



Good things come to those who *innovate.*
To those who weather the storm,
who challenge the norms,
who stay true to their vision, values and beliefs.

To those who follow their *passion,*
stick to their commitments and keep
their heads up high in times of difficulty.

As we continue on our path to growth & success
we will tackle setbacks and difficulties with the same focus,

persistence
strength
that we believe in.

ANNUAL REPORT | 2012 - 2013
PANTALOONS FASHION & RETAIL LIMITED



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



Pantaloons is now an integral part of the Aditya Birla Group. To give our shareholders a flavour of the Group's philosophy and people processes, we felt it worthwhile sharing excerpts of the Chairman's letter to shareholders published in the Group Companies Annual Report.

Dear Shareholder,

The Aditya Birla Group in perspective

Over the last two years, significant changes have impacted the global and domestic business scenario. Given our resilience, our Group has managed to weather the storm. Our consolidated revenue at US 42 billion dollars is marginally above that of the last year.

I believe, that if we have been able to sustain our revenues, it is because of the quality of our 136,000 strong workforce spread over 36 countries and 42 nationalities. The hallmark of our overall leadership development efforts has been our belief in taking "bets on our people". And it has indeed paid off.

Our entrepreneurial DNA also encourages risk taking which includes taking risks with people, ofcourse with safety nets. We believe that people are endowed with immense capability - our task is to spot them, early in their careers and provide them with suitable opportunities to try their hand at and test their skills. Our investment in people processes has enabled us have a robust bench strength of talent. Our entire focus is on ensuring that we always remain a meritocracy. This pool of talent is developed through a series of planned exposures, assignments and training

“Our entrepreneurial DNA also encourages risk taking which includes taking risks with people, of course with safety nets. We believe that people are endowed with immense capability - our task is to spot them, early in their careers and provide them with suitable opportunities to try their hand at and test their skills. Our investment in people processes has enabled us have a robust bench strength of talent. Our entire focus is on ensuring that we always remain a meritocracy.”

“Our in-house learning university ‘Gyanodaya’ is a globally benchmarked institution. It leverages resources from around the world to meet the development needs of our leadership...”

opportunities so that they are prepared to take on leadership roles as and when these emerge.

Let me elucidate these aspects with an overview of our talent management and leadership development processes.

Two new programmes namely “Step UP” and “Turning Point” have been launched. These aim primarily to prepare Departmental Heads and Functional Heads for the next stage of their career development as Functional heads and Cost Centre heads respectively. The first pilot batches have already undergone the initial rounds of training. These programmes will be further institutionalized.

Last year, I had alluded to the launch of our *P&L Leaders Development Program*, called – “*The Cutting Edge*”. The objective of this program is to prepare our high-performing functional heads to take on P&L roles. The program has taken off to a solid start. The first batch of participants has been already absorbed in the global immersion program across 4 different countries. The second batch of “*The Cutting Edge*” will soon start their programme.

To augment talent on the technical side, we have also been hiring, for the first time, a select set of manufacturing professionals directly at the Group level – The first group has already moved into our businesses.

Our in-house learning university ‘Gyanodaya’ is a globally benchmarked institution. It leverages resources from around the world to meet the development needs of our leadership. Last year it had 28,000 touch points and partnered with several external institutions and corporations for collaborative learning. More than a 1,000 executives take courses at Gyanodaya each year.

Furthermore, we have institutionalized global career paths - driven both by the individual and the organization's needs. To a great extent this allows an individual to ‘take charge of his own career’. We leverage vacancies across the Group and stimulate talent mobility by identifying and moving leaders across geographies and functions and into new roles as part of their career development. Development for us today means providing people opportunities to learn from their work rather than taking them away from their work to learn.

Let me give you some statistics relating to fast tracking of talent. Since April 2011, from our management cadre comprising of 37,600 colleagues 15%, i.e. 5,824 have been promoted, 18% i.e. 6,481 have moved roles and 12% i.e. 4,543 have moved location.

Additionally, we seek feedback in an institutionalized way and conduct conversations with our people across the Group to gauge their engagement with our Group. We call it 'Vibes'. The Vibes survey is carried out by a global reputed external HR research agency. This year 94% of our 35,000 Executives participated in the Vibes survey – which is an indication of their engagement with the Group. It was very heartening for me to see that 92% of employees have an overwhelming sense of pride in our Group. More than 80% are engaged employees and again over 90% say that they understand the connect between their work and goals of business.

Today, we are reckoned as an Employer of Choice that offers a World of Opportunities for talent.

I take great pride in sharing with you that our Group (Aditya Birla Group) has topped Nielsen's Corporate Image Monitor 2012-13. An extract from their media release would interest you –

"Aditya Birla Group has emerged as the Number 1 corporate, the 'Best in Class' across all the six pillars of Corporate Image, according to the annual Corporate Image Monitor 2012-13, conducted by Nielsen, a leading global provider of insights and information into what consumers watch and buy. The six pillars of Corporate Image comprise of Product & Service quality, Vision and Leadership, Workplace Management, Financial Performance, Operating style and Social responsibility.

Nielsen's Corporate Image Monitor measures the reputation of the 40 leading companies in India across sectors and serves as an important indicator of the strength of the corporate brand".

The survey was conducted among policy makers, the financial media, financial analysts, investors, professionals from the corporate sector and the general public across 7 metros.

....Last year it had 28,000 touch points and partnered with several external institutions and corporations for collaborative learning. More than a 1,000 executives take courses at Gyanodaya each year."

"It was very heartening for me to see that 92% of employees have an overwhelming sense of pride in our Group. More than 80% are engaged employees and again over 90% say that they understand the connect between their work and goals of business. Today, we are reckoned as an Employer of Choice that offers a World of Opportunities for talent. I take great pride in sharing with you that our Group (Aditya Birla Group) has topped Nielsen's Corporate Image Monitor 2012-13."

“Our indomitable strength of running low cost, highly-efficient and vastly productive operations, through our embedded culture of continuous improvement and innovation, will see us through good times as well as tough times.”

The 40 corporates covered in this survey were selected using The Economic Times-500 and the Business Today-500 list of listed companies. Nielsen is a global market research company, headquartered in New York and operating in 60 countries.

In sum

Let me conclude that we have strong Balance Sheets, robust cash-flows and gearing levels well within reasonable limits. The global presence of our Group and the experience of operating in 36 countries invests us with the strength to acquire assets or grow organically anywhere in the world in different business environments.

And finally, our indomitable strength of running low cost, highly-efficient and vastly productive operations, through our embedded culture of continuous improvement and innovation, will see us through good times as well as tough times.

Yours sincerely,



Kumar Mangalam Birla
Chairman
Aditya Birla Group



pantaloons
FRESH FASHION



A chain of stores for every Indian. Pantaloons has a repertoire of lifestyle brands, to cater to every consumer needs across multiple occasions. The warm and personalised service offered by every store staff truly brings in the unique value proposition of the format.

pantaloons
FRESH FASHION

BRAND'S JOURNEY

The first Pantaloons store was launched in Gariahat, Kolkata in 1997. Over the years, the brand has undergone several transitions therefore re-inventing itself to bring forth compelling trends and styles for women, men and kids. It started as a discount format,

moving to a family concept store and finally evolved into a fashion destination with a shop focus on bringing the latest in fashion.



THE BRANDS

The greatest asset of Pantaloons is our in-house brands which draw people to it. Besides the fact that they also set trends and highlight personalities.

¶ **Annabelle** is for the stylish woman of today who is at the helm of the corporate world, a collection of trousers, skirts and jackets. Extending this idea further to the after-hours, a Annabelle evening with a muted touch of bling to brighten up the evening.



¶ **Trishoo** is for the woman who fully embraces her Indian-ness and loves to flaunt it. The beautifully designed salwar suits have elegant embroidery work which is just perfect for traditional moments.



¶ **Honey** presents a cheerful mix of tees, tops, shorts and trousers that come in solid colors as well as florals and are all delightfully feminine and chic.

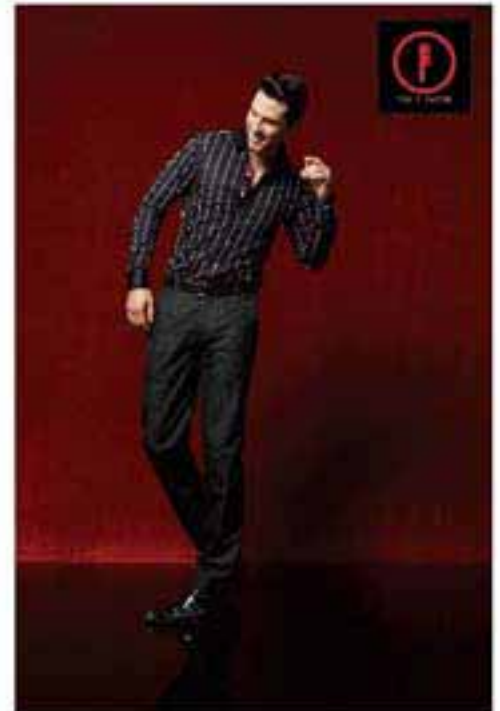


¶ **Rangmanch**, is a colorful, ethnic and contemporary Indian brand that offers kurtas and chandars with classic cuts that have clean, simple lines. This brand is for women only.



¶ **Akkriti** is a range for both men and women who like trendy ethnic Indian wear. From unique Indo-western silhouettes for women to dhoti pants for the millennium man, there is something for any occasion.

► **Ajla** is tastefully sporty with a wide range of dry-fit tees, track pants, sweatshirts and other types of sports casuals. It is the greatest asset of Pantaløons is its in-house brands which draw people to it. Besides the fact that they set trends and highlight personalities unabashedly youthful and trendy.



► **f Factor** is flamboyant and just right for the man who rules the boardroom, with its extravagant range of shirts, trousers and blazers along with jackets and formal trousers.



► **JM Sport** which is the exclusive line of T-shirts for men. These when paired with the right trousers make excellent day wear or evening wear.



► **Chalk** is a fresh and vibrant collection of tees, shorts and shirts for little girls and boys between the ages of four and seven. Looking good should not be made exclusive for adults!



DESIGN ETHOS

Initially positioned as a store catering to the fashion needs of the entire family, Pantaloons has transitioned to a fashion and lifestyle brand with an emphasis on youth and a focus on designs that are inherently in sync with current fashion trends.



FRESH FASHION

Pantaloons is one of the fastest growing apparel brands in India, constantly innovating designs, concepts and products by infusing the latest trends in fashion and clothing styles. With a vast collection of more than a 100 prestigious brands we cater to every need of the evolving Indian consumer.



in
Love with
fashion



in
Love^{with}
fashion



in
Love^{with}
fashion



in
Love^{with}
fashion

VIRTUAL FOOTPRINT

Celebrating
1.6 MILLION
Fans on **Facebook**
and counting!



With over **1.6 million** fans on **Facebook** Pantaloons is constantly in conversation with our consumers. This is where our consumers get their daily feed of style, and an in-depth understanding of how to stay fashionable through the seasons. This is also where they get exposed to our campaigns and promotional offers.

The Pantaloons blog is a virtual place where users engage themselves through a variety of tips to enhance their fashion quotient. The blog also features the latest collections, campaigns, events, promotions, and offers from Pantaloons.

Pantaloons on **Twitter** - Over 2,000 followers get real time updates on the latest collections at Pantaloons, special promotions, events, etc.

OVER 4 MILLION PAYBACK GREENCARD MEMBERS



With over **4 Million** members the Pantaloons Payback greencard, which is a unique loyalty programme, has been designed exclusively for Pantaloons loyal consumer to keep nurturing consumer trust and confidence. The program offers discounts, points and special privileges at all Pantaloons outlets.

THE CUSTOMER CONNECT

There is always something new and exciting at every Pantaloons store. Various customised initiatives at the store create a deep sense of connect and belonging with every consumer who walks into our store.





VIRTUAL TOUR OF OUR STORE







WHAT CUSTOMERS SAY ABOUT PANTALOONS



"Pantaloons mein achha dikhta hai..

Jo achha lagta hai, woh choose kar sakte hain"

"Yahaan aisa nahin lagta hai ki kuch gir jayega toh paise dene padenge"

"Bachhe khel kood kar sakte hain"

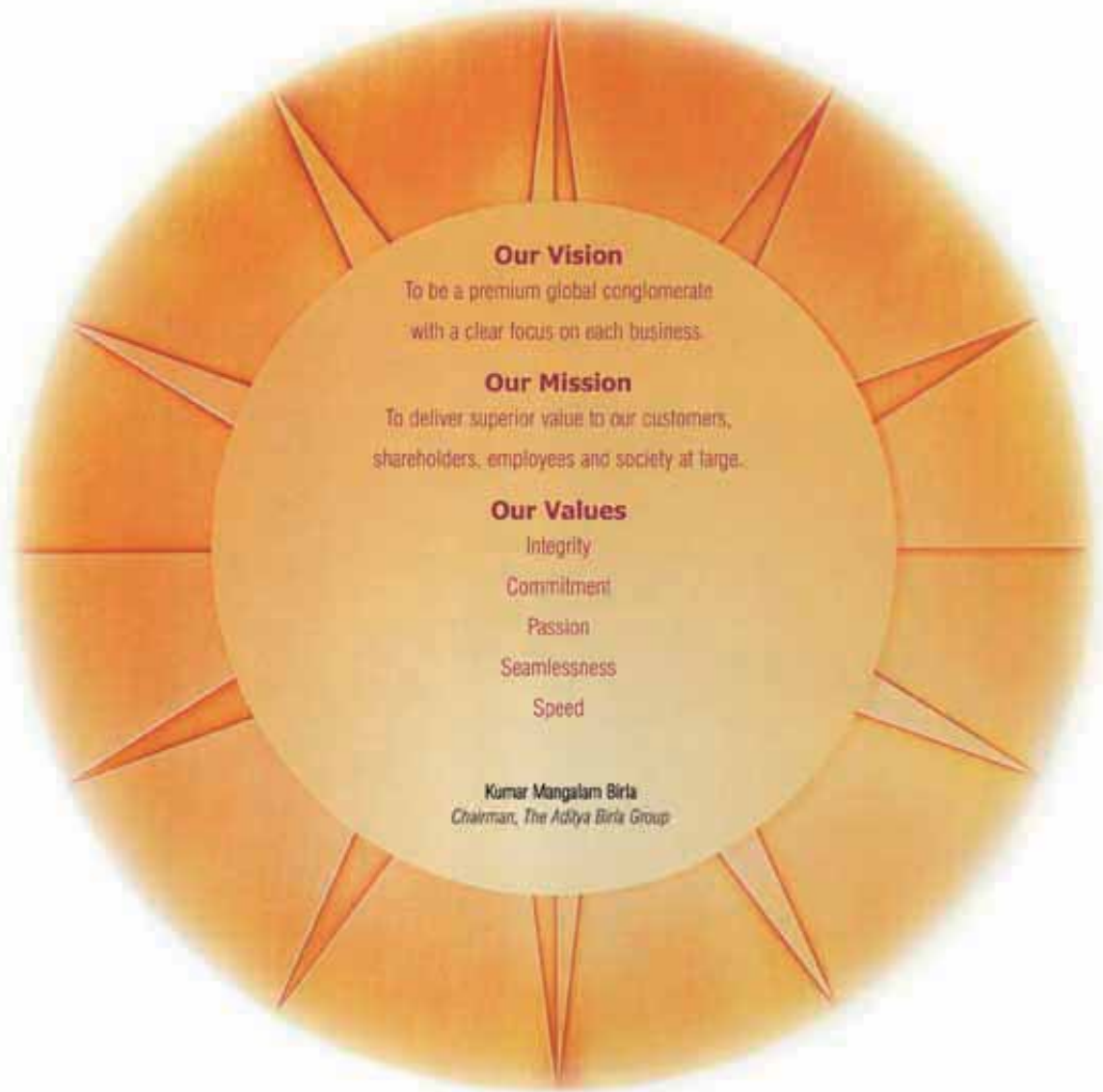
"Jab bhi main aata hoon toh kuch na kuch naya display hota hi hai... Display changes se pata lagta hai ki yeh new arrivals hai woh old stock hai" - Allahabad

“This is like home to you...
This is not overwhelming
here..It is simple and good.”
- Abhi, Kolkata



“The vibrancy, the mix and
match that they have..Colour and
variety of brands, the placement of
the brands” -Rahul, Delhi





Board of Directors

Mr. P Murari, Independent Director

Mr. Bharat Patel, Independent Director

Dr. Rakesh Jain, Non-Executive Director

Mr. Pranab Barua, Non-Executive Director

Mr. Sushil Agarwal, Non-Executive Director

Chief Executive Officer

Mr. Shital Mehta

Chief Financial Officer & Manager

Mr. Manoj Kedia

Chief People Officer

Mr. Chandrashekhar Chavan

Company Secretary & Compliance Officer

Ms. Geetika Anand Talwar

Statutory Auditors

S.R. Batliboi Co. & LLP (Reg. No. : 301003)

Registrar and Share Transfer Agent

Link InTime India Pvt Ltd.

Registered Office

701-704, 7th Floor, Skyline Icon Business Park,
86-92, Off A.K.Road, Marol Village,
Andheri (E), Mumbai - 400 059, India

Website: <http://www.pantaløons.com>

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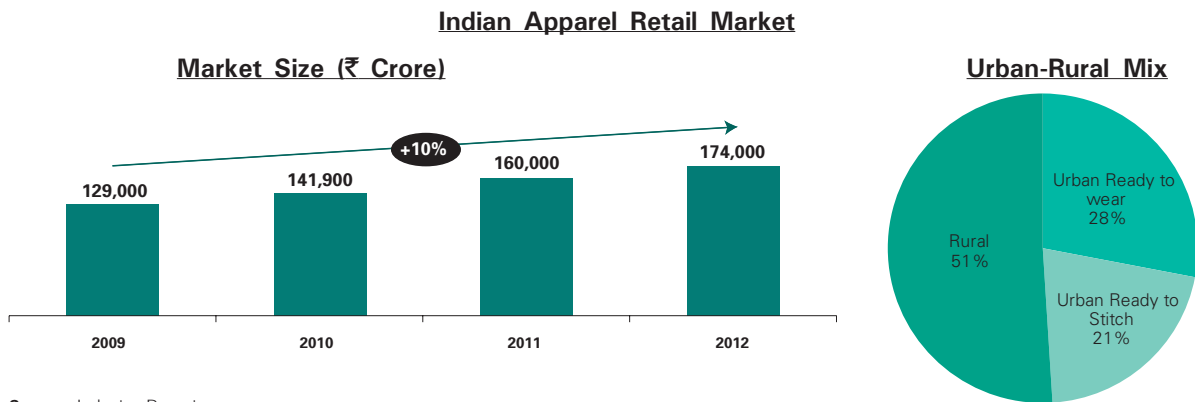
Indian Retail Industry Overview

India is amongst the largest and the fastest growing retail markets in the world. Retailing is one of the pillars of the Indian economy accounting for nearly one fourth of the country's GDP. Currently pegged at around USD 500 billion, Indian Retail Industry has a bright potential with the burgeoning spending power and rising per capita income in the country having more than 1.2 billion consumers. At present, the organised retailing is in its nascent stage and contributes to nearly 8% of the Indian Retail market. However, it is expected to grow much faster than unorganised retail and will garner around 20% share by 2020 as indicated in various industry research.

Indian Apparel Market Overview

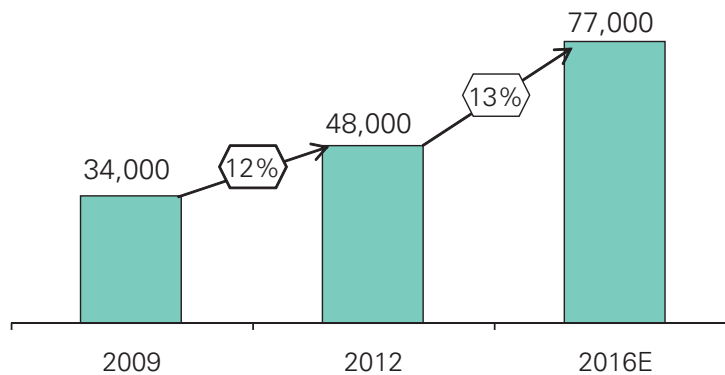
Apparel Retailing is the second largest contributor to the Indian Retail Market after food and grocery. Interestingly, in the organised sector, apparel retailing is the largest and the most penetrated segment. During the past three years, Indian apparel retail market has grown at a CAGR of 10% to reach ₹ 174,000 Crore in 2012.

Urban ready-to-wear segment accounts for 28% of the apparel retail market in India.



The urban ready-to-wear segment is growing at a faster clip than the overall apparel retail market. Having grown at a strong CAGR of 12% in the past three years, the size of urban ready-to-wear segment is estimated at ₹ 48,000 Crore in 2012. It is slated to grow at a CAGR of 13% for the next four years and reach to a size of ₹ 77,000 Crore by 2016.

Urban Ready-to-Wear apparel market in India (₹ Crore)

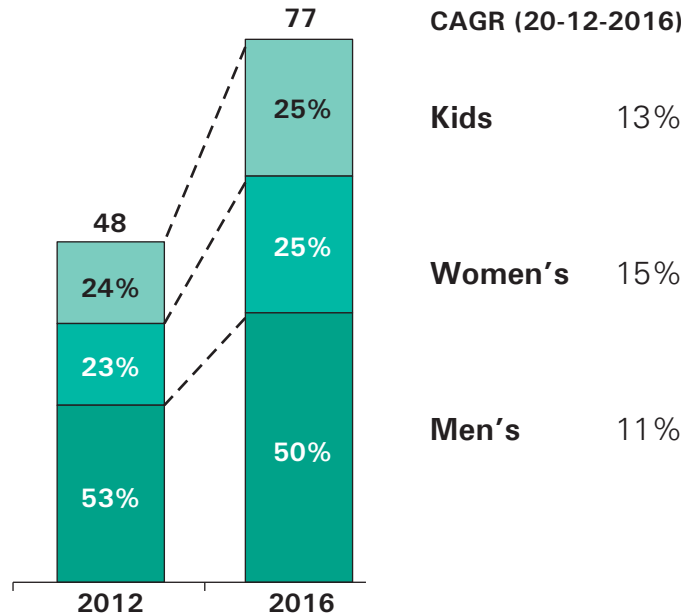


Source: Industry Reports

Categorising the urban ready-to-wear sector by gender/age, the share of Menswear at 53% was the largest in 2012. Menswear will continue to dominate the sector, however, the womenswear and kidswear are expected to grow faster and enhance their share in the overall expanding pie.

Growth in Urban Ready-to-wear market size by Gender / Age

(In ₹ Thousand Crore)



Source: Industry Reports

The key factors driving the ready-made apparel market growth include rising disposable incomes, growing fashion aspirations and geographical expansion by market players. As the lifestyles of India's prospering urban consumers have evolved, their clothing needs have broadened. Comfort fitting, style, availability of wide selection, and ease of purchase is also stoking the demand for ready-made apparels.

Indian apparel retail market – Key trends

Population/Demographics	Consumer Mindset	Channels
<ul style="list-style-type: none"> Higher per capita purchasing power and increasing consumption Migration towards higher price points – growth of sub-premium to luxury segments Significant youth and “working” population Increasing urbanisation – growth of Tier 2 and Tier 3 markets 	<ul style="list-style-type: none"> More propensity to buy branded apparels in segments outside men's formals Increasing preference for western-wear or “fusion-wear” due to growing numbers of women in workforce High demand for casual wear, denims, active sports wear Higher demand for branded kids' wear 	<ul style="list-style-type: none"> Specialty and department stores becoming preferred destinations for sub-premium and premium segments Value and mass retailing gaining prominence

Brands and retailers are catching up with the latest trends in no time and customizing their product offerings to match specific demands. Over the past few years, a large number of shopping malls have opened across the country and the trend is sure to accelerate. Large branded store chains where products are systematically stocked and displayed, will speed the transformation of consumer preferences.

Apparel retail industry is highly competitive because of the presence of a large number of players, ever changing consumer preferences and the need for marketing differentiation.

Business Overview

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

Strengths and Opportunities

Brand Leadership

Pantaloons is among the top 2 large format fashion retailers in India. Focusing on "Fresh Fashion" and catering to varied apparel and non-apparel needs of Indian consumers in a modern environment, 'Pantaloons' has emerged as a strong brand in the fashion industry over the past two decades. Pantaloons operates across varied categories viz., casual wear, ethnic wear, formal wear, party wear and sportswear for Men, Women and Kids. Non-apparel products primarily comprise beauty products, perfumes, cosmetics, leather products, fashion jewellery, footwear, watches, books, music, toys etc.

Pan India Footprint: Unparalleled reach

The number of large format Pantaloons stores is one of the highest in the Indian fashion industry. Currently, it operates through 70 large format company owned and company operated stores. The average size of a Pantaloons store is around 24,000 square feet. However, depending on the city, location and target market size, the store size varies between 11,000 square feet to 80,000 square feet. Together with 26 Factory Outlets, Pantaloons span a retail space (carpet area) of about 1.7 million Square Feet which is among the largest in India in the organised fashion retail segment. Factory Outlets act as a channel for liquidating slow moving inventory for Pantaloons. The Company has been able to tie up real-estate in superior locations to fuel uninterrupted growth.

Diversified geographical presence

Pantaloons enjoys a pan India presence across all zones with a strong presence in the Eastern Zone. Pantaloons commands the first mover advantage in several locations across East India. More than 50% of the Pantaloons large format stores are present in the top 8 Indian cities, capturing the large market size opportunity offered by these Tier 1 cities. Pantaloons also recognises the growing aspirations, changing consumer preferences towards branded clothing and increasing disposable income in tier 2 and tier 3 cities. It has a fairly balanced presence in these cities with about 50% of its stores being present in these cities.

Strong customer connect

Pantaloons’ loyalty programmes viz., green card and payback are one of its main strengths. Led by the strong customer connect of brand ‘Pantaloons’ and its loyalty programmes, the Company has around 3.8 Million loyalty customer base at present one of the largest in the country. It contributes to significant portion of the Company’s sales and augments its competitive advantage. These loyalty programmes offer rewards points to its members on their purchases, special offers and discounts, and invitations to exclusive events and promotions.

Focus on superior Customer experience

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

Strong brand portfolio

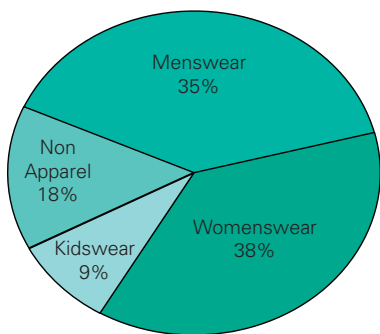
Across the segments, Pantaloons sells approximately 400 brands which comprises a mix of private labels, licensed brands and other brands. Some brands are also retailed under the Shop-in-Shop format where fixed rentals are charged by Pantaloons. Through a wide range of brand offerings across apparel and non-apparel categories and across price points, Pantaloons caters to varying fashion needs of Indian households.

Private labels and licensed brands contribute to approximately 50% of the Company’s sales. These comprise brands owned by Pantaloons viz., Akkriti, Rangmanch, Ajile, Annabelle, Trisha, Honey, Chalk, Ajile; as well as brands licensed on a perpetual basis from Future Group. The balance sales is contributed by other apparel and non-apparel brands.

Revenue Mix



Revenue Mix



Diversified customer base

Menswear and womenswear together account for 76% of total ready-made apparel market in urban India. Pantaloons has a diversified customer base with Menswear and Womenswear contributing to 35% and 38% share respectively.

Management Strength

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

Strong Parentage

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

Risks and Threats:

Changing Consumer Preferences

Fashion trends are constantly changing with ever shifting consumer preferences, income levels and demographics. Lack of innovation in merchandise offerings and adapting to the changing needs of the customers may affect the competitiveness of the business. We have a dedicated team of professionals to anticipate and respond to the changing customer lifestyle and preferences trends in a timely manner.

Attracting and retaining talent

Being a consumer facing service industry, human capital is key to the growth of our business. The loss of key personnel or inability to attract and recruit talented and skilled personnel may impact the business and ability to grow. We value our staff and continue to assess both front end and back end staff for career development, planning and succession.

High fixed cost structure

Fashion retailing business has high operating leverage, owing to high fixed cost structure. Rent, selling expenses and overheads form a large part of the operating costs. The ability of the business to garner higher sales on assets employed is key to mitigate the risk and generate optimum returns on investments.

Slowdown in Indian Economy

Consumer spending on fashion products is highly correlated with the growth of the Indian Economy. As our business is driven by domestic consumption, any slowdown in the Indian economy will impact the business growth and profitability.

Dependence on real estate

The fashion retail industry is heavily dependent on availability of quality retail space at desired locations and at a reasonable cost. Non-availability of retail space in timely or cost effective manner may hamper the business growth.

Intensifying Competition

There is an intense competition amongst leading fashion brands and retailers for marquee locations, quality real estate and customer footfalls. Attracted by the ample growth potential of Indian apparel retail market, many global brands have also entered India and increased their presence rapidly. Easing of FDI in retail is likely to further intensify the competition with the potential entry of more international brands.

Business Performance

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

Profit & Loss Accounts

(₹ Crore)

	2012-13 (including nine months financials of Pantaloon's)	2011-12
Revenue	1,285	18
EBITDA	129	2
Less : Finance Cost	144	0
EBDT	(14)	2
Depreciation	54	0
Earnings before Tax	(69)	2
Less : Provision for Taxation (Net)	-	1
Net Profit / (Loss)	(69)	1

Revenue

The Company reported revenue at ₹ 1285 Crore during fiscal 2012-13. The Company opened 6 new Pantaloon's stores and 3 Pantaloon's Factory Outlets during the nine months ending 31st March 2013.

Operating Profit

The Company posted earnings before interest, depreciation and tax (EBITDA) at ₹ 129 Crore. Excluding interest income of ₹ 62 Crore on current investments, Pantaloon's reported EBITDA margin at 5.2%. Gross margin was sustained, however, moderated sales growth and higher retailing costs impacted EBITDA margin. Change in the accounting policy, for instance, with respect to Lease rental straight lining, also lowered profitability.

Net Interest

Net of interest income of ₹ 62 Crore on current investments, finance costs of the Company stood at ₹ 82 Crore.

Balance Sheet

(₹ Crore)

	As on 31st March, 2013
Net Fixed Assets (including Capital Advances)	488
Goodwill	1,168
Net Working Capital	44
Capital Employed	1,700
Net Worth	770
Net Debt #	931

Net of Current investments of ₹ 800 Crore

The Goodwill of ₹ 1,168 Crore is recognised on transfer of Pantaloons business to the Company.

Net Working Capital includes Inventory of ₹ 325 Crore, Trade Receivables of ₹ 7 Crore, Cash & Bank Balance of ₹ 19 Crore and Trade Payables of ₹ 316 Crores.

Pursuant to the Scheme, a debt of ₹ 1,600 Crore was transferred to the Company, carrying an average interest rate of ~13%. To optimise the finance Cost, the Company reshuffled the debt portfolio. Accordingly, post effectiveness of the Scheme, the Company raised term loans of ₹ 600 Crore and Non-convertible Debentures of ₹ 300 Crore and re-paid ₹ 800 Crore out of the transferred debt. The average interest cost of the debt portfolio got reduced to ~10.2%.

Outlook

Inflation remained at high levels during the year. The GDP growth also slowed. These factors have impacted consumer sentiments and spending during the year. Some of these challenges may continue in the near term. However, with the inflation projected to stabilise at lower levels and an expected improvement in GDP growth, the customer spending will improve in the medium term.

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

Internal Control

The Company has defined system of internal controls and business process with regards to efficiency of operations, financial reporting and compliance with applicable laws and regulations etc. Regular internal audit and checks are undertaken to ensure maintenance of internal control. The Company also has a well-defined process for ongoing management reporting and periodic review of operations to ensure effective decision-making.

Strategy Going Forward

The Company's growth strategy includes increasing reach and penetration across the country by opening new stores, strengthening the brand 'Pantaloons' and enhancing customers' shopping experience. The Company also plans to augment its merchandise width by adding new product categories, new brands and thereby improving our brand portfolio.

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

Make it bigger	Make it better	Make it happen
Store wise Sales Enhancement Program	Portfolio Strategy and Assortment	IT Transition
Expansion Program	Pricing Optimization	Supply Chain & Logistics
New Businesses/ Categories/Formats	Markdown Management	Working Capital Optimization
	Sourcing Private Label	Store Renovation
	Sourcing External Brands	Building the Organization

Human Resources

Your company believes that people are one of its most valuable assets and therefore the Human Resource philosophy and strategy of your Company is structured to attract and retain the best talent that encourages innovation and creates a work environment of inspiration, creativity and passion.

The total number of employees employed as on 31st March, 2013 is ~5300. These include employees transferred to the Company pursuant to the Scheme of Arrangement.

Disclaimer

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

Dear Members,

Your Directors are pleased to present the 6th Annual Report of your Company together with the Audited Statement of Accounts for the financial year ended 31st March 2013.

SCHEME OF ARRANGEMENT BETWEEN THE COMPANY AND FUTURE RETAIL LIMITED

In the year under review, your Board of Directors had approved acquisition of "Pantaloons Format Business" (*Demerged Undertaking*) of Future Retail Limited (*FRL*) (earlier known as *Pantaloon Retail (India) Limited*) by way of demerger through a Scheme of Arrangement under Sections 391-394 of the Companies Act, 1956 between FRL, the Company, and their respective shareholders and creditors and Indigold Trade and Services Limited (*ITSL*) (*as the shareholder of the Company*) (*"the Scheme"*).

The demerger of the Demerged Undertaking will expand the variety of the Company's offering in the market and complement its existing portfolio. Further, it will enable wider distribution of products and give a wider choice to the consumers and enable business to build on their systems and processes to improve efficiencies. The stores operating under the brand name Pantaloons and derivatives thereof would remain operational and the Company will carry the same brands.

Hon'ble Competition Commission of India and Hon'ble High Court of Bombay vide their order dated December 21, 2012 and March 1, 2013 respectively had approved the Scheme. On receipt of all the requisite approvals required and on completion of the Conditions Precedent listed in the Scheme, the Board of Directors of your Company in their meeting held on April 08, 2013 made Scheme effective on April 8, 2013 (*Effective Date*). Accordingly, the entire Demerged Undertaking was transferred to and vested in your Company w.e.f July 1, 2012 (*Appointed Date*).

CHANGE OF NAME

In terms of the Scheme, the name of the Company was changed from "Peter England Fashions and Retail Limited" to "Pantaloons Fashion & Retail Limited".

CHANGE IN REGISTERED OFFICE

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

CHANGES IN SHARE CAPITAL

Pursuant to the Scheme the Authorised Equity Share Capital of the Company was increased from ₹ 10 Crore to ₹ 100 Crore.

Upon this Scheme coming into effect, in consideration of the transfer of the Demerged Undertaking, your Company allotted 1 Equity Share of ₹ 10/- each credited as fully paid in the capital of the Company to all the Equity Shareholders whose name appeared in the records of FRL or as beneficiary in the records of the depositories of FRL in respect of the shares of FRL on April 18, 2013 (*the Record Date*), for every 5 (five) fully paid up FRL Equity Shares/FRL DVRs held by them in FRL (*the "Share Entitlement Ratio"*). Accordingly, total of 4,63,16,518 Equity Shares of the Company were allotted to the shareholders of FRL on April 19, 2013.

CONVERSION OF OPTIONALLY FULLY CONVERTIBLE DEBENTURES INTO EQUITY SHARES

During the period under review, the Board of Directors of the Company had approved issuance of 800 OFCDs of ₹ 1,00,00,000 each of the Company, to ITSL, convertible into 4,59,77,011 Equity shares of ₹ 10/- each on effectiveness of the Scheme.

Accordingly, on April 8, 2013, the said OFCDs were converted into 4,59,77,011 Equity shares of ₹10/- each on effectiveness of the Scheme.

OPEN OFFER

As on March 31, 2013, the Company was a wholly-owned Subsidiary of Indigold Trade and Services Limited ("ITSL"), a wholly owned subsidiary of Aditya Birla Nuvo Ltd. ("ABNL"), a Aditya Birla Group Company with revenue size of US\$ 4.5 billion.

Pursuant to the Scheme, ITSL and ABNL made Open Offer to shareholders of the Company for acquiring 23,114,868 Equity Shares representing 24.91% of Voting Capital of the Company.

On completion of Open Offer, ITSL along with ABNL acquired 1,65,79,185 Equity Shares of ₹10/- each constituting 17.87% of post issue paid up capital of the Company. Accordingly, ITSL holds 67.95% Equity Share and Voting Capital of the Company as on date.

LISTING OF EQUITY SHARES OF THE COMPANY

Pursuant to the Scheme, the Equity Shares were proposed to be listed on the BSE Limited and National Stock Exchange of India Limited. Accordingly, the Company had made application for seeking exemption from SEBI under the SEBI Circular SEBI/CFD/SCRR/01/2009/03/09 dated September 3, 2009. The Company has received the Listing approval on July 15, 2013. Accordingly, the trading of the Equity Shares of the Company has commenced on July 17, 2013.

FINANCIAL PERFORMANCE

Your Company's financials for FY 2012-13 include nine months financials of Pantaloon's Format Business transferred to the Company with effect from the Appointed Date, i.e., July 1, 2012. Hence, to that extent, your Company's performance is not comparable with that of previous year.

(₹ Crore)

Particulars	2012-13	2011-12
Revenue	1285	18
EBITDA	129	2
Less : Finance Cost	144	0
EBDT	(14)	2
Depreciation	54	0
Earnings before Tax	(69)	2
Less : Provision for Taxation (Net)	-	1
Net Profit / (Loss)	(69)	1

REVIEW OF PERFORMANCE

Your Company reported revenue at ₹ 1285 Crore during fiscal 2012-13. The Company opened 6 new Pantaloon's stores and 3 Pantaloon's Factory Outlets during the nine months ending 31st March 2013.

Gross margin was sustained, however, moderated sales growth and higher retailing costs impacted EBITDA margin. Change in the accounting policy, for instance, with respect to Lease rental straight lining, also lowered profitability.

It is pertinent to note that in terms of the Scheme the conduct of the Demerged Undertaking was managed by FRL on behalf of the Company till the Effective Date (*i.e April 8, 2013*) in the ordinary course of business.

MANAGEMENT DISCUSSION & ANALYSIS REPORT

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

DIVIDEND

In view of the loss for the year under review, your Directors do not recommend payment of any dividend for the financial year 2012-13

FINANCE

Your Company continues with various initiatives for bringing down the cost of borrowings which includes application of short-term instruments like commercial paper, working capital demand loans

within working capital borrowing, long term loans for expansion at competitive terms, so as to have funds at competitive cost.

Pursuant to the Scheme, debt of ₹ 1600 Crore at an interest rate of ~13% was transferred to the Company. With a view to optimise the Finance Cost, it was decided to reshuffle the debt portfolio. Accordingly, post effectiveness of the Scheme, the Company raised term loans of ₹ 600 Crore and Non-convertible Debentures of ₹ 300 Crore and re-paid ₹ 800 Crore out of the transferred debt. The average interest rate of long term debt portfolio got reduced to ~ 10.2%.

FIXED DEPOSITS

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

As on 31st March 2013, there were no deposits which were unclaimed and due for repayment.

HOLDING COMPANY

As on March 31, 2013, the Company was a wholly-owned Subsidiary of Indigold Trade and Services Limited ("ITSL"), a wholly owned subsidiary of Aditya Birla Nuvo Ltd. (ABNL), a Aditya Birla Group Company with revenue size of US\$ 4.5 billion.

Post-Scheme of Arrangement, the holding of ITSL in the Company stood at 50.09%.

Pursuant to the Scheme, ITSL and ABNL made Open Offer to shareholders of the Company for acquiring 23,114,868 Equity Shares representing 24.91% of Voting Capital of the Company.

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

Accordingly, ITSL holds 67.95% Equity Share and Voting Capital of the Company as on date.

SUBSIDIARY COMPANY

The Company does not have any subsidiary as on March 31, 2013 and as on date of this Report.

DIRECTORS

During the period under review, the Board inducted Mr. Anil Rustogi, Mr. Devendra Bhandari and Mr. Manoj Kedia as Additional Directors of the Company on April 30, 2012. They resigned from the office of Director w.e.f April 19, 2013. We place on record our deep sense of appreciation for the services rendered by them.

Further, on April 19, 2013, Mr. P Murari, Mr. Bharat Patel and Dr. Rakesh Jain were appointed as Additional Directors on the Board of the Company. They hold office upto the conclusion of the forthcoming Annual General Meeting. We seek your support in confirming their appointment as directors liable to retire by rotation.

As per Article 106 of the Articles of Association of the Company, Mr. Sushil Agarwal and Mr. Pranab Barua retire by rotation in the forthcoming General Meeting. Both of them being eligible seek re-appointment.

Brief particulars of Mr. Murari, Mr. Patel, Mr. Agarwal, Mr. Barua and Dr. Jain are annexed to the Notice of the Annual General Meeting in accordance with the Listing Agreement entered with the Stock Exchanges.

DIRECTORS' RESPONSIBILITY STATEMENT

The financial statements are prepared in accordance with the Accounting Standards issued by the Institute of Chartered Accountants of India and the requirements of the Companies Act, 1956 to the extent applicable to us. There are no material departures from prescribed accounting standards in the adoption of the accounting standards.

The Board of Directors of the Company accepts responsibility for the integrity and objectivity of the financial statements. The Accounting Policies used in the preparation of the financial statements have

been consistently applied except as otherwise stated in the notes to accounts accompanying relevant tables.

The estimates and judgements related to the financial statements have been made on a prudent and responsible basis, in order that the financial statements reflect in a true and fair manner the form and substance of transaction and responsibly present our state of affairs and accounts for the year.

We have taken sufficient care to maintain adequate Accounting records in accordance with the provisions of the Companies Act, 1956, to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

CORPORATE GOVERNANCE REPORT

The Company has been adhering to Corporate Governance requirements as set out under Clause 49 of Listing Agreement. The Company has been following the best practices of good Corporate Governance and have taken adequate steps to ensure compliance with clause 49 of Listing Agreement as laid down by the Stock Exchanges.

The Report on Corporate Governance as stipulated under Clause 49 of Listing Agreement forms part of the Annual Report.

HUMAN RESOURCE

The Human Resource philosophy and strategy of your Company is structured to attract and retain the best talent that encourages innovation and creates a work environment of inspiration, creativity and passion. This strategy has, through strong alignment with your Company's vision, mission and values successfully built and sustained your Company's standing as one of India's most admired and valuable corporations despite unrelenting competitive pressures.

EMPLOYEES STOCK OPTIONS (ESOPs)

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

Accordingly in terms of the Securities and Exchange Board of India (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999 Guidelines, your Company has constituted a ESOP Compensation Committee comprising majority of independent directors for formulating the detailed terms and conditions of the scheme to be known as the "Pantaloons Employee Stock Option Scheme – 2013" (the "ESOS – 2013" or the "Scheme") and administering and supervising the implementation of the Scheme.

Vide its resolution dated July 22, 2013, your Company has formulated and designed Pantaloons Employees Stock Option Plan Scheme – 2013" for its employees and proposes to grant options in accordance with SEBI Guidelines, as amended.

Resolution seeking your approval for issue of ESOPs shall be placed in the forthcoming Annual General Meeting.

PARTICULARS OF EMPLOYEES

In terms of the provisions of Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules 1975, as amended, the names and other particulars of employees are set out in the Annexure to this Report. However, having regard to the provisions of Section 219(1)(b)(iv) of the said Act, the Annual Report excluding the aforesaid information is being sent to all the members of the Company and others entitled thereto. The said information is available for inspection at the Registered office of the Company during its working hours. Any member interested in obtaining such particulars may write to the Company Secretary at the Registered Office of the Company.

AUDITORS AND AUDITORS' REPORT

M/s. S.R. Batliboi Co & LLP, Chartered Accountants, Statutory Auditors of the Company hold office until the conclusion of the forthcoming Annual General meeting and are eligible for re-appointment.

The Company has received letter from them to the effect that their re-appointment, if made, would be within the within the prescribed limits under Section 224(1B) of the Companies Act, 1956 and that they are not disqualified for re-appointment within the meaning of Section 226 of the Act.

The Notes to the Financial Statements are self-explanatory and do not call for any further comments.

SUSTAINIBILITY DEVELOPMENT AND BUSINESS RESPONSIBILITY REPORT

Sustainability Mission of your Company has been detailed in the "Sustainability Development Synergizing Growth with Responsibility" Section which forms part of this Annual Report.

In line with our Sustainability Mission, it is our continuous endeavour to evaluate steps towards responsible sustainability. The Company is in process of devising the Processes, in a manner that will take care of the social and environment concerns. Since, the Pantaloons Format Business has been transferred in the Company only on April 8, 2013; the Company shall take steps towards these Principles during the course of the Financial Year 2013-14.

In line with its Sustainability Mission and Clause 55 of the Listing Agreement, your Company has adopted Principles under all the enshrined Principles.

Accordingly, your Company shall publish detailed Business Responsibility Report from the next year.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION

The Pantaloons Format Business of the Company has been transferred to the Company w.e.f. July 1, 2012 on April 8, 2013. Therefore, the Company does not have anything to report in terms of steps taken during the period under review. However, the Company is in the continuous process of evaluating various energy conservation measures through improved operational and maintenance practices to conserve energy across all its operations.

FOREIGN EXCHANGE EARNINGS AND OUTGO

Foreign Exchange outgoing and earnings are stated on page 54 and 55 respectively in the notes to the Balance Sheet and Profit and Loss Account. The Company earned ₹ 780 Lakhs in foreign currency from Export of Goods. Foreign Exchange outgo was ₹ 114 Lakhs.

ACKNOWLEDGEMENTS

We thank our customers, vendors, investors and bankers for their continued support during the year. We place on record our appreciation of the contribution made by our employees at our levels. Your Directors hereby state that the Company has devised proper system to ensure compliance of all laws applicable to the Company. Your Directors also place on record their gratitude for the continuing support of Shareholders, bankers and Business associates at all levels. Your Directors also appreciate the commitment of the executives, staff and workers of the Company.

For and on behalf of the Board of Directors,

Place : Mumbai
Date : July 22, 2013

Pranab Barua
Director

Your Company is now an integral part of the Aditya Birla Group. The Aditya Birla Group is committed to the adoption of best governance practices and its adherence in the true spirit, at all times. Our governance practices are a product of self-desire, reflecting the culture of the trusteeship that is deeply ingrained in our value system and reflected in our strategic thought process. At a macro level, our governance philosophy rests on five basic tenets viz., Board accountability to the Company and shareholders, strategic guidance and effective monitoring by the Board, protection of minority interests and rights, equitable treatment of all shareholders as well as superior transparency and timely disclosure.

Your Company was listed on the BSE Limited (BSE) and National Stock Exchange of India Limited (NSE) on July 17, 2013.

In accordance with the Clause 49 of the Listing Agreement with BSE and NSE, the report containing details of corporate governance systems and processes in your Company is as under.

The Company shall continue to strengthen the quality of disclosures, on the Board composition and its functioning, remunerations paid and level of compliance with various Corporate Governance Codes.

I. BOARD OF DIRECTORS

A. Composition :

The Company's Board comprises of 2 Independent Directors and 3 Non-Executive Directors.

None of the Directors is a director in more than 15 Companies and member of more than 10 Committees or act as Chairman of more than 5 Committees across all Companies in which they are Directors. The non- executive directors are appointed or re-appointed with the approval of shareholders. All the Directors are liable to retire by rotation. The Non- executive Directors including Independent Director on the Board are experienced, competent and highly renowned persons from their respective fields.

B. Business :

The normal business of the Board includes:

- framing and overseeing progress of the Company's annual plan and operating framework;
- framing strategies for shaping of portfolio and direction of the Company and for corporate resource allocation;
- reviewing financial plans of the Company;
- reviewing quarterly and annual business performance of the Company;
- reviewing the Annual Report and accounts for adoption by the Members;
- reviewing the progress of various functions and businesses of the Company;
- reviewing the functioning of the Board and its Committees;
- reviewing the functioning of the subsidiary companies;
- considering and approving declaration / recommendation of dividend;
- reviewing and resolving fatal or serious accidents or dangerous occurrences, any materially significant effluent or pollution problems or significant labour issues, if any;
- reviewing the details of significant development in human resources and industrial relations front;
- reviewing details of foreign exchange exposure and steps taken by the management to limit the risks of adverse exchange rate movement;
- reviewing compliance with all relevant legislations and regulations and litigation status, including materially important show cause, demand, prosecution and penalty notices, if any;

- reviewing Board remuneration policy and individual remuneration packages of Directors;
- advising on corporate restructuring such as merger, acquisition, joint venture or disposals, if any;
- appointing Directors on the Board and Management Committee;
- reviewing Corporate Social Responsibility activities of the Company;
- reviewing details of risk evaluation and internal controls;

C. Functioning and procedure:

Your Company's Board of Directors play primary role in ensuring good governance and functioning of the Company. The Board's role, functions, responsibility and accountability are well defined. All relevant information is regularly placed before the Board. The Board reviews compliance reports of all laws as applicable to the Company, as well as steps taken by the Company to rectify instances of non-compliances, if any. The Members of the Board have complete freedom to express their opinion and decisions are taken after detailed discussions.

D. Code of Conduct:

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

E. Non Executive Directors' Compensation and Disclosure:

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

F. Board Support:

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

G. Details of Board meetings held during FY 2012-13 :-

Date of Board Meeting	City	Board Strength	Attendance
30 th April, 2012	Bangalore	4	3
7 th July, 2012	Mumbai	7	3
14 th June, 2012	Mumbai	7	3
25 th June, 2012	Mumbai	7	3
4 th August, 2012	Bangalore	7	5
9 th September, 2012	Mumbai	7	4
27 th December, 2012	Mumbai	7	4
12 th February, 2013	Mumbai	7	6
20 th February, 2013	Mumbai	7	7
25 th March, 2013	Mumbai	7	7

H. Details of the directors with regards to the outside Indian directorships and (other than Section 25 Companies), positions in either Audit Committee or Shareholder's/ Investor Grievance Committee as well as attendance at Board Meeting/ Annual General Meeting are as follows:-

Sr. No.	Name of Director	Category	No. of directorships in Public Co.	Outside Committee Positions Held ¹		Attendance	
				Member	Chairman	Board	AGM
1.	Mr. Sushil Agarwal	Non - Executive	9	3	–	6	No
2.	Mr. Anil Rustogi*	Non - Executive	5	–	–	9	No
3.	Mr. Devendra * Bhandari	Non - Executive	3	–	–	9	No
4.	Mr. Pranab Barua	Non - Executive	3	–	–	4	No
5.	Mr. Manoj Kedia*	Non - Executive	4	1	–	9	No
6.	Mr. S Visvanathan*	Non - Executive	2	–	–	5	No
7.	Mr. Ashish Dikshit*	Non - Executive	1	–	–	4	No
8.	Mr. Bharat Patel #	Independent	4	–	–	NA	NA
9.	Mr. P Murari#	Independent	9	3	3	NA	NA
10.	Dr. Rakesh Jain#	Non - Executive	5	–	–	NA	NA

* Resigned w.e.f. 19th April, 2013.

Appointed as an Additional Directors w.e.f 19th April, 2013.

Notes:

1. Excluding Directorship held in private companies, foreign companies and companies under Section 25 of the Companies Act, 1956.
2. Only two Committees viz. Audit Committee and Shareholders'/ Investors' Grievance Committee are considered.

II Audit Committee

(A) Qualified Independent Audit Committee :-

Your Company has an Audit Committee at the Board level with the powers and the role that are in accordance with Clause 49 of the Listing Agreement.

The Committee acts as a link between the management, the statutory and internal auditors and the Board of Directors and oversees the financial reporting process. All the members of the Company's Audit Committee are Independent directors.

(B) Meetings of Audit Committee:-

The meetings of Audit Committees are also attended by Chief Executive Officer, Chief Financial Officer, Statutory Auditors and Internal Auditors of the Company as special invitees. The Company Secretary acts as Secretary to the Committee. The minutes of each Audit Committee are placed and discussed in the next meeting of the Board.

On 19th April, 2013, the Audit Committee was re-constituted. The Committee presently consists of the following members:

1. Mr. P Murari (Chairman), Independent
2. Mr. Bharat Patel, Independent
3. Mr. Sushil Agarwal, Non - Executive

In addition to quarterly meetings for consideration of financial results, special meetings of the Audit Committee are convened. In these meetings, the Audit Committee reviews various businesses / functions, business risk assessment, controls and security critical IT applications and internal audit and control assurance reports of all the major divisions of the Company.

(C) Scope and Function of Audit Committee

The scope and function of the Audit Committee is in accordance with Section 292A of the Companies Act and clause 49 of the Equity Listing Agreement and its terms of reference are as follows:

- overseeing our Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible;
- 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;
- approving payment to statutory auditors for any other services rendered by the statutory auditors;
- reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to:
 - (a) matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of Section 217 of the Companies Act;
 - (b) changes, if any, in accounting policies and practices along with reasons for the same;
 - (c) major accounting entries involving estimates based on the exercise of judgment by management;
 - (d) significant adjustments made in the financial statements arising out of audit findings;
 - (e) compliance with listing and other legal requirements relating to financial statements;
 - (f) disclosure of any related party transactions; and
 - (g) qualifications in the draft audit report.
- reviewing, with the management, the quarterly financial statements before submission to our Board for approval;
- reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to our Board to take up steps in this matter;
- reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems;
- reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- discussing with the internal auditors any significant findings and follow up there on;
- reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to our Board;
- discussing with the statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- looking into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- reviewing the functioning of the whistle blower mechanism, in case the same exists;
- approving the appointment of the Chief Financial Officer (i.e. the whole time finance director

or any other person heading the finance function) after assessing the qualifications, experience and background, etc., of the candidate; and

- carrying out any other function as is mentioned in the terms of reference of the Audit Committee or contained in the equity listing agreements as and when amended from time to time.

Further, the Audit Committee shall mandatorily review the following:

- management discussion and analysis of financial condition and results of operations;
- statement of significant related party transactions (as defined by the Audit Committee), submitted by management;
- management letters / letters of internal control weaknesses issued by the statutory auditors;
- internal audit reports relating to internal control weaknesses; and
- the appointment, removal and terms of remuneration of the chief internal auditor.

(D) Internal Controls and Risk Management

The Company has a system for internal audit and corporate risk assessment and mitigation. The internal audit covers all the stores, offices, warehouses and businesses and functions controlled centrally, as per the plan agreed with the Audit Committee. The Internal Audit Coverage plan is approved by the Audit Committee at the beginning of every year. The Audit Committee of the Board is presented with key control issues and actions taken on the issues highlighted in previous report.

Business Risk Assessment procedures have been set in place for self-assessment of business risks, operating controls and compliance with Corporate Policies. There is an ongoing process to track the evolution of risks and delivery of mitigating action plans

Other Committees:-

Names of the other Committee(s), brief terms of reference and number of meetings held during FY 2012-13 are as under:-

a. Investor Relations and Finance Committee (IRFC):

Your Company has an "Investor Relations and Finance Committee comprising of Mr. P. Murari, Mr. Bharat Patel and Mr. Pranab Barua as the members. Mr. P. Murari is the Chairman of the Committee. The Committee looks into various issues relating to shareholders including transfer and transmission of shares as well as non - receipt of dividend, Annual Report, and delays in transfer of shares etc. In addition, the Committee also looks into other issues including status of dematerialisation/ re-materialisation of shares as well as systems and procedures followed to track investor complaints and suggest measures for improvement from time to time.

The Committee was constituted on 19th April, 2013 to deliberate on various matters referred above. The Committee consists of :

1. Mr. P. Murari (*Chairman*) Independent
2. Mr. Bharat Patel Independent
3. Mr. Pranab Barua Non – Executive

The Company secretary acts as Secretary and Compliance Officer to the Committee of the Company and also responsible for redressal of investor complaints.

The Company's shares are compulsorily traded and delivered in the dematerialised form in all Stock Exchanges. To expedite the transfer in the physical segment, necessary authority has been delegated to Link InTime India Pvt Ltd (*Registrar & Share Transfer Agent*), to transfer upto 5000 shares under one transfer deed. Details of share transfers/transmission approved by the officers are placed before the Committee from time to time.

Details of complaints received, number of shares transferred during the year , time taken for effecting these transfers and the number of share transfers are given in the Shareholder Information section of this Annual Report.

Scope and Function of Investor Relations and Finance Committee (IRFC)

The scope and functions of IRFC Committee includes inter-alia Redressal of shareholders' and investors' complaints, including in respect of:

- Non-receipt of declared dividends, balance sheets of the Company, etc;
- Allotment of shares, approval of transfer or transmission of equity shares, debentures or any other securities;
- Issue of duplicate certificates and new certificates on split/consolidation/renewal, etc.; and
- Carrying out any other function contained in the equity listing agreements as and when amended from time to time.

b. ESOP Compensation Committee:

The Committee for Allotment of Shares under ESOPs has been constituted as per the requirements of relevant regulations to expedite the process of allotment and issue of eligible shares to the employees of the Company under the Stock Option Plan of the Company.

The ESOP Committee comprises three Directors of the Board. The Committee is constituted for approval, issue and allotment of shares under ESOPs, pursuant to and in terms of Stock Option Scheme, 2013. The Committee reports to the Board and the minutes of the meetings are placed before the Board for confirmation.

The Company vide its resolution dated 23rd May, 2013 passed in the Board meeting have constituted ESOS Compensation Committee consisting of following members:

1. Mr. Pranab Barua, Non- Executive
2. Mr. Bharat Patel, Independent
3. Mr. P Murari, Independent

III Subsidiary Companies

The Company does not have any subsidiary as on 31st March, 2013 and as on date.

IV Disclosures

(A) Basis of related party transactions:

All the related party transactions are strictly done on arm's length basis. The Company places all the relevant details relating to related party transactions before the Audit Committee from time to time. Particulars of related party transactions are listed out in Note 4B of the Balance Sheet forming part of the Annual Report.

(B) Disclosure of Accounting treatment:

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

(C) Risk Management :

The Company is in the process of developing the risk management policy. The policy shall be reviewed by the Audit Committee, which in turn, informs the Board about the risk assessment and minimization procedures.

(D) Proceeds from public issues, right issues, preferential issues etc:

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

(E) Remuneration of Directors:

The Company has a system where all the directors and senior management personnel of the Company are required to disclose all pecuniary relationship(s) or transaction(s) with the Company. No significant material transactions have been made with the non-executive directors vis-à-vis the Company.

During the year under review, no sitting fees/remuneration was paid to any Director of the Company .

(F) Management

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

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

(G) Shareholders :-

The Company has provided the details of new Directors and Directors seeking re-appointment in the Notice of Annual General Meeting which shall be send separately to the shareholders.

Quarterly Presentations on the Company results are available on the website of the Company (www.pantaloon's.com). The Company also sent quarterly results and press-release by e-mail (wherever available) to shareholders on the same day of announcement of results. The hard and soft copies are also sent to concerned stock exchanges simultaneously so as to enable them to display them on their notice board/ website.

V. CEO/ CFO certification:

Mr. Shital Mehta (Chief Executive Officer) and Mr. Manoj Kedia (Chief Financial Officer) of the Company have reviewed the financial statements and the cash flow statement for the year ended 31st March, 2013 and accordingly have provided CEO/CFO certificate which is enclosed separately at the end of this report.

VI. Report on Corporate Governance:

This Corporate Governance Report forms part of the Annual Report.

VII. Compliance

The Company is in compliance with the requirements as prescribed in clause 49 of the Listing Agreement.

VIII. Postal Ballot

During the year, no resolution has been passed through postal ballot by the shareholders.

Any resolution which is required to be conducted through postal ballot will be conducted as per prevailing law.

IX. MEANS OF COMMUNICATION

Quarterly Results :-

Newspaper in which normally financial results are published in :-

Newspaper	Cities of Publication
Economic Times	Mumbai

Financial results will also be sent through e-mail, wherever e-mail Ids of shareholders are available with the Company.

- Websites, where the information is displayed : www.pantaloon's.com
- Whether it also displays official news releases : Yes
- Presentations made to investors/analysts : Yes
- General Shareholder Information : A separate Section forms part this report.

Status of Compliance of Non Mandatory requirements

- 1) The Company does not have a Remuneration Committee except for ESOP.
- 2) Performance update consisting of financial and operational performance for the first six months of financial year will be sent to the shareholders.
- 3) The Company continues to adopt best practices to ensure unqualified financial statements.
- 4) The Company has established a policy for employees to report to the management concerns about unethical behaviours, actual or suspected fraud or violation of the Company's Code of Conduct or ethics.

Voluntary Guidelines – 2009:

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

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

CEO – CFO CERTIFICATION

To the Board of Directors

Pantaloons Fashion & Retail Limited

- 1) We have reviewed the financial results of Pantaloons Fashion & Retail Limited for the year ended 31st March 2013 and to the best of their knowledge and belief:
 - I. These statements do not contain any materially untrue statement or omit any material fact or contain statement that might be misleading;
 - II. These statements together present a true and fair view of the Company's affairs and are in compliance with the existing accounting standards, applicable laws and regulations.
- 2) To the best of our knowledge and belief, no transactions entered into by the Company during the year ended 31st March 2013 which are fraudulent, illegal or violative of the Company's Code of Conduct.
- 3) We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting. We have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps we have taken or proposed to be taken to rectify the deficiencies.
- 4) We have indicated to the Auditors and the Audit Committee:
 - I. Significant changes in the Company's internal control over financial reporting during the year;
 - II. Significant changes in accounting policies during the year and
 - III. Instances of significant fraud of which we have become aware and involvement therein if any of the management or other employees having a significant role in the Company's internal control system over financial reporting.

Place: Mumbai

Shital Mehta

Manoj Kedia

Date: May 23, 2013

(Chief Executive Officer)

(Chief Financial Officer)

DECLARATION

As provided under Clause 49 of the Listing Agreement with the Stock Exchange(s), I hereby declare that all the Board of Directors and Senior Management personnel of the Company have affirmed the Compliance with the Code of Conduct for the year ended 31st March, 2013.

Place: Mumbai

Pranab Barua

Date: July 22, 2013

Director

AT A GLANCE

In the year under review, the Board of Directors of the Company had approved acquisition of "Pantaloons Format Business" (*Demerged Undertaking*) of Future Retail Limited (*FRL*)(*earlier known as Pantaloons Retail (India) Limited*) by way of demerger through a Scheme of Arrangement under Sections 391-394 of the Companies Act, 1956 between FRL, the Company, and their respective shareholders and creditors and Indigold Trade and Services Limited (*ITSL*) (*as the shareholder of the Company*) ("*the Scheme*").

Hon'ble Competition Commission of India and Hon'ble High Court of Bombay vide their order dated December 21, 2012 and March 1, 2013 respectively had approved the Scheme. On receipt of all the requisite approvals required and on completion of the conditions Precedent listed in the Scheme, the Board of Directors of the Company in their meeting held on April 08, 2013 made Scheme effective on April 8, 2013 (*Effective Date*). Accordingly, the entire Demerged Undertaking was transferred to and vested in the Company w.e.f July 1, 2012 (*Appointed Date*).

The Equity Shares of the Company were listed on BSE Limited (BSE) and National Stock Exchange of India Limited (NSE) on July 17, 2013.

In terms of the Annexure IC (9) of Clause 49 of Equity Listing Agreement, the General Shareholder Information of the Company is as under:

1. Corporate Identification Number (CIN)

U18101MH2007PLC233901

2. Registered Office

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

3. Annual General Meeting

Date : August 23, 2013
Time : 3.00 p.m.
Venue : Swatantryveer Savarakar Rashtriya Smarak,
252, Veer Savarkar Marg,
Shivaji Park, Dadar (West),
Mumbai - 400 028

4. Financial Calendar : For Financial reporting is as follows:

- | | | |
|--|---|------------------------|
| a. for the quarter ending June 30, 2013 | : | End July-Aug, 2013 |
| b. for the half-year ending September 30, 2013 | : | End October- Nov, 2013 |
| c. for the quarter ending December 31, 2013 | : | End January- Feb, 2014 |
| d. for the year ending March 31, 2014 | : | End April- May, 2014 |
| e. 7 th Annual General Meeting for | : | August/Sept, 2014 |
| the year ended March 31, 2014 | | |

5. Dates of Book Closure

Monday, 19th August, 2013 to Friday, 23rd August, 2013 (*both days inclusive*)

6. Dividend Payment Date

Not Applicable

7. Listing on Stock Exchanges

- a) Equity Shares
 - i. BSE Limited (BSE)
Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai – 400 001
Scrip Code: 535755
 - ii. National Stock Exchange of India Limited (NSE)
Exchange Plaza, Plot No. C/1, G Block,
Bandra Kurla Complex, Bandra (East),
Mumbai – 400 051
Trading Symbol: PFRL
- b) Non Convertible Debentures – 1st and 2nd Series
The Wholesale Debt Market (WDM) segment of BSE
Debenture Trustees
Axis Trustee Services Ltd.
2nd Floor 'E', Axis House
Bombay Dyeing Mills Compound,
Pandurang Budhkar Marg,
Worli, Mumbai - 400 025
Phone: +91 22 2425 5215/5216
Fax: +91 22 2425 4200
Email: debenturetrustee@axistrustee.com
- c) Payment of Listing Fees
Annual Listing Fees for the year 2013-14 has been paid to both the Stock Exchanges.
- d) Payment of Depository Fees
Annual Custody/ Issue Fee for the year 2013-14 has been paid to NSDL and CDSL.

8. Registrar and Transfer Agents

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

9. Share Transfer System

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

Investor Relations & Finance Committee of the Board considers and approves transfer above 5,000 shares under one transfer deed. Further, Link InTime India Pvt Ltd, Registrar & Share Transfer Agent of the Company have been authorised to approve transfers up to 5,000 shares under one transfer deed.

10. Dematerialisation of Shares and Liquidity

The shares of the Company were listed on NSE and BSE on July 17, 2013. The shares of the Company are admitted for trading under both the Depository Systems in India, NSDL and CDSL.

The International Securities Identification Number (ISIN) allotted to the Company's Shares under the Depository System is INE647O01011.

11. Outstanding GDRs/ADRs/Warrants or any Convertible instruments, conversion date and likely impact on equity:

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

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

12. Store Locations

Please refer Page No. 64 for Pantaloons Store Locations.

13. Secretarial Audit:

The Equity Shares of the Company were listed on BSE and NSE w.e.f 17th July, 2013. Accordingly, as stipulated by Securities and Exchange Board of India (SEBI), a qualified Practising Company Secretary shall carry out the Reconciliation of Share Capital Audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital and the report thereon will be submitted to stock exchanges, NSDL and CDSL and will be also placed before the Board of Directors.

Prior to the Scheme of Arrangement, the Company was a wholly owned indirect subsidiary of Aditya Birla Nuvo Limited (ABNL).

Pursuant to the Scheme, ITSL and ABNL made an Open Offer to shareholders of the Company for acquiring 23,114,868 Equity Shares representing 24.91% of Voting Capital of the Company.

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

Total Holding of ITSL, post Open-Offer is 67.95% of the Total Equity Share Capital. The Equity shares of the Company were listed on BSE and NSE on July 17, 2013. Hence, there were no public shareholders in the Company as on March 31, 2013. Accordingly, following information is "Not Applicable" / "Nil" for the financial year ending on March 31, 2013.

- Market Price Data: High, Low during each month in last financial year
- Performance in comparison to broad-based indices such as BSE Sensex, CRISIL index etc.

14. Important Additional information

- Capital Structure pre- Scheme of Arrangement (31st March, 2013) and Post -Open Offer (30th June, 2013):

Type of Shares	Face Value (In ₹)	Pre-Scheme as on March 31, 2013		Post- Scheme as on June 30, 2013	
		No. of shares	Amount (₹)	No. of Shares	Amount (₹)
Authorized Share Capital					
Equity	10	1,00,00,000	10,00,00,000	10,00,00,000	100,00,00,000
Preference	10	1,00,00,000	10,00,00,000	1,00,00,000	10,00,00,000
Preference	100	15,000	15,00,000	15,000	15,00,000
Total		2,00,15,000	20,15,00,000	11,00,15,000	1,10,15,00,000
Issued, Subscribed & Paid-Up Capital					
Equity	10	5,00,000	50,00,000	9,27,93,529	92,79,35,290
Preference	10	5,00,000	50,00,000	500,000	50,00,000
Preference	100	500	50,000	500	50,000
Total		10,00,500	1,00,50,000	9,32,94,029	93,29,85,290

B Shareholding Pattern pre- Scheme of Arrangement (31st March, 2013) and post-Open Offer (30th June, 2013):

Sr. No.	Category of shareholder	Post – Demerger Shareholding*		Post - Open Offer	
		No. of Equity Shares	%	No. of Equity Shares	%
(A) Shareholding of Promoter and Promoter Group					
1	Indian				
	(a) Individuals/Hindu Undivided Family/Nominee of Promoter	6	0.00	6	0.00
	(b) Bodies Corporate	46477005	50.09	63056190	67.95*
	Sub-Total (A)(1)	46477011	50.09	63056196	67.95
2	Foreign	-	-	-	-
	Sub-Total (A)(2)	-	-	-	-
	Total Shareholding of Promoter and Promoter Group	46477011	50.09	63056196	67.95
	(A) = (A)(1) + (A)(2)				
(B) Public shareholding					
1	Institutions				
	(a) Mutual Funds/UTI	2439312	2.63	97616	0.10
	(b) Financial Institutions/Banks	786683	0.85	660109	0.71
	(c) Central Government/State Government(s)	-	-	-	-
	(d) Venture Capital Funds	-	-	-	-
	(e) Insurance Companies	-	-	-	-
	(f) Foreign Institutional Investors	11184623	12.05	138437	0.14
	(g) Foreign Venture Capital Investors	-	-	-	-
	(h) Foreign Bodies Corporate	-	-	-	-
	Sub-Total (B)(1)	14410618	15.53	896162	0.96
2	Non-institutions				
	(a) Bodies Corporate	26438521	28.49	25684956	27.67
	(b) Individuals				
	i. Individual shareholders holding nominal share capital up to ₹1 lakh.	2266437	2.44	2032656	2.19
	ii. Individual shareholders holding nominal share capital in excess of ₹1 lakh.	1179109	1.27	1001996	1.08
	(c) Any Other				
	1. N R I	33585	0.04	32028	0.03
	2. DIRECTORS & RELATIVES	-	-	-	-
	3. CLEARING MEMBER	355674	0.38	89195	0.09
	4. TRUST	1632574	1.76	340	0.00
	Sub-Total (B)(2)	31905900	34.38	28841171	31.08
	Total Public Shareholding (B)= (B)(1)+(B)(2)	46316518	49.91	29737333	32.04
	TOTAL (A) + (B)	92793529	100.00	92793529	100.00
(C) Shares held by Custodians and against which Depository Receipts have been issued					
	(a) Promoter and Promoter Group	-	-	-	-
	(b) Public	-	-	-	-
	GRAND TOTAL (A) + (B) + (C)	92793529	100.00	92793529	100.00

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

15. Investors Correspondence

Registered Office

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

Registrar and Transfer Agents (RTA)

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

16. INVESTOR SERVICE AND GRIEVANCE HANDLING MECHANISM

All investor service matters are being handled by the Registrar and Share Transfer Agent, Link InTime India Pvt. Ltd. Link InTime has multiple number of Investor Service Centres across the country, discharges investor service functions effectively, efficiently and expeditiously.

The Company has an established mechanism for investor service and grievance handling, with Link InTime and the Compliance Officer appointed by the Company for this purpose, being the important functional nodes.

17. COMPANY'S RECOMMENDATIONS TO THE SHAREHOLDERS / INVESTORS

a) Open Demat Account and Dematerialise your shares

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

b) Consolidate Multiple Folios

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

c) Register NECS Mandate and furnish correct bank account particulars with Company/Depository Participant (DP)

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

d) Submit Nomination Form

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

e) Deal with Registered Intermediaries

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

f) Obtain documents relating to purchase and sale of securities

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

g) Monitor holdings regularly

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

h) Transfer securities before Book Closure / Record Date

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

i) Opt for Corporate Benefits in Electronic Form

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

j) Register for SMS alert facility

Investors should register their mobile numbers with DPs for SMS alert facility. National Securities Depository Limited and Central Depository Services (India) Limited proactively inform the investors of transaction in the demat account by sending SMS. Investors will be informed about debits and credits to their demat account without having to call-up their DPs and investors need not wait for receiving Transaction Statements from DPs to know about the debits and credits.

k) Register e-mail address

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

l) Exercise caution

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

m) Mode of Postage

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

n) Intimate mobile number

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

Green Initiative in Corporate Governance:

The Ministry of Corporate Affairs ("MCA") has launched "Green Initiative in Corporate Governance" allowing paperless communication to shareholders. Consequently, companies can send Annual Reports and other communication to shareholders electronically.

The Company believes that this is a remarkable initiative and requests its shareholders to support the same.

We request shareholders to register their email ID with the Company or its RTA for receiving all future communication electronically. The 'E-Communication Form' is provided along with the Notice of the Sixth Annual General Meeting of the Company or alternatively the same can be downloaded from the Company's website and returned, duly filled in to the Company or its RTA.

Going green -

- Reduces paper consumption.
- Ensures prompt receipt of information.
- Avoids loss in transit.

“As a Group on the sustainability journey, our thrust is on the three critical dimensions of **people, planet and profit.**”

We have always looked upon our people as the single most important asset of our extended Aditya Birla family. Looking outside the organisation, for us the welfare of the communities in which we operate continues to be our priority. This is manifest in the various CSR projects that we run, providing the less fortunate strata of society with education, healthcare, sustainable livelihood and infrastructure support.

On the profit dimension, i.e. economic value added, our journey is well known. In the past 17 years, we have grown 20 times in revenue. During the last one decade, the CAGR in EBITDA has been 19%.

Our Group's Sustainability Vision is:

“By 2017, the Aditya Birla Group endeavours to become the leading Indian conglomerate for sustainable business practices across its global operations, balancing economic growth with environmental and societal interests” .

This vision provides a common guiding principle, as well as an operating framework for all our businesses.”

– *Kumar Mangalam Birla, Chairman
Aditya Birla Group*

Your Company, is now a part of the prestigious Aditya Birla Group, a \$40 billion Indian multinational, operating in 36 countries across the globe with over 133,000 employees.

The Aditya Birla Group ranks high in the League of Fortune 500 Corporations of the world with a strong mix of talented and capable personnel comprising of 42 different nationalities, who are credited with anchoring the organization and scripting one brilliant success story after another.

In line with the Group Chairman's mandate, your Company shall move forward with a slew of positive steps towards synergizing growth with responsibility.

Your Company is committed to achieving and maintaining a sustainable business. This sustainability program has been initiated keeping in view the tradition of responsible business which has been ingrained in the business strategy on Aditya Birla Group since beginning. The efforts over the past six months by dedicated working committee guided by the top leadership fructified in the form of the sustainability convention which took place on 15th June 2013. Highlight of the convention was unveiling of Sustainability Vision of Aditya Birla Retail Business along with the sustainability logo and the sustainability manifesto.

Our Sustainability Vision

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



The sustainability philosophy of your Company revolves around the theme of giving back to the community, striving for conservation of earth and alignment of business goals with sustainability goals.

Financial Statements

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of **Pantaloons Fashion & Retail Limited (Formerly Peter England Fashions and Retail Limited)** ("the Company"), which comprise the Balance Sheet as at 31 March 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 principles generally accepted in India, including 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.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. 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 31 March 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.

Emphasis of Matter

We draw attention to Note 32 (9) to the Financial Statements, wherein, the Company has accounted for the demerger expenses which, though, not in compliance with the accounting standards notified by the Companies (Accounting Standards) Rules, 2006 (as amended), is in accordance with the scheme of arrangement approved by the Honorable Bombay High Court. Our opinion is not qualified in respect of this matter.

Report on other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
 - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - (b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
 - (c) The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account.
 - (d) In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the accounting standards referred to in sub-section (3C) of section 211 of the Act.
 - (e) On the basis of written representations received from the directors as on 31 March 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 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 **S.R. Batliboi & Co. LLP**
Chartered Accountants
ICAI Firm Registration Number: 301003E

per **Vijay Maniar**
Partner

Membership No.: 36738

Mumbai, 23rd May, 2013

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

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

- (i)(a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (i)(b) The management has a planned program of verifying the fixed assets once in three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets, *however the fixed assets have not been physically verified by the management during the year as the assets have been taken over under the scheme of arrangement described under Note 32 to the financial statements which is effective from a date subsequent to the Balance Sheet date, hence, we are unable to comment on the discrepancies, if any, in respect of such assets that have been taken over.*
- (i)(c) There was no disposal of a substantial part of fixed assets during the year.
- (ii)(a) The management has conducted physical verification of inventory at reasonable intervals during the year.
- (ii)(b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (ii)(c) The Company is maintaining proper records of inventory. Discrepancies noted on physical verification of inventories were not material and have been properly dealt with in the books of account.
- (iii)(a) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Act. Accordingly, the provisions of clause 4(iii)(a) to (d) of the Order are not applicable to the Company and hence not commented upon.
- (iii)(e) According to information and explanations given to us, the Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, the provisions of clause 4(iii)(e) to (g) of the Order are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any major weakness or continuing failure to correct any major weakness in the internal control system of the Company in respect of these areas.
- (v)(a) In our opinion, there are no contracts or arrangements that need to be entered in the register maintained under Section 301 of the Act. Accordingly, the provisions of clause 4(v)(b) of the Order is not applicable to the Company and hence not commented upon.
- (vi) The Company has not accepted any deposits from the public.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) To the best of our knowledge and as explained, the Central Government has not prescribed the maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956, for the products of 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, service tax, customs duty, cess and other material statutory dues applicable to its business other than the demerged undertaking (refer Note 32 to the financial statements). In case of the demerged undertaking, we have relied on certificate received from the statutory auditor's of the demerged Company that the Company is regular in depositing the respective undisputed statutory dues with appropriate authorities.

- (ix)(b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (ix)(c) According to the information and explanations given to us, there are no dues of income tax, sales-tax, wealth tax, service tax, customs duty and cess which have not been deposited on account of any dispute.
- (x) The Company's accumulated losses at the end of the financial year are less than fifty per cent of its net worth. *The Company has incurred cash losses in the current year and not in the immediately preceding financial year.*
- (xi) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.
- (xii) According to the information and explanations given to us and based on the documents and records produced before us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Order are not applicable to the Company.
- (xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Order are not applicable to the Company.
- (xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xvi) The Company has not taken any term loans during the year. Accordingly we are not required to comment on the same. In case of term loans taken over in pursuant to the scheme of demerger explained in note 32 to the financial statements and outstanding during the year, as explained to us, the demerged Company had utilized the said loans in the earlier years.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, *we report that short term sources of funds amounting to Rs. 17,320 lacs in the form of short term borrowings and trade payables taken over under the scheme of arrangement described under Note 32 to the financial statements have been used for long-term investment representing fixed assets, long term loans and advances taken over under the Scheme and towards funding of losses.*
- (xviii) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956.
- (xix) The Company has unsecured debentures outstanding during the year, on which no security or charge is required to be created.
- (xx) The Company has not raised money from public issue during the year.
- (xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the year.

For **S.R. Batliboi & Co. LLP**
Chartered Accountants
ICAI Firm Registration Number: 301003E

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

Mumbai, 23rd May, 2013

**PANTALOONS FASHION & RETAIL LIMITED
BALANCE SHEET AS AT 31ST MARCH, 2013**

₹ in Lakhs

	Notes	As at 31st March, 2013	As at 31st March, 2012
EQUITY AND LIABILITIES			
(A) Shareholders' Funds			
Share Capital	2		
Equity Preference		50	50
Share Suspense Account	2A	84,632	-
Reserves and Surplus	3	(7,780)	20
Sub-Total - (A)		76,953	121
(B) Non-Current Liabilities			
Long-term Borrowings	4A	48,493	-
Other Long-term Liabilities	5A	3,646	-
Long-term Provisions	7A	229	-
Sub-Total - (B)		52,368	-
(C) Current Liabilities			
Short-term Borrowings	4B	99,881	-
Trade Payables	6	31,630	175
Other Current Liabilities	5B	27,115	17
Short-term Provisions	7B	281	66
Sub-Total - (C)		158,907	258
TOTAL (A) + (B) + (C)		288,228	379
ASSETS			
(D) Non-Current Assets			
Fixed Assets			
Tangible Assets	8A	46,961	-
Intangible Assets	8B	116,765	0
Capital Work-in-Progress		1,355	-
		165,081	0
Non-Current Investments	9A	-	32
Deferred Tax Assets (Net)	35	-	-
Long-term Loans and Advances	10A	6,255	2
Sub-Total - (D)		171,336	34
(E) Current Assets			
Current Investments	9B	80,000	-
Inventories	12	32,487	20
Trade Receivables	13	698	179
Cash and Bank Balances	14	1,923	5
Short-term Loans and Advances	10B	1,185	141
Other Current Assets	11	599	-
Sub-Total - (E)		116,892	345
TOTAL (D) + (E)		288,228	379

Summary of significant accounting policies 1.1

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

As per our report of even date

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

per Vijay Maniar
Partner
Membership No. 36738

Place: Mumbai
Date: 23rd May, 2013

For and on behalf of the Board of Directors of
Pantaloon's Fashion & Retail Limited

Pranab Barua
(Director)

Shital Mehta
(Chief Executive Officer)

Place: Mumbai
Date: 23rd May, 2013

Sushil Agarwal
(Director)

Manoj Kedia
(Manager and Chief
Financial Officer)

Geetika Anand
(Company Secretary)

**PANTALOONS FASHION & RETAIL LIMITED
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2013**

		₹ in Lakhs	
	Notes	Year Ended 31st March, 2013	Year Ended 31st March, 2012
REVENUE			
Revenue from Operations	15	128,514	1,743
Other Income	16	6,322	139
Total Revenue		134,836	1,882
EXPENSES			
Purchase of Traded Goods	17	75,104	1,493
(Increase)/Decrease in Inventory of Traded Goods	18	2,334	(1)
Employee Benefits Expense	19	9,115	57
Other Expenses	20	35,349	150
Total Expenses		121,902	1,699
Profit before Depreciation/Amortisation, Interest and Tax (PBDIT)		12,934	183
Depreciation and Amortisation Expenses	21	5,443	0
Finance Costs	22	14,380	4
(Loss)/Profit Before Tax		(6,889)	179
Tax Expenses			
- Current Tax		-	57
- Deferred Tax		-	-
(Loss)/Profit for the Year		(6,889)	122
Earnings per Equity Share [Nominal Value of Share ₹ 10/- (Previous Year: ₹ 10/-)]			
Basic in ₹ per Share		(9.89)	21.64
Diluted in ₹ per Share (Face Value of ₹ 10 /- each)	23	(9.89)	21.64

Summary of significant accounting policies 1.1

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

As per our report of even date
For S.R. Batliboi & Co. LLP
ICAI Firm Registration No. 301003E
Chartered Accountants
per Vijay Maniar
Partner
Membership No. 36738
Place: Mumbai
Date: 23rd May, 2013

For and on behalf of the Board of Directors of
Pantaloon's Fashion & Retail Limited

Pranab Barua
(Director)

Sushil Agarwal
(Director)

Shital Mehta
(Chief Executive Officer)

Manoj Kedia
(Manager and Chief
Financial Officer)

Geetika Anand
(Company Secretary)

Place: Mumbai
Date: 23rd May, 2013

PANTALOONS FASHION & RETAIL LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013 ₹ in Lakhs

	Year Ended 31st March, 2013	Year Ended 31st March, 2012
A Cash Flow from Operating Activities		
(Loss)/Profit Before Tax	(6,889)	179
Adjustment to Reconcile Profit Before Tax to Net Cash Flows:		
Depreciation/Amortisation	5,443	0
Finance Costs	14,380	-
(Profit)/Loss on Fixed Assets Sold/Discarded	517	-
Interest Income	(6,219)	(0)
Demerger Expenses Paid adjusted directly in reserves (Refer Note 32)	(910)	-
Net (Gain)/Loss on Sale of Non-Current Investments	(3)	-
	13,208	(0)
Operating Profit Before Working Capital Changes	6,319	179
Movements in Working Capital:		
Increase/(Decrease) in Trade Payables	(2,183)	28
Increase/(Decrease) in Provisions	500	(1)
Increase/(Decrease) in Other Liabilities	(4,460)	4
Decrease/(Increase) in Trade Receivables	(35)	(116)
Decrease/(Increase) in Inventories	1,795	(1)
Decrease/(Increase) in Loans and Advances	(784)	(76)
Decrease/(Increase) in Other Assets	(599)	-
	(5,766)	(162)
Cash Generated from/(used in) Operations	553	17
Direct Taxes Paid	(885)	(15)
Net Cash Flow from/(used in) Operating Activities (A)	(332)	2
B Cash Flows from Investing Activities		
Purchase of Fixed Assets including CWIP and Capital Advances	(2,999)	-
Proceeds from Sale of Fixed Assets	(0)	-
Proceeds of Non-Current Investments	35	-
Interest Received	622	0
Purchase of Non-Current Investments	(80,000)	-
Net Cash Flow from/(used in) Investing Activities (B)	(82,342)	0
C Cash Flows from Financing Activities		
Proceeds from Borrowings	103,514	-
Repayment of Borrowings	(86,812)	-
Dividend Paid on Preference Shares	(12)	-
Tax on Preference Dividend Paid	(2)	-
Finance Costs Paid	(12,417)	-
Proceeds from Optionally Fully Convertible Debentures	80,000	-
Net Cash Flow from/(used in) in Financing Activities (C)	84,271	-
Net Increase/(Decrease) in Cash and Cash Equivalents (A + B + C)	1,597	2
Cash and Cash Equivalents at the beginning of the year	5	3
Cash Taken Over on Demerger (Refer Note 32)	321	-
Cash and Cash Equivalents at the end of the year	1,923	5
Components of Cash and Cash Equivalents		
Cash in Hand	506	0
Cheques in Hand	28	-
With Banks - on Current Account	1,389	5
Total Cash and Cash Equivalents (Note 14)	1,923	5

Summary of significant accounting policies 1.1

As per our report of even date

For S.R. Batliboi & Co. LLP

ICAI Firm Registration No. 301003E
Chartered Accountants

per Vijay Maniar
Partner
Membership No. 36738

Place: Mumbai
Date: 23rd May, 2013

For and on behalf of the Board of Directors of
Pantaloon's Fashion & Retail Limited

Pranab Barua
(Director)

Shital Mehta
(Chief Executive Officer)

Place: Mumbai
Date: 23rd May, 2013

Sushil Agarwal
(Director)

Manoj Kedia
(Manager and Chief
Financial Officer)

Geetika Anand
(Company Secretary)

1. Corporate Information

Pantaloon's Fashion & Retail Limited (Formerly Peter England Fashions and Retail Limited) (the 'Company') is a public Company domiciled in India and incorporated under the provisions of the Companies Act, 1956.

In the current year, pursuant to a scheme of arrangement as sanctioned by the Honourable High Court of Bombay, vide order dated March 1, 2013, the 'Pantaloon Format' of Pantaloon Retail (India) Limited (the 'Demerged Undertaking') has been vested into the Company with effect from July 1, 2012 (the 'Appointed Date'). Pursuant to this scheme, the name of the Company has changed from Peter England Fashions and Retail Limited to Pantaloon's Fashion & Retail Limited.

The Company operates a national chain of "Pantaloon's" stores of apparels and fashion accessories.

1.1 ACCOUNTING CONVENTION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(I) BASIS OF PREPARATION

The financial statements of the Company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The Company has prepared these financial statements to comply in all material respects with the accounting standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended), and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on an accrual basis and under the historical cost convention.

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

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

(II) USE OF ESTIMATES

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

(III) TANGIBLE FIXED ASSETS

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

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

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

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

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

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.

(IV) INTANGIBLE ASSETS

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

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

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

(V) IMPAIRMENT OF TANGIBLE AND INTANGIBLE ASSETS

The carrying amounts of assets are reviewed at each Balance Sheet date, if there is any indication of impairment based on internal/external factors. An asset is treated as impaired when the carrying cost of the assets exceeds its recoverable value. An impairment loss, if any, is charged to the Statement of Profit and Loss in the year in which an asset is identified as impaired.

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

(VI) BORROWING COSTS

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

(VII) FOREIGN CURRENCY TRANSLATION

Foreign currency transactions and balances:

(i) Initial Recognition

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

(ii) Conversion

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

(iii) Exchange Differences

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

(VIII) INVESTMENTS

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

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

(IX) INVENTORIES

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

(X) REVENUE RECOGNITION

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

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

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

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

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

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

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

(XI) EMPLOYEE BENEFITS

(i) Short-Term Employee Benefits

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

(ii) Retirement and Other Employee Benefits

A) Defined Contribution Plan

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

B) Defined Benefit Plan

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

C) Compensated Absences and Long-Term Service Awards

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

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

(XII) INCOME TAXES

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

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

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

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

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

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

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

(XIII) OPERATING LEASES

(i) Where the Company is the lessee:

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

(XIV) CASH AND CASH EQUIVALENTS

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

(XV) CASH FLOW STATEMENT

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

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

(XVI) EARNINGS PER SHARE

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

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

(XVII) CONTINGENT LIABILITIES AND PROVISIONS

Contingent Liabilities are possible but not probable obligations as on Balance Sheet date, based on the available evidence.

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

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

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

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

₹ in Lakhs

	As at 31st March, 2013	As at 31st March, 2012
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**NOTE: 2
SHARE CAPITAL**

Authorised Share Capital:

10,000,000 (Previous Year: 10,000,000) Equity Shares of ₹ 10/- each	1,000	1,000
10,000,000 (Previous Year: 10,000,000) 8% Redeemable Cumulative Preference Shares of ₹ 10/- each	1,000	1,000
15,000 (Previous Year: 15,000) 6% Redeemable Cumulative Preference Shares of ₹ 100/- each	15	15
	2,015	2,015

Issued, Subscribed and Paid-up Capital:

Equity Share Capital

500,000 (Previous Year: 500,000) Equity Shares of ₹ 10/- each	50	50
	(A) 50	50

Preference Share Capital

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

Total Issued, Subscribed and Paid-up Capital

	(A) + (B) 101	101
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a. Reconciliation of the paid-up shares outstanding at the beginning and at the end of the reporting year

	As at 31st March, 2013		As at 31st March, 2012	
No. of Shares Outstanding at the beginning of the year	No. of Shares	Amount	No. of Shares	Amount
Equity Shares	500,000	50	500,000	50
8% Redeemable Cumulative Preference Shares of ₹ 10/- each	500,000	50	500,000	50
6% Redeemable Cumulative Preference Shares of ₹ 100/- each	500	1	500	1
	1,000,500	101	1,000,500	101

	As at 31st March, 2013		As at 31st March, 2012	
No. of Shares Outstanding at the ending of the year	No. of shares	Amount	No. of shares	Amount
Equity Shares	500,000	50	500,000	50
8% Redeemable Cumulative Preference Shares of ₹ 10/- each	500,000	50	500,000	50
6% Redeemable Cumulative Preference Shares of ₹ 100/- each	500	1	500	1
	1,000,500	101	1,000,500	101

b. Terms/Rights Attached to Equity Shares

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

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

c. Terms of Conversion/Redemption of Preference Shares

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

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

500 6% Redeemable Cumulative Preference share of ₹ 100/- each, fully paid-up (Previous Year: 500).

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

d. Details of shareholders holding more than 5% shares in the Company

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

Name of Shareholder

i) Equity Shares

	As at 31st March, 2013		As at 31st March, 2012	
	No. of Shares	% Holding in Class	No. of Shares	% Holding in Class
Indigold Trade and Services Limited and its nominees (Holding Company)	500,000	100%	-	-
Aditya Birla Nuvo Ltd. and its nominees (Ultimate Holding Company)	-	-	500,000	100%
	500,000	100%	500,000	100%

ii) 8% Redeemable Cumulative Preference Shares of ₹ 10/- each

Aditya Birla Nuvo Ltd. (Ultimate Holding Company)	500,000	100%	500,000	100%
	500,000	100%	500,000	100%

iii) 6% Redeemable Cumulative Preference Shares of ₹ 100/- each

Naman Finance and Investment Private Limited	250	50%	500	100%
Infocyper (India) Private Limited	250	50%	-	-
	500	100%	500	100%

	As at	
	31st March, 2013	As at 31st March, 2012

**NOTE 2A:
SHARE SUSPENSE ACCOUNT**

46,316,518 Equity Shares of ₹ 10/- each, fully paid-up, to be issued pursuant to the scheme of arrangement with Pantaloons Retail (India) Limited (Refer Note 32)

4,632 -

45,977,011 Equity Shares of ₹ 10/- each, fully paid up, to be issued on conversion of OFCD (optionally fully convertible debentures) of Indigold Trade and Services Limited in pursuant to the scheme of arrangement (Refer Note 32)

80,000 -

84,632 -

₹ in Lakhs

	As at 31st March, 2013	As at 31st March, 2012
--	---------------------------	---------------------------

**NOTE: 3
RESERVES AND SURPLUS**

1) General Reserve

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

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

Balance as per the last financial statements	8	(88)
(Loss)/Profit for the year	(6,889)	122
Less: Demerger Expenses (Refer Note 32)	(898)	-
<u>Less: Appropriations</u>		
Transfer to General Reserve	-	12
Proposed Dividend on:		
Preference Share	-	12
Corporate Tax on Proposed Dividend	-	2
	<u>(7,780)</u>	<u>8</u>
	<u>(7,780)</u>	<u>20</u>

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

SECURED

Rupee Term Loans from Banks	48,493	-
	<u>48,493</u>	<u>-</u>
The above amount includes:		
Secured Borrowings	48,493	-
Unsecured Borrowings	-	-
	<u>48,493</u>	<u>-</u>

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

Cash Credit from Banks	1,161	-
Loans and Advances from related parties repayable on demand	649	-
Acceptances from Banks	12,007	-
Other Loans and Advances (repayable on demand)	86,064	-
	<u>99,881</u>	<u>-</u>
The above amount includes:		
Secured Borrowings	1,161	-
Unsecured Borrowings	98,720	-
	<u>99,881</u>	<u>-</u>

**NOTE 4C:
SECURED LONG-TERM BORROWINGS:**

A) Term Loans from Banks

	₹ in Lakhs	
	Current	Non-Current
i) Term loans are secured by way of first <i>pari passu</i> charge on fixed assets, credit/debit card receivables of all the stores and second <i>pari passu</i> charge on current assets. Repayment terms: 11 quarterly instalments from September 2012. First 3 instalments of ₹ 159 lakh each from September 2012, next 7 instalments of ₹ 276 lakh each and last instalment of ₹ 68 lakh.	1,104	896
ii) Term loans are secured by way of first <i>pari passu</i> charge on fixed assets and second <i>pari passu</i> charge on current assets. Repayment terms: 20 quarterly instalments from June 2013. First 4 instalments of ₹ 250 lakh each, next 8 instalments of ₹ 500 lakh each and next 8 instalments of ₹ 625 lakh each.	1,000	9,000
iii) Term loans are secured by way of first <i>pari passu</i> charge on fixed assets, credit/debit card receivables of all the stores and second <i>pari passu</i> charge on current assets. Repayment terms: 7 equal quarterly instalments of ₹ 156 lakh each from July 2012.	625	-
iv) Term loans are secured by way of first <i>pari passu</i> charge on fixed assets, credit/debit card receivables of all the stores and second <i>pari passu</i> charge on current assets. Repayment terms: 11 quarterly instalments from July 2012. First 3 instalments of ₹ 32 lakh and next 8 instalments of ₹ 54 lakh each.	218	218
v) Term loans are secured by way of first <i>pari passu</i> charge on fixed assets, credit/debit card receivables of all the stores and second <i>pari passu</i> charge on current assets. Repayment terms: 2 equal annual instalments of ₹ 250 lakh each from July 2012.	250	-
vi) Term loans are secured by way of first <i>pari passu</i> charge on fixed assets and credit/debit card receivables of "Pantaloon Megastores". Repayment terms: 25 quarterly instalments from March 2013. First instalment of ₹ 39 lakh, next 4 instalments of ₹ 48.5 lakh each, next 8 instalments of ₹ 77.5 lakh each, next 4 instalments of ₹ 116.25 lakh each, next 4 instalments of ₹ 164.75 lakh each and last 4 instalments of ₹ 280.75 lakh each.	194	2,867
vii) Term loans are secured by way of residual charge on fixed assets and current assets and second charge on credit/debit card receivables of "Pantaloon Megastores". Repayment terms: 25 quarterly instalments from March 2013. First instalment of ₹ 38 lakh, next 4 instalments of ₹ 47.5 lakh, next 16 instalments of ₹ 76 lakh each and last 4 instalments of ₹ 114 lakh.	190	1,672
vii) Term loans are secured by way of first <i>pari passu</i> charge on fixed assets. Repayment terms: 20 quarterly instalments from June 2013. First 4 instalments of ₹ 250 lakh each, next 8 instalments of ₹ 500 lakh each and last 8 instalments of ₹ 625 lakh each.	1,000	8,918
viii) Term loans are secured by way of first <i>pari passu</i> charge on fixed assets, credit/debit card receivables of all the stores and second <i>pari passu</i> charge on current assets. Repayment terms: Paid on June 2013.	58	-
ix) Term loans are secured by way of first <i>pari passu</i> charge on fixed assets, credit/debit card receivables of all the stores and second <i>pari passu</i> charge on current assets. Repayment terms: 14 equal instalments of ₹ 145 lakh each from September 2012.	580	1,011
x) Term loans are secured by way of first <i>pari passu</i> charge on fixed assets and second <i>pari passu</i> charge on current assets.	1,000	8,863

	₹ in Lakhs	
	Current	Non-Current
Repayment terms: 20 quarterly instalments from June 2013. First 4 instalments of ₹ 250 lakh each, next 8 instalments of ₹ 483 lakh each and last 8 instalments of ₹ 625 lakh each.		
x) Term loans are secured by way of first <i>pari passu</i> charge on fixed assets, credit/debit card receivables of all the stores and second <i>pari passu</i> charge on current assets.	872	3,479
Repayment terms: 13 quarterly instalments from January 2013. First instalment of ₹ 170 lakh, next 4 instalments of ₹ 218 lakh each and next 8 instalments of ₹ 435 lakh each.		
xii) Term loans are secured by way of first <i>pari passu</i> charge on fixed assets.	913	753
Repayment terms: 10 quarterly instalments from September 2012. First 2 instalments of ₹ 146 lakh each, next 4 instalments of ₹ 219 lakh each and last 4 instalments of ₹ 256 lakh each.		
xiii) Term loans are secured by way of third <i>pari passu</i> charge on fixed assets and current assets.	2,938	6
Repayment terms: 3 quarterly instalments from May 2013. First instalment of ₹ 463.84 lakh and next 2 instalments of ₹ 1,236.92 lakh each		
xiv) Term loans are secured by way of residual charge on fixed assets and current assets.	3,736	-
Repayment terms: 4 equal quarterly instalments of ₹ 1,867 lakh each from December 2012.		
xv) Term loans are secured by way of residual charge on fixed assets and current assets.	2,500	-
Repayment terms: 4 equal quarterly instalments of ₹ 1,250 lakh each from October 2012.		
xvi) Term loans are secured by way of first <i>pari passu</i> charge on fixed assets and credit/debit card receivables of "Pantaloons Megastores".	387	5,716
Repayment terms: 25 quarterly instalments from February 2013. First instalment of ₹ 77 lakh, next 4 instalments of ₹ 96 lakh each, next 8 instalments of ₹ 155 lakh each, next 4 instalments of ₹ 232 lakh each, next 4 instalments of ₹ 329 lakh each and last 4 instalments of ₹ 561 lakh each.		
xvii) Term loans are secured by way of residual charge on fixed assets and current assets and first charge on credit/debit card receivables of "Pantaloons Megastores".	380	3,344
Repayment terms: 25 quarterly instalments from February 2013. First instalment of ₹ 76 lakh, next 4 instalments of ₹ 95 lakh each, next 16 instalments of ₹ 152 lakh each and next 4 instalments of ₹ 228 lakh each.		
xviii) Term loans are secured by way of residual charge on fixed assets and current assets.	6,750	1,750
Repayment terms: 6 quarterly instalments from March 2013. First 2 instalments of ₹ 1,500 lakh each and next 4 instalments of ₹ 1,750 lakh each.		
Total of Term Loans from Banks	24,695	48,493

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

SHORT-TERM BORROWINGS:

- (i) Cash Credit are secured by hypothecation of inventories, credit card receivables both present and future, held as current assets.
Cash credit is repayable on demand and carries interest rate of 13% to 15%.
- (ii) Acceptances from banks are unsecured and has a maturity of 45-90 days and carries an interest rate of 11% to 14%.
- (iii) Loans and advances from related parties are unsecured and repayable on demand and carries an interest rate of 10.5%.
- (iv) Loans and advances others are unsecured and repayable on demand and carries an interest rate of 9.75% to 13.04%.

₹ in Lakhs

	As at 31st March, 2013	As at 31st March, 2012
NOTE: 5A		
OTHER LONG-TERM LIABILITIES		
Deposits	37	-
Liabilities for Rent Straightlining	3,609	-
	3,646	-
NOTE: 5B		
OTHER CURRENT LIABILITIES		
Current Maturities of Long-term Borrowings (Note 4C)	24,695	-
Other Payables		
Liability for Gift Vouchers/Point Award Redemptions	613	-
Advance from Customers	2	14
Book Overdraft	32	-
Payables for Capital Expenditure	776	-
Statutory Dues	228	1
Deposits	-	2
Liabilities for Rent Straight Lining	769	-
	27,115	17
NOTE: 6		
TRADE PAYABLES		
Trade Payables	31,630	175
	31,630	175

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

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

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

₹ in Lakhs

As at
31st March, 2013 As at
31st March, 2012

NOTE: 7A
LONG-TERM PROVISIONS

Provisions for Employee Benefits:		
Provision for Gratuity (Unfunded) (Note 31)	170	-
Provision for Other Long-term Incentives	59	-
	229	-
	229	-

NOTE: 7B
SHORT-TERM PROVISIONS

Provisions for:		
Employee Benefits		
Provisions for Leave Encashment	262	10
Provisions for Gratuity (Unfunded) (Note 31)	19	-
Others		
Taxation (Net of Advance Tax)	-	42
Proposed Dividend Preference	-	12
Provisions for Corporate Tax on Dividend Preference	-	2
	281	66
	281	66

NOTE: 8A
TANGIBLE ASSETS

₹ in Lakhs

	Leasehold Improvements	Computers	Furniture & Fixtures	Office Equipment	Vehicles	TOTAL
Gross Block						
As at 1st April, 2011	-	-	-	-	-	-
Additions	-	-	-	-	-	-
Deletions	-	-	-	-	-	-
As at 31st March, 2012	-	-	-	-	-	-
Additions	735	249	1,866	1,354	-	4,204
Deletions	280	8	374	196	-	858
Additions pursuant to the scheme of arrangement (Refer Note 32)	11,652	1,535	31,620	22,230	235	67,272
As at 31st March, 2013	12,107	1,776	33,112	23,388	235	70,618
Accumulated Depreciation						
As at 1st April, 2011	-	-	-	-	-	-
For the year	-	-	-	-	-	-
Deletions	-	-	-	-	-	-
As at 31st March, 2012	-	-	-	-	-	-
For the year	1,279	166	2,235	1,548	-	5,228
Deletions	116	6	136	83	-	341
Additions pursuant to the scheme of arrangement (Refer Note 32)	3,569	819	8,539	5,608	235	18,770
As at 31st March, 2013	4,732	979	10,638	7,073	235	23,657
Net Block as at						
31st March, 2012	-	-	-	-	-	-
Net Block as at						
31st March, 2013	7,375	797	22,474	16,315	-	46,961

NOTE: 8B
INTANGIBLE ASSETS

	₹ in Lakhs		
	Goodwill	Computer Software	TOTAL
Gross Block			
As at 1st April, 2011	-	0	0
Additions	-	-	-
Deletions	-	-	-
As at 31st March, 2012	-	0	0
Additions	-	-	-
Deletions	-	2	2
Additions pursuant to the scheme of arrangement (Refer Note 32)	116,756	708	117,464
As at 31st March, 2013	116,756	706	117,462
Accumulated Depreciation			
As at 1st April, 2011	-	0	0
For the year	-	0	0
Deletions	-	-	-
As at 31st March, 2012	-	0	0
For the year	-	214	214
Deletions	-	2	2
Addition pursuant to the scheme of arrangement (Refer Note 32)	-	485	485
As at 31st March, 2013	-	697	697
Net Block as at 31st March, 2012	-	0	0
Net Block as at 31st March, 2013	116,756	9	116,765

NOTE: 8C

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

	As at 31st March, 2013	₹ in Lakhs As at 31st March, 2012
Rent	135	-
Professional Fees	49	-
Travelling	28	-
Miscellaneous Expenses	63	-
Power and Fuel	18	-
Transportation and Handling Charges	30	-
Security Charges	33	-
	356	-
Add: Brought forward from previous year	-	-
Less: Capitalised during the year	242	-
Balance in Capital Work-in-Progress	114	-

	As at 31st March, 2013	As at 31st March, 2012
₹ In Lakhs		
NOTE: 9A		
OTHER INVESTMENTS: NON-CURRENT		
Unquoted, Trade		
Investments in Equity Instruments (317,748 Equity Shares of ₹ 10/- each of LIL Investment Limited)	-	32
	-	32
Aggregate Book Value of Unquoted Investments	-	32
NOTE: 9B		
OTHER INVESTMENTS: CURRENT		
Unquoted, Non-Trade		
Investments in Debentures (800 Optionally fully Convertible Debentures of ₹ 10,000,000/- each of Future Retail Limited erstwhile Pantaloon Retail (India) Limited)	80,000	-
	80,000	-
Aggregate Book Value of Unquoted Investments	80,000	-
NOTE: 10A		
LONG-TERM LOANS AND ADVANCES		
(Unsecured, Considered Good, except otherwise stated)		
Capital Advance	511	-
Security Deposits	4,896	-
Other Loans and Advances		
Advance Income Tax	841	-
Advances to Employees	7	2
	6,255	2
NOTE: 10B		
SHORT-TERM LOANS AND ADVANCES		
(Unsecured, Considered Good, except otherwise stated)		
Security Deposits	423	-
Other Loans and Advances		
Loans and Advances to Related Parties (Unsecured)	120	121
VAT, Other Taxes Recoverable, Statutory Deposits and Dues from Government	0	18
Advance for Expenses and Material	337	0
Prepaid Expenses	292	0
Advances to Employees	11	1
Others	2	1
	1,185	141
NOTE: 11		
OTHER CURRENT ASSETS		
Export Incentive Receivable	8	-
Insurance Claim Receivables	58	-
Others	533	-
	599	-
NOTE: 12		
INVENTORIES (Valued at Lower of Cost and Net Realisable Value)		
Traded Goods	31,947	20
Packing Material	540	-
	32,487	20

	As at 31st March, 2013	As at 31st March, 2012
₹ In Lakhs		
NOTE: 13		
TRADE RECEIVABLES		
Unsecured, Considered Good, unless stated otherwise		
Other Receivables		
Unsecured, Considered Good	698	179
	698	179

NOTE: 14
CASH AND BANK BALANCES

Cash and Cash Equivalents

	Year Ended 31st March, 2013	Year Ended 31st March, 2012
₹ In Lakhs		
Balances with Banks		
Current Accounts	1,389	5
Cash in Hand	506	0
Cheques/Drafts in Hand	28	-
	1,923	5

NOTE: 15
REVENUE FROM OPERATIONS

	Year Ended 31st March, 2013	Year Ended 31st March, 2012
₹ In Lakhs		
A. Sale of Traded Goods	125,672	1,743
B. OTHER OPERATING INCOME		
Commission Income	1,140	-
Cash Discounts	1,195	-
Scrap Sales	89	-
Miscellaneous Other Operating Income	418	-
Total A + B	128,514	1,743
Details of Product Sold		
Apparels	113,977	1,743
Non-Apparels	11,695	-
	125,672	1,743

NOTE: 16
OTHER INCOME

	Year Ended 31st March, 2013	Year Ended 31st March, 2012
₹ In Lakhs		
Interest Income on Current Investments	6,219	0
Net Gain on Sale of Investments		
Long-term	3	-
Foreign Exchange Gain (Net)	22	47
Miscellaneous Income	78	92
	6,322	139

NOTE: 17
PURCHASE OF TRADED GOODS

	Year Ended 31st March, 2013	Year Ended 31st March, 2012
₹ In Lakhs		
Purchase of Traded Goods	75,104	1,493
	75,104	1,493
Details of Purchases of Finished Goods under broadhead is as follows:		
Apparels	64,327	1,493
Non-Apparels	10,777	-
	75,104	1,493

	Year Ended 31st March, 2013	Year Ended 31st March, 2012
₹ In Lakhs		
NOTE: 18		
(INCREASE)/DECREASE IN INVENTORY OF TRADED GOODS		
Closing Stocks		
Traded Goods	31,947	20
	31,947	20
Less:		
Opening Stocks		
Traded Goods	20	19
Inventories taken over pursuant to the scheme of arrangement (Refer Note 32)	34,261	-
	34,281	19
(Increase)/Decrease in inventory of traded goods	2,334	(1)
Inventories at the end of the year		
Apparels	30,359	20
Non-Apparels	1,588	-
	31,947	20
Inventories at the beginning of the year		
Apparels	20	19
Non-Apparels	-	-
	20	19
	20	19
NOTE: 19		
EMPLOYEE BENEFITS EXPENSE		
Salaries, wages and bonus	8,146	52
Contribution to Provident Fund and Other Funds (Refer Note 31)	380	4
Staff Welfare Expenses	589	1
	9,115	57
	9,115	57
NOTE: 20		
OTHER EXPENSES		
Electricity Charges	3,527	-
Rent	16,315	4
Repairs and Maintenance (Others)	554	0
Insurance	59	1
Rates and Taxes	71	-
Commission to Selling Agents	16	36
Advertisement and Sales Promotion	4,281	68
Transportation and Handling Charges	2,929	20
Royalty Expense	1,101	-
Legal and Professional Expenses	594	5
Printing and Stationery	226	-
Travelling and Conveyance	458	-
Communication Expenses	59	-
Loss on Sale/Discard of Fixed Assets (Net)	517	-
Bank Charges including Credit Card Charges	907	11
Auditors' Remuneration (Refer Note 28)	39	2
Consumption of Packing Material	26	-
Postage Expenses	28	-
Information Technology Expenses	681	-
Security and Housekeeping Charges	1,994	-
Miscellaneous Expenses	967	3
	35,349	150
	35,349	150

	₹ In Lakhs	
	Year Ended 31st March, 2013	Year Ended 31st March, 2012

**NOTE: 21
DEPRECIATION AND AMORTISATION EXPENSES**

Depreciation of Tangible Assets	5,229	-
Amortisation of Intangible Assets	214	0
	<u>5,443</u>	<u>0</u>

**NOTE: 22
FINANCE COSTS**

Interest	13,654	4
Other Borrowing Costs	726	-
	<u>14,380</u>	<u>4</u>

	₹ In Lakhs	
	As at 31st March, 2013	As at 31st March, 2012

**NOTE: 23
EARNINGS PER SHARE**

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

Earnings per Share (EPS) is calculated as under:

Net Profit/(Loss) as per the Statement of Profit and Loss	(6,889)	122
Less: Preference Dividend and Tax thereon	5	14
Net Profit/(Loss) for EPS	(A) (6,894)	108
Weighted-average Number of Equity Shares for calculation of Basic EPS	(B) 697	5
Basic EPS (In ₹)	(A/B) (9.89)	21.64
Weighted-average Number of Equity Shares Outstanding	697	5
Weighted-average Number of Equity Shares for calculation of Diluted EPS	697	5
Diluted EPS (In ₹)	(C) (9.89)	21.64
Nominal Value of Shares (In ₹)	10	10

**NOTE: 24
CAPITAL AND OTHER COMMITMENTS**

Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of Advances)

519	-
-----	---

	₹ In Lakhs	
	Year Ended 31st March, 2013	Year Ended 31st March, 2012

**NOTE: 25
VALUE OF IMPORTS CALCULATED ON C.I.F. BASIS**

Capital Goods	194	-
	<u>194</u>	<u>-</u>

**NOTE: 26
EXPENDITURE IN FOREIGN CURRENCY (on accrual basis)**

Advertisement	8	18
Brand Royalty	74	-
Commission	-	73
Others	32	1
	<u>114</u>	<u>92</u>

₹ In Lakhs

	Year Ended 31st March, 2013	Year Ended 31st March, 2012
--	--------------------------------	--------------------------------

NOTE: 27

EARNINGS IN FOREIGN CURRENCY (on accrual basis)

On Export of Goods (F.O.B. Basis)	780	1,554
	780	1,554

NOTE: 28

DETAILS OF AUDITORS' REMUNERATION

Payments to Statutory Auditor:

For Audit Fees (Including Limited Review Fees)	33	2
For Management Services	6	-
For Reimbursement of Expenses	0	0
	39	2

NOTE: 29

DERIVATIVE INSTRUMENTS AND UNHEDGED FOREIGN CURRENCY EXPOSURE

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

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

As at 31st March, 2013

Particulars	Currency	Foreign Currency	₹ in Lakhs
Trade Receivables	USD	0	14
Acceptances	USD	4	220

As at 31st March, 2012

Particulars	Currency	Foreign Currency	₹ in Lakhs
Trade Receivables	USD	3	172

NOTE: 30

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

Name of related parties and related party relationship

(a) **Related Party where control exists**

Controlling Company's

Holding Company: Indigold Trade and Services Limited

Ultimate Holding Company: Aditya Birla Nuvo Limited (ABNL)

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

Madura Garments Lifestyle Retail Company Limited (MGLRCL) - Fellow Subsidiary.

(c) **During the Year, the following transactions were carried out with the related parties in the ordinary course of business**

S. No.	Description	Controlling Company ₹ in Lakhs	Fellow Subsidiary ₹ in Lakhs	Total ₹ in Lakhs
1	Purchase of Traded Goods			
	Aditya Birla Nuvo Limited (Madura Fashion & Lifestyle)	581	-	581
	CY Total	581	-	581
	Previous Year:			
2	Interest Paid			
	Aditya Birla Nuvo Limited	9	-	9
	Madura Garments Lifestyle Retail Company Limited	-	7	7
	CY Total	9	7	16
	Previous Year:	-	-	-

S. No.	Description	Controlling Company ₹ in Lakhs	Fellow Subsidiary ₹ in Lakhs	Total ₹ in Lakhs
3	Loans Taken (Inter-Corporate Deposit)			
	Aditya Birla Nuvo Limited	815	-	815
	Madura Garments Lifestyle Retail Company Limited	-	156	156
	CY Total	815	156	971
	Previous Year:	-	-	-
4	Loans Repaid (Inter-Corporate Deposit)			
	Aditya Birla Nuvo Limited	167	-	167
	Madura Garments Lifestyle Retail Company Limited	-	156	156
	CY Total	167	156	323
	Previous Year:	-	-	-
5	Payment against Reimbursement of Expenses			
	Aditya Birla Nuvo Limited (Madura Fashion & Lifestyle)	7	-	7
	Aditya Birla Nuvo Limited	119	-	119
	CY Total	126	-	126
	Previous Year:			
	Aditya Birla Nuvo Limited (Madura Fashion & Lifestyle)	7	-	7
	PY Total	7	-	7
6	Outstanding as on 31.03.2013			
	Amount Payable			
	Aditya Birla Nuvo Limited	649	-	649
	CY Total	649	-	649
	Previous Year:	-	-	-
7	Outstanding as on 31.03.2013			
	Previous Year:			
	Aditya Birla Nuvo Limited	12	-	12
	PY Total	12	-	12
8	Outstanding as on 31.03.2013			
	Amount Receivable			
	Aditya Birla Nuvo Limited (Madura Fashion & Lifestyle)	120	-	120
	CY Total	120	-	120
	Previous Year:			
	Aditya Birla Nuvo Limited (Madura Fashion & Lifestyle)	121	-	121
	PY Total	121	-	121

**NOTE 31
EMPLOYEE BENEFITS**

General Description of the Plan

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

Disclosure in respect of Employee Benefits pursuant to Accounting Standard-15 (Revised)	As at 31st March, 2013		As at 31st March, 2012	
	Unfunded	Funded	Unfunded	Funded
a) The details of the Group's defined benefit plans in respect of Gratuity (funded by the Group):				
Amounts recognised in the Balance Sheet in respect of Gratuity				
Present value of the funded defined benefit obligation at the end of the year	189	5	-	4
Fair value of the plan assets	-	7	-	5
Net Liability/(Asset)	189	(2)	-	(1)

	As at 31st March, 2013		As at 31st March, 2012	
	Unfunded	Funded	Unfunded	Funded
Amounts recognised in Employee Benefits Expenses in the Statement of Profit and Loss in respect of Gratuity				
Current Service Cost	43	1	-	1
Interest on Defined Benefit Obligations	9	0	-	0
Expected Return on Plan Assets	-	0	-	-
Net Actuarial (Gain)/Loss recognised during the year	10	1	-	0
Past Service Cost	-	-	-	-
Net Gratuity Cost	62	2	-	1
Actual Return on Plan Assets:				
Expected Return on Plan Assets	-	0	-	0
Actuarial Gain/(Loss) on Plan Assets	-	2	-	(0)
Actual Return on Plan Assets	-	2	-	0
Reconciliation of Present Value of the Obligation and the Fair Value of the Plan Assets:				
Change in Present Value of the Obligation:				
Opening Defined Benefit Obligation	-	4	-	3
Current Service Cost	43	0	-	1
Interest Cost	9	0	-	0
Actuarial (Gain)/Loss	10	1	-	0
Liability Taken Over pursuant to the scheme of arrangement (Note 32)	142	-	-	-
Benefits Paid	(15)	-	-	-
Closing Defined Benefit Obligation	189	5	-	4
Change in Fair Value Plan Assets:				
Opening Fair Value of the Plan Assets	-	5	-	1
Expected Return on Plan Assets	-	0	-	0
Actuarial Gain/(Loss)	-	2	-	(0)
Contributions by the Employer	-	-	-	4
Closing Fair Value of the Plan Assets	-	7	-	5
Investment Details of Plan Assets				
Government of India Securities	-	2	-	1
Corporate Bonds	-	0	-	0
Special Deposit Scheme	-	0	-	0
Insurer Managed Funds	-	4	-	3
Others	-	1	-	1
Total	-	7	-	5
	Unfunded	Funded	Unfunded	Funded
Experience Adjustment	31st March, 2013	31st March, 2013	31st March, 2012	31st March, 2011
Defined Benefit Obligations	189	5	4	3
Plan Assets	-	7	5	1
Surplus/(Deficit)	(189)	2	1	(2)
Experience Adjustment on Plan Liabilities	10	0	0	(2)
Experience Adjustment on Plan Assets	-	2	(0)	(1)
The expected future contribution for Plan Assets	-	-	-	-

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

	As at 31st March, 2013		As at 31st March, 2012	
	Unfunded	Funded	Unfunded	Funded
Principal Actuarial Assumptions at the Balance Sheet Date				
Discount rate	8.00%	7.90%	-	8.40%
Employee Turnover	10% - 12%	10% - 12%	-	10% - 12%
Estimated Rate of Return on Plan Assets	-	8.50%	-	8.50%

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

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

	As at		As at	
	31st March, 2013	31st March, 2012	31st March, 2012	31st March, 2012
Defined Contribution Plans –				
Amount recognised as an expense and included in the Note as “Contribution to Provident Fund and Other Funds”				
Contribution to Government Provident Fund		222		4
Contribution to Superannuation Fund		1		1
Contribution to Employees’ Pension Scheme		0		0
Contribution to Employees’ State Insurance (ESI)		154		-
Contribution to Labour Welfare Fund (LWF)		1		-

**NOTE: 32
SCHEME OF ARRANGEMENT**

- Pursuant to the Scheme of Arrangement (the ‘Scheme’) under Sections 391 to 394 of the Companies Act, 1956, the fashion retail business called the ‘Pantaloon Format’ (hereinafter referred to as ‘demerged undertaking’) of Pantaloon Retail (India) Limited (hereinafter referred to as ‘PRIL’ or ‘demerged Company’), as approved by the members at a court-convened meeting approved by the shareholders of the Company and PRIL, and subsequently sanctioned by the Hon’ble High Court of Bombay, vide its order dated March 1, 2013, has been transferred by way of demerger to Pantaloon Fashion & Retail Limited (Formerly Peter England Fashions and Retail limited, hereinafter referred to as PEFRL or ‘resulting Company’) on a going concern basis with effect from the appointed date of the Scheme, i.e., July 1, 2012.

The effective date of the Scheme as approved by the High Court of Bombay on is April 8, 2013.

The Scheme is operative from the appointed date, i.e., July 1, 2012.

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

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

3. 46,316,518 equity shares of ₹ 10/- each, fully paid-up, of the Company are to be issued to the holder of Equity and Differential Voting Rights (DVR's) shares of PRIL, whose names are registered in the register of members on the record date, without payment being received in cash respectively, in the ratio of 1 (one) fully paid-up equity shares of ₹ 10/- each of the Company for every 5 (Five) fully paid-up equity shares and DVRs of ₹ 2/- each held in PRIL. Pending allotment, the face value of such shares of ₹ 4,632 has been shown under the "Share Suspense Account" as at March 31, 2013.
4. Further upon the Scheme coming into effect on April 8, 2013, 800 Zero Coupon Optionally Fully Convertible Debentures of face value of ₹1,00 lakh each held by the holding company Indigold Trade and Services Limited (ITSL) will be converted into 45,977,011 equity shares of ₹ 10/- each fully paid-up of the Company and an amount of ₹ 75,402 lakh will be credited to the Securities Premium Account. Pending conversion, the face value and premium on such shares of ₹ 80,000 lakh has been shown under the heading "Share Suspense Account" as at March 31, 2013.
5. In terms of the Scheme, all assets and liabilities of the demerged undertaking have been transferred and stands vested with the Company with effect from the appointed date, i.e., 1st July, 2012, at their respective book values as on that date. Further, with effect from the appointed date and upto and including the effective date the demerged Company shall be deemed to have been carrying on all business activities of the demerged undertaking and all the profits/Losses accruing to the demerged Company in relation to the demerged undertaking for the period commencing from the appointed date and upto the effective date shall for all purposes be treated as the profits or losses, as the case may be of the resulting Company.
6. In accordance with the Scheme, the difference between the share capital issued and the net liabilities taken over shall be treated as Goodwill. Further as per the Scheme, an amount of ₹ 8,018 lakh being the difference on accounting treatment followed by the Company and the demerged Company related to the following items, have been adjusted to the goodwill arising from the Scheme:

Straightlining of lease rentals in accordance with AS-19 – Leases	3,777
Adjustment of opening block of fixed assets as per the useful life of assets	4,241
	8,018
7. Reconciliation of opening block taken under the Scheme and Note 8A and 8B

Net Block of fixed assets taken over under the Scheme	52,967
Less: Adjustment of opening block of fixed assets as per the useful life of assets	(4,241)
Net Book Value of Fixed Assets as per Note 8A and 8B comprising of	48,726
Note 8A - Tangible Assets	48,502
Note 8B - Intangible Assets	223
	48,726
8. From the effective date the authorised share capital will stand increased to ₹ 11,015 lakh consisting of following:

100,000,000 Equity Shares of ₹ 10/- each	10,000
10,000,000 8% Redeemable Cumulative Preference shares of ₹ 10/- each	1,000
15,000 6% Redeemable Cumulative Preference shares of ₹ 100/- each	15
	11,015
9. Further expenses of ₹ 910 lakh incidental to the Scheme on its implementation has been adjusted against the reserves of the resulting company, which is in accordance with the Scheme. Accordingly, the loss of the Company is lower by ₹ 910 lakh.
10. In the absence of virtual certainty, the Company has not recognised net deferred tax asset arising on the assets and liabilities of the demerger undertaking taken over as on the appointed date.
11. From the effective date, the name of the resulting Company has been changed to 'Pantaloon's Fashion & Retail Limited'.
12. The figures for the current year include figures of the demerged undertaking which is merged with the Company with effect from July 1, 2012, and are therefore to that extent not comparable with those of previous year.

NOTE: 33

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

A. Assets Taken on Lease:

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

	Year Ended 31st March, 2013	₹ In Lakhs Year Ended 31st March, 2012
Lease payments recognised in the Statement of Profit and Loss for the year		
Minimum Lease Rent	13,035	4
Contingent Lease Rent	3,280	-
	16,315	4

	Year Ended 31st March, 2013	Year Ended 31st March, 2012
Future Minimum rentals payable under non-cancellable operating leases are as follows:-		₹ In Lakhs
Within one year	7,127	-
After one year but not more than five years	10,120	-
More than five years	883	-
	18,130	-

Notes:

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

**NOTE: 34
CONTINGENT LIABILITIES NOT PROVIDED FOR**

Dividend on cumulative preference shares for the year ended March 31, 2013	4	-
Dividend Distribution Tax on the above dividend	1	-
	5	-

**NOTE: 35
DEFERRED TAX**

DEFERRED TAX LIABILITIES (NET)

	₹ In Lakhs As at 31st March, 2013	
Deferred Tax Liabilities at the year end comprise timing difference on account of:		
Fixed Assets: Impact of difference between tax depreciation and depreciation/amortisation charged.	608	-
	608	-

DEFERRED TAX ASSETS (NET)

Deferred Tax Assets at the year end comprise timing difference on account of:		
Demerger expenses	236	-
Employee benefit provision allowed on payment basis	70	-
Loss as per Income tax calculations (Restricted to Net Deferred Tax Liabilities)	301	-
	608	-

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

**NOTE: 36
SEGMENT INFORMATION**

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

**NOTE: 37
PREVIOUS YEAR FIGURES**

The figures of the previous year were audited by a Firm of Chartered Accountants other than S.R. Batliboi & Co. LLP. The Company has reclassified previous year figures to conform to this year's classification.

As per our report of even date
For S.R. Batliboi & Co. LLP
ICAI Firm Registration No. 301003E
Chartered Accountants

per Vijay Maniar
Partner
Membership No. 36738

Place: Mumbai
Date: 23rd May, 2013

For and on behalf of the Board of Directors of
Pantaloon's Fashion & Retail Limited

Pranab Barua
(Director)

Shital Mehta
(Chief Executive Officer)

Place: Mumbai
Date: 23rd May, 2013

Sushil Agarwal
(Director)

Manoj Kedia
(Manager and Chief
Financial Officer)

Geetika Anand
(Company Secretary)



PANTALOONS FASHION & RETAIL LIMITED

(formerly known as Peter England Fashions and Retail Limited)

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

E-COMMUNICATION REGISTRATION FORM

Dear Shareholders,

The Ministry of Corporate Affairs and the Securities and Exchange Board of India have commenced Green Initiative by allowing paperless compliances by Companies. The Companies can send Annual Reports and General Notices in electronic mode to shareholders who have registered their email addresses for the purpose.

It is a welcome move for the society at large, as this will reduce paper consumption to a great extent and allow shareholders to contribute towards a Greener Environment. This is a golden opportunity for every shareholder of Pantaloons Fashion and Retail Limited to contribute to the Corporate Social Responsibility initiative of the Company.

We therefore invite all our shareholders to contribute to the cause by filling up the form given below to receive communication from the Company in electronic mode. You can also download the attached registration form from our website www.pantaloons.com.

Let's be part of this 'Green Initiative'!

Please note that as a Member of the Company you will be entitled to receive all such communication in physical form, upon request. Best Regards,

Geetika Anand Talwar

Company Secretary

E-COMMUNICATION REGISTRATION FORM

Folio No. / DP ID & Client ID:

Name of 1st Registered Holder :

Name of Joint Holder(s):

Registered Address :

E-mail ID (to be registered):

I / We shareholder(s) of Pantaloons Fashion & Retail Limited agree to receive communication from the Company in electronic mode.

Please register my above e-mail address in your records for sending communication through e-mail.

Date:

Signature:

Note: Shareholder(s) are requested to keep the Company informed as and when there is any change in the registered e-mail address.

TEAR HERE

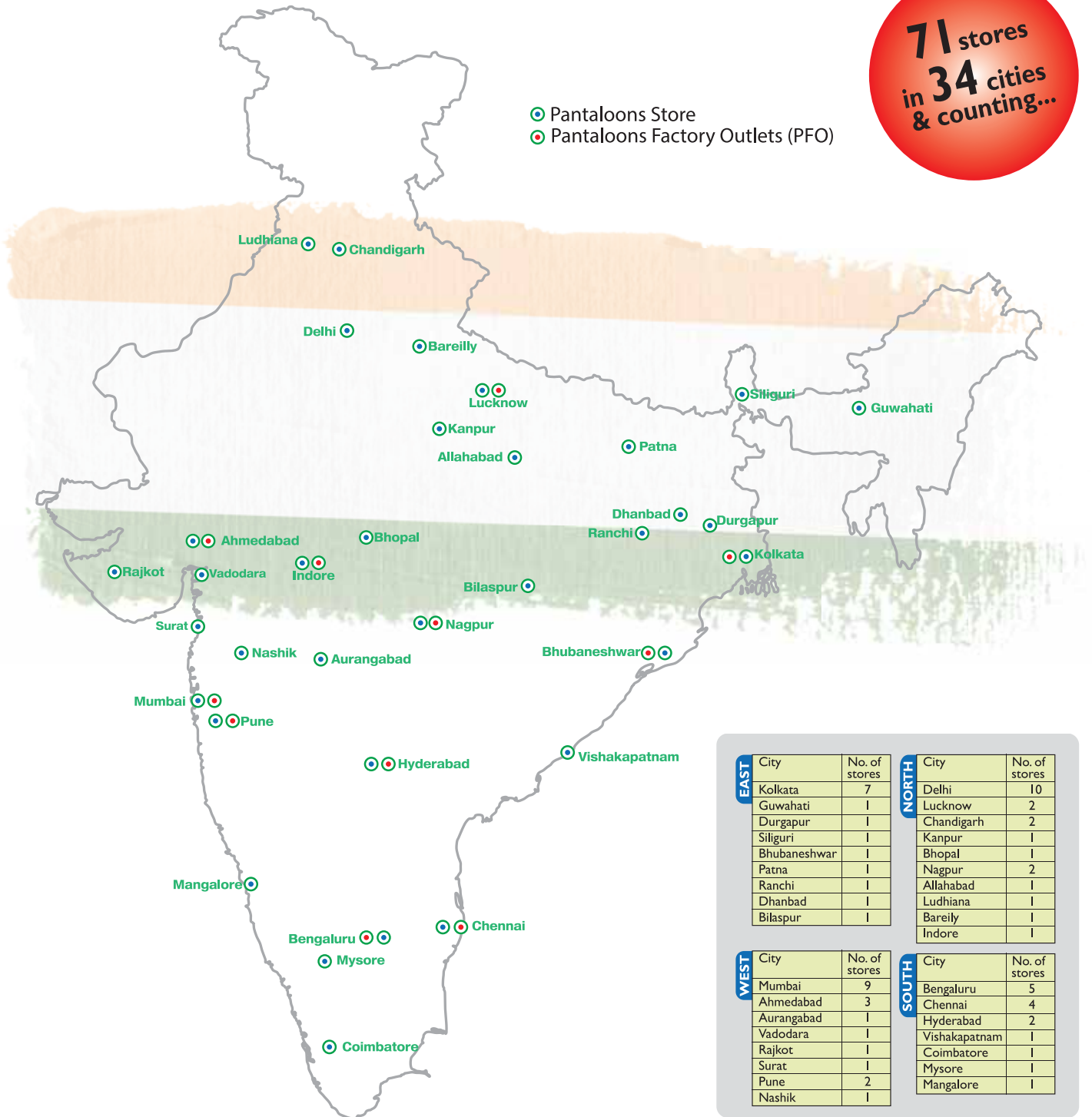
Pantaloon's stores: PAN India

Ahmedabad: Ahmedabad City Mall, Kankaria, Ph: 079 30452760 • Law Garden, Ph: 079 40048398 • Gulmohar Park, Satellite Road, Ph: 079 30480260 **PFO:** Sumel, Ground Floor, Sumel Complex, Near Gurudwara, Bodakdev, S. G. Highway, Ph: 079 2685 4650 • City Centre, FF-2-3, City Centre, C. G. Road, Swastik Char Rasta, Navrangpura, Ph: 079-2643 0679 • Prahladnagar, Shop No. 2, Gr. Floor, Venus Atlantis, Next to Reliance Petrol Pump, Prahladnagar, Ph: 079 40099321 • **Aurangabad:** Prozone Mall, Chikalhana, MIDC, Aurangabad. Ph: 0240 6618477 • **Allahabad:** Vinayak City Centre, 4824, Sardar Patel Marg, Civil Lines, Ph: 0532 3911415 • **Bengaluru:** Koramangala, SJR Junction, Ph: 080 25630222 • Whitefield, Phoenix Market City, Ph: 080 67266384 • J.P.Nagar, GopalanInnovationMall, Ph: 080 41477295 • Brookefield, Cosmos Mall, Ph: 080 41604212 • Malleswaram, Mantri Square, Ph: 080 30160085 **PFO:** Banashankari, Plot no 22, DivyaShobha, Banashankari 3rd stage, Kathriguppe, 560085, Ph: 080 65688911 • Rammurthy Nagar, Plot No. 41, Krishna Reddy Layout, Rammurthy Nagar Main Road, Near Muneswara Temple, 560016, Ph: 080 65688910 • Basavangudi, SreePoojyaya Arcade, Plot No.183 / 184, Gandhi Bazaar Main Road, Ph: 080 22410010 • **Bareilly:** Phoenix United Mall, Near Mahanagar Colony, Chitto Bihar Mann Nagla, Pillibhit bypass, Ph: 0581 2583053 • **Bilaspur:** Rama Magneto Mall, SrikantVerma Road, near Vaishali Nagar Chowk, Bilaspur, Ph: 07752 415103 • **Bhopal:** DB city Mall, Arera Hills, M P Nagar, Zone 1, Ph: 0755 6644140. • **Bhubaneswar:** Suruchi Commercial Complex, Plot No.29 35 AB, Janpath, Saheed Nagar, Ph: 0674 3018765 • **Chennai:** Velachery, Phoenix Market City, Ph: 044 30083333 • Virugambakkam, Chandra Metro Mall, Arcot Road, Ph: 044 23776391 • Nelson Manickam Road, Ph: 044 43582289 • Spencer Plaza, Ph: 044 28498533. **PFO:** Adyar, Ceebros Enclave, No. 15, First Main Road, Gandhi Nagar, Adyar, Ph: 044 4205 4724 • **Chandigarh:** Elante Mall, Shop No. IB, Basement 1, Chandigarh Industrial Area, Phase 1, Ph: 0172 5214480 • Paras DOWNTOWN Square, NAC Zirakpur, Ph: 01762 521033 • **Coimbatore:** G13, F13, S13, Brookefields Plaza, No 67-71, Krishnaswamy Road, Ph: 0422 2255050. **PFO Cuttack:** NetajiSubhash Chandra Bose Arcade, Old jail Complex, Dargah Bazaar, 753001 Ph: 0671 – 2512 200/2300 • **Delhi:** Saket Select Citywalk, Ph: 011-42658276 • South Extension II, Ring Road Ph: 011-46631250 • VasantKunj Ambience Mall Ph: 011- 40870555 • Shahdara Cross River Mall Ph: 011-42111992 • Janakpuri, near Janakpuri (EAST) Metro Station Ph: 011-43102622 • RohiniUnitech Amusement Park Ph: 011-27574183 • Noida Great India Place Ph: 0120-3025376 • Gurgaon Sahara Mall, Ph: 0124-4221950 • Gurgaon Ambience Mall Ph: 0124-4029228 • Ghaziabad Shipra Mall, Ph: 0124 2689648 • **Dhanbad:** Ozone Galleria Mall, Saraidhela Main Road, Ph: 0326 3040961 • **Guwahati:** DT Towers, GS Road, Near Down Town Hospital, Ph: 0361 2229094 • **Hyderabad:** Madhapur, Inorbit Mall, Opp.DurgamCheruvu, Ph: 040 42102212 • Begumpet, Saptagiri Towers, Ph: 040 27760787. **PFO:** Himayatnagar, 3-2-262 Tirumala Estate, Near Telugu Academy, Ph: 040 6663 8084/5 • Minerva, 94, Minerva Complex, S. D. Road, Secunderabad. Ph: 040 6632 5145/6 • **Indore:** Treasure Island, Lower Ground Floor, 11 Tukoganj, M.G Road, Ph: 0731 3082011 • **PFO:** 1st Floor, Shop No.111, C21 Mall, A. B. Road, Ph: 0731-4214013/14/15/16 • **Kanpur:** Rave Multiplex Complex, VIP Road, ParvathiBagla Road, Tilak Nagar, Ph: 0512 3074410 • **Kolkata:** South City Mall, Ph: 033 30015600 • Kankurgachi, Ph: 033 30913581 • Camac Street, Ph: 033 39849202 • Gariahat, Ph: 033 39848400 • New Town, City Center, Ph: 033 39803489 • Howrah, Avani Riverside Mall, Ph: 033 30491070 • Diamond Plaza, Ph: 033 30122527 • **PFO:** Dunlop, 18/1, Narendra Nagar B.T. Road, Near L9 Bus Stand, Ph-033 65404505 • Wood Square, 169, NetajiSubhash Bose Road, Narendrapur, Ph: 033 30083918 • Lindsay Street, Ph: 033 22497112/20 • City Centre, B/203, Salt Lake (Beside KFC) Shop No. 203, Ph: 2358 1438/49 • Behala, 282/A, Diamond Harbour Road, Ph: 033 2407 0268 • Dason Road, 49, Howrah - 1, Near A. C. Market, Ph: 033 2666 2999 • **Lucknow:** SaharGanj, Hazratganj, Ph: 0522 3022460 • Phoenix Mall, Near PicadillyHotel, Ph: 0522 6665001 / 05 • **PFO:** Fun Republic Mall, 2nd Floor, Gomati Nagar, Lucknow Ph: 0522 - 6540102/3 • **Ludhiana:** Surya Tower, Plot No.B108, Mall Road, Ph: 0161 3024700 • **Mangalore:** Bharath Mall, Opp.KSRTC, Bejai, Mangalore, Ph: 0824 4265443 • **Mumbai:** Lower Parel, High Street Phoenix, Ph: 022 30034848 • Borivali (W), S.V. Road, Ph: 022 28334770 • Malad (W), Infiniti Mall, Ph: 022 66431740 • Mulund (W), R Mall, Ph: 022 67552980 • Kandivali (E), Growel's101, Ph: 022 67109610 • Ghatkopar (W), R-City, Ph: 022 30553939 • Vashi, CentreOne Mall, Ph: 022 67141234 • Kurla (W), Phoenix Marketcity, Ph: 022 61801329 • Oshiwara, Megamall, Ph: 022-40211650 • **PFO:** Lokhandwala, Durolite House, Opp. Laxmi Industrial Estate, Andheri (W) Ph: 2674 3512 • Thakur Mall, Western Express Highway, Mira Bhayander Road, Thane (Dist.) Ph: 022 - 28455017 / 28453613 • Maxus Mall, 2nd Floor, Bhayander, Ph: 022-67426980/ 81/ 82/ 83/ 84, 022-28184045 • Thane: Paradise Tower, Opp. Alok Hotel, Gokhale Road, Naupada, Ph: 022 6609 6147/ 46 • **Mysore:** Garuda Mall, Plot No. 121 & 143, MakkajiChowk area, Near K.R Circle, Ph: 0821 4193930 • **Nagpur:** Empress City Mall, Ph: 0712 3024277 • Civil Lines, Ph: 0712 6601058 • **PFO:** Jagat Tower, Near Law College Square, Amravati Road, Ph: 0712 6621308 • **Nashik:** Nashik City Center, New PWD Office, Lawate Nagar, Ph: 0253 3918968 • **Pune:** Viman Nagar, Phoenix Market City, Ph: 020 30950475 • ICC Tech Park, SenapatiBapatMarg, Opp.Marriott Hotel Ph: 020 66095808 • **PFO:** Chinchwad, Premier Plaza, Ph: 020-66127038, 020-66127039, 020-66127040 • Sinhaghad Road, Abhiruchi Mall, BhideBaug, Ph: 020-24390398/99 • **Rajkot:** BharathIskon Mall, opp.Parijat Party plot, Kalawad Road, Ph: 0281 3047342. • **Ranchi:** Eastern Mall, Circular Road, Near DangratoliChowk, Ph: 0651 2532512 • **Surat:** Iscon Mall, Dumas Road, opp.Rajhans Theatre, Piplod, Ph: 0261 3990444/47 • **Vadodara:** Inox Multiplex, Race Course Road, Near Nathubhai Circle, opp.IndraprasthaEllora Park, Ph: 0265 6620671 • **Vishakapatnam:** TSR Complex, Allipuram Ward, Dabagardens, Ph: 0891 2780815 • **Durgapur:** Junction Mall, City Centre, Ph: 0343 2542069 • **Siliguri:** Cosmos Mall, Sevoke Road, opp. State Electricity Board Ph: 0353 3041050 • **Patna:** Vasundhara Metro Mall, Boring Canal Road, Near Rajapur Pool Ph: 0612 2532345.

PANTALOONS STORE LOCATOR

71 stores
in **34** cities
& counting...

○ Pantaloons Store
● Pantaloons Factory Outlets (PFO)



EAST		NORTH	
City	No. of stores	City	No. of stores
Kolkata	7	Delhi	10
Guwahati	1	Lucknow	2
Durgapur	1	Chandigarh	2
Siliguri	1	Kanpur	1
Bhubaneswar	1	Bhopal	1
Patna	1	Nagpur	2
Ranchi	1	Allahabad	1
Dhanbad	1	Ludhiana	1
Bilaspur	1	Bareilly	1
		Indore	1

WEST		SOUTH	
City	No. of stores	City	No. of stores
Mumbai	9	Bengaluru	5
Ahmedabad	3	Chennai	4
Aurangabad	1	Hyderabad	2
Vadodara	1	Vishakapatnam	1
Rajkot	1	Coimbatore	1
Surat	1	Mysore	1
Pune	2	Mangalore	1
Nashik	1		

Pantaloons does not assure or guarantee the fairness, correctness of the information or territories shown or any other contents of the Map shown herein as the same is acquired from third party sources & other external sources construed to be reliable; hence, the company or its directors and/ or its employees do not own any responsibility for the correctness or authenticity of the same.

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www.pantaloons.com



pantaloons
FRESH FASHION



"FORM A"

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

1.	Name of the Company	Pantaloons Fashion & Retail Limited
2.	Annual financial statements for the year ended	31 st March, 2013
3.	Type of Audit observation	Matter of Emphasis
4.	Frequency of observation	NA
5.	To be signed by –	
	Mr. Shital Mehta (Chief Executive Officer)	
	Mr. Manoj Kedia (Chief Financial Officer)	
	Auditor of the Company	S.P. Batliban & Co LLP
	Mr. P. Murari (Chairman of Audit Committee)	

Pantaloons Fashion & Retail Ltd.

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