

## DIRECTORS' REPORT

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To,  
The Members  
**Future Mobile and Accessories Limited**

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

### FINANCIALS

(Rs.in Lacs)

	For the year 31/03/10	For the year 31/03/09
Total Income	27,472.03	4,310.61
Expenditure (excluding depreciation)	27,489.63	4,904.76
Depreciation	1.94	0.73
Total expenditure	27,491.57	4,905.49
Loss before tax	19.54	594.88
Taxes	287.48	(281.94)
Net Loss	307.02	312.93
EPS (Basic & Diluted)	(5.53)	(6.69)

### BUSINESS REVIEW

During the year under review, the Company recorded total revenues of Rs.274.23 Cr as against Rs.43.10 Crore during the previous year. However, due to higher costs of operations, the Company incurred a net loss of Rs.3.07 Crore as against 3.13 Crore during the previous year. The Company is expanding its retail network, which would enable the company to get higher turnover in coming years as well as to achieve higher profitability due to achieving economic of scale.

### 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.

### DIRECTORS

In terms of Section 255 and 256 the Companies Act, 1956, Mr. Dinesh Maheshwari, 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 31<sup>st</sup> 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 31<sup>st</sup> 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 31<sup>st</sup> March, 2010 on a 'going concern' basis.

#### **AUDITORS**

M/s. Lunawat & Co., Auditors of the Company hold office as such till the conclusion of the ensuing Annual General Meeting. They have issued a certificate 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. Members are requested to consider and approve the re-appointment of M/s. Lunawat & Co. as auditors of the Company.

#### **PARTICULARS OF EMPLOYEES**

The Company has no employee drawing the salary/ 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**

The Board desires to place on record, its appreciation to all employees at all levels, who during the year under review, with sustained dedicated effort, enabled the Company to deliver a good performance.

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

**For and on behalf of the Board of Directors of**

**Future Mobile and Accessories Limited**

---Sd---  
Dinesh Maheshwari  
**Director**

---Sd---  
Sanjay Rathi  
**Director**

August 25, 2010, New Delhi

**LUNAWAT & CO.**  
**Chartered Accountants**  
**54, Darya Ganj,**  
**New Delhi-110002.**

**Tel : 011 - 23270624**  
**Telefax : 011 - 23279414**  
**E-mail : ca@lunawat.com**  
**Website : www.lunawat.com**

### **AUDITORS' REPORT**

**To**  
**The Members of Future Mobile & Accessories Limited.**

1. We have audited the attached Balance Sheet of Future Mobiles & Accessories Limited as at 31<sup>st</sup> March 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 specify in paragraphs 4 and 5 of 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 purpose of our audit;
  - (ii) In our opinion, the company has kept proper books of account as required by law 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;

- (v) On the basis of written representations received from the directors, as on 31<sup>st</sup> March 2010, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31<sup>st</sup> March, 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
- (vi) 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 31<sup>st</sup> March 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 period ended on that date.

For **Lunawat & Co.**  
Chartered Accountants  
F R No. 000629N

CA Pramod Jain  
Partner  
M. No 90358

Place: -New Delhi  
Date: -

**LUNAWAT & CO.**  
**Chartered Accountants**  
**54, Darya Ganj,**  
**New Delhi-110002.**

**Tel : 011 - 23270624**  
**Telefax : 011 - 23279414**  
**E-mail : ca@lunawat.com**  
**Website : www.lunawat.com**

ANNEXURE TO THE AUDITORS' REPORT

Re: - Future Mobiles & Accessories Limited.  
Referred to in paragraph 3 of our report of even date,

- (i) (a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) All the 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. No material discrepancies were noticed on such verification.
- (c) During the year, the company has not disposed off any fixed assets.
- (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 inventories 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. The discrepancies noticed on verification between the physical stocks and the book records are not material.
- (iii) (a) As informed, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in register maintained u/s 301 of the Companies Act, 1956. Accordingly, paragraphs 4(iii) (b), (c) and (d) of the Companies (Auditor's Report) Order, 2003 (as amended), are not applicable.
- (b) As informed, the Company has not taken any loan whether secured or unsecured from companies, firms or other parties covered in register maintained u/s 301 of the Companies Act, 1956. Accordingly, paragraphs 4(iii) (b), (c) and (d) 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 with regard to purchases of inventory and fixed assets and with regard to the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls.

- (v) (a) According to the information and explanations provided by the management, we are of the opinion that the particular of contracts or arrangements referred to in section 301 of the Companies Act, 1956 that needed to be entered into the register required to be maintained under that section have been so entered.
- (b) In our opinion and according to the information and explanation given to us, the transaction made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of rupees five lakhs in respect of any party during the year have been made at prices which are responsible having regard to prevailing market prices at the relevant time.
- (vi) In our opinion and according to the information and explanations given to us, the company has not accepted any deposits from the public in contravention with the provisions of sections 58A and 58AA of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975.
- (vii) In our opinion, the internal audit system of the company needs to be strengthened to make it commensurate with the size and nature of its business.
- (viii) In our opinion and according to the information and explanations given to us the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 are not applicable to the company.
- (ix) (a) The company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education protection fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, custom duty, excise duty, cess and other material statutory dues applicable to it. However, there were delays in depositing Provident fund, employees' state insurance and sales tax with the concerned authorities.
- (b) According to the information and explanation given to us, there are no dues of provident fund, investor education protection fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, custom duty, excise duty, cess and other material statutory dues applicable to it, were in arrears, as at 31<sup>st</sup> March 2010 for a period of more than six months from the date they became payable.

- (c) According to the information and explanation given to us, there are no dues of provident fund, investor education protection fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, custom duty, excise duty, cess and other material statutory dues applicable to it which have not been deposited on account of any dispute.
- (x) The company has been registered for a period of less than five years and hence we are not required to comment on whether or not the accumulated losses at the end of the financial year is fifty percent or more of its net worth and whether it has incurred cash losses in such financial year and in the immediately preceding financial year.
- (xi) In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of any dues to any bank, financial institutions, etc during the year under audit.
- (xii) In our opinion and according to the information and explanations given to us, the company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures or 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 are not applicable to the company.
- (xiv) Accordingly, to information & explanation given to us the company is not dealing or trading in any shares, securities, debentures and others investments. Accordingly the provisions of clause 4(xiii) of the Companies (Auditors' Report) Order, 2003 (as amended) are not applicable to the company.
- (xv) In our opinion and according to the information and explanations given to us, the company has not given any guarantees for loans taken by others from banks or financial institutions.
- (xvi) In our opinion and according to the information and explanations given to us, the 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 the no funds raised on short-term basis have been used for long-term investment.
- (xviii) According to the information and explanations given to us, the company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act.



- (xix) According to the information and explanations given to us, during the period covered by our audit report, the company has not issued any debentures.
- (xx) The Company has not raised any money through a public issue during the period
- (xxi) According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

For **Lunawat & Co.**  
Chartered Accountants  
F R No. 000629N

CA Pramod Jain  
Partner  
M. No 90358

Place: -New Delhi  
Date: -

**Future Mobile and Accessories Limited**  
**Balance Sheet as at March 31, 2010**

(in Rs.)

	Schedules	As at March 31, 2010	As at March 31, 2009
<b>SOURCES OF FUNDS</b>			
<b>Shareholders' Funds</b>			
Share capital	1	55,500,000	55,500,000
Share application money (pending allotment)		44,500,000	-
<b>TOTAL</b>		<b>100,000,000</b>	<b>55,500,000</b>
<b>APPLICATION OF FUNDS</b>			
<b>Fixed Assets</b>			
Gross block	2	3,062,514	3,062,514
Less : Accumulated depreciation		266,734	72,877
<b>Net block</b>		<b>2,795,780</b>	<b>2,989,637</b>
<b>Investments</b>	3	124,000	49,000
<b>Deferred Tax Asset</b>		-	28,747,724
<b>Current Assets, Loans and Advances</b>			
Inventories	4	131,391,419	102,715,749
Sundry debtors	5	4,880,701	864,698
Cash & bank balances	6	28,196,320	29,507,964
Loans & advances	7	66,872,995	61,910,807
Other current assets	8	18,007	13,187
<b>(A)</b>		<b>231,359,442</b>	<b>195,012,405</b>
<b>Less: Current Liabilities and Provisions</b>			
Current liabilities	9	208,421,276	213,603,740
Provisions	10	2,252,979	1,388,399
<b>(B)</b>		<b>208,674,255</b>	<b>214,992,139</b>
<b>Net current assets</b>	<b>(A-B)</b>	22,685,187	(19,979,734)
<b>Profit &amp; loss account</b>		74,395,033	43,693,373
<b>TOTAL</b>		<b>100,000,000</b>	<b>55,500,000</b>
<b>Significant accounting policies and Notes to Accounts</b>	16		

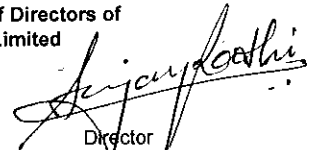
The schedules referred to above and notes to accounts form an integral part to the Balance Sheet  
As per our report of even date.

For Lunawat & Co.  
Chartered Accountants  
F R No. 000629N

C.A. Pramod Jain  
Partner  
Membership No: 90358  
Place:  
Date:

For and on behalf of the Board of Directors of  
Future Mobile and Accessories Limited

  
Director

  
Director

**Future Mobile and Accessories Limited**  
**Profit & Loss Account for the year ended March 31, 2010**

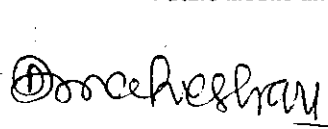
(in Rs.)

	Schedules	For the year ended March 31, 2010	For the year ended March 31, 2009
<b>INCOME</b>			
Turnover (Net)		2,342,315,900	273,095,090
Minimum Margin Guarantee		398,939,046	157,723,337
Other income	11	5,948,014	242,738
		<b>2,747,202,960</b>	<b>431,061,165</b>
<b>EXPENDITURE</b>			
Cost of goods sold	12	2,532,832,705	269,827,977
Personnel expenses	13	101,804,658	83,884,384
Administrative & selling expenses	14	104,939,231	132,037,051
Financial expenses	15	9,386,445	4,726,523
Depreciation/ amortisation		193,857	72,876
		<b>2,749,156,896</b>	<b>490,548,811</b>
<b>(Loss) before tax</b>		<b>(1,953,936)</b>	<b>(59,487,646)</b>
<b>Provision for tax:</b>			
- Fringe benefit tax			552,900
- Deferred tax		28,747,724	(28,747,724)
<b>(Loss) after tax</b>		<b>(30,701,660)</b>	<b>(31,292,822)</b>
(Loss) brought forward from previous year		(43,693,373)	(12,400,551)
<b>Balance carried to Balance Sheet</b>		<b>(74,395,033)</b>	<b>(43,693,373)</b>
<b>Earnings per share</b>			
Basic and Diluted EPS		(5.53)	(6.69)
Nominal value of shares Rs.10 each			
<b>Significant accounting policies and Notes to Accounts</b>	16		

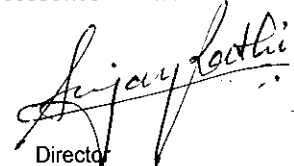
The schedules referred to above and notes to accounts form an integral part to the Profit & Loss Account  
As per our report of even date.

For Lunawat & Co.  
Chartered Accountants  
F R No. 000629N

For and on behalf of the Board of Directors of  
Future Mobile and Accessories Limited



Director



Director

C.A. Pramod Jain  
Partner  
Membership No: 90358  
Date:

**Future Mobile and Accessories Limited**  
**Cash Flow Statement for the year ended March 31, 2010**

(in Rs.)

Particulars	For the year ended March 31, 2010	For the year ended March 31, 2009
<b>A Cash flow from operating activities</b>		
Net loss before taxation	(1,953,936)	(59,487,646)
Adjustments for :		
Provision for Gratuity & Leave Encashment	941,480	-
Assets Written Off	-	4,440,013
Provision for doubtful security deposits	-	23,920,879
Depreciation	193,857	72,877
Interest income	(4,820)	(42,738)
<b>Operating profit before working capital changes</b>	<b>(823,419)</b>	<b>(31,096,616)</b>
Movements in working capital :		
(Increase) in inventories	(28,675,670)	(101,042,502)
(Increase) in debtors	(4,016,003)	(864,698)
(Increase) loans and advances	772,541	(73,496,724)
Increase in current liabilities and provisions	(12,901,190)	209,916,647
<b>Cash generated from operations</b>	<b>(45,643,741)</b>	<b>3,416,108</b>
Direct taxes paid	(97,723)	(476,000)
<b>Net cash from operating activities</b>	<b>(45,741,464)</b>	<b>2,940,108</b>
<b>B Cash flow from investing activities</b>		
Purchase of investments	(75,000)	-
Sale of Investment	-	-
Purchase of Fixed Assets	-	(7,502,527)
Interest received	4,820	42,738
<b>Net cash used in investing activities</b>	<b>(70,180)</b>	<b>(7,459,789)</b>
<b>C Cash flow from financing activities</b>		
Proceeds from issuance of share capital	-	35,000,000
Share application money received	44,500,000	-
Proceeds from other borrowings	-	(3,436,209)
<b>Net Cash from financing activities</b>	<b>44,500,000</b>	<b>31,563,791</b>
<b>Net cash used in cash and cash equivalents (A+B+C)</b>	<b>(1,311,644)</b>	<b>27,044,110</b>
Cash and cash equivalents at the beginning of the year	29,507,964	2,463,854
<b>Cash and cash equivalents at the end of the year</b>	<b>28,196,320</b>	<b>29,507,964</b>
<b>Components of cash and cash equivalents</b>		
Cash on hand	2,137,645	2,746,186
With banks - on current account	25,553,675	26,356,778
- on deposit account	505,000	405,000
	<b>28,196,320</b>	<b>29,507,964</b>

**Notes:**

- a) The Cash Flow Statement has been prepared under the Indirect Method "as set out in Accounting Standard 3 on Cash Flow Statements" issued by the Institute of Chartered Accountants of India.  
b) Negative figures have been shown in brackets.

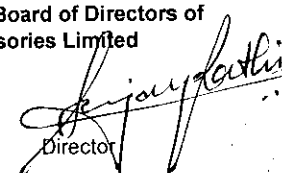
As per our report of even date.

For Lunawat & Co.  
Chartered Accountants  
F R No. 000629N

C.A. Pramod Jain  
Partner  
Membership No: 90358  
Date:

For and on behalf of the Board of Directors of  
Future Mobile and Accessories Limited

  
Director

  
Director

**Future Mobile and Accessories Limited**  
**Schedules to the Balance Sheet**

(in Rs.)

	As at March 31, 2010	As at March 31, 2009
<b>Schedule 1 : Share capital</b>		
<b>Authorised</b>		
10,000,000 equity shares of Rs.10 each.	<u>100,000,000</u>	<u>100,000,000</u>
<b>Issued, Subscribed &amp; Paid-up</b>		
10,000,000 (Previous year 55,50,000) equity shares of Rs.10 each fully paid up	<u>55,500,000</u>	<u>55,500,000</u>
	<u><u>55,500,000</u></u>	<u><u>55,500,000</u></u>

Future Mobile & Accessories Limited  
 Schedule 2 : Fixed Assets

(Amount in Rupees)

Particulars	Gross Block			Depreciation			Net Block		
	As at 01.04.2009	Additions during the year	Deletions during the year	As at 31.03.2010	As at 01.04.2009	For the year	Sales/ adjustments/ write off during the year	As at 31.03.2009	As at 31.03.2010
Furniture and fixtures	3,062,514	-	-	3,062,514	72,877	193,857	-	266,734	2,795,780
Total	<b>3,062,514</b>	-	-	<b>3,062,514</b>	<b>72,877</b>	<b>193,857</b>	-	<b>266,734</b>	<b>2,795,780</b>
Previous Year	-	7,502,527	4,440,013	3,062,514	-	72,877	-	2,989,637	-

**Future Mobile and Accessories Limited**  
**Schedules to the Balance Sheet**

(in Rs.)

	As at March 31, 2010	As at March 31, 2009
<b>Schedule 3 : Investments</b>		
<b>Long Term, non trade (unquoted, at cost)</b>		
<b>Government securities</b>		
6 Years National Savings Certificate (Pledged with government authorities)	124,000	49,000
	<u>124,000</u>	<u>49,000</u>
<b>Schedule 4 : Inventories (at lower of cost and net realisable value)</b>		
Traded goods	131,391,419	102,715,749
	<u>131,391,419</u>	<u>102,715,749</u>
<b>Schedule 5 : Sundry debtors</b>		
(Unsecured, considered good)		
Debts outstanding for a period exceeding six months	4,880,701	864,698
Other debts	<u>4,880,701</u>	<u>864,698</u>
<b>Schedule 6 : Cash &amp; bank balances</b>		
Cash on hand	2,137,645	2,746,186
Balances with scheduled banks:		
- on current account	25,553,675	26,356,778
- on deposit account (Pledged with government authorities)	505,000	405,000
	<u>28,196,320</u>	<u>29,507,964</u>
<b>Schedule 7 : Loans and advances</b>		
(Unsecured, considered good unless otherwise stated)		
Advances recoverable in cash or in kind or for value to be received		
-Considered good	21,468,515	23,387,300
-Considered doubtful		
Security deposits		
-Considered good	45,191,471	38,516,050
-Considered doubtful	18,202,153	23,920,879
Advance Fringe benefit tax (Net of Provision for Rs. 552,900)	20,823	-
Tax Depositions	192,186	7,457
	<u>85,075,148</u>	<u>85,831,686</u>
Less: Provision for doubtful loans and advances	18,202,153	23,920,879
	<u>66,872,995</u>	<u>61,910,807</u>
<b>Schedule 8 : Other current assets</b>		
Interest receivable on bank deposits	18,007	13,187
	<u>18,007</u>	<u>13,187</u>
<b>Schedule 9 : Current liabilities</b>		
Sundry creditors		
(a) total outstanding dues of micro and small enterprises	-	-
(b) total outstanding dues of creditors other than micro and small enterprises [refer note 3.7 to schedule 16]	203,730,070	201,060,953
Other liabilities	2,691,206	12,542,787
	<u>206,421,276</u>	<u>213,603,740</u>
<b>Schedule 10 : Provisions</b>		
Gratuity	950,792	691,604
Leave encashment	1,302,187	619,895
Fringe benefit tax	-	76,900
	<u>2,252,979</u>	<u>1,388,399</u>

Future Mobile and Accessories Limited  
Schedules to the Profit & Loss Account

(in Rs.)

	For the year ended March 31, 2010	For the year ended March 31, 2009
<b>Schedule 11 : Other income</b>		
Interest (gross)		
- Bank deposits & NSC [TDS Rs Nil (Previous year Rs. 6,673)]	4,820	42,738
Space Hire Charges	112,500	200,000
Provision for Doubtful Advances written back	5,759,726	-
Other Income	70,968	-
	<u>5,948,014</u>	<u>242,738</u>
<b>Schedule 12 : Cost of goods sold</b>		
Purchases	2,561,508,375	370,870,479
(Increase)/ decrease in inventories		
Opening stock	102,715,749	1,673,247
Closing stock	<u>131,391,419</u>	<u>102,715,749</u>
(Increase) in inventories	<u>(28,675,670)</u>	<u>(101,042,502)</u>
	<u>2,532,832,705</u>	<u>269,827,977</u>
<b>Schedule 13 : Personnel expenses</b>		
Salaries and bonus	94,201,223	77,688,679
Gratuity	259,188	456,773
Contribution to provident fund and other funds	6,141,169	5,216,101
Staff welfare expenses	1,203,078	522,831
	<u>101,804,658</u>	<u>83,884,384</u>
<b>Schedule 14 : Administrative &amp; selling expenses</b>		
Printing & stationery	1,346,014	795,317
Power & fuel	11,878,905	3,846,368
Repairs & maintenance:		
- Building	512,722	770,080
- Others	1,656,154	40,923
Rent	69,089,474	72,733,511
Rates & taxes	483,732	139,860
Insurance	1,167,145	1,003,970
Advertisement Expenses	84,157	35,310
Legal & professional	6,437,296	14,536,073
Auditors' remuneration	193,025	183,708
Communication expenses	7,930,541	3,644,105
Traveling & conveyance	1,894,548	1,073,532
Uniform Expenses	-	1,506,466
Transportation & handling charges	463,472	56,367
Recruitment Expenses	251,792	1,337,131
Provision for Doubtful Advances	-	23,920,879
Brokerage on obtaining lease premises	-	1,133,549
Fixed Assets Written off	-	4,440,013
Miscellaneous expenses	1,550,253	839,888
	<u>104,939,231</u>	<u>132,037,051</u>
<b>Schedule 15 : Financial expenses</b>		
Bank charges	9,386,445	4,726,523
	<u>9,386,445</u>	<u>4,726,523</u>



**Future Mobile and Accessories Limited**

**Schedule 16 : Significant accounting policies and notes to accounts**

*(Amount in rupees, unless specified)*

**1 Nature of Operations**

The Company was incorporated on June 27, 2007. Its principal activities include retailing and dealing mainly into communication, data, voice storage, transfer products and electronic communication instruments.

**2 Statement of Significant Accounting Policies**

**2.1 Basis of Accounting:**

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 and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention on the accrual basis of accounting. The accounting policies have been consistently applied by the Company.

**2.2 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 period end. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

**2.3 Leases**

***Where the Company is the Lessee***

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased term are classified as operating leases. Operating lease payments are recognized as an expense in the Profit and Loss account on accrual basis in accordance with the respective lease agreements.

**2.4 Investments**

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 investments.

**2.5 Inventories**

Inventory is valued at lower of cost and net realizable value. Cost is determined on Weighted Average Cost basis and includes all costs incurred to bringing the inventory to its location and condition. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs necessary to make the sale.

**2.6 Revenue Recognition**

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

***Sale of Goods***

Revenue is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer and coincides with the delivery of the goods to the customer. Sales Tax and VAT deducted from turnover (gross) are the amount that is included in the amount of turnover (gross) and not the entire amount of liability arose during the period.

**Future Mobile and Accessories Limited**

**Schedule 16 : Significant accounting policies and notes to accounts**

*(Amount in rupees, unless specified)*

**Interest**

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

**2.7 Fixed assets**

Fixed assets are stated at cost (or revalued amounts, as the case may be) 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. Borrowing costs relating to acquisition of fixed assets which takes substantial period of time to get ready for its intended use are also included to the extent they relate to the period till such assets are ready to be put to use.

**2.8 Depreciation**

Depreciation is provided using the straight line method as per the rates prescribed under Schedule XIV of the Companies Act, 1956. Leasehold improvements are amortized over estimated useful life or primary period of lease, whichever is lower.

Assets costing upto Rs.5,000 are fully depreciated in the year of purchase.

**2.9 Foreign currency translations**

**Foreign currency transactions**

**(a) 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 as at the date of the transaction.

**(b) 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; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

**(c) Exchange Differences**

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

**2.10 Retirement and other employee benefits**

(a) Retirement benefits in the form of Provident Fund is a defined contribution scheme and the contributions are charged to the Profit and Loss Account of the period when the contributions to the respective funds are due. There are no other obligations other than the contribution payable to the respective funds.

(b) Gratuity liability is defined benefit obligation and is provided on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year.

(c) 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.

(d) Actuarial gains/losses are immediately taken to profit and loss account and are not deferred.

**Future Mobile and Accessories Limited**

**Schedule 16 : Significant accounting policies and notes to accounts**

*(Amount in rupees, unless specified)*

**2.11 Income Taxes**

Tax expense comprises of current, deferred and fringe benefit tax. Current income tax and fringe benefit tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the 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 recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.

At each balance sheet date the Company re-assesses unrecognised deferred tax assets. It recognises 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.

**2.12 Provision**

Provisions are recognized when the company has a present obligation as result of past events and it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated.

**2.13 Impairment of assets**

- 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 recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's 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 asset over its remaining useful life.

**2.14 Earnings Per Share**

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

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

**2.15 Cash and Cash equivalents**

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

**3 Notes to Accounts**

**3.1 Contingent liabilities not provided for:**

Outstanding guarantees given by the banks on behalf of the Company aggregate Rs.100,000 (Previous year Rs.100,000).

**3.2** The company is into retail business of selling Mobile Phones & Accessories through its retail stores under the Brand Name of "Mobile Bazaar", "One Mobile" and "Axiom".

**Future Mobile and Accessories Limited**

**Schedule 16 : Significant accounting policies and notes to accounts**

*(Amount in rupees, unless specified)*

**3.3 Auditors' Remuneration:**

	For the year ended	
	March 31, 2010	March 31, 2009
Audit Fees	150,000	100,000
Tax Audit Fees	25,000	25,000
<b>Total</b>	<b>175,000</b>	<b>125,000</b>

**3.4 Capital Commitments**

Estimated amount of Contracts remaining to executed on capital account (net of advances) and not provided for Rs Nil [Previous year Rs.Nil]

**3.5 Leases**

**General description of Company's significant leasing arrangement**

The Company has taken various shop premises under operating lease arrangements. These are generally renewable on mutually agreed terms or at the option of the lessors. The lease rental expense recognised in the Profit and Loss account for the period in respect of such leases is Rs 69,089,474 [Previous year Rs. 72,733,511]

**3.6 Segmental Reporting**

The Company is engaged in the business of retailing and dealing mainly into communication, data, voice storage, transfer products and electronic communication instruments. in India. The entire operations are governed by the same set of risks and rewards and hence, it operates in a single segment; consequently no information under the requirement of the Accounting Standard 17 on Segment Reporting is applicable. The same has been considered representing a single primary segment and secondary segment.

3.7 Pursuant to the amendment of Schedule VI of the Companies Act, 1956, regarding disclosure of amount due to creditors which are Micro, Medium and Small Enterprises (MSME), the Company has not received any intimation regarding the MSME status from the creditors hence, disclosures, if any, relating to amounts unpaid as at the period-end alongwith the interest paid / payable as required under the said Act have not been given. The Company generally makes payment to all its suppliers within the agreed credit period (generally less than 45 days) and thus the Management is confident that the liability of interest under this act, if any, would not be material.

**3.8 Related Party Disclosure (as certified by the Management)**

**A. Relationship**

**(a) Holding Company**

Pantaloon Retail (India) Limited

**b) Fellow Subsidiaries**

Futurebazaar India Ltd.  
Future Brands Limited  
Future Knowledge Services Limited  
Erudite Knowledge Services Limited (upto 29.6.2009)  
Future Media (India) Limited  
Future E-Commerce Infrastructure Limited  
Future Agrovet Limited  
Future Consumer Products Limited  
Future Merchandising Limited  
Future Consumer Enterprises Ltd.  
Future Mail Management Limited  
Future Supply Chain Solutions Ltd.  
Winner Sports Private Limited (w.e.f. 21 March 2009)

**Future Mobile and Accessories Limited**

**Schedule 16 : Significant accounting policies and notes to accounts**

(Amount in rupees, unless specified)

FLSL Distribution Services Limited (w.e.f. 19 December 2008)  
 Future Value Retail Limited (erstwhile Pantaloon Future Ventures Ltd.)  
 Future Learning and Development Limited (w.e.f. 18 June 2008)  
 Home Solutions Retail (India) Limited  
 Future Human Development Ltd. (erstwhile Home Solutions Services (India) Limited) (upto 29.6.2009)  
 Pairs Retail India Limited (upto 3.1.2010)  
 FH Residencies Limited (upto 29.6.2009)  
 Future Capital Holdings Ltd.  
 Future Capital Financial Services Ltd. (erstwhile Future Finmart Ltd)  
 Future Finance Limited (erstwhile Sivagami Finance & Investments 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  
 Future Capital Investment Advisors Ltd.  
 CIG Infrastructure Private Limited  
 Galaxy Entertainment Corporation Limited  
 Whole Wealth Limited (upto 29.6.2009)

**B Transactions with the Related Parties are as follows:**

Relationship	Purchase of goods /Services	Sales of goods	Rent paid	Share Application Money	Unsecured Loan	Balance outstanding as at the period end Debit / (Credit)
<b>Holding Company</b> Pantaloon Retail (India) Limited	67,289,074	1,142,348,839	-	44,500,000	-	(143,101,710)
<b>Fellow subsidiary</b> Future Value Retail Limited	-	328,142,017	-	-	-	(14,637,341)
Future Knowledge Services Limited	8,538,244	-	-	-	-	-

**Previous year details are as follows:**

Relationship	Purchase of goods	Security Deposit received	Reimbursement of expenses	Shares Issued	Unsecured Loan	Balance outstanding as at the year end Debit / (Credit)
<b>Holding Company</b> Pantaloon Retail (India) Limited	17,300,870	1,786,291	279,410	35,000,000	-	12,343,406
<b>Fellow subsidiary</b> Winner Sports Private Limited.	1,506,466	-	-	-	-	-
Future Knowledge Services Limited	4,658,596	-	-	-	-	4,405,975

**3.9 Gratuity**

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service.

The following tables summaries the components of net benefit expense recognised in the profit and loss account and the funded status and amounts recognised in the balance sheet for the plans.

**Future Mobile and Accessories Limited**

**Schedule 16 : Significant accounting policies and notes to accounts**

*(Amount in rupees, unless specified)*

**Profit and Loss account**

Net employee benefit expense (recognised in Employee Cost)

	For the year ended	
	March 31, 2010	March 31, 2009
Current service cost	588,464	421,117
Interest cost on benefit obligation	55,328	18,786
Expected return on plan assets	-	-
Net actuarial( gain) / loss recognised in the period	(384,604)	16,870
Past service cost	-	-
Net benefit expense	259,188	456,773

**Balance sheet**

Details of Provision for Gratuity

	For the year ended	
	March 31, 2010	March 31, 2009
Defined benefit obligation	950,792	691,604
Fair value of plan assets	-	-
	950,792	691,604
Less: Unrecognised past service	-	-
Plan asset / (liability)	950,792	691,604

Changes in the present value of the defined benefit obligation are as follows:

	For the year ended	
	March 31, 2010	March 31, 2009
Opening defined benefit obligation	691,604	234,831
Interest cost	55,328	18,786
Current service cost	588,464	421,117
Benefits paid	-	-
Actuarial (gains) / losses on obligation	(384,604)	16,870
Closing defined benefit obligation	950,792	691,604

The principal assumptions used in determining gratuity benefit obligations for the Company's plans are shown below:

	For the year ended	
	March 31, 2010	March 31, 2009
Discount rate	8%	8%
Expected rate of return on assets	N.A.	N.A.
Employee turnover	1	1

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.

**Note:**

The Gratuity benefits are not funded and hence disclosures with respect to fair value of plan assets as at July 31, 2008 are not applicable.

**Future Mobile and Accessories Limited**

**Schedule 16 : Significant accounting policies and notes to accounts**

*(Amount in rupees, unless specified)*

**3.10 Leave Encashment**

The Company has a defined benefit leave encashment policy. Every employee will be entitled to 30 days earned leave during the year and maximum of 90 days earned leaves can be encashed at the end of the service.

The following tables summaries the components of net benefit expense recognised in the profit and loss account and the funded status and amounts recognised in the balance sheet.

**Profit and Loss account**

Net employee benefit expense (recognised in Employee Cost)

	For the year ended	
	March 31, 2010	March 31, 2009
Current service cost	869,785	438,488
Interest cost on benefit obligation	49,592	45,300
Expected return on plan assets	-	-
Net actuarial( gain) / loss recognised in the period	(74,897)	(390,538)
Past service cost	-	-
<b>Net benefit expense</b>	<b>844,480</b>	<b>93,250</b>

**Balance sheet**

Details of Provision for Leave Encashment

	For the year ended	
	March 31, 2010	March 31, 2009
Defined benefit obligation	1,302,187	619,895
Fair value of plan assets	-	-
	<b>1,302,187</b>	<b>619,895</b>
Less: Unrecognised past service	-	-
<b>Plan asset / (liability)</b>	<b>1,302,187</b>	<b>619,895</b>

Changes in the present value of the defined benefit obligation are as follows:

	For the year ended	
	March 31, 2010	March 31, 2009
Opening defined benefit obligation	619,895	566,244
Interest cost	49,592	45,300
Current service cost	869,785	438,488
Benefits paid	(162,188)	(39,599)
Actuarial (gains) / losses on obligation	(74,897)	(390,538)
<b>Closing defined benefit obligation</b>	<b>1,302,187</b>	<b>619,895</b>

The principal assumptions used in determining Leave Encashment obligations for the Company's plans are shown below:

	For the year ended	
	March 31, 2010	March 31, 2009
Discount rate	8%	8%
Expected rate of return on assets	N.A.	N.A.
Employee turnover	1	1

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors on long term basis.

**3.11 Earnings Per Share**

	For the year ended	
	March 31, 2010	March 31, 2009
Net (loss) for calculation of basic and diluted EPS	(30,701,660)	(31,292,822)
Weighted average number of equity shares for calculating basic and diluted EPS	5,550,000	4,677,397
Nominal value per share	10	10
<b>Basic and Diluted EPS</b>	<b>(5.53)</b>	<b>(6.69)</b>

Future Mobile and Accessories Limited

Schedule 16 : Significant accounting policies and notes to accounts

(Amount in rupees, unless specified)

3.12 Unhedged Foreign Currency Exposure

Amount in Rs.

Particulars	Amount In Foreign Currency	
	As at 31.03.10	As at 31.03.09
Loans and Advances	Nil	Nil

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

(i) Quantitative details for inventories

Particulars in respect of sales, purchases and opening and closing stocks of traded goods

Particulars			Opening	Purchases	Sales	Closing Stock
<b>Mobile</b>	Quantity	Current Year	23,974	567,111	560,112	30,973
		Previous Year	(365)	(97,259)	(73,650)	(23,974)
	Value (in Rs.)	Current Year	94,297,380	2,332,992,585	2,140,763,651	109,512,862
		Previous Year	(1,561,683)	(346,661,590)	(259,496,719)	(94,297,380)
<b>Accessories</b>	Quantity	Current Year	-	-	-	-
		Previous Year	-	-	-	-
	Value (in Rs.)	Current Year	8,418,369	228,515,790	201,552,249	21,878,558
		Previous Year	(111,564)	(24,208,889)	(13,598,371)	(8,418,369)

Previous year figures in brackets

3.14 Major components of deferred tax liabilities and deferred tax assets:

Particulars	As At	
	March 31, 2010	March 31, 2009
Opening Deferred tax liabilities / (assets)		
WDV on Fixed Assets	-	48,612
Provision for doubtful debts and advances debited in Profit and Loss Account	-	(8,130,707)
Unpaid statutory liabilities / provision for compensated absences debited to Profit and Loss Account	-	(445,778)
Other items giving rise to timing differences	-	(20,219,851)
<b>Net deferred tax liability / (assets)</b>	<b>-</b>	<b>(28,747,724)</b>



**Future Mobile and Accessories Limited**

**Schedule 16 : Significant accounting policies and notes to accounts**

*(Amount in rupees, unless specified)*

**3.15 Dues from companies under the same management are as follows:**

	March 31, 2010	As At March 31, 2009
<b>Dues from companies under the same management</b>		
<b>i. Included in Loans and Advances</b>		
Pantaloon Retail (India) Ltd.		12,343,406
[Maximum amount outstanding during the year Rs. Nil (Previous Year Rs.12,343,406)]		

**3.16 Prior Period Comparatives**

Previous period's figures have been regrouped or rearranged to the current period where necessary to make them comparable to the current period's figures.


As per our report of even date.

For Lunawat & Co.  
Chartered Accountants  
F R No. 000629N

C.A. Pramod Jain  
Partner  
Membership No: 90358  
Place:  
Date:

For and on behalf of the Board of Directors of  
Future Mobile and Accessories Limited

  
Director

  
Director

**FUTURE MOBILE AND ACCESSORIES LIMITED**

**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL PROFILE**

**I. Registration Details:**

Registration No.	U51900MH2007PLC171946
Balance Sheet date	March 31, 2010
State Code	11

**II. Capital raised during the year (amounts in Rs. thousands):**

Public Issue	-	Rights Issue	-
Bonus Issue	-	Private Placement	-

**III. Position of Mobilisation and Deployment of Funds (amounts in Rs. thousands):**

Total Liabilities	308,674	Total Assets	308,674
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**Sources of funds**

Paid up Capital	55,500	Reserves & Surplus	-
Share Application Money	44,500	Unsecured Loans	-
Secured Loans	-	Deferred Tax Liability	-

**Application of Funds**

Net Fixed Assets	2,796	Investments	124
Net Current Assets	22,685	Misc. Expenditure	-
Accumulated Losses	74,395	Deffred tax Asset	-

**IV. Performance of company (amounts in Rs. thousands):**

Turnover	2,747,203	Total Expenditure	2,749,157
Profit /(Loss) before Tax	(1,954)	Loss after Tax	(30,702)
Earning Per Share (in Rs.) (Basic and Diluted)	(5.53)	Dividend [Percent]	Nil

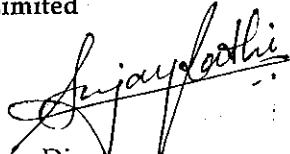
**V. Generic Names of Three Principal Products of Company (as per monetary items):**

Item Code No	N. A.
Product Description	Trading (Retailer)

For and on behalf of the Board of Directors of  
Future Mobile and Accessories Limited

Place:  
Dated:

  
Director

  
Director