

the directors' report

Dear Shareholders,

Your Directors have pleasure in presenting the 16th Annual Report and the Audited Accounts of Future Ventures India Limited (Company), for the year ended 31st March, 2012.

FINANCIAL HIGHLIGHTS

The summarised financial performance (Standalone and Consolidated) of the Company for 2011-12 and 2010-11 is given below:

(₹ lakhs)

	Standalone		Consolidated	
	2011-12	2010-11	2011-12	2010-11
Total Income	5,531.72	1,311.64	86,041.10	54,926.12
Profit / (Loss) before Tax & Exceptional Items	2,255.25	352.78	(2,335.73)	(3,219.27)
Less: Exceptional Items	3,100.30	448.03	3,322.77	448.03
Profit / (Loss) before Tax	(845.05)	(95.25)	(5,658.50)	(3,667.30)
Profit / (Loss) After Tax	(1,366.99)	(67.25)	(6,538.72)	(3,940.97)
Profit / (Loss) After Share of Associates and Minority Interest	-	-	(4176.64)	(2751.92)
Profit / (Loss) available for appropriation	(1,532.32)	(165.33)	(14,461.95)	(10,305.47)
Balance carried to Balance Sheet	(1,532.32)	(165.33)	(14,461.95)	(10,305.47)

Performance during the year under review

On a standalone basis the total income for the current year was ₹ 5,531.72 lakhs as against ₹ 1,311.64 lakhs showing an increase of 322% over previous year. The expenses towards Initial Public Offer of ₹ 3,100.30 lakhs incurred during the year have been charged against the current year's profit. The profit after tax was ₹ 1,733.31 lakhs before charging of IPO expenses.

On a consolidated basis our total income increased to ₹ 86,041.10 lakhs in fiscal 2012 from ₹ 54,926.12 lakhs

in fiscal 2011 thereby registering a growth of 57%. On consolidated basis loss after tax (before IPO expenses) was ₹ 3,438.42 lakhs for the current year.

Your Company does not have any indebtedness on a standalone basis. Your Company's secured and unsecured debt position as at 31st March, 2012 is on account of consolidated reporting.

The year under review has been significant for the Company. Your Company has strengthened its position in the Fashion, Rural Distribution, Food and FMCG sectors by investing further in companies like Indus-



League Clothing Limited, Holii Accessories Private Limited, Indus-Tree Crafts Private Limited, Aadhaar Retailing Limited, Future Consumer Enterprises Limited, Future Consumer Products Limited and Capital Foods Exportts Private Limited. Your Company has also strengthened its position in edutainment business by making further investment in Amar Chitra Katha Private Limited thus increasing its stake from 13.65% to 65.84% (on fully diluted basis).

Your Company has during the year under review, made investment in one new business venture viz. Clarks Future Footwear Limited (Clarks), a 50:50 joint venture between the Company and C & J Clark International Limited, England.

Details of the financial performance of each of various business segments are discussed in the Management Discussion and Analysis Report, which is annexed and forms an integral part of the Directors' Report.

Future outlook

Despite the declining growth of the Indian economy, during the year under review, our businesses have performed reasonably well. We believe that while global economic outlook seems grim, the Indian growth should again pick up the pace rapidly. The inherent strengths of Indian economy like favourable demographics, entrepreneurship spirit, increasing aspirational population will continue to drive the consumption at a much faster pace. We hope that after a long pause, the Government will resume the reform process and unlock the growth potential at a larger scale. Our businesses are well positioned to take advantage of the next wave of growth in consumption, which we believe is imminent.

Initial public offer

Post completion of initial public offer (IPO) of equity shares during May, 2011, your Company has utilized part of the funds raised under the IPO as per the objects of the Issue.

In terms of the provisions of Clause 5A of the Listing Agreement, details about unclaimed shares under IPO in suspense account as on 31st March, 2012 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
Aggregate number of shareholders who approached the Company for transfer from suspense account upto 31 st March, 2012	18	55,200
Number of shareholders to whom shares were transferred from suspense account upto 31 st March, 2012	18	55,200
Aggregate number of shareholders and outstanding shares in the suspense account as on 31 st March, 2012	8	36,000*

* includes 1,200 shares not credited to the suspense account on 31st March, 2012 for technical reasons, which have been credited subsequently.

The Company has opened separate suspense account with National Securities Depository Limited and Central Depository Services 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 Account 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

As at 31st March, 2012, your Company had following subsidiaries:

- Indus-League Clothing Limited
- Indus Tree Crafts Private Limited
- Indus Tree Producer Transform Private Limited
- Aadhaar Retailing Limited
- Future Consumer Enterprises Limited
- Future Consumer Products Limited
- Lee Cooper (India) Limited
- Amar Chitra Katha Private Limited
- ACK Edutainment Private Limited
- ACK Media Direct Private Limited
- IBH Books & Magazines Distributors Private Limited
- Ideas Box Entertainment Private Limited
- Karadi Tales Company Private Limited
- ACK Eaglemoss Collectibles Publishing Private 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 Statement of Profit and Loss, report of the Board of Directors and that of the Auditors in respect of the subsidiaries as at 31st March, 2012 have not been attached to the Balance Sheet of your Company.

The aforesaid documents in respect of the respective subsidiary companies can be made available upon a request made to the Company from the Shareholders interested in obtaining the same. The documents in respect of aforesaid subsidiary companies are also available for inspection at the registered office of the Company on any working day during business hours. As directed by MCA, the financial data of subsidiaries has been furnished under the section 'Financial Information on Subsidiary Companies' forming 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 with 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.

In terms of the framework of RBI, the Company has made an application for registration as a Core Investment Company.

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

Ms. Vibha Rishi has been appointed as an Additional Director of the Company with effect from 14th February, 2012. In accordance with the provisions of Section 260 of the Companies Act, 1956, Ms. Vibha Rishi shall hold office only upto the date of the ensuing Annual General Meeting. In accordance with the provisions of the Section 257 of the Companies Act, 1956, the Company has received notice from a Member of the Company proposing her candidature for office of a Director.

In terms of the provisions of the Companies Act, 1956, Mr. B. Anand and Mr. G. N. Bajpai retire from the Board of Directors of the Company by rotation and being eligible, have offered themselves 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 include 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 for the ensuing Annual General Meeting. None of the Directors are related inter-se to each other.

Corporate governance

A 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 Annual Report.

Consolidated financial statements

Your Directors have pleasure in attaching the Consolidated Financial Statements pursuant to Clause 32 of the Listing Agreement entered into with the



Stock Exchanges and prepared in accordance with the Accounting Standards prescribed by the Institute of Chartered Accountants of India in this regard.

Auditors and auditors' report

M/s Deloitte Haskins & Sells, Chartered Accountants, the Statutory Auditors of the Company hold office until conclusion of the ensuing Annual General Meeting and are eligible for re-appointment. The Statutory Auditors have issued a letter 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:

(a) that in the preparation of the annual accounts for the financial year ended 31st March, 2012, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;

(b) 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 as at 31st March, 2012 and of the profit or loss of the Company on that date;

(c) 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;

(d) that the Directors have prepared the annual accounts for the financial year ended 31st March, 2012, on a going concern basis.

Particulars of employees and employees 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. Having regard to 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

others entitled thereto. Shareholders who are interested in obtaining such particulars may write to the Company at its Registered Office.

The disclosures as required under the Securities and Exchange Board of India (Employee Stock Option Scheme & Employee Stock Purchase Scheme) Guidelines, 1999 (SEBI Guidelines) are annexed and forms part of this Report (Annexure 1).

The Company has received the Certificate from its Statutory Auditors stating that the scheme has been implemented in accordance with SEBI Guidelines and resolution passed by the Shareholders.

Particulars of energy conservation, technology absorption, expenditure on research and development, foreign exchange inflow/outflow etc

In view of the nature of activities carried on by the Company, the requirements for disclosure in respect of Conservation of Energy, Technology Absorption, in terms of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are not applicable to the Company. However the Company takes all possible efforts towards energy conservation.

The requirement for 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 earnings/outgo during the year under review, is provided in Note no. 31 under Notes to Accounts.

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.

For and on behalf of the Board of Directors

G. N. Bajpai
Chairman

Date: 24th May, 2012
Place: Mumbai

Annexure 1 to directors' report

Disclosures as required under Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 (SEBI Guidelines).

FVIL Employees Stock Option Plan-2011:

Sr. No	Particulars	Grant I (Pre-listing)	Grant II
(a)	Options granted	13,280,000	2,055,000
(b)	Pricing Formula	₹ 10 per equity share	As prescribed under the SEBI Guidelines or ₹10 per equity share, whichever is higher.
(c)	Options Vested	3,909,000	Nil
(d)	Options exercised	Nil	Nil
(e)	The total number of shares arising as a result of exercise of Option	Nil	Nil
(f)	Options lapsed /cancelled	250,000	Nil
(g)	Variation of terms of Options	Nil	Nil
(h)	Money realized by exercise of Options	Nil	Nil
(i)	Total number of Options in force	13,030,000	2,055,000
(j)	Employee wise details of options granted to:		
	Senior Managerial Personnel (Directors and Key Managerial Personnel)	Refer Note 1	Refer Note 1
	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	Nil
	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	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'	₹ (0.10) for the financial year ended 31 st March, 2012	
(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.	Had the Company followed the fair value method of stock options compensation expense would have been higher by ₹ 186.04 lakhs with consequent lower profits. On account of the same the diluted EPS of the Company would have been less by ₹ 0.01 per share	
(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	The exercise price in respect of Options granted shall be determined by the Committee and shall not be less than the face value of one equity share of the Company (₹ 10 per share). Fair Value of Option is ₹ 3.22 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/or Key Managerial Personnel of the Company and its Subsidiaries are as under:

Sr. No.	Name of the Option Grantee(s)	No. of Options Granted	
		Grant I (Pre-listing)	Grant II
A	Directors		
1	Mr. G. N. Bajpai	250,000	Nil
2.	Mr. B. Anand	1,000,000	Nil
B.	Key Managerial Personnel		
1	Mr. K K. Rathi	8,200,000	Nil
2	Mr. C. P Toshniwal	1,000,000	
3	Ms. Rachna Aggarwal	Nil	750,000
4	Mr. Arun Gupta	Nil	750,000
5	Mr. Harsha Saksena	Nil	500,000
6	Mr. Praveen Dwivedi	500,000	Nil
7	Mr. Devendra Chawla	500,000	Nil
8	Mr. Raminder Singh Rekhi	500,000	Nil
9	Mr. Damodar Mall	500,000	Nil
10	Mr. Manoj Gagvani	250,000	Nil
11	Mr. Gopal Bihani	250,000	Nil
12	Ms. Meenakshi Maheshwari	250,000	Nil

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:

	FVIL Employees Stock Option Plan - 2011	
	Grant I (Pre-listing)	Grant II
1. 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 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.
2. Risk free interest rate	7.79%	8.27%
3. Expected life	2.50 years	2.50 years
4. Expected volatility	Since the Company was unlisted, zero volatility considered	29.07%
5. Expected dividend	The Company has not declared dividend, hence dividend has not been considered	The Company has not declared 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 the Company were not listed	₹ 8.75