Equity Shares</b>	<b>55,854,406</b>	<b>5,585.44</b>	<b>55,854,406</b>	<b>5,585.44</b>

#### b) Terms/rights attached to equity shares.

The company has only one class of equity shares having a par value of Rs. 10 per share. Each holder is eligible to one vote per share.

The dividend proposed by the Board of Directors is subject to the approval of the shareholders in ensuing Annual General Meeting, except after distribution of all preferential amounts in proportion of their shareholding in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the company.

#### c) Details of shares held by shareholders holding more than 5% of the aggregate equity shares in the company.

Name of the Shareholder	As at March 31, 2013		As at March 31, 2012	
	No. of Shares	% held	No. of Shares	% held
Manz Retail Private Limited	16,430,824	29.42%	16,430,824	29.42%
Future Corporate Resources Limited	12,676,754	22.70%	12,676,754	22.70%
Future Ideas Realtors India Limited	8,563,367	15.33%	8,563,367	15.33%
Rhamni Projects Private Limited	8,042,291	14.40%	8,042,291	14.40%
Ishbhoomi Mall Management Private Limited	3,127,870	5.60%	3,127,870	5.60%
<b>Total</b>	<b>48,841,106</b>	<b>87.45%</b>	<b>48,841,106</b>	<b>87.45%</b>

#### d) Aggregate number and class of shares allotted as fully paid up pursuant to scheme of demerger/ amalgamation without payment being received in cash.

During Financial year 2010 -2011, 1,11,70,966 Equity Shares of Rs. 10/- each fully paid up has been allotted as per scheme of demerger and during Financial Year 2011-2012, 4,46,83,440 Equity Shares of Rs. 10/- each fully paid has been allotted as per scheme of amalgamation.

#### e) Shares reserved for issue under options

The Company instituted an Employees Stock Option Scheme ('ESOP') pursuant to the Board and Shareholders resolution dated August 14, 2012. As per Scheme the Company is authorized to grant 5,58,000 options comprising equal number of equity shares in one or more tranches to Directors, Key Managerial personnel and eligible employees of the Company and its subsidiaries. The employees will have the option to exercise the right within three years from the date of vesting of options.

During the year ended March 31, 2013, 5,06,000 options have been granted.



**3. Reserves and Surplus**
**(Amount in Rs. Lacs)**

Particulars	As at March 31, 2013	As at March 31, 2012
<b>Capital Reserve</b>		
As per last Balance Sheet	11,013.18	-
Add: Addition on scheme of Amalgamation	-	11,161.91
Less: Scheme of Arrangement	5,057.11	148.73
	5,956.08	11,013.18
<b>Securities Premium</b>	25,241.47	25,241.47
	25,241.47	25,241.47
<b>Statement of Profit and Loss</b>		
Opening Balance	44.97	37.27
Add: Surplus/(Deficit) for the year	(6,090.08)	7.69
	(6,045.12)	44.97

**4. Long-Term Borrowings**
**(Amount in Rs. Lacs)**

	As at March 31, 2013	As at March 31, 2012
<b>Secured</b>		
Term Loan from Banks	29,800.50	41,339.41
Term Loan from Others	-	8,744.86
Share in jointly controlled entities	2,644.16	2,141.37
<b>Unsecured</b>		
Loan from Others	8,844.73	426.17
	41,289.39	52,651.81

**4.1 Secured Term Loan from Banks:**

- Rs. 19000.28 lacs (2012 Rs.19250 lacs) secured by specified immovable property specified immovable property owned by Ishkrupa Mall Management Company Private limited and personal guarantee of some shareholders.
- Rs. 8000.45 lacs (2012 Rs. Nil) secured by first charge on the specified immovable property first charge on the current assets/receivables of the company and personal guarantee of some shareholders and corporate guarantee of one subsidiary.
- Rs. 7269.26 lacs (2012 Rs. 7637.12 lacs) secured by registered Mortgage of specified property and exclusive hypothecation of all the assets acquired out of the proceeds of the term loan and assignment of specified rent receivables.
- Rs. 4750.00 lacs (2012: Nil) secured by hypothecation charge on all the movable assets.
- Rs. 1934.18 lacs (2012 Rs. 2014.31 lacs) secured by exclusive first charge by way of hypothecation of lease rent receivable from specified tenants and equitable mortgage of specified assets.
- Rs. 1143.60 lacs secured by first charge of the specified property and assignment of the specified future rent receivables.
- Rs. 1500.56 lacs secured against entire specified present and future assets corporate guarantee by Sattva Developers Private Limited and personal guarantee of Directors.
- Rs. 834.04 lacs (2012 -Rs. 944.86 lacs) secured by registered mortgage of the specified premises and personal guarantee of Directors.
- Rate of interest between 10.20% to 14.75% p.a.

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013

## 4.2 Unsecured loan from others are Interest free.

## 5. Deferred Tax Assets/Liabilities (net) (Amount in Rs. Lacs)

	As at March 31, 2013	As at March 31, 2012
<b>Deferred Tax Liabilities (net) consists of following:</b>		
<b>Deferred Tax Liability</b>		
Related to Fixed Assets	1,944.58	2,089.82
<b>Deferred Tax Asset</b>		
Disallowance under the Income Tax Act, 1961/		
Carry Forward of Losses and Unabsorbed Depreciation	1,961.01	1,544.75
<b>Deferred Tax (Assets)/ Liability</b>	<b>(16.43)</b>	<b>545.07</b>

## 6. Long term provision (Amount in Rs. Lacs)

	As at March 31, 2013	As at March 31, 2012
<b>Provision for Employee Benefits*</b>	<b>6.24</b>	<b>14.73</b>
*Include provision for gratuity and other retirement benefits		
	<b>6.24</b>	<b>14.73</b>

## 7. Other Long-Term Liabilities (Amount in Rs. Lacs)

	As at March 31, 2013	As at March 31, 2012
Rental Deposits	12,139.75	6,791.09
Others	63.84	435.21
	<b>12,203.59</b>	<b>7,226.30</b>

## 8. Short- term Borrowings (Amount in Rs. Lacs)

	As at March 31, 2013	As at March 31, 2012
<b>Secured</b>		
Cash Credit from banks	129.58	427.84
Loans from Financial Institution	9,900.47	1,582.38
Share in Jointly Controlled entities	3,133.26	1,427.37
<b>Unsecured, repayable on demand</b>		
Loans and advances from others	8,435.73	3,716.50
Share in Jointly Controlled entities	839.19	147.32
	<b>22,438.23</b>	<b>7,301.42</b>

## 8.1 Secured Loans and Advances from Banks:

- Rs. 1683.34 lacs (2012: 96.24 lacs) secured against Fixed Deposit with the banks.
- Rs. 197.92 lacs (2012: Rs. 179.16 lacs) secured by first charge of the specified property and hypothecation of the specified future rent receivables.
- Rs. 129.58 lacs (2012: Rs. 427.84 lacs) secured by first and pari-passu hypothecation charge of all specified existing and future current assets including specified receivables and personal guarantee of a shareholder.
- Rate of interest between 10.50% to 15.25% p.a.

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2013**

**8.2 Secured Loans and Advances from Others:**

- a) Rs. 7800.00 lacs secured by hypothecation first charge of entire movable assets both present and future including plant and machinery machinery spares tools and accessories electrical installation furniture and fixtures and vehicles to be leased out to specified tenant.
- b) Rs. 2000.00 lacs secured by hypothecation of specified movable assets both present and future and personal guarantee of one of the promoters.
- c) Rs. 1152.00 lacs secured by way of hypothecation and escrow of receivables of a shareholder equivalent to 1.5 times of the loan amount and personal guarantee of one of the promoters.
- d) Rs. 100.47 lacs secured by registered mortgage of the specified premises and personal guarantee of the Directors.
- e) Rate of interest between 10.70% to 15.00%.

**8.3 Unsecured Loans and Advances from Others:**

- a) Rs. 6083.60 lacs are Interest free and Rs. 3176.32 lacs carries interest rate of 12.50% to 18.00%.

**9. Trade Payable**

**(Amount in Rs. Lacs)**

	<b>As at March 31, 2013</b>	As at March 31, 2012
Trade Payables (Refer Note No. 40)	<b>3,166.19</b>	2,931.36
Share in Jointly Controlled entities	<b>97.00</b>	1.11
	<b>3,263.20</b>	2,932.47

**10. Other Current Liabilities**

**(Amount in Rs. Lacs)**

	<b>As at March 31, 2013</b>	As at March 31, 2012
Current Maturities of Long-Term Borrowings	<b>11,987.71</b>	9,000.00
Advance from customers	<b>147.18</b>	885.98
Rental Deposits	<b>2.96</b>	5,002.53
Other liabilities*	<b>2,124.64</b>	3,417.21
Share in Jointly Controlled entities	<b>692.49</b>	59.74
	<b>14,954.97</b>	18,365.47

\* primarily includes Statutory dues, Share Application Money refundable and Capital creditors.

**11. Short term provisions**

**(Amount in Rs. Lacs)**

	<b>As at March 31, 2013</b>	As at March 31, 2012
<b>Provision for Employee Benefits*</b>	<b>1.24</b>	2.94
* Include provision for gratuity and other retirement benefits		
Provision for Taxation (Net of payments/deduction of tax)	<b>71.04</b>	60.98
	<b>72.28</b>	63.92

(Amount in Rs. Lacs)

[illegible]

\* includes effect of accounting as per Court approved scheme of merger

**13. Non-Current Investments**
**(Amount in Rs. Lacs)**

	As at March 31, 2013	As at March 31, 2012
<b>Non - Trade Investment (Valued at cost unless stated otherwise)</b>		
<b>Unquoted</b>		
Investments in Equity Shares of Associate	6,097.16	5,601.18
Investments in Equity Shares of Others	2,247.83	2,247.18
Investments in Preference Shares of Joint Ventures	76.00	76.00
Investments in Preference Shares of Others	2,000.00	2,000.00
<b>Aggregate cost of unquoted investments</b>	<b>10,420.99</b>	<b>9,924.36</b>

**14. Long-Term Loans and Advances**
**(Amount in Rs. Lacs)**

	As at March 31, 2013	As at March 31, 2012
<b>(Unsecured, Considered Good)</b>		
Capital Advances	431.67	745.72
Security Deposits	10,470.03	10,305.21
<b>Other Loans and Advances</b>		
Loans and advances to others	11,070.98	3,407.60
Deduction of Income Taxes (Net of Provision for Income tax)	2,427.94	2,087.44
MAT Receivable	679.17	686.41
Statutory dues receivable	188.39	66.97
Share Application money pending allotment	-	285.00
Share in Jointly Controlled entities	328.60	43.34
	<b>25,596.79</b>	<b>17,627.68</b>

**15. Other Non-Current Assets**
**(Amount in Rs. Lacs)**

	As at March 31, 2013	As at March 31, 2012
Security Deposits	-	5.66
	<b>-</b>	<b>5.66</b>

**16. Current Investments**
**(Amount in Rs. Lacs)**

	As at March 31, 2013	As at March 31, 2012
<b>Trade</b>		
Investment in Mutual Fund - Unquoted	1.06	-
<b>Aggregate cost of unquoted investment</b>	<b>1.06</b>	<b>-</b>

**17. Inventories**
**(Amount in Rs. Lacs)**

	As at March 31, 2013	As at March 31, 2012
Project work-in-progress	100.56	2,410.64
Share in Jointly Controlled entities	3,376.85	-
	<b>3,477.41</b>	<b>2,410.64</b>

**18. Trade Receivables**
**(Amount in Rs. Lacs)**

	As at March 31, 2013	As at March 31, 2012
<b>(Unsecured)</b>		
- Outstanding for a period exceeding six months		
Considered Doubtful	291.25	117.55

Considered Good	7,747.08	2,728.65
Less : Provision for Doubtful Debts	291.25	117.55
	7,747.08	2,728.65
- Other Debts	1,170.99	6,540.58
Share in Jointly Controlled entities	45.11	17.68
	8,963.18	9,286.90

## 19. Cash and Bank Balances (Amount in Rs. Lacs)

	As at March 31, 2013	As at March 31, 2012
<b>Cash and Cash equivalents</b>		
Cash on Hand	5.52	12.62
Balance with Banks in current accounts	240.42	276.27
<b>Other Bank balances</b>		
Short term bank deposits*	67.77	63.15
Share in Jointly Controlled entities	1,820.26	390.74
	2,133.96	742.78

\* Includes Fixed deposits of Rs. Nil (2012: Rs. 51.79 lacs) maturity more than 12 months, Rs. 41.97 Lacs (2012: Rs. 6.50 lacs) under lien and Rs. 794.57 Lacs (2012: Rs. 350.00 lacs) hypothecated to bank for loan facilities.

## 20. Short-Term Loans and Advances (Amount in Rs. Lacs)

	As at March 31, 2013	As at March 31, 2012
<b>(Unsecured, Considered Good)</b>		
Loans and advances to others	11,121.98	17,858.08
Deposits	91.16	98.22
Share Application Money	1,160.00	1,138.00
Others advances*	1,040.56	2,401.47
Share in Jointly Controlled entities	671.21	4,055.44
	14,084.92	25,551.21

Loans and Advances to Others referred above amounting to Rs. 3,464.97 Lacs are Interest free and Rs. 7,975.33 Lacs carries interest rate of 8% to 15%.

\*Other advances primarily includes Indirect taxes receivable, advance given to vendors etc.

## 21. Other Current Assets (Amount in Rs. Lacs)

	As at March 31, 2013	As at March 31, 2012
Interest receivable	2.08	-
Share in Jointly Controlled entities	13.50	-
	15.58	-

## 22. Revenue From Operations (Amount in Rs. Lacs)

Particulars	Year ended March 31, 2013	Year ended March 31, 2012
Rental and other related revenues	12,398.74	5,880.54
Project Mangement Consultancy	76.09	1,335.29
Sales	-	244.99
Other Operating Revenues	3,295.97	8,929.13
Share in Jointly Controlled entities	120.05	127.67
	15,890.86	16,517.61

**23. Other Income**
**(Amount in Rs. Lacs)**

	Year ended March 31, 2013	Year ended March 31, 2012
Interest Income on		
Deposits	1,716.37	3,537.37
Income Tax Refund	5.01	24.93
Net Gain on sale of Current Investments	1.06	2,635.87
Sundry balances Written back (net)	37.97	67.56
Miscellaneous Income	49.41	35.61
Share in Jointly Controlled entities	118.84	80.38
	<u>1,928.65</u>	<u>6,381.73</u>

**24. Project Cost**
**(Amount in Rs. Lacs)**

	Year ended March 31, 2013	Year ended March 31, 2012
Share in Jointly Controlled entities	1,096.58	340.15
	<u>1,096.58</u>	<u>340.15</u>

**25. Changes in Inventories of Finished Goods, Work-in-progress and Stock-in-Trade**
**(Amount in Rs. Lacs)**

	Year ended March 31, 2013	Year ended March 31, 2012
<b>Closing Inventory</b>		
Project in Progress	100.56	130.37
Share in Jointly Controlled entities	3,376.85	2,280.27
<b>Opening Inventory</b>		
Project in Progress	130.37	-
Share in Jointly Controlled entities	2,280.27	1,940.12
	<u>(1,066.77)</u>	<u>(470.53)</u>

**26. Operating Cost**
**(Amount in Rs. Lacs)**

	Year ended March 31, 2013	Year ended March 31, 2012
Rent including lease rentals	6,350.46	7,632.15
Mall Maintenance Charges	760.36	659.68
	<u>7,110.82</u>	<u>8,291.83</u>

**27. Employee Benefit Expenses**
**(Amount in Rs. Lacs)**

	Year ended March 31, 2013	Year ended March 31, 2012
Salaries, Wages and Bonus	825.18	1,654.69
Contribution to Provident and Other Funds	16.32	54.45
Staff Welfare Expenses	21.77	12.07
	<u>863.27</u>	<u>1,721.21</u>

**28. Finance Costs**
**(Amount in Rs. Lacs)**

	Year ended March 31, 2013	Year ended March 31, 2012
Interest Expenses	8,147.94	8,423.74
Other Borrowing Costs	6.63	4.75
Share in Jointly Controlled entities	384.56	382.56
	<u>8,539.13</u>	<u>8,811.04</u>

**29. Other Expenses****(Amount in Rs. Lacs)**

	<b>Year ended March 31, 2013</b>	<b>Year ended March 31, 2012</b>
Electricity charges	<b>1,334.21</b>	683.99
Repairs and Maintenance - Others	<b>170.88</b>	278.79
Rent including lease rentals	<b>28.43</b>	191.91
Rates and Taxes	<b>560.62</b>	195.97
Insurance	<b>15.30</b>	-
Legal and Professional Charges	<b>176.33</b>	253.45
<b>Auditors' Remuneration</b>	<b>-</b>	-
Statutory Audit Fees	<b>6.17</b>	7.32
Tax Audit Fees	<b>0.50</b>	0.75
Other Services	<b>0.48</b>	0.56
Advertisement and Sales Promotion	<b>66.17</b>	-
Directors Sitting Fees	<b>5.20</b>	2.90
Loss on Sale/Retirement of Fixed Assets	<b>17.57</b>	1.32
Bad Debts	<b>113.36</b>	-
Provision for Doubtful Debts	<b>234.98</b>	62.83
Excess provision written off	<b>484.29</b>	-
Other Expenses	<b>830.92</b>	231.75
Share in Jointly Controlled Entities	<b>112.56</b>	443.72
	<b>4,157.97</b>	2,355.26

**30. Information on subsidiaries, joint ventures and associates:**

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

<b>Sr. No.</b>	<b>Name of the Company</b>	<b>Country of Incorporation</b>	<b>Proportion of ownership Interest as on March 31, 2013</b>	<b>Financial Year Ends on</b>
1	Precision Realty Developers Private Limited	India	100.00%	March 31, 2013
2	Future Trade Markets Private Limited	India	70.00%	March 31, 2013
3	Star Shopping Centres Private Limited	India	60.00%	March 31, 2013
4	Niyman Mall Management Company Private Limited	India	100.00%	March 31, 2013
5	Acute Realty Private Limited	India	100.00%	March 31, 2013
6	Ojas Mall Management Private Limited	India	100.00%	March 31, 2013
7	Nishta Mall Management Private Limited	India	100.00%	March 31, 2013
8	Harmony Mall Management Private limited	India	100.00%	March 31, 2013
9	Unique Malls Management Private Limited	India	100.00%	March 31, 2013
10	Aabha Hotels Private Limited	India	100.00%	March 31, 2013
11	Kshitij Retail Destination Private Limited	India	100.00%	March 31, 2013
12	Shreya Mall Management Private Limited	India	100.00%	March 31, 2013
13	Aashirwad Malls Private Limited	India	100.00%	March 31, 2013
14	Sun City Properties Private Limited	India	55.17%	March 31, 2013
15	Suhani Mall Management Company Private Limited	India	86.26%	March 31, 2013



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

Sr. No.	Name of the Company	Description of interest	Country of Incorporation	Proportion of ownership Interest as on March 31, 2013	Financial Year Ends on
1	Riddhi Siddhi Mall Management Private Limited	Equity	India	50.00%	March 31, 2013
2	Vishnu Mall Management Private Limited	Equity	India	24.00%	March 31, 2013
3	Sattva Realtors Private Limited	Equity	India	50.00%	March 31, 2013
4	Future Retail Destination Limited	Equity	India	50.00%	March 31, 2013
5	Utility Developers Private Limited	Equity	India	50.00%	March 31, 2013

(c) Investment in Associates: (As required by AS-23 "Accounting for Investments in Associates in Consolidated Financial Statements")

Sr. No.	Name of the Company	Description of interest	Country of Incorporation	Proportion of ownership Interest as on March 31, 2013	Financial Year Ends on
1.	Riverbank Developers Private Limited	Equity	India	25.00%	March 31, 2013

**31. Contingent Liabilities not provided for:**

- Corporate Guarantees given by group to bank Rs. 35487.58 lacs (2012: Rs. 47828.28 lacs)
- Disputed Income Tax demand Rs. 46.77 lacs (2012: Rs. 60.70 lacs)
- Based on the decisions of Appellate authorities and the interpretation of other relevant provisions, the company has been legally advised that the demand is likely to be either deleted or substantially reduced and accordingly no provision has been made.
- Disputed Service Tax demand Rs. 392.81 lacs (2012: Rs. 10.78 lacs )
- Interest on Secured Loans Rs. 7.93Lacs (2012: Rs. 11.27 lacs) taken from Dewan Housing Finance Corporation Limited has not been provided on dispute by a group company.

**32.** Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) Rs. 1.36 lacs (2012: Rs. 1026.56 lacs).

**33.** In respect of operating lease taken by the group, the future minimum lease rental obligation under non – cancellable operating leases in respect of these assets is Rs. 26187.69 lacs (2012: Rs. 48859.40 lacs):

**(Amount in Rs. Lacs)**

		2012-13	2011-12
i)	Lease rentals recognised in Profit and Loss Account	6311.59	7976.81
ii)	Lease rentals payable not later than one year	4163.64	7188.22
iii)	Lease rentals payable later than one year and not later than five years	17746.94	29319.63
iv)	Lease rentals payable later than five years	4277.12	12351.55

**34.** In respect of operating lease given by the group, the future minimum lease rental receivable under non – cancellable operating leases is as follows:

**(Amount in Rs Lacs.)**

		2012-13	2011-12
i)	Gross block of assets let out on operating lease	58755.23	21801.23
ii)	Accumulated depreciation as at March 31	6487.25	7982.95
iii)	Depreciation charged during the year to the Profit and Loss Account	2770.28	1117.08
iv)	Lease rentals recognised in Profit and Loss Account	11079.03	6274.03
v)	Lease rentals receivable not later than one year	4802.46	860.36
vi)	Lease rentals receivable later than one year and not later than five years	16035.29	1409.40
vii)	Lease rentals receivable later than five years	-	148.87

**35. Related Party Disclosure:**

The management has identified the following entities and individuals as related parties for the purposes of reporting under Accounting Standard 18:

Name of Related Parties	Relationship
Future Retail Destination Limited	Joint Ventures
Riddhi Siddhi Mall Management Private Limited	
Vishnu Mall Management Private Limited	
Utility Developers Private Limited	
Riverbank Developers Private Limited	Associate
Rhamni Projects Private Limited	Company Where Directors are Interested
Future Corporate Resources Limited	Investing Party
Mr. Sumit Kumar Dabriwala	KMP
Ms. Priyanka Dabriwala	Relative of KMP

**Transactions with related parties :-**

(Amount in Rs. Lacs)

Nature of Transactions	KMP & Relative of KMP	Associate	Joint Ventures	Company Where Directors are Interested	Investing Party
Rental and other related revenues	-	-	-	-	88.76
	(-)	(-)	(-34.94)	(-)	(-)
Interest Income	-	-	131.80	-	-
	(-)	(-)	(-108.84)	(-)	(-)
Project Management Revenue	-	22.5	28.42	-	-
	(-)	(-)	(-)	(-)	(-)
Car Lease Rental Expenses	2.52	-	-	-	-
	(-3.36)	(-)	(-)	(-)	(-)
Interest Expense	-	-	83.22	0.19	-
	(-)	(-)	(-)	(-)	(-)
Management Consultancy Expense	-	-	-	-	90
	(-)	(-)	(-)	(-)	(-12)
Reimbursement of Expenses	-	-	0.33	-	-
	(-)	(-)	(-)	(-)	(-)
Managerial Remuneration	104.49	-	-	-	-
	(-139.23)	(-)	(-)	(-)	(-)
Loan Given	-	-	412.74	-	1000.00
	(-)	(-)	(-8705.78)	(-)	(-)
Loan Given Received back	-	-	3396.56	-	1360.00
	(-)	(-)	(-4875.40)	(-)	(-)
Loan Taken	-	-	2920.84	-	3750.00
	(-)	(-)	(-)	(-)	(-1140.00)
Loan Taken Repaid	-	-	294.75	6.27	1500.00
	(-)	(-)	(-)	(-)	(-)
Outstanding Balance as at March 31,					
Balance – Receivable	-	25.28	35.47	-	-
	(-)	(-)	(-2437.68)	(-)	(-)
Balance - Payable	-	-	2261.11	0.05	3750.00
	(-)	(-)	(-)	(-1155.18)	(-)

## Disclosure in respect of Material related party transaction during the year:

1. Interest Income include Future Retail Destination Limited Rs. 37.48 lacs (2012: Rs. Nil), Vishnu Mall Management Private Limited Rs. 94.32 lacs (2012: Rs. 108.84 lacs).
2. Project Management Revenue include Future Retail Destination Limited Rs. 28.42 lacs (2012: Rs. Nil), Riverbank Developers Private Limited Rs. 22.50 lacs (2012: Rs. Nil).
3. Interest Expense include Riddhi Siddhi Mall Management Private Limited Rs. 3.25 lacs (2012: Rs. Nil), Vishnu Mall Management Private Limited Rs. 79.97 lacs (2012: Rs. Nil).
4. Reimbursement of Expenses include Future Retail Destination Limited Rs. 0.33 lacs (2012: Rs. Nil).
5. Loan Given include Future Retail Destination Limited Rs. 83.33 lacs (2012: Rs. Nil), Future Corporate Resources Limited Rs. 1000.00 lacs (2012: Rs. Nil), Riddhi Siddhi Mall Management Private Limited Rs. 236.05 lacs (2012: Rs. 138.35 lacs), Vishnu Mall Management Private Limited Rs. 93.36 lacs (2012: Rs. 8558.82 lacs).
6. Loan Given Received back include Future Retail Destination Limited Rs. 817.29 lacs (2012: Rs. Nil), Riddhi Siddhi Mall Management Private Limited Rs. 246.35 lacs (2012: Rs. Nil), Vishnu Mall Management Private Limited Rs. 2332.92 lacs (2012: Rs. 4875.40 lacs).
7. Loan Taken include, Riddhi Siddhi Mall Management Private Limited Rs. 500.00 lacs (2012: Rs. NIL), Vishnu Mall Management Private Limited Rs. 2420.84 lacs (2012: Rs. Nil).
8. Loan Taken Repaid include, Vishnu Mall Management Private Limited Rs. 294.75 lacs (2012: Rs. Nil).

## 36. Segment Report:

The group is primarily engaged in the activity of mall management business and considers it to be a single reportable business segment in terms of Accounting Standard 17 "Segment Reporting". The operations of the group are within the geographical territory of India which is considered as a single geographical segment.

## 37. Earnings Per Share

(Amount in Rs Lacs.)

Particulars	2012-13	2011-12
Profit after tax	(6090.08)	7.69
The Weighted average number of Ordinary Shares for Basic and Diluted EPS	5,58,54,976	5,58,54,406
The Nominal Value per Share (Rs.)	10.00	10.00
Earnings per Ordinary share (Basic and Diluted) (Rs.)	(10.90)	0.01

38. Goodwill on Consolidation is net of, Capital Reserve on consolidation, of Rs. 1696.83 lacs (2012: Rs. 3299.25 lacs).
39. For certain items, the Company and its Subsidiaries and Joint Ventures have followed different accounting policies. Necessary adjustments have been made in the consolidated accounts for alignment of these accounting policies.
40. The Company has not received any intimation from suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence the disclosure, if any, relating to amounts unpaid as at the year-end together with interest paid/payable as required under the said Act have not been given.
41. Figures pertaining to the subsidiary companies and joint ventures have been reclassified wherever necessary to bring them in line with the group financial statements.

## As per our Report of even date attached

**For NGS & Co. LLP**

Chartered Accountants

**For and on behalf of the Board of Directors**

**Ganesh Toshniwal**  
Partner  
Membership No. 46669

**Ameet Naik**  
Chairman

**Sunil Biyani**  
Managing Director

**Rajesh Kalyani**  
Director

Mumbai  
May 30, 2013

**Vijai Singh Dugar**  
Director

**Pawan Agarwal**  
Chief Financial Officer

**Anil Cherian**  
Company Secretary

## Consolidated Cash Flow Statement For The Year Ended March 31, 2013

		March 31, 2013 Rs. In lacs	March 31, 2012 Rs. In lacs
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Net Profit/(Loss) Before Tax		(5,664.19)	(758.57)
Adjustments for :			
Depreciation		2,782.70	2,498.58
Interest Income		(1,716.37)	(3,537.37)
Interest Expenses		8,147.94	8,423.74
Provision for doubtful debts		234.98	62.83
Profit on sale of Investment		(1.06)	(2,635.87)
Bad Debts		113.36	-
Excess provision written off		484.29	-
Excess Provision Written Back		(37.97)	-
Loss on sale of Fixed Assets		17.57	1.32
		<b>10,025.44</b>	<b>4,813.23</b>
<b>Operating Profit before Working Capital changes</b>		<b>4,361.25</b>	<b>4,054.66</b>
Adjustments for:			
Trade and Other Receivables		(447.63)	(4,264.18)
Inventories		(1,066.77)	(810.68)
Loans and Advances		2,122.61	(6,049.85)
Other Current Assets		(15.58)	(118.99)
Other Non Current Assets		5.66	-
Trade Payables, other liabilities		(1,052.35)	14,836.57
		<b>(454.06)</b>	<b>3,592.86</b>
<b>Cash generated from operations</b>		<b>3,907.18</b>	<b>7,647.52</b>
Taxes Paid		(113.95)	(571.51)
<b>Net Cash provided by/ used in operating activities</b>	<b>(A)</b>	<b>3,793.23</b>	<b>7,076.01</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES:</b>			
Sale of Investments (Net of Purchase of Investment)		(1.06)	1,665.26
Purchase of Fixed Assets (Net of Sale of Fixed Assets)		(3,526.31)	(11,242.94)
Loans and Advances		1,488.53	-
Interest Income		1,716.37	3,537.37
Scheme of Arrangement		(693.72)	-
Acquisition Investments (net of Cash)		-	(9,240.47)
<b>Net Cash used in Investing Activities</b>	<b>(B)</b>	<b>(1,016.20)</b>	<b>(15,280.79)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>			
Interest Expenses		(8,147.94)	(8,423.74)
Dividend on preference shares		(0.00)	-
Share application money received		-	42.10
Net Proceeds from Long Term Borrowings		(8,374.72)	19,255.87
Net Proceeds from Short Term Borrowings		15,136.81	(2,134.52)
<b>Net Cash used/provided by financing activities</b>	<b>(C)</b>	<b>(1,385.85)</b>	<b>8,739.71</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(A+B+C)</b>	<b>1,391.18</b>	<b>534.94</b>
Cash and Cash Equivalents at the beginning of the year		<b>742.78</b>	<b>207.84</b>
<b>Cash and Cash Equivalents at the end of the year</b>		<b>2,133.96</b>	<b>679.63</b>
Earmarked Deposits with Banks		-	63.15
<b>Cash and Cash Equivalents at the end of the year</b>		<b>2,133.96</b>	<b>742.78</b>

Notes forming part of Consolidated Financial Statements

As per our Report of even date attached

For NGS &amp; Co. LLP

Chartered Accountants

For and on behalf of the Board of Directors

Ganesh Toshniwal

Partner

Membership No. 46669

Ameet Naik

Chairman

Sunil Biyani

Managing Director

Rajesh Kalyani

Director

Mumbai

May 30, 2013

Vijai Singh Dugar

Director

Pawan Agarwal

Chief Financial Officer

Anil Cherian

Company Secretary

## FINANCIAL INFORMATION OF SUBSIDIARY COMPANIES

	Name of the Subsidiary	The Financial year of the subsidiary ended on	Holding Company's Interest	Share Capital	Reserves	Total Assets	Total Liabilities	Details of investments (except in case of investment in subsidiaries)	Turnover	Profit/(loss) before taxation	Provisions for taxation/ (benefit)	Profit/(loss) after taxation	Proposed dividend
								(Amount in Rs. Lacs)					
1	Precision Reality Developers Pvt.Ltd.	31/3/2013	100%	100,000	0.21	2,677.45	2,677.45	0.19	0.65	0.65	0.18	0.47	-
2	Niyman Mall Management Company Pvt. Ltd.	31/3/2013	100%	100,000	160.09	1,174.68	1,174.68	-	285.07	159.80	51.35	108.45	-
3	Ojas Mall Management Pvt. Ltd.	31/3/2013	100%	100,000	(894.79)	12,939.55	12,939.55	-	1,557.46	(153.41)	-	(153.41)	-
4	Nishita Mall Management Company Pvt. Ltd.	31/3/2013	100%	100,000	73.85	462.56	462.56	-	176.90	110.67	22.87	87.80	-
5	Harmony Malls Management Pvt. Ltd.	31/3/2013	100%	100,000	-	610.10	610.10	-	-	-	-	-	-
6	Abha Hotels Pvt. Ltd.	31/3/2013	100%	100,000	7.88	8.99	8.99	-	-	(0.40)	-	(0.40)	-
7	Kshiti Retail Destination Pvt. Ltd.	31/3/2013	100%	100,000	140.56	16,854.01	16,854.01	-	2,132.33	24.58	4.76	19.82	-
8	Shreya Mall Management Pvt. Ltd.	31/3/2013	100%	100,000	(8.51)	348.75	348.75	-	3.01	(2.81)	-	(2.81)	-
9	Ashirwad Malls Pvt. Ltd.	31/3/2013	100%	1,000,000	24.96	58.37	58.37	-	91.15	6.70	2.07	4.63	-
10	Star Shopping Centres Pvt. Ltd.	31/3/2013	60%	250,000	(32.18)	557.96	557.96	-	1,372.41	(285.58)	(1.00)	(284.58)	-
11	Suhani Mall Management Company Pvt. Ltd.	31/3/2013	86.26%	9,823,010	2,022.31	5,084.15	5,084.15	-	278.96	(16.65)	(16.27)	(0.38)	-
12	Future Trade Market Pvt. Ltd.	31/3/2013	70%	8,773,730	5,443.33	5,574.87	5,574.87	4,912.25	90.00	54.06	13.00	41.06	-
13	Sun City Properties Pvt. Ltd.	31/3/2013	55.17%	20,600,000	(1.75)	462.61	462.61	22.00	3.18	1.55	0.30	1.25	-
14	Unique Malls Pvt. Ltd.	31/3/2013	100%	100,000	115.92	202.14	202.14	-	47.99	31.19	6.60	24.60	-
15	Acute Reality Pvt. Ltd.	31/3/2013	100%	100,000	292.59	323.61	323.61	-	85.84	71.78	18.86	52.92	-



## Notes



## FUTURE MARKET NETWORKS LIMITED

**Registered Office:** Knowledge House, Shyam Nagar, Off Jogeshwari – Vikhroli Link Road,  
Jogeshwari (East), Mumbai – 400060.

**5<sup>th</sup> Annual General Meeting – Friday, 27<sup>th</sup> September 2013**

### ATTENDANCE SLIP

Please fill the attendance slip and hand it over at the entrance of the meeting venue.

Joint Shareholders may obtain additional Attendance Slip on request

*DP ID		Registered Folio Number	
*Client ID		Number of Shares Held	

I / We certify that I / We am/are a registered shareholder/proxy of the Company. I / We hereby record my/our presence at the 5<sup>th</sup> Annual General Meeting of the Company on Friday, 27<sup>th</sup> day of September 2013 at 2.30 p.m. at Sunville Banquets 9, Dr. Annie Besant Road, Worli, Mumbai - 400018.

Name of the Shareholder / Proxy : .....

Address of the Shareholder / Proxy : .....

Signature of the Shareholder / Proxy : .....

\* Applicable for members holding shares in electronic form.

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**5<sup>th</sup> Annual General Meeting – Friday, 27<sup>th</sup> September 2013**

### FORM OF PROXY

I / We ..... of .....  
..... being a member / members of Future Market  
Networks Limited hereby appoint .....  
... of ..... or failing him,  
..... of .....  
..... as my / our proxy to vote for me / us and on my / our behalf at the the  
5<sup>th</sup> Annual General Meeting of the Company on Friday, 27<sup>th</sup> day of September 2013 at 2.30 p.m. at Sunville  
Banquets 9, Dr. Annie Besant Road, Worli, Mumbai - 400018. or at any adjournment thereof.

Signed on this ..... day of ....., 2013

\* Applicable for members holding shares in electronic form.

Affix Re 1  
Revenue  
Stamp

#### NOTES:

- The proxy in order to be effective should be duly stamped, completed & signed and must be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting. The Proxy need not be a member of the Company.
- The form should be signed across the stamp as per specimen signature registered with the Company.





## BOOK-POST

*If Undelivered, please return to*

**Future Market Networks Limited**

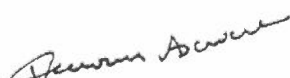
Future Group Office,  
SOBO Central Mall, 4th Floor,  
28, Pt. Madan Mohan Malviya Road,  
Near Haji Ali, Tardeo, Mumbai - 400 034.

**FORMA**

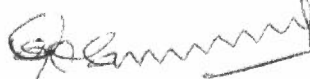
**Format of covering letter of the annual audit report to be filed with the stock exchanges**

1.	Name of the Company:	Future Market Networks Limited
2.	Annual Financial statements for the year ended	March 31, 2013
3.	Type of Audit observation	Un-qualified / <del>Matter of Emphasis</del>
4.	Frequency of observation	Whether appeared first time .... / repetitive ... / since how long period .... Not Applicable
5.	To be signed by- <ul style="list-style-type: none"> <li>• CEO/Managing Director</li> <li>• CFO</li> <li>• Auditor of the Company</li> <li>• Audit Committee Chairman</li> </ul>	

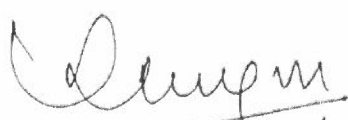
**For Future Market Networks Limited**

  
**Pawan Agarwal**  
Chief Financial Officer

  
**Sunil Bhatnagar**  
Managing Director

  
**NGS & Co. LLP**  
Statutory Auditor



  
**Vijai Singh Dugar**  
Audit Committee Chairman

Date: September 10, 2013  
Place: Mumbai