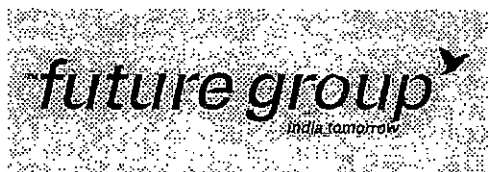


FSC Brand Distribution Services Limited
(Formerly Known as FLSL Distribution Services Limited)

Annual Accounts
2010-11



DIRECTORS' REPORT

To,
The Members
FSC Brand Distribution Services Ltd.

Your Directors are pleased to present the Third Annual Report of the Company for the financial year ended 31st March, 2011.

FINANCIALS

(Rs.in Lacs)

	Year Ended 31.03.2011	Year Ended 31.03.2010
Total Income	1550.46	184.18
Expenditure (Excluding Depreciation)	1553.68	186.21
Depreciation	0.24	0.03
Total expenditure	1553.92	186.24
Profit/ (Loss) before tax and Prior period items	(3.46)	(2.06)
Prior period items	0.59	-
Profit/ (Loss) after tax	(4.05)	(2.06)
Taxes & Provisions	NIL	NIL
Profit/ (Loss) after tax	(4.05)	(2.06)
EPS Basic and Diluted (Rs.)	(8.10)	(4.13)

STATUS OF THE COMPANY

The Company is wholly owned subsidiary of Future Supply Chain Solutions Limited which is also a subsidiary of Pantaloon Retail (India) Limited.

DIVIDEND

In view of loss, your Directors are unable to recommend any dividend for the year under review.

FIXED DEPOSIT

The Company has not accepted any deposit from public within the meaning of Section 58A of the Companies Act, 1956 from public during the year under review.

REAPPOINTMENT OF DIRECTOR

In terms of Section 255 and 256 the Companies Act, 1956, Mr. Deepak Tanna, director of the Company would retire at the ensuing annual general meeting of the Company and being eligible, offers himself for re-appointment as Director.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under section 217 (2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, it is hereby confirmed:

1. that in the preparation of the Annual Accounts for the financial year ended 31st March, 2011, the applicable accounting standards have been followed along with proper explanations relating to material departures;

2. that the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the loss of the Company for the year ended 31st March, 2011;
3. that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities;
4. that the Directors have prepared the accounts for the financial year ended 31st March, 2011 on a 'going concern' basis.

AUDITORS

M/s. NGS & Co; Chartered Accountants, Auditors of the Company retires at the ensuing Annual General Meeting and have expressed their willingness to accept office as such. The Company has received a certificate from them to the effect that their re-appointment, if made at the ensuing annual general meeting, would be within the limits prescribed under Section 224(1B) of the Companies Act, 1956.

PARTICULARS OF EMPLOYEES

The Company has no employee drawing the remuneration in excess of the limits specified under section 217(2A) of the Companies Act, 1956.

CONSERVATION OF ENERGY, RESEARCH & DEVELOPMENT, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

A	Conservation of Energy	:	None
B	Technology Absorption	:	Not applicable to the Company since the Company does not have / use any technology.
C	Technology Absorption, adaptation & innovation	:	Not applicable to the Company since the Company does not have / use any technology.
D.	Foreign Exchange Earnings & Outgo	:	
	Activities relating to export /Services	:	None
	Initiative taken to increase exports	:	Not Applicable
	Development of new Export markets for products and services	:	None
	Export Plans	:	Not Applicable
	Foreign Exchange Earned	:	Nil
	Foreign Exchange Spent	:	Nil

Form A to the Annexure to the Companies (Disclosure of Particulars in the Report of Board of Directors), Rules, 1988 does not apply to the Company.

ACKNOWLEDGEMENT

Your Directors wish to place on record their appreciation and acknowledge with gratitude the support and co-operation extended by the Government, bankers and other stakeholders and look forward to their continued support.

**For and on behalf of the Board of Directors of
FSC Brand Distribution Services Ltd.**

Sd/-
Anshuman Singh
Director
Mumbai, 11 July, 2011

Sd/-
Deepak Tanna
Director

Auditor's Report

To,

The Members of FSC BRAND DISTRIBUTION SERVICES LIMITED
(Formerly known as FLSL Distribution Services Limited)

1. We have audited the attached Balance Sheet of **FSC BRAND DISTRIBUTION SERVICES LIMITED**, (the 'Company') as at **March 31, 2011**, and also the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto (collectively referred as the 'financial statements'). 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 the 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. As required by the Companies (Auditor's Report) Order, 2003 (the 'Order') (as amended), issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956 (the 'Act'), we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
4. We report that -
 - a. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - c. The financial statements dealt with by this report are in agreement with the books of account;
 - d. In our opinion the financial statements dealt with by this report comply with the accounting standards referred to in sub section (3C) of section 211 of the Companies Act, 1956 and the Rules made there under;
 - e. On the basis of written representations received from the directors, as on **March 31, 2011** and taken on record by the Board of Directors, we report that none of the directors is disqualified as on **March 31, 2011** from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act;

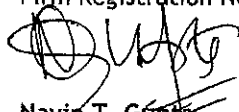


NGS & Co.
Chartered Accountants

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

- i. the Balance Sheet, of the state of affairs of the Company as at March 31, 2011;
- ii. the Profit and Loss Account, of the loss for the year ended on that date; and
- iii. the Cash Flow Statement, of the cash flows for the year ended on that date

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



Navin T. Gupta
Partner
Membership No. 40334



Mumbai
Date : July 11, 2011

Annexure to the Auditors' Report of even date to the members of FSC BRAND DISTRIBUTION SERVICES LIMITED (Formerly known as FLSL Distribution Services Limited), on the financial statements for the year ended March 31, 2011.

Based on the audit procedures performed for the purpose of reporting a true and fair view on the financial statements of the Company and taking into consideration the information and explanations given to us and the books of account and other records examined by us in the normal course of audit, we report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - (b) The fixed assets have been physically verified by the management during the year and no material discrepancies were noticed on such verification. In our opinion, the frequency of verification of the fixed assets is reasonable having regard to the size of the Company and the nature of its assets.
 - (c) In our opinion, a substantial part of fixed assets has not been disposed off during the year.
- (ii) (a) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
 - (b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
 - (c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.
- (iii) The Company has not granted/taken any loan, secured or unsecured to/from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act 1956. Therefore the provisions of clause 4(iii) of the Order are not applicable to the Company.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods. There were no transactions of services during the year. During the course of our audit, no major weakness has been noticed in the internal control system in respect of these areas.
- (v) The Company has not entered into any contracts or arrangements referred to in Section 301 of the Companies Act 1956. Therefore the provisions of clause 4(v) of the Order are not applicable to the Company.
- (vi) The Company has not accepted any deposits from the public within the meaning of sections 58A and 58AA of the Act and the Companies (Acceptance of Deposits) Rules, 1975. Therefore the provisions of clause 4(vi) of the Order are not applicable to the Company.



Annexure to the Auditors' Report of even date to the members of FSC BRAND DISTRIBUTION SERVICES LIMITED (Formerly known as FLSL Distribution Services Limited), on the financial statements for the year ended March 31, 2011.

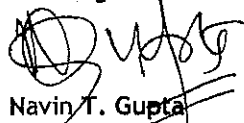
- (vii) The Company is neither listed nor had paid-up capital and reserves exceeding Rs 50 lakhs as at the commencement of the financial year. Further, the average annual turnover of the Company for a period of three consecutive financial years immediately preceding this financial year does not exceed rupees five crores. Therefore the provisions of clause 4(vii) of the Order are not applicable to the Company.
- (viii) Since the Company is not engaged in manufacturing, processing, production and mining activities to the best of our knowledge and belief, provision of section 209(1)(d) are not applicable to the Company. Therefore the provisions of clause 4(viii) of the Order are not applicable to the Company.
- (ix) (a) The Company is regular in depositing the undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, custom duty, excise duty, cess and other material statutory dues, as applicable, with the appropriate authorities. Further, no undisputed amounts payable in respect thereof were outstanding at the year end for a period of more than six months from the date they become payable.
- (b) There are no dues in respect of income tax, sales tax, wealth tax, service tax, customs duty, excise duty and cess that have not been deposited with the appropriate authorities on account of any dispute.
- (x) The Company has been registered for a period of less than five years. Accordingly, the provisions of clause 4(x) of the Order are not applicable to the Company.
- (xi) There were no dues payable by the Company to financial institutions, banks and debenture holders. Therefore the provisions of clause 4(xi) of the Order are not applicable to the Company.
- (xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Therefore the provisions of clause 4(xii) of the Order are not applicable to the Company.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi/mutual benefit fund/ society. Therefore the provisions of clause 4(xiii) of the Order are not applicable to the Company.
- (xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Therefore the provisions of clause 4(xiv) of the Order are not applicable to the Company.
- (xv) The Company has not given any guarantees for loans taken by others from banks or financial institutions. Therefore the provisions of clause 4(xv) of the Order are not applicable to the Company.



Annexure to the Auditors' Report of even date to the members of FSC BRAND DISTRIBUTION SERVICES LIMITED (Formerly known as FLSL Distribution Services Limited), on the financial statements for the year ended March 31, 2011.

- (xvi) The Company did not have any term loans outstanding during the year. Therefore the provisions of clause 4(xvi) of the Order are not applicable to the Company.
- (xvii) According to the information and explanations given to us and on overall examination of the Balance Sheet and cash flow statement, we report that no short term funds have been used for long term investments.
- (xviii) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956.
- (xix) The Company did not have any outstanding debentures during the year.
- (xx) The Company has not raised any money by public issues during the year. Therefore the provisions of clause 4(xx) of the Order are not applicable to the Company.
- (xxi) During the course of our examination of the books and records of the Company carried out in accordance with the generally accepted auditing practices in India and as per the representations given by the Company and relied by us, we have neither come across any instances of fraud on or by the Company noticed or reported during the year nor have we been informed of such cases by the management.

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


Navin T. Gupta
Partner
Membership No. 40334



Mumbai
Date : July 11, 2011

FSC BRAND DISTRIBUTION SERVICES LIMITED
(Formerly known as FLSL Distribution Services Limited)
BALANCE SHEET AS AT MARCH 31, 2011

Particulars	Schedule	As at March 31, 2011 (Rs. In '000)	As at March 31, 2010 (Rs. In '000)
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Share Capital	1	500.00	500.00
		<u>500.00</u>	<u>500.00</u>
APPLICATION OF FUNDS			
FIXED ASSETS			
Gross Block	2	181.62	104.94
Less : Accumulated Depreciation		27.78	3.53
Net Block		<u>153.84</u>	<u>101.41</u>
INVESTMENTS	3	76.54	70.75
CURRENT ASSETS, LOANS AND ADVANCES			
Inventories	4	29,878.70	17,306.69
Sundry Debtors	5	54,989.80	14,904.08
Cash and Bank Balances	6	4,188.84	1,728.24
Loans and Advances	7	3,748.30	3,026.57
		<u>92,805.64</u>	<u>36,963.58</u>
LESS : CURRENT LIABILITIES AND PROVISIONS			
Current Liabilities	8	93,186.24	36,880.72
		<u>93,186.24</u>	<u>36,880.72</u>
NET CURRENT ASSETS		(380.60)	82.86
PROFIT AND LOSS ACCOUNT			
		650.22	244.98
		<u>500.00</u>	<u>500.00</u>
Significant Accounting Policies and Notes on Accounts	12		

The schedules referred to above and Notes on Accounts form an integral part of the Balance Sheet

As per our report of even date

For N G S & Co.
Chartered Accountants



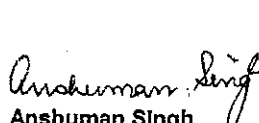
 Navin T. Gupta
 (Partner)


Membership No. 40334

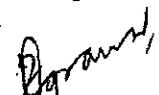
Place: Mumbai

Date: 11 JUL 2011

For and on behalf of the Board of Directors of
FSC Brand Distribution Services Limited


 Anshuman Singh
 [Director]


 Deepak Tanna
 [Director]


 Birendra Agrawal
 [Chief Financial Officer]



FSC BRAND DISTRIBUTION SERVICES LIMITED
(Formerly known as FLSL Distribution Services Limited)
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2011

Particulars	Schedule	For the year ended on March 31, 2011 (Rs. in '000)	For the year ended on March 31, 2010 (Rs. in '000)
INCOME			
Sales		167,061.69	19,513.79
Less : VAT/Sales tax		12,026.40	1,096.94
		<u>155,035.29</u>	<u>18,416.85</u>
Other Income	9	10.74	1.62
Total		<u>155,046.03</u>	<u>18,418.47</u>
EXPENDITURE			
Cost of Goods Sold	10	148,149.39	15,822.44
Operating and Other Expenses	11	7,218.71	2,798.77
Depreciation	2	24.25	3.53
Total		<u>155,392.35</u>	<u>18,624.74</u>
Profit/(Loss) before Tax and Prior period items		(346.32)	(206.27)
Prior Period Items		58.92	-
Profit/(Loss) before Tax		(405.24)	(206.27)
Provision for Tax			
a) Current Tax		-	-
b) Deferred Tax		-	-
Profit/(Loss) after Tax		<u>(405.24)</u>	<u>(206.27)</u>
Add: Balance brought forward		(244.98)	(38.71)
Balance carried to the Balance Sheet		<u>(650.22)</u>	<u>(244.98)</u>
Earning per share in Rs. (Face Value Rs. 10/-)			
Basic and Diluted		(8.10)	(4.13)

Significant Accounting Policies and Notes on Accounts 12

The schedules referred to above and Notes on Accounts form an integral part of the Profit and Loss Account

As per our report of even date

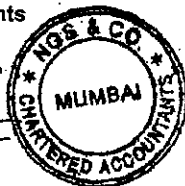
For N G S & Co.
Chartered Accountants

Navin T. Gupta
[Partner]

Membership No. 40334

Place: Mumbai

Date: 11 JUL 2011

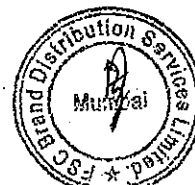


For and on behalf of the Board of Directors of
FSC Brand Distribution Services Limited.

Anshuman Singh
[Director]

Deepak Tanna
[Director]

Birendra Agrawal
[Chief Financial Officer]



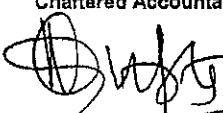
FSC BRAND DISTRIBUTION SERVICES LIMITED
(Formerly known as FLSL Distribution Services Limited)
Cash Flow Statement for the period ended March 31, 2011

Particulars	For the year ended on March 31, 2011 (Rs. in '000)	For the year ended on March 31, 2010 (Rs. in '000)
A Cash Flow from Operating Activities		
Net Profit/(Loss) Before Tax	(405.24)	(206.27)
Adjustments for :		
Depreciation and Amortisation	24.25	3.53
Operating profit before working capital changes	<u>(380.99)</u>	<u>(202.74)</u>
Adjustments for :		
(Increase)/Decrease Trade and Other Receivable	(40,085.71)	(14,904.08)
(Increase)/Decrease Inventories	(12,572.04)	(17,306.69)
(Increase)/Decrease Loans and Advances	(721.73)	(3,001.57)
Increase/(Decrease) Trade Payables	56,305.52	36,875.20
Increase/(Decrease) Other Payables	-	-
Cash generated from operations	<u>2,545.05</u>	<u>1,460.12</u>
Direct Taxes paid	-	-
Net Cash from Operating Activities	<u>2,545.05</u>	<u>1,460.12</u>
B Cash Flow From Investing Activities		
Purchase of Fixed Assets / Advances for Capital Goods	(76.68)	(104.94)
Purchase of Investments	(5.77)	(70.75)
Net Cash used in Investing Activities	<u>(82.45)</u>	<u>(175.69)</u>
C Cash Flow from Financing Activities		
Proceeds from Issue of Share Capital	-	-
Net Cash from financing activities	<u>-</u>	<u>-</u>
Net increase/(Decrease) in Cash and Cash Equivalent	<u>2,462.60</u>	<u>1,284.43</u>
Cash & Cash Equivalents (Opening balance)	1,726.24	441.81
Cash & Cash Equivalents (Closing balance)	4,188.84	1,726.24

Notes :

- 1 The Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Accounting Standard 3 :Cash Flow Statements" issued by the Institute of Chartered Accountants of India .

As per our report of even date
For N G S & Co.
Chartered Accountants


Navin T. Gupta
[Partner]

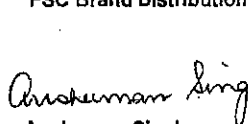
Membership No. 40334

Place: Mumbai

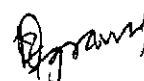
Date: **11 JUL 2011**



For and on behalf of the Board of Directors of
FSC Brand Distribution Services Limited.


Anshuman Singh
[Director]


Deepak Tanna
[Director]


Birendra Agrawal
[Chief Financial Officer]



FSC BRAND DISTRIBUTION SERVICES LIMITED
 (Formerly known as FLSL Distribution Services Limited)
SCHEDULES FORMING PART OF THE BALANCE SHEET

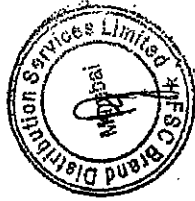
Particulars	As at March 31, 2011 (Rs. in '000)	As at March 31, 2010 (Rs. in '000)
<u>SCHEDULE 1: SHARE CAPITAL</u>		
AUTHORISED		
50,000 Equity Shares of Rs. 10 each.	500.00	500.00
	<u>500.00</u>	<u>500.00</u>
<u>ISSUED, SUBSCRIBED & PAID UP</u>		
50,000 Equity Shares of Rs. 10 each, fully paid up (of the above 50,000 Shares are held by Future Supply Chain Solutions Limited, the holding company)	500.00	500.00
	<u>500.00</u>	<u>500.00</u>



FSC BRAND DISTRIBUTION SERVICES LIMITED
 (Formerly known as FLSL Distribution Services Limited)
 SCHEDULES FORMING PART OF THE BALANCE SHEET

SCHEDULE 2 : FIXED ASSETS

Description	Gross Block		As at 31.03.2011	Up to 01.04.2010	Depreciation For The Year	Up to 31.03.2011	Net Block	
	As at 01.04.2010	Additions					Deductions	As At 31.03.2011
Computer	104.94	76.68	181.62	3.53	24.25	27.78	153.84	101.41
Total	104.94	76.68	181.62	3.53	24.25	27.78	153.84	101.41
Previous year	-	104.94	104.94	-	3.53	3.53	101.41	-



FSC BRAND DISTRIBUTION SERVICES LIMITED
(Formerly known as FLSL Distribution Services Limited)
SCHEDULES FORMING PART OF THE BALANCE SHEET

Particulars	As at March 31, 2011 (Rs. In '000)	As at March 31, 2010 (Rs. In '000)
<u>SCHEDULE 3: INVESTMENTS</u>		
National Savings Certificate (Deposited with Sales Tax Authorities)	76.54	70.75
	<u>76.54</u>	<u>70.75</u>
<u>SCHEDULE 4: INVENTORIES</u>		
Finished Goods	29,878.70	17,306.69
	<u>29,878.70</u>	<u>17,306.69</u>
<u>SCHEDULE 5: SUNDRY DEBTORS</u>		
(Unsecured, Considered Good)		
Over Six Months	13,486.07	389.42
Others	41,503.73	14,514.66
	<u>54,989.80</u>	<u>14,904.08</u>
<u>SCHEDULE 6: CASH AND BANK BALANCES</u>		
Cash on Hand	34.78	13.65
Balance with Scheduled Banks:		
In Current Accounts	3,982.06	1,682.23
In Fixed Deposit Account (Under lien with Sales Tax Authorities)	172.00	30.36
	<u>4,188.84</u>	<u>1,726.24</u>
<u>SCHEDULE 7: LOANS & ADVANCES</u>		
(Unsecured, Considered Good)		
Advances Recoverable in cash or kind or for value to be received	3,748.30	3,028.57
	<u>3,748.30</u>	<u>3,028.57</u>
<u>SCHEDULE 8: CURRENT LIABILITIES & PROVISION</u>		
Sundry Creditors	92,369.48	36,612.48
Other Liabilities	816.76	268.24
	<u>93,186.24</u>	<u>36,880.72</u>



FSC BRAND DISTRIBUTION SERVICES LIMITED
 (Formerly known as FLSL Distribution Services Limited)
SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT

Particulars	For the year ended on March 31, 2011 (Rs. in '000)	For the year ended on March 31, 2010 (Rs. in '000)
<u>SCHEDULE 9: OTHER INCOME</u>		
Other Income	-	0.51
Interest on :		
Fixed deposit (TDS : NIL, 2010 : NIL)	4.95	0.36
NSC	5.79	0.75
	<u>10.74</u>	<u>1.62</u>
<u>SCHEDULE 10: COST OF GOODS SOLD</u>		
Opening stock	17,306.69	-
Purchases	160,721.40	33,129.13
Less :Closing stock	29,878.70	17,306.69
	<u>148,149.39</u>	<u>15,822.44</u>
<u>SCHEDULE 11: OPERATING AND OTHER EXPENSES</u>		
Rates and Taxes	63.89	14.98
Insurance	24.24	4.03
Auditors' Remuneration	20.00	16.55
Transportation Charges	3,654.56	21.68
Rent	565.60	108.70
Warehouse Operating Charges	2,146.11	2,252.95
Sundry balances written off	17.72	-
Miscellaneous Expenses	726.59	379.88
	<u>7,218.71</u>	<u>2,798.77</u>



FSC BRAND DISTRIBUTION SERVICES LIMITED
(Formerly known as FLSL Distribution Services Limited)

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE
(In terms of Part IV of schedule VI)

I Registration Details

Registration No.	<input type="text" value="189032"/>	State Code	<input type="text" value="11"/>
Balance Sheet Date	<input type="text" value="31.03.2011"/>		

II Capital raised during the year (Amount in Rs. In Thousands)

Public Issue	<input type="text" value="-"/>	Right Issue	<input type="text" value="-"/>
Bonus Issue	<input type="text" value="-"/>	Private Placement	<input type="text" value="-"/>

III Position of Mobilisation and deployment of Funds (Amount in Rs. Thousand)

Total Liabilities	<input type="text" value="500.00"/>	Total Assets	<input type="text" value="500.00"/>
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Sources of Funds

Paid up Capital	<input type="text" value="500.00"/>	Share application Money	<input type="text" value="-"/>
Reserves & Surplus	<input type="text" value="-"/>	Secured Loans	<input type="text" value="-"/>
Unsecured Loans	<input type="text" value="-"/>	Deferred Tax Liability	<input type="text" value="-"/>

Application of Funds

Net Fixed assets	<input type="text" value="153.84"/>	Investments	<input type="text" value="76.54"/>
Net Current assets	<input type="text" value="(380.60)"/>	Deferred Tax Asset	<input type="text" value="-"/>
Accumulated Losses	<input type="text" value="650.22"/>	Misc. Expenditure	<input type="text" value="-"/>

IV Performance of Company (Amount in Rs. Thousand)

Turnover and Other Income	<input type="text" value="155,046.03"/>	Total expenditure	<input type="text" value="155,451.27"/>
Profit (Loss) before Tax	<input type="text" value="(346.32)"/>	Profit (Loss) After tax	<input type="text" value="(405.24)"/>
Earning per share in Rs.	<input type="text" value="(8.10)"/>	Dividend @ %	<input type="text" value="-"/>

V Generic Names of Three Principal Products / Services of Company (as per monetary terms)

Item Code (ITC Code)	<input type="text" value="Nil"/>
Product Description	<input type="text" value="Distribution & Retail"/>

For and on behalf of the Board of Directors of
FSC Brand Distribution Services Ltd.

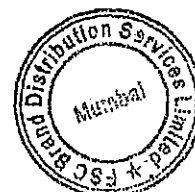
Anshuman Singh
Anshuman Singh
[Director]

Deepak Tanna
Deepak Tanna
[Director]

Birendra Agrawal
Birendra Agrawal
[Chief Financial Officer]

Place: Mumbai

Date: 11 JUL 2011



FSC BRAND DISTRIBUTION SERVICES LIMITED
(Formerly Known as FLSL Distribution Services Limited)

SCHEDULE – 12

SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2011

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 except in case of assets for which provision for impairment is made and revaluation is carried out. 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 result could differ from those estimates. Any revision to accounting estimates is recognized with the requirements of the respective accounting standard.

c) FIXED ASSETS

Tangible Assets

Tangible Assets are stated at cost (or revalued amounts, as the case may be), less accumulated depreciation. Cost comprises purchase price and costs attributable to bring the asset to its location and working condition for its intended use.

Intangible Assets

Intangible assets are stated at cost of acquisition. Intangible assets include Computer Software.

d) DEPRECIATION

Depreciation on tangible assets is provided using straight line method at the rates prescribed under Schedule XIV of the Companies Act, 1956. Depreciation is provided pro-rata for the period of use on all additions.

Intangible assets are amortized on straight line basis over a period of six year.

e) INVENTORIES

Inventories are valued at lower of cost, computed on moving weighted average basis, and estimated net realizable value, after providing for cost of obsolescence and other anticipated losses, whenever considered necessary.



After impairment, depreciation is provided on the revised carrying amount of the assets over its remaining useful life.

k) INVESTMENT:

Investment intended to be held for not more than a year are classified as current investment 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.

l) PRELIMINARY EXPENSES:

Preliminary and share issue expenses are charged to Profit and Loss Account in the year in which they are incurred.

2. NOTES TO ACCOUNTS:

a) Contingent liabilities : Rs. Nil (2010 : Rs. Nil)

b) Estimated amounts of contract remaining to be executed on capital account and not provided for, net of advances Rs. Nil (2010:Rs Nil)

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

d) Balances due from companies under the same management as per the provisions of the Section 370(1B) are as under:

(Rs. In '000)

Companies under Same Management	As At March 31, 2011	As At March 31, 2010
Sundry Debtors		
Pantaloon Retail India Limited	9,222.34	6,071.84
Future Value Retail Limited	23,641.16	3,700.99
Future Agrovet Limited	9.29	-
	32,872.79	9,772.83

e) Related Parties Disclosure:

Disclosures as required by the Accounting Standard 18 "Related Party Disclosure" are given below:

i) List of Related Parties:

- A. Ultimate Holding Company - Pantaloon Retail (India) Limited
- B. Holding Company - Future Supply Chain Solutions Limited
- C. Fellow Subsidiary - Future Value Retail Limited
- Future Agrovet Limited



ii) Transaction carried out with related parties referred to above:

(Rs. in'000)

Nature of Transaction	Ultimate Holding Company	Holding Company	Fellow Subsidiaries
Services availed	- (-)	5,600.41 (2,305.72)	- (-)
Sales	9,348.71 (9,655.49)	- (-)	1,04,692.46 (4,085.69)
Balance Payable	- (-)	8,001.68 (2,529.99)	- (-)
Balance Receivable	9,222.34 (6,071.84)	- (-)	23,650.45 (3,700.99)

iii) Disclosure in respect of material Related Party Transactions during the year:

Sales include Future Value Retail Limited Rs.1,04,674.49 (2010: 4,085.69)

f) Deferred tax assets

As per AS-22 on Accounting for Taxes on Income, the deferred tax assets comprises of following:

(Rs. In'000)

Particulars	2010-11	2009-10
Deferred Tax Liabilities		
Difference in depreciation and other difference in block of fixed assets as per tax books and financial books	26.49	10.11
Total	26.49	10.11
Deferred Tax Assets		
Carry forward losses/ unabsorbed depreciation	26.49	10.11
Deferred Tax Assets (Net)	-	-

In the absence of virtual certainty to generate future taxable income against which deferred tax assets can be realized, deferred tax assets on unabsorbed depreciation, carry forward loss and other items are recognized only to the extent of deferred tax liabilities.

g) Earning Per Share

Particulars	2010-2011	2009-2010
Net Loss considered for basic/diluted EPS (Rs.in '000))	405.24	206.27
Number of Equity Shares (Nos.)	50000	50000
Weighted average number of shares (Nos.)	50000	50000
Basic and Diluted EPS	(8.10)	(4.13)

h) Payment to Auditors

(Rs. In'000)

Particulars	2010-2011	2009-2010
Statutory Audit Fees	15.00	12.13
Tax Audit Fees	5.00	4.41
Total	20.00	16.54



i) **Leases**

The company has taken various warehouses and offices on lease. The lease rental recognized in the Profit & Loss Account for the year is Rs.565.60 Thousands (2010:Rs.108.70 Thousands). The future minimum lease rental obligation under non-cancelable operating leases in respect of these assets is Rs. Nil (2010: Nil).

j) **Segmental Reporting**

Since the company operates in single segment, there are no separate reportable segments as per accounting standard 17. The operations of the company are only within India and accordingly no disclosure is made in respect of the secondary segment.

k) **Sales, Purchases, Opening and Closing Stock**

Particulars	Opening stock		Purchases		Sales		Closing stock	
	Qty.	Amount	Qty.	Amount	Qty.	Amount	Qty.	Amount
	(in pcs.)	(Rs.)	(in pcs.)	(Rs.)	(in pcs.)	(Rs.)	(in pcs.)	(Rs.)
Food Items	17.09 (-)	470.84 (-)	5,152.26 (151.83)	111,367.21 (1,637.08)	4,351.64 (134.74)	103,508.85 (1,611.22)	817.71 (17.09)	22,975.60 (470.84)
Cosmetics & Others	119.95 (-)	16,835.85 (-)	664.31 (281.21)	49,354.18 (31,492.05)	640.71 (161.26)	51,526.44 (16,805.63)	143.55 (119.95)	6,903.09 (16835.85)
Total	137.04 (-)	17,306.69 (-)	5,816.57 (433.04)	160,721.40 (33,129.13)	4,992.35 (295.99)	155,035.29 (18,416.85)	961.26 (137.04)	29,878.70 (17306.69)

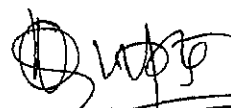
l) The name of the Company was changed from FLSL Distribution Services Limited to FSC Brand Distribution Services Limited as per the certificate issued by the Registrar of Companies dated May 30, 2011.

m) Additional information pursuant to the provisions of paragraph 3, 4C and 4D of Part-II of Schedule VI of the Companies Act, 1956 is not provided, to the extent it is NIL or not applicable to the Company.

n) Previous year's figures have been regrouped wherever necessary to confirm to this year's classification.

As per our report of even date

For NGS & Co.
Chartered Accountants

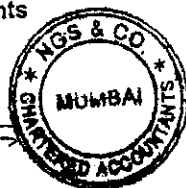

Navin T. Gupta
[Partner]

Membership No. 40334

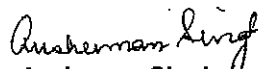
Place: Mumbai

Date:

11 JUL 2011



For and on behalf of the Board of Directors
FSC Brand Distribution Services Ltd.


Anshuman Singh
[Director]


Deepak Tanna
[Director]


Birehdra Agrawal
[Chief Financial Officer]

