

DIRECTORS' REPORT

To,
The Members
FLSL Distribution Services Ltd.

Your Directors are pleased to present the Second Annual Report of the Company for the financial year ended 31st March, 2010.

FINANCIALS

(Rs.in Lacs)

	Year Ended 31.03.2010	Period Ended 31.03.2009
Total Income	184.18	NIL
Expenditure (Excluding Depreciation)	186.21	NIL
Depreciation	0.03	NIL
Total expenditure	186.24	0.38
Profit/ (Loss) before tax	(2.06)	(0.38)
Taxes & Provisions	NIL	NIL
Profit/ (Loss) after tax	(2.06)	(0.38)
EPS Basic and Diluted (Rs.)	(4.13)	(0.77)

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. Anshuman Singh 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, 2010, 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, 2010;
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, 2010 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 FLSL Distribution Services Limited

Sd/-

Anshuman Singh

Director

Mumbai, 27 August, 2010

Sd/-

Harsha Saksena

Director

Auditor's Report

To,

The Members of FLSL Distribution Services Limited

1. We have audited the attached Balance Sheet of **FLSL Distribution Services Limited**, (the 'Company') as at **March 31, 2010**, 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, 2010** and taken on record by the Board of Directors, we report that none of the directors is disqualified as on **March 31, 2010** from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act;
 - 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, 2010**;



- ii) the Profit and Loss Account, of the profit 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 : **27 AUG 2010**

Annexure to the Auditors' Report of even date to the members of FLSL Distribution Services Limited, on the financial statements for the year ended March 31, 2010.

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. 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) (a) The Company has not granted any loan, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Act. Accordingly, the provisions of clauses 4(ii)(b) to (d) of the Companies (Auditor's Report) Order 2003 (as amended) are not applicable.
- (b) The Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under section 301 of the Act. Accordingly, the provisions of clauses 4(iii)(f) and 4(iii)(g) of the Companies (Auditor's Report) Order 2003 (as amended) are not applicable.
- (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 there are no transactions for which the particulars of contracts or arrangements referred to in section 301 of the Act needs to be entered into the register maintained under section 301.
- (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. Accordingly, the provisions of clause 4(vi) of the Companies (Auditor's Report) Order 2003 (as amended) are not applicable.



Annexure to the Auditors' Report of even date to the members of FLSL Distribution Services Limited, on the financial statements for the year ended March 31, 2010.

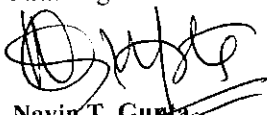
- (vii) The Company is neither listed nor had paid-up capital and reserves exceeding Rs 50 lakhs as at the commencement of the financial year. Further, the average annual turnover of the Company for a period of three consecutive financial years immediately preceding this financial year does not exceed rupees five crores. Accordingly, the provisions of clause 4(vii) of the Order are not applicable.
- (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. Accordingly, the provisions of clause 4(viii) of the Companies (Auditor's Report) Order 2003 (as amended) are not applicable.
- (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 Companies (Auditor's Report) Order 2003 (as amended) are not applicable.
- (xi) Based on our audit procedures and as per the information and explanations given by management, we are of the opinion that the Company has not defaulted in repayment of dues to banks. There were no dues payable to financial institutions or debenture holders.
- (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. Accordingly, the provisions of clause 4(xii) of the Companies (Auditor's Report) Order 2003 (as amended) are not applicable.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi/ mutual benefit fund/ society. Accordingly, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order 2003 (as amended) are not applicable.
- (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.
- (xv) The Company has not given any guarantees for loans taken by others from banks or financial institutions. Accordingly, the provisions of clause 4(xv) of the Companies (Auditor's Report) Order 2003 (as amended) are not applicable.
- (xvi) In our opinion, the Company did not have any term loans outstanding during the year.



Annexure to the Auditors' Report of even date to the members of FLSL Distribution Services Limited, on the financial statements for the year ended March 31, 2010.

- (xvii) In our opinion, 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 by public issues during the year. Accordingly, the provisions of clause 4(xx) of the Companies (Auditor's Report) Order 2003 (as amended) are not applicable.
- (xxi) No fraud on or by the Company has been noticed or reported during the period covered by our audit.

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


Navin T. Gupta
Partner
Membership No. 40334



Mumbai

Date : **27 AUG 2010**

FLSL Distribution Services Limited

Annual Accounts
2009-10

future group 
india tomorrow

FLSL DISTRIBUTION SERVICES LIMITED
BALANCE SHEET AS AT MARCH 31, 2010

Particulars	Schedule	As at March 31, 2010 (Rs. in '000)	As at March 31, 2009 (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	104.94	-
Less : Accumulated Depreciation		3.53	-
Net Block		<u>101.41</u>	<u>-</u>
INVESTMENTS	3	70.75	-
CURRENT ASSETS, LOANS AND ADVANCES			
Inventories	4	17,306.69	-
Sundry Debtors	5	14,904.08	-
Cash and Bank Balances	6	1,726.24	441.81
Loans and Advances	7	3,026.57	25.00
		<u>36,963.58</u>	<u>466.81</u>
LESS : CURRENT LIABILITIES AND PROVISIONS			
Current Liabilities	8	36,880.72	5.52
		<u>36,880.72</u>	<u>5.52</u>
NET CURRENT ASSETS		82.86	461.29
PROFIT AND LOSS ACCOUNT		244.98	38.71
		<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 NGS & Co.
Chartered Accountants



 Navin T. Gupta
 (Partner)


Membership No. 40334


Place: Mumbai

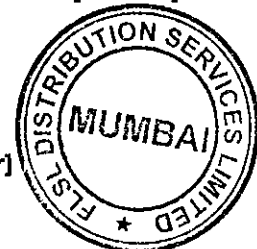
Date: **27 AUG 2010**

For and on behalf of the Board of Directors of
FLSL Distribution Services Limited


 Anshuman Singh
 [Director]


 Harsha Saksena
 [Director]


 Vasudev Anchan
 [Chief Financial Officer]



FLSL DISTRIBUTION SERVICES LIMITED
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010

Particulars	Schedule	For the year ended on March 31, 2010 (Rs. in '000)	For the period ended on March 31, 2009 (Rs. in '000)
INCOME			
Gross Sales		19,513.79	18,416.85
Less : VAT/Sales tax		<u>1,096.94</u>	-
Other Income	9	1.62	-
Total		<u><u>18,418.47</u></u>	<u><u>-</u></u>
EXPENDITURE			
Cost of Goods Sold	10	15,822.44	-
Administration and Other Expenses	11	2,798.77	38.71
Depreciation		3.53	-
Total		<u><u>18,624.74</u></u>	<u><u>38.71</u></u>
Profit/(Loss) before Tax		(206.27)	(38.71)
Provision for Tax			
a) Current Tax		-	-
b) Deferred Tax		-	-
Profit/(Loss) After Taxation		<u><u>(206.27)</u></u>	<u><u>(38.71)</u></u>
Add: Balance brought forward		(38.71)	-
Balance carried to the Balance Sheet		<u><u>(244.98)</u></u>	<u><u>(38.71)</u></u>
Earning per share in Rs. (Face Value Rs. 10/-)			
Basic and Diluted (Refer note 3 (e) of Schedule 6)		(4.13)	(0.77)

12

Significant Accounting Policies and Notes on Accounts

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: **27 AUG 2010**

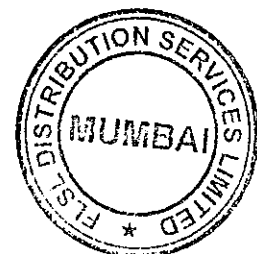


For and on behalf of the Board of Directors of
FLSL Distribution Services Limited.


Anshuman Singh
[Director]


Harsha Saksena
[Director]


Vasudev Anchan
[Chief Financial Officer]




FLSL DISTRIBUTION SERVICES LIMITED
Cash Flow Statement for the year ended March 31, 2010

Particulars	For the year ended on March 31, 2010 (Rs. in '000)	For the period ended on March 31, 2009 (Rs. in '000)
A Cash Flow from Operating Activities		
Net Profit/(Loss) Before Tax	(206.27)	(38.71)
Adjustments for :		
Depreciation and Amortisation	3.53	-
Operating profit before working capital changes	(202.74)	(38.71)
Adjustments for :		
(Increase)/Decrease Trade and Other Receivable	(14,904.08)	-
(Increase)/Decrease Inventories	(17,306.69)	-
(Increase)/Decrease Loans and Advances	(3,001.57)	(25.00)
Increase/(Decrease) Trade Payables	36,875.20	-
Increase/(Decrease) Other Payables	-	5.52
Cash generated from operations	1,460.12	(58.19)
Direct Taxes paid	-	-
Net Cash from Operating Activities	1,460.12	(58.19)
B Cash Flow From Investing Activities		
Purchase of Fixed Assets / Advances for Capital Goods	(104.94)	-
Purchase of Investments	(70.75)	-
Net Cash used in Investing Activities	(175.69)	-
C Cash Flow from Financing Activities		
Proceeds from Issue of Share Capital	-	500.00
Net Cash from financing activities	-	500.00
Net increase/(Decrease) in Cash and Cash Equivalent	1,284.43	(58.19)
Cash & Cash Equivalents (Opening balance)	441.81	500.00
Cash & Cash Equivalents (Closing balance)	1,726.24	441.81

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 .

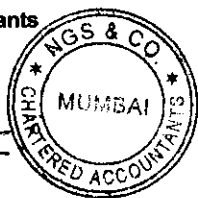
As per our report of even date
For N G S & Co.
Chartered Accountants


Navin T. Gupta
[Partner]

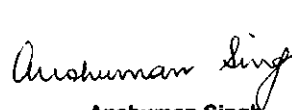
Membership No. 40334

Place: Mumbai

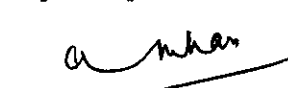
Date: **27 AUG 2010**

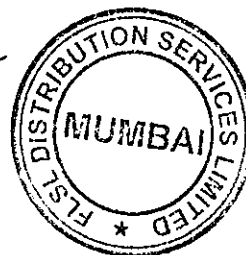


For and on behalf of the Board of Directors of
FLSL Distribution Services Limited.


Anshuman Singh
[Director]

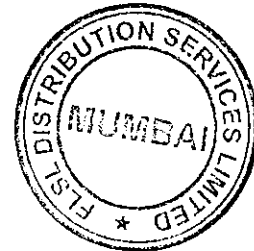

Harsha Saksena
[Director]


Vasudev Anchan
[Chief Financial Officer]



FLSL DISTRIBUTION SERVICES LIMITED
SCHEDULES FORMING PART OF THE BALANCE SHEET

Particulars	As at March 31, 2010 (Rs. in '000)	As at March 31, 2009 (Rs. in '000)
<u>SCHEDULE 1: SHARE CAPITAL</u>		
AUTHORISED		
50,000 Equity Shares of Rs. 10 each.	<u>500.00</u>	<u>500.00</u>
	<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 (Formerly Future Logistic Solutions Limited))	500.00	500.00
	<u>500.00</u>	<u>500.00</u>

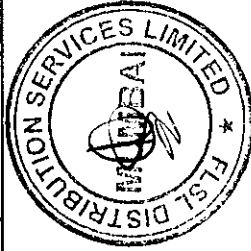


FLSL DISTRIBUTION SERVICES LIMITED
SCHEDULES FORMING PART OF THE BALANCE SHEET

SCHEDULE 2 : FIXED ASSETS

(Rs. in '000)

Description	Gross Block			Depreciation		Net Block			
	As at 01.04.2009	Additions	Deductions	As at 31.03.2010	Upto 01.04.2009	Depreciation For The Year	Up to 31.03.2010	As At 31.03.2010	As At 31.03.2009
Computer	-	104.94	-	104.94	-	3.53	3.53	101.41	-
Total	-	104.94	-	104.94	-	3.53	3.53	101.41	-
Previous year	-	-	-	-	-	-	-	-	-



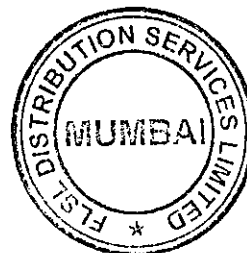
FLSL DISTRIBUTION SERVICES LIMITED
SCHEDULES FORMING PART OF THE BALANCE SHEET

Particulars	As at March 31, 2010 (Rs. in '000)	As at March 31, 2009 (Rs. in '000)
<u>SCHEDULE 3: INVESTMENTS</u>		
National Savings Certificate(Deposited with Sales Tax Authorities)	70.75	-
	<u>70.75</u>	<u>-</u>
<u>SCHEDULE 4: INVENTORIES</u>		
Finished Goods	17,306.69	-
	<u>17,306.69</u>	<u>-</u>
<u>SCHEDULE 5: SUNDRY DEBTORS</u>		
(Unsecured, Considered Good)		
Over Six Months	389.42	-
Others	14,514.66	-
	<u>14,904.08</u>	<u>-</u>
<u>SCHEDULE 6: CASH AND BANK BALANCES</u>		
Cash on Hand	13.65	1.39
Balance with Scheduled Banks:		
In Current Accounts	1,682.23	440.42
In Fixed Deposit Account (Under lien with Sales Tax Authorities)	30.36	-
	<u>1,726.24</u>	<u>441.81</u>
<u>SCHEDULE 7: LOANS & ADVANCES</u>		
(Unsecured, Considered Good)		
Advances Recoverable in cash or kind or for value to be received	3,026.57	25.00
	<u>3,026.57</u>	<u>25.00</u>
<u>SCHEDULE 8: CURRENT LIABILITIES</u>		
Sundry Creditors:		
For Purchases	33,951.00	-
For Expenses	2,661.48	5.52
Other Liabilities	268.24	-
	<u>36,880.72</u>	<u>5.52</u>



FLSL DISTRIBUTION SERVICES LIMITED
SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT

Particulars	For the year ended on March 31, 2010 (Rs. in '000)	For the Period ended on March 31, 2009 (Rs. in '000)
<u>SCHEDULE 9: OTHER INCOME</u>		
Other Income	0.51	-
Interest on :		
Fixed deposit (TDS NIL, 2009:NIL)	0.36	-
National Saving Certificate	0.75	-
	<u>1.62</u>	<u>-</u>
<u>SCHEDULE 10: COST OF GOODS SOLD</u>		
Opening stock	-	-
Purchases	33,129.13	-
Less :Closing stock	17,306.69	-
	<u>15,822.44</u>	<u>-</u>
<u>SCHEDULE 11: ADMINISTRATION AND SELLING EXPENSES</u>		
Rates & Taxes	14.98	5.03
Insurance	4.03	-
Legal & Professional Charges	75.06	-
Auditors' Remuneration	16.55	5.52
Communication Expenses	28.58	-
Transportation Charges	21.68	-
Travelling & Conveyance Expenses	195.79	-
Other Expenses	25.72	2.07
Packing Expenses	54.73	-
Rent	108.70	-
Warehouse Operating Charges	2,252.95	-
Preliminary Expenses written off	-	26.10
	<u>2,798.77</u>	<u>38.71</u>



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.	189032	State Code	11
Balance Sheet Date	31.03.2010		

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

Public Issue	-	Right Issue	-
Bonus Issue	-	Private Placement	500

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

Total Liabilities	500	Total Assets	500
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Sources of Funds

Paid up Capital	500	Share application Money	-
Reserves & Surplus	-	Secured Loans	-
Unsecured Loans	-	Deferred Tax Liability	-

Application of Funds

Net Fixed assets	101.41	Investments	70.75
Net Current assets	82.86	Deferred Tax Asset	-
Accumulated Losses	417	Misc. Expenditure	-

IV Performance of Company (Amount in Rs. Thousand)

Turnover and Other Income	18,418.47	Total expenditure	18,624.74
Profit (Loss) before Tax	(206.27)	Profit (Loss) After tax	(206.27)
Earning per share in Rs.	(4.13)	Dividend @ %	-

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

Item Code (ITC Code)	Nil
Product Description	Distribution & Retail

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

Place: Mumbai
Date: 27 AUG 2010

Anshuman Singh

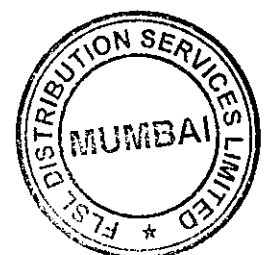
Anshuman Singh
[Director]

Harsha Saksena

Harsha Saksena
[Director]

Vasudev Anchan

Vasudev Anchan
[Chief Financial Officer]



FLSL DISTRIBUTION SERVICES LIMITED

SCHEDULE – 12

SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2010

1. NATURE OF OPERATION

FLSL Distribution Services Limited was incorporated on December 19, 2008 with the object of buying, selling, importing, exporting, assembling, developing and brand distribution.

2. SIGNIFICANT ACCOUNTING POLICIES

a) BASIS OF PREPARATION:

The financial statements have been prepared to comply in all material respects with the Notified Accounting Standard notified by Companies Accounting Standards Rules, 2006 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 and 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 the disclosure of 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.

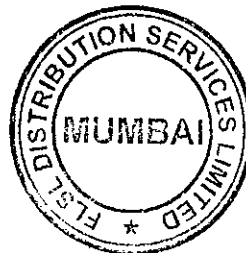
c) FIXED ASSETS

Intangible Assets

Intangible Assets are stated at cost of acquisition. Intangible assets include computer software.

d) DEPRECIATION

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



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.

f) 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: Sales are recognized when significant risks and rewards of ownership of the goods have passed to the buyer which coincides with the delivery and are recorded net of trade discounts and rebates.

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

g) CASH FLOW STATEMENT:

The cash flow statement is prepared by the "Indirect Method" set out in Accounting Standard 3 on "Cash Flow Statement" and present the cash flow by operating, investing and financing activities of the company. Cash and cash equivalents presented in the cash flow statements consist of cash on hand and balances with bank.

h) EARNING PER SHARE:

The company reports Basic and Diluted Earnings Per Share (EPS) in accordance with Accounting Standard 20 "Earning Per Share". Basic EPS is computed by dividing the net profit or loss for the year by the weighted average number of equity shares outstanding during the year. Diluted EPS is computed by dividing the net profit or loss for the year by weighted number of equity shares outstanding during the year as adjusted for the effects of all dilutive potential equity shares, except where the results are anti-dilutive.

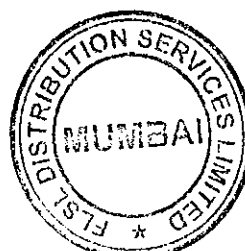
i) LEASES

Lease Payments are recognized as an expense in the Profit & Loss Account as per terms of agreement which is representative of the time pattern of the user's benefit.

j) INCOME TAX:

Tax expenses comprises of current and deferred tax. Current income tax is measured at the amounts expected to be paid to the tax authorities in accordance with the Indian Income Tax Act.

Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income arising in the current year and reversal of timing differences of earlier years.



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

k) IMPAIRMENT OF ASSETS

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal / external factors. An 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.

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

l) INVESTMENTS

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.

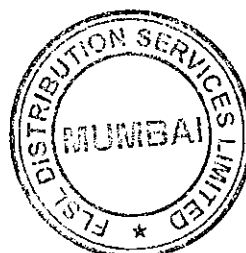
m) PRELIMINARY AND SHARE ISSUE EXPENSES

Preliminary and Share Issue Expenses are charged to Profit and Loss account in the year in which they are incurred.

3. NOTES TO ACCOUNTS:

- a) Estimated amounts of contracts remaining to be executed on capital account and not provided for, net of advances Rs.Nil (2009:Rs Nil)
- b) 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.
- c) Balances due from companies under the same management as per the provisions of Section 370(1B) are as under:

(Rs. in '000)		
Companies under Same Management	As At March 31, 2010	As At March 31, 2009
Sundry Debtors		
Pantaloon Retail (India) Limited	6,071.84	-
Future Value Retail Limited	3,700.99	-
	9,772.83	-



d) Related Parties Disclosure:

Enterprises that directly, or indirectly through one or more intermediaries, control the reporting enterprises.

Pantaloon Retail (India) Limited (Ultimate Holding Company)

Future Supply Chain Solutions Limited (Holding Company)

Future Value Retail Limited (Associate – w.e.f. December 29, 2009)

e) Transaction carried out with related parties referred to above

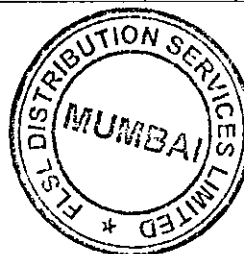
(Rs. in '000)

Nature of Transaction	Ultimate Holding Company	Holding Company	Associate Company
Share Capital Issued	- (-)	- (500.00)	- (-)
Sales	9,655.49 (-)	- (-)	4,085.69 (-)
Expenses	- (-)	224.27 (-)	- (-)
Services availed	- (-)	2,305.72 (-)	- (-)
Balance as on March 31			
Receivable	6,071.84 (-)	- (-)	3,700.99 (-)
Payable	- (-)	2,529.99 (-)	- (-)

Figures in bracket pertains to previous year

f) Earning Per Share

Particulars	For the year ended March 31, 2010	For the period from December 19, 2008 to March 31, 2009
Net Loss considered for basic/diluted EPS(Rs. In '000)	206.27	38.70
Number of Equity Shares (Nos.)	50000	50000
Weighted average number of shares (Nos.)	50000	50000
Basic and Diluted EPS	(4.13)	(0.77)



g) Deferred Tax Assets:

Deferred Tax Assets calculated as per AS – 22 on “Accounting for Taxes on Income” is as under:

Particulars	(Rs. In '000)	
	For the year ended on March 31, 2010	For the period from December 19, 2008 to March 31, 2009
Deferred Tax Liability		
Differences in depreciation and other differences in block of fixed assets as per tax books and financial books	10.11	-
Total	10.11	-
Deferred Tax Asset		
Expenses disallowed for the year	-	-
Carry Forward Loss	10.11	-
Depreciation Loss	-	-
Total	10.11	-
Net Deferred Tax Asset*	-	-

*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.

h) Leases

The company has taken various warehouses, offices and stores on leases. The lease rentals recognized in the profit and loss account for the year are Rs.108.70 Thousand (2009: Rs.Nil). The future lease payments of operating lease are as follows:

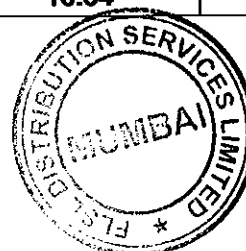
(Rs. in '000)		
Minimum Lease Payments :	2009-10	2008-09
Not later than one year	-	-
Later than one year but not later than five years	-	-
Later than five years	-	-

i) 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.

j) Payment to Auditors

Particulars	(Rs. in '000)	
	For the year ended March 31, 2010	For the period from December 19,2008 to March 31, 2009
Statutory Audit Fees	12.13	5.51
Tax Audit Fees	4.41	-
Total	16.54	5.51



k) Sales, Purchases, Opening and Closing Stock

(In '000)

Particulars	Opening Stock		Purchases		Sales		Closing stock	
	Qty. (in pcs.)	Amount (Rs.)	Qty. (in pcs.)	Amount (Rs.)	Qty. (in pcs.)	Amount (Rs.)	Qty. (in pcs.)	Amount (Rs.)
Food Items	-	-	151.83	1,637.08	134.74	1,611.22	17.09	470.84
Cosmetics	-	-	281.21	31,492.05	161.26	16,805.63	119.95	16,835.85
Total	-	-	433.04	33,129.13	295.99	18,416.85	137.04	17,306.69

l) Additional information pursuant to the provisions of paragraph 3, 4C and 4D of Part II of Schedule VOI of the Companies Act, 1956 is not provided, to the extent it is Nil or not applicable to the Company

m) Since the previous period is less than twelve months, figures of previous year are not comparable with those of current year.

As per our report of even date

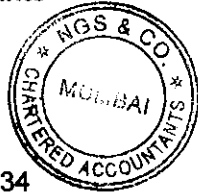
For NGS & Co.
Chartered Accountants


Navin T. Gupta
[Partner]


Membership No. 40334

Place: Mumbai

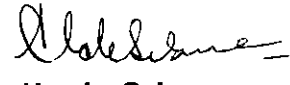
Date: 27 AUG 2010



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


Anshuman Singh
[Director]


Vasudev Anchan
[Chief Financial Officer]


Harsha Saksena
[Director]

