

BOARD'S REPORT

To,
The Members
Futurebazaar India Limited

Your Directors 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 31.03.2010	For the year ended 31.03.2009
Sales & Other Operating Income	6455.14	7188.16
Other Income	0.39	248.24
Total Income	6455.53	7436.40
Expenditure (excluding depreciation)	6421.39	7416.52
Depreciation	Nil	Nil
Total expenditure	6421.39	7416.52
Profit/ (Loss) before tax	34.14	19.88
Taxes and Provisions	10.09	25.05
Profit/ (Loss) after tax	24.05	(5.18)
Earning Per Share-Basic and Diluted (Rs.)	0.13	(0.07)

BUSINESS OVERVIEW, GROWTH AND EXPANSION

The Company has achieved a total turnover of Rs. 6455.14 lacs during the year under review. Performance of the Company has turned around during the reporting year and witnessed a net profit of Rs.24.05 lacs. Company's portal www.futurebazaar.com has been receiving tremendous response from many parts of the country. FutureBazaar provides an integrated shopping site where consumers are able to buy products from the flagship stores of the Group including eZone, Pantaloons and Big Bazaar. FutureBazaar delivers across more than 1500 cities and towns in India. Your directors expect to maintain growth in terms of sales and profitability.

DIVIDEND

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

FIXED DEPOSIT

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

DIRECTORS

Appointment since last AGM

Mr. Rakesh Biyani was co-opted as an additional Director w.e.f. 21st October 2009.

Resignations during the year

Mr. Prashant Desai resigned from directorship w.e.f. 21st October 2009. The Board of Directors places on record its appreciation for the valuable services rendered by him during his tenure as director of the Company.

Appointment/ Re- appointment at the AGM

Pursuant to the provisions of section 255 and 256 of the Companies Act, 1956, Ms. Ashni Biyani will retire at the forthcoming annual general meeting. Being eligible, she offers herself for the re-appointment as Director.

Pursuant to the provisions of section 260 of the Companies Act, 1956, Mr. Rakesh Biyani holds office of director till the date of ensuing annual general meeting. The Company has received a notice pursuant to section 257 of the Companies Act, 1956 from a member proposing the candidature of Mr. Rakesh Biyani for the appointment as Director.

DIRECTORS' RESPONSIBILITY STATEMENT

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

1. that in the preparation of the Annual Accounts for the financial year ended 31st March, 2010, the applicable accounting standards have been followed along with proper explanations relating to material departures;
2. that the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit 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, retire at the ensuing Annual General Meeting and eligible for re-appointment. The Company has received a certificate from them to the effect that their re-appointment, if made at the ensuing annual general meeting, would be within the limits prescribed under Section 224(1B) of the Companies Act, 1956.

RE-CONSTITUTION OF AUDIT COMMITTEE

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

1. Mr. Dinesh Maheshwari - Non-executive Director
2. Ms. Ashni Biyani - Non-Executive Director
3. Mr. Rakesh Biyani - Non-Executive Director

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	:	0.07 Cr (P. Y.0.12 Cr)

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 would like to place on record, its appreciation to all employees at all level for their dedicated efforts.

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 and investors from time to time and look forward to their continued patronage in future.

For and on behalf of the Board of
Futurebazaar India Limited

Sd/-
Dinesh Maheshwari
Director

Sd/-
Ashni Biyani
Director

Mumbai, June 3, 2010

Auditor's Report

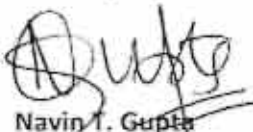
To,
The Members of Futurebazaar India Limited

1. We have audited the attached Balance Sheet of **Futurebazaar India 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 disclosure 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. Further to our comments in the Annexure referred to above, we report that:
 - a. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - c. The financial statements dealt with by this report are in agreement with the books of account;
 - d. In our opinion the financial statements dealt with by this report comply with the accounting standards referred to in sub section (3C) of section 211 of the Companies Act, 1956.
 - e. On the basis of written representations received from the directors, as on **March 31, 2010** and taken on record by the Board of Directors, we report that none of the directors is disqualified as on **March 31, 2010** from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act;



- f. In our opinion and to the best of our information and according to the explanations given to us, the financial statements dealt with by this report give the information required by the Act, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, in the case of:
- i) the Balance Sheet, of the state of affairs of the Company as at **March 31, 2010**;
 - ii) the Profit and Loss Account, of the profit for the year ended on that date; and
 - iii) the Cash Flow Statement, of the cash flows for the year ended on that date

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


Navin T. Gupta

Partner
Membership No. 40334



Mumbai

Date 3 JUN 2010

Annexure to the Auditors' Report of even date to the members of Futurebazaar India 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) The Company does not have any fixed assets. Accordingly, the provisions of clause 4(i) of the Order are not applicable.
- (ii) The Company does not have any inventory. Accordingly, the provisions of clause 4(ii) of the Order 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 Order are not applicable.

(e) 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 Order are not applicable.
- (iv) There are no transactions pertaining to purchase of fixed assets and sale of services during the year. 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 inventory and for the sale of goods.
- (v) (a) In our opinion, the particulars of all contracts or arrangements that need to be entered into the register maintained under section 301 of the Act have been so entered.

(b) In our opinion, the transactions made in pursuance of such contracts or arrangements and exceeding the value of rupees five lakhs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- (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 Order are not applicable.
- (vii) In our opinion, the company has an internal audit system commensurate with the size and nature of its business.



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

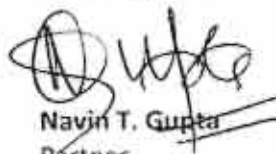
- (viii) Since the Company is neither engaged in manufacturing, processing, production and mining activities, to the best of our knowledge and belief, the Central Government has not prescribed maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Act. Accordingly, the provisions of clause 4(viii) of the Order 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 of were outstanding at the year end for a period of more than six months from the date they become payable.
- (b) There are no dues in respect of income tax, sales tax, wealth tax, service tax, customs duty, excise duty and cess that have not been deposited with the appropriate authorities on account of any dispute.
- (x) The Company has been registered for a period of less than five years. Accordingly, the provisions of clause 4(x) of the Order are not applicable.
- (xi) The Company has no dues payable to a financial institution or a bank or debenture holders during the year. Accordingly, the provisions of clause 4(xi) of the Order are not applicable.
- (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 Order 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 Order 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 Order 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 Order are not applicable.
- (xvi) The Company did not have any terms loans outstanding during the year. Accordingly, the provisions of clause 4(xvi) of the Order are not applicable.



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

- (xvii) In our opinion, no funds raised on short-term basis have been used for long-term investment.
- (xviii) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Act. Accordingly, the provisions of clause 4(xviii) of the Order are not applicable.
- (xix) The Company has neither issued nor had any outstanding debentures during the year. Accordingly, the provisions of clause 4(xix) of the Order are not applicable.
- (xx) The Company has not raised any money by public issues during the year. Accordingly, the provisions of clause 4(xx) of the Order 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

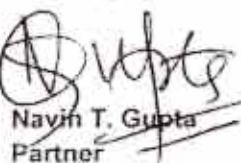
Date 3 JUN 2010

Futurebazaar India Limited
Balance Sheet as at March 31, 2010

Particulars	Schedule	As At March 31, 2010 Rs. in '000	As At March 31, 2009 Rs. in '000
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	1	191,600.00	191,600.00
TOTAL		191,600.00	191,600.00
APPLICATION OF FUNDS			
Investments	2	25.00	-
Deferred Tax Assets		55,996.64	57,005.53
Current Assets, Loans and Advances			
Inventories	3	-	-
Sundry Debtors	4	23,659.46	259,141.06
Cash and Bank Balances	5	2,531.56	4,929.56
Loans and Advances	6	3,092.21	46,915.27
(A)		29,283.23	310,985.89
Less: Current Liabilities and Provisions			
Current Liabilities	7	25,616.56	310,696.58
Provisions	8	300.12	311.87
(B)		25,916.67	311,008.45
Net Current Assets (A - B)		3,366.56	(22.56)
Profit and Loss Account		132,211.80	134,617.02
TOTAL		191,600.00	191,600.00
Notes to Accounts	15		

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

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


Navin T. Gupta
Partner


Membership No. 40334

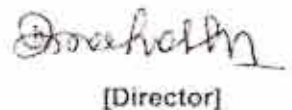
Place :

Date : 3 JUN 2010



For and on behalf of the Board of Directors
Futurebazaar India Limited


[Director]


[Director]


[Finance Controller]



Futurebazaar India Limited
Profit and Loss Account for the year ended on March 31, 2010

Particulars	Schd	For the Year ended on March 31, 2010 Rs. in '000	For the Year ended on March 31, 2009 Rs. in '000
INCOME			
Turnover (Gross)			
Sales and Other Operating Income	9	645,513.61	718,815.70
Other Income	10	39.25	24,823.85
		<u>645,552.86</u>	<u>743,639.55</u>
EXPENDITURE			
Cost of Goods Sold	11	622,129.05	701,755.37
Personnel expenses	12	309.48	6,957.31
Operating and other expenses	13	17,208.69	28,144.07
Financial expenses	14	2,491.53	4,794.96
TOTAL		<u>642,138.74</u>	<u>741,651.71</u>
Profit before tax, extraordinary and prior period items		3,414.12	1,987.84
Provision for Taxation			
Current Year Taxes		-	-
Deferred Tax charge		1,008.89	2,493.17
Fringe benefit tax		-	12.34
Total Tax Expense		<u>1,008.89</u>	<u>2,505.51</u>
Profit after tax and before extraordinary and prior period items		<u>2,405.23</u>	<u>(517.66)</u>
Prior Period Expenses		-	835.29
Net profit for the year		<u>2,405.23</u>	<u>(1,352.95)</u>
Balance brought forward from previous year		(134,617.03)	(133,264.07)
Loss Carried to the Balance Sheet		<u>(132,211.80)</u>	<u>(134,617.03)</u>

Earnings per share (FV Rs.10/-) (Basic and Diluted)
[Refer Note No. 2(j), Schedule 15]

0.13 (0.07)

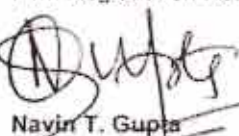
Notes to Accounts

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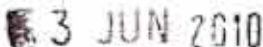
The schedules referred to above and notes to accounts form an integral part of the Profit and Loss Account
As per our report of even date

For NGS & CO.
Chartered Accountants
Firm Registration No. 119850W

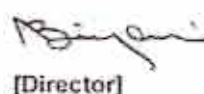
For and on behalf of the Board of Directors
Futurebazaar India Limited


Navin T. Gupta
Partner

Membership No. 40334
Place

Date 




[Director]


[Director]


[Finance Controller]



Particulars	For the Year ended on March 31, 2010 Rs. in '000	For the Year ended on March 31, 2009 Rs. in '000
A. Cash Flow from Operating Activities		
Net Profit before Tax and Extraordinary items.	3,414.12	1,987.84
Adjustments :	-	-
Operating Profit before Working Capital changes	3,414.12	1,987.84
Adjustments for		
(Increase) / Decrease in Inventories	-	1,415.93
(Increase) / Decrease in Trade receivables	235,481.61	(239,528.51)
(Increase) / Decrease in Loans and advances	43,823.05	70,764.19
(Decrease) / Increase in Trade payables	(63,829.06)	(53,451.65)
(Decrease) / Increase in Other payables	(221,262.72)	187,131.35
Cash generated from operations	(2,373.00)	31,680.85
Fringe Benefit Tax paid	-	(12.34)
Prior Period Income	-	(835.29)
Cash flow before Extraordinary items	(2,373.00)	(32,528.47)
Net Cash from operating activities	(2,373.00)	(32,528.47)
B. Cash Flow from Investing Activities		
(Increase) in Investment in NSC	(25.00)	-
Net Cash used in Investing Activities	(25.00)	-
C. Cash Flow from Financing Activities		
Net Cash from Financing Activities	-	-
Net Cash (A+B+C)	(2,398.00)	(32,528.47)
Cash and Cash Equivalents (Opening Balance)	4,929.56	37,458.04
Cash and Cash Equivalents (Closing Balance)	2,531.56	4,929.57

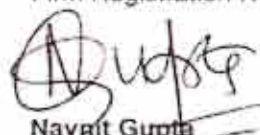
Note: The Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Accounting Standard 3 : "Cash Flow Statements" issued by the Institute of Chartered Accountants of India

As per our Report of even date attached

For NGS & Co

Chartered Accountants

Firm Registration No.: 119850W


Navnit Gupta

Partner

Membership No: 40334

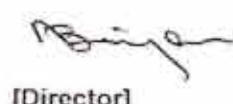


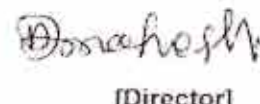
Place : MUMBAI

Date : 3 April 2010

For and on behalf of the Board of Directors

Futurebazaar India Limited


[Director]


[Director]


[Finance Controller]



Futurebazaar India Limited
Schedules to the Balance Sheet as at March 31, 2010

Particulars	As At March 31, 2010 Rs. in '000	As At March 31, 2009 Rs. in '000
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Schedule 1 : Share capital

Authorised

2,00,00,000 Equity Shares of Rs. 10/- each	200,000	200,000
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Issued & Subscribed & Paid-up Capital

1,91,60,000 equity shares of Rs. 10/- each fully paid	191,600	191,600
	191,600	191,600

Out of above 1,91,60,000 (2009: 1,91,60,000) equity shares of Rs. 10/- each are held by Pantaloon Retail India Limited, the holding Company

Schedule 2 : Investments

Long Term (Unquoted, Non-Trade) National Saving Certificates [Refer Note No. 2(b). Schedule 15]	25.00	-
	25.00	-

Schedule 3 : Inventories (at lower of cost and net realisable value)

Inventories of Traded Goods	-	2,541.99
Less: Provision for Inventories	-	(2,541.99)
	-	-

Schedule 4 : Sundry Debtors

Debts outstanding for a period exceeding six months		
Unsecured, Considered Doubtful	-	19,028.84 *
Unsecured, Considered good	17,365.08	-
Other debts		
Unsecured, considered good *	6,294.37	259,141.06
	23,659.46	278,169.90
Less: Provision for doubtful debts	-	(19,028.84)
* [Refer Note No. 2 (d). Schedule 15]	23,659.46	259,141.06

Schedule 5 : Cash and Bank Balances

Balances with Scheduled banks		
On current accounts	2,057.36	4,394.31
On deposit accounts	474.20	535.25
[Refer Note No. 2(b), Schedule 15]	2,531.56	4,929.56



Futurebazaar India Limited
Schedules to the Balance Sheet as at March 31, 2010

Particulars	As At March 31, 2010 Rs. in '000	As At March 31, 2009 Rs. in '000
Schedule 6 : Loans and Advances		
Unsecured, Considered Good		
Advances recoverable in cash or kind or for value to be received		
- From Government Authorities	1,779.31	1,732.85
- From Others*	484.15	44,411.60
- Less: Provision for Doubtful Advances	-	(525.01)
* [Refer Note No. 2(e) Schedule 15)]	2,263.46	43,886.59
Security Deposits	-	500.00
Payments, Deductions and Refund of Income Tax	828.76	795.83
	<u>3,092.21</u>	<u>46,915.27</u>

Schedule 7 : Liabilities

Sundry Creditors	24,570.29	88,399.35
Advance from Customers	1,005.78	222,294.19
Other Liabilities	40.48	3.04
	<u>25,616.56</u>	<u>310,696.58</u>

Schedule 8 : Provisions

Provision for Fringe Benefit Tax	294.93	306.47
Provision for Gratuity	3.38	3.55
Provision for Leave Encashment	1.81	1.85
	<u>300.12</u>	<u>311.87</u>



Particulars	March 31, 2010 Rs. in '000	March 31, 2009 Rs. in '000
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Schedule 9: Sales and Other Operating Income

Sales	651,689.29	727,157.41
Less: Vat/Sales Tax	(6,175.68)	(20,920.07)
Sales (Net)	645,513.61	706,237.33
Other Operating Income	-	12,578.37
	<u>645,513.61</u>	<u>718,815.70</u>

Schedule 10 : Other Income

Interest Income (TDS Rs Nil; 2009: - TDS Rs. Nil)	39.23	33.93
Sundry Balances Written Off	-	24,788.90
Miscellaneous income	0.02	1.02
	<u>39.25</u>	<u>24,823.85</u>

Schedule 11 : Cost of Goods Sold

Opening Stock	2,541.99	2,535.93
Add: Purchases	619,587.06	701,761.44
Subtotal	622,129.05	704,297.36
Less: Closing Stock	-	2,541.99
Cost of Goods Sold	<u>622,129.05</u>	<u>701,755.37</u>

Schedule 12 : Personnel Expenses

Salaries, Wages and Bonus	303.87	6,945.31
Gratuity and Leave Encashment Expenses	(0.21)	(6.24)
Contribution to Provident and Other Funds	5.82	18.25
	<u>309.48</u>	<u>6,957.31</u>



Particulars	March 31, 2010 Rs. in '000	March 31, 2009 Rs. in '000
Schedule 13 : Operating and Other Expenses		
Rent	12.99	-
Rates and taxes	12.75	66.31
Insurance	66.88	1,059.12
Legal and professional fees	1,532.33	5,561.09
Advertisement and Sales Promotions	739.16	-
Auditor's remuneration		
- Audit fee	110.30	110.30
- Tax audit fee	38.61	38.61
Bad Debts	3,417.04	11,257.96
Provision for Non-Moving Inventories	-	1,421.99
Excess Provisions for Doubtful Advances Reversed	(374.09)	525.01
Provision for Doubtful Debts	-	7,920.52
CENVAT Credit Written Off	11,420.79	-
Miscellaneous Expenses	231.92	183.15
	17,208.69	28,144.07

Schedule 14 : Financial Expenses

Bank charges	2,491.53	4,794.96
	2,491.53	4,794.96



SCHEDULE - 15

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 Accounting Standards notified by Companies Accounting Standard Rules, 2006 and the relevant provisions of the Companies Act ('The Act'), 1956. The financial statements have been prepared under the historical cost convention on the accrual basis of accounting. 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. Difference between the actual results and estimates is recognized in the period in which the results are known/ materialized.

c) FIXED ASSETS

Tangible Assets:

Fixed 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.

d) DEPRECIATION

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



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 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. During the current year end, the accrued liability towards gratuity is provided on actuarial basis as on the Balance Sheet date as per revised Accounting Standard AS-15 "Employee Benefits" (Revised) as issued by the Institute of Chartered Accountants of India.

Other Long Term Employee Benefits

Other Long Term Employee Benefits viz, Leave Encashment are recognised as an expense in the Profit & 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.

i) 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.

j) TAXATION

Tax expense comprise of current and deferred tax. Current income tax is measured at the amounts expected to be paid to the tax authorities in accordance with the Indian Income Tax Act, 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, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.



e) INVESTMENT

Investments intended to be held for not more than a year are classified as current Investments and valued at lower of cost and fair value.

Long term Investments are stated at cost. Provision for diminution in value is made only if in the opinion of management such a decline is other than temporary.

f) INVENTORIES

Inventories are valued at lower of cost or net realisable value. Cost includes purchase cost. Cost of inventories is determined based on weighted average basis. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs necessary to make the sale.

g) REVENUE RECOGNITION

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

Sale of Goods

Sale is recognised 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 are recorded net of sales tax and value added tax.

Shipping Income

Shipping Income is the charges collected for delivering products to the buyers its recognition is similar to that of Sale of Goods.

Interest

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

h) POST EMPLOYMENT BENEFITS

Defined Contribution Plan

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



k) **EARNING PER SHARE:**

Basic earnings per share are 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 earnings per share the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

l) **PRELIMINARY EXPENSES:**

Preliminary expenses are charged off to the Profit and Loss account as incurred.

m) **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.

n) **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) (i) Contingent Liability : Nil (2009: – Nil)

(ii) Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of advances) Rs. Nil (2009: Nil)

b) Fixed Deposits with bank and NSC are under lien with Sales Tax Department.

c) The balances of Sundry Debtors, Loans & Advances and Sundry Creditors are subject to confirmation and consequential reconciliation/adjustments arising there from, if any. The management, however, does not expect any material variation.



- d) 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.

(Rs. in '000)

Sr No.	Name of the company	2009-10	2008-09
1	Staples Future Office Products Pvt. Ltd.	48.98	1,393.05
2	Pantaloon Retail India Limited	4,682.94	Nil
		7,187.63	1,393.05

- e) Loans and advances include amounts due from following companies under the same management within the meaning of sub-section (1B) of Section 370 of the Companies Act, 1956.

(Rs. in '000)

Sr No.	Name of the company	2009-10	2008-09
1	Home Solution Retail India Limited	NIL	3,904.13
2	Pantaloon Retail India Limited	NIL	28,484.56
3	Future Value Retail Limited	196.45	NIL
		196.45	32,388.69

- f) Details of dues to Micro, Small and Medium Enterprises as per Micros Small and Medium Enterprise Development Act, 2006.

There are no suppliers who are registered as micro, small or medium enterprise under "The Micro, Small and Medium Enterprise Development Act, 2006" as at March 31, 2010.

The information regarding micro, small or medium enterprises have been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the auditors.



g) Quantitative Details for the year ended March 31, 2010

(Rs. in '000)

Category	Opening Stock		Purchases		Sales*		Closing Stock	
	Units	Amount	Units	Amount	Units	Amount	Units	Amount
Apparels/ General / Gift Vouchers	5,884	2,541.99	1,21,004	1,17,982.58	1,26,888	1,43,603.65	-	-
Fabrics	-	-	12,05,920	5,01,608.48	12,05,920	5,01,909.96	-	-
Total		2,541.99		6,19,587.06		6,45,513.61		-
Previous Year	5,580	2,535.93	4,882,447	7,01,761.44	4,882,143	7,06,237.33	5,884	2,541.99

* Inclusive of Free Samples, Shrinkages etc.

h) Related Party disclosures

As required under Accounting Standard (AS) 18 "Related Party Disclosure" issued by the Institute of Chartered Accountants of India the disclosure of transactions with the related parties are as below:

List of Related Parties (as identified by the Company and relied upon by the Auditors)

(i) Holding Company - Pantaloon Retail (India) Ltd.

(ii) Fellow Subsidiaries -

- Future E-Commerce Infrastructures Limited
- Staples Future Office Products Pvt. Limited
- Future Value Retail Limited (erstwhile Pantaloon Future Ventures Limited)

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



(Rs. in '000)

Nature of Transactions	Holding Company		Fellow Subsidiaries	
	2009-10	2008-09	2009-10	2008-09
Purchase of Traded Goods	-	-	6,19,587.06	7,01,761.44
Sales & operating Income	-	98.42	436.57	1,393.05
Expenditure on Services & others	-	7,005.28	-	-
Advances Given	-	-	196.45	-
Balance outstanding*				
- Receivable	4,682.94	28,484.56	245.43	5,297.19
- Payable			(23,666.07)	(83,535.98)

* Figures in brackets represent credit balances.

Significant related party transactions are as under:

(Rs. in '000)

Nature of Transactions	Future E-Commerce Infrastructure Limited	Staples Future Office Products Pvt. Ltd.	Future Value Retail Limited
Purchase of Traded Goods	6,19,587.06 (7,01,761.44)	- (-)	(-)
Sales & Operating Income	- (-)	436.57 (1,393.05)	- (-)
Sale of Fixed Assets	- (-)	- (-)	- (-)
Advances Given	- (-)	- (-)	196.45 (-)
Balance outstanding	23,666.07 Cr.	48.98 Dr. (-)	196.45 Dr. (-)

*Figures in brackets represent previous year figure.



i) Deferred tax liability

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

(Rs. In '000)

Particulars	2009-10	2008-09
Deferred Tax Assets		
Unabsorbed losses, unabsorbed depreciation and disallowances.	55,996.64	57,005.53
Deferred Tax Assets (Net)	55,996.64	57,005.53

j) Computation of Earnings Per Share

Particulars	2009-10	2008-09
Profit / (Loss) after tax (Rs. In '000)	2,405.23	(1,352.95)
Weighted average number of equity shares outstanding during the period - Basic (Nos)	1,91,60,000	1,91,60,000
Weighted average number of equity shares outstanding during the period - Diluted (Nos)	1,91,60,000	1,91,60,000
Earnings per share of Rs.10/- each - Basic and Diluted (Rs)	0.13	(0.07)

k) Expenditure in Foreign Currency

(Rs. in '000)

Particulars	2008-09	2008-09
Travel	Nil	Nil
Professional Fees	734.50	1,234.48
Total	734.50	1,234.48

l) Disclosure pursuant to Accounting Standard 15 – Employee Benefits

Defined Contribution Plan

Amount recognised as an expense and included in Schedule 10 under the head 'Contribution to Provident and Other Funds' of Profit & Loss account Rs. 5.82 (Rs. 18.25) thousands.



Defined Benefit Plan

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

A) Change in present value of obligations.

(Rs. in '000)

	Gratuity (Unfunded)		Leave Encashment (Unfunded)	
	2009-10	2008-09	2009-10	2008-09
Present value of obligation at the beginning of the year	3.55	5.23	1.85	6.42
Interest Cost	0.28	0.42	0.15	0.51
Current service cost	1.13	1.78	0.78	1.23
Benefits paid	0.00	0.00	0.00	0.00
Actuarial (gain)/Loss	(1.58)	(3.87)	(.98)	(6.31)
Present value of obligation at the end of the year	3.38	3.55	1.81	1.85

B) Recognition of Balance Sheet.

(Rs. in '000)

Particulars	Gratuity (Unfunded)		Leave Encashment (Unfunded)	
	2009-10	2008-09	2009-10	2008-09
Present value of Obligations as at the beginning of the year	3.55	5.23	1.85	6.42
Benefits Paid	0.00	0.00	0.00	0.00
Total Expenses Recognised in Profit and Loss Account	(1.58)	(1.68)	(0.98)	(4.57)
Present Value of Obligation as at the end of the year	3.38	3.55	1.81	1.85

C) Amount recognized in Balance Sheet.

(Rs. in '000)

	Gratuity Unfunded		Leave Encashment	
	2009-10	2008-09	2008-09	2008-09
Present value of obligation	3.38	3.55	1.81	1.85
Less: Fair Value of the plan assets	0.00	0.00	0.00	0.00
Liability Recognised in the Balance sheet	3.38	3.55	1.81	1.85



D) Expenses recognised in the Profit & Loss.

(Rs. in '000)

	Gratuity (Unfunded)		Leave Encashment (Unfunded)	
	2009-10	2008-09	2009-10	2008-09
Current service cost	1.13	1.78	0.79	1.23
Interest cost	0.28	0.42	0.15	0.51
Actuarial (gain)/Loss	(1.58)	(3.87)	(.97)	(6.31)
Net Cost	(.17)	(1.68)	(.04)	(4.57)

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	5%	5%	5%	5%

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

- m) 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.
- n) The company is engaged only in Ecommerce 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.
- o) Previous Year's figures have been regrouped wherever necessary only to confirm to the current year's presentation.



p) 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

Firm Registration No.: 119850W



Navin T. Gupta
(Partner)

Membership No. 40334



Place : Mumbai

Date : 3 JUN 2010

For and on behalf of the Board of Directors of
Futurebazaar India Ltd.



(Director)



(Director)



(Finance Controller)



