

DIRECTORS' REPORT

To,
The Members,
Home Solutions Retail (India) Limited

Your Directors are pleased to present the Sixth Annual Report together with the Audited Annual Accounts of the Company for the year ended 30th June, 2010.

Financial Results

(Rs. in lacs)

Particulars	Current Year Ended 30-06-2010	Previous Year ended 30-06-2009
Net Sales and Other Operating Income	1,359.13	107,098.71
Other Income	-	2,294.00
Total Income	1,359.13	109,392.71
Expenditure	1,675.83	112,993.65
Depreciation	44.90	1,861.27
Total Expenditure	1,720.73	114,854.92
Loss before Tax and Prior Period Items	361.59	5,462.21
<u>Provision for Taxes</u>		
Deferred tax	-	(5,165.27)
Fringe benefit tax	-	46.13
Earlier Year's Fringe Benefit Tax Adjustment	0.53	-
Loss After Tax and Before Prior Period Items	362.13	343.07
Prior period items	-	230.40
Net Loss	362.13	573.47
Carried from P & L Account	11,303.71	10,730.24
Deficit carried to Balance Sheet	11,665.84	11,303.71
Earnings per share (in Rupees)		
Basic Earning per Share	(36.21)	(57.35)
Diluted Earning per Share	(36.21)	(57.35)

(Note: In view of the effect given in accounts to the Scheme of Arrangement, the figures for the current year are not comparable with those of the previous year).

Dividend

In view of Loss, your Directors are unable to recommend any dividend for the year ended 30th June, 2010.

Major Activities and Review

The Company's Lifestyle and Value Retail undertakings except Collection i format have been transferred pursuant Scheme of Arrangement between the Company and Pantaloon Retail (India) Limited (PRIL). The details of the Scheme have been given under a separate heading.

Overall customer growth due to improvement in economy would result in higher turnover for the retail business of the Company and thus improving the margin and the contribution. The

Company would also be considering various new retail options to strategise and get benefited from the overall growth in consumption economy. The Company would be requiring a strong operating team leader and skilled retail personnel team to achieve the above objectives.

Scheme of Arrangement – Demerger of Business Undertaking

As you are aware, your Company had initiated a Demerger exercise under which the Business Undertaking has been demerged and transferred to PRIL, holding company pursuant to a Scheme of Arrangement between the Company and PRIL and their respective Shareholders and Creditors (“the Scheme”) under Sections 391-394 of the Companies Act, 1956 w.e.f. 01st April, 2009, being Appointed Date fixed for this purpose.

Your Directors are pleased to inform that the Hon’ble High Court of Judicature at Bombay has passed an order on 24th August, 2010 approving the Scheme. In pursuance of above, all formats / business with respective Assets and Liabilities comprising of lifestyle retail formats such as eZone, Home Town and value retail formats such as Electronics Bazaar, Furniture Bazaar, Home Town Collection, Home Bazaar and Got IT are being vested on a going concern basis into PRIL.

Your Company would continue to retail the “Remaining Business of HSRIL” consisting of all the undertakings, businesses, activities and operations of Collection i and businesses and/or assets other than the Business Undertaking of HSRIL.

Share Capital and Compliance Certificate

During the year under review, as part of the Scheme of Arrangement the Share Capital of the Company being reorganised and from the Effective Date, the paid up share capital of the Company shall stand reduced on proportionate basis to Rs. 1,00,00,000 divided into 10,00,000 equity shares of Rs.10/- each by cancellation of 2,91,38,149 equity shares of Rs. 10/- each aggregating to Rs.29,13,81,490/-paid up equity share capital of the Company. Accordingly as provided in the Scheme, the corresponding authorised share capital of the Company shall also stand reduced by same amount.

In view of above, the Compliance Certificate obtained from Practicing Company Secretary pursuant to Section 383A of the Companies Act, 1956 for the financial year under review, is annexed herewith as an Annexure I and forms part of this report.

Joint Venture and Subsidiary companies

During the year, your Company has divested its entire stake in Asian Retail Lighting Limited and Home Lighting India Limited and accordingly, these two Companies ceased to be subsidiaries of the Company.

Board of Directors

During the period under review, ICICI Venture Funds Management Company Limited (India Advantage Fund- V) has withdrawn the nomination of Mr. Anand Vyas as Director w.e.f. 11th June, 2010. The Board placed on record its appreciation for the valuable services rendered by Mr. Anand Vyas during his tenure as a Director.

Mr. Kishore Biyani, Director of your Company shall retire by rotation at the ensuing Annual General Meeting and being eligible, have offered himself for re-appointment. The proposal regarding his re-appointment as Director is placed for your approval.

Composition of Audit Committee

The Company has an Audit Committee and as required pursuant to the provisions of Section 292A of the Companies Act, 1956, the details of members of the Audit Committee are as follows: -

- Mr. Kishore Biyani
- Mr. Vamesh Chovatia
- Mr. Vivek Biyani

Directors' Responsibility Statement

Pursuant to the requirements under Section 217 (2AA) of the Companies Act, 1956, your Directors hereby state and confirm that:

- in the preparation of the annual accounts for the year ended 30th June, 2010, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- they have selected such accounting policies and applied them consistently and made judgements 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 on 30th June, 2010 and of the Loss of the Company for that period;
- they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- they have prepared the annual accounts for the year ended 30th June, 2010 on a 'going concern' basis

Fixed Deposits

Your Company has not accepted any deposits within the meaning of Section 58-A of the Companies Act, 1956 and the rules made there under during the year under review.

Auditors

M/s. S. R. Batliboi & Co., Chartered Accountants, the Auditors appointed at the Fifth Annual General Meeting had resigned during the period and M/s. S. V. Ghatalia & Associates, Chartered Accountants, were appointed as Statutory Auditors of the Company in their place at the Extraordinary General Meeting held on 25th January, 2010.

However, M/s. S. V. Ghatalia & Associates, Chartered Accountants, had also resigned during the period and M/s. NGS & Co., Chartered Accountants, were appointed as Statutory Auditors of the Company in their place at the Extraordinary General Meeting held on 16th June, 2010 to hold office till the conclusion of the ensuing Annual General Meeting.

M/s. NGS & Co., Chartered Accountants, Statutory Auditors of the Company, being eligible for re-appointment, have furnished certificate that their re-appointment, if made, would be within the limits prescribed under Section 224(1B) of the Companies Act, 1956. The members are requested to consider and appoint Statutory Auditors of the Company from the conclusion of ensuing Annual General Meeting till the conclusion of the following Annual General Meeting.

Conservation of Energy, Research & Development, Technology Absorption, Foreign Exchange Earnings and Outgo & Export Initiative

(a) *Conservation of Energy, Research & Development, Technology Absorption*

The particulars as prescribed under sub-section (1)(e) of Section 217 of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the report of Board of Directors) Rules, 1988, do not apply to the Company.

(b) *Foreign Exchange Earnings and Outgo & Export Initiative*

The Company is into domestic Retail business and as such have no plans for the Exports. During the year under review, the details of Earnings and outgo related to foreign exchange is mentioned below:

Particulars	Current Year Ended 30-06-10 (Rs. In lacs)	Previous Year Ended 30-06-09 (Rs. In lacs)
Foreign Exchange Earnings	Nil	Nil
Foreign Exchange Outgo	Nil	6,569.22

Particulars of Employees

After considering the effect of the Scheme of Arrangement as mentioned above, the Statement containing particulars of employees as required under section 217(2A) of the Companies Act, 1956 and the rules made there under, is given as an Annexure - II and forms part of this report.

Acknowledgement

The Board wish to place on record their appreciation of the devoted and dedicated services rendered by all the employees of the Company. The Board of Directors looks forward to their continued support in future as well.

Your Directors also take this opportunity to place on record their appreciation and acknowledge with gratitude for the support and co-operation extended by the Government, Customers, Bankers, Investors, Business Associates and other government/regulatory agencies and look forward to their continued patronage in future.

**For and on behalf of the Board of
Home Solutions Retail (India) Limited**

Date : 27th August, 2010
Place : Mumbai.

**Kishore Biyani Vivek Biyani
Director Director**

To

The Members of Home Solutions Retail (India) Limited

1. We have audited the attached Balance Sheet of Home Solutions Retail (India) Limited ('the Company') as at June 30, 2010 and also the Profit and Loss account and Cash Flow statement for the year ended on that date annexed thereto. 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. As required by the Companies (Auditor's Report) Order, 2003 (as amended) issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
 - i. 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;
 - ii. In our opinion, proper books of accounts as required by law have been kept by the Company so far as appears from our examination of those books;
 - iii. The balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account;
 - iv. In our opinion, the balance sheet, profit and loss account and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 read with Note No. 2 of Schedule 21 related to accounting of the effect of demerger scheme which has been done in accordance with terms of scheme approved by the High Court.
 - v. On the basis of the written representations received from the directors, as on June 30, 2010, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on June 30, 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
 - vii. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the



manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;

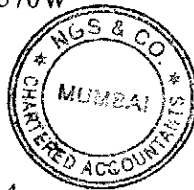
- a) in the case of the balance sheet, of the state of affairs of the Company as at June 30, 2010;
- b) in the case of the profit and loss account, of the loss for the year ended on that date; and
- c) in the case of cash flow statement, of the cash flows for the year ended on that date.

For NGS & Co.
Chartered Accountants
Registration No.: 119570W



Nayin T. Gupta
Partner

Membership No.: 40344
Mumbai



27 AUG 2010

**Annexure referred to in paragraph 3 of our report of even date
Re: Home Solutions Retail (India) Limited ('the Company')**

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The fixed assets have not been physically verified by the management during the year but there is a regular program of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets.
- (c) Pursuant to the scheme of Demerger, involving the Company and Pantaloon Industries India Limited ("PRIL") substantial part of the fixed assets relating to e Zone, Home Town, Electronic Bazaar, Furniture Bazaar and Home Bazaar have been transferred to PRIL. In our opinion and according to the information and explanations given to us, the aforesaid transfer does not affect the going concern assumption.
- (ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year.
- (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 carried out at the end of the year.
- (iii) As informed, the Company has neither granted nor taken any loans, secured or unsecured to/from companies, firms or other parties covered in the register maintained under section 301 of the Act. Accordingly, the provisions of clause (iii) (b), (c), (d), (e), (f) and (g) of the Companies (Auditor's Report) Order, 2003 (as amended), 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 and services. During the course of our audit, no major weakness has been noticed in the internal control system in respect of these areas.
- (v) (a) According to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Act that need to be entered into the register maintained under section 301 have been so entered.
- (b) In respect of transactions made in pursuance of such contracts or arrangements exceeding value of Rupees five lacs entered into during the financial year, the prices are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) The Company has not accepted any deposits from the public.



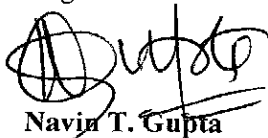
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) To the best of our knowledge and as explained, the Central Government has not prescribed maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956 for the products of the Company.
- (ix) (a) 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, have been generally regularly deposited with the appropriate authorities. Further since the Central Government of India has till date not prescribed the amount of cess payable under Section 441A of the Companies Act, 1956, there is no statutory due payable under Section 441A of the Act.
- (b) According to the information and explanations given to us, undisputed dues in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty, cess and other statutory dues which were outstanding, at the year end for a period of more than six months from the date they became payable are as follows:
- | Name of the statute | Nature of the dues | Amount (Rs) | Period to which the amount relates | Due Date | Date of Payment |
|----------------------|---|-------------|------------------------------------|------------|-----------------|
| Income Tax Act, 1961 | Tax Liability on Regular Assessment of Fringe Benefit Tax | 53,324 | FY 2006-07 | 21-12-2009 | - |
- (c) According to the information and explanations given to us, there are no dues of income tax; sales tax; wealth tax; service tax; customs duty; excise duty and cess which have not been deposited on account of any dispute.
- (x) The Company's accumulated losses at the end of the financial year are less than fifty percent of the net worth and it has incurred cash losses in the current year, but not in the immediately preceding financial year.
- (xi) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to bank. The Company did not have any dues payable to financial institution and debenture holders during the year.
- (xii) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society.



Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.

- (xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xv) According to the information and explanations given to us, the Company has not given guarantee for loans taken by others from bank or financial institutions.
- (xvi) Based on information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
- (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 through a public issue during the year.
- (xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

For NGS & Co.
Chartered Accountants
Registration No.: 119570W


Navin T. Gupta

Partner

Membership No.: 40344

Mumbai



27 AUG 2010

Home Solutions Retail (India) Limited

Balance Sheet as at June 30, 2010

	Schedules	As at June 30, 2010	As at June 30, 2009
		(Rs. Lacs)	(Rs. Lacs)
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	1	100.00	3,013.82
Reserves and Surplus	2	795.90	29,507.83
		895.90	32,521.65
Loan Funds			
Secured loans	3	111.39	28,737.09
Unsecured loans	4	-	6,100.00
		111.39	34,837.09
Total		1,007.30	67,358.74
APPLICATION OF FUNDS			
Fixed Assets			
Gross block	5	571.55	23,343.18
Less: Accumulated depreciation		140.87	3,242.10
Net block		430.68	20,101.08
Capital work-in-progress including capital advances	5	-	3,170.44
Deferred Tax Assets		-	5,165.27
Investments	6	-	324.00
Current Assets, Loans and Advances			
Inventories	7	180.83	27,561.88
Sundry debtors	8	7.09	17,438.43
Cash and bank balances	9	6.83	1,571.14
Loans and advances	10	131.29	6,709.90
		326.03	53,281.36
Less: Current Liabilities and Provisions			
Liabilities	11	99.78	25,883.15
Provisions	12	1.69	103.94
		101.47	25,987.09
Net Current Assets		224.57	27,294.24
Profit and Loss Account	13	352.05	11,303.71
Total		1,007.30	67,358.74
Notes to Accounts	21		

The Schedules referred to above and notes to 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: August 27, 2010



For and on behalf of the Board of Directors of
Home Solutions Retail (India) Limited

Kishore Bivani
Director

Vivek Bivani
Whole Time Director

Virendra Samani
Company Secretary

Home Solutions Retail (India) Limited

Profit and Loss Account for the year ended June 30, 2010

	Schedules	For the year Ended June 30, 2010 (Rs. Lacs)	For the Year Ended June 30, 2009 (Rs. Lacs)
INCOME			
Sales & Operating Income	14	1,359.13	107,098.71
Other Income	15	-	2,294.00
Total		1,359.13	109,392.70
EXPENDITURE			
Cost of goods sold	16	823.19	84,429.63
Personnel expenses	17	154.65	4,742.74
Operating and other expenses	18	654.12	18,476.07
Depreciation/amortization	5	44.90	1,861.27
Finance expenses	19	43.86	5,345.21
		1,720.73	114,854.92
Loss Before Tax and Prior Period Items		361.59	5,462.21
Provision for taxes			
- Deferred tax		-	(5,165.27)
- Fringe benefit tax		-	46.13
- Earlier Year's Fringe benefit tax Adjustment		0.53	-
Loss After Tax and Before Prior Period Items		362.13	343.07
Prior Period Items	20	-	230.40
Net Loss		362.13	573.47
Carried From Profit and Loss Account		11,303.71	10,730.24
Deficit carried to Balance Sheet		11,665.84	11,303.71
Earnings per share			
Basic & Diluted - [Nominal value of shares Rs. 10 (2009 : Rs. 10)]		(36.21)	(57.35)
Notes to Accounts	21		

The Schedules referred to above and notes to accounts form an integral part of the Profit and Loss Account.

As per our report of even date.

For NGS & Co.
Chartered Accountants
Nashin T. Gupta
Partner
Membership No. 40334
Place: Mumbai
Date: August 27, 2010



For and on behalf of the Board of Directors of
Home Solutions Retail (India) Limited

Kishore Biyani
Director


Vivek Biyani
Whole Time Director

Virendra Samani
Company Secretary

Cash Flow Statement for the year ended June 30, 2010

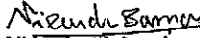
	For the Year Ended June 30, 2010 (Rs. Lacs)	For the Year Ended June 30, 2009 (Rs. Lacs)
A. Cash flow from operating activities		
Net loss before taxation, and extraordinary items	(352.05)	(5,462.21)
Adjustments for:		
Depreciation /Amortisation	44.90	1,861.27
Prior Period Items	-	(230.39)
Provision for Doubtful Debts	-	-
Provision for Gratuity & Leave Encashment	-	40.40
Exchange Difference (net)	-	163.62
Loss/(Profit) on sale of Investments	-	(2.80)
Loss/(Profit) on sale of fixed assets	-	120.55
Interest income	-	(83.75)
Reduction in Share holders Funds on Account of Demerger	(20,322.04)	-
Interest Expense & Finance Cost	43.86	5,345.21
Operating profit before working capital changes	(20,585.33)	1,751.89
Movements in working capital :		
Decrease / (Increase) in sundry debtors	17,431.35	(4,348.82)
Decrease / (Increase) in inventories	27,381.06	(3,909.25)
Decrease / (Increase) in loans and advances	6,578.61	(1,719.44)
(Decrease) / Increase in current liabilities	(25,885.63)	310.69
Cash generated from operations	4,920.06	(7,914.93)
Direct taxes paid (net of refunds)	5,165.27	(199.18)
Loss Received on Demerger	-	-
Net cash from operating activities	10,085.33	(8,114.11)
B. Cash flow from investing activities		
Purchase of fixed assets and change in capital work-in-progress	22,795.94	(8,407.50)
(Purchase) / Sale Investments in Subsidiary Companies	324.00	(11.00)
Net Assets Transferred to PRIL under Demerger	-	-
Investments in Mutual Funds (net)	-	2.80
Investments in other companies	-	-
Share Application Money	-	-
Interest Received	-	90.81
Proceeds from sale of fixed assets	-	272.10
Net cash from investing activities	23,119.94	(8,052.79)
C. Cash flow from financing activities		
Proceeds from issuance of equity share capital	-	15,016.65
Proceeds from issuance of preference share capital	-	-
Redemption of Preference Share Capital	-	(2,260.00)
Proceeds from long term borrowings	-	4,939.83
Repayment of long term borrowings	(28,625.69)	(484.00)
Proceeds / (Repayment) from short term borrowings (net)	(6,100.00)	4,157.13
Exchange Difference (net)	-	(163.62)
Interest & Finance Cost	(43.86)	(5,354.99)
Net cash used in financing activities	(34,769.55)	15,851.00
Net increase /(decrease) in cash and cash equivalents (A + B + C)	(1,564.31)	(315.90)
Cash and cash equivalents at the beginning of the year	1,571.14	1,112.45
Cash and cash equivalents at the end of the year	6.83	796.55
Components of cash and cash equivalents as at	June 30, 2010	June 30, 2009
	(Rs. Lakhs)	(Rs. Lakhs)
Cash and cheques on hand	3.75	106.07
With banks - on current account	3.08	690.51
	6.83	796.58

As per our report of even date.

For N G S & Co.
Chartered Accountants

 Navin T Gupta
 Partner
 Membership No. 40334
Place: Mumbai
Date: August 27, 2010For and on behalf of the Board of Directors of
Home Solutions Retail (India) Limited

 Kishore Biyani
 Director


 Vivek Biyani
 Whole Time Director


 Virendra Samani
 Company Secretary

Home Solutions Retail (India) Limited

Schedules Forming Part of the Balance Sheet as at June 30, 2010

	As at June 30, 2010 (Rs. Lacs)	As at June 30, 2009 (Rs. Lacs)
Schedule 1: Share Capital		
<u>Authorised</u>		
1,08,61,851 (4,00,00,000) Equity Shares of Rs. 10/- each.	1,086.19	4,000.00
2,000,000 Preference Shares of Rs 100/-each (See Note No 2 of Schedule 21)	2,000.00	2,000.00
	3,086.19	6,000.00
<u>Issued, subscribed and paid up</u>		
10,00,000 (3,01,38,149)Equity Shares of Rs. 10/- each fully Paid (See Note No 2 of Schedule 21)	100.00	3,013.82
	100.00	3,013.82
Schedule 2: Reserves & Surplus:		
Securities Premium Account		
Opening Balance	29,507.83	15,144.29
Additions during the year	-	14,623.54
Less : Utilised for payment of premium on Redemption of Preference Shares.	-	260.00
Less : Adjustment on account of Demerger of business undertaking		
i. Net Asset transferred	16,407.91	-
ii. Earlier Year Losses	7,138.74	-
iii. Deferred Tax Assets	5,165.27	-
(See Note No 2 of Schedule 21)		
	795.90	29,507.83
Schedule 3: Secured Loans		
Loans from banks		
Term Loan (Repayable within one year - Rs 0.53 (2784.95) Lacs)	0.53	14,243.34
Short Term Rupee Loan (Repayable within one year)	39.26	7,500.00
Working capital Rupee loan	71.60	6,993.75
	111.39	28,737.09
Schedule 4: Unsecured Loans		
Short Term Loan from Banks	-	2,500.00
Intercorporate Deposits	-	3,600.00
	-	6,100.00



Home Solutions Retail (India) Limited

Schedules Forming Part of the Balance Sheet as at June 30, 2010

	As at June 30, 2010 (Rs. Lacs)	As at June 30, 2009 (Rs. Lacs)
Schedule 6: Investments		
<u>Long Term Investments - At Cost</u>		
<u>Trade Unquoted:</u>		
<u>Investment in Subsidiary Companies (Fully Paid up):</u>		
Nil (17,40,000) Equity Shares of Rs. 10/- each of Home Lighting India Limited	-	174.00
<u>Others (Fully Paid up):</u>		
Nil (15,00,000) Equity Shares of Rs. 10/- each of Asian Retail Lighting Ltd.	-	150.00
	<u>-</u>	<u>324.00</u>
Schedule 7: Inventories		
(At lower of cost and Net realisable value)		
Traded goods at Warehouses & Retail stores (Including goods in transit)	180.83	27,561.88
	<u>180.83</u>	<u>27,561.88</u>
Schedule 8: Sundry Debtors (Unsecured)		
Debts outstanding over six months		
Considered Good	-	14.34
Considered Doubtful	-	2.88
	<u>-</u>	<u>17.22</u>
Other debts		
Considered Good	7.09	17,424.09
	<u>7.09</u>	<u>17,441.31</u>
Less: Provision for Doubtful Debts	<u>-</u>	<u>2.88</u>
	<u>7.09</u>	<u>17,438.43</u>
Schedule 9: Cash and Bank Balances		
Cash on hand	3.75	67.10
Balance with Scheduled Banks:		
On current accounts	3.08	690.51
On Margin deposit	-	813.53
	<u>6.83</u>	<u>1,571.14</u>



Home Solutions Retail (India) Limited**Schedules Forming Part of the Balance Sheet as at June 30, 2010**

	As at June 30, 2010 (Rs. Lacs)	As at June 30, 2009 (Rs. Lacs)
Schedule 10: Loans and Advances		
Unsecured, considered Good		
Advances recoverable in cash or in kind or for value to be received	19.16	2,775.26
Security Deposits	112.13	3,707.04
Payment / Deduction of Income Tax (Net of Provisions)	-	227.61
	<u>131.29</u>	<u>6,709.90</u>
Schedule 11: Liabilities		
Acceptances	-	5,722.13
Dues to Sundry Creditors other than micro, small and medium enterprises	59.84	17,980.61
Interest Accrued but not due	0.63	-
Deposits Received	-	88.95
Other Liabilities	39.31	2,091.47
	<u>99.78</u>	<u>25,883.15</u>
Schedule 12: Provisions		
Provision for Gratuity	1.07	52.79
Provision for leave encashment	0.62	51.15
	<u>1.69</u>	<u>103.94</u>
Schedule 13: Profit and Loss A/c		
Carried From Profit & Loss A/c	11,665.84	11,303.71
Less : Adjustment on Account of demerger of Business Undertaking (See Note No 2 of Schedule 21)	(11,313.78)	-
	<u>352.05</u>	<u>11,303.71</u>



Home Solutions Retail (India) Limited

Schedules Forming Part of the Profit and Loss Account for the Year ended June 30, 2010

	For the Year Ended June 30, 2010 (Rs. Lacs)	For the Year Ended June 30, 2009 (Rs. Lacs)
Schedule 14: Sales & Operating Income		
Sales	1,523.70	116,949.67
Less: VAT	164.57	11,642.19
	<u>1,359.13</u>	<u>105,307.48</u>
Other Operating Income	-	1,791.23
	<u>1,359.13</u>	<u>107,098.71</u>
Schedule 15: Other Income		
Interest on bank deposits (TDS : Rs Nil, 2009 : Rs. 12.32 lacs)	-	83.75
Profit on Sale of Investments	-	2.80
Miscellaneous Income	-	2,207.45
	<u>-</u>	<u>2,294.00</u>
Schedule 16: Cost of goods Sold		
Inventories as at June 30, 2009	27,561.88	23,652.65
Add / (Less) : Inventories transfer on demerger (See Note No 2 of Schedule 21)	(27,348.19)	-
Add : Purchases (including direct expenses)	790.32	88,338.86
	<u>1,004.02</u>	<u>111,991.51</u>
Less : Inventories as at June 30, 2010	180.83	27,561.88
	<u>823.19</u>	<u>84,429.63</u>
Schedule 17: Personnel Expenses		
Salaries, wages and bonus	149.38	4,447.38
Contribution to provident and other funds	3.61	136.15
Gratuity and leave encashment	(0.12)	22.17
Workmen and staff welfare expenses	1.79	137.04
	<u>154.65</u>	<u>4,742.74</u>
Schedule 18: Operating and Other Expenses		
Power and fuel	63.93	1,381.22
Rent Including Lease Rental	341.78	8,283.70
Rates and taxes	1.27	159.09
Insurance	1.41	113.79
Repairs and maintenance		
- Plant and machinery	-	39.06
- Buildings	0.01	5.89
- Others	5.01	122.78
Advertising and sales promotion	73.29	3,148.84
Selling and Distribution Expenses	101.94	2,402.45
Legal and professional fees	17.71	468.70
Auditor's Remuneration	17.50	23.12
Provision for doubtful debts	-	-
Brokerage and Commission	-	29.70
Housekeeping and Security Chgs	17.20	619.03
Royalty	0.85	82.55
Warranty Expense	-	161.66
Exchange difference on buyer's credit facilities (net)	-	163.62
Miscellaneous expenses	12.23	1,150.33
Loss on Sales of Fixed Assets	-	120.55
	<u>654.12</u>	<u>18,476.07</u>



Home Solutions Retail (India) Limited

Schedules Forming Part of the Profit and Loss Account for the Year ended June 30, 2010

	For the Year Ended June 30, 2010 (Rs. Lacs)	For the Year Ended June 30, 2009 (Rs. Lacs)
Schedule 19: Interest and Financial Expenses		
Interest on Fixed Loans	35.76	3,304.52
Interest on Other Loans	-	405.32
Bank charges	8.10	1,635.37
	43.86	5,345.21
Schedule 20: Prior Period Items		
Warrenty Expenses		125.84
Advertising and sales promotion		104.55
		-
		230.40



Home Solutions Retail (India) Limited

Schedules to the Accounts:

Schedule 5: Fixed Assets

Sr. No.	Particulars	Gross Block		Depreciation / Amortisation		Net Block			
		As on 01.07.09	Additions Deductions As on 30.06.10	As on 30.06.09	For the Year Deductions As on 30.06.10	As on 30.06.10	As on 30.06.09		
1	Leasehold Premises	5,514.62	2.05 5,366.10	1,247.04	16.53	1,211.67	51.91	98.67	4,267.58
2	Plant & Machinery	353.19	- 353.19	27.65	-	27.65	-	-	325.54
3	Furniture & Fixtures	9,096.07	8.45 8,857.19	919.44	15.38	886.46	48.36	198.98	8,176.63
4	Electrical Installations	6,349.84	0.96 6,194.23	594.28	10.82	570.38	34.72	121.84	5,755.55
5	Office & Other Equipments	577.50	1.12 570.99	72.68	0.47	71.74	1.41	6.22	504.82
6	Computers & Software	1,290.70	- 1,282.35	301.36	1.35	298.94	3.77	4.57	989.34
7	Vehicles	13.91	- 13.91	4.79	-	4.79	-	-	9.12
8	Employee Hard Furnishing	147.35	- 146.25	74.85	0.35	74.50	0.70	0.40	72.50
	Total	23,343.18	12.58 22,784.21	3,242.10	44.90	3,146.13	140.87	430.68	20,101.08
	Previous Year	16,781.04	7,040.04	477.89	1,466.08	85.25	3,242.10	20,101.08	15,314.96
	Capital work-in-progress including capital advances								3,170.44



Schedule 21: Notes forming Part of Accounts for the Year ended June 30, 2010

1. Nature of Operations

Home Solutions Retail (India) Limited ('the Company') was incorporated on October 4, 2004. It is engaged in the business of retailing of Consumer Durables and Electronics, Furniture and Fixtures and Home Products.

2. Significant Changes in the operations of the Company

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 pertaining to business undertaking except "Collection I" of the company were transferred to Pantaloon Retail (India) Limited (PRIL), the holding company, effective from April 1, 2009 ("Appointed Date"). The Company has filed the certified copy of the court order approving the HSRIL Scheme with the Registrar of Companies (ROC), Mumbai on August 27, 2010 as required under applicable provisions of the Companies Act, 1956. Accordingly, the said scheme became effective from the Appointed Date on August 27, 2010 (Effective Date).

Salient features of the Scheme are as under:

- (a) With effect from the 1st day of April, 2009 ("Appointed Date"), all the assets and liabilities of the demerged Business Undertaking of the company shall be transferred and vested into PRIL.
- (b) It is clarified that no shares will be issued to PRIL for its holding in HSRIL.
- (c) In consideration of the demerger of the said undertakings to "PRIL", "PRIL" will issue to all the shareholders of HSRIL (other than PRIL) or to their respective heirs, executors, administrators or other legal representatives or the successors-in-title, as the case may be, whose names appear in the register of members as on the effective date, on a Proportionate Basis :
 - i. 59,28,818 Equity shares of face value Rs.2/- each fully paid up aggregating to Rs. 1.19 Crores to the equity shareholders of the company other than PRIL; and
 - ii. 63,47,635 0.01% Compulsorily Convertible Preference Shares of face value of Rs.100/- each fully paid up aggregating to Rs.63.48 Crores to the equity shareholders of the Company other than PRIL



Accounting (As per the approved scheme)

- Upon the Scheme becoming effective, the paid up share capital of HSRIL has been reduced from 3,01,38,149 equity shares of Rs.10/- each fully paid up to 10,00,000 equity shares of Rs.10/- each fully paid. The reserves created by this reduction has been transferred to Business Reorganisation Reserve which has been utilized to adjust accumulated losses and deferred tax assets as per the demerger scheme .
- Upon the Scheme becoming effective, the authorized share capital of HSRIL has been reduced from 4,00,00,000 equity shares of Rs.10/- each and 20,00,000 preference share of 100 each to 1,08,61,851 equity shares of Rs.10/- each and 20,00,000 preference share of 100 each.
- Upon Reorganisation the assets and liabilities of the Business Undertakings demerged are transferred to PRIL at book value.
- The difference arising after giving effect to the above transactions being the excess book value of assets transferred over book value of liabilities, and the deferred tax assets are adjusted against the Securities Premium Account.

3.Statement of Significant Accounting Policies

(a) Basis of preparation

The financial statements have been prepared to comply in all material respects in respects with the Notified accounting standard by Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention on an accrual basis. The Accounting Policies have been consistently applied by the Company are consistent with those used in the previous year.

(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 disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting year end. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

(c) Fixed Assets

Fixed assets are stated at cost, less accumulated depreciation and impairment losses if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Financing costs relating to acquisition of fixed assets are also included to the extent they relate to the period till such assets are ready to be put to use



(d) Depreciation

Depreciation is provided based on the estimated useful lives of the asset on the Straight Line Method as per the rates prescribed in Schedule XIV to the Companies Act, 1956, except for the following assets which are depreciated at the rate higher than the corresponding Schedule XIV rates:

- Assets given to employees under the hard furnishing scheme of the Company which are depreciated over the period of the scheme (i.e. 3 years) after considering salvage of 5%;
- Leasehold improvements which are amortised over the lower of the estimated useful live or lease period; and
- Electrical installations which are amortised over a period of 14 years.

(e) Amortization of Borrowing Costs

Costs incurred in raising fund based and non fund based facilities are amortised equally over the period for which the funds are acquired.

(f) Impairment

- i. The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.
- ii. After impairment, depreciation is provided on the revised carrying amount of the assets over its remaining useful life.

(g) Investment:

Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognise a decline other than temporary in the value of the long term investments

(h) Intangibles

Computer software

Expenditure incurred on the computer software is included under the head Computers and software and is amortised over a period of six years.

(i) Leases

Leases, where the Lessor effectively retains substantially all the risks and benefits of the ownership of the leased assets are classified as operating leases. Operating lease payments are recognized as an expense in the Profit and Loss account as per the tenure of the lease agreements.



(j) Inventories

Inventories are valued at the lower of cost and net realisable value. Cost of inventories comprises all costs of purchase and other costs incurred in bringing the inventories to their present condition and location. Cost is determined by the weighted average cost method. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs necessary to make the sale.

(k) Revenue recognition

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

Sale of Goods

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. Sales Tax and VAT deducted from turnover (gross) is the amount that is included in the amount of turnover (gross) and not the entire amount of liability arise during the year. Sale of goods is accounted net of returns and discounts.

Commission Income

Revenues from Commission are recognized on accrual basis in accordance with the terms of relevant agreement.

Display Income

Revenue from store displays are recognised based on the period for which the products or advertisements are promoted/displayed.

Interest

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

(l) Foreign currency translation

Foreign currency transactions

(i) Initial Recognition

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

(ii) Conversion

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.



(iii) Exchange Differences

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

(iv) Forward Exchange Contracts not intended for trading or speculation purposes

The premium or discount arising at the inception of forward exchange contracts is amortised as expense or income over the life of the contract. Exchange differences on such contracts are recognised in the statement of profit and loss in the year in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognised as income or as expense for the year.

(m) Retirement and other employee benefits

- i. Retirement benefits in the form of Provident Fund are a defined contribution scheme and the contributions are charged to the Profit and Loss Account of the year when the contributions to the respective funds is due. There are no other obligations other than the contribution payable to the respective statutory authorities.
- ii. Gratuity liability is a defined benefit obligations and are provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each
- iii. Encashable Short term compensated absences are provided for based on estimates. Long term compensated absences are provided for based on actuarial valuation. The actuarial valuation is done as per projected unit credit method.
- iv. Actuarial gains/losses are immediately taken to profit and loss account and are not deferred.

(n) Income taxes

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 1961, enacted in India. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Since the financial year and the income tax year ends on different dates, income tax is calculated using separate effective tax rates for the relevant income tax years applied to the portion of pre-tax income of each of the income tax 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. If the company has carry forward of unabsorbed depreciation and tax losses, deferred tax assets are recognised only if there is virtual certainty that such deferred tax assets can be realised against future taxable profits.

At each balance sheet date the Company re-assesses unrecognised deferred tax assets. It recognizes, unrecognised deferred tax assets to the extent that it has become reasonably certain or



virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realised.

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

(o) Earnings Per Share

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

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.

(p) Provisions

A provision is recognised when an enterprise has a present obligation as a result of 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. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

(q) Segment Reporting

Identification of Segment

The Company's operating businesses are organised and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The analysis of geographical segments is based on the areas in which major operating divisions of the Company operate.



4. Related party disclosures

- A. Holding Company
- B. Subsidiary Company
 - Pantaloon Retail India Limited
 - Pairs Retail India Limited (formerly known as Home Lighting India Limited (till January 3, 2010)
 - Asian Retail Lighting Limited (w. e. f. 4 January 2010 till 15 March 2010)
- C. Fellow Subsidiaries
 - Winner Sports Limited
 - Future Brands Limited (till 22 May 2010)
 - Future Knowledge Services Limited
 - Future Media (India) Limited
 - Pairs Retail India Limited (formerly known as Home Lighting India Limited) (till 3rd January 2010)
 - Future Agrovet Limited
 - Future Capital Holdings Ltd.
 - Future Capital Financial Services Ltd.
 - Future Finance Limited
 - Indivision Investment Advisors Ltd.
 - Kshitij Investment Advisory Company Limited
 - Myra Mall Management Company Limited
 - Ambit Investment Advisory Company Limited
 - Axon Development Solutions Limited
 - Kshitij Property Solutions Private Limited
 - Future Hospitality Management Limited
 - CIG Infrastructure Private Limited
 - Future E-Commerce Infrastructure Limited
 - Future Mobiles and Accessories Limited
 - Future Consumer Products Limited (till 28 June 2010)
 - Future Merchandising Ltd.
 - Future Consumer Enterprises Ltd. (till 30 May 2010)
 - Future Mall Management Limited
 - Futurebazaar India Limited
 - Future Value Retail Limited (erstwhile Pantaloon Future Ventures Limited)
 - Future Learning and Development Limited
 - Future Supply Chain Solutions Limited
 - Galaxy Entertainment Corporation Limited
 - FLSL Distribution Services Limited (till 27 August 2009 and w. e. f. 29 December 2009)
 - Asian Retail Lighting Limited (w. e. f. 4 January 2010 till 14 March 2010)



- D. Joint Ventures
- Asian Retail Lighting Limited (till March 14, 2010)
 - Pairs Retail India Limited (formerly known as Home Lighting India Limited) (till January 3, 2010)
- E. Key Management Personnel
- Mr. Vivek Biyani – Wholetime Director



F. Transaction with related Parties

(a) Holding Companies, Subsidiaries, Fellow Subsidiaries and Joint Ventures

Nature of Transactions	(Rs in Lacs)							
	2009-10			2008-09				
	Holding Company	Subsidiaries	Fellow Subsidiaries	Joint Venture	Holding Company	Subsidiaries	Fellow Subsidiaries	Joint Venture
Sales and Operating Income					42,441.83	-	577.49	-
Future E-Commerce Infrastructure Limited					-	-	540.54	-
Others					-	-	36.96	-
Other Income					-	-	1,691.64	-
Future Learning and Development Limited					-	-	1,654.56	-
Others					-	-	37.08	-
Interest Paid					-	2.61	110.51	-
Future E-Commerce Infrastructure Limited					-	-	101.51	-
Future Media (India) Limited					-	-	-	-
Home Lighting India Limited					-	2.61	-	-
Others					-	-	9.00	-



Purchase of Finished Goods & Store and Spares					1,532.95	415.37	6,884.42	14.07
Whole Wealth Limited					-	-	6,591.85	-
Home Lighting India Limited					-	415.37	-	-
Others					-	-	292.57	-

Nature of Transactions	2009-10				2008-09			
	Holding Company	Subsidiaries	Fellow Subsidiaries	Joint Venture	Holding Company	Subsidiaries	Fellow Subsidiaries	Joint Venture
Purchase of Fixed Assets					-	-	259.15	182.20
Future Knowledge Services Limited					-	-	252.80	-
Others					-	-	6.35	-
Sale of Fixed Assets					132.99	-	203.99	-
Future Brands Limited							-	
Future E-Commerce Infrastructure Limited							96.76	-
Future Learning and Development Limited							107.23	-
Future Logistics Solutions Limited							-	-
Expenditure on Services & others	33.74				142.68	5.89	4,802.08	-
Future Logistic Solutions Limited					-	-	4,698.27	-
Pairs Retail India Limited					-	5.89	-	-
Others							103.81	-



Nature of Transactions	2009-10				2008-09			
	Holding Company	Subsidiaries	Fellow Subsidiaries	Joint Venture	Holding Company	Subsidiaries	Fellow Subsidiaries	Joint Venture
Inter Corporate Deposits Taken					-	139.82	2,100.00	-
Future E-Commerce Infrastructure Limited					-	-	-	-
Future Capital Holdings Limited					-	-	2,100.00	-
Future Media Limited					-	-	-	-
Home Lighting India Limited					-	139.82	-	-
Inter Corporate Deposits Repaid					-	139.82	1,500.00	-
Future E-Commerce Infrastructure Ltd.					-	-	1,500.00	-
Home Lighting India Limited					-	139.82	-	-
Future Media Limited					-	-	-	-
Balance O/s as on June 30, 2010								
Receivable /Loans & Advances					15,868.14	-	1,139.61	11.99
Future Brands Limited					-	-	473.04	-
Future E-Commerce Infrastructure Limited					-	-	155.70	-
Future Knowledge Services Limited					-	-	187.23	-
Future Learning and Development Ltd					-	-	230.16	-
Others					-	-	93.48	-
Payable	8.44				-	-	1,565.98	-
Future Logistic Solutions Limited					-	-	1,565.73	-
Others					-	-	0.25	-



Home Solutions Retail (India) Limited

5. Secured Loans

- a. Term Loan from banks are secured by first *paripasu* charge on movable fixed assets of the Company both present and future and second *paripasu* charge on entire current assets of the Company, both present and future.
- b. Working capital loan & Bill Discounting facilities from banks are secured by first *paripasu* charge by way of hypothecation of all current assets and movable fixed assets both present and future and second *paripasu* charge on immovable fixed assets of the Company.

6. Leases

Operating Lease:

The Company has entered into operating lease arrangements for various premises, vehicles, guest houses, employee accommodations and certain office equipments. Agreements of such leases include renewal clause. Lease rental paid during the year amounts to Rs. 254.66 Lacs (2009: Rs.7,020.73 Lacs). The Lease Rent payable not later than one year is Rs. 259.65 Lacs (2009: Rs.7,948.35 Lacs), repayable later than one year but not later than 5 years is Rs.1171.04 Lacs (Previous Year: Rs. 40,275.12 Lacs) and that repayable later than 5 years is Rs.42.61 Lacs (Previous Year: Rs. 11,749.30 Lacs). There are no restrictions imposed by lease arrangements.

7. Receivable from Companies under the same management:

Sundry Debtors & Loans and advances, includes amount due from the following companies under the same management as defined under Section 370 (1B):

(Rs. In Lacs)

Particulars	As at June 30, 2010	As at June 30, 2009
Pantaloon Retail India Ltd	-	15,868.14
Future Learning and Development Limited	-	230.16
Future Capital Holdings Ltd	-	32.61
Future Agrovet Limited	-	24.08
Future E-Commerce Infrastructure Ltd	-	155.70

8. Micro, Small and Medium Enterprises:

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 June 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.



Home Solutions Retail (India) Limited

9. Deferred Tax Asset:

(Rs. in Lacs)

Particulars	2009-2010	2008-2009
Deferred Tax Asset		
Carry Forward of Losses	-	3,914.32
Carry Forward of Depreciation	11.53*	1,530.87
Effect of Expenditure debited to the Profit & Loss Account of the current Year but allowed for the tax purposes in the following years:		
- Gratuity & Leave Encashment	0.53	24.25
-Others	-	135.52
Total Deferred Tax Asset(A)	12.06	5,604.96
Deferred Tax Liability		
Relating to Fixed Assets	12.06	439.69
Total Deferred Tax Liability(B)	12.06	439.69
Deferred Tax Asset (A-B)	-	5,165.27
*In the absence of virtual certainty to generate future taxable income against which can be realised, deferred tax asset on unabsorbed depreciation is recognised only to the extent of net deferred tax liability. Deferred Tax Asset on unabsorbed losses has not been recognised.		

10. Capital Commitments:

(Rs. in Lacs)

Particulars	2009-2010	2009-2008
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances).	-	297.47
	-	297.47



Home Solutions Retail (India) Limited

11. Provisions and Contingencies:

Contingent Liabilities not provided for	2009-2010 Rs. Lacs	2009-08 Rs. Lacs
Bank Guarantee	22.75	1,814.96
Service Tax*	98.76	731.11
Preference dividend in arrears	-	0.03
	121.51	2,546.07

* The High Courts of various states have granted an interim stay against recovery of service tax on renting of immovable property arising out of amendment to section 65(105) (zzzz) retrospectively from 01.06.2007 introduced by Finance Act 2010.

12. Supplementary Statutory Information

12.1 Directors' Remuneration – (Refer Schedule 16)

(Rs. in Lacs)

Particulars	2009-2010	2008-2009
Salaries	27.72	12.98
Contribution to Provident fund	0.90	0.46
	28.62	13.44

Notes: Remuneration payable to Vivek Biyani (Whole time Director) falls within the limits provided under schedule XIII read with section 269 of the Companies Act, 1956, no Central Government Approval is required for payment of remuneration.

12.2 Payments to Statutory Auditors (excluding Service Tax)

(Rs. in Lacs)

Particulars	2009-2010	2008-2009
Statutory Audit fee	15.00	22.50
Other services	-	-
Tax Audit Fees	2.50	-
Out of Pocket Expense	-	0.62
	17.50	23.12



Home Solutions Retail (India) Limited

12.3 Expenditure in foreign currency (Accrual basis)

Particulars	(Rs. in Lacs)	
	2009-2010	2008-2009
Travelling	-	15.18
Others (Commission on Purchase)	-	136.10
	-	151.28

12.4 CIF value of imports (Accrual basis)

Particulars	(Rs. in Lacs)	
	2009-2010	2008-2009
Traded Goods	-	5,125.98
Capital Goods	-	1,291.96
		6,417.94

13. Employee benefits:

The Company has a defined benefit plan. Every employee who has completed five years or more of services gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. The Amount recognized in the Company's financial statements as at the year end is as under:

A. Change in Present Value of Obligation

(Rs. in Lacs)

Particulars	Gratuity (Unfunded)		Leave Encashment (Unfunded)	
	2009-2010	2008-2009	2009-2010	2008-2009
Present Value of the Obligation as on July 1, 2009*	0.99	31.95	1.02	31.59
Interest Cost	0.08	2.56	0.08	2.53
Current Service Cost	0.60	30.65	0.40	20.69
Benefits Paid		1.33	0.19	26.64
Actuarial (gain)/ loss on obligations	(0.60)	(11.04)	(0.69)	22.98
Present Value of the Obligation as on June 30, 2010	1.07	52.79	0.62	51.15

* Transferred Rs. 51.89 Lacs & Rs 50.13 Lacs to PRIL as per demerger scheme.



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B.Amount recognised in the Balance Sheet

(Rs. in Lacs)

Particulars	Gratuity (Unfunded)		Leave Encashment (Unfunded)	
	2009-2010	2008-2009	2009-2010	2008-2009
Present Value of the Obligation as on June 30, 2010	1.07	52.79	0.62	51.15
Fair value of plan assets	-	-	-	-
Un-funded Liability	1.07	52.79	0.62	51.15
Unrecognized actuarial gains/ losses	-	-	-	-
Un-funded liability recognized in Balance Sheet	1.07	52.79	0.62	51.15

C.Amount recognised in the Profit and Loss Account

(Rs. in Lacs)

Particulars	Gratuity (Unfunded)		Leave Encashment (Unfunded)	
	2009-2010	2008-2009	2009-2010	2008-2009
Interest Cost	0.08	2.56	0.08	2.53
Current Service Cost	0.60	30.65	0.40	20.69
Expected Return on Plan Assets	-	-	-	-
Actuarial (gain)/ loss on obligations	(0.60)	(11.04)	(0.69)	22.98
Total expense recognised in the Profit and Loss Account	0.08	22.17	(0.20)	46.20

D.Reconciliation of Balance Sheet

(Rs. in Lacs)

Particulars	Gratuity (Unfunded)		Leave Encashment (Unfunded)	
	2009-2010	2008-2009	2009-2010	2008-2009
Present Value of the Obligation as on July 1, 2009	0.99	31.95	1.02	31.59
Total expense recognised in the Profit and Loss Account	0.08	22.17	(0.20)	46.20
Benefit paid during the year	-	1.33	-	-
Present Value of the Obligation as on June 30, 2010	1.07	52.79	0.62	51.15



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Actuarial Assumptions:

Particular	2009-2010	2008-2009
Retirement age	58 years	58 years
Withdrawal Rates	1.00% per annum	1.00% per annum
Future Salary Rise	5.00% per annum	5.00% per annum
Rate of Discounting	8.00% per annum	8.00% per annum
Mortality Table	L.I.C. (1994-96) ultimate	L.I.C. (1994-96) ultimate

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

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

This being the second year of implementation of AS-15 Employee Benefits (Revised 2005), previous 4 year figures has not been furnished

Amounts for the current and previous period are as follows:

Particulars	(Rs. in Lacs)	
	2009-2010	2008-2009
Defined benefit obligation	1.07	52.78
Plan assets	-	-
Surplus / (deficit)	Not applicable*	Not applicable*
Experience adjustment on plan liabilities	0.60	11.04
Experience adjustment on plan assets	Not applicable*	Not applicable*
* Not applicable as the liability is not funded		

Defined Contribution Plan:

Amounts recognized as expense for the period towards contribution to Provident Fund:

	(Rs. in Lacs)	
	Year ended June 30, 2010	Year ended June 30, 2009
Employer's Contribution to Provident Fund	2.71	136.15



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14. Additional information pursuant to the provisions of paragraphs 3, 4C and 4D of Part II of Schedule VI to the Companies Act, 1956

Details of Trading Goods

The Company is engaged in the business of retailing of large number of products (Electronics, furniture, Home Improvement etc). As it is not practical to ascertain the quantitative information in respect of each product, the quantitative information is grouped together.

Electronics, furniture, Home Improvement etc	Quantity (Nos.)		Value (Rs. Lacs)	
	2009-2010	2009-2008	2009-2010	2008-2009
Opening Stock	3,146,744	2,591,951	27,535.78	23,652.65
Less: Transfer to PRIL as per demerger scheme	3,115,527	0	27,322.09	
Purchases	64,456	7,800,005	790.32	88,312.76
Sales (Net of taxes)	67,873	7,245,212	1359.13	105,307.48
Closing stock	27,800	3,146,744	180.83	27,535.78
Others (non sales merchandise)				
Opening Stock	-	-	26.10	-
Less: Transfer to PRIL as per demerger scheme	-	-	26.10	-
Purchases	-	-	-	26.10
Sales	-	-	-	-
Closing stock	-	-	-	26.10

15. Un-hedged foreign currency exposures as at balance sheet date

Particulars	2009-2010		2008-2009	
	USD (Million)	Rs. in Lacs	USD (Million)	Rs. in Lacs
Sundry Creditors	-	-	3.45	1,650.48
	-	-	3.45	1,650.48



Home Solutions Retail (India) Limited

16. Computation of Earnings Per Share

The calculation of Earning Per Share (EPS) as disclosed in the Balance Sheet Abstract has been made in accordance with Accounting Standard (AS-20) on earning per Share issued by the Institute of Chartered Accountants of India. A statement on calculation of basic and diluted EPS is as under:

Particulars	2009-10	2008-09
Loss after tax before Extraordinary Item (Rs In Lacs)	362.13	343.07
Loss after tax after Extraordinary Item (Rs In Lacs)	362.13	573.47
Earnings per share of Rs.10/- each		
Basic and Diluted (Rs)		
- Before Extra Ordinary Item	(36.23)	(34.31)
- After Extra Ordinary Item	(36.23)	(57.35)

Consequent to reduction in share capital, EPS of previous year has been restated to comply with Accounting Standard 20 "Earnings Per Share".

17. Segment Reporting

The Company is exclusively engaged in the business of retailing the goods to the consumers. The retail business is considered to constitute one single primary segment in the context of Accounting Standard 17 on Segmental Reporting by companies (Accounting Standards) Rules, 2006 (as amended). There are no geographical reportable segments since the Company sells goods to the retail consumers in the Indian market only and does not distinguish any reportable regions within India.

18. Previous year Comparatives

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 : August 27, 2010

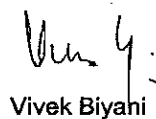


For and on behalf of the Board of Directors of
Home Solutions Retail (India) Limited



Kishore Biyani

[Director]



Vivek Biyani

[Whole Time Director]



Virendra Samani

[Company Secretary]