

Home Solutions Retail (India) Limited

Annual Report

2010 - 11

DIRECTORS' REPORT

To,
The Members,
Home Solutions Retail (India) Limited

Your Directors are pleased to present the Seventh Annual Report together with the Audited Annual Accounts of the Company for the period ended 31st March, 2011.

Financial Results

(Rs. in lacs)

Particulars	Current Period Ended 31-03-2011	Previous Year Ended 30-06-2010
Net Sales and Other Operating Income	3,824.37	1,359.13
Other Income	20.64	-
Total Income	3,845.01	1,359.13
Expenditure	4,191.77	1,675.83
Depreciation	34.12	44.89
Total Expenditure	4,225.89	1,720.72
Loss before Tax and Prior Period Items	380.88	361.59
Prior Period Items	50.26	-
Loss Before Tax	431.14	361.59
Provision for Taxes		
Earlier Year's Fringe Benefit Tax Adjustment	-	0.53
Loss After Tax	431.14	362.12
Carried from P & L Account	352.06	11,303.71
Less: Adjustment on account of demerger	-	11,313.78
Deficit carried to Balance Sheet	783.20	352.05
Earnings per share (in Rupees)		
Basic Earning per Share	(43.11)	(36.21)
Diluted Earning per Share	(43.11)	(36.21)

Change in Accounting Year

During the period under review, the Board of Directors of the Company decided to change the Accounting Year of the Company so as to end on 31st March, 2011 instead of 30th June, 2011 in order to fall in line with the requirements of Income Tax Laws and further to avoid duplication of the work. Accordingly, the Company prepared the Books of accounts for financial period 2010-11 from 01st July 2010 to 31st March 2011.

Financial Highlights

During the period under review, the total Income has been Rs. 3,845.01 lacs as against Rs. 1,359.13 lacs during the previous financial year. The Company has incurred loss of Rs. 431.14 lacs during the period. Since the figure for the current period is for 9 months it is not comparable with that of previous year.

Dividend

In view of Loss, your Directors are unable to recommend any dividend for the period ended 31st March, 2011.

Board of Directors and Committees

Consequent to sale of shares by IDBI Trusteeship Services Limited (India Advantage Fund – V) and India Growth Fund, a unit scheme of Kotak SEAF India Fund the management of your Company is now controlled by Promoter Group companies.

India Growth Fund, one of Investors has withdrawn the nomination of Mr. Vamesh Chovatia, from directorship of the Company and has resigned effective from 30th May, 2011. Mr. Kishore Biyani and Mr. Vivek Biyani had resigned from Directorship w.e.f 10th June, 2011. The Board placed on record its appreciation for the valuable services rendered by them during their tenure as Directors of the Company.

Mr. Tarun Bhargava was appointed as an Additional Director w.e.f. 30th May, 2011 and Mr. Rajesh Kalyani and Mr. Ravishanker Kejriwal were also inducted as Additional Directors w.e.f 10th June, 2011. The Company has received notices proposing the candidatures of Mr. Tarun Bhargava, Mr. Rajesh Kalyani and Mr. Ravishanker Kejriwal for the appointment as Directors of the Company. The proposal regarding their appointment as Director is placed for your approval.

As part of restructuring exercise done last year and consequent to reduction in the paid up share capital of the Company to Rs. 1 Crore the provisions of the Section 292A and 269 of the Companies Act, 1956 are no longer applicable to your Company., In view of this and keeping in mind the requirements, the Board of Directors decided to dissolved the Audit Committee and Remuneration Committee w.e.f 13th December, 2010.

Directors' Responsibility Statement

Pursuant to the requirements under Section 217 (2AA) of the Companies Act, 1956, your Directors hereby state and confirm that:

- in the preparation of the annual accounts for the period ended 31st March, 2011, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- they have selected such accounting policies and applied them consistently and made judgements 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 period on 31st March, 2011 and of the Loss of the Company for that period;
- they 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 fraud and other irregularities;
- they have prepared the annual accounts for the period ended 31st March, 2011 on a 'going concern' basis

Fixed Deposits

Your Company has not accepted any deposits within the meaning of Section 58-A of the Companies Act, 1956 and the rules made there under during the period under review.

AUDITORS AND OBSERVATIONS

Auditors' Appointment

M/s. NGS & Co., Chartered Accountants, Auditors of the Company, is retiring at the conclusion of the Seventh Annual General Meeting are eligible for re-appointment. The Company has received certificate from them to the effect that the re-appointment, if made, would be within the limits prescribed under Section 224(1B) of the Companies Act, 1956.

Accordingly, members are requested to approve the re-appointment of M/s.NGS & Co., as Statutory Auditors and fix their remuneration as mentioned in the notice convening the Annual General Meeting.

Explanations to Auditors Observation

As Company has incurred loss in the current as well as previous financial year, the Auditors have made observation as per requirements of Companies (Auditors Report) Order, 2003 (as amended) about accumulated loss exceeding 50% of its net worth & incurring of cash losses. The Company is considering other viable business options and at the same time shut down retail shops to curtail present business losses.

Conservation of Energy, Research & Development, Technology Absorption, Foreign Exchange Earnings and Outgo & Export Initiative

(A) Conservation of Energy & Technology Absorption

The particulars as prescribed under Section 217(1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 are not applicable to your company.

(B) Foreign Exchange Earning and Outgo & Export Initiative

The details of Foreign Exchange earnings and outgo are as per details given hereunder. The Company's emphasis is on the retail trade in India and the Company is not proposing in near future to go for any export or international business except for import of the Products.

(Rs. in lacs)

Particulars	Period Ended 31st March, 2011	Year Ended 30th June, 2010
Foreign Earnings	Nil	Nil
Foreign Outgo		
CIF Value of Imported Goods	1,322.05	Nil

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 during the financial period ended 31st March, 2011.

K Bindu & Associates

Company Secretaries

Tel : (O) 28784043 (R) 28779546

Mobile : 9892349554

E-mail : kbindudshah@gmail.com

Off. : Panchsheel 3A/101, Raheja Township, Rani Sati Marg, Malad (E), Mumbai - 400097
Mailing Address : Panchsheel 1A/203, Raheja Township, Rani Sati Marg, Malad (E), Mumbai - 400097

COMPLIANCE CERTIFICATE

To,
The Members
Home Solutions Retail (India) Limited

Registration No. : U52330MH2004PLC148956
Authorised Capital: Rs.308,618,510/-
Paid up Capital: Rs. 10,000,000/-

I/We have examined the registers, records, books and papers of **Home Solutions Retail (India) Limited** (the Company) as required to be maintained under the Companies Act, 1956, (the Act) and the rules made there under and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial period ended on 31st March, 2011. In my/our opinion and to the best of my/our information and according to the examinations carried out by me/us and explanations furnished to me/us by the Company, its officers and agents, I/we certify that in respect of the aforesaid financial period:

1. the Company has kept and maintained all registers as stated in Annexure 'A' to this certificate, as per the provisions and the rules made there under and all entries therein have been duly recorded.
2. the Company has duly filed the forms and returns as stated in Annexure 'B' to this certificate, with the Registrar of Companies / Ministry of Corporate Affairs, Regional Director, Central Government, Company Law Board or other authorities within the time prescribed under the Act and the rules made there under.
3. the Company being Public Limited Company has the minimum prescribed paid-up capital during the period under review.
4. the Board of Directors duly met Four (4) times on 27-08-2010, 01-09-2010, 13-12-2010 and 10-03-2011 in respect of which meetings proper notices were given and the proceedings were properly recorded and signed including the circular resolutions passed in the Minutes Book maintained for the purpose.
5. the Company has not closed its Register of Members during the period under review.
6. the Annual General Meeting for the financial year ended on 30-06-2010 was held on 27-08-2010 after giving due notice to the members of the Company and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.
7. the Company has not held any Extraordinary General Meeting during the financial period.
8. the Company has not advanced any loans to its directors and/or persons or firms or companies referred in the Section 295 of the Act.
9. the Company has duly complied with the provisions of Section 297 of the Act in respect of contracts specified in that section.
10. the Company has made necessary entries in the register maintained under Section 301 of the Act.
11. there were no instances falling within the purview of Section 314 of the Act, and hence the Company was not required to obtain any approvals from the Board of Directors, members and previous approval of the Central Government pursuant to Section



12. there were no instance/s of issue of duplicate share certificates during the financial period under review.
13. the Company has
 - (i) delivered all the certificates on allotment of securities and on lodgment thereof for transfer/transmission or any other purpose in accordance with the provisions of the Act;
 - (ii) not declared any dividend during the financial period and hence there was no need to deposit the amount of dividend declared in a separate bank account.
 - (iii) not declared any dividend and hence there were no dividend warrants to be paid/posted during the financial period under review.
 - (iv) no balance of unpaid dividend account, application money due for refund, matured deposits, matured debentures and the interest accrued thereon which have remained unclaimed or unpaid for a period of seven periods and accordingly there was no need to transfer of any such amount to Investor Education and Protection Fund.
 - (v) duly complied with the requirements of Section 217 of the Act.
14. the Board of Directors of the Company is duly constituted. There has been no appointment or resignation of Director during the financial period. However, there has been a change in designation of one of the directors.
15. during the financial period one director had resigned as Whole-time Director but continued as Director of the Company and due to reduction of the Paid Up Capital of the Company to Rs. 1 crore, the provisions for appointment of Wholetime Director is no more applicable to the Company.
16. the Company has not appointed any sole-selling agents during the financial period.
17. the Company has obtained all necessary approvals of the Central Government, Company Law Board, Regional Director, Registrar of Companies or such other authorities as may be prescribed under the various provisions of the Act during the financial period.
18. the directors have disclosed their interest in other firms/companies to the Board of Directors pursuant to the provisions of the Act and the rules made there under.
19. the Company has not issued any shares/debentures/other securities during the financial period under review.
20. the Company has not bought back any shares during the financial period ended 31st March, 2011.
21. the Company has not issued any preference shares/debentures and hence question of redemption of any preference shares/debentures during the period does not arise.
22. the Company has not declared any dividend or issued bonus shares or right shares and hence, there was no need for keeping in abeyance the rights to dividend, right shares and bonus shares pending registration of transfer of shares in accordance with the provisions of the Act.



23. the Company has not invited/accepted any deposits including any unsecured loans falling within the purview of the provision of Section 58A during the financial period.
24. the amount borrowed by the Company from directors, members, public, financial institutions, banks and others during the financial period ending 31st March, 2011 is/are within the borrowing limits of the Company and that necessary resolutions as per Section 293(1)(d) of the Act have been passed in duly convened general meeting.
25. the Company has made loans and investments, or given guarantees or provided securities to other bodies corporate in compliance with the provisions of the Act and has made necessary entries in the register kept for the purpose.
26. the Company has not altered the provisions of the memorandum with respect to situation of the Company's registered office from one state to another during the period under review.
27. the Company has not altered the provisions of the memorandum with respect to the objects of the Company during the period under review.
28. the Company has not altered the provisions of the memorandum with respect to name of the Company during the period under review.
29. the Company has altered the provisions of the memorandum with respect to share capital of the Company during the period under review.
30. the Company has not altered its articles of association during the period under review.
31. there were no prosecution initiated against or show cause notices received by the Company for alleged offences under the Act and there were no fines and penalties or any other punishment imposed on the Company for any such offences during the period under review.
32. the Company has not received any security from its employees during the period under certification.
33. the Company has not deducted any contribution towards Provident Fund from the salaries of employees during the period under scrutiny as the provisions of Section 41B are not applicable to the Company.

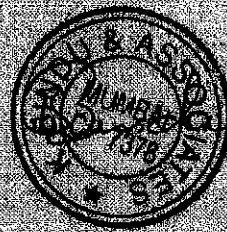
Place: Mumbai

Date: 23/08/2011

Signature: *Bindu*

Name of Company Secretary: K Bindu

C.P. No. 7378

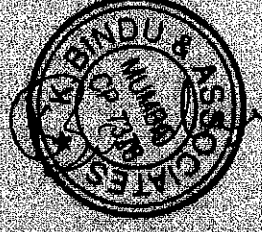


Annexure forming part of the report of even date issued for
M/s Home Solutions Retail (India) Limited
for the financial period ended 31st March, 2011.

Annexure A

Registers as maintained by the Company

1. Register of Members u/s 150
2. Register of Charges u/s 143
3. Register of Transfer
4. Register of Contracts u/s 301
5. Register of Directors' Shareholding u/s 307
6. Register of Directors' u/s 303
7. Register of Investment & Loans u/s 372A
8. Register of Allotment u/s 69-75
9. Register of Directors Attendance u/s 285



Annexure B

Forms and Returns as filed by the Company with the Registrar of Companies, Regional Director, Central Government or other authorities during the financial period ended 31st March, 2011.

Sr. No.	Form No./ Return	Filed Under Section	For	Date of Filing	Whether filed within prescribed time Yes/No	If delay in filing whether requisite additional fee paid Yes/No
1	17	138	Satisfaction of Charge (ID No. 10013578)	21-07-2010	Yes	N.A
2	17	138	Satisfaction of Charge (ID No. 10022945)	10-08-2010	Yes	N.A
3	21	394	Submission of High Court Order	27-08-2010	Yes	N.A
4	17	138	Satisfaction of Charge (ID No. 10217777)	11-11-2010	Yes	N.A
5	21	102(1)	Submission of High Court Order	11-12-2010	Yes	N.A
6	66	383A	Compliance Certificate for year ending 30th June, 2010	06-01-2011	No	Yes
7	23AC and 23ACA	220	Balance Sheet Profit & Loss A/c	08-01-2011	No	Yes
8	17	138	Satisfaction of Charge (ID No. 10092409)	20-01-2011	Yes	N.A
9	20B	159	Annual Return	20-01-2011	No	Yes
10	32	303	Change in Designation	25-01-2011	No	Yes
11	17	138	Satisfaction of Charge (ID No. 10168637)	24-02-2011	Yes	N.A



Auditor's Report

To

The Members of Home Solutions Retail (India) Limited

1. We have audited the attached Balance Sheet of Home Solutions Retail (India) Limited ('the Company') as at March 31, 2011 and also the Profit and Loss account and Cash Flow statement for the period ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (as amended) issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters 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 accounts 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 and the rules made there under.
 - v. On the basis of the written representations received from the directors, as on March 31, 2011, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
 - vii. 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;



NGS & Co.
Chartered Accountants

- a) in the case of the balance sheet, of the state of affairs of the Company as at March 31, 2011;
- b) in the case of the profit and loss account, of the loss for the period ended on that date; and
- c) in the case of cash flow statement, of the cash flows for the period ended on that date.

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



Navin T. Gupta
Partner
Membership No.: 40344
Mumbai
Date: August 23, 2011



Annexure referred to in paragraph 3 of our report of even date
Re: Home Solutions Retail (India) Limited ('the Company')

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The fixed assets have been physically verified by the management during the period and no material discrepancies were noticed on such verification. In our opinion, the frequency of verification of the fixed assets is reasonable having regard to the size of the Company and the nature of its assets.
- (c) In our opinion, a substantial part of fixed assets has not been disposed off during the period.
- (ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the period.
- (b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification carried out at the end of the period.
- (iii) As informed, the Company has neither granted nor taken any loans, secured or unsecured to/from companies, firms or other parties covered in the register maintained under section 301 of the Act. Therefore the provisions of clause (iii) (b), (c), (d), (e), (f) and (g) of the Order are not applicable to the Company.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and for the sale of goods. During the course of our audit, no major weakness has been noticed in the internal control system in respect of these areas.
- (v) (a) According to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Act that need to be entered into the register maintained under section 301 have been so entered.
- (b) In respect of transactions made in pursuance of such contracts or arrangements exceeding value of Rupees five lacs entered into during the period, the prices are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) The Company has not accepted any deposits from the public.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.



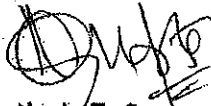
- (viii) Since the Company is neither engaged in manufacturing, processing, production and mining activities, to the best of our knowledge and belief, Section 209(1)(d) are not applicable to the Company. Therefore provisions of clause 4(viii) of the Order are not applicable to the Company.
- (ix) (a) 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, have been generally regularly deposited with the appropriate authorities. Further since the Central Government of India has till date not prescribed the amount of cess payable under Section 441A of the Companies Act, 1956, there is no statutory due payable under Section 441A of the Act.
- (b) According to the information and explanations given to us there are no undisputed dues in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty, cess and other statutory dues which were outstanding, at the year end for a period of more than six months from the date they became payable.
- (c) According to the information and explanations given to us, there are no dues of income tax; sales tax; wealth tax; service tax; customs duty; excise duty and cess which have not been deposited on account of any dispute.
- (x) *The Company's accumulated losses at the end of the financial year are more than fifty percent of its net worth and it has incurred cash losses in the current period and immediately preceding financial year.*
- (xi) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to bank. The Company did not have any dues payable to financial institution and debenture holders during the period.
- (xii) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore the provisions of clause 4(xiii) of the Order are not applicable to the Company.
- (xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Therefore the provisions of clause 4(xiv) of the Order are not applicable to the Company.
- (xv) According to the information and explanations given to us, the Company has not given guarantee for loans taken by others from bank or financial institutions.
- (xvi) In our opinion, the Company did not have any term loans outstanding during the period. Therefore provisions of clause 4(xvi) of the Order are not applicable to the Company.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.



NGS & Co.
Chartered Accountants

- (xviii) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956.
- (xix) The Company did not have any outstanding debentures during the period.
- (xx) The Company has not raised any money through a public issue during the period.
- (xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

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



Navin T. Gupta
Partner
Membership No.: 40344
Mumbai
Date: August 23, 2011



Home Solutions Retail (India) Limited

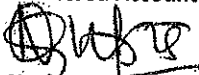
Balance Sheet as at March 31, 2011

	Schedules	As at March 31, 2011 (Amt in Rupees)	As at June 30, 2010 (Amt in Rupees)
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	1	1,00,00,000	1,00,00,000
Reserves and Surplus	2	7,95,90,385	7,95,90,385
		<u>8,95,90,385</u>	<u>8,95,90,385</u>
Loan Funds			
Secured loans	3	-	1,11,39,198
		-	<u>1,11,39,198</u>
Total		<u>8,95,90,385</u>	<u>10,07,29,583</u>
APPLICATION OF FUNDS			
Fixed Assets			
Gross block	4	5,71,54,725	5,71,54,725
Less: Accumulated depreciation		1,75,00,485	1,40,88,348
Net block		<u>3,96,54,240</u>	<u>4,30,66,377</u>
Current Assets, Loans and Advances			
Inventories	5	1,79,60,530	1,80,82,542
Sundry debtors	6	6,11,02,914	7,08,615
Cash and bank balances	7	11,03,515	6,82,729
Loans and advances	8	1,72,18,860	1,31,29,044
		<u>9,73,85,819</u>	<u>3,26,02,930</u>
Less: Current Liabilities and Provisions			
Current Liabilities	9	12,49,21,106	99,76,144
Provisions	10	8,48,393	1,69,180
		<u>12,57,69,499</u>	<u>1,01,45,324</u>
Net Current Assets		<u>(2,83,83,680)</u>	<u>2,24,57,606</u>
Profit and Loss Account		7,83,19,825	3,52,05,600
Total		<u>8,95,90,385</u>	<u>10,07,29,583</u>
Notes to Accounts	17		

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 N G S & Co.
Chartered Accountants


Navin T Gupta
Partner

Membership No. 40334

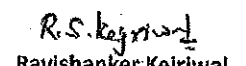
Place: Mumbai

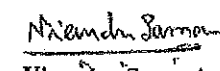
Date: August 23, 2011



For and on behalf of the Board of Directors of
Home Solutions Retail (India) Limited


Tarun Bhargava
Director


Ravishanker Kejriwal
Director


Virendra Samant
Company Secretary



Home Solutions Retail (India) Limited

Profit and Loss Account for the period of nine months ended Mar 31, 2011

Schedules	For the Period Ended March 31, 2011 (Amt in Rupees)	For the Year Ended June 30, 2010 (Amt in Rupees)
INCOME		
Sales and Operating Income	11 38,24,36,522	13,59,13,372
Other Income	12 20,64,489	-
Total	38,45,01,011	13,59,13,372
EXPENDITURE		
Cost of goods sold	13 35,73,08,920	8,23,19,079
Personnel expenses	14 2,49,58,853	1,54,65,472
Operating and other expenses	15 3,63,51,353	6,54,12,342
Depreciation/amortization	4 34,12,137	44,89,776
Finance expenses	16 5,57,638	43,85,979
	42,25,88,901	17,20,72,648
Loss Before Tax and Prior Period Items	3,80,87,890	3,61,59,276
Prior period items	50,26,335	-
Loss Before Tax	4,31,14,225	3,61,59,276
Provision for taxes		
- Current tax	-	-
- Earlier Year's Fringe benefit tax Adjustment	-	53,324
Loss After Tax	4,31,14,225	3,62,12,600
Add : Balance brought forward	3,52,05,600	1,13,03,71,000
Less : Adjustment on account of demerger	-	1,13,13,78,000
Balance carried to Balance sheet	7,83,19,825	3,52,05,600
Earnings per share		
Basic & Diluted - [Nominal value of shares Rs. 10 (2010 : Rs. 10)]	(43.11)	(36.21)
Notes to Accounts	17	

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 N G S & Co.
Chartered Accountants


Navin T Gupta
Partner

Membership No. 40334

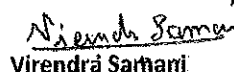
Place: Mumbai

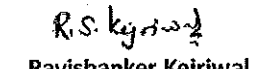
Date: August 23, 2011



For and on behalf of the Board of Directors of
Home Solutions Retail (India) Limited


Tarun Bhargava
Director


Virendra Sathari
Company


Ravishanker Kejriwal
Director



Home Solutions Retail (India) Limited

Cash Flow Statement for the period of nine months ended March 31, 2011

	For the Period Ended March 31, 2011 (Amt in Rupees)	For the Year Ended June 30, 2010 (Amt in Rupees)
A. Cash flow from operating activities		
Net loss before taxation, and extraordinary items	(3,80,87,890)	(3,52,03,173)
Adjustments for:		
Depreciation /Amortisation	34,12,137	44,89,776
Prior Period Items	(50,26,335)	-
Interest Expense & Finance Cost	5,57,638	43,85,979
Operating profit before working capital changes	(3,91,44,450)	(2,63,27,418)
Movements in working capital :		
Decrease / (Increase) in sundry debtors	(6,03,94,299)	1,74,31,34,820
Decrease / (Increase) in inventories	1,22,012	2,73,81,05,801
Decrease / (Increase) in loans and advances	(40,89,816)	65,78,60,876
(Decrease) / Increase in current liabilities	11,56,24,175	(2,58,85,61,794)
Cash generated from operations	1,21,17,622	2,52,42,12,285
Direct taxes paid (net of refunds)		51,65,27,379
Net cash from operating activities	1,21,17,622	3,04,07,39,664
B. Cash flow from investing activities		
Purchase of fixed assets and change in capital work-in-progress		2,27,95,94,762
(Purchase) / Sale Investments in Subsidiary Companies		3,24,00,000
Net cash from investing activities		2,31,19,94,762
C. Cash flow from financing activities		
Reduction in Share holders Funds on Account of Demerger		(2,03,22,03,512)
Repayment of long term borrowings	(1,11,39,198)	(2,86,25,69,362)
Proceeds / (Repayment) from short term borrowings (net)		(61,00,00,000)
Interest & Finance Cost	(5,57,638)	(43,85,979)
Net cash used in financing activities	(1,16,96,836)	(5,50,91,58,853)
Net increase / (decrease) in cash and cash equivalents (A + B + C)	4,20,786	(15,64,31,175)
Cash and cash equivalents at the beginning of the year	6,82,729	15,71,13,903
Cash and cash equivalents at the end of the year	11,03,515	6,82,729
Components of cash and cash equivalents as at	March 31, 2011	June 30, 2010
	(Rs. Lakhs)	(Rs. Lakhs)
Cash and cheques on hand	2,30,943	3,75,200
With banks - on current account	8,72,572	3,07,529
	11,03,515	6,82,729

As per our report of even date.

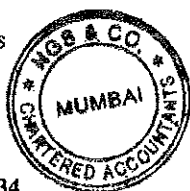
For NGS & Co.
Chartered Accountants


Navin T Gupta
Partner

Membership No. 40334

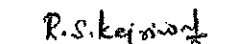
Place: Mumbai


Date: August 23, 2011



For and on behalf of the Board of Directors of
Home Solutions Retail (India) Limited


Tarun Bhargava
Director


Ravishanker Kejriwal
Director


Virendra Samani
Company Secretary



Home Solutions Retail (India) Limited

Schedules Forming Part of the Balance Sheet as at Mar 31, 2011

	As at Mar 31, 2011 (Amt in Rupees)	As at June 30, 2010 (Amt in Rupees)
Total		
Schedule 1: Share Capital		
Authorised		
1,08,61,851 Equity Shares of Rs. 10/- each.	10,86,18,510	10,86,18,510
2,000,000 Preference Shares of Rs 100/-each	20,00,00,000	20,00,00,000
	30,86,18,510	30,86,18,510
Issued, subscribed and paid up		
10,00,000 Equity Shares of Rs. 10/- each fully Paid	1,00,00,000	1,00,00,000
	1,00,00,000	1,00,00,000
Schedule 2: Reserves & Surplus:		
Securities Premium Account		
Opening Balance	7,95,90,385	2,95,07,83,440
Less : Adjustment on account of Demerger of business undertaking	-	1,64,07,91,482
i. Earlier Year Losses	-	71,38,74,194
ii. Deferred Tax Assets	-	51,65,27,379
	7,95,90,385	7,95,90,385
Schedule 3: Secured Loans		
Loans from banks		
Term Loan	-	53,239
(Repayable within one year - Nil (2010 : Rs.0.53)		
Short Term Rupee Loan	-	39,25,656
(Repayable within one year)		
Working capital Rupee loan	-	71,60,303
		1,11,39,198
Schedule 5: Inventories		
(At lower of cost and Net realisable value)		
Traded goods at Warehouses & Retail stores (Including goods in transit)	1,79,60,530	1,80,82,542
	1,79,60,530	1,80,82,542
Schedule 6: Sundry Debtors		
(Unsecured, Considered good)		
Debts outstanding over six months	4,44,96,000	
Other debts	1,66,06,914	7,08,615
	6,11,02,914	7,08,615
Schedule 7: Cash and Bank Balances		
Cash on hand	2,30,943	3,75,200
Balance with Scheduled Banks:		
On current accounts	8,72,572	3,07,529
	11,03,515	6,82,729



Home Solutions Retail (India) Limited

Schedules Forming Part of the Balance Sheet as at Mar 31, 2011.

	As at Mar 31, 2011 (Amt in Rupees)	As at June 30, 2010 (Amt in Rupees)
Schedule 8: Loans and Advances		
(Unsecured, considered Good)		
Advances recoverable in cash or in kind or for value to be received	44,76,718	19,16,342
Interest accrued on bank deposits	-	-
Security Deposits	1,27,42,142	1,12,12,702
Payment / Deduction of Income Tax (Net of Provisions)	-	-
	1,72,18,860	1,31,29,044
Schedule 9: Current Liabilities		
Dues to Sundry Creditors other than micro, small and medium enterprises	11,20,07,906	59,83,863
Interest Accrued but not due	-	63,166
Advance from customers	92,00,061	-
Deposits Received	1,55,000	-
Other Liabilities	35,58,139	39,29,115
	12,49,21,106	99,76,144
Schedule 10: Provisions		
Provision for Gratituty	4,94,423	1,07,122
Provision for leave encashment	3,53,970	62,058
	8,48,393	1,69,180



Home Solutions Retail (India) Limited

Schedules to the Accounts:

Schedule 4: Fixed Assets

Sr. No.	Particulars	As on 01.07.10		As on 31.03.11		As on 30.06.10		Depreciation / Amortisation For the Year	As on 31.03.11		Net Block As on 30.06.10	
		Additions	Gross Block Deductions									
1	Leasehold Premises	1,50,57,336	-	1,50,57,336	-	51,91,213	-	12,56,191	64,47,404	86,09,932	98,66,123	
2	Furniture & Fixtures	2,47,33,325	-	2,47,33,325	-	48,35,668	-	11,75,287	60,10,955	1,87,22,370	1,98,97,657	
3	Electrical Installations	1,56,56,219	-	1,56,56,219	-	34,71,917	-	8,12,577	42,84,494	1,13,71,725	1,21,84,302	
4	Office & Other Equipments	7,62,995	-	7,62,995	-	1,41,298	-	36,256	1,77,554	5,85,441	6,21,697	
5	Computers & Software	8,34,726	-	8,34,726	-	3,78,435	-	1,01,574	4,80,009	3,54,717	4,56,291	
6	Employee Hard Furnishing	1,10,124	-	1,10,124	-	69,817	-	30,252	1,00,069	10,065	40,307	
	Total	5,71,54,725	-	5,71,54,725	-	1,40,88,348	-	34,12,137	1,75,00,485	3,96,54,240	4,30,66,377	
	Previous Year	2,33,43,17,859	12,57,755	2,27,84,20,892	2,27,84,20,892	32,42,10,285	44,89,776	31,46,13,245	1,40,86,816	4,30,67,906	2,01,01,07,574	



Home Solutions Retail (India) Limited

Schedules Forming Part of the Profit and Loss Account for the period of nine months ended Mar 31, 2011

	For the Period Ended March 31, 2011 (Amt in Rupees)	For the Year Ended June 30, 2010 (Amt in Rupees)
Schedule 11: Sales & Operating Income		
	Total	
Sales	42,14,90,531	15,23,70,191
Less: VAT	3,90,81,838	1,64,56,819
	<u>38,24,08,693</u>	<u>13,59,13,372</u>
Other Operating Income	27,829	-
	<u>38,24,36,522</u>	<u>13,59,13,372</u>
Schedule 12: Other Income		
Interest on bank deposits (TDS : Rs Nil, 2010 : Rs. Nil)	62,413	-
Miscellaneous Income	1,39,340	-
Exchange difference on buyer's credit facilities (net)	18,62,736	-
	<u>20,64,489</u>	-
Schedule 13: Cost of goods Sold		
Inventories as at June 30	1,80,82,542	2,75,61,88,343
Add / (Less) : Inventories transfer on demerger	-	(2,73,48,18,557)
Add : Purchases (including direct expenses)	35,71,86,908	7,90,31,835
	<u>37,52,69,450</u>	<u>10,04,01,621</u>
Less : Inventories as at March 31, 2011/June 30, 2010	1,79,60,530	1,80,82,542
	<u>35,73,08,920</u>	<u>8,23,19,079</u>
Schedule 14: Personnel Expenses		
Salaries, wages and bonus	2,36,66,725	1,49,37,699
Contribution to provident and other funds	5,93,181	3,60,708
Gratuity and leave encashment	4,09,163	(11,663)
Workmen and staff welfare expenses	2,89,784	1,78,728
	<u>2,49,58,853</u>	<u>1,54,65,472</u>
Schedule 15: Operating and Other Expenses		
Power and fuel	48,49,655	63,93,018
Rent including Lease Rental	1,86,00,067	2,55,39,840
Business Centre/CAM Charges	54,27,492	86,38,400
Rates and taxes	2,43,419	1,27,247
Insurance	48,487	1,40,873
Repairs and maintenance		
- Plant and machinery	-	-
- Buildings	-	1,020
- Others	10,34,685	5,01,080
Advertising and sales promotion	6,26,416	73,28,932
Selling and Distribution Expenses	-	1,01,93,503
Travelling and conveyance	14,06,570	2,40,700
Communication costs	1,60,447	2,36,644
Printing and stationery	2,16,174	3,48,802
Legal and professional fees	10,30,787	17,71,112
Auditor's Remuneration	1,00,000	17,50,000
Brokerage and Commission	4,01,547	-
Housekeeping and Security Charges	11,64,513	17,19,737
Royalty	(1)	84,921
Miscellaneous expenses	10,41,095	3,96,513
	<u>3,63,51,353</u>	<u>6,54,12,342</u>
Schedule 16: Finance Expenses		
Interest	5,57,638	43,85,979
	<u>5,57,638</u>	<u>43,85,979</u>



Home Solutions Retail (India) Limited

Schedule 17: Notes forming Part of Accounts for the nine months ended March 31, 2011

1. Statement of Significant Accounting Policies

(a) Basis of preparation

The financial statements have been prepared to comply in all material respects in respects with the Notified accounting standard by Companies (Accounting Standards) Rules, 2006 and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention on an accrual basis. The Accounting Policies have been consistently applied by the Company are consistent with those used in the previous year.

(b) Use of estimates

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

(c) Fixed Assets

Fixed assets are stated at cost, less accumulated depreciation and impairment losses if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Financing costs relating to acquisition of fixed assets are also included to the extent they relate to the period till such assets are ready to be put to use

(d) Depreciation

Depreciation is provided based on the estimated useful lives of the asset on the Straight Line Method as per the rates prescribed in Schedule XIV to the Companies Act, 1956, except for the following assets which are depreciated at the rate higher than the corresponding Schedule XIV rates:

- Assets given to employees under the hard furnishing scheme of the Company which are depreciated over the period of the scheme (i.e. 3 years) after considering salvage of 5%;
- Leasehold improvements which are amortised over the lower of the estimated useful life or lease period; and
- Electrical installations which are amortised over a period of 14 years.

(e) Impairment 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 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. For the purpose of assessing impairment, assets are grouped at the lowest level of cash generating units.

(f) Investment

Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognise a decline other than temporary in the value of the long term investments



Home Solutions Retail (India) Limited

(g) Intangibles

Computer software

Expenditure incurred on the computer software is included under the head Computers and software and is amortised over a period of six years.

(h) Leases

Leases, where the Lessor effectively retains substantially all the risks and benefits of the ownership of the leased assets are classified as operating leases. Operating lease payments are recognized as an expense in the Profit and Loss account as per the tenure of the lease agreements.

(i) Inventories

Inventories are valued at the lower of cost and net realisable value. Cost of inventories comprises all costs of purchase and other costs incurred in bringing the inventories to their present condition and location. Cost is determined by the weighted average cost method. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs necessary to make the sale.

(j) 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

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. Sales Tax and VAT deducted from turnover (gross) is the amount that is included in the amount of turnover (gross) and not the entire amount of liability arise during the year. Sale of goods is accounted net of returns and discounts.

Commission Income

Revenues from Commission are recognized on accrual basis in accordance with the terms of relevant agreement.

Display Income

Revenue from store displays are recognised based on the period for which the products or advertisements are promoted/displayed.

Interest

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

(k) Foreign currency translation

Foreign currency transactions

(i) Initial Recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

(ii) Conversion

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.



Home Solutions Retail (India) Limited

(iii) Exchange Differences

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

(l) Retirement and other employee benefits

- i. Retirement benefits in the form of Provident Fund are a defined contribution scheme and the contributions are charged to the Profit and Loss Account of the year when the contributions to the respective funds is due. There are no other obligations other than the contribution payable to the respective statutory authorities.
- ii. Gratuity liability is a defined benefit obligations and are provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each
- iii. Encashable Short term compensated absences are provided for based on estimates. Long term compensated absences are provided for based on actuarial valuation. The actuarial valuation is done as per projected unit credit method.
- iv. Actuarial gains/losses are immediately taken to profit and loss account and are not deferred.

(m) Income taxes

Tax expense comprises 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, enacted in India. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. If the company has carry forward of unabsorbed depreciation and tax losses, deferred tax assets are recognised only if there is virtual certainty that such deferred tax assets can be realised against future taxable profits.

At each balance sheet date the Company re-assesses unrecognised deferred tax assets. It recognizes, unrecognised deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realised.

The carrying amount of deferred tax assets are reviewed at each balance sheet date. The company writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available

(n) Earnings Per Share

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

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.

(o) Provisions, Contingent Liabilities and Contingent Assets

Provisions involving substantial degree of estimation in measurement are recognised 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 recognised but are disclosed in the notes. Contingent Assets are neither recognised nor disclosed in the financial statements.



Home Solutions Retail (India) Limited

2. Related party disclosures

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

Pantaloon Retail (India) Limited

- II. Enterprises that directly, or indirectly through one or more intermediaries are under common control with the reporting enterprise:

- i. Future E-Commerce Infrastructure Limited
- ii. Future Value Retail Limited

- III. Key Management Personnel:

Mr. Vivek Biyani (till 30 August 2010)

- IV. Transaction with related Parties

(a) Holding Company and Fellow Subsidiaries

(Amt in Rupees)

Nature of Transactions	July'10 - Mar'11		2009-10	
	Holding Company	Fellow Subsidiaries	Holding Company	Fellow Subsidiaries
Sales and Operating Income	26,53,51,754	-	-	-
(Future Value Retail Limited)	-	2,98,94,130	-	-
(Future E-Commerce Infrastructure Limited)	-	33,714	-	-
Purchase of Finished Goods	3,22,35,699	-	-	-
(Future Value Retail Limited)	-	1,44,82,954	-	-
Expenditure on Services and Others	3,32,327	-	-	-
Balance Outstanding as on March 31				
Receivable	4,87,17,113	-	-	-
(Future Value Retail Limited)	-	93,51,569	-	-

(b) Key Managerial Personnel:

(Amount in Rupees)

Particulars	July'10 - Mar'11	2009-2010
Managerial Remuneration	17,51,200	28,62,700



Home Solutions Retail (India) Limited

3. Leases

Operating Lease:

The Company has entered into operating lease arrangements for various premises, vehicles, guest houses, employee accommodations and certain office equipments. Agreements of such leases include renewal clause. Lease rental paid during the year amounts to Rs.1,86,00,067 (2010: Rs.2,54,66,240). The Lease Rent payable not later than one year is Rs. 34,27,738 (2010: Rs.2,59,65,000), repayable later than one year but not later than 5 years is Rs.11,42,579 (Previous Year: Rs. 11,71,03,842) and that repayable later than 5 years is Rs.NIL (Previous Year: Rs. 42,61,363). There are no restrictions imposed by lease arrangements.

4. Receivable from Companies under the same management:

Sundry Debtors includes amount due from the following companies under the same management as defined under Section 370 (1B):

(Amount in Rupees)

Particulars	As at	As at
	March 31, 2011	June 30, 2010
Pantaloon Retail India Ltd	4,87,17,113	-
Future Value Retail India Ltd	93,51,569	-

5. Micro, Small and Medium Enterprises:

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, 2011. 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.

6. Deferred Tax Asset:

(Amount in Rupees)

Particulars	July'10 - Mar'11	2009-2010
Deferred Tax Asset		
Carry Forward of Losses		
Carry Forward of Depreciation	9,15,758*	11,52,878*
Effect of Expenditure debited to the Profit & Loss Account of the current Year but allowed for the tax purposes in the following years:		
- Gratuity & Leave Encashment	2,62,153	53,502
-Others		
Total Deferred Tax Asset(A)	11,77,911	12,05,380
Deferred Tax Liability		
Relating to Fixed Assets	11,77,911	12,05,380
Total Deferred Tax Liability(B)	11,77,911	12,05,380
Deferred Tax Asset (A-B)	-	-

*In the absence of virtual certainty to generate future taxable income against which can be realised, deferred tax asset on unabsorbed depreciation is recognised only to the extent of net deferred tax liability. Deferred Tax Asset on unabsorbed losses has not been recognised.



Home Solutions Retail (India) Limited

7. Capital Commitments:

(Amount in Rupees)

Particulars	As at March 31, 2011	As at June 30, 2010
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances).	NIL	NIL
	NIL	NIL

8. Provisions and Contingencies:

(Amount in Rupees)

Contingent Liabilities not provided for	As at March 31, 2011	As at June 30, 2010
Bank Guarantee		22,75,079
Service Tax*	1,18,57,432	98,75,568
	1,18,57,432	1,21,50,647

* The High Courts of various states have granted an interim stay against recovery of service tax on renting of immovable property arising out of amendment to section 65(105) (zzzz) retrospectively from 01.06.2007 introduced by Finance Act 2010.

9. Supplementary Statutory Information

9.1 Directors' Remuneration

(Amount in Rupees)

Particulars	July'10-Mar'11	2009-2010
Salaries & Perquisites	17,36,200	27,72,700
Contribution to Provident fund	15,000	90,000
	17,51,200	28,62,700

Notes: Remuneration payable to Vivek Biyani (Whole time Director) falls within the limits provided under schedule XIII read with section 269 of the Companies Act, 1956, no Central Government Approval is required for payment of remuneration.

9.2 Payments to Statutory Auditors (excluding Service Tax)

(Amount in Rupees)

Particulars	July'10-Mar'11	2009-2010
Statutory Audit fee	1,00,000	15,00,000
Tax Audit Fees	33,000	2,50,000
	1,33,000	17,50,000

9.3 Expenditure in foreign currency (Accrual basis)

(Amount in Rupees)

Particulars	July'10-Mar'11	2009-2010
Travelling	NIL	NIL
Others (Commission on Purchase)	NIL	NIL
	NIL	NIL



Home Solutions Retail (India) Limited

9.4 CIF value of imports (Accrual basis)

(Amount in Rupees)

Particulars	July'10-Mar'11	2009-2010
	Traded Goods	13,22,04,991
	13,22,04,991	-

10. Employee benefits:

The Company has a defined benefit plan. Every employee who has completed five years or more of services gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. The Amount recognized in the Company's financial statements as at the year end is as under:

A. Change in Present Value of Obligation

(Amount in Rupees)

Particulars	Gratuity (Unfunded)		Leave Encashment (Unfunded)	
	July'10-Mar'11	2009-2010	July'10-Mar'11	2009-2010
Present Value of the Obligation as on July 1, 2010	1,07,482	98,830	62,438	1,02,076
Interest Cost	6,449	7,906	3,746	8,166
Current Service Cost	1,04,394	60,297	71,330	40,421
Benefits Paid	22,212	-	3,59,712	19,323
Actuarial (gain)/ loss on obligations	2,98,310	(59,551)	5,76,168	(68,902)
Present Value of the Obligation as on March 31, 2011	4,94,423	1,07,482	3,53,970	62,438

B. Amount recognised in the Balance Sheet

(Amount in Rupees)

Particulars	Gratuity (Unfunded)		Leave Encashment (Unfunded)	
	July'10-Mar'11	2009-2010	July'10-Mar'11	2009-2010
Present Value of the Obligation as on March 31, 2011	4,94,423	1,07,482	3,53,970	62,438
Fair value of plan assets	-	-	-	-
Un-funded Liability	4,94,423	1,07,482	3,53,970	62,438
Unrecognized actuarial gains/ losses	-	-	-	-
Un-funded liability recognized in Balance Sheet	4,94,423	1,07,482	3,53,970	62,438

C. Amount recognised in the Profit and Loss Account

(Amount in Rupees)

Particulars	Gratuity (Unfunded)		Leave Encashment (Unfunded)	
	July'10-Mar'11	2009-2010	July'10-Mar'11	2009-2010
Interest Cost	6,449	7,906	3,746	8,166
Current Service Cost	1,04,394	60,297	71,330	40,421
Expected Return on Plan Assets	-	-	-	-
Actuarial (gain)/ loss on obligations	2,98,310	(59,551)	5,76,168	(68,902)
Total expense recognised in the Profit and Loss Account	4,09,153	8,652	6,51,244	(20,315)



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D.Reconciliation of Balance Sheet

Particulars	(Amount in Rupees)			
	Gratuity (Unfunded)		Leave Encashment (Unfunded)	
	July'10-Mar'11	2009-2010	July'10-Mar'11	2009-2010
Present Value of the Obligation as on July 1, 2010	1,07,482	98,830	62,438	1,02,076
Total expense recognised in the Profit and Loss Account	4,09,153	8,652	6,51,244	(20,315)
Benefit paid during the year	22,212	-	3,59,712	-
Present Value of the Obligation as on March 31, 2011	4,94,423	1,07,482	3,53,970	62,438

Actuarial Assumptions:

Particular	July'10-Mar'11	2009-2010
Retirement age	58 years	58 years
Withdrawal Rates	1.00% per annum	1.00% per annum
Future Salary Rise	5.00% per annum	5.00% per annum
Rate of Discounting	8.00% per annum	8.00% per annum
Mortality Table	L.I.C. (1994-96) ultimate	L.I.C. (1994-96) ultimate

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

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

Defined Contribution Plan:

Amounts recognized as expense for the period towards contribution to Provident Fund:

	(Amount in Rupees)	
	Period ended March 31, 2011	Year ended June 30, 2010
Employer's Contribution to Provident Fund	5,93,181	3,60,708



Home Solutions Retail (India) Limited

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

Details of Trading Goods

The Company is engaged in the business of retailing of large number of products (Furniture, Home Improvement etc). As it is not practical to ascertain the quantitative information in respect of each product, the quantitative information is grouped together.

Furniture, Home Improvement etc	Quantity (Nos.)		Value (Rs.)	
	July'10-Mar'11	2009-2010	July'10-Mar'11	2009-2010
Opening Stock	27,800	3,146,744	1,80,82,542	2,75,61,88,343
Less: Transfer to PRIL as per demerger scheme	-	3,115,527	-	2,73,48,18,557
Purchases	2,05,048	64,456	35,71,86,908	7,90,31,835
Sales (Net of taxes)	2,00,945	67,873	38,24,08,693	13,59,13,372
Closing stock	31,903	27,800	1,79,60,530	1,80,82,542
Others (non sales merchandise)				
Opening Stock	-	-	-	26,10,342
Less: Transfer to PRIL as per demerger scheme	-	-	-	26,10,342
Purchases	-	-	-	-
Sales	-	-	-	-
Closing stock	-	-	-	-

12. Computation of Earnings Per Share

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

Particulars	(Amount in Rupees)	
	July'10-Mar'11	2009-10
Loss after tax	4,31,14,225	3,62,12,600
Weighted Averages No. of Equity Shares	10,00,000	10,00,000
Earnings per share of Rs.10/- each Basic and Diluted (Rs)	(43.11)	(36.21)

13. Segment Reporting

The Company is exclusively engaged in the business of retailing the goods to the consumers. The retail business is considered to constitute one single primary segment in the context of Accounting Standard 17 on Segmental Reporting by companies (Accounting Standards) Rules, 2006 (as amended). There are no geographical reportable segments since the Company sells goods to the retail consumers in the Indian market only and does not distinguish any reportable regions within India.




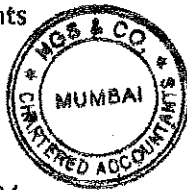
Home Solutions Retail (India) Limited

14. Previous year Comparatives

Current accounting period is a nine month period from July 1, 2010 to March 31, 2011. The previous accounting period was for twelve months from July 1, 2009 to June 30, 2010. Hence the figures are not comparable. Further previous year figures have been regrouped wherever necessary to confirm to current period classification.

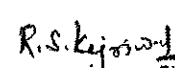
As per our report of even date
For NGS & Co.,
Chartered Accountants

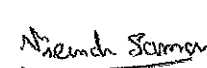

Navin T. Gupta
Partner
Membership No.: 40334
Place : Mumbai
Date : August 23, 2011



For and on behalf of the Board of Directors of
Home Solutions Retail (India) Limited


Tarun Bhargava
[Director]


Ravishankar Kejriwal
[Director]


Virendra Samani
[Company Secretary]

