

DIRECTORS' REPORT

To,
The Members
Future Knowledge Services Limited

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

FINANCIALS

Particulars	(Rs.in lacs)	
	For the year ended 31.03.2010	For the period ended 31.03.2009
Sales & Services	5783.37	4725.77
Other Income	6.28	88.45
Total Income	5789.65	4814.22
Total expenditure	6258.99	4857.66
Profit/ (Loss) before taxes & provisions	(469.33)	(43.44)
Provisions	(77.74)	49.64
Profit/ (Loss) after taxes & provisions	(547.07)	7.10
Earning per share (Basic)	(1.32)	0.04

During the year under review, the Company achieved total turnover of Rs.57.90 Crore as against Rs.48.14 Crore during the previous year registering the growth of 20%. However, due to higher administrative, financial expenses and depreciation, the Company incurred a net loss of Rs.5.47 Crore as against net profits of Rs.7.10 Lacs during the previous year. As a part of re-alignment process within the Group, the business of the Company has been transferred to Erudite Knowledge Services Limited w.e.f. 1 April 2010 as a going concern at a valuation as made by independent valuer.

DIVIDEND

In view of losses, your Directors do not recommend any dividend for the year under review.

FIXED DEPOSIT

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

DIRECTORS

In accordance with the provisions of Section 255 and 256 of the Companies Act, 1956, Mr. Vivek Biyani retires at the ensuing annual general meeting of the Company and being eligible offer himself for appointment as Director. The Board re-commends his appointment.

ISSUE OF DEBENTURES

During the year under review, the Company has issued and allotted Compulsory Convertible Debentures to foreign investor amounting to Rs.71 Crore. The said Debentures shall compulsorily be converted into 7,151,646 equity shares on July 1, 2012.

DIRECTORS' RESPONSIBILITY STATEMENT

to the requirement under section 217 (2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, the Board of Directors of the Company hereby state and confirmed that:

1. in the preparation of the Annual Accounts, the applicable accounting standards have been followed along with proper explanations relating to material departures;
2. the selected accounting policies were applied consistently and the Directors 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 as at 31st March, 2010 and that of the loss of the Company for the year ended on that date;
3. the proper and sufficient care have been taken 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. the annual accounts have been prepared on a 'going concern' basis.

AUDITORS

M/s. NGS & Co., Chartered Accountants, Mumbai hold office as Statutory Auditors of the Company upto the conclusion of the ensuing Annual General Meeting. The Board has proposed to appoint M/s. NGS & Co., Chartered Accountants, Mumbai as the auditors of the Company. They have issued a certificate to the effect that their re-appointment, if made at the ensuing annual general meeting, would be within the limits prescribed under section 224(1B) of the Companies Act, 1956. Members are requested to consider and approve the appointment of M/s. NGS & Co. as auditors of the Company.

SUBSIDIARY STATUS

Your Company is wholly own subsidiary of Pantaloon Retail (India) Limited.

PARTICULARS OF EMPLOYEES

The Company has no employee drawing remuneration in excess of the limits specified under section 217(2A) of the Companies Act, 1956.

AUDIT COMMITTEE

The Company has established an Audit Committee pursuant to the provisions of section 292A of the Companies Act, 1956. The said Committee consists of the following directors:

1. Mr. C P Toshniwal - Non - Executive Director
2. Mr. Rakesh Biyani - Non - Executive Director
3. Mr. Vivek Biyani - Non - Executive Director

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	: Rs. 194.08 Lacs (P.Y.Rs.177.88 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

The Board desires 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 the support and co-operation extended by the Government, bankers and other stakeholders and look forward to their continued support.

For and on behalf of the Board of Directors

Sd/-
C. P. Toshniwal
Director

Sd/-
Rakesh Biyani
Director

17th August 2010, Mumbai

Auditor's Report

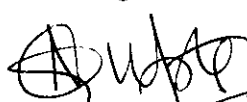
To,
The Members of Future Knowledge Services Limited

1. We have audited the attached Balance Sheet of Future Knowledge Services Limited 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. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (as amended) (the Order) issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
 - i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - ii. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - iii. The balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account;
 - iv. In our opinion, the balance sheet, profit and loss account and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
 - v. On the basis of the written representations received from the directors, as on March 31, 2010, and taken on record by the Board of Directors, 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 Companies Act, 1956.
 - vi. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
5.
 - a) in the case of the balance sheet, of the state of affairs of the Company as at March 31, 2010;
 - b) in the case of the profit and loss account, of the loss for the year ended on that date; and
 - c) in the case of cash flow statement, of the cash flows for the year ended on that date.

For NGS & Co

Chartered Accountants

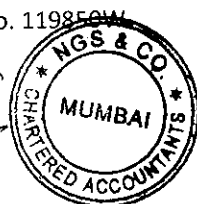
Firm Registration no. 119850W



Navin T. Gupta

Partner

Membership No. 40334



Place : Mumbai

Date : August 17, 2010

Annexure to the Auditors' Report of even date to the members of Future Knowledge Services, 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 Company has a regular programme of physical verification of its fixed assets by which fixed assets are verified in a phased manner over a period of three years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) 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 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.
- (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 Order are not applicable.
- (iv) 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. There were no transactions for purchase of inventory and sale of goods during the year.
- (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.



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

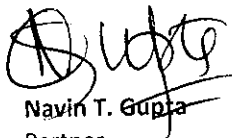
- (viii) Since the Company is neither engaged in manufacturing, processing, production and mining activities, to the best of our knowledge and belief, Section 209(1)(d) is not applicable to the Company. Accordingly, the provisions of clause 4(viii) of the Order are not applicable.
- (ix) (a) The Company 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.
- (b) 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.
- (c) 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) In our opinion, the Company has not defaulted in repayment of dues to a bank or debenture holders during the year. There were no amount payable to financial institutions during the year.
- (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.
- (xvii) In our opinion, no funds raised on short-term basis have been used for long-term investment.



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

- (xviii) The Company has made preferential allotment of shares to parties and 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 not created security in respect of debentures issued during the year.
- (xx) The Company has not raised any money by public issues during the year. Accordingly, the provisions of clause 4(xx) of the Order are not applicable.
- (xxi) No fraud on or by the Company has been noticed or reported during the year covered by our audit.

For NGS & Co
Chartered Accountants
Firm Registration no. 119850W


Navin T. Gupta

Partner
Membership No. 40334



Place : Mumbai
Date : August 17, 2010

FUTURE KNOWLEDGE SERVICES LIMITED

BALANCE SHEET AS AT MARCH 31, 2010

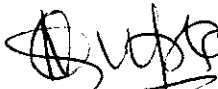
(Rs. in '000)

PARTICULARS	Sch. No.	As At March 31,2010	As At March 31,2009
I SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Share Capital	1	446,977.90	228,100.00
Share Application Money		-	216,911.00
LOAN FUNDS			
Secured Loan	2	31,890.06	-
Unsecured Loan	3	710,000.00	-
		1,188,867.96	445,011.00
II APPLICATION OF FUNDS :			
FIXED ASSETS			
Gross Block	4	789,198.76	501,147.96
Less : Depreciation		115,728.88	18,900.61
Net Block		673,469.88	482,247.35
Capital Work-in-Progress		182,655.23	66,844.18
INVESTMENTS	5	280,800.00	-
DEFERRED TAX ASSETS			7,773.77
CURRENT ASSETS, LOANS & ADVANCES			
Sundry Debtors	6	174,757.56	202,581.05
Cash and Bank Balances	7	12,569.97	2,256.65
Loans and Advances	8	695,342.98	30,476.91
		882,670.51	235,314.61
LESS: CURRENT LIABILITIES & PROVISIONS			
Current Liabilities	9	902,475.79	366,159.05
Provisions	10	8,243.13	6,294.54
NET CURRENT ASSETS		910,718.92 (28,048.41)	372,453.60 (137,138.98)
PROFIT AND LOSS ACCOUNT		79,991.26	25,284.69
		1,188,867.96	445,011.00

NOTES TO ACCOUNTS & SIGNIFICANT ACCOUNTING POLICIES 16

The schedules referred to above and notes to accounts form an integral part of the Balance Sheet


As per our report of even date attached
For NGS & CO.
Chartered Accountants



Navin T. Gupta
Partner

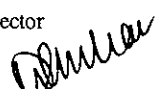
Membership No.: 40334



For and on behalf of Board of Directors
FUTURE KNOWLEDGE SERVICES LIMITED


C.P. Toshniwal
Director


Rakesh Biyani
Director


Dinesh Nahar
Financial Controller

Place: Mumbai
Date: August 17, 2010

FUTURE KNOWLEDGE SERVICES LIMITED

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

(Rs. in '000)

PARTICULARS	Sch. No.	For the year ended March 31, 2010	For the year ended March 31, 2009
INCOME			
Sales & Services	11	578,337.33	472,576.68
Other Income	12	628.40	8,845.30
		578,965.73	481,421.98
EXPENDITURE			
Purchases		-	27,862.55
Personnel Cost	13	164,454.07	156,826.36
Operating and Other Expenses	14	340,292.34	278,726.54
Finance Charges	15	24,323.85	3,778.30
Depreciation	4	96,828.27	18,571.83
		625,898.53	485,765.58
Profit/(Loss) Before Taxation		(46,932.80)	(4,343.60)
Less: Provision for Taxation			
a) Current Tax		-	-
b) Fringe Benefit Tax		-	(826.19)
c) Deferred Tax		(7,773.77)	5,879.88
Profit/(Loss) After Taxation		(54,706.57)	710.09
Balance Brought Forward		(25,284.69)	(25,994.77)
Balance carried to Balance Sheet		(79,991.26)	(25,284.69)

Earnings Per Share Rs. (Face Value Rs.10)

Basic	(1.32)	0.04
Diluted	(1.32)	0.02

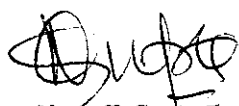
NOTES TO ACCOUNTS & SIGNIFICANT ACCOUNTING

16

The Schedules referred above form an integral part of the Profit and Loss Account

As per our Report of even date attached
For NGS & Co.

Chartered Accountants



Navin T. Gupta
Partner

Membership No.: 40334

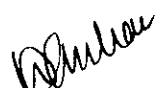


For and on behalf of Board of Directors

FUTURE KNOWLEDGE SERVICES LIMITED


C.P. Toshniwal
Director


Rakesh Biyani
Director


Dinesh Nahar
Financial Controller

Place: Mumbai
Date: August 17, 2010

FUTURE KNOWLEDGE SERVICES LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2010

(Rs. in '000)

	For the Year ended 31st March, 2010	For the Year ended 31st March, 2009
A		
Cash Flow from Operating Activities		
Net Profit/(Loss) Before Tax and Extraordinary items	(46,932.80)	(4,343.60)
Depreciation	96,828.27	18,571.83
Financial Charges	315.81	593.54
Operating Profit before Working Capital Changes		
Adjusted For:		
(Increase)/Decrease in Trade and other receivable	27,823.48	(197,675.62)
(Decrease)/Increase in Current Liabilities	536,316.74	291,411.24
(Increase)/ Decrease in Loans & Advance	(664,866.06)	15,400.31
Provisions	1,948.59	68.24
Net Cash generated from Operations	(48,565.98)	124,025.94
Direct Taxes	-	(826.19)
Net Cash generated from Operating Activities	(48,565.98)	123,199.75
B		
Cash Flow from Investing Activities		
(Increase)/Decrease in Fixed Assets	(288,050.80)	(493,102.29)
(Increase)/Decrease in Capital Work-in-Progress	(115,811.05)	37,954.82
(Increase)/Decrease in Investment	(280,800.00)	500.00
Net Cash from Investing Activities	(684,661.85)	(454,647.47)
C		
Cash flow From Financing Activities		
Share Application Monies pending allotment	(216,911.00)	216,911.00
Finance Charges	(315.81)	(593.54)
Secured Loan-Bank Overdraft	31,890.06	-
Issue of Compulsory Convertible Debenture	710,000.00	-
Issue of Equity Share Capital	218,877.90	113,200.00
Net Cash Flow from Financing Activities	743,541.14	329,517.46
Net Increase in Cash and Cash Equivalent during the Year (A+B+C)	10,313.32	(1,930.23)
Cash and Cash equivalents (Opening Balance)	2,256.65	4,186.89
Cash and Cash equivalents (Closing Balance)	12,569.97	2,256.65

	2009-2010	2008-2009
Cash and Cash Equivalents include:		
Cash in Hand (as Certified)	104.74	63.34
Balance with Scheduled Banks:		
- in Current Account (including in transit)	380.05	483.69
- in Fixed Deposit Account	12,085.18	1,709.62
	12,569.97	2,256.65

Notes :

- 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.

For and on behalf of Board of Directors
FUTURE KNOWLEDGE SERVICES LIMITED

Place : Mumbai
Date: August 17, 2010

C P Toshniwal
Director

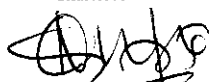
Rakesh Biyani
Director

Dinesh Nahar
Financial Controller

AUDITOR'S CERTIFICATE

We have examined the attached Cash Flow Statement of Future Knowledge Services Limited for the year ended March 31, 2010. This statement has been prepared by the Company in accordance with the requirements of the Accounting Standard -3 issued by ICAI and is based on and in agreement with the corresponding Profit and Loss Account and Balance Sheet of the company covered by our report of August 18, 2009 to the Members of the Company.

For NGS & CO.,
Chartered Accountants



Navin T. Gupta
Partner
Membership No.: 40334



Place : Mumbai
Date: August 17, 2010

FUTURE KNOWLEDGE SERVICES LIMITED

SCHEDULES TO BALANCE SHEET AS AT MARCH 31, 2010

(Rs. in '000)

PARTICULARS	As At March 31, 2010	As At March 31, 2009
SCHEDULE 1: SHARE CAPITAL		
AUTHORISED		
5,00,00,000 (2009 : 2,50,00,000) Equity Shares Rs.10/- each.	500,000.00	250,000.00
	500,000.00	250,000.00
ISSUED, SUBSCRIBED & PAID UP		
4,46,97,790 (2009 : 2,28,10,000) Equity Shares of Rs.10/- each fully paid (Of the above 4,46,97,790 equity shares (2009: 2,28,10,000) are held by Pantaloon Retail (India) Ltd., the holding company, out of which 6 shares (2009: 6) are held by its nominees)	446,977.90	228,100.00
	446,977.90	228,100.00
SCHEDULE 2: SECURED LOANS		
Bank Overdraft (Secured against Fixed Deposits with Banks)	31,890.06	-
	31,890.06	-
SCHEDULE 3: UNSECURED LOANS		
Debentures:		
71,000 (2009 : Nil) Compulsory Convertible Debenture of Rs.10,000/- each fully paid	710,000.00	-
	710,000.00	-



FUTURE KNOWLEDGE SERVICES LIMITED

SCHEDULES TO BALANCE SHEET AS AT MARCH 31, 2010

SCHEDULE 4: FIXED ASSETS

Particulars	Gross Block (At Cost)			Depreciation / Amortisation			Net Block			
	As at April 1, 2009	Additions	Deductions	As at March 31, 2010	As at April 1, 2009	For the year	Deduction	Upto March 31, 2010	As at March 31, 2010	As at March 31, 2009
Office Equipments	985.45	753.61	-	1,739.06	152.08	517.94	-	670.03	1,069.03	833.36
Computer & Software	472,971.12	274,988.74	-	747,959.86	16,585.18	91,601.12	-	108,186.31	639,773.56	456,385.94
Furniture & Fittings	14,617.46	1,066.67	389.70	15,294.43	678.70	1,087.10	-	1,765.80	13,528.63	13,938.75
Electrical Installations	1,978.03	7,761.74	-	9,739.77	88.28	451.67	-	539.95	9,199.82	1,889.75
Leasehold Improvements	6,610.60	3,838.70	-	10,449.30	442.49	1,898.45	-	2,340.94	8,108.36	6,168.11
Employee Related Assets	3,985.30	31.04	-	4,016.34	953.88	1,271.98	-	2,225.85	1,790.49	3,031.42
Previous Year	501,147.96	288,440.50	389.70	789,198.76	18,900.61	96,828.27	-	115,728.88	673,469.88	482,247.35
Capital Work-in-progress	8,045.68	493,102.27	-	501,147.96	328.78	18,571.83	-	18,900.61	482,247.35	7,716.90
									182,655.23	66,844.18



FUTURE KNOWLEDGE SERVICES LIMITED

SCHEDULES TO BALANCE SHEET AS AT MARCH 31, 2010

(Rs. in '000)

PARTICULARS	As At March 31, 2010	As At March 31, 2009
SCHEDULE 5: INVESTMENTS		
UNQUOTED SHARES		
LONG TERM - NON TRADE		
2,77,93,700 (2009 : Nil) Equity Shares of Rs.10 each fully paid up of Future Venture India Ltd.	280,800.00	-
Aggregate cost of Unquoted Investments	280,800.00	-
SCHEDULE 6: SUNDRY DEBTORS		
(Unsecured, Considered Good)		
Debt Outstanding For More Than Six Months	5,496.05	-
Other Debts	169,261.51	202,581.05
	174,757.56	202,581.05
SCHEDULE 7: CASH & BANK BALANCES		
Cash in Hand	104.74	63.34
Balance with Scheduled Banks :		
- in Current Accounts (including in transit)	380.05	483.69
- in Fixed Deposits	10,298.15	-
- in Fixed Deposits as margin money	1,787.03	1,709.62
	12,569.97	2,256.65
SCHEDULE 8: LOANS & ADVANCES		
(Unsecured, Considered good)		
Advances Recoverable in cash or in kind or for value to be received	668,375.66	14,370.10
Deposits	9,363.22	9,444.22
Unbilled Revenue	-	2,725.51
Payments / Deductions of Income Tax (Net of provisions for income tax Rs Nil ; 2009 : Rs. 1033.10 thousand)	17,604.10	3,937.08
	695,342.98	30,476.91
SCHEDULE 9: LIABILITIES		
Acceptances	82,986.78	96,928.81
Sundry Creditors	126,198.78	114,151.50
Advances from Customers	649,973.98	-
Interest accrued but not due	6,092.63	-
Other Liabilities	37,223.62	155,078.74
	902,475.79	366,159.05
SCHEDULE 10: PROVISIONS		
Provision for Leave Encashment and Gratuity	8,243.13	6,294.54
	8,243.13	6,294.54



FUTURE KNOWLEDGE SERVICES LIMITED

SCHEDULES TO PROFIT & LOSS ACCOUNT FOR YEAR ENDED MARCH 31, 2010

(Rs. in '000)

PARTICULARS	For the year ended March 31, 2010	For the year ended March 31, 2009
SCHEDULE 11: SALES AND SERVICES		
Income from Software Services	560,841.83	295,683.13
Sales	18,195.32	183,969.29
Less : VAT	699.82	7,075.74
Sales (Net of VAT)	17,495.50	176,893.55
	578,337.33	472,576.68
SCHEDULE 12: OTHER INCOME		
Interest on Fixed Deposits (TDS: Rs 41.72 thousand; 2009: Rs 2.50 thousand)	417.29	12.11
Interest others (TDS: Nil; 2009: Nil)	15.12	134.58
Exchange Fluctuation Gain	-	8,543.26
Sundry Balances written back	113.10	148.39
Miscellaneous Income	82.89	6.96
	628.40	8,845.30
SCHEDULE 13: PERSONNEL COST		
Salaries, Wages and Bonus	150,704.71	150,137.87
Contribution to Provident and Other Funds	10,154.21	5,016.64
Gratuity and Leave encashment	2,359.41	925.48
Welfare expenses	1,235.74	746.37
	164,454.07	156,826.36
SCHEDULE 14: OPERATING AND OTHER EXPENSES		
Infrastructure Management Services and Hosting Charges	257,269.68	208,721.82
Electricity Charges	7,144.50	2,341.12
Rent	27,421.86	20,499.65
Rates and Taxes	1,502.03	2,062.14
Insurance	2,274.46	1,452.87
Repairs and Maintenance - Others	9,002.56	7,109.32
Travelling and Conveyance Expenses	12,303.95	8,099.04
Communication Expenses	2,732.63	19,835.64
Legal and Professional Charges	8,289.86	5,003.56
Auditors' Remuneration	215.00	115.00
Exchange Fluctuation Loss	5,788.08	-
Guest House Expenses	2,224.63	1,392.44
Share Issue Expenses	1,966.90	-
Miscellaneous Expenses	2,156.20	2,093.93
	340,292.34	278,726.53
SCHEDULE 15: FINANCE CHARGES		
Interest :		
- on Debentures	19,278.70	-
- on Other Loans	69.88	-
Bank Charges	315.81	593.54
Bill Discounting Charges	4,659.46	3,184.76
	24,323.85	3,778.30



FUTURE KNOWLEDGE SERVICES LIMITED

SCHEDULE 16

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2010

A. SIGNIFICANT ACCOUNTING POLICIES

1. Basis of Accounting

The financial statements are prepared under historical cost convention on accrual basis and in accordance with applicable accounting standards notified by the Government of India / issued by the Institute of Chartered Accountants of India and the provisions of the Companies Act, 1956.

2. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these 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.

3. Fixed Assets and Depreciation

Fixed assets are stated at cost, less accumulated depreciation. Cost comprises the purchase price and any attributable costs of bringing the asset to its working condition for its intended use. Financing costs relating to acquisition of fixed assets are also included to the extent they relate to the period till such time as the assets are ready to be put to use. Depreciation is provided on Straight Line Method (SLM) as per the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956 except Leasehold improvements which are amortized over the lease period; additions below Rs. 5,000 which are depreciated 100% in the year of purchase and employee perquisite related assets which are depreciated over three years.

4. Miscellaneous Expenditure

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

5. Transactions in Foreign Currency

Foreign currency transactions are recorded at the exchange rate prevailing at the date of the transaction. Monetary foreign currency assets and liabilities are translated into Indian rupees at the exchange rate prevailing at the balance sheet date. All exchange differences are dealt with in profit and loss account.

6. 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 is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer and coincides with the delivery of the goods to the customer. Sales are stated net of returns and discounts but includes amount recovered towards sales tax.

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

Revenue on time-and-material contracts are recognized as the related services that are performed and revenue from the end of the last billing to the Balance Sheet date is recognized as unbilled revenue.



7. Provision for Current and Deferred Tax

Tax expense comprises of current and deferred tax. Provision for current tax is made on the basis of estimated taxable income for the current accounting period in accordance with the provisions of Income Tax Act, 1961. Deferred tax resulting from "timing differences" between taxable and accounting income is accounted for using the tax rates and laws that are enacted or substantively enacted as on the balance sheet date. The deferred tax assets is recognized and carried forward only to the extent that there is a reasonable certainty that the asset will be realized in future. In situation, 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.

8. Retirement and other Employee Benefits

Short Term Employee Benefits

All employee benefits payable within twelve months of rendering the services are classified as short term employee benefits such as salaries, performance incentives etc. are recognised as an expense at the undiscounted amount in the Profit & Loss Account of the year in which the employee renders the related service.

Post Employment Benefits

a. Defined Contribution Plans

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.

b. Defined Benefit Plans

Company's liability towards gratuity to 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 & 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 and terms of the Government Securities are consistent with the currency and estimate terms of the defined benefit obligations.

c. Other Long Term employee Benefits

Other Long Term Employee Benefits viz, leave encashment are recognized as an expense in Profit & Loss Account as and when it accrues. The Company determines the liability using the projected 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.

9. Impairments of Assets

An asset is treated as impaired when the carrying cost of the asset exceeds its recoverable value. An impairment loss is charged to Profit & Loss Account in the year in which the asset is impaired and the impairment loss recognized in prior accounting periods is reversed if there has been a change in the estimate of recoverable amount. For the purpose of assessing impairment, assets are grouped at the lowest level of cash generating units.

10. Investments

Long-term investments are stated at cost. Provision for diminution is being made if necessary to recognize a decline, other than temporary in the value thereof.

11. Provisions, Contingent Liabilities and Contingent Assets

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not recognized but are disclosed in the notes. Contingent assets are neither recognized nor disclosed in the financial statements.

12. Leases

Where significant portion of risk and reward of ownership are retained by the lessor are classified as operating leases and lease rental thereon are charged to Profit and Loss account.



13. Earning Per Share

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

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

B. NOTES TO ACCOUNTS

1. Contingent Liabilities not provided for Rs. Nil (2009: Rs. Nil)
2. Capital Commitment (net of advances): Rs. 30,112.91 thousand (2009: Rs. 21,600.00 thousand)
3. **Debts due from Companies under same Management**

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.

Name of the Company	(Rs. In '000)	
	2009-2010	2008-2009
Pantaloon Retail (India) Ltd.	12,400.14	1,53,386.96
Future Value Retail Ltd.	1,37,943.33	-
Home Solutions Retail (India) Ltd.	2,745.11	24,392.24
Future Agrovet Ltd.	8,869.02	6,686.81
Future E Commerce India Ltd.	2,579.28	2,089.50
Future Supply Chain Ltd. (Formerly Future Logistics Solution Ltd.)	8,274.24	6,921.38
Future Mobile and Accessories Ltd	-	4,351.06
Future Media India Limited	248.18	-
Staples Future Office Products Private Limited	595.62	-

4. Related Party Transactions

Disclosure as required by the Accounting Standard 18 "Related Party Disclosure" are given below:

A) List of Related Parties

- (a) Holding Company - Pantaloon Retail (India) Ltd.
- (b) Fellow Subsidiary Companies
 - Home Solutions Retail (India) Ltd
 - Future Supply Chain Ltd. (Formerly Future Logistics Solution Ltd.)
 - Future Agrovet Ltd.
 - Future E-Commerce Infrastructure Ltd.
 - Future Mobiles and Accessories Ltd.
 - Future Value Retail Ltd.
 - Future Media India Limited
- (c) Joint Ventures - Staples Future Office Products Private Limited



B) Transactions with Related Parties

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

(Rs. In '000)

Sr.No	Nature of Transactions	Holding Company	Fellow Subsidiary Companies	Total
1	Share Application Money Received.	1,966.90	-	1,966.90
	2009	3,30,111.00	-	3,30,111.00
2	Share Allotment	2,18,877.90	-	2,18,877.90
	2009	1,13,200.00	-	1,13,200.00
3	Advance Given	10,79,200.00	-	10,79,200.00
	2009	-	-	-
4	Advance Taken	-	-	-
	2009	25,001.00	-	25,001.00
5	Advance Repaid	-	-	-
	2009	25,000.00	-	25,000.00
6	Income from Services	3,78,042.72	1,97,444.76	5,75,487.48
	2009	3,97,158.94	61,606.66	4,58,765.60
7	Purchases	-	-	-
	2009	22,242.11	-	22,242.11
8	Purchase of Fixed Assets	2,14,847.82	35,256.75	2,50,104.57
	2009	1,610.45	669.85	2,280.30
9	Investments Made	-	-	-
	2009	-	-	-
10	Reimbursement of Expenses	8,949.74	1,294.42	10,244.16
	2009	16,459.39	101.12	16,560.51
11	Outstanding Balance as on March 31, 2010			
	Payable	-	-	-
	2009	-	-	-
	Receivable	6,54,044.69	1,60,659.15	8,14,703.84
	2009	1,53,386.96	44,441.00	1,97,827.96



C) Significant Related Party Transactions are as under

(Rs. In '000)

Nature of transaction	Name of Related Party	Amount
Service Income	Home Solutions Retail (India) Ltd	31,441.91
	Future Agrovet Ltd.	3,697.23
	Future E-Commerce Infrastructure Ltd.	2,644.09
	Future Supply Chain Ltd. (Formerly Future Logistics Solution Ltd.)	49,874.67
	Future Value Retail Ltd.	99,737.59
Fixed Assets Purchased	Home Solutions Retail (India) Ltd	35,256.75
Reimbursement of Expenses	Home Solutions Retail (India) Ltd	247.13
	Future Value Retail Ltd.	1,047.29
Receivable as on 31/03/10	Home Solutions Retail (India) Ltd	2,745.11
	Future Agrovet Ltd.	8,869.02
	Future Supply Chain Ltd. (Formerly Future Logistics Solution Ltd.)	8,274.24
	Future Mobiles and Accessories Ltd.	-
	Future Value Retail Ltd.	1,37,943.33

5. Auditors Remuneration

(Rs. In '000)

Particular	For the year ended March 31, 2010	For the year ended March 31, 2009
Statutory Audit Fees	200.00	100.00
Tax Audit Fees	15.00	15.00
Total	215.00	115.00

6. Earning Per Share

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

	As at March 31, 2010	As at March 31, 2009
Net profit considered for basic EPS calculation (Rs in '000)	(54,706.57)	710.09
Weighted average number of equity shares for calculating Basic EPS (Nos)	4,13,99,630	2,00,18,767
Weighted average number of equity shares for calculating Diluted EPS (Nos)	4,46,97,790	2,97,23,479
Nominal value per share	Rs.10	Rs.10
Basic EPS (Rs.)	(1.32)	0.04
Diluted EPS (Rs.)	(1.32)	0.02



7. Employee Benefits

The Amount recognized in the Company's financial statements as at the year end is as under:

A. Change in Present Value of Obligation

(Rs. In '000)

Particulars	Gratuity (Unfunded)		Leave encashment (Unfunded)	
	As at March 31, 2010	As at March 31, 2009	As at March 31, 2010	As at March 31, 2009
Present Value of the Obligation as on April 1, 2009	3,549.40	1,199.55	2,745.14	4,929.54
Interest Cost	283.95	95.96	219.61	394.36
Current Service Cost	2,162.34	2,142.46	1,518.29	1,280.71
Benefits Paid	(27.93)	-	(407.53)	(701.93)
Actuarial (gain)/ loss on obligations	(1,640.65)	111.43	(159.49)	(3,157.55)
Present Value of the Obligation as on March 31, 2010	4,327.11	3,549.40	3,916.02	2,745.14

B. Amount recognized in the Balance Sheet

(Rs. In '000)

Particulars	Gratuity (Unfunded)		Leave encashment (Unfunded)	
	As at March 31, 2010	As at March 31, 2009	As at March 31, 2010	As at March 31, 2009
Present Value of the Obligation as on March 31, 2010	4,327.11	3,549.40	3,916.02	2,745.14
Fair value of plan assets	-	-	-	-
Un-funded Liability	4,327.11	3,549.40	3,916.02	2,745.14
Unrecognized actuarial gains/ losses	-	-	-	-
Un-funded liability recognized in Balance Sheet	4,327.11	3,549.40	3,916.02	2,745.14

C. Amount recognized in the Profit and Loss Account

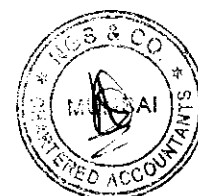
(Rs. In '000)

Particulars	Gratuity (Unfunded)		Leave encashment (Unfunded)	
	As at March 31, 2010	As at March 31, 2009	As at March 31, 2010	As at March 31, 2009
Interest Cost	283.95	95.96	219.61	394.36
Current Service Cost	2,162.34	2,142.46	1,518.29	1,280.71
Expected Return on Plan Assets	-	-	-	-
Actuarial (gain)/ loss on obligations	(1,640.65)	111.43	(159.49)	(3,157.55)
Total Expense recognized in the Profit and Loss Account	805.64	2,349.85	1578.41	(1,482.48)

D. The Assumptions used to determine the benefit and obligations are as follows

Particulars	Gratuity	Leave Encashment
Discount Rate	8.00%	8.00%
Expected Rate of increase in Compensation Levels	5.00%	5.00%
Expected Rate of Return on Plan Assets	N.A.	N.A.

The estimate of rate of escalation in salary considered in actuarial valuation takes into account inflation, seniority, promotions and other relevant factors including supply and demand in the employment market. The above information is certified by the actuary.



8. Deferred Tax Assets and Liabilities

The details of Deferred tax Liability / Assets arising on account of timing difference are as follows :-

(Rs. In '000)

	For the year ended March 31, 2010	For the year ended March 31, 2009
Deferred Tax Liabilities		
On depreciation	1,05,073.18	48,768.31
Total	1,05,073.18	48,768.31
Deferred Tax Assets		
On provision for gratuity & leave encashment.	602.11	51.12
On carried forward losses and unabsorbed depreciation	1,04,471.07	56,490.96
Total	1,05,073.18	56,542.08
Deferred Tax (Assets) / Liabilities (Net)	-	(7,773.77)

In absence of virtual certainty to generate future taxable income against which deferred tax credit can be realized, deferred tax assets on unabsorbed depreciation carry forward losses and other items are recognized only to the extent of the deferred tax liability.

9. Sales and Unbilled Revenue

Sales comprises of incremental unbilled revenue of Rs. Nil (2009: Rs. 2,725.51 thousand)

10. Segmental Reporting

Since the company operates in single segment there are no separate reportable segments as per Accounting Standard 17. The operations of the Company are only within India and accordingly no disclosure is made in respect of the secondary segment.

11. Micro, Small and Medium Enterprises

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

12. Operating Lease

The Company has entered into lease arrangements for premises. The future minimum lease rental obligations under non-cancellable lease is Rs. 16,779.84 thousand (2009: Rs. 33,559.68 thousand). Lease rent payable not later than one year is Rs. 32,286.17 thousand (2009: Rs.16,779.84 thousand); repayable later than one year but not later than five years is Rs. 43,667.26 thousand (2009: Rs. 55,373.47 thousand) and repayable later than five year is Rs. Nil (2009: Nil).

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

14. Sales, Purchase, Opening & Closing Stock

Class of Goods	Units of Measure	Opening Stocks		Purchase		Sales		Closing Stock	
		Qty	Amount	Qty	Amount	Qty	Amount	Qty	Amount
		Nos	(Rs. in 000)	Nos	(Rs. in 000)	Nos	(Rs. in 000)	Nos	(Rs. in 000)
Computer & Hardware Items	Pcs	- (-)	- (-)	- (1,973)	- (27,862.55)	- (1,973)	- (28,908.65)	- (-)	- (-)
Software Packages		- (-)	- (-)	- (-)	- (-)	- (-)	17,495.50 (1,47,984.90)	- (-)	- (-)
Total		- (-)	- (-)	- (1,973)	- (27,862.55)	- (1,973)	17,495.50 (1,76,893.55)	- (-)	- (-)



15. Value of Imports (on CIF)

(Rs. in '000)

Particulars	For the year ended March 31, 2010	For the year ended March 31, 2009
Traded Goods	-	5,396.38
Fixed Assets	7,134.80	96,197.00

16. Expenditure in Foreign Currency

(Rs. in '000)

Particulars	For the year ended March 31, 2010	For the year ended March 31, 2009
Professional Fees	8,095.24	17,157.16
Travelling Expenses	104.48	630.48
Interest Expenses on Debentures	11,208.14	-

17. Earnings in Foreign Currency: Nil (2009: Nil)

18. During the year, company has issued Compulsorily Convertible Debentures in Indian Rupee for Rs. 710,000 thousands. These debentures will be compulsorily convertible on July 1, 2012 at the rate of Rs. 710,000 thousand divided by 7,151,646 shares into company's fully diluted equity on the date of conversion. These debentures bear an interest payable at a rate of LIBOR + 300 basis points per annum.

19. As approved by the shareholders, the company has transferred its knowledge services business, as a going concern, to another company Erudite Knowledge Services Limited, with effect from April 1, 2010.

20. Previous Year Comparatives

Previous years figures have been regrouped, recast, rearranged and reclassified wherever necessary to correspond to the figures of the current year.

As per our Report of even date


For NGS & CO.
Chartered Accountants

For and on behalf of Board of Directors
FUTURE KNOWLEDGE SERVICES LIMITED


Navin T. Gupta
Partner




Membership No.: 40334


C.P. Toshniwal
Director


Rakesh Biyani
Director

Place: Mumbai
Date: August 17, 2010


Dinesh Nahar
Financial Controller

FUTURE KNOWLEDGE SERVICES LIMITED

ANNEXURE TO NOTES TO ACCOUNTS TO BALANCE SHEET
AS AT MARCH 31, 2010

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I Registration No. U74999 MH 2007 PLC 167122 State Code - 11
Balance Sheet Date : March 31, 2010

II Capital raised during the year (Amount Rs. in '000)

Public issue	NIL	Right issue	NIL
Bonus issue	NIL	Private Placement	218,877.90

III Position of Mobilisation and Deployment of Funds (Amount Rs. in '000)

Total Liabilities	1,188,867.96	Total Assets	1,188,867.96
Sources of Funds		Share Application Money	0.00
Paid up capital	446,977.90	Secured Loans	31,890.06
Reserves & Surplus	NIL	Unsecured Loans	710,000.00
Unsecured Loans	710,000.00	Application of Funds	
Fixed Assets	673,469.88	Capital Work-in-progress	182,655.23
Preoperative Expenses	NIL	Investments	280,800.00
Net current Assets	(28,048.41)	Misc. Expenditure	79,991.26

IV Performance of Company (Amount Rs. in '000)


Turnover	578,337.33	Total Expenditure(Net of other income)	625,270.13
Profit / (Loss) before tax	(46,932.80)	Profit / (Loss) after tax	(54,706.57)
Earning per share in Rs.		Dividend rate %	0%
Basic / Diluted	(1.32)		

V Generic Names of Principal Products / Services of company (As per Monetary Terms)

Item Code No. - 85249113
Production Description - IT Software

Item Code No. -
Production Description -

For and on behalf of Board of Directors
FUTURE KNOWLEDGE SERVICES LIMITED


C.P. Toshniwal
Director


Rakesh Biyani
Director


Dinesh Nahar
Financial Controller

Place: Mumbai
Date: August 17, 2010

