

MENTOR ENTREPRENEURS

ANNUAL REPORT 2011



future ventures 
mentor.entrepreneurs



TOGETHER WE GROW

Imagine a platform where investors and entrepreneurs come together. Together with mentorship and capital...

Future Ventures is all about building this ecosystem, this foundation where we will share our culture, value, insights, retail formats, managerial skills, design capabilities and millions of customers who visit our stores everyday. **BESIDES CAPITAL.**



To this end our search for entrepreneurs has begun. Our systems and processes for mentorship have been designed. Our initiative to reach out to entrepreneurs in Fashion, Food, FMCG and Rural Distribution with passion, business acumen and an enterprise ready for scale-up has begun.

So that together we grow. Demonstrate our ability to create disproportionate growth. For our partner entrepreneurs... for all our investors who have chosen to back businesses and brands of the India of tomorrow.



Engineers, doctors,
even managers
are created in institutions...

So, where are
entrepreneurs made?

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ABOUT ENTREPRENEURSHIP IN INDIA

Like most other things in India, Entrepreneurship has had a lot to do with History, Tradition and Policy. Fortunately all of these are seeing signs of change. Traditional society has had little regard for the idea of entrepreneurship. The ubiquitous caste system virtually placed the entrepreneur at the bottom of the pyramid, socio-culturally speaking. Policy followed this idea and gave greater currency to the development of everything else, except the Entrepreneur. Result! The common man grew up in a nation that shuns failure, considers risk taking a sign of weakness. Not strongly, not achieved.

PROMOTING ENTERPRISE

Compare this with the United States of Entrepreneurship i.e. America. A nation, which since its birth has nurtured entrepreneurs. There are approximately 5 million businesses in the USA with less than 20 employees.

- Between 1996 and 2004, this nation created a average of 550,000 small businesses every month.
- Entrepreneurs such as Andrew Carnegie, the Rockefeller family and Henry Ford are celebrated in monuments across the United States.
- School children are raised on stories about inventors like Benjamin Franklin, Alexander Graham Bell and Thomas Alva Edison.
- Certain schools/universities like Stanford promote garage business and create heroes out of dropouts.
- Lately people like Bill Gates, Steve Jobs and Marc Zuckerberg are being immortalized.
- The fact that America is a nation of immigrants, adds to the diversity critical for entrepreneurship. Immigration policy too has supported this immensely.
- America has grown to become the world's most mature venture capital industry, with its first fund, the American Research and Development Corporation being founded as early as 1946.

- Not surprisingly, that it is the largest economy on the world.

In short, the spirit of enterprise has been a core constituent of state policy, hence has been adopted as a model for SOCIO-ECONOMIC development by the entire society. No wonder, that the nation and its people respect entrepreneurs, risk takers and innovators who work towards destroying old certainties to create new opportunities.

This precisely is our dream for the Indian Entrepreneur. At Future Ventures, we wish to create a forum and a platform that provides inspiration, access to markets/ consumers and capital for entrepreneurs. We will work towards promoting entrepreneurs as creative people, innovators who need to be looked up to. We will attempt to build an open society that nurtures and listens to entrepreneurs. Most importantly, we will seriously consider investing in the entrepreneurs as a means of creating disproportionate growth and wealth for the society.





MENTOR CAPITAL

Kishore Biyani

I was truly fascinated by the idea of a mentor. So, I decided to dig deeper, unravel the source and origin of the mentor.

I was indeed pleasantly surprised when I discovered that MENTOR was a REAL PERSON, straight out of GREEK mythology. A friend of ODYSSEUS, MENTOR was placed by Odysseus to look after his son, Telemachus, when Odysseus left for the Trojan War. By virtue of Mentor's near paternal relationship with Telemachus, the personal name MENTOR has been adopted in English as a term meaning - a father like teacher.



Mentorship now refers to a personal development relationship in which a more exposed, experienced, perhaps a more knowledgeable individual who nurtures, stands by and supports a younger, passionate, potential achiever.

As a subject, this has been adopted by virtually every other creative stream, where skill and experience are consciously shared. Specially in art, music, performing arts, religion even sports.

MENTOR · CAPITAL At Future Ventures, I personally believe that we need to share a lot more than capital, to create a society built around the spirit of enterprise. Our culture, our values, our insights, our experience, our managerial skills, our design capabilities, millions of customers who visit our various retail formats every day.

Yes! Even capital, are all meant to be shared.

Share, is what we will consciously do, with entrepreneurs, innovators and risk takers who want to leave behind success stories.

Future Ventures and I are truly committed to the idea of mentoring growth in Fashion, Food, FMCG & Rural Distribution businesses. So that together we grow.



NEXT GENERATION BRANDS

INDUS
LEAGUE

URBAN™
yoga

URBANA
THE MASTERPIECE


DANIEL HECHTER
PARIS

HQ HEADQUARTERS
YOUR FORMAL WEAR DESTINATION

JEALOUS 21

JOHN MILLER



BIBA

B COZ

MEENA BINDRA

ADI

Clarks

 TURTLE
MENSWEAR + ACCESSORIES

 London Bridge 
SHIRTS | TROUSERS | T-SHIRTS

AND

ANITA DONGRE
iinter-pret

global desi

 CAPITAL
FOODS



 Kaeng Thai
Culinary From The Land Of Thousand Smiles



Premium
harvest 

Sach™
BY SACHIN TENDULKAR

 Aadhaar
Khushiyaon ka, Khushhali ka



INDIGO NATION
YOUNG LIKE THAT


SCULLERS

 **holii**
colour your life

 **mother earth**

BIBA
GIRLS
(2 - 12 YEARS)

celio*
*French fashion for men

ANITA DONGRE
grassroot

ANITA DONGRE
TIMELESS

SMITH & JONES

Raji

**care
mate**
More care. More value.


FOOD BAZAAR
**FRESH
PURE**

KARADI TALES

TINKLE
WHERE LEARNING MEETS FUN

MENTORING ENTREPRENEURS



OUR MISSION

We will catalyze disproportionate growth by mentoring entrepreneurs, businesses and brands in Fashion, Food, FMCG and Rural Distribution.

Sportsmen have coaches,
spirituality has gurus,
music has ustaads...

So, who do
entrepreneurs have?

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CORPORATE INFORMATION

BOARD OF DIRECTORS

CHAIRMAN

Mr. G.N. Bajpai

MANAGING DIRECTOR

Mr. Kishore Biyani

DIRECTORS

Mr. Anil Harish

Mr. B. Anand

Mr. Gaurav Burman

(Appointed as an Additional Director w.e.f 16th July,2011)

Mr. Jagdish Shenoy

(Appointed as an Additional Director w.e.f 10th August,2010)

CHIEF EXECUTIVE OFFICER

Mr. K K. Rathi

VICE PRESIDENT – FINANCE

Mr. Gopal Bihani

COMPANY SECRETARY & HEAD-LEGAL

Mr. Manoj Gagvani

STATUTORY AUDITORS

M/s. Deloitte Haskins & Sells

BANKERS

YES Bank Limited

HDFC Bank Limited

Allahabad Bank

REGISTERED OFFICE

Knowledge House, Shyam Nagar,
Off Jogeshwari Vikhroli Link Road,
Jogeshwari (East), Mumbai - 400 060.

Tel No.: +91 22 3084 1300

Fax No.: +91 22 6644 2201

CORPORATE OFFICE

247 Park, Tower 'C', 5th Floor,
L.B.S Marg, Vikhroli (West),
Mumbai - 400 083.

Tel No.: +91 22 6199 4111

Fax No.: +91 22 6199 5391

Email ID: investor.care@futureventures.in

REGISTRAR & SHARE TRANSFER AGENTS

Link Intime India Private Limited
C-13, Pannalal Silk Mills Compound,
L.B.S Marg, Bhandup (West),
Mumbai - 400 078

Tel No.: +91 22 2594 6970

Fax No.: +91 22 2594 6969

DIRECTORS' REPORT

Dear Shareholders,

Your Directors take pleasure in presenting the 15th Annual Report and the Audited Accounts of Future Ventures India Limited ("Company"), for the year ended 31st March, 2011.

FINANCIAL HIGHLIGHTS

The summarized financial performance of the Company for 2010-11 and 2009-10 is given below:

(Amount ₹ In Lakhs)

	STANDALONE		CONSOLIDATED	
	2010-11	2009-10	2010-11	2009-10
Total Income	1,311.64	2,575.72	54,922.91	17,823.39
Profit/(Loss) before Depreciation & Tax	358.69	2,113.41	(685.94)	(1,080.89)
Less: Depreciation	5.90	11.57	2,533.35	862.19
Profit before Tax & Exceptional Items	352.79	2,101.84	(3,219.29)	(1,943.08)
Less: IPO Expenses	448.03	-	448.03	-
Profit/(Loss) before Tax	(95.24)	2,101.84	(3,667.32)	(1,943.08)
Less: Provision for Tax	(28.00)	426.31	273.66	159.48
Profit After Tax	(67.24)	1,675.53	(3,940.98)	(2,102.56)
Add: Share of Associates Profit/(Loss)	-	-	383.16	36.87
Add: Share of Minority Interest	-	-	861.86	1,022.17
Add : Adjustment on Acquisition of Subsidiaries	-	-	(55.97)	-
Profit/(Loss) after Share of Associates and Minority Interest	-	-	(2,751.93)	(1,043.52)
Add: Profit/(Loss) brought forward from previous year	(98.09)	(1,438.51)	(7,548.05)	(6,227.17)
Add : Adjustment on Acquisition of Subsidiaries / Consolidation	-	-	(5.51)	57.75
Profit/(Loss) available for appropriation	(165.33)	237.02	(10,305.49)	(7,212.94)
Transfer to Statutory Reserve	-	335.11	-	335.11
Transfer to General Reserve	-	-	-	-
Balance carried to Balance Sheet	(165.33)	(98.09)	(10,305.49)	(7,548.05)

PERFORMANCE DURING THE YEAR UNDER REVIEW

On a stand alone basis, the income from operations for the current year was ₹ 1,311.64 Lakhs as against ₹ 1,190.28 Lakhs (excluding income from trading securities ₹ 1,385.44 Lakhs) showing an increase of 10% over previous year. The expenses towards Initial Public Offer of ₹ 448.03 Lakhs incurred during the year have been charged against the current year's profit.

On a consolidated basis, our total income increased to ₹ 54,922.91 Lakhs in Fiscal 2011 from ₹ 17,823.39 Lakhs in Fiscal 2010, thereby registering a growth of 208%.

The Company does not have any indebtedness on a standalone basis. The Company's secured and unsecured debt position as on 31st March, 2011 is on account of consolidated reporting.

The year under review has been significant for the Company. Your Company has further strengthened its position in the Fashion, Rural Distribution, Food and FMCG sectors by investing further in companies like Indus-League Clothing Limited, Future Consumer Enterprises Limited, Future Consumer Products Limited, Holii Accessories Private Limited and Aadhaar Retailing Limited.

The Company has entered into new business segments such as edutainment by making investment in new business venture Amar Chitra Katha Private Limited.

Following the investments made by the Company, its presence in the consumption-led sectors as on 31st March, 2011 stands to 13 business ventures. The Company has during the year under review, divested its stake in Star Shopping Centres Private Limited and SSIPL Retail Limited.

The details of the financial performances of each of our businesses are discussed in the Management Discussion and Analysis Report, which is annexed and forms an integral part of the Directors' Report.

FUTURE OUTLOOK

The Company continues to create businesses and mentoring entrepreneurs to catalyze disproportionate growth in Fashion, Food, FMCG and Rural Distribution. The Company shall look out for new opportunities for entering in businesses and brands that can cater to the changing needs of new age India and have permanently and constantly growing demand. Our focus shall be to create a portfolio of businesses, where each of the brands has a sharp and distinct positioning.

Driven by strong domestic consumption demand, we expect the businesses in these sectors to grow substantially in the coming years. While focusing on product development, brand positioning we shall continue to expand geographically and deepen our reach through EBOs, MBOs and other distribution network. We shall monitor the various efficiency parameters and working capital management of these businesses thereby contributing and improving the profitability of the Company.

INITIAL PUBLIC OFFER ("IPO")

Your Company successfully completed initial public offer ("IPO") of equity shares during May, 2011. Your Company has raised an amount of ₹ 75,000 Lakhs through the IPO. The equity shares of the Company are now listed on Bombay Stock Exchange Limited and National Stock Exchange of India Limited which commenced trading on 10th May, 2011. The IPO proceeds will be deployed as per the objects of the Issue.

Your Directors take this opportunity to thank all the Shareholders for investing in the Company.

In terms of the provisions of Clause 5A of the Listing Agreement, details about unclaimed shares in suspense account as on 30th June, 2011 is as under:

DESCRIPTION	NO. OF SHAREHOLDERS	NO. OF SHARES
Aggregate number of shareholders and outstanding shares in the suspense account as on the date of allotment i.e 5 th May, 2011	26	91,200
Number of shareholders who approached the Company for transfer of shares from suspense account upto 30 th June, 2011	8	29,400
Number of shareholders to whom shares were transferred from suspense account upto 30 th June, 2011	8	29,400
Aggregate number of shareholders and outstanding shares in the suspense account as on 30 th June, 2011	18	61,800

The Company has opened separate suspense account with National Securities Depository Limited and Central Depository Services (India) Limited and has credited the said unclaimed shares to the suspense accounts in compliance with requirements of the Listing Agreement.

The voting rights in respect of shares maintained under the suspense accounts shall remain frozen till the rightful owner of such shares claims the shares.

DIVIDEND

Your Directors have not recommended any dividend on equity shares for the financial year under review due to non-availability of profit for appropriation.

SUBSIDIARY COMPANIES

During the year under review, your Company had following subsidiaries:

- Indus-League Clothing Limited
- Indus Tree Crafts Private Limited
- Aadhaar Retailing Limited
- Future Consumer Enterprises Limited
- Future Consumer Products Limited
- Lee Cooper (India) Limited

Pursuant to the general circular No. 2/2011 and 3/2011 dated 8th February, 2011 and 21st February, 2011 respectively issued by Ministry of Corporate Affairs ("MCA") and in terms of the general exemption granted by MCA copies of balance sheet, the profit and loss account, report of the Board of Directors and that of the Auditors in respect of the subsidiaries as on 31st March, 2011 have not been attached to the Balance Sheet of your Company.

The aforesaid documents in respect of the respective subsidiary companies will be made available upon a request made by any Shareholder of the Company interested in obtaining the same. These documents in respect of aforesaid subsidiary companies are also available for inspection at the registered office of the Company and that of the respective subsidiaries. However, as directed by MCA, the financial data of subsidiaries has been furnished under 'Financial Information on Subsidiary Companies' forming part of the Annual Report.

The Audited Consolidated Financial Statements made in accordance to the applicable Accounting Standards forms part of this Annual Report.

RBI REGULATIONS

Your Company is a Non-Deposit Accepting or Holding Systemically Important Non-Banking Finance Company ("SI-ND-NBFC") and is in compliance to the applicable regulations prescribed by the Reserve Bank of India ("RBI"). On an application made by the Company, RBI has granted provisional exemption to the Company from compliance to thresholds prescribed under Para 18 of the Prudential Norms in respect of concentration of credit/investment norms.

Your Company has complied with the regulations of RBI as on 31st March, 2011 as are applicable to it as a SI-ND-NBFC.

PUBLIC DEPOSITS

Your Company has not accepted any deposits from the public during the year under review and shall not accept any deposits without obtaining prior approval of the Reserve Bank of India.

DIRECTORS

Mr. Jagdish Shenoy and Mr. Gaurav Burman have been appointed as Additional Directors of the Company with effect from 10th August, 2010 and 16th July, 2011 respectively. In accordance to the provisions of Section 260 of the Companies Act, 1956, the Additional Directors so appointed shall hold office only upto the date of the ensuing Annual General Meeting. Individual notices proposing candidature for office of aforesaid Directors have been received from Shareholders of the Company in accordance with the provisions of the Section 257 of the Companies Act, 1956.

During the year, Mr. Rakesh Jhunjhunwala has resigned from the Board of Directors of the Company with effect from 4th August, 2010.

In terms of the provisions of the Companies Act, 1956, Mr. Anil Harish retires from the Board of Directors of the Company by rotation and being eligible, has offered himself for re-appointment at the ensuing Annual General Meeting.

None of the Directors are disqualified for appointment / re-appointment under Section 274(1)(g) of the Companies Act, 1956.

The Notice convening the ensuing Annual General Meeting includes the proposals for appointment / re-appointment of aforesaid Directors. A brief resume of the Directors seeking appointment / re-appointment at the ensuing Annual General Meeting and other details as required to be disclosed in terms of Clause 49 of the Listing Agreement forms part of the Notice of the ensuing Annual General Meeting. None of the Directors are related inter-se to each other.

CORPORATE GOVERNANCE

Report on Corporate Governance together with Auditors' Certificate as required under Clause 49 of the Listing Agreement forms part of this Annual Report.

MANAGEMENT DISCUSSION & ANALYSIS REPORT

The Management Discussion & Analysis Report as required under Clause 49 of the Listing Agreement is presented separately and forms part of this Report.

CONSOLIDATED FINANCIAL STATEMENTS

Pursuant to the provisions of Clause 41 of the Listing Agreement and that of the Accounting Standard AS-21 on Consolidated Financial Statements read

with Accounting Standard AS-23 on Accounting for Investment in Associates and Accounting Standard AS-27 on Financial Reporting of Interest in Joint Ventures, the Audited Consolidated Financial Statements have been prepared on the basis of audited financial statements received from the subsidiary companies and the joint ventures, as approved by their respective Board of Directors.

AUDITORS

M/s. Deloitte Haskins & Sells, Chartered Accountants, the Statutory Auditors of the Company hold office until conclusion of the ensuing Annual General Meeting. The Statutory Auditors have expressed their willingness to continue if so appointed, and have issued a certificate to the Company as required under Section 224 (1B) of the Companies Act, 1956, to the effect that their re-appointment, if made, would be in conformity with the limits specified in the said section.

DIRECTORS' RESPONSIBILITY STATEMENT

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

1. that in the preparation of the annual accounts for the financial year ended 31st March, 2011, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
2. that the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and the profit of the Company for that period;
3. that the Directors had 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;
4. that the Directors have prepared the annual accounts for the financial year ended 31st March, 2011, on a going concern basis.

PARTICULARS OF EMPLOYEES AND EMPLOYEE STOCK OPTION PLAN- 2011

In accordance with the provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended, the name and other particulars of certain employees are required to be set out in an Annexure to the Directors' Report. However, as per the provisions of Section 219(1)(b)(iv) of the Companies Act, 1956, the Directors' Report excluding the aforesaid information is being sent to all the Shareholders of the Company and other entitled thereto. Shareholders who are interested in obtaining such particulars may write to the Company at its Registered Office.

Pursuant to the approval granted by the Shareholders at the 14th Annual General Meeting held on 10th August, 2010, your Company has implemented 'FVIL Employees Stock Option Plan-2011' and has granted Options in terms thereof. The disclosure as required under the Securities and Exchange Board of India (Employee Stock Option Scheme & Employee Stock Purchase Scheme) Guidelines, 1999 are annexed and forms part of this Report (Annexure 1).

GROUP

Pursuant to an intimation received from the Promoter(s) and in accordance with regulation 3(1) (e) of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 regarding identification of persons constituting 'Group' (within the meaning as defined in the Monopolies and Restrictive Trade Practices Act, 1969) are disclosed in this Report as separate disclosure. (Annexure 2).

PARTICULARS OF ENERGY CONSERVATION, TECHNOLOGY ABSORPTION, EXPENDITURE ON RESEARCH AND DEVELOPMENT, FOREIGN EXCHANGE INFLOW/ OUTFLOW, ETC

The requirement for disclosure in respect of Conservation of Energy, in terms of 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 is not applicable to the Company. However the Company takes all possible efforts towards energy conservation.

The requirement of disclosure with regard to technology absorption does not apply to the Company as the activities in which the Company operates does not require any technology.

The details in respect of Foreign Exchange outgo during the year under review, is provided in Note II(8) in Notes to Accounts under Schedule 10 forming part of the Balance Sheet and Profit and Loss Account.

ACKNOWLEDGEMENT

Your Directors would like to thank and place on record their appreciation for the support and co-operation provided to your Company by its Shareholders, Future Group entities, and in particular, their employees, regulatory authorities and its bankers. Your Directors would also like to place on record their appreciation for the efforts put in by employees of the Company during the year.

On behalf of the Board of Directors

Sd/-
G.N.Bajpai
Chairman

Date: 16th July, 2011
Place: Mumbai

ANNEXURE 1 TO DIRECTORS' REPORT

Disclosures as required under SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999.

The below disclosure is in respect of FVIL Employees Stock Option Plan-2011 in respect of year ended 31st March, 2011.

SR. NO.	PARTICULARS	'FVIL EMPLOYEES STOCK OPTION PLAN-2011'
(a)	Options granted during the year	1,32,80,000 options
(b)	Pricing Formula	₹ 10/- per equity share
(c)	Options Vested	Nil
(d)	Options exercised	Nil
(e)	The total number of shares arising as a result of exercise of Option	1,32,80,000 equity shares
(f)	Options lapsed	Nil
(g)	Variation of terms of Options	Nil
(h)	Money realised by exercise of Options	Nil
(i)	Total number of Options in force	1,32,80,000
(j)	Employee wise details of options granted to:	
(1)	Senior Managerial Personnel (Directors and Key Managerial Personnel)	Refer Note 1 below
(2)	Any other employee who receives a grant in any one year of option amounting to 5% or more of option granted during that year.	Nil
(3)	Identified employees who were granted option during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company from the time of grant.	Nil
(k)	Diluted Earnings Per Share (EPS) pursuant to issue of shares on exercise of options calculated in accordance with Accounting Standard (AS) 20 'Earning Per Share'	₹ (0.01)
(l)	Where the Company has calculated the employee compensation cost using the intrinsic value of the stock options, the difference between the employee compensation cost so computed and the employee compensation that shall have been recognised if it had used the fair value of options, shall be disclosed. The impact of this difference on profits and on EPS of the Company shall also be disclosed.	₹ (1,99,667)
(m)	Weighted average exercise prices and weighted average fair values of options shall be disclosed separately for options whose exercise price either equals or exceeds or is less than the market price of the stock.	Weighted average price of option is ₹ 10 each and fair value of option is ₹ 2.36 each.
(n)	A description of the method and significant assumptions used during the year to estimate the fair values of options, including the following weighted average information:	Refer Note 2 below
	(i) risk free interest rate;	
	(ii) expected life;	
	(iii) expected volatility;	
	(iv) expected dividend; and	
	(v) the price of the underlying share in market at the time of option grant	

Note 1: Details of Options granted to Directors and Key Managerial Personnel of the Company and its Subsidiaries are as under:

SR. NO.	NAME OF THE DIRECTORS AND KEY MANAGERIAL PERSONNEL	NUMBER OF OPTIONS GRANTED
A.	Directors	
1.	Mr. G. N. Bajpai	2,50,000
2.	Mr. B. Anand	10,00,000
B.	Key Managerial Personnel	
1.	Mr. K K. Rathi	82,00,000
2.	Mr. Praveen Dwivedi	5,00,000
3.	Mr. Manoj Gagvani	2,50,000
4.	Mr. Gopal Bihani	2,50,000
5.	Ms. Meenakshi Maheshwari	2,50,000
6.	Mr. Devendra Chawla	5,00,000
7.	Mr. Raminder Singh Rekhi	5,00,000
8.	Mr. C. P. Toshniwal	10,00,000
9.	Mr. Damodar Mall	5,00,000

Note 2: Description of the method and significant assumptions used during the year to estimate the fair values of options, including the following weighted average information:

1. Fair Value Methodology	The fair value of options to compute net profit and Earning per shares has been estimated on the date of grant using Black-scholes model by Independent consultant.
2. Risk free interest rate	7.79%
3. Expected life	2.5 years
4. Expected volatility	Since the Company was unlisted ,zero volatility considered
5. Expected dividend	The Company has not declared any dividend, hence dividend has not been considered
6. Price of the underlying share in market at the time of option grant	At the time of granting Options, shares of Company were not listed.

ANNEXURE 2 TO DIRECTORS' REPORT

List of persons constituting "Group" as required under Regulation 3(1)(e) of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 is as under:

- | | | |
|---|---|--|
| 1. Mr. Kishore Biyani | 19. Future Knowledge Services Limited | 37. Samreen Multitrading Private Limited |
| 2. Ms. Sangita Biyani | 20. Future Learning and Development Limited | 38. Sanavi Multitrading Private Limited |
| 3. Ms. Ashni Biyani | 21. Future Entertainment Private Limited | 39. Simpleton Investrade Private Limited |
| 4. Ms. Avni Biyani | 22. Gargi Developers Private Limited | 40. Shrishti Mall Management Company Private Limited |
| 5. Mr. Laxminarayan Biyani | 23. Kavi Sales Agency Private Limited | 41. Silver Base Infrastructure Private Limited |
| 6. Mr. Vijay Biyani | 24. L10n Infopreneur Private Limited | 42. Softtouch Multitrading Private Limited |
| 7. Mr. Anil Biyani | 25. Lalit Corporate Advisory Private Limited | 43. Surplus Finvest Private Limited |
| 8. Akar Estate Finance Private Limited | 26. Liquid Foot Infraprojects Private Limited | 44. Tanushri Infrastructure Private Limited |
| 9. Anveshak Trade Enterprises LLP | 27. Manz Retail Private Limited | 45. Taraka Infrastructure Private Limited |
| 10. Bansi Mall Management Company Private Limited | 28. Oviya Multitrading Private Limited | 46. Ucchal Infrastructure Private Limited |
| 11. Brahmabrata Trading Private Limited | 29. Pantaloon Retail (India) Limited | 47. U-Phase Infraprojects Private Limited |
| 12. Central Departmental Stores Private Limited | 30. PIL Industries Limited | 48. Utsav Mall Management Company Private Limited |
| 13. Eclipse Infrastructure Private Limited | 31. Raaka Multitrading Private Limited | 49. White Circle Mercantile Private Limited |
| 14. ESES Commercials Private Limited | 32. Radha Multitrading Private Limited | 50. White Knight Mercantile Private Limited |
| 15. Future Capital Investment Private Limited | 33. Raja Infrastructure Private Limited | 51. Winner Sports Limited |
| 16. Future Corporate Resources Limited | 34. Rural Fairprice Wholesale Limited | |
| 17. Future Ideas Company Limited | 35. Saachi Multitrading Private Limited | |
| 18. Future Ideas Realtors India Limited | 36. Salarjung Multitrading Private Limited | |



Birds fly together.



So, why are entrepreneurs
expected to make that flight alone?



Risks, in traditional Indian society, have been associated more with the possibility of failure than success. Result: social and economic forces conspire to dampen the spirit of entrepreneurship. Possibly why, the caste system placed business virtually at the bottom of the pyramid. Policy followed this idea and gave greater currency to the development of everything else except the entrepreneur.

MENTORING ENTERPRISE

Now, compare this with the United States of America. School children are raised on stories about inventors. Entrepreneurs such as Andrew Carnegie, Henry Ford and the Rockefeller family are lauded and even celebrated. Certain schools and universities promote garage businesses and create heroes out of dropouts.

Needless to say, economic policies and systems are geared to promote the idea of entrepreneurship!

Yes, society comes together to back, inspire and **mentor entrepreneurs**.

MENTOR · CAPITAL

At Future Ventures, we believe that we need to provide a lot more than capital to create a society built on enterprise. Our culture, our values, our insights, our experience, our retail formats, our managerial skills, our design capabilities, millions of customers who visit our stores across India everyday and yes all this and even capital is meant to be shared. With entrepreneurs, innovators and risk takers who have chosen to work towards destroying old certainties to create new opportunities. So that together we build a nation based on the spirit of enterprise.



OUR MISSION

We will catalyze disproportionate growth by mentoring entrepreneurs, businesses and brands in Fashion, Food, FMCG and Rural Distribution.

log on to www.futureventures.in

future ventures
mentor.entrepreneurs



MANAGEMENT DISCUSSION AND ANALYSIS



MANAGEMENT DISCUSSION AND ANALYSIS

The purpose of this discussion is to provide an understanding of financial statements and a composite summary of performance of our businesses.

Management Discussion and Analysis is structured as follows:

- Economy Overview
- Business and Operational Overview
- Competitive Landscape
- Risks and Threats
- Internal Controls and their adequacy
- Review of Financial Performance

Some statements in this discussion may be forward looking. Future performance may however differ materially from those stated on account of various factors such as changes in Government regulations, tax regimes, impact of competing products and their pricing, product demand and supply constraints. Certain financials numbers mentioned in the MDA for various companies have been mentioned based on our economic interest (Our share in the equity of the investee company multiplied by its financial parameter) in the various businesses, therefore the same may vary from the figures considered in consolidated accounts which are included based on principles of accounting.

ECONOMY OVERVIEW

With the matured markets facing challenges of slow recovery, India has shown great resilience, which is demonstrated by stable growth attributable to a robust regulatory system and domestic demand. India continued to demonstrate a balanced growth in 2010-11 with GDP growth of 8.6% in 2010-11.

The world's focus on developing and emerging markets continued, which has resulted in improved liquidity and stronger private capital inflows.

Although inflation and higher interest rates are expected to shave off a few basis points from the overall growth rate, it is estimated that India will grow at 7.5% to 8.0% in 2012 as per multilateral agencies. The PFCE (Private Final Consumption Expenditure) is expected to reach about USD 1 trillion by the end of this decade.

Growing urbanization, evolving aspirations and consumer lifestyles, increase in disposable incomes and spend will continue to drive consumption and demand. Rural India accounts for 70% of India's population and is estimated to account for 55% of expenditure. There is a significant growth in income and employment in the rural market. Various Government initiatives such as National Rural Employment Guarantee Act (NREGA), waiver of loans, minimum support prices of select agricultural output have also created higher disposal incomes in Rural India. The key challenge is lack of infrastructure and affordability. The Government has initiated and implemented various initiatives to build infrastructure through public and private partnerships.

The developments in Indian economy and demographics continue to be extremely favorable for the consumption led sectors. India has entered a virtuous long term cycle in which rising incomes result in increase in consumption thereby creating more business opportunities and employment, further fuelling GDP and income growth. The main economic drivers like investments and infrastructure would act as catalyst to boost income and consumption.

BUSINESS AND PERFORMANCE OVERVIEW

The Company is focused on developing, acquiring and partnering of businesses in the Fashion Apparel and Accessories, FMCG and food processing, Rural Distribution and Edutainment, which constitute a significant portion of the household expenditure and are expected to dominate the growth in Indian Consumption. The Company is optimistic with regard

to the growth in consumption in these segments and has made investments in the existing and new Business Ventures under these segments. Most of our businesses are continuously growing and driven by strong domestic demand. Our well established brands in various segments are expected to grow yearly by 30 – 40% in next 4 - 5 years.

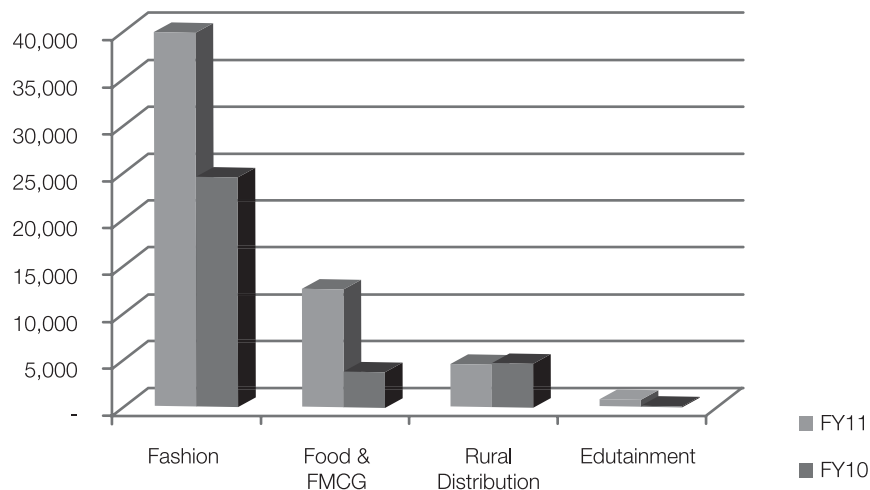


Figure 1- Sales (₹ Lakhs)

The Company is actively seeking new investment opportunities and develop entrepreneurs to cater the changing needs of new-age India. Through a sustained focus on brands, consumer insights, innovation and product development, the Company believes that it can provide the right mentoring and support to enable the brands and entrepreneurs of it's Business Ventures to tap the domestic consumption and grow substantially, thereby, creating long term value for all stakeholders.

We have invested ₹ 31,430 Lakhs & disinvested ₹ 1300 Lakhs during the year. We have acquired stakes in two new businesses in FMCG & Food segment, raised our stake in two fashion businesses and acquired stake in a new segment named "Edutainment" during the year. Altogether, we have invested ₹ 74,671 Lakhs in the businesses.

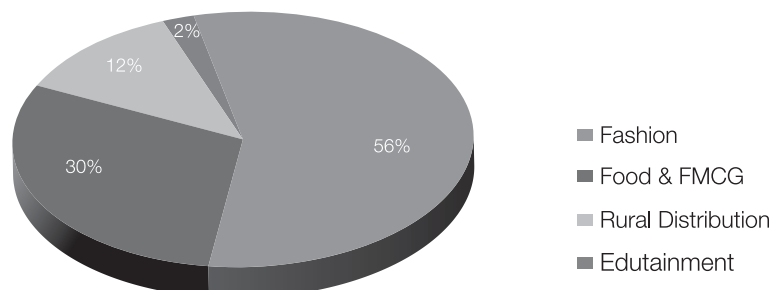


Figure 2- Investment Breakup





OUR FASHION BUSINESS

A Mélange of influences due to globalization and the more recent 'Indianisation' has resulted in a sociocultural, economic, demographic and psychographic shift which is directly and indirectly increasing the consumption trend in fashion industry.

Domestic Apparel market size in India is estimated at USD 40 billion and has registered a CAGR of ~ 13% over last 3 years. This momentum is expected to continue in all categories – men, women and kids attributable to balanced growth in GDP, higher incomes, organized retailing, changing preferences and aspiration for contemporary lifestyle.

In Fashion, we hold well established and diversified bouquet of brands. We are present in men's formal, semi formal, casual, Jeanswear through brands such as "Scullers", "Urbana", "Lee Cooper", "Turtle", "John Miller", "Daniel Hechter", "Mother Earth". We are present in woman's Ethnic, formal, semi formal, casual, Jeanswear through brands such as "BIBA", "AND", "Anita Dongre", "Global Desi", "Scullers", "Jealous", "Lee Cooper", "Mother Earth" etc. "Lee Cooper" and "Biba" are also present in the kid's wear segment. We have an exclusively designed ladies hand bag brand "Holii".

Two of our recently introduced brands during FY 2009 -10, "Celio" & "Holii" have been well accepted by the consumers and they have created a niche for themselves in the market. All our existing brands keep introducing new products and brands to cater to the changing needs of consumers. In addition, all the

businesses are spreading their reach and distribution network in existing cities and also entering new cities.

The revenues of our fashion segment have grown considerably over previous year. Based on the economic interest, the segment's aggregate income for the FY 2010-11 was ₹ 40,183 lakhs and EBITDA of ₹ 3,815 lakhs, thereby registering a growth of 61.77% and 98.87% respectively over previous year.

The consolidated net profit and cash profit of the fashion segment based on economic interest was ₹ 825 lakhs and ₹ 1,504 lakhs respectively. We expect the operating margins to improve further with growing demand for our products and absorption of our fixed costs over larger sales base.

The segment has been focusing on the working capital management. The inventory in this segment has come down to 138 days from 150 days of the sales. The net working capital in this segment is 49% of sales for this year vis-a-vis 55% of sales in the previous year.

We have the following companies in this segment

- Indus-League Clothing Limited
- AND Designs India Limited
- BIBA Apparels Private Limited
- Holii Accessories Private Limited
- Indus Tree Crafts Private Limited



During the year, the Company has acquired additional shares in Indus-League Clothing Limited thereby increasing the stake from 66.20% to 85.70%. By acquiring additional stake in Biba Apparels Private Limited, the Company increased its stake in Biba to 17.31%. The Company has divested minority stake of 6.7% in SSIPL Retail Limited during the year.

INDUS-LEAGUE CLOTHING LIMITED ("INDUS LEAGUE")

Indus League started its operations in 1999. It is one of the largest fashion companies with a wide array of branded apparels and accessories. It is uniquely positioned as a designer, manufacturer and retailer of ready-made garments in men's and women's formal, semi formal & casual wear. Indus League has market presence in India, Sri Lanka, Middle East Asia, United Arab Emirates and Bahrain. Indus League operates through 88 exclusive brand outlets and 128 multi-brand outlets. During the year, it has also entered into a licensee arrangement for distribution of Manchester United (one of the most popular football Teams globally) branded merchandise.

For fiscal year 2011, consolidated on an economic interest basis Indus League which is the holding company for Celio Future Fashion Limited (50.00%), Lee Cooper (India) Limited (100%), and Turtle Limited (26%) for fiscal year 2011 reported a total income of ₹ 41,067 lakhs and EBITDA of ₹ 3,808 lakhs. The consolidated operating margins of Indus League was impacted in the current year as a new business was being developed under brand "Celio" which has completed one year of operation.

Indus League is well positioned to grow its fashion business rapidly. Indus League plans to further expand its reach by opening exclusive brand outlets and store in multi brand outlets in the coming year.

BIBA APPARELS PRIVATE LIMITED ("BIBA")

BIBA has an established presence in women ethnic wear segment in India since 1988, which includes ethnic ensembles (salwar, kameez and dupatta), mix and match readymade clothing and unstitched fabric lengths. Since 2002, BIBA has also ventured into movie merchandising. BIBA operates through 68 exclusive brand outlets and 131 multi-brand outlets.

For fiscal year 2011, BIBA has reported total income of ₹ 13,655 lakhs and EBITDA of ₹ 2,528 lakhs, which

has grown by 38.06% and 52.47% respectively over previous year. During the current year BIBA has launched ethnic kids wear for girls under the brand name Biba, which has been well received in the market.

AND DESIGNS INDIA LIMITED ("AND")

AND is a well established and one of the largest brand in Designer Apparel, mix-and-match western wear & ethnic fusion wear. It is strongly positioned in Western, Casual and Formal women's wear. AND operates through 44 exclusive brand outlets and 158 multi-brand outlets.

For fiscal year 2011, AND reported total income of ₹ 8,293 lakhs and EBITDA of ₹ 1,426 lakhs, registering a growth of 98.18% and 83.73% respectively over previous year.

Having made its mark over last ten years, the company is poised to grow aggressively over next few years.

INDUS TREE CRAFTS PRIVATE LIMITED ("INDUS TREE")

Indus Tree is a "for Profit" social entrepreneurship driven by a triple bottom line financial, social and environmental. It is engaged in the design, creation, domestic retailing and distribution, and export of a wide range of environmentally and socially sustainable products which include apparels, personal accessories, furniture, handicrafts and home linen and are marketed under the brand "Mother Earth". Most of the products sold by Indus Tree are hand crafted by over 4,000 artisans, craftsmen and self-help groups across India.

Indus Tree operates through 5 exclusive outlets and 15 multi brand outlets.

Industree has entered into a strategic partnership with Grassroot Business Fund ("GBF"), a USA based social investor, which is committed to provide mentorship and assistance to self- help groups that are at the Bottom of the Pyramid. GBF has 32 investments across Africa, Asia and Latin America and has impacted the lives of over 3.4 million people at the Bottom of the pyramid.

For fiscal year 2011, Indus Tree reported total income of ₹ 1,014 lakhs and EBITDA of ₹ 244 lakhs. The company has ambitious plans to touch more lives and scale up its operations profitably.

HOLII ACCESSORIES PRIVATE LIMITED ("HOLII")

Holii was incorporated in 2009 as a joint venture with Hidesign India Private Limited. It is in the business of designing and distributing fashion accessories, such as luxury handbags, wallets and other leather products for women, under the brand name "Holii". Though started only in later half 2009, Holii has created a niche for itself.

Holii operates through 5 exclusive outlets and 62 multi brand outlets.

In the first full year of operations, Holii reported total income of ₹ 393 lakhs and EBITDA of (₹ 168) lakhs.

The company's operations are in built up phase and with increase in the number of stores through exclusive and multibrand outlets, the company's turnover is expected to increase manifold.





**Tasty
Treat**



SMITH & JONES

Premium
harvest





OUR FOOD & FMCG BUSINESS



FMCG is the fourth largest sector in Indian Economy and unbranded products constitute substantial part of the market. It is projected to grow annually at 10 – 12% and estimated to be USD 43 billion in 2013.

Indian Food Industry is estimated to be ~ USD 250 billion. Food and Food products constitute ~ 40% of urban household spend and ~ 50% of rural household spend. Food processing is only 2% which is insignificant as compared to developed economies. The demand for processed food, ready-to-eat and ready-to-cook products is increasing rapidly with changing lifestyles, nuclear family structures and rise in working women population. The supply side constraints are major reasons for the high inflation being experienced currently. The Government in participation with the private sector rolled out various initiatives including mega food parks to remove these constraints. Mega Food parks would create the much-needed integration of value chain comprising of farmers, processors and retailers, and are expected to transform the dynamics in food business.

In FMCG and Food processing we hold well accepted and established brands in both domestic and export market such as “Smith & Jones”, “Chings Secret”, “Raji” “Mama Marie” & “Kaeng Thai”. During the year, in addition to innovative product “Miracle Masala” which was launched under Brand “Chings Secret”, we have also introduced various new products such as juices, cookies and ready-to-eat snacks under our well known private brands like “Tasty Treat”, “Clean Mate”, “Premium Harvest”, “Care Mate”, “Fresh & Pure”, “Sach”, etc. All the products have been well received in the market.

During the year, Integrated Food Park Private Limited, a SPV created by Capital Foods Limited, subsidiary of Capital Foods Exportts Private Limited, has been granted permission under the scheme of Mega Food

Park of the Ministry of Food Processing Industries, to set up a mega food park in Tumkur, Karnataka. Integrated Food Park Private Limited has already acquired 100 acres of land and is in the process of setting up a state-of-the-art facility for food processing. An approval for setting up Mega Food Park in Khelgaon, Bhagalpur district in Bihar has also been received during the year.

Based on the economic interest segment's aggregate income for FY 2010-11 was ₹ 12,765 lakhs and EBITDA of ₹ 484 lakhs thereby registering a growth of 235.99% and 19.30% respectively over previous year. The revenues have majorly increased on account of new businesses acquired during the year. As the new businesses are in their early stage of operations it has affected the overall profitability margin of the segment.

In the current year, all the businesses are expected to deepen their reach by new tie ups and through own distribution channels.

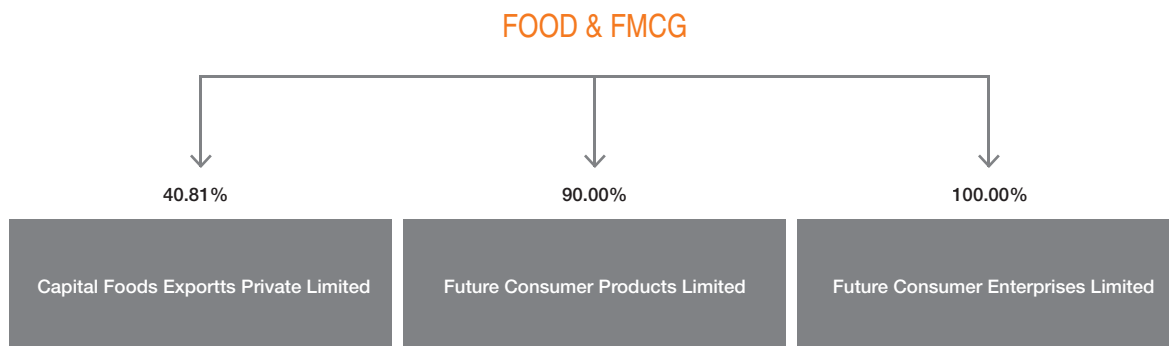
The segment has been on a growth phase and is exploring new channels of sales and will continue to focus on the working capital management. The inventory in this segment is 70 days compared to 126 days of sales in the previous year. The net working capital employed in this segment is 14% of sales vis a vis 28% of sales in the previous year.

We have the following companies in this segment

- Capital Foods Exportts Private Limited
- Future Consumer Products Limited
- Future Consumer Enterprises Limited

Considering that FMCG and Food would continue to be significant portion of the household spend, during the year the Company acquired a stake of 90% and 100% in Future Consumer Products Limited and Future Consumer Enterprises Limited respectively.





CAPITAL FOODS EXPORTTS PRIVATE LIMITED ("CAPITAL FOODS")

Capital Foods is a 13 year old company and has matured as a significant domestic player after starting as primarily an export oriented company.

The company has developed packaged ready-to-cook and ready-to-eat products such as instant noodles, sauces, chutneys, hakka noodles, vinegar, etc. During the year it has launched another innovative product "Miracle Masala" under its Brand "Chings Secret". It currently has 1000+ distributors across 250 cities and also sells directly to modern retail. It also exports products to various countries, including United States, United Kingdom, Singapore, Middle East Asia and Australia. The company is expanding its distribution network rapidly to improve its reach in the domestic market.

For fiscal year 2011, consolidated on an economic interest basis, Capital Foods had total income of ₹ 10,964 lakhs and EBITDA of ₹ 1,155 lakhs. Capital Foods is a holding company of Capital Foods Limited (98.68%) and Paradigm Services Private Limited (48%). Integrated Food Park Private Limited (64%) is the step down subsidiary of Capital Foods Limited.

The Company is in the process of doubling its manufacturing capacity in instant noodles, soya sauce, chilli sauce etc.

FUTURE CONSUMER ENTERPRISES LIMITED ("FCEL")

During the year, the Company has acquired 100% stake in FCEL, which owns exclusive right to sell and distribute food & FMCG products.

For fiscal year 2011 for nine months of operations, FCEL reported a total income of ₹ 8,133 lakhs and EBITDA of ₹ 13 lakhs.

These brands have demonstrated consistent growth in a competitive in-store environment. We believe that there is a huge potential for these brands and products to grow exponentially given that Indian market is under – branded in many categories and with other channels of distribution remain unexplored. There are plans to explore other channels to enhance reach in urban and rural markets.

FUTURE CONSUMER PRODUCTS LIMITED ("FCPL")

During the year, the Company acquired 90% stake in FCPL, which owns the brand "Sach" in association with legendary Cricketer Sachin Tendulkar. The Brand "Sach" stands for purity and honesty and various products have been ``personal care, juices and apparels. These products have been well received in the market. The marketing of these products is through FCEL, which is exclusive licensee for this purpose.



Aadhaar
Khushiyan ka, Khushhali ka



OUR RURAL DISTRIBUTION BUSINESS

Rural India is home to 720 million consumers. Rural consumption accounts for almost half of private consumption in India. Over last 18 years, per capita rural disposal income has steadily increased at a CAGR of 3.2% to ~ ₹ 32,000 per annum and annual growth is expected to be ~ 5%. Rural consumption is expected to propel the next level of consumption growth.

Rural markets are expected to fuel the next level of consumption growth. With capital inflows expected in back-end infrastructure, the linkages with rural markets will be stronger. The Company is actively pursuing whole sale distribution, cash and carry and franchisee model in this segment and believes it will leverage on Future Group's expertise in organized retail to create value in the rural distribution and retailing.

AADHAAR RETAILING LIMITED ("ARL")

ARL is in the business of rural and semi-urban retail, distribution of agricultural and consumer products and general merchandise. Currently ARL has 51 stores and 4 distribution centers.

For fiscal year 2011, ARL reported total income of ₹ 6,642 lakhs and EBITDA of (₹ 1,422) lakhs. The company has registered a minor de-growth in total income by 4.27% and a substantial reduction in EBITDA by 28.52% over previous year due to reduction in fixed costs.

The company expects to achieve scalability during the current year and is targeting to achieve substantial improvement in profitability.



KARADI TALES

TINKLE



OUR EDUTAINMENT BUSINESS



Education and skill development are primary means for social and economic upward mobility. There is realization and awareness that 35 per cent of India's population is under the age of 15, which is the workforce of tomorrow and there is a need to create the platform to provide a holistic learning environment for them. With 70% of the Indian population living in rural areas, there is limited access to knowledge and learning. However, this is rapidly changing with Government initiatives & reforms, private sector participation and funded projects and television & internet reach.

AMAR CHITRA KATHA PRIVATE LIMITED ("ACK")

ACK owns flagship brand 'Amar Chitra Katha' and 'Tinkle' and has basket of 400+ titles and over 100 proprietary characters. It is an established leader in the under-15 age group with diverse product offerings in various formats that are compatible to new media platforms. During the year, ACK acquired IBH Books and Magazines Distributors Private Limited (Indian Book House), largest distributor of books and magazines in India with a Pan India presence through a network of ~ 13,000 retailers.

For fiscal year 2011, ACK reported a consolidated total income of ₹ 5,780 lakhs and EBITDA of (₹ 135) lakhs.

During the year, the Company has acquired 13.65% stake in ACK.

We believe we are in the business of "enabling dreams" experiences that have a lasting impact on children. Experiences that inspire, motivate and challenge children to learn more about the world around them and to pursue their passions.

ACK's revenues are expected to grow significantly through e-commerce, access to distribution through IBH, and organized retail.

COMPETITIVE LANDSCAPE

The Company's Business Ventures face competition from various brands with an established presence over decades and sizeable spend on marketing. We believe that Fashion segment will face competition from new brands and would be exposed to pricing pressures. However, leveraging on Future Group's deep understanding of customer insights and fashion trends, our Business Ventures are well prepared to make appropriate investments in categories and designs and inventory management to counter such pressures.

FMCG market is dominated by few large MNCs with vast distribution network and wide array of products and brands. With our consumer insights and understanding of the Indian markets we have already been able to develop and launch various products, which have been well received in the market. Considering the low proportion of unbranded products in India, we feel that there is huge scope for new and innovative products.

Packaged Processed Food products are manufactured and marketed by various regional players and some large international players that have recently entered the market. The competition will lead to expansion of the market for packaged and branded food products. The fact that the processed food in India is still at nascent stage with only 2-3% of food being processed; there is a huge scope for increase in consumption in this space. Entry of new brands, products and player will certainly lead to competition, which will actually help in expanding the market for such products.

RISKS AND THREATS

As the Company has invested in Business Ventures that are operating in consumption-led sectors, its economic interest is susceptible to external risk that adversely impact demand and consumer spend. Rising inflation pose a threat to input cost and margins. Higher interest costs and rising EMI affect the customer's disposable income may impact consumption growth.

These would be mitigated by a thorough continuous monitoring of performance and factors impacting

it. Monitoring of costs and working capital management would be the focus to create efficiencies and margin expansion.

For each of the Business Venture, the Company would undertake timely measures to mitigate execution, operational and market risks through active participation and regular monitoring through a dedicated team of Professional Managers. We will ensure that standard operating procedures are defined with each Business Venture and affix responsibilities for execution. These operating processes and plans would be periodically reviewed for compliance checks and initiating timely action for improvisation and revisions that may be considered necessary.

INTERNAL CONTROLS AND THEIR ADEQUACY

The Audit Committee comprising of independent directors regularly reviews financial and risk management policies, monitoring procedures in the Business Ventures, key audit findings and recommends measures to improvise the risk assurance processes.

The Management Assurance team carries out quarterly reviews to assess the internal control environment of its Business Ventures and their adequacy. We review their internal audit reports and monitor implementation of key recommendations. The broader systems of internal controls and external audits have been defined and deployed in the various businesses to protect our Business Ventures and shareholders from potential risks.

REVIEW OF FINANCIAL PERFORMANCE

The consolidated financial statements have been prepared and presented in accordance with Indian Accounting Standards "AS-21- Consolidated Financial Statements", "AS-23 Accounting for Investments in Associates in Consolidated Financial statements" and "AS-27 Financial Reporting of Interest in Joint Ventures".

INCOME

Our total income primarily consists of income from sale of consumer products by our subsidiaries, income from investment activities, interest on deposits, other operating income, other income and our proportionate share of income in our joint ventures.

EXPENDITURE

Our total expenditure consists of costs of goods sold by our subsidiaries, employee costs, operating and other expenses, interest and financing charges and depreciation and our proportionate share of costs in our joint venture.

COST OF GOODS SOLD

Our cost of goods sold primarily includes costs in relation to purchases of raw materials by our subsidiaries and other costs which include freight & forwarding charges and labour charges and our proportionate share of costs in our joint venture. Our cost of goods sold accounted for 72% and 69% of our total income for the Fiscal 2011 and Fiscal 2010, respectively.

EMPLOYEE COSTS

Our employee cost include salaries and bonuses to our employees, contributions to provident funds and other funds as well as staff welfare expenses and also includes our proportionate share of costs in our joint ventures. Our staff costs accounted for 8% and 14% of our total income for Fiscal 2011 and 2010, respectively.

ADMINISTRATIVE AND OTHER EXPENSES

Our administrative and other expenses primarily include expenses towards payment of rent, power, water and fuel, advertisement, publicity and selling expenses, travelling expenses, legal and professional charges and our proportionate share of such costs in our joint ventures. Our administrative and other expenses accounted for 16% and 18% of our total income for Fiscal 2011 and Fiscal 2010 respectively.

INTEREST AND FINANCING CHARGES

Our interest and financing primarily consists of interest on working capital loans, fixed loans and term loans and our proportionate share of such expenses in our joint ventures. Our interest and financing charges accounted for 4% and 6% of our total income for Fiscal 2011 and Fiscal 2010, respectively.

DEPRECIATION & AMORTIZATION

Depreciation expenses primarily consists of depreciation on our fixed assets. Depreciation also includes amortization of intangible assets such as trademarks, brands and entry and license fees. Depreciation accounted for 5% and 5% of our total income for Fiscal 2011 and Fiscal 2010, respectively.

PROVISION FOR TAXATION

We provide for income tax as well as deferred tax. We provided for fringe benefit taxes in Fiscal 2011 and Fiscal 2010. Provision for taxation accounted for 0.50% and 0.89% of our total income for Fiscal 2011 and Fiscal 2010, respectively.

INVESTMENTS

Investments that are long term in nature are stated at cost and provision for diminution is made, if the decline in value is other than temporary in nature. Net increase in investments during the year is ₹ 30,130 lakhs.

GOODWILL

The Accounting treatment for the excess of investment value of the Company in its subsidiaries and joint ventures over the Company's portion of the equity share capital in the subsidiaries and joint ventures is treated as Goodwill on consolidation. During Fiscal 2011, it is ₹ 31,594 lakhs with an increase of ₹ 8,721 lakhs over Fiscal 2010.

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CORPORATE GOVERNANCE REPORT

Consequent to the Initial Public Offer ("IPO") of equity shares undertaken by the Company in April, 2011, the equity shares of the Company have been listed on the Bombay Stock Exchange Limited ("BSE") and on the National Stock Exchange of India Limited ("NSE") with effect from 10th May, 2011. Accordingly, the statutory requirement of Corporate Governance under the Listing Agreement became applicable with effect from the date of listing.

COMPANY'S PHILOSOPHY ON THE CODE OF GOVERNANCE

Corporate Governance essentially is the system by which companies are directed and controlled by the management in the best interest of stakeholders including shareholders, customers, employees, suppliers, creditors, the government, lenders and society. Corporate Governance ensures fairness, transparency, accountability and integrity of the management. Corporate Governance is a way of life rather than a mere legal compulsion. It further inspires and strengthen investor's confidence and commitment to the Company. Your Company, through its Board and Committees, endeavours to strike and deliver the highest governing standards for the benefit of its

stakeholders.

BOARD OF DIRECTORS

The Board of Directors of the Company ("Board") has optimum combination of Non-Executive and Independent Directors to ensure conformity with provisions of Clause 49 of the Listing Agreement. As on 31st March, 2011, the Board comprises of three Independent Directors, one Promoter Director and one Non-Executive Director. Mr. G. N. Bajpai, acts as the Chairman of the Board and Mr. Kishore Biyani is the Managing Director.

None of the Directors hold directorship in more than 15 public limited companies nor is a member of more than 10 committees or chairman of more than 5 committees across all the public limited companies in which they are Directors.

During the financial year 2010-2011, five meetings of the Board of Directors were held on the following dates:

29th May, 2010, 10th August, 2010, 2nd November, 2010, 1st February, 2011 and 28th February, 2011.

The details of the Directorship and Membership/Chairmanship of the Committees of the Board held by the Directors as on 31st March, 2011 and their attendance at the meetings during the year are as follows:

Name of the Director	Category	No. of Board Meetings held during the financial year 2010-2011	No. of Board Meetings attended by the Director during the financial year 2010-2011	Attendance at the last AGM	No. of Directorships in other public limited companies#	No. of Committee position held including the Company*	
						Chairman of the Committee	Member
Mr. G. N. Bajpai	Chairman & Independent Director	5	5	Yes	14	5	5
Mr. Kishore Biyani	Promoter and Managing Director	5	5	Yes	12	Nil	4
Mr. Anil Harish	Independent Director	5	4	No	13	4	6
Mr. B. Anand	Non-Executive Director	5	5	Yes	Nil	1	1
Mr. Jagdish Shenoy@	Independent Director	5	4	No	2	Nil	1
Mr. Rakesh Jhunjhunwala**	Independent Director	5	-	No	-	-	-

excludes directorship in foreign companies and Section 25 companies

*Membership/Chairmanship of only Audit Committee and Shareholders'/ Investors' Grievances Committee in public limited companies have been considered.

@ Appointed with effect from 10th August, 2010

** Ceased with effect from 4th August, 2010

AUDIT COMMITTEE

Terms of Reference

The terms of reference of Audit Committee *inter alia* includes the following:

- Overseeing the Company's financial reporting process and disclosure of its financial information;
- Recommending to the Board, the appointment, re-appointment and replacement of the statutory auditor and the fixation of audit fee;
- Reviewing, with the management, the quarterly, half yearly and annual financial statements before submission to the board for approval;
- Reviewing, with the management, the performance of statutory and internal auditors, and adequacy of the internal control systems;
- Such other matters as specified under Clause 49 of the Listing Agreement and requirements of Section 292A of the Companies Act, 1956 and the Reserve Bank of India or as may be delegated by the Board of Directors of the Company.

The Audit Committee from time to time invites Statutory Auditors, Internal Auditors and other executives, as it considers appropriate to be present at the meeting.

Composition and Attendance at Meetings:

As on 31st March, 2011, the Audit Committee comprised of following members:

- Mr. G. N. Bajpai
- Mr. Anil Harish
- Mr. B. Anand

During the financial year 2010-2011, two meetings of Audit Committee were held on the following dates: 29th May, 2010 and 2nd November, 2010. Pursuant to listing of the equity shares, the Company is required to adhere to the provisions of Listing Agreement only w.e.f. 10th May, 2011.

Attendance of the Directors at the Audit Committee meetings held during the financial year is as under:

Name of Directors	Category	No. of Meeting(s) Attended
Mr. G. N. Bajpai	Chairman	2
Mr. Anil Harish	Member	2
Mr. B. Anand	Member	2

Mr. G. N. Bajpai, Chairman of the Audit Committee, was present at the last Annual General Meeting held on 10th August, 2010.

NOMINATION AND REMUNERATION /COMPENSATION COMMITTEE

Terms of Reference

The terms of reference of Nomination and Remuneration / Compensation Committee *inter alia* includes the following:

- To undertake a process of due diligence to determine the 'fit and proper' status of existing Directors, if required;
- To undertake a process of due diligence to determine the 'fit and proper' status of the person proposed to be elected as a Director of the Company;
- To decide on the contents and obtain declarations from the Directors as may be required under the Companies Act, 1956, and/or other statutory provisions and update on the same to the Board of Directors from time to time;
- To recommend the suitable change(s), if required to the Board of Directors of the Company;
- Framing suitable policies and systems to ensure that there is no violation, by an employee of any applicable laws in India or overseas, including;
 - The Securities and Exchange Board of India (Insider Trading) Regulations, 1992; or
 - The Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities Market) Regulation, 1995.
- Determine on behalf of the Board and the shareholders the Company's policy on specific remuneration packages for executive directors including pension rights and any compensation payment;
- Perform such functions as are required to be performed by the Compensation Committee under the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 ("ESOP Guidelines"), in particular, those stated in Clause 5 of the ESOP Guidelines;
- Such other matters as may be delegated by the Board of Directors of the Company.

Composition and Attendance at Meetings:

As on 31st March, 2011, the Nomination and Remuneration / Compensation Committee comprised of the following members:

- Mr. G. N. Bajpai
- Mr. Anil Harish
- Mr. B. Anand
- Mr. Jagdish Shenoy

During the financial year 2010-2011, two meetings of Nomination and Remuneration /Compensation Committee were held on the following dates: 10th August, 2010 and 27th March, 2011.

Attendance of the Directors at the Nomination and Remuneration /Compensation Committee meetings held during the financial year is as under:

Name of Directors	Category	No. of Meeting(s) Attended
Mr. G. N. Bajpai	Chairman	2
Mr. Anil Harish	Member	1
Mr. B. Anand	Member	2
Mr. Jagdish Shenoy (Appointed as a member of Committee w.e.f. 28 th February, 2011)	Member	1

Remuneration Policy:

Details of remuneration paid to the Directors during the Financial Year 2010-2011

Name of Director	No. of Stock Options Granted	Sitting Fees* (₹)	Total (₹)
Mr. Kishore Biyani	-	-	-
Mr. G. N. Bajpai	2,50,000	2,60,000	2,60,000
Mr. Anil Harish	-	1,40,000	1,40,000
Mr. B. Anand	10,00,000	2,80,000	2,80,000
Mr. Jagdish Shenoy	-	1,00,000	1,00,000

* includes fees paid for Board and committee meetings.

Non-Executive Directors

The Non-Executive Directors of the Company are not paid any remuneration except by way of sitting fees for attending meetings of Board of Directors and its Committee(s). The Company did not have any pecuniary relationship or transactions with the Non-Executive Directors during the financial year 2010-2011. None of the Non-Executive Directors hold any equity shares in the Company as on 31st March, 2011.

SHAREHOLDERS'/ INVESTORS' GRIEVANCES AND SHARE TRANSFER COMMITTEE

Terms of Reference

The terms of reference of Shareholders'/ Investors' Grievances and Share Transfer Committee includes the following:

- To approve Transfer / Transmission / Dematerialisation of Equity Shares of the Company;
- To approve issue of Duplicate/Consolidated/Split Share Certificate(s);
- To do all necessary acts, deeds and things, as may be required, including authorizing any person(s) to endorse

the Share Certificate(s), affixing Common Seal of the Company on Share Certificate(s) as per Article of Association of the Company, etc;

- To do all acts, deeds and things as may be required from admission of Equity Shares of the Company with National Securities Depository Limited [NSDL] and Central Depository Services (India) Limited [CDSL].

Composition and Attendance at Meeting

As on 31st March, 2011, the Shareholders'/ Investors' Grievances and Share Transfer Committee comprised of the following members:

- Mr. Kishore Biyani
- Mr. B. Anand

During the financial year 2010-2011, one meeting of Shareholders'/ Investors' Grievances and Share Transfer Committee was held on 20th October, 2010.

Attendance of the Directors at the Shareholders'/ Investors' Grievances and Share Transfer Committee meetings held during the financial year is as under:

Name of Directors	Category	No. of Meeting(s) Attended
Mr. B. Anand	Chairman	1
Mr. Kishore Biyani	Member	1

During the year under review, one complaint in the nature of correspondence was received by the Company. The shareholder's complaint was resolved and there were no pending complaints as on 31st March, 2011.

Name, Designation and address of Compliance Officer

Mr. Manoj Gagvani - Company Secretary & Head-Legal
Future Ventures India Limited
Knowledge House, Shyam Nagar,
Off Jogeshwari Vikhroli Link Road,
Jogeshwari (East), Mumbai – 400 060

GENERAL BODY MEETINGS

The details of Annual General Meetings held during last three years are as follows:

Year	Day, Date and Time	Venue
2007-2008	Tuesday, 30 th September, 2008 at 2.00 p.m.	Door No. - 6/18, Plot No. - 18/1, Nanganallur Co-operative Building Society, 17 th Street, Nanganallur, Chennai-600 061
2008-2009	Wednesday, 30 th September, 2009 at 4.00 p.m	Knowledge House, Shyam Nagar, Off Jogeshwari Vikhroli Link Road, Jogeshwari (East), Mumbai- 400 060
2009-2010	Tuesday, 10 th August, 2010 at 10.30 a.m.	Knowledge House, Shyam Nagar, Off Jogeshwari Vikhroli Link Road, Jogeshwari (East), Mumbai – 400 060

Special Resolutions passed at the last three Annual General Meetings ("AGM")

AGM	AGM Date	Special Resolutions passed
12 th	30 th September, 2008	No Special Resolution was passed at the Meeting
13 th	30 th September, 2009	Approval for keeping and inspection of, registers and returns at a place other than at the Registered Office of the Company
14 th	10 th August, 2010	a) Approval for Initial Public Offer ("IPO") of Equity Shares. b) Approval for Employee Stock Option Scheme c) Approval for Employee Stock Option Scheme – Subsidiary Company

Extraordinary General Meeting

During the year under review, no Extraordinary General Meeting of the Members of the Company was held.

Special Resolution passed last year through Postal Ballot

During the year under review, the Company has not passed any Special Resolution through Postal Ballot. None of the business proposed to be transacted at the forthcoming Annual General Meeting is required to be approved by Postal Ballot.

DISCLOSURES

Related Party Transactions

The Company has no material significant transactions with its related parties which may have a potential conflict with the interest of the Company at large. The details of transactions between the Company and related parties are given for information under Note II (5) of Schedule 10 of the Balance Sheet as at 31st March, 2011.

Statutory Compliance, Penalties and Strictures

The Company has complied with requirements of Stock Exchange/ SEBI and other statutory authorities to the extent applicable, and accordingly no penalties have been levied or strictures have been imposed on the Company on any matter related to capital markets during the last three years.

Disclosure of Accounting Treatment

The Financial Statements have been prepared under the historical cost convention on accrual basis and in accordance with Generally Accepted Accounting Principles in India (Indian GAAP). The said Financial Statements comply with the relevant provisions of the Companies Act, 1956. The mandatory Accounting Standards notified by the Central Government of India under Companies (Accounting Standards) Rules, 2006, as amended from time to time and guidelines issued by Reserve Bank of India for Non Banking Financial (Non Deposit Accepting or Holding) Companies from time to time.

Proceeds from the Initial Public Offer of the Company

The details of utilization of the proceeds raised through Initial Public Offer of equity shares of the Company are disclosed to the Audit Committee. The Company has not utilized these funds for purposes other than those mentioned in the Prospectus of the Company.

CODE OF CONDUCT

The Company has framed and adopted the Code of Conduct for all its Board Members and Senior Management personnel. The Code of Conduct for the employees as well as the Board Members is posted on the Company's website, www.futureventures.in

The Board Members and Senior Management Personnel have affirmed compliance with the Code of Conduct for the financial year 31st March, 2011

A declaration to this effect signed by Managing Director forms part of the Annual Report.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The Management Discussion and Analysis Report forms part of the Annual Report and includes discussion on various matters specified under Clause 49(IV)(F) of the Listing Agreement.

MEANS OF COMMUNICATION AND SHAREHOLDER INFORMATION

Since the provisions of Listing Agreement have become applicable w.e.f. 10th May, 2011, the provisions relating publishing of financial results and other disclosures to be made by way of communication from the Company would be made from the first quarter for the current financial year. The quarterly/annual financial results will be published in a prominent English daily newspaper and in a regional language newspaper where the Registered Office of the Company is situated, in compliance with Listing Agreement. The financial results will also be displayed on Company's website www.futureventures.in

The official news, release, presentation that may be made to the Shareholders at the Annual General Meeting and the presentation as may be done to the analysts will be posted on the Company's website www.futureventures.in

General Shareholder Information

Annual General Meeting

Date and Time	: 23 rd September, 2011 at 11.00 a.m.
Venue	: Rangaswar Hall, 4 th Floor, Y. B. Chavan Center, Gen. Jagannathrao Bhonsle Marg, Opp. Mantralaya, Mumbai - 400 021
Financial Year	: The financial year of the Company is from April 1 to March 31 of the following year.
First Quarter Results	: By second week of August, 2011
Second Quarter Results	: By second week of November, 2011
Third Quarter Results	: By second week of February, 2012
Fourth Quarter / Annual Results	: By end of May, 2012
Date of Book Closure	: Tuesday, 20 th September, 2011 to Friday, 23 rd September, 2011 (both days inclusive)
Dividend Payment Date	: Not Applicable

Listing on Stock Exchanges

The Company's Equity Shares are listed on the following Stock Exchanges:

1. The Bombay Stock Exchange Limited ("BSE")
Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001
2. The National Stock Exchange of India Limited ("NSE")
Exchange Plaza, Bandra – Kurla Complex, Bandra (E),
Mumbai - 400 051

Stock Code:

The Bombay Stock Exchange Limited : 533400

The National Stock Exchange of India Limited : FUTUREVENT

International Securities Identification Number ("ISIN") : INE220J01017

Since the equity shares of Company are listed from 10th May, 2011, the Company is not required to pay listing fees in respect of financial year 2010-11.

Market Price Data and Performance of Share Price during financial year 2010-2011 :

As the equity shares of the Company were listed on the stock

exchanges on 10th May, 2011, the information regarding market price data and performance of share price during financial year 2010-2011 is not available.

Registrar and Share Transfer Agents

Link Intime India Private Limited

C-13, Pannalal Silk Mills Compound,
L.B.S. Marg, Bhandup (West),
Mumbai - 400 078.

Tel No.: +91 22 2594 6970

Fax No.: +91 22 2594 6969

E-mail: rnt.helpdesk@linkintime.co.in

Share Transfer System

Shares in Physical form are processed by the Registrar and Share Transfer Agent in the prescribed manner and if the documents are complete in all respects, are transferred within the timeframe under the applicable provisions of law.

Distribution of Shareholdings as on 31st March, 2011

Shareholding of Nominal Value of		Shareholders		Amount	
₹	₹	Number	% to total	In ₹	% to total
1	- 5000	90	6.49	3,18,170	0.00
5001	- 10000	155	11.18	15,19,930	0.02
10001	- 20000	73	5.26	13,52,570	0.02
20001	- 30000	62	4.47	16,68,060	0.02
30001	- 40000	16	1.15	6,01,750	0.01
40001	- 50000	127	9.16	63,21,000	0.08
50001	- 100000	187	13.48	1,70,35,040	0.21
100001 and above		677	48.81	8,23,36,20,480	99.64
Total		1,387	100.00	8,26,24,37,000	100.00

Categories of Shareholders as on 31st March, 2011

Category	No. of Shares	Shareholding %
Promoters and their relatives/ associates	49,06,38,700	59.39
Mutual Funds	0	0.00
Bank	0	0.00
Public Financial Institutions	0	0.00
Government/ Government Companies	0	0.00
Foreign Institution Investors	0	0.00
Non Resident Indians	10,25,000	0.12
Non Resident Indians (Non Repatriable)	35,000	0.00
Indian Companies	21,32,65,840	25.81
Indian Public	11,98,79,160	14.51
Director & their relatives	0	0.00
Clearing Members	14,00,000	0.17
Total	82,62,43,700	100.00

Dematerialisation of Shares and Liquidity

As on 31st March, 2011, a total of 69,56,23,200 equity shares aggregating to 84.19% of the total issued, subscribed and paid-up equity share capital of the Company were in dematerialised form.

The equity shares of the Company are regularly traded on the Bombay Stock Exchange Limited and on the National Stock Exchange of India Limited.

Outstanding GDRs : NIL

**/ ADRs/ Warrants
or any Convertible
Instruments**

Plant Location : Not Applicable

**Address for
Correspondence** : **Registrar and Share Transfer Agents -
Link Intime India Private Limited**
C-13, Pannalal Silk Mills Compound,
L.B.S. Marg, Bhandup (West),
Mumbai - 400 078.
Tel No.: + 91 22 2594 6970
Fax No.: +91 22 2594 6969
E-mail: rnt.helpdesk@linkintime.co.in

**Company -
Future Ventures India Limited**

Registered Office:
Knowledge House, Shyam Nagar,
Off Jogeshwari Vikhroli Link Road,
Jogeshwari (East), Mumbai- 400 060
Tel No.: +91 22 3084 1300
Fax No.: +91 22 6644 2201

Corporate Office:
247 Park, Tower C, 5th Floor,
L.B.S. Marg, Vikhroli (West),
Mumbai - 400 083
Tel No.: +91 22 6199 4111
Fax No.: +91 22 6199 5391

Designated E-mail ID: investor.care@futureventures.in

Website : www.futureventures.in

NON MANDATORY REQUIREMENTS

The status of compliance with the non-mandatory requirements is as under:

1. Chairman of the Board

No separate office for the Chairman is maintained, and hence no reimbursement of expenses is made towards the same.

No specific tenure has been specified for the Independent Directors. However, they are liable to retire by rotation and seek re-appointment by the Members.

2. Remuneration Committee

Details regarding Remuneration Committee are provided and forms part of this Report.

3. Shareholders' Rights

The equity shares of the Company were listed on the Stock Exchange w.e.f. 10th May, 2011. Hence the Company has not sent half yearly financial performance to each household of the Shareholders.

4. Audit Qualification

There are no audit qualifications in the financial statements for the year 2010-11. Standard practices and procedures are followed to ensure unqualified financial statements.

5. Training of Board Members

The Board is equipped to perform its role through inputs from various sources from time to time. Directors are fully briefed on all matters concerning the business and operations of the Company and they regularly interact with the management in a free and open manner in order to obtain any information that they may require.

6. Mechanism for evaluating Non-Executive Board Members

The evaluation process is yet to be formulated by the Board.

7. Whistle Blower Policy

The Company shall formulate and implement a Whistle Blower Policy at appropriate time.

DECLARATION

I, Kishore Biyani, Managing Director of Future Ventures India Limited hereby declare that all the members of the Board of Directors of the Company and the Senior Management Personnel have affirmed compliance with the Code of Conduct applicable to them as laid down by the Company in terms of Clause 49(1)(D)(ii) of the Listing Agreement entered into with the Stock Exchanges for the financial year ended 31st March, 2011.

For Future Ventures India Limited

Place: Mumbai
Date: 16th July, 2011

Sd/-
Kishore Biyani
Managing Director

Auditor's Certificate as per Clause 49 of the Listing Agreement

To,
**The Members of
Future Ventures India Limited**

Future Ventures India Limited (the "Company") had entered into Listing Agreements with Bombay Stock Exchange Limited and National Stock of India Limited and pursuant to the same its equity shares have been listed on May 10, 2011.

We have examined the compliance of conditions of Corporate Governance by the Company, for the year ended on March 31, 2011 with reference to the stipulation in Clause 49 of the said Listing Agreements.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

The Company has held two audit committee meetings during the year ended March 31, 2011 and is in the process of formalizing Risk Management Policy.

In our opinion and to the best of our information and according to the explanations given to us and read with the paragraph above, we certify that the Company has complied with conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For Deloitte Haskins & Sells
Chartered Accountants
(Registration No. 008072S)

Sd/-
M. K. Ananthanarayanan
Partner
Membership No. 19521

Chennai,
16th July, 2011

FINANCIAL STATEMENTS AND NOTES



AUDITORS' REPORT

TO THE MEMBERS OF

FUTURE VENTURES INDIA LIMITED

1. We have audited the attached Balance Sheet of **FUTURE VENTURES INDIA LIMITED** ("the Company") as at 31st March, 2011, the Profit and Loss Account and the Cash Flow Statement of the Company for the year ended on that date, both 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 the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by the 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 (CARO) issued by the Central Government in terms of Section 227(4A) 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 in paragraph 3 above, we report as follows:
 - (a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (c) the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (d) in our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in compliance with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956;
 - (e) 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:
 - (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2011;
 - (ii) in the case of the Profit and Loss Account, of the loss of the Company for the year ended on that date and
 - (iii) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.
5. On the basis of the written representations received from the Directors as on 31st March, 2011 taken on record by the Board of Directors, none of the Directors is disqualified as on 31st March, 2011 from being appointed as a director in terms of Section 274(1)(g) of the Companies Act, 1956.

For DELOITTE HASKINS & SELLS

Chartered Accountants
(Registration No.008072S)

M.K. ANANTHANARAYANAN
Partner
(Membership No.19521)

MUMBAI, 30th June, 2011

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 3 of our report of even date)

- (i) Having regard to the nature of the Company's business/activities/result, clauses 4(ii), 4(vi), 4(vii), 4(xi), 4(xiii), 4(xvi), 4(xix) and 4(xx) of CARO are not applicable.
- (ii) In respect of its fixed assets:
 - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.
 - (b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
 - (c) The fixed assets disposed off during the year, in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.
- (iii) In respect of loans, secured or unsecured, granted by the Company to companies, firms or other parties covered in the Register under Section 301 of the Companies Act, 1956, according to the information and explanations given to us:
 - (a) The Company has granted loans aggregating ₹ 544,500,000 to 5 parties during the year. At the year-end, the outstanding balances of such loans aggregated ₹ 259,500,000 (number of parties is 3) and the maximum amount involved during the year was ₹ 609,000,000 (number of parties is 6).
 - (b) The rate of interest and other terms and conditions of such loans are, in our opinion, *prima facie* not prejudicial to the interests of the Company.
 - (c) The receipts of principal amounts and interest have been generally regular.
 - (d) There are no overdue amounts remaining outstanding as at the year-end.
The Company has not taken any loans, secured or unsecured, from companies, firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchases and fixed assets and the sale of services. During the course of our audit, we have not observed any major weakness in such internal control system.
- (v) In respect of contracts or arrangements entered in the Register maintained in pursuance of Section 301 of the Companies Act, 1956, to the best of our knowledge and belief and according to the information and explanations given to us:
 - (a) The particulars of contracts or arrangements referred to Section 301 that needed to be entered in the Register maintained under the said Section have been so entered.
 - (b) Where each of such transaction is in excess of ₹ 5 lakhs in respect of any party, the transactions have been made at prices which are *prima facie* reasonable having regard to the prevailing market prices at the relevant time except in respect of brand royalty which is proprietary in nature.
- (vi) In our opinion, the internal audit functions carried out during the year by a firm of Chartered Accountants appointed by the Management have been commensurate with the size of the Company and the nature of its business.
- (vii) According to the information and explanations given to us in respect of statutory dues:
 - (a) The Company has generally been regular in depositing undisputed dues, including Provident Fund, Income-tax, Service Tax, Cess and other material statutory dues applicable to it with the appropriate authorities.
 - (b) There were no undisputed amounts payable in respect of Provident Fund, Income-tax, Service Tax, Cess and other material statutory dues in arrears as at 31st March, 2011 for a period of more than six months from the date they became payable.
 - (c) Based on information and explanation given to us, there are no dues of Provident Fund, Income-tax, Service Tax and Cess which have not been deposited as on 31st March, 2011 on account of disputes.

- (viii) The accumulated losses of the Company at the end of the financial year are less than fifty percent of its net worth and the Company has incurred cash losses in the current financial year and has not incurred cash losses in the immediately preceding financial year.
- (ix) In our opinion, the Company has maintained adequate records where it has granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (x) Based on our examination of the records and evaluations of the related internal controls, the Company has maintained proper records of the transactions and contracts in respect of its dealing in shares securities, debentures and other investments and timely entries have been made therein. The aforesaid securities have been held by the Company in its own name.
- (xi) In our opinion and according to the information and explanations given to us, the terms and conditions of the guarantees given by the Company for loans taken by others from banks and financial institutions are not *prima facie* prejudicial to the interests of the Company.
- (xii) In our opinion and according to the information and explanations given to us and on an overall examination of the Balance Sheet, we report that funds raised on short-term basis have not been used during the year for long- term investment.
- (xiii) According to the information and explanations given to us, the Company has made preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956 at a price which is *prima facie* not prejudicial to the interests of the Company.
- (xiv) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no fraud on the Company has been noticed or reported during the year.

For DELOITTE HASKINS & SELLS

Chartered Accountants
(Registration No.008072S)

M.K. ANANTHANARAYANAN
Partner
(Membership No.19521)

MUMBAI, 30th June, 2011

Balance Sheet as at March 31, 2011

		Amount in ₹	
	Schedule	As at March 31, 2011	As at March 31, 2010
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	1	8,262,437,000	5,762,437,000
Reserves & Surplus	2	34,377,794	34,377,794
TOTAL		8,296,814,794	5,796,814,794
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	3	4,092,659	5,650,486
Less : Depreciation		2,479,700	2,577,262
Net Block		1,612,959	3,073,224
Investments	4	7,505,572,109	4,539,832,392
Deferred Tax Asset (Net) (Refer Note II (7) (ii) of Schedule 10)		1,076,116	121,567
Current Assets, Loans & Advances			
Interest accrued on deposits	5	5,879,658	11,924,349
Cash and Bank Balances		3,137,496	113,495,774
Loans and Advances		827,877,931	1,123,737,146
		836,895,085	1,249,157,269
Less : Current Liabilities & Provisions	6		
Current Liabilities		61,527,397	4,505,271
Provisions		3,288,051	613,524
		64,815,448	5,118,795
Net Current Assets		772,079,637	1,244,038,474
Debit Balance in Profit and Loss Account		16,533,402	9,808,566
Less : Balance in General Reserve (As per Contra)		(59,429)	(59,429)
		16,473,973	9,749,137
TOTAL		8,296,814,794	5,796,814,794
Significant Accounting Policies & Notes to Accounts 10			

The Schedules referred to above form integral part of the Balance Sheet
In terms of our report attached

For **Deloitte Haskins & Sells**
Chartered Accountants

M.K. Ananthanarayanan
Partner

Place : Mumbai
Date : June 30, 2011

For and on behalf of the Board of Directors of
Future Ventures India Limited

Kishore Biyani
Managing Director

Manoj Gagvani
Company Secretary
& Head - Legal

B. Anand
Director

Gopal Bihani
Vice President-Finance

Profit and Loss Account for the year ended March 31, 2011

Amount in ₹

	Schedule	For the year ended March 31, 2011	For the year ended March 31, 2010
INCOME			
Income from Operations	7	131,164,067	257,572,045
		131,164,067	257,572,045
EXPENDITURE			
Employee costs	8	49,779,050	30,075,520
Administrative & Other Expenses	9	45,516,520	16,155,393
Depreciation	4	589,680	1,157,242
		95,885,250	47,388,155
Profit Before Tax & Exceptional Items		35,278,817	210,183,890
Less : Exceptional Items (IPO Expenses) (Refer Note II (1) (C) of Schedule 10)		44,803,498	-
(Loss)/Profit Before Tax		(9,524,681)	210,183,890
Provision for Tax			
Current Tax		4,200,000	42,500,000
Less : Provision relating to earlier years no longer required written back (Net) (Refer Note II (7) (i) of Schedule 10)		(6,045,296)	-
Deferred Tax		(954,549)	131,409
(Loss)/Profit After Tax		(6,724,836)	167,552,481
Balance Brought forward from previous year		(9,808,566)	(143,850,551)
(Loss)/Profit available for appropriation		(16,533,402)	23,701,930
Transfers to:			
Statutory Reserve		-	33,510,496
Balance carried to Balance sheet		(16,533,402)	(9,808,566)
Basic & Diluted Earnings per Share (Face Value ₹ 10) (Refer Note II (6) of Schedule 10)		(0.01)	0.42
Significant Accounting Policies & Notes to Accounts 10			

The Schedules referred to above form integral part of the Profit and Loss Account
In terms of our report attached

For **Deloitte Haskins & Sells**
Chartered Accountants

M.K.Ananthanarayanan
Partner

Place : Mumbai
Date : June 30, 2011

For and on behalf of the Board of Directors of
Future Ventures India Limited

Kishore Biyani
Managing Director

Manoj Gagvani
Company Secretary
& Head - Legal

B.Anand
Director

Gopal Bihani
Vice President-Finance

Cash Flow Statement for the year ended March 31, 2011

Amount in ₹

Particulars	For the year ended March 31, 2011	For the year ended March 31, 2010
A. CASH FLOW FROM OPERATING ACTIVITIES		
(Loss)/ Profit before tax as per Profit and Loss Account	(9,524,681)	210,183,890
Adjustments for :		
Depreciation	589,680	1,157,242
Interest Income	(101,552,331)	(82,820,044)
Dividend Income	(4,614,885)	(4,668,856)
Loss on Sale of Fixed Assets	176,141	203,895
Profit on Sale of Investments	(24,996,851)	(170,083,145)
Provision for Standard assets	1,674,150	-
Provision for Compensated absences	590,163	(274,052)
Provision for Gratuity	410,214	15,393
Operating Profit before Working Capital changes	(127,723,719)	(256,469,567)
Decrease / (Increase) in Loans & Advances	434,724,887	(442,550,276)
Increase / (Decrease) in Current Liabilities and Provisions	57,022,126	(10,228,109)
	491,747,013	(452,778,385)
	354,498,613	(499,064,062)
Income Taxes Paid (Net of refunds)	(8,367,388)	(25,025,891)
Dividend Income	4,614,885	4,668,856
Interest Received	97,444,033	68,661,977
Cash from /(used in) operations (A)	448,190,143	(450,759,120)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Sale of Fixed assets	930,777	87,300
Purchase of Fixed Assets	(236,333)	(138,220)
Advance towards Share Application Money paid	(118,500,000)	-
Purchase of Investments (Includes dividend reinvested - ₹ 4,614,885), (Previous Year - ₹ 2,511,223)	(3,442,165,826)	(4,120,120,899)
Redemption of Investments	501,422,961	2,538,889,478
Net Cash used in Investing Activities (B)	(3,058,548,421)	(1,581,282,341)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Issue of Equity Shares	2,500,000,000	2,074,000,000
Net Cash from Financing Activities (C)	2,500,000,000	2,074,000,000
Net (Decrease) / Increase in Cash and Cash Equivalents (A+B+C)	(110,358,278)	41,958,539
Cash and Cash Equivalents as at the beginning of the year	113,495,774	71,537,235
Cash and Cash Equivalents as at the end of the year	3,137,496	113,495,774
Net (Decrease) / Increase in Cash and Cash Equivalents	(110,358,278)	41,958,539

In terms of our report attached

For **Deloitte Haskins & Sells**
Chartered Accountants

M.K.Ananthanarayanan
Partner

Place : Mumbai
Date : June 30, 2011

For and on behalf of the Board of Directors of
Future Ventures India Limited

Kishore Biyani
Managing Director

Manoj Gagvani
Company Secretary
& Head - Legal

B.Anand
Director

Gopal Bihani
Vice President-Finance

Schedules forming part of Balance Sheet

Amount in ₹

	As at March 31, 2011	As at March 31, 2010
SCHEDULE 1		
SHARE CAPITAL		
Authorised		
5,000,000,000(Previous year - 5,000,000,000) Equity Shares of ₹ 10/- each	50,000,000,000	50,000,000,000
	50,000,000,000	50,000,000,000
Issued, Subscribed & Paid-up Capital		
826,243,700(Previous year - 576,243,700) Equity Shares of ₹ 10/- each (Refer Note II (1) (A) in Schedule 10)	8,262,437,000	5,762,437,000
TOTAL	8,262,437,000	5,762,437,000
SCHEDULE 2		
RESERVES AND SURPLUS		
Capital Redemption Reserve	520,000	520,000
Statutory Reserve		
Opening Balance	33,857,794	347,298
Add : Transfer during the year	-	33,510,496
	33,857,794	33,857,794
General Reserve		
Opening Balance	59,429	59,429
Less : Debit Balance in Profit & Loss Account (As per Contra)	(59,429)	(59,429)
	-	-
TOTAL	34,377,794	34,377,794

SCHEDULE 3 FIXED ASSETS

Description of Assets	Gross Block				Depreciation				Net Block	
	As at April 1, 2010	Additions	Deletions	As at March 31, 2011	As at April 1, 2010	For the year	Deletions	As at March 31, 2011	As at March 31, 2011	As at March 31, 2010
Office Equipments	1,571,776	54,150	124,607	1,501,319	429,328	155,978	37,440	547,866	953,453	1,142,448
Computers	2,461,867	182,183	156,190	2,487,860	1,607,603	370,696	105,553	1,872,746	615,114	854,264
Furniture & Fixtures	290,000	-	225,000	65,000	88,319	16,466	84,177	20,608	44,392	201,681
Vehicles	1,288,363	-	1,288,363	-	413,532	46,540	460,072	-	-	874,831
Software	38,480	-	-	38,480	38,480	-	-	38,480	-	-
Total	5,650,486	236,333	1,794,160	4,092,659	2,577,262	589,680	687,242	2,479,700	1,612,959	3,073,224
Previous Year	5,866,947	138,220	354,681	5,650,486	1,483,506	1,157,242	63,486	2,577,262	3,073,224	4,383,441

Schedules forming part of Balance Sheet

SCHEDULE 4 INVESTMENTS

	Nominal Value Unit	Units / Shares				Amount in ₹			
		As at April 1, 2010	Additions during the year	Redemptions during the year	As at March 31, 2011	As at April 1, 2010	Additions during the year	Redemptions during the year	As at March 31, 2011
A. Long term Investments									
Unquoted									
i) Subsidiaries									
- In Fully paid up Equity Shares									
Aadhaar Retailing Limited	10	16,450,000	1,750,000	-	***18,200,000	774,252,510	87,500,000	-	861,752,510
Indus League Clothing Limited	10	19,455,919	5,731,464	-	25,187,383	2,802,127,213	1,026,224,853	-	3,828,352,066
Star Shopping Centres Pvt. Ltd.	10	15,000	-	15,000	-	30,000,000	-	30,000,000	-
Indus Tree Crafts Private Limited	100	55,336	-	-	55,336	95,759,126	-	-	95,759,126
Future Consumer Products Limited	10	-	900,000	-	900,000	-	200,000,000	-	200,000,000
Future Consumer Enterprises Limited	10	-	10,050,000	-	10,050,000	-	1,600,500,000	-	1,600,500,000
ii) Associates - Trade									
- In Fully paid up Equity Shares									
Amar Chitra Katha Private Limited	1	-	49,039	-	49,039	-	150,206,457	-	150,206,457
AND Designs India limited	100	44,119	-	-	44,119	57,314,755	-	-	57,314,755
Capital Foods Exports Pvt. limited	10	1,054,269	-	-	1,054,269	450,000,000	1,125,000	-	451,125,000
BIBA Apparels Private Limited	100	60,300	20,950	-	81,250	137,073,890	67,492,000	-	204,565,890
iii) Joint Venture - Trade									
- In Fully paid up Equity Shares									
Holi Accessories Pvt. Ltd.	10	750,000	1,000,000	-	1,750,000	7,500,000	10,000,000	-	17,500,000
iv) Others - Trade									
- In Fully paid up Equity Shares									
SSIPL Retail Private Limited	10	609,197	-	609,197	-	100,005,780	-	100,005,780	-
Sub - Total		38,494,140	19,501,453	624,197	57,371,396	4,454,033,274	3,143,048,310	130,005,780	7,467,075,804
B. Current Investments									
Unquoted - Non Trade									
i) Mutual Funds									
HDFC Liquid Fund - Prem. Plan Daily Dividend	10	2,476,361	6,586,831	9,063,192	-	30,359,692	80,753,229	111,112,921	-
Reliance Quarterly Interval Fund series III - Inst. Div. Plan	10	-	1,031,613	1,031,613	-	-	10,323,866	10,323,866	-
Reliance Liquidity Fund - Daily Dividend	10	4,518,205	10,851,323	13,393,170	1,976,358	45,203,746	108,569,931	134,000,000	19,773,677
Reliance Money Manager Fund - Daily Dividend	1000	-	40,010	40,010	-	-	40,064,947	40,064,947	-
ICI Prudential Flexible Income Plan - DDR	100	-	364,674	236,440	128,234	-	38,558,753	25,000,000	13,558,753
ICI Prudential Liquid - Super IP Daily Dividend	100	102,334	156,793	259,127	-	10,235,680	15,682,915	25,918,595	-
Pramerica Liquid Daily Dividend	1000	-	5,164	-	5,164	-	5,163,875	-	5,163,875
Sub - Total		7,096,900	19,036,408	24,023,552	2,109,756	85,799,118	299,117,516	346,420,329	38,496,305
Grand Total		45,591,040	38,537,861	24,647,749	59,481,152	4,539,832,392	3,442,165,826	476,426,109	7,505,572,109
							March 31, 2011	March 31, 2010	
					Value of Quoted Investments		Cost	-	-
							Market Value	-	-
					Value of Unquoted Investments		Cost	7,505,572,109	4,539,832,392

*** 70,00,000 equity shares in Aadhaar Retailing Limited have been pledged to Future Capital Holdings Limited (FCH) as security for loan availed by Aadhaar Retailing Limited from FCH.

Schedules forming part of Balance Sheet

Amount in ₹

	As at March 31, 2011	As at March 31, 2010
SCHEDULE 5		
CURRENT ASSETS, LOANS & ADVANCES		
Current Assets		
Interest accrued on Inter Corporate Deposits	5,879,658	11,924,349
Cash and Bank Balances		
Cash and Cheques on Hand	1,016	14,336,524
Balance with Scheduled Bank		
- In Current Account	3,136,480	99,159,250
	3,137,496	113,495,774
Loans & Advances		
(Unsecured - Considered Good unless otherwise stated)		
Advances recoverable in cash or in kind or for value to be received	4,207,593	3,272,429
Advance towards Share Application Money paid to :-		
- Subsidiary	117,500,000	-
- Associate	1,000,000	-
	118,500,000	-
MAT Credit entitlement (Refer Note II (7) (i) of Schedule 10)	8,889,753	-
Prepaid Taxes	26,605,585	15,129,665
(Net of Provision of ₹ 52,577,373 (Previous Year - ₹ 45,532,916))		
Inter Corporate Deposits secured by way of pledge of Shares	192,500,000	412,500,000
Inter Corporate Deposits #	477,160,000	692,500,052
Other Deposits	15,000	335,000
	827,877,931	1,123,737,146
TOTAL	836,895,085	1,249,157,269
# Includes amount due from companies under the same management		
Name of the company	As at March 31, 2011	Maximum amount due at any point of time during the period
Home Solutions Retail (India) Limited	-	155,000,000
Splendor Fitness Pvt. Ltd. (Formely known as Talwalkars Pantaloon Fitness Pvt. Ltd.)	45,000,000	45,000,000
Winner Sports Limited	-	85,000,000
Future Value Retail Limited	-	80,000,000
Future Agrovet Limited	-	180,000,000
TOTAL	45,000,000	545,000,000
Name of the company	As at March 31, 2010	Maximum amount due at any point of time during the period
Home Solutions Retail (India) Limited	155,000,000	155,000,000
Future Media (India) Limited	-	40,000,000
Winner Sports Limited	85,000,000	185,000,000
Pantaloon Retail India Limited	-	14,000,000
Future Agrovet Limited	180,000,000	180,000,000
TOTAL	420,000,000	574,000,000

Schedules forming part of Balance Sheet

	Amount in ₹	
	As at March 31, 2011	As at March 31, 2010
SCHEDULE 6		
CURRENT LIABILITIES & PROVISIONS		
Current Liabilities		
Sundry Creditors:		
- Due to Micro enterprises and small enterprises *	-	-
- Dues to Creditors other than Micro enterprises and small enterprises	11,426,525	50,788
Other Liabilities	50,100,872	4,454,483
	61,527,397	4,505,271
Provisions		
Provision for Compensated absences	930,556	340,393
Provision for Gratuity	683,345	273,131
Provision for Standard Assets	1,674,150	-
	3,288,051	613,524
TOTAL	64,815,448	5,118,795

* As identified by the management and relied upon by the auditors

Schedules Forming Part of Profit and Loss Account

	Amount in ₹	
	For the year ended March 31, 2011	For the year ended March 31, 2010
SCHEDULE 7		
INCOME FROM OPERATIONS		
Profit/(Loss) on trading in securities		
Sales of Trading Securities	2,631	1,722,756,841
Less : Cost of Sales	-	1,584,211,961
	2,631	138,544,880
Interest Income		
- On Bank Deposits/Other Deposit (Tax deducted at source - Nil (Previous year ₹ Nil))	22,400	38,400
- On Investments - Long Term - Trade (Tax deducted at source - Nil (Previous year ₹ 125,343))	-	1,253,426
- Inter Corporate Deposits (Tax deducted at source ₹ 10,152,989 (Previous year ₹ 11,854,280))	101,529,931	81,528,218
Dividend Income - Current - Non Trade	4,614,885	4,668,856
Profit on Sale in Long Term securities	24,994,220	31,538,265
TOTAL	131,164,067	257,572,045

Schedules Forming Part of Profit and Loss Account

Amount in ₹

	For the year ended March 31, 2011	For the year ended March 31, 2010
SCHEDULE 8		
EMPLOYEE COSTS		
Salaries, Wages & Bonus	45,508,970	25,534,936
Contribution to Provident Fund	1,637,024	625,391
Staff Welfare Expenses	2,633,056	3,915,193
TOTAL	49,779,050	30,075,520
SCHEDULE 9		
ADMINISTRATIVE AND OTHER EXPENSES		
Rent	4,253,810	1,772,261
Legal and Professional Charges	16,777,420	6,672,318
Brand Royalty	11,030,000	-
Rates & taxes	2,514,751	2,093,740
Audit Fees :		
- Statutory Audit	850,000	850,000
- Tax Audit	100,000	100,000
- Other Services	814,152	968,207
- Out of Pocket Expenses (Including Taxes and Levies)	368,752	397,351
Directors sitting fees	780,000	440,000
Loss on Sale of Asset	176,141	203,895
Travelling & Conveyance Expenses	1,111,558	1,358,210
Provision for Standard Assets	1,674,150	-
Delay Payment charges	2,601,720	-
Miscellaneous expenses	2,464,066	1,299,411
TOTAL	45,516,520	16,155,393

Schedules forming part of Balance Sheet and Profit and Loss Account

SCHEDULE 10

I. SIGNIFICANT ACCOUNTING POLICIES

1. Basis of Preparation of Financial Statements

The Financial Statements have been prepared under the historical cost convention on accrual basis and in accordance with Generally Accepted Accounting Principles in India (Indian GAAP). The said Financial Statements comply with the relevant provisions of the Companies Act, 1956 (the Act), the mandatory Accounting Standards notified by the Central Government of India under Companies (Accounting Standards) Rules, 2006, as amended from time to time and guidelines issued by Reserve Bank of India for Non Banking Financial (Non Deposit Accepting or Holding) Companies from time to time.

2. Use of Estimates

The preparation of financial statements in conformity with the generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenue and expenses and disclosure of contingent liabilities as of the date of the financial statements. The estimates and assumptions used in the accompanying financial statements are based upon the management's evaluation of the relevant facts and circumstances as of the date of the financial statements. Actual results may differ from estimates and assumptions used in preparing these financial statements.

3. Fixed Assets

Fixed Assets are stated at cost less depreciation. Cost includes all direct expenses relating to the acquisition and installation of fixed assets.

4. Depreciation

Depreciation is provided on Written Down Value Method at the rates and in the manner prescribed under Schedule XIV to the Companies Act, 1956. Assets individually costing ₹ 5,000/- or less are depreciated fully in the year of purchase.

5. Investments

Investments maturing within twelve months from the date of investment and investments made with the specific intention to dispose of within twelve months from the date of investment are classified as current investments. Other investments are classified as long-term investments.

Investments which are long term in nature are stated at cost and provision for diminution is made if the decline in value is other than temporary in nature. If the balance sheet of the unlisted investee company is not available for two years, shares in such companies shall be valued at one Rupee only which is in accordance with the prudential norms prescribed by the Reserve Bank of India for Non- Banking Financial (Non Deposit Accepting) Companies.

Current investments are stated at lower of cost and fair value determined on the basis of each category of investments. For this purpose, the investments shall be categorized as equity, preference, debentures etc and considered scrip-wise and the cost and market value aggregated for all investments in each category. Unquoted investments in the units of mutual funds in the nature of current investments shall be valued at the net asset value declared by the mutual fund in respect of each particular scheme as at the Balance Sheet date.

The reclassification of Investments from long term to Current investments would be effected with the approval of the board of directors.

6. Revenue Recognition.

Transactions for purchase or sale of investments shall be recognized as of the trade date and not as of the settlement date, so that the effect of all investments traded during the financial year are recorded and reflected in the financial statements, for the year.

Where investment transactions take place outside the stock market, for example, acquisitions through private placement or purchases or sales through private treaty, the transaction would be recorded, in the event of a purchase, as of the date on which the Company obtains an enforceable obligation to pay the price or, in the event of sale, when the Company obtains an enforceable right to collect the proceeds of sale or an enforceable obligation to deliver the instruments sold.

The cost of investments acquired or purchased would include brokerage, stamp charges and any duties directly related to the acquisition of investment.

Interest income is recognized on time proportion basis. Dividend income is recognized when the right to receive the same is established.

SCHEDULE 10 (Contd..)

Profit / Loss on sale of investments - Realized gain or loss on investments which is the difference between the sale consideration and the carrying cost is recognized in the profit and loss account on the date of recognition of sale. In determining the realized gain or loss on sale of a security, the cost of such security is arrived on First in First out basis.

Interest income from financing activities is recognized at the rates implicit in the contract. Unrealized Interest income relating to Non-performing assets is derecognized.

Fee for services rendered is recognized at the specific rates as per the terms of contract.

Advisory fee payable for advisory services is recognized at the specific rates and as per terms agreed.

7. Foreign Currency Transactions

Foreign currency transactions are recorded at the rate of exchange prevailing on the date of transaction. At the year-end, all monetary assets and liabilities denominated in foreign currency are restated at the year-end exchange rates.

Exchange differences arising on actual payment / realisation and year end re-instatement referred to above are recognized in the Profit & Loss Account.

8. Retirement Benefits

Defined Benefit Plan

Gratuity liability determined on actuarial valuation performed in accordance with the projected unit credit method, as at the balance sheet date is provided for.

Actuarial gains and losses arising from effects of changes in actuarial assumptions are immediately recognised in the profit & loss account as income or expense.

Defined Contribution Plan

Fixed contributions to Provident Fund are recognized in the accounts on actual cost to the Company.

Compensated Absences

Liability for short term compensated absences is recognised as expense based on the estimated cost of eligible leave to the credit of the employees as at the balance sheet date on undiscounted basis. Liability for long term compensated absences is determined on the basis of actuarial valuation as on the balance sheet date.

9. Deferred Compensation Cost

In respect of stock options, granted pursuant to the Company's Employee Stock Option Scheme 2011, the Company determines the compensated cost based on the intrinsic value method and the compensation cost is amortised on a straight line basis over the vesting period.

10. Taxation

Current tax is determined on the income for the year chargeable to tax in accordance with 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 asset is recognized and carried forward only to the extent that there is a virtual certainty that the asset will be realized in future. In other situations, deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available to realize these assets.

11. Impairment of assets

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets net selling price and value in use. An asset is treated as impaired when the carrying cost of 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. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.

12. Provisions

A provision is recognized when an enterprise has a present obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

SCHEDULE 10 (Contd..)**II. NOTES TO ACCOUNTS**

1. **A. Preferential Issue :** During the year, the Company had issued 250,000,000 Equity shares at par value of ₹ 10/- each to promoter companies on preferential basis.
- B. Initial Public Offer :** The Company made an Initial Public Offer of 750,000,000 Shares of ₹ 10 each at a price of ₹ 10 each raising ₹ 7,500,000,000 during the month of April 2011. The shares of the Company were listed on National Stock Exchange of India Limited and Bombay Stock Exchange Limited on May 10, 2011.
- C. IPO Expenses :** The IPO Committee, in their meeting held on May 05, 2011 has allotted 750,000,000 Shares at par value of ₹ 10 per equity share. Consequently, there is no amount to be credited to the Securities Premium Account and the IPO expenses incurred have to be charged to Profit and Loss Account as and when they are incurred. Accordingly, expenses aggregating to ₹ 44,803,498 incurred up to March 31, 2011 have been absorbed in the Profit & Loss Account for the period ended March 31, 2011.

2. Employee Stock Option Plan

The Board at its meeting held on July 12, 2010, approved issue of Stock Options up to a maximum of 1 % of the paid up Equity Share Capital of the Company (before Rights Issue) aggregating to 50,000,000 Equity Shares in a manner provided in the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 subject to the approval of the shareholders under Section 81 (1A) of the Companies Act, 1956. The Shareholders of the Company at the Annual General Meeting held on August 10, 2010 approved the aforesaid issue of 50,000,000 Equity Shares of the Company under one or more Employee Stock Option Scheme(s). The Compensation and Nomination Committee has approved the following grants to certain directors and senior level executives of the Company and some of its Subsidiaries in accordance with the FVIL Employees Stock Option Plan 2011 (ESOP Scheme):

Particulars	Grant
Date of Grant	27 th March 2011
Exercise Price	₹ 10 per option
Vesting Commences on	27 th March 2012
Options Granted	13,280,000
Options Forfeited/Lapsed	Nil
Options outstanding at the end of the year-	
- Vested	Nil
- Yet to Vest	13,280,000

Deferred Stock Compensation Expense:

As the exercise price has been fixed at fair value as on date of grant, there is no compensation cost which needs to be amortized over the vesting period of the stock option.

Fair Value Methodology

The fair value of Options used to compute proforma net profit and earnings per Equity Share have been estimated on the date of the grant using Black-Scholes model by an independent consultant.

The key assumptions used in the Black-Scholes model for calculating the fair value as on the date of the grants are:

Particulars	Grant
Date of Grant	27 th March 2011
Vesting Date	Options vest over a period of 3 years in the ratio of 30%,30%,40%
Risk-Free Interest Rate (Average)	7.79%
Expected Life (Years)	2.50 years
Expected volatility of Share Price (%)	Since the company is unlisted, zero volatility has been considered
Dividend Yield (%)	The company has not declared dividend, hence dividend has not been considered
Price of the underlying share at the time of option	₹ 10 each
Fair Value of the Option	₹ 2.36 each

SCHEDULE 10 (Contd..)

Had compensation cost for the Stock Options granted under the Scheme been determined based on fair value approach, the company's net profit and earnings per share would have been as per the pro forma amounts indicated below:

Impact on Net Profit

Particulars	Amount in ₹
Net Loss (As reported)	(6,724,836)
Add: Stock based employee compensation expense included in net profit	Nil
Less: Stock based compensation expense determined under fair value based method (Proforma)	(199,667)
Net Loss (Proforma)	(6,924,803)

Impact on Earnings Per Share

Particulars	Amount in ₹ (per share)
Basic Earnings per Share of ₹ 10 each (As reported)	(0.01)
Basic Earnings per Share of ₹ 10 each (Proforma)	(0.01)
Diluted Earnings per Share of ₹ 10 each (As reported)*	(0.01)
Diluted Earnings per Share of ₹ 10 each (Proforma)*	(0.01)

Refer Note II (6) of Schedule 10

3. The Company's obligation towards Gratuity is a Defined Benefit plan and the details of actuarial valuation as on 31st March 2011 is given below:

Particulars	Amount in ₹	
	March 31, 2011	March 31, 2010
Expenses recognized in the Profit & Loss Account		
Current Service cost	530,261	241,110
Interest cost on benefit obligations	21,850	20,619
Expected return on plan assets	-	-
Actuarial (gain)/loss	(141,897)	246,336
Net benefit expense	410,214	508,065
Amount recognized in the Balance Sheet		
Closing Projected Benefit Obligation	(683,345)	(273,131)
Closing Fair value of plan assets	-	-
Unfunded Net Asset/ (Liability) recognized in the balance sheet	(683,345)	(2,73,131)
Changes in the present value of defined benefit obligations are as follows:		
Obligations at period beginning	273,131	2,57,738
Service Cost	530,261	241,110
Interest on Defined benefit obligation	21,850	20,619
Benefits settled	-	-
Actuarial (gain)/loss	(141,897)	(246,336)
Obligations at period end	683,345	273,131
Assumptions		
Interest rate	8.00%	8.00%
Salary increase	6.00%	5.00%
Attrition rate	1.00%	1.00%
Retirement age	58 years	58 years

The estimates of future salary increase take into account inflation, seniority, promotion and other relevant factors. The disclosure requirement with regard to composition of Investments in the Fair Value of Plan assets has not been furnished, since the liability is not funded. Disclosure relating to experience adjustments has not been provided in the absence of relevant information.

SCHEDULE 10 (Contd..)**4. Segmental Reporting**

The Company is primarily engaged in the business of investing/financing. All the activities of the Company revolve around the main business. Further, the Company does not have any operations outside India. As such, there are no separate reportable segments as per AS 17 "Segmental Reporting".

5. Related Party Disclosures**A. Names of Related Parties & Nature of Related Parties Relationship**

(as identified by the management and relied upon by the auditors)

	March 31, 2011	March 31, 2010
i. Subsidiary	Aadhaar Retailing Limited Indus League Clothing Limited Star Shopping Centres Pvt. Limited (Upto July 26, 2010) Indus Tree Crafts Pvt. Ltd. Future Consumer Enterprise Limited (With effect from August 2, 2010) Future Consumer Products Limited (With effect from June 29, 2010) Lee Cooper (India) Limited (Subsidiary of Indus League Clothing Limited)	Aadhaar Retailing Limited Indus League Clothing Limited (With Effect from Jan 30, 2010) Star Shopping Centres Pvt. Ltd. (With effect from April 17, 2009) Indus Tree Crafts Pvt. Ltd. (With effect from March 1, 2010)
ii. Associates	And Designs India Limited Capital Foods Exportts Pvt. Ltd. Capital Foods Limited (Subsidiary of Capital Foods Exportts Pvt. Ltd.) Turtle Limited (Associate of Indus League Clothing Limited) Biba Apparels Pvt. Ltd. (With effect from March 14, 2011) Amar Chitra Katha Pvt. Ltd. (With effect from March 19, 2011) Integrated Food Park Pvt. Ltd.	And Designs India Ltd. Capital Foods Exportts Pvt. Ltd. (With Effect from February 15, 2010) Lee Cooper (India) Limited (Upto Jan 30, 2010) Sankalp Retail Value Stores Pvt. Ltd. (upto Jan 28, 2010) Turtle Limited (Upto Jan 30, 2010)
iii. Joint Ventures	Holii Accessories Pvt. Ltd. Celio Future Fashion Limited (Joint Venture of Indus League Clothing Limited)	Holii Accessories Pvt. Ltd. (With Effect from Nov 2, 2009) Celio Future Fashion Limited (Upto Jan 30, 2010) Footmart Retail (India) Limited (Upto Jan 21, 2010)

SCHEDULE 10 (Contd..)

	March 31, 2011	March 31, 2010
iv. Enterprises over which key management personnel can exercise control/significant influence	Pantaloon Retail (India) Limited Future Capital Holdings Limited Future Capital Investment Pvt. Ltd. PIL Industries Limited (Formerly known as Pantaloon Industries Limited) Future Corporate Resources Limited Future Ideas Realtors India Limited Future Ideas Company Limited Future Value Retail Limited Home Solutions Retail (India) Limited Future Agroviet Limited Winner Sports Limited Future Capital Financial Services Limited Future Finance Limited Kshitij Investment Advisory Company Limited Splendor Fitness Pvt. Ltd. (Formerly known as Talwalkars Pantaloon Fitness Pvt. Ltd.) Future Realtors (India) Pvt. Ltd. Iskrupa Mall Management Company Pvt. Ltd. Anchor Malls Pvt. Ltd. Future Brands Limited Bansi Mall Management Co. Pvt. Ltd. Future Outdoor Media Solutions Limited	Pantaloon Retail (India) Limited Future Capital Holdings Limited Future Capital Investment Pvt. Ltd. Pantaloon Industries Limited
v. Key Management Personnel	Kishore Biyani Managing Director	Kishore Biyani Managing Director

B. Transactions with Related Parties

Amount in ₹

Nature of transactions	Subsidiary	Associates	Joint Venture	Enterprises over which key management personnel can exercise control/significant influence	Key Management
Purchase of Investments	1,600,000,000 (1,514,779,457)	180,198,457 -	10,000,000 (57,199,840)	1,200,499,853 (397,681,839)	- -
Sale of Investments	125,000,000 (982,000,000)	- -	- -	30,000,000 -	- -
Issue of Equity Shares	-	-	-	2,500,000,000 (1,220,000,000)	- -
Inter Corporate Deposit - Given	305,500,000 (511,000,000)	90,000,000 (115,000,000)	35,000,000 (140,000,000)	1,371,160,000 -	- -
Inter Corporate Deposit - Received back	312,500,052 (473,499,948)	80,000,000 (10,000,000)	35,000,000 (180,000,000)	1,779,500,000 -	- -

SCHEDULE 10 (Contd..)

Amount in ₹

Nature of transactions	Subsidiary	Associates	Joint Venture	Enterprises over which key management personnel can exercise control/ significant influence	Key Management
Interest Income	17,400,192 (12,236,986)	802,739 (3,245,754)	1,094,384 (5,060,820)	74,817,275 -	- -
Reimbursement of Expenses	11,185 -	- (51,290)	- -	2,407,745 (546,803)	- -
Rent Expenses	- -	- -	- -	1,403,451 -	- -
Fees for Services	- -	- -	- -	13,236,000 -	- -
Brand Royalty	- -	- -	- -	11,030,000 -	- -
Purchase of Asset	- -	- -	- -	- (65,000)	- -
Sale of Fixed Assets	- -	- -	- -	278,628 -	- -
Interest Receivable	2,249,384 (1,831,439)	61,644 (2,563,151)	- -	3,568,629 -	- -
Advances towards Shares - Application	117,500,000 -	1,000,000 -	- -	- -	- -
Trade Advance Given and Settled	- -	- -	- -	135,000,000 -	- -
ICDs Outstanding	140,500,000 (37,500,052)	10,000,000 (110,000,000)	- -	519,160,000 -	- -
Payables	- -	- -	- -	23,161,896 -	- -
Bank Guarantees & Securities Given	580,000,000 -	- -	- -	- -	- -

Figures in bracket represent previous year's figures.

SCHEDULE 10 (Contd..)

C. Disclosure in respect of Material Transactions with Related Parties

Amount in ₹

Type of Transactions	Particulars	March 31, 2011	March 31, 2010
Purchase of Investments	Future Consumer Enterprise Limited	1,600,000,000	-
	Indus League Clothing Limited	-	982,279,509
	Aadhaar Retailing Limited	-	472,500,000
	Pantaloon Industries Limited	-	397,681,839
	Future Corporate Resources Limited	393,285,293	-
Sale of Investments	Indus League Clothing Limited	125,000,000	982,000,000
	Future Realtors (India) Pvt. Ltd.	30,000,000	-
Issue of Equity Shares	Pantaloon Retail India Limited	1,500,000,000	-
	Pantaloon Industries Limited	-	1,220,000,000
	Future Capital Investment Pvt. Ltd.	1,000,000,000	-
Inter Corporate Deposit Given	Aadhaar Retailing Limited	178,000,000 ⁽¹⁾	456,000,000
	Lee Cooper India Limited	-	110,000,000
	Splendor Fitness Pvt. Ltd. (Formerly known as Talwalkars Pantaloon Fitness Pvt. Ltd.)	225,000,000	-
	Iskrupa Mall Management Company Pvt. Limited	202,500,000	-
	Bansi Mall Management Co Pvt. Ltd.	402,500,000	-
	Future Ideas Company Limited	209,000,000	-
	Footmart Retail (India) Limited	-	140,000,000
Inter Corporate Deposit received back	Aadhaar Retailing Limited	187,500,000	423,500,000
	Footmart Retail (India) Limited	-	180,000,000
	Splendor Fitness Pvt. Ltd. (Formerly known as Talwalkars Pantaloon Fitness Pvt. Ltd.)	225,000,000	-
	Iskrupa Mall Management Company Pvt. Ltd.	405,000,000	-
	Bansi Mall Management Co. Pvt. Ltd.	420,000,000	-
Interest Income	Aadhaar Retailing Limited	4,567,726	11,032,877
	Lee Cooper (India) Limited	12,034,931	2,847,945
	Footmart Retail (India) Limited	-	5,060,820
	Iskrupa Mall Management Company Pvt. Ltd.	17,697,945	-
	Bansi Mall Management Co. Pvt. Ltd.	20,815,070	-
Reimbursement of Expenses	Pantaloon Retail India Limited	-	546,803
	Integrated Food Park Pvt. Ltd.	2,100,206	-
Rent Expenses	Future Finance Limited	374,156	-
	Kshitij Investment Advisory Company Limited	1,029,295	-

SCHEDULE 10 (Contd..)

Amount in ₹

Type of Transactions	Particulars	March 31, 2011	March 31, 2010
Fees for Services	Future Corporate Resources Limited	13,236,000	-
Brand Royalty	Future Ideas Company Limited	11,030,000	-
Sale of Fixed Assets	Future Corporate Resources Limited	278,628	-
Purchase of Fixed Assets	Future Capital Holdings Limited	-	65,000
Interest Receivable	Aadhaar Retailing Limited	351,370	1,413,493
	Lee Cooper (India) Limited	1,490,548	2,563,151
	Future Ideas Company Limited	2,319,041	-
Advances towards Shares Application	Indus League Clothing Limited	117,500,000	-
Trade Advance Given and Settled	Future Corporate Resources Limited	135,000,000	-
ICDs Outstanding	Aadhaar Retailing Limited	23,000,000	32,500,000
	Lee Cooper (India) Limited	65,000,000	110,000,000
	Bansi Mall Management Co. Pvt. Ltd.	192,500,000	-
	Future Ideas Company Limited	209,000,000	-
Payables	Future Corporate Resources Limited	12,133,000	-
	Future Ideas Company Limited	11,028,896	-
Bank Guarantees & Securities Given	Indus League Clothing Limited	330,000,000	-
	Indus Tree Crafts Pvt. Ltd.	60,000,000	-
	Aadhaar Retailing Limited. ⁽²⁾	190,000,000	-

Note on Related party Transactions:-

⁽¹⁾ Out of the total Inter Corporate deposits given, ₹ 87,500,000 were converted into investments during the year.

⁽²⁾ 70,00,000 shares of Aadhaar Retailing Limited held by the Company have been pledged to Future Capital Holdings Limited.

6. Notes to Earning Per ShareNumerator

The Company has only one class of equity share, hence the Profit after Tax is used for computation of earnings per share without any adjustment.

Denominator

Amount in ₹

Particulars	March 31, 2011	March 31, 2010
No. of equity shares at the beginning of the year	576,243,700	368,843,700
No. of equity shares at the end of the year	826,243,700	576,243,700
Weighted average number of shares outstanding during the year	758,161,508	399,436,577

The Company has issued employee stock options during the year which gives rise to potential equity shares. However, as per the terms of the stock option scheme, the exercise price is the same as the average fair value of the shares during the year. Therefore, these potential shares are considered to be neither dilutive nor anti-dilutive and accordingly, they are not considered in the computation of diluted earnings per share. Hence the basic and diluted earnings per share are the same.

7. i) On the basis of revised/original return of income filed by the Company for the financial years ended March 31, 2009 and March 31, 2010 respectively in October 2010, the net excess provision of ₹ 6,045,296 (after considering the MAT credit of ₹ 8,889,753 relating to financial year 2009-10) has been written back. The MAT Credit of ₹ 8,889,753 is carried under loans and advances considering the fact that the tax liability for the year falls under provisions other than 115JB of Income Tax Act, 1961 and also considering the future taxable income against which the said MAT Credit can be adjusted within the stipulated period.

SCHEDULE 10 (Contd..)

ii) Deferred Tax Asset / (Liability)

Amount in ₹

Particulars	March 31, 2011	March 31, 2010
Depreciation	9,308	(82,230)
Provision for Compensated Absences	301,919	113,070
Provision for Gratuity	221,711	90,727
Provision for Standard Assets	543,178	NIL
Net Deferred Tax Asset / (Liability)	1,076,116	121,567

Deferred Tax Asset arising on long term capital loss carried forward from earlier years has not been recognised in the absence of virtual certainty on their realization.

8. Expenditure in Foreign Currency

Amount in ₹

Particulars	March 31, 2011	March 31, 2010
Travelling & Conveyance Expenses	191,534	929,194
Miscellaneous Expenses	1,210	14,697

9. A. Contingent Liability

Amount in ₹

Particulars	March 31, 2011			March 31, 2010
	Bank Guarantees	Asset Given as Security *	Total	
Indus League Clothing Ltd.	330,000,000	NIL	330,000,000	NIL
Indus Tree Crafts Pvt. Ltd.	60,000,000	NIL	60,000,000	NIL
Aadhaar Retailing Ltd	NIL	190,000,000	190,000,000	NIL
Total	390,000,000	190,000,000	580,000,000	NIL

* Refer Footnote in Schedule 4

B. Share Purchase Obligation towards investment in Group Company (net of advances) is ₹ 218,808,260 (Previous Year – ₹ Nil)

10. Certain subsidiaries of the company have incurred losses resulting in erosion of their net worth. These companies are in the process of building respective businesses/ brands and creating substantial value. The management is fully committed to lead them to profitability by providing the necessary financial support and mentoring.

Therefore, in the opinion of the management, the diminutions in the value of the said investments are temporary in nature and consequently, no adjustment is considered necessary to the carrying value of investment.

11. A. Disclosure Pursuant to Reserve Bank of India Notification DNBS.193DG (VL) - 2007 dated February 22, 2007 (Para 13 Disclosure) is given in Annexure 1 A

B Disclosure Pursuant to Reserve Bank of India Notification DNBS.200/CGM (PK) - 2008 dated August 1, 2008 (CRAR Disclosure) is given in Annexure 1 B

SCHEDULE 10 (Contd..)**12 Information on Joint Venture Entity**

The particulars of the Company's Joint Venture Entities as at March 31, 2011 including its percentage holding and its proportionate share of Assets, Liabilities, Contingent Liabilities, Capital Commitments, Income and Expenditures of each Joint Venture Entities are given here below: -

Amount in ₹

Name of the Joint Venture	As at March 31, 2011					For the Year Ended March 31 2011	
	% Holding	Assets	Liabilities	Contingent Liabilities	Capital Commitments	Income	Expenses
Holii Accessories Private Limited	50%	15,083,984	9,353,159	170,613	-	19,670,323	28,379,832
		(8,934,080)	(4,493,746)	-	-	(8,395,170)	(11,440,040)

Figures within bracket represent previous year figures

13. Previous year's figures have been regrouped wherever necessary to conform to current year's classification.

**For and on behalf of the Board of Directors of
Future Ventures India Limited**

Kishore Biyani
Managing Director

B.Anand
Director

Manoj Gagvani
Company Secretary
& Head - Legal

Gopal Bihani
Vice President-Finance

Place : Mumbai
Date : June 30, 2011

(Amount in ₹)

		Amount Outstanding	
	(iii) Units of mutual funds	38,496,305	
	(iv) Government Securities	-	
	(v) Others (please specify)	-	
	Long Term investments :		
	1. Quoted :		
	(i) Shares :		
	(a) Equity	-	
	(b) Preference	-	
	(ii) Debentures and Bonds	-	
	(iii) Units of mutual funds	-	
	(iv) Government Securities	-	
	(v) Others (please specify)	-	
	2. Unquoted :		
	(i) Shares :		
	(a) Equity	7,467,075,804	
	(b) Preference	-	
	(ii) Debentures and Bonds	-	
	(iii) Units of mutual funds	-	
	(iv) Government Securities	-	
	(v) Others (Share Application Money)	-	
(5)	Borrower group-wise classification of assets financed as in (2) and (3) above:		
	Category	Amount Net of Provisions	
		Secured	Unsecured
	1. Related Parties		
	(a) Subsidiaries	-	260,249,384
	(b) Companies in the same group	-	11,061,644
	(c) Other related parties	192,781,096	329,947,534
	2. Other than related parties	-	-
	Total	192,781,096	601,258,562
(6)	Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted)		
	Category	Market Value/ Break up or fair value or NAV	Book Value (Net of Provisions)
	1. Related Parties		
	(a) Subsidiaries	-	6,586,363,702
	(b) Companies in the same group	-	880,712,102
	(c) Other related parties	-	-
	2. Other than related parties	-	38,496,305
	Total	-	7,624,072,109
(7)	Other information		
	Particulars	Amount	
	(i) Gross Non-Performing Assets		
	(a) Related parties	-	
	(b) Other than related parties	-	
	(ii) Net Non-Performing Assets		
	(a) Related parties	-	
	(b) Other than related parties	-	
	(iii) Assets acquired in satisfaction of debt	-	

Annexure 1 B

A. Capital to Risk Asset Ratio

Sr. No.	Items	Current Year	Previous Year
i)	CRAR (%)		
	CRAR - Tier I capital (%)	58.26%	108.48%
ii)	CRAR - Tier II Capital (%)	0.12%	0.00%

B. Exposure to Real Estate

Category	Current Year	Previous Year
a) Direct exposure		
(i) Residential Mortgages - Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented; (Individual housing loans up to ₹ 15 lakh may be shown separately)	-	-
(ii) Commercial Real Estate - Lending secured by mortgages on commercial real estates (office buildings, retail space, multipurpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based (NFB) limits;	-	-
(iii) Investments in Mortgage Backed Securities (MBS) and other securitised exposures -		
a. Residential,	-	-
b. Commercial Real Estate.	-	-
b) Indirect Exposure Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs).	-	-

C. Maturity pattern of Asset & Liability

Amount in ₹

Particulars	1 day to 30/31 days (One Months)	Over one months to 2 months	Over 2 months to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 year to 5 years	Over 5 yeras	Total
Liabilities									
Borrowings from banks	-	-	-	-	-	-	-	-	-
Market Borrowings	-	-	-	-	-	-	-	-	-
Assets									
Inter Corporate Deposits	73, 973,973	15,218,527	327,075,513	259,271,645	-	-	-	-	675,539,658
Advance Against Share Application	1,000,000	-	-	117,500,000	-	-	-	-	118,500,000
Investments	14,000,000	15,000,000	-	9,496,305	-	-	-	7,467,075,804	7,505,572,109

Balance Sheet Abstract and Company's General Business Profile
Additional Information pursuant to Part IV of Schedule VI to The Act

I. Registration Details :

Registration No.	1	9	2	0	9	0		
State Code	1	1						
Balance Sheet Date	3	1	0	3	2	0	1	1
	Date		Month		Year			

II. Capital Raised During the year (Amount ₹ In Thousands)

Public Issue

N	I	L
---	---	---

Bonus Issue

N	I	L
---	---	---

Rights Issue

N	I	L
---	---	---

Private Placement

2	5	0	0	0	0	0
---	---	---	---	---	---	---

III. Position Of Mobilisation And Deployment Of Funds (Amount ₹ In Thousands)

Total Liabilities (including shareholder's funds)

8	2	9	6	8	1	5
---	---	---	---	---	---	---

Sources of Funds

Paid-up Capital

8	2	6	2	4	3	7
---	---	---	---	---	---	---

Secured Loans

N	I	L
---	---	---

Application of Funds

Net Fixed Assets

1	6	1	3
---	---	---	---

Total Assets

8	2	9	6	8	1	5
---	---	---	---	---	---	---

Reserves & Surplus

3	4	3	7	8
---	---	---	---	---

Unsecured Loans

N	I	L
---	---	---

Investments

7	5	0	5	5	7	2
---	---	---	---	---	---	---

(Please tick appropriate box + for positive, - for Negative

+	-
<input checked="" type="checkbox"/>	<input type="checkbox"/>

Net Current Assets

7	7	2	0	8	0
---	---	---	---	---	---

Accumulated Losses

1	6	4	7	4
---	---	---	---	---

Misc. Expenditure

N	I	L
---	---	---

IV. Performance of Company (Amount ₹ in Thousands)

+	-
<input checked="" type="checkbox"/>	<input type="checkbox"/>

Turnover (including other income)

1	3	1	1	6	4
---	---	---	---	---	---

Total Expenditure

1	4	0	6	8	9
---	---	---	---	---	---

(Please tick appropriate box + for positive, - for Negative

+	-
<input type="checkbox"/>	<input checked="" type="checkbox"/>

Profit / Loss Before Tax

9	5	2	4
---	---	---	---

(Please tick appropriate box + for positive, - for Negative

+	-
<input type="checkbox"/>	<input checked="" type="checkbox"/>

Profit / Loss After Tax

6	7	2	4
---	---	---	---

(Please tick appropriate box + for positive, - for Negative

+	-
<input type="checkbox"/>	<input checked="" type="checkbox"/>

Earning Per Share (in ₹)

0	.	0	1
---	---	---	---

Dividend Rate (%)

-	-
---	---

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

Item Code No. (ITC Code)

Product Description

Not Applicable

Non Banking Financial Company

For and on behalf of the Board of Directors of
Future Ventures India Limited

Kishore Biyani
 Managing Director

B. Anand
 Director

Manoj Gagvani
 Company Secretary & Head - Legal

Gopal Biyani
 Vice President-Finance

Place : Mumbai

Date : June 30, 2011

AUDITORS' REPORT

TO THE BOARD OF DIRECTORS OF FUTURE VENTURES INDIA LIMITED

1. We have audited the attached Consolidated Balance Sheet of **FUTURE VENTURES INDIA LIMITED** ("the Company"), its subsidiaries and jointly controlled entities (the Company, its subsidiaries and jointly controlled entities constitute "the Group") as at March 31, 2011, the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement of the Group for the year ended on that date, both annexed thereto. The Consolidated Financial Statements include investments in associates accounted on the equity method in accordance with Accounting Standard 23 (Accounting for Investments in Associates in Consolidated Financial Statements) and the jointly controlled entities accounted in accordance with Accounting Standard 27 (Financial Reporting of Interests in Joint Ventures) as notified under the Companies (Accounting Standards) Rules, 2006. These financial statements are the responsibility of the Company's Management and have been prepared on the basis of the separate financial statements and other information regarding components. Our responsibility is to express an opinion on these Consolidated Financial Statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of subsidiaries and joint ventures, whose financial statements reflect total assets of ₹. 6,326,174,841 as at March 31, 2011, total revenues of ₹ 5,339,804,608 and net cash outflows amounting to ₹ 1,780,184,817 for the year ended on that date as considered in the Consolidated Financial Statements. We, also, did not audit the financial statements of associates, whose Group's share of profits of ₹ 37,981,212 for the period ended on that date as considered in the Consolidated Financial Statements. These financial statements have been audited by other auditors whose reports have been furnished to us and our opinion in so far as it relates to the amounts included in respect of these subsidiaries, joint ventures and associates is based solely on the reports of the other auditors.
4. We report that the Consolidated Financial Statements have been prepared by the Company in accordance with the requirements of Accounting Standard 21 (Consolidated Financial Statements), Accounting Standard 23 (Accounting for Investment in Associates in Consolidated Financial Statements) and Accounting Standard 27 (Financial Reporting of Interests in Joint Ventures) as notified under the Companies (Accounting Standards) Rules, 2006.
5. Based on our audit and on consideration of the separate audit reports on the individual financial statements of the Company, and the aforesaid subsidiaries and joint ventures and associates, and to the best of our information and according to the explanations given to us, in our opinion, the Consolidated Financial Statements give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2011;
 - (ii) in the case of the Consolidated Profit and Loss Account, of the Loss of the Group for the year ended on that date and
 - (iii) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

For **Deloitte Haskins & Sells**
Chartered Accountants
(Registration No.008072S)

M.K.ANANTHANARAYANAN
Partner
(Membership No.19521)

CHENNAI, 16th July 2011

Consolidated Balance Sheet as at March 31, 2011

Amount in ₹

Particulars	Schedule	As at March 31, 2011	As at March 31, 2010
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	1	8,262,437,000	5,762,437,000
Reserves & Surplus	2	36,869,819	36,948,480
		82,99,306,819	57,99,385,480
Minority Interest		346,575,036	741,732,948
Loan Funds	3		
Secured Loans		1,598,907,592	1,135,152,013
Unsecured Loans		340,056,474	552,665,277
		19,38,964,066	16,87,817,290
Deferred Tax Liability (Refer Note D.11 (B) (i) of Schedule 14)		-	3,205,670
TOTAL		10,584,845,921	8,232,141,388
APPLICATION OF FUNDS			
Goodwill on Consolidation (Refer Note A.b.VIII of Schedule 14)		3,159,387,367	2,287,303,502
Fixed Assets	4		
Gross Block		3,040,615,870	1,404,829,755
Less : Depreciation		581,731,565	342,156,674
Net Block		2,458,884,305	1,062,673,081
Capital Work-in-Progress (Includes Proportionate Share in Joint Venture - ₹ 4,957,213 (Previous Year - ₹ Nil)		27,988,420	16,184,152
		2,486,872,725	1,078,857,233
Investments	5	1,217,618,621	1,009,288,651
Deferred Tax Asset (Refer Note D.11 (B) (ii) of Schedule 14)		1,076,116	3,756,934
Current Assets, Loans & Advances	6		
Interest Accrued on Deposits		3,630,274	7,041,473
Inventories		1,213,027,069	1,012,268,992
Sundry Debtors		1,867,838,318	1,454,021,997
Cash and Bank Balances		73,222,598	181,049,429
Loans and Advances		892,247,183	1,221,792,125
		4,049,965,442	3,876,174,016
Less : Current Liabilities & Provisions	7		
Current Liabilities		1,324,812,952	759,194,173
Provisions		35,750,218	18,789,789
		1,360,563,170	777,983,962
Net Current Assets		2,689,402,272	3,098,190,054
Debit Balance in Profit and Loss Account		1,030,548,249	754,804,443
Less : Balance in General Reserve (as per Contra)		(59,429)	(59,429)
		1,030,488,820	754,745,014
TOTAL		10,584,845,921	8,232,141,388
Accounting Policies & Notes to Accounts	14		

The Schedules referred to above form integral part of the Balance Sheet
In terms of our report attached

For **Deloitte Haskins & Sells**
Chartered Accountants

For and on behalf of the Board of Directors of
Future Ventures India Limited

M.K. Ananthanarayanan
Partner

Kishore Biyani
Managing Director
Manoj Gagvani
Company Secretary
& Head - Legal

B.Anand
Director
Gopal Bihani
Vice President - Finance

Place : Mumbai
Date : July 16, 2011

Consolidated Profit and Loss account for the Year ended March 31, 2011

Amount in ₹

	Schedule	For the year ended March 31, 2011	For the year ended March 31, 2010
INCOME			
Income from Operations	8	5,428,574,264	1,546,510,061
Other Income	9	63,716,822	235,828,942
		5,492,291,086	1,782,339,003
EXPENDITURE			
Cost of Goods Sold	10	3,968,109,268	1,229,407,236
Employee Costs	11	449,908,386	240,856,833
Administrative & Other Expenses	12	902,126,460	312,736,601
Interest & Finance Charges	13	240,740,631	107,425,944
Depreciation	4	253,484,307	86,233,067
Less: Transfer from Revaluation Reserve		(149,745)	(13,124)
		253,334,562	86,219,943
		5,814,219,307	1,976,646,557
Profit/(Loss) before Exceptional Items		(321,928,221)	(194,307,554)
Exceptional Items			
IPO Expenses (Refer Note D.3 C of Schedule 14)		(44,803,498)	-
Profit/(Loss) before Taxes		(366,731,719)	(194,307,554)
Less : Provision for Taxation			
Current Tax		38,399,700	42,512,770
Less: Provision relating to earlier years no longer required written back (Net) (Refer Note D.11 A of Schedule 14)		(6,045,296)	-
Deferred Tax		151,694	(26,579,340)
Add: MAT Credit Entitlement		(5,140,000)	-
Proportionate Share in a Joint Venture		-	14,758
Profit/(Loss) after Taxation		(394,097,817)	(210,255,742)
Add: Share of Associates Profit/(Loss)		38,316,326	3,686,821
Add: Share of Minority Interest		86,185,614	102,217,426
Add : Adjustment on Acquisition of Subsidiaries		(5,596,825)	-
Profit/(Loss) after Share of Associates and Minority Interest		(275,192,702)	(104,351,495)
Surplus/(Deficit) brought forward from Previous Year		(754,804,443)	(622,717,242)
Add : Adjustment on Acquisition of Subsidiaries / Consolidation		(551,104)	5,774,790
Profit available for Appropriation / (Loss)		(1,030,548,249)	(721,293,947)
Transfers to:			
Statutory Reserve		-	33,510,496
Balance carried to Balance Sheet		(1,030,548,249)	(754,804,443)
Basic and Diluted Earnings per Share(Face Value ₹ 10/- each)		(0.36)	(0.26)
(Refer Note D.10 of Sch. 14)			
Accounting Policies & Notes to Accounts	14		

The Schedules referred to above form integral part of the Profit and Loss Account
In terms of our report attached

For **Deloitte Haskins & Sells**
Chartered Accountants

For and on behalf of the Board of Directors of
Future Ventures India Limited

M.K. Ananthanarayanan
Partner

Kishore Biyani
Managing Director

B.Anand
Director

Manoj Gagvani
Company Secretary
& Head - Legal

Gopal Bihani
Vice President - Finance

Place : Mumbai
Date : July 16,2011

Consolidated Cash Flow Statement for the year ended March 31, 2011

Amount in ₹

	For the year ended March 31, 2011	For the year ended March 31, 2010
A. CASH FLOW FROM OPERATING ACTIVITIES		
Loss before tax as per Profit and Loss Account	(366,731,719)	(194,307,554)
Adjustments for :		
Depreciation	253,334,562	86,219,943
Interest & Financial Charges	240,740,631	86,572,696
Interest Income	(86,851,197)	(69,214,229)
Dividend Income	(4,614,885)	(4,668,856)
(Profit)/Loss on Sale of Investments	(2,631)	31,848,528
Loss on Sale of Fixed Assets & Asset Written Off (Net)	13,548,033	4,944,307
Sundry Balance Written Off	10,736	180,601
Gain on Disposal of Subsidiary	(5,175,539)	-
Gain on Disposal of Associates	-	(132,117,958)
Gain on Disposal of Joint Venturers	-	(88,374,116)
Provision for Doubtful Debts and Advances	9,645,536	5,863,290
Provision for Gratuity	2,853,864	-
Provision for Compensated Absences	1,697,304	-
Provision for Standard Assets	1,674,150	-
Preliminary Expenses written off	1,327	-
Provision no longer required written back	(3,330,670)	-
Proportionate Share of Joint Venture		
- Interest Income	(55,660)	-
- Unrealised Loss on Foreign Exchange	402,137	-
Operating Profit/(Loss) before Working Capital changes	57,145,979	(273,053,348)
Decrease / (Increase) in Inventories	(118,951,270)	166,321,083
Decrease in Sundry Debtors	393,554,883	60,742,608
(Increase) / Decrease in Loans & Advances	119,183,591	(539,102,738)
Increase / (Decrease) in Current Liabilities and Provisions	409,622,360	(181,784,307)
Operating Profit/(Loss) after Working Capital changes	860,555,543	(766,876,702)
Income Taxes paid (Net of refunds)	(38,210,127)	(44,233,171)
Dividend Income	4,614,885	4,668,856
Interest Received - Investment	97,444,033	59,749,007
Cash generated/(used in) from operations (A)	924,404,334	(746,692,010)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Proceeds from sale of Fixed assets	1,994,485	166,104,697
Purchase of Fixed Assets	(1,655,668,401)	(306,643,960)
Proceeds from Sale of Investments	476,428,741	1,556,889,478
Purchase of Investments	(2,344,671,606)	(2,317,281,001)
Advance for Share Subscription paid	(1,000,000)	-
Investment in / (Refund of) deposits	1,172,586	(1,913,764)

Consolidated Cash Flow Statement (Contd..)

	Amount in ₹	
	For the year ended March 31, 2011	For the year ended March 31, 2010
Interest Received - Retail	2,768,287	-
Dividends Received from an Associate	1,560,000	-
Cash used in Investing Activities (B)	(3,517,415,908)	(902,844,550)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Issue of Equity Shares	2,500,000,000	2,074,000,000
Repayment of Share Application Money	(22,808,490)	-
Proceeds from Borrowings	951,295,916	-
Repayment of Borrowings	(739,774,333)	(333,528,375)
Proceeds from Minority Shareholders towards Equity Shares	37,500,000	-
Utilisation of Securities Premium	(2,385,000)	-
Interest and Finance Charges Paid	(231,353,834)	(86,572,696)
Cash generated from Financing Activities (C)	2,492,474,259	1,653,898,929
Net Increase in Cash and Cash Equivalents (A+B+C)	(100,537,315)	4,362,369
Cash and Cash Equivalents as at the beginning of the year	179,135,665	128,753,073
Add: Adjustment on acquisition of subsidiaries	5,668,695	46,020,223
Add: Adjustment on disposal of subsidiary	(11,785,613)	-
Cash and Cash Equivalents as at the end of the year	72,481,432	179,135,665
Net (Decrease) / Increase in Cash and Cash Equivalents	(100,537,315)	4,362,369
Reconciliation of cash and cash Equivalents with amounts reflected in Balance Sheet:		
Cash and Cash Equivalents as above	72,481,432	179,135,665
Add: Bank deposits not considered as cash equivalent	741,166	1,913,764
Cash and Cash Equivalents as per Balance sheet	73,222,598	181,049,429

In terms of our report attached

For **Deloitte Haskins & Sells**
Chartered Accountants

M. K. Ananthanarayanan
Partner

Place : Mumbai
Date : July 16,2011

For and on behalf of the Board of Directors of
Future Ventures India Limited

Kishore Biyani
Managing Director

Manoj Gagvani
Company Secretary
& Head - Legal

B. Anand
Director

Gopal Bihani
Vice President - Finance

Schedules forming part of Consolidated Balance Sheet

Amount in ₹

	As at March 31st 2011	As at March 31st 2010
SCHEDULE 1		
SHARE CAPITAL		
Authorised		
Equity Share Capital	50,000,000,000	50,000,000,000
5,000,000,000 (Previous year - 5,000,000,000) Shares of ₹ 10/- each		
Issued, Subscribed & Paid-up Capital		
Equity Share Capital	8,262,437,000	5,762,437,000
826,243,700 (Previous year - 576,243,700) Shares of ₹ 10/- each (Refer Note No. D.3 A in Schedule 14)		
TOTAL	8,262,437,000	5,762,437,000
SCHEDULE 2		
RESERVES AND SURPLUS		
Capital Redemption Reserve	520,000	520,000
Revaluation Reserve		
Opening Balance	2,570,686	-
Add: Reserve in a subsidiary acquired during the year	-	2,577,580
Add: Transfer to Minority Interest	71,084	6,230
Less: Transfer to Profit & Loss A/c	(149,745)	(13,124)
	2,492,025	2,570,686
Statutory Reserve		
Opening Balance	33,857,794	347,298
Add: Transfer during the year	-	33,510,496
	33,857,794	33,857,794
General Reserve		
Opening Balance	59,429	59,429
Add: Current Year Appropriation	-	-
Less: Credit/Debit Balance in Profit & Loss A/c (As per Contra)	(59,429)	(59,429)
	-	-
TOTAL	36,869,819	36,948,480
SCHEDULE 3		
LOAN FUNDS		
SECURED LOANS		
Working Capital Loan from Banks	1,345,939,759	147,981,210
Cash Credit from Banks	29,622,130	852,055,894
Finance Lease	1,083,494	2,381,815
Term Loan from Banks	171,012,209	132,733,094
Proportionate Share in Joint Ventures	51,250,000	-
TOTAL	1,598,907,592	1,135,152,013
UNSECURED LOANS		
Intercompany Deposit	340,016,421	545,112,211
Other Loans	40,053	7,553,066
TOTAL	340,056,474	552,665,277

Schedules forming part of Consolidated Balance Sheet

SCHEDULE 4

FIXED ASSETS

Amount in ₹

Description of Assets	Gross Block						Depreciation				Net Block	
	As at 1st April 2010	Additions on Acquisition	Additions	Deletions	As at 31st March 2011	As at 1st April 2010	Additions on Acquisition	For the Year	Deletions	As at 31st March 2011	As at 31st March 2011	As at 31st March 2010
Tangible Assets												
Land	57,478,620	-	2,529,812	-	60,008,432	-	-	-	-	-	60,008,432	57,478,620
Building	64,355,357	-	-	-	64,355,357	5,402,883	-	1,191,110	-	6,593,983	57,761,364	58,952,474
Office Equipments	52,395,315	686,624	974,127	4,920,062	49,126,004	6,648,788	3,622	2,895,452	934,131	8,603,731	40,522,273	45,736,527
Computers & Software	108,350,327	2,473,137	3,034,195	738,864	113,118,795	56,593,467	40,299	17,638,374	491,008	73,781,132	39,337,662	51,756,860
Furniture & Fixtures	122,441,584	19,596,912	20,476,663	1,454,435	161,060,724	19,732,018	103,374	9,322,701	316,504	28,841,589	132,219,135	102,709,566
Vehicles	2,009,673	-	-	1,288,363	721,310	918,874	-	102,454	460,072	561,256	160,054	1,090,799
Plant & Machinery	41,982,126	-	3,598,133	-	45,580,259	9,916,942	-	2,275,306	-	12,192,248	33,388,011	32,065,184
Leasehold improvement	94,053,372	-	889,912	19,269,847	75,673,437	20,853,413	-	7,917,650	10,568,717	18,202,346	57,471,091	73,199,959
Electrical Fittings	65,213	-	-	8,800	56,413	4,575	-	7,762	1,912	10,425	45,988	60,638
Signage	18,591,644	-	-	-	18,591,644	9,912,286	-	6,168,859	-	16,081,145	2,510,500	8,679,358
UPS	328,345	-	50,400	-	378,745	102,773	-	37,408	-	140,181	238,564	225,572
Shop Interior	341,284,588	-	70,923,082	3,154,320	409,053,350	107,219,800	-	39,038,410	1,284,367	144,973,843	284,079,507	234,064,788
Intangible Assets												
TradeMark & Brand	100,703,568	-	1,513,166,328	-	1,613,869,896	25,437,178	-	121,303,216	-	146,740,394	1,467,129,502	75,266,390
Goodwill	366,202,999	-	-	-	366,202,999	76,292,292	-	36,620,300	-	112,912,592	253,290,407	289,910,707
Total	1,370,232,731	22,756,673	1,615,642,652	30,834,691	2,977,797,365	339,035,289	147,295	244,509,002	14,056,710	569,634,875	2,408,162,489	1,031,197,442
Proportionate Share in Joint Ventures	34,597,024	-	28,221,481	-	62,818,505	3,121,385	-	8,975,305	-	12,096,690	50,721,816	31,475,639
Grand Total	1,404,829,755	22,756,673	1,643,864,133	30,834,691	3,040,615,870	342,156,674	147,295	253,484,307	14,056,710	581,731,565	2,458,884,305	1,062,673,081
Previous year	829,553,843	621,870,432	120,134,180	166,728,700	1,404,829,755	83,397,488	188,217,573	86,233,067	15,691,454	342,156,674	1,062,673,081	

Schedules forming part of Consolidated Balance Sheet

Amount in ₹

	As at March 31, 2011	As at March 31, 2010
SCHEDULE 5		
INVESTMENTS		
A. Long Term Investments		
a) <u>Investment in Associates - Trade</u>		
Cost of Investment	981,541,326	625,643,979
(Includes ₹ 437,656,572 (Previous year - ₹ 458,105,794) representing Goodwill on Consolidation (net of Capital Reserve)) (Refer Note A.b.VIII of Schedule 14)		
Add: Accumulated Share of Profit/(Loss) of Associates	48,667,810	(132,597,095)
Add: Adjustment on Disposal of Associates	-	142,948,579
Less: Dividend Received	(1,560,000)	-
	1,028,649,136	635,995,463
b) <u>Trade Investments</u>		
(i) Unquoted		
Equity Shares - Others	150,355,780	287,429,670
c) <u>Non Trade Investments</u>		
(i) Quoted		
Equity Shares - Others	6,400	6,400
(Market Value - ₹ 34,725 (Previous Year - ₹ 29,230))		
B. Current Investments		
(a) Unquoted - Non- Trade		
(i) National Savings Certificate (Lodged with Sales Tax Authorities)	111,000	58,000
(ii) Units of Mutual Funds	38,496,305	85,799,118
TOTAL	1,217,618,621	1,009,288,651

Schedules forming part of Consolidated Balance Sheet

Amount in ₹

	As at March 31, 2011	As at March 31, 2010
SCHEDULE 6		
CURRENT ASSETS & LOANS AND ADVANCES		
Current Assets		
Interest accrued on Deposits	3,630,274	7,041,473
TOTAL	3,630,274	7,041,473
Inventories		
Raw Materials	62,987,799	49,446,808
Work-in-Progress	193,831,521	105,333,043
Finished Goods & Traded	883,515,148	837,490,631
Proportionate Share in Joint Ventures	72,692,601	19,998,510
TOTAL	1,213,027,069	1,012,268,992
Sundry Debtors		
Secured Considered Good - Secured by Deposits		
Debtors exceeding six months	4,378,737	6,816,241
Unsecured		
Outstanding for a period exceeding six months		
Considered Good	255,159,083	614,489,926
Considered Doubtful	7,616,108	1,907,077
Less: Provision for Doubtful Debts	(7,616,108)	(1,907,077)
	255,159,083	614,489,926
Other Debtors	1,529,892,948	793,161,796
Proportionate Share in Joint Ventures	78,407,550	39,554,034
TOTAL	1,867,838,318	1,454,021,997
Cash and Bank Balances		
Cash and Cheques on Hand	3,192,146	18,704,173
Balance with Scheduled Bank		
- In Current Account	23,813,068	133,389,634
- In Fixed Deposit Accounts	38,727,108	20,280,762
Proportionate Share in Joint Ventures	7,490,276	8,674,860
TOTAL	73,222,598	181,049,429
Loans & Advances		
Considered Good - Unsecured unless otherwise stated		
Advances recoverable in cash or in kind or for value to be received :		
Unsecured and considered good	43,155,339	44,138,655
Unsecured and considered Doubtful	-	5,667,881
Less: Provision for doubtful loans & Advances	-	(5,667,881)
	43,155,339	44,138,655

Schedules forming part of Consolidated Balance Sheet

Amount in ₹

	As at March 31, 2011	As at March 31, 2010
SCHEDULE 6		
CURRENT ASSETS & LOANS AND ADVANCES (Contd..)		
Advance to Creditors	35,132,671	8,593,799
MAT Credit entitlement (Refer Note D.11 A of Schedule 14)	14,029,753	-
Advance Income Tax, Fringe Benefit Tax and Tax Deducted at Source	127,662,194	76,995,884
Less : Provision for Income Tax and Fringe Benefit tax	(86,875,425)	(45,635,416)
Prepaid Taxes	40,786,769	31,360,468
Deposits		
Inter Corporate Deposits (Secured by way of Pledge of Shares)	192,500,000	412,500,000
Inter Corporate Deposits	356,726,576	545,000,000
Security Deposits		
Considered Good	3,797,116	7,157,890
Considered Doubtful	4,645,536	5,344,000
Other Deposits	181,261,364	152,601,205
Less: Provision for doubtful deposits	(4,645,536)	(5,344,000)
	734,285,056	1,117,259,095
Balances with Revenue Authorities	120,641	80,533
Proportionate Share in Joint Ventures	24,736,954	20,359,575
TOTAL	892,247,183	1,221,792,125
TOTAL CURRENT ASSETS, LOANS & ADVANCES	4,049,965,442	3,876,174,016
SCHEDULE 7		
CURRENT LIABILITIES & PROVISIONS		
Current Liabilities		
Acceptances	243,709,844	27,742,457
Sundry Creditors:		
- Due to Micro Enterprises and Small Enterprises*	688,429	166,603
- Dues to Creditors other than Micro Enterprises and Small Enterprises	791,235,264	572,350,268
Other Liabilities	159,767,015	94,843,370
Advance from Customers	1,338,525	1,696,430
Security Deposits	6,486,737	9,513,741
Interest accrued but not due	4,686,161	2,753,840
Proportionate Share in Joint Ventures	116,900,977	50,127,464
TOTAL	1,324,812,952	759,194,173
Provisions		
Provision for Compensated Absences	7,007,524	5,310,220
Provision for Gratuity	10,440,053	7,586,189
Provision for Standard Assets	1,674,150	-
Provision for Dividend Tax	272,384	-
Proportionate Share in Joint Ventures	16,356,107	5,893,380
TOTAL	35,750,218	18,789,789
TOTAL CURRENT LIABILITIES & PROVISIONS	1,360,563,170	777,983,962

* As identified by the Management and relied upon by the auditors

Schedules forming part of Consolidated Profit and Loss Account

Amount in ₹

	For the year ended March 31, 2011	For the year ended March 31, 2010
SCHEDULE 8		
INCOME FROM OPERATIONS		
Net Sale	5,145,237,595	1,238,935,915
Add: Proportionate Share of Joint Venture	181,459,117	239,213,269
	<u>5,326,696,712</u>	<u>1,478,149,184</u>
Profit/(Loss) on trading in Securities:		
Sales of trading Securities	2,631	1,196,388,594
Less : Cost of Sales	-	1,228,237,122
	<u>2,631</u>	<u>(31,848,528)</u>
Interest Income:		
- On Bank Deposits/other Deposit (Tax deducted at source - ₹ 96,161 (Previous year - ₹ 190,031))	2,097,343	869,370
- On Investments - Trade (Tax deducted at source - ₹ Nil (Previous year - ₹ 125,343))	-	1,253,426
- Others (Tax deducted at source - ₹ 8,469,562 (Previous year - ₹ 11,854,280))	84,753,854	67,414,227
Dividend Income	4,614,885	4,668,856
Other Operating Income	10,353,179	25,680,732
Proportionate Share in Joint Ventures	55,660	322,794
TOTAL	<u>5,428,574,264</u>	<u>1,546,510,061</u>
SCHEDULE 9		
OTHER INCOME		
Lease Rental Income	3,863,683	481,826
Cash Discount Received	29,605,506	5,166,380
Provision No Longer Required Written Back	3,330,670	55,282
Gain on Foreign Exchange (Net)	9,387	-
Miscellaneous Income	21,698,570	6,787,755
Gain on Disposal of Subsidiary/Associates	5,175,539	132,117,958
Gain on Disposal of Joint Venturers	-	88,374,116
Proportionate Share in Joint Ventures	33,467	2,845,625
TOTAL	<u>63,716,822</u>	<u>235,828,942</u>

Schedules forming part of Consolidated Profit and Loss Account

Amount in ₹

	For the year ended March 31, 2011	For the year ended March 31, 2010
SCHEDULE 10		
COST OF GOODS SOLD		
Opening Stock of Raw Materials	49,446,808	55,349,113
Add: Purchases	750,795,781	66,021,166
Closing Stock of Raw Materials	<u>(62,987,799)</u>	<u>(49,446,808)</u>
	737,254,790	71,923,471
Warehousing Charges	10,828,489	892,710
Freight and Forwarding Charges	10,027,269	13,030,590
Dyeing/Testing Charges	327,606	71,676
Conversion Charges	310,728,001	46,381,547
Labour charges	2,502,838	206,702
Consumables & Packing Material	1,181,879	948,506
Proportionate Share of Joint Ventures	<u>5,889,080</u>	<u>8,300,074</u>
TOTAL (A)	<u>1,078,739,952</u>	<u>141,755,276</u>
ACCRETION/DECRETION IN INVENTORY		
Opening Stock of Work In Progress	105,333,043	-
Add: Adjustment on acquisition of subsidiary	-	188,967,750
Closing Stock of Work In Progress	<u>(193,831,521)</u>	<u>(105,333,043)</u>
	(88,498,478)	83,634,707
Opening Stock of Finished Goods / Traded Goods	837,490,631	-
Add: Adjustment on acquisition of subsidiary	64,474,881	913,038,725
Add: Purchases	2,848,806,364	722,783,395
Closing Stock of Finished Goods / Traded Goods	<u>(883,515,148)</u>	<u>(837,490,631)</u>
	2,867,256,728	798,331,489
Proportionate Share of Joint Ventures	<u>110,611,066</u>	<u>205,685,764</u>
TOTAL (B)	<u>2,889,369,316</u>	<u>1,087,651,960</u>
TOTAL (A + B)	<u>3,968,109,268</u>	<u>1,229,407,236</u>
SCHEDULE 11		
EMPLOYEE COSTS		
Salaries Wages & Bonus	376,667,857	202,946,061
Contribution to Provident and Other Funds	20,186,954	7,016,426
Staff Welfare Expenses	19,129,451	8,812,434
Proportionate Share in Joint Ventures	<u>33,924,124</u>	<u>22,081,912</u>
TOTAL	<u>449,908,386</u>	<u>240,856,833</u>

Schedules forming part of Consolidated Profit and Loss Account

Amount in ₹

	For the year ended March 31, 2011	For the year ended March 31, 2010
SCHEDULE 12		
ADMINISTRATIVE AND OTHER EXPENSES		
Rent	213,665,467	79,778,492
Electricity	109,865	171,937
Power, Water & Fuel	33,957,523	14,591,642
Freight & Octroi	22,116,778	3,491,037
Advertisement, Publicity & Selling expenses (includes Free samples)	218,490,721	45,474,511
Commission and Brokerage	22,693,399	17,152,457
Cash Discount	14,921,621	5,864,380
Repairs & Maintenance	36,039,107	5,672,853
Travelling Expenses	24,311,700	12,230,737
Postage, Telephone & Stationery	13,048,685	7,434,280
Legal and Professional Charges	35,611,039	13,669,729
Rates & Taxes	12,397,714	4,557,222
Insurance	6,580,495	3,671,385
Audit Fees : (including other auditors)		
- Statutory Audit	2,552,983	1,613,752
- Tax Audit	673,955	500,000
- Other Services	1,003,228	974,619
- Out of Pocket Expenses (Including Taxes)	368,752	397,351
Directors Sitting Fees	780,000	440,000
Sundry balance written off	10,736	55,601
Loss on Sale/Retirement of Fixed Assets	13,548,033	3,420,149
Security & Housekeeping Expenses	6,344,045	9,424,762
Brand Royalty	91,338,386	4,695,970
Bad Debts and Advances Written Off	15,577,989	519,700
Less: Adjusted against provisions	(10,302,850)	-
	5,275,139	519,700
Provision for Doubtful Debts & Advances	9,645,536	5,343,590
	14,920,675	5,863,290
Provision for Standard Assets	1,674,150	-
Delayed Payment Charges	2,612,348	-
Miscellaneous Expenses	41,826,397	21,286,264
Proportionate Share in Joint Ventures	70,528,658	50,304,181
TOTAL	902,126,460	312,736,601
SCHEDULE 13		
INTEREST AND FINANCE CHARGES		
Interest on		
- Working Capital Loans	124,104,459	20,773,550
- Fixed Loans	45,467,301	55,781,299
- Term Loans	15,352,162	2,406,853
- Others	28,337,574	10,140,287
Bank Charges	22,110,966	3,774,090
Lease Charges	215,607	50,657
Finance Charges	2,675,049	2,528,498
Proportionate Share in Joint Ventures	2,477,513	11,970,710
TOTAL	240,740,631	107,425,944

Schedules forming part of Consolidated Balance Sheet and Profit and Loss Account

SCHEDULE 14

A. BASIS OF CONSOLIDATION

The consolidated financial statements relate to Future Ventures India Limited (the Company), its subsidiaries, joint ventures and associates. The Company, its subsidiaries, joint ventures and associates constitute the Group.

a) Basis of Accounting:

- I. The financial statements of the subsidiaries, joint ventures and associates considered in the consolidation have been drawn up to the same reporting date as of the Company i.e. year ended March 31, 2011 except in the case of Celio Future Fashion Limited, (Joint Venture of subsidiary Indus League Clothing Limited) whose reporting date is January 31, 2011.
- II. The financial statements of the Group have been prepared under the historical cost convention on accrual basis and in accordance with Generally Accepted Accounting Principles in India (Indian GAAP). The said Financial Statements comply with the relevant provisions of the Companies Act, 1956 (the Act), the mandatory Accounting Standards notified by the Central Government of India under Companies (Accounting Standards) Rules, 2006 as amended, and guidelines issued by Reserve Bank of India for Non Banking Financial (Non Deposit Accepting or Holding) Companies from time to time.

b) Principles of consolidation:

The consolidated financial statements have been prepared on the following basis:

- I. The financial statements of the Company and its subsidiaries have been combined on a line-by-line basis by adding together like items of assets, liabilities, income and expenses. The intra-group balances and intra-group transactions and unrealised profits or losses have been fully eliminated.
- II. Interests in Joint Ventures have been accounted by using the proportionate consolidation method as per Accounting Standard 27 - Financial Reporting of Interests in Joint Ventures.
- III. Investments in associate companies has been accounted as per the 'Equity method', as laid down in Accounting Standard 23 – Accounting for Investment in Associates in Consolidated Financial Statements and accordingly, the share of profit / loss of each of the associate companies has been added to / deducted from the cost of investments.
- IV. The excess of cost to the Company, of its investment in the subsidiaries and joint ventures over the Company's portion of equity is recognised in the financial statement as Goodwill. The excess of the Company's portion of equity of the subsidiary and joint venture on the acquisition date over its cost of investment is treated as Capital Reserve.
- V. Minority interest in the net assets of consolidated subsidiaries consists of the amount of equity attributable to the minority shareholders at the dates on which investments are made by the Company in the subsidiaries and further movements in their share in the equity, subsequent to the dates of investments as stated above.
- VI. Minority interest's share of net profit for the year in consolidated subsidiaries are identified and adjusted against the profit after tax of the group.
- VII. The consolidated financial statements comprise the financial statements of Future Ventures India Limited and the following companies:-

Name of the Company	Relationship	Percentage held		Date on which relationship came into Existence	Date on which relationship ceased
		2010-11	2009-10		
Aadhaar Retailing Limited	Subsidiary	70.00%	70.00%	27.03.2008	NA
Indus Tree Crafts Pvt. Limited	Subsidiary	52.53%	52.53%	01.03.2010	NA
Indus League Clothing Limited	Subsidiary	85.70%	66.20%	30.01.2010	NA
Star Shopping Centres Pvt Ltd	Subsidiary	NIL	60.00%	17.04.2009	26.07.2010
Future Consumer Enterprises Limited	Subsidiary	100.00%	NIL	02.08.2010	NA
Future Consumer Products Limited	Subsidiary	90.00%	NIL	29.06.2010	NA
Holii Accessories Pvt Ltd	Joint Venture	50.00%	50.00%	02.11.2009	NA
And Designs India Ltd	Associate	22.86%	22.86%	21.10.2009	NA

Schedules forming part of Consolidated Balance Sheet and Profit and Loss Account

SCHEDULE 14 (Contd..)

Name of the Company	Relationship	Percentage held		Date on which relationship came into Existence	Date on which relationship ceased
		2010-11	2009-10		
Capital Food Exportts Pvt Ltd	Associate	40.81%	40.81%	15.02.2010	NA
Biba Apparels Private Limited ⁽¹⁾	Associate	17.31%	13.10%	14.03.2011	NA
Amar Chitra Katha Private Limited ⁽¹⁾	Associate	13.65%	NIL	19.03.2011	NA
Lee Cooper (India) Limited	Subsidiary of Indus League Clothing Ltd.	100.00%	100.00%	30.01.2010	NA
Celio Future Fashion Limited	Joint Venture of Indus League Clothing Ltd.	50.00%	50.00%	30.01.2010	NA
Turtle Limited	Associate of Indus League Clothing Ltd.	26.00%	26.00%	30.01.2010	NA

⁽¹⁾Associate by virtue of significant influence exercised in the operating and financing decisions of investee companies by virtue of Shareholder Agreement entered into with the Company.

VIII. Goodwill recognized in the financial statements with regard to subsidiaries and joint ventures is as follows:

Name of the Company	Amount in ₹	
	2010-11	2009-10
Aadhaar Retailing Limited	26,214,519	26,214,519
Indus League Clothing Limited (*)	2,320,954,811	1,640,408,782
Indus Tree Craft Pvt. Limited	51,791,584	51,791,584
Future Consumer Enterprises Limited (*)	2,217,124	-
Future Consumer Products Limited (*)	205,597,400	-
Star Shopping Centres Pvt Ltd (*)	-	16,276,688
Holii Accessories Pvt Ltd	14,797	14,797
Lee Cooper India Limited	543,682,779	543,682,779
Celio Future Fashion Limited	8,914,353	8,914,353
Total	3,159,387,367	2,287,303,502

Goodwill / (Capital Reserve) included in carrying amount of investments in Associates:

Name of the Company	2010-11	2009-10
And Designs India Ltd	37,144,922	37,144,922
Capital Food Exportts Pvt Ltd	338,623,376	337,498,376
Turtle Limited	83,462,496	83,462,496
Biba Apparels Private Limited (*)	33,689,145	-
Amar Chitra Katha Private Limited (*)	(55,263,367)	-
Total	437,656,572	458,105,794

(*) The goodwill relating to entities acquired during the year and the profit/loss on sale of entities sold during the year have been accounted based on the unaudited financial statements provided by the management of the respective entities as on the date of acquisition/disposal.

Schedules forming part of Consolidated Balance Sheet and Profit and Loss Account

SCHEDULE 14 (Contd..)

B. USE OF ESTIMATES

The preparation of financial statements in conformity with the generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenue and expenses and disclosure of contingent liabilities as of the date of the financial statements. The estimates and assumptions used in the accompanying financial statements are based upon the management's evaluation of the relevant facts and circumstances as of the date of the financial statements. Actual results may differ from estimates and assumptions used in preparing these financial statements.

C. SIGNIFICANT ACCOUNTING POLICIES

1. Fixed Assets

Fixed Assets are stated at cost less depreciation. Cost includes all direct expenses relating to the acquisition and installation of fixed assets.

Borrowing Cost that are attributable to the acquisition or construction of a qualifying asset are capitalised as a part of cost of such asset till such time as the asset is ready for its intended use. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. All other borrowing costs are charged to profit and loss account.

2. Depreciation

Depreciation is provided on Straight Line Method (SLM) at the rates and in the manner prescribed under Schedule XIV to the Companies Act, 1956 except the following:

- (i) In the case of the parent company and its subsidiary Industree Craft Pvt Ltd and Associate And Design India Limited, fixed assets are depreciated on Written Down Value Method (WDV). However, the proportion of such assets which are depreciated on WDV method is not significant.
- (ii) Computer software is depreciated over an estimated useful life of four to six years and Signage is depreciated over a useful period of three years.
- (iii) Leasehold improvements are amortized over the estimated useful life or the primary period of lease whichever is less.
- (iv) Intangibles in the nature of Goodwill, Trade Mark, and Other Intangibles are amortized over the estimated useful life of 10 years. Trade Mark in the case of one of the subsidiaries is amortized over a period of fifteen years being period for which it has the right of use as per the relevant agreement.
- v) Hard Furnishing assets which include computers, office equipments, air-conditioners and shop interiors are depreciated over the estimated useful life of the assets which ranges between 3 to 10 years depending on the nature of the assets and its usage.
- vi) The difference between depreciation provided on revalued amount and on historical cost is transferred from Revaluation Reserve to Profit & Loss A/c.
- vii) Assets individually costing less than ₹ 5,000 are fully depreciated in the year of purchase.

3. Investments

Investments maturing within twelve months from the date of investment and investments made with the specific intention to dispose of within twelve months from the date of investment are classified as current investments. Other investments are classified as long-term investments.

Investments which are long term in nature are stated at cost and provision for diminution is made if the decline in value is other than temporary in nature. If the balance sheet of the unlisted investee company is not available for two years, shares in such companies are valued at one Rupee only which is in accordance with the prudential norms prescribed by the Reserve Bank of India for Non- Banking Financial (Non Deposit Accepting) Companies.

Current investments are stated at lower of cost and fair value determined on the basis of each category of investments. For this purpose, the investments shall be categorized as equity, preference, debentures, etc. and considered scrip-wise and the cost and market value aggregated for all investments in each category.

In the case of the Company, which is governed by guidelines issued by Reserve Bank of India for Non Banking Financial (Non Deposit Accepting or Holding) Companies, the unquoted investments in the units of mutual funds which are other than investments in units of mutual funds as held in the parent company in the nature of current investments are valued at the net asset value declared by the mutual fund in respect of each particular scheme as at the Balance Sheet date.

The reclassification of investments from long term to current investments would be effected with the approval of the Board of Directors.

Schedules forming part of Consolidated Balance Sheet and Profit and Loss Account

SCHEDULE 14 (Contd..)

4. Revenue Recognition.

Transactions for purchase or sale of investments shall be recognized as of the trade date and not as of the settlement date, so that the effect of all investments traded during the financial year are recorded and reflected in the financial statements, for the year.

Where investment transactions take place outside the stock market, for example, acquisitions through private placement or purchases or sales through private treaty, the transaction would be recorded, in the event of a purchase, as of the date on which the Company obtains an enforceable obligation to pay the price or, in the event of sale, when the Company obtains an enforceable right to collect the proceeds of sale or an enforceable obligation to deliver the instruments sold.

The cost of investments acquired or purchased would include brokerage, stamp charges and any duties directly related to the acquisition of investment.

Dividend income is recognized when the right to receive the same is established.

Profit / Loss on sale of investments - Realized gain or loss on investments which is the difference between the sale consideration and the carrying cost is recognized in the profit and loss account on the date of sale. In determining the realized gain or loss on sale of a security, the cost of such security is arrived on First in First out basis.

Interest income from financing activities is recognized at the rates implicit in the contract. Unrealized Interest income relating to Non-performing assets is derecognized.

Brand Royalty is recognised on accrual basis in accordance with the term of the relevant agreement.

Fee for services rendered is recognized at the specific rates as per the terms of contract.

Advisory fee payable for advisory services is recognized at the specific rates and as per terms agreed.

Sale of Goods

Revenue is recognized when the significant risks and rewards of ownership of the goods have been passed to the buyer which normally coincides with delivery. Sales are net of returns, sales tax, rebates, discounts etc. Revenue by way of sale of shops-in-shop arrangements with other retailers is recognized on delivery of goods to such retailers which coincides with the transfer of significant risks and rewards of ownership in the goods as per the terms of the relevant contracts. Sales returns and provision for goods that are expected to be returned are made based on management estimation taking into account the past experience.

5. Inventories

Inventories are valued at lower of cost and net realizable value. Cost of inventory is determined on weighted average basis in respect of Trading Goods while in the case of others it is determined on First in First Out basis. Finished Goods includes cost of purchase, cost of conversion and other overhead incurred in bringing the inventory to its present location and condition. Net realizable value is the estimated selling price in ordinary course of business, less estimated costs necessary to make the sales.

6. Foreign Currency Transactions

Foreign currency transactions are recorded at the rate of exchange prevailing on the date of transaction. At the year-end, all monetary assets and liabilities denominated in foreign currency are restated at the year-end exchange rates.

Exchange differences arising on actual payment / realization and year end re-instatement referred to above are recognized in the Profit & Loss Account.

Any gain or loss on account of exchange differences either on settlement/restatement of foreign currency transactions are recognised in the profit and loss account except in case of long term liabilities, where they relate to acquisition of fixed assets, in which case they are adjusted to the carrying cost of such assets by exercising the option available vide Ministry of Corporate Affairs notification dated March 31, 2009.

7. Leases

Operating lease payments are recognized as an expense in the Profit and Loss account on straight line basis over the lease term.

Finance lease is capitalized at fair value of the asset or the present value of minimum lease payment at the inception of the lease, whichever is lower.

8. Retirement Benefits

Defined Benefit Plan

Gratuity liability determined on actuarial valuation performed in accordance with the projected unit credit method, as at the balance sheet date is provided for.

Actuarial gains and losses arising from the effects of changes in actuarial assumptions are recognized in the profit & loss account in the year in which they are incurred.

Schedules forming part of Consolidated Balance Sheet and Profit and Loss Account

SCHEDULE 14 (Contd..)

Defined Contribution Plan

Fixed contributions to Provident Fund and Employees State Insurance are recognized in the accounts on actual cost to the Company.

Compensated Absences

Liability for short term compensated absences is recognized as expense based on the estimated cost of eligible leave to the credit of the employees as at the balance sheet date on undiscounted basis. Liability for long term compensated absences determined on the basis of actuarial valuation as on the balance sheet date is provided for.

9. Taxation

Current tax is determined on the income for the year chargeable to tax in accordance with 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. When the Company has unabsorbed depreciation and business losses under tax laws, the deferred tax asset is recognized and carried forward only to the extent that there is a virtual certainty that the asset will be realized in future. In other situations, deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available to realize these assets.

10. Segment reporting

The Accounting policies adopted for segment reporting are in line with the Accounting policies of the Company.

- Revenue and expenses have been identified to segments on the basis of their relationship to the operating activities of the segment. Revenue and expenses which relate to the enterprise as a whole and are not allocable to segments on a reasonable basis have been included under unallocated corporate expenses.
- Inter segment prices are normally negotiated amongst the segments with reference to cost, market prices and business risks, within an overall optimization objective for the enterprise.

11. Impairment of assets

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets net selling price and value in use. An asset is treated as impaired when the carrying cost of 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. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.

12. Provisions

A provision is recognized when an enterprise has a present obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

13. Deferred Compensation Cost

In respect of stock options, granted pursuant to the Company's Employee Stock Option Scheme 2011, the Company determines the compensated cost based on the intrinsic value method and the compensation cost is amortised on a straight line basis over the vesting period.

D. NOTES TO ACCOUNTS

1. Contingent Liabilities

Amount in ₹

Particulars	March 31, 2011	March 31, 2010
Bank Guarantee	878,384	590,000
Corporate Guarantee	70,000,000	-
Letter of Credit	-	68,420,782
Service Tax on Rent not provided for ^(1 & 2)	16,385,460	1,259,255
Liability on account of Civil Cases, Consumer Cases and Labour Cases ⁽³⁾	6,479,628	3,706,513
Central Excise and Sales Tax Demand ⁽³⁾	49,069,588	-
Total	142,813,060	73,976,550

Schedules forming part of Consolidated Balance Sheet and Profit and Loss Account

SCHEDULE 14 (Contd..)

(1) Includes proportionate share of Joint Venture of ₹ 170,613 (Previous Year – ₹ 1,259,255/-)

(2) Based on Delhi High Court's interim stay order in respect of service tax payable on renting of immovable property, the company has taken a stand of not to pay service tax on rent payable, pending Supreme Court decision.

(3) The Management is of the opinion that the demand is arbitrary and the same is not sustainable.

2. Capital Commitments

A. The estimated value of contracts remaining to be executed on Capital Account to the extent not provided:-

Particulars	Amount in ₹	
	March 31, 2011	March 31, 2010
Subsidiary	13,047,629	9,834,765
Joint Venture	7,223,409	1,505,585
Associate	45,010,901	-
TOTAL	65,281,939	11,340,350

B. Share Purchase Obligation towards investment in Group Company (net of advances) is ₹ 218,808,260 (Previous Year – ₹ Nil)

3. Share Capital

A. Preferential Issue

During the year, the Company had issued 250,000,000 Equity shares at par value of ₹ 10/- each to promoter companies on preferential basis.

B. Initial Public Offer

The Company made an Initial Public Offer of 750,000,000 Shares of ₹ 10 each at a price of ₹ 10 each raising ₹ 7,500,000,000 during the month of April 2011. The shares of the Company were listed on National Stock Exchange of India Limited and Bombay Stock Exchange Limited on May 10, 2011.

C. IPO Expenses

The IPO Committee, in their meeting held on May 05, 2011 has allotted 750,000,000 Shares at par value of ₹ 10 per equity share. Consequently, there is no amount to be credited to the Securities Premium Account and the IPO expenses incurred will have to be charged off to Profit and Loss Account as and when they are incurred. Accordingly, expenses aggregating to ₹ 44,803,498 incurred up to March 31, 2011 have been absorbed in the Profit & Loss Account for the period ended March 31, 2011 and disclosed as exceptional item.

4. Certain subsidiaries of the company have incurred losses resulting in erosion of their net worth. These companies are in the process of building respective businesses/ brands and creating substantial value. The management is fully committed to lead them to profitability by providing the necessary financial support and mentoring.

Therefore, in the opinion of the management, the diminutions in the value of the said investments are temporary in nature and consequently, no adjustment is considered necessary to the carrying value of goodwill on consolidation.

5. Employee Stock Option Plan

The Board at its meeting held on July 12, 2010, approved an issue of Stock Options up to a maximum of 1 % of the paid up Equity Share Capital of the Company (before Rights Issue) aggregating to 5,00,00,000 Equity Shares in a manner provided in the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 subject to the approval of the shareholders under Section 81 (1A) of the Companies Act, 1956. The Shareholders of the Company at the Annual General meeting held on August 10, 2010 approved the aforesaid issue of 5,00,00,000 Equity Shares of the Company under one or more Employee Stock Option Scheme(s). The Compensation and Nomination Committee has approved the following grants to certain directors and senior level executives of the Company and some of its Subsidiaries in accordance with the FVIL Employees Stock Option Plan 2011 (ESOP Scheme):

Schedules forming part of Consolidated Balance Sheet and Profit and Loss Account

SCHEDULE 14 (Contd..)

Particulars	Grant
Date of Grant	27 th March 2011
Exercise Price	₹ 10/- per option
Vesting Commences on	27 th March 2012
Options Granted	13,280,000
Options Forfeited/Lapsed	Nil
Options outstanding at the end of the year - Vested	NIL
- Yet to Vest	13,280,000

Deferred Stock Compensation Expense:

As the exercise price has been fixed at fair value of the equity share, as certified by an Independent Consultant, there is no compensation cost which needs to be amortized over the vesting period of the stock option.

Fair Value Methodology

The fair value of Options used to compute proforma net profit and earnings per Equity Share have been estimated on the date of the grant using Black-Scholes model by an independent consultant.

The key assumptions used in the Black-Scholes model for calculating the fair value as on the date of the grants are:

Particulars	Grant
Date of Grant	27 th March 2011
Vesting Date	Options vest over a period of 3 years in the ratio of 30%,30%,40%
Risk-Free Interest Rate (Average)	7.79%
Expected Life (Years)	2.50 years
Expected volatility of Share Price (%)	Since the company is unlisted, zero volatility has been considered
Dividend Yield (%)	The company has not declared dividend, hence dividend has not been considered
Price of the underlying share at the time of option	₹ 10/- each
Fair Value of the Option	₹ 2.36 each

Had compensation cost for the Stock Options granted under the Scheme been determined based on fair value approach, the company's net profit and earnings per share would have been as per the pro forma amounts indicated below:

Impact on Net Profit

Particulars	Amount in ₹
Net Loss (As reported)	(275,192,702)
Add: Stock based employee compensation expense included in net profit	-
Less: Stock based compensation expense determined under fair value based method (Proforma)	(199,667)
Net Loss (Proforma)	(275,392,369)

Impact on Earnings Per Share

Particulars	Amount in ₹ (per share)
Basic Earnings per Share of ₹ 10/- each (As reported)	(0.36)
Basic Earnings per Share of ₹ 10/- each (Proforma)	(0.36)
Diluted Earnings per Share of ₹ 10/- each (As reported) *	(0.36)
Diluted Earnings per Share of ₹ 10/- each (Proforma) *	(0.36)

* Refer Note D (10) of Schedule 14

SCHEDULE 14 (Contd..)

6. The Group has a defined benefit gratuity plan and the details of actuarial valuation as on March 31, 2011 are given below:

Amount in ₹		
Particulars	For the year ended March 31, 2011	For the year ended March 31, 2010
Net Employee benefit expenses (recognized in Employee cost)		
Current Service Cost	3,811,465	1,155,224
Interest cost on benefit obligation	513,218	223,271
Net actuarial (Gain)/Loss recognised	705,665	(1,099,394)
Net benefit expenses	5,030,348	279,101
Amounts recognised in balance sheet		
Defined benefit obligation	10,696,513	8,767,502
Fair Value of Plan assets	-	(1,050,473)
Unrecognised (Asset) / Liability *	10,696,513	7,717,029
Change in the present value of the defined benefit obligation are as follows		
Obligation at period beginning	7,088,520	7,498,965
Current service cost	3,811,465	1,155,224
Interest on defined Obligation	513,218	90,355
Benefits paid	(1,422,355)	71,879
Actuarial (Gain)/ Losses on obligation	705,665	(1,099,394)
Obligation at period end *	10,696,513	7,717,029
Significant Assumptions		
Discount Rate (%)	7.00% - 8.10%	7.00% - 8.00%
Salary escalation rate	5.00% - 8.00%	5.00% - 6.00%

* Includes proportionate share of joint venture of ₹ 256,460 (Previous year - ₹ 130,840)

The estimates of future salary increase take into account inflation, seniority, promotion and other relevant factors. The disclosure requirement with regard to composition of Investments in the Fair Value of Plan assets has not been furnished, since the liability is not funded. Disclosure relating to experience adjustments has not been provided in the absence of relevant information.

7. Segmental Reporting

a) Business Segments

The business segment has been considered as a primary segment for disclosure.

The products included in each of the business segments are as follows:

Consumer Products – Branding, Selling & Distribution

Investment – Acquisition and holding of Investments

The above segments have been identified taking into account the differing risks and returns, system of internal financial reporting to the management and organization structure.

b) Geographical Segment

The entire operations of the group are carried out in India. However the subsidiary companies Indus League Clothing Limited and Indus Tree Craft Private Limited have done business outside India as well. The disclosures related to geographical segment are given below.

Particulars	2010-2011		
	Domestic	Export	Total
Revenue	5,486,995,901	5,295,185	5,492,291,086
Assets	10,858,592,714	434,918	10,859,027,632
Capital Expenditure	1,655,668,401	-	1,655,668,401
2009-2010			
Revenue	1,781,719,053	619,950	1,782,339,003
Assets	8,077,796,531	12,159,728	8,089,956,259
Capital Expenditure	306,643,960	-	306,643,960

SCHEDULE 14 (Contd..)
Segmental Reporting
a) Business Segments

Amount in ₹

Particulars	Consumer Products (Branding, Selling & Distribution)		Investments		Eliminations		Total	
	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
A SEGMENT REVENUE								
1 External Revenue	5,419,980,984	1,520,370,940	131,164,067	257,572,045	-	-	5,551,145,051	1,777,942,985
2 Inter-Segment Revenue	-	-	-	-	(58,853,965)	4,396,018	(58,853,965)	4,396,018
TOTAL SEGMENT REVENUE	5,419,980,984	1,520,370,940	131,164,067	257,572,045	(58,853,965)	4,396,018	5,492,291,086	1,782,339,003
B RESULTS								
3 Segment Results	(75,693,474)	(301,467,098)	35,278,817	210,183,890	(40,772,934)	4,401,598	(81,187,591)	(86,881,610)
4 Interest and Finance Charges					(17,400,190)	14,164,383	(240,740,630)	(107,425,944)
5 Exceptional Item - IPO Expenses							(44,803,498)	-
6 Income Taxes							(27,366,098)	(15,948,188)
7 Net Profit/(Loss) after taxes							(394,097,817)	(210,255,742)
8 Share of Profit/(Loss) of Associates							38,316,326	3,686,821
9 Minority Interest in Net Income/(Loss)							86,185,614	102,217,426
10 Adjustment on Acquisition of Subsidiaries							(5,596,825)	-
11 Net Profit/(Loss) after share of Associates and Minority Interest							(275,192,702)	(104,351,495)
12 Adjustment on Acquisition of Subsidiaries / Consolidation							(551,104)	5,774,790
C SEGMENT ASSETS	8,865,988,954	5,949,795,340	9,454,377,869	6,819,634,704	(7,709,274,752)	(4,679,473,785)	10,611,092,071	8,089,956,259
Unallocated Assets							55,892,638	35,219,902
Proportionate Share in Joint Venture							247,935,561	130,306,675
TOTAL ASSETS	8,865,988,954	5,949,795,340	9,454,377,869	6,819,634,704	(7,709,274,752)	(4,679,473,785)	10,914,920,270	8,255,482,836
D SEGMENT LIABILITIES	3,208,115,604	2,574,599,037	64,815,448	5,118,795	(157,910,810)	(169,834,925)	3,115,020,242	2,409,882,907
Unallocated Liabilities							346,575,036	744,938,618
Proportionate Share in Joint Venture							184,506,994	56,020,843
TOTAL LIABILITIES	3,208,115,604	2,574,599,037	64,815,448	5,118,795	(157,910,810)	(169,834,925)	3,646,102,272	3,210,842,368
E CAPITAL EXPENDITURE	1,623,568,282	27,876,815	236,333	138,220	-	-	1,623,804,615	28,015,035
Proportionate Share in Joint Venture							31,863,786	95,313,697
F DEPRECIATION	243,769,577	78,954,974	589,680	1,157,242	-	-	244,359,257	80,112,216
Proportionate Share in Joint Venture							8,975,305	6,107,727
G NON CASH EXPENSES OTHER THAN DEPRECIATION							-	-

SCHEDULE 14 (Contd..)

8. Related Party Disclosures

A. Names of Related Parties & Nature of Related Parties Relationship

(as identified by the management and relied upon by the auditors)

Particulars	March 31, 2011	March 31, 2010
i. Associates	<p>And Designs India Limited Capital Foods Exportts Private Limited</p> <p>Capital Foods Limited (Subsidiary of Capital Foods Exportts Pvt. Ltd.) Turtle Limited (Associate of Indus League Clothing Limited) Biba Apparels Pvt. Ltd. (With effect from March 14, 2011) Amar Chitra Katha Pvt. Ltd. (With effect from March 19,2011) Integrated Food Park Pvt. Ltd. (Subsidiary of Capital Foods Limited)</p>	<p>And Designs India Limited Capital Foods Exportts Pvt. Ltd. (With Effect from February 15, 2010) Lee Cooper (India) Limited (upto Jan 30,2010) Turtle Limited (Upto Jan 30, 2010)</p> <p>Sankalp Retail Value Stores Pvt. Ltd. (Upto Jan 28,2010)</p>
ii. Joint Ventures	<p>Holii Accessories Pvt. Ltd.</p> <p>Celio Future Fashion Limited (Joint Venture of Indus League Clothing Limited)</p>	<p>Holii Accessories Pvt. Ltd. (Upto Effect from Nov 2, 2009) Celio Future Fashion Limited (Upto Jan 30, 2010)</p> <p>Footmart Retail (India) Limited (Upto Jan 21, 2010)</p>
iii. Enterprises over which key management personnel can exercise control/ significant influence	<p>Pantaloon Retail (India) Limited Future Capital Holdings Limited Future Capital Investment Pvt. Ltd. PIL Industries Limited (Formerly known as Pantaloon Industries Limited) Future Corporate Resources Limited Future Ideas Realtors India Limited Future Ideas Company Limited Future Value Retail Limited Home Solutions Retail (India) Limited Future Agrovet Limited Winner Sports Limited Future Capital Financial Services Limited Future Finance Limited Kshitij Investment Advisory Company Limited Splendor Fitness Pvt. Ltd. (Formerly known as Talwalkars Pantaloon Fitness Pvt. Ltd.) Future Realtors (India) Pvt. Ltd. Iskrupa Mall Management Company Pvt. Ltd. Anchor Malls Pvt. Ltd. Future Brands Limited Bansi Mall Management Co. Pvt. Ltd. Future Outdoor Media Solutions Limited</p>	<p>Pantaloon Retail (India) Limited. Future Capital Holdings Limited. Future Capital Investment Pvt. Ltd. Pantaloon Industries Limited</p>
iv. Key Management Personnel	<p>Kishore Biyani Managing Director</p>	<p>Kishore Biyani Managing Director</p>

SCHEDULE 14 (Contd..)**B. Transactions during the year**

Particulars	Amount in ₹			
	Associates	Joint Venture	Significant influence	Key Management Personnel
Purchase of Investments	180,198,457 -	10,000,000 (57,199,840)	1,200,499,853 (397,681,839)	- -
Sale of Investments	- -	- -	30,000,000 -	- -
Issue of Equity Shares	- -	- -	2,500,000,000 (1,220,000,000)	- -
Inter Corporate Deposit Given	90,000,000 (55,000,000)	47,500,000 (140,000,000)	1,371,160,000 -	- -
Inter Corporate Deposit - Received Back	80,000,000 (30,000,000)	47,500,000 (180,000,000)	1,779,500,000 -	- -
ICDs Taken	- -	6,250,000 -	235,000,000 -	- -
ICDs Paid	- -	6,250,000 -	210,000,000 -	- -
Sales	- -	11,065,204 -	2,078,063,495 -	- -
Interest Income	802,739 (1,137,535)	1,548,770 (5,060,820)	74,817,273 -	- -
Royalty Income	- -	- -	32,085,333 -	- -
Rent Received	- -	2,368,248 -	7,200,000 -	- -
Purchases	- -	6,647,727 -	194,483,302 -	- -
Interest Expense	- -	227,193 -	28,813,252 -	- -
Marketing Expenses	- -	- -	17,050,123 -	- -
Fees for Services	- -	- -	13,236,000 -	- -
Brand Royalty	- -	- -	38,066,857 -	- -
Reimbursement of Expenses	- -	39,884 -	22,532,166 (546,803)	- -
Rent Expenses	- -	1,287,090 -	3,822,393 -	- -
Purchase of Asset	- -	- -	1,537,166,327 (65,000)	- -
Sale of Fixed Assets	- -	- -	26,664,290 -	- -
Interest Receivable	61,644 -	- -	3,568,629 -	- -

SCHEDULE 14 (Contd..)
Amount in ₹

Particulars	Associates	Joint Venture	Significant influence	Key Management Personnel
Advances towards Shares Application	1,000,000	-	-	-
	-	-	-	-
Trade Advance Given and Settled	-	-	135,000,000	-
	-	-	-	-
Refund of Share Application - money in Subsidiary	-	-	22,808,000	-
	-	-	-	-
ICDs Receivable	10,000,000	-	519,160,000	-
	-	-	-	-
Receivable	-	5,822	1,664,306,337	-
	-	-	-	-
Payables	49,531	1,433,400	133,171,886	-
	-	-	-	-
Loans Outstanding	-	-	214,550,457	-
	-	-	-	-

Figures in brackets represent previous year figures

C. Material Related Party Transaction during the year
Amount in ₹

Particulars	Name of the Company	March 31,2011	March 31,2010
Purchase of Investments	Amar Chitra Katha Pvt. Ltd.	150,206,457	-
	Future Realtors India Pvt. Ltd.	275,299,609	-
	Future Corporate Resources Limited	393,285,293	-
	Pantaloon Industries Limited	228,710,898	397,681,839
	Pantaloon Retail (India) Limited	200,000,000	-
	Celio Future Fashions Limited	-	49,749,840
Sale of Investments	Future Realtors (India) Pvt. Ltd.	30,000,000	-
Issue of Equity Shares	Pantaloon Retail (India) Limited	1,500,000,000	-
	Future Capital Investment Private Limited	1,000,000,000	-
	PIL Industries Limited	-	1,220,000,000
Inter Corporate Deposit Given	Splendor Fitness Pvt. Ltd.	225,000,000	-
	Iskrupa Mall Management Company Pvt. Ltd.	202,500,000	-
	Bansi Mall Management Co. Pvt. Ltd.	402,500,000	-
	Future Ideas Company Limited	209,000,000	-
	Footmart Retail (India) Limited	-	140,000,000
	Indus Tree Crafts Pvt. Ltd.	-	50,000,000
Inter Corporate Deposit received back	Splendor Fitness Pvt. Ltd.	225,000,000	-
	Iskrupa Mall Management Company Pvt. Ltd.	405,000,000	-
	Bansi Mall Management Co. Pvt. Ltd.	420,000,000	-
	Indus Tree Crafts Pvt. Ltd.	-	20,000,000
	Footmart Retail (India) Limited	-	180,000,000
ICDs Taken	Pantaloon Retail (India) Limited	45,000,000	-
	Future Capital Holdings Limited	190,000,000	-
ICDs Paid	Future Capital Holdings Limited	190,000,000	-

SCHEDULE 14 (Contd..)

Amount in ₹

Particulars	Name of the Company	March 31,2011	March 31,2010
Sales	Future Value Retail India Ltd Pantaloons Retail (India) Limited	1,300,643,578 761,748,264	- -
Interest Income	Home Solutions Retail (India) Limited Future Agrovet Limited Iskrupa Mall Management Company Pvt Limited Bansi Mall Management Co. Pvt. Ltd. Footmart Retail (India) Limited Indus Tree Crafts Pvt. Ltd.	7,962,328 7,939,726 17,697,945 - 20,815,070 - -	- - - - - 5,060,820 739,726
Royalty Income	Pantaloons Retail (India) Limited Future Brands Limited Future Value Retail Limited	4,826,000 20,744,739 6,514,594	- - -
Rent Received	Future Value Retail Limited Celio Future Fashion Limited	7,200,000 2,368,248	- -
Purchases	Future Agrovet Limited PIL Industries Limited Future Value Retail Limited	105,247,694 191,350,357 62,185,112	- - -
Interest Expense	Pantaloons Retail (India) Limited Future Capital Holdings Limited	5,323,526 23,489,726	- -
Marketing Expenses	Future Corporate Retail Limited Future Media India Limited	8,902,778 8,147,345	- -
Fees for Services	Future Corporate Resources Limited	13,236,000	-
Brand Royalty	Future Ideas Company Limited Future Brands Limited Future Value Retail Limited	11,030,000 20,522,263 6,514,594	- - -
Reimbursement of Expenses	Pantaloons Retail (India) Limited Future Supply Chain Solutions Limited	14,587,490 4,573,507	546,803 -
Rent Expenses	Kshitij Investment Advisory Company Limited Pantaloons Industries Limited Pantaloons Retail (India) Limited Celio Future Fashions Limited	1,029,295 - 1,483,692 935,250 1,287,090	- - - - -
Purchase of Asset	Future Value Retail Limited Future Capital Holdings Limited	1,537,822,723 -	- 65,000
Sale of Fixed Assets	Future Value Retail Limited	24,648,561	-
Interest Receivable	Splendor Fitness Pvt. Ltd. Future Ideas Company Limited	515,959 2,319,041	- -
Advances towards Shares Application	BIBA Apparels Private Limited	1,000,000	-
Trade Advance Given and Settled	Future Corporate Resources Limited	135,000,000	-
Share Application Money Refund	Pantaloons Retail (India) Limited	22,808,000	-
ICDs Receivable	Bansi Mall Management Co. Pvt. Ltd. Future Ideas Company Limited	192,500,000 209,000,000	- -
Receivable	Future Value Retail Limited Pantaloons Retail (India) Limited	266,227,878 1,394,608,652	- -
Payables	Future Brands Limited Pantaloons Retail (India) Limited Future Corporate Resources Limited	19,069,998 81,585,413 14,430,536	- - -
Loans Outstanding	Future Capital Holdings Limited	207,627,055	-

SCHEDULE 14 (Contd..)

9. Disclosure relating to Leases

Operating Lease

The Subsidiary's leasing arrangements are in respect of operating leases for premises occupied by the Company. These leasing arrangements are cancellable, and are renewable on a periodic basis by mutual consent on mutually acceptable terms. With respect to the Joint Venture, these are generally not non-cancellable and are renewable either by mutual consent on mutually agreed terms or at the option of the lessee.

Lease Expenses - Operating Lease

Amount in ₹

Particulars	March 31, 2011	March 31, 2010
Lease payments for the year	36,002,667	54,000,382
Minimum Lease Payments		
Not later than one year	17,633,138	22,562,742
Later than one year but not later than five years	15,670,055	25,266,535
Later than five years	367,799	5,592,760

Finance Lease

The leasing arrangement is towards machinery taken on lease by a subsidiary

Amount in ₹

Lease Expenses – Finance Lease

Particulars	March 31, 2011	March 31, 2010
Lease payments for the year	1,513,968	1,513,968
Minimum Lease Payments		
Not later than one year	1,138,270	1,513,968
Later than one year but not later than five years	-	1,135,476
Later than five years	-	-

Lease Income

The leasing arrangement is towards machinery given on lease by a subsidiary

Amount in ₹

Particulars	March 31, 2011	March 31, 2010
Lease rentals received during the year	3,863,687	3,573,776
Minimum Lease Payments		
Not later than one year	3,894,544	3,709,416
Later than one year but not later than five years	973,644	4,636,775
Later than five years	-	-

10. Notes to Earning Per Share

Numerator

The Company has only one class of equity share, hence the Profit after Tax is used for computation of earnings per share without any adjustment.

Denominator

Amount in ₹

Particulars	March 31, 2011	March 31, 2010
No. of equity shares at the beginning of the year	576,243,700	368,843,700
No. of equity shares at the end of the year	826,243,700	576,243,700
Weighted average number of shares outstanding during the year	758,161,508	399,436,577

The Company has issued employee stock options during the year which gives rise to potential equity shares. However, as per the terms of the stock option scheme, the exercise price is the same as the average fair value of the shares during the year. Therefore, these potential shares are considered to be neither dilutive nor anti-dilutive and accordingly, they are not considered in the computation of diluted earnings per share. Hence the basic and diluted earnings per share are the same.

11. A. On the basis of revised/original return of income filed by the Company for the financial years ended March 31, 2009 and March 31, 2010 respectively in October 2010, the net excess provision of ₹ 6,045,296 (after considering the MAT credit of ₹ 8,889,753 relating to financial year 2009-10) has been written back. The MAT Credit of ₹ 8,889,753 is carried under loans and advances considering the fact that the tax liability for the year

falls under provisions other than 115JB of Income Tax Act, 1961 and also considering the future taxable income against which the said MAT Credit can be adjusted within the stipulated period. MAT Credit Entitlement includes ₹ 5,140,000 recognised by a subsidiary during the year.

B. i. Deferred Tax Liability

Amount in ₹

Particulars	March 31, 2011	March 31, 2010
Depreciation	-	(3,268,670)
Provision for Compensated Absences & Gratuity	-	63,000
Net Deferred Tax Liability	-	(3,205,670)

ii. Deferred Tax Asset

Amount in ₹

Particulars	March 31, 2011	March 31, 2010
Depreciation	(49,608,725)	(49,870,303)
Provision for compensated absences & gratuity	961,475	4,116,077
Business Loss and unabsorbed depreciation	46,580,858	49,511,055
Others	3,142,508	-
Net Deferred Tax Asset	1,076,116	3,756,934

12. Disclosure relating to Accounting Standard 29:

Proportionate share in Joint Venture under "Provisions" includes provision for goods that are expected to be returned by other retailers based on sales made on "shop-in-shop" arrangements and provision for expected discounts to other retailers based on sales made on "shop-in-shop" arrangements.

Particulars	2010-11			2009-10		
	Sales Return	Discounts	Total	Sales Return	Discounts	Total
Opening Balance	3,250,000	2,350,000	5,600,000	-	-	-
Add : Provision for the period	8,650,000	7,125,000	15,775,000	3,250,000	2,350,000	5,600,000
Less: Utilization / Settlement	(3,250,000)	(2,350,000)	(5,600,000)	-	-	-
Closing Balance	8,650,000	7,125,000	15,775,000	3,250,000	2,350,000	5,600,000

13. In case of Celio Future Fashion Limited, a joint venture of a subsidiary, the period end foreign currency payables that have not been hedged by a derivative instrument or otherwise are as under:

Currency	As at January 31, 2011		As at January 31, 2010	
	Foreign Currency	Indian Currency	Foreign Currency	Indian Currency
Euro	537,539	33,617,707	445,771	28,598,861
Dollar	2,235,994	102,743,945	273,677	12,642,497

14. Prior Year's figures have been regrouped wherever considered necessary to conform to the classifications for the current year. During the year, the Company has acquired subsidiaries and associates and disposed a subsidiary, hence prior year figures are not comparable with the current year figures.

**For and on behalf of the Board of
Future Ventures India Limited**

Kishore Biyani
Managing Director

B. Anand
Director

Manoj Gagvani
Company Secretary
& Head - Legal

Gopal Bihani
Vice President - Finance

Place : Mumbai
Date : July 16, 2011

FINANCIAL INFORMATION ON SUBSIDIARY COMPANIES FOR THE YEAR ENDED 31ST MARCH 2011

(Amount in ₹)

Name of Subsidiary	Indus-League Clothing Ltd	Lee Copper (India) Ltd	Industree Crafts Pvt Ltd	Future Consumer Enterprises Ltd	Future Consumer Products Ltd.	Aadhaar Retailing Ltd.
Financial Year of Subsidiary ended on	March 31,2011	March 31,2011	March 31,2011	March 31,2011	March 31,2011	March 31,2011
Capital *	411,387,250	100,000,000	10,533,600	100,500,000	24,129,510	260,000,000
Reserve **	1,524,053,747	(70,599,990)	14,492,242	1,383,734,780	(16,519,200)	(5,776,789)
Total Assets	3,466,458,536	364,824,330	168,696,055	1,618,168,260	24,179,510	1,543,551,791
Total Liability	3,466,458,536	364,824,330	168,696,055	1,618,168,260	24,179,510	1,543,551,791
Investments (Except Investment in subsidiaries)	637,350,240	58,000	6,400	43,000	10,000	-
Turnover	2,657,356,974	1,023,070,160	100,731,027	799,539,810	17,500,000	654,822,634
Profit before Tax	49,114,865	80,232,200	(34,813,651)	(113,752,470)	(313,910)	(263,959,526)
Provision for Tax	3,780,602	21,688,480	-	-	-	(1,139,557)
Profit after Tax	45,334,263	58,543,720	(34,813,651)	(113,752,470)	(313,910)	(262,819,969)
Proposed Dividend on preference shares (Including Tax)	-	1,912,380	-	-	-	-

* Capital includes advance for share subscription received

** Reserves are after adjusting debit balance of Profit & Loss Account

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AND

ANITA DONGRE
grassroot

BIBA

CAPITAL
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