

**INFORMATION MEMORANDUM****AGRE DEVELOPERS LIMITED****(Formerly known as Future Mall Management Limited)**

(The Company was originally Incorporated as Future Mall Management Limited on March 10, 2008 and obtained Certificate of Commencement of Business dated March 12, 2008 and obtained new certificate of Incorporation subsequent to change of name on October 4, 2010 under the Companies Act, 1956)

**Registered Office** : “Knowledge House” Shyam Nagar Off Jogeshwawri-Vikhroli Link Road  
Jogeshwari (East) Mumbai – 400 060

**Tel** : (022) 3084 1300 **Fax** : (022) 6644 2201 **Website** : <http://www.futuregroup.in/adl.asp>

**Contact Person**: Anil Cherian, Company Secretary & Compliance Officer **Email**: [anil.cherian@futuregroup.in](mailto:anil.cherian@futuregroup.in)

**INFORMATION MEMORANDUM FOR LISTING OF 1,11,70,966 EQUITY SHARES OF RS. 10/- EACH**

**NO EQUITY SHARES ARE PROPOSED TO BE SOLD/OFFERED  
PURSUANT TO THIS INFORMATION MEMORANDUM**

**GENERAL RISKS**

Investment in equity and equity-related securities involve a degree of risk and investors should not invest in the equity shares of Agre Developers Limited unless they can afford to take the risk of losing their investment. For taking an investment decision, investors must rely on their own examination of the Company including the risks involved.

**ABSOLUTE RESPONSIBILITY OF AGRE DEVELOPERS LIMITED**

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

**LISTING**

The Equity Shares of Agre Developers Limited are proposed to be listed on the Bombay Stock Exchange Limited (BSE) and The National Stock Exchange of India Limited (NSE). The Company has submitted this Information Memorandum with BSE and NSE and the same has been made available on the Company’s website viz. <http://www.futuregroup.in/adl.asp> The Information Memorandum would also be made available on the website of BSE ([www.bseindia.com](http://www.bseindia.com)) and NSE ([www.nseindia.com](http://www.nseindia.com))

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

C-13, Pannalal Silk Mills Compound

L. B. S. Marg, Bhandup (West)

Mumbai 400 078

Tel: (022) 2596 3838. Fax.: (022) 2594 6969

Contact Person : Mr. N Mahadevan Iyer E-mail: [mumbai@linkintime.co.in](mailto:mumbai@linkintime.co.in)



<b>TABLE OF CONTENTS</b>	<b>PAGE NO.</b>
<b>SECTION I – GENERAL</b>	
Definitions, Abbreviations and Industry Related Terms	4
Forward Looking Statements	9
Currency of Presentation	10
<b>SECTION II – RISK FACTORS</b>	
Risk Factors	11
<b>SECTION III – INTRODUCTION</b>	
Industry Structure & Development – Overview and Business	23
Scheme of Arrangement	26
General Information	27
Capital Structure	30
Objects and Rationale of Scheme of Arrangement	36
Statement of Possible Tax Benefit	39
<b>SECTION IV - ABOUT US</b>	
Industry Overview	46
Business	48
History	50
Management	51
Promoters	61
Dividend Policy	62
<b>SECTION V - FINANCIAL INFORMATION</b>	
Financial Information of the Company	63
Consolidated Financial Information of the Company	76
Financial Information of Group Companies	90
Management Discussion And Analysis	101
<b>SECTION VI - LEGAL AND OTHER INFORMATION</b>	
Outstanding Litigations and Material Developments	104
Government Approvals and Licenses	137
<b>SECTION VII - REGULATORY AND STATUTORY DISCLOSURES</b>	
Regulatory And Statutory Disclosures	138
Articles of Association	142
<b>SECTION VIII – OTHER INFORMATION</b>	
Material Contracts and Documents for Inspection	198
Declaration	199

## DEFINITIONS AND ABBREVIATIONS

Term	Description
“Agre Developers” or “ADL” or “Company” or “Resulting Company” or “Agre Developers Limited” or “us” or “we” or “our”	Agre Developers Limited, a public limited company incorporated under the Companies Act, 1956 and having its registered office at Knowledge House, Shyam Nagar, Off. Jogeshwari – Vikhroli Link Road, Jogeshwari (East), Mumbai 400 060.
APSL or Subsidiary or Subsidiary Company	Agre Properties & Services Limited, a public limited company incorporated under the Companies Act and having its registered office at Knowledge House, Shyam Nagar, Off. Jogeshwari – Vikhroli Link Road, Jogeshwari (East), Mumbai 400 060.
The “Group” or Group Companies	Companies as defined in the section on – Group Companies
AGM	Annual General Meeting of the Members of the Company
AS	Accounting Standards issued by the Institute of Chartered Accountants of India
Articles/ Articles of Association	The Articles of Association of the Company
Auditors	The statutory auditors of the Company, namely NGS & Company, Chartered Accountants, Mumbai
BSE	The Bombay Stock Exchange Limited
Board/ Board of Directors	Board of Directors of the Company
CAGR	Compounded Annual Growth Rate
CDSL	Central Depository Services (India) Limited
Companies Act	Companies Act, 1956 and amendments thereto
Depository	A body corporate registered under SEBI (Depositories and Participant) Regulations, 1996
Depositories Act	Depositories Act, 1996 as amended from time to time
DP/Depository	A depository participant as defined under the Depositories Act

<b>Term</b>	<b>Description</b>
Participant	
DPID	Depository Participant Identity
Director(s)	The director(s) on the Board of the Company
EBITDA	Earnings Before Interest, Tax, Depreciation and Amortisation
EGM	Extraordinary General Meeting of the members of the Company
EPS	Earnings Per Share i.e., profit after tax for a fiscal year divided by the weighted average outstanding number of equity shares at the end of that fiscal year
Equity Share(s)	The ordinary equity share(s) of the Company with a face value of Rs. 10 unless otherwise specified in the context thereof
ESI	Employee State Insurance
FDI	Foreign Direct Investment
FEMA	Foreign Exchange Management Act, 1999 read with rules and regulations there under and amendments thereto
FEMA Regulations	FEMA (Transfer or Issue of Security by a Person Resident Outside India) Regulations 2000 and amendments thereto
FII(s)	Foreign Institutional Investors as defined under SEBI (Foreign Institutional Investor) Regulations, 1995 registered with SEBI under applicable laws in India
Financial Year/FY	Any period of twelve months ended March 31, of that particular year, unless otherwise stated
GAAP	Generally Accepted Accounting Principles
GDP	Gross Domestic Product
GoI/ Government	Government of India, unless otherwise specified
ICAI	The Institute of Chartered Accountants of India
IT	Information Technology

<b>Term</b>	<b>Description</b>
Income Tax Act	The Income Tax Act, 1961, as amended from time to time
India	The Republic of India
Indian GAAP	Generally Accepted Accounting Principles in India
MoU	Memorandum of Understanding
Mn / mn	Million
Memorandum or Memorandum of Association	Memorandum of Association of the Company
Mall Management undertaking	The business of providing service for enhancing value of the mall, increasing foot falls and ambience of the mall and other management of malls for day to day running of malls.
Mutual Fund	A mutual fund registered with SEBI under the SEBI (Mutual Funds) Regulations, 1996, as amended from time to time.
NAV	Net Asset Value being paid up equity share capital plus free reserves (excluding reserves created out of revaluation) less deferred expenditure not written off (including miscellaneous expenses not written off) and debit balance of Profit and Loss account, divided by number of issued equity shares.
NEFT	National Electronic Fund Transfer
NOC	No Objection Certificate
NSDL	National Securities Depository Limited
NSE	The National Stock Exchange of India Limited
PAN	Permanent Account Number allotted under the Income Tax Act, 1961, as amended from time to time.
PAT	Profit After Tax
PBT	Profit Before Tax
PRIL or the Demerged Company	Pantaloon Retail (India) Limited

<b>Term</b>	<b>Description</b>
Promoter	The promoter of the Company, namely, Mr. Kishore Biyani
Project Management Undertaking	The business of providing turnkey solutions and encompasses development and execution of the retail outlet design and related assets.
RBI	The Reserve Bank of India
Registered Office	The registered office of the Company located at Knowledge House, Shyam Nagar, Off. Jogeshwari - Vikhroli Link Road, Jogeshwari (East), Mumbai 400 060
RoC	The Registrar of Companies, Maharashtra located at Everest, 100 Marine Drive, Mumbai 400 002
Rs./Rupees/INR	Rupees, being the lawful currency for the time being of India
Scheme or Demerger or Scheme of Arrangement	Scheme of Arrangement under Sections 391 to 394 read with Sections 78 and 100 to 103 of the Companies Act, 1956 between Pantaloon Retail (India) Ltd and Future Mall Management Limited (now known as Agre Developers Limited) and Future Merchandising Limited (now known as Agre Properties & Services Limited) and their respective Shareholders and Creditors as sanctioned by the High Court of Judicature at Bombay on 24 <sup>th</sup> August 2010 and effective from 28 <sup>th</sup> August 2010.
SEBI	The Securities and Exchange Board of India constituted under the SEBI Act, 1992
SCRR	Securities Contract Regulation (Rules), 1957, as amended from time to time
SEBI Act	Securities and Exchange Board of India Act 1992, as amended from time to time
SEBI Regulations/ICDR	SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended from time to time
Stamp Act	The Indian Stamp Act, 1899, as amended from time to time.
State Government	The government of a state of India
Stock Exchange(s)	The National Stock Exchange of India Limited (NSE) and Bombay Stock Exchange Limited (BSE)
Takeover Code	The SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, as amended from time to time.

**GENERAL INDUSTRY TERMS**

<b>Term</b>	<b>Description</b>
FMCG	Fast Moving Consumer Goods
Sq. ft.	Square Feet
Sq. metres/ Sq. mtr.	Square Metres



## FORWARD LOOKING STATEMENTS

This Information Memorandum includes statements which contain words or phrases such as “will”, “would”, “aim”, “aimed”, “will likely result”, “is likely”, “are likely”, “believe”, “expect”, “expected to”, “will continue”, “will achieve”, “anticipate”, “estimate”, “estimating”, “intend”, “plan”, “contemplate”, “seek to”, “seeking to”, “trying to”, “target”, “propose to”, “future”, “objective”, “goal”, “project”, “should”, “can”, “could”, “may”, “will pursue”, and similar expressions or variations of such expressions, that are “forward-looking statements”.

Our forward-looking statements contain information regarding, among other things, our financial condition, future plans and business strategy. We have based these forward-looking statements on our current expectations and projections about future events. Although we believe that these expectations and projections are reasonable, such forward-looking statements are inherently subject to risks, uncertainties and assumptions, including, among other things:

- general political, social and economic conditions in India and other countries;
- our ability to successfully implement our strategy, our growth and expansion plans and technological changes;
- delays in project schedules;
- strikes or work stoppages by our employees or contractual employees;
- increasing competition in, and the conditions of, the Indian retail industry;
- failure to undertake projects on commercially favorable terms;
- changes in government policies, including introduction of or adverse changes in tariff or non-tariff barriers, foreign direct investment policies, affecting the retail industry generally in India;
- accidents and natural disasters; and
- other factors beyond our control.

We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. In light of the foregoing, and the risks, uncertainties and assumptions discussed in “Risk Factors” and elsewhere in this Information Memorandum, any forward looking statement discussed in this Information Memorandum may change or may not occur, and our actual results could differ materially from those anticipated in such forward-looking statements.

## **CURRENCY OF PRESENTATION**

In this Information Memorandum all references to “Rupees” and “Rs.” and INR are to Indian Rupees, the legal currency of the Republic of India.

### **Certain Conventions; Use of Market Data**

Unless stated otherwise, the financial data in this Information Memorandum is derived from our financial statements. The fiscal year commences on April 1 and ends on March 31 of each year, so all references to a particular fiscal year are to the twelve month period ended March 31 of that year. In this Information Memorandum, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding.

All references to “India” contained in this Information Memorandum are to the Republic of India. All references to “Rupees” or “Rs.” are to Indian Rupees, the official currency of the Republic of India.

For additional definitions, please see the section titled “Definitions, Abbreviations and Industry Related Terms” of this Information Memorandum.

Unless stated otherwise, industry data used throughout this Information Memorandum has been obtained from the published data and industry publications.

The information included in this Information Memorandum about various other companies is based on their respective Annual Reports and information made available by the respective companies

## SECTION II - RISK FACTORS

*The risks described below and any additional risks and uncertainties not presently known to the Company or that are currently deemed immaterial could adversely affect the Company's business, financial condition or results of operations and the trading price of our Equity Shares could decline.*

### **Risks relating to the Company**

- 1. The Company has no operating history, so it is difficult to estimate its future performance.*

Pursuant to the Scheme, the activities and operations of mall and project management activities of PRIL have been transferred to the Company and the mall asset management and food services have been transferred to the Subsidiary. The Company or its Subsidiary has no prior experience in operating malls and project management activities or mall asset management and food services. The Company or its Subsidiary currently has no significant operating history from which its business, future prospects and viability can be evaluated. Any inability of the Company or its Subsidiary to effectively undertake mall and project management activities and mall asset management and food services could adversely affect its business prospects, financial condition and results of operation. Moreover, the Company's or its Subsidiary's prospects and viability should not be evaluated based on the performance of PRIL. As a result, the Company cannot assure that its future performance or its business strategy will be successful.

- 2. The Subsidiary may not be in a position to negotiate its lease arrangements or exit from its investments in commercial real estate on terms that are acceptable or at all.*

The Subsidiary proposes to enter into long term lease arrangements for commercial real estate. The Subsidiary may also directly invest in or acquire commercial real estate for its business.

The Subsidiary may not be in a position to renegotiate its lease arrangements or exit from its investments in commercial real estate in a timely fashion and at satisfactory prices in response to changes in economic, real estate market or other conditions which may have a material adverse effect on the Company and the Subsidiary's business, financial condition and results of operations.

- 3. *The Company and the Subsidiary will be dependent on the ability of the Future Group to identify properties. Inability of the Future Group to successfully identify properties may have an impact on the Company and the Subsidiary's business, financial condition and results of operations.***

Future developments and acquisitions of properties by the Company or the Subsidiary may be limited by the Future Group's ability to identify suitable properties at reasonable prices since the Company will be largely dependent on the Future Group to identify properties for development or acquisition. Any failure of the Future Group in identifying commercial properties for development by the Company or the Subsidiary could have an adverse impact on the Company's and subsidiary's business, financial condition and results of operations.

- 4. *Weak economic conditions may have an adverse impact on the Company and the Subsidiary's business, financial condition and results of operations.***

The global credit markets have experienced, and may continue to experience, significant volatility and may continue to have a significant adverse effect on the availability of credit and the confidence of the financial markets, including in India. This volatility has resulted in an industry-wide softening of demand for property due to a lack of consumer confidence and decreased affordability which has adversely affected the real estate industry and may adversely affect the Company and the Subsidiary's business, financial condition and results of operations

Additionally, economic and market conditions can adversely affect the performance of the Company since the revenue generated from mall management and project management activities are linked to the consumption abilities of the general public and disposable income available with them. In particular, the decline in the performance of the global and Indian economies as a result of the economic downturn can reduce tenant demand and occupancy levels in property markets. Restricted availability of credit for consumers and businesses may lead to lower levels of consumer spending, an increase in number of businesses that may fail and difficulties for tenants to secure financing of start-up capital which in turn may impact the profitability of shopping malls and other commercial spaces and may have an adverse impact on the Company's business, financial condition and results of operations.

- 5. *The concentration of the Company and the Subsidiary's business in Tier-1 cities may adversely affect the Company and the Subsidiary's business and results of operations.***

Substantially all of the Company and the Subsidiary's business is concentrated in Tier-1 cities such as Mumbai and Bangalore . As a result of this concentration, the Company is exposed to events that may threaten public security, health and safety

or events that may lead to disruption of public transport and other such events that might adversely affect the desirability or popularity of Mumbai and other Tier-1 cities as a location or destination for operation of malls. Any significant decrease in the popularity or status of Tier-1 cities in India as a destination for operation of malls could have an adverse impact on the Company and the Subsidiary's business, financial condition and results of operations.

**6. *External events beyond the control of the Company and the Subsidiary may have a negative impact on the income.***

The occurrence of events such as terrorist attack, an outbreak of an infectious disease such as 'swine flu' or any other serious public health concerns, could result in shutting down or deserting of shopping malls and retail premises. Furthermore, terrorist attacks or war could damage infrastructure or otherwise inhibit or prevent access to Mumbai and other Tier-1 cities in India which could discourage general public from visiting malls and other retail venues.

A decrease in consumer demand, retailer tenancy demand or the demand for offices could make it difficult for the Company to renew contracts for mall management, at rates equal to or above historical rates or then prevailing market rates. Any occurrence of the foregoing events could have an adverse impact on the Company and the Subsidiary's business, reputation, financial condition and/or operating results.

**7. *The Company faces inherent risks relating to mall and project management activities and the occurrence of any or all could have an adverse impact on the Company's business, financial conditions and results of operations.***

Revenue earned from the mall and project management activities of the Company and the operating expenses of the Company are subject to a number of inherent general risks, which include, among others:

- a. increases in business rates of various service providers;
- b. increases in payroll expenses and energy costs;
- c. a competitive rental market, which may affect rental levels or occupancy levels at the shopping malls and other commercial retail spaces;
- d. the amount of mall management fees being less favourable than existing rates;
- e. the periodic need to renovate, repair and the cost thereof;
- f. the Company's ability to collect service charge payments from tenants on a timely basis or at all;
- g. the Company's ability to manage increases in the cost of services provided by third party providers and/or increases in the cost of maintaining commercial properties, if any, including, but not limited to, unforeseen capital expenditure;

- h. the shopping malls and other commercial spaces which the Company is managing either as mall management or project management are not being perceived as convenient or safe;
- i. changes in laws and governmental regulations in relation to real estate, commercial markets, taxes and government charges (including those relating to health, safety and environmental compliance). Such changes may lead to an increase in management expenses or unforeseen capital expenditure to ensure compliance. Rights related to particular properties may also be restricted by legislative action, such as revisions to existing laws or the enactment of new laws; and
- j. the Company's ability to obtain adequate maintenance services on commercial terms or at all.
- k. the Company's ability to obtain adequate insurance at acceptable premium rates or at all.

To the extent that these factors generate an increase in operating and other expenses that is not matched by an increase in revenues or are not recoverable from tenants of shopping malls or other commercial spaces operated by the Company, these factors may have an adverse impact on the Company's business, financial condition and results of operations.

***8. The Company and the Subsidiary is exposed to market risk from interest rate fluctuations.***

An increase in interest rates or an increase in the margin on which finance can be obtained may increase the Company and the Subsidiary's financing costs and such increase in interest rates may increase the cost of borrowing, which could have an adverse impact on the Company and the Subsidiary's business, financial condition and results of operations.

***9. The Company faces competition from other players in mall management and project management of shopping malls and other commercial spaces.***

The Company operates in a competitive environment managing shopping malls and other commercial spaces. Such competition may cause difficulty in achieving service fees in line with the Company's expectations and may result in increased pressure to offer incentives to tenants or owners in commercial centres. The Company is required to compete with a large number of competitors some of whom may be willing to accept lower returns on their investments and may be less leveraged than the Company. Such competition may adversely affect the Company's ability to increase service rates at its commercial centres, all of which may have an adverse impact on the Company's business, financial condition and results of operations.

***10. Borrowings by the Subsidiary may be secured on Subsidiary's assets and any failure to service such debt obligations may have an adverse impact on the Company's business, financial condition and results of operations.***

In accordance with the Scheme of arrangement, Mall Asset Management and Food Services undertakings of PRIL have been transferred to APSL, the Subsidiary. The Subsidiary may make investments in joint ventures or in other arrangements to expand its mall asset management and food services business. The arrangements include development of brands, long term leases, profit sharing arrangements, and concession arrangements in malls and other commercial spaces. In the future, the Subsidiary may borrow to finance its investment and development activities. Such borrowings may be secured over the relevant property or development assets. In the event the Subsidiary is unable to service its debt obligations, the lenders may force a sale of any of the secured assets of the Subsidiary and invocation of any corporate guarantees that may be granted by the Company. The occurrence of any such event can significantly raise future borrowing costs.

Any of the foregoing factors could have an adverse impact on the Company and the Subsidiary's business, financial condition and results of operations.

***11. The Company may be involved in disputes with tenants which could adversely affect the Company's business, financial condition and results of operations.***

The Company may be involved in disputes with tenants of malls and other commercial properties that it operates. Any such dispute could result in litigation between the Company and such tenants. Whether or not any dispute actually proceeds to litigation, the Company may be required to devote significant management time and attention to its resolution (through litigation, settlement or otherwise), which may affect the management's ability to focus on the Company's business. Any such resolution could involve the payment of damages or expenses by the Company which may be significant or settlement on terms that may not be favourable to the Company. Any of the foregoing events could have an adverse impact on the Company's business, financial condition and results of operations.

***12. The Company is potentially liable for any uninsured loss which may result due to injuries to visitors at retail, commercial and office premises managed by the Company.***

There exists a risk of accidents involving visitors in premises managed by the Company. In such instances, the Company's inability to put in place adequate public liability insurance cover may have an adverse impact on the Company's business, reputation, financial condition and results of operations.

***13. The Company and the Subsidiary may be liable for environmental issues relating to its operations and properties.***

The Company and the Subsidiary may be liable for the costs in relation to non compliance of any waste management laws and/or guidelines issued by any competent authority and can form the basis for liability to third persons for personal injury or other damages.

Non-compliance with, or liabilities under, existing or future environmental laws and regulations, including failure to hold the requisite permits or licences, could result in fines, penalties, third-party claims and other costs that could have an adverse impact on the Company and the Subsidiary's business, reputation, financial condition and results of operations.

***14. The Company's success depends on attracting and maintaining regular customer visits to malls.***

The Company's success depends, to a significant extent, to customer visits to malls and other premises that are managed or operated by the Company. For example, promotional activities and events in a mall form an integral part of mall management and may have an impact on sales volumes of tenants and thereby affecting income of the Company and its Subsidiary.

There is no guarantee that our promotional activities will realise any or all of the anticipated benefits of such activities. The failure of such promotional activities could have an adverse impact on the Company's business, financial condition and results of operations.

***15. The Company and the Subsidiary's success depends on attracting and retaining key personnel.***

The Company and the Subsidiary's success depends, to a significant extent, on the continued services of its executive management team, which has substantial experience in the property management industry. In addition, the Company and the Subsidiary's ability to continue to identify and develop properties depends on the management's knowledge of, and expertise in, the property market. There is no guarantee that any of the executive management team will continue to be employed by the Company or the Subsidiary. The loss of the services of one or more members of the executive management team could have an adverse impact on the Company or the Subsidiary's business, financial condition and results of operations.

***16. The statements contained in this Information memorandum are based on current management plans and estimates and may be subject to change. In addition, industry statistical and financial data contained in this Information memorandum may be incomplete or unreliable.***



We have not independently verified data from government and industry publications and other sources contained herein and although we believe these sources to be reliable, we cannot assure you that they are complete or reliable. Such data may also be produced on a different basis from comparable information compiled with regards to other countries. Therefore, discussions of matters relating to India, its economy or the real estate industry herein are subject to the caveat that the statistical and other data upon which such discussions are based have not been verified by us and may be incomplete or unreliable and should not be unduly relied upon.

***17. Any inability on part of the Company or the Subsidiary to manage their growth could adversely affect the Company and the Subsidiary's business, financial condition and results of operations.***

The Company or the Subsidiary may not be able to manage their growth effectively. Addressing the challenges arising from growth requires substantial time and resources of senior management personnel. Any inability on part of the Company or the Subsidiary to manage their growth could have an adverse effect on the Company or the Subsidiary's business, financial conditions and results of operations.

***18. Work stoppages slowdowns and other labour problems could delay the Company's projects or result in increased operating costs.***

The Company operates in a labour-intensive industry and the Company or its contractors may hire casual labour in relation to its projects. If the Company or contractors are unable to negotiate with the workmen or sub-contractors, it could result in work stoppages or increased operating costs as a result of higher than anticipated wages or benefits. In addition, it may be difficult to procure the required labour for existing or future projects. These factors could adversely affect the Company's business, financial conditions and results of operations.

***19. The Company will continue to be controlled by its Promoter and Promoter Group post demerger and they will continue to have the ability to exercise significant control over the Company and the Subsidiary.***

Our Promoter and Promoter Group will control, directly or indirectly, approximately 43.63% of the Company's outstanding Equity Shares. As a result, the Promoter and Promoter Group will continue to exercise significant control over us, including being able to control the composition of the Board and determine matters requiring shareholder approval or approval of the Board. The Promoter and Promoter Group may take or block actions with respect to the Company or Subsidiary's business, which may conflict with interests of the Company and/or the Subsidiary or the interests of other shareholders.

***20. There are outstanding legal proceedings involving our Group Companies.***

There are outstanding legal proceedings involving our group companies. These proceedings are pending at different levels of adjudication before various courts, enquiry officers, and arbitrators. For further details of outstanding litigation against our group companies please see the section titled “*Legal Proceedings*” on page number 104.

**Risk factors in relation to the business of construction and development**

The Board of Directors of the Company, through their resolution dated November 10, 2010 have approved (subject to the approval of the shareholders of the Company) an amendment to the ‘main objects clause’ of the Memorandum of Association of the Company which would enable the Company to undertake construction and development activities. The Company has sought the approval of the shareholders of the Company through a postal ballot to the said amendment. The postal ballot notice was dispatched to the shareholders on November 25, 2010. The results of the postal ballot are expected to be announced by the Company on December 30, 2010. For further details in relation to the proposed amendment to the Memorandum of Association please see page nos 24 and 25. In the event, the Company undertakes construction and development activities, the Company may be exposed to any or all of the following risk factors and could adversely affect the Company’s business, financial condition or results of operations and the trading price of the Company’s Equity Shares could decline.

***21. The construction and development business is heavily dependent on the performance of the real estate market and the availability of real estate financing in India.***

Construction and development business is heavily dependent on the performance of the real estate market in India and could be adversely affected if market conditions deteriorate. Real estate projects take a substantial amount of time to develop, and the Company could incur losses if the land is purchased at high prices and sales of any developed projects are made during weaker economic periods.

The real estate market is significantly affected by changes in government policies, economic conditions, demographic trends, employment and income levels and interest rates, among other factors. These factors could adversely affect the demand and valuation of any projects under development or planned projects that the Company may have.

The development of real estate projects involves various risks including regulatory risks, financing risks and the risks that these projects may ultimately prove to be unprofitable. These projects under development may pose significant

challenges to our management, administrative, financial and operational resources. The Company cannot provide any assurance that it will succeed in any of these projects or that it will recover its investments. Any delay or failure in the development, financing or operation of any projects that the Company may undertake, or increase in their costs of development, is likely to affect the Company's business, prospects, financial condition and results of operations.

The construction and development business is highly capital intensive, requiring substantial capital on acceptable terms to develop and market any projects that the Company may have in the future. The actual amount and timing of the Company's future capital requirements may also differ from estimates as a result of, among other things, unforeseen delays or cost overruns in developing its projects, unanticipated expenses, regulatory changes and engineering design changes. To the extent the Company's capital expenditure requirements for any construction or development activity exceed its available resources, the Company will be required to seek additional debt or equity financing. Additional debt financing could increase the Company's interest cost and require it to comply with additional restrictive covenants in any financing agreements that the Company may have. Additional equity financing could dilute the Company's earnings per share which could adversely affect its share price. In addition, the Indian regulations on foreign investment in townships, housing, built-up infrastructure and construction and development projects impose significant restrictions on the Company.

***22. The Company does not have any prior experience in construction and development activities***

The Company or its Subsidiary has no prior experience in construction and development activities. Any inability of the Company or its Subsidiary to effectively undertake construction and development projects could adversely affect its business prospects, financial condition and results of operation.

***23. The Company may not be successful in identifying suitable projects, which may impede growth.***

Ability to identify suitable projects is fundamental to the construction and development business and involves certain risks, including identifying and acquiring appropriate land, appealing to the tastes of residential customers, understanding and responding to the requirements of commercial clients and anticipating the changing retail trends in India. In identifying new projects, the Company also needs to take into account land use regulations, the land's proximity to resources such as water and electricity and the availability and competence of third parties such as architects, surveyors, engineers and contractors. The failure to identify suitable projects, build or develop saleable or leasable properties or meet customer demand in a timely manner could result in

lost or reduced profits. In addition, it could reduce the number of projects the Company may undertake and slow the growth of the Company.

***24. The success of any construction and development business that the Company may undertake would depend on the ability to anticipate and respond to consumer requirements.***

The growing disposable income of India's middle and upper income classes, together with changes in lifestyle, has resulted in a substantial change in the nature of their demands. Increasingly, consumers are seeking better housing and better amenities in new residential developments. The amenities now demanded by consumers in the residential property market include those that have historically been uncommon in India's residential real estate market. The growth and success of any commercial real estate business will depend on the provision of high quality office spaces to attract and retain clients who are willing and able to pay rent or purchase prices at suitable levels, and on the ability of the Company to anticipate the future needs and expansion plans of these clients. If the Company fails to anticipate and respond to consumer requirements, it could lose potential clients to competitors, which in turn could adversely affect its business, results of operations, financial condition and prospects.

***25. Increased raw material costs may adversely affect the Company's results of operations***

The construction and development business is affected by the availability, cost and quality of the raw materials required to construct and develop the properties. The prices and supply of the principal and other raw materials depend on factors that may not be under the control of Company but related to general economic conditions, competition, production levels, transportation costs and import duties. In the event, the Company is unable to procure raw materials in quantities that are required for any construction and development projects that it may undertake in the future or at prices that are competitive, it could have an adverse impact on the Company's business, financial condition and results of operations.

***26. Construction and development businesses are subject to extensive government regulation.***

The real estate industry in India is heavily regulated by the central, state and local governments. Real estate developers must comply with a number of requirements mandated by Indian laws and regulations, including policies and procedures established by local authorities. The Company may also not be able to adapt to new laws, regulations or policies that may come into effect from time to time with respect to the real estate sector, which may cause a delay in the implementation of our projects. Additionally, the Company would require regulatory approvals, licenses, registrations and permissions to develop any construction and development project that it may undertake in the future. These approvals, licenses,

registrations and permissions are required from central and state Governments and their agencies. The Company cannot assure that it will obtain all regulatory approvals, licenses, registrations and permissions that it may require in the future for its construction and development projects or at all which may have an adverse impact on our business and results of operations.

## **Risks Relating to the Equity Shares**

### ***27. There is no prior trading record for the Equity Shares.***

Since the Equity Shares have not been previously traded, their market value is uncertain. Following admission, the market price of the Equity Shares may be volatile. The Company's operating results and prospects from time to time may be below the expectations of market analysts and investors.

At the same time, market conditions may affect the price of the Company's Equity Shares regardless of the operating performance of the Company. Stock market conditions are affected by many factors, such as general economic and political conditions, terrorist activity, movements in or outlook on interest rates and inflation rates, currency fluctuations, commodity prices, changes in investor sentiment towards the property market and the supply and demand of capital.

### ***28. Significant trading volumes of the Equity Shares on the Stock Exchanges in the period on listing could impact the price of the Company's Equity Shares.***

Following admission of our Equity Shares for trading on the Stock Exchanges, there may be a period of relatively high volume trading in the Equity Shares. A high volume of sales of our Equity Shares on the Stock Exchanges after admission, or the perception that these sales might occur, could result in volatility in the market price of our Equity Shares.

### ***29. The Company may decide to offer additional Equity Shares in the future, diluting the interests of existing Shareholders which could adversely affect the market price of Equity Shares.***

The Company's ability to execute its business strategy depends on its access to an appropriate blend of debt financing, and equity financing. If the Company decides to offer additional Equity Shares or other securities convertible into Equity Shares in the future, this could dilute the interests of existing Shareholders which could have an adverse impact on the market price of Equity Shares. An additional offering of Equity Shares by the Company, or the public perception that an offering may occur, could have an adverse impact on the market price of the Equity Shares.

***30. There is no guarantee that dividends will be paid.***

There can be no assurances that the Company will determine that it will pay dividends. Any decline in the Company's operating income could result in distributable profits not being available for payment of dividend which may have an adverse impact on the market price of the Equity Shares.

**Risks relating to the Demerger**

***31. After the Demerger, the Company and the Subsidiary could fail to meet the challenges involved in operating as a stand-alone business.***

Although the Company expects that the Demerger will result in certain benefits, it may not realise those benefits because of challenges relating to operating as a stand-alone business. These challenges include completing the demerger of business from PRIL, retaining key personnel, distraction of its management's time and resources, difficulty in effectively marketing and communicating the capabilities of the Company and the Subsidiary to operate as a stand-alone business, demonstration to stakeholders that the Demerger will not result in adverse changes in standards or business and impairment of relationships with employees as a result of the Demerger. In addition, under the Demerger the Company will provide mall and project management services to Future Group. During this period the Company will be dependent on Future Group for assistance in developing its business on a stand-alone basis. Any failure of the Company and the Subsidiary to operate as a stand-alone business or to realise any of the anticipated benefits of the Demerger could have an adverse impact on the Company and the Subsidiary's business, financial condition and results of operations.

## SECTION III – INTRODUCTION

### SUMMARY

**YOU SHOULD READ THE FOLLOWING SUMMARY TOGETHER WITH RISK FACTORS AND MORE DETAILED INFORMATION ABOUT THE COMPANY AND FINANCIAL DATA INCLUDED ELSEWHERE IN THIS INFORMATION MEMORANDUM.**

(Sources: The information presented in this section has been extracted from publicly available documents from various sources, including officially prepared materials from the Government and has not been independently prepared and verified by the Company. The information provided is based on present business activities of the Company.)

### Industry Structure & Development

#### Overview

Mall management has been identified as a critical factor for the success of shopping malls/centers and the retail industry across the world. Mall management broadly includes mall positioning, zoning, tenant mix, promotions/marketing and facility/finance management. Currently, the Indian retail market lacks designated mall management firms. The practices followed in India in respect of Mall Management, Project management and mall asset management are in the initial stages of their evolution. The key for a successful shopping mall is relevant in terms of consumer needs, aspirations and futuristic requirements besides fulfilling other parameters such as design, content, right tenant mix and efficient mall management.

India has one of the largest number of retail outlets in the world. The sector is witnessing exponential growth with retail development taking place not only in major cities and metros, but also in Tier-II and Tier-III cities.

In the next phase of the retail revolution in the country, retail companies are expected to tap the rural segment further as their key engine of growth. FMCG players are focusing on the rural market as it constitutes over 33 per cent of India's FMCG consumer base.

India is also receiving greater attention in terms of its offering a price-competitive sourcing base for large retail players. Global retailers such as Wal-Mart, GAP, Tesco, JC Penney, etc., are stepping up their sourcing from India and moving from third-party buying offices to establishing their own wholly-owned/wholly-managed sourcing and buying offices.

The country's dynamic retail landscape presents a grand opportunity to investors from across the globe, to use India as a strategic business hub. With the changing face of retail, the Indian consumer is in for a rapid transformation. The emergence of Shopping Centers is already beginning to define a new lifestyle for India. There is no doubt a huge demand for clean, contemporary shopping and entertainment complexes that will house India's brands and retail formats and offer New India an exciting and rewarding shopping experience for the whole family.

### **Business Summary of the Company**

Agre Developers Limited (ADL) was originally incorporated on March 10, 2008 with the name Future Mall Management Limited under the Companies Act, 1956 in the State of Maharashtra as a public limited company and later changed its name to the present name and obtained new certificate of incorporation on October 4, 2010.

The registered office of the Company is presently situated at Knowledge House, Shyam Nagar, Off Jogeshwari-Vikhroli Link Road, Jogeshwari (East), Mumbai 400 060.

The main objects of ADL as set out in its Memorandum of Association are as follows: -

1. To carry on the business in India or elsewhere of maintaining, operating, managing malls, shopping centres, real estate, immovable properties of all nature and description including shopping malls, commercial complexes, shopping plazas, cinema halls, theatres, departmental stores, hypermarkets, shops, business, houses, offices, residential estates, hotels, motels, resorts, homes, organizations, exhibition centres, conference centres, boarding and lodging houses, clubs, dressing rooms, and places of amusement and recreation, sports, entertainment and all other real estate and properties of every kind and sort.
2. To act as advisors, consultants, service providers, service contractor or sub-contractor, suppliers, administrator, licensor, designer, controller to render various mall management services for enhancing value, increasing of footfalls and ambience of the malls, shoppers plazas, shopping centres, departmental stores and such other above named properties and to undertake the business of providing turnkey solutions including development and execution of the retail outlet design of real estate of every kind and sort, including identification of the project or properties, negotiations, space planning, structure design, interior and exterior design, project administration, design and engineering services, procurement of equipments and controlling schedule and quality thereof and to provide other requisite infrastructure facilities to make the malls, shoppers plazas, shopping centres, departmental stores and such other real estate of every kind operational including but not limited to procurement of power, hiring/contracting security services, housing keeping facilities, catering services, engineering services, communication facilities and other day to day facilities of running malls either on its own or in partnership with others.

The Company has sought an approval of members through Postal Ballot, to inter alia, amend the main object clause of the company to undertake construction and development business. The postal ballot notice was dispatched to all the shareholders on November 25, 2010 and the results of the Postal Ballot is scheduled to be announced on December 30,



2010 and subject to the approval of members and Registrar of Companies the following new clause will be inserted in the Main Object Clause of Memorandum of Association of the Company:

*2A. To carry on the business in India or elsewhere of builders, contractors, erectors, constructors of buildings of all nature being residential, industrial, institutional or commercial, townships, holiday resorts, hotels, motels, shopping malls and preparing plans for building sites, constructing ,reconstructing, erecting, altering, improving, enlarging, developing, decorating, furnishing and maintaining of structures, flats, houses, factories, commercial buildings, garages, warehouses, buildings for all purposes and conveniences and to purchase for development, investment or for resale lands, houses, building, structures and other properties of any tenure and any interest therein and purchase, sell and deal in free-hold and lease-hold land and to make advances upon security of lands, houses, structures and other property or any interest therein and generally to purchase, sell, lease, hire, exchange or otherwise deal in land and house property and other property whether real or personal and to run the same into account as may seem expedient.*

The Company has been vested with the Mall Management Undertaking and Project Management Undertaking of Pantaloon Retail (India) Limited with effect from the appointed date viz. April 1, 2010 as per the Scheme of Arrangement sanctioned by the Hon'ble High Court of Judicature at Bombay vide order dated August, 24 2010.

Further, Future Merchandising Limited (Now known as Agre Properties & Services Limited (APSL) is the wholly owned subsidiary of the Company and the said subsidiary has been vested with Mall Asset Management Undertaking and Food Services Undertaking of Pantaloon Retail (India) Limited with effect from the appointed date viz. April 1, 2010 as per the Scheme of Arrangement sanctioned by the Hon'ble High Court of Judicature at Bombay vide order dated August, 24 2010.

**Scheme of Arrangement between Pantaloon Retail (India) Limited & the Company and Future Merchandising Limited (now known as Agre Properties & Services Ltd):**

As mentioned above, the Hon'ble High Court of Judicature at Bombay sanctioned the Scheme of Arrangement on August, 24 2010. A copy of the authenticated Order of the Hon'ble High Court has been filed with the office of the Registrar of Companies on August 28,2010. Accordingly, the Effective Date for the Scheme is August 28, 2010.

PRIL obtained No-Objection to the Scheme of Arrangement pursuant to Clause 24(f) of the Listing Agreement entered with Stock Exchanges from Bombay Stock Exchange Ltd and National Stock Exchange of India Ltd vide their letters dated April 28, 2010 and April 29, 2010 respectively.

The Hon'ble High Court of Judicature at Bombay had waived the requirement of holding meeting of shareholders of ADL and APSL as they have given their no objection through individual letters.

As per the Scheme of Arrangement, PRIL has transferred all assets, debts, liabilities, duties and obligations of every kind of its Mall Management Undertaking and Project Management Undertaking to ADL. Further, ADL issued and allotted equity shares to every member of PRIL, whose name appears in the register of members of PRIL, on the record date, in the following share entitlement ratio:

- ❖ 1 (One) fully paid Equity Share of Rs.10 (Rupees Ten Only) each of ADL issued and allotted for every 20 (Twenty) Equity Shares of Rs.2 (Rupees Two) each held in PRIL.
- ❖ 1 (One) fully paid Equity Share of Rs.10 (Rupees Ten Only) each of ADL issued and allotted for every 20 (Twenty) Class B Series 1 shares of Rs.2 (Rupees Two) each held in PRIL and
- ❖ 1 (One) fully paid up Equity Share of Rs.10 (Rupees Ten Only) each of ADL issued and allotted for every 20 (Twenty) Compulsorily Convertible Preference shares of Rs.100 (Rupees One Hundred Only) each held in PRIL.

The New Shares allotted pursuant to the Scheme of arrangement shall be subject to the provisions of the Memorandum and Articles of Association of ADL and shall inter-se rank pari passu in all respects.

**Treatment for fractional shares**

The Company has appointed Mr. Virendra Bhatt, a practicing Company Secretary, through an agreement to act as a trustee on behalf of such shareholders of PRIL who are eligible for fractional shares. The salient features of the said arrangement are as follows:

- ❖ All fractional entitlements of Equity Shares of the Company against the shareholders of PRIL arising as per the share entitlement ratio were consolidated and transferred to the

Trustee and will be converted into Equity Shares of the Company and allotted to the Trustee accordingly.

- ❖ Dividend, if any, declared and payable on the above allotted shares shall be paid to Trustee for further distribution to the shareholders who were entitled for the same.
- ❖ Trustee shall sell all the equity shares allotted to him as given hereinabove in open market and transfer entire proceedings together with dividend, if any, to the eligible shareholders.

PRIL has transferred all assets, debts, liabilities, duties and obligations of every kind of its Mall Asset Management Undertaking and Food Services Undertaking to APSL and no shares will be issued by APSL for demerger of Mall Asset Management Undertaking and Food Service Undertaking of PRIL into APSL.

On November 16, 2010, the Company acquired the entire paid up share capital of Precision Realty Developers Private Limited and the Company is engaged in the business of developing wholesale market and infrastructure projects.

### **General Information**

Agre Developers Limited (ADL) (Formerly known as Future Mall Management Limited) was incorporated on March 10, 2008 under the Companies Act, 1956 in the State of Maharashtra as a public limited company and a special resolution has been passed by the shareholders at an Extra Ordinary General Meeting held on September 20, 2010 to change the name of the Company to “Agre Developers Limited”. The Company obtained new Certificate of Incorporation with new name on October 4, 2010.

### **Registered Office**

Knowledge House, Shyam Nagar  
Off Jogeshwari -Vikhroli Link Road  
Jogeshwari East  
Mumbai 400 060

**Corporate Identity Number of the Company:** U51909MH2008PLC179914

Registrar of Companies: Registrar of Companies, Maharashtra, Mumbai  
Everest Building,  
100, Marine Drive, Mumbai - 400 002

Company Secretary & Compliance Officer : Mr. Anil Cherian

**Board of Directors:**

The composition of the Board of Directors is as follows:

SI No	Name of the Director	Designation
1	Mr. Anil Baijal	Independent Director & Chairman
2	Mr. Sumit Dabriwala	Managing Director
3	Mr. Rajesh Kalyani	Non Executive Director
4	Mr. K K Rathi	Non Executive Director
5	Mr. P L Agarwal	Independent Director
6	Mr. Rahul Saraf	Independent Director

For further details of the Board of Directors of the company, please see the section titled "Management".

**Authority for Listing**

The Hon'ble High Court of Judicature at Bombay, vide order dated August, 24 2010 has approved the Scheme of Arrangement for transfer of mall and project management undertaking into ADL. For more details relating to the scheme of arrangement please refer to the Section titled "**Object and Rationale of the Scheme**" on page number 36. In accordance with the Scheme of Arrangement, entire mall and project management undertaking of PRIL was transferred to and vested with ADL, with effect from the appointed date viz. April 1, 2010 pursuant to Section 391 to 394 of the Companies Act, 1956. In accordance with the said scheme, the Equity shares of the Company to be issued pursuant to the Scheme of Arrangement shall be listed and admitted to trading on Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Limited (NSE). Such listing and admission for trading is not automatic and will be subject to fulfillment of listing criteria by the Company as permitted by BSE and NSE for such issues and also subject to such other terms and conditions as may be prescribed by BSE and NSE at the time of the application for listing by the Company. The Company has received in principle approvals from BSE and NSE in relation to listing of equity shares issued pursuant to the scheme of arrangement vide their letters ref no DCS/AMAL/HS/IP/777/2010-11 dated November 18, 2010 and NSE/LIST/153913-E dated December 16, 2010 respectively. The Company has received exemption from the strict enforcement of the requirement of Rule 19(2)(b) (i) of the SCRR for the purpose of listing of shares of the Company from SEBI vide its letter dated CFD/DIL2/SK/EHM/OW/30177/2010 dated December 16, 2010.

**Eligibility Criterion**

There being no initial public offering or rights issue of securities, the eligibility criteria in terms of Chapter III of SEBI (ICDR) Regulations 2009 are not applicable. SEBI has vide its circular SEBI/CFD/SCRR/01/2009/03/09 dated September 3, 2009 (the "SEBI Circular"), has subject to certain conditions permitted unlisted issuer companies to make an application from the strict enforcement of Rule 19 (2) (b) of SCRR, as amended. The Company has submitted its

Information Memorandum, containing information to BSE and NSE and making such information available to public through their websites viz. www.bseindia.com, www.nseindia.com. The Company has made the said Information Memorandum available on its website viz www.futuregroup.in/adl.asp The Company will publish an advertisement in the news papers containing details in accordance with SEBI circular. The advertisement contained specific reference to the availability of this Information Memorandum on the website of the Company.

### **Prohibition by SEBI**

The Company, its Directors, its Promoter, other Companies promoted by the Promoter and companies with which the Company's directors are associated as directors have not been prohibited from accessing the capital markets under any order or direction passed by SEBI.

### **General Disclaimer from the Company**

The Company accepts no responsibility for statement made otherwise than in the Information Memorandum or in the advertisements to be published in terms of SEBI Circular SEBI/CFD/SCRR/01/2009/03/09 dated September 3, 2009 or any other material issued by or at the instance of the Company and anyone placing reliance on any other source of information would be doing so at his or her own risk. All information shall be made available by the Company to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner.

### **Bankers to the Company**

HDFC Bank Limited  
Corporation Bank

### **Statutory Auditors**

**NGS & Co.**  
Chartered Accountants  
B/46, 3<sup>rd</sup> Floor, Pravasi Industrial Estate  
Vishwesh Nagar Road, Goregaon (East)  
Mumbai – 400 063

Phone:+91-22-28766446 Fax:+91-22-28760882

### **Registrar & Share transfer Agent:**

Link Intime India Pvt. Ltd.  
C-13, Pannalal Silk Mills Compound  
L. B. S. Marg, Bhandup (West),  
Mumbai 400 078  
**Tel:** (022) 2596 3838  
**Fax:** (022) 2594 6969  
**E-mail :** mumbai@linkintime.co.in  
Mr. Mahadevan Iyer

### **Contact Person:**

**CAPITAL STRUCTURE**

CONSEQUENT TO ISSUE AND ALLOTMENT OF SHARES PURSUANT TO THE SCHEME, THE SHARE CAPITAL OF THE COMPANY IS AS FOLLOWS:

<b>SHARE CAPITAL</b>	<b>Aggregate Value (in Rs.)</b>
<b>Authorised Capital</b>	
2,00,00,000 Equity Shares of Rs. 10/- each	: 20,00,00,000
<b>Issued Capital</b>	
1,11,71,536 Equity Shares of Rs.10/- each	: 11,17,15,360
<b>Subscribed And Paid-Up Capital</b>	
1,11,70,966 Equity Shares of Rs. 10/- each fully paid up	: 11,17,09,660
 Number of Equity Shares issued as per Scheme of Arrangement approved by the High Court of Judicature at Bombay	
1,11,70,966 Equity Shares of Rs. 10/- each	: 11,17,09,660
 Paid up Equity Capital after implementation of the Scheme	
1,11,70,966 Equity Shares of Rs. 10/- each	: 11,17,09,660
<b>Share Premium Account</b>	
Before the Scheme	: Nil
After the Scheme (Rupees in crores)	: Rs.254.95 Cr

**Shares kept in abeyance**

570 Equity shares of the Company are kept in abeyance and the said shares will be allotted subsequent to completion of legal formalities to allot the original shares in PRIL which are currently held in abeyance.

## NOTES FORMING PART OF CAPITAL STRUCTURE

**1. Equity Share Capital History**

Sr. No.	Date Of Allotment	Date When Fully Paid Up	Consideration (Cash, Bonus, Kind, Etc.)	No. Of Equity Shares	Face Value (Rs.)	Issue Price (Rs.)	Lock-in Period
1	Subscribers to Memorandum*	On incorporation	Cash	50,000	10	10	N.A
* <i>The initial capital of Rs. 5,00,000 consisting of 50,000 equity shares of Rs.10/- each by way of subscription to Memorandum of Association has been cancelled pursuant to the Scheme of Arrangement approved by the Hon'ble court of Judicature at Bombay.</i>							
2.	September 23, 2010	September 23, 2010	Issuance of equity shares pursuant to the scheme of arrangement	1,11,70,966	10	N.A	Please refer Page No.35

2. The details of the Scheme of arrangement and share entitlement ratio are given in page no 26 under the head Scheme of Arrangement.
3. The Authorized Share Capital of the Company at the time of Incorporation was Rs.5,00,000/- (Rupees Five Lakh) divided into 50,000 Equity Shares of Rs.10/- each. Subsequently, the Authorized Share Capital of the Company was increased to Rs.20,00,00,000/- (Rupees Twenty Crores) divided into 2,00,00,000 (Two Crores) Equity Shares of Rs.10/- each vide an Ordinary Resolution passed by shareholders of the Company at an Extra Ordinary General Meeting held on August 28, 2010.
4. As per clause 8(i) of the Scheme, Board of Directors passed necessary resolution to allot 1,11,70,966 equity shares of Rs.10/- each to the eligible members of PRIL on September 23, 2010.
5. Promoter of ADL, their relatives and associates, and its directors have not purchased or sold or financed, directly or indirectly, any equity shares of the Company from the date of sanction of the scheme by the Hon'ble High Court of Judicature at Bombay till the date of submission of this information memorandum except as provided in scheme of arrangement.

**Shareholding Pattern of the Company before and after the scheme (as on date of Information Memorandum):**

Category code	Category of Shareholder	Shareholding prior to the Demerger		Shareholding Post Demerger	
		No	%	No	%
<b>(A)</b>	<b>Shareholding of Promoter and Promoter Group</b>				
<b>1</b>	<b>Indian</b>				
(a)	Individuals/ Hindu Undivided Family	-	-	541	0.00
(b)	Central Government/ State Government(s)				
(c)	Bodies Corporate	50,000	100	48,73,688	43.63
(d)	Financial Institutions/ Banks	-	-	-	-
(e)	Any Others(Specify)	-	-	-	-
(e-i)	Partnership Firms	-	-	-	-
	<b>Sub Total(A)(1)</b>	<b>50,000</b>	<b>100</b>	<b>48,74,229</b>	<b>43.63</b>
<b>2</b>	<b>Foreign</b>				
A	Individuals (Non-Residents Individuals/Foreign Individuals)	-	-	-	-
B	Bodies Corporate	-	-	-	-
C	Institutions	-	-	-	-
D	Any Others(Specify)	-	-	-	-
	<b>Sub Total(A)(2)</b>				
	<b>Total Shareholding of Promoter and Promoter Group (A) = (A)(1)+ (A)(2)</b>	<b>50,000</b>	<b>100</b>	<b>48,74,229</b>	<b>43.63</b>
<b>(B)</b>	<b>Public shareholding</b>				
<b>1</b>	<b>Institutions</b>				
(a)	Mutual Funds/ UTI	-	-	10,12,031	9.06
(b)	Financial Institutions / Banks	-	-	1,68,599	1.51
(c)	Central Government/ State Government(s)	-	-	-	-
(d)	Venture Capital Funds	-	-	-	-
(e)	Insurance Companies	-	-	5,40,255	4.83
(f)	Foreign Institutional Investors	-	-	25,35,606	22.70
(g)	Foreign Venture Capital Investors	-	-	-	-
(h)	Any Other (specify)	-	-	-	-
	<b>Sub-Total (B)(1)</b>	-	-	<b>42,56,491</b>	<b>38.10</b>
<b>B 2</b>	<b>Non-institutions</b>				
(a)	Bodies Corporate	-	-	7,08,232	6.34
(b)	Individuals:				
	i. Individual shareholders holding nominal share capital up to Rs 1 lakh	-	-	415,685	3.72
	ii. Individual shareholders holding nominal share capital in excess of Rs. 1 lakh.	-	-	292,957	2.62
(c)	Any Other (specify)	-	-	-	-
(c-i)	Clearing Member	-	-	12,025	0.11
(c-ii)	Non Resident Indians	-	-	4,200	0.04
(c-iii)	NRN	-	-	1,837	0.02
(c-iii)	Trust	-	-	6,05,310	5.42
	<b>Sub-Total (B)(2)</b>	-	-	<b>20,40,246</b>	<b>18.26</b>
<b>(B)</b>	<b>Total Public Shareholding (B)= (B)(1)+(B)(2)</b>	-	-	<b>62,96,737</b>	<b>56.37</b>
	<b>TOTAL (A)+(B)</b>	<b>50,000</b>	<b>100</b>	<b>1,11,70,966</b>	<b>100.00</b>
<b>(C)</b>	Shares held by Custodians and against which Depository Receipts have been issued	-	-	-	-
	<b>GRAND TOTAL (A)+(B)+(C)</b>	<b>50,000</b>	<b>100</b>	<b>1,11,70,966</b>	<b>100.00</b>



**Notes to Shareholding Pattern:**

- a) Top ten shareholders of the Company, other than shareholders belonging to the Promoter Group, as on the date of allotment of Equity Shares under the Scheme of Arrangement, being 23<sup>rd</sup> September 2010, is as follows:

<b>Sl.No</b>	<b>Name of the shareholder</b>	<b>No of Shares</b>	<b>%age</b>
1	Smallcap World Fund INC	4,53,802	4.06
2	ICICI Prudential Life Insurance Co Ltd.	2,85,895	2.56
3	The New Economy Fund	2,36,129	2.11
4	IDBI Trusteeship Services Ltd	2,20,287	1.97
5	Bennet Coleman and Company Ltd	2,20,160	1.97
6	IDBI Trusteeship Services Ltd	2,05,752	1.84
7	Dharmayug Investments Ltd	2,05,000	1.84
8	Janus Contrarian Ltd	2,03,985	1.83
9	FID Funds (Mauritius) Ltd	1,81,586	1.63
10	Julius Baer International Equity Fund	1,76,225	1.58

b) Details of shareholding of the Promoter and Promoter Group on the date of allotment of Equity Shares under the Scheme being September 23, 2010:

Sl.No	Name of the shareholder	No of Shares	%age
1	Mr. Kishore Biyani	50	0.00
2	Future Corporate Resources Ltd	41,13,387	36.82
3	Pantaloon Industries Ltd	7,15,214	6.40
4	Manz Retail Pvt Ltd	45,087	0.40
5	Others	491	0.01
	<b>Total</b>	<b>48,74,229</b>	<b>43.63</b>

c) Top ten equity shareholders of the Company as on the date of incorporation:

Sr. No.	Name of Shareholder	No. of Shares
1.	Pantaloon Retail (India) Ltd	49,994
2.	Others (nominees of Pantaloon Retail (India) Ltd)	6
	<b>Total</b>	<b>50,000</b>

1. As on the date of this Information Memorandum, there are no outstanding warrants, options or rights to convert debentures, loans or other instruments into equity shares of the Company.
2. The Company, its directors, its Promoter have not entered into any buy- back, standby or similar arrangements to purchase equity shares of the Company from any person.
3. There will be no further issue of capital whether by way of issue of bonus shares, preferential allotment, rights issue or in any other manner during the period commencing from the date of sanction of the scheme by the Hon'ble High Court of Judicature at Bombay upto listing of the Equity Shares allotted under to the scheme.
4. There shall be only one denomination for the equity shares of the Company, subject to applicable regulations and the Company shall comply with such disclosure and accounting norms specified by SEBI, from time to time.

5. The Company has 19,939 members as on the date of allotment of Equity Shares under the Scheme viz. September 23, 2010

6. Details of Locked in shares:

800,000 equity shares of Rs. 10 each of the Company held by Future Corporate Resources Limited (FCRL), a Promoter Group Company, will be locked-in for the period that the original shares in PRIL held by FCRL are under lock in and the details are as follows:

<b>Sl. No</b>	<b>No. of Equity Shares</b>	<b>Lock in release date</b>
1	550,000	22 <sup>nd</sup> May 2012
2	250,000	09 <sup>th</sup> September 2013

## **SCHEME OF ARRANGEMENT**

### **Object and Rationale of the Scheme**

The Scheme of Arrangement was for demerger of the Mall Management Undertaking and Project Management Undertaking of PRIL to the Company and to demerge the Mall Asset Management Undertaking and Food Services Undertaking of PRIL to APSL thereby unlocking the shareholders value and at the same time to enable growth of these companies as separate businesses.

APSL is a wholly owned subsidiary of the Company and shall not issue any shares for demerger of Mall Asset Management Undertaking and Food Services Undertaking of PRIL into APSL.

Pantaloon Retail (India) Ltd (PRIL) is a flagship company of the Future Group, a leading Indian business group promoted by Mr. Kishore Biyani.

PRIL operates one of the leading organized multi format retail businesses in India directly or indirectly through its subsidiaries, associates and joint ventures in various formats such as fashion, food, general merchandise, home improvement, furnishing solutions and consumer durables and electronics. PRIL operate its business through 252 stores covering an aggregate area of 5.76 million sq fts. and it employs more than 7,800 employees as on November, 30 2010. Further, PRIL transferred its value retail business viz. Big Bazaar, Food Bazaar etc with effect from January 1, 2010 to its wholly owned subsidiary ie Future Value Retail Limited (FVRL). As on November 30, 2010 FVRL operates its business through 381 stores covering an aggregate area of 8.19 million sq fts. and it employs nearly 21,000 employees.

The demerger of the Mall Management Undertaking and Project Management Undertaking of PRIL into the Company would lead to the better and specialized management of these businesses by a single entity.

The demerger of these businesses would enhance the equity value of PRIL's shareholders directly and reduce the liabilities of PRIL due to the transfer of the entire liabilities and obligations pertaining to these businesses thereby resulting in improved debt servicing by PRIL.

### **Rationale for issue of shares pursuant to the Scheme**

As per the Scheme of Arrangement, PRIL has transferred all assets, debts, liabilities, duties and obligations of every kind, of its Mall Management Undertaking and Project Management Undertaking to the Company and Mall Asset Management Undertaking and Food Services Undertaking to APSL, the wholly owned subsidiary of the Company. Thus, as consideration, the shareholders of PRIL

would be allotted shares in the Company in the ratio as mentioned below.

### **Share Entitlement Ratio**

Equity shares of the Company allotted on September 23, 2010 to the shareholders of PRIL as on the record date i.e. 20<sup>th</sup> September 2010 in the following share entitlement ratio:

- ❖ 1 (One) fully paid Equity Share of Rs.10 (Rupees Ten Only) each of the Company issued and allotted for every 20 (Twenty) Equity Shares of Rs.2 (Rupees Two) each held in PRIL;
- ❖ 1 (One) fully paid Equity Share of Rs.10 (Rupees Ten Only) each of the Company issued and allotted for every 20 (Twenty) Class B Series 1 shares of Rs.2 (Rupees Two) each held in PRIL.  
and
- ❖ 1 (One) fully paid up Equity Share of Rs.10 (Rupees Ten Only) each of the Company issued and allotted for every 20 (Twenty) Compulsorily convertible preference shares of Rs.100 (Rupees One Hundred Only) each held in PRIL.

Treatment on fractional shares arising on the Equity Shares of the Company against the shareholders of PRIL while applying the share entitlement ratio has been explained at page no26 of this Information Memorandum.

No equity shares will be issued or allotted in APSL under the Scheme of Arrangement for transferring Mall Asset Management Undertaking and Food Services Undertaking of PRIL to APSL.

### **Approval and Sanction of the Scheme of Arrangement**

The Hon'ble High Court of Judicature at Bombay, vide Order dated August 24, 2010, has sanctioned the Scheme of Arrangement. Pursuant to the Scheme of Arrangement, the Mall Management Undertaking and Project management undertaking of PRIL have been vested with the Company and Mall Asset Management Undertaking and Food Services Undertaking of PRIL have been vested with APSL with effect from April 1, 2010 (i.e. the Appointed Date under the Scheme of Arrangement) under Sections 391 to 394 read with Sections 78 and 100 to 103 of the Companies Act, 1956. The Equity Shares of the Company allotted pursuant to the Scheme of Arrangement, subject to applicable regulations, shall be listed and admitted to trading on BSE and NSE. Such listing and admission for trading is not automatic and will be subject to such other terms and conditions as may be prescribed by the Stock Exchange at the time of application by the Company for listing.

The aforesaid order of the Hon'ble High Court of Judicature at Bombay was filed by the Company and APSL with the Registrar of Companies ("ROC"), Maharashtra on August 28, 2010 which is the Effective Date of the Scheme.

The Company has made an application to SEBI through BSE vide its letter dated September 24, 2010 for relaxation from the strict enforcement of the requirement of Rule 19(2)(b) of the Securities Contract Regulation (Rules), 1957 (SCRR) for the purpose of listing the shares of ADL. This application was made in accordance with SEBI circular dated September 3, 2010.

This Information Memorandum will be available on the website of the Bombay Stock Exchange Limited, Mumbai, (BSE) and the National Stock Exchange of India Limited (NSE) and also in the website of Future Group [www.futuregroup.in/adl.asp](http://www.futuregroup.in/adl.asp)

ADL will publish an advertisement in the newspapers containing details in accordance with the SEBI circular SEBI/CFD/SCRR/01/2009/03/09 dated September 3, 2009.

ADL also undertakes that all material information about itself shall be disclosed to stock exchanges on a continuous basis so as to make the same available to public.

#### **Sequence of events of Scheme of Arrangement**

1. Board of Directors of the Demerged Company and the Resulting Company approved the Scheme of Arrangement at its Meeting held on April 23, 2010.
2. Application filed with the Hon'ble High Court of Judicature at Bombay on April 30, 2010 for the following:
  - a. Convening Shareholders meeting of the Demerged Company
  - b. Dispensation of Shareholders meeting of the Resulting Company
3. The Hon'ble High Court of Judicature at Bombay issued order on May 7, 2010 for the Convening Shareholders meeting of the Demerged Company on June 10, 2010
4. The Hon'ble High Court of Judicature at Bombay issued order on May 7, 2010 for the dispensation of Shareholders meeting of the Resulting Company
5. The Demerged Company held Shareholders meeting on June 10, 2010.
6. The Scheme of Arrangement sanctioned by the Hon'ble High Court of Judicature at Bombay on August 24, 2010. The said Court order filed with the Registrar of Companies, Mumbai on August 28, 2010.

## **STATEMENT OF POSSIBLE TAX BENEFITS**

*The information provided below sets out the possible tax benefits available to the shareholders of an Indian company in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the subscription, ownership and disposal of equity shares, under the current tax laws presently in force in India. Several of these benefits are dependent on the shareholders fulfilling the conditions prescribed under the relevant tax laws. Hence the ability of the shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which based on business imperatives it faces in the future, it may not choose to fulfill. The following overview is not exhaustive or comprehensive and is not intended to be a substitute for professional advice. Investors are advised to consult their own tax consultant with respect to the tax implications of an investment in the Shares particularly in view of the fact that certain recently enacted legislation may not have a direct legal precedent or may have a different interpretation on the benefits, which an investor can avail.*

### **STATEMENT OF POSSIBLE TAX BENEFITS AVAILABLE TO THE COMPANY'S SHAREHOLDERS UNDER THE INCOME TAX ACT, 1961 ("INCOME TAX ACT, 1961") AND OTHER DIRECT TAX LAWS PRESENTLY IN FORCE IN INDIA TAX BENEFITS AVAILABLE TO THE COMPANY'S SHAREHOLDERS**

This Statement sets out below the possible tax benefits available to the Company's shareholders under the current tax laws presently in force in India. Several of these benefits are dependent on such shareholders fulfilling the conditions prescribed under the relevant tax laws. Hence, the ability of the shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which based on the business imperatives, the shareholders may or may not choose to fulfill;

This Statement sets out below the provisions of law in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the subscription, ownership and disposal of equity shares. This statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for a professional tax advice. In view of the individual nature of tax consequences and the changing tax laws, each investor is advised to consult his or her or their own tax consultant with respect to the specific tax implications arising out of their participation in the issue; In respect of non-residents, the tax rates and the consequent taxation, mentioned in this section shall be further subject to any benefits available under the Double Taxation Avoidance Agreement, if any, between India and the country in which the non-resident has fiscal domicile; and The stated benefits will be available only to the sole / first named holder in case the shares are held by joint shareholders.

## **I. Tax Benefits available to shareholders of the Company under the Income Tax Act, 1961**

### **A. Resident shareholders**

1. Under Section 10(32) of the Income Tax Act, 1961, any income of minor children clubbed in the total income of the parent under Section 64(1A) of the Income Tax Act, 1961, will be exempt from tax to the extent of Rs.1,500 per minor child whose income is so included.

2. The Company is required to pay a 'dividend distribution tax' currently at the rate of 16.61% (including applicable surcharge and education cess) on the total amount distributed or declared or paid as dividend. Under Section 10(34) of the Income Tax Act, 1961, income by way of dividend referred to in Section 115-O of the Income Tax Act, 1961, received on the shares of the Company is exempt from income tax in the hands of shareholders. However it is pertinent to note that Section 14A of the Income Tax Act, 1961 restricts claims for deduction of expenses incurred in relation to exempt income. Thus, any expenses incurred to earn the dividend income is not an allowable expenditure.

3. The characterization of the gains/losses, arising from sale of shares, as capital gains or business income would depend on the nature of holding in the hands of the shareholder and various other factors.

4. (a) The long-term capital gains (under section 2(29B) of the Income Tax Act, 1961) accruing to the shareholders of the Company on sale of the Company's shares in a transaction carried out through a recognized stock exchange in India, and where such transaction is chargeable to securities transaction tax ("STT"), is exempt from tax as per provisions of Section 10(38) of the Income Tax Act, 1961.

(b) The short-term capital gains (under section 2(42A) of the Income Tax Act, 1961) accruing to the shareholders of the Company on sale of the Company's shares in a transaction carried out through a recognized stock exchange in India, and where such transaction is chargeable to STT, tax will be chargeable at 15% (plus applicable surcharge and education cess) as per provisions of Section 111A of the Income Tax Act, 1961. Further no deduction under Chapter VI-A of the Income Tax Act, 1961, would be allowed in computing such short term capital gains subjected to tax under Section 111A. In other cases, where the transaction is not subjected to STT, the short term capital gains would be chargeable as a part of the total income and the tax rates would depend on the income slab.

(c) As per the provisions of Section 112 of the Income Tax Act, 1961, long term gains accruing to the shareholders of the Company from the transfer of shares of the Company being listed in recognized stock exchanges, otherwise than as mentioned in point 4(a) above, is chargeable to tax at 10% (plus applicable surcharge and education cess) after deducting from the sale proceeds the cost of acquisition without indexation. However, the shareholders claiming the benefit of indexation would be subject to tax at 20% plus applicable surcharge and education cess on the



long term gains. Further no deduction under Chapter VI-A would be allowed in computing such long term capital gains subject to tax under Section 112 of the Income Tax Act, 1961.

(d) Shareholders are entitled to claim exemption in respect of tax on long term capital gains (other than those exempt under Section 10(38) of the Income Tax Act, 1961) under Section 54EC of the Income Tax Act, 1961, if the amount of capital gains is invested in certain specified bonds / securities within six months from the date of transfer, subject to the fulfillment of the conditions specified therein. The maximum investment permissible on and after April 1, 2007 for the purposes of claiming the exemption in the above bonds, by any person in a financial year, is Rs. 5 million. However, according to Section 54EC(2) of the Income Tax Act, 1961, if the shareholder transfers or converts the notified bonds into money within a period of three years from the date of their acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long term capital gains in the year in which such bonds are transferred or otherwise converted into money.

(e) Shareholders that are individuals or Hindu undivided families can avail of an exemption under Section 54F of the Income Tax Act, 1961, by utilization of the sales consideration arising from the sale of the Company's share held for a period of more than 12 months which is not exempt under Section 10(38)), for purchase/ construction of a residential house within the specified time period and subject to the fulfillment of the conditions specified therein.

### **B. 1 Non-resident shareholders – other than Foreign Institutional Investors**

1. Under Section 10(32) of the Income Tax Act, 1961, any income of minor children clubbed with the total income of the parent under Section 64(1A) of the Income Tax Act, 1961, will be exempt from tax to the extent of Rs.1,500 per minor child whose income is so included.
2. The Company is required to pay a 'dividend distribution tax' currently at the rate of 16.61% percent. (including applicable surcharge and education cess) on the total amount distributed or declared or paid as dividend. Dividend (whether interim or final) declared, distributed or paid, under Section 115-O of the Income Tax Act, 1961, by the Company are exempt in the hands of shareholders as per the provisions of Section 10(34) of the Income Tax Act, 1961. However it is pertinent to note that Section 14A of the Income Tax Act, 1961 restricts claim for deduction of expenses incurred in relation to exempt income. Thus, any expenses incurred to earn the dividend income is not an allowable expenditure.
3. The characterization of the gains/losses, arising from sale of shares, as capital gains or business income would depend on the nature of holding in the hands of the shareholder and various other factors.
4. The long-term capital gains accruing to a shareholder of the Company, being a non-resident, on sale of the Company's shares in a transaction carried out through a recognized stock exchange

in India, and where such transaction is chargeable to STT, is exempt from tax as per provisions of Section 10(38) of the Income Tax Act, 1961.

5. The short-term capital gains accruing to a shareholder of the Company on sale of the Company's shares in a transaction carried out through a recognized stock exchange in India, and where such transaction is chargeable to STT, tax is chargeable at 15% plus applicable surcharge and education cess as per provisions of Section 111A of the Income Tax Act, 1961. Further, no deduction under Chapter VI-A would be allowed in computing such short term capital gains subjected to tax under Section 111A. In other case, i.e. where the transaction is not subjected to STT, the short term capital gains would be chargeable as a part of the total income and the tax rate would depend on the income slab.

6. As per the provisions of Section 112 of the Income Tax Act, 1961, long term gains accruing to the shareholders of the Company, being non residents, from the transfer of shares of the Company being listed in recognized stock exchanges, otherwise than as mentioned in point 4 above, are chargeable to tax at 20% plus applicable surcharge and education cess after deducting from the sale proceeds the cost of acquisition. Such nonresident shareholders are allowed to adjust the cost of acquisition by the amount of foreign exchange rate fluctuations in computing long-term capital gains. Further, no deduction under Chapter VI-A would be allowed in computing such long term capital gains subjected to tax under Section 112.

7. Under the provisions of Section 90(2) of the Income Tax Act, 1961, if the provisions of the Double Taxation Avoidance Agreement (“DTAA”) between India and the country of residence of the non-resident are more beneficial, then the provisions of the DTAA shall be applicable.

8. The shareholders are entitled to claim exemption in respect of tax on long term capital gains other than those exempt under Section 10(38) of the Income Tax Act, 1961 under Section 54EC of the Income Tax Act, 1961, if the amount of capital gains is invested in certain specified bonds / securities within six months from the date of transfer subject to the fulfilment of the conditions specified therein. The maximum investment permissible for the purposes of claiming the exemption in the above bonds by any person in a financial year is Rs. 5 million. However, according to Section 54EC(2) of the Income Tax Act, 1961, if the shareholder transfers or converts the notified bonds into money within a period of three years from the date of their acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long term capital gains in the year in which such bonds are transferred or otherwise converted into money.

9. Individual shareholders can avail of an exemption under Section 54F by utilization of the sales consideration arising from the sale of company's share held for a period more than 12 months (which is not exempt under Section 10(38)), for purchase/construction of a residential house within the specified time period and subject to the fulfillment of the conditions specified therein.

## **B.2 Non-resident shareholders – Foreign Institutional Investors**

1. The Company is required to pay a 'dividend distribution tax' currently at the rate of 16.61% (including applicable surcharge and education cess) on the total amount distributed or declared or paid as dividend. Under Section 10(34) of the Income Tax Act, 1961, income by way of dividend referred to in Section 115-O received on the shares of the Company is exempt from income tax in the hands of shareholders. However it is pertinent to note that Section 14A of the Income Tax Act, 1961 restricts claim for deduction of expenses incurred in relation to exempt income.

2. The characterization of the gains/losses, arising from sale of shares, as capital gains or business income would depend on the nature of holding in the hands of the shareholder and various other factors.

3.(a) The long-term capital gains accruing to the shareholders of the Company on sale of the Company's shares in a transaction carried out through a recognized stock exchange in India, and where such transaction is chargeable to STT, is exempt from tax as per provisions of Section 10(38).

(b) The short-term capital gains accruing to the members of the Company on sale of the Company's shares in a transaction carried out through a recognized stock exchange in India, and where such transaction is chargeable to STT, tax will be chargeable at 15% plus applicable surcharge and education cess as per provisions of Section 111A. In other case, i.e. where the transaction is not subjected to STT, as per the provisions of Section 115AD of the Act, the short term capital gains would be chargeable to tax at 30% plus applicable surcharge and education cess.

(c) As per the provisions of Section 115AD of the Act, long term gains accruing to the shareholders of the Company from the transfer of shares of the Company being listed in recognized stock exchanges and purchased in foreign currency, otherwise than as mentioned in point 3(a) above, are chargeable to tax at 10% Plus applicable surcharge and education cess. The benefit of indexation and the adjustment with respect to fluctuation in foreign exchange rate would not be allowed to such shareholders. The filing of return under section 139(1) for income computed under Section 115AD is mandatory. Further, where the Gross Total Income (GTI) of the members includes any income on which tax has been paid as per special rates provided under Section 115AD, then the GTI shall be reduced by the amount of such income and deduction under chapter VIA shall be allowed in respect of reduced GTI.

(d) The shareholders are entitled to claim exemption in respect of tax on long term capital gains under Section 54EC of the Income Tax Act, 1961, if the amount of capital gains is invested in certain specified bonds /securities within six months from the date of transfer subject to the fulfilment of the conditions specified therein. The maximum investment permissible for the purposes of claiming the exemption in the above bonds by any person in a financial year is Rs. 5

million. However, according to section 54 EC(2) of the Income Tax Act, 1961, if the shareholder transfers or converts the notified bonds into money within a period of three years from the date of their acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long term capital gains in the year in which such bonds are transferred or otherwise converted into money.

4. Under the provisions of Section 90(2) of the Income Tax Act, 1961, if the provisions of the Double Taxation Avoidance Agreement (DTAA) between India and the country of residence of the non-resident are more beneficial, then the provisions of the DTAA shall be applicable.

## **II. Tax Benefits available to the shareholders under the Wealth-Tax Act, 1957**

Shares of company held by the shareholder will not be treated as an asset within the meaning of Section 2(ea) of Wealth Tax Act, 1957. Hence no Wealth Tax will be payable on the market value of shares of the Company held by the shareholder of the Company.

## **III. Tax Benefits available to the shareholders under the Gift Tax Act, 1958**

Gift Tax is not leviable in respect of any gifts made on or after 1st October, 1998. Therefore, any gift of shares of the company will not attract gift tax.

## **IV. Benefits available to Mutual Funds**

As per the provisions of Section 10(23D) of the Income Tax Act, 1961, any income of Mutual Funds registered under the SEBI Act, 1992 or regulations made there under, Mutual Funds set up by public sector banks or public financial institutions and Mutual Funds authorised by the Reserve Bank of India would be exempt from income tax, subject to the conditions as the Central Government may by notification in the Official Gazette specify in this behalf. However, Mutual Funds will be liable to pay tax on distributed income to unit holders under Section 115R of the Income Tax Act, 1961.

## **V. Tax Benefits available to Company under the Income Tax Act, 1961**

1. Under Section 10(34) of the Income Tax Act, 1961, income by way of dividend referred to in Section 115-O of the Income Tax Act, 1961, received on the shares of the Company is exempt from income tax in the hands of shareholders. However it is pertinent to note that Section 14A of the Income Tax Act, 1961 restricts claims for deduction of expenses incurred in relation to exempt income. Thus, any expenses incurred to earn the dividend income is not an allowable expenditure.

2. The long-term capital gains (under section 2(29B) of the Income Tax Act, 1961) accruing on sale of the Company's shares in a transaction carried out through a recognized stock exchange in India, and where such transaction is chargeable to securities transaction tax ("STT"), is exempt from tax as per provisions of Section 10(38) of the Income Tax Act, 1961.

3. As per the provisions of Section 112 of the Income Tax Act, 1961, long term gains accruing from the transfer of shares of the Company being listed in recognized stock exchanges is chargeable to tax at 10% (plus applicable surcharge and education cess) after deducting from the sale proceeds the cost of acquisition without indexation. However, the benefit of indexation would be subject to tax at 20% plus applicable surcharge and education cess on the long term gains.

4 The short-term capital gains (under section 2(42A) of the Income Tax Act, 1961) accruing on sale of the Company's shares in a transaction carried out through a recognized stock exchange in India, and where such transaction is chargeable to STT, tax will be chargeable at 15% (plus applicable surcharge and education cess) as per provisions of Section 111A of the Income Tax Act, 1961. In other cases, where the transaction is not subjected to STT, the short term capital gains would be chargeable as a part of the total income and the tax rates would depend on the income slab.

5. In case of loss under the head "Profit and Gains from Business or Profession", it can be set-off with other income and the excess can be carried forward for set off with the business income of the next eight Assessment Years subject to the fulfillment of the conditions specified therein.

#### **VI. Tax Deduction at Source**

No income-tax is deductible at source from income by way of capital gains under the present provisions of the Income Tax Act, 1961, in case of residents. However, as per the provisions of section 195 of the Income Tax Act, 1961, any income by way of capital gains, payable to non residents (long-term capital gains exempt under section 10(38) of the Income Tax Act, 1961), may be eligible to the provisions of with-holding tax, subject to the provisions of the relevant tax treaty. Accordingly income tax may have to be deducted at source in the case of a non- resident at the rate under the domestic tax laws or under the tax treaty, whichever is beneficial to the assessee unless a lower withholding tax certificate is obtained from the tax authorities.

**For NGS & Company  
Chartered Accountants**

**Place : Mumbai**

**Dated: December 22, 2010**

**Partner**

## SECTION IV - ABOUT US

*The information in this section is derived from various publicly available sources, government publications and other industry sources. This information has not been independently verified by us or respective legal or financial advisors, and no representation is made as to the accuracy of this information. Industry sources and publications generally state that the information contained therein has been obtained from sources generally believed to be reliable, but their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured and accordingly, investment decisions should not be based on such information.*

### **Industry Overview**

#### **Indian Economy**

A 'Vibrant Economy', India topped A T Kearney's list of emerging markets for retail investments for the third consecutive year in 2009. The 2nd fastest growing economy in the world, the 3rd largest economy in terms of GDP in the next 5 years and the 4th largest economy in PPP terms after USA, China & Japan, India is rated among the top 10 FDI destinations.

In terms of international tourist spending, India is the fastest-growing market in Asia Pacific, according to the Visa Asia Pacific release. If the economy has been growing at about 9 per cent a year, India's growth rate can actually exceed that of China by 2015. The Indian economy is expected to grow larger than Britain's by 2022 and Japan's by 2032, to become the third-largest economy in the world after China and US, and finally become the second largest economy after China by 2050, so the global economic forecasts say.

A report by investment banker Goldman Sachs, credits India with the potential to deliver the fastest growth over the next 50 years with an average rate of more than five per cent a year for the entire period. All these are clear portends in terms of investments and returns. Total FDI (foreign direct investment) inflow in 2007-08, was to the tune of USD25 billion – up 56% over previous year - with investments in infrastructure development and capital market continuing to flow in at a rapid pace.

To sustain an ambitious GDP growth target of nine per cent per annum, India needs to invest around USD 500 billion in development of Infrastructure over the next five years. Of this, about USD150 billion is expected to come from foreign investment. Indian retail industry itself has attracted total investment of over Rs.20,000 crore in creating infrastructure, systems & shop-fit.

At the heart of the India growth story is its population, the generators of wealth, both as producers and consumers. With the largest young population in the world - over 890 million people below 45 years of age, India indeed makes a resplendent market. The

country has more English speaking people than in the whole of Europe taken together. Its 300 million odd middle class, the “Real” consumers, has attracted the attention of the world, and as the economy grows so does India's middle class. It is estimated that 70 million Indians earn a salary of over USD 19,500 a year, a figure that is set to rise to 140 million by 2011. The number of effective consumers is expected to swell to over 600 million by this time – sufficient to establish India as one of the largest consumer markets of the world.

(Source: **India Retail Report 2009** by **IMAGES F&R Research**)

## **Retail**

The BMI India Retail Report for the third-quarter of 2010, released in May 2010 forecasts that the total retail sales will grow from US\$ 353.0 billion in 2010 to US\$ 543.2 billion by 2014. Strong underlying economic growth, population expansion, the increasing wealth of individuals and the rapid construction of organised retail infrastructure are key factors behind the forecast growth. As well as an expanding middle and upper class consumer base, there will also be opportunities in India's second and third-tier cities. The greater availability of personal credit and a growing vehicle population to improve mobility also contribute to a trend towards annual retail sales growth of 11.4 per cent.

Retail sales for the BMI universe of Asian countries in 2010 are a forecast US\$ 2.66 trillion. China and India are predicted to account for almost 91 per cent of regional retail sales in 2010 and by 2014 their share of the regional market is expected to be more than 92 per cent. Growth in regional retail sales for 2010-2014 is forecast by BMI at 72.2 per cent, an annual average of 14 per cent. India should experience the most rapid rate of growth in the region, followed by China. For India, its forecast market share of 13.9 per cent in 2010 is expected to increase to 14.3 per cent by 2014.

Mass grocery retail (MGR) sales in India are forecast to undergo enormous growth over the forecast period. BMI predicts that sales through MGR outlets will increase by 154 per cent to reach US\$ 15.29 billion by 2014. This is a consequence of India's dramatic, rapid shift from small independent retailers to large, modern outlets.

According to industry experts, the next phase of growth is expected to come from rural markets.

According to a market research report published in June 2008 by RNCOS titled, 'Booming Retail Sector in India', organised retail market in India is expected to reach US\$ 50 billion by 2011.

- Number of shopping malls is expected to increase at a CAGR of more than 18.9 per cent from 2007 to 2015
- Rural market is projected to dominate the retail industry landscape in India by 2012 with total market share of above 50 per cent

- Driven by the expanding retail market, the third party logistics market is forecasted to reach US\$ 20 billion by 2011
- Apparel, along with food and grocery, will lead organised retailing in India.

## **Opportunities**

India has one of the largest number of retail outlets in the world. The sector is witnessing exponential growth with retail development taking place not only in major cities and metros, but also in Tier-II and Tier-III cities.

In the next phase of the retail revolution in the country, retail companies are expected to tap the rural segment further as their key engine of growth. FMCG players are focusing on the rural market as it constitutes over 33 per cent of India's FMCG consumer base.

India is also receiving greater attention in terms of its offering a price-competitive sourcing base for large retail players. Global retailers such as Wal-Mart, GAP, Tesco, JC Penney, etc., are stepping up their sourcing from India and moving from third-party buying offices to establishing their own wholly-owned/wholly-managed sourcing and buying offices.

(source: India Brand Equity Foundation, [www.ibef.org](http://www.ibef.org))

## **Business Overview**

### **Mall and Project Management**

Mall management has been identified as a critical factor for the success of malls and the retail industry across the world. Mall management broadly includes mall positioning, zoning, tenant mix, promotions/marketing and facility/finance management. Currently, the Indian retail market lacks designated mall management firms. The practices followed in India in respect of mall management, Project management and mall asset management are in the initial stages of its evolution. The key for a successful shopping mall is relevant in terms of consumer needs, aspirations and futuristic requirements besides fulfilling other parameters such as design, content, right tenant mix and efficient mall management.

Essentially, the most physically visible aspect of mall and project management involves the maintenance of building services to ensure the smooth operation of a shopping center. In pre-occupancy stages, mall and project management includes the following: Procurement and commissioning of systems and equipments, and thereafter, generating tendering documents for vendors. In the post-occupancy stage, property management involves several facets, key among which are the following:

**Building management:** the ongoing maintenance and repair of the entire physical space of shopping centers, including facade, common areas, and parking lots as well as the maintenance of various systems, including - electrical and mechanical utilities, water, and fire management systems.



Tenancy works: monitoring the design and fit-out activities of new stores with a view to minimize disruption to shopping center operations. This also involves monitoring existing tenancies that require minor construction, infrastructural, and remedial works during the post-occupancy stages.

Landscape and ambience management: includes the management of elements such as flora, water bodies, public signage, and furniture as well as of the overall aesthetic ambience.

Energy management and conservation program: aims to reduce the overall energy cost for shopping centers, which in turn positively impacts net operating expenses. The Energy Management Program tries to integrate sustainable building principles right from the beginning of the life cycle of the shopping center, with the objective of reducing the environmental impact of the shopping center.

Planned preventive maintenance program: establishes and manages a planned preventive maintenance program for all equipment and machinery at the shopping center level, including the keeping of records for each piece of equipment and the frequency of their maintenance.

Safety and security management: is a critical aspect of formulating procedures and implementing the highest standards for the safety and security of shopping centers and its occupants, Thereby ensuring a secured shopping environment.

Customer care Management: involves evolving an efficient customer interfacing strategy, which incorporates information dissemination, query resolution, managing consumer feedback, and building loyalty through the various channels of interaction throughout the shopping center.

(Source: Report on Retail Asset Management by Jones Lang Lasalle Meghraj)

Pantaloon Retail (India) Limited (PRIL) operate its business through 252 stores covering an aggregate area of 5.76 million sq. ft. and it employs more than 7,800 employees as on November, 30 2010. Further, PRIL transferred its value retail business viz. Big Bazaar, Food Bazaar etc with effect from January 1, 2010 to its wholly owned subsidiary i.e Future Value Retail Limited (FVRL). As on November 30, 2010 FVRL operate its business through 381 stores covering an aggregate area of 8.19 million sq. ft. and it employs nearly 21,000 employees.

Our competitive strength is as follows:

- The management of the retail stores of Future Group that spread across India will benefit the Company to create its own brand image and niche in the market.
- The existence of an experienced professional management team consisting of a team of professionals with relevant experience and expertise will benefit the Company.

- Future Group is one of the leading retail groups in India with over 12 years of experience. The expertise of Future Group will help the Company to establish in the property market to manage world class shopping centers in India.

## **HISTORY**

### **Changes in Memorandum and Articles of Association since incorporation:**

- a. Special Resolution has been passed by the shareholders at an Extra Ordinary General Meeting held on June 9, 2010 to amend the Articles of Association.
- b. The Main Object Clause of the Memorandum of Association of the Company has been amended through a Special Resolution passed at an Extra Ordinary General Meeting held on August 28, 2010.
- c. The Authorized Capital of the Company was increased to Rs. 20,00,00,000 from Rs.5,00,000 by creation of new 1,99,50,000 equity shares of Rs.10 each ranking paripassu with existing equity shares by amending the Capital Clause of the Memorandum of Association through an ordinary Resolution passed at an Extra Ordinary General Meeting held on August 28, 2010.
- d. Special Resolution has been passed by the shareholders at an Extra Ordinary General Meeting held on September 20, 2010 to change the name of the Company from Future Mall Management Limited to Agre Developers Limited.
- e. Special Resolution has been passed by the shareholders at an Extra Ordinary General Meeting held on September 20, 2010 to adopt a new set of Articles of Association for the Company.
- f. The Company has sought an approval of members through Postal Ballot to, inter alia, amend the main object clause of the Company to undertake construction and development business. The postal ballot notice was dispatched to all the shareholders on November 25, 2010 and the results of the Postal Ballot is scheduled to be announced on December 30, 2010. The details in relation to the new clause are given in page nos 24 and 25 of this Information Memorandum.

**Registered Office:** The registered office of the Company is situated at Knowledge House, Shyam Nagar, Off Jogeshwari-Vikhroli Link Road, Jogeshwari (East), Mumbai 400 060.

**MANAGEMENT****Board of Directors**

The following table sets forth details regarding the Board of Directors:

<b>Name of Directors, Age in Years, Designation, Occupation, Father's Name and Address</b>	<b>Other Directorships</b>
Mr. Anil Baijal, IAS (Rtd), 63 years Independent Director & Chairman Service S/o Late Mr H C Baijal E 524 (2 <sup>nd</sup> Floor), Greater Kailash Part II, New Delhi 110 048	1. ITC Limited 2. DLF Pramerica Life Insurance Co Ltd 3. IDFC PPP Trusteeship Co Ltd 4. MMTC Ltd 5. International Travel House Ltd 6. Apna Adhikar Legal Services Pvt Ltd
Mr. Sumit Dabriwala, 40 years Managing Director Service S/o Raj Kumar Dabriwala 7C, Middleton Street, Kolkata 700 071	1. Calcutta Metropolitan Group Ltd. 2. Bengal United Credit Belani Housing Ltd. 3. Hiland Projects Ltd. 4. Dewar's Garage Ltd. 5. FH Residencies Ltd. 6. Riverbank Holdings Pvt. Ltd. 7. Riverbank Developers Pvt. Ltd. 8. Rhamni Projects Pvt. Ltd. 9. Hilton Commotrade Pvt. Ltd. 10. Urbanus Infrastructure Development Pvt. Ltd. 11. Singh Commercial Pvt. Ltd. 12. Future Realtors India Pvt. Ltd. 13. Bansi Mall Management Co. Pvt. Ltd. 14. Riddhi Siddhi Mall Management Pvt. Ltd. 15. Harmony Malls Management Pvt. Ltd. 16. Unique Malls Pvt. Ltd. 17. Suhani Mall Management Co. Pvt. Ltd. 18. Vishnu Mall Management Pvt. Ltd. 19. Gupta Infrastructure (India) Pvt. Ltd.
Mr. Rajesh Kalyani, 41 years Non Executive Director	1. Future Value Retail Ltd. 2. Erudite Knowledge Services Ltd.

<b>Name of Directors, Age in Years, Designation, Occupation, Father's Name and Address</b>	<b>Other Directorships</b>
Service S/o Ramjilal Kalyani Flat No 1506, Oberoi Park View Tower A, Thakur Village W E Highway, Kandivali (East) Mumbai 400 101	<ol style="list-style-type: none"> <li>3. Future Ideas Realtors India Ltd.</li> <li>4. Fashion Global Retail Ltd.</li> <li>5. Future Human Development Ltd.</li> <li>6. Asian Retail Lighting Ltd.</li> <li>7. FH Residencies Ltd.</li> <li>8. Suhani Mall Management Company Private Ltd.</li> <li>9. Future Capita Investment Pvt. Ltd.</li> <li>10. Central Departmental Stores Pvt. Ltd.</li> <li>11. Riddhi Siddhi Mall Management Pvt. Ltd.</li> <li>12. Shreya Mall Management Pvt. Ltd.</li> <li>13. Suhani Trading and Investment Consultants Pvt Ltd</li> <li>14. Aashirwad Malls Private Ltd.</li> <li>15. Future Lighting India Ltd.</li> <li>16. Future Retail Destination Private Ltd.</li> <li>17. Harsh Trading &amp; Investment Consultants Pvt Ltd</li> <li>18. Akar Estate Finance Pvt Ltd</li> <li>19. Gupta Infrastructure India Private Ltd</li> <li>20. Bansi Mall Management Pvt. Ltd.</li> <li>21. Iskrupa Mall Management Co Pvt. Ltd.</li> <li>22. Utsav Mall Management Co Pvt. Ltd.</li> </ol>
Mr. K K Rathi, 48 years Non Executive Director Service S/o Mr Radhamohan Rathi B 72, Dakhina Park, 7 <sup>th</sup> Floor N S Road, Road No 10 JVPD Scheme, Juhu, Mumbai 400 049	<ol style="list-style-type: none"> <li>1. Future Capital Holdings Ltd.</li> <li>2. Future Generali India Insurance Co Ltd;</li> <li>3. Future Generali India Life Insurance Co. Ltd.</li> <li>4. Sain Advisory Services Pvt. Ltd.</li> <li>5. Shendra Advisory Services Pvt. Ltd.</li> <li>6. Holii Accessories Pvt. Ltd.</li> <li>7. Aadhar Retailing Limited</li> <li>8. AU Financiers (India) Pvt. Ltd.</li> <li>9. Dixon Technologies (India) Pvt. Ltd.</li> <li>10. FCH Centrum Direct Limited</li> <li>11. FCH Centrum Wealth Managers Limited</li> <li>12. Myra Mall Management Co Ltd.</li> </ol>

<b>Name of Directors, Age in Years, Designation, Occupation, Father's Name and Address</b>	<b>Other Directorships</b>
	13. Future Capital Financial Services Ltd 14. Future Finance Ltd
Mr. P L Agarwal, 68 years Independent Director Lawyer S/o. Late Rameshwarlal Agarwal 9, Sarojini Naidu Sarani, 1st Floor Kolkata 700 017	1. Albert David Limited 2. Cookson India Private Limited 3. Dhunseri Investments Limited 4. Dharampal Premchand Limited 5. DIC India Limited 6. Karam Chand Thapar & Bros (Coal Sales) Limited 7. Rossell Tea Limited 8. The Oodlabari Company Limited 9. Hiland Projects Limited
Mr. Rahul Saraf, 44 years Independent Director Business S/o. Mr. Sanwar Mull Shroff 3, Hungerford Street, Kolkata 700 017	1. Titanium Mineral Products Ltd. 2. Adityapur City Centre Hospital Pvt Ltd 3. Adityapur City Centre Hotel Pvt Ltd 4. Alpha Aluminium Pvt Ltd 5. Credai Bengal Pvt Ltd 6. Forum Development and Construction Co Pvt Ltd. 7. Forum ETA Realty Pvt Ltd 8. Forum Housing Pvt Ltd 9. Forum Infrastructure Pvt Ltd 10. Forum Mall Management Services Pvt Ltd 11. Forum Mega Malls Pvt Ltd 12. Forum Project Holdings Pvt Ltd 13. Forum Projects Pvt Ltd 14. Forum Realtors Pvt Ltd 15. Forum Retail Pvt Ltd 16. Forum Riviera Constructions Pvt Ltd 17. Forum Shopping Centres Pvt Ltd 18. Forum Shopping Mall Pvt Ltd 19. Forum Ventures Pvt Ltd 20. H J Properties Pvt Ltd 21. Heilgers Development & Construction Co Pvt Ltd 22. Hind Ceramics Pvt Ltd 23. Safari Retreats Pvt Ltd 24. Safari Agencies Pvt Ltd 25. Safari Services Pvt Ltd

Name of Directors, Age in Years, Designation, Occupation, Father's Name and Address	Other Directorships
	26. Technopolis Infrastructure Pvt Ltd 27. Titanium Mineral Products Ltd 28. Titanium Products Pvt Ltd

### Brief Profile of the Directors

- 1. Mr. Anil Baijal:** Anil Baijal, IAS (Retd.), in his long career spanning over 37 years, has held several eminent positions including that of Union Home Secretary, Chairman and Managing Director of Indian Airlines, Additional Secretary, Ministry of Information & Broadcasting, Joint Secretary in the Ministry of Civil Aviation of Government of India and also as the Chief Executive of Prasar Bharti Corporation. Mr. Baijal joined the Indian Administrative Service in 1969 from the Union Territories Cadre and superannuated in October 2006 as Secretary of Ministry of Urban Development, Government of India. He piloted the flagship programme of the Jawaharlal Nehru Urban Renewal Mission for improving infrastructure and basic services in the urban areas of the country. Mr. Baijal serves as a Director of DLF Pramerica Life Insurance Company Ltd., IDFC PPP Trusteeship Company Ltd., Urban Space Consultants Pvt Ltd. and Apna Adhikar Legal Services Pvt Ltd. He serves as an Independent Director on the Boards of MMTC Ltd and ITC Limited.
- 2. Mr. Sumit Dabriwala:** Sumit Dabriwala is a Commerce Graduate from St. Xaviers' College in Kolkata having 21 years of corporate experience with specific exposure in real estate businesses for more than a decade. In the year 1997 the Government of West Bengal tendered the selection of a private sector partner for the setting up of a joint venture for the initial development of an area aggregating to 1.7 million sqft in Kolkata. Sumit was instrumental in the successful execution of the project. The said joint venture further secured the right to develop an integrated township in the south eastern Kolkata on a 262 acre parcel of land owned by Bata India Limited, which is developing into one of marquee projects of the city. In his earlier stint (1989-94), Sumit successfully managed United Credit Limited, a listed NBFC involved in transport financing and also its associate Company United Credit Financial Services Ltd.
- 3. Mr. P L Agarwal:** P L Aggarwal is a lawyer with an experience of over forty years dealing in commercial, corporate, real estate and intellectual property, banking and finance laws and has handled several assignments in these fields over the years. He has rich experience in mergers & acquisitions – due diligence, structuring, documentation involving listed companies, cross – border transactions, medium and small business etc. He is an advisor to a range of large Indian and multinational clients in various business

*sectors including infrastructure, power, telecom, automobile, engineering, steel, cement, banks, non banking financial institutions, agriculture and agri-products, software, information technology, retail, services etc. He is the Senior Partner in Khaitan & Co, Advocates & Solicitors and holding directorships in many reputed corporates.*

4. **Mr. Rahul Saraf:** *Rahul Saraf, the Managing Director of Forum Projects, has over 20 years of experience in the real estate industry. Rahul was instrumental in developing Forum, one of Kolkata's first shopping malls and won the prestigious "Brick and Mortar" Award for its quality construction, and was nominated for various retail awards. Rahul developed Forum Mart, one of country's first shopping mall in a tier three city. The India Today magazine acknowledged him as the "Mall Man of the East". Rahul Saraf was the Vice President of CREDAI Bengal the real estate developers' federation in West Bengal. He has been Chairman (Eastern Region) of the India Green Building Council. He is also one of the founding members of Shopping Centre Association of India (SCAI).*
  
5. **Mr. Rajesh Kalyani:** *Rajesh Kalyani is a member of the Institute of Chartered Accountants of India with 21 years of experience . He is in employment at a senior position with one of the leading organised retailer and has wide experience in areas of business planning, project & working capital management, properties, commercial & taxation matters.*
  
6. **Mr. K K Rathi:** *K.K. Rathi, is a qualified Chartered Accountant and Company Secretary with approximately 24 years of professional experience. He has prior experience in corporate finance, strategic business planning and investment advisory, which was acquired in reputable organisations such as KEC International Limited, H&R Johnson (India) Limited, PRIL and Motilal Oswal Private Equity Advisors Private Limited. He has previously worked as Group CFO with PRIL where he was responsible for strategic planning, mergers and acquisitions, treasury management and corporate governance. K.K. Rathi is also a director of various companies including Future Generali India Life Insurance Company Limited, Future Generali India Insurance Company Limited, Sain Advisory Private Limited, FCH Centrum Direct Limited, FCH Centrum Wealth Managers Limited and Future Capital Holdings Limited.*

### COMPENSATION TO MANAGING DIRECTOR

Mr. Sumit Dabriwala is the Managing Director of the Company and the details of his remuneration are as follows. The remuneration payable is subject to the approval of members and the Central Government pursuant to the provisions of the Companies Act, 1956.

Sl. No.	Particulars	Annual remuneration in Rs.
1	Gross monthly salary @ Rs.14,75,000 p.m	17,700,000
2	Annual Fixed pay	
	Ex Gratia	30,000
	Medical reimbursement	15,000
	Leave Travel Allowance	30,000
3	Perquisites	
	Medical insurance	31,200
	Life Security Plan-Premium	40,000
	Car allowance	336,000
	Driver's salary	78,000
	Fuel reimbursement	156,600
4	Retirals	
	Provident Fund	576,000
	Gratuity	As per company policy



## CORPORATE GOVERNANCE

The provisions of clause 49 of the listing agreement with respect to corporate governance will be applicable to ADL upon the listing of its Equity Shares on BSE and NSE.

ADL has already appointed required number of independent directors on its Board and has also constituted the Audit Committee and Investors Grievances Committee on September 23, 2010.

ADL has adopted the Corporate Governance Code as per Clause 49 of the listing agreement entered into with the Stock Exchanges prior to listing.

**Details of the Board and its committees are as follows:**

### a. Composition of the Board

Sl. No	Name of the Director	Category
1	Mr. Anil Baijal	Independent Director & Chairman
2	Mr Sumit Dabriwala	Managing Director
3	Mr. P L Agarwal	Independent Director
4	Mr. Rahul Saraf	Independent Director
5	Mr Rajesh Kalyani	Non Executive Director
6	Mr K K Rathi	Non Executive Director

### b. Composition of Audit Committee

Sl. No	Name of the Director	Category
1	Mr. Anil Baijal	Independent Director
2	Mr. P L Agarwal	Independent Director
3	Mr Rajesh Kalyani	Non Executive Director

**c. Composition of Shareholders'/Investors' Grievance Committee**

<b>Sl. No</b>	<b>Name of the Director</b>	<b>Category</b>
1	Mr. P L Agarwal	Independent Director
2	Mr. Sumit Dabriwala	Managing Director
3	Mr. Rajesh Kalyani	Non Executive Director

**d. Composition of Remuneration Committee**

<b>SINo</b>	<b>Name of the Director</b>	<b>Category</b>
1	Mr. Rahul Saraf	Independent Director
2	Mr K K Rathi	Non Executive Director
3	Mr Rajesh Kalyani	Non Executive Director

**Shareholding of Directors**

<b>SI No</b>	<b>Name of the Director</b>	<b>No of Shares</b>	<b>%age</b>
1	Mr. Sumit Dabriwala	Nil	0.00
2	Mr. Anil Baijal	Nil	0.00
3	Mr. P L Agarwal	Nil	0.00
4	Mr. Rahul Saraf	Nil	0.00
5	Mr. KK Rathi	50	0.00
6	Mr. Rajesh Kalyani	Nil	0.00

The Articles of Association of the Company do not require the Directors of the Company to hold any qualification shares.

## **INTEREST OF PROMOTERS AND DIRECTORS**

All the Directors may be deemed to be interested only to the extent of fees, if any, payable to them for attending meetings of the Board or committees thereof as well as to the extent of reimbursement of expenses payable to them under the Articles.

The Directors may also be regarded as interested in the shares held and subscribed by and allotted/transferred to the Companies, firms and trusts, in which they are interested as directors, Members, partners and or trustees. All Directors may be deemed to be interested in the contracts, agreements/arrangements entered into or to be entered into by ADL with any company in which they hold Directorships or any partnership firm in which they are partners as declared in their respective declarations.

Further, the Directors are interested to the extent of equity shares that they are holding and are allotted to them pursuant to the Scheme of Arrangement, and also to the extent of any dividend payable to them and other distributions in respect of the equity shares.

Except as stated otherwise in this Information Memorandum, the Company has not entered into any contract, agreement or arrangement during the preceding two years from the date of the Information Memorandum in which the Directors are directly or indirectly interested.

### **Changes in the Board of Directors since incorporation of the Company viz. March 8, 2010**

<b>Sl. No</b>	<b>Name of the Director</b>	<b>Appointment/ Resignation</b>	<b>Date</b>
1	Mr. C P Toshniwal	Resignation	January 09, 2009
2	Mr. Deepak Tanna	Appointment	January 09, 2009
3	Mr. Sumit Dabriwala	Appointment	September 21,2010
4	Mr. Anil Baijal	Appointment	September 23,2010
5	Mr. P L Agarwal	Appointment	September 23,2010
6	Mr. Rahul Saraf	Appointment	September 23,2010
8	Mr. KK Rathi	Appointment	September 23,2010
9	Mr. Rajesh Kalyani	Appointment	September 23,2010
10	Mr. Harsha Saxena	Resignation	September 24,2010
11	Mr. Sanjay Rathi	Resignation	September 24,2010
12	Mr. Deepak Tanna	Resignation	September 24,2010

### **Date of Expiration of Current term of Office of Directors:**

The Managing Director is appointed for a term of 3 years with effect from 21<sup>st</sup> September 2010 and all other directors are liable to retire by rotation.

### **Key Management Personnel**

The Company is managed by the Board of Directors assisted by qualified professionals, with vast experience in the fields of projects/finance/marketing and corporate laws and the details are as follows:

<b>Name &amp; Designation</b>	<b>Date of Birth</b>	<b>Date of Joining</b>	<b>Qualification</b>	<b>Experience in years</b>	<b>Shareholding</b>
Mr. Sumit Dabriwala, Managing Director	Feb 16, 1970	Sept 21, 2010	Bachelor in Commerce	21	Nil
Ms. Naina Hegde, Chief Financial Officer	Dec 18, 1962	Sept 15, 2010	ACA	17	Nil
Mr. Anil Cherian, Company Secretary	May 27, 1973	June 14, 2010*	Bachelor in Commerce; Bachelor in Law; and ACS	11	Nil
Mr. Rajshekhar Inglay, Head – Project Division	Aug 28, 1968	Nov 5, 2005*	MTech	18	Nil
Mr. Rampal Ladha, Asst. Vice President	Dec 23, 1967	Aug 6, 2007*	Bachelor in Commerce and FCA	16	Nil

\*Earlier employed with PRIL

### **Employees**

Pursuant to the Scheme of Arrangement, employees of PRIL related to the mall management and project management undertakings have been transferred to the Company. There are 261 employees on the rolls of the Company as on December 15, 2010.

## **PROMOTERS**

### **Details of Promoters:**

Prior to the Scheme becoming effective, the Company was a wholly owned subsidiary of Pantaloon Retail (India) Limited (PRIL). Pursuant to the Scheme becoming effective, the Company has allotted equity shares to the shareholders of PRIL on the record date. In terms of the provisions of scheme, the existing shareholding of PRIL in the company has been cancelled. Mr. Kishore Biyani is the Promoter of the Company.

Mr.Kishore Biyani is a commerce graduate from H. R. College and has a post-graduate diploma in marketing management from Institute of Marketing and Management. He has over 25 years of experience in the field of manufacturing and retailing. He has received several awards including the ‘CEO of the Year - 2001’, ‘the most Admired Retailer of the Year – 2004’, the ‘Retail Face of the Year - Images Retail Awards 2005’, the ‘E&Y Entrepreneur of the Year – Services – 2006’, the ‘Lakshmipat Singhania - IIM, Lucknow National Leadership Award, 2006 - Young Leader in the field of Business’, the ‘Most Admired Retail Face of the Year’ of Images Retail Awards, 2007 and 2008 and the ‘Most Admired F&G Retail Visionary of the Year 2008’ of the Coca-Cola Golden Spoons Awards 2008.

His residential address is 406, Jeevan Vihar, 5, Manav Mandir Road, Mumbai 400 006.

**DIVIDEND POLICY**

We have not declared or paid any cash dividend on our Equity Shares in the past. The declaration and payment of dividends if any, will be recommended by our Board of Directors and approved by our shareholders in their discretion, and will depend on a number of factors, including but not limited to our earnings, capital requirements and overall financial position. The Company has no stated dividend policy. This is not indicative of our dividend policy or dividend amount, if any in the future.

**SECTION V – FINANCIAL INFORMATION****CHANGES IN ACCOUNTING POLICIES**

There was no material change in accounting policies since incorporation

**FINANCIAL STATEMENTS OF THE COMPANY****AUDITORS REPORT**

To the Board of Directors of  
Agre Developers Limited.  
(Formerly known as Future Mall Management Limited)

1. We have audited the accompanying balance sheet of Agre Developers Limited as at September 30, 2010 and the statement of profit and loss for the period April 1, 2010 to September 30, 2010 then ended, prepared in conformity with the accounting principles generally accepted in India. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We have obtained all the information and explanations, which to the best of our knowledge and belief, were necessary for the purposes of our audit.
4. In our opinion, and to the best of our information and according to the explanations given to us, the accompanying financial statements give a true and fair view of the state of affairs of Agre Developers Limited as at September 30, 2010 and of its loss for the period then ended, in conformity with the accounting principles generally accepted in India. Further, the balance sheet and the statements of profit and loss are in agreement with the books of account. In our opinion, the Company has maintained proper books of account as required by law insofar as appears from our examination of those books.
5. Our report is intended solely for use of the management for inclusion in the information memorandum in connection with listing of equity shares of the company and should not be used for any other purpose except with our consent in writing.

**For NGS & Co.**

Chartered Accountants  
Firm Registration No 119850W

Navin T Gupta  
Partner  
Membership No 40334  
Place: Mumbai  
Date: December 22, 2010

**BALANCE SHEET AS AT SEPTEMBER 30, 2010 (FOR THE PERIOD APRIL1, 2010 TO SEPTEMBER 30, 2010)**

(Amount in Rupees)

Particulars	Schedule No.	As at	As at
		September 30, 2010	March 31, 2010
<b>SOURCES OF FUNDS</b>			
<b>Shareholders' Funds</b>			
Share Capital	1	111,709,660	500,000
Reserves & Surplus	2	2,544,917,719	-
		2,656,627,379	500,000
<b>Deferred Tax Liability(Net)</b>		523,517	-
		2,657,150,896	500,000
<b>APPLICATION OF FUNDS</b>			
<b>Fixed Assets</b>			
Gross Block	3	40,405,390	-
Less Depreciation		6,602,516	-
Net Block		33,802,875	-
<b>Investments</b>	4	2,547,925,005	500,000
<b>Current Assets, Loans &amp; Advances</b>			
Sundry Debtors	5	93,719,680	-
Cash & Bank Balances	6	17,328,101	460,981
Loans & Advances	7	6,628,067	-
		117,675,848	460,981
<b>Less Current Liabilities &amp; Provisions</b>			
Current Liabilities	8	45,345,080	539,898
Provisions	9	3,397,498	-
		48,742,578	539,898
<b>Net Current Assets</b>		68,933,270	(78,917)
Profit & Loss Account		6,489,747	78,917
		2,657,150,896	500,000
Significant Accounting Policies & Notes to Accounts	13		

As per our report of even date attached

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

For and on behalf of the Board of Directors of  
Agre Developers Limited

Navin T. Gupta  
Partner  
Membership No.: 40334  
Place : Mumbai  
Date : December 22, 2010

Director Director



**PROFIT & LOSS ACCOUNT FOR THE PERIOD FROM APRIL 1, 2010 TO  
SEPTEMBER 30, 2010**

**(Amount in Rupees)**

Particulars	Schedule No	Period ended	Financial year ended
		September 30, 2010	March 31, 2010
<b>INCOME</b>			
Service Income (Operating Income)		<b>86,746,262</b>	-
Other Income	<b>10</b>	<b>2,908,300</b>	-
		<b>89,654,562</b>	-
<b>Expenditure</b>			
Personnel Cost	<b>11</b>	<b>36,954,629</b>	-
Administrative & Other Expenses	<b>12</b>	<b>57,538,609</b>	20,245
Depreciation	<b>3</b>	<b>1,048,637</b>	-
		<b>95,541,875</b>	20,245
<b>Profit/(loss) before Tax</b>		<b>(5,887,313)</b>	<b>(20,245)</b>
Less: Tax Expenses			
a. Current Tax		-	-
b. Deferred Tax		<b>523,517</b>	-
<b>Profit/(loss) after Tax</b>		<b>(6,410,830)</b>	<b>(20,245)</b>
Add: Balance brought forward		<b>(78,917)</b>	<b>(58,672)</b>
Balance carried to balance sheet		<b>(6,489,747)</b>	<b>(78,917)</b>
		<b>(6,489,747)</b>	<b>(78,917)</b>
<b>Earnings per Share in Rs. (Face value Rs.10) Basic &amp; Diluted-Equity</b>		<b>(0.57)</b>	<b>(0.40)</b>
Significant Accounting Policies & Notes to Accounts	<b>13</b>		

As per our report of even date attached

For NGS & Co  
Chartered Accountants  
Firm Registration No 119850W

Navin T. Gupta  
Partner  
Membership No.: 40334  
Place : Mumbai  
Date: December 22, 2010

For and on behalf of the Board of Directors of  
Agre Developers Limited

Director                      Director

## Schedules to Balance Sheet as at September 30, 2010

	As at September 30, 2010	As at March 31, 2010
	(Amount in Rupees)	(Amount in Rupees)
<b>SCHEDULE 1 : SHARE CAPITAL</b>		
<b><u>Authorised</u></b> 20,000,000 (50,000) Equity Shares of Rs.10/- each	<b>200,000,000</b>	500,000
<b><u>ISSUED, SUBSCRIBED &amp; PAID UP</u></b> 1,11,70,966 (50,000) Equity Share of Rs 10/- each fully paid up (of the above 1,11,70,966 shares issued for the consideration other than cash) (See Note No.2(b) of Schedule 13)	<b>111,709,660</b>	500,000
	<b>111,709,660</b>	500,000
<b>SCHEDULE 2 : RESERVES &amp; SURPLUS</b>		
<b>Share Premium</b> Balance, at beginning of the year Add : Adjustments in Demerger Scheme (See Note No.2(b) of Schedule 13)	- <b>2,544,917,719</b>	- -
	<b>2,544,917,719</b>	-
<b>SCHEDULE 3 (given on next page)</b>		
<b>SCHEDULE 4 : INVESTMENTS</b>		
<b>LONG TERM INVESTMENT</b>		
<b>Non Trade</b>		
<b>In Equity Shares - Unquoted, Fully paid up of Rs.10/- each</b>		
<b>Subsidiary Company</b> 50,000 Equity Shares of Agre Properties & Services Ltd) (See Note No.2(b) of Schedule 13)	<b>2,547,925,005</b>	500,000
	<b>2,547,925,005</b>	500,000
<b>SCHEDULE 5 : SUNDRY DEBTORS</b> (Unsecured, Considered good) Debts outstanding for less than six months	<b>93,719,680</b>	-
	<b>93,719,680</b>	-
<b>SCHEDULE 6 : CASH AND BANK BALANCES</b>		
Cash in Hand (as certified)	<b>136,789</b>	-
Balance with Scheduled Banks : in Current Accounts (including in transit)	<b>17,191,312</b>	460,981
	<b>17,328,101</b>	460,981

## Schedule 3 : FIXED ASSETS

(Amount in Rupees)

Description	GROSS BLOCK			DEPRECIATION			NET BLOCK	
	As at 01.04.2010	Additions*	As at 30.09.2010	Upto 01.04.2010	Depreciation for 6 months	Acc Dep up to 30.09.2010	Up to 01.04.2010	As at 30.09.2010
Air Conditioner	-	1,586,953.40	1,586,953.40	262,901.66	37,690.14	300,591.80	(262,901.66)	1,286,361.60
Building	-	14,532,631.51	14,532,631.51	1,373,719.89	118,440.95	1,492,160.84	(1,373,719.89)	13,040,470.67
Computers & Software (Owned)	-	2,589,014.93	2,589,014.93	1,358,160.60	209,839.66	1,568,000.26	(1,358,160.60)	1,021,014.67
Electrical Installation	-	8,331,539.29	8,331,539.29	1,202,381.77	263,693.22	1,466,074.99	(1,202,381.77)	6,865,464.30
Furniture & Fittings	-	13,116,470.36	13,116,470.36	1,319,607.65	415,136.29	1,734,743.94	(1,319,607.65)	11,381,726.42
Office & Other Equipment	-	129,980.76	129,980.76	21,711.65	1,014.92	22,726.57	(21,711.65)	107,254.19
Plant & Machinery	-	118,800.00	118,800.00	15,395.63	2,821.50	18,217.13	(15,395.63)	100,582.87
<b>Total</b>	-	<b>40,405,390.25</b>	<b>40,405,390.25</b>	<b>5,553,878.85</b>	<b>1,048,636.67</b>	<b>6,602,515.52</b>	<b>(5,553,878.85)</b>	<b>33,802,874.73</b>
Previous Year	-	-	-	-	-	-	-	-

\*(See Note No.2(b) of Schedule 13)

	As at September 30, 2010	As at March 31, 2010
	(Amount in Rupees)	(Amount in Rupees)
<b>SCHEDULE 7: LOANS &amp; ADVANCES</b>		
Advances Recoverable in cash or in kind or for value to be received	3,575,000	-
Deposits	3,042,870	-
Payments/Deductions of Income Tax( Net of Provisions)	10,197	-
	<b>6,628,067</b>	-
<b>SCHEDULE 8: CURRENT LIABILITIES</b>		
Sundry Creditors	45,345,080	539,898
	<b>45,345,080</b>	539,898
<b>SCHEDULE 9: PROVISIONS</b>		
Provision for Leave Encashment / Gratuity	3,397,498	-
	<b>3,397,498</b>	-

	<b>For the period ended on September 30, 2010</b>	For the year ended on March 31, 2010
	<b>(Amount in Rupees)</b>	<b>(Amount in Rupees)</b>
<b>SCHEDULE 10: OTHER INCOME</b>		
Interest Income ( TDS Rs. NIL)	<b>530,532</b>	-
Miscellaneous Income	<b>2,377,768</b>	-
	<b>2,908,300</b>	-
<b>SCHEDULE 11: PERSONNEL COST</b>		
Salaries, Wages and Bonus	<b>36,132,719</b>	-
Welfare expenses	<b>446,512</b>	-
Contribution to Provident and Other Funds	<b>362,096</b>	-
Gratuity and Leave encashment	<b>13,302</b>	-
	<b>36,954,629</b>	-
<b>SCHEDULE 12: ADMINISTRATIVE AND OTHER EXPENSES</b>		
Power and Fuel	<b>27,556,707</b>	-
Repairs and Maintenance		
Building	<b>6,530</b>	-
Plant and Machinery	<b>1,087,250</b>	-
Others	<b>8,226,486</b>	-
Rent including lease rentals	<b>137,472</b>	-
Auditors' Remuneration	-	16,545
Preliminary Expenses	<b>497,850</b>	-
Share Issue Expenses	<b>1,489,000</b>	-
Mall Maintenance Charges	<b>12,624,171</b>	-
Rates and Taxes	<b>54,442</b>	-
Donation	<b>210,000</b>	-
Commission	<b>415,095</b>	-
Advertisement and Sales Promotion	<b>574,351</b>	-
Hire Charges	<b>167,635</b>	-
Bank Charges	<b>40,361</b>	2,100
Miscellaneous expenses	<b>4,451,260</b>	1,600
	<b>57,538,609</b>	20,245

**Schedules annexed to and forming part of the accounts for the period ended September 30, 2010**  
**Schedule 13 - Significant Accounting Policies and Notes to Accounts**

**1. SIGNIFICANT ACCOUNTING POLICIES**

**a) BASIS OF PREPARATION:**

The financial statements have been prepared to comply in all material respects with the Accounting Standards notified by Companies Accounting Standard Rules, 2006 and the relevant provisions of the Companies Act ('The Act'), 1956. The financial statements have been prepared under the historical cost convention on the accrual basis of accounting. The accounting policies have been consistently applied by the Company.

**b) USE OF ESTIMATES**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of the contingent liabilities on the date of the financial statements. Actual results could differ from those estimates. Any revision to accounting estimates is recognized prospectively in current and future periods. Difference between the actual results and estimates is recognized in the period in which the results are known/ materialized.

**c) Fixed Assets and Depreciation**

Fixed assets are stated at cost, less accumulated depreciation. Cost comprises the purchase price and all attributable cost of bringing the asset to its working condition for its intended use. Financing and other cost relating to acquisition of fixed assets are also included to the extent they relate to the period till such time as the assets are ready for commercial operation. Depreciation is provided on Straight Line Method as per the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956.

**d) INVESTMENT**

Investments intended to be held for not more than a year are classified as current Investments and valued at lower of cost and fair value.

Long term Investments are stated at cost. Provision for diminution in value is made only if in the opinion of management such a decline is other than temporary.

**e) TAXATION**

Tax expense comprise of current and deferred tax. Current income tax is measured at the amounts expected to be paid to the tax authorities in accordance with the Indian Income Tax Act, 1961. Deferred income taxes reflect the impact of current year timing differences between taxable income and accounting income arising in the current year and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantially enacted at the balance sheet date. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

In situations where the company has carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

**f) EARNINGS PER SHARE:**

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the period.

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

**g) PRELIMINARY EXPENSES:**

Preliminary expenses are charged off to the Profit and Loss account as incurred.

**h) PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS:**

A provision is recognized when a company has a present obligation as a result of a past event; 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. Contingent Liabilities are not recognised but are disclosed, while Contingent Assets are neither recognised nor disclosed, in the financial statements.

**i) REVENUE RECOGNITION :-**

Revenue is recognised to the extent that it is possible that economic benefits flow to the company and revenue can be reliably measured and no significant uncertainty of collection exist.

Revenue from services rendered is recognised as the services is performed based on agreements/ arrangement with concerned parties.

Interest income is recognised on time proportionate basis taking into account amount outstanding and rate applicable.

**j) RETIREMENT AND OTHER EMPLOYEE BENEFITS :**Short Term Employee Benefits:

Short Term employee benefits are recognised as an expense at the undiscounted amount in the profit and loss account of the year in which the related service is rendered.

Post Employment Benefits:

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

**k) TAXATION :**

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the period and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situation where the Company has unabsorbed depreciation and carry forward tax losses, deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that such deferred tax assets can be realised against future taxable profits.

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.

#### 1) **IMPAIRMENT**

An asset is treated as impaired when the carrying cost of the asset exceeds its recoverable value. An impairment loss is charged to Profit and Loss Account in the year in which the asset is impaired and the impairment loss recognised in prior accounting periods is reversed if there has been a change in the estimate of recoverable amount. For the purpose of assessing impairment, assets are grouped at the lowest level of cash generating units

#### 2. **NOTES TO THE ACCOUNTS**

##### a) **Details of dues to Micro, Small and Medium Enterprises as per Micros Small and Medium Enterprise Development Act, 2006.**

There are no suppliers who are registered as micro, small or medium enterprise under “The Micro, Small and Medium Enterprise Development Act, 2006” as at September 30, 2010.

The information regarding micro, small or medium enterprises have been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the auditors.

##### b) Pursuant to the Scheme of Arrangement approved by the Hon'ble High Court of Judicature at Bombay on August 24, 2010, entire assets and liabilities of Mall Management Undertaking and Project Management Undertaking of the Company were transferred from Pantaloon Retail (India) Limited (“PRIL”), the holding company effective from April 1, 2010 (“Appointed Date”). The Company has filed the certified copy of the court order approving the scheme with the Registrar of Companies (ROC), Mumbai on August 28, 2010 as required under applicable provisions of the Companies Act, 1956. Accordingly, the said scheme became effective from the Appointed Date on August 28, 2010 (“Effective Date”).

Salient features of the Scheme are as under:



- i) With effect from the 1st day of April, 2010 (“Appointed Date”), Mall Management Undertaking and Project Management Undertaking of the Company shall be transferred and vested into the company.
- ii) In consideration of the demerger, company will issue shares to the shareholders of the holding Company in following ratio:
  - 1 fully paid Equity Share of Rs.10/- each of the company shall be issued and allotted for every 20 Equity Shares of Rs.2 each held in the holding company.
  - 1 fully paid Equity Share of Rs.10/- each of the company shall be issued and allotted for every 20 Class B (Series 1) shares of Rs.2 each held in the holding company.
  - 1 fully paid up Equity Share of Rs.10/- each of the company shall be issued and allotted for every 20 Compulsorily convertible preference shares of Rs.100 each held in the holding company.”

Fractional shares entitlement would be consolidated in the hands of one person nominated by Company’s Board and Equity shares will be issued and allotted to such person to be sold by him after listing. The sale proceeds of these shares will be proportionately distributed to shareholders who were entitled to such fractional shares.

#### Accounting (As per the approved scheme)

- a. All assets and liabilities pertaining to the Mall Management Undertaking and Project Management Undertaking vested in pursuant to the scheme shall be recorded at the respective book values , if any , appearing in the books of PRIL at the close of the business on the day immediately preceding the appointment date.
- b. Investment of PRIL in the company has been cancelled.
- c. The company to credit its share capital to the extent of the amount of shares issued as per scheme.
- d. The amount of net assets of Mall Asset Management Undertaking & Food Services Undertaking being transferred to Agre Properties and Services Limited (formerly known as Future Merchandising Limited) pursuant the Scheme will be treated as the company’s investments in FML and to that extent, the value of the company’s holding in Agre Properties and Services Limited (formerly known as Future Merchandising Limited) shall stand enhanced.
- e. The difference of the book value of assets transferred over the book value of liabilities has been adjusted against the balance in the Securities Premium Account of the Company.

c) **Deferred tax Asset**

As per Accounting Standard (AS-22) on Accounting for Taxes on Income issued by the Institute of Chartered Accountants of India (ICAI), the deferred tax liability (DTL) comprises of the following :  
(Amount in Rupees)

Particulars	For the Period Ended on September 30, 2010	For the Year Ended on March 31, 2010
<b>Deferred Tax Liability</b>		
Related to Fixed Assets	2,020,799	NIL
<b>Deferred Tax Asset</b>		
Unabsorbed losses / depreciation	1,497,282	NIL
<b>Deferred Tax Liability</b>	523,517	NIL

d) **Computation of Earnings Per Share**

(Amount in Rupees)

Particulars	For the Period Ended on September 30, 2010	For the Year Ended on March 31, 2010
Loss after tax	64,10,830	20,245
Weighted average number of equity shares outstanding during the period - Basic and Diluted (Nos)	1,11,70,966	50,000
Earnings per share of Rs.10/- each - Basic and Diluted (Rs)	(0.57)	(0.40)

- e) Necessary provisions are made for present obligations that arise out of events prior to the balance sheet date entailing future outflow of economic resources. Such provisions reflect best estimates based on available information.
- f) Previous year's figures have been regrouped and reclassified wherever necessary to conform to the current year's presentation. Since the previous period accounts are for more than twelve months they are not comparable with the current year's figures.

As per our Report of even date attached

For **NGS & Co.**

**Chartered Accountants**

**Firm Registration No. 119850W**

**Navin T. Gupta**

Partner

Membership No. 40334

For and on behalf of the Board of Directors of

**Agre Developers Limited.**

Director

Director

Place: Mumbai

Date: December 22, 2010

**CONSOLIDATED FINANCIAL STATEMENTS****AUDITORS REPORT**

The Board of Directors,  
Agre Developers Limited,  
(Formerly known as Future Mall Management Limited)

1. We have audited the attached Consolidated Balance Sheet of Agre Developers Limited (‘ the Company’) and its subsidiary ( the Company and its subsidiary constitute ‘the Group’ ) as at September 30, 2010 and also the Consolidated Profit & Loss Account for the period ended on that date annexed thereto. These financial statements are the responsibility of the Company’s management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards required that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We report that the consolidated financial statements have been prepared by the Company’s Management in accordance with the requirements of Accounting Standard (AS) 21, ‘Consolidated Financial Statements’ issued by the Institute of Chartered Accountants of India.
4. Based on our audit and read with other notes of Schedule No.17 and to the best of our information and according to the explanations given to us, we are of the opinion that the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India,
  - i) In case of Consolidated Balance Sheet, of the state of affairs of the Agre Developers Group as at September 30, 2010;
  - ii) In case of Consolidated Profit and Loss Account, of the loss for the period ended on September 30, 2010.
5. Our report is intended solely for use of the management for inclusion in the information memorandum in connection with listing of equity shares of the company and should not be used for any other purpose except with our consent in writing.

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

Navin T. Gupta  
Partner  
Membership No: 40334  
Place: Mumbai  
Dated: December 22, 2010

**CONSOLIDATED BALANCE SHEET FOR THE PERIOD FROM APRIL 1,  
2010 TO SEPTEMBER 30, 2010**

(Amount in Rupees)

Particulars	Schedule No	As at September 30, 2010	As at March 31, 2010
<b>Sources of Funds</b>			
<b>Shareholders' Funds</b>			
Share Capital	1	111,709,660	500,000
Reserves & Surplus	2	2,544,917,719	-
		2,656,627,379	500,000
<b>Loan Funds</b>			
Unsecured loans	3	856,876,762	-
Deferred Tax Liability (Net)		12,765,130	-
		3,526,269,271	500,000
<b>Application of Funds</b>			
<b>Fixed Assets</b>			
Gross Block	4	2,154,777,263	-
Less Depreciation		349,549,274	-
Net Block		1,805,227,989	-
Capital work in Progress		402,039,476	-
<b>Goodwill on consolidation</b>		86,921	86,921
<b>Investments</b>	5	163,220,000	23,000
<b>Current Assets, Loans and Advances</b>			
Inventories	6	30,019,791	-
Sundry Debtors	7	333,607,401	-
Cash and Bank balances	8	21,687,610	869,980
Loans and Advances	9	1,054,413,503	-
Other Current Assets		-	3,378
		1,439,728,305	873,358
<b>Less Current liabilities &amp; Provisions</b>			
Current Liabilities	10	291,060,050	624,901
Provisions	11	3,397,498	-
		294,457,548	624,901
<b>Net Current Assets</b>		1,145,270,758	248,457
Profit & Loss Account		10,424,128	141,622
		3,526,269,271	500,000

As per our Report of even date attached  
For NGS & Co.  
**Chartered Accountants**  
Firm Registration No. 119850W

For and on behalf of the Board of Directors of  
**Agre Developers Limited**

**Navin T. Gupta**  
Partner  
Membership No. 40334  
Place: Mumbai  
Date: December 22, 2010

Director

Director

**CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE PERIOD FROM APRIL 1, 2010 TO  
SEPTEMBER 30, 2010**

(Amount in Rupees)

Particulars	Schedule No	For the period ended September 30, 2010	For the period ended March 31, 2010
<b>INCOME</b>			
Sales and Operating Income	12	358,857,729	-
<b>Operating Income</b>		86,746,262	-
Other Income	13	2,940,995	3,378
		448,544,986	3,378
<b>EXPENDITURE</b>			
Cost of Goods consumed and sold (food business)	14	7,101,142	-
Personnel cost	15	38,687,645	-
Administrative and other Expenses	16	353,238,896	78,328
Depreciation	4	47,034,678	-
		446,062,361	78,328
<b>Profit/(Loss) before tax</b>		2,482,624	(74,950)
Less Tax Expenses			
a. Current Tax		-	-
b. Deferred Tax		12,765,130	-
<b>Profit/(Loss) after tax</b>		(10,282,506)	(74,950)
Prior Period items		-	(8,000)
<b>Add: Balance brought forward</b>		(141,622)	(145,593)
<b>Balance carried to balance sheet</b>		(10,424,128)	(141,622)
<b>Earnings per share in Rs. (face value Rs.10) Basic &amp; Diluted-Equity</b>		(0.92)	(1.66)

As per our Report of even date  
For NGS & Co.  
**Chartered Accountants**  
Firm Registration No. 119850W

**Navin T. Gupta**  
Partner  
Membership No. 40334  
Place: Mumbai  
Date: December 22, 2010

For and on behalf of the Board of Directors of  
**Agre Developers Limited**

Director

Director

## Schedules to Consolidated Balance Sheet as at September 30, 2010

	As at September 30, 2010	As at March 31, 2010
	(Amount in Rupees)	(Amount in Rupees)
<b>SCHEDULE 1 : SHARE CAPITAL</b>		
<b><u>Authorised</u></b>		
20,000,000 (50,000) Equity Shares of Rs.10/- each	200,000,000	500,000
	200,000,000	500,000
<b><u>ISSUED, SUBSCRIBED &amp; PAID UP</u></b>		
1,11,70,966 (50,000) Equity Share of Rs 10/- each fully paid up (of the above 1,11,70,966 shares issued for the consideration other than cash)	111,709,660	500,000
	111,709,660	500,000
<b>SCHEDULE 2 : RESERVES &amp; SURPLUS</b>		
<b>Share Premium</b>		
Balance, at beginning of the year	-	-
Add : Adjustments in Demerger Scheme	2,544,917,719	-
	2,544,917,719	-
<b>SCHEDULE 3 : UNSECURED LOANS</b>		
Inter-Corporate Deposit	856,876,762	-
	856,876,762	-





	As at September 30, 2010	As at March 31, 2010
	(Amount in Rupees)	(Amount in Rupees)
<b>SCHEDULE 5 : INVESTMENTS</b>		
<b>LONG TERM INVESTMENT</b>		
<b>Non Trade</b>		
<b>In Equity Shares - Unquoted, Fully paid up of Rs.10/- each</b>		
<b>Subsidiary Company</b>		
50,000 Equity Shares of Agre Properties & Services Limited	-	-
<b>Others</b>		
25,62,000 (NIL) Gupta Infrastructure (India) Private Limited	76,820,000	-
<b>In Government and Other Securities - Unquoted</b>		
National Saving Certificates	-	23,000
Share Application money pending for allotment	86,400,000	-
	<b>163,220,000</b>	23,000
<b>SCHEDULE 6 : INVENTORIES</b>		
(As certified and valued by the Management)		
Finished Goods	30,019,792	-
	<b>30,019,792</b>	-
<b>SCHEDULE 7 : SUNDRY DEBTORS</b>		
(Unsecured, Considered good)		
(a) Debts due for more than six months	105,951,206	-
(b) Other Debts	227,656,195	-
	<b>333,607,401</b>	-
<b>SCHEDULE 8 : CASH &amp; BANK BALANCES</b>		
Cash in Hand (as certified)	428,677	-
Balance with Scheduled Banks :		
in Current Accounts (including in transit)	21,258,933	460,981
	<b>21,687,610</b>	460,981
<b>SCHEDULE 9: LOANS &amp; ADVANCES</b>		
Advances Recoverable in cash or in kind or for value to be received	3,575,000	-
Inter Corporate Deposits	29,559,917	-
Deposits	1,021,268,389	-
Payments/Deductions of Income Tax( Net of Provisions)	10,197	-
	<b>1,054,413,503</b>	-

	As at September 30, 2010	As at March 31, 2010
	(Amount in Rupees)	(Amount in Rupees)
<b>SCHEDULE 10: LIABILITIES</b>		
Sundry Creditors	291,060,050	624,901
	<b>291,060,050</b>	624,901
<b>SCHEDULE 11: PROVISIONS</b>		
Provision for Leave Encashment / Gratuity	3,397,498	-
	<b>3,397,498</b>	-
<b>SCHEDULE 12: SALES AND OPERATING INCOME</b>		
Sales	18,785,491	-
Less: Vat / Sales Tax	2,087,277	-
	<b>16,698,214</b>	-
Other Operating Income *	342,159,515	-
	<b>358,857,729</b>	-
<b>SCHEDULE 13 OTHER INCOME</b>		
Interest Income ( TDS Rs. NIL)	530,532	3,378
Miscellaneous Income	2,410,463	-
	<b>2,940,995</b>	3,378
<b>SCHEDULE 14: COST OF GOODS CONSUMED AND SOLD</b>		
Opening stock	-	-
Add : Purchases	37,120,933	-
Less : Closing stock	30,019,791	-
	<b>7,101,142</b>	-
<b>SCHEDULE 15: PERSONNEL COST</b>		
Salaries, Wages and Bonus	37,792,694	-
Welfare expenses	460,692	-
Contribution to Provident and Other Funds	420,272	-
Gratuity and Leave encashment	13,987	-
	<b>38,687,645</b>	-

	As at September 30, 2010	As at March 31, 2010
	(Amount in Rupees)	(Amount in Rupees)
<b>SCHEDULE 16: ADMINISTRATIVE AND OTHER EXPENSES</b>		
Power and Fuel	28,277,382	-
Repairs and Maintenance		
Building	6,530	-
Plant and Machinery	1,087,250	-
Others	8,541,934	-
Rent including lease rentals	290,186,377	-
Auditors' Remuneration	-	33,090
Preliminary Expenses	497,850	-
Share Issue Expenses	1,489,000	-
Mall Maintenance Charges	12,791,034	-
Rates and Taxes	91,167	4,826
Donation	210,000	-
Legal and Professional Charges	-	1,600
Professional Fees	-	6,900
Commission	415,095	-
Advertisement and Sales Promotion	872,047	-
Hire Charges	3,521,740	-
Bank Charges	40,361	4,200
Miscellaneous expenses	5,211,130	27,712
	<b>353,238,896</b>	<b>78,328</b>

## **BASIS OF CONSOLIDATION, SIGNIFICANT ACCOUNTING POLICIES:**

### **1. BASIS OF CONSOLIDATION:-**

The consolidated financial statements relate to Agre Developers Limited (the company) and its subsidiary company. The company and its subsidiary company together constitute the group.

#### a. Basis of Accounting :

- i. The Consolidated Financial Statements ('CFS') are prepared in accordance with Accounting Standard ('AS') 21 "Consolidated Financial Statements issued by the Institute of Chartered Accountants of India. The financial statements are prepared under historical cost convention in accordance with the generally accepted accounting principles in India including Accounting Standards notified by the Government of India / issued by the Institute of Chartered Accountants of India (ICAI), as applicable and the relevant provisions of the Companies Act, 1956.

#### Use of Estimates

- ii. The preparation of financial statements requires the management to make estimates and assumptions considered in the reported amount of assets and liabilities during the reporting period. Management believes that the estimates used in the preparation of the financial statements are prudent and responsible. Future results may vary from estimates.

#### b. Principles of Consolidation :

- i. The Financial Statements of the company and its Subsidiary Company have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating material intra-group balances and intra- group transaction, resulting in unrealized profits or losses, as per Accounting Standard 21 – Consolidated Financial Statements.
- ii. The Financial Statements of the Subsidiary company used in the Consolidation are drawn up to September 30 , 2010.

### **Information on subsidiary:**

#### **(a) The subsidiary company considered in the consolidated financial statements is:**

##### **Subsidiary**

<b>S. No.</b>	<b>Name of the Company</b>	<b>Country of Incorporation</b>	<b>Proportion of Ownership Interest as on September 30, 2010</b>	<b>Financial Period consolidated upto</b>
1	Agre Properties & Services Limited (formerly known as Future Merchandising Limited)	India	100%	September 30, 2010

## **2. SIGNIFICANT ACCOUNTING POLICIES**

### **a. INVESTMENT**

Investments intended to be held for not more than a year are classified as current Investments and valued at lower of cost and fair value.

Long term Investments are stated at cost. Provision for diminution in value is made only if in the opinion of management such a decline is other than temporary.

### **b. TAXATION**

Tax expense comprise of current and deferred tax. Current income tax is measured at the amounts expected to be paid to the tax authorities in accordance with the Indian Income Tax Act, 1961. Deferred income taxes reflect the impact of current year timing differences between taxable income and accounting income arising in the current year and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantially enacted at the balance sheet date. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

In situations where the company has carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

### **c. EARNINGS PER SHARE:**

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the period.

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

### **d. PRELIMINARY EXPENSES:**

Preliminary expenses are charged off to the Profit and Loss account as incurred.

### **e. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS:**

A provision is recognized when a company has a present obligation as a result of a past event; 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. Contingent Liabilities are not recognised but are disclosed, while Contingent Assets are neither recognised nor disclosed, in the financial statements.

### **f. FIXED ASSETS AND DEPRECIATION**

Fixed assets are stated at cost, less accumulated depreciation. Cost comprises the purchase price and all attributable cost of bringing the asset to its working condition for its intended use. Financing and other cost relating to acquisition of fixed assets are also included to the extent they relate to the period till such time as the assets are ready for commercial operation. Depreciation is provided on Straight

Line Method as per the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956.

**g. REVENUE RECOGNITION :-**

Revenue is recognised to the extent that it is possible that economic benefits flow to the company and revenue can be reliably measured and no significant uncertainty of collection exist.

Revenue from services rendered is recognised as the services is performed based on agreements/ arrangement with concerned parties.

Interest income is recognised on time proportionate basis taking into account amount outstanding and rate applicable.

**h. RETIREMENT AND OTHER EMPLOYEE BENEFITS :**

Short Term Employee Benefits:

Short Term employee benefits are recognised as an expense at the undiscounted amount in the profit and loss account of the year in which the related service is rendered.

Post Employment Benefits:

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

**i. IMPAIRMENT**

An asset is treated as impaired when the carrying cost of the asset exceeds its recoverable value. An impairment loss is charged to Profit and Loss Account in the year in which the asset is impaired and the impairment loss recognised in prior accounting periods is reversed if there has been a change in the estimate of recoverable amount. For the purpose of assessing impairment, assets are grouped at the lowest level of cash generating units

**j. INVENTORY**

Items of inventories are valued at lower of weighted average cost and net realizable value. Cost of inventories comprise all cost of purchase, cost of conversion, if any, and other cost incurred in bringing them to their respective present location and condition. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and to make the sale

**k. GOODWILL ON CONSOLIDATION :**

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

### 3. DEMERGER SCHEME

Pursuant to the Scheme of Arrangement approved by the Hon'ble High Court of Judicature at Bombay on August 24, 2010, entire assets and liabilities of Mall Management Undertaking and Project Management Undertaking of the Company were transferred from Pantaloon Retail (India) Limited ("PRIL"), the holding company effective from April 1, 2010 ("Appointed Date"). The Company has filed the certified copy of the court order approving the scheme with the Registrar of Companies (ROC), Mumbai on August 28, 2010 as required under applicable provisions of the Companies Act, 1956. Accordingly, the said scheme became effective from the Appointed Date on August 28, 2010 ("Effective Date").

Salient features of the Scheme are as under:

- (i) With effect from the 1st day of April, 2010 ("Appointed Date"), Mall Management Undertaking and Project Management Undertaking of the Company shall be transferred and vested into the company.
- (ii) In consideration of the demerger, company will issue shares to the shareholders of the holding Company in following ratio:
  - 1 fully paid Equity Share of Rs.10/- each of the company shall be issued and allotted for every 20 Equity Shares of Rs.2 each held in the holding company.
  - 1 fully paid Equity Share of Rs.10/- each of the company shall be issued and allotted for every 20 Class B (Series 1) shares of Rs.2 each held in the holding company.
  - 1 fully paid up Equity Share of Rs.10/- each of the company shall be issued and allotted for every 20 Compulsorily convertible preference shares of Rs.100 each held in the holding company."

Fractional shares entitlement would be consolidated in the hands of one person nominated by Company's Board and Equity shares will be issued and allotted to such person to be sold by him after listing. The sale proceeds of these shares will be proportionately distributed to shareholders who were entitled to such fractional shares.

Accounting (As per the approved scheme)

- a. All assets and liabilities pertaining to the Mall Management Undertaking and Project Management Undertaking vested in pursuant to the scheme shall be recorded at the respective book values, if any, appearing in the books of PRIL at the close of the business on the day immediately preceding the appointment date.
- b. Investment of PRIL in the company has been cancelled.
- c. The company to credit its share capital to the extent of the amount of shares issued as per scheme.

- d. The amount of net assets of Mall Asset Management Undertaking & Food Services Undertaking being transferred to Agre Properties and Services Limited (formerly known as Future Merchandising Limited) pursuant the Scheme will be treated as the company's investments in FML and to that extent, the value of the company's holding in Agre Properties and Services Limited (formerly known as Future Merchandising Limited) shall stand enhanced.
- e. The difference of the book value of assets transferred over the book value of liabilities has been adjusted against the balance in the Securities Premium Account of the Company.

#### 4. Deferred tax Asset

- a. As per Accounting Standard (AS-22) on Accounting for Taxes on Income issued by the Institute of Chartered Accountants of India (ICAI), the deferred tax liability (DTL) comprises of the following :

Particulars	Amount in Rupees	
	For the Period Ended on September 30, 2010	For the Year Ended On March 31, 2010
<b>Deferred Tax Liability</b>		
Related to Fixed Assets	27,452,244	NIL
<b>Deferred Tax Asset</b>		
Unabsorbed Losses / depreciation	14,687,114	NIL
<b>Deferred Tax Liability</b>	<b>12,765,130</b>	NIL

#### b. Computation of Earnings Per Share

Particulars	Amount in Rupees	
	For the Period Ended on September 30, 2010	For the Year Ended On March 31, 2010
Loss after tax	(10,282,506)	NIL
Weighted average number of equity shares outstanding during the period - Basic and Diluted (Nos)	11,170,966	NIL
Earnings per share of Rs.10/- each - Basic and Diluted (Rs)	(0.92)	NIL

- c. Necessary provisions are made for present obligations that arise out of events prior to the balance sheet date entailing future outflow of economic resources. Such provisions reflect best estimates based on available information.



- d. Previous year's figures have been regrouped and reclassified wherever necessary to conform to the current year's presentation. Since the previous period accounts are for more than twelve months they are not comparable with the current year's figures.  
As per our Report of even date attached

For and on behalf of the Board of Directors of

For **NGS & Co.**

**Agre Developers Limited**

**Chartered Accountants**

**Navin T. Gupta**

Partner

Director

Director

Membership No. 40334

Place: Mumbai

Date: December 22, 2010

## DETAILS OF GROUP

### Entities forming part of the Group

Unless otherwise stated none of the companies forming part of the Group Companies is a sick company under the meaning of SICA and none of them are under winding up.

The following entities are identified as the Group

#### Companies

1	Brahmabrata Trading Pvt. Ltd.	15	Manz Retail Pvt Ltd
2	Eclipse Infrastructure Pvt. Ltd.	16	Saachi Multitrading Pvt. Ltd.
3	Future Capital Investment Pvt. Ltd.	17	Salajung Multitrading Pvt. Ltd.
4	Future Corporate Resources Ltd.	18	Samreen Multitrading Pvt. Ltd.
5	Pantaloon Industries Ltd.	19	Sanavi Multitrading Pvt. Ltd.
6	Future Ideas Company Ltd	20	Silver Base Infrastructure Pvt. Ltd.
7	Gargi Developers Pvt. Ltd.	21	Future Realtors India Pvt Ltd.
8	Kavi Sales Agency Pvt. Ltd.	22	Softtouch Multitrading Pvt. Ltd.
9	Liquid Foot Infraprojects Pvt. Ltd.	23	Tanushri Infrastructure Pvt. Ltd.
10	Oviya Multitrading Pvt. Ltd.	24	Taraka Infrastructure Pvt. Ltd.
11	Pantaloon Retail (India) Ltd	25	Ucchal Infrastructure Pvt. Ltd.
12	Raaka Multitrading Pvt. Ltd.	26	U-Phase Infraprojects Pvt. Ltd.
13	Radha Multitrading Pvt. Ltd.	27	White Circle Mercantile Pvt. Ltd.
14	Raja Infrastructure Pvt. Ltd.	28	White Knight Mercantile Pvt. Ltd.
		29	Akar Estate & Finance Pvt Ltd.

HUF:

1. Kishore Biyani HUF

**Financial Details of the five largest Group Companies (based on turnover) are given below:**

#### **I. Pantaloon Retail (India) Limited (PRIL)**

1. Incorporation & Registered Office

PRIL, a public limited company incorporated in the year 1987 and having its registered office at Knowledge House, Shyam Nagar, Off Jogeshwari-Vikhroli Link Road, Jogeshwari (East), Mumbai 400 060.

2. Brief history of the Company

PRIL is the flagship company of the Future Group and began its operations with one Pantaloons store in Kolkata in 1997 and have since expanded to have a pan India presence. PRIL operate its business through 252 stores covering an aggregate area of 5.76 million sq fts. and it employs more than 7,800 employees. PRIL promoted several retail formats, including Pantaloons, Central, Big Bazaar, and Food Bazaar and private labels

across various lines of businesses like DJ&C, Bare, John Miller, Tasty Treat, Fresh and Pure, Cleanmate, Dreamline, Koryo and Sensei. The equity shares of the Company are listed with BSE and NSE.

3. (a) Shareholding pattern as on 30<sup>th</sup> September 2010( Equity shares)

Category	No of shares	percentage
Promoters	90076986	44.78
Mutual funds & UTI	19077871	9.49
Banks, Financial Institutions, Insurance Companies	6137245	3.05
Venture Capital Funds	5747144	2.86
Insurance Companies	6297337	3.13
Foreign Institutional Investors	49084269	24.40
Bodies Corporate	13244429	6.58
Individuals	11032358	5.49
Non Resident Individuals	99906	0.05
Others	344994	0.17
<b>Total</b>	<b>201142539</b>	<b>100.00</b>

(b) Shareholding Pattern (Class B Shares) as on 30<sup>th</sup> September 2010

Category	No of shares	percentage
Promoters	7407693	46.50
Mutual funds & UTI	1095275	6.88
Banks, Financial Institutions	178531	1.12
Insurance Companies	520380	3.27
Foreign Institutional Investors	1627801	10.21
Bodies Corporate	2014642	12.65
Individuals	3056205	19.19
Non Resident Indian	23907	0.15
Others	4718	0.03
<b>Total</b>	<b>15929152</b>	<b>100</b>

(c) Compulsorily Convertible Preference Shares (Allotted on August 28, 2010)

Category	No of shares	percentage
Promoters	Nil	0.00
Venture Capital & Trust	63,47,635	100.00
<b>Total</b>	<b>63,47,635</b>	<b>100.00</b>

## 4. Board of Directors

<b>Name</b>	<b>Designation</b>
Mr. Shailesh Haribhakti	Chairman & Independent Director
Mr. Kishore Biyani	Managing Director
Mr. Gopikishan Biyani	Director
Mr. Rakesh Biyani	Wholetime Director
Mr. Vijay Biyani	Wholetime Director
Mr. S. Doreswamy	Independent Director
Mr. Darlie Koshy	Independent Director
Mr. Anil Harish	Independent Director
Ms. Bala Deshpande	Independent Director
Mr. Vijay Kumar Chopra	Independent Director
Mr. Kailash Bhatia	Whole time Director

## 5. Financial Performance for the last 3 years

(Rs in Crores)

<b>Particulars</b>	<b>For the Year ended 30<sup>th</sup> June</b>		
	<b>2010</b>	<b>2009</b>	<b>2008</b>
Sales and other income	6019.00	6347.76	5052.67
PAT	179.56	140.58	125.97
Equity Capital	41.23	38.06	31.86
Reserves & Surplus	2527.48	2211.48	1751.50
EPS (Basic & Diluted)-Equity(in Rs.)	8.46	7.94	7.54
EPS( Basic & Diluted)-Class B series(in Rs.)	8.56	8.04	-
Book Value (in Rs.)	124.61	118.60	111.96

## 6. Details of Past Public/Rights Issue/QIP

The initial public offering of equity shares of PRIL having a face value of Rs. 10 each took place in May, 1992. A total of 2,550,500 equity shares were issued as part of the initial public offering and the issue price was 10 per equity share.

The objects of the issue were as follows:

- Setting up of new stores/ retail outlets, upgrading/ modernization of the existing stores;
- Expansion/ up gradation of warehouses and information technology/ supply chain infrastructure; setting up of new offices, training centre;
- Strategic Investments;
- General Corporate Purposes; and
- Meeting the expenses of the issue.

PRIL has utilized the net proceeds arising out of the Issue for the stated objects.

PRIL has made a rights issue of equity shares having a face value of Rs. 10 each that took place in December, 2005. A total of 4,481,180 equity shares were issued as part of the

rights issue and the issue price was Rs. 500 per equity share. The objects of the rights issue were setting up of new stores/ retail outlets, upgrading/ modernization of the existing stores, expansion/ upgradation of warehouses and information technology/ supply chain infrastructure; setting up of new offices, training centre and other strategic investments. PRIL has utilized the net proceeds arising out of the Issue for the stated objects.

The Company has made a Qualified Institutional Placement in December 2006 of 6,265,060 equity shares of Rs. 2 each at a price of Rs. 415 per Equity Share, including a premium of Rs. 413 per Equity Share, aggregating Rs. 259.99 Crores. PRIL has utilized the net proceeds arising out of the Issue for the stated objects. Further, The Company has made another Qualified Institutional Placement in November 2009 of 1,58,22,200 equity shares of Rs. 2 each at a price of Rs. 316 per Equity Share, including a premium of Rs. 314 per Equity Share, aggregating Rs. 499.98 Crores. PRIL has utilized the net proceeds arising out of the Issue for the stated objects.

#### 7. Promise V/s Performance

The details of 'promise versus performance' for the public issue of PRIL is set forth below:

Particulars	Promise	Performance
Opening up of retail stores	To open 7 retail stores	2 retail stores were opened and 5 stores were opened with a delay of 9 months.
Estimated turnover of 1992-93	Rs.11.60Cr	Rs.4.81 Cr
Future prospects	Expected to generate adequate profits and declare dividends from 1992-1993 onwards	No dividend declared in 1992-93

#### 8. Information about share price

(in Rs for the last 6 months – Equity Shares)

Month	BSE		NSE	
	High	Low	High	Low
June 2010	435.85	382.00	436.95	382.50
July 2010	531.25	410.00	497.00	410.35
August 2010	490.00	451.00	494.45	451.10
September 2010	517.70	447.00	518.90	455.00
October 2010	527.90	456.65	528.00	457.20
November 2010	482.00	360.00	481.05	360.00
Up to December 22, 2010	432.20	338.70	432.10	338.30

**(in Rs for the last 6 months-Class B Shares)**

Month	BSE		NSE	
	High	Low	High	Low
June 2010	308.00	259.95	304.00	250.00
July 2010	369.00	278.65	363.95	272.00
August 2010	380.00	326.00	380.00	317.20
September 2010	400.00	344.00	404.95	345.20
October 2010	400.00	340.05	402.00	388.00
November 2010	405.00	290.05	405.00	290.60
Up to December 22, 2010	350.00	276.00	350.00	276.05

**II. Future Capital Holdings Limited (FCH)****1. Incorporation & Registered Office**

The Company was originally incorporated on October 18, 2005 as a private limited company under the provisions of the Companies Act, 1956 as KB Infin Private Limited. The name of the Company was changed to KB Infin Limited w.e.f. August 31, 2006. The name of the Company was further changed to Future Capital Holdings Limited with effect from December 21, 2006. The Company is Non-Banking Financial Company and has obtained a certificate of registration dated April 10, 2009 bearing registration no. N - 13.01827 issued by the RBI to carry on the activities of a NBFC under section 45 IA of the RBI Act, 1934 and a certificate of registration dated November 28, 2008 bearing registration no. INP000003062 issued by the SEBI to carry on the activity of a Portfolio Manager under regulation 8 of the SEBI (Portfolio Managers) Regulations, 1993.

The Registered Office of the Company is at FCH House, Peninsula Corporate Park, Ganpatrao Kadam Marg, Lower Parel, Mumbai – 400 013.

**2. Brief history of the Company**

FCH is an integrated provider of financial services in India, focused on domestic growth and consumption story. FCH is the financial services arm of the Future Group, a business group focusing on consumption-led businesses in India and also one of India's leading organized multi-format retailers.

FCH was incorporated in 2005 and is promoted by PRIL, the flagship company of the Future Group; its Chairman is Mr. Kishore Biyani. Mr. V Vaidyanathan is the Vice Chairman and Managing Director of the Company. The Company is a “systemically important non-banking finance company” as classified and regulated by the Reserve Bank of India.

The Company's primary lines of business are retail financial services, corporate lending and wholesale credit, trade finance and asset management and advisory.

3. Shareholding pattern as on 30<sup>th</sup> September 2010

<b>Category</b>	<b>No of shares</b>	<b>percentage</b>
Promoters	44479418	69.23
Mutual funds & UTI	1234	0.00
Banks, Financial Institutions	276956	0.43
Insurance Companies	96629	0.15
Foreign Institutional Investors	409926	0.64
Bodies Corporate	7423928	11.56
Individuals	9909560	15.42
Non Resident Indian	1014248	1.58
Others	636585	0.99
<b>Total</b>	<b>64248484</b>	<b>100.00</b>

4. Board of Directors

<b>Name</b>	<b>Designation</b>
Mr. Kishore Biyani	Chairman, Non Executive Director
Mr V. Vaidyanathan	Vice Chairman & Managing Director
Mr. Krishan Kant Rathi	Non Executive Director
Mr. G. N. Bajpai	Non Executive and Independent Director
Mr. Shailesh Haribhakti	Non Executive and Independent Director
Mr. Anil Singhvi	Non Executive and Independent Director
Mr. N. C. Singhal	Non Executive and Independent Director
Mr. Pradeep Mukherjee	Non Executive and Independent Director

5. Financial Performance for the last 3 years (Rs in Crores)

<b>Particulars</b>	<b>For the Year ended 31<sup>st</sup> March</b>		
	<b>2010</b>	<b>2009</b>	<b>2008</b>
Sales and other income	55.79	135.79	81.37
PAT	17.32	9.31	8.89
Equity Capital	63.53	63.53	63.23
Reserves & Surplus	689.97	680.08	660.87
EPS (Basic) (in Rs.)	2.73	1.47	1.66

Particulars	For the Year ended 31 <sup>st</sup> March		
	2010	2009	2008
EPS(Diluted) (in Rs)	2.70	1.46	1.65
Book Value (in Rs)	118.61	117.05	114.52

6. Details of Past Public/Rights Issue

The Company came up with its Initial Public Offer of 64,22,800 equity shares of Rs.10 each fully paid up at a premium of Rs.755/- per equity share in January 2008.

The objects of the issue were as follows:

The issue was primarily for the expansion of retail financial services business, in particular, the growth of the loan portfolio of the Company. The objects of the Issue are to augment capital base of FCH to meet its future capital requirements arising out of growth and for other general corporate purposes including meeting the expenses of the Issue.

7 Promise V/s Performance – Not Applicable

8. Information about share price (in Rs. for the last 6 months)

Month	BSE		NSE	
	High	Low	High	Low
June 2010	212.00	149.80	211.95	150.50
July 2010	259.00	206.85	259.30	205.00
August 2010	302.20	247.00	300.00	245.15
September 2010	296.00	243.30	296.80	243.00
October 2010	268.95	239.00	269.00	236.05
November 2010	256.85	194.40	255.65	191.15
December 22, 2010	230.95	174.80	228.50	174.45

### III.Future Value Retail Limited (FVRL)

1. Incorporation & Registered Office

Future Value Retail Limited was originally incorporated as Pantaloon Future Venture Limited on July 11, 2007 and obtained Certificate of Commencement of Business dated June 20, 2007. On November 16, 2009, the name of the company was changed to Future Value Retail Limited. Registered office is situated at Knowledge House, Shyam Nagar, Off Jogeshwari-Vikhroli Link Road, Jogeshwari (East), Mumbai 400 060.



## 2. Brief History of the Company

The Company is engaged in the business of retailing consumer goods/fast moving goods through various organized retail formats. The Company is a wholly owned subsidiary of Pantaloon Retail (India) Limited. Pantaloon Retail (India) Limited transferred its value retail business to the company with effect from 1st January 2010 which include retail formats such as Big Bazaar, Food Bazaar etc. As on November 30, 2010 FVRL operate its business through 381 stores covering an aggregate area of 8.19 million sq fts. and it employs nearly 21,000 employees.

## 3. Shareholding Pattern as on 30<sup>th</sup> September 2010

Pantaloon Retail (India) Limited holds 6,64,99,912 equity shares of Rs. 10 each, aggregating to 100% of the issued and paid up equity share capital.

## 4. Board of Directors

<b>Name</b>	<b>Designation</b>
Mr. Raghu Pillai	Executive Director
Mr. Shailesh Haribhakti	Director
Mr. C. P Toshniwal	Director
Mr. Rajesh Kalyani	Director
Mr. Sanjay Rathi	Director

## 5. Financial Information for the last 3 years

(Rs in Crores)

<b>Particulars</b>	<b>For the period ended 30<sup>th</sup> June 2010 (15months)</b>	<b>For the year ended 31<sup>st</sup> March 2009</b>	<b>For the period ended 31<sup>st</sup> March 2008</b>
Sales and other income	2991.71	0.02	0.00
PAT	50.60	(0.01)	(0.19)
Equity Capital	66.50	2.10	1.90
Reserves & Surplus	961.86	26.40	21.60
EPS (Basic & Diluted ) - in Rs.	13.99	0.00	(1.89)
Book Value – in Rs.	154.64	142.5	122.69

## 6. Other information related to public/rights issue, objects of issue and share price of the Company are not applicable to the Company since it is an unlisted company.

#### IV. Future Agrovat Limited

##### 1. Incorporation & Registered Office

Future Agrovat Limited (FAL) was incorporated under the Companies Act on April 13, 2005 and obtained Certificate of Commencement of Business dated May 13, 2005 and having its registered office at Knowledge House, Shyam Nagar, Off Jogeshwari-Vikhroli Link Road, Jogeshwari (East), Mumbai 400 060.

##### 2. Brief history of the Company

FAL is involved in the business of sourcing and distribution of staples and other food products. It has sourcing and distribution bases at all key cities across the country. The name of the Company was changed from Pantaloon Food Product (India) Limited to its present name on 19<sup>th</sup> November 2008.

##### 3. Shareholding pattern as on 30<sup>th</sup> September 2010

Category	No of shares	percentage
Promoters	3,51,00,000	96.16
Others	14,00,000	03.84
<b>Total</b>	<b>3,65,00,000</b>	<b>100.00</b>

##### 4. Board of Directors

Name	Designation
Mr. C P Toshniwal	Director
Mr. Narendra Baheti	Managing Director
Mr. Rajendra Baheti	Wholetime Director
Mr. Govind Baheti	Wholetime Director
Mr. Damodar Mall	Director
M.r Sadashiv Nayak	Director

##### 5. Financial Performance for the last 3 years

(Rs in Crores)

Particulars	For the Year ended 31 <sup>st</sup> March 2010	For the Year ended 31 <sup>st</sup> March 2009	For the Period ended 31 <sup>st</sup> March 2008 (9 months)
Sales and other income	578.16	392.27	190.38
PAT	(0.27)	(3.06)	(3.14)
Equity Capital	36.50	36.50	21.00
Reserves & Surplus	(6.05)	(5.78)	(2.72)
EPS (Basic & Diluted )-in Rs.	(0.07)	(1.12)	(5.12)
Book Value - in Rs.	8.34	8.42	8.71

6. Other information related to public/rights issue, objects of issue and share price of the Company are not applicable to the Company since it is an unlisted company.

## V. Future Supply Chain Solutions Limited (FSCSL)

### 1. Incorporation & Registered Office

FSCSL was incorporated under the Companies Act on March 8, 2006 and obtained Certificate of Commencement of Business dated March 31, 2006 and having its registered office at Knowledge House, Shyam Nagar, Off Jogeshwari-Vikhroli Link Road, Jogeshwari (East), Mumbai 400 060.

### 2. Brief history of the Company

FSCSL is involved in the business of providing logistics, transportation and warehousing services. The name of the Company was changed from Future Logistic Solutions Limited to its present name on 23 October 2009.

### 3. Shareholding pattern as on 30<sup>th</sup> September 2010

Category	No of shares	percentage
Promoters	2,74,62,962	94.82
Director	10,00,000	3.45
Others -Trust	5,00,000	1.73
<b>Total</b>	<b>2,89,62,962</b>	<b>100.00</b>

### 4. Board of Directors

Name	Designation
Mr. Anshuman Singh	Managing Director
Mr. Rakesh Biyani	Director
Mr. C.P. Toshniwal	Director
Mr. Vivek Biyani	Director
Mr. Rajesh Ranavat	Director

## 5. Financial Performance for the last 3 years

(Rs in Crores)

<b>Particulars</b>	<b>For the Year ended 31<sup>st</sup> March</b>		
	2010	2009	(nine months period ended) 2008
Sales and other income	202.92	193.67	112.95
PAT	0.24	0.24	(2.45)
Equity Capital	28.96	25.00	20.00
Reserves & Surplus	37.03	(4.16)	(4.40)
EPS (Basic & Diluted )-in Rs.	0.09	0.12	(8.46)
Book Value –in Rs.	22.79	8.34	7.80

6. Other information related to public/rights issue, objects of issue and share price of the Company are not applicable to the Company since it is an unlisted company.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Business Overview

Financial Year 2010-11 is the first year of operations of the Company. The Mall Management Undertaking and Project Management Undertakings of Pantaloon Retail (India) Limited were demerged and transferred to the Company with effect from 1<sup>st</sup> April, 2010. The business performance review of the Company for the period April 1, 2010 to September 30, 2010 is given below:

Particulars	(Rupees in Crores)	
	Standalone Amount	Consolidated Amount
Revenue	8.97	44.85
Gross Profit	5.27	40.28
Less: Administrative expenses	5.75	35.32
<b>EBITDA</b>	<b>(0.48)</b>	<b>4.96</b>
Less: Depreciation	0.10	4.70
<b>EBIT</b>	<b>(0.59)</b>	<b>0.25</b>
Less: Interest	-	-
<b>Profit Before Tax</b>	<b>(0.59)</b>	<b>0.25</b>
Less: Prov for Tax	0.05	1.28
<b>Profit After Tax</b>	<b>(0.64)</b>	<b>(1.03)</b>

The Company has two wholly owned subsidiary Companies as on the date of this Information Memorandum being Agre Properties and Services Limited (Formerly known as Future Merchandising Limited) and Precision Realty Developers Pvt Ltd (PRDPL). The Company acquired entire issued shares of PRDPL on 16<sup>th</sup> November 2010 and is engaged in the business of developing wholesale market and infrastructure projects.

### Debt Position

The Company has not availed any secured credit facilities from financial institutions/banks as on the date of this Information Memorandum.

## Outlook

The country's dynamic retail landscape presents an opportunity to investors from across the globe, to use India as a strategic business hub. The emergence of shopping centers is already beginning to define a new lifestyle for Indian consumers. There is a huge demand for clean, contemporary shopping and entertainment complexes that will house various retail formats. A number of solutions are expected to emerge over the next few years but the dominant centers for the long term will be those that are designed around the Indian consumer and cater to the long term specific needs of a particular location. A study conducted by Knight Frank in 2010 on seven major cities in India titled India Organized Retail Market – Diagnosis & Outlook made the following major observations:

- During 2010-12, 55 mn.sq.ft. of retail space will be ready in 7 major cities
- Between 2010 and 2012, the organised retail real estate stock will be more than double from the existing 41 mn.sq.ft. to 95 mn.sq.ft.
- About 20% or 8 mn.sq.ft. of Mall space is vacant in 7 major cities
- During 2009-12, while the Organised Retail Market (ORM) will increase to 2.25 times, the Real Estate Retail Potential (RERP) will increase at a higher pace to 2.91 times.
- Between 2010-12, a higher pace of real estate development in comparison to the pace of organised retail market growth, will create an oversupply situation to the magnitude of 21 mn.sq.ft. in 2012 in 7 cities like Mumbai, Pune, Hyderabad, Delhi, Kolkata, Bengaluru and Chennai.
- The state of affairs of the retail real estate market implies that the frenetic rental hikes witnessed during the boom period will not haunt retailers at least until 2012

The outlook of retail industry including development and maintenance of retail infrastructure remains positive.

## Risks and Concerns:

The Company shall adopt an appropriate risk management policy to, inter alia, provide for risk identification, assessment, reporting and mitigation procedure. The risk management framework will actively support the Board in its strategic decision making.

An analysis of the Company's key business risks are as follows:

### Competitor Risk

The market is highly competitive for development and maintenance of retail infrastructure and alliance of Indian companies with large multi-national corporations creates a highly competitive

environment in establishing and maintaining world class shopping centers and other retail space. Currently the Company is undertaking mall management activities of the Future Group. However, it will focus on increasing its market share by taking appropriate marketing initiatives. The Company will try to create differentiation and provide optimum service to its customers to attain market dominance.

### **Human Resource Risk**

Company's ability to deliver value is shaped by its ability to attract, train, motivate, empower and retain the best professional talents. It shall continuously benchmark HR policies and practices with the best in the industry and shall carry out necessary improvements to attract and retain the best talent.

### **Interest Rate Risk**

The Company may be exposed to interest rate fluctuations on its borrowings. The company proposes to use a judicious mix of fixed and floating rate debt within stipulated parameters to mitigate the interest rate risk and whenever required, may use hedging tools to minimise interest rate risk.

### **Internal Control System**

The Company has appropriate internal control systems for business processes, with regards to efficiency of operations, financial reporting, compliance with applicable laws and regulations, etc. Clearly defined roles and responsibilities for all managerial positions have also been formalised. All operating parameters are monitored and controlled. Regular internal audits and checks ensure that responsibilities are executed effectively. The Audit Committee of the Board of Directors is empowered to review the adequacy and effectiveness of internal control systems and suggests improvement for strengthening them, from time to time.

## **SECTION VI - LEGAL AND OTHER INFORMATION**

Except as described below, there are no outstanding or pending litigations, suits, criminal or civil prosecutions, proceeding or tax liabilities against our Company, our Directors, our Promoters or our Group Companies that would have a material adverse effect on our business and there are no defaults, non payment or overdue of statutory dues, institutional/ bank dues or dues payable to holders of debentures, bonds and fixed deposits (irrespective of whether they are specified under Part I of Schedule XIII of the Act), that would have a material adverse effect on our business:

All references to the “Company”, “we”, “our” and “Group Companies” in this Section VI shall relate to the companies for whom disclosures have been made in this Section under the respective headings.

**Pending litigations filed by/against the Company: Nil**

**Mr. Kishore Biyani, Promoter:**

### **Criminal proceedings**

#### *Cases filed against Mr. Kishore Biyani*

1. A case has been filed in 2006 before the Magistrate’s Court, Belapur by the Food and Drugs Administration Department, Thane against PRIL and Kishore Biyani, under the Prevention of Food Adulteration Act, 1954 for alleged adulteration in Pure Mustard Oil, the product sold by the PRIL. The matter is currently pending.
2. Four criminal cases have been filed in 2008 before the Chief Judicial Magistrate, Ranchi by the Local Health Authority, Municipal Corporation, Ranchi against Kishore Biyani and another, for adulteration and misbranding of food items —Toordal, Chana Dal, Chana Besan and Chana Sattu (the —Food Items). The samples of the said food items collected by the Municipal Corporation from Big Bazaar at Ranchi were found to be adulterated and misbranded and did not meet the prescribed standards under the Prevention of Food Adulteration Rules, 1955. It has been alleged that an offence under section 16 of the Prevention of Food Adulteration Act, 1954 has been committed. The matter is currently pending.
3. A criminal case has been filed in 2008 before the First Class Judicial Magistrate, Indore by the Local Health Authority, Municipal Corporation, Indore against Kishore Biyani and other directors of PRIL. The sample of the product —N-Joi seized by the Municipal Corporation of Indore, from the PRIL’s store was found to contain a synthetic food colour —ponceau , on a test conducted by the public analyst. There was no declaration on the label of the sample pack to this effect and hence it has been alleged that there has been a violation of Rule 24 and proviso (b) of Rule 32 of the Prevention of Food Adulteration Rules, 1955. It is also alleged that the said product and one another product —Fresh & Pure Toast biscuits were adulterated and misbranded. PRIL has filed a criminal miscellaneous petition before the Madhya Pradesh High



Court, Indore Bench under section 482 of Code of Criminal Procedure, 1973 for quashing the complaint and the Madhya Pradesh High Court has granted exemption to all the directors of PRIL till the final disposal of the case in the lower court, by an order dated March 29, 2009. The matter is currently pending in the lower court.

4. A criminal case has been filed in 2007 before the Metropolitan Magistrate, Karkardooma, New Delhi, by the Municipal Authority, Delhi against PRIL and its directors in relation to carry on business at the Food Bazaar at Rohini, Delhi without the health trade license. PRIL has stated that the application for grant of the said license was made to Municipal Corporation of Delhi and business was commenced pending issuance of the same. PRIL has challenged the proceeding before the Sessions Court, Delhi. The matter is currently pending.

5. A criminal case has been filed in 2008 by the Local Health Authority, Municipal Corporation of Kamrup, Guwahati before the Chief Judicial Magistrate, Kamrup, Guwahati against the directors of PRIL, for the alleged adulteration of food products. A sample of —Kalazira was found to be polished with hydrocarbon oil and contained excessive living insects thereby violating provisions of Prevention of Food Adulteration Rules, 1955 (the —Rules). Additionally, a sample of —Pure Cow Ghee was found to be artificially coloured by using —Beta Carotene and also contained excessive living insects thereby violating provisions of the Rules. The matters are currently pending.

6. A criminal case has been filed in 2009 by the Local Health Authority, Ahmedabad Municipal Corporation before the Sixth Court of the Metropolitan Magistrate, Ahmedabad against Anil S Kaltari, PRIL, Kishore Biyani, Ghanshyam Biyani and Sandip Modi in the capacity of directors of the PRIL, in respect of a product supplied at the PRIL's retail outlet at Ahmedabad. The public analyst allegedly found the product to be misbranded as it did not conform to the standards and provisions of the rules 32 (b) and (e) of the Rules and as per section 2 (ix) (k) of the Prevention of Food Adulteration Act, 1954. The matter is currently pending.

7. A criminal case has been filed in 2009 by the Local Health Authority, Government of Delhi before the Additional Chief Metropolitan Magistrate, New Delhi against all the Directors of the PRIL. The sample of the product —Malatni Madras Mixture seized by the Municipal Corporation of Delhi, from the PRIL's store was found to be misbranded as —best before date—did not appear on the product as required per Rule 32 and 36(2)(a) of the MPSG Act read with the Prevention of Food Adulteration Act, 1954. A writ petition (no. CrI. M.C. No. 3837/2009 in Criminal miscellaneous application (no. 13068/2009) under section 482 of Cr. P.C. before the Delhi High Court against the summons order dated August 10, 2009, wherein the Court granted a stay by an order November 11, 2009 against the directors. The matter is currently pending.

8. A criminal case has been filed in 2008 by the Local Health Authority, Municipal Corporation of Indore before the First Class Judicial Magistrate, Indore against all the Directors of PRIL. The sample of a product viz. “Fresh & Pure Toast Biscuits” seized by the Municipal Corporation of Indore, from a store of PRIL was found to contain a synthetic food colour on a test conducted by the public analyst that was not declared on the label of the sample pack. It is alleged that there was violation of provisions of the Prevention of Food Adulteration Act, 1954. PRIL has filed a criminal miscellaneous petition before the High Court of Madhya Pradesh for quashing the

complaint and the High Court of Madhya Pradesh has granted exemption to all the directors of PRIL until the final disposal of the case in the lower court. The matter is currently pending.

9. A criminal case has been filed in 2008 by the Local Health Authority, Municipal Corporation of Kamrup, Guwahati before the Chief Judicial Magistrate, Kamrup, Guwahati against all the directors of the PRIL in relation to adulteration of food products. The sample of —“Pure Cow Ghee” - seized by the Municipal Corporation of Kamrup, Guwahati from a Big Bazaar store was found to be polished with hydrocarbon oil. It was also found that the sample contained excessive numbers of insects. It is alleged that there is violation of the provisions of the Prevention of Food Adulteration Act, 1948. The matter is currently pending.

10. The Local Health Authority, Udaipur filed a criminal case in the year 2010 before the Asst. Chief Judicial Magistrate No. 1 of Udaipur against Mr. Chetan Dave, Mr. Gopikishan Biyani, Mr. Kishore Biyani, Mr. Rakesh Biyani, Mr. Vedprakash Arya, FVRL, Mr. Rajesh Kamani, Mr. Milind Bhai Sitwala and M/s Bhagwati Floors and Foods Pvt. Ltd. alleging that the sample of “Maida” collected from the Big Bazaar was found to be misbranded as per the report of the public analyst and hence an offence under section 2 (ix) (k) of Prevention of Food Adulteration Act, 1954 & Rule 32 (c) of PFA Rules, 1955 has been committed. The Case is currently pending.

11. Rajasthan Municipal Corporation has filed a criminal case under Rajasthan Municipal Act in December, 2009 bearing case no. 921/2009 before the Judicial Magistrate First Class No. 2 South Udaipur against Kishore Biyani and Sandeep Modi against illegal selling of food product without appropriate license at Big Bazaar Udaipur . The matter is currently pending.

### **Consumer Cases**

#### *Cases filed against Kishore Biyani*

1. A consumer complaint has been filed in 2010 before the Consumer Forum South Mumbai by Rakesh K. Agrawal (the —Complainant) against PRIL, Kishore Biyani and Big Bazaar, Mumbai for being allegedly over charged by Rs. 35 for the three products purchased by him from the store. The case is currently pending.

### **Notices**

1. Eight separate notices have been issued by the Registrar of Companies, Mumbai against Kishore Biyani, Rakesh Biyani and Gopikishan Biyani in their capacity as Executive Directors of PRIL and PRIL on grounds including *inter alia* (i) not furnishing the particulars of employees to the Registrar of Companies or to the inspecting officer, (ii) non-disclosure of the complete registered office address in the balance sheet, (iii) not furnishing the particulars of export activities, (iv) irregularities in approving accounts, (v) irregularities in accounts related disclosures, (vi) finalization of the balance sheets and profit and loss accounts without obtaining confirmation of unsecured loans, current assets, loans and advances and current liabilities, (vii) irregularity in capitalizing self generated brands (viii) not furnishing/annexing the statement in pursuance of section 212 of the Companies Act for the four subsidiaries. PRIL has responded to the notice and subsequently suo motto applied for compounding the alleged offence related to not furnishing/annexing the statement in pursuance of section 212(9) of the Companies Act for the four subsidiaries.

## **Group Companies:**

### **1. Pantaloon Retail (India) Limited**

#### **Criminal Cases**

##### *Cases filed against PRIL*

1. A criminal case has been filed in 2003 before the 6th Court of the Metropolitan Magistrate, Ahmedabad by the Local Health Authority, Ahmedabad Municipal Corporation against Pantaloon Retail (India) Limited (—PRIL-) in respect of a product supplied at the PRIL's retail outlet at Ahmedabad. The public analyst allegedly found the product to be adulterated as it did not conform to the standards and provisions of the Prevention of Food Adulteration Rules, 1955 and it was found to be misbranded in terms of section 2(ix)(k) of the Prevention of Food Adulteration Act, 1954. PRIL has filed a criminal miscellaneous petition before the Gujarat High Court under section 482 of Criminal Procedure Code, 1973, seeking that the complaint against it be quashed. The Gujarat High Court has stayed the proceedings pending before the Metropolitan Magistrate, Ahmedabad and has quashed the entire proceedings pending against Kishore Biyani. Thus, currently the matter is pending in relation to PRIL and an employee Alok Dave.

2. A criminal complaint has been filed in 2007 by the Mobile Vigilance Squad, Kozhikode before the Chief Judicial Magistrate, Palakkad against PRIL, Big Bazaar (Palakkad Kerala) and others, alleging that the sample of 'Urad Gota' collected from the said Big Bazaar was adulterated. The matter is currently pending.

3. Two criminal cases have been filed by the Local Health Authority, Hubli has before the First Class Judicial Magistrate, Hubli against the officials of Big Bazaar, Hubli, alleging that the samples of —Turadal- and —Moong Dal- collected from the said Big Bazaar were found to be adulterated as per the report of the public analyst and hence an offence under section 7 (1) read with section 16 (a) of the Prevention of Food Adulteration Act, 1954 has been committed. These matters are currently pending.

4. A criminal case has been filed in 2010 before the First Class Judicial Magistrate, Municipal Court, Baroda by the Local Health Authority, Baroda against Big Bazaar, Seven Seas Mall, Vinay Garg - Manager Seven Seas Mall, Baroda, and owner of SIS Hariharan Motilal Agarwal. The public analyst allegedly found the sample of —Gulkand Mukhwas- collected from the Big Bazaar to be adulterated as it did not conform to the standards and provisions of the Prevention of Food Adulteration Rules, 1955 and it was found to be misbranded in terms of section 2(ix)(k) of the Prevention of Food Adulteration Act, 1954. The report of Central Laboratory is awaited. The matter is currently pending.

5. A criminal case has been filed in 2010 before the First Class Judicial Magistrate, Municipal Court, Baroda by the Local Health Authority, Baroda against Big Bazaar, Seven Seas Mall, Vinay Garg - Manager Seven Seas Mall, Baroda, and owner of SIS Hariharan Motilal Agarwal. The public analyst allegedly found the sample of —Mava Mukhwas- collected from the Big Bazaar to be adulterated as it did not conform to the standards and provisions of the Prevention of Food Adulteration Rules, 1955 and it was found to be misbranded in terms of section 2(ix)(k)

of the Prevention of Food Adulteration Act, 1954. The report of Central Laboratory is awaited. The matter is currently pending.

6. Criminal complaint has been filed in 2009 under section 15 of the Environment Protection Act, 1986 before the Additional Chief Metropolitan Magistrate's Patiala House Court by the Delhi Pollution Control Committee against Big Bazaar Vasant Kunj and others on grounds arising from violating the notification dated November 7, 2009. The notification forbids the use of polyethylene bags, which were allegedly used at the store. The matter is currently pending.

7. A criminal case has been filed in 2008 against one of the employees of PRIL by a customer under sections 406 and 407 of the Indian Penal Code, 1860 and 3(x) of the Scheduled Castes and the Scheduled Tribes (Prevention of Atrocities) Act, 1989. The matter is currently pending.

8. A criminal case has been filed in 2008 by the Local Health Authority, Bangalore before the Special Court for Economic Offences, Bangalore against the Manager, Food Bazaar, Hosur Road and another, alleging that the sample of —Carbonated water (Kinley Club Soda) collected from the said Food Bazaar was expired on the date of taking the sample and hence an offence under the Prevention of Food Adulteration Act, 1954 had been committed. The matter is currently pending.

9. A criminal case has been filed in 2009 by the State of Karnataka represented by Hebbal Police Station before Additional Chief Metropolitan Magistrate's Court at Bangalore against Aleem, Manjunathgowda and others, who were the employees of PRIL, for hurting a person. All the accused have been released on bail and the charge sheet has been filed before the court. The matter is currently pending.

### ***Cases filed by PRIL***

1. PRIL has filed a criminal complaint before the Economic Offences Wing, against Prakash Khanduri, Mithun Sahal, Futermal Jain, Gopal Jain, Praveen, A.P. Mahesh Co-operative Bank Limited and its officials, Sahebrao Deshmukh Co-operative Bank Limited and its officials and Apna Sahakari Bank Limited and its officials against certain banks, officers and others. PRIL has alleged that the accused persons got cheques issued by it in the name of its vendors by making false entries in the system and creating fake accounts in the name of the vendors, with the above said banks, in collusion with the officials of the banks. The amount involved in this case is Rs. 52.88 Lakhs . All the accused have been duly arrested by the Economic Offences Wing. Mithun Sahal, Futermal Jain and Praveen have been released on bail and bail application filed by Prakash Khanduri was rejected by the lower Court. Prakash Khanduri had filed an appeal against the order which has been dismissed by the Sessions Court of Mumbai. The High Court has granted bail to Prakash Khanduri. A charge sheet has been before the Metropolitan Magistrate's Court at Esplanade Court, Mumbai The matter is currently pending.

2. A criminal case has been filed in 2007 by PRIL before the Second Additional Chief Metropolitan Magistrate, Nampally, Hyderabad by PRIL against the accused in relation to dishonour of three cheques issued by him for an aggregate amount of Rs. 1.00 Lakhs. The said cheques were issued by the accused towards the payment of various mobile phones purchased by him from Big Bazaar located in Hyderabad on credit. The complaint has been filed under section 138 of the Negotiable Instruments Act, 1881. PRIL has claimed a compensation aggregating to twice the total amount mentioned in the said cheques, in addition to the punishment to be imposed on the accused. The matter is currently pending.

3. PRIL and Big Bazaar, City Centre, Kerala have filed a criminal miscellaneous petition in 2008 before the Kerala High Court against State of Kerala to stay all further proceedings against them in case (ST. no. 3/ 2008) which was filed before the First Class Judicial Magistrate–III Palakkad, till the disposal of the instant petition. The said case was filed before the Magistrate alleging violation of the provisions of Weights and Measures (Enforcement) Act, 1985 and Packaged Commodities Rules, 1977. The High Court has passed directions dated July 8, 2008 that until further orders, personal presence of the petitioners shall not be insisted by the learned magistrate and that the petitioners shall be permitted to appear through their counsels. The matter is currently pending.

### **Civil Cases**

#### **Cases against PRIL**

1. A civil suit has been filed in 2003 by Raymond Limited before the Bombay High Court against PRIL and others, for restraining PRIL from selling goods under the trademark —RAYMEN-. The claimant has claimed that PRIL aided and abetted the infringement of the said trademark by selling goods manufactured by the supplier in their stores and has sought damages for an amount aggregating Rs. 5.00 Lakhs. The parties are negotiating settlement and the matter is currently pending.

2. An original suit has been filed in 2008 before the Delhi High Court by Central Retail Corporation Limited, Central Department Store Limited and Harnag Central Department Store Limited against Future Brands Limited and PRIL, seeking permanent injunction against the defendants to restrain them from using the trademark —Central.Further, the plaintiffs have sought damages amounting to Rs. 1,000 Lakhs. Future Brands and PRIL have filed the written statement on November 3, 2008. The matter is currently pending.

3. Two original suits have been filed in 2007 by Sanman Residency and Shree Kesar Trading Company respectively before the City Civil Court, Bangalore and Senior Civil Judge, Hyderabad against PRIL and Food Bazaar, for recovery of money. The main issue in the one of the case pertains to certain discrepancies in the bill amount raised by the plaintiff for stay of PRIL's employees in their hotel. The plaintiff has claimed an amount of Rs. 3.00 Lakhs and interest at the rate of 18 %per annum, towards the alleged balance amount to be paid by PRIL. The matter is currently pending. In the other case the plaintiff has claimed an aggregate amount of Rs. 2.00 Lakhs and interest at the rate of 18 %per annum for the delayed payment on account of the goods supplied by the plaintiff to the defendant. PRIL has filed its written statement. These matters are currently pending.

4. A civil suit has been filed in 2008 by Damji Bhai Hansraj Bhai Vekaria before the Principal Senior Civil Judge, Rajkot against Big Bazaar and Pantaloon, Rajkot, alleging that

the building wherein Big Bazaar and Pantaloon are located is illegal. The plaintiff has stated that the land was acquired from the plaintiff for town planning and therefore, cannot be allotted for commercial purpose. The matter is currently pending.

5. A civil suit has been filed in 2006 by Rohit Chandra before the Court of Civil Judge South (Junior Division), Lucknow against PRIL and another, alleging that PRIL is liable for the offence of carrying on unfair trade practices, by selling the goods at lesser prices and thereby trying to create monopoly. The plaintiff has stated that PRIL has been selling foreign imported goods without the required details, such as name of the manufacturer, maximum retail price and date of manufacture and that the staff of PRIL has hurt his religious sentiments. The plaintiff has sought permanent injunction against PRIL to restrain it from carrying on its business activities in the demised premises. PRIL has filed the written statement. The matter is currently pending.

6. A civil suit has been filed in 2007 by Sanjay Goel before the Court of Senior Civil Judge, Delhi against Jaipur Golden Transport Limited and PRIL, for non receipt of payment for goods delivered to PRIL and Jaipur Golden Transport Limited. The plaintiff has claimed an amount of Rs. 1.00 Lakhs and interest at the rate of 18% per annum. The plaintiff has also requested for permanent injunction against Jaipur Golden Transport Limited for restraining it from selling, transferring and disposing off the goods by auction or otherwise, till full and final payment of the said suit amount. The matter is currently pending.

7. A recovery suit has been filed in 2008 before the Court of District Judge, Delhi by AVS Trading Company Limited against PRIL to recover possession of the property at 14-A, 8th Floor, Dr. Gopal Das Bhavan, 28, Barakhamba Road, New Delhi, which was transferred by the plaintiff to PRIL through a lease deed of three years. The lease deed was terminated by the plaintiff after giving a notice dated October 26, 2007. The plaintiff has claimed damages amounting to Rs. 1.00 Lakhs and interest at the rate of 18 % per annum from the defendant, for delay in returning the possession of the property. The matter is currently pending.

8. A complaint has been filed before the Monopolies and Restrictive Trade Practices Commission, New Delhi by J.K. Dhingra against the Branch Manager, Big Bazaar, Inderlok, Delhi and others, for use of monopolistic, restrictive and unfair trade practices by the respondent in respect of the —Great Exchange Offer- scheme launched from February 16, 2007 to March 16, 2007. The complainant has claimed that he had collected exchange coupons worth Rs. 0.09 Lakhs, but he was not given items of standard quality by the respondents and was forced to purchase goods worth Rs. 0.36 Lakhs to get the exchange coupons reimbursed. The amount involved in the matter is Rs. 1.24 Lakhs. The matter is currently pending.

9. A civil suit has been filed in 2009 before the Bombay High Court by Sports and Leisure Apparels Limited against PRIL and others in respect of shops no. 6A and 6B situated at ground floor, Cross Road Mall, 28 Pandit M. M. Malviya Road, Haji Ali, Mumbai. The plaintiffs have sought an injunction against the defendants from creating any third party right, interest and parting with possession or inducting third party in possession of the demised property until the final disposal of the suit and has claimed compensation of Rs. 191 Lakhs towards the loss of business and Rs. 791 Lakhs as damages. The notice of motion for an ad-interim relief was duly dismissed by an order dated July 3, 2009. An appeal was filed against the said order, which was also dismissed. The matter is currently pending.

10. A civil suit has been filed in 2009 before the Small Causes Court, Bangalore, by Tunes, Bangalore against PRIL alleging non receipt of payment of Rs. 0.69 Lakhs towards the delivery of audio and video CDs and VCDs. The matter is currently pending.

11. A civil suit has been filed in 2009 before the Delhi High Court by filed by Koninklijke Phillips Electronics N.V. against Bhagirathi Electronics and Big Bazaar and HSRIL alleging infringement of patent and selling of DVD player of —PASSION- respectively and has claimed certain data from Big Bazaar and HSRIL. The matter is currently pending.

12. Suit has been filed in 2009 before the Civil Judge Junior Division Alwar by Treat Restaurant through Lovekush Naruka (the —Plaintiff) against PRIL on grounds of seeking temporary injunction against vacating the premises on the ground floor at Big Bazaar, Alwar. Pursuant to an agreement, the Plaintiff for operating a restaurant in Big Bazaar premises. The municipal authority raised objection upon renting the premises as the same was reserved for parking. The Plaintiffs seek to retain possession of their restaurant and resume operation in the original area. The matter is currently pending.

13. Union Bank of India (UBI /Applicant) has filed an Original Application No. 130 / 2010 before Debt Recovery Tribunal – III , Kolkata, against Mahaveer Constructions & 4 Others including PRIL as defendant no. 4. The instant case was filed by UBI for the recovery of Rs. 12,94,74,321/- from the defendant no 1 to 3 i.e. ( Mahaveer Constructions, Mr. Laxmipat Surana, Surana Metals Limited) towards recovery of LOAN AMOUNT which was availed / taken by the defendant no. 1 i.e. Mahaveer Constructions. The UBI instead of claiming / recovering the amount in dispute from defendant no. 1 they have wrongfully made PRIL as a Party. In the said application the applicant has claimed a recovery of Rs. 2,94,67,855/- and interest till realization from PRIL , attachment of License fees payable from PRIL and direct PRIL to remit the monthly license fee without any deduction to the applicant. It seems PRIL has been wrongly implicated as party to the litigation as PRIL is occupying the premises i.e. Block B Puja Complex, known as Puja the Mega Mart at Jhargram Rd, Kharragpur. The Case is currently pending.

14. M/s. Excellent Diary Farming Pvt. Ltd. has filed a Title Suit No. 264 of 2010 in the Court of Municif No. 1 Kamrup Guwahati against Pantaloon Retail (India) Ltd. & Future Value Retail Limited in respect of area comprising of 50 Sq.Feet i.e. at Big Bazaar situated at Guwahati and the plaintiff is claiming that the termination notice issued by the Company is not legal. The Matter is currently Pending.

15. Fabindia Overseas Private Limited & Anr have filed a writ petition in the year 2010 before the Bombay High Court , against the Union of India, Secretary-Ministry of Finance, Director General of Service Tax and Central Board of Excise and Customs, against Company and others seeking a stay of service tax levied on “renting of immovable property”. The matter is currently pending.

16. Mr. M. G. Dattathreya & Others have filed a a writ petition (No. 26202 – 26216/2010 and 26688 – 26717/2010) before the High Court of Karnataka at Bangalore, against the Assistant Commissioner of Service Tax Bangalore, Commissioner of Service Tax Bangalore, Director General of Service Tax, Union of India, and against Company seeking a stay of service tax levied on “renting of immovable property”. In the said matter Interim Order has been passed

whereby no recovery of Service Tax shall be made in respect of renting of an immovable property. The matter is currently pending.

17. Hardcastle Restaurants Private Limited & anr have filed a writ petition (No. 2011 of 2010 before the High Court of Bombay, against Union of India, and against others and Company seeking a stay of service tax levied on “renting of immovable property”. The matter is currently pending.

18. M/s. Nova Plast has filed a summary civil Suit bearing no. 244 / 2010 against the Company before the Small Causes Court at Ahmedabad for the recovery of outstanding dues towards the goods supplied by him to company during the year 2007-08. Accordingly the Company had made a payment towards the settlement of the outstanding dues in question. The matter is currently pending.

19. Welspun Retail Ltd. and Anr has filed a writ petition bearing no. 2213 of 2010 before the Bombay High Court, against the Union of India, Ministry of Finance, Director General of Service Tax and Central Board of Excise and Customs, Commissioner of Service Tax against Company and others seeking a stay of service tax levied on “renting of immovable property”. The matter is currently pending.

20. M/s. Brand Calculus Franchising India P. Ltd have filed a writ petition (No. 30836 – 30838/2010 before the High Court of Karnataka at Bangalore, against Union of India, Director General of Service Tax, Company and Others seeking a stay of service tax levied on “renting of immovable property”. In the said matter Interim Order has been passed whereby no recovery of Service Tax shall be made in respect of renting of an immovable property. The matter is currently pending.

21. A civil suit (No. 959/2009) has been filed by the Indian Performing Right Society Limited against PRIL and two of its officer for restraining PRIL from publicly performing or authorizing the public performance or communication to the public of the plaintiff’s repertoire of musical and literary works or any part of the same in their “Pantaloons” stores located at Unitech, Rohini, Delhi and crossriver Mall Shahdara, Delhi. By way of interim arrangement ., PRIL has paid license Fees for one year to play Music in all Group Stores. The matter is currently pending.

22. Quest Retail Pvt. Ltd. has filed a writ petition bearing no. 2226 of 2010 before the Bombay High Court, against the Union of India, Company and others seeking a stay of service tax levied on “renting of immovable property”. The matter is currently pending.

23. Samsonite South Asia Pvt. Ltd., has filed a writ petition bearing no. 2228 of 2010 before the Bombay High Court, against the Union of India, Company and others seeking a stay of service tax levied on “renting of immovable property”. The matter is currently pending.

24. Upper Collector, Gaziabad, State of Uttar Pradesh has initiated a old case (No. 3 / 2008-2009 (1639)) New case Number 230 / 08-09 against our Company for alleged deficiency in payment of stamp duty in respect of a transaction of the property situated at W-2, Sector 1, Vaishali, Ghaziabad, AEZ Shopping Mall, admeasuring 49137 Sq.ft. Company has filed its reply to the said notice. The Upper Collector has passed an order dated November 4, 2008



holding that a notice be sent to the lessor in relation to the said insufficiency in payment of stamp duty. In the said case now the Assistant Collector, Gaziabad has passed an order dated 24.04.2009 directing our Company do pay Rs. 2,59,63,700/- towards Stamp duty and Rs. 25,96,370/- towards penalty totaling to Rs.2,85,60,070/-. The Company has filed an appeal against the said impugned order dated 24.04.2009 before CCRA Allahabad. For the purposes of stay on the Order dated 24.04.2009, the Company along with the appeal to CCRA Allahabad, has deposited Rs. 1,30,25,123/-(Rupees One Crore Thirty Lacs Twenty Five Thousand One Hundred Twenty Three Only) with CCRA Allahabad . The matter is currently pending. The CCRA Allahabad has not granted any relief in the form of stay, therefore an appeal has been made before the Allahabad High Court wide WRIT PETITION NO. 34035 of 2009 wherein the Hon'ble Allahabad High Court was pleased to direct appellate authority (CCRA) to decide the present case and further till appellate authority (CCRA's) decision no recovery shall be made against the Company for the balance amount.

25. Vishal Chappria has filed a case (Title Suit No. 1809/2005) before the City Civil Court, Kolkata against our Company, Intime Spectrum Registry Limited, Daulat Securities Limited and Balkrishna M. Kanodia. The case relates to the non-transfer of 100 shares of our Company which the plaintiff bought from Balkrishna through the stock broker. The name of the plaintiff was not updated on the Company's register of shareholders by Intime Spectrum Registry Limited on the ground that the signature on the share transfer deed was not matching with the specimen signature recorded with the Company. The plaintiff has sought mandatory and permanent injunction to restrain the Company from registering the said shares in any other name and from granting the rights in relation to the said shares to any other person. The matter is currently pending.

26. Sandhya Roy and Malay Roy have filed a case (Title Suit No. 87 of 2006) before the City Civil Court, Kolkata against our Company, Intime Spectrum Registry Limited, Kirti S. Kotecha, Ashok Kumar Tripathi and Damini Tripathi. The case relates to the non-transfer of 200 shares of our Company, which the plaintiff claims to have bought from Kirti S. Kotecha, Ashok Kumar Tripathi and Damini Tripathi. The names of the plaintiffs were not updated on the Company's shareholder's register by Intime Spectrum Registry Limited since the signature on the share transfer deed was not matching with the specimen signature recorded with the Company. Plaintiffs have sought an injunction restraining the Company from allotting shares under the rights issue in relation to the said 200 shares. The matter is currently pending.

### **Cases filed by PRIL**

1. PRIL has filed an original suit in 2006 before the City Civil Court, Bangalore seeking a perpetual injunction to restrain the defendants from interfering in the peaceful possession of the immovable property situated at Marathahalli Village, Varthur Hubli, Bangalore. PRIL had taken the said property on lease from defendants by way of a lease agreement dated September 4, 2006 for a period of five years, further renewable for a period of seven years. The defendants were trying to create a third party interest in the said suit property despite of having entered into the lease agreement with PRIL and are trying to dispossess PRIL from the property. The Court has granted temporary injunction restraining the defendants from interfering in PRIL's peaceful possession of the property. The matter is currently pending.

2. A case has been in 2008 filed before the District Judge, Jaipur by PRIL against Rebecca Expo Investment Private Limited for cancellation of a memorandum of understanding dated October 7, 2005 entered into between PRIL and the certain persons for transfer of a property situated in Jaipur. The said memorandum of understanding has been cancelled by the defendants stating that they are unable to transfer the property due to force majeure reasons. The court did not allow the interim injunction sought by PRIL and did not restrain the defendants from transferring the property to third parties, against which an appeal (no. 3647 of 2008) has been filed before High Court of Rajasthan for the requisite relief. The High Court of Rajasthan has passed an order dated September 16, 2008, for maintaining the status quo in respect of the suit property. The matter is currently pending.

3. A case has been filed in 2010 before the District Judge, Hyderabad by PRIL against Chalasani Purnchandra Rao and others (the —Defendants) for non-adherence to the terms of the memorandum of understanding dated November 23, 2009 executed by and between PRIL and the Defendants for a property situated in Kukatpally. The terms of the MoU were breached by the Defendants and the lease was not granted to PRIL. PRIL seeks interim relief in order to restrain the Defendants from creating any third party rights in respect of property. The damages claimed aggregate to Rs. 200 Lakhs. The court through its order dated June 2, 2010 allowed the interim injunction sought by the Company to restrain the Defendants from transferring the property to third parties. The matter is currently pending.

4. A case has been filed in 2010 before the Additional Civil Judge, Ludhiana by PRIL against FMI Limited for cancellation of a memorandum of understanding entered into between PRIL and FMI Limited in relation to letting out to us space in the upcoming mall FMI centre at Ludhiana. PRIL is seeking permanent and mandatory injunction against the termination of the memorandum of understanding. The matter is currently pending.

5. The Upper Collector, Ghaziabad has initiated a case in 2008 against PRIL for deficiency in payment of stamp duty for certain property related transactions. PRIL had filed a reply to the notice. The Upper Collector passed an order dated November 4, 2008 that a notice is required to be sent to the lessor in relation to the said insufficiency in payment of stamp duty. The Lessor filed its reply dated December 10, 2008 in the Court of Assistant Commissioner of Stamps, Gaziabad. Subsequently, the Assistant Collector, Ghaziabad in this case passed an order dated April 24, 2009 directing PRIL to pay Rs. 259 Lakhs towards stamp duty and Rs. 25.00 Lakhs towards penalty aggregating to Rs. 285 Lakhs. PRIL had filed an appeal against the said order before the Chief Controlling Revenue Authority, (CCRA) Allahabad to stay that order and has also deposited Rs. 130 Lakhs. The Chief Controlling Revenue Authority(CCRA), Allahabad didn't grant the stay and therefore PRIL has filed a writ petition with the Allahabad High Court for a stay. The Allahabad High Court has, vide its order dated July 10, 2009, granted a stay in the said matter stating that till the appellate authority reaches the final decision no recovery shall be made against the PRIL for the balance amount. The matter is currently pending.

6. The District Collector of Stamps, Gautambudhnagar, Uttar Pradesh has issued a notice in 2008 to PRIL for deficiency in payment of stamp duty amounting to Rs. 303 Lakhs, in relation to a property related transaction. The matter is currently pending for hearing. Furthermore, earlier also a case (no. 45 of 2007) was filed in respect of the same property, wherein an order was passed by the Collector, Gautambudhnagar on March 30, 2009, imposing a stamp duty of Rs. 242.00 Lakhs along with penalty and interest of Rs. 24.00 Lakhs total aggregating to Rs. 266 Lakhs on PRIL, as per section 33 of the Indian Stamp Act, 1899. PRIL had filed an appeal against the order before the Chief Controlling Revenue

Authority (—CCRA|)), Allahabad, which was dismissed by an order dated November 3,

2009. PRIL thereafter had filed a writ petition against the order before the High Court of Allahabad. By an order dated November 24, 2009 the High Court of Allahabad granted a stay and directed PRIL to pay 50% deposit of the impugned demand. PRIL has deposited Rs. 121 Lakhs payable to Tehsildar, Dadri, G.B. Nagar in December, 2009. The matter is currently pending.

7. The Collector of Stamps, Kanpur has filed a case in 2007, against PRIL, for alleged deficiency in payment of stamp duty in respect of a property transaction, seeking to recover an amount of Rs. 563.00 Lakhs as stamp duty along with penalty. The Collector of Stamps through an order dated May 28, 2007 directed PRIL to pay the aforesaid amount along with penalty. PRIL has filed a writ petition before the Allahabad High Court against the order of the Collector of Stamps. The Allahabad High Court referred the matter to Chief Controlling Revenue Authority, Allahabad and the case was remanded back to Kanpur Stamp Office by Chief Controlling Reveune Authority. PRIL has already paid a stamp duty of Rs. 51.00 Lakhs and the instrument is partly executed. The Collector of Stamps, Kanpur has passed another order dated September 29, 2008, wherein PRIL has been directed to pay Rs. 51.00 Lakhs towards the stamp duty and an equivalent amount towards the penalty aggregating to Rs. 102 Lakhs. The PRIL has filed an appeal before the Chief Controlling Revenue Authority against the said order. The Chief Controlling Revenue Authority has granted stay on the order of the Collector of Stamps, Kanpur. The said stay was Vacated by CCRA and further PRIL has filed another writ petition (no. 51538 of 2009) before the Allahabad High Court, wherein, further stay was granted by an order dated October 06, 2009. The matter was sent back to CCRA by the Order of Allahabad High Court, CCRA dismissed the appeal, thereafter PRIL moved to Allahabad High Court by filing a WRIT against the Order of CCRA and the said WRIT is pending adjudication at the Allahabad High Court. The matter is currently pending.

8. Additional Collector (F&R) Gautam Budh Nagar, State of Uttar Pradesh has initiated a case (No. 240/07-08) against our Company for alleged deficiency in payment of stamp duty with respect to the transaction of the property situated at CWC Warehouse Complex, Bulandsher Road, Dadri (Gaziabad). The authority has directed the Company to pay Rs.3,206,400. Company filed an appeal before the Chief Controlling Revenue Authority (“CCRA”), Allahabad against the order dated January 18, 2008 passed by the Additional Collector. The appeal matter has been decided in the Company’s favour and CCRA has cancelled the order of Additional Collector of Gautam Budh Nagar and directed the said Additional collector to issue notice to the lessor of the property. The matter is currently pending.

9. Pantaloon Retail (India) ltd. (hereinafter referred to as the Lessee) has filed an Arbi. O.P. No. 1001 of 2010 before the Principal District Judge, Visakhapatnam under sec. 9 of the arbitration and Conciliation Act, 1996 against M/s. Sri Srinivasa Homes (hereinafter referred to as the Lessor) for:

a) Restraining the Lessor and its employees & Agents from creating any Third Party rights in the suit premises in any manner whatsoever which is currently occupied by the Lessee

which is situated at G.V. Manor, Besides Sangam Sarat theatres, Station Road, Dwarka Nagar, Visakhapatnam

b) To obtain a perpetual injunction restraining the respondent from interfering with the petitioners peaceful possession of the suit premises. Whereas, the Lessor by way of its Legal Notice asked the Lessee to vacate the suit premises which is contrary to the terms & conditions of the Lease deed.

The matter is currently pending.

## **Tax Related Cases**

### ***Cases filed against PRIL***

1. The Deputy Commissioner of Income Tax passed an order against PRIL and reduced the addition in capital work in progress to the extent of Rs. 75.97 Lakhs for the assessment year 2001-02. PRIL filed appeal against the order before Commissioner of Income Tax (Appeals),

Mumbai (—CIT||) disputing reduction in capital work in progress. The CIT (Appeal) through

order dated June 29, 2009 allowed the reduced the addition in capital work in progress claimed by PRIL. Subsequently, the Deputy Commissioner of Income Tax passed orders against PRIL in the assessment years 2002-2003, 2003-2004, 2005-2006 and 2006-2007 disallowing depreciation on account of reduction of capital work in progress in the assessment year 2001-2002. PRIL has filed appeal against the above orders in CIT (appeal) and CIT appeal has passed order in favour of PRIL for the assessment year 2006-2007. The appeal against for the assessment years 2002-2003, 2003-2004 and 2005-2006 filed and the CIT (Appeal) has allowed appeal in favour of PRIL. The Income Tax Department has filed appeal in Income Tax Tribunal Mumbai (IAT) against order of CIT (Appeal) for the assessment year 2001-2002, the matter is in the Tribunal.

2. PRIL has received the demand notice for the assessment year 2006-2007 for not submitting the F forms. PRIL has filed a writ petition with high court of Karnataka and paid the entire amount of under protest. The amount involved of Rs.73.93 lakhs The matter is currently pending.

### ***Cases filed by PRIL***

1. The Deputy Commissioner of Income Tax passed an order against PRIL directing them to pay an amount aggregating approximately Rs. 18.00 Lakhs for the assessment year 2001-2002. PRIL filed an appeal against the order before the Commissioner of Income Tax

(Appeals), Mumbai (—CIT||) on grounds of being aggrieved by the order. The Commissioner

of Income Tax (Appeals) through an order dated November 19, 2004 disposed the matter partly in favour of PRIL. The Deputy Commissioner of Income Tax and PRIL have appealed against the aforesaid order on March 11, 2005 and January 20, 2005, respectively before the

Income Tax Appellate Tribunal, Mumbai (—ITAT). ITAT has decided the appeal and remanded the matter back to CIT for fresh adjudication. The matter is currently pending.

2. The Deputy Commissioner of Income Tax reopened the assessment for the year 2004-2005. The order disallowed (i) Rs. 6.32 Lakhs for depreciation on CWIP during the assessment year 2001-2002, (ii) Rs 40.06 Lakhs under section 14A of the Finance Act, (iii) Rs 202.00 Lakhs as interest on capital work in progress under section 36(1)(ii) of the Finance Act, (iv) Rs 53.16 Lakhs on reversal on the insurance claim; and (v) Rs 138.19 Lakhs on account of valuation of closing stock. PRIL has filed appeal with CIT (Appeal) against the order for AY 2004-05. The disputed amount of demand for A.Y 2004-05 is Rs 208.32 Lakhs. The appeal is currently pending.

3. The Deputy Commissioner of Income Tax during the scrutiny assessment for 2007-08 has (i) disallowed capital receipt from Future Media aggregating to Rs 2,500 Lakhs, (ii) Rs 92.90 Lakhs under Section 14A and Rule 8D of the Finance Act, (iii) Rs 243.83 Lakhs disallowed against transportation and handling charges; and (iv) Rs 317.23 Lakhs disallowed against interest on loans and advances under section 36(1)(ii) of the Finance Act. The disputed amount of demand for assessment year 2007-2008 is Rs 1,116.98 Lakhs. The appeal is currently pending.

4. PRIL filed an appeal before the Joint Commission of Commercial Taxes, Karnataka VAT against the order of CST Assistant for the assessment year 2007-2008 of Rs.54.89 Lakhs. PRIL has paid 50% of the demand, and issued a bank guarantee of Rs.27.44 Lakhs. The matter is currently pending.

5. PRIL received a demand notice for Rs.1.73 Lakhs for the assessment year 2006- 2007, out of which PRIL has paid Rs 23,890. In respect of the remaining amount of Rs 1.50 Lakhs, PRIL filed an appeal before the Additional Commissioner- Grade 2, UP Trade Tax. The amount has been deposited under protest. The matter is currently pending.

6. PRIL received a demand notice for Rs.9.01 Lakhs for the assessments year 2007-2008 out of which PRIL adjusted Rs 2.03 Lakhs with adjustment voucher received against finalization of appeal cases of year 2007-2008. In respect of the remaining amount of Rs 6.97 Lakhs, PRIL filed an appeal with the Additional Commissioner – Grade 2, UP Trade Tax. The amount has been deposited under protest. The matter is currently pending.

7. PRIL and others have filed writ petitions before the High Court of Gujarat, two writ petitions before the Calcutta High Court and two writ petitions before the Andhra Pradesh High Court, against Union of India, Secretary-Ministry of Finance, Director General of Service Tax and Central Board of Excise and Customs seeking a stay on levy of service tax on —renting of immovable property. PRIL has claimed that the service tax has to be levied on —services rendered in renting of immovable property and not on —renting of immovable property and has challenged the notification and circulars relating to levy of service tax —on renting of immovable property. Interim stay has been granted by the High Courts, restraining the respondents from recovering service tax until further orders. A transfer petition in 2009 had been filed, whereby the Supreme Court of India has tagged writ petitions filed before the Gujarat High Court & Andhra Pradesh High Court with SLP (9(C) no. 13850 of 2009). The matters are currently pending.

8. PRIL and others have filed a writ petition in 2008 before the High Court of Gujarat, against the Union of India, Secretary-Ministry of Finance, Director General of Service Tax

and Central Board of Excise and Customs seeking a stay of service tax levied on —renting of immovable property. PRIL has claimed that service tax has to be levied on —services rendered in renting of immovable property and not on —renting of immovable property and have challenged the notification and circulars relating to levy of service tax —on renting of immovable property. Interim stay has been granted by the High Court, restraining the respondents from recovering service tax until further orders. A transfer petition (Civil) (Nos. 738 -796 of 2009) had been filed, whereby the Supreme Court of India has tagged the said case with Transfer Petition (C) Nos. 807-821 of 2008.

9. One writ petition has been filed before the High Court of Andhra Pradesh by PRIL and Future Value Retail Limited (the —Petitioners) against the Union of India, and others seeking a stay of service tax levied on —renting of immovable property. PRIL has claimed that service tax has to be levied on —services rendered in renting of immovable property and not on —renting of immovable property and have challenged the notification and circulars relating to levy of service tax —on renting of immovable property. An Interim stay for the retrospective applicability of the Service Tax has been passed in the said matter. The matter is currently pending.

10. PRIL has filed a two writ petitions before the Guwahati High Court, against the State of Assam, Commissioner of Guwahati Municipal Corporation and Collector, Government of Assam, requesting for quashing the advertisement tax bills, which has demanded advertisement tax over the signages on the leased property. PRIL has challenged the notification and the circulars relating to the same. The Guwahati High Court has granted a stay in favour of PRIL on March 5, 2009. The petitions are currently pending.

11. The Assistant District Magistrate (Finance and Revenue), Allahabad has issued a notice in 2008 against PRIL, with respect to the registration and payment of stamp duty in relation to transaction of a property at Atlantic Mall, Allahabad. An order dated January 12, 2009 was passed by Upper Collector (Finance and Revenue) demanding Rs. 90.00 Lakhs towards stamp duty and Rs. 1.00 Lakhs towards penalty. PRIL filed a writ petition before the Allahabad High Court, which set aside the impugned order and directed the Additional District Magistrate (Finance and Revenue) Allahabad to proceed afresh in accordance with law. In the fresh case (No. 332 / 2008-09) the Upper Collector (Finance and Revenue) directed PRIL to deposit Rs. 80.00 Lakhs towards stamp duty and Rs. 80.00 Lakhs towards penalty with 1.5 % interest by an order dated September 25, 2009. PRIL had filed an appeal against the order with the CCRA Allahabad after depositing Rs. 67.00 Lakhs (being the 1/3rd amount of Stamp Duty, Penalty and Interest). CCRA admitted the appeal by an order dated October 28, 2009. The matter is currently pending.

## **Labour Cases**

### ***Cases filed against PRIL***

1. The Assistant Commissioner of Labour – II, Hyderabad, Assistant Commissioner of Labour, Vijayawada and Senior Labour Inspector 18th Circle, Bangalore have filed five separate cases before the Court of Authority under the Minimum Wages Act, 1948 against Big Bazaar, for not paying the wages to the employees of Big Bazaar in accordance with the Minimum Wages Act, 1948. It has been held that PRIL has to make the payment to the employees as per the Minimum Wages Act, 1948. The aggregate amount involved in the cases is Rs. 21.00 Lakhs. These matters are currently pending.

2. A labour compensation application filed in 2009 by one of the contract labour, namely Rathore Rajesh Manubhai against PRIL alleging injury caused by floor machine during the



course of work and has claimed compensation of Rs. 0.90 Lakhs for the loss of his two fingers. The matter is currently pending.

3. A labour complaint has been filed in 2009 before P.O.I.T., KKD, by Rakesh Rathi, alleging that illegal termination of his service and has claimed reinstatement along with full back wages and consequential benefits. The matter is currently pending.

4. Complaint has been filed in 2009 before Labour Court, Surat by Raju Ganesh Prasad Gupta against PRIL seeking reinstatement of services. The matter is currently pending.

5. A recovery petition has been filed in 2007 by Deepak Monal Bhai Patel before the Labour Court against PRIL by one of its employees, under section 33(c)(2) of the Industrial Disputes Act, 1947 for various claims including payment of balance salary, over-time, bonus and week-off, aggregating Rs. 0.48 Lakhs. PRIL has filed a reply to the petition. The matter is currently pending.

6. A case has been filed in 2007 before the Ahmedabad Labour Court by Ajay Dadu bhai Jebaliya against PRIL on grounds of termination. PRIL contends that he was absent without giving any notice for a long period of time and though, show cause notices to him several times, he did not reply to the same and did not resume services. The matter is currently pending.

7. Two separate reinstatement applications under Industrial Dispute Act have been filed before the Labour Commissioner, Ahmedabad, by two contract labours, Rathore Rajesh Manubhai and Monal Deepak Bhai Patel against PRIL seeking reinstatement of services. The matters are currently pending.

8. A reinstatement application has been filed in 2009 under Industrial Dispute Act has been filed before the Labour Court, Ahmedabad, by one of the contract labourer, namely Bipendra Singh Balwan, against Delta Guards Private Limited and Big Bazaar Satellite claiming reinstatement in service along with full back wages. The matter is currently pending.

9. A reinstatement application under Industrial Dispute Act has been filed before the Labour Court, Ahmedabad, by one of the contract labourer, namely Goutam Singh Virendra Singh, against Delta Guards Private Limited and Big Bazaar Satellite claiming reinstatement in service along with full back wages. The matter is currently pending.

10. Two separate recovery petitions have been filed in 2008 by one of the employees of a company, which has a contract with Big Bazaar. Big Bazaar is not concerned with the matter as the plaintiff is neither their employee nor is there in the pay rolls. Two similar applications (nos. 51/09 and 52/09) have been filed against PRIL and another company, which has a contract with PRIL, for payment of wages aggregating to Rs. 0.88 Lakhs. These matters are currently pending before the Labour Court, Ahmedabad.

#### ***Cases filed by PRIL***

1. Four complaints have been filed by PRIL before the Industrial Court at Mumbai and Industrial Court at Thane, against the certain unions, for the disturbances caused to the business activities of PRIL as a result of the violent agitations carried out before different stores and premises of PRIL. The Courts have passed orders restraining the defendants from obstructing PRIL's employees and the managerial staff, in any manner from performing their

regular work or from indulging in any act of violence, force coercion. These matters are currently pending.

### **Consumer Cases**

#### ***Cases filed against PRIL***

1. A complaint (No. 192 of 2006) has been filed before the District Consumer Forum Lucknow, by Jayanti Rastogi with an allegations that old DVD has been sold to him instead of selling a new DVD. The matter is currently pending.

2. An appeal / Revision application No. 1674/2007 has been filed before NCDRC by BIG BAZAAR against Weights & Measure Department, Tolmol Bhavan, Ahmedabad against order dt. 10/4/2007 passed by state commission Gujrat state @ Ahmedabad alleged selling of currency coupons on big saving days by means unfair and restrictive trade practices. Stay Order obtained The matter is currently pending.

3. A Complaint No. 200/2007 has been filed before District Forum Allhabad by Dr. Manmohan Mishra against Manager Big Bazaar for allegedly Selling of leaked football and not replaced despite promised to do so if found to be leaked. The matter is currently pending.

4. A Complaint No. 275/2007 has been filed before District Forum Allhabad by Mr. K.K. Pandey against Big Bazaar with an allegations that Defective shoes has been sold to him and the same was not replaced when he requested to do so. The matter is now kept on 28/10/2008.. The matter is currently pending.

5. A Complaint no. 707/2007 has been filed before DCDRF, ALLD by Akhilendra Verma against Big Bazaar with an allegations that Defective shoes has been sold to him and the same was not replaced when he requested to do so. The matter is currently pending.

6. A Complaint no. 141/08 has been filed before Consumer Forum by Guru Ashish Singh & Ors against Big Bazaar & Others. by alleging that the jacket in question was purchased from another store I.e. Salassar and not from Big Bazaar. However the agnetic detector installed at the exit gate of B.B. beeped while the complainant was carrying out the said jacket outside the gate and was consequently stopped by the security staffs of B.B. and thus allegedly faced humiliation in the hands of the B.B. staffs. The matter is currently pending.

7. A Complaint no. 307/08 has been filed before DCRF (THC) by Mr. Soni Jain, against Big Bazaar Wazirpur for allegedly selling of defective sofa set. The matter is currently pending.

8. A Complaint no. 1579/07 has been filed before District Consumer Redressal Forum, by Ms. Chander Kanta against Big Bazaar & Managing Director PRIL with an allegations that the pamphlets shows stainless steel utensils of 12, 13, and 14 ltr whereas it actually was 1.2, 1.3 and 1.4 ltr capacity at Rs. 199/-. The matter is currently pending.



9. A Complaint no. 878/07 has been filed before District Consumer Disputes Redressal Forum, by Mohinder Singh against Big Bazaar & Others alleging that the mobile he purchased from our store started malfunctioning and even after his persuasions and request the same was not rectified. The matter is currently pending.

10. A Complaint no. 350/07 has been filed before District Consumer Forum Ghaziabad, by Mr. S.P. Kashyap against Big Bazaar alleging that he was sold contaminated drink by Big Bazaar.. The date of matter was not mentioned on summons. The matter is currently pending.

11. A Complaint no. 1695/07 has been filed before District Consumer Forum Shalimar Bagh, by Mr. Virender Pal against Manager Big Bazaar for allegedly Selling of contaminated Appy Fizz.. The matter is currently pending.

12. A Complaint no. 149/2008 has been filed before District Consumer Forum Tis Hazari, by Ms. Monica against Big Bazaar Inderlok for allegedly Selling of contaminated Jumpin. The matter is currently pending.

13. A Complaint no. I.A. 66/2007 in UTPE No. 148 of 2007/5005 has been filed before MRTP, by Ms. Sunita Advocate against Pantaloon Retail India Limited through its General Manager Big Bazaar for allegedly Over billing to the extent of Rs. 80/- and should be restrained from using the slogan "isse sasta aur acchha kahin nahi". The matter is currently pending.

14. A Complaint no. 150/2006 has been filed before DCDRF,GGN, by Mr. Ranbir Sharma Against Big Bazaar and in the said matter case was heard ex parte and now the complainant has filed execution petition to recover the compensation as was ordered by the Hon'ble foun. Against the afore stated order of the forum we moved to the State Commission wherein the matter was dismissed and now we are trying to seek remedy from National Commission. The matter is currently pending.

15. A Complaint no. 686/2008 has been filed before DCDRF, Kanpur (Nagar), by Mr Prateek Nayan Mishra against Big Bazaar RAVE for alleged deficiency of services.. The matter is now kept on 14.10.2008. The matter is currently pending.

16. A Complaint no. 383/2007 has been filed before District Consumer Forum, by Mr. Vijai Kumar Dhawan against Big Bazaar alleging that the LG refrigerator sold to him was Defective. The same was not replaced. The matter is currently pending.

17. A Complaint no. 370 of 2006 has been filed before District Consumer Forum, Lucknow by Mr. Veenu Srivastava against Big Bazaar & Godrej Boyes for or the defect found in the FRIDGE of Godrej Company . The matter is currently pending.

18. A Complaint no. 198/2008 has been filed before DCDRF, LKO, by Mr. Pradeep Goswami against Big .Bazaar. Saharaganj, Shahnajaf Rd. LKO for alleged unfair trade practice. The matter is currently pending.

19. A Complaint no. CC No.113/2008 has been filed before Consumer Disputes Redressal Forum, TVM by Mr. A.Thankappan against Big Bazaar Trivandrum for alleged deficiency of service as the car cover size mismatch. . The matter is currently pending.

20. A Complaint no. CC No.123/2008 has been filed before Consumer Disputes Redressal Forum, TVM by Mr. B.S.Vinod against Big Bazaar Trivandrum For alleged deficiency of services by way of over pricing of certain products. The matter is now for filing of the WS in the matter. The matter is currently pending.

21. A Complaint no. 297/2007 has been filed before DISTRICT CONSUMER COURT PALDI by DEEPAL C. MANGTANI who purchased the goods from BB Himalaya through credit card worth Rs. 506/- only but the amount alleged being transferred from his account was Rs. 805/-. Hence the present complaint was filed against the alleged wrongly dedited amount. The matter is currently pending

22. A Complaint no. 290/2007 has been filed before DISTRICT CONSUMER COURT by KAPIL SARDIWAL who had filed the present case for the alleged prize mismatch in bill. He alleged that we charged excess in comparison of actual prize. The matter is currently pending.

23. A Complaint no. 291/2007 has been filed before DISTRICT CONSUMER COURT by KRISHANKANT SHARMA who had filed the present case for the alleged prize mismatch in bill. He alleged that we have charged excess in comparison of actual prize. The matter is currently pending.

24. A Complaint no. 57/2008 has been filed before DISTRICT CONSUMER COURT PALDI by SHIBU T. POLE who had filed the present case for alleged adulteration of food product i.e. TOMETO CATCH UP. The matter is currently pending.

25. A Consumer complaint CC. No. 173 of 2008 has been filed before the District Consumer Redressal Forum, Bandra by Mr. Vinayak Devidas Gulgule against Food Bazaar at The Hub Mall, Goregaon, Mumbai for alleged Nescafe Instant Coffee Tin was found out to be Outdated. The said tin was imported from Malaysia, and the expiry date shown on the tin was March 2007 and that of FOOD BAZAAR Sticker was reviling that of February, 2008 and The matter is now kept on 03.11.2008 for filing of the reply by FOOD BAZAAR. The reply is duly filed by FOOD BAZAAR. The matter is currently pending.

26. A Consumer complaint No. 1039 of 2008 has been filed before the Bangalore Urban District Consumer Forum( Principal) , Bangalore by Mr. K. S. Balaji against Manager Big Bazaar at JP Road, Bangalore alleging that the Nokia mobile handset which was purchased from Big Bazaar was not functioning properly as the same found to be defective by him. The Complaint was filed on 28-04-2008 before the Consumer Forum and the Complainant demanding refund of Rs. 15,000/- i.e. the cost of mobile handset along with an interest @24% pa from the date of its purchase. Further Rs. 50,000/- towards the damages and Compensation for mental agony and hardship.. The matter is currently pending.

27. A Consumer complaint No. 107 of 2007 has been filed before the Consumer Dispute Redressal Forum, Udipi by Mr. K. Vijayendra Shenoy against Big Bazaar and others at JP Road, Bangalore alleging that he was required to pay more than the maximum retail price for the products purchased by him from big bazaar. The Complaint was filed on 16-11-2007 before the Consumer Forum and the Complainant demanding refund of excess money paid by him. Further Rs. 100,000/- towards the damages and Compensation for mental agony and hardship. And also cost of the present Complaint shall be paid to him. The matter is currently pending.

28. A Consumer complaint No. 638 of 2008 has been filed before the District Consumer Dispute Redressal Forum, Gwalior M.P. by Mr. Aakash Acharya against General Manager PANTALOOON RETAIL (I) LTD, Manager Big Bazaar and Manager Mahila Griha Udyog, Lijjat Papad others alleging that the packet of Lijjat Papad purchased by him from Big Bazaar has printed a packing date of next month i.e. August 2008, whereas the Complainant purchased the said packet in the month of July 2008. The Complaint was filed in September 2008 before the Consumer Forum and the Complainant demanding Rs. 2,50,000/- towards the unfair trade practices, Rs. 2,40,000/- towards damages and Compensation and Rs. 10,000/- for mental agony and hardship. The matter is currently pending.

29 A Consumer complaint CC. No. 70 of 2009 has been filed before the District Consumer Dispute Redressal Forum, Thane by Mr. Ravindra Raghuvanshi against The Meridian Mobile Pvt. Ltd., and Big Bazaar, Bhayender, Mumbai alleging that the FLY mobile Handset purchased by him was not functioning properly. The Complaint was filed on 9<sup>th</sup> February 2009 before the Consumer Forum and the Complainant demanding Rs. 328,900/- towards the business loss, compensation and legal expenses. The Company has filed its written statement. Further on 16.07.2009 when the said matter was kept for hearing the Company Advocates was present, however the Complainant and its Advocates are absent, and, thus the Hon'ble tribunal was pleased to dismiss the case for default. However the Complainant again restored the case. The matter is currently pending.

30. A Consumer Complaint CC. No. 170/2009 has been filed before Consumer Dispute Redressal Forum, Pune District by Mr. Babulal P. Solanki against the Chairman/Secretary Pune Central Mall, PRIL & 2 Others for the alleged defects in goods and services due to which the accident of lift is occurred and the Complainant and his wife suffered a serious injury. The matter is currently pending.

31. A Complaint no. 830/2008 has been filed before DCDRF, Jaipur by Mrs. Sudesh Kasana against Big Bazaar and Motorola India Pvt. Limited for allegedly display problem in Mobile hand set. She filed a complaint for compensation of Rs. 42049/- along with new hand set. Matter is pending to file reply. The matter is currently pending.

32. A Complaint no. 989/2008 has been filed before DCDRF, Jaipur by Mr. Rishipal Singh against PRIL and I-Mate India Pvt. Limited for allegedly defective Mobile hand set. He filed a complaint for compensation of Rs. 99,700/- along with new hand set. Matter is pending to file reply. The matter is currently pending.

33. A complaint no. 204/2008 has been filed before DCDRF, Alwar by Mr. Amin against Big Bazaar and Samsung India Pvt. Limited for allegedly sale defective Mobile hand set. We have filed our reply in the matter.

34. A consumer complaint No.777/2008 has been filed before the consumer Redressal Forum at Hyderabad by Sqn.Ldr.Sardul Singh against CEO, dish TV India Limited, General Manager dish TV India Limited and CEO of Big Bazaar, Abids, Hyderabad alleging that the customer had purchased a Dish TV connection from 1<sup>st</sup> OP at the premises of 3<sup>rd</sup> OP by making full payment of Rs.799/- and till date the said Dist TV is not yet installed. The Case is currently pending.

35. A consumer complaint No.20/2009 has been filed before the District consumer forum – II at Vijayawada by Mr.Doddi Durga Prasada Rao against Big Bazaar and Whirlpool India Limited and M/s.Lakshmi Refrigeration alleging that the Whirlpool Refrigerator purchased from the 1st OP was having defect and the 2nd and 3rd OP have failed to rectify the said defect and hence filed the complaint for the refund of the amount and the cost involved for filing of this complaint.

36. A Complaint no.82/BWM Dated 24.02.09 has been filed before The Asit. Director District Redressal Forum, by Mr. Subhadip Roy against Big Bazaar Burdhawan for allegedly Over billing to the extent of Rs. 60/-. Prayed compensation for Rs.120/- (including excess billing) and to restrain Big Bazaar from using the slogan "isse sasta aur acchha kahin nahi". The matter is currently pending.

37. The complainant Girija Sinha has filed a complaint before District Consumer Dispute Redressal Forum, Ranchi, complaint no. 46 of 2009. In this case complainant purchased a Sumsung Refrigerator from BB Ranchi store on 28.08.08. The Refrigerator showed numerous technical problems. The complainant filed complain against BB Ranchi and Sumsung India Electronics Pvt. Ltd. For replacement of Refrigerator with interest and cost of litigation. The matter is currently pending.

38. A Consumer complaint No. 496 dated 27.03.09 has been filed before the District Consumer Dispute Redressal Forum, Khurdha, Bhubaneswar, by Mr. Ranjit Pattanayak against Big Bazaar Forum, Kharvelnagar. The complainant availed the Exchange scheme and purchased a Koryo TV for Rs. 2490/- ( exclusive of exchange value of Rs. 1000/-) dated 10.03.08. The opposite party refused to deliver the same with a plea of no stock. When delivered it was found defective. The complainant prayed for compensation Rs 20000/- and litigation expenses Rs. 10000/- The matter is currently pending.

39. A complaint No. 579/2009 has been filed before DCDRF, Jaipur by Dr. Ragib Hasnen against BB MGF Mall for allegedly taken excess amount of product as showing in MRP. Matter is pending for reply. The matter is currently pending.

40. A complaint No. 1004/2009 has been filed before DCDRF, Jaipur by Mrs. Mamuna Nargis against BB MGF Mall for allegedly taken excess amount of product as showing in MRP. Matter is pending to file Vakalatnama and Reply in the said matter. The matter is currently pending.

41. A Consumer complaint No. 703/2008 has been filed before DCDRF, Jaipur by RAJESH KUMAR SHARMA against BB MGF Mall for allegedly taken excess amount of product as showing in MRP. The Complaint was filed in the month of May, 2009 before the Consumer Forum. Written statement is yet to be filed . The matter is currently pending.

42. A Consumer complaint No. 600/2009 has been filed before the District Consumer Forum at Nagpur by Mr. Prashant N. Ganorkar against BB Poonum City Plus, Vardhaman Nagar, Nagpur for alleged four times swiping of Debit card for receiving the payment and trice the amount is debited from his account. The matter is currently pending.

43. A Consumer Complaint No. 863/2009 has been filed before DCDRF, Jaipur by MR. Niraj Bhamu against BB MGF Mall Jaipur. The Complainant is annoyed with the scheme of Big Bazaar in which we offer a Reliance hand set on the purchase exceed Rs. 600 from Big Bazaar. Complainant alleged that he purchased from BB but handset not given to him, even two pending outstanding bills from Reliance served upon him. The matter is currently pending.

44. A Consumer Complaint No. 1090/2009 has been filed before DCDRF, Jaipur by MRS. KULSUM HASAN against BB MGF Mall for allegedly taken excess amount of product as showing in MRP. The matter is currently pending.

45. A Consumer Complaint No. 907/2009 has been filed before D DCDRF,LKO by Ms. Lily Tandon against Reliance Communications & Anr. With allegations that she was told that the mobile set she is purchasing has a life time validity however the same got deactivated after 8 months because of not being recharged with minimum 200/-. The matter is currently pending.

46. A Consumer Complaint No.741 of 2009 has been filed before the Consumer Dispute Redressal Forum, Mumbai by Mrs. Manju Om Salecha against Navras, PRIL and National Insurance Co. Ltd., for the alleged lost of Bracelet in transit and further Insurance Company intimated the Complainant that the loss is not covered under the parameters of the said Policy Conditions and hence treated as "NO CLAIM". The Complainant made a demand of Rs. 51,185/- Towards the Gross Amount, Rs. 45,000/-towards Medical Expenses, Rs. 5,000/-towards the Cost of the Complaint and Rs. 1,00,000/- towards the Mental agony and harassment.

47. A Consumer Complaint No. 303/2007 has been filed Consumer Forum at Paldi by MR. DAHYA BHAI against BB Kankaria. The Complainant alleged that there is mismatch of pricing of product purchased by him from Big Bazaar.. The matter is currently pending.

48. A Consumer Complaint Case No. 614/08 has been filed by the complainant Mr. H.S.Nanda against Big Bazaar Vasant Kunj before CDRF,Mehrauli Delhi alleging that that he was over charged against the purchase of 100 gms of 'Ajwain' at the store. The Case is currently pending.

49. A Consumer Complaint No. 151/2009 has been filed before Consumer Court at Anand by Ms. SNAHAL KUMAR KISHOR BHAI PARMAR against Big Bazaar Anand With

allegations that the no. of products purchased by her from Big Bazaar are all expired. The matter is currently pending.

50. A Consumer Complaint No. 1247/09 has been filed before DCDRF, Shalimar Bagh by MR. Mehar Singh against Big Bazaar, Wazir Pur. The Complainant alleged that the Air Conditioner of "KORYO" brand purchased by him is not functioning properly and there is gas leakage problem occurred in the same. The matter is currently pending.

51. A Consumer Complaint No. 83/2010 has been filed before Consumer Court Lal Darwaja AHMD by Mr. Kapil Sudhir Bhatnagar against Home Town Ahmedabad, alleging that Complainant ordered for renovation and refurnishing of his bathroom to Home Town and alleged for Shortcoming, mishandling and mismanagement from beginning resulting into delay, failure and incompleteness of project work. The matter is currently pending.

52. A Consumer Complaint No. 936/2010 has been filed before DCDRF, LKO by S.M.H. Abidi against Home Town, Saharaganj Mall, LKO alleging that he was not provided the refrigerator in the colour he opted for and hence this complaint. The matter is currently pending.

***Cases filed by PRIL***

1. An appeal/revision application has been filed in 2007 before the National Consumer Disputes Redressal Commission by Big Bazaar against order dated April 10, 2007 passed by the State Consumer Disputes Redressal Commission, Gujarat for alleged selling of currency coupons on big saving days by unfair means and resulting in restrictive trade practices. The matter is currently pending.

**Arbitration**

***Cases filed against PRIL***

1. Two separate original miscellaneous petitions have been filed in 2010 before the Delhi High Court by Galleria Property Management Services Private Limited against PRIL on grounds of breach of the lease agreement Galleria Property Management Services Private Limited seeks interim relief during the pendency of the arbitration proceedings and prays that the court directs PRIL to furnish security in relation to the arrears of rentals, maintenance, mense profit, and other charges until the termination of the lease in respect of shop nos. 27 and 308 situated at DLF City Centre, AP-Block, Shalimar Bagh, Delhi aggregating to Rs. 514 Lakhs. Galleria Property Management Services Private Limited is also claiming *mesne profits* and interest at the rate of 24 % .p.a. T The Hon'ble Court vide order dated 20-07-2010 has ordered for furnishing security to the Registrar General of the Court and the same is being duly provided by the Company. The matters are currently pending.

2. An application under section 11 of the Arbitration and Conciliation Act, 1996 has been filed in 2009 before the High Court of Delhi, by Ariba India Private Limited against PRIL for appointment of an arbitrator. The defendant is alleged to have breached the software service contract entered into by the parties. In the legal notice dated January 14, 2009 sent to PRIL by the claimant, a total amount of Rs. 785 Lakhs has been claimed. The matter is currently pending.

## **Stamp duty cases and notices**

### ***Cases filed against PRIL***

1. The Collector of Stamps, Lucknow has initiated two cases in 2008 against PRIL for deficiency in payment of stamp duty in relation to transactions of property which belonged to Sahara India Commercial Corporation Limited. The matters are currently pending.
2. The Collector of Stamps, Agra has initiated a case in 2008 against PRIL for deficiency in payment of stamp duty in relation to a transaction of property which belonged to MRG Developers Private Limited. The matter is currently pending.
3. The Assistant Collector of Stamp, Meerut has initiated a case in 2008) against PRIL for deficiency in payment of stamp duty in relation to a property transaction. No amount has been mentioned in the said notice. However, in case (no 960 of 2007) relating to the same property an amount of Rs. 65.00 Lakhs has been deposited by the Licensor of the property towards stamp duty, penalty, registration fees and interest. The matter is currently pending.
4. The Assistant Inspector General of Registration, Kanpur Nagar, issued a notice against PRIL on November 28, 2008 for non-payment of stamp duty for a property of Big Bazaar situated at Rave Moti, Kanpur Nagar. The notice issued does not provide for the amount involved. The case is currently pending.
5. The Assistant Collector, Lucknow, has initiated a case in 2009 against PRIL for insufficient payment of stamp duty for transaction related to property. The notice issued does not provide for the amount involved. The case is currently pending.
6. The Assistant Inspector General of Registration, Kanpur Nagar, issued a notice on December 6, 2007, against DEPOT, Kanpur, relating to alleged non-payment of stamp duty for a property of DEPOT situated at Rave Moti, Kanpur Nagar. The aforesaid notice does not mention the amount involved. The case is pending.

## **2. Future Capital Holdings Limited(FCH)**

### **Consumer cases**

#### **Cases filed against FCH**

1. A complaint has been filed against Future Capital Holdings Limited by Ms. Aditi Bansal before Consumer Dispute Redressal Forum at Delhi on 15<sup>th</sup> June, 2009 claiming an amount of Rs.24,480/- for refund of application money paid by the Complainant and compensation of Rs.6,00,000/-. On investigation of the Complaint, it is found that the Complainant had in fact given incorrect ECS code with her DP leading to credit of the refund money in wrong account. The written statement has been filed before the Consumer Dispute Redressal Forum and the matter is currently pending.
2. A complaint has been filed against Future Capital Holdings Limited by Mr. Mukesh Prajapat before Consumer Dispute Redressal Forum at Abu Road on 21<sup>st</sup> May, 2009 claiming an amount of Rs.61,200/- for refund of application money paid by the Complainant and compensation of Rs.25,000/-. On investigation of the complaint, it is found that the Complainant had deposited the application money with syndicate member who in turn had deposited the same with a bank who was not the designated banker for the public issue. The written statement has been filed by the Company and the matter is currently pending before Consumer Dispute Redressal Forum.
3. A complaint has been filed against Future Capital Holdings Limited by Mr. Ashish Awasthi before Consumer Dispute Redressal Forum at Farukhabad on 21<sup>st</sup> November,

2008 claiming an amount of Rs.61,200/- for refund of application money paid by the Complainant. On investigation of the complaint, it was found that the Complainant had given wrong bank details on his application form leading to the non receipt of refund amount by him. The Company has subsequently refunded the application money vide a demand draft. The matter is currently pending before the Consumer District Redressal Forum for necessary orders.

4. A complaint has been filed against Future Capital Holdings Limited by Mr. Hardikbhai Patel before Consumer Dispute Redressal Forum at Ahmedabad on 7<sup>th</sup> September, 2009 claiming an amount of Rs.42,840/- for refund of application money paid by the Complainant. On investigation of the complaint, it is found that the Company has refunded the application money through ECS and has requested the Complainant to take up the matter with his banker. The matter is currently pending before the Consumer District Redressal Forum.
5. A complaint has been filed against Future Capital Holdings Limited by Ms. Sudha Boolia before Consumer Dispute Redressal Forum at Jaipur on 8<sup>th</sup> March, 2008 claiming an amount of Rs.131920/- for refund of application money paid by the Complainant. The matter is currently pending for filing of written statement before the Consumer District Redressal Forum.
6. A complaint has been filed against Future Capital Holdings Limited by Ms. Ashok Bhati before Consumer Dispute Redressal Forum at Jodhpur on 4<sup>th</sup> August, 2009 claiming an amount of Rs.24,480/- for non receipt of application money as well as non allotment of shares of the Company. The matter is currently pending before the Consumer District Redressal Forum.

### **Civil Cases**

#### **cases pending against FCH**

1.A Civil suit bearing No. 90 of 2010 has been filed before Additional Civil Judge, Nellore by Mr. V. Govinda Rao against Future Capital Holdings Ltd. The Plaintiff had earlier filed a consumer complaint against the Company for non receipt of application money. The Complaint was defended by the Company on the ground of maintainability and the Court had dismissed the complaint. The Plaintiff has therefore approached the civil court now. The matter is being defended through a lawyer and the written statement is filed.

2. A Civil suit has been filed before Civil Judge (Junior Division), Hisar by Mr. Jyana s/o Khet Ram against Future Capital Holdings Ltd seeking mandatory injunction directing the Company to pay Rs. 97920/- together with interest to the Plaintiff. The Plaintiff had applied for shares of the Company. On investigation of the matter, it was found that the Plaintiff's cheque had in fact bounced. The Plaintiff was therefore not entitled for any shares or the refund of application money. The case is currently pending before the civil court.

#### **Tax Matters pending against FCH**

<b>No.</b>	<b>Assessment year</b>	<b>Company</b>	<b>Filed before</b>	<b>Appeal filed under section</b>	<b>Amount</b>
1	2007-08	Future Capital Holdings Limited	The Commissioner of Income-tax (Appeals) – 17 – Mumbai	246A	The Tax liability involved is Rs. 16,04,777/-



### 3. Future Value Retail Limited(FVRL)

#### Civil Cases

##### *Cases filed by FVRL*

1.Pantaloon Retail India Ltd and Future Value Retail Ltd as Petitioners has filed a writ petition W . P. No. 12273 of 2010 before the High Court of Andhra Pradesh against the Union of India, and others seeking a stay of service tax levied on “renting of immovable property”. The Petitioners has claimed that the impugned provisions Viz Section 65(90a) read with Section 65(105)(ZZZZ) of the Finance Act, 2007and Finance Act 2008 and Finance Act, 2010 as null and void and ultra vires the Constitution of India and /or Section 66 of the Finance Act and to declare the said provisions as illegal, arbitrary and violative of Articles 14, 246 and 265 of the Constitution of India . An Interim stay order has been passed in the said matter. The matter is currently pending.

2.Company has filed a complaint (CC No. 240of 2010) before the Industrial Court at Bandra against Bhartiya Kamgar Sena, , of Unfair Labour Practices covered under section 28 & 29 read with item 5 of Schedule III of MRTU & PULP Act. 1971, for indulging in unfair labour practices by disrupting the smooth functioning of day to day activities of the Head office of the Company i.e. Knowledge House situated at Shyam Nagar, Off JVLR, Jogeshwari ( E) Mumbai – 400 060. The Court has passed an interim order dated May 24<sup>th</sup> 2010, restraining the defendant from obstructing the smooth functioning of the Head Office of the Company and its staff, customers from coming and outgoing into the Office premises. The matter is currently pending.

3. Pantaloon Retail India Ltd and Future Value Retail Ltd as Petitioners has filed a writ petition W . P. No. 20599 of 2010 before the High Court of Calcutta against the Union of India, and others seeking a stay of service tax levied on “renting of immovable property”. The Petitioners has claimed that the impugned provisions Viz Section 65(90a) read with Section 65(105)(ZZZZ) of the Finance Act, 2007and Finance Act 2008 and Finance Act, 2010 as null and void and ultra vires the Constitution of India and /or Section 66 of the Finance Act and to declare the said provisions as illegal, arbitrary and violative of Articles 14, 246 and 265 of the Constitution of India . **An Interim stay order has been passed in the said matter.** The matter is currently pending.

##### *Cases filed against FVRL*

1.A Labour Complaint bearing Reinstatement Application LCA No. 14927 / 2010 under Industrial Dispute Act has been filed before the Labour Commisioner Vadodara By Sejal Bapubhai Tamboli against Future Value Retail Limited & Star & Sitara Baroda for reinstatement in service. That Sejal Tamboli is working with Star Sitara as Saloon In charge at Baroda. The Company have transferred her services to Star Sitara at Ahmedabad during her pregnancy period. She was not ready to join at her transfer place hence we served two remainders for unauthorized absent. Now she served Notice for Reinstatement under sec 10 (1) of ID Act though we have not terminate her from services. The matter is currently pending.

2.M/s. Excellent Diary Farming Pvt. Ltd. has filed a Title Suit No. 264 of 2010 in the Court of Municif No. 1 Kamrup Guwahati against Pantaloon Retail (India) Ltd. & Future Value Retail Limited in respect of area comprising of 50 Sq.Feet i.e. at Big Bazaar situated at Guwahati and the plaintiff is claiming that the termination notice issued by the Company is not legal. The Matter is currently Pending.

***Criminal Cases***

***Cases filed against FVRL***

1.The Local Health Authority, Udaipur filed a criminal case (No. \_\_\_ of 2010) before the Asst. Chief Judicial Magistrate No. 1 of Udaipur against Mr. Chetan Dave, Mr. Gopikishan Biyani, Mr. Kishore Biyani, Mr. Rakesh Biyani, Mr. Vedprakash Arya, FVRL, Mr. Rajesh Kamani, Mr. Milind Bhai Sitwala and M/s Bhagwati Floors and Foods pvt. Ltd. alleging that the sample of “Maida” collected from the Big Bazaar was found to be misbranded as per the report of the public analyst and hence an offence under section 2 (ix) (k) of Prevention of Food Adulteration Act, 1954 & Rule 32 (c) of PFA Rules, 1955 has been committed. The Case is currently pending.

2.The Local Health Authority, Baroda filed a criminal case (No.01 Of 2010) before the First Class Judicial Magistrate, Municipal Court, Baroda against Big Bazaar, Seven Seas Mall, Nomenee Mr. Vinay Garg - Manager Seven Seas Mall, Baroda, and owner of SIS Mr. Hariharan Motilal Agarwal alleging that the sample of “Gulkand Mukhwas” collected from the said Big Bazaar was found to be adulterated and misbranded as per the report of the public analyst and hence an offence under section 2 (ai) (j) and section 2 (ix) (k) of Prevention of Food Adulteration Act, 1954 & Rule 29, Rule 44 (AAA), Rule 32 (b) (2) (i) and Rule 32 (b) (2) (ii) of PFA Rules, 1955 with section 7 (i) (ii) (v) has been committed. The report of Central Laboratory Maysor is awaited. The matter is currently pending.

3.The Local Health Authority, Baroda filed a criminal case (No.02 Of 2010) before the First Class Judicial Magistrate, Municipal Court, Baroda against Big Bazaar, Seven Seas Mall, Nomenee Mr. Vinay Garg - Manager Seven Seas Mall, Baroda, and owner of SIS Mr. Hariharan Motilal Agarwal alleging that the sample of “Mava Mukhwas” collected from the said Big Bazaar was found to be adulterated and misbranded as per the report of the public analyst and hence an offence under section 2 (ai) (j) and section 2 (ix) (k) of Prevention of Food Adulteration Act, 1954 & Rule 29, Rule 44 (AAA), Rule 32 (b) (2) (i) and Rule 32 (b) (2) (ii) of PFA Rules, 1955 with section 7 (i) (ii) (v) has been committed. The report of Central Laboratory Maysor is awaited. The matter is currently pending.

***Cases filed against FVRL : Consumer***

1. A Consumer Complaint No. 16/2010 has been filed before Consumer Forum at Bharuch by Bhupendra Gohil against BIG BAZAAR ANAND with allegations that there is mismatch of pricing of products purchased by him from Big Bazaar. The matter is currently pending.
2. A Consumer Complaint No. 18/2010 has been filed before Consumer Forum at Bharuch by Payal Mudliyar against BIG BAZAAR ANAND with allegations that there is mismatch of pricing of products purchased by her from Big Bazaar. The matter is currently pending.
3. A Consumer Complaint Case No. 157/2010 has been filed by the complainant Mr. Rakesh K. Agrawal against PRIL, Shri Kishore Biyani and BIG BAZAAR Orchid City Centre, Mumbai before Consumer Forum South Mumbai alleging that he has been over charged by Rs. 35 for the 3 products purchased by him from the store. The case is currently pending.
4. A Consumer Complaint Case No. 150/2010 has been filed by the Complainant Mr. Rakesh B Parmar against PRIL, Godrej Smart Care Center And Others before Consumer Court Surat alleging that Complainant purchased refrigerator from Big Bazaar and during the warranty period its compressor was not working properly. He had repaired refrigerator thrice but it was not in fit condition hence this complaint. The case is currently pending.
5. A Consumer Complaint Case No. 166/2010 has been filed by the Complainant Dilipkumar Motilal Pahuja against Videocon Industries And Big Bazaar before Consumer Court Surat alleging that Complainant purchased a color tv from Big Bazaar Surat and during the warranty period its screen goes dark and lost its vision. Complainant demands for new TV with 10,000/- compensation. The case is currently pending.
6. A Consumer Complaint Case No. 448/2010 has been filed by the Complainant Sarjeet against Big Bazaar, Sahara mall before DCDRF, GGN alleging that that at the time of purchasing a TV from the store the complainant was told that he will get a Reliance BIG TV connection free with any CTV. The contention of the complainant is that BIG TV has not been installed despite his requests and persuasions. The case is currently pending.
7. A Consumer Complaint Case No. 424/2010 has been filed by the Complainant Nirankar Nath Pandey against Big Bazaar, Saharaganj, LKO before DCDRF, LKO, alleging that he was given a discount of 33% on a hypothetical amount and not on the MRP as reflected on the carton of the TV. The case is currently pending.
8. A Consumer Complaint Case No. 340/2010 has been filed by the Complainant Prem Swaroop Maheshwari against MD, Big Bazaar, Kidwai Nagar, Kanpur before DCDRF, KNP alleging that he was over charged on the purchase of Saffola oil. The case is currently pending.

9. A Consumer Complaint Case No. 058/2010 has been filed by the Complainant Gurpreit Singh Chawla against Big Bazaar, West Gate Mall, Rajouri Garden before SCDRC, Delhi . In the said case we have only received the summons and not the complaint. However will be procuring the copy of complaint on the next date of hearing.

10. A Consumer Complaint Case No. 119/2010 has been filed by the Complainant PATEL SOHAIL MEHBOOB against BIG BAZAAR BHARUCH before DISTRICT CONSUMER COURT BHARUCH alleging that the Vacuum Cleaner purchased by him from Big Bazaar and during the warranty period it was not working properly. Now Complainant filed this complaint for new Vacuum Cleaner as well cost of Vacuum Cleaner from Big Bazaar. The case is currently pending.

11. A Consumer Complaint Case No. 134/2010 has been filed by the Complainant KAMAL GUPTA against BIG BAZAAR before DISTRICT CONSUMER COURT KOTA alleging that the sold Rice is common rice instead of Basmati Rice. The case is currently pending.

12. A Consumer Complaint Case No. 417/2010 has been filed by the Complainant RAJENDRA PRASAD SHARMA against BIG BAZAAR (FUTURE VALUE RETAIL LIMITED) before CONSUMER COURT II nd JAIPUR alleging that he had purchase a Huggies Care Medium 20 Diaper Pad from BB Jaipur and alleged that Big Bazaar taken Rs. 265/- for the product instead of MRP Rs. 175/- as showing on product. The case is currently pending.

13. A Consumer Complaint Case no. 405/2010 has been filed by the Complainant Mr. RAJESH TANK against BIG BAZAAR MGF AND ITC LIMITED before CONSUMER COURT IIInd JAIPUR alleging that he had bought a viveel soap pack of 5, however when he checked the product at his home he found there are only 4 pcs in the pack. The case is currently pending.

14. A Consumer Complaint Case no. 743/2010 has been filed by the Complainant Mr. Trilok Chand Agarwal against Big Bazaar before CONSUMER COURT IIInd JAIPUR alleging that We have not availed the 20% discount to customer which was supposed to provide on purchasing of Rs 750/- and above. The case is currently pending.

15. A Consumer Complaint Case no. 610/2010 has been filed by the Complainant Smt Shradha Sharma against Big Bazaar before CONSUMER COURT IIInd JAIPUR alleging that she had purchase 4 packets of Knorr Classic Mixed Vegetable Soup and Knorr Oriental Hot n Sour Vegetable Soup from Big Bazaar and alleged that we have not avail the discount of 10% as showing on product and take 38 Rs excess. The case is currently pending.

16. A Consumer Complaint Case no. 509/2010 has been filed by the Complainant Parvej Khan against Big Bazaar before CONSUMER COURT IIInd JAIPUR alleging that he had purchase a set of Tooth Brush from BB Jaipur and alleged that Big Bazaar taken Rs. 37.62/- for the product instead of MRP Rs. 30/- as showing on product. The case is currently pending.

17. A Consumer Complaint Case No. 719/2010 has been filed by the Complainant Praveen Kumar against Big Bazaar before CONSUMER COURT IInd JAIPUR alleging that he had purchased Fanta Soft Drink from BB Jaipur and alleged that Big Bazaar taken Rs. 1.78/- excess for the product instead of MRP Rs. 20/- as showing on product. The case is currently pending.

18. A Consumer Complaint Case No. 671/2010 has been filed by the Complainant Mounik Jain Against ICICI Bank & Big Bazaar before CONSUMER COURT IInd JAIPUR alleging that instead of timely payment of credit card used in Big Bazaar, they served notice for pending dues. The case is currently pending.

19. A Consumer Complaint Case No. 1300/2010 has been filed by the Complainant Himanshu Verma against Big Bazaar before CONSUMER COURT IInd JAIPUR, alleging that Big Bazaar charged Rs. 60 (50 paisa extra) instead of actual Invoice amount of Rs. 59.50. The case is currently pending.

20. A Consumer Complaint Case No. 891/2010 has been filed by the Complainant Nand Kishore against B.B. Saharaganj, Sahara Mall.before DCDRF, LKO alleging that defects in the F & D Home Theatre that he purchased from the respondent store and states that despite of his requests the said defects were not attended to. The case is currently pending.

21. A Consumer Complaint Case No. 780/2010 has been filed by the Complainant K.S.Singh against BB, West Gate Mall before DCDRF, Janakpuri alleging that defect in air conditioner that he purchased from the respondent store and now he is seeking compensation against the same. The case is currently pending.

22. A Consumer Complaint Case No. 412/2010 has been filed by the Complainant K.K.Singh against BB,PVS Mall,Merrut before DCDRF, Merrut alleging that defect in Washing Machine that he purchased from our store and further alleges that despite of his requests the said defects were not attended to. The case is currently pending.

23. A Consumer Complaint Case No. 698/2010 has been filed by the Complainant Gurpreet Singh against BB, Jalandhar Rd. Ludhiana before DCDRF, Ludhiana alleging that defect in Samsung AC that he purchased from our store and alleges that despite of his follow ups, the defects were not rectified. The case is currently pending.

24. A Consumer Complaint has been filed by the Complainant Sunil Chopra against BB, West Gate Mall, Rajouri Garden before DCDRF, Shalimar Bagh alleging that that we have sold packets of dry fruits which had insects into it. The Case is currently pending.

#### 4. **Future Agrovvet Limited (FAL)**

##### **Criminal Cases**

##### ***Cases filed against FAL***

1. A complaint has been filed in 2008 before the 39th Court, Vile-Parle by the Health License Department of Bombay Municipal Corporation against K.B'S Fair Price (Charkop, Kandivali), a division of Future Agrovvet Limited in relation to carrying of trade without obtaining requisite license under section 394 (1)(e)(i) of the Bombay Municipal Corporation Act, 1888. The matter is currently pending.

2. The PFA Department has filed a complaint in 2009 before the Metropolitan Magistrate, at the Patiyala House Court against Future Agrovvet Limited, Varinder Kaur and Satvinder Singh alleging that the sample of —Dal Arhar□ collected from a store in Vikas Puri was adulterated. The matter is currently pending.

3. A complaint has been filed by the Weight and Measurement Department has before the Controller Weight and Measurement, against Future Agrovvet Limited, and Praveen kumar, alleging that the sample of one weighing machine, in the store situated at Chander Lok did not meet the required specifications.

4. The Prevention of Food Adulteration Department, Delhi has filed a complaint (No.113/10) before the Metropolitan Magistrate at Patiyala House court against the Company and others alleging that the sample of Dal Arhar collected from the Store at Chanderlok was adulterated. The matter is currently pending.

##### ***Case filed by FAL***

1. A case has been filed in 2009 before the Karkar Duma Court, Delhi by K.B'S Fair Price against property/store owners of Braham Puri Delhi party seeking a fund of the security deposit amounting to Rs. 1.67 Lakhs in relation to an agreement dated February 19, 2008. The matter is currently pending.

##### **Civil Cases**

##### ***Cases filed against FAL***

1. A case has been filed in 2009 before the Tis hazari Court, Delhi by Mukul Aggarwal Properties in against Future Agrovvet Limited relation to a store operated by Future Agrovvet, seeking commission aggregating to Rs. 3.37 Lakhs. The matter is currently pending.

##### ***Case filed by FAL***

1. A case has been filed 2009 before the City Civil Court by K.B'S Fair Price (—Plaintiff) against Madan Mohan Reddy and Subramanya seeking the refund of the security deposit. The Plaintiff was operating a store on the premises taken on lease from Madan Mohan Reddy. Madan Mohan Reddy sold the property to Subramanya in December 2008 and the intimated the sale to the Plaintiff through a letter. Consequently, the Plaintiff terminated the lease deed and sought the refund of their security deposit of Rs 4.50 Lakhs. The case is currently pending.

**Labour Cases****Cases filed against FAL**

A complaint under sections 31 and 200 of the Karnataka Shops and Commercial Establishment Act, 1961 has been filed in 2009 before the Metropolitan Magistrate Traffic Court by the Labour Office of Bangalore against K.B'S Fair Price, for non compliance with the requirement of display of registration certificate at the store, maintenance of visitor book at the store, maintenance of attendance register in form T. The matter is currently pending.

**Notices**

1. A final notice under the Karnataka Shops and Commercial Establishment Act, 1961, the Minimum Wages Act 1948 has issued by the Labour Department in 2010 to K.B'S Fair Price, the Wilson garden store, Bangalore to show the cause under for not maintaining records as required at the store premises and not furnishing the same during inspection. The matter is currently pending.

2. Two notices have been issued by the Legal metrology against K.B'S Fair Price stores for altering the maximum retail price on the barcode. The matters are currently pending.

**5. Future Supply Chain Solutions Limited (FSCSL)****Criminal Cases****Cases filed by FSCSL**

Complaint has been filed under section 138 and 141 of Negotiable Instruments Act, 1881 in 2010 before the Court of the Chief Judicial Magistrate, Alipore by Future Supply Chain Solutions Limited (the —Complainant□) against Deep Consultancy Private Limited and its directors (the —Respondents□). Certain cheques issued by the Respondent towards the refund of security deposit bounced. The amount involved in the matter is Rs. 7.50 Lakhs. The court has issued warrants against the directors. The matter is currently pending.

**Case against FSCSL.**

Criminal case has been filed by SMS Transport against Shri K K Rao and Anjuman Singh bearing PCR No. 4432 of 2010 u/s 200 of Cr. P C. at VIth Addl. Chief Metropolitan Magistrate Bangalore (The names are incorrectly mentioned as K K Rao instead of V V Rao and Anjuman Singh instead of Anshuman Singh). We are in the process of filing an application in High Court for quashing the FIR.

**Civil Cases****Cases filed by FSCSL**

Future Supply Chain Solutions Ltd. has filed a case against SMS Transport and Alert Commandos Pvt. Ltd. among others at City Civil Court in Bangalore bearing CC No. 7080 of 2010 for recovery of amount of theft. The case is now pending at VIth Additional Metropolitan Magistrate at Bangalore. (PRIL is also made a party to the suit along with FSCSL as the goods which were stolen belonged to PRIL)

**Case against FSCSL**

Future Supply Chain Solutions Limited received a summons and legal notice dated March 26, 2010 from St. Onge Company claiming Rs. 110 Lakhs for alleged deficiency in services rendered pursuant to the terms of St. Onge proposal dated November 20, 2007. FSCSL responded to the said summons and notice in May, 2010. Subsequently St. Onge filed a legal case in the court of Pennsylvania. The matter is currently pending

**Labour Cases****Cases filed by FSCSL**

1. Complaint has been filed on June 13, 2009 before the Industrial Court, Thane by Future Supply Chain Solutions Limited (the —Complainant) against Bhartiya Kamgar Sena (the —Respondent□) seeking to restrain the Respondents from functioning in and around the premises of the Complainant situated at G-6, MIDC, Boisar. The Industrial Court through their order granted the interim relief and restrained the Respondents from engaging in any union related activities in the above premises of the Complainant. The matter is currently pending.



**Government Approvals & Licenses**

On transfer of the Mall Management Undertaking and Project Management Undertaking of PRIL to the Company, and transfer of Mall Asset Management Undertaking and Food Services Undertaking to APSL under the Scheme, all permits, quotas, rights, entitlements, bids, tenders, registration and other licences, letters of intent, expressions of interest, development rights (whether vested or potential and whether under agreements or otherwise), patents, copyrights, records, designs, and all relevant intellectual property rights in the aforesaid, municipal permissions, approvals, consents, subsidies, tenancies in relation to the offices, and/or residential properties for the employees, privileges, income tax benefits and exemptions under the Income Tax Act, 1961 (or any statutory modification or reenactment thereof for the time being in force), all other rights including sales tax deferrals and exemptions and other benefits, lease rights and the rights in relation thereto, receivables, and liabilities related thereto, licences, powers and facilities of every kind, nature and description whatsoever, rights to use and avail of telephones, telexes, facsimile connections and installations, utilities, electricity and other services, provisions and benefits of all agreements, contracts and arrangements and all other interests in connection with or relating to the Mall Management Undertaking and Project Management Undertaking and Mall Asset Management Undertaking and Food Service Undertaking stand transferred to and vested in or be deemed to be transferred to and vested in the Company or APSL as the case may be as if the same were originally given or issued to or executed in favour of the Company or APSL as the case may be, and the rights and benefits under the same shall be available to the Company or APSL as the case may be.

## SECTION VII – REGULATORY AND STATUTORY DISCLOSURES

### **Authority for the Scheme**

The Hon'ble High Court of Judicature at Bombay, vide its Order dated August 24, 2010, has sanctioned the Scheme of Arrangement between Pantaloon Retail (India) Limited and the Company and Future Merchandising Limited(now known as Agre Properties & Services Limited) and their respective creditors and shareholders.

### **Prohibition by SEBI**

Our Company, our directors, any of our associates or Group Companies, and companies with which the directors of the Company are associated, as directors or promoters, have not been prohibited from accessing the capital market under any order or directions passed by SEBI.

### **Caution**

The Company accepts no responsibility for statements made otherwise than in the Information Memorandum or in the advertisements to be published in terms of SEBI circular dated September 3, 2009 or any other material issued by or at the instance of the Company and anyone placing reliance on any other source of information would be doing so at his or her own risk.

All information shall be made available by the Company to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner.

### **Disclaimer Clause of BSE**

As required, a copy of this Information Memorandum has been submitted to BSE. The BSE has vide its letter no. DCS/AMAL/AKS/24(f)/102/2010-11 dated April 28, 2010 has approved the said Scheme under Clause 24(f) of the Listing Agreement and by virtue of that approval the BSE's name in this Information Memorandum has been incorporated on which the Company's securities are proposed to be listed.

### **The BSE does not in any manner:**

- warrant, certify or endorse the correctness or completeness of any of the contents of this Information Memorandum; or
- warrant that the Company's securities will be listed or will continue to be listed on the BSE; or
- take any responsibility for the financial or other soundness of the Company , its Promoter, its management or any scheme or project of this Company;

It should not for any reason be deemed or construed to mean that this Information Memorandum has been cleared or approved by the BSE.

Every person who desires to apply for or otherwise acquire any securities of this Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the BSE whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/ acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.

#### **Disclaimer Clause of NSE**

As required, a copy of this Information Memorandum has been submitted to NSE. The NSE has vide its letter no. NSE/LIST/136559-Z dated April 29, 2010 has approved the said Scheme under Clause 24(f) of the Listing Agreement and by virtue of that approval the NSE's name in this Information Memorandum has been incorporated on which the Company's securities are proposed to be listed.

#### **The NSE does not in any manner:**

- warrant, certify or endorse the correctness or completeness of any of the contents of this Information Memorandum; or
- warrant that the Company's securities will be listed or will continue to be listed on the NSE; or
- take any responsibility for the financial or other soundness of the Company, its promoters, its management or any scheme or project of this Company;

It is to be distinctly understood that the aforesaid permission given by NSE should not in any be deemed or construed that this Information Memorandum has been cleared or approved by NSE.

Every person who desires to apply for or otherwise acquire any securities of this Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the NSE whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/ acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.

#### **Filing**

Copies of this Information Memorandum have been filed with the BSE and NSE.

#### **Listing**

Applications will be made to BSE and NSE for permission to deal in and for an official quotation of the Equity Shares of the Company. The Company has nominated Bombay Stock Exchange as the Designated Stock Exchange for the aforesaid listing of the shares. The Company shall ensure that all steps are taken for the completion of necessary formalities for listing and commencement of trading at the BSE and NSE.

#### **Demat Credit**

The Company has executed Tripartite Agreements with the Registrar and the Depositories i.e. NSDL and CDSL for admitting its securities in demat form and have allotted ISIN INE360L01017.

### Particulars Regarding Previous Public or Rights Issues

The Company has not made any previous public or rights issue of securities.

#### Commission and brokerage on previous issues

Since the Company has not issued shares to the public in the past, no sum has been paid or has been payable as commission or brokerage for subscribing to or procuring or agreeing to procure subscription for any of the Equity Shares since its inception.

#### Company under the same Management

There is only one listed company under the same management within the meaning of erstwhile Section 370(1B) of the Companies Act viz. Pantaloon Retail (India) Limited and requisite details in respect of the said company have been provided under information on Group companies.

#### Mechanism for redressal of investor grievance

PRIL has shareholders/ investors grievance committee which meets as and when required, to deal with matters relating to transfer/ transmission of shares and monitors redressal of complaints from shareholders relating to transfers, non receipt of balance sheet, non receipt of dividend declared, etc.

Typically the investor grievances are dealt within a fortnight of receipt of the complaint from the investor. Investor grievances are usually resolved within an average period of 15 days from the date of its receipt.

During the quarter ended September 30, 2010, PRIL has no outstanding complaints from the shareholders regarding change of address, non receipt of dividend warrants, non receipts of balance sheet, etc.

### Particulars of high, low and average prices of the shares of PRIL during the preceding three years.

(I) At National Stock Exchange of India Limited –Equity Shares

Year	Particulars		
	High	Low	Average*
2007	866.25	368.00	524.41
2008	874.00	191.00	377.33
2009	391.85	105.50	278.58
2010(Jan- 22 <sup>nd</sup> Dec)	528.00	338.30	435.11

\*Average price = aggregate turnover for the year/aggregate no of shares traded during the year

At National Stock Exchange of India Limited – Class B Shares

Year	Particulars		
	High	Low	Average*
2008	N.A	N.A	N.A
2009	298.00	54.50	136.76
2010(Jan- 22 <sup>nd</sup> Dec)	405.00	215.00	291.84

\*Average price = aggregate turnover for the year/aggregate no of shares traded during the year

## (II) At Bombay Stock Exchange Limited – Equity Shares

Year	Particulars		
	High	Low	Average*
2007	870.00	365.00	525.03
2008	875.00	194.00	378.66
2009	391.00	105.30	266.02
2010(Jan- 22 <sup>nd</sup> Dec)	531.25	338.70	435.44

\*Average price = aggregate turnover for the year/aggregate no of shares traded during the year

## At Bombay Stock Exchange Limited – Class B Shares

Year	Particulars		
	High	Low	Average*
2008	N.A	N.A	N.A
2009	285.00	60.00	145.75
2010(Jan- 22 <sup>nd</sup> Dec)	405.00	195.00	279.89

\*Average price = aggregate turnover for the year/aggregate no of shares traded during the year

**Promise vis-à-vis performance**

The Company has not made any prior public or rights issue of securities.

**Outstanding debentures or bonds and redeemable preference shares and other instruments issued by the Company**

There are no outstanding debentures or bonds and redeemable preference shares and other instruments issued by the Company.

**Stock Market Data for Equity Shares of the Company**

Equity Shares of the Company are not currently listed on any Stock Exchanges. The Company is seeking approval for listing of its Equity Shares through this Information Memorandum.

**Disposal of Investors Grievances**

Link Intime (India) Limited are the Registrar and Transfer Agents of the Company. All investor grievances would be redressed within an average period of 15 days from the date of its receipt by the Company or its Share Transfer Agent. Investors can contact the Company's Share Transfer Agent or the Compliance Officer or the Secretarial Department of the Company in case of any share transfer related problem. The addresses and contact numbers are given elsewhere in this Information Memorandum. For quicker response, investors are requested to mention their contact numbers and email addresses while communicating their grievances.

The Company has appointed Mr. Anil Cherian, as the Company Secretary and Compliance Officer of the Company and he may be contacted in case of any queries at the following address:

TEL: +91-22-66442200 Fax :+91-22-66442201 Email: anil.cherian@futuregroup.in

## MAIN PROVISIONS OF ARTICLES OF ASSOCIATION OF THE COMPANY

### CAPITAL, INCREASE AND REDUCTION IN CAPITAL

#### AMOUNT OF CAPITAL

3. The Authorised share capital of the Company shall be as stated in clause V of the Memorandum of Association of the Company as amended from time to time. The minimum Paid-up Capital Shall be Rs.500,000.

#### INCREASE OF CAPITAL BY THE COMPANY

4. The Company in General Meeting may by Ordinary Resolution, from time to time increase the authorized capital by creation of new shares, such increase to be of such aggregate amount and to be divided into shares of such respective amounts as the resolution shall prescribe. The new shares shall be issued upon such terms and conditions and with such rights and privileges annexed thereto, as the Resolution shall prescribe and if nothing is prescribed in that resolution, then as the Directors determine. Such shares may be issued with a preferential or qualified right to dividends, and in the distribution of assets of the Company, and with or without a right of voting at general meetings of the Company in conformity with Section 86 and 87 of the Act. Whenever the capital of the Company has been increased under the provisions of this Articles the Directors shall comply with the provisions of Section 97 of the Act.

#### SHARES WITH NON-VOTING RIGHTS

5. Subject to the provisions of Section 86 of the Act and the rules framed there under, the Directors may issue non-voting shares upon such terms and conditions and with such rights and privileges annexed thereto as thought fit and as may be permitted by law.

#### NEW CAPITAL SAME AS EXISTING CAPITAL

6. Except so far as otherwise provided by the condition of issue or by these Articles, any capital raised by the creation of new shares shall be considered as part of the existing capital and shall be subject to the provisions herein contained with reference to the payment of calls and installments, forfeiture, lien, surrender, transfer and transmission, voting and otherwise.

#### ADR/GDR'S ETC.

7. The Company shall, subject to the provisions of the Act, compliance with all applicable laws, rules and regulations and the consent of the Board, have power to issue ADRs or GDRs or such other securities on such terms and in such manner as the Board deems fit including their conversion and repayment. Such terms may include, at the discretion of the Board, limitations on voting by holders of ADRs or GDRs, including without limitation, exercise of voting rights in accordance with the directions of the Board.

## REDEEMABLE PREFERENCE SHARES

8. (a) Subject to the provisions of Section 80 of the Act, the Company shall have the power to issue preference shares which are or at the option of the Company are to be redeemed and the redemption may be effected in the manner and subject to the terms and conditions of its issue, and failing this, resolution authorising such issue shall prescribe the manner, terms and conditions of redemption.

## CUMULATIVE CONVERTIBLE PREFERENCE SHARES

- (b) Subject to the provisions of the Companies Act and the guidelines issued by a competent authority in that behalf, the Company shall have the power to issue Cumulative Convertible Preference Shares.

## PROVISIONS TO APPLY ON ISSUE OF REDEEMABLE PREFERENCE SHARES

9. On the issue of redeemable preference share under the provisions of Article 8 hereof, the following provisions shall take effect :
- (a) No such shares shall be redeemed except out of profits of the Company which would otherwise be available for dividend or out of the proceeds of a fresh issue of shares made for the purpose of the redemption.
- (b) No such shares shall be redeemed unless they are fully paid.
- (c) The premium, if any, payable on redemption must have been provided for out of the profits of the Company or the Company's Share Premium Account before the shares are redeemed.
- (d) Where any such shares are redeemed otherwise than out of the proceeds of a fresh issue, there shall out of profits which would otherwise have been available for dividend be transferred to a reserve fund, to be called "the Capital Redemption Reserve Account" a sum equal to the nominal amount of the shares redeemed and the provisions of the Act relating to the reduction of share capital of the Company shall, except as provided in Section 80 of the Act, apply as if the Capital Redemption Reserve Account were paid up, share capital of the Company.

## REDUCTION OF CAPITAL

10. The Company may (subject to the provisions of Section 78, 80 and 100 to 105 of the Act) from time to time, by Special Resolution, reduce its capital and any Capital Redemption Reserve Account or premium account in any manner for the time being authorised by law and in particular (without prejudice to the generality of the power) capital may be paid off on the footing that if may be called up again or otherwise. This Article is not to derogate from any power the Company would have if it were omitted.

## SUB-DIVISION, CONSOLIDATION AND CANCELLATION OF SHARES

11. Subject to the provisions of Section 94 of the Act and other applicable provisions of law, if any, the Company in General Meeting may from time to time sub-divide or consolidate its shares, or any of them, and the resolution whereby any share is subdivided may determine that, as between the holders of shares resulting from such sub-division, one or more of such shares shall have some preference or special advantage as regards dividend, capital or otherwise over, or as compared with the others or other. Subject as aforesaid, the Company in General Meeting may also cancel shares which have not been taken, or agreed to be taken, by any person and diminish the amount of its share capital by the amount of the shares so cancelled.

## ALTERATION OF RIGHTS OF HOLDERS OF SPECIAL CLASSES OF SHARES

12. Whenever the Capital by reason of the issue of Preference Shares or otherwise, is divided into different classes of shares, all or any of the rights and privileges attached to each class may subject to the provisions of Section 106 and 107 of the Act, be modified, commuted, affected or abrogated or dealt with by holders of at least three-fourths of the nominal value of the issued shares of the class or is confirmed by a Special Resolution passed at a separate General Meeting of the holders of shares of that class and all the provisions hereinafter contained as to General Meetings shall mutatis mutandis apply to every such Meeting. This Article is not to derogate from any power the Company would have if this Article were omitted.

## SHARES AND CERTIFICATES

## REGISTER AND INDEX OF MEMBERS

13. (a) The Company shall cause to be kept a Register and Index of Members in accordance with Sections 150 and 151 of the Act.
  - (b) The Register and Index of beneficial owner maintained by a depository under the Depositories Act, 1996, shall be deemed to be the Register and Index of Members and Security holder for the purpose of these Articles.

## DECLARATION BY PERSON NOT HOLDING BENEFICIAL INTEREST IN ANY SHARES.

14. Declaration by person not holding beneficial interest in any shares.
  - (a) Notwithstanding anything herein contained, a person whose name is at any time entered in the Register of Members of the Company as the holder of a share in the Company, but who does not hold the beneficial interest in such share, shall, within such time and in such form as may be prescribed, make a declaration to the Company specifying the name and other particulars of the



person or persons who hold the beneficial interest in such share in the manner provided in Section 187-C of the Act.

- (b) A person who holds a beneficial interest in a share or a class of Shares of the Company shall, within the time prescribed, after his becoming such beneficial owner, make a declaration to the Company specifying the nature of his interest, particulars of the person in whose name the shares stand in the Register of Members of the Company and such other particulars as may be prescribed as provided in Section 187-C of the Act.
- (c) Whenever there is a change in the beneficial interest in a share referred to above, the beneficial owner shall, within the time prescribed from the date of such change make a declaration to the Company in such form and containing such particulars as may be prescribed as provided in Section 187-C of the Act;
- (d) Notwithstanding anything contained in Section 153 of the Act and Article 14(a) hereof, where any declaration referred to above is made to the Company, the Company shall make a note of such declaration in the Register of Members and file within the time prescribed from the date of receipt of the declaration a return in the prescribed form with the Registrar with regard to such declaration.

#### SHARES TO BE NUMBERED PROGRESSIVELY AND NO SHARE TO BE SUB-DIVIDED

- 15. The Shares in the Capital of the Company shall be numbered progressively according to their several denominations, and except in the manner hereinbefore mentioned, no shares shall be sub-divided. Every forfeited or surrendered share shall continue to bear the number by which the same was originally distinguished. Provided however that the provisions relating to progressive numbering of shares shall not apply to the shares of the Company which are de-materialised or may be de-materialised in future or issued in future in de-materialised form.

#### FURTHER ISSUE OF CAPITAL

- 16. (a) Where it is proposed to increase the subscribed Capital of the Company by allotment of further shares, whether out of unissued share capital or out of increased share capital then such further shares shall be offered to the persons who, at the date of the offer, are holders of the equity shares of the Company, in proportion, as nearly as circumstances admit to the capital paid up on these shares at that date. Such offer shall be made by a notice specifying the number of shares offered and limiting a time as specified under the Company's Act from the date of the offer within which the offer, if not accepted, will be deemed to have been declined. After the expiry of the time specified in the notice, aforesaid or on receipt of earlier intimation from the person to whom such notice is given that he declines to accept the shares offered, the Board may dispose them off in such manner as they think most beneficial to the Company.
- (b) Notwithstanding anything contained in the preceding sub-clause, the Company may -

- (i) by a special resolution, or
  - (ii) where no such special resolution is passed, if the votes cast (whether on a show of hands, or on a poll, as the case may be) in favour of the proposal contained in the resolution moved in that general meeting (including the casting vote, if any, of the Chairman) by members who, being entitled to do so, vote in person, or where proxies are allowed, by proxy exceed the votes, if any, cast against the proposal by members so entitled and voting and the Central Government is satisfied, on an application made by the Board of Directors in this behalf, that the proposal is most beneficial to the Company, offer further shares to any person or persons, and such person or persons may or may not include the persons who at the date of the offer, are the holders of the equity shares of the Company.
- (c) Notwithstanding anything contained in sub-clause (a ) above, but subject however to Section 81(3) of the Act, the company may increase its subscribed capital on exercise of an option attached to the debentures issued or loans raised by the Company to convert such debentures or loans into shares, or to subscribe for shares in the Company.

#### SHARES UNDER CONTROL OF DIRECTORS

17. Subject to the provisions of these Articles and of the Act, the shares (including any shares forming part of any increased capital of the Company) shall be under the control of the Directors; who may allot or otherwise dispose of the same to such persons in such proportion, on such terms and conditions and at such times as the Directors think fit and subject to the sanction of the Company in General Meeting with full power, to give any person the option to call for or be allotted shares of any class of the Company either (subject to the provisions of Sections 78 and 79 of the Act ) at a premium or at par or at a discount and such option being exercisable for such time and for such consideration as the Directors think fit. The Board shall cause to be filed the returns as to allotment provided for in Section 75 of the Act.

#### POWER ALSO TO COMPANY IN GENERAL MEETING TO ISSUE SHARES

18. In addition to and without derogating from the power for that purpose conferred on the Board under Articles 16 and 17, the Company in General Meeting may subject to the provisions of Section 81 of the Act, determine that any shares (whether forming part of the original capital or of any increased capital of the Company) shall be offered to persons (whether Members or not) in such proportion and on such terms and conditions and either (subject to the provisions of Section 78 and 79 of the Act) at a premium or at par or at a discount, as such General Meeting shall determine and with full power to give any person whether a Member or not ) the option to call for or be allotted shares of any class of the Company either (subject to compliance with the provisions of Section 78 and 79 of the Act) at a premium or at par or at a discount, such option being exercisable at such times and for such

consideration as may be directed by such General Meeting or the Company in General Meeting may make any other provision whatsoever for the issue, allotment or disposal of any shares.

#### ACCEPTANCE OF SHARES

19. (a) Any application signed by, or on behalf of, an applicant for shares in the Company, followed by an allotment of any shares therein, shall be in acceptance of shares within the meaning of these Articles, and every person who thus or otherwise accepts any shares and whose name is on the Register of Members shall, for the purpose of these Articles, be a Member.

#### ALLOTMENT OF SECURITIES DEALT WITH IN A DEPOSITORY

- (b) Notwithstanding anything to the contrary contained in the Act or these Articles, where securities are dealt with by a depository, the company shall intimate the details of allotment of relevant Securities thereof to the Depository immediately on allotment of such Securities.

#### DEPOSIT AND CALLS ETC. TO BE A DEBT PAYABLE IMMEDIATELY

20. The money (if any) which the Board shall, on the allotment of any shares being made by them, require or direct to be paid by way of deposit, call or otherwise, in respect of any shares allotted by them shall immediately on the insertion of the name of the allottee in the Register of Members as the name of the holder of such shares become a debt due to and recoverable by the Company from the allottee thereof and shall be paid by him accordingly.

#### LIABILITY OF MEMBERS

21. Every Member or his heirs, executors or administrators, shall pay to the Company the portion of the capital represented by his share or shares which may, for the time being, remain unpaid thereon, in such amount, at such time or times, and in such manner as the Board shall, from time to time, in accordance with these Articles require or fix for the payment thereof.

#### SHARE CERTIFICATES

22. (a) Every Member or allottee of shares shall be entitled, without payment, to receive one certificate specifying the name of the person in whose favour it is issued, the shares to which it relates and the amount paid up thereon. Such certificate shall be issued only in pursuance of a resolution passed by the Board and on surrender to the Company of its letter of allotment or its fractional coupons of requisite value, save in case of issues against letters of acceptance or of renunciation, or in cases of issue of bonus shares. Every such certificate shall be issued under the seal of the Company which shall be affixed in the presence of two directors or persons acting on behalf of the directors under a duly registered power of attorney and the Secretary or some other person appointed by the Board for the purpose, and the two directors or their attorneys and the Secretary or other person shall sign the share certificate; provided that if the composition of the Board permits it, at least

one of the aforesaid two directors shall be a person other than a managing or a whole time Director. Particulars of every share certificate issued shall be entered in the Register of Members against the name of the person to whom it has been issued, indicating the date of issue.

- (b) Any two or more joint allottees of a share shall, for the purposes of this Article, be treated as a single member, and the certificate of any share, which may be the subject of joint ownership may be delivered to any one of such joint owners on behalf of all of them. For any further certificate the Board shall be entitled, but shall not be bound to prescribe a charge not exceeding Rupee one, per share. The Company shall comply with the provisions of Section 113 of the Act.
- (c) A Director may sign a share certificate by affixing his signature thereon by means of any machine, equipment or other mechanical means, such as, engraving in metal or lithography, but not by means of a rubber stamp, provided that the directors shall be responsible for the safe custody of such machine, equipment or other material used for the purpose.

#### RENEWAL OF SHARE CERTIFICATES

- 23. (a) No certificate of any share or shares shall be either issued in exchange for those which are sub-divided or consolidated or in replacement of those which are defaced torn or old, decrepit, worn out or where the space on the reverse for recording transfers have been fully utilized unless the certificate in lieu of which it is issued is surrendered to the Company. The Company shall be entitled to charge such fee, not exceeding rupees two per certificate issued on splitting or consolidation of share certificates or any replacement of share certificates that are defaced or torn, as the Board think fit, provided that where share certificates are split \*(or consolidated) into marketable units prescribed by the Stock Exchange no fee shall be charged by the Board.
- (b) When a new share certificate has been issued in pursuance of clause (a) of this Article, it shall state on the face of it and against the stub or counterfoil to the effect that it is “issued in lieu of Share Certificate No.....sub-divided/replaced/on consolidation of shares.”
- (c) If a share certificate is lost or destroyed a new certificate in lieu thereof shall be issued only with the prior consent of the Board and on payment of such fee, not exceeding Rupees two as the board may from time to time fix, and on such terms, if any, as to evidence and indemnity as to payment of out-of-pocket expenses incurred by the Company in investigating evidence as the Board thinks fit.
- (d) When a new share-certificate has been issued in pursuance of clause (c) of this Article, it shall state on the face of it and against the stub or counterfoil to the effect that is “Duplicate issued in lieu of Share Certificate No. ....” The Word “Duplicate” shall be stamped or punched in bold letters across the face of the share certificate.

- (e) Where a new share certificate has been issued in pursuance of clause (a) or clause (c) of this Article, particulars of every such share certificate shall be entered in a register of renewed and duplicate certificates indicating against the names of the persons to whom the certificate is issued, the number and date of issue of share-certificate in lieu of which the new certificate is issued and the necessary changes indicated in the register of members by suitable reference in the “Remarks” column.
- (f) All blank forms to be used for issue of share certificate and shall be printed and the printing shall be done only on the authority of a resolution of the Board. The blank forms shall be consecutively machine numbered and the forms and the blocks, engravings, facsimiles and hues relating to the printing of such forms shall be kept in the custody of the Secretary or such other person as the board may appoint for the purpose; and the secretary or the other person aforesaid shall be responsible for rendering an account of these forms to the board.
- (g) The managing director of the company for the time being or, if the company has no managing director, every director of the company shall be responsible for the maintenance, preservation and safe custody of all books and documents relating to the issue of share certificates except the blank forms of share certificates referred to in clause (f) of this Article.
- (h) All books referred to in clause (g) of this Article above shall be preserved in good order permanently.

#### DEMAT/REMAT OF SHARES

24. Notwithstanding anything contained in the Act or these Articles, the Board of Directors are empowered without any prior sanction of the members to dematerialise or rematerialise the securities of the Company and issue/allot fresh securities in dematerialised form. The Board of Directors is also empowered to determine the terms and conditions thereof pursuant to the provisions of the Depositories Act, 1996 and rules framed thereunder.

#### OPTION TO RECEIVE SECURITY CERTIFICATE OR HOLD SECURITIES WITH DEPOSITORY

25. (1) Every person subscribing to securities offered by the Company shall have the option to receive security certificates or to hold the securities with the depository such a person who is the beneficial owner of the securities can at any time opt out of a depository if permitted by the law in respect of any security in the manner provided by the Depositories Act, and the Company shall, in the manner and within the time prescribed, issue to the beneficial owner the required certificates of Securities.

If a person opts to hold his security with a depository, the Company shall intimate such depository the details of allotment of security and on receipt of the information, the depository shall enter in its record the name of the allottee as the beneficial owner of the security.

#### DEMAT SECURITIES IN FUNGIBLE FORM

- (2) All securities held by depositories shall be dematerialised and be fungible form. Nothing contained in Section 153, 153A, 153B, 187B, 187C, 372A and other applicable provisions of the Act shall apply to a depository in respect of the securities held by it on behalf of the beneficial owners.

#### RIGHTS OF DEPOSITORIES AND BENEFICIAL OWNERS

26. (a) Notwithstanding anything to the contrary contained in the Act or these Articles, a depository shall be deemed to be registered owner for the purposes of effecting transfer of ownership of security on behalf of the beneficial owner.
- (b) Save as otherwise provided in sub article (a) of this article, the depository as the registered owner of the securities shall not have any voting rights or any other rights in respect of the securities held by it.
- (c) Every person holding securities of the company and whose name is entered as the beneficial owner in the records of the depository shall be deemed to be a member of the Company. The beneficial owner of securities shall be entitled to all the rights and benefits and subject to all the liabilities in respect of his securities which are held by a depository.

#### RECORDS OF BENEFICIAL OWNERSHIP

27. Notwithstanding anything in the Act or these Articles to the contrary, where securities are held in a depository, the records of the beneficial ownership may be served by such depository on the company by means of electronic mode or by delivery of floppies or discs.

#### DEPOSITORY TO FURNISH INFORMATION

28. Every Depository shall furnish to the Company information about the transfer of securities in the name of the beneficial owners at such intervals and in such manner as may be specified by the bye-laws and the company in that behalf.

#### OPTION TO OPT OUT IN RESPECT OF ANY SECURITY

29. (a) Subject to the provisions of Section 8 of the Depositories Act, 1996 if a beneficial owner seeks to opt out of a depository in respect of any security, the beneficial owner shall inform the depository accordingly.
- (b) The depository shall on receipt of intimation as above make appropriate entries in its records and shall inform the company.
- (c) The Company shall, within thirty (30) days of the receipt of the intimation from the depository and on fulfillment on such conditions and on payment of such fees as may be specified by the regulations, issue the certificate of securities to the beneficial owner or the transferee as the case may be.

#### THE FIRST NAMED OF THE JOINT HOLDERS DEEMED SOLE HOLDER

30. If any share stands in the names of two or more persons, the persons first named in the Register of Members shall, as regards receipt of dividends or

bonus or service of notices and all or any other matter connected with the Company, except voting at meetings and the transfer of the share, be deemed the sole holder thereof, but the joint-holders of a share shall be severally as well as jointly liable for the payment of all installments and calls due in respect of such share and for all incidents thereof according to these Articles.

#### HOLDER DEEMED SOLE HOLDER TRUST NOT RECOGNISED

31. Except as required by law, no person shall be recognised by the Company as holding any share upon any trust, and the Company shall not be bound by or be compelled in any way to recognise (even when having notice thereof) any equitable, contingent, future or partial interest in any share or any interest in any fractional part of share or except only as by these Articles or by law otherwise provided or under an order of a Court of competent jurisdiction) any other rights in respect of any share except an absolute right to the entirety thereof in the registered holder; but the Board shall be at liberty at their sole discretion to register any share in the joint names of any two or more persons or the survivor or survivors of them.

#### COMPLIANCE OF LISTING AGREEMENT WHEN LISTED

32. Notwithstanding what is stated above in the event shares of the company are proposed to be listed on any stock exchanges, the Directors shall comply with such rules or regulations or requirements of any stock exchange or the rules made under the act or the rules made under Securities Contracts (Regulation) Act, 1956 or the Depositories Act, 1996 or any other act, or rules applicable in this behalf.

#### SALE OF FRACTIONAL SHARES

33. If and whenever, as the result of issue of new or further shares or any consolidation or sub-division of shares, any shares are held by members in fractions, the Directors shall, subject to the provisions of the Act and the Articles and to the directions of the Company in general meeting, if any, sell those shares, which members hold in fractions, for the best price reasonably obtainable and shall pay and distribute to and amongst the members entitled to such shares in due proportion, the net proceeds of the sale thereof. For the purpose of giving effect to any such sale the Directors may authorise any person to transfer the shares sold to the purchaser thereof, comprised in any such transfer and he shall not be bound to see to the application of the purchase money nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings in reference to the sale.

#### BUY-BACK OF SHARES

34. Notwithstanding anything contained in these Articles, in the event it is permitted by law for a Company to purchase its own shares or securities, the Board of Directors may, when and if thought fit, buy back such of the Company's own shares or securities as it may think necessary, subject to such limits, upon such terms and conditions and subject to such approvals, as may be permitted by law.

## UNDERWRITING AND BROKERAGE

### COMMISSION MAY BE PAID

35. Subject to the provisions of Section 76 of the Act, the Company may at any time pay a commission to any person in consideration of his subscribing or agreeing to subscribe (whether absolutely or conditionally), for any shares in or debentures of the Company or for procuring or agreeing to procure subscriptions (whether absolute or conditional) for any shares in or debentures of the Company; but so that the commission shall not exceed in the case of shares, five per cent of the price at which the shares are issued and, in the case of debentures, two and one-half per cent of the price at which the debentures are issued. Such commission may be satisfied by the payment of cash or the allotment of fully or partly paid shares or partly in one way and partly in the other.

### BROKERAGE

36. The Company may pay such sum for brokerage as may be lawful and reasonable.

### INTEREST OUT OF CAPITAL

37. Where any shares are issued for the purpose of raising funds to defray the expenses of the construction of any works or buildings, or the provision of any plant, which cannot be made profitable for a lengthy period, the Company may pay interest on so much of that share capital as is for the time being paid up for the period, at the rate and subject to the conditions and restrictions provided by Section 208 of the Act, and may charge the same to capital as part of the cost of construction of the work or building or the provision of plant.

## CALLS

### DIRECTORS MAY MAKE CALLS

38. Subject to the conditions of allotment of shares, the Board may, from time to time, by a resolution passed at a meeting of the Board (and not by a resolution by circulation) make such call as it thinks fit upon the Members in respect of all moneys unpaid on the shares held by them respectively; and each Member shall pay the amount of every call so made on him to the person or persons and at the times and places appointed by the Board. A call may be made payable by installments. A call may be revoked or postponed at the discretion of the Board.

### NOTICE OF CALLS

39. Thirty days notice at the least of any call shall be given by the Company specifying the time and place of payment and the persons to whom such call shall be paid provided that before the time for payment of such call the Board may by notice in writing revoke the same

### CALL TO DATE FROM RESOLUTION

40. A call shall be deemed to have been made at the time when the resolution authorising such call was passed at a meeting of the Board.



## LIABILITY OF JOINT HOLDERS

41. The joint-holders of a share shall be jointly and severally liable to pay all calls in respect thereof.

## SUMS DEEMED TO BE CALLS

42. Any sum which by the terms of issue of share becomes payable on allotment or at any fixed date, whether on account of the nominal value of the share or by way of premiums shall for the purposes of these Articles be deemed to be a call duly made and payable on the date on which by the terms of issue the same becomes payable, and in case of non-payment all the relevant provisions of these Articles as to payment of interest and expenses, forfeiture or otherwise shall apply as if such sum had become payable by virtue of a call duly made and notified.

## DIRECTORS MAY EXTEND TIME

43. The Board may, from time to time, at its discretion extend the time fixed for the payment of any call and may, extend such time as to all or any of the Members whom, from residence at a distance or other cause, the Board may deem fairly entitled to such extension, but no Member shall be entitled to such extension save as a matter of grace and favour.

## CALLS TO CARRY INTEREST

44. If any Member fails to pay any call due from him on the day appointed for payment thereof or any such extension thereof as aforesaid, he shall be liable to pay interest on the same from the day appointed for the payment thereof to the time of actual payment at such rate as shall from time to time be fixed by the Board; but nothing in this Article shall render it obligatory for the Board to demand or recover any interest from any such Member.

## PROOF OF TRIAL OF SUIT FOR MONEY DUE ON SHARE

45. On the trial or hearing of any action or suit brought by the Company against any Member or his representatives for the recovery of any money claimed to be due to the Company in respect of his shares, it shall be sufficient to prove that the name of the Member in respect of whose shares the money is sought to be recovered, appears entered on the Register of Members as the holder at or subsequently to the date at which the money sought to be recovered is alleged to have become due, of the shares in respect of which such money is sought to be recovered that the resolution making the call is duly recorded in the minutes book, and that notice of such call was duly given to the Member or his representatives used in pursuance of these Articles; and it should not be necessary to prove the appointment of the Directors who made such call nor that a quorum of Directors was present at the Board at which any call was made was duly convened or constituted nor any other matter whatsoever, but the proof of matters aforesaid shall be conclusive evidence of the debt.

## PARTIAL PAYMENT NOT PRECLUDE FORFEITURE

46. Neither the receipt by the Company of a portion of any money which shall from time to time be due from any Member to the Company in respect of his shares, either by way of principal or interest nor any indulgence granted by the Company in respect of the payment of any such money, shall preclude the Company from thereafter proceeding to enforce a forfeiture of such shares as hereinafter provided.

## PAYMENT IN ANTICIPATION OF CALLS MAY CARRY INTEREST

47. (i) The Board may, if it thinks fit, agree to receive from any Member willing to advance the same, all or any part of the amounts of his shares beyond the sums actually called up; and upon the moneys so paid in advance or upon so much thereof, from time to time and at any time thereafter, as exceeds the amount of the calls then made upon and due in respect of the shares on account of which such advances are made, the Board may pay or allow interest at such rate as the Member paying the sum in advance and the Board agree upon. The Board may agree to repay at any time any amount so advanced or may at any time repay the same upon giving to the Member three months' notice in writing provided that any amount paid up in advance of calls on any share may carry interest but shall not in respect thereof confer a right to dividend or to participate in profit.
- (ii) No Member paying any such sum in advance shall be entitled to voting rights in respect of the moneys so paid by him until the same would, but for such payment, become presently payable.

## LIEN

## COMPANY'S LIEN ON SHARES

48. The Company shall have no lien on its fully paid shares. In the case of partly paid shares the Company shall have a first and paramount lien on such shares registered in the name of each member, whether solely or jointly with others and upon the proceeds of sale thereof, for all moneys called or payable at a fixed time in respect of such shares and whether held solely or jointly with any other person, and whether the period for payment, fulfillment or discharge thereof shall have actually arrived or not, and no equitable interest in any share shall be created except upon the footing and condition that Article 37 is to have full effect. Any such lien shall extend to all dividends and bonuses from time to time declared in respect of such shares. Unless otherwise agreed the registration of a transfer of shares shall operate as a waiver of the Company's lien, if any, on such shares.

## AS TO ENFORCING LIEN BY SALE

49. For the purpose of enforcing such a lien, the Board may sell the shares subject thereto in such manner as they shall think fit, and for that purpose may cause to be issued a duplicate certificate in respect of such shares and may authorise one of their number to execute a transfer thereof on behalf of and in the name of such Member. No sale shall be made until such period as aforesaid shall have arrived and until notice in writing of the intention to sell shall have been

served on such member or his representatives and default shall have been made by him or them in payment, fulfillment or discharge of such debts, liabilities or engagements for thirty days after such notice.

#### APPLICATION OF PROCEEDS OF SALE

50. The net proceeds of any such sale shall be received by the Company and applied in or towards payment of such part of the amount in respect of which the lien exists as is presently payable, and the residue, if any, shall (subject to a like lien for sums not presently payable as existed upon the shares before the sale) be paid to the person entitled to the shares at the date of the sale.

#### FORFEITURE OF SHARES

##### IF MONEY PAYABLE ON SHARES NOT PAID, NOTICE TO BE GIVEN TO MEMBER

51. If any Member fails to pay any call or installment of a call on or before the day appointed for the payment of the same or any such extension thereof as aforesaid the Board may, at any time thereafter during such time as the call or installment remains unpaid, give notice to him or his legal representatives requiring him to pay the same together with any interest that may have accrued and all expenses that may have been incurred by the Company by reason of such nonpayment.

##### FORM OF NOTICE

52. The notice shall name a day (not being less than thirty days from the date of the notice) and a place or places on and at which such calls or installments and such interest and expenses as aforesaid are to be paid. The notice shall also state that in the event of the non-payment at or before the time and at the place appointed, the shares in respect of which the call was made or installment is payable will be liable to be forfeited.

##### IN DEFAULT OF PAYMENT, SHARES TO BE FORFEITED

53. If the requirements of any notice as aforesaid shall not be complied with every or any share in respect of which such notice has been given may at any time thereafter before payment of all calls or installments, interests and expenses due in respect thereof, be forfeited by a resolution of the Board to that effect. Such forfeiture shall include all dividends declared or any other moneys payable in respect of the forfeited shares and not actually paid before the forfeiture.

##### NOTICE OF FORFEITURE TO A MEMBER

54. When any share shall have been so forfeited, notice of the forfeiture shall be given to the members in whose name it stood immediately prior to the forfeiture, and an entry of the forfeiture with the date thereof shall forthwith be made in the Register of Members. The provisions of this Article are, however,

directory only, and no forfeiture shall in any manner be invalidated by omission or neglect to give such notice or to make such entry as aforesaid.

FORFEITED SHARE TO BE PROPERTY OF THE COMPANY AND MAY BE SOLD, ETC.

55. Any share so forfeited shall be deemed to be the property of the Company and may be sold, re-allotted or otherwise disposed of, either to the original holder thereof or to any other person, upon such terms and in such manner as the Board shall think fit.

MEMBER STILL LIABLE TO PAY MONEY OWING AT TIME OF FORFEITURE AND INTEREST

56. Any Member whose shares have been forfeited shall, notwithstanding the forfeiture be liable to pay and shall forthwith pay to the Company on demand all calls, installments, interest and expenses owing upon or in respect of such shares at the time of forfeiture until payment, at such rate as the Board may determine, and the Board may enforce the payment, thereof, if it thinks fit.

EFFECT OF FORFEITURE

57. The forfeiture of a share shall involve extinction at the time of the forfeiture of all interest in and all claims and demands against the Company in respect of the share and all other rights incidental to the share, except only such of these rights as by these Articles are expressly saved.

EVIDENCE OF FORFEITURE

58. A declaration in writing that the declarant is a Director or the Secretary of the Company and that a share in the Company has been duly forfeited in accordance with these Articles on a date stated in the declaration shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the share.

VALIDITY OF SALES

59. Upon the sale after forfeiture or for enforcing a lien in purported exercise of the powers hereinbefore given, the Board may appoint some person to execute an instrument of transfer of the shares sold and cause the purchaser's name to be entered in the Register of Members in respect of shares sold and the purchaser shall not be bound to see to the regularity of the proceedings or to the application of the purchase money, and after his name has been entered in the Register in respect of such shares, the validity of the sale shall not be impeached by any person, and the remedy of any person aggrieved by the sale shall be in damages only and against the Company exclusively.

CANCELLATION OF SHARE CERTIFICATES IN RESPECT OF FORFEITED SHARES

60. Upon any sale, re-allotment or other disposal under the provisions of the preceding Articles, the certificate or certificates originally issued in respect of the relative shares shall (unless the same shall on demand by the Company have been previously surrendered to it by the defaulting Member) stand cancelled and become null and void and of no effect and the Board shall be

entitled to issue a new certificate or certificates in respect of the said shares to the person or persons entitled thereto.

#### POWER TO ANNUL FORFEITURE

61. The Board may at any time before any share so forfeited shall have been sold, re-allotted or otherwise disposed of, annul the forfeiture thereof upon such condition as it think fit.

#### TRANSFER AND TRANSMISSION OF SHARES

##### REGISTER OF TRANSFERS

62. The Company shall keep a book to be called the Register of Transfers and therein shall be fairly and distinctly entered particulars of every transfer or transmission of any share.

##### FORM OF TRANSFER

63. The instrument of transfer shall be in writing and all the provisions of Section 108 of the Companies Act, 1956 and of any statutory modification thereof for the time being shall be duly complied with in respect of all transfers of shares and the registration thereof.

##### APPLICATION FOR TRANSFER

64. (i) An application for the registration of the transfer of any share or shares may be made either by the transferor or by the transferee.

##### PARTLY PAID SHARES

- (ii) Where the application is made by the transferor and relates to partly paid shares, the transfer shall not be registered, unless the company gives notice of the application to the transferee and the transferee makes no objection to the transfer within two weeks from the receipt of the notice.

##### NOTICE OF PARTLY PAID SHARES

- (iii) For the purpose of sub-article (ii), notice to the transferee shall be deemed to have been duly given if is dispatched by prepaid registered post to the transferee at the address given in the instrument of transfer, and shall be deemed to have been delivered in the ordinary course of post.

##### NO TRANSFER TO MINOR ETC.

- (iv) No share other than fully paid share, shall in any circumstances be transferred to any minor, insolvent or person of unsound mind.

##### TO BE EXECUTED BY TRANSFEROR AND TRANSFEREE AND PRESENTED TO THE COMPANY

65. The instrument of Transfer duly stamped and executed by the transferor and the transferee shall be delivered to the Company in accordance with the provisions of the Act. The instrument of Transfer shall be accompanied by such evidence as the Board may require to prove the title of transferor and his right to transfer the shares and every registered instrument of Transfer shall remain in the custody of the Company until destroyed by order of the Board. The transferor shall be deemed to be the holder of such shares until the name of the transferee shall have been entered in the Register of Members in respect

thereof. Before the registration of a transfer, the certificate or certificates of the shares must be delivered to the Company.

#### TRANSFER BOOKS WHEN CLOSED

66. The Board shall have power on giving twenty one days' previous notice by advertisement in some newspaper circulating in Delhi to close the Transfer Books, the Register of Members or Register of Debenture-holders at such time or times and for such period or periods, not exceeding thirty days at a time and not exceeding in the aggregate forty-five days in each year as to it may seem expedient.

#### DIRECTORS MAY REFUSE TO REGISTER TRANSFER

67. Subject to provisions of Section 111 of the Act, and without assigning any reason, decline to register or acknowledge any transfer of shares (notwithstanding that the proposed transferee be already a Member), but in such case it shall, within two months from the date on which the instrument of transfer was lodged with the Company send to the transferee and the transferor notice of the refusal to register such transfer. Provided that registration of a transfer shall not be refused on the ground of the transferor being, either alone or jointly with any other person or persons, indebted to the Company on any account whatsoever except where the Board exercised the power of lien vested in it under these Articles in respect of the shares proposed to be transferred.

#### DEATH OF ONE OR MORE JOINT HOLDERS OF SHARES

68. In the case of the death of any one or more of the persons named in the Register of Members as the joint holders of any share the survivor or survivors shall be the only person recognised by the Company as having any title or interest in such share, but nothing herein contained shall be taken to release the estate of a deceased joint-holder from any liability on shares held by him jointly with any other person.

#### TITLE TO SHARE OF DECEASED MEMBER

69. The executors or administrators or holders of a Succession Certificate or the legal representatives of a deceased Member (not being one of two or more joint holders) shall be the only person recognised by the Company as having any title to the shares registered in the name of such Member and the Company shall not be bound to recognise such executors or administrators or holders of a Succession Certificate or the legal representatives unless such executors or administrators or legal representatives, shall have first obtained Probate or Letters of Administration or Succession Certificate, as the case may be, from a duly constituted Court in the Union of India; provided that in any case where the Board in its absolute discretion thinks fit the Board may dispense with production of Probate or Letters of Administration or Succession Certificate upon such terms as to indemnity or otherwise as the Board in its absolute discretion may think necessary and register the name of the person who claims to be absolutely entitled to the share standing in the name of a deceased Member, as a Member.

#### NOMINATION

70. (1) Every holder of share(s) in, and/or debentures of the Company, so entitled under the Act and rules framed thereunder, may, at any time, nominate, in the manner prescribed under the Act, a person to whom his share(s) in, and/or debenture(s) of, the Company, shall vest in the event of his death.

- (2) Where the share(s), and/or debenture(s) of the Company, are held by more than one person jointly, the joint-holders so entitled under the Act and rules framed there under, may together nominate, in the manner prescribed under Act, a person to whom all the rights in the share(s) and/or debenture(s) of the Company, as the case may be, shall vest in the event of death of all the joint holders.
- (3) Notwithstanding anything contained in any other law for the time being in force or in these articles or in any disposition, whether testamentary or otherwise, in respect of such share(s) in, and/or debenture(s) of the company, where a nomination made in the manner prescribed under the Act, purports to confer on any person the right to vest the share(s) in, and/or debenture(s) of the company, the nominee shall, on the death of the shareholder and/or debenture holder concerned or on the death of joint holders, as the case may be, become entitled to all the rights in relation to such share(s) and/or debenture(s) to the exclusion of all other persons, unless the nomination is varied or cancelled in the manner prescribed under the Act.
- (4) Where the nominee is minor, the holder of the share(s) in, and/or debenture(s) of the Company, can make a nomination in the manner prescribed under the Act, to appoint any person to become entitled to the share(s) in, and/or debenture(s) of the company, in the event of his death, during the minority.

#### REGISTRATION OF PERSONS ENTITLED TO SHARES OTHERWISE THAN BY TRANSFER

71. Subject to the provisions of Articles 68 and 69 any person becoming entitled to shares in consequence of the death, lunacy, bankruptcy, insolvency or liquidation of any Members, or the marriage of any female Member, or by any lawful means other than by a transfer in accordance with these Articles, may, with the consent of the Board (which it shall not be under any obligation to give) upon producing such evidence that he sustains the character in respect of which he proposes to act under the Article or of his title, as the Board thinks sufficient either be registered himself as the holder of the shares or elect to have some person nominated by him and approved by the Board registered as such holder provided, nevertheless that if such person shall elect to have his nominee registered he shall testify the election by executing to his nominee an instrument of transfer in accordance with the provisions herein contained and until he does so, he shall not be freed from any liability in respect of the shares. This Article is referred to in these Articles as "The Transmission Article".

#### TRANSMISSION IN CASE OF NOMINATION

72. (1) Notwithstanding anything contained in these of Articles, any person who becomes a nominee by virtue of the provisions of Articles upon the production of such evidence as may be required by the Board and subject as hereinafter provided, elect, either -
  - (a) to be registered himself as holder of the share(s) and/or debenture(s), as the case may be; or

- (b) to make such transfer of share(s) and/or debenture(s) as the case may be, as the deceased shareholder and/or debenture holder; as the case may be, could have made.
- (2) If the person being a nominee, so becoming entitled, elects himself to be registered as holder of the share(s) and/or debenture(s), as the case may be, he shall deliver or send to the company a notice in writing duly signed by him stating that he so elects and such notice shall be accompanied with the death certificate(s) of the deceased shareholder and/or debenture holder, as the case may be.
- (3) All the limitations, restrictions and provisions of these Articles, relating to the right to transfer and the registration of transfers of share(s) and/or debenture(s) shall be applicable to any such notice or transfer as aforesaid as if the death of the shareholder/debenture holder had not occurred and the notice or transfer were signed by that shareholder and/or debenture holder, as the case may be.
- (4) A person, being a nominee, becoming entitled to the share(s) and/or debenture(s) by reason of the death of the holder shall be entitled to the same dividends and other advantages to which he would be entitled if he was the registered holder of the share(s) and/or debenture(s), except that he shall not, before being registered as a member in respect of his share(s) or debenture(s), be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the company.

Provided that the Board may, at any time, give notice requiring any such person to elect their to be registered himself or to transfer the share(s) and/or debenture(s) and if the notice is not complied with, within ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the share(s) and/or debenture(s), until the requirements of the notice have been complied with.

#### TRANSFER TO BE PRESENTED WITH EVIDENCE OF TITLE

73. Every Instrument of transfer shall be presented to the Company duly stamped for registration accompanied by such evidence as the Board may require to prove the title of the transferor of his right to transfer the shares.

#### CUSTODY OF INSTRUMENT OF TRANSFER

74. (1) The instrument of transfer after registration shall be retained by the company and shall remain in its custody. All instrument of transfer which the Director may decline to register shall, on demand be returned to the persons depositing them.

#### TRANSFER DEED MAY BE DESTROYED



- (2) The Directors may cause to be destroyed all transfer deeds lying with the company after such period as they may determine.

#### CONDITION OF REGISTRATION OF TRANSFER

75. Before the registration of a transfer the certificate or certificates of the share or shares to be transferred must be delivered to the Company along with (save as provided in Section 108 of the Act a properly stamped and executed instrument of transfer.

#### REGISTRATION FEE

76. The Company shall be entitled to charge such fee if any not exceeding rupees two on the registration of a transfer or transmission of any number of shares to the same party.

#### THE COMPANY NOT LIABLE FOR DISREGARD OF A NOTICE PROHIBITING REGISTRATION OF A TRANSFER

77. The Company shall incur no liability or responsibility whatsoever in consequence of its registering or giving effect to any transfer of shares made or purporting to be made by any transferor of shares made or purporting to be made by any apparent legal owner thereof (as shown or appearing in the Register of Members) to the prejudice of persons having or claiming any equitable right, title or interest to or in the said shares, notwithstanding that the Company may have had notice of such equitable right, title or interest or notice prohibiting registration of such transfer and may have entered such notice or referred thereto in any book of the Company, and the Company shall not be bound or required to regard or attend or give effect to any notice which may be given to it of any equitable right, title or interest, or be under may have been entered or referred to in some books of the Company; any liability whatsoever for refusing or neglecting so to do, though it may have been entered or referred to in some books of the Company; but the Company shall nevertheless be at liberty to regard and attend to any such notice and give effect thereto if the Board shall so think fit.

#### COPIES OF MEMORANDUM AND ARTICLES TO BE SENT TO MEMBERS

#### COPIES OF MEMORANDUM AND ARTICLES OF ASSOCIATION TO BE SENT BY THE COMPANY

78. Copies of the Memorandum and Articles of Association of the Company and other documents referred to in Section 39 of the Act shall be sent by the Company to every Member at his request within seven days of the request on payment of the sum of Rupees one for each copy.

#### BORROWING POWERS

#### POWER TO BORROW

79. Subject to the provision of Section 58A, 292 and 293 of the Act and of these Articles, the Board may from time to time at its discretion by a resolution passed at a meeting of the Board, accept deposits from Members either in advance of calls or otherwise and generally raise or borrow or secure the payment of any sum or sums of money for the Company provided, however, where the moneys to be borrowed together with the moneys already borrowed

(apart from temporary loans obtained from the Company's bankers in the ordinary course of business) exceed the aggregate of the paid up capital of the Company and its free reserves (not being reserves set apart for any specific purpose) the Board shall not borrow such moneys without the consent of the Company in General Meeting.

#### THE PAYMENT OR REPAYMENT OF MONEYS BORROWED

80. The payment or re-payment of moneys borrowed as aforesaid may be secured in such manner and upon such terms and conditions in all respects as the Board may think fit, and in particular by a resolution passed at a meeting of the Board (and not by resolution by circulation) by the issue of debentures or debenture-stock of the Company, charged upon all or any part of the property of the Company (both present and future) including its uncalled capital for the time being; and debentures, debenture-stock and other securities may be made assignable free from any equities between the Company and the person to whom the same may be issued.

#### TERMS OF ISSUE OF DEBENTURES

81. Any debentures, debenture-stock or other securities may be issued at a discount, premium or otherwise and may be issued on condition that they shall be convertible into shares of any denomination and any privileges and conditions as to redemption, surrender, drawing allotment of shares and attending (but not voting) at General Meetings, appointment of Directors and otherwise. Debentures with the right to conversion into or allotment of shares shall be issued only with the consent of the Company in General Meeting.

#### REGISTER OF MORTGAGES ETC. TO BE KEPT

82. The Board shall cause a proper Register to be kept in accordance with the provisions of Section 143 of the Act of all mortgages, debentures and charges specifically affecting the property of the Company, and shall cause the requirements of Section 118, 125, and 127 to 144 (both inclusive) of the Act in that behalf to be duly complied with so far as they fall to be complied with by the Board.

#### REGISTER AND INDEX OF DEBENTURE HOLDERS

83. The Company shall, if at any time it issues debentures, keep a Register and Index of Debenture-holders in accordance with Section 152 of the Act.

#### NOMINATION OF DEPOSITS

84. The provisions of Articles 70 and 72 shall apply mutatis mutandis to a deposit of money made with the company as per section 58A of the Act.

#### CONVERSION OF SHARES INTO STOCK AND RECONVERSION

##### SHARES MAY BE CONVERTED INTO STOCK

85. The Company in General Meeting may convert any paid up shares into stock; and when any shares shall have been converted into stock, the several holders of such stock may thenceforth transfer their respective interest therein or any

part of such interest in the same manner and subject to the same regulations under which the shares from which the stock arose might have been transferred, if no such conversion had taken place, or as near thereto as circumstances will admit. The Company may at any time reconvert any stock into paid up shares of any denomination.

#### RIGHTS OF STOCK-HOLDERS

86. The holders of stock shall, according to the amount of stock held by them, have the same right, privileges and advantages as regards dividends, voting at meetings of the Company and other matters, as if they held the shares from which the stock arose; but no such privileges or advantage (except participation in the dividends and profits of the Company and in the assets of the Company on winding up) shall be conferred by an amount of stock which would not if existing in shares, have conferred that privilege or advantage.

#### SHARE WARRANTS

##### SHARE WARRANTS MAY BE ISSUED

87. The Company may, subject to and in accordance with the provisions of sections 114 and 115 of the Act, issue warrants (hereinafter called share warrants) in respect of fully paid-up shares and accordingly the Directors may in their discretion in respect of any such share, issue under common seal of the Company a share warrants is entitled to the shares therein specified and may provide by coupons or otherwise for the payment of dividends or other moneys on the shares included in the share warrant.

##### REGULATIONS TO BE MADE

88. Before the issue of any share warrant the Board shall draw up the regulations and conditions under and upon which such shares warrants or coupons lost, word out, defaced or destroyed will be renewed or replaced by a new share warrant and upon which a share warrant will be cancelled and the name of the bearer entered upon the register as a member of the company in respect of shares included in the share warrant to be cancelled, and such regulations shall be printed upon the back of every share warrant.

##### REGULATIONS TO PRESCRIBE MANNER OF VOTING

89. The regulations relating to share warrants to be drawn up by the board may prescribed and limit the manner in which a bearer of a share warrant shall be entitled to vote at meeting of the Company. But no regulations shall declare that any person shall be qualified to be a Director of the Company by reason of being the bearer of any share warrant.

##### POWER TO VARY THE CONDITIONS

90. The Board may, from time to time, vary the conditions upon which share warrant shall be issued or held and, subject to such conditions and to these presents, the bearer of a share warrant shall be a member to the full extent. The bearer of a share warrant shall be subject to the conditions for the time being in force whether made before or after the issue of such warrant.

MEETING OF MEMBERS  
ANNUAL GENERAL MEETING

91. The Company shall in each year hold a General Meeting as its Annual General Meeting in addition to any other meetings in that year. All General Meetings other than Annual General Meetings shall be called Extraordinary General Meetings, The first Annual General Meeting shall be held, within eighteen months from the date of incorporation of the Company, and the next Annual General Meeting shall be held within six months after the expiry of the financial year in which the first Annual General Meeting was held; and thereafter an Annual General Meeting shall be held within six months after the expiry of each financial year, provided that not more than fifteen months shall elapse between the date of an annual General Meeting and that of the next. Nothing contained in the foregoing provisions shall be taken as affecting the right conferred upon the Registrar under the provisions of Section 166 ( 1 ) of the Act to extend the time within which any Annual General Meeting may be held. Every Annual General Meeting shall be called for at a time during business hours, on a day that is not a public holiday, and shall be held at the Registered Office of the Company or at some other place within the City of Mumbai as the Board may determine and the Notices calling the Meeting shall specify it as the Annual General Meeting. The Company may in any one Annual General Meeting fix the time for its subsequent Annual General Meetings. Every member of the Company shall be entitled to attend either in person or by proxy and the Auditor of the Company shall have the right to attend and to be heard at any General Meeting which he attends on any part of the business which concerns him as Auditor. At every Annual General Meeting of the Company there shall be laid on the table the Directors' Report and Audited Statement of Accounts, Auditors ' Report (if not already incorporated in the Audited Statement of Accounts) the Proxy Register with proxies and the Register of Directors shareholdings which latter Register shall remain open and accessible during the continuance of the meeting. The Board shall prepare the Annual Return, Balance Sheet and Profit and Loss Account and forward the same to the Registrar of Companies, Maharashtra in accordance with Section 159, 161 and 220 of the Act.

ANNUAL SUMMARY

92. The Board of Directors shall within 60 days from the date on which each of the Annual General Meeting pursuant to Section 166 of the Act is held, prepare and file an Annual Return with the Registrar containing particulars as specified in Section 159 and 161 and also the prescribed copies of the Profit and Loss Account and Balance Sheet in the manner provided under Section 220 of the Act.

EXTRAORDINARY GENERAL MEETING

93. The Board may, whenever it thinks fit, call an Extraordinary General Meeting and it shall do so upon a requisition in writing by any Member or Members holding in the aggregate not less than one-tenth of such of the paid-up capital

as at that date carried the right of voting in regard to the matter in respect of which the requisition has been made.

#### REQUISITION OF MEMBERS TO STATE OBJECT OF MEETING

94. Any valid requisition so made by a Member or Members trust state the object or objects of the meeting proposed to be called and must be signed by the requisitionists and be deposited at the registered office; provided that such requisition may consist of several documents in like form each signed by one or more requisitionists. In case of joint shareholders of shares such requisition must be signed by all the joint-holders.

#### ON RECEIPT OF REQUISITION DIRECTORS TO CALL MEETING AND IN DEFAULT REQUISITIONISTS MAY DO SO

95. Upon receipt of any such requisition the Board shall forthwith call an Extraordinary General Meeting and if they do not proceed within twenty-one days from the date of the requisition being deposited at the office to cause a meeting to be so called on a day not later than forty-five days from the date of deposit of the requisition, the requisitionists or such of their number as represent a majority in value of the paid-up share capital held by all of them or not less than one-tenth of such of the paid up share capital of the Company, as is referred to in Section 169(4) of the Act, whichever is less or a majority of them in value may themselves call the meeting, but in either case any meeting so called shall be held within three months from the date of the delivery of the requisition as aforesaid.

#### MEETING CALLED ON REQUISITION

96. Any meeting called on requisition under the foregoing Articles shall be called in the same manner, as nearby as possible, as that in which meetings are to be called by the Board.

#### TWENTY ONE DAYS' NOTICE OF MEETING TO BE GIVEN

97. Twenty one days notice at the least of every General Meeting. Annual or Extraordinary and by whomsoever called specifying the day, place and hour of meeting and the general nature of the business to be transacted thereat shall be given in the manner hereinafter provided to such person as are under these Articles entitled to receive notice from the Company. Provided that in the case of an Annual General Meeting with the consent in writing of all the Members entitled to vote thereat and in the case of any other meeting with the consent of Members holding not less than 95 per cent of such part of paid up share capital of the Company as gives a right to vote at the meeting, a meeting may be convened by a shorter notice. In the case of an Annual General Meeting if any business other than (i) the consideration of the accounts, balance sheet and reports of the Board of Directors and Auditors, (ii) the declaration of dividend, (iii) the appointment of Directors in place of those retiring (iv) the appointment of, and fixing of the remuneration of the Auditors, is to be transacted, and in the case of any other meeting in any event, there shall be

annexed to the notice of the Meeting a statement setting out all material facts concerning each such item of business, including in particular the nature of the concern or interest, if any, therein of every Director, and the Manager (if any). Where any such item of business relates to, or affects shares into stock; and when any such shares shall have been converted into any other company; the extent of shareholding interest in that other company of every Director and the Manager, if any, of the Company shall also be set out in the statement if the extent of such shareholding interest be not Less than twenty per cent of the paid up share capital of that other company. Where any item of business consists of the according of approval to any document by the meeting, the time and place where the document can be inspected shall be specified in the Statement aforesaid.

OMISSION TO GIVE NOTICE NOT TO INVALIDATE A RESOLUTION PASSED

98. The accidental non-receipt of such notice by any Member or other person to whom it should be given shall not invalidate any proceedings at such a meeting.

NOTICE OF BUSINESS TO BE GIVEN

99. No General Meeting, Annual or Extraordinary, shall be competent to enter upon, discuss or transact, any business which has not been specifically mentioned in the notice or notices upon which it was convened.

QUORUM

100. Five members present in person shall be a quorum for General Meeting. A body corporate being a Member shall be deemed to be personally present if it is represented in accordance with Section 187 of the Act.

IF QUORUM NOT PRESENT, MEETING TO BE DISSOLVED OR ADJOURNED

101. If at the expiration of half an hour from the time appointed for holding a meeting of the Company a quorum shall not be present, the meeting if convened by or upon the requisition of Members, shall be dissolved, but in any other case the meeting shall stand adjourned to such time on the following day or on such other day and to such place as the Board may determine, and if no such time and place be determined to the same day in the next week or if that day is a public holiday until next succeeding day which is not a public holiday at the same time and place and if at such adjourned meeting a quorum of Members is not present at the expiration of half an hour from time appointed for the meeting, those Members who are present shall be a quorum, and may transact the business for which the meeting was called.

CHAIRMAN OF GENERAL MEETING

102. The Chairman of the Board shall be entitled to take the Chair at every General Meeting, whether Annual or Extraordinary. If there be no such Chairman of the Board or if at any meeting he shall not be present within fifteen minutes of the time appointed for holding such meeting or if he is unable or unwilling to take the Chair, then the Directors present shall elect one of the Directors appointed as Chairman. If no Director be present or if all the Directors present decline to take the Chair, then the Members present shall elect one of their number to be the Chairman of the meeting.

## BUSINESS CONFINED TO ELECTION OF CHAIRMAN WHILST CHAIR VACANT

103. No business shall be discussed at any General Meeting except the election of a Chairman, while the chair is vacant.

## CHAIRMAN WITH CONSENT MAY ADJOURN MEETING

104. The Chairman with the consent of the meeting may, and shall if so directed by the meeting, adjourn any meeting from time to time and from place to place, but no business shall be transacted at any adjourned meeting from which the adjournment took place.

## QUESTIONS AT GENERAL MEETINGS

105. At any General Meeting a resolution put to the vote of the meeting shall be decided on a show of hands, unless a poll is before or on the declaration of the result of the show of hands a poll may be ordered to be taken by the Chairman of the Meeting on his own motion or ordered to be taken by him on a demand made in that behalf by any member or members present in person or by proxy and holding shares in the Company which confer a power to vote on the resolution not being less than one-tenth of the total voting power in respect of the resolution, or on which an aggregate sum of not less than fifty thousand rupees has been paid up. The demand for a poll may be withdrawn at any time by the person or persons who make the demand. Unless a poll is demanded a declaration by the Chairman that a resolution has, on a show of hands, been carried or carried unanimously, or by a particular majority or lost and an entry to that effect in the Minute Books of the Company shall be conclusive evidence of the fact, without proof of the number or proportion of the votes recorded in favour of or against that resolution.

## CHAIRMAN'S CASTING VOTE

106. In the case of an equality of votes the Chairman shall, both on a show of hands and at a poll if any, have a casting vote in addition to his own vote.

## POLL TO BE TAKEN IF DEMANDED

107. If a poll is demanded as aforesaid the same shall, be taken at such time (not later than 48 hours from the time when the demand was made) and place, and either by open voting or by ballot, as the Chairman shall direct, and either at once or after an interval or adjournment or otherwise and the result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded. The demand for a poll may be withdrawn at any time by the person or persons who made the demand.

## SCRUTINIZERS AT POLL

108. Where a poll is to be taken, the Chairman of the meeting shall appoint one or at his discretion two scrutinizers who may or may not be Members of the Company to scrutinize the votes given on the poll and to report thereon to him. The Chairman shall have power at any time before the result of the poll is

declared to remove a scrutinizer from office and fill the vacancy in the office of scrutinizer arising from such removal or from any other cause.

POLL TAKEN WITHOUT ADJOURNMENT

109. Any poll duly demanded on the election of a Chairman of a meeting or on any question of adjournment shall be taken forthwith.

DEMAND FOR POLL NOT TO PREVENT TRANSACTION OF OTHER BUSINESS

110. The demand for a poll, except on questions of the election of the Chairman and of an adjournment, shall not prevent the continuance of a meeting for the transaction of any business other than the question on which the poll has been demanded.

VOTES OF MEMBERS

MEMBER IN ARREARS NOT TO VOTE

111. No member shall be entitled to be present or to vote on any question either personally or by proxy at any General Meeting, Annual or Extraordinary, or of a meeting of a class of share-holders of the Company either upon a show of hands or upon a poll or to be reckoned in a quorum while any call or other sum shall be due and payable to the Company in respect of any of the shares held by him, whether alone or jointly with any other person or persons or which any calls or other sums presently payable by him alone or jointly with any other person or persons have not been paid, or in regard to which the Company has exercised any right of lien.

VOTING RIGHTS

112. Subject to the provisions of the Act and of these Articles the voting rights of the members of the Company shall be as follows :
- (a) Upon a show of hands every Member of the Company present in person and holding any equity share capital therein shall have one vote
  - (b) Upon a poll, the voting rights of every Member present in person or by proxy shall be in proportion to his share of the paid up equity capital of the Company.
  - (c) Subject to the provisions of Clause (b) of subsection (2) of Section 87 of the Act every Member of the Company and holding any preference share capital therein shall have a right to vote only on resolutions placed before the Company directly affecting the rights attached to his preference shares.

CASTINGS OF VOTE BY A MEMBER ENTITLED TO MORE THAN ONE VOTE



113. On a poll taken at a meeting of the Company, a Member entitled to more than one vote or his proxy or other person entitled to vote for him, as the case may be, need not, if he votes, use all his votes or cast in same way all the votes he uses.

#### HOW MEMBERS NON COMPETENT AND MINORS MAY VOTE

114. A Member of unsound mind or in respect of whom an order has been made by any Court having jurisdiction in lunacy, may vote whether on a show of hands or on a poll through legal guardian. If any Member be a minor the vote in respect of his shares shall be by his/her guardians, if more than one, to be elected in case of dispute by the Chairman of the meeting.

#### VOTES OF JOINT MEMBERS

115. If there be joint registered holders of any shares any one of such persons may vote at any meeting or may is given, provided that no intimation in writing of the death, revocation or transfer shall have been received at the office before the meeting.

#### VOTING IN PERSON OR BY PROXY

116. Subject to the provisions of these Articles, votes may be given either personally or by proxy. A body corporate being a Member may vote by a proxy or by a representative duly authorised in accordance with Section 187 of the Act and such representative shall be entitled to exercise the same rights and powers (including the right to vote by proxy) on behalf of the body corporate which he represents as that body could exercise if it were an individual member.

#### APPOINTMENT OF PROXY

117. Every proxy (whether a Member or not) shall be appointed in writing under the hand of the appointer or his attorney, or if such appointer is a body corporate under its Common Seal or the hand of its attorney, who may be the appointers, and any Committee or guardian may appoint such proxy.

#### APPOINTMENT OF PROXY TO VOTE ON SHOW OF HANDS

118. A member present by proxy shall be entitled to vote on a poll.

#### DEPOSIT OF INSTRUMENT OF APPOINTMENT

119. The instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed or notarized certified copy of that power of attorney shall be deposited at the office not later than twenty-four-hour before the time for holding the meeting at which the person named in the instrument proposes to vote, and in default, the instrument of proxy shall not be treated as valid.

#### FORM OF PROXY

120. Every instrument of proxy whether for a specified meeting or otherwise shall as nearly as circumstances will admit be in any of the forms set out in Schedule IX of the Act.

#### VALIDITY OF VOTES GIVEN BY PROXY NOTWITHSTANDING DEATH OF MEMBER

121. A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death of the principal or revocation of the proxy or of any power of attorney under which such proxy was signed or the transfer of the share in respect of which the vote is given, provided that no intimation in writing of the death, revocation or transfer shall have been received at the office before the meeting.

TIME FOR OBJECTIONS TO VOTE

122. No objection shall be made to the validity of any vote, except at the meeting or poll at which such vote shall be tendered and every vote, whether given personally or by proxy, not disallowed at such meeting or poll shall be deemed valid for all purposes of such meeting or poll whatsoever.

CHAIRMAN OF ANY MEETING TO BE JUDGE OF VALIDITY OF ANY VOTE

123. Unless otherwise decided by the Board of the Company, the Chairman of any meeting shall be the sole judge of the validity of every vote tendered at such meeting. The Chairman present at the taking of a poll shall be the sole judge of the validity of every vote tendered at such poll.

MINUTES OF GENERAL MEETING AND INSPECTION THEREOF BY MEMBERS

124. (1) The Company shall cause minutes of all proceedings of every General Meeting to be kept by making within 30 days of the conclusion of every such meeting concerned, entries thereof in books kept for that purpose with their pages consecutively numbered.
- (2) Each page of every such book shall be initialed or signed and the last page of the record of proceedings of each meeting in such book shall be dated and signed by the Chairman of the same meeting within the aforesaid period of 30 days or in the event of the death or inability of that Chairman within that period, by a Director duly authorised by the Board for the purpose.
- (3) In no case the minutes of proceedings of a meeting shall be attached to any such book as aforesaid by pasting or otherwise.
- (4) The minutes of each meeting shall contain a fair and correct summary of the proceedings thereat.
- (5) All appointments of officers made at any of the meeting aforesaid shall be included in the minutes of the meeting.
- (6) Nothing herein contained shall require or be deemed to require the inclusion in any such minutes of any matter which in the opinion of the chairman of the meeting (a) is or could reasonably be regarded as defamatory of any person, or (b) is irrelevant or immaterial to the proceedings, or (c) is detrimental to the interest of the company. The

Chairman in regard to the inclusion or non-inclusion of any matter in the minutes on the aforesaid grounds.

- (7) Any such minutes shall be evidence of the proceeding recorded therein.
- (8) The book containing the minutes of proceedings of General Meeting shall be kept at the Registered Office of the Company and shall be open, during business hours, for such periods not being less in the aggregate than two hours in each day as the Directors determine, to the inspection of any Member without charge.

#### DIRECTORS

##### NUMBER OF DIRECTORS

125. (1) Until otherwise determined by a General Meeting of the Company and subject to Section 252 of the Act, the number of Directors (excluding alternate Directors) shall neither be less than three nor more than twelve.
- (2) So long as Shri Kishore Biyani and his associates (including companies under their joint control) hold or continue to hold not less than 10% (Ten Percent) of the paid-up Equity Share Capital of the Company from time to time, then notwithstanding anything contained in any other clause in these Articles of Association, Shri Kishore Biyani or any person duly authorized by him shall have the right to nominate up to a maximum of 6 (Six) persons as Director or Directors on the Board of the Company and to remove such person or persons from the Board and nominate other or others in his or their place respectively, and the Company and the Board of Directors of the Company shall be bound by his nominations. Up to 4 (Four) out of such nominee Directors as may be specified by Shri Kishore Biyani or a person duly authorized by him shall be Special Director/s not liable to retire by rotation.

##### FIRST DIRECTOR

- (3) The First Directors of the Company shall be :
- 1) Mr. Chandra Prakash Toshniwal
  - 2) Mr. Sanjay Rathi
  - 3) Mr. Harsha Saksena

The first Director shall hold office until the first Annual General Meeting of the Company held after the date of the Company's incorporation but shall be eligible for election as hereinafter provided.

##### DISQUALIFICATION OF A DIRECTOR

126. Subject to Section 274 (2) of the Act, a person shall not be capable of being appointed Director of the Company,
- (a) he has been found to be of unsound mind by a Court of Competent jurisdiction and the finding is in force;

- (b) he is an undischarged insolvent;
- (c) he has applied to be adjudicated as an insolvent and his application is pending.
- (d) he has been convicted by a Court of any offence involving moral turpitude and sentenced in respect thereof to imprisonment for not less than six months and a period of five years has not elapsed from the date of expiry of the sentence.
- (e) he has not paid any call in respect of shares of the Company held by him, whether alone or jointly with others, and six months have elapsed from the last day fixed for the payment of the call; or
- (f) an order disqualifying him for appointment, as Director has been passed by a court in pursuance of section 203 and is in force unless the leave of the Court has been obtained for, his appointment in pursuance of the section.
- (g) such person is already a Director of a Public Limited which-
  - (i) has not filed the annual accounts and annual returns for any continuous three financial years commencing on and after the first day of April, 1999; or
  - (ii) has failed to repay its deposit or interest thereon on due date or redeem its debentures on due date or pay dividend and such failure continues for one year or more:

Provided that such person shall not be eligible to be appointed as a Director of any other public company for a period of five years from the date on which such public company, in which he is a Director, failed to file annual accounts and annual returns under sub-article g (i) or has failed to repay its deposit or interest or redeem its debentures on due date or pay dividend referred to in sub article g(ii).

#### NOMINEE DIRECTORS

127. Whenever the Board of Directors enter into a contract with any financial institution(s) for borrowing any money or for providing any guarantee or security or for technical collaboration or assistance or enter into any other arrangement, the Board of Directors shall have, subject to the provisions of Section 255 of the Act, the power to agree that such financial institution(s) shall have the right to appoint or nominate by a notice in writing addressed to the Company one or more Directors on the Board for such period and upon such conditions as may be mentioned in the Agreement that such Director or Directors may neither be liable to retire by rotation nor be required to hold any qualification shares. The Directors may also agree that any such Director, or Directors may be removed from time to time by the financial institution(s) entitled to appoint or nominate them and such financial institution(s) may appoint another or other or others in his or their place and also fill in any vacancy which may occur as a result of any such Director, or Directors ceasing to hold that office for any reason whatever. The Directors appointed or

nominated under this Article shall be entitled to exercise and enjoy all or any of the rights and privileges exercised and enjoyed by the Directors of the Company including the payment of remuneration and traveling expenses to such Director or Directors as may be agreed by the Company with such financial institution(s) aforesaid.

#### ALTERNATE DIRECTOR

128. Subject to the provisions of Section 313 of the Companies Act, 1956, the Board of Directors of the Company may appoint an Alternate Director to act for a Director (hereinafter called "The Original Director") during his absence for a period of not less than three months from the State of Maharashtra. An Alternate Director appointed under this Article shall not hold office as such for a longer period than that permissible to the Original Director in whose place he has been appointed and shall vacate office if and when the Original Director returns to the State of Maharashtra. If the term of office of the Original Director is determined before he so returns to the State of Maharashtra any provision in the Act or in these Articles for the Automatic reappointment of retiring Directors in default of another appointment shall apply to the Original Director and not to Alternate Director. An Alternate Director shall not be required to acquire and hold any qualifying shares of the Company.

#### DIRECTORS POWER TO ADD TO THE BOARD

129. Subject to the provisions of Section 264 the Board shall have power at any time and from time to time to appoint any other qualified person to be an Additional Director, but so that the total number of Directors shall not at any time exceed the maximum number of Directors prescribed under the Act. Any such Additional Director shall hold office only upto the date of the next Annual General Meeting.

#### DIRECTORS' POWERS TO FILL CASUAL VACANCIES

130. Subject to the provisions of Section 264 and 284 (6) the Board shall have power at any time and from time to time to appoint any other qualified person to be a Director to fill up a casual vacancy. Any person so appointed shall hold office only up to the date upto which the Director in whose place he is appointed would have held office if it had not been vacated by him.

#### QUALIFICATION OF DIRECTORS

131. No share qualification shall be necessary for any Director.

#### REMUNERATION OF DIRECTORS

132. The remuneration of the Directors for attending any meeting of a Board of or any Committee of the Board shall be such sum as may be fixed from time to time by the Board within the limits prescribed by Central Government in that behalf from time to time.
133. The Directors shall be paid such further remuneration, if any, as the Company in general meeting shall from time to time determine; and such additional and further remuneration shall be divided among the Directors in such proportion

and manner as the Board may from time to time determine and in default of such determination, shall be divided among the Directors equally.

#### SPECIAL REMUNERATION OF DIRECTORS PERFORMING EXTRA SERVICES

134. If any Director be called upon to perform extra services or special exertions or efforts (which expression shall include work done by a Director as a member of any Committee formed by the Directors), the Board may arrange with such Director for such special remuneration for such extra services or special exertions or efforts either by a fixed sum or otherwise as may be determined by the Board, and such remuneration may be either in addition to or in substitution for the remuneration above provided.

#### TRAVELING EXPENSES INCURRED BY DIRECTOR NOT A BONA FIDE RESIDENT OR BY DIRECTOR GOING OUT ON COMPANY'S BUSINESS

135. The Board shall allow and pay to any Director, other than a bonafide resident of the place where Meetings of the Board are held and who shall come to such place for the purpose of attending any meeting, such sum as the Board may consider fair compensation including compensation for traveling, board, lodging and other expenses, in addition to his fees for attending such meeting as above specified, and if any Director be called upon to go or reside out of the ordinary place of his residence on the Company's business, he shall be entitled to be paid and reimbursed any traveling; or other expenses incurred in connection with the business of the Company.

#### DIRECTORS MAY ACT NOTWITHSTANDING VACANCY

136. The continuing Directors may act notwithstanding any vacancy in their body but, if and so long as their number is reduced below the number fixed by these Articles as the necessary quorum of Directors, the continuing Directors may act for the purpose of increasing the number of Directors to that number or of summoning a General Meeting but for no other purpose.

#### WHEN OFFICE OF DIRECTOR TO BECOME VACANT

137. Subject to Section 283(2) and 314 of the Act, the office of a Director shall become vacant if :-
- (a) he fails to obtain within the time specified in sub-section (1) of Section 270 of the Act or at any time thereafter ceases to hold the share qualification, if any, required of him by these Articles; or
  - (b) he is found to be of unsound mind by a Court of competent jurisdiction; or
  - (c) he applies to be adjudicated an insolvent; or
  - (d) he is adjudged an insolvent; or
  - (e) he fails to pay any call made on him in respect of shares of the Company held by him whether alone or jointly with others, within six months from the date fixed for the payment of such call unless the Central Government

has by notification in the Official Gazette removed the disqualifications incurred by such failure; or

- (f) he is deemed to have vacated office under the provisions of Section 314 by any office or place of profit being held in contravention thereof; or
- (g) he absents himself from three consecutive meetings of the Directors or from all meetings of the Directors for a continuous period of three months, whichever is longer, without leave of absence from the Board; or
- (h) he becomes disqualified by an order of Court under Section 203 of the Act; or
- (i) he is removed in pursuance of Section 284 of the Act; or
- (j) he (whether by himself or by any person for his benefit or on his account) or any firm in which he is a partner or any private company of which he is a director, accepts a loan or any guarantee or security for a loan, from the Company in contravention of Section 295 of the Act; or
- (k) he acts in contravention of Section 299 of the Act; or
- (l) he is convicted by a Court of any offence involving moral turpitude and sentenced in respect thereof to imprisonment for not less than six months; or
- (m) having been appointed a Director by virtue of his holding and office or other employment in the Company, he ceases to hold such offices or other employment in the Company, or
- (n) he resigns by a notice in writing addressed to the Company.
- (o) he becomes disqualified to hold the office of the Director in pursuance of the Section 274(1)(g) of the Act.

#### DIRECTOR MAY CONTRACT WITH COMPANY

138. Subject to the provisions of Sec 297 and other applicable provisions of the Act, a director or his relative, firm in which such Director or relative is a partner, any other person in such firm, or a private company of which the director is a member or director may enter into any contract with the Company for the sale, purchase or, supply of any goods, materials or services or for underwriting the subscription of any shares in or debentures of the Company.

#### DISCLOSURE OF INTEREST

139. A director of the Company who is in any way, whether directly or indirectly, concerned or interested in a contract or arrangement entered into or, a

proposed contract or arrangement to be entered into by or on behalf of the Company, shall disclose the nature of his concern or interest at a meeting of the Board in the manner provided in Section 299 (2) of the Act. Provided that it shall not be necessary for a Director to disclose his concern or interest in any contract or arrangement entered into or to be entered into with any other company, where any of the Directors of the Company or any such other Company or two or more of them together holds or hold not more than two per cent of the paid-up share capital in any such other Company or the Company, as the case may be. A general notice given to the Board by the Director; to the effect that he is a director or member of a specified body or is a member of a specified firm and is to be regarded as concerned or interested in any contract or arrangement which may, after the date of the notice be entered into with that body corporate or firm shall be deemed to be a sufficient disclosure of concern or interest in relation to any contract or arrangement so made. Any such general notice shall expire at the end of the financial year in which it is given but may be renewed for a further period of one financial year in which it would have otherwise expired. No such general notice, and no renewal thereof shall be of effect unless either it is given at a meeting of the board or the Director concerned takes reasonable steps to secure that it is brought up and read at the first meeting of the Board after it is given.

#### INTERESTED DIRECTOR NOT TO PARTICIPATE OR VOTE IN BOARD'S PROCEEDINGS

140. No Director shall as a Director, take any part in the discussion of, or vote on any contract or arrangement entered into or to be entered into by or on behalf of the Company, if he is in any way, whether directly or indirectly, concerned or interested in such contract or arrangement; nor shall his presence count for the purpose of forming a quorum at the time of any such discussion or vote; and if he does vote his vote shall be void. Provided however nothing herein contained shall apply to:
- (a) any contract of indemnity against loss which the Director, or any one or more of them, may suffer by reason of becoming or being sureties or a surety for the Company.
  - (b) any contract or arrangement entered into or to be entered into with a public company or a private company which is a subsidiary of a public company in which the interest of the Director consists solely -
    - (i) in his being
      - (a) a director of such company; and
      - (b) the holder of not more than shares of such number or value therein as is requisite to qualify him for appointment as a director thereof, he having been nominated as such director by the Company; or



- (ii) in his being a member holding not more than 2% of its paid up share capital .

#### DIRECTORS MAY BE DIRECTORS OF COMPANIES PROMOTED BY THE COMPANY

141. A Director may be or become a Director of any Company promoted by the Company or in which it may be interested as a vendor, shareholder or otherwise; and no such Director shall be accountable for any benefits received as director or shareholder of such company except in so far as Section 309 (6) & 314 of the Act may be applicable.

#### RETIREMENT AND ROTATION OF DIRECTORS

142. At every Annual General Meeting of the Company, one-third of such of the Directors for the time being as are liable to retire by rotation or if their number is not three or a multiple of three, the number nearest to one-third shall retire from office. The nominee Directors, if any, shall not be taken into account in determining the rotation of retirement or the number Directors to retire.

#### ASCERTAINMENT OF DIRECTORS RETIRING BY ROTATION AND FILING VACANCIES

143. Subject to Section 284 (5) of the Act the Directors to retire by rotation at every Annual General Meeting shall be those who have been longest in office since their last appointment, but as between persons who become Directors on the same day, those who are to retire shall, in default of and subject to any agreement among themselves be determined by lot.

#### ELIGIBILITY FOR RE-ELECTION

144. A retiring Director shall be eligible for re-election.

#### COMPANY TO APPOINT SUCCESSORS

145. Subject to Section 258 & 261 of the Act the Company at the General Meeting at which a Director retires in the manner aforesaid may fill up the vacated office by electing a person thereto.

#### PROVISIONS IN DEFAULT OF APPOINTMENT

146. (a) If the place of the retiring Director is not so filled up and the meeting has not expressly resolved not to fill the vacancy, the meeting shall stand adjourned till the same day in the next week, at the same time and place or if that day is a public holiday till the next succeeding day which is not a public holiday, at the same time and place.

- (b) If at the adjourned meeting also, the place of the retiring Director is not filled up and that meeting also has not expressly resolved not to fill the vacancy the retiring Director shall be deemed to have been re-appointed at the adjourned meeting unless:-
- (i) at that meeting or at the previous meeting a resolution for the re-appointment of such Director has been put to the meeting and lost;
  - (ii) the retiring Director has by a notice in writing addressed to the Company or its Board expressed his unwillingness to be so re-appointed.
  - (iii) he is not qualified or is disqualified for appointment;
  - (iv) a resolution, whether special or ordinary, is required for the appointment or re-appointment by virtue of any provisions of the Act; or
  - (v) the proviso to sub-section (2) of Section 263 of the Act is applicable to the case.

#### COMPANY MAY INCREASE OR REDUCE THE NUMBER OF DIRECTORS

147. The Company may, by ordinary resolution, from time to time increase or reduce the number of Directors, and may alter their qualification and the Company may (subject to the provisions of Section 284 of the Act) remove any Director before the expiration of his period of office and appoint another duly qualified person in his place. The person so appointed shall hold office during such time as the Director in whose place he is appointed would have held the same if he had not been so removed.

#### NOTICE OF CANDIDATURE FOR OFFICE OF DIRECTOR EXCEPT IN CERTAIN CASES

148. (1) A person, who is not a retiring Director, shall subject to the provisions of the Act, be eligible for appointment for the office of a Director at any General Meeting, if he or some Member intending to propose him has, not less than fourteen days before the Meeting, left at the Office of the Company a notice in writing under his hand signifying his candidature for the office of a Director or the intention of such a Member to propose him a candidate for that office as the case may be alongwith a deposit of Rs.500 which shall be refunded to such person or as the case may be to such member if the person succeeds in getting elected as a Director.
- (2) Every person other than a Director retiring by rotation or otherwise or a person who has left at the office of the company a notice under section 257 of the Act signifying his candidature for the office of a Director) proposed as a candidate for the office of a Director shall sign, and file with the Company, his consent in writing to act as a Director, if appointed.

- (3) A person, other than a Director re-appointed after retirement by rotation shall not act as a Director of the Company unless he has within thirty days of his appointment, signed and filed with the Registrar his consent in writing to act as such Director.

#### REGISTER OF DIRECTORS, ETC. AND NOTIFICATION OF CHANGE TO REGISTRAR

149. (a) The Company shall keep at its Registered Office a Register containing the particulars of its Directors, Manager, Secretaries and other persons mentioned in Section 303 of the Act and shall send to the Registrar a Return containing the particulars specified in the said Section and shall otherwise comply with the provisions of the said Section in all respects.
- (b) The Company shall in respect of each of its Directors keep at its Office a Register as required by Section 307 of the Act, and shall otherwise duly comply with the provision of the said Section in all respects.

#### DISCLOSURE BY A DIRECTOR OF APPOINTMENT TO ANY OTHER BODY CORPORATE

150. (a) Every Director (including a person deemed to be Director by virtue of the Explanation to sub-section (1) of Section 303 of the Act), Managing Director, Manager or Secretary of the Company shall, within twenty days of his appointment to any of the above offices in any other body corporate, disclose to the Company the particulars relating to his office in the other body corporate which are required to be specified under sub-section (1) of Section 303 of the Act.
- (b) Every Director and every person deemed to be a Director of the Company by virtue of sub-section (1) of Section 307 of the Act, shall give notice to the Company of such matters relating to himself as may be necessary for the purpose of enabling the Company to comply with the provisions of that Section.

#### MANAGING DIRECTOR / WHOLE TIME DIRECTOR

##### APPOINTMENT OF MANAGING DIRECTOR/WHOLE-TIME DIRECTOR

151. Subject to the provisions of Section 269 read with Schedule XIII of the Companies Act, 1956 and of these Articles, the Board shall have the power to appoint from time to time any full time employee of the Company as Managing Director/ Whole Time Director of the Company. The remuneration of a Managing Director/ Whole Time Director may be by way of monthly payment, fee for each meeting or participation in profits, or by any or all those modes or any other mode not expressly prohibited by the Act.

#### RESTRICTIONS ON MANAGEMENT

152. The Managing Director shall not exercise the powers to:
- (a) make calls on shareholders in respect of money unpaid on their shares in the Company.

- (b) issue debentures, and except to the extent mentioned in the resolution passed at the Board meeting under Section 292 of the Act, the Managing Director shall also not exercise the powers to:
- (c) borrow moneys,
- (d) invest the funds of the Company and
- (e) make loans.

#### CERTAIN PERSONS NOT TO BE APPOINTED MANAGING DIRECTOR

153. The Company shall not appoint or employ, or continue the appointment or employment of a person as its Managing or whole time Director who;
- (a) is an undischarged insolvent, or has at any time been adjudged an insolvent;
  - (b) suspends, or has at any time suspended payment to his creditors, or makes, or has at any time made, a composition with them; or
  - (c) is, or has at any time been, convicted by a Court of an offence involving moral turpitude.

#### SPECIAL POSITION OF MANAGING DIRECTOR

154. A Managing Director shall not while he continues to hold the office be subject to retirement by rotation, If he ceases to hold the office of Director he shall ipso facto and immediately cease to be a Managing Director.

#### PROCEEDINGS OF THE BOARD

##### MEETING OF DIRECTORS

155. The Directors may meet together as a Board for dispatch of business from time to time, and shall at least once in every three months, and at least four such meetings shall be held every year. The Directors may adjourn and otherwise regulate their meetings as they think fit.

##### QUORUM

156. Subject to Section 287 of the Act, the quorum for a meeting of the Board shall be one-third of its total strength (excluding Directors, if any, whose places may be vacant at the time) and any fraction contained in that one-third being rounded off as one or two Directors, whichever is higher.

##### ADJOURNMENT OF MEETING FOR WANT OF QUORUM

157. If a meeting of the Board could not be held for want of quorum, then the meeting shall automatically stand adjourned till the same day in the next week, at the same time and place, or if that day is a public holiday, till the next succeeding day which is not a public holiday, at the same time and place.

WHEN MEETING TO BE CONVENED

158. The Chairman or any two Directors may at any time and the Secretary upon the request of the Chairman or any Director shall convene a meeting of the Board by giving seven days notice in writing to every Director at his usual address.

CHAIRMAN

159. The Board of Directors shall have the right to appoint the non-retiring Director, as the Chairman of the Board. If the Chairman so appointed is not present within fifteen minutes of the time appointed for holding such meeting or if he is unable or unwilling to take the Chair, then any other Director shall be elected Chairman and the meeting shall proceed.

QUESTIONS AT BOARD MEETINGS HOW DECIDED

160. Questions arising at any Board meeting shall be decided by a majority of votes, and in case of an equality of votes, the Chairman of the meeting shall have a second or casting vote.

POWER OF BOARD MEETINGS

161. A meeting of the Board for the time being at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions, which by or under the Act or the Articles of the Company are for the time being vested in or exercisable by the Board generally.

DIRECTORS MAY APPOINT COMMITTEES

162. Subject to the restrictions contained in section 292 of the Act, the Board may delegate any of their powers to Committees of the Board consisting of not less than two Members of its body as it thinks fit and it may from time to time revoke and discharge any such Committee of the Board either wholly or in part, and either as to persons or purposes, but every Committee of the Board so formed shall in the exercise of the powers so delegated conform to any regulations that may from time to time be imposed on it by the Board. All acts done by any such Committee of the Board in conformity with such regulations and in fulfillment of the purposes of their appointment but not otherwise, shall have the like force and effect as if done by the Board.

COMMITTEE HOW TO BE GOVERNED

163. The meeting and proceedings of any such Committee of the Board consisting of two or more members shall be governed by the provisions herein contained for regulating the meeting and proceedings of the Directors so far as the same

are applicable thereto, and are not superseded by any regulations made by the Directors under the last preceding Article.

#### RESOLUTION BY CIRCULAR

164. No resolution shall be deemed to have been duly passed by the Board or by a Committee thereof by circulation, unless the resolution has been circulated in draft together with the necessary papers, if any, to all the Directors, or to all the Members of the Committee at their usual address and has been approved by a majority of such of them, as are entitled to vote on the resolution.

#### ACTS OF BOARD OR COMMITTEE VALID NOTWITHSTANDING DEFECT IN APPOINTMENT OF ANY DIRECTOR

165. All acts done by any meeting of the Board or by a Committee of the Board, or by any person acting as a Director, shall notwithstanding that it shall afterwards be discovered that there was some defect in the appointment of such Directors or persons acting as aforesaid, or that they or any of them were disqualified or had vacated office or that the appointment of any of them has been terminated by virtue of any provisions contained in the Act or in these Articles, be as valid as if every such person had been duly appointed, and was qualified to be a Director and had not vacated office for his appointment had not been terminated Provided that nothing in this Article shall be deemed to give validity to the acts done by a Director after it is shown that he has vacated his office or his appointment has been shown to the Company to be invalid or to have been terminated.

#### MINUTES OF PROCEEDINGS OF MEETINGS OF THE BOARD

166. (1) The Company shall cause minutes of all proceedings of every meeting of the Board and of every committee thereof to be kept by making within thirty days of the conclusion of every such meeting entries thereof in books kept for that purpose with their pages consecutively numbered.
- (2) Each page of every such book shall be initialled or signed and the last page of the record of proceedings of each meeting in such book shall be dated and signed by the Chairman of the said meeting or the chairman of the next succeeding meeting.
- (3) In no case the minutes of proceedings of a meeting shall be attached to any such book as aforesaid by pasting or otherwise.
- (4) The minutes of each meeting shall contain a fair and correct summary of the proceedings thereat.
- (5) All appointments of officers made at any of the meetings aforesaid shall be included in the minutes of meeting.
- (6) The minutes shall also contain

- (a) the names of the directors present at the meeting, and
  - (b) in the case of each resolution passed at the meeting, the names of the directors, if any, dissenting from, or not concurring in, the resolution.
- (7) Nothing contained in sub-clauses (1) to (6) shall be deemed to require the inclusion in any such minutes of any matter which, in the opinion of the Chairman of the meeting
- (a) is, or could reasonably be regarded as, defamatory of any person;
  - (b) is irrelevant or immaterial to the proceedings; or
  - (c) is detrimental to the interest of the Company. The Chairman shall exercise an absolute discretion in regard to the inclusion or non-inclusion of any matter in the minutes on the grounds specified in this sub-clause.
- (8) Minutes of meetings kept in accordance with the aforesaid provisions shall be evidence of the proceedings recorded thereon.

#### POWER OF DIRECTORS

167. The Board may exercise all such powers of the Company and do all such acts and things as are not by the Act, or any other Act, or by the Memorandum or by the Articles of the Company required to be exercised by this Company in General Meeting, subject nevertheless to these Articles, to the provisions of the Act, or any other Act and to such regulations being not inconsistent with the aforesaid regulations or provisions, as may be prescribed by the Company in General Meeting but no regulation made by the Company in General Meeting shall invalidate any prior act of the Board which would have been valid if that regulation had not been made. Provided that the Board shall not, except with the consent of the Company in General Meeting -
- (a) sell, lease or otherwise dispose of the whole, or substantially the whole, of the undertaking of the Company, or where the Company owns more than one undertaking, of the whole or substantially the whole of any such undertaking;
  - (b) remit or give time for the repayment of any debt due by a Director,
  - (c) invest otherwise than in trust securities the amount of compensation received by the Company in respect of the compulsory acquisition of any such undertaking as is referred to in clause (a), or of any premises or properties used for any such undertaking and without which it cannot be carried on or can be carried on only with difficulty or only after a considerable time;

- (d) borrow moneys where the moneys to be borrowed together with the moneys already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business), will exceed the aggregate of the paid-up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose. Provided further that the powers specified in Section 292 of the Act shall subject to these Articles be exercised only at meetings of the Board unless the same be delegated to the extent therein stated; or
- (e) contribute to charitable and other funds not directly relating to the business of the Company, or the welfare of its employees, any amount the aggregate of which will, in any financial year, exceed fifty thousand rupees or five per cent of its average net profits as determined in accordance with the provisions of Section 349 and 350 of the Act during the three financial years immediately preceding, whichever is greater.

#### CERTAIN POWERS OF THE BOARD

168. Without prejudice to the other powers conferred by these Articles, it is hereby declared that the Directors shall have the following powers, that is to say power:
- (1) To pay the costs, charges and expenses preliminary and incidental to the promotion, formation, establishment and registration of the Company.
  - (2) To pay and charge to the capital account of the Company any commission or interest lawfully payable under the provisions of Section 76 and Section 208 of the Act.
  - (3) Subject to the provisions of Section 292 and Section 297 of the Act, to purchase or otherwise acquire for the Company any property, rights or privileges, which the Company is authorised to acquire at or for such price or consideration and generally on such terms and conditions as they may think fit; and in any such purchase or other acquisition to accept such title as the Directors may believe or may be advised to be reasonably satisfactory.
  - (4) At their discretion and subject to the provisions of the Act to pay for any property, rights or privileges acquired by or services rendered to the Company, either wholly or partially, in cash or in shares, bonds, debentures, mortgages, or other securities of the Company, and any such shares may be issued either as fully paid up or with such amount credited as paid up thereon as may be agreed upon; and any such bonds, debentures, mortgages or other securities may be either specifically charged upon all or any part of the property of the Company and its uncalled capital or not so charged.
  - (5) To secure the fulfillment of any contracts or engagements entered into by the Company by mortgage or charge of all or any of the property of the



Company and its uncalled capital for the time being or in such manner as they may think fit.

- (6) To accept from any Member, may be permissible by law, a surrender of his shares or any part thereof on such terms and conditions as shall be agreed.
- (7) To appoint any person to accept and hold in trust, for the Company any property belonging to the Company or in which it is interested or for any other purposes; and to execute and do all such deeds and things as may be required in relation to any such trust, and to provide for the remuneration of such trustee, or trustees.
- (8) To institute, conduct, defend, compound, or abandon any legal Proceedings by or against the Company or its offices, or otherwise concerning the affairs of the Company, and also to compound and allow time for payment on satisfaction of any debts due, and of any claims or demands by or against the Company, and to refer any differences to arbitration, and observe and perform any awards made thereon.
- (9) To act on behalf of the Company in all matters relating to bankrupts and insolvents.
- (10) To make and give receipts, releases and other discharges for moneys payable to the Company and for the claim and demand of the Company.
- (11) Subject to the provisions of the Act, to invest and deal with any moneys of the Company not immediately required for the purposes thereof, upon such security (not being shares of this company save as regards redeemable preference shares of this Company), or without security and in such manner as they may think fit, and from time to time to vary or realize such investments. Save as provided in Section 49 of the Act, all investments shall be made and held in the Company's own name.
- (12) To execute in the name and on behalf of the Company in favour of any Director or other person who may incur or be about to incur any personal liability whether as principal or surety, for the benefit of the Company, such mortgages of the Company's property (present and future) as they think fit; and any such mortgage may contain a power of sale and such other powers provisions, covenants and agreements as shall be agreed upon.
- (13) To insure and keep insured against loss or damage by fire or otherwise the buildings, plant, machinery, goods, stores, produce, and generally any property of the Company.
- (14) To open accounts with any banks or bankers or with any Company, firm and individual and to pay money into and draw money from any such accounts as the Directors may think fit.

- (15) To determine from time to time who shall be entitled to sign on the Company's behalf, bills, notes, receipts acceptances, endorsements, cheques, dividend warrants, release, contracts and documents and to give the necessary authority for such purpose.
- (16) To distribute by way of bonus amongst the staff of the Company a share or shares in the profits of the Company, and to give to any officer or other person employed by the Company a commission on the profits of any particular business or transaction; and to charge such bonus or commission as part of the working expenses of the Company.
- (17) To provide for the welfare of Directors or ex-Directors or employees or ex-employees of the Company and to wives, widows and families or the dependents or connections of such persons, by building or contributing to the building of houses, dwelling or chawls or by grants of money, pensions, gratuities, allowances, bonus or other payment, or by creating and from time to time subscribing or contributing to provident and other associations, institutions, funds or trusts and by providing or subscribing or contributing towards places of instructions and recreation, hospital and dispensaries, medical and other attendance and other assistance as the Board shall think fit and to subscribe or contribute or otherwise to assist or to guarantee money to charitable, benevolent, religious, scientific, national, public or political or other institutions or objects which shall have any moral or other claim to support or aid by the Company either by reason of locality of operation or of public and general utility or otherwise.
- (18) Before recommending any dividend to set side, out of the profits of the Company, such sums as they may think proper for Depreciation Fund, or as a Reserve Fund or Sinking Fund or any special fund to meet contingencies or to redeem preference stock or to repay debentures or debenture stock or for special dividends or for equalizing dividends or for repairing, improving, extending and maintaining any of the property of the Company, and for such other purposes (including the purposes referred to in the preceding sub-clause ) as the Board may, in their absolute discretion, think conducive to the interest of the Company, and subject to the provisions of Section 292 of the Act to invest the several sums so set aside or so much thereof as required to be invested upon such investments (other than shares of the Company) as they may think fit, and from time to time to deal with and vary such investments and dispose of and apply and expend all or any part thereof for the benefit of the Company, in such manner and for such purposes as the Board in their absolute discretion, think conducive to the interest of the Company notwithstanding that the matters to which the Board apply or upon which they expend the same or any part thereof, may be matters to or upon which the capital moneys of the Company might rightly be applied or expended; and to divide the Reserve Fund into such special funds as the Board may think fit, and to employ the assets constituting all or any of the above funds, including the Depreciation Fund, in the business of the Company or in the purchase or repayment of debentures or debenture stock, and that without being bound to keep the same separate from the other assets and without being bound to pay interest on the same, with power however to the Board at their

discretion to pay or allow to the credit of such funds interest at such rate as the Board may think proper not exceeding nine per cent per annum. The Directors may also without placing the same to reserve, carry over any profits which they may think fit not prudent to divide.

- (19) To appoint, and at their discretion remove or suspend such managers, secretaries, assistants, supervisors, clerks, agents and servants for permanent, temporary or special services as they may from time to time think fit, and to determine their powers and duties, and to fix their salaries, emoluments or remunerations and to require security in such instances and to such amount as they may think fit. And also without prejudice as aforesaid, from time to time to provide for the management and transaction of the affairs of the Company in any specified locality in India or elsewhere in such manner as they think fit; and the provisions contained in the three next following sub-clauses shall be without prejudice to the general powers conferred by this sub-clause.
- (20) From time to time and at any time to establish any Committee for managing any of the affairs of the Company in any specified locality in India or elsewhere and to appoint any persons to be members of such Committee, and to fix their remuneration.
- (21) Subject to the provisions of Section 292 of the Act, from time to time, and at any time to delegate to any person so appointed any of the powers, authorities and discretions for the time being vested in the Board other than their power to make calls or to make loans or borrow moneys; and to authorize the members for the time being of any such Committee or any of them to fill up any vacancies therein and to act notwithstanding vacancies; and any such appointment or delegation may be made on such terms, and subject to such conditions as the Board may think fit, and the Board may at any time remove any person so appointed, and may annual or vary any such delegation.
- (22) At any time and from time to time by power of attorney under the Seal of the Company to appoint any person or persons to be the Attorney or Attorneys of the Company, for such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Board under these Articles and excluding the power to make calls and issue debentures and excluding also except subject to Section 292 of the Act within the limits authorised by the Board the power to borrow, invest or make loans) and for such period and subject to such conditions as the Board may from time to time think fit; and any such appointment may (if the Board thinks fit) be made in favour of the members or any of the members of any Local Board, established as aforesaid or in favour of any company, or the shareholders, directors, nominees or managers of any company or firm or otherwise in favour of any fluctuating body or persons whether nominated directly or indirectly by the Board and any such power of attorney may contain such powers for the protection or convenience of persons dealing with such attorneys as the Board may think fit and may contain powers enabling any such delegates or attorneys as aforesaid to

sub-delegate all or any of the powers, authorities and discretions for the time being vested in them.

- (23) Subject to the provisions of Section 294 and 297 of the Act, for or in relation to any of the matters aforesaid or otherwise for the purposes of the Company to enter into all such negotiations, and contracts and rescind and vary all such contracts, and execute and do all such acts, deeds and things in the name and on behalf of the Company as they may consider expedient.

## THE SECRETARY

### SECRETARY

169. The Directors may from time to time appoint, and, at their discretion, remove the Secretary provided that where the Board comprises only two Directors, neither of them shall be the Secretary. The Secretary appointed by the Directors pursuant to this Article shall be a whole time Secretary. The Directors may also at any time appoint some person (who need not be the Secretary) to keep the registers required to be kept by the Company.

## THE SEAL

### THE SEAL, ITS CUSTODY AND USE

170. (a) The Board shall provide a Common Seal for the purposes of the Company, and shall have power from time to time to destroy the same and substitute a new seal in lieu thereof and the Board shall provide for the safe custody of the seal for the time being and the seal shall never be used except by the authority of the Board or a Committee of the Board previously given and in the presence of at least one Director and some other person, if any, appointed by the Directors for the purpose, provided that the certificates of shares shall be sealed in the manner provided in Article 22.
- (b) The Company shall also be at liberty to have an official seal in accordance with Section 50 of the Act, for use in any territory, district or place outside India.

### DEED HOW EXECUTED

171. Every Deed or other instrument to which the seal of the Company is required to be affixed shall, unless the same is executed by a duly constituted attorney, be signed by at least one Director and some other person, if any, appointed by the Directors for the purpose.

## DIVIDENDS

### DIVISION OF PROFITS

172. The profits of the Company including any profit or surplus arising from the transfer, sale or realisation of any capital assets of the Company and which profit or surplus has been realised in cash, subject to any special rights relating thereto created or authorised to be created by these Articles and subject to the provisions of these Articles shall be available for distribution among the Members in proportion to the amount of capital paid up or credited as paid up

for the period during the year for which the capital is paid up on the shares held by them respectively.

THE COMPANY IN GENERAL MEETING MAY DECLARE A DIVIDEND

173. The Company in General Meeting may declare dividends, to be paid to Members according to their respective rights but no dividends shall exceed the amount recommended by the Board.

DIVIDEND AT EXTRAORDINARY GENERAL MEETING

174. The Board may declare dividend in relation to any year by an Extraordinary General Meeting in addition to what has already been declared in the last Annual General Meeting.

DIVIDEND ONLY TO BE PAID OUT OF PROFITS

175. (1) Except as provided in Sub-Article 3, no dividend shall be declared or paid otherwise than out of profits of the financial year arrived at after providing for depreciation in accordance with the provisions of Section 205 of the Act or out of the profits of the Company for any previous financial year or years arrived at after providing for depreciation in accordance with these provisions and remaining undistributed or out of both Provided That;
- (a) if the Company has not provided for depreciation for any previous financial year or years, it shall, before declaring or paying a dividend for any financial year, provide for such depreciation out of the profits of the financial year or out of the profits of any other previous financial year or years;
  - (b) If the Company has incurred any loss in any previous financial year or years the amount of The loss or an amount which is equal to the amount provided for depreciation for that year or those years whichever is less, shall be set off against the profits of the Company for the year for which the dividend is proposed to be declared or paid or against the profits of the Company for any previous financial year or years arrived at in both cases after providing for depreciation in accordance with the provisions of sub-section (2) of Section 205 of the Act or against both.
- (2) Notwithstanding anything contained in sub-article (1) hereof no dividend shall be declared or paid by the Company for any financial year out of the profits of the Company for that year arrived at after providing for depreciation in accordance with the provisions of sub-article (1) hereof except after the transfer to the reserves of the Company of such percentage of its profits for that year not exceeding 10% as may be prescribed provided that nothing in this sub-article shall be deemed to prohibit the voluntary transfer by the Company of a higher percentage of its profits to

the reserves in accordance with such rules as may be made by the Central Government in this behalf.

- (3) Where owing to inadequacy or absence of profits in any year, the Company proposes to declare dividend out of the accumulated profits earned by the Company in previous years and transferred by it to the reserves, such declaration of dividend shall not be made except in accordance with such rules as may be made by the Central Government in this behalf, and where any such declaration is not in accordance with such rules, such declaration shall not be made except with the previous approval of the Central Government.

#### INTERIM DIVIDEND

176. The Board may from time to time pay to the Members such interim dividends as in their judgment the position of the Company justifies.

#### CAPITAL PAID UP IN ADVANCE AT INTEREST NOT TO EARN

177. Where capital is paid in advance of call upon the footing that the same shall carry interest, such capital shall not, whilst carrying interest, confer a right to participate in profits.

#### DIVIDEND IN PROPORTION TO AMOUNT PAID UP

178. All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid; but if any shares are issued on terms providing that it shall rank for dividend as from a particular date, such shares shall rank for accordingly.

#### RETENTION OF DIVIDEND UNTIL COMPLETION OF TRANSFER UNDER ARTICLE 64

179. The Board may retain the dividend payable upon shares in respect of which any person is, under Article 64 entitled to become a Member or which any person under that Article is entitled to transfer, until such person shall become a Member, in respect of such shares or shall duly transfer the same.

#### NO MEMBER TO RECEIVE DIVIDEND WHILST INDEBTED TO THE COMPANY AND COMPANY'S RIGHT TO REIMBURSEMENT THERE OUT

180. No Member shall be entitled to receive payment of any interest or dividend in respect of his share or shares, whilst any money may be due or owing from him to the Company in respect of such share or shares or otherwise howsoever, either alone or jointly with any other person or persons and the Board may deduct from the interest or dividend payable to any member all sums of money so due from him to the Company.

#### TRANSFER OF SHARES MUST BE REGISTERED

181. A transfer of shares shall not pass the right to any dividend declared thereon before the registration of the transfer.

#### DIVIDENDS HOW REMITTED

182. (i) Unless otherwise directed any dividend may be paid by cheque or warrant or by a pay-slip or receipt having the force of a cheque or warrant sent through the post to the registered address of the Member or person entitled or in case of joint-holders to that one of them first named in the register in respect of the joint holder. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent. The Company shall not be liable or responsible for any cheque or warrant or pay-slip or receipt lost in transmission or for any dividend lost to the Member or person entitled thereto by the forged endorsement of any cheque or warrant or the forged signature of any pay-slip or receipt or the fraudulent recovery of the dividend by any other means. If two or more persons are registered as joint-holders of any share or shares any one of them can give effectual receipts for any dividends or other moneys payable in respect thereof.

#### PAYMENT OF DIVIDEND, INTEREST OR OTHER MONIES THROUGH ELECTRONIC TRANSFER

- (ii) Notwithstanding anything contained in this Articles of Association, the company may pay dividend, interest or other monies payable to the members by electronic transfer of funds to the bank account of the members entitled to the dividend, interest or other monies or according to the order of such member.

#### UNPAID DIVIDEND TO BE TRANSFERRED TO SPECIAL DIVIDEND ACCOUNT

183. (a) If the Company has declared a dividend but which has not been paid or a dividend warrant in respect thereof has not been posted within 30 days from the date of declaration to any shareholder entitled to the payment of the dividend. The Company shall within 7 days from the date of the expiry of the said period of 30 days open a special account in that behalf in any scheduled bank called 'the unpaid dividend account of the Company' .
- (b) Any money transferred to the unpaid dividend account of the Company which remains unpaid or unclaimed for a period of Seven years from the date of such transfer shall be transferred by the Company to general revenue account of the Central Government or shall be dealt with in such other manner as provided in the Act. A claim to any money so transferred to the general revenue account may be preferred to the Central Government by the shareholders to whom the money is due.

#### DIVIDEND AND CALL TOGETHER

184. Any General Meeting declaring a dividend may on recommendation of the Directors make a call on the Members of such amount as the meeting fixes, but so that the call on each Member shall not exceed the dividend payable to him, and so that the call be made payable at the same time as the dividend, and

the dividend may, if so arranged between the Company and the Members be set off against the calls.

#### DIVIDEND NOT TO BEAR INTEREST

185. No dividend or other moneys payable on or in respect of a share shall bear interest against the Company subject to the provisions of the Act.

#### CAPITALIZATION

186. (a) The Company in general meeting may on recommendation of the Board resolve that any moneys, investment or other assets forming part of the undivided profits of the company standing to the credit of the reserve fund, or any capital redemption reserve fund, or in the hands of the company and available for dividend (or representing premium received on the issue of shares and standing to the credit of the share premium account) or where permitted by law, from the appreciation in value of any capital assets of the company and standing to any reserve fund be capitalized, and distributed amongst such of the shareholders as would be entitled thereto as capital and that all or any part of such capitalized fund be applied on behalf of such shareholders in paying up in full either at par or at such premium as the resolution may provide, any unissued share of the Company which shall be distributed accordingly or in or towards payment of the uncalled liability on any issued shares and that such distribution or payment shall be accepted by such shareholders in full satisfaction of their interest in the said capitalized sum. Provided that a share premium account and a capital redemption reserve fund may, for the purpose of this Article, only be applied on the paying up of unissued shares to be issued to Members of the Company as fully paid bonus shares.
- (b) A General Meeting may resolve that any surplus moneys arising from the realization of any capital assets of the Company, or any investments representing the same, or any other undistributed profits of the Company not subject to charge for income tax be distributed among the Members on the footing that they receive the same as capital.
- (c) For the purpose of giving effect to any resolution under the preceding paragraph of this Article the Board may settle any difficulty which may arise in regard to the distribution as it thinks expedient, and in particular may issue fractional certificates, and may fix the value for distribution of any shares, and may determine that such cash payments shall be made to any Member upon the footing of the value so fixed or that fraction of less value than Rs. 10 may be disregarded in order to adjust the rights of all parties, and may vest any such cash or specific assets in trustees upon trusts for the persons entitled to the dividend or capitalized fund as may seem expedient to the Board. Where requisite, a proper contract shall be delivered to the Registrar for registration in accordance with Section 75 of the Companies Act, 1956, and the Board may appoint any person to sign such contract on behalf of the person entitled to the dividend or capitalized fund, and such appointment shall be effective.

#### ACCOUNTS

##### DIRECTORS TO KEEP TRUE ACCOUNTS



187. The Company shall keep at the office or at such other place in India as the Board thinks fit proper books of account in accordance with Section 209 of the Act with respect to
- (a) all sums of money received and expended by the Company and the matters in respect of which the receipts and expenditures take place;
  - (b) all sales and purchases of goods by the Company;
  - (c) the assets and liabilities of the Company.

Where the Board decides to keep all or any of the books of account at any place other than the office of the Company, the Company shall within seven days of the decision file with the Registrar a notice in writing giving the full address of that other place.

The Company shall preserve in good order the books of account relating to a period of not less than eight years preceding the current year.

When the Company has branch office, whether in or outside India, the Company shall be deemed to have complied with this Article if proper Books of Account relating to the transactions effected at the branch office are kept at the branch office and proper summarised returns, made up to dates at intervals of not more than three months, are sent by the branch office of the Company at its Registered Office or other place in India, at which the Company's Books of Account are kept as aforesaid.

The Books of Account shall give a true and fair view of the state of affairs of the Company or branch office, as the case may be, and explain its transactions and shall be open to inspection by any Director during business hours.

#### AS TO INSPECTION OF ACCOUNTS OR BOOKS BY MEMBERS

188. The Board shall from time to time determine whether and to what extent and at what times and places and under what conditions or regulations the accounts and books of the Company or any of them shall be open to the inspection of Members not being Directors, and no member (not being a Director) shall have any right of inspecting any account or book or document of the Company except as conferred by law or authorized by the Board or by the Company in General Meeting.

#### STATEMENT OF ACCOUNTS TO BE FURNISHED TO GENERAL MEETING

189. The Directors shall from time to time, in accordance with Sections 210, 211, 212, 215, 216 and 217 of the Act, cause to be prepared and to be laid before the Company in General Meeting such Balance Sheet, Profit and Loss Account and Reports as are referred to in these sections.

#### COPIES SHALL BE SENT TO EACH MEMBER

190. A copy of every such Profit and Loss Account and Balance Sheet including the Auditors Report and every other document required by law to be annexed or attached to the Balance Sheet) shall at least twenty-one days before the meeting at which the same are to be laid before the Members, be sent to the Members of the Company, to holders of debentures issued by the Company (not being debentures which ex facto are payable to the bearer thereof), to trustees for the holders of such debentures and to all persons entitled to receive notices of General Meetings of the Company.

## AUDIT

### ACCOUNTS TO BE AUDITED

191. Auditors shall be appointed and their rights and duties regulated in accordance with Sections 224 to 233 of the Act.

### APPROVAL OF ACCOUNTS

192. Every account of the Company when audited shall be approved by a General Meeting and shall be conclusive except as regards any error discovered therein within three months next after the approval thereof. Whenever any such error is discovered within that period the account shall forthwith be corrected, and henceforth shall be conclusive.

### ACCOUNTS WHEN AUDITED AND APPROVED SHALL BE CONCLUSIVE EXCEPT AS TO ERRORS DISCOVERED WITHIN THREE MONTHS

193. Every Account of the Company when audited and approved by a General Meeting shall be conclusive except as regards any error discovered therein within three months next after the approval thereof whenever any such error is discovered within that period the Account shall forthwith be corrected, and thenceforth shall be conclusive.

## DOCUMENTS AND NOTICES

### SERVICE OF DOCUMENTS OR NOTICES ON MEMBERS BY COMPANY

194. (1) A document or notice may be served or given by the Company on or to any Members or an officer thereof either personally or by sending it by post to him to the address supplied by him to the Company for serving documents or notice on him.
- (2) Where a document or notice is sent by post, service of the document or notice shall be deemed to be effected by properly addressing, pre-paying and posting a letter containing the document or notice, such posting to be by air mail to any address outside India, provided that where a Member or a Director has intimated to the Company in advance that documents or notices should be sent to him under certificate of posting or by registered post with or without acknowledgement due and has deposited with the Company a sum sufficient to defray the expenses of doing such service of

the document or notice shall not be deemed to be effected unless it is sent in the manner intimated by the Member and, such service shall be deemed to have been effected in the case of a notice of a meeting at the expiration of 48 hours after the letter containing the document or notice is posted, and in any other case, at the time at which the letter would be delivered in the ordinary course of post or transit.

BY ADVERTISEMENT

195. A document or notice advertised in a newspaper circulating in the neighborhood of the Registered Office of the Company shall be deemed to be duly served or sent on the day on which the advertisement appears on or to every Member who has no registered address in India and has not supplied to the Company an address outside India for the serving of documents on or the sending of notice to him.

ON JOINT HOLDERS

196. A document or notice may be served or given by the Company on or to the joint holders of a share by serving or giving the document or notice on or to the joint-holder named first in the Register of Members in respect of the share.

ON PERSONAL REPRESENTATIVES ETC.

197. A document or notice may be served or given by the Company on or to the persons entitled to a share in consequence of the death or insolvency of a Member by sending it through the post in a prepaid letter addressed to them by name or by the titles of representatives of the deceased, or assignee of the insolvent or by any like description at the address (if any) in India supplied for that purpose by the persons claiming to be so entitled, or (until such an address has been so supplied) by serving the document or notice in any manner in which the same might have been given if the death or insolvency has not occurred.

TO WHOM DOCUMENTS OR NOTICES MUST BE SERVED OR GIVEN

198. Document or notice of every General Meeting shall be served or given in the same manner hereinbefore authorized on or to (a) every member, (b) every person entitled to a share in consequence of the death or insolvency of a Member and (c) the Auditor or Auditors for the time being of the Company.

MEMBERS BOUND BY DOCUMENTS OR NOTICE SERVED ON OR GIVEN TO PREVIOUS HOLDERS

199. Every person who by operation of law, transfer or by other means whatsoever shall become entitled to any share, shall be bound by every document or notice in respect of such share, which previously to his name and address being entered on the Register of Members shall have been duly served on or given to the persons from whom he derives his title to such share.

DOCUMENT OR NOTICE BY COMPANY AND SIGNATURE THERETO

200. Any document or notice to be served or given by the Company may be signed by a Director or some person, duly authorized by the Board for such purpose and the signature may be written, printed or lithographed.

SERVICE OF DOCUMENT OR NOTICE BY MEMBER

201. (a) All documents or notices to be served or given by Members on or to the Company or any officer thereof shall be served or given by sending it to the Company or officer at the Registered Office of the Company by post under a certificate of posting or by registered post, or by leaving it at its Registered Office.
- (d) Notwithstanding anything to the contrary contained in the Act or these Articles, where securities are held in a depository, the records of the beneficial ownership may be served by such depository on the company by means of electronic mode or by delivery of floppies or discs.

WINDING UP

LIQUIDATOR MAY DIVIDE ASSETS IN SPECIE

202. The Liquidator on any winding-up (whether voluntary, under supervision, or compulsory) may, with the sanction of a Special Resolution but subject to the rights attached to any preference share capital, divide among the contributories in specie any part of the assets of the Company and may, with the like sanction, vest any part of the assets of the Company in trustees upon such trusts for the benefits of the contributories, as the Liquidator with the like sanction shall think fit.

INDEMNITY AND RESPONSIBILITY

DIRECTORS' AND OTHERS' RIGHT TO INDEMNITY

203. Every officer or agent for the time being of the Company be indemnified out of the assets of the Company against any liability incurred by him in defending any proceeding whether civil or criminal, in which judgements is given in his favour or in which he is acquitted or in which relief is granted to him by the Court under Section 633 of the Act.

SECRECY CLAUSE

204. No Member shall be entitled to visit or inspect any works of the Company without the permission of the Directors or to acquire discovery of or any information respecting any detail of the Company's trading, or any matter which is or may be in the nature of a trade secret, mystery of trade, secret process, or any other matter which may relate to the conduct of the business of the company and which in the opinion of the Directors, it would be inexpedient in the interest of the Company to disclose.
205. Every Director, manager, auditor, trustee, member of a committee, officer, servant, agent, accountant or other person employed in the business of the Company shall, if so required by the Directors, before entering upon his duties sign a declaration pledging himself to observe strict secrecy respecting all

transactions with individuals and in matters relating thereto, and accounts with individuals and in matters relating thereto, and shall by such declaration pledge himself not to reveal any of the matters which may come to his knowledge in the discharge of his duties except when required so to do by the Directors or by law or by the person to whom such matters relate and except so far as may be necessary in order to comply with any of the provisions in these Articles contained.

**SECTION VIII – OTHER INFORMATION****MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION**

The following contracts (not being contracts entered in the ordinary course of business carried on by the Company or entered into more than two years before the date of the Information Memorandum) which are or may be deemed material have been entered or to be entered into by the Company.

Copies of the following documents will be available for inspection at the Registered Office of the Company on business hours with prior intimation, from the date of the Information Memorandum.

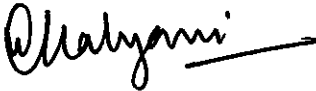
**MATERIAL CONTRACTS**

1. Memorandum and Articles of Association, as amended till date.
2. Certificate of Incorporation dated March 10, 2008.
3. Certificate of Registration of special resolution passed on August 28, 2010 for alteration of Main Objects Clause.
4. Copy of the Order of the Hon'ble High Court of Judicature at Bombay sanctioning the Scheme of Arrangement under Sections 391 to 394 of the Companies Act, 1956 between Pantaloon Retail (India) Limited and Future Mall Management Limited (Now known as Agre Developers Limited) and Future Merchandising Limited and their respective shareholders dated August 24, 2010.
5. Letters Ref Nos DCS/AMAL/AKS/24(f)/102/2010-11 dated April 28, 2010 and NSE/LIST/136559-Z dated April 29, 2010 of BSE and NSE respectively according their no-objection to scheme.
6. Copy of Auditor's certificates dated December 22, 2010 included in the Information Memorandum.
7. Certificate of Incorporation dated October 4, 2010 issued consequent to change of name of the Company.
8. BSE letter No.DCS/AMAL/HS/IP/777/2010-11 dated November 18, 2010 granting in-principle approval for listing.
9. NSE letter No NSE/LIST/153913- E dated December 16, 2010 granting in-principle approval for listing.
10. SEBI letter No CFD/DIL2/SK/EHM/OW/30177/2010 dated December 16, 2010 granting relaxation from the applicability of Rule 19(2)(b) of the Securities Contract Regulation (Rules)1975 for listing of the shares of the Company.

**DECLARATION**

All statements made in this Information Memorandum are true and correct

**FOR & ON BEHALF OF THE BOARD OF DIRECTORS OF AGRE DEVELOPERS LIMITED**

Signature : 

Name of the Director: Rajesh Kalyani, Director

Place: Mumbai

Date: December 22, 2010