

Directors' Report

To,
The Members
Future Supply Chain Solutions Limited

Directors of your Company are pleased to present the Fifth Annual Report of the Company for the financial year ended 31st March 2010.

FINANCIALS

(Rs.in lakhs)

| | For the year ended 31 March 2010 | For the year ended 31 March 2009 |
|-------------------------------|-------------------------------------|-------------------------------------|
| Operational Income | 19,672.56 | 19,331.31 |
| Other income | 619.60 | 35.60 |
| Total Income | 20,292.16 | 19,366.91 |
| Depreciation | 1,368.22 | 683.27 |
| Other Expenditure | 18,821.78 | 18,591.36 |
| Total expenditure | 20,189.99 | 19,274.63 |
| Profit before tax | 102.17 | 92.28 |
| Provision for Taxation | 78.46 | 68.04 |
| Profit after tax | 23.71 | 24.24 |
| Earning Per Share-Basic (Rs.) | 0.09 | 0.12 |

BUSINESS OVERVIEW, GROWTH AND EXPANSION

During the year under review, the Company managed to attain the turnover in spite of the downturn of the economy. The Company had to reduce its margins and increase payloads to achieve numbers similar those of to previous year and remain competitive in the market. Operational revenues of the Company stood at Rs.196.72 Crore comparing to Rs.193.31 Crore during the previous year. Net Profits of the Company is also remained unaltered at Rs.0.24 Crore comparing to Rs.0.24 Crore during the previous year due to higher amount of taxation and depreciation.

With GST coming into force from next financial year and your Company having started working on network design to meet GST requirements, the Company would have advantage of GST compliant supply chain solutions. Your Company has also plans to create new branding exercise to highlight the Company's strength and leadership advantage to garner larger market share in future. Hence, your Company is planning to be first mover being a GST compliant supply chain solutions provider and pan India warehousing Company. The Directors are optimistic about the future prospects of the business.

FOREIGN INVESTMENT

SKC 1 Limited, a part of well known Li & Fung Group, has made an investment in your Company by way of subscribing to Compulsory Convertible Debentures. The Company is a confirming party to the Debenture Subscription Agreement entered into between Pantaloon Retail (India) Limited and SKC 1 Limited. Li & Fung Group has dominating presence across the world in distribution and supply chain field and is one of the largest corporate in the world in the business. The Company would be immensely benefited with their participation, expertise and business strategies.

DIVIDEND

To conserve the financial resources, your Directors do not recommend any dividend for the year under review.

FIXED DEPOSIT

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

SUBSIDIARY

As required pursuant to section 212 of the Companies Act, 1956, the financial statements together with Directors' Report and Auditors' Report of Company's subsidiary FLSL Distribution Services Limited are enclosed with this report as Annexure – I.

DIRECTORS

Appointments during the year

The Board had appointed Mr. Rajesh Ranavat as an Additional Director of the Company w.e.f. 28 August 2009.

Appointments/ re-appointment at the AGM

In terms of section 256 of the Companies Act, 1956, Mr. Vivek Biyani retires at the ensuing Annual General Meeting of the Company. However, being eligible, he offers himself for re-appointment as Director.

In terms of section 260 of the Companies Act, 1956, Mr. Rajesh Ranavat holds office as an Additional Director till the date of ensuing annual general meeting. The Company is in receipt of a notice pursuant to the provisions of section 257 of the Companies Act, 1956 read with Articles of Association of the Company from a member proposing the candidature of Mr. Rajesh Ranavat for the appointment as a Director not liable to retire by rotation.

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 profits 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 who retire at the forthcoming Annual General Meeting are eligible for re-appointment and have expressed their willingness to accept office as such. The Company has received a certificate from them to the effect that the 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. NGS & Co; as Auditors of the Company.

AUDIT COMMITTEE

The Company has constituted an Audit Committee pursuant to the provisions of section 292A of the Companies Act, 1956 comprising the following directors:

1. Mr. C P Toshniwal
2. Mr. Rakesh Biyani
3. Mr. Rajesh Ranavat

AUDITORS' OBSERVATIONS

The auditors have observed on a few procedural aspects in their audit report, which are explained hereunder:

- a. Physical verification of inventory: The management says that physical verification would be done in current financial year as per Company's policy on periodicity of such verification.
- b. Internal Audit: The management says that audit system on internal controls is being strengthened and scope for internal audit is being widened looking at the increasing presence of the Company across the nation.

PARTICULARS OF EMPLOYEES

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 appended hereto and forms part of this report.

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 | : | Company being catering to retail sector & being in service industry, has not ventured into exports of services in any manner. |
| | Initiative taken to increase exports | : | Not Applicable |
| | Development of new Export markets | : | None |
| | Export Plans | : | Not Applicable |
| | Foreign Exchange Earned | : | Nil (P.Y. Nil) |
| | Foreign Exchange Spent | : | 430.02 lacs (P.Y.80.77 lacs) |

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 desire to place on record, their 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 for the support and co-operation extended by the Government, clients, bankers, investors and other government agencies and look forward to their continued patronage in future.

For and on behalf of the Board of Directors of
Future Supply Chain Solutions Limited

| | |
|--------------------------|-----------------|
| Sd/- | Sd/- |
| Anshuman Singh | C P Toshniwal |
| Managing Director | Director |

Mumbai, 27th August 2010

ANNEXURE II**STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956 RELATING
TO COMPANY'S INTEREST IN SUBSIDIARY COMPANY AS ON 31 MARCH 2010***(Rs. In thousand)*

| Name of the subsidiary company | FLSL Distribution Services Ltd. |
|--|--|
| 1. Financial period of subsidiary ended on | 31 st March 2010 |
| 2. Date from which it became subsidiary | 19/12/2008 |
| 3. a) Number of shares held by the Company | 50,000 Equity Shares of Rs.10/- each fully paid up |
| b) Extent of holding at the end of the financial year of the subsidiary company | 100% |
| 4. The net aggregate amount of the subsidiary company's Profit / (Loss) so far as it concerns the members of the Company | |
| a) Not dealt with the Holding Company's accounts | |
| i. For the financial year ended 31/03/2010 | (206.27) |
| ii. For the previous financial years of the subsidiary company since they became the holding company's subsidiary | (244.98) |
| b) Dealt with in holding Company's accounts | |
| i. For the financial year ended 31/03/2010 | NIL |
| ii. For the previous financial years of the subsidiary company since they became the holding company's subsidiary | NIL |

ANNEXURE II

Information as per section 217(2A) of the Companies Act, 1956 read with Company (Particulars of Employees) Rules, 1975

| Particulars | Employee | | | | | | |
|---|---|---------------------|---|----------------------|------------------------------|---------------------------|------------------------------|
| | Name | Shinesh Singhvi | Anshuman Singh | P V Sheshadri | Vasudev Anchan | Ravikant Parvataneni | Venkateswara V Rao |
| Designation of the employee | Chief - Transport & International Logistics | MD & CEO | Head - Operations, Property & Procurement | Head – Finance | Head - Operations & Projects | Coo - Transport Solutions | Head - SCM & IT & System |
| Remuneration paid (Rs.) | 2,751,510/- | 81,72,611/- | 25,73,928/- | 31,62,452/- | 34,85,155/- | 48,88,965/- | 30,21,315/- |
| Nature of duties | Operational | N.A. | Operational | Finance | Operational | Operational | Supply Chain Management & IT |
| Other Terms and conditions | None | None | None | None | None | None | None |
| Qualification of the employee | B.E.; MBA | B.E.; MBA | B.S.C. | Chartered Accountant | B.E.; MBA | B.Com.; MBA | B.E. |
| Experience of the employee (yrs) | 14 | 18 | 16 | 19 | 16 | 29 | 19 |
| Date of commencement of employment | 7 Oct. 2006 | 1 Nov. 2006 | 27 Nov. 2006 | 14 Jan. 2008 | 4 Feb. 2008 | 5 June. 2008 | 20 June. 2008 |
| Date of leaving | N.A. | N.A. | N.A. | N.A. | N.A. | N.A. | N.A. |
| Age of the employee | 36 | 41 | 42 | 45 | 41 | 53 | 43 |
| Last employment held by such employee | Reliance Retail Ltd. | Welspun Retail Ltd. | Welspun Retail Ltd. | Welspun Retail Ltd. | Reliance Retail Ltd. | AFL Private Ltd. | Cognizant |
| % of equity shares held by the employee | Nil | 3.45 | Nil | Nil | Nil | Nil | Nil |

Notes:

1. The employees have adequate experience to discharge the responsibilities assigned to them.
2. The nature of employment is contractual.
3. None of these employees is related to any director of the Company.

Auditor's Report

To,

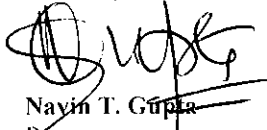
The Members of Future Supply Chain Solutions Limited (Formerly known as Future Logistic Solutions Limited)

1. We have audited the attached Balance Sheet of **Future Supply Chain Solutions Limited (Formerly known as Future Logistic Solutions 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. Without qualifying our report, we draw the attention to the note no 2(d)(i) of Schedule 16 relating to provision of depreciation of Rs.541.94 lacs pertaining to prior periods.
 - e. 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;
 - f. 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;



- g. 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


Nayin T. Gupta
Partner
Membership No. 40334



Mumbai

Date : 27 AUG 2010

Annexure to the Auditors' Report of even date to the members of Future Supply Chain Solutionon Limited (Formerly known as Future Logistic Solutions 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 not been physically verified by the management during the year and we are therefore unable to comment on the discrepancies, if any, which could have arisen on such verification. In our opinion, the frequency of verification of the fixed assets is also not reasonable having regard to the size of the Company and nature of its assets.*
- (c) In our opinion, a substantial part of fixed assets has not been disposed off during the year.
- (ii) The Company does not have any inventory. Accordingly, the provisions of clause 4(ii) of the Companies (Auditor's Report) Order 2003 (as amended) are not applicable.
- (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(iii)(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) Owing to the nature of its business, the Company does not maintain any physical inventories or sells any goods. Accordingly, clause 4(iv) of the Companies (Auditor's Report) Order 2003 (as amended) with respect to purchase of inventories and sale of goods is not applicable. In our opinion, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of fixed assets and for the sale of services. During the course of our audit, no major weakness has been noticed in the aforesaid internal control system.
- (v) 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 Future Supply Chain Solutionon Limited (Formerly known as Future Logistic Solutions Limited) , on the financial statements for the year ended March 31, 2010.

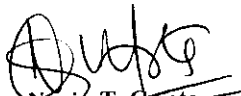
- (vii) The Company has an internal audit system, *the scope and coverage of which, in our opinion, requires to be further enhanced to be commensurate with its size and the nature of its business.*
- (viii) Since the Company is not engaged in manufacturing, processing, production and mining activities 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.



Annexure to the Auditors' Report of even date to the members of Future Supply Chain Solution Limited (Formerly known as Future Logistic Solutions Limited) , on the financial statements for the year ended March 31, 2010.

- (xvi) In our opinion, the Company has applied the term loans for the purpose for which the loans were obtained.
- (xvii) In our opinion, no funds raised on short-term basis have been used for long-term investment.
- (xviii) The Company has made preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Act. In our opinion the price at which shares have been issued is not prejudicial to the interest of the Company.
- (xix) The Company has unsecured debentures outstanding during the year on which security or charge is required to be created.
- (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

Future Supply Chain Solutions Limited
(Formerly known as Future Logistic Solutions Limited)

Annual Accounts
2009-10

future group
india tomorrow

FUTURE SUPPLY CHAIN SOLUTIONS LIMITED
(Formerly Known as Future Logistic Solutions Limited)
BALANCE SHEET AS AT MARCH 31, 2010


| Particulars | Schedule | As at March 31, 2010 (Rs. in lacs) | As at March 31, 2009 (Rs. in lacs) |
|--|----------|--|--|
| SOURCES OF FUNDS | | | |
| SHAREHOLDERS' FUNDS | | | |
| Share Capital | 1 | 2,896.30 | 2,500.00 |
| Share Application Money | | - | 100.00 |
| Reserves & Surplus | 2 | 3,703.70 | - |
| | | <u>6,600.00</u> | <u>2,600.00</u> |
| LOAN FUNDS | | | |
| Secured Loans | 3 | 3,188.54 | 3,703.11 |
| Unsecured Loans | 4 | 5,000.00 | - |
| | | <u>14,788.54</u> | <u>6,303.11</u> |
| APPLICATION OF FUNDS | | | |
| FIXED ASSETS | | | |
| Gross Block | 5 | 10,552.40 | 8,471.59 |
| Less : Accumulated Depreciation | | <u>1,919.56</u> | <u>1,161.26</u> |
| Net Block | | <u>8,632.84</u> | <u>7,310.33</u> |
| Capital Work-in-Progress (including advances) | | <u>74.86</u> | <u>188.49</u> |
| | | <u>8,707.70</u> | <u>7,498.82</u> |
| DEFERRED TAX ASSETS | | 114.62 | 175.72 |
| INVESTMENTS | 6 | 5.00 | 5.00 |
| CURRENT ASSETS, LOANS AND ADVANCES | | | |
| Sundry Debtors | 7 | 7,664.66 | 6,023.50 |
| Cash and Bank Balances | 8 | 1,146.70 | 110.30 |
| Loans and Advances | 9 | <u>2,210.79</u> | <u>2,251.72</u> |
| | | <u>11,022.15</u> | <u>8,385.52</u> |
| LESS : CURRENT LIABILITIES AND PROVISIONS | | | |
| Current Liabilities | 10 | 5,382.57 | 10,118.66 |
| Provisions | 11 | <u>70.27</u> | <u>58.91</u> |
| | | <u>5,452.84</u> | <u>10,177.57</u> |
| NET CURRENT ASSETS | | <u>5,569.31</u> | <u>(1,792.05)</u> |
| PROFIT AND LOSS ACCOUNT | | <u>391.91</u> | <u>415.62</u> |
| | | <u>14,788.54</u> | <u>6,303.11</u> |

Significant Accounting Policies and Notes on Accounts 16

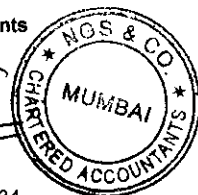
The schedules referred to above and Notes on Accounts form an integral part of the Balance Sheet

As per our report of even date

For NGS & Co.
Chartered Accountants


Navin T Gupta
(Partner)
Membership No. 40334
Place: Mumbai

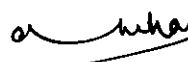
Date: 27 AUG 2010



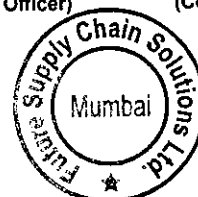
For and on behalf of the Board of Directors of
Future Supply Chain Solutions Ltd.


Anshuman Singh
(Managing Director & CEO)


C P Toshniwal
(Director)


Vasudev Anchan
(Chief Financial Officer)


Vimal Dhruve
(Company Secretary)



FUTURE SUPPLY CHAIN SOLUTIONS LIMITED

(Formerly Known as Future Logistic Solutions Limited)

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010

| Particulars | Schedule | For the year ended on March 31, 2010 (Rs. in lacs) | For the year ended on March 31, 2009 (Rs. in lacs) |
|---|----------|---|---|
| INCOME | | | |
| Revenue from Services (Refer note 2 (c) of Schedule 16) | | 19,672.56 | 19,331.31 |
| Other Income | 12 | 619.60 | 35.60 |
| Total | | 20,292.16 | 19,366.91 |
| EXPENDITURE | | | |
| Cost of Services (Refer note 2 (c) of Schedule 16) | | 13,909.01 | 14,262.84 |
| Personnel cost | 13 | 2,617.41 | 2,330.10 |
| Administration and Other Expenses | 14 | 1,906.83 | 1,755.11 |
| Finance Charges | 15 | 388.52 | 243.31 |
| Depreciation (Includes Rs. 541.94 lac relating to prior periods -Refer note 2 (d) of Schedule 16) | | 1,368.22 | 683.27 |
| Total | | 20,189.99 | 19,274.63 |
| Profit before Tax | | 102.17 | 92.28 |
| Provision for Tax | | | |
| a) Current Tax | | (17.36) | - |
| b) Deferred Tax | | (61.10) | (44.54) |
| c) Fringe Benefit Tax | | - | (23.50) |
| Profit After Taxation | | 23.71 | 24.24 |
| Add: Balance brought forward | | (415.62) | (439.86) |
| Balance carried to Balance Sheet | | (391.91) | (415.62) |
| Earning per share (Rs.) | | | |
| Basic (Refer note 2 (l) of Schedule 16) | | 0.09 | 0.12 |
| Diluted (Refer note 2 (l) of Schedule 16) | | 0.07 | 0.12 |


Significant Accounting Policies and Notes on Accounts

16

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 NGS & Co.
Chartered Accountants


Navin T. Gupta
(Partner)

Membership No. 40334

Place: Mumbai


Date: **27 AUG 2010**



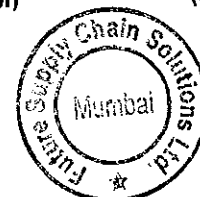
For and on behalf of the Board of Directors of
Future Supply Chain Solutions Ltd.


Anshuman Singh
(Managing Director & CEO)


C P Toshniwal
(Director)


Vasudev Anchan
(Chief Financial Officer)


Vimal Dhruve
(Company Secretary)



FUTURE SUPPLY CHAIN SOLUTIONS LIMITED
(Formerly Known as Future Logistic Solutions Limited)
Cash Flow Statement for the year ended March 31, 2010


| Particulars | For the year ended on March 31, 2010 (Rs. in lacs) | For the year ended on March 31, 2009 (Rs. in lacs) |
|--|---|---|
| A Cash Flow from Operating Activities | | |
| Net Profit/(Loss) Before Tax | 102.17 | 92.28 |
| Adjustments for : | | |
| Depreciation and Amortisation | 1,368.22 | 683.27 |
| Profit on Sales of Assets | (558.71) | - |
| Interest and Finance Charges (Net) | 388.52 | 243.31 |
| Operating profit before working capital changes | 1,300.20 | 1,018.86 |
| Adjustments for : | | |
| Trade and Other Receivable | (1,641.15) | (2,847.54) |
| Loans and Advances | 41.85 | (385.56) |
| Trade Payables | (4,736.09) | 1,537.27 |
| Other Payables | 11.36 | (7.85) |
| Cash generated from operations | (5,023.83) | (684.82) |
| Direct Taxes paid | (18.28) | (47.29) |
| Net Cash from Operating Activities | (5,042.11) | (732.11) |
| B Cash Flow From Investing Activities | | |
| Purchase of Fixed Assets / Advances for Capital Goods | (2,582.96) | (3,351.33) |
| Sale of Fixed Assets | 564.57 | 2.84 |
| Investments in Subsidiary | - | (5.00) |
| Net Cash used in Investing Activities | (2,018.39) | (3,353.49) |
| C Cash Flow from Financing Activities | | |
| Proceeds from Issue of Share Capital | 4,100.00 | 500.00 |
| Share Application Money received | (100.00) | 100.00 |
| Proceeds from Long Term Borrowing | 4,485.42 | 3,703.11 |
| Interest & Finance Charges (Net) | (388.52) | (243.31) |
| Net Cash from financing activities | 8,096.90 | 4,059.80 |
| Net increase/(Decrease) in Cash and Cash Equivalent (A+B+C) | 1,036.40 | (25.80) |
| Cash & Cash Equivalents (At the beginning of the year) | 110.30 | 136.10 |
| Cash & Cash Equivalents (At the end of the year) | 1,146.70 | 110.30 |

Note:

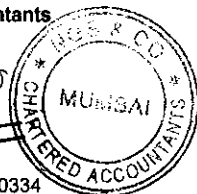
- 1) Cash Flow statement has been prepared under the 'Indirect Method' as set out in the AS-3 'Cash Flow Statements' as specified in the Companies (Accounting Standards) Rules, 2006
- 2) Purchase of Fixed Assets includes movement of capital work in progress during the year.

As per our report of even date

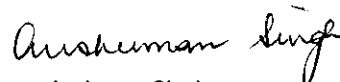
For N G S & Co.
Chartered Accountants


Navin T Gupta
(Partner)
Membership No. 40334
Place: Mumbai

Date: **27 AUG 2010**



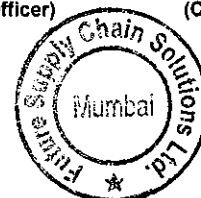
For and on behalf of the Board of Directors of
Future Supply Chain Solutions Ltd.


Anshuman Singh
(Managing Director & CEO)


C P Toshniwal
(Director)


Vasudev Anchan
(Chief Financial Officer)


Vimal Dhruve
(Company Secretary)



FUTURE SUPPLY CHAIN SOLUTIONS LIMITED
 (Formerly Known as Future Logistic Solutions Limited)
SCHEDULES FORMING PART OF THE BALANCE SHEET

| Particulars | As at March 31, 2010 (Rs. in lacs) | As at March 31, 2009 (Rs. in lacs) |
|--|--|--|
| <u>SCHEDULE 1 : SHARE CAPITAL</u> | | |
| AUTHORISED | | |
| 35,000,000 Equity Shares of Rs. 10 each. | 3,500.00 | 3,500.00 |
| | <u>3,500.00</u> | <u>3,500.00</u> |
| <u>ISSUED, SUBSCRIBED & PAID UP</u> | | |
| 28,962,962 (2009: 25,000,000) Equity Shares of Rs. 10 each fully paid up | 2,896.30 | 2,500.00 |
| Of the above | | |
| (i) 2,74,62,956 (2009: 2,44,99,994) shares are held by Pantaloon Retail (India) Limited, the Holding Company | | |
| (ii) 6 shares are jointly held with nominees of Pantaloon Retail (India) Limited | <u>2,896.30</u> | <u>2,500.00</u> |
| <u>SCHEDULE 2 : RESERVES & SURPLUS</u> | | |
| Share Premium | | |
| Balance, at beginning of the year | - | - |
| Add : Premium received during the year | 3,703.70 | - |
| | <u>3,703.70</u> | <u>-</u> |
| <u>SCHEDULE 3 : SECURED LOAN</u> | | |
| <u>Loans From Bank</u> | | |
| Rupee Term Loans | 2,479.24 | 2,739.30 |
| Working Capital Facilities | 709.30 | 963.81 |
| (Refer Note No.2 (b), Schedule 16) | <u>3,188.54</u> | <u>3,703.11</u> |
| <u>SCHEDULE 4 : UNSECURED LOANS</u> | | |
| <u>Debentures</u> | | |
| 50,00,000 Zero Coupon Fully Convertible Debentures of Rs. 100 each | 5,000.00 | - |
| | <u>5,000.00</u> | <u>-</u> |



FUTURE SUPPLY CHAIN SOLUTIONS LIMITED
(Formerly Known as Future Logistic Solutions Limited)
SCHEDULES FORMING PART OF THE BALANCE SHEET

SCHEDULE 5: FIXED ASSETS

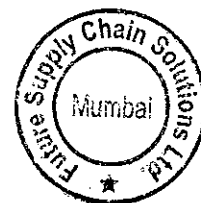
| Description | Gross Block | | | Depreciation | | | Net Block | | | |
|-----------------------------|---------------------|-----------------|---------------|---------------------|--------------------|----------------------------|------------------------------|---------------------|---------------------|---------------------|
| | As at 01.04.2009 | Additions | Deductions | As at 31.03.2010 | Upto 01.04.2009 | Adjustment For the Year | Depreciation For The Year | Up to 31.03.2010 | As At 31.03.2010 | As At 31.03.2009 |
| A: TANGIBLE ASSETS | | | | | | | | | | |
| Leasehold Improvements | 888.31 | 3.30 | - | 891.61 | 533.22 | - | 168.37 | 701.59 | 190.02 | 355.09 |
| Plant and Machinery | 4,711.53 | 1,331.59 | 392.96 | 5,650.16 | 217.68 | 392.96 | 596.27 | 420.99 | 5,229.17 | 4,493.85 |
| Electrical Installations | 801.60 | 459.70 | 106.22 | 1,155.08 | 57.46 | 106.22 | 207.14 | 158.38 | 996.70 | 744.14 |
| Computers | 1,139.77 | 240.46 | 23.71 | 1,356.52 | 245.87 | 22.59 | 220.10 | 443.38 | 913.14 | 893.90 |
| Furniture and Fixture | 463.94 | 79.15 | 63.11 | 479.98 | 43.38 | 61.42 | 90.84 | 72.80 | 407.18 | 420.56 |
| Office Equipments | 133.49 | 21.41 | 29.78 | 125.12 | 8.67 | 26.73 | 34.03 | 15.97 | 109.15 | 124.82 |
| Total A | 8,138.64 | 2,135.61 | 615.78 | 9,658.47 | 1,106.28 | 609.92 | 1,316.75 | 1,813.11 | 7,845.36 | 7,032.36 |
| B: INTANGIBLE ASSETS | | | | | | | | | | |
| Software | 263.95 | 529.98 | - | 793.93 | 42.90 | - | 43.02 | 85.92 | 708.01 | 221.05 |
| Exclusive Business Right | 69.00 | 31.00 | - | 100.00 | 12.08 | - | 8.45 | 20.53 | 79.47 | 56.92 |
| Total B | 332.95 | 560.98 | - | 893.93 | 54.98 | - | 51.47 | 106.45 | 787.48 | 277.97 |
| GRAND TOTAL (A+B) | 8,471.59 | 2,696.59 | 615.78 | 10,552.40 | 1,161.26 | 609.92 | 1,368.22 | 1,919.56 | 8,632.84 | 7,310.33 |
| Previous Year | 5,171.53 | 3,303.37 | 3.31 | 8,471.59 | 478.46 | 0.47 | 683.26 | 1,161.26 | 7,310.33 | 4,693.07 |

Capital Work in Progress Rs. 74.86 lac (2009: Rs. 188.49 lac) includes advance of Rs. 62.51 lac (2009: Rs. 82.68 lac)



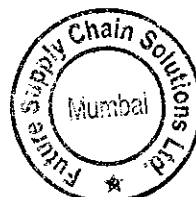
FUTURE SUPPLY CHAIN SOLUTIONS LIMITED
(Formerly Known as Future Logistic Solutions Limited)
SCHEDULES FORMING PART OF THE BALANCE SHEET

| Particulars | As at March 31, 2010 (Rs. in lacs) | As at March 31, 2009 (Rs. in lacs) |
|---|--|--|
| <u>SCHEDULE 6 : INVESTMENTS</u> | | |
| <u>Non Trade Investments</u> | | |
| (Long Term, Unquoted) | | |
| Investment in Subsidiary Company | | |
| 50000 Equity Shares of FLSE Distribution Services Limited | | |
| Rs. 10 each fully paid up | | |
| Aggregate cost of unquoted investments | <u>5.00</u> | <u>5.00</u> |
| <u>SCHEDULE 7 : SUNDRY DEBTORS</u> | | |
| (Unsecured, Considered Good) | | |
| Over Six Months | 795.62 | 105.19 |
| Others | 6,869.04 | 5,918.31 |
| (Refer Note No.2 (f), Schedule 16) | <u>7,664.66</u> | <u>6,023.50</u> |
| <u>SCHEDULE 8 : CASH AND BANK BALANCES</u> | | |
| Cash on Hand | 16.55 | 9.17 |
| Balance with Scheduled Banks: | | |
| In Current Accounts | 53.89 | 30.51 |
| In Fixed Deposit Account (Refer Note No. 2 (e), Schedule 16) | 1,076.26 | 70.62 |
| | <u>1,146.70</u> | <u>110.30</u> |
| <u>SCHEDULE 9: LOANS & ADVANCES</u> | | |
| (Unsecured, Considered Good) | | |
| Advances Recoverable in cash or in kind or for value to be received | | |
| | 379.26 | 602.35 |
| Deposits | 1,360.29 | 1,179.04 |
| Payment/Deduction of Taxes (Net of Provisions) | 471.24 | 470.33 |
| | <u>2,210.79</u> | <u>2,251.72</u> |
| <u>SCHEDULE10:CURRENT LIABILITIES</u> | | |
| Sundry Creditors: | | |
| For Expenses | 4,766.09 | 5,294.56 |
| For Capital Goods | 377.00 | 4,390.03 |
| Advances from Customers | 1.47 | 0.21 |
| Other Liabilities | 238.01 | 433.86 |
| | <u>5,382.57</u> | <u>10,118.66</u> |
| <u>SCHEDULE 11: PROVISIONS</u> | | |
| Leave Encashment and Gratuity | 70.27 | 58.19 |
| Fringe Benefit Taxation | - | 0.72 |
| | <u>70.27</u> | <u>58.91</u> |



SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT

| Particulars | For the year ended on March 31, 2010 (Rs. in lacs) | For the Year ended on March 31, 2009 (Rs. in lacs) |
|---|---|---|
| SCHEDULE 12: OTHER INCOME | | |
| Business Auxiliary Services | 0.64 | 4.58 |
| Profit on Sale of Fixed Assets | 558.71 | - |
| Miscellaneous Income | 59.53 | 31.02 |
| Gain on Foreign Exchange | 0.72 | - |
| | <u>619.60</u> | <u>35.60</u> |
| SCHEDULE 13: PERSONNEL COST | | |
| Salaries, Wages and Bonus | 2,290.23 | 2,062.94 |
| Contribution to Provident and Other Funds | 87.41 | 82.92 |
| Gratuity and Leave Encashment | 19.29 | 6.06 |
| Staff Welfare Expenses | 220.48 | 178.18 |
| | <u>2,617.41</u> | <u>2,330.10</u> |
| SCHEDULE 14: ADMINISTRATION AND OTHER EXPENSES | | |
| Power and Fuel | 261.83 | 162.48 |
| Office Rent | 164.23 | 143.78 |
| Rates and Taxes | 11.42 | 18.92 |
| Insurance | 36.03 | 21.12 |
| Repairs and Maintenance: | | |
| Building | 38.32 | 36.15 |
| Plant and Machinery | 63.07 | 13.99 |
| Others | 64.84 | 90.80 |
| Advertisement and Sales Promotion | 19.57 | 25.70 |
| Travelling and Conveyance Expenses | 286.02 | 258.31 |
| Communication Expenses | 218.63 | 184.45 |
| Printing and Stationery | 115.94 | 125.70 |
| Legal and Professional Charges | 94.57 | 90.98 |
| Auditors' Remuneration | 3.83 | 1.82 |
| Security Charges | 459.43 | 517.19 |
| Loss on foreign exchange | - | 21.92 |
| Share and Debenture Issue Expenses | 31.63 | - |
| Other Expenses | 37.47 | 41.80 |
| | <u>1,906.83</u> | <u>1,755.11</u> |
| SCHEDULE 15 : FINANCE CHARGES | | |
| Interest on | | |
| - Fixed Loans | 288.27 | 120.62 |
| - Other Loans | 57.71 | 48.07 |
| Bill Discounting Charges | 79.86 | 49.91 |
| Bank Charges | 7.97 | 27.30 |
| Less : Interest Income on Fixed Deposits | 45.29 | 2.59 |
| (Tax deducted at source Rs. 4.36 (2009: Rs 0.54)) | | |
| | <u>388.52</u> | <u>243.31</u> |



FUTURE SUPPLY CHAIN SOLUTIONS LTD
(Formerly Known as Future Logistic Solutions Limited)

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

I Registration Details

| | | | |
|--------------------|---|------------|---------------------------------|
| Registration No. | <input type="text" value="1604376"/> | State Code | <input type="text" value="11"/> |
| Balance Sheet Date | <input type="text" value="31.03.2010"/> | | |

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

| | | | |
|--------------|--------------------------------|-------------------|--------------------------------------|
| Public Issue | <input type="text" value="-"/> | Right Issue | <input type="text" value="-"/> |
| Bonus Issue | <input type="text" value="-"/> | Private Placement | <input type="text" value="400,000"/> |

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

| | | | |
|-------------------|--|--------------|--|
| Total Liabilities | <input type="text" value="1,478,854"/> | Total Assets | <input type="text" value="1,478,854"/> |
|-------------------|--|--------------|--|

Sources of Funds

| | | | |
|--------------------|--------------------------------------|-------------------------|--------------------------------------|
| Paid up Capital | <input type="text" value="289,630"/> | Share Application Money | <input type="text" value="-"/> |
| Reserves & Surplus | <input type="text" value="370,370"/> | Secured Loans | <input type="text" value="318,854"/> |
| Unsecured Loans | <input type="text" value="500,000"/> | Deferred Tax Liability | <input type="text" value="-"/> |

Application of Funds

| | | | |
|---|--------------------------------------|--------------------|-------------------------------------|
| Net Fixed Assets (Including Capital WIP) | <input type="text" value="870,770"/> | Investments | <input type="text" value="500"/> |
| Net Current Assets | <input type="text" value="556,931"/> | Deferred Tax Asset | <input type="text" value="11,462"/> |
| Accumulated Losses | <input type="text" value="39,191"/> | Misc. Expenditure | <input type="text" value="-"/> |

IV Performance of Company (Amount in Rs. Thousand)

| | | | |
|---------------------------|--|-------------------------|--|
| Turnover and Other Income | <input type="text" value="2,029,216"/> | Total expenditure | <input type="text" value="2,018,999"/> |
| Profit (Loss) before Tax | <input type="text" value="10,217"/> | Profit (Loss) After tax | <input type="text" value="2,371"/> |
| Earning per share in Rs. | <input type="text" value="0.09"/> | Dividend @ % | <input type="text" value="-"/> |

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

| | |
|------------------------|---|
| Item Code (ITC Code) | <input type="text" value="Nil"/> |
| Product Description | <input type="text" value="Logistics Services"/> |

For and on behalf of the Board of Directors of
Future Supply Chain Solutions Ltd.

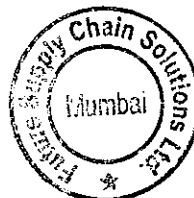
Place: Mumbai
Date: 27 AUG 2010

Anshuman Singh
Anshuman Singh
[Managing Director & CEO]

C. P. Toshniwal
C. P. Toshniwal
[Director]

Vasudev Anchan
Vasudev Anchan
[Chief Financial Officer]

Vimal Dhruve
Vimal Dhruve
[Company Secretary]



FUTURE SUPPLY CHAIN SOLUTIONS LIMITED
(Formerly known as Future Logistic Solutions Limited)

SCHEDULE - 16

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

1. SIGNIFICANT ACCOUNTING POLICIES

a) BASIS OF PREPARATION:

The financial statements have been prepared to comply in all material respects with the notified Accounting Standards by Companies Accounting Standard Rules, 2006 and the relevant provisions of the Companies Act ('The Act'), 1956. The financial statements have been prepared under the historical cost convention on the accrual basis of accounting except in case of assets for which provision for impairment is made and revaluation is carried out. The accounting policies have been consistently applied by the Company.

b) USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of the contingent liabilities on the date of the financial statements.

Actual results could differ from those estimates. Any revision to accounting estimates is recognized prospectively in current and future periods.

c) FIXED ASSETS

Tangible Assets :

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

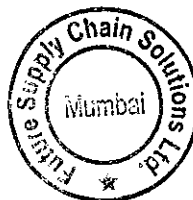
Intangible Assets :

Intangible Assets are stated at cost of acquisition less amortisation.

d) DEPRECIATION

Depreciation on tangible assets is provided using straight line method at the rates prescribes under Schedule XIV of the Companies Act, 1956. Depreciation is provided pro-rata to the period of use on all additions, except leasehold improvements which are amortised over the leasehold period and employee perquisite – related assets which are depreciated over three years.

Intangible assets like software and exclusive business rights are amortised over six and ten years respectively.



e) INVESTMENT

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.

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.

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. Revenue from 'Warehousing Operations', 'Transportation', 'Rental' services and Clearing & Freight Forwarding is recognized upon completion of the service.

Revenue from Services:

Revenue from Services rendered is recognized as the service is performed based on agreements/arrangements with the concerned parties.

Interest:

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

g) POST EMPLOYMENT BENEFITS

Defined Contribution Plan

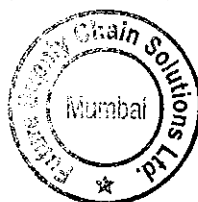
Defined Contribution to Provident Fund is charged to the Profit & Loss Account as incurred. There are no other obligation other than the contribution payable to the respective statutory authorities.

Defined Benefit Plan

Company's liability towards gratuity to past employees is determined using the projected unit credit method which considers each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation. Past services are recognized on a straight line basis over the average period until the amended benefits become vested. Actuarial gain and losses are recognized immediately in the profit and loss account as income or expense. Obligation is measured at the present value of estimated future cash flows using a discounted rate that is determined by reference to market yields at the Balance Sheet date on government securities where the currency terms of the government securities are consistent with the currency and estimate terms of the defined benefit obligation.

Other Long Term Employee Benefits

Other Long Term Employee Benefits viz, Leave Encashment are recognised as an expense in the Profit and Loss account as and when it accrues. The company determines the liability using the Project Unit Credit method, with the actuarial valuation carried out as at the Balance Sheet date. Actuarial gain and losses in respect of such benefit are charged to Profit & Loss Account.



h) LEASES

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

i) TAXATION

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

Deferred tax is measured based on the tax rates and the tax laws enacted or substantially enacted at the balance sheet date. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

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

j) EARNING PER SHARE:

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

For the purpose of calculating diluted earning 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.

k) PRELIMINARY AND SHARE ISSUE EXPENSES:

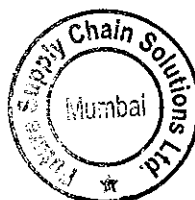
Preliminary and share issue expenses are charged off to the Profit and Loss account when incurred.

l) PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS:

A provision is recognized when a company has a present obligation as a result of a past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Contingent Liabilities are not recognised but are disclosed, while Contingent Assets are neither recognised nor disclosed, in the financial statements.

m) IMPAIRMENT OF ASSETS

An asset is treated as impaired when the carrying cost of asset exceeds its recoverable value. An impairment loss is charged to Profit and Loss Account in the year in which the asset is impaired and the impairment loss recognised in prior accounting periods is reversed if there has been a change in the estimate of recoverable amount.



2. NOTES TO THE ACCOUNTS

a) Contingent Liability:

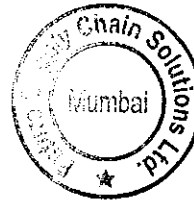
- i) Estimated amounts of contracts remaining to be executed on capital account and not provided for, net of advances aggregate Rs. 598.31 lacs. (2009 : Rs.100.93 lacs)
- ii) Bank Guarantees outstanding Rs. 25.00 lacs (2009 : Rs. 6.48 lacs)
- iii) Claims against company not acknowledged as debt Rs.110.00 Lacs (2009 : Rs. Nil)

b) Secured Loans:

Term Loan is secured by first charge on fixed assets and personal guarantee of one of the directors.

Working capital loan is secured by first charge on entire current assets, second charge on fixed assets and personal guarantee of one of the directors.

- c) Revenue from Services includes Rs. 3,391.92 lacs (2009 : Rs. 3,466.93 lacs) being rent income, while Cost of Services includes Rs. 2,707.48 lacs (2009 : Rs. 2,694.69 lacs) being Rent Paid.
- d) (i) Depreciation for the year includes Rs.541.94 lacs(2009 : Rs.Nil) for prior period relating to assets individually costing less than Rs.5,000/-.
(ii) Depreciation for the year includes Rs. 64.43 lacs (2009 : Rs. 22.62 lacs) being assets written off due to closure of Warehouses during the year.
- e) Fixed Deposits with bank amounting to Rs. 6.25 lacs (2009 : Rs. 1.62 lacs) are under lien for the guarantees given by bank on behalf of the company.
- f) Balances shown due to / from sundry creditors and sundry debtors are subject to confirmations.



- g) Sundry Debtors includes amounts due from following companies under the same management within the meaning of sub-section (1B) of Section 370 of the Companies Act, 1956.

| Sr No. | Name of the company | (Rs. in lacs) | |
|--------|--------------------------------------|---------------|---------------|
| | | March 31'2010 | March 31'2009 |
| 1 | Pantaloon Retail India Limited | 1,144.99 | - |
| 2 | Home Solutions Retail India Ltd | 3,350.75 | 1579.55 |
| 3 | Future Agrovet Limited | 87.70 | 111.51 |
| 4 | Future Bazaar India Ltd | - | 0.74 |
| 5 | Future E Commerce Infrastructure Ltd | - | 25.47 |
| 6 | Home Lighting India Ltd | - | 0.12 |
| 7 | Future Consumer Products Ltd | 4.93 | 7.48 |
| 8 | Future Media (India) Ltd | - | 0.04 |
| 9 | Future Learning & Development Ltd | - | 0.92 |
| 10 | Winner Sports Pvt Ltd | 1.14 | - |
| 11 | Future Value Retail Ltd | 1,848.81 | - |
| 12 | FLSL Distribution Services Limited | 25.29 | - |

- h) The company has not received any intimation from "suppliers" regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence, disclosures, if any, relating to amount unpaid as at year end together with interest payable as required under the said Act has not been given.

i) Related Party disclosures

Relationships (Related Party relationships are as identified by the Company and relied upon by the Auditors)

- (i) Holding Company - Pantaloon Retail (India) Limited.
- (ii) Subsidiary Company - FLSL Distribution Services Limited.
- (iii) Fellow Subsidiaries -
- Home Solutions Retail (India) Limited.
 - Home Lighting India Limited.
 - Future Agrovet Limited.
 - Future Knowledge Services Limited.
 - Future E-Commerce Infrastructure Limited.
 - Winner Sports Limited.
 - Future Value Retail Limited (Formerly Pantaloon Future Ventures Limited).
 - Future Consumer Product Limited

(iv) Key Management Personnel -

Anshuman Singh (Managing Director & CEO)



During the year following transactions were carried out with the related parties in the ordinary course of business:

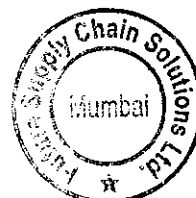
| Nature of Transactions | (Rs. in lacs) | | | |
|---|--------------------------|--|--------------------|--------------------------|
| | Holding Company | Associate Companies/ Fellow Subsidiaries/ Joint Ventures | Subsidiary Company | Key Management Personnel |
| Share Application Money Received / Paid | 4,000.00 (450.00) | - (-) | - (5.00) | - (100.00) |
| Share Allotment | 296.30 (450.00) | - (-) | - (5.00) | 100.00 (-) |
| Share Premium | 3,703.70 (-) | - (-) | - (-) | - (-) |
| Purchase of Fixed Assets | 6.20 (9.64) | 366.95 (7.33) | - (-) | - (-) |
| Services Rendered | 10,593.83 (13,728.78) | 8013.59 (5188.62) | 23.05 (-) | - (-) |
| Reimbursement of Expenses (Net) | 45.55 (267.19) | 251.67 (-) | 2.24 (-) | - (-) |
| Remuneration | - | - | - | 81.73 (93.05) |
| Balances Payable | (-) (66.63) | 115.55 (-) | (-) (-) | (-) (-) |
| Balances Receivable | 1,144.99 (-) | 5,293.33 (1725.10) | 25.29 (-) | (-) (-) |

Note: Figures in brackets relate to previous year

Above statement includes following transactions with Fellow Subsidiaries for amounts exceeding 10% in value:

| Nature of Transactions | (Rs. in lacs) | | | |
|---------------------------------|-------------------------------------|-----------------------------|-----------------------------------|--|
| | Home Solutions Retail India Limited | Future Value Retail Limited | Future Knowledge Services Limited | Future E-Commerce Infrastructure limited |
| Purchase of Fixed Assets | 4.76 (7.33) | - (-) | 362.18 (-) | - (-) |
| Services Rendered | 5,450.09 (4,875.16) | 2,502.46 (-) | - (-) | 26.01 51.02 |
| Reimbursement of Expenses (Net) | 0.26 (-) | 11.25 (-) | 136.57 (-) | 104.60 (-) |
| Balances Payable | - (-) | - (-) | 41.56 (-) | 32.81 25.47 |
| Balances Receivable | 3,350.75 (1,579.55) | 1,848.81 (-) | - (-) | - (-) |

Note: Figures in brackets relate to previous year



j) Deferred tax liability

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

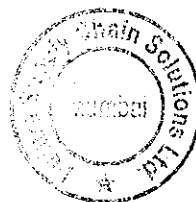
| Particulars | (Rs. In lacs) | |
|--|---------------|---------------|
| | 2009-10 | 2008-09 |
| Deferred Tax Liability Related to Fixed Assets | 466.72 | 375.02 |
| Deferred Tax Assets | 466.72 | 375.02 |
| Disallowances under the Income Tax Act,1961/ Provisions | 27.26 | 26.05 |
| Carry forward losses/ unabsorbed depreciation | 554.08 | 524.69 |
| | 581.34 | 550.74 |
| Deferred Tax Assets (Net) | 114.62 | 175.72 |

k) Payment to Auditors

| Fees (excluding service tax) | (Rs. In lacs) | |
|------------------------------|---------------|-------------|
| | 2009-10 | 2008-09 |
| Statutory Audit Fees | 2.50 | 1.50 |
| Tax Audit Fees | 0.25 | 0.25 |
| Other Matters | 1.08 | - |
| Reimbursement of Expenses | - | 0.07 |
| Total | 3.83 | 1.82 |

l) Computation of Earnings Per Share

| Particulars | 2009-10 | 2008-09 |
|---|------------|------------|
| Profit (Loss) after tax (Rs. In lacs) | 23.71 | 24.24 |
| Weighted average number of equity shares outstanding during the period - Basic | 27,572,602 | 20,917,808 |
| Weighted average number of equity shares outstanding during the period - Diluted | 34,785,887 | 20,920,548 |
| Earnings per share of Rs.10/- each | | |
| - Basic | 0.09 | 0.12 |
| - Diluted | 0.07 | 0.12 |



m) Lease

The company has taken various warehouses/Offices on leases. The lease rentals recognised in the profit and loss account for the year are Rs. 2871.71 lacs (previous year Rs. 2,838.47 lacs). The future lease payments of operating lease are as follows:

| Minimum Lease Payments : | (Rs. in lacs) | |
|---|----------------------|----------------|
| | 2009-10 | 2008-09 |
| Not later than one year | 2759.72 | 2409.53 |
| Later than one year but not later than five years | 7472.39 | 5492.97 |
| Later than five years | 3133.95 | 1813.21 |

n) Value of Imports (on CIF basis)

| Particulars | (Rs. in lacs) | |
|--------------------|----------------------|----------------|
| | 2009-10 | 2008-09 |
| Capital Goods | 10.10 | 700.37 |

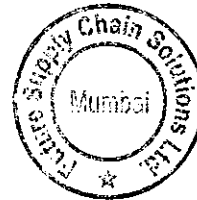
o) Expenditure in Foreign Currency

| Particulars | (Rs. in lacs) | |
|--------------------|----------------------|----------------|
| | 2009-10 | 2008-09 |
| Travel | 4.16 | 4.12 |
| Professional Fees | 58.78 | 76.65 |
| Freight | 367.08 | - |

p) Particulars of remuneration and other benefits provided to directors for the year ended 31st March 2010 are set out below.

| Particulars | (Rs. In lacs) | |
|----------------------|----------------------|----------------|
| | 2009-10 | 2008-09 |
| Salary & Perquisites | 81.73 | 93.05 |
| Sitting Fees | - | - |
| Commission | - | - |

Remuneration mentioned above is in excess of limits prescribed under Schedule XIII of the Companies Act, 1956. As required under the said Schedule the Company has applied to Central Government for the approval of remuneration, which is not yet received.



q) **Disclosure pursuant to Accounting Standard 15 – Employee Benefits**

Defined Contribution Plan

Amount recognised as an expenses and included in Schedule 12 under the head 'Contribution to Provident and Other Funds" of Profit & Loss account Rs. 87.41 (Rs. 82.92) lacs.

Defined Benefit Plan

Reconciliation of Opening and Closing balances of Defined Benefit Plan

(Rs. in lacs)

| | Gratuity (Funded) | | Leave Encashment (Unfunded) | |
|--|-------------------|---------|-----------------------------|---------|
| | 2009-10 | 2008-09 | 2009-10 | 2008-09 |
| Present value of obligation at the beginning of the year | 34.82 | 18.69 | 23.37 | 48.07 |
| Current service cost | 15.17 | 14.31 | 11.40 | 8.99 |
| Interest cost | 2.79 | 1.49 | 1.87 | 3.84 |
| Acturial (gain)/Loss | (8.95) | 0.42 | (1.32) | (21.58) |
| Benefits paid | (2.26) | (0.09) | (6.61) | (15.95) |
| Present value of obligation at the end of the year | 41.57 | 34.82 | 28.71 | 23.37 |

Reconciliation of Opening and Closing balances of Fair value of plan assets

(Rs. in lacs)

| | Gratuity (Funded) | |
|--|-------------------|---------|
| | 2009-10 | 2008-09 |
| Fair value of plan assets at the beginning of the year | 20.86 | 18.74 |
| Expected return on plan assets | 1.67 | - |
| Acturial gain/(loss) | 0.37 | 2.21 |
| Employer contribution | - | - |
| Benefits paid | (2.26) | (0.09) |
| Fair value of plan assets at the end the year | 20.64 | 20.86 |

Reconciliation of fair value of assets and obligation

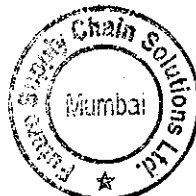
(Rs. in lacs)

| | Gratuity Funded | | Leave Encashment | |
|---|-----------------|---------|------------------|---------|
| | 2009-10 | 2008-09 | 2009-10 | 2008-09 |
| Present value of obligation | 41.57 | 34.82 | 28.71 | 23.37 |
| Less: Fair Value of the plan assets | (20.64) | (20.86) | - | - |
| Liability Recognised in the Balance sheet | 20.93 | 13.96 | 28.71 | 23.37 |

Expenses recognised in the Profit & Loss

Rs. in lacs

| | Gratuity (Funded) | | Leave Encashment | |
|--------------------------------|-------------------|---------|------------------|---------|
| | 2009-10 | 2008-09 | 2009-10 | 2008-09 |
| Current service cost | 15.17 | 14.31 | 11.40 | 8.99 |
| Interest cost | 2.79 | 1.49 | 1.87 | 3.84 |
| Expected return on plan assets | (1.67) | - | - | - |
| Acturial (gain)/Loss | (8.95) | (1.79) | (1.32) | (21.58) |
| Net Cost | 7.34 | 14.01 | 11.95 | (8.75) |



The principle assumptions used in the actuarial valuation are as below

| | Gratuity (Funded) | | Leave Encashment | |
|---|-------------------|---------|------------------|---------|
| | 2009-10 | 2008-09 | 2009-10 | 2008-09 |
| Discounted rate (per annum) | 8% | 8% | 8% | 8% |
| Expected rate of future salary increase | 4% | 4% | 4% | 4% |

- r) Necessary provisions are made for present obligations that arise out of events prior to the balance sheet date entailing future outflow of economic resources. Such provisions reflect best estimates based on available information.
- s) The company is engaged only in Logistic business and 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.
- t) Previous Year's figures have been regrouped wherever necessary only to confirm to the current year's presentation.
- u) Additional information pursuant to para 3(a); 4C and 4D of Part II to Schedule VI of the Companies Act, 1956 has not been disclosed to the extent not applicable or nil during the year.

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
Future Supply Chain Solutions Ltd.

Anshuman Singh
Anshuman Singh
[Managing Director & CEO]

Vasudev Anchan
Vasudev Anchan
[Chief Financial Officer]

C. P. Toshniwal
C. P. Toshniwal
[Director]

Vimal Dhruve
Vimal Dhruve
[Company Secretary]

