

Issue Highlights:

Issue Size	6,422,800 equity shares of Rs.10 each
Issue Price	Rs.700.00 - 765.00
Funds to be raised	Rs4.49 to 4.91bn
Opens on	11-Jan-2008
Closes on	16-Jan-2008

Objects of the Issue:

1. To Augment capital base to meet future capital requirements for expansion of retail financial services business
2. To meet expenditure for general corporate purposes
3. To meet the issue expenses

Business Overview:

Future Capital Holdings Limited ("FCH") is the financial services arm of the Future Group, which is a business group focusing on consumption-led businesses in India and which is also one of India's leading organized multi-format retailers.

FCH was incorporated in 2005 and is promoted by Pantaloon Retail (India) Ltd ("PRIL"), the flagship company of the Future Group, its Managing Director, Kishore Biyani, and Sameer Sain, a former Managing Director at Goldman Sachs International.

Company has over \$1.2bn assets under advice/management. Company has three primary lines of business: investment advisory services, retail financial services and research.

Investment Advisory Services

Company provides Private Equity and Real Estate investment advisory services to onshore and offshore clients. These investment advisory services include investment analysis, research and recommendations. Company acts as the investment advisor to- Kshitij Fund (\$89mn): focussed on developing retail malls in India.

Indivision Capital Mgt (\$425mn).

The company has also advised Horizon Development Mgt (\$350mn) real estate fund and FHL Developments (\$200mn) offshore hotel fund.

Retail Financial Services

Company's retail financial services offering – Future Money – offers retail credit (including Loans and Credit cards) to customers and distribute insurance and other products. Currently, Future Money has 95 outlets located in 26 cities across India. FCH has an exclusive right to provide financial products and services through the retail outlets which are owned, controlled or managed by PRIL and its subsidiaries. PRIL has approximately 400 stores across 40 cities.

Research

Future Capital Research conducts and publishes economic research on India with the objective of enhancing value creation across company's own businesses.

Investment Positives:

1. Experienced management team and deep talent pool of finance, operating and investment professionals
2. Deep understanding of the retail sector and the evolving needs of the Indian consumer
3. Synergy with the Future Group
4. Unique and differentiated business model

Investment Concerns:

1. Dependence on Pantaloon Retail India Ltd.
2. Lending to retail customers could result in higher non-performing loans.

Future Plans:

- Plans to invest in infrastructure to add Future Money outlets independent of PRIL
- Future Money outlets located in 26 cities across India have entered into agreement with ICICI Bank for the marketing & distribution of Future Card, a credit card and plan to launch this product shortly.
- Plans to offer in future, home equity loans and money transfer services, as well as distribute, life and general insurance products
- In the process of finalising terms for acting as a corporate agent, for Future Generali India Insurance for general insurance products and, for Future Generali India Life Insurance for life insurance products

We recommend investors to subscribe for the issue with an investment horizon of three years.

Balance Sheet Summary

Y/E Mar (Rs mn)	FY06	FY07	H1FY08
Assets:			
Fixed Assets	-	33.01	75.91
Investments	-	612.65	1441.49
Def Tax Assets	0.07	-	-
Current Assets, Loans, Advances	21.91	431.53	1399.74
Liabilities:			
Liabilities & Provisions	0.48	45.91	544.55
Networth	21.51	1031.29	2389.88

Income Statement Summary

Y/E Mar (Rs mn)	FY06	FY07	H1FY08
Income	0.31	92.72	80.83
Expenditure	0.30	90.36	201.61
Profit Before Tax	0.01	2.35	(120.78)
Provision for Tax	0.007	0.81	(1.12)
Net Profit	0.006	1.55	(121.90)

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